

# WA STATE BUDGET PREVIEW

---

Rep. Ross Hunter

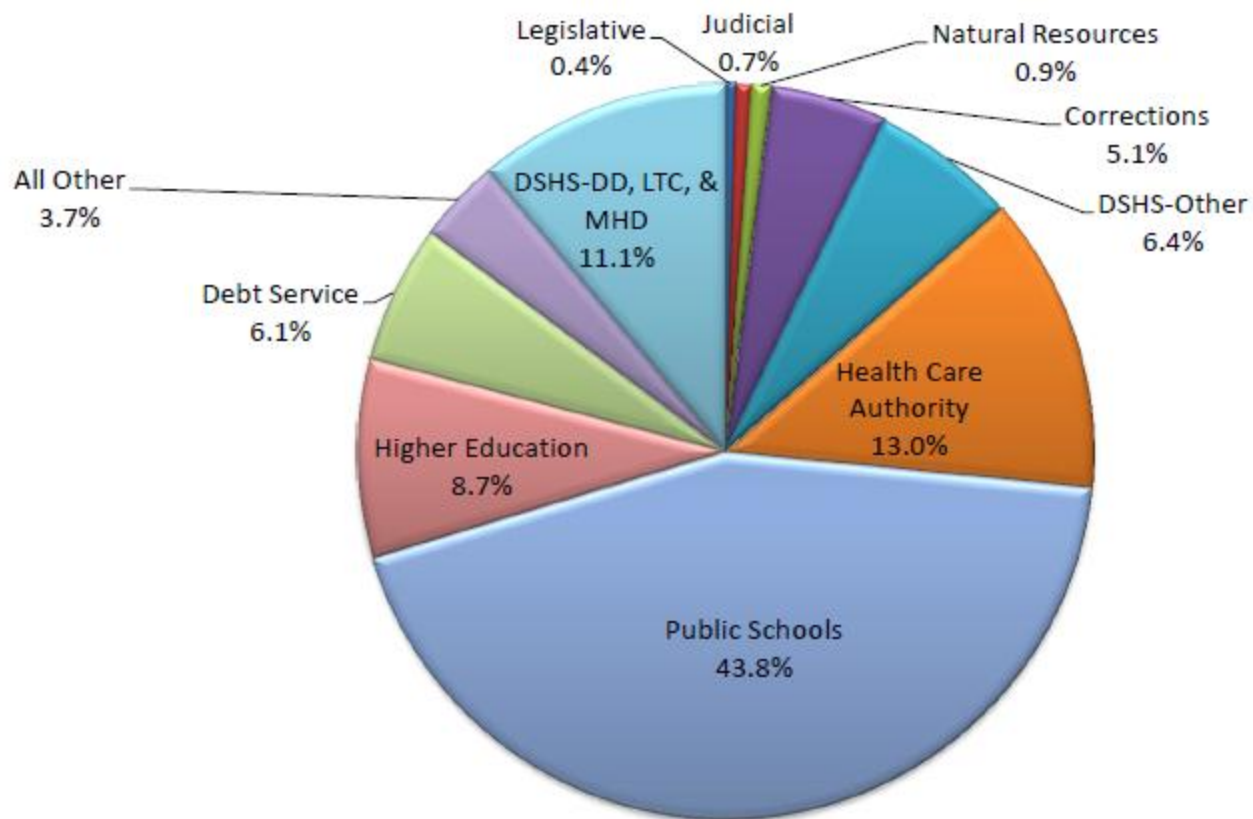
Chair, Ways and Means Committee

September 19, 2012

# Where are we now?

	11-13	13-15
<b>Beginning Balance</b>	\$ (60)	\$ 45
Resources		
Forecast	\$ 30,886	\$ 33,043
Transfer to BSA	\$ (265)	\$ (284)
Transfers, WCR	\$ 617	-
<b>Total</b>	<b>\$ 31,238</b>	<b>\$ 32,759</b>
Spending		
Appropriations	\$ 31,253	\$ 33,881
Less Reversions	\$ (120)	-
<b>Total</b>	<b>\$ 31,133</b>	<b>\$ 33,881</b>
NGFS+ Op PW	\$ 45	\$ (1,077)
BSA	\$ 265	\$ 549
<b>Total Reserves</b>	<b>\$ 310</b>	<b>\$ (528)</b>

