

# PROGRESS INDEX

A Shared Vision for Washington State

WASHINGTON STATE  
**BUDGET  
& POLICY  
CENTER**

SOUND RESEARCH. BOLD SOLUTIONS.

The Progress Index is a product of the Washington State Budget & Policy Center. To create a just and prosperous Washington, the Budget & Policy Center develops progressive solutions based on sound research and works with community partners to shape the debate on budget and tax reform.

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# PROGRESS INDEX

**A Shared Vision for Washington State**

# 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.

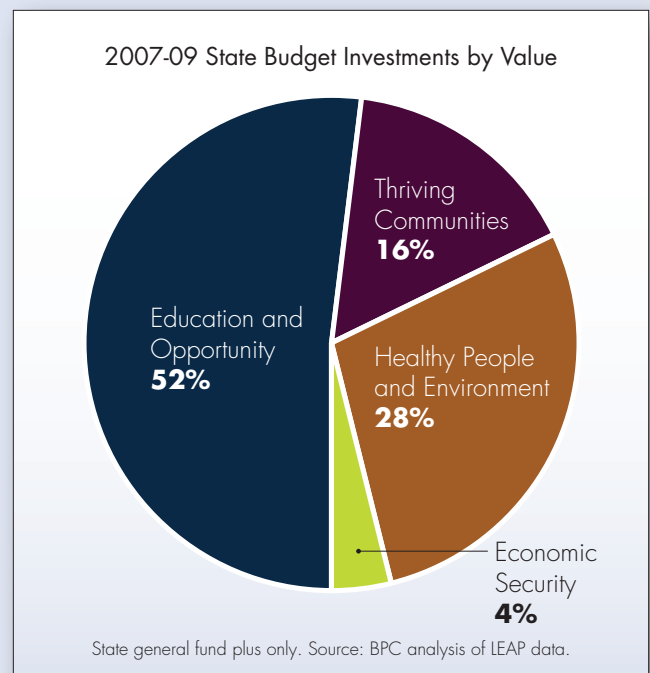
Considering the state budget in this manner is a useful tool to understand what we do as a state and why we do it, but it is also important to understand that these values and goals are deeply interconnected. For example:

- 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

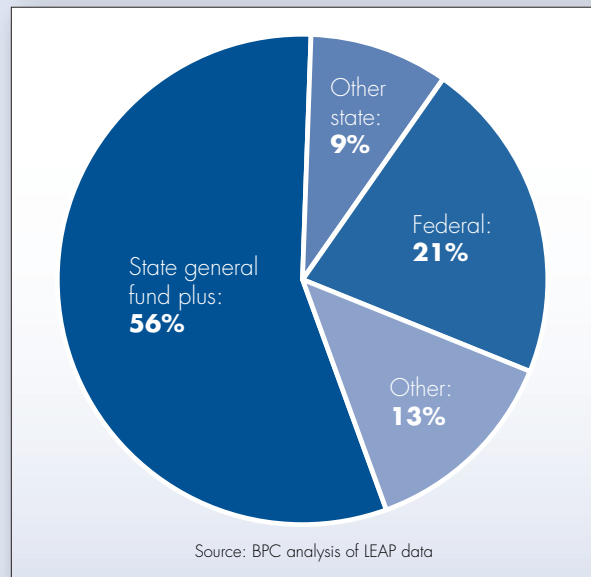
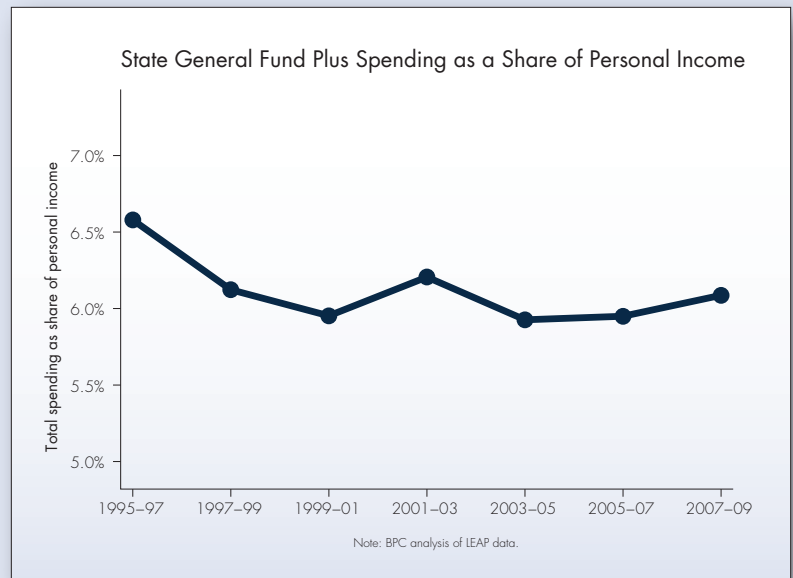
The state operating budget consists of over 200 accounts with different funding sources and spending priorities. To make the state budget more accessible, the Progress Index groups these various accounts and sources into four groups (see figure).

### 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.

# A SHARED VISION

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# EDUCATION AND OPPORTUNITY



Never have public investments in education and opportunity been more essential. A rapidly changing economy and growing inequality of wealth and income demand a public education system that provides all Washingtonians the opportunity to meet their goals.

The state has a fundamental role in providing an excellent education to all. High quality early learning programs can help level the playing field so that all children from different economic and social backgrounds can come to kindergarten ready to learn. A world-class K-12 education system should be available to all students, whatever their individual needs or circumstances. Community and technical schools can open up high-paying employment opportunities and gateways to further education. And institutions of higher learning can offer advanced education to all students who want it.

This chapter describes our shared efforts to ensure education and opportunity for all in the state. It includes goals, measurable outcomes, and spotlights on key issues.

Broadly available education and opportunity is fundamental to the future of our state.

# GOALS

## Invest in Early Learning

- Children in the state will have access to affordable, high-quality early learning programs.
- Parents will be supported in their efforts to prepare children for school.
- Childcare and preschool settings will be safe and educationally enriching.
- Children will enter kindergarten socially, emotionally, and cognitively ready to succeed in school and life.

## Provide a High-Quality Education to All Students

- Students will learn to read with comprehension, write skillfully, apply mathematical concepts, and understand social, physical, and life sciences.
- Schools will provide highly qualified teachers, safe buildings, updated textbooks and equipment, and opportunities for educational enrichment.
- Schools will provide services and resources that address individual students' needs.
- Students will graduate from high school having planned and prepared for further education, workforce training, apprenticeships, or jobs.

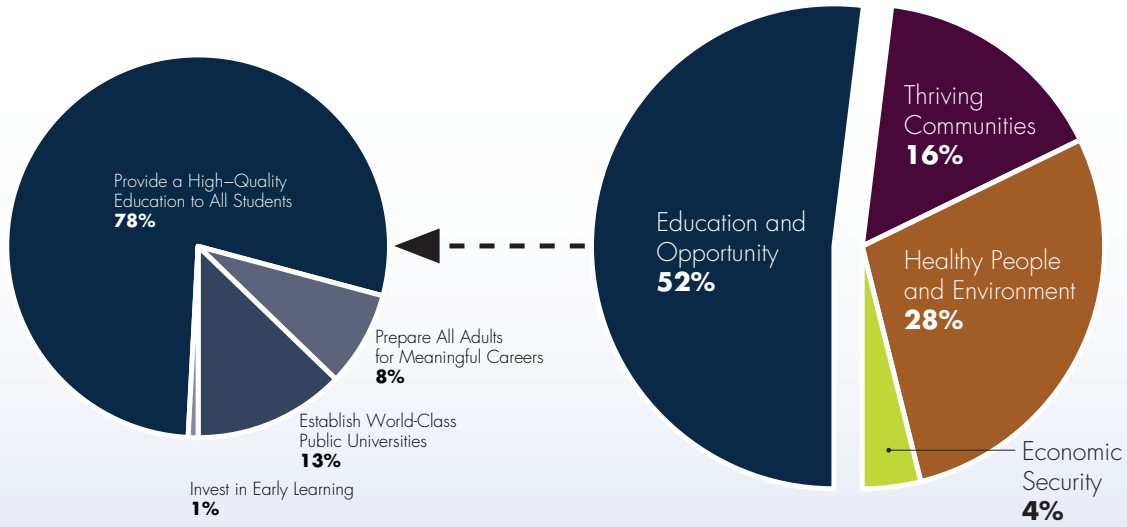
## Prepare All Adults for Meaningful Careers

- Community and technical education will bridge the gap between high school and well-paying careers.
- Education and training programs will be matched with workforce demands.
- Workforce training will be available for adults to learn skills for stable, well-paying jobs in the local economy.

## Cultivate Opportunities for Higher Education

- Students will have access to high-quality affordable post-secondary education.
- Students will enter higher education programs prepared to excel and complete a degree on time.
- Washington's colleges and universities will offer top-notch research, and economic and cultural opportunities for communities.

