

# Affordability First:

## *A Budget for the Working Class*

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A No New Taxes Plan for Stability, Accountability, and Real Priorities



**By Rep. Travis Couture**

*Ranking Member on the House Appropriations Committee*

WASHINGTON HOUSE REPUBLICAN CAUCUS

## **Foreword from Rep. Couture**

For years, Washington families have watched their grocery bills rise, housing costs get more expensive, and state government grow larger without delivering better results. When state lawmakers arrived in Olympia for the 2025 session, we were told this year would be different. We were told the Democrat majority understood the moment. We were told they were ready to make hard choices.

They weren't.

Despite a self-inflicted multi-billion-dollar deficit — built on a decade of runaway spending — Democrats expanded government again, raised your taxes again, and pushed even more obligations into the future. The result is a budget that costs more, delivers less, and leaves Washingtonians holding the bag.

What made the last session especially disappointing wasn't just the decisions, but the disconnect. Publicly, Democrats warned about the harm federal Medicaid reforms would cause. Privately, they passed over \$782 million in state Medicaid cuts — and rejected a Republican amendment to restore the funding. They talked passionately about protecting the vulnerable, but cut programs for foster youth, drug-addicted babies, single moms on the edge of poverty, the aged, blind, and disabled, diaper banks, and wildfire prevention while finding money for pay increases and more bureaucracy.

Democrats spoke about “hard decisions” while relying on one-time cash raids, accounting maneuvers, and shifting costs onto future legislatures and taxpayers. They talked about “shared sacrifice,” then gave themselves pay raises while perpetrating the largest cut to healthcare access for low-income families in state history.

Leadership requires honesty. Leadership requires discipline. Leadership requires doing the right thing even when it's politically inconvenient. By those standards, the 2025–27 operating budget wasn't leadership — it was negligence.

Washington deserves better.

This framework is not a Republican wish list. It is a blueprint for responsible governance by reasonable people — one that restores stability, prioritizes core services, and puts families before bureaucracy. It balances compassion and discipline. It acknowledges that budgets are about values, and what we fund — and refuse to fund — says who we are.

We cannot change the decisions already made. But we can change the direction of this state. This document is our offer to do exactly that.



**Rep. Travis Couture**

Ranking Member, House Appropriations Committee



## Problem Statement

Upon returning to the Capitol for the 2026 session, this Legislature will once again face a significant \$4.3 billion deficit. This deficit recurrence was entirely foreseeable, a problem that started long before the 2025 legislative session, and was certainly not created by recent congressional action, despite the Democrat majority's rhetoric to the contrary.

To fully understand the problems this framework is attempting to solve, it is important to identify the four most critical missteps of recent past budgets:

1. Four consecutive biennial budgets in a row in which spending was higher than anticipated tax revenues:

- 2019-21: Spent \$1.9 billion more than revenue projections.
- 2021-23: Spent \$2.6 billion more than revenue projections.
- 2023-25: Spent \$4.1 billion more than revenue projections.
- 2025-27: Spent \$3.4 billion more than revenue projections.

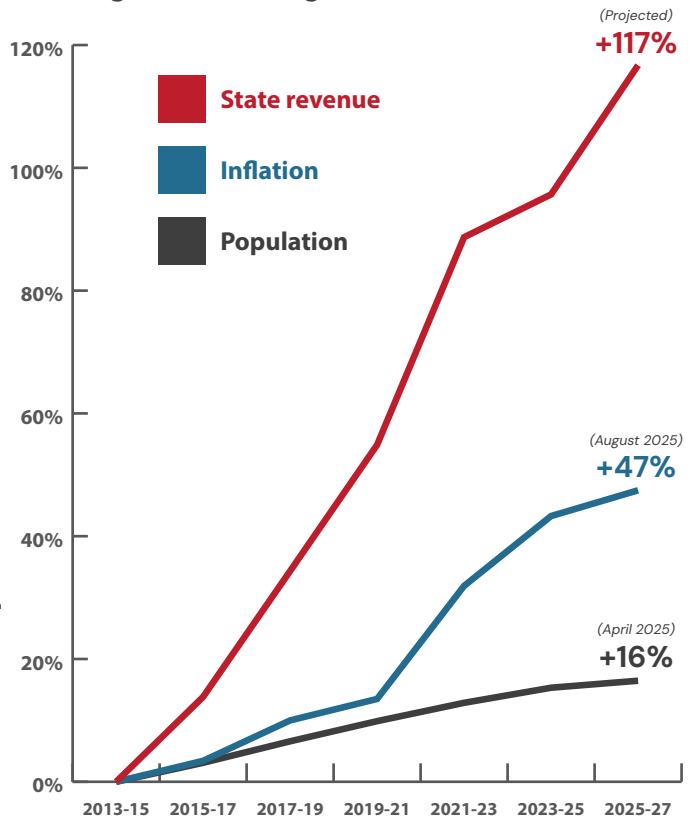
2. Assuming higher revenues than those forecasted by the state economist and the Economic and Revenue Forecast Council.

