

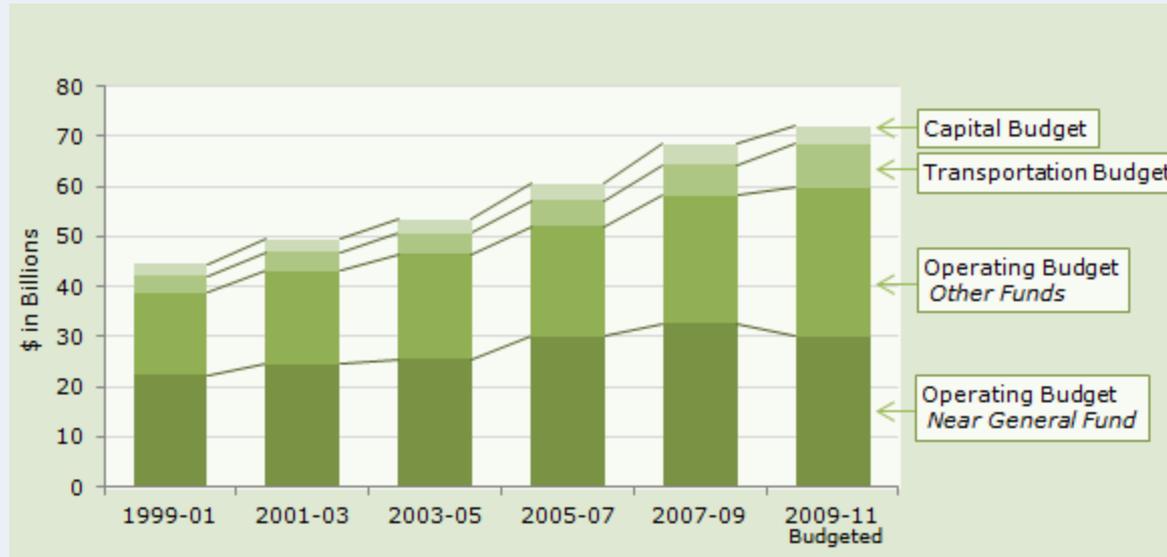


WASHINGTON STATE 2011-13 BUDGET SUMMARY

WASHINGTON STATE SPENDING

BUDGETED STATE, LOCAL, AND FEDERAL FUNDS

(source: fiscal.wa.gov)



2011-13 Biennium Total: \$74 billion

Operating Budget NGFS \$31.98 billion
 Other \$30.1 billion

Transportation Budget \$9.1 billion

Capital Budget \$2.8 billion (new appropriations)

CONTEXT FOR 2011 BUDGET CONSIDERATION

Over the past three years, Washington has seen a significant drop in General Fund-State (GFS) revenue forecasts, creating the need to adjust already enacted budgets, as well as to consider cut options for the ensuing biennium's budget.