## Education and Opportunity in the State Budget



State general fund plus only. Source: BPC analysis of LEAP data.

## Education and Opportunity

2007–2009 Operating Budget (in millions)

	GENERAL FUND PLUS	OTHER STATE SOURCES	FEDERAL	OTHER
Invest in Early Learning	139	0	192	3
Provide a High-Quality Education to All Students	13,652	0	1,395	152
Prepare All Adults For Meaningful Careers	1,440	3	54	1,058
Cultivate Opportunities for Higher Education	2,214	13	17	4,467
<b>Education and Opportunity</b>	<b>\$17,445</b>	<b>\$16</b>	<b>\$1,658</b>	<b>\$5,680</b>

## Important Changes in State Spending for Education and Opportunity

### Invest in Early Learning

- In 2006, the state consolidated early learning and child care programs in different agencies into a new Department of Early Learning.
- In 2007-09, funding for state-supported preschool and child care for lower income families was increased. Pilot projects to improve the quality of early learning programs were put in place.

### Provide a High-Quality Education to All Students

- Spending on K-12 education grew well below growth in the economy from 1995-97 to 1999-01. Factors included slower enrollment growth and reduced pension contributions.
- In 2000, voters passed two initiatives to increase education funding. One provided additional state dollars to school districts to use on quality improvement initiatives and the other provided teacher salaries with cost-of-living adjustments. School funding rose in 2001-03 as a result, but in 2003-05 these efforts were put on hold.
- In the current biennium, investment in public schools is close to the same level it was in 1999-01, as a share of personal income.

### Prepare All Adults for Meaningful Careers

- In 2003-05, state funding for community and technical colleges and universities was reduced and tuition rates were raised to partially offset the loss.

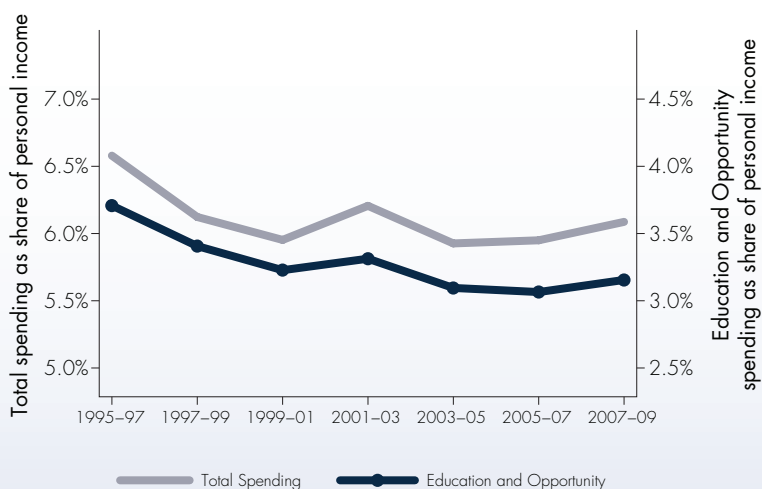
and

- Financial aid was increased in 2005-07 and 2007-09.

### Cultivate Opportunities for Higher Education

- Significant new investments were made in 2007-09, including Opportunity Grants and increasing enrollment in high-demand fields.

## Education and Opportunity Spending in Context



Note: General Fund Plus only. BPC analysis of LEAP data.

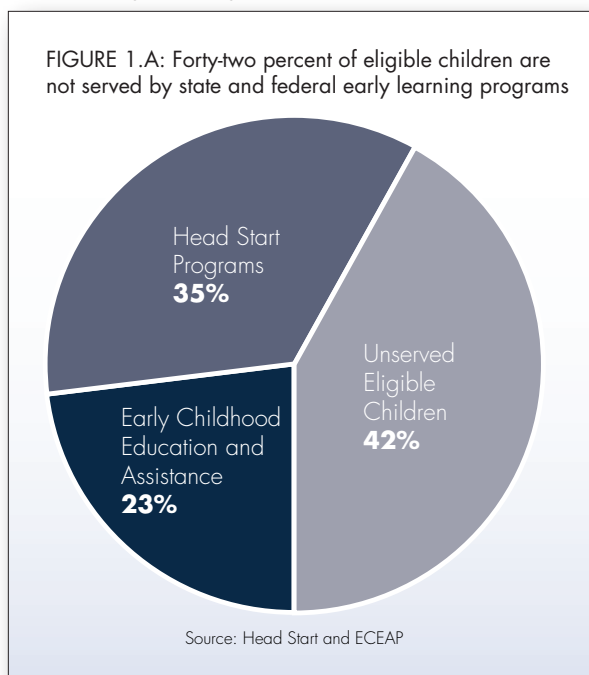
## SPOTLIGHT ON:

# Kindergarten Readiness

Less than half of children entering kindergarten in Washington State are adequately prepared for school.<sup>1</sup> The effects of starting school at a disadvantage are lasting. Children who enter kindergarten with limited word reading skills are the most likely to develop later reading difficulties and require remedial education.<sup>2</sup>

Children who attend high quality early learning programs are more likely to be ready for the social, emotional, and academic requirements of kindergarten. Such programs have been shown to reduce referral rates to special education, lower the incidence of grade retention, and improve test scores.<sup>3</sup> Children from lower income communities who attend high quality early learning programs are more likely to finish high school and go to college.<sup>4</sup>

Currently, families bear most of the costs of early childhood education and child care. In Washington, care for an infant and a preschool child represents up to 30 percent of median family income.<sup>5</sup> High quality programs that have low student-to-teacher ratios can raise the costs even more. State and federal efforts such as Head Start and the Early Childhood Education and Assistance Program are designed to meet the preschool needs of lower income families. However, funding is insufficient to provide services to all eligible families; 42 percent of the poorest children in the state are unable to take advantage of these programs (Figure 1.A).



Since 2001, the Bremerton School District has worked to expand early learning opportunities to all students before they enter kindergarten. They have significantly increased the percentage of students who enter school with basic literacy skills and have saved considerable money that would have been spent on remedial education.<sup>6</sup>

## SPOTLIGHT ON:

# High-Quality Teachers

High-quality teachers bring unique skills and talents to the classroom. They also have common attributes: a mastery of their subject matter, an understanding of how children learn, and a broad repertoire of teaching methods that meet the diverse needs of students.

The state is taking steps to encourage high-quality teaching. In 2007, the State Legislature passed a law providing a \$5,000 annual bonus to teachers who have National Board Certification. Close to 2,000 teachers in the state are board certified, a distinction that requires them to master their subject matter, work closely with parents and communities, and stay abreast of professional theory.<sup>7</sup>

Nationally, schools that serve children in poverty tend to have fewer highly-qualified teachers, including fewer teachers with expertise in their teaching field. An additional \$5,000 bonus is available for board certified teachers in Washington State who teach in high-poverty neighborhoods.

To build on these investments, we must provide better salaries and more resources for professional development.

SPOTLIGHT ON:

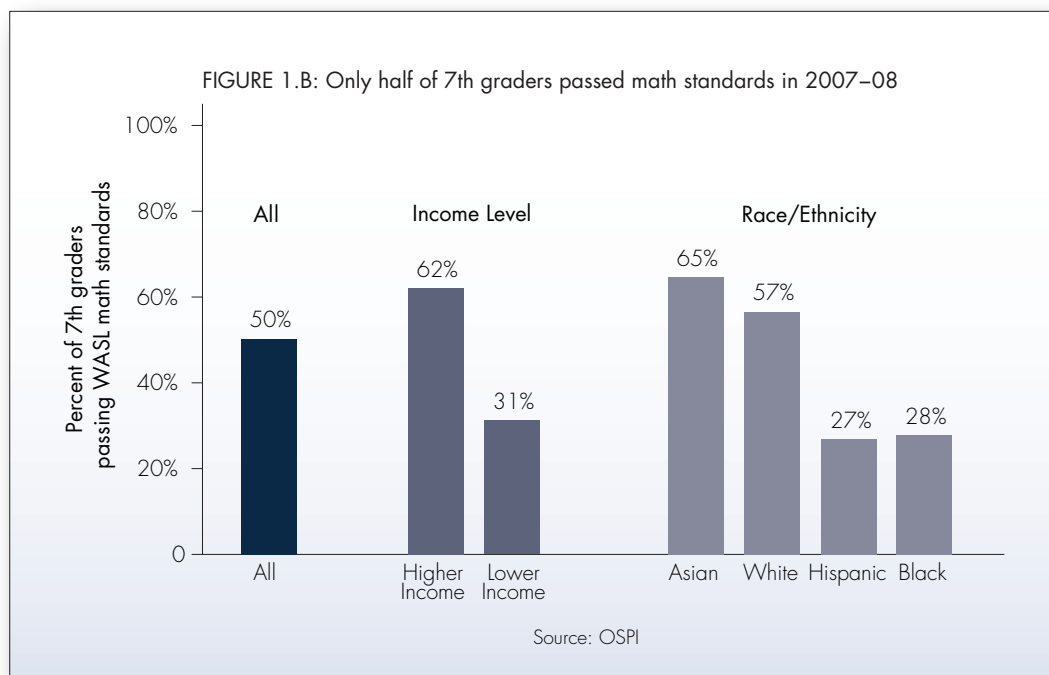
## Math and Science Education

Proficiency in math and science can be a prerequisite for success after high school. Students who pursue degrees in math and science are better prepared to enter growing industries and attain jobs that pay a livable wage with opportunities for advancement.

