

Proposed 2023-25

Budget and Policy Highlights



Pictured on front cover:

Gov. Jay Inslee and Seattle Mayor Bruce Harrell nail joists in place on a tiny home at Sound Foundations NW in 2022. (Office of the Governor photo)

Sockeye salmon spawn in the Little Wenatchee River near Leavenworth, Washington. (Pacific Northwest Fisheries photo)

Power lines flow through the Lake Chelan area in eastern Washington during winter. (Licensed photo courtesy of Patricia Thomas)

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Renewed focus on pressing needs

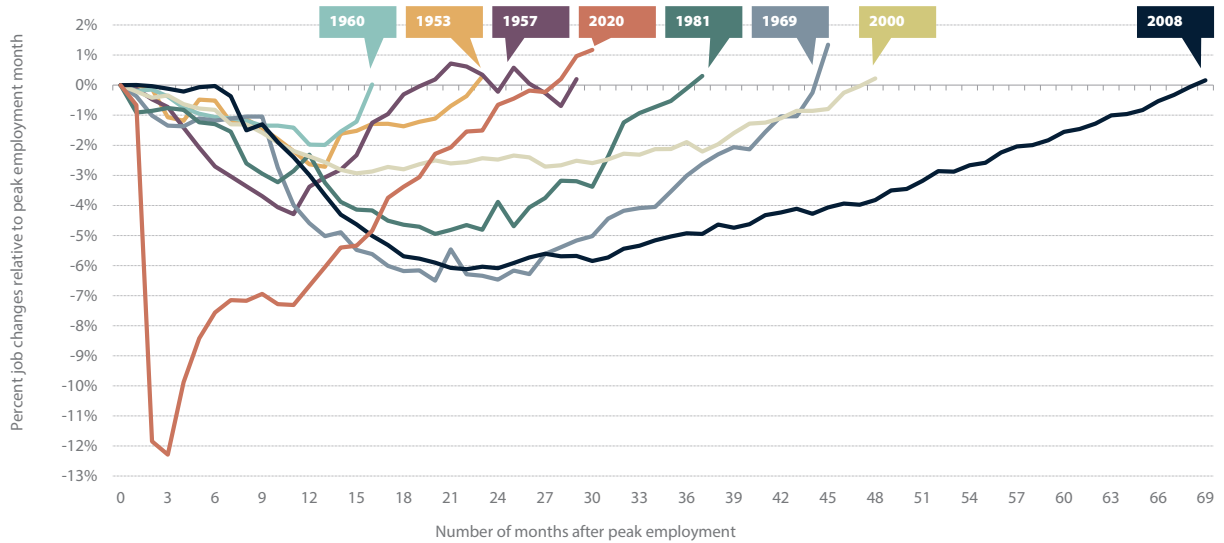
Gov. Jay Inslee's proposed 2023–25 budgets prioritize housing and homelessness, behavioral health, climate change, salmon protection, public safety

While the COVID-19 pandemic continues to linger, it appears the worst of the health crisis has passed and life in Washington is returning to normal. Thanks in large part to Washington's aggressive response to the pandemic, the state has consistently maintained one of the lowest COVID-19 death rates in the nation. This fall, Gov. Jay Inslee lifted the last of his COVID-19 emergency declarations, though he and health officials urged continued safety precautions.

In general, Washington's economy rebounded quickly from the pandemic's initial jolt — when more than 400,000 Washingtonians lost their jobs in a matter of weeks and the state's revenue projections fell by nearly \$9 billion. Job numbers are back above pre-pandemic levels. And, even amid recent concerns of a looming economic slowdown, state revenue projections have increased almost every quarter since fall 2020.

In many regards, however, Washington is still recovering from the enormous strains the pandemic placed on our health care systems and the many disruptions to K-12 education, early learning, child care and higher education. We continue to combat housing and homelessness crises made worse

Job losses and duration of post-WWII recessions in Washington



Source: Washington Employment Security Department and Economic and Revenue Forecast Council, November 2022

by the pandemic. Inflation sparked by the pandemic is hitting low-income Washingtonians the hardest. And many employers — including the state — are grappling with workforce challenges that were already mounting before the pandemic hit.

Like other states, Washington was buoyed during the pandemic by a large infusion of temporary federal COVID-19 relief funds — money that was vital in helping the state confront the pandemic and its economic fallout. But the extra federal funding is winding down and the state’s finances are returning to more normal levels.

There are other ramifications of our return to normal. During the first two years of the pandemic, school enrollments decreased along with the associated costs. Fortunately, school enrollments are rebounding. But more students, rising inflation — along with new investments

in additional counselors, nurses, psychologists and social workers in our schools — are driving up the overall cost of K-12 education.

And while revenue projections continue to grow, inflation is driving up costs across state government.

Faced with this mixed bag of good and bad fiscal news, the state has many pent-up needs it won’t be able to afford over the next few years. Instead, Inslee’s 2023-25 operating, capital and transportation budget and policy proposals are aimed at addressing the state’s most pressing needs.

To transition from the pandemic challenges, the Legislature created a new reserve last year called the Washington Rescue Plan Transition Account. The governor proposes using the \$2.1 billion in that account to help address the needs identified in his 2023-25 operating budget.

The state's total reserves are projected to be more than \$2.6 billion at the end of the 2023-25 biennium and nearly \$2.4 billion at the end of the 2025-27 biennium.

The governor's budget and policy proposals will:

- Expand the state's efforts to tackle homelessness and move quickly to dramatically increase the supply of affordable housing.
- Strengthen public safety by training more law enforcement officers and addressing firearm violence across our state.
- Continue efforts to transform the state's behavioral health system, which includes adding more community-based treatment capacity and boosting treatment services for children and youth.
- Keep the state moving forward in reducing greenhouse gas emissions and building a green economy.
- Provide new actions and investments to protect the state's iconic salmon populations.
- Protect reproductive rights and access to abortion services.
- Support state agencies facing critical staffing shortages and address employee recruitment and retention issues across state government.

Speed up efforts to address housing, homelessness crises

In recent years, Washington took unprecedented actions to combat housing and homelessness crises across the state. Still, amid a worsening shortage of affordable housing,

Washington's homelessness crisis persists. Washington's 2022 point-in-time count found that nearly 13,000 individuals are living outside and unsheltered across the state — up from about 10,800 in 2020. Meanwhile, the state faces a significant shortage of housing, now and well into the future. Housing costs have soared in recent years, and low vacancy rates are driving up rents. And as people continue to move to Washington for our strong economy, temperate climate, natural beauty and quality of life, we need significant investments and policy changes to keep up with the housing demand.

Inslee is once again putting forward an ambitious plan to tackle homelessness and increase the supply of affordable housing by rapidly funding and constructing housing projects across the state. His plan, part of which will require voter approval, will raise \$4 billion over the next three biennia, \$1.3 billion of which will be invested during the next biennium on a wide range of housing and homelessness initiatives.

Transform Washington's behavioral health system

Over the past five years, the state has made significant efforts to transform its behavioral health system. The governor launched a plan to dedicate our state hospitals to treating forensic patients, while significantly expanding the number and types of community facilities that allow non-forensic patients to access treatment closer to their home. The governor's budgets, which include new investments to continue that transformation, also provides funding to boost treatment services for children and youth.

Combat climate change, grow clean-energy economy

Washington has been a national leader in combating climate change. The state has enacted policies to transition to clean, affordable energy and reduce carbon emissions, including requirements for 100% clean electricity, cleaner fuels and more efficient buildings that run on clean energy. The state also adopted a cap and invest program that reduces climate pollution and generates revenue for investments in clean energy and nature-based climate solutions.

Now, relying heavily on new revenue from the cap and invest program, the governor is proposing investments and legislation that will continue to bolster the state's efforts to effectively site and permit clean energy and transmission to power our homes, vehicles and businesses; plan for livable, resilient communities with clean transportation and affordable housing options; and mobilize a workforce that is ready to create our clean future.

Protect and restore Washington's salmon populations

Salmon populations across the Pacific Northwest are struggling, pushing Southern Resident orcas closer to extinction. Action is required on our coast, around the Puget Sound, and in the Columbia River basin. The governor proposes a legislative and budget package to protect and restore riparian habitat, continue to open historic fish spawning areas blocked by culverts, invest in clean water infrastructure, and track and reduce toxic contaminants of emerging concern.

Expand law enforcement training, reduce gun violence

State and local police departments in Washington are grappling with significant recruitment challenges and staffing shortages. To help tackle these problems, the governor proposes to expand the state's police training capacity by adding two new regional police training campuses and help pay for training recruits. This approach will enable local law enforcement agencies to train new recruits more quickly and closer to home. The governor is also proposing budget and policy measures to help reduce firearm violence in Washington.

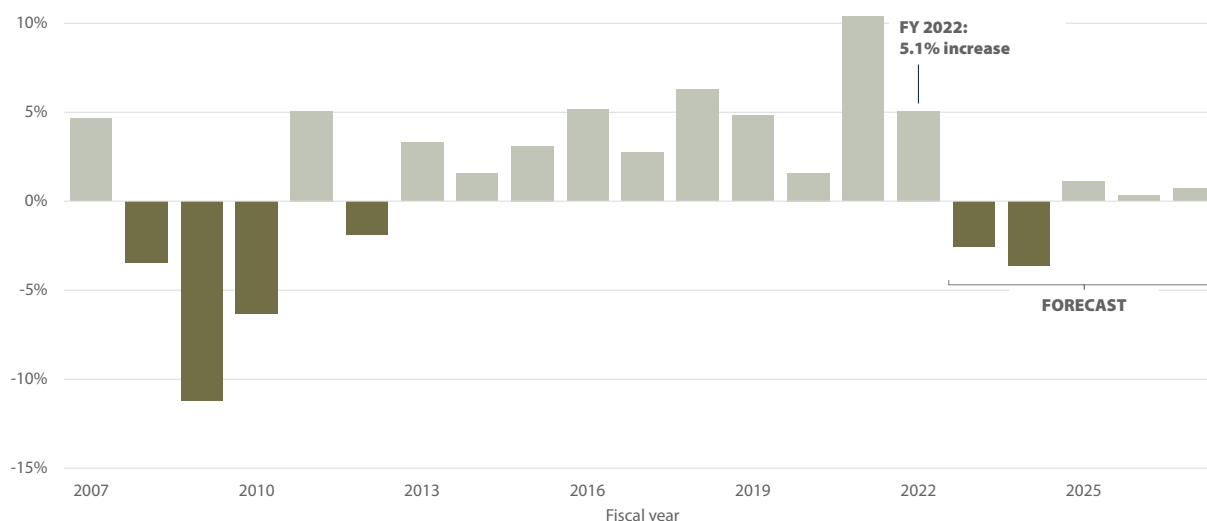
Protect reproductive rights/ access to abortion services

The governor is teaming up with Washington lawmakers to defend the fundamental right, safety and privacy of women to make their own reproductive health choices, including access to a safe abortion. The 2023 legislative and budget package will strengthen access and protection for patients who seek these medical services and other maternal health funding.

Adapt to changing workforce trends

Like many public and private employers here and across the country, Washington state agencies face increased challenges to recruit and retain workers. These workforce challenges, in turn, can hamper the state's ability to provide vital services. In some cases — such as at our state psychiatric hospitals, correctional and long-term care facilities — nursing and other staffing shortages can jeopardize safety for those in the state's care as well as for state employees.

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

The governor's 2023–25 budget includes funding collectively bargained provisions to help agencies strengthen the state's workforce. This includes funding general wage increases and other incentives for most health care, human service, general government, ferry system and community college employees, as well as larger targeted increases for certain hard-to-fill or high turnover positions.

Capital budget

Besides funding large portions of his housing and homeless plan and his climate package, the governor's 2023-25 capital budget includes nearly \$900 million to construct a new 350-bed forensic hospital at the Western State Hospital campus. The capital budget also provides \$730

million for 20 major projects at our colleges and universities, and more than \$613 million to construct and modernize 38 school buildings across the state.

Transportation budget

The governor's 2023–25 transportation budget — as a key part of his climate package — will keep the state moving forward on its efforts to modernize the state's ferry fleet by building five new hybrid-electric ferries and converting three existing boats to hybrid electric. The transportation budget also includes funding to address workforce challenges that affect ferry service. And it invests in several strategies to improve traffic safety to help stem the recent rise in fatal and injury accidents.

How Washington used its federal COVID-19 relief funding

Since March 2020, Washington state government has received \$14.5 billion from the federal government to support COVID-19 response, relief and recovery efforts. The chart on the next page shows how the funds were allocated by OFM or appropriated by the Legislature. The funds come from a variety of federal sources with different eligibility rules:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- American Rescue Plan Act
- Coronavirus Response and Relief Supplemental Appropriations Act
- State Fiscal Recovery Fund

To save lives and prevent the spread of COVID-19, we put nearly \$4.4 billion (30%) toward health care, public health and public safety. To help combat the growing rate of suicide and overdose deaths, we provided \$378 million for behavioral health.

Basic education and higher education institutions received nearly \$3.5 billion. This funding helped schools reopen by transitioning to virtual learning platforms. Primary schools, middle schools and high schools also received funding to increase special education services, prevent learning loss and expand student mental health services. Other services for children, such as child care, preschool and child welfare assistance received another \$855 million.

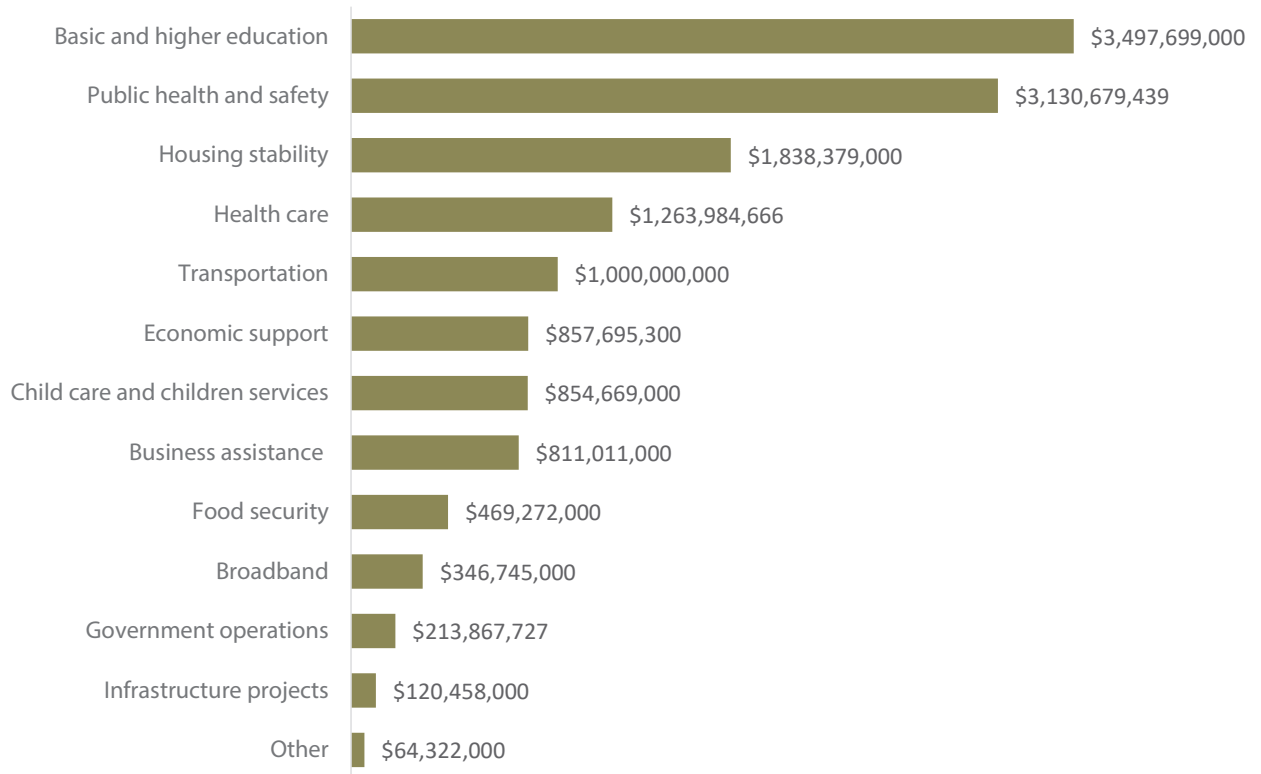
In response to significant job losses and skyrocketing unemployment rates, food assistance programs and economic support programs received \$1.3 billion. Of that, \$858 million went toward cash grants to individuals and families. We provided another \$1.8 billion for rental assistance, eviction prevention, affordable housing development, utility assistance, homeless housing and homeless services.

We also provided approximately \$811 million to reduce the negative economic impact of the pandemic on Washington's businesses. Of that, small businesses and nonprofits received \$353 million, while another \$117 million went toward statewide tourism recovery.

Using federal funds dedicated to infrastructure projects, we provided \$467 million to clean water, drinking water and broadband projects. The latter will help us meet our goal for universal broadband access by 2024. An additional \$400 million will help our state remove barriers to fish passage as part of a \$1 billion investment in our transportation budget.

The governor proposes spending about \$202 million in remaining federal pandemic relief funds, including \$76 million for emergency housing, \$89 million for food programs, \$27 million for public health and \$9.21 million for special education.

Distribution of federal COVID-19 relief funding



Economic and revenue outlook

Over the past year, Washington's economy has improved with COVID-19 restrictions gradually easing. The unprecedented worker layoffs in the February-May 2020 period resulted in a loss of 431,700 nonfarm jobs, and hit the entertainment, hospitality, personal services, and eating and drinking sectors particularly hard. However, Washington gained over 492,400 nonfarm jobs from the May 2020 low-point through October 2022, thus surpassing the February 2020 nonfarm total by 60,700 jobs. But several major industry sectors are still below their February 2020 job levels:

- Manufacturing (-19,200)
- Leisure and hospitality (-11,800)
- Other services (-8,500)
- Government (-26,400).

The bulk of the continued shortfall in government employment is in state and local educational services.

Because this recession was primarily a public health crisis with serious economic consequences — as opposed to the more typical economic crisis with public health consequences — the pattern of decline and recovery has been unprecedented. The job impact of the Great Recession (2007-2009) lasted 70 months from initial job losses to full recovery to the previous job peak. The loss and recovery period during the pandemic was much shorter, with the top-line non-farm employment reaching full recovery between May and June of 2022. That was a loss/recovery duration of 27.5 months, less than half of the previous recession.

Washington's unemployment rate spiked to a high of 16.3% in April 2020 and has since recovered to 3.7% as of the third quarter of 2022. Washington's jobless rate mirrored the national figure for much of the economic recovery, though most recent national numbers trend slightly below those of the Evergreen State. While it has converged recently, Washington's unemployment rate has traditionally been higher than the national norm due to the state's outsized share of seasonal industries and its attractiveness to in-migrants searching for economic opportunity. Over the past four years, 78% of Washington's population growth has been due to migration. The most recent forecast expects Washington's and the nation's jobless rates to increase in response to Federal Reserve interest rate policies that seek to slow the economy enough to ease inflation. U.S. and Washington unemployment is likely to reach 5.3% and 5.4% respectively by the first quarter of 2024. By the second quarter of 2025 (the end of the current biennium), Washington's unemployment rate is projected to decline to 4.8%, compared to 4.6% for the nation overall.

Washington's real personal income grew 5.8% in fiscal year 2021 and declined 1.8% in fiscal year 2022 as inflation (5.8% in fiscal year 2022 as measured by the price deflator for personal consumption) outpaced nominal income growth. Real personal income growth is expected to return to a positive track in fiscal year 2023 (0.3%) and fiscal year 2024 (2.4%) as Federal Reserve policies bring inflation under control. Washington's real personal income growth in fiscal years 2023 and 2024 is expected

to be notably quicker than the respective -0.2% and 1.7% projections for the nation. In concert with this quicker growth, Washington's real per capita personal income should reach \$62,607 in fiscal year 2024, nearly \$8,600 above the U.S. average.

Washington's personal income growth benefits from a recovery in aerospace employment, a traditional driver of Washington's economy. Aerospace jobs are expected to grow from 68,000 jobs in fiscal year 2022, to 73,400 jobs in fiscal year 2023 and 75,900 jobs in fiscal year 2024. Along with the rebound in aerospace employment, additional gains in software publishing, and professional and business services will help balance the softening of other sectors as they navigate this period of higher interest rates. While total nonfarm employment should post a 3.3% increase in fiscal year 2023, weaker prospects are on the horizon in fiscal year 2024 as employment is expected to decline by 0.3%.

Construction activity is particularly sensitive to interest rate movements. Interest on 30-year fixed rate mortgages averaged 3.72% in fiscal year 2022 but are expected to average 6.60% in fiscal year 2023 and 6.14% in fiscal year 2024. As a result, construction activity is expected to slow. Before 2020, technology sector growth fueled the demand for new office space. However, the advent of teleworking in response to the COVID-19 pandemic has left the commercial building sector awash

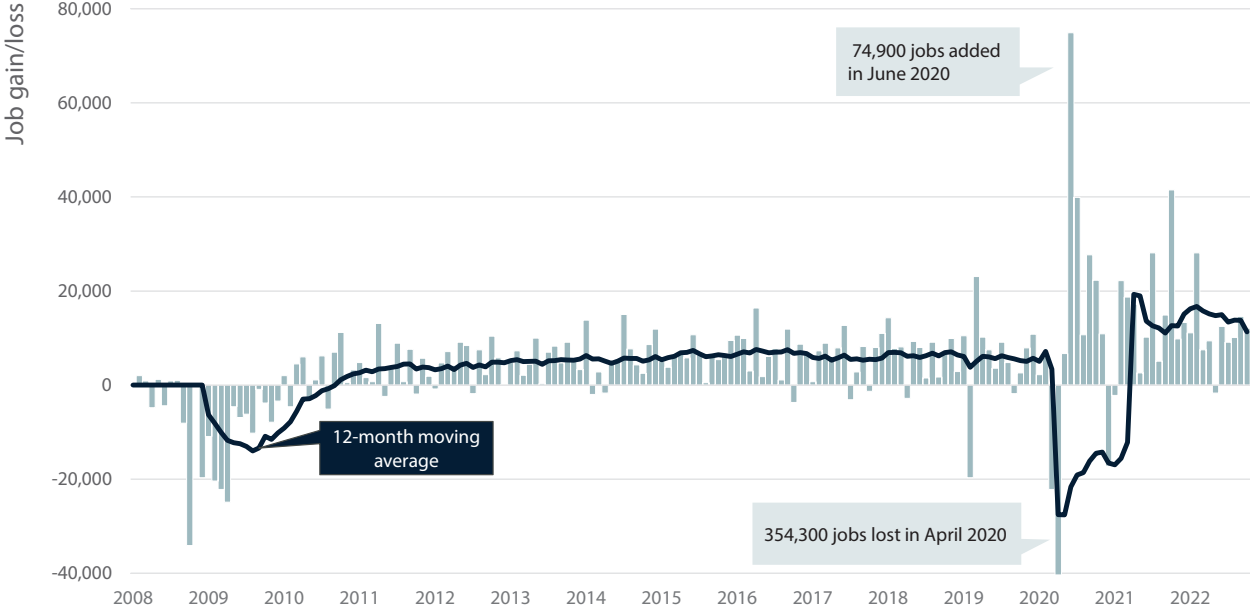
with vacant space. It will likely take several years before the teleworking trend reaches a point of equilibrium. Until then, commercial building activity will likely be muted. Building permits are forecast to decline from 58,300 in fiscal year 2022 to 42,700 in fiscal year 2023 and then recover to 44,300 in fiscal year 2024. Construction employment is expected to increase from 229,200 jobs in fiscal year 2022 to 236,900 jobs in fiscal year 2023 as builders complete a record number of multifamily projects begun the previous year. Construction employment should ease down to 230,400 jobs in fiscal year 2024.

General Fund-State (GF-S) revenues grew 13.3% in fiscal year 2021 and 11.3% in fiscal year 2022. GF-S revenues are expected to grow 2.4% in fiscal year 2023, and 0.5% in fiscal year 2024. Between the 2021-23 and the 2023-25 biennia, GF-S revenues are expected to grow 3.6%, which means GF-S revenues will hit \$62.966 billion. Growth in aerospace, software publishing, professional and business services, and steady consumer spending should keep revenues growing at a moderate pace.

The latest economic and revenue forecast from the Economic and Revenue Forecast Council can be found at: erfc.wa.gov.

Private sector payroll employment in Washington

Monthly change, seasonally adjusted



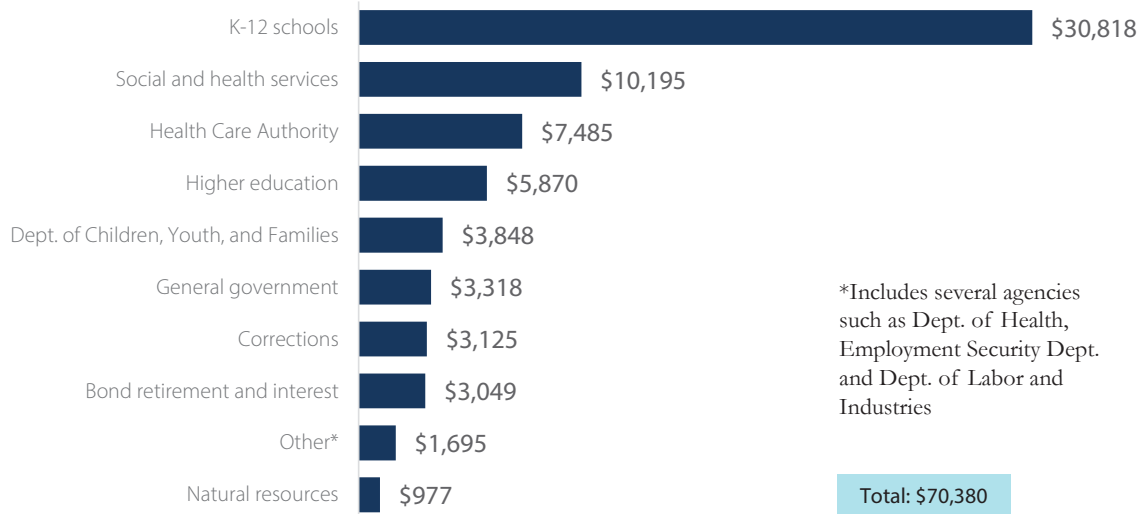
Source: Washington Employment Security Department and Economic and Revenue Forecast Council

Note: The range of the Y axis has been limited so that it doesn't obscure the monthly values outside of the extreme values of April and June 2020.

