



Budget Tidbits... just the facts

Senate Republican Caucus

Budget Brief #10: (4/20/07)

Gov. Gregoire and One Party Rule – Harming Washington’s Future

A look at how Washington fared in the 2007 session under Democrat control.

1. An Irresponsible Budget¹

- Spending growth of 15 percent vs. revenue growth of 7.4 percent.
- 2007 session: \$2 billion surplus vs. 2009 session: projected \$1.2 billion deficit.
- Faster four year budget growth than Gov. Lowry’s term or Gov. Locke’s entire eight years, resulting in state expenditures rising \$5.7 million more every day of Gov. Gregoire’s tenure.
- State government costs nearly \$1,000 more per person (or \$4,000 more for family of four) now than when Gov. Gregoire took office.

Republican Record

- Last time controlled one branch (2003-04) –
 - Solved largest deficit in state history without raising taxes.
 - Received several awards from advocates for protecting services for most the vulnerable, including developmentally disabled, nursing homes and senior citizens.
 - K-12 spending was a higher share of the budget than currently.

2. Transportation Quagmire

- Projects experience 31 percent cost overrun, just one year after Department of Transportation estimates were made.²
- No solution on Viaduct – a major public safety hazard.
- No solution on 520 bridge replacement – declared by one Democrat as “simply unsafe.”³ State treasurer indicates financing is insufficient, and a Seattle newspaper reports further tax hikes are needed but that “most in Olympia would prefer to discuss after the 2008 elections.”⁴

Republican Record

- Last time controlled one branch (2003-04) –
 - Authorized the “Nickel Package” for statewide transportation improvements. Projects delivered with realistic forecasts and timelines.
 - Republicans in 2002-03 led successful effort to authorize “Regional Transportation Improvement Districts,” designed to give the Puget Sound area the ability to finance major projects in region.

3. A Step Backwards on Education

- Despite a highly-touted, Governor-led \$1.7 million K-12 study called “Washington Learns,” the effort failed, after eighteen months, to meet its core charge of proposing a new definition of basic education and aligning finances to meet that definition.
 - Result? Disappointed school districts file multi-billion dollar lawsuit against state.⁵
- Legislature eliminated local school districts’ ability to choose sex education curriculum, instead imposing a state mandate on subject materials.
- Most highly touted accomplishment? Approving the “simple majority” measure to go before voters in November. Policy merits aside, it’s ironic when a Governor and legislators’ crowning achievement is to make it easier for districts to raise local funds when providing for education is the state’s paramount duty. Should the measure be approved, an unquestioned result will be increased disparity in funding between well-to-do districts and less wealthy districts – precisely the result our founders wanted to avoid when they made the provision of education a state responsibility, not a local one.

Republican Record

- In the 2007 session Republicans offered policies to –
 - Pilot merit pay for outstanding educators; make it easier to get rid of bad teachers; require education be funded first; increase district transportation reimbursement; and increase the state’s commitment to less wealthy districts. All were rejected.⁶
- Last time controlled one branch (2003-04) –
 - K-12 constituted a larger share of budget than currently.

4. Health Care – Creeping toward Government Run System ⁷

- Increased taxpayer-funded coverage for children to \$62,000 a year for family of four. Expected to result in significant “crowd out” of private sector coverage with six in ten new enrollees being persons who currently have coverage and choose to drop it to enroll on state’s dime.
- Illegal immigrant children will be eligible up to 300 percent of the federal poverty level (FPL) while state law covers Washington families only up to 200 percent FPL.
- “Blue Ribbon Commission on Health Care,” yet another study led by Governor, ended with a thud. Starting with the goal of ensuring coverage for all by 2012, the Blue Ribbon Commission’s work product “has basically been whittled down to a pilot program and two studies.”⁸

Republican Record

- In the 2007 session Republicans offered policies to –
 - Expand consumer choices and reduce state mandates. Proposals specifically targeted those most in need of more affordable options: young adults, small businesses and individuals seeking insurance. Passed Senate, but died in House (as of writing).⁹

5. Taxes ¹⁰

- Failed to affirm Initiative 747 property tax limits currently in legal limbo.

- Pushed “Homestead exemption” that would have increased property taxes by a quarter-billion dollars on business property and homes valued over \$500,000, while not reducing state collections by one penny. Ultimately failed to get 2/3 approval needed.

Republican Record

- Last time controlled one branch (2003-04) –
 - Increased property tax relief for senior citizens.
 - Authorized Boeing tax relief package, crucial to company’s decision to stay in-state.