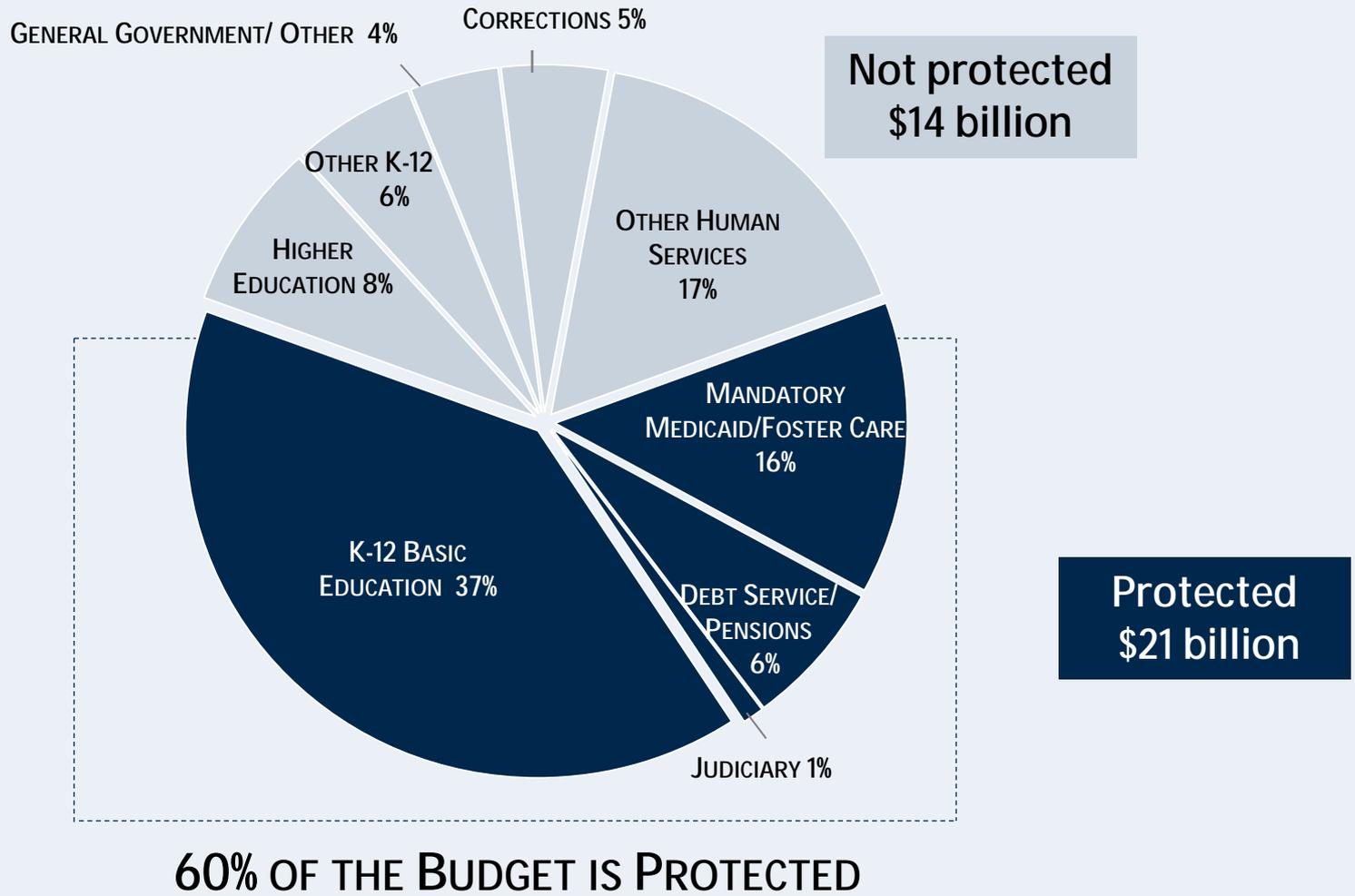
In 2009, the Legislature closed an assumed \$9 billion three-year (FY's 09,10 and 11) GFS shortfall through:

- ü cuts to programs and services
- ü use of federal Recovery Act funds
- ü fund transfers, including Rainy Day Fund

A new three-year GFS problem for the second year of 2009-11 and the 2011-13 biennium has been estimated at about \$6 billion for the supplemental and biennial budgets the Legislature considered in May, 2011.

As always, reduction options are limited by state constitutional restrictions and federal spending mandates.

MAJORITY OF \$35 GFS BILLION BUDGET IS PROTECTED TIED TO STATE CONSTITUTIONAL OR FEDERAL REQUIREMENTS



RECAP OF SOME OF THE SIGNIFICANT BUDGET ISSUES FOR THE 2011 LEGISLATIVE SESSION

Balancing the budget for the remainder of the current biennium.

