



SENATOR

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3rd Legislative District • Spokane

July 2010



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Dear friends and neighbors,

As you may know, the Legislature recently concluded one of the most difficult legislative sessions our state has ever seen. Legislators are still dealing with the impacts of the Great Recession on our state economy, which has led to worst budget crisis in the history of Washington state.

You may have read a lot of different things about what happened this last session. The important thing to keep in mind is that the Legislature got through the crisis while keeping the damage to an absolute minimum. While the budget crisis put a number of very valuable public services and institutions at risk, lawmakers did everything in our power to protect the services most essential to families and communities throughout the state – especially education.

Inside, you will find information about the tough decisions legislators made and why we made them. You'll learn some of the many ways the state budget affects us right here in Spokane. You'll find out what the Legislature did to create jobs locally and across the state. And, you'll find important updates on state education reform and federal health care reform.

Please take a minute to look through the newsletter and, as always, do not hesitate to contact me with questions, comments or feedback.

Stay in touch!

Lisa



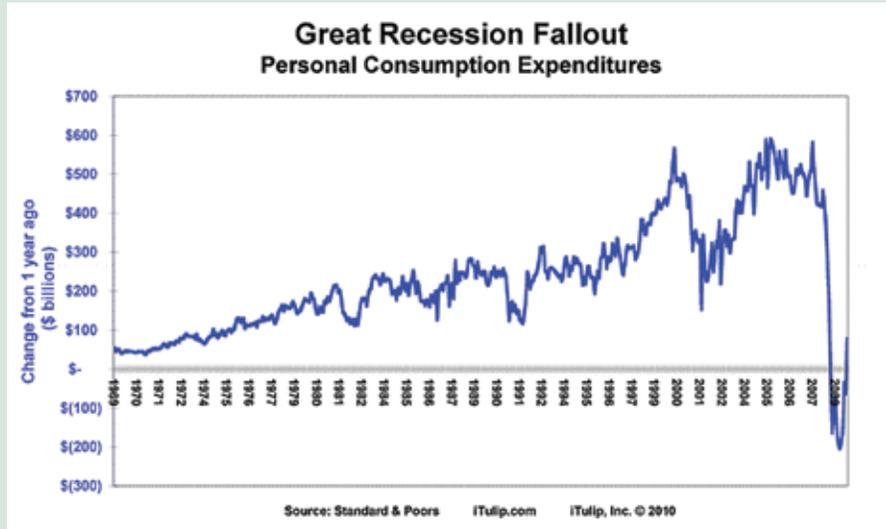
INSIDE

- Budget and Revenue Facts
- Tax Increases – Who Will Pay More?
- Tax Relief – Who Will Pay Less?
- What Will New Revenue Achieve?
- Jobs, Jobs, Jobs
- Early Learning and K-12 Education
- Federal Health Care Reform
- What Does the State Budget Mean for Spokane County?



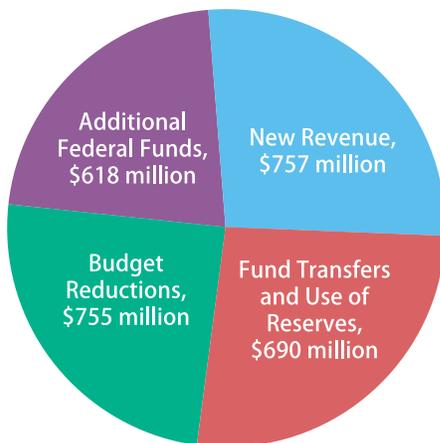
BUDGET AND REVENUE FACTS

- As a result of the Great Recession, 47 other states – led by Democrats and Republicans alike – currently have revenue shortfalls totaling \$350 billion
- The Legislature writes the state budget in two-year cycles – the combined revenue shortfall in our state for last year and this year was \$12 billion
- In 2009, lawmakers closed a \$9 billion shortfall without raising taxes, using a combination of significant federal dollars and spending cuts



