



King County
Metropolitan King County Council
Budget and Fiscal Management Committee

Panel 3 – Health, Housing, and Human Services
Thursday, October 16, 2025 – 9:00 a.m.

Councilmembers:

Teresa Mosqueda, Chair;

Jorge Barón and Rod Dembowski

Lead Staff: Gene Paul, (206) 477-9378

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Briefing No. 2025-B0140
Briefing on Proposed 2026-2027 Biennial Budget – Health, Housing, and Human Services

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ARTS AND CULTURE TRANSFER

ANALYST: GENE PAUL

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$34,746,608	\$83,513,594	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	(\$2,000,650)	\$454,825	0.0	0.0
2026-2027 Proposed Budget	\$32,746,000	\$83,969,000	0.0	0.0
% Change from prior biennium, biennialized	(5.8%)			
Dec. Pkg. as % of prior biennium, biennialized	(5.8%)			

Major Revenue Sources: Lodging Tax

DESCRIPTION

The Arts and Culture Transfer appropriation unit resides within the Lodging Tax Fund and is used to transfer revenues to the Cultural Development Authority appropriation unit, which are ultimately transferred to 4Culture, the Cultural Development Authority that administers King County's arts, culture, and heritage programs. The portion of the County's lodging tax receipts that is available for 4Culture is 37.5%, as designated by King County Ordinance 18788.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed 2026-2027 Biennial Budget would appropriate \$32.7 million of lodging tax for the Arts and Culture Transfer to 4Culture. This appropriation is \$2 million, or 5.8%, less than the revised 2025 biennialized budget. While lodging tax revenues are flat or slightly increasing in the 2026-2027 forecasts from the Office of Economic and Financial Analysis, this decrease is largely due to the amount of one-time carryover of prior year revenues in the budget and the way the base budget was created by doubling the 2025 annual budget amounts. For context, there is a two-month delay in receiving the lodging tax actual revenues. This means that the November and December revenues from the prior budget year end up being carried over and actually used in the next budget. In the 2026-2027 Biennial Budget, \$2.1 million in lodging tax revenues from November and December of 2025 would be received and transferred to 4Culture in early 2026. When the 2025 base budget was biennialized, it doubled the 2025 budget amounts and counted two carryover amounts. But there is only one carryover expected in the next biennium since the return to a true biennial budget includes the appropriation authority for 2026 and 2027 amounts. The net effect of removing this double-counted carryover is a \$2 million reduction in expenditures.

While the expenditures for this appropriation are solely for arts and culture, the revenues actually include the total lodging tax revenues that are transferred to arts and culture, tourism, and housing and homeless appropriations. Those total lodging tax revenues are forecasted to be approximately \$84 million, which is \$454,825 more than the 2025 biennialized base budget amount. The \$84 million contains \$82 million of ongoing revenue and \$2 million of interest earnings. \$818,000 of the interest is being used to cover administration and overhead costs for the Arts and Culture Transfer. The remaining \$1.15 million of interest earnings are proposed as carryover for Tourism programming. That allocation is described in more detail in the Tourism staff report.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: DOES THE COUNCIL HAVE DISCRETION IN HOW THE LODGING TAX INTEREST EARNINGS ARE ALLOCATED?

ANSWER: Yes, the Council has some discretion in how lodging tax interest earnings are allocated. Generally, lodging tax interest earnings can be used for any of the four uses that State law authorizes for the lodging tax itself.¹ These uses include:

- The arts and culture transfer;
- Transit Oriented Development (TOD) projects;
- Housing, facilities, or services for homeless youth; and
- Capital or operating programs that promote tourism and attract tourists to the county

After clarification with Executive staff, lodging tax interest earnings in the Proposed Budget could be best described in two ways.

- Existing lodging tax interest earnings of \$1.15M. These are contained in the two proposed reappropriations for the same purpose as the 2025 Budget.
 - \$250,000 to the Community Business Connector Program from the Seattle Chamber of Commerce. The original expenditure restriction was \$500,000. The \$500,000 was also paired with \$125,000 from the Port of Seattle in the contract with the Chamber of Commerce. The scope of the contract includes support for short-term events (activations) in 2025—led by local businesses and communities across King County—that foster public engagement, promote tourism, and build lasting local business and cultural momentum ahead of the FIFA World Cup 2026™. Executive staff have indicated that the remaining \$250,000 will be expended in 2026. However, the contract does currently end on December 31, 2025, and

¹ RCW 67.28.180: Lodging tax authorized—Conditions.

includes a termination clause. Should the Council desire, there is discretion to reappropriate this to any other lodging tax-eligible expenditure.

- \$900,000 to the DCHS Equitable Development Initiative for Tourism Promotion. Executive staff have indicated that this work is still in the planning stages and a request for proposals (RFP) has not been issued. Because of this status, this allocation could be reappropriated for any other lodging tax-eligible expenditure.
- Forecasted lodging tax interest earnings of \$2M. These moneys are projected amounts subject to volatility since the interest is based on the monthly ending cash balance of the Lodging Tax Fund, which has different transfers throughout the year. From this forecasted amount, the Proposed Budget would allocate \$818,000 for the administration and overhead costs. Executive staff indicated that if lodging tax interest earnings are not used for these administrative and overhead costs, the next funding source would be the General Fund overhead allocation. Executive staff also made a recommendation to not appropriate any more of the future lodging tax interest earnings because of their volatility and the uncertainty of the forecast. Instead, their recommendation would be to allow those interest earnings to accrue for later appropriation. Legal analysis by Council staff to confirm that interest earnings are the only source of funding from lodging tax that can be used for these administrative costs is ongoing. It is a policy choice whether to allocate the remaining approximately \$1.2 million in projected interest earnings for Council priorities.

TOURISM

ANALYST: GENE PAUL

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$25,915,502	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	(\$4,200,000)	\$0	0.0	0.0
2026-2027 Decision Packages	(\$3,141,984)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$18,574,000	\$0	0.0	0.0
% Change from prior biennium, biennialized	(28.3%)			
Dec. Pkg. as % of prior biennium, biennialized	(12.1%)			

Major Revenue Sources: Lodging Tax

DESCRIPTION

This appropriation unit resides within the Lodging Tax Fund and is used to allocate lodging tax revenues designated for tourism promotion. The portion of the lodging tax receipts allocated to the Tourism appropriation unit was established by King County Ordinance 18788. These revenues are to be used to repay bonds for 4Culture's Building for Culture program, support the Washington State Major League Baseball Stadium Public Facilities District (PFD), and support tourism promotion activities in King County.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed 2026-2027 Biennial Budget includes \$18.6 million in the Tourism appropriation. This is \$7.3 million, or 28.3%, less than the revised 2025 budget biennialized total. This decrease is primarily driven by two items. The first is the one-time use of \$2.1 million of lodging tax interest earnings for tourism programs in the 2025 budget. The effect of removing this one-time money from the biennialized base budget is the \$4.2 million reduction shown in the base budget adjustment.

The second decrease is also connected to the way the base budget was created by doubling the 2025 annual amounts, but it is related to the carryover used to make the annual transfer to the Major League Baseball Stadium PFD. As background, the County made a \$3.8 million transfer to the Stadium PFD in January 2025 that consisted of the lodging tax revenues collected from November 2023 through October 2024. Since there is a two-month delay in receiving actuals, this was the 12 months' worth of revenue for the Stadium PFD that the County had in January 2025. When the 2025 budget was biennialized, it doubled the 2025 budget amounts and counted two carryover amounts. But there is only one carryover expected in the next biennium since the return to a true biennial budget includes the appropriation authority for 2026 and 2027 amounts. The

net effect of removing this double-counted carryover, which is offset slightly by other increased revenues, is a \$3.1 million reduction in expenditures.

Overall, the roughly \$18.6 million in proposed expenditures for tourism would be allocated in the following way:

- \$4.5 million for Building for Culture debt service;
- \$7.0 million for the 2026 and 2027 allocation to the Stadium PFD;
- \$3.2 million for the 2024 carryover allocation to the Stadium PFD;
- \$2.0 million of ongoing lodging tax revenues for tourism programs;
- \$1.15 million of one-time carryover of lodging tax interest earnings for tourism programs; and
- \$702,000 for contingency to account for the actual lodging tax revenues exceeding forecasted for the 2026-2027 allocations to the Stadium PFD.

Ordinance 18788 requires \$1 million each year to be allocated for "capital or operating programs that promote tourism and attract tourists in all parts of the County." The ordinance also requires that from that \$1 million, \$25,000 a year will support Savor Snoqualmie's tourism promotion efforts in the Snoqualmie Valley. The total \$2.0 million for tourism programs in 2026-2027 would be allocated in the following way:

- \$1,460,000 to Visit Seattle;
- \$490,000 to Seattle Southside; and
- \$50,000 to Mountain to Sound Greenway (formerly Savor Snoqualmie).

In addition to the ongoing support of tourism programs, there is \$1.15 million of lodging tax interest earnings being carried over from 2025 as a reappropriation of one-time support for tourism. These reappropriated moneys would be allocated to the same programs that were originally identified through expenditure restrictions in the 2025 budget. The amounts and organizations are:

- \$250,000 to the Community Business Connector Program from the Seattle Chamber of Commerce. The original expenditure restriction was \$500,000.¹ Executive staff have indicated that a contract is in place, and the remaining \$250,000 will be expended in 2026.
- \$900,000 to the DCHS Equitable Development Initiative for Tourism Promotion.² Executive staff have indicated that this work is still in the planning stages and a

¹ Ordinance 19861, Section 76, Expenditure Restriction 1.

² Ordinance 19861, Section 76, Expenditure Restriction 2, which stated: "Of this appropriation, \$900,000 of lodging tax interest earnings shall be expended or encumbered solely to support community-driven equitable development projects promoting tourism. The moneys shall be distributed in consultation with the equitable development initiative's interim advisory board. If the equitable development initiative's interim advisory board has not been established when the department of community and human services develops the grant program, the department shall instead consult with the equitable development initiative's community planning workgroup."

request for proposals (RFP) has not been issued. Because of this status, this allocation could be reappropriated for any other lodging tax-eligible expenditure.

KEY ISSUES

ISSUE 1 – CARRYOVER OF LODGING TAX INTEREST EARNINGS

The decision to maintain the \$900,000 of lodging tax interest earnings in the tourism program carryover from 2025 or to reappropriate it to another lodging tax eligible expenditure represents a policy choice.

CULTURAL DEVELOPMENT AUTHORITY

ANALYST: GENE PAUL

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$50,284,968	\$50,284,968	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	\$2,023,145	\$2,023,145	0.0	0.0
2026-2027 Proposed Budget	\$52,309,000	\$52,309,000	0.0	0.0
% Change from prior biennium, biennialized	4.0%			
Dec. Pkg. as % of prior biennium, biennialized	4.0%			
Major Revenue Sources: Lodging Tax, 1% for Art Capital Project Contributions, General Fund				

DESCRIPTION

This appropriation unit transfers designated revenues to 4Culture, the Cultural Development Authority that administers King County's arts, culture, and heritage programs. 4Culture administers King County's cultural programs primarily through distributing grant awards to arts, cultural, and heritage organizations and artists. 4Culture also administers King County's Public Art Program (1% for Art), manages the Public Art Collection on behalf of King County, advises the County Executive and Council on cultural resources policies, and provides technical assistance to cultural organizations.

When 4Culture was established, it was authorized to use a portion of the County's lodging (hotel/motel) tax. However, between 2013 and 2020, 4Culture had limited access to lodging tax revenues and used revenues from a special account managed by 4Culture, which was funded by setting aside a portion of lodging tax proceeds dedicated to culture between 2001 and 2012. Beginning on January 1, 2021, 37.5% of the lodging tax revenues collected in King County were once again designated for arts and cultural purposes. In addition, 4Culture receives funding from the 1% for Art program, which sets aside a portion of certain capital projects for public art, and General Fund revenue for maintaining the County's public art collection.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The transfer to 4Culture through the Cultural Development Authority appropriation unit in the Executive's proposed 2026-2027 Biennial Budget is \$52.3 million. This is a \$2 million, or 4%, increase over the 2025 biennialized budget. That growth is largely due to an upfront transfer of \$13.5 million under the 1% for Arts program from the new

County Hospital Harborview project. According to Executive staff, the 1% for Arts is solely based on County agencies' capital budgets so there can be significant variation between budget cycles. The remaining changes are technical adjustments to align the budget with estimated revenues.

Overall, the roughly \$52.3 million in proposed expenditures for the Cultural Development Authority appropriation unit would be allocated in the following way:

- \$26.7 million for 4Culture's lodging tax supported cultural programs;
- \$16.7 million for the 1% for Arts program;
- \$5.3 million for the Building 4Equity Advance program;
- \$3.0 million for contingency to account for the actual lodging tax revenues exceeding forecasted for the 2026-2027 allocations to the lodging tax cultural programs; and
- \$670,000 in General Fund money that supports the maintenance of the County's public art portfolio.

The General Fund portion of the appropriation is approximately \$84,000 more than the 2025 biennialized base budget amount.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: REGARDING THE 1% FOR ARTS PROGRAM, WHAT DOES THE ADDITIONAL 1% CHARGE ON ALL COUNTY CAPITAL WORK COST US? CAN WE GET A NUMBER OF CONTRIBUTIONS EXPECTED IN 2026-2027 FROM COUNTY PROJECTS PAYING THE 1%, BY DEPARTMENT?

ANSWER: Executive staff provided the following tables for the 1% for Arts program contributions. The first table summarizes the 1% for Arts contributions by department.

Table 1. Summary of 1% for Arts Contributions by Department

Agency	2026-2027 Executive Proposed
Facilities Management (Harborview)	\$13,467,554
Parks and Recreation	\$1,455,179
Roads Services Division	\$182,552
Solid Waste	\$195,819
Transit	\$1,055,402
Water and Land Resources	\$93,450
TOTAL	\$16,449,956
Contingency (FMD – Non-Harborview)	\$200,000
GRAND TOTAL	\$16,649,956

The \$200,000 contingency amount for FMD Non-Harborview projects is because the finalized amounts were not available in time for the Proposed Budget. Executive staff expressed that the actual amounts should not exceed \$200,000 but if they do, the appropriation could be amended in a future omnibus.

The breakdown for each project in 1% for Arts contributions is provided in the following table:

Table 2. Detailed Breakdown of 1% for Arts Contributions by Project

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
Facilities Mgmt (Harborview)	3750 HARBORVIEW MEDICAL CENTER CAPITAL PROGRAM 2020 PROPOSITION 1 CAPITAL PROJECT	1141052	New Tower Construction	\$13,467,554
Facilities Mgmt	3951 BUILDING REPAIR AND REPLACEMENT SUBFUND	1144740	DES FMD DCHS Health thru Housing	TBD
Facilities Mgmt	3951 BUILDING REPAIR AND REPLACEMENT SUBFUND	1150588	DPD Consolidation at Dexter Horton Building (DHB)	TBD
Facilities Mgmt	3951 BUILDING REPAIR AND REPLACEMENT SUBFUND	1150589	DPD Consolidation at Kent Valley Professional Center (KVPC)	TBD
Parks and Recreation	3581 PARKS CAPITAL	1044912	Soos Creek Regional Trail	\$70,000
Parks and Recreation	3581 PARKS CAPITAL	1112621	Lake to Sound Trail	\$82,350

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
Parks and Recreation	3581 PARKS CAPITAL	1121155	Eastrail Parent Project	\$175,240
Parks and Recreation	3581 PARKS CAPITAL	1121497	King County Aquatic Center Program	\$200,000
Parks and Recreation	3581 PARKS CAPITAL	1121498	Play Area Rehabilitation Program	\$27,500
Parks and Recreation	3581 PARKS CAPITAL	1121499	Bridge and Trestle Assessment and Improvement Program	\$40,000
Parks and Recreation	3581 PARKS CAPITAL	1123804	Green River Trail North Extension	\$83,500
Parks and Recreation	3581 PARKS CAPITAL	1123892	Ballfield and Sport Court Rehabilitation Program	\$20,000
Parks and Recreation	3581 PARKS CAPITAL	1137314	Pools Capital Grant	\$151,800
Parks and Recreation	3581 PARKS CAPITAL	1137317	Community Partnerships and Grants - Fund 3581	\$41,250
Parks and Recreation	3581 PARKS CAPITAL	1143898	Eastrail I-90 Steel Bridge	\$104,140
Parks and Recreation	3581 PARKS CAPITAL	1150282	Healthy Communities & Parks Grant	\$99,000
Parks and Recreation	3581 PARKS CAPITAL	1150283	Ballfield Access & Preservation Grant	\$38,899
Parks and Recreation	3581 PARKS CAPITAL	1150284	Climate Resilience Grant	\$16,500
Parks and Recreation	3581 PARKS CAPITAL	1150336	ADA & Accessibility	\$10,000
Parks and Recreation	3581 PARKS CAPITAL	1150349	Skyway Park Community Center	\$110,000
Parks and Recreation	3581 PARKS CAPITAL	1150387	Other New Regional Trail	\$60,000
Parks and Recreation	3581 PARKS CAPITAL	1150598	Water Access & Dock Rehab	\$5,000
Parks and Recreation	3581 PARKS CAPITAL	1150599	New Ballfields & Sports Courts	\$5,000
Parks and Recreation	3581 PARKS CAPITAL	1150600	Cottage Lake Pool Rehab	\$5,000
Parks and Recreation	3581 PARKS CAPITAL	1150601	Dog Parks	\$10,000
Parks and Recreation	3581 PARKS CAPITAL	1150604	Lakeland North Park	\$100,000
Roads Services Division	3855 COUNTY ROAD MAJOR MAINTENANCE	1136000	Baring Bridge #509A Replacement	\$10,000
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1143973	RSD BERRYDALE OVERCROSSING BRIDGE #3086OX REPLACEMENT AND CORRIDOR IMPROVEMENTS	\$10,000
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1148399	RSD SE HIGH POINT WAY CULVERT CONSTRUCTION AND FISH PASSAGE	\$13,070

