



# **PSSB 5167**

# **Budget Overview**

**Proposed 2025-27 Biennial  
and 2025 Supplemental  
Operating Budget**

**By Senator Robinson**  
March 24, 2025

## **Context**

In crafting the 2025-27 biennial operating budget, and the 2025 supplemental operating budget, the Legislature is considering both the increased costs associated with maintaining current law requirements and proposed policy adjustments. Additionally, pursuant to the four-year balanced budget provisions, the Legislature is required to leave a positive unrestricted balance for the 2023-25, 2025-27 and 2027-29 biennia.

## **Revenue Forecast**

The March 2025 forecast predicts NGF-O revenues of \$66 billion for the 2023-25 biennium, \$71 billion for the 2025-27 biennium, and \$76 billion for the 2027-29 biennium. This amount is lower than the February 2024 forecast used for last year's budget by approximately \$760 million in 2023-25 and \$770 million in 2025-27. Revenue for the 2027-29 biennium has been estimated for the first time. NGF-O, or Near General Fund Operating, is a collection of accounts that must remain positive under the four-year balanced budget provisions.

## **Summary of Chair Robinson's Proposal (Proposed Substitute Senate Bill 5167)**

The Senate Chair's proposal for the 2025-27 biennial operating budget modified the appropriations established in the prior budget cycle. Overall, NGF-O spending increases by \$6.5 billion in the 2025-27 biennium and \$5.7 billion in the 2027-29 biennium. Appropriations have been adjusted to account for mandatory costs, as well as policy choices. Revenue legislation and resource changes were necessary to accommodate the spending assumed in the proposal.

## **Maintenance Level (ML)**

Mandatory costs to continue current programs and meet statutory obligations increased by nearly \$11 billion NGF-O over the four-year period. Typical cost increases at the ML include inflationary adjustments within the public school system, caseload and per capita cost changes for entitlement programs, and required actuarial rate modifications for Medicaid providers.

The largest ML impacts within the 2025-27 biennium occurred in the following areas:

1. \$3.1 billion (29%) = K-12 Education
  2. \$2.5 billion (23%) = Children Youth & Families
  3. \$2.2 billion (20%) = Social & Health Services
  4. \$1.5 billion (14%) = Low Income Health Care & Community Behavioral Health
  5. \$0.5 billion (5%) = Higher Education
  6. \$1.0 billion (9%) = All Other
- \$10.8 billion = TOTAL

## **Policy Level (PL)**

A full list of PL items, including a brief description of the policy change, can be found on [fiscal.wa.gov](https://fiscal.wa.gov).

The ten largest NGF-O **spending** items at the PL over the four-year period are the following:

1. \$2.2 billion (23%) = K-12: Special education (E2SSB 5263)

2. \$1.2 billion (12%) = State employee salaries and wages – represented workers
  3. \$0.8 billion (8%) = Health benefits: Updated rates for SEB
  4. \$0.6 billion (6%) = Debt service costs for a new capital budget
  5. \$0.5 billion (5%) = Homecare: Individual Providers & Agency Provider Parity
  6. \$0.4 billion (4%) = Family Child Care Collective Bargaining Agreement (CBA)
  7. \$0.4 billion (4%) = K-12: Materials, supplies, and operating costs (ESSB 5192)
  8. \$0.4 billion (4%) = State employee salaries and wages – non-represented workers
  9. \$0.4 billion (4%) = Health benefits: Updated rates for PEB
  10. \$0.3 billion (3%) = Adult Family Homes CBA
  11. \$2.5 billion (26%) = All Other
- \$9.7 billion = TOTAL

The ten largest NGF-O savings items at the PL over the four-year period are the following:

1. -\$0.9 billion (14%) = Child care and development programs (ESSB 5752)
  2. -\$0.6 billion (9%) = Merging legacy retirement systems (SSB 5085)
  3. -\$0.3 billion (5%) = Service delivery: Managed care to fee-for-service
  4. -\$0.3 billion (4%) = PEB/SEB employer premiums
  5. -\$0.2 billion (3%) = Transition to kindergarten growth (SB 5069)
  6. -\$0.2 billion (3%) = Health carrier reimbursements (E2SSB 5083)
  7. -\$0.2 billion (3%) = Temporary salary reduction (SB 5792)
  8. -\$0.1 billion (2%) = K-12: Grants program reduction
  9. -\$0.1 billion (2%) = Foundational public health services
  10. -\$0.1 billion (2%) = Child care subsidy base rates
  11. -\$3.4 billion (53%) = All Other
- \$6.5 billion = TOTAL

### Revenue Legislation

A full list of revenue legislation can be found on [fiscal.wa.gov](http://fiscal.wa.gov). The largest impacts come from the following bills.