# Where is the Money Spent?

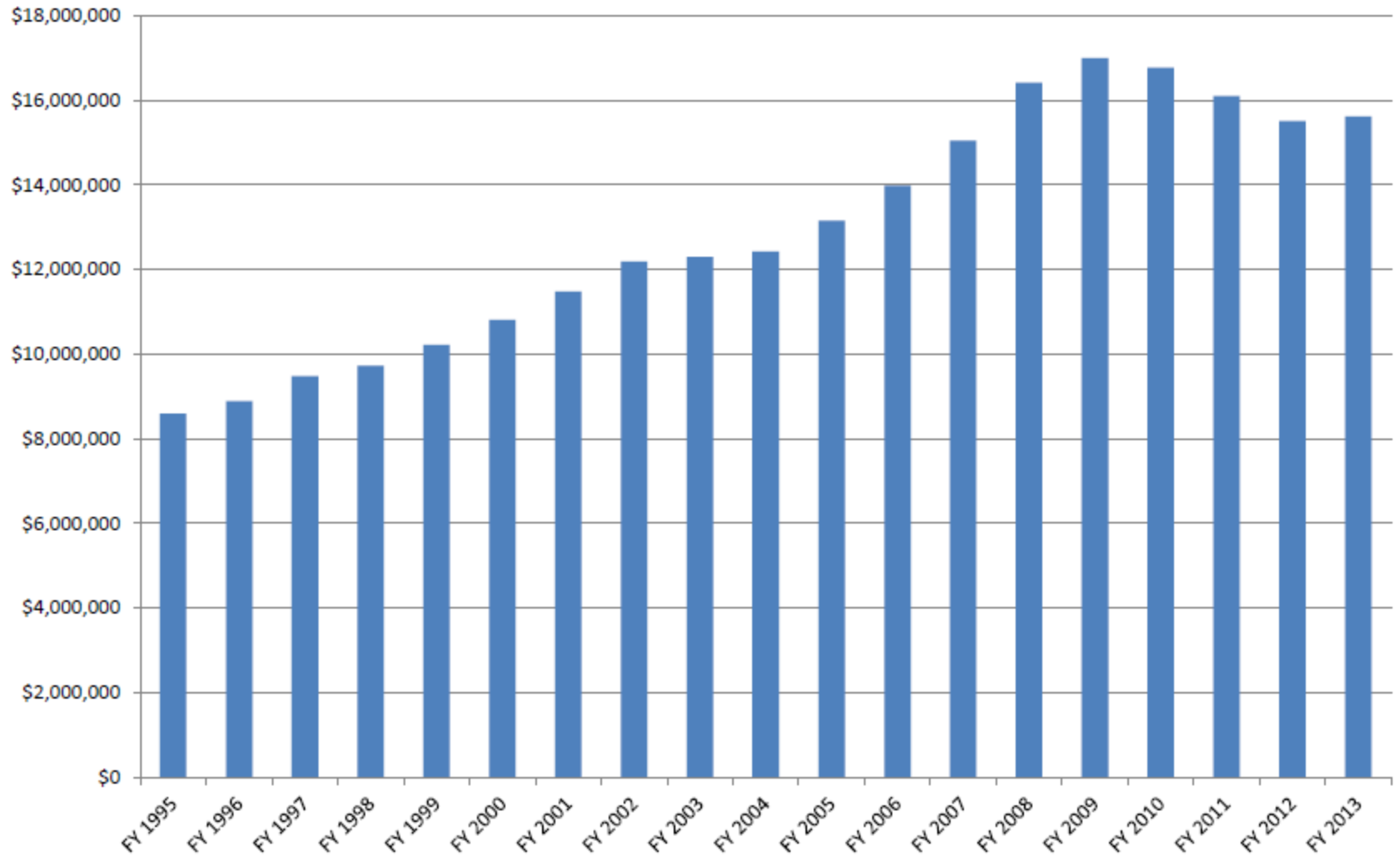


2011-13 Operating Budget As Passed Legislature  
Near General Fund-State + Opp. Pathways

