



Proposed 2026 Supplemental

Budget & Policy Highlights

Governor Bob Ferguson

Office of the Governor

December 2025

About This Document

This document was prepared by the Washington State Office of Financial Management on behalf of the Office of the Governor in support of the 2026 Supplemental Budget.

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Letter from the Governor

My Fellow Washingtonians,

This is a challenging moment for our state. Especially the past two weeks, in which we have faced a historic natural disaster. Washingtonians have shown their resilience as we dig out from that crisis.

Unfortunately, we are also facing challenges from the federal government. A litany of harmful and unnecessary federal actions are driving up costs in Washington and cutting important services to the people of our state. For example, the President and Congress chose to make steep cuts to SNAP, strip Apple Health coverage from tens of thousands of Washingtonians, decrease housing assistance, and impose new rules that force states to waste money on costly new systems.

My proposed supplemental budgets total approximately \$79 billion — a \$1.2 billion (1.5%) increase from the prior budgets. Of that change, \$885 million reflects unavoidable cost pressures such as inflation and caseload growth. At the same time, the proposal includes \$800 million in reductions to help close a projected \$2.3 billion shortfall.

In building this budget, my team and I focused on maintaining critical services. We continued newer initiatives only where the cost of turning back or halting progress would be greater than the savings achieved on paper.

Within those constraints, we made thoughtful choices about where we must still move forward. This budget proposal protects progress where we can and directs our limited new investments to priorities essential to Washington's long-term fiscal health.

In my Capital Budget, I propose the largest-ever investment in housing in a supplemental budget.

In my Transportation Budget, I propose \$2 billion in investments in preservation and maintenance of our existing infrastructure. For decades, our state has not been doing enough to maintain our roads and bridges. It's time to start turning the tide. If we do not, we risk allowing deferred maintenance to become damage that shuts down critical transit corridors. Such closures impact our economy, our commutes, and frankly, cost taxpayers vastly more money than simply taking care of what we have.

I propose another \$1 billion to replace three more of our aging ferries. We have made significant strides over the past year to improve our ferry service, but our fleet is aging. We must take action now to replace these vessels.

We are able to achieve a responsible budget that moves our state forward without raising taxes. As we do this, we are also moving forward toward my vision for a more affordable, equitable Washington.

Respectfully,

A handwritten signature in blue ink, reading "Bob Ferguson". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Bob Ferguson
Governor of Washington State

Federal Funding Changes Affecting the State Budget

Federal cuts: Washington is fighting for promised funds

Since the beginning of 2025, the federal administration has canceled, frozen, or redirected federal funds that Congress already appropriated to states. Washington's Office of the Attorney General, in partnership with other state agencies and local governments, has responded by joining or filing 48 lawsuits, protecting more than **\$15 billion** in promised federal investments that are at risk over the next decade. The cases below highlight some of the executive branch actions with significant financial impacts on Washington. This section illustrates the scale of federal funding cuts the state is challenging in court to preserve critical support programs.

48 lawsuits

filed or joined to protect congressionally approved funds

\$15+ billion

in federal funding at risk

\$165+ million

in cost shifts to Washington's budget

Up to 1 million

Washingtonians affected

Significant cases and ongoing challenges

Public health funding cuts

The U.S. Department of Health and Human Services terminated approximately **\$159 million** in appropriated funding for disease prevention and core community, maternal, and child health services in Washington. A preliminary injunction is in place; funding must continue during litigation.

School mental health grants

The U.S. Department of Education reduced mental health grants for Washington schools, retracting **\$15 million** in promised funding. A preliminary injunction is in place; funding must continue during litigation.

SNAP and Medicaid eligibility for lawfully present immigrants

The U.S. Department of Agriculture and the U.S. Department of Health and Human Services cut funding for SNAP and Medicaid beyond what

Congress authorized in H.R.1 (P.L. 119-25). One million lawful permanent residents, refugees, asylees, and other legally present immigrants — including 300,000 children — stand to lose access to and eligibility for food and health benefits. Litigation is ongoing.

Cuts to Continuum of Care grant program

The U.S. Department of Housing and Urban Development (HUD) added new rules without congressional approval, cutting funding for Continuum of Care grant funding by two-thirds. HUD also violated congressional intent by adding unlawful requirements to access grant funding for permanent supportive housing. Washington stands to lose **\$120 million** in grant funding for permanent supportive housing in high-need counties and **\$25 million** in grant funding for rural counties' homelessness assistance programs. It's likely these changes will cause thousands to lose housing. Governor Ferguson's proposed budget will allow Department of Commerce grantees flexibility to use local eviction prevention funding to address Continuum of Care program shortfalls resulting from the federal government's actions. Litigation is ongoing, a preliminary injunction filed, funding must be continued during litigation.

Disaster mitigation and resilience

The Federal Emergency Management Agency eliminated funding for 27 active Building Resilient Infrastructure and Communities (BRIC) projects in Washington. Retracted investments total **\$182 million** for wildfire, flood, landslide, and other natural-hazard mitigation. A preliminary injunction is in place; funding must continue during litigation.

Canceling Solar for All clean energy program

The U.S. Environmental Protection Agency terminated **\$156 million** investing in clean-energy projects and building solar energy options for low-income households in Washington. Litigation is ongoing.

Elimination of libraries, museums, and small federal agencies

A federal executive order dismantled the Institute of Museum and Library Services, Minority Business Development Agency, Federal Mediation and Conciliation Service, and the U.S. Interagency Council on Homelessness. These agencies were created and funded through Congress. Washington and partners won this lawsuit, and funding was maintained.

K-12 and Higher Education Formula Funding Freeze

The U.S. Department of Education and the Office of Management and Budget froze **\$137 million** being invested in K-12 public schools and **\$13 million** in funding for community/technical colleges in Washington. Washington and its partners won this lawsuit, and funding was maintained.

Required State Budget Actions to Address Federal Changes

H.R.1 (P.L. 119-25) makes substantial changes to the way that federal food assistance, medical coverage, and other safety net programs are funded. Some of these changes are an overreach of the executive branch beyond Congress's authorization. Until these disputes can be settled, Washington is using state funds to prevent coverage gaps. These federal disruptions require an investment of more than **\$165 million in state funds** to protect safety net programs and the communities that rely on them. The federal government is imposing extensive new requirements for accessing essential services, straining vulnerable populations that depend on these programs for critical support. Washington's compliance with these changes has a direct impact on its competitive applicant status for future funding opportunities and current federal funding for essential services.

Summary of Required Investments

Supplemental Nutrition Assistance Program (SNAP)

Eligibility limits based on immigration status

Starting July 4, 2025, approximately 30,000 refugees, asylees, and other immigrants lost federal SNAP benefits and were moved to state-funded Food Assistance Program (FAP) per changes made in H.R.1 (P.L. 119-25). The proposed investment maintains needed funding to support the increased caseload of the FAP program.

(\$48.9 million, General Fund-State)

Changing work requirements for food assistance program recipients

Starting July 4, 2025, H.R.1 (P.L. 119-25) made changes to the work requirements for SNAP eligibility. These requirements also apply to FAP because of how the programs are linked in state law. Due to expanded participation in work requirements and limits to qualifying exemptions, approximately 130,000 people statewide could lose access to food assistance. In compliance with

H.R.1 (P.L. 119-25), the governor has proposed funding the additional staffing needed to track and monitor work requirements. This investment also increases the capacity within the Basic Food Employment and Training Program.

(\$13.9 million General Fund-State; \$10.9 million General Fund-Federal; \$2 million other funds)

Food security for hunger relief organizations

Starting in November 2025, SNAP and FAP food benefits were disrupted during the federal shutdown, creating increased demand at local hunger relief organizations. Approximately 1 million people statewide were affected by these service disruptions. To backfill these service losses, the Washington State Department of Social and Health Services transferred funding to the Washington Department of Agriculture to temporarily increase the food supply at local hunger relief organizations.

(\$2.1 million General Fund-State)

Changes to cost match for administrative expenses of SNAP

Starting in October 2026, H.R.1 (P.L. 119-25) adjusts the state's required fund match for SNAP's administrative costs. The state's share of administrative costs in the federal fund match is increasing from 50% state to 75% state.

(\$45.7 million General Fund-State)

SNAP benefit match

Starting October 2027, Washington will need to match a portion of the SNAP benefits from General Fund-State depending upon the state's SNAP payment error rate. The proposed investment is for quality control staff and necessary information technology enhancements to help the state lower its error rate.

(\$1.4 million General Fund-State; \$900,000 General Fund-Federal)

Access to Medicaid

Medicaid and long-term care limits based on immigration status

Starting in October 2026, approximately 3,000 refugees, asylees, and other immigrants will lose Medicaid eligibility and access to long-term care. The proposed investment funds 500 additional personal care service slots for noncitizens.

(\$18.3 million General Fund-State)

Increasing information technology (IT) contractor support

As a result of H.R.1 (P.L. 119-25), Washington began implementing the multiple competing IT enhancements needed to comply with new

federal requirements for SNAP and Medicaid and found that its capacity was overextended.

Proposed investments fund increased IT contractor support, bolstering the implementation of critical, federally required system enhancements for a 12-month period.

(\$11.3 million General Fund-State; \$8.7 million General Fund-Federal)

Work requirement IT project

H.R.1 (P.L. 119-25) changes work requirements for both SNAP and Medicaid eligibility, effective July 4, 2025, for SNAP, and January 1, 2027, for Medicaid. Proposed investments fund the development of a centralized work requirement verification hub for tracking and monitoring program participation at DSHS, the Washington State Health Care Authority (HCA), and the Washington Health Benefit Exchange (HBE).

DSHS: (\$3.3 million General Fund-State; \$5.8 million General Fund-Federal)

HCA: (\$5.2 million General Fund-State; \$32.8 million General Fund-Federal)

HBE: (\$886,000 General Fund-State; \$2.5 million General Fund-Federal)

Changes to federal Medicaid law

Starting October 2026, H.R.1 (P.L. 119-25) will change work requirements for both SNAP and Medicaid eligibility, requiring additional staff assessing eligibility for services. Proposed funding adds more HCA staff to track program eligibility and handle the increasing workload.

(\$3.1 million General Fund-State; \$7.1 million General Fund-Federal for 2027)

**A beautiful fall view of Pearrygin Lake,
Pearrygin Lake State Park and Mount Gardner.
Photograph by Jennifer Hambleton.**



Economic and Revenue Outlook

Continued revenue shortfall despite policy interventions

Revenue forecasts for the 2025–27 and 2027–29 biennia continue to signal emerging fiscal pressures. The March 2025 outlook forecasts for the four-year period came in \$1.2 billion below the September 2024 outlook prompting the Legislature to pass and the governor to sign into law a package of corrective measures focused on reducing inefficiencies, controlling expenditures, and enacting targeted tax policy changes to stabilize the revenue base. Excluding these changes, the June 2025 forecast revealed a decline in projected revenue (\$490 million in 2025–27 and \$638 million in 2027–29).

The September and November 2025 forecasts continued to show that revenue growth remains fragile, landing a cumulative \$966 million below the June forecast despite earlier policy interventions. This pattern underscores that the state's revenue challenges cannot be resolved through administrative savings and tax adjustments alone. Instead, they are being driven by broader structural and macroeconomic forces, including rising caseloads, persistent inflation, cooling labor market conditions, and softening housing activity. All of this is exacerbated by major, unprecedented trade shifts and federal spending cuts.

Caseload expands rapidly while revenue growth slows

Washington is entering a new fiscal environment in which revenue growth is no longer keeping pace with the state's rising caseload demands. The post-COVID period marks a clear structural shift: The General Fund-State (GF-S) is growing slowly, while the cost for core human-services programs is growing rapidly.

Before the pandemic, conditions were far more favorable. GF-S revenues grew at an average rate of 6.5%, while income assistance (i.e., TANF) caseloads declined by 8% and child care caseloads remained broadly stable.

In contrast, the post-COVID period shows the opposite pattern. GF-S revenue growth has slowed to just 2%, while program demand has accelerated. Income assistance caseloads now rise by 7% per year. Caseloads of children living in households receiving subsidized child care are growing even faster, at 17% annually.

There has been a rapid rise in the number of Medicaid clients who need long-term care in community-based settings such as their own home or adult family homes. Before the pandemic, annual growth was around 3%, with the state now seeing 8% growth in caseload numbers each year.

This means caseload growth for core needs consistently exceeds the pace of revenue growth, creating structural pressure on state revenue.

Rising inflation and declining purchasing power reduce state revenue

Washington's post-pandemic income landscape is entering a period of slower, structurally constrained growth. While nominal disposable personal income continues to rise gradually, inflation remains persistent enough to erode a substantial share of these gains. As a result, increases in income translate only partially into purchasing power, and real disposable income consistently grows more slowly than nominal income across the forecast horizon.

Fiscal year 2025 was the most challenging year in the post-COVID period, with inflation eroding nearly all disposable income gains

Inflation continues to be a challenge for household budgets and the state's cost of providing services. The gap between nominal and real income widened sharply (from -0.53 percentage points initially to -0.93 percentage points in June 2025), pushing real income growth into negative or near-zero territory. Even as households see modest increases in nominal income, inflation more than offsets these gains, resulting in a clear decline in purchasing power — the weakest real income performance in the post-COVID period. This loss of purchasing power affects sales taxes, as it makes it harder for many families to maintain their standard of living and buy goods and services.

Not only is household purchasing power being eroded by persistent inflation, but the purchasing

power of the state is similarly being eroded. Just as families must pay more for home goods and utilities, the costs for these items also increases for the state as a purchaser. Additionally, many state service fees — set in statute by the Legislature — have not been adjusted for inflation over time.

For example, during COVID-19, trauma cases became more severe due to increases in domestic violence, behavioral health crises, substance use, and other high-risk behaviors. Yet the trauma care fund still depends on fees set by the Legislature in 1997 — a \$5 traffic-infracton surcharge and a \$6.50 vehicle fee — that have never been adjusted for inflation. If they had been, these respective fees would be roughly \$10.80 and \$14.10 today. In the absence of this adjustment, the system has been left significantly underfunded while caseloads rise and federal support declines.

As the cost of providing services rises and fee levels remain static, the real value of these revenues declines. This has left the state increasingly underfunded to sustain core services, maintain service quality, or invest in needed improvements.

Employment is cooling in Washington and nationally

Washington's labor market showed clear signs of cooling in 2025, and this continues to impact the state's revenue outlook. By spring 2025, employment was essentially flat relative to the prior year, reflecting a slowdown in hiring across multiple sectors. The unemployment rate remains slightly higher than one year earlier, indicating a labor market that is softening but stable.

Sector trends reinforce this broader moderation. While aerospace employment saw gains in 2024, the sector lost momentum by mid-2025 as hiring

levels normalized. Construction employment remained below year-earlier levels throughout the year, consistent with weaker real estate activity and higher financing costs. Software publishing continued to contract year over year, making it the largest contributor to job losses as the tech sector restructures. The slow job market reduced consumer spending, which ultimately reinforced the state revenue shortfall.

Housing shortages and affordability challenges

Housing construction remains subdued, with the 12-month rolling average of permits holding near **35,000**, well below the **45,000–55,000** range typical before COVID-19. This continues the post-pandemic decline that began in 2023 as higher financing and construction costs weighed on new building activity. Persistently elevated mortgage rates near **7%** kept both developers and buyers on the sidelines, limiting new supply despite the state's long-term housing needs. Lower housing activity affects the state's revenues as it reduces real estate and property taxes.

Washington faces several risks ahead

Washington state faces significant risks in the coming months from both federal spending

reductions in key programs and the economic effects of new tariff regimes. The Office of Financial Management's (OFM) initial analysis of the Liberation Day tariffs indicated that the policy could reduce state revenues by \$2.2 billion and eliminate approximately 31,000 jobs in Washington alone. As of December 1, U.S. tariff rates have fallen to half of their April levels, leading OFM to revise its estimates. The updated analysis projects a smaller (but still substantial) impact, with expected job losses ranging from 13,000 to 20,000 and revenue losses between \$900 million and \$1.4 billion.