Governor's Proposed 2023-25 Biennial Budget

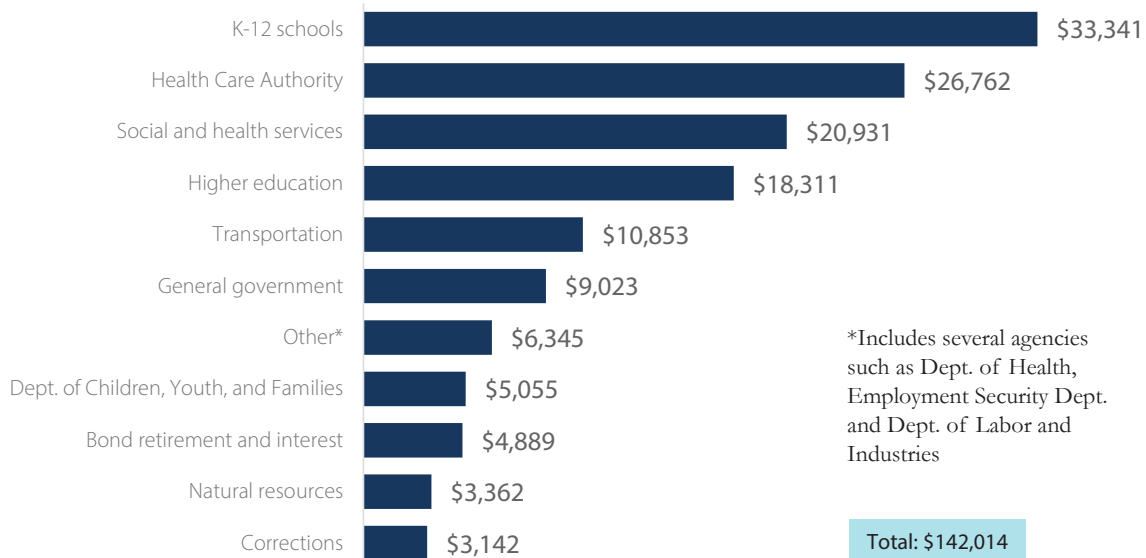
2023-25 Omnibus operating budget funds subject to outlook

Dollars in millions



Operating/Transportation: 2023-25 total budgeted

Dollars in millions



Governor's Proposed 2023-25 Budget Balance Sheet

General Fund-State, Education Legacy Trust Account, Opportunity Pathways Account, Workforce Education Investment Account, Fair Start for Kids Account*, Budget Stabilization Account, and Washington Rescue Plan Transition Account

Dollars in millions

	2021-23	2023-25
Resources		
Beginning Fund Balance	\$4,161	\$3,868
November 2022 Revenue Forecast	63,952	66,185
Transfer to Budget Stabilization Account (1% of general state revenue)	(609)	(634)
Enacted Fund Transfers	(1,180)	-
Actual/Assumed Prior Period Adjustments & ACFR Adjustments	56	41
Governor's Proposed Revenue Changes		
Governor's Revenue Legislation	-	(3)
Additional 1% BSA Transfer	-	0
Fund Transfers	50	(185)
Budget Driven Revenue	8	(31)
Transfer WA Rescue Plan Transition Account Balance to GF-S	-	2,100
Total Resources (including beginning fund balance)	\$66,437	\$71,341
Expenditures		
Governor's Proposed 2023 Supplemental Budget and 2023-25 Biennial Budget		
Maintenance Level Base Budget	\$64,481	\$65,526
Policy Changes	(1,333)	4,854
Actual/Assumed Reversions	(578)	(339)
Total Expenditures	\$62,570	\$70,041
Reserves		
Projected Ending Balance (GF-S + ELTA + OPA+ WEIA)	\$3,868	\$1,300
Budget Stabilization Account		
Budget Stabilization Account Beginning Balance	19	651
Plus Transfers, Assumed/Actual Prior Period Adjustments, & Interest Earnings	22	61
Total 1% BSA Transfer	609	634
Projected Budget Stabilization Account Ending Balance	651	1,346
Washington Rescue Plan Transition Account		
WA Rescue Plan Transition Account Beginning Balance	1,000	2,100
Plus Transfers	1,100	(2,100)
Projected Washington Rescue Plan Transition Account Ending Balance	2,100	-
Total Reserves (Near General Fund plus Budget Stabilization plus WA Rescue Plan Transition)	\$6,618	\$2,646

* No revenue or expenditures for Fair Start for Kids Account (25H).

Balance Sheet Detail

Fund Transfers, Revenue Legislation, and Budget Driven Revenue
Governor Proposed-2023 Supplemental and 2023-25 Biennial Budgets

Dollars in millions

	2021-23 Biennium	2023-25 Biennium
	GF-S	GF-S
Fund Transfers To/From GF-S (Excluding Transfers To/From BSA)		
05H Disaster Response Account	-	\$ (20.0)
05W State Drought Preparedness Response Account	-	(2.5)
10B Home Security Fund Account	-	(49.0)
11K WA Auto Theft Prevention Authority Account	-	(1.1)
12C Affordable Housing for All Account	-	(37.0)
17B Home Visiting Services Account	-	(36.7)
25F Forest Resiliency Account	-	(6.0)
25N Statewide 988 Behavioral Health Crisis Response and Suicide Prevention Line Account	-	(10.3)
25P Wildfire Response, Forest Restoration, & Community Resilience Account	-	(112.0)
26H WA State Leadership Board Account	-	(2.2)
532 Washington Housing Trust Fund	-	(6.4)
851 Developmental Disabilities Community Services Account	-	(2.0)
EDR Emergency Drought Response Account	-	(3.0)
03N Business License Account	-	8.5
26T Washington Student Loan Account	\$50.0	-
300 Financial Services Regulation Account	-	7.0
404 Treasurer's Service Account	-	10.0
567 Long-Term Services & Supports Trust Account	-	78.0
707 Washington Rescue Plan Transition Account	-	2,100.0
	Subtotal	\$50.0
		\$1,915.3
Revenue		
Dept of Revenue - Inflation Adjustments	-	\$ (1.7)
Dept of Labor & Industries - Self-Insured Pensions	-	(1.3)
Additional 1% BSA Transfer	-	0.0
	Subtotal	-
		\$(3.0)
Budget Driven & Other		
578 Lottery Revenue Distribution Change BDR	\$(1.0)	\$(2.3)
501 Liquor Revolving Account BDR	9.0	(25.2)
Cannabis Revenue Distribution Change BDR	0.0	(3.7)
	Subtotal	\$8.1
		\$(31.2)
All Revenue Changes	\$58.1	\$1,881.2

Washington State Biennial Budget Timeline



For a complete guide to the state budget process, see: ofm.wa.gov/budgetprocess

Housing/Homelessness

In recent years, Washington has taken unprecedented actions to speed up housing and shelter construction and combat housing and homelessness crises across the state. Gov. Jay Inslee is putting forward an ambitious housing plan to fast-track construction so we can reduce homelessness and increase the availability of affordable housing.

Continued momentum, faster construction needed to tackle housing and homelessness crises

Over the past two years, Gov. Jay Inslee and the Legislature have put more than \$2.4 billion toward a wide range of efforts to reduce homelessness and address the state's growing housing shortage. Working in partnership with local communities and organizations, the state has helped find shelter and support for thousands of people living outside. The state worked to increase the supply of affordable housing and provided vital assistance to tens of thousands more people who were at increased risk of becoming homeless during the pandemic.

But the scale of Washington's housing shortage and resulting homelessness can only be solved by speeding up construction of thousands more housing units — from emergency housing to multifamily developments and affordable housing.



Sound Foundations NW builds tiny homes at its 'Hope Factory' with volunteer labor. Gov. Jay Inslee and Seattle Mayor Bruce Harrell take lessons from Sound Foundations NW Director Barb Oliver before they help build a tiny home. (Office of the Governor photo, October 2022)

Washington's [2022 point-in-time count](#) found nearly 13,000 individuals live outside and are unsheltered across the state — up from about 10,800 in 2020. If you include those living in shelters, the total count of individuals experiencing homelessness grew from about 22,900 in 2020 to more than 25,400 in 2022.

Meanwhile, the state faces a significant shortage of housing — now and well into the future. Of the available housing for rent, 157,000 units are out of reach for low- and extremely low-income renters. And we need to build more housing to accommodate the increasing population: various reports show that the state's overall housing construction deficit falls somewhere between 80,000-140,000 units, making Washington fifth in the nation for under-production of housing.

Due in large part to the significant shortage of housing, the median home price in Washington increased nearly 14% from 2019 to 2022. The same has been happening in many other states — nationally, home prices increased nearly 19% from early 2021 to early 2022.

As people continue to move to Washington for our strong economy, temperate climate, natural beauty and quality of life, we need significant investments and policy changes to keep up with housing demand.

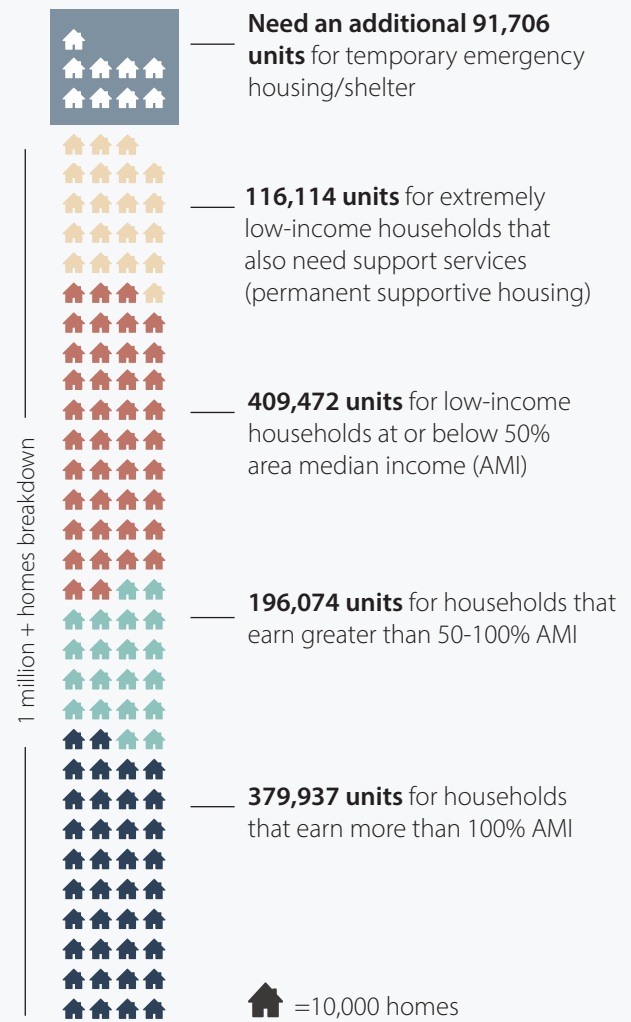
By early 2023, the Department of Commerce, for the first time, will publish data on projected housing needs for each county, including the anticipated needs for moderate, very low and extremely low-income households. Preliminary estimates of the statewide need for new housing development over the next 20 years suggest that the state will need more than 1 million additional units to keep pace with population growth. More than half of this need is for affordable housing for households under 50%

Washington needs more than 1 million additional homes by 2044

We need more housing for households of all incomes, and especially lower-income households.

As of July 2021, Washington had 3.25 million homes. By 2044, Washington will need more than 1 million additional units to accommodate the growing population. That means 45,900 homes — including state-funded affordable housing — will need to be built every year for the next 22 years to achieve this goal.

Types of homes we need



Sources: Department of Commerce and U.S. Census

of the area median income.¹ It will likely require public funding to be built, maintained, and to provide wrap-around services. This includes over 116,000 units of housing combined with supportive services and over 91,000 units of emergency housing or shelter.

The state's affordable housing shortage is more profound for Black, Indigenous and people of color (BIPOC). And, overall home ownership among BIPOC households is much lower than it is for white households.

Last year, legislators increased funding for the state's affordable housing programs to support the construction and acquisition of an estimated 3,890 affordable housing units across the state, more than double the amount of past budgets. Legislators also added \$300 million to the rapid capital housing acquisition program. Local communities are using these funds to purchase and quickly convert properties such as hotels or apartment buildings into supportive shelters or housing.

Within the first year of the rapid acquisition program, 11 new facilities were opened, serving more than 708 residents. The Department of Commerce has awarded funding for an additional 21 projects in 12 counties that will provide another 1,002 housing units.

Another example is the state's new Right of Way Safety Initiative, which transitions people living in encampments along state highways to safer shelter and housing options. Three state agencies — Transportation, Commerce and the State Patrol — are working with cities, counties and nonprofit organizations to identify sites and conduct outreach to those living in encampments.

Since the \$143 million initiative was launched last spring, about 170 individuals living in encampments in five counties were transitioned to housing or shelter.



The All-View Motel in Port Angeles was acquired by Peninsula Behavioral Health with funding from Commerce's Rapid Capital Housing Acquisition program. It includes 25 rental units for individuals experiencing homelessness, with three set aside for families with children and 23 set aside for people with chronic mental illness.

Most remain housed, thanks to extensive efforts to connect individuals to appropriate services.

Highlights of Inslee's 2023–25 housing and homelessness package

During the pandemic, a large infusion of COVID-19 relief funding from the federal government supported the state's efforts to help people living outside and keep others in their homes. For example, the state used about \$1 billion of that money to provide rent and utility assistance to more than 92,000 households and expand shelter services by at least 2,000 units statewide.

But with the federal COVID-19 funding winding down and a continued rise in housing prices and homelessness, the state must find new ways to

¹Median Family Income, or Area Median Income (AMI), is the median household income adjusted for household size, for the county where the household is located. This standard is developed by the Department of Housing and Urban Development (HUD), which publishes this income standard for each county on an annual basis.

quickly address its affordable housing shortage and homelessness crisis. The most crucial aspect to this work is speed — we need to close existing housing gaps as soon as possible and get back on pace with population growth. The governor is proposing a statewide voter referendum that would enable the state to raise \$4 billion over the next six years by issuing bonds outside Washington’s debt limit. The proposal does not include any tax or fee increases.

The new funding provides the cornerstone of the governor’s 2023–25 housing and homelessness plan, and would allow the state to continue rapidly funding and constructing housing projects across the state. The governor’s proposal calls for investing over \$1.3 billion in state capital and operating funds on a wide range of housing and homelessness initiatives. Besides maintaining 2,000 existing shelter beds and support services that would otherwise be lost, over the next two years the plan would add an estimated 7,500 affordable housing units and preserve another 2,700 units. This plan also includes assistance for communities to plan for and accommodate their unique housing needs for all income levels over the next 20 years and actions to speed up housing development statewide.

Capital budget

Increase Housing Trust Fund investment in affordable housing supply

The governor continues to look for solutions to increase our housing supply, particularly for those at the highest risk for homelessness, and low- and middle-income households that cannot afford, or pay a high percentage of their income toward, rents. The governor’s budget proposes significant new funding for the state’s Housing Trust Fund to construct

affordable housing units that serve and benefit low-income and special needs populations. This includes people with chronic mental illness, people with intellectual and/or developmental disabilities, farmworkers, people experiencing homelessness, and people in need of permanent supportive housing.

Multifamily rental housing units

There is a big demand for multifamily rental housing development. Communities are now using sales tax revenue generated by the 2019 Encouraging Investments in Affordable and Supportive Housing Act to support projects. The new revenue source is generating nearly \$50 million annually, but these funds are insufficient for local government to construct needed projects on their own.

The governor’s proposal, combined with existing funds and leveraged private market funding, will create approximately 17,720 multifamily rental housing units in the next six years, including 4,960 units during the 2023-25 biennium.

(\$440 million bonds)

Permanent supportive housing

In 2022, the Apple Health and Homes Act codified that medical providers need the ability to refer people to housing. Foundational Community Supports, a state program that is one of the first in the nation of its kind, helps those experiencing chronic homelessness. New investments in these programs will help address future demand and produce improved public health outcomes. These will also increase effective hospital capacity by allowing more patients to be successfully discharged from their treatment and into stable housing.

The governor’s proposed investments in permanent supportive housing² will acquire, rehabilitate or construct approximately 750 permanent supportive

²Permanent housing where long-term leasing or rental assistance is provided in combination with services for households with one member (adult or child) living with a disability.

housing units in the 2023-25 biennium and 2,900 units over the next six years. It also helps close the existing gap of affordable permanent supportive housing in Washington, estimated at over 17,000 units, according to [Corporation for Supportive Housing data](#).

(\$100 million bonds)

Homeownership opportunities

The Homeownership program within the Housing Trust Fund program assists low-income (under 80% of the area median income) first-time homebuyers. Assistance can include help with down payments and closing costs, community land trust models, sweat-equity models, funding for new construction, acquisition, and/or rehabilitation, manufactured home community models and homeowner cooperative models.

The governor's proposed investment recognizes there is a significant gap in homeownership assistance to [socially disadvantaged](#) communities and to organizations that provide housing to socially disadvantaged communities. This funding will help approximately 1,100 first-time homebuyers in the 2023-25 biennium and 4,600 total in over six years. The funding will support socially disadvantaged households with incomes at or below 100% of the area median income, and covenants placed on the property will ensure affordability for 25 years or more.

(\$75 million bonds)

Housing for people with developmental disabilities

There are only 1,400 Housing Trust Fund units available for the estimated 37,000 people with intellectual and/or developmental disabilities who need housing. Most of these individuals rely primarily on Supplemental Security Income, which places them below 30% of the area median income. At those income levels, rent

revenue from these units is insufficient to spur housing development. The governor's proposed investment in housing for people with intellectual and/or developmental disabilities will create an estimated 275 affordable housing units in the 2023-25 biennium and over 1,000 units over the next six years. As part of this proposal, the Department of Commerce will coordinate with the Department of Social and Health Services on any needed supportive services.

(\$25 million bonds)

Housing affordability preservation

Over the last three decades, Washington has invested over \$1.5 billion in affordable housing, some of which requires renovation to continue being safe and livable. The governor's proposed investment will be distributed through the Housing Trust Fund's Portfolio Preservation program and the Continuing Affordability program. This will help us maintain these critical investments across the state.

Nearly 1,500 apartments buildings with approximately 9,850 units will receive health and safety capital upgrades through the Housing Trust Fund Portfolio Preservation funding. Approximately 150 units will be preserved through the Continuing Affordability program. Funding will also help maintain approximately 36 manufactured or mobile home communities operated by nonprofit cooperative organizations or housing authorities that benefit people and households at or below 80% of the area median income.

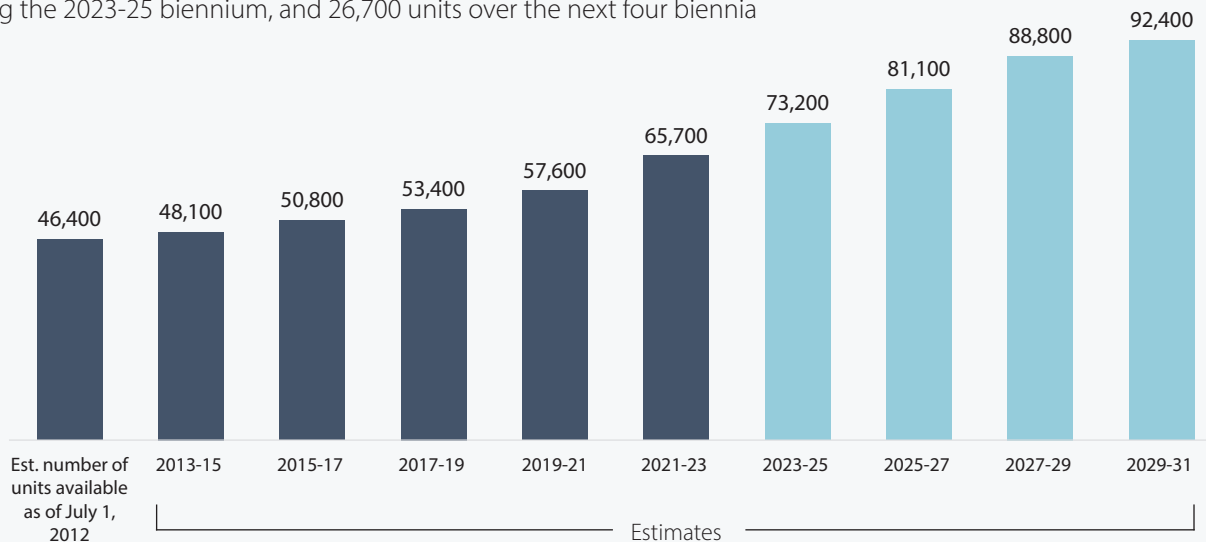
(\$58 million bonds)

Encampment Resolution program rapid capital housing

Proposed funding will help acquire real property for rapid conversion into enhanced emergency shelters, transitional housing and permanent supportive housing. The new housing will transition people

Expanding Washington’s supply of affordable housing

Gov. Inslee’s plan would add an estimated 7,500 state-funded affordable housing units during the 2023-25 biennium, and 26,700 units over the next four biennia



Source: Office of Financial Management

experiencing unsheltered homelessness — including individuals residing on state-owned rights of way — into safer and more stable housing. This additional investment builds on the state’s Rights of Way Initiative, which the governor and the Legislature funded this year. This new investment will create approximately 400 units.

(\$60 million bonds)

Investments to accelerate creating affordable housing units

The governor’s housing and homelessness plan takes a holistic approach that focuses on reinvesting in existing programs to increase housing affordability and availability **and** addresses some of the root causes of the housing supply crisis. It makes investments to address local planning, streamline regulatory environments, assist local governments and private developers, and to create new pathways and incentives to increase housing development.

Affordable housing connections to basic infrastructure

Communities face significant pressure to identify appropriate locations for affordable housing and ways to support it. The governor’s proposed funding will help leverage those efforts and assist local governments with one-time costs associated with infrastructure. It will also offer utility providers reimbursement for affordable housing-supportive fee waivers. This funding will reduce the cost of approximately 10,000 affordable housing connections to regional water, sewer and stormwater systems.

(\$50 million bonds)

Transit-oriented housing development housing partnership

This proposal establishes a new public-private partnership focused on increasing supply, encouraging affordability, and stimulating the overall production of transit-oriented housing development. State and

private investment funding will provide grants to for-profit and nonprofit housing developers, and public entities to carry out projects and to address funding gaps that prevent ongoing construction from being completed.

(\$75 million bonds and other funds)

Affordable Workforce Housing Accelerator pilot program

This proposal creates a new low-interest revolving loan program administered by the Washington State Housing Finance Commission. This program accelerates affordable housing development for households at 50-80% of the area median income. And, it will remain affordable for at least 60 years. Funding may be awarded to for-profit and nonprofit developers, public housing authorities, public development authorities and others.

(\$50 million bonds)

Land acquisition for affordable housing

Provides one-time funding to support the Housing Finance Commission's Land Acquisition program, which helps developers purchase land for affordable housing (rental or homeownership) developments. By increasing funding for this revolving loan program, the commission can help more community-based organizations — including by-and-for organizations — develop approximately 1,750 critically needed affordable housing units across the state.

(\$35 million bonds)

Expedite permitting and increase capacity

The governor is requesting legislation to provide grants to local governments so they can scale up their permitting departments and streamline permit approval processes to get housing built faster. Additional grant dollars will allow local jurisdictions to upgrade outdated permitting software and convene

a work group to improve permitting processes statewide. The policy requires local governments to exempt project permits for simple interior alterations to relieve pressure on already strained permitting departments.

(\$15 million bonds)

Affordable housing predevelopment and preconstruction assistance

The Department of Commerce will provide grants for project design, architectural and engineering, bid documents, environmental and archeological studies, and other preliminary phases of development necessary to accelerate the completion of affordable multifamily housing and homeownership projects.

(\$10 million bonds)

Affordable housing cleanup grant program

The Department of Ecology currently offers grants to public, nonprofit and private entities that remediate brownfields to develop affordable housing. Additional funding for the program will support cleanup on enough properties to make space for approximately 395 affordable housing units.

(\$12.3 million Model Toxics Control Capital Account)

Operating budget

Maintain current levels of housing and homelessness services

Emergency housing and shelter

Before the COVID-19 pandemic, there were not enough shelter beds in the state to accommodate everyone living outside or in places unfit for habitation. Since then, rents have risen significantly, increasing the need for traditional congregate and non-congregate shelter and other emergency housing options. The governor's proposed investment includes funding to

ensure that 2,000 shelter beds and other emergency housing units statewide are not lost due to the lapsing of one-time resources.

(\$153 million General Fund–State, Coronavirus State Fiscal Recovery Fund–State)

Encampment Resolution program

In 2022, the governor proposed and the Legislature funded a state Rights of Way Initiative to help move individuals residing on state rights of way into safer and better places to live. Since last spring, about 170 individuals obtained housing through the initiative, the majority of whom remain housed. Proposed funding will continue this effort. The Department of Commerce — in partnership with the state Department of Transportation, Washington State Patrol, local governments and nonprofits — will provide grants for the cost of outreach, temporary shelter, move-in costs, transportation, accessing IDs, housing application costs and other housing-related needs for individuals who reside on state rights of way and other encampments. The Department of Transportation will use funding to remediate encampment sites after housing is secured.

(\$68 million GF-S and Motor Vehicle Fund)

Homeless youth programs

Each night, thousands of youth sleep without the safety or stability of a family or home. The Office of Homeless Youth within the Department of Commerce leads the state's effort to prevent and reduce youth and young adult homelessness through several grant programs and partnerships. Without additional funding, two of the grant programs would be required to reduce services in the 2023-25 biennium. These grants allow licensed youth shelters to provide behavioral health services and help prevent youth exiting public systems of care from entering homelessness.

(\$6.5 million GF-S)

Homeless service contracts: accounting for inflation

Grants issued through the Department of Commerce's Housing Division do not adjust over time to keep up with the increased cost of rent, goods and services. This results in fewer people being served over time and higher rates of turnover among homeless service providers. The governor proposes an across-the-board 5% increase to homeless service contracts so grantees can achieve the same performance outcomes that the department expects.

(\$6.3 million GF-S)

Landlord Mitigation program

The Landlord Mitigation program within the Department of Commerce provides incentive funding to landlords to work with renters receiving rental assistance. The program will pay landlords up to \$5,000 to repair damages to rental units or funding to cover up to 14 days' rent loss. The program is currently at capacity and approximately 1,300 claims have been approved, but the department lacks the funds to make payments. Funding will address these approved claims.

(\$8 million GF-S)

Document recording fee

Homelessness services in Washington mainly rely on revenues generated by a certain document fee. This fee comes from document assessments that counties record for mortgage originations and refinances, referred to as the 'document recording fee.' Likely a result of increasing interest rates, the number of mortgage originations and refinances have declined significantly in the last year, leading to a decrease in document recording fee revenues. We don't know if or how this downward trend may continue throughout the 2023-25 biennium. The governor proposes adding funding to the Home Security Fund Account to offset lost revenue so homeless response activities can continue without a service reduction.

(\$40 million GF-S)

Housing and Essential Needs

The Housing and Essential Needs program (HEN) provides temporary rental assistance, services connected to housing stability, and limited essential needs items such as personal hygiene and transportation for individuals who cannot work due to a disability. Unfortunately, people eligible for HEN assistance are being turned away because there isn't enough program funding. This increased homelessness for this vulnerable population. An additional investment means HEN can serve more people. Additionally, the Department of Commerce will analyze the program to identify improvements, and determine the amount of funding it needs so that no person who is eligible for HEN is turned away.

(\$15 million GF-S)

Plan for housing supply

Plan for and accommodate housing needs

Approximately 70% of the housing in Washington is single-family housing, the majority of which tends to be out of reach for many low and moderate-income households. In January 2023, the Department of Commerce will publish projections of housing needs for each income segment in each county statewide. Cities will soon be required to plan for and accommodate housing needs for each income segment, including low- and extremely low-income households. To accommodate the housing needs for all income levels, many local jurisdictions will need to begin planning for higher density development and development along transit lines, allowing smaller and multiunit housing and planning for added emergency shelter, transitional housing and permanent supportive housing. This will require examining plans and regulations, updating zoning codes, assessing environmental impacts and implementing new programs. The governor proposes grant funding to local jurisdictions to complete this work, along with funding for state agencies to provide technical

assistance and support. Funding is also proposed to support legislation that will encourage more middle housing production.

(\$17.4 million GF-S)

Streamline permitting

In recent years, a backlog of processing building permits have slowed building efforts. The governor is requesting legislation to reduce permit timelines by requiring local governments to exempt permit review for simple home interior alterations, providing grants to local governments to implement consolidated permit review processes and a grant that enables local governments to receive permit applications electronically. The governor proposes funding to implement this bill in both the operating and capital budgets.

(\$4 million GF-S)

Address homeownership disparities

BIPOC homeownership

In the 2021-23 operating budget, the Legislature directed the Department of Commerce to convene a diverse stakeholder work group to assess homeownership disparities among BIPOC in Washington. The work group recently released its findings, which contain 12 ready and actionable priority recommendations, some that the governor proposes addressing through capital budget appropriations. In the operating budget, the governor specifically proposes addressing the recommendation to “fund culturally specific organizations for outreach to increase the visibility of and access to homeownership assistance programs for BIPOC communities” ([Improving Homeownership Rates for Black, Indigenous and People of Color in Washington, 2022](#)). This means nonprofit entities will receive funding to build capacity so they can better develop affordable homeownership units and assist prospective buyers.

(\$5 million GF-S)

Behavioral health housing supports

Address chronic homelessness

Homelessness often interferes with individuals' ability to obtain behavioral services and interferes with recovery. The governor proposes a series of interventions to individuals with behavioral health needs to help them obtain and maintain housing. This includes a pilot program in one rural and one urban area to connect individuals in shelters or behavioral health clinics to housing through the Housing Assistance through Peer Services (HARPS) program, helping seniors escape chronic homelessness and funding enhancements to newly created programs in the 2022 supplemental budget.

(\$8.6 million GF-S)

Permanent supportive housing

Permanent supportive housing pairs long-term rental assistance with case management and supportive services. This is a highly effective housing solution for the most vulnerable, chronically homeless people. As we build more permanent supportive housing units, there will be costs for wrap-around services to keep people inside. The governor proposes additional funding for grants to support the building operation, maintenance and service costs of permanent supportive housing projects funded through the Housing Trust Fund.

