

# Senator Steve O'Ban

## *28th District – Pierce County*

**ELECTIVE OFFICE:** Elected to the state House of Representatives in 2012; appointed to the Senate in June 2013 and elected to the Senate in 2014.

**LEADERSHIP:** House of Representatives Assistant Floor Leader (Jan. 2013 – June 2013)

**COMMITTEES:** Chair of the Senate Human Services, Mental Health & Housing Committee; Vice Chair of the Senate Law & Justice Committee; member of the Senate Ways & Means Committee and Joint Committee on Veterans' & Military Affairs.



**PERSONAL:** Raised by a single mom who taught kindergarten, Steve has lived in the 28th District for more than 40 years. Steve and his wife, Laurie, a Tacoma Community College adjunct instructor, have two sons serving in the United States Army.

**EDUCATION:** Attended the University of Washington and Seattle University School of Law.

**PROFESSIONAL EXPERIENCE:** As an attorney for more than 25 years, Steve has helped small business owners, nonprofits and individuals solve their legal problems. He has focused his trial practice on Civil Rights, Employment and Business.

- Successfully defended 8,000 teachers' First Amendment rights in the United States Supreme Court.
- Successfully defended the First Amendment rights of an international, faith-based humanitarian nonprofit.
- Successfully defended the rights of small business owners to decide what products to stock on their shelves without government interference.

### **COMMUNITY SERVICE:**

- Former small business owner of a law firm that provided living wage jobs to 25 people;
- Serves as Chairman of the Board of Sacred Road, a charitable organization serving the Yakama Native Americans;
- Volunteers at a legal clinic serving the homeless and is a board member of the Rescue Mission in Pierce County;
- Member of the Standing Judicial Commission of the Presbyterian Church in America and of the Session of Faith Presbyterian Church;
- Worked as a public defender helping the poor who could not afford an attorney;
- Previously served on the LEOFF Plan I board.

### **AWARDS:**

- Washington Council of Police and Sheriffs 2015 Legislator of the Year
- Pierce County Developmental Disabilities Council 2015 "You Made a Difference in Our World" Award
- Department of Defense 2015 Certificate of Appreciation
- Washington Farm Bureau 2013-15 Certificate for Exemplary Voting Record
- Fraternal Order of Police 2014 Legislator of the Year
- Heartbeat 2014 Serving Wounded Warriors Award
- Legislator of the Week, April 2013, Washington Housing Alliance
- Super Lawyer, Washington Law & Politics
- Rated "Preeminent" for Ethical Standards and Legal Ability

## Senator O'Ban 2016 Session Bills

### Senate Bill 5037- Organized Retail Theft/Flash Robbery

- Flash robbery is an organized theft of at least \$750 of property, includes 6 accomplices, and at least 1 electronic communication (text message, phone call, email, etc.)
- This bill creates a more serious punishment for second or third time offenders, a class C felony.

### Senate Bill 6160- Motor Vehicle Air Bag

- This bill creates a class C felony if a manufacturer sells, distributes, or installs a counterfeit or nonfunctional airbag.
- Counterfeit and nonfunctional airbags are unsafe for drivers and passengers

### Senate Bill 6229- Foster Care Licensing Process

- This bill makes applying to be a foster parent easier and more efficient for the applicant.
- Makes the Division of Licensing Resources more accountable to complete the process in a timely manner.

### Senate Bill 6230- Warrantless School Searches

- This bill allows police officers working at a school to search a student, for the safety and protection of other students and the school, without a warrant.

### Senate Bill 6242- Victims Notification Bill by ISRB

- Requires the Indeterminate Sentence Review Board to provide notice to the victims or surviving family members, when an offender that committed the crime as a minor (under age 18) has filed for an early release date.

### Senate Bill 6249- Host Homes Program

- Host home programs provide temporary care for children whose own family is unable to care for them.
- This bill requires host homes to register with the Secretary of the State and report any abuse or neglect of the child in temporary care.

### Senate Bill 6300- Pro-bono Legal Services for Military

- This bill provides civil legal assistance programs, pro-bono services (free of charge), and self-help services to military service members, veterans, and their families living in Washington State through the Attorney General's Office.

