

State & CAPAA Budget Update

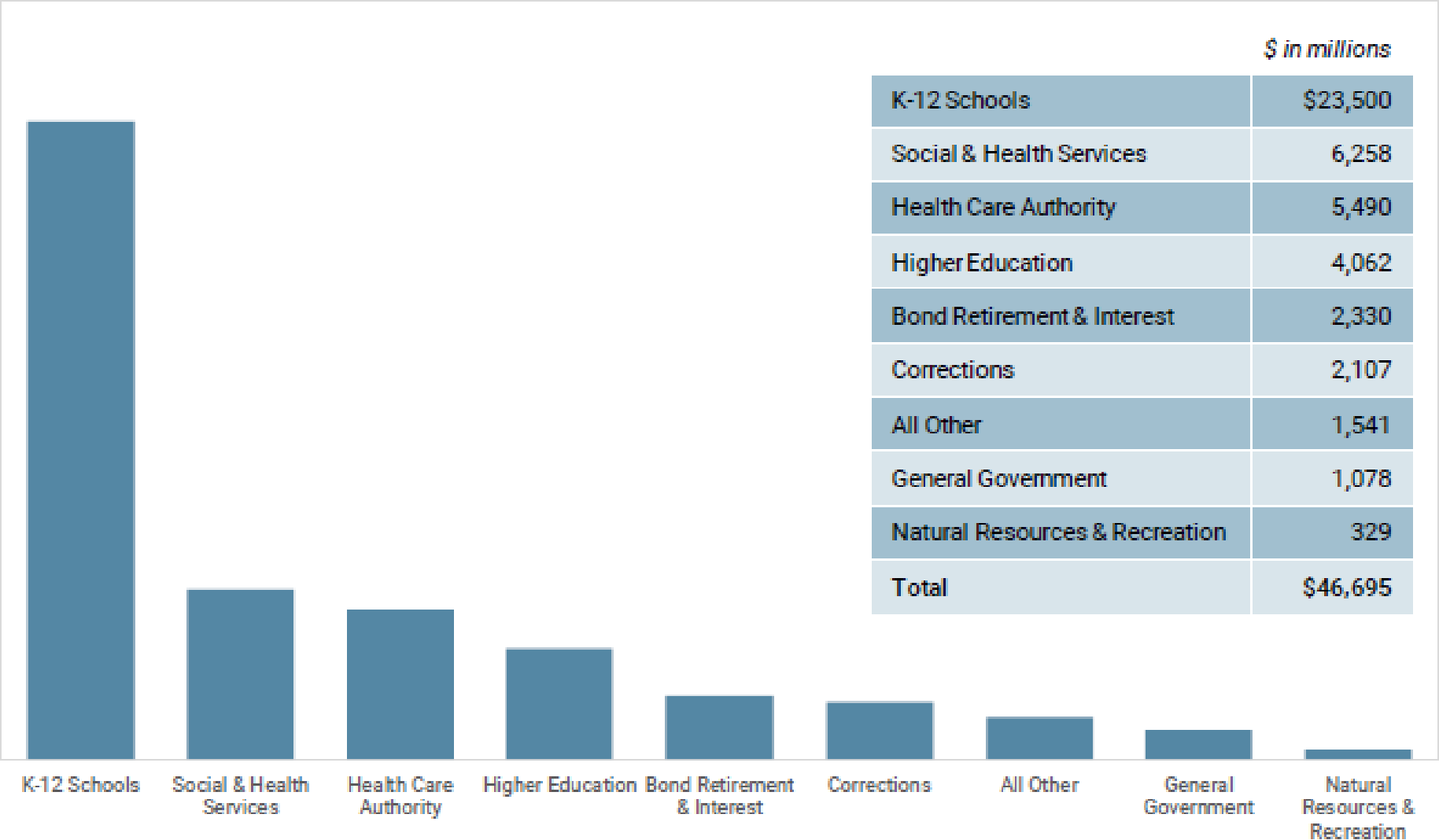
January 21, 2017

Budget overview

- Governor Inslee released his 2017-19 proposal in December - www.ofm.wa.gov/budget17/default.asp
- House and Senate will draft its own proposals and negotiate with the governor to develop a final budget
- The new budget begins on July 1, 2017