- The 2023-25 operating budget assumed revenue growth of 4.5% per year over the biennium, while actual revenue collections averaged 1.85% growth per year, resulting in billions of “phantom” tax dollars being appropriated that never were collected. The practice of appropriating tax dollars based on unrealistic and unscientific revenue growth projections is a negligent practice that has contributed greatly to operating budget deficits.

3. Delaying policies and pushing costs into future biennia.

- The Fair Start for Kids Act: State-funded pre-K expansions (ECEAP) and childcare expansions (WCCC) were passed in 2021, delayed until 2026, then once again delayed until 2029 this past session to push these off the balance sheet.

Changes to Washington state revenue and inflation



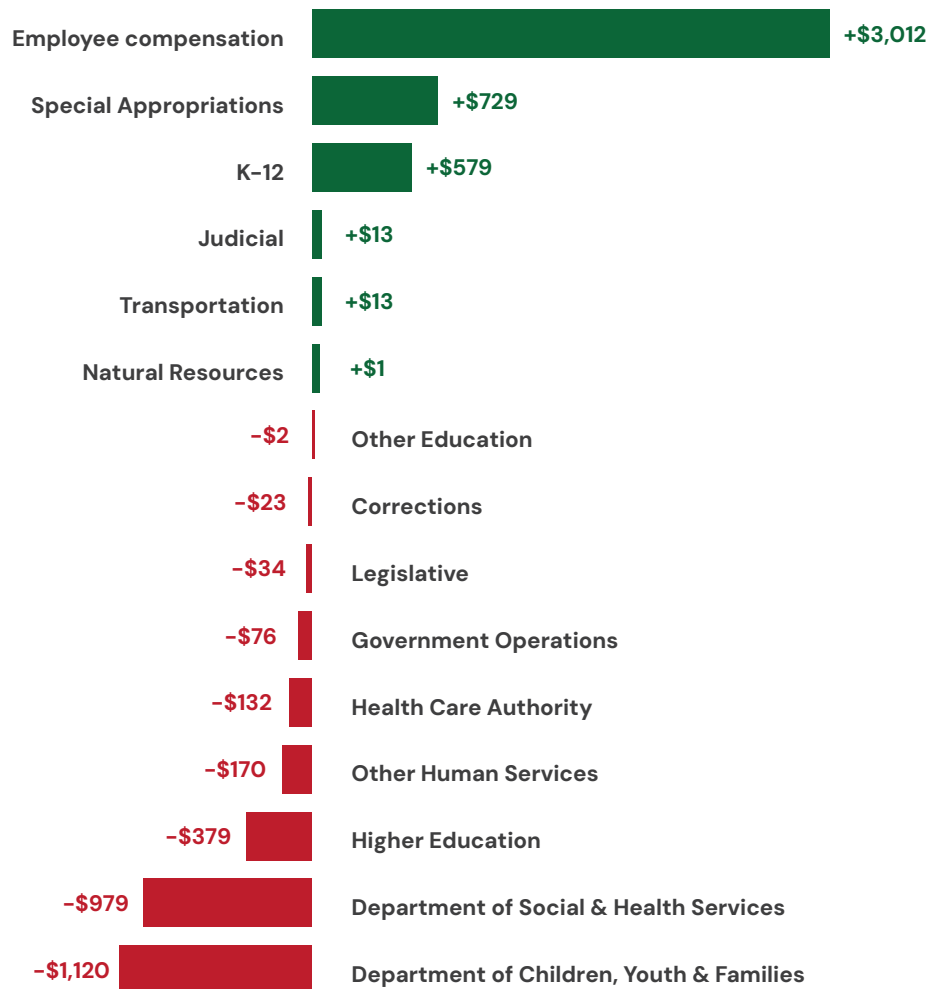
- Unfunded pension liabilities and benefit enhancements will go unfunded until 2029, resulting in increased liability and costs.
- The state's Self-Insurance Liability Account, an account used to pay for legal settlement costs against the state, is projected to run over a \$1 billion deficit by 2027 and almost \$2 billion by 2029. The ruling party took no action to address this in the 2025-27 budget.

4. Utilizing one-time funds for ongoing expenses.

- To balance, the 2025-27 operating budget relied on raiding over 40 dedicated accounts, including transportation budget accounts, to the tune of over \$1.2 billion.
- Between 2021 and 2023, \$2.3 billion from the state's Budget Stabilization Account (the “rainy day fund”) was utilized to create new and ongoing state programs.