Washington's economy is entering a period of growing fiscal strain as multiple external forces — persistent inflation, slowing real income growth, rising human-services caseloads, cooling labor markets, elevated housing costs, and major global trade shifts — erode the state's revenue base. These external pressures, combined with emerging risks from federal spending cuts and tariff-related job losses, remain significant challenges for Washington's budget. This proposal takes targeted steps to address them within our limited resources.

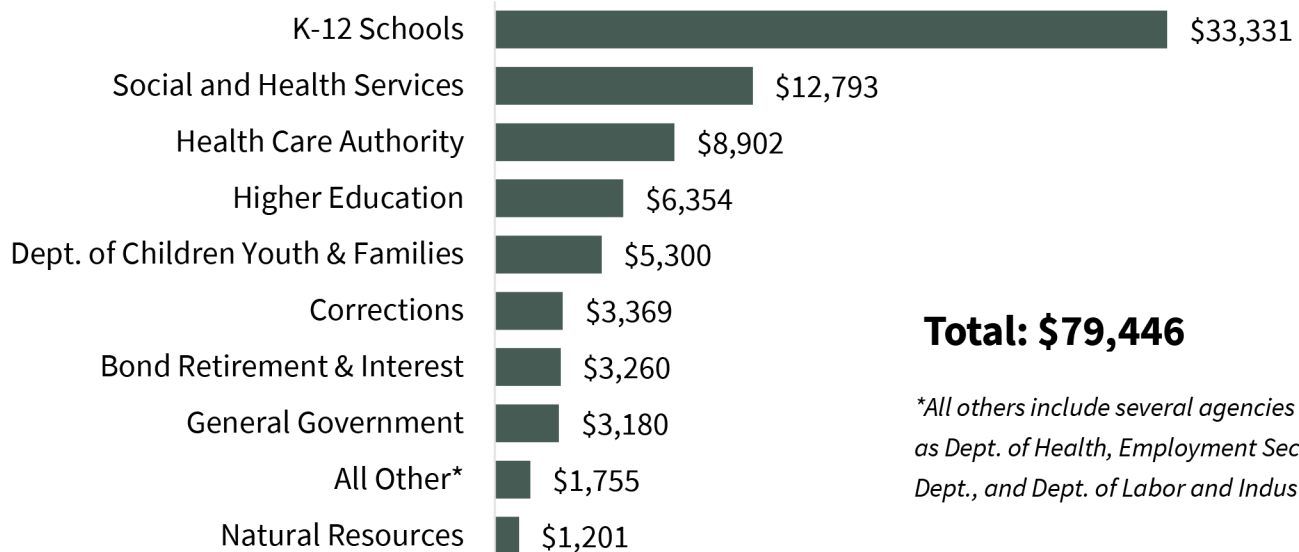


Taken from the road on the way to the Hoh Rainforest. Photograph by Mariah Briggs.

Governor's Proposed 2026 Supplemental Budget

2026 supplemental operating budget Funds subject to outlook

Dollars in Millions

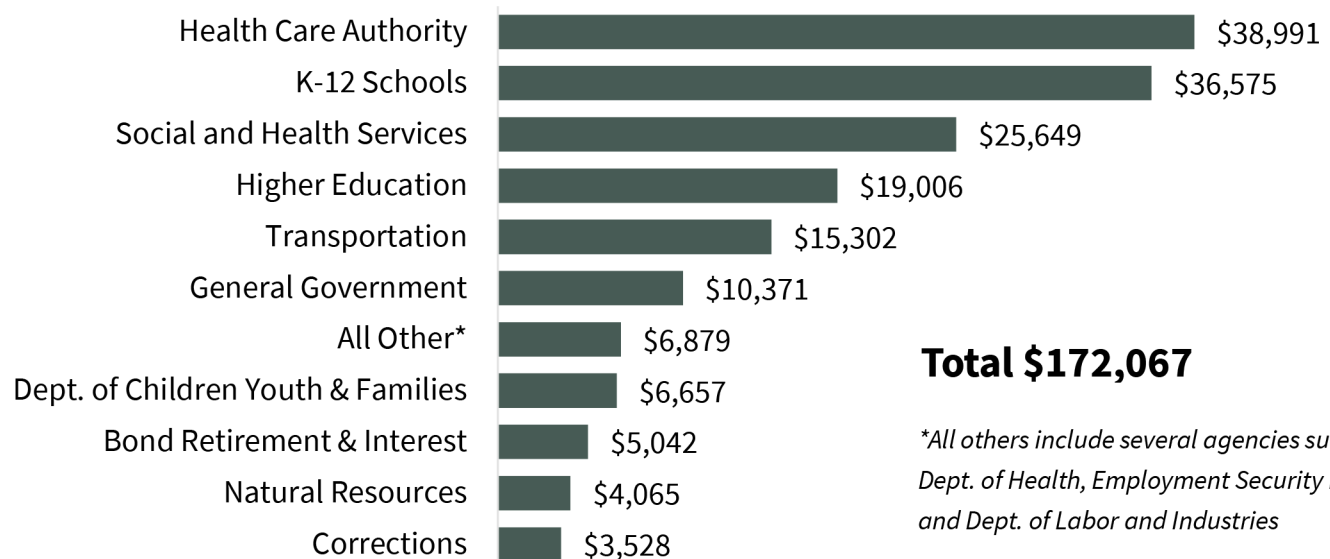


Total: \$79,446

**All others include several agencies such as Dept. of Health, Employment Security Dept., and Dept. of Labor and Industries*

2026 supplemental operating and transportation budgets All budgeted funds

Dollars in Millions



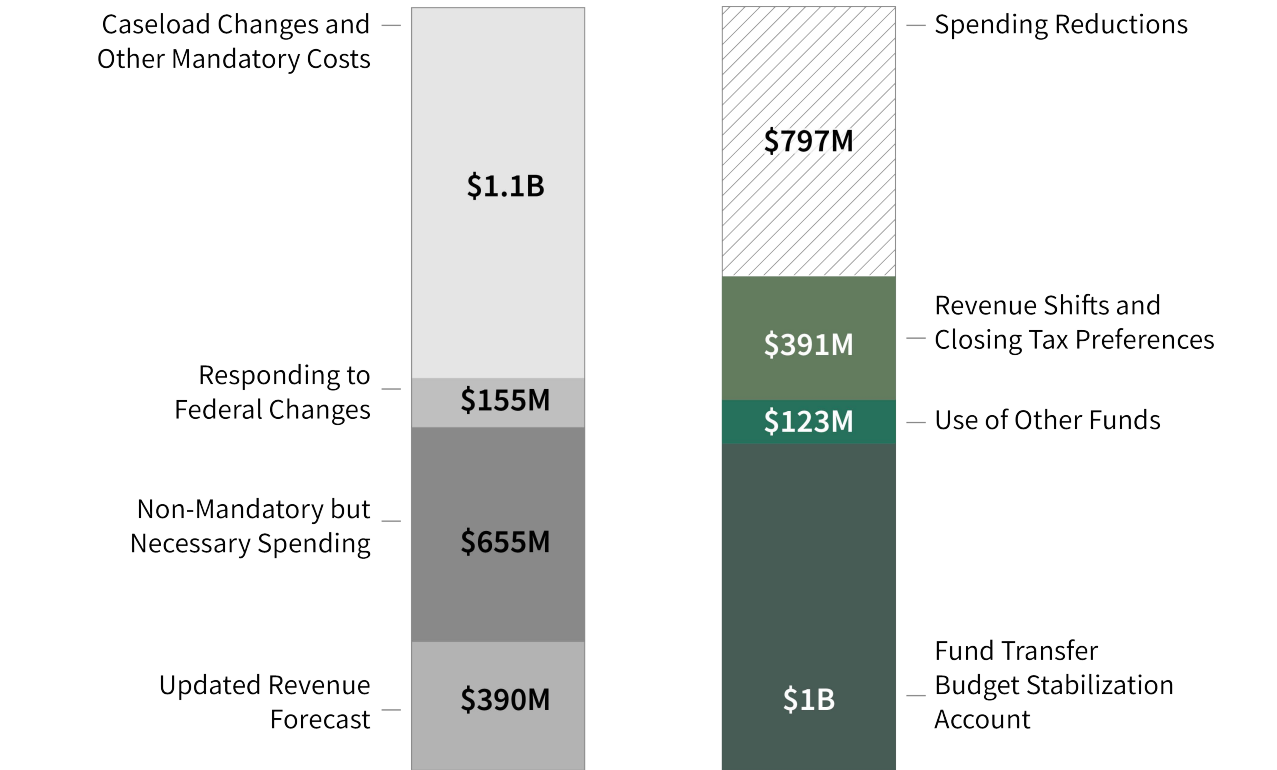
Total \$172,067

**All others include several agencies such as Dept. of Health, Employment Security Dept., and Dept. of Labor and Industries*

Achieving a Balanced Budget in 2025–27

Budget Shortfall:
\$2.3 billion in 2025–27

Budget Solution:
\$2.3 billion in 2025–27



Source: Office of Financial Management Budget Division

Governor's proposed 2026 supplemental and budget balance sheet

General Fund-State, Education Legacy Trust Account, Opportunity Pathways Account, Workforce Education Investment Account, Fair Start for Kids Account,* Budget Stabilization Account, and Washington Rescue Plan Transition Account

	FY 2026	FY 2027	2025-27
<i>Dollars in Millions</i>			
Beginning Balance	2,536	948	2,536
Forecasted Revenues	36,302	38,147	74,449
November 2025 Revenue Forecast	36,302	38,147	74,449
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0
Remove Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0
Other Resource Changes	943	367	1,311
GFS Transfer to BSA (1%)	-340	-360	-700
Prior Period Adjustments	78	20	98
Enacted Fund Transfers	612	13	625
Proposed Fund Transfers	9	114	123
Transfer BSA to GFS	514	366	880
Budget Driven Revenue	-4	-6	-10
Revenue Legislation	0	144	144
Adjusted Capital Gains Tax Distributions	75	75	150
Total Revenues and Resources	39,781	39,462	78,295
Enacted Appropriations	38,471	39,387	77,858
Maintenance Level Total	572	673	1,244
Policy Level Total	218	-303	-85
Reversions	-427	-435	-862
Revised Appropriations	38,833	39,322	78,155
Projected Ending Balance	948	140	140

	FY 2026	FY 2027	2025-27
Budget Stabilization Account			
Beginning Balance	1,269	1,000	1,269
GFS Transfer to BSA (1%)	340	360	700
Appropriations from BSA	-139	0	-139
Transfer BSA to GFS	-514	-366	-880
Interest Earnings	44	32	76
Budget Stabilization Account Ending Balance	1,000	1,026	1,026
Total Reserves	1,948	1,166	1,166
Percentage of Reserves to Revenues and Other Resources	5.2%	3.0%	
NGF-O	2.5%	0.4%	
Budget Stabilization Account	2.7%	2.7%	

* No revenue or expenditures for Fair Start for Kids Account (25H).

Proposed fund transfers, revenue legislation, and budget-driven revenue

Governor proposed – 2026 supplemental

<i>Dollars in Millions</i>	2025-27 Biennium	
	GFS	WEIA
Proposed Fund Transfers To/From GFS (Excluding Transfers To/From BSA)		
05H Disaster Response Account	(14.0)	
LAA Laboratory Accreditation Account	(0.5)	
027 Reclamation Account	4.0	
03C Emergency Medical Services and Trauma Care Systems Trust Account	1.8	
044 Waste Reduction, Recycling, and Litter Control Account	2.0	
058 Public Works Assistance Account	75.0	
08H Military Department Rent and Lease Account	2.0	
202 Medical Test Site Licensure Account	1.5	
24E Washington State Library Archives Building Account	10.0	
26T Washington Student Loan Account	1.6	
26V Capital Community Assistance Account	3.4	
300 Financial Services Regulation Account	2.4	
404 Treasurer's Service Account	5.0	
407 Secretary of State's Revolving Account	5.0	
421 Education Technology Revolving Fund	9.0	
447 Information Technology Investment Revolving Account	2.0	
458 Washington Technology Solutions Revolving Account	3.0	
513 Derelict Vessel Removal Account	5.0	
553 Performance Audits of Government Account	2.8	
851 Developmental Disabilities Community Services Account	2.0	
Subtotal	123.0	
Revenue Legislation		
Ecology Fee Revenue	(1.1)	
Insurance Premiums Tax	49.8	5.8
Repeal Prescription Drug Reseller Preferential B&O Rate	26.5	
Repeal Data Center Refurbishment Exemption	63.0	
Subtotal	138.2	5.8
Budget Driven Revenue		
501 Liquor Revolving Account	(9.9)	
578 Lottery Revenue Distribution	(0.6)	
Cannabis Revenue Distribution	0.3	
Subtotal	(10.1)	
Revenue Changes	251.0	5.8

Washington State Budget Timeline

For a complete guide to the state budget process, see: ofm.wa.gov/budgetprocess

2025

June 2025

OFM issues budget instructions

September 2025

Agencies submit budget requests

Fall 2025

OFM reviews budget requests for governor's decisions

November 2025

Revenue and caseload forecasts

Current Step: December 2025

Governor proposes budget to Legislature

2026

January 2026

Legislature convenes

February 2026

Revenue and caseload forecasts

March 2026

Legislature passes budget

March/April 2026

OFM reviews, governor signs budget

June-July 2026

Agencies submit detailed spending plans

July 1, 2026

Fiscal year 2027 begins

Taken at Mt. Baker Ski Area. Photo by
Emma Fermo | @emma.jane.n



Reductions

General Government operating reductions

In total, the proposed general government budget includes \$665 million in general fund savings over the two-year period. This is achieved through spending reductions, shifting items currently funded with General Fund-State dollars to other, dedicated accounts, and shifting unreserved fund balances to the general fund. This includes the following:

- Office of the Governor – 2% reduction of the Governor’s Office budget with an additional reduction to the Office of Equity
\$1 million for the Governor’s Office and Equity Office reductions
- Office of Financial Management – 3% reduction of General Fund-State appropriation
\$972,000 for general reductions
- Office of the Attorney General – 3% reduction of the agency’s General Fund-State appropriation
\$1 million for general reductions
- Office of the Attorney General – 1% legal services reduction
\$2.2 million to reduce legal services to agencies
- State Auditor’s Office – Reduction of the annual appropriation from the Performance Audit of Government Account and shift of available balance
\$800,000 for Performance Audit Program reductions
- Department of Commerce – Reductions for agency travel and supplemental administrative funding
\$1.3 million in administration reductions
- Department of Commerce – Reductions of agency grants for manufacturing, microenterprise, violence prevention, and dispute resolution centers, broadband action planning, competitive growth management planning, and federal tax incentive capacity
\$16.7 million reduction of grant funding
- Department of Commerce – Ending ongoing funding for local government comprehensive planning grants after all eligible local governments have received formula grants for comprehensive planning in the current round of updates
\$3 million reduction in local planning grants
- Washington Technology Solutions (WaTech) – Reducing WaTech central services by 3%
\$2.5 million to reduce WaTech central services
- Department of Enterprise Services (DES) – Reducing DES central services by 5%
\$1 million to reduce DES central services

- Reducing Arts Commission grant funding for fiscal year 2027 that has not yet been awarded
\$600,000 in reduced Arts Commission grants
- Shifting General Fund-State expenditures to other funds – Savings are achieved by shifting General Fund expenditures to various dedicated accounts, and sweeping excess fund balances to the General Fund:
 - Shift Working Families Tax Credit 2025–27 expenditures to Climate Commitment Account – \$569 million in GF-S savings
 - Shift Clean Buildings Program funding to the Climate Commitment Account – \$2.3 million in GF-S savings
 - Shift Public Disclosure Commission expenditures to the Public Disclosure Transparency Account – \$1 million in GF-S savings
 - Shift Housing Division program funding to the Housing Trust Fund – \$20 million in GF-S savings
- Department of Corrections – Contract for tug services for the McNeil Island barge reduced from four days per week to three days per week without changing ferry schedule to and from the island
\$590,000 GF-S reduction in 2025–27
- Department of Social and Health Services (DSHS), ALTA & DDA – Delay assisted living facility and nursing home rate increase set to take effect in July 2026 to fiscal year 2028
\$69.9 million GF-S reduction in 2025–27
- Department of Social and Health Services, ALTA – Reduction of Transitional Care Center of Seattle capacity from 80 beds to 60 beds to reflect incremental staffing levels
\$2.8 million GF-S reduction in 2025–27
- Department of Social and Health Services, Mental Health – Accounting for expected delay of federal compensation reductions for Disproportionate Share Hospitals (DSH), which allows the state to reduce its general fund investment
\$70.1 million GF-S reduction in 2025–27
- Department of Social and Health Services, Division of Vocational Rehabilitation – 31% reduction of funding for School-to-Work Program to align with current spending projections
\$1.3 million GF-S reduction in 2025–27
- Department of Social and Health Services, Economic Services Administration – 10% reduction of certain WorkFirst Contracted Services
\$1 million GF-S and \$4.7 million GF-F reduction in 2025–27

