



STATE OF WASHINGTON
MILITARY DEPARTMENT
Camp Murray, Washington 98430-5000

November 18, 2024

TO: Pat Sullivan
Director, Office of Financial Management

FROM: Regan Hesse
Chief Financial Officer, Military Department

SUBJECT: Washington State Budget Reductions for Fiscal Year 2025 and 2025-27 Biennium

Director Sullivan,

In response to the memo that was distributed November 8th, 2024, the Military Department has identified potential cost saving and budget reduction options for consideration.

The Military Department's budget is largely funded by various federal grants, and much of our state funding is used as the required match to these grants. For this exercise, the department looked broadly across all expenditures to identify ideas that would generate any savings in any state account, without sacrificing federal funding. Additionally, our ideas strive to maintain mission-critical services to the public as well as the agency's mission-essential functions.

The Military Department was able to identify \$8.7 million in savings and fund sweeps over the 4-year outlook that are expected to have no impact to service delivery:

- Industrial Insurance Premium Refund Account (03K) – Fund sweep the entire balance of \$810,000
- Military Department Active State Service Account (14R) – Fund sweep unobligated fund balance of \$149,000
- Military Department Capital Account (364) – Fund sweep unobligated fund balance of \$395,000
- Military Department Rent and Lease Account (08H) – Fund sweep the balance attributable to the sale of easements on Military Department property, \$1,000,000
- General Fund-State - One-time \$23,000 expenditure reduction in FY25 of the proviso'd funds for implementation of SSB 5803 (National Guard Recruitment); the agency can absorb the costs this year.
- General Fund-State – One-time \$45,000 expenditure reduction in FY25 for the operating and maintenance costs associated with the Air National Guard ASOG complex capital project. The completion of the facility has been delayed until FY26 and the associated FTEs have not yet been hired.
- General Fund-State – One-time \$22,000 expenditure reduction in FY25 for the Air National Guard's transition to leased vehicles due to delays in delivery.
- General Fund-State – When the Air National Guard surpluses the vehicles being replaced, the proceeds from the sales will be deposited into General Fund-State. The estimated revenue to the state is about \$20,000. (No impact to budgeted expenditures.)

- General Fund-State – One-time \$420,000 reduction of unallocated funding remaining in FY25 and ongoing reduction of \$750,000 per year ongoing for the Extreme Weather Protection Grants program. This will cut the program in half and return funding the agency may not need.
- General Fund-State – One-time \$30,000 expenditure reduction in FY2025 for vacancy savings associated with the Emergency Management Division’s Access and Functional Needs vacancy. We do not recommend this ongoing since the funds will be necessary for helping the population with disabilities during disasters.
- General Fund-State – One-time reversion of \$500,000 of excess grant match money for the Cybersecurity Grant due to slower than expected reimbursement requests from subrecipients.
- Disaster Response Account (05H) – One of the projects funded by the BRIC grant program is being cancelled; this match funding will not be used, resulting in \$2,300,000 of state and federal savings. This project will be removed from the DRA projections in the January DRA update.

We have identified another \$1.6 million of potential savings that can be garnered from targeted budget reductions that will have a minor but tolerable impact on service delivery:

- General Fund-State – Return \$275,000 associated to the Functional Recovery Standard Study. This project is currently underway and returning funds will delay the study. If the state decided not to match state projects, this will be unable to proceed.
- General Fund-State – Ongoing \$5,000 expenditure reduction for suspending tuition assistance program. This program was established internally in FY2024 but has not been implemented yet.
- Military Department Active Service Account (14-R) – One-time \$5,000 expenditure reduction in Tribal Relations Travel. This is not recommended to be ongoing as the face-to-face coordination with Tribal partners is necessary.
- State Building Construction Account (057) – Cancel the Washington Youth Challenge Academy Minor Works project that would build an amphitheater. Design is currently underway, but canceling the project would create \$800,000 in capital bond capacity.
- 911 Account (03F) – One-time \$500,000 expenditure reduction in the 911 Program in FY25 that can be garnered by holding positions vacant temporarily. It is important to note that the 911 Account revenues should not be transferred or diverted, as doing so would render the state ineligible for upcoming federal grant programs and would result in other penalties or criminal prosecution.

If you have any questions, please contact Regan Hesse, CFO, at regan.hesse@mil.wa.gov or Seth Nickerson, Deputy CFO, at seth.nickerson@mil.wa.gov.

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