

# **Washington State Budget 2010 & Beyond**

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Washington State Budget & Policy Center**

**Senior Lobby Conference  
October 13, 2010**

# Agenda

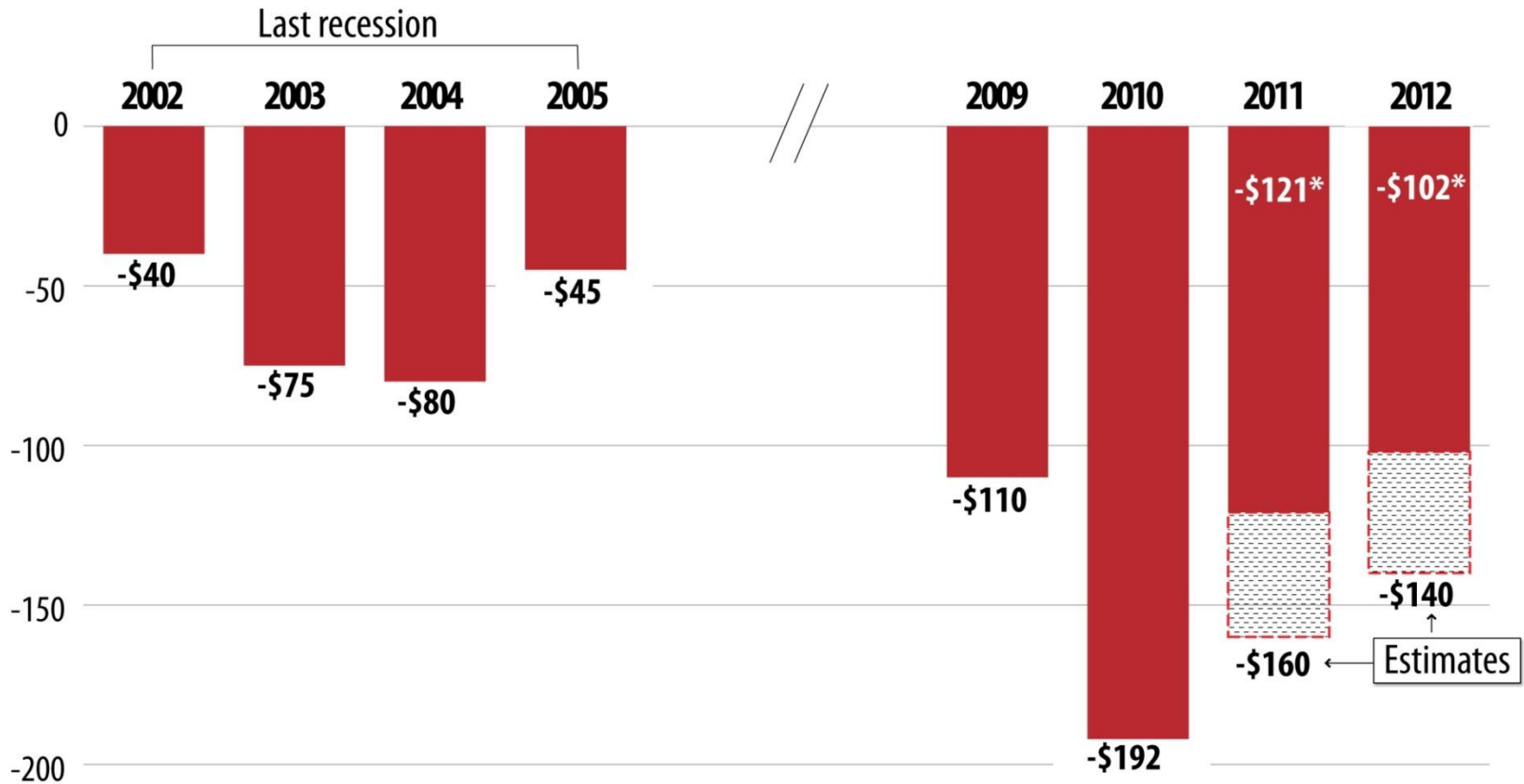
- Washington State budget overview
- Context
  - Recession
  - 2009-2011 Session
- Current situation
  - Recent cuts
- Revenue
  - Short-term
  - Long-term

# Budget Basics

- Largest amount of revenue for state comes from sales tax
- Legislature does a biennial budget
  - Adjustments can be made during supplemental budget
- Current budget goes from July 2009-June 30<sup>th</sup> 2011
- 2011-2013 budget will be adopted during the next legislative session

