



Washington State Capital Budget

2021 Briefing Book

Office of Program Research
December 2020

2021 Capital Budget Briefing Book

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Budget Overview

Washington State's Three Budgets

Washington State typically adopts three budgets on a biennial budget cycle. The Legislature authorizes expenditures for operating, capital, and transportation purposes for a two-year period, and authorizes bond sales through passage of a bond bill associated with the capital budget.

The capital budget for the 2019-21 biennium covers the period from July 1, 2019 through June 30, 2021. Typically, the primary two-year budget is enacted in the odd-numbered years, and a supplemental budget making adjustments to the two-year budget is often enacted during the even-numbered years.

Operating Budget - The House committee primarily responsible for the operating budget is the Appropriations Committee. The operating budget includes appropriations for the general day-to-day operating expenses of state agencies, colleges and universities, and public schools. Employee salaries and benefits, leases, goods and services, apportionment allocations to school districts, and public assistance payments are typical operating expenses.

For the 2019-21 biennium, the total operating budget is \$102 billion. Fifty-three percent of the total operating budget is supported by the State General Fund, the Education Legacy Trust Fund, and the Opportunity Pathways Account (Near General Fund-State). The Near General Fund-State revenues are primarily from the retail sales and use tax (49 percent), the business and occupation tax (18 percent), and the state property tax (15 percent). Federal funds support 26 percent and other funds support 21 percent of the total operating budget.

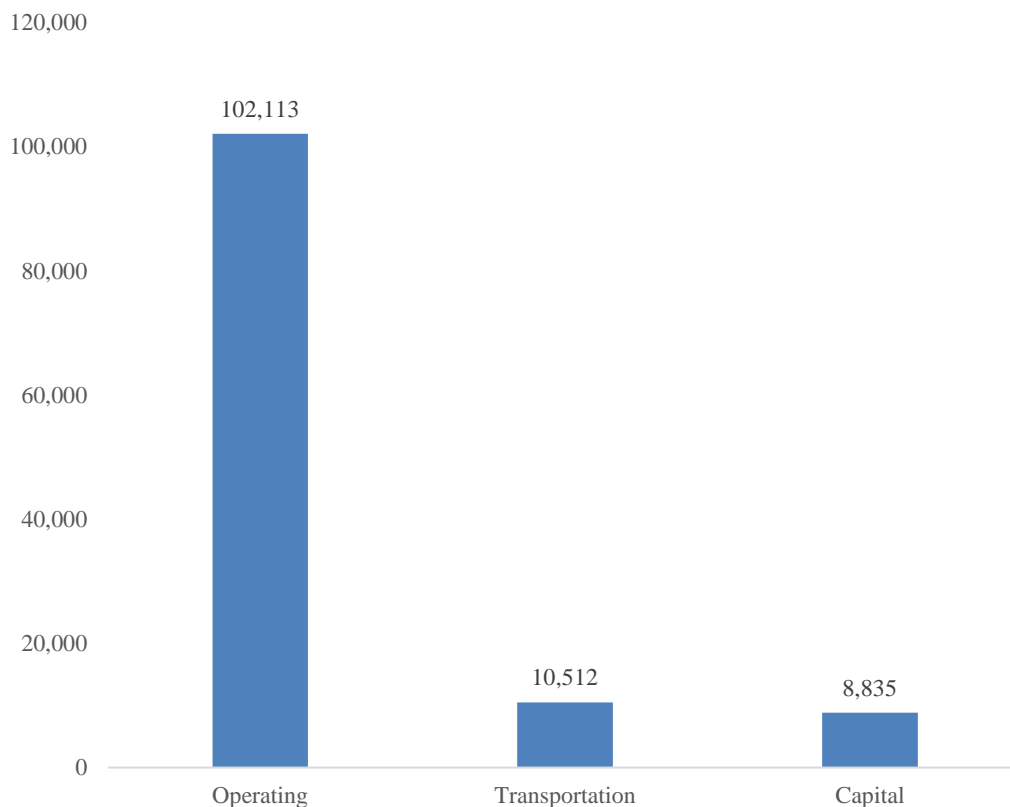
Transportation Budget - The House committee primarily responsible for the transportation budget is the Transportation Committee. The transportation budget includes appropriations for both the operating and the capital costs of highways, ferries, bridges, public airports, rail, as well as motor vehicle registration and enforcement.

For the 2019-21 biennium, the total transportation budget is \$10.5 billion, including \$5.6 billion (53 percent) for capital costs and \$4.9 billion (47 percent) for operating costs. The transportation budget fund sources include: the state gas tax, licenses, fees, and other state revenues (67 percent); bonds (20 percent); federal funds (12 percent); and local funds (1 percent). Transportation-related bonds are financed chiefly through the motor vehicle fuel tax.

Capital Budget - The House committee primarily responsible for the capital budget is the Capital Budget Committee. The capital budget includes appropriations for a broad range of construction and repair projects involving: state office buildings; colleges and universities; prisons and juvenile rehabilitation facilities; parks and recreational facilities; K-12 schools; affordable housing for low-income persons and people with special needs; water quality, water supply, and flood risk reduction infrastructure; and other capital facilities and programs.

For the 2019-21 biennium, new appropriations in the capital budget total \$5 billion, including \$3.3 billion from state general obligation bonds and \$1.7 billion from a variety of dedicated fees and taxes, federal funds, timber revenues, and the building fee portion of student tuition payments. Additionally, \$3.8 billion is reappropriated for uncompleted projects approved in prior biennia. There is a total of \$8.8 billion in capital appropriations and reappropriations.

The Three Washington State Budgets, 2019-21
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020. Data reflects 2019-21 biennium after the 2020 Supplemental Budgets. For comparison purposes, the data includes total budgeted funds, which includes non-appropriated accounts. In addition, the transportation and capital budgets include reappropriations and new appropriations.

Budget Process

Agency budget requests are prepared during the summer and submitted to the Governor's Office of Financial Management (OFM). The OFM evaluates these budget requests during the fall and makes recommendations to the Governor. The Governor publishes his or her budgets in December and submits them to the Legislature in January as executive request bills. The Legislature then holds hearings, drafts its own budget proposals in bill form, passes the budgets, and sends them to the Governor for action.

Major Applicable State Constitutional Provisions

The State Constitution

The Washington State Constitution contains many restrictions on legislation and the process of legislating. Some of these restrictions are mainly procedural—in other words, they affect *how* the Legislature enacts the laws rather than *what* types of laws the Legislature may enact. For the Capital Budget Committee, these procedural requirements generally affect what may be included in the capital budget bill and what types of conditions may be placed on appropriations for capital projects.

Other constitutional restrictions are substantive—they prohibit the Legislature from enacting certain types of legislation. The substantive restrictions most frequently discussed in the context of the capital budget are the debt limit and the prohibition on lending of credit.

The Title/Subject Rule (Procedural)

Article II, section 19 requires that a bill contain only one subject and that this subject be expressed in the bill's title. The first part of the test requires a rational unity among the subparts of a bill; the second part requires that the bill's subject matter be expressed in its title. The purposes of the title/subject rule are preventing "logrolling" and informing legislators and the public of the subject matter of pending legislation. Because budget bills have broad titles and subjects, courts traditionally have given the Legislature a significant amount of latitude in this area, generally allowing any subject reasonably germane to the appropriations to be included in the bill. The courts have ruled, however, that this constitutional provision also prevents the Legislature from making "substantive law" in budget bills. The courts typically consider three nonexclusive criteria when determining whether a budget provision is substantive law: (1) whether it affects rights or liabilities; (2) whether it has been included in other proposed legislation; and (3) whether it appears to outlast the biennium covered by the budget.

Appropriation Requirement (Procedural)

Article VIII, section 4 establishes the Legislature's authority over the budget process. This section has three main provisions: (1) Before state agencies may spend money from accounts in the state treasury, they must receive an appropriation in law. In other words, appropriations must be made in bills that pass both houses and are approved by the Governor. (2) Appropriations are temporary in nature. They may be made only for the two-year budget cycle and they expire at the end of that cycle. (3) All appropriations must specify an amount, an account, a purpose, and a fiscal period.

Because the process of planning and building a capital project may take place over more than one biennium, the capital budget bill typically contains re-appropriations. Re-appropriations are re-authorizations to incur expenditures that were initially authorized in a prior biennium's capital budget bill.

In some cases, agencies may make expenditures of non-tax revenues without an appropriation. First, some accounts are non-appropriated and in the custody of the State Treasurer rather than the State Treasury. Revenues to these accounts typically consist of fees paid by users or license holders, or revolving charges paid by other agencies. These accounts do not require a legislative appropriation if the Legislature establishes the account in that manner. Second, a statutory "unanticipated receipts" process permits expenditure of some non-state moneys without an appropriation if the moneys were not anticipated in the budget. Under this process, legislative fiscal committee leadership receives notice and an opportunity to comment.

Governor's Item Veto Powers (Procedural)

Article III, section 12 establishes the Governor's veto power. Generally, for policy bills, the Governor may veto only entire sections of the bill—the Governor may not veto words, sentences, or subsections. In budget bills, however, the Governor may veto appropriation "items." Items include dollar appropriations and provisos that condition or limit appropriations. In general, the Governor may not veto less than an entire proviso or subsection. If the Governor vetoes a proviso that directs funds within a lump sum appropriation, the veto results in a reduction of the overall appropriations.

Court decisions about the item veto power are based on the operating budget, which is generally structured in a lump sum appropriation format. In contrast, the capital budget is generally structured as item appropriations for particular projects. It is unclear whether legal principles based on operating budget item vetoes would apply to the same extent in the capital budget.

Prohibition on Lending of Credit/Gifts of Public Funds (Substantive)

Article VIII, sections 5 and 7, along with Article XII, section 9, are often collectively referred to as the prohibition on “lending of credit.” These restrictions generally prohibit the state and local governments from: (1) making gifts of public funds to private individuals or corporations; (2) investing in private corporations (subject to specified exceptions); or (3) otherwise lending public credit to private individuals or corporations. The lending of credit prohibitions apply equally to for-profit and nonprofit corporations. In addition, Article VII, section 1 requires that tax revenues be spent only for public purposes. These restrictions arose from statehood-era concerns about public subsidies and loans to speculative private ventures—risks that placed public funds in jeopardy and left taxpayers holding worthless stock or liable for inadequately secured debts.

Court decisions interpreting these provisions have established several criteria to determine whether state actions are lawful under the prohibition on lending of credit. First, governments may provide assistance to the poor or infirm, or to entities whose purposes are wholly public, such as local governments. Second, governments may use public moneys for fundamental purposes of government, even if these actions result in private benefit. Third, if public moneys are otherwise provided to a private individual or corporation, the expenditure may not be a gift or guarantee, and it must have adequate consideration—that is, legally sufficient compensation to the public in exchange for the benefit received. In addition, courts ask whether the private benefit is incidental to the larger public benefit, and whether public moneys have otherwise been placed at risk.

Legislative acts, including appropriations in budget bills, are presumed to be constitutional by the courts. Expenditures are more likely to withstand a lending of credit challenge if they have a clear public purpose, address specific needs, use a reasonable fiscal and policy approach, and contain safeguards to ensure the public purpose is accomplished and public assets and expenditures are protected.

Special Legislation (Substantive)

Article I, section 12 and Article II, section 28 prohibit the Legislature from granting special privileges or immunities and from enacting “special laws”—that is, laws operating on only one individual, private corporation, or municipal corporation. To avoid violating these restrictions, a law must operate on categories or classes rather than specific individuals or entities. A class may consist of one person or corporation, so long as the law applies equally to all members of that class and the law’s exclusions are rationally related to the purpose of the statute.

Debt Limit (Substantive)

Article VIII, section 1 establishes a state debt limit. The State Treasurer may not issue any bonds that would cause the debt service (principal and interest payments) on any new and existing bonds to exceed this limit.

The state debt limit is defined as a percentage of the general state revenues (GSR). The GSR consists of all unrestricted state revenues and is generally coextensive with the State General Fund. Under a constitutional amendment approved by the voters in 2012, the state debt limit has been reduced and is currently 8.25 percent of the average of the prior six year's GSR. Beginning July 1, 2034, the limit is reduced to 8 percent. Also as a result of the constitutional amendment, the definition of GSR now includes state property taxes that are deposited in the State General Fund.

Under Article VIII, section 1, debt is subject to the constitutional limit if it is either backed by the full faith and credit of the state or is payable from GSR. Debt that is governed by Article VIII, section 1 requires a three-fifths vote of each house for approval. Article VIII, section 1 specifies exceptions to this debt limit, including bonds backed by specified highway and school revenues. Under a court decision, alternative financing arrangements such as Certificates of Participation generally do not constitute "debt" subject to the limit.

Capital Budget Basics

Capital Budget Projects, Phases, and Standards

Capital Budget Projects

The capital budget appropriates money for the construction and repair of the following:

- public K-12 school buildings;
- community college and university buildings;
- prison facilities and juvenile rehabilitation facilities;
- mental health facilities;
- state office buildings;
- parks and recreation facilities;
- low-income housing;
- state and local museums and cultural facilities;
- local government infrastructure improvements, including water and sewer systems;
- toxic waste cleanup sites; and
- wildlife habitat conservation and restoration projects.

The capital budget also appropriates money for state land acquisition, water supply enhancement, storm water improvement, and floodplain management and control projects, as well as for many other purposes.

Typically, capital projects funded by the capital budget have a useful life of more than 13 years and require the involvement of an architect and/or engineer. Such projects may include:

- acquisition of land and buildings;
- construction of new buildings;
- major repairs, reconstruction, and additions to an existing building;
- utility, landscaping, and infrastructure work;
- equipment that is necessary for the operation of a particular facility if the equipment is part of a construction or reconstruction project. Does not include: commodities, replacement parts, cars and trucks, or maintenance supplies;
- architectural planning and design, and engineering studies for a specific capital project; and
- administrative costs directly related to the capital project.

Gray areas between the capital and the operating budgets include the costs of:

- building repairs and building maintenance;
- long-range development plans and feasibility studies;
- project administration;
- equipment purchases for new facilities; and
- employees.

The degree of gray between the budgets often depends on the fund source. The Office of Financial Management (OFM) and the Legislature are traditionally stricter with the use of state bonds than with other funding sources.

Phases of a Capital Project

Phases of a Capital Project	Who Performs the Work
Land Acquisition	Department of Enterprise Services, agency staff, or consultants for large projects.
Predesign	Agency staff or consultants with active participation of agency staff for large projects.
Design and Engineering	Private architectural and engineering firms (agency staff may work on small projects).
Construction	Private contractors (small projects under \$25,000 may be completed by agency staff).

A capital project sometimes takes six or more years to complete; typically, a predesign is completed in one biennium, the design is approved in the next biennium, and construction is initiated in the third biennium.

Predesign - A predesign is a decision-making tool that is required by statute for all capital projects that exceed \$5 million, except for higher education capital projects, which require a predesign for projects that exceed \$10 million. The Legislature and OFM may also require a predesign for certain stand-alone projects between \$1 million and \$5 million, or between \$2 million and \$10 million in the case of the higher education institutions. The purpose of the predesign is to clearly identify the facility need or problem to be addressed and provide a thoughtful analysis of the options to meet the need or solve the problem. This will assist decision makers in determining whether the project should proceed to design and construction. The predesign process includes data collection, analysis, program development, budget development, and evaluation through which all the elements of a preliminary design or planning solution are explored. A predesign also provides cost estimates and helps ensure that the completed project follows legislative intent. The predesign often is prepared by architectural consultants and usually includes a detailed space plan.

Design and Engineering - The design and engineering phase takes place after the predesign is approved. The design is completed by a consulting firm specializing in the type of project proposed for construction. For example, the Department of Corrections may contract with a consultant with experience designing a prison complex. The design phase provides the drawings and specifications to construct the building, and a final cost estimate. Design typically takes 6-12 months depending on the complexity of the project.

Construction - After the design is completed and the construction phase of the project is authorized, the project is advertised for bidding. Private contractors will bid on the project. For projects other than alternative public works projects, the lowest responsive bidder is awarded the contract. The construction contract is between the state agency and the contractor. The agency must have the contract amount and a contingency in their appropriation to award the contract. Construction of a building can take 12-24 months depending on the size of the project. An office building may take approximately 12 months for construction, whereas a prison complex may take 24 months.

Minor Works Appropriations

Minor works appropriations are lump sum appropriations to cover small projects costing less than \$1 million (or under \$2 million for higher education institutions). Minor works appropriations fall into four categories: (1) health, safety, and code requirements; (2) facility preservation; (3) infrastructure preservation; and (4) program improvement. These projects are intended to improve existing facilities or related infrastructure. The agency must file minor works lists with OFM and cannot expend or obligate funds until OFM has approved the lists. Minor works appropriations are not to be used for studies unless specifically authorized in the capital budget.

LEED Certification

Pursuant to Chapter 39.35D RCW, all major facility projects funded in the capital budget, or projects financed through a financing contract are required by statute to be designed, constructed, and certified to at least the Leadership in Energy and Environmental Design (LEED) silver standard, to the extent appropriate LEED silver standards exist for a project type. This requirement applies to any public agency, including public school districts, although school districts may alternatively use the Washington Sustainable Schools Protocol. Affordable housing projects funded in the capital budget must comply with the Evergreen Sustainable Standard adopted by the Department of Commerce.

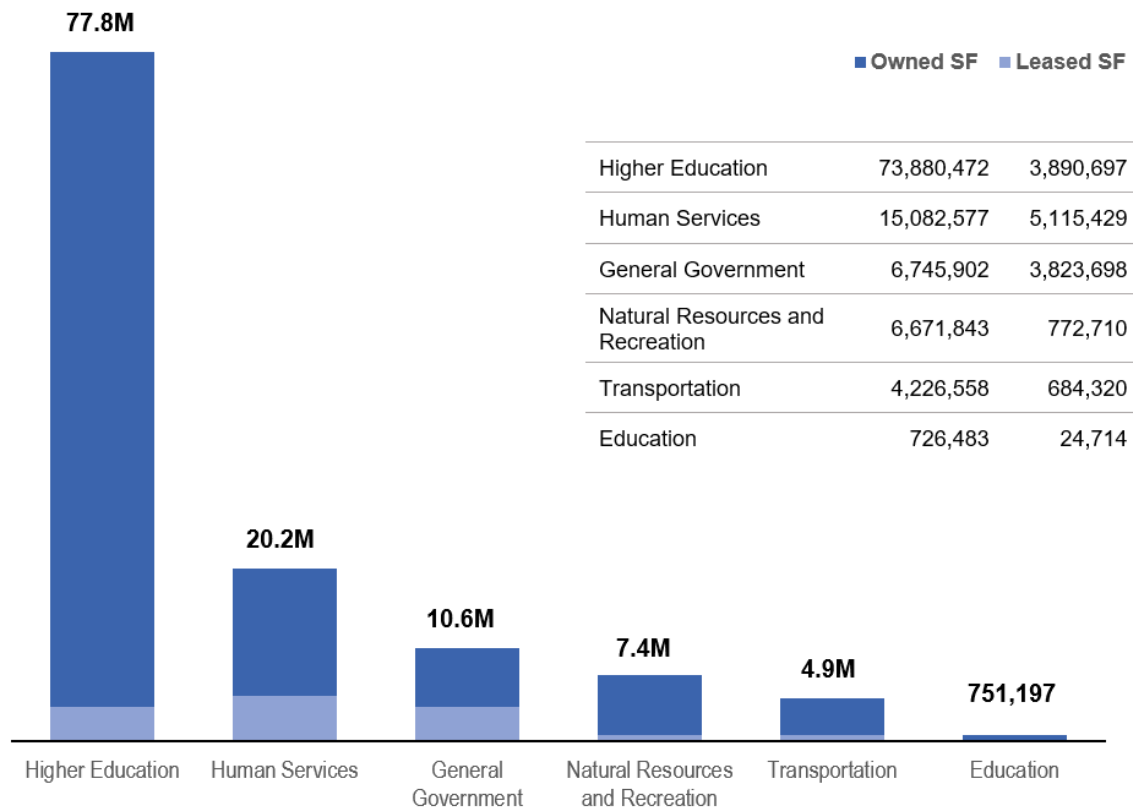
State-Owned and Leased Facilities

Inventory of State-Owned and Leased Facilities

As of June 30, 2020, the statewide inventory included 10,787 facilities, totaling more than 121.6 million square feet. A facility is defined as a building or a structure with at least one wall, a roof, and a permanent foundation, regardless of occupancy. Seventy-four state agencies and higher education institutions reported 9,620 owned facilities, totaling more than 107.3 million square feet, and 1,167 leased facilities, totaling more than 14.3 million square feet. Based on square footage, 88.2 percent of the state's facilities inventory is owned, while the remaining 11.8

percent is leased. More detailed information on each agencies' facilities can be found in the agency descriptions that follow the functional area summaries.

Owned and Leased Square Feet by Functional Area



Source: Office of Financial Management, 2020 Facilities Inventory System Report.

State Agency Facility Oversight

In 2007, Substitute House Bill 2366 established the Office of Financial Management (OFM) Facilities Oversight Program. It oversees real estate procurement and management by providing analysis, long-term planning, policy development, and state facility portfolio management.

Facility Oversight responsibilities include:

- developing and submitting a six-year facilities plan to the Legislature and Governor in January of each odd-numbered year with the assistance of the Department of Enterprise Services (DES);
- establishing and implementing a modified predesign process and tools for agency requests to acquire new space or to relocate state facilities;
- gathering and reporting the state's facilities inventory;

- establishing, deploying, and maintaining the state's life cycle cost model for assessing buildings;
- conducting analysis and making recommendations to the OFM director on lease approvals; and
- consulting with DES on purchases, leases, lease purchases, rent, or other acquisitions of real estate.

State-Owned Facilities

The capital budget includes costs associated acquisition, construction, rehabilitation, and major repairs of state-owned facilities. Normal maintenance costs of facilities are funded in the operating budget.

Leased Facilities

State agencies may lease space in a publicly-owned or a privately-owned facility. The costs associated with leasing (rent, repairs, and other operating expenses) are included in the operating budget.

The Capital Budget Bill and the Bond Bill

The Capital Budget Bill

As explained in the Budget Overview section, the Washington State Constitution requires an appropriation in legislation before money from funds and accounts in the State Treasury may be expended. For this reason, capital expenditures must be authorized in bill form. The capital budget bill is organized by functional area, state agency, and project number.

Major elements of appropriations in the capital budget bill include:

- the agency to which the appropriation is made;
- the project title of the appropriation;
- the fund source and amount of the appropriation;
- conditions or limitations on the appropriation; and
- reappropriations, if any.

In addition to appropriations for capital projects, the capital budget bill may also contain authorizations for alternative financing arrangements, as well as other provisions closely related to capital appropriations and projects, such as studies and reports.

Sample Capital Budget Appropriation/Reappropriation Section

NEW SECTION. Sec.5117. FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Wenatchee Valley: Wells Hall Replacement (30000985)

Reappropriation:

State Building Construction Account—State\$2,208,000

Appropriation:

State Building Construction Account—State\$29,531,000

Prior Biennia (Expenditures).....\$632,000

Future Biennia (Projected Costs).....\$0

TOTAL.....\$32,371,000

Size of the Capital Budget

The size of the capital budget is determined by the available bond capacity and by moneys available from dedicated accounts, trust revenues, and other funding sources.

Bond Debt Limit - As explained in the Budget Overview Section, the amount of state bonds that can be issued in any year is limited by a constitutional debt limit. As a result of a constitutional amendment approved by voters in 2012, the debt limit is currently 8.25 percent of the average of the prior six years' general state revenues, defined as all unrestricted state tax revenues. The limit was reduced from 8.5 percent to 8.25 percent beginning on July 1, 2016 and will be reduced to 8.0 percent beginning July 1, 2034. As an additional result of the 2012 constitutional amendment, the definition of "general state revenue" was expanded to include property taxes deposited into the State General Fund.

Bond Debt Model - A model administered by the State Treasurer's Office is used to calculate the available bond capacity for the current budgeting period and for future biennial planning purposes. The model calculates the actual debt service on outstanding bonds and estimates future debt service based on certain assumptions. These assumptions include revenue growth, interest rates, rate of repayment, rate of bond issuance, and other factors.

The two primary considerations regarding bond capacity for any given year or biennium are: (1) maintaining the debt service, including for future bond authorizations, below the debt limit; and (2) assuming a consistent bond capacity in future biennia so that all the capacity is not used in the current biennium, resulting in little capacity being available in

future biennia. Typically, the Legislature and the Governor, in consultation with the State Treasurer, agree on the assumptions and bond capacity for the biennium so that decision makers can focus on policy and projects and not on bond capacity. Regardless of legislative authorization, the State Treasurer cannot issue bonds that would result in debt service exceeding the debt limit.

The Bond Bill

The majority of appropriations in the capital budget bill are supported by the proceeds from the sale of state general obligation bonds. For this reason, the capital budget has a limited effect if there is no bond bill to finance its appropriations. The bond bill authorizes the State Finance Committee to issue general obligation bonds to finance many of the projects authorized in the state capital budget. Under the Washington State Constitution, legislation authorizing the issuance of general obligation bonds requires a 60 percent supermajority vote in both houses of the Legislature.

Major elements of the general obligation bond bill include the:

- purpose of bonds;
- authorization for the State Finance Committee to issue bonds;
- amount of bonds to be issued;
- the requirement for legislative appropriation of bond proceeds; and
- identification of security for payment of bonds:
 - pledges full faith and credit of the state to pay the obligation (for general obligation bonds);
 - identifies sources of payment;
 - creates a special fund for payment of bonds; and
 - directs the State Treasurer to make payment into the special fund on specific dates.

The Role of the State Finance Committee

The State Finance Committee is composed of the Governor, Lieutenant Governor, and the State Treasurer. The committee's responsibilities include the following:

- authorizing the State Treasurer to offer state bonds for sale in the bond market;
- preparing an "Official Statement" for each bond sale;
- applying for bond rating from bond rating agencies;
- performing reporting requirements to federal regulatory agencies; and
- making principal and interest payments to bondholders.

State bonds are normally sold two to four times each year depending on the cash flow needs of construction projects.

Washington's Bond Rating

Fitch Ratings, Moody's Investors Service, and S&P Global Ratings are the three credit rating agencies that evaluate the state's general obligation bonds. In addition to rating government bonds, these agencies provide a range of analytical services to financial markets throughout the world. These services include rating securities issued by a variety of corporate, municipal, and sovereign entities, providing financial research and risk analysis, and publishing reports on a variety of financial topics.

The three rating agencies assess Washington's bonds using each firm's standardized state rating methodology, or criteria, which they use for all U.S. states. Factors considered by the rating agencies include criteria such as a state's economy, governance, finances, financial reserves, and debt. The rating is intended to be an indication of the rating analyst's view of the repayment risk and the delinquency risk for the security. While not the only consideration, the ratings assigned to a security will have an impact on the interest rate that the issuer will receive when selling the bonds. Typically, the better the bond rating, the better (lower) the interest rate.

It is important to remember that several factors influence the interest rate the state must pay on the bonds it issues. While the bond rating is one factor, other factors such as tax status, bond structure, market conditions, and economic outlook can also impact the interest rate of a particular sale. Nonetheless, a bond rating downgrade or a negative outlook by one or more of these rating companies would likely cause investors to demand a higher interest rate on the bonds than they would otherwise.

Each of the rating agencies use a similar alphabetical rating system, with AAA or Aaa being best, then AA or Aa, followed by A, BBB or Baa, BB or Ba, and so on. Each rating agency has a further modifier for all but the top rating (AAA). The agencies also assign outlooks (positive, stable, or negative), which indicate the direction that they expect the rating to go in the near term. Washington's general obligation bonds ratings are as follows:

Moody's Investors Service	S&P Global Ratings	Fitch Ratings
Aaa (Highest rating)	AA+ (2nd highest rating)	AA+ (2nd highest rating)

Source: Office of the State Treasurer as of October 2020.

On August 26, 2019, Moody's Investors Service upgraded the State of Washington's General Obligation rating to Aaa, the highest rating available. This was the first time the State received Aaa from any rating agency. The S&P and Fitch rate the State AA+, the second highest rating. The rating agencies generally indicate the reasons for Washington's strong bond ratings, which include its robust financial and debt policies, institutionalized conservative budget controls, frequent review of economic and financial forecasts, and strong economic growth trends.

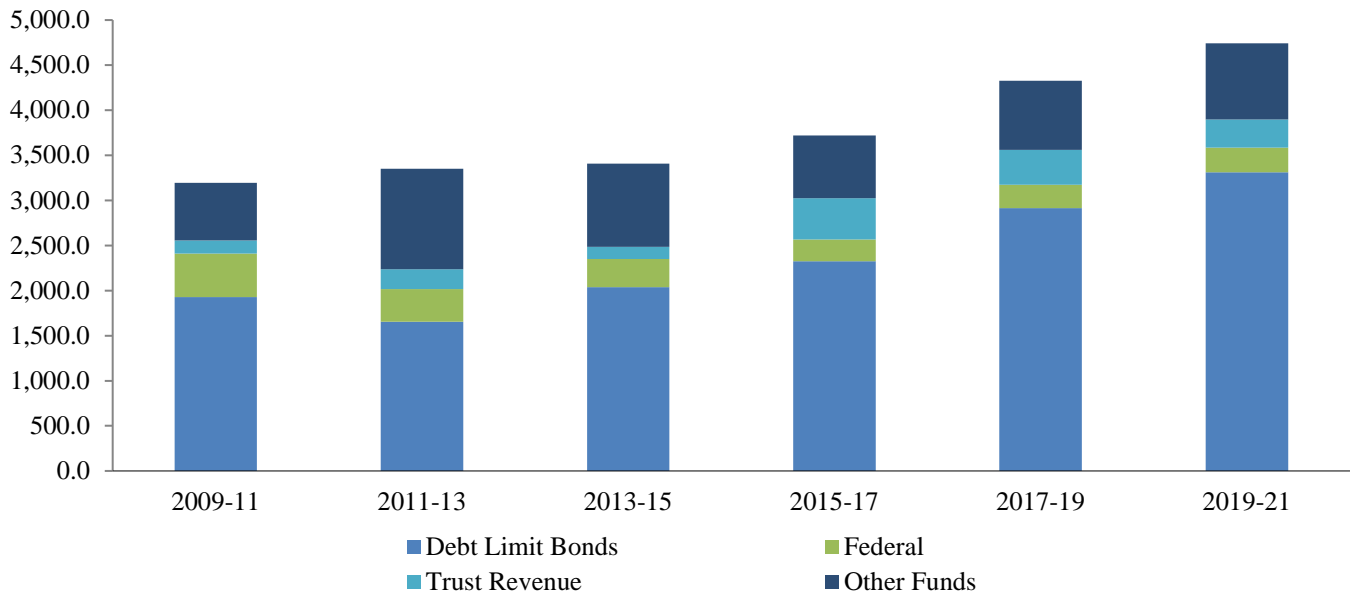
The primary reasons S&P and Fitch cite for the ratings not being higher are economic concerns relating to concentration of employment in the commercial aerospace and software sectors, concentrated revenue, a degree of fiscal uncertainty associated with voter initiatives, and above average state debt levels.

The rating agencies describe factors that could lead to an upgrade such as industry diversification and reduction of the state's debt ratios to levels closer to the 50-state medians. The factors rating agencies describe that could lead to a downgrade include economic or employment weakening, protracted structural budget imbalance, a shift to reliance of one-time budget solutions, and a deterioration of the state's cash position.

Capital Budget Funding Sources

History of Capital Budget Appropriations by Fund Source

(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	1,944.1	1,656.5	2,038.3	2,326.9	2,915.4	3,312.7
Federal	480.6	358.7	312.5	238.3	257.8	272.5
Trust Revenue	132.6	221.6	134.4	459.5	388.3	312.9
Other Funds	637.1	1,113.0	920.9	695.8	765.1	842.2
Total	3,194.4	3,349.8	3,406.1	3,720.5	4,326.6	4,740.3

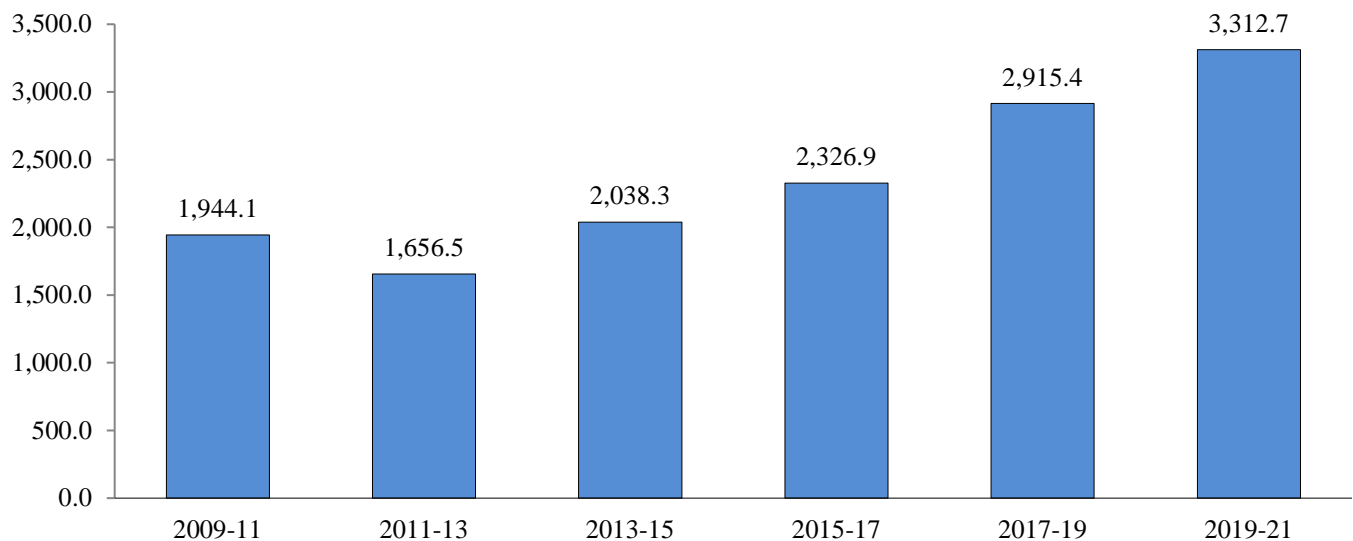
Source: Legislative Evaluation and Accountability Program Committee (LEAP) and Office of Program Research, December 2020.

Note: All historical charts provided by LEAP are based on total new appropriations within each biennium, including adjustments made in supplemental budgets. The data excludes re-appropriations, alternatively financed projects, and non-appropriated accounts, except the Watershed Restoration and Enhancement Account is included. In addition, authority adjustments made in subsequent biennium for reappropriated projects are applied to the biennium that they were originally funded.

General Obligation Bonds

Bonds are “general obligations of the state” when the full faith, credit, and taxing power of the state is pledged *irrevocably* to the payment of debt service on the bonds. The ability of the state to make this pledge is provided in the Washington State Constitution. These general obligation bonds have the strongest security pledge the state can make, and they carry the highest credit ratings of all the state’s obligations. Accordingly, borrowing costs on general obligation bonds are lower than costs for other types of state obligations.

State Bonds Subject to the Debt Limit
Historical Capital Budget Appropriations
(Dollars in Millions)

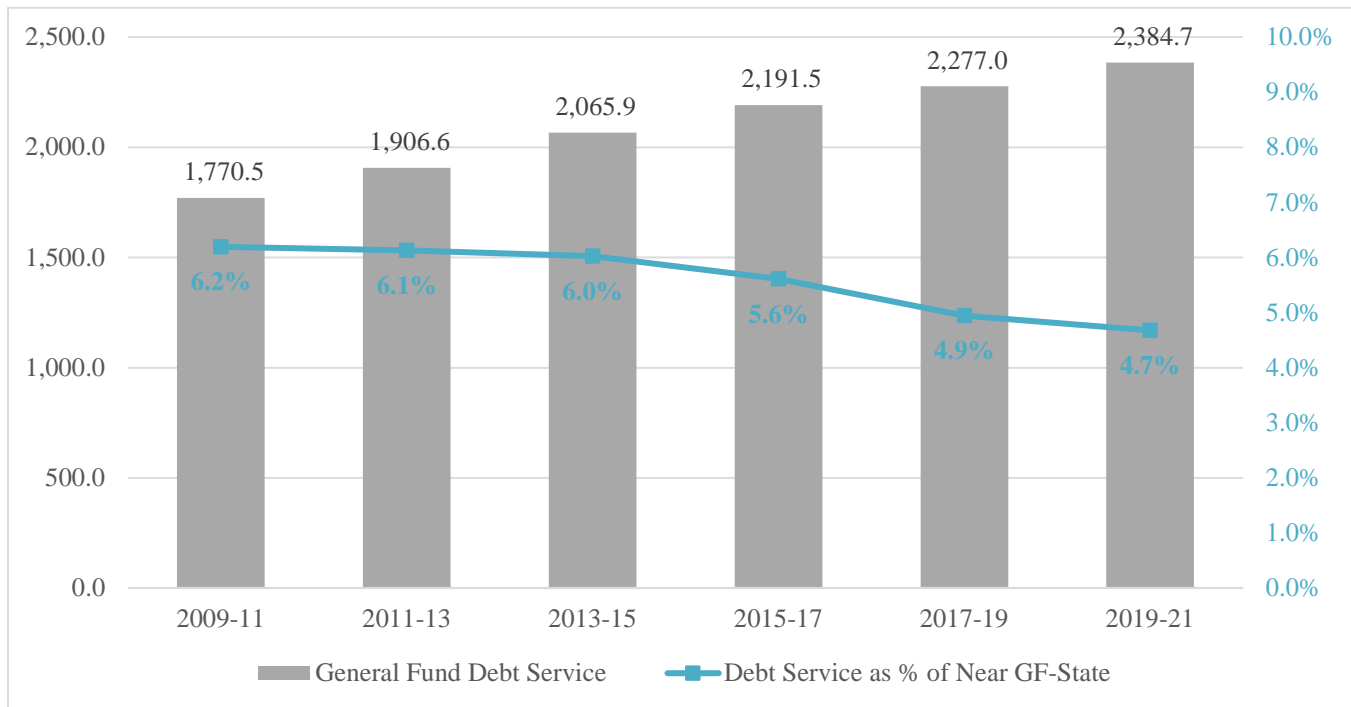


Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Funding to pay for principal and interest on those bonds is appropriated from the State General Fund in the operating budget. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the State General Fund and deposits them into bond retirement funds. State General Fund debt service payments in the 2019-21 biennium are approximately \$2.4 billion.

General Fund Debt Service as a Percent of Near General Fund-State Revenues

(Dollars in Millions)



Note: Revenues include General Fund-State plus the Education Legacy Trust, the Opportunity Pathways, and the Workforce Education Investment accounts. Historical data and forecasts are reported on a cash basis by the Economic and Revenue Forecast Council (ERFC). 2019-21 amounts are estimates based on the November ERFC forecast

Trust Revenues

Upon statehood, the federal government granted certain lands to the state to be held in trust for several specified purposes. Beneficiaries of these trust lands include the K-12 common schools, public higher education institutions, the capitol buildings and grounds, and charitable, educational, penal and reform institutions. These lands are overseen by the Board of Natural Resources and administered by the Department of Natural Resources (DNR).

The DNR manages about 3 million acres for state trust beneficiaries, of which approximately 617,300 acres is state forest lands, beneficiaries of which include counties and their taxing districts. State trust lands generate timber, mineral, and lease revenue, which is appropriated through the capital budget.

Trust Land Endowment (By Trust)

Trust	2019 Acreage	% of Total
Common School	1,795,564	60.6%
State Forest Lands (formerly called Forest Board Lands)	617,347	20.8%
Washington State University (Agriculture and Scientific Trusts)	155,339	5.2%
State Capitol Building	109,404	3.7%
University of Washington	89,056	3.0%
Charitable, Educational, Penal and Reformatory Institutions	71,771	2.4%
Normal School (Central WA University, Western WA University, The Evergreen State College, Eastern WA University)	66,785	2.3%
Community Forest Trust	52,220	1.8%
King County Water Pollution Control Division	5,957	0.2%
Community & Technical Colleges (since 1990)	1,169	<0.1%
TOTAL	2,964,612	100.0%

Source: Department of Natural Resources, October 2020.

The DNR manages another 2.6 million acres under beds of navigable waters, tidelands, shorelands, and harbor areas that generate revenue for the Aquatic Lands Enhancement Account, the Resource Management Cost Account, and the Aquatic Lands Dredged Material Disposal Site account. The DNR also manages non-trust lands of more than 39,000 acres of Natural Area Preserved lands and more than 122,000 acres of Natural Resources Conservation Area lands.

Federal and Other Funds

Funds received from the federal government as well as funds generated from a variety of state fees, taxes, legal settlements, and loan repayments are appropriated from dedicated state accounts in the capital budget. Examples of dedicated state accounts include:

- Public Works Assistance Account;
- Model Toxics Control Accounts;
- Water Pollution Control Revolving Account;
- Public Facility Construction Loan Revolving Account;
- Recreation Resources Account;
- Underground Storage Tank Revolving Account;
- Non-Highway and Off-Road Vehicle Activities Account;
- Thurston County Capital Facilities Account;
- Cleanup Settlement Account; and
- Building fee portion of student tuition payments.

Alternative Financing Contracts

Alternative financing generally refers to lease/purchase agreements (financing contracts), financed through Certificates of Participation (COPs) and 63-20 financings.

Financing contracts are a tool used by the state to finance real estate projects, including new construction, facility improvements, and the acquisition of land or buildings, or to finance equipment such as vehicles, computer hardware and office equipment.

Certificates of Participation (COPs)

The Office of the State Treasurer manages the state's lease/purchase program for equipment and real estate, which are financed through the issuance of Certificates of Participation (COPs).

Certificates of Participation are securities sold to investors, similarly to bonds, to facilitate lease/purchase agreements. In this type of financing, the state leases property to a designated entity (without transferring ownership), and then makes periodic payments to lease the property back over the life of the financing. A third-party trustee (usually a bank) administers payments between the agency and COP holders. The term of each individual lease is set in relation to the useful life of the asset being financed. The individual leases are pooled with other leases and packaged together in the form of a larger COP transaction, which is sold to investors. Certificates of Participation are generally issued with a final maturity of up to 25 years for real estate projects and up to 10 years for equipment purchases. The state's COPs are rated Aa1 by Moody's Investor Service, one notch below the state's general obligation bonds.

