



BUDGET MEMO: HOUSE AND SENATE 2021-23 OPERATING BUDGET PROPOSALS

April 11, 2021

As the legislature works toward the end of the 2021 session, the focus will largely shift to reaching an agreement on a final compromise budget by the time session is scheduled to adjourn on Sunday, April 25th. The Senate and House both released their respective proposed 2021-23 operating budgets on March 25th and 26th respectively. Following their release, the proposals were passed out of each of their fiscal committees and chamber floors. In the remaining two weeks of session, they will work to sort through the differences between the proposals. This memo provides an overview of the different operating budget proposals as passed off the floor of each chamber.

Revenue Forecast & Budget Landscape

On March 17th, the Economic and Revenue Council (ERFC) released the [spring quarterly revenue forecast](#). In the quarterly forecast, when compared to the November 2020 revenue forecast, the forecast of funds subject to the budget outlook for the current 2019-21 biennium were projected to increase by \$1.34 billion in the current 2019-21 biennium and \$1.949 billion in the 2021-23 biennium. What this translates to is that compared to February 2020 (which is the revenue forecast the 2020 budget was based on), the projected state revenue has a very slight shortfall in the current biennium and a forecasted positive ending balance in the 2021-23 biennium. For more detail on the spring revenue forecast, see the [Prevention Alliance March 2021 Revenue Forecast Budget Memo](#).

This new revenue picture, combined with the influx of over \$4 billion in federal dollars provided to Washington State under the [American Rescue Plan Act of 2021](#), has established a very different budget landscape than had been anticipated leading up to, and throughout the 2021 legislative session. Instead of facing a significant budget shortfall, the legislature is working with a nearly balanced outlook and extensive one-time federal dollars available to appropriate out.

Operating Budget Proposals

General Overview

The Senate proposed operating budget was released on March 25th. It would appropriate \$59 billion in 2021–23 from funds subject to the outlook (NGF-O)¹. Policy level changes are a net increase of \$3.3 billion. Policy level changes mean new or increased spending for programs and services, as opposed to maintenance level funding. The House proposed operating budget was

¹ Funds subject to the budget outlook include the state general fund (GF-S), the Education Legacy Trust Account (ELTA), the Opportunities Pathways Account (OPA), and the Workforce Education Investment Account (WEIA). [Chapter 8, Laws of 2012](#), requires the legislature to adopt a four-year balanced budget. Since the 2013-2015 biennium, the legislature has been required to enact a balanced operating budget that leaves a positive ending fund balance in the general fund and related funds (ELTA, OPA, and WEIA).

released on March 26th. It would appropriate \$58.1 billion in 2021-23 from funds subject to the outlook (NGF-O). Policy level changes are a net increase of \$2.5 billion.

A high level summary comparing the two proposals as passed off the floor of each chamber is provided below in Table 1. There is a \$815 million difference between the two chambers' proposed budgets, which comes from a difference in proposed new policy spending.

Table 1: Comparing the House and Senate Passed 2021-23 Operating Budgets

	House-Passed Operating Budget (April 3 rd)	Senate-Passed Operating Budget (April 1 st)
Appropriations total for 2021-23 biennial budget	\$58.186 billion	\$59.001 billion
Increase in General Fund spending	\$4.486 billion total increase. Of this amount, \$2.496 billion is new policy level spending. The remaining balance is attributed to maintenance level and other adjustments.	\$5.301 billion total increase. Of this amount, \$3.3 billion is new policy level spending. The remaining balance is attributed to maintenance level and other adjustments.
Ending fund balance	The NGF-O ending fund balance for the 2021-23 biennium is projected to be \$705 million.	The NGF-O ending fund balance for the 2021-23 biennium is projected to be \$436 million.
Budget Stabilization Account (aka Rainy Day Fund) Balance	The Budget Stabilization Account ending balance for the 2021-23 biennium is projected to be \$545 million.	The Budget Stabilization Account ending balance for the 2021-23 biennium is projected to be \$544 million.
Links to documents	House Budget Bill as Passed House Agency Detail Budget Outlook	Senate Budget Bill as Passed Senate Statewide Summary & Agency Detail Budget Outlook

The House and Senate proposed budgets passed under the Senate bill number ([SB 5092](#)). This is a procedural step where whichever chamber passes their budget off their chamber floor first, that budget bill number becomes the vehicle for the budget. While the bill page is usually the go-to place for proposed legislation, when it comes to the budget it is best to refer to the [LEAP legislative proposals page](#) (Legislative Evaluation & Accountability Program committee), where the most recent budget proposals and accompanying documents can be found.

The Senate passed their proposed budget with a vote of 27 to 22. The House passed their proposed budget with a vote of 57 to 41.