# Largest State Budget Shortfalls on Record

Total state budget shortfall in each fiscal year, in billions

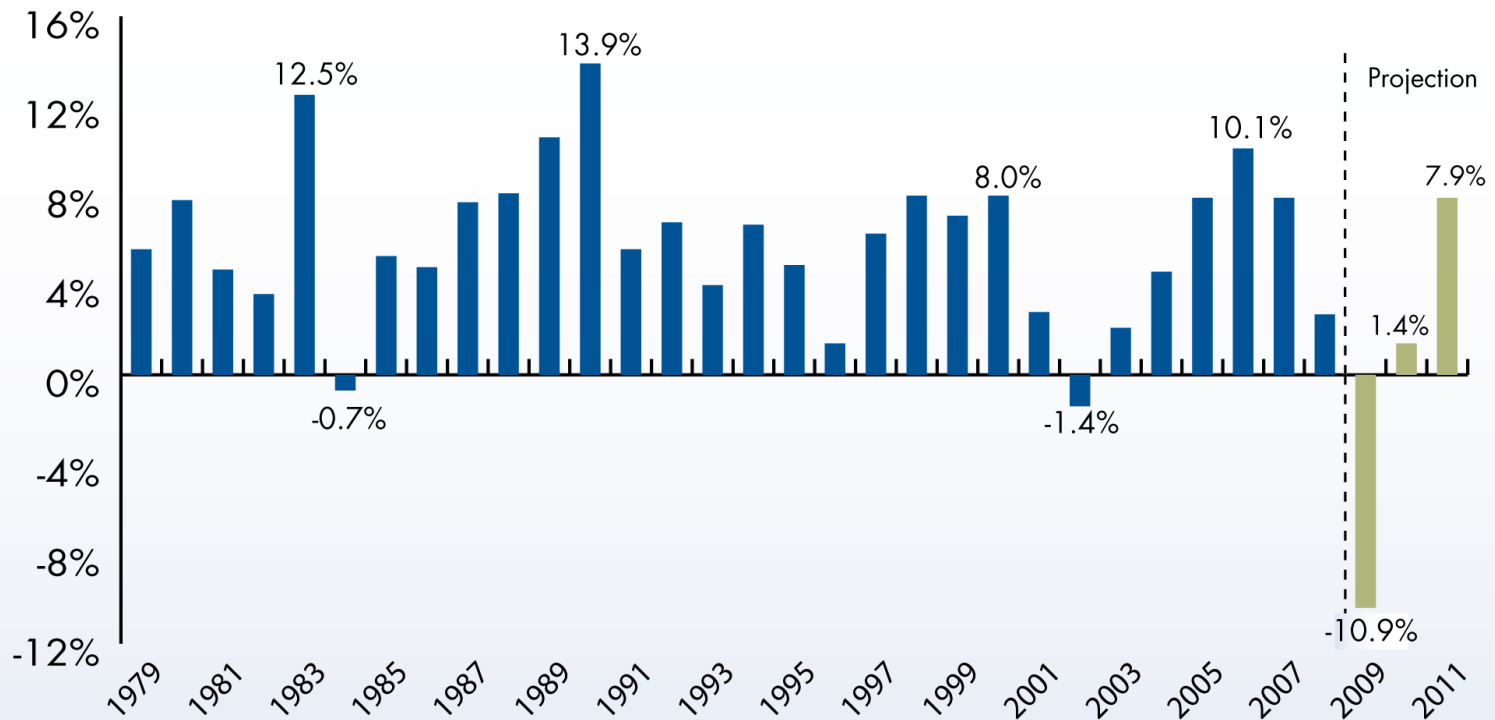


\*Reported to date

Source: CBPP survey.