Washington State is struggling to provide students with a high-quality education in these areas. In 2007-08, only half of 7th graders passed the math section of the Washington Assessment of Student Learning, and scores were even lower for students of color and students from lower income families (Figure 1.B). In post-secondary education, 45 percent of students in 2006 who went directly from a state high school to community or technical college were required to take remedial math classes.<sup>8</sup>

Until recently, high school graduation requirements have not reflected the importance of math and science. In recognition of this problem, the State Board of Education approved a plan in 2008 to change graduation requirements to include three years of math and three years of science. In addition, math and science curricula are being revamped to provide a more rigorous course of study.

Now that students are required to meet higher standards, they will need to be given the resources that will allow them to succeed. These are investments that will benefit the state economy. Currently, employers in Washington State's technology-based economy have difficulty meeting their needs for workers with mastery of math and science.<sup>9</sup>



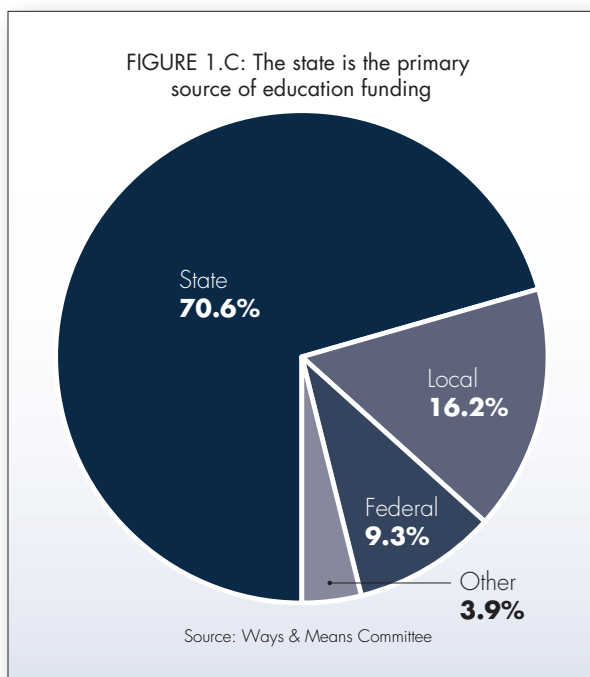
SPOTLIGHT ON:  
**Accountability**

Accountability for educational success starts with students and families, but is shared by all Washingtonians.

In particular, the state, which provides over two-thirds of school district funding (Figure 1.C), has a constitutional mandate to educate all students. Under instruction from the State Legislature, the Washington State Board of Education is developing policies to identify and assist those schools most in need of dramatic improvements in student achievement.

A well-designed plan would hold all stakeholders responsible for the quality of the education system. Rather than enacting punitive measures on individual schools, the focus would be on removing barriers to success such as inadequate resources. Strategies that have proven successful in high-performing schools would be more broadly applied.

An accountability plan needs accurate and in-depth data so that the state can better understand why some students succeed where others struggle. Washington State is a leader in national efforts to improve education data. For example, policymakers and parents can compare the performance of students in various schools in the state by demographic groups and over time. But some key data elements are still missing. For example, information about teachers cannot currently be matched with student demographic and performance data.



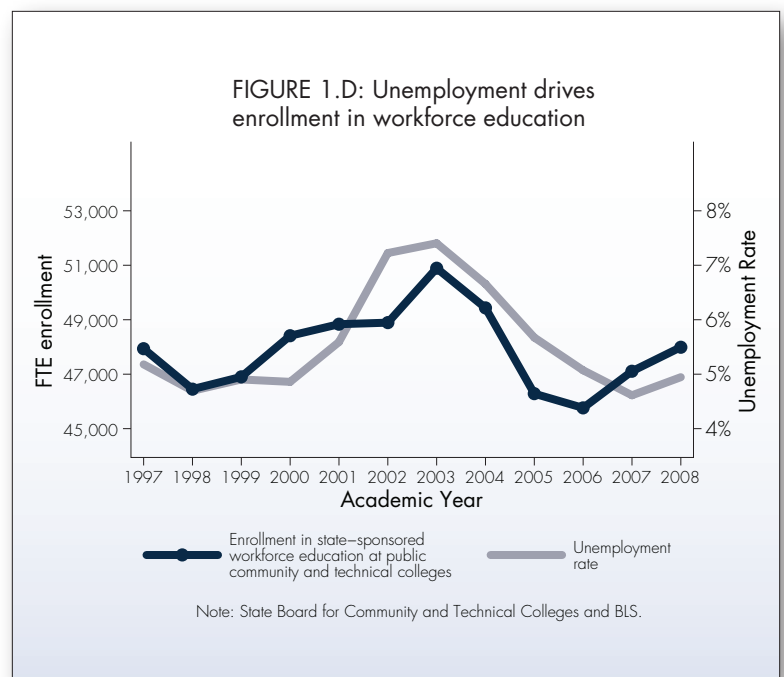
SPOTLIGHT ON:  
**Opportunity Grants**

Completion of one year of post-high school education and a credential can lead to a significant boost in earnings. More limited training programs can help workers find jobs and develop basic skills, but not necessarily lead them to higher wage positions. There are thousands of adults who would benefit from these programs.

Employers would also benefit from a sustained investment in worker education. A recent survey of Washington firms found that the highest vacancy rates were for jobs that required more than a high school diploma, but less than a baccalaureate degree.<sup>10</sup>

Despite a growing recognition that worker education is important to the state’s economic future, there has not been a corresponding growth in enrollment. Over the last decade, enrollment in workforce education programs at Washington’s community and technical colleges has risen and fallen along with the state unemployment rate (Figure 1.D). The recent economic downturn has again increased demand and need for worker training programs.

A survey of adult workers showed that the number one barrier to pursuing further education is financial limitations.<sup>11</sup> In 2006-07, the state extended “Opportunity Grants” to 843 lower income workers, most of whom were parents. The program was a success—73 percent of the grantees completed a full year of school.<sup>12</sup> In response, the program was expanded statewide.



More can be done to extend the benefits of education and training to workers. Many workers who would benefit most from the Grants are unable to attend full-time because of family responsibilities, and yet the Legislature has limited the funding available for part-time students. In addition, workforce education programs are not available in all communities and are not integrated fully with other necessary supports.<sup>13</sup>

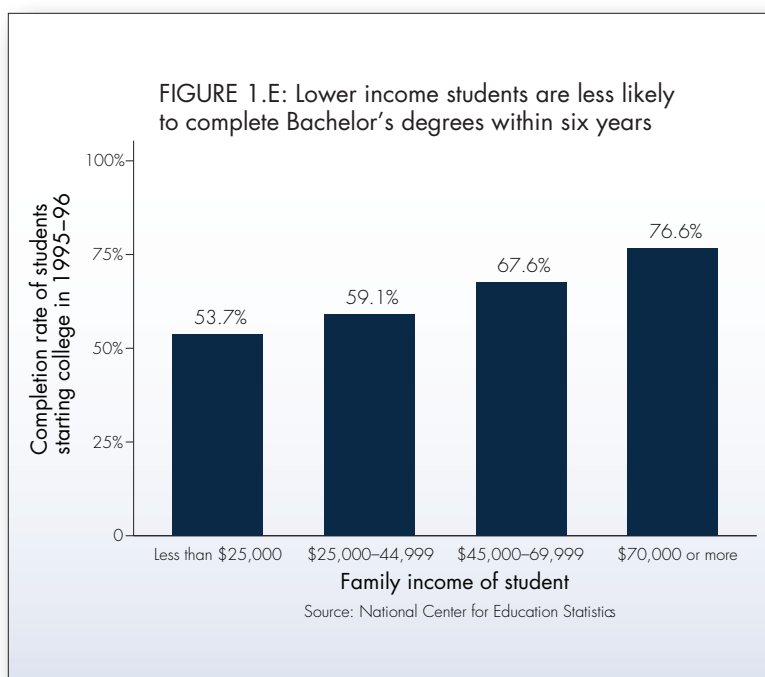
### SPOTLIGHT ON: The Achievement Gap

A persistent educational achievement gap exists among Washington students based on race and family income. The gap is seen in elementary school test scores and persists all the way through high school and beyond. African American, Hispanic, and American Indian students and students from lower income families are more likely to drop out of school and less likely to enter college than white, Asian, and higher income students.<sup>14</sup>

Admission to college does not necessarily close the gap. Nationally, only 54 percent of entering college freshman from families with incomes below \$25,000 in 1995-96 had completed their degrees six years later, compared to 77 percent for those from higher income families (Figure 1.E). Fewer than half of Hispanic and black students completed degrees compared to over two-thirds of whites and Asians.<sup>15</sup>

Washington State has been proactive in developing programs that help all students prepare for college. Navigation 101 provides students with adult mentors who can help them identify career goals and develop an educational plan to achieve their dreams. Running Start gives students the chance to begin taking college courses while still in high school. This allows them to take more challenging courses, get a head start on college without paying tuition, and ease into college life.

