

Proposed 2021-23

# Budget & Policy Highlights



**Office of Governor Jay Inslee**

December 2020

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# Beyond the pandemic

Building a stronger Washington for working families and businesses

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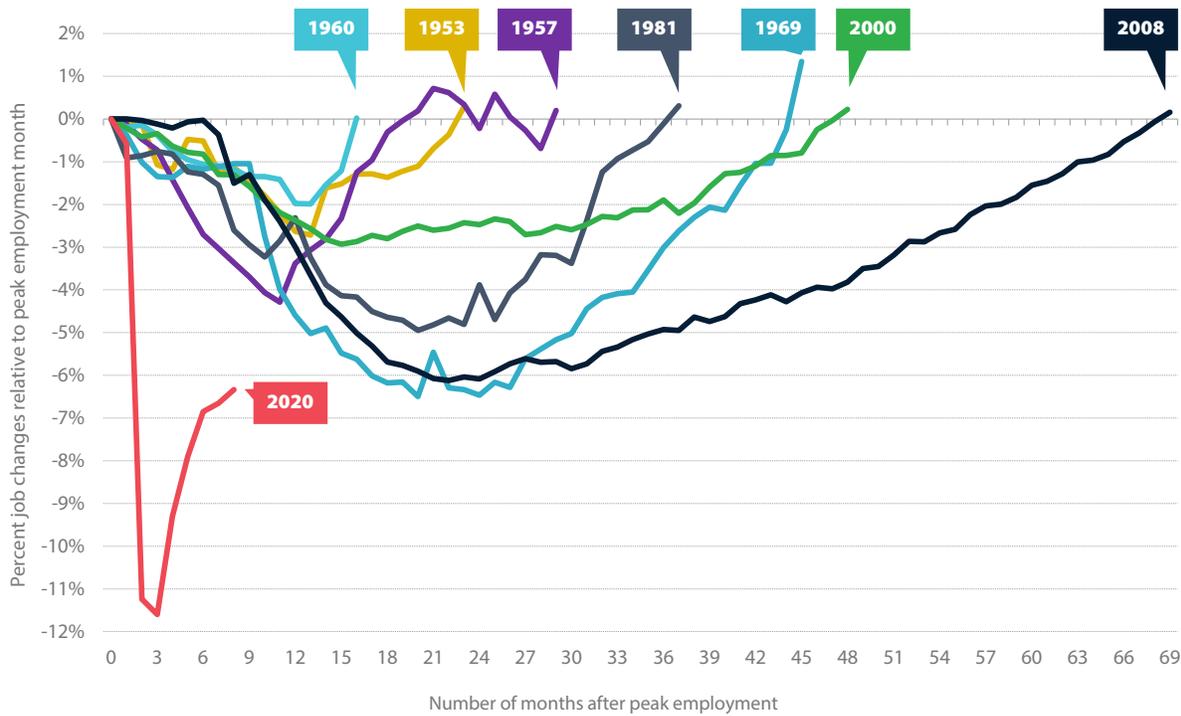
*The worst global pandemic in more than a century has had devastating — and often disproportionate — consequences for households, businesses and communities across our state. Gov. Jay Inslee’s 2021–23 operating, capital and transportation budgets will emphasize equity in many forms as we work to defeat COVID-19, rebuild the state’s economy and protect vital services.*

When the COVID-19 virus reached Washington, state leaders and public health officials moved aggressively to slow its spread. Meanwhile, medical professionals and caregivers worked tirelessly to treat those infected by the deadly and highly contagious virus.

Those actions — and the many sacrifices everyone made over the past nine months — undoubtedly saved many lives. Still, as of this month, more than 200,000 Washingtonians have been infected and more than 3,000 have died.

Beyond the illness itself, the pandemic has inflicted pain and hardship in virtually every area of our lives.

## Job losses and duration of post-WWII recessions in Washington



Source: Washington Employment Security Dept. and Economic and Revenue Forecast Council

In the first months of the pandemic, hundreds of thousands of Washingtonians lost their jobs. Almost no business was left unscathed. Schools were closed, forcing teachers and parents to immediately shift to virtual education. The need for food and rent assistance skyrocketed as families struggled to make ends meet.

The pandemic’s blow to the economy also wreaked havoc on the state budget. Almost overnight, the state went from a near-record budget surplus to a projected multibillion-dollar shortfall. The situation gradually improved throughout the summer and early fall. But as of November, the state had about 217,000 fewer jobs than in February, revenue projections for the next three years remained more than \$3.3 billion below pre-pandemic levels, and

the state’s economic forecasters warned us of significant fiscal uncertainty for the foreseeable future.

### Early efforts to control virus, provide relief, minimize budget crisis

Last March, soon after coronavirus cases began spiking across the state, Inslee announced his Stay Home, Stay Healthy order. This required Washingtonians to stay home except for essential activities, and it banned large gatherings and closed nonessential businesses.

Over the course of the spring and summer, the governor issued numerous orders and related guidance aimed at stopping the virus. From the start, Inslee took steps to make sure people

would have a place to live and food on their table, such as placing a moratorium on evicting renters and joining nonprofit organizations to raise money for food banks. His office worked with the Legislature to distribute more than \$2.1 billion in federal funds to cover the fast-rising cost of response efforts and provide assistance for households, workers and businesses hardest hit by the pandemic.

The Inslee administration also worked from the start to confront the state's pandemic-related budget crisis. Acting decisively after the 2020 legislative session, the governor used his veto pen to make budget cuts that will save the state more than \$440 million over three years. He directed state agencies under his authority to cancel a scheduled 3% wage increase for many government employees and begin furloughs for most state employees. He also placed a freeze on hiring, personal service contracts and equipment purchases (with limited exemptions).

The furloughs, canceled pay raises and freezes will save tens of millions of dollars in the current two-year budget. Meanwhile, state employees stepped up by agreeing to new collective bargaining agreements for the next two-year budget that provide no general wage increases and call for monthly one-day furloughs for most workers.

## Governor puts forward plans to boost response and recovery efforts

The large infusion of federal coronavirus relief and other stimulus money proved vital in helping Washington mount a strong response to the pandemic and weather the initial economic storm. But some of those funds have run out and it's unclear whether the federal government will come through with more support for state and local governments.

The governor will urge the Legislature in January to quickly pass legislation approving an additional \$100 million in grants to assist struggling businesses and an additional \$100 million in rental assistance to help both tenants and landlords.

Still, the state will have a lot of work to do with its response and recovery efforts, which guided Inslee as he prepared his 2021–23 operating, capital and transportation budgets. The governor's budgets will enable the state to:

- Continue its aggressive response to the ongoing pandemic and build more capacity for tackling future public health crises.
- Rebuild the state's economy and continue efforts to support households, students, workers and businesses impacted by the pandemic.
- Protect previous investments in areas such as education, child care and early learning, climate action, behavioral health reform, homelessness and access to health care.
- Address racial and economic inequity.



The governor is putting forward a broad range of budget and policy proposals to help the state build back stronger and provide ongoing support to households, workers and businesses still struggling due to the pandemic.

For example, the governor's budget includes funding to shore up the state's unemployment system, which was put under enormous strain due to staggering job losses, especially during the first months of the pandemic. The governor is proposing legislation that would, among other things, ease unemployment insurance rate increases on businesses and increase minimum weekly benefit amounts for unemployed workers.

The governor is also proposing major new investments in our state and local public health systems. We need a large part of those investments now to help finish defeating COVID-19. This includes funding for personal protective equipment and testing supplies, and making sure we have the resources we need to distribute the vaccine that just became available. He is also proposing new, ongoing revenue to bolster our state's chronically underfunded public health system.

The number of unsheltered homeless individuals was already on the rise in Washington and the economic fallout from the pandemic intensified the crisis. With tens of thousands of Washingtonians still struggling to pay their rent or mortgage, the governor is proposing significant new funding for rent and foreclosure assistance and other measures to keep people from homelessness.

The pandemic caused major disruptions for our public school system and more than 1.1 million students statewide. The governor proposes significant new investments to expand learning

opportunities to help get children back on track. His budget also focuses on equitable student supports, such as new funding to provide broadband connections for families who cannot afford internet services.

Child care providers have also been particularly hard hit by the COVID-19 pandemic. Besides struggling with the increased costs of meeting state and federal health guidelines, their revenues were reduced due to the smaller class sizes they created to keep children and staff safe.

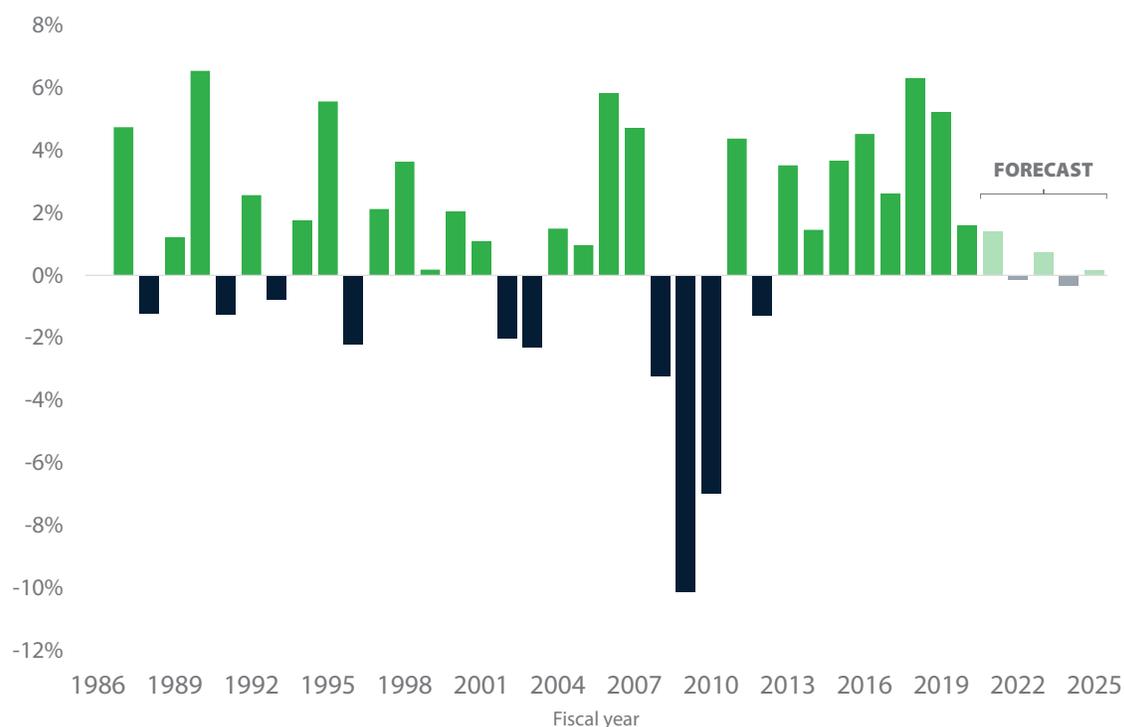
Since spring, the governor approved using nearly \$191 million in federal CARES Act funding to support child care businesses and help low-income families afford child care. His 2021-23 budget continues those efforts.

From the start of the 2021–23 budget development process, the governor made a commitment to focus on equity. In its instructions last summer to state agencies, the governor's budget office directed agencies to consider how their budget requests will affect marginalized communities. Agencies were told to address the following questions in preparing their budget requests:

*“How is your proposal impacting equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?”*

The governor's budgets demonstrate his commitment to equity and inclusion by funding programs and policies that work to eliminate racial disparities. These include funding an equity office as a tool to root out racism and discrimination. His budget also includes funds to establish an office that investigates police

## Annual percentage change of real per-capita state revenue



Includes General Fund-State, ELTA, OPA and WEIA revenue

Source: Economic and Revenue Forecast Council, Nov. 2020

using excessive force, eliminate contracting disparities, and introduce an equitable financial literacy plan to help communities of color.

### New revenue needed to support recovery efforts, protect vital services

Since last spring, after state revenue projections began a steep dive, Inslee resisted calls for immediate funding cuts to state services. He argued such cuts would harm many of the people already hardest hit by the pandemic and hamper recovery efforts.

While Washington's budget picture has improved since spring, the state still faces significant fiscal challenges.

Besides dipping into reserves, the governor's budget relies on savings in a number of areas.

For example, projected education funding needs (for the current budget and the first year of the next budget) have fallen by an estimated \$831 million, largely due to lower school enrollments and pupil transportation costs amid the pandemic. The governor proposes reinvesting some of that savings to meet critical needs, while using the rest to help balance the budget.

But the state needs additional revenue to continue and strengthen the state's pandemic response and recovery efforts while also protecting previous investments in other state services.

As he has in the past, Inslee proposes a new capital gains tax on the sale of stocks, bonds and other assets. This would not apply to sole proprietor businesses, retirement accounts,

homes, farms and forestry. Earned income from salaries and wages are not capital gains and would not be taxed at all. The proposed tax change — which will not go into effect until the second year of the 2021–23 biennium — would raise more than \$3.5 billion over the next four years.

With the tax geared to very large capital gains, only a tiny fraction of the state’s wealthiest taxpayers would be affected. In that regard, it won’t worsen Washington’s dubious distinction of having the nation’s most regressive state tax system — an upside down tax system that disproportionately impacts people at the lower end of the economic scale and allows the very wealthiest individuals and most prosperous businesses to pay relatively less in taxes.

The governor also proposes narrowing the “bad debt” tax loophole the state currently allows businesses to claim when customers fail to pay. And, to help fund his proposed investments in public health services, the governor is proposing a new per member/per month assessment on health insurance carriers.

The new revenue will help the state maintain its healthy reserves. Heading into the next biennium, the state is projected to have about \$2.5 billion in total reserves. Under Inslee’s proposal, the state would still have about \$1 billion in total reserves at the end of the biennium.

### Governor uses budgets to back bold ‘climate commitment’

The governor is again making climate action a top priority in his operating, capital and transportation budgets.

The operating budget provides funding to

begin implementing the governor’s proposed Climate Commitment Act. This act is a comprehensive climate program to help us meet statutory greenhouse gas limits, increase climate resilience, and reduce the impacts of climate change on communities and ecosystems.

The capital budget invests in programs and projects to support the transition to cleaner buildings. It also puts money into the state’s Clean Energy Fund to support the clean energy efforts, such as electric grid modernization projects and research into new and emerging clean energy technologies.

Meanwhile, the transportation budget provides major new investments to support clean transportation efforts, which includes funding to electrify our state ferry and transit systems. And more funding will continue our work with Oregon and British Columbia on plans for an ultra-high-speed rail corridor across western Washington.

### Transportation budget steps up removal of fish passage barriers

Under the governor’s 2021–23 transportation budget, the state will make major progress toward meeting a federal court injunction to remove culverts that block habitat for migrating salmon and steelhead. The budget provides \$724 million that will help the department design 136 barrier-removal projects and construct an additional 114 projects.

The transportation budget also includes \$400 million for preservation work on our state’s transportation infrastructure, including roadways, railways, ferries and bridges. And it continues the state’s efforts to reduce greenhouse gas emissions by investing in clean transportation.

# Governor proposes large capital budget to boost economy, speed up key projects

The COVID-19 pandemic has had widespread impacts to Washington's economy. To help offset those impacts, Inslee is proposing an extra-large capital budget for the next two years that will stimulate economic growth while also addressing key infrastructure needs in communities across the state.

Due to the extraordinary impacts of COVID-19 on communities and households, the governor proposes tapping future bond capacity now to help stimulate the economy and retain construction jobs. The governor's proposal increases the state's total bond capacity by \$1.25 billion, to nearly \$4.7 billion for the 2021–23 capital budget. Including other state and federal fund sources, the governor's capital budget for the next two years totals nearly \$6.2 billion.

In essence, the governor is proposing to start work sooner on numerous projects statewide — at a time when interest rates are low and the state needs economic stimulus. The budget will support an estimated 36,000 jobs per year statewide over the course of the biennium.

Under the governor's budget, the state will jump-start work on a backlog of infrastructure needs on college and university campuses. Besides providing immediate economic stimulus, it will put the state's economy on better footing long term by building capacity while preserving assets in our higher education system. For example, the budget includes \$360 million for modernizing and building more instructional space at 10 community and technical colleges. And the budget includes funding for new engineering buildings at Western Washington University and the University of Washington, and new

science buildings at Washington State University and Eastern Washington University.

To help address the state's homelessness crisis, which has been compounded by the pandemic, the budget includes nearly \$400 million to build more affordable housing units and preserve the state's existing housing stock.

The budget sends \$150 million to the state's Public Works Assistance Program, which provides low- or no-interest loans that local governments can use to repair everything from bridges and roads to water and sewer systems.

The capital budget also includes:

- Over \$800 million for 80 school projects statewide.
- \$45 million to expand broadband access for underserved homes and businesses.
- \$39 million to construct the new Nisqually State Park and fund major improvement projects at three other parks.
- \$51 million to fund design work and site demolition for a new 350-bed forensic psychiatric hospital on the Western State Hospital campus.
- Nearly \$120 million to design and construct a new 120-bed nursing facility to care for clients with intellectual and physical disabilities.
- Nearly \$27 million to improve the health of 58,000 acres of Washington forests to reduce wildfire risk and severity and develop healthy, resilient forests for the future.

For detailed capital budget information, see the sections on Human Services, Education, General Government and Natural Resources.