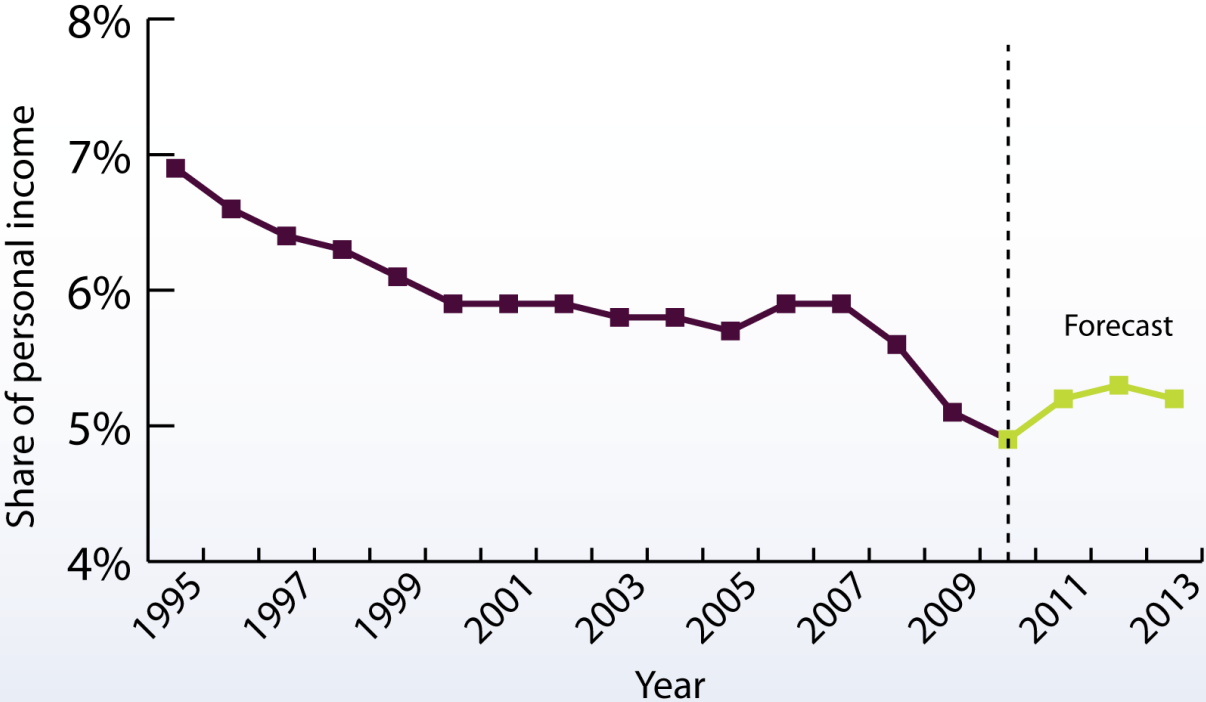
Revised August 2010

## Annual change in taxable retail sales, 1979-2011



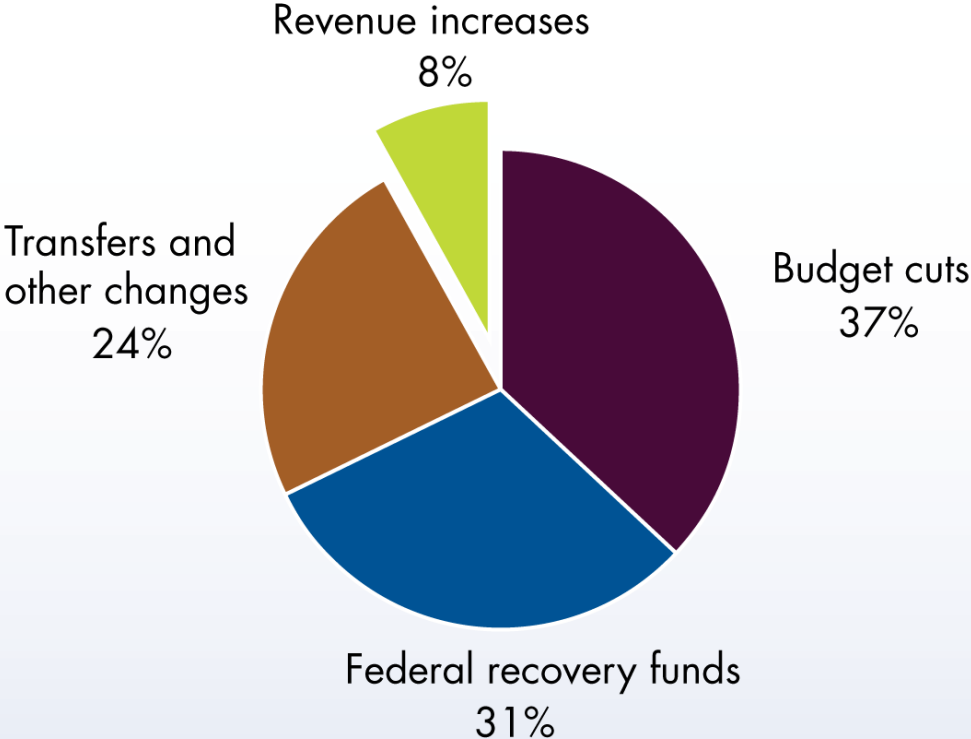
Source: BPC analysis of data from the Department of Revenue

