



January 2023

Gov. Jay Inslee's Proposed 2023-25 Operating Budget

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Budget priorities and challenges

Budget priorities

- Pressing needs and continuing what we started
- Stabilize agencies' ability to provide services
- Invest in housing and homelessness, behavioral health, education, public safety, climate and salmon recovery

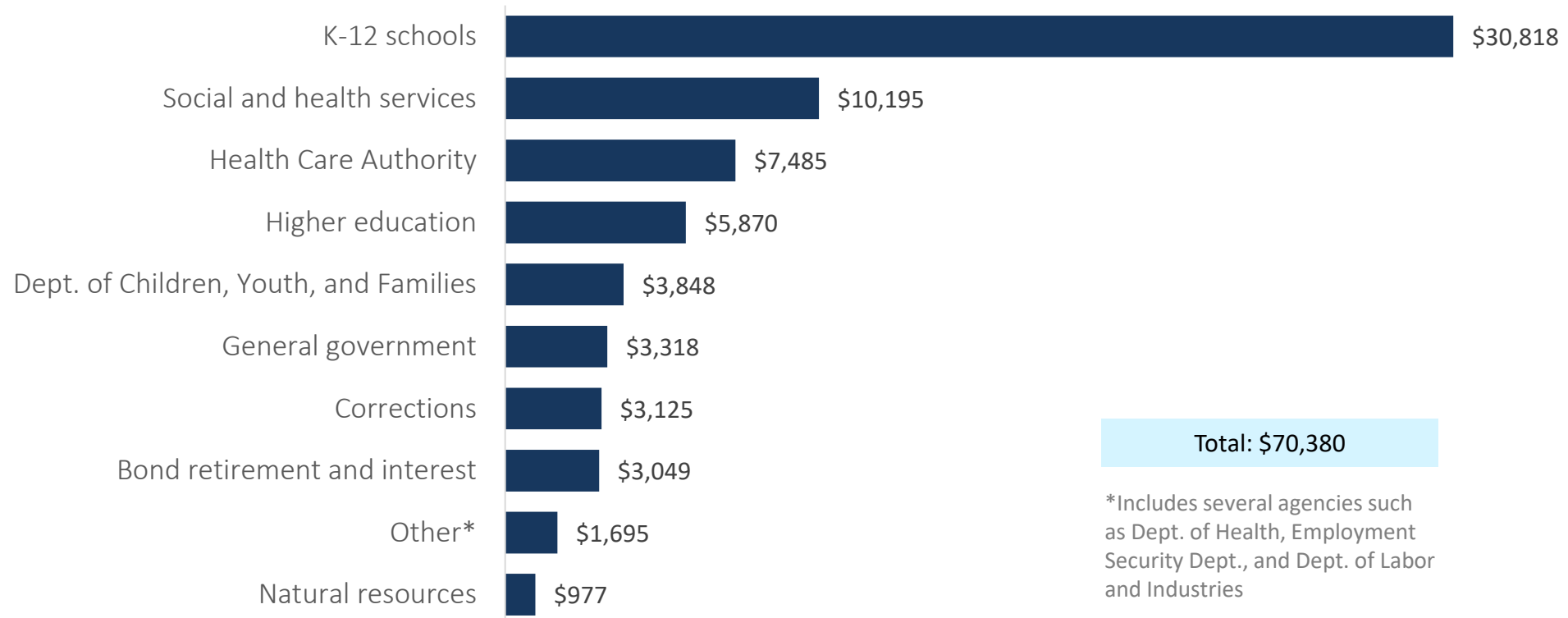
Challenges

- Federal COVID-19 relief funding winds down
- Caseloads/enrollments rebound
- Inflation is driving up costs
- Economic uncertainty
- Recruitment/retention concerns