# Economic and revenue outlook

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Washington's economic performance throughout much of 2020 has been constrained by the state's efforts to contain the COVID-19 virus. Higher risk economic activities that involve close physical proximity between workers, workers and consumers, or where consumers are close to each other, have been tightly controlled to help limit virus transmission. This has resulted in unprecedented job losses, striking the entertainment, hospitality, personal services, and eating and drinking sectors particularly hard. The initial wave of job losses has run its course and over 190,000 workers have resumed work since May. But, as of November, the state still had over 217,000 fewer jobs than in February.

Because this recession is primarily a public health crisis with serious economic consequences (compared to the more typical economic crisis with public health consequences), the state's recovery pattern is without precedent. The job impact of the Great Recession lasted 70 months from initial job losses to full recovery, to the previous job peak. We do not expect this recovery to take nearly as long. However, the number of permanent job losses and permanent business closures may bring longer-term consequences.

Washington's jobless rate moved above the national rate during the past three years after mirroring the national figures for much of the economic recovery. The state's rate has traditionally been higher than the national

norm. That's because of its outsized share of seasonal industries and its attractiveness to in-migrants searching for opportunity and the Northwest experience. Over the past four years, 74% of Washington's population growth came from migration. More recent forecasts expect Washington's jobless rate to remain above the national average, likely the result of strong population growth and the accompanying frictional lag in employment. In fundamental ways, this reflects the confidence workers have in finding gainful employment. By the end of the next biennium (2021–23), Washington's unemployment rate is projected to decline to 5.5% from 6% in October.

Personal income in Washington is expected to moderate over the next two fiscal years after concerted efforts to provide federal pandemic-relief money to individuals and households boosted fiscal year 2020 real personal income by 5.2%. Real personal income should gain 0.6% in fiscal year 2021, decline by 0.8% in fiscal year 2022, and grow by 2.5% in fiscal year 2023. That compares to the respective 0.6%, 3.4%, and 2.4% projections for the nation. Despite the slower growth, Washington's real per capita personal income should reach \$59,924 in fiscal year 2023, nearly \$7,300 above the U.S. average.

These gains in Washington's personal income will be bounded by the decline in aerospace employment, a traditional driver of Washington's economy. Aerospace jobs are expected to drop from 87,600 jobs in fiscal year

2020 to 62,500 jobs in fiscal year 2023. Even though Washington’s nonfarm employment is projected to decline 1.9% in fiscal year 2021, the state is projected to net a 4% increase in total payroll jobs in fiscal year 2022, and 2.4% in fiscal year 2023 — thanks to gains in software publishing, electronic shopping and mail order, and other technology sectors.

Construction activity in Washington is expected to trend to a more historically normal level in the next several fiscal years. While growth in the technology sectors prompted demand for new office space, the commercial sector does tend to overbuild. This leads to subsequent periods of higher vacancies and gradual absorption. Building permits should total 45,350 in fiscal year 2021, 44,035 in fiscal year 2022, and 42,889 in fiscal year 2023. As a result, construction employment should move down to 202,500 jobs in fiscal year 2023, from 216,200 jobs in

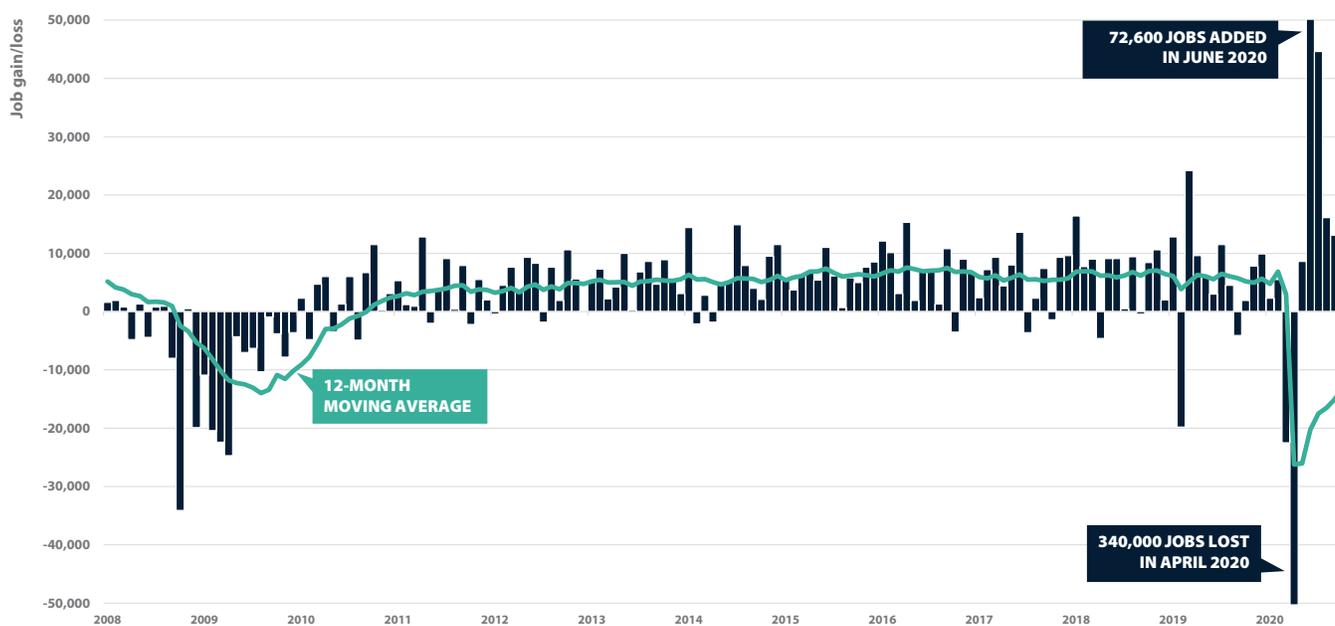
fiscal year 2020. That should lower the share of construction jobs to 5.7% of total nonfarm employment, the historic average. At the height of the building boom in fiscal year 2019, construction jobs represented 6.3% of total nonfarm employment.

General Fund-State revenues grew 10% in fiscal year 2018 and 3.3% in fiscal year 2019, and the revenue forecast will finish fiscal year 2020 up 6.2%. GFS revenues are expected to grow 4.9% in fiscal year 2021, 3.2% in fiscal year 2022, and 3.6% in fiscal year 2023. The recovering economy, rebounds in hiring aside from aerospace and construction, and a steady housing market should keep revenues growing at a restrained pace.

The latest economic and revenue forecast from the Economic and Revenue Forecast Council can be found on the [council’s website](#).

## Private sector payroll employment in Washington

Monthly change, seasonally adjusted

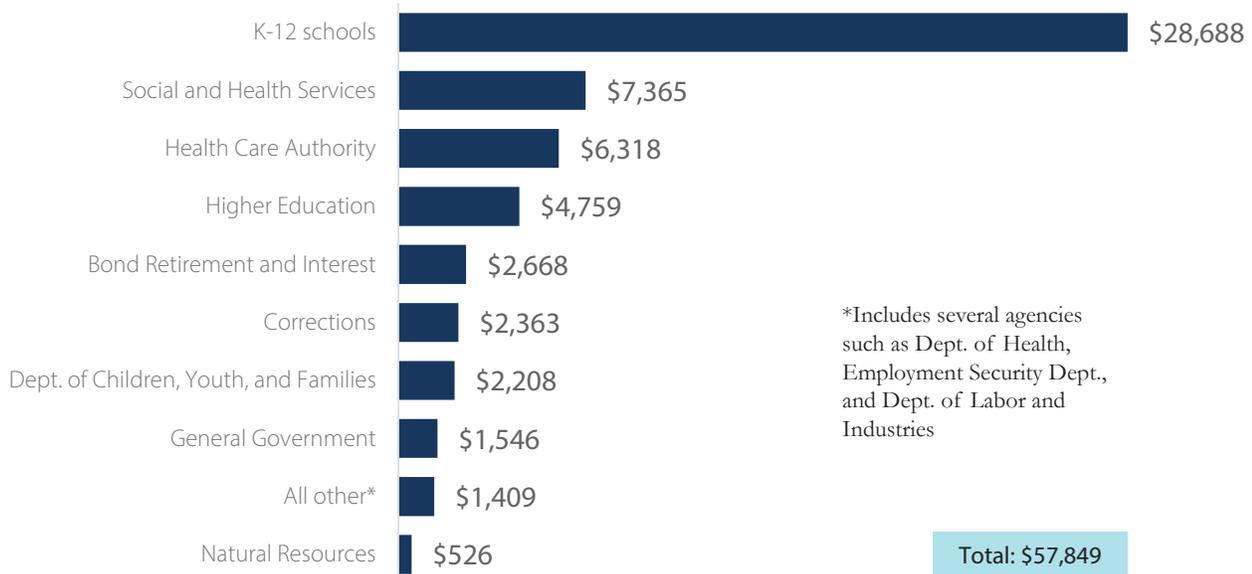


Source: Washington Employment Security Dept. and Economic and Revenue Forecast Council

# Governor's Proposed 2021–23 Biennial Budget

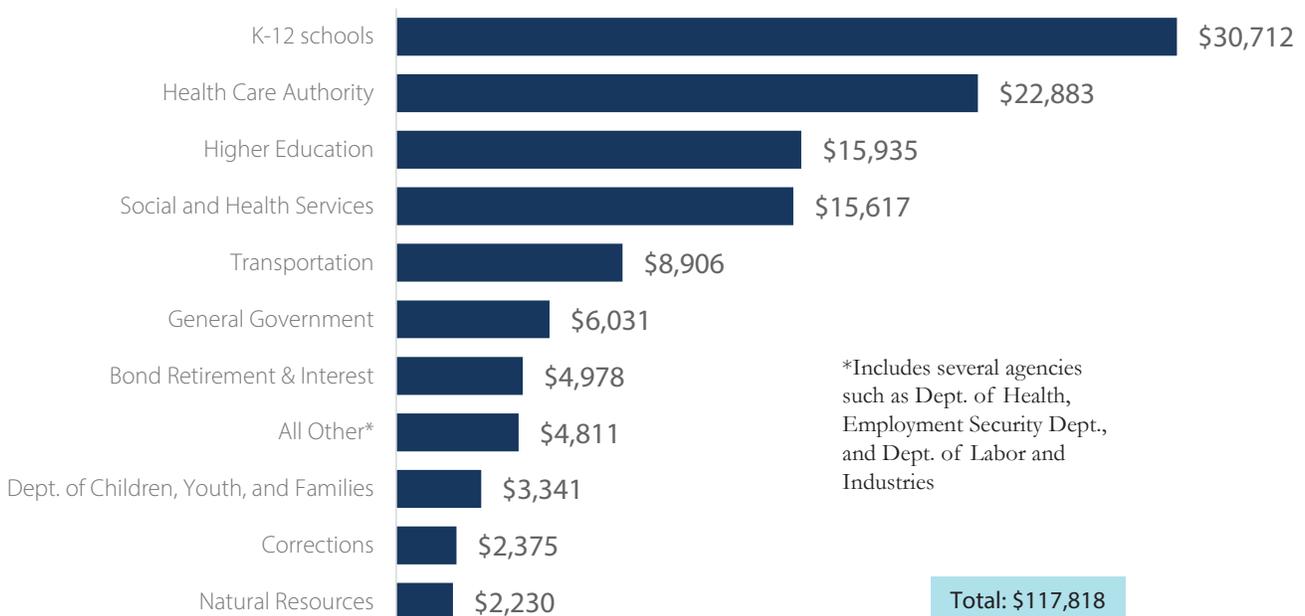
2021-23 Omnibus operating budget funds subject to outlook

*Dollars in millions*



Operating/Transportation: 2021-23 total budgeted

*Dollars in millions*



# Governor's Proposed 2021-23 Budget Balance Sheet

General Fund-State, Education Legacy Trust Account, Opportunity Pathways Account, Workforce Education Investment Account and Budget Stabilization Account

*Dollars in millions*

	2019-21	2021-23
<b>RESOURCES</b>		
Beginning Fund Balance	\$1,981	\$2,478
November 2020 Revenue Forecast	50,995	54,666
Transfer to Budget Stabilization Account (1% of general state revenue)	(486)	(524)
Enacted Fund Transfers	195	
Actual/Assumed Prior Period Adjustments & CAFR Adjustment	84	41
<b>Governor's Proposed Revenue Changes</b>		
Governor's Tax Package		1,160
Additional 1% BSA Transfer		(12)
Fund Transfers	17	212
Budget Driven Revenue	0	(1)
BSA Appropriation to GFS	1,774	
<b>Total Resources (including beginning fund balance)</b>	<b>\$54,560</b>	<b>\$58,020</b>
<b>EXPENDITURES</b>		
2019-21 Biennium		
Enacted Budget	\$53,700	
Governor's Proposed 2021 Supplemental	(915)	
<b>Governor's Proposed 2021-23 Budget</b>		
Maintenance Level Base Budget		\$56,112
Policy Changes		1,737
Actual/Assumed Reversions	(702)	(291)
<b>Total Expenditures</b>	<b>\$52,082</b>	<b>\$57,558</b>
<b>RESERVES</b>		
Projected Ending Balance (GFS + ELTA + OPA+ WEIA)	\$2,478	\$462
<b>Budget Stabilization Account</b>		
Budget Stabilization Account Beginning Balance	1,618	
Plus Transfers from General Fund and Interest Earnings	555	525
Additional 1% BSA Transfer		12
Less 2020 Supplemental Approp from BSA-Coronavirus	(200)	
Less 2021 Supplemental Approp from BSA-Business and Rent Assistance	(200)	
Less 2021 Supplemental Approp from BSA-To GFS	(1,774)	
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>0</b>	<b>\$537</b>
<b>Total Reserves (Near General Fund plus Budget Stabilization)</b>	<b>\$2,478</b>	<b>\$999</b>

# Balance Sheet Detail

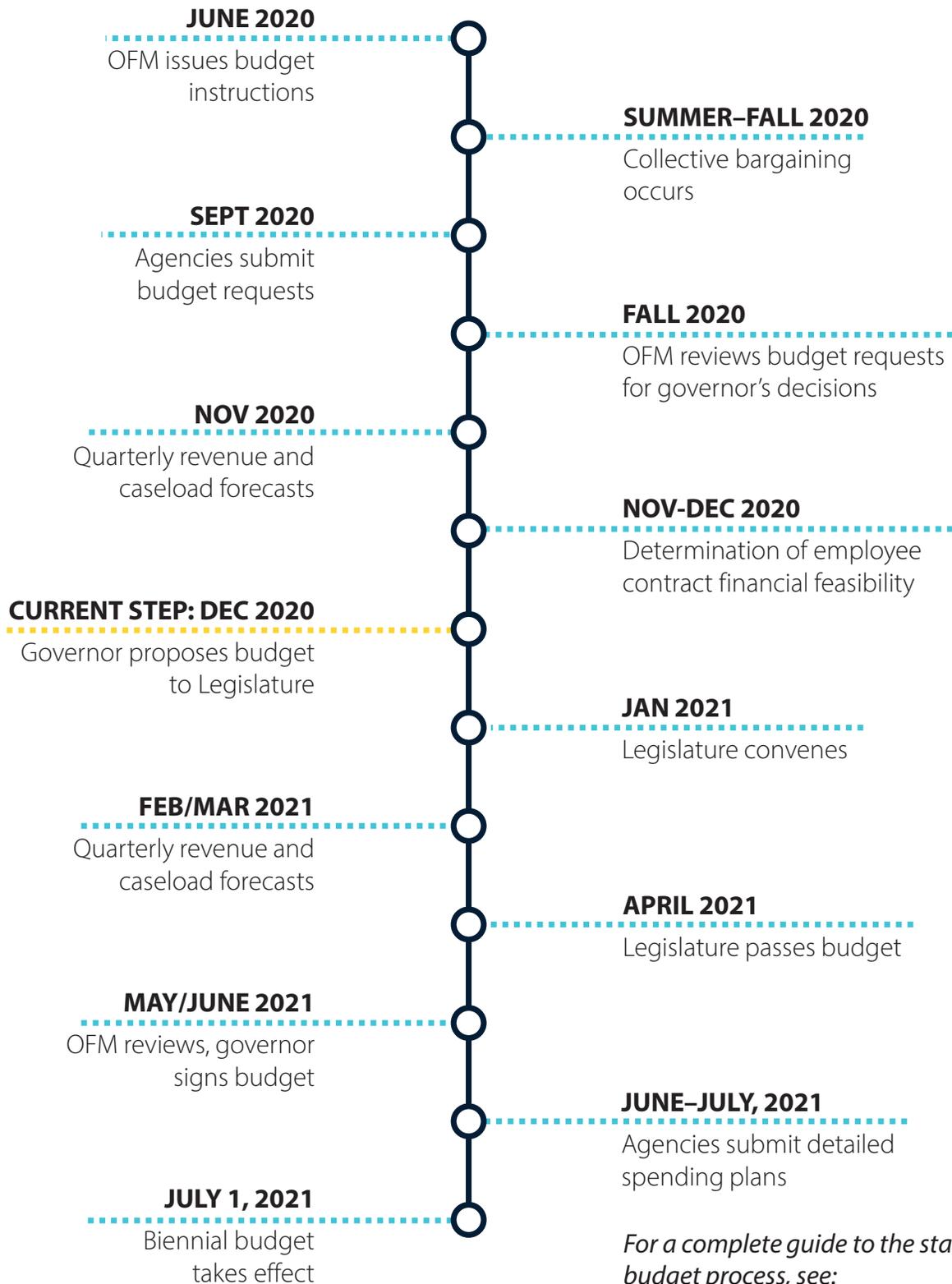
Fund transfers, revenue legislation and budget-driven revenues

*Dollars in millions*

2021-23 biennium  
GF-S ELTA

<b>Fund Transfers To/From GFS (Excluding Transfers To/From BSA)</b>		
10B Home Security Fund Account	\$ (9.0)	
131 Fair Account	(0.6)	
058 Public Works Assistance Account		\$132.0
300 Financial Services Regulation Account	7.0	
315 Dedicated Marijuana Account	10.0	
404 Treasurer's Service Account	10.0	
492 School Employees Insurance Account (Loan Repayment)	16.6	
567 Long-Term Services & Sup Trust Account	40.0	
884 Gambling Revolving Account	6.0	
<b>Subtotal</b>	<b>\$80.0</b>	<b>\$132.0</b>
<b>Revenue</b>		
Capital Gains Tax - 9% Rate; \$25k/\$50k Deduction; Sole Prop Income Exemption	\$1,127.0	
Narrowing Bad Debts Tax Preferences	36.2	
Salmon Habitat Recovery Grants Tax Exemption	(3.7)	
Additional 1% BSA Transfer	(11.6)	
<b>Subtotal</b>	<b>\$1,147.9</b>	
<b>Budget Driven Revenue &amp; Other</b>		
Lottery Revenue Distribution Change BDR	\$1.6	
Liquor Account Distribution 501 BDR	3.4	
Marijuana Revenue Distribution Change BDR	(5.6)	
<b>Subtotal</b>	<b>\$(0.7)</b>	
<b>All Revenue Changes</b>	<b>\$1,227.2</b>	<b>\$132.0</b>

# Washington State Biennial Budget Timeline



*For a complete guide to the state budget process, see:*  
[ofm.wa.gov/budgetprocess](https://ofm.wa.gov/budgetprocess)

# Preventing homelessness from growing worse during COVID-19 pandemic

As in many states, unsheltered homelessness was already on the rise in Washington before the COVID-19 pandemic hit earlier this year. After a one-year decline in 2019, the number of unsheltered homeless individuals increased about 13% to nearly 11,000 in 2020.

