



SENATE REPUBLICANS

PEOPLE BEFORE POLITICS

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‘Save Washington’ budget would fund shared priorities without raising taxes

Senate Republican approach is serious, smart, and makes government work better

OLYMPIA... [Senate Republicans](#) today unveiled proof that state lawmakers can adopt a new two-year operating budget that is better for education and protects the services people care about most, without increasing the tax burden on Washingtonians or touching the state’s rainy-day fund.

“The majority Democrats act like the choice is between catastrophic spending cuts or huge tax hikes – as though there’s no other way to deal with the multibillion-dollar shortfall in the budget. That simply is not true,” said [Sen. Chris Gildon](#), R-Puyallup, who is operating-budget leader for Senate Republicans.

“Tax increases are not inevitable, and our [Save Washington approach](#) confirms it.”

“With this, Senate Republicans have completely transformed the budget conversation here in Olympia,” said [Sen. Nikki Torres](#), R-Pasco, the assistant Senate Republican operating-budget leader.

“It’s the plan no one else thought was possible – but anyone who takes the time to look will see this is a serious and viable proposal.”

Due to years of overspending by majority Democrats, Gildon said, state government is about \$6.6 billion short of what's needed to continue providing services and programs at today's level. At the same time, the state expects an additional \$5 billion in tax revenue.

"Democrats here in Olympia talk about solving this shortfall in two ways – cuts, and taxes," said Torres. "This is the third way, and it focuses on the priorities all Washingtonians can support."

The \$75.6 billion budget represents a 5% increase in spending from the two-year budget that will expire June 30. State revenues are expected to grow 7.6%.

Gildon and Torres said the \$ave Washington approach works by applying basic family-budgeting principles on a much larger scale.

It would avoid about \$4 billion in anticipated spending by putting off the back-to-back pay raises for state employees and social-service providers that had been negotiated by the former governor.

Instead, each would get a \$5,000 bonus, which honors their contributions in a progressive manner while also recognizing the deals negotiated last summer are not financially feasible.

Another \$4 billion would be saved by prioritizing and repurposing surplus money from a major state-managed pension fund and a variety of smaller accounts.

Also, the Climate Commitment Act would become the primary support for the working families tax credit, which under the law is first in line for funding.

The remaining savings come from a collection of reforms and efficiencies that make government work better, the budget leaders said.

"This is not just a framework, it's a complete budget. We realize there's a risk in putting it on the table today, instead of waiting for the March 18 revenue forecast – but it's more important for the people we serve and our Democratic colleagues to have plenty of time to look at the details," said Gildon.

"The majority seems to have resigned itself to raising taxes, and increasing tuition, and draining the rainy-day fund. None of that has to happen. This shows the way," said Torres.

###

Highlights of the \$ave Washington budget include:

- For the first time in six years, K-12 would receive a larger share of the budget
- Hundreds of millions more for special education and classroom materials, compared to none in the new-taxes budget proposed by former governor Inslee.
- Preserves bonus for nationally recognized teachers, unlike the Inslee new-taxes budget
- Invests in effort to reduce chronic absenteeism
- Keeps college affordable by respecting historic tuition cap set in 2015
- 1,800 new higher-education slots for resident students

- Preserves and maintains services for seniors, people with developmental disabilities, and those needing behavioral-health treatment
- Freezes rates and eligibility threshold for state-subsidized childcare, but no one goes backward
- Policy change in \$ave Washington budget package would reduce regulatory burden on childcare providers, reducing their costs
- Funds the policy in SB 5060, supported by Governor Ferguson, which would make grants available to communities for hiring law-enforcement officers
- Reforms at Department of Children, Youth and Families would reduce administrative costs in favor of increasing front-line workers – “boots on the ground”
- Avoids Democratic proposal to open costly new prison wing for juvenile offenders in favor of sensible policy on safe operational capacity at facilities like Green Hill School
- Freezes fees for state parks and hunting and fishing licenses; Inslee new-taxes proposal would increase them significantly
- Exempts public-safety agencies and K-12 from across-the-board budget reductions; agencies that provide direct services must find 1.5% in savings, others must achieve 3%
- 10% reduction in middle management

2025-27 Omnibus Operating Budget

PSSB 5167 (Gildon)

Funds Subject to Outlook

(Dollars in Millions)