Governor's 2017-19 budget proposal

Near General Fund-State and Opportunity Pathways Accounts



Governor's budget proposal top highlights

- Fully funds basic education
- Invests in quality teachers & closing the opportunity gap
- Continues expansion of state's early learning program with 2,700 more slots
- Freezes college/university tuition and boosts financial aid for 14,000 more students

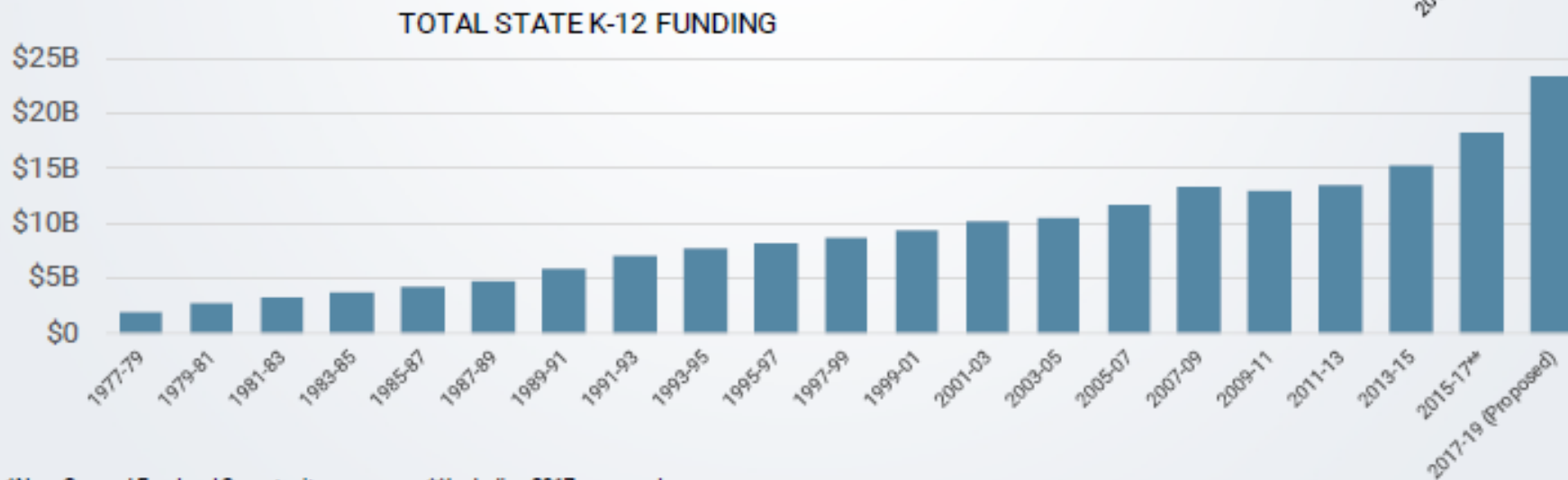
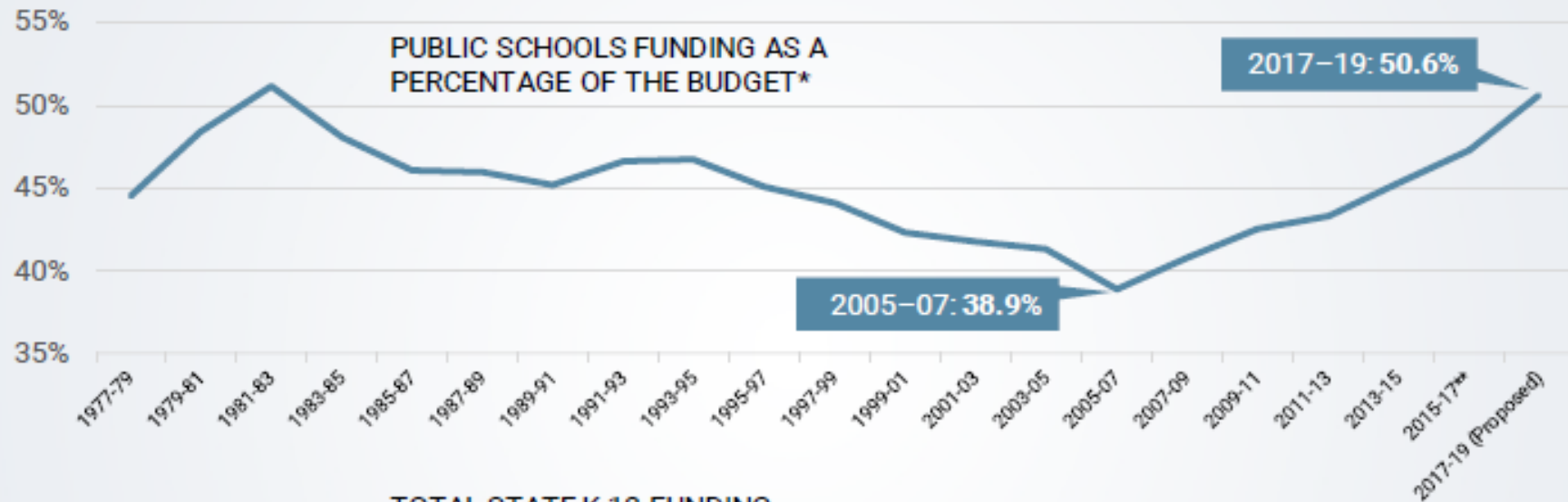
Governor's budget proposal top highlights

