



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
1115 Washington Street SE, Olympia, Washington 98504-5010

June 5, 2020

Dear Stakeholder:

The COVID-19 pandemic has severely affected the economy and the state budget. As a result, the Director of the Office of Financial Management instructed state agencies to complete an exercise that identifies potential budget savings in FY 2021 that would total \$1.9 billion. The DSHS share of this amount is \$506 million in General Fund-State dollars, or 15% of our budget.

This exercise is in response to an unofficial forecast that projects the state's revenue collections over the next three fiscal years will be about \$7 billion lower than what was forecast in February. The next official revenue forecast will be released June 17, which will give policymakers a more realistic look at the state's projected budget picture.

We sent OFM our initial list of potential reductions which includes agency staffing, client services, provider rates and other expenses, and OFM plans to post this information to its public website on June 8. This list marks the beginning of a conversation with the Governor and the Legislature that will ultimately result in decisions about how to prioritize funding for services provided by the state including the services DSHS provides to more than two million Washingtonians. Some of the potential scenarios affect eligibility and service reduction in our programs, which I know is of paramount importance to you.

Please note that the list reflects preliminary savings options identified by each administration within the agency. These are not formal proposals, and do not necessarily reflect the priorities of Governor Inslee nor our agency. OFM will continue to work with DSHS as well as other agencies to review and refine options for the Governor and the Legislature to consider. We, in turn, will reach out to you as part of this effort.

Over the next few months we will refine our work and submit the department's FY 21 supplemental budget request and our 2021-23 biennial budget request to OFM for the Governor's consideration. Several factors will also affect the eventual outcome of this work, including possible additional relief to states by the federal government and the gradual reopening of our state's economy. The work we have to do over the summer will be difficult and as always, we will count on your partnership. Our focus will be to provide the most appropriate care possible within the resources we have. I will keep you posted as this process evolves. Thank you.

Fondly,

Cheryl Strange
Secretary

DSHS: *Transforming Lives*