	FY 2025	2023-25	FY 2026	FY 2027	2025-27	FY 2028	FY 2029	2027-29
1. NGF-O Beginning Balance	4,884	5,287	2,040	42	2,040	1,115	327	1,115
2. Forecasted Revenues	33,719	66,390	34,981	36,450	71,431	37,765	39,080	76,845
a. Nov 2024 Revenue Forecast (NGF-O)	33,719	66,390	34,981	36,450	71,431	37,765	39,080	76,845
b. Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	325	724	1,049
c. Remove the 4.5% Additional Revenues Assumption	0	0	0	0	0	-325	-724	-1,049
3. Other Resource Changes	1,054	2,230	254	2,198	2,451	-253	-264	-517
a. Budget Driven Revenue	7	7	1	10	11	11	13	24
b. GF-S Transfer to BSA (1%)	-326	-639	-335	-349	-684	-361	-374	-735
c. Prior Period Adjustments	158	315	20	20	41	20	20	41
d. ACFR Adjustments	0	51	0	0	0	0	0	0
e. Revenue Legislation	0	0	2	2	5	3	3	6
f. Enacted Fund Transfers	811	2,093	0	0	0	0	0	0
g. Proposed WRPTA Transfer	0	0	0	0	0	0	0	0
h. Other Proposed Transfers	64	64	558	2,507	3,066	69	69	137
i. Tobacco Settlement	339	339	7	6	14	5	4	10
4. Total Revenues and Resources	39,657	73,907	37,275	38,689	75,922	38,627	39,143	77,443
5. Enacted Appropriations	37,275	71,945	34,670	37,275	71,945	37,680	38,096	75,776
6. Carryforward Level Adjustments	0	0	1,560	-1,081	479	-1,099	-1,117	-2,216
7. Maintenance Level Total	876	876	1,790	2,629	4,418	3,030	3,306	6,337
8. Policy Level Total	-70	-70	-404	-859	-1,263	-916	-908	-1,824
a. K-12 Education	0	0	-58	31	-26	48	53	101
b. Low Income Health Care & Comm Behavioral Health	48	48	-32	-104	-136	-132	-155	-286
c. Social & Health Services	-63	-63	-144	-184	-328	-205	-209	-414
d. Higher Education	0	0	-15	-34	-49	-56	-56	-112
e. Corrections	0	0	-15	-21	-36	-25	-25	-50
f. All Other	-55	-55	-300	-751	-1,051	-702	-806	-1,507
g. Debt Service	0	0	7	60	67	165	290	455
h. Compensation & Benefits	0	0	210	210	420	0	0	0
i. Pensions	0	0	-57	-67	-124	-10	0	-10
9. Reversions	-465	-884	-383	-390	-773	-396	-404	-800
10. Revised Appropriations	37,616	71,867	37,233	37,574	74,807	38,300	38,974	77,274
11. NGF-O Projected Ending Balance	2,040	2,040	42	1,115	1,115	327	170	170
12. Budget Stabilization Account								
a. Beginning Balance	971	652	1,253	1,627	1,253	2,025	2,440	2,025
b. GF-S Transfer to BSA (1%)	326	639	335	349	684	361	374	735
c. Appropriations from BSA	-78	-99	0	0	0	0	0	0
d. Actual Reversions	0	1	0	0	0	0	0	0
e. Prior Period Adjustments	0	0	0	0	0	0	0	0
f. Interest Earnings	35	59	39	49	88	54	65	120
13. BSA Ending Balance	1,253	1,253	1,627	2,025	2,025	2,440	2,879	2,879
14. Washington Rescue Plan Transition Account								
a. Beginning Balance	798	2,100	0	0	0	0	0	0

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	FY 2025	2023-25	FY 2026	FY 2027	2025-27	FY 2028	FY 2029	2027-29
b. Transfer Balance from WRPTA to GF-S	-798	-2,100	0	0	0	0	0	0
15. WRPTA Ending Balance	0	0	0	0	0	0	0	0
16. Total Reserves	3,294	3,294	1,669	3,140	3,140	2,767	3,049	3,049
17. % of Reserves to Revenues and Other Resources	9.5%		4.7%	8.1%		7.4%	7.9%	
a. NGF-O	5.9%		0.1%	2.9%		0.9%	0.4%	
b. Budget Stabilization Account	3.6%		4.6%	5.2%		6.5%	7.4%	
c. Washington Rescue Plan Transition Account	0.0%		0.0%	0.0%		0.0%	0.0%	

Note: This analysis was prepared by SWM staff for legislative deliberations of Senate members. It is not an official Outlook or an official state publication.