63-20 Lease Revenue Bonds

Another financing mechanism is known as 63-20 financing (based on IRS Revenue Ruling 63-20). Under 63-20 financing, a single-purpose nonprofit corporation issues tax exempt lease revenue bonds on behalf of the state and uses the proceeds to fund the design and construction of a facility. Once the project has been completed, the state leases the facility from the nonprofit and the lease payments are pledged to the repayment of the bonds. The state does not take title to the property until the bonds have been repaid. Borrowing costs and legal fees on these financings can be somewhat higher than those on similarly structured COPs. Additionally, long-term maintenance costs and management expenses are contractually established for the life of the contract, with the state obligated to pay such expenses when due. The state has financed two facilities using 63-20 lease revenue bonds: the Edna Louis Goodrich building in Tumwater (2004), and the 1500 Jefferson building in Olympia (2010).

Financing Contract Background

Prior to 1989, state agencies purchased equipment and real estate independently through bank loans, vendor contracts, and other financing sources. This activity was fragmented, and financial reporting and accountability did not exist. There was no legislative oversight of these financings. Additionally, leases had been executed at more expensive taxable interest rates.

In 1989, the Legislature enacted Chapter 39.94 RCW, which provides specific authority for state agencies to enter into financing contracts for the acquisition of real and personal property. As detailed in Chapter 39.94 RCW, the state may not enter into any financing contract for real property without prior approval of the Legislature. Typically, financing equipment does not require legislative approval. However, the Office of the State Treasurer, which administers the execution of financing contracts on behalf of the State Finance Committee (SFC), may require prior legislative approval for major equipment acquisitions. These financing contracts have the following controls:

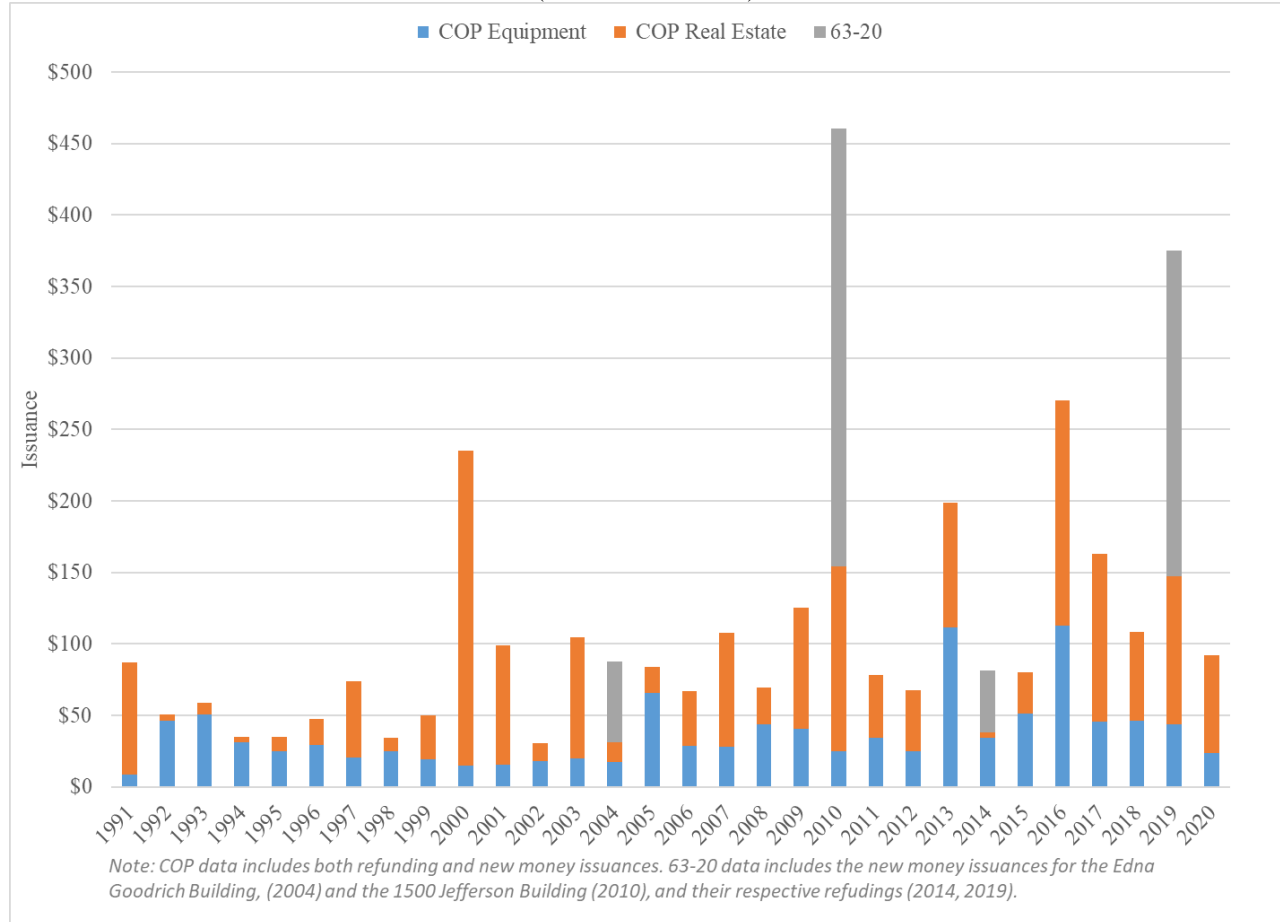
- All real estate (land and buildings) acquired by agencies through alternative financing (lease/purchase contracts, COPs, and 63-20 financings) must be authorized by the Legislature.
- The SFC must approve all financing contracts, including the dollar amount and form of the contracts.
 - State university facilities such as dormitories and dining halls operated from non-appropriated funding sources do not require legislative approval, but must be reported to the SFC.
- The SFC can consolidate existing and new financing contracts into a master contract.
- In some instances, large scale information technology projects may qualify for COP financing. These projects require legislative authorization and must adhere to the SFC guidelines for financing contracts.

Bonds vs. Financing Contracts

There are four important distinctions between alternative financing contracts and bond-funded projects appropriated in the capital budget:

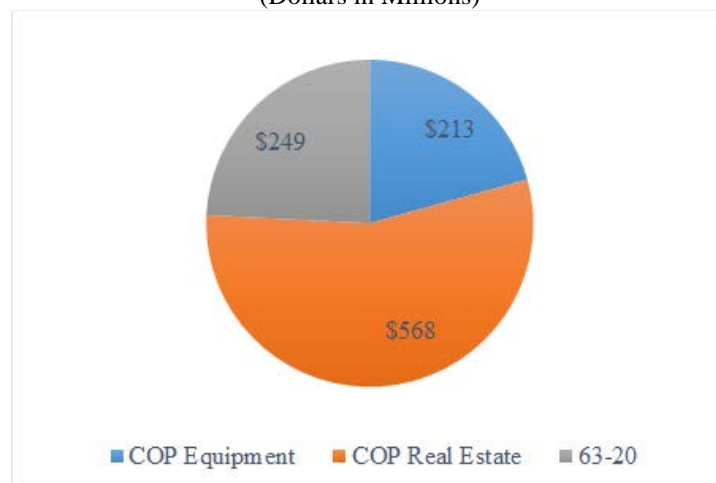
- Debt service on alternative financing contracts is paid from the related agency's operating budget. Bond debt service payments are paid from the state's operating budget.
- Financing contracts are not a general obligation of the state. Rather, payments are subject to the availability of funds within an agency's operating budget during any given time period.
- Because the full faith and credit of the state is not pledged toward lease/purchase payments, interest rates are generally higher than for general obligation bonds.
- Financing contracts and their related debt service payments do not fall under the state's debt limit.

Alternative Financing Contracts Issuance History by Fiscal Year (Dollars in Millions)



Source: Office of the State Treasurer, October 2020.

Alternative Financing Contracts Total Principal Outstanding (Dollars in Millions)



Source: Office of the State Treasurer, October 2020.

Functional Areas of State Government

The Functional Areas of State Government

State agencies have traditionally been categorized into functional areas for budgeting purposes. While appropriations are made to specific agencies rather than to functional areas, functional areas provide a useful tool for understanding the allocation of state resources and analyzing trends.

Functional areas in the capital budget include governmental operations, human services, natural resources, higher education, and education.

Governmental Operations

Governmental Operations includes general government agencies, agencies headed by elected officials, and agencies providing central services for the state. Governmental Operations agencies develop and manage a wide assortment of construction and repair projects ranging from state offices to arts and cultural facilities to local infrastructure. The agencies included in this functional area are:

- Department of Commerce;
- Department of Enterprise Services;
- Office of Financial Management;
- Military Department;
- Washington State Patrol;
- Department of Archaeology & Historic Preservation; and
- Secretary of State.

The largest agency in this functional area is the Department of Commerce, which administers a number of competitive loan and grant programs related to local government infrastructure, economic development, community capital facilities, and affordable housing.

Human Services

Human Services includes those agencies charged with serving the health and safety needs of the state's population. Most capital projects related to Human Services involve construction and repair of state institutions such as mental health facilities, prisons, juvenile rehabilitation facilities, and veterans' homes. The agencies included in this functional area are:

- Department of Social and Health Services;
- Department of Children, Youth, and Families;
- Department of Health;
- Department of Labor and Industries;
- Department of Veterans Affairs;
- Washington State Criminal Justice Training Commission; and
- Department of Corrections.

Natural Resources

Natural Resources includes those agencies responsible for protecting and enhancing environmental quality or resources, providing outdoor recreational opportunities, and managing state lands and waters for resource production. Examples of activities funded in the capital budget include forest roads repair, flood hazard risk reduction, recreational trail construction, water supply projects, and salmon recovery efforts. The agencies included in this functional area are:

- Department of Ecology;
- Recreation and Conservation Office;
- State Parks and Recreation Commission;
- State Conservation Commission;
- Department of Fish and Wildlife;
- Department of Natural Resources;
- Department of Agriculture; and
- Pollution Liability Insurance Agency.

Higher Education

Higher Education encompasses the campuses of the state's six four-year universities and the numerous facilities utilized by the 34 community and technical colleges. The agencies included in this functional area are:

- University of Washington;
- Washington State University;
- Eastern Washington University;
- Central Washington University;
- The Evergreen State College;
- Western Washington University; and
- State Board for Community & Technical Colleges.

Education

Education includes state support for the construction of K-12 public schools by local school districts, as well as funding to support the facilities used by the state schools for children who are deaf or blind. Funding is also provided for the museums operated by the state historical societies. The biennial appropriation for school construction assistance grants to local school districts is generally the single largest appropriation in the capital budget. The agencies included in this functional area are:

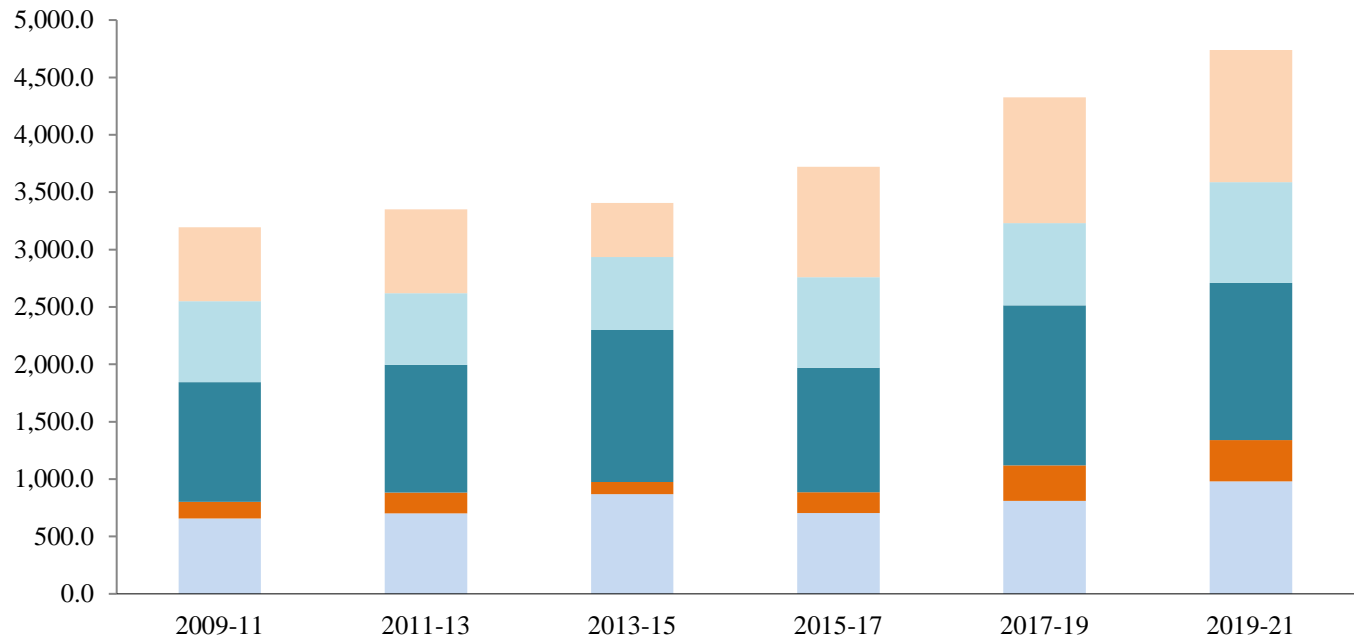
- Office of the Superintendent of Public Instruction;
- State School for the Blind;
- Center for Deaf and Hard of Hearing Youth;
- Washington State Historical Society; and
- Eastern Washington State Historical Society.

The following chart displays a six-biennium history of the capital budget by functional area:

Capital Budget Functional Area History

Total Appropriations

(Dollars in Millions)

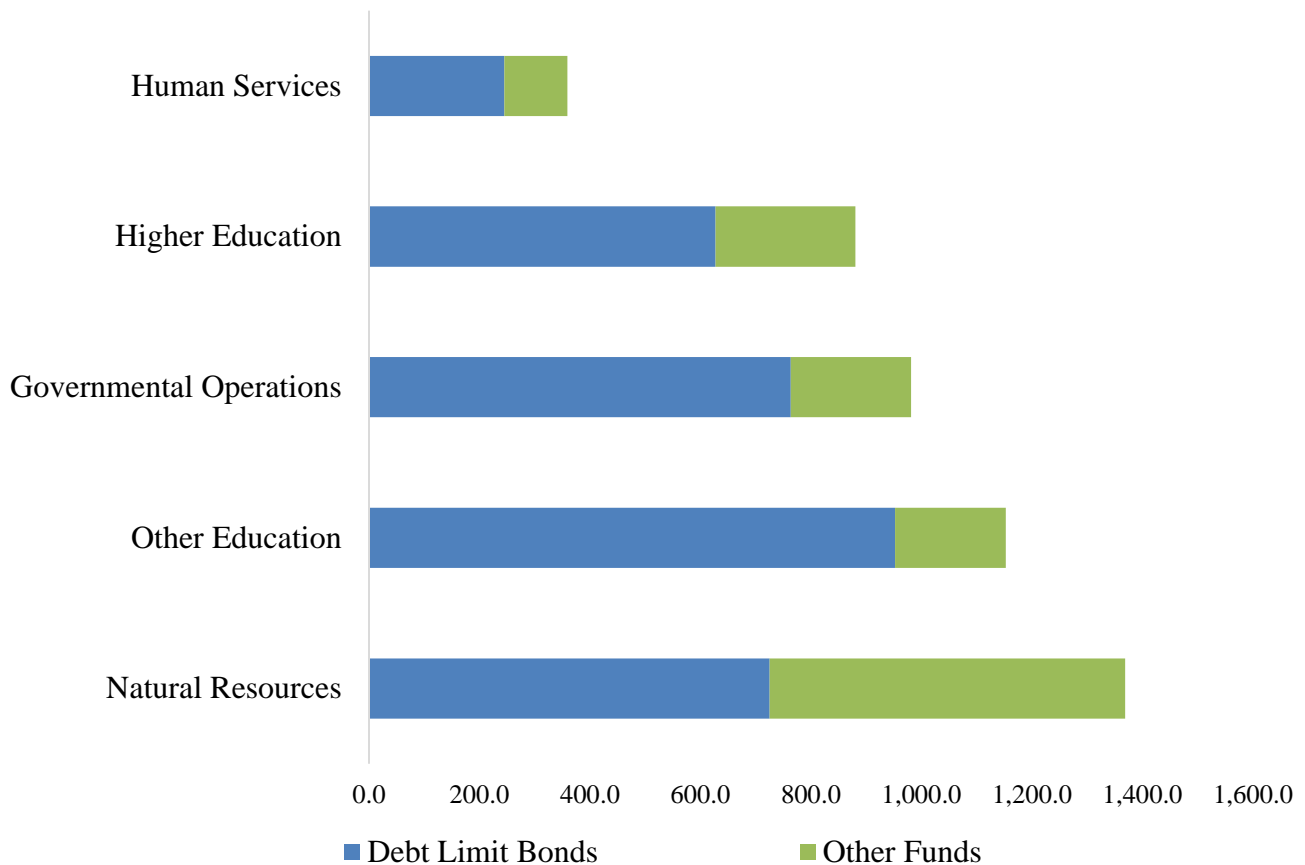


■ Governmental Operations ■ Human Services ■ Natural Resources ■ Higher Education ■ Other Education

	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Governmental Operations	656.4	701.6	867.8	705.4	810.8	980.8
Human Services	146.3	180.3	105.9	179.8	308.4	358.9
Natural Resources	1,043.1	1,112.1	1,326.9	1,085.6	1,395.1	1,368.3
Higher Education	704.8	625.8	634.6	787.9	716.6	880.1
Other Education	643.7	730.0	471.0	961.9	1,095.7	1,152.3
Total	3,194.4	3,349.8	3,406.1	3,720.5	4,326.6	4,740.3

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

The following chart depicts the five functional areas in the 2019-21 Capital Budget, including the 2020 Supplemental Budget, in terms of debt limit bond appropriations and total appropriations.



	Debt Limit Bonds	Other Funds	Total Appropriated
Natural Resources	724.9	643.4	1,368.3
Other Education	952.3	199.9	1,152.2
Governmental Operations	763.3	217.6	980.9
Higher Education	627.3	252.8	880.1
Human Services	244.9	114.0	358.9
Total	3312.7	1,427.6	4,740.3

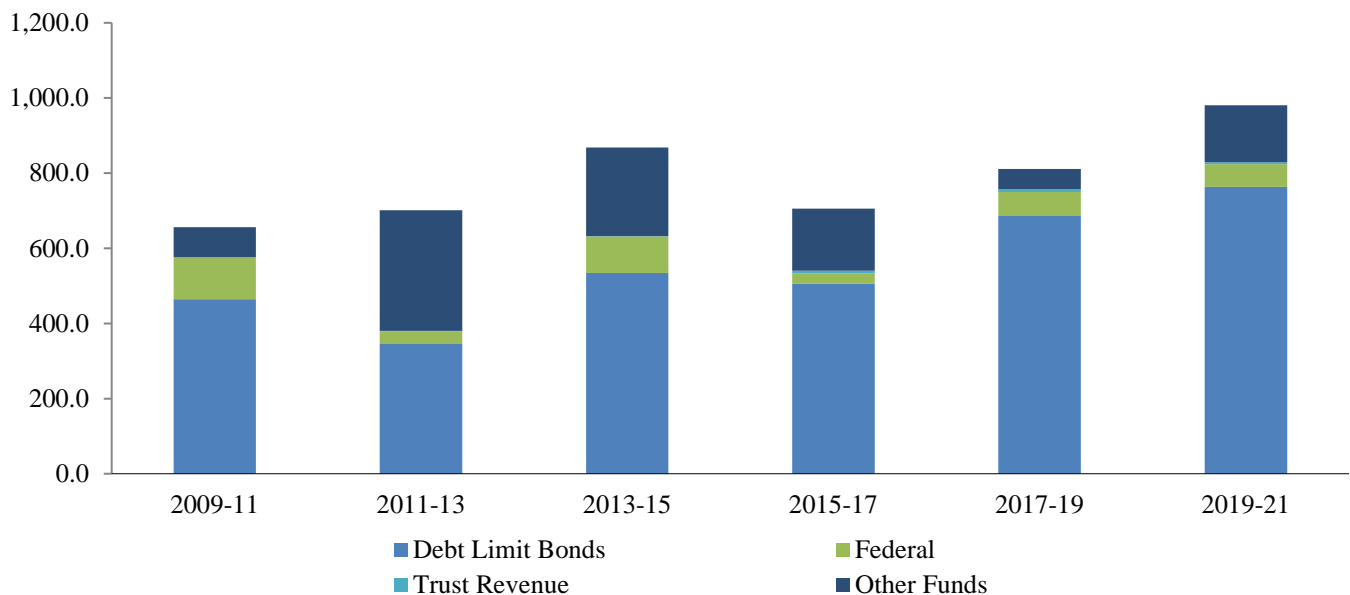
Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Governmental Operations

Overview of Governmental Operations

The Governmental Operations functional area of the capital budget includes general government agencies, departments headed by elected officials, and agencies providing central services for the state. Capital projects developed and managed by these agencies serve a wide range of public purposes including state offices, community and youth services, art and cultural facilities, affordable housing, and local public infrastructure systems.

Governmental Operations
Capital Budget Appropriations by Fund Source
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

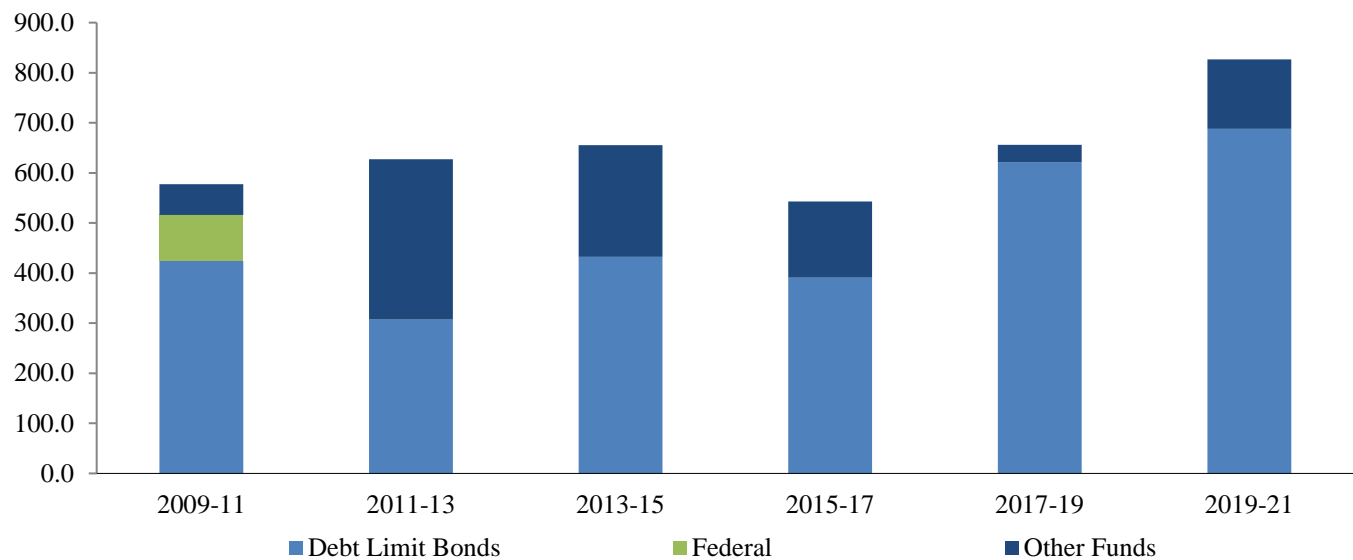
Department of Commerce

Agency Description: The stated mission of the Department of Commerce (Commerce) is “to strengthen communities in Washington.” Commerce administers a diverse set of programs that provide financial and technical assistance to local governments, tribes, community-based organizations, and businesses statewide.

Facilities: Commerce does not own any buildings, but leases 296,100 square feet in 5 office buildings around the state, including the Pacific Tower in Seattle (205,400 sq. ft.) and their headquarters building in Olympia (71,100 sq. ft.).

Major Capital Grant and Loan Programs: Commerce receives a significant amount of state capital funding, the majority of which is loaned or granted to local communities for affordable housing, infrastructure, weatherization, energy efficiency projects, community behavioral health service capacity, community service, arts and cultural facilities, and youth recreational facilities.

Department of Commerce
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	424.4	307.4	432.3	390.8	621.5	687.9
Federal	91.7	0.0	0.0	0.0	0.0	0.0
Other Funds	61.4	320.1	223.2	152.3	34.4	138.6
Total	577.5	627.5	655.5	543.1	655.9	826.5

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Note: Funding for the Drinking Water State Revolving Fund was moved to the Department of Health in 2017-19.

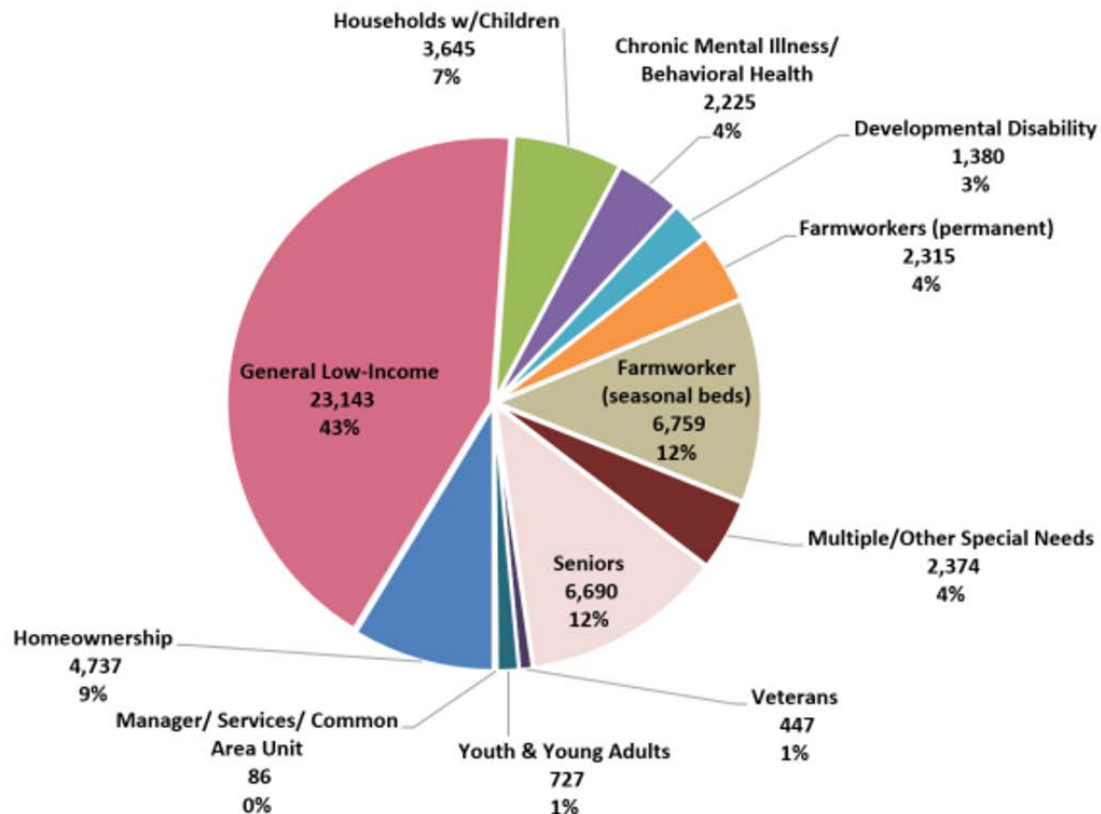
Major Capital Programs Administered by the Department of Commerce

Housing Trust Fund Program

Established by the Legislature in 1986 (RCW 43.185 and 43.185A), the Housing Trust Fund (HTF) program provides loans and grants for construction, acquisition, and rehabilitation of low-income multi-family and single-family housing. By law, housing units financed by HTF may only serve people whose incomes are below 80 percent of the area's median income. At least 30 percent of the competitive HTF funds must benefit projects in rural communities.

As depicted below, since the first appropriation in 1989, HTF has invested over \$1.4 billion in 54,528 housing units statewide for people with low-incomes, persons with special needs, farm workers, homeless individuals and families, seniors, and other target populations. An HTF award to a project typically leverages additional dollars and tax credits from private banks, developers, federal, and local public sources.

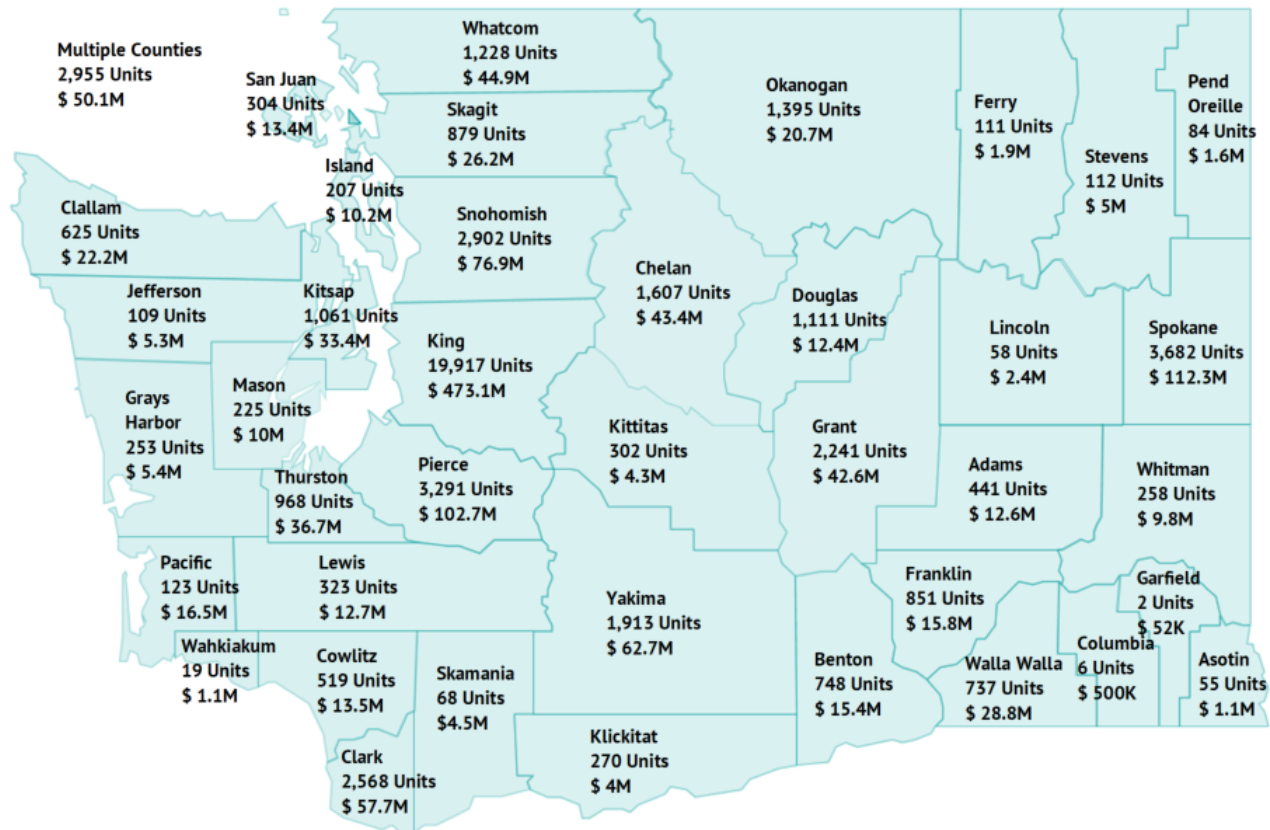
Units Funded by Population Served Since 1989



Note: The portfolio is over 30+ years old and some of the data are drawn from original applications and contracts. Please assume a small margin of error. Data includes contracted projects, as well as projects awarded funds, which are in contract negotiations. The "Multiple/Other Special Needs" category includes people with multi-special needs, physical disability, substance abuse, domestic violence survivors, people with HIV.

Source: Department of Commerce Contracts Management System, October 2020.

Housing Trust Fund Investments Since 1989 by County



Note: The portfolio is over 30+ years old and some of the data are drawn from original applications and contracts. Please assume a small margin of error. Statewide total of \$1.41 Billion includes \$148 Million in federal funds. Data includes contracted projects, as well as projects awarded funds, and which are in contract negotiations. "Units" include studios, apartments, shelter beds, seasonal farmworker beds, group-home rooms, and single-residence homes for first-time homebuyers.

Source: Department of Commerce Contracts Management System, October 2020.

Historically, the majority of HTF resources have been allocated each biennium through competitive funding rounds conducted by Commerce based upon lump sum appropriations in the capital budget. However, beginning with the 2012 Legislative Session, the capital budget has allocated housing funds in the enacted capital budgets according to categories (for example: housing for homeless, housing for farmworkers, housing for people with chronic mental illness). Commerce has been given some flexibility to determine the final eligibility and readiness of projects by category and to allocate funding to alternate projects serving other low-income and special needs populations if necessary.

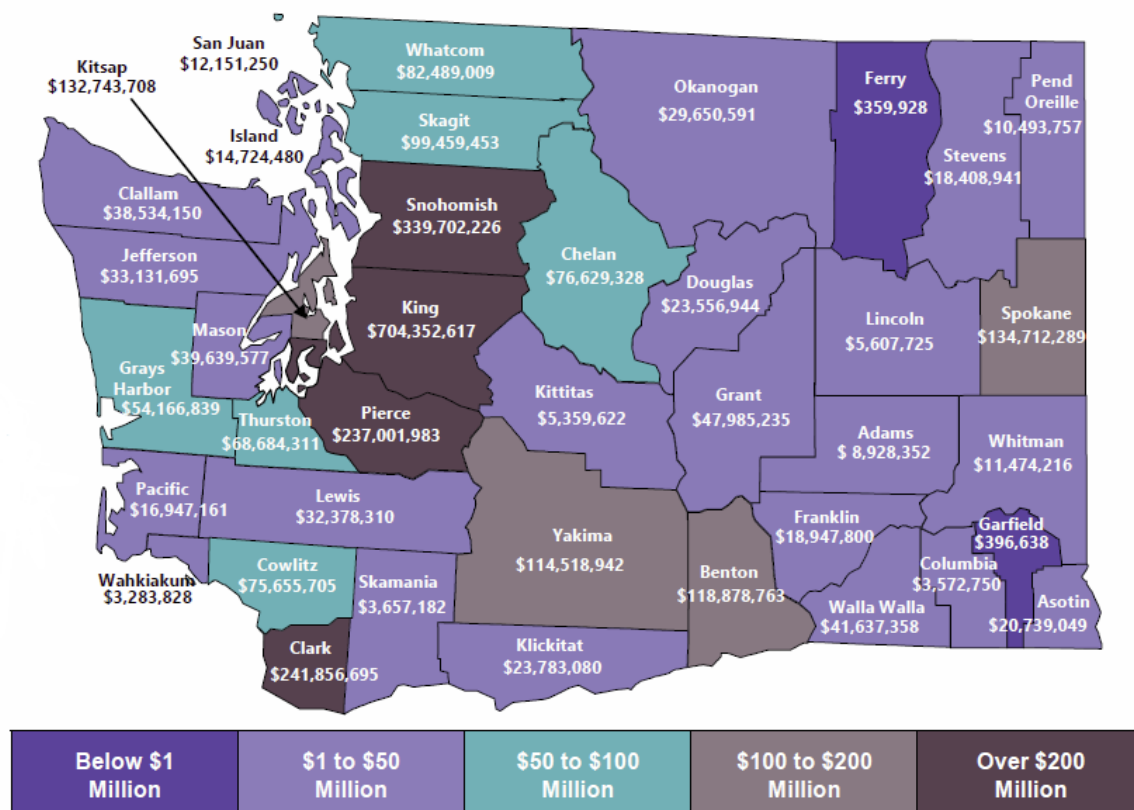
Public Works Assistance Account Program

The Public Works Assistance Account (PWAA) and the Public Works Board (PWB) were established in RCW 43.155 (1985) “to encourage self-reliance by local governments in meeting their public works needs and to assist in the financing of critical public works projects.”

The PWAA funds low interest loans to cities, counties, special purpose districts, and public utility districts. Ports, school districts, and tribes are not eligible to apply. The loans support construction, pre-construction, emergency projects and planning for infrastructure systems including domestic water, sanitary sewer, stormwater, roads, bridges, and solid waste/recycling. More recently, PWB was given authorization to provide grants in certain circumstances. Prior to the 2019-21 biennia, PWB was required to develop and recommend to the Governor and the Legislature a ranked list of projects for funding by November 1 in even-numbered years. Instead of submitting a ranked list, PWB has authority to provide loans and grants throughout the biennium, based on statutory criteria. The PWB cannot obligate monies until the Legislature has appropriated funds. The PWB must report annually regarding the program, including applications received and projects funded.

Between 1985 and 2020, PWAA has funded 1,914 loans totaling \$2.9 billion.

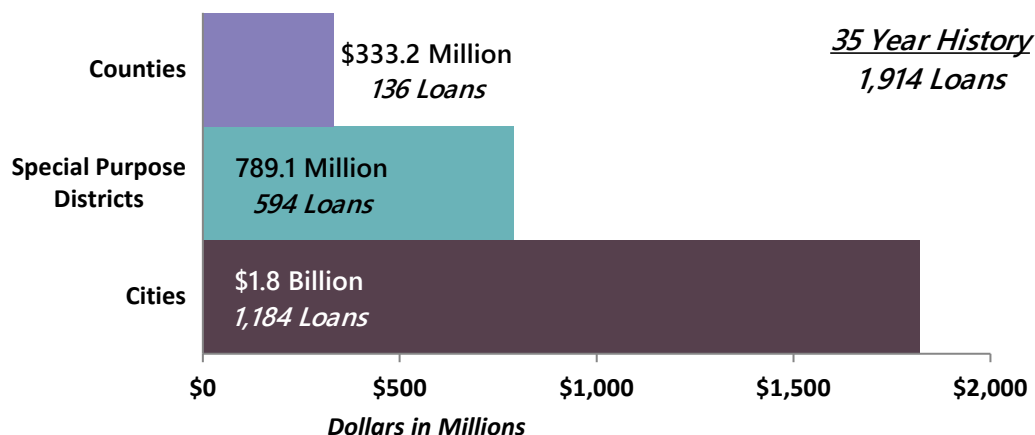
Public Works Assistance Account Investments Since 1985 by County



Source: Public Works Board, Department of Commerce, October 2020.

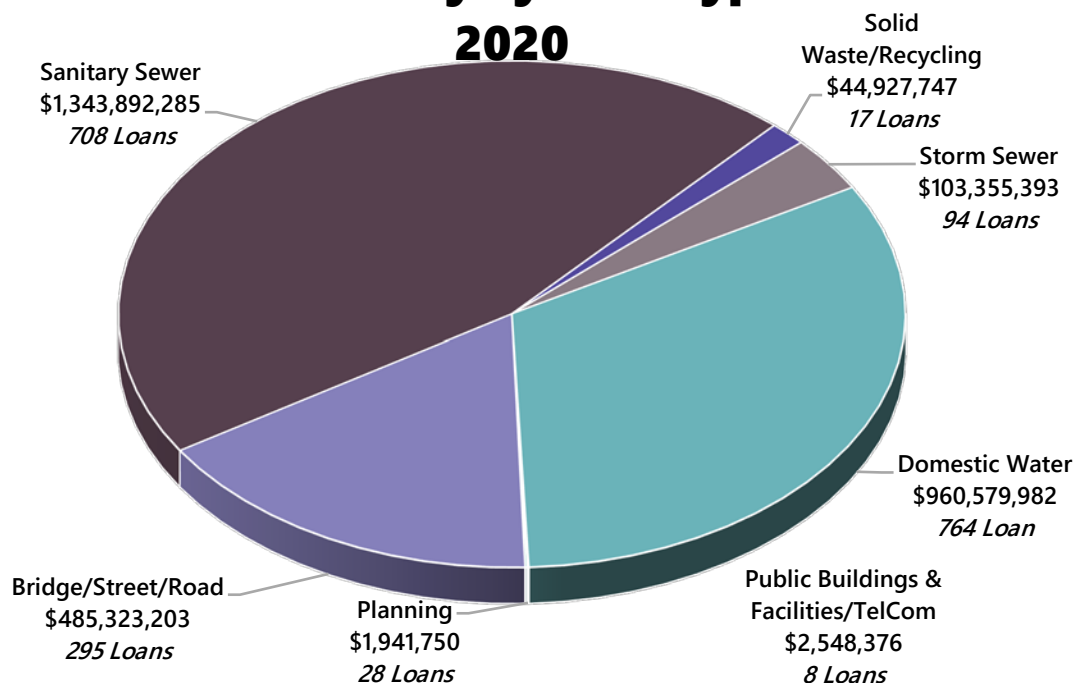
As shown on the following charts, cities have sponsored over 60 percent of the funded projects and amounts loaned. Domestic water and sanitary sewer system projects account for over 75 percent of the historical loans funded.

PWAA Loans By Jurisdiction Type 1985-2020



Source: Public Works Board, Department of Commerce, October 2020.

PWAA Loans By System Type 1985-2020



Source: Public Works Board, Department of Commerce, October 2020.

Prior to the 2013-15 biennium, PWAA received deposits of loan repayments and revenues from the following three taxes: (1) 6.1 percent of the Real Estate Excise Tax (REET) imposed on the sale of real property; (2) 20 percent of the Public Utility Tax (PUT) revenues from water utilities and 60 percent of PUT revenues from sewer utilities; and (3) 100 percent of the Solid Waste Collection Tax (SWCT) imposed on garbage utilities.