### Senate Bill 6329- Parent to Parent

- This bill provides support and services to parents with children with developmental disabilities.

Senate Bill 6350- Property Crime Legislation

- This bill increases the seriousness level of vehicle property crime if it is the offenders' 3<sup>rd</sup> sentencing.

Senate Bill 6395- RTA Board Members

- This bill creates a Regional Transit Authority board member election and 19 districts to be equally represented.
- These board members, elected by the people in their district, would help in deciding where the Sound Transit budget is spent.

Senate Bill 6515- Hunter Safety Education

- This bill creates a firearms and hunter safety course for students grades 9 through 12.

Senate Bill 6534- Maternal Mortality Review

- This bill creates a panel to study and determine the causes for maternal mortality in Washington State.
- Maternal mortality means the death of a woman during pregnancy or within a year of giving birth.

Senate Bill 6564- Developmentally Disabled Protection

- This bill requires the Developmental Disability Administration to provide robust inspections of those developmentally disabled at the highest risk of abuse or neglect.

Senate Bill 6565- Health Information Disclosure

- This bill allows health professionals to share health information about a patient with someone close to the patient, without the patient's permission.
- People allowed this information would include a family member, friend, or other person close to the patient's care.

Senate Bill 6634- Washington State Patrol Retirement

- This bill will help recruit more Washington State Patrol officers by allowing their military experience to count.



## ***Decreasing the Number of Unemployed Veterans In Washington***

Washington is home to over 340,000 working-age veterans. Yet according to the Census Bureau, our state has a higher veteran unemployment rate (6.3%) than the national average (5.4%).<sup>1</sup>

To improve this situation and because my district, the 28<sup>th</sup> Legislative District, contains the most veterans in the state, I introduced a bill last year that the Legislature passed - a Business and Occupation (B&O) tax credit for employers that hire unemployed veterans.<sup>2</sup> The tax credit takes effect later this year, beginning Oct. 1, 2016.

The legislation contains the three parameters of good tax policy: a clear intent statement and goal; incentives to reach that goal; and an expiration date with a policy review to see if the goal was achieved.<sup>3</sup>

### **Goal**

The legislation states the policy objective is to reduce the number of unemployed veterans, with a 30% reduction goal. If this is achieved, the Legislature intends to extend the tax incentive beyond its expiration date.

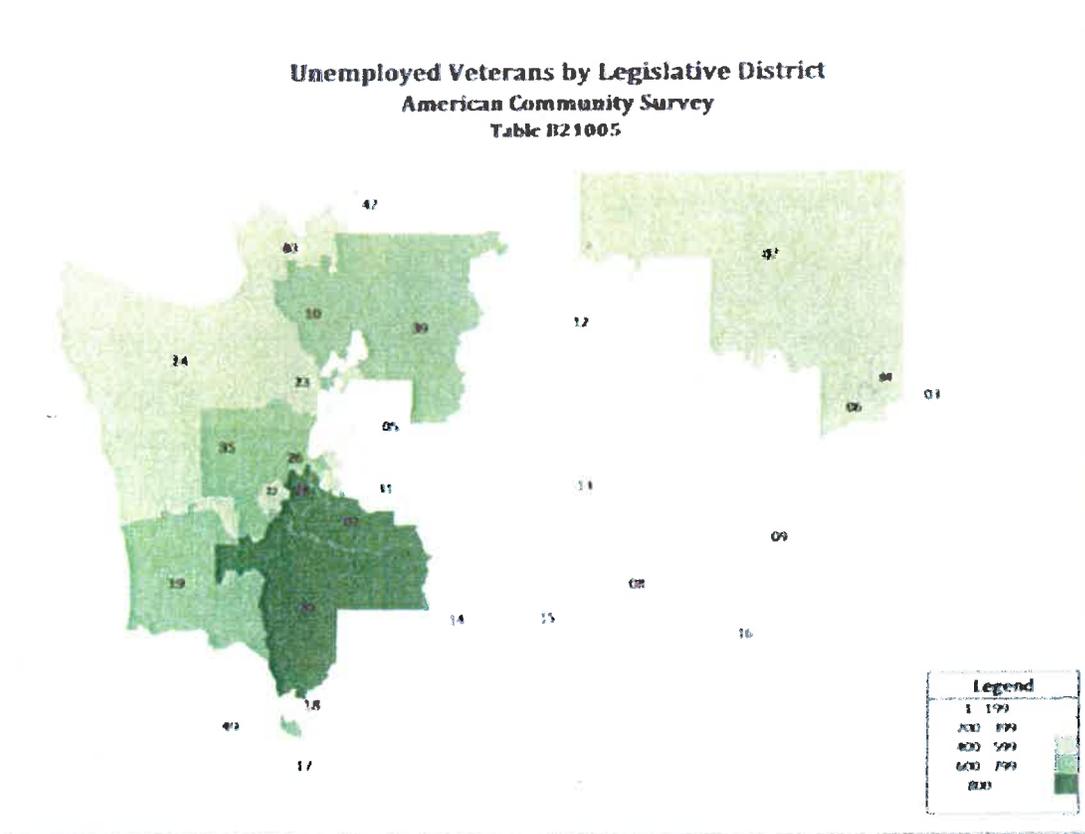
### **Employer Incentives to Hire Unemployed Veterans**

