

# Overview of the 2009-11 Budget Problem

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Prepared by Senate Ways and Means Committee Staff

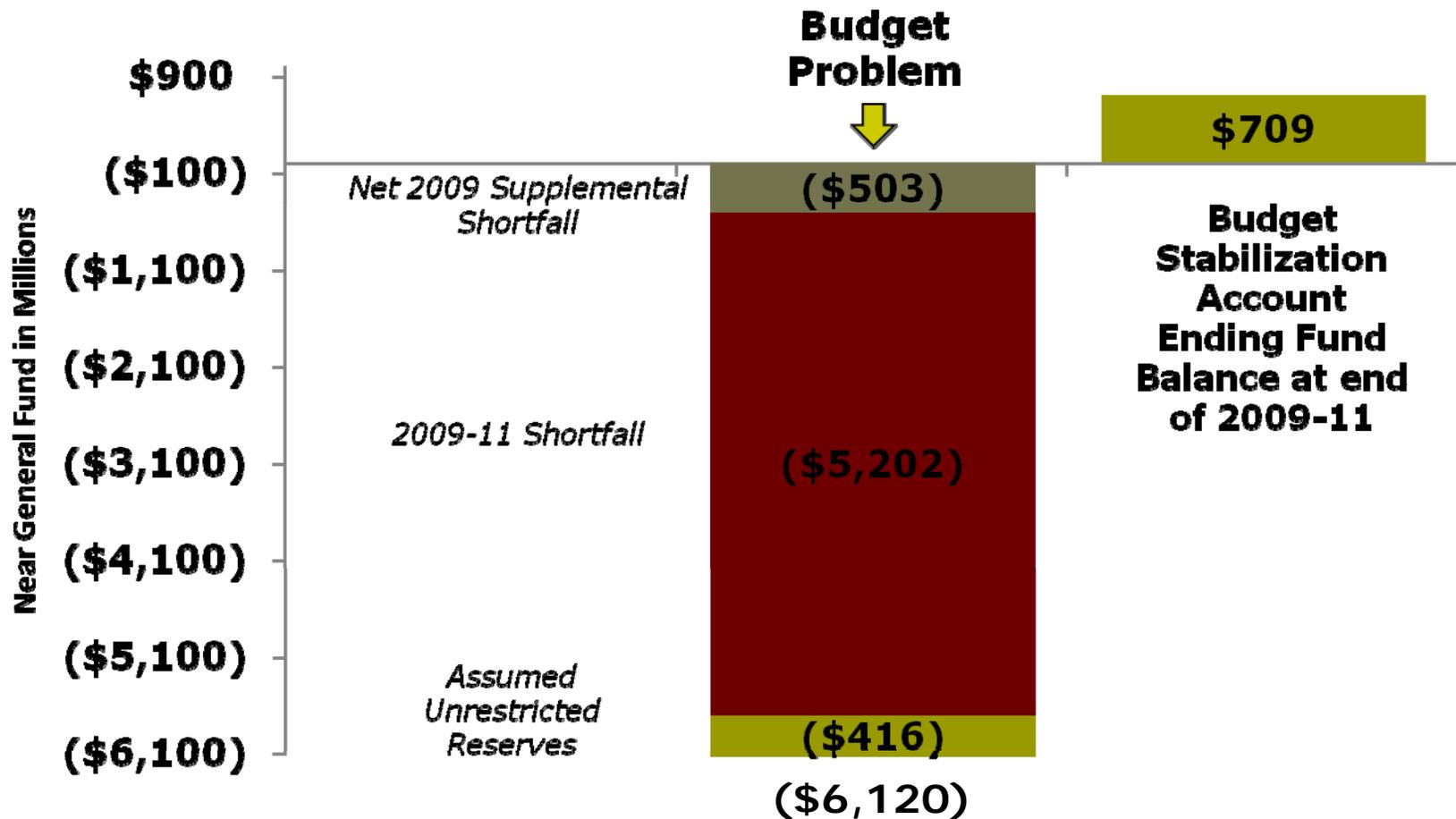
*January 2009*



