

Comparing the 2019–21 Operating Budgets

Briefly

The House and Senate have each passed 2019–21 operating budgets. The House-passed budget would appropriate \$52.934 billion from funds subject to the outlook and another \$389.6 million from a new workforce education investment account (WEIA). The Senate-passed budget would appropriate \$52.181 billion from funds subject to the outlook (\$1.143 billion less than the House, including the WEIA spending). Most of the difference between the two comes from new policy choices.

This side-by-side briefly compares the proposals; a narrative comparison with more details is forthcoming.

Chart: Proposed 2019-21 Policy Changes from Funds Subject to the Outlook and the Proposed Workforce Education Investment Account (Dollars in Millions)

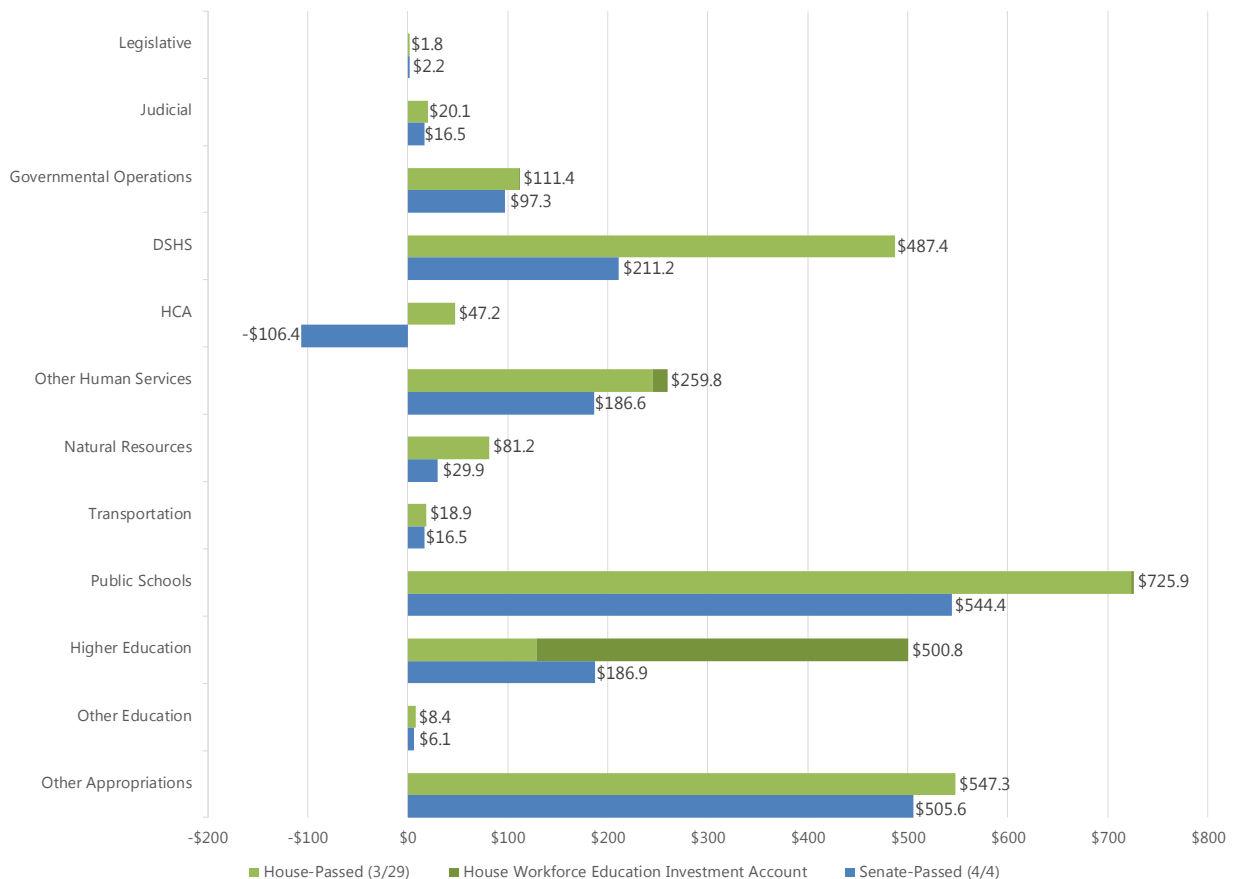


Table: Overall Differences Between the Proposals and Revenue Details (Unless otherwise noted, amounts are from funds subject to the outlook and for 2019-21. WEIA= Workforce Education Investment Account)

	House-Passed (3/29)	Senate-Passed (4/4)
New Revenue	\$777 million + \$389.6 million WEIA in 2019-21, \$2.014 billion in 2021-23	\$501 million in 2019-21, \$556 million in 2021-23
Fund Transfers	\$202 million	\$75 million
Appropriations	\$52.934 billion + \$389.6 million WEIA = \$53.324 billion	\$52.181 billion
Maintenance Level	\$50.514 billion	\$50.484 billion
New Policy Spending	\$2.421 billion + \$389.6 million WEIA = \$2.810 billion	\$1.697 billion
Unrestricted Ending Fund Balance	\$225 million in 2019-21, \$141 million in 2021-23	\$555 million in 2019-21, \$70 million in 2021-23
Use of Rainy Day Fund	\$39 million in 2017-19 for wildfire costs (HB 2159, not passed) • \$58 million in 2017-19 for school district hold harmless payments (HB 2163, not passed)	\$41 million in 2017-19 for wildfire costs • \$1 million returned to rainy day fund due to efficiency savings
Total Reserves	\$2.571 billion in 2019-21, \$3.191 billion in 2021-23	\$2.964 billion in 2019-21, \$3.188 billion in 2021-23
Revenue Details		
Capital Gains	9.9 percent on certain gains over \$100,000 for individuals/\$200,000 for joint filers (HB 2156, not passed)	8.9 percent on certain gains over \$250,000 (PSSB 5961, not passed, not included in revenue figures above)
Graduated Real Estate Excise Tax	0.9 percent if selling price is less than or equal to \$500,000. For properties with prices above \$500,000: 1.28 percent for the portion of the price less than or equal to \$1.5 million, 2.0 percent for any portion of the price between \$1.5 million and \$7 million, and 3.0 percent for any portion greater than \$7 million. (HB 2156, not passed)	0.75 percent if selling price is less than \$250,000; 1.28 percent for properties with selling prices of \$250,000 or more but less than \$1 million; 2.0 percent if selling price is between \$1 million and \$5 million; and 2.5 percent if selling price is \$5 million or more (SB 5991, not passed)
Tax Preferences	Increases in B&O and sales taxes for bullion; increase in B&O taxes for travel agents and tour operators; nonresident sales tax exemption changed to a refund program (HB 2157, not passed)	Increases B&O tax on travel agents and tour operators; nonresident sales tax exemption changed to a refund program (SB 5997, not passed) • Increases B&O tax on warehousing and reselling prescription drugs (SB 5998, not passed)
Other	A 20 percent to 66.66 percent B&O tax surcharge for certain sectors in the service and other activities category (dedicated to WEIA) (HB 2158, not passed)	Tax on property and casualty insurance premiums increased from 2.0 to 2.52 percent (dedicated to new wildfire prevention and suppression account) (SB 5996, not passed)

Table: Policy Changes in Each Proposal (Unless otherwise noted, amounts are from funds subject to the outlook and for 2019-21. WEIA= Workforce Education Investment Account)

	House-Passed (3/29)	Senate-Passed (4/4)
Spending Details		
K-12		
School Employees Benefits	\$453.4 million (\$1,079 per member per month for 2020, \$1,106 pmpm for 2021)	\$328.5 million (\$994 pmpm for 2020, \$1,056 pmpm for 2021)
Local Levies	Levy authority would be either 20 percent of district revenues or the lesser of \$1.50/\$1,000 of assessed value or \$3,000 per pupil (PSHB 2140, not passed)	Levy authority would be the lesser of \$2.50/\$1,000 or \$2,500 per pupil for districts with fewer than 40,000 students; and the lesser of \$2.50/\$1,000 or \$3,000 per pupil for districts with more than 40,000 students (i.e. Seattle Public Schools) (2SSB 5313, not passed)
Special Education	\$69.7 million (excess cost multiplier to 0.9925)	\$85.7 million to increase multiplier to 1.0 (E2SSB 5091, passed Senate) • \$34.3 million for growth in safety net awards • \$29.6 million to remove federal funds from safety net (E2SSB 5091) • \$6.3 million for implementation of SSB 5532 (passed Senate)
Other	\$77.1 million for local effort assistance (related to PSHB 2140) • \$58.4 million for hold harmless payments for school districts (contingent on passage of HB 2163) • \$26.4 million to remove forest revenue reduction from state allocations to districts • \$12.0 million for two days of training for paraeducators (HB 2140)	\$23.7 million to remove forest revenue reduction from state allocations to districts • \$21.1 million for four days of training for paraeducators
Early Learning	\$24.6 million for a child care rate increase • \$23.0 million for ECEAP expansion • \$15.4 million for ECEAP rate increase	\$28.0 million for a child care rate increase • \$12.4 million for ECEAP expansion • \$13.0 million for ECEAP rate increase
Higher Education		
Student Financial Assistance	\$25.1 million to maintain state need grant • \$152.9 million (WEIA) to reduce SNG wait list, change to Washington College Grant • \$65.8 million (WEIA) to expand Washington College Grant eligibility • \$12.0 million for Opportunity Scholarship match	\$17.0 million to maintain state need grant • \$80.5 million to reduce SNG wait list (2SSB 5393) • \$7.5 million for Opportunity Scholarship match
Other	\$45.1 million in operating support for the institutions • \$55.1 million (WEIA) for Guided Pathways in CTCS	\$35.9 million in operating support for the institutions
Human Services	\$105.4 million to enhance the community residential rate • \$86.2 million for state hospital operations • \$76.3 million related to the Trueblood Settlement • \$55.0 million to restore Healthier WA savings • \$48.3 million to increase assisted living facility rates • \$42.8 million for community long-term inpatient beds • \$22.0 million for public health • Saves \$101.8 million from managed care program integrity activity recoveries	\$17.7 million to enhance the community residential rate • \$55.0 million for state hospital operations • \$69.4 million related to the Trueblood Settlement • \$10.0 million to increase assisted living facility rates • \$58.0 million for community long-term inpatient beds • \$11.0 million for public health • Saves \$101.8 million from managed care program integrity activity recoveries • Saves \$49.0 million by increasing withholding rate of managed care organizations (SSB 5523, passed Senate) • Saves \$74.8 million by assuming federal funds will be restored for disproportionate share hospitals
Compensation	\$426.8 million to fund CBAs and extend them to non-represented employees • \$38.3 million to increase PERS and TRS Plans 1 benefits • \$12.7 million to increase Medicare-eligible retiree subsidy • \$72.4 million for in-home care providers CBA and \$22.8 million to provide parity for agency providers • \$52.8 million for family child care providers CBA • \$37.6 million for adult family homes CBA • \$60.8 million (WEIA) for certain CTCS educator salary increases	\$462.0 million to fund CBAs and extend them to non-represented employees • \$72.4 million for in-home care providers CBA and \$22.8 million to provide parity for agency providers • \$52.8 million for family child care providers CBA • \$37.6 million for adult family homes CBA
Other	\$35.0 million for Dept. of Commerce homelessness and housing programs • \$37.5 million for debt service • Eliminates \$50.0 million transfer to the local public safety account (HB 2144, not passed)	\$24.6 million for Dept. of Commerce homelessness and housing programs • \$45.7 million for debt service • Eliminates \$50.0 million transfer to the local public safety account (SB 5983, not passed) • Saves \$52.4 million from state efficiencies across many agencies