

Policy Brief



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Key issues separate budget committee members

Agreement on a state budget for the 1995-97 biennium may be weeks away, or just around the corner. Most observers look for a lengthy stalemate, but that can change in an instant. Two things are clear: 1) the gap between the two chambers is wide, and 2) it will eventually be bridged.

The conference committee appointed to resolve differences between the House and Senate budgets trudged into its second week of unprecedented public meetings with little in the way of open negotiation. Thus far, the meetings have primarily consisted of staff briefings and commentary, explaining differences but rarely confronting them.

Table 1 below displays an overview of the budget differences. The House budget increases spending nearly \$1.1 billion from the current biennium. The Senate takes spending nearly to the Initiative 601 limit, up about \$1.7 billion from the current two-year state budget.

Although there are myriad differences between the two budgets, breaking the impasse will involve resolution of four critical issues: compensation for public employees and teachers (salaries and health care benefits), public school funding, higher education, and human services.

Compensation

The compensation question involves more than 40 percent of the \$617 million gap between the two budgets.

Salary Increases: The Senate proposes a base salary increase of 5 percent, effective July 1, 1995 for state and higher education employees and Sept. 1, 1995 for teachers. The Senate also provides \$5 million to make competitive salary adjustments in specific job classes. The Senate's higher education salary increase has a price tag of \$89 million, of which the Senate appropriates \$50 million. The remaining balance must be found through efficiencies in higher education operations.

The House budget provides a \$100 per month increase for most state employees and public school teachers (effective Jan. 1, 1996 for state and higher

**Table 1
Comparison of House and Senate Budgets**

Agency/Department	Estimated 1993-95 GF-S	Proposed Senate GF-S	Proposed House GF-S	House-Senate Difference GF-S
Legislative	\$101,047	\$104,215	\$106,620	\$2,405
Courts	55,228	54,171	54,684	513
Gov't Ops.	309,068	298,863	302,125	3,262
Hum. Svcs. (excl. DSHS)	838,373	870,761	870,363	(398)
DSHS	4,040,136	4,637,575	4,535,963	(101,612)
Natural Resources	262,066	204,667	206,779	2,112
Transportation	17,923	21,696	28,253	6,557
Public Schools	7,756,565	8,472,999	8,160,944	(312,055)
Higher Education	1,860,062	1,984,956	1,839,788	(145,168)
Other Ed.	44,410	45,985	45,572	(413)
Spec. Approps.	922,515	1,200,715	1,128,145	(72,570)
Grand Total	\$16,205,393	\$17,896,603	\$17,279,236	\$(617,367)

education employees and Sept. 1, 1995 for teachers). Community and technical college faculty and prison officers receive a 4 percent increase Jan. 1, 1996 and a 3 percent increase Jan. 1, 1997. The House also eliminates the ability of state and higher education employees to cash-out their sick leave.

Applying the higher education efficiencies to reduce the general fund obligation, the Senate proposal is about \$131 million more expensive than the House package.

Employee Health Care: The House requires a \$32 per month premium co-payment for state employees, reducing state costs by \$78 million. The Senate continues to pay health care premiums, provides prorated health care coverage for employees working less than half-time (half-time employees currently receive full-time health benefits), and brings teachers into the state's managed competition program. The Senate package carries an increased cost of about \$55 million, for a gap between the two chambers of \$133 million.

Public Schools

Public schools represent nearly half the state budget, and about half the difference between the House and Senate budget proposals. The largest single dispute centers on the proposed "Attendance Incentive Program" incorporated in the House budget. By basing the state apportionment to school districts on average daily attendance rather than enrollment, the House assumes spending will be \$126 million lower than under the current system. They assume average absenteeism of 11 days per pupil and allow 7 of those days as normal. The difference of 4 days will not be funded. Districts that don't exceed the 7 day standard will not see any reduction in funding and no district will lose more than 4 days (or 2.2 percent) of state funding regardless of actual absenteeism.

The House and Senate both reduce special education funding from baseline based on legislative analysis. The House reduces funding for education reform and for administrator salaries. The Senate reduces vocational education the staffing ratio, spending \$32 million less than the House.