# The Budget Problem

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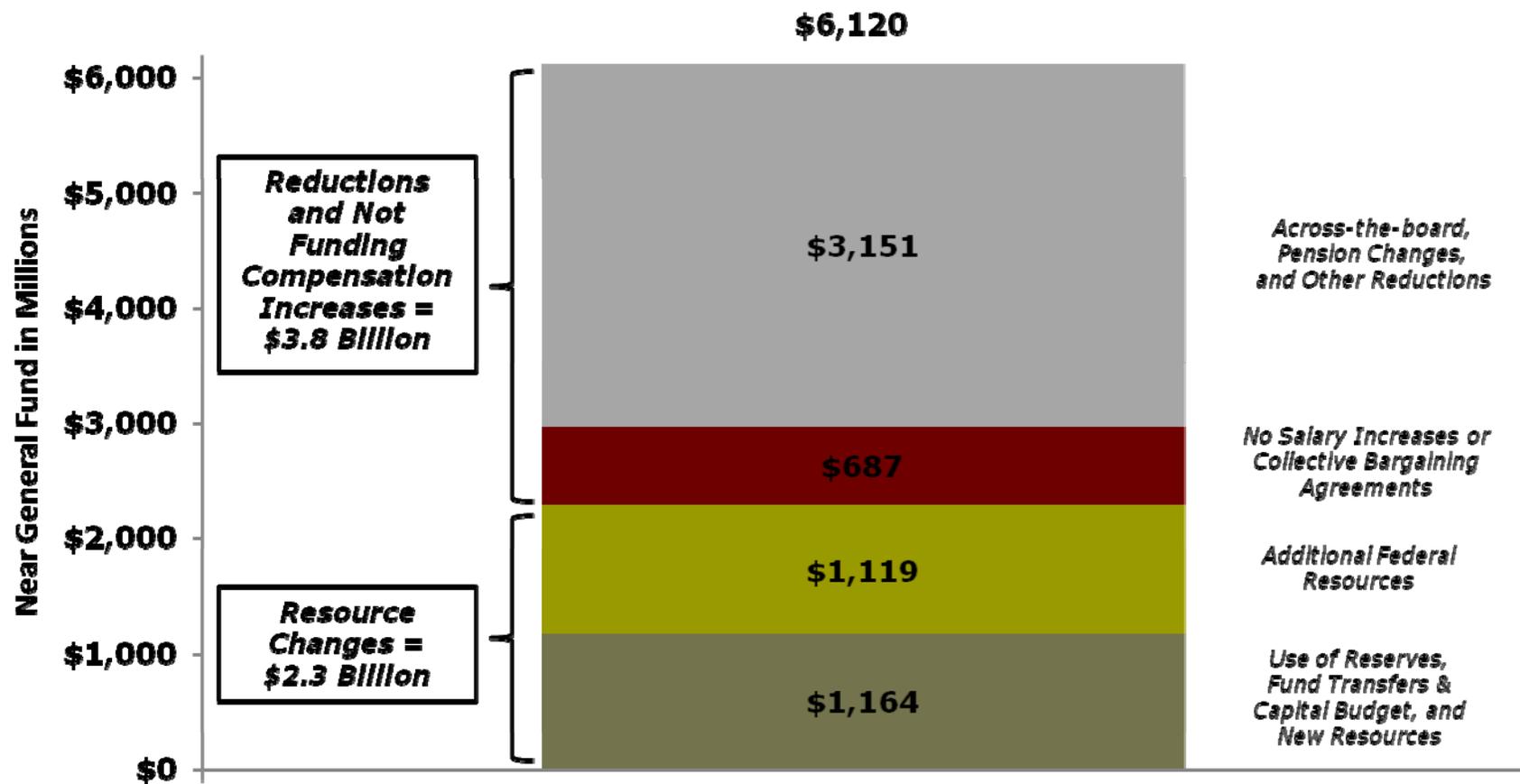
Including the shortfall for this biennium, the Governor's budget addressed a budget problem of over \$6 billion