Human Services operating reductions

In total, the proposed human services budget includes \$676.7 million in General Fund savings over the two-year outlook period. This includes the following:

- Department of Corrections (DOC) – Reduction to reflect organizational consolidation of Women’s and Prisons Divisions
\$853,000 GF-S reduction in 2025–27

- Department of Children, Youth, and Families (Children and Families) – Eliminates contracts for 36 network administrator providers in Eastern Washington, with work to be assumed and managed by DCYF with fewer estimated resources
\$2.4 million GF-S reduction in 2025–27
- Department of Children, Youth, and Families (Early Learning) – 50% funding reduction for professional development activities for child care providers
\$2.1 million GF-S reduction in 2025–27
- Department of Children, Youth, and Families (Early learning) – Soft cap on Working Connections Child Care (WCCC) caseload of 33,000 households with exceptions for immediate placement of child-welfare-involved children and prioritization of specific target populations
\$217 million GF-S reduction in 2025–27
- Department of Children, Youth, and Families (Early Learning) – Rebase child care centers subsidy rate to 75th percentile of market rates (as is used in most states) instead of the 85th percentile, which is not currently sustainable (Licensed family home rates will be maintained at 85th percentile of 2024 market rates per the enacted 2025–27 collective bargaining agreement)
\$41 million GF-S reduction in 2025–27
- Health Care Authority (Community Behavioral Health) – 10% reduction for the Recovery Navigator Program
\$1.9 million GF-S reduction in 2025–27
- Health Care Authority (Community Behavioral Health) – Adjust funding allocation for opioid-related programs:
 - Shift portion of funding of programs determined to be Medicaid-eligible from the Opioid Abatement Settlement Account and General Fund-State to Medicaid funding
\$2.7 million GF-S reduction, \$8.8 million Opioid Abatement Settlement Account reduction
 - Shift funding of programs eligible for Opioid Abatement Settlement Account, currently funded with General Fund-State, to the Opioid Abatement Settlement Account
\$11.4 million GF-S reduction
- Health Care Authority (Medical Assistance) – Apple Health Expansion caseload reduction to align with current enrollment
\$54.8 million GF-S reduction in 2025–27
- Health Care Authority (Medical Assistance) – Reduction for assumed savings of HCA directive to pay for facility clinic services at or close to non-facility clinics
\$11 million GF-S reduction in 2025–27
- Department of Health – Reducing recent expansions, including Foundational Public Health (to FY 2023 levels), Environmental Justice Council (to FY 2022 levels), Nurse Preceptor Grant Program (50% reduction), Birth Equity Project (to FY 2023 levels), and the Forensic Nurse Examiner Coordination Team (to FY 2024 levels)
\$32.5 million GF-S reduction in 2025–27

Natural Resources operating reductions

In total, the proposed natural resources budget includes \$20.4 million in General Fund savings over the two-year outlook period. This includes the following:

- Select agencies and programs – General administrative program reductions at the Department of Ecology, Department of Natural Resources, and the Energy Facility Site Evaluation Council, as well as a decrease in legal support services for the Environmental & Land Use Hearing Office \$2.3 million in reductions
- State Parks and the departments of Fish and Wildlife and Natural Resources – Increases and sustains ongoing, partial reductions of funding for recreation-focused lands maintenance, which maintains 74% of the recent investments for our public lands \$2.8 million in reductions
- Washington State Conservation Commission – 5% General Fund-State reduction in programmatic support to conservation districts \$676,000 in reductions
- Department of Fish and Wildlife – Increases and sustains ongoing, partial reduction in funding for action plans to restore biodiversity and recover species managed by the agency resulting in a 13% reduction \$2 million in reductions
- Department of Fish and Wildlife – Elimination of ongoing appropriation to backfill federal grants managed by the agency \$893,000 in reductions
- Puget Sound Partnership – Partial reduction of 4% in ongoing funding for science support to advance Puget Sound recovery efforts \$413,000 in reductions
- Department of Agriculture – Reductions in infrastructure support and direct marketing assistance for small farms to include a 10% reduction of technical assistance and a 69% reduction to a grant program providing food system infrastructure \$2.7 million in reductions
- Select agencies and programs – Shifting identified activities such as stewardship and interpretive services at state parks and the management of fishing and hunting activities to dedicated accounts \$7.1 million
- Department of Natural Resources – A partial reduction of 15% in General Fund-State funding for forest health technical assistance, monitoring, and statewide planning activities \$980,000 in reductions
- Department of Ecology – Reductions of unneeded facility-related funding for repair projects completed early and from payments received from State Parks collocating in the agency headquarters \$608,000 in reductions

Education operating reductions

In total, the proposed education budget includes \$146.7 million in General Fund savings in fiscal year 2027. This includes the following:

- 6% reduction to funding for statewide programs administered by the Office of the Superintendent of Public Instruction
\$695,000 in reduced program funding
- Removal of the \$100 enhancement to Local Effort Assistance (LEA) scheduled for the 2027 calendar year, keeping payments to school districts at \$150 per pupil instead of \$250 per pupil
\$25.1 million in reduced LEA payments
- Removal of 1,816 slots for the Transition to Kindergarten program starting in the 2026–27 school year, reducing total slots from 7,266 to 5,450 slots (for reference, the program had grown from 510 slots in 2020)
\$19.5 million in savings from reduced slots
- 9% reduction to ongoing funding for the Beginning Educator Support Team grant program
\$1 million in reduced grant funds
- 50% reduction of state support for the Next Level Leaders academy for school principals and administrators
\$405,000 million in reduced support
- Reduction of Running Start enrollment cap from 1.4 full-time equivalent to 1.2 full-time equivalent representing approximately 10 fewer college credits per student in a school year
\$14 million reduced Running Start funding
- Reduction in annual school bus replacement payments to districts by standardizing the assumed operating life of buses at 15 years, based on usage data
\$21.1 million reduced bus depreciation payments
- Across the board cuts for higher education institutions: 3% for the University of Washington and Washington State University; 1.5% for regional four-institutions and community and technical colleges
\$50 million in across-the-board reductions
- 5% reduction for the Washington Student Achievement Council and the Workforce Training and Education Coordinating Board
\$1.8 million in targeted reductions

Transportation operating reductions

In total, the proposed transportation operating budget includes \$5.3 million in general fund savings over the four-year outlook period. This includes the following reductions:

- Department of Licensing – Reduction of one position in the Firearms Program
\$436,000 in reductions
- Washington State Patrol – Updated budget accounts to better reflect actual spending levels
\$296,000 in reductions
- Washington State Patrol – Staffing reductions in administration, support, and laboratory services
\$2.8 million in reductions

- Washington State Patrol – Reduction of vacant position in laboratory services \$510,000 in reductions
- Washington State Patrol – Joint apprenticeship and training committee contract funding reduced to historic levels of \$700,000 per biennium \$450,000 in reductions
- Washington State Patrol – Reduction within the fleet vehicle replacement budget \$780,000 in reductions

Operating administrative reductions

- 2% Reduction to executive and management services positions \$11.7 million in general management
- 5% Administrative reduction to goods and services and travel \$21.7 million in general administrative reductions

Steps Toward a Fairer Tax System

Washington's tax system was built nearly a century ago. It has not kept up with rapid population growth, higher costs for core services, and the pattern of federal decisions that have shifted responsibilities to states without providing matching funding. Even after difficult reductions, the state still faces a projected gap of \$2.3 billion to sustain essential services like education, housing, and health care.

Governor Ferguson's 2026 supplemental budget takes a balanced approach. It protects critical services, makes targeted cuts, and raises new revenue by closing outdated tax breaks that primarily benefit a small number of large corporations. These proposals bring in a total of \$145 million in the 2025–27 biennium.

Data center refurbishment exemption

The state's 6.5% sales tax on goods and services is collected by retailers and remitted to the state to pay for various government services out of the general fund. Washington currently waives sales tax on replacement server equipment in qualifying data centers, which was intended to attract investment and jobs, particularly in rural communities. However, over time, data centers became major users of electricity and created fewer permanent jobs than originally expected. Effective July 1, 2026, the proposal ends the sales tax exemption for replacement server equipment, which was utilized by about 25 data centers this

past year. This gives operators time to plan while ensuring they contribute more fairly to the grid and infrastructure they depend on.

Prescription drug wholesalers

Today, businesses that warehouse and resell prescription drugs pay a special business and occupation (B&O) tax rate of 0.138%, far below the roughly 0.5% rate paid by other wholesalers. This was originally meant to level the playing field for distributors with a physical presence in Washington. Today, all distributors are subject to the B&O tax regardless of physical location, making this tax preference obsolete. It now mainly benefits a small group of large national distributors, not patients. Under the proposal, about 49 wholesalers would move to the standard rate and be treated like many other wholesalers in Washington. Some costs may be passed along in the supply chain, but the impact is expected to be small compared to overall drug prices. The additional revenue will go back to the state to help preserve medical and behavioral health services that families rely on.

Insurance premiums tax

Washington charges insurance companies a 2% tax on gross premium payments. Currently, state law gives a B&O tax exemption to entities that already pay the premiums tax to prevent double taxation. However, a recent court case ruling

allowed certain affiliate companies, such as pharmacy benefit managers and administrators, to claim the B&O exemption even though they do not pay the insurance premiums themselves. As a result, some companies have been able to avoid paying either tax on the same revenue. The governor’s proposal closes this loophole by clarifying that only entities that actually pay the

premiums tax may claim the related B&O exemption. This restores the law’s original intent, promotes consistent treatment across the industry, and prevents corporate structures from being used to sidestep both taxes. Any impact on individual premiums is expected to be minimal compared to larger drivers like medical costs and federal policy.

Near General Fund Revenue (dollars in millions)

	FY 2026	FY 2027	FY 2028	FY 2029	Total
Prescription drug wholesalers	\$0	\$26.5	\$72.3	\$82.3	\$181.1
Data center refurbishments	\$0	\$63.0	\$69.2	\$71.3	\$203.5
Insurance premiums tax	\$0	\$55.6	\$8.4	\$8.8	\$72.8
TOTAL	\$0	\$145.1	\$149.9	\$162.4	\$457.4



“Washingtonians need more housing — lots more housing. We must make it easier, faster and less expensive to build housing of all kinds.”

—Gov. Bob Ferguson



Housing

Another record-setting investment in affordable housing: increasing funding by 37% in the supplemental budget

Washington has made monumental investments in affordable housing development and preservation since 2021, yet its population growth continues to rapidly outpace the available housing supply. Rents remain high, homeownership is out of reach for many families, and too many Washingtonians are living without a safe place to call home.

Governor Ferguson's proposed budget gives local governments more spending flexibility to address critical housing needs and mitigate significant federal funding cuts. His investments meet rising demand for affordable housing, enabling the state to assist first time homebuyers, and create new affordable homes. By updating building codes, reducing costs of affordable housing development, and prioritizing transit-orientated affordable housing, Washington is paving a path to stable housing for future generations.

Rate of underdevelopment

NEED

2x↓

Washington has doubled its housing underproduction rate since 2012

PROPOSAL

74K+

Number of affordable homes created and preserved by the Housing Trust Fund since 1986

One of the most severe housing shortages in the nation

NEED

#6↓

Washington ranks **sixth worst** in the country for severity of housing underproduction

PROPOSAL

\$5M

For multifamily housing homes to comply with Washington's clean building standards

Lack of affordable options

NEED

500K+

Number of affordable housing homes that are needed by 2044

PROPOSAL

\$225M

For creating and preserving affordable housing homes through the Housing Trust Fund

Increasing costs of living

NEED

>50%

More than half of the population spends more than one-third of their income on rent

PROPOSAL

\$81M

for developing affordable multifamily rental projects

Budget Highlight Items

Department of Commerce

Extending the reach of the Housing Trust Fund

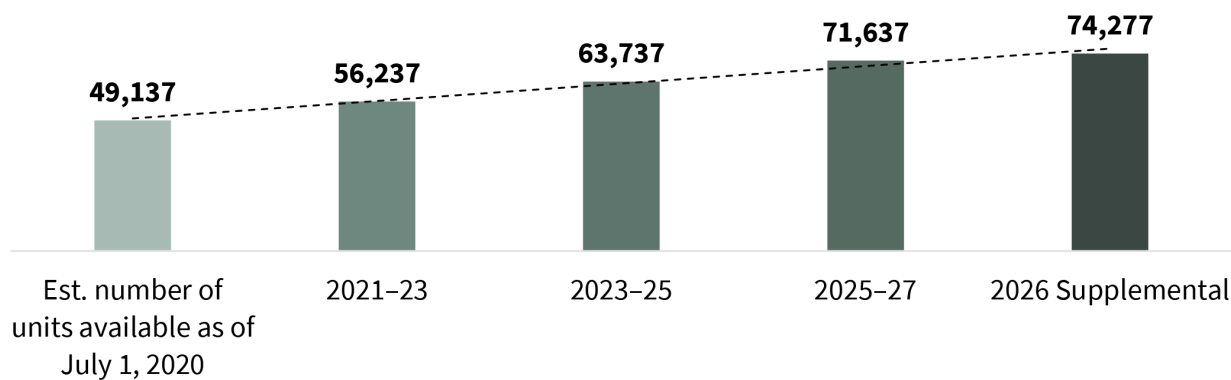
The Housing Trust Fund program provides significant financial assistance to local governments and nonprofits preserving and building affordable housing for thousands of low-income individuals and families. Governor Ferguson is investing a total of \$225 million in the Housing Trust Fund. This investment creates a total of 2,640 new affordable homes over five years, supports first-time homebuyers, protects existing affordable housing, and shortens development timelines for new affordable rental homes.

Investments in the Housing Trust Fund are allocated to many different programs advancing affordable housing development. The \$81 million allocated for affordable multifamily rental housing creates 1,933 rental homes and directly invests in the following projects: The Thrive International

Center in Tacoma (\$2 million), Housing Hope Alliance Place (\$2 million), and The African Diaspora Cultural Anchor Village (\$7 million). This investment also increases maximum funding awards for multifamily rental housing projects from \$5 million to \$10 million, while shortening timelines for public, nonprofit, and other mission-oriented organizations applying for financial assistance.

Washington’s existing stock of affordable housing is aging and much of it has been damaged by the recent extreme weather and flooding event described in the governor’s emergency proclamation 25-07. These homes require significant investments to remain functioning and affordable. An investment of \$50 million allocated to the Housing Trust Fund Preservation program covers the rehabilitation and repairs for 1,026 affordable homes. The program uses some of these funds for rehabilitating flood-damaged homes and acquiring affordable properties at critical inflection points — before these homes are purchased by market-rate developers or are legally exempt from affordable pricing

Affordable Homes Created and Protected by the Housing Trust Fund



Sources: Data from Department of Commerce Housing Division, Graphic by Office of Financial Management

requirements. Acquired properties are leased at affordable rates or sold by the state under the agreement that the home must be resold to other low-income homebuyers for a set period, protecting each unit's affordability now and into the future.

An investment of \$20 million is allocated to acquire and preserve mobile and manufactured home communities, preventing 426 households from displacement. This funding supports critical improvements, repairs, and infrastructure upgrades, preserving these affordable homes for at least 40 years.