The mechanism to reduce the number of unemployed veterans is to provide a B&O tax credit to employers that hire unemployed vets on or after Oct. 1st, 2016. The credit is equal to 20% of the employee's wages and benefits. To be eligible, the employee must have been an honorably discharged veteran who has been unemployed for more than 30 days and the employer must hire the veteran into a full-time position and the veteran must hold that job for at least six months.<sup>4</sup>

## Accountability

The incentive expires July 1, 2023. Employers only receive the credit if they hire an unemployed veteran, and the incentive is discontinued once the veteran leaves the job. An audit review will be conducted at the end of the incentive's lifespan to determine whether the incentive has achieved the legislature's goals.

If this incentive works as intended, Washington will make significant inroads in decreasing the number of unemployed veterans.



### Footnotes:

1. Veteran Statistics, Washington (<http://www2.census.gov/library/inforgraphics/2016/comm/vets/wa-vets.pdf>) The latest ACS survey found almost 21,000 unemployed veterans in the state (out of 340,000 working age veterans).
2. ESSB 6057 (2015), Part X of legislation (<http://lawfilesexternal.leg.wa.gov/biennium/2015-16/Pdf/Bills/Session%20Laws/Senate/6057-S.SL.pdf>)
3. While final legislation was part of ESSB 6057, concept and language came from SSB 5042, which I prime sponsored.
4. An employer may reduce their B&O taxes by up to \$1,500 per unemployed veteran hired.



## B&O Tax Credit for Businesses Hiring Veterans

B&O tax credits are provided to businesses that provide positions to qualified employees.

A qualified employee is an unemployed veteran who is employed in a permanent full-time position for at least two consecutive full calendar quarters. Full time is a normal work week of at least 35 hours per week.

A veteran is a person who has received a general discharge under honorable conditions, including a discharge for medical reasons with an honorable record, or is currently serving honorably; and who has served as a member in any branch of the armed forces, including the National Guard and armed forces reserves.

Unemployed means that the veteran was unemployed for at least 30 days immediately preceding the date on which the veteran was hired by the person claiming the credit.

The credit is equal to 20 percent of wages and benefits paid up to a maximum of \$1,500 for each qualified employment position filled by an unemployed veteran. The credits are available on a first-in-time basis not to exceed \$500,000 in any fiscal year.

Credits disallowed in one year can be carried over to the next fiscal year. Priority is given to credits carried over from a previous fiscal year.

This act begins in November of 2016. Credits may be earned for tax reporting periods through June 30, 2021, and no credits may be claimed after June 30, 2022.