Affordability remains a significant barrier for many students, but Washington State is moving forward here as well. In 2007, a new College Bound Scholarship was enacted. Students from lower income families will be notified in the 7th grade that the state will pay the full cost of tuition at any public college or university in the state if they pledge to graduate from high school. This program aims to provide early encouragement to students who would not otherwise have opportunities for college education.



# THRIVING COMMUNITIES



Public investments that maintain our state infrastructure and protect our natural resources create thriving communities.

Vibrant communities foster civic engagement, the arts, and economic innovation. They depend on reliable systems for transportation, communications, and justice as well as thoughtful, long-term planning and the sustainable use of resources.

The public investments that create thriving communities must be maintained and updated. We need adequate transportation and communication systems that keep up with population growth and changing demographics in the state. As we pursue new avenues for economic development, we must protect the long-term health of our communities and natural resources.

The state can promote economic growth and wise use of resources at the same time as it can ensure that business, education, and the arts serve the interests of all Washingtonians. To effectively manage our shared assets and resources, state policies and programs should be efficient and transparent.

This chapter describes our shared efforts to build thriving communities in the state. It includes goals, measurable outcomes, and spotlights on key issues.

# GOALS

## Promote Economic Growth and Sustainable Development

- Economic development will improve opportunities for employment and entrepreneurship in local communities.
- Growth and development will minimize urban sprawl, create cohesive communities, and protect natural resources.
- Communities will have vibrant cultural institutions and recreational opportunities.

## Strengthen Public Transportation and Infrastructure

- Coordinated regional transportation and infrastructure systems will promote job creation, business vitality, and international trade.
- Public transportation systems will improve the livability of communities and minimize environmental impact.
- Infrastructure development will improve the movement of people, products, and information.
- Capital assets will be maintained and managed efficiently.

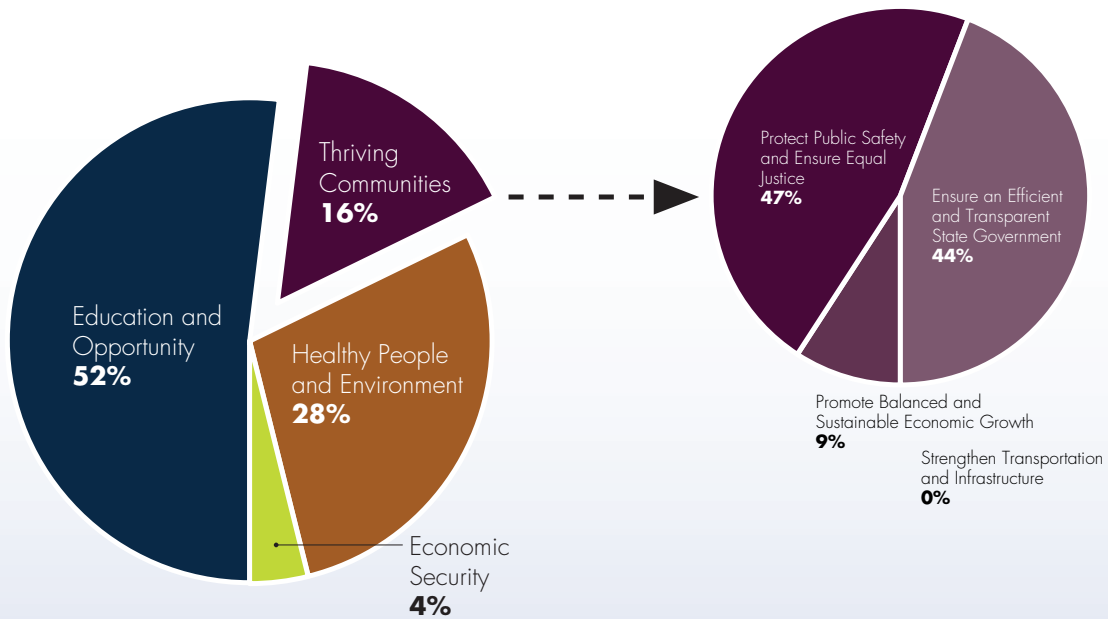
## Protect Public Safety and Implement an Equal Justice System

- Civil liberties and human rights will be protected and promoted.
- People will have access to a just legal system and a full range of legal services.
- People, property, and neighborhoods will be safe and protected and emergencies will receive quick and effective responses.
- Crime will be prevented by identifying and solving potential problems early.

## Ensure Efficiency and Transparency in State Government

- An open and democratic budget and policy process will ensure that state government decisions are based on public priorities.
- Public resources will be managed wisely and used efficiently.
- State government will work closely with local governments and support their efforts to improve their communities.

## Thriving Communities in the State Budget



State general fund plus only. Source: BPC analysis of LEAP data.

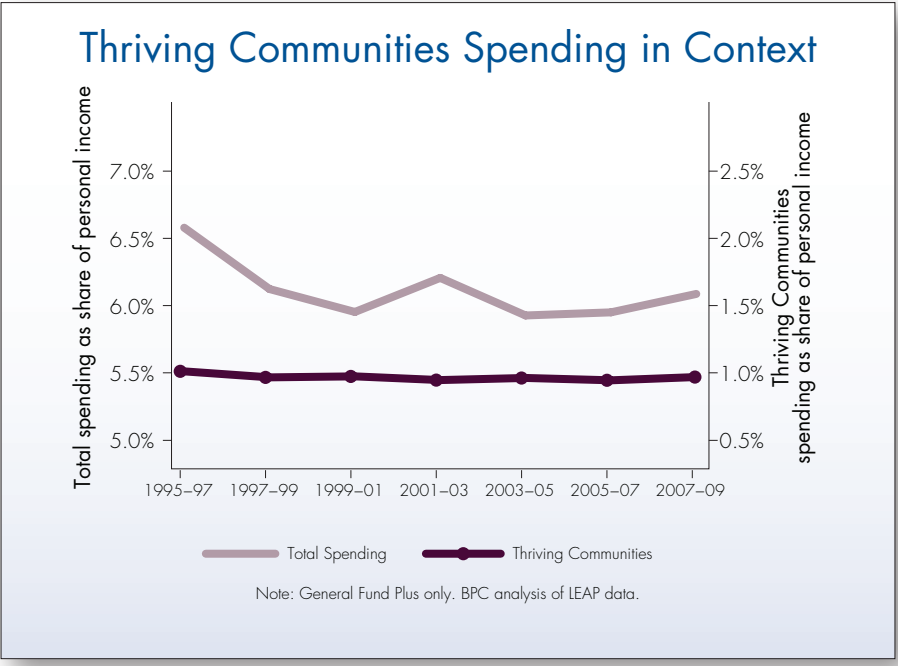
## Thriving Communities

2007 – 2009 Operating Budget (in millions)

	GENERAL FUND PLUS	OTHER STATE SOURCES	FEDERAL	OTHER
Promote Balanced and Sustainable Economic Growth	489	443	225	153
Strengthen Transportation and Infrastructure	4	1,666	57	125
Protect Public Safety and Ensure Equal Justice	2,529	996	252	46
Ensure an Efficient and Transparent State Government	2,388	1,174	70	1,445
<b>Thriving Communities</b>	<b>\$5,410</b>	<b>\$4,279</b>	<b>\$604</b>	<b>\$1,769</b>

## Important Changes in State Spending for Thriving Communities

<p>Promote Balanced and Sustainable Economic Growth</p>	<ul style="list-style-type: none"> <li>In 2000, voters repealed the Motor Vehicle Excise tax. In 1999-01 and 2001-03, the state provided money to local governments to make up for revenue lost due to the repeal.</li> </ul>
<p>Strengthen Transportation and Infrastructure</p>	<ul style="list-style-type: none"> <li>Much of the funding for transportation is in the capital budget, which is not considered in this report. Non-capital operations are primarily paid for by dedicated transportation-related taxes.</li> </ul>
<p>Protect Public Safety and Ensure Equal Justice</p>	<ul style="list-style-type: none"> <li>An offender reentry program raised state safety and justice spending in 2007-09.</li> </ul>
<p>Ensure an Efficient and Transparent State Government</p>	<ul style="list-style-type: none"> <li>Spending on government operations has fallen as a share of the economy over the last decade.</li> </ul>



SPOTLIGHT ON:

## Washington Wildlife and Recreation Program

The forests, farms, and recreation areas of Washington State are vital for community vitality, human health, and wildlife habitat. As the population of the state grows and the economy changes, these important resources are declining. In Washington State, the total acres of land dedicated to forests, farms, pastures, or livestock range declined by 24 million acres from 1992 to 2003 (Figure 2.A). Over the same period, there was a comparable increase in developed land.

