



Policy Brief

PB 99:1

January 22, 1999

Governor's Proposed Budget Boosts Education Spending

Governor Gary Locke's biennial budget for 1999-2001 lifts state spending more than 7 percent, to \$20.6 billion, with most of the new money directed to public schools, colleges and universities. The General Fund State (GFS) budget continues the 1990s pattern of modest growth in state budgets, reflecting low inflation, robust economic conditions and Initiative 601's spending limit.

A \$73 million supplemental budget would increase spending in the current biennium to \$19.2 billion. So the \$20.6 billion 1999-2001 budget represents a 7.4% increase over the governor's proposed spending for 1997-1999 and a 7.8% boost from the currently authorized biennial budget of \$19.1 billion.

The current official estimate of the GFS expenditure limit for the next biennium is \$20.5 billion. The governor posits the limit at \$20.6 billion. His number reflects the increase in the supplemental budget as well as other budget-related adjustments, primarily changes in federal matching funds.

(Dollars in Thousands) Functional Area	1997-1999	1999	1997-1999	1999-2001	Change	
	Biennial Budget	Supplemental	Total	Proposed	Dollars	Percent
Legislative	\$113,974	\$	\$113,974	\$118,302	\$4,328	3.80%
Judicial	60,553	20	60,573	69,454	8,881	14.70%
Governmental Operations	349,417	7,162	356,579	406,862	50,283	14.10%
Human Services	5,931,793	4,420	5,936,213	6,301,728	365,515	6.20%
Natural Resources and Recreation	245,199	7,412	252,611	310,435	57,824	22.90%
Transportation	39,506	68	39,574	54,742	15,168	38.30%
Public Schools	8,817,896	-19,660	8,798,236	9,382,833	584,597	6.60%
Higher Education	2,208,291	2,998	2,211,289	2,506,005	294,716	13.30%
Other Education	50,041		50,041	52,758	2,717	5.40%
All Other Appropriations	1,267,052	70,180	1,337,232	1,373,341	36,109	2.70%
Total	\$19,083,722	\$72,600	\$19,156,322	\$20,576,460	\$1,420,138	7.40%

Locke's budget guidelines include:

- Make education the top priority, by stressing improved student achievement and greater access to higher education.
- No new taxes.
- Remain within the I-601 spending limit.
- Protect working families and the environment by assuring affordable state-subsidized health care and restoration of salmon habitat.
- Maintain a responsible reserve. (About \$522 million remains, including nearly \$400 million in the I-601 emergency reserve account that lawmakers can tap only by a supermajority vote.)

The proposed budget incorporates the usual balancing of savings, efficiencies and reductions with new proposals, program expansion, and rising costs

The budget office figures it would cost \$20.1 billion to maintain current programs into the 1999-2001 biennium. But the governor wished to provide more than \$1 billion in salary increases and program enhancements, as outlined in the table below.

Increases	\$ in millions
Maintain health care for low income children and families	\$157
K-12 Education	318
Higher Education	196
Salmon and Water Programs	50
Public Safety	22
Human Services	109
State Employee Compensation (excludes K-12 and Higher Education)	74
Other Programs	107
Total Funding for Priority Programs	\$1,033

With the additional spending, the budget would reach \$21.1 billion, exceeding the governor's estimate of the 601 limit by \$451 million.

Fortunately for Locke's budget writers, they found another \$350 million in revenue and program cuts. They would use about half of the anticipated \$323 million coming to the state from the national tobacco settlement to support health care programs. And they see caseload reductions from welfare reform providing nearly \$200 million in additional general fund savings. Moreover, actual program cuts and reductions in other general- fund operations would provide another \$161 million.

Investment of Tobacco Settlement in health care	157
Welfare caseload reductions (invested in education)	193
Agency cuts and reductions	161
Total Reductions	\$511

Reductions, welfare reform savings and windfall revenues together bring the governor's request down to the proposed \$20.6 billion, \$60.5 million below the I-601 limit.


Legislators on both sides of the aisles expressed initial support for the governor's overall approach, while

reserving judgment on details. Budget hearings have begun and will continue for several weeks. The House expects to propose its own version of the budget in March.

Teacher salaries, shifting welfare savings to new education programs, various economic development initiatives, salmon recovery programs, among other budget items – all will receive close attention as the session continues.

At the end of the day, however, the legislative budget likely will reflect the bipartisan support of the governor's budget priorities (if not his specific recommendations): honoring the 601 limit, emphasizing education, keeping salaries and benefits in check and taking advantage of windfall revenues to ease the pressure of higher health care spending.

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