The pandemic has intensified the state's homelessness crisis. It has created greater financial insecurity for the estimated 250,000 households that were already struggling to pay their rent. Over half of those households are considered "severely rent burdened," which means they pay more than half of their monthly income in rent. Similarly, the pandemic-fueled recession is making it harder for many homeowners to meet their mortgages.

As of November, more than 85,000 households reported that they were likely or very likely to experience evictions or foreclosure in the next two months.

Last spring, Gov. Jay Inslee issued a proclamation that placed a temporary moratorium on evicting renters for nonpayment of rent. The moratorium, which Inslee extended through Dec. 31, has been instrumental in keeping people housed during the pandemic.

But, to prevent future evictions, many of these households will need assistance to catch up on past-due rent bills and keep current on their rent payments.

Providing rental assistance is part of a comprehensive plan the governor is putting forward to combat homelessness in our state.

The governor's plan aims to:

- Keep individuals from falling into homelessness by preventing evictions and foreclosure, and by mitigating efforts to ease shelter crowding.
- Preserve the existing stock of affordable housing units.
- Continue to build upon recent housing and homelessness investments.

## Prevent individuals from falling into homelessness

### Rental assistance

After the governor issued the evictions moratorium, the state began using federal CARES Act funds to provide rent assistance that helped both tenants and landlords. In all, the state allocated \$120 million of its federal relief funds to help thousands of Washingtonians stay in their homes.

When the moratorium on evictions is eventually lifted, renters will still owe several months in unpaid rent, and experts are predicting mass evictions of low-income households if more assistance is not provided.

A recent [University of Washington study](#) found that, in the state's two most populous counties,

eviction rates for black and Latinx adults are significantly higher than for white adults. A robust rent assistance program that emphasizes outreach to economically marginalized households is essential to reducing evictions, and in ensuring racial and gender equity in our fight against homelessness.

With federal CARES Act funds running out, the governor proposes using state funds to continue rental assistance efforts during this crisis. His plan provides \$164 million for rental assistance through the end of the current biennium (June 30, 2021). His 2021–23 budget provides another \$164 million to continue

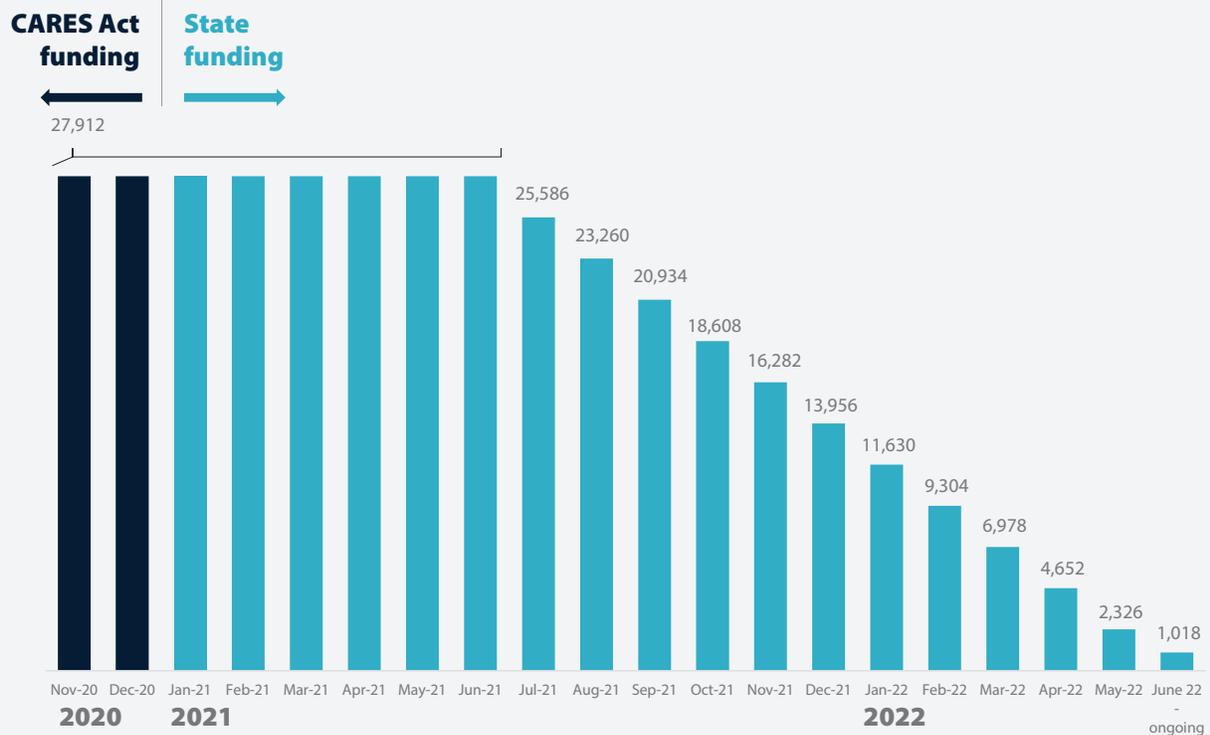
the assistance in the next biennium. The state estimates nearly 28,000 households will receive rent assistance through June 2021, with that number gradually ramping down to about 1,000 households in June 2022. (\$328 million, General Fund–State; Home Security Fund–State)

Foreclosure assistance

The CARES Act also provided much-needed mortgage payment relief for homeowners. Most standard loan agreements allow for a three-month forbearance, a temporary postponement or reduction of mortgage payments. The CARES Act allows for up to

Number of households served with rental assistance monthly

(approximate)



Source: Office of Financial Management and Department of Commerce

## Preventing homelessness

two consecutive 180-day forbearance periods. As borrowers who face foreclosure come out of forbearance, they will likely be referred into the Foreclosure Fairness Program within the Department of Commerce.

The governor's operating budget includes \$17 million to adequately and equitably serve the increased number of homeowners who are expected to seek relief from foreclosure once the federal moratoriums on foreclosure and CARES Act protections expire. (\$17 million, GF-S)

### Anchor Communities

The Anchor Community Initiative is a public-private partnership between the state and the nonprofit group, A Way Home Washington. The initiative aims to reduce youth and young adult homelessness to "functional zero" (when a community has the capacity to house every homeless person) by 2022. The initiative is currently focused on four pilot counties: Pierce, Walla Walla, Spokane and Yakima. So far, the program has moved 60% of homeless youth and young adults in these areas into sheltered settings.

With assistance from A Way Home Washington, the communities form teams to develop a unique plan that covers prevention, long-term housing, treatment services, employment and educational attainment. State funding helps pay for the services to bring youth and young adults inside. These services include shelter, rent assistance and clinical behavioral health services.

The governor proposes continued funding for this program and an increased investment so the program can expand into four new anchor communities. (\$8 million, GF-S)

### Property acquisition flexible fund

Studies show that supportive housing is the gold standard for preventing the chronically homeless from returning to the streets. Some homeless individuals require a temporary accommodation to bridge the gap from homelessness to permanent housing. Lack of siting for constructing new, affordable housing is a common problem.

The governor's capital budget includes \$70 million for Housing Trust Fund-eligible entities to acquire properties such as hotels or motels at an affordable price for a quicker conversion into shelters, permanent supportive housing or transitional housing units. This funding pays for the property and building retrofit, electrical and plumbing system updates, and converting the property to a suitable housing environment without major changes. (\$70 million, bonds)

### Preserve existing stock of affordable housing units

#### Housing Trust Fund/USDA funded preservation

The state Housing Trust Fund Preservation Program provides funding for major building improvements, preservation and system replacements to help maintain long-term viability of the trust's housing portfolio. This includes multifamily housing at risk of returning to market-rate prices when use restrictions expire. The governor's capital budget includes \$30 million to preserve approximately 1,500 aging affordable housing units to keep serving low-income and vulnerable individuals and families. (\$30 million, bonds)

### Rural rehabilitation loans

Substandard housing is negatively impacting residents of rural communities in Washington. Many people, including seniors and disabled persons living in poverty, have equity in their homes but lack the financial resources to borrow against their homes to keep up with necessary maintenance. The governor's proposed investment of \$20 million would provide low-income households with low-interest home-repair loans. By first addressing needed repairs — such as fixing leaking roofs, unstable foundations or broken windows — homeowners could make their qualifying home ready for energy efficiency upgrades. This funding stabilizes housing for people at risk of losing their homes, or who live in deteriorating, unhealthy homes. It is a cost-effective alternative to building new housing. (\$20 million, bonds)

### Landlord mitigation/tenancy preservation

Washington's Landlord Mitigation Program provides landlords with an incentive and added security to work with tenants who receive rental assistance. The program offers grants of up to \$1,000 to landlords for move-in upgrades or cover up to 14 days of rent loss and reimburse up to \$5,000 for damages caused by a tenant during tenancy.

The governor's capital budget includes a \$5 million transfer to the Landlord Mitigation Account, which will help return at least 1,000 units to the market at an affordable price. (\$5 million, bonds)

## Build upon recent investments

### Housing Trust Fund

Lack of affordability and availability of housing are the leading drivers of the rise in homelessness. Washingtonians living at or below 80% of median income levels lack safe, affordable housing. The current supply of low-income housing units isn't sufficient to house low-income and vulnerable individuals and families.

The governor's capital budget includes \$220 million to build approximately 3,390 affordable and innovative housing units. These will serve a broad spectrum of vulnerable populations. This includes individuals with chronic mental illness who need supportive housing and case management services, homeless families, youth and individuals, veterans, farmworkers, seniors and individuals with special needs.

Reducing our carbon footprint is a major priority for the governor and the state. Providing affordable housing with low or no energy costs not only meets these goals, but also provides low-income tenants with sustainable and cost-effective housing. The governor's proposed investment would use innovative, nontraditional construction methods. It would also employ energy efficient housing models that use multiple construction methods, site layouts and energy modeling resulting in net-zero energy usage. This will give affordable housing developers more incentive to continue developing energy-efficient housing for low-income Washingtonians. (\$220 million, bonds)

## Preventing homelessness

### Enhanced shelter

On any given night in our state, nearly 11,000 people are living outside or in places unfit for human habitation. Due to the pandemic, more than 85,000 households are likely or very likely to face eviction or foreclosure in the next two months.

Unsheltered individuals experience profound health and safety challenges compared to their sheltered counterparts. They are more likely to have contact with the police or spend nights in jail and in emergency rooms, and are more likely to die earlier. The impacts are far-reaching, too: Because people living outside lack traditional facilities such as restrooms and laundry machines, unsheltered homelessness leads to environmental impacts along roadways, city parks and other locations that homeless individuals use.

The governor's capital budget provides \$50 million to create enhanced shelters — or convert basic shelters to enhanced shelters — as an alternative setting to crowded, congregate shelters. This funding can also be used for facility improvements such as laundries, bathrooms and storage spaces. (\$50 million, bonds)

### Buildable lands and housing affordability

The lack of sufficient safe and affordable housing results not only from traditional barriers such as untreated behavioral health conditions, substance abuse disorders, domestic violence and poverty, but also from a multiyear trend of insufficient siting and construction of new, affordable housing.

The governor's capital budget includes \$10 million to expand the footprint of land where affordable housing can be built by cleaning up environmental contamination at hazardous sites. An additional \$10 million in grants to local governments will reduce the costs of developing affordable housing. This will give housing developers incentive to continue to develop affordable housing for low-income Washingtonians. (\$20 million, bonds)

# Budget offers support for child care providers struggling during pandemic

Child care providers have been particularly hit hard by the COVID-19 pandemic. Besides struggling with the increased costs of meeting new state and federal health guidelines, smaller class sizes to keep children and staff safe reduced their revenue.

With child care businesses rapidly closing, the state faced a possible collapse in the child care market that would have affected about 100,000 working families in Washington. To prevent this, Gov. Jay Inslee used nearly \$191 million in federal Coronavirus Aid, Relief, and Economic Security Act funding to support child care businesses and help low-income families afford child care. The governor's supplemental and biennial budgets continue these efforts.

To help prevent the spread of COVID-19, child care workers need personal protective equipment because their work requires hands-on contact with infants, toddlers and children. The governor's 2021 supplemental budget includes \$2.2 million to provide PPE for licensed child care providers.

Many teachers, assistant teachers and other staff working in child care centers do not have access to employer-sponsored health care insurance. To help child care workers access affordable health care coverage, the governor proposes \$29 million for a four-year health care insurance premium sponsorship program for employees working in a licensed child care center. The program will help child care workers afford a qualified health plan through

the Health Benefit Exchange. It will reduce monthly premium costs by \$100 per month for approximately 10,000 workers.

The pandemic has increased Wi-Fi costs for many child care businesses that serve school-age children who need access to remote K-12 instruction during the day. The budget provides \$9 million to expand broadband access for licensed child care businesses that serve about 20,500 school-age children.

Knowing that a national economic crisis disproportionately impacts low-income households, the governor's biennial budget helps low-income families afford child care, and expands access to state-subsidized child care. Since last spring, the governor used CARES Act funding for copay relief, but the funding is set to end June 2021.

The governor's biennial budget adds \$39.7 million to reduce the monthly family copayment by approximately 50% for roughly 8,600 families enrolled in the Working Connections Child Care program whose income falls between 144-220% of the federal poverty level. It also provides \$23.9 million to increase the income limit by 10% for applicants. This would create a new application income threshold of 210% of the federal poverty level. This will allow another 4,900 more children to access high-quality child care each year. The additional resources will also help child care providers keep classrooms filled.

### Preschool

In recent years, Inslee and the Legislature have significantly expanded access to the Early Childhood Education and Assistance Program, the state's preschool program for 3- and 4-year-olds whose family income falls below 110% of the federal poverty level.

Since 2013, the number of ECEAP enrollment slots has increased from fewer than 6,000 to nearly 15,000 slots, with the goal to make the program an entitlement by the 2022–23 school year. The COVID-19 pandemic has delayed progress to sufficiently meet ECEAP entitlement by 2023. To address this setback, the governor's budget provides the department with \$1 million to develop a roadmap to meet statewide ECEAP entitlement. This includes identifying capital investments to build enough classrooms to meet demand and strategies to recruit, retain and educate the workforce. It provides funds for DCYF to work with the Office of the Superintendent of Public Instruction to complete a report on how to align all high-quality, early learning programs administered by the agencies.

The budget also proposes adding 750 ECEAP slots and a 7% rate increase for the 2022–23 school year to keep program growth on trajectory for meeting the future ECEAP entitlement date. (\$19.3 million GF-S)

### Child welfare

The governor's 2021–23 budget puts an emphasis on increasing services to prevent child abuse and neglect. This is especially

important during this time when families face increased isolation caused by the COVID-19 pandemic and children have less contact with mandatory reporters. It will improve the quality of child welfare case management, and lead to more expedited outcomes for children and families.

The governor's budget hires staff to lower the average statewide caseload ratio to 18 families per Child and Family Welfare Services worker, and to eight families per Child Protective Services worker. These staff assess and investigate allegations of child abuse and neglect, provide case management for families with children in temporary out-of-home placements and help families reunify. Case-carrying social workers, supervisors and support staff are phased in with the goal of filling 120.4 positions. (\$13.2 million GF-S; \$2.3 million General Fund-Federal)

The governor also proposes adding child abuse and neglect prevention services to 23 geographic areas around the state with historically high rates of child maltreatment. Services include grants to non-governmental organizations to purchase and deliver necessary goods (such as diapers, formula and gas cards) to 8,280 low-income families. It also includes grants to expand the Home Visiting Program to 530 families, and create a new Early Learning Engagement Navigator program. The new program will identify at-risk families, assess their early learning needs, match the family with services in their community and help families enroll (\$11.1 million GF-S; \$900,000 GF-F).