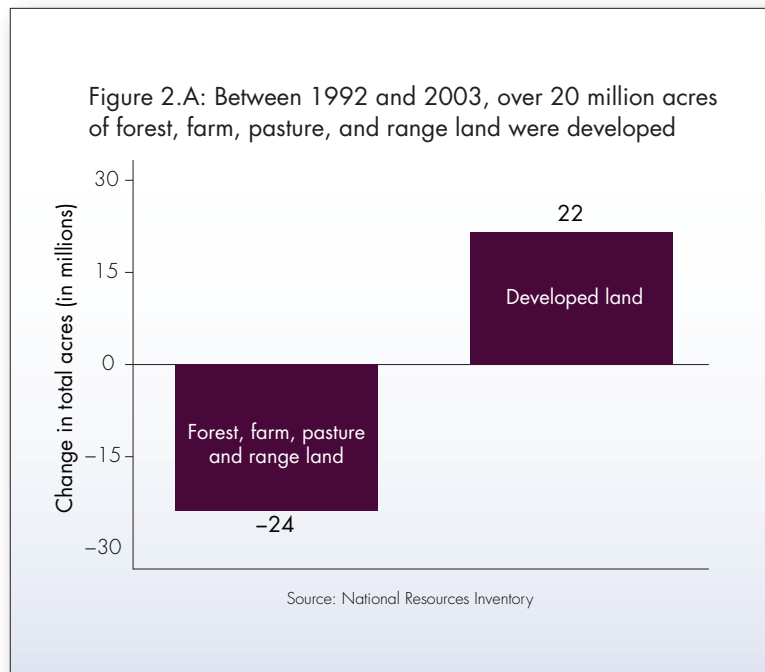
The Washington Wildlife and Recreation Program plays an important role in the effort to preserve natural resources in the state. Since 1990, it has been responsible for over 920 projects to protect habitat, preserve working farms, and create parks.

The program assists local governments in their efforts to implement shoreline and comprehensive land use plans. Cities, counties, and other local governments

apply for grants through the program; to date counties have received \$84 million for 189 projects and cities have received \$123 million for 378 projects.<sup>16</sup> The program also allows local governments to receive funds to help pay for needed parks, ball fields, or bike trails.

Grants can be used for easements to help farmers sell the development rights on their land, which lifts much of the financial pressure to develop and allows them to continue farming. Farmers can also be compensated through grants if they choose to put some portion of their farm into wildlife habitat. And if a local government buys a farm through a grant from the program, they must attempt to resell it to a private landowner to keep it in agricultural production.

In addition to protecting and preserving land use for wildlife and recreation, the program funds development projects that create local jobs.



## SPOTLIGHT ON:

### Smart Approaches to Economic Development

Smart economic development requires flexibility and forward-thinking. As state and global economies change, new approaches are needed to keep pace. Washington is taking steps to broaden economic development plans across the state to include education, innovation, research, and community revitalization.

Public money that is spent on job creation needs to be focused on creating living wage jobs for people in the community. Investments in education can be a key component to making this happen. Currently our community and technical colleges have linked up with industry to develop programs that meet specific workforce needs in the state.

In addition, innovative approaches to traditional local industries can expand their economic reach. For example, wine grapes have been grown in Walla Walla for over a century, but recent entrepreneurial efforts have turned the region's wine industry into a centerpiece of a local tourism economy.

In 2008, the Legislature funded economic development strategies that encourage job growth in the state's renewable energy economy. Successful models already exist. Gray's Harbor was once a nationwide symbol for the trade-offs between jobs and the environment. Now it is becoming known as a place where environmentally friendly industries can thrive.

Research and development plays an increasingly important role in economic development. Universities and state agencies such as SIRTI in Spokane provide entrepreneurs with the support they need in crucial early stages. Washington Manufacturing Services is a state-supported nonprofit that provides small manufacturers with low-cost consulting services to help them increase productivity and improve competitiveness.

Finally, smart economic development recognizes the value of history and culture. Public supported renovations of local landmarks, such as the Fox Theater in Spokane, are important to creating a community where businesses thrive. Communities from Ellensburg to Puyallup to Port Townsend have revitalized their

traditional commercial districts in ways that build on unique local assets. When combined with public infrastructure improvements and educational investments, these strategies can be essential to local development.

## SPOTLIGHT ON:

### Produce Railcar Pool Program

Washington State is a national leader in agriculture production. The state produces 91 percent of all red raspberries in the nation and over half of the nation's wrinkled seed peas, hops, spearmint oil, apples, sweet cherries, and pears. Whitman County alone produces more wheat, barley, dry peas, and lentils than any other state in the nation.<sup>17</sup>

The agriculture industry in Washington State enjoys many advantages, including a diverse climate, a reliable water supply, low-cost energy, and world-class port facilities. There are also considerable challenges, including transportation. Produce growers in Eastern Washington face a long haul to reach consumers in the Midwest and East Coast and a shortage of refrigerated trucks. Shipments to the Puget Sound ports from Eastern Washington must often endure unsafe and unpredictable trips over Snoqualmie Pass.

Through programs that encourage rail transport, the state can support the agricultural industry by ensuring that transportation choices have a limited impact on the environment, preserve union jobs, and increase the safety over the Pass.

Efforts to do this are underway. In 2003, the Legislature passed the Produce Railcar Pool Program. This program makes refurbished refrigerated rail cars available to produce growers in the state to carry produce to the East Coast. The program has grown modestly, but when it is at full capacity it could eliminate hundreds of heavy truckloads from the state highways and decrease fossil fuel use.

The estimated cost to the state is only \$200,000 over the first ten years, but the program was able to draw two million dollars in federal funding.

SPOTLIGHT ON:

## Family Integrated Transitions

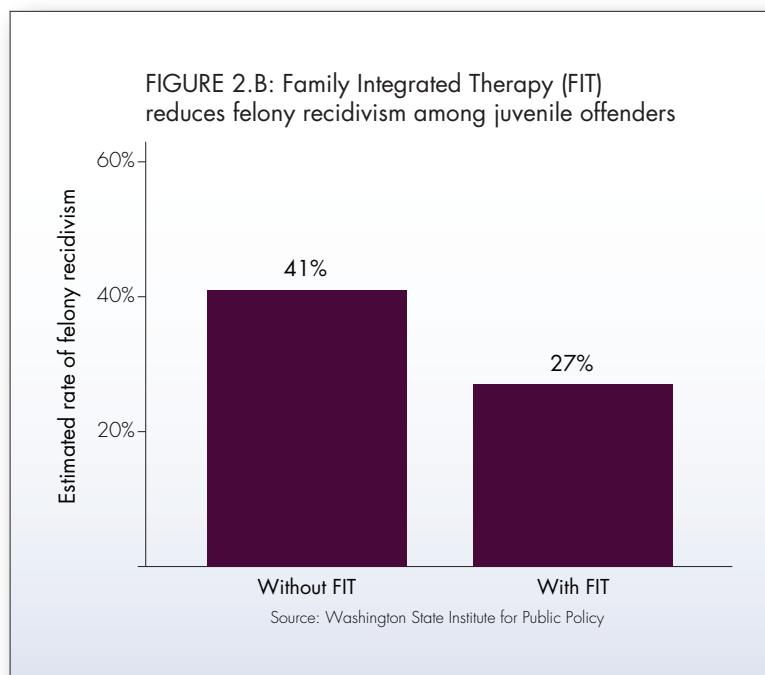
Youth offenders typically receive intensive treatments while incarcerated, but then are released back into difficult environments without access to continued treatment and support. About 1,000 youth are committed in Washington State each year.<sup>18</sup>

Failing to meet the needs of youth offenders is detrimental to the safety of our communities and the well-being of their own families. Without support, they are likely to continue committing crimes.

