

House Republicans entered the legislative session with the goals of passing a sustainable operating budget that met the expectations of the *McCleary* decision, protected the most vulnerable and did not raise taxes on struggling families. We believe we accomplished these goals and they will benefit Washingtonians.

We introduced a Fund Education First budget on March 14, provided real solutions throughout budget negotiations, helped mediate differences between entrenched positions, and built consensus among members who were frustrated by the results of the continuing legislative sessions. Unlike the last decade, this legislative session produced truly bipartisan solutions and represented a clean break from one-party control of Olympia.

### Operating budget and revenues – by the numbers

- Operating budget spends: **\$33.5 billion**.
  - Includes **\$1.7 billion** in new policy enhancements, with **\$1 billion** for K-12 education.
- Ending-fund balance: **\$630.9 million**.
- Does not include more than **\$1 billion** in tax increases proposed by the governor and House Democrats, including a permanent extension of the B&O surtax on service businesses – which would have adversely impacted thousands of employers and individuals. Other targets included beer makers, bottled water, janitorial services, trucking, insurance, high-tech research/development, architects, the travel industry, and prescription drugs.
- Revenues: **\$30.65 billion** (2011-13) | **\$32.66 billion** (2013-15) | **\$35.36 billion** (2015-17).

### Why many of us supported the operating budget

- We were at the negotiating table throughout the process. The final operating budget looks more like the one introduced by House Republicans than any of the other original proposals.
- It meets our goal to fully fund K-12 education with a down payment of **\$1 billion** for *McCleary* obligations. It elevates K-12 education to the top of our state's budget priorities – where it belongs.
- It does not include the nearly **\$1 billion** in tax increases originally proposed by the governor and House Democrats.
- It keeps our promise to end the temporary B&O surtax on service businesses.
- It does not contain increases in higher education tuition that previous operating budgets relied on.
- It reduces spending by **\$1.5 billion** (I-732, Hospital Safety Net Assessment, Medicaid expansion, lean management, etc.).
- It has a cautious financial outlook on the future, leaves adequate reserves and is sustainable.

### Concerns with the operating budget

- Even with more than **\$2 billion** in new revenue compared to the last budget cycle, the operating budget relies on \$247 million in tax increases (Bracken decision, telecommunications reform and other budget-driven bills).
- It includes more than **\$519 million** in fund transfers, including **\$277 million** from the Public Works Assistance Account.
- It relies on the expansion of Medicaid and assumes the federal government will meet its future financial obligations – something many other states and economists doubt. As we all know, our federal government has its own budget problems to deal with in the future.
- It fails to implement critical reforms needed to ensure our state is on a solid financial ground in the future (workers' compensation and state pensions) and continues to suspend – rather than eliminate – costly programs our state cannot afford (paid family leave, teacher COLAs).