### Washington State general fund revenue as a share of personal income



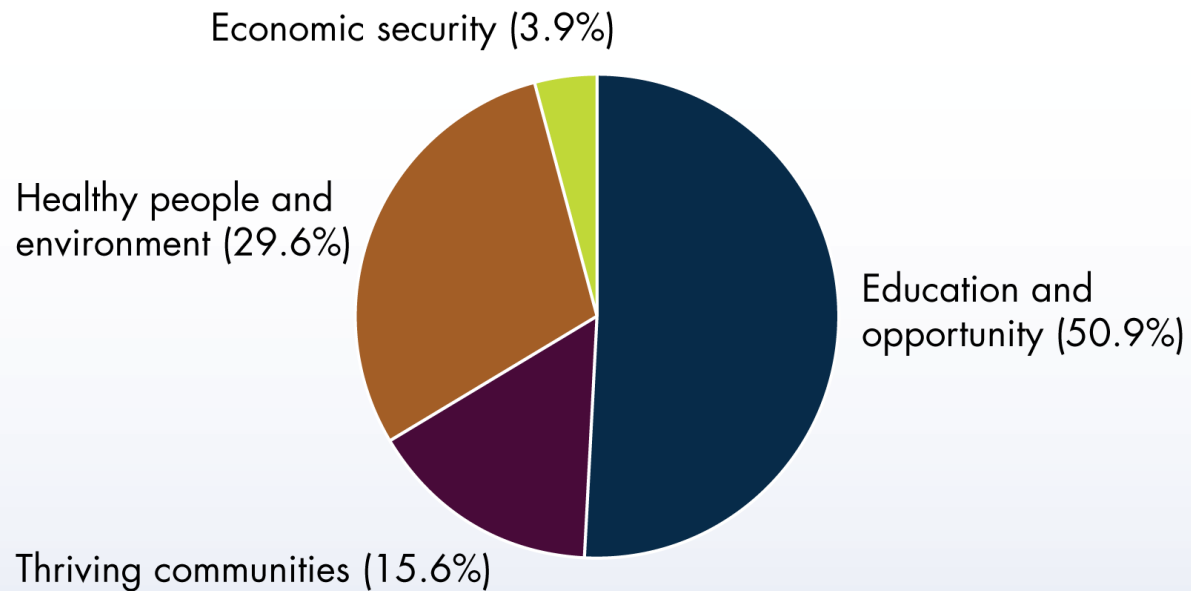
Source: Budget & Policy Center analysis of ERFC data

Figure 1: Actions taken to balance the 2009-11 state budget



Source: Washington State Budget & Policy Center analysis of data from OFM, DOR, and LEAP