Over the past four biennia, the Legislature redirected tax revenues from PWAA to the State General Fund and the Education Legacy Trust Account (ELTA). In the 2013-15 biennium, the Legislature: (1) redirected 4.1 percent of REET revenues into ELTA, leaving 2 percent in PWAA; (2) redirected PUT revenues into ELTA; and (3) suspended the deposit of SWCT revenues into PWAA. The taxes have been redirected statutorily from PWAA through June 30, 2023. In the 2019-21 biennium, the Legislature redirected 4.4 percent of the historical PWAA REET revenues into the State General Fund, leaving 1.7 percent in PWAA. Of the REET revenues, 5.2 percent is directed to PWAA after FY 2023. Additionally, in the past biennia, the Legislature transferred funds from PWAA to operating budget accounts. Most recently, \$160 million was transferred from PWAA to the State General Fund. Additionally, the Legislature added language to the PWAA statute stating the intent to continue the policy of transferring funds in future biennium, estimated to be \$132 million in 2021-23.

The following table summarizes these various actions and their impacts on PWAA from 2013 through projected amounts in 2021-23:

Legislative Action	Biennial Impacts				
	<i>(Dollars in Thousands)</i>				
	2013-15	2015-17	2017-19	2019-21	2021-23
Transfer from PWAA	(\$277,244)	(\$89,000)	(\$254,000)	(\$160,000)	(\$132,000)
Suspend SWCT deposit into PWAA	(\$77,400)	(\$88,152)	(\$98,513)	(\$112,028)	(\$123,129)
Redirect a portion of REET from PWAA	(\$60,117)	(\$82,674)	(\$97,352)	(\$107,609)	(\$118,826)
Redirect PUT from PWAA to ELTA	(\$34,956)	(\$39,836)	(\$41,056)	(\$39,771)	(\$45,848)
Total PWAA Reductions	(\$449,717)	(\$299,662)	(\$490,921)	(\$419,408)	(\$419,803)

Source: Economic and Revenue Forecast Council, September 2020.

Note: 2021-23 are projected amounts. Transfer is based on 2019-21 4-year balance sheet estimates and operating budget language stating the intent to continue the current transfer policy.

The Legislature did not approve any new PWAA loan projects for the 2013-15 or 2015-17 biennia. To meet projected local government draw downs on existing PWAA loan contracts during the 2013-15 biennium, the Legislature backfilled \$158 million of the cash transfer with state general obligation bonds. The 2017-19 Capital Budget included \$97 million in bonds for construction projects and \$19 million in bonds for pre-construction and emergency projects. The 2019-21 Capital Budget included \$95 million in PWAA funded projects.

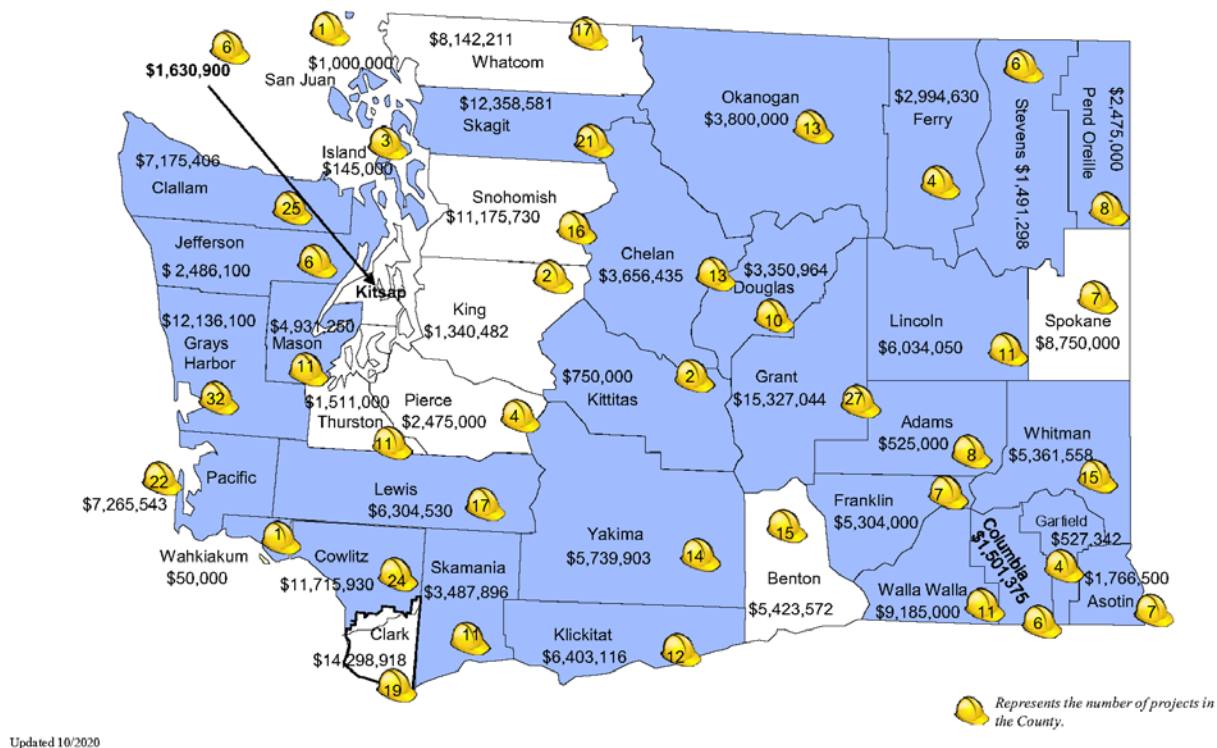
Community Economic Revitalization Board Program

Under RCW 43.160, the Community Economic Revitalization Board (CERB) program funds the construction, repair, and acquisition of public facilities that encourage new business development and expansion in areas seeking economic growth. Eligible public facility projects include domestic and industrial water, buildings and structures, industrial wastewater treatment and storm water facilities, telecommunications, electricity, natural gas, and transportation.

The Traditional CERB program offers three financing programs: (1) Committed Private Partner Construction, which requires evidence that a private development or expansion is ready to occur, contingent on approval of CERB program funds; (2) Prospective Development Construction, which requires evidence that a private development or expansion is likely to occur as a result of the public improvements; and (3) Planning Studies which evaluate high-priority economic development projects.

Since its creation in 1982, the CERB program has provided approximately \$177.6 million in loans and grants to communities statewide.

Core CERB Investments 1982 - 2020

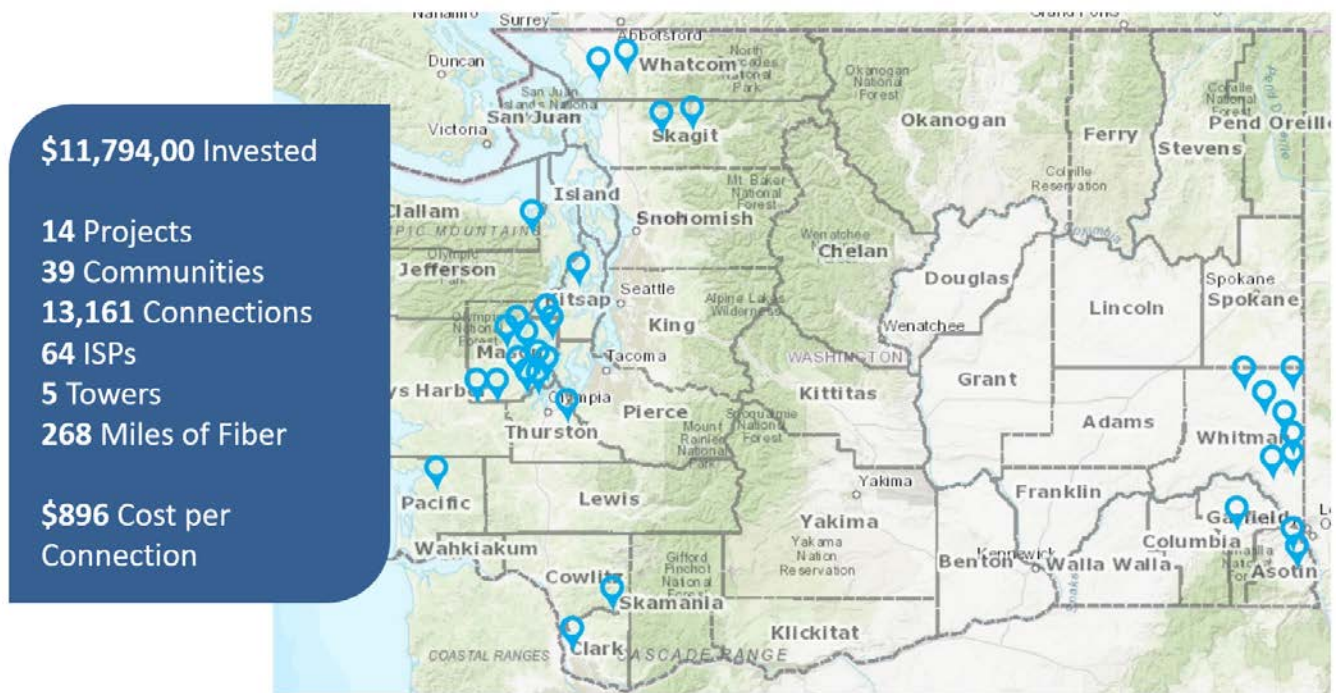


Note: Counties in blue are rural, as defined in RCW 43.160.020, and counties in white are urban.

Source: Community Economic Revitalization Board, Department of Commerce, October 2020.

The CERB program is governed by a 20-member board (Board) that includes representatives of local governments, tribes, stakeholders, the private sector, the Legislature, and state agencies. Funding for CERB program projects is primarily appropriated from the Public Facilities Construction Loan Revolving Account. The Board is required by law to approve at least 75 percent of the first \$20 million, and at least 50 percent of any additional funds available in a given biennium, to projects in rural counties. Historically, the Board has met six times a year to review and approve projects proposed by eligible jurisdictions, which include: counties, cities and towns, port districts, special purpose districts, innovation partnership zones, municipal and quasi-municipal corporations, and federally-recognized Indian tribes. In prior biennia, the Legislature has also appropriated funds through CERB programs for non-traditional local projects such as port- and export-related infrastructure, technical assistance, and innovation grants. Since the 2017-19 biennium, \$13.45 million was provided for CERB program administered broadband infrastructure. The purpose is for CERB to make grants and loans to local governments and federally recognized tribes to build infrastructure to provide high-speed, open-access broadband service.

CERB Rural Broadband Investments 2018-2020



Source: Community Economic Revitalization Board, Department of Commerce, October 2020.

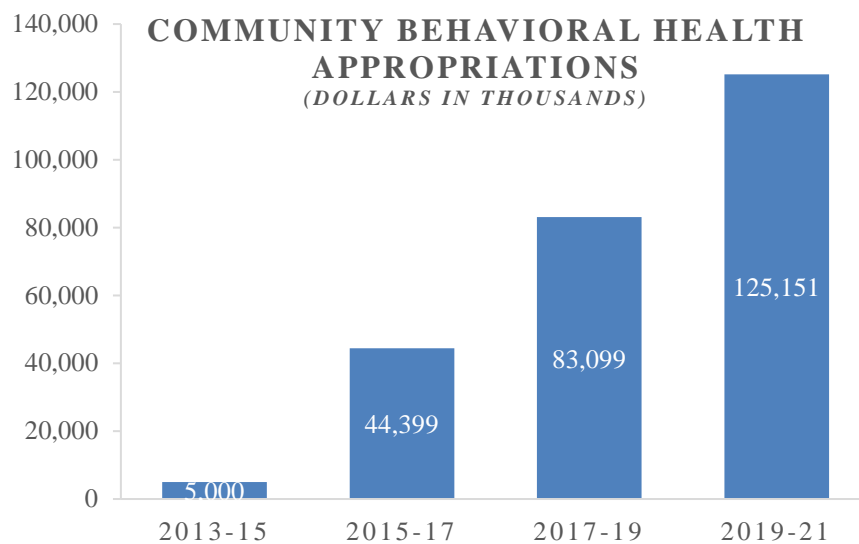
Energy Efficiency Programs

The Commerce administers multiple competitive grant programs related to energy efficiency and investments in clean energy technology, to improve facilities, resulting in energy and operational cost savings, and to create jobs. The Clean Energy Funds Program (CEFT) is a state-match grant program

that is used to leverage funds, from businesses, utilities, and research institutions, to support clean energy projects including grid modernization and storage, energy efficiency and renewable energy projects, and electrification charging infrastructure. The Energy Retrofits for Public Buildings Grant Program provides funding to public agencies to improve building energy performance, reduce operating costs, and greenhouse gas emissions. The Weatherization Plus Health Program provides low-income households with home repairs, health and safety improvements, and the installation of energy efficiency measures.

Community Behavioral Health Beds

The capital budget provided funding for Commerce, in collaboration with the Department of Social and Health Services and the Health Care Authority, to administer grants for hospital and other entities to establish or build new mental health units or services. Additionally, funding was provided for grants for hospitals or other entities for the development of facilities that provide for the diversion or transition of patients from the state hospital. The chart below displays the capital budget appropriations for community behavioral health beds since the funding began in 2013-15.



Source: Office of Program Research, October 2020.

Local Community Competitive Grant Programs

Through the statutory Building for the Arts, Building Communities Fund, and Youth Recreational Facilities programs, the Legislature appropriates competitive grant funding for projects benefitting local communities. Commerce conducts a separate competitive process for each program and uses expert advisory committees to evaluate and recommend projects for funding. Project lists may be included in the Governor's capital budget proposal and project funding is determined by the Legislature in the enacted capital budget. The following matrix provides information on the purposes, eligibility, funding, and processes associated with these three competitive grant programs:

	Building for the Arts (RCW 43.63A.750)	Building Communities Fund (RCW 43.63A.125)	Youth Recreational Facilities (RCW 43.63A.135)
Program Purpose	Defrays up to 33.33 percent of eligible capital costs for acquisition, construction and/or major renovation of arts capital facilities. The 2020 Supplemental Budget increased the percentage from 20 to 33.33 percent.	Defrays up to 25 percent or more of eligible capital costs to acquire, construct, or rehabilitate nonresidential community and social service centers.	Defrays up to 25 percent of eligible capital costs for acquisition, construction, and/or major renovation of capital facilities for non-residential youth recreation that includes a supporting social service or educational component.
Eligible Applicants	501 (c) 3 nonprofit performing arts, art museums and cultural organizations	Nonprofit, community-based organizations located in distressed communities or serving a substantial number of low-income or disadvantaged persons.	501 (c) 3 nonprofit organizations and local governments
Grant Cycle	Biennial	Biennial	Biennial
Fund Source	State Bonds	State Bonds	State Bonds
2019-21 Appropriation	\$12 million	\$36.8 million	\$5.9 million
Maximum List Size	Increased from \$12 to \$16 million in the 2020 Supplemental Budget	No maximum	\$8 million by statute
Maximum Amount/Project	\$2 million	Commerce does not set a maximum.	\$1.2 million
Process and Legislature's Role	Applications are screened by Commerce and ranked by an advisory committee of art facilities experts. Commerce must include a ranked list in the agency capital budget request. The Governor may include the list in the proposed capital budget bill. The Legislature has final approval of the list and the total budget.	Applications are screened by Commerce and ranked by an advisory committee of social services experts. Commerce must include a ranked list in the agency capital budget request. The Governor may include the list in the proposed capital budget bill. The Legislature has final approval of the list and the total budget.	Applications are screened by Commerce and ranked by an advisory committee of youth facilities experts. Commerce must include a ranked list in the agency capital budget request. The Governor may include the list in the proposed capital budget bill. The Legislature has final approval of the list and the total budget.

Local and Community Projects and Lending of Credit

As described in the Budget Overview Section, the Washington State Constitution prohibits the state from lending its credit or making gifts of public funds. In general, these provisions prevent the state from making expenditures without receiving a public benefit in return, and from placing state funds at risk without adequate protection. These prohibitions do not prevent the state from providing grants to entities whose purposes are wholly public, such as local governments, but the restrictions do limit the state's ability to provide grants to individuals and private corporations, whether for-profit or nonprofit.

In the case of local and community projects, the state grants appropriated in the capital budget typically provide funding to construct, purchase, or renovate a facility that the nonprofit organization or local government will then use to provide services to the public. The public benefit is the services that the public will receive when the capital project is completed. This benefit is more indirect than, for example, contracts with nonprofits that are funded in the operating budget, where the compensation for the public expenditure is the services that are directly and contemporaneously provided.

Given these lending-of-credit and gift-of-public-funds restrictions, grant programs for local and community projects contain a number of safeguards to ensure that the grants comply with the Washington State Constitution.

The review process and other state requirements for the statutory grant programs significantly reduce the risk of lending of credit violations. Under the programs' processes and requirements: (1) an application process, including a competitive process where applicable, means the public benefit is clearly defined and highly ranked; (2) the financing is secured and the state grant is generally 25 percent or less of total project financing; (3) the project is well underway and will be completed in a short timeframe, meaning the facility can start providing the public services/benefits soon; (4) the project or a phase of the project will be usable to the public for its intended purpose once the state funds are expended; and (5) the nonprofit organization or local government has entered into a contract to ensure the facility will be used for its intended purpose for a sufficient period of time in the future to justify the state investment in the project.

These criteria ensure that the state receives a benefit in the form of services provided to the public in the near term, and they protect public assets by avoiding expenditures for projects that are still in the early stages or for which financing still needs to be raised.

In addition, the terms of the grants direct the state to recover its investment from any projects that do not provide the public services or benefits for a sufficient period of time or from projects that are not completed within a reasonable period of time (generally five years).

Department of Enterprise Services

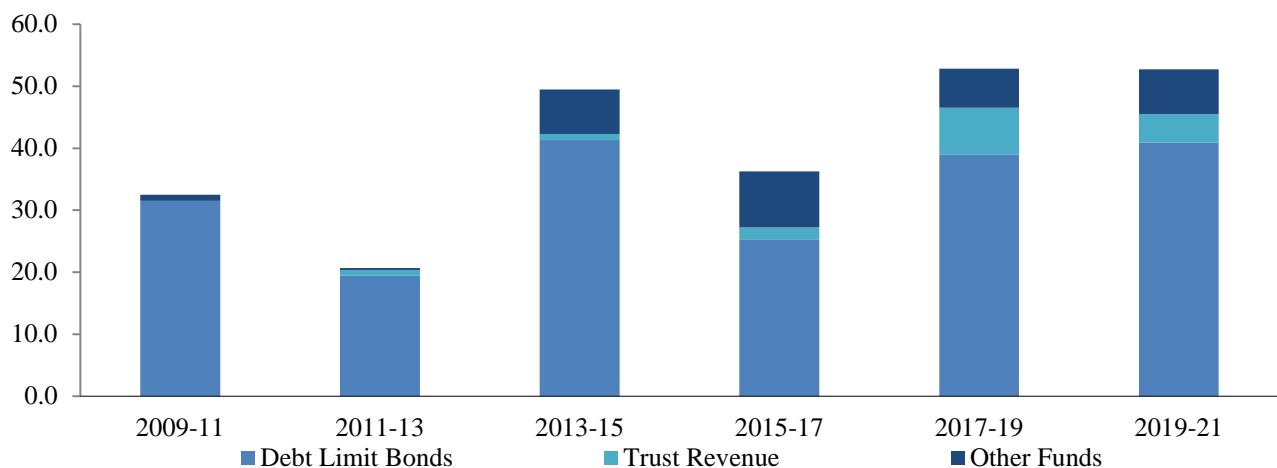
Agency Description: The Department of Enterprise Services engages in the following capital budget related activities:

- provides engineering and architectural services to non-higher education agencies and community and technical colleges including managing design and construction contracts;
- manages capital planning and programs for over five million square feet of state-owned property;
- provides maintenance and custodial services to the capitol campus and satellite campuses;
- provides real estate services to agencies leasing space in privately-owned and state-owned facilities in conjunction with the Office of Financial Management; and
- assists agencies to relocate, acquire, and dispose of property.

Facilities:

- Owned: 52 (5.0 million sq. ft.)
 - 22 on West Capitol Campus (Olympia, 1.4 million sq. ft.)
 - 5 on East Capitol Campus (Olympia, 1.2 million sq. ft.)
 - 6 parking facilities (Olympia and Tacoma, 1.7 million sq. ft.)
 - 19 off campus (Olympia, Tumwater, Kelso, Seattle, Tacoma, Yakima, 688,200 sq. ft.)
- Leased: 5 (332,700 sq. ft.)
 - Headquarters (Tumwater, 218,100 sq. ft.)
 - Surplus Operations (Tumwater, 56,600 sq. ft.)
 - Consolidated Mail Services (Olympia, 41,900 sq. ft.)
 - Fleet Operations (Olympia, 13,300 sq. ft.)
 - Employee Assistance Program (Olympia, 2,800 sq. ft.)

**Department of Enterprise Services
Capital Budget Appropriations History**
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	31.5	19.4	41.3	25.2	38.9	40.9
Trust Revenue	0.0	0.9	1.0	2.0	7.6	4.6
Other Funds	1.0	0.4	7.1	9.0	6.3	7.2
Total	32.5	20.7	49.4	36.2	52.8	52.7

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Office of Financial Management

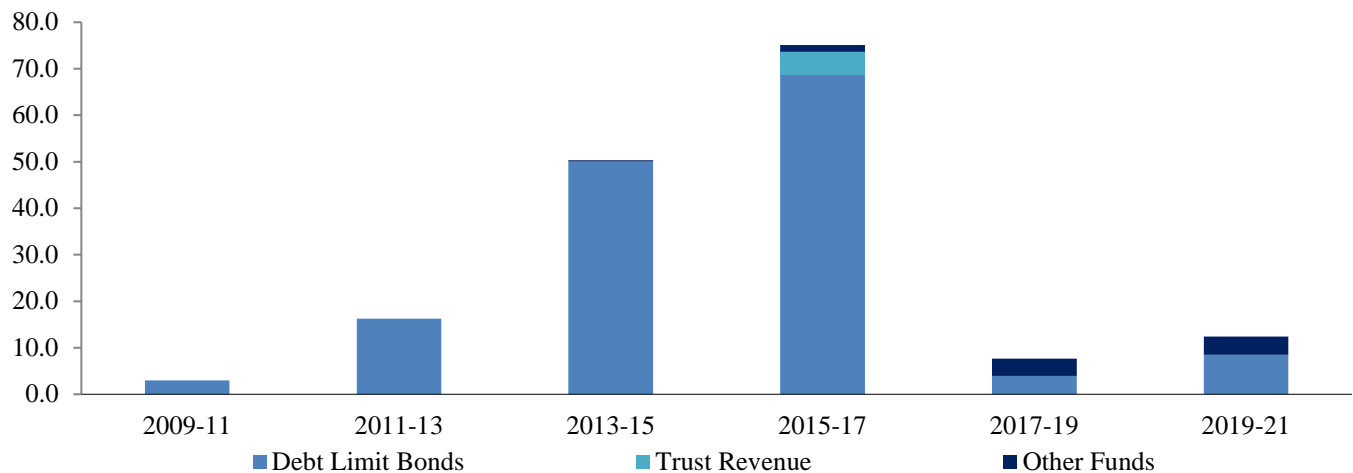
Agency Description: The Office of Financial Management (OFM) typically engages in the following capital budget related activities:

- develops capital budget proposals from agency requests for submission to the Legislature by the Governor (both for the upcoming biennium and a 10-year capital plan);
- administers the adopted capital budget and oversees agency capital planning, spending, projects, and decisions;
- analyzes agency space needs through facilities oversight;
- participates in the scoring and ranking of higher education capital requests; and
- reviews and approves agency requests for emergency repair funding to address unexpected building or grounds failures.

Facilities: The OFM is headquartered in the Insurance Building located on the Capitol Campus, which is owned and managed by the Department of Enterprise Services. In addition, OFM occupies close to 30,000 square feet of leased space in three office buildings.

Office of Financial Management Capital Budget Appropriations History

(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	3.0	16.3	50.1	68.7	4.0	8.5
Trust Revenue	0.0	0.0	0.0	5.0	0.0	0.0
Other Funds	0.0	0.0	0.3	1.4	3.7	3.9
Total	3.0	16.3	50.4	75.1	7.6	12.4

Source: Legislative Evaluation and Accountability Program Committee, December 2020. 2011-17 data includes appropriations for catastrophic flood relief in the Chehalis Basin.

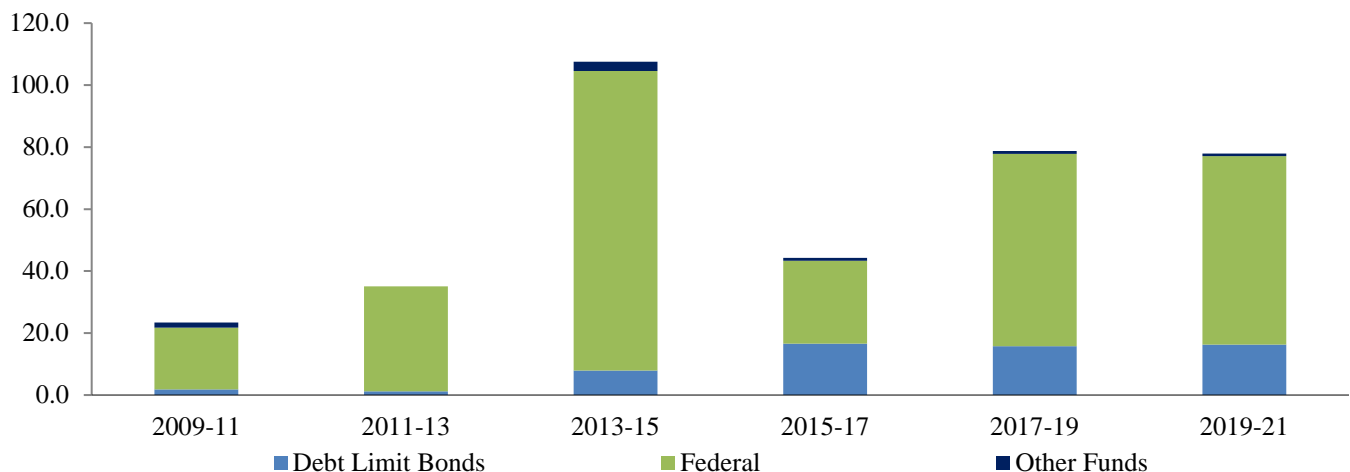
Military Department

Agency Description: The Military Department (Department), headquartered at Camp Murray in Pierce County, has four major operational divisions: Army National Guard, Air National Guard, Emergency Management, and State Services. Using state and federal resources, the Department provides services including homeland defense, homeland security, emergency mitigation and preparedness, and response and recovery activities. The Department manages capital programs at Camp Murray and Readiness Centers throughout the state to respond to local emergencies and disasters and to accommodate the state's military mission. Readiness Centers serve as staging grounds, training centers, and operational centers for National Guard members and first responders during disaster and emergency responses.

Facilities:

- Owned: 199 (1.6 million sq. ft.)
 - 102 at Camp Murray (Tacoma, 757,100 sq. ft.)
 - 22 Readiness Centers (across the state, 605,100 sq. ft.)
 - 75 other operational and storage facilities (across the state, 234,700 sq. ft.)
- Leased: 113 (1.3 million sq. ft.), including:
 - 57 at Airfield Bases (across the state, 550,900 sq. ft.)
 - 15 at Fort Lewis Enclave (Joint Base Lewis McCord, 453,300 sq. ft.)
 - 21 at Yakima Training Center and Airforce Base (Yakima, 202,300 sq. ft.)

**Military Department
Capital Budget Appropriations History**
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	1.8	1.2	8.0	16.6	15.8	16.3
Federal	19.9	33.9	96.6	26.7	62.1	60.8
Other Funds	1.7	0.0	3.0	1.0	0.9	0.8
Total	23.4	35.1	107.6	44.3	78.8	77.9

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

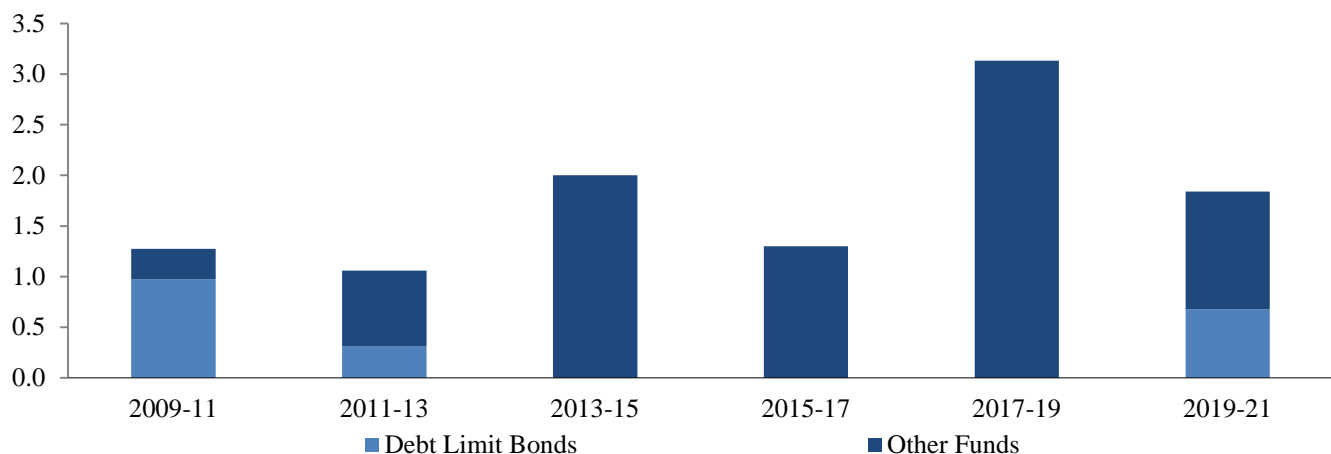
Washington State Patrol

Agency Description: The Washington State Patrol (WSP) patrols state highways, provides emergency response and support services, and investigates crimes. The WSP is the largest law enforcement agency in the state with more than 2,200 employees split almost evenly between commissioned and civilian employees. The agency is organized into six Bureaus: Field Operations, Commercial Vehicle Enforcement, Fire Protection, Forensic Laboratory Services, Investigative Services, and Technical Services.

Facilities:

- Owned: 151 (594,800 sq. ft.)
 - 8 Crime Lab facilities (Crime labs in Tacoma, Cheney, Kennewick, Vancouver, Marysville, and firing ranges in Seattle, Tacoma, and Cheney, 83,300 sq. ft.)
 - 21 facilities at the Fire Training Academy (North Bend, 70,200 sq. ft.)
 - 16 facilities at the State Patrol Academy (Shelton, 61,800 sq. ft.)
 - 78 Highway Facilities (across the state, including weight stations, public restrooms, vehicle inspection locations, and storage, 184,100 sq. ft.)
 - 28 District Headquarters and Detachments (across the state, 195,400 sq. ft.)
- Leased: 13 (92,700 sq. ft.), including one Crime Lab (Seattle, 56,000 sq. ft.)

**Washington State Patrol
Capital Budget Appropriations History**
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	1.0	0.3	0.0	0.0	0.0	0.7
Other Funds	0.3	0.7	2.0	1.3	3.1	1.2
Total	1.3	1.1	2.0	1.3	3.1	1.8

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Department of Archaeology & Historic Preservation

Agency Description: The Department of Archaeology and Historic Preservation (DAHP) provides services to state agencies, local governments, and others related to the preservation of the state's historic and cultural resources. Its director serves as the state's historic preservation officer. The DAHP services include: reviewing proposed capital projects for impacts on cultural resources; providing permits for archaeological excavations; helping local governments preserve historic resources; and administering federal rehabilitation investment tax credits. Governor Gregoire signed Executive Order 05-05 in November of 2005, requiring state agencies with capital improvement projects to integrate the DAHP, the Governor's Office of Indian Affairs, and concerned tribes into their capital project planning process. Capital construction projects and land acquisition projects with capital construction purposes are required to undergo this review process.

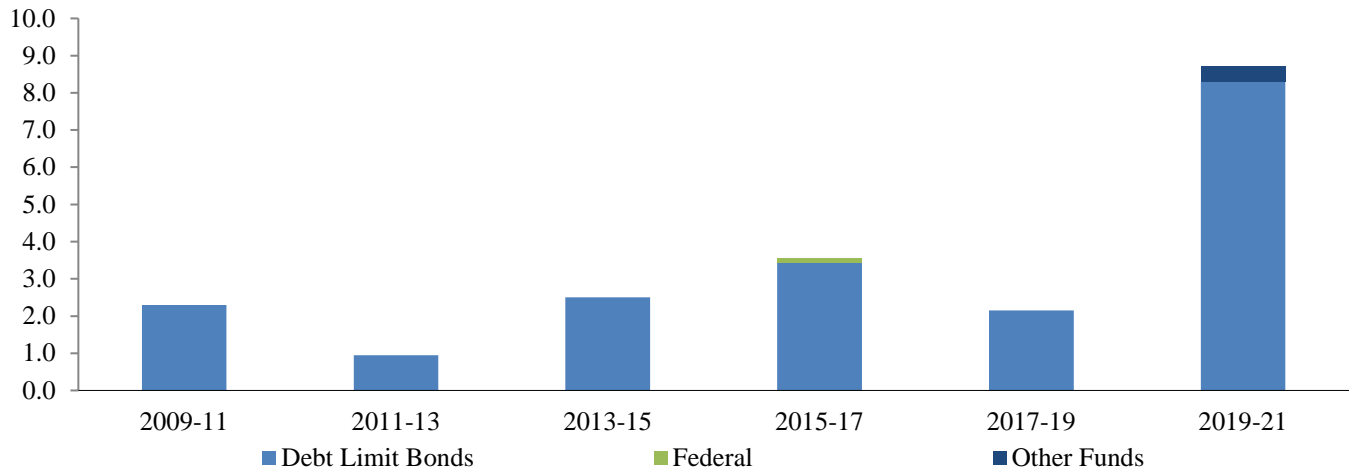
Facilities: The DAHP is headquartered in the historic Thurston County Courthouse, which is owned and managed by the Department of Enterprise Services.

Major Capital Grant Programs:

- **Heritage Barn Preservation Grants**, a competitively awarded grant program, was established in 2007, with the objective to stabilize and preserve designated Heritage Barns. Since the program's inception, funding has been provided to over 80 projects. Eligible barns must be listed in the Heritage Barn Register, the Washington Heritage Register, or the National Register of Historic Places. Priority is given to barns that remain in agricultural use.
- **Historic County Courthouse Grants** was established in 2005 and over \$19 million in state matching grants have been awarded to assist with 66 courthouse capital improvement projects in 26 counties. Projects eligible for grant funding include the preservation and rehabilitation of exterior and interior character defining architectural features, improvements to courthouse accessibility and accommodations for persons with disabilities made in conjunction with historic rehabilitation, and improvements to life safety made in conjunction with historical rehabilitation.
- **Historic Cemetery Preservation Capital Grants:** Cemetery property owners, nonprofit organizations, and local governments may apply for capital grants to make long-term improvements to existing cemetery facilities that contain at least 5 burials, with at least one burial more than 50 years old. Individual awards are up to \$50,000. The program was established in 2016 and to date, \$1.15 million dollars has been appropriated from the Capital Budget. The Washington Trust for Historic Preservation, a statewide nonprofit advocacy organization dedicated to historic preservation, manages the grant portion of the program, under contract with DAHP.

Department of Archaeology & Historic Preservation Capital Budget Appropriations History

(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	2.3	1.0	2.5	3.5	2.2	8.3
Federal	0.0	0.0	0.0	0.1	0.0	0.0
Other Funds	0.0	0.0	0.0	0.0	0.0	0.4
Total	2.3	1.0	2.5	3.6	2.2	8.7

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Secretary of State

Agency Description: The Office of the Secretary of State (OSOS) was established with the adoption of the Washington State Constitution in 1889. The Secretary of State is elected every four years and is second in the line of succession to the Office of the Governor. There have been 15 Secretaries of State since statehood.

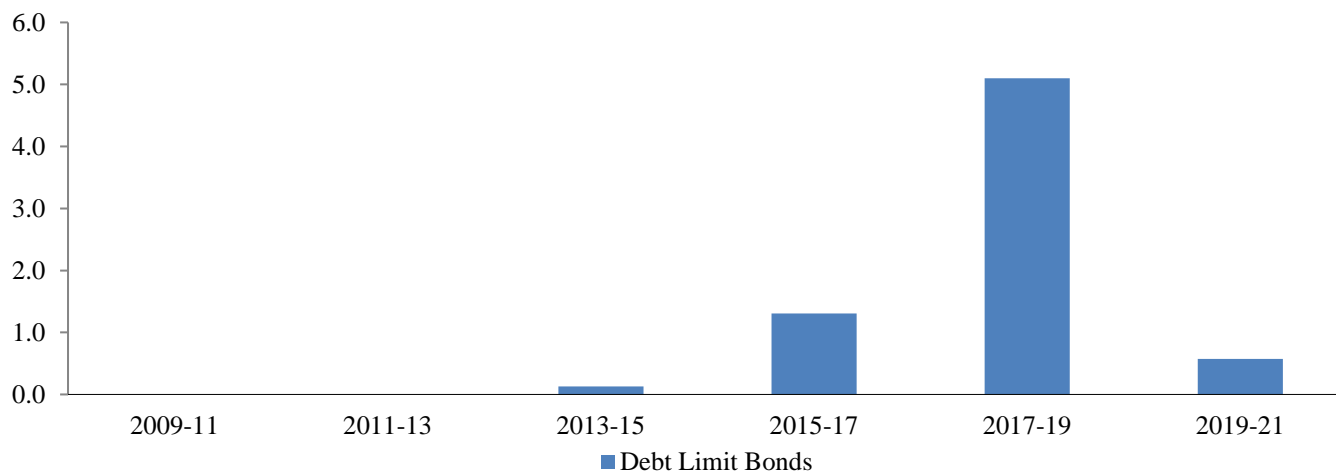
The OSOS Capital Budget portfolio consists of the agency's owned facilities (Four Washington State Archives' Regional Branches and the WA Talking Book and Braille Library) and the Library Archive building project, currently in progress and, once completed, will replace the leased States Records Collections location.

- **Washington State Archives' Regional Branches** maintain local records, including genealogy, land use and property records, legal records, and educational records. The branches offer consultation, workshops, and coordinate additional services. The Branches are at the following locations:
 - Central Region (Central Washington University, Ellensburg)
 - Eastern Region (Eastern Washington University, Cheney)
 - Puget Sound (Bellevue)
 - Northwest (Western Washington University, Bellingham)
 - Southwest (Olympia)
- **WA Talking Book and Braille Library**, located in Downtown Seattle, is the only public library in Washington State dedicated to providing library services to citizens who cannot read or have difficulty reading conventional printed material due to blindness or a learning or a physical disability. The OSOS assumed direct responsibility for the program in 2008, after it had been operated by the Seattle Public Library since 1975.
- **The State Records Collections**, located in Olympia, provide an account of public government in Washington State, beginning with the establishment of the Washington Territory in 1853 to present day. Included among the collection are executive and legislative records, court records, records from all state agencies, and all of the "official records" of the state, including governors' proclamations, executive orders, election results, and the laws as passed and signed.

Facilities:

- Owned: 5 (177,000 sq. ft.)
 - 4 Washington State Archives' Regional Branches (Ellensburg, Bellingham, Cheney, Bellevue, 149,000 sq. ft.)
 - WA Talking Book and Braille Library (Seattle, 53,000 sq. ft.)
- Leased: 8 (Olympia & Tumwater, 215,400 sq. ft.)

Secretary of State
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21*
Debt Limit Bonds	0.0	0.0	0.1	1.3	5.1	0.6
Total	0.0	0.0	0.1	1.3	5.1	0.6

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

* The OSOS was authorized to enter into an alternative financing contract for up to \$103 M in the 2019-21 CB for construction of the Library-Archives Building. The appropriation chart above only reflects debt limit bonds and does not include this authorization. Please see note below for further detail.

Recent Major Project: Library-Archives Building (30000033)

- *Description:* Currently, divisions of the OSOS are located in separate leased facilities throughout Olympia and Tumwater. The new facility will house the State Library and Archives and the state printer.
- *Previous funding:* Pre-design was funded in the 2015-17 Capital Budget, design was funded in the 2018 Supplemental Capital Budget, and an alternative financing contract for up to \$103 million was authorized in the 2019-21 Capital Budget to fund construction.
- *Status as of Fall 2020:* The OSOS requested a re-appropriation of the design funding during the 2021-23 Capital Budget cycle to complete the design and start construction in late 2021.

Relevant Statutory Organizations

Affordable Housing Advisory Board (RCW 43.185B.020 and .030) – The Affordable Housing Advisory Board reviews, evaluates, and makes recommendations to the Department of Commerce regarding existing and proposed housing programs and initiatives including tax policies, land use policies, and financing programs.

State Building Code Council (RCW 19.27.070) – The State Building Code Council (Council) is a 20-member council created to advise the Legislature and Governor on building code-related matters. The Council adopts and amends Uniform Codes, the Historic Building Code, and the Energy Code in accordance with the Administrative Procedures Act; and reviews, approves, or denies Local Residential Amendments.

State Capitol Committee (RCW 43.17.070 and RCW 43.34) – The State Capitol Committee oversees the Capitol Campus Master Plan and other issues affecting the capitol campus; approves the construction of all state buildings in Thurston County; and approves acquisition of real estate for state government in Thurston County. Committee members include the Governor or Governor’s designee, the Lieutenant Governor, the Secretary of State, and the Commissioner of Public Lands.

Capitol Campus Design Advisory Committee (RCW 43.34.080) – The Capitol Campus Design Advisory Committee is an advisory group to the State Capitol Committee and to the director of the Department of Enterprise Services. Its responsibilities include: reviewing programs, planning, design, and landscaping of State Capitol facilities and grounds and making recommendations that will contribute to their architectural, aesthetic, functional, and environmental excellence.

Capitol Furnishings Preservation Committee (RCW 27.48.040) – This 22-member committee promotes and encourages the recovery and preservation of the original and historic furnishings of the State Capitol group; prevents future loss of historic furnishings; and reviews and advises on future remodeling and restoration projects as they pertain to historic furnishings.

Community Economic Revitalization Board (RCW 43.160) – The Community Economic Revitalization Board (CERB) is 20-member board representing private and public sectors statewide and is staffed by the Department of Commerce. CERB sets policy and selects public facilities projects that will receive loans and grants for public infrastructure which support private business growth and expansion.

