



Policy Brief

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Supplemental Budget will contain Minimal New Spending

In recent times, the supplemental budget adopted in the second year of a legislative biennium generally resulted in more spending – more people receiving social services, more students in the public schools, more money in the treasury (maybe even more election-year pressure) – all represented reasons to increase appropriations. Too often, the supplemental budget represented “another bite at the apple” for groups who failed to get their pet projects funded in the original budget. This year, that may have changed.

Last month, we predicted that the February revenue forecast would have an important effect on final budget action, and it appears that will be the case. The \$109 million drop in available revenues squeezes plans both for increased supplemental spending (a Senate priority) and tax relief (a House priority). Both chambers are likely to back off from their initial plans.

Downward revisions in social service caseloads and public school enrollments resulted in more “found” money than was lost due to the revenue forecast. There are a few new spending requirements as well, primarily associated with flood damage.

The House reappropriated more than \$115 million of the “found” money (to education and welfare programs, primarily), while decreasing total spending for the biennium by about \$53 million. The Senate supplemental budget would have increased total spending \$149.8 million, raising biennial spending to \$17.75 billion. Most of the increased and redirected spending of \$260 million went to technology and higher education programs. (See table)

Adopted Supplemental Budgets

Agency/Department	Senate GF-S	House GF-S	Difference
<i>Legislative</i>	687	209	478
<i>Courts</i>	1,255	300	955
<i>Government Operations</i>	38,172	10,795	27,377
<i>Human Services(excl. DSHS)</i>	1,219	(2,607)	3,826
<i>DSHS</i>	(13,416)	(41,741)	28,325
<i>Natural Resources</i>	13,063	(954)	14,017
<i>Transportation</i>	5,058	789	4,269
<i>Public Schools</i>	53,337	(4,362)	57,699
<i>Higher Education</i>	77,555	17,413	60,142
<i>Other Education</i>	859	275	584
<i>Special Appropriations</i>	(27,986)	(33,197)	5,211
GRAND TOTAL	\$149,803	\$(53,080)	\$202,883

At this time, conferees and leadership are attempting to resolve the differences (and may have succeeded by the time this reaches you). The Senate negotiators initially offered to reduce their desired total spending level by more than \$50 million, \$30 million of which was represented by a higher education loan program. The House, while insisting appropriation not exceed the \$17.6 billion budget total adopted last year, agreed to increase funding for technology programs in higher education and public schools, welfare reform, and justice programs, addressing several of the higher priority items in the senate budget. The 601 limit, which is pegged to actual spending, is a critical factor in the discussions of total spending.

An examination of the two budgets suggests that resolution ought to be possible. The heavy lifting was done last year and this year’s action should be limited to minor adjustments.