(\$15 million GF-S)

Housing and homelessness strategic agenda

Summary of investments, 2023-25 Biennial

Focus Area	Items	Agency	Amount
Increase Housing Trust Fund investment in affordable housing	Multi-family rental housing	Commerce	\$440,000,000
	Permanent supportive housing	Commerce	\$100,000,000
	Homeownership opportunities	Commerce	\$75,000,000
	Housing for people with developmental disabilities	Commerce	\$25,000,000
	Housing affordability preservation	Commerce	\$50,000,000
	Acquisition and preservation of mobile homes	Commerce	\$8,000,000
	Total		
Accelerate creation of affordable housing	Affordable Housing Connections to Basic Infrastructure (CHIP)	Commerce	\$50,000,000
	Transit-oriented housing development partnership	Commerce	\$75,000,000
	Rapid acquisition of housing for unsheltered people	Commerce	\$60,000,000
	Affordable workforce housing accelerator pilot program	Commerce	\$50,000,000
	Land acquisition for affordable housing	Commerce	\$35,000,000
	Total		
Expedite permitting and increase capacity	Consolidated permit review	Commerce	\$15,000,000
	Affordable housing predevelopment and preconstruction	Commerce	\$10,000,000
	Affordable housing cleanup grant program	Ecology	\$12,259,000
Total			\$37,259,000

Focus Area	Items	Agency	Amount
Maintain current levels of housing and homelessness services	Emergency housing and shelter	Commerce	\$153,000,000
	Encampment Resolution Program	Commerce, WSDOT	\$68,000,000
	Homeless Youth Programs	Commerce	\$6,500,000
	Homeless services contracts	Commerce	\$6,300,000
	Landlord Mitigation Program	Commerce	\$8,000,000
	Document recording fee	Commerce	\$40,000,000
	Housing and Essential Needs Program	Commerce	\$15,000,000
Total			\$296,800,000
Planning for housing supply	Plan for and accommodate housing needs	Commerce/local governments	\$17,400,000
	Streamline permitting	Commerce	\$4,000,000
Total			\$21,400,000
Address homeownership disparities	BIPOC homeownership organizations	Commerce	\$5,000,000
Total			\$5,000,000
Behavioral health housing supports	Address chronic homelessness	Health Care Authority	\$8,600,000
	Permanent supportive housing operations & maintenance	Commerce	\$15,000,000
Total			\$23,600,000
Grand Total			\$1,352,059,000

Ensuring access to vital behavioral health care

Over the past five years, the governor has made significant efforts to transform the state's behavioral health system. The century-old model of treating people at large state hospitals wasn't working. People are healthier and better served when they can be closer to their family, friends and communities during treatment. The governor launched a plan to dedicate our state hospitals to treating forensic patients, while significantly expanding the number and types of community facilities that allow non-forensic patients to access treatment closer to their home. Since 2018, the state has greatly expanded its community behavioral health system through significant investments. But even with this strong progress, demand for services continues to rise. Behavioral health challenges impact all Washingtonians and the state must push harder to ensure access to this vital care. The governor proposes a five-part strategy to address these critical and acute needs.

Behavioral health services for children and youth

To assist the most vulnerable behavioral health clients, this budget includes investments intended to maintain access to inpatient treatment and provide navigator resources for families trying to access inpatient treatment services for their children. The budget includes specialty inpatient treatment rates and trainings to support children with co-occurring behavioral health and development disability needs. Additionally, it continues a pilot project that provides intensive outpatient and partial hospitalization services originally funded in the 2022 supplemental budget.

(\$20 million, GF-S; \$8 million, GF-S)

Increase bed capacity

As the state transitions from treatment delivered in large state hospitals to treatment in settings closer to home, a number of key capital investments from previous budgets will be completed. DSHS will open the following:

- A 16-bed civil residential treatment facility (RTF) and a 30-bed facility for forensic patients on the Maple Lane campus in fiscal year 2023.
- 30 additional beds will open on the Maple Lane campus in fiscal year 2025.
- A 48-bed civil RTF in Clark County will open in fiscal year 2025.
- A 16-bed facility will open in Stanwood in fiscal year 2025.

Additionally, the University of Washington Behavioral Health Teaching Hospital will open June 2024, bringing on 150 beds for short- and long-term treatment in a first-of-its-kind facility. In total, there are 173 new state-owned behavioral health beds opening by the end of the 2025-27 biennium.

A focus of the governor's plan to move treatment to community settings includes more individuals receiving care in non-state operated facilities. These include behavioral health hospitals, evaluation and

treatment centers, and behavioral health units in community hospitals. To increase capacity in these settings, this budget includes a psychiatric bed day rate increase and a new acuity-based rate increase to reflect a higher payment for harder-to-place patients.

Finally, in response to increasing waitlists for forensic beds at Western State Hospital, the Department of Social and Health Services (DSHS) and Health Care Authority (HCA) will contract for additional capacity. This capacity will be in two behavioral health hospitals — an evaluation and treatment center, and in the South Correctional Entity (SCORE) in King County to increase community civil bed capacity — which will increase forensic bed capacity.

(\$190.1 million, GF-S; \$100.3 million, GF-F)

Increase behavioral health workforce and provider rates

This budget includes key investments to support a crucial part of the state's mental health workforce that is experiencing an unprecedented demand for these services. There are rate increases for services funded through the state's Apple Health Medicaid program, as well as services that Medicaid does not cover and services for those who do not qualify for federal programs. There are also supports for state workers in our state hospitals such as increases to direct staffing and violence reduction programs to ensure a safe and healthy environment for patients and staff.

(\$106.6 million, GF-S; \$101.6 million, GF-F)

Expand community services

Expand 988/crisis services

This budget builds upon previous investments to the state's crisis response system by enhancing the crisis service system to better align with best practices for crisis services. This includes expanding mobile crisis services, crisis stabilization services, and additional training to support the crisis response workforce. The statewide 988 behavioral health crisis response and suicide prevention line tax will fund these investments.

(\$74 million, Statewide 988 Behavioral Health & Suicide Prevention Line Account; \$27.4 million, GF-F)

Distributor opioid settlement

This budget includes funding opioid prevention and treatment services with the *State v. McKesson Corp.* lawsuit settlement. Funded items include the following:

- Support delivering parents with substance use disorders post-birth
- Public education campaign about synthetic drugs, such as fentanyl, and harm reduction
- Prescriber education and support
- Fentanyl technical assistance and training for those in the legal system
- Clinical consultation and discharge planning for emergency departments
- Substance use disorder professional scholarships targeted toward increasing the number of BIPOC professionals

- Technical support for jails offering medical opioid use disorder treatment
- Data tracking resources
- Expand substance use disorder prevention activities
- Expand syringe service programs

(\$49.1 million, Distributor Opioid Abatement Settlement Account; \$3.3 million, GF-F)

Settlement funds are also provided for tribes to use to benefit their communities.

(\$12.4 million, Distributor Opioid Abatement Settlement Account)

Trueblood settlement

This budget includes funding to expand implementation efforts in the third phase of the *Trueblood v. DSHS* lawsuit settlement agreement. The agreement requires the state to invest 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 1, funded in the 2019–21 biennial budget, included Pierce and Spokane counties, as well as the Southwest region of the state. Phase 2, funded in the 2021-23 biennial budget, expanded into King County. Phase 3 will expand into two more yet-to-be-named regions.

(\$22.5 million, GF-S)

The budget also adds additional funding for Phase 2 activities *(\$10.7 million GF-S)*, more resources for the Trueblood diversion program *(\$3.9 million, GF-S)* and Trueblood court monitor costs *(\$830,000, GF-S)*.

There are other further investments to increase the number of competency evaluations to meet increasing demands *(\$7.6 million, GF-S)*, and establish a forensic evaluation pilot in King County that will reduce delays and create efficiencies for Trueblood class members. *(\$1.5 million, GF-S)*

Additionally, as referenced in the bed capacity section, to address immediate needs, this budget includes funding to contract for additional forensic services at two behavioral health hospitals and an evaluation and treatment center. It also proposes expanding opportunities for early treatment and intervention that will free up beds at forensic facilities.

Governor’s budget continues expansion of early childhood education

During the first five years of life, the brain develops faster than at any other stage. In these critical years, children need to be exposed to high-quality learning experiences and have positive relationships to maximize brain development and reduce the need for interventions later in life¹.

The Early Childhood Education and Assistance program (ECEAP) is a key tool in this effort. This program is the state’s preschool program for 3- and 4-year-olds from families with an income at or below 36% of the state median income (SMI) or tribal children from a family with income at or below 100% SMI. ECEAP delivers kindergarten readiness outcomes for low-income children and the children who participate in ECEAP benefit more from full-school day slots than part-day slots². Full-day slots also better meet the needs of working families.

Washington has long recognized the importance of early childhood education. Since 2013, we have expanded ECEAP by 8,900 slots. ECEAP currently serves about 11,000 children.

Enrollment in ECEAP declined during COVID-19 but has recently reached pre-pandemic levels. Washington was one of only a few states to increase preschool enrollment and spending during the 2020-21 pandemic school year³. The state added 1,616 slots in the 2021-23 biennium and increased slot rates by 10%. We also invested in an additional two months of ECEAP during summer months to help mitigate learning loss among our youngest learners.

While ECEAP enrollment is increasing again, there are more children eligible for ECEAP than we have slots for. As of December 2020, there were 33,528 children eligible for ECEAP but only 16,278 slots⁴. This deprives some of our state’s early learners from fully developing and preparing for kindergarten.

Average spend per child		
Transitional kindergarten	Head Start	ECEAP
\$14,660	\$15,284	\$9,662

¹Center on the Developing Child at Harvard University, “In Brief – The Science of Early Child Development.”

²Washington State Institute for Public Policy, “Evaluation of the Early Childhood Education and Assistance Program: Kindergarten Readiness for School and Part-Day Enrollees”.

³National Institute for Early Education Research, “Washington Increased Preschool Enrollment and Spending Amid Pandemic”.

⁴Washington Department of Children, Youth and Families, “2020-21 ECEAP and Head Start Saturation Study.”

Additionally, ECEAP is the state’s highest quality early learning program but lowest in terms of ‘per child’ spending⁵.

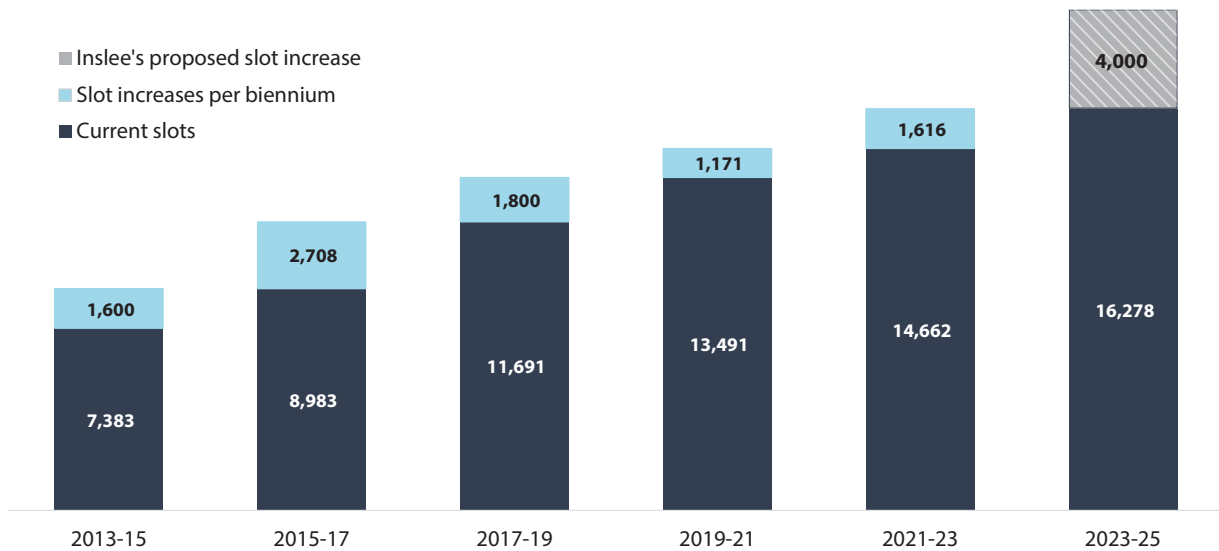
A low slot rate makes ECEAP providers susceptible to staff turnover. It also means classrooms are at risk for operating at reduced capacity, compromising overall quality and availability. Relying on a quality early learning program to deliver positive outcomes while being limited with a low slot rate is not realistic.

The governor’s 2023-25 biennial budget proposes:

- A 40% rate increase for school- and working-day slots. This will stabilize and encourage growth among ECEAP providers and align ECEAP rates with similar rates.
- Adding 2,000 slots per year (1,700 school day and 300 working day) to increase access to ECEAP as a quality early learning program.

The price of ECEAP as a quality early learning program has gone up. The governor’s budget targets rate increases on the slots we know working families need and harnesses what brain science tells us about dosage: school and working day slots deliver stronger kindergarten readiness outcomes. This funding seizes the momentum of our state’s investment in ECEAP as a premier early learning program and grows it by providing 4,000 more slots this biennium to reach more children across the state. (\$148.8 million GF-S; \$41.8 million Governor’s Emergency Education Relief Fund II)

New preschool slots added by biennium



Source: Office of Financial Management

⁵National Institute for Early Education Research, “The State of Preschool 2021.”

Human Services/Operating

Department of Social and Health Services: Aging, long-term care and development disabilities services

Increase Consumer Directed Employer program rate

Individual providers help aging and disabled clients live in their own homes. In April 2022, the Consumer Directed Employer (CDE) became the employer for 46,000 individual providers. The state created a new board to recommend a rate for the CDE to pay adequate wages and benefits to this critical workforce. This will help aging and disabled adults live independently in their own community.

(\$341 million General Fund-State; \$421 million General Fund-Federal)

Address increased costs and workforce shortages for Medicaid providers

Long-term care providers who accept Medicaid patients have faced workforce shortages, higher costs due to inflation and supply-chain shortages during the pandemic. A rate increase will help these providers recruit and retain direct care workers in skilled nursing homes and assisted living settings. The state will also adjust rates for nursing services, specialty dementia care and enhanced services.

In skilled nursing facilities, the pandemic led to a lower number of patients and higher costs for staffing and supplies. The state will adjust the occupancy threshold for these facilities from 90% to 80% and will annually rebase the costs during the 2023-25 biennium. This rate

adjustment will more accurately reflect the higher costs that these facilities incurred during the pandemic.

Rates will also be increased for assisted living, enhanced residential care and adult residential care. This will help providers cover higher employee wage and services costs during the pandemic.

(\$206.5 million GF-S; \$207.1 million GF-F)

Help patients transition from hospitals and institutions to the community

Aging and long-term care services help Medicaid patients transition from acute care hospitals, state hospitals and community psychiatric hospitals and into settings in the community with more appropriate levels of care. Lack of affordable housing solutions sometimes prevents clients from transitioning out of higher-cost care settings to live independently with appropriate supports. This budget offers flexible funding solutions to aging and long-term services that help clients transition from hospitals and institutions to community settings.

(\$10.9 million GF-S and \$2.1 million GF-F)

Support children and youth in hospitals

Work with the Health Care Authority to continue expanding funding for youth inpatient navigator teams. These teams provide case management for children with multiple diagnoses who are in inpatient behavioral health settings. More funding will help children with behavioral health and developmental

disabilities transition more effectively from inpatient settings to less restrictive placements in the community.

Continued phasing of intensive and out-of-home supports for children with an intellectual/developmental disability who need intensive behavior supports. This helps support families and may help prevent hospitalization or the need for inpatient care.

Study the Comprehensive Assessment Reporting Evaluation (CARE) tool to identify if the assessments adequately identify and recommend services for children with multiple diagnoses, especially autism spectrum disorder.

(\$11 million GF-S and \$10.2 million GF-F)

Prevent unnecessary hospitalization for clients with developmental disabilities

Expand behavioral stabilization services that help clients with difficult behaviors stabilize in their environment. These services also provide the client with a short-term placement to help resolve behavioral issues. A rate increase will maintain this provider network. It will also help prevent unnecessary hospitalizations and out-of-state placements for clients with challenging behaviors.

(\$6.8 million GF-S and \$4.1 million GF-F)

Increase employment and community inclusion provider rates

Supportive employment and community inclusion services work with clients with developmental disabilities to find employment and community activities that meet the client's goals. These providers experienced financial difficulties during COVID-19 because clients chose not to participate and because of staff

shortages. A rate increase will help stabilize these providers so they can keep offering these community and employment experiences to clients with developmental disabilities.

(\$24 million GF-S and \$19 million GF-F)

Department of Social and Health Services: Economic Services Administration

Support Afghan and Ukrainian refugees

Funds federal awards that will support an estimated 14,357 Afghan and Ukrainian refugees who have arrived in Washington and those yet to arrive. This funding will focus on supporting the well-being of these individuals through a holistic approach. This includes:

- Short-term and permanent housing.
- Services to help children successfully integrate into school.
- Immediate and long-term physical and mental health supports.
- Employment, training and case management services.

(\$49.4 million GF-F)

Extend the Temporary Assistance for Needy Families program time limit

Increase access to cash assistance by allowing households the chance to remain on the Temporary Assistance for Needy Families program beyond 60 months if they are facing a hardship. This extension ends June 30, 2025, and will serve over 2,000 households per month.

(\$25.3 million GF-F)

Increase cash benefits to help cover the cost of diapers

By funding an increase of \$80 per month to households on the Temporary Assistance for Needy Families program for families who have a child under 3 years old, this additional cash benefit helps reduce financial stress for more than 9,000 families per month while making sure they maintain an adequate supply of diapers — a necessity for every infant. The additional diaper benefit begins Nov. 1, 2023 (from Chapter 100, Laws of 2022 (SSB 5838)).

(\$13.9 million GF-F)

Continue funding the Integrated Eligibility and Enrollment IT project

By building an integrated eligibility and enrollment system that acts as a ‘one-stop shop’ for Washingtonians who experience poverty and need related services, the state will simplify the process and create more efficient access. The eligibility system will span programs and agencies, save customers’ time and create a more simplified application process for these individuals. It will also create efficiencies for state workers. These funds support continued work to create a transparent eligibility tracker, select a system platform, work on system architecture design and maintain a project office.

(\$14.7 million GF-S; \$34.4 million GF-F)

Support unaccompanied immigrant children living with a sponsor family

Over 1,200 unaccompanied immigrant children were placed in Washington with sponsor

families by U.S. Immigration and Customs Enforcement in 2021. This population has experienced a service gap, and proposed funds will support services for unaccompanied immigrant children and their sponsor families to address emergent needs. This includes housing supports, child care, transportation and household supplies. The funds also establish a work group convened by the Office of Refugee and Immigrant Assistance to study long-term solutions for supports and case-management activities for these households.

(\$1 million GF-S)

Increase assistance to support independent living

Fund several enhancements to the Ongoing Additional Requirement (OAR) program, which is meant to help participants receiving cash assistance with unmet expenses if they need to continue living independently. Program enhancements include increasing the payment standard for existing services and extending eligibility to those on the Housing and Essential Needs Referral program. Funding would also modernize benefits to include transportation, internet, care for service animals, and certain medical, vision and, dental services (if not covered by Medicaid). The program enhancements should serve an additional 680 clients per year and becomes effective April 1, 2024.

(\$1.2 million GF-S)

Eliminate the repayment of cash benefits for Aged, Blind or Disabled recipients

When a recipient of the Aged, Blind or Disabled program is approved for federal Social Security Income (SSI) benefits, they often receive a backdated SSI approval date and a lump sum payment to cover those prior months. The department currently garnishes a portion of the recipient's lump sum SSI payment to repay the state for any ABD cash benefits received during months that overlap with the SSI back payment approval date. Funding is provided to eliminate this garnishment effective Oct. 1, 2023, keeping more financial resources with individuals living in poverty. This means that over 17,000 Aged, Blind or Disabled recipients each month will be able to keep their lump sum SSI payment rather than having to repay the state for the cost of previous assistance.

(\$39.5 million GF-S)

Health Care Authority: Other

Support undocumented immigrant health coverage

Implement a medical assistance program for low-income uninsured immigrants living in Washington. The program would mirror the program provided to other Washingtonians with income below 138% of the federal poverty level for individuals who are not eligible for federal programs.

(\$15.7 million GF-S)

Cover adult cochlear implants

Cochlear devices provide a sense of sound for the hard of hearing and deaf. Providing an Apple Health benefit for adults who need cochlear implants could help 625 adults in the state increase their hearing range.

(\$59,000 GF-S; \$69,000 GF-F)

Support applied behavior analysis services

Increasing reimbursement for applied behavior analysis (ABA) services and clinical support to improve service delivery for individuals living with intellectual and developmental disabilities (IDD) will help support providers who provide services to the most complex clients. HCA will provide additional oversight over the program and support the continuum of care for individuals with co-occurring IDD and behavioral health needs.

(\$5.4 million GF-S, \$5.1 million GF-F)

Health Care Authority: Health Benefit Exchange

Maintain Cascade Care

Providing ongoing funding for the Health Benefit Exchange is crucial to continue the health care premium assistance program. This program helps Washingtonians with incomes less than 250% of the federal poverty level. Maintaining the premium assistance program is essential to keep individuals insured as the public health emergency wanes.

(\$25 million Health Care Affordability Account)

Health Care Authority: Community Behavioral Health

Undocumented immigrant health coverage

Implement a medical assistance program for low-income uninsured immigrants living in Washington. The program would mirror the program provided to other Washingtonians with income below 138% of the federal poverty level for individuals who are not eligible for federal programs.

(\$3 million GF-S)

Department of Corrections

Transform culture in correctional institutions

- Implement reforms to address the unique mental and physical health concerns of individuals and staff in correctional facilities.
- Increase resources to reduce the time an individual spends in restrictive housing through evidence-based practices. This will increase out-of-cell time and expand mental health treatment and programming.
- Establish the practices of normalization and ‘dynamic security’ in prisons. Normalization brings conditions within the facility as close to the community as possible and increases how much incarcerated individuals can participate in the decision-making process for their environment. ‘Dynamic security’ is increased interaction and engagement between staff and incarcerated people to promote positive relationships and better understanding of individual needs and

risks. These changes can lead to improved outcomes for incarcerated individuals and a less stressful environment for staff.

(\$16.3 million GF-S)

Reduce time in total confinement

- Shorten sentence lengths in prison.
- Allow most 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. This will generate \$1.8 million in GF-S savings.

Increase health care resources in prisons

- Expand health care resources for prison violator centers and addiction care needs.
- Provide dedicated health services staff to address the unique and acute care needs of individuals who enter prisons after violating their community supervision.
- Increase access to addiction treatment in prisons with specialized medical staff and medications for opioid use disorder.

(\$12.3 million GF-S)

Department of Children, Youth, and Families: Child Welfare

Support relative placements and guardianships

Provide resources to DCYF that will help more children in out-of-home care be placed with relatives. These resources will provide relative caregivers with initial payments during the early months of caring for a child, and expand longer-term subsidy payments to more caregivers who become guardians.

Children in out-of-home care who are placed with relatives have better outcomes compared to those placed in nonrelative foster care. Unfortunately, kinship caregivers are twice as likely to live in poverty as nonrelative caregivers. Implementing the Keeping Families Together Act and the Washington State Supreme Court's *In re Dependency of K.W.* decision means more children who experience out-of-home placement will be placed with relatives.

This governor's budget will do the following:

- Maintain licensing staff ratios.
- Fund initial license maintenance payments for kinship caregivers. Starting in fiscal year 2024, the department may issue initial licenses to unlicensed kinship caregivers. Once the state approves the initial license, it can issue a foster care maintenance payment for up to 90 days. This means the department can work with the caregiver to become fully licensed and tap into longer-term foster care maintenance payments.
- Expand the Guardianship Assistance program (GAP) subsidy to guardianships that include non-Title IVE children (children who don't qualify for federal support), guardianships established by tribes, and foster parents seeking guardianship as an option. GAP provides a monthly subsidy to caregivers on behalf of the child until the child is 18 years old. But it is currently limited to relatives caring for children who qualify for federal support based on 1996 economic standards that fewer and fewer children in foster care meet. The current subsidy

program is not available to support guardianships established in tribal court or nonrelative guardianships.

(\$23.7 million GF-S; \$2.7 million GF-F)

Support caregiver placements

Fund a caregiver support level system that offers support services to relative and nonrelative caregivers and create a new foster care maintenance payment based on child health history data and structured interviews. This system also bolsters supports and services for the needs of the child. The department has experienced challenges finding stable placements for children and youth in foster care, in part because of an inadequate array of supports and services for caregivers. Resources are disproportionately allocated mostly to white, nonrelative foster homes instead of kinship caregivers, which are comprised mostly of Black, Indigenous and persons of color.

(\$45.4 million GF-S; \$6.6 million GF-F)

DCYF settlement agreement

Parties recently reached a settlement agreement in *D.S. v. Department of Children, Youth and Families*. The agreement requires DCYF to engage a compliance monitor to review the state's implementation plan as well as the stakeholder engagement required by the court. The agreement outlines six key areas of investments: supported housing programs for youth ages 16-20, professional therapeutic foster care, hub home model, shared planning

meetings and family team decision making meetings, referral and transition, and qualified residential treatment program assessments.

(\$28.3 million GF-S; \$6.6 million GF-F)

Permanently expand Child Welfare Housing Assistance program

Make the Child Welfare Housing Assistance program permanent statewide. Families involved in the child welfare system demonstrate a high need for housing. The department piloted a child welfare housing program in the 2021-23 biennium to shorten the time that children remain in out-of-home care. This funding permanently expands the reunification-oriented program statewide. It also initiates a prevention component by allowing the department to provide housing supports to families at risk of having a child placed in out-of-home care in two counties. In addition, this funding provides department housing support specialists to work with local housing authorities and coordinate housing resources throughout the state.

(\$8.4 million GF-S; \$24,000 GF-F)

Fund housing for youth

Fund housing support services for youth exiting juvenile rehabilitation and foster care. Youth across juvenile rehabilitation and foster care have a demonstrated need for additional housing supports to help them maintain stability and successfully transition out of public systems. Young adults exiting foster care are eligible for Foster Youth to Independence vouchers if the public child welfare agency provides or arranges their housing support services. This funding leverages that opportunity by providing DCYF

resources to supply housing navigation services for youth exiting the child welfare system and by providing targeted housing resources toward youth exiting juvenile rehabilitation.

(\$3.3 million GF-S)

Expand combined in-home services

Expand combined in-home services to meet the anticipated increase in families that need services. Doing so will also help the department expand culturally relevant in-home services in partnership with tribes and recognized American Indian organizations. The Keeping Families Together Act raised the standard for placing children and youth in out-of-home care. This means there's been an anticipated increase in the number of children who will remain in their homes with families in need of services, which address factors related to abuse and neglect. The Indian Child Welfare Act also requires that the services the state provides to tribes are culturally relevant. This funding helps keep families together while ensuring that more families will have access to needed, culturally-relevant services.

(\$9.6 million GF-S)

Expand young adult transition teams

Maintain the existing LifeSet teams in King and Yakima counties and add four more teams in various counties. This will expand the LifeSet program statewide. This is a comprehensive, community-based intervention model designed to serve young people 17-22 years old who have been involved in the foster care, juvenile justice and mental health systems or young adults who find themselves without the necessary skills and resources to make a successful transition to adulthood.

The department is working to ensure all young people exiting a system of care successfully transition into adulthood. To achieve this goal, a robust array of services developed in partnership with communities is needed. A contract is currently in place with community organizations in King and Yakima counties to deliver LifeSet. This funding will fortify the continuum of care available to young adults going through this transition.

(\$1.9 million GF-S; \$1 million GF-Local)

Establish Family Connections program

Make the Family Connections program permanent. Piloted during the 2021-23 biennium, the program can continue working within its current geographic reach if it's made permanent. The department has contracted with a nonprofit entity to support strong parent-caregiver relationships. This can reduce the trauma associated with children being placed in out-of-home care, improve reunification rates, reduce re-entry into the child welfare system and retain quality foster parents.

(\$998,000 GF-S; \$310,000 GF-F)

New plan for Cost of Care

Funding will help the department work on a long-term plan to discontinue the practice of reimbursing the state for cost of care using any benefits, payments, funds, or accruals paid to or on behalf of a child or youth. This includes developing an implementation plan to conserve funds for the future needs of the child. However, this needs to be done in such a way that the funds conserved for the child do not count against their eligibility for federal

or state means-tested programs and align with any Social Security Administration policies. The department will work with stakeholders to develop the plan. Stakeholders include individuals with disabilities and organizations that represent the interests of individuals with disabilities, youth in juvenile rehabilitation and foster care and their parents, and the Social Security Administration.