- Implements expert recommendations to overhaul our mental health system
- Begins transformative restructuring of services for children and families
- Combats homelessness
- Provides modest pay increase to support a stronger state workforce

2012 McCleary decision

- State Supreme Court orders Legislature to fully fund K-12 basic education by 2018
- Resulted in funding for lower class sizes, materials, supplies, and full-day kindergarten
- Final steps include addressing teacher compensation and ending the decades-long overreliance on local levies
- Governor proposes \$4 billion to address final McCleary work, recruit/retain teachers, and close opportunity gaps

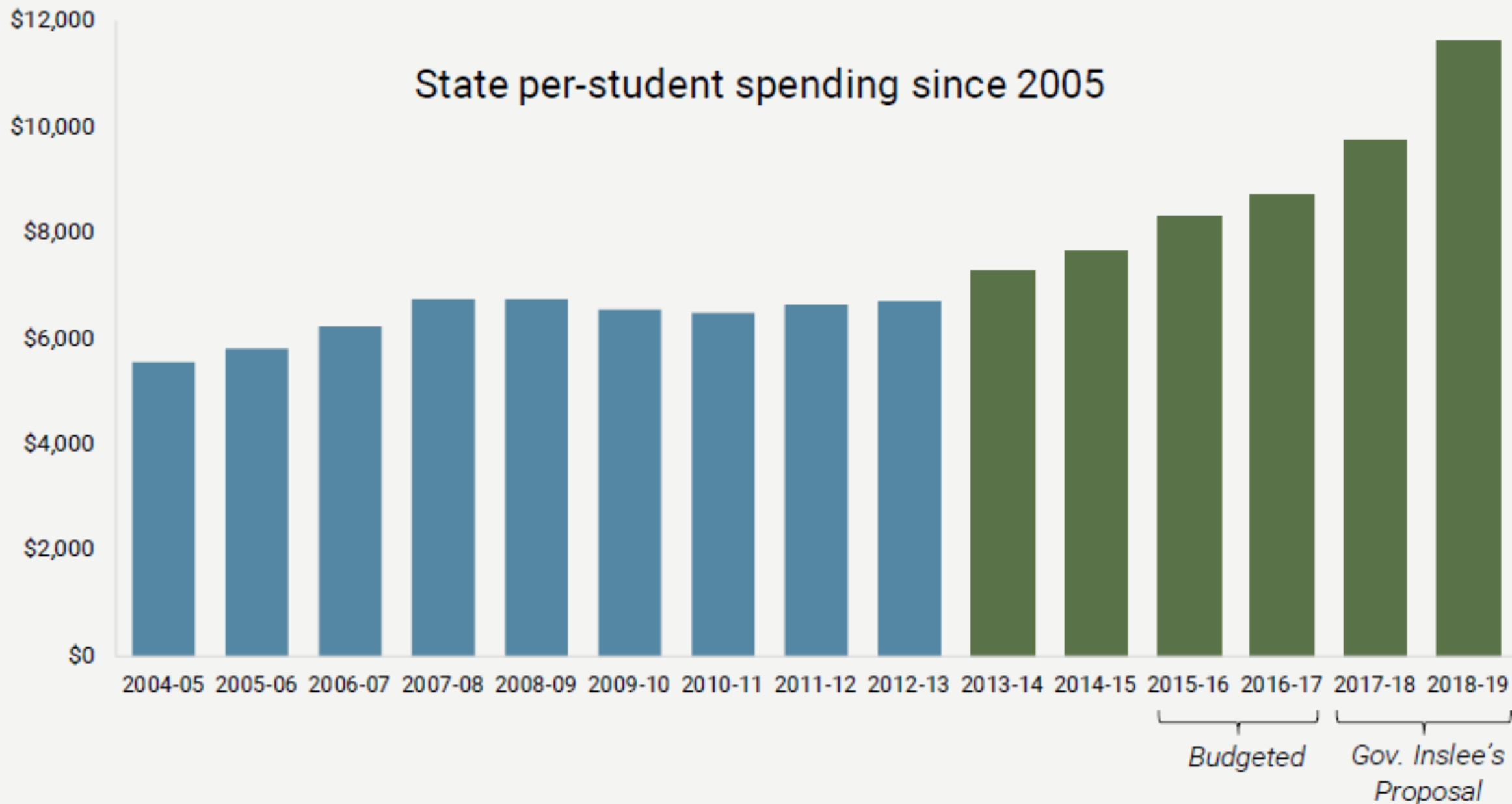
In Gov. Inslee's budget, K-12 tops 50% of state spending for the first time in more than 30 years