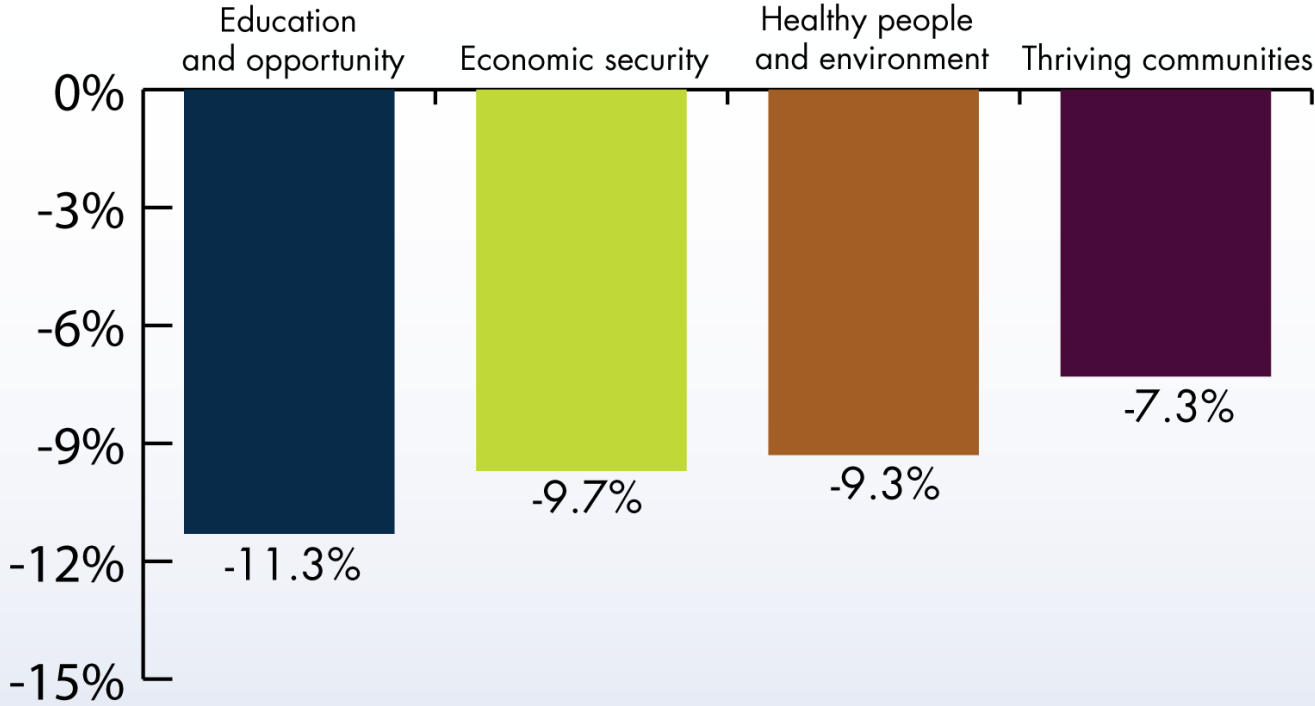
Figure 1A: State budget by value area, 2009-11



