

2013-15 Operating budget

House Democratic Caucus

Schools: our focus from the start

From *McCleary*:

The word “ample” in Article IX...provides a broad constitutional guideline meaning **fully, sufficient, and considerably more than just adequate.**



A responsible budget that funds our state's priorities

- Fully-funds K-12 education.
- Expands healthcare to 280,000 people.
- Saves the safety net.
- Promotes opportunity and economic growth.



An honest, long-term approach

- We don't rely on gimmickry.
- We don't push costs into the next biennium.
- We don't assume savings that can't be realized.
- We don't make illegal transfers.



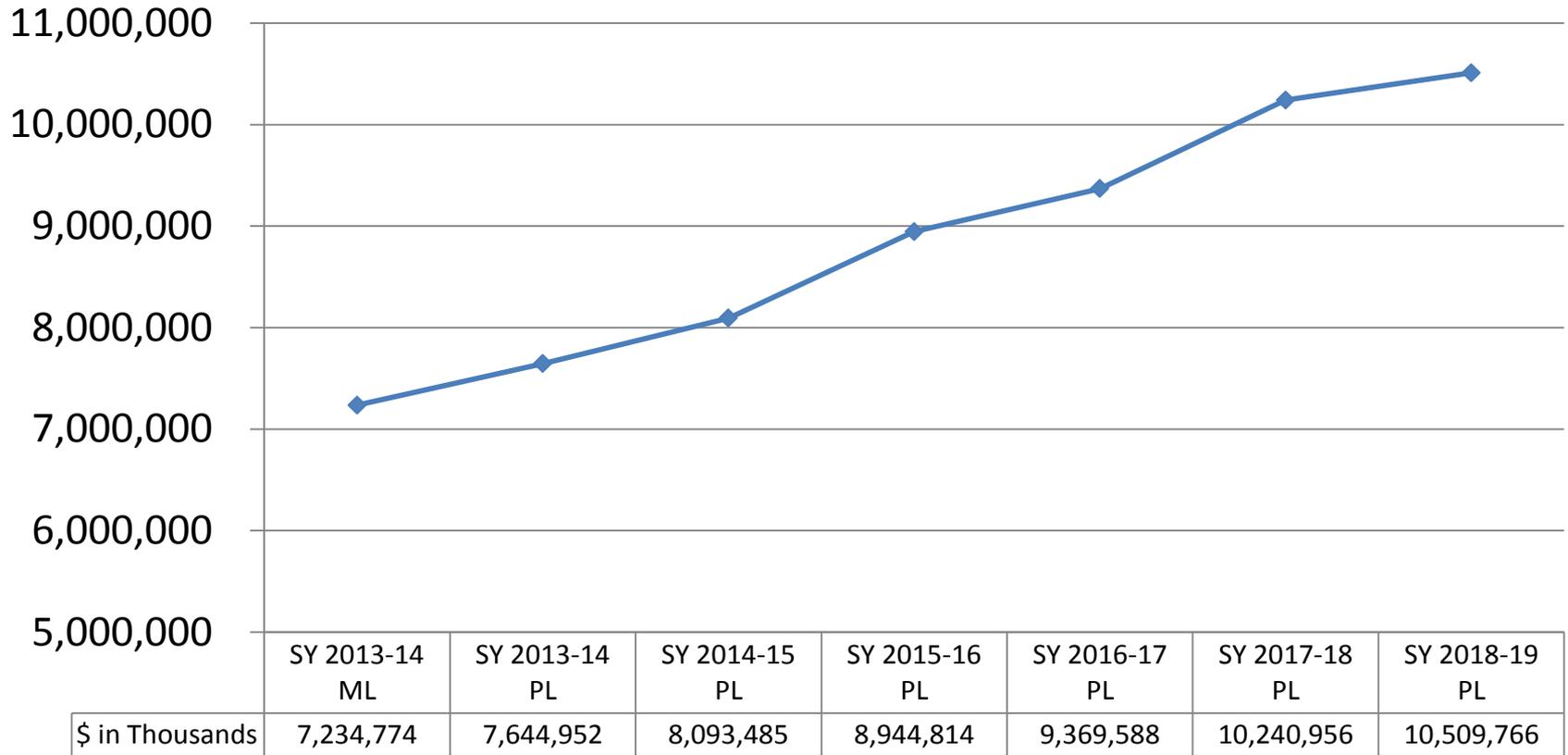
Funding basic education

- Our paramount duty
- We set a course to change the way we fund basic education before the WA Supreme Court ruled in the McCleary case
- Our goal: ample funding in a thoughtful way
- We make steady, measurable, linear progress
- We respect the recommendations of the Education Funding Task Force



McCleary Funding Grows

\$ in Thousands



K-12 Funding

+1.9 billion over current biennium

Subject	\$ in millions
<i>McCleary-related Items</i>	
--Reduce K-3 class size	\$225.4
--Materials, Supplies and Operating Costs (MSOC)	461.3
--Pupil Transportation	144.1
--Full Day Kindergarten	91.5
--Career and College Ready	75.0
--Increase Instructional Hours	63.5
--State salary support for classified/administrative staff	247.9
Subtotal	\$1.31 billion

Early Learning

- Like K-12, we have charted a course to provide early learning opportunities for all three and four year olds eligible for ECEAP
- We are also improving our child care system where many of our vulnerable children can get a better start