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1150297	RSD 180TH AVENUE SE AND SE 408TH STREET CULVERT CONSTRUCTION - FISH PASSAGE	\$59,132
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1150637	RSD AVONDALE ROAD AT COTTAGE LAKE CREEK CULVERT CONSTRUCTION - FISH PASSAGE	\$8,000
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1150638	RSD 17401 SE 240TH STREET CULVERT CONSTRUCTION - FISH PASSAGE	\$61,090
Roads Services Division	3865 KING COUNTY ROAD CONSTRUCTION	1150639	RSD 238TH AVENUE NE AND NE 70TH STREET CULVERT CONSTRUCTION - FISH PASSAGE	\$21,260
Solid Waste	3901 SOLID WASTE CONSTRUCTION	1143751	Solid Waste Electric Vehicle Infrastructure	\$195,819
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1127864	Westwood Comfort Station	\$25,176
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1132325	Delridge to Burien RapidRide Line (H)	\$6,291
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1132326	Rainier Avenue Mount Baker RapidRide Line (R)	\$0
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1134223	South Annex Base	\$0
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1134275	Madison Corridor Trolley System Restructure	\$20,289
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1134287	Route 48 Trolley Wire	\$26,901
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1134292	Totem Lake Eastgate RapidRide Line (K)	\$94,475
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1134354	Routine Facility Improvements 2021-22	\$8,197
Transit	3641 PUBLIC TRANSPORTATION	1139326	Electric Vehicle Charging Program Budget	\$131,257

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
	INFRASTRUCTURE CAPITAL			
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1139367	Tukwila Base Bus Charging	\$6,285
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1139373	Sound Transit Federal Way Link Passenger Improvements	\$690
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1139608	Overall Building Envelope Replacement 2027-28	\$11,383
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1141992	East Branch of Riverton Creek Daylight	\$51,554
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1142000	Rainier Vision Zero Trolley	\$28,636
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1142107	Real Estate Opportunities Budget	\$29,291
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1144059	Metro Warehouse	\$565
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1144070	Routine Facility Improvement Budget	\$42,546
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1144071	Bus Stop Improvements Budget	\$0
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1144089	Bike Pedestrian Site Improvement Budget	\$20,757
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1144142	Base Zero Emissions Infrastructure	\$0
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1148272	Pier 50 Float Expansion	\$6,525
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1148276	Leased Property Permanent Facility	\$0

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1148282	Sound Transit West Seattle Link Passenger Improvements	\$444
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1148292	Comfort Station Budget	\$0
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150677	Downtown Renton Transit Center De-Commissioning	\$5,056
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150678	4th Avenue South Passenger Improvements	\$733
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150682	Pier 50 Piling Retrofit	\$29,927
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150685	Zero Emission Support Facility Improvements	\$48,692
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150740	Base Charging Program Budget	\$380,523
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150741	Operational Capacity Growth Re-alignment Budget	\$79,208
Transit	3641 PUBLIC TRANSPORTATION INFRASTRUCTURE CAPITAL	1150743	Future ACCESS Program Site	\$0
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1129385	Water Quality Program	\$2,500
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1129498	Water Quality May Creek Tributary 291A Cemetery	\$13,850
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1133946	WLSWCA DR0586 RETROFIT WHITE CENTER PONDS	\$42,600
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1138810	NE Auburn & Horsehead Fish Passage	\$15,000
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION	1138813	Water Resource Inventory Area (WRIA) 9 Restoration Program	\$2,000

Agency Name	Fund Name	Project Number	Project Name	1% for Art Allocation
	SUBFUND			
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1138814	Water Resource Inventory Area (WRIA) 8 Restoration Program	\$3,000
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1142777	Auburn Narrows	\$7,000
Water and Land Resources	3292 SURFACE WATER MANAGEMENT CONSTRUCTION SUBFUND	1143770	WLER LOWER MILLER RIVER	\$7,500
			Total:	16,449,956

QUESTION 2: REGARDING THE USE OF GENERAL FUND MONEYS FOR 4CULTURE TO MAINTAIN THE COUNTY'S PUBLIC ART PORTFOLIO, IS THERE A REASON THAT THIS HAS TO BE GENERAL FUND MONEYS?

ANSWER: According to Executive staff, the General Fund moneys are used because there is no other alternative funding source eligible for these expenditures. The funding covers:

- A portion of 4Culture's collection team salaries;
- The collections database;
- Maintenance of artwork in the King County Public Art Collection. This includes portable art as well as sited public artworks throughout the County;
- Artwork rotation in King County public spaces;
 - For 2025 year-to-date, 286 portable artworks have been either replaced or newly re-sited in King County offices. Many of these are new offices or hoteling spaces developed after downsizing of County offices from the pandemic; and
- The King County arts collection is surveyed and maintained on a regular cycle as well as emergent maintenance.

EMPLOYMENT AND EDUCATION RESOURCE

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$50,060,624	\$49,155,786	38.0	0.0
2026-2027 Base Budget Adjust.	(\$4,456,330)	(\$2,809,080)	0.0	0.0
2026-2027 Decision Packages	\$629,898	(\$981,440)	7.0	0.0
2026-2027 Proposed Budget	\$46,235,000	\$45,366,000	45.0	0.0
% Change from prior biennium, biennialized	(7.6%)			
Dec. Pkg. as % of prior biennium, biennialized	1.2%			
Major Revenue Sources: Federal, State, General Fund, intragovernmental, interfund transfers, Best Starts for Kids levy, other				

DESCRIPTION

The Employment and Education Resources (EER) program of the Department of Community and Human Services (DCHS) provides education, job placement, training, and other services to youth and adults through a combination of contracted services and services provided directly by King County employees. Populations served by EER programs include youth who have dropped out of high school, youth in danger of dropping out of high school, gang-involved youth, low-income adult job seekers, homeless families, young parents with children, individuals with limited English proficiency, adults with prior criminal justice involvement, and displaced workers.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The 2026-2027 proposed Employment and Education Resource budget is approximately \$46.2 million with 45.0 FTEs. Notable proposed changes for the 2026-2027 biennium include the following proposed decision packages.

KCYDI Implementation. The proposed budget would add 3.0 FTEs and remove approximately \$1.7 million in spending authority to implement the King County Youth Diversion and Intervention (KCYDI) program to provide diversion services for youth referred by the Prosecuting Attorney's Office (PAO), replacing and revising the County's Restorative Community Pathways (RCP) program.¹ The KCYDI program would entail reduced General Fund support compared to the RCP program by no longer serving

¹ The RCP program is the County's community-led response to diversion and was funded as part of the 2020-2021 budget (program referrals began in November 2021). Program goals centered on diverting youth away from the juvenile legal system to a restorative justice process and providing community members who experienced harm an opportunity for support services and restitution moneys.

felony cases and serving community-referred youth as resources allow. The added FTEs would provide initial participant outreach and program reporting functions. Of note, this item corresponds to decision packages in the GF Transfer to DCHS and the Best Starts for Kids (BSK) appropriation units.

According to the Department, adjusting the RCP program implementation model is responsive to feedback from the community, PAO, and programmatic evaluation. The goals of this adjustment include strengthened referral and consortium coordination and enhanced data collection and reporting. In terms of timeline, Executive staff indicate that DCHS will implement a request for proposals (RFP) to select new contracts for the KCYDI program and anticipates completing the RFP process and having new contracts in place by August 2026 as the contracts for the existing RCP program wind down, with the KCYDI program anticipating beginning accepting participants in September 2026.

Federal and state funding reductions. The proposed EER budget would reduce expenditures and revenues due to decreased Workforce and Innovation and Opportunity Act federal funding (decrease of approximately \$2 million, partially offset by \$800,000 in BSK support via a corresponding decision package in the BSK appropriation unit) and due to a reduced State contract award for the Division of Vocational Rehabilitation program² (decrease of approximately \$0.4 million).

DCHS Overhead Contributions. The proposed EER budget would appropriate approximately \$82,000 in a department overhead contribution/cost share for internal controls and audit response and approximately \$52,000 in a department overhead contribution/cost share for office space needs. Corresponding decision packages for both items are included in the DCHS Administration appropriation unit.

TLT to FTE conversions. The proposed EER budget would add FTE authority to convert 2.0 revenue-backed TLT positions to FTEs in the Learning Center Seattle program at Seattle Central College and to convert 2.0 revenue-backed TLT positions to FTEs at the Open Doors program's Tukwila YouthSource site.

Other notable items. The proposed EER budget also includes a central rate adjustment and various technical changes to align anticipated revenues and expenditures, make vacancy and temporary account adjustments, and adjust interfund transfers from the BSK Fund (corresponding decision package in the BSK appropriation unit) and the General Fund (corresponding decision package in the Community Services Operating/CSO appropriation unit).

² The DVR program provides job readiness training and internships to young people ages 16-21.

KEY ISSUES

ISSUE 1 – KCYDI IMPLEMENTATION

The Council's decision whether to fund the King County Youth Diversion and Intervention (KCYDI), as proposed, presents a policy choice.

RESPONSE TO COUNCIL INQUIRIES

Question 1: IS THERE AN ANTICIPATED TRANSITION PROCESS FROM THE RCP PROGRAM TO THE KCYDI PROGRAM?

ANSWER: Yes, a transition has been proposed. The Executive proposed several changes to RCP, including a new name (King County Youth Diversion and Intervention Program (KCYDI)). The Executive proposes moving the roles of referral administration and consortium coordination from a community organization into DCHS to coordinate participant outreach and referral to KCYDI services. DCHS proposes to launch the new KCYDI request for proposals in January 2026 and have executed contracts for services in place by September 2026. Additionally, DCHS proposes to onboard new referral, coordination, and evaluation staff by April 2026. To ensure continuity of services for youth and adequate time for transition, DCHS would therefore extend contracts with current providers hosting RCP navigators through August 2026. The contract for RCP central operations roles would be extended through March 2026.

Question 2: WHAT IS THE SCOPE OF THE JUVENILE LEGAL SYSTEM OUTCOMES STUDY IN THE PROPOSED PSB BUDGET?

ANSWER: PSB plans to develop a full scope for the juvenile legal system outcomes study in collaboration with the Prosecuting Attorney's Office and Superior Court beginning in late 2025. Depending on data availability and other factors, PSB anticipates the final report will be available in 2027. The intent is to broaden understanding of system-based juvenile legal system programs. PSB plans to include analysis of legal system outcomes for youth receiving services from Juvenile Probation Counselors (JPCs). JPCs serve youth with filed charges, youth placed on community supervision, youth booked into detention, and those referred to diversion programs managed by the Court.

Question 3: WHAT IS THE PAO'S POSITION ON THE PROPOSED KCYDI PROGRAM?

ANSWER: Provided below is a response from the PAO on the proposed KCYDI.

"The King County Prosecuting Attorney's Office (PAO) appreciates the partnership and open communication demonstrated by the Office of the Executive and the Department of Community and Human Services (DCHS) in seeking input from our Juvenile Division regarding planned improvements to the Restorative Community Pathways (RCP) program, now renamed the King County Youth Diversion and Intervention Program (KCYDI). We value this collaborative approach and the shared goal of creating a youth diversion system that is transparent, accountable, helps decrease racial disproportionality, helps harmed parties and those accused of causing harm,

produces meaningful and measurable outcomes, are independently evaluated for effectiveness, and are cost effective and sustainable.

Under Washington State law, most juvenile misdemeanors are subject to mandatory diversion. It is therefore critical that King County preserve diversion as an effective and viable option for case referrals. Diversion programs must be accountable to the community and demonstrate meaningful impact in reducing recidivism, addressing racial disproportionality, supporting harmed parties, and providing opportunities for accountability and growth among youth who have caused harm.

*The PAO strongly supports the proposed improvements that emphasize **school engagement and re-engagement**. Research and experience show that consistent connection to education is one of the most powerful protective factors against future justice system involvement. We appreciate that DCHS has incorporated the PAO's recommendation to include a dedicated school liaison role within the KCYDI framework, and we look forward to partnering on efforts to measure educational outcomes as part of the program's success metrics.*

*The PAO also supports enhancements to **data transparency and evaluation**, including improved data sharing between DCHS and the PAO, integration of recidivism and law enforcement data, and independent evaluation of program effectiveness. These steps will help ensure that diversion in King County remains credible, measurable, and responsive to community expectations.*

Our youth deserve opportunities to succeed. Harmed parties deserve opportunities to heal. Taxpayers deserve cost-effective programs that create meaningful improvement. Everyone deserves diversion programs that demonstrate positive results and enhance community safety.

The King County Prosecuting Attorney's Office remains committed to working with the Office of the Executive, DCHS, and our community partners to continue building and strengthening youth diversion in King County to benefit all our communities."

Clarification to staff response provided during 10/9/25 meeting: During the October 8th budget panel meeting, Council staff stated in response to a panel member question that there is no Expenditure Restriction on proposed KCYDI program funding that would limit [program] referrals to just misdemeanors. In their response, Council staff failed to clarify that the proposed budget does include an expenditure restriction (Proposed Ordinance 2025-0288, Section 106/EER, Expenditure Restriction ER1) which states that *"Of this appropriation, moneys may not be encumbered or expended to provide felony diversion to youth."*

PUGET SOUND TAXPAYER ACCOUNTABILITY ACCOUNT

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$19,843,506	\$10,220,000	7.0	0.0
2026-2027 Base Budget Adjust.	\$79,902	\$0	0.0	0.0
2026-2027 Decision Packages	\$1,251,475	\$11,730,000	0.0	0.0
2026-2027 Proposed Budget	\$21,175,000	\$21,950,000	7.0	0.0
% Change from prior biennium, biennialized	6.7%			
Dec. Pkg. as % of prior biennium, biennialized	6.3%			

Major Revenue Sources: State revenue from the State Puget Sound Taxpayers Accountability Act Fund

DESCRIPTION

The Puget Sound Taxpayers Accountability Account (PSTAA) is funding solely supported by State moneys associated with a sales tax offset assessed on Sound Transit 3 projects. PSTAA proceeds are to be distributed to King, Pierce, and Snohomish Counties proportionately based on the population of each county that lives within Sound Transit's jurisdictional boundaries. A July 2025 forecast by Sound Transit estimated that the County will receive approximately \$318 million in funding between 2019 and 2035 to be invested in early learning facilities, the King County Promise (post-secondary educational support), and community-based support for K-12 learning. The Council adopted Motion 15492 in August of 2019 that allocates funding over the life of the fund and approved an implementation plan (Motion 15673) in September of 2020 that further governs how the moneys will be used.

SUMMARY OF PROPOSED BUDGET AND CHANGES

Motion 15492 requires that up to 7% of proceeds over the life of the account be used for evaluation and administrative costs. Of that, up to 10% of each year's evaluation and administration moneys will be used to provide for technical assistance and capacity building for small organizations, partnerships, and groups to provide services like legal, accounting, human resources, and leadership development support.

The remaining proceeds would then be distributed over the 15-year life of the fund among the three priority areas identified in Motion 15492 as follows:

- 52% for Early Learning, including up to 7.5% for home care provider dedication
- 38% for King County Promise, distributed as follows:

- 45% to K-12
- 45% to Postsecondary
- 10% to Community Based Organizations
- 10% for K-12 Community Based Organizations (identified as Love and Liberation in the implementation plan)

The 2026-2027 proposed PSTAA budget is approximately \$21.2 million, which is a 6.7% increase from the 2025 revised biennialized budget. The proposed budget includes a technical adjustment to align revenues and expenditures based on the most recent Sound Transit revenue projections from July 2025. The proposed budget also includes a one-time private grant for King County Promise evaluation costs, as well as allocated costs for internal controls and audit response and office space needs, which correspond with proposed decision packages in the DCHS Administration appropriation unit.

Table 1, provided by Executive staff, shows planned PSTAA spending across implementation plan categories through 2027, including RFP commitments for Early Learning Facilities planned for 2027 that will likely not be spent out within the biennium (which is reflected in the PSTAA financial plan reserve line item for committed expenditures).

Table 1. PSTAA Expenditures (by Category) through 2027

IP Investment Area	Expenditures and Funding Commitments Through 2027	% of commitments	Target	
Administration and Evaluation	\$8.0M	14%	7%	% of total spend
Early Learning Facilities (ELF)	\$22.1M ¹	45%	52%	% of program spend
King County Promise	\$17.0M	34%	38%	
Community-Based Organizations Supports for K-12	\$10.3M	21%	10%	

As noted by Executive staff:

- The cumulative spending through 2027 represents only ~17% of lifetime anticipated PSTAA revenues.
- The allocations through 2027 in the table were designed in partnership with stakeholders to support PSTAA programming goals and equity considerations following revenue reductions reported by Sound Transit in 2021.

¹ This amount includes approximately \$3 million in RFP commitments for Early Learning Facilities planned for 2027 that will likely not be spent out before the biennium.

KEY ISSUES

ISSUE 1 – REVENUE MONITORING

Council may desire to regularly track the progress of PSTAA revenue projections and investments during the biennium and beyond.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE DEVELOP A PROVISO TO REGULARLY TRACK THE PROGRESS OF PSTAA REVENUE PROJECTIONS AND INVESTMENTS DURING THE BIENNIUM.

ANSWER: DRAFT proviso language provided below.

PX PROVIDED THAT:

Of this appropriation, \$100,000 shall not be expended or encumbered until the executive transmits two reports describing the current revenue projections and implementation status of investments in King County funded by the Puget Sound Taxpayer Accountability Account (PSTAA). Moneys shall be unencumbered in \$50,000 increments upon receipt of each report filed by the executive to the clerk of the council.

The reports shall include, but not be limited to, an updated PSTAA fund financial plan, a table identifying current King County PSTAA revenue projections for 2019 through 2036, and an update on implementation status for both ongoing and 2026-2027 planned PSTAA-funded investments for each PSTAA funding category identified in Motion 15492.