Source: Budget & Policy Center calculations of data from LEAP

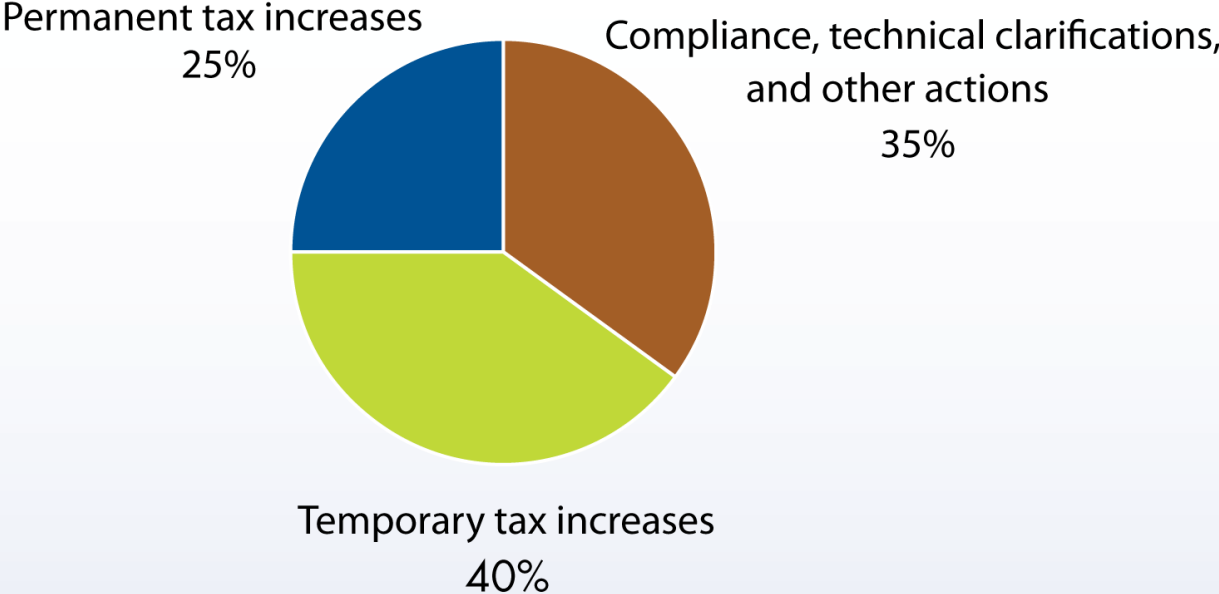


Figure 1B: State budget cuts by value area, 2009-11



Source: Budget & Policy Center calculations of data from LEAP

Figure 2: 2009-10 revenue measures by type

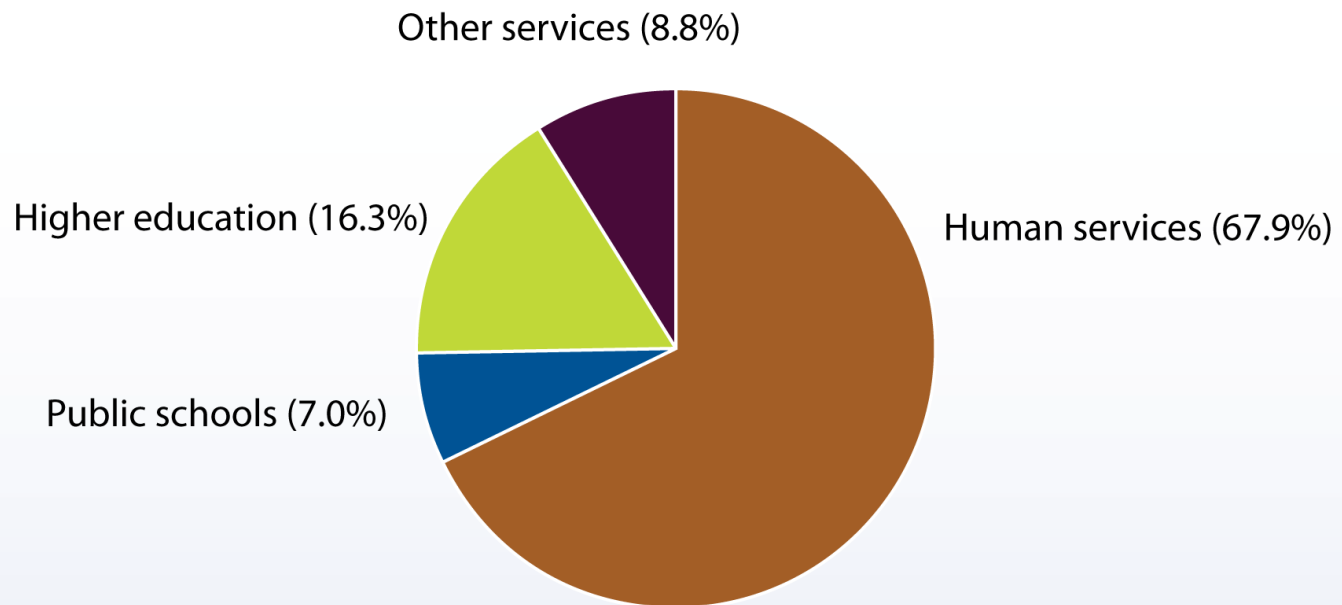


Source: Washington State Budget & Policy Center analysis of data from OFM and DOR

## Where are we now?

- Revenues will be at least \$770 million *lower* than previously estimated in current year.
- New round of across-the-board cuts totaling \$520 million (6.3%) announced.
- The budget shortfall for the upcoming 2011-13 biennium is projected to exceed \$4 billion dollars.

## September 2010 budget cuts by service type



Total budget cuts = \$520 million

Source: Budget & Policy Center calculations of data from OFM.

## 6.3 % Across-the-Board Cuts

- **Healthy People & Environment**

**Health care**— more than \$120 million  
Medicaid— pharmacy, prescription drugs, and  
all “optional” cuts for adults—dental, vision,  
hearing, podiatry, hospice.

**Children’s health care** — reduction in  
eligibility for the Apple Health for Kids  
program- ends coverage for an estimated  
27,000 children

## 6.3 % Across-the-Board Cuts

- **Healthy People & Environment**

**Child welfare** — nearly \$15 million. Reductions in foster care agencies and home care.

**Seniors**— cuts to Medicaid services such as long term care; home care hours; board homes

**Vulnerable populations** —maternity support services for high-risk women; mental health and medical services for those with disabilities.

## 6.3 % Across-the-Board Cuts

- **Education & Opportunity**

**Higher education**—total of \$84 million cut to universities, and community and technical colleges

## 6.3 % Across-the-Board Cuts

- **Thriving Communities**

Reductions to Juvenile Rehabilitation—  
treatment for sex offenders, drug testing,  
electronic home monitoring.