#### *Increased Revenue*

1. \$12.2 billion (58%) = Financial Intangible Assets Tax (SB 5797)
  2. \$6.6 billion (32%) = Payroll Expense Tax (SB 5796)
  3. \$1.0 billion (5%) = Tax Preferences (SB 5794)
  4. \$0.8 billion (4%) = Property Tax Reform (SB 5798)
  5. \$0.3 billion (2%) = All Other
- \$21.0 billion = TOTAL

#### *Decreased Revenue*

1. -\$3.2 billion (64%) = Sales Tax Rate Reduction (SB 5795)
  2. -\$1.7 billion (35%) = Sales Tax to the Multimodal Account
  3. -\$0.1 billion (1%) = All Other
- \$5.0 billion = TOTAL

## Other Resources

A full list of fund transfers, budget driven revenue, and other resource changes can be found on [fiscal.wa.gov](http://fiscal.wa.gov). The largest impacts come from the following transfers:

### *Increases to the General Fund*

1. \$100 million (24%) = Model Toxics Control Account
  2. \$67 million (16%) = Electric Vehicles Incentive Account
  3. \$60 million (15%) = State Treasurers Account
  4. \$35 million (9%) = Enterprise Services Account
  5. \$30 million (7%) = Salmon Recovery Account
  6. \$119 million (29%) = All Other
- \$411 million = TOTAL

### *Decreases to the General Fund*

1. -\$84 million (35%) = Wildfire Response Account
2. -\$30 million (13%) = Disaster Response Account
3. -\$70 million (29%) = Home Security Fund
4. -\$50 million (21%) = Community Reinvestment Account
5. -\$5 million (2%) = All Other
6. -\$239 million = TOTAL

## The Four-Year Outlook

The Chair's proposed budget, under the provisions of the four-year budget outlook (Chapter 8, Laws of 2012), is projected to end the 2027-29 biennium with \$4.6 billion in NGF-O ending fund balance and \$7.6 billion in total reserves, or 17.6 percent in reserves compared to revenues and other resources.

## 2025-27 Omnibus Operating Budget

### PSSB 5167 Senate Chair

#### Funds Subject to Outlook

(Dollars in Thousands)

