



“Washingtonians have stood up to the challenge of fighting COVID-19. But we have much more work to do to defeat this deadly virus and to help working families and businesses get back on their feet. I am putting forward a broad range of proposals to provide relief to those who are still struggling, give our economy the tools it needs to recover, and build a strong and resilient public health system so we are better equipped to confront future crises.”

- Gov. Jay Inslee

Relief, recovery, resilience

Gov. Jay Inslee puts forward plans to strengthen our public health system, provide vital relief for businesses and aid for working families

The COVID-19 pandemic is one of the worst public health threats our state has ever faced. It has proved devastating for our economy — shutting down business activity and forcing an unprecedented spike in unemployment. That, in turn, has created a dire situation where hundreds of thousands of Washingtonians struggle to pay their rent or mortgage, and roughly one in three don't have access to adequate food. The governor is putting forward a broad range of budget and policy proposals to help the state build back stronger and provide ongoing support for households, workers and businesses.

While Washington has fared better than many states in its fight against COVID-19, the coronavirus has exposed significant vulnerabilities and limitations in our state and local public health systems. Meanwhile, the lack of an effective national strategy to combat the pandemic has put a major burden on state and local health departments.





Early on, the state moved quickly to slow the spread of COVID-19, starting with Inslee’s Stay Home, Stay Healthy order in March. The governor followed up with numerous orders and related guidance to combat the deadly and highly contagious virus.

There is no doubt that we saved many lives by the aggressive actions at the state and local level, by the tireless work of medical professionals and caregivers, and by the sacrifices that countless Washingtonians made in their daily lives. But our efforts to stop the virus and save lives has taken a heavy toll on our state’s economy — on businesses, workers and families.

In April alone, Washington lost a staggering 340,000 jobs. The state gained back jobs every month since that initial jolt, but the state still had about 217,000 fewer jobs as of last month than before the pandemic hit.

Countless businesses — especially restaurants and others in the leisure and hospitality sectors — have struggled to stay afloat. And COVID-related shutdowns

have had a greater impact on businesses owned by Black, Indigenous and people of color.

The governor and his staff worked with legislative leaders to confront the state’s COVID-19 crisis by distributing more than \$2 billion in state and federal assistance. This includes nearly \$150 million to support small businesses, \$120 million in rental assistance to aid families in need and their landlords, nearly \$70 million in food assistance and more than \$190 million to support child care businesses and help low-income families afford child care. Many of these areas also benefited from the \$510 million in federal aid that the state sent to local governments.

Still, the governor recognizes we have much more to do as we respond to the pandemic and build back stronger.

With the federal COVID-relief funds running out, the governor will urge the Legislature in January to quickly pass legislation approving an additional \$100 million in grants to assist struggling businesses and \$100

million in additional rental assistance. Meanwhile, his comprehensive 2021 budget and policy proposals will strengthen the state's public health system, provide more assistance to working families and further relief to struggling businesses, as well as stimulate the economy through infrastructure investments and workforce training.



Strengthen Washington's public health system

The governor's 2021–23 budget includes \$397 million (\$447 million total funds) to provide resources the state needs to make it through the COVID-19 pandemic. This includes funding for personal protective equipment and testing supplies, lab costs, staff for contact tracing, the state public health lab and epidemiology work. With the arrival of a COVID-19 vaccine, the Department of Health also needs resources for vaccine distribution and administration to ensure all state residents have access as it becomes available.

Communication remains a vital tool to help prevent the spread of COVID-19. The department needs to conduct outreach to inform the public and encourage people to get a vaccine and heed other COVID-related warnings. Engaging trusted community messengers will ensure these vital communications reach across cultural and regional divides. Further, the state needs to improve information technology systems to more

effectively collect, track and analyze data from counties on cases, hospitalizations and deaths. The department partnered with the University of Washington to develop WA Notify, a virus tracking application for smartphones that notifies users when they have been around another user who tested positive for COVID-19.

The governor's budget provides resources that local health jurisdictions need to respond to COVID-19 outbreaks and work with local partners to control the spread of the virus and distribute the vaccine to communities across the state.

