State of Washington Counties Report

County Leaders Conference
Hosted by Washington State Association of Counties
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Evans Policy Innovation Collaborative
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Today's Roadmap

01 Welcome + Framing

Learn about the Evans School and our approach to public impact

02 Project Overview

Generating actionable insights for State and County leaders to inform development and elevate the visibility of county government

03 Methods

How we documented the current State of Washington's counties

04 Findings

How counties are operating today

05 What's next?

Discussion around what we're learning and where we're heading

The Evans School's partnership with WSAC

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CASCADE

EPIC

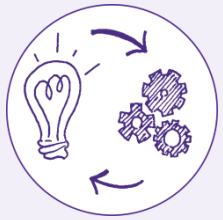
Evans Policy Innovation Collaborative

EPIC partners with communities, organizations, and government to design, test, and scale policy innovations for the public good.

We address challenges through a human-centered design process that blends evidence and engagement to spark shared learning and create public impact. While our work is complex, our core belief is simple: **inclusive community collaboration builds a bridge to a better future.**

Let’s collaborate!

Three ways EPIC partners for public impact:



Applied Research Projects

When organizations face a complex challenge, we use human-centered design to analyze the situation, explore what’s possible, and design and test solutions.



Collaborative Initiatives

We serve as the **backbone for community collaboration**: bringing together diverse expertise to explore root causes and test solutions over time.



Public Leader Training + Support

We train public leaders to build collaboration through authentic engagement and inclusive leadership (e.g., participatory leadership workshops).

A human-centered look at county government, guided by county advisors.

A full picture

The challenges, opportunities, and accomplishments shaping county policies and practices.

Usable insights

Actionable insights to inform professional development and elevate the visibility of county government.

A first-year foundation

Documenting the current state of Washington's 39 counties, with a focus on fiscal health.