The executive should electronically file the first report required by this proviso no later than August 31, 2026, and the second report required by this proviso no later than August 31, 2027, with the clerk of the council, who shall retain an electronic copy and provide an electronic copy to all councilmembers, the council chief of staff, and to the lead staff for the health, housing, and human services committee, or its successor.

QUESTION 2: PLEASE DESCRIBE THE PSTAA COMMUNITY-BASED SUPPORT FOR K-12 LEARNING ALLOCATION.

ANSWER: This funding category, which is identified as “Love & Liberation” in the PSTAA implementation plan, includes funding for programming for K-12 students to help close educational achievement gaps and increase high school completion for PSTAA prioritized populations.

The PSTAA implementation plan envisioned an initial pilot (originally scheduled to end in 2023 but has been extended through 2026) where organizations would perform direct work with youth including out-of-school time or expanded learning opportunities, access to physical education, mentoring, and case management, in accordance with Motion 15492. United Way King County (UWKC) serves as the administrator for the Love & Liberation pilot, with DCHS providing oversight of Love & Liberation related activities.

The Love & Liberation pilot is made up of a range of programs and services led by 14 BIPOC-led nonprofit organizations in the Racial Equity Coalition (REC). The REC works to create communities of belonging for youth of color, offering after-school and school-

based programming that celebrates their cultural identities and equips them with tools to stay engaged in school. Of note, Love & Liberation utilizes a participatory grantmaking framework, through which REC organizations decide how to invest resources across their organizations to achieve improved outcomes for young people of color. Additional information regarding initial key learnings from the initial pilot phase are available at this [link](#).

QUESTION 3: IS IT FEASIBLE TO BOND SOME OF THE EXPECTED PSTAA REVENUES?

ANSWER: PSTAA revenues require State action to appropriate the funding, and the amount can be highly variable. This makes bonding against the revenues challenging, since there is no guarantee that the funds would be available 5-10 years from now to pay the future debt service. Since G.O. Bonds issued by the County are backed by the General Fund, any shortfall in revenues would need to be paid for by General Fund revenues. Given the volatility of the PSTAA revenues, this exposes the General Fund to risk in future years to pay the ongoing debt service.

VETERANS, SENIORS, AND HUMAN SERVICES LEVY (VSHSL)

ANALYST: MIRANDA LESKINEN

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget, Biennialized	\$286,921,594	\$173,533,020	77.7	0.0
2026-2027 Base Budget Adjust.	(\$115,121,735)	\$0	0.0	0.0
2026-2027 Decision Packages	\$16,691,492	\$13,937,800	3.0	0.0
2026-2027 Proposed Budget	\$188,492,000	\$187,471,000	80.7	0.0
% Change from prior biennium, biennialized	(34.3%)			
Dec. Pkg. as % of prior biennium, biennialized	5.8%			
Major Revenue Sources: Levy lid lift				

DESCRIPTION

In August 2023, King County voters approved a six-year (2024-2029) renewal VSHSL.¹ The levy is currently projected to generate approximately \$554.5 million over its six-year collection period.² The renewal VSHSL will continue to provide funding for regional health and human services throughout the county for veterans and servicemembers and their families, seniors and their caregivers, and resilient communities (VSHSL's priority populations). Additionally, the new levy establishes funding for regional impact initiatives that provide or support responses to issues that affect all three of these populations and which regional health and human services can help address.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The VSHSL 2026-2027 budget is proposed at approximately \$188.5 million with 80.7 FTEs, which represents a decrease of 34% in expenditures from the 2025 biennialized total but a 3.0 FTE authority increase.

Notable proposed changes for the proposed 2026-2027 budget include:

- One-time funding of \$5.2 million to backfill the biennial gap in the State's Consolidated Homelessness System Demonstration Grant, which provides resources to communities to support homeless crisis response systems.³ These one-time levy moneys would be used to support emergency, transitional, and rapid rehousing, the County's Homelessness Management Information System

¹ Ordinance 19604 placed the 2024-2029 VSHSL proposal on the ballot for voter approval.

² Based on the July 2025 revenue forecast.

³ Grant funding sources include the State's General Fund and document recording fees. King County is the local recipient and passes moneys through to the King County Regional Homelessness Authority.

(HMIS), and coordinated entry. There is a corresponding proposed decision package in the Housing and Community Development appropriation unit.

- \$863,144 and 3.0 FTEs to convert two TLT positions (program managers supporting the Incarcerated Veterans Case Management and the Reentry Spanning Services programs, respectively) to FTEs and to add an evaluator position to support measurement, data analysis, and reporting functions for levy-funded programs.
- Allocated costs for internal controls and audit response (totaling \$294,440) and office space needs (totaling \$188,443), which correspond with proposed decision packages in the DCHS Administration appropriation unit.
- Central rate and various technical adjustments relating to revenue and vacancy rate adjustments, aligning the base budget to match the levy's implementation plan, and carrying forward underspent 2025 moneys (totaling \$1 million) for levy strategy HL-12 (Addressing Regional Gun Violence).

Additionally, the proposed budget would continue funding for 2026-2027 for two strategies included in the levy's implementation plan that were unfunded subject to the availability of uncommitted levy proceeds. Proposed funding levels for these two levy strategies are summarized in the following table.

HL-16 and HL-17 Estimated Funding

Strategy Name	2025	2026	2027
HL-17 Assessing Opportunities to Promote Health Insurance Coverage for Newly Eligible Populations	300,000	315,000	330,750
HL-16 Support Food Security	450,000	472,500	496,125
Total	750,000	787,500	826,875

KEY ISSUES

ISSUE 1 – HL-16 SUPPORT FOOD SECURITY EXPENDITURE RESTRICTION

The 2025 adopted budget (Ordinance 19861) included an expenditure restriction on the VSHSL appropriation unit (ER1) to allocate the \$450,000 in food security grants by Council District. Whether to use this same approach for 2026 and 2027 (i.e., allocating strategy HL-16 funding for food security grants by Council District) represents a policy choice.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: PLEASE PROVIDE A SUMMARY OF THE BASE BUDGET ADJUSTMENTS.

ANSWER: The VSHSL base expenditures carried forward from 2025 were adjusted to remove 2025 one-time changes and update personnel rates to reflect current position classifications and 2026-2027 salary and benefit rates. Below is a summary table that clarifies the base budget adjustments.

Exec Proposed Budget Summary Table	Annual	x 2 (Biennialized)
2025 Budget	143,460,797	286,921,594
Base BudgetAdjustments - Removal ofOne-time \$\$	(58,329,627)	(116,659,254)
TA_003 in 2025 Adopted (Reappropriation)	32,760,594	65,521,188
S1_001 in 2025 1st Omnibus (Reappropriation)	25,569,033	51,138,066
Base BudgetAdjustments - GWI	768,760	1,537,519
Base BudgetAdjustments - Total	(57,560,868)	(115,121,735)

Question 2: PLEASE PROVIDE A SUMMARY OF WHAT THE HL-17 FUNDING FOR 2026-2027 IS PROJECTED TO BE SPENT ON.

ANSWER: A response to this question was not provided in time for inclusion in the staff report. Analysis of this issue is ongoing.

Question 3: CAN HL-17 MONEYS BE USED TO HELP PEOPLE RETAIN MEDICAID, AND WHAT OPPORTUNITIES DOES THE COUNTY HAVE TO RESPOND TO MEDICAID CUTS?

ANSWER: A response to this question was not provided in time for inclusion in the staff report. Analysis of this issue is ongoing.

Question 4: DOES THE COUNTY HAVE DISCRETION IN BACKFILLING THE \$5.2M GRANT GAP FROM THE DISCONTINUED CONSOLIDATED HOMELESSNESS SYSTEM DEMONSTRATION GRANT?

ANSWER: A response to this question was not provided in time for inclusion in the staff report. Analysis of this issue is ongoing.

COMMUNITY AND HUMAN SERVICES ADMINISTRATION

ANALYST: OLIVIA BREY

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$28,193,994	\$33,323,970	47.0	0.0
2026-2027 Base Budget Adjust.	(\$154,100)	(\$6,380,126)	0.0	0.0
2026-2027 Decision Packages	\$10,714,795	\$11,004,713	12.0	0.0
2026-2027 Proposed Budget	\$38,755,000	\$37,949,000	59.0	0.0
% Change from prior biennium, biennialized	37.5%			
Dec. Pkg. as % of prior biennium, biennialized	38.0%			

Major Revenue Sources: Interfund transfers

DESCRIPTION

Community and Human Services Administration provides oversight for all the programs and services within the Department of Community and Human Services (DCHS). It also includes costs and revenues associated with the DCHS Director's Office, which provides general oversight for all department programs and services and critical business functions such as finance, payroll, human resources, communications, emergency/disaster response, legislative coordination, and data and evaluation. This function is set up like an internal service fund, with funds to support the Director's Office activities coming from a cost allocation formula applied to all the funds in DCHS.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 DCHS Administration budget is approximately \$38.8 million (a 37.5% increase from the biennialized 2025 revised budget) with 59.0 FTEs. The 59.0 FTEs is 12.0 more than the 2025 budget. However, of the 12.0 additional FTE, a net of 3.0 FTEs are transferring from other DCHS divisions and corresponding reductions are found in those appropriation units. As a result, only 9.0 FTE are for newly created positions or TLT conversions.

A summary of the transferred FTEs can be found below.

Table 1. Proposed FTE Transfers to and From DCHS Admin

Number of FTEs	Purpose	Transferring Funds	Costs
1.0	Data and Evaluation Manager – develop and maintain datasets; track and analyze internal operations; prepare reports to inform decisions	From Mental Illness and Drug Dependency (MIDD) to DCHS Admin	\$424,250
1.0	Director of Strategic Partnerships – organize, align, and oversee department's policies and initiatives	From Crisis Care Center (CCC) Levy to DCHS Admin	\$501,128
(1.0)	Contract Specialist – technical specialist to provide dedicated program support for Best Starts for Kids (BSK)	From DCHS Admin to BSK	(\$367,103)
2.0	Grant Administrator – supports fiscal compliance across the department	From BSK to DCHS Admin	\$0 ¹

Several of the requests for new FTEs aim to address or are a direct response to the DCHS Audit that was released in August 2025, which will be discussed in Key Issue 1. A summary of the requests for new FTEs can be found below.

¹ Executive staff noted that this shift represents a net-zero cost for DCHS. Analysis on this item is ongoing.

Table 2. Proposed 9.0 FTE Additions

Number of FTEs	Purpose	Costs
1.0	Training Coordinator – TLT conversion to support design and implement department-wide ERSJ and leadership development training	\$312,941
1.0	Human Resources Analyst – TLT conversion to support recruitment and other HR functions	\$317,643
2.0	Compliance Staff – includes Grant Administrator and Grant Supervisor for fiscal monitoring of grantees (discussed in Key Issue 1; Table 3)	\$773,231
2.0	Contract Specialist – TLT conversions to support procurement and contracting activities (discussed in Key Issue 1; Table 4)	\$650,103
2.0	Functional Analyst – support the Agiloft contracting and management tool including supporting existing and increasing user base, improving training/documentation, and addressing user requests and backlog items (discussed in Key Issue 1; Table 4)	\$635,287
1.0	Fiscal Operations Manager – support fiscal planning, financial oversight, and operations; responsible for ensuring fiscal stability, internal controls and compliance (discussed in Key Issue 1; Table 4)	\$471,184

Additional notable changes are summarized below.

Consulting Services for Agiloft [\$450,000 including \$300,000 for system enhancements and \$150,000 for user licenses]. This appropriation would fund enhancements to and user licenses for the contract management system, Agiloft, which is already in use by DCHS. According to Executive staff, DCHS anticipates continuing review of the system capabilities and may implement future investments in the application. Additional functionality may include supporting contract monitoring and compliance and enhanced dashboards and reporting.

Professional Development and Training [\$658,500]. According to Executive staff, this training will build on currently required ERSJ training and aim to strengthen facilitation skills. Analysis for this item is ongoing.

Executive staff noted that the department's ERSJ facilitation team will play a key role in delivering equity-focused training that aligns with DCHS' workplan priorities. The overarching goal is to foster a culture of inclusion and belonging across the organization by equipping staff with knowledge, tools, and shared language needed to advance equity in everyday practice.

Office Space [\$1,000,000]. This appropriation would support the buildout of an additional floor in the Chinook building, including creating collaboration space. The cost for leasing the space is included in the proposed central rate adjustment. According to Executive staff, DCHS currently has just enough office space to meet existing in-person work requirements and if the rotating in-office schedule is maintained, the additional space would allow for additional staff growth.

Several technical adjustments are included in the proposed budget, including vacancy rate, base budget, and central rate adjustments.

KEY ISSUES

ISSUE 1 – RESPONSE TO DCHS AUDIT

The proposed budget includes a number of proposals related to DCHS's internal controls and contract oversight. One decision package, itemized in Table 3, was included specifically to address the recommendations made in the DCHS Audit, released in August 2025.

Table 3. Proposed FTE Additions

Number of FTEs	Purpose/Role	Costs
2.0	Compliance Staff	\$773,231
1.0 (added to Prosecuting Attorney Office)	General Counsel	\$559,000
N/A	External Consultant	\$2,000,000
TOTAL		\$3,332,231

Executive staff identified additional decision packages included in the proposed budget that address audit issues generally. The decision packages are included in the DCHS Administration budget, as well as others, as shown in Table 4.

Table 3. Proposed FTE and Other Additions Throughout DCHS and PH

Appropriation Unit	FTE	Purpose/Role	Costs
DCHS Administration	2.0	Contract Specialist (TLT conversion)	\$650,103
	2.0	Functional Analyst	\$635,287
	1.0	Fiscal Operations Manager	\$471,184
	N/A	Consulting Services for Agiloft	\$300,000
Best Starts for Kids (BSK)	2.0	Contract Management	\$719,852
	1.0	Contract Management (in Public Health)	\$330,418
	1.0	Administrator for Fiscal Support and Contract Review (in Public Health)	\$318,218
	1.0	Administrator for Cross-Departmental Support (in Public Health)	\$278,793
	1.0	Program/Project Manager; consultant support; trainings; and TLT extension	\$1,099,385
Behavioral Health	4.0	BHRD Fiscal Structure Update	\$1,171,176
	N/A	Behavioral Health Administration Services Organization (BHASO) Fund Creation	\$0
BHASO	1.0	Fund Manager	\$379,045
Development Disabilities	1.0	Business and Finance Officer	\$345,277
TOTAL			\$6,698,738

ISSUE 2 – GENERAL COUNSEL POSITION

The Executive has proposed a new General Counsel position to help agencies within DCHS manage legal matters and work as a senior policy advisor embedded in DCHS's senior leadership team. According to Executive staff, DCHS's Prosecuting Attorney's Office (PAO) central rate is \$124,000. Executive staff do not anticipate any reduction in the central rate, as this would be a new body of work. The Council may wish to consider whether a General Counsel position, paid for by DCHS interfund transfers, is a budget priority.

RESPONSE TO COUNCIL INQUIRIES**QUESTION 1: REGARDING THE REQUEST FOR ADDITIONAL OFFICE SPACE, IS IT FOR ADDITIONAL STAFF THAT ARE BEING ADDED IN THE PROPOSED BUDGET OR IS IT FOR EXISTING STAFF?**

ANSWER: Executive staff stated, "DCHS currently has just enough office space to meet its existing in-person work requirements: all staff are expected to be in-office at least one day per week, extended leadership a minimum of two days, and senior leadership

at least three days. About 20% of DCHS staff are required to be in-office daily to perform their job functions."

When asked if there will be room for additional staff if more are added in the future, Executive staff stated, "If DCHS continues a rotating in-office schedule, the space would allow for additional staff growth in the future (beyond the new FTEs being added in the 2026-2027 budget process)."

QUESTION 2: WHAT IMPACT DOES ORDINANCE 19978 (COUNCILMEMBER DUNN'S DCHS ADMIN LEGISLATION) HAVE ON THE PROPOSED BUDGET?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 3: WHAT ADDITIONAL OFFICE SPACE IS REQUIRED AS A RESULT OF ORDINANCE 19978?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 4: WILL THE TRAINING AND TRAINING-RELATED FTE REQUESTS CONTRIBUTE TO THE TRAINING REQUIREMENTS IDENTIFIED IN ORDINANCE 19978?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 5: CAN YOU PROVIDE INFORMATION ON THE PERCENT OF ADMINISTRATIVE FUNDING VS PROGRAMMATIC FUNDING IN DCHS OVER TIME?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

HOUSING AND COMMUNITY DEVELOPMENT

ANALYST: OLIVIA BREY, APRIL SANDERS

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$997,413,094	\$706,977,174	74.0	2.0
2026-2027 Base Budget Adjust.	(\$157,395,386)	(\$141,849,794)	0.0	(2.0)
2026-2027 Decision Packages	(\$141,701,606)	(\$18,635,574)	1.0	0.0
2026-2027 Proposed Budget	\$698,317,000	\$546,492,000	75.0	0.0
% Change from prior biennium, biennialized	(30.0%)			
Dec. Pkg. as % of prior biennium, biennialized	(14.2%)			
Major Revenue Sources: Recording fees, State, federal, interfund transfers, TOD bond, HtH bond, Lodging (Hotel/Motel) tax, short-term hotel tax, SHB 1406 moneys				

DESCRIPTION

The Housing and Community Development (HCD) fund provides a mechanism for King County to administer several federal, State, and local funding sources that support homelessness prevention, housing repair, low-income, and special needs housing development, and community development.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Housing and Community Development budget is \$698.3 million (a 30% decrease from the biennialized 2025 revised budget) with 75 FTEs (including 1 new FTE). Notable changes are summarized below.

