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THE SENATE AND HOUSE SPENDING PLANS

BRIEFLY

This brief provides a high-level overview of the House and Senate spending plans.

Today is the 60th and final day of the 2010 regular session of the Legislature. Press reports suggest that legislators are having great difficulty reaching agreement on a supplemental budget and that a special session is likely. The brief we published yesterday discusses the House and Senate tax packages. This brief provides a high-level overview of the House and Senate spending plans.

For the past several years our analyses of state spending have made use of a construct called the near general fund–state (NGF-S). The NGF-S pooled the state’s main budget account, the general fund–state (GF-S), with eight smaller accounts (the related accounts) that served as adjuncts to the GF-S.

Last year, in a victory for fiscal transparency, the legislature consolidated seven of those smaller accounts into the GF-S. With this consolidation, the NGF-S is reduced to two accounts, the GF-S and the Education Legacy Trust Account (ELT). In a step backward, however, the Senate’s current budget proposal creates two new accounts, the Basic Health Plan Stabilization Account (BH) and the State Efficiency and Restructuring Account (SE), from which it funds programs that would otherwise be funded from the GF-S. Ignoring spending from these accounts would give an incomplete picture of the Senate’s spending plan. Therefore, in this brief we will use an expanded NGF-S that combines the GF-S, the ELT, the BH and the SE. State budgeters refer to this combination of four accounts by the unwieldy abbreviation NGF-S+BH+SE. (This alone would justify killing the two new accounts.)

The top table on page 2 summarizes the Senate spending plan. The bottom table summarizes the House plan. The tables show both appropriations of state monies from the NGF-S+BH+SE and appropriations of federal stimulus funds.

The original 2009–11 budget, adopted last spring, appropriated \$31.39 billion in state monies, as shown in the first column of both tables. The adopted budget also appropriated \$2.53 billion in federal stimulus funds, as shown in the fifth column. Public schools got the largest share of NGF-S+BH+SE funds (\$13.31 billion), followed by the Department of Social and Health Services (\$8.96 billion) and higher education (\$3.26 billion). DSHS ranked first in federal stimulus funding (\$1.31 billion), followed by public schools (\$787 million).

Maintenance level cost increases (e.g. greater than expected enrollments in public schools and greater than expected per-client medical assistance costs) have added \$655 million to the cost of the adopted spending plan beyond what had been budgeted, as is shown in the second column of the tables. That is, to actually carry out the programmatic plans embedded in the original budget would require spending \$32.04 billion, the sum of columns one

Revised 3/18 to recognize cuts to spending made in the “early action” supplemental budget bill (ESHB 2921) and federal appropriations of stimulus funds not yet included in the fiscal.wa.gov budget database.

Summary of the House and Senate Supplemental Budgets

2009-11 Revised Omnibus Operating Budget (Senate Floor Passed Supplemental) (Dollars in Thousands)

	Appropriations of NGF-S+BH+SE Funds*				Appropriations of Federal Stimulus Funds		
	Supplemental**			Revised Total	Original	Supplemental	Revised Total
	Original	Maintenance	Policy				
Legislative	156,095	20	-1,749	154,366	0	0	0
Judicial	229,184	282	-10,843	218,623	0	0	0
Governmental Operations	478,581	1,761	-33,652	446,690	134,816	0	134,816
Other Human Services	2,295,199	20,003	-32,250	2,282,952	193,818	484	194,302
DSHS	8,955,615	427,493	-690,108	8,693,000	1,305,974	313,850	1,619,824
Natural Resources	379,918	774	-16,967	363,725	0	0	0
Transportation	85,214	-854	-3,600	80,760	0	0	0
Public Schools	13,311,962	250,725	-188,534	13,374,153	787,143	-10,765	776,378
Higher Education	3,262,624	-25,166	-84,466	3,152,992	81,421	19,241	100,662
Other Education	165,778	4	-2,489	163,293	25,154	8,370	33,524
Special Appropriations	2,068,266	-20,247	23,628	2,071,647	0	0	0
Unallocated	160	0	0	160	0	251,124	251,124
Total	31,388,596	654,795	-1,086,385	31,002,361	2,528,326	582,304	3,110,630

2009-11 Revised Omnibus Operating Budget (House Floor Passed Supplemental) (Dollars in Thousands)

	Appropriations of NGF-S+BH+SE Funds*				Appropriations of Federal Stimulus Funds		
	Supplemental**			Revised Total	Original	Supplemental	Revised Total
	Original	Maintenance	Policy				
Legislative	156,095	20	-3,054	153,061	0	0	0
Judicial	229,184	282	-892	228,574	0	0	0
Governmental Operations	478,581	1,761	-17,947	462,395	134,816	0	134,816
Other Human Services	2,295,199	20,003	-92,892	2,222,310	193,818	484	194,302
DSHS	8,955,615	427,493	-628,094	8,755,044	1,305,974	461,229	1,767,203
Natural Resources	379,918	774	-1,854	378,838	0	0	0
Transportation	85,214	-854	-8,505	75,855	0	0	0
Public Schools	13,311,962	250,725	-113,663	13,449,025	787,143	-9,467	777,676
Higher Education	3,262,624	-25,166	-50,918	3,186,540	81,421	19,241	100,662
Other Education	165,778	4	-144	165,638	25,154	8,370	33,524
Special Appropriations	2,068,266	-20,247	-55,994	1,992,025	0	0	0
Unallocated	160	0	0	160	0	161,376	161,376
Total	31,388,596	654,795	-973,957	31,069,465	2,528,326	641,233	3,169,559

* NGF-S+BH+SE combines four accounts: the General Fund–State, the Education Legacy Trust Account, the Basic Health Plan Stabilization Account and the State Efficiency and Restructuring Account.

** Supplemental policy changes include those enacted in ESHB 2921, the "early action" budget bill signed by Gov. Gregoire on 2/15.

and two, rather than the budgeted \$31.39 billion. DSHS and public schools account for most of these cost increases.

In February the House and Senate passes and the Governor signed an “early action” supplemental budget bill, ESHB 2921, which cut \$45 million from 2009–11 spending.

The Senate plan. Including the early action cuts, the Senate supplemental spending plan makes policy level (i.e. programmatic) changes that cut \$1.09 billion (net) from NGF-S+BH+SE appropriations for the biennium, as shown in column three of the top table. Combining the maintenance and policy level changes (summing columns three and four), the Senate Supplemental proposal decreases NGF-S+BH+SE appropriations by \$386 million to \$31.00 billion.

Both the Senate and the House expect there to be more federal stimulus funds will be available to the state than had originally been expected and use these federal monies to backfill some of the policy level cuts in appropriations of state monies from the NGF+S-BH-SE. The Senate appropriates an additional \$582 million federal stimulus funds (column 6) raising the total to \$3.11 billion (column 7). Combining NGF-S+BH+SE and federal stimulus funds, the Senate supplemental budget increases spending by \$196 million.

The House plan. Including the early action cuts, the House supplemental spending plan makes policy level changes that cut \$974 million (net) from NGF-S+BH+SE appropriations. Combining the maintenance and policy level changes, the house reduces appropriations from the NGF-S+BH+SE by \$319 million.

The House is more optimistic than the Senate with respect to the amount of additional federal stimulus funds that will be available to the state: the House supplemental budget appropriates an additional \$641 million of these funds. Combining NGF-S+BH+SE and federal stimulus funds, the House supplemental budget increases spending by \$322 million.

REFERENCES

Washington Research Council (WRC). 2010. Update on the House and Senate Tax Packages. Policy Brief, PB 10–09. March 10.
<http://www.researchcouncil.org>