The Third Way Budget



Funding Our Shared Priorities Without Raising Taxes

Senator Chris Gildon

Ranking Member, Ways and Means Committee

Senator Nikki Torres

Assistant Ranking Member, Ways and Means Committee



Economic Facts



State tax revenue is growing

- \$5 billion more for 2025-27
- 7.6% increase from this biennium

Caseloads have flatlined or decreased

- K-12 enrollment still below 2019 levels
- 150,000 fewer Medicaid clients compared to 2024
- Prison population 4,000 lower than pre-pandemic levels

Non-partisan estimate of shortfall has declined

- Now \$6.6 billion compared to \$6.7 billion calculation from December



The Budget is a Moral Document Reflecting the Values of Our State

***Let's Look at Three Ways
to Solve the Shortfall***



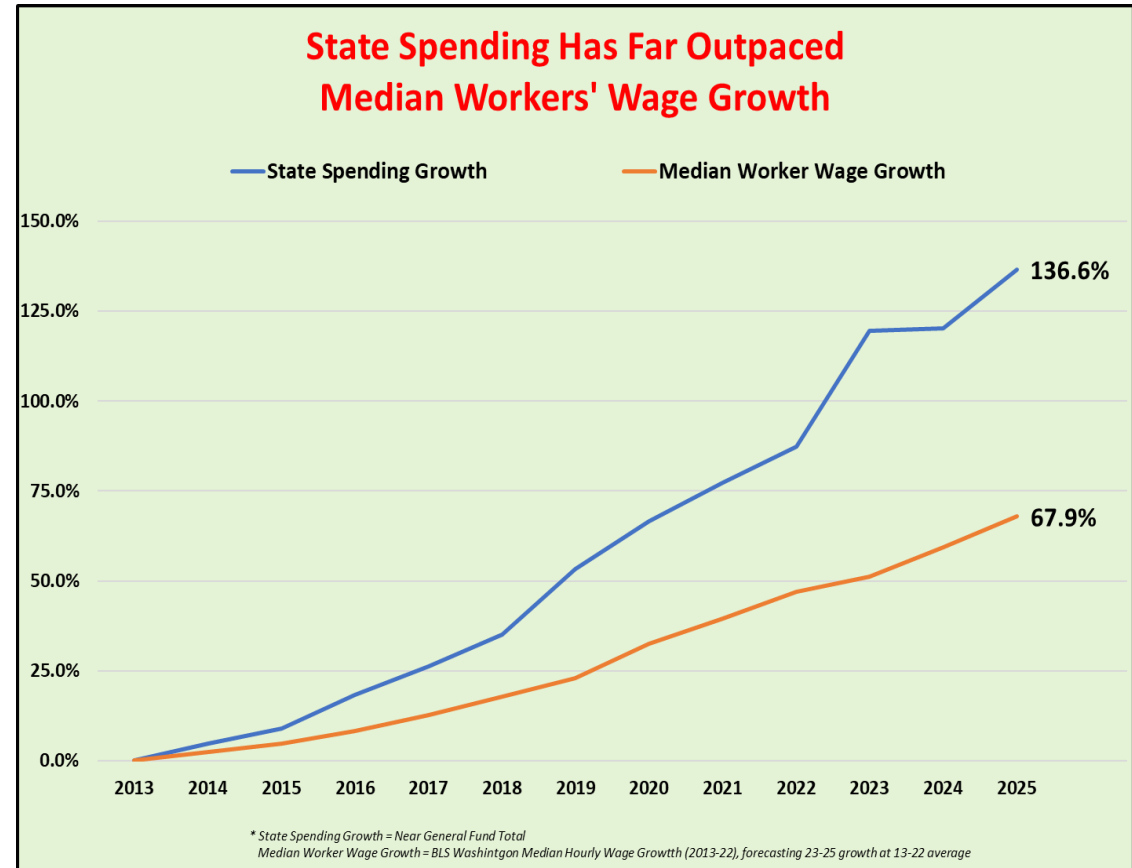
The First Way: New Taxes

Grow Spending Rapidly, Raise Taxes Substantially



Inslee *new-taxes* budget:

