

HOUSE APPROPRIATIONS CHAIR'S PROPOSED 2014 SUPPLEMENTAL LARGELY TRACKS SENATE PROPOSAL

BRIEFLY

The House Appropriations Chair has proposed a 2014 supplemental that would increase NGFS+ spending by \$173.2 million. Additionally, House Democrats have proposed a separate education spending proposal.

Table 1: 2013-15 NGFS+ Balance Sheet (Dollars in Millions)

	<i>Senate Proposal</i>	<i>House Proposal</i>
Beginning Balance	156	156
Revenue		
November Revenue Forecast	33,576	33,576
February 2014 Forecast	60	60
February 2014 Proposed Revenue Legislation	(10)	4
Budget Driven Revenue	7	(0)
Child and Family Reinvestment Account Revision		4
<i>Total Revenue</i>	<i>33,633</i>	<i>33,644</i>
Other Resource Changes		
Transfer to Budget Stabilization Acct.	(312)	(312)
Previously Enacted Transfers	421	418
Prior Period Adjustments	41	41
February 2014 Proposed Transfers	51	1
Other Changes	(4)	
<i>Total Other Resource Changes</i>	<i>197</i>	<i>147</i>
<i>Total Resources</i>	<i>33,987</i>	<i>33,947</i>
Spending		
Enacted Appropriations	33,642	33,642
Projected Reversions	(140)	(140)
February 2014 Proposed Maintenance Level Changes	44	91
Policy Level Changes	47	77
Appropriations in Other Legislation	5	5
<i>Total Spending</i>	<i>33,597</i>	<i>33,675</i>
Unrestricted Ending Fund Balance	389	272
Budget Stabilization Account Balance	582	583
<i>Total Reserves</i>	<i>972</i>	<i>855</i>

Following Monday's release of the Senate Ways and Means (SW&M) Chair's 2014 supplemental operating budget proposal, the House Appropriations Chair has released one of his own. It

would increase near general fund–state plus opportunity pathways (NGFS+) spending to \$33.675 billion for 2013–15 (\$77.5 million higher than the SW&M Chair's proposal).

The House Democrats also released a separate proposal for new education spending.

(For more on the Senate proposal, see [“Senate Ways and Means Chair’s Proposed 2014 Supplemental Increases Education Spending, Reduces Taxes.”](#) For more on the enacted 2013–15 operating budget, see [“2013–15 Operating Budget Mostly Avoids New Taxes, Prioritizes Education.”](#))

Balance Sheet

Revenues. Unlike the SW&M Chair's proposal, the House Appropriations Chair's proposal would not extend the high technology research and development tax credits. Like the SW&M Chair's proposal, the House would exempt medical marijuana purchases from sales and use taxes (reducing revenues by \$1.8 million). The House would apply the tobacco products excise tax to e-cigarettes (increasing revenues by \$1.9 million).

Spending. The House Appropriations Chair's proposed supplemental would increase NGFS+ spending by \$173.2 million, including \$5 million for the previously enacted SB 6523 (the Real Hope Act). Spending required to maintain current services (maintenance level) is estimated by the Appropriations Chair's

proposal to total \$91.3 million, while policy level changes total \$76.9 million. As in the SW&M Chair’s proposal, assumed reversions total \$140 million. Altogether, these changes would increase 2013–15 NGFS+ spending to \$33.675 billion.

Reserves. The Appropriations Chair’s proposed supplemental would leave an unrestricted ending fund balance of \$272 million and total reserves (including the budget stabilization account) of \$855 million.

Spending Details

Public Schools. The Appropriations Chair’s proposed supplemental would increase NGFS+ spending on public schools by \$57.4 million. That includes \$57 million to increase materials, supplies, and operating costs allocations.

Higher Education. The proposal would increase NGFS+ spending on higher education by \$16.4 million. The University of Washington would receive \$1 million for the Institute of Protein Design and Washington State University would receive \$1 million for the Jet Fuels Center of Excellence.

Department of Social and Health Services. NGFS+ spending for DSHS would

be increased by a net of \$472,000. The small increase is due to large maintenance level reductions, including a \$62.8 million reduction in Temporary Assistance for Needy Families and Working Connections Child Care spending. The proposal would increase spending by \$8.2 million for the children’s mental health settlement and by \$10.4 million for various community mental health enhancements. It would increase base payment rates for family home child care and child care center providers, increasing spending by \$17.9 million (an additional \$2.5 million would be provided for this purpose in the Department of Early Learning).

Other Human Services. The proposal would increase NGFS+ spending by a net of \$119.0 million. In the Health Care Authority, maintenance level increases for low income health care total \$54.9 million. Changes to the hospital safety net assessment program would reduce spending by \$25.0 million.