Long-term public health system investments

As the state begins distributing a vaccine and moves through the worst of the COVID-19 pandemic, there are still major issues to address in our chronically underfunded public health system. The governor is proposing new revenue that will provide ongoing resources to meet long-term public health needs and boost our ability to stop future pandemics. This includes funding for:

- **Infrastructure:** Develop and maintain systems to diagnose disease, identify threats, and collect and exchange data.
- **Community partnerships:** Build local trust and understanding with local partners through consultations and outbreak investigations.
- **Emergency management:** Plan for and respond quickly to disease outbreaks and disasters that require strong relationships between health departments and county emergency management departments.
- **Communications and outreach:** Educate the public and create guidance designed for different sectors, using trusted messengers to help deliver vital information and combat misinformation.
- **Assessment and policy development:** Turn data into usable, actionable information for decision-making and innovative policies to improve health across the state.

To fund these ongoing public health needs, the governor is proposing a new per member/per month assessment on health carriers, Medicaid managed care organizations and third-party administrators. It will raise an estimated \$205 million during the second year of the next biennium, then about \$343 million in the 2023-25 biennium.

Create comprehensive public health districts

COVID-19 has highlighted the wide variation in how local health jurisdictions operate, which includes decision-making, funding, staffing and priorities. These significant disparities create an opportunity for public health districts to shift to a regional approach, which the governor will put forward in new legislation. By focusing on the needs of several adjoining counties, combining services into a single region will lead to a more streamlined and efficient approach to public health across the state.

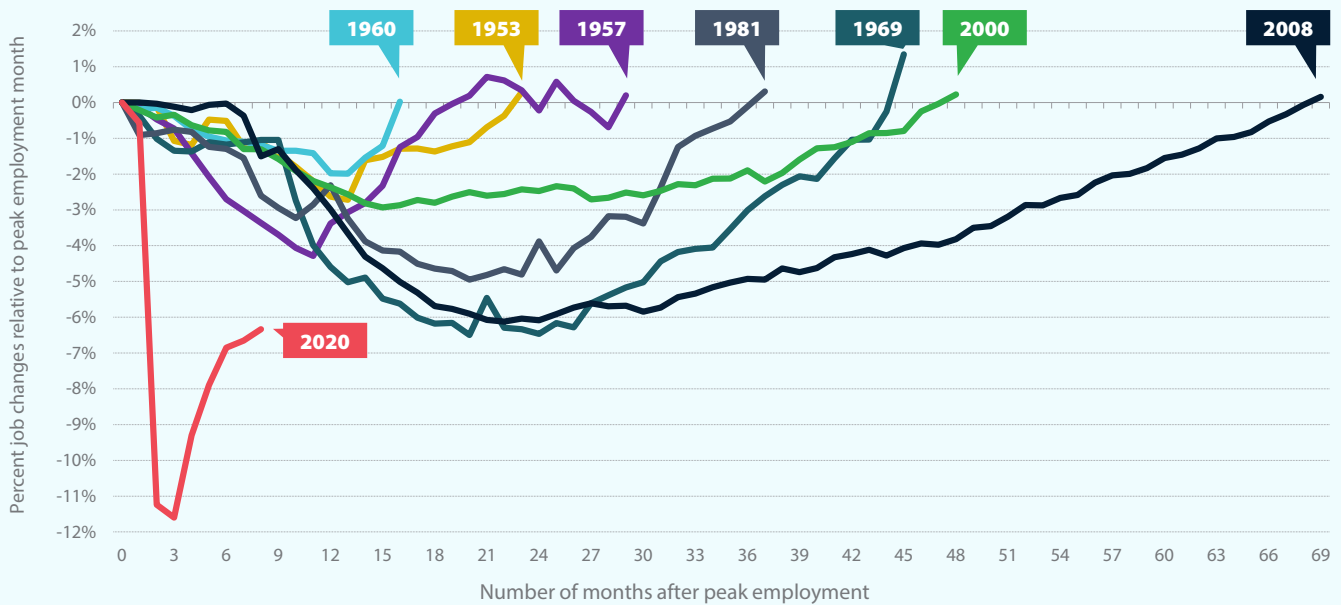
By funding the overall public health system in the short- and long-term, the governor’s plan will help remove stress on other parts of the system, such

as schools, hospitals and clinicians, social service providers and emergency management. The funding gives local and regional public health districts and tribes better access to resources. It also provides standardized systems and infrastructure, with local tailoring, to improve how we use disease reporting data to address concerns and compare data across the state.

