

HOPE FOR THE FUTURE



Our shared vision highlights essential values and goals for making progress.

There is much to love about living in the state of Washington — the natural beauty that surrounds us, the fertile farms and orchards that sustain us, and the innovative industries that employ our talents and make our state an important part of the global economy.

But together as a state, we have work to do. New economic pressures and decades of neglect are taking their toll on our resources and infrastructure. Together we must ensure that our air is clean, our drinking water is safe, and our public schools provide an excellent education to all students. We must strive for a health care system that offers easier access to high quality care. We need roads, bridges, and transportation systems that are reliable and well-maintained.

This is the work that we must do together because no one person can complete it alone. By focusing our collective attention on smart investments, we can ensure that opportunities for good health, economic prosperity, and personal fulfillment can be achieved by all.

This is no small mission. It requires working together to make progress towards a shared vision for the state, one that highlights the values of a healthy, equitable society. In order to set and accomplish these ambitious goals, we need to know where we are, where we want to be, and how we can get there. The Progress Index will catalyze that process, beginning with outlining a shared vision that all Washingtonians can believe in.

A Shared Vision

Broadly available **education and opportunity** is fundamental to the future of our state. Education opens doors to better job opportunities, higher wages, and greater job security. Success in today's competitive, knowledge-based economy will require more than a basic education. Our children need schools that provide sophisticated, high-quality learning environments so they can graduate with the skills and knowledge to succeed in the global marketplace.

Public investments that maintain our state infrastructure and protect our natural resources create **thriving communities**. Public structures such as transportation, communications, justice, and the arts keep our state economy in motion, our neighborhoods safe, and our cultural life vibrant. To create thriving communities we will need to do more than address short-term needs. We will need thoughtful, long-term planning and sustainable use of resources.

Quality of life in the state depends on **healthy people and environment**. Good health allows people to participate in the social, economic, and cultural opportunities of their community. A healthy environment ensures food, water, and recreation without fear of pollution or toxins. Efforts to promote a healthy state are part of our shared responsibility and benefit all of us.



We all need public supports and services that provide avenues to **economic security**. Supports such as child care and health care are often needed to make employment practical and possible. And for those who can't work or have lost their jobs, help is sometimes needed to meet basic needs. The resilience of our communities and our state depends on how well we ensure economic security for all.

With these values in mind we can begin to make progress and achieve the vision we share for a just and prosperous state.

A FRAMEWORK FOR PROGRESS



The four broad values represent common ground on which Washingtonians can agree. They highlight the importance of opportunity, community, good health, and prosperity.

The next step is to use these values to inform a set of concrete goals. Then, we can pursue strategies and investments that will achieve meaningful improvements. Along the way, measuring our progress will provide us with a map of where we are and help us understand where we are headed.

The Progress Index is a long-term project to:

- Build consensus around a shared vision
- Assess goals and strategies
- Measure our progress

Measuring Progress

A new measurement framework will be needed to measure progress. It must be able to accurately measure the effectiveness of state investments and capture the complexity of economic and social trends. It needs to be developed in collaboration and widely accepted. This is part of the ambitious purpose of the Progress Index.

In the past, attempts to measure the success of government programs have too often emphasized short-term outcomes. But in many cases, state investments do not reap measurable benefits for many years. For example, early learning programs for young children have been shown to improve their high school graduation rates. In the meantime, we can use academic research, the experiences of other states, and intermediate data on how children are progressing in order to determine whether we can expect our strategies to pay off in the future.

Another important consideration is the challenge of trying to evaluate the success or failure of an investment when multiple factors are at play. To use the example of early learning programs again, high school graduation rates are influenced by a number of factors including economic trends or changes in curriculum requirements. It is unrealistic to expect that the benefits of early learning programs could overcome all other influences on this outcome. This means we will need to be sophisticated in our thinking and find ways to tease out the root causes of our successes or our ongoing challenges.

Finally, our smartest investments are often designed to pursue multiple goals at once. Analysis should not try to distill the results of these investments into a narrow set of outcomes. In the case of early learning programs, while the primary goal may be to improve educational achievement, these programs can also be used to support working parents and promote the health and nutrition of children from lower income families.

Values and Goals in the State Budget

Within this report, state budget data are presented using the Progress Index framework in order to facilitate a values-based dialogue about public investments.

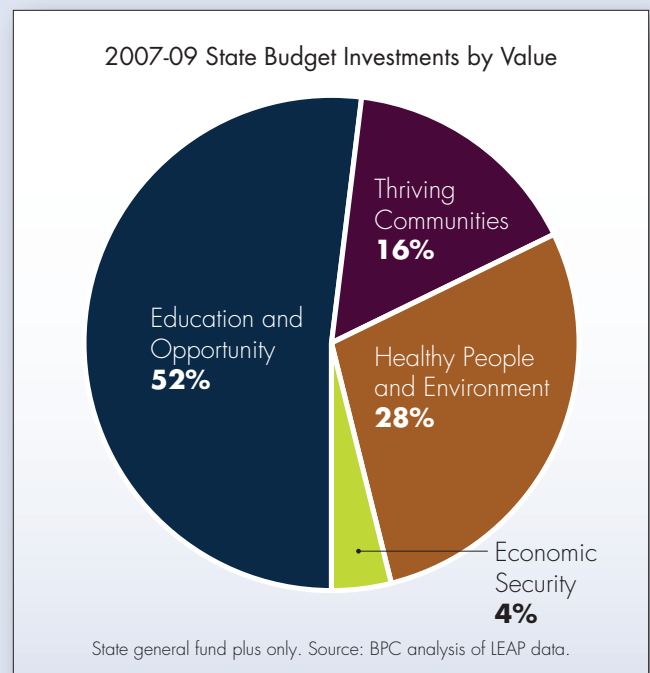
Considering the state budget in this manner is a useful tool to understand what we do as a state and why we do it, but it is also important to understand that these values and goals are deeply interconnected. For example:

- Health insurance is essential for good health, but it is also a key component of economic security.
- Colleges and universities provide education, but they also contribute to economic and cultural development.
- Economic development that ignores the value of natural resources can have harmful effects on human health.