Reductions to Juvenile Detention  
Alternative Initiative for non-violent  
offenders

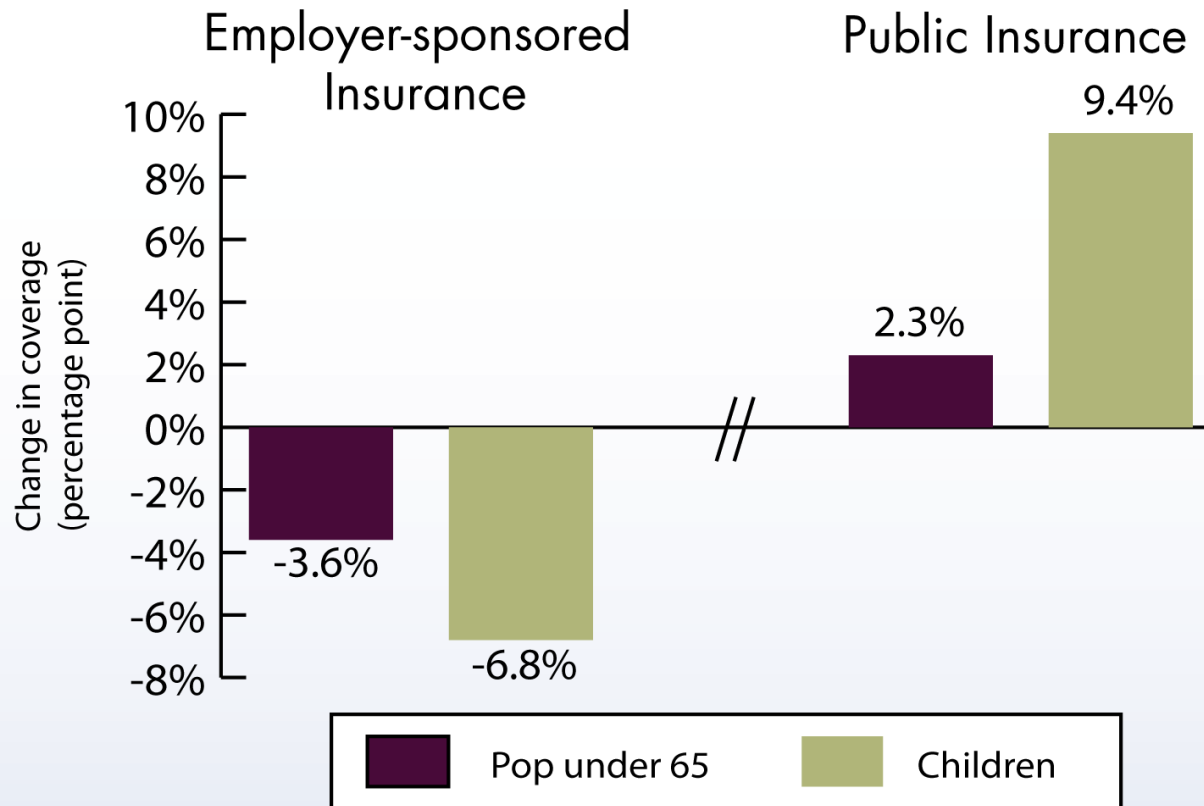


## 6.3 % Across-the-Board Cuts

- **Economic Security**

- Reductions to TANF/Work First – more than \$19 million
- Disability Lifeline reductions of more than \$6 million resulting in about 41,000 clients experiencing a grant reduction.
- Prior to the 6.3 cuts, 14.8 million cut from child care subsidies in the past few months.

## Change in health insurance coverage in Washington by type, 2006-07 - 2008-09



Source: Budget & Policy analysis of Census Bureau data (CPS)  
Changes are statistically significant at a 90% level of confidence

# Revenue Options

- Make polluters pay and raise targeted sin taxes
- Eliminate wasteful or out of date tax preferences & loopholes
- Modernize and reduce the sales tax
- Extend sales tax to items used in interstate commerce
- Repeal the B & O exemption for agriculture; allow a family farm credit of \$400 per month

# Tax Expenditures

- Tax expenditures should receive the same treatment as all other forms of public spending
- Tax expenditures should be viewed as subsidies
- Policymakers should have access to updated information about the ongoing costs and benefits of tax expenditures and preferences

# Questions?

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