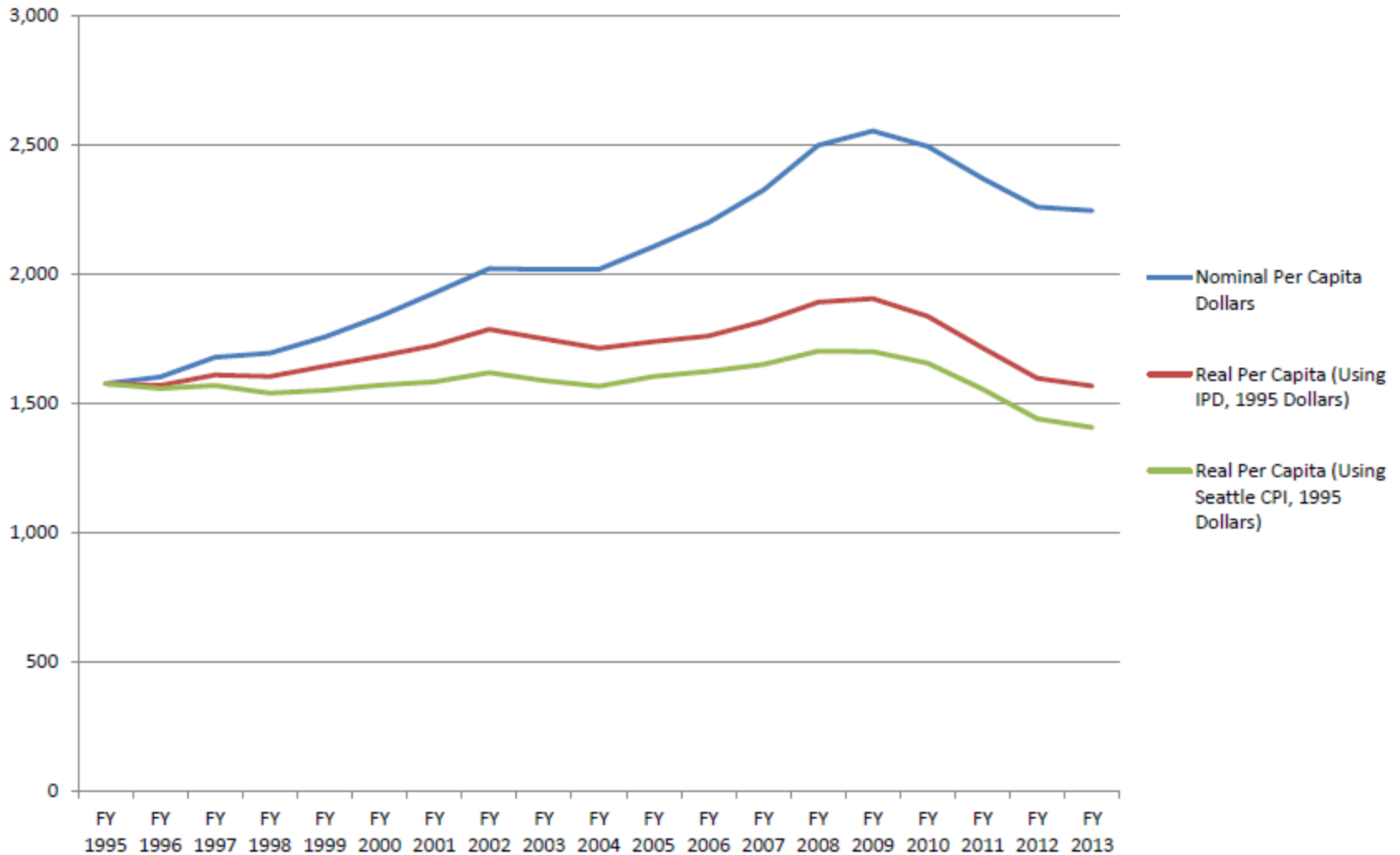
# Issues for 2013-15

- Governor's agreement with unions
- Supreme Court Education Ruling
- Affordable Care Act Medicaid expansion
