



PSSB 5998

Budget Overview

Proposed 2026 Supplemental Operating Budget

By Senator Robinson

February 22, 2026

Context

In crafting the 2026 supplemental operating budget, the Legislature is considering both the increased costs associated with maintaining current law requirements and proposed policy adjustments. The Legislature is required to leave a positive unrestricted balance for the 2025-27 biennium. Since employment growth is less than one percent, and an appropriation is made from the Budget Stabilization Account, the Legislature is not required to leave a positive unrestricted balance for the 2027-29 biennia.

Revenue Forecast

The February 2026 forecast predicts Near General Fund Outlook (NGF-O) revenues of \$67.1 billion for the 2023-25 biennium, \$75.3 billion for the 2025-27 biennium, and \$80.4 billion for the 2027-29 biennium. Over this full six-year period, this amount is higher than the revenue assumed in the 2025-27 enacted budget by approximately \$200 million. NGF-O 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 5998)

The Senate Chair's proposal for the 2026 supplemental operating budget modified the appropriations established in the prior budget cycle. Overall, NGF-O spending increased by \$2.3 billion in the 2025-27 biennium and \$1.6 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 \$3.7 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 over the four-year period occurred in the following areas:

1. \$1.1 billion (30%) = Health Care Authority
 2. \$0.9 billion (24%) = Social & Health Services
 3. \$0.8 billion (22%) = Children Youth & Families
 4. \$0.4 billion (12%) = Public Schools
 5. \$0.3 billion (8%) = Higher Education
 6. \$0.1 billion (3%) = All Other
- \$3.7 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.

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

1. \$1.0 billion (41%) = Self-Insurance Liability Account
2. \$190 million (8%) = DSHS & HCA: House Resolution 1 (HR1) - Non-Citizen Program

3. \$160 million (6%) = HCA: Cannabis Revenue Distributions
 4. \$150 million (6%) = DOR: Implementation for SSB 6346 (Tax on Millionaires)
 5. \$80 million (3%) = Debt service for the 2026 Supplemental Capital Budget
 6. \$80 million (3%) = OFM: Central service costs (mostly for the OneWA project)
 7. \$70 million (3%) = HCA: Restore program integrity savings
 8. \$50 million (2%) = UW: Center for Behavioral Health and Learning
 9. \$40 million (2%) = DOC: Close custody beds at the Monroe Correctional Center
 10. \$30 million (1%) = DSHS: HR1 - Work requirement staffing
 11. \$600 million (24%) = All Other
- \$2.5 billion = TOTAL

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

1. -\$680 million (27%) = DCYF: Attendance policy - Working Connections Child Care (WCCC)
 2. -\$240 million (9%) = Higher Education: Building Accounts fund swap
 3. -\$140 million (8%) = K-12: Transition to Kindergarten
 4. -\$130 million (6%) = DCYF: WCCC (Enrollment Based Pay)
 5. -\$110 million (5%) = K-12: Local Effort Assistance enhancement reduction
 6. -\$110 million (4%) = DSHS: Disproportionate Share Hospital adjustment
 7. -\$100 million (4%) = Statewide: Administrative savings
 8. -\$80 million (4%) = HCA: Apple Health Expansion caseload change
 9. -\$60 million (3%) = K-12: Budget Depreciation Calculation adjustment
 10. -\$50 million (2%) = DSHS: Workfirst fund swap
 11. -\$700 million (27%) = All Other
- \$2.4 billion = TOTAL

Revenue Legislation

A full list of revenue legislation can be found on fiscal.wa.gov. The largest impacts come from the following bills:

Increased Revenue

1. \$2.3 billion (80%) = 6346 – Tax on Millionaires
 2. \$0.3 billion (10%) = 6231 – Data Center Equipment
 3. \$0.2 billion (6%) = 6228 – Prescription Drugs
 4. \$0.1 billion (3%) = All Other
- \$2.9 billion = TOTAL

Decreased Revenue

1. -\$435 million (88%) = 6347 – Estate Tax Rates
 2. -\$49 million (10%) = 6351 – School Sales Tax Exemptions
 3. -\$10 million (2%) = All Other
- \$493 million = TOTAL

Other Resources

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

Increases to General Fund-State

1. \$750 million (46%) = Transfer – Budget Stabilization Account to GF-State
 2. \$395 million (24%) = Adjustment – Capital Gains Tax Distributions
 3. \$375 million (23%) = Transfer – Public Works Assistance Account to GF-State
 4. \$115 million (7%) = All Other
- \$1.6 billion = TOTAL

Decreases to General Fund-State

1. -\$82 million (82%) = Transfer – GF-State to Disaster Response Account
2. -\$17 million (18%) = All Other
3. -\$99 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 \$1.0 billion in NGF-O ending fund balance and \$3.0 billion in total reserves, or 7.1 percent in reserves compared to revenues and other resources.

