

## Final 2018 Operating Budget Conference Report – Highlights

The House and Senate Democrats released the 2018 Supplemental [Operating Budget](#) Conference Report today. It is expected that the budget, which requires a “yes” or “no” vote (no amendments allowed) will pass both chambers tomorrow.

Overall the proposal includes the following spending changes to 2017-19 budget:

- \$44.434 Billion in expenditures;
- \$19.8 M from a budget stabilization account (BSA) transfer to fund fire suppression costs (requires 3/5 vote);
- \$.30 reduction in state property taxes in calendar year 2019 (see ESSB 6614 description below);
- Diverts \$700 M from the BSA by redirecting \$945 M in property tax revenue to the Education Legacy Account. (see ESSB 6614 description below);
- Does not assume tax increases;
- The projected ending fund balance at the end of 2017-19 is \$1.2 B and \$2.4 B in total reserves.

Here is a [summary](#) of some of the major spending items:

### K-12

- \$775.8M (\$970M four-year) to fully fund the *McCleary* Court decision for teacher salaries for the 2018-2019 school year;
- \$26.9M (\$97.2M four-year) for K-12 Special Education programs (the factor is adjusted from .9309 to .9609);
- \$4.4 M (\$16.3 M four-year) for adjustments to regionalization for salary allocations;
- (\$27 M) savings (\$102.9 M savings four-year) for delaying the implementation of professional learning days;

### Higher Education

- \$4.3 M for the WA Opportunity Scholarship;
- \$3 M (\$9M four-year) for computer science enrollments at the UW;
- \$18.5 M (\$116 M four-year) to phase in elimination of the State Need Grant wait list;

### Human Services

- \$9M (\$27.2M four-year) for a 6.8% increase in grant standards for TANF, state food assistance and refugee cash assistance programs;
- \$11M (\$33M four-year) assumed passage of HB 2437 authorizing a credit against state sales tax for affordable, supportive housing;
- \$1 M (\$3.3M four-year) assumed passage of HB 2444 providing a real estate excise tax exemption for qualified low-income housing development transfers.

### Public employee

- \$10.9 M (\$26.0 M four-year) for plan 1 retirement increase of 1.5%;
- \$1.3 M (\$14.5 M four-year) for a Consumer Directed Employer to become the legal employer of home health workers (passage of SB 6199);
- \$46 M (\$46 M four-year) for hospital compliance and operations as required by CMS;
- \$48 M (\$72.7 M four-year) to address operational costs for federal compliance at Western State Hospital;

### **Health Care**

- \$15M (\$44.1M four-year) for opioid abuse treatment and prevention programs;

### **Department of Natural Resources**

- \$380K for fire suppression and \$1.69M fire response capability;
- \$500K for forest health;
- (\$6M) savings for forest land management;
- \$125K for marbled murrelet alternatives and reports;

### **Other Spending Changes**

- Restores \$10 M sweep of Department of Financial Institutions accounts;
- \$300 K (\$900 K four-year) Global Wildlife funding;
- (\$11 M) revenue decrease (\$33 M four-year) for ESHB 2437 which authorizes a local sales tax credit against the state tax for affordable housing;

### **Major funding legislation:**

- ESSB 6614—the Legislature will provide a \$.30 reduction in state property taxes in calendar year 2019 resulting in a reduction of \$206 M in 2017-2019 and \$184 M in the 2019- 2021 biennium. This is based on the passage of ESSB 6614 which also redirects \$935 M of state property taxes collected in fiscal year 2019 to the education legacy trust account. This results in a reduction of the required transfer of extra ordinary revenue to the Budget Stabilization Account;
- Does not assume major tax increases, including the capital gains proposal.