Human-centered design
Built around the people who lead county government

Guided by advisors
An advisory committee helped shape the work

Partnered with WSAC
Washington State Association of Counties

Our advisory committee

Brad Banks
WSAC Policy Consultant

Jaime Bodden
WSALPHO Managing Director

Rob Coffman
Lincoln County Commissioner

Travis Dutton
WSAC Policy Coordinator

Bryan Elliott
Kittitas County Auditor

Gunner Fulmer
Walla Walla County Commissioner

Mike Hoover
WSAC General Counsel and Senior Policy Director

Paul Jewell
WSAC Government Relations Director

Trisha Logue
Skagit County Administrator

Mark Ozias
Clallam County Commissioner

Jon Tunheim
Thurston County Prosecuting Attorney

Katie Walters
Kitsap County Commissioner

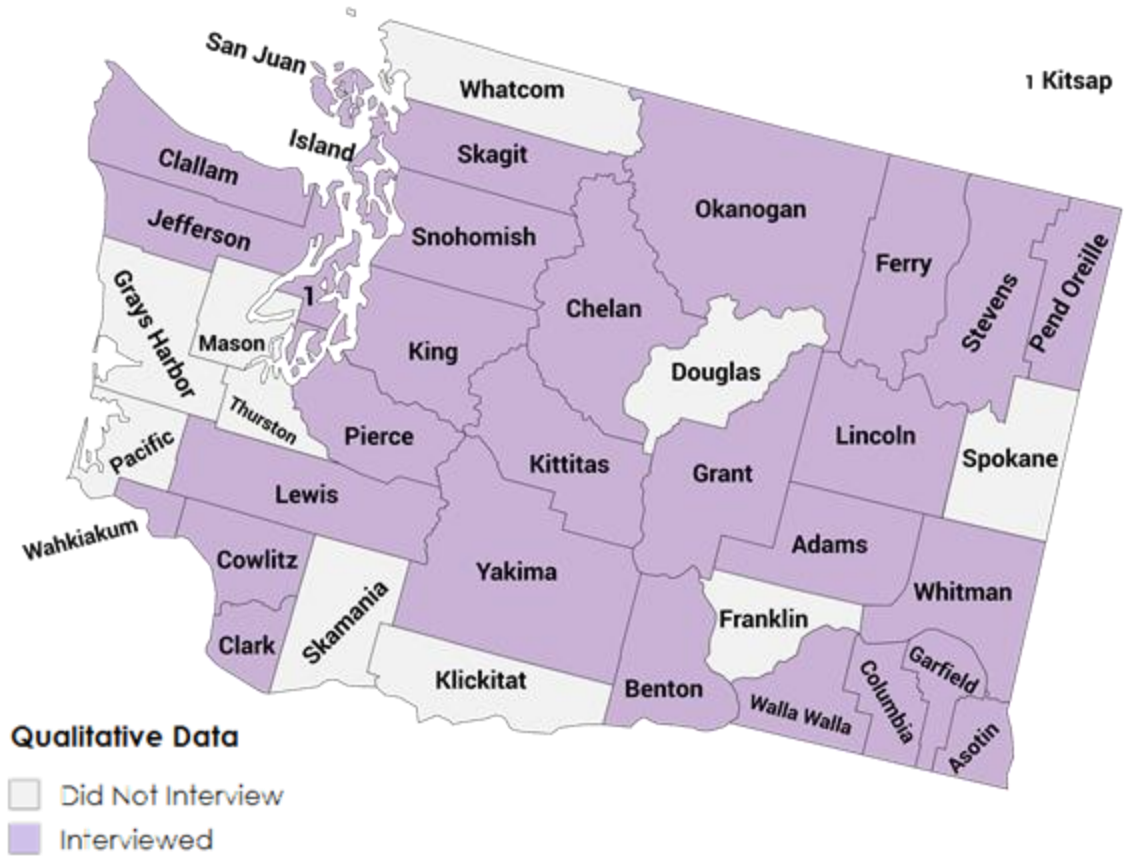
Derek Young
WSAC Executive Director

Thank you, advisors
Your experience and input shaped this work.

How we're shaping the work.

OUR APPROACH

- Legislative reports and financial records, all counties
- Advisory committee of county leaders
- Findings triangulated with county experiences



29

counties interviewed

Preliminary Findings

What five years of State Auditor data show



Reserves are holding, but margins are shrinking.

9.0% → 2.2%

typical county operating margin, 2021 to 2025[1]

154 days

typical county reserves are still healthy[1]

[1] SAO FIT, county general funds 2021-2025 (EPIC analysis). Typical county = median; 35 counties filed in 2025.

Counties say they are nearing a tipping point.

> *I feel like we're reaching the point of we cannot continue to do more with less.* ***We're gonna have to do less with less.*** *That's what's coming.*
>
> *–County Official*

