



STATE OF WASHINGTON

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April 7, 2021

**TO:** Honorable Timm Ormsby, Chair  
Honorable Drew Stokesbary, Ranking Member  
House Appropriations Committee

**FROM:** David Schumacher  
Director

**SUBJECT: OFM CONCERNS WITH HOUSE 2021-23 BIENNIAL AND 2021 SUPPLEMENTAL OPERATING BUDGETS**

I recognize your extraordinary efforts in developing the House 2021-23 and 2021 supplemental operating budgets. The budgets make great strides to protect the state's vulnerable populations and effectively use the recently enacted federal funds. Though there are differences, the House and governor's budgets include similar approaches and priorities.

Among other things, we particularly appreciate that state employee furloughs were not extended into the 2021-23 biennium, substantial funding is included for child protective services and foster care, and the Equity Office is funded.

The purpose of this memorandum is not to identify every difference in the budgets, but to identify the most pressing concerns for your consideration as you continue working toward agreement with the Senate on a final budget. We assume budget and policy staff will relay other funding differences, whether they are technical in nature or fall between technical and high priority concerns.

**Department of Commerce**

*Housing and Homelessness Services.* We commend the House for expanding upon the governor's budget by creating an historically large investment in housing and homelessness services, as well as broadband, business assistance, and community outreach and equity efforts. The final budget should provide sufficient funding to enable the department to effectively implement these significant investments and to implement enacted legislation, including new staff positions and the administrative and indirect costs described in the agency's fiscal notes.

*Lease Cost Reduction.* The House should restore the lease cost reduction of \$1,078,000 that was included in the governor's proposal. With additional state revenue, the large influx of federal dollars, and FTEs allocated to the agency in the House budget, eliminating this reduction will give the department the additional time it needs to develop a strategy to reduce its office space footprint.

**Department of Social and Health Services**

*TANF Grant Increase.* The budget proposes a 10 percent increase to the grant for the Temporary Assistance for Needy Families (TANF) and State Family Assistance (SFA) programs, which will help families meet more of their basic needs. However, the budget does not include a grant increase for other programs that currently maintain parity with the TANF/SFA benefit levels, including the Refugee Cash Assistance and Pregnant Women Assistance (PWA) programs. The department needs \$18,000 General Fund-State in fiscal year 2022 and \$20,000 General Fund-State in fiscal year 2023 for the Pregnant

Women Assistance program, and \$107,000 General Fund-Federal in fiscal year 2022 and \$112,000 General Fund-Federal in fiscal year 2023 for the Refugee Cash Assistance program. By rule (WAC 388-478-0020), the Refugee Cash Assistance program must maintain parity. Though this rule does not apply to the PWA program, the Legislature invested resources in the 2019-21 operating budget for the program's grant to mirror the TANF grant standard. We ask that parity continue to be funded for this group.

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

*Child Abuse Allegations (E2SHB 1227).* The House does not provide funding to implement the bill that changes the threshold for removing a child, requires additional evidence for removal, creates a new temporary foster care license, and requires more relative search efforts. It will impact processes for child protection investigations, shelter care court hearings, licensing, and out-of-home placements beginning in state fiscal year 2024, but the new processes require training and information technology support prior to their implementation.

*Fair Start for Kids Act (E2SSB 5237).* The overhaul of the state's early learning programs in this bill is very necessary. It fundamentally restructures the state's subsidized child care system to be more affordable for low-income families by expanding eligibility to middle-income families and providing rates that are more competitive with the private pay market. However, it is not possible to successfully redesign programs and increase services without adequate funding. If the bill passes, please provide funding for its implementation and administration.

### **Department of Corrections**

*Tolling Workload.* The Governor's budget and Second Substitute House Bill 1126, community custody tolling, addressed changes to the department's tolling workload. The reduction in workload associated with this legislation would eliminate the need for an increased investment in staffing for the tolling unit once enacted, but the legislation has not passed the House. Funding for tolling staff was provided in the proposed supplemental budget, but in the absence of tolling reform, the funding need is ongoing.

### **Department of Fish and Wildlife**

*Species Conservation.* Funding is needed to support increased costs for species conservation that are no longer sustainable with revenue from personalized license plates without also cutting species conservation programs. The House budget funds this work out of the Fish and Wildlife Conservation Account which is solely supported by hunting and fishing license fees. General species conservation efforts of non-harvested animals are more appropriately funded from the state general fund.

### **Department of Agriculture**

*Vacancy Savings.* To help save state general fund dollars when revenue projections were significantly down, the department offered to delay the hiring for several positions in the 2021-23 biennium. These reflected a worst-case scenario and will require reductions in its food safety, animal health programs, veterinary services, and central office business operations. Due to the increase in state revenue since the governor's budget was developed, the final budget should not include these reductions, which would allow the department to fully implement its critical work to protect public and animal health.

### **University of Washington**

*UW Hospital and Harborview.* The House provides \$35 million in the 2021 supplemental budget and \$40 million in the 2021-23 budget to help offset the lost revenue due to the COVID-19 pandemic and pay the cost of medical training, uncompensated care and other University of Washington Medical Center and

Harborview services. These health care facilities serve as a critical safety net by treating medically fragile individuals and a high percentage of MEDICAID and Medicare-covered individuals. While this is an improvement, it does not solve UW Medical Center's challenging financial position. Matching the Senate amount in the 2021-23 budget will provide continuing support and predictable funding for these two important medical training hospitals.

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In addition to these concerns, these new items have come to our attention.

**Premium Pay.** The American Rescue Plan Act of 2021 enacted in March 2021 allows premium pay from the State Fiscal Recovery funds for eligible workers who perform essential work during the COVID-19 public health emergency. I would encourage the parties to explore possible ways to recognize these frontline workers called upon to respond during the pandemic.

**Department of Social and Health Services, System for Integrated Leave, Attendance and Scheduling (SILAS).** At the time that the governor developed his 2021-23 budget, the revenue forecast and federal funding outlook were not clear. Because of this, funding was not included for the System for Integrated Leave, Attendance and Scheduling at DSHS. SILAS has been successfully implemented at Western State Hospital and the department is ready to expand it to other 24-hour institutions, namely the Child Study and Treatment Center and Special Commitment Center. We ask that you consider including \$4.4 million (\$3.1 million General Fund-State) in the final budget to continue the SILAS project.

### **2021 Supplemental Budget**

**Furloughs.** The supplemental budget includes reductions in agency budgets based on savings that would result from furloughing state employees for eight days in fiscal year 2021. Seven of the furlough days were implemented in 2020, but the last one was cancelled due to increased revenue projections. Please restore funding in agency budgets to reflect the cancellation of the eighth layoff day.

Thank you for your consideration. My staff and I are available to discuss these items in greater detail, and we look forward to further collaboration as you work toward a final budget.

cc: Charlie Gavigan, Staff Coordinator, House Appropriations Committee  
Nona Snell, Assistant Director for Budget, OFM  
Jamila Thomas, Chief of Staff, Office of the Governor