

January 13, 2025

Gov. Inslee's Proposed 2025-27 Operating Budget



Budget challenges and priorities

Challenges

- Revenue growth slowing
- Caseloads/enrollments increasing
- Inflation driving up costs
- Maintaining and retaining skilled state workforce

Budget principles

- Maintain existing services
- Maintain agencies' ability to function
- End programs that no longer needed
- Reduce where conditions or needs have changed
- Delay implementation of programs

Governor Inslee - Operating budget framework

Near General Fund (NGF-O)

Dollars in billions

	2023-25	2025-27	2027-29
Beginning NGF-O balance	5.3	1.4	0.5
Forecasted revenue and resources	68.1	70.8	77.2
Budget Stabilization Account additional transfers		1.6	-1.6
LEOFF Plan 1 termination and pool with LEOFF 2		1.0	
New revenue (4 bills)		4.4	8.5
TOTAL revenues and resources	73.4	79.3	84.6

Governor Inslee - Operating budget appropriations

Near General Fund (NGF-O)

Dollars in billions

	2023-25	2025-27	2027-29
Appropriations			
Enacted + carryforward level	71.9	72.4	73.6
Maintenance level	0.6	4.9	7.1
Policy level	0.3	2.1	2.0
Reductions	-0.1	-0.8	-1.0
Reversions	-0.9	-0.7	-0.4
TOTAL Revised Appropriations	72.0	78.8	82.2
Near General Fund ending balance	1.4	0.5	2.4
Budget Stabilization Account ending balance	1.3	0.4	2.9

Investments and reductions – Opioids and behavioral health

Increases

- Supports Tribes with opioid prevention and treatment
- Expands emergency departments' access to medication for opioid use disorder
- Increases opioid use disorder treatment and education at juvenile rehabilitation facilities
- Adds community setting supports for transition from behavioral health inpatient settings
- Implements the fourth phase of the Trueblood v. DSHS settlement agreement
- Funds UW Behavioral Health Hospital increase to 75 long term civil commitment beds

Reductions

- Delays Maple Lane expansion
- Reduces Olympic Heritage Behavioral Health funding based on actual expenditures

Investments – Housing and homelessness

- Backfills the document recording fee
- Continues Consolidated Homeless Grants
- Continues housing services for youth through temporary residence, basic needs family reconciliation and rental assistance
- Continues funding for operating and maintenance of permanent supportive affordable housing units
- Maintains the Foreclosure Fairness Program
- Continues grants for streamlining the local permit process
- Aids refugees and immigrants who do not qualify for federal refugee resettlement services

Investments and reductions – Early learning and child care

Increases

- Increases ECEAP provider rates
- Adds 750 ECEAP school day slots (July 2026)
- Provides grants to blend ECEAP and Transition to Kindergarten (TTK) classrooms
- Increases WCCC provider rates to 85th percentile
- Complies with child care federal rules

Reductions

- Delays ECEAP entitlement to 2030-31 school year
- Removes unfilled ECEAP part-day slots
- Maintains WCCC eligibility at current level and delays expansion to 75% state median Income

Investments and reductions – K-12 and higher education

Increases

- Continues student nutrition
- Assists school districts with financial management
- Updates apportionment system
- Increases K-12 compensation
- Retains Washington College Grant up to 65% state median income
- Supports the UW Behavioral Health Teaching Facility

Reductions

- Pauses the National Board certification bonus
- Various K-12 grants

Investments – Maintaining and retaining a skilled state workforce

- Funds collective bargaining agreements
- Includes 3% and 2% general wage increases for most state employees
- Maintains health care premiums at 85% / 15%
- Provides competitive pay for low-income workers
- Targets wage increases to address retention and recruitment
- Provides premium pay for hard-to-fill positions

Investments and reductions – Human services

Increases

- Senior nutrition program and food assistance at community food banks and pantries
- Community residential services for people with developmental disabilities
- Support for Tribal facilities that provide health care services for Medicaid clients
- Criminal justice training academy expansion for local correctional officers
- Stafford Creek Corrections Center juvenile rehabilitation center

Reductions

- Closing Rainier and Yakima Valley School residential habilitation centers
- Closing Mission Creek Corrections Center for Women
- Closing reentry centers: Ahtanum View and Bellingham
- Closing a unit at Special Commitment Center
- Staffing vacancy reductions

Investments and reductions – Climate change

Increases

- Invests additional \$80 million in Climate Commitment Act revenues in operating budget
- Advances environmental justice and the HEAL Act
- Continues incentives for electric vehicles
- Builds climate resiliency
- Maximizes the transmission of clean energy and clean energy development

Reductions

- Reduces base budget funding across eight agencies and over a dozen programs by \$45 million

For more information:

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