

THE 2013- 15 OPERATING BUDGET

An honest, long-term budget focused on education



This is a responsible budget that funds our state's priorities

- Fully-funds K-12 education.
- Expands healthcare to over 280,000 more people, saving \$265 million.
- Protects care for vulnerable seniors, the disabled, and at-risk kids.
- Promotes jobs and economic opportunity.

It's an honest, long-term approach

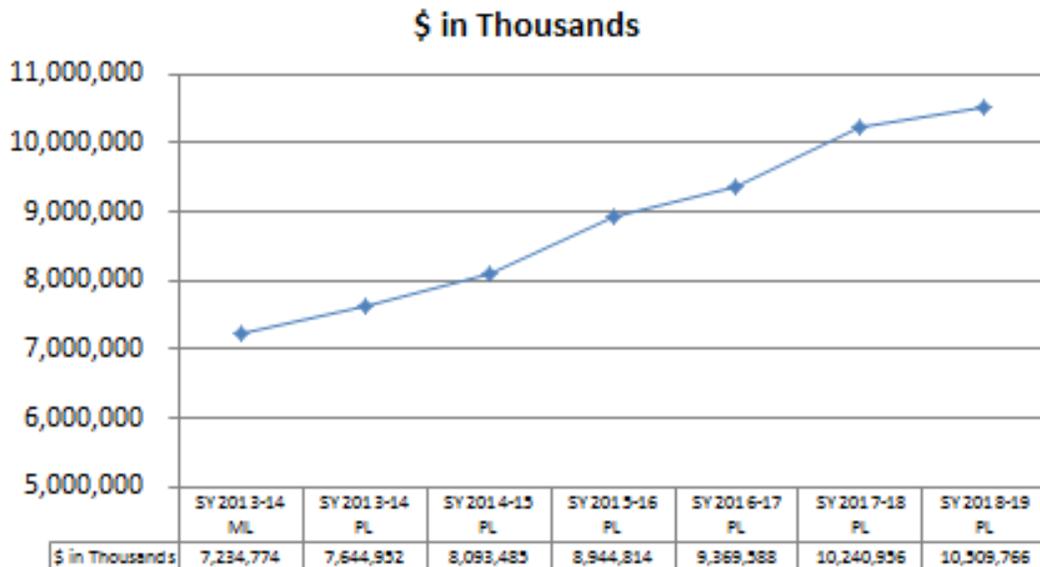
- Doesn't rely on gimmickry.
- Doesn't push costs into the next biennium.
- Doesn't assume savings that can't be realized.
- Doesn't make illegal transfers.

Education: Our focus from the start

- We set a course to change the way we fund basic education even before the Supreme Court ruled in the McCleary case.
- This budget follows the recommendations of the Education Funding Task Force.
- It invests \$1.9 billion more in schools next biennium, including \$1.31 billion for McCleary-related items:

○ Reduce K-3 class size	\$225.4 million
○ Materials, Supplies, Operating Costs	\$461.3 million
○ Pupil transportation	\$144.1 million
○ Full-day kindergarten	\$91.5 million
○ Career and college ready	\$75.0 million
○ Increased instructional hours	\$63.5 million
○ Classified/admin staff salary support	\$247.9 billion

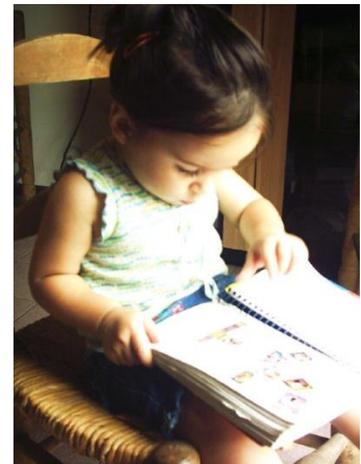
McCleary Funding Grows



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Early learning: provide opportunities for all 3- and 4-year-olds

- We're charting a course to success for all ages:
 - Increased ECEAP (preschool) seats \$38.5 million
 - Working Connections Child Care \$30.8 million
 - Home visiting expansion \$1.0 million



Higher education: jobs for the new economy

- Higher education is the engine of our state's new economy.
- Our budget provides more graduates in the areas our state's businesses need.
- We give opportunities for disadvantaged kids to attend college.
- This budget includes \$292.6 million more for higher education than the current budget does, including:
 - College Bound scholarships \$50.7 million
 - State Need Grant \$36.4 million
 - Tuition support \$115.9 million

Health Care expansion: we're all in

- This budget helps make sure Washington is ready for the next steps:
 - Medicaid Expansion: over 280,000 people covered, saving \$265.1 million
 - Hospital Safety Net program (\$259.9 million)
 - Fully-fund the Health Benefit Exchange \$23.8 million
 - Restore adult dental \$23.9 million
 - Tobacco Quitline \$3.9 million

Human Services: protecting care for the most vulnerable

- Our budget offers support to those in need:
 - Responding to problems in the mental health system \$31.3 million
 - Foster care prevention \$8.3 million
 - Extended foster care \$3.6 million
 - Developmentally disabled placements \$10.7 million
 - Assistance for homeless families \$8.0 million



How is this budget different than the Senate Republican budget?

- 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

Proposed 2011-13 and 2013-15 Balance Sheet

Including 2013 Supplemental Budget

**General Fund-State, Education Legacy Trust and Opportunity Pathways Accounts
(and Budget Stabilization Account)**

Dollars in Millions

	2011-13	2013-15
RESOURCES		
Beginning Fund Balance	(60.4)	219.8
March 2013 Forecast Update	31,009.3	33,025.0
Bracken Decision	(3.2)	(160.3)
Transfer to Budget Stabilization Account	(268.0)	(307.0)
Other Enacted Fund Transfers	378.6	-
Alignment to the Comprehensive Financial Statements	(5.0)	-
Adjustment to Working Capital (HB 2822)	238.0	-
Proposed Changes		
Transfer From Budget Stabilization Account to GFS		575.0
Other Fund Transfers	1.8	182.6
General Fund: Legislation & Budget Driven	-	82.0
HB 1920 - Estate taxes (Bracken Decision, ELTA)	-	160.3
Omnibus Revenue Legis: Extend 0.3% B&O Tax (ELTA)	-	534.0
Omnibus Revenue Legis: Extend/Revise Beer Tax (ELTA)	-	58.7
Omnibus Revenue Legis: Modify Tax Preferences (ELTA)	-	475.6
Total Resources (including beginning fund balance)	31,291.0	34,845.7
EXPENDITURES		
2011-13 Enacted Budget (Incl. 2012 Supp.)		
Enacted Budget	31,249.2	
Actual/Anticipated Reversions	(165.9)	
Proposed Changes		
Maintenance Level Changes	18.2	
Policy Changes	(30.4)	
Total Expenditures	31,071.2	
Proposed 2013-15		
Maintenance Level		33,758.7
Policy Changes		749.8
Total Expenditures		34,508.4
RESERVES		
Projected Ending Balance	219.8	337.3
Budget Stabilization Account Beginning Balance	-	268.0
Transfer from General Fund and Interest Earnings	268.0	307.0
Transfer from Budget Stabilization To GFS		(575.0)
Projected Budget Stabilization Account Ending Balance	268.0	-
Total Reserves (Near General Fund plus Budget Stabilization)	487.8	337.3