- \$79.5 billion (\$7.5 billion increase)
Would be ***fifth consecutive*** budget with double-digit percentage spending hike
- \$13 billion of ***new*** taxes over 4 years
- 500+ pieces of ***new*** policy spending
- 2,275 ***new*** state employees





The Second Way: Slash & Burn

Inslee "Book 1": An Unserious Proposal



- Inslee “No New Revenue” proposed eliminating:
 - Low-income maternity support & post-partum coverage
 - Hospice care
 - Pharmacy benefits
 - Children’s Health Care Coverage
 - Childcare programs for low-income families
 - Over \$1 billion in reductions to higher education
- ... while approving \$4 billion in ***pay raises and benefits***



Now... A Third Way



Create a balanced budget that funds our shared priorities without new taxes

Priorities all Washingtonians can support:

- 1. Fully fund our K-12 school system**, with a focus on achieving positive, objectively measurable outcomes.
- 2. Prioritize services and supports for our most vulnerable residents**, including children, seniors, and those in crisis.
- 3. Make government work better**: efficiencies and reforms to get better bang for taxpayer dollars.



The Proposal



- **Structure**

- Reasonable growth: \$75.6 B spending, **5% growth**
- Preserves “rainy-day” fund: Priority for Treasurer Pellicciotti
- Stays within forecasted revenues: Priority for Governor Ferguson

- **Results**

- After 6 years of decline, K-12 finally gets **larger** share of budget
 - Increases funding for paramount duty by \$2 billion
 - State per-pupil funding = \$15,811 per student
- Preserves and maintains services for WA’s most vulnerable residents



K-12 Education



Invest in Students, Honor Educators

*State Per Pupil Funding rises to \$15,811,
up roughly \$800 from current budget*

*\$2 billion
increase
from 2023-25*

Proposal	Inslee Tax Budget
44% share of budget	42% share of budget
No reduction to K-12 basic education	Eliminates National Board Bonus for Teachers
Increase to MSOC (Materials, Supplies, Operating Costs) and Special Education (\$200 million each over 4 years)	None

- Reform: Invest in addressing chronically absent students
- Efficiencies: Pare back OSPI grants and cap growth in Transition to Kindergarten program



Higher Education



Maintain Affordability, Increase Access

Proposal	Inslee Tax Budget
1,800 new slots for resident undergrads	No New Slots
'Right-sizes' financial aid for career students (<i>eligibility through 125% of credits needed to graduate, not the 150% passed in 2024</i>)	No Reform

- Affordability: Maintains statutory tuition limit, unlike recent proposal by Senate Democrats (SB 5785) that would raise tuition by \$700 annually for families
- Efficiencies: Evergreen State College funded at per pupil average of other regional colleges, rather than \$10,000 per pupil higher



Prioritizing our Most Vulnerable



- Overarching priority is to **preserve and maintain services**
- We accomplish this by forgoing proposed spending increases
 - Saves \$1.7 billion by holding off on “layaway” items (new policies yet to take effect)
 - Saves \$1.1 billion by not approving pay increases for social-service providers*

**Most providers have seen rate increases of 30-50% over past 4 years*



People with Developmental Disabilities



Preserve & Maintain Services

Proposal	Inslee Budget
No loss of hours/eligibility for families and loved ones receiving services	Same
Keeps Yakima Valley School open for respite and certified nursing care	Would have paid <i>more</i> to close Yakima Valley School

- Reform: Closes Rainier School, saving \$35 million over 4 years; its 60 clients (down from 330 a decade ago) to be served in community, with enhanced supports



Senior Citizens

Preserve & Maintain Services



Proposal	Inslee Budget
No reduction to hours or eligibility	Same
Backfills loss of federal funds for Meals on Wheels	Same

- Efficiency:
 - Dial back DSHS indirect charges (\$24 million in savings / 4 years)



Behavioral Health & Drug Addiction



Preserve & Maintain Services

Proposal	Inslee Budget
No reduction to hours or eligibility	Same
More funding for drug treatment, less for “harm reduction”	No

Efficiency:

- Aligns civil commitment beds with projected occupancy (saves \$77 million / 4 years)



Health Care

Preserve Services, Eliminate Unnecessary Expenses



Proposal	Inslee Tax Budget
No reduction to service or eligibility	Same
Stop paying Medicaid premiums for people who live outside Washington	No
Actuarially allowed 1.5% rate adjustment for funding of Managed Care Organizations (saves \$90 million)	No
Move to fee-for-service delivery model for undocumented adults, and those in Aged, Blind, Disabled program (save \$310 million)	Partly
No	Reduce hospital reimbursements