Improving outcomes for youth offenders is challenging. Many juvenile offenders suffer from a combination of emotional disorders and substance abuse. Up to 70 percent of incarcerated youth have some combination of these problems, 20 percent of whom have serious conditions.<sup>19</sup> Youth with these challenges are more likely to commit further crimes and more likely to need continued intensive support.<sup>20</sup>

The state has made efforts to reduce recidivism among youth offenders by investing in the Family Integrated Transitions (FIT) program. FIT is currently available in nine counties for youth who have both substance abuse and mental illness problems. Intensive treatment begins while they are still incarcerated and continues during the period of transition back to their community. Youth are served by a coordinated team of mental health specialists and chemical dependency professionals. Services are available at all times. Critically, FIT engages the family throughout the treatment process.

The program seems to be working. A Washington State Institute of Public Policy study followed a group of youth for 18 months after release and found that the average likelihood of committing another felony fell from 41 percent to 27 percent if the youth were in the FIT program (Figure 2.B). It also found that while expensive, the costs of the program were easily outweighed by the savings to taxpayers by avoiding future incarcerations.



SPOTLIGHT ON:

## An Open Budget Process

Meaningful participation by citizens in the decisions of government is at the heart of a true democracy. This cannot happen unless information on government programs and policies is made broadly accessible. Washington State's budget process has consistently earned high marks nationwide. According to the Pew Center on the States, "No state in the nation is better at developing and sharing information than Washington."<sup>21</sup>

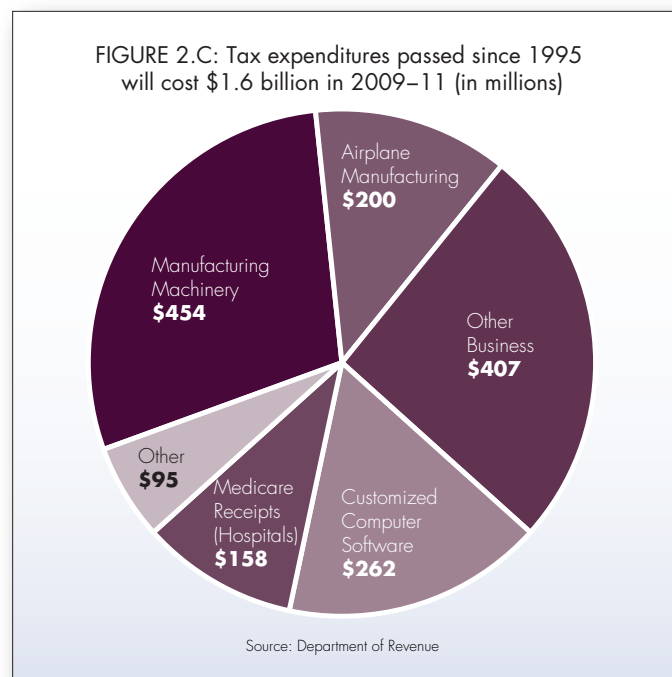
Still, Washington can take steps to make the state budget process more transparent, particularly in the area of exemptions made within the tax code. These exemptions are in many ways equivalent to other expenditures because they reduce the funds available for other priorities. However, they are treated quite differently in the budget process. That is, every year the Governor and Legislature must prepare a budget that determines the level at which to fund education, health care, and transportation, but they are not required to propose a level of expenditure on tax breaks.

In total, these tax expenditures represent \$13 billion in the coming two year budget cycle that could potentially be used elsewhere in the budget.<sup>22</sup> Some of these tax expenditures make clear improvements to the tax

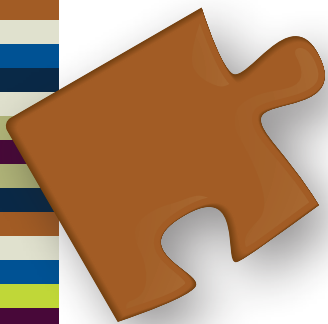
system, such as exempting very small businesses from the Business and Occupation tax or exempting food and medicine from the sales tax. Other tax expenditures need to be reviewed to determine whether they are meeting their stated purpose and whether they are a priority when considered alongside other proposals. Just since 1995 when significant changes were made to the state budget structure, tax expenditures have passed that will cost the state \$1.6 billion (Figure 2.C).

In 2006, the Legislature took an important step by creating the Citizen Commission for Performance Measurement of Tax Preferences. This Commission has established a schedule for an intensive review of most existing tax expenditures over the next decade. In addition, the Department of Revenue (DOR) produces a report every four years with detailed data on each expenditure.

The Commission and DOR reports place Washington State ahead of many states and again demonstrate our commitment to accountability in government. But a truly transparent budget process would not exclude \$13 billion of expenditures from the annual budget process.



# HEALTHY PEOPLE AND ENVIRONMENT



Quality of life in the state depends on healthy people and environment.

Quality of life depends on each person's ability to participate in the opportunities and advantages of the communities in which they live. In order to do this, people need the possibility of good health and a safe, clean environment.

The challenges of achieving good health for all are increasing. More and more people are losing their health insurance. Even people with insurance are finding that costs of care can be too much to bear. And pollution in the environment threatens to overwhelm the health and safety of our air, water, land, and wildlife.

Public efforts can make a difference to improve health and the environment in Washington. The state can help protect children who are living in abusive homes, care for elderly who need support and services, and support people with disabilities. The state can provide high quality medical care and health insurance to those who are not privately covered. And government efforts can protect the public and the environment in the face of infectious diseases, natural disasters, or pollution.

This chapter describes the shared responsibility we have to achieve a state where people and the environment are healthy. It includes goals, measurable outcomes, and spotlights on key issues.

# GOALS

## Protect Public and Environmental Health

- People will have access to healthy food and opportunities for physical activity.
- People will have the information to make healthy choices through public education campaigns.
- Strong mechanisms will be in place to effectively respond to natural disasters.
- State forests, farmlands, and aquatic resources will be protected from environmental degradation.
- Disparities in health due to income, race, ethnicity, and geography will be eliminated.

## Support Families and Protect Children

- Parents and caregivers will have resources they need to provide safe and healthy homes.
- Youth who are separated from their families will receive support during transitions into adulthood.
- Victims of domestic violence will have access to counseling, legal advocacy, and safe places to live within their communities.

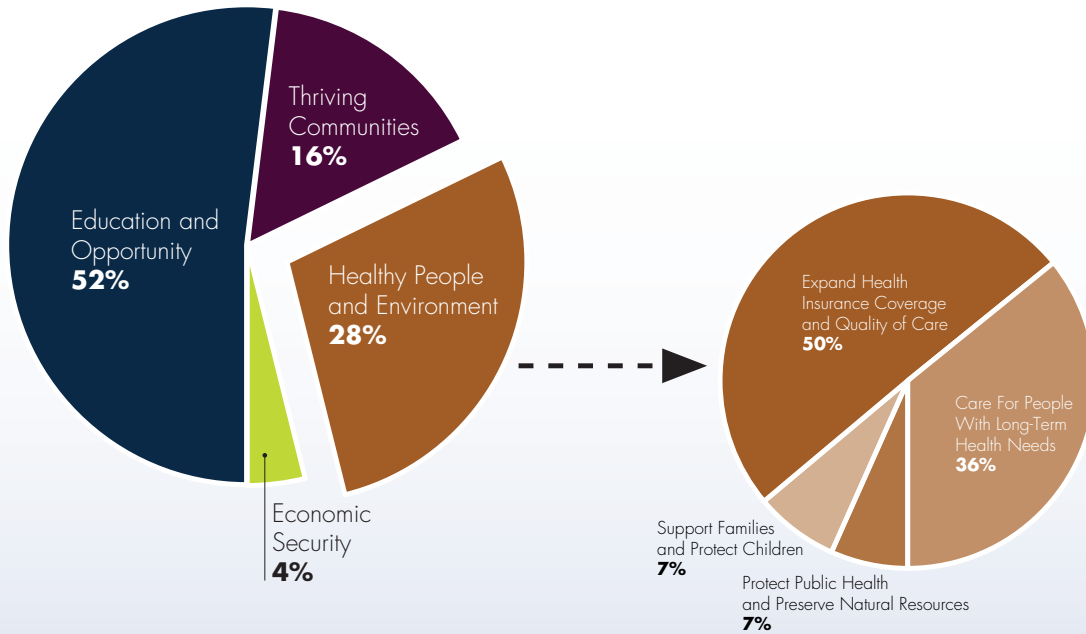
## Expand Health Insurance Coverage

- People will have quality and affordable health insurance.
- A full range of health care services will be available, including mental health, dental health, and screening for serious diseases.

## Care for People With Long-Term Health Needs

- People with long-term health needs due to age or disability will receive a full range of supports and services.
- Families who care for loved ones with long-term health needs will have resources to provide quality care.
- People will have access to preventative, acute, and chronic mental health care.
- The elderly and people with developmental disabilities will be protected from abuse, neglect, or financial exploitation.

## Healthy People and Environment in the State Budget



State general fund plus only. Source: BPC analysis of LEAP data.