# The Governor's Proposed Budget Solution

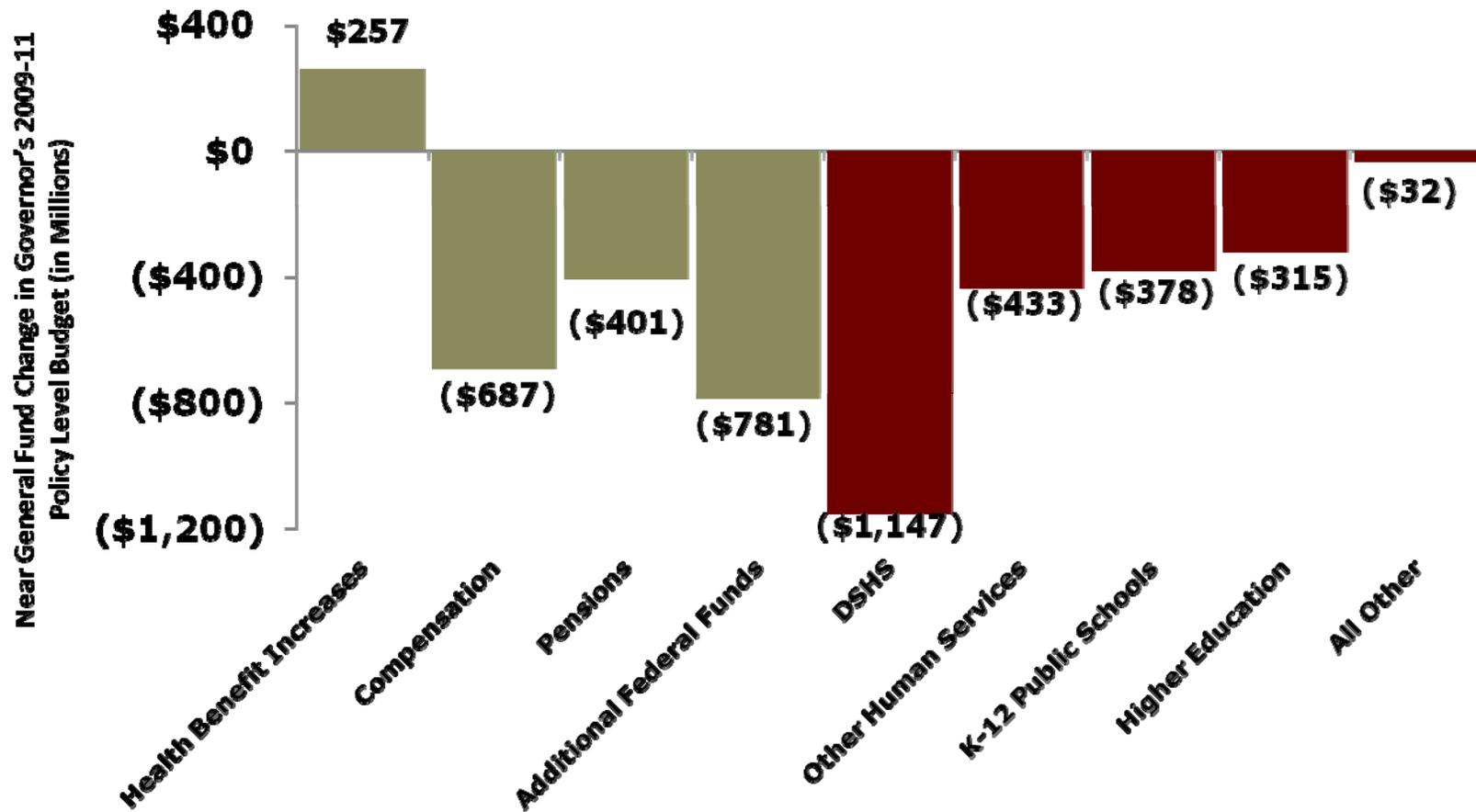
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The Governor's budget solves slightly under 2/3<sup>rd</sup> of the budget problem by reductions and not funding salary increases...with the remaining solution coming from various resources changes