Decisions on Governor-proposed reorganization initiatives

e.g. Dept. of Enterprise Services, Dept. of Education, Office of Civil Rights,
Natural Resource Agency reorganization

Legislative Authorization of Fees

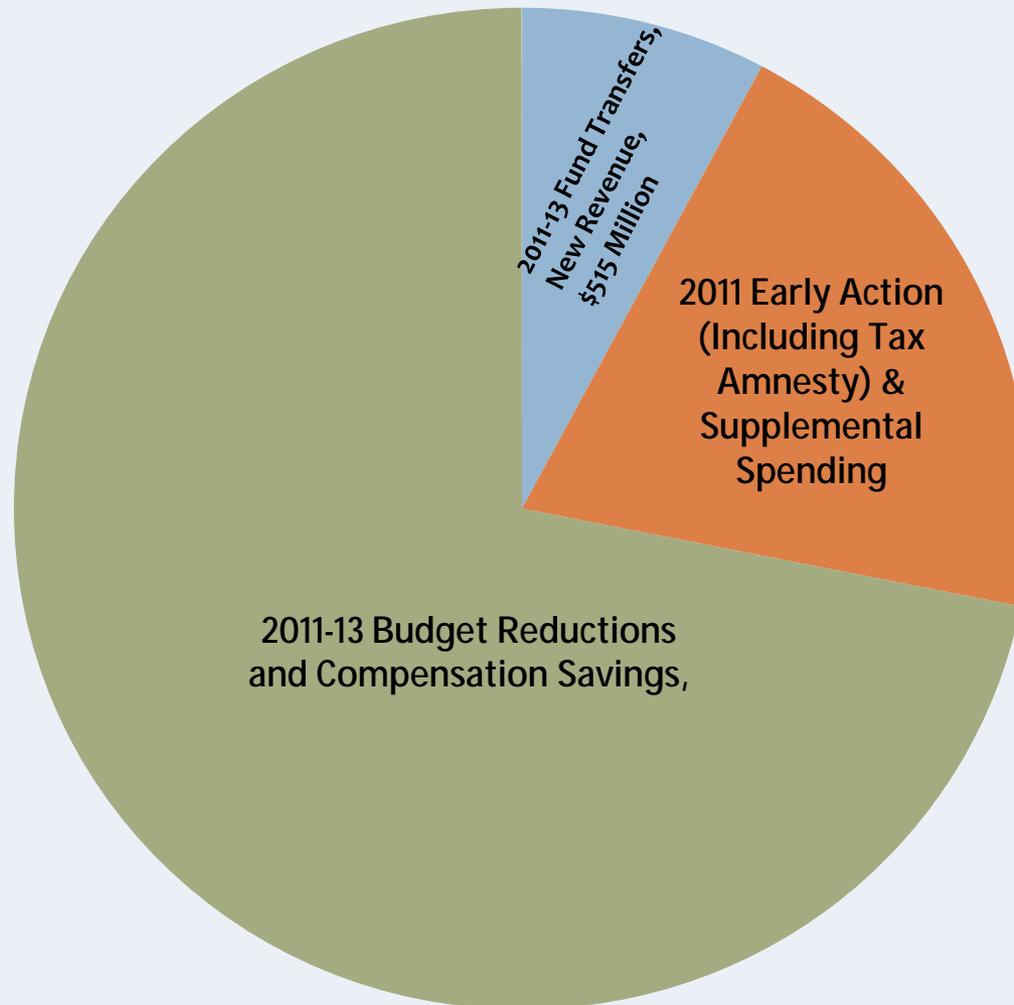
e.g. ferry fares, highway tolls

Size of the capital budget, given debt limit and declining revenues

2011-13 Budgets

Operating, Transportation, Capital

Three-Year NGFS Budget Solution



Source: Senate Ways & Means Committee 6/3/2011

EXAMPLES OF NGFS SAVINGS

Suspension of the class size reduction distributions to K-12 school districts under Initiative 728. This saves \$861 million.

Elimination of the K-4 class enhancement. \$215 million

Suspension of employee salary increases under Initiative 732 for K-12 and higher education teachers and other state employees. This saves \$296 million.