# Human Services/Operating

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## Strengthen Washington’s public health system

The governor’s 2021–23 budget includes \$397 million (\$447 million total funds) to provide resources the state needs to make it through the COVID-19 pandemic. This includes funding for personal protective equipment and testing supplies, lab costs, staff for contact tracing, the state public health lab and epidemiology work. With the arrival of a COVID-19 vaccine, the Department of Health also needs resources for vaccine distribution and administration to ensure all state residents have access to a vaccine when it is available.

## Long-term public health system investments

As the state prepares for a vaccine and moves through the worst of the COVID-19 pandemic, there are still major issues to address in our chronically underfunded public health system. To fund ongoing public health needs, the governor is proposing a new per member/per month assessment on health insurance carriers. It will raise an estimated \$205 million during the second year of the next biennium, then about \$343 million in the 2023-25 biennium.

Department of Social and Health Services – Behavioral health institutional services

### **Support children’s mental health**

Increase supervision of direct care and psychology staff. Also, expand the substance

use disorder counseling capacity at the Child Study and Treatment Center for children with a personal and/or family history of substance abuse that often results in the child requiring inpatient services. (\$577,000 General Fund-State, \$543,000 GF-Local, \$12,000 GF-Federal)

### **Western State Hospital: forensic ward**

Fund operating costs, including direct care and essential support staffing for two new forensic competency restoration wards at Western State Hospital. Scheduled to open in the 2021–23 biennium, the new wards add 58 beds and 40,742 square feet to the Center for Forensic Services (Building 28). The first ward is scheduled to open May 2022 and the second by July 2022. This increased bed capacity reduces admission wait times for individuals who need to wait for competency restoration, and aligns with the goals established in the Trueblood Contempt Settlement Agreement. (\$27.4 million GF-S)

### **Eastern State Hospital: direct care and essential support staff**

Fund operating costs, including direct care and essential support staffing, for two new forensic competency restoration wards at Eastern State Hospital. The new wards, which opened in 2020 added 50 beds and 20,000 square feet. The increased bed capacity reduces admission wait times for individuals who need to wait for competency restoration, and it aligns with the goals established in the Trueblood Contempt Settlement Agreement. (\$3.4 million GF-S, \$498,000 GF-Local, \$414,000 GF-Federal).

### **Continue safety initiatives at Western State Hospital**

Expedite recruitment for direct care staff. These staff are vital to operating the hospital at the necessary levels to provide consistent, quality, patient-service delivery in a safe working environment. The hospital experiences high turnover, so rapid recruitment is vital to maintain a constant workforce. (\$3.7 million GF-S)

### **Reduce civil wards**

The number of civil patients at the two state psychiatric hospitals will decrease, as part of the governor's plan to transform behavioral health and move care for individuals on long-term inpatient commitments to community settings. Reduced funding will reflect 11 civil wards closing at Eastern State and Western State hospitals. Reduced bed capacity is offset with other investments in the state hospitals and community settings. (Save \$99.4 million GF-S, \$5.2 million GF-Local, \$4.3 million GF-Federal)

### **Implement Trueblood Phase 2**

Expand implementation efforts into King County for the second phase of the settlement agreement approved in the Trueblood. v. DSHS lawsuit. The agreement requires investing in resources for competency evaluation, competency restoration, crisis diversion and supports, education and training, and workforce development. Phase 1, funded in the 2019–21 biennial budget, included Pierce and Spokane counties, as well as the Southwest region of the state. (\$8.4 million GF-S)

Department of Social and Health Services – Aging and long-term and developmental disabilities services

### **Support nursing home rate methodology**

Increase the cost base to nursing facility daily Medicaid rates. This will support nursing care providers. During the 2020 legislative session, legislators added budget language to allow annual rebasing but the appropriation authority will expire unless agency request legislation is approved. Funding goes to annual rebase, along with request legislation to codify budget language. (\$11.5 million GF-S; \$11.5 million GF-Federal)

### **Increase children's state-operated living alternatives**

Add 15 beds in five new children's SOLA homes to serve children age 20 and younger. The increased capacity will divert children with developmental disabilities and behavioral health challenges from acute care hospitals, hotel stays, single night foster home placements, or out-of-state services. (\$5.9 million GF-S; \$5 million GF-Federal)

### **Maintain the Transitional Care Center of Seattle**

Fund the contract to operate and maintain the Transitional Care Center of Seattle. DSHS purchased a 150-bed facility — to be operated by a contracted nursing provider — to accept Medicaid patients who are ready to be discharged from acute care hospitals but who can't yet return to other residential settings. (\$22.9 million GF-S; \$23.2 million GF-Federal)

**Support behavioral health transitions**

Funding will move patients with dementia from state psychiatric hospitals to Enhanced Adult Residential Care or other appropriate settings. This will free up needed beds for psychiatric patients. As the state psychiatric hospitals move toward forensic centers of excellence, civilly committed patients will need to be moved to community-based settings. (\$8.4 million GF-S; \$8.4 million GF-Federal)

Department of Social and Health Services – Economic Services Administration

**Continue Disaster Cash Assistance**

Fund the Disaster Cash Assistance Program in fiscal year 2021 to continue helping families or individuals without children during the COVID-19 crisis (assuming the governor extends proclamation 20-63). The Disaster Cash Assistance Program provides a cash benefit to those who face an emergency but don't have the financial resources to meet their basic needs. During a governor-declared disaster, they can access the program once in a twelve-month period. (Fiscal year 2021: \$9 million GF-S)

**Issue the maximum Food Assistance Program benefit**

Fund maximum food benefit payments to people who qualify for the state's Food Assistance Program during certain months in fiscal year 2021. The state must receive a waiver from the federal Food and Nutrition Services to offer the maximum food benefit. This will increase the number of people who have food security during the COVID-19 pandemic. (Fiscal year 2021: \$6.7 million GF-S)

**Continue the Washington Immigrant Relief Fund**

Fund the Washington Immigrant Relief Fund in fiscal year 2021 to assist undocumented immigrants. The program provides a one-time cash benefit to immigrants impacted by the COVID-19 pandemic who were not eligible to receive federal stimulus funds or unemployment insurance because of their immigration status. (Fiscal year 2021: \$10 million GF-S)

**Extend cash and food assistance reviews**

Temporarily pause food and cash benefit reviews from November 2020 to June 2021 for certain safety net programs. These include the Supplemental Nutrition Assistance Program, the state's Food Assistance Program, the Temporary Assistance for Needy Families Program, the State Family Assistance Program, and the Aged, Blind or Disabled Program. This gives the department more time to smooth out the spike in the certificate review workload and ensure that eligible households maintain benefit access during the COVID-19 pandemic. (Fiscal year 2021: \$2.2 million GF-S, \$2.5 million GF-Federal; fiscal year 2022: \$672,000 GF-S, \$863,000 GF-Federal)

**Extend the 60-month TANF time limit**

Restore the Temporary Assistance for Needy Families program's 60-month time limit hardship criteria to the less restrictive policies that were in effect before 2011. The expanded hardship criteria helps more families that experience poverty access cash benefits when they most need them, regardless of the number of months they have already received TANF. This extends an existing, temporary policy change from the COVID-19 pandemic. (\$2.1 million GF-S, \$22.8 million GF-Federal)

**Revise the TANF sanction policies**

Fund the revised process for sanctioning and terminating households on the TANF program due to non-compliance with WorkFirst statutory participation requirements. The revised process creates greater access to financial assistance for families experiencing poverty. (\$1.3 million GF-S, \$2.9 million GF-Federal)

**Prop up transitional food assistance**

Fund the creation and implementation of a state-funded cash benefit and transitional food assistance program for households with children who receive benefits from the Supplemental Nutrition Assistance Program and Food Assistance Program, but don't receive benefits from TANF. Starting July 1, 2022, the programs will offer a one-time cash benefit to eligible households who are terminated from SNAP or FAP because they exceed the income threshold or choose to voluntarily close their food benefits. The program will also provide a transitional food benefit for five months. These benefits help families avoid a "benefit cliff" and support them with employment-related expenses and food security while they adjust to their new income source. (\$989,000 GF-S)

Department of Social and Health Services – Special Commitment Center

**Increase access to on-site care**

Expand capacity to provide specialized on-site patient care at the Special Commitment Center. Additional medical staffing and equipment means residents take fewer trips off-island for necessary medical care. (\$2.3 million GF-S)

**Support transitions to Less Restrictive Alternatives**

Provide proactive discharge planning and increased support services for residents transitioning from total confinement to Less Restrictive Alternative placements. (\$2.1 million GF-S)

Health Care Authority – Other

**Restore Healthier Savings**

Restore the savings assumed in the 2019–21 budget. Under Healthier Washington, HCA established integrated clinical models for physical and behavioral health care. This improves the effectiveness of health care purchasing and delivery. This integration was completed January 2020 and the impacts associated with that integration are now incorporated in the behavioral health and physical health rates going forward. (\$61.6 million GF-S; \$80.8 million GF-Federal)

**Increase Title X clinic rate**

Increase family planning rates paid to Title X clinics. Enhanced rates for family providers will help mitigate the potential negative health consequences associated with unintended pregnancies. (\$5.1 million GF-S; \$15.5 million GF-Federal)

**Extend Medicaid Transformation Waiver**

Extend the Medicaid Transformation 1115 Demonstration Waiver for one year. The MTP waiver is scheduled to end December 2021. An additional year will give the state time to explore additional financing mechanisms for the waiver. The Medicaid transformation

waiver funds three initiatives: 1) incentive-based payments for transformation projects to achieve sustainable goals of better care, better health and lower costs; 2) services and supports for family caregivers who help people stay at home and avoid the need for more intensive services; and 3) supportive housing and supported employment services for those who are most vulnerable and have complex care needs.

### **Program Integrity savings restoration**

Restore savings assumed in the 2019–21 budget. The state can achieve Program Integrity in the managed care environment through contracting efficiencies. This happens by setting benchmark rates for hospitals and clinics, reducing preventable inpatient admissions and eliminating pharmacy spread pricing within the Medicaid program. These efficiencies and price reductions for pharmacy are included in the calendar year 2021 rates. (\$143 million GF-S; \$321 million GF-Federal).

### **Increase the behavioral health provider rate**

Funding will increase behavioral health service rates for Medicaid clients. This rate increase will support current behavioral health providers and entice new providers to serve Medicaid clients. (\$7.4 million GF-S; \$12.6 million GF-Federal)

### **Extend mental health referral service for children**

Funding for the Washington State Mental Health Referral Service for Children and Teens was scheduled to end June 2021. The service connects patients and families with

evidence-supported outpatient mental health services in their community, and is currently free to those who use it. New funding will continue this service. (\$1.5 million GF-S; \$220,000 GF-Federal)

### **Health Care Authority – Community behavioral health**

#### **Expand youth mobile crisis teams**

Fund six additional youth mobile crisis teams to expand services statewide. Youth mobile crisis teams respond to youth in crisis either in their own homes, community locations where a child is referred and in crisis, or in hospital emergency departments. First responders such as police, fire and paramedics contact youth mobile crisis teams to help the youth and divert them from psychiatric hospital admissions, when possible. Currently, only four of the 10 regions in the state have youth-specific mobile crisis units. (\$7.8 million GF-S, \$2.6 million GF-Federal)

#### **Co-responder grants**

Provide funding to include a mental health practitioner on the team who responds to an emergency that involves an individual experiencing mental illness. This support can help divert individuals from the legal system or state hospitals to less restrictive alternatives. The agency will focus on innovative and culturally-relevant models in determining grantees. (\$2 million GF-S)

#### **Enhance mobile crisis response**

Expand mobile crisis response team services statewide, particularly in Black, Indigenous and people of color — or BIPOC — communities

to ensure access to treatment resources. Enhanced mobile crisis response services are a preferred strategy for the person in distress, offering services focused on resolving mental health and substance use crises. Enhancements to MCR teams can include adding certified peer counselors, providing warm handoffs between the individual in crisis and the treatment community, and offering assertive outreach and engagement with individuals who have had frequent contact with the crisis service delivery system. (\$8 million GF-S)

### **Increase inpatient treatment capacity**

Develop and implement a plan to increase inpatient treatment capacity in community behavioral health settings. HCA will work with the Department of Social and Health Services, the governor's office, behavioral health-administrative service organizations, and Medicaid-managed care organizations. This will address gaps in community capacity, develop strategies to address those gaps and include services for civilly committed patients at the state hospitals that can be addressed in community settings. (\$13.5 million GF-S)

### **Implement Trueblood Phase 2**

Expand implementation efforts into King County in the second phase of the settlement agreement approved in the Trueblood v. DSHS lawsuit. The agreement requires investment in resources for competency evaluation, competency restoration, Forensic Housing and Recovery through Peer Services, Forensic Projects for Assistance in Transition from Homelessness, crisis diversion and supports, education and training and workforce development. Phase one, funded in the

2019–21 biennial budget, included Pierce and Spokane counties, as well as the Southwest region of the state. (\$17.2 million GF-S, \$2.6 million GF-Federal)

### **Support behavioral health assessment and diagnosis: 0-5 years old**

Reduce diagnosis and treatment disparities by providing children, aged birth to 5 years old (particularly boys of color), with up to five sessions of intake and assessment in their own home or other natural setting. Includes provider reimbursement for traveling to the child as well as training on the appropriate diagnosis classification criteria to diagnose children in this age range. (\$3.1 million GF-S, \$66,000 GF-Federal)

### **Bed tracker system**

Identify available beds for patient referral. This offers a more efficient flow of individuals through the psychiatric inpatient system. The Department of Health has certified 1,038 beds statewide for involuntary treatment, but there is no centralized resource to identify when and where beds are available. Sometimes, this requires calling multiple providers for their bed availability. First responders, emergency medical service personnel, hospital emergency rooms, mental health crisis responders, mental health centers, managed care organizations and others use this information. This information can also inform decision-makers on bed uses and capacity in community settings. (\$220,000 GF-S, \$620,000 GF-Federal)

### **Develop behavioral health teaching clinics rate**

Work group tasked to develop a recommended teaching clinic enhancement rate for behavioral health agencies that train and supervise students and those seeking their certification or license. (\$150,000 GF-S)

### **Reduce employment barriers**

Task force will identify ways to reduce barriers related to background checks in behavioral health employment. This will help the state develop and retain a robust behavioral health workforce, while maintaining patient safety measures. (\$100,000 GF-S)

### **Increase tribal residential substance use disorder rates**

Provide rate increase for tribal substance-use disorder resident treatment facilities for adults and youth intensive inpatient resident treatment. Tribal residential treatment facilities provide substance use disorder treatment for Indian Health Service-eligible American Indian/Alaska Native Medicaid clients. (\$15.7 million GF-S)

### **Trueblood**

Expand data reporting, contracts, and fiscal capabilities to comply with the Trueblood Contempt Settlement Agreement. (\$2.2 million GF-S)

Department of Corrections

### **Reduce time in total confinement**

Shorten sentence lengths in prison and jail through a number of policy changes. Allow the majority of incarcerated individuals to earn up

to 33% time off their sentences and expand earned time eligibility to include sentence enhancements in addition to the underlying offense. Expand access to the graduated reentry program that provides reentry services to individuals in partial confinement settings. This can happen by eliminating both the cap on time allowed in the program and the minimum number of days first spent in total confinement for certain offenses. Reduce the maximum number of days spent in jail for a violation of community supervision terms from 30 to 15. (Save \$182.7 million GF-S)

### **Expand reentry services**

Provide increased support to individuals on community supervision. This can happen through expanded funding to community providers, increased staffing for case management and continuity of care, and development of a robust coaching model of supervision. A supportive approach to community custody helps individuals establish connections to communities and care providers, increasing the likelihood of successful reentry. Investments are patterned after aspects of a promising pilot program that the Department of Corrections and the King County Reentry Task Force implemented from 2015 to 2017. The program was funded by a federal Second Chance Act grant and Washington State University evaluated it. (\$34.5 million GF-S)

### **Increase staffing for safe and appropriate coverage**

Increase staffing to account for appropriate levels of relief that the Department of Corrections' 24/7 facilities need. The

department will reduce reliance on mandatory overtime that was used for more than 1.1 million hours of coverage in fiscal year 2020. (\$16.4 million GF-S)

### **Invest in quality of care**

Develop systems to improve the quality of health care for incarcerated individuals. This can happen through implementing an electronic health records system and staffing a health care delivery model focused on quality assurance, and expanded case management and care navigation. (\$6.7 million GF-S)

### **Support educational achievement**

Continue expanding educational access for incarcerated individuals through increased access to secure internet for educational purposes and screen for learning disabilities and traumatic brain injuries. (\$3.3 million GF-S)

## Department of Children, Youth and Families – Juvenile Rehabilitation

### **Expand behavioral health supports**

Provide funding for substance use dependence professionals and dialectical behavioral therapy specialists at all juvenile rehabilitation facilities, and regionally at parole offices statewide. They will serve as care navigators to support behavioral health care for youth in all settings in the Juvenile Rehabilitation Program. This investment fully implements the dialectical behavioral therapy and substance use treatment components of DCYF's Integrated Treatment Model. (\$5.6 million GF-S)