Any of these practices individually creates budget instability. When committed together for extended periods, these practices have led our state to an entirely predictable place. **No amount of additional tax revenue will solve this problem.** If Olympia is going to have a serious conversation about creating sustainable budgets that serve the best interests of Washingtonians, we must address these poor practices.

**Net changes to policy-level state spending**  
2025-27 budget, dollars in millions



### Framework Description

This framework is not a rewrite of the 2025-27 operating budget, nor does it include overtly partisan priorities. Instead, this framework empowers the Legislature and the governor to stabilize and prioritize short-term spending, without raising taxes, and to manage long-term growth sustainably.

In summary, **this framework proposes \$3.7 billion in reductions, efficiencies, and program eliminations over the outlook period.** None of these reductions result in reduced benefits or impact service delivery for Washington state citizens, nor do they remove a dollar from our K-12 classrooms. Additionally, this framework proposes \$240 million to fund critical programs that went unfunded or underfunded in the 2025-27 operating budget and to address anticipated impacts to Washington from recent federal legislative action.

### This framework is built upon four major priorities:

1. Common-sense budget reform to ensure sustainable state budgets without new taxes.
2. Restoring Medicaid funding and ensuring Washingtonians retain their healthcare coverage.
3. Protecting our most vulnerable from loss of food assistance benefits.
4. Reducing wasteful spending and alleviating the damage done in the 2025-27 operating budget.



**Common-Sense Budget Reform**

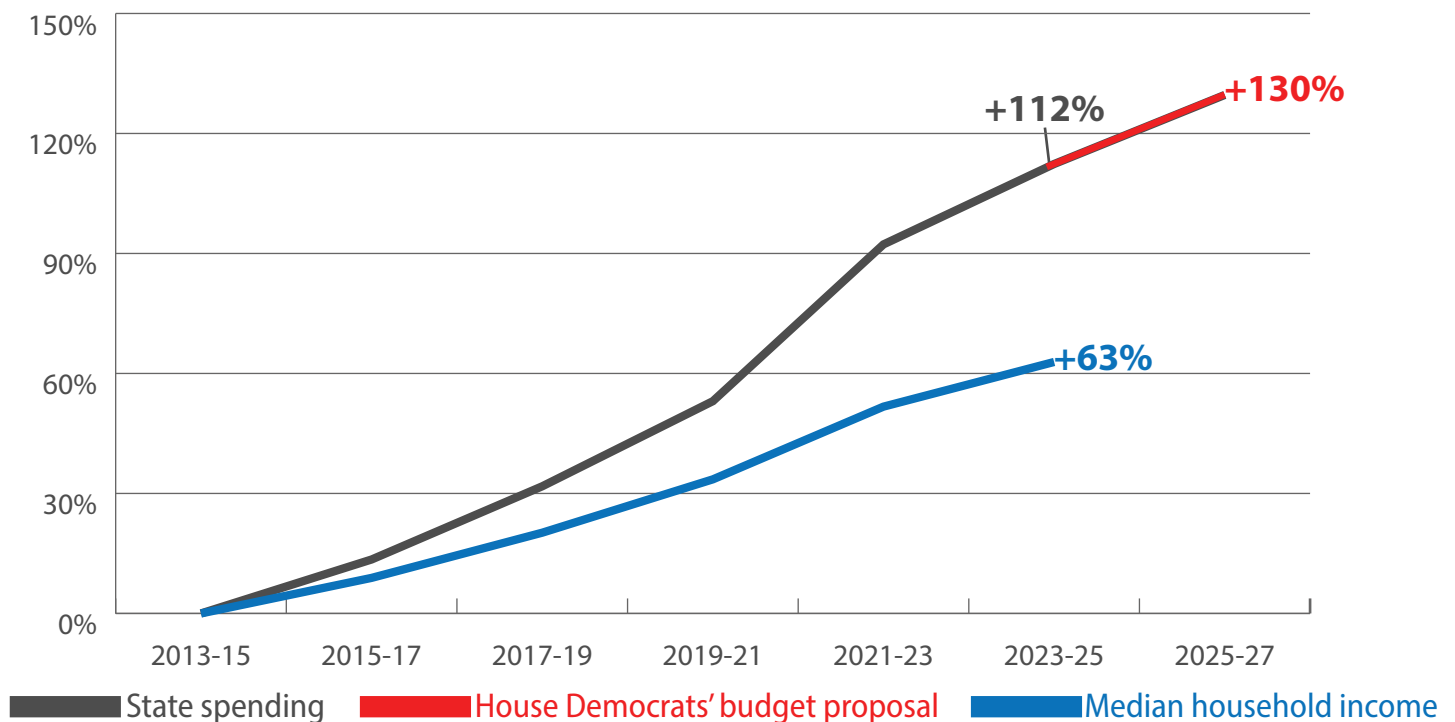
Since the 2013-15 biennium, the size of the Washington state operating budget has grown by 130%. Meanwhile, median household incomes have only grown by an estimated 60% over that same timeframe. Despite this disparity, Washington state has little to show for the significant increases in spending. K-12 test scores have been in free fall since 2017, crime rates are near all-time highs, and purchasing the median priced home remains completely unattainable for the vast majority of Washingtonians. The problem is crystal clear: Budget growth, without prioritized spending, has resulted in worse outcomes and a lower quality of life for Washingtonians.

