



# Policy Brief

## Senate Offers Biennial Budget

### BRIEFLY

The Democratically-controlled Senate has proposed a \$20.575 billion general fund-state budget for the 1999-2001 biennium. The Senate spends to within \$75 million of the state spending limit for the biennium.

To spend to that level, the Senate also adopts a supplemental budget that would take 1997-1999 spending to the maximum permitted under the 601 expenditure limit.

The Senate budget provides the most generous compensation package to date for state teachers.

The Senate proposal means that all sides have now been heard from as the legislature moves into the final days of the regular legislative session.

In an attempt to jump-start the stalled legislative budget process, the Democratically-controlled state Senate has released its proposed 1999-2001 General Fund-State budget. The budget proposes expenditures of \$20.575 billion, roughly splitting the difference between House Republicans and Democrats (see table).

Among the three, the House Republican proposal leaves the largest amount in reserves, about 3.9 percent of biennial spending. The Senate and House Democrats leave 3.3 and 3.2 percent, respectively.

The Senate budget incorporates a \$72 million supplemental budget for the current biennium, setting the working 601 limit for 1999-2001 at about \$20.650 billion. The Senate would spend \$75 million below what 601 would allow. Senate Ways and Means chair Valoria Loveland says that's responsible, given that the legislature will have to adopt two more supplemental budgets before the 1999-2001 biennium is over.

Although tradition gave the House the role of initiating the biennial budget, the 49-49 party split has slowed budget development in the House, which has yet to adopt a 1997-1999 supplemental budget. Action on the supplemental is necessary to establish the level of allowed spending under Initiative 601.

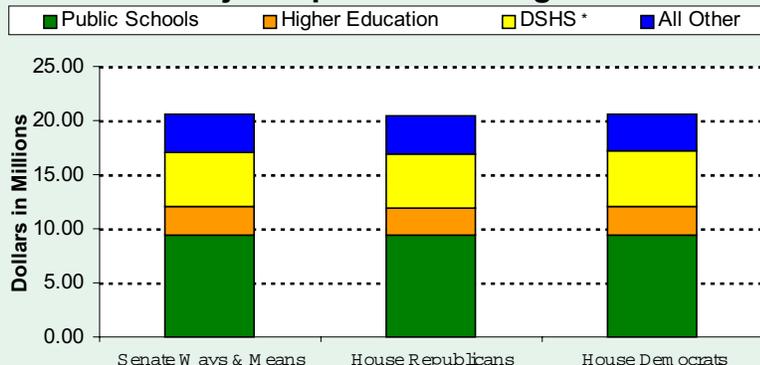
The Senate, which has already passed two versions of the 1997-1999 supplemental, incorporates a restatement of its second supplemental budget in the 1999-2001 budget bill. The supplemental and operating budget are being sent to the House in one bill so that only one vote from the House would be required to adopt the package.

According to Sen. Loveland, "all new investments are basically made in K through 12 and higher education."

**K-12 Education.** Reflecting the prevailing concern with teacher salaries, the Senate has "taken all available dollars to the state and tried to put together a compensation package that addresses the things that we heard specifically from the teachers," Sen. Loveland said.

Under the Senate budget, teachers, administrators and classified staff would receive a 3 percent annual increase each year of the biennium. In addition, the scale for beginning

### Major Expenditure Categories



\*Department of Social & Health Services

teachers would be boosted 7 percent with smaller scale increases provided through the first five years. Senior teachers would get a 2 percent increase from the addition of the 16<sup>th</sup> year row to the salary schedule, an element of the House Democrat plan as well.

As with the plans offered by both the House Republicans and Democrats, three “learning improvement days” are funded. The Senate adds the money to the salary schedule.

For beginning teachers, the plan lifts starting salary to \$26,487 in the 2000-2001 school year. A typical mid-career teacher would see his base salary rise about 8 percent to \$37,565 in 2000-2001. A teacher at the top of the pay scale would get a 10 percent increase to \$52,964.

The Senate also funds a 26 percent increase in the monthly health benefit amount taking it to \$423.57 in the 2000-2001 school year from the current \$335.75.

A \$2 million appropriation is made to create an aid program for teachers and teacher-candidates pursuing a masters’ degree.

**Higher Education.** The Senate funds 8,277 new enrollments, 4,806 of them in the community and technical colleges. The governing boards of the four-year schools may increase tuition up to 4.6 percent in 1900-2000 and 3.6 percent in 2000-2001 and may vary rates based on when and how classes are offered. The State Board for Community and Technical Colleges will determine a single tuition rate for community colleges.

Funding is provided sufficient to give all higher education employees 3 percent increases each year of the biennium. Additional funding is provided for faculty recruitment and retention, to raise the pay of part-time community college faculty and to allow some part-time faculty to receive retirement benefits.

**State Employee Compensation.** Across-the-board increases of 3 percent each year of the biennium are provided all state employees. Additional funding is provided to bring specific job classes closer to market level.

<b>Senate and House Budget Proposals</b>			
<b>General Fund - State Balance Sheets</b>			
(dollars in millions)			
	House		Senate***
	Democrat*	Republican**	
<b>Beginning Balance</b>	521.0	563.0	530.5
<b>November Forecast</b>	20,179.2	20,179.2	20,179.2
<b>March Forecast Update</b>	93.6	93.6	93.6
<b>Revenue Legislation</b>	(6.0)	(158.0)	(18.5)
<b>Budget Driven Revenue</b>	34.6	42.6	(23.1)
<b>Net Revenue</b>	20,301.4	20,157.4	20,231.1
<b>Total Resources</b>	<b>20,822.4</b>	<b>20,720.4</b>	<b>20,761.6</b>
<b>Working 601 Spending Limit</b>	20,653.7	20,565.6	20,649.6
<b>Proposed 99-01 Budget</b>	<b>20,640.0</b>	<b>20,400.3</b>	<b>20,574.7</b>
<b>Amount Below Limit</b>	(13.7)	(165.3)	(74.9)
<b>Emergency Reserve</b>	468.6	468.6	496.2
<b>Unrestricted Balance</b>	185.8	323.4	191.4
<b>Total Ending Reserves</b>	<b>654.4</b>	<b>792.0</b>	<b>687.6</b>

\*House Democrat budget assumes a \$71.9 million 1997-1999 Supplemental Budget.  
\*\*House Republican budget assumes a \$34.9 million 1997-99 Supplemental Budget.  
\*\*\*Senate budget assumes a \$72 million 1997-99 Supplemental Budget.

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