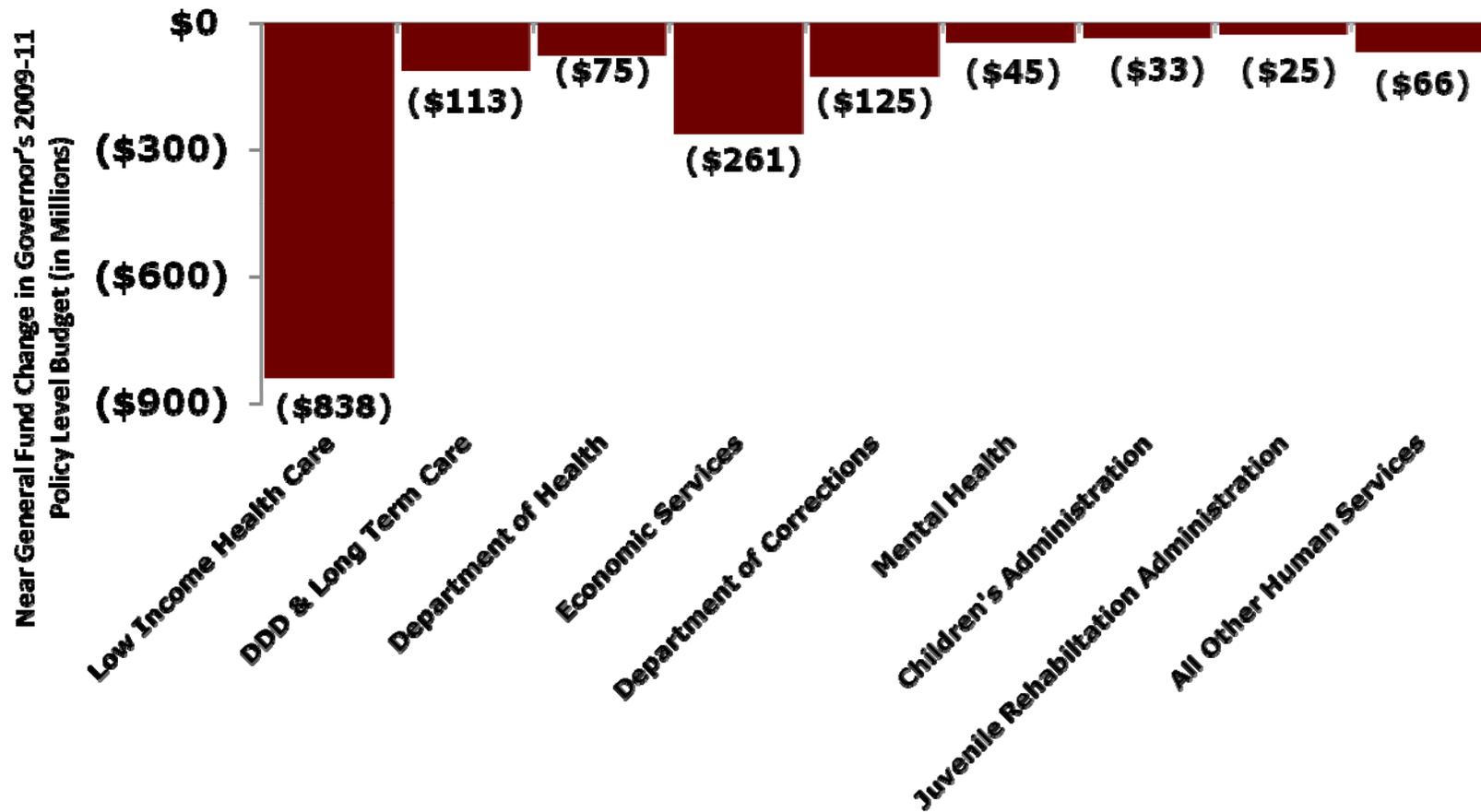
**Governor Gregoire's Three Year Budget Solution**

The reductions in the Governor's proposed 2009-11 budget are spread across state government, but some of the largest reductions occur in human services, K-12, and higher education