(\$280,000 GF-S)

Strengthen substance use disorder prevention

Connect pregnant people who have substance use disorders to voluntary prevention services before birth and at the time of birth. Also connect all DCYF-involved families with SUD supports aimed at reducing child placements. Parental substance use is a risk factor for a child being placed out of home and contributes to 71% of infant removal cases statewide. Black, Indigenous, and infants of color are also removed at disproportionately high rates compared to white infants. This funding offers parents greater access to safe care planning and helps improve equity.

(\$3 million GF-S)

Support foster care school program

Fund the expansion of the Treehouse Graduation Success program statewide to reach 50% of middle school students who are experiencing foster care by June 2025. Changes in home placement, school transitions, and emotional upheaval may cause youth in foster care to fall behind in school. Treehouse has an established program for high school

students that improves graduation rates for this demographic. Research suggests that middle school is the best chance to identify students who are at risk of academic failure and get them back on track in time for high school.

(\$6 million GF-S)

Department of Children, Youth, and Families: Early Learning

Improve child care provider rate

Ensure child care providers are paid a subsidy rate that reflects at least 85th percentile of the 2021 market rate. The Fair Start for Kids Act requires child care subsidy rates to reflect the 85th percentile of market. The 2022 supplemental budget issued a one-time flat-rate increase to providers. This means a subset of providers started to be paid a rate that exceeded the market rate (based on the 2021 market rate survey) while other providers remained under market. This robust investment provides nearly \$100 million to make the one-time rate increase a permanent part of the department's base budget so that it can keep paying providers this amount. It also adds \$142.4 million to bring providers up to 85th percentile of the 2021 market rate, while making sure those providers currently over the market rate subsidy remain there. This will help stabilize child care providers and ensure subsidy child care slots are available to low-income families.

Total: (\$239.1 million; \$2.4 million GF-F – includes base funding)

Expand the Complex Needs Fund

Expand the Complex Needs Fund to bolster

child care and the Early Childhood and Education Assistance program. The Fair Start for Kids Act established a grant fund to support children with developmental and learning gaps who would otherwise start kindergarten developmentally behind. However, the grant fund requests have exceeded demand. This additional funding will support a child's education experience with increased staffing, mental health and behavioral consultations, and supportive and adaptive curriculum.

(\$26.4 million GF-S)

Improve background check process

Fund background check application and fingerprint processing fees for child care workers. This will reduce how long it takes someone to complete a background check by about 3-5 days. The child care industry is struggling with workforce recruitment and retention in a challenging economy. A federal rule prohibits newly hired staff from working until their background check is complete. This one-time funding will help speed up processing time and offer child care providers some relief. OFM will wrap up a background check feasibility study and implementation plan by June 2023 with 2022 funding.

(\$897,000 GF-S)

Expand Dolly Parton's Imagination Library

Provide a state match for local contributions to the Imagination Library, a book reading program for early learners. This program distributes books each month to the homes of early learners and develops engagement and skills that form the basis of literacy and educational success. The national program is

sponsored by the internationally acclaimed country singer, Dolly Parton, who has commended Washington for its early adoption of this program. A state match will expand the program to regions of the state where private funding is not readily available.

(§5.2 million GF-S)

Sustain and expand ‘home visiting’

Increase funding for home visiting programs. Home visiting is a voluntary, proven program where trained home visitors and parents work together to strengthen and support families in the child’s first years of life. This will help sustain the home visiting workforce. Funding will also help the state expand home visiting to an additional 167 families.

(§10.8 million GF-S)

Better fund equity grants

Increase funding for equity grants. This will expand students’ access to early learning statewide and will support inclusive, culturally-specific, and linguistically-specific education for early learners. The Fair Start for Kids Act established an equity grant fund. However, due to high interest from providers, funding requests far exceed the amount of money that is available. This one-time funding will help meet the demands put on the equity fund and provide equity supports to more early learning providers.

(§18.7 million GF-S)

Provide early learning grants for tribal children

Provide tribal early learning grants. These one-time grants provide culturally-appropriate

early learning opportunities for tribal children and facilitate tribal cultural connection and reclamation in the classrooms. The early learning needs of tribal children are unique from nontribal children. This is primarily due to the anti-American Indian and cultural assimilation policies of boarding schools that inflicted historical trauma and destroyed tribal culture. Most tribal learners (75%) are taught by nontribal providers, which presents a barrier to connecting tribal children with their culture and unique education needs.

(§10.3 million GF-S)

Department of Children, Youth, and Families: Juvenile Rehabilitation

Improve educational outcomes for students in institutions

Strengthen support for students in institutional education programs. State law recently directed the Office of the Superintendent of Public Instruction and the Department of Children, Youth, and Families to develop recommendations for institutional education system reform. The draft recommendations include statewide collaboration between the two agencies as well as hands-on support for students accessing education in residential facilities and transitioning out to the community. Agency level staff will increase oversight and provide a more consistent educational experience for these students. Staff at the facility level will also support individual students to achieve educational success.

(§7.4 million GF-S total at DCYF and OSPI)

Department of Veterans Affairs

Address Comprehensive Toxics Act (PACT) implementation

Provides resources to help veterans complete the new veteran benefit claims related to the federal PACT act. This federal law expanded the number of conditions that a veteran or family member can apply for compensation from the federal Department of Veterans Affairs. Through this effort, veteran benefit specialists will connect veterans and families to these federal benefits. This will help veterans who are experiencing health effects from their service.

(§1.3 million GF-S)

Department of Health

Invest in foundational public health and COVID-19 partnerships

Continue investments in foundational public health services. As COVID-19 ramps down and becomes part of regular operations, local health jurisdictions, tribes and the Department of Health (DOH) will need shared investments and services to make sure Washingtonians have the tools and information to make informed health choices. This budget continues public health system investments with \$100 million GF-S. Another \$20 million in fiscal year 2024 will help wind down COVID-19 services and make sure partnerships among local health jurisdictions, the tribes and DOH meet these needs.

(§120 million GF-S)

Secure reproductive rights

Provide funding to reimburse health clinics for the cost of providing patients with abortion and support services. This includes the cost of helping patients travel to Washington clinics and secure child care. Funding will also help the department conduct a public awareness campaign to educate people about non-health care facilities that do not provide full and complete information to pregnant people about their reproductive rights.

(§16 million GF-S)

Department of Labor and Industries

Enhance the Prevailing Wage program

Continue to fund enhancements to the Prevailing Wage program through IT system changes. These changes will be more efficient for external and internal users and increase the number of investigators. This means the state can better address the growing number of prevailing wage complaints. The prevailing wage law is designed to protect workers' wages and benefits. The Department of Labor and Industries establishes and enforces wage requirements for a wide range of occupational activities involved in government construction projects.

(§2.9 million Public Works Administration Account-State)

Strengthen apprenticeships

Washington is recognized as a leader in developing and maintaining a quality registered

apprenticeship system that establishes many high-skill, high-wage careers. This budget proposes a two-year continuation of the apprenticeship support service grant (E2SSB 5600). The grant provides support services to those in apprenticeship programs, including those in the clean energy sector. Services can include child care, health care, transportation to job sites and other supports that apprentices need to complete their program.

(\$2.5 million Climate Commitment Account-State; \$2.0 million Workforce Education Investment Account-State)

Create equity research center

Fund the creation of the Center for Work Equity Research to study and systematically address employer and employment factors that place historically marginalized workers at increased risk for work-related injuries and illnesses as well as social and economic hardship. The center plans to focus on a small number of occupations at a time, starting with agricultural, food service and janitorial workers. Creating the center aligns with the department's Pro-Equity Anti-Racism (PEAR) plan.

(\$857,000 Accident Account-State; \$855,000 Medical Aid Account-State)

Enhance provider support and outreach

Fund the department's capacity to improve medical and vocational providers' access to the Workers' Compensation program. The department will do this by expanding the number of navigators that help providers in

underserved communities and make sure they can access high quality and reliable interpreter services. Direct real-time navigator support makes it easier for providers to do business with the department and promotes improved access to care for injured workers.

(\$1.3 million Medical Aid Account-State)

Equity for underserved workers

Improve access to information and services for workers with limited English proficiency (LEP) by expanding outreach and translated safety-related information, training and other materials. To accomplish this, this budget proposes to add LEP outreach staff to the department. They will provide direct services to workers in King and Yakima counties. They will also staff and contract services necessary to translate safety and health materials, and distribute funds to community-based organizations to help with outreach efforts.

(\$1.9 million Accident Account-State; \$797,000 Medical Aid Account-State)

Employment Security Department

Hire more business navigators

Increase the number of business navigators (by 10) across the state in workforce development areas. This will help the state support industry recovery and growth. Funds will increase local talent acquisition, strengthen 'upskill' and retention services, and build employment pathways for job seekers.

(\$2.9 million GF-S)

Expand poverty prevention program

Fund a two-year expansion of the Economic Security for All program so that it can include individuals over 200% of the federal poverty level. The current program provides local communities with resources to create customized services to help individuals below 200% of the federal poverty level access services that lead to self-sufficiency. This expansion will serve an additional 500 individuals per year with support services and training or education costs they may need to maintain or secure employment. The goal is to prevent these individuals from falling below the federal poverty threshold.

(\$5.3 million GF-S)

Increase Washington Service Corps stipend

Increase the Washington Service Corps stipends for members who are under 200% of the federal poverty level. This will better align their payment with Washington's minimum wage. Washington Service Corps is an AmeriCorps program that connects service members to local organizations that help community members in need. Members serve in a variety of fields including environmental stewardship, education, health, disaster preparedness and financial literacy. The stipend increase reduces the likelihood that members earn poverty wages for their service.

(\$7.9 million GF-S)

Department of Services for the Blind

Increase access to independent living services

Increase funding for the Independent Living program, which helps individuals with vision loss learn how to accomplish daily life tasks on their own so that they can continue living independently. The funding means the department can serve an additional 350 clients. It also fills a federal funding shortfall and increases the service provider rate to help address recruitment and retention challenges.

(\$551,000 GF-S)

Maintain services for youth under 14 years of age

Backfill the loss of federal funds to continue offering age-appropriate career exploration, peer interaction, self-advocacy services, workshops and other activities for youth under the age of 14 who are blind or low-visioned. The program serves roughly 125 youth each year. Funds cover the time that staff needs to provide these services, administrative support and workshop costs.

(\$402,000 GF-S)

Human Services/Capital

Behavioral Health

Department of Social and Health Services

Western State Hospital: new forensic hospital

Construct a 350-bed forensic hospital on the site of South Hall on the Western State Hospital campus. Includes funding to complete design work and construction. 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 help Western State Hospital focus on providing forensic services.

(\$895 million bonds)

Department of Social and Health Services

Diversion and recovery community capacity

This provides planning and construction funding to develop a behavioral health diversion and treatment facility for individuals with serious mental illnesses involved in or at risk of becoming involved in the criminal justice system. The predesign will help assess the needs and develop implementation options. Possible options include a receiving center, integrated crisis stabilization, various levels of residential treatment, transitional housing, and other supportive, health, vocational and social services. The governor is proposing a statewide voter referendum that would enable the state to raise \$4 billion over the next six years by issuing

bonds outside Washington's debt limit. \$55 million in funding for this project comes from this referendum.

(\$500,000 in bonds and \$55 million in WA Housing Crisis Response Account)

Department of Corrections and Department of Social and Health Services

Medical support

This budget invests in medical support projects in several facilities across that state, which includes constructing a mental health building, additional staffing space, nurses' station renovation, predesign for a psychiatric unit, and a unit relocation so that it's closer to medical providers. This will give the staff necessary space for medical services and provide patients access to better medical care.

(\$9.6 million bonds)

Other Human Services

Department of Health

Improvements at the public health lab in Shoreline

Funding will help construct an environmental laboratory science wing addition and a new conference room and media center at the Public Health Laboratories in Shoreline. Investments will also include LED lighting, solar panel installation and other improvements.

(\$76.4 million bonds)

**Department of Corrections and
Department of Social and Health
Services**

McNeil Island support

This budget invests in critical infrastructure and transportation to McNeil Island and the Special Commitment Center. This includes HVAC improvements, electrical upgrades, fire alarm systems, dock and dolphin replacements, transportation barge design and hybrid passenger ferry design.

(\$9.6 million bonds)

**Department of Children, Youth, and
Families**

Echo Glen minimum security transitional housing

Renovate and remodel two maximum security units to accommodate incarcerated youth and their families as they transition from institutional life back into the community. This also provides additional support and resources to help individuals up to 25 years old gain life skills as they re-enter society.

(\$9.2 million bonds)

Education/Operating

K-12 Education

Gov. Jay Inslee's proposed 2023-25 budget prioritizes student supports and invests further in the educator workforce so that they are better equipped to meet the varied needs of students. The investments total \$575 million. Specifically, the proposed budget expands special education supports, builds the capacity and cultural competency of Washington's educator workforce, and invests in educational strategies that accelerate student learning and engagement.

Educator workforce

Prioritize K-12 compensation

Teachers and school staff foster the academic growth and well-being of over 1 million students across Washington. The governor recognizes this monumental task and his budget includes \$950 million to support K-12 compensation — \$600 million to provide statutorily required inflation, plus an additional \$350 million increase. This will keep salaries at a competitive level, retain school staff, and attract a new generation of excellent educators to the profession.

Increase teacher residencies

Teacher residency programs provide teacher candidates with a paid residency consisting of a full academic year in the classroom. Student residents are supported by a knowledgeable teacher to gain experience in a real-life setting while also completing coursework as directed by the state-approved preparation

program. While these programs are known to increase teacher effectiveness and retention, Washington has few residency opportunities. The governor's budget invests over \$16 million ongoing to prioritize residencies for teachers who plan to specialize in special education, dual language, and/or those who work in high poverty districts. This is one way to increase the diversity of the teaching workforce so it better reflects the population of students served.

Expand mentoring for beginning teachers

There is a high rate of attrition among teachers early in their careers, especially teachers of color. With additional mentoring support, the Beginning Educator Support Team (BEST) program reduces attrition among this group. An increase of \$2 million will expand the BEST program.

Provide additional teacher academies

While 50% of Washington's K-12 population are comprised of students of color, only 13% of Washington teachers are teachers of color. Investing more in teacher academies within high schools is one way to close this gap. Through these academies, interested students begin learning about a career in education and can gain work experience within the school district by supporting other teachers in the classroom. The governor's budget provides nearly \$1 million to expand teacher academy programs to support a more diverse population of potential future teachers.

Student academic and social-emotional supports

Boost physical, social-emotional and learning supports

The governor's proposed budget includes an additional \$314 million to keep increasing staffing levels for school nurses, social workers, counselors and psychologists in elementary, middle and high schools. Following 2022 legislation that changed the basic education funding formula, this investment will continue to increase the 'staff to student' ratio so that staff can provide more individualized and intensive supports for an increased number of students.

Invest in peer-to-peer supports

Student leaders have asked for more training in peer-to-peer support. While the state has increased its mental and behavioral health services at schools through partnerships with health providers, this will take time to build. The most common first source of support for a student experiencing a crisis is a classmate. Accessing a trained peer may also help avert school violence. In most cases, research shows that adolescents who have carried out a school shooting have communicated their plans to others. The governor's budget includes nearly \$1 million for the Peer Support Grant program so that up to eight school districts can test what works in peer support programming. Schools will identify middle and high school youth who their peers trust and train them to increase their effectiveness as the first line of support. Programs should be designed to increase youth engagement and personal/cultural identities, and reduce risks associated with depression, school violence and bullying.

Student food security

Continue meeting student nutrition needs

The governor is committed to supporting students' continued nutrition needs. Recent legislation requires that eligible schools participate in a federal food program — the Community Eligibility Provision (CEP). This program provides free meals to all students in schools with large populations of low-income students. However, federal funds do not cover the full cost of these meals. To further support students, the governor proposes an additional \$60 million in the 2023-25 budget to fully fund the expansion of CEP and ensure that students' nutrition needs are met.

Equity in education

Improve special education services

The governor will provide more than \$120 million for special education services and supports. Of this, \$31 million will help fund the special education safety net, a program that reimburses school districts for extraordinary expenditures on services to students who have the highest-cost special education needs. The governor's proposed budget provides \$74 million to increase the special education funding cap from 13.5% to 15%. This will help address costs for an increased number of school districts.

Inslee also proposes to add to the special education funding multiplier for our youngest students, ages 3 to 5 years old. This will ensure they start school with the appropriate supports. The budget also expands professional development funding for inclusive classroom practices to ensure that students who have individualized education plans can access high quality instruction.

Expand mastery-based learning

The proposed budget includes \$10 million for the State Board of Education to expand the mastery-based learning initiative. This initiative provides grants to school districts and helps them exchange best practices in mastery-based learning. This is an accelerated learning pedagogy that focuses on meeting students at their current educational level and individualizes the program to ensure students advance. Several schools in Washington – and across the nation – have adopted mastery-based learning, with the potential for much wider adoption.

Climate science and outdoor education

Expand climate science professional development and field experiences

The governor's 2023-25 budget includes \$2 million to increase the current investment in climate science education in our schools. This will increase professional development opportunities in science education. It will also bolster support for community-based organizations to enable stronger partnerships with schools, tribes, and educational service districts.

Advance outdoor education

The governor proposes to further expand outdoor education programs with the goal that every student in 5th or 6th grade has access to a residential- or multiple-day outdoor learning experience that is connected to their formal learning program. In outdoor learning, students can engage in enjoyable activities while immersed in nature. Students can learn leadership skills, explore earth science, better understand climate change impacts and strategies, and high school students may

have the opportunity to receive internships as part of the experience. To ensure all students can access these opportunities, the governor proposes \$32 million to continue and expand outdoor education, including for students with disabilities.

To help with this work, Western Washington University will receive \$208,000 to conduct a study that inventories available facilities that outdoor education programs can use.

Higher education

The governor's proposed higher education investments prioritize students and the state's workforce needs. The proposed budget, totaling over \$336 million in higher education investments, strengthens Washington's colleges and universities, enhances the state's capacity to combat climate change and increases enrollment rates for public higher education institutions.

Support Washington's colleges and universities

As Washington rebounds from pandemic impacts, the governor recognizes the importance of investing in the faculty and staff who serve as essential members of our campus communities. To help offset rising costs and inflation, as well as increase compensation to keep campuses competitive, the governor proposes an increase in the state's share of higher education funding splits. This increase will bring the state's share of institutions' operating expenditures to at least 66% for four-year institutions and 83% for community and technical colleges.

(\$47.2 million, Workforce Education Investment Account)

Expand Career and College Pathways

The governor recognizes the importance of local communities and community-informed strategies to improve student outcomes. The Washington Career and College Pathways Innovation Challenge program aims to leverage such community expertise and encourage cross-sector partnerships to support student success. To respond to the existing demand for program grants, the governor's budget proposes an increase in funding for the program. Funds will enable community-based partnerships to address the unique needs of students and families in their local communities

(\$8 million, Workforce Education Investment Account)

Enhance workforce development

Strengthen workforce programs across the state

Washington's workforce programs play a critical role in educating and training Washingtonians for high-demand careers, and many of these programs serve as the only pipeline into specialized fields. However, due to rising costs, maintaining these programs has become increasingly difficult. To mitigate these difficulties and ensure that Washington continues to develop a strong workforce, the governor proposes significant investments in workforce programs housed at community and technical colleges across the state.

(\$60 million, Workforce Education Investment Account)

Ensure career-connected learning opportunities

Since its inception in 2019, Career Connect Washington has helped students across the state engage in career-connected learning

opportunities and acquire the necessary skills to enter high-demand, high-wage jobs. This helps the state meet its educational attainment goals of 70% of Washingtonians having a post-secondary credential, degree or registered apprenticeship. To continue this work, the governor proposes establishing the Office of Career Connect Washington within the Washington Student Achievement Council. In addition to establishing the office as a state agency, the proposed budget also includes funding to further develop additional Career Connect-endorsed programs across the state.

(\$5.7 million, Workforce Education Investment Account)

Expand training opportunities in health care

The governor continues his commitment to address shortages in health care fields by proposing investments in training programs across Washington.

The budget proposes additional funds to the State Board for Community and Technical Colleges to increase the current nursing student capacity by 400 students over the next four years. This will help us return to pre-pandemic levels and address health care challenges across the state.

(\$3.6 million, Workforce Education Investment Account)

The governor also proposes that Eastern Washington University receive funds to expand its newly established bachelor's degree of nursing. Funds will add an additional 40 students to incoming cohorts, bringing the total number to 80 each year.

(\$4.6 million, Workforce Education Investment Account)

The proposed budget also includes funds to establish a public health degree program at Washington State University's Pullman, Spokane and Vancouver campuses. Funding would create opportunities for up to 200 new students each year across the three campuses.

In addition to the 2023-25 biennial appropriations that make progress toward solving the health care workforce crises, the governor's 2023 supplemental budget adds \$100 million to alleviate significant labor costs, sustain operations, and maintain the safety net at the University of Washington's Medical Center and Harborview Medical Center.

(\$2.9 million Workforce Education Investment Account)

Strategic climate investments

Establish the Institute for Northwest Energy Futures

In line with the governor's commitment to combat climate change, the proposed budget includes funding for Washington State University to establish the Institute for Northwest Energy Futures at the Tri-Cities campus. These funds will enable the institute to conduct research that informs how to best integrate new and emerging energy sources into a modern energy system. In addition to acquiring new scientists, the institute would draw upon and integrate existing WSU expertise in engineering, the environment, economics, business and society.

(\$7.7 million, Climate Commitment Account)

Clean energy strategy

Funds will support the University of Washington as it develops an innovative energy transformation strategy for transitioning the Seattle campus energy infrastructure to 100% clean energy. The university will use these funds to collaborate with an energy services partner and conduct a detailed engineering analysis.

(\$3 million, Workforce Education Investment Account)

Continuing climate solutions work

The proposed budget includes funds to enable the State Board for Community and Technical Colleges to continue integrating climate solutions education in curricula, aligning green workforce development programs with climate solutions, and developing a systemwide climate action plan that will lead to economic vitality in Washington's green workforce.

(\$4 million, Climate Commitment Account)

New graduate degree in Clean Energy and Climate Solutions

The governor proposes investments to create a new graduate degree in clean energy and climate solutions at Western Washington University. This investment would increase graduate education opportunities in the region and help develop local expertise to address regional challenges.

(\$1.9 million, Climate Commitment Account)

Education/Capital

Higher education four-year institutions

University of Washington

Magnuson Health Sciences Phase II: renovation/replacement

Support students in the schools of dentistry, medicine, nursing, pharmacy, public health, and social work by renovating approximately 400,000 square feet of the health sciences complex. Upgrade technology and allow classrooms and labs to keep up with current pedagogies. Help meet student and workforce demands in fields related to health care and behavioral health.

(\$58 million state bonds)

Washington State University

Engineering Student Success Building

Construct a new facility to house the Voiland College of Engineering and Architecture. This will better meet student and workforce demands for engineering and computer science. It will also replace current engineering facilities that do not meet ADA requirements, making engineering and architecture more accessible for all students.

(\$40 million state bonds, \$38 million donor funds)

Eastern Washington University

Science Building renovation

Complete the second phase of the Science Building renovation, which will provide modernized classroom infrastructure and new opportunities for advanced STEM education and distance learning. The new EWU

Science Center will be comprised of the new Interdisciplinary Science Center (completed fall 2020) and this newly renovated Science Building. This brings the science schools together and creates stronger collaboration among scientific disciplines.

(\$58 million state bonds)

Central Washington University

Humanities and Social Science Complex

Construct a new Humanities and Social Science Complex and drill for a new geothermal open-loop ground source heat pump system, which will be used to heat and cool this new building and at least two additional buildings in the future. Geothermal systems eliminate the combustion of fossil fuels on-site and dramatically lower the need to generate power by using the ground as a heat source and sink, reducing greenhouse gas emissions and the environmental damage associated with nonrenewable resource extraction. The new facility will serve as a hub for disciplines such as philosophy, political science, criminal justice, and sociology, bringing together theory and practice in government, policy, ethics, and civic engagement.

(\$103.8 million state bonds)

The Evergreen State College

Seminar I renovation

Renovate and modernize the 1974-built Seminar I facility. The new design will support: 1) students who are connected to and involved within Native American or Indigenous communities and cultures, 2) a series of highly

flexible instructional spaces that can serve academic programs across the curriculum, and 3) counseling offices and support spaces for students with disabilities on campus.

(\$25.2 million state bonds)

Western Washington University

Student Development and Success Center
Construct a Student Development and Success Center that will hold offices for enrollment management, counseling, and student success initiatives; collaboration areas that students can use for shared support, community amenities, and a welcome center; and open and inviting circulation areas for students to gather.

(\$53.8 million bonds, \$10 million from WWU)

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.

(\$169.9 million bonds; \$46.7 million other)

Lake Washington: Center for Design

Construct a new facility dedicated to design and technology. This facility will serve LWTech students in the art, design, science, technology, and engineering fields and will function with creative and collaborative learning in mind.

(\$38.9 million bonds, \$500,000 other)

Bates: Fire Service Training Center

Construct a new facility for the Fire Services program. Existing facilities are too small or inadequate for the program's current training requirements. The new center will match current equipment and training requirements and will make room for enrollment growth so that more students can become firefighters, EMTs, and other fire- and emergency-adjacent workers.

(\$38.1 million bonds)

Olympic: Innovation and Technology Learning Center

Construct an Innovation and Technology Learning Center, which will co-locate shared-use active learning classrooms, hands-on labs, and student study space. This will provide contemporary, high-tech learning environments for a wide range of Olympic College's STEM programs, with tutoring and support services available for K-12, and veterans and military service students. It will also enable the college to improve recruitment and outcomes for underserved populations and will improve collaboration and program delivery with the college's K-12, business, and university partners.

(\$27.7 million bonds; \$800,000 other)

Everett: Baker Hall replacement

Construct a new facility that addresses shortages in 'basic skills' labs, drama space, and auditorium space. The current Baker Hall has small classrooms, no student support space, and is seismically unsound. The new facility will be flexible and adaptable to changing pedagogies, technologies, and enrollments.

(\$37.9 million bonds)

Tacoma: Center for Innovative Learning and Engagement

Construct a new center where students can apply learning across multiple fields and disciplines. This includes business, paralegal, humanities, social sciences, and communications.

(\$39.3 million bonds; \$1 million donor funds)

Wenatchee: Center for Technical Education and Innovation

Construct a modern and agile facility to fully support collaboration and career connectivity through the guided pathways methodology. This building will have space and infrastructure to effectively serve the rural district through face-to-face, hybrid, and distance learning opportunities.

(\$46.5 million)

Shoreline: STE(A)M Education Center

Construct the STE(A)M Education Center, bringing academic, professional-technical, and arts programs together to increase student success, achievement, and retention. The STE(A)M Education Center co-locates the nursing, math, and music programs to create an interdisciplinary center that fosters students' ability to think critically, collaborate, and be creative. The project will also remove ADA access barriers on the steeply sloped campus.

(\$39.7 million bonds)

Lower Columbia: Center for Vocational and Transitional Studies

Construct a new facility that lets vocational education and transitional studies better serve enrollment demands and program needs.

The Center for Vocational and Transitional Studies will provide program-specific space for machining, welding, information technology, and transitional studies, as well as general purpose classrooms that the entire campus will use.

(\$39.5 million bonds)

Four-year institutions and community and technical colleges

Maintenance and operations fund shift

Restore previous state funding in the operating budget to free up funds in each higher education institution's building account. Allow institutions to make additional investments to make campuses more sustainable, accessible, safe and technologically up to date.

(\$67.9 million across seven building accounts)

K-12 education

Office of Superintendent of Public Instruction

School Construction Assistance program
Partner with school districts to construct and modernize 38 schools throughout the state.

(\$613 million bonds, \$3 million federal)

Small District Modernization and Tribal Compact Schools program

Assist statewide tribal compact schools and school districts with less than 1,000 students through a competitive grant program. This program will help fund building system repairs and project planning.

(\$17.1 million bonds, \$48 million school funds)

School Seismic Safety Retrofit program
Improve high-risk K-12 school buildings with seismic retrofits and seismic-related safety improvements. This will reduce their risk of collapse during a major earthquake.

(\$40 million state bonds)

West Sound Technical Skills Center modernization

Construct a new career and technical education facility at the West Sound Technical Skills Center in Bremerton. This center will address health, safety, building code, and site improvements as well as programmatic changes to create instructional space for today's high-demand career and technical programs.

(\$41.4 million bonds)

Other education

Washington Center for Deaf and Hard of Hearing Youth

Academic and Physical Education Building
Complete the Academic and Physical Education Building by first finishing the demolition of Divine High School and Hunter Gym. Then, construct a physical education addition onto the new gym to house learning and support spaces. Finally, this funding will complete site improvements, which include a multipurpose playfield and city-required frontage improvements.

