



2020 Supplemental Budget Decision Package

Agency: 303 - Department of Health
Decision Package Code-Title: A3 - Restore Foundational PH Svcs Funds
Budget Session: 2020 Supp
Budget Level: Maintenance Level
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Agency Recommendation Summary

Estimated revenue from vapor distribution taxes will be insufficient to cover \$3.2 million of the \$12 million in Foundational Public Health Services Account appropriation in the 2019-2021 biennium. The Washington State Department of Health requests a one-time appropriation from the state general fund to backfill this revenue shortfall.

Fiscal Summary

Dollars in Thousands

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
Fund 001 - 1	\$3,013	\$144	\$0	\$0
Total Expenditures	\$3,013	\$144	\$0	\$0
Biennial Totals		\$3,157		\$0
Object of Expenditure	FY 2020	FY 2021	FY 2022	FY 2023
Obj. E	\$3,013	\$144	\$0	\$0

Package Description

In the fall of 2018, the Department of Health (DOH) sought an additional \$296 million to partially remedy the inadequate condition of the state's governmental public health system which is comprised of 35 local health jurisdictions, 29 sovereign tribal governments and two urban Indian health programs, the State Board of Health and DOH. The current system is struggling to provide some of the most basic, core public health services necessary to protect and promote the health and safety of all Washingtonians. RCW 43.70.517 notes "protecting the public's health across the state is a fundamental responsibility of the state."

The Governor and Legislature responded by providing foundational public health spending authority to the Office of Financial Management (Engrossed Substitute House Bill 1109, Section 728) of \$10 million from GF-State and \$12 million from a newly created Foundational Public Health Services (FPHS) Account. The FPHS

Account would get its revenue from the collections of a new distribution tax on vapor products, created by Engrossed Second Substitute House Bill (E2SHB) 1873.

Problem Statement:

Recent tax collection estimates from the Washington State Department of Revenue estimate the FPHS Account will receive \$8.8 million in revenue in the 2019-2021 biennium. This means DOH will not be able to spend \$3.2 million of the \$12 million appropriated from the FPHS Account. An appropriation from General Fund-State is needed to support foundational public health services as the Legislature intended.

Assumptions and Calculations

Expansion or alteration of a current program or service:

This proposal does not expand or alter the foundational public health service policies supported by the Legislature.

Detailed assumptions and calculations:

Estimated Revenues from Vapor Products Tax - Foundational Public Health

\$ in Thousands

	2019-2021 Biennium		
	FY20	FY21	19-21 Bien
Total Vapor Tax Revenue, Est. <i>Source: Fiscal Note from DOR</i>	\$ 5,974	\$ 11,224	\$ 17,198
Vapor Tax Revenue Breakdown <i>Governed by 1873(102)(3)(a)</i>			
Foundational Public Health Services Account (FPHSA)	\$ 2,987	\$ 5,612	\$ 8,599
Andy Hill Cancer Research Endowment Fund (AHCREF)	\$ 2,987	\$ 5,612	\$ 8,599
Total GF-State Tax Revenue Increase, Est. <i>Source: Fiscal Note from OST</i>			
Deposited into GF-State	\$ 488	\$ 1,416	\$ 1,904
GF-State Tax Revenue Increase Breakdown <i>Governed by 1873(401)(2)</i>			
Transferred to FPHSA <i>(on November 1)</i>	\$ -	\$ 244	\$ 244
Transferred to AHCREF <i>(on November 1)</i>	\$ -	\$ 244	\$ 244
Total FPHSA Revenue	\$ 2,987	\$ 5,856	\$ 8,843
General Fund - State Appropriation <i>Source: VRS 005 Report</i>	\$ 5,000	\$ 5,000	\$ 10,000
Total Funding Available for Other FPH Services	\$ 7,987	\$ 10,856	\$ 18,843

	2019-2021 Biennium		
	FY20	FY21	19-21 Bien
Total Need	\$ 11,000	\$ 11,000	\$ 22,000
Shortfall	\$ (3,013)	\$ (144)	\$ (3,157)

DOH used published fiscal notes for E2SHB 1873 from the Washington State Department of Revenue and the Office of the State Treasurer to identify the estimates of the anticipated tax revenue to be deposited into the FPHS Account. This projected revenue was then compared to the \$22 million in spending authority Legislature appropriated for foundational public health spending. The difference represents the budget shortfall this request seeks to backfill.

This is a one-time funding request since projected tax revenues in the 2021-2023 biennium are anticipated to be sufficient to support \$22 million in foundational public health spending.

Workforce Assumptions:

Workforce assumptions are not applicable.

Strategic and Performance Outcomes**Strategic framework:**

As the state's population rises, there are growing demands on the state's public health infrastructure. The Governor's stated goals on healthy and safe communities acknowledge this trend and define a number of work efforts which would clearly be supported by an investment in public health:

- Addressing the opioid crisis;
- Reducing obesity and tobacco use among our state's youth;
- Reducing suicides;
- Improving the state's behavioral health system; and
- Emergency preparedness

Performance outcomes:

DOH and the other components of the governmental public health system appreciate the intent of the Governor and legislature to infuse \$22 million of additional funding to support and improve our state's frail public health infrastructure. Given the projected tax revenue shortfall, this request asks for the necessary funding to ensure there is a full \$22 million available in the 2019-2021 biennium.

Other Collateral Connections**Intergovernmental:**

DOH is in constant contact with the other components of the governmental public health systems. DOH anticipates support from the governmental public health system which shares in delivering these core / foundational public health services.

This request represents a joint funding request on behalf of all components of the governmental public health system.

Stakeholder response:

Public health impacts all residents of our state. DOH does not anticipate opposition to this proposal.

Legal or administrative mandates:

This request is not a response to legal or administrative mandates.

Changes from current law:

This request does not require any changes to statutes or rules. Future contractual agreements with other public health entities will be impacted if this request is funded.

State workforce impacts:

This request does not impact existing collective bargaining agreements and would support individuals already dedicated to foundational public health initiatives.

State facilities impacts:

This request does not impact facilities and workplace needs.

Puget Sound recovery:

This request is not related to Puget Sound recovery efforts.

Reference Documents

- Estimated Revenue on Vapor Products.xlsx

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No