2025-27 Omnibus Operating Budget -- 2026 Supplemental
PSSB 5998 Senate Chair
Funds Subject to Outlook
(Dollars in Thousands)

	2025-27		4-Yr Total
	NGF-O	Total	NGF-O
Health Care & Public Health			
Restore Program Integrity Savings	71,000	230,000	71,000
Reproductive Health Services	8,600	8,600	17,332
Health Homes	3,814	10,529	7,736
HR 1: Rural Transformation Program	0	302,096	0
HR 1: Work Requirement IT Project	5,955	41,742	5,955
HR 1: Medicaid Eligibility Work Req	2,459	8,313	7,588
Cascade Care	0	47,500	0
Administrative Reduction	-2,262	-2,262	-6,907
AHE Service Delivery Methodology	-2,138	-4,276	-11,059
AHE Caseload change	-34,744	-34,744	-84,597
Medicaid Transformation Project	-7,108	-48,912	-10,229
Health Care & Public Health: All Other Increases	11,653	111,341	23,920
Health Care & Public Health: All Other Savings	-15,102	-108,079	-30,914
Health Care & Public Health Total	42,127	561,848	-10,175
Behavioral Health			
UW Center for Behavioral Health & Learning	15,000	25,281	45,529
Certified Community BH Clinics	2,823	11,646	14,463
Administrative Reduction	-2,597	-2,597	-8,030
HCA: Opioids & Other SUD	-18,700	-4,048	-18,700
Behavioral Health Facility & Bed Delays	-47,124	-66,197	-77,137
Disproportionate Share Hospital	-70,100	0	-106,233
Behavioral Health: Other Increases	4,207	13,134	5,593
Behavioral Health: Other Savings	-14,086	-27,711	-27,929
Behavioral Health Total	-130,577	-50,492	-172,444
Long Term Care & DD			
HR 1: Non-Citizen Program	21,111	21,111	217,188
State-Operated Living Alternatives	4,749	25,402	10,879
WA Cares	0	15,992	0
Administrative Reduction	-1,827	-1,827	-5,652
Assisted Living Bridge Rate	-3,799	-8,110	-3,799
Nursing Home Rates	-9,864	-19,729	-48,124
DSHS-AL TSA & DDA: All Other Increases	4,706	1,351	7,422
DSHS-AL TSA & DDA: All Other Savings	-39,473	-72,326	-16,341
Long Term Care & DD Total	-24,397	-38,136	161,573
Children, Youth, & Families			
Juvenile Rehabilitation Capacity & Security	15,963	16,049	52,575
ECEAP Expansion	0	34,500	0
Administrative Reduction	-5,297	-5,297	-16,053
Enhanced Regional Rates	-15,463	-15,463	-46,864
Enrollment Based Pay	-36,261	-45,350	-128,354
WCCC Attendance Policy	-116,261	-107,172	-682,208

2025-27 Omnibus Operating Budget -- 2026 Supplemental

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Funds Subject to Outlook

(Dollars in Thousands)