Childcare & ECEAP

Preserve & Maintain Services



Proposal	Inslee Tax Budget
Freezes childcare rates after 4 years of growth (state-funded increases have averaged 64%)	Funds 28% rate increase at a cost of \$909 million
Freezes income threshold for subsidized childcare at \$80,000 for family of 4, rather than raising it to \$100,000	Same
Forgoes ECEAP becoming entitlement	Delays entitlement by 4 years

- Efficiency: **Saves \$1.5 billion** by maintaining existing policies and rates
- Reform:
 - WA ranks 38th worst in US for regulatory burden on childcare providers, driving up costs and driving out providers. The \$ave Washington budget assumes passage of SB 5416, to reduce state regulatory barriers and lower providers' cost of doing business.



Welfare & Economic Services

Ripe for Reform



Proposal	Inslee Tax Budget
Restores accountability for people receiving public assistance, disqualified those who repeatedly fail to comply (saves \$76 million)	No
12-month freeze on enrollment in state-only immigrant welfare programs, following sizable growth (saves \$190 million)	No
Forgo new policies yet to take effect (saves \$210 million)	No



Public Safety

Small Investments, Big Payoff



Proposal	Inslee Budget
Grants to increase law-enforcement hiring (SB 5060: \$100 million per biennia, ongoing)	No, but Gov. Ferguson priority
Address state toxicology lab backlog (\$5 million)	No, but Gov. Ferguson priority
Loan repayment, public defenders & prosecutors (\$5 million)	No
Continue electronic notification technology for domestic-violence victims (Tiffany Hill Act, \$2 million)	No
Body scanners at Monroe & Walla Walla penitentiaries (\$12 million)	No



Corrections & JRA

A Better Approach



Proposal	Inslee Tax Budget
JRA: Policy bill (SB 5278) to set safe operational capacity; if exceeded, offenders with sentences past age 25 are sent to adult prison (<i>no</i> budget cost)	JRA: Spend \$60 million over 4 years to open 48-bed unit at Stafford Creek
<u>Corrections:</u> Close underutilized state facilities	
(a) Prison: close women's prison near Belfair, consolidate with Purdy women's prison (saves \$40 million)	Yes
(b) Work Release Centers: system at 46% occupancy due to effect of Blake ruling; close 6 centers (saves \$70 million)	Closed 3 centers