The \$73 million allocated for the Homeownership program creates 664 homes for first-time homebuyers and invests \$8 million for the Kulshan Community Land Trust's Thornton Village project in Ferndale. Homeownership assistance is

typically a one-time public investment that builds long-term equity and economic stability for families. Combined with efforts accelerating housing development and planning, Washington is taking steps toward making affordable homeownership a reality for more families.

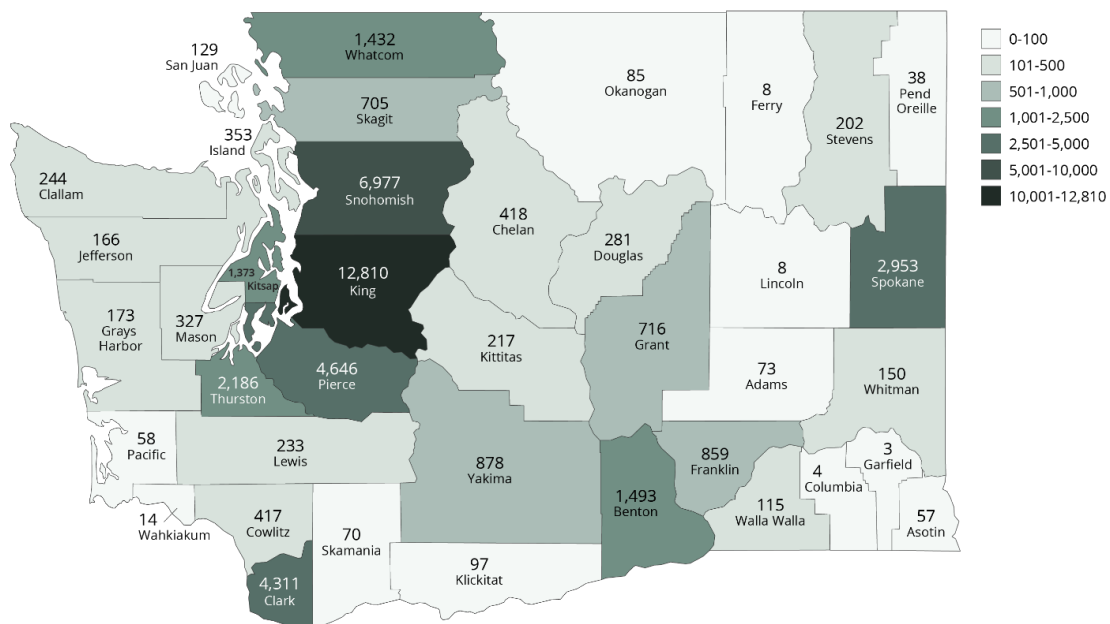
(\$225 million bonds)

Assisting low-income homeowners rehabilitating flood-damaged homes

Extending the reach of the Low-Income Home Rehabilitation Grant program serves rural homeowners impacted by recent flooding who have incomes at or below 200% of the federal poverty level. Homeowners who have families with children aged five or younger, senior citizens, and veterans will be prioritized when awarding grants.

(\$5 million bonds)

Most Counties Need Hundreds of New Homes Each Year — A Few Need Thousands



Note: The projected needs for King, Kitsap, Pierce, and Snohomish counties are the numbers adopted by those counties, while all other counties are based on OFM's medium population projection.

Sources: Department of Commerce, *The State of the State's Housing 2025 Report*

Multifamily building efficiency grants reduce operating costs

Multifamily projects in the Housing Trust Fund are eligible for grant funding to decarbonize, transition away from use of fossil fuels, and comply with the state's clean building standards. This grant funding can be used to improve building envelopes, upgrade lighting, install high-efficiency electric appliances, audit building energy use, and model building performance. These improvements lengthen the useful life of affordable multifamily buildings by funding building efficiencies that reduce operating costs.

(\$5 million Climate Commitment Account-State)

Updating residential commercial zoning

By updating zoning restrictions, local governments are changing where home and mixed-use buildings can be built to better align with the state's housing needs. Cities and counties can permit housing and mixed-used buildings in appropriate commercial areas, expanding opportunities for affordable housing sites near urban and transportation hubs.

(\$135,000 General Fund-State)

Reinstating local planning and local permit review grants

This budget gives local governments the tools they need to develop housing quickly. In the 2025 session, the Legislature adopted measures to speed up housing development for cities and counties: updated lot-splitting, modernized building codes, reduced parking minimums, and prioritization of transit-oriented development. These changes lower development costs and make it easier to build affordable homes near

commercial and transit hubs. This investment provides full funding for adopted measures, ensuring that cities and counties have the support needed to implement these changes quickly and correctly.

This budget also restarts local planning and permit review grants. Many local governments need support to modernize permitting systems. Updating permitting systems addresses permit backlogs, helping residential development projects move forward efficiently. Local planning and permit review grants give cities and counties the capacity to shorten permit timelines, update local codes, and move affordable housing projects through their systems quickly.

Washington is also prioritizing transit-oriented development, assisting 38 local governments in designating and planning for 90 rail stations and 800 bus rapid stops across the state to account for increased transit utilization. Vancouver must have stations and stops designated and planned by June 2026, Spokane by December 2026, and the remaining cities in the central Puget Sound area by December 2029. This bill also expands the use of the Multi-Family Tax Exemption, incentivizing developers to invest in low-income housing.

(\$1.9 million General Fund-State)

Creating a housing accelerator framework

Eliminating barriers to building new affordable housing reduces the cost of housing for consumers and developers. The state is simplifying grant applications, updating permitting rules, and reducing the unnecessary steps in planning so projects can move faster.

(\$350,000 bonds)

Taking the first step to establish a housing agency

Washington's housing crisis demands a cabinet-level agency focused on meeting the diverse housing needs across the state. Governor Ferguson will sign executive order 25-12 creating the Washington State Task Force to establish a Department of Housing. This task force will serve as the state's problem-solving hub for expanding housing supply across Washington and engage a broad range of interested parties to identify gaps and opportunities for all housing types. The task force will provide recommendations for the work, structure, and costs of a housing agency by November 2026.

(\$500,000 General Fund-State)

Partnering with the Home Futures Institute

The Home Futures Institute is a program to build the capacity of nonprofit community land trusts (CLTs) and other organizations interested in developing or preserving affordable housing. Funding matches CLT partner organizations with corporate banking support and provides technical assistance, operating costs, and collaborative learning opportunities in real estate development, conflict mediation, and long-range sustainability.

(\$4 million Housing Trust Account)

Supporting coordinated land banking legislation

Access to land for housing development is one of the biggest factors driving housing costs. Funding land banking allows local governments and organizations to secure sites for future housing

development as it becomes available. Land banking helps turn underutilized or vacant land into places where homes can be built. This investment builds on the success of existing county-level efforts and encourages local governments to secure sites for affordable housing before they are priced out of reach.

(\$2 million bonds)

Department of Labor and Industries

Strengthening protections for consumers in the construction industry

The Contractor Registration Act requires all general and specialty construction contractors to register with the Washington State Department of Labor and Industries (L&I). The law requires construction contractors to be bonded and insured to protect the public. The Legislature passed Contractors – Consumer Protection (Chapter 213, Laws of 2023) to strengthen protections for consumers in the construction industry. L&I was directed to establish and administer the Homeowner Recovery Program, which provides a safeguard and a path to financial recovery for harmed consumers. The program allows eligible homeowners to receive recovery payments of up to \$25,000 to offset the monetary impacts of unsatisfied final judgments brought against registered contractors. This funding authority allows L&I to make these recovery payments effective July 1, 2026.

(\$2.7 million Homeowner Recovery Account)

Summary of housing investments, 2026 supplemental

Note: This policy brief highlights select investments proposed by the governor in this budget area. The table below provides the full list of investments. For more details about the items in the chart, refer to the [Budget Recommendation Summaries \(RecSums\), organized by agency](#).

Focus Area	Items	Agency	Amount
Bolstering affordable housing supply	Extending the reach of the Housing Trust Fund	Commerce	\$225,000,000
Reducing costs for developers	Multifamily building efficiency grants reduce operating costs	Commerce	\$5,000,000
	Creating a housing accelerator framework	Commerce	\$350,000
	Updating residential commercial zoning	Commerce	\$135,000
	Updating local planning requirements for affordable housing	Commerce	\$214,000
	Reinstating permit review grants	Commerce	\$1,000,000
Extending low-income home rehabilitation grants for flood victims	Assisting low-income rural homeowners rehabilitating flood damaged homes	Commerce	\$5,000,000
Protecting affordable housing for future generations	Incentivizing transit-oriented development	Commerce	\$663,000
	Supporting coordinated land banking legislation	Commerce	\$2,000,000
	Partnering with the Home Futures Institute	Commerce	\$4,000,000
	Taking the first steps to establish a Housing Agency Task Force	Commerce	\$500,000
	Strengthening protection for consumers in the construction industry	Labor and Industries	\$2,700,000
Total			\$246,500,000

An aerial photograph showing a two-lane asphalt road, US 2, running vertically. To the left of the road is a forest of green trees on reddish-brown soil. To the right, a massive, turbulent flood of white water is crashing against the road's edge, which has been eroded away in several places, exposing the dark earth and rocks underneath. The flood appears to be coming from the top right and moving towards the bottom right.

Damage to the US 2 roadway along
Tumwater Canyon near Leavenworth
sustained during the December 2025 floods.

“Our roads and bridges are lifelines. Losing access makes it hard for people to visit doctors, commute to work, and keep their businesses running. It’s an interruption that our communities can’t afford.”

—Gov. Bob Ferguson

Transportation

Keeping Washingtonians safe, connected, and mobile

Washington's transportation system is essential to daily life and the state's economy, but it is under continued strain. Like many states, Washington must sustain aging infrastructure in the face of high demand, complex geography, and the rising cost of maintenance and preservation. Our highway system connects people, places, and goods across 71,000 square miles of terrain encompassing 50,000 miles of rivers and streams, 3,200 miles of coastline, and multiple islands and mountain ranges.

These pressures are most visible in the condition of Washington's bridges. Of the state-owned bridges, 342 are at least 80 years old, with 80 currently rated in poor condition by transportation authorities. A poor rating means the bridge shows advanced deterioration such as section loss, cracking, spalling, or scour that need to be addressed, but the bridge is not yet unsafe for travel. As structures age and wear down, they become less able to withstand unexpected impacts and are more likely to require emergency closures. Since August, vehicle strikes have forced four such closures on state bridges and overpasses. In October 2025, a truck hit the Bullfrog Road overpass on I-90, shutting down the interstate and triggering months of reconstruction to replace the damaged span. Each closure brings long detours, stalled freight, delayed emergency response, and hours of extra travel time for families and workers who rely on these routes every day.

Washington's roads tell a similar story. In recent years, national comparisons have ranked Washington among the worst states for potholes, based on data from the Bureau of Transportation Statistics, Google Trends, and national surveys. Poor pavement conditions slow traffic, increase maintenance costs for state and local governments, and directly affect household budgets. A 2022 report by the American Automobile Association found that one in 10 vehicles nationwide needed repair after hitting a pothole, with an average cost of \$400 to \$600 per incident.

Deteriorating bridges

NEED

10 bridges

Need critical repairs to stay safe and open

PROPOSAL

\$1B

For 10 bridges at highest need for major preservation work over the next ten years

Expanded ferries

NEED

+3 vessels

Needed as ridership grows and older ferries retire

PROPOSAL

\$1B

For three new ferries to replace vessels the state will need to retire

Washington’s roads tell a similar story. In recent years, national comparisons have ranked Washington among the worst states for potholes, based on data from the Bureau of Transportation Statistics, Google Trends, and national surveys. Poor pavement conditions slow traffic, increase maintenance costs for state and local governments, and directly affect household budgets. A 2022 report by the American Automobile Association found that one in 10 vehicles nationwide needed repair after hitting a pothole, with an average cost of \$400 to \$600 per incident.

In this context, targeted investments are urgently needed to keep people safe and the system functioning. Governor Ferguson’s budget focuses on critical bridge and road preservation, dependable ferry transportation, equitable service delivery, and secure, reliable data and communications systems. Without this care, infrastructure deteriorates more quickly and poses higher risks, ultimately forcing earlier, more expensive replacements and further disrupting Washington residents and businesses.

Budget Highlight items

Department of Transportation

Perform urgent preservation work on high-risk bridges

The October 2025 emergency closure of the White River Bridge reminds us that, for many communities in Washington, bridge connectivity is a lifeline. The Washington State Department of Transportation (WSDOT) is responsible for keeping more than 3,400 state highway bridges safe and usable for the people and businesses relying on them. In addition to emergencies like motor vehicle strikes and natural disasters, the department prioritizes preservation work to extend the life of the bridge.

The state can minimize future bridge failures and keep communities connected by performing critical work on our highest-risk bridges now. This includes addressing the highest-priority preservation needs, replacing failed structures, planning for future replacements, and longer-term rehabilitation planning for critical areas, such as the moveable bridges in Grays Harbor.

(\$1 billion Preserve Washington Account-State)

Public safety

NEED

70 offices

Require communications upgrades to maintain reliable State Patrol system connectivity and reduce public safety risks

PROPOSAL

\$4.8M

To proceed with system upgrade so offices can reliably access the data and resources they need to keep people safe

Rural service

NEED

+1 mobile unit

To expand access to communities that have difficulty reaching licensing services

PROPOSAL

\$1.6M

For a second mobile unit that builds on the success of the existing DOL2GO program



Crews work overnight to remove damaged sections of the Bullfrog bridge after a strike, supported by emergency transportation funding in the state budget.

Build three additional ferries and maintain oldest vessels

Washington State Ferries (WSF) served more than 19 million riders in 2024, providing vital connections to eight counties and multiple islands. To maintain existing levels of service, by 2040, WSF will need to replace a total of 13 vessels that are reaching the end of their useful life. Washington has already contracted for three new ferries to be delivered by 2032 and will use these resources to purchase three more.

These additional vessels will equip WSF to provide reliable services and meet growing demand in the long term. In the meantime, investments will keep the fleet's three oldest ferries in operation to minimize service interruption.

(\$1.1 billion Preserve Washington Account-State)

Deliver paving program to extend roadway life and reduce impacts to drivers

Potholes are not merely a nuisance — they contribute to shorter overall road lifespan, traffic safety issues, and vehicle damages that, according to an analysis of 2021–22 data, cost an average of \$460 to repair. Washingtonians are familiar with these issues, and the state was ranked first in the U.S. for pothole problems by a 2024 USA TODAY Blueprint report. A steady state paving program will repair strategic sections of highway, helping to extend the life of the roadway and reduce risks to driver and vehicle safety. Additional resources this biennium will allow WSDOT to pave an additional 600 miles during the 2026 construction season

Over 10 years, WSDOT anticipates paving 2,100 more miles of Washington roadways with these resources.

(\$164 million Preserve Washington Account-State 2025–27 biennium, \$756 million over the next 10 years)

Stabilize slopes to reduce risk of landslides

Unstable slopes risk becoming landslides, resulting in unsafe road conditions and costly, unplanned closures impacting drivers, businesses, and nearby communities. This is especially true in Washington, where the wetter climate and weather events amplify this risk. By conducting work to monitor, alleviate, and preserve existing mitigations, we can reduce the chance of unexpected slides and related closures on major state roadways. This work includes monitoring and mitigating slopes in five corridors with critical needs, as well as preserving 17 existing slope mitigations.

(\$160 million Preserve Washington Account-State, over next 10 years)

Fish passage corrections

This budget maintains \$1 billion in biennial funding for WSDOT’s fish passage program. The state and Tribes are in mediation about the state’s work to correct culverts that impede fish passage. They aim to reach an agreement about how the state can meet its responsibilities related to the 2013 U.S. v. Washington permanent federal

injunction. The injunction requires the state to reopen 90% of potential fish habitat currently interrupted by culverts. As of June 2025, WSDOT had corrected 176 fish barriers, but the department has identified significant funding and delivery challenges impeding progress toward its required goal.

(\$1 billion in Move Ahead Washington and other various transportation accounts)

Washington State Patrol

Finish upgrade for public safety response radios

The Land Mobile Radio (LMR) system facilitates real-time communication during a public safety response. The statewide system supports Washington State Patrol (WSP) efforts to protect Washingtonians. This final phase will complete the essential system upgrade, which is particularly crucial for rural areas where other communications may not be feasible during a public safety incident.

