



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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February 26, 2024

TO: Honorable Timm Ormsby
Honorable Chris Corry
House Appropriations Committee

Honorable June Robinson
Honorable Lynda Wilson
Senate Ways and Means Committee

FROM: David Schumacher
Director

SUBJECT: OFM CONCERNS WITH HOUSE AND SENATE SUPPLEMENTAL OPERATING BUDGETS

We appreciate that the House and Senate supplemental operating budgets are mostly built on the priorities established in the enacted 2023-25 budgets. We also recognize that developing budgets under circumstances that are continually shifting is challenging to say the least.

The purpose of this memorandum is to share the Governor's most pressing priorities and concerns as work continues toward agreement on a final budget. Including priority policies in the budget and adequately funding new or existing statutorily required programs will allow agencies to meet the requirements in a way that fulfills your goals. Adding too many provisos erodes an agency's ability to do its core work and can effectively be cuts to its base budget. It may also be difficult for agencies to meet the Legislature's expectations to produce quality work on complex topics in the time remaining in the biennium.

In addition to the information provided here, OFM staff will provide specific technical and other concerns to their legislative counterparts.

Given the uncertainty of the Climate Commitment Act revenue, we look forward to continuing conversations about how to best utilize the funds in the short and long term. We will leave the specifics of funding for climate programs and projects to those conversations that will focus on programs that directly reduce greenhouse gas emissions, such as electrifying vehicles, leveraging federal funds and building efficiency. However, we urge you to add language to the creation of the Consolidated Climate Account that reflects RCW 70A.65.230 and requires investments that benefit vulnerable populations and are supported by Indian tribes.

With all of this in mind, please consider the following changes that allow agencies to fulfill statutory obligations and continue other mandates as the final budget is developed.

Office of the Governor, Office of Equity Support

The Senate budget does not include funding to improve language and information access. The Office of Equity needs these funds to meet its mandate to promote access to equitable opportunities and resources that reduce disparities and improve outcomes across our state. Specifically, the funding would allow the Office to work with state agencies to help end underservice or exclusion of individuals with disabilities, those needing information in languages other than English, and those who cannot access technology and the internet from government systems, services, and processes.

Office of the Governor, Women's Commission Staffing

The House provides the same funding as the Governor's budget starting in fiscal year 2025 for additional staff for the Washington State Women's Commission. The Senate budget does not provide funding for this item. Without this essential funding, the Commission cannot meet its legislative mandate to serve the 3.8 million women of Washington with access to governmental services and advocacy for equal compensation.

Office of Independent Investigations, Central Evidence Storage Facility and Regional Offices

The Office of Independent Investigations (OII) is statutorily obligated to store property and evidence in a controlled environment that both secures evidence and protects OII staff from workplace hazards. In addition, OII must have a presence throughout the state to fulfill its statutory obligation to respond promptly to incident scenes. OII needs additional funds for new leases and tenant improvements for multiple regional offices.

Recreation and Conservation Office, Snake River Recreation Study

Washington, Oregon, and the four tribal sovereigns from Washington and Oregon recently signed an agreement to extend the stay in *National Wildlife Federation et al v. National Marine Fisheries Service et al*. This lawsuit was filed by tribes and environmental groups over the federal government's management of the Columbia River Basin system. The Senate does not include funding for the Recreation and Conservation Office for a study, that is part of the agreement, to review recreational opportunities if the drawdown of the reservoirs of the lower Snake River dams occurs. Funding for the study would match federal dollars and allow the state to contract for the study, rather than relying on the U.S. Army Corps of Engineers.

Department of Ecology, Protecting State Waters

We urge the Senate to agree to funding that will protect wetlands and waters under the state clean water act (Chapter 90.48 RCW), that are no longer subject to federal protection. This funding will ensure that Ecology can process permit applications in a timely manner for projects that may impact water quality.

Health Care Authority, Medical Assistance Program, Program Integrity

We appreciate both the House and Senate investments in program integrity for the Medicaid program at the Health Care Authority. This funding will assist the Health Care Authority in continuing to provide services for some of the most vulnerable Washingtonians. While both budgets provide much needed funding in the current biennium, the House approach provides long-term security for the agency and residents the state is obligated to help. The new program integrity savings in the Senate budget double counts savings being achieved by managed care organizations that are already included in the funded managed care rates. This savings step is therefore just a new cut to the agency.

