



BUDGET MEMO: HOUSE AND SENATE 2023-25 OPERATING BUDGET PROPOSALS

April 10, 2023

As the legislature works toward the end of the 2023 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 23rd. The Senate and House released their respective proposed 2023-25 operating budgets on March 23rd and 27th 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 20th, the Economic and Revenue Council (ERFC) released the [spring quarterly revenue forecast](#). These revenue projections provide House and Senate budget writers with the fiscal landscape they must work with as they draft their respective proposed operating budgets. 2023 is the first year of the biennium, which means they will be putting forward proposals for the full two-year (biennial) operating budget.

In the March 20th forecast, the forecast of funds subject to the [budget outlook](#)¹ for the current 2021-23 biennium is projected to increase by \$194 million, but then is projected to *decrease* by \$483 million for the 2023-25 biennium, and *decrease* by \$541 million for the 2025-27 biennium. This means state revenue is fairly flat for the current biennium, but then starts to tip into a budget shortfall for the next two ensuing biennia. The combined change in revenue projections compared to the November 2022 forecast is a *decrease* of \$830 million over the period of the current biennium and the next two ensuing biennia (2023-25 and 2025-27).

Operating Budget Proposals

General Overview

The Senate proposed operating budget was released on March 23rd. As passed of the Senate floor would appropriate \$69 billion in 2023–25 from funds subject to the outlook (NGF-O)². Policy level changes are a net increase of \$4.3 billion. Policy level changes mean new or

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). For more background on the Four-Year Outlook, see the [Prevention Alliance policy brief on Washington's Four Year Outlook](#).

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increased spending for programs and services, as opposed to maintenance level funding. The House proposed operating budget was released on March 27th. It would appropriate \$69.5 billion in 2023-25 from funds subject to the outlook (NGF-O). Policy level changes are a net increase of \$5.1 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 \$513 million difference between the two chambers’ proposed budgets, which comes from a difference in proposed new policy spending. While this isn’t a significantly large amount, it is important to note that the proposals prioritized funding for different things, so they not only need to land on a final amount, they also need to work through what in each proposal will (or won’t) get funded, and at what level.

Table 1: Comparing the Senate and House Passed 2023-25 Operating Budgets

	Senate-Passed Operating Budget (March 29th)	House-Passed Operating Budget (April 3rd)
Appropriations total for 2023-25 biennial budget	\$69.05 billion	\$69.563 billion
Increase in General Fund spending	\$4.925 billion total increase. Of this amount, \$4.326 billion is new policy level spending. The remaining balance is attributed to maintenance level, reversions ³ , and other adjustments.	\$5.438 billion total increase. Of this amount, \$5.067 billion is new policy level spending. The remaining balance is attributed to maintenance level, reversions, and other adjustments.
Ending fund balance & Total Reserves	The NGF-O ending fund balance for the 2023-25 biennium is projected to be \$946 million. Combined with the Budget Stabilization Account (below) and the WA Rescue Plan Transition Account, the Senate proposal leaves \$3.59 billion in total reserves.	The NGF-O ending fund balance for the 2023-25 biennium is projected to be \$1.526 billion. Combined with the Budget Stabilization Account (below) and the WA Rescue Plan Transition Account, the Senate proposal leaves \$3.167 billion in total reserves.
Budget Stabilization Account (aka Rainy Day Fund) Balance	The Budget Stabilization Account ending balance for the 2023-25 biennium is projected to be \$1.344 billion.	The Budget Stabilization Account ending balance for the 2023-25 biennium is projected to be \$1.344 billion.
Links to documents	Senate Budget Bill as Passed Senate Statewide Summary & Agency Detail Budget Outlook	House Budget Bill as Passed House Agency Detail Budget Outlook

The House and Senate proposed budgets passed under the Senate bill number ([SB 5187](#)). 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](#)

³ Reversions are unused appropriation authority. If an agency does not spend all of its appropriation in the timeframe specified by the budget, the authorization to spend that dollar amount expires. To learn more budget-related terms, see the [Glossary of Budget Terms](#) from the Office of Financial Management.

[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 40 to 9. The House passed their proposed budget with a vote of 57 to 40.

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, supports for people experiencing homelessness, hunger relief programs, outdoor recreation, 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 of 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 1238](#), which expands free school meals to more students and schools. Because this is a House bill, the Senate did not factor it into their budget proposal. Therefore, \$23.5 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 and not something to be concerned about. 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
Prenatal Substance Exposure (HB 1168)	n/a	\$1.988 million across multiple agencies (HCA & DCYF)
988 & crisis system (including HB 1134)	\$13.7 million for crisis system enhancements \$26.7 million for facilities operations	\$44.5 million for crisis system enhancements \$26.7 million for facilities operations \$16 million for HB 1134 across multiple agencies (DOH, UW, HCA)
Office of Firearm Safety & Violence Prevention	\$19.15 million	\$19.15 million
Child Welfare Housing (SB 5256)	\$7.225 million for SB 5256 \$3.384 million for youth housing	\$3.384 million for youth housing
Expansion of Free School Meals (1238)	n/a	\$23.5 million
Hunger Relief Programs (HB 1784)	n/a	\$28 million across multiple agencies (DOH, Agriculture, DSHS)
Guaranteed Basic Income	\$0	\$1.9 million one time
Expanding eligibility for QMB Medicare Savings Program	\$0	\$10.8 million
Universal Access to Health Care	\$19.6 million (provides subsidies to buy insurance through the Health Benefit Exchange for people not	\$98 million (establishes a Medicaid lookalike for people not eligible for Medicaid or buying coverage

	eligible for Medicaid or buying coverage through the Health Benefit Exchange)	through the Health Benefit Exchange)
Access to abortion services	\$15.01 million	\$16.01 million
Behavioral Health Rate Increases	7% increase for both Medicaid & Non-Medicaid	15% increase for both Medicaid & Non-Medicaid
CLIP Rate Increase (Children's Long-Term Inpatient Program)	\$6.892 million	\$6.934 million
School-Based Health Centers	\$0	\$1.8 million
Home Visiting	\$9.3 million	\$9.67 million
Help Me Grow Family Resource and Referral Linkage System	\$0	\$500,000
Apple Health coverage for adult cochlear implants	\$128,000	\$128,000
Tobacco, Vaporr Produce, and Nicotintine Prevention Programs	\$5 million (ongoing)	\$10 million (one-time)
Housing Trust Fund	\$400 million	\$400 million
Emerging Leaders Program: Expanding Equity in the Outdoors	\$340,000	\$340,000
No Child Left Inside	\$5 million	\$0

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 23rd.

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