Provide rate relief to businesses and boost unemployment support for workers

Washington’s unemployment system has been put under enormous strain as the state experienced staggering job losses, especially during the first months of the pandemic. The governor proposes multiple changes, including a plan to decrease a sudden unemployment insurance tax hike employers would face because of increased demands on the program. He also proposes increasing the minimum weekly benefit amount and program access for people seeking unemployment benefits. In his 2021

Job losses and duration of post-WW2 recessions in Washington



Source: Washington Employment Security Dept. and Economic and Revenue Forecast Council



supplemental and 2021–23 biennial budgets for the Employment Security Department, the governor proposes to:

- Smooth the unemployment insurance tax rate from 2021–2025. This would happen by adjusting the social tax — not instituting a solvency tax — and modifying the experience tax rate calculation. Under the governor’s Stay Home, Stay Healthy order last spring would not be charged to employers’ experience-rated accounts, reducing the impact on hardest hit industries. Meanwhile, total unemployment insurance tax collections would be reduced from current forecast rates by an estimated \$790 million in calendar year 2021, and an additional \$1.1 billion from 2022 through 2025.
- Increase benefits for workers by raising the minimum weekly benefit amount to 20% of their average weekly wage. This will increase the weekly UI benefit minimum amount from \$201 per week to roughly \$270 per week. Total benefits paid to Washingtonians each year would increase by about \$150 million. In 2020, over 312,000 unemployment insurance claimants would have received increased benefits if this policy had been in place.
- Improve system functionality and reduce the number of unemployment insurance claimants waiting to receive benefits. The budgets include funds to hire additional staff who can process claims, provide more dual-language and translation support for individuals navigating the system, increase technical enhancements that reduce user error and increase security to minimize fraud. The system improvements would also grant the department authority to respond during an emergency, such as to implement full federal funding of the cost of waiting-week or Shared Work benefits and create eligibility for workers at high risk of severe illness. Remove barriers for businesses participating in the Voluntary Contribution Program. (Fiscal year 2021: \$6.8 million Unemployment Compensation Admin – Federal; 2021–23: \$8 million Unemployment Compensation Admin – Federal)

Improve workplace safety resources for workers and employers

The state's efforts to slow the spread of COVID-19 have increased the need for safety practices and resources on jobsites across the state. This crisis has demonstrated that a significant hindrance to preventing outbreaks on the job is fear of retaliation for raising health and safety complaints. The governor proposes addressing these issues with changes and investments in his 2021–23 budget for the Department of Labor & Industries.

- **Increase protections against worker retaliation** by lengthening the timeframe when a worker can file a retaliation complaint from 30 to 90 days and establishing a penalty for employers who retaliate against an employee for reporting safety and health concerns. Funding covers a staffing increase to conduct additional investigations and process an increase in appeals. (\$310,000 Accident Account – State, \$63,000 Medical Aid Account – State)
- **Authorize the department to release grant resources to employers** of 25 or fewer employees to help them stay in operation – or reopen – during a state of emergency. Reserves from the Workers' Comp Accident Fund would fund this.
- **Grant the department authority to issue daily fines** to businesses that violate an Order of Immediate Restraint. This further enforces the urgency that businesses must protect against imminent hazards in the workplace, including the spread of COVID-19.
- **Create an agricultural safety unit** that increases outreach, enforcement and bilingual capacity to protect agricultural workers and employers. Labor & Industries will hire 13 staff who will perform compliance inspections and investigate incidents specific to the agricultural industry. The agency will also hire three staff to provide bilingual outreach to agricultural workers and employers

to increase awareness of workplace safety, workers' compensation services, workplace rights, discrimination and other protections. (\$3.6 million Accident Account – State, \$876,000 Medical Aid Account - State)

- **Initiate rulemaking on an infectious disease standard** to protect workers from exposure on the job in the case of an outbreak. (\$530,000 Accident Account – State, \$94,000 Medical Aid Account - State)



Ensure equitable access to economic recovery programs for small business

Access for traditionally underserved communities is a key priority in the governor's 2021–23 budgets. Building a network that reaches Black, Indigenous and people of color, ethnic, LGBTQ and limited English proficiency-owned businesses will help those with minimal access to traditional networks and banking relationships.