The proposed budget would include a net zero budget adjustment for the King County Regional Homlessness Authority (KCRHA). Supplemental materials transmitted with the budget indicated a 34% reduction in State and federal funding¹ that was included in King County's contribution to the KCRHA. There are several decision packages that would direct additional moneys to KCRHA to maintain service levels:

- **Homeless shelters and outreach [\$11.4 million]** – funded by General Fund (GF), and Document Recording Fees (DRF).
- **Veterans, Seniors, and Human Services (VSHSL) Backfill [\$5.3 million]** – one-time backfill.
- **Federal Way Red Lion Emergency Shelter Operations [\$1.2 million]** – funded by DRF.

¹ This metric does not include one-time moneys from the State, Document Recording Fee Backfill, that were designed to partially mitigate decreased local revenue and are projected to be \$37 million for 2026-2027.

- **Inflation support for homeless providers [\$2.6 million]** – funded by DRF. This would constitute a 3.57% inflationary adjustment for homelessness service providers. Note that beyond homelessness service providers, DCHS Inflation Policy guides inflationary adjustments to providers' contracts where funding is available. In the 2026-2027 proposed budget, contracts in the Community Services Operating (CSO), VSHSL, Best Starts for Kids (BSK), Developmental Disabilities, Health Through Housing, and Mental Illness and Drug Dependency (MIDD) funds, among others, include inflationary adjustments.

Table 1 shows the full proposed KCRHA budget, which includes the decision packages previously discussed. The proposed KCRHA budget represents a 5.4% decrease from the biennialized 2025 revised budget, which Executive staff attribute to the service reduction related to the end of the SoDo Lighthouse lease (discussed in Key Issues).

Table 1. Proposed 2026-2027 KCRHA Budget

Source	Grant Information	Amount
Federal	Community Development Block Grant (CDBG)	\$757,068
	CDBG – CARES Act	\$1,000,000
	Emergency Solutions Grant (ESG)	\$560,970
State	Consolidated Homeless Grant	\$14,936,666
	Emergency Housing Fund	\$26,185,316
	ESG	\$1,761,574
Federal and State	Various for Administration	\$3,366,736
Local	GF for ARPA shelters and outreach (one-time)	\$3,049,616
	DRF for ARPA shelters and outreach (one-time)	\$8,359,355
	VSHSL to backfill state funding reductions (one-time)	\$5,269,854
	DRF for Federal Way Red Lion Emergency Shelter Operations	\$1,200,000
	DRF for inflation support for homelessness providers	\$2,683,542
	DRF for shelters	\$5,081,852
	DRF for admin	\$1,977,942
	DRF backfill for shelters	\$1,000,000
	VSHSL for shelter support	\$3,000,000
	Homeless Youth Lodging Tax for youth and young adult programs	\$1,381,200
	DRF for the Regional Affordable Housing Program (RAHP) established by SHB 2060 in 2002	\$639,400
	TOTAL	\$82,211,091

Additional notable changes are summarized below.

Trueblood Grant [\$4,709,000, including 1.0 FTE]. The proposed budget includes additional revenue and expenditures resulting from the settlement of the Trueblood lawsuit. The proposal includes a request for 1.0 FTE responsible for managing the award and improving system integration to increase housing stability of class members

and others. The rest of the appropriation will go towards permanent supportive housing, limited emergency and high support temporary housing, and other labor costs.

Several technical adjustments are included in the proposed budget, including vacancy rate adjustments, and revenue and expenditure adjustments to reflect the latest OEFA forecasts. The proposed budget also includes corrections due to one-time capital expenditures and one-time homeless housing expenditures that were erroneously double-budgeted.

KEY ISSUES

ISSUE 1 – EXPENDITURE RESTRICTION 1

ER 1, included in the proposed budget ordinance, would require \$2.6 million for one-time contracts with the following organizations:

- \$800,000 for Friends of Youth
- \$700,000 for Mary's Place
- \$46,000 for New Horizons
- \$52,000 for ROOTS Young Adult Shelter
- \$142,000 for Valley Cities
- \$800,000 for YMCA of Greater Seattle
- \$60,000 for YouthCare

The ER is proposed to be funded with General Fund moneys. The Council may wish to consider if funding for these organizations are a budget priority.

ISSUE 2 – FEDERAL WAY RED LION

The proposed budget would appropriate \$2 million (in addition to \$1.2 million for KCRHA operations) to fund capital rehabilitation and expansion of the Federal Way Red Lion emergency shelter, funded by Document Recording Fee revenue. This facility is expected to provide 56 units for adult individuals experiencing homelessness. The requested funding would support 25 additional units, bringing the total to 81 units.

The Council approved the purchase of the Federal Way Red Lion through the 2nd Omnibus of the 2021-2022 Biennial Budget, but at the time, plans for the site were unknown. The purchase amount was \$10.96 million (including \$8.9 million from a State grant and \$2 million from Document Recording Fees and State ARPA moneys). Since then, there have been \$7 million in additional investments.

Executive staff indicate that the site is expected to open in December 2025 with 56 units. If the proposed \$2 million is approved, the procurement and construction process would take nine to 12 months to complete.

ISSUE 3 – SHORT-TERM LODGING TAX DOLLARS

In previous years, decision packages and Council priorities would utilize short-term lodging tax dollars, a flexible funding source authorized by RCW 36.100.040² that provides the County broad authority to use their portion of revenues³ “to support affordable housing programs, as determined by the County, in its sole discretion.” Due to the flexible nature of these dollars, several programs previously backed by the General Fund have shifted over the past biennium to be supported by the short-term lodging tax (e.g., A Regional Coalition for Housing, the Regional Affordable Housing Program, among others).

Table 2 below details how short-term lodging tax revenue would be allocated in the proposed 2026-2027 budget. According to Executive staff, there are no revenues to support additional Short-Term Lodging Tax bonding authority in the 2026-2027 budget and this revenue source could see a deficit of approximately \$665,000 by the end of the biennium. The Council may wish to consider shifting the funding of any of the programs listed in Table 2 to other sources. With no carry forward revenues expected in the 2028-2029 biennium and depending on short-term lodging tax revenues, shifts to other revenue sources may also be needed in the future.

Table 2. Proposed Utilization of Short-Term Lodging Tax

<i>Projected Revenue: 2026</i>	<i>\$7,586,403</i>
<i>Projected Revenue: 2027</i>	<i>\$7,087,736</i>
<i>2025 Carry Forward</i>	<i>\$3,626,536</i>
Total Revenue	\$18,300,675
\$25M GO Bond Debt Service	\$6,842,442
Other Debt Service Costs	\$507,714
2025 budget approved 3 FTE for Regional Affordable Housing Program	\$2,821,514
PPSP TLT – Leg Session	\$166,133
2025 approved FTE and TLTs	\$4,673,464
Comprehensive plan implementation consultant	\$400,000
DCHS Admin	\$829,199
Community Engagement PPM I TLT	\$284,788
Legal services for capital projects (Pacifica and PAO)	\$1,300,954
Mary's Place shelter hotline	\$658,000
ARCH Dues	\$481,230
Total Commitments	\$18,965,438
2026-2027 Deficit:	(\$664,763)

² [2015-S2.SL.pdf \(wa.gov\)](#)

³ Note, the short-term lodging tax is imposed by a public facilities district and RCW 36.100.040 establishes requirements for what funding must be distributed to the city and county in which the convention and trade center is located.

ISSUE 4 – USE OF ONE-TIME MONEYS

Due to State and federal funding cuts, declining sales tax projects, and the expiration of Coronavirus Local Fiscal Recovery (CLFR) funding, the Executive proposes to make use of several one-time funding sources to continue existing programs and maintain services levels, as indicated in Table 1, including VSHSL fund balance, DRF State backfill, and the General Fund.

According to Executive staff, the use of VSHSL fund balance is one-time, as the available fund balance is not likely to continue without reductions in other VSHSL allocations. Additionally, it is unknown whether the State will continue to be able to provide Document Recording Fee Backfill in the outyears.

The Council may wish to consider options for either continuing these programs at current service levels utilizing a more consistent revenue source (likely the General Fund) or reconsider the continuation of these programs.

ISSUE 5 – SoDo LIGHTHOUSE SHELTER

The SoDo Lighthouse Shelter provides 269 shelter beds. According to Executive staff, under the current arrangement, King County pays 35% of the lease and the City of Seattle pays 65% of the lease. KCRHA is responsible for operations of the facility.

The proposed 2026-2027 budget includes lease payments through the end of the lease term, May 2027, at which time the Executive proposes the shelter will cease operations.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: ARE ANY OF THE INFLATIONARY INCREASES GOING TOWARD KCRHA ADMINISTRATION?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 2: HOW WILL DCHS ADDRESS FEDERAL-LEVEL ISSUES INCLUDING, HOW THE COUNTY WILL BE ABLE TO RESPOND TO HUD RESTRICTIONS ON CoC DOLLARS; INCLUDING THE ABILITY TO SUSTAIN OR DELIVER ON OPERATIONS? HAS DCHS GIVEN THOUGHT TO PRIORITIZING INVESTMENTS IN LIGHT OF THOSE HUD RESTRICTIONS AND ANY INTEREST IN SHIFTING FUNDING TO MAINTAIN OPERATIONS FUNDING?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 3: WHAT ARE THE OVERALL CAPITAL DOLLARS AVAILABLE FOR AFFORDABLE HOUSING IN THE PROPOSED BUDGET?

ANSWER: Executive staff provided the following response: DCHS is not requesting any new housing capital dollars in the 2026-27 budget. The \$28.5M DCHS estimates offering in the 2026-27 biennium comes from remaining TOD bond funds authorized and restricted by prior Council budgets, remaining short-term lodging tax bonds restricted for equitable development, and from existing sources that are directed through Implementation Plans, Interlocal Cooperation Agreements, or the Federal Consolidated Plan.

In 2025, DCHS offered \$38.3M including TOD bond funds with expenditure restrictions for Equitable Development projects, East King County projects, and four specific project allocations. Other funds include short-term lodging bonds restricted for Equitable Development projects, and MIDD, HOME, RAHP, VSHSL, and one-time Jail Divestment funds. As stated in a previous response, awards will be announced in January.

In 2026, DCHS anticipates offering \$22.8M including \$14.7M of remaining 2025 TOD funds restricted to a Metro site in North King County and to TOD preservation projects, as well as a small amount that may be carried over if it's not awarded in the 2025 funding round. DCHS anticipates awarding all remaining TOD funds, authorized in prior years, by the end of 2026.

In 2027, DCHS estimates a sharp drop in available housing capital funds as all TOD and short-term lodging bond funds previously authorized, and all VSHSL funds for the current levy period will be fully awarded by the end of 2026. This will leave approximately \$5.7M available from HOME, RAHP, and MIDD funds. This estimate assumes the continuation of the 2026 level of HOME and MIDD funding, which are dependent on the federal budget and MIDD levy renewal.

QUESTION 4: CAN YOU PROVIDE AN OVERVIEW OF THE SUPPORTIVE HOUSING (BOTH PERMANENT AND EMERGENCY) OPERATIONS, SERVICES, AND ANY OTHER DOLLARS INCLUDED IN THE PROPOSED (BOTH BASE BUDGET AND DECISION PACKAGES)?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 5: CAN YOU PROVIDE INFORMATION ON WAGE STABILITY AND PAYMENT STABILITY AND HOW IT IS BEING ADJUSTED FOR THIS YEAR?

ANSWER: The decision package, DS_001 reflects a 3.57% inflationary increase for 2026-2027 on the homelessness crisis response contracts administered by KCRHA. When asked if the Executive is planning any human service provider inflationary increases outside of homelessness service providers, Executive staff noted that the DCHS Inflation Policy guides the review of provider contracts and guides inflationary adjustments to providers contracts where funding is available. In the 2026-2027 budget, contracts in CSO, VSHS, BSK, DD, HTH, and MIDD funds, among others, include inflationary adjustments.

QUESTION 6: LAST YEAR'S BUDGET INCLUDED FUNDING FOR SOUTH KING COUNTY OUTREACH. IS THERE FUNDING FOR SOUTH KING COUNT OUTREACH IN THIS BUDGET?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 7: WHAT WOULD THE COST BE TO KEEP THE SoDo LIGHTHOUSE SHELTER OPEN THROUGH 2027?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 8: HAS THERE BEEN ANY THOUGHT PUT INTO HOW THE CAPACITY FOR THE SHELTER WOULD BE REPLACED IF/WHEN THE LEASE ENDS IN MAY 2027?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 9: CAN YOU DELINEATE THE PROGRAMS GETTING ONE-TIME FUNDS? WILL THERE BE A CLIFF OF FUNDING NEXT YEAR ONCE THESE ONE-TIME FUNDING SOURCES ARE NO LONGER AVAILABLE IN THE NEXT BIENNIUM?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

QUESTION 10: REGARDING THE SHORT-TERM LODGING TAX UTILIZATION, CAN YOU PROVIDE DESCRIPTIONS FOR EACH OF THE EXPENDITURES LISTED IN THE TABLE (PROVIDED IN THE PROTOCOL Doc)?

ANSWER: A response to this question was not provided in time for inclusion in this staff report. Analysis of this issue is ongoing.

HOUSING AND HOMELESS PROGRAM

ANALYST: OLIVIA BREY

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$69,569,554	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	(\$17,276,984)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$52,293,000	\$0	0.0	0.0
% Change from prior biennium, biennialized	(24.8%)			
Dec. Pkg. as % of prior biennium, biennialized	(24.8%)			
Major Revenue Sources: Lodging tax dollars				

DESCRIPTION

The Housing and Homeless Program appropriation unit is used for lodging tax expenditures related to Transit-Oriented Development (TOD) affordable housing and Homeless Youth programs. To simplify the administration of lodging tax dollars, four appropriation units were created to track ongoing spending, but only one (the Arts and Culture fund) is used to record revenue, as well as administrative functions.

Ordinance 18788 guides the spending of lodging tax revenues, which allocates 34.9% towards TOD affordable housing and 2.6% for homeless youth programs. DCHS manages the TOD affordable housing and homeless youth programs, including awarding contracts.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Housing and Homeless Program appropriation is \$52.3 million (a 24.8% reduction from the biennialized 2025 revised budget) with 0 FTEs. The two proposed decision packages are:

- A \$11.4 million funding adjustment to reflect a decrease in anticipated lodging tax revenues based on the latest Office of Economic and Financial Analysis (OEFA) forecast and to carryover unspent moneys from the 2025 base budget; and
- A central rate adjustment to reflect reductions in debt service costs.

More information on lodging tax collections can be found in the Arts and Culture appropriation unit staff report.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: ARE THERE O&M DOLLARS INCLUDED IN THIS FUND? IF SO, CAN YOU PROVIDE A SUMMARY?

ANSWER: Executive staff noted that "the Lodging Tax revenues for Housing and Homeless Youth programs are effectively pass throughs to DCHS Housing and Community Development (HCD) fund. All program activities reside in the HCD fund. There are no O&M dollars included in this fund.

For Housing – Lodging Tax revenue goes to debt services for TOD bonds and program administration.

For Homeless Youth – Lodging Tax revenue goes to DCHS for provider contracts and program administration."

QUESTION 2: WHAT ARE THE REQUIREMENTS TO QUALIFY FOR TOD MONEYS, LIKE AREA MEDIAN INCOME (AMI) LIMITS OR OTHER ELIGIBILITY REQUIREMENTS?

ANSWER: State law allows funds to finance housing at 0-80% AMI. Traditionally, the Housing Finance Program (HFP) finances rental housing at 0-60% AMI and homeownership housing at 60-80% AMI. Eligible projects are investments for the preservation, acquisition, or development of affordable housing within one-half mile of a transit station. Further requirements are established in legislation guiding TOD bond issuances. Executive staff will provide additional information on the application and underwriting processes that are required before making any awards, but that information was not provided in time for inclusion in this staff report.

PUBLIC HEALTH

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$640,095,756	\$613,197,056	994.0	5.0
2026-2027 Base Budget Adjust.	(\$16,662,753)	(\$41,443,243)	0.0	(4.0)
2026-2027 Decision Packages	\$7,246,799	\$13,538,038	(9.9)	2.5
2026-2027 Proposed Budget	\$630,680,000	\$585,292,000	987.2	3.5
% Change from prior biennium, annualized	(1.4%)			
Dec. Pkg. as % of prior biennium, annualized	1.1%			

Major Revenue Sources: General Fund; Medicaid; Local, State, and Federal grants and contracts; local revenue including VSHSL, BSK, MIDD, CCC; Harborview Mission Population funds; and State Foundational Public Health revenue.

DESCRIPTION

Public Health — Seattle & King County (PHSKC) works to protect and promote public health and ensure that people in King County have accessible, quality health care. PHSKC aims to improve the health and well-being of all people in King County as measured by increasing the number of healthy years that people live and eliminating health disparities. PHSKC is organized into eight areas:

1. Assessment, Policy Development, and Evaluation unit; Communications; Preparedness; Health Policy and Planning; and local government relations including the King County Board of Health;
2. Prevention, including the Medical Examiner's Office and Vital Statistics;
3. Chronic Disease and Injury Prevention;
4. Community Health Services;
5. Environmental Health;
6. Emergency Medical Services;
7. Jail Health Services; and
8. Administrative Services which include Public Health leadership, Finance and other services that support Public Health.

The Medical Examiner's Office, Environmental Health, Emergency Medical Services, Jail Health Services, and Administrative Services have separate funds and thus separate appropriations discussed elsewhere in this staff report packet. The remaining areas are covered under the Public Health fund.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget allocates \$630.7 million and 987.2 FTEs for the biennium. This represents a 1.4% decrease in budget authority and a decrease of 9.9 FTEs from 2025.

The financial plan for Public Health shows a balanced budget for the 2026-2027 biennium, with a \$97 million reserve shortfall projected for the 2028-2029 budget, and a beginning fund balance of negative \$6.7 million in 2030.

Notable decision packages include:

General Fund Backed

Adult Dental Program Reduction (\$1,409,318): Reallocate General Fund from the King County Adult Dental Program¹ to cover reductions in State Foundational Public Health Services (FPHS) in two Environmental Public Health (EPH) Programs and two Communicable Disease (CD) programs. Executive staff indicate this reduction will not result in cuts to current service levels and the program will retain existing staff and partnerships with the University of Washington and Medical Teams International which result in approximately 1,000 dental visits for residents in King County annually.