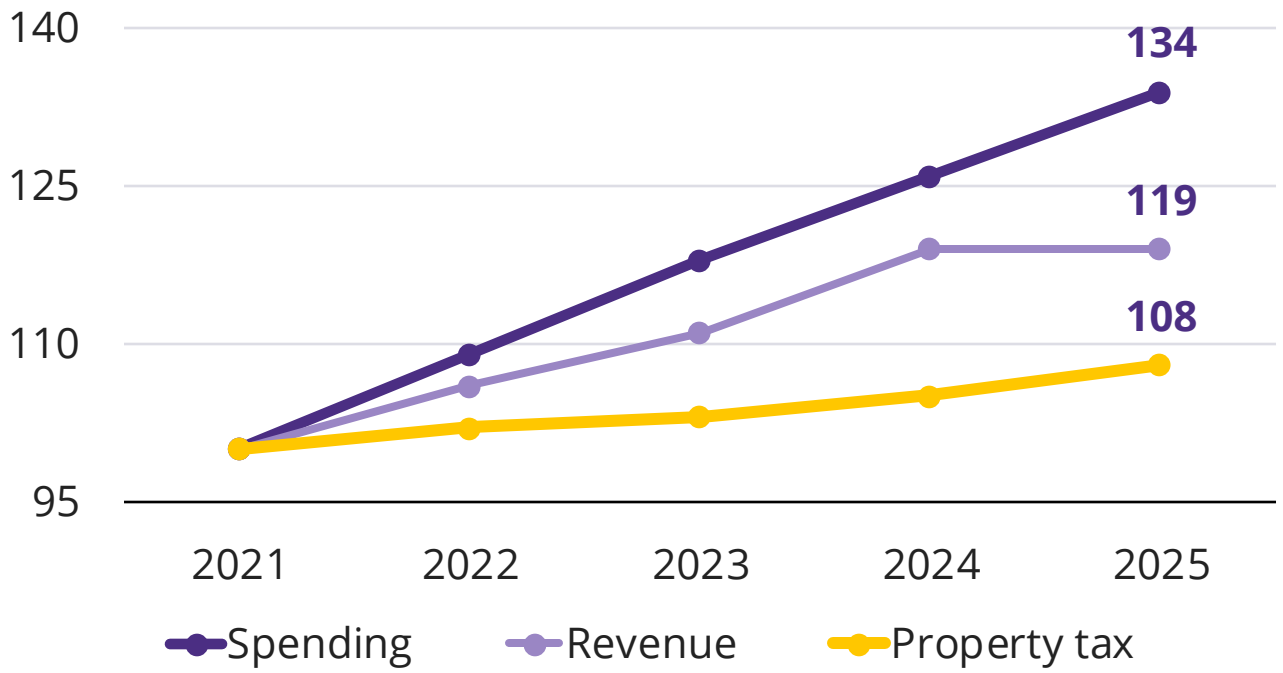
25 of 29

counties interviewed say fiscal health worsened in the past five years[15]

[15] EPIC/WSAC county interviews, 2026 (29 counties).

Costs are growing faster than property taxes can.

General fund growth since 2021 (2021 = 100)[1]



≈8¢

Since 2021, new general fund property tax revenue equaled about 8 cents of each new dollar counties spent[1]

1% cap

State law limits property tax revenue growth to 1% a year, plus new construction[5]

[1] SAO FIT (EPIC analysis; general fund property tax only);[5] RCW 84.55.010

Costs counties control least are growing fastest.

61%

of general fund spending goes to courts, jails, defense and police[1]

≈10%/yr

public defense spending growth, before new caseload limits[1]

[1] SAO FIT (EPIC analysis); Justice share = courts, jails, defense and police divided by general fund spending.

Risk pool costs are climbing as its cushion shrinks.

+56%

liability costs, 2021–24 ($165M to $257M)[1]

-66%

pool cushion since 2021; short of solvency requirements[1,3]

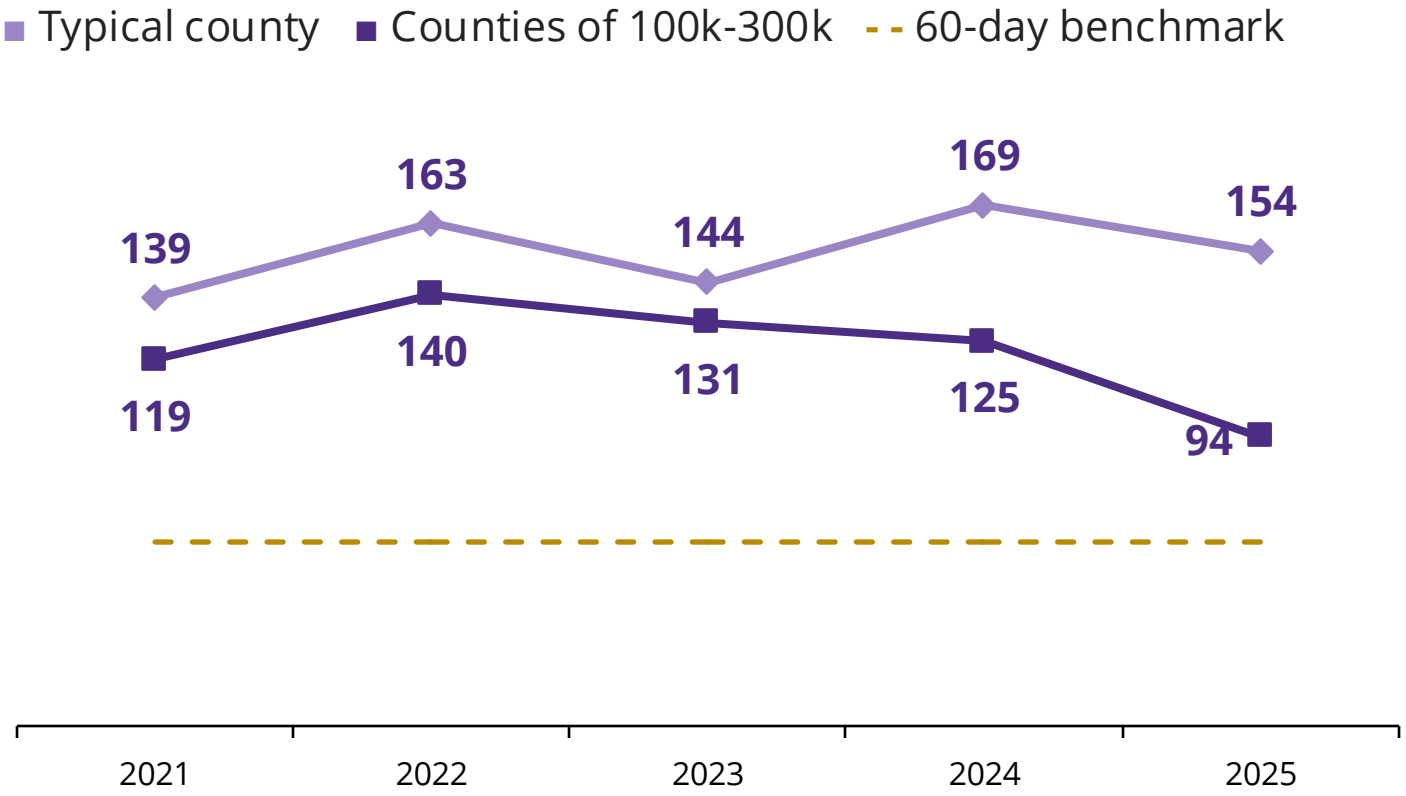
[1] SAO FIT (EPIC analysis; pool fiscal years end Sept. 30);[3] SAO audit of the Washington Counties Risk Pool, Aug. 2026;[4] Seattle Times, Oct. 21, 2026.