Early Learning

Subject	\$ in millions
ECEAP (Preschool) increase – more children served	38.5
Working Connections Child Care Quality Improvements	30.8
Home visiting expansion	1.0
Therapeutic Child Care (Childhaven)	1.6

Jobs for the New Economy

- Higher education is the economic engine of our state's new economy
- Our budget sets a course for our universities and colleges to provide more graduates in the areas our state's growing businesses need
- We are giving opportunities for disadvantaged kids to go to college



Jobs for the New Economy

School/Program	Investments
University of Washington	<ul style="list-style-type: none"> • Computer Science and Engineering Enrollments • Clean Energy Institute
Washington State University	<ul style="list-style-type: none"> • Computer Science and Engineering Enrollments • Medical Education and Biomedical Research
Western Washington University	<ul style="list-style-type: none"> • Computer Science and Engineering Enrollments
Community and Technical Colleges	<ul style="list-style-type: none"> • Aerospace and STEM (Science, Technology, Engineering and Math) Enrollments • Maritime Industries • Opportunity Center for Employment and Education • Aerospace Center for Excellence
Student Achievement Council	<ul style="list-style-type: none"> • Opportunity Scholarship Program

Higher Education

\$292.6 million more than the current biennium

Subject	\$ in millions
College Bound Scholarships	50.7
State Need Grant	36.4
Tuition support for institutions – 5% at UW, WSU & WWU; others at 3% (increased support for colleges and universities)	115.9

Health Care

- Obama Care will transform our state's health and economy – we're all in
- We make sure that our state is ready for this transformation



Health Care

Subject	\$ in millions
Medicaid Expansion Savings – while adding nearly 300,000 people	(\$265.1)
Continue Hospital Safety Net Program	(259.9)
Efficiencies: 12 month dispensing, Health Path WA, drug rebates, etc	(15.4)
Fully fund Health Benefit Exchange	23.8
Restore Adult Dental – including newly eligible Medicaid clients	23.9
Tobacco Quitline	3.9

Human Services

- We don't abandon our state's vulnerable populations – the aged, blind and disabled and working families
- We give DSHS the resources to respond to abuse and neglect of both our children and our elderly



Human Services

Subject	\$ in millions
Caseload Savings	(126.3)
Mental Health System Fixes	31.3
Family Assessment Response (FAR) Services	8.3
Extended Foster Care	3.6
Developmental Disabled Placements	10.7
Emergency Assistance for Homeless Families	8.0

How is our budget different from Senate?

- Meets our McCleary funding obligation
- It's gimmick-free
 - No imaginary revenue
 - No unspecified cuts
 - No unconstitutional funds that are spent twice
- Doesn't shred the safety net
- Recognizes our state's needs
 - Health care reform
 - Clean air, clean water, state parks
- Balanced over four years

Closing exemptions to open opportunity

- We are changing the way we do business to invest in Washington's students.
- A balanced and responsible approach that listens to the experts.
- Since 1995, 277 new exemptions have been created, costing more than \$3.6 billion this biennium.
- This proposal closes 15, less than 2% of the total on the books now.

House Democrats' Revenue & Education Investment Proposal for 2013-15 Biennium

Close and Narrow Tax Exemptions and Special Rates:	2013-15 Estimated Impact (\$ in millions)
Repeal Preferential B&O Rate: Travel Agents & Tour Operators	\$14.6
Repeal Preferential B&O Rate: Insurance Agents	\$46.1
Repeal Preferential B&O Rate: Resellers of Prescription Drugs	\$29.0
Repeal Preferential B&O Rate: Stevedoring	\$27.7
Narrow: B&O and Sales Tax Exemptions for Import Commerce	\$24.1
Repeal Exemption: Sales Tax on Bottled Water	\$51.5
Repeal Exemption: Sales Tax for Non-Residents	\$63.7
Repeal Exemption: Sales Tax on Janitorial Services	\$36.2
Repeal Exemption: Public Utility Tax on Interstate Transport, Instate Portion	\$63.2
Repeal Exemption: Extracted Fuel	\$40.8
Repeal: Handling Losses Fuel Tax Deduction	\$5.2
Narrow: High Technology Research & Development B&O Credit	\$23.2
Repeal Exemption: High Technology Research & Development Sales & Use Tax Exemption	\$55.5
Tax Fairness for Communications Services and Estate Tax:	2013-15 Estimated Impact (\$ in millions)
Communications Services Parity: Repeal sales tax exemption for residential telephone service, other tax parity changes - SHB 1971	\$109.9
Estate Tax Clarification & Parity: Bracken Legislation - HB 1920	\$160.3
Maintain Current Revenues:	2013-15 Estimated Impact (\$ in millions)
Extend 0.3% B&O Surcharge	\$534.0
Extend & Lower: Beer Tax Increase	\$58.7
TOTAL	\$1,343.7

All estimates assume a July 1, 2013 effective date with 11 months of collections for FY 2014

Changing the game v. Business as usual

House Democrats' Budget Assumes:

Closing or narrowing 15 tax exemptions

Renewal of just two expiring exemptions tied directly to jobs in the timber and agricultural industries

Dedicates over \$500 million to education just from closing exemptions

Senate Republicans' Budget Assumes:

Closing ZERO tax exemptions

Passage of 15 tax exemptions, including creating 11 new exemptions

Protects \$24 billion in existing and adds an additional \$7 million in exemptions