In total, the Senate spends about \$312 million more on public schools than does the House.

Higher Education

About \$145 million separates the House and the Senate in higher education. The compensation differences discussed above account for 45 percent of the gap. The House budget expands enrollment 5,000 FTEs, while the Senate increases enrollment 4,155. However, the Senate funds enrollment under a more generous formula, providing more general fund state support.

The House also reduces general fund support to offset the \$49 million in

Table 2
Comparison of State Full-Time Equivalent FTEs
(numbers may not add due to rounding)

Agency/Department	1993-95 Estimated FTEs	Proposed Senate FTEs	Proposed House FTEs	House-Senate Difference FTEs
Legislative	783	782	775	(8)
Courts	507	525	520	(5)
Gov't Ops.	6,780	6,665	6,654	(11)
Hum. Svcs. (excl. DSHS)	12,896	13,098	13,038	(60)
DSHS	16,506	16,882	16,263	(419)
Natural Resources	6,622	6,012	5,660	(353)
Transportation	440	482	551	68
Public Schools	252	255	247	(9)
Higher Education	35,459	36,165	36,079	(86)
Other Ed.	404	416	415	(1)
Grand Total	80,652	81,083	80,200	(883)



tuition increases mandated in its budget; the Senate makes no similar reduction. The Senate provides that general fund-state appropriations increase at the same rate as tuition, with tuition hikes based on estimated growth in per capita personal income.

Both budgets aim to reduce operating costs. The Senate makes an across-the-board cut of 2.4 percent (2 percent for community colleges), with the \$39 million savings targeted for compensation increases. The House makes a 2.4 percent (2 percent for community colleges) reduction in administration, a general fund-state savings of \$11 million.

Human Services

Both budgets increase reimbursements to private social service contractors, with the House increasing rates 1 percent each year of the biennium and the Senate providing a 5 percent increase in the first year. Each budget increases basic health plan enrollments. The Senate projects a baseline reduction of \$52 million through alternative approaches to long-term care; the House budgets savings of \$29 million. Changes in the state's health care legislation expanding the Basic Health Plan and adoption of welfare reform provisions will affect the budget in these areas. The Senate budget provided \$20 million in increased funding to support job training and childcare associated with its welfare reform package. The House budgeted a net savings of \$7 million for welfare reform. Both chambers project savings from changes in the general assistance program.

Overall, the differences between the chambers in DSHS and other human services funding amount to about \$102 million.

FTEs and Competitive Strategies

Under the Senate budget, full-time equivalent (FTE) employees increase about 431 from the current biennium. (See Table 2) The House reduces employment by 452, resulting in a difference of 883 between the House and Senate budgets.

The House budget included about \$28 million in savings from contracting out. The Senate budget includes no expanded contracting out. At this point, the House has not moved the legislation required to implement contracting out. The issue has so far not been part of the open conference committee discussions.

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Table 3
Comparison of Proposed Budgets with 1993-95 Budget

Agency/Department	Estimated	Proposed	Proposed	Senate to 93-95	House to 93-95
	1993-95 GF-S	Senate GF-S	House GF-S	Difference GF-S	Difference GF-S
Legislative	\$101,047	\$104,215	\$106,620	\$3,168	\$5,573
Courts	55,228	54,171	54,684	(1,057)	(544)
Gov't Ops.	309,068	298,863	302,125	(10,205)	(6,943)
Hum. Svcs. (excl. DSHS)	836,373	870,761	870,363	34,388	33,990
DSHS	4,040,136	4,837,575	4,535,963	597,439	495,827
Natural Resources	262,066	204,667	206,779	(57,399)	(55,287)
Transportation	17,923	21,696	28,253	3,773	10,330
Public Schools	7,756,565	8,472,999	8,160,944	716,434	404,379
Higher Education	1,860,062	1,984,956	1,839,788	124,894	(20,274)
Other Ed.	44,410	45,985	45,572	1,575	1,162
Grand Total	\$16,205,393	\$17,896,603	\$17,279,236	\$1,691,210	\$1,073,843