	2025 Supp		2025-27		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
<b>K-12 Education</b>					
Special Education	0	0	1,015,637	1,015,637	2,191,560
SEBB Rate	0	0	368,300	368,300	846,420
MSOC Adjustment	0	0	174,946	174,946	422,564
K-12: Student Meals (CEP)	8,950	8,950	17,900	17,900	44,750
Other Increases	0	0	20,122	20,451	31,489
Transition to Kindergarten	0	0	-74,634	-74,634	-193,942
Grant Programs Reduction	0	0	-48,855	-48,855	-146,565
Merging Legacy Retirement Plans	0	0	-197,218	-197,218	-383,735
Pension Rate Adjustment	0	0	-113,705	-113,733	-113,705
Persistently Low-achieving Schools	0	0	-28,704	-28,704	-57,408
LEA Online Enroll Cap	0	0	-9,339	-9,339	-26,349
K-12: All Other Savings	-34,000	-34,000	-67,411	-67,411	-185,497
<b>K-12 Education Total</b>	<b>-25,050</b>	<b>-25,050</b>	<b>1,057,039</b>	<b>1,057,340</b>	<b>2,429,582</b>
<b>State Employee Compensation (Excl. Higher Ed)</b>					
Employee Salaries & Wages (Rep.)	0	0	509,267	687,064	1,115,872
Employee Salaries & Wages (Non-Rep.)	0	0	106,319	177,650	234,694
PEBB Rate	0	0	177,517	272,843	379,945
Other Increases	351	945	1,895	31,688	4,529
Merging Legacy Retirement Plans	0	0	-112,807	-174,440	-149,278
Temporary Salary Reduction	0	0	-166,287	-280,676	-166,287
Health Carrier Reimbursements	0	0	0	0	-192,000
PEB/SEB Employer Premiums	0	0	0	0	-276,000
Modified Pension Funding Council Rates	0	0	-36,788	-59,318	-36,789
<b>State Employee Compensation (Excl. Higher Ed) Total</b>	<b>351</b>	<b>945</b>	<b>479,116</b>	<b>654,811</b>	<b>914,686</b>
<b>Higher Education Employee Compensation</b>					
Employee Salaries & Wages (Rep.)	0	0	22,494	112,712	49,581
Employee Salaries & Wages (Non-Rep.)	0	0	78,060	302,841	173,830
PEBB Rate	0	0	81,170	249,558	173,474
Merging Legacy Retirement Plans	0	0	-14,579	-69,036	-19,771
Temporary Salary Reduction	0	0	-15,806	-89,102	-15,806
Modified Pension Funding Council Rates	0	0	-5,559	-25,922	-5,559
<b>Higher Education Employee Compensation Total</b>	<b>0</b>	<b>0</b>	<b>145,780</b>	<b>481,051</b>	<b>355,749</b>
<b>Higher Education</b>					
Fund Split Support	0	0	24,322	0	68,682
Washington College Grant	0	0	15,505	15,505	15,505
Other Increases	28,527	42,362	32,294	32,485	114,295
Tuition Operating Fee	0	0	-49,899	0	-151,454
Financial Aid Eligibility	0	0	-34,346	-34,346	-98,853
Institutional Reduction	0	0	-40,432	-40,432	-81,577
WCG Bridge Grants	0	0	-27,627	-27,627	-83,729
Innovation Challenge Grants	0	0	-16,000	-16,000	-32,245

## 2025-27 Omnibus Operating Budget

### PSSB 5167 Senate Chair

#### Funds Subject to Outlook

(Dollars in Thousands)

	2025 Supp		2025-27		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Career Launch Enrollments	0	0	-6,000	-6,000	-12,106
Higher Ed: All Other Savings	0	-30,000	-30,603	-50,334	-64,180
<b>Higher Education Total</b>	<b>28,527</b>	<b>12,362</b>	<b>-132,786</b>	<b>-126,749</b>	<b>-325,662</b>
<b>Behavioral Health</b>					
1915i: Community Behavioral Health Services	19,865	35,025	72,455	143,323	168,075
UW Behavioral Health Teaching Facility	0	2,374	40,000	43,518	40,000
988 System & Call Centers	0	-13,486	0	19,187	0
Other Increases	11,754	12,252	27,945	73,022	74,171
Behavioral Health Facility & Bed Delays	-80,762	-94,834	-107,368	-114,269	-267,793
Outreach/Intensive Case Management	0	0	-49,000	-49,000	-100,099
MCO Behavioral Health Rates	0	0	-12,147	-36,453	-24,838
Administrative Reductions	-2,147	-2,147	-17,531	-23,379	-38,411
Fund Shifts	-2,000	0	-11,500	0	-25,492
Behavioral Health: Other Savings	-12,455	-27,168	-36,380	-38,766	-86,896
<b>Behavioral Health Total</b>	<b>-65,745</b>	<b>-87,984</b>	<b>-93,526</b>	<b>17,183</b>	<b>-261,283</b>
<b>Health Care &amp; Public Health</b>					
Cascade Care	40,000	40,000	55,000	85,000	84,846
Health Homes	0	0	22,664	62,561	54,486
Other Increases	43,016	49,885	15,878	46,939	64,350
Medicaid Transformation Project	0	-52,476	-1,905	477,878	-9,031
HCA: Fee-for-Service Changes	0	0	-146,053	-268,181	-349,036
Public Health: Foundational Public Health	-5,000	-5,000	-64,000	-44,000	-133,982
MCO Physical Health Rates	0	0	-29,691	-115,453	-60,517
HCA: Other Rate Adjustments	0	0	-18,354	-59,771	-39,436
HCA: Health Care Coverage Changes	-984	-3,875	-11,813	-46,506	-29,222
Administrative Reductions	0	0	-14,611	-26,229	-29,635
HCA-MED: All Other Savings	-1,604	-3,208	-20,531	-38,618	-43,587
Public Health: All Other Savings	-5,954	-2,875	-34,707	-49,548	-72,213
<b>Health Care &amp; Public Health Total</b>	<b>69,474</b>	<b>22,451</b>	<b>-248,123</b>	<b>24,072</b>	<b>-562,977</b>
<b>Children, Youth, &amp; Families</b>					
Family Child Care Agreement	0	0	185,040	185,040	377,542
Juvenile Rehabilitation Capacity & Security	12,810	12,865	35,354	36,445	79,043
Other Increases	11,455	30	45,197	32,964	98,356
Child Care & Development Programs	0	0	-354,262	-354,262	-932,555
DCYF Underspends	-51,963	-53,504	-65,446	-66,946	-183,861
Child Care Subsidy Base Rates	0	0	-127,601	-127,601	-127,601
Administrative Reductions	0	0	-8,822	-12,410	-17,780
Information Technology Reductions	0	0	-7,496	-9,040	-15,107
WCCC: Student Parents	-7,141	-7,141	-14,282	-14,282	-35,924
DCYF: All Other Savings	-13,813	-4,889	-25,248	-43,041	-64,698
<b>Children, Youth, &amp; Families Total</b>	<b>-48,652</b>	<b>-52,639</b>	<b>-337,566</b>	<b>-373,133</b>	<b>-822,585</b>