Governor's proposed 2023-25 biennial budget

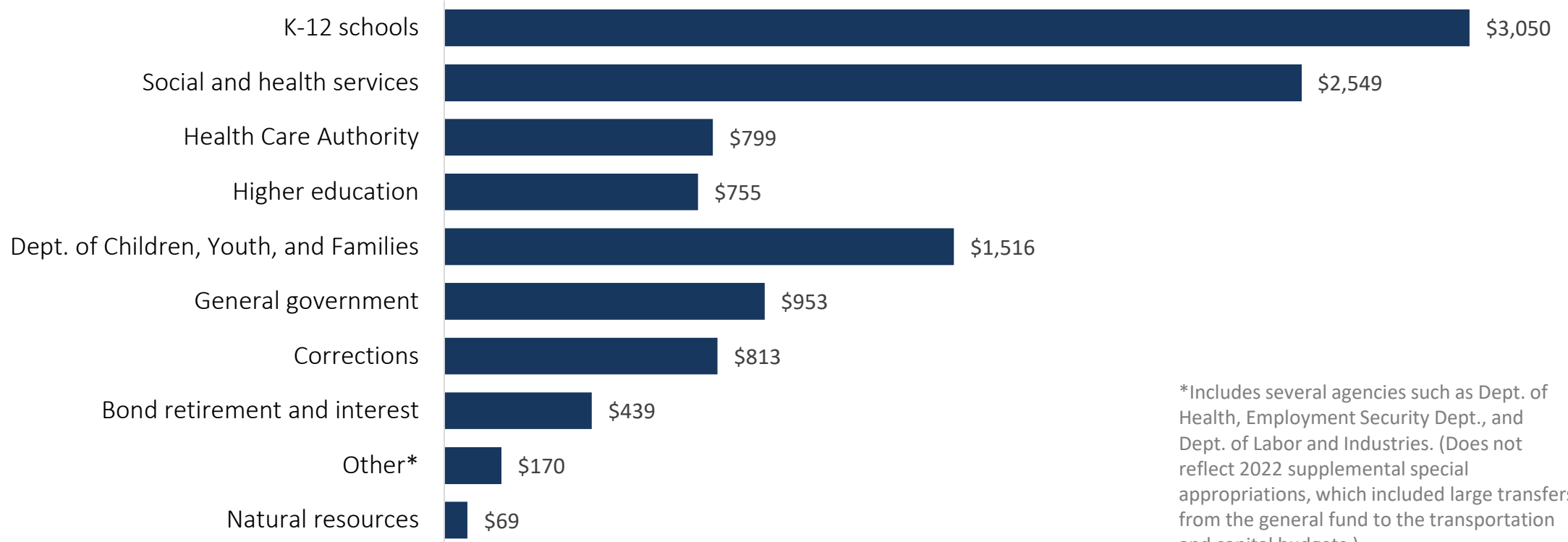
2023-25 Omnibus operating budget funds subject to outlook

Dollars in millions



2023-25 proposed budget – Incremental increases from 2021-23 (2022 supplemental)

Dollars in millions



*Includes several agencies such as Dept. of Health, Employment Security Dept., and Dept. of Labor and Industries. (Does not reflect 2022 supplemental special appropriations, which included large transfers from the general fund to the transportation and capital budgets.)

Investment highlights

More than \$1.3 billion in *operating and capital* budgets to reduce homelessness and increase supply of affordable housing

- Rapidly acquire affordable housing, enhanced shelters, permanent supportive services
- Construct affordable housing units
- Transition people encamped on public rights of way to permanent housing solutions
- Help communities plan for and accommodate their housing needs for all income levels over the next 20 years
- Speed up housing development statewide
- Provide assistance for homeownership to address equity
- Fund permanent supportive housing that pairs long-term rental assistance with case management and support services
- Additional funding for temporary rental assistance and essential needs (HEN)
- Maintain existing shelter beds and shelter operations that would otherwise be lost

Investment highlights

Continue transforming and expanding behavioral health services

- Increase behavioral health workforce and provider rates
- Enhance crisis services
- Prevent opioid addiction and enhance treatment services
- Increase rates for hospitals and Children's Long-term Inpatient Program (CLIP) facilities
- Community civil conversions to address waitlist for forensic beds at Western State Hospital
- Fund ongoing staff and operations for Maple Lane and Vancouver facilities
- Expand implementation in third phase of the Trueblood v. DSHS settlement agreement

Investment highlights

➤ K-12 education

- Social and emotional supports (counselors, nurses, social workers, psychologists)
- Special education cap and multiplier
- Enhance outdoor education and climate science curriculum
- K-12 compensation increase
- Student nutrition
- Future teacher residency
- Peer mentoring

