



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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April 11, 2025

TO: Honorable Steve Tharinger
Honorable Mike Steele
House Capital Budget Committee

Honorable Yasmin Trudeau
Honorable Mark Schoesler
Senate Ways & Means Committee

FROM: K.D. Chapman-See
Director

SUBJECT: OFM CONCERNS WITH HOUSE AND SENATE SUPPLEMENTAL AND BIENNIAL CAPITAL BUDGETS

Thank you for your continued partnership as we work together to finalize the 2025 supplemental and 2025-27 biennial capital budgets. We recognize the thoughtful approach of both of your proposals and are grateful for the significant housing investments included in each one, especially the historical level of funding proposed for the Housing Trust Fund. We value your collaboration.

This memorandum does not detail every difference between the proposed budgets; rather, it highlights significant areas warranting your careful consideration. We will also submit a variety of specific policy and technical issues to you and your staff. Thank you again for your continued partnership and thoughtful consideration of these concerns.

Minor works

Minor works are flexible appropriations for agencies to address small preservation or programmatic projects, each valued at less than \$1.5 million (\$2 million for higher education). In the Senate proposal, agencies received significantly reduced minor works appropriations. In the House proposal, several large agencies received no new minor works funding at all, including the Department of Social and Health Services and State Parks. Reduced minor works funding hinders the ability of agencies to proactively address emergent issues with their facilities. We understand the Legislature's interest in right-sizing minor works and are willing to collaborate with you and agencies on a phased-in approach.

Grant program language limiting reappropriation

The Senate provisos directing that grant funding from previous biennia must be spent by specific dates, or the funding will lapse, could create challenges for in-progress projects which have active contracts that do not include this deadline. We are willing to work with you to identify these situations, for a potential phased-in approach to reappropriated projects.

Capital budget studies

Although we agree that review of existing capital budget processes may provide benefits, the scope, timeline, and amount provided for the capital budget cost study proposed by the House do not appear implementable. OFM staff has reached out to the Ruckelshaus Center and the University of Washington

College of Built Environments to explore this concept further and to collect additional feedback.

In addition, although we appreciate the Senate's interest in the Office of Financial Management studying future options for law enforcement training facilities, the study proposed by the Senate appears to have significant overlap with a [2019 study](#) that OFM completed at the request of the Legislature. The proposed funding may be better spent for cost estimate reviews of the existing Burien campus predesign, particularly the firing range and dormitory projects, which would directly inform future budgets.

Legislative involvement in capital project implementation

The Senate proviso for the Department of Enterprise Services' campus energy system replacement requires a cabinet agency to receive majority consensus from the chairs and ranking members of your committees regarding the implementation of a capital project. We are amenable to DES reporting to the committees as this project reaches the end of design, as proposed by the House, but not to a decision-making role beyond the legislative and appropriations process. With the exception of the legislative campus modernization project, which included legislative office space, we do not see legislative oversight for cabinet agency projects as a reasonable project structure.

Capital Lake/Deschutes Estuary

Years of work have gone into developing a plan and shared vision for the Deschutes River, Budd Inlet, and estuary restoration. Restoring the estuary will improve water quality, wildlife and plant habitat conditions, climate and flood resilience, and recreational water access and fishing, while supporting regional transportation. This area is important to the Olympia community and to Tribes in the region. We are concerned with the Senate approach, which diverges from the completed environmental impact statement.

Small district and State-Tribal Education Compact Schools modernization program

Although we appreciate that the Legislature has the authority to clarify matching fund requirements for capital programs, the Senate budget does not hold harmless projects already underway, including projects in the Inchelium, Bridgeport, and Pe Ell school districts. Please appropriate funds to allow completion of any projects already underway when writing the final budget.

Projects that support the reduction of greenhouse gases

Commerce's climate grant programs, like the clean building performance grants and the multi-family efficiency grants, help building owners comply with the Clean Buildings Act. Decarbonization and energy projects at state agencies, including higher education institutions, also assist with state compliance. Please consider funding these projects and grant programs at a level that supports the implementation of state law.

In addition, clean energy programs like storage and energy grants and the Clean Energy Fund are dedicated to developing the new clean energy technologies. These programs also create jobs and support economic growth. Please consider funding for these programs in the final budget, particularly in light of likely declining federal investment.

Economic development investments

We encourage the Legislature to consider an investment in economic development through the Green Jobs and Infrastructure Fund, which includes the Innovation Cluster Accelerator Program. These funds help the state retain, recruit, and attract new business sectors. The Senate removed supplemental funding from this program and neither chamber included any new investment. Despite the challenging budget environment, please consider retaining these tools that help grow our economy and tax base.

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Riparian grant programs

Please consider splitting the proposed funding for riparian grant programs between the State Conservation Commission and the Recreation and Conservation Office. This is in line with the Riparian Roundtable's recommendations and recognizes the combined strength of the two existing programs.

Special tax bond

Given market uncertainty and volatile interest rates, this is not the time to explore a novel form of bonding outside of the state's constitutional debt limit. The issuance of a special tax bond will be more costly to the state than, for example, the issuance of general obligation bonds.

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

cc: Honorable June Robinson, Chair, Senate Ways & Means Committee
Honorable Chris Gildon, Ranking Member, Senate Ways & Means Committee
Michael Bezanson, Staff Coordinator, Senate Ways & Means Committee
John Wilson-Tepeli, Staff Coordinator, House Capital Budget Committee
Robyn Williams, Budget Director, Office of Financial Management
Jen Masterson, Senior Budget Advisor, Office of Financial Management