## 2025-27 Omnibus Operating Budget

### PSSB 5167 Senate Chair

#### Funds Subject to Outlook

(Dollars in Thousands)

	2025 Supp		2025-27		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
<b>Long Term Care &amp; DD</b>					
Consumer-Directed Employer & Agency Parity	0	0	216,804	489,949	548,129
Adult Family Home Agreement	0	0	133,277	299,133	284,449
Assisted Living Rates	0	0	31,309	67,026	59,971
Transitional Care Center of Seattle	-2,529	-5,058	30,405	60,812	59,814
WA Cares	0	-6,397	0	188,737	0
Other Increases	10,198	25,338	39,518	138,118	76,860
DSHS Underspends	-26,949	-50,364	-38,843	-73,034	-106,059
Increased Licensing Fees	0	0	-41,375	14,547	-93,616
End Meaningful Day Service	0	0	-25,230	-56,444	-67,489
RHC Closures & Transitions to Community Settings	0	0	-734	-2,979	-31,502
DDA No Paid Services Case Management	0	0	-9,944	-17,598	-20,450
Administrative Reductions	-666	-1,210	-15,876	-29,941	-36,670
DSHS-AL TSA & DDA: All Other Savings	-3,267	-5,067	-17,552	-20,588	-54,031
<b>Long Term Care &amp; DD Total</b>	<b>-23,213</b>	<b>-42,758</b>	<b>301,759</b>	<b>1,057,738</b>	<b>619,406</b>
<b>Other Human Services</b>					
Food Security & Assistance	461	922	121,786	122,358	122,247
Housing & Homelessness	0	0	97,155	111,790	98,209
Immigrant, Refugee, and New Arrival Supports	0	203	16,500	17,306	12,439
Federal Grant Authority	0	229,409	0	357,322	0
Other Increases	2,698	370	25,770	133,339	17,050
Administrative Reductions	-14,378	-14,378	-21,608	-35,383	-58,620
Career Connected Learning	-8,279	0	-14,390	-9,706	-37,321
Fund Shifts	-6,208	0	-12,416	-78	-31,230
DSHS Underspends	-11,260	-16,260	-20,900	-30,900	-54,039
Special Commitment Center Unit Closure	-2,413	-2,413	-6,682	-6,682	-16,086
Other Human Services: All Other Savings	-23,787	-5,090	-28,827	-49,651	-81,519
<b>Other Human Services Total</b>	<b>-63,166</b>	<b>192,763</b>	<b>156,388</b>	<b>609,715</b>	<b>-28,870</b>
<b>Corrections &amp; Criminal Justice</b>					
Crime Victims Support	-2,050	-975	34,821	34,735	32,906
Contraband Detection	0	0	10,140	10,140	20,508
Custody Staff Support	2,895	2,895	5,609	5,609	14,231
Reentry Support	484	484	7,401	7,401	16,051
Other Increases	2,846	2,846	29,945	34,850	47,837
Corrections: Facility Closures	-2,003	-2,003	-39,092	-39,092	-89,963
Law Enforcement Academy Cost Share	0	0	-8,967	0	-18,049
DOC Underspends	-8,000	-8,000	-10,000	-10,000	-22,061
Corrections & Criminal Justice: All Other Savings	-2,863	-2,863	-32,818	-27,818	-64,971
<b>Corrections &amp; Criminal Justice Total</b>	<b>-8,691</b>	<b>-7,616</b>	<b>-2,961</b>	<b>15,825</b>	<b>-63,511</b>
<b>Natural Resources</b>					
Wildfire Response, Suppression, & Recovery	45,539	89,230	-9,234	-9,808	23,918
Invasive Species	581	1,301	10,628	16,190	11,209