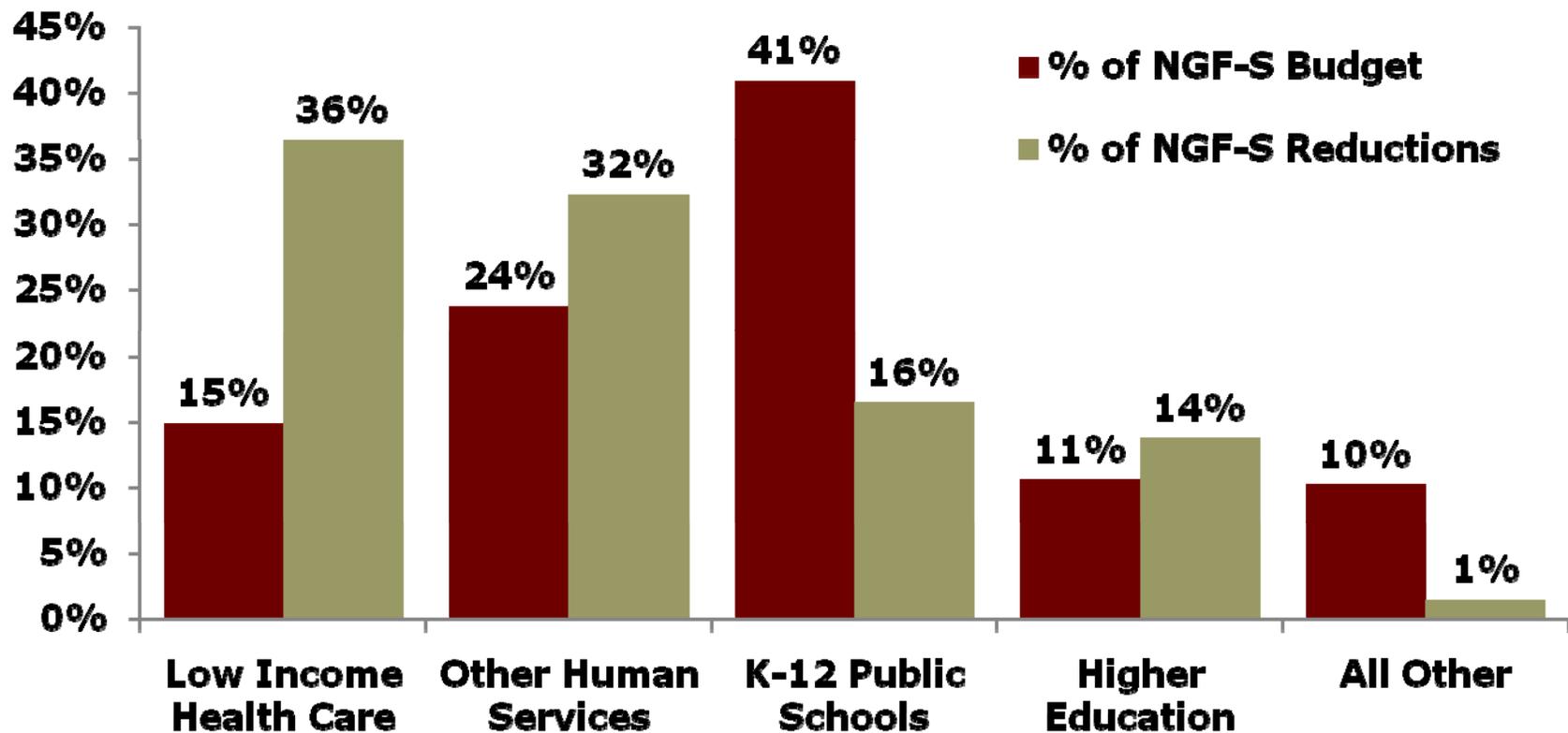
\* This reflects estimated net reductions accounting for any policy level increases included in the Governor's proposed 2009-11 budget. There were also reductions made in her proposed 2009 supplemental budget for the current biennium.

Likewise, the human services reductions are spread across all areas, but the largest reductions occur in low income health care



\* This reflects estimated net reductions accounting for any policy level increases included in the Governor's proposed 2009-11 budget. There was also reductions made in her proposed 2009 supplemental budget for the current biennium.

In terms of proportions, low income health care and other human services represent 39 percent of the budget but represent 69 percent of the program reductions in the Governor's proposed budget