The cornerstone of this framework includes two significant budget reforms to address unsustainable budget growth and the lack of spending prioritization in this biennium and in all future biennia.

1. Restore spending limits and focus on sustainable tax relief with no new taxes.

Expenditure limits are hardly a new idea. Many other states, including Oregon and Colorado, utilize expenditure limits to sustainably grow their budgets and prevent unnecessary spending. In Washington, I-601 (1993) was passed by voters and served as the primary protection against runaway budgets for several decades. I-601 primarily restricted excessive budget growth through placing expenditure limits on general fund expenditures. The impetus for such a restriction is familiar: operating budget growth between 1983 and 1993 was 140%, a level similar to the growth in current state budgets that Washingtonians have experienced since 2013.

Changes in Washington state spending versus median household income



**This framework proposes an expenditure limit to streamline and enhance the protections established by I-601.**

In addition to imposing near-general-fund expenditure limits tied to inflation and population growth, this proposal would require that tax revenues in excess of the expenditure limit be deposited into the newly created “Tax Relief Account.” This would serve as a constitutionally protected account used solely to provide broad-based tax relief to all Washington citizens and businesses. Colorado, through its Taxpayer Bill of Rights, provides similar protections for taxpayers.

If implemented in the 2013-15 biennium, **we estimate this proposal would have provided at least \$15 billion in cumulative tax relief** to Washingtonians. Alternatively, this budget reform can be viewed as a safeguard against the Legislature raising taxes to fund non-priority spending.

This proposal ensures that when Washington state succeeds, so do the citizens who contribute so greatly to that success.

**2. Requiring accountable spending and state program reviews.**

The weeds of state budget development may not often be discussed, but it is critical to understand how the Washington state budget can grow so rapidly.

By and large, state programs are funded on a carry-forward basis, with little, if any, scrutiny of the efficacy or results of ongoing programs. The funding of these state programs remains largely invisible throughout the budget development process, making it difficult for legislators and the public to understand precisely what is being funded within agencies' base budgets. The legislative spending spree of the past decade is largely hidden within these agency budgets. Without proper visibility or performance requirements, they will continue to be a drain on both state coffers and taxpayer wallets.

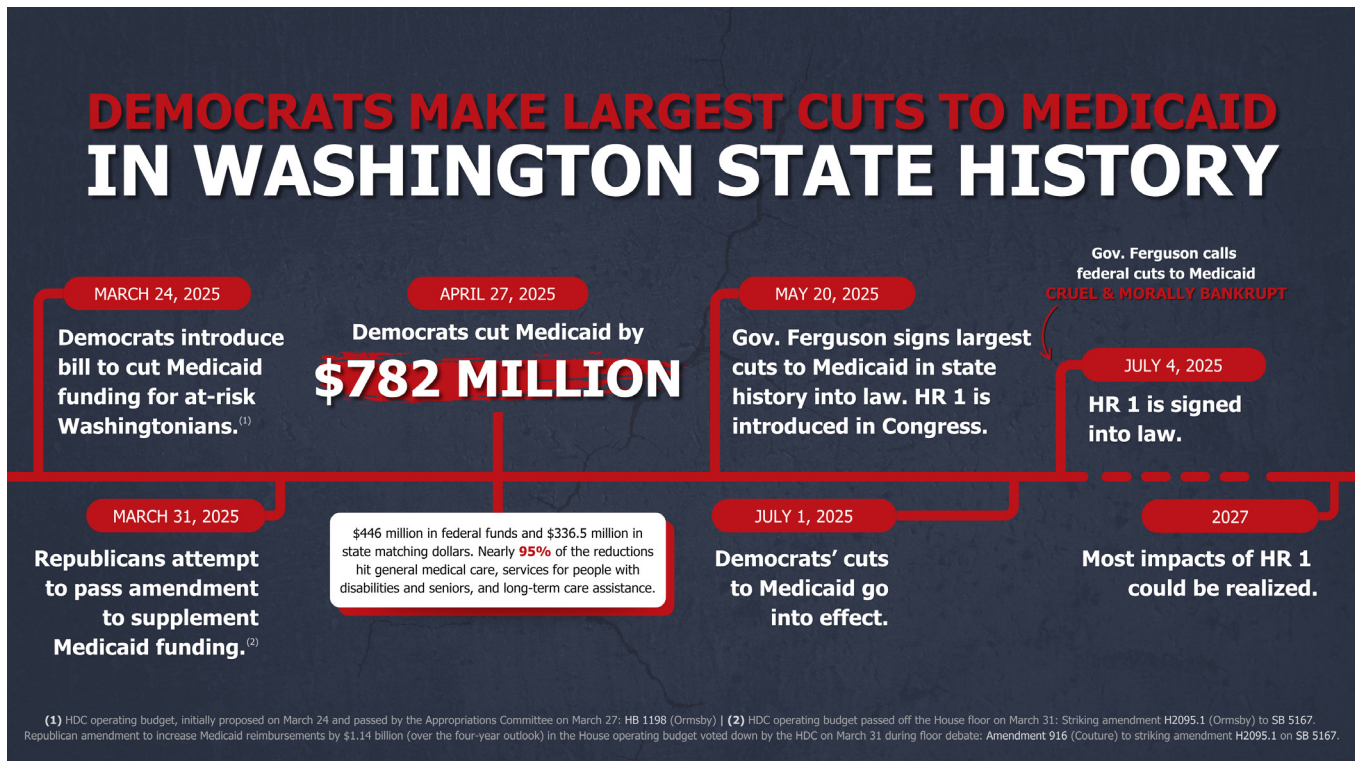
**This framework proposes adopting a zero-based budgeting approach, which Gov. Ferguson endorsed in his 2025-27 operating budget priorities framework to identify unnecessary spending.**

