



Legislative Update

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48th Legislative District

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One of the purposes of a newsletter like this is to answer common questions from constituents, and from folks all across the state who write to me about their concerns. In the past two weeks, I’ve been inundated with emails about items in the budget. I answer many of them below. I apologize for not writing a personal response to every inquiry, but it is almost impossible to do so and still do my job.

Tolling on 520 Bridge -- Starts Dec. 29

A “Good To Go” pass gives you a significant discount on the toll. Learn [how to get a pass](#).

Introduction

As always, it’s an honor and a privilege to serve you in the Legislature. This will be my tenth year, which I find astounding. I never intended to do this – I thought I’d swoop in and fix school funding, then go back to the private sector. It turns out that some problems are harder to fix than you would think. The “great recession” is also making it a little more difficult...

Gov. Gregoire called the Legislature into special session Nov. 28 to deal with a significant decline in our expected revenue over the remainder of the two-year budget period, which ends June 30, 2013. She released her proposed revised budget Nov. 21.

We finished the special session on December 14th with the passage of a “down payment” bill on the budget, along with a handful of bills that were related to the budget or to creating jobs in Washington. The down payment bill saved a little less than 25% of the overall problem: \$480 million. We still have about \$1.5 billion to go.

The Budget Situation

We face a daunting set of decisions this year. Last spring, we adopted a bipartisan two-year budget that spent less than we expected to receive in revenue and that provided for \$700 million in reserves. It was, according to most neutral observers, remarkably free of gimmicks. Since then, the revenue forecast for the state has declined by more than \$1.6 billion, including a \$122 million drop in November’s forecast. These declines are a result of economic forces from outside the state, but we have to deal with them – and with necessary reserves, that means closing a \$2 billion gap.

To fix that hole in the budget, we will have to adopt spending cuts, revenue increases, or a combination of both that equal \$2 billion. Due to Initiative 1053, approved by voters in 2010, any revenue increase (even closing a tax loophole) must win two-thirds approval in the Legislature or be ratified by voters statewide. Practically speaking, that means any revenue proposals will have to go to the ballot – and that means the Legislature will have to first close the gap entirely with cuts, then decide which cuts to

ask the voters to restore with new revenues. We're in the middle of this process.

While we have not made any decisions yet, we are spending a significant amount of time thinking about what is the appropriate mix of cuts and revenue. I support some revenue as part of the solution, as I am unexcited about large reductions in education and our social safety net.

We are looking at a number of options, including sales tax increases and closing loopholes in the tax code. I am not excited about sending proposals to the voters that are likely to fail, so we will be cautious about what we do.

As House budget chairman, I've been spending most of my time in Olympia for the past few months, working on a draft of a budget. The governor has to get only one vote to adopt her budget: her own. In the Legislature, we have to get 50 votes in the House and 25 in the Senate, and this is remarkably more difficult.

Most of the first few weeks of the special session will be spent educating members about their choices and what the budget committee's recommendations are. We'll then make adjustments and negotiate with the Senate on their preferences.

"Americans can always be counted on to do the right thing...after they have exhausted all other possibilities."(Winston Churchill) I expect this will be what happens on the budget.

I expect this to take a while. After all, we have the "worst form of government ever invented, except for all the others that have been tried from time to time." (Winston Churchill) I'm a little comforted by another Churchill quote, this one on the American character: "Americans can always be counted on to do the right thing...after they have exhausted all other possibilities." I expect this will be what happens on the budget.

In a discussion with House Democrats about proposed cuts, I presented a [document](#) that I thought might be interesting to others as well. There are six pages here and it's a little wonky, but you begin to get a sense of the actual meaning behind some of the rather bland descriptions of the impacts of proposed cuts. The spreadsheet at the end is explained in one of my earlier blog posts about the budget, at www.rosshunter.info.

In the sections below, I've written about the various budget items that concern people enough for them to bury me in email suggesting that we fund them completely. We will make a very difficult set of decisions this year that will require a re-setting of budget expectations. I try to describe the particular issues involving several possible reductions, but **cannot make any promises that any specific item will be funded.**

Working out how we balance this budget will be difficult and is likely to try my patience. I look forward to your input as we work through it, and I hope you have new ideas that can help us find better solutions than what the governor has proposed.

Education

The governor proposes a reduction to K-12 education that I think is not only unwise, but unconstitutional: cutting the length of the school year by four days. A court case in the early '80s made it pretty clear that once the Legislature defines what "basic education" is, we cannot reduce support for it for purely budgetary reasons.

Some of the governor's other cuts are painful (and probably also unwise), but are potentially outside the constitutional definition of basic education. A fundamental issue of fairness is involved in the cut to levy equalization funds, which are payments to reduce the property tax burden in school districts with low property-tax bases that otherwise would have to set their school levy rates very high to raise enough money. But it will be hard to avoid that cut, given that it targets the only K-12 spending item of any size that is outside "basic education."

I propose a substantive reform to the entire levy equalization system to deal with the fairness problem; you can [read about it](#) on my Web site. This proposal would eliminate the need for much of the levy equalization spending now in the budget.

The decisions we make in education (from pre-school to higher ed) will be strong indicators of how serious we are about moving forward as a state and

investing in our long-term economic future. It is mathematically difficult to avoid reductions altogether in K-12, but we should at least fix the system so that it will work better as we grow our way out of this mess.