- Severe external risks
  - Europe
  - Fiscal Cliff

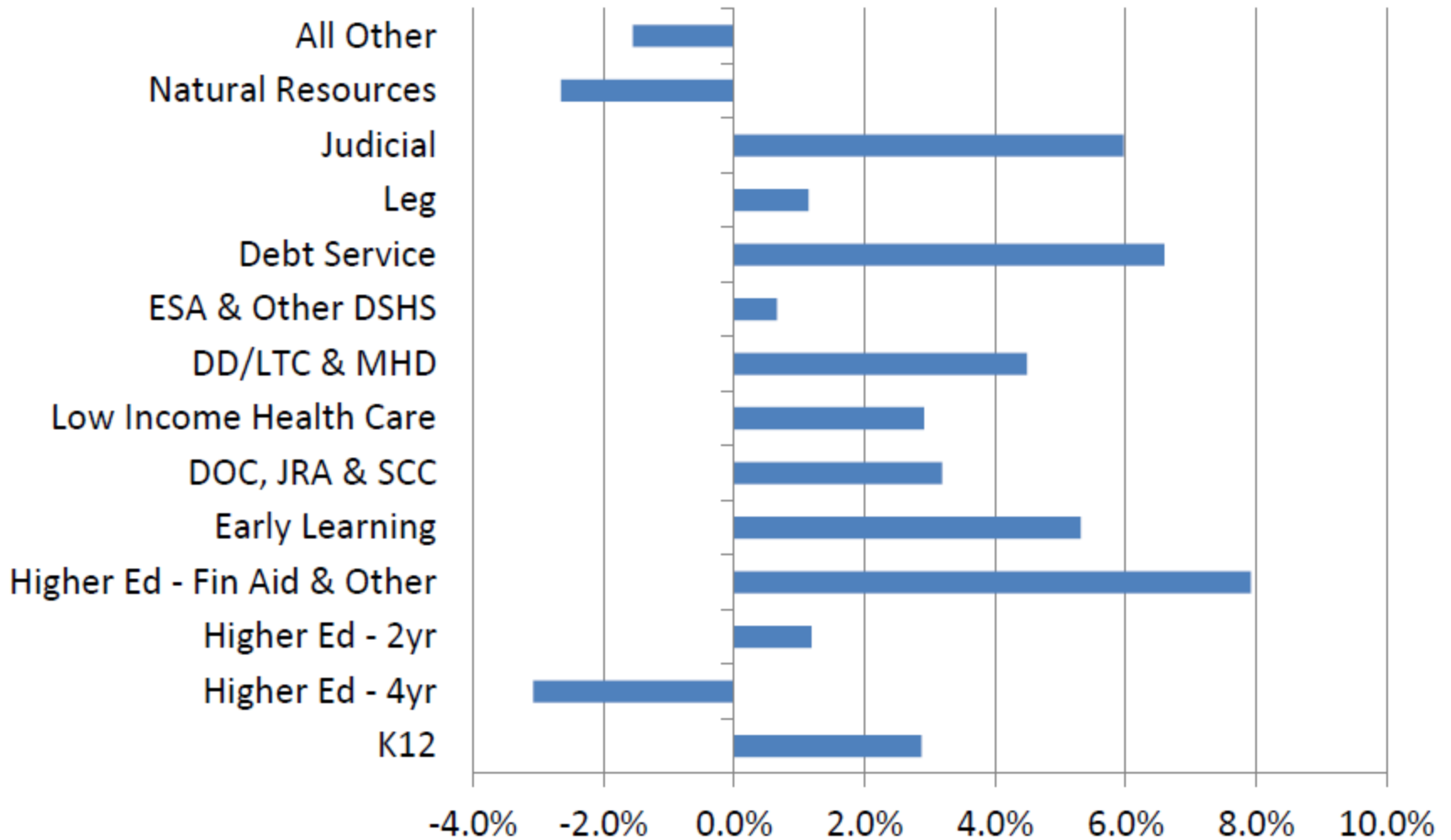
## NGFS & Related Fund Spending: FY 1995 To FY 2013 (Dollars in thousands)