Of course, the budget is not actually developed using the Progress Index list of values and goals. It is made up of the individual budgets of over 150 state agencies. Most of these are relatively small and have very specific purposes, but some agencies do work that span goal areas.

In the data presented here, agencies are placed in the value and goal area that best fits with their primary mission, though many agencies have programs that cross into other goal areas.

Finally, while a pie chart is a helpful way to present data, the state budget is not a fixed pie. As a state, we need to consider the progress we want to make in each area, establish the strategies that will get us there, and make the necessary investments.



STATE BUDGET BASICS

Measuring spending as a share of personal income

Economists use this measure when comparing government revenue or spending between years because it accounts for growth in the state economy. This provides insight on the resources available to fund public investments. It also recognizes that the cost of government grows along with economic and demographic trends such as an aging population and growth in health care costs.

A Biennial Budget

The Washington State budget is based on a biennium, or a two-year fiscal period. For example, the budget for the 2007-09 biennium applies from July 1, 2007 to June 30, 2009. The biennial budget is first passed by the Legislature and signed by the Governor in the spring prior to the beginning of the budget period. Mid-course corrections can be made in supplemental budgets during the following two years.

State Funding Sources

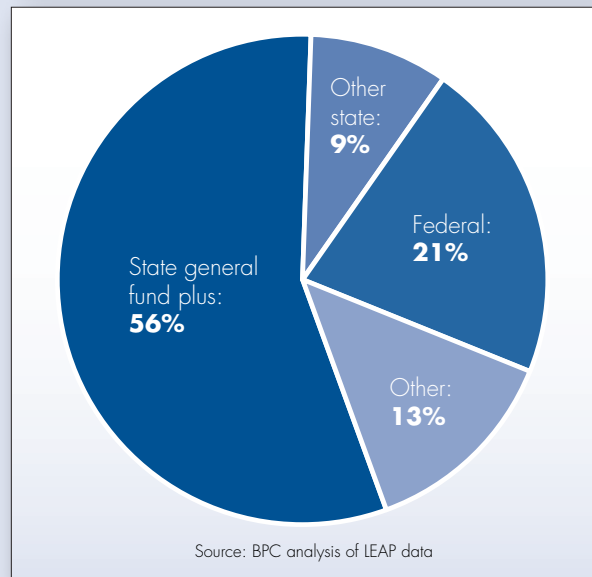
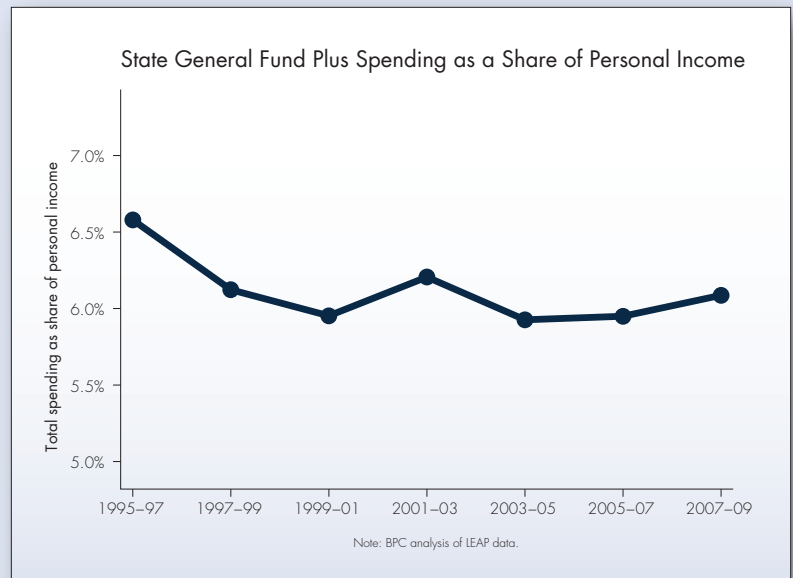
The state operating budget consists of over 200 accounts with different funding sources and spending priorities. To make the state budget more accessible, the Progress Index groups these various accounts and sources into four groups (see figure).

State general fund plus

The major state taxes are deposited into the general fund. It is the account with the most flexibility for making spending choices. “General Fund Plus” includes eight smaller accounts that are increasingly used interchangeably with the general fund.

Other state sources

A number of accounts have revenue sources that are dedicated to specific purposes. For example, the gas tax is placed into accounts that are dedicated to transportation programs.



Federal

The federal government provides funding to the state for specific purposes, particularly health care.

Other

Sources of funding that aren't included in the other three categories include private grants and funds that are not appropriated by the Legislature, such as university tuition and fees.