This proposal seeks a programmatic review of 20% of the state budget each biennium, effectively requiring each agency to account for every dollar spent on every program and to justify the continuance of programs to the public before receiving state funding. This serves two primary purposes. First, it will result in savings exceeding \$1 billion each biennium by eliminating defunct, outdated, underperforming, or underutilized programs from the budget. Second, it will allow the Legislature to reprioritize these funds toward critical state services, such as K-12 education, medical assistance, and mental health services. This dual benefit will be crucial to ensuring our leadership uses taxpayer funds as effectively as possible before resorting to new tax revenues.



## Restoring Medicaid Funding and Ensuring Eligible Washingtonians Remain Covered

Legislation recently passed by Congress made significant changes to many programs, none more notable than Medicaid. The imposition of work requirements, twice-yearly eligibility redeterminations, and other changes affecting only able-bodied adults with no dependents are sensible measures to ensure program integrity and fiscal balance. These practical approaches are very different from the \$782 million in Medicaid service reductions made by the ruling party in Olympia within the 2025-27 operating budget. These reductions impacted all Medicaid recipients and providers, not just able-bodied adults, and were unanimously opposed by House Republicans. Despite also using Medicaid as a cost-saving measure, the governor and Democrats have repeatedly criticized actions taken at the federal level. The hypocrisy could not be more palpable. Given the chance to bolster Medicaid funding through a budget amendment sponsored by House Republicans, the ruling party voted down an additional \$1.1 billion investment in higher-quality, greater access to care, paid for by eliminating non-priority programs.



**This framework proposes reversing the damage this Legislature has done to our healthcare system to ensure quality of care and access for Washington families. Additionally, this framework proposes funding additional resources necessary to ensure that our vulnerable populations retain Medicaid coverage.**

- Streamlining Apple Health redetermination and work requirements to ensure access to coverage.



Estimates indicate that over 200,000 Washingtonians, who are otherwise meeting all Medicaid qualifications including the newly instated work requirements, may be at risk of losing Medicaid coverage solely due to issues related to a shift to twice annual eligibility redeterminations. While we appreciate the intent of federal policy to ensure those only truly in need have access to Medicaid services, we also recognize the state must step up to the plate to ensure this change in policy is not creating additional barriers to coverage for eligible individuals. This framework proposes including additional funding for redetermination systems updates and new Apple Health redetermination navigators, both of which are intended to streamline redetermination through more expedient, individualized support. This funding would be in addition to funding requested by the Health Care Authority to ensure compliance with congressional Medicaid changes.

Additionally, this proposal would require closer coordination between the Health Care authority and the Employment Security Department to encourage that individuals denied coverage due to not meeting the work requirements are positioned to meet these requirements in a short time frame.

- Repealing reference-based pricing.

SB 5083 placed limits on reimbursements for inpatient and outpatient services for public employees covered by PEBB and SEBB, resulting in significant healthcare cost savings for Washington state.