### **Support successful youth reentry**

Establish a community services transition program that uses less restrictive settings, and

invests in case management and community support services to facilitate successful youth reentry. This program uses expansion of electronic home monitoring as a partial confinement option for youth to undergo supervision and establish connections to support services in their home communities before release. (\$12.5 million GF-S)

## Department of Health

### **Reduce suicide rates**

Expand program support for the Action Alliance for Suicide Prevention recommendations. Washington has a greater suicide rate than many states and the COVID-19 pandemic and subsequent economic downturn have made suicide prevention more challenging. Funding will provide increased support for prevention, intervention, treatment and follow up for individuals and families across the state. (\$4.6 million GF-S)

### **Increase access to fruits and vegetables**

Offer additional support for Special Supplemental Nutrition Program for Women, Infants, and Children farmers market nutrition programs. Also continue funding the Fruit and Vegetable Incentive Program to offer fruit and vegetable incentives to low-income individuals so they can use them at grocery stores and farmers markets. This provides more nutritious food for families while also supporting local food producers. (\$3 million GF-S)

### **Support HIV clients during COVID-19**

Increased local spending authority will support clients with HIV or AIDS during the pandemic to comply with the federal Ryan White Care

Act. Meet current contractual obligations for services currently in place. Expand services to people living with HIV who have lost access to care because of the COVID-19 pandemic. (\$26.9 million GF-Local)

## Department of Veterans Affairs

### **Support veteran-owned businesses**

Support direct assistance and outreach to veterans and service members seeking to start businesses and become certified through the Veteran-Owned Business Certification Program. Our state economy is driven in large part by small businesses, many that are owned by veterans or service members. (\$230,000 GF-S)

### **Expand suicide prevention**

Expand opportunities for suicide prevention infrastructure across the state. Funding will expand Veteran Peer Corps support network for suicide prevention. Direct four regional suicide prevention leads to develop sustainable network of support to prevent suicide. (\$898,000 GF-S)

### **Maintain Traumatic Brain Injury program**

For the last 12 years, the Traumatic Brain Injury program has effectively helped keep veterans with traumatic brain injuries out of the justice and the behavioral health systems. It has also reduced the need for services that target suicide prevention, homelessness and domestic violence, and helps veterans succeed in higher education. Funding will help maintain this program. (\$466,000 GF-S)

## Department of Labor and Industries

### **Create an Agricultural Safety Unit**

Protect agricultural workers and employers by increasing outreach, enforcement and bilingual capacity by creating an agricultural safety unit. Labor & Industries will hire 13 staff who will perform compliance inspections and investigate incidents specific to the agricultural industry. The agency will also hire three staff to provide bilingual outreach to agricultural workers and employers to increase awareness of workplace safety, workers' compensation services, workplace rights, discrimination and other protections. (\$3.6 million Accident Account–State, \$876,000 Medical Aid Account–State)

### **Prepare for future infectious disease outbreaks**

Initiate rulemaking on an infectious disease standard to protect workers from exposure on the job in the case of an outbreak. (\$530,000 Accident Account–State, \$94,000 Medical Aid Account–State)

### **Address worker protections**

Increase protections against worker retaliation by lengthening the timeframe when a worker can file a complaint about retaliation, from 30 to 90 days. Establishes a penalty for employers who retaliate against an employee for reporting safety and health concerns. Funding covers a staffing increase to conduct additional investigations and process an increase in appeals. (\$310,000 Accident Account–State, \$63,000 Medical Aid Account–State)

Department of Services for the Blind

**Support the Business Enterprise Program**

Fund the Business Enterprise Program to consult with a food service architect. This architect will determine the feasibility and cost of potential remodels of cafes owned by participating visually impaired entrepreneurs to address the changing demand in dining expectations due to COVID-19. The department will prepare a report that includes recommendations, costs, and potential funding sources for remodels. (\$50,000 GF-S)

Employment Security Department

**Address Unemployment Insurance backlog and user experience**

Boost access for workers and reduce the number of unemployment insurance claimants waiting to receive benefits. The budgets include funds to hire additional staff who can process claims, provide more dual-language and translation support for individuals navigating the system, increase capacity to make technical enhancements that reduce user error, and increase security to minimize fraud. (Fiscal year 2021: \$6.8 million Unemployment Compensation Admin–Federal; 2021–23: \$7.4 million Unemployment Compensation Admin–Federal)

**Economic recovery**

Support economic recovery through the adjustment of unemployment insurance taxes. In addition, the Employment Security Department will increase the minimum weekly UI benefit amount to 20% of the average weekly wage, remove barriers to the Voluntary Contribution Program, remove retirement benefits from an automatic adjudication process, and be granted the flexibility during future public health emergencies to make necessary adjustments for delivering benefits. (\$685,000 Unemployment Compensation Admin–Federal)

Criminal Justice Training Commission – Washington Association of Sheriffs and Police Chiefs

**Invest in policing change**

Provide grant funding for local law enforcement jurisdictions to change approaches to policing. Grants are available for three purposes: to develop partnerships with mental health professionals for alternative emergency response; to divert individuals experiencing behavioral health and substance use disorders from arrest and jail; and to establish body camera programs. Funding is also provided to WASPC to establish a system to collect statewide data on police use of deadly force. (\$10.3 million GF-S)

# Human Services/Capital

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## Behavioral Health

Department of Social and Health Services

### **New forensic hospital**

Design a new 350-bed forensic hospital to be constructed on the site of South Hall (building 21) on the Western State Hospital campus. Includes funding for design work and demolition of South Hall. The civil patients in South Hall will be relocated to smaller, community-based facilities as part of the governor's plan to serve civil patients in the community. This will allow Western State Hospital to focus on providing forensic services. Other patients housed in South Hall may be relocated to other buildings at Western State Hospital. (\$51 million bonds)

### **Community civil capacity**

Fund construction of two civil behavioral health facilities: a 16-bed, state-operated facility at Maple Lane in Centralia and a 48-bed, mixed-use facility in Clark County. These facilities will provide capacity as part of the governor's plan to transform the statewide behavioral health system by relocating civil patients from state hospitals to smaller, community-based facilities. (\$44.4 million bonds)

University of Washington

### **Behavioral health teaching hospital**

Fund construction of a 150-bed teaching hospital at the University of Washington. This

will provide new behavioral health treatment capacity as well as build and cultivate a more robust behavioral health workforce. (\$191.2 million bonds)

## Facilities that serve incarcerated youth

Department of Children, Youth, and Families

### **Green Hill School recreation building replacement**

Construct a modern recreation building that will provide a dynamic therapeutic and physical exercise area. The existing building's configuration makes it difficult for staff to effectively supervise incarcerated youth. (\$32.9 million bonds)

### **Capacity building projects**

Renovate and remodel two living units to create sufficient space in Department of Children, Youth, and Families juvenile facilities. These projects will accommodate the population increase from new laws that divert incarcerated youth from the adult to the juvenile system. In addition, funding will purchase a group home in the community to maintain the continuum of care for justice-involved youth. (\$13.5 million bonds)

## **Facilities that serve individuals with developmental disabilities**

Department of Social and Health Services

### **Fircrest School nursing facilities replacement**

Design and construct a new 120-bed nursing facility at Fircrest School in Shoreline. Fircrest provides nursing care for clients with intellectual and physical disabilities. The buildings where nursing clients are now housed contain failing water, sewer and electrical systems, and their configuration does not comply with 1:1 bedroom-to-client ratio requirements. The funding will also cover demolition of the failing buildings. (\$7.7 million bonds; \$112 million other)

### **Fircrest School active treatment building renovation**

Renovate a building on the Fircrest campus to provide habilitative programming and recreation opportunities. Programming and recreation functions will be relocated from the aging buildings where they are currently located to provide an improved experience for clients. (\$38 million bonds)

# Education/Operating

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## K-12 Education

### Governor's budget expands learning opportunities to get children back on track

The state has significantly increased funding for public K-12 schools and more than 1.1 million students over the last eight years. We continue working to ensure all children get the same educational opportunities. The COVID-19 pandemic has caused major disruptions for our schools and highlighted some areas where we have work to do, including improving access to technology.

The governor's 2021–23 K-12 budget makes major new investments aimed to expand learning opportunities and increase equitable student supports so all students can get back on track and achieve their full potential.

### Expand learning opportunities

The governor proposes \$400 million in additional investments to improve educational outcomes for all students and to address learning loss and educational opportunity gaps. The budget provides funding to expand learning options for tutoring and enrichment and offer more student supports. School districts could add instructional time before or after school, additional days or during the summer. These opportunities are provided based on an evaluation of student needs. School districts must identify specific assessment tools, pinpoint student learning and

well-being gaps, and focus additional time and supports on students who are most in need of interventions.

### Close the digital divide

Access to technology has been essential to student learning during the pandemic. The governor's budget includes \$79 million to support residential broadband connections for families across Washington who cannot afford connection services in their area.

### Increase student support staff and training

The governor proposes increasing staffing levels for counselors in elementary schools. These staff support students who are falling behind academically and serve as potential points of contact for students who may be searching for adults to trust. The budget includes \$32 million for districts to employ education staff in these support positions.

### Increase paraeducator training

Our public schools rely heavily on paraeducators to serve students in many capacities. State law requires that all paraeducators complete the Fundamental Course of Study to obtain a paraeducator certificate, and professional development each year. To help paraeducators meet these requirements and provide ongoing professional development, the governor's budget includes \$14.8 million for four days of annual training in the 2021–23 biennium.

### Adopt more equitable student supports

While schools have support programs in place, we know they could benefit from adopting evidence-based strategies that better focus these supports and address specific needs. The governor's budget includes \$760,000 to give more school districts and educators the tools they need to implement Multi-Tiered Systems of Support. This system uses student data to focus supports on specific needs. These supports have reduced the number of student suspensions or disciplinary actions, and have shown improvements in student learning outcomes such as elementary reading. This investment includes a feasibility study for statewide MTSS database development, two full-time specialists and expert training on best practices.

### Improve special education services

The governor's budget takes additional steps to improve services for students in special education programs:

- \$3.1 million to fully fund the special education safety net, a program that reimburses districts for extraordinary expenditures on services to students with the highest-cost special education needs.
- \$75,000 for a special education family liaison to fully support the needs of the community.

### Climate science and outdoor education

The budget includes \$4 million to increase the current investment in climate science education in our schools. This will promote more teacher development in science education.

It will also bolster support for community-based organizations to partner with schools and educational service districts and develop training and curriculum supports.

In addition, nearly \$1 million is proposed to continue services in outdoor education and student leadership programs for students across Washington.

### Expand mastery-based learning

Too often, students move through grades without meeting their learning objectives or mastering all the concepts they need for the next grade level. Mastery-based learning is a personalized approach where educators assess a student's learning, and then design their instruction to meet the student's individual needs. The governor proposes \$290,000 to continue the mastery-based learning work group, which is staffed by the State Board of Education. The work group will continue to develop recommendations so students have the option to meet their learning objectives through a personalized pathway, including a pathway to graduation.

## Higher education

### Grow Job Skills Program

Expand customized, short-term and job-specific training for incumbent workers through the state's Job Skills Program. This program co-invests with employers who need customized training because of growth and changes in technology, and as a way to address skills shortages. Funding will be prioritized for employers who have new or prospective

employees dislocated due to COVID-19. (\$10 million Workforce Education Investment Account)

### Expand career-connected learning

Connect more students to high-demand careers and paid learning experiences with new career launch and high-demand programs in K-12 schools and community and technical colleges. Provide equipment grants to build more career connected programs in K-12 schools and community and technical colleges. Create a new pre-apprenticeship program for high school students in Federal Way. Launch a marketing campaign to get the word out to students and families. (\$7 million Workforce Education Investment Account; \$13 million state bonds; \$3 million other funds)

### Advance equity on community college campuses

Support innovative efforts to advance equitable outcomes for community and technical college students. Establish a new center for diversity, equity and inclusion that coordinates collaborative curricula reviews and removes equity barriers to student success. Fund faculty stipends to conduct curricula reviews on college campuses, and provide technology grants. These grants will convert technical and laboratory-based instruction to an interactive online format. (\$23.3 million, Workforce Education Investment Account)

### Remove barriers to financial aid

Continue funding the Aim Higher Free Application for Federal Student Aid initiative. This will help families and students connect

to state and federal grants and loans, such as the FAFSA, to help pay for college and improve Washington students' post-secondary outcomes. Washington has one of the lowest application completion rates in the country. (\$1.1 million, Workforce Education Investment Account)

### Improve equity outcomes for foster and homeless students

Provide grants, mentorship and student support services to college students or apprentices who experienced foster care or homelessness. The Passport to Careers Program serves students who lack family and financial support to complete their educational pathway. This program provides financial and academic support to help these students complete their college or apprenticeship credentials. (\$8.4 million, Workforce Education Investment Account)

### Advance equity on baccalaureate college campuses

Provide funding for campus diversity, equity and inclusion efforts at four institutions (Eastern Washington University, Central Washington University, The Evergreen State College and Western Washington University). Expand recruitment and outreach efforts to historically underserved students, increase student supports and mental health counseling, establish a new Native Pathways program and an Ethnic Studies program; and establish a new student center. (\$9.9 million, Workforce Education Investment Account)

### Support Washington State University medical students

Support the additional 20 medical students in their third and fourth year at the Elson S. Floyd College of Medicine at Washington State University. This completes the funding for a capacity of 80 students per cohort. (\$3.6 million, Workforce Education Investment Account)

### Support access to care and medical education teaching mission

Maintain access to medical care for uninsured individuals and those covered by Medicaid, and promote the teaching mission and access to services at Harborview Medical Center, University of Washington Medical Center and University of Washington Dental School. (\$112 million, General Fund-State)

### Continue to build behavioral health workforce

Add two new child psychiatry fellows (for a total of three) and faculty to train the fellows at the University of Washington. Each fellow serves 500-1,000 children and youth at training sites. This will help the state ramp up the number of adult psychiatry residencies, bringing the number of residencies in fiscal year 2024 to 16. Both of these programs address workforce shortages in children's and adult mental health. (\$2.4 million, GF-S)

# Education/Capital

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## Early learning

### Department of Commerce

#### Early learning facility grants

Award facility construction and renovation grants to current and potential providers in the Early Childhood Education Assistance Program and the Early Achievers Program. (\$4.7 million bonds)

## Higher education four-year institutions

### University of Washington

#### College of Engineering Interdisciplinary Education Research Center

Construct a new interdisciplinary engineering building to accommodate demand for several engineering programs with enrollment caps. The building will support students in civil, mechanical, environmental, structural and materials science engineering programs. (\$45.4 million bonds; \$25 million other)

### Washington State University

#### WSU Vancouver – Life Sciences Building

Construct new Life Sciences instructional building to create teaching and research laboratories that will improve degree attainment for undergraduate students. All students,

especially those in STEM and health care fields, will benefit from adequate, modern, general lab space. (\$52.6 million bonds)

### Eastern Washington University

#### Science Building renovation

Renovate Science Building to modernize facilities and expand course offerings in basic science courses. This will better meet the state and regional workforce demands for additional health care professionals and science fields. (\$45 million bonds)

### Central Washington University

#### Health education

Renovate and expand Nicholson Pavilion academic class and class laboratory facilities that support sport and movement studies programs. The modernized facility will improve the structure and building systems, and provide flexible classroom space with technology and student spaces. (\$55.5 million bonds)

### The Evergreen State College

#### Lab II HVAC upgrades

Complete modernization and upgrade to building HVAC system. Renovation will make the facility's environment safe, more conducive for teaching and learning, and reduce overall building energy demands and costs. (\$4 million bonds)

## Western Washington University

### **Electrical engineering and computer sciences building**

Construct a new electrical engineering and computer science building. This will meet the critical need to increase graduates in computer science, engineering and energy science programs. The building will exceed LEED standards for energy use, carbon emissions and other environmental indicators. It will be the first zero-energy, carbon-neutral academic facility in the region and represent only a handful of such buildings in the country. (\$51 million bonds; \$15 million other)

## Community and technical colleges

### Statewide

#### **Facility repairs and minor works (statewide)**

Complete high-priority building repairs and preservation projects at each of the 34 community and technical colleges. (\$105.6 million bonds; \$57 million other)

### Shoreline Community College

#### **Allied Health, Science and Manufacturing**

Construct a new facility to support STEM education in sciences, health occupations and manufacturing programs that will put students to work in high demand fields. The new building will consolidate programs into a single

building with modern classrooms and student study space. (\$43.8 million bonds)

### Spokane Falls Community College

#### **Fine and Applied Arts**

Construct a new building for fine and applied arts programs. The new building will contain classrooms, computer classrooms, labs, faculty offices, and the specialized space necessary for these programs such as exhibition space, studios and dark rooms. (\$19.3 million bonds)

### Clark College

#### **North County Satellite**

Construct a new building to accommodate growth and enrollment pressures in rapidly growing areas of the college's service district. The facility will contain classrooms, science labs, computer labs, professional labs, offices, student services and support spaces. (\$53.2 million bonds)

### Everett Community College

#### **Learning Resources Center**

Construct a Learning Resource Center with needed instruction space for basic skills, distance education and upper division partnerships with four-year institutions. Integrated with the library, media services and the Teaching and Learning Center, the new center will meet rapidly changing instructional needs and essential program integration. (\$48.1 million bonds)

## Grays Harbor College

### **Student Services and Instructional Building**

Construct a new building to include instructional spaces and consolidate student service supports from four separate campus locations. Combining functions will provide a one-stop location for instruction and services for students. (\$44 million bonds; \$3.7 million other)