The 2010 Supplemental Budget Solution

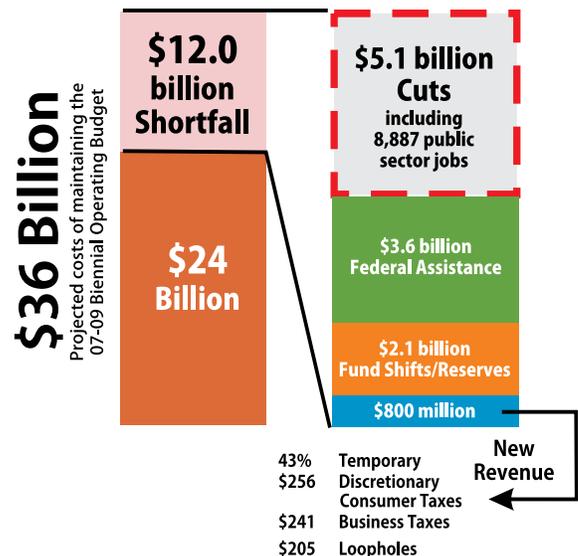
(Dollars in Millions)



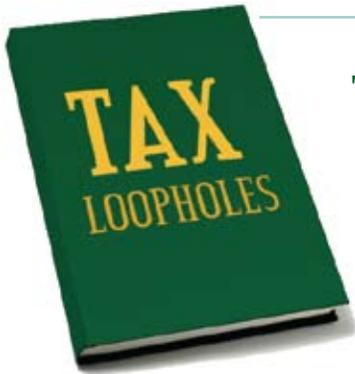
Total Budget Solution = \$2.8 Billion

- In 2010, lawmakers took a balanced approach to solve another nearly \$3 billion shortfall, using a combination of further spending cuts, federal dollars, fund shifts and new revenue

The 2009-2011 Operating Budget Solution



- Total spending cuts over the two-year budget cycle equals \$5.1 billion.
- Total new revenue equals \$800 million, 6.7 percent of the \$12 billion budget problem
- For every \$1 in new revenue, over \$5 is cut from state spending in the 2009-11 budget



- A third of the overall tax plan comes from closing unfair corporate loopholes that shift the burden from those who should pay to those who cannot
- The B&O rate for service businesses, such as lawyers and accountants, is temporarily raised for three years



TAX INCREASES – WHO WILL PAY MORE?

- Non-essential consumer items are also taxed, but the average family can avoid paying more:
 - Cigarettes will cost a dollar more per pack
 - Candy and gum will now be subject to the sales tax
 - Macrobrews will now cost 28 cents more per six pack (for 3 years)
 - Soda will cost 2 cents per 12-ounce can (for 3 years)
 - Bottled water will also be subject to the sales tax (for 3 years)



TAX RELIEF – WHO WILL PAY LESS?

Because the B&O tax and consumer taxes are regressive, many of my colleagues in the Senate could not raise revenues on consumers or business without also addressing Washington's regressive tax system.



- We launched the Working Families Tax Rebate for families earning around \$45,000 per year:
 - 370,000 Washington families qualify for the federal Earned Income Tax Credit, including over 31,000 families in Spokane County
 - EITC checks average \$1,700 and are as high as \$5,657 per year
 - The Working Families Tax Rebate would be an additional check from the state for 10 percent of a family's federal EITC check
 - First checks are due in 2012
- We also doubled the existing tax credit for small businesses:
 - Where businesses earning up to \$56,067 per year were once eligible, businesses earning up to \$93,389 per year are now eligible
 - Service businesses earning up to \$80,000 per year will actually pay less B&O taxes
 - The B&O tax rate increase is temporary, but the tax credit increase is permanent



WHAT WILL NEW REVENUE ACHIEVE?

Gov. Gregoire showed us how devastating another all-cuts budget would be for our communities. But because legislators made the decision to grow revenues:

- 60,000 working adults and 16,000 children will keep their health care coverage
- 55,000 people each month will continue to receive community mental health services



- 54,000 teachers are maintained and basic education is not cut
- 50,000 women with high-risk pregnancies won't lose critical prenatal medical care
 - 42,000 seniors and disabled adults will be able to remain in their homes rather than being forced into institutions,
 - 37,000 working families will keep their childcare
- 12,000 students won't lose their state-funded college financial aid
- 3,800 unemployed workers will receive retraining in high-demand fields
- 2,600 dying patients won't lose their hospice care
- thousands of seniors will stay on the Meals on Wheels program
- class sizes for children in kindergarten through 3rd grade will not increase