Capital Projects Advisory Review Board (RCW 39.10.230) – The 2005 Legislature created the Capital Projects Advisory Review Board (CPARB) to review alternative public works contracting procedures and provide guidance to state policy makers on ways to enhance the quality, efficiency, and accountability of public works contracting methods.

Washington Economic Development Finance Authority (RCW 43.163.020) – The Washington Economic Development Finance Authority (WEDFA) is an independent agency with a 17-member board, created by the Legislature to issue nonrecourse revenue bonds for qualifying projects. These include: manufacturing, processing, waste disposal, alternative energy production, waste or sewage treatment, and recycling facilities. Retail projects are not eligible.

State Finance Committee (RCW 43.33.010) – The State Finance Committee is responsible for the authorization and issuance of all state debt. Committee members include the Governor, Lieutenant Governor, and State Treasurer.

Housing Finance Commission (RCW 43.180.040) – The Housing Finance Commission (HFC), with an 11-member board, develops and administers financing programs for the development of affordable rental housing throughout the state and for home ownership opportunities. Additionally, the HFC provides access to capital for sustainable energy projects, beginning farmers and ranchers, land acquisition, and nonprofit facilities.

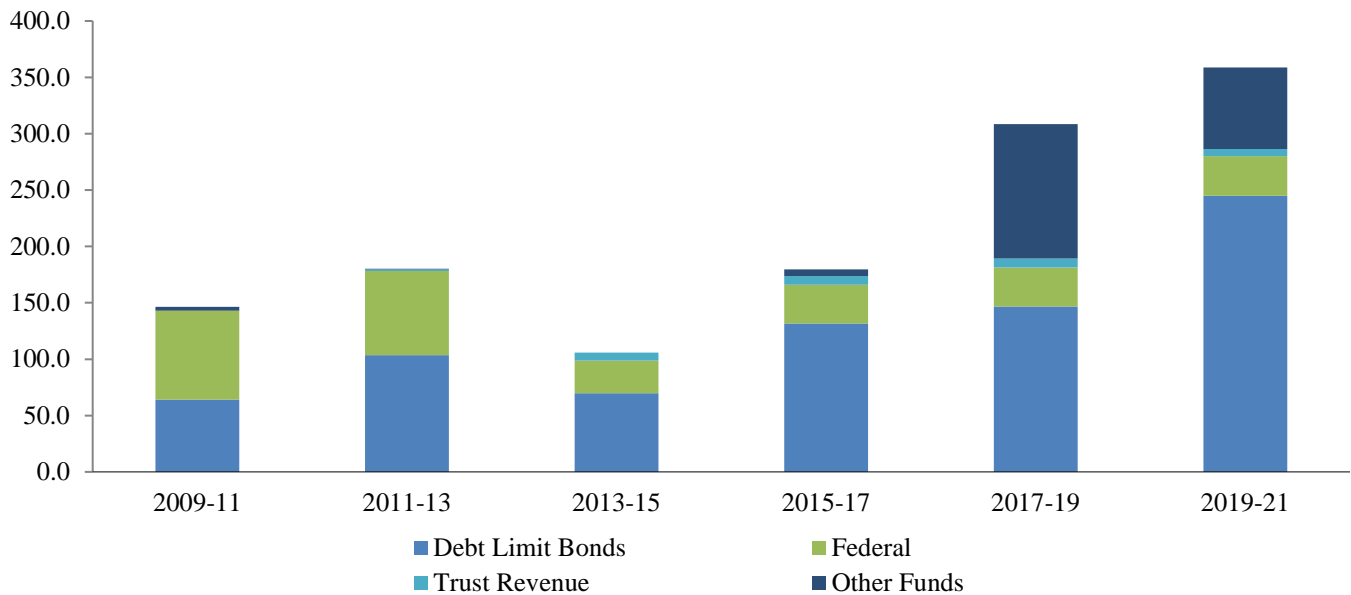
Public Works Board (RCW 43.155.030) – The 13-member Public Works Board is authorized to make grants or low-interest loans from the Public Works Assistance Account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities.

Human Services

Overview of Human Services

The Human Services functional area of the capital budget includes the Criminal Justice Training Commission, and the departments of: Social and Health Services; Children, Youth, and Families; Health; Labor & Industries; Veterans Affairs; and Corrections. Most Human Services capital projects involve construction and repair of state institutions such as mental health hospitals, prisons, juvenile rehabilitation facilities, veterans' homes, and facilities for developmentally disabled persons.

Human Services
Capital Budget Appropriations by Fund Source
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Department of Social and Health Services

Agency Description: The Department of Social and Health Services (DSHS) maintains and operates facilities that provide care and treatment for persons with mental illness, sex offenders, and persons with developmental and physical disabilities that require intensive care. The maintenance and operation of facilities for youth committed by juvenile courts for criminal behavior was moved from DSHS to the newly created Department of Children, Youth and Families in July of 2019 (Fiscal Year 2020).

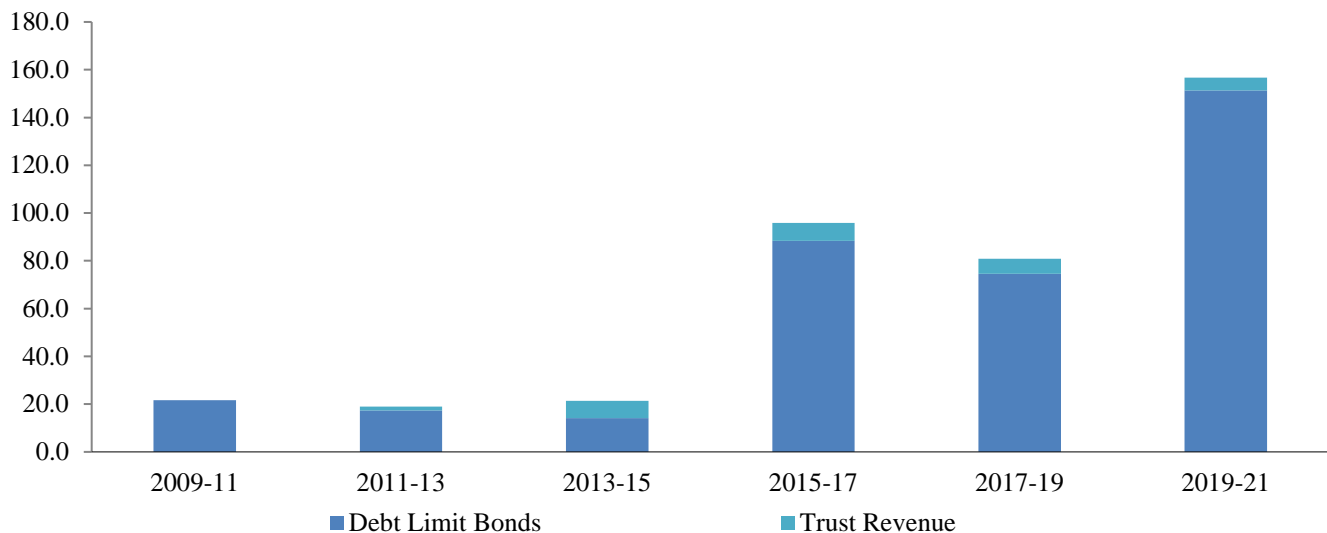
Facilities:*

- Owned: 379 facilities (4.5 million sq. ft.)
 - 3 Psychiatric Hospitals: 98 facilities (Lakewood, Medical Lake, 2.1 million sq. ft.)
 - 4 Residential Habilitation Centers: 192 facilities (Buckley, Medical Lake, Selah, Shoreline, 1.8 million sq. ft.)
 - Special Commitment Center and 2 Secure Community Transition Facilities: 55 facilities (Steilacoom, 370,200 sq. ft.)
 - Transitional Care Center (Seattle, 66,400 sq. ft.)
 - Former Pine Lodge Corrections Center: 16 facilities (Medical Lake, 146,500 sq. ft.)
- Leased: 124 facilities with 2.4 million total square feet in 51 cities

**Facility inventory data was updated with information provided by DSHS in October 2020. The Transitional Care Center was purchased in March 2020 to provide contracted nursing facility services for up to 150 individuals.*

Department of Social and Health Services Capital Budget Appropriations History

(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	21.7	17.4	14.2	88.3	74.6	151.3
Trust Revenue	0.0	1.5	7.2	7.5	6.3	5.3
Total	21.7	18.9	21.4	95.8	80.9	156.6

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Note: Historical data related to juvenile rehabilitation capital appropriations is included in DSHS. Whereas, 2019-21 data is included in DCYF.

Major Capital Programs Administered by DSHS

Mental Health Facilities

The Division of Mental Health operates three psychiatric hospitals including: the Child Study and Treatment Center (CSTC); Eastern State Hospital (ESH); and Western State Hospital (WSH).

The two adult hospitals provide evaluation and inpatient treatment for individuals with serious or long-term mental illness that have been referred to the hospital through their Behavioral Health Organization (BHO) or Managed Care Organization (MCO), the civil court system when individuals meet the criteria for involuntary treatment (RCW 71.05) or through the criminal justice system (RCW 10.77). The Children's Long-term Inpatient Program, in coordination with the child's family or guardian and the BHO/MCO manages referrals to the CSTC. The DSHS contracts with Yakima County and the Maple Lane facility, owned by the Department of Corrections, for additional temporary forensic beds. The contracted residential treatment facilities will close as part of the Trueblood Settlement Agreement. The 2019-21 Capital Budget includes appropriations for the design of state-owned community behavioral health facilities.

	Child Study and Treatment Center	Eastern State Hospital		Western State Hospital		Residential Treatment Facilities ³
Number of Facilities	7	45		46		
Gross Square Feet	97,492	805,213		1,195,666		
	All clients	Civil	Forensic	Civil	Forensic	Forensic
Bed Capacity	47	192	125	527	330	71
Average Daily Census ¹	42	145	112	467	296	61
Number of Clients Admitted ²	50	133	244	70	614	327

Source: Department of Social and Health Services, 2020.

1. Average number of individuals per day at the facility by legal status in FY 2020.

2. Unduplicated count of clients admitted in FY 2020.

3. Residential treatment facilities refer to Maple Lane and Yakima Jail

Developmental Disabilities Facilities

The Division of Developmental Disabilities (DDD) provides a broad range of services and support to over 30,000 eligible clients, while maintaining four Residential Habilitation Centers (RHCs) that house approximately 673 individuals.

The RHCs are 24-hour facilities certified as either: (1) Intermediate Care Facilities offering habilitation services, intensive nursing, therapy services, and work-related assistance; or (2) Nursing Facilities providing an extensive array of services for persons requiring daily nursing care. Reductions in the number of clients served in institutional settings will continue to affect the DSHS's funding requests for capital projects.

	Fircrest School	Rainier School³	Lakeland Village	Yakima Valley School⁴	<i>Total</i>
Number of Facilities	44	81	54	13	192
Gross Square Feet	405,676	848,539	444,808	141,945	1,840,968
Bed Capacity (CMS certified)	270	206	234	160	870
Average Monthly Census ¹	224	185	181	83	673
FTE Expended	661	778	753	259	2,451
Operating Expenditures ²	\$69,461,000	\$79,109,000	\$72,721,000	\$23,964,000	\$245,255,000
Average Cost per Resident	\$310,094	\$427,616	\$401,773	\$288,723	\$364,421

Source: Department of Social and Health Services, 2020.

1. Average number of individuals per month at the facility in FY 2020.

2. Expenditures do not include centralized maintenance and operations.

3. Rainier School PAT A closed September 2019.

4. Yakima is not permitted to admit long-term residents per [RCW 71A.20.180 \(1\)\(b\)](#)

Special Commitment Center

The Special Commitment Center operates as part of the DSHS to provide intensive sex offender treatment to individuals who have been civilly committed. The Total Confinement facility serves as a 310-bed secure treatment facility located on McNeil Island, with an additional 29 temporary beds that can be made available to allow for emergency overflow. The SCC provides a specialized mental health treatment program for civilly-committed sex offenders who have completed their prison sentences and were found to meet the criteria of a sexually violent predator. Only sex offenders whom the court finds meet the legal definition of a “sexually violent predator” may be civilly committed to the SCC.

Secure Community Transition Facility

Under the U.S. Constitution, sex offenders who remain dangerous and who have served time cannot be detained unless they are receiving treatment. The DSHS, while under the federal district court

injunction, developed less restrictive alternative housing known as Secure Community Transition Facilities (SCTF) on McNeil Island and in Seattle. Only SCC residents who have successfully completed the required levels of treatment in the institutional program, and who receive DSHS' recommendation and court approval, are eligible for placement in a SCTF.

	Special Commitment Center	SCTF King County	SCTF Pierce County	<i>Total</i>
Number of Facilities	47	1	7	55
Gross Square Feet	341,566	15,560	13,040	370,166
Bed Capacity	310	12	24	346
FY 2020 Population*	181	5	16	202

Source: Department of Social and Health Services, 2020.

*Excludes FY 2020 Least Restrictive Alternative Average Population of 43.

Department of Children, Youth, and Families

Agency Description: The Department of Children, Youth, and Families (DCYF) was created in 2017 and administers early learning, child welfare, and juvenile rehabilitation (JR) programs. The primary Capital Budget program administered by the DCYF is the management of JR facilities.

Juvenile Rehabilitation provides care, custody, and treatment for individuals, between the ages of 10 and 25, who are committed to JR custody by a county juvenile court. The state owns and operates three secure residential treatment facilities and seven community facilities. Additionally, group care is provided by private contractors in residential community-based programs that operate out of leased facilities.

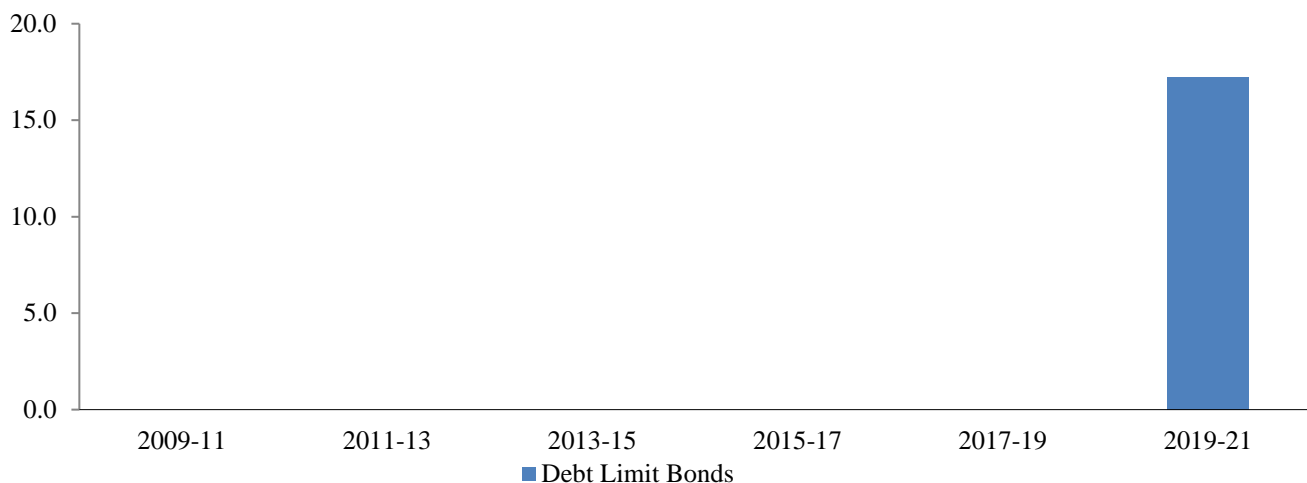
Prior to the establishment of DCYF, JR programs were administered by the DSHS. The maintenance and operation of facilities for youth committed by juvenile courts for criminal behavior was moved from DSHS to the DCYF in July of 2019 (Fiscal Year 2020). Please see the exhibit below for more detail about historical DSHS JR capital funding.

Facilities:

- Owned: 114 (636,220 sq. ft.)
 - 45 at Echo Glen Children's Center (Snoqualmie, 184,210 sq. ft.)
 - 18 at Green Hill School (Chehalis, 276,570 sq. ft.)
 - 36 at Naselle Youth Camp (Naselle, 125,510 sq. ft.)
 - 15 Community Facilities (Across the state, 49,940 sq. ft.)
- Leased: 41 (661,620 sq. ft.)

Department of Children, Youth, and Families Capital Budget Appropriations History

(Dollars in Millions)



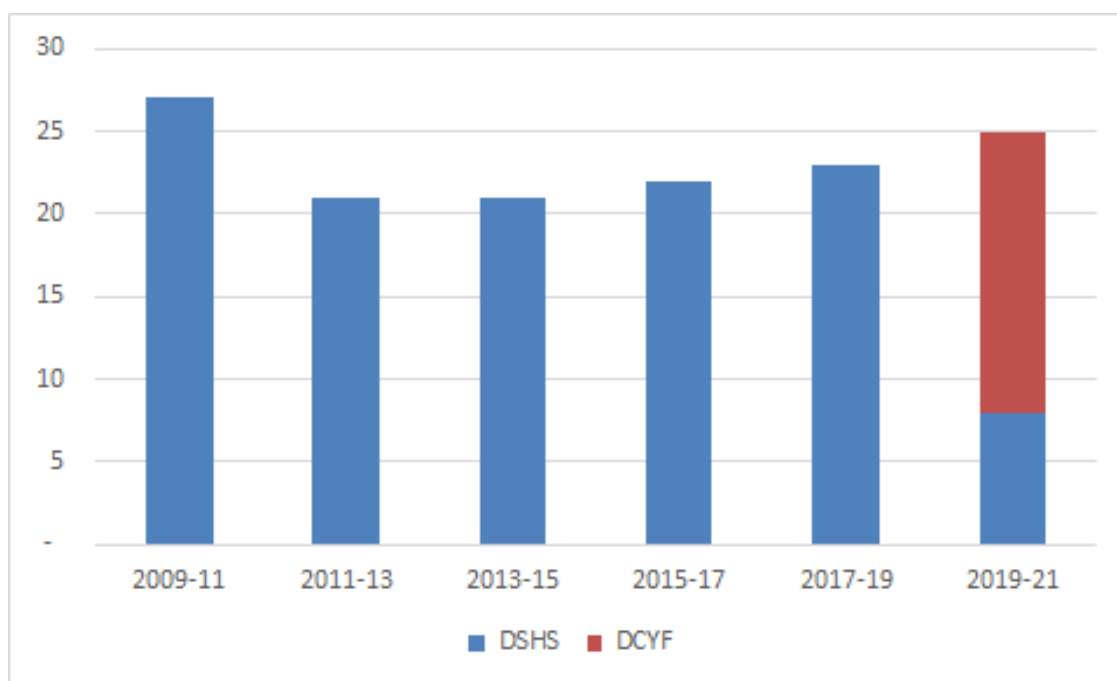
	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	0.0	0.0	0.0	0.0	0.0	17.2
Total	0.0	0.0	0.0	0.0	0.0	17.2

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Historical JR Capital Funding

Prior to July of 2019 (Fiscal Year 2020), the maintenance and operation of facilities for youth committed by juvenile courts for criminal behavior was managed by DSHS. The following graph illustrates historical capital funding for JR facilities, by agency.

Juvenile Rehabilitation – DSHS & DCYF Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
DSHS	26.6	21.3	20.7	21.6	23.0	8.0
DCYF	0.0	0.0	0.0	0.0	0.0	17.2
Total	26.6	21.3	20.7	21.6	23.0	25.2

Source: Legislative Evaluation and Accountability Program Committee & DSHS, December 2020.

DCYF JR Census:

Location	Echo Glenn	Green Hill	Naselle
Population	91	161	56
Funded Capacity	99	174	71
Total FTE, based on funded capacity	202	337	115
Annual Cost Per Resident	\$180,640	\$143,660	\$117,560

Source: Department of Children, Youth, and Families, 2020.

Notes: Population is as of 11/23/2020. The annual cost estimate is for FY 2020, does not include direct care services, and does include all fixed and variable operational costs to run the facilities based on funded capacity.

The JR secure residential and treatment facilities are:

- Echo Glen Children's Center located in Snoqualmie - a medium/maximum facility that serves younger male and older female individuals in JR custody.
- Green Hill School located in Chehalis - a medium/maximum security fenced facility that serves older male youth in JR custody.
- Naselle Youth Camp located in Naselle - a medium security facility that serves male and female individuals in JR custody.

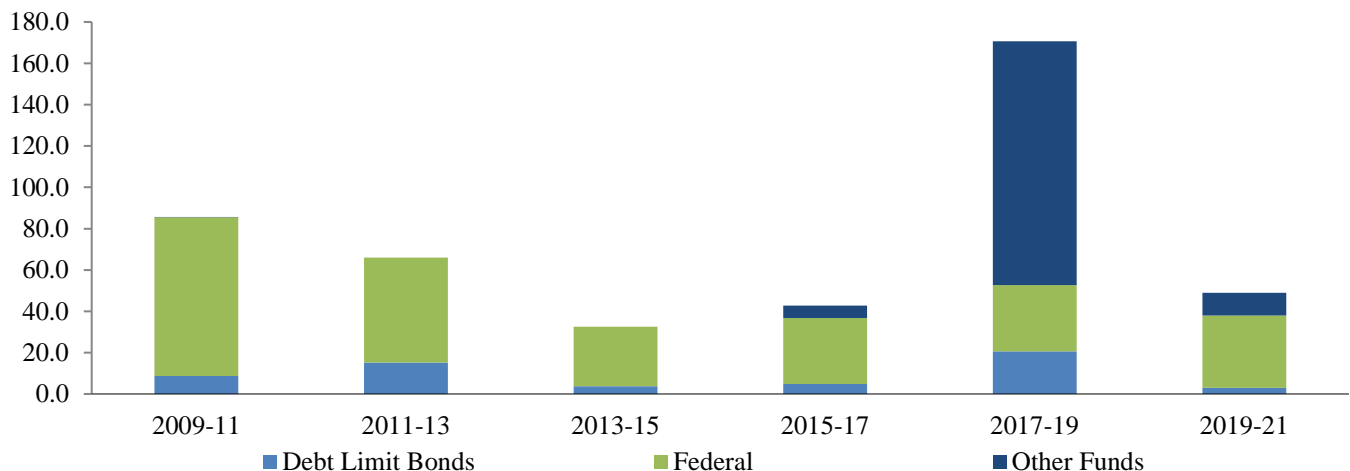
Department of Health

Agency Description: The Department of Health (DOH) was formed in 1989 to promote and protect public health, monitor health care costs, maintain standards for quality health care delivery, and plan activities related to the health of Washington citizens. The DOH operates the Washington State Public Health Lab located in Shoreline. The DOH also administers grant programs to improve drinking water systems, including grants funded with the Drinking Water State Revolving Fund (DWSRF) and the Drinking Water System Repairs and Consolidation grant program.

Facilities:

- Owned: 2 (81,800 sq. ft.)
 - Public Health Lab (Shoreline, 80,600 sq. ft.)
 - Hanford Modular (Hanford, 1,200 sq. ft.)
- Leased: 12 (399,600 sq. ft.)

Department of Health Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19*	2019-21
Debt Limit Bonds	8.8	15.2	3.8	4.8	20.6	3.0
Federal	76.8	50.7	28.8	32.0	32.0	35.0
Other Funds	0.1	0.0	0.0	6.0	118.0	11.0
Total	85.7	65.9	32.6	42.8	170.6	49.0

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

*Note: Historical data, prior to 2017-19, related to the Drinking Water State Revolving Fund is in the Department of Commerce.

Major Capital Programs Administered by DOH

Public Health Lab: Public Health Lab (PHL) is a state-owned facility located in Shoreline which provides diagnostic and analytical services for assessment and surveillance of infectious/communicable diseases, genetic conditions, and environmental health concerns. The DOH employs over 200 staff at the PHL, organized into three dedicated labs: Newborn Screening, Environmental Sciences, and Microbiology. The PHL is the only lab in Washington that identifies rare diseases including Hantavirus, Ebola, and MERS-CoV. The PHL is one of seven regional antibiotic resistance laboratories in the country. Additionally, it is the only lab in the state that analyzes clinical samples of statewide outbreaks of human illness, analyzes biotoxins and bacteria for shellfish contamination, soil and air samples for radiation events, and identifies agents suspected in terrorist events.

Grant Programs

- *Drinking Water State Revolving Fund (DWSRF) – Grant Programs*: The DWSRF is a federal/state financing partnership that provides low-interest loans to public water systems for capital improvements that increase public health protection and compliance with drinking water regulations. Starting in 2017-19, all DWSRF appropriations are in the DOH, previously some appropriations were in the Department of Commerce. “Public water systems” includes both municipal and privately-owned water systems. Funding for the DWSRF comes from an annual federal capitalization grant, loan repayments and interest, and state matching funds, generally from the Public Works Assistance Account or bonds. Grant programs funded with the DWSRF include the Drinking Water Assistance Program, Drinking Water Construction Loans, and Drinking Water Preconstruction Loans.
- *Drinking Water System Repairs and Consolidation*: These state matching funds are used to help consolidate small drinking water systems with larger, well-run utilities and fix failing water systems by bringing them into compliance with the Safe Drinking Water Act. The funding is targeted to publicly owned Group A and B water systems for the voluntary transfer of the water system. Historically, this grant program is funded with the State Building Construction Account.

Department of Labor & Industries

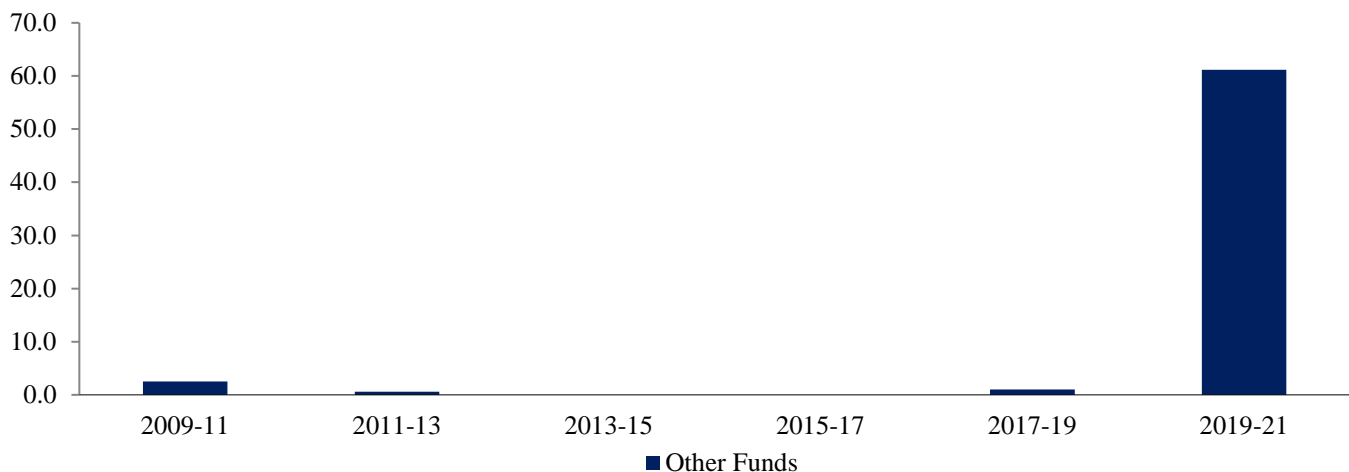
Agency Description: The Labor and Industries (L&I) is dedicated to the safety, health, and security of Washington's 3.3 million workers. The L&I:

- develops and enforces rules to protect workers from hazardous job conditions;
- oversees benefits to workers who are injured or become ill on the job;
- enforces child labor laws and other labor laws related to workers' wages, hours, and breaks;
- inspects electrical work, boilers, elevators, and manufactured homes;
- tests and licenses electricians, certifies plumbers, issues operating permits for amusement rides; and
- registers construction contractors.

Facilities:

- Owned: 4 on Central Office Campus (Tumwater, 415,450 sq. ft.)
- Leased: 20 (379,910 sq. ft.), including the Division of Occupational Safety and Health (DOSH) Laboratory (Olympia, 20,570 sq. ft.)

Department of Labor & Industries Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Other Funds	2.5	0.6	0.0	0.0	1.0	61.2
Total	2.5	0.6	0.0	0.0	1.0	61.2

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Dedicated Accounts

The capital projects for L&I have historically been funded by two dedicated accounts: the State Accident Account and State Medical Aid Account. Revenue for both accounts come primarily from business insurance fees assessed by the agency.

Recent Major Project: Modernize Lab and Training Facility (30000043)

- *Originally funded:* A total 2019-21 Capital Budget appropriation of \$53.2 Million from the State Accident Account and State Medical Aid Account.
- *Description:* Design and construction of a 53,000 SF laboratory and training facility for L&I and the Department of Agriculture (WSDA). The Labor & Industries programs include the DOSH Laboratory & Training Program. The WSDA programs include laboratories for Food Safety, Plant Protection, and Pest Program Entomology. Shared spaces in the building will include conference rooms, restrooms, lobbies, and office work areas. This project will replace the current leased lab when complete.
- *Status as of Fall 2020:* Schematic Design is complete. Construction planned during the 2021-23 biennium.

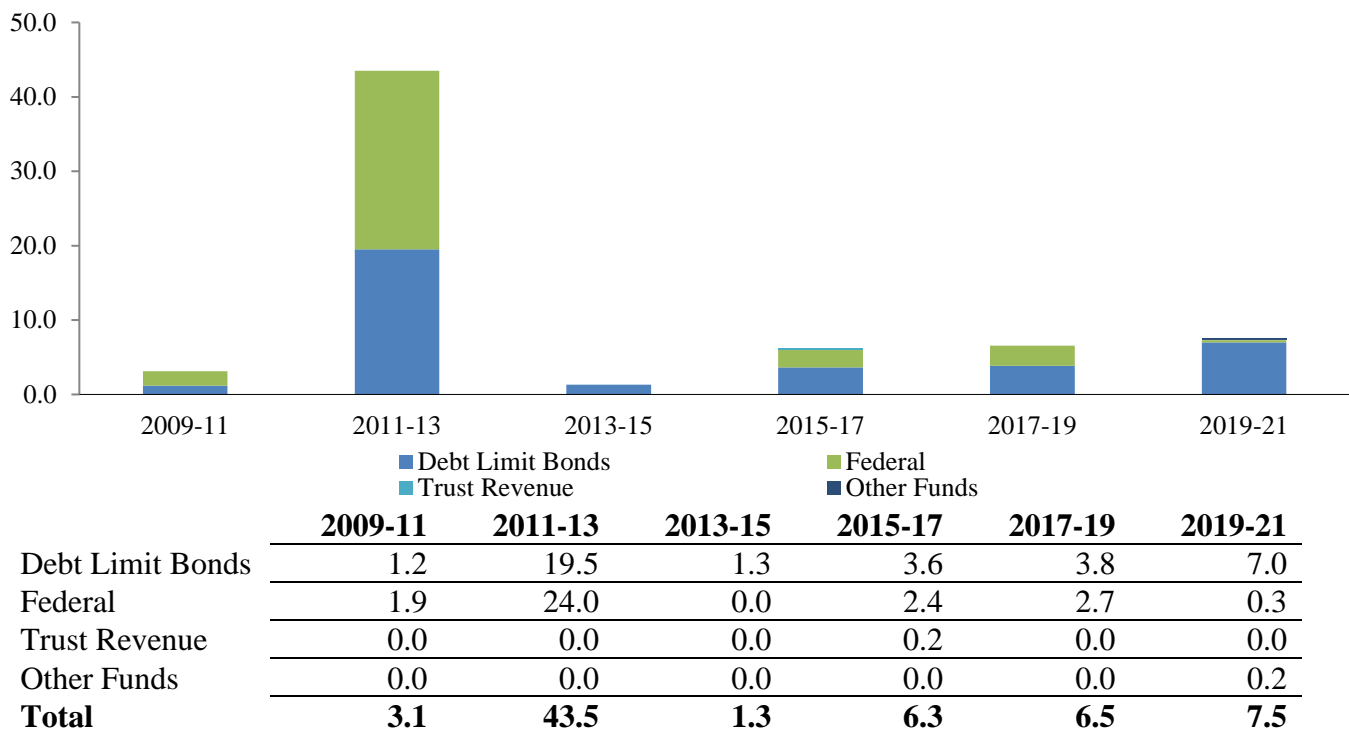
Department of Veterans Affairs

Agency Description: The Department of Veterans Affairs (DVA) provides services to veterans and their families, including medical care, assistance with claims for benefits, estate management, counseling, and financial assistance, and assists veterans with education, training and employment. The DVA operates four Veterans' Homes, facilities that provide eligible veterans and their spouses with nursing and adult day care services.

Facilities:

- **Owned:** 60 (614,100 sq. ft.)
 - Veterans' Homes
 - 28 at Washington Soldiers Home and Colony (Orting, 162,300 sq. ft.) - 183 bed facility
 - 21 at Washington Veterans Home (Retsil, 325,000 sq. ft.) - 240 bed facility
 - 2 at Spokane Veterans Home (Spokane, 42,500 sq. ft.) - 100 bed facility
 - 6 at Walla Walla Veterans Home (Walla Walla, 76,100 sq. ft.) - 80 bed facility
 - 3 at Washington State Veterans Cemetery (Medical Lake, 8,300 sq. ft.)
- **Leased:** 2 (27,400 sq. ft)

Department of Veterans Affairs Capital Budget Appropriations History (Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

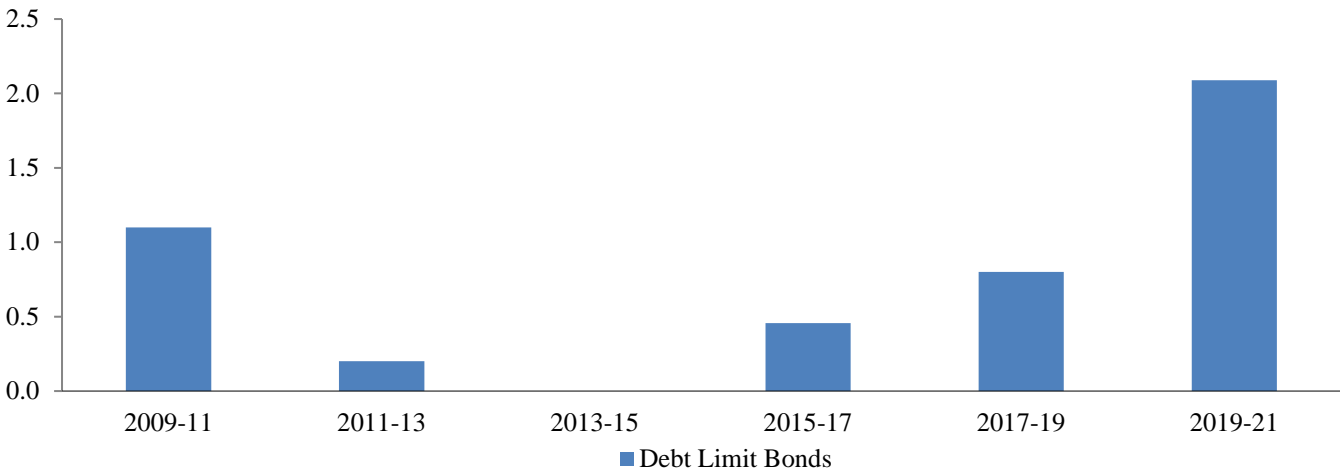
Criminal Justice Training Commission

Agency Description: The Washington State Criminal Justice Training Commission (WSCJTC) establishes standards and provides training for law enforcement, corrections, and other public safety professionals in Washington State. The WSCJTC Criminal Justice Training Center is located in Burien.

Facilities:

- Owned: 8 at the Criminal Justice Training Center (Burien, 160,000 sq. ft.)
- Leased: 1 at the Agency Headquarters (Lacey, 270 sq. ft.)

**Criminal Justice Training Commission
Capital Budget Appropriations History**
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	1.1	0.2	0.0	0.5	0.8	2.1
Total	1.1	0.2	0.0	0.5	0.8	2.1

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

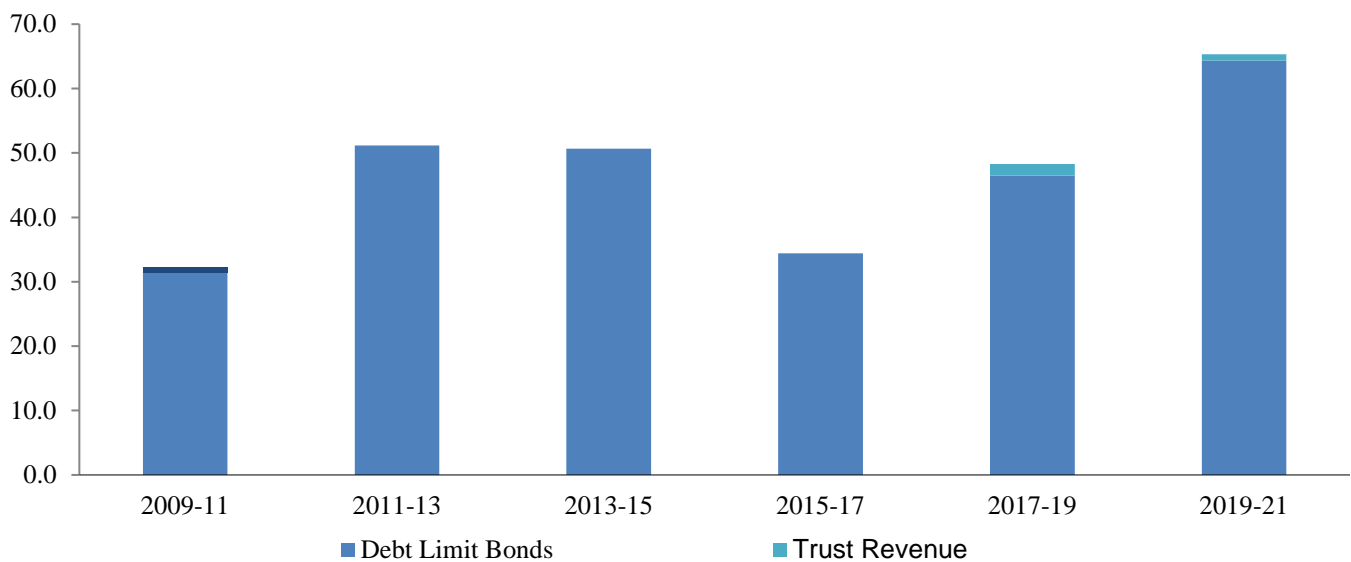
Department of Corrections

Agency Description: The Department of Corrections (DOC) is responsible for the incarceration of individuals with felony sentences of more than 12 months, and community oversight for certain individuals with felony and gross misdemeanor sentences in Washington State Superior Courts. The DOC manages and maintains 12 state correctional institutions, including 8 mixed-custody and 4 minimum security institutions. These institutions and 12 work release facilities serve as the primary resource for incarcerating and rehabilitating individuals entering the DOC correctional system.

Facilities:

- Owned: 813 (8.5 million sq. ft.)
 - Prison Facilities (8.3 million sq. ft.)
 - 7 Work Release Locations (225,500 sq. ft.)
- Leased: 67 (541,000 sq. ft.)

Department of Corrections
Capital Budget Appropriations History
 (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	31.5	51.2	50.7	34.4	46.5	64.3
Trust Revenue	0.0	0.0	0.0	0.0	1.8	1.0
Other Funds	0.8	0.0	0.0	0.0	0.0	0.0
Total	32.3	51.2	50.7	34.4	48.3	65.3

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Major Capital Programs Administered by DOC

Prison Facilities

All buildings at prison facilities are owned by the state. The facilities are designated by custody and security levels.