Regional Office of Gun Violence Prevention (ROGVP) [\$6,837,211]: Sustain core services of the ROGVP in Unincorporated King County through 2027, with only one year of services funded for South King County cities. This allocation funds countywide case management, supports key programs including the Regional Peacekeepers Collective and Harborview Medical Center's referral system, financial intermediary support, and temporary County staff. Executive staff indicate that the current model costs roughly \$750,000 per year per city.² Executive staff indicate that a strategic planning effort is planned to engage cities to financially contribute to the ROGVP to continue services in their jurisdiction after 2026. This effort is anticipated to begin after the budget and the new Executive is in place.

Designated Funding – Non-General Fund Revenue Backed

The proposed budget includes two decision packages related to opioid use disorder programming and proposes to decrease the Mental Illness and Drug Dependency (MIDD) Fund allocation by \$1.9 million for these purposes and increase an allocation of Crisis Care Center (CCC) Levy proceeds by \$2.2 million to fully support naloxone distribution strategies managed by Public Health. This allocation would expand program scope and sustain efforts to provide community access to naloxone through vending machines and other community-based approaches. The additional 1.0 FTE proposed is intended to strengthen program delivery and administrative oversight of naloxone distribution.

Tobacco Prevention and Control Program Expansion [\$1,973,990, 4.0 FTEs]: Allocate JUUL and Altria settlement funds to expand the Cannabis, Tobacco, and Vaping Prevention Program to address youth vaping and broader nicotine addiction. According to budget materials, this funding will "rebuild and enhance tobacco prevention infrastructure through program expansion, community engagement, and capacity building." The 4.0 FTEs would be distributed to program management, fiscal oversight, and community engagement and are intended to support a community advisory board,

¹ King County Adult Dental Program, <https://kingcounty.gov/en/dept/dph/health-safety/health-centers-programs-services/dental-clinics-programs/kcadp>

² The current contract for Burien includes White Center and costs approximately \$450,000 annually.

assessment work to identify local prevention needs, managing fiscal reporting, and providing direct support to both internal program activities and external grantees.

City of Seattle Human Services Department Strategies Alignment [\$1,508,711, 8.3 FTEs]: Allocate \$1.5 million and 8.3 FTEs would be added to Pathways program at Downtown Public Health Center to expand clinical services and to add a new mobile team to deliver long-acting injectable buprenorphine to individuals who are experiencing homelessness. In January 2025, the City of Seattle Human Services Division (HSD) updated the contract with Public Health to reflect HSD's priorities, including enhanced investments for overdose prevention and substance use disorders. Executive staff state that there is not an overall cut in the annual budget, but some programs are receiving less funding because of the new contract. The new contract eliminated HSD funding for Seattle Access & Outreach, Infant Mortality Prevention, HIV Prevention & Education Enhancements, Gun Violence Prevention, Child Mortality Prevention, and Environmental Health Homelessness Response.

Reduction of Prevention Services and Early Intervention for Adults (\$643,742): Would reduce MIDD funding for Prevention Services and Early Intervention for Adults program for one year. This funding is allocated to six community partners via the Community Health Partnerships' Behavioral Health Integration in Primary Care (BHIPC) program. BHIPC promotes an evidence-based integrated care team approach to identifying and providing brief behavioral health interventions to clients who reflect the target demographic. Executive staff indicate that this funding change does not eliminate the BHIPC program and additional analysis is needed to determine the impact. From 2023 – 2025, approximately 1,220 unduplicated senior (50+) clients were served annually. This is related to a decision package in the MIDD Fund.

Federal Grant Funded – Fully Revenue Backed

CDC Public Health Infrastructure Grant [\$964,282, (2.0 FTEs), and 2 TLTs]: Extend the CDC Public Health Infrastructure grant through November 2027 to continue addressing infrastructure, workforce, and data systems issues as well as building and implementing workforce strategies and foundational capabilities. The allocation would add an Executive Analyst III, HR Senior, and Project Program Manager II, and eliminate one Functional Analyst III and one Program Manager III due to the change of CDC Public Health Infrastructure grant priority strategies. These changes will not result in layoffs.

CDC HIV Epidemic Grant [\$2,231,346]: Extend the Ending the HIV Epidemic grant through May 2029 to continue providing low-barrier HIV prevention and care services like PreP, HIV care, and social and behavioral health services.

CDC Overdose to Action [\$2,231,346]: Extend the Overdose to Action grant through August 2028 to prevent opioid misuse, reduce overdose risk, and improve access to treatment and recovery.

Ryan White Grant Project Manager [\$325,641, 1.0 FTEs]: Would convert a TLT project manager position to FTE with existing grant revenue. The Department has received Ryan White Grant funding from the Health Resources & Services Administration since 1995.

BSK Funded – Fully Revenue Backed – Correspond with BSK Appropriation Unit

Community Wellbeing Initiative Strategy [\$289,509, one-time]: A direct service change that has a corresponding decision package in the BSK Fund to expand the Centering Diverse Healers contracts, provide additional authority to cover projected staffing cost overruns due to wage inflation exceeding implementation planning, and allocate funding for a TLT conversion to 0.5 FTE support invoicing, contracting, and contract management.

Prenatal to Five Basic Needs and Lactation & Perinatal Supports [\$650,000, one-time]: A direct service change that would make a one-time investment of \$650,000 to strengthen the BSK Prenatal to Five Strategy by supporting basic needs assistance and lactation and perinatal care contracts.

The proposed budget would make administrative service changes to add positions to the following BSK programs:

- Communities of Opportunity contract management capacity [\$330,418 and 1.0 FTE];
- Health Science Fiscal and Contract Review staff capacity [\$318,218 and 1.0 FTE]; and
- Co-Leads administrative support [\$278,793 and 1.0 FTE]

Technical Adjustments and Administrative Changes of Note

- Move \$90,000 of General Fund appropriation authority to fund the Community Supports for Electronic Home Monitoring contracts from Public Health to the Department of Adult and Juvenile Detention (DAJD) to better align budget with coordination role in DAJD. There is a corresponding decision package in DAJD.
- Eliminate almost \$5.9 million of CDC funding for the Community Health Workers – COVID-19 Approach to Recovery and Evaluation grant that ended in August 2025. There are two career service positions currently funded by this grant that will be covered by REACH grant and Opioid Settlement moneys.

Allocated costs in the Public Health Fund for office space conversion to increase capacity include office space needs [\$687,000].

The proposed budget includes \$4.9 million in salary savings from employee turnover without decreasing the FTE authority. A separate decision package eliminates 27 vacant positions in the First Steps and Dental programs that are not needed to meet current demand. This results in a net reduction of 25.2 FTEs due to partial positions and \$11.85 million of vacancy savings.

KEY ISSUES

ISSUE 1 – DPH FUND "STRUCTURAL GAP"

While the Public Health ending fund balance and reserves are adequate for the proposed 2026-2027 budget, the “reserve for out years” designated in the financial plan is projected to be fully used by the end of 2027, resulting in a projected negative ending fund balance

in the next biennium. Executive staff indicate that this is largely driven by labor costs outpacing limited revenue growth creating a "structural gap." The Public Health clinics comprise approximately one third of this operating deficit, with Prevention (communicable disease) and Health Sciences (assessment and epidemiology) filling out the remainder. The Council may wish to consider requesting an analysis regarding long-term funding options for these programs.

BEHAVIORAL HEALTH

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$1,001,036,794	\$879,252,532	190.6	0.0
2026-2027 Base Budget Adjust.	(\$156,223,882)	(\$21,212,062)	(1.7)	0.0
2026-2027 Decision Packages	(\$36,945,381)	(\$28,679,764)	(64.8)	1.0
2026-2027 Proposed Budget	\$807,868,000	\$829,361,000	124.0	1.0
% Change from prior biennium, biennialized	(12.8%)			
Dec. Pkg. as % of prior biennium, biennialized	(0.03%)			

Major Revenue Sources: Medicaid, interfund transfers from Mental Illness and Drug Dependency (MIDD) and Health Through Housing funds, direct federal revenues; local and philanthropic revenues. State non-Medicaid money for crisis behavioral health system (including involuntary treatment), federal block grants formerly received in this fund are proposed to be transferred to a new fund in the proposed budget.

DESCRIPTION

In the 2026-2027 Biennial Budget, the Behavioral Health Fund primarily accounts for the King County Integrated Care Network (KCICN) managed by the Behavioral Health and Recovery Division (BHRD) in the Department of Community and Human Services (DCHS). The KCICN is the Medicaid-funded network of integrated physical and behavioral health providers. While Medicaid is the largest revenue source in the Behavioral Health Fund at \$748 million for the biennium, Executive staff indicate that the Fund also contains \$5.7 million in direct federal revenues; \$25 million in local and philanthropic revenues, \$46.7 million in transfers from other County funds, and \$3 million in estimated investment earnings.

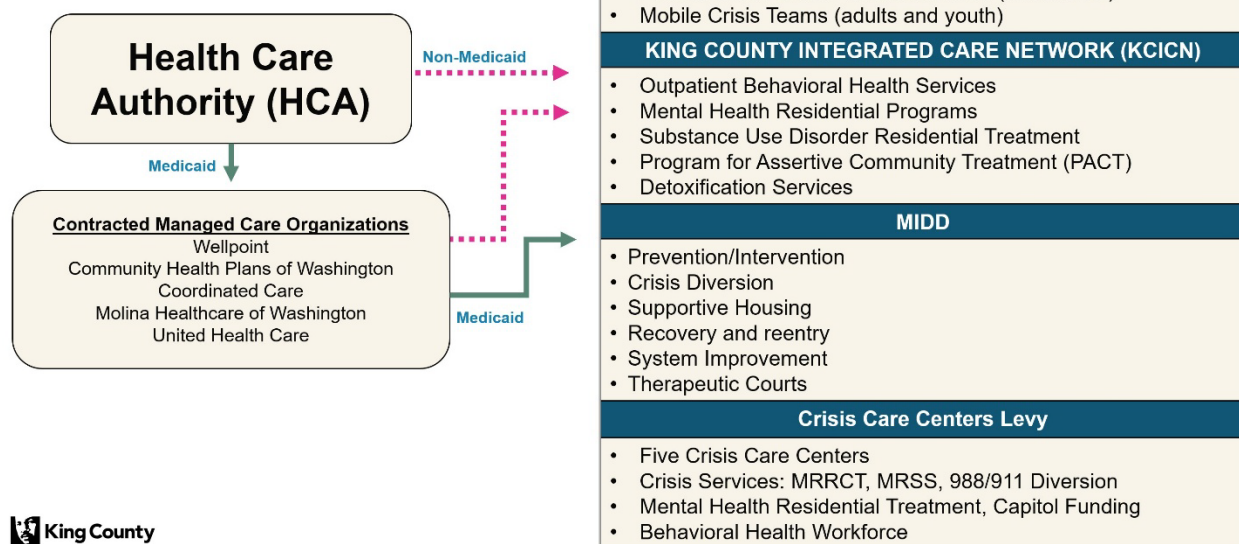
While BHRD continues to serve as the Behavioral Health Administrative Services Organization (BHASO) to administer the State-funded crisis behavioral health system and other non-Medicaid-funded behavioral health services in King County, the BHASO is proposed to have its own fund through Proposed Ordinance 2025-0303, which was transmitted with the Budget. That appropriation unit and the funds that account for the Mental Illness & Drug Dependency (MIDD) sales tax and the Crisis Care Centers (CCC) Levy are discussed elsewhere in this staff report.

BHRD provides oversight and management of the publicly funded mental health and substance use disorder (behavioral health) service system for eligible County residents. Since 2016, the behavioral health system in Washington has gone through a State-mandated transformation culminating in what is known as fully integrated managed care (FIMC) for the Medicaid healthcare system. The goal of FIMC is whole person

coordinated care for both physical and behavioral health¹. As such, BHRD now contracts with five Managed Care Organizations (MCOs) that operate in the county to administer the King County Integrated Care Network (KCICN). Figure 1 provided by Executive staff outlines the funding structure in BHRD with the BHASO highlighted at the top of the chart.

Figure 1. Behavioral Health Funding Structure

King County's Behavioral Health Funding Structure



SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed budget would appropriate \$807.8 million to the Behavioral Health Fund. This is a decrease of approximately \$193.1 million from the 2025 biennialized appropriation. Of this decrease, \$156.2 million is base budget adjustments, followed by \$36.9 million in decision package adjustments. The largest decision package is a disappropriation of all State non-Medicaid funding to support the BHASO which is proposed to be accounted for in a new BHASO Fund discussed elsewhere in this staff report packet.

Decision packages of note are further summarized below.

Trueblood Grant [\$6.3 million, revenue-backed]: Allocate \$6.29 million of a grant from the State Health Care Authority passed through the Seattle Foundation to pay for supportive housing and enhanced clinical care services for Trueblood² class members. The appropriation includes funding for 1.0 TLT position to provide system navigation, training, and care coordination and support for housing providers and class members.

¹ The term "behavioral health" encompasses both mental illness and substance use disorders.

² The Trueblood et al. v. Washington State DSHS lawsuit filed in 2014 challenged unconstitutional delays in competency evaluation and restoration services for people detained in jails. King County implemented Trueblood Settlement programs June 30, 2023. <https://www.dshs.wa.gov/bha/trueblood-et-al-v-washington-state-dshs>

This appropriation will allow BHRD to procure temporary "high support" housing including Transitional Supportive Housing, where individuals generally stay for around six months although sometimes stays are shorter or longer depending on individual needs. The grant runs from July 1, 2025 through June 30, 2030.

BHASO Fund Creation [(\$141.4 million) and (70.8 FTEs)]: Disappropriate \$141.4 million and 70.8 FTEs and reappropriate to the new BHASO Fund proposed to be created through Proposed Ordinance 2025-0303. Executive staff indicate this decision package has a net zero fiscal impact, as funds are simply shifting from the Behavioral Health Fund to the BHASO Fund. There is a request for an additional Business Finance Officer IV FTE to serve as Fund Manager and ensure BHASO financial oversight, management, and compliance. The related decision packages are discussed in more detail in the BHASO Fund appropriation unit.

BHRD Fiscal Structure Update [\$1.2 million and 4.0 FTEs]: The proposed budget requests \$1.17 million to convert 4.0 TLT finance positions to FTEs. Eighty percent of these positions would be paid for with Medicaid and 20% would be non-Medicaid. Executive staff indicate that BHRD has grown significantly since implementing Fully Integrated Managed Care in 2018.³ The BHRD fiscal team is responsible for the division's accounting, audit, accounts payable and receivable, budgeting, fund management, and financial reporting and processing more than 14,000 invoices per year. In 2025, BHRD also began billing private medical insurance in response to HB 1688, enacted in 2022, requiring private insurance to cover certain behavioral health services.⁴

As a result of this increasing complexity, BHRD implemented a pilot implemented in 2023 using TLT and Special Duty positions to restructure the Fiscal unit by creating:

- A centralized Accounts Payable unit with an Accounts Payable lead;
- An Accounting and Revenue unit with an Accounting Manager; and
- A Budget section to lead budget development and financial monitoring.

Executive staff indicate that these changes created clear, functional accountability, streamlined financial processes, and provided more responsive fiscal support to BHRD programs. Therefore, the proposed budget proposes making the fiscal restructure permanent.

Allocated costs in the Behavioral Health Fund for internal controls and audit response [\$976,356] and office space needs [\$1,012,220], correspond with proposed decision packages in the DCHS Administration appropriation unit.

The proposed budget includes \$979,000 of salary savings from employee turnover without decreasing the FTE authority.

³ In 2025, BHRD's budget consisted of three funds totaling more than \$1.3 billion in biennial expenditures.

⁴ As a result, BHRD is not only administering the BHASO, CCC Levy, MIDD funds, and contracting with the MCOs as part of the KCICN, but also now with commercial insurance plans for Medication for Opiate Use Disorder and crisis services, such as crisis stabilization.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

PUBLIC HEALTH ADMINISTRATION

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$37,935,878	\$37,935,878	82.2	0.0
2026-2027 Base Budget Adjust.	\$1,349,667	\$0	0.0	0.0
2026-2027 Decision Packages	\$968,818	\$2,318,485	0.0	0.0
2026-2027 Proposed Budget	\$40,255,000	\$40,255,000	82.2	0.0
% Change from prior biennium, biennialized	6.1%			
Dec. Pkg. as % of prior biennium, biennialized	2.5%			

Major Revenue Sources: Revenues are recovered from divisions in Public Health – Seattle & King County and are based on charges for services.

DESCRIPTION

The Public Health Administration Fund supports the administration of Public Health – Seattle & King County (PHSKC).