*Near General Fund and Opportunity Pathways operating expenditures

**Including 2017 proposed supplemental budget

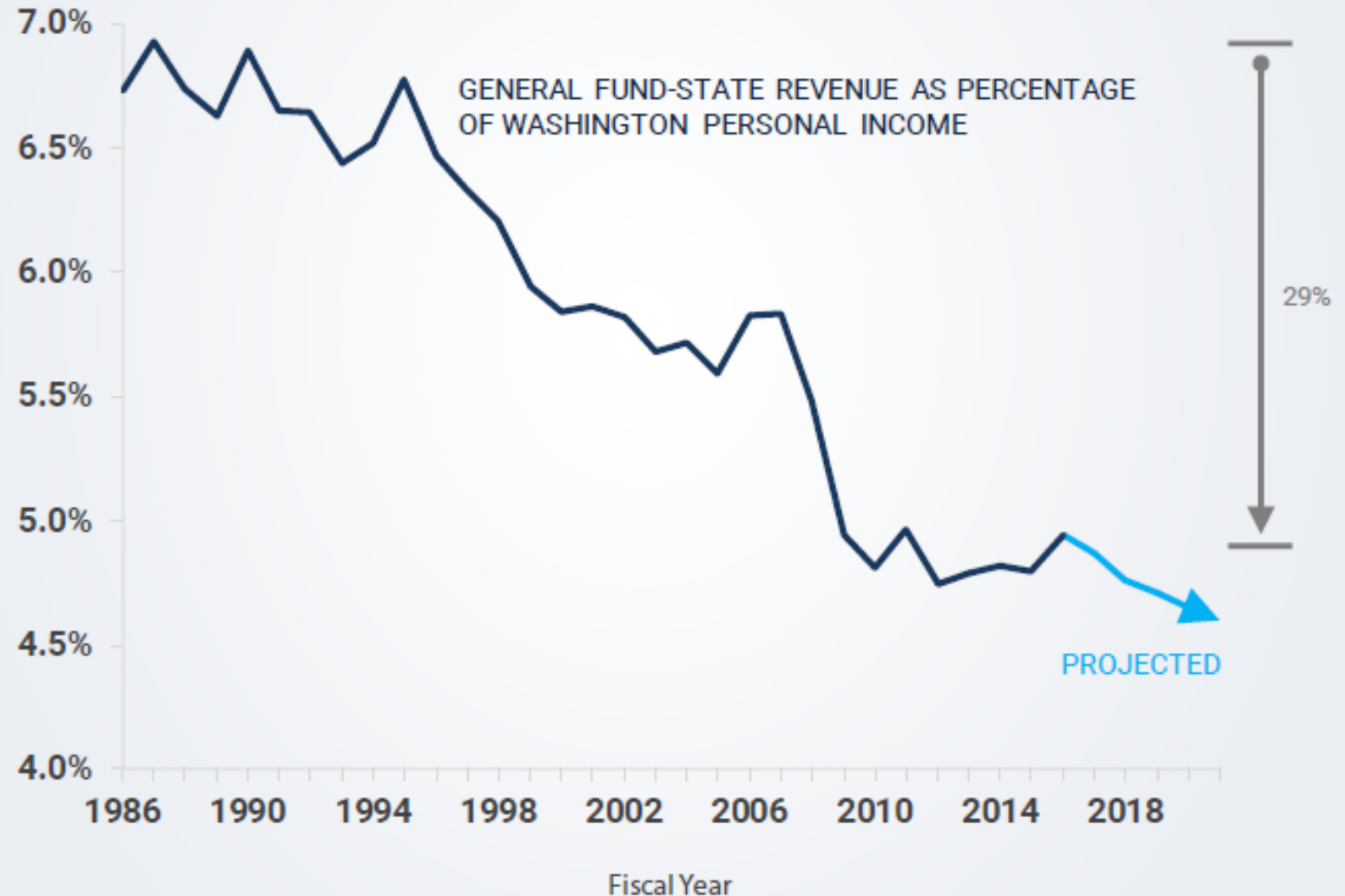
GOV. INSLEE'S BUDGET CONTINUES SUBSTANTIAL PROGRESS IN K-12 FUNDING



Governor's 2017-19 Budget Proposal

	2016-17	2017-18	2018-19
	CURRENT SALARY	PROPOSED SALARY	
	Funded based on 180-day school year	Funded based on 10 months plus hours of training and collaboration	
Teachers and educational staff associates		30 hours	80 hours
Beginning experience	\$35,700	\$44,976	\$54,587
Average experience	\$54,865	\$59,709	\$72,466
16 or more years of experience	\$67,288	\$69,938	\$84,883
	Funded based on 11 months	Funded based on full calendar year	
Administration	\$62,847	\$78,395	\$114,612
	Funded based on full calendar year		
Classified	\$33,898	\$39,457	\$52,908

Over the past 30 years, state revenue collections as a share of the economy have fallen by nearly 30%



If Washington's tax system were at the U.S. average, we would be generating about **\$6.8 billion** more in state and local taxes per biennium.