(\$1.8 million State Patrol Highway Account-State)

Adjust to growing caseloads of death investigation toxicology

Death investigations requiring toxicology analysis are projected to increase by roughly 8,000 in fiscal years 2026 and 2027. This would outpace local medical examiners’ capacity to process cases. By outsourcing death investigation toxicology cases, we can reduce the likelihood of high backlogs and keep these investigations moving toward resolution.

(\$1.3 million General Fund-State)

Department of Licensing

Bring services to more underserved and rural customers

Valid identification is often required for transportation, jobs, bank accounts, housing, and other critical resources. That can prove challenging for people with limited access to Department of Licensing (DOL) offices or online resources. DOL2Go helps by bringing identification (ID) card and driver licensing services into underserved and rural communities. This successful program currently features one mobile unit and its team. A second mobile unit and team will expand availability and provide more equitable access to ID and licensing services across the state. Additionally, a new customer notification feature will be available soon, alerting customers via text message when the DOL2Go mobile unit is in their community.

(\$1.6 million Highway Safety Account)

Improve availability of in-language services

There is a high need for DOL services in languages other than English. To conduct its work effectively, the department must expand its capacity to provide interpretation and translation for customer languages. This requires language processing software for written translations, software and devices for spoken interpretation, and expanded incentives for bilingual employees. These supports enable DOL to serve the people of Washington more equitably.

(\$624,000 Highway Safety Account; \$263,000 Motor Vehicle and other accounts)

Scale contact center resources to manage increased call volume

The DOL Contact Center provides a centralized, lower-barrier point of contact for customers. Callers can get help from any location, preventing unnecessary in-person visits that would otherwise impact office wait times. More Washingtonians call for assistance with navigating department services and related requirements, processes, and fees. This valuable line of customer contact relies on technology and people. Enhancements to the technology and additions to staff will enable the center to accommodate its increased call volume while minimizing impacts to service quality or wait times.

(\$2 million Highway Safety Account)

Summary of transportation investments, 2026 supplemental

Note: This policy brief highlights select investments proposed by the governor in this budget area. The table below provides the full list of investments. For more details about the items in the chart, refer to the [Budget Recommendation Summaries \(RecSums\), organized by agency](#).

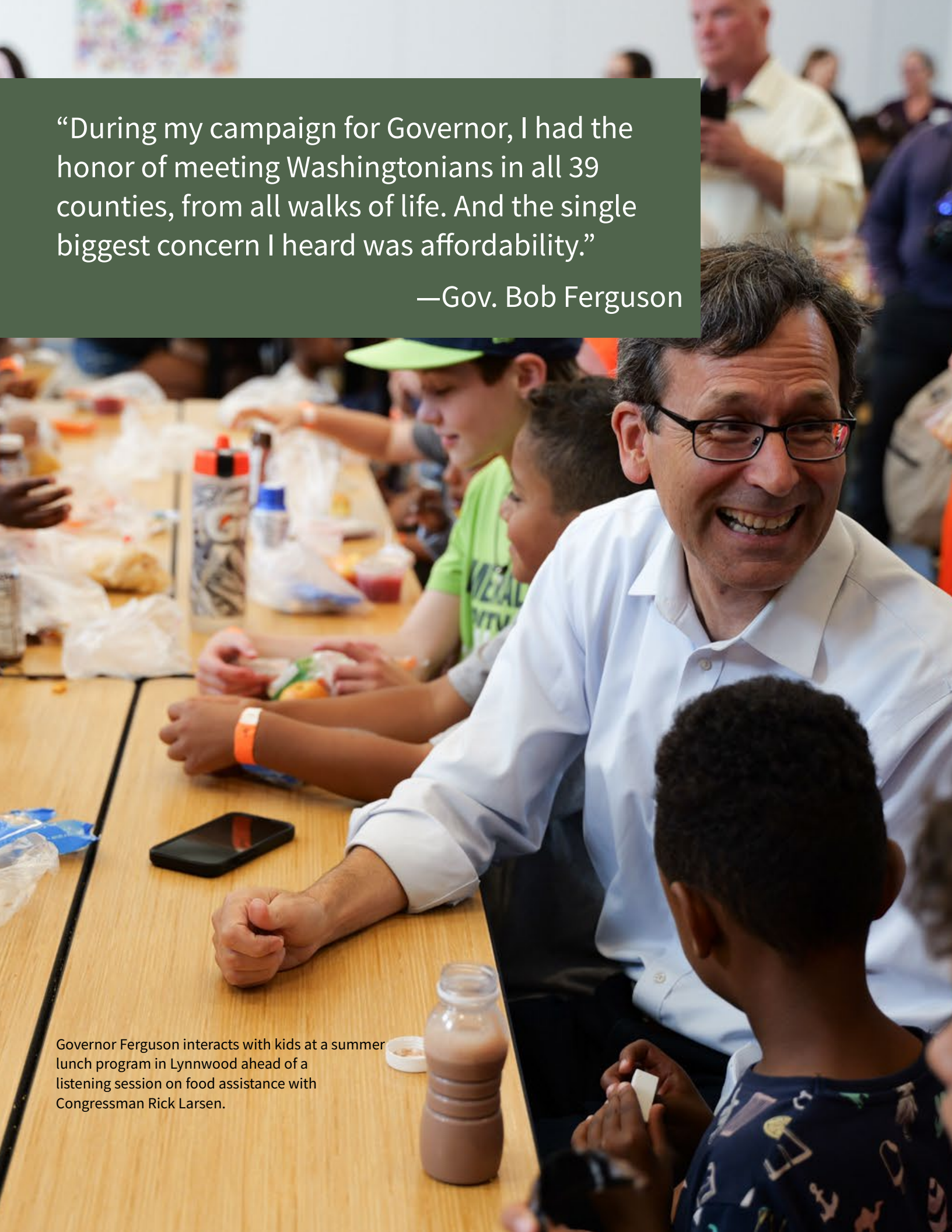
Policy Goals*	Items	Agency	Amount
Safety	Facilities Maintenance	DOL	\$398,000
Stewardship	Six-Year Facility Plan	DOL	\$30,000
Stewardship	DOL2Go Program	DOL	\$1,577,000
Stewardship	Language Access	DOL	\$887,000
Stewardship	Kelso Driver Licensing Office Relocation	DOL	\$600,000
Stewardship	American Association of Motor Vehicle Administrators Subscription	DOL	\$150,000
Stewardship	Underfunded Legislation	DOL	\$620,000
Economic Vitality	Contact Center Modernization	DOL	\$2,059,000
Economic Vitality	Driver and Vehicle System Maintenance	DOL	\$1,963,000
Economic Vitality	Unauthorized Uniform Commercial Code Filings	DOL	\$96,000
Safety	County Local Road Grant Program	County Road Administration Board (CRAB)	\$2,267,000
Safety	Pilot Training Pro Expansion	Board of Pilotage Commissioners (BPC)	\$360,000
Safety	Large, Oversized Vehicle Parking	WSDOT	\$1,251,000
Safety	Heritage Connectivity Trails Study	WSDOT	\$100,000
Safety	Highway Maintenance	WSDOT	\$40,000,000
Stewardship	Transportation Reporting and Accounting Information System Implementation	WSDOT	\$6,151,000

Policy Goals*	Items	Agency	Amount
Stewardship	Software Cost Shortfall	WSDOT	\$2,900,000
Environment	Transit-Oriented Development Program	WSDOT	\$161,000
Safety	All Risk Mobilization	WSP	\$444,000
Safety	Outsourcing of Death Investigations	WSP	\$1,250,000
Safety	Video Coordinator Staffing	WSP	\$1,309,000
Safety	Background Check Data Link Upgrade	WSP	\$575,000
Stewardship	Communication Infrastructure	WSP	\$1,619,000
Stewardship	Communication Equipment - WAN/LAN Lifecycle	WSP	\$4,800,000
Stewardship	WSP Cloud Migration	WSP	\$1,481,000
Total			\$73,048,000

*Policy Goals are outlined in [RCW 47.04.280](#).

“During my campaign for Governor, I had the honor of meeting Washingtonians in all 39 counties, from all walks of life. And the single biggest concern I heard was affordability.”

—Gov. Bob Ferguson

A photograph of Governor Bob Ferguson, a man with glasses and a light blue button-down shirt, smiling and interacting with a young boy at a long wooden table. The boy is seen from the back, wearing a dark blue patterned shirt. In the background, other children are seated at the same table, some wearing orange wristbands. The table is cluttered with various items including a black smartphone, a clear plastic bottle of chocolate milk, and some food packaging. The setting appears to be an indoor community space with other people visible in the background.

Governor Ferguson interacts with kids at a summer lunch program in Lynnwood ahead of a listening session on food assistance with Congressman Rick Larsen.

Affordability

Sustaining essential services and confronting rising expenses

Across the nation, families are grappling with the rising costs of everyday essentials and services. Washington is no exception. While no single state can fully mitigate these pressures, Governor Ferguson’s proposal provides focused relief to the most immediate burdens. It helps ease utility costs for low-income families, expands access to free early education, and preserves vital support systems like food benefits, health insurance subsidies, and the Working Families Tax Credit.

National pressures threaten to deepen the challenge. Recent analysis from the Office of Financial Management shows that President Trump’s proposed tariffs could drive up grocery prices in Washington by 16% over the next two years. Meanwhile, recent federal legislation has reduced support that many households rely on, while shifting new implementation costs onto states. In response, Governor Ferguson’s budget prioritizes access to reproductive, primary, behavioral health, and crisis care, helping to protect the Washingtonians who have access to the fewest options.

Preschool	Health insurance premiums	Food benefits	Cost of utilities
NEED	NEED	NEED	NEED
8,702	25%	30,000	25%
Children eligible for state or federally funded preschool who are unserved	Nationwide increase in health insurance premiums in 2026	Low-income people losing access to Supplemental Nutrition Assistance Program food benefits due to federal legislation	Low-income households in the state with a heavy utility costs burden
PROPOSAL	PROPOSAL	PROPOSAL	PROPOSAL
2,000	54,000	30,000	125,000
Initial preschool slots added through partnership with Ballmer Group	People who will have access to subsidized plans through Cascade Care	People added to state-funded Food Assistance Program	Low-income families that will receive utility bill credits

Even in the face of these headwinds, Washington continues to lead the nation with programs that make our state a great place to live, work, and raise a family:

- Paid Family Medical Leave allows workers to care for a new child or recover from serious illness without sacrificing their paycheck, helping families remain financially stable during life's most important moments.
- The Working Families Tax Credit further strengthens household budgets by putting more money back into the pockets of low- and middle-income residents.
- WA Cares, the nation's first public long-term care insurance program, ensures all working Washingtonians can earn access to home care, assisted living, or nursing support when they need it, so families are not forced to choose between financial ruin and caring for loved ones. The AARP ranked our state as second in the nation for long-term care services based on affordability and access, recognizing Washington for innovating with unique ways to support family caregivers at the state level.
- Washington also safeguards access to food benefits for people who qualify for the federally funded Supplemental Nutrition Assistance Program (SNAP). The state also protects those who are excluded from SNAP because of their citizenship status through the Food Assistance Program. These programs help hundreds of thousands of households have access to healthy food.

Taken together, these programs help make living in Washington more affordable. Governor Ferguson's proposed budget continues this commitment to affordability by providing focused relief to people and communities most affected by rising costs. The budget limits cuts to critical programs that keep families afloat during economic uncertainty and adapts to the higher costs of delivering core services and shifts in federal funding and policy.

Providing focused relief

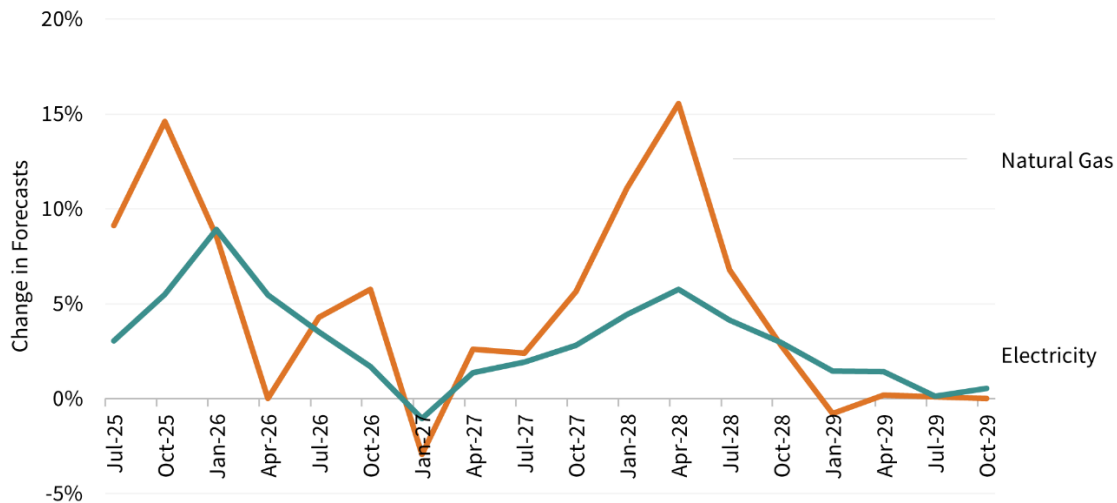
This budget delivers focused relief to people and communities most affected by rising costs, including renters and first-time homebuyers, working families, lower-income workers, and Washingtonians on fixed incomes.

Department of Commerce

Providing energy cost relief for Washington families

One in six low-income households in urban counties have home energy costs exceeding their family budget. In rural counties, this rises to nearly 40%. These families are more likely to forgo other household necessities when facing the cost of heating and cooling their homes. This budget proposes \$66 million to help make the cost of utilities more affordable. \$30 million of this goes to direct credits for household utility bills as a timely way to help families with energy costs, while \$33 million funds more targeted programs that include energy assessments and replacements of inefficient heating systems which will lower energy costs and helps us reduce carbon emissions. These investments are described below.

The price of natural gas is expected to rise if “Liberation Day” tariffs are enacted, driving up the cost of electricity



*Expected Impact of Tariffs on Washington’s Price of Natural Gas and Electricity
(May 2025 vs November 2024 S&P Forecast)*

Source: Office of Financial Management, September 2025

Washington Families Clean Energy Credits

This program provides a one-time \$200 credit to household utility bills for approximately 125,000 low-income families. The program will prioritize families most in need, being made available first to those with half the average income in their county. This benefit is also designed to make it easy for families to receive assistance. Many households will receive notice that they qualify without needing to apply.

(\$30 million Climate Commitment Account)

Expanding the State Home Energy Assistance Program

This program provides utility bill assistance to low-income households, administered through regional nonprofits that also roll out many other federal programs. These nonprofits are tasked

with maximizing the benefits a household is eligible for. Every home that receives bill assistance will also be offered an energy assessment for their home and may be offered additional funding to cover the replacement of inefficient, outdated, or unsafe heating and cooling systems — meaning these households may see additional lower utility costs and reduced carbon emissions beyond the program’s initial investment.

(\$33 million Climate Commitment Account)

Department of Social and Health Services (Economic Services Administration)

Continue summer meals for students

The Summer Electronic Benefit Transfer (Summer EBT) program provides food benefits during the

summer break to children who would typically receive free or reduced-price meals during the school year, if their families also fall within 185% of the federal poverty level. This \$120 benefit increases the family's ability to ensure their children can access nutritious meals while they are on summer break. During the summer of 2025, this program served over 550,000 children and distributed more than \$66 million in federal food benefits. Funding is provided to continue covering the administrative expenses of this program through the summer of 2027.

(\$2.1 million General Fund-State; \$2.1 million General Fund-Federal)

Continue support for individuals newly arriving to Washington

Between 2021 and 2025, Washington welcomed nearly 50,000 newly arrived people seeking asylum who do not qualify for the federal Refugee Resettlement Program. Due to a lengthy application process for an immigration pathway, these individuals experience delays in receiving federal work authorization. Until they are authorized to work, they may struggle financially. This funding sustains a coordinated, statewide response supporting the economic and social integration, and basic and emergent needs of this population through fiscal year 2027.