K-12 Employee Salary Reduction. Teachers 1.9 percent and administrators 3 percent. \$179 million.

Reductions to Higher Education institutions, to be offset by tuition increases. \$535 million.

Note: NGFS = Near General Fund, composed of General Fund-State and Education Legacy Trust Account.

EXAMPLES OF NGFS SAVINGS, CONTINUED

Freezing admissions to the Basic Health Plan, which offers subsidized health insurance to low-income individuals. Enrollment is expected to drop by 3,000 persons per year, to an average of 34,000/month. \$130 million.

Reducing hospital payment rates by 7-to-8 percent. \$110 million.

Changing the Disability Lifeline program for the temporarily unemployable to a housing and essential needs program. \$116 million.

Instituting an annual fee (Discover Pass) for users of recreational areas operated by State Parks, Fish and Wildlife, and Dept. of Natural Resources. \$68 million.

Three percent salary reduction for state employees: \$177 million NGFS, \$86 million Other Funds.

Elimination of future automatic annual increases for Plan 1 retirees. \$344 million.

MAJOR FUND TRANSFERS ASSUMED IN THE BUDGET SOLUTION

Transfers for Other Funds to the General Fund/Suspensions of transfers out of the General = \$458 million

Continued and new revenue collection efforts = \$57 million

CURRENT GENERAL FUND – STATE BALANCE SHEET COMPARED TO ORIGINAL BUDGET ASSUMPTIONS

(DOLLARS IN MILLIONS)

	2009-11 (May Budget)	2009-11 (June Forecast)	2011-13 (May Budget)	2011-13 (June Forecast)
Revenues				
Beginning Balance	\$189	\$189	\$104	(\$84)
Revenue Forecast/ Legislative Adj.	\$28,407	\$28,219	\$32,111	\$31,724
Fund Transfers	\$1,367	\$1,367	(\$37)	(\$37)
Expenditures				
Appropriations	\$29,859	\$29,859	\$31,724	\$31,721
Ending Balance Including Rainy Day Fund	\$104	(84)	\$735	\$163

AFTER THE JUNE 2011 GENERAL FUND - STATE REVENUE FORECAST

Revenue Forecast Changes Summary (includes May legislative changes)