Governor's 2017-19 budget proposal - revenue

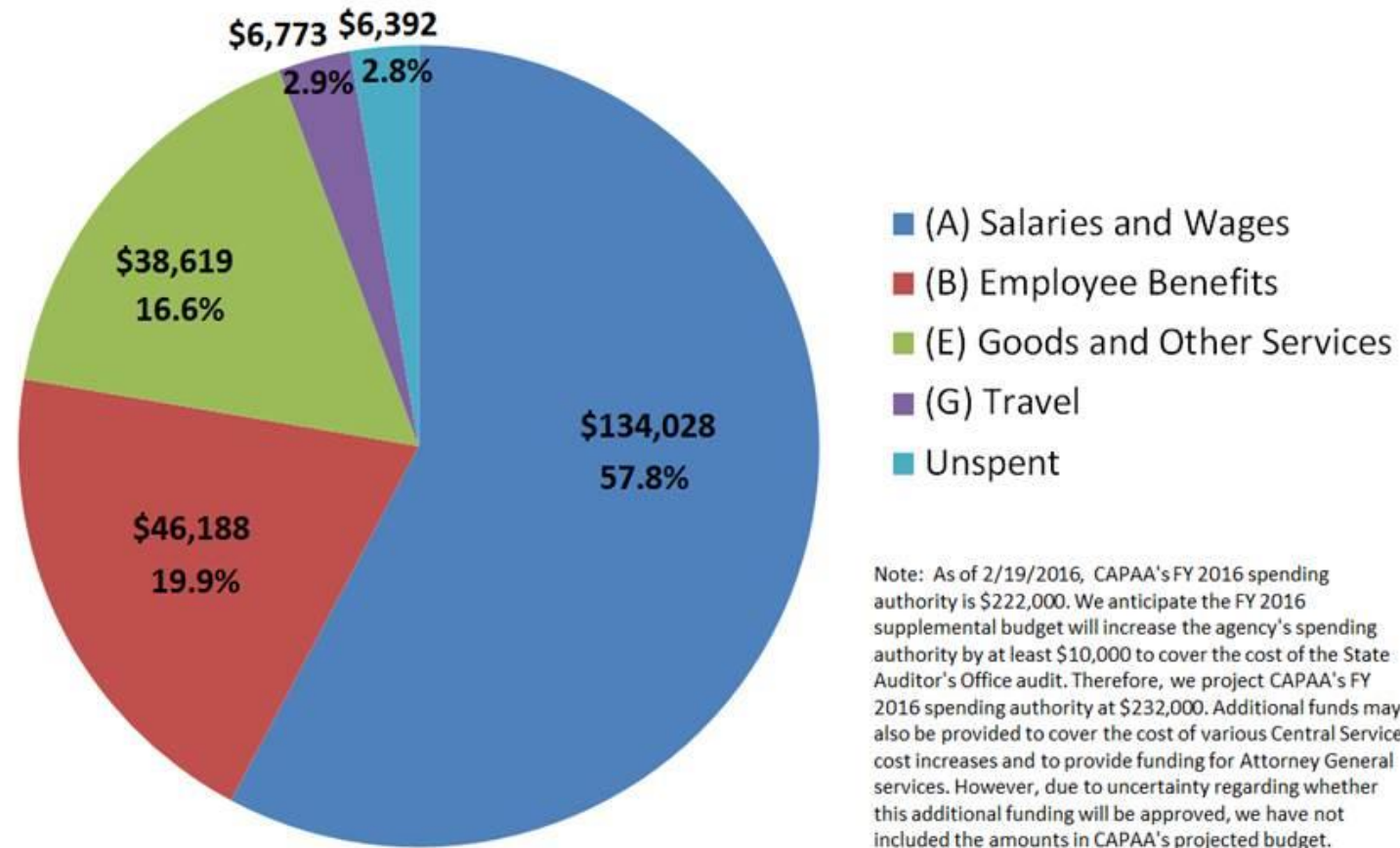
- Increases state B&O tax on services from 1.5% to 2.5% -- applies to broad range of personal, professional services (\$2.3 billion)
- 7.9% capital gains tax on sale of stocks, bonds, other assets (\$821 million)
- Tax on emissions from production, consumption of fossil fuels (\$2 billion)
- Repeal sales tax exemption on bottled water (\$57 million)
- Majority of \$4.4 billion in new revenue dedicated to education

Governor's 2017-19 capital budget proposal

- Invests in the following projects serving AAPI communities:
 - Asia Pacific Cultural Center (\$2 million)
 - Aging in Pace (\$3 million)
 - Filipino Community of Seattle (\$600,000)

CAPAA budget overview: Projected expenditures between July 1, 2015 to June 30, 2016 (example)