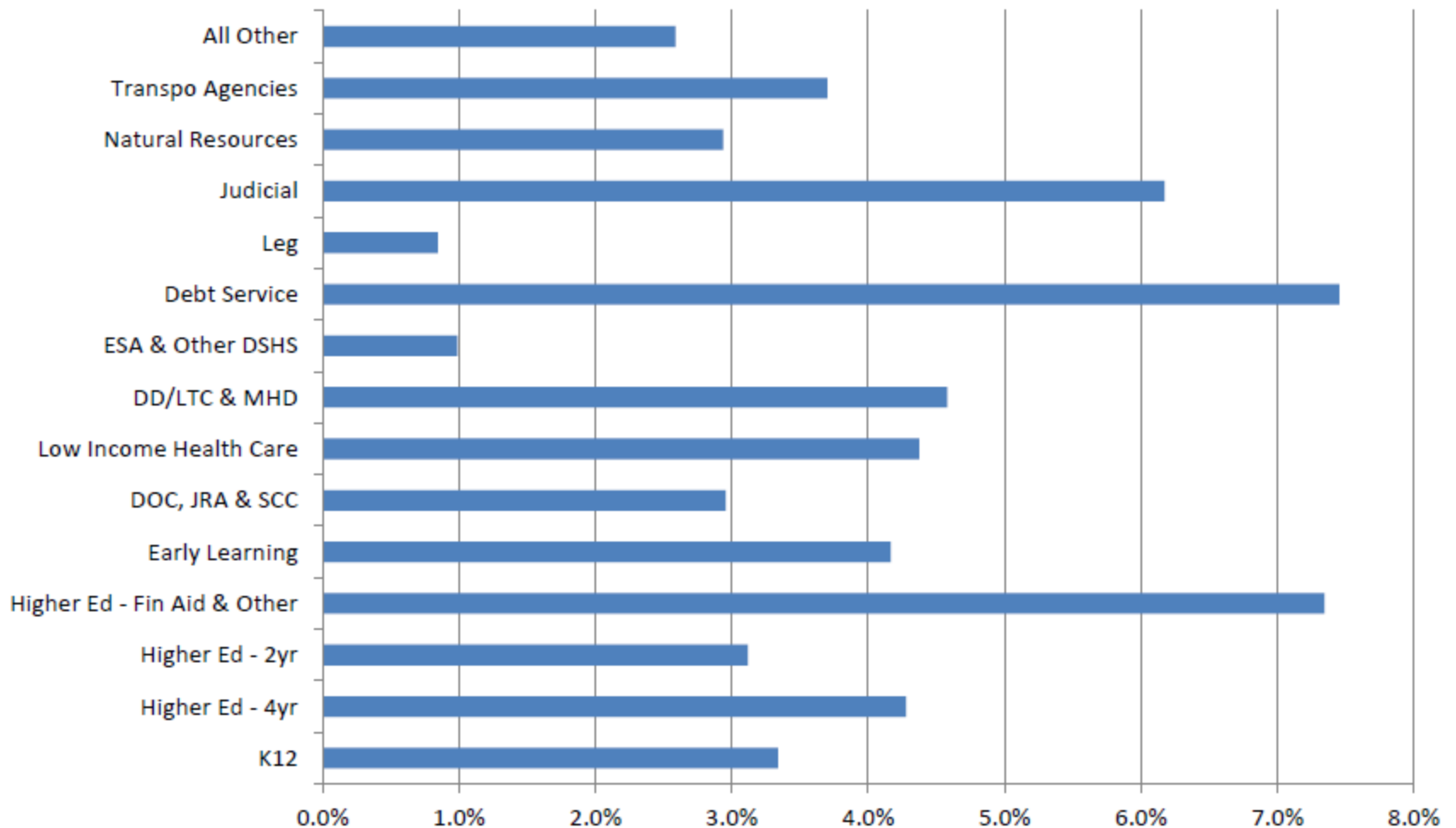
## Per Capita NGFS & Related Fund Spending: FY 1995 To FY 2013 (Dollars in thousands)



