



Policy Brief

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\$240 Million Separates House Democratic and Republican Budget Plans

BRIEFLY

In an uncommon move reflecting the 49-49 split in the House of Representatives, the Democrats and Republicans have released separate budget proposals for the 1999-2001 biennium.

The Democratic proposal spends about \$240 million more than the GOP plan. Critical areas of difference include the estimate of the general fund spending limit, salary increases for teachers and state employees, and human services funding.

House Democrats have released their proposed 1999-2001 General Fund State budget, spending \$240 million more than the Republicans proposed in their budget release last week.

The Democrats propose spending \$20.64 billion, \$13.7 million below their estimated 601 limit of \$20.65 billion.

The Republicans plan to spend \$20.40 billion, \$165 million below their 601 estimate of \$20.57 billion.

In building their budget, the Democrats assumed a \$72 million supplemental budget for the current biennium, double the \$35 million supplemental supported by the Republicans. Because the expenditure limit is based on actual spending, the higher supplemental budget sought by the Democrats permits an additional \$88 million in spending authority for the 1999-2001 budget cycle.

The Republicans also propose revenue legislation – mostly tax cuts – reducing revenues by \$158 million. The Democrats revenue proposal includes about \$12 million in rural county tax incentives, with the revenue loss mostly offset by increases, producing a net reduction of about \$6 million.

A few key features of the two proposals are outlined below.

K-12 Education. Following the theme set early for this budget cycle, each plan leads with K-12 education. And in that labor-intensive arena, compensation dominates the discussion and the budget proposals.

Both budgets provide three additional paid training days for teachers, at a cost of about \$73 million, equivalent to a 1.7 percent additional salary increase.

The basic Republican package sets aside \$226.5 million new spending to give every teacher a \$2,000 increase beginning next year. That amounts to

House Democrat and Republican Budget Proposals

General Fund - State Balance Sheets

(dollars in millions)	Democrat*	Republican**	Difference
Beginning Balance	521.0	563.0	(42.0)
November Revenue Forecast	20,179.2	20,179.2	-
March Forecast Update	93.6	93.6	-
Revenue Legislation	(6.0)	(158.0)	152.0
Budget Driven Revenue	34.6	42.6	(8.0)
Net Revenue	20,301.4	20,157.4	144.0
Total Resources	20,822.4	20,720.4	102.0
Working 601 Spending Limit	20,653.7	20,565.6	88.1
Proposed 99-01 Budget	20,640.0	20,400.3	239.7
Amount Below Working Limit	(13.7)	(165.3)	151.6
Emergency Reserve (incl. Interest)	468.6	468.6	-
Unrestricted Ending Balance	185.8	323.4	(137.6)
Total Ending Reserves	654.4	792.0	(137.6)

*Democratic budget assumes a \$71.9 million 1997-1999 Supplemental Budget.

**Republican budget assumes a \$34.9 million 1997-99 Supplemental Budget.

about an 8.7 percent increase for teachers at the bottom of the schedule and 4.2 percent for teachers at the top.

The Democrats' salary proposal includes 3 percent annual increases, for a cost of \$265 million, with additional funding for education stipends and the addition of a 16th "step" on the salary schedule for senior teachers. With the training days, the Democratic proposal provides increases of about 7.9 percent for mid-level teachers, 10 percent for senior teachers and 12.2 percent for new teachers.

Higher Education. Both proposals would fund increased enrollments, with the Democrats proposing about \$52.2 million and the Republicans \$51.6 million. Each pays for about 5,145 enrollments in community and technical colleges. The Republicans fund 2,940 slots in the 4-year schools; the Democrats, 2,971.

Faculty compensation separates the two a bit more. The Democrats fund annual 3 percent increases for all faculty and staff. The Republicans support annual 3 percent increases for faculty and librarians and annual 2 percent increase for exempt professional and faculty. They also allow an additional 1 percent salary increase for four-year faculty from tuition dollars; community and technical schools can use up to \$4 million of tuition money for part-time faculty salaries and to hire full-timers.

Both parties provide funding for recruiting and retaining quality instructional and research faculty, and they begin to address the gap in funding for part-time community and technical college faculty.

The compensation packages differ by about \$25 million, with the Democrats putting \$122.5 million against the Republicans \$96.7 million (excluding the tuition funding).

The two budgets agree on tuition policy: a 4.0 percent increase in 2000 and 3.2 percent in 2001, with individual schools allowed to vary up or down by 2 percent from the legislatively set rates.

State Employee Compensation. The Democrats propose across-the-board salary increases of 3 percent for state employees each year of the biennium, beginning September 1. The Republican plan provides for two percent salary increases for state employees and K-12 noninstructional staff. Both proposals provide additional funding to bring specific job classes closer to market level.

Natural Resources. The Democrats' plan sets aside \$16.7 million for state parks from the general fund. The Republicans budget includes \$5.7 million. Both parties allocate \$17.5 million GFS and \$105.9 million from other (mostly federal) funds for disaster relief.

Human Services. Just under \$40 million separates the Republican and Democratic proposals for Department of Social and Health Services Funding (DSHS), with the Democrats proposing a higher expenditure level.

The negotiations to close the gap are expected to take several weeks. Meanwhile, the Senate has yet to release its 1999-2001 proposal, expected to be close to the budget proposed by House Democrats.

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