- *Custody Levels* at DOC are designated by a point valuation through the classification process and reflects the degree of supervision under which an individual is monitored.
- *Facility security level* designation refers to the security level requirements that apply to living units, facility perimeter, and movement controls within the facility. Living units with different custody levels may exist within the same perimeter, however, no living unit may be used for custody level higher than the facility's perimeter. Security level designations are:
 - Security Level 5 – Maximum Custody
 - Security Level 4 – Close Custody
 - Security Level 3 – Medium Custody
 - Security Level 2 – Minimum Custody
 - Security Level 1 – Community Based, Partial Confinement

The prison facilities are as follows:

Airway Heights Corrections Center (AHCC) <ul style="list-style-type: none"> • Location: Airway Heights, Spokane County • Custody Level: Medium and Long-Term Minimum • Year Opened: 1992 • Facility Square Footage: 572,203 • Buildings: 36 	Cedar Creek Corrections Center (CCCC) <ul style="list-style-type: none"> • Location: Littlerock, Thurston County • Custody Level: Minimum • Year Opened: 1954 • Facility Square Footage: 166,671 • Buildings: 60
Clallam Bay Corrections Center (CBCC) <ul style="list-style-type: none"> • Location: Clallam Bay, Clallam County • Custody Level: Medium, Close, Maximum • Year Opened: 1985 • Facility Square Footage: 391,894 • Buildings: 21 	Coyote Ridge Corrections Center (CRCC) <ul style="list-style-type: none"> • Location: Connell, Franklin County • Custody Level: Minimum, Medium and Long-Term Minimum • Year Opened: Minimum Security – 1992 and Medium Security – 2009 • Facility Square Footage: 743,645 • Buildings: 53
Larch Corrections Center (LCC) <ul style="list-style-type: none"> • Location: Yacolt, Clark County • Custody Level: Minimum • Year Opened: 1956 • Facility Square Footage: 198,825 • Buildings: 32 	Mission Creek Corrections Center for Women (MCCCW) <ul style="list-style-type: none"> • Location: Belfair, Mason County • Custody Level: Minimum • Year Opened: 2005 • Facility Square Footage: 90,555 • Buildings: 11

Monroe Correctional Complex (MCC) <ul style="list-style-type: none"> • Location: Monroe, Snohomish County • Custody Level: Maximum, Close, Medium, and Minimum • Year Opened: 1910 • Facility Square Footage: 1,367,525 • Buildings: 106 	Olympic Corrections Center (OCC) <ul style="list-style-type: none"> • Location: Forks, Jefferson County • Custody Level: Minimum • Year Opened: 1968 • Facility Square Footage: 159,758 • Buildings: 58
Stafford Creek Corrections Center (SCCC) <ul style="list-style-type: none"> • Location: Aberdeen, Grays Harbor County • Custody Level: Minimum, Medium, and Maximum • Year Opened: 2000 • Facility Square Footage: 717,058 • Buildings: 39 	Washington Corrections Center (WCC) <ul style="list-style-type: none"> • Location: Shelton, Mason County • Custody Level: Medium, Close, and Maximum • Year Opened: 1964 • Facility Square Footage: 690,528 • Buildings: 59
Washington Corrections Center for Women (WCCW) <ul style="list-style-type: none"> • Location: Gig Harbor, Pierce County • Custody Level: Minimum, Medium, and Close • Year Opened: 1971 • Facility Square Footage: 364,491 • Buildings: 33 	Washington State Penitentiary (WSP) <ul style="list-style-type: none"> • Location: Walla Walla, Walla Walla County • Custody Level: Close, Medium, and Minimum • Year Opened: 1886 • Facility Square Footage: 1,499,348 • Buildings: 104

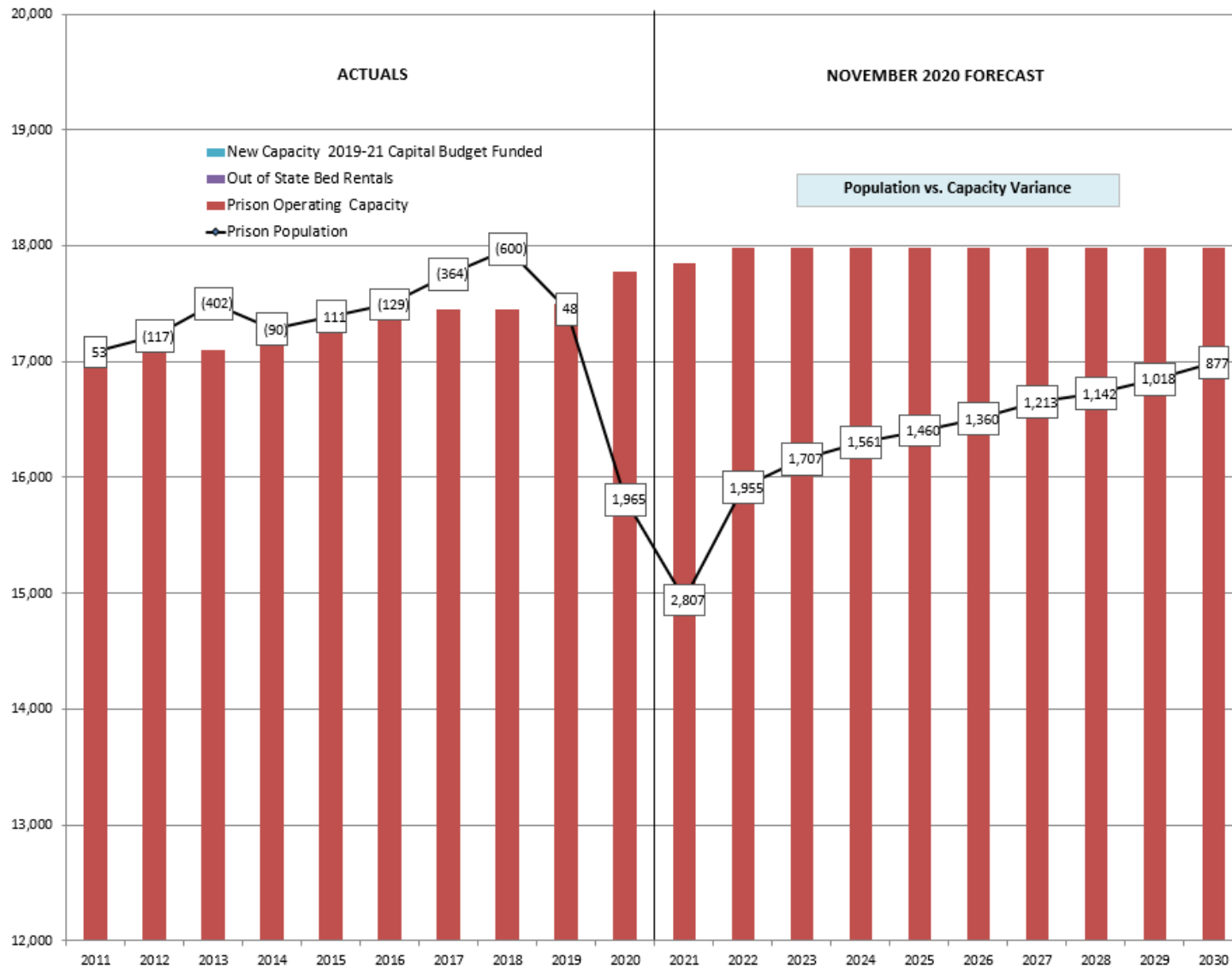
Work Release Facilities

The DOC operates 12 work release facilities that provide individuals the opportunity to assimilate back into the community with employment and an approved residence. These facilities are either leased, owned by the state, or the facility is contracted by the DOC from a third-party provider.

Ahtanum View Work Release (AVWR) <ul style="list-style-type: none"> • Location: Yakima • DOC Owned Facility • Population: Males and females 	Bellingham Work Release (BWR) <ul style="list-style-type: none"> • Location: Bellingham • DOC Contracted Facility • Population: Males and females
Bishop Lewis Work Release (BLWR) <ul style="list-style-type: none"> • Location: Seattle • DOC Leased Facility • Population: Males 	Brownstone Work Release (BSWR) <ul style="list-style-type: none"> • Location: Spokane • DOC Owned Facility • Population: Males
Eleanor Chase Work Release (ECWR) <ul style="list-style-type: none"> • Location: Spokane • DOC Owned Facility • Population: Females 	Helen B. Ratcliff Work Release (HRWR) <ul style="list-style-type: none"> • Location: Seattle • DOC Leased Facility • Population: Females

Longview Work Release (LWR) <ul style="list-style-type: none"> • Location: Longview • DOC Owned Facility • Population: Males and females 	Olympia Work Release (OWR) <ul style="list-style-type: none"> • Location: Olympia • DOC Owned Facility • Population: Males and females
Peninsula Work Release (PWR) <ul style="list-style-type: none"> • Location: Port Orchard • DOC Owned Facility • Population: Males and females 	Progress House Work Release (PHWR) <ul style="list-style-type: none"> • Location: Tacoma • DOC Contracted Facility • Population: Males and females
Reynolds Work Release (RWR) <ul style="list-style-type: none"> • Location: Seattle • DOC Leased Facility • Population: Males 	Tri-Cities Work Release (TCWR) <ul style="list-style-type: none"> • Location: Kennewick • DOC Owned Facility • Population: Males and females

Department of Corrections Inmate Population Forecast



Source: Department of Corrections, 2020.

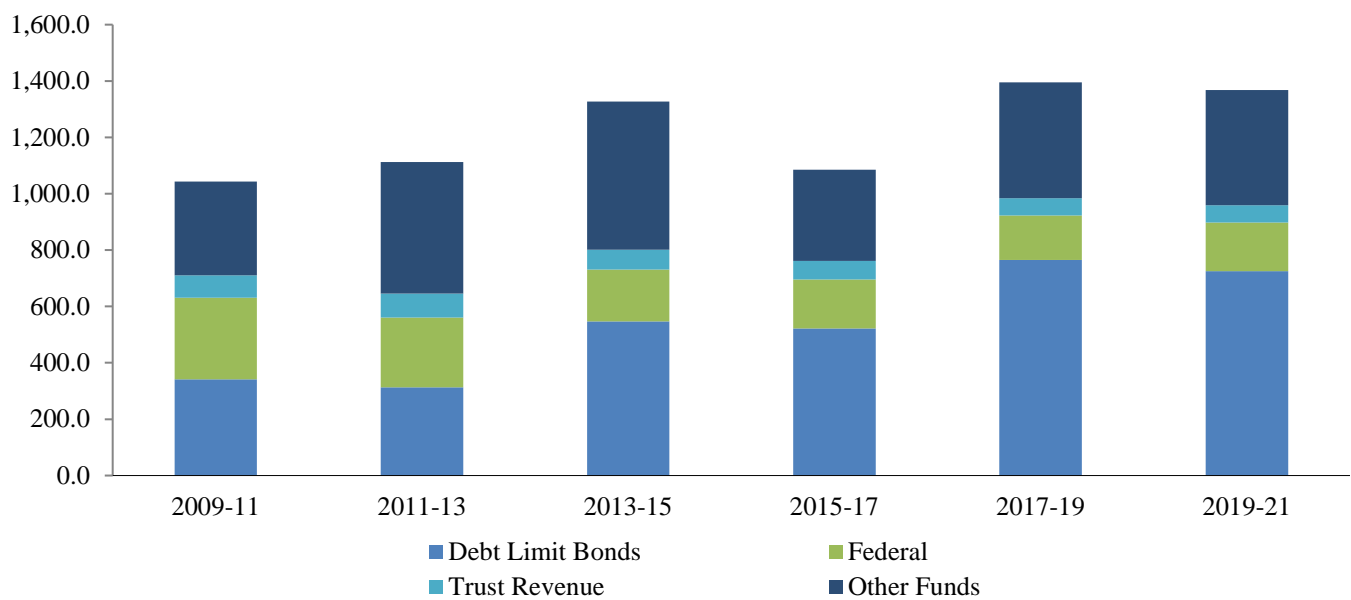
Note: Population data in Fiscal Years 2021 through 2030 is taken directly from November 2020 Caseload Forecast Council Forecast and subject to changes related to COVID-19 impacts and pending sentencing policy proposals.

Natural Resources

Overview of Natural Resources

The Natural Resources functional area of the capital budget includes those agencies responsible for: (1) supporting environmental quality, conservation, and outdoor recreational opportunities; and (2) managing state lands and waters for resource production and habitat protection. Examples of activities funded in the Natural Resources functional area include forest road repairs, forest hazard reduction, storm water improvements, water supply development, recreational trail construction, state hatchery rehabilitation, habitat conservation and restoration, flood hazard risk reduction, farmland preservation, and salmon recovery.

Natural Resources
Capital Budget Appropriations by Fund Source
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Department of Ecology

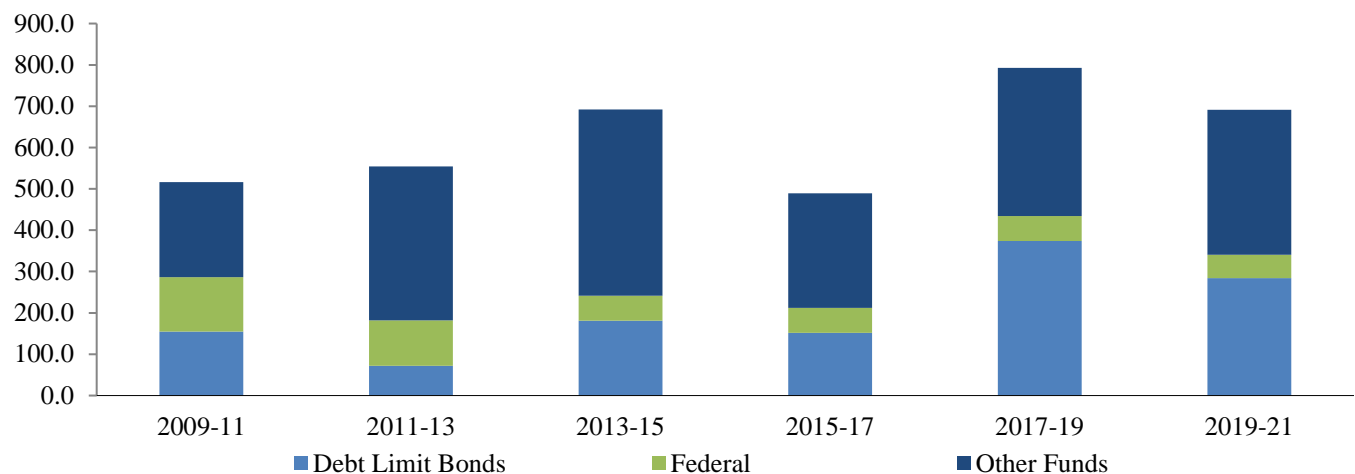
Agency Description: Established in 1970, the stated mission of the Department of Ecology (ECY) is “to protect, preserve and enhance Washington’s environment for current and future generations.” The ECY receives state and federal capital funding to improve water quality; clean up and prevent toxic sites; address air toxics and public health issues; and protect, restore, or expand Ecology-owned facilities.

Most Capital Budget funds appropriated to ECY are "passed through" to local governments and community partners through grants, loans, and direct contracts to perform environmental work. About 65 percent of the ECY appropriation in the 2019-21 was passed through to local communities.

Facilities:

- Owned: 10 (400,150 sq. ft.)
 - 6 at Padilla Bay Watershed (Mount Vernon, 26,677 sq. ft.)
 - Headquarters Building (Lacey, 323,000 sq. ft.)
 - Eastern Regional Office (Spokane, 42,610 sq. ft.)
 - Zosel Dam (Oroville, 5,280 sq. ft.)
- Leased: 24 (160,940 sq. ft.)

Department of Ecology
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	154.5	72.0	181.3	152.0	374.1	284.5
Federal	131.5	110.0	60.4	60.0	60.0	56.5
Other Funds	230.4	372.2	450.5	277.5	358.3	350.5
Total	516.4	554.3	692.3	489.5	792.4	691.4

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Model Toxics Control Act Accounts

The Hazardous Substance Tax (HST) is the largest dedicated funding source used by ECY in the capital budget. The HST is assessed on the first possession of hazardous substances in Washington including petroleum products, certain pesticides, and certain chemicals. The HST is deposited into the Model Toxics Control Act (MTCA) accounts.

The 2019 Legislature passed Engrossed Substitute Senate Bill (ESSB) 5993, reforming the structure of the MTCA accounts by replacing the three previous accounts with three new accounts and changing the HST structure for liquid petroleum products from a value-based tax to a volume-based tax.

The allowable uses of the three new accounts are generally similar to the uses of the previous accounts, but are restructured into an operating-only account, a capital-only account, and a stormwater account that can be used by both the operating and capital budgets. The HST revenue is distributed among accounts as follows:

- Each biennium, the first \$50 million goes to the Motor Vehicle Fund for use in the transportation budget for stormwater purposes. This distribution ends if a transportation revenue package of at least \$2 billion per biennium is passed.
- Remaining HST revenue is distributed to three accounts as follows:
 - 60 percent to the MTCA Operating Account (for operating purposes, only)
 - 25 percent to the MTCA Capital Account (for capital purposes, only); and
 - 15 percent to the MTCA Stormwater Account (for operating or capital purposes).

The MTCA was established by voters with the approval of Initiative 97 in 1988 with a purpose "to raise sufficient funds to clean up all hazardous waste sites and to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters." The Legislature appropriates funds from the MTCA accounts for several capital projects and grant programs in the following programs: Hazardous Waste & Toxics Reduction, Solid Waste Management, Toxic Cleanup, and Water Quality.

Major Capital Programs Administered by the Department of Ecology

The work of ECY is divided into programs. The following is a brief description of the major capital issues within each agency program that received funding in the 2019-21 Capital Budget.

Waste Clean Up and Reduction

Air Quality

Program Mission: To enhance and protect air quality in Washington State.

Major Capital Issues:

Clean Diesel Grants support diesel engine retrofits and replacements, installment of idle reduction technologies, and other diesel emissions reduction projects. 2019-21 Capital Budget appropriation, Air Pollution Control Account - State: \$1 million.

Woodsmoke Reduction Grants support installation of cleaner home-heating alternatives in homes that use uncertified wood stoves as their primary source of heat and buyback programs for uncertified wood stoves. 2019-21 Capital Budget appropriation, Air Pollution Control Account - State: \$2.5 million.

Washington Volkswagen (VW) Beneficiary Mitigation Plan: Washington received \$141 million from VW to settle violations of the state and federal Clean Air Acts. The funds are managed by a private trust and are fully obligated as of Fall 2020. Grants follow the Washington VW Beneficiary Mitigation Plan to reduce Nitrogen Oxide emissions in disproportionately impacted communities, achieve public health and other air quality outcomes, and promote electric transportation technologies. 2019-21 Capital Budget expenditure authority, General Fund - Private/Local: \$50.1 million.

Hazardous Waste & Toxics Reduction Program

Program Mission: To protect Washington's residents and environment by reducing toxic chemicals, safely managing dangerous waste, preventing new contaminated sites, and cleaning up contamination.

Major Capital Issues:

Chemical Action Plans (CAPs) identify uses, releases, and sources of exposure to persistent, bioaccumulative, and toxic chemicals, and recommend steps to reduce and eliminate future releases and remove and replace toxic chemicals and heavy metals in select consumer and commercial products or technologies before they enter the environment. 2019-21 Capital Budget appropriation, MTCA - Capital: \$3.7 million.

Mercury Switch Removal program supports the work of auto recyclers and scrap processors participating in the program. 2019-21 Capital Budget appropriation, MTCA - Capital: \$250,000.

Nuclear Waste Program

Program Mission: To lead the cleanup of the U.S. Department of Energy's Hanford Site, ensure sound management of mixed hazardous wastes, and protect the state's air, water, and land at and adjacent to the Hanford Site.

Major Capital Issues: Investigation, closure, and decommissioning of the Hanford low-level radioactive waste disposal facility. Total 2019-21 Capital Budget appropriation, Site Closure Account: \$8.5 million.

Solid Waste Management Program

Program Mission: To reduce waste through prevention and reuse; keep toxics out of the environment; and safely manage what remains.

Major Capital Issues:

The Lilyblad site cleanup project is addressing hazardous substances that were released in soil, located at the Port of Tacoma. 2019-21 Capital Budget appropriation, MTCA - Capital: \$2.5 million.

Waste tire pile cleanup and prevention, enforcement and education on tire storage hauling regulations. 2019-21 Capital Budget appropriation, Waste Tire Removal Account - State: \$1 million.

Toxic Cleanup Program

Program Mission: To protect human health and the environment by preventing, reducing, or eliminating exposure to contamination.

Major Capital Issues:

Remedial Action Grants (RAG) are the primary state financial tool to assist eligible local governments clean up publicly owned lands contaminated with hazardous substances. Cleaning up contaminated property is often integrated with economic development, habitat restoration, and public recreation projects. The ECY submits a RAG project list, prioritized “worst first,” for legislative approval in the capital budget. The state grants cover 50 to 75 percent of individual project costs. 2019-21 + 2020 Supplemental Capital Budget appropriation, MTCA - Capital: \$82.7 million

Puget Sound Clean Sites Initiative is the clean-up of contaminated sites within one-half mile of Puget Sound that are either abandoned or where the potentially liable party (land user, facility operator or property owner) is unwilling or unable to pay costs associated with the cleanup activities. Funds are also used to advance emergent clean up needs of sites adjacent to critical and sensitive habitats. Clean up work is handled by direct state action, through contributions from potentially liable parties, and under interagency agreements with local governments, resource agencies, and tribes. 2019-21 Capital Budget appropriation, MTCA - Capital: \$12.8 million.

Eastern Washington Clean Sites Initiative are remediation activities on contaminated sites, including cleanup work related to metals contamination, leaking underground storage tanks, landfills, salvage yards, and wood treatment facilities in Central and Eastern Washington. Projects include site investigations to confirm soil and groundwater contamination, development of action plans, removal of

the contamination source, and groundwater monitoring. 2019-21 Capital Budget appropriation, MTCA - Capital: \$12.1 million.

Water Quality, Management, and Supply

Shorelines & Environmental Assistance Program

Program Mission: To create community conservation partnerships to protect and restore state shorelines, wetlands, and floodplains.

Major Capital Issues:

Office of Chehalis Basin : In December 2007, a series of storms caused flood damage in southwest Washington. On December 8, 2007, the President declared a major disaster in Grays Harbor, Kitsap, Lewis, Mason, Pacific, and Thurston Counties. Federal funding assistance was made available following this declaration and the next year, the Legislature authorized \$50 million in state general obligation bonds for projects throughout the Chehalis River Basin. In 2016, Legislation was enacted that established the **Office of Chehalis Basin** within the ECY with the primary purpose of pursuing implementation of an integrated strategy and administering funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin. In the 2019-21 & 2020 Supplemental Capital Budgets, \$73.9 million in state bonds was appropriated to the Chehalis Basin Strategy.

Floodplains by Design: The ECY is the state coordinating agency for floodplain management. Among other responsibilities, ECY assists local governments with flood management planning and flood hazard reduction projects. Floodplains by Design (FbD) is a public-private partnership that works to coordinate investments and efforts to both manage flood risk and improve ecological functions of floodplains. The competitive grant program funds multi-benefit floodplain restoration and hazard reduction projects in the Puget Sound Basin. In the 2019-21 Capital Budget, \$50.4 million in state bonds was appropriated for the FbD grant program.

Water Quality Program

Program Mission: To protect and restore Washington's waters to sustain healthy watersheds and communities. To support beneficial uses of water, including recreational and business activities, supplies for clean drinking water, and the protection of fish, shellfish, wildlife, and public health.

Major Capital Issues:

Water Quality Grants and Loans

To assist local governments and tribes in improving and protecting water quality, the ECY administers three capital grant and loan programs under an annual funding cycle:

1. The federal Water Pollution Control Revolving Loan Fund;
2. The state's Centennial Clean Water Program; and
3. the Stormwater Financial Assistance Program.

The ECY uses a combined application and conducts an annual competitive round, evaluates and ranks applications, and produces a draft list of projects which is finalized once the Legislature determines the appropriation levels. Communities often combine these funding sources with the Public Works Assistance Account, Community Development Block Grant, or the United States Department of Agriculture Rural Development programs in order to fully fund large-scale projects.

- **Water Pollution Control Revolving Loan Program:** Known also as the State Revolving Fund (SRF), the Water Pollution Control Revolving Loan Fund provides low-interest loan programs to local governments, special purpose districts, and recognized tribes to finance water quality facilities and activities. Loans can be used to plan, design, acquire, construct, and improve water pollution control facilities, such as wastewater or storm water treatment facilities for related non-point sources activities to meet state and federal water pollution control requirements. The SRF is funded through annual capitalization grants from the Environmental Protection Agency, 20 percent state match, principal and interest payments, and interest earnings on State Treasurer investments. In the 2019-21 Capital Budget, \$160 million from the SRF (of that amount, \$12 million was state match) and \$56 million in federal funds were appropriated to this loan fund.
- **Centennial Clean Water Program:** Initiated in 1986 (RCW 70.146), the Centennial Clean Water Program provides grants to public entities that use funds to address high-priority statewide water quality needs including for wastewater treatment, nonpoint source pollution control, watershed and estuary management projects that achieve specific environmental and public health benefits. In 2019-21 Capital Budget, \$30 million in state bonds was appropriated for the construction of water pollution control facilities, and planning and implementing nonpoint pollution control activities.
- **Stormwater Financial Assistance Program:** In 2013, the Legislature directed the ECY to develop an ongoing, comprehensive, statewide Stormwater Financial Assistance Program. The ECY program provides grants, on a competitive basis, to local governments for stormwater retrofit projects that treat polluted stormwater in priority areas through the state to reduce toxics and other pollution in waterways and protect marine waters, estuaries, lakes, rivers, and groundwater resources through the state. In the 2019-21 Capital Budget and the 2020 Supplemental, \$49 million from the MTCA Stormwater Account was appropriated to this program.

Water Resources Program

Program Mission: To manage water resources to meet the needs of people and the natural environment in partnership with Washington Communities.

Major Capital Issues:

Columbia River Basin Water Supply: In 2006, the Legislature appropriated \$200 million to ECY to implement Chapter 90.90 RCW, Columbia River Basin Water Supply Program. The statute directs ECY to “aggressively pursue the development of water supplies to benefit both instream and out-of-stream uses” through storage, conservation, and other actions, to meet the economic and community development needs of people and the ensure the in-stream flow needs of fish in the Columbia River Basin. Significant projects to date include the Lake Roosevelt incremental storage releases, Sullivan Lake water supply, and the Odessa sub-area groundwater replacement projects. In the 2019-21 Capital Budget, \$40 million in state bonds was appropriated to continue implementing the Columbia River Water Supply Development Program.

Yakima Basin Integrated Plan: In 2013, the Legislature authorized ECY to implement the Yakima River Basin Integrated Water Resource Management Plan (Integrated Plan) (RCW 90.38.060). Through a coordinated effort of affected federal, state, and local agencies and their resources, the ECY develops water supply solutions that provide concurrent benefits to both instream and out-of-stream uses, and to address a variety of water resource and ecosystem problems affecting fish passage, habitat functions, and agricultural, municipal, and domestic water supply in the Yakima River Basin. The Integrated Plan includes seven elements: fish passage, structural and operational changes, surface water storage, groundwater storage, habitat protection and enhancement, enhanced water conservation, and market-based water reallocation. The Integrated Plan includes a list of proposed actions estimated to cost approximately \$4 billion to complete over a period of up to 30 years. In the 2019-21 Capital Budget, \$40 million in state bonds was appropriated to continue implementation of the Yakima River Basin water supply project.

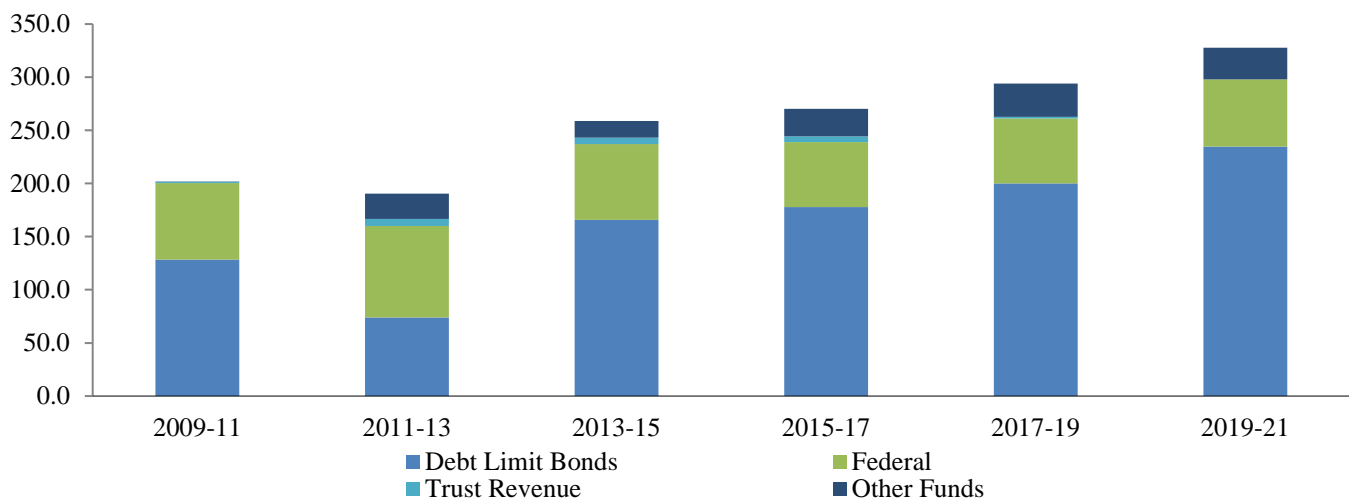
Recreation and Conservation Office

Agency Description: The Recreation and Conservation Office (RCO) manages grant programs that create outdoor recreation opportunities, protect wildlife habitat, conserve working farms and forests, restore and develop state lands, assist salmon recovery, and coordinate the state's response to invasive species. The RCO supports the Recreation and Conservation Funding Board, the Salmon Recovery Funding Board, the Invasive Species Council, the Governor's Salmon Recovery Office, and the Habitat and Recreation Lands Coordinating Group.

Facilities: RCO is housed in the Natural Resources Building on the Capitol Campus in Olympia, which is owned and managed by the Department of Enterprise Services.

Major Capital Grant and Loan Programs: Several of the larger programs include: the Washington Wildlife and Recreation Program (WWRP), the Brian Abbott Fish Passage Barrier Removal Board grants, the Boating Facilities Program, Non-highway and Off-road Vehicle Activities (NOVA) grants, general salmon recovery grants, the Puget Sound Acquisition and Restoration grants, and Youth Athletic Facilities (YAF) grants.

**Recreation and Conservation Office
Capital Budget Appropriations History**
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	128.5	74.0	165.8	177.8	200.1	234.7
Federal	72.0	86.1	71.2	61.2	61.2	63.2
Trust Revenue	1.0	6.5	6.0	5.3	1.6	0.0
Other Funds	0.5	23.9	15.7	26.0	31.2	30.0
Total	202.0	190.5	258.7	270.2	294.0	327.9

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Major Capital Programs Administered by RCO

According to the RCO, more than \$2.7 billion in grants have been awarded to more than 9,400 projects since its founding in 1964. Fund sources backing the grants have included dedicated state fees and taxes, debt limit bonds, and federal funds.

Washington Wildlife and Recreation Program

The goals of Washington Wildlife and Recreation Program (WWRP), as expressed in RCW 79.15A, are “to acquire as soon as possible the most significant lands for wildlife conservation and outdoor recreation purposes before they are converted to other uses, and to develop existing public recreational land and facilities to meet the needs of present and future generations.”

The RCO manages a biennial WWRP competitive grant process open to local governments, special purpose districts, salmon recovery lead entities, state agencies, tribes, and nonprofit organizations. Grant recipients, except state agencies, must provide at least 50 percent matching resources. Applications are reviewed by RCO staff and evaluated and ranked by citizen evaluation committees made up of recreation and conservation experts. The ranked lists are considered by the Recreation and Conservation Funding Board, which then submits prioritized project lists to the Governor and Legislature for approval.

Before July 2016, the WWRP statute prescribed how the capital budget appropriation was to be allocated among four accounts with a somewhat complex formula. In 2016, legislation was enacted to simplify the formula and account structure, as well as change some of WWRP eligibility and application processes. The revisions were based on recommendations made by the RCO to the Legislature in 2015. Moneys appropriated to WWRP are allocated among three accounts:

ACCOUNT	
Habitat Conservation	45%
Outdoor Recreation	45%
Farm and Forest	10%

The allocation percentages for 11 project categories are shown below:



**Amounts in excess of \$3 million will be used to supplement the Riparian Habitat Category.*

***Amounts in excess of \$3 million will be used to supplement the Water Access Category.*

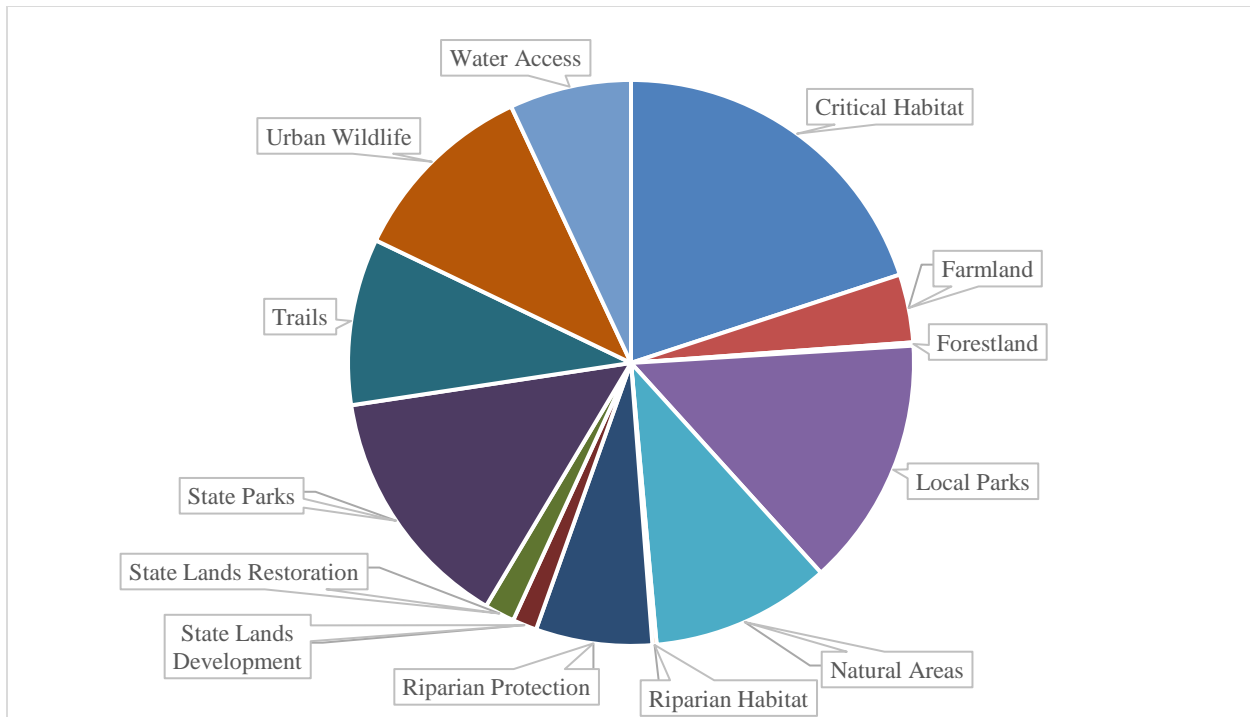
Source: Office of Program Research, October 2020.

Washington Wildlife and Recreation Program grants are supported by legislative appropriations of general obligation bonds. In the past five biennia, capital budget appropriations for WWRP have ranged from \$42 million to the \$85 million most recently appropriated in the 2019-21 Capital Budget.

Washington Wildlife and Recreation Program

Percent of \$930 Million

1990-2020



Source: RCO, September 2020.

Salmon Recovery

Salmon Recovery programs provide state and federal funding as grants for projects that protect or restore salmon habitat, and for monitoring, feasibility assessment, and related activities. Seven state programs, administered through the Salmon Recovery Funding Board and the RCO, are included under the Salmon Recovery umbrella (2019-21 appropriations listed parenthetically):

- Salmon Recovery Funding Board grants (\$75.0 million);
- Estuary and Salmon Restoration Program grants (10.0 million);
- Brian Abbot Fish Barrier Removal Board grants (\$26.5 million);
- Washington Coastal Restoration and Resiliency Initiative grants (\$12.1 million);
- Chehalis Basin Program salmon recovery and aquatic habitats grants (\$26 million);
- Family Forest Fish Passage Program grants (\$5.0 million); and
- Puget Sound Acquisition and Restoration grants (\$49.5 million).

Local and tribal governments, nonprofits, state agencies, conservation districts, private landowners (in limited cases), and regional fisheries enhancement groups are eligible for grants and must provide at least 15 percent in matching cash or in-kind contributions. About 34 percent of the funding is allocated

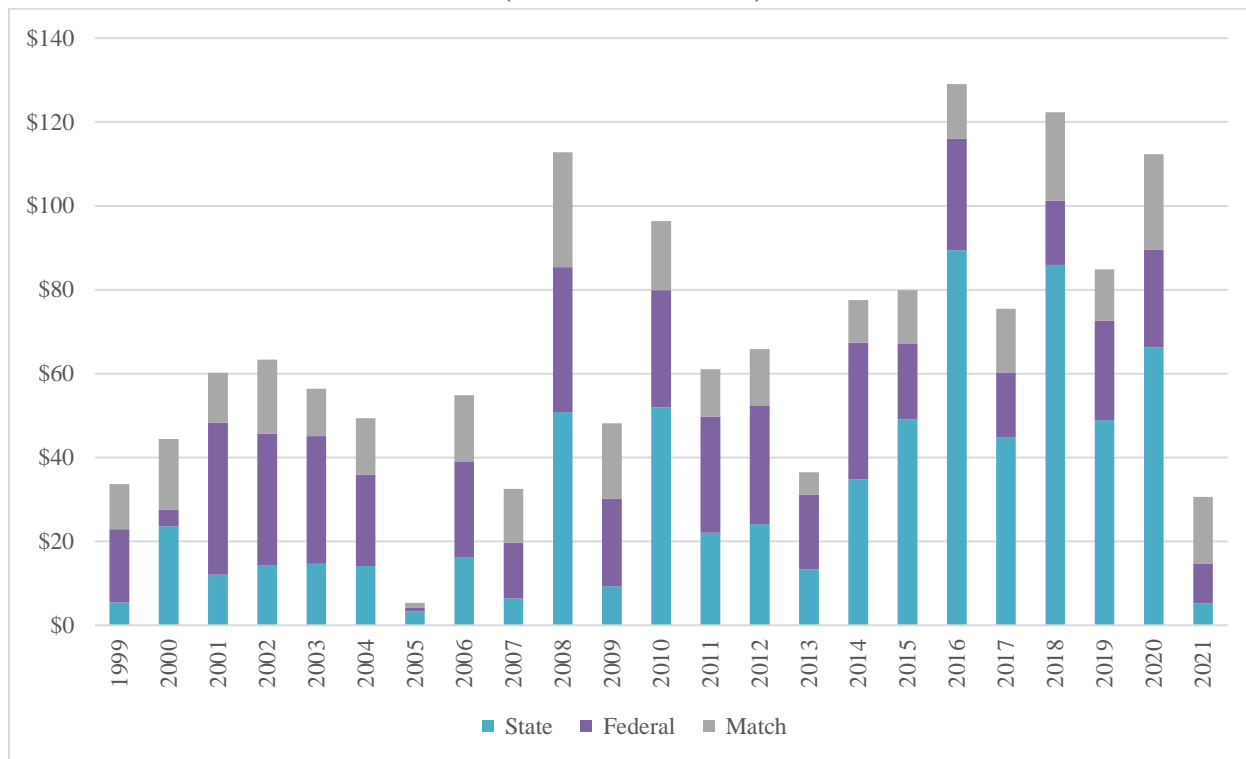
to projects in Puget Sound, 6 percent for Hood Canal, 10 percent for the Washington coast, and 50 percent to projects in the Columbia and the Snake Rivers and northeast Washington.

Between fiscal years 1999 and 2021, \$1.2 billion has been allocated to salmon recovery projects from state and federal appropriations. An additional \$326 million from local resources have been contributed as match.

The following chart displays salmon recovery funding by source, from fiscal years 1999 through 2021. It accounts for state, federal, and local matching funds, including the small amount of funds which have been authorized but not yet obligated. It does not account for future appropriations that may be allocated to future fiscal years.

Salmon Recovery Funding by Funding Source

Fiscal Years 1999-2021
(Dollars in Millions)



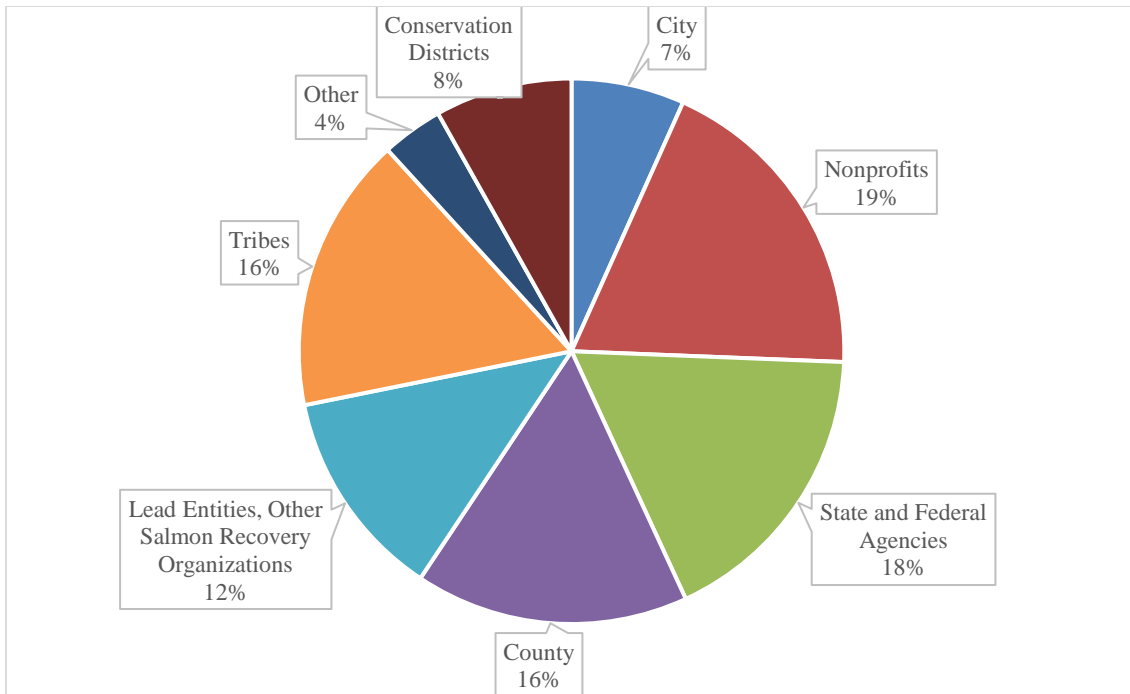
Source: RCO, September 2020.

The following pie charts display the distribution of salmon recovery grants from fiscal years 1999 to 2021, in terms of recipients and purposes, through the 2020 Supplemental Capital Budget. The pie charts take into account federal and state funding, but not local matching funds.