## North Seattle College

### **Library building renovation**

Renovate the library building to advance student success and achievement, and create a culture of innovation and collaboration. The library will be transformed into an information commons that provides contemporary library services, consolidates digital resources and provides collaborative learning spaces. (\$30.5 million bonds)

## Walla Walla Community College

### **Science and Technology Building replacement**

Replace the Science and Technology Building that provides science labs, classrooms and informal student study spaces. This will serve programs in physics, earth science, organic and inorganic chemistry and math. (\$9.5 million bonds)

## Pierce College Puyallup

### **STEM building**

Construct a new building to support the growing demands for science, technology, engineering and math programs. The building

will provide specialized spaces for several existing programs, flexible space for support classes, various unscheduled labs and student study and collaboration spaces. (\$38.6 million bonds)

## Bellevue College

### **Center for Transdisciplinary Learning and Innovation**

Construct a new building for the information and business technologies, computer science, interior design, art and engineering programs. The building will include modern flexible classrooms, makerspace and student study spaces. (\$39.9 million bonds)

## Lake Washington Institute of Technology

### **Center for Design**

Construct a new facility dedicated to design and technology programs in art, design, science, technology and engineering. (\$32.5 million bonds)

## K-12 Education

### **Office of Superintendent of Public Instruction**

#### **School Construction Assistance Program**

Partner with school districts to construct and modernize over 80 school buildings throughout the state. (\$812.3 million bonds)

**Small District Modernization and Tribal Compact Schools Program**

Assist school districts with less than 1,000 students statewide through a competitive grant program, and tribal compact schools, for building system repairs and project planning. (\$72.6 million bonds)

**School Seismic Safety Retrofit Program**

Improve high-risk K-12 school buildings with seismic retrofits and seismic-related safety improvements to reduce their risk of collapse during a major earthquake. (\$50 million bonds)

**Other education**

**State School for the Blind**

**Independent Living Center**

Construct residential space to teach blind and visually impaired young adults life skills for

living independently. Residents in training are now housed in refurbished office space in the school's administrative building. New space will improve program delivery and residents' safety. (\$7.6 million bonds)

**Washington Center for Deaf and Hard of Hearing Youth**

**Academic and PE building replacement**

Design and construct a modern classroom and physical education building to serve the needs of students and teachers at the Washington School for the Deaf. (\$44.3 million bonds)

**Washington State Historical Society**

**Great Hall core exhibit renewal**

Renews the museum's aged primary permanent exhibit to present the history of Washington's tribal nations. (\$4.9 million bonds)

# Natural Resources/Operating

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## Department of Ecology

### Clarify water rights

Initiate adjudication process to address water rights uncertainties in the Upper Columbia and Nooksack watersheds. State funds will match county funds to support negotiations to improve water availability for the Nooksack basin. The adjudication process aims to protect water right holders from illegal use, determine priority of use during water shortages and encourage responsible water management to meet emerging economic and environmental needs. (\$1.25 million General Fund-State)

### Take action on climate

Implement a low-carbon fuel standard for transportation fuels. Creates a comprehensive climate program to meet statewide greenhouse gas limits, including establishing a cap on greenhouse gas emissions for the largest-emitting industries. Authorizes Ecology to ensure compliance through the auction, tracking and accounting of compliance instruments. Also improves the quality and accuracy of greenhouse gas emission reporting from industry and state agencies. (\$2.5 million GF-S; \$9.5 million Model Toxics Control Operating Account; \$3.1 million other)

### Reduce risk from toxics contaminants and pollutants

Accelerate efforts to reduce toxins in the environment and reduce toxic chemicals in children's and consumer products. This includes

identifying high-exposure products, evaluating safer alternatives, and developing appropriate regulations to restrict their use. Increase testing for toxics in children's and consumer products. This will support regulatory actions against the sale and manufacture of products containing toxics. Accelerate development of water body cleanup plans. (\$8.2 million Model Toxics Control Operating Account)

### Respond to changes in federal protection

Allows Ecology to continue protecting Washington wetlands and waterways now excluded from protection under federal permitting requirements. Funding will also support increased workload and avoid disruption to the shellfish industry, which now must seek individual water quality certification from the state rather than through the more general nationwide permit that was vacated by the federal courts. (\$2.2 million Model Toxics Control Operating Account)

### Shift General Fund-State costs to toxics operating account

Shifts \$11 million of one-time and ongoing General Fund-State expenditures to the Model Toxics Operating Account to address the state revenue shortfall. This fund shift is for programs related to air quality, environmental assessment, shore lands, water quality and solid waste management at the Department of Ecology; Puget Sound recovery at the Puget

Sound Partnership; and pesticide safety and soil health at the Department of Agriculture and the State Conservation Commission. (\$11 million Model Toxics Control Operating Account; save \$11 million GF-S)

Department of Ecology, Department of Natural Resources, Puget Sound Partnership, State Parks and Recreation Commission, Recreation and Conservation Office

### **Advance environmental justice**

Expands efforts at the Department of Ecology to involve communities of color and limited English speaking populations in the agency's programs to meet federal civil rights act requirements. New work will also align agency practices to advance nondiscrimination, equity and environmental justice. (\$328,000 Model Toxics Control Operating Account)

### **Urban and Community Forestry**

Provides ongoing state capacity for the Department of Natural Resources' Urban and Community Forestry program. Updates the Evergreen Communities Act to target areas with higher health disparities and lower levels of existing tree canopies. (\$2.1 million GF-S)

### **Improve equitable access to athletic fields**

Creates a task force supported by the Recreation and Conservation Office to consider ways to improve equitable access to K-12 school fields and athletic facilities. The goal will be to increase physical activity for youth and families. (\$175,000 Youth Athletic Facility Account)

Incorporate equity into the Puget Sound Action Agenda

Integrate diversity, equity, inclusion and environmental justice into the Puget Sound Partnership's Action Agenda to restore Puget Sound. (\$576,000 Model Toxics Control Operating Account)

Improve diversity at Parks

Expand diversity of State Parks' workforce and conduct a study — in collaboration with the Governor's Office and the Washington Commission on African American Affairs — to identify modes of systemic racism for Black Washingtonians as they access public outdoor recreation. (\$345,000 GF-S)

## **Department of Fish and Wildlife**

Increase conservation

Increase conservation efforts to protect fish and wildlife. Ramping up technical assistance for compliance with the state hydraulic code; provide science and policy expertise for instream flow management; increase measures to protect and recover state-listed sensitive species; develop new ways to protect endangered humpback whales from entanglement in crabbing gear; expand the network of wildlife rehabilitation centers; and increase efforts to restore wildlife areas after wildfires. (\$5.7 million GF-S, \$300,000 Wildlife Rehabilitation Account)

### Support orca recovery

Implement whale watching regulations designed to protect Southern Resident orcas, monitor recreational and commercial vessels, and provide “whale wise” public education. (\$542,000 GF-S)

### Initiate Columbia River license buyback program

Creates a voluntary commercial gillnet fishing license buyback program on the Columbia River. Due to the dramatic decline in returning salmon, the buyback is needed to align the number of license holders with the available catch. The goal is to purchase approximately 100 Columbia River gillnet licenses during the 2021–23 biennium. (\$1.1 million GF-S)

## State Parks

### Improve customer services

Add park staff and park rangers to improve visitor experiences, conduct preventative maintenance, install more automatic pay stations, and update the Seashore Conservation Area Plan. In addition, funding will backfill lost revenue due to ongoing closures of indoor park facilities during the COVID-19 pandemic. (\$22 million GF-S, \$970,000 Park Renewal and Stewardship Account)

## Department of Agriculture, Department of Health and State Conservation Commission

### Food security

Expands the capacity of the state’s Emergency Food Assistance Program that supports over 500 hunger relief organizations working to

reduce food insecurity for approximately 2.2 million children and adults during the COVID-19 pandemic. Also expands the Fruit and Vegetable Incentives Program to more families on limited incomes. (\$26 million GF-S)

### Food system resiliency

Increases food infrastructure and market access grants for farms, food processors and food distributors to pivot to new markets and business models. Also increases grants to schools so they can incorporate more local farm products into school meal programs. Supports the work of the Food Policy Forum. (\$15 million GF-S)

## Department of Agriculture

### **Pesticide and fertilizer safety**

Streamlines pesticide permit processing; increases training and education to agricultural workers on safe pesticide handling and application requirements; improves communication to communities near agricultural lands about pesticide drift; provides non-English educational materials; and fully supports the fertilizer registration program. (\$2.5 million Agriculture Local Account)

## Department of Agriculture, Department of Fish and Wildlife, and Recreation and Conservation Office

### **Invasive species**

Eradicate invasive species including Asian giant hornet, gypsy moths, northern pike, zebra quagga mussels and European green crab. Extends the Washington State Invasive Species Council for 10 more years. (\$3.4 million GF-S, \$2 million other)

## Department of Fish and Wildlife, Recreation and Conservation Office, Governor's Office

### Salmon recovery

Reduce pinniped predation on salmon and steelhead in the Columbia River; study pinniped predation of salmon in Puget Sound; improve fish passage around the Hood Canal bridge; pilot reintroduction of salmon above Chief Joseph Dam; continue rearing endangered Chinook salmon in the Elwha River; and support the Columbia River Partnership efforts with adjoining states to recover Columbia River salmon. (\$7.8 million GF-S)

## Department of Fish and Wildlife, Department of Agriculture

### Wolf-livestock conflicts

Manage wolf conflicts with livestock by working with ranchers on nonlethal methods to deter wolves from preying on cattle; respond to livestock depredations; coordinate nonlethal deterrents with ranchers; and provide technical assistance and support. (\$1.7 million, GF-S)

## Department of Natural Resources

### Aggregate mapping and planning

Creates county aggregate resource maps to assist counties, cities and agencies in planning. Counties are required to base land-use decisions related to mineral resources on geologic

information that the Department of Natural Resources provides. Funding will help the department produce county-based aggregate resource maps to assist counties in making sound land-use decisions. (\$614,000 GF-S)

### Columbia Basin climate resilience

Geologic research in the Columbia Basin will increase our understanding of the geology and hydrology to lessen the long-term impacts of climate change and support rural economies. The department will develop geothermal-potential maps, and improve water availability data and groundwater identification models in the Columbia Basin. (\$1.7 million GF-S)

### Forest practices

Replaces outdated forest practices application system to improve usability and reliability. This will help ensure that state forest practices protect water quality and salmon habitat. (\$3.7 million GF-S)

# Natural Resources/Capital

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## Flood reduction and water supply

Department of Ecology

### **Floodplains by Design**

Restore natural floodplain conditions by preserving open spaces, correcting problems created by erroneous flood control actions, improving long-term community flood resilience, reducing flood risks to infrastructure and development, and improving habitat conditions for salmon and other species. Floodplains by Design is an integrated approach that combines flood-hazard reduction actions with salmon recovery, river and habitat restoration and other public benefits. (\$70 million bonds)

### **Chehalis Basin strategy**

Pursue and oversee an integrated Chehalis Basin strategy to reduce long-term flood damage and restore aquatic species habitat. Five of the largest floods in the basin's recorded history have occurred in the past 30 years. Delaying action could cost families and communities \$3.5 billion in flood-related damages, and the survival of the basin's spring-run chinook salmon populations will be imperiled. (\$70 million bonds)

### **Yakima River Basin water supply**

Fund infrastructure, programs and policies in the Yakima River Basin that support aquatic resources, fish and wildlife habitat, dry-year irrigation and municipal water supplies. (\$42 million bonds)

## **Columbia River Water Supply Development Program**

Develop new municipal, domestic, industrial and irrigation water throughout the Columbia River Basin and place one-third of these new water supplies in-stream to meet the flow needs of fish, wildlife and recreational users. (\$38.5 million bonds; \$1.5 million other)

## **Local government infrastructure**

### Stormwater Financial Assistance Program

Finance retrofit projects that treat polluted stormwater in priority areas throughout the state. Distribute funds to the highest priority projects through a competitive rating and ranking process to ensure projects provide good water quality value and address problems from urban development. The work accomplished by local governments will help reduce toxics and other pollution from entering waterways and protect marine waters, estuaries, lakes, rivers and groundwater resources. (\$75 million Model Toxics Control Stormwater Account)

### Water Pollution Control Revolving Program

Provide low-interest loans to local governments, special purpose districts and recognized tribes for high-priority water quality projects statewide. Ecology uses these funds to finance planning, designing, acquiring, constructing and improving water pollution control facilities. Funding is also used for

related nonpoint source pollution control activities that help meet state and federal water quality requirements. (\$210 million Water Pollution Control Revolving Account; \$75 million federal; \$15 million bonds)

### Centennial Clean Water Program

Finance the construction of water pollution control facilities, and plan and implement nonpoint pollution control activities. Grant recipients are public entities that use funds for high-priority statewide water quality needs. (\$40 million Model Toxics Control Capital Account)

### Puget Sound Nutrient Reduction Grant Program

Provide financial assistance to Puget Sound municipalities for wastewater nutrient reduction planning and optimization projects. This funding will support local governments implementing new permit requirements, and help projects that will address significant impairments to the health of Puget Sound. (\$9 million bonds)

## Toxics cleanup

Department of Ecology

### Remedial Action Grant Program

Clean up contaminated sites in Washington with help from local governments. Supports cleanup at contaminated industrial sites that affect the air, land and water resources of the state, and continuing cleanup of Puget Sound. Funding protects public and environmental health, creates jobs, promotes economic redevelopment by allowing contaminated

properties to be redeveloped. Leverages local match funding. (\$70.9 million Model Toxics Control Capital Account)

### Eastern Washington Clean Sites Initiative

Remediate contaminated sites, including cleanup work related to metals contamination, leaking underground storage tanks, landfills, salvage yards and wood treatment facilities. (\$20.5 million Model Toxics Control Capital Account)

### Clean up toxics sites in Puget Sound

Integrate shoreline habitat restoration opportunities with cleanup projects. This will protect public and environmental health, create jobs and promote economic development in the Puget Sound Basin. (\$5.8 million Model Toxics Control Capital Account)

### Product Replacement Program

Identify the sources of the worst chemicals reaching the environment and develop recommendations on how to reduce or eliminate those sources. (\$6.5 Model Toxics Control Capital Account)

### Stormwater Financial Assistance Program

Retrofit projects that treat polluted stormwater in priority areas throughout the state. Funds will be distributed to the highest priority projects through a competitive rating and ranking process to ensure they provide good water quality value and address problems from urban development. The work that local

governments accomplish will help reduce toxics and other pollution from entering waterways and protect marine waters, estuaries, lakes, rivers and groundwater resources throughout the state. (\$75 million Model Toxics Control Stormwater Account)

## Salmon and habitat protection

State Conservation Commission

### **State match for the federal Regional Conservation Partnership Program**

Add matching funds for federally approved Regional Conservation Partnership Program projects to increase the restoration and sustainability of soil, water, wildlife and related natural resources on regional or watershed scales. (\$7 million bonds)

Department of Natural Resources

### **Grouse Ridge Road culvert replacement**

Funds second phase to replace additional culverts and cross drains. This will bring 2.5 miles of forest road up to the standards of current forest practice rules and provides the only access to the Washington State Fire Training Academy. (\$1.7 million bonds)

Recreation and Conservation Office

### **Salmon Recovery Funding Board programs**

Implement the Salmon Recovery Act and provide funding for projects that protect or restore salmon habitat, and for other salmon recovery programs and activities across the state. While other grant programs concentrate on a particular geographic region or focus on

other non-salmon values, this is the only grant program in Washington that focuses exclusively on protecting and restoring salmon habitat statewide. Projects are developed locally and evaluated to assess if and how well each will implement priorities listed in federally adopted salmon recovery plans. (\$40 million bonds; \$50 million federal)

### **Puget Sound acquisition and restoration**

Protect and restore salmon habitat. A large portion of the habitat restoration is for chinook salmon, which provide one of the most critical food sources for Southern Resident orcas. (\$50 million bonds)

### **Brian Abbott Fish Barrier Removal Board**

Funding is provided for 35 fish barrier removal projects that aid the restoration of healthy and harvestable levels of salmon and steelhead statewide. (\$39 million bonds)

### **Washington Coastal Restoration Initiative**

Restore aquatic and terrestrial habitat on the Washington coast to protect salmon populations and provide jobs. Projects strengthen communities through job creation, more work options for local contractors, flood control, access improvement, climate resiliency and more. (\$15 million bonds)

Department of Fish and Wildlife

### **Hatchery improvements for orca**

Improve aging hatchery infrastructure and increase fish production for Southern Resident orcas. (\$94.7 million bonds)

## **Fire prevention**

Department of Natural Resources,  
Department of Fish and Wildlife and  
State Parks

### **Forest hazard reduction**

Reduce severe wildfire risk and increase forest resiliency through fuels reduction, thinning, fuel break creation and prescribed burning. (\$26.8 million bonds)

## **Recreation**

Parks and Recreation Commission

### **Nisqually State Park**

Construct a new campground, welcome center and trails to create Nisqually State Park, the state's first park constructed since 1997. Located along the Nisqually and Mashel rivers near Eatonville, the park is a cooperative project between State Parks and the Nisqually Indian Tribe. (\$30.9 million bonds)

### **Palouse Falls State Park**

Redevelop trails, viewpoints and parking for visitors viewing Palouse Falls, the official state waterfall. The project will complete improvements to the day-use area to enhance ice-age flood event and cultural heritage interpretive stations, pedestrian and traffic circulation, and visitor safety. (\$2.8 million bonds)