## Healthy People and the Environment

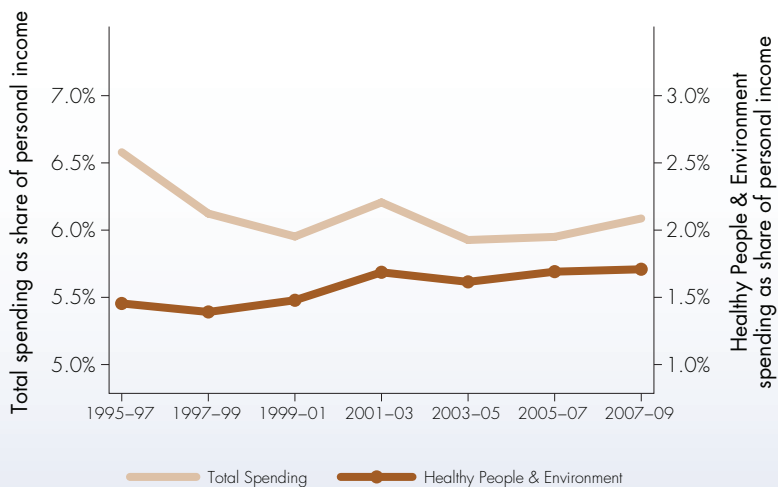
2007 – 2009 Operating Budget (in millions)

	GENERAL FUND PLUS	OTHER STATE SOURCES	FEDERAL	OTHER
Protect Public Health and Preserve Natural Resources	627	413	744	222
Support Families and Protect Children	688	1	496	2
Expand Health Insurance Coverage and Quality of Care	4,745	59	4,408	150
Care For People With Long-Term Health Needs	3,389	3	2,984	162
<b>Healthy People and Environment</b>	<b>\$9,449</b>	<b>\$476</b>	<b>\$8,632</b>	<b>\$536</b>

## Important Changes in State Spending for Healthy People and the Environment

Protect Public Health and Preserve Natural Resources	<ul style="list-style-type: none"> <li>Public health spending rose in 2007-09 because of improved funding for local public health jurisdictions and new funding to vaccinate against rotavirus and HPV.</li> </ul>
Support Families and Protect Children	<ul style="list-style-type: none"> <li>In the late 1990s, federal TANF money became available for programs in this area.</li> <li>In the 2007-09, new investments were made in this area, particularly in foster care.</li> </ul>
Expand Health Insurance Coverage and Quality of Care	<ul style="list-style-type: none"> <li>From 1995-97 through 2001-03, this was one of the fastest growing areas of the budget. However, since 2001-03 spending growth has slowed considerably.</li> </ul>
Care For People With Long-Term Health Needs	<ul style="list-style-type: none"> <li>In 2005-07, the federal government cut funding for community mental health services. The state budget replaced most of the lost funding, resulting in an increase in spending without new service provision.</li> </ul>

### Healthy People & Environment Spending in Context



Note: General Fund Plus only. BPC analysis of LEAP data.

## SPOTLIGHT ON: Clean Bus Program

Childhood asthma can have many serious effects, including taking a toll on school performance (Figure 3.A). Poor air quality in schools is one factor that can exacerbate this problem. In Washington, over 120,000 children have the disease.<sup>23</sup>

State investments can improve air quality and reduce causes of asthma. A modest example is the Washington State Clean Bus Program. Children riding diesel-engine buses are exposed to pollutants that can trigger asthma attacks and affect the development of their lungs. School buses often idle outside the school, creating poor air quality around the building.

The Clean Bus Program responded to these concerns by providing funding to retrofit school buses to reduce exhaust emissions. Between 2003 and 2006, 83 percent of school buses were retrofitted and other buses have been replaced.<sup>24</sup> The state Department of Transportation is also implementing the Safe Routes to School program in which students are able to walk and bike safely to school, wherever possible.

## SPOTLIGHT ON: Safe Drinking Water

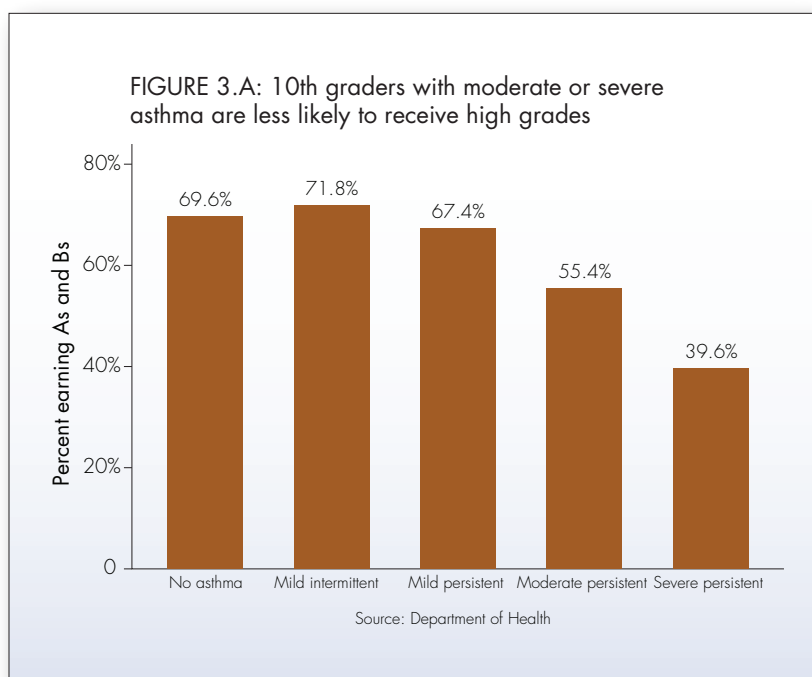
Smart planning, rigorous regulation, and abundant natural resources are the reasons drinking water in Washington State is among the healthiest in the nation.

Statewide in 2006, about 87 percent of the population received tap water from a state-regulated water system. Ninety-one percent of those received drinking water that met all health-based water quality standards.<sup>25</sup>

The Cedar River Watershed, which provides two-thirds of King County's water supply, is an especially important public resource that contributes to our clean water. It includes over 90,000 acres of protected forestland and is one of only six water sources in the country that does not need fabricated filtration. In addition to clean drinking water, it also provides a protected ecological and cultural resource and a site for important environmental research.<sup>26</sup>

Systems to monitor and protect the state's drinking water supply have improved in recent years. Ninety-six percent of public water systems serving residential communities completed required monthly testing for microbial contamination in 2006, compared to 78 percent in 2000. And hundreds more community water systems that serve more than 250 people now have certified operators than in 2001.<sup>27</sup>

There is more work to be done. The state recently adopted higher standards for acceptable levels of arsenic in drinking water. It is estimated over 200 community water systems may be required to make changes to comply with the new rules.



SPOTLIGHT ON:

## The Wellbeing of Children in Foster Care

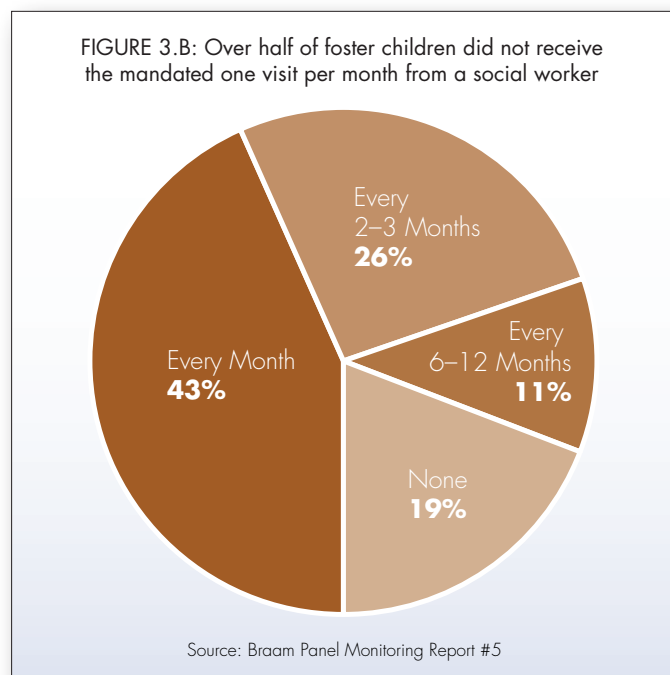
When children are removed from abusive or neglectful homes, their well-being becomes a public responsibility. Such children generally have complex health and developmental issues and need comprehensive services, stability, and permanency.

Since 2003, the number of children living in out-of-home placements has risen by 21 percent.<sup>28</sup> On any given day in fiscal year 2007, about 10,000 children were living in foster care. Since children cycle in and out, the total number of children affected by the child welfare system was much higher.

In a six-year lawsuit that was filed in 1998 on behalf of children in foster care, it was clearly shown that the state has not fully met its responsibility to care for children in the foster system. The lawsuit was settled in 2004, with the state agreeing to make measurable progress on a number of specific goals.