## **BUDGET:**

This year was a supplemental budget year, the purpose of which is to cover emergencies, unforeseen expenses and to make small changes in spending based on changes in enrollment, revenue and priorities. Our budget did not raise taxes or use gimmicks. It provides a sustainable path forward without raising taxes and complies with our four-year balanced budget requirements. We used the state rainy day fund as intended—for true emergencies, like the catastrophic wildfires last summer. We also maintained significant reserves which we believed to be the prudent thing to do given the trend of slower economic growth.

The Senate's approach to budgeting is a break with the historic status-quo in Olympia which has too often led to roller-coaster budgeting and tax increases. In our supplemental budget, we took a common-sense, responsible approach. When it came to any new funding, we looked at whether there was a change in the number of people qualifying or enrolling in state services; we corrected technical errors in the 2015-17 budget; we addressed emergencies; we looked at one-time opportunities not available in the next budget cycle. We also set priorities for education, our state's most vulnerable, and public safety.

## **EDUCATION:**

We proved that more taxes were not required to reduce college tuition or improve education funding. Our budget funded a second round of tuition cuts for Washington state colleges and universities. No other state in the nation has seen tuitions go down, meaning Washington is the leading example to making higher education more affordable and opportunity for the younger generation more accessible. For the UW and WSU, students will see an additional 10 percent tuition reduction in the upcoming school year. For students at all other four-year state colleges, students will see an additional 15 percent tuition cut. This is in addition to a 5 percent tuition cut we enacted for the 2015/2016 school year.

We've reversed the long-term trend that was reducing the priority of education funding. In the past, most revenue increases went toward general government expenses, now two-thirds of new revenue growth has been allocated to education. By doing so we have boosted K-12 spending to the highest level in 30 years—it's now 47 percent of the budget! We also fully funded class size reduction in grades K-3, precisely when research shows it will do the most good and launched a multi-year classroom construction program for its implementation.

Hundreds of kids who were not served well by traditional schools found themselves in danger of losing their charter schools this year after an unfortunate decision by the State Supreme Court. We made sure that funding was obtained for these public charter schools so that these kids could continue to find success in the environment that best served their needs.

## **Mental Health/Western State Hospital:**

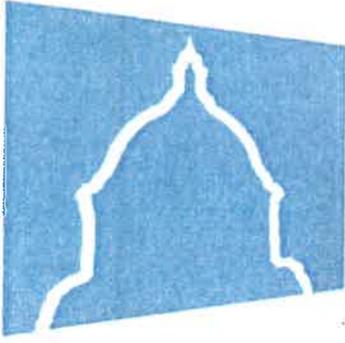
We've increased funding for the state mental health system by 23 percent since the 2013-15 biennium. This includes more than \$57 million to help reduce single bed certifications, \$49.6 million for increased community evaluation and treatment beds and \$7.6 million for a 30 bed civil commitment ward at Western State Hospital. The budget also contained an increase of \$40.9 million in total funds to meet timely completion of competency evaluation and restoration services for in-custody defendants and an increase of \$9.4 million in general state funds to improve safety at both Eastern and Western State Hospitals. Our 2016

supplemental budget increased funding for the public mental health system by a total of \$51.4 million over the amount originally appropriated for the biennium including \$6.8 million to increase the total number of nurses on day and evening shifts at Western State.

### **Accountability:**

I am Vice-Chair of the Senate Law and Justice Committee which investigated the early release of about 3,000 prisoners by the Department of Corrections. The evidence gathered in the investigation clearly shows that former DOC Secretary Bernie Warner had a direct hand in creating the circumstances that could allow a problem like this to occur and once-discovered, continue for three additional years. Contrary to what the governor's report suggested, primary responsibility fell directly on management's shoulders and was aided by flawed oversight within the executive branch.

The Senate refused to confirm acting DOC Secretary Peterson, effectively removing her from her post. This ensures that new management will be implementing the historic, regional investment in transportation infrastructure that we passed last year, including key investments for the Pierce County I-5 corridor.