Provide Economic Inclusion Grants

Provide grants for local communities to promote equity, economic inclusion and a stable financial foundation for people who experience poverty. These grants would focus on people of color and people in rural counties. Three communities — two large and one small — will receive funding through this pilot grant program. (\$500,000 General Fund–State)

Maintain economic stability for undocumented workers

Undocumented workers contribute to the health of our state and economy, and include many who have served in essential, front-line industries throughout the COVID-19 crisis. Yet, they lack access to nearly all social safety net programs. The governor proposes investments to:

- Continue financial resources for immigrant workers who are impacted by COVID-19 shutdowns and economic disruptions. This will continue an aid program that the state started with federal relief funds. (Fiscal year 2021: \$10 million GF-S)
- The Employment Security Department and Department of Social and Health Services will conduct a feasibility study on how to replicate the state's unemployment insurance program and expand other safety net programs to individuals, regardless of their citizenship status. (Fiscal year 2021: \$35,000 Employment Administrative – State; fiscal year 2022: \$80,000 Employment Administrative – State, \$77,000 GF-S)

Continue food assistance and other social support efforts

One in three Washingtonians — approximately 2.2 million children and adults — lack access to adequate food during the COVID-19 crisis. The state's food bank support network has faced a major upheaval. Food hoarding at grocery stores disrupted the food supply chain, donations to food banks plummeted, food



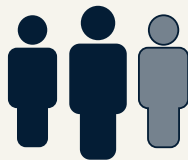
banks had to close their doors and distribute food differently, and high-risk volunteer workers needed to stay home. Still, reliance on food banks continues to grow as the economy recovers. The governor's budget provides \$31 million to:

- Expand capacity of the state's Emergency Food Assistance Program, which includes more than 500 hunger relief organizations.
- Provide grants for food banks and school districts to purchase fresh, local products directly from Washington farms.
- Distribute vouchers for low-income families to purchase fruits and vegetables at the grocery store.

Support for child care providers, families struggling during pandemic

Child care providers have been particularly hit hard by the COVID-19 pandemic. Besides struggling with the increased costs of meeting new state and federal health guidelines, smaller class sizes to keep children and staff safe reduced their revenue. To support child care providers and working families, the governor proposes to:

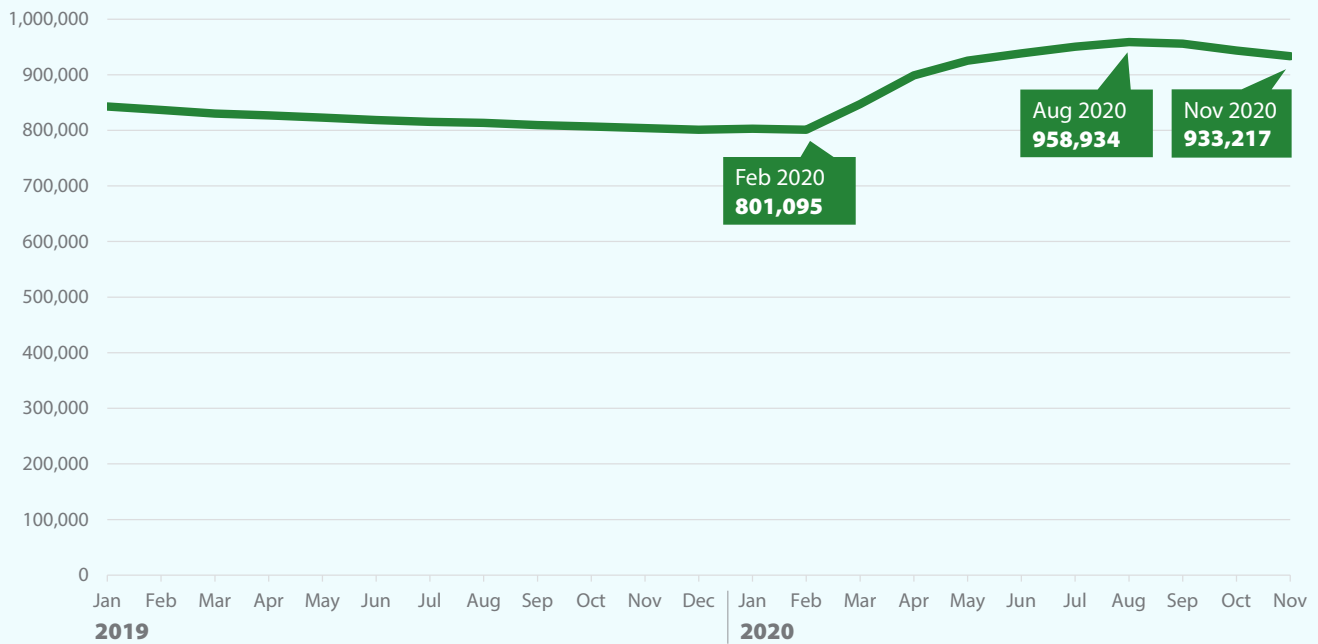
- Help child care workers access affordable health care coverage through a \$29 million, four-year health care insurance premium sponsorship program for child care employees who work in a licensed child care center.



