The Senate and the House have each now passed 2014 supplemental operating budgets. As passed, both supplemental budgets would appropriate more than originally proposed. The House supplemental had originally been accompanied by a separate proposal for new education spending; that new spending is now part of the supplemental. The House version would increase near general fund–state plus opportunity pathways (NGFS+) spending for 2013–15 to $33.748 billion. The Senate version would increase NGFS+ spending for 2013–15 to $33.607 billion.

(For more on the 2013–15 operating budget, see “2013–15 Operating Budget Mostly Avoids New Taxes, Prioritizes Education.” For details of the 2014 supplements as proposed, see “Senate Ways and Means Chair’s Proposed 2014 Supplemental Increases Education Spending, Reduces Taxes” and “House Appropriations Chair’s Proposed 2014 Supplemental Largely Tracks Senate Proposal.”)

**House- and Senate-Passed 2014 Suppl- ementals are Mostly Similar, but Present Distinct Options**

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**Balance Sheet**

*Revenues.* As passed by the House, the supplemental would narrow the extracted fuel tax exemption to apply only to biomass fuel (oil refineries currently take the exemption for refinery fuel gas), apply the sales tax to bottled water, increase the tax rate for prescription drug resellers, and change the sales tax exemption for out-of-state residents to a refund program. Together, these would increase revenues by $99.8 million in 2013–15. (These revenue proposals had previously been part of the House Democrats’ separate education proposal.) The House version would also apply the tobacco products tax to e-cigarettes
by the House to total $91.3 million, while it is estimated by the Senate to total $45.1 million. Policy level changes total $150.3 million in the House version and $55.3 million in the Senate version. Both supplementals assume spending reversions totaling $140 million. Altogether, these changes would increase biennial NGFS+ spending to $33.748 billion in the House and increase spending to $33.607 billion in the Senate.

Reserves. As an unrestricted ending fund balance, the House supplemental would leave $300 million and the Senate would leave $380 million. Total reserves would be $883 million under the House version and $962 million under the Senate version.

Spending Details

Public Schools. As passed, the House would increase NGFS+ spending on public schools by $108.0 million. Of that, $58.0 million would be allocated for materials, supplies, and operating costs (MSOC), an increase of about $66 per FTE student, and $51.2 million would fund the Initiative 732 cost-of-living adjustment for school employees. (Smaller amounts are allocated for this purpose in Higher Education and Other Education, for a grand total of $55.5 million.)
The Senate would increase NGFS+ spending on public schools by a net of $31.5 million. Of that, $38.2 million is provided for MSOC (specifically technology), an increase of about $44 per student.

**Higher Education.** NGFS+ spending would be increased by $21.0 million in the House. NGFS+ spending would be increased by $39.9 million in the Senate, including $25.4 million for the opportunity scholarship program.

**Department of Social and Health Services.** NGFS+ spending would be increased by a net of $10.5 million in the House and reduced by a net of $51.2 million in the Senate. Both assume large maintenance level reductions (largely due to declining participation in Temporary Assistance for Needy Families (TANF) and other public assistance programs). Both increase child care rates ($20.5 million in the House and $25.5 million in the Senate) and both fund the children’s mental health settlement ($8.2 million). The House increases spending by $11.9 million for various community mental health enhancements.

**Other Human Services.** NGFS+ spending would be increased by $118.9 million in the House and by $93.3 million in the Senate. Both assume large maintenance level increases. Both make changes to the hospital safety net assessment program that would increase spending by $25.0 million. In the Senate, maintaining managed care rates at the 2014 level would reduce spending by $10.7 million.

**Other.** Both supplementals would reduce spending on state employee health insurance. The House would reduce funding from $763 per employee per month to $658 for 2015, by “utilizing a one-time fund balance and better than expected claims rates,” saving $63.8 million. The Senate would reduce funding from $763 to $703, due to “a higher than expected surplus,” saving $36.5 million. The House would also increase spending by $10.0 million to restore previously assumed health care savings.

**Maintenance Level Questions**

As noted above, the House estimates that spending to maintain current services totals $91.3 million, while the Senate estimates that it totals $45.1 million. This exceptionally wide variation illustrates the subjectivity involved in deciding what is or isn’t part of maintenance level. Of the total maintenance level difference, 60 percent is from the Economic Services Administration (part of DSHS), which includes the TANF program. The House assumes a $60.3 million reduction for ESA, while the Senate assumes a $87.8 million reduction.

**Comment**

Aside from the maintenance level differences and the House’s inclusion of the I-732 COLAs, these budgets are very similar. But those are two big differences. The COLAs are accompanied by $99.8 million in higher taxes, which the Senate has shown no appetite for. Indeed, the Senate reduces taxes, including by extending a limited version of the high tech R&D credits. Still, despite these differences, lead budget negotiators continue to say that they expect the work will be done on time by March 13.

**References**

