

# 2013-15 Operating budget

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*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.



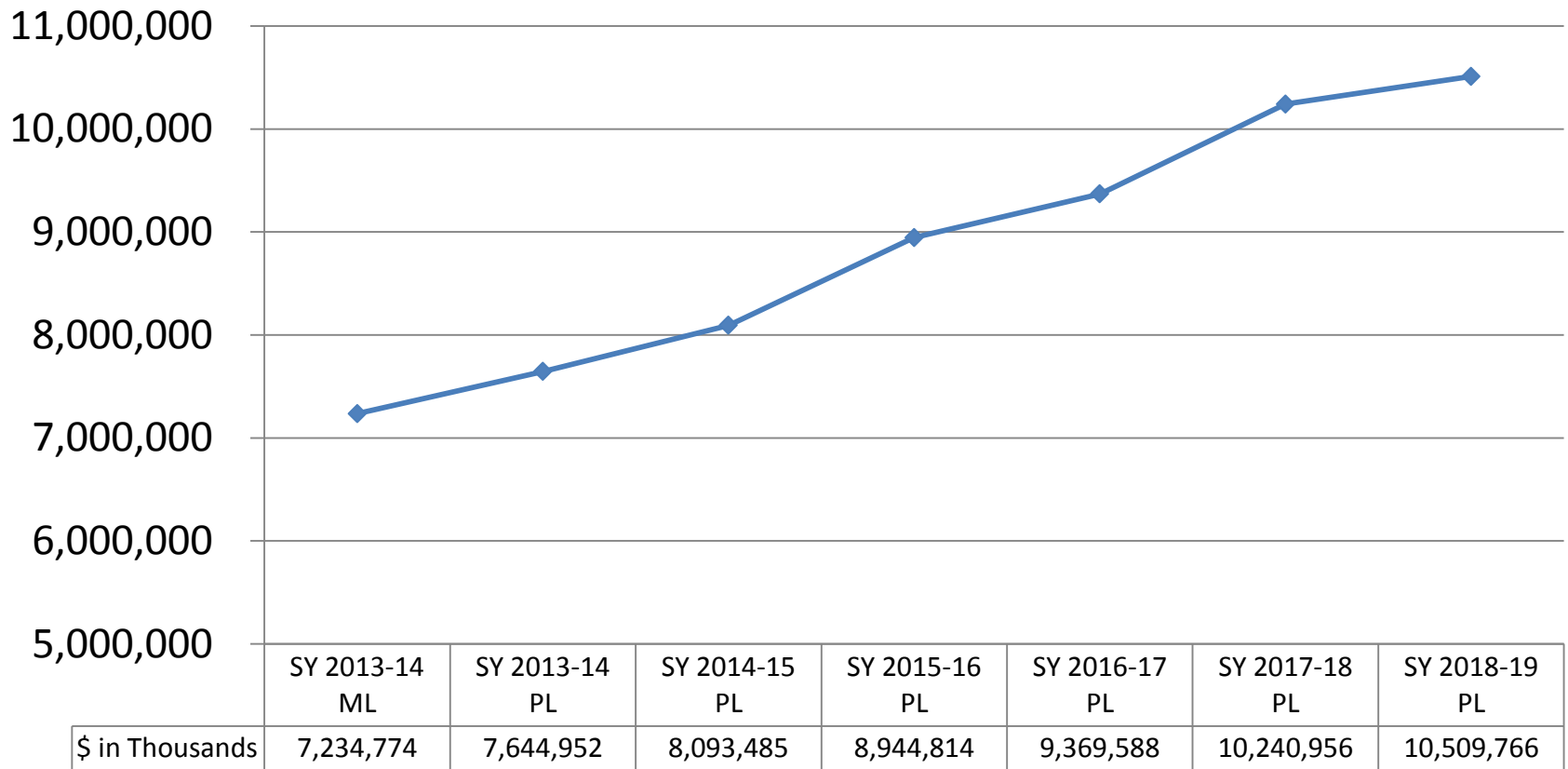
# Funding basic education

- 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	<b>\$1.31 billion</b>

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

# 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

<b>Close and Narrow Tax Exemptions and Special Rates:</b>	<b>2013-15 Estimated Impact (\$ in millions)</b>
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
<b>Tax Fairness for Communications Services and Estate Tax:</b>	<b>2013-15 Estimated Impact (\$ in millions)</b>
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
<b>Maintain Current Revenues:</b>	<b>2013-15 Estimated Impact (\$ in millions)</b>
Extend 0.3% B&O Surcharge	\$534.0
Extend & Lower: Beer Tax Increase	\$58.7
<b>TOTAL</b>	<b>\$1,343.7</b>

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