However, by limiting reimbursements for public employees' healthcare services to potentially below the cost of providing services, this policy forces healthcare providers to subsidize state employee healthcare costs by increasing rates for all private payers or by risking solvency. Estimates indicated an increase of up to \$1,400 per family per year in insurance premiums due to this policy.



- Doubling funding for distressed hospital grants.

Washington Medicaid reimbursement rates are among the lowest in the nation. For hospitals that serve a disproportionate share of Medicaid clients, often rural hospitals, this presents significant fiscal challenges. Our current safety net program, including the related distressed hospital grants, serves as a lifeline for these hospitals by providing additional funding to cover the cost of serving Medicaid clients. Further funding will help ensure that all distressed hospitals have access to the grant program and can rely on these funds. **TOTAL COST: \$65 million in FY 27**



### **Protecting our Most Vulnerable from Losing Food Assistance**

House Republicans recognize the essential role that Basic Food benefits provide to low-income families in Washington. The elements of H.R. 1 related to SNAP benefits, while well-intentioned, affected populations we believe are more vulnerable than others. The government shutdown underscored how critical Basic Food benefits are as a lifeline for many families across our great state. We agree that able-bodied working-age adults who cannot meet the 80-hour-per-month work requirement should not receive these benefits. Still, we must also recognize that certain senior, veteran, foster care, and child populations may be entirely unable to put food on the table, without fault of their own.

**This framework includes a proposal to expand access to the state-funded Basic Food look-alike program for the populations we anticipate will lose access to Basic Food benefits beginning in 2026.** These populations would still be required to meet all other Basic Food benefit qualification requirements:

- Veterans
- Foster children
- Children aged 14-17
- Seniors aged 55-64
- Homeless individuals



**TOTAL COST: \$34 million in FY 27**

### **Reducing wasteful spending, creating additional efficiencies, and alleviating the damage done in the 2025-27 operating budget**

Despite the rhetoric surrounding the “difficult decisions” made within the 2025-27 operating budget, for every \$0.75 saved, the ruling party spent a new dollar. Most Washington households would not call that a reduction, but in Olympia it is considered a savings. To be sure, the ruling party can be credited with eliminating \$1.1 billion in program costs and another \$665 million in government efficiencies and other reductions. The remaining savings came from program delays, cost-shifting program expenses to different accounts, and various gimmicks. In short, much of what the Democrats calls "cuts" will reappear on the state's balance sheet over the next several years, creating perpetual deficits until difficult decisions are made.

While majority Democrats made several sensible program eliminations and reductions, the budget included cuts and delays that may have unintended consequences for vulnerable populations and the state's long-term financial health. These are errors in judgment that must be corrected within the 2026 supplemental budget.



**This framework proposes funding a range of critical programs and initiatives that were unfunded or underfunded in the 2025-27 operating budget.** Given that new revenue is not a viable option and we face a significant shortfall, these items are priorities we must fund before any unnecessary programs. Additionally, **this framework proposes sensible reductions and program eliminations that will be necessary to balance the 2026 supplemental budget.** After that, the aforementioned budget reforms will take effect and create ongoing savings.



#### Essential programs to fund:

- **PICC:** The Pediatric Interim Care Center (PICC) plays an essential function in protecting the most vulnerable Washingtonians (drug-exposed and medically fragile newborns) against the substance use crisis ravaging Washington communities. Despite its relatively small allocation within the operating budget, funding for the PICC was erroneously eliminated from the 2025-27 budget, resulting in its inability to continue operations. Saving infant lives from the drug crisis which, in part, was created by policies passed in this Legislature, should not be negotiable and must be a priority funded within the 2026 supplemental budget.  
**TOTAL COST: \$2.4 million**
- **Wildfire resilience and prevention:** The 2025-27 budget notably reduced anticipated funding for wildfire response, forest restoration, and community resilience by 50%. At a time when the threat of wildfires is at historic highs and the damage they cause has become a significant fiscal drain on communities across Washington shortchanging bipartisan efforts to prevent and proactively address wildfires to balance a runaway budget is obtuse and shortsighted. This framework would fully fund these important items within the 2026 supplemental budget. **TOTAL COST: \$48 million, CCA Funds**



- **Law enforcement hiring grants:** While we appreciate the governor and the Legislature for their attempt to strengthen our criminal justice agencies with additional funding last session, the funding appropriated will not solely be used as originally intended: To hire more police officers. Despite objections from House Republicans, legislative Democrats expanded the allowable uses of these funds far beyond the original intent. Washington ranks dead last in law enforcement officers per capita among the 50 states, and by many measures is one of the least safe states to live in. **This framework proposes appropriating an additional \$100 million solely to increase the number of law enforcement officers in Washington state to protect and serve our communities. TOTAL COST: \$100 million**