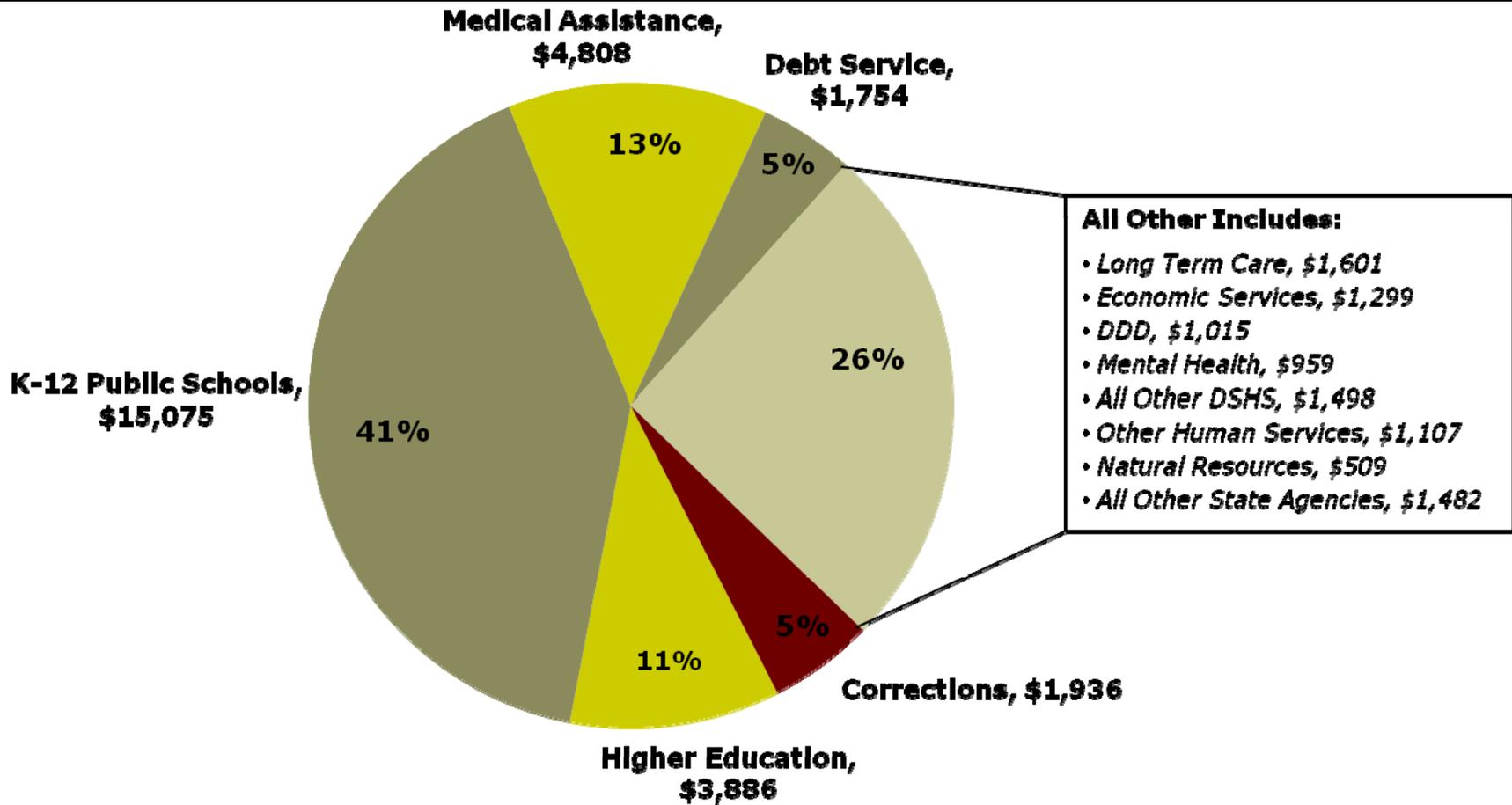


*\* Reflects net near general fund policy change after accounting for reductions and increases, but excludes impacts of compensation-related adjustments and assumed federal funding increases.*