6. Short-Changing Pensions¹¹

- Poised to offer a \$1 billion new benefit to certain public employees . . . while failing to catch up on skipped payments that helped contribute to a \$5.7 billion unfunded liability that currently exists in teachers’ and public employees’ plan 1 retirement system.
- Ignored state actuary’s recommendation on need for additional funding to ensure solvency of system due to longer life spans.

7. Expanded Gambling

- Gov. Gregoire authorized the largest single expansion of gambling in state in decades. The number of tribal machines able to be operated in the state will increase 50 percent over current law. Additionally, the agreements expanded hours of operation, increased bidding limits and allowed for the first time money to be placed directly into the machines, rather than cards.¹²

8. Department of Corrections and Public Safety

- Three police officers killed in last year by parolees under state supervision.¹³
- Fifty-eight inmates the state was responsible for were released into community due to the state’s failure to procure sufficient jail space. One has subsequently been charged with committing rape and child abuse while released.¹⁴

Republican Record

- In the 2007 session Republicans offered policies to –
 - Reduce offender recidivism via evidence-based reforms (Sen. Mike Carrell’s legislation -- on its way toward adoption as of writing).¹⁵
 - Require parolees who commit same offense for which originally imprisoned to be returned to prison for duration of original sentence; require offenders classified as “highest risk to re-offend” be under strict supervision for entire term of parole, rather than 70 percent that department currently utilizes. Proposals were rejected.¹⁶

9. Business Climate Issues

- Unaddressed Challenges –
 - Washington ranks 3rd highest in the nation in workers’ comp benefits paid per worker.¹⁷
 - Washington has the highest unemployment insurance tax payments per employee in nation, almost three times the national average.¹⁸

- Washington is the only state in country that taxes gross receipts, not profits. Tax credit to offset burden on new and small businesses has not been adjusted in over a decade.¹⁹
- Only 62 percent of Washington businesses offer health care coverage to employees. The issue is predominantly in firms with less than fifty employees.²⁰
- Washington has 3rd highest small business failure rate in country.²¹

Bottom Line

Is this the “blowing past the bureaucracy” that Washington voters were promised by Governor Gregoire?²²

1. See Tidbits #1 (The Epitome of Mismanaged Finances), #2 (Nowhere Left to Cut?), and #9 (Is this Responsible Budgeting?) for citations.
2. “Highway projects’ tab goes up 31%,” (Seattle Times – January 2, 2007).
3. “New 520 bridge may mean new taxes,” quoting Sen. Ed Murray (Seattle PI – April 15, 2007).
4. *Id.*, quote is directly from article’s author
5. “Lawsuit over funding schools is huge”, Bill Virgin (Seattle PI – November 28, 2006). See also “Washington Adequacy Funding Study,” David T. Conley (alleging state underfunds schools by \$3.6 billion a year).
6. See amendments to 2SSB 5955 and 2SSB 5841, SSB 5114 and SB 6080.
7. See Tidbit #5 (So-called “Cover All Kids” is good politics, bad policy) for citations.
8. “From Grand Vision, WA health-care reform measures whittled down”, quote is directly from article’s author (Seattle PI – April 15, 2007).
9. See floor amendments to 2SSB 5930.
10. See Tidbits #6 (Initiative 747 – Need for Legislative Action) and #7 (A Quarter-Billion Dollar Business Tax Increase) for citations.
11. See Tidbit #8 (Pay Past-Due Bills) and 10/13/06 Tidbit (Playing Politics with Pensions). \$1 billion new benefit is estimated 25 year cost of HB 2391’s authorization of reduction in early retirement penalty for Plan 2 members, who have no stake in gain-sharing.
12. “Tribes downplay effects of slots compact,” (Spokesman-Review – March 9, 2007).
13. “83 felons freed as state uses too much jail space.” (Seattle Times – February 27, 2007).
14. *Id.* See also “Early-release felon held in Federal Way rape, assault” (Seattle Times – April 5, 2007) (Eighty-three were scheduled to be released, 58 were actually released)
15. SB 5070 / SSB 6157
16. See floor amendments to SHB 1128 (WM S3134.3)
17. “2007 Competitiveness Redbook,” WashAce (Table 27)
18. *Id.* (Table 25)
19. RCW 82.04.4451
20. “Employer Health Insurance Data Book”, Office of Financial Management (March 2007 – p. 6)
21. “Regional Economic Strategy for the Central Puget Sound Region,” Partnership for Prosperity, p. 4
22. Gov. Gregoire, March 21, 2005 speech announcing her initial budget proposal as Governor (“We are going to blow past the bureaucracy.”)