Salmon Recovery Funding by Recipient

Percent of \$1.2 Billion

Fiscal Years 1999-2021

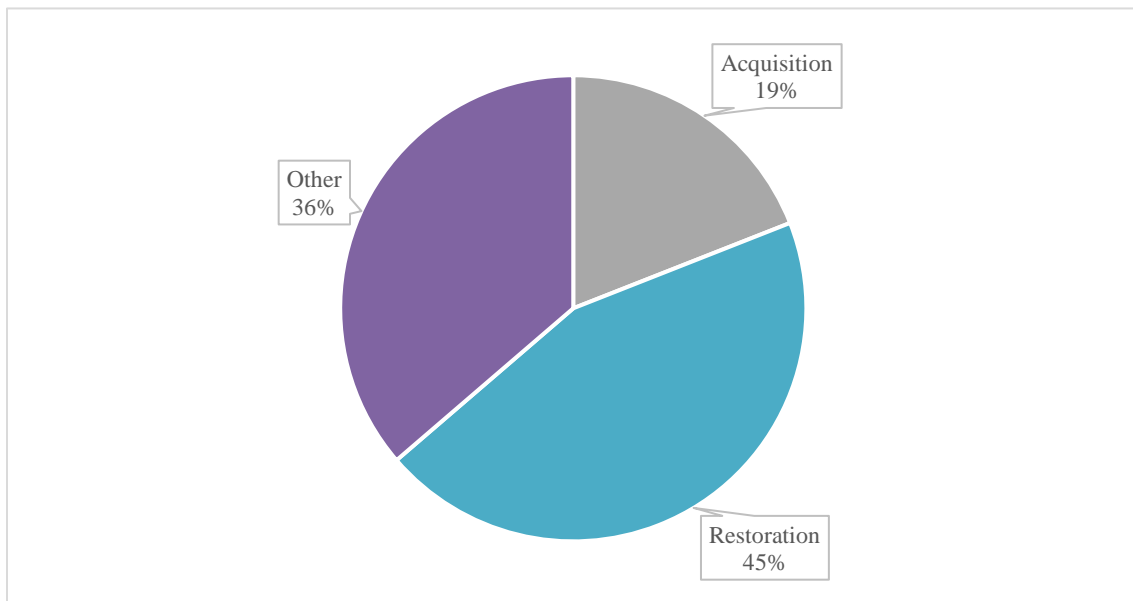


Source: RCO, September 2020.

Salmon Recovery Funding by Project Purpose

Percent of \$1.2 Billion

Fiscal Years 1999-2021



Source: RCO, September 2020.

Nonhighway and Off-Road Vehicle Activities

The Nonhighway and Off-road Vehicle Activities (NOVA) program funds projects that develop and manage opportunities for recreational activities such as cross-country skiing, hiking, horseback riding, mountain biking, hunting, fishing, sightseeing, motorcycling and riding all-terrain and four-wheel drive vehicles. Except for off-road vehicle facilities, recreational activities supported by NOVA must be accessed via non-highway roads, which are public roads not built or maintained with gasoline tax funding. Examples of NOVA projects include: (a) building, renovating, and re-routing of hiking and horseback trails; (b) maintaining trails and associated campgrounds and trailheads; (c) operating off-road vehicle parks; and (d) other planning, capital improvements, acquisition, education and law enforcement projects.

The Legislature appropriates funding from the NOVA Account, which receives revenues from off-road vehicle use permits and one percent of the state gasoline tax revenues. The RCO manages a competitive process for allocating the grants. At least 70 percent of the funding must be used for recreational facilities. Eligible applicants include local governments, tribes, federal and state agencies, and a limited number of nonprofit organizations. Applications are evaluated by a citizen committee made up of trail and off-road vehicle experts. The committee's ranked recommendations are submitted to the Recreation and Conservation Funding Board for final grant award. In 2019-21, the Legislature appropriated \$11.4 million for the NOVA Program through the capital budget.

Youth Athletic Facilities

The Youth Athletic Facilities (YAF) program provides grants to buy land and develop or renovate outdoor athletic facilities, such as ball fields, courts, swimming pools, mountain bike tracks, and skate parks that serve youth through age 18. Project applications fall into two eligibility categories: (1) small grants, for cities, towns, and park districts with 10,000 residents or fewer, counties with 60,000 residents or fewer, Native American tribes, and nonprofit organizations; and (2) large grants, for cities, counties, park districts, Native American tribes, and nonprofit active in youth or community athletic activities for at least 3 years. Small grants may not exceed \$75,000 (with a total project cost not exceeding \$150,000). Large grants range between \$25,000 and \$350,000. Applicants must generally contribute matching resources of at least 50 percent of the project's total cost. However, there is currently an exception, due to economic conditions related to COVID-19, that allows for a 25 percent match. In 2019-21, \$12.0 million was appropriated in the capital budget for the YAF program.

State Parks and Recreation Commission

Agency Description: The Washington State Parks and Recreation Commission (Commission) consists of a board of seven volunteer citizens who are appointed by the Governor and serve for staggered, six-year terms, setting public policy and guiding the agency. The Commission currently manages 124 state parks that host over 36 million visits per year. The park system includes marine parks, heritage sites, historic parks, day-use facilities, interpretive centers, retreat centers, ocean beaches and hundreds of miles of trails.

Facilities: The Commission is headquartered in a leased facility in Tumwater.

- Owned: 2,559 facilities (3.0 million sq. ft.)
 - Examples: Comfort stations and toilet facilities, equipment storage, cabins, cottages, shelters, lighthouses, kitchen and mess facilities, historic buildings, interpretive centers, office space, garages, and utility buildings
- Leased: 215 (219,400 sq. ft.)
 - Examples: Headquarters building, comfort stations and toilet facilities, shelters, cabins, storage, office space, garages, and utility buildings

Land:

- Owned: 111,900 upland acres
- Leased: 27,500 upland acres

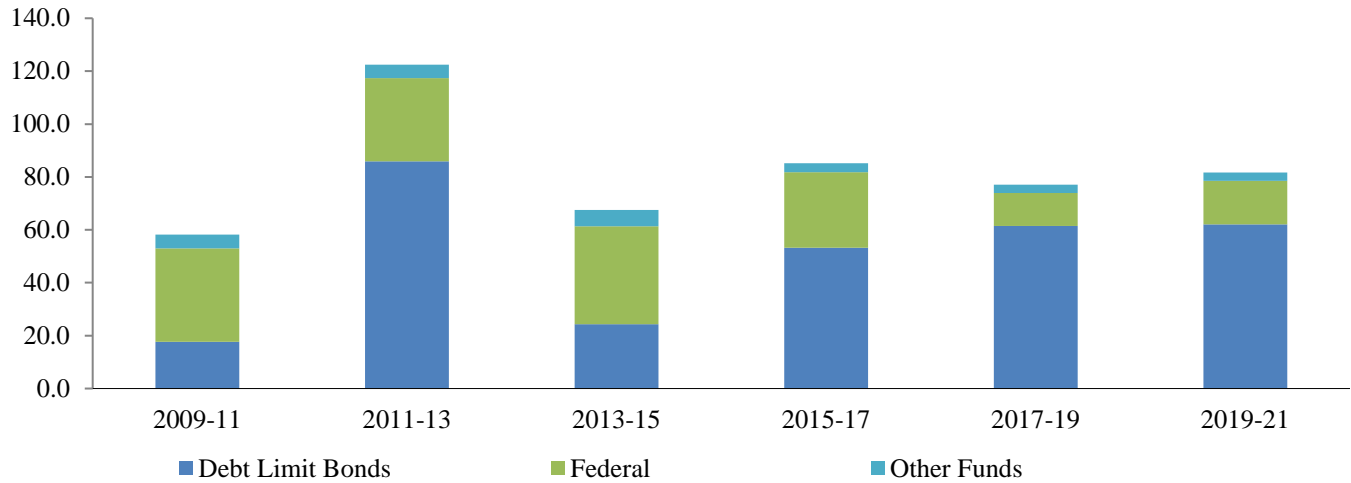
Capital Budget Focus:

In addition to the development of new park facilities, the Commission's capital budget focuses on the improvement and upkeep of existing assets, including:

- 67 parks with reservable campgrounds;
- 19 marine parks, 11 historical parks, and 16 heritage sites;
- 6,407 traditional campsites and 68 group camps;
- 2,559 owned facilities (including 770 designated historic buildings);
- About 60 miles of ocean beaches;
- Approximately 15,000 acres of natural habitat preserving threatened, endangered, and rare plants and animals;
- 758 miles of in-park hiking trails and 422 miles of long-distance trails;
- Over 3,300 miles of groomed snowmobile and cross-country skiing managed trails; and
- Over 40 parks with boat launch facilities (87 boat launches total).

State Parks and Recreation Commission Capital Budget Appropriations History

(Dollars in Millions)

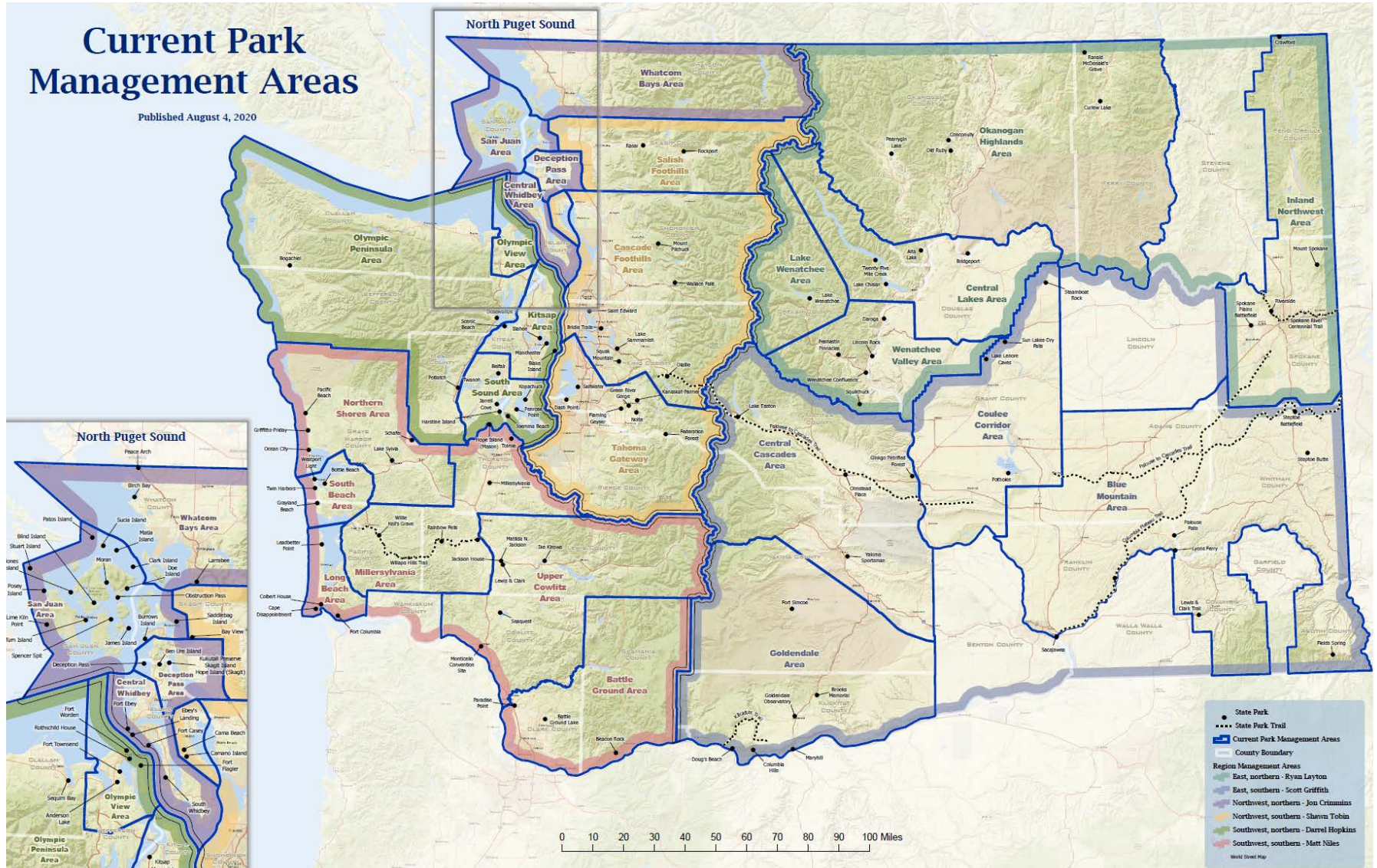


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	20.2	19.1	43.3	52.7	49.2	52.3
Federal	14.5	4.1	4.4	3.4	3.4	3.4
Other Funds	4.0	2.8	3.8	4.0	4.0	4.0
Total	38.7	25.9	51.4	60.1	56.6	59.7

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Current Park Management Areas

Published August 4, 2020



State Conservation Commission

Agency Description: The State Conservation Commission (SCC), established in 1939, works with 45 conservation districts statewide to help landowners implement “incentive-based practices to protect Washington's natural resources while maintaining viable agricultural production.”

Facilities: The SCC is headquartered in Lacey at the Department of Ecology’s headquarters building.

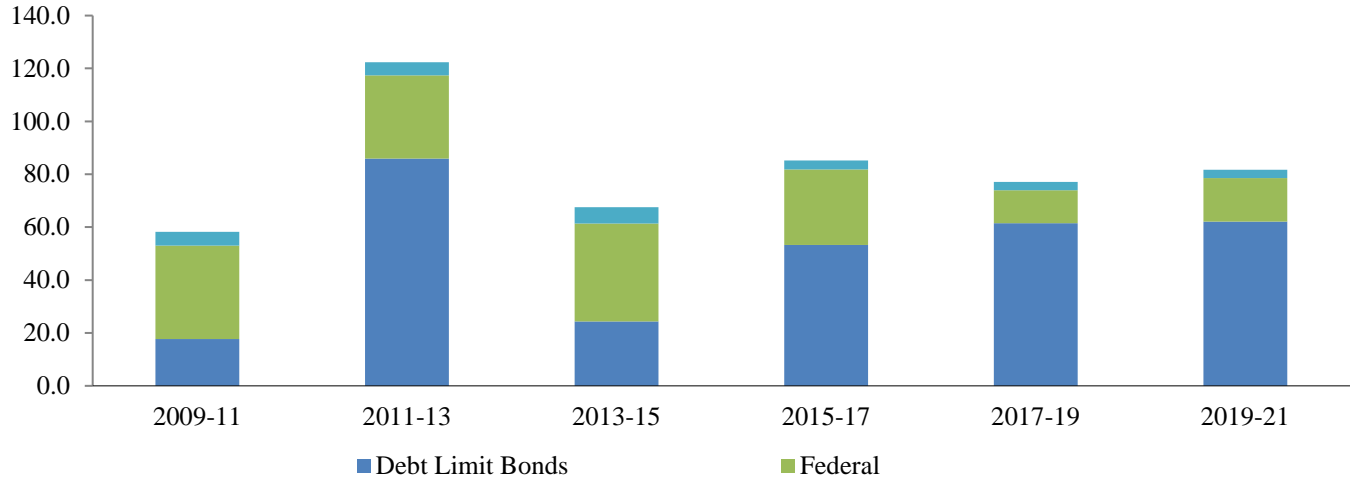
- Owned: 0
- Leases: 5 (1,200 sq. ft.)
 - Office space in Spokane, Mount Vernon, Okanogan, and Ellensburg.

Major Capital Grant and Loan Programs:

- **The Conservation Reserve Enhancement Program (CREP)**, is a voluntary, contractual program entered into by private landowners that directs federal and state funds to improve salmon habitat on agricultural lands. Through the program, conservation districts develop partnerships with participating landowners to remove livestock and agricultural activities from the riparian area of salmon-bearing streams, plant native trees and shrubs, and install fences. In the past two decades, CREP has helped fund the planting of nearly 6 million trees on over 1,375 acres of agricultural land. The CREP is administered by the Farm Service Agency, which funds 90 percent of program costs. Capital budget appropriations are used to pay the remaining 10 percent share of the restoration costs and the first five years of site maintenance. Federal funding pays most of the restoration costs and rental payments to the landowners for the riparian buffers for the 10-15-year contract period. Because project applicants are responsible for project installation costs prior to reimbursement, the state funds a revolving loan program to assist those program participants who are unable to wait for the reimbursement of upfront costs. In 2019-21, the Legislature appropriated a total of \$3.8 million for CREP through the capital budget (\$100,000 of which was provided to fund the CREP revolving loan account).
- **The Natural Resource Investment Program (NRIP)** is a grant program through which private landowners voluntarily work with conservation districts to develop and implement best management practices that address natural resource problems. The SCC directs program funds to conservation districts, which then use the NRIP project funding to assist participating landowners. The districts also provide the expertise needed for project design and construction. Examples of past NRIP projects include: lagoons, riparian plantings, composting, storm water control measures, fencing, waste storage facilities, fish screens, and manure transfer and utilization. Landowners are reimbursed for a percentage of their installation costs at a rate determined by each conservation district. In 2019-21, the Legislature appropriated \$4.0 million for NRIP through the capital budget.

- **The Improve Shellfish Growing Areas Program** provides funding for the voluntary implementation of best management practices on private properties, intended to prevent the flow of pollution into shellfish growing areas in the Puget Sound and along the Pacific coast. The program uses a targeted approach, funding projects in high-priority watersheds in order to build cumulative results. The projects also help landowners stay in compliance with water quality regulations and avoid enforcement penalties. Landowners are reimbursed for a percentage of their installation costs at a rate determined by each conservation district. In 2019-21, the Legislature appropriated \$4.0 million for the Improve Shellfish Growing Areas Program through the capital budget. However, the budget set aside \$1.0 million of this appropriation for erosion control, including beach restoration, sediment abatement, soft berm, and dynamic revetment projects, at North Cove in Pacific County.
- **The Regional Conservation Partnership Program (RCPP)** is a federal program administered by the Natural Resource Conservation Service (NRCS). It funds regional and watershed-scale projects where multiple partners coordinate conservation efforts and engage voluntary landowner participation. Examples of potential RCPP partners include conservation districts, state agencies, counties, tribes, and local non-profit organizations, such as land trusts. The SCC administers the pass-through of state matching funds for local recipients of RCPP awards. Although no specific nonfederal match percentage is specified for the program, a significant match is generally required as NRCS attempts to maximize matching, non-federal project funds. In 2019-21, the Legislature appropriated \$6.2 million to match federally funded RCPP projects through the capital budget.
- **The Water Irrigation Efficiencies Program** is a statewide program for improvement of water delivery and application on agricultural lands. Projects funded through this program provide improved on-farm water application and efficiency. Program funding is also used to improve water conveyance to reduce water loss through leakage and evaporation. Water saved through this program is placed into the state Trust Water Rights program for instream purposes. The state covers up to 85 percent of project costs. In 2019-21, the Legislature appropriated \$4.0 million for Water Irrigation Efficiencies Program projects through the capital budget.

State Conservation Commission **Capital Budget Appropriations History** (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	3.0	9.3	13.8	25.7	20.9	21.9
Federal	0.0	1.0	0.0	1.9	1.0	0.0
Other Funds	0.4	0.2	0.2	0.0	0.4	0.1
Total	3.4	10.4	14.0	27.6	22.3	22.0

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Department of Fish and Wildlife

Agency Description: The Department of Fish and Wildlife (DFW) protects and enhances fish and wildlife and their habitats and provides sustainable recreational and commercial opportunities.

Facilities: The DFW is headquartered in the Natural Resources Building on the Capitol Campus in Olympia, which is owned and managed by the Department of Enterprise Services.

- Owned: 805 facilities (1.4 million sq. ft.)
 - Examples: Office space, laboratories, hatcheries and hatchery-related facilities, equipment/feed storage, utility buildings, housing/bunkhouses, garages, animal rearing facilities
- Leased: 41 (166,500 sq. ft.)
 - Examples: Office space, hatcheries and hatchery-related, storage, utility buildings, and laboratory

The DFW maintains six regional offices (Spokane/Eastern, Ephrata/North Central, Yakima/South Central, Mill Creek/North Puget Sound, Ridgefield/Southwest, and Montesano/Coastal). In total, the DFW operates 80 hatchery facilities across the state, the majority of which are dedicated to producing salmon and/or steelhead. There are also 51 tribal hatcheries and 12 federal hatcheries that produce salmon and steelhead for harvest. [Please see a map of DFW fish rearing facilities at the end of this section.]

Land:

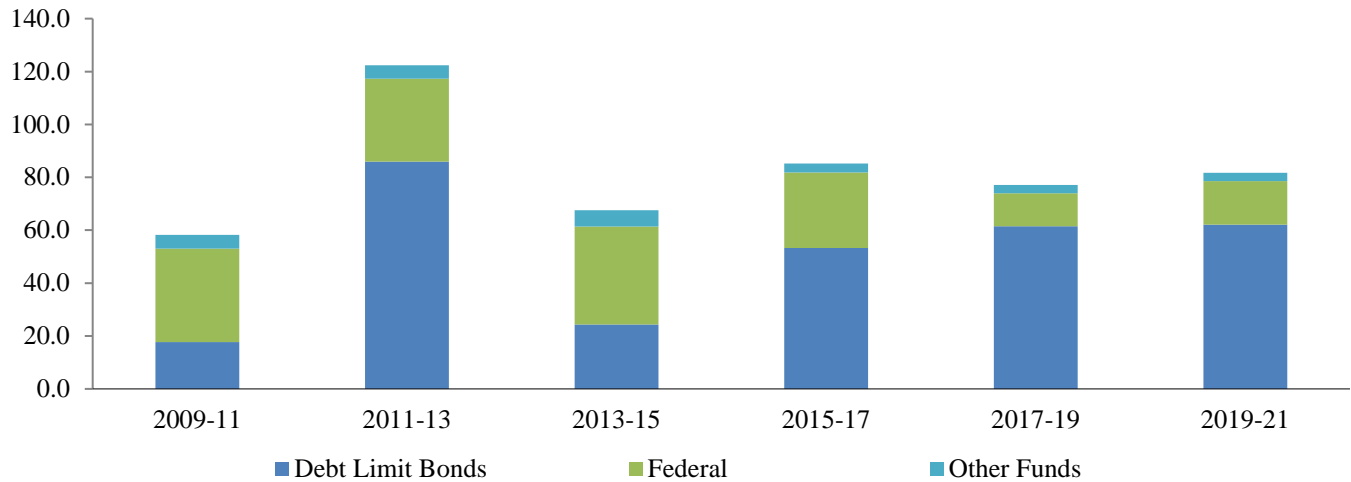
- Owned: 682,600 acres
- Leased or Agreement: 291,800 acres

Capital Budget Focus:

The DFW's capital budget projects typically focus on:

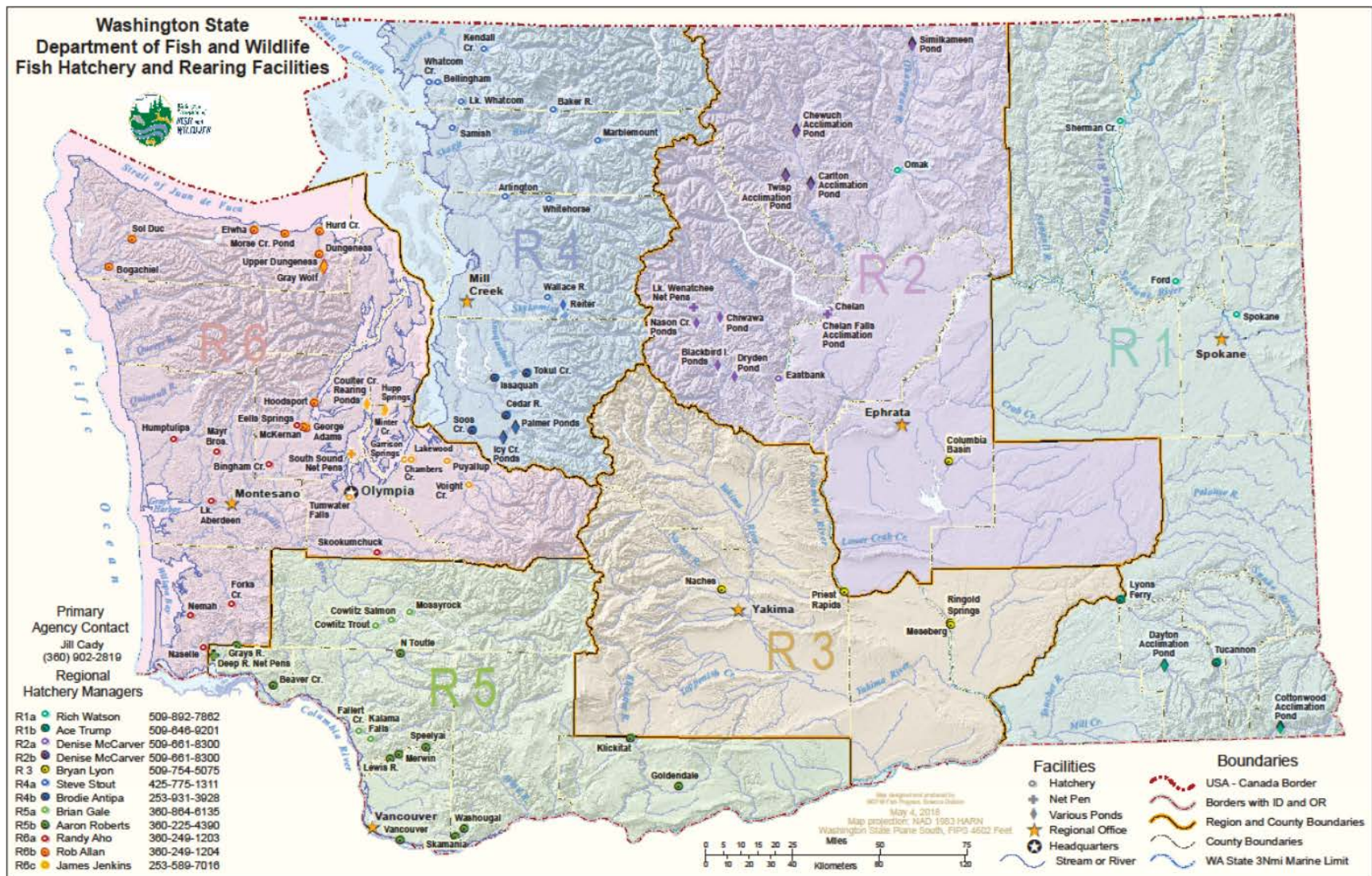
- renovating and constructing hatchery facilities and infrastructure such as intakes, adult handling facilities, bridges, pollution abatement ponds, gravity pipelines, and raceways;
- correcting fish passage barriers, particularly culverts within the area of the *U.S. v Washington* court case;
- developing or improving access to recreational sites such as boat launches, additional parking, and new restroom facilities;
- maintaining or closing abandoned roads;
- repairing DFW-owned dams and dikes;
- removing dilapidated structures and constructing new office space; and
- authority to use federal, private, local, and special wildlife account monies for dedicated conservation efforts and construction projects that restore and protect fish and wildlife habitat.

Department of Fish and Wildlife
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	17.7	85.9	24.3	53.2	61.5	62.1
Federal	35.4	31.4	37.0	28.6	12.5	16.5
Other Funds	5.2	5.1	6.2	3.4	3.1	3.1
Total	58.2	122.4	67.5	85.2	77.1	81.7

Source: Legislative Evaluation and Accountability Program Committee, December 2020.



Department of Natural Resources

Agency Description: The Department of Natural Resources (DNR) manages state-trust forest, agricultural, range, and commercial properties that earn income to fund schools, universities, capitol campus buildings, and other state institutions. Earnings also help fund local services in many counties. The DNR also manages aquatic lands along the shoreline and beneath the waters of the state.

Facilities: The DNR is headquartered in the Natural Resources Building in Olympia, which is owned and managed by the Department of Enterprise Services.

- Owned: 553 facilities (1.8 million sq. ft.)
 - Examples: equipment, seed, and fuel storage, office space, fire stations, dispatch and communications sites, crew quarters, and recreation-related facilities.
- Leased: 26 (73,500 sq. ft.)
 - Examples: fire stations, dispatch and communications sites, office space, and facilities related to aviation

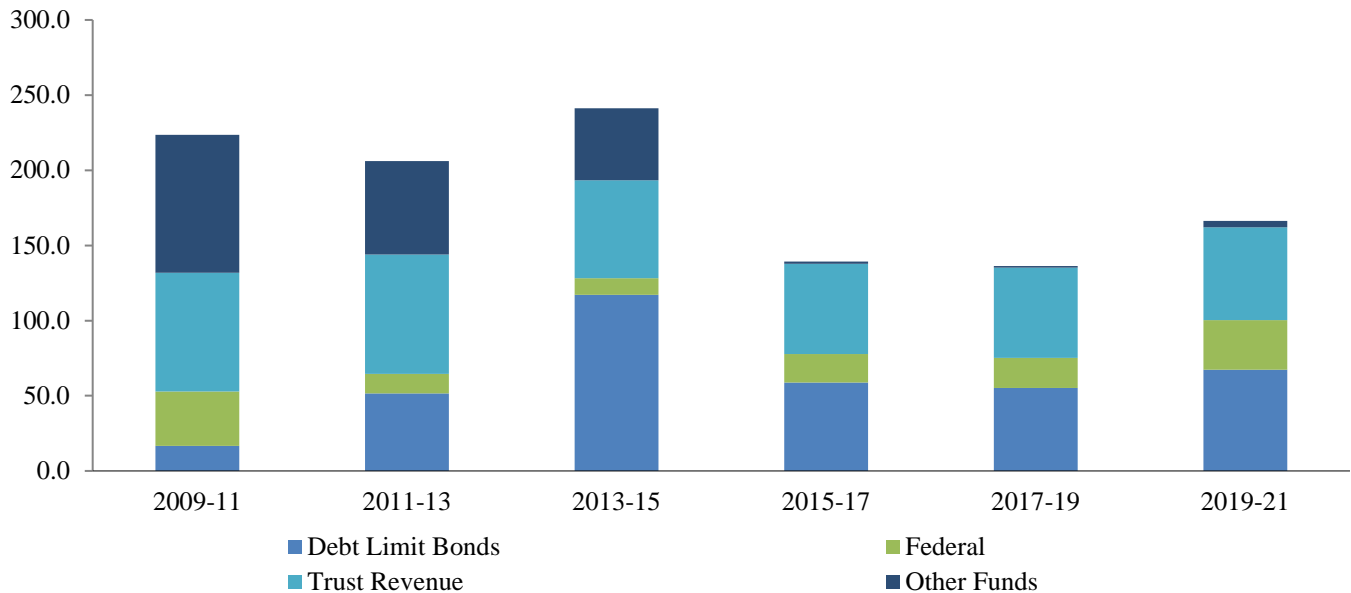
The DNR maintains six upland regional offices (Forks/Olympic, Castle Rock/Pacific Cascade, Enumclaw/South Puget Sound, Ellensburg/Southeast, Colville/Northeast, and Sedro-Woolley/Northwest); and three aquatic district offices (Sedro-Woolley/Orca Straights, Enumclaw/Shoreline, and Castle Rock/Rivers).

Land:

- State Trust Land: 3.0 million acres.
- Aquatic Lands: 2.6 million acres under beds of navigable waters, tidelands, shorelands, and harbor areas.
- Natural Area Preserve lands: about 39 thousand acres.
- Natural Resources Conservation Area lands: about 122 thousand acres.

Major Capital Programs: Trust Land Transfer Program; Forestry Riparian Easement Program; Family Forest Fish Passage Program; and the Rivers and Habitat Open Space Program.

Department of Natural Resources Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	16.8	51.6	117.2	58.8	55.3	67.4
Federal	36.0	13.0	11.0	19.0	20.0	33.0
Trust Revenue	79.1	79.3	65.2	60.0	60.0	61.5
Other Funds	91.7	62.2	47.8	1.4	1.0	4.3
Total	223.6	206.1	241.2	139.2	136.3	166.3

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Major Capital Programs Administered by the Department of Natural Resources

Trust Land Transfers

Trust Land Transfers (TLT) are capital budget proviso mechanisms that have been used over time to transfer K-12 school trust lands with low income potential, but high recreational and environmental value, to other public agencies, while reimbursing the Common School Trust for the value of the land and associated timber. Using this mechanism, such trust lands are transferred into protected status and the school trust is compensated without actually harvesting the timber.

The TLT mechanism functions in the following manner:

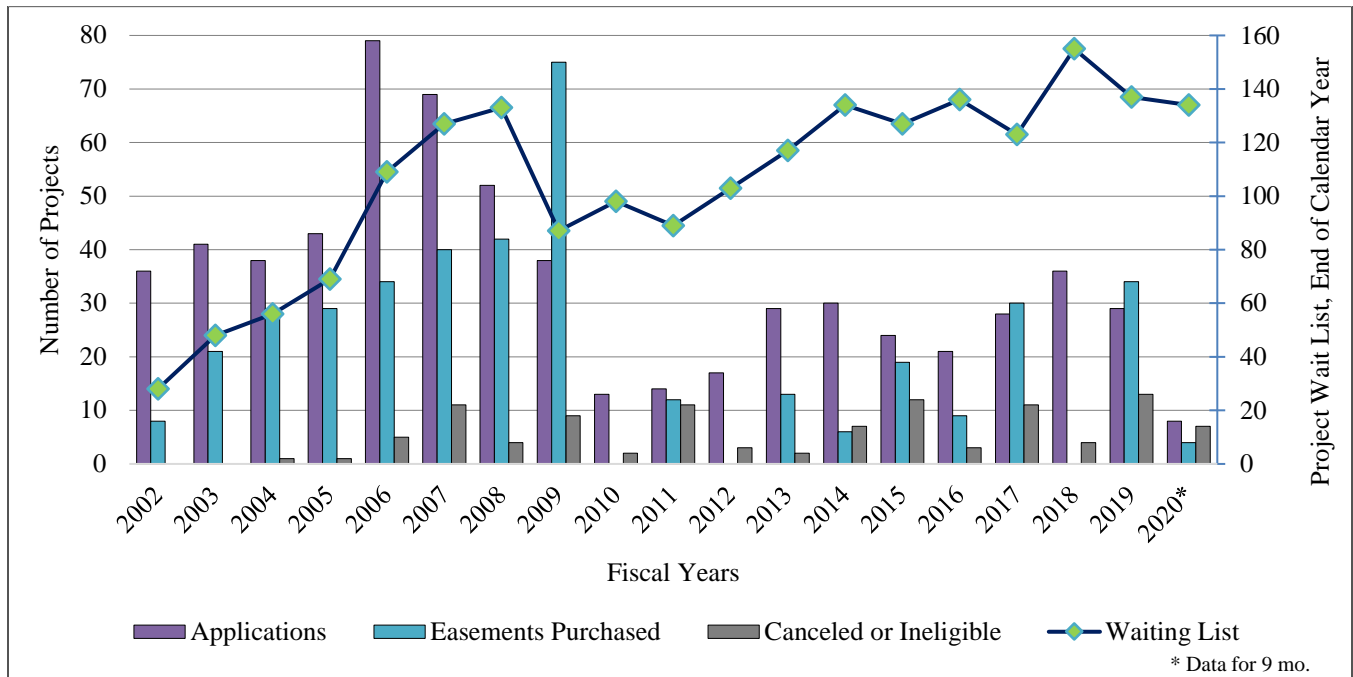
1. Each biennium, DNR identifies a list of low income-producing properties with high recreation or conservation values for consideration by the Board of Natural Resources and the Legislature as candidates for trust land transfer.
2. If the list is authorized and funded in the capital budget bill, the trust lands are transferred to public agencies at appraised market value.
3. At transfer, the capital budget directs the timber value to be deposited in the Common School Construction Account where it becomes available for school construction within the current biennium.
4. The land value is deposited into the Real Property Replacement Account for the purchase of replacement lands with higher income producing potential to be managed by DNR to provide current and future income for the Common School Trust.
5. The lands transferred out of trust status are managed for conservation, wildlife habitat, or recreational purposes.

Over time, TLTs have been implemented solely through proviso language in the capital budget. The provisions of the mechanism are not codified elsewhere in state law. In 2019-21, the Legislature appropriated \$6.4 million to fund TLTs through the capital budget.

Forestry Riparian Easement Program

The Forestry Riparian Easement Program (FREP) purchases 50-year conservation easements along riparian areas from family forest landowners. The Legislature created FREP in 2001 to compensate family forest landowners for the disproportionate financial impacts of the Forest Practices riparian rules as modified by the Forests and Fish law. The FREP was designed to compensate family forest landowners for 50-89 percent of the value of the trees required to be left next to streams, wetlands, or other riparian areas which they are prohibited from harvesting by the Forest Practices Rules. Establishing 50-year forest riparian easements facilitates compliance with the Clean Water Act and helps maintain small forest lands on the landscape, which also aids in the restoration of Puget Sound. In 2019-21, the Legislature appropriated \$3.5 million to fund FREP easements through the capital budget. The following chart and table display FREP funding levels and the number of applications received and easements purchased since 2002.

Forestry Riparian Easement Program Project Status by Year



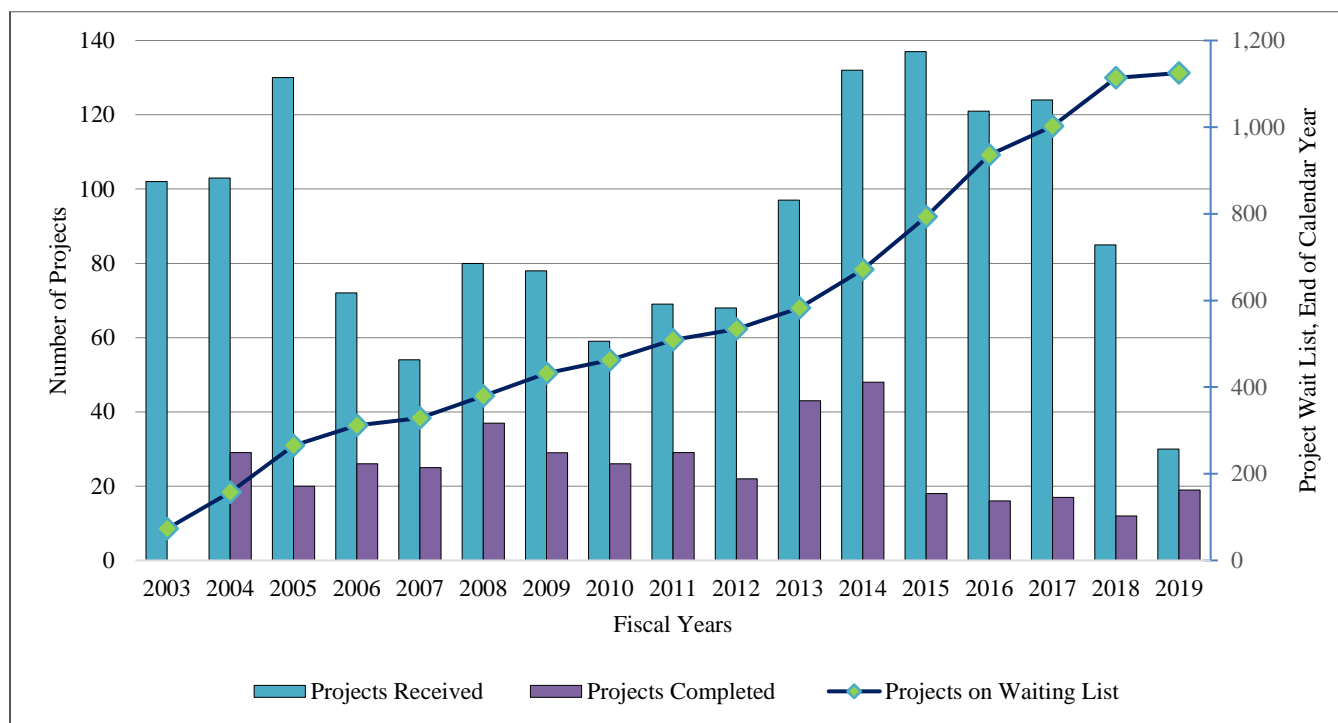
Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	Total	
Applications	36	41	38	43	79	69	52	38	13	14	17	29	30	24	21	28	36	29	8	645	
Easements Purchased	8	21	29	29	34	40	42	75	0	12	0	13	6	19	9	30	0	34	4	405	
Canceled or Ineligible	0	0	1	1	5	11	4	9	2	11	3	2	7	12	3	11	4	13	7	106	
Waiting List	28	48	56	69	109	127	133	87	98	89	103	117	134	127	136	123	155	137	134		
Funding by Biennium (in millions)	\$1.2		\$3.3		\$8.0		\$9.9		\$0.9		\$1.0		\$2.0		\$3.5		\$3.5		\$3.5		\$36.8

Source: Department of Natural Resources, October 2020.

Family Forest Fish Passage Program

The Forests and Fish rules enacted in 2001 require fish passage barriers to be corrected on all forest lands. Fish barriers are often undersized culverts or other structures on forest road crossings over streams. The Family Forest Fish Passage Program (FFFPP) offers financial and technical assistance to small forest landowners to eliminate fish passage barriers on their forest roads. This cost-share program funds 75 percent to 100 percent of the costs and aids in the restoration of threatened and endangered fish habitat and the restoration of Puget Sound water quality. Since 2003, 1,195 small forest landowners have participated in FFFPP, replacing 416 barriers, and opening more than 1,100 miles of stream for salmon and trout. In 2019-21, the Legislature appropriated \$5.0 million for FFFPP projects through the capital budget.

Family Forest Fish Passage Program Project Status by Year



Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Projects Received	102	103	130	72	54	80	78	59	69	68	97	132	137	121	124	85	30	1,541
Projects Completed	0	29	20	26	25	37	29	26	29	22	43	48	18	16	17	12	19	416
Projects on Waiting List (CY)	73	157	265	312	329	380	432	462	509	534	583	671	793	936	1,002	1,114	1,125	
Funding by Biennium (in millions)	\$2.0		\$4.0		\$6.0		\$5.0		\$2.0		\$2.0		\$5.0		\$5.0		\$5.0	\$36.0
Additional Job Bill Funding during FY 2012 - 2013										\$10.0								\$10.0

Source: Department of Natural Resources, October 2020.

Rivers and Habitat Open Space Program

The Legislature originally created the Riparian Open Space Program (ROSP) in the Forest Practices Act to offset harvest restrictions to forest landowners resulting from the protection of channel migration zones required under the Forests and Fish rules. The Legislature subsequently amended ROSP to also compensate landowners for forested critical habitat protections required to be protected under the Forest Practices rules (mostly for Northern Spotted Owl and Marbled Murrelet habitat).

Managed as the Rivers and Habitat Open Space Program, the program provides financial compensation to forest landowners for:

- perpetual conservation easements on riparian forests in channel migration zones, the areas where a river could migrate or change channels; and
- critical habitats for threatened or endangered species protected under the Forest Practices Rules.

In exchange for granting a perpetual conservation easement, landowners receive 100 percent compensation for the timber that cannot be harvested. Since the Rivers and Habitat Open Space Program began, a total of 21 easements have been purchased encompassing 1,105 acres of channel migration zones and 114 acres of critical habitat for state listed threatened or endangered species. In 2019-21, the Legislature appropriated \$1.0 million for Rivers and Habitat Open Space Program projects through the capital budget.