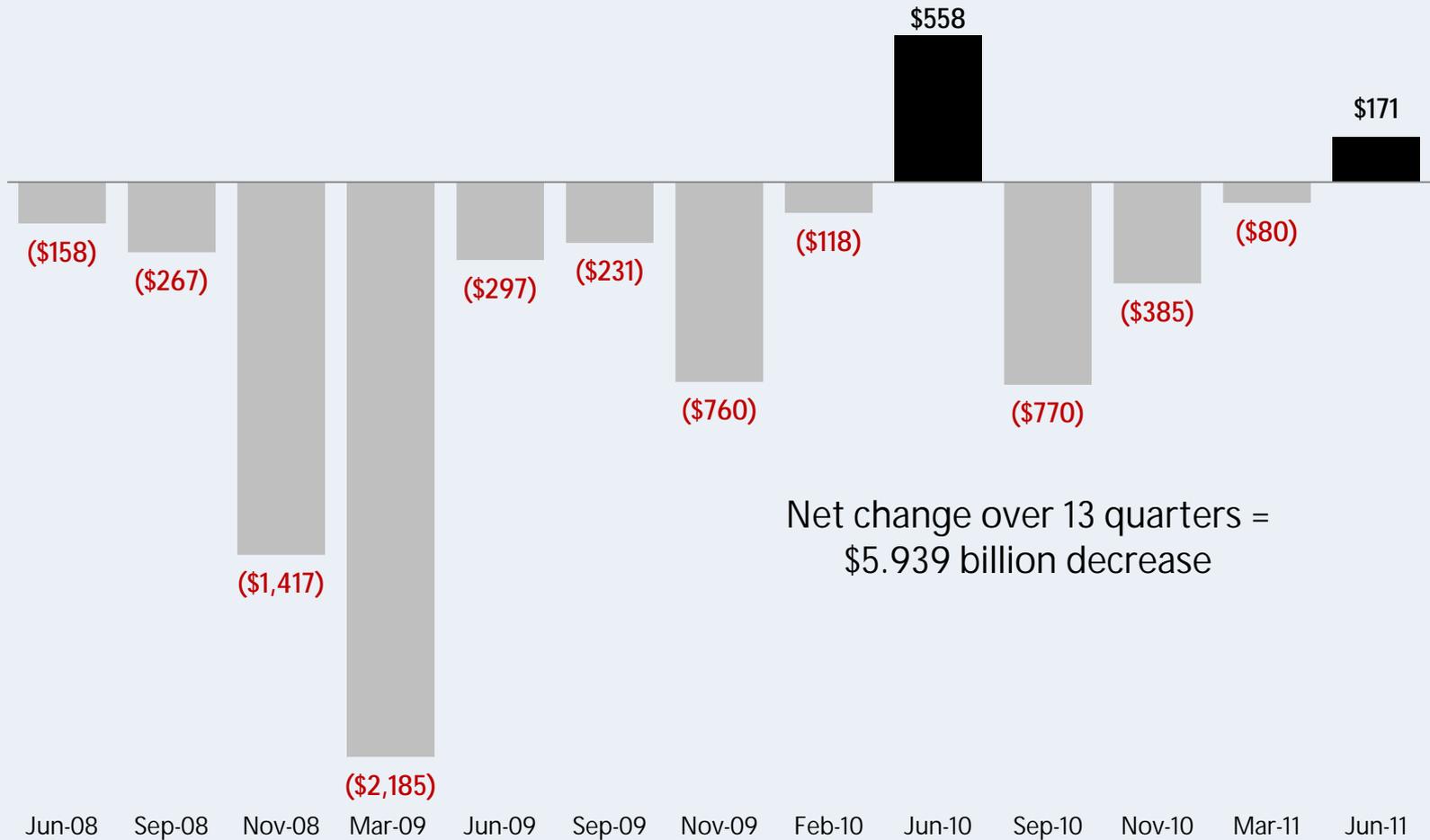
March-to-June difference in revenue forecast for 2009-11	\$ 171 million
March-to-June difference in revenue forecast for 2011-13	<u>\$(183) million</u>
Total	\$ (12) million