# Appendix

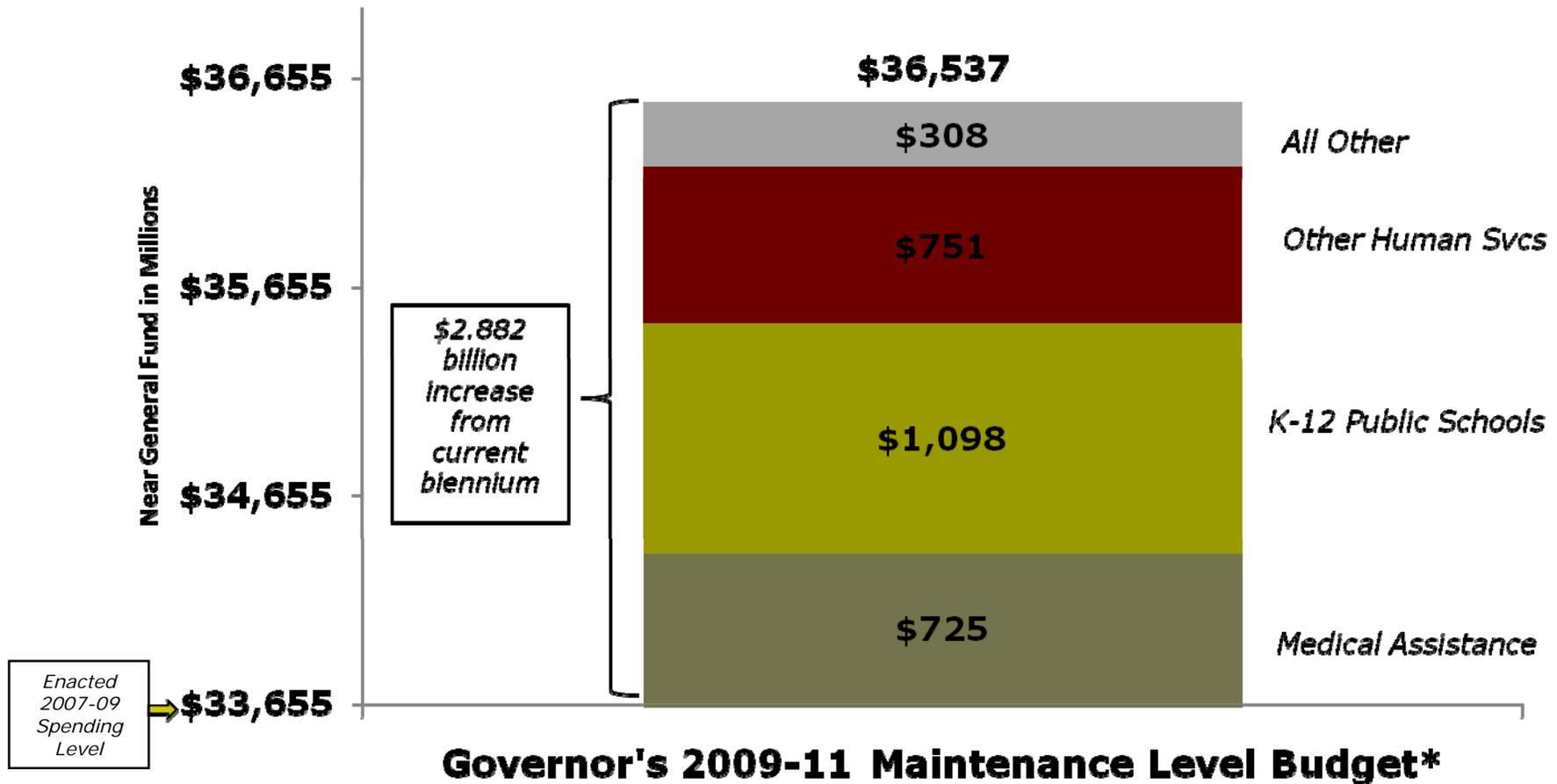
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About three-fourths of the operating budget is spent in five areas