➤ Early learning

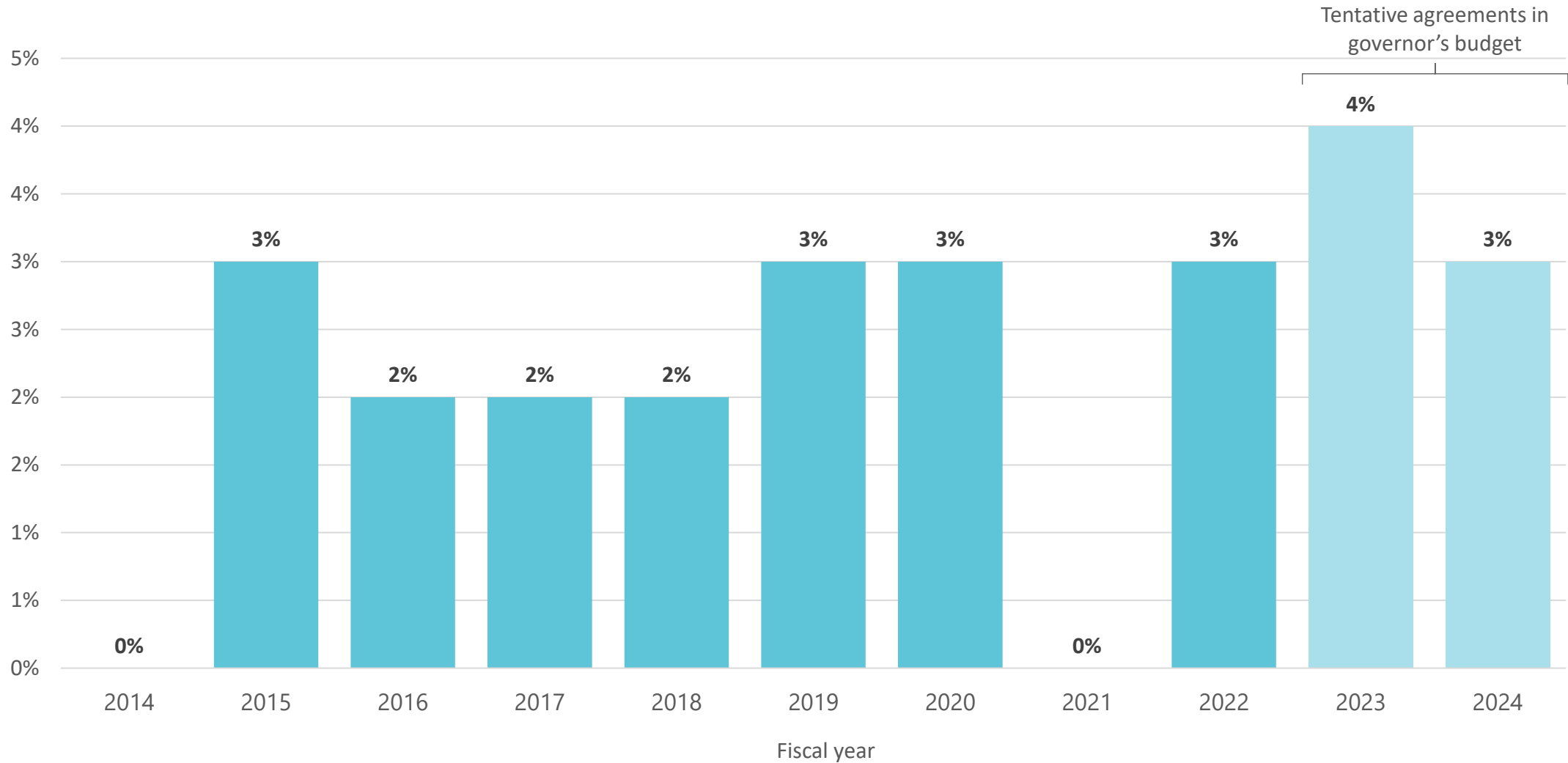
- 40% rate increase for school- and working-day slots
- 4,000 new slots
- Tribal early learning grants

Investment highlights

Adapting to changing workforce trends and challenges

- State agencies face increased challenges to recruit and retain workers
- Staffing shortages hamper our ability to provide vital services, jeopardize safety for those in the state's care as well as state employees
- 4% / 3% general wage increases for most state employees
- Targeted increases for certain hard-to-fill or high-turnover positions
- Compensation and provider rate increases make up nearly half of new spending

General wage adjustments since 2014



Investment highlights

Combat climate change, grow clean-energy economy

- Invest \$365 million in Climate Commitment Act revenues in operating budget
- Advance environmental justice
- Improve clean energy siting and permitting
- Decarbonize buildings
- Support climate action and clean energy workforce
- Build climate resiliency