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would appropriate approximately \$40.3 million to the Public Health Administration Fund. Of that, \$1.3 million is due to base budget adjustments such as increases in personnel costs and central rates. The proposed budget includes \$65,000 of expenditure authority for a technical adjustment to increase the portion of Public Health leadership costs charged to the City of Seattle and also update the costs of licenses and fees to meet actual costs.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

BEHAVIORAL HEALTH ADMINISTRATIVE SERVICES FUND

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$0	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	\$145,500,967	\$145,516,678	80.8	0.0
2026-2027 Proposed Budget	\$145,501,000	\$145,517,000	80.8	0.0
% Change from prior biennium, biennialized	n/a			
Dec. Pkg. as % of prior biennium, biennialized	n/a			
Major Revenue Sources: State non-Medicaid funds supporting the crisis system, Federal Mental Health and Substance Use Disorder Block Grants				

DESCRIPTION

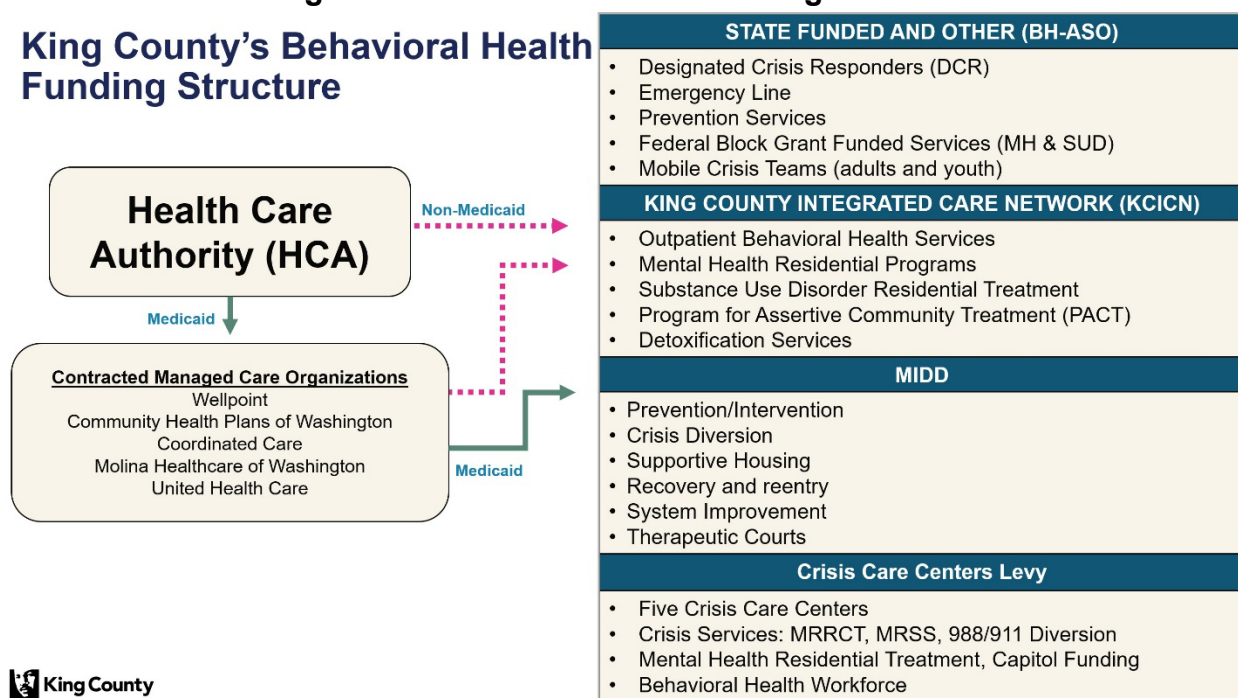
The Behavioral Health Administrative Services Fund is a new fund proposed through Proposed Ordinance 2025-0303 transmitted with the budget. The fund is being proposed in response to the Washington State Health Care Authority (HCA) corrective action plan requiring, among other things, detailed accounting and reporting of Behavioral Health Administrative Services Organization (BHASO) Funds in response to a recent On-Site Fiscal Monitoring Review. The fund would solely account for the BHASO finances.

The BHASO administers the State-funded crisis behavioral health system, including the Involuntary Treatment Act (ITA) system, Washington State Hospital liaison functions, Federal block grant funded services, and other non-Medicaid-funded behavioral health services. Figure 1 provided by Executive staff outlines the funding structure in the Behavioral Health and Recovery Division (BHRD) with the BHASO highlighted at the top of the chart. The King County Integrated Care Network, Mental Illness & Drug Dependency (MIDD) sales tax, and Crisis Care Center Levy funds have separate appropriation units discussed elsewhere in this staff report packet.¹

¹ The various MIDD funds have separate decision packages and are discussed elsewhere in this staff report packet.

Figure 1. Behavioral Health Funding Structure

King County's Behavioral Health Funding Structure



SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed budget would appropriate \$145,501,000 of BHASO-related funding and 80.8 FTEs. The primary decision package in this appropriation unit is for \$141,366,241 to create this fund and transfer in all BHASO contracted expenditures, revenues, and 70.8 FTEs. The proposed budget also allocates \$600,000 to Superior Court to cover guardian ad litem costs. There are additional revenue-backed FTE additions described below.

- **BHASO Fund Manager [\$379,045, 1.0 FTE]** to serve as the Manager and ensure financial oversight, management, and compliance of the BHASO Fund.
- **Peer Bridgers [\$451,962, 2.0 FTEs, revenue-backed]** convert two TLT positions to FTEs backed by revenue received in the state's BHASO contract.
- **PACT Program Manager [\$359,620, 1.0 FTE, revenue-backed]** to convert a TLT to FTE for supervision, implementation, and utilization management of the Program for Assertive Community Treatment (PACT) due to increased demand. PACT is an intensive, team-based behavioral health service package which offers individualized support in the community to people with serious mental health conditions and high service needs.² As PACT and Trueblood have both expanded, an additional position was needed to maintain program oversight. According to Executive staff, community demand for PACT has increased with more than 80 people on the waitlist and a 75 percent increase in the number of referrals to PACT that BHRD processes. This request is backed primarily by state PACT funding

received in the BHASO contract, and Medicaid Quality Improvement Activity funding for allowable activities.

- **ITA Screeners [\$1,891,625, 6.0 FTEs, revenue-backed]** convert six TLT ITA screener positions to FTEs to sustain State-mandated process improvements. These screeners have been in place since February 2025 in response to the State HCA's Corrective Action Plan regarding DCR response times for community referrals.
- **Add a second ITA Coordinator to Superior Court [\$265,000, revenue-backed].** According to Executive staff, ITA Coordinator work has become more complex with the addition of the state transfer cases, increased hearings and continued growth in long-term beds to meet growing needs, the level of communication with legal staff from multiple agencies internal and external to the County, and multiple courtrooms. Superior Court notes this request is in response to the growing workload in ITA Court
- **Assisted Outpatient Treatment Coordinator [\$187,474, revenue-backed]** to Superior Court. This decision package would provide dedicated AOT funding from the State to Superior Court for an Assisted Outpatient Treatment (AOT) Coordinator for ITA Court.

KEY ISSUES

Staff have not identified any key issues for this fund.

CRISIS CARE CENTERS

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$245,221,524	\$245,498,626	36.0	0.0
2026-2027 Base Budget Adjust.	(\$154,763)	\$0	0.0	0.0
2026-2027 Decision Packages	\$45,872,058	\$7,500,358	2.0	0.0
2026-2027 Proposed Budget	\$290,939,000	\$252,999,000	38.0	0.0
% Change from prior biennium, biennialized	18.6%			
Dec. Pkg. as % of prior biennium, biennialized	18.7%			

Major Revenue Sources: Crisis Care Centers Levy property tax revenue

DESCRIPTION

The Crisis Care Center Levy is a levy lid lift approved by voters in 2023 to create five new regional Crisis Care Centers (CCC) throughout the County, with one center designated to serve youth. The CCC Levy also prioritizes the restoration of behavioral health residential treatment capacity, the expansion of treatment availability and sustainability in King County, and support for behavioral health workforce needs. The initial levy rate of \$0.145 per \$1,000 of assessed value in 2024 is projected to generate approximately \$1.2 billion during the nine-year levy period. The CCC Levy implementation plan was adopted through Ordinance 19783 in June 2024 and governs CCC Levy expenditures from 2024 through 2032. The Levy's first annual report was transmitted to Council as Proposed Motion 2025-0252 and reports on activities in 2024.¹

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would increase the appropriation authority for the CCC Fund by \$45.7 million, almost \$40 million of which is to align with the proposed investments outlined in the CCC Implementation Plan adopted through Ordinance 19783 in June 2024.

There are three primary decision packages described below.

Fast-Track Behavioral Health Workforce Investments [\$483,154]: Levy Supporting Purpose 2 is to increase the sustainability and representativeness of the behavioral health workforce in King County by expanding community behavioral health career pathways, sustaining and expanding labor-management workforce development partnerships, and supporting crisis workforce development. Allowable expenditures for this includes

¹ Proposed Motion 2025-0252

<https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=7516904&GUID=810A22E8-79C7-4B08-9139-8150A4F199F7&Options=Advanced&Search=>

Community Behavioral Health Career Pathways, Labor-Management Workforce Development Partnerships, and Crisis Workforce Development. Due to CCC services coming online faster than previous projections, this decision package would allocate \$483,000 of funding planned to be expended in later years to support accelerated investment in the Behavioral Health Career Pathways.

Behavioral Health Care Coordination Platform [\$5,145,000]: The proposed budget would allocate \$5.1 million for a new technology project to design, implement, and support a platform for King County's behavioral health crisis system to allow clinical providers to exchange real-time, care-related data. The platform is intended to replace and improve upon the current system and support coordination among CCCs, Designated Crisis Responders, and other behavioral health and crisis service providers, including those in the King County Integrated Care Network and the Behavioral Health Administrative Service Organization. This appropriation is fully revenue-backed through the CCC Levy and anticipated to be completed in October 2027. Additional details are included in the DCHS IT appropriation unit.

Technical Adjustment to Match the Implementation Plan [\$39,517,713]: This decision package is a technical adjustment to align the 2026-2027 Biennial Budget with the Implementation Plan. According to a financial plan document provided by Executive staff, the proposed budget includes the following designations for funding:

1. \$144.5 million to support the Levy's Paramount Purpose to create and operate five crisis care centers by the levy's end: Of this \$93.7 million represents capital expenses to open CCC #3 and #4, with \$7.6 million set aside to perform maintenance. There is a \$35 million capital reserve set aside for the 5th and final CCC facility.
2. \$65.2 million to support the Levy's Supporting Purpose 1 to increase residential treatment capacity which includes \$2.5 million for maintenance and rehab of existing facilities and \$62.7 million for new capital.²
3. \$35.7 million to support the Levy's Supporting Purpose 2 to increase the sustainability and representativeness of the behavioral health workforce in King County.

Additional activities supporting the Levy's Paramount and Supporting Purposes 1 and 2 include:

- \$15 million in continued investment in the early crisis response system;
- \$3.1 million to providers to address BH service capacity increases and technical assistance funding;
- \$2.5 million in funding to assess the levy's impact; and
- \$25 million in crisis system administrative costs to manage the CCC levy implementation process.

Most of the CCC levy's administrative budget covers DCHS staff costs including 36 FTEs hired between 2024 and 2025, and 3 additional FTEs planned to be hired in 2026-2027.

² Executive staff indicate an RFP will be released in November.

Allocated costs in the CCC Fund for internal controls and audit response [\$181,915] and office space needs [\$188,598], correspond with proposed decision packages in the DCHS Administration appropriation unit.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

MENTAL ILLNESS AND DRUG DEPENDENCY FUND

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$230,765,060	\$189,103,308	23.0	0.0
2026-2027 Base Budget Adjust.	(\$35,587,649)	\$0	0.0	0.0
2026-2027 Decision Packages	\$2,229,745	\$15,883,787	(1.0)	0.0
2026-2027 Proposed Budget	\$197,408,000	\$204,988,000	22.0	0.0
% Change from prior biennium, biennialized	(14.4%)			
Dec. Pkg. as % of prior biennium, biennialized	9.6%			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

The Mental Illness and Drug Dependency (MIDD) Fund, managed by the Behavioral Health and Recovery Division (BHRD), is comprised of sales tax revenue dedicated by State law to supporting new or expanded behavioral health (substance use disorder and mental health) treatment programs and services, and for the operation of therapeutic court programs and services. The MIDD sales tax was renewed through Ordinance 19976 in September 2025. As of July 2025, the MIDD tax is projected to generate approximately \$203 million in the 2026-2027 biennium, and more than \$1 billion over the nine-year term.¹ Legislation is under development to extend the MIDD II Service Improvement Plan until a new MIDD III implementation plan is adopted.

Programs funded by the MIDD sales tax include Law Enforcement Assisted Diversion; Screening, Brief Intervention and Referral to Treatment; Children's Crisis Outreach Response System; Housing Supportive Services; and King County's therapeutic courts.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would decrease the appropriation authority for the MIDD Fund by \$33.3 million for 2026-2027. Of this, \$35.6 million represents base budget adjustments and \$2.2 million of decision package adjustments. The MIDD financial plan shows a projected reserve shortfall in the 2026-2027 biennium with a decrease to the Rainy Day reserve from 60 days to 30 days. The financial plan notes that the appropriation may need

¹ Office of Economic and Financial Analysis (OEFA) July 2025 Forecast, https://cdn.kingcounty.gov/-/media/king-county/independent/governance-and-leadership/government-oversight/forecasting/documents/july2025_pdf.pdf?rev=6abcfdb918314a40a3c82d9f0de6ea14&hash=7B796FB39494EB5CEA00BBB043DB3F8D

to be further reduced in the event of a recession. As such, the budget includes several cuts to MIDD programming as noted in this staff report.

The base budget continues to include a transfer of \$16.8 million from the MIDD Fund to the Behavioral Health Fund to support the King County Integrated Care Network (KCICN) which costs more to operate than is covered by Medicaid.

The proposed budget makes a \$10.7 million decrease in expenditure authority to align the budget with actual expected resource needs. Budget materials indicate that BHRD identified these reductions by evaluating program budgets with projected spending and captured underspend as determined in conversation with program managers and experts in each MIDD initiative. Reductions are proposed to the following initiatives:

- (\$8 million) reduction to Quality Coordinated Outpatient Care (SI-03)
 - Proposed to eliminate undesignated and underspent funds and two underperforming incentive programs that pay King County Integrated Care Network providers to incentivize outreach, engagement, and startup funds for new providers.
- (\$1 million) reduction to MIDD Wrap Around Services for Youth (CD-15)
 - This proposal adjusts caseloads among three contractors providing services; two of which routinely experience staff vacancies and low caseloads. Budget documents indicate this proposal will align caseloads with utilization.
- (\$567,120) reduction to Jail Reentry Systems of Care (RR-06)
 - This proposal captures the amount anticipated to be unallocated in 2026 and 2027 as the provider consistently invoices less than funding levels.
- (\$163,710) reduction to Substance Use Disorder Next Day Appointments (SUD NDA, part of initiative CD-10)
 - Two of six providers providing SUD NDAs are infrequently booked. This proposal decreases the allocation to match utilization.

The proposed budget makes additional reductions as follows:

- (\$680,750) reduction to High Care Utilizer Team (CD-05)
 - This is a relatively small program at Harborview with a high cost [\$3,000 per person]. The Executive proposes to sunset this team in 2026 and prioritize resources for post-crisis follow up teams.
- (\$683,248) reduction would move costs for Behavioral Health Risk Assessment Tool to the General Fund.
 - Program is managed by the Department of Adult and Juvenile Detention (DAJD).
- (\$316,125) reduction to Community Center for Alternative Programs (CCAP, part of initiative RR-02) and Pre-trial Assessment and Linkage Services (PALS, part of initiative RR-15)

- This reduces the contract with Asian Counseling and Referral Services to provide these services. Executive staff indicate that the Department of Community and Human Services (DCHS) and DAJD will work together to develop a solution that utilizes existing Medicaid funds to address timeliness for CCAP and PALS participants. Due to the timing of budget decisions, that plan is not completed. PALS served 67 people in 2024 and CCAP served 71.
- (\$643,742) reduction to Prevention and Early Intervention for Adults over 50 (PRI-03)
 - According to Executive staff, this reduction is proposed because of the possibility to bill some costs to Medicaid. This cut does not eliminate the program, but additional analysis is needed to determine impact. DCHS and Public Health will work with providers to assess and mitigate reduction impacts.
- (\$1,090,440) reduction to Crisis Intervention Training (PRI-08)
 - This would decrease the DCHS contract for Crisis Intervention Training (CIT) with the Washington Training Commission. This training is primarily for first responders (prioritizing law enforcement), and behavioral health providers. King County law enforcement will have access to state-funded CIT and behavioral health clinicians will have access to the Crisis Care Centers (CCC) Levy-funded Crisis Training Academy.
- (\$874,082) reduction to Geriatric Regional Assessment Team (GRAT, part of initiative PRI-04)
 - Would reduce funding for GRAT and serve clients in crisis with Mobile Rapid Response Crisis Teams (MRRCT). While MRRCTs are not trained in the same way that GRAT is to address the needs of the geriatric population, the Crisis Training Academy will incorporate best practices including the needs of geriatric populations.

Naloxone distribution and overdose prevention and response funding is proposed to decrease by \$477,000 in 2026-2027 only. This is part of the transition from MIDD to Crisis Care Centers (CCC) Levy funding for \$1.86 million supporting opioid use disorder services. There are corresponding decision packages in the CCC Levy and Public Health Funds related to this proposal.

The proposed budget includes maintenance of one-time funding previously provided for the following initiatives:

- \$800,000 to maintain one-time funding for the 24/7 Buprenorphine Telehealth Line (CD-07) operated by King County's Department of Public Health through a Contract with UW Department of Emergency Medicine.²
- \$844,000 to maintain partial one-time funding for Community-Driven Behavioral Health Grants for Cultural and Ethnic Communities (SI-01) to support the delivery of culturally responsive services for BIPOC and LGBTQ+ individuals. This would maintain alignment between Community Driven Behavioral Health Grants (SI-01) and Behavioral Health Services in Rural King County grants (SI-02).
- \$500,000 to maintain one-time funding for the Washington Recovery Alliance (SP-09).
- \$1 million to maintain one-time investments in the KCICN workforce initiative to recruit and prepare new behavioral health professions for long-term workforce stability. This amount would pay for continued access to Relias, an online healthcare learning platform, training clinical providers in evidence-based practices, and pipeline development initiatives that are under development.
- \$527,275 to maintain one-time funding for the Housing and Recovery through Peer Services (HARPS) (RR-01) housing voucher program.
- \$759,039 to maintain half of the one-time funding for expansion staffing for the Domestic Violence and Sexual Assault providers (PRI-09 and PRI-10).