# Windows Into The Budget

Senator Steve O'Ban

## *2015 Budget Preview:*

### *The Deficit Myth*

*Budget 101 on the State's Fiscal Situation.*

***"Everyone is entitled to their own opinions, not their own facts."***

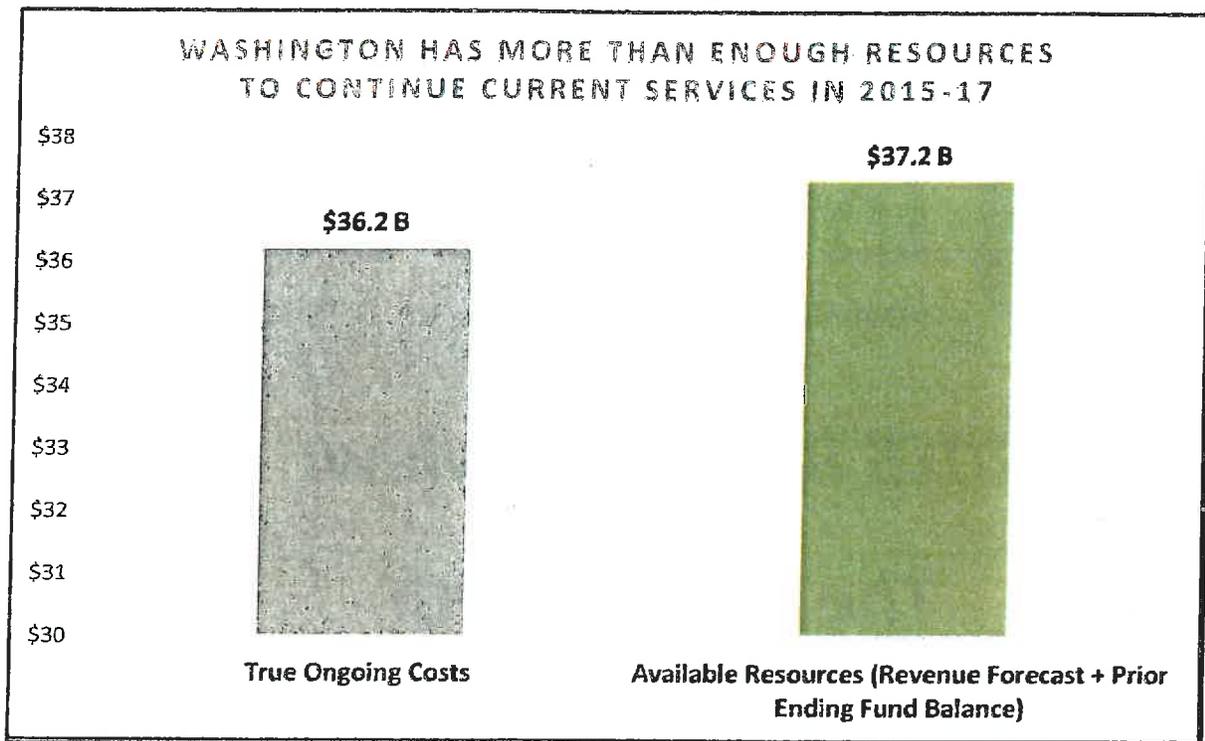
*– Daniel Patrick Moynihan (U.S. Senator - D, N.Y)*

There is a myth, propagated by the Governor and others, that Washington faces a massive budget deficit, meaning that the state has insufficient revenues to continue existing services. This myth began in the summer with a Governor-initiated exercise asking agencies to propose 15% budget cuts, continued in the fall with a presentation around the state by the Governor's budget director, and was repeated during the Governor's December budget release.

This deficit assertion is meant to mislead, directing people to the erroneous conclusion that Washington has insufficient revenues to continue its current service levels and that significant cuts (see the Governor's 15% reduction exercise) or tax increases (see the Governor's actual budget) are needed.