### **Lyons Ferry Campground reestablishment**

Reconstruct and reopen the closed campground at the confluence of the Palouse and Snake rivers. The project will reestablish up to 40 campsites and bring camping back to this underserved area. (\$3.1 million bonds)

### **Palouse to Cascades Trail – Crab Creek trestle replacement**

Reconstruct a trestle for the cross-state Palouse to Cascades Trail. The trestle replaces the old one destroyed by a brush fire, which left a gap in the trail and forced trail users to detour onto local roads. (\$2.2 million bonds)

Recreation and Conservation Funding Board

### **Washington Wildlife Recreation Program**

Renovate new local and state parks, protect and restore wildlife habitat and preserve working farms and forests. Projects funded by this grant program contribute significantly to economic opportunities and a healthier population. (\$100 million bonds)

Department of Commerce, Recreation and Conservation Funding Board

### **Youth recreation programs**

Build or renovate 15 indoor and outdoor recreational facilities for youth. (\$11.2 million bonds)

# General Government/Operating

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## Department of Enterprise Services

### Capitol Campus Childcare Center

Fund operations of the new state Capitol Campus Childcare Center in Olympia to serve state workers. The child care center is a new single-story, 9,600 square-foot building that will be the southern gateway to the Capitol Campus. The center is being built with an eco-friendly design that focuses on conserving resources, ensuring air and water quality, and reducing waste. The center features: six classrooms, a nature-based learning playground, a light-duty commercial kitchen, and 14 drop-off only parking stalls. The Legislature funded the \$10 million project in 2019, construction began in June 2020, and it is scheduled to be completed in 2021. (\$510,000 Enterprise Services Account-non-appropriated)

### Small agency procurement services

Support procurement and contracting needs of more than 40 small agencies, including procurement strategy, competitive solicitation, and related supports that small agencies may need. Small agencies currently lack the support to meet unique needs and requirements. Agencies must also use this funding to help promote diversity and inclusion principles in their procurement processes. (\$656,000 General Fund-State)

### Capitol Campus security

Create a new Security Operations Center for the Capitol Campus. Funding is provided to procure and implement an incident management and video management system, replace obsolete cameras and hire two security dispatchers. Video management systems with camera upgrades will significantly reduce threat risk for the Capitol Campus by supporting real-time notification and information sharing with security and law enforcement. Incident management systems provide a single, consistent repository for law enforcement and emergency management personnel. This provides effective and coordinated incident response by first responders. The new Security Operations Center will enable rapid and effective response to a variety of risks or security situations through effective communication and coordination. This funding is consistent with the recommendations of the Capitol Campus vulnerability study. (\$6.3 million Enterprise Services Account-non-appropriated)

## Consolidated Technology Services (WaTech)

### Microsoft 365 licenses for state agencies

Procure, manage and distribute Microsoft 365 licenses with advanced security and other cloud features for state agencies to achieve economies

of scale and administrative efficiencies. (\$25.8 million Consolidated Technology Services Revolving Account-State)

### Office of Privacy and Data Protection

Sustain and expand the Office of Privacy and Data Protection's role to act as a central point of contact for state agencies and local governments on policy matters. These matters involve data privacy and data protection, and serve as a resource for consumer privacy issues. Government systems contain large amounts of sensitive data that must be protected. In its current form, the OPDP lacks sufficient resources to help approximately 135 state agencies mitigate this risk — only a few currently use robust data privacy programs. Funding will also assist tribal and local governments. (\$2.1 million Consolidated Technology Services Revolving Account-State)

### Office of the State Treasurer

#### Financial literacy

Add lessons to financial education modules. Some of the new lessons include educating people on how to prevent elderly financial abuse and what it means to be a financial caregiver. Another lesson teaches small business owners about financial statements, balance sheets and cash flow reports. (\$18,000 State Treasurer Service Account)

### Department of Financial Institutions

#### Address economic inequalities

Support a diversity, equity and inclusion financial literacy plan by working with financial education partners and financial institutions to help address racial wealth inequalities. DFI will hire a diversity, equity and inclusion staff

person to work with financial institutions, as well as federal, state and local government agencies and community partners to help reduce the inequality of opportunity. DFI's efforts will help underserved populations participate in safe, secure and affordable financial services. (\$674,000 Financial Services Regulation Account)

### Human Rights Commission

#### Case management database modernization

Replace the commission's outdated case management system with a modernized, paperless and secure system that staff within the Human Rights Commission's statewide offices will use. This will enable investigators to review cases faster. (\$1.7 million GF-S)

### Office of Minority and Women's Business Enterprises

#### Business Diversity Management System

Measures and tracks the state's progress toward equity in public spending and procurement. The system also helps the state increase the number of minority- and women-owned businesses that participate in public spending. Funding will help the agency finish implementing this enterprise-wide system. (\$1.9 million GF-S)

#### Supplier diversity

Launch the Washington State Toolkit for Equity in Public Spending to support state agencies and educational institutions. This will help promote equity and create more diverse, innovative and efficient business solutions for agencies. (\$221,000 GF-S)

## Department of Archeology and Historic Preservation

### **Increase federal authorization**

Increased federal expenditure authority has been granted for the agency to develop a historic context of Washington's Filipino heritage and nominate historic sites to the National Register of Historic Places. A second grant will help the department conduct the rehabilitation of historic main street buildings that house commercial businesses in rural communities. (\$800,000 General Fund-Federal)

## Arts Commission

### **Certified Creative Districts program**

Increased funding for the agency will provide technical assistance, community grants and leadership and mentorship programs to Creative Districts communities. Nearly 30 communities across Washington have used this program to attract artists, startups and creative businesses. (\$197,000 GF-S)

## Washington State Historical Society

### **Heritage Organizations Small Grants Program**

Create internship program that will place graduate students or recent graduates in local history museums and historical societies across Washington. Supports efforts to reflect on institutional bias and implement new practices to ensure collections, exhibitions and public programs capture, preserve and interpret the stories of all members of the communities they serve. (\$250,000 GF-S)

## Secretary of State

### **LinkedIn Learning**

Continue to offer an online learning platform, free to public library patrons, that provides users with the skills to obtain jobs in a variety of industries. The program contains over 10,000 online courses that provide up-skilling and re-skilling opportunities in business leadership, information technology, communications and customer service. (\$1,688,000 GF-S)

### **TVW Live Closed Captioning**

Enable TVW to provide machine-assisted live captioning for mobile apps, social media, live television and web streaming platforms. TVW annually produces over 7,000 hours of unique programming in Washington. Recently, the need for live captioning grew due to the regular and ongoing communications from the governor and state leaders during the COVID-19 pandemic. (\$160,000 GF-S)

## Department of Commerce

### **Poverty Reduction Work Group steering committee**

Continue to provide the voice of lived experience to the Poverty Reduction Work Group through its steering committee. Funding will be provided to a nonprofit entity to convene and staff the committee. A portion of this funding will reimburse individuals experiencing poverty for their participation in the work group. The work group is a coalition of four state agencies tasked with developing a strategic plan to reduce poverty and improve communities. (\$200,000 GF-S)

# General Government/Capital

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## Strengthening Communities

### Department of Commerce

#### Housing Trust Fund

Build approximately 3,390 affordable and innovative housing units. These will serve a broad spectrum of vulnerable populations, including individuals with chronic mental illness who need supportive housing and case management services, homeless families, youths and individuals, veterans, farmworkers, seniors and others with special needs. Funds will also preserve approximately 1,000 aging affordable housing units to keep serving low-income and vulnerable individuals and families.

The governor's proposed investment would use innovative, nontraditional construction methods such as modular housing. It would also employ energy-efficient housing models that use multiple construction methods, site layouts and energy modeling that results in net-zero energy usage. This will give affordable housing developers more incentive to continue developing energy-efficient housing for low-income Washingtonians. (\$240 million bonds)

#### Property acquisition

Provides funding for eligible entities to acquire property — such as hotels or motels — at an affordable price for a quicker conversion into shelters, permanent supportive housing or transitional housing units. This funding pays for the property and building retrofit, electrical

and plumbing system updates, and converting the property to a suitable housing environment without major changes. (\$70 million bonds)

#### Enhanced shelter capacity

Provides funding to create enhanced shelters — or convert basic shelters to enhanced shelters — as an alternative setting to crowded, congregate shelters. This funding can also be used for facility improvements such as laundries, bathrooms and storage spaces. Funds will preserve approximately 500 aging federally-funded, affordable housing units to keep serving low-income and vulnerable individuals and families. This includes multifamily housing at risk of returning to market-rate prices when use restrictions expire. (\$50 million bonds)

#### Rural Rehabilitation Loan Program

Repair approximately 400 substandard housing units in rural Washington communities. This investment would provide low-income households with low-interest, home-repair loans to address needed repairs — such as fixing leaking roofs, unstable foundations or broken windows — so homeowners could make their qualifying home ready for energy efficiency upgrades. This funding stabilizes housing for people at risk of losing their homes, or who live in deteriorating, unhealthy homes. It is a cost-effective alternative to building new housing. (\$10 million bonds)

### Building Communities Fund Program

Fund 20 eligible projects. Funding is for acquisition, construction or rehabilitation of nonresidential facilities that must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons. (\$26.9 million bonds)

### Building for the arts

Provide grants to 21 nonprofit organizations for performing arts, art museums and cultural facilities projects statewide. (\$12 million bonds)

### Food security projects

The COVID-19 pandemic has significantly amplified food insecurity for many Washingtonians and challenged existing food distribution networks. Grant funding for three projects will support food security efforts. These investments include the Rainier Valley Food Bank, the Issaquah Food and Clothing Bank, and the Snohomish County Food and Farming Center. (\$4 million bonds)

### Department of Ecology

#### Healthy Housing Remediation Program

Expand buildable land footprints by cleaning up low- to mid-level hazardous sites. This program gives housing developers more incentive to develop affordable housing for low-income Washingtonians. (\$10.2 million bonds)

### Local government infrastructure

#### Department of Commerce

#### Public Works Assistance Program

Provide financial assistance in the form of low- or no-interest loans to local governments to repair, replace or rehabilitate bridges, roads, sanitary sewer systems, domestic water systems, storm sewer systems and solid waste/recycling systems. (\$160 million bonds)

#### State broadband infrastructure

Deliver critical broadband infrastructure to unserved homes and businesses to support education, health care, public safety, and job retention and creation. Bridging the digital divide is essential to shared economic recovery statewide. (\$45 million Statewide Broadband Account)

#### Community Economic Revitalization Board Program

Leverage approximately \$300 million in private investment, and create and retain at least 1,420 permanent jobs. This investment will help create permanent high-wage jobs, and will provide funds to recruit and retain businesses and support economic vitality statewide. Funding will be used to construct public infrastructure and facilitate private business development and expansion. (\$15 million bonds; \$10 million Public Facility Construction Loan Revolving Account)

## Department of Health

### **Drinking Water Assistance Program**

Provide low-interest loans to publicly- and privately-owned water systems for designing, financing and constructing improvements to increase public health protection and compliance with drinking water regulations. (\$34 million Drinking Water Assistance Account; \$11 million bonds)

### **Lakewood Water District PFAS treatment facility**

Plan, design, permit and construct a water treatment facility at Lakewood Water District's Scotts Wellfield to remove Per- and polyfluorinated alkyl substances — also known as PFAS — from drinking water. (\$4.5 million bonds)

## Energy and climate

## Department of Commerce

### **Energy retrofits for Public Building Grant Program**

Award grants to state agencies, public higher education institutions and local governments to improve the energy efficiency of public facilities and street lighting, and install solar systems to reduce energy demand and costs. (\$50 million bonds)

## Weatherization

Leverage approximately \$30 million in utility funding to boost energy efficiency and improve the health and safety of nearly 7,200 low-income and vulnerable households. This includes grant funding for the Washington State University Energy Extension's Community Energy Efficiency Program. This program helps homeowners, tenants and small-business owners make sound energy efficiency investments through consumer education. (\$55 million bonds)

## Clean Energy Fund

Develop, demonstrate and deploy clean energy technologies that save energy and shrink energy costs, reduce harmful air emissions or otherwise increase energy independence for the state. (\$100 million bonds)

## Other general government

## Department of Commerce

### **Behavioral health community facilities**

Provide grant funding for community providers to expand and establish community capacity, which will create more than 500 new behavioral health beds. This will help divert and transition individuals with a complex array of behavioral health needs from the state hospitals. (\$90 million bonds)

# Transportation

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## Department of Transportation

### Increase fish passage barrier removal

A 2013 federal court injunction requires the state to significantly increase efforts to remove state-owned culverts by 2030 that block habitat for salmon and steelhead. It will cost an estimated \$3.3 billion to meet the court's order to open 90% of potential fish habitat by 2030. The state has identified approximately 400 barriers that need to be removed by the court's deadline.

The governor's 2021–23 transportation budget prioritizes \$724 million to continue supporting the Washington State Department of Transportation's plan to meet the requirements of the federal injunction. This funding will enable the department to design 136 projects and construct an additional 114 projects.

Funding to support this effort requires revising the state's existing capital project plan. The governor intends to engage the Legislature in developing a specific approach to delaying projects while continuing to meet the state's legal obligations, providing additional resources to address some of the preservation needs of our transportation system and continuing investments that improve overall safety to the traveling public.

### Support clean transportation

The transportation sector emits the largest percentage of greenhouse gas emissions in our state. To meet our greenhouse gas reduction

targets, we must aggressively diversify our transportation infrastructure. Electrifying our vehicles, vessels and buses is one of the most effective ways to reduce carbon pollution. And increasing state investments in alternative modes such as transit, cycling and safe pedestrian infrastructure are also important to reduce greenhouse gas emissions. The governor's budget prioritizes resources to fund:

- \$190 million (\$318 million over four years) for ferry electrification, specifically to:
  - Convert the MV Tacoma to hybrid electric.
  - Build a second new Olympic-class hybrid electric ferry and begin investments to support a third vessel.
  - Build three terminal charging stations that the state needs to operate a growing hybrid electric fleet.
- \$15 million in additional capital grants to help electrify transit systems.
- \$20 million for bicycle and pedestrian infrastructure including:
  - Bike and pedestrian safety grants.
  - Safe routes to school.
- \$5 million in additional funding to the regional mobility grants program.

- \$1.5 million for electric vehicle incentive promotion and outreach to increase electric vehicle adoption, with a focus on outreach and education to low-income residents.

### Put a high priority on preservation

The governor’s budget begins an ongoing commitment of \$400 million per biennium to support preserving our state roadways, railways, ferries and bridges. These funds will help the department improve safety and longevity of our transportation infrastructure.

Investing now in preservation avoids more costly transportation construction needs in the future. Funding to support this effort will require revising the existing capital project plan. The governor intends to engage the Legislature to develop a specific approach to delaying projects while continuing to meet the state’s legal obligations, providing additional resources to begin addressing the preservation needs of our transportation system and continuing investments that improve overall safety to the traveling public.

### Continue work on high-speed rail

Recent feasibility studies demonstrated a compelling case for an ultra-high-speed corridor that will create jobs, increase affordable housing options, reduce pollution, improve safety and reduce traffic. The budget includes \$3.25 million to establish a coordinating entity with representation from Washington, Oregon and British Columbia. This group will conduct public engagement and integrate a high-speed rail corridor system

with regional transportation plans. This includes developing equity-based goals for the project. This funding is critical to continue the work with our partners in Oregon and British Columbia.

### Support career development

The governor’s budget includes funding to continue and expand WSDOT’s pre-apprenticeship program. This program awards groups that provide outreach, pre-apprenticeship training and supportive services to underrepresented populations in the construction trades. With an emphasis on individuals in juvenile rehabilitation and foster care communities, the program will provide organizations funding to support:

- Pre-apprenticeship training in one or more highway construction trades.
- Support services that may include assistance with transportation, child care, basic tools and housing. Typically, women, minorities, veterans, and other disadvantaged individuals need these barrier-reducing supports to enter and succeed in apprenticeships.
- Mentorship and retention training.
- Cultural competency training to foster and encourage a safe and welcoming worksite for every person working Department of Transportation construction projects.

(Total \$3 million: \$2 million Motor Vehicle Account; \$1 million Multimodal Account)

## Support telework

As telework became a key part of keeping Washingtonians safe and healthy during the COVID-19 pandemic, a newly created telework assistance grant program will provide assistance to small businesses as they implement employee telework programs. (\$350,000 Multimodal State Account)

## Washington State Patrol

### Additional trooper class

The budget supports a new cadet class of 60 at the Washington State Patrol Academy, with a continued focus to recruit and train a diverse trooper workforce to promote safety on our roadways. (\$8.9 million State Patrol Highway Account)

### Communications infrastructure

The budget invests in the statewide, public safety communications system infrastructure to ensure reliable telecommunications, emergency response and coordination for the safety of all Washingtonians. (\$6.1 million State Patrol Highway Account)

## Fire training academy

The budget provides additional resources to maintain the State Fire Training Academy. This will invest in the facilities we need to deliver critical fire training services. (\$928,000 Fire Service Training Account)

## Department of Licensing

### More accessible services

Many licensing services offices reopened after COVID-19 closures at reduced capacity and through appointment only. DOL offices have operated at reduced capacity and as appointment only. The governor's budget provides \$4.1 million to provide services online so customers can receive services safely, and the agency can address the customer service backlog that COVID-19 has created. The budget provides funds for online enhancements and website improvements as well as funds to support the move from six- to eight-year driver's license and identicard renewals. This will help DOL begin to address the backlog by efficiently providing services while reducing workload. (\$4.1 million various accounts)

# Replacing the state's outdated and at-risk core business systems



*Washington's core financial system is more than 30 years old and badly needs replacement. The state's technology systems for managing key business functions — finance, procurement, budget, human resources and payroll — do not work well together, are difficult to maintain and are increasingly at risk of expensive, disruptive failures. Gov. Jay Inslee's 2021–23 budget makes significant new investments in the state's One Washington program, a multiyear effort to replace these tools with an updated and more user-friendly enterprise resource planning system.*

## Background

Washington state government operates computerized administrative systems to create and manage budgets, pay employees and vendors, manage human resources, monitor spending and investments, and purchase goods and services.