The Executive's budget also proposes the following decision packages:

- \$1.4 million to support TLT MIDD renewal positions through the biennium;
- \$1.9 million to provide funding to pay for routine facilities management, renovation, and emergency facilities needs for County-owned facilities that BHRD manages; and
- \$9.8 million to pay for inflationary economic adjustments for MIDD initiatives proposed to be increased by 3.57% in 2026 and 3.64% in 2027. This will add \$6,904,016 to community provider contract allocations and \$3,168,246 for other King County agency transfers.

Allocated costs in the MIDD Fund for internal controls and audit response [\$203,173] and office space needs [\$210,636], correspond with proposed decision packages in the DCHS Administration appropriation unit.

The proposed budget also includes \$128,000 of salary savings from employee turnover without decreasing the FTE authority.

² Anyone in King County with opioid use disorder can access an initial prescription through the phone line daily from 9 a.m. to 9 p.m. (206) 289-0287. <https://em.uw.edu/sections/population-health/uw-telebuprenorphine-program>

KEY ISSUES

ISSUE 1 – NEW RESERVES AND COSTS ASSOCIATED WITH JHS ADA COMPLIANCE SETTLEMENT

There are two new reserves on the MIDD financial plan.³ Executive staff indicate that since funding is held aside for an anticipated need and not proposed for appropriation these are not included as decision packages in the budget. The reserves are \$8 million as a Medicaid/Federal Contingency Reserve and \$5 million for the Medications for Opioid Use Disorder (MOUD) reserve.

Executive staff indicate that the Medicaid/Federal Contingency Reserve would be allocated in the event of a major reduction to federal Medicaid funding. Potential uses of this reserve include:

- Maintaining access to behavioral health services for people who lose Medicaid insurance coverage, including methadone and other medications for opiate use disorder and residential treatment for high acuity psychiatric clients in residential care.
- Paying for increased demand of non-Medicaid outpatient behavioral health benefits provided through the MIDD PRI-11 initiative.
- Mitigating client impacts in the event of abrupt decline in Medicaid enrollment.

According to Executive staff, the MOUD reserve is an estimated placeholder associated with the County's obligations under a U.S. Department of Justice Americans with Disabilities Act (ADA) settlement agreement. Opioid use disorder is considered a disability under ADA and the settlement requires Jail Health Services to offer all FDA-approved MOUD medications to jail residents with opioid use disorder. Jail Health Services is currently working to refine cost projections and determine the appropriate staffing and resource levels needed to meet compliance standards. This is discussed in more detail in the Jail Health Services staff report.

Councilmembers may wish to consider providing structure to the decision-making and approval process to release this Medicaid cut reserve.

³ Page 328 of the Executive's proposed 2026-2027 biennial budget book

DISTRICT COURT MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$5,677,664	\$0	15.3	0.0
2026-2027 Base Budget Adjust.	\$193,088	\$0	0.0	0.0
2026-2027 Decision Packages	(\$49,140)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$5,822,000	\$0	15.3	0.0
% Change from prior biennium, biennialized	2.5%			
Dec. Pkg. as % of prior biennium, biennialized	(0.8%)			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

The District Court Mental Illness and Drug Dependency (MIDD) appropriation unit is where District Court's therapeutic court costs are budgeted. District Court operates the Regional Mental Health Court, Regional Veterans Court, and the Community Courts.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Biennial Budget would increase the District Court MIDD allocation by approximately \$143,000 due primarily to base budget adjustments resulting from labor costs and central rates. The proposed budget captures salary savings of approximately \$80,000 from employee turnover without reducing FTE authority.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

DEPARTMENT OF JUDICIAL ADMINISTRATION MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$4,565,796	\$0	12.7	0.0
2026-2027 Base Budget Adjust.	\$115,900	\$0	0.0	0.0
2026-2027 Decision Packages	(\$18,851)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$4,663,000	\$0	12.7	0.0
% Change from prior biennium, biennialized	1.4%			
Dec. Pkg. as % of prior biennium, biennialized	(0.4%)			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

The Department of Judicial Administration (DJA) Mental Illness and Drug Dependency (MIDD) appropriation unit is where costs associated with Adult Drug Court are budgeted. Adult Drug Court is a therapeutic court for offenders with substance abuse issues, combining treatment and judicial supervision.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Biennial Budget would increase the DJA MIDD allocation by approximately \$97,000 due primarily to base budget adjustments resulting from labor costs and central rates. The proposed budget captures salary savings of approximately \$55,000 from employee turnover without reducing FTE authority.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

PROSECUTING ATTORNEY'S OFFICE MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$3,434,600	\$0	10.6	0.0
2026-2027 Base Budget Adjust.	\$85,890	\$0	0.0	0.0
2026-2027 Decision Packages	(\$29,649)	\$0	0.0	0.0
2026-2027 Proposed Budget	\$3,491,000	\$0	10.6	0.0
% Change from prior biennium, biennialized	1.6%			
Dec. Pkg. as % of prior biennium, biennialized	(0.9%)			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

The Prosecuting Attorney's Office (PAO) Mental Illness and Drug Dependency (MIDD) appropriation unit is where the PAO's therapeutic court-related costs are budgeted. The PAO participates in the Regional Mental Health Court/Regional Veterans Court, Adult Drug Court, Juvenile Drug Court, and Community Court.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Biennial Budget would increase the PAO MIDD allocation by approximately \$56,000 due primarily to base budget adjustments resulting from labor costs and central rates. The proposed budget captures salary savings of approximately \$51,000 from employee turnover without reducing FTE authority.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

SUPERIOR COURT MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$6,442,328	\$0	18.4	0.0
2026-2027 Base Budget Adjust.	\$127,977	\$0	0.0	0.0
2026-2027 Decision Packages	\$19,698	\$0	0.0	0.0
2026-2027 Proposed Budget	\$6,591,000	\$0	18.4	0.0
% Change from prior biennium, biennialized	2.3%			
Dec. Pkg. as % of prior biennium, biennialized	0.3%			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

Family Treatment Court and Juvenile Drug Court costs are budgeted in the Superior Court Mental Illness and Drug Dependency (MIDD) appropriation unit. The Family Treatment Court is a therapeutic court alternative to Dependency Court for parents who need access to drug and alcohol treatment, judicial monitoring of sobriety, and other individualized services. Juvenile Drug Court is a therapeutic court for youth charged with an offense who have alcohol or drug problems. Juveniles in the program attend treatment and are monitored by the Juvenile Drug Court judge.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Biennial Budget would increase the Superior Court MIDD allocation by approximately \$147,000 due primarily to base budget adjustments resulting from labor costs and central rates. The proposed budget captures salary savings of approximately \$78,000 from employee turnover without reducing FTE authority.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

DEPARTMENT OF PUBLIC DEFENSE MIDD

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$5,609,064	\$0	14.3	0.0
2026-2027 Base Budget Adjust.	\$269,735	\$0	0.0	0.0
2026-2027 Decision Packages	\$171,818	\$0	0.0	0.0
2026-2027 Proposed Budget	\$6,051,000	\$0	14.3	0.0
% Change from prior biennium, biennialized	7.8%			
Dec. Pkg. as % of prior biennium, biennialized	3.0%			

Major Revenue Sources: Mental Illness and Drug Dependency sales tax

DESCRIPTION

The Department of Public Defense (DPD) Mental Illness and Drug Dependency (MIDD) appropriation unit is where DPD costs associated with therapeutic courts are budgeted. DPD participates in Adult Drug Court, Family Treatment Court, Juvenile Drug Court, Regional Mental Health/Regional Veterans Court, and Community Court.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed 2026-2027 Biennial Budget would increase the DPD MIDD allocation by approximately \$441,000 due primarily to base budget adjustments resulting from labor costs and central rates. The proposed budget captures salary savings of approximately \$88,000 from employee turnover without reducing FTE authority.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

MEDICAL EXAMINER'S OFFICE

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$23,876,088	\$7,941,918	44.0	2.0
2026-2027 Base Budget Adjust.	(\$567,571)	(\$1,766,376)	0.0	(1.0)
2026-2027 Decision Packages	\$796,820	\$295,054	0.0	1.0
2026-2027 Proposed Budget	\$24,106,000	\$6,471,000	44.0	2.0
% Change from prior biennium, biennialized	1.0%			
Dec. Pkg. as % of prior biennium, biennialized	3.3%			

Major Revenue Sources: Primarily General Fund, grants, and fee revenue

DESCRIPTION

The Medical Examiner's Office (MEO) investigates sudden, unexpected, and unnatural deaths in King County and works to provide accurate identification of decedents and to notify the next of kin. The MEO is housed organizationally within the Prevention Division of Public Health.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed appropriation for the MEO is approximately \$24 million for 2026-2027; this is a 1% increase from the 2025 biennialized total. Only one decision package is a direct service change, and the remainder are characterized in the Executive's proposal as technical adjustments. The proposed budget would allocate \$313,000 to continue the Department of Justice grant first appropriated in 2025 to continue supporting a TLT pathology fellow through June 2027. The Department of Justice pathology fellow will learn to perform forensic pathology autopsies and post-mortem examinations to determine the cause and manner of death and learn to collect evidence under the direction of an Associate Medical Examiner.

The proposed budget includes an increase of just over \$295,000 to cover increased costs to perform indigent remains cremation. The increase is due to a combination of the annual increase on the set rate paid by the MEO to funeral homes to perform cremation services for indigent decedents, and an increase in demand for these services from 2020 through 2024. Executive staff state that based on trends the MEO is observing, they expect a continued increase in the demand for these services in years after the 2026-2027 budget.

KEY ISSUES

Staff have not identified any key issues for this appropriation unit.

COUNTY HOSPITAL LEVY

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$173,000,000	\$177,576,000	0.0	0.0
2026-2027 Base Budget Adjust.	(\$38,000,000)	\$0	0.0	0.0
2026-2027 Decision Packages	\$109,000,000	\$98,673,000	0.0	0.0
2026-2027 Proposed Budget	\$244,000,000	\$276,249,000	0.0	0.0
% Change from prior biennium, biennialized	41.0%			
Dec. Pkg. as % of prior biennium, biennialized	63.0%			

Major Revenue Sources: Revenue from the councilmanic property tax levy authorized by RCW 36.62.090 to support the County Hospital.¹

DESCRIPTION

This appropriation unit is for revenue from the councilmanic property tax levy authorized by RCW 36.62.090 to pay for the operation, maintenance, and capital expenses of the County Hospital, any outpatient clinics operated by the Hospital, and for the payment of principal and interest on bonds for such purposes. The tax may not exceed 20 cents per \$1,000 of assessed value.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The Executive's proposed levy rate for 2026-2027 is 15 cents per \$1,000 of assessed value, which is a five-cent increase from 2025, and would raise \$276 million over two years of collections.² The Executive's proposed budget would allocate County Hospital tax revenue through eight main categories in this appropriation unit as described in Table 1.

¹ Ordinances 19878 and 19887

² The property tax is required to be reauthorized annually. The Executive's proposed budget assumes a 15 cent rate in 2026 and 2027.

Table 1. Proposed Expenditures for the County Hospital Tax in 2026-2027.

Category	Amount	Approx. Cents Needed Annually	Description
Harborview operations	\$99 million	5.4	Transferred to Harborview to support hospital operations.
Harborview 2020 Bond Capital Projects	\$42 million	2.3	To support capital projects at Harborview that are part of the voter-approved bond program.
New Parking Garage	\$45 million	2.5	To pay for a portion of the cost of a new parking garage to be built on the Harborview campus. This amount is proposed to be transferred to the County Hospital Capital Fund to pay for the parking project on the Harborview Medical Center campus anticipated to be complete in 2027.
Five Harborview major maintenance projects approved in 2025	\$24 million	1.3	To support projects approved through Ordinance 19962 ³ in 2025 including replacement of two CT scanner cooling systems and multiple building HVAC infrastructure replacements. This request is in line with the anticipated costs identified in July 2025 during deliberations for Ordinance 19962.
Additional Harborview major maintenance projects	\$10 million	0.6	To support future major infrastructure projects that King County and HMC will agree are necessary. While specific projects are not yet known, Executive staff indicate that this amount is a placeholder pending further analysis and collaboration with Harborview.
Pioneer Square Clinic Duncan Building Tenant Improvements	\$23 million	1.3	To pay for anticipated tenant improvements to the Duncan Building to prepare it for the new location for the Harborview Pioneer Square Clinic. This request is \$1.2 million above the estimated costs identified in July 2025 during deliberations for Ordinance 19962. Executive staff indicate that substantial completion of the tenant improvements is anticipated to occur by December 2027 with final acceptance of the project by King County anticipated in June 2028.
County staff and support for the Harborview board	\$1 million	0.05	To continue supporting County staff and the Harborview board. This amount matches the annual allocation made for this purpose in 2025.
Medicaid cut reserve	\$31 million	1.7	To be held in the County Hospital Levy Fund's reserve and allocated in the event of federal cuts to Medicaid.
Total	\$276 million	15 cents	

KEY ISSUES

ISSUE 1 –EXPENDITURE RESTRICTIONS

In the 2025 budget, there were five expenditure restrictions that required County Hospital tax revenue be spent in specific ways, with some requirements needed to be met prior to revenue being expended. While the Executive expressed their intent on page 36 of the Budget Book for how the County Hospital Tax revenue would be spent, there are no expenditure restrictions in the proposed ordinance requiring how the County Hospital tax will be spent. Councilmembers may wish to retain or modify the eight Executive proposed categories for expenditure and request staff draft expenditure restrictions requiring how the appropriation be allocated, possibly including requirements to be met prior to expending funds.

ISSUE 2 – MEDICAID CUT RESERVE TRIGGERS

The proposed budget includes a \$31 million reserve to be held in the County Hospital Levy Fund's reserve and allocated to Harborview in the event of federal cuts to Medicaid. Executive staff indicated that the decision-making and approval process anticipated to be used to allocate these dollars would be "similar to other allocations of the tax revenue, where County and HMC staff will work together to establish need, appropriate use of funds, and necessary transfers." UW Medicine provided two primary ways that federal House Resolution 1 from 2025 reduces Medicaid funding to Harborview:

- loss of revenue for patients who have been enrolled under expanded Medicaid that will go away due to eligibility requirements; and
- loss of direct payments from the Centers for Medicare & Medicaid Services (CMS) to supplement the historical losses on Medicaid insured payments.

Councilmembers may wish to consider providing structure to the decision-making and approval process to release this Medicaid cut reserve.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: WHAT IS THE FEASIBILITY OF DESIGNATING THE NEW PROPOSED HARBORVIEW CONSTRUCTION AND INFRASTRUCTURE DIVISION A KEY SUBORDINATE UNIT.

ANSWER: Executive staff indicate that the transmitted budget reflects the current Executive's preference, but defers to the incoming Executive to make the determination regarding whether to create a key subordinate unit. K.C.C. 2.16.100 is designed to make division directors key subordinate units. For example, the Road Division Director is a designated key subordinate unit. According to Council's legal counsel, it would be legally defensible to designate the Harborview Construction and Infrastructure Division Director a key subordinate unit if, based on the nature of the programs involved and their public

³ Ordinance 19962,
<https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=7425057&GUID=0A791208-967E-4D8D-91E4-E14C3B02DA27&Options=Advanced&Search=>

policy implications, the Council makes the determination that such a designation for that division director is warranted.

HARBORVIEW 2020 PROP 1 CAPITAL FUND

ANALYST: SAM PORTER

	2026-2027 Proposed	2028-2029 Projected	2030-2031 Projected
Revenues	\$219,720,655	\$745,048,859	\$656,491,028
Appropriations	\$219,720,655	\$745,048,859	\$656,491,028
Major Revenue Sources: Harborview 2020 Proposition 1 Bond revenue			

DESCRIPTION

This fund accounts for revenue from the 2020 Harborview Proposition 1 bond to fund projects at Harborview Medical Center. Harborview Medical Center is a 413-bed hospital and Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by the County-appointed Board of Trustees, and operated by the University of Washington. A \$1.74 billion capital bond was approved by voters after being placed on the November 2020 ballot by King County Ordinance 19117. A revised program plan for the 2020 Harborview Bond was approved by Motion 16435, known as the Ordinance Workgroup (OWG) report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would make a total appropriation of over \$219.7 million to support final design [\$173.9 million] and implementation [\$45.8 million] of the new bed tower project, however the tower construction phase of the project is not expected to begin until the 2028-2029 biennium. Table 1 below shows the planned project phasing and costs according to documents provided with the budget.

Table 1.
Bed Tower Planned Project Phasing

Phase	Budget through June 2025	FY26-27	FY28-29	FY30-31	Total
Planning	\$143,060,620	\$0	\$0	\$0	\$143,060,620
Final Design	\$0	\$173,944,970	\$591,970,064	\$591,970,064	\$1,229,715,813
Implementation	\$0	\$45,775,685			
Total Budget	\$143,060,620	\$219,720,655	\$591,970,064	\$591,970,064	\$1,546,721,403¹

The \$219.7 million allocation would support administrative costs, a co-location space, space renovations through 2031, and 1% for Art at the Harborview Campus.

