

# Real Opportunities for All Washingtonians

Funding priorities for working families, growing students, vulnerable populations, small businesses and all Washingtonians, with no cuts to vital services and **no new taxes**

## Working Families

- Funds the Working Families Tax Credit for the first time in its 12-year history (\$600M)
- Sales tax exemption for basic necessities, like prepared food and diapers (\$293M)
- \$300 stipends to low-income families to defray cost of remote learning (\$160M)
- Grants and higher rates for childcare providers; copay assistance for families (\$114M)

## Growing Students

- Increased federal allocations to school districts, contingent on reopening (\$156M)
- Equitable enrichment funding for charter and tribal schools (\$44M)
- Learning "catch up," prioritized for historically disadvantaged populations (\$500M)
- Additional STEM enrollment slots at state universities and community colleges (\$30M)

## Vulnerable People

- Flexible, ongoing homelessness funding for cities and counties that clean up encampments near schools, parks and playgrounds and ban injection sites (\$736M)
- Investments in community behavioral health, triple the Governor's proposal (\$225M)
- Rate increases for providers of DD/LTC, behavioral health and primary care (\$430M)
- Additional funding for testing, PPE and infection control at DD/LTC facilities (\$120M)

## Small Businesses

- Replenishes UI fund to replace fraud losses & mitigate skyrocketing UI taxes (\$500M)
- Temporary B&O tax relief for restaurants and other hard-hit businesses (\$94M)
- Authorizes B&O, property tax and liquor fee deferrals for small businesses
- Boosts funding for the state's tourism marketing campaign (\$12M)

## All of Washington

- No new taxes on anyone or anything
- Additional funds for foundational public health without taxing health insurance (\$300M)
- Funds DNR's forest health management plan, reducing wildfires & pollution (\$260M)
- Maximizes production at state and tribal hatcheries to support fish populations (\$12M)

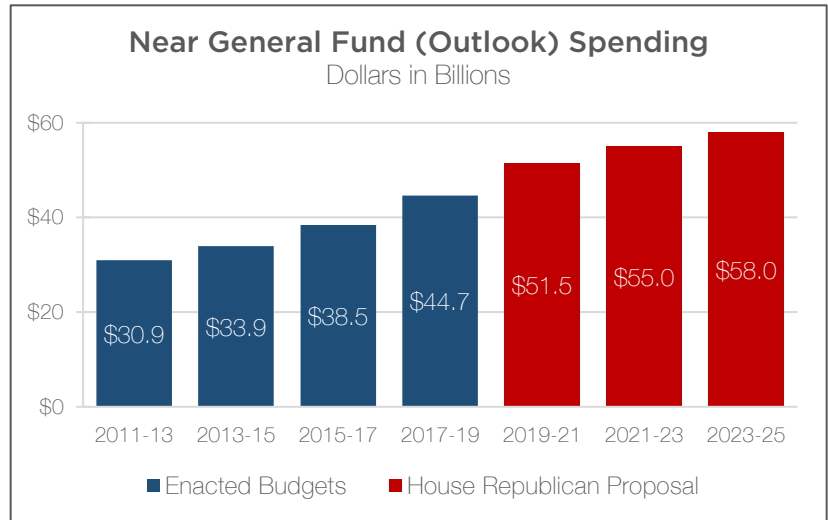
## Budget Structure

The House Republican budget does not include any new taxes and actually reduces taxes by \$445M. It includes roughly \$608M in fund transfers and other revenue assumptions.

It appropriates \$1.8B from the state's rainy-day fund to pay for a series of one-time, COVID-related expenses. The rainy-day fund is projected to quickly rebound, reaching \$1.1B by the end of FY25.

The budget proposes to grow state spending to \$55B (NGF-O) in 2021-23, breaking a cycle of unsustainable spending increases, which averaged 16% over the past three biennia. The plan includes \$6.7 billion (NGF-O and BSA) in new or additional policy investments (including homelessness funding booked as a revenue change) against \$6.2 billion (NGF-O) in savings, described in more detail below.

This budget leaves a four-year ending fund balance of \$768 million (NGF-O), bringing total reserves (NGF-O and BSA) to \$1.8B by the end of FY25.



## Savings, Efficiencies, and Rational Decision-Making

The House Republican budget includes \$6.2 billion (NGF-O) in savings items, many of which were recommended by state agencies as part of their budget evaluation exercise directed by the Governor in 2020. Examples include shifting certain services within DSHS to leverage more federal matching funds and recognizing temporary operational savings due to implementation delays. Importantly, this budget also includes legislative-driven savings focused on improving the effectiveness of state programs.

### Accounting Savings

Use federal dollars and dedicated accounts to pay for programs in order to maintain service levels while freeing up state funds (\$1.8B NGF-O)

### Agency Savings

Recognize budget reductions already implemented by agencies as well as historic underspends and project delays (\$1.4B NGF-O)

### Policy Savings

Capture savings by eliminating unnecessary bureaucracy, inefficient structures and programs that don't improve outcomes (\$3.0B NGF-O)

For too long, spending has equaled progress, leading to redundancies, inefficiencies and wastefulness in state programs. This budget includes legislative-driven savings policies identified as part of a zero-based budget review conducted over the past six months. These savings are used to fund other investments and avoid tax increases.

### Reduce unnecessary bureaucracy

- Cut large agency HQ by 10%
- Restores student-to-admin ratio to pre-recession levels

### Fix inefficient structures

- Merge pension systems into one adequately-funded plan
- Combine anti-tobacco and anti-marijuana campaigns

### Eliminate programs that aren't working

- Defund policies found to have negative cost-benefit ratio
- Cancel "Results Washington" after 9 years of no results

### Replace bad policies with better ones

- Rebase funding formulas if costs grow more slowly than expected
- Curtail financial aid to affluent and out-of-state students