Reserves held in 2025 but are thinning.

0 of 38

counties below the State Auditor's 60-day benchmark[1,2]

Days of reserves, 2021-2025[1]



Note: data not available for 1 county. [1] SAO FIT (EPIC analysis); [2] SAO FHI Guide.

Most counties say their fiscal health has worsened and expect more of the same.

> Counties have been…trimming and honing *and creating efficiencies that they could over a 25-year period…at some point,* ***there is no more fat to cut****.*
>
> *–County Official*

20 of 26

counties interviewed expect fiscal health to keep worsening[15]

[15] EPIC/WSAC county interviews, 2026 (29 counties).

Against outside standards, self-ratings track the cushion, not performance.

Measure (median, or # of counties)	Self-rated poor or poor-to-fair (7)	Self-rated fair (14)	Self-rated fair-to-good or good (8)
Median reserve days	99	148	199
Median operating margin	5.3%	5.8%	1.1%
# missing 3 or more auditor standards	**2**	**2**	**3**

88 → 185 days

Cushion rises with self-rating, and every group clears the State Auditor's 60-day (two-month) floor

[1] SAO FIT (EPIC analysis), most recent filing per county (2025 for 26 of 29; 2024 for Benton and Grant; 2023 for Chelan);[2] SAO FIT indicator guide;[15] EPIC/WSAC interviews, 2026 (29 counties); self-ratings are from 2026.

OFM County Categories

A deep dive: counties face different realities, so we compare like with like



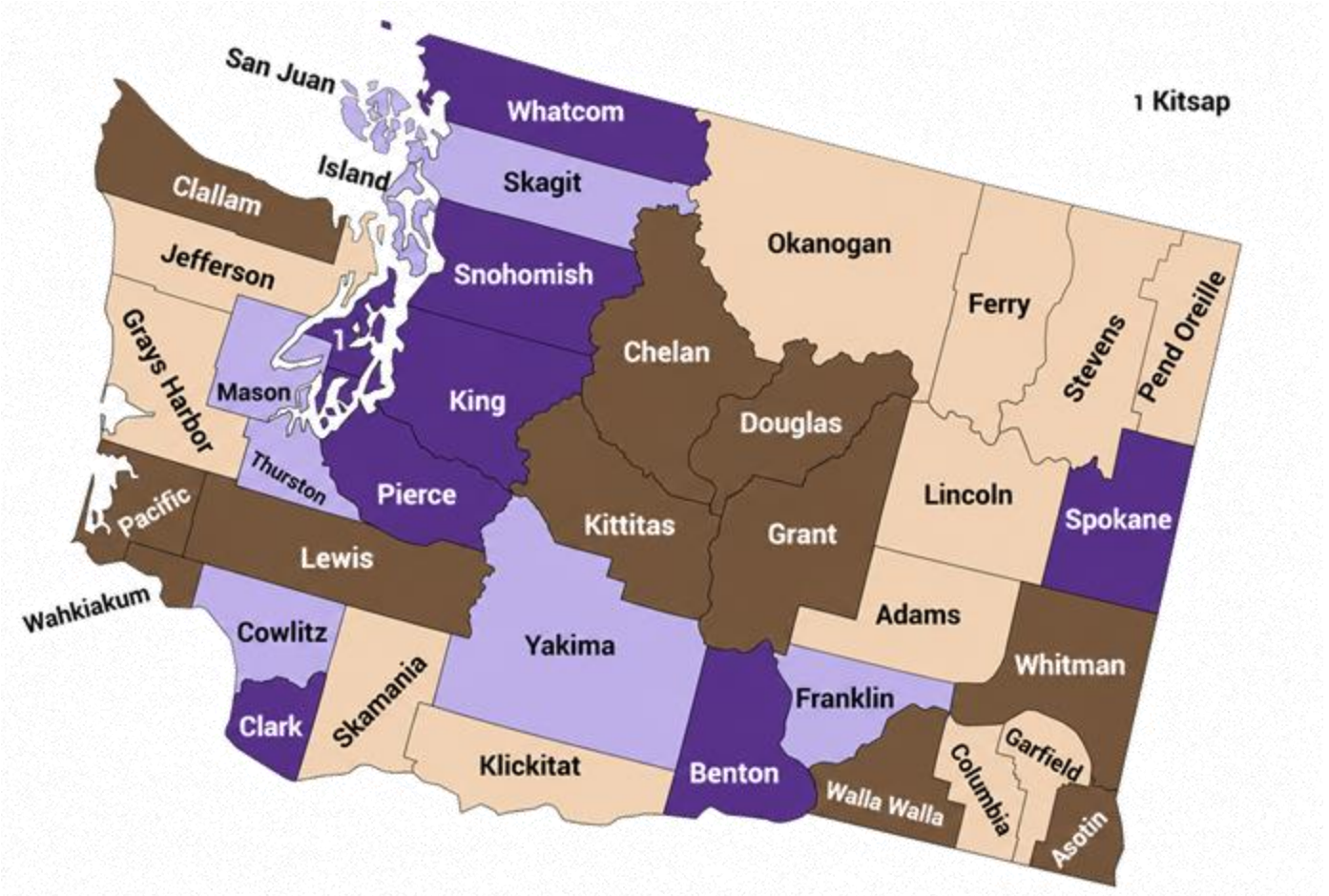
Not apples to apples comparisons

MAJOR WAYS COUNTIES DIFFER

- Physical size
- Geography
- Population size
- Demographics
- Economic factors

> ***We always struggle with the one-size-fits-all**, because the larger counties will pass something, and boy, it just does not work in our county, not even close.*
>
> **— County Official**

Comparing Across OFM County Types



Urban (n=9)
100+ people per sq. mile

Rural (n=7)
51-100 people per sq. mile
or under 225 sq. miles

Frontier 2 (n=11)
22 - 50 people per sq. mile

Frontier 1 (n=12)
21 or fewer people per sq. mile

Frontier 1 counties have the smallest tax base.

OFM COUNTY TYPE

Frontier 1

12 counties · 21 or fewer people per sq. mile



MAIN CHALLENGE

Small tax base, high cost

$951

Spending per resident

Highest of 4

34%

State and federal share

Highest of 4

69 days

Free-to-spend reserves

Lowest of 4

> *We got some infusions from ARPA and some double PILT payments and things like that, but that just allowed us to kind of sustain. It really did not allow us to get out ahead.*
>
> **— County Official**

WHAT THIS MEANS

- Fixed costs spread over fewer residents.
- Leans on outside money.
- 11/12 counties; government is the largest employment sector.
- Most exposed to ARPA ending: 5 of 7 ran it through the general fund.

Source: SAO FIT (EPIC analysis); OFM county categories. Medians.

Frontier 2 counties have the strongest margins and reserves.

OFM COUNTY TYPE

Frontier 2

11 counties · 22 - 50 people per sq. mile



MAIN CHALLENGE

Maintaining reserves

19%

State and federal share

2nd Highest of 4

170 days

Reserves

Highest of 4

7.9%

Operating margin

Highest of 4

> *I don't think that we're at the point where we're looking at major, significant cuts. However, there are...I would say most departments are operating with less personnel than would be ideal, for sure.*
>
> **— County Official**

WHAT THIS MEANS

- Some reliance on outside funds.
- 7/11 counties; government is the largest employment sector.
- Highest reserves, free-to-spend reserves, and the most stability in operating margin in recent years.