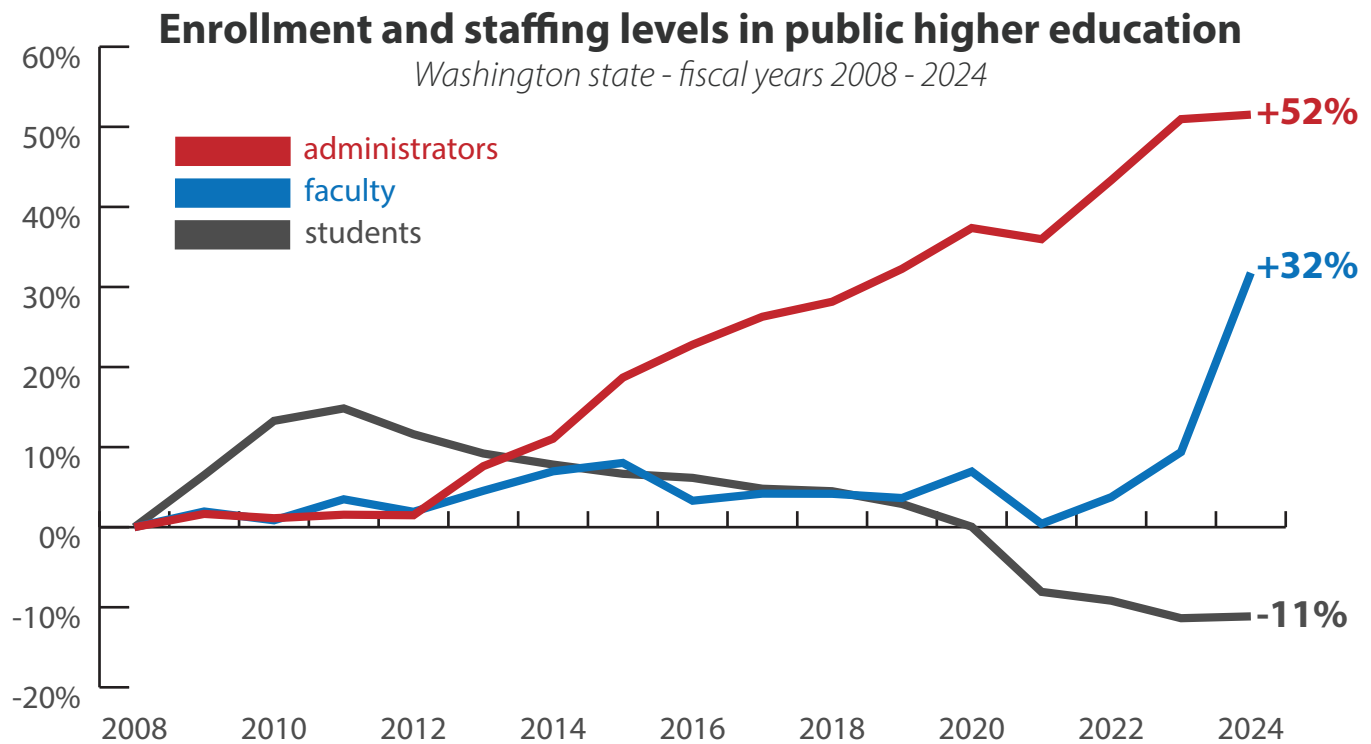



- **Paying the state's legal bills:** For the past several biennia, the Legislature and the governor's office have taken the approach of neglecting to address the growing multi-billion-dollar shortfall projected within the state's self-insurance liability account (SILA). These funds are intended to cover legal settlement costs incurred by state agencies. Yet, the account has been severely underfunded, is running a deep deficit, and is quickly becoming a significant liability that the state cannot ignore. This framework proposes closing this deficit by annually increasing appropriations beginning in the 2027-29 biennia to ensure this liability does not further strain our state's fiscal health. **TOTAL COST: \$500 million in 2027-29**



Reductions, efficiencies, and program eliminations:

- Middle management reductions:** This framework proposes a slight decrease in management positions within our largest state agencies, similar to proposals made by Governor Ferguson last session, but were never ultimately adopted. This proposal would eliminate redundant management positions, including program managers, policy analysts, and internal consultants who do not directly support service delivery. Small state agencies are excluded from this reduction. Each agency would have flexibility in how best to administer this reduction. **SAVINGS: \$120 million in FY 27, \$364 million by 2027-29**
- Higher education administrative staff realignment:** Despite an 11% decline in student enrollment since 2008, the number of administrative staff at our public institutions of higher education has grown by 52% over that same period. This is a clear problem that drives tuition increases and additional taxpayer costs. While the ruling party made \$120 million in reductions to student financial aid this last session, which acutely harms low-income students, **this framework proposes achieving savings through realigning administrative staff levels at our public universities with historical averages.**  
**SAVINGS: \$217 million in FY 27, \$435 million in 2027-29**