But by 2008, Washington was still falling behind in key areas of the settlement agreement, according to an independent expert panel overseeing the state's efforts. For example, in 2006 only 43 percent of foster children received monthly visits from their social worker and 19 percent were not visited at all (Figure 3.B).

While state agencies have been the focus of negative press about the foster care system, the fact is that state policymakers have not made sufficient funding available to fix the problems. New investments were made in the 2007-09 budget, but some key issues, such as lowering the number of children each social worker is responsible for, were not addressed.

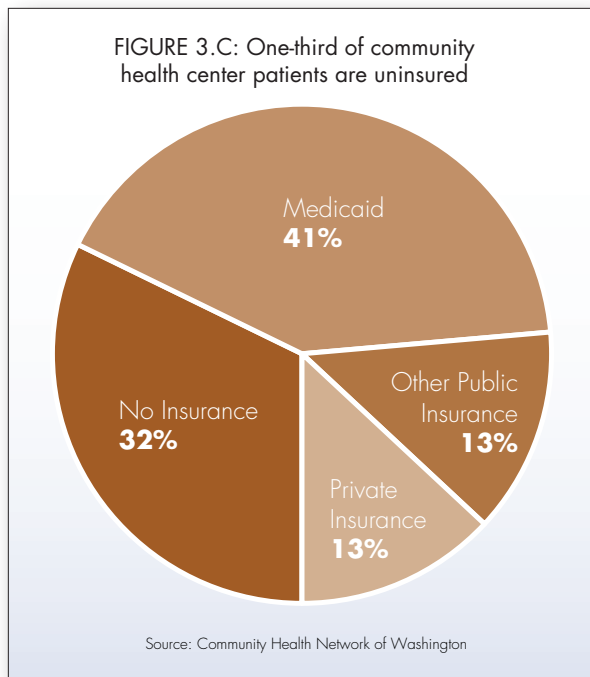


SPOTLIGHT ON:  
**Community Health Centers**

Community health centers are a key component of the state health care infrastructure and are especially important in efforts to close health disparities. These centers provide comprehensive services for Washingtonians of different races, ethnic groups, and incomes in both urban and rural areas.

Community health centers follow a “health care home” model. This refers to a relationship between the patient and a primary care provider who can provide consistent, continuous, and comprehensive care and help the patient navigate through a complex health care system. This approach to primary care has been shown to produce better health outcomes for patients, increased equity in access to care, more accurate medical records, and lower costs.

Cuts in public health insurance programs have a direct effect on community health centers, which are already strained because of recent economic and health care trends. Community health centers must provide the same level of care whether patients have health insurance or not. In fact, one-third of community health center patients in 2007 had no insurance and 41 percent were insured through medical assistance, which often does not provide sufficient reimbursements (Figure 3.C).

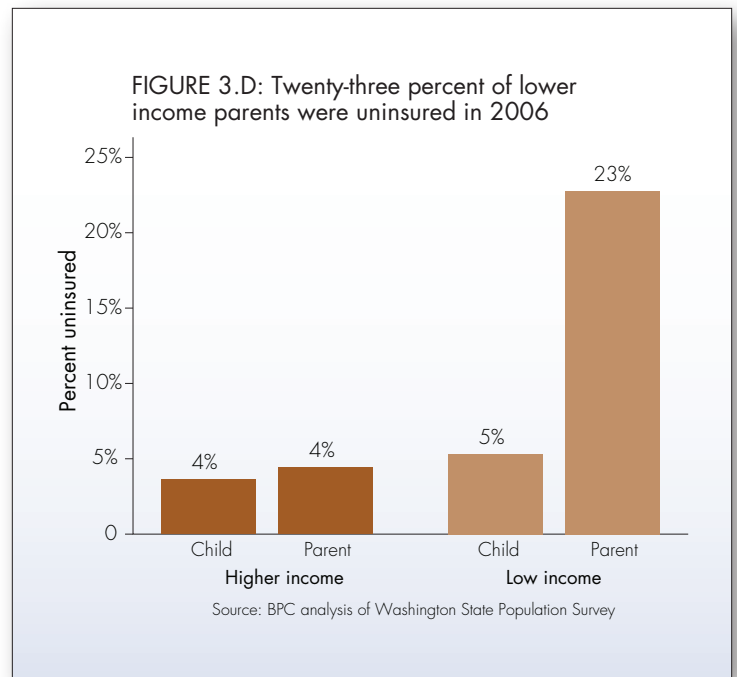


SPOTLIGHT ON:  
**Cover All Kids**

For two decades, Washington State has been a national leader in providing health insurance to those who would otherwise be uninsured. The state’s 1993 expansion of health insurance to children from lower income families was five years ahead of the federal government’s creation of the State Children’s Health Insurance Program. More recently, policymakers made a commitment to provide health insurance to every child in the state by 2010, a commitment that was put into law with the “Cover All Kids” legislation passed in 2007. As a direct result of this effort, over 75,000 additional children have been enrolled in public health insurance programs and efforts to break down barriers to enrollment have been implemented.<sup>29</sup>

While significant progress has been made in providing health insurance to children, we have not done as well providing health insurance to parents. Over one in five lower income parents remained uninsured in 2006 (Figure 3.D). Parental health insurance promotes financial security for lower income families and increases the likelihood that more children will be enrolled in public programs and have better access to care.

Having health insurance is necessary, but not sufficient for good health; quality of care counts as well. In 2003, only 49 percent of children in Washington State had comprehensive primary care.<sup>30</sup> In addition to providing insurance, the “Cover All Kids” legislation mandates that public health insurance programs are evaluated based on quality of care.



SPOTLIGHT ON:

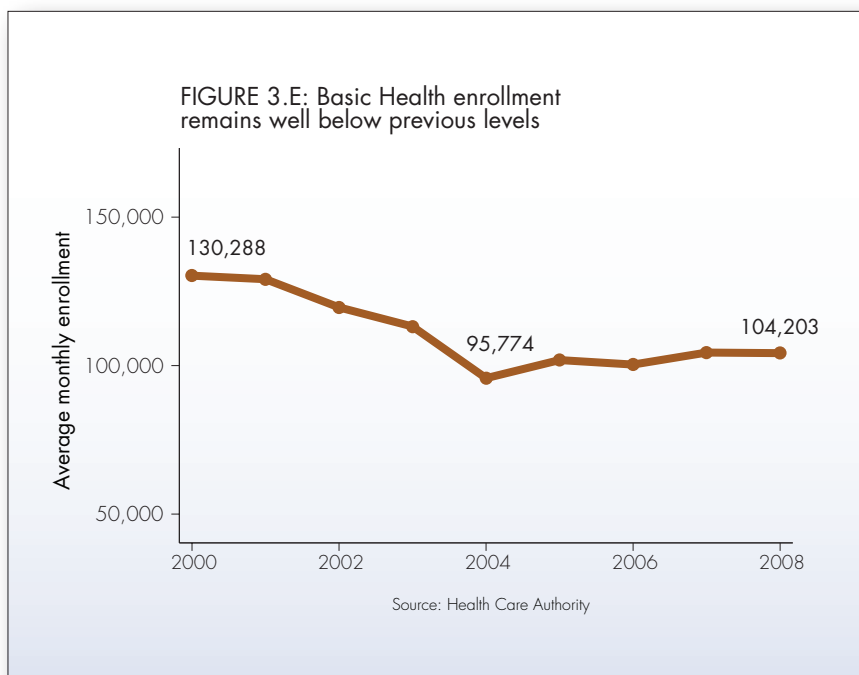
## Basic Health program

While most Washingtonians rely on their jobs to provide health insurance coverage, this system often fails to provide a secure source of quality and affordable care. Those with employer-provided coverage will lose that coverage if they lose their job. And employment is no guarantee of coverage. Lower-wage workers are less likely to be offered health insurance at the workplace and less likely to be able to afford the premiums than higher-wage workers. For some groups of people without private health insurance, Medicaid and other medical assistance programs are an option. But medical assistance is largely unavailable for working adults.

Basic Health is designed to help fill the gap between medical assistance eligibility and private insurance. Established in 1988, it was the first program of its kind in the nation. The state contracts with private managed care companies to provide low-cost insurance to lower income Washington residents.

In 2001, voters passed an increase in the cigarette tax to fund Basic Health. The 2002 Legislature passed a budget that would have used the new money to provide insurance to 47,000 more people. But in the 2003 legislative session, the state was facing a budget deficit and investment in Basic Health was cut. Not only was the expansion that was approved by voters discarded, but the number of available slots was further decreased. New applications were turned down. The benefits package was also reduced and the cost to enrollees was increased, further limiting enrollment (Figure 3.E).

Since that time, growth in the program has been slow. Funding was provided for 7,000 additional slots in the 2006 and 2007 legislative sessions. Surprisingly, