

Comparing the Senate- and House-Passed Supplemental Operating Budgets

Briefly

The Senate and House have each passed supplemental operating budgets that would increase spending on new policies without increasing taxes. The House would increase 2023–25 appropriations by \$354.9 million more than the Senate and leave less in reserves.

Since the 2023–25 budget was adopted last year, the revenue forecast for the four-year outlook (and including the final accounting for 2021–23) has increased by \$3.150 billion. At the same time, the maintenance level (the cost of continuing current services, adjusted for enrollment and inflation) for the four-year period has increased by \$2.330 billion.

The Senate and House have each passed supplemental operating budgets that would increase spending on new policies without increasing taxes. The House-passed budget would increase appropriations from funds subject to the outlook (NGFO) by \$354.9 million more than the Senate-passed budget.

Compared to the enacted 2023–25 budget, NGFO appropriations would increase by 2.7% in the Senate-passed supplemental and by 3.2% in the House-passed supplemental. Compared to 2021–23 (and adjusted for inflation), 2023–25 appropriations from the NGFO would increase by 8.7% in the Senate-passed supplemental and by 9.2% in the House-passed supplemental.

The Senate-passed proposal would leave more funds in reserve. Both proposals would make the required contributions to the budget stabilization account (BSA, the rainy day fund), and both would appropriate \$21.1 million from the BSA for emergency fire costs. However, the House would transfer the balance of the Washington rescue plan transition account (WRPTA, the shadow reserve account created during the pandemic) to the NGFO for general use. The Senate would not touch the \$798 million that is currently in the account. Altogether, at the end of the outlook period, total reserves (the unrestricted NGFO ending balance, BSA, and WRPTA) would be \$2.967 billion in the Senate budget (8.0% of revenues) and \$2.145 billion in the House budget (5.8% of revenues). The Office of the State Treasurer recommends that the state maintain reserves of at least 10% of NGFO revenues (OST 2024).

NGFO

Under the four-year balanced budget requirement, a positive ending balance is required in both the current and following biennium for “funds subject to the outlook.” This is a synthetic “account” that rolls up the general fund–state (the state’s primary budget account) with the education legacy trust account, the opportunity pathways account, and the workforce education investment account. It is also called the near general fund–outlook, or NGFO.

Chart 1: NGFO Policy Changes (Dollars in Millions)

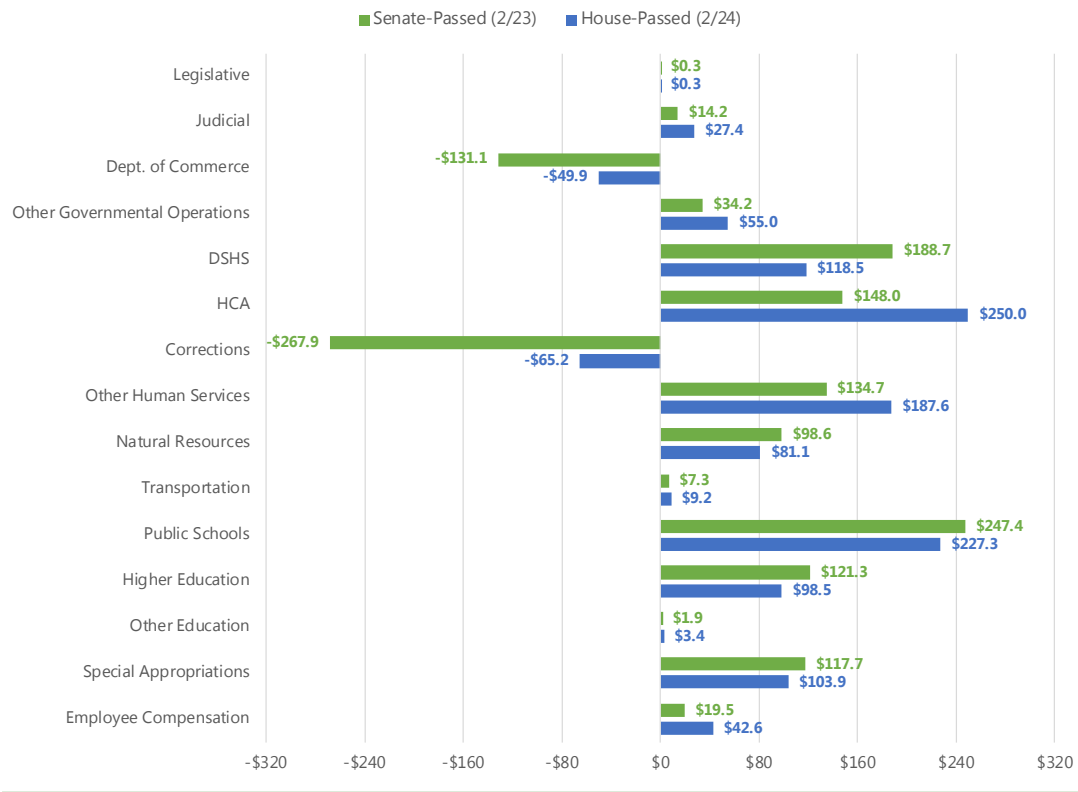


Table 1: Overall Differences Between the Proposals and Transfer Details (NGFO and 2023–25, Unless Otherwise Noted)

	Senate Passed (2/23)	House Passed (2/24)
NGFO Revenue Legislation	-\$4.1 million in 2023-25, -\$18.6 million in 2025-27	-\$11.1 million in 2023-25, -\$41.6 million in 2025-27
NGFO Fund Transfers	-\$7.3 million in 2023-25	\$741.3 million in 2023-25
NGFO Appropriations	\$71.671 billion in 2023-25	\$72.026 billion in 2023-25
Maintenance Level	\$70.936 billion	\$70.936 billion
New Policy Spending	\$734.9 million	\$1.090 billion
Assumed NGFO Reversions	-\$717 million in 2023-25, -\$372 million in 2025-27	-\$862 million in 2023-25, -\$375 million in 2025-27
Unrestricted NGFO Ending Fund Balance	\$2.141 billion in 2023-25, \$62 million in 2025-27	\$2.688 billion in 2023-25, \$38 million in 2025-27
BSA Balance	\$1.329 billion in 2023-25, \$2.107 billion in 2025-27	\$1.329 billion in 2023-25, \$2.107 billion in 2025-27
WRPTA Balance	\$798 million	\$0
Reserves as a Percent of Resources	12.6% in 2023-25, 8.0% in 2025-27	11.6% in 2023-25, 5.8% in 2025-27
Fund Transfer Details	\$40.0 million from the Washington student loan account to the education legacy trust account • \$23.4 million from the general fund-state (GFS) to the wildfire response, forest restoration, & community resilience account • \$14.0 million from the GFS to the motor vehicle account • \$6.7 million from the GFS to the disaster response account	\$798 million from the WRPTA to the GFS • \$30.5 million from the GFS to the disaster response account • \$19.1 million from the GFS to the wildfire response, forest restoration, & community resilience account

Table 2: Major Revenue and Spending Policy Changes in Each Proposal (NGFO and 2023–25, Unless Otherwise Noted)