- **Health benefit cost share split:** State and school district employees enjoy some of the most generous benefit packages among all Washington workers, the vast majority of which is paid by the state. While we take pride in ensuring our public servants are adequately compensated, we must also recognize that most workers in our state do not enjoy the gold standard, taxpayer-funded benefits. **This framework proposes requiring our state and school employees to cover slightly more of the generous benefit packages offered to them.** This reduction would more closely align the benefit-to-cost split with private-sector standards. **SAVINGS: \$550 million by 2027-29 biennium**
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- **Working Families Tax Credit/Climate Commitment Act funds:** The Working Families Tax Credit, a program originally sponsored by House Republicans, is one of the few policies in this state that recognizes the significant cost burdens facing Washington state families. While we will continue to support this program and advocate for its expansion, **this framework proposes funding the Working Families Tax Credit through Climate Commitment Act funds.** RCW 70A.65.260 expressly permits the use of CCA funds to administer the Working Families Tax Credit, and revenue from cap-and-trade auctions has resulted in almost \$700 million in unanticipated receipts in 2025 alone. **SAVINGS: \$597 million in FY 27, \$965 million by 2027-29 biennium. Amounts shifted to CCA accounts**
  - **Apple Health Expansion:** Despite making \$782 million in reductions to Apple Health services for Washington state citizens, legislative Democrats appropriated over \$150 million in the 2025-27 budget to fund a Medicaid look-alike program for undocumented immigrants. Ensuring that every individual has health coverage is a noble goal, but we will not do this at the expense of Washington state citizens who received reductions to their Medicaid services. **This proposal would eliminate the Apple Health Expansion program.** **SAVINGS: \$77 million in FY 27, \$232 million by 2027-29 biennium**
  - **Community Reinvestment Account:** Recent abuses of community reinvestment account funds serve as a stark reminder of the minimal oversight funds granted to non-profits typically receive. Credible allegations indicate that these taxpayer funds have been used for self-dealing by non-profit entities, providing benefits only to those with the proper connections. **This framework proposes recapturing these funds until an investigation into their misuse is conducted and appropriate safeguards are in place to prevent private organizations from misusing taxpayer dollars.** **SAVINGS: \$73 million in FY 27, \$123 million by 2027-29 biennium**



## Closing Remarks

Washington state is in a pivotal moment. The decisions made during the 2026 legislative session and within the 2026 supplemental budget will define the direction of our great state for generations. Our state has a distinct and storied history of world-changing innovation and economic prosperity, but we are now confronted with challenges that threaten to overturn generations of progress. Ultimately, this framework is offered as a pathway to ensure future generations of Washingtonians have access to even greater opportunities than past generations.

Some will claim proposals such as this are “extreme” or are “austerity measures” but consider the consequences of the status quo: **Continuing down the same path is not a viable or responsible option.** No amount of new tax revenue will fix the systemic issues within the legislative budgeting process, as witnessed by the current fiscal challenges this Legislature is facing after passing historically large tax increases. In fact, perpetuating continual deficits through significant increases in spending will only lead to consistent, ongoing reductions to critical services and completely limit the Legislature from making necessary and targeted investments in the future.

Others will claim that a “no new taxes budget” that relies on reductions, program eliminations, and efficiencies will devastate education and other services that Washingtonians rely on. This claim is categorically untrue, and is falsehood sold to justify the tax-first approach so often utilized in Olympia. **This framework identifies \$3.7 billion in reductions, program eliminations, and efficiencies that result in absolutely no reductions to benefits or service delivery to Washington state citizens.**

**It has been the critics of fiscal restraint and champions of destructive tax increases that have created the environment in which making these reductions is now an absolute necessity.** This framework offers an alternative, sustainable pathway to ensuring future reductions to foundational government programs are not necessary.

In closing, this framework is not inclusive of every House Republican budget priority, nor does this framework include each reduction and efficiency potentially necessary to balance the 2026 supplemental budget. As we demand hard choices from our Democratic counterparts in responsibly resolving the fiscal crisis our state faces, we recognize that **we must also make difficult decisions today in order to ensure a brighter future tomorrow.** As the 2026 session progresses, we will continue to explore and refine additional reduction options which do not directly impact benefits or service delivery for Washingtonians. Despite not having a seat at the table during the budget development process, House Republicans offer this framework in good faith as a reasonable starting point from which to craft the 2026 supplemental budget.

True leadership rises to the occasion. Let’s create a more affordable, sustainable, safer, and prosperous Washington.