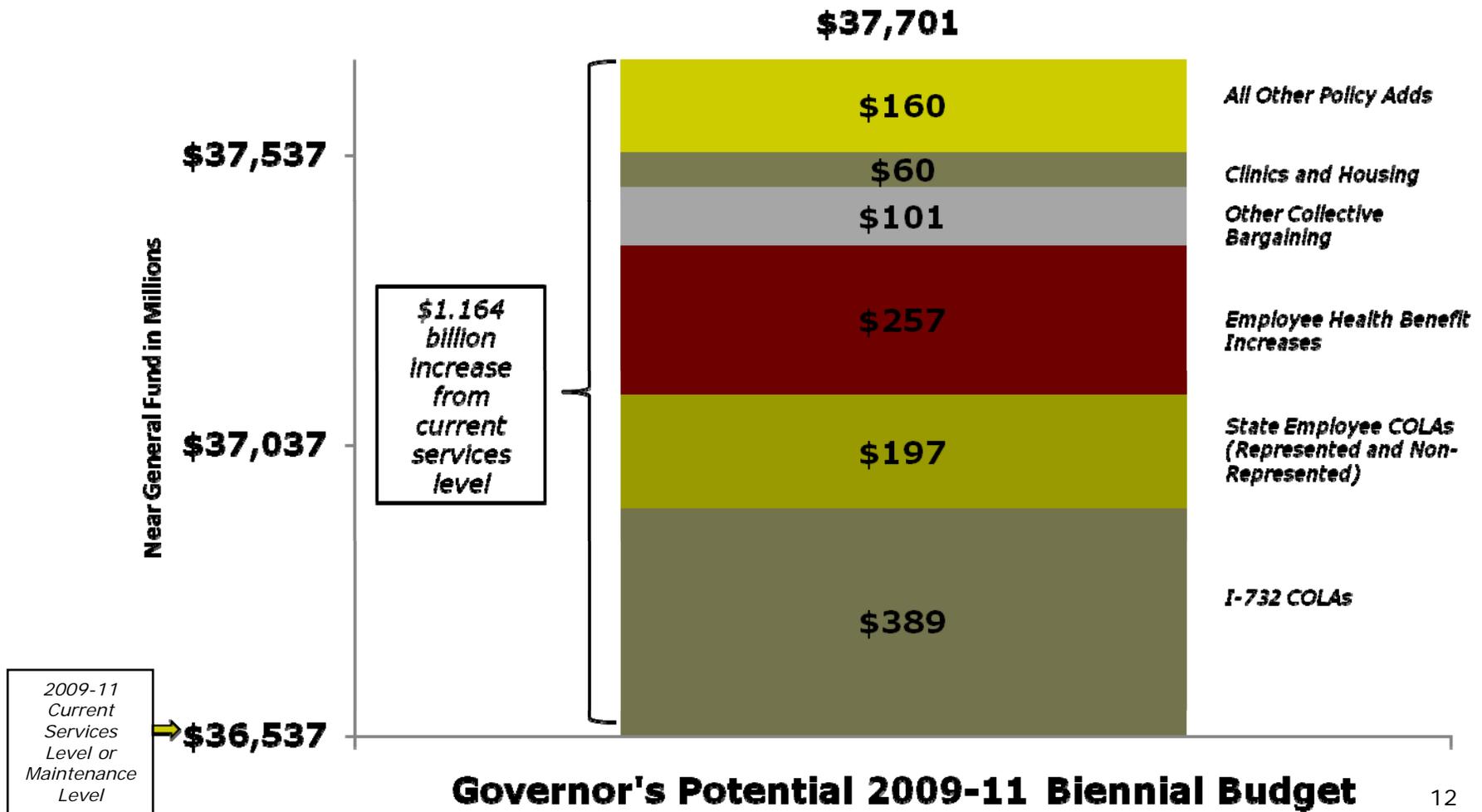
Gov's Maintenance Level Budget (in Millions) = \$36,927

For the next biennium, excluding I-732 COLAs, near general fund spending was projected to increase by \$2.9 billion or 9 percent from current levels to maintain current services



\* Excluding I-732 COLAs which are depicted on the next page.

If you include compensation increases and other policy increases, the Governor's budget could have increased another \$1.2 billion



# Overview of 2003-05 Budget Solution

<b>Reductions &amp; Eliminations</b>	<b><u>\$ in Millions</u></b>
Basic Health Plan Reductions	\$368
Delayed Additional I-728 Class Size Enhancement	237
Reduced Higher Education Spending	131
Eliminated Medically Indigent Program	105
Across-the-Board, Inflation, and Other Similar Reductions	87
Corrections – Sentencing and Supervision Changes	46
All Other Savings	317
<b>Reductions &amp; Eliminations</b>	<b>\$1,291</b>
 <b>Compensation Savings</b>	
Suspended I-732 COLAs	\$490
Eliminated COLAs for State and Higher Education Employees	213
Deferred Making Unfunded Pension Liability Payments	87
Suspend I-775 (Home care worker contract)	67
Eliminated Funding for Salary Survey Increases	51
<b>Compensation Savings</b>	<b>\$908</b>
 <b>Increased Revenue</b>	
Tax Collection and Miscellaneous Other Revenue Legislation	\$79
Nursing Home Quality Improvement Fee	78
Additional DOR Auditors	32
Liquor Surcharge & Additional Liquor Stores	20
<b>Increased Revenue</b>	<b>\$209</b>
 <b>Fund &amp; Spending Transfers</b>	
Emergency Reserve Transfer	\$59
Reduced GF-S Backfill to Water Quality Account	28
Other Fund Transfers	54
Higher Education Maintenance Transfer	52
Other Program Transfers	109
<b>Fund &amp; Spending Transfers</b>	<b>\$302</b>
 <b>TOTAL BUDGET SOLUTION</b>	<b>\$2,710</b>