	Senate Passed (2/23)	House Passed (2/24)
Revenue Details	Business and occupation (B&O) tax preferences for energy storage manufacturing (SB 6303), -\$7.7 million in 2025-27 • B&O tax preferences for child care providers (SB 6038), -\$2.4 million in 2023-25 and -\$5.2 million in 2025-27 • Allowing state park system accounts to retain earned interest (SB 5902), -\$1.1 million in 2023-25 and -\$2.3 million in 2025-27 • Retail sales and use tax deferral for conversions of commercial property to housing (SB 6175), -\$2.1 million in 2025-27	Tax exemptions for freight railroad infrastructure (HB 1371), -\$1.9 million in 2023-25 and -\$14.7 million in 2025-27 • Excise tax exemption for medical cannabis (HB 1453), -\$5.0 million in 2023-25 and -\$10.0 million in 2025-27 • B&O and public utility tax exemptions for carbon allowances (HB 2199), -\$1.3 million in 2023-25 and -\$6.6 million in 2025-27 • Certain sales tax revenues dedicated to the community preservation and development authority (HB 1510), -\$450,000 in 2023-25 and -\$5.7 million in 2025-27
Spending Details		
K-12		
Basic Education Allocations	\$49.6 million to increase allocations for paraeducators and others (2SSB 5882)	\$43.6 million to increase allocations for materials, supplies, and operating costs (EHB 2494)
Pupil Transportation	\$76.9 million to correct transportation funding • \$19.0 million for adequate transportation (SSB 5873) • \$4.0 million for contract bus driver benefits (SSB 5873)	\$76.9 million to correct transportation funding
Special Education Cap	\$13.5 million (from 15% to 15.6%)	\$28.5 million (from 15% to 17.25%)
Other	\$45.0 million to reimburse additional schools participating in the federal Community Eligibility Provision (CEP, which provides school meals at no cost) • \$11.1 million for tribal and charter enrichment (\$1,500 per enrollment)	\$45.2 million for CEP expansion • \$7.8 million for charter enrichment (\$1,500 per enrollment) • \$2.9 million for small district support
Higher Education	\$65.0 million for UW hospital support • \$20.0 million for UW Behavioral Health Teaching Facility support	\$50.0 million for UW hospital support • \$20.0 million for UW Behavioral Health Teaching Facility support
Dept. of Commerce	\$55.5 million for emergency housing and shelter capacity • \$20.0 million for local housing programs • \$252.0 million in savings from transferring solar and electric vehicle charging programs to the capital budget	\$49.9 million for emergency housing and shelter capacity • \$40.0 million for local homeless services • \$30.0 million for local housing programs • \$252.0 million in savings from transferring solar and electric vehicle charging programs to the capital budget
Dept. of Social and Health Services	\$136.0 million to operate Olympic Heritage Behavioral Health • \$31.2 million to increase contracted nursing staff at psychiatric hospitals • \$29.8 million for new forensic beds at the state hospitals • \$5.0 million for refugee support services • \$72.8 million in savings from a delay in federal changes to disproportionate share hospital revenues	\$135.0 million to operate Olympic Heritage Behavioral Health • \$31.2 million to increase contracted nursing staff at psychiatric hospitals • \$29.8 million for new forensic beds at the state hospitals • \$25.3 million for refugee support services • \$127.1 million in savings from using federal relief dollars in lieu of the NGFO • \$72.8 million in savings from a delay in federal changes to disproportionate share hospital revenues • \$29.5 million in savings from program underspends
Health Care Authority	\$107.0 million to restore program integrity savings that were assumed for 2023-25 but will not be realized • \$56.1 million in cannabis revenue distributions • \$3.5 million to expand health care coverage for uninsured adults • \$40.6 million in savings from the enhanced federal Medicaid match • \$30.0 million in savings from program integrity activity recoveries • \$22.8 million in savings from aligning appropriations with expected spending on long-term civil commitment beds	\$107.0 million to restore program integrity savings that were assumed for 2023-25 but will not be realized • \$55.9 million in cannabis revenue distributions • \$28.2 million to expand health care coverage for uninsured adults • \$40.6 million in savings from the enhanced federal Medicaid match • \$22.8 million in savings from aligning appropriations with expected spending on long-term civil commitment beds
Other	\$294.0 million in savings for the Dept. of Corrections by using federal relief dollars in lieu of the NGFO • \$27.7 million for fire suppression • \$26.0 million shifted from federal relief dollars to the NGFO for emergency food relief • \$10.0 million for the emergency food assistance program	\$127.1 million in savings for the Dept. of Corrections by using federal relief dollars in lieu of the NGFO • \$27.7 million for fire suppression • \$14.3 million for the emergency food assistance program

Reference

Office of the State Treasurer (OST). 2024. "[Debt and Credit Analysis.](#)"