



July 18, 2017

Dear Legislators:

I'm incredibly proud of many of the things we've accomplished together this session: billions in new funding for our K-12 system and tackling the final step of McCleary, confronting challenges in our mental and behavioral health systems so we can transform how people receive services, improving how we serve at-risk families and children, passing a historic paid family leave program, and enacting life-saving distracted driving legislation.

The 2017 legislative session will be remembered as one of the most productive in recent times. We're showing the rest of the nation what's possible when legislators work together.

But with days left in this special session there is a major job still undone — passing a capital budget and the bond authorization to pay for it. Despite the bipartisan accomplishments outlined above, this Legislature could be the first we know of in state history to fail to approve a two-year public construction budget.

Most people know the capital budget supports thousands of jobs throughout the state. The roughly \$4.2 billion capital budget approved by the House on July 1 would support about 8,000 jobs in the first year, 19,000 in the second year and more than 19,000 in the third year. There are few things you can do to boost our economy that would have more impact than passing this budget.

But failure to pass the capital budget would have serious ramifications beyond the loss of jobs. Without your action by midnight Thursday, the State of Washington could face court sanctions, school districts would be put at financial risk, the health and safety of our citizens would be jeopardized and, frankly, you would signal a lack of commitment to equitable education of our state's children.

K-12 Education

Construction of new school buildings is essential if we are to meet our commitment to reduce class sizes. The operating budget you passed last month funds the hiring of more teachers so there would be fewer students in our kindergarten through third grade classrooms. But without construction funding, there would be no place for those students to be taught.

In addition, failure to provide state-secured school construction funding puts school districts in significant financial risk:



- 25 school districts have “front-funded” 44 projects, meaning they’ve already paid project costs for which they expect to be reimbursed;
- 9 school districts have “nonfront-funded” projects that can’t go to bid until state funds are secured, and postponing bids could result in unforeseen inflation costs and jeopardize projects;
- 11 school districts are overseeing state-funded projects that are currently in the design phase and awaiting funding for 2018. These projects may also face inflation costs if there’s a delay in funding.

Mental Health

Without a capital budget, we will seriously compromise the state’s ability to meet the federal court’s expectations in the Trueblood case (related to reducing wait times for evaluation and treatment of individuals being held in jail).

- Three construction projects would be stalled that would add 115 forensic beds at Western and Eastern state hospitals, as would the design work for an additional 90–120 forensic beds at Western State Hospital.
- Construction on two projects that are designed and almost ready to bid would be prevented – a project at Echo Glen Children’s Center in Snoqualmie and at the Child Study and Treatment Center campus in Lakewood. Delaying this funding could result in higher construction costs and hamper the state’s ability to provide specialized care to youth with mental health issues.
- We would have no new funding for behavioral health community capacity, including the expansion of local facilities and more competitive grants for new mental health beds in the community. This additional capacity provides local placement options outside of the state-run psychiatric hospitals.

Public Health and Safety

Without a capital budget, many state agencies will be unable to implement projects that have a direct impact to community health and safety.

- We would face the potential loss of tens of millions of dollars in federal funding for the Drinking Water State Revolving Fund. The Office of Drinking Water regulates the safety of more than 4,000 public water systems statewide, serving approximately 80 percent of the state’s population.
- Customers of the Keller Lane and College Place water systems will continue to drink water with excess levels of nitrates, which have adverse effects on the cardiovascular system and can cause stomach cancer and methemoglobinemia, or “blue baby” disease.

- Ecology would not be able to fulfill its obligation required by the Sunnyside Division Water Rights Settlement Agreement in the Yakima Basin Water Rights Adjudication to fund the Yakima River Basin water enhancement project. This could jeopardize federal match funding, which would delay reaching water conservation goals and attaining instream flow targets contained in the agreement.
- Local governments could lose \$116 million in funding through the Public Works Assistance Account programs that address critical basic infrastructure needs including bridges, sanitary sewer systems and solid waste/recycling systems.
- The Housing Trust Fund program could lose more than \$300 million in other investments (local, federal and private) that would preserve and develop affordable housing projects serving a broad spectrum of vulnerable populations, including people with chronic mental illnesses, homeless families and individuals, homeless youth, farmworkers, seniors and individuals with special needs.

These projects are just a few examples of why it is essential to approve a capital budget. Our colleges, school districts, state parks and local communities depend on these funds to keep facilities and operations running safely and efficiently. I remain hopeful the Legislature will deliver a capital budget that ensures we continue to meet our legal obligations and community needs.

It's also important to note that after Thursday, if the Legislature does not approve a capital budget, we will have to begin the process to permanently lay off employees whose positions are dependent on capital budget funding. Such layoffs would result in the loss of valuable and experienced staff, and have lasting effects on projects, services and programs. For those individual employees, layoffs would have profound implications, including potential impacts to their retirement planning and health care insurance. A prolonged period without a capital budget and bond bill would impact hundreds of state employees.

For all these reasons, I urge you to deliver a capital budget before you adjourn and end this session.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jay Inslee". The signature is fluid and cursive, with a large initial "J" and "I".

Jay Inslee
Governor