Just as technology makes personal lives easier and saves time, it also makes thousands of jobs easier — and various systems more secure and efficient. But many parts of the state's computing infrastructure are extremely obsolete.

The state's Agency Financial Reporting System, for example, uses a computer programming language — COBOL — that dates from the 1960s. Few IT professionals today know this outdated language, which makes AFRS difficult and expensive to maintain.

The longer we wait to replace AFRS and related systems, the greater the risk that systems will fail. An AFRS failure would disrupt billions of dollars in employee paychecks and vendor payments across the state, including critical assistance payments for tens of thousands of our neediest and most vulnerable populations. The outdated technology also exposes the state to an increased risk of security breaches.

Modernizing core administrative functions will help the state do a better job of managing taxpayer dollars, and give decisions-makers powerful new tools to track and analyze data.

Data from existing systems can take weeks, if not months, to compile and edit before decision-makers can act. What's more, the state lacks a central system that can track billions of dollars in annual spending on goods and services. While individual agencies use their own systems, there is limited ability

to aggregate and analyze data on a statewide basis. This hampers the state's ability to identify potential savings or use its buying power to drive down costs.

Last year, Inslee issued an executive order directing state agencies to update many of the state's technology systems. The order gave new urgency and authority to the One Washington program, which oversees the modernization of the state's enterprise administrative functions. Housed at the Office of Financial Management, One Washington works closely with all state agencies.

This year, after an extensive due diligence process, One Washington selected software vendor Workday to provide modern new tools to replace the state's outdated systems. Meanwhile, contract negotiations are underway with an apparently successful vendor that was selected to help guide the complex task of putting the new systems in place. The state has targeted the end of the calendar year to complete those negotiations.

### Phase 1: Replacing AFRS and related systems

The governor's proposed 2021–23 budget provides \$95 million in new funding for the One Washington program to transition the state's Agency Financial Reporting System and related systems to the new Workday platform. Besides the statewide AFRS system, more than two dozen agency administrative and finance systems — including the state Department of Transportation's accounting system — will be replaced during the project's initial phase.

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“Washingtonians expect higher quality services, faster interactions, more and easier access to services and data, stronger data protections, and better outcomes, but our aging enterprise administrative technology has grown more vulnerable to threats and potential system component failures of unknown duration that could impact the state economy on a massive scale.”

—Inslee Executive Order 19-04, One Washington: Modernization of state administrative business and systems

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The state will eventually use Workday's subscription-based software to consolidate multiple business functions — finance, budget, procurement, human resources and payroll — into one IT system.

Moving the state's administrative functions to a cloud-based “software as a service” model offers significant advantages. It will standardize business practices across agencies and give agencies more creative control to configure the program to meet their needs. Cloud-based business software works similar to smartphones, with the vendor consistently sending maintenance updates and evolved features based on security, customer needs and demands.

## Replacing the state's core business systems

The bulk of new funding for One Washington is to support state agencies as they transition to the new Workday platform. The governor's budget includes funding for:

- **One Washington Technology Pool:** Agencies will need additional technical support during the Workday ERP implementation. This includes activities such as converting data and taking individual IT systems offline.
- **Agency OCM Pool:** Agencies have limited organizational change management capacity to implement

Workday. This funding is for agencies to support change management, communications and training for the Workday implementation.

- **Program management and system implementation:** The One Washington program is complex and has many moving parts. This funding supports program staff, state agency staff, finance and procurement experts, the systems integrator and technical/interface development team members.

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## Benefits of One Washington

### Improved money management

- Provides better visibility into how the state spends money.
- Eliminates cost of maintaining aging infrastructure (AFRS).
- Creates opportunities to leverage the state's purchasing power.
- Improves financial forecasting capabilities.

### Increased accessibility with the Cloud

- Users can access the ERP from anywhere on any device.
- Supports multiple simultaneous users.
- Allows real-time updates.

### Integration of business processes

- Links finance, procurement, budget, HR and payroll processes.
  - Creates process efficiencies that will help reduce costs.
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# Employee Compensation

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The governor's budgets reflect more than 30 new bargaining agreements and arbitration awards that cover more than 60,000 state employees and 51,000 publicly funded nonstate employees.

## State employees

Just as they did a decade ago at the height of the Great Recession, state employees are making sacrifices to help the state address the budget challenges brought on by the ongoing, pandemic fueled, economic downturn.

Under the governor's 2021–23 budget, most state employees won't receive a wage increase for two years. Most government employees will also take 24 unpaid furlough days (one per month) over the next two years. The furloughs equate to a 4.6% pay reduction for most employees.

The monthly furloughs are the result of cooperation with the state's largest state employee unions, which recently agreed to new collective bargaining agreements.

The furloughs do not apply to those in critical positions where the state would have to bring in relief help to cover for a furloughed employee. And, under the agreements that call for furloughs, the state agreed to negotiate possible adjustments to the number of furlough days if budget circumstances warrant.

The governor's budget also funds new health care agreements that maintain current cost-sharing arrangements where the state pays 85% of state employee health insurance premium costs and employees pay 15%. The governor's budget also maintains the health insurance subsidy for retirees, and continues to fully fund the state's pension systems.

## Nonstate employees

During this year's bargaining, the state agreed to provide modest rate increases to publicly funded nonstate employees such as child care and adult family home providers — many who work on the front lines of the state's response to the COVID-19 pandemic.

Meanwhile, individual home care providers would receive a 3% wage increase spread over the biennium and two paid holidays under an arbitration award.

## K-12 employee health care

The governor's budget also funds a new health care agreement that covers approximately 144,000 K-12 employees across the state. Similar to the state employee health care agreement, the parties agreed to maintain the 85/15 employer/employee split on premium costs.

# Revenue

## New revenue will help Washington build back stronger from pandemic

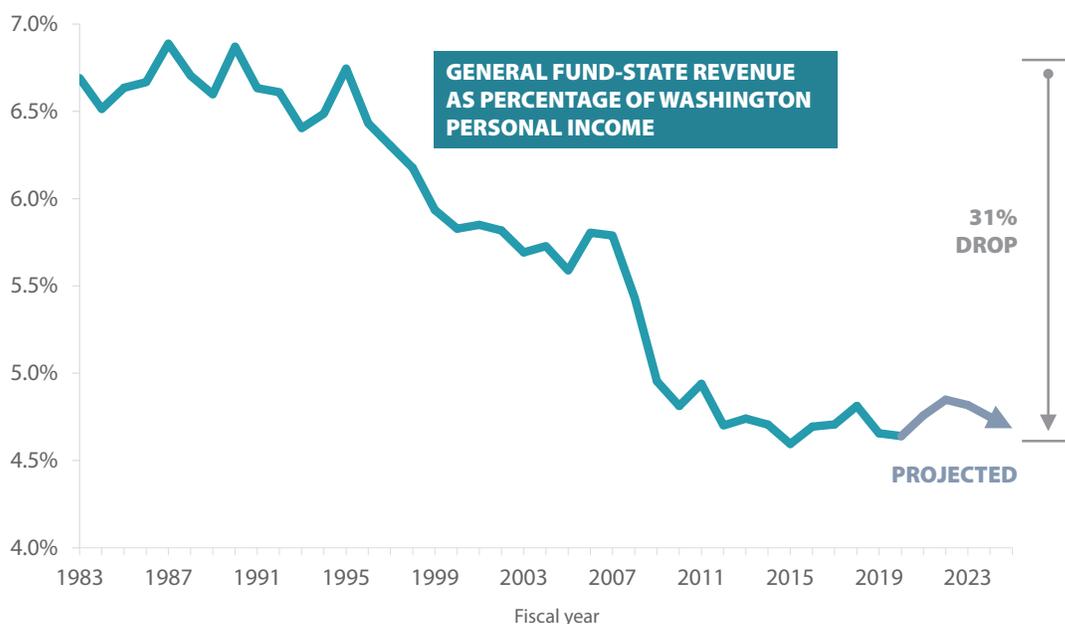
Washington’s revenue projections plummeted last spring after the state had to impose broad restrictions to slow the spread of COVID-19. Though the forecast has improved, projected revenue collections through the end of the next biennium remains more than \$3.3 billion below where it was before the pandemic hit.

Fortunately, the federal government approved a large relief package to help Washington and other states pay for short-term response efforts. And Washington had healthy reserves in the bank to help close budget shortfalls and address longer-term recovery efforts.

But the federal relief funds have run out, and the state will likely have to use most of its reserves to help balance its next two-year budget.

The governor’s 2021–23 operating budget calls for a mix of tax and revenue changes to continue the state’s pandemic response and recovery efforts, and help ensure the state is better prepared for future public health crises. New revenue will also help protect previous state investments in vital services and enable the state to maintain healthy reserves.

Over the past 25 years, state revenue collections as a share of the economy have fallen by 31%



Source: Washington State Economic and Revenue Forecast Council, Nov. 2020

Even with the revenue increases the governor is proposing, Washington's tax collections as a share of the economy will remain below the national average and well below where it was 30 years ago. In the early 1990s, General Fund–State revenue collections equaled nearly 7% of the overall economy (as measured by total personal income). But revenue collections as a share of the economy have declined steadily — to less than 5% today — and are projected to keep falling.

## Capital gains tax

As he has previously, the governor is calling for a new capital gains tax on the sale of stocks, bonds and other assets. Exemptions are provided for sole proprietor businesses, retirement accounts, homes, farms and forestry. Earned income from salaries and wages is not capital gains and would not be taxed.

Washington is one of just nine states that do not tax capital gains.

The proposal is designed to increase the share of state taxes paid by our state's wealthiest taxpayers. The state would apply a 9% tax to capital gains earnings above \$25,000 for individuals and \$50,000 for joint filers.

At those earnings thresholds, the tax would primarily affect very wealthy households. In fact, if the tax had been in place in 2018, the average total income of affected households would have been nearly \$750,000. And the tax will only affect a tiny fraction of taxpayers — about 1.9% of households in the first year.

The capital gains tax, which wouldn't take effect until the second year of the next biennium, would raise an estimated \$1.1 billion in fiscal year 2023 and more than \$2.4 billion during the 2023–25 biennium.

The governor supports adding a capital gains tax in Washington in large part because it won't make the state's upside down tax system even more regressive. Under Washington's tax system — the most regressive in the country — the poorest households pay nearly 18% of their income in taxes, compared to just 3% for the very wealthiest households.

## Narrowing tax loophole related to “bad debts”

The governor proposes narrowing the scope of the existing bad debt deduction on business and occupation taxes and the bad debt credit/refund on the sales/use tax. Under this change, sellers will only be allowed to claim these tax preferences for bad debts from nonpayment by their own customers. Sellers will no longer be able to claim these tax preferences for reimbursement of losses sustained by third-party creditors of their customers. Narrowing these tax preferences will generate about \$36.2 million for the state General Fund during the 2021–23 biennium.

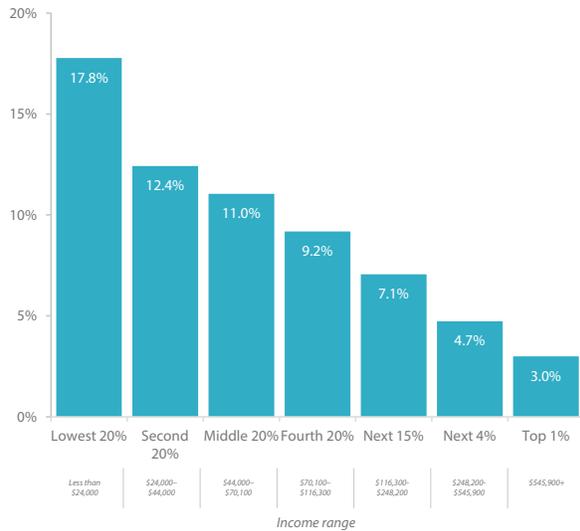
## Covered lives assessment

The governor's budget calls for major new and ongoing investments in foundational public health services. To fund those new investments, the governor proposes a new “covered lives assessment.” For each person covered, the state will assess a charge on health insurers, Medicaid managed care organizations, limited health services contractors and third-party administrators. The per member, per month fee will be set and adjusted to bring in \$205 million in fiscal year 2023 and about \$343 million in the 2023–25 biennium. The state Office of the Insurance Commissioner will determine and collect the assessment.

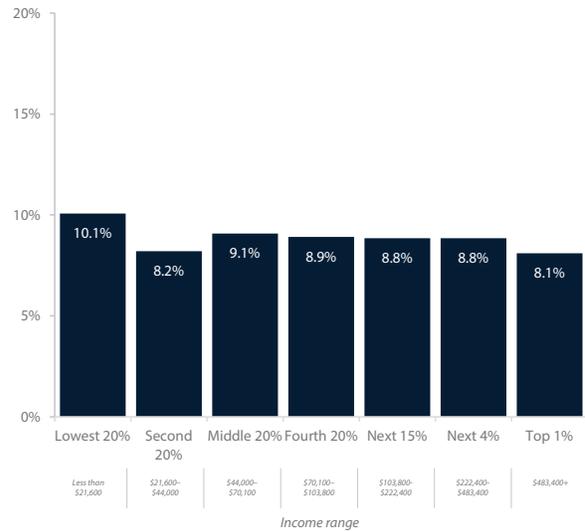
## Washington has the most regressive state and local tax system in the nation

State and local taxes as a share of family income for non-elderly taxpayers

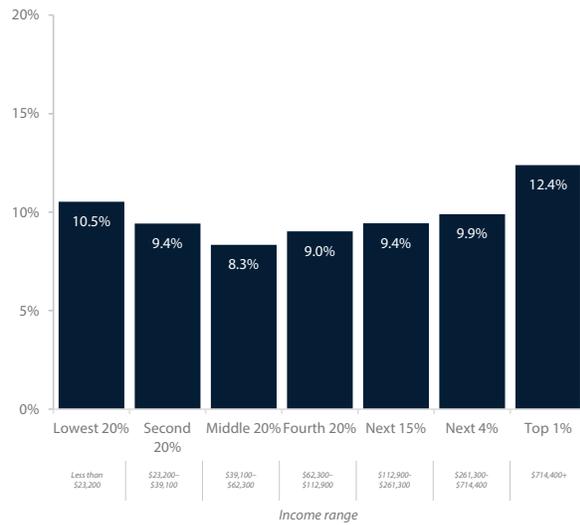
### Washington



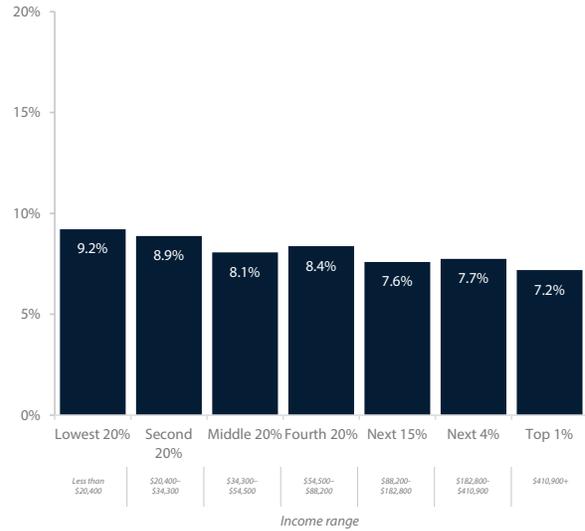
### Oregon



### California



### Idaho



Source: Institute on Taxation and Economic Policy, 2018 “Who Pays?” report.

# Results Washington

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Washington is a recognized national leader in adapting proven industry principles to continually improve state government. Gov. Jay Inslee established Results Washington in 2013 to strengthen performance management and continuous improvement throughout state government. Results Washington’s vision is to be a collaborative partner championing the best results for Washington. Aside from partnering with agencies to do work in line with its mission, Results Washington provides a valuable platform for agencies to highlight their work directly with the governor and staff.

In May 2020, new leadership joined Results Washington. With this new leadership, the program is evolving and adjusting several aspects of its work:

- Introducing Public Performance Reviews in early 2021. This is a new approach to the previous iteration of Results Reviews, which will partner with state agencies on complex, cross-enterprise projects.
- Moved the ninth annual Washington State Lean Transformation Conference to a virtual setting. This included thinking creatively about the content and how it was delivered.
- Thinking ahead to the next phase of Lean and continuous improvement in Washington. With agency inputs, Results



Washington will evaluate and adjust its approach to align with its “plan-do-check-adjust” continuous improvement methodology.

- Defining Results Washington’s role in state government’s performance management space. The program is putting updates to most existing metrics and dashboards on hold while it stands up the new review process.

Results Washington will continue to help with performance audits by housing one position that serves as the governor’s liaison to the State Auditor’s Office. This position will provide leadership, guidance, and technical assistance to executive branch agencies on performance audits.

You can find more information on the [Results Washington](#) website.