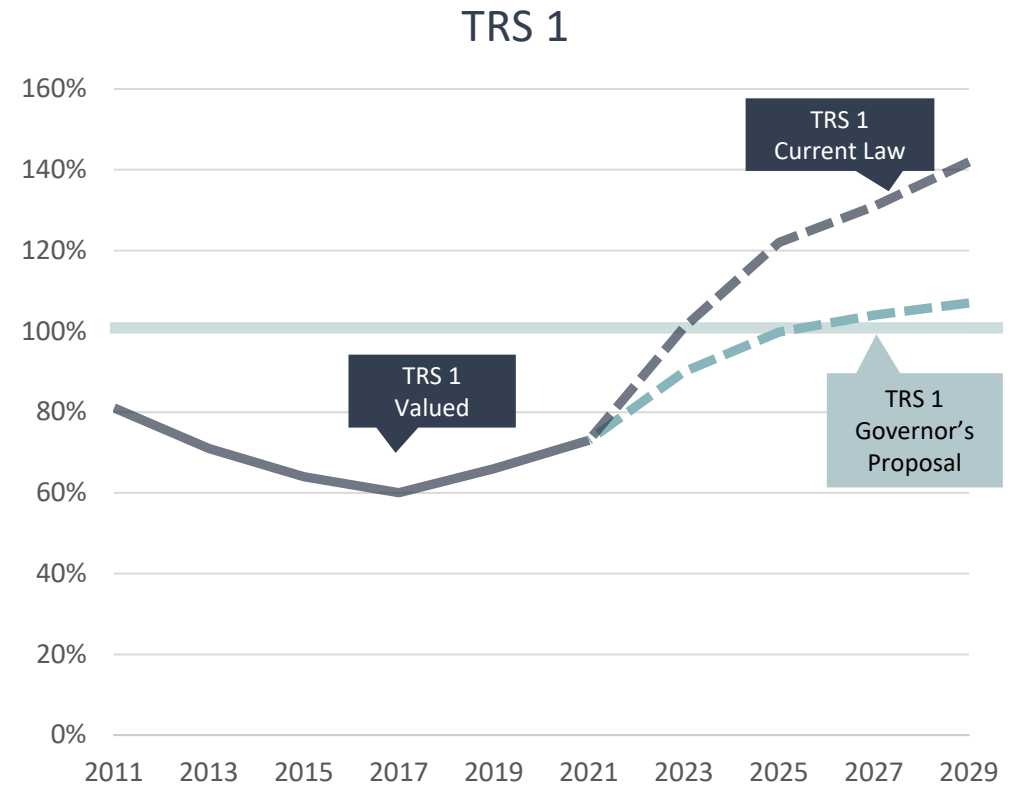
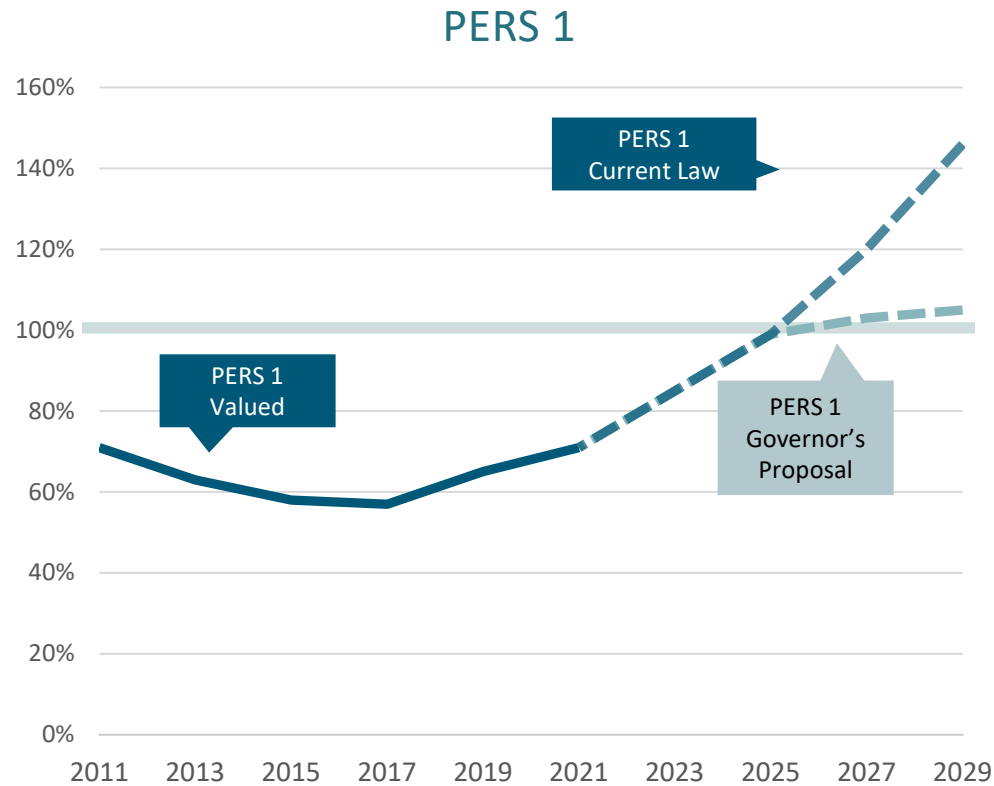
Investment highlights

Protect and restore salmon populations

- Protect and restore riparian habitat
- Invest in clean water by reducing impacts from tire dust and other contaminants
- Correct fish passage barriers and restore access to historical habitat
- Manage and study pinniped predation
- Align harvest and hatcheries with salmon recovery

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.