In higher education, the governor proposes reductions of \$160 million -- a 15% cut in state spending for higher ed, on top of reductions of 49% over the past few years. This moves us in the direction of a set of nominally public but *de facto* private universities and a weakly supported community college system. I don't think this is a good direction, but I struggle with the budget realities that make similar levels of reduction almost inevitable.

If we imposed a \$2 billion budget cut across the board -- making reductions of the same percentage in all areas that aren't protected either by the state constitution or federal law -- then higher ed would be in line for a 30% cut, so the governor is at least moving in the right direction. But I am very concerned about what the governor's proposed reduction would say to companies such as Boeing, which are considering substantial investments in the state and need a highly educated workforce.

What would likely happen if the governor's proposal were adopted: UW and Western Washington University would increase tuition to cover the reduction and WSU would do that to some degree, but the other four-year schools would not realistically be able to do so. The community colleges would struggle because large fractions of what they do don't involve tuition charges, so they can't make up the reductions through increases.

This doesn't work for our economic future.

But protecting higher ed entirely means deeper cuts in other areas such as social services and health care, and proponents of those services are likely to push back against that.

Health Care and Human Services

Basic Health/Disability Lifeline

The state created the Basic Health program to allow working citizens affordable access to quality health

care. The state subsidizes health care insurance premiums for low-income working families on a sliding scale, providing for tens of thousands of people who would otherwise be uncovered. The federal government (thanks to Senator Cantwell) recognized the value of what we do and has incorporated it into the new Affordable Care Act, passed last year in the other Washington but not yet fully in effect.

Disability Lifeline provides a way for adult citizens who typically are not eligible for Medicaid but who are temporarily disabled to get health care. It assists a variety of people, from young adults who break a leg and can't work for a few months to others who have mental illnesses that block them from working. These are very poor people, and the program has time limits.

Gov. Gregoire has proposed that we eliminate both programs. This isn't something anyone wants to do, but it is under consideration as we grapple with our huge budget deficit. We are trying to plan the transition to the world after the federal Affordable Care Act takes effect: The expenses for the Basic Health and Disability Lifeline populations will be covered 100% by the federal government as of Jan. 1, 2014. We'd like to keep the programs around to avoid major disruptions of service, but the cost factor is very challenging this year.

Critical Access Hospitals – HB 2031

The governor proposed a cut to "critical access hospitals," which are certain small hospitals in rural areas. We heard her bill in committee and the reaction from those hospitals was that this would devastate them. There is another program that, when cut, affects largely Harborview and the UW hospital. Other hospital cuts in her budget are large as well. The system is bizarrely complex and we will sort through the different effects and try to come up with a rational solution.

Given the amount of money we spend on Medicaid, it will be hard to avoid reducing payments to hospitals. "Hard to avoid" means that we can't spare them without making other, equally untenable cuts elsewhere in the budget. This is true for every single reduction I address in this newsletter.

Breast and Cervical Cancer Screening

As a cancer survivor myself I understand the importance of this item in the budget. We provide screenings for low-income individuals that in many cases significantly increase the patient's ability to detect a cancer early, when it's simpler (and cheaper) to treat. Had we not caught mine as early as we did I would not be writing this impossibly long email.

Family Planning

There are a number of ways the state provides funds for family planning in Washington. First, we provide family planning (contraception) to all women who are eligible to have the cost of their pregnancy and delivery paid for by Medicaid. About half the births in the state are currently covered by Medicaid. It turns out that this family planning program is much cheaper than paying for the deliveries would be, particularly if there were to be any complications at all.

Second, we make some grants to family planning clinics to provide services more broadly. Again, these interventions are relatively effective at reducing costs in the rest of the health care system.

The governor proposed a 10% reduction to the clinic grants this year, about \$1.8 million. I do not know if we will be able to prevent this cut, but I will make every effort to do so.

Chemical Dependency Treatment

I've received many touching emails from recovering addicts who talked about how, without treatment, they would likely still be involved in destructive behaviors. The emails have talked about how people were able to re-unite with their children, get jobs and otherwise succeed in life in ways that were not possible before treatment -- including staying out of jail,

Washington is blessed to have the nationally renowned Washington State Institute for Public Policy, which is highly regarded for its research into the corrections system and what can reduce recidivism. As we look at the system, we have to decide what values we hold: Do we want to punish people, or do we want to create a situation where

they don't offend in the future? For most of the public, the criminal justice system is a mixture of both.

We hope to draft a proposal to reduce spending in corrections by shifting that balance a little bit. Based on the evidence, we'll propose a model that saves money with shorter sentences, but ensures that we have adequate chemical dependency treatment in the community so that ex-convicts aren't almost guaranteed to fail and return to prison, at a cost of \$35,000 per year per prisoner.

Treatment is cheaper.

Treatment also is a more cost-effective solution to many problems addressed by programs in the child welfare system, such as Child Protective Services, foster care and adoption support. In many cases, children caught up in that system struggle in school. Treatment is cheaper, and yields better results.

I can't promise that we'll hold onto all our treatment options, but we will certainly try to hold onto as much as we can.

Contact Me

I love to hear from you about your issues, suggestions, or concerns. We can solve a lot of problems for people, direct you to resources, etc.



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