1 in 3 Washingtonians lack access to adequate food during the COVID-19 crisis

Basic Food Program needs are 17% above pre-pandemic levels

Supplemental Nutrition Assistance Program (SNAP) and Food Assistance Program (FAP) participants in Washington



Source: Washington State Department of Social and Health Service

- Provide \$9 million to expand broadband access for licensed child care businesses that serve about 20,500 school-age children.
- Provide nearly \$64 million to expand access for low-income families to state-subsidized child care by reducing monthly copayments by approximately 50% for roughly 8,600 families enrolled in the Working Connects Child Care program and increase the program's income limit by 10%, which would give an additional 4,900 children access to high-quality child care.

Continue Disaster Cash Assistance

Fund the Disaster Cash Assistance Program in fiscal year 2021 to continue helping families or individuals without children during the COVID-19 crisis (assuming the governor extends Proclamation 20-63). The Disaster Cash Assistance Program provides a cash benefit to those who face an emergency but don't have the financial resources to meet their basic needs.

During a governor-declared disaster, they can access the program once in a 12-month period. (Fiscal year 2021: \$9 million GF-S)

Issue the maximum Food Assistance Program benefit

Fund maximum food benefit payments to people who qualify for the state's Food Assistance Program during months in fiscal year 2021. The state will receive a waiver from the federal Food and Nutrition Services to offer the maximum food benefit. This will increase the number of people who have food security during the COVID-19 pandemic. (Fiscal year 2021: \$6.7 million GF-S)

Extend cash and food assistance reviews

Temporarily pause food and cash benefit reviews from November 2020 to June 2021 for certain safety net programs. These include the Supplemental Nutrition Assistance Program, the state's Food Assistance Program, the Temporary Assistance for Needy Families Program, the State Family Assistance Program, and

the Aged, Blind or Disabled Program. This gives the department more time to smooth out the spike in the certificate review workload and ensure that eligible households maintain benefit access during the COVID-19 pandemic. (Fiscal year 2021: \$2.2 million GF-S, \$2.5 million GF-F; fiscal year 2022: \$672,000 GF-S, \$863,000 GF-F)

Extend the 60-month TANF time limit

Restore the Temporary Assistance for Needy Families program’s 60-month time limit hardship criteria to the less restrictive policies that were in effect before 2011. The expanded hardship criteria helps more families that experience poverty to access cash benefits when they most need them, regardless of the number of months they have already received TANF. This extends an existing temporary policy change from the COVID-19 pandemic. (\$2.1 million GF-S, \$22.8 million GF-F)

Get Washington back to work

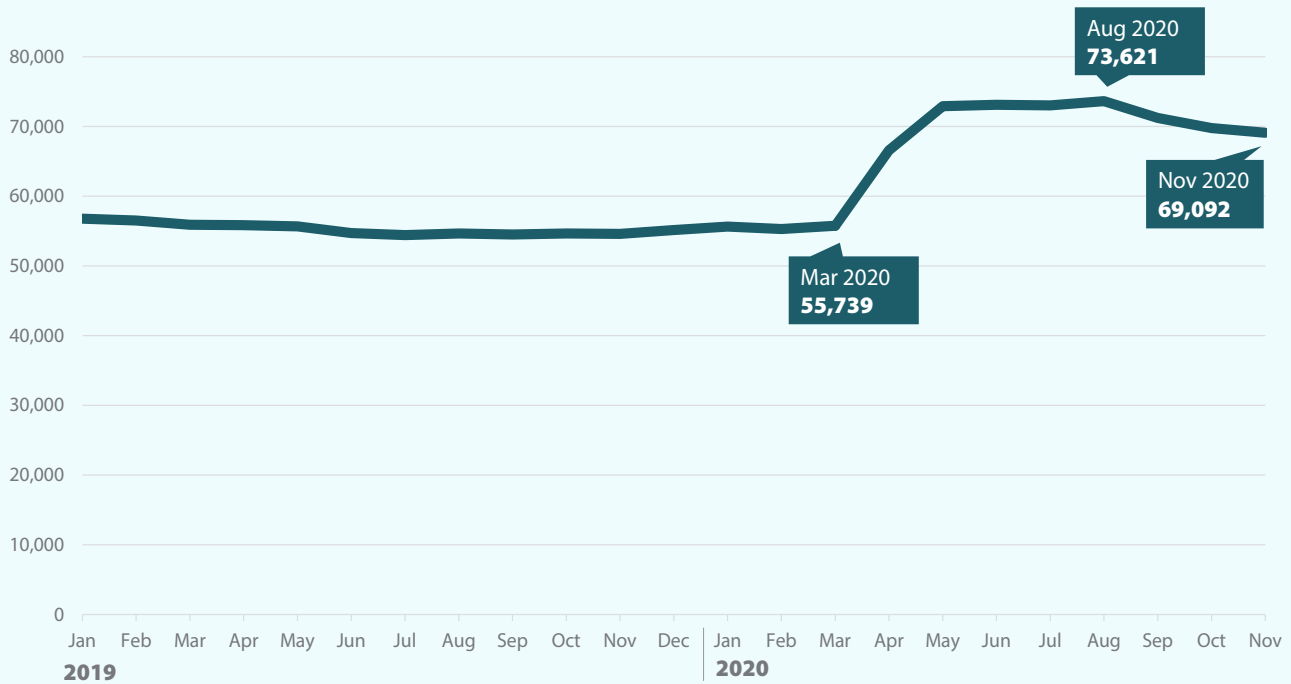
The governor has built a strong foundation of workforce training resources, including the nation’s best financial aid package for low-income learners. His 2021–23 budget provides funding for a number of workforce training tools. These investments focus on “earn and learn” opportunities that keep existing workers attached to employment, and supports new hires as they develop skills.