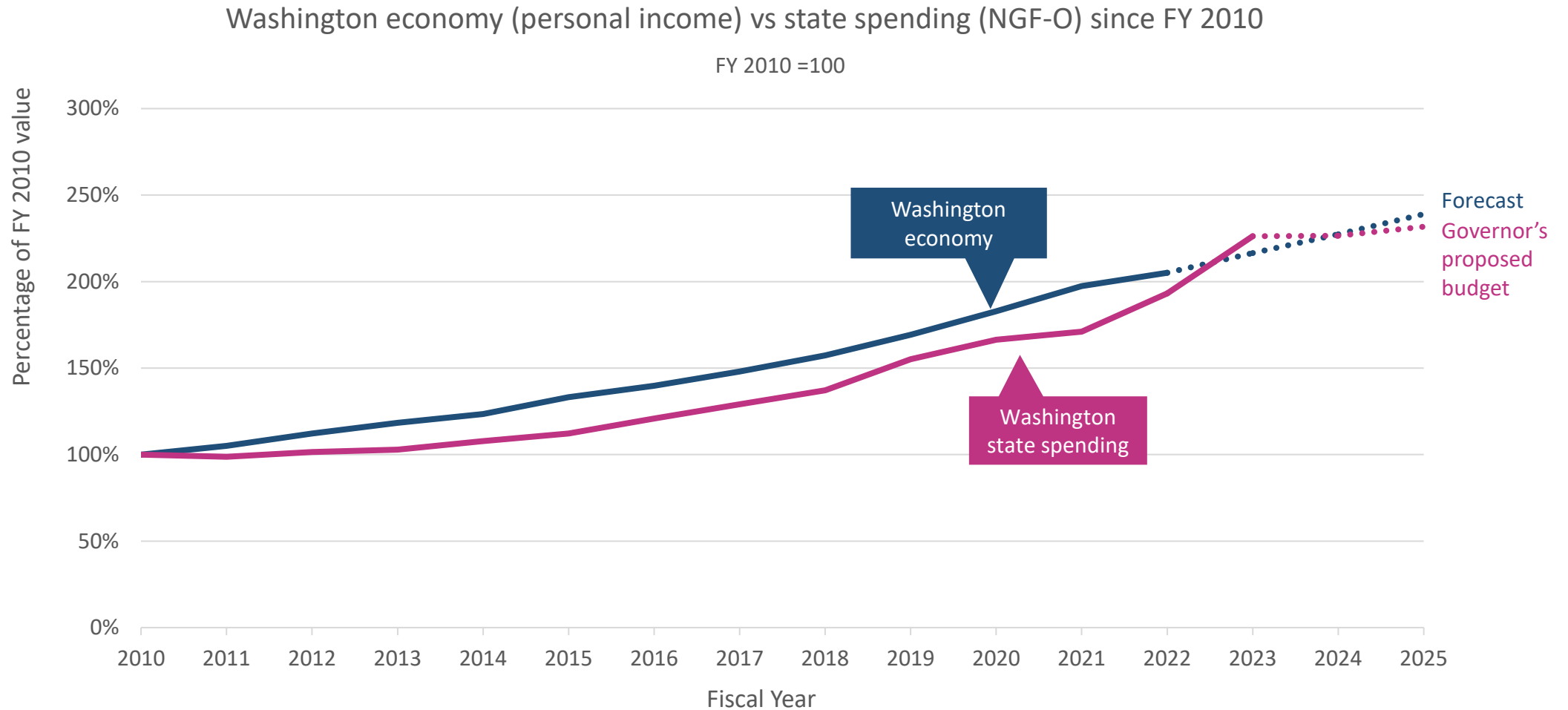
Source for projections: Estimate provided by the Office of the State Actuary at OFM's request. Source for historical data: fiscal.wa.gov/actuarydata.aspx

Investment highlights

Tax relief for 400,000 Washington families

- Working Families Tax Credit starts next month
- Provides up to \$1,200 to more than 400,000 families
- Projected to cost about \$500 million per biennium

State spending has closely tracked the growth of the economy





For more information:

ofm.wa.gov

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