Projected FY 2016 Expenditures by Object

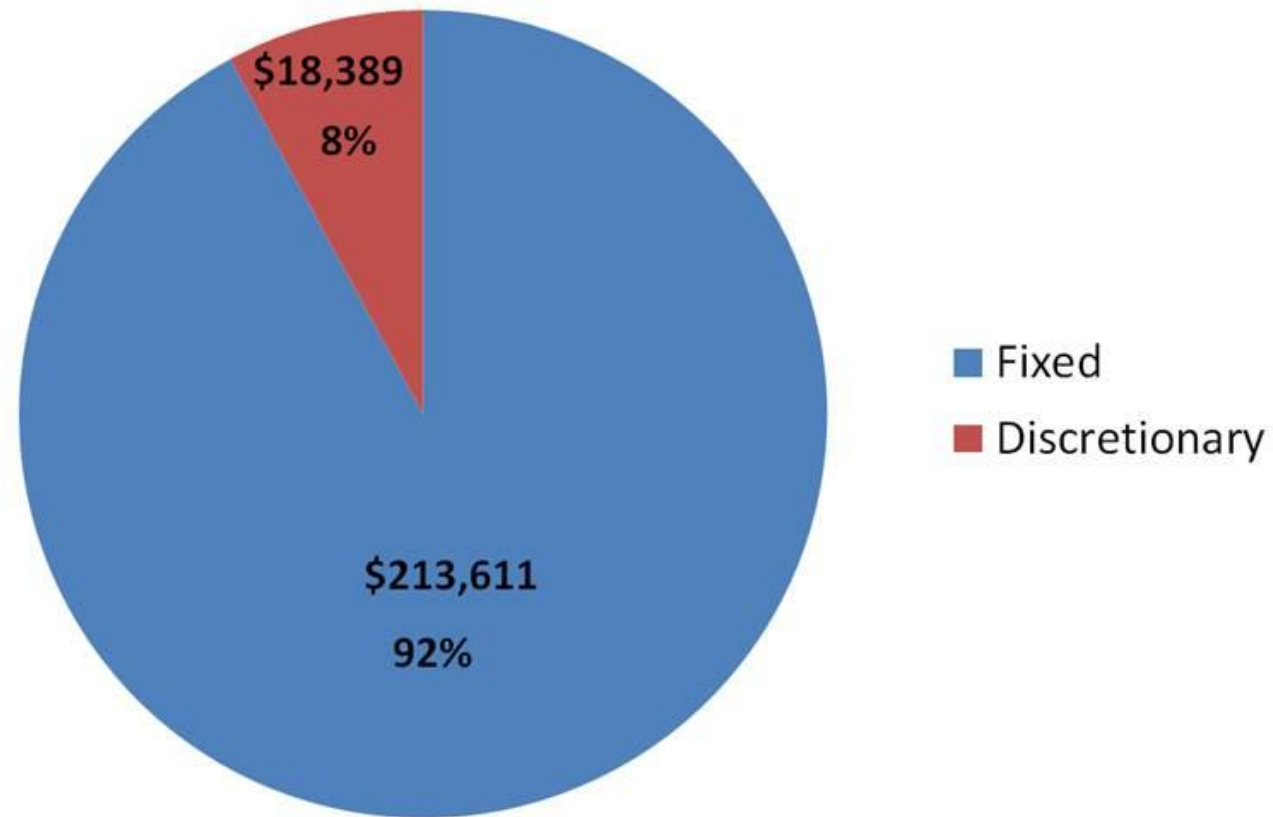


Projected FY 2016 Budget: \$232,000

Note: As of 2/19/2016, CAPAA's FY 2016 spending authority is \$222,000. We anticipate the FY 2016 supplemental budget will increase the agency's spending authority by at least \$10,000 to cover the cost of the State Auditor's Office audit. Therefore, we project CAPAA's FY 2016 spending authority at \$232,000. Additional funds may also be provided to cover the cost of various Central Service cost increases and to provide funding for Attorney General services. However, due to uncertainty regarding whether this additional funding will be approved, we have not included the amounts in CAPAA's projected budget.

CAPAA budget overview: Fixed vs. discretionary spending (example)

FY 2016 Fixed vs. Discretionary Spending



FY 2016 Projected Budget: \$232,000

CAPAA budget overview: discretionary spending (examples)

Category	Discretionary Spending
Supplies and Materials	\$997
Printing and Reproduction	\$2,520
In-State Subsistence & Lodging	\$806
In-State Air Transportation	\$2,140
Private Automobile Expenses	\$3,072
Employee Professional Development & Training	\$720

CAPAA Current Fiscal Year Budget			FY 17
<u>Category</u>			Allotments
Salaries and Wages			136,932
Employee Benefits			47,853