(\$12.5 million bonds)

Northrop Primary School Building renovation
Renovate the Northrop Primary School Building through seismic retrofits. This means full mechanical, electrical, and plumbing upgrades. Funds will also replace the building heating system. This will positively impact the health and safety of students and staff and help the pre-K program continue to grow.

(\$12.4 million bonds)

Washington State Historical Society

Major exhibit renewal

Renew the primary permanent exhibit in the Great Hall of the Washington State History Museum in Tacoma. The existing exhibit was developed in 1995 and is well worn from visitor use and requires updating. The renewed space will focus on presenting the history of Washington's tribal nations.

(\$3.9 million bonds)

Natural Resources/Operating

HEAL Act, Diversity, Equity, Inclusion

Provide additional resources to natural resource agencies to meet the requirements of the Healthy Environment for All (HEAL) Act. Work will also be completed to enhance diversity, equity and inclusion (DEI) programs and implement Executive orders 22-02 *Achieving Equity in State Government* and 22-04 *Implementing Pro-Equity, Anti-Racism (PEAR)*. Unique to the natural resource agency missions, environmental justice and tribal connections are a priority.

(\$6.7 million General Fund-State, \$800,000 other)

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

Manage recreation on state land

Develop advanced decision-making tools based on ecological health of public lands, balancing conservation and recreation. Create a data management system to analyze how outdoor recreation impacts state natural resources. Engage tribal governments to ensure cultural resources and cultural practices are considered and incorporated into recreational management planning. Provide 10 additional recreational law enforcement staff at the Department of Natural Resources (DNR) to enhance public safety and protect 5.6 million acres of DNR-managed lands.

(\$10.7 million GF-S)

State Parks and Recreation Commission

Park experience

Address impacts of increased visitation by investing in maintaining grounds and facilities, trails, restrooms and water access sites. Includes a project to collect, maintain, and make all in-park trails data publicly available. This includes terrain, surfacing, and slope information to benefit all park users, particularly those with disabilities, as they explore park trails.

(\$4.4 million GF-S; \$934,000 other)

Capital project development

Additional staff capacity will help monitor known cultural resource sites, perform needed evaluations for historic properties, manage historic preservation capital projects, and support Native American Grave Protection and Repatriation Act compliance.

(\$1.8 million GF-S; \$300,000 other)

Recreation and Conservation Office

Recreation information center

Increase the quality of outdoor recreation data sets on trails, parks, open spaces and public lands to be used in recreation and conservation grant decision-making and planning. An equity review of the agency's grant programs found that this type of data is limited or difficult for overburdened communities to access. This is addressed by making the information publicly available for all potential grant applicants.

(\$372,000 GF-S)

Department of Fish and Wildlife

Natural resource protection and public safety

Increase compliance for marine water fisheries by funding officer positions and a dedicated coastal patrol vessel. Support transparency and reduce liabilities by deploying body worn cameras for enforcement officers. Address issues resulting from human-wildlife interactions and livestock depredations.

(\$6.8 million GF-S)

Toxics and chemicals of emerging concerns

Leverage existing long-term toxics monitoring program by analyzing additional chemicals of emerging concern (CEC) — such as 6PPD-quinone and polychlorinated biphenyls (PCB) — in already collected tissue samples. This research will accelerate recovery and protection by identifying CEC exposure locations and sources.

(\$4.8 million Model Toxics Control Operating Account)

Department of Agriculture

Minimize invasive species

Eradicate invasive species to protect the state's forestry and agricultural sectors. This includes moths, Japanese beetles, northern giant hornet, spotted lanternfly and flowering rush.

(\$8.2 million GF-S; \$3.7 million GF-Federal; \$50,000 other)

Enhance emergency food and strengthen food resiliency

Direct emergency food resources to underserved communities and increase support

for hunger relief organizations through the Emergency Food Assistance program and We Feed Washington. Make supply chain investments for overall food resilience and improved local meat processing capacity.

(\$48.8 million GF-S; \$66.5 million GF-F)

Department of Natural Resources

Conservation Corps

Full-time and seasonal crews from the Washington Conservation Corps and other corps programs are funded to conduct work that benefits state-managed lands. This includes natural areas restoration and conservation, trail work, forest resiliency activities and recreation and habitat projects with agency partners.

(\$4.9 million GF-S)

Forest health and wildfire protection

Build upon investments to improve forest health and increase effectiveness in wildfire prevention and protection by providing an additional \$20 million in pass-through funding to tribes, local governments, fire and conservation districts, nonprofit organizations, forest collaboratives and small forest landowners.

(\$20.2 million Wildfire Response, Forest Restoration, and Community Resilience Account)

Scientifically based conservation

Provide active management of DNR natural areas. Create a statewide map of essential conservation areas and areas of high forest conversion risk to determine and mitigate climate change impacts and support long-term conservation goals.

(\$3.4 million Natural Climate Solutions Account)

Natural Resources/Capital

Note: Some of the items in this section also appear in the Salmon and Climate breakout sections of Budget Highlights.

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.

(\$49.8 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.

(\$42.4 million bonds; \$1.5 million other)

PFAS contaminated drinking water

Study PFAS (a group of long-lasting synthetic chemicals found in many everyday products including drinking water) contamination in the Lower Issaquah Valley and other potentially impacted areas and help develop effective treatment techniques.

(\$17.2 million bonds)

Local government infrastructure

Department of Ecology

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 will also go toward related nonpoint source pollution control activities that help meet state and federal water quality requirements.

(\$435 million Water Pollution Control Revolving Account; \$200 million federal)

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)

Landfill methane capture

In 2021, the Legislature passed new requirements on landfills to measure and reduce their emission of methane, a potent greenhouse gas. This year, the governor proposes \$15 million to assist landfills with the cost of complying with the new law, including installing methane capture and control technologies.

(\$15 million Climate Commitment Act)

Toxics cleanup

Department of Ecology

Remedial Action Grant program

Clean up contaminated sites in Washington with help from local governments. Support cleanup at contaminated industrial sites that affect the air, land, and water resources of the state, and continue cleanup of Puget Sound. Funding protects public and environmental health, creates jobs and promotes economic redevelopment by allowing contaminated properties to be redeveloped. Leverages local match funding.

(\$115.1 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.

(\$7.5 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 million Model Toxics Control Capital Account)

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.

(\$68 million Model Toxics Control Stormwater Account)

Reducing toxic wood stove emissions

Replace wood stoves with cleaner home heating options and deploy cleaner burning emission control solutions.

(\$4.1 million Model Toxics Control Capital 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.

(\$3 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 other salmon recovery programs and activities across the state. While other grant programs concentrate on a particular geographic region or focus on other nonsalmon values, this is the only grant program in Washington that focuses exclusively on protecting and restoring salmon habitat statewide. Local groups develop and evaluate the projects to assess if and how well each will implement the priorities listed in federally adopted salmon recovery plans.

(\$40 million bonds; \$75 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)

Estuary and Salmon Restoration program

Enhance protection and restoration of the Puget Sound near-shore, a uniquely critical area for salmon recovery. Local communities throughout Puget Sound and recreational and commercial fishers are impacted by these restoration efforts. Tribes who are working to maintain federally-protected tribal treaty rights benefit from the Estuary and Salmon Restoration program (ESRP) nearshore project implementation.

(\$25.5 million bonds)

Washington Coastal Restoration and Resiliency 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.

(\$17.6 million bonds)

Brian Abbott Fish Barrier Removal Board

Provides funding to design and construct solutions to fish passage barriers. Completing these projects will restore access to salmon habitat and help rebuild whole salmon populations by opening watersheds.

(\$27.3 million bonds, \$20.8 million Natural Climate Solutions Account)

Department of Fish and Wildlife

Deschutes Watershed Center

Design and permitting for construction of a new hatchery on the Deschutes River in Thurston County to increase Chinook salmon production in south Puget Sound.

(\$12 million bonds)

Spokane Hatchery renovation

Design and construction to renovate the Spokane Hatchery, which will reduce nutrient and pollutant discharges from the facility and repair hatchery infrastructure, buildings, and residences.

(\$38.4 million bonds)

Duckabush Estuary Habitat Restoration

Address habitat degradation by reconnecting historical channels and by removing estuary blockages such as highways, fill, levees, and bridges. Improving this habitat creates favorable conditions for juvenile salmon as they pass through the estuary that provides food, rest, and protection from predators — all vital to growth and increasing their chances of survival in open saltwater.

(\$41 million bonds, \$30 million federal)

Recreation

State Parks and Recreation Commission

Nisqually new full-service park

Design, permit, and construct an additional phase for a new full-service park in partnership with the Nisqually Indian Tribe. Construct a new park entrance, a campground, and support facilities including comfort stations, a welcome

center, RV dump station, roads, utilities, landscaping, and complete the maintenance facility.

(\$35.8 million bonds)

Palouse to Cascades trail improvements

Improve public safety by assessing, renovating, or replacing dilapidated bridges, trestles, culverts, and tunnels along the Palouse to Cascades State Park Trail. Also funds a new foundation and other improvements for the historic Kittitas railroad along the trail.

(\$3.9 million bonds)

Cape Disappointment – Welcome Center and entrance improvements

Revise previous designs and submit permits for the new welcome center, administration building, road realignment, trail and parking. The existing welcome center building is overcrowded for staff, volunteers, and visitors, and is not ADA compliant for visitors who use the building to check-in for camping, purchase Discover Passes, or request general information for day-use activities.

(\$4.8 million bonds)

Statewide ADA compliance

Design, permit, and construct a series of access improvements to achieve ADA compliance for key buildings and landscapes at multiple state parks across Washington. This helps make state parks more accessible for a wide variety of ages and abilities, thus making state park access more equitable.

(\$2 million bonds)

Recreation and Conservation Funding Board

Washington Wildlife and 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.

(\$54 million Outdoor Recreation Account, \$12 million Farm and Forest Account, \$54 million Habitat Conservation Account)

Nonhighway and off-road vehicle activities

Develop and manage recreation opportunities for users of nonhighway roads (roads not supported by state fuel taxes), including hikers, equestrians, off-road vehicles, bicyclists, hunters, and other users of nonhighway roads.

(\$11.2 million NOVA Program Account)

Youth athletics facilities

Provide grants for projects that improve or renovate community athletic facilities and encourage people to participate in outdoor athletics. Outdoor recreation participation surveys show increasing demand for these facilities, and they tie directly to other public policy efforts to reduce childhood obesity and increase fitness.

(\$10.8 million bonds)

Salmon

In Washington and across the Pacific Northwest, salmon populations are struggling against climate change, habitat loss, pollution and other factors. We are losing riparian, or streamside, habitat to increased human population and development, as well as pollution and degradation. Climate change contributes to this decline by increasing the number and magnitude of droughts and floods, worsening ocean conditions, warming streams, shifting food webs, intensifying pollutants and shifting the balance of predator populations.

Saving Washington's iconic salmon

Gov. Jay Inslee proposes new investments to protect and restore salmon populations and habitat across the state

Across the region, people have worked tirelessly to bring salmon back from the brink, and those efforts have restored thousands of acres of fish habitat. Still, salmon and other species are losing more habitat than they are gaining. Over 70% of our 14 populations of endangered or threatened salmon and steelhead are not keeping pace with recovery goals, are still in crisis, or require immediate action.

In 2021, Gov. Jay Inslee — drawing from decades of work by numerous experts, state agencies, salmon recovery partners, tribes and stakeholders — put forward an update to the state's salmon recovery strategy. To implement the strategy, Inslee proposed new and urgent investments to protect and restore salmon, steelhead and trout populations across the state. In addition, the Governor's Salmon Recovery Office convened the Natural Resources Subcabinet to develop a work plan around the new strategy priorities. That work plan was finalized in Nov. 2022.

The governor now proposes the strongest suite of budget and policy initiatives in Washington's history to help protect and restore vital salmon



Sockeye salmon spawn in the Little Wenatchee River near Leavenworth, Washington. (U.S. Fish and Wildlife Service photo)

habitat and restore salmon populations across the state. These initiatives address the highest priority actions in the governor’s Salmon Strategy, while aligning with known tribal priorities and regional salmon recovery plans. They include the following:

- Protect and restore riparian habitat.
- Invest in clean water for salmon and people.
- Correct fish passage barriers and restore salmon access to historical habitat.
- Protect and manage our state’s waters.
- Align harvest, hatcheries and hydropower with salmon recovery.
- Address predation and food web issues for salmon.

Protect and restore riparian habitat

With this budget, the governor commits to historic investments that can restore and protect healthy functioning riparian ecosystems critical to salmon survival. The green corridors along rivers and streams are important during critical periods of a salmon’s lifecycle, providing shade and stream temperature moderation, water filtration, habitat for insects and other wildlife, and cover for spawning and foraging. In 2022, Inslee contracted a study and evaluation of all state voluntary and regulatory riparian programs. As part of this process, the governor convened roundtable discussions with tribes, farmers, cities, counties and state agencies. [Two final reports were issued in Dec. 2022](#) with recommendations for how to move forward on riparian protection.

It is in our best interest to maintain, preserve, conserve and rehabilitate riparian lands. Doing so will help us reduce water temperature, improve climate resiliency, maintain carbon sequestration and better protect the health of fish, wildlife and ecosystems for the economic and social well-being of this state and its people. To implement new

The Climate Commitment Act (CCA), a new climate law, is generating significant revenue and is supercharging our investment in natural climate solutions that support salmon protection and restoration. In 2021, the Legislature passed the governor-requested bill to cap and reduce greenhouse gas emissions, invest proceeds in projects to reduce carbon emissions, expand clean transportation, and build healthier, more resilient communities. A portion of CCA funds is specifically dedicated to projects that make the state’s waters and forests more resilient to climate change impacts, conserve working forestlands, and increase their carbon pollution reduction capacity through sequestration and storage. This biennium, the governor will invest \$154 million in [CCA revenues](#) toward projects that support salmon protection and recovery.

protections for salmon riparian habitat, the governor proposes the following steps:

- **Riparian program evaluation:** Continue the work of the Riparian Taskforce to engage stakeholders, tribes, and state agencies as they develop measures to improve and protect riparian areas across the state.
(\$489,000 GF-S)
- **Riparian habitat assessments and mapping:** Continue work begun in the current biennium to assess and map the state’s riparian habitat. The Department of Fish and Wildlife (WDFW) will identify streams that — if conserved or restored — will provide the greatest habitat value and will demonstrate the extent of cumulative improvements to statewide riparian conditions over time. Ecology will also improve the state’s understanding and mapping of channel migration zones. To identify and monitor riparian areas, unstable slopes and fish habitat, the Department

of Natural Resources (DNR) will continue to collect statewide lidar data. This provides better data to protect and understand salmon habitat and stressors. In addition, the State Conservation Commission will enhance its efforts to monitor the effectiveness of the Voluntary Stewardship program.

(\$10.1 million GF-S, \$1.4 Million Public Works Assistance Account)

- **Integrated science hub for agriculture:** The State Conservation Commission will establish a program to connect scientists and practitioners to monitor and better quantify the benefits of agricultural Best Management Plans (BMPs). The commission will conduct additional social science research to understand how to best engage with landowners in implementing BMPs.

(\$1.25 Million GF-S)

- **Riparian public education:** Many landowners do not understand the importance of maintaining riparian areas whether they live in urban, suburban, rural, agricultural or forested areas. The State

Conservation Commission will develop and implement a program to educate landowners on how they can best manage and restore their lands to improve riparian habitat.

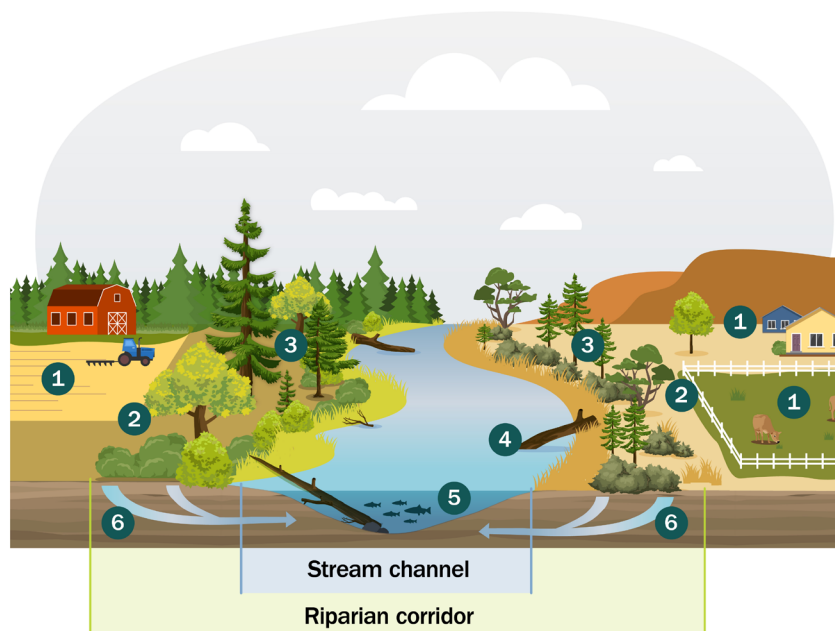
(\$2.0 million GF-S)

- **Riparian coordinator:** State riparian protection and restoration programs are not always coordinated, and do not share common metrics nor a consolidated data platform. The Recreation and Conservation Office will establish a position to coordinate projects between state agencies, develop common metrics across programs and consolidate data platforms.

(\$398,000 Natural Climate Solutions Account)

- **Riparian restoration on working lands:** To accelerate improvements to state riparian areas on agricultural and forest lands, the governor proposes significant new investments. This includes \$100 million for a new Riparian Conservation Grant program with the State Conservation Commission that provides financial assistance to landowners implementing riparian protection and

Healthy riparian corridor



- 1 Using best management practices upland minimizes pollution
- 2 Healthy corridor filters pollutants before getting into the stream
- 3 Large trees help keep the stream cool and provide habitat
- 4 Fallen trees in the stream provide habitat
- 5 Fish thrive in cool and clean water
- 6 Groundwater inputs help support streamflows and keep water cool

Department of Ecology

restoration measures. Funds will also be available to conversation districts so that they can use technical assistance to help landowners develop farm plans and conservation projects. The state will match the funding for the existing federal Conservation Reserve Enhancement program, which works with willing farmers to plant native trees and shrubs and remove livestock and agricultural activities from riparian areas.

(\$13 million GF-S, \$100 million Natural Climate Solutions Account)

- **Protect forested riparian habitats:** The governor proposes to fund two major programs that protect forested riparian areas. DNR’s Forest Riparian Easement program reimburses landowners for the value of the trees they leave to protect fish habitat. And, the Rivers and Habitat Open Space program funds conservation easement purchases from willing private forest landowners to protect riparian open space, especially channel migration zones for Endangered Species Act-listed species.

(\$11.6 Natural Climate Solutions Account, \$3.4 million bonds)

- **Reforestation Strategy:** Restoring riparian habitats and areas impacted by wildfires requires tree seedlings. DNR will develop a comprehensive strategy to tackle barriers to reforestation, including through expanding seed collection, increasing the capacity of the state’s public nursery, and addressing workforce needs.

(\$2 million Natural Climate Solutions Account)

Land use planning

Salmon need cool, clean water and a variety of habitats that allow them to feed, travel, rest, hide from predators, and spawn. Protecting and restoring these habitats requires a combination of voluntary programs and regulatory tools.

- **Incorporate salmon into land use planning:** Regulatory protection is necessary as Washington continues to grow, develop, and use more land and water. Regulations can prevent degradation and restore unavoidable impacts of permitted development. The Department of Commerce will provide local governments with technical assistance and grants to integrate salmon recovery plans and watershed characterization work into their land-use planning and regulation.

(\$5.5 million Natural Climate Solutions Account)

Capital investments to protect and restore habitat

It is critically important to continue capital investments in habitat protection and restoration. These grant programs fund the highest priority projects in watersheds throughout the state — projects that have been scientifically and publicly vetted. This includes grant programs that implement the process established by the Salmon Recovery Act, where watershed-based groups act as lead entities to coordinate regional and local recovery plan priorities. It also includes state grant programs with a specific benefit to salmon recovery such as floodplain management, near-shore restoration or region-specific programs for Puget Sound or the coast. These programs have kept extinction at bay. The governor recommends the following investments to restore salmon habitat:

- **Estuary and Salmon Restoration program** (Recreation and Conservation Office) – Fund projects to advance Puget Sound near-shore recovery.

(\$25.5 million bonds)

- **Floodplains by Design** (Department of Ecology) – Re-establish floodplain functions to improve salmon habitat and reduce flood risk in Washington’s major river corridors.

(\$49.8 million bonds)

- **Puget Sound Acquisition and Restoration program** (Recreation and Conservation Office) – Fund habitat restoration and protection to restore Puget Sound’s natural systems.
(\$50 million bonds)
- **Salmon Recovery Funding Board** (Recreation and Conservation Office) – Fund habitat projects and other necessary activities to achieve overall salmon recovery.
(\$40 million bonds, \$75 million federal)
- **Salmon recovery region and lead entity capacity** (Recreation and Conservation Office) – Enhance local capacity to fully develop, implement and integrate recovery plans with state agency habitat recovery programs.
(\$4.5 million GF-S)
- **Washington Coast Restoration and Resiliency Initiative** (Recreation and Conservation Office) – Fund grants to proactively address the region’s

highest priority ecological protection and restoration needs. This will ensure resilient coastal lands and waters.

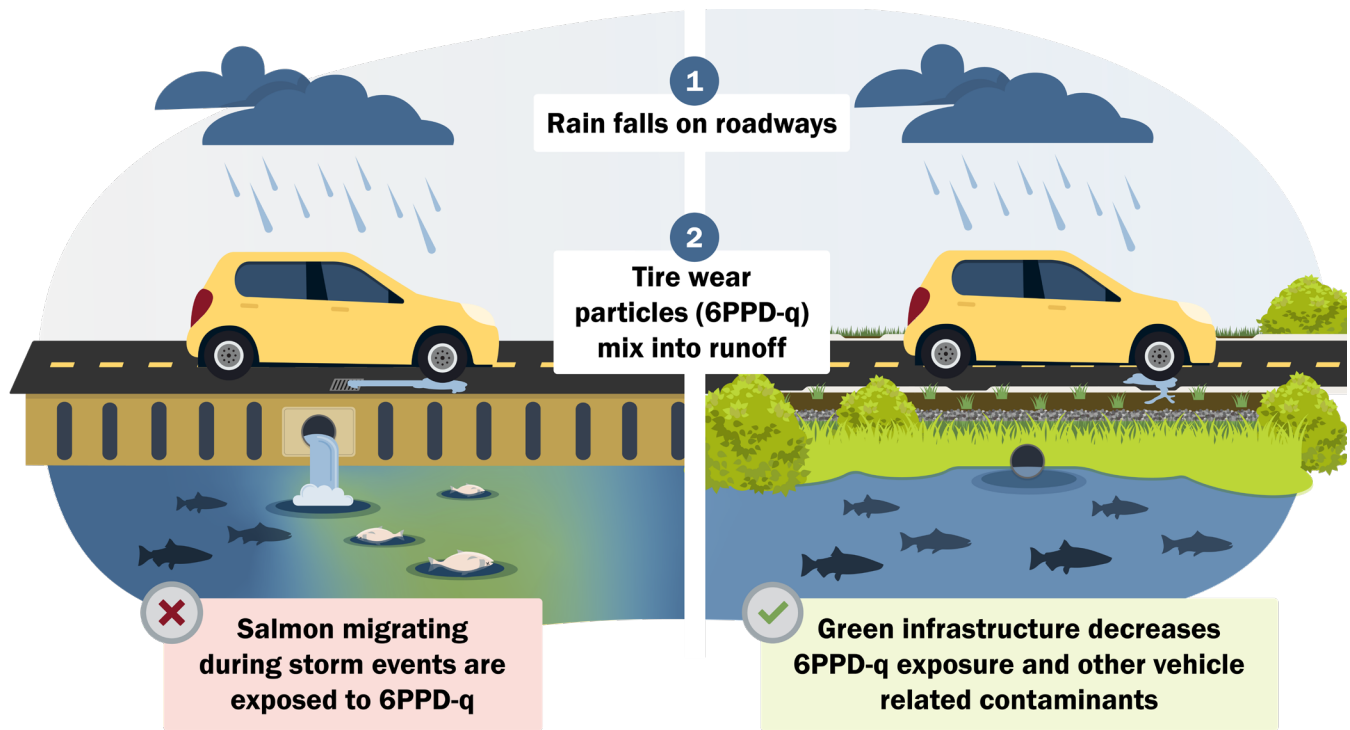
(\$17.6 million bonds)

- **Duckabush–Puget Sound Nearshore Ecosystem Restoration project** (Department of Fish and Wildlife) – Continue the next phase of the Duckabush estuary restoration project, reconnecting historical channels and removing estuary blockages such as highways, fill, levees and bridges.
(\$41 million bonds, \$30 million federal)
- **Watershed Resilience Action Plan for Snohomish** (Department of Natural Resources) – Fund the Snohomish watershed-scale salmon recovery plan. This includes kelp and eelgrass monitoring, large woody material installations, and fish passage barrier surveys and outreach.
(\$2.8 million Natural Climate Solutions Account)



Volunteers plant trees alongside streams in the Skagit River watershed. Trees are a critical part of the ecosystem, shading the river and keeping it cool for fish. Photo courtesy of Michelle Quast, Department of Ecology

How toxic tire wear chemical 6PPD-q enters salmon habitat



Department of Ecology

Invest in clean water for salmon and people

Salmon and people need clean water to survive. That's why the governor is prioritizing funding to reduce toxins in stormwater, improve stormwater infrastructure and support wastewater investments.

One of Inslee's highest-priority proposals this biennium will address the toxic chemical 6PPD-quinone, created when a commonly used chemical in tires interacts with ozone. This chemical runs into streams when it rains, entering the bloodstream of coho salmon and killing them. Scientists only recently identified this specific chemical, found in almost every automobile tire.

- **Tire dust in stormwater** (Department of Ecology)
 - Continue research to better monitor and understand 6PPD's persistence in the environment, and identify effective best management practices

to treat 6PPD and other tire wear chemicals in stormwater runoff.

(\$5.2 million MTCA Operating Account)

- **Toxic tire wear chemical** (Department of Ecology)
 - Develop a strategy and recommendations to eliminate 6PPD in tires. Funding also continues work from the previous biennium to expand research into safer alternatives to 6PPD and conduct alternative assessments for possible replacement chemicals.

(\$2.7 million MTCA Operating Account)

- **Emerging toxics in Chinook salmon and Southern Resident killer whale** (Department of Fish and Wildlife)
 - Track contaminants of emerging concern, including 6PPD-quinone, in the orca-salmon food web.

(\$4.8 million MTCA Operating Account)

The governor also proposes investments to accelerate improvements to water quality by addressing stormwater runoff and promoting good wastewater management.

- **Address nonpoint pollution** (Department of Ecology) – Enhance technical assistance to landowners, help promote best management practices and increase the timeliness of the state’s water quality assessment to improve nonpoint pollution control.
(\$2.3 million MTCA Operating Account)
- **Municipal wastewater permitting** (Department of Ecology) – Increase administrative capacity to reduce the backlog of expired municipal wastewater permits.
(\$5 million MTCA Operating Account)
- **Stormwater Financial Assistance program** (Department of Ecology) – Fund grants to local governments to finance stormwater retrofit projects that treat polluted stormwater. This reduces toxics and other pollution entering marine waters, estuaries, lakes, rivers and groundwater.
(\$68 million MTCA Stormwater Account)
- **Stormwater public-private partnerships** (Department of Ecology) – Support technical assistance and competitive grants to help communities assess and develop stormwater projects.
(\$3 million MTCA Stormwater Account)
- **Stormwater retrofits** (Dept. of Transportation) – Funds best management practices to improve the collection and treatment of stormwater runoff on the state’s highways.
(\$20 million Move Ahead Washington Account)

Correct fish passage barriers and restore salmon access to historical habitat

Various human-made constructs block salmon from accessing large amounts of historic fish habitat. These include inaccessible culverts on roads and highways, and dams that limit important areas for rearing and spawning. The governor’s proposal expands state efforts to coordinate the correction of fish passage barriers, mitigate impacts of existing barriers, and prevent new barriers from occurring.

Remove fish passage barriers

The state already uses established capital grant programs to identify and remove impediments to salmon and steelhead migration. Inslee proposes to continue investing in these programs as well as reintroduction efforts in the Upper Columbia.