Balance Sheet Changes Summary

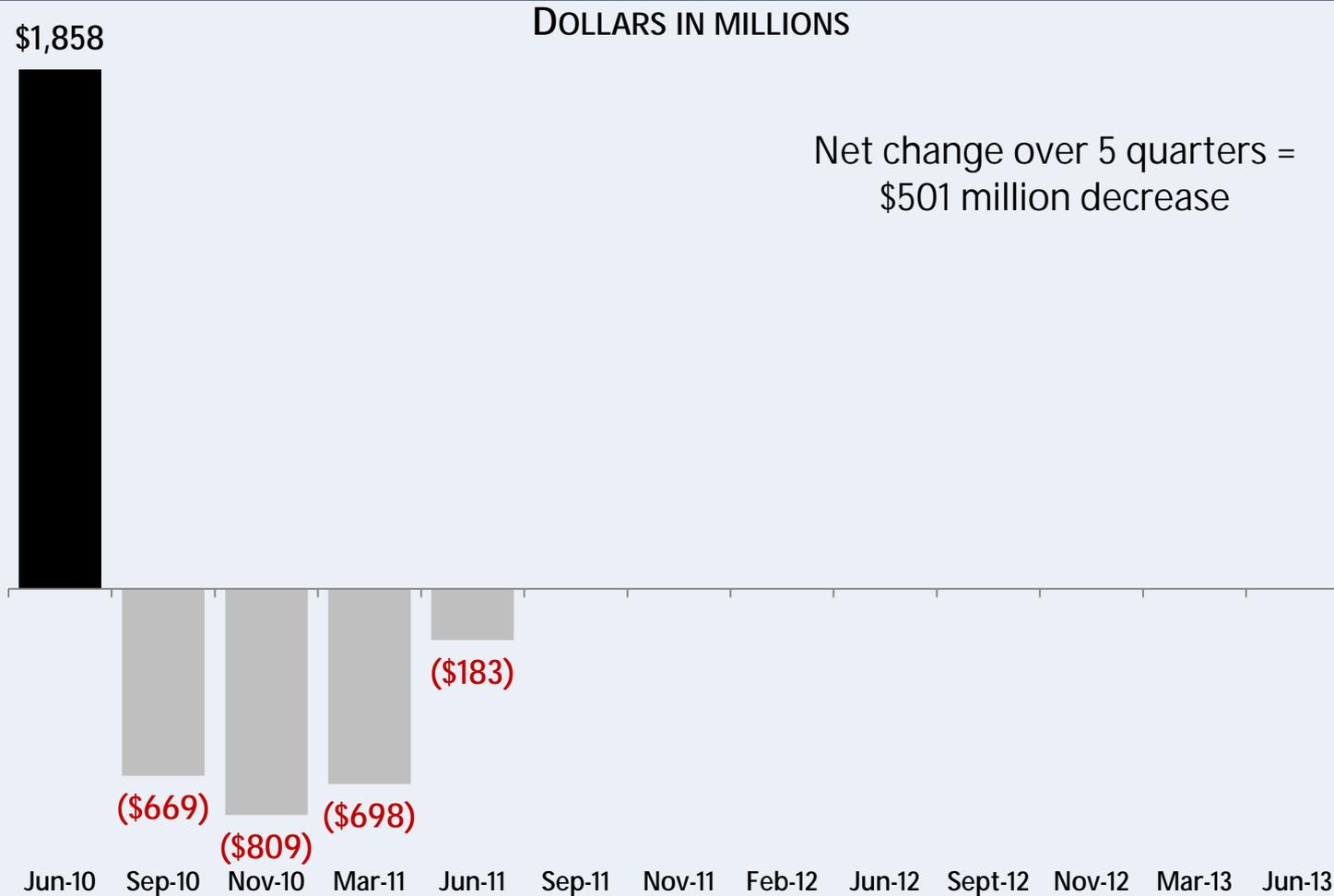
May-to-June difference in revenue assumptions for 2009-11	\$(188) million
May-to-June difference in revenue assumptions for 2011-13	\$(387) million
Effect of June 15 vetoes	<u>\$3 million</u>
Total	\$(572) million

QUARTERLY REVISIONS TO THE 2009-11 BIENNIUM GFS REVENUE FORECAST

DOLLARS IN MILLIONS



QUARTERLY REVISIONS TO THE 2011-13 BIENNIUM GFS REVENUE FORECAST



SOURCE: OFFICE OF THE ECONOMIC & REVENUE FORECAST COUNCIL
JUNE 2011

RESOURCES

Tabular Budget Data, and Links to Related Governor/Legislative Documents

<http://www.fiscal.wa.gov/budgets.aspx>

Legislative Overview of Operating Budget (June 3, 2011)

<http://leap.leg.wa.gov/leap/Budget/Detail/2011/SOOverview0603.pdf>

Summary of Capital Budget Bills (May 25, 2011)

<http://leap.leg.wa.gov/leap/Budget/Detail/2011/hcsummary0525.pdf>

List of Transportation Projects for 2011-13 (April 19, 2011)

http://leap.leg.wa.gov/leap/Budget/leapdocs/stLEAPDoc2011-2_0422.pdf

Governor's 2011 Bill Action (including veto messages)

<http://www.governor.wa.gov/billaction/2011/default.asp>

Governor's End-of-Session Briefing Document (May, 2011)

http://www.governor.wa.gov/priorities/budget/20110525_end_of_session_brief.pdf