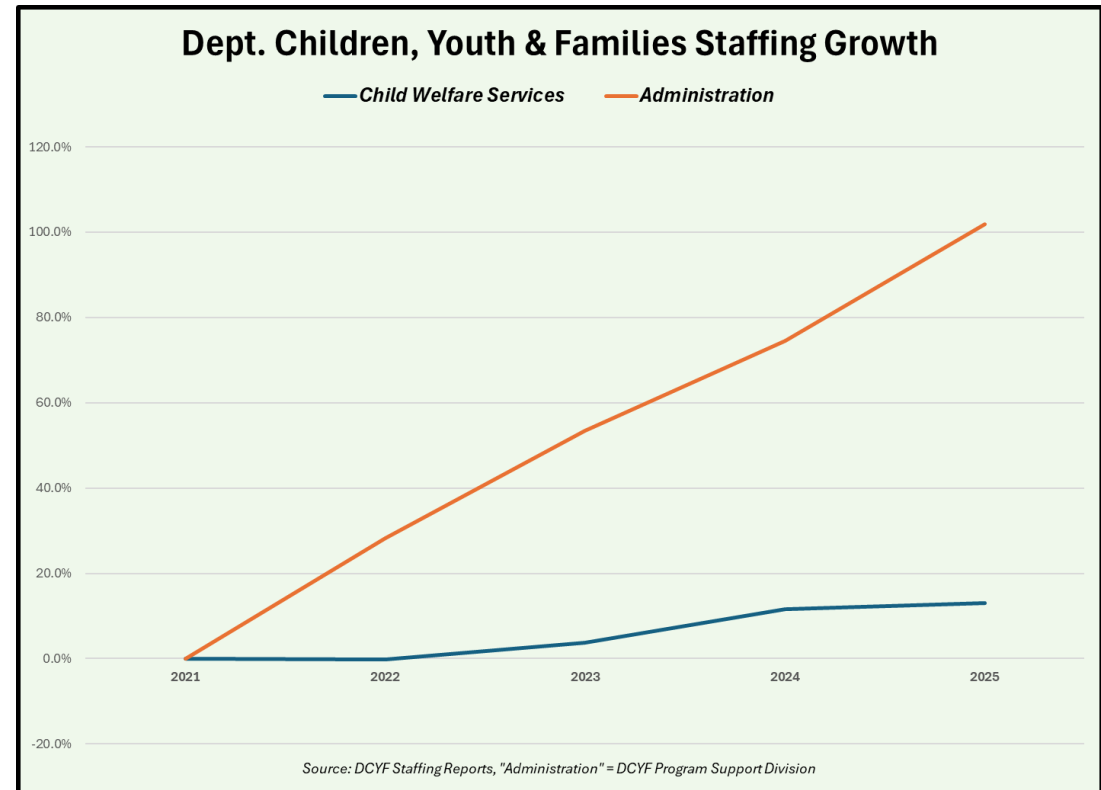


DCYF Child Protective Services

Increase safety for our most vulnerable children



- Proposes reducing DCYF ***administrative*** staff, which has doubled in 5 years
- Repurposes savings toward hiring 125 ***more front-line staff*** for Child Protective Services





Natural Resources

Maintain Public Access & Participation



Proposal	Inslee Tax Budget
Maintains existing state park fees	Yes, but SB 5390 proposes to raise fees by 50%. Fiscal note projects higher fees will cause 15% decline in public use of state parks.
Maintains existing hunting & fishing license fees	Yes, but SB 5583 proposes to raise fees by 38%. Fiscal note projects higher fees will cause 11% decline in fishing & hunting licenses sold.

- Prioritize Existing Resources:
 - Help families afford higher cost of living caused by Climate Commitment Act by using CCA to fund the Working Families Tax Credit rather than general fund (saving \$560 million over 4 years). RCW 70A.65.260 (CCA) explicitly provides for this use.



State Employees

A More Rational Proposal



Proposal	Inslee Tax Budget
<u>\$5,000 bonus for employees</u> (costs \$420 million)	Fund pay raises negotiated by former governor
Increases share of health-care insurance premium paid by PEBB & SEBB members -- Going to 20%, from 15%, but still below national average for public & private sector	No Maintaining 15% share would cost <u>over \$1 billion over 4 years</u>
No	12 furlough days per year, for 2 years (Gov. Ferguson)



Tightening the State's Belt

Following Gov. Ferguson's Lead



Proposal
<p>Legislative Branch: 6% reduction <i>Lead by Example</i></p> <p><i>Require 3% of executive branch agencies without direct client caseloads (ex./ Office of Governor, Lt. Governor, Sec. of State, Ecology)</i></p>
<p>Higher Education: 1.5% reduction</p> <p><i>Directed to prioritize savings in travel, personal service contracts, and goods & service purchases</i></p>
<p>K-12, Public Safety, and Social Service Agencies: Exempt</p>
<p>Reduces middle management by 10% (\$195 million savings over 4 years)</p>



Better Prioritize Existing Resources

Before turning to taxes, use existing assets



Proposal	Inslee Tax Budget
Repurposes part of surplus from pension fund closed to enrollment since 1977 (\$2.5 billion)	Yes, although it spends half of surplus <i>into another pension plan</i> Senate Democrats (SB 5085) would spend nearly all of surplus on <i>new benefit for retirees</i>
Look at surpluses in accounts outside of general fund (\$850 million)	Largely same
Pays for Working Families Tax Credit through Climate Commitment Act, as authorized by CCA (\$560 million savings to general fund)	No
Tobacco Settlement (\$360 million)	No, but in Gov. Ferguson proposal



The Third Way

It's Not Magic . . . It's Restraint



- **Forgoes Proposed Increases: \$5.8 billion**
 - Do not fund state employee pay raises: \$3 billion
 - Do not fund social service pay increases: \$1.1 billion
 - Forgo “layaway” policies yet to take effect: \$1.7 billion
- **Prioritizes Existing Resources: \$4.3 billion**
 - Pension plan (LEOFF) surplus, Climate Commitment Act, Tobacco Settlement, and surpluses outside General Fund
- **Efficiencies & Reforms: \$3.9 billion**
 - Smarter Way of Doing Government