## Nominal Average Annual Growth: FY 2001 to FY 2013 (NGFS + Op PW)



## Nominal Average Annual Growth: FY 2001 to FY 2013 (Total Budgeted Funds, Including Transportation)





# Sustainability Improvements

- 4-Year balanced budget requirement
- Pensions - \$11 billion less in 25-year costs
  - Now ranked 4<sup>th</sup> in the nation for best-funded system.
- More employee contribution on healthcare – from 12% to 15%.
- No raises since 2007-09. With inflation, this is a real reduction of close to 6%.
- Fewer FTEs. 14.6% reduction in general government FTEs per 1000 residents.

# Strategic Issues

- Education Funding/Policy Improvements
  - McCleary (K12)
  - Early Learning
  - Higher Education
- Affordable Care Act
  - Medicaid expansion (400,000 new enrollees)
  - Exchanges, including federal subsidies for working poor

# McCleary Decision

- Current Legal Requirements
  - State funding of “basic ed” currently expenses paid for with local levies
  - New educational programs (all-day Kindergarten, lower K-3 class size)
  - 1080 hour required learning time in middle and high schools instead of 1000, 24 credits
  - Shift compensation paid with local levies to the state – requires regional comp model
- The first two items cost \$1 billion in 2013-15 and grow to \$3.3 billion in 2017-19.

# What should we really do?

- Cover expenses now paid for locally with state funds.
- Early learning for at-risk kids – huge payback. Pay for it with smaller decreases in class size.
- 24 credit graduation requirement – career and college ready needs the 1080 hour learning time
- Intense focus on transitions
  - 3<sup>rd</sup> grade reading
  - 6<sup>th</sup> grade math
- Blur the line between high school and college
- Accountability for students, teachers, and buildings

# Higher Education

- Huge shift of costs to tuition cannot continue and should ideally be bought back.
- Convert 4 CCs to mostly 4-year schools
- Focus on “completion”
  - Grad rate funding incentive
  - Move to mastery-based credit, including MOOC
  - “Just finish it” completion project
- More STEM – economy needs it. Expensive.
- We need a funding model here

# Healthcare

- Medicaid Expansion
  - Expansion to 133% of FPL. 100% federal, going to 90% by 2019. Our cost is initially low, eventually about \$30-50 million for 400,000 people
- Exchange implementation covers another 300,000 with partial federal subsidies
- Covering 700,000 of 1,100,000 uncovered will remove much pathology and cost-shift from the system, but how much is unknowable.

# Questions?

Rep. Ross Hunter

Bellevue Office (425) 453-3064

Olympia Office (360) 786-7936

January to April

[ross.hunter@leg.wa.gov](mailto:ross.hunter@leg.wa.gov)