Source: SAO FIT (EPIC analysis); OFM county categories. Medians.

Rural counties have the least room to absorb a shock.

OFM COUNTY TYPE

Rural

7 counties · 51-100 people per sq. mile or under 225 sq. miles



MAIN CHALLENGE

Thinnest cushions

97 days

Reserves

Lowest of 4

1.1%

Property tax growth 2021-2025

Lowest of 4

2.2%

Operating margin

2nd Lowest of 4

> *This means that some services will need to be delivered differently, reduced, transferred to other providers, or discontinued if they cannot be supported by sustainable revenues.*
>
> **— County Official**

WHAT THIS MEANS

- Less reserve cushion to fall back on.
- Limited property tax growth in recent years.
- More diverse in terms of geography and population size.

Source: SAO FIT (EPIC analysis); OFM county categories. Medians.

Urban Counties are where costs are significantly outpacing revenues.

OFM COUNTY TYPE

Urban

9 counties · 100+ people per sq. mile



MAIN CHALLENGE

Costs outrunning revenue

71%

Law & justice share of spending

Highest of 4

10%

State and federal share

Lowest of 4

0.1%

Operating margin

Lowest of 4

> *We really try to be very fiscally constrained, but as everybody's encountering the costs of staff and materials and fuel and everything has just gone beyond what we're able to sustain.*
>
> **— County Official**

WHAT THIS MEANS

- Law & justice costs dominate the budget.
- More reliant on tax revenue.
- Inflation impacts hit hard and fast.

Source: SAO FIT (EPIC analysis); OFM county categories. Medians.

Counties are innovating to address fiscal pressures, but struggle to keep pace.

Cutting personnel costs

- Shorter work weeks
- Benefit and administrative reviews; compensation studies
- Condensed public-facing hours
- More technology

Scaling back services

- Decreasing service levels
- Less routine maintenance
- Delayed infrastructure improvements

Reviewing what they spend

- Contract and fee reviews
- Focus on full-cost recovery
- Mandatory vs. discretionary analysis
- Focus on economic development

On the horizon for WA counties.

ARPA funds run out

COVID recovery (ARPA) funds must be spent by the end of 2026.

Public defense mandates

New caseload standards took effect in January 2026, to be fully met within 10 years.

Sales tax losses

Changes would exempt more items starting in 2029, reducing local revenue, if upheld in court.

Falling fuel tax

Revenue is declining as vehicles get more fuel efficient and more drivers switch to electric.

Sources: U.S. Treasury, SLFRF Final Rule; WA Supreme Court Order No. 25700-A-1644 (June 2025) and clarifying order 25700-A-1671 (Nov. 2025); SB 6346 (2026); WA Transportation Economic and Revenue Forecast Council; SAO FIT (EPIC analysis).

Help us shape what comes next.

1
Identify priorities

Priority topics for deeper analysis, **opportunities for continued learning**, and ways to make future reports most useful

2
Share insights

Your perspectives on the **fiscal health, governance and challenges** facing counties

3
Put findings to work

Support county leaders and policymakers, and **strengthen understanding of county government**

We want to hear from you! Join us in Room 407 to engage with us.

Thank you!

Reach out to learn more about the project and partnership opportunities.

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Each type of county faces a different version of the problem.

County type[10]; values[1]	Urban (n=9)	Rural (n=7)	Frontier 2 (n=11)	Frontier 1 (n=12)
Main challenge	Costs outrunning revenue	Thinnest cushion	Strongest margins and reserves	Small tax base, high cost
Free-to-spend reserves (days)	101	90	128	**69**
State and federal share of revenue	10%	12%	19%	**34%**
Spending per resident	$429	$478	$598	**$951**
Ran most ARPA through the general fund	1 of 9	1 of 7	1 of 9	**5 of 7**

How calculated: Medians within each OFM county type; growth gap = revenue growth - spending growth (annual, 2021 to latest); state/federal share = intergovernmental / general fund revenue.

[1] SAO FIT (EPIC analysis);[10] OFM rural-urban county categories. Medians across counties.