(\$25 million General Fund-State)

Continue support for unaccompanied immigrant children living with a sponsor family

U.S. Immigration and Customs Enforcement (ICE) has placed over 1,800 unaccompanied immigrant children in Washington with sponsor families since federal fiscal year 2024. Sponsors are often friends or family members of the child who lack the adequate funding and support needed to meet their own basic needs. To help maintain sponsorships, the state provides support services for these families, including housing assistance, child care, transportation, legal services, and household supplies. Proposed funds continue these support services through state fiscal year 2027.

(\$500,000 General Fund-State)

Addressing increased demand at local hunger relief organizations

Due to delays in the distribution of November 2025 food benefits to recipients of the Supplemental Nutrition Assistance Program (SNAP) and Food Assistance Program (FAP) caused by the federal government shutdown, the Economic Services Administration (ESA) transferred funds from the FAP program to the Washington State Department of Agriculture to assist with the increased demand at local hunger relief organizations. Funding is provided to reimburse ESA for the transferred funds.

(\$2.1 million General Fund-State)

Preserving vital systems

Within an overall climate of reductions, this budget keeps cuts in this area as limited as possible to keep critical programs within reach of families and communities who need them most in this period of economic uncertainty.

Department of Social and Health Services (Economic Services Administration)

Preserving food benefits for those impacted by recent federal immigration changes

The Supplemental Nutrition Assistance Program (SNAP) is a food benefit lifeline that helps thousands of Washingtonians put food on the table. Recent changes made to the SNAP program upon the passage of H.R.1 restricted eligibility for approximately 30,000 lawfully present immigrants living in Washington. The state's Food Assistance Program (FAP) is designed to provide the same food benefit levels to households that do not qualify for SNAP due to their citizenship status. The 30,000 individuals losing access to SNAP will be moved to FAP, where they will continue to receive the same level of food support. Many of these households include children, meaning the program directly reduces child hunger and improves nutrition.

(\$48.9 million General Fund-State)

Health Care Authority

Continuing support for 12-month postpartum medical coverage for Medicaid clients

78,552 individuals gave birth in Washington in 2023, and 47% of those births had medical

coverage paid for by the state. The postpartum period, after birth, is a critical period to improve outcomes for severe maternal complications and avoid preventable pregnancy-related deaths. A recent study by the Department of Health found that 49% of pregnancy-related deaths in Washington in 2021–22 were within 43 days to one year of the end of pregnancy. The same study found that the most common contributing factors in pregnancy-related deaths were a lack of continuity of care and/or care coordination and lack of access or financial resources. This budget continues coverage for Medicaid clients through their postpartum periods, leading to better health outcomes for the child and the mother.

Department of Revenue

Continuing to provide tax refunds for Washington workers and their families through the Working Families Tax Credit

The Working Families Tax Credit (WFTC) is aimed at supporting low- to moderate-income families by reducing their tax burden and increasing their disposable income. Modeled after the federal Earned Income Tax Credit program, the WFTC is particularly beneficial for families with children, as it helps to offset costs related to child care, education, and other essential needs. Individuals and families are eligible if they make less than a specified income and meet federal tax filing requirements. For example, a family of four with a combined income of less than \$62,688 might qualify for a credit of up to \$965.

An estimated 350,000 individuals or families are eligible for the WFTC. In calendar year 2025, the program received more than 315,000 applications, a 60% increase from the previous year. As of

November 2025, 286,937 refunds have been provided to applicants. These refunds totaled \$207 million and have benefited more than 389,000 children in households throughout Washington. This budget maintains the tax credits in a challenging budget environment by funding the program through revenues from the Climate Commitment Act.

Adapting to current conditions

This budget recalibrates state policies and investments to account for higher costs of delivering core services and shifts in federal funding and policy.

Department of Children, Youth, and Families (Early Learning)

Expand affordable preschool access through the Pre-K Promise Account

The Early Childhood Education and Assistance Program (ECEAP) is Washington state's high-quality preschool program for three- and four-year-old children from low-income families. Unfortunately, preschool remains out of reach and unaffordable for many families. Washington is the 10th least affordable state for preschool in the nation, while more than 70% of eligible Washington preschoolers have no access to state or federally funded preschool. Budget constraints over the years have resulted in repeated decisions to delay expansion to reach ECEAP entitlement, which would ensure all eligible children have access to the program. The 2025–27 biennial budget delayed ECEAP entitlement until the 2030–31 school year.

More children will qualify for ECEAP in the coming years, but budget pressures make full ECEAP entitlement and meaningful expansion difficult for the state to achieve on its own. Governor Ferguson proposes a public-philanthropic partnership. Through this partnership, Ballmer Group could provide up to \$170 million per year to help scale ECEAP by up to 10,000 additional slots over the next decade. The 2026 supplemental budget begins this expansion with an initial \$34.5 million grant to add 2,000 slots in the 2026–27 school year.

In later years, more slots could be added to fully leverage the available private funding, up to the \$170 million annual limit. Under the agreement, the state must keep all existing state-funded ECEAP slots, so private funds can only be used to grow the program, not replace current support.

(\$34.5 million Private Funds)

Washington Health Benefit Exchange

Continue health insurance subsidies through Cascade Care Savings

Nationwide, health care premiums have increased by 25% for 2026, with further increases expected in 2027, partially due to federal disruptions. Washington's Cascade Care Savings program helps offset these costs by making health plans on the state exchange more affordable. The program was not previously funded to continue beyond 2026. The program provides subsidies to residents earning up to 250% of the federal poverty level, lowering monthly premiums and easing out-of-pocket expenses. By reducing the financial burden of coverage, Cascade Care Savings ensures more Washingtonians can stay insured and prepared for unexpected health needs.

(\$25 million General Fund-State)

Summary of affordability investments, 2026 supplemental

Note: This policy brief highlights select investments proposed by the governor in this budget area. The table below provides the full list of investments. For more details about the items in the chart, refer to the [Budget Recommendation Summaries \(RecSums\), organized by agency](#).

Focus Area	Items	Agency	Amount
Providing focused relief	Washington Families Clean Energy Credits	Commerce	\$30,000,000
Providing focused relief	State Home Energy Assistance Program	Commerce	\$33,000,000
Providing focused relief	Summer EBT program	DSHS	\$4,200,000
Providing focused relief	Support services for individuals newly arriving to the United States	DSHS	\$25,000,000
Providing focused relief	Support for unaccompanied children	DSHS	\$500,000
Providing focused relief	Food Assistance Program reimbursement	DSHS	\$2,100,000
Preserving vital systems	Expand Food Assistance Program for those losing SNAP eligibility	DSHS	\$48,900,000
Adapting to current conditions	ECEAP expansion, Pre-K Promise Account	DCYF	Private funding
Adapting to current conditions	Cascade Care Savings premium subsidies	Health Benefit Exchange	\$25,000,000
TOTAL			\$168,700,000

Ensuring Services and Programs Are Delivered by Skilled Employees

Collective Bargaining Agreements are central to our efforts to attract and retain the skilled professionals that keep Washington safe and operating. The Office of Financial Management reached two agreements that are tailored to the state's workforce and operational needs. These two agreements are being submitted outside the standard biennial bargaining cycle, which typically occurs in even-numbered years for funding consideration in the following legislative session. Some key provisions of these agreements are:

- General wage increases to address the impacts of inflation.
- Competitive pay for low-wage workers.
- Targeted wage increases for roles with recruitment and retention challenges.
- Premium pay for employees who accept positions in hard-to-fill environments or shifts, such as wildfire teams.

The total 2025–27 cost of these bargained agreements is \$36.2 million. These investments lead to a more stable economy and improve the quality of life for everyone.

**Taken from Second Beach, just as the tide pulled back.
Photograph by Lindsay Zingg | @lindsaymariezingg**



General Government: Operating

Our approach to the general government operating budget

Given the lack of resources available, general government investments in this budget are limited to only the most necessary, core functions of the government agencies within this section. Additionally, only modest, targeted additions are made where necessary to keep Washingtonians healthy and safe. Even with this extreme restraint, several reductions are required to achieve a balanced budget. Reductions in this proposal are focused on achieving greater efficiencies, and in some cases, removing programmatic funding entirely to maintain important spending in other areas of the budget.

New and sustained investments are concentrated in three areas: protecting health and safety, defending Washington against harmful federal actions, and maintaining core services for vulnerable populations.

\$4.7M

For federal administration litigation

\$955M

For the Self-Insurance Liability Program

\$2.9M

For Capitol Campus security

\$12M

In services for victims of crime

Department of Enterprise Services

Self-Insurance Liability Program

The Self-Insurance Liability Account (SILA) is used to pay tort claims, judgments, and settlements arising from general liability when the state is found to be wholly or partially negligent. There has been a steep increase in the number and payouts of tort claims in recent years following legislative changes and court rulings. As a result, the SILA fund has been in a continuous and growing cash deficit position.

Liability for the Department of Children, Youth, and Families (DCYF) has increased exponentially, primarily due to historical childhood abuse claims and increasing jury awards. In 2019, the Washington Supreme Court decided *H.B.H. v. State*, which defined the state's liability for childhood abuse claims. In fiscal year 2019, the year of the ruling, 157 claims were filed against DCYF. In fiscal year 2025, 1,455 claims were filed against DCYF — an increase of over 800%. Agency insurance premiums have not been raised quickly enough to capture this dramatic increase in cases. The SILA fund, the account used to pay the awards in these cases, is facing a \$1.3 billion–\$1.4 billion shortfall this biennium.

To amend the deficit, this budget proposal will begin to resolve the negative balance in this account by increasing insurance premiums paid by state agencies. Additionally, a proposal to stand up an administrative panel to adjudicate

historical claims against DCYF would create over \$70 million in cost avoidance in the current biennium.

(\$955 million from multiple funds)

Capitol Campus security

Washington state maintains the largest capitol campus in the nation, spanning 486 acres and welcoming 400,000 visitors annually. Security of the state Capitol Campus is essential for keeping the public and state employee staff safe while protecting the historical assets contained in its many buildings. Additional funding ensures that the Security Operations Center is fully staffed for 24/7 monitoring of campus activity, as well as full staffing for the Public Compliance Space Team to provide incident response, mental health first aid, and crisis deescalation.

(\$2.9 million General Fund-State)

Office of the Attorney General

Federal administration litigation

The federal government has taken unprecedented actions affecting the rights of Washingtonians, including funding for many important services. Washington has been a leader among states challenging these federal government actions. Funding provided enables the Office of the Attorney General to continue defending the rights and services of Washington residents.

(\$4.7 million General Fund-State)

Department of Commerce

Victim services

Victims of crime in Washington are served through the Office of Crime Victim's Advocacy in the Department of Commerce. Victims supported by this program receive assistance with civil legal aid, forensic medical exams, and other unmet needs. This program is largely funded by federal Victim of Crime Act funds which vary from year to year and have been steadily declining. Continued state support through fiscal year 2027 will ensure that victims of domestic violence, sexual assault, child abuse and neglect, human trafficking, and other types of crimes continue to receive the services.

(\$10 million General Fund-State; \$1 million Domestic Violence Prevention Account-State; \$1 million Domestic Violence Co-Responder Account-State)

Military Department

911 program enhancements

More than 1,500 public safety telecommunicators across Washington answer, analyze, triage, and dispatch over five million 911 calls from Public Safety Answering Points (PSAPs). This work carries a high rate of burnout, secondary trauma, and

PTSD. At the same time, the cost of operating PSAPs has increased significantly in recent years. The state portion of the 911 fee on landlines and cell phones has grown enough to be reinvested in the 911 program. These dollars can support mental health resources, staffing, and technology enhancements.

(\$10.5 million 911 Account-State)

Office of Financial Management

One Washington AFRS Replace

The One Washington (OneWA) project is an enterprise-wide effort to modernize the state's end-of-life finance and business IT systems into a single, unified platform. Phase one of the project includes replacement of the state's 40-year-old general ledger accounting system with Workday, a new, cloud-based system. Fiscal year 2027 is the key implementation year for this financial systems modernization, with the continued focus on preparing agencies for the transition and stabilizing operations as agencies start to adapt to the new system.

(\$120 million Statewide Information Technology System Development Account-State)

General Government: Capital

Our approach to the general government capital budget

Developing the 2026 supplemental capital budget requires navigating tradeoffs. Resources are stretched thin, and competing priorities are significant. In response, the budget emphasizes targeted, high-value investments instead of spreading limited dollars across many new ideas. The budget also funds a set of smaller projects that support local communities and keep state services effective.

Due to constrained capital resources, the Climate Commitment Account investments are directed to two core strategies: partnering with the Washington State Green Bank and supporting Tribal clean energy projects. This focuses scarce resources where they can draw in private-public partnerships, support clean energy markets, and strengthen resilience in communities across the state.

\$12.5M

To maximize investments in clean energy projects

\$30M

In support for Tribal clean energy projects

\$10M

Local and community projects

\$10M

For strengthening physical security on the Capitol Campus in Olympia

Clean energy investments

Department of Commerce

Washington State Green Bank

The Washington State Green Bank will address critical gaps in the state’s residential and commercial clean energy financing. Green Bank dollars must leverage private capital, creating a multiplier effect that increases overall investment in clean energy projects. Supporting projects that lower greenhouse gas emissions will give the state another tool to meet its climate goals and commitments. Additionally, this investment helps create a more resilient state economy by reducing reliance on traditional energy markets and easing pressure on state capital funding during difficult budget periods.

(\$12.5 million Climate Commitment Account)

Department of Commerce

Clean Energy Fund Program

Funding for this program allows for grants to nonprofit organizations, local governments, federally recognized Tribal governments and Tribal entities, state agencies, housing authorities, ports, transit agencies, and research organizations. Grant recipients can then plan, design, and implement capital projects and clean energy technologies that reduce greenhouse gas emissions in vulnerable, overburdened, and Tribal communities statewide.

(\$30 million Climate Commitment Account)

Immediate needs at state facilities

Department of Enterprise Services

Capitol Campus security

On the night of October 5, 2025, an intruder entered the Legislative Building in Olympia through a first-floor window, causing significant damage to historic artifacts and secured spaces. While immediate cleanup, repairs, and insurance claims have been addressed, broader security enhancements are now underway. Security window film is being installed on accessible windows to strengthen protections ahead of the legislative session. To further harden the facility, the supplemental budget provides funding to the Department of Enterprise Services to study the feasibility, design, and installation of level 3 ballistic glass with back glazing on accessible windows of the buildings on the West Capitol Campus.

(\$10 million State Building Construction Account)

Projects to directly benefit local communities

Department of Commerce

Local and community projects

Funds community centers in Spokane and Redmond, improves equitable access to turf fields through Seattle Parks, and enhances a marine trade building at the Port of Port Angeles.

(\$10 million State Building Construction Account)

Human Services: Operating

Our approach to the human services operating budget

Caseloads in Washington's social service programs are growing as costs of necessities such as food and housing continue to increase and our population ages. Recent federal actions have also shifted more responsibility to Washington, requiring increased state contributions to federal programs and changing eligibility requirements so that individuals lose access to federal programs and end up on state-funded programs instead.

In this environment, the budget takes steps to slow growth in some of the fastest-expanding areas while keeping the safety net in place. Governor Ferguson's budget gradually tightens eligibility for long-term care programs and caps enrollment growth in the Working Connections Child Care program, while updating the base subsidy rates paid to child care providers so they better reflect current costs.

At the same time, the budget maintains existing state programs for cash assistance, food assistance, and health care subsidies. It invests in the health and safety of Washingtonians from the youngest children in the child welfare system to retired veterans.

\$11M

To establish certified community behavioral health clinics, expanding mental health and substance use crisis services

\$18.4M

To preserve services for vulnerable aged and disabled individuals at risk of losing Medicaid benefits under H.R.1

\$8.7M

To maintain 24/7 call, text, and chat services at the 988 Suicide & Crisis Lifeline

\$7M

To expand access to opioid use disorder medication for those in DOC custody

Department of Social and Health Services – Developmental Disabilities Administration

Maintain current State-Operated Living Alternative homes

State-Operated Living Alternatives (SOLA) provide community-based supports for individuals with intellectual or developmental disabilities. These homes accommodate up to three residents and provide structured living environments. They empower individuals to achieve personal goals and encourage community involvement for full and dignified lives. Funding maintains the current 227 SOLA slots in operation.