Let's look at the facts, rather than misleading hyperbole:

***Fact #1: Washington can afford to continue all existing services, including increased caseloads and related costs, plus fund required enhancements that emerged since enactment of the previous budget.***



**A. True Ongoing Costs**

The current state budget is \$33.8 billion. The cost of continuing all of these services forward into the next biennia is the “true ongoing, or maintenance, cost” and is forecast to cost \$36.2 billion, after accounting for all increased caseloads (e.g. additional people qualifying for guaranteed government services), inflationary costs, additional pension costs for public employees, additional debt service costs for past authorized debt, and approximately \$180 million of required costs that have arisen since the last budget was approved, notably forest fires, mental health enhancements stemming from a Supreme Court decision, and a required higher-cost treatment for Hepatitis C.<sup>1</sup>

**B. Available Resources**

The available forecasted resources will be \$37.2 billion.

The state’s revenue growth for the biennia is just shy of \$3 billion, representing 8.6% growth. This provides \$36.65 billion in available revenue for the 2015-17 biennia (\$37 billion forecast less the 1% of revenue required to be put in the constitutional rainy day fund).<sup>2</sup>

In addition to these 2015-17 revenues, the state is expected to end the current 2013-15 biennia with a significant surplus, due to higher than expected revenues since the end of session. The projection, even after paying for unexpected costs that have arisen since the end of session, is for a roughly \$550 million unrestricted surplus heading into the 2015-17 biennia.<sup>3</sup>

**C. Conclusion**

So, let’s re-iterate this again so that the point is fully understood:

The state is expected to have \$1 billion in revenue left-over after paying for:

- All the activities it currently does, including accounting for the increased caseloads and costs in providing those services for the next two years; and
- All known required costs that have popped up since the end of last session, primarily pertaining to mental health enhancements, fighting wildfires, and federally-mandated new drug treatment for low-income individuals.

*(The policy work in me has to mention that two of the biggest drivers in “ongoing or maintenance” level costs are increased debt service payments and higher pension costs for public employees. Together, debt service and pension contributions for active public employees will cost taxpayers over \$4 billion in the upcoming budget cycle, a \$650 million, or nearly 20%, increase from current funding.)*

***Fact #2: After continuing current services, the state is projected to have enough revenues to fully finance the next statutorily required McCleary enhancement, plus a salary increase for K-12 staff.***

While state costs are \$36.2 billion to continue all existing services (and resources are \$37.2 billion), there are two policy **enhancements** in K-12 that are statutorily required to be funded as well. They are:

- Initiative 732 salary increase for all K-12 staff -- \$235 million, equating to slightly over a 3% across-the-board salary increase over the next two years
- Increasing state funding for districts’ materials & supplies costs -- \$752 million, representing a \$1,214 per student payment to districts for materials & supplies – up from the present \$848 state funding level. While the \$1,214 per pupil amount was intended to represent the amount necessary to pay districts’ full costs in this area, it is worth noting that the most recent data indicates this funding level would be \$244 million above districts’ actual expenditures.<sup>4</sup>

Assuming neither of these statutes requiring these enhancements are changed, what would a budget look like that continued all current services plus put this additional \$1 billion into K-12?

**Continuing All Current Services,  
Plus a \$1 Billion Policy Enhancement for Public Schools**

	<b>13-15 to 15-17 Spending Increase (\$000's)</b>	<b>% Change</b>
<b>Public Schools</b>	<b>\$2,147,818</b>	<b>14.1%</b>
<b>DSHS</b>	<b>\$343,773</b>	<b>6.0%</b>
<b>Other Human Services</b>	<b>\$282,965</b>	<b>4.6%</b>
<b>Higher Education</b>	<b>\$147,372</b>	<b>4.8%</b>
<b>Governmental Operations</b>	<b>\$75,217</b>	<b>8.9%</b>
<b>Natural Resources</b>	<b>\$16,618</b>	<b>6.1%</b>
<b>Other Education</b>	<b>\$9,366</b>	<b>4.6%</b>
<b>Debt Service/All Other</b>	<b>\$441,982</b>	<b>20.6%</b>
<b>Statewide Total</b>	<b>\$3,465,111</b>	<b>10.3%<sup>5</sup></b>

**That's right: K-12 spending would be increased by over \$2 billion, representing a 14.1% increase from current spending levels.** To give a breakout:

- \$689 million carryforward (existing costs)
- \$245 million in additional enrollments
- \$211 million in higher pension costs for K-12 staff
- \$235 million for salary increases for K-12 staff
- \$752 million in higher payments to school districts for materials & supplies

Now, I'm not suggesting that such a budget would be wise – after all, it just reflects rote continuation of everything the state currently does, plus a \$1 billion policy addition to K-12. Citizens expect more from their legislators – namely, that we should review every program for its efficacy and whether taxpayer dollars are truly being spent in the best possible manner.