	2025-27		4-Yr Total
	NGF-O	Total	NGF-O
DCYF: All Other Increases	12,845	16,119	38,819
DCYF: All Other Savings	-6,010	-9,212	-6,010
Children, Youth, & Families Total	-150,484	-115,826	-788,095
Corrections & Criminal Justice			
MCC Close Custody Beds	15,545	15,545	39,937
30-Day Violator Sanction Policy	8,130	8,130	21,184
Custody Staff Support	5,968	5,968	5,968
CRCC Therapeutic Beds Conversion	2,057	2,057	4,877
CBCC Close Custody Beds	2,447	2,447	4,741
MOUD Investments	0	7,000	0
Supervision Vacancy Savings	-5,704	-5,704	-11,536
Administrative Reduction	-7,922	-7,922	-24,007
Corrections & Criminal Justice: Other Increases	6,298	7,891	12,660
Corrections & Criminal Justice: All Other Savings	-13,436	-9,569	-33,675
Corrections & Criminal Justice Total	13,383	25,843	20,149
Other Human Services			
Immigrant, Refugee, and New Arrival Supports	25,500	25,500	25,500
HR 1: SNAP & FAP Work Requirement Impacts	10,338	20,491	26,415
HR 1: Other SNAP & FAP Policy Impacts	11,167	29,493	12,495
Administrative Reduction	-2,232	-2,232	-6,894
Cost Shifts to Dedicated Accounts	-51,700	0	-55,152
Other Human Services: All Other Increases	5,514	38,360	6,041
Other Human Services: All Other Savings	-4,999	-5,879	-18,372
Other Human Services Total	-6,412	105,733	-9,967
K-12 Education			
Charter Enrichment	7,462	7,462	7,462
Community Eligibility Provision	3,289	3,289	3,289
Retiree Healthcare Subsidy (SEB)	-8,213	-8,213	-29,276
K-12: Running Start	-14,008	-14,008	-44,413
K-12: Bus Depreciation Calculation	-21,105	-21,105	-63,315
K-12: Local Effort Assistance	-59,081	-59,081	-107,420
Transition to Kindergarten	-39,015	-39,015	-142,008
K-12: All Other Increases	12,577	12,577	16,727
K-12: All Other Savings	-3,312	-3,312	-8,636
K-12 Education Total	-121,406	-121,406	-367,590
Higher Education			
Collective-Bargaining Agreements	9,271	13,190	20,773
College Scholarships/Private	3,303	3,303	18,878
TESC Operating Costs	2,690	2,690	2,690
Administrative Reduction	-4,458	-4,458	-13,531
Building Account into Operating Fees Account	0	239,871	0

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(Dollars in Thousands)

	2025-27		4-Yr Total
	NGF-O	Total	NGF-O
Cost Shift to Operating Fees Account	-239,871	0	-239,871
Higher Ed: All Other Increases	2,349	5,467	3,038
Higher Education Total	-226,716	260,063	-208,023
Natural Resources			
Wildfire Response, Suppression, & Recovery	0	250,746	0
Energy Assistance	0	60,325	0
Trust Land Improvement Work	0	13,371	0
Invasive Species	6,553	6,841	6,553
Administrative Reduction	-3,858	-3,858	-11,693
Recreation Land Maintenance	-2,250	-2,250	-14,433
Naturals: All Other Increases	8,875	24,330	18,965
Naturals: All Other Savings	-14,950	-12,651	-36,189
Natural Resources Total	-5,630	336,854	-36,797
State Employee Compensation (Excl. Higher Ed)			
Collective-Bargaining Agreements	12,639	21,170	28,002
Retiree Healthcare Subsidy (PEB)	-3,092	-6,049	-9,276
Retirement Contributions	-4,000	-9,000	-3,800
State Employee Compensation (Excl. Higher Ed) Total	5,547	6,121	14,926
All Other Policy Changes			
Self-Insurance Liability Premium	978,911	2,292,041	1,021,602
Cannabis Revenue Distributions	64,381	-156	158,075
Implementation - SB 6346 (Tax on Millionaires)	9,215	9,215	149,248
Debt Service	0	0	83,960
Judicial: Other Increases	15,211	22,042	52,854
OneWA AFRS Replacement	67,769	197,282	81,701
Crime Victims Support	19,355	21,355	19,355
Information Technology: All Other Items	1,155	24,951	2,654
Central Services: All Other	3,904	4,806	2,825
Electronic Health Records	-2,744	-40,452	-2,744
Administrative Reduction	-3,041	-3,041	-9,126
Cost Shifts to Dedicated Accounts	-26,308	0	-28,652
Disaster Response and Recovery	0	-60,617	0
General Government: All Other Increases	44,649	102,406	50,859
General Government: All Other Savings	-16,288	-13,561	-61,001
All Other Policy Changes Total	1,156,169	2,556,271	1,521,610
Grand Total	551,604	3,526,873	125,167

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