## 2025-27 Omnibus Operating Budget

### PSSB 5167 Senate Chair

#### Funds Subject to Outlook

(Dollars in Thousands)

	2025 Supp		2025-27		5-Year Total
	NGF-O	Total	NGF-O	Total	NGF-O
Environmental Toxins, Air Quality, & Water Quality	0	0	0	22,739	0
Federal Funding Adjustment	0	0	0	96,512	0
Other Increases	2,280	1,442	19,992	49,903	29,621
Fishing and Hunting Licenses	0	0	-19,484	0	-39,267
Discover Pass	0	0	-15,120	0	-30,471
Administrative Reductions	0	0	-9,863	-9,863	-19,878
Fund Shifts	0	0	-11,469	0	-11,682
Naturals: All Other Savings	-1,820	-2,170	-40,103	-101,740	-81,850
<b>Natural Resources Total</b>	<b>46,580</b>	<b>89,803</b>	<b>-74,653</b>	<b>63,933</b>	<b>-118,400</b>
<b>Information Technology</b>					
One Washington	0	0	0	108,075	0
Automated Client Eligibility System (ACES)	809	1,498	29,984	56,683	46,240
Child Welfare Information System	0	0	33,093	66,186	33,093
Integrated Eligibility & Enrollment Program (IE&E)	1,965	5,599	9,390	26,938	11,355
Electronic Health Records	-24,500	-151,600	28,973	142,644	4,473
Information Technology Pool	0	0	25,831	35,691	25,831
Information Technology: All Other	871	-2,520	31,239	140,114	26,763
<b>Information Technology Total</b>	<b>-20,855</b>	<b>-147,023</b>	<b>158,510</b>	<b>576,331</b>	<b>147,755</b>
<b>All Other Policy Changes</b>					
Debt Service	0	0	76,598	76,598	586,059
Self-Insurance Liability Premium	391,703	1,029,137	0	0	391,703
Judicial: Other Increases	4,542	4,542	57,455	64,607	109,048
Cannabis Revenue & Enforcement	29,759	0	75,076	8,130	149,998
Disaster Response & Recovery	0	-717,694	0	742,660	0
Intangible Assets Tax	0	0	29,440	29,440	54,085
Payroll Expense Tax	0	0	12,332	12,332	20,360
Other Increases	3,986	-199	36,506	56,412	52,436
Administrative Reductions	-500	-500	-23,424	-27,419	-42,975
Vacancy Savings	-1,322	-1,322	-16,159	-18,195	-34,036
Fund Shifts	0	0	-9,173	-236	-10,527
Other Savings	-14,120	-28,700	-66,230	-120,459	-144,198
Central Services (All)	0	0	48,132	76,385	71,812
<b>All Other Policy Changes Total</b>	<b>414,048</b>	<b>285,264</b>	<b>220,553</b>	<b>900,255</b>	<b>1,203,765</b>
<b>Grand Total</b>	<b>303,608</b>	<b>240,518</b>	<b>1,629,530</b>	<b>4,958,372</b>	<b>3,487,655</b>

NGF-O = GF-S + ELT + OpPath + Wkfrc Educ Invest + Fair Start for Kids