Grow Job Skills Program

Expand customized, short-term and job-specific training for incumbent workers through the state’s Job Skills Program. This program co-invests with employers who need customized training because of technology growth and changes. The program also addresses skill shortages. Funding will be prioritized to employers who have new or prospective employees dislocated due to COVID-19. (\$10 million Workforce Education Investment Account)

Cash assistance needs are 24% above pre-pandemic levels

Temporary Assistance for Needy Families (TANF) and State Family Assistance (SFA) participants in Washington



Source: Washington State Department of Social and Health Services

Expand career-connected learning

Youth have missed out on critical career development opportunities because of disruptions to school and in-person activities, as well as reduced access to career counseling resources. Connect more students to high-demand careers and paid learning experiences with new career launch and high-demand programs in K-12 schools and community and technical colleges. Provide equipment grants to build more career-connected programs in K-12 schools and community and technical colleges. Create a new pre-apprenticeship program for high school students in Federal Way. Launch a marketing campaign to get the word out to students and families. (\$7 million Workforce Education Investment Account; \$13 million state bonds; \$3 million other funds)

Close gaps in educational opportunity, get students back on track

The state has significantly increased funding for public K-12 schools and more than 1.1 million students over the last eight years. We continue working to ensure all children get the same educational opportunities. The COVID-19 pandemic has caused major disruptions for our schools and highlighted some areas where we have work to do. The governor's 2021–23 K-12 budget makes major new investments to expand learning opportunities, address learning loss due to the pandemic and increase equitable student supports so all students can get back on track and achieve their full potential.

Expand learning opportunities

The governor proposes \$400 million in additional investments to improve educational outcomes for all students and to address learning loss and educational opportunity gaps. The budget provides funding to expand learning options for tutoring and enrichment and offer more student supports. School districts could add instructional time before or after school, additional days or during the summer.

Close the digital divide

Access to technology has been essential to student learning during the pandemic. The governor's budget includes \$79 million to support residential broadband connections for families across Washington who cannot afford connection services in their area.

Increase student support staff and training

The governor proposes increasing staffing levels for counselors in elementary schools. These staff support students who are falling behind academically and serve as potential points of contact for students who may be searching for adults to trust. The budget includes \$32 million for districts to employ education staff in these support positions.

Stimulate the economy through infrastructure investments

The COVID-19 pandemic has had widespread impacts to Washington's economy. To help offset those impacts, Inslee is proposing an extra-large capital budget for the next two years that will stimulate economic growth while also addressing key infrastructure needs in communities across the state.

Due to the extraordinary impacts of COVID-19 on communities and households across the state, the governor proposes tapping future bond capacity now to help stimulate the economy and retain construction jobs. The governor's proposal increases the state's total bond capacity by \$1.25 billion, to nearly \$4.7 billion for the 2021–23 capital budget. Including other state and federal fund sources, the governor's capital budget for the next two years totals over \$6.2 billion.

In essence, the governor is proposing to start work sooner on numerous projects statewide — at a time when the interest rates are low and the state needs economic stimulus. The budget will support an estimated 36,000 jobs per year statewide over the course of the biennium.