Department of Agriculture

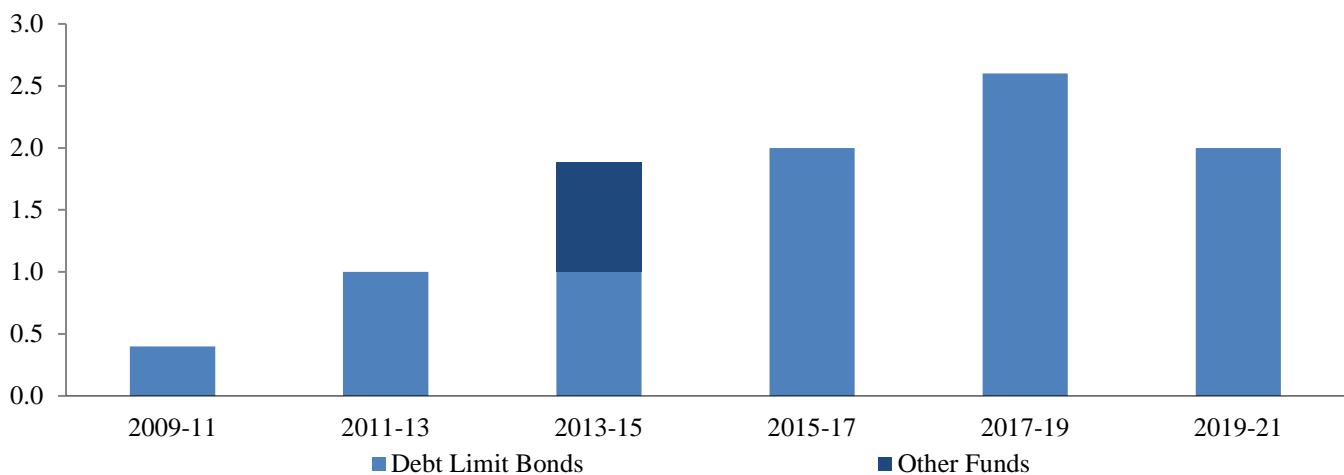
Agency Description: The major goals of the Washington State Department of Agriculture (WSDA) are: assuring the safety of the state's food supply; ensuring the safe and legal distribution, use and disposal of pesticides and fertilizers; protecting the public, natural resources, and the agriculture industry from certain plant and animal pests and diseases; and, facilitating domestic and international movement of agricultural products.

Facilities: The WSDA is headquartered in the Natural Resources Building in Olympia, which is owned and managed by the Department of Enterprise Services.

- Owned: 11 facilities (13,000 sq. ft.)
 - Agricultural development and testing facilities located in Moxee, Washington.
- Leased: 38 (134,200 sq. ft.)
 - Examples: inspection facilities, laboratories, grain elevators, an animal services warehouse, and various types of storage.

Major Capital Grant and Loan Programs: Over the past three biennia, WSDA has received capital budget funds to award competitive grants for health and safety improvement projects at fairgrounds, and to carry out several components related to animal disease traceability. Most recently, in 2019-21, the Legislature appropriated \$2.0 million for health, safety, or access improvement grants at fairgrounds through the capital budget.

Department of Agriculture
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	0.4	1.0	1.0	2.0	2.6	2.0
Other Funds	0.0	0.0	0.9	0.0	0.0	0.0
Total	0.4	1.0	1.9	2.0	2.6	2.0

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Pollution Liability Insurance Agency

Agency Description: The Pollution Liability Insurance Agency (PLIA) provides a government funding model to help owners and operators meet their financial responsibility and environmental cleanup requirements for underground tanks.

Facilities: The PLIA leases office space from the Department of Ecology in Lacey.

Major Capital Grant and Loan Programs:

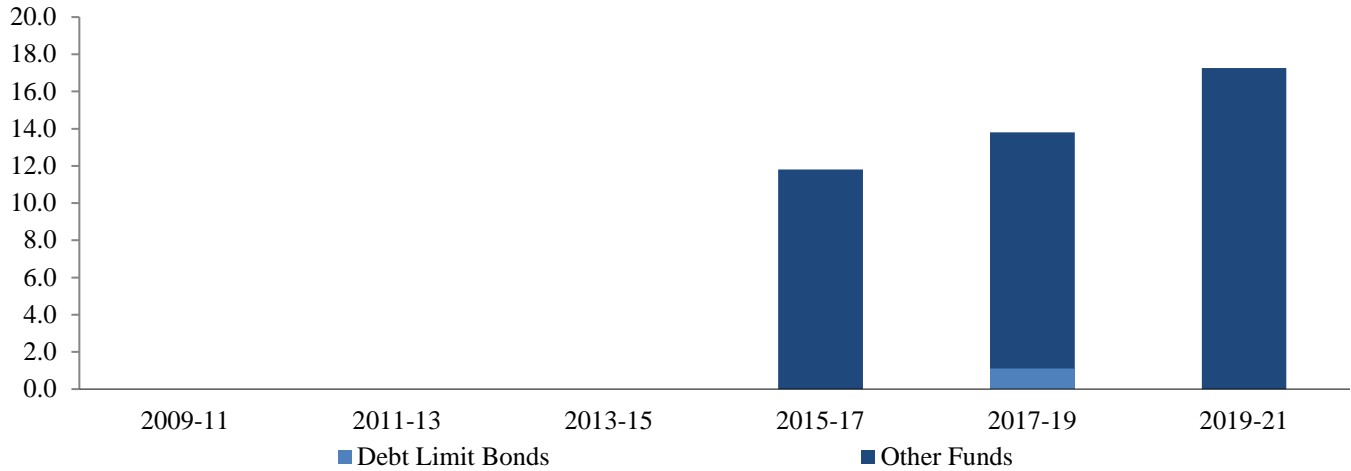
PLIA Underground Storage Tank Revolving Account

The PLIA capital programs are funded by the PLIA Underground Storage Tank Revolving Account (account). Funding for the account primarily comes from reinsurance premiums and petroleum products tax revenue. The account may only be used by the PLIA and the Department of Health to administer pollution loan and grant programs and as state match required for grants provided to the PLIA by the federal government.

Grant Programs

- **Heating Oil Financing Assistance Program** – The PLIA insures owners of heating oil tanks up to \$60,000 to clean up contamination from a heating oil tank release. To qualify for coverage, owners must register the tank prior to the release. As a result of Chapter 310, Laws of 2020 (SSB 6256), new entrants to the heating oil insurance program are no longer allowed. Instead, heating oil tanks are added to the Underground Storage Tank Revolving Loan and Grant program. Heating oil tank owners may obtain funds to remediate past releases or prevent future releases by upgrading, replacing, or removing a heating oil tank. The program was issued \$4 M in spending authority from the account in the 2020 Supplemental Capital Budget.
- **Underground Storage Tank Financing Assistance Program** – The PLIA offers financial assistance to landowners and small business operators across the state to remove and upgrade underground storage tank systems. In the 2019-21 Capital Budget, the program was issued \$12.5 million in spending authority from the account.

Pollution Liability Insurance Agency
Capital Budget Appropriations History
(Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	0.0	0.0	0.0	0.0	1.1	0.0
Other Funds	0.0	0.0	0.0	11.8	12.7	17.3
Total	0.0	0.0	0.0	11.8	13.8	17.3

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Relevant Statutory Organizations

Board of Natural Resources (RCW 43.30.205) – The Board of Natural Resources (NRB) consists of six members: the Governor or designee; the Superintendent of Public Instruction; the Commissioner of Public Lands; the University of Washington’s College of Forest Resources dean; the Washington State University’s College of Agriculture dean; and a representative of counties having state forest lands managed by the Department of Natural Resources. The NRB establishes land acquisition and disposition policies, and acts as the board of appraisers as provided in Article XVI, section 2 of the Washington State Constitution.

Fish and Wildlife Commission (RCW 77.04.030) – The nine-member Fish and Wildlife Commission (Commission) establishes policies to preserve, protect, and perpetuate wildlife, fish, and their habitats, and monitors the implementation by the Department of Fish and Wildlife of those policies. By law, the Commission must “maximize fishing, hunting, and outdoor recreational opportunities compatible with healthy and diverse fish and wildlife populations.” The Commission has final approval authority over departmental agreements and budget proposals; adopts rules and appoints the department director.

Salmon Recovery Funding Board (RCW 77.85.110) – The Salmon Recovery Funding Board (SRFB) is responsible for making grants and loans for salmon habitat projects and salmon recovery activities. The SRFB totals 10 members: five voting members appointed by the Governor and five ex-officio, non-voting members including the Commissioner of Public Lands, the Department of Fish and Wildlife director, the Department of Ecology director, the Conservation Commission director, and the Secretary of Transportation.

Brian Abbott Fish Passage Barrier Removal Board (77.95.160) – The Brian Abbott Fish Passage Barrier Removal Board (Board), established in 2014, provides funding to remove barriers to fish passage to restore habitat for salmon and steelhead populations. The Board includes nine voting members, eight alternate voting members, and one non-voting member. The Department of Fish and Wildlife facilitates and provides technical assistance to the Board. The Recreation and Conservation Office manages the Board’s grants.

State Parks and Recreation Commission (RCW 79A.05.015) – The State Parks and Recreation Commission consists of seven members, and has powers to manage state parks, including the authority to acquire lands for parks and adopt rules to guide visitor conduct.

Recreation and Conservation Funding Board (RCW 79A.25.110) – Established by Initiative 215 in 1964, the Recreation and Conservation Funding Board’s (RCFB) statutory mission is to create and implement a state-wide strategy for meeting the recreational needs of Washington’s citizens. The RCFB assists the financing of recreation and conservation projects statewide. The eight Board members include five citizen members appointed by the Governor, the Commissioner of Public Lands, and the directors of the Department of Fish and Wildlife and State Parks and Recreation Commission.

Higher Education

Overview of Higher Education

The Higher Education functional area of the capital budget includes appropriations that generally fall into three policy categories:

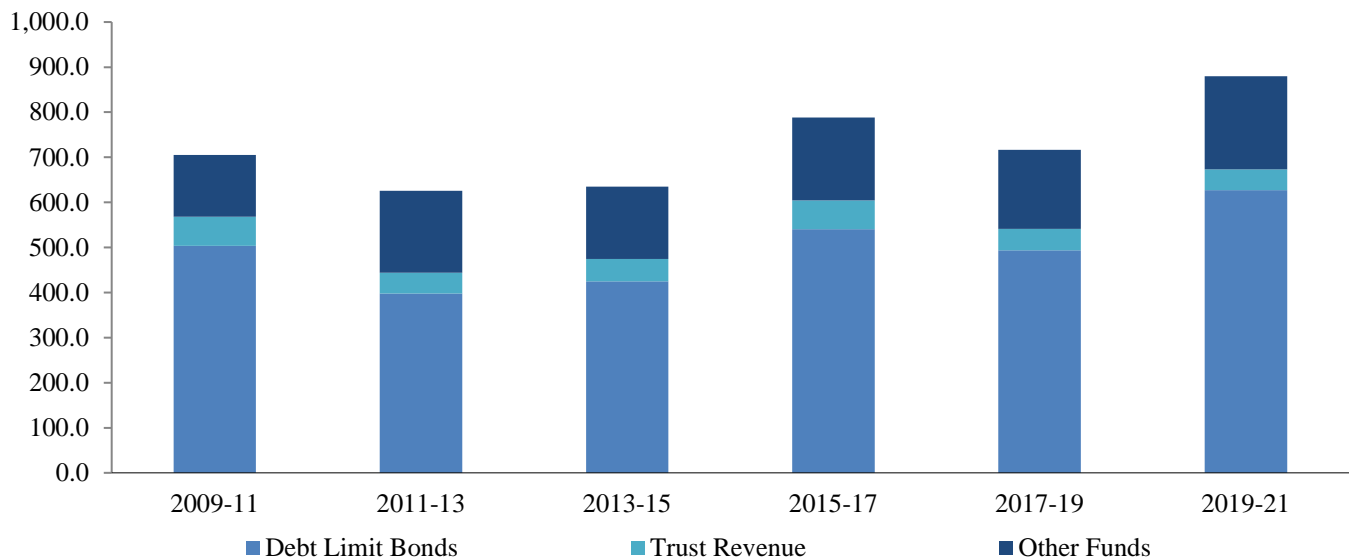
Access - Adequate facilities are necessary to provide students access to education. This has been a priority of the Legislature over the last decade. Access is provided primarily through new and renovated facilities on campuses.

Preservation - Ongoing maintenance and small repairs funded by the operating budget are necessary along with capital budget funding for major repairs, renovations, and minor works to preserve facilities, allowing the building to be functional beyond the expected useful life.

Mission - Some facilities may be necessary to enable the institution to carry out its unique mission.

A variety of funding sources are available for higher education capital facilities. Generally: (1) research space at the research institutions may be funded from state, federal, or private funds; (2) instructional space and related general space typically is funded using state funds; (3) student auxiliary services (e.g. dining and housing) are funded through student fees, as are student recreational facilities; and (4) other mixed-use facilities often have mixed sources of funding.

Higher Education
Capital Budget Appropriations by Fund Source
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Higher Education Institutions

Four-Year Public Institutions (6)

University of Washington
Seattle
Tacoma
Bothell

Washington State University
Pullman
Tri Cities
Vancouver
Spokane (with EWU)
Everett

Central Washington University
Ellensburg

Eastern Washington University
Cheney

The Evergreen State College
Olympia

Western Washington University
Bellingham

Two-Year Public Colleges (34)

Bates Technical College
Bellevue*
Bellingham Technical College*
Big Bend
Cascadia*
Centralia*
Clark*
Clover Park Technical College*
Columbia Basin*
Edmonds*
Everett
Grays Harbor*
Green River*
Highline*
Lake Washington Technical College*
Lower Columbia*
North Seattle*
Olympic*
Peninsula*
Pierce*
Renton Technical College*
Seattle Central*
Seattle Vocational Institute
Shoreline
Skagit Valley*
South Puget Sound
South Seattle*
Spokane*
Spokane Falls*
Tacoma*
Walla Walla*
Wenatchee*
Whatcom*
Yakima Valley*

*Selected applied bachelor's degrees offered.

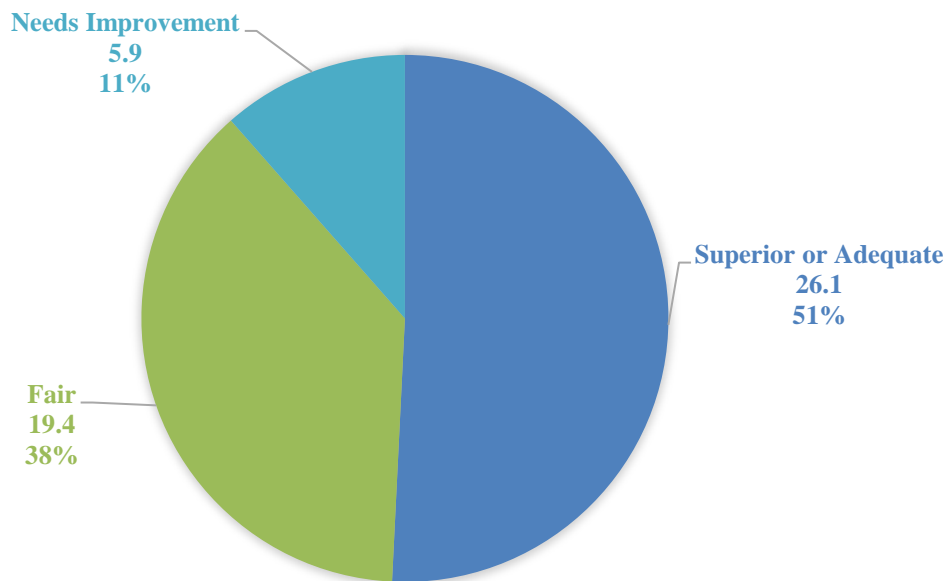
Higher Education Facility Comparable Framework

At various junctures, the Legislature has directed or commissioned the production of facilities inventory and condition data to create a Higher Education Facility Comparable Framework, for the purpose of informing facilities preservation investments in the capital budget. The most recent update to this framework was completed in April 2016 for OFM by MENG Analysis.

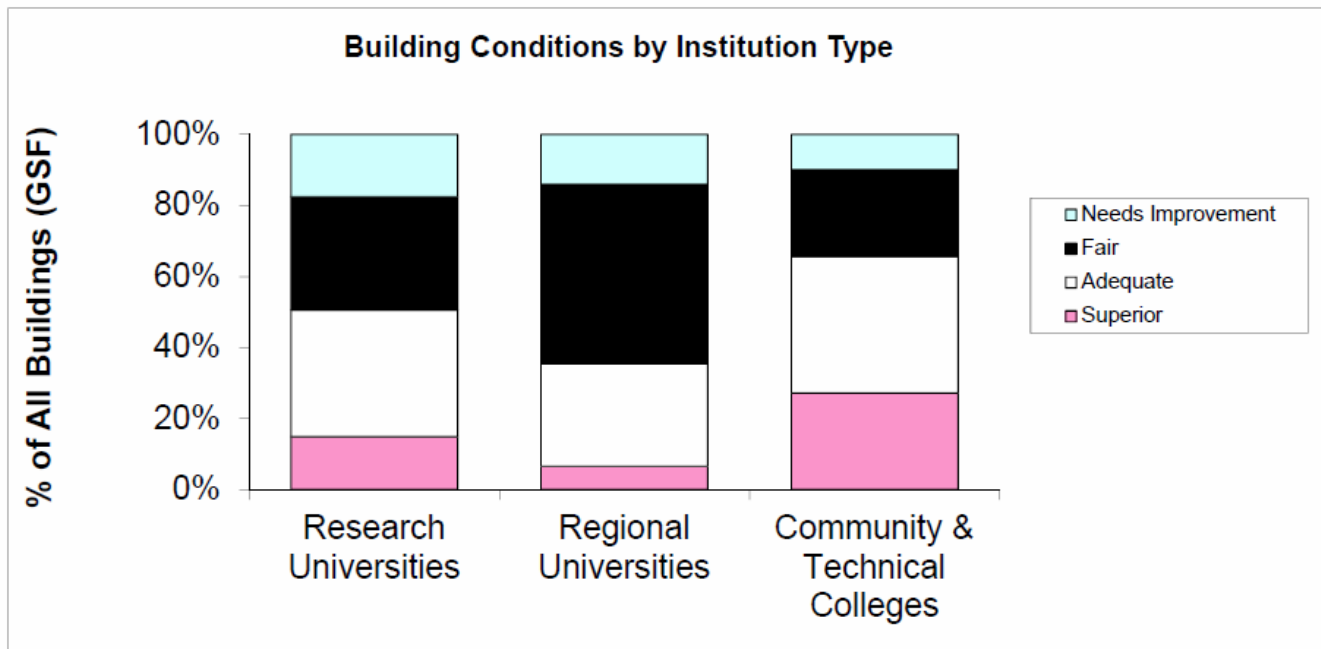
Higher Education Facility Inventory 2016 Comparable Framework	
Total Higher Education Inventory	State Capital Budget-Supported Inventory
2,443 Buildings	1,478 Buildings
67.6 million Gross Square Feet	51.3 million Gross Square Feet
State-Supported Inventory = \$21.7 billion Current Replacement Value	
\$3.2 billion Preservation Backlog	

Source: Office of Financial Management Comparable Framework 2016.

HIGHER EDUCATION FACILITY CONDITION 2016 (MILLIONS GSF)



Source: Office of Financial Management Comparable Framework 2016.



Source: Office of Financial Management Comparable Framework 2016.

Prioritizing Four-Year Higher Education Capital Projects

The Legislature has created, or directed the development of, various methods to guide capital appropriation decisions by rating and ranking all major capital projects for public four-year institutions. This section summarizes recent legislative actions related to these methods, beginning in 2015.

In 2015, the Legislature included a capital budget provision directing OFM to form a Four-Year Prioritized Capital Project List Technical Work Group with staff from the Office of Program Research, Senate Committee Services, the four-year institutions, and the Council of Presidents. The work group reported its findings and recommendations in December 2015. Recommendations included proposed statutory changes to eliminate redundancies and contradictions in competing statutes.

Subsequently, the 2018 Supplemental Capital Budget required OFM, in consultation with legislative and fiscal committee leadership and higher education institutions, to design and conduct a study including: (a) learning space utilization standards for higher education facilities; (b) reasonableness of cost standards for higher education facilities; and (c) a criteria scoring and prioritization matrix for use by four-year higher education institutions and other decision makers to produce single prioritized lists of higher education capital projects consisting of two components: (1) a numeric rating scale that assesses how well a particular project satisfies higher education capital project criteria; and (2) a numeric measure to weigh the importance of those criteria. An appropriation of \$150,000 was provided to fund the study, which was published in 2019.

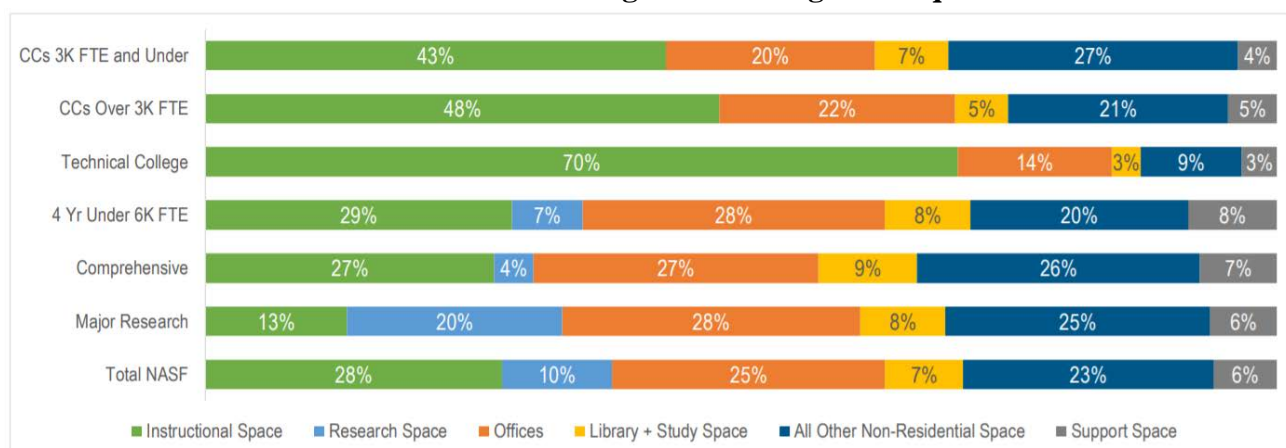
Through this directive and the related study, OFM modified the major project scoring criteria and developed a prioritization matrix for decision makers to use to produce single prioritized project lists. Proposed projects are now scored within one of the following six project categories, each according to their primary purpose: growth, renovation, replacement, research, infrastructure, and acquisition. The OFM provided this matrix to legislative staff during the 2019-21 and 2021-23 biennia to analyze higher education capital project submissions. The new space efficiency standards recommended in the study will be phased into the 2023-25 scoring process. However, this directive does not require the Governor or Legislature to develop, or adhere to, a prioritized list of higher education capital projects for a given budget cycle.

As referenced above, the 2019 Higher Education Facility Study also provides recent data summarizing the distribution of net assignable, non-residential space types across higher education institutional groupings. Residential space, hospital space, and leased space were not included in this study.

Distribution of Existing Non-Residential Space between College/Campus Classifications -- Total Net Assignable Square Feet (NASF)

Space Summary Category	Community Colleges (3,000 FTE and Under)	Community Colleges (Over 3,000 FTE)	Technical College	Four Year (Under 6,000 FTE)	Comprehensive	Major Research	Total NASF
Instructional Space	739,356	2,749,326	549,150	687,524	1,030,163	1,606,380	7,361,899
Research Space				159,148	139,800	2,442,092	2,741,040
Offices	336,366	1,260,028	112,308	678,295	1,017,804	3,380,775	6,785,577
Library + Study Space	117,127	284,000	21,193	191,876	352,275	968,958	1,935,430
All Other Non-Residential Space	465,499	1,177,108	74,021	488,613	1,009,588	3,000,962	6,215,791
Support Space	62,798	260,098	25,553	199,622	275,150	761,611	1,584,832
TOTAL	1,721,146	5,730,560	782,225	2,405,078	3,824,781	12,160,778	26,624,568

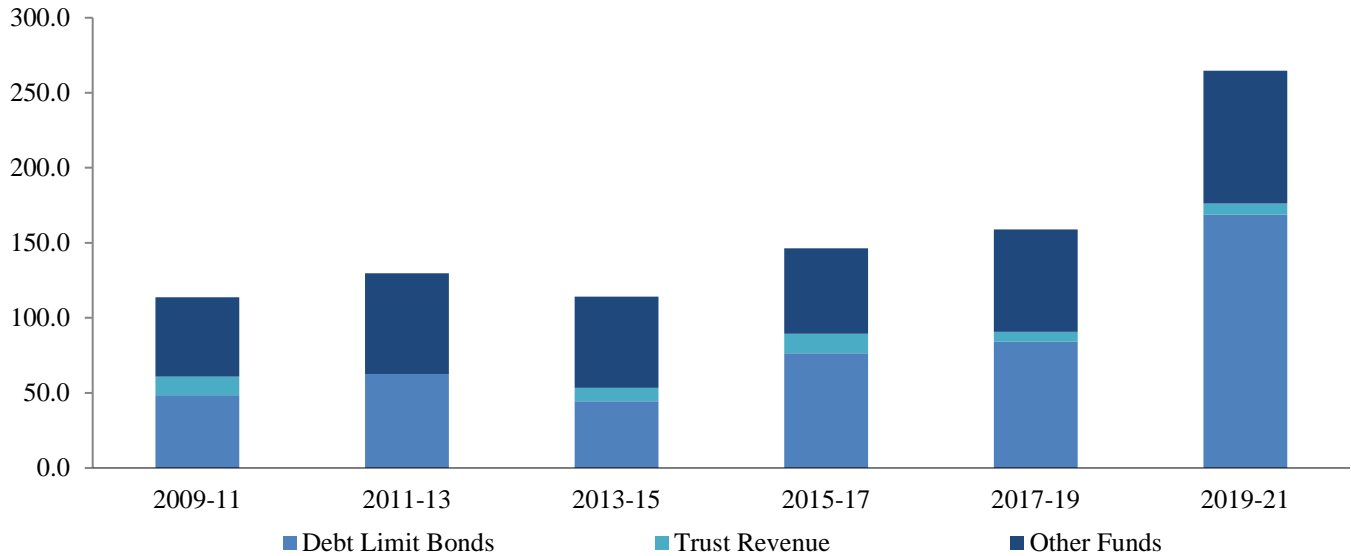
Distribution of Existing Non-Residential Space between College/Campus Classifications -- as Percentage of Net Assignable Square Feet



Note: Not all space was included in the analyses. Residential space, hospital space, and leased space were not included. Graphics produced in 2019 by NAC Architecture and Ayers Saint Gross.

University of Washington

University of Washington Capital Budget Appropriations History (Dollars in Millions)

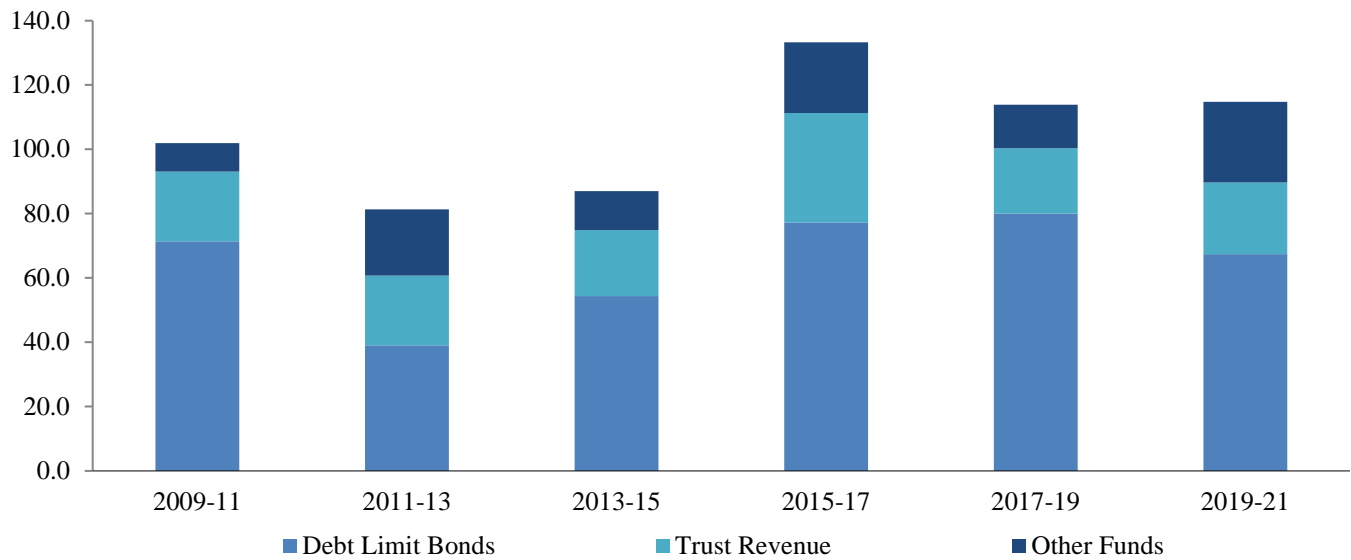


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	48.5	62.5	44.4	76.3	84.1	168.7
Trust Revenue	12.4	0.0	9.1	13.1	6.6	7.5
Other Funds	52.9	67.3	60.7	56.9	68.2	88.5
Total	113.8	129.8	114.2	146.3	158.9	264.8

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Washington State University

Washington State University Capital Budget Appropriations History (Dollars in Millions)

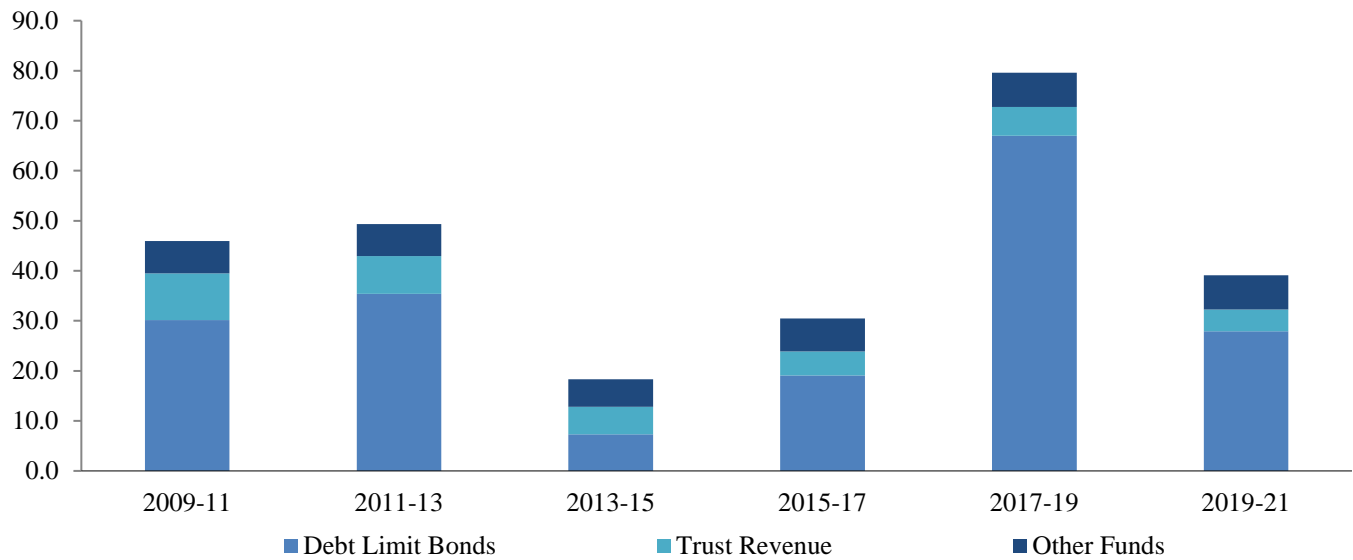


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	71.4	39.1	54.4	77.2	80.0	67.4
Trust Revenue	21.7	21.7	20.5	34.0	20.3	22.3
Other Funds	8.9	20.5	12.1	22.0	13.6	25.1
Total	102.0	81.3	87.0	133.3	113.9	114.7

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Eastern Washington University

Eastern Washington University Capital Budget Appropriations History (Dollars in Millions)

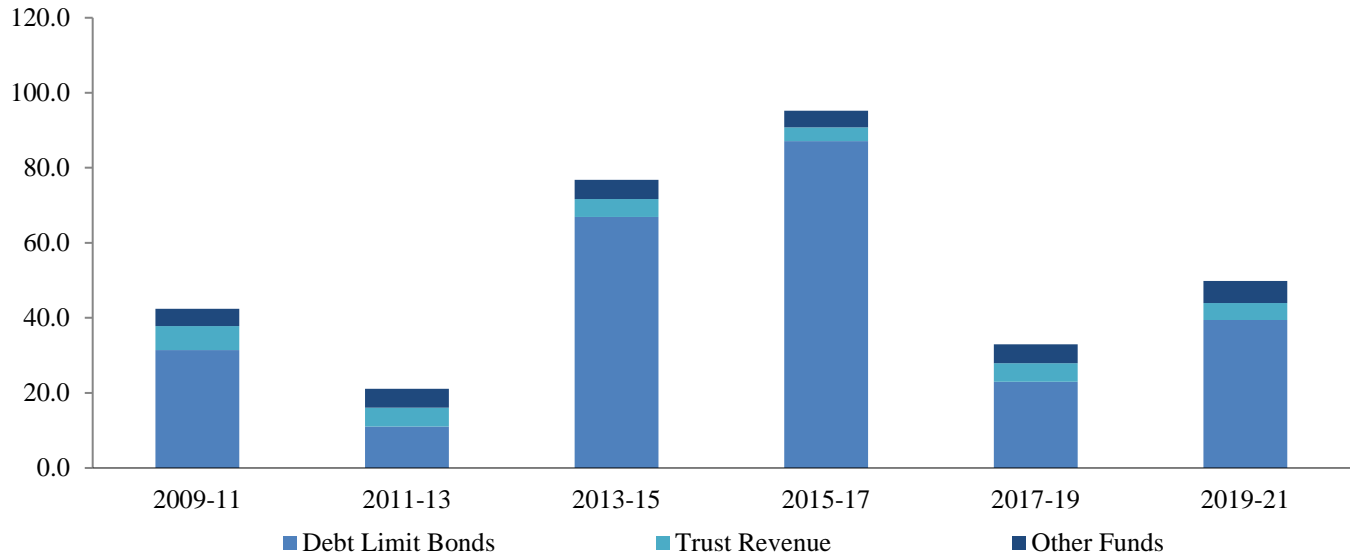


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	30.1	35.4	7.3	19.1	67.0	27.9
Trust Revenue	9.3	7.5	5.5	4.8	5.8	4.4
Other Funds	6.5	6.4	5.5	6.6	6.8	6.8
Total	46.0	49.4	18.3	30.5	79.6	39.1

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Central Washington University

Central Washington University Capital Budget Appropriations History (Dollars in Millions)

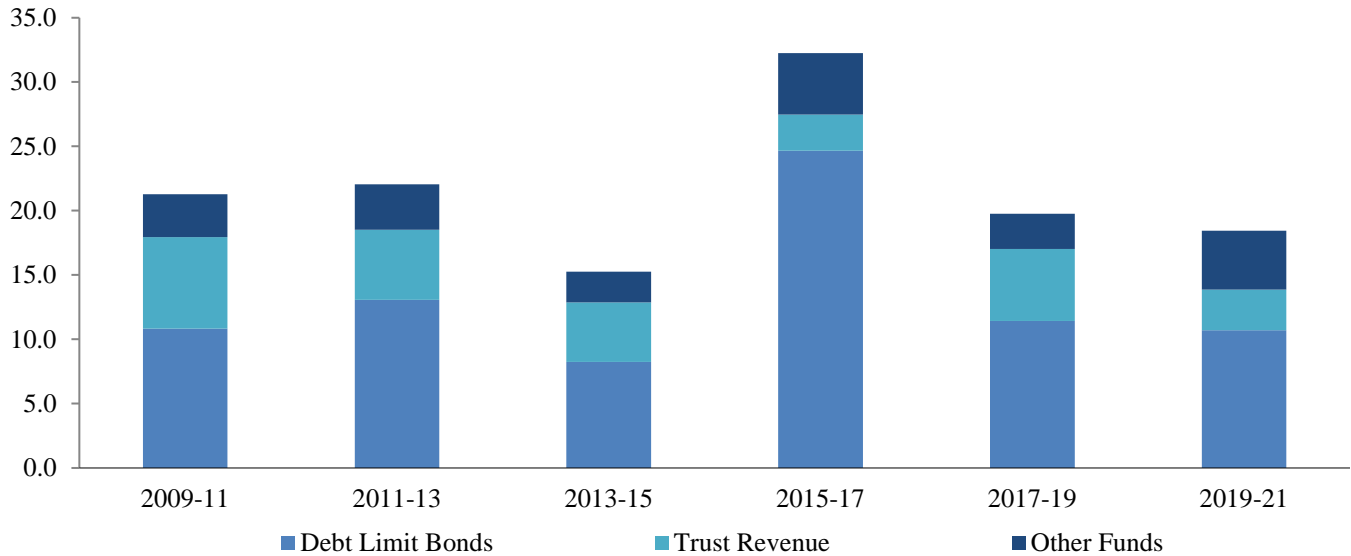


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	31.4	11.0	66.9	87.1	23.0	39.5
Trust Revenue	6.4	5.1	4.8	3.7	5.0	4.5
Other Funds	4.6	5.1	5.1	4.5	5.0	5.9
Total	42.4	21.1	76.8	95.3	32.9	49.9

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

The Evergreen State College

The Evergreen State College Capital Budget Appropriations History (Dollars in Millions)

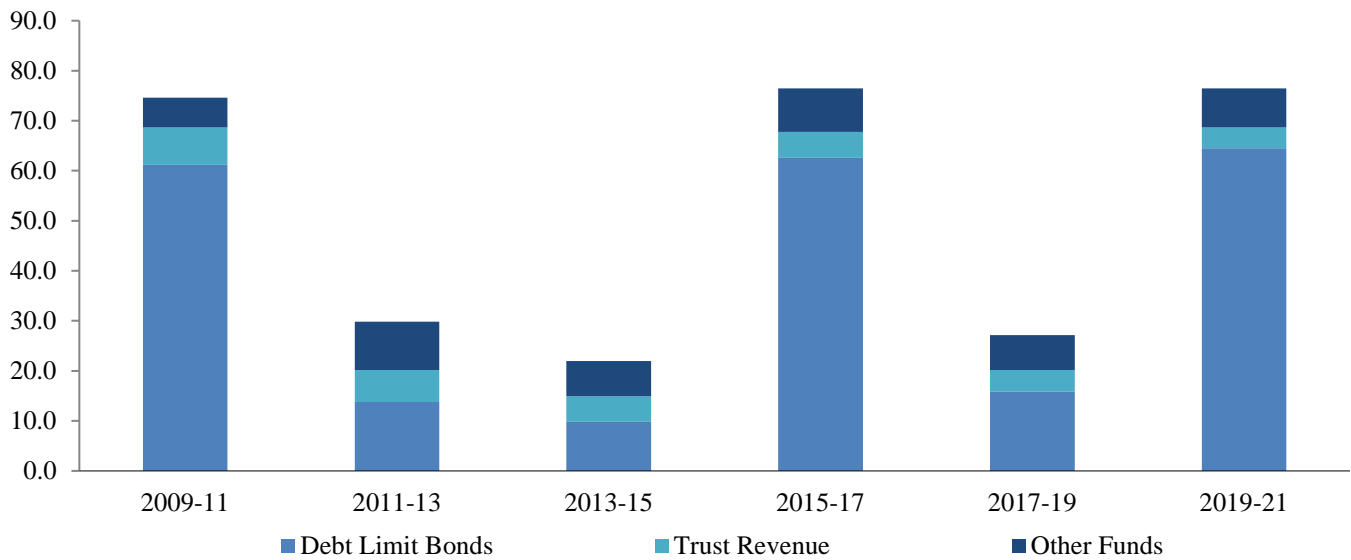


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	10.8	13.1	8.2	24.7	11.4	10.7
Trust Revenue	7.1	5.4	4.6	2.8	5.6	3.2
Other Funds	3.3	3.5	2.4	4.8	2.7	4.6
Total	21.3	22.0	15.3	32.2	19.8	18.4

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Western Washington University

Western Washington University Capital Budget Appropriations History (Dollars in Millions)

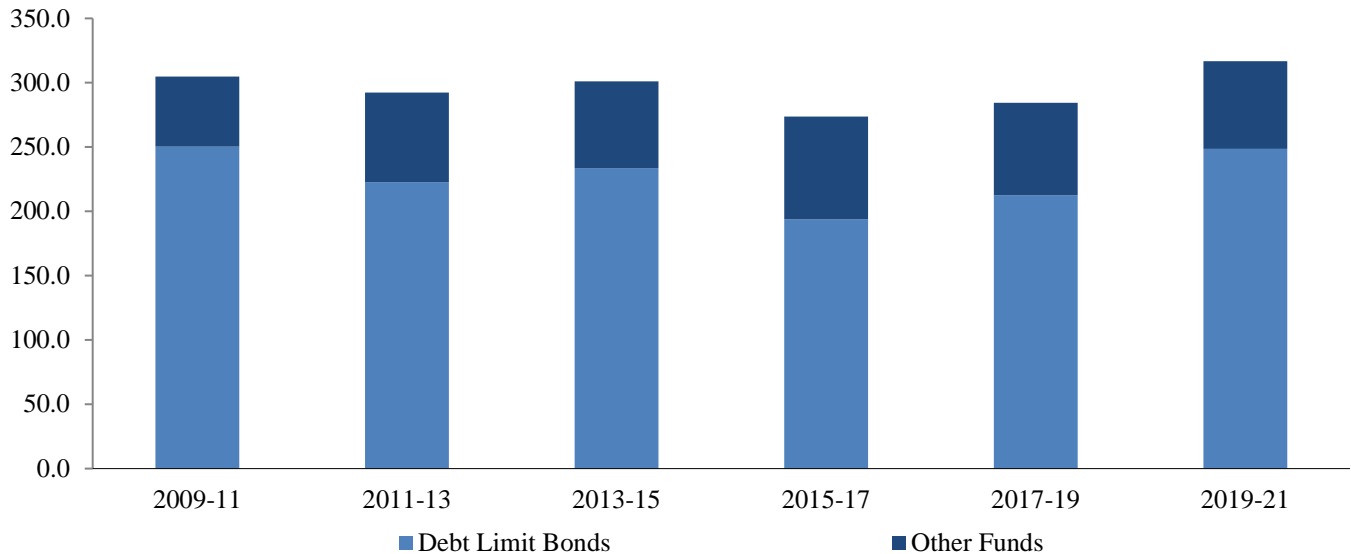


	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	61.2	13.8	9.8	62.6	15.9	64.5
Trust Revenue	7.5	6.4	5.1	5.1	4.3	4.2
Other Funds	5.9	9.6	7.0	8.8	7.0	7.8
Total	74.6	29.8	22.0	76.5	27.1	76.5

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

State Board for Community & Technical Colleges

State Board for Community & Technical Colleges Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	250.4	222.8	233.6	193.8	212.4	248.6
Other Funds	54.4	69.5	67.5	80.0	72.0	68.0
Total	304.8	292.3	301.0	273.8	284.4	316.6

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Prioritizing Two-Year Higher Education Capital Projects

The State Board for Community and Technical Colleges also uses a process for evaluating and prioritizing the project requests of the 34 community and technical colleges around the state. The system's long-standing capital budget process prioritizes projects to ensure that preservation of existing facilities is balanced with new construction to expand capacity and meet changing program needs. Each college develops a capital request shaped by program-based strategic planning and facility master planning. The needs of all 34 colleges are then prioritized to form the system request.