JOBS, JOBS, JOBS

To help our state economy along the road to recovery, the Legislature passed a wide-ranging package of bills to preserve existing jobs, create 100,000 new jobs and position Washington's economy for future growth. Highlights include:

- Funding an expansion of the WSU/ UW Riverpoint campus' biomedical center, which will bring a four-year medical school and over \$1 billion in growth and investment to Spokane in the coming years



- Designing and beginning construction of the Spokane Aerospace Technology Center at the Spokane International Airport, which will provide 21st century aerospace education in a state-of-the-art facility, and work directly with aerospace companies

to customize training and education to meet the industry's immediate and emerging needs



- The JOBS Act of 2010, which creates 38,000 green jobs by making energy efficiency improvements to public schools and buildings on public college and university campuses
- The 2010 construction and maintenance budget, which creates 13,700 jobs by making other key infrastructure upgrades in facilities such as our K-12 schools and our colleges and universities, including:
 - Riverpoint Center at Eastern Washington University
 - Major building upgrades and renovations at Spokane Community College
- The 2010 transportation budget, which puts 18,000 people to work on critical infrastructure and safety projects across the state, including:
 - The realignment project on the North-South Corridor
 - The Riverside Avenue extension project
 - The separation project at Havana Street
 - The Bigelow Gulch Road boundary project
 - Paving on Euclid Avenue
 - Paving ramps on I-90
- Worker retraining for existing, unfilled high-demand jobs in fields such as health care and aerospace for an additional 3,800 workers





EARLY LEARNING AND K-12 EDUCATION

- The major accomplishment for education during this time of budget crisis was to protect basic education funding and to give districts like Spokane School District #81 a 4 percent increase in their levy lids
- The Legislature also implemented reforms in accountability, teacher evaluation, parental and community involvement, educator preparation and state standards to make Washington competitive for federal “Race to the Top” funds
- And because it’s one of the smartest investments around and can produce returns in as little as a decade, legislators set a goal this year of guaranteeing early learning opportunities for all three and four year-old children by the 2018-19 school year

FEDERAL HEALTH CARE REFORM

Of course, the biggest news to happen during session didn’t even occur in Olympia. The passage of federal health care reform is the most significant legislative accomplishment our nation has seen in a generation.

Although it still generates plenty of heat in political debate, it won’t take long for its positive impacts to be absorbed into daily lives.

Notably, federal health care reform saved two state programs that have been on the chopping block in recent years due to budget constraints:

- The Basic Health Plan provides affordable health care coverage for over 65,000 people in our state – 7,600 in Spokane County alone.
- The General Assistance-Unemployable (GA-U) program provides cash and medical benefits for approximately 20,000 individuals who are physically unable to work on a temporary basis, including 4,200 of our neighbors in Spokane County. This program was renamed the “Security Lifeline” this session.

For the past 20 years, Washington has used state-only funds to support these two programs. Federal health reform allows Washington to request a federal waiver to obtain matching Medicaid dollars to help us sustain coverage for the approximately 85,000 adults served by these two important programs.

The list of impacts of federal health reform on Washington state is long and substantial. To learn more, please visit the Senate Democrats’ website at www.sdc.wa.gov.

WHAT DOES THE STATE BUDGET MEAN FOR SPOKANE COUNTY?

- Number of individuals on the Basic Health Plan: **7,600**
- Number of individuals on the Security Lifeline: **4,200**
- Number of seniors who receive aging and adult services: **6,000**
- Number of children who receive adoption, child welfare, child protective or foster care services: **16,700**
- Number of individuals who receive developmental disability services: **3,600**
- Number of individuals who receive mental health services: **8,900**
- Total state funding for Spokane public schools: **\$790 million**
- Total state funding for Spokane Community College: **\$114 million**
- Total state funding for Eastern Washington University: **\$87.4 million**
- Total state funding for Daybreak of Spokane: **\$2.5 million**
- Total state funding for the Northwest Autism Center: **\$400,000**
- Total state funding for Casey family partners: **\$100,000**

Sen. Brown at the Fish Lake Trail ribbon cutting ceremony on May 14, 2010. The new trailhead is just south of the intersection of Government Way and Sunset Highway.



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