Other. The proposal would increase spending by \$10.0 million to restore previously assumed health care savings. By “utilizing a one-time fund balance and better than expected claims rates,” state funding for employee health insurance would be reduced from \$763 per em-

Table 2: NGFS+ and All Funds Appropriations (Dollars in Thousands)

	Original 2013-15 Appropriations		Proposed 2014 Supplemental		Revised 2013-15 Appropriations	
	NGFS+	All Funds	NGFS+	All Funds	NGFS+	All Funds
Legislative	141,400	155,455	755	772	142,155	156,227
Judicial	237,851	299,190	2,617	9,792	240,468	308,982
Governmental Operations	459,114	3,499,248	5,842	43,615	464,956	3,542,863
Other Human Services	6,116,392	16,764,364	119,021	781,850	6,235,413	17,546,214
DSHS	5,786,677	11,917,266	472	113,386	5,787,149	12,030,652
Natural Resources	262,680	1,587,441	12,322	23,925	275,002	1,611,366
Transportation	69,582	180,937	2,917	2,732	72,499	183,669
Public Schools	15,208,877	17,097,327	57,386	121,774	15,266,263	17,219,101
Higher Education	3,073,070	12,203,622	16,411	16,899	3,089,481	12,220,521
Other Education	204,674	588,624	(1,934)	2,592	202,740	591,216
Special Appropriations	2,065,974	2,222,531	(47,653)	(95,885)	2,018,321	2,126,646
Total Budget Bill	33,626,291	66,516,005	168,156	1,021,452	33,794,447	67,537,457
Other Appropriations	15,483	16,961	5,000	5,000	20,483	21,961
Total Appropriations	33,641,774	66,532,966	173,156	1,026,452	33,814,930	67,559,418

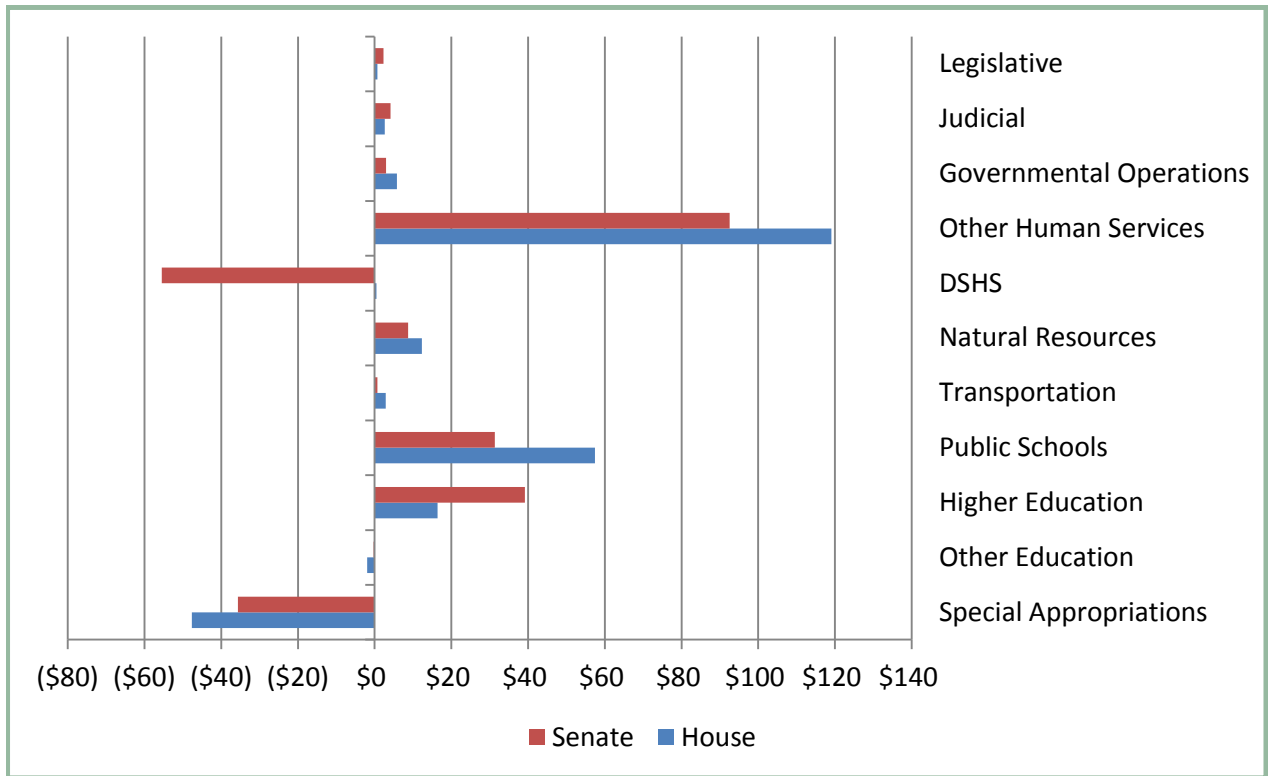


Chart: Comparing Senate and House Proposals (Dollars in Millions)

ployee per month to \$658, reducing spending by \$63.8 million.

The Separate Education Proposal

In addition to the 2014 supplemental budget described above, House Democrats also released a free standing proposal to increase education spending and taxes. [HB 2792](#) presents a plan to increase allocations to school districts for materials, supplies, and operating costs; all-day kindergarten; and K–3 class size reduction.

To fund cost-of-living adjustments for teachers and early learning programs, [HB 2796](#) would narrow the extracted fuel tax exemption, apply the sales tax to bottled water, increase the tax rate for prescription drug resellers, and changing the sales tax exemption for out-of-state residents to a refund program. These are the same tax increases the Senate Democrats proposed earlier this week.

Comment

The two supplemental proposals are close enough that it appears the Legislature will be able to come to an agreement during the regular session. As Representative Hunter said, “These budgets . . .

are remarkably similar” (Buhain). Agreement on the additional education spending (and accompanying new taxes) is less likely this year.

References

Buhain, Venice. 2014. “[House Democrats release proposed supplemental budget, tax revenue plan.](#)” The Capitol Record blog. February 26.

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