Relevant Statutory Organizations

Student Achievement Council (RCW 28B.77) – The Student Achievement Council (Council) provides planning, coordination, monitoring, and fiscal policy analysis for higher education in the state, including the preparation of a master plan. The Council is composed of nine voting members, including five citizen members appointed by the Governor with the consent of the Senate. The citizen members consist of a student, a representative of an independent nonprofit higher education institution, a representative of the four-year institutions of higher education, a representative of the state’s community and technical college system, and a representative of the state’s K-12 education system. The Council replaced the Higher Education Coordinating Board in 2012.

Higher Education Facilities Authority (RCW 28B.75) – The Higher Education Facilities Authority is a self-supported agency that issues tax-exempt bonds to enable Washington’s nonprofit, independent colleges and universities to build, improve, and equip higher education facilities in a manner that will minimize capital costs.

State Board for Community and Technical Colleges (RCW 28B.50.050) – The State Board for Community and Technical Colleges (Board) consists of nine members appointed by the Governor and confirmed by the Senate. The Board has general supervision and control over the state system of community and technical colleges, including budgeting, distribution of funds, and preparation of a master plan.

Workforce Training and Education Coordinating Board (RCW 28C.18) – The Workforce Training and Education Coordinating Board (Workforce Board) is a partnership of nine voting members appointed by the Governor from business, labor, and government sectors. Non-voting members also participate. The Workforce Board was created in 1991 to replace four state boards that supervised the state’s training system. The Workforce Board advises the Legislature and Governor on workforce development policy. They also work to ensure the state’s workforce services and programs work together and they evaluate the performance of Washington’s key workforce programs.

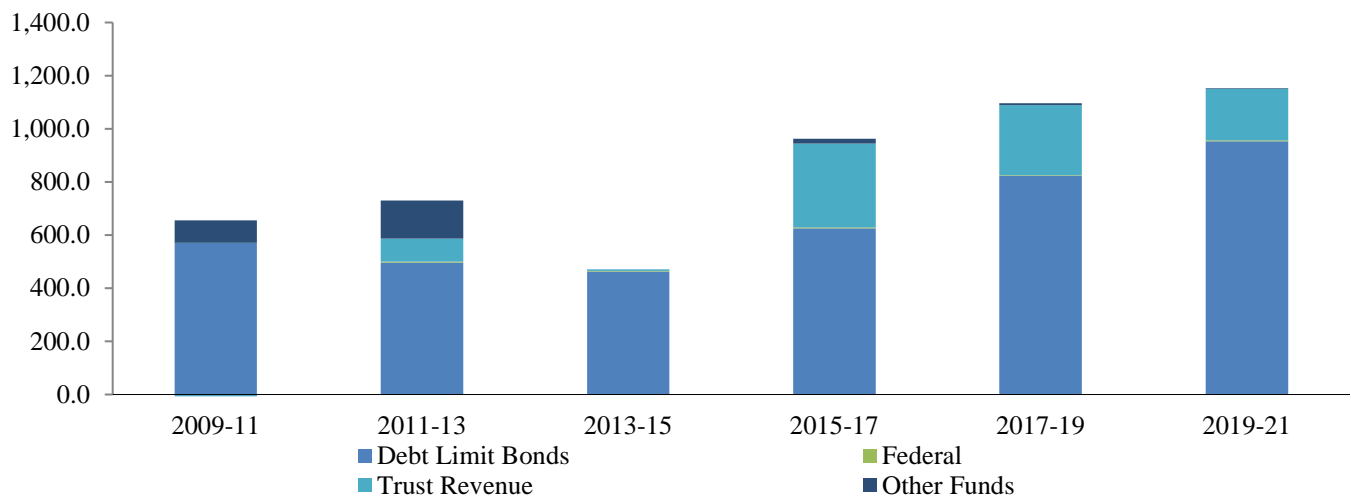
Council of Presidents – The Council of Presidents (COP) is an association of Washington’s six public baccalaureate degree granting colleges and universities. The COP provides a common voice for the public baccalaureate sector to be a resource for decision makers on issues affecting public higher education. The COP serves as the coordinating role for a number of initiatives and activities common to the public baccalaureate institutions.

Education

Overview of Education

The Education functional area of the capital budget includes state support for the construction of K-12 public schools by local school districts, as well as funding to support the facilities used by the state schools for blind children, and children with deafness and hearing loss. Funding is also provided for the museums operated by the state historical societies, as well as a grant program for buildings to preserve Washington State heritage.

Education
Capital Budget Appropriations by Fund Source
(Dollars in Millions)



Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Office of the Superintendent of Public Instruction

Agency Description: The Office of the Superintendent of Public Instruction (OSPI) is the primary agency charged with overseeing public K–12 education in Washington state. The OSPI works with the state’s 295 public school districts and 6 state-tribal education compact schools to allocate funding and provide tools, resources, and technical assistance. The agency also administers several K-12 school construction programs that are funded through the Capital Budget.

Facilities: The OSPI is housed in the Old Capitol Building on the Capitol Campus in Olympia, which is owned and managed by the Department of Enterprise Services.

- Owned: 0
- Leased: 6 (10,600 sq. ft.)
 - OSPI Annex in Olympia (9,100 sq. ft.)
 - Office space in five other cities across the state (1,500 sq. ft.)

Major Capital Grant and Loan Programs: The OSPI administers the following capital programs. Most of the funds awarded take the form of grants that are sent to the school districts. These programs include (2019-21 appropriations listed parenthetically):

- **K-12 School Construction Assistance Grants:** state financial assistance to school districts for constructing new, and remodelling existing, school buildings (\$1.041 billion);
- **Distressed Schools Grants:** capital grants for various distressed schools, as determined by the Legislature (\$25.9 million);
- **Small District Modernization Grants:** construction and planning grants for small school districts with significant building deficiencies, limited to school districts with total enrollments of 1,000 students or less (\$23.4 million);
- **School Seismic Safety Grants:** retrofit grants to school districts for seismic retrofits and seismic safety related improvements of K-12 school buildings used for the instruction of students (\$13.2 million);
- **STEM Classrooms and Labs:** capital construction funding for STEM-related capital construction grants and equipment (\$10.4 million);
- **Grants for K-12 school repairs and ADA/Equal Access modifications:** \$3 million for nonrecurring, urgent repair grants that could impact student and staff health and safety; \$2 million for emergency repairs that will impact the day-to-day operations of the school facility; and \$1 million for equal access grants for facility repairs and alterations (\$6 million);
- **Healthy Kids-Healthy Schools:** grants for equipment, repair, and renovation of existing equipment or facilities, or design and construction of new facility space and infrastructure that affect student physical education/physical activity and nutrition (\$3.3 million); and

- **Vocational Skills Centers:** capital construction funding for regional secondary schools that serve high school students from multiple school districts. Skills Centers provide comprehensive, industry-defined programs of study intended to prepare students for careers, employment, apprenticeships, and postsecondary education (\$3.6 million).

K-12 School Construction Assistance Grants

Washington provides financial assistance to school districts in the capital budget for constructing new, and remodeling existing, school buildings. The School Construction Assistance Program (SCAP) is based on two principles: (1) state and local school districts share the responsibility for the provision of school facilities; and (2) all school districts who are eligible to partner with the state through SCAP receive varying amounts of state assistance based on the relative wealth of the districts. To be eligible for state funding through SCAP, a school district must have a space or remodeling need and must secure voter approval of a bond, capital levy, or other source for the local share of a school project. Once the local share is secured, the state money is allocated to districts through a funding formula based primarily on a set of space and cost allowances and allocations and a state funding assistance percentage (state matching ratio) based on the relative property wealth of the district.

State assistance is provided to local school districts who plan for construction and modernization of school facilities, and is based on five main factors:

- 1) the district's education plan;
- 2) enrollment projections;
- 3) an evaluation of existing facilities;
- 4) a measure of the district's financial capabilities; and
- 5) a long-range plan to achieve these goals.

State assistance is provided for the following project costs:

- architect and engineering fees;
- construction management;
- value engineering studies and constructability reviews;
- building commissioning;
- furniture and equipment;
- energy conservation reports;
- inspection and testing;
- preparation of school district studies, surveys, and educational specifications;
- project signs and plaques;
- construction of school facilities; and
- art as required by statute for "Art in Public Places."

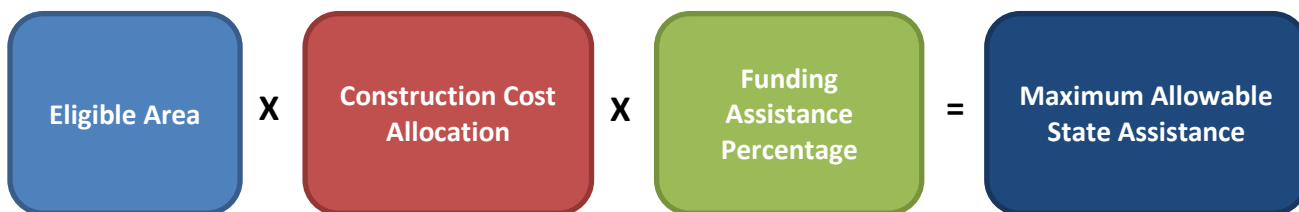
The SCAP does not reimburse all costs related to a school district project. Costs not eligible for reimbursement by the state include, but are not limited, to the following:

- area in excess of the space allocations per student;
- site acquisition costs;
- maintenance and operations costs (including deferred maintenance);
- central administration buildings;
- stadiums/grandstands;
- bus garages, except interdistrict cooperatives;
- sales and/or use taxes levied by local government agencies other than those taxes generally levied throughout Washington; and
- portable classrooms.

School districts receiving state assistance must expend the total amount of their local share for the project before receiving state funds for the construction project. Though the state contributes funds for school construction, local school districts control the design and construction of their schools. Ultimately, school districts receiving state funding assistance for school construction retain those facilities as their own assets.

Calculating the Amount of State Assistance for School Construction

State assistance helps finance certain space and remodeling needs of local school districts. The school district must pass a bond levy or obligate other local revenue to be eligible for state assistance. The amount of funding the state will approve for a proposed school construction project is determined by a funding formula that calculates three factors:



1. Eligible Area (square footage) - Eligible area is the specific amount of square feet per student that is eligible for state assistance.

<u>Grade</u>	<u>Current rule</u>
K-6	90 sq. ft./student
7-8	117 sq. ft./student
9-12	130 sq. ft./student
Special Education	144 sq. ft./student

2. Construction Cost Allocation – The Construction Cost Allocation (CCA) is the maximum cost per square foot of construction that the state will match. The CCA is established biennially through the capital budget development process and does not reflect the actual cost of construction paid by the school districts. After the eligible square footage is determined, the CCA is applied to determine the maximum construction dollar amount eligible for state assistance for new construction and modernization. In the 2019-21 Capital Budget, the CCA was set at \$232.10 per square foot for fiscal year 2019 and adjusted for construction inflation at \$238.22 per square foot for fiscal year 2020.
3. State Funding Assistance Percentage – The amount of state funding assistance available to the eligible project cost is determined by applying the state funding assistance percentage. Applying this percentage in the formula equalizes funding by providing a higher percentage of assistance to school districts whose assessed land value per student is relatively low. The state funding assistance percentage ranges from an established floor of 20 percent to a ceiling of 100 percent for the school districts with lowest assessed land values per student.

Finally, other allowable related costs are added. These include architect and engineering fees, construction management, value engineering studies, furniture and equipment, energy conservation reports, and inspection and testing.

Permanent Common School Fund and Common School Construction Fund

Washington is a land grant state. When Washington entered the Union, the federal government granted two sections of land in every township as a trust dedicated to support the common schools. The 1.8 million acres of school trust lands are managed by the Department of Natural Resources to generate revenue for the support of school construction.

Prior to 1967, state assistance for school facilities was paid from a variety of sources. Up until 1951, the State General Fund was used to pay the state share of school construction. Between 1951 and 1967, the state share of school facilities was provided by state bonds supported by cigarette and motor vehicle taxes.

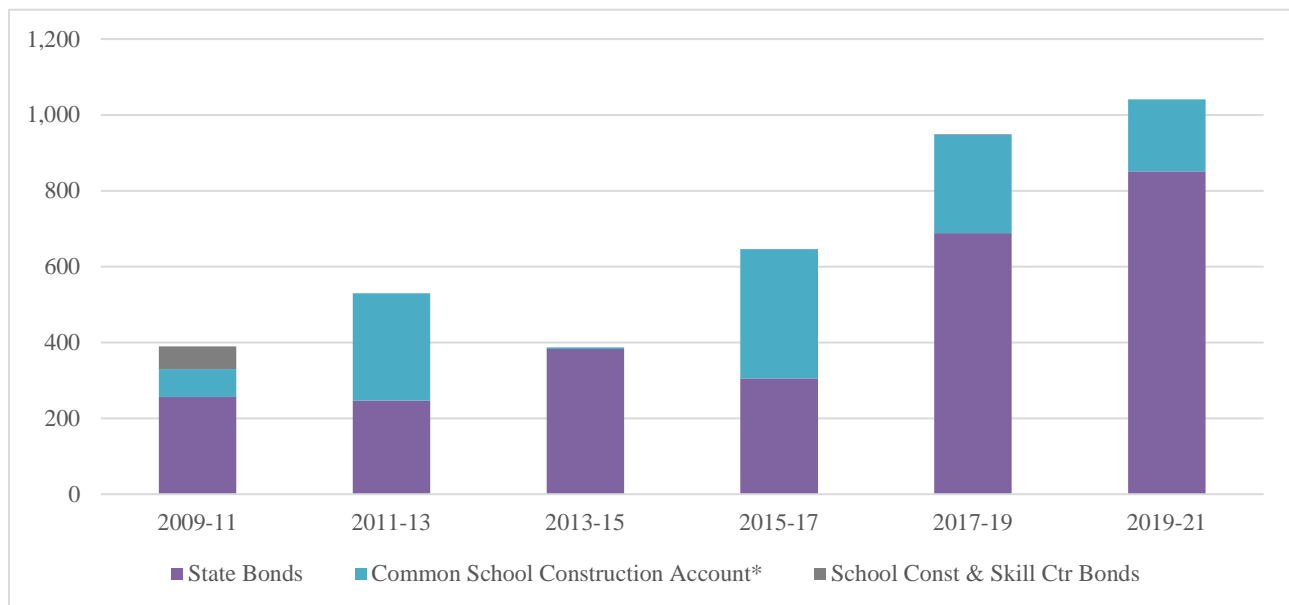
A constitutional amendment enacted in 1967 dedicates school trust land revenues to support school construction. Article IX of the Constitution establishes two funds:

The Permanent Common School Fund – This fund was created in the original Washington State Constitution, and it received all the income from the sale of school trust lands and non-renewable resources from the trust lands. The principal of the Permanent Common School Fund (PCSF) is irreducible, and only the interest income from the investment of the permanent fund was available for payment of current expenses for the common schools. The 1967 amendment dedicated the use of the interest income to school construction and to pay debt service on state bonds used for school construction. According to the Washington State Investment Board's

most recent Annual Report Audited Financial Statements, the total market value for PCSF for the fiscal year ending June 30, 2019, was \$233.6 million. The principal in the fund remains irreducible and the interest income is deposited into the Common School Construction Fund (CSCF).

The Common School Construction Fund – This fund was created by the 1967 amendment for the exclusive purpose of financing the construction of facilities for the common schools. Revenue to this fund is from the harvest of timber on school trust lands, from agricultural and real estate leases on school trust lands, and/or interest income from PCSF. The CSCF revenues attributable to PCSF interest earnings are pledged to pay debt service on K-12 bonds. The CSCF revenues from other sources are used to fund school construction on a cash basis.

School Construction Assistance Program Capital Budget Appropriations by Fund Source (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
State Bonds	256.0	247.4	382.7	305.7	688.2	851.2
Common School Construction Account*	74.1	282.6	4.7	340.1	259.0	189.7
School Const & Skill Ctr Bonds	59.4	0.0	0.0	0.0	1.6	0.0
Total	389.5	530.0	387.4	645.8	948.8	1,040.9

**Common School Construction Account (CSCA) appropriations are composed of Common School Trust timber revenues in the current biennium, as well as assumed Common School Trust timber revenues in future biennia. Investment income, bond proceeds from the Trust Land Transfer program and some federal revenue also are included in the CSCA appropriation.*

Source: Office of Program Research, October 2020.

Impact of Recent School Policy Changes on the K-12 Capital Budget

Beginning in 2009 and culminating in major legislation enacted in 2017 (EHB 2242), the Legislature has enacted several modifications to the state's operating K-12 funding formulas. Because these changes include all-day kindergarten, K-3 class size reduction, and increased science credit requirements, they affect the need for classroom and lab space.

During the period of court supervision of K-12 operating budget funding under the *McCleary* lawsuit, the state Supreme Court noted that the *McCleary* ruling did not address school construction, nor did the court hold that the state's Article IX duty to amply fund K-12 schools also included a duty to fully fund school construction. The Court explained that the constitution establishes roles for both the state and for school districts in school construction finance.

However, the Legislature has made several capital investments for classroom and lab spaces to support some of these school policy reforms. In 2015, the Legislature established the K-3 Class Size Reduction Construction Grant program and provided a total of \$234 million for the program to be spent over the 2015-17 and 2017-19 biennia for an estimated additional 500 classrooms. Since the 2015-17 biennium, the Legislature has provided more than \$40.7 million for individual STEM projects as well as competitive grants for science classrooms and labs.

Skill Centers

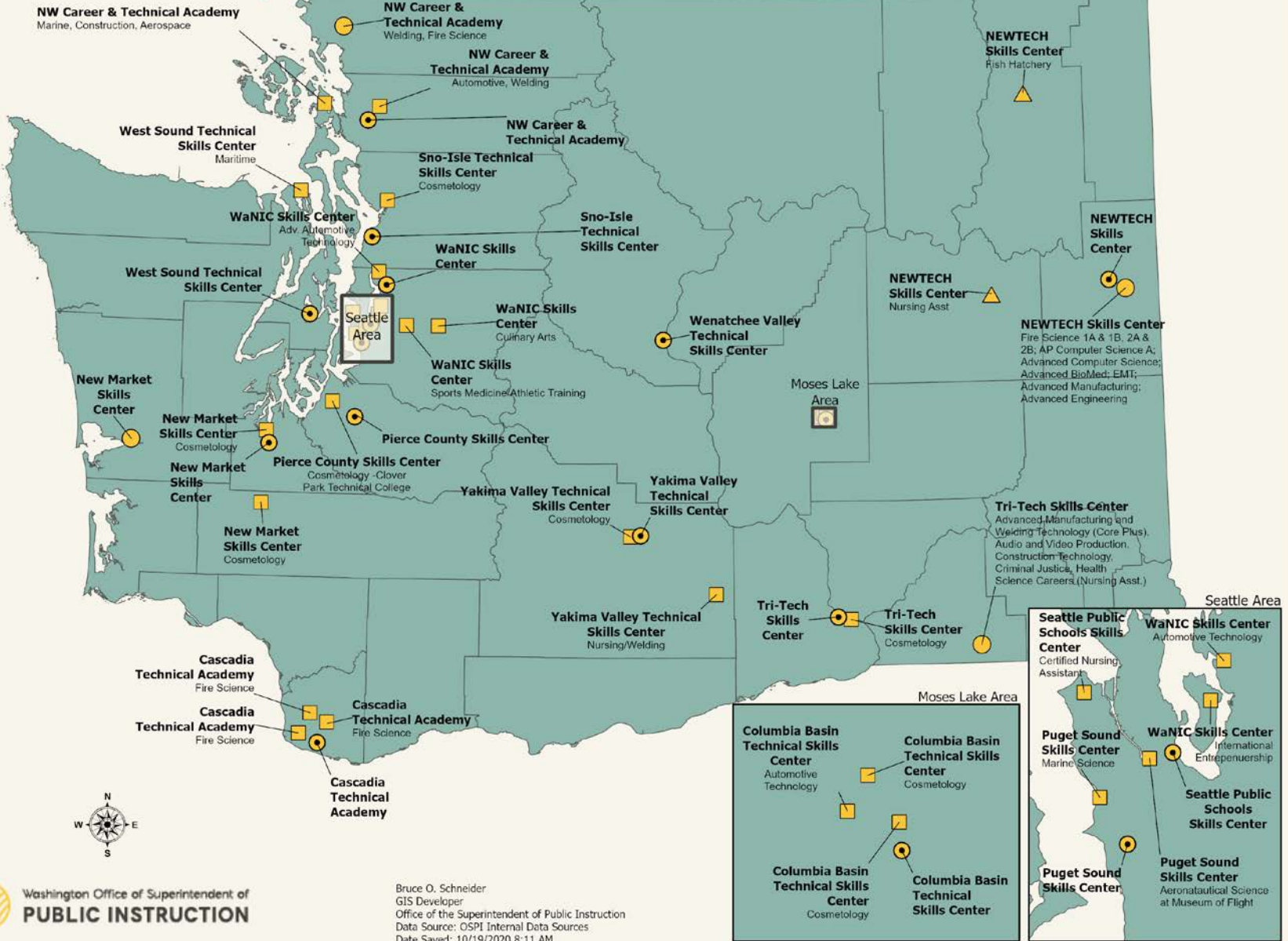
According to RCW 28A.245, a skill center is a regional career and technical education partnership, operated by a host school district, and providing comprehensive, industry-defined programs of study. Skill centers are intended to prepare students for careers, employment, apprenticeships, and postsecondary education. Examples of programs offered by skill centers include: aviation technology, composites, cosmetology, criminal justice, construction trades, manufacturing, video game development, and medical careers (e.g. dental and nursing).

Before a new skill center campus can receive state capital funding, it must be approved by OSPI. Existing skill centers must complete long-range plans before making a major capital budget request.

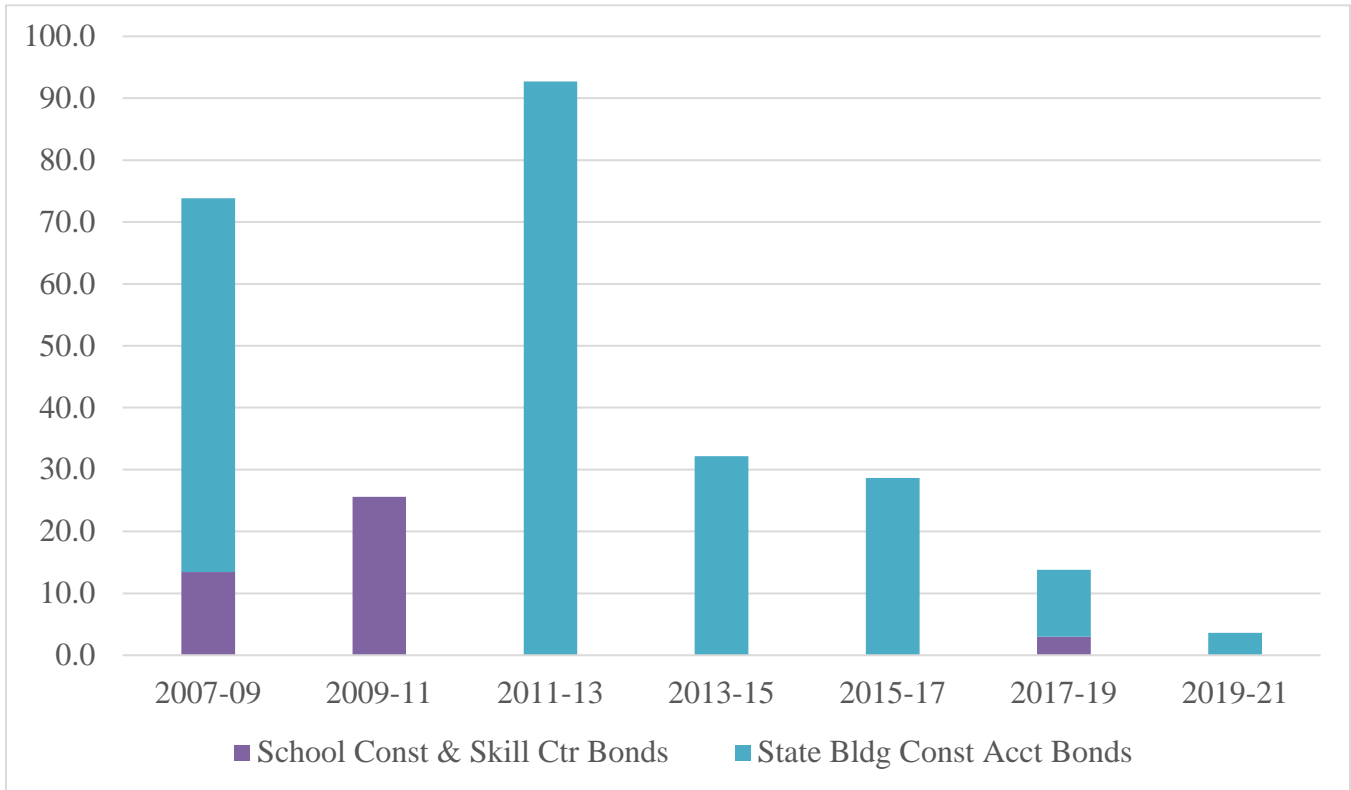
Skill center campuses can be of three types: a core campus operated by the skill center and housing a majority of the skill center students enrolled; a branch campus at a common school or higher education facility providing three or more programs at a location other than the core campus; and a satellite program providing fewer than three programs at a location other than the core campus.

Approximately 8,971 students are currently enrolled in 17 skill centers or skill center branches statewide. Since 2007, the Legislature has provided approximately \$270.4 million in grants through OSPI for skill center capital projects and an additional \$3.3 million through SCAP.

Washington Skills Centers



Skills Centers
Capital Budget Appropriations History
(Dollars in Millions)



	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
School Const & Skill Ctr Bonds	13.5	25.6	0.0	0.0	0.0	3.0	0.0
State Bldg Const Acct Bonds	60.4	0.0	92.7	32.1	28.6	10.8	3.6
Total	73.9	25.6	92.7	32.1	28.6	13.8	3.6

Source: Office of Program Research, October 2020.

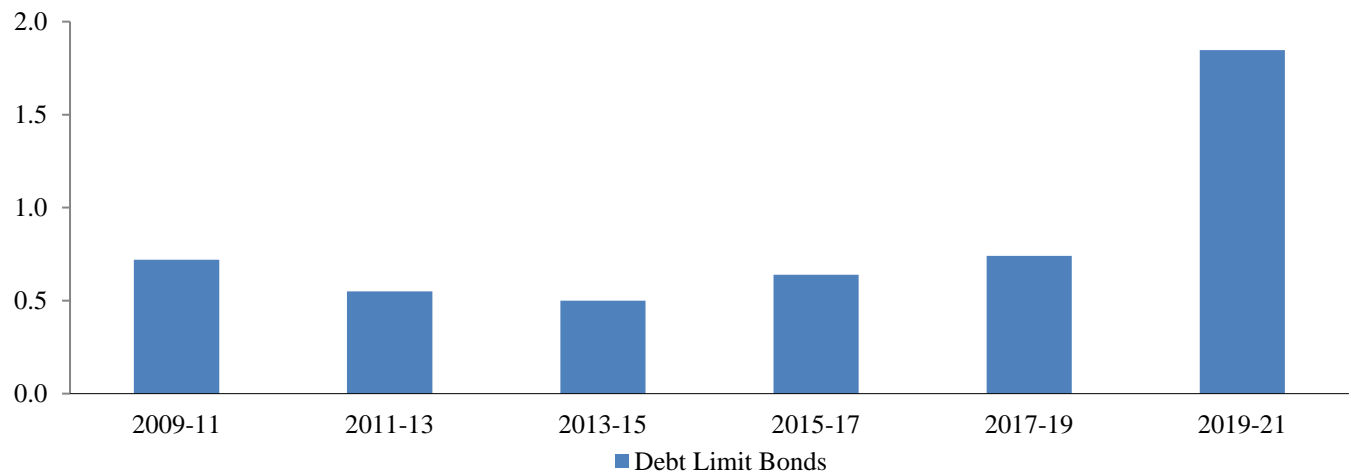
State School for the Blind

Agency Description: The Washington State School for the Blind (WSSB), established in 1886, provides specialized educational services for blind and visually-impaired youth, from birth to 21 years-of-age. The WSSB serves as a statewide demonstration and resource center, with services delivered both on campus and in the children's local communities.

Facilities: The WSSB occupies a 13-acre campus in Vancouver, Washington.

- Owned: 14 facilities (166,600 sq. ft.)
 - Five residential facilities (23,300 sq. ft.)
 - Four educational facilities (68,400 sq. ft.)
 - Three support facilities (21,000 sq. ft.)
 - Two office facilities (53,900 sq. ft.)
- Leased: 0

State School for the Blind
Capital Budget Appropriations History
 (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	0.7	0.6	0.5	0.6	0.7	1.8
Total	0.7	0.6	0.5	0.6	0.7	1.8

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

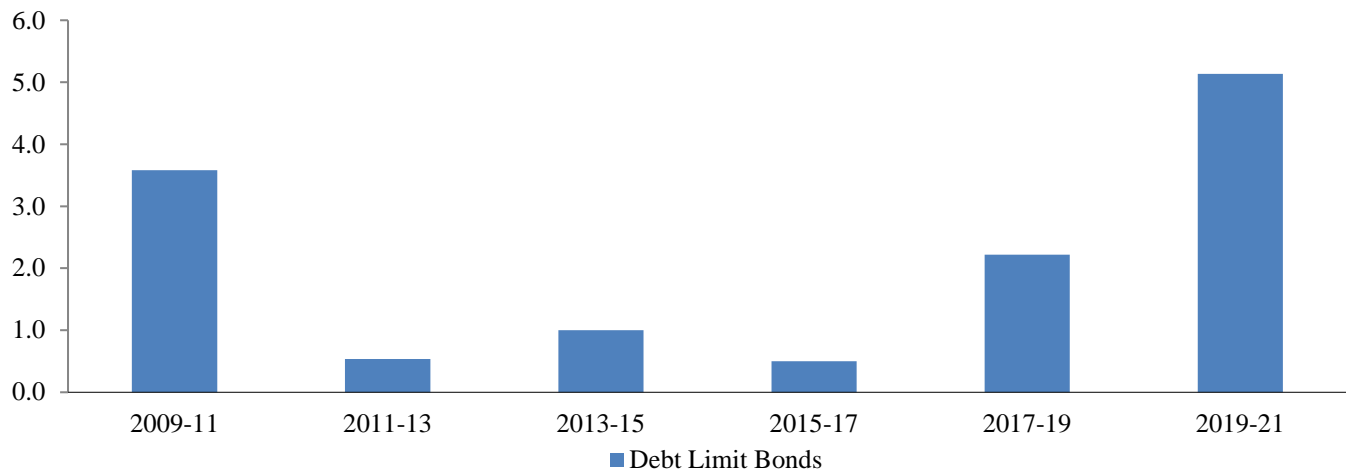
Center for Deaf and Hard of Hearing Youth

Agency Description: The Washington School for the Deaf (WSD) has provided educational and residential services to students with deafness and hearing loss since 1886. In 2009, the WSD became operationally connected to the Center for Deaf and Hard of Hearing Youth (CDHY) a statewide resource committed to all deaf and hard of hearing students in Washington, regardless of where they live or attend school. The CDHY Board of Trustees oversees all programs and operations at WSD.

Facilities: The CDHY and WSD are located on a 17-acre campus in Vancouver, Washington.

- Owned: 16 facilities (249,400 sq. ft.)
 - Five educational facilities (92,100 sq. ft.)
 - Three residential buildings (27,000 sq. ft.)
 - Two support facilities (9,300 sq. ft.)
 - One auditorium (13,100 sq ft), office facility (53,432 sq. ft.), and play-shed (3,900 sq. ft.)
 - Three unused facilities, due to age and poor condition (50,600 sq. ft.)
 - Facilities will be demolished through a project funded in the 2020 Supplemental Capital Budget.
- Leased: 0

Center for Deaf and Hard of Hearing Youth Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	3.6	0.5	1.0	0.5	2.2	5.1
Total	3.6	0.5	1.0	0.5	2.2	5.1

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Washington State Historical Society

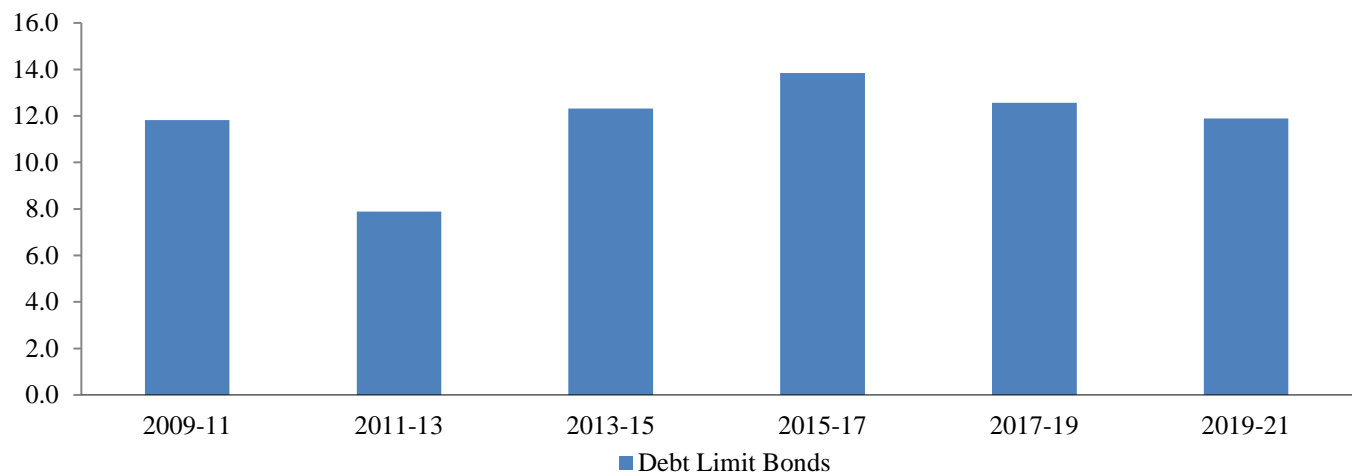
Agency Description: Founded in 1891, the Washington State Historical Society (WSHS), located in Tacoma, is designated in law as a trustee agency whose duties include collecting, cataloging, preserving, and interpreting materials that illustrate the cultural, artistic, and natural history of the state.

Facilities:

- Owned: 2 Facilities (166,400 sq. ft.)
 - Washington State History Museum (104,400 sq. ft.)
 - Research Center (62,000 sq. ft.)
- Leased: 0

Major Capital Grant and Loan Programs: The WSHS administers the Washington Heritage Program. This program provides up to one third of the total cost of heritage capital projects undertaken by local governments, public development authorities, nonprofit organizations, tribal governments, and other entities. Projects that preserve and interpret the heritage of the state are submitted by applicants, reviewed and ranked by an advisory panel, and submitted for inclusion in the agency's state capital budget. In the 2019-21 biennium, \$9.2 million was appropriated for Heritage Capital Grants.

Washington State Historical Society Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	11.8	7.9	12.3	13.8	12.6	11.9
Total	11.8	7.9	12.3	13.8	12.6	11.9

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

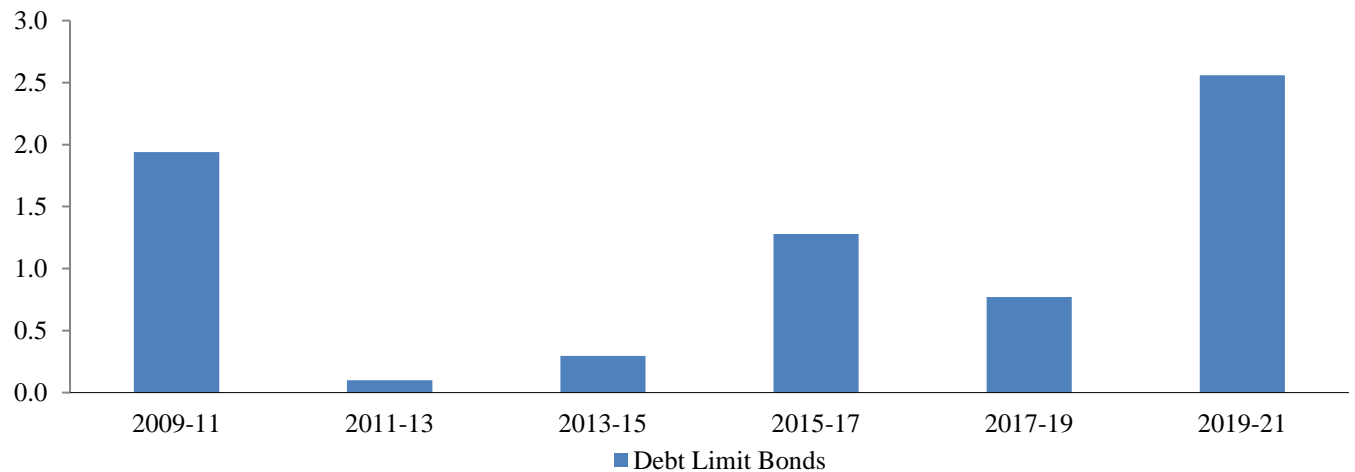
Eastern Washington State Historical Society

Agency Description: Founded in 1916, the Eastern Washington State Historical Society (EWSHS), like WSHS, is designated in law as a trustee agency whose duties include collecting, cataloging, preserving, and interpreting materials that illustrate the cultural, artistic, and natural history of the state. In 2001, EWSHS changed its public name to the Northwest Museum of Arts and Culture.

Facilities: The Northwest Museum of Arts and Culture maintains a five-acre campus, west of downtown Spokane.

- Owned: 5 facilities (144,100 sq. ft.)
 - Northwest Museum of Arts & Culture (45,600 sq. ft.)
 - Campbell House (13,600 sq. ft.)
 - Cheney Cowles Center (39,300 sq. ft.)
 - Carriage House (4,800 sq. ft.)
 - Parking Structure (40,800 sq. ft.)
- Leased: 0

Eastern Washington State Historical Society Capital Budget Appropriations History (Dollars in Millions)



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21
Debt Limit Bonds	1.9	0.1	0.3	1.3	0.8	2.6
Total	1.9	0.1	0.3	1.3	0.8	2.6

Source: Legislative Evaluation and Accountability Program Committee, December 2020.

Relevant Statutory Organizations

Office of Superintendent of Public Instruction (RCW 28A.300) – The Office of Superintendent of Public Instruction (OSPI) is the primary agency that oversees K-12 public education in Washington. The OSPI is led by the Superintendent of Public Instruction (SPI) who is elected by the citizens of the state for a term of four years. The OSPI provides funding, resources, tools, data and technical assistance, and other services to educators and school districts.

State Board of Education (RCW 28A.305) – The State Board of Education (SBE) is comprised of 16 members representing Washington State Public School Boards of Directors, the Governor, private schools, student representatives, and the SPI. The SBE provides advocacy and strategic oversight of public education. It implements standards-based accountability systems to improve student academic achievement. It provides leadership in creating a system to personalize education for each student and it promotes achievement of the Basic Education Act goals.

School Facilities Citizen Advisory Panel and Technical Advisory Group (RCW 28A.525.025) – The School Facilities Citizen Advisory Panel (CAP) is comprised of seven members who represent: the SBE, the Washington State School Directors' Association, and citizens at large appointed by SBE. The CAP advises and makes recommendations to OSPI regarding school facilities, funding for school construction, joint planning and financing of educational facilities, and other matters related to school facilities. Additionally, the OSPI convenes a Technical Advisory Committee that includes representatives from school business officers, building and construction contracting and trade organizations, architecture and engineering organizations, and others with expertise in school facilities.

Washington Student Achievement Council (RCW 28B.77) – The Washington Student Achievement Council (WSAC) was established in July 2012 to replace the Higher Education Coordinating Board. The council is comprised of nine voting members: (a) five members (one of whom must be a student) are appointed by the Governor; (b) one member is selected by an association of independent nonprofit higher education institutions; and (c) the three remaining members represent the state's four-year institutions, the state's community and technical colleges, and the state's K-12 education system. The WSAC provides strategic planning, oversight, advocacy, and programs to support increased student success and higher levels of educational attainment in Washington. The WSAC also administers the Guaranteed Education Tuition program to provide college savings opportunities.