Department of Social and Health Services, Economic Services Administration, Reduce Wait Times Technology

Reducing call center and lobby wait times in DSHS's community services offices is necessary to ensure that Washington residents are able to access public assistance benefits. Although both budgets address part of the problem by adding staffing, another core component to reducing wait times is creating customer and staff efficiencies through technology-driven solutions. The Senate does not include funding for these technology enhancements and the House provides partial funding. Without funding the necessary technology solutions, wait times will continue to be a problem shouldered by people needing basic services.

Department of Children, Youth and Families, Assignment Pay

A settlement agreement was reached between the Washington Federation of State Employees and DCYF for a dispute over assignment pay for certain in-training Social Service Specialist 2 (SSS2) positions covering home visits. Settlement agreements are an important tool for resolving disputes short of litigation. The settlement agreement limits payment to the current biennium, only applies to a select number of SSS2s in training, and thereby preserves the integrity of the collective bargaining agreement language. Where the scope is narrow and

limited, negotiations to amend the underlying agreement may be broader. Full funding for the settlement agreement for the two years of the current biennium is necessary to resolve this narrow, limited issue.

Department of Corrections, Opioid Treatment Expansion

Both the House and Senate budgets recognize the importance of access to medications for opioid use disorder (MOUD) for individuals incarcerated in Washington prisons. The House budget provides resources to expand access to MOUD so that more people entering prison already on treatment can continue, in line with the funding proposed in the Governor's budget. While the Senate budget includes a proviso requiring the Department of Corrections to provide MOUD treatment to all individuals entering its custody already on treatment, it provides no resources to support this important policy. The department cannot absorb these health care costs without additional funding.

Department of Corrections, Larch Corrections Center Reduction

The Department of Corrections has faced a rapidly changing population in the last five years and chose to close the Larch Corrections Center to make the best use of its operating funds and need for correctional facilities. The department reallocated savings from the closure to restore needed higher custody units and invest in pro-equity anti-racism efforts and priorities of the Office of the Corrections Ombuds to improve conditions for incarcerated individuals. The Senate budget's move to sweep and then detail the use of the closure savings impedes the department's work to address strategic priorities. These funds should remain in the department as reflected in the Governor and House budgets.

Department of Corrections, Custody Relief

The Legislature has made smart investments in improving the conditions for prison custody staff, understanding that they provide a safer and more stable prison environment for all. Mandatory overtime driven by an outdated staffing model, identified in the Legislature-funded 2019 report to "substantially undercount" necessary hours, has compounding negative effects and is overly expensive. We ask that the Legislature follow the Governor's budget in taking a step to modernize the department's staffing model to respond to significant changes in staff access to paid leave.

Department of Corrections, DRW Transgender Settlement

In response to a settlement with Disability Rights Washington (DRW), \$12.8 million is needed this biennium to invest in gender-affirming medical and mental health care services to transgender incarcerated individuals. While neither the House nor the Senate budgets provide this level of resources, the agency can execute the requirements of the settlement agreement with the \$11.1 million provided in the House budget. The Senate proposal of \$7.7 million excludes resources for additional mental health staff and PREA consultants that have been determined necessary to provide the care outlined in the settlement.

Washington Student Achievement Council, Washington Student Loan Account

Very little financial aid is available to assist students pursuing post-secondary education, despite the state's high demand for qualified professionals in fields with workforce shortages such as behavioral health, nursing, software development, teaching, and more. The Senate budget transfers \$40 million from the Washington Student Loan Account to the Education Legacy Trust Account, which reduces the funds available for low-interest student loans. The funds are needed in the Student Loan Account starting in the 2025-26 academic school year.

Thank you for your consideration. We look forward to continuing discussions with you and your staff as you work toward agreement on the final budget.

cc: Dave Johnson, Staff Coordinator, House Appropriations Committee
Susan Howson, Staff Coordinator, Senate Ways & Means Committee
Nona Snell, Budget Director, Office of Financial Management