Summary

Funding our shared priorities without new taxes



- **Affordable:**
 - *Reasonable 5% budget growth*
 - *Does not increase tax burden on Washingtonians*
- **Reflects Priorities of Washingtonians:**
 - *K-12: \$2 billion increase, larger share of budget*
 - *Preserves services and supports for most vulnerable*
 - *Replete with efficiencies & reforms people expect*



Questions

Contact Information

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New & Higher Taxes: The People Aren't Buying It

[Results are from a Jan. 2025 poll conducted by EMC research.](#)

Key Findings

- The people of Washington are more pessimistic than optimistic about the budget and the deficit. They are concerned about the economy and the availability of good-paying jobs.
- However, they are optimistic about the future of Washington.
- People are more likely to say the deficit is due to the state legislature failing to control spending rather than a result of inflation, increased demand, population growth, etc.
- People overwhelmingly believe they will be the ones to bear the cost of any increased spending.
- Nearly two-thirds believe Washington will lose good-paying jobs as a result of increased spending.
- Fewer than one-fourth think past state spending has improved our quality of life and don't think new spending will be any different.
- Opposition to increased spending only grows after hearing the messaging from both sides.

Statistics

General Mood

- 54% think things in Washington have seriously gone off on the wrong track. Only 41% think we are moving in the right direction.
- 71% are concerned about the economy and the availability of good-paying jobs.
- 53% are optimistic about Washington's future.
- 70% are proud to call themselves Washingtonians.

About the Legislature

- 76% think the State Legislature has enough money to address important priorities and that they just need to spend it more effectively.
- 65% do NOT trust the Legislature to spend their tax dollars wisely.
- 70% do NOT trust the Legislature to make sure the tax dollars it spends create meaningful progress on things like homelessness and affordable housing.
- 74% do NOT trust that the State Legislature has an effective plan to address critical issues like homelessness, housing affordability, public safety and education.



About the Deficit

- Before hearing any messaging, 59% believe the budget deficit is due to the Legislature's failure to control spending.
- After hearing the messaging from both sides, the percentage of people who think the Legislature's uncontrolled spending is to blame raises to 62%.

State Worker Salaries

By a 20-point margin, Washingtonians oppose raising taxes by \$2 billion per year to fund a salary increase for state employees.

Strongly oppose = 39% (compared to 17% who strongly support)
Oppose = 59% (compared to 40% who support)

Quality of Life

- 54% of Washington state voters think it has had little to no impact at all.
- 77% rank the impact at less than 50 on a 100-point scale.

Increasing Spending & Potential Consequences

- 56% of Washington voters think it is a bad idea for the Legislature to dramatically increase state spending to fund "important state programs that help address homelessness, create more affordable housing, improve education, and provide affordable health care for Washingtonians." (42% think it's a good idea.)
- 52% think it is unlikely these investments will help with critical programs, such as childcare, job training and placement, public education, services for seniors, and affordable health care.
- 63% think it is likely that Washington will lose good-paying jobs because employers will be less likely to expand in Washington state.
- 83% say it's likely companies will pass the billions per year in new taxes on to customers, resulting in an even higher cost of living in Washington.



Effectiveness of Opposition Messaging

- The cost of higher taxes on businesses/employers will get passed on to consumers and raise the cost of living. **77% convincing**
- State spending has more than doubled over the past 12 years. Spending on housing has increased tenfold, yet Washington ranks last on affordable housing and homelessness has increased by 88% in the past 10 years. Stop throwing money at every problem and hold the Legislature accountable for delivering meaningful, measurable results. **75% convincing**
- Constantly making it more expensive for employers to do business here will push businesses to leave or expand elsewhere, costing our state current and future family-wage jobs. **71% convincing**
- After Seattle implemented its payroll tax, more than 25,000 jobs left the area, costing Seattle hundreds of millions in revenue and economic activity. Seattle currently has a 30% vacancy rate in commercial buildings, compared to only 10% in Bellevue. When governments make things more expensive, businesses close or move and take jobs with them. **71% convincing**
- The budget has grown over 50% faster than the increase in population and inflation. The Legislature has a spending problem, and it is past time they fix it. **71% convincing**
- Even though supporters say Democrat taxes will only affect Washington's most profitable businesses, with a \$12 billion deficit and a huge list of news spending ideas, legislators won't be able to resist expanding the scope of their taxes like they always do. **65% convincing**

No more than 52% of the people think the pro-spending, pro-tax messaging is convincing after they heard it.