Funding for Prevention Priorities

When we look at prevention-related priorities, both proposals provided significant new investments. While funding levels varied between many items in the two budgets, investments were provided for behavioral health, affordable housing and rental assistance, supports for people experiencing homelessness, foundational public health, health care premium subsidies

for people to be able to better afford coverage, hunger relief programs, outdoor recreation, active transportation, early learning, and more. Some highlights are provided in Table 2 below. Please note that this is not a comprehensive list of all prevention-related items funded in the budget, but rather highlights many of the strategies on the Prevention Alliance platform this year.

It is important to note when looking at budget proposals that a chamber doesn't typically fund a bill from the opposite house if it has not yet passed their chamber. For example, the House passed [HB 1342](#), which eliminates lunch copays for students who qualify for reduced-price lunches. At the time the budget was released, that bill had not yet passed the Senate. Therefore, \$8.9 million in funding to implement that bill was included in the House-proposed budget, but not the Senate-proposed budget. This is to be expected. Assuming the bill passes the opposite chamber, stakeholders still have to work to ensure the funding is included in the final budget.

Table 2: Highlights of Prevention-Related Items in Proposed Budgets

Item	Senate Budget	House Budget
School-Based Health Centers (HB 1225)	<i>Not funded</i>	\$2.4 mil GFS
Wildfire Prevention	\$125 mil GFS	\$130 mil GFS
Eliminate Lunch Co-Pay for Students Eligible for Reduced-Price Meals (HB 1342)	<i>Not funded</i>	\$8.9 mil GFS
Firearm Safety & Violence Prevention	\$421,000 GFS	<i>Not funded</i>
Foundational Public Health Services	\$150 mil GFS (\$300 mil GFS in 2023-25 and ongoing)	\$100 mil GFS (one-time)
Health Care State Premium Subsidies (SB 5377)	\$100 mil GFS	<i>Not funded</i>
State Parks Equity Study	\$85,000 GFS	\$85,000 GFS
RCO Outdoor Recreation Equity	\$400,000 GFS	\$375,000 GFS
Family Planning Medicaid Reimbursement Rates	\$5.2 mil GFS (\$16.1 mil total)	\$5.2 mil GFS (\$16.1 mil total)
Fruit & Vegetable Incentive Program	\$3 mil GFS	\$3 mil GFS
No Child Left Inside Increase	\$4.5 mil GFS	\$500,000 GFS
School Counselors in High Poverty Schools	\$86 mil GFS	\$52 mil GFS
Home Visiting	\$8.5 mil total	\$19 mil total
Help Me Grow Statewide Linkage System	\$530,000 GFS	<i>Not funded</i>
Working Connections Child Care (WCCC) Rate Increase	\$116.8 mil total	\$62.063 mil total
WCCC Co-Pay Structure	\$72.9 mil total	\$90.8 mil total
ECEAP Expansion	\$49.7 mil total	\$10.4 mil total
Child Care Stabilization Grants	\$391 mil	\$400 mil total
Behavioral Health Rate Increase	\$6.5 mil GFS (\$17.5 mil total) for limited set of services	\$17 mil GFS (\$55 mil total), which is a 2% increase
State Rental Assistance	\$10.2 mil	\$22 mil (additional \$150 mil provided through HB 1277)
Federal Rental Assistance	\$495 mil total	\$1.14 bil total
Permanent Supportive Housing Operations, Maintenance & Services Increase	\$20 mil total	\$14.6 bil total

Federal Dollars & New Revenue

Both budget proposals leverage some of the additional \$4 billion in one-time federal funds from the American Rescue Plan Act (ARPA) to the state aimed to bring relief to struggling households and help the state emerge from the pandemic with a stronger safety net and a more resilient public health system. Not all ARPA dollars directed to the state were appropriated in the current budget proposals as states have until the end of 2024 to use those federal funds.

The proposed capital gains tax ([SB 5096](#)) is also accounted for in both budget proposals. This new revenue proposal applies a 7% tax to profits from the sale of stocks and bonds, personal property and the sale of a business but only if those profits are in excess of \$250,000 for both individuals and those who file jointly. The bill exempts all real estate, retirement assets, assets condemned by the government, livestock, timber, timberlands, goodwill received from the sale of an auto dealership, and certain depreciable property used in a trade or business. The proceeds from the tax would be distributed as follows: the first \$350 million each year going into the Education Legacy Trust Account, the next \$100 million into the general fund, and the remainder into a newly created Taxpayer Fairness Account.

Next Steps for the Budget

Now that both chambers have released and passed their respective budget proposals, budget leaders from the House and Senate will work through the differences in their respective budgets and work to negotiate a final budget to pass by the time session adjourns on April 25th.

Prepared for the Prevention Alliance by:
Carrie Glover
Carrie Glover Consulting
carrie@carriegloverconsulting.com

For more information about the Prevention Alliance, contact:
Julie Peterson
Executive Director
Foundation for Healthy Generation
juliep@healthygen.org

This publication was supported by National Center for Chronic Disease Prevention and Health Promotion of the Centers for Disease Control and Prevention under award number NU58DP004830. The content of this publication is solely the responsibility of the authors and does not necessarily represent the official views of the Centers for Disease Control and Prevention.