Yet, it does put in perspective exactly the state's fiscal situation, which is a far cry from what a citizen would consider to be a deficit.

***Fact #3: Further policy enhancements, with the exception of I-1351, are not required by law and, if pursued, need to be evaluated and prioritized with existing expenditures***

There are five primary types of other policy enhancements that will be under consideration:

- I-1351 – The Legislature will have to address this initiative, which costs \$4 billion at full implementation yet came without a funding source. Gov. Inslee chose to not fund the initiative in his budget.<sup>6</sup>
- Collective Bargaining Agreements Negotiated with the Governor – Both state employees and some non-state employee groups negotiated salary & benefit increases with the Governor, costing almost half a billion dollars, contingent upon legislative approval. These costs are on top of the nearly \$300 million in new funds the state is required (under the maintenance budget) to put forward to pay for increased employee pension costs, largely due to longer projected life spans of employees.<sup>7</sup>
- Additional McCleary – The McCleary ruling's statutory components derive from HB 2776 (2010) which required funding enhancements in four areas by the 2017-18 school year: transportation (completed in 13-15), MSOC (required to be done in 15-17), and all-day kindergarten and K-3 class size reduction (required to be done in the 17-19 biennia). Governor Inslee proposed completing the all-day kindergarten and K-3 class size components in the upcoming biennia, rather than the 17-19 biennia. This enhancement cost \$556 million in his budget.<sup>8</sup>
- Mental Health – This is an area in which the Legislature made concerted investments in the 2014 budget, yet more investments are likely warranted, even beyond addressing the Supreme Court boarding issue as required – and reflected – in the prior analysis. Gov. Inslee made \$50 million worth of policy enhancements in this area.

- All Other – In virtually every area of state government, there will be proposals for the creation of new programs or enhanced spending. Some will have merit, others not, and this is the area that traditionally involves negotiation between the House, Senate and Governor to come to an agreed-upon solution.

### Window's Reflection

With \$3 billion in additional revenue and a sizable surplus heading into the upcoming biennia, the state has sufficient revenue to cover all existing costs, make the next required enhancement to McCleary, and increase the K-12 budget by the highest dollar amount in history.

Indeed, the focus of this session should not be on higher taxes or revenue, but rather advancing the best policies to enhance student learning and ensuring that every tax dollar is being spent efficiently and effectively.

### Footnotes

1. Senate Ways & Means analysis (\$33.8 billion enacted budget plus \$1.3 billion carryforward plus \$1.1 billion in other maintenance level adjustments, after accounting for 2015 supplemental budget items included in Gov. Inslee's budget.)
2. Economic & Revenue Forecast, Nov. 2014 (NGFS+Opp.Pathways)
3. Senate Ways & Means analysis (projected \$523 million unrestricted fund balance, plus \$41 million in prior enacted transfers carryingforward to 2015-17)
4. Senate Ways & Means analysis
5. LEAP Maintenance Level NGFS+Opp.Pathways, including I-732 COLA and K-12 Materials & Supplies enhancement
6. Despite not funding the initiative in his budget, the Governor inexplicably leaves the \$4 billion cost in the subsequent 17-19 budget untouched, thus leaving a huge financial bogey for the future.
7. See Governor's Labor Relations Office summary of fiscal impact of 2015-17 CBAs. For pension costs, the 15-17 increase represents a phase-in of the full long-term impacts from longer life spans.
8. See Gov. Inslee's Budget Proposal (\$448 M K-3 class size enhancement and \$108 M all-day kindergarten enhancement, all in the second year of the biennia).