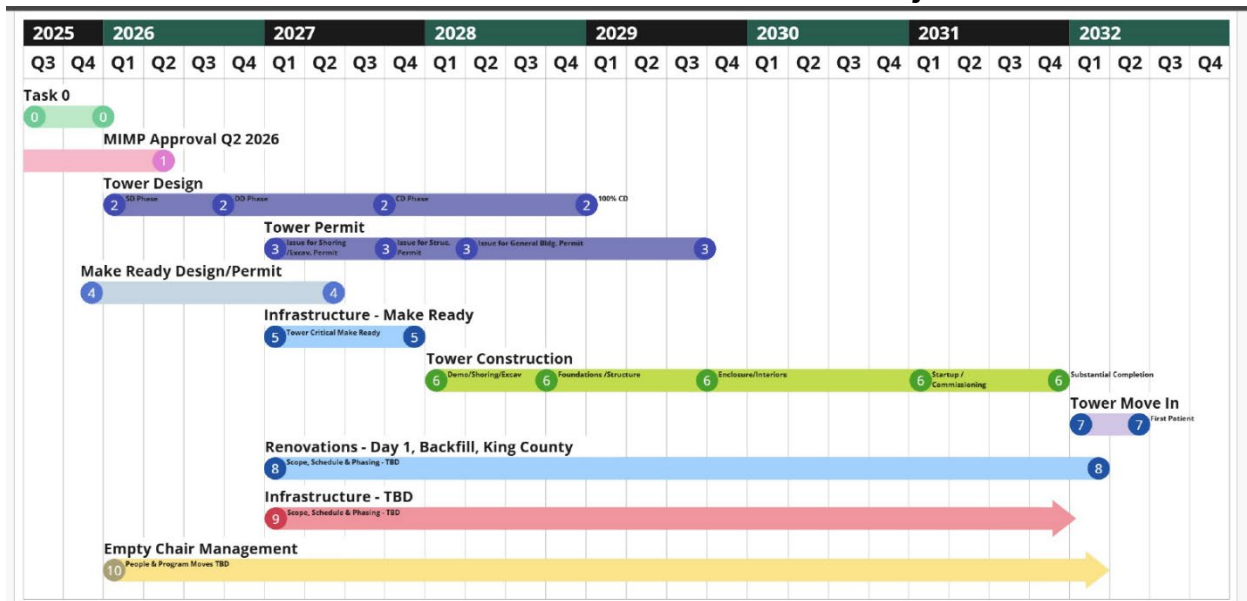
- Administrative costs include paying a share of consultant and contractor costs for project management, design, and other services; permitting and legal costs; and a combination of County and Harborview staffing.

¹ This is approximately 88% of the 2020 Harborview Bond projected revenue of \$1.74 billion.

- Co-location workspace will be modular trailers² serving as a collaborative work environment for Harborview and King County staff, as well as contractors, and consultants.
- Space renovations include site improvements, utility connections, and early site work required to support the expansion of the hospital campus and the construction of the new tower.
- 1% for Art includes \$13,467,554 in 2026 managed by 4Culture consistent with the County Code and led by a public art committee.

Executive staff provided a visual timeline of the Tower Project in Table 2.

Table 2. Visual Timeline of the Tower Project



KEY ISSUES

ISSUE 1 – UNCERTAINTY ABOUT WHETHER MONIES TO CONSTRUCT OWG SCOPE ARE SUFFICIENT

Executive staff indicate that the tower construction program is in the validation phase including an updated cost analysis to construct the OWG scope for the bed tower project as described beginning on page 10 of the September HMC Bond Program Monthly Status Report.³ Executive staff state that until the costing assessment is completed they are unsure if there are sufficient monies to construct every element of the tower recommended by the OWG. Councilmembers may wish to request a briefing or report back to Council when the cost assessment is complete in early 2026.

² Executive staff state that this facility will be roughly 20,000 sq. ft. modular office and conference facility necessary to support the project, constructed on the site of the old construction trailer located at 319 Terry Street.

³³ Harborview Bond Program Monthly Status Report, September 2025, <https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=7685997&GUID=A559D015-B7BB-48F3-A06A-E4C41E010878&Options=Advanced&Search=>

COUNTY HOSPITAL CAPITAL FUND

ANALYST: SAM PORTER

	2026-2027 Proposed	2028-2029 Projected	2030-2031 Projected
Revenues	\$107,000,000	\$0	\$0
Appropriations	\$107,000,000	\$0	\$0
Major Revenue Sources: County Hospital Levy revenue, Harborview 2020 Proposition 1 Bond revenue, other related debt.			

DESCRIPTION

This fund accounts for revenue to support capital projects at the County Hospital, Harborview Medical Center (HMC), not accounted for in the 2020 Harborview Proposition 1 Bond Fund or the annual Capital Improvement Project Fund. Revenue assumed for this fund in the 2026-2027 biennium includes HMC 2020 Prop 1 and the County Hospital Levy.

Harborview is a 413-bed hospital and Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by the County-appointed Board of Trustees, and operated by the University of Washington.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would make an appropriation of \$107 million, of which \$45 million is County Hospital Levy revenue,¹ and \$62 million of UTGO debt proceeds backed by the 2020 HMC Prop 1 levy. The only project proposed to be funded for 2026-2027 is to address parking. According to the transmittal, the requested appropriation will support the following components of the parking project on the Harborview Medical Center campus anticipated to be complete in 2027:

- Preliminary design - \$20 million
- Final design - \$25 million
- Construction - \$60 million
- Closeout - \$2 million

Transmitted the same week as the budget, Report 2025-RPT0106,² responded to Ordinance 19956, Section 65, Proviso 2 requesting a Harborview Medical Center Parking Alternatives Analysis to mitigate the parking challenges generated by construction on Harborview Medical Center campus and provide for potential future growth. While the report discusses options, Executive staff indicate that the parking project has not yet been finalized. According to Executive staff the \$107 million estimate is the projected cost of the Boren Garage rebuild but they continue to explore other options while "trying to

¹ \$45 million represents approximately 2.5 cents of County Hospital Levy property tax annually in 2026 and 2027.

² 2025-RPT0106, DES/FMD-Harborview Medical Center Parking Alternatives Analysis, Ordinance 19956, Section 65, Proviso 2,

<https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=7684102&GUID=85B693B3-DEA2-4C46-A990-9D5D5F937395&Options=Advanced&Search=>

balance the need with building parking quickly (to offset reductions related to demolition of View Park I) with the need to address a long-term parking shortage on the campus."

KEY ISSUES

ISSUE 1 – APPROPRIATING FULL AMOUNT WITHOUT A FULLY DEVELOPED PLAN

The proposed appropriation of \$107 million is the projected cost of rebuilding the Boren Garage, but Executive staff indicate there are other options also under consideration. The Council may wish to appropriate a smaller amount of the requested funds until a more fully developed plan is in place for what project the Executive will undertake.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: WHAT WOULD THE IMPACT BE IF THE COUNCIL DID NOT APPROPRIATE THE FULL \$107M FOR THE PARKING PROJECT IN 26-27? WHAT AMOUNT IS ANTICIPATED TO BE USED BETWEEN JANUARY AND THE NEXT OMNIBUS?

ANSWER: At the time of budget transmittal, rebuilding the Boren garage was the most developed option. However, Executive staff indicate that "the most likely approach would be parking at the 9th and Alder site with a design sufficient to support a future medical office building. As long as the adopted budget provides sufficient appropriation authority to fund the design of that building, impact from not appropriating the full amount would be minimal." Information regarding how much appropriation would be sufficient was not provided in time for inclusion in the staff report. Analysis of this issue is ongoing.

HARBORVIEW CONSTRUCTION AND INFRASTRUCTURE DIVISION

FUND

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$0	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	\$935,679	\$0	3.0	0.0
2026-2027 Decision Packages	\$12,414,447	\$13,350,126	23.0	0.0
2026-2027 Proposed Budget	\$13,351,000	\$13,351,000	26.0	0.0
% Change from prior biennium, biennialized	n/a			
Dec. Pkg. as % of prior biennium, biennialized	n/a			

Major Revenue Sources: Revenue from the Harborview 2020 Prop 1 Bond funds. In future years, this fund will also account for the councilmanic County Hospital property tax levy.¹

DESCRIPTION

This is a new fund² to support a newly proposed division in the Department of Executive Services, the Harborview Construction and Infrastructure Division,³ to manage the planning, contracting, and construction of all County capital projects at Harborview Medical Center, among other duties. The background and analysis for creating the new fund and proposed division will be discussed in the staff reports for each proposed ordinance. Revenue contemplated to support this fund includes the Harborview 2020 Prop 1 Bond Program and the County Hospital Levy. The proposed appropriation for 2026-2027 is solely Harborview Bond Program revenue.

Harborview Medical Center is a 413-bed hospital and Level 1 trauma center serving Washington, Alaska, Montana, and Idaho. The hospital is owned by King County, governed by the County-appointed Board of Trustees, and operated by the University of Washington. A \$1.74 billion capital bond was approved by voters after being placed on the November 2020 ballot by King County Ordinance 19117. A revised program plan for the 2020 Harborview Bond was approved by Motion 16435, known as the Ordinance Workgroup (OWG) report.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would appropriate \$13.4 million of Harborview Bond Program revenue to support 26.0 FTEs. Of these, 15 are existing positions proposed to be transferred from the Facilities Management Division, three positions were added in the

¹ Ordinances 19878 and 19887

² Proposed Ordinance 2025-0308

³ Proposed Ordinance 2025-0289

2025 1st Omnibus,⁴ and eight new positions are requested to support the design and construction of a new multi-story inpatient tower and associated improvements on the Harborview campus. Table 1 provides a breakdown of these positions, the estimated annual salary and benefits for the biennium, and the nature of whether the role is being transferred from FMD, was added in 2025, or is a new FTE in the proposed budget.

Table 1. Proposed FTEs

	Title	Revenue	Filled or Vacant	Annual Salary & Benefits 2026-2027	Nature ⁵
1	Administrator II	County Hospital Capital <i>initially</i>	Filled	\$312,000	Ord. 19956
2	Capital Projects Manager IV	County Hospital Capital	Filled	\$417,000	Transfer
3	Administrator III	Prop 1 Bond	Filled	\$359,000	Transfer
4	Business & Finance Officer III	Prop 1 Bond	Filled	\$361,000	Transfer
5	Communication Specialist III	Prop 1 Bond	Filled	\$323,000	Transfer
6	Executive Assistant	Prop 1 Bond	Filled	\$311,000	New
7	Special Projects Manager – Facilities Management	Prop 1 Bond	Filled	\$499,000	Transfer
8	Special Projects Manager III	Prop 1 Bond	Filled	\$444,000	Transfer
9	Special Projects Manager III	Prop 1 Bond	Filled	\$444,000	Transfer
10	Special Projects Manager III	Prop 1 Bond	Filled	\$444,000	Transfer
11	Special Projects Manager IV	Prop 1 Bond	Filled	\$466,000	Transfer
12	Special Projects Manager IV	Prop 1 Bond	Filled	\$466,000	Transfer
13	Special Projects Manager IV	Prop 1 Bond	Filled	\$466,000	Transfer
14	Special Projects Manager IV	Prop 1 Bond	Filled	\$466,000	Transfer
15	Special Projects Manager – Facilities Management	Prop 1 Bond Fund	Filled	\$499,000	Transfer
16	Business & Finance Officer II	County Hospital Capital <i>initially</i>	Vacant	\$312,000	Ord. 19956
17	Business & Finance Officer IV	County Hospital Capital <i>initially</i>	Vacant	\$312,000	Ord. 19956
18	Capital Projects Manager III	County Hospital Capital	Vacant	\$377,000	New
19	Capital Projects Manager IV	County Hospital Capital	Vacant	\$312,000	New
20	Administrator II	Prop 1 Bond	Vacant	\$312,000	New
21	Finance & Administrative Services Manager	Prop 1 Bond	Vacant	\$312,000	New
22	Project/Program Manager III	Prop 1 Bond	Vacant	\$359,000	Transfer
23	Special Projects Manager II	Prop 1 Bond	Vacant	\$197,000	New
24	Special Projects Manager III	Prop 1 Bond	Vacant	\$312,000	New
25	Special Projects Manager III	Prop 1 Bond	Vacant	\$197,000	New
26	Gov. Relations Officer	Not specified	Vacant	\$471,000	Transfer
			15 Filled	\$5,833,444	
			11 Vacant	\$3,473,000	
			Grant Total	\$9,306,444	

⁴ Ordinance 19956

⁵ "Transfer" means transfer an FTE from FMD.

KEY ISSUES

Staff have not identified any key issues for this fund.

RESPONSE TO COUNCIL INQUIRIES

QUESTION 1: WHAT IS THE ESTIMATED HIRING SCHEDULE FOR THE 11 VACANT POSITIONS?

ANSWER:

Table 2. Vacant FTE Hiring Schedule

	Title	Timeline	Exec Staff Notes
16	Business & Finance Officer II	Post no earlier than Q3 2026.	Need for this position will be examined after filling the Administrative Services Manager and BFO IV.
17	Business & Finance Officer IV	Post job Q2 2026	
18	Capital Projects Manager III	Post job Q1 2026	Posting is imminent with starting in Q1 2026, pending council approval.
19	Capital Projects Manager IV	Post job Q1 2026	Posting imminent with expected start in Q1 2026.
20	Administrator II	Post job Q3 2026	Used to support the schematic design process.
21	Finance & Administrative Services Manager	Currently recruiting.	Unsuccessful recruitment in August. Reposting by End of year.
22	Project/Program Manager III	Currently recruiting.	
23	Special Projects Manager II	Post job Q3 2026, or later	Depending on design schedule.
24	Special Projects Manager III (\$312,000)	Q1 2026	
25	Special Projects Manager III (\$197,000)	Q2 2026 or later.	Would be later if schematic design is delayed.
26	Gov. Relations Officer	No specific timeline.	

QUESTION 2: PLEASE PROVIDE A RATIONALE FOR THE GOVERNMENT RELATIONS STAFF IN THIS APPROPRIATION UNIT AND WHY THE DUTIES OF THAT POSITION ARE NOT ABLE TO BE COMPLETED BY OTHER POSITIONS.

ANSWER: According to Executive staff, this position was identified as a backstop that may be needed as the construction project moves into the design and permitting phase. While existing staff have been performing these duties so far, as work ramps up related to the Major Amendment to the Major Institutions Master Plan (MIMP), the acquisition of property rights to the WSDOT property adjacent to the West side of the hospital, and the Seattle permit process, additional government relations staffing may be needed.

BROADWAY FACILITY CENTER ADMIN FUND

ANALYST: SAM PORTER

	Expenditures	Revenues	FTEs	TLTs
2025 Revised Budget Biennialized	\$0	\$0	0.0	0.0
2026-2027 Base Budget Adjust.	\$0	\$0	0.0	0.0
2026-2027 Decision Packages	\$12,834,008	\$10,555,009	0.0	0.0
2026-2027 Proposed Budget	\$12,835,000	\$10,555,000	0.0	0.0
% Change from prior biennium, biennialized	n/a			
Dec. Pkg. as % of prior biennium, biennialized	n/a			
Major Revenue Sources: Crisis Care Centers Levy property tax revenue, lease revenue				

DESCRIPTION

The Broadway Facility Center Admin Fund is a new proposed appropriation unit that would be established by Proposed Ordinance 2025-0251, which is scheduled for final action in Full Council on October 7, 2025. The fund would account for revenue and expenditures related to the operation of the Broadway Facility building at 1145 Broadway, Seattle, intended to be used as the Central Crisis Response Zone Crisis Care Center (CCC). Revenue sources include CCC Levy revenue for eligible building expenditures and anticipated lease revenues. The CCC Levy is a levy lid lift approved by voters in 2023 to create five new regional CCCs throughout the County, with one center designated to serve youth. The Levy also prioritizes the restoration of behavioral health residential treatment capacity, the expansion of treatment availability and sustainability in King County, and support for behavioral health workforce needs. Expenditures related to operating the proposed CCC and Residential Treatment Facility programs at the Broadway Facility would be paid through the CCC Levy Fund and are not accounted for in this appropriation.

SUMMARY OF PROPOSED BUDGET AND CHANGES

The proposed budget would appropriate \$12.8 million and allocate \$6.8 million dollars to Broadway Facility operations. Executive staff indicate that the proposed appropriation is a high-level estimate for the building operating costs due to FMD having not yet purchased the building or acquired property management, nor has the County issued the bonds for debt service. The estimate is based on the following information provided by Executive staff:

- **Operating Costs:** \$4.6 million biennial cost for operations based on an annual cost of \$20 per square foot for 114,000 total square feet. Operating costs include utilities, lease hold excise taxes, and services such as property management, janitorial, and security. FMD Real Estate Services is procuring a third-party property management firm and estimates having a contract in place by November 1, 2025. Executive staff indicate that FMD will work in collaboration with the property manager as issues arise.
- **Contingency:** \$2.2 million biennial cost based on an annual cost of \$10 per square foot for 114,000 total square feet. This would be used for unforeseen costs outside of normal operating expenses, such as unexpected repairs or fixing broken windows.

Executive staff indicate that the additional space at the Broadway Facility not intended to be used for the CCC, Residential Treatment Facility, or leased by Optum, "is currently contemplated to be used by the Harborview Medical Center (HMC) Bond Program as either design mock-up space or an "empty chair" to enable HMC to relocate existing staff and or services on the HMC Campus to allow for construction activities on campus. HMC is currently in the planning phase on what will be decanted from the campus." The estimated square feet per use of the Broadway Facility is in Table 1.

Table 1. Estimated Square Feet Per Use of the Broadway Facility

Proposed Use	Sq Ft Usage	
	Low	High
Crisis Care Center	25,000	35,000
Residential Treatment Facility	5,000	7,000
Optum	15,823	28,404
HMC Bond Program	25,000	35,000
Total	70,823	105,404

According to the financial plan transmitted with the budget, the CCC Levy will fund "57.6% of the acquisition costs and ongoing common area maintenance cost." Executive staff indicate that any portion of the operating costs not covered by anticipated Harborview Bond and Optum leased spaces would be paid for by the CCC Levy.

KEY ISSUES

ISSUE 1 – LEASE REVENUE PROJECTIONS

The proposed budget assumes \$3 million of outside (non-County) lease revenue and \$2.6 million of County lease revenue in the 2026-2027 biennium, increasing slightly in the out years. Executive staff confirmed that "County lease revenue" is assumed revenue from the 2020 Harborview Bond. Aside from a lease to Optum which is estimated to pay \$2.7 million (in base lease and operating expenses) in the 2026-2027 biennium, the remaining projected lease revenues are projections of anticipated agreements. Executive staff confirmed that no additional private leases are expected. Executive staff confirmed that, "since the CCC Levy is the financial backstop for the Broadway Facility, if the HMC Bond Program or other County Tenant does not materialize, the levy would assume the additional cost until other tenants were identified who could occupy the space."