Goods and Other Services			35,511
Travel			9,437
GA	In-State Subsistence & Lodging		2,961
GB	In-State Air Transportation		2,248
GC	Private Automobile Mileage		3,351
GD	Other Travel Expenses		441
GG	Out-Of-State Air Transportation		262
GN	Motor Pool Services		174
Capital Outlays			1,267
Total Dollars			231,000

CAPAA decision package (submitted 9/2016)

- **Needs assessment:** Assess Washington's Asian American and Pacific Islander communities about education, health and human services and economic development to inform the public, state agencies and policymakers about needs.
- **Expanded outreach:** Funding will also allow the commission to hold some of its meetings in Eastern Washington and fund additional translation and interpretation services.
- **Desktop Support Services**
- **Lease Adjustments**

CAPAA Decision Package (submitted 9/2016)

Needs Assessment & Expanded Outreach	FY 2018	FY 2019	FY 2020	FY 2021
General Fund – Basic Account-State	25,000	25,000	25,000	25,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Goods & Other Services	19,800	19,500	19,500	19,500
Travel	5,200	5,500	5,500	5,500

Governor's 2017-19 budget proposal

- CAPAA budget (pending legislative action)
 - Needs assessment & outreach: \$50,000
 - Lease adjustments: \$19,000
 - Desktop support services: \$15,000
 - Wage increases: \$11,000