(\$5 million General Fund-State; \$23 million General Fund-Federal)

Increased community grants from the Dan Thompson Memorial account

Additional funding out of the Dan Thompson Memorial Developmental Disabilities Community Services account increases the capacity of the Department of Social and Health Services (DSHS) to fund eligible community project applications. This award-winning collaboration allows community organizations to apply for up to \$500,000 to support projects which benefit the developmental disability community with a focus on recreation, transportation, and innovative technology assistance.

(\$2 million Dan Thompson Account)

Continue operating the Lake Burien Transitional Care Facility

The Lake Burien Transitional Care Facility is a specialized treatment center that serves up to

12 youth ages 13–17 who have both intellectual or developmental disabilities and a severe psychiatric diagnosis. DSHS, in collaboration with HCA, is working to secure federal funding to continue to serve youth and facilitate their safe return to community-based settings. This investment ensures the facility will remain operational while awaiting approval for federal match.

(\$5.5 million General Fund-State)

Department of Social and Health Services – Aging and Long-Term Support Administration

Ongoing maintenance for WA Cares IT platform

Washington's first-in-the-nation long-term care benefit program, WA Cares, is set to launch in July 2026. DSHS will complete the necessary IT platform to streamline beneficiary needs from application processing to benefit management.

(\$22.8 million Long-Term Services & Support Trust)

Preserving services for vulnerable aged and disabled individuals

This investment across DSHS and HCA increases slots for the Medical Care Services and Long-term Care Non-citizens Services programs for up to 500 clients who are at risk of losing Medicaid coverage in October 2026 due to changes in eligibility under H.R.1. This will ensure physically and financially vulnerable children and adults will continue to receive life-sustaining care.

(\$18.4 million General Fund-State)

Department of Social and Health Services – Economic Services Administration

Bolster staffing, services, and technology to comply with federal changes

H.R.1 makes multiple changes to the Supplemental Nutrition Assistance Program (SNAP), including but not limited to, new work requirements, changes to how food benefits are calculated, and changes to eligibility based on immigration status. These changes require quick action from the state to avoid significant federal financial penalties. Funding is provided for contracted support to assist with the completion of information technology enhancements that have competing deadlines. Increased staffing is provided to monitor and track work requirements for an additional 129,000 SNAP and Food Assistance Program (FAP) participants. Additional quality control staff are provided to address more complex case reviews and to identify strategies that reduce benefit payment errors. Funding is also provided to expand the Basic Food Employment and Training program, creating more capacity statewide to serve those with work requirements.

(\$26.6 million General Fund-State; \$20.5 million General Fund-Federal; \$2 million Employment Services Administrative-State)

Health Care Authority (Medical Assistance)

Health Homes continuation

The Health Homes program provides care coordination for Medicaid clients with chronic

health conditions. The program utilizes a network of local agencies that work together to help clients understand and improve their health, helping to reduce emergency department visits and preventing hospitalizations. Funding is provided to continue the Health Homes program through calendar year 2027.

(\$6 million General Fund-State; \$8 million General Fund-Federal)

Restore program integrity savings

Funding is provided to backfill savings assumed in the 2025–27 biennial budget that are already captured in the agency’s base budget. This will restore funding for fiscal year 2026 only.

(\$71 million General Fund-State; \$159 million General Fund-Federal)

Rural Health Transformation Program

As part of H.R.1, states were directed to apply for funds to improve and transform the rural health care delivery system. Health Care Authority’s application included investments to build sustainable access, assist with workforce development, promote innovative care, and develop health care technology.

(\$150 million General Fund-Federal)

Health Care Authority (Community Behavioral Health)

1915(i) CBHS services

The Community Behavioral Health Support (CBHS) program helps people with significant mental health needs get the extra support they require to live in community settings like adult

family homes or assisted living facilities. Additional funding for this program allows an additional 450 individuals to receive CBHS services.

(\$11.5 million General Fund-State; \$7.7 million General Fund-Federal)

Certified Community Behavioral Health Clinics

Certified Community Behavioral Health Clinics (CCBHCs) provide behavioral health services regardless of an individual's ability to pay. Funding is provided for the Health Care Authority to participate in the federal demonstration project and certify two CCBHCs in Washington state.

(\$2.8 million General Fund-State; \$8.2 million General Fund-Federal)

Tribal Fentanyl Summit

The Tribal Fentanyl Summit brings together Tribal leaders, the governor, and state agency leaders to discuss the impact of the opioid crisis on Native communities across Washington. Funding had been provided one time but is now ongoing to allow the summit to continue operating.

(\$600,000 Opioid Abatement Settlement Account)

University of Washington 90/180 day beds

The Health Care Authority contracts with the University of Washington Center for Behavioral Health and Learning to serve up to 75 individuals on 90- to 180-day civil commitment orders. Funding is provided due to an expected increase in patient census this biennium.

(\$78.5 million General Fund-Federal)

Department of Labor and Industries

Continue reducing workers' compensation caseload count

The Department of Labor and Industries (L&I) is charged with providing workers' compensation insurance benefits to over 2.8 million Washington workers, and processes 101,000 new injured worker claims annually. L&I adjudicators are currently managing caseloads of about 225 claims each, which is roughly 60% higher than the 141-claim caseload recommended by the Joint Legislative Audit and Review Committee. This funding builds on the claims management investment made in the enacted 2025–27 biennial budget and adds a new claims unit to further reduce caseloads over time, resulting in quicker and more personalized service for employers and injured workers.

(\$857,000 Accident Account; \$857,000 Medical Aid Account)

Continue programs geared toward preventing workplace injury

L&I has received federal funding from the National Institute for Occupational Safety and Health to assist with programs geared toward preventing workplace injury. These programs include the Washington Facility Assessment and Control Evaluation, Occupational Respiratory Disease Surveillance, and Adult Blood Lead Exposure Surveillance System. The federal funds are expected to be eliminated effective July 1, 2026. This funding provides a one-time backfill to continue these important programs.

(\$220,000 Accident Account; \$220,000 Medical Aid Account)

Department of Health

Nurse delegation regulatory improvement

The Washington State Board of Nursing will modernize nurse delegation regulation by removing outdated requirements that are no longer in line with national standards and increasing protections for care providers performing this necessary service.

(\$86,000 Health Professions Account-State)

Opioid treatment provider accreditation program

The Department of Health is the first and only state agency currently approved as a federally recognized accrediting body for opioid treatment providers (OTP). DOH is the accrediting body of choice for 32 OTPs, including all Tribal OTPs. Funding supports the program as it transitions to a fee-supported model to continue providing ongoing accreditation services.

(\$1.4 million Health Professions Account-State)

Increased drinking water grant

The Department of Health received more grant funding from the U.S. Environmental Protection Agency than previously anticipated. This increased funding is used to administer the state's drinking water program; support the Public Water System Supervision program, capacity development, operator certification, and wellhead protection programs; and finance local source water protection.

(\$15.1 million Drinking Water Assistance Account-Federal)

Maintain 988 Suicide & Crisis Lifeline

The 988 Lifeline is a free, confidential service available 24/7/365 by call, text, and chat for anyone experiencing a mental health crisis or having thoughts of suicide. The service connects people to trained counselors and local crisis support resources. This budget maintains Washington's 988 capacity to keep up with growing demand and to handle additional calls, texts, and chats diverted from the federal LGBTQI+ Youth Subnetwork, which shut down in July 2025.

(\$7.9 million 988 Account-State; \$799,000 General Fund-Medicaid)

Department of Corrections

Close custody

Recent legislation has reduced the population in Washington's prisons by expanding opportunities for individuals with lower risk classifications to serve more of their sentences outside of state institutions. However, the overall number of people in Department of Corrections (DOC) custody continues to grow, and those who are serving their sentences in total prison confinement require higher security. Funding is provided to convert lower-custody-level beds to meet higher close custody security needs at Clallam Bay Correction Center, increase therapeutic community capacity at Coyote Ridge Correctional Center, and reopen a previously closed close-custody unit to increase capacity at Monroe Correctional Center. This change will allow DOC to address overcrowding concerns, increasing safety for staff and incarcerated individuals.

(\$26.5 million General Fund-State)

Medication for opioid use disorder

About 29% of people in Washington’s prisons are diagnosed with opioid use disorder. Funding to support treatment has steadily increased since the 2023–25 budget to expand access for more people, as well as maintaining treatment for individuals already receiving medication when they enter DOC custody. This funding continues that expansion.

(\$7 million Opioid Abatement Settlement Account)

Limits on tolling

This change brings Washington into closer alignment with other states by limiting “tolling” to three situations: original jail time, time spent back in confinement on the original sentence, and time when a person has absconded from supervision. Tolling means that time in these situations does not count toward a person’s term of community custody.

(\$3.3 million reduction in General Fund-State)

Employment Security Department

Increase the capacity for employment and training

The Economic Security for All (EcSA) program supports local community employment and training efforts to deliver services that help individuals overcome poverty and achieve self-sufficiency. Given recent federal changes made to the work requirements for SNAP, Medicaid, and the state’s Food Assistance Program’s (FAP), a one-time increase in funding is provided to serve an additional 285 participants through EcSA in fiscal year 2027.

(\$1 million General Fund-Federal)

Statewide review of higher education and workforce training systems

Funding from the Workforce Innovation and Opportunity Act’s Governor’s reserve pays for an independent review of Washington’s higher education and workforce training systems. The vendor will review how well current programs and investments match the state’s economic and industry needs, talk with key partners, and provide recommendations to help Washington build a talent development system that meets the evolving needs of employers, workers, and the economy.

(\$200,000 General Fund-Federal)

Department of Children, Youth, and Families – Children and Families

Support child safety through targeted interventions

An increase in critical incidents, such as abuse- or neglect-related child fatalities and near-fatalities, is being driven by a range of factors, including the increase in complex, high-need child welfare cases and the presence of high-potency synthetic opioids (fentanyl) among babies and toddlers. To address this issue, funding for the Department of Children, Youth, and Families (DCYF) will go to:

- **Plan of Safe Care program:** This program uses family-centered prevention plans, called Plans of Safe Care, to support birthing parents and infants with prenatal substance exposure. In five high-needs communities, including one Tribal community, families with children up to age three will be referred to teams trained in

perinatal substance use. These teams will help families connect to treatment and other critical supports before a child welfare case is closed.

- **Parent-Child Assistance Program (PCAP):** PCAP is an evidence-based home visiting and case management program that supports pregnant and parenting mothers with substance use disorders. This budget expands PCAP by 16 slots in each of two high-needs communities, allowing 32 additional families to receive intensive, long-term support.
- **Updated safety assessment:** DCYF will purchase an updated safety assessment and conduct an initial roll-out in two communities highly impacted by fentanyl. DCYF will use this information to inform continuous improvement and a subsequent budget request for statewide roll-out.

(\$581,000 General Fund-State; \$291,000 General Fund-Federal; \$128,000 Opioid Abatement Settlement Account)

Phase two of requirements of the D.S. settlement agreement

In June 2022, DCYF and the plaintiffs reached a settlement agreement in a class action lawsuit on behalf of youth who experienced placement instability, including night-to-night placements in hotels and overnight stays in DCYF offices. The agreement requires specific system improvements, ongoing engagement with impacted communities and other stakeholders, court monitor fees, and plaintiff legal costs.

(\$2 million General Fund-State)

Support for frontline case workers

Case worker workload has increased substantially due to recent legislative changes and State Supreme Court decisions. This funding updates the workload model so it reflects how much time caseworkers actually need to do investigations and manage cases. It helps set more reasonable caseloads so staff can focus on keeping children safe and, when possible, supporting families to stay together. This is a first step focused on the highest-risk areas for child safety, including Intake, Child Protective Services, and Family Voluntary Services.

(\$2.9 million General Fund-State; \$976,000 General Fund-Federal)

Department of Children, Youth, and Families – Juvenile Rehabilitation

Juvenile Rehabilitation placement options

Funding creates more options for DCYF Juvenile Rehabilitation (JR) to safely manage capacity and support reentry. It expands community transition services (CTS), which let young people move into the community and finish their residential sentences on electronic monitoring. It also allows some youth with fewer than 30 days left on their sentence to remain in county placement instead of transferring briefly to a JR facility. Together, these changes help JR focus on delivering treatment, providing resources, and building skills in safe, therapeutic settings. They give more young people a better chance to plan for their futures and successfully return to their communities, while easing overcrowding in state facilities.

(\$1.7 million General Fund-State)

Safety and security

Funding is provided to DCYF JR for ongoing staff and a one-time security contract at both Green Hill School and Echo Glen Children's Center to better support the rehabilitative needs and safety of the youth within the facilities.

(\$11.6 million in General Fund-State)

Human Services: Capital

Our approach to the Human Services capital budget

The 2026 Supplemental Capital Budget was developed under extremely limited resources, with significant competing demands being placed on those funds. Given current financial constraints, the 2026 supplemental capital budget is unable to support new major construction projects that aren't absolutely essential to the preservation of health and safety of Washingtonians. Limited investments were made to fully leverage federal funding opportunities, code compliance, and energy efficiency savings.

\$15M

For creating additional medium-security juvenile rehabilitation capacity

\$14M

For piping replacement at 16 units at the Monroe Corrections Center

\$11M

For design and preconstruction of a new 120-bed veterans home in Spokane

\$6M

To replace McNeil Island's single, 20-year-old backup power generator

Critical state facility infrastructure

Department of Children, Youth, and Families

Additional juvenile rehabilitation capacity

Overcrowding at the state's juvenile rehabilitation facilities operated by DCYF remains an ongoing challenge requiring a timely and sustainable solution. The supplemental capital budget provides funding for the design and construction of new capacity options. These options will be refined in a report due in March 2026.

(\$15 million State Building Construction Account)

Department of Corrections

Domestic water and HVAC piping system

Leaking galvanized steel pipes have introduced heavy metals into the domestic water system at Monroe Corrections Center. Meanwhile, the aged and outdated HVAC loops leave living units at the ends of the system without adequate heat. This funding continues replacing the piping system that serves nearly 800 incarcerated individuals across multiple living units. The supplemental funding will ensure that this project proceeds without costly delays or interruptions.

(\$14 million State Building Construction Account)

Department of Veterans Affairs

Skilled Nursing Facility replacement

The Department of Veterans Affairs' (DVA) current Spokane nursing facility was built in the 1970s and has a hospital-style layout with two-person rooms separated only by curtains, offering limited privacy and posing significant challenges for

infection control. The design and preconstruction funding provided in the supplemental budget supports the future development of a new 120-bed facility based on the federal Veteran Affairs' small-house model, featuring private rooms, communal living areas, expanded outdoor spaces, and a dedicated memory care unit for veterans. Of the total project cost, DVA anticipates that more than \$7 million will be reimbursed by the federal government.

(\$11 million State Building Construction Account)

Department of Social and Health Services

Emergency backup generator replacement

An extended power outage on McNeil Island in the summer of 2025, lasting nearly 80 days, forced 17 buildings to rely on a single generator installed in 2005. This outage affected living units, treatment areas, clinical education spaces, dining and laundry facilities, security operations, and program administration. The generator ultimately failed and emergency generators were used for the remainder of the outage. Funding is provided to the Department of Social and Health Services to replace the single outdated backup generator on McNeil Island with a resilient system that ensures consistent and reliable power.

(\$6 million State Building Construction Account)

Public health infrastructure

Department of Health

Drinking Water State Revolving Fund Program

Additional state matching funds are provided for designing, financing, and constructing drinking water system improvements after the federal Infrastructure Investment and Jobs Act increased funding for this program. These improvements aim to increase public health protection and compliance with drinking water regulations for publicly and privately owned water systems. An additional \$3 million for the preconstruction loan program is also provided.

(\$6.9 million Public Works Assistance Account-State; \$3 million Drinking Water Assistance Account-State)

Natural Resources: Operating

Our approach to the natural resources operating budget

Due to the state's budget constraints, the governor's proposal for natural resources makes limited but impactful investments to address critical and emergent issues. To balance the budget, additional reductions and savings are also required. This is achieved by identifying the state's ability to shift dedicated funding sources, extend one-time reductions of the biennial budget, and provide agencies with the flexibility in how reductions are applied. These reductions preserve the core work of the agencies and do not result in the elimination of any programs.

\$176.8M

For wildfire suppression

\$6.8M

To eradicate agricultural pests

\$1.5M

For Fort Worden campus operations

\$2.3M

For Tribal collaboration on recreational management planning

State Parks and Recreation Commission
and the departments of Fish and Wildlife
and Natural Resources

State-Tribal Recreation Impacts Initiative

This initiative supports grants for Tribal governments and facilitation to ensure Tribes’ cultural resources and practices are considered and incorporated into recreational management planning.

(\$2.3 million Natural Climate Solutions Account)

Department of Ecology

Laboratory accreditation

The Department of Ecology will reduce the audit backlog and catch up on required drinking-water lab audits. These audits make sure water tests are accurate, especially for newer contaminants like per- and polyfluoroalkyl substances (PFAS), often called “forever chemicals,” and 6PPD-quinone, a chemical linked to tire wear. This funding keeps that basic safety check in place and moves the work into a new, dedicated funding account.

(\$2.1 million Laboratory Accreditation Account)

Tribal offset grants

Increased funding for the Tribal Carbon Offset Assistance Grant program helps Tribes develop and implement eligible offset projects on Tribal lands. Additional funding supports project design, verification, and implementation, expanding the supply of high-quality offsets under the Climate Commitment Act while delivering direct climate, ecological, and economic benefits to Tribal communities and Washington state.

(\$5 million Climate Investment Account)

Department of Fish and Wildlife

Lower Snake River recreation study

One-time funding is provided to study how removing the lower Snake River dams and drawing down the reservoirs could affect recreational fishing. The study will also identify ways to replace or improve fishing opportunities in the area if the dams are removed.

(\$350,000 Natural Climate Solutions Account)

State Parks and Recreation Commission

Fort Worden campus operations

While the Fort Worden Public Development Authority dissolved in the fall of 2024, ongoing funding is needed so State Parks can continue managing the area as a historic campus. This funding covers minimum staffing, operations, and basic maintenance. Fiscal year 2026 was funded in the 2025–27 biennial budget as a one-time amount.

(\$1.5 million Parks Renewal Stewardship Account)

Replacing inefficient energy systems

This one-time funding reduces carbon emissions on state park properties by replacing diesel- and oil-sourced boiler systems, as well as inefficient and high-energy-consuming heating systems relying on old technology, fossil fuels, and wood sources.

(\$454,000 Climate Commitment Account)

Department of Natural Resources

Fire suppression

Washington saw a demanding 2025 wildfire year, with fires burning across the entire state and several long-duration incidents including Bear Gulch, Labor Mountain, Lower Sugarloaf, and Wildcat that required Complex Incident Management Teams to contain. This funding pays for fiscal year 2026 wildfire suppression costs and maintains full response capacity for the current season.

(\$139 million Budget Stabilization Account; \$23.9 million General Fund-Federal; \$13.6 million General Fund-Local)

Trust land improvement work

State trust lands are lands managed by the Department of Natural Resources for the benefit of defined beneficiaries. Funding is provided to complete critical repairs and site stabilization work across trust lands, which increases long-term earnings. These investments prevent further deterioration, reduce maintenance costs, and help make vacant buildings available for leasing. Addressing these issues avoids more expensive repairs later and allows for improved forestry operations statewide.

(\$13.4 million Resource Management Cost Account)

Forest health and wildfire reduction

For Washington to continue meeting the challenges of a changing climate, it is critical to enhance wildfire preparedness, expedite forest

restoration efforts, and foster the development of resilient communities. The Legislature committed to address these growing issues by passing Chapter 298, Laws of 2021 (HB 1168). Climate Commitment Act funding is provided to advance this work by investing in proactive forest health treatments and wildfire risk reduction, helping prevent catastrophic fires before they occur.

(\$30 million Natural Climate Solutions Account)

Department of Agriculture

Eradicating agricultural pests

If uncontrolled, harmful pests including moths and Japanese beetles will have devastating impacts on the state's forestry, landscaping, and agricultural sectors. Funding continues trapping and treatment efforts to eradicate known populations found in new locations and protect against future invasions.

(\$6.6 million General Fund-State; \$288,000 General Fund-Federal)

Food safety rapid response

The state will maintain its ability to investigate food safety violations and respond to emergencies in human food and animal feed. This work includes responding to contamination, food-borne illness outbreaks linked to distributed food products, natural disasters, intentional contamination, and other incidents that may impact the safety of Washington's food supply and public health.

(\$122,000 General Fund-State)

Natural Resources: Capital

Our approach to the natural resources capital budget

The 2026 supplemental capital budget was developed under extremely limited resources, with significant competing demands placed on funds. Given these financial constraints, the 2026 supplemental capital budget is unable to support major construction projects. It instead focuses on critical and emergent issues.

Investments have been focused on projects that are required by law or court order, necessary for health and safety, or related to Tribal commitments. The natural resources capital budget is also intended to ensure that safety, compliance, and continued investments in salmon recovery are achieved while agencies focus on their core missions across the state.

\$11.1M

For Salmon Recovery
Funding Board

\$8.6M

For emergent deferred
maintenance

\$7.2M

For the Capitol Lake-
Deschutes Estuary

\$2.2M

For ADA settlement
compliance

Salmon and habitat protection

Recreation and Conservation Office

Salmon Recovery Funding Board

This grant program implements the Salmon Recovery Act and provides funding for projects that protect or restore salmon habitat, as well as other salmon recovery programs and activities across the state. This is Washington's only grant program that focuses exclusively on protecting and restoring salmon habitat statewide. Projects are developed locally and evaluated to determine if and how well they will implement priorities addressed in federally adopted salmon recovery plans.

(\$11.1 million Natural Climate Solutions Account)

Infrastructure

Department of Ecology

Capitol Lake – Deschutes Estuary

This funding is provided to restore 260 acres of historic estuarine and salt marsh habitat across two miles in South Puget Sound. The restoration, along the shoreline of downtown Olympia and adjacent to the Washington State Capitol Campus, is within the Usual and Accustomed Fishing Grounds and Stations of the Squaxin Island Tribe. Funding continues this project through 100% of its design and permitting.

(\$3.2 million State Building Construction Account; \$4 million Natural Climate Solutions Account; \$9.3 million private/local)

Department of Agriculture

Plant products laboratory design

The Plant Services Program is currently working in old and unsafe Washington State University buildings from the 1940s and 1950s. These spaces are no longer suited to the technical demands of modern plant health and pest detection work. A new laboratory building will replace these aging facilities and help the state continue running the tests and inspections that protect crops and sustain agriculture across Washington.

(\$2.2 million State Building Construction Account)

State Parks and Recreation Commission and Department of Natural Resources

Emergent deferred maintenance and minor works projects

Funding is provided for urgent projects around the state that will help to ensure visitor and staff safety and avoid unexpected service disruptions. These projects include repairs and maintenance such as the Dallesport roof replacement, Dosewallips sewer lift station, various code compliance issues, Lake Chelan comfort station replacement, and Fort Worden gutter replacements.

(\$8.6 million State Building Construction Account)

State Parks and Recreation Commission

Statewide ADA compliance

Funding supplements the statewide Americans with Disabilities Act (ADA) Compliance enacted 2025–27 biennial budget appropriation and is necessary to increase the agency’s capacity to meet the obligations of the federal settlement agreement between Washington State Parks and the U.S. Attorney’s Office. This project will begin to implement the remediation plan required under the federal settlement agreement, focusing on the removal of accessibility barriers in facilities where activities, programs, and services are provided to the public.

(\$2.2 million State Building Construction Account)

Department of Natural Resources

Trust land transfer

Trust lands are meant to generate revenue, but some parcels are better suited for management as parks, habitat, or open space. This transfer funds the highest-priority property for the Yakama Nation, allowing it to be managed in a way that better reflects its long-term cultural and environmental value.

(\$4.4 million State Building Construction Account)

Education: Operating

Our approach to the K-12 education operating budget

The governor's proposed K-12 budget sustains the state's commitment to Washington's students. Building on recent investments in special education and student well-being, the proposal strategically reinvests within our limited resources in programs that demonstrate strong outcomes and meet shared goals for postsecondary readiness and student stability.

\$280,000+

To ensure equitable access to High School and Beyond Plan resources

\$7.7M

In grants restored to programs proven to improve student outcomes

\$2.7M

For adult education and skills training

\$15.4M

In behavioral health workforce investments

Support postsecondary planning for students statewide

The mandatory High School and Beyond Plan is a key tool for preparing students for life after graduation. The supplemental budget invests in the statewide platform that supports this planning. The platform will give students, families, and educators a modern tool for academic planning, career exploration, and transcript-aligned pathway guidance. This investment helps ensure that every student, in every district, receives personalized planning support.

(\$279,000 General Fund-State)

Graduation program funding for foster youth

The Graduation Success Program supports youth in foster care with individualized academic planning, mentoring, and graduation coaching. Funding the program ensures continuity for vulnerable students who rely on case management, postsecondary transition supports, and barrier-removal services. This investment helps stabilize educational progress for students experiencing foster care statewide.

(\$3.5 million General Fund-State)

Sustain dual language education opportunities

Dual language programs increase academic achievement, improve bilingual proficiency, and strengthen cultural connection. Continued funding for dual language grants maintains

momentum for school districts and State-Tribal Education Compact (STEC) schools that are launching or expanding their programs. These grants fund professional development, program development, and family engagement initiatives, preserving access to high-quality dual language instruction for thousands of students statewide.

(\$1.5 million General Fund-State)

Continue the Ninth Grade Success program

The Ninth Grade Success program reduces course failure rates, strengthens student belonging, and increases on-time graduation. This funding supports data-driven school teams, early warning system implementation, and coaching for schools statewide. Investing in ninth grade, the most predictive year for high school completion, helps more students stay on the right track.

(\$1.5 million General Fund-State)

Maintain support for unsheltered students

The Homeless Student Stability Education Program improves identification, outreach, and support for students experiencing homelessness or housing instability. Continuing this investment helps districts provide case management, transportation solutions, academic support, and community-based partnerships to help students remain engaged in school. Sustaining this investment ensures vulnerable students receive coordinated, timely support.

(\$1.2 million General Fund-State)

Our approach to the higher education operating budget

These higher education investments advance affordability and align with workforce needs. While recognizing current fiscal constraints, this proposal aims to protect high-impact programs, leverages existing infrastructure, and prioritizes investments that address urgent workforce shortages.

Continue support for the state's Center for Behavioral Health and Learning

The Center for Behavioral Health and Learning at the University of Washington brings together psychiatric inpatient care, teaching, and research to help address Washington's behavioral health crisis. This state-of-the-art center provides specialized care for individuals with complex needs while training the next generation of behavioral health professionals. Ongoing investment allows the UW to operate and expand this critical center, strengthening Washington's behavioral health system and growing the clinical workforce that is urgently needed across the state.

(\$15 million Workforce Education Investment Account)

Expand behavioral health workforce pathways in Central Washington

Growing statewide demand for behavioral health professionals requires new training pathways. Central Washington University will relaunch its graduate mental health counseling program and create a new undergraduate behavioral health

degree. Together, these programs offer a pathway that prepares students from entry-level to advanced clinical practice. These investments also help address statewide behavioral health professional shortages, especially in rural and underserved areas.

(\$425,000 Workforce Education Investment Account)

Increase support for adult education and skills training

One-time funding is provided to the State Board for Community and Technical Colleges (SBCTC) for the Basic Education for Adults Program. This program offers academic instruction and education services to people that are below the postsecondary level. In addition, the funds also go towards increasing capacity in SBCTC's Integrated Basic Education and Skills Training (I-BEST) program. I-BEST helps individuals qualify for living wage jobs through rapid training in foundational writing, math, and other college-readiness skills.

(\$2.7 million General Fund-Federal)

Education: Capital

Our approach to the education capital budget

Within this year's serious budget limitations, this capital plan focuses on making existing schools and campuses safer, healthier places to learn rather than promising projects the state cannot afford to deliver. In higher education, our limited funds were focused on the small, critical infrastructure projects that keep our university campuses safe and functioning. These projects include replacing leaking roofs that let in the rain or snow, fixing exterior walls that no longer keep out heat or cold, maintaining HVAC systems that provide clean air, and fixing crumbling walkways so it's safe for everyone to move between buildings.

Capital gains tax revenue makes it possible to extend this "fix the basics first" approach to K-12 infrastructure. These funds were directed to critical projects in small school districts with 1,000 students or fewer, many of which cannot pass a capital bond or levy. These grants do not require a local match. Capital gains revenue was also put towards lead remediation in schools, helping create a healthier learning environment for all kids. Lastly, state bonds were used to move three schools with high tsunami and seismic risk further along in remediating, renovating, or relocating to make them safer from these potentially catastrophic natural disasters.

112

Small school districts receiving planning or construction grants

\$28.4M

For retrofits or relocations of K-12 schools in high seismic and tsunami risk areas

\$2.5M

For replacement of lead pipes in schools

\$20.4M

On small, critical infrastructure fixes at higher education institutions across the state

K-12 infrastructure

Office of the Superintendent of Public Instruction

Small district modernization

Small and rural districts often struggle to pass bonds and levies, which can keep them from qualifying for the School Construction Assistance Program. The Small District and STEC Schools Modernization Program helps close that gap by providing funding to Tribal compact schools and small districts with 1,000 students or fewer for small projects up to \$6 million, with no local match required. The supplemental budget funds 12 construction grants of \$6 million or less and 100 planning grants of \$50,000 or less.

(\$74.2 million Common School Construction Account)

School Seismic Safety Grant Program

This program focuses on K-12 schools at highest risk in a major earthquake or severe flooding during a tsunami. It funds seismic retrofits and safety improvements for schools that can safely remain in place and supports relocating schools that cannot.

(\$28.4 million Common School Construction Account)

Lead remediation in schools

The Lead in Water Remediation grant program, part of Healthy Kids-Healthy Schools, helps schools replace drinking water fixtures or pipes that test positive for lead contamination. This is

part of an overall effort to create healthy learning environments for all Washington students.

(\$2.5 million Common School Construction Account)

Higher education infrastructure

Efforts across higher education

Functional improvements and facility preservation

Colleges and universities must continually maintain the core systems that keep campuses safe, accessible, and efficient. The supplemental budget focuses on the most urgent of these small projects:

- **Building envelopes** – Walls, roofs, and windows that keep out water and extreme temperatures are essential to a building's basic function. Improving these systems prevents leaks, protects interiors, and makes buildings more energy efficient and affordable to operate.
- **Underground infrastructure** – Sewer lines, stormwater systems, plumbing, and heating and cooling distribution all run below ground and are critical to keeping campuses functioning. Targeted repairs and replacements help avoid failures that can disrupt learning and campus operations.
- **Stairs, sidewalks, and other walkways** – Regular upkeep of stairs, sidewalks, and other pathways that keep campuses in compliance with safety and accessibility standards.

(\$20.4 million State Building Construction Account)

State Board for Community and Technical Colleges

CTC-wide grant programs for HVAC tune-ups and real-time scheduling

Two new grant programs help community and technical colleges run their buildings more efficiently and reduce emissions:

CTC Building Tune-Up Program (\$2 million) –

This program identifies and fixes problems in complex HVAC systems so they work as intended. Tuning up these systems reduces energy use, extends equipment life, lowers greenhouse gas emissions, and cuts operating costs.

CTC HVAC Control-to-Schedule Upgrades (\$2

million) – This program replaces outdated, manual, “always on” controls with modern systems that adjust heating and cooling based on actual schedules and occupancy. Pilot projects over the past two years have already shown significant reductions in building energy use when colleges move to automated, schedule-based controls.

(\$4 million Climate Commitment Account)

We Value Your Feedback!

Please **take our short survey** and share your thoughts on this report.

Questions?

If you have any questions or need assistance, please contact us at **info@ofm.wa.gov**