- **Brian Abbott Fish Barrier Removal Board** (Department of Fish and Wildlife) – Fund and implement the statewide barrier correction strategy to restore access to salmon habitat.
(\$27.3 million bonds, \$20.8 million Natural Climate Solutions Account)
- **Family Forest Fish Passage program** (Recreation and Conservation Office) – Fund the ongoing grant program that provides financial assistance to family forest landowners to correct fish passage barriers.
(\$10.9 million Natural Climate Solutions Account)
- **Toutle River fish collection facility upgrades** (Department of Fish and Wildlife) – Fund improvements to the collection and transport of Endangered Species Act-listed coho salmon and steelhead to historic spawning habitat upstream of the Toutle River sediment retention structure.
(\$17.3 million bonds)

- **Hood Canal bridge fish passage improvements:**

The design of the Hood Canal bridge results in the death of 50% of juvenile steelhead passing through it. The Recreation and Conservation Office will provide a one-time grant to install and assess a near-term solution to reduce juvenile steelhead mortality.

(\$3.6 million GF-S)

- **Analyze new electrical generation and transmission for lower Snake River dam removal**

(Department of Commerce) - Earlier this year, Inslee and Sen. Patty Murray released a study determining that the lower Snake River dams could not be removed until clean energy alternatives can be developed to replace the power these dams generate. The governor's budget provides funding to develop a detailed replacement plan. This plan would lay out how to maintain the reliability and adequacy of the existing electrical power system, will be consistent with the Clean Energy Transformation Act, and can replace fossil fuels currently used in the transportation, industry and building sectors.

(\$5 million GF-S)

- **Analyze barge transportation options for the lower Snake River dams**

(Department of Transportation) - Funds the Department of Transportation to conduct an analysis of highway, road and freight rail transportation needs and options to accommodate the movement of freight and goods that currently move by barge through the lower Snake River dams. This analysis will evaluate existing freight volumes and traffic patterns as well as infrastructure needs, including costs, if the dams were removed.

(\$5 million Motor Vehicle Account)

- **Upper Columbia River reintroduction:** A priority action in the strategy is to reintroduce salmon above dams and other human-caused barriers. This better meets native people's cultural and spiritual values, honors treaty rights, supports recovery

efforts, and increases cultural and economic benefits for all Washingtonians. The upper Columbia tribes will be able to access grants to continue salmon reintroduction efforts in the upper Columbia River.

(\$3 million GF-S)

Prevent future barriers

In addition to correcting barriers, it is important to invest in how we can plan and improve regulations to prevent future barriers. To help, the governor proposes the following:

- **Fish passage rulemaking:** WDFW will complete rulemaking for fishways, flow, and screening to protect fish passage when rivers and streams are modified for human uses.

(\$388,000 GF-S)

- **Statewide prioritization of barriers:** Continue work by the WDFW to prioritize fish passage barrier correction projects. This work will maximize salmon recovery efforts, integrate with regional organization barrier prioritization, and coordinate projects with the state's schedule for culvert corrections.

(\$584,000 GF-S)

- **Fish passage maintenance team:** Fishways and fish screens are required to provide safe passage for migrating fish. Hundreds of state, federal, and



*Riparian salmon habitat along Icicle Creek near Leavenworth.
(Photo courtesy of Mark Duboiski)*

private fishways and fish screens provide passage for millions of migratory fish. WDFW owns 100 fishways that provide access to 1,768 miles of spawning and rearing habitat, and over 100 fish screens that protect downstream migrating fish. The department will increase its capacity to operate and maintain state fish passage facilities and to provide technical assistance.

(\$3.6 million GF-S)

Protect and manage our state's waters

Climate change has, and will continue to alter where, when and how much water is available – it will increase the frequency of both drought and flooding events. Inslee proposes the following investments to help ensure we have adequate supplies to support communities, agriculture, our natural environment, ecosystem and aquatic species.

- **Drought preparedness and response** (Department of Ecology) – Through agency-request legislation, permanently fund drought planning and preparation to help communities develop resiliency to the effects of climate change, while also providing permanent and ongoing resources to support Ecology's effective emergency response to droughts when they occur.
(\$5.5 million GF-S)
- **Streamflow Restoration program** (Department of Ecology) – Continue the Streamflow Restoration program by funding projects to acquire senior water rights, promote water conservation and water reuse, monitor streams and groundwater, and develop natural and constructed infrastructure to improve in-stream flows statewide.
(\$40 million bonds)
- **Streamflow policy support** (Department of Fish and Wildlife) - The department will continue to provide policy and scientific support to the Department of Ecology regarding surface and

groundwater resource management issues with a focus on fish and wildlife needs for adequate instream flows.

(\$1.0 million GF-S)

- **Water Irrigation Efficiencies program** (Conservation Commission) – Fund projects to improve the efficiency of how water is delivered and applied on agricultural lands.
(\$6 million bonds)

Some river basins have unique challenges that require a concerted and collaborative approach to addressing water management. Inslee supports the following basin-specific efforts to develop integrated water strategies:

- **Colombia River Basin Water Supply** (Department of Ecology) – Continue implementing the Columbia River Basin Water Supply Development program to deliver additional water supplies for agricultural purposes, meet the water needs for growing communities, and improve streamflow conditions for fish and other wildlife.
(\$42.4 million bonds, \$1.5 million other)
- **Yakima Basin Integrated Plan Water Supply** (Department of Ecology) – Continue implementing the Yakima River Basin Integrated Water Resources Management Plan to provide comprehensive, long-term water resources. This includes a habitat improvement program to address the environmental and economic demands that support basin wildlife, irrigation and municipal water supplies.
(\$42 million bonds)
- **Chehalis strategy implementation** (Department of Ecology) – Support the long-term flood damage reduction and aquatic species restoration plan in the Chehalis River basin.
(\$70 million bonds)

- **Nooksack Basin flood prevention** (Department of Ecology) – Support state, provincial, tribal and local government planning to reduce flood hazards and restore ecosystem function in the Nooksack Basin and Sumas Prairie. Funding will also support project development and implementation to reduce flood risk in communities.

(\$3.9 million GF-S)

- **Upper Columbia and Nooksack adjudications** (Department of Ecology) – Prepare and file water right adjudications in the upper Columbia River (Water Resource Inventory Area 58) and Nooksack (Water Resource Inventory Area 1) watersheds. Adjudications resolve water right disputes by determining who has the legal right to use water, and the priority and quantity of each right.

(\$4.3 million GF-S)

- **Walla Walla 2050 water management plan** (Department of Ecology) – Proposed legislation would authorize projects that improve water supplies to benefit in-stream resources and out-of-stream uses. The proposal would coordinate efforts to implement the Walla Walla 2050 water management plan.

Align harvest, hatcheries and hydropower with salmon recovery

Harvest management

Preventing overharvest of commercial and recreational fisheries is key to rebuilding critically low stocks and meeting the state’s co-management responsibilities with Washington tribes. Inslee’s budget creates a robust monitoring program to ensure recreational and commercial salmon and steelhead harvests are within permit limits. This would also demonstrate accountability on the state’s share of salmon harvest and ramp up enforcement and prosecution of fisheries crimes.



Children watch salmon at Spring Creek Fish Hatchery (Photo -USFWS)

The governor proposes the following harvest management investments this biennium:

- **Fisheries enforcement compliance:** Fund additional WDFW enforcement officers to increase fishery compliance since officers are encountering more recreational harvesters than ever before and find that many take more salmon than allowed.
(\$2.7 million GF-S)
- **Salmon and steelhead monitoring:** Continue work by WDFW to improve Puget Sound steelhead spawning estimates. Funding would also help the state continue monitoring salmon migration to inform recreational fishery management decisions.
(\$1.6 million GF-S)
- **Building salmon team capacity:** Salmon harvest management requires extensive data and modeling to understand fisheries impact and maintain fishing opportunities. Ongoing funding is provided to WDFW to provide additional analysis to better inform fisheries co-management negotiations with federal and tribal partners.
(\$680,000 GF-S)

Hatcheries

State hatcheries provide fish for harvest and help meet tribal treaty obligations. Inslee's budget proposal provides additional investments in hatcheries. This includes additional ongoing hatchery maintenance funding and one-time support of fish production at the Toutle and Skamania River hatcheries resulting from a shortfall in federal Mitchell Act funding. It also includes extending a grant to the Lummi Tribe for improvements at the Skookum hatchery. (\$4.5 million GF-S)

Inslee's budget also funds the design and permitting for construction of a new hatchery on the Deschutes River in Thurston County to increase Chinook salmon production in south Puget Sound. (\$12 million bonds)

Address predation and food web issues for salmon

As people modified habitat, they upset the food webs, the interconnected food chains in an ecosystem. Food webs became more accommodating to predators

and more hostile to salmon. Managing predators is a complicated issue, confounded by scientific uncertainty and ethical issues. Consider California sea lions, which are protected under federal law, yet have greatly increased their numbers in Washington. Pinnipeds (seals and sea lions) take full advantage of dams, fishways, and other habitat modifications to eat large amounts of juvenile and adult salmon.

The following investments implement the governor's priority to reduce impacts from predators such as seals and sea lions:

- **Columbia River pinniped predation:** Fund work by the WDFW to reduce the high number of sea lions eating salmon in the Columbia River. (\$1.5 million GF-S)
- **Salish Sea marine mammal surveys:** Expand Department of Fish and Wildlife surveys of diets of seals and sea lions in the Salish Sea and identify nonlethal actions to deter them from eating salmon and steelhead. (\$940,000 GF-S)



Salmon strategic agenda

Summary of investments, 2023-2025 operating and capital budgets

Proposal	Agency	Amount
PROTECT AND RESTORE VITAL SALMON HABITAT		
Regulatory protection		
Growth Management Act update for salmon habitat	Commerce	\$5,494,000
Riparian management		
Riparian program evaluation	Office of Financial Management	\$480,000
Integrated science hub for agriculture	Conservation Commission	\$1,250,000
Riparian public education	Conservation Commission	\$2,000,000
Voluntary Stewardship Program monitoring	Conservation Commission	\$1,420,000
Riparian systems assessment	Fish and Wildlife	\$1,994,000
River migration and stream mapping for salmon	Ecology	\$354,000
Statewide lidar acquisition and refresh	Natural Resources	\$7,756,000
Riparian coordinator	Recreation and Conservation Office	\$398,000
Voluntary protection and restoration		
Estuary and Salmon Restoration Program	Recreation and Conservation Office	\$25,492,200
Floodplains by Design	Ecology	\$49,800,000
Puget Sound Acquisition and Restoration Program	Puget Sound Partnership	\$50,000,000
Salmon Recovery Funding Board	Recreation and Conservation Office	\$115,000,000
Salmon recovery region and lead entity capacity	Recreation and Conservation Office	\$4,472,000
Washington Coast Restoration and Resiliency Initiative	Recreation and Conservation Office	\$17,563,000
Duckabush-Puget Sound Nearshore Ecosystem Restoration Project	Fish and Wildlife	\$71,000,000
Watershed Resilience Action Plan for Snohomish	Natural Resources	\$2,864,000

Restoration of habitat on working lands		
Riparian Conservation Grant Program	Conservation Commission	\$100,000,000
Conservation technical assistance	Conservation Commission	\$10,000,000
Conservation Reserve Enhancement Program	Conservation Commission	\$15,000,000
Forest Riparian Easement Program	Natural Resources	\$10,000,000
Rivers and Habitat Open Space Program	Natural Resources	\$5,020,000
Salmon Riparian Restoration Program	Conservation Commission	\$3,000,000
Reforestation Strategy	Natural Resources	\$2,066,000
	Subtotal:	\$502,423,200

INVEST IN CLEAN WATER INFRASTRUCTURE FOR SALMON AND PEOPLE		
Toxics reduction		
Tire dust in stormwater	Ecology	\$5,195,000
Toxic tire wear chemical	Ecology	\$2,702,000
Emerging toxics in Chinook salmon and Southern Resident killer whale	Fish and Wildlife	\$4,816,000
Stormwater and wastewater infrastructure improvements		
Addressing nonpoint pollution	Ecology	\$2,256,000
Municipal wastewater permitting	Ecology	\$5,002,000
Stormwater Financial Assistance Program	Ecology	\$68,000,000
Stormwater public-private partnerships	Ecology	\$3,000,000
Stormwater retrofits	Transportation	\$20,000,000
	Subtotal:	\$110,971,000

CORRECT FISH PASSAGE BARRIERS AND RESTORE SALMON ACCESS TO HISTORICAL HABITAT

Fish passage barrier removal		
Brian Abbott Fish Barrier Removal Board	Fish and Wildlife	\$48,146,000
Family Forest Fish Passage Program	Recreation and Conservation Office	\$10,870,000
Toutle River fish collection facility upgrades	Fish and Wildlife	\$17,321,000
Hood Canal Bridge Fish Passage	Recreation and Conservation Office	\$3,600,000
Analyze new electrical generation and transmission for Lower Snake River dam removal	Commerce	\$5,000,000
Analyze of barge transportation options for the lower Snake River dams	Transportation	\$5,000,000
Reintroduction		
Upper Columbia River reintroduction	Fish and Wildlife	\$3,000,000
Preventing future fish passage barriers		
Fish passage rulemaking	Fish and Wildlife	\$388,000
Statewide barrier prioritization	Fish and Wildlife	\$584,000
Fish Passage Maintenance Team	Fish and Wildlife	\$1,482,000
	Subtotal:	\$95,391,000

PROTECT AND MANAGE OUR STATE'S WATERS

Streamflow policy support	Fish and Wildlife	\$1,037,000
Streamflow Restoration Program	Ecology	\$40,000,000
Water Irrigation Efficiencies Program	Conservation Commission	\$3,000,000
Columbia River Water Supply Development Program	Ecology	\$43,850,000
Drought preparedness and response	Ecology	\$5,500,000
Upper Columbia and Nooksack adjudications	Ecology	\$4,274,000
Yakima Basin Integrated Plan Water Supply	Ecology	\$42,000,000
	Subtotal:	\$139,661,000

ALIGN HARVEST, HATCHERIES, AND HYDROPOWER WITH SALMON RECOVERY

Harvest management

Fisheries enforcement compliance	Fish and Wildlife	\$2,714,000
Salmon and steelhead monitoring	Fish and Wildlife	\$1,644,000
Building Salmon Team capacity	Fish and Wildlife	\$680,000

Hatchery investments

Toutle and Skamania River hatcheries	Fish and Wildlife	\$1,896,000
Support of tribal hatcheries	Fish and Wildlife	\$900,000
Critical infrastructure maintenance	Fish and Wildlife	\$1,771,000
Deschutes River Hatchery	Fish and Wildlife	\$12,000,000

Subtotal: \$21,605,000

ADDRESS PREDATION AND FOOD WEB ISSUES FOR SALMON

Pinniped management

Columbia River pinniped predation	Fish and Wildlife	\$1,506,000
Salish Sea marine mammal surveys	Fish and Wildlife	\$940,000

Subtotal: \$2,446,000

Total: \$872,497,200

Climate

Washington's strong climate and clean energy laws will clean the air, create healthier communities, attract innovative businesses and grow family-wage jobs. To meet the state's emission reduction targets and fully realize the promise of this future, the state is implementing a range of climate solutions. This includes reducing emissions from transportation and buildings — the two sectors that produce the most greenhouse gas emissions in Washington — and providing communities, workers and businesses with affordable access to clean energy solutions.

Building and delivering Washington's clean energy promises

In recent years, Washington enacted a comprehensive suite of policies to transition to clean, affordable energy and fight climate change. This includes requirements for 100% clean electricity, cleaner fuels, more efficient buildings that run on clean energy, and a cap and invest program that reduces climate pollution and generates revenue for investments in clean energy and nature-based climate solutions. The state has also made a transformative commitment to equity. This means doing more for the communities that have disproportionately borne the burden of pollution and climate change impacts and ensuring they will benefit from the clean energy future. With a focus on equity, state climate investments will reduce health disparities and benefit overburdened communities.

Now, the focus is on implementing these policies. In the 2023 legislative session, the governor will request legislation and funding for the following topics:

- Effectively siting and permitting clean energy and transmission to power our homes, vehicles and businesses.
- Planning for livable, resilient communities with clean transportation and affordable housing options.
- Mobilizing a workforce and creating a Climate Corps service program to build our clean-energy and climate-resilient future.



A view of the Pacific Northwest. (Photo courtesy of NASA)

Invest Climate Commitment Act revenues

In 2021, the Legislature passed the governor-requested Climate Commitment Act (CCA). It requires Washington to reduce air pollution in overburdened communities and to cap and continue to reduce climate pollution going forward. The law requires investing the proceeds of the price on emissions to reduce climate pollution. This builds healthier and more resilient communities. It also invests in Washington's natural and working lands to draw down atmospheric carbon and create greater resilience in the face of climate impacts.

The CCA's cap and invest program launches Jan. 1, 2023, and in February 2023 we will see the first quarterly auction where Washington emitters will purchase allowances, generating revenue for investments in clean energy and natural climate solutions. The 2023-25 biennial budget is the first budget to allocate and spend these CCA revenues outside of the transportation budget. Because this is a market-based program, the proceeds cannot be known with certainty and may be variable over the biennium. The governor's budget makes conservative assumptions and proposes [spending \\$1.7 billion in revenues from the CCA](#).

Advance environmental justice

The Legislature adopted requirements to make sure new climate investments would advance equity for overburdened communities. The state must invest at least 35% (with a goal of 40%) of auction revenues in ways that benefit vulnerable populations in overburdened communities. At least 10% of investments need to fund tribally-supported projects and programs.

Also in 2021, the Legislature passed another transformational law, the Healthy Environment for All (HEAL) Act, which directs selected state agencies to work to eliminate environmental and health disparities across Washington. One

significant component of the HEAL Act includes investing in communities that have experienced the greatest environmental and health burdens and to meaningfully involve communities in government decision-making.

Overburdened communities typically have significantly worse air quality from the transportation sector than other parts of the state. Additionally, these communities often have workers impacted by wildfire smoke, and heat. Tribal communities are also impacted by climate change, sometimes through sea level rise and flooding.

Inslee's investments toward environmental justice include:

- **Support a community participatory budgeting process and grants** through the Department of Health (DOH) that invest in projects that reduce health burdens in overburdened communities, and to support community members' participation in the process. (*\$38.6 million, Air Quality and Health Disparities Account*)
- **Improve air quality in overburdened communities** including setting stricter standards for air pollution from stationary sources (*\$11.4 million Air Quality and Health Disparities Account, \$2.5 million Climate Investment Account*)
- **Support workplace health and safety for workers who are affected by the climate crisis**, including extreme heat and cold, wildfire smoke, drought, and flooding. This support will be in the form of grants to community-based organizations through DOH. (*\$10 million, Climate Commitment Account*)
- **Help tribes mitigate and adapt to the effects of climate change**. This includes supporting relocating tribes that live in areas of heightened risk. (*\$50 million, Climate Commitment Account*)
- **Reduce emissions in hard-to-decarbonize sectors** including industry, maritime, and aviation, through grants — with at least 40% of funds to benefit vulnerable populations in overburdened

communities. (\$50 million, *Climate Commitment Account*)

- **Implement the HEAL Act** and fulfill requirements to embed environmental justice into agency decision-making. Agencies will receive \$12.2 million for this work, including \$2 million to continue improving the Environmental Health Disparities map by incorporating community and tribal input, increasing functionality, and adding new data. It also includes \$840,000 to support the Environmental Justice Council in its work to inform the state’s environmental justice efforts, and \$450,000 for the Recreation and Conservation Office and the State Conservation Commission to develop community engagement plans required with spending CCA funds. (\$7.9 million *GF-S*, \$11.64 million *Climate Commitment Account*)

Improve clean energy siting and permitting

Transitioning from fossil fuels to clean energy requires new generation, storage, and manufacturing — from solar panels to advanced batteries for electric vehicles. Washington’s innovation economy, ‘quality of life’ and skilled workforce position the state to be a global leader in clean energy technologies. This combination will benefit residents across the state as our clean economy grows.

In 2021, the Legislature directed the departments of Ecology and Commerce to study how to improve low-carbon energy facilities siting, while protecting the environment, communities, and tribal rights and resources. Over the last year and half, an advisory board that includes stakeholders, tribes and state agencies met to discuss siting challenges and ways to improve them.

Clean energy siting presents a diverse set of challenges with a diverse set of solutions, but several key themes emerged. They include:

- Government must be focused, resourced and

efficient in environmental review and permitting.

- Upfront planning, analysis and communication with interested parties who have the resources to participate in dialogue will increase success.

Inslee’s proposal will facilitate efficient, responsible siting and permit clean energy by:

- **Creating a Clean Energy Siting Council** made up of state agencies that will pursue improvements and efficiencies for siting and permitting clean energy projects, including an external analysis of the state’s current processes and how they can be improved.
- **Improving environmental review processes and deadlines** that result in timelier permitting decisions with better prospects for success.
- **Helping communities, tribes, developers and government align on appropriate siting** and needed mitigation, making it more likely projects will be successfully sited, permitted, and not delayed or prevented by litigation.
- **Requiring a programmatic environmental review of green hydrogen projects statewide and solar energy projects in the Columbia Basin**, and a ‘least-conflict’ siting process for pumped storage projects statewide.
- Providing resources that enable tribes, local governments, ports, and community-based organizations — including those in overburdened communities — to **be part of clean energy siting processes and solutions**.
- Creating a designation for Clean Energy Projects of Statewide Significance so that **projects can benefit from additional state and local government coordination**.

A significant part of Inslee’s strategy to improve clean energy siting and permitting is to provide agencies with the resources to do the work efficiently and inclusively. This includes pre-planning investments, engaging tribes and communities, and helping developers navigate state processes. These

investments can smooth the path for these critical projects to be sited responsibly with community support.

Efficient, effective siting and permitting of clean energy

To advance the efficient, effective siting and permitting of clean energy, Inslee's budget proposes the following investments:

- Conduct least-conflict planning and programmatic environmental reviews to **inform the siting and development of important clean energy technologies** for Washington. Funding is included for programmatic environmental impact statements for green hydrogen production, storage, and transport statewide, and for solar energy generation on the Columbia Plateau where a least-conflict siting process will conclude by mid-2023. Funding is also provided for a least-conflict siting process for pumped storage projects in Washington. *(\$3.6 million, Climate Commitment Account)*
- **Help guide clean energy project developers effectively through the state's siting and permitting processes** by creating new Clean Energy Navigators at the Department of Commerce. *(\$2.1 million, Climate Commitment Account)*
- Add staff capacity at the departments of Commerce, Ecology, Fish and Wildlife (WDFW), and Archeology and Historic Preservation (DAHP) Governor's Office of Indian Affairs (GOIA), and the Energy Facility Site Evaluation Council to support **efficient siting, permitting and mitigation for clean energy projects that protect the environment and tribal rights and resources.** GOIA and DAHP will administer tribal capacity grants that support tribes' engagement with clean energy developers, provide trainings for developers about effective tribal engagement, build and update a database of how tribes prefer

to be contacted about clean energy projects, and conduct cultural resources surveys on state lands that may be leased for clean energy production. *(\$12.0 million, Climate Commitment Account)*

- **Provide tribal capacity grants** through Ecology for consulting on CCA investments and engaging with clean energy project siting reviews and processes. *(\$16 million, Climate Investment Account)*
- Provide grants through Commerce to local entities including port districts, counties and cities to **support clean energy siting and permitting.** These efforts could include pre-development work for sites intended for clean energy projects; land use studies; planning efforts such as planned actions and programmatic environmental impact statements; and additional staff to improve permit timeliness and certainty. *(\$10 million Climate Commitment Account)*
- Coordinate a new inter-agency Clean Energy Siting Council through Commerce, to **engage rural communities to understand their needs and concerns in siting clean energy projects** and inform policy recommendations for improved local benefits and outcomes. *(\$1 million, Climate Commitment Account)*
- **Support tribal development of clean energy projects** with tribal grants through the Clean Energy Fund. Eligible uses of grant funds include planning and predesign work, project predevelopment work, and development of clean energy projects that contribute to achieving the state's greenhouse gas emissions limits and related policies. The department must collaborate with tribes to develop this grant program. *(\$25 million, Climate Commitment Account)*
- Launch a pilot program to provide technical assistance and grants to communities and agricultural producers that support **planning, predevelopment, and installation of commercial, dual-use solar power**

demonstration projects designed to produce both clean energy and a farm crop or other use beneficial to communities. (*\$10 million, Climate Commitment Account*)

- **Ensure that land zoned for industrial use is ready to be developed.** Newly funded clean energy navigation and sector lead staff will help draw clean energy technology businesses to these sites. (*\$4.5 million, General Fund-State*)
- **Develop businesses and drive innovation** in key sectors, including clean technology. (*\$3.1 million, General Fund-State*)

Clean energy production

Although improved permitting process will help attract and retain clean energy development, meeting the state's clean energy goals will also require additional investments in clean energy production. Investments included in the governor's proposal include:

- **Make additional investments in Commerce's Clean Energy Fund** to support clean energy development, including a new tribal clean energy grant program. (*\$55 million, Climate Commitment Account, \$30 million bonds*)
- Hire additional sector leads at Commerce who will **engage with solar energy, hydrogen, electric vehicle, and semi-conductor companies** who are interested in bringing their clean energy businesses and jobs to Washington. (*\$3.3 million, Climate Commitment Account*)
- Support the Pacific Northwest Hydrogen Association's application to the U.S. Department of Energy for funding to **develop a regional green hydrogen hub** (*\$22 million, Climate Commitment Account*)
- **Establish a research center at Washington State University -Tri Cities** to provide analysis to inform the integration of new and emerging energy sources into a modern carbon free energy system. (*\$7.7 million, Climate Commitment Account*)



Transmission lines near Lake Chelan. Insee's proposal will ensure that Washington has sufficient transmission capacity to effectively meet our growing electricity needs.

Transmission planning and siting

Moving to 100% clean electricity by 2045 — as required by the Clean Energy Transformation Act — will require new clean energy generation, both within and outside Washington's borders. Transmission lines play an essential role transporting energy from where it's produced to where people live and use their electricity. Inslee's proposal will ensure that Washington and the region have sufficient transmission capacity to effectively meet Washington's growing electricity needs by:

- **Base forecasts on statutory clean energy requirements** that enable transmission operators to better anticipate electricity demand growth and mitigate capacity constraints.
- **Streamline the review of large-scale transmission projects** that are deemed to be significant statewide through the Energy Facility Site Evaluation Council (EFSEC).

To further these efforts, the governor's budget proposal includes the following investments:

- **Add state agency staff at Commerce and the Utilities and Transportation Commission (UTC)** to shape and inform regional transmission planning that meets Washington's needs and priorities. (*\$1.54 million Climate Commitment Account*)
- **Continue work by the Energy Facility Site Evaluation Council to proactively identify transmission corridors that are near capacity** and convene stakeholders to streamline regulatory requirements and facilitate transmission siting. (*\$200,000 Climate Commitment Account*)

Decarbonize the building sector

Residential and commercial buildings are the second-largest source of Washington's greenhouse gas emissions and our fastest growing source of emissions, accounting for 23% of emissions statewide. To meet

our emission limits over the next several decades, we need to discontinue the use of fossil fuels for space and water heating in new buildings and help Washingtonians retrofit existing buildings to be cleaner and more efficient. These investments will also help grow our clean energy economy since the building and construction sector is the largest source of clean energy jobs in Washington.

Invest in highly efficient, electric technologies

To meet our statutory requirements to reduce greenhouse gas emissions, all new buildings must use clean electricity for space and water heating, and existing buildings must be upgraded to be cleaner and more efficient. We must increase state investments to help families and communities install proven energy-efficiency measures and highly efficient clean technologies, such as electric heat pumps. Most investments support the goals of the CCA and Healthy Environment for All (HEAL) Act by prioritizing updating buildings that house low-income families.

These investments will also improve indoor air quality and comfort for tenants and building occupants. The governor's budget proposal includes the following investments:

- **Help low-income and vulnerable populations and small businesses install high-efficiency electric heat pumps and equipment.** This will reduce greenhouse gas emissions and improve indoor air quality and health. Federal funding is through the Inflation Reduction Act's High Efficiency Electric Home Rebate program. (*\$105 million Climate Commitment Account, \$83 million federal*)
- **Leverage federal funding by helping income-qualified Washingtonians with utility bills** and replacing aging fossil gas furnaces with efficient, electric heat pumps. (*\$50 million Climate Commitment Account*)

- **Leverage federal funding in weatherization and energy-efficiency measures**, improving the health and safety of more than 4,600 low-income and vulnerable households in hard-to-reach markets. This program also helps homeowners, tenants and multifamily households make sound energy efficiency investments through consumer education. (*\$30 million bonds, \$16 million Climate Commitment Account*)
- **Upgrade school HVAC systems and building enclosures** (walls, roofs, windows, etc.) to improve resilience to climate change-related events — such as wildfire smoke — and improve indoor air quality and health of students. The state will prioritize the funding to serve schools located in overburdened communities. (*\$5.2 million Climate Commitment Account*)
- **Help public building owners conduct energy audits and invest in building energy improvements**, such as better insulation, window replacements and HVAC upgrades. This will help them meet Clean Buildings Act requirements. (*\$20 million bonds*)
- **Make state agency facilities more energy efficient.** Projects include HVAC and water heater improvements, efficient boiler replacements, LED lighting and solar installations. This funding provides state agencies with resources to track their energy usage and perform internal energy audits. This helps them better target future ways to reduce emissions. (*\$43.4 million bonds, \$49.7 million multiple funds*)
- **Undertake home energy retrofits** through the Inflation Reduction Act’s HOMES program. (*\$82 million federal*)
- **Fund the Department of Transportation (WSDOT) to better understand its energy usage** and reduce it to meet Clean Buildings Act requirements. (*\$26 million Motor Vehicle Account*)



Roof array of solar panels on a Washington State University building. The governor is proposing investments to make state agency facilities more energy efficient, including solar installations.

Update district energy systems at university campuses

The budget invests in campuswide district energy systems at three universities. Efforts will update aging infrastructure, maximize efficiency, and use the waste heat and chilled water to meet campus heating and cooling needs. These include:

- **Designing a heating conversion project** at Western Washington University that will include geothermal energy storage. (*\$10 million bonds*)
- **Studying future sustainable heating and cooling** at the University of Washington. (*\$3 million Climate Commitment Account*)
- **Drilling for geothermal energy** as part of a \$103.8 million building project at Central Washington University.

Invest more in clean transportation

Support clean transportation

Transportation is the state’s largest source of emissions. The governor’s budget proposal builds upon the Legislature’s investments from last session and will accelerate deployment of zero-emission

passenger vehicles, transit, and bicycle and pedestrian infrastructure by investing in hard-to-decarbonize segments of the transportation sector. These investments will advance electrifying medium- and heavy-duty vehicles, as well as seaport equipment and vehicles. Port communities often suffer from poorer air quality, caused in large part by diesel-powered drayage trucks and docked, idling ships.

The governor's budget proposal includes the following investments:

- **Accelerate the transition to zero-emission medium- and heavy-duty vehicles**, which includes bus fleets and drayage trucks (those that transport goods short distances), as well as funding for charging or fueling infrastructure. (*\$83 million, Carbon Emissions Reduction Account-State*)
- **Support innovative transportation electrification demonstration projects** through grants to local governments including ports and transit agencies. (*\$16 million, Carbon Emissions Reduction Account-State*)
- **Advance pilot decarbonization measures** in partnership with the Northwest Seaport Alliance including installing shore power to prevent idling emissions from shipping vessels. Funding will also help electrify drayage trucks and install vehicle



Gov. Inslee tests a Kenworth heavy-duty electric truck outside the Climate Pledge Arena, set to be the world's first certified zero-carbon arena. (Photo courtesy of Anna Lising)

charging equipment. (*\$6.3 million, Carbon Emissions Reduction Account-State*)

- **Construct five new hybrid-electric ferries.** WSDOT is expected to select a vendor and start constructing the first vessel in 2023-25. Given the long-term need for the ferry system to replace an additional 11 vessels, the governor's budget includes \$3 million for ferries to begin design work of the next clean-fueled vessel procurement process. For more information, see the transportation budget highlights. (*\$46 million in 2023-25 and a total of \$1.12 billion in the accompanying project list. Capital Vessel Replacement Account-State, Carbon Emissions Reduction Account-State*)
- **Convert three Jumbo-Mark II vessels to hybrid-electric propulsion** and build the necessary shoreside power to support ferry electrification. Two Jumbo-Mark II conversions will be completed in 2023-2025. (*\$74 million, Carbon Emissions Reduction Account-State*)
- **Support the construction of a new electric Anacortes-Guemes Island ferry** that will replace a 40-year-old vessel. (*\$14 million, Carbon Emissions Reduction Account-State*)
- **Build electric vehicle charging infrastructure.** This includes dedicated funding to strategically deploy electrical vehicle charging infrastructure and create an interconnected network that supports data collection, access and reliability. (*\$27.4 million, Multimodal Transportation Account-State and Multimodal Transportation Account-Federal*)
- **Transition buses and other transit vehicles to clean fuel** through grants to transit agencies. (*\$78.2 million Multimodal Transportation Account-State, Climate Transit Program Account-State*)
- **Fund transit projects and grants** including rural, special needs grants and regional mobility grants. (*\$328.1 million, Multimodal Transportation Account-State, Climate Transit Program Account-State and Regional Mobility Grant Program Account-State*)



The governor with an electric bus on a bus rapid transit route with Spokane Transit Authority, funded by the Move Ahead Washington package. Inslee proposes new investments to transition buses and other transit vehicles to clean fuels.

- **Fund active transportation projects and grants** including safe routes to school, school-based bike programs and bicycle and pedestrian safety grants. (\$157.8 million, Multimodal Transportation Account-State and Climate Active Transportation Account-State)
- **Replace diesel school buses with zero emission buses** and associated charging infrastructure to reduce health risks to students and people living in the areas where buses travel. (\$15.6 million, Model Toxics Control Capital Account)
- **Determine reductions in vehicle miles traveled** that are needed to meet state greenhouse gas emission reduction goals. WSDOT will partner with local jurisdictions and regional transportation planning organizations and will also provide those entities with technical assistance in developing targets and strategies to meet those goals. (\$1.75 million, Multimodal Transportation Account-State)
- **Implement the Clean Fuel Standard (CFS):** To implement the CFS passed in 2021, Ecology is developing the Washington Fuel Reporting System, an online market platform that will allow regulated entities to register for the program, report fuel transactions, calculate the credits and deficits generated by these transactions, and trade credits to achieve compliance. Funding is provided over the next three years for the agency to collaborate with California in co-developing a new market platform. This approach will allow both states to leverage similar services for their own programs at lower costs, while helping to achieve emission reduction goals. (\$1.79 million, Clean Fuels Program Account)

Electrify the state vehicle fleet

In November 2021, Inslee announced an [executive order](#) to fully electrify the fleet of state agency vehicles. The order requires agencies to transition to a 100% zero-emission light duty fleet by 2035, and transition to 100% zero-emission medium- and heavy-duty state fleets by 2040.

The governor's budget provides funding for state agencies to build out electric vehicle charging infrastructure, maintain chargers and manage the program. Funding to acquire EVs is not required, since electric vehicles are more cost-effective than internal combustion engine vehicles. (*\$23 million Carbon Emission Reduction Account*)

Integrate climate change into state and local planning

State agencies and local governments play a critical role in planning greenhouse gas reductions and preparing for climate change impacts on our communities, ecosystems and economy.

Local governments have a variety of responsibilities related to long-term planning. They are encouraged to coordinate and plan for growth that does the following:

- Preserve the public's interest in the conservation and wise use of our lands.
- Mitigate threats to the environment.
- Support sustainable economic development.
- Prioritize health, safety and a high quality of life for Washingtonians.

Addressing climate change and its effects will require intentional and cooperative action at all levels of government. That's why the governor will introduce legislation in 2023 that requires local governments to plan for climate resiliency while reducing their contributions to the climate crisis.

Inslee's proposed legislation will:

- Obligate cities and counties to upgrade their

land use and transportation planning to reduce greenhouse gas emissions, and build more livable and connected communities that don't rely exclusively on single-occupancy transportation.

- Establish a new 'climate change and resiliency' goal and element within the current planning framework. This will ensure that local plans, regulations, and policies adapt to and mitigate the effects of a changing climate.
- Integrate equity considerations and environmental justice principles throughout the current planning framework. This includes considering if decisions will create or worsen environmental health disparities.
- Direct state government leaders as they implement and generate guidance.
- Invest \$27.5 million to ensure that cities and counties that must follow this legislation have the resources to comply.
- Provide cities and counties with \$10 million in grants and allocate \$4.5 million to relevant state agencies to implement these proposals.

Support climate action and a clean energy workforce

As we transition to a clean energy and climate-resilient future, it is essential we create pathways for workers, young adults and communities to thrive in our new landscape, and ensure that we have a workforce ready to create Washington's clean future. Inslee is proposing legislation and funding that will:

- **Create the Washington Climate Corps** to enable and empower climate service opportunities for young adults and veterans. It will build on existing service networks to increase equitable access to services, and target service opportunities toward communities disproportionately impacted by pollution. (*\$5.9 million, Climate Commitment Account*)
- **Create a clean energy technology workforce advisory committee** and direct the State

Workforce Training and Education Coordinating Board, working with Commerce and the Employment Security Department, to evaluate the workforce impacts of Washington's climate policies to help forecast and prepare for clean energy job growth. The advisory committee will recommend strategies to prevent workforce displacement, support job creation in clean energy technology sectors, and provide support for workforce-related changes to businesses and for adversely impacted workers. The board's evaluation will create an inventory of skills needed in clean energy technology jobs, look at how the skills and training of the existing workforce can fill those needs, and identify any gaps to fill. The board will also study the feasibility of a program to support workers close to retirement who face job loss or transition because of energy system changes. (\$1 million Climate Commitment Account)



Washington Conservation Corps service members help build push-up dams to boost streamflows for fish passage during the historic 2015 drought. Inslee proposes to expand climate-related service programs like this one through creation of a Washington Climate Corps.

- **Enhance forestry and wildland fire fighting workforce training:** Employers in forestry and in the greater natural resources sector need trained workers to fill open roles to manage our forests. DNR will invest in education and training to bolster a statewide natural resources workforce, which includes hosting fellows from Civic Spark Washington. DNR will also further develop its incarcerated wildland firefighting crew post-release program, support Washington State University Extension staff and forestry experiential training curriculum, and provide wildland fire management and forest health training in partnership with tribes. (\$2.4 million Climate Commitment Account)
- **Provide clean energy education and apprenticeship opportunities** at community colleges and Western Washington University for students to train for clean energy jobs. Provide support services, through the Department of Labor and Industries, for workers participating in clean energy apprenticeships. (\$7.9 million Climate Commitment Account)

Build climate resiliency

Although we're doing much to reduce greenhouse gas emissions, climate change impacts will still occur. Investments made to mitigate these impacts and build resiliency in our communities and our ecosystems include:

- **State-owned land carbon sequestration:** State-owned lands, including forest and agricultural trust lands managed by DNR, and wildlife areas managed by WDFW, have the potential to enhance carbon sequestration as part of the state's overarching climate strategy. While DNR is developing a carbon project to protect forested trust lands of high conservation value and carbon sequestration potential, more can be done to increase sequestration. DNR — working with the Ecology and WDFW — will implement projects to enhance carbon sequestration on state lands, and support conservation and ecological management

of the most carbon-dense, structurally complex forests. (\$10 million Natural Climate Solutions Account)

- **Interagency Natural and Working Lands**
Strategy: Increasing carbon storage in natural and working lands is an untapped tool for drawing down atmospheric carbon. Funding for Ecology and DNR will help them develop a multiyear strategy for natural and working lands to ensure carbon sequestration efforts help meet greenhouse gas limits. (\$2.0 Million Natural Climate Solutions Account)
- **Urban tree canopy:** Investing in urban forests is an effective strategy for reducing the negative environmental conditions caused by climate change. These reduce heat, flooding, and air pollution while communities become greener, healthier, and more resilient. DNR will help communities increase their capacity for equitable, locally-driven, and science-based urban forestry activities and programs. (\$5.9 million Natural Climate Solutions Account)
- **Coastal climate hazards:** Washington’s coastal populations are at risk for severe and costly damage to life and property from hazards such as flooding, erosion, and sea level rise made worse by climate change. Ecology will receive funding and more staff to implement several of the Washington Coastal Marine Advisory Council’s recommendations to mitigate these impacts. Recommendations include:
 - Expand data analysis to assess vulnerabilities within coastal communities.
 - Deliver coordinated state-level technical assistance.
 - Increase local capacity to design and implement effective on-the-ground projects. (\$3.9 million Model Toxics Control Operating Account)

Help state agencies plan for climate impacts

The governor’s budget includes funding for Ecology, DNR and other state agencies to collaboratively update the statewide strategy for climate resilience. An updated strategy will **establish statewide priorities for climate resilience that address the highest risks and vulnerabilities to climate impacts.** It will also set clear expectations and actions to guide the state’s work toward achieving common goals for improved climate resilience. This funding is tied to Ecology-requested legislation that will direct this strategy update, strengthen requirements for agencies considering climate impacts in agency efforts, and improve cross-agency coordination and reporting on climate resilience activities. (\$12,000 GF-S, \$2.4 million, Natural Climate Solutions Act)

WDFW, the State Parks and Recreation Commission and the Columbia River Gorge Commission have identified climate change as a significant issue for the resources they manage. Resources are provided to these agencies to **assess potential impacts from climate change and develop strategies to address these impacts.** (\$138,000 GF-S, \$4.8 million Natural Climate Solutions Account)

Climate strategic agenda

Summary of investments, 2023-25 Biennial

Focus Area	Item	Agency	Amount
Advancing Environmental Justice	Improve Air Quality in Overburdened Communities	Health	\$38,600,000
	Improve Air Quality in Overburdened Communities	Ecology	\$11,400,000
	Air Quality in Overburdened Communities	Ecology	\$2,479,000
	Workplace Safety for Climate Impact	Health	\$10,000,000
	Hard to decarbonize sectors (Industry, maritime and aviation)	Commerce	\$50,000,000
	Healthy Environment for All Act	Health	\$9,156,000
	Climate & Health Program Expansion	Health	\$6,801,000
	Environmental Justice HEAL Act	Natural Resources	\$1,467,000
	Advancing Equity and EJ	Puget Sound Partnership	\$778,000
	Advancing EJ and PEAR	Agriculture	\$406,000
	Equity for Underrepresented Farmers	Agriculture	\$484,000
	Community Engagement Plan	Recreation and Conservation Office, State Conservation Commission	\$450,000
			Subtotal:
Decarbonizing Buildings	Buy Clean and Buy Fair	Commerce	\$1,879,000
	Clean Buildings Database Expansion	Commerce	\$975,000
	Energy Audit Funding for Public	Commerce	\$20,592,000
	Clean Energy Strategy	University of Washington	\$3,000,000
	High Efficiency Electric Home Rebate Program	Commerce	\$188,000,000
	Weatherization Plus Health	Commerce	\$46,000,000
	IRA HOMES energy retrofits	Commerce	\$82,300,000
	LIHEAP	Commerce	\$50,000,000
	State Agency Clean Building Projects	Multiple Agencies	\$93,000,000

	2023-25 Energy Retrofits and Solar Power for Public Buildings	Commerce	\$20,000,000
	WSDOT Clean Buildings Projects	WSDOT	\$26,000,000
	Heating Conversion Project	Western Washington University	\$10,000,000
		Subtotal:	\$531,746,000
Clean Energy Permitting and Transmission	Clean Energy Permitting/Planning	Commerce	\$10,000,000
	Clean Energy Siting Coordination	Commerce	\$1,620,000
	Clean Energy Siting Navigators	Commerce	\$2,154,000
	Grid Formula Program Support	Commerce	\$708,000
	Transmission Planning & Advocacy	Commerce and UTC	\$1,564,000
	CCA Grant Manager	Governor's Office of Indian Affairs	\$254,000
	CCA Support Staff	Governor's Office of Indian Affairs	\$254,000
	CCA Support	Archeology and Historic Preservation	\$300,000
	Cultural Resource Surveys	Archeology and Historic Preservation	\$500,000
	Transmission Corridor Studies	EFSEC	\$200,000
	Clean Energy Permitting	Ecology, Fish and Wildlife	\$6,776,000
	Tribal Participation Grants	Ecology	\$8,220,000
	Green Hydrogen Programmatic EIA	Ecology	\$2,000,000
	Solar Col Plat	Ecology	\$996,000
	Least Conflict Siting Pump Storage	Washington State University	\$600,000
	Dual Use Solar Projects	Commerce	\$10,664,000
	Position Funding for Green Energy	EFSEC	\$2,352,000
	Rural Energy Economic Impacts	Commerce	\$1,046,000
	Industrial Cluster Development	Commerce	\$3,110,000
	Industrial Site Readiness	Commerce	\$4,514,000
		Subtotal:	\$57,832,000

Clean Energy Development	Clean Energy Fund	Commerce	\$20,000,000
	Clean Energy Fund	Commerce	\$85,000,000
	Clean Energy Business Development	Commerce	\$3,257,000
	DOE Hydrogen Hub	Commerce	\$2,000,000
	DOE Hydrogen Hub	Commerce	\$20,000,000
	Tribal and Green Energy Programs	EFSEC	\$757,000
	NW Energy Futures	WSU	\$7,721,000
Subtotal:			\$138,735,000
Clean Transportation	Medium & Heavy Duty Vehicle Incentives	WSDOT	\$83,000,000
	Innovative Transportation Electrification Grants	WSDOT	\$16,000,000
	Port Decarbonization Drayage Pilot	Commerce	\$6,300,000
	Construct five new Hybrid electric ferries	WSDOT	\$46,000,000
	Convert three Jumbo Mark II ferries to hybrid electric	WSDOT	\$74,000,000
	New Electric Anacortes Guemes Island Ferry	WSDOT	\$14,000,000
	Electric Vehicle Charging Infrastructure	WSDOT	\$27,400,000
	Transition transit to clean fuels	WSDOT	\$78,100,000
	Transit Projects and Grants	WSDOT	\$328,100,000
	Active Transportation	WSDOT	\$157,800,000
	Reducing Diesel GHG and Toxic Emissions	Ecology	\$15,632,000
	Determine VMT reduction needed to meet climate goals	WSDOT	\$1,750,000
	Electric Vehicle Chargers	Enterprise Services	\$17,900,000
	Fleet & Equipment Electrification	State Parks	\$2,000,000
	Building a Carbon Neutral WDFW	WDFW	\$132,000
	EV EO Staffing	Multiple	\$2,617,000

	GHG Net Zero	Natural Resources	\$2,200,000
	Washington Fuel Reporting System	Ecology	\$1,796,000
		Subtotal:	\$874,727,000
Clean Energy Workforce	Clean Technology Advisory Committee	WTECB	\$534,000
	Clean Tech Jobs	Commerce, Employment Security	\$526,000
	Workforce Development	DNR	\$2,365,000
	Continue Climate Solutions Work	SBCTC	\$3,964,000
	Expanding Environment/STEM Programs	WWU	\$1,498,000
	Support Services-Apprenticeships	Labor and Industries	\$2,500,000
		Subtotal:	\$11,387,000
Climate Resilience	Tribal Climate Adaptation Grants	Commerce	\$50,000,000
	Comprehensive Planning - Climate	Commerce, Ecology, Military, Health, Fish and Wildlife, Transportation	\$34,657,000
	State-owned Lands Carbon Sequestration	Natural Resources	\$10,000,000
	Urban Tree Canopy	Natural Resources	\$5,991,000
	Climate Corps	Office of Financial Management	\$5,962,000
	Coastal Climate Hazards	Ecology	\$3,914,000
	Climate Resilience Strategy	Ecology, Natural Resources, Fish and Wildlife, PSP, Health, WSDOT, Military	\$2,401,000
	Build Resilience to Climate Change	Columbia River Gorge Commission	\$138,000
	Climate Resilient Parks	Parks	\$892,000
	Building a Climate Resilient WDFW	Fish and Wildlife	\$5,306,000
	Interagency Natural and Working Lands Sequestration Strategy	Ecology, Natural Resources	\$2,004,000
		Subtotal:	\$121,265,000
		Grand Total	\$1,867,713,000

General Government/Operating

Washington State Arts Commission

Tribal Cultural Affairs program

The Washington State Arts Commission's Tribal Cultural Affairs program will work with tribal governments, Affiliated Tribes of Northwest Indians (ATNI), and tribal organizations to support the creative economy and the unique role of Indigenous arts, artists and culture. The program will provide technical assistance and grants that support tribal artists, as well as cultural, arts and creative programs. The commission will base the grant program on the needs identified by the Native American Ad Hoc Committee, with the intention to represent Native artists and organizations more fully in the creative sector. These grants will support programs, organizations and individuals that are either on tribal lands, engaged in work that supports tribal artistic and cultural development, or both. Grants will focus on arts programs that operate in rural and underserved tribal locations to encourage enterprise through arts and culture.

(§2.7 million General Fund-State)

Equitable Career Pathways for Youth

The Washington State Arts Commission will work to support youth and young adults as they explore career pathways in the arts and cultural sectors through the Washington Youth Arts Leadership program (WAYAL). The program increases the visibility of employment pathways in the arts while offering hands-on experiences to students and families. WAYAL also lets students directly engage with arts policies and initiatives, participate on grant panels, and

strengthen presentation and public speaking skills. Participants are selected to represent one of four geographic service regions to ensure focus and outreach is sustained with students from diverse, rural and historically excluded populations.

(§174,000 GF-S)

Washington State Historical Society

Grants, security and diversity staff

Funding for the Washington State Historical Society is for a dedicated grants manager, security guard and diversity, equity and inclusion (DEI) specialist. Security staff is needed to prevent vandalism, theft, and potential harm to staff and property at the society's research center. The grant manager and DEI specialist will manage, train, and provide technical support to implement DEI practices by prioritizing community relationships and feedback.

(§531,000 GF-S)

Eastern Washington Historical Society

American Indian canoe carving

The Eastern Washington Historical Society will expand on the meaningful canoe carving work the museum is currently engaged in with the Upper Columbia United Tribes (UCUT). The canoe carving project provides educational opportunities for tribal youth and the community while expanding tribal engagement on the museum campus. This project increases tribal school visits to the museum, encourages

collaboration, offers the chance for tribal members to exchange knowledge, and helps the Historical Society host an annual canoe river journey event.

(\$65,000 GF-S)

Department of Archaeology and Historic Preservation

Mainstreet program

The Department of Archaeology and Historic Preservation will continue expanded support for businesses and communities through the Mainstreet program's outreach, consultation and professional services. The program currently promotes community resiliency across the state's 69 designated Washington Mainstreet Communities and Affiliates through carefully tailored services. These services help local leaders meet goals and connect to resources. With a focus on community outreach and inclusivity, the Mainstreet program stimulates local vitality by mobilizing local businesses and groups around their town's unique history and gives voice to previously underrepresented populations. The increased funding will better prepare the department to manage the increase of new applicants as well as oversee the needs of current participants to build and maintain a vibrant, prosperous community.

(\$700,000 GF-S)

State archaeologist and state architect

Funding is provided for the Department of Archaeology and Historic Preservation to hire an assistant state archaeologist and state historical architect. These positions will fulfill the department's responsibility to manage and complete reviews of proposed federal undertakings with the potential to

impact historic sites, structures, objects or cultural properties. Delaying these reviews can lead to the irreparable damage of historic and cultural sites. The positions will engage with impacted communities or groups, work for the stewardship of cultural assets, offer preservation expertise to housing policy advocates, and manage the Federal Historic Tax Credit program.

(\$668,000 GF-S)

Military Department

State Emergency Operations Center

The Washington State Emergency Operations Center (SEOC) serves as the state's hub for coordinating all state-level emergency response operations. It provides support to all state agencies, counties and federally recognized tribes. With declared disasters growing in Washington, the state is adding permanent staff to the SEOC. Doing so will help create continuity between disaster responses and will address the highest impact areas of preparedness and response efforts within the emergency management cycle.

(\$1.7 million GF-S)

Cybersecurity grant

The Military Department will coordinate with state agencies to administer the federal State and Local Cybersecurity Grant program created in the Infrastructure Investment and Jobs Act. This program will make federal funds available to state, tribal, and local governments for projects to address cybersecurity threats and secure existing vulnerabilities within the information systems that operate day-to-day critical infrastructure.

(\$3.5 million GF-S; \$21.2 million Other)

Liquor and Cannabis Board

Social equity in cannabis

The Washington State Liquor and Cannabis Board received approval in 2020 to develop a ‘social equity in cannabis’ program that will address the disproportionate harm inflicted on people targeted by past drug enforcement laws. This funding will increase the number of social equity retailer licenses that are available each year, based on available population data. It also helps social equity licensees choose a location that permits cannabis business activity at the time of licensure. With these changes, the board looks to serve more deeply impacted communities and makes sure applicants can use their licenses — regardless if an applicant resides in a location that does not permit cannabis business activity.

(\$5 million Other)

Consolidated Technology Services

Innovation and Legacy Systems Funds

The Consolidated Technology Services (WaTech) wants to help agencies adopt innovative technology and modernize outdated legacy applications. This new funding source will help agencies more quickly solve business problems. As a pilot project, WaTech will invite state agencies to apply to WaTech for the new innovation funds and lay out a short-term, low-risk, high-reward project idea to update outdated applications. The Technology Services Board will review and choose projects for funding. Members of the board consist of the state chief information officer, representatives from the House and Senate, agency leaders and business partners from around the state.

(\$5 million General Fund-State)

Office of Minority and Women Owned Business Enterprises

Eliminate certification fees

Certification is an important step for businesses seeking services, trainings, and visibility in the statewide database. Through consultation with community representatives, the Office of Minority and Women Owned Business Enterprises identified that initial fees can deter qualified business owners from seeking certification. By eliminating the certification fees barrier, the agency will increase the pool of certified businesses, improve wait times for application review, increase opportunities and advance diversity, equity and inclusion in state contracts.

(\$219,000 GF-S)

Department of Revenue

Unclaimed Property funding

Each year, millions of dollars are reported to the Department of Revenue’s Unclaimed Property program, which works to reunite unclaimed property with the rightful owners. Currently, the department acts as custodian to \$1.8 billion worth of property. The program has grown considerably due to process improvements, diligent efforts to seek out property owners and increased funding for marketing efforts that started in 2021. This means more people have filed claims than current staffing levels can handle. This funding will help the department increase program staff so that staff can review more claims in a shorter amount of time and reunite people with their unclaimed property.

(\$2.6 million GF-S)

Human Rights Commission

Investigative staff

The Human Rights Commission will hire two additional investigative support staff to manage and reduce the current backlog of complaints. The agency saw a notable spike in complaints in recent years while also handling an expansion of responsibilities as a fair housing agency with Housing and Urban Development. More resources will help the agency continue to prevent discrimination and maintain its role as a community partner.

(\$620,000 GF-S)

Case management database modernization

The Human Rights Commission will replace the current case management database, which is no longer suitable for the agency's growing caseload and changing responsibilities. This new database will do several things: One, it will improve communication and intake timeframes by storing case information on a cloud platform. Two, it will eliminate the need for paper-based case file storage and processing, which causes notable delays in case processing. And three, it will improve transparency through easily accessible reports and dashboards to track compliance and caseload data.

(\$1.7 million GF-S)

Commerce

Comprehensive equity investments

Commerce's Capital Programs Equity Review includes community recommendations to remove barriers and enhance the ability of Black, Indigenous, and people of color (BIPOC), tribal, very rural, and other

historically oppressed communities to develop local organizational, project and program capacity. Funding will expand the Community Engagement Team, provide support services for training, mentorship and organizational capacity, and create a responsive systems and language access initiative. Increased engagement and training for these communities means they will access a larger share of state funding to address their priorities and experience rewarding partnerships with state government in the process.

(\$7.2 million GF-S)

Digital equity and navigation service

The economic, medical and social necessity of access to high-speed internet is well documented. An estimated 280,000 households in Washington lack access to the internet, and these households are disproportionately low-income, rural, Hispanic and American Indian or Alaskan Native. Funding will help the state continue digital equity work that it launched this biennium by adding funds to the Digital Navigator program. This program connects communities to devices, subscriptions and digital skills.

(\$15 million GF-S)

Digital Equity Forum/Equity Office

The State Digital Equity Plan detailed requirements that the Washington State Broadband Office (WSBO) and Office of Equity (OEO) must implement. These requirements will increase digital equity and connectivity. Funding will help these agencies get the resources they need to meet these goals.

(\$1 million GF-S)

Services for Indigenous survivors

Victims and survivors of human trafficking face significant additional barriers to housing. These include immigration status, language, safety concerns from landlords and lack of connections to family and trusted friends. The Legislature funded two programs in 2022 that were designed to address these barriers. Additional funding continues the programs and supports case management and rental assistance for victims of human trafficking, as well as a specific program for Indigenous survivors of human trafficking that provides wraparound services.

(\$8.3 million GF-S)

Ukraine, Afghan and refugee aid

The Legislature added \$11 million for Ukrainian and Afghan refugee assistance to the Department of Commerce in the 2022 supplemental budget. Of this amount, \$5.5 million was available for Ukrainian refugees, but the department received \$11.4 million in requests for assistance. Needs included housing, food and application aid. State funding is in high demand in part because federal assistance is delayed. As of August, very few Ukrainian immigrants have received authorization to work in the United States. This funding will help Washington continue to prioritize refugee assistance and offer flexibility for other emergent refugee needs.

(\$20 million GF-S)

Secretary of State

Fund library at Echo Glen

Improving educational opportunities increases the likelihood of better educational outcomes

for youth who are incarcerated. At the request of the Department of Children, Youth, and Families and the administration at Echo Glen Children's Center, a new Washington State Library branch will be established at Echo Glen in fiscal year 2023. Federal funds will cover the initial costs. Ongoing state funds will support the branch library beginning in fiscal year 2024. This will provide incarcerated youth at Echo Glen with the same level of library service as incarcerated adults have in Washington facilities.

(\$262,000 GF-S)

Voter outreach and trust

The public must maintain trust and confidence in the integrity of Washington elections for democracy to function. To support this critical work, the governor proposes funding the Office of the Secretary of State for two purposes: one, more resources to support a team of communication professionals who will design strategies and products to counter false narratives surrounding election security and integrity; and two, resources to support the ongoing need for community engagement with underserved populations — young voters, voters with disabilities, tribal communities and non-English-speaking voters. This effort will promote public trust and access to the voting process.

(\$6.3 million GF-S)

Office of the Attorney General

Organized Retail Crime Task Force

The attorney general will convene a statewide task force to strategize on the most efficient ways to deter \$2.7 billion in losses that

happened to Washington businesses last year because of organized retail crime. This task force includes retail workers, representatives from state, local, and federal law enforcement, and small and large businesses. Additional resources are needed to investigate the sophisticated multijurisdictional crimes.

(\$2.3 million GF-S)

Office of Financial Management

Serve Washington investments

Increasing the living stipend for AmeriCorps workers will enhance the ability of BIPOC-led, tribal, rural and other historically marginalized and under resourced organizations to host AmeriCorps programs and members. For each AmeriCorps service member, this will provide a career readiness assessment and skill building opportunities for in-demand career pathways to better support them as they transition from their AmeriCorps service to their career.

This investment expands AmeriCorps service opportunities into two new areas: to help fight climate change and to create a more robust law enforcement workforce. For climate change, it will create a Climate Service Network of AmeriCorps service programs that will increase the opportunities for Washington's young adults and veterans to help prepare our communities and ecosystems for climate impacts, while also developing our future green economy workforce pipeline. For law enforcement, Serve Washington will work with law enforcement, corrections, and other organizations to develop and implement an AmeriCorps program that focuses on building a 'service to career' pipeline for law enforcement professions.

(\$10.7 million GF-S; \$10.9 million Other)

One Washington

With coordination from multiple state agencies, the One Washington program will replace the state's 40-year-old financial system with a new, cloud-based system called Workday. The current project phase includes funding for accounting, accounts receivable, cost allocation, allotments and capital assets. This will help agencies strengthen over 250 unique systems that they use every day, use organizational change management to prepare agency staff, offer expert and technical resources and staff to maintain the new enterprise resource planning solution, and provide project resources to keep operations smoothly running. This continues the Legislature's project investment from previous budgets.

(\$128.1 million Other)

Office of the Governor

LGBTQ support

Engaging the LGBTQ community is paramount to understanding people's health and economic disparities, as well as the demographic and geographic distribution of Washington's LGBTQ community. This funding will give the Washington State LGBTQ Commission the ability to procure a contractor so that the commission can complete a comprehensive survey of the state. This will also fund a staff to create an ongoing statewide LGBTQ Youth Advisory Council. The recommendation to create a council came from a recent LGBTQ Roundtable discussion with the governor, various 13-18-year-olds, and their parents. This effort will be dedicated and focused on young LGBTQ Washingtonians' issues, needs and resources.

(\$982,000 GF-S)

State office space reduction

State agencies are reevaluating how much physical office space they need as they make permanent the expanded telework policies adopted during the COVID-19 pandemic. To improve the state's efficiency and achieve cost savings, the governor's proposed operating and transportation budgets require agencies to reduce leased office space, with a focus on consolidating staff into state-owned facilities and reducing full leases. Additionally, agencies will be required to regularly report current facility and staff telework data that reflect how efficiently space is being used.

Agencies with leases expiring in fiscal years 2024 and 2025 must reduce office space by a minimum of 20% upon lease renewal or relocation. Agencies with leases expiring in fiscal years 2026 and 2027 must reduce office space by a minimum of 30% upon renewal or relocation. Anticipated general fund savings from office space reduction is nearly \$5.3 million during the 2023–25 biennium and \$14.6 million during the 2025–27 biennium.

New state Office of Equity connects with agencies, community partners

The newly established Office of Equity recently completed its first year. As the first statewide office of its kind in the nation, the Office of Equity spent time listening to community members, building internal infrastructure, deepening external relationships within and outside state government, training and consulting with agencies, and laying the foundation to change the way state government operates. These efforts included 89 listening sessions with agencies, boards, commissions, business resource groups, and community members and organizations.

The Office of Equity also created Washington's Pro-Equity Anti-Racism (PEAR) Ecosystem Plan & Playbook as a statewide framework to partner with community members, groups and state agencies. This partnership will help advance a future where all Washingtonians can access the resources and opportunities they need to flourish and achieve their full potential. The office also made recommendations to the governor to support state agencies as state government applies an equity lens in all aspects of agency decision-making, while building pro-equity, antiracist systems.

For more information, visit the [Office of Equity's website](#).

General Government/Capital

Strengthening communities

Department of Commerce

Commerce community capacity grants

Provide grant funding for community providers to expand and establish community capacity, which will create more than 400 new behavioral health beds. This will help divert and transition individuals with a complex array of behavioral health needs from the state hospitals.

(\$120 million bonds)

Rising Strong

The Rising Strong project is a pass-through grant that will construct a 24-unit facility for family-centered drug treatment in Western Washington. This facility will support families staying together as required by the Family First Prevention Services Act while they begin to recover from addiction, heal from trauma, and rebuild their lives.

(\$13.4 million bonds)

Youth recreational facilities

This grant program will finance construction and renovation costs for youth recreation facilities to support social service and educational components. Youth requiring an array of developmental programming has significantly increased in the past two years and this supports the health and well-being of Washington's youth.

(\$8 million bonds)

Broadband infrastructure

This achieves greater digital equity and connectivity by continuing broadband development statewide for unserved/underserved people and communities through access to high-speed internet. This access opens opportunities for people to work, learn and receive health care services from home, participate in and preserve culture, apply for supportive social services, keep connected to friends and family, receive essential goods and services, and other benefits people can enjoy when they can fully engage in the digital world.

(\$50 million bonds)

Building Communities Fund

The Building Communities Fund is a competitive grant program providing nonprofit organizations with construction funding for acquisition, construction, or rehabilitation social service and multipurpose community centers. These projects must be nonresidential facilities and located in a distressed community or serve a substantial number of low-income or disadvantaged persons. Funds 43 projects across the state and technical assistance for entities pursuing grants.

(\$26.6 million bonds)

Building for the Arts

A competitive grant program for nonprofit organizations that support performing arts, art museums and cultural facilities projects statewide. Funds 16 projects across the state.

(\$12.5 million bonds)

Local government infrastructure

Department of Health

Drinking Water State Revolving Fund

Additional funding will help with designing, financing, and constructing drinking water system improvements aimed at increasing public health protection and compliance with drinking water regulations for publicly- and privately-owned water systems. An increase of federal Infrastructure Investment and Jobs Act funding for the Drinking Water State Revolving Fund program is anticipated and the required state match is also provided.

(\$131 million Drinking Water Assistance Account-Federal, \$3.5 million Drinking Water Assistance Account-State)

Public Health Lab South Laboratory addition

Provides the department the funding to complete design and start construction on the Environmental Laboratory Sciences wing addition. This will allow the Public Health Lab

to be better prepared for future emergencies by providing more lab space, various lab instruments, more rapid testing, and more staff conference space. It will be built to align with the Clean Building Standards from the Department of Ecology.

(\$70 million bonds)

Water Pollution Control Revolving Fund program

Congress established the Clean Water State Revolving Fund (CWSRF) to capitalize state-run, low-interest loan programs and finance water quality facilities and activities. The Washington State Water Pollution Control Revolving Account provides 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 and for related nonpoint source activities that help meet state and federal water pollution control requirements. Funding will reinvest early loan repayments that the department received this fiscal year in ready-to-proceed projects and continue essential work through this loan program.

(\$435 million Water Pollution Control Revolving Account-State)

Transportation

Note: Some of the items in this section also appear in the Climate breakout section of Budget Highlights.

Improve traffic safety

Like other states throughout the nation, Washington is experiencing increased traffic accidents and incidents that often result in serious injuries and fatalities. There was a 17% increase in traffic fatalities from 2020 to 2021, reaching the highest level in a decade. Pedestrian fatalities increased by over 31%. To lower these incidents, the governor's budget supports a variety of strategies, including improving infrastructure, increasing safety for those working on our roadways, and providing WSDOT with flexible funds to respond to safety needs.

- Advance and complete planned bicycle and pedestrian projects. In 2015, the governor signed the Connecting Washington package, which included a list of bicycle and pedestrian safety projects that have not yet started. The 2023-25 budget identifies projects that have not yet begun and secures funding for those projects.

(\$15 million Multimodal Transportation Account-State, Connecting Washington Account-State)

- Improve infrastructure as emergent safety needs arise. Currently, the department does not have flexible funds to provide infrastructure improvements that might immediately increase safety for active transportation users. The 2023-25 budget includes funding for the department to better respond to community needs when emerging safety issues arise.

(\$5 million Multimodal Transportation Account-State)

- Construct pedestrian signals at nine locations on State Route 7. These will specifically improve safety for bicyclists, pedestrians and other active transportation users so that they can more safely access businesses and communities in this area.

(\$3 million Motor Vehicle Account-State)

- Fund automated traffic safety cameras in work zones to better protect roadway workers.

(\$6 million Motor Vehicle Account-State)

Fund a variety of truck parking initiatives. These will start to address truck parking space shortages and provide safe places for those who move freight across the state and nation. Initiatives include funding for WSDOT to work on the following items:

- Identify parcels that could be adapted for truck parking.
- Identify opportunities to partner with privately-owned locations to improve truck parking options.
- Implement a truck parking work group to develop and recommend further truck parking options.

(\$2.3 million Multimodal Transportation Account-State)

Invest in Washington's vital ferry system

Washington's ferry system — the largest in the United States and second largest in the world — provides a vital marine highway for millions of people throughout Puget Sound. Providing

the workforce and vessels that we need to continue improving service is a key priority for the governor’s 2023-25 transportation budget. Maritime professionals credentialed by the U.S. Coast Guard crew the Washington State Ferries (WSF) vessels and these professionals often need years of on-the-water experience and training before being qualified to ‘sail a vessel.’ These credentialing challenges are compounded by a global shortage of maritime workers.

In addition, the ferry fleet is aging — more than half of the vessels are over 30 years old, and three ferries are over 50 years old. Replacing aging ferry vessels with clean-fueled, hybrid-electric vessels remains a top priority along with securing funds to maintain the existing fleet.

The governor’s budget includes \$46 million in the 2023-25 biennium – and a total of \$1.12 billion over the next 10 years for the state’s hybrid-electric ferry program – to construct five hybrid-electric ferries. WSF will select a vendor and begin constructing the first vessel in 2023-25. The budget also includes \$3 million for WSF to start design work on the next clean fueled vessel procurement process. This will help prepare to replace six of an additional 11 vessels needed in the fleet.

(Capital Vessel Replacement Account-State, Carbon Emissions Reduction Account-State)

The budget includes \$74 million to convert three Jumbo-Mark II vessels to hybrid-electric propulsion and build the necessary shoreside power to support ferry electrification. Two of the three Jumbo-Mark II conversions will be completed in 2023-2025.

(Carbon Emissions Reduction Account-State)

The budget also includes \$202.4 million to help the state in preserving and maintaining vessels. As vessels age, this maintenance becomes even more crucial.

(Puget Sound Capital Construction Account-State)

Attract new employees and retain existing employees

The budget will give WSF more resources and better tools to recruit and retain qualified personnel, and to focus investments on hard-to-recruit and hard-to-retain positions. This includes licensed deck officers, engine room crews and maintenance staff at Washington State Ferries maintenance facility at Eagle Harbor. Most of the additional funding will come through the Puget Sound Ferry Operations Account-State.

- Fund pre-apprenticeships and workforce development in the maritime industry. These funds will support those interested in working for ferries by funding Coast Guard certification costs, for example.

(\$3 million Move Ahead Washington Flexible Account-State)

- Support an able-bodied sailor (AB) to the Mate Pathway program. This funding will streamline and improve the process for unlicensed deckhands to receive their mate’s license. This funding will support future licensing for up to 30 deck officers. This is critical to improve ferry service.

(\$12 million Puget Sound Ferry Operations Account-State)

- Provide scholarships for mate candidates and fund necessary education for successful licensing. This along with other investments will provide a pipeline for future WSF captains.

(\$756,000 Puget Sound Ferry Operations Account-State)

- Support an additional five staff to work in engine rooms. This funds the necessary state and Coast Guard-required training, as well as education and instruction that workers need to serve as an engine room wiper.

(\$1.2 million Puget Sound Ferry Operations Account-State)

- Fund six additional apprenticeship positions at Washington State Ferries maintenance facility at Eagle Harbor. These positions will help meet the demand for additional workforce so the state can better maintain the fleet of ferry vessels.

(\$1 million Puget Sound Ferry Operations Account-State)

- \$3.5 million will go toward the hiring, orientation and training of new ferry employees.

(Puget Sound Ferry Operations Account-State)

Support clean transportation

As part of the state's effort to address climate change, in addition to electrifying the ferry system, the governor's transportation budget includes \$827 million to reduce greenhouse gas emissions in the transportation sector. For more information on the governor's clean transportation proposals, see the budget and policy climate section.

Support diversity, equity and inclusion in the transportation sector

Office of Minority and Women Owned Business Enterprises (OMWBE)

Continue OMWBE's work to increase the number of certified minority- and women-owned businesses in the transportation sector. This will happen through training, technical assistance, networking opportunities and other support services.

(\$2 million Move Ahead Washington Flexible Account-State)

Department of Licensing (DOL)

Expand a program that supports foster youth as they get driver's licenses.

(\$1.1 million Move Ahead Washington Flexible Account-State, \$1.1 million Highway Safety Account-State)

Support ongoing work at the Department of Licensing to provide free 'identcards' or ID cards to individuals experiencing homelessness.

(\$398,000 Move Ahead Washington Flexible Account-State)

Fund a new initiative for two mobile licensing units, one serving Eastern Washington and one serving Western Washington. These will provide licensing services to individuals who have difficulty accessing a DOL licensing service office such as refugees, those experiencing homelessness, and those impacted by natural disasters.

(\$3.8 million Move Ahead Washington Flexible Account-State)

Washington State Department of Transportation (WSDOT)

Continue the Pre-Apprenticeship Support Services (PASS) program. This program works to increase diversity in the highway construction workforce by helping women, minorities and disadvantaged individuals in pre-apprenticeship training classes pay for work clothing, car repairs, tools, testing fees, driver's license fees, gas cards, bus fare, initiation fees, housing and tutoring assistance.

(\$2.4 million Move Ahead Washington Flexible Account-State, \$2.0 million Motor Vehicle Account-State)

Fund three initiatives to provide minority and women's business enterprise support services. First, WSDOT will use a consultant to provide firms with free business counseling and technical assistance. Second, WSDOT will establish a trucking consortium/rotation, which allows smaller certified trucking companies to pool their resources to compete with larger-scale trucking operations. Finally,

WSDOT will enhance its Capacity Building Mentorship program, which pairs contractors and consultants as mentees with mentors who are OMWBE certified or registered as a small or veteran's business. This funding is provided on an ongoing basis.

(\$1 million, Move Ahead Washington Flexible Account-State)

Washington State Patrol

Funding to staff the diversity, equity and inclusion (DEI) program at the Washington State Patrol as well as for DEI training opportunities and implementation of a Pro-Equity Anti-Racist Plan. Funding is also provided to develop and deploy a community engagement program that provides community liaisons to build ongoing relationships with diverse communities across the state.

(\$2.3 million General Fund-State, State Patrol Highway Account)

Employee Compensation

Adapting to changing workforce trends and challenges

Like many public and private employers here and across the country, Washington state agencies face increased challenges to recruit and retain workers. These workforce challenges, in turn, can hamper the state's ability to provide vital services. In some cases, such as at our state psychiatric hospitals and correctional facilities, staffing shortages can jeopardize safety for those in the state's care as well as for state employees.

A number of factors drive the state's workforce challenges, but employee exit surveys that agencies conducted last year showed that compensation/pay was the reason most often cited for leaving state government. As the state's economy thrived and the cost of living increased in recent years, the competition for workers increased sharply. For many state jobs, pay scales have lagged when compared to what the private sector and other public employers offer.

While part of the turnover increase last year was due to market trends and factors related to the COVID-19 pandemic, it's clear that compensation has been a key factor behind agency recruitment and retention challenges even before the pandemic.

The governor's proposed 2023–25 budget includes funding for numerous collectively bargained provisions to help agencies strengthen the state's workforce. This includes funding general wage increases for most general government and community college employees,

as well as larger targeted increases for certain hard-to-fill or high turnover positions.

Even in the early stages of the pandemic, the state began seeing higher levels of turnover. During the most recent state fiscal year (fiscal year 2022), more than one in five executive branch employees left state government — a 47% increase from the previous fiscal year. Meanwhile, the average tenure for all state employees has fallen to six years — a 33% decline from what it was in 2017.

Turnover is higher for lower-wage workers. In fiscal year 2022, the turnover rate for employees making less than \$50,000 per year topped 45% — compared to less than 15% for employees who earned more than \$50,000.

High turnover has been especially problematic for the state's 24/7 institutions, including psychiatric hospitals and developmental disabilities facilities, which care for many of the state's most vulnerable residents. At the Department of Social and Health Services, turnover last year was nearly 26% for employees working in those institutions, compared to 15% for the department's noninstitutional workforce.

DSHS recently reported a 50% nursing vacancy rate at Eastern State Hospital and nearly 30% at Western State Hospital. Institutions operated by the Department of Corrections and the Department of Children, Youth, and Families are facing similar nursing and staff shortages.

At DCYF last year, turnover was nearly 37% for employees at its juvenile rehabilitation facilities, compared to less than 17% for the rest of the agency’s workforce.

Among other impacts, such staffing shortages can pose safety risks for individuals in the care of those agencies as well as employees. These shortages can also jeopardize federal funding, or increase overtime costs or the need to hire short-term staff at a significantly higher rate than hiring regular staff.

Washington’s ferry system, which provides a vital marine highway for millions of people throughout Puget Sound, is facing severe staff shortages that are unprecedented in its 70-year history. The effects of an international shortage of mariners, the COVID-19 pandemic, and

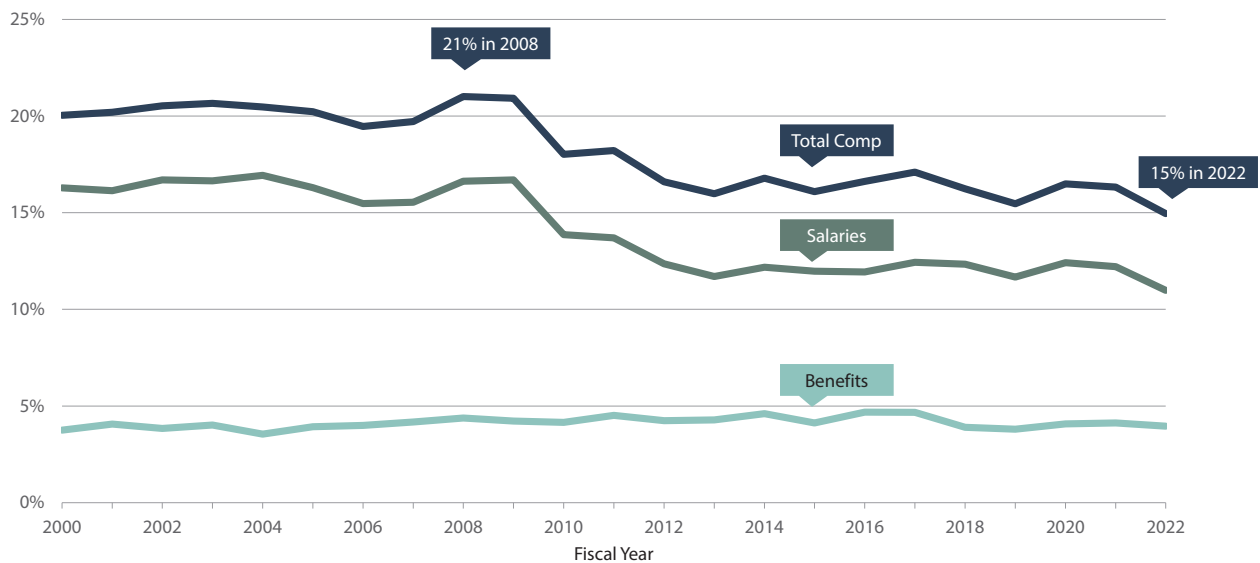
the aging demographics of the workforce have combined to reduce staffing below the levels the state needs to reliably operate the ferry system. This shortage has resulted in unplanned service reductions and a decrease in system reliability, which is especially impactful as ferry ridership increases from the early part of the pandemic.

Besides disrupting services and posing potential risks, turnover is costly for the state. Recruiting and training new talent is time-consuming and expensive — and the increases in workload on existing staff can exacerbate turnover.

Washington is not alone in stepping up efforts to tackle these workforce challenges. Other state and local governments, for example, are increasingly offering large recruitment and

Compensation as a percent of General Fund-State budget has fallen since 2009

Monthly change, seasonally adjusted



Source: Office of Financial Management, November 2022

retention bonuses for certain types of positions or using other compensation strategies across the workforce to stabilize and strengthen their workforces.

2023-25 collective bargaining summary

State agencies have been using a variety of strategies that make it easier to attract or retain people in hard-to-fill positions. Washington State Ferries, for example, is changing the way new employees are assigned to routes so there are better options for working closer to home. Some agencies are creating marketing campaigns, reaching out to prospective candidates in new ways, and creating easier application processes. In addition, the Office of Financial Management has created a work group of state agency human resources staff to develop strategies for improving recruitment and retention.

Meanwhile, addressing state agency workforce challenges and bolstering their ability to deliver vital services were central themes when the state negotiated new two-year agreements with 32 unions. These unions represented nearly 62,000 state employees and about 6,500 publicly funded nonstate employee groups. The new agreements are funded in the governor's proposed budget and now go to the Legislature for approval.

Under the new agreements, most state employees would receive a 4% general wage increase on July 1, 2023 and a 3% increase on July 1, 2024. Some of the elements included in the agreements, based on individual bargaining with labor unions, include "recognition and retention" lump sum payments and \$1,000 incentive payments for fully vaccinated

employees who receive COVID-19 booster vaccines.

To help address pent-up demand due to the lack of targeted increases during the current two-year budget cycle, the new agreements call for a variety of targeted increases for state positions. These proposals were primarily focused on documented recruitment and retention issues.

Meanwhile, the agreements include additional increases designed to address recruitment and retention challenges. These include premium pay for nurses, for employees assigned to facilities that provide direct care to residents or patients, and for those working less-desirable shifts.

New agreements — reached through interest arbitration — with unions representing some state prison workers call for larger overall general wage increases and other targeted increases.

State ferry workers would also see larger general wage increases under the new agreements. Most crew members would receive 5% increases in each of the next two fiscal years, with additional targeted increases for certain hard-to-fill jobs. The agreements also include provisions to help deck employees advance in their careers, which will help ensure future staffing needs are met.

Health care benefits for state employees are bargained with a coalition of most of the unions. The governor's budget 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 state also reached new labor agreements with unions representing more than 6,500 publicly-funded, nonstate employee groups. The new agreements include rate increases for adult family home providers and family child care providers, as well as compensation increases for language access providers who support state Medicaid and social service clients.

The estimated Near General Fund-State cost of the compensation increases for employees (represented and nonrepresented) and nonstate employees is about \$1.3 billion during the 2023-25 biennium.

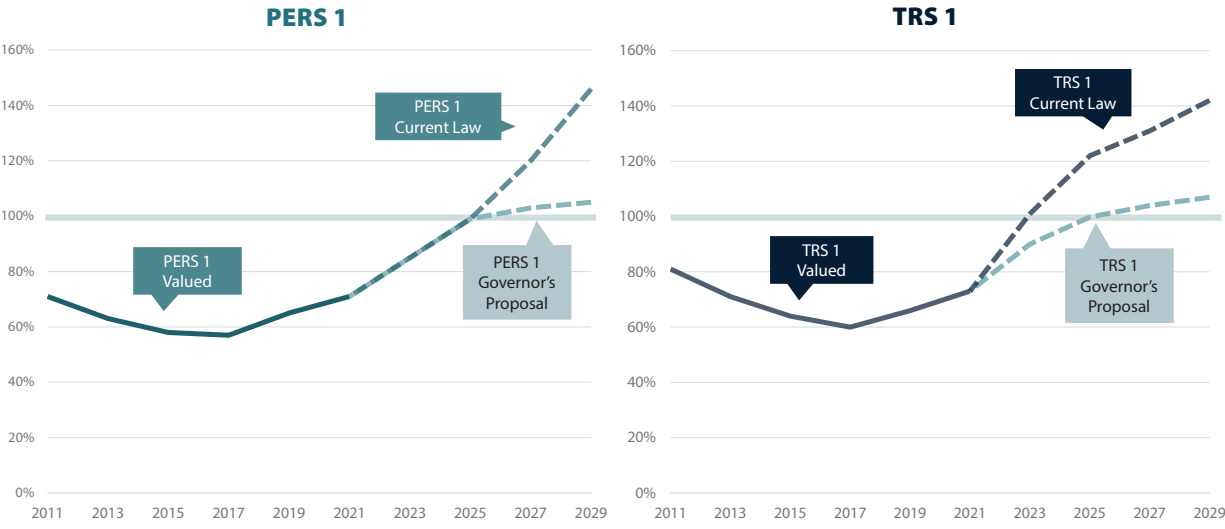
K-12 employee health care

The governor's budget also funds a new health care agreement that covers approximately 147,000 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.

Budget generates pension savings and keeps plans fully funded

PERS 1/TRS 1 projected to reach 100% funding under governor’s budget

Funded ratio for PERS 1 and TRS 1, valued and projected by biennium



Note: Projections are based on known investment returns through June 30, 2022. Actual results will vary from these projections.

Source for projections: Estimate provided by the Office of the State Actuary at OFM’s request
 Source for historical data: fiscal.wa.gov/actuarydata.aspx

Washington’s PERS 1 (Public Employees’ Retirement System Plan 1) and TRS 1 (Teachers’ Retirement System Plan 1) have been underfunded for the past two decades. Now, however, both plans are projected to reach and then exceed full funding, thanks to increased employer (state) contributions and payments into those pensions over several biennia and larger-than-assumed investment returns in recent years.

PERS 1 and TRS 1 are the state’s oldest pension plans and have been closed to new entrants since 1977. Washington has consistently been a national leader in overall pension funding. And reaching full funding for PERS 1 and TRS 1 has been a long-standing goal of the state pension system.

Thanks to the increased contributions by the state and extraordinary investment returns – nearly 29% in fiscal year 2021 — both plans are now projected to be overfunded in the near future, reaching 140% funding by the end of the decade.

The governor’s 2023-25 budget includes a strategy to keep both plans on a path to reach full funding over the next four years. It does that by funding the current 5.75% “unfunded accrued actuarial liability” (UAAL) rate for TRS 1 for the first year of the biennium and the current 3.5% UAAL rate for PERS 1 for both years of the biennium. By doing that, both plans are projected to reach 99% funding status by the end of the biennium and surpass 100% funding by the end of fiscal year 2026, according to estimates provided by the Office of the State Actuary at OFM’s request.

The governor supports legislation to phase out the unfunded liability rates for PERS 1 and TRS 1. These actions will generate significant savings for the state — \$1.4 billion over four years — while keeping the plans fully funded and making no reduction in benefits. In fact, the governor’s budget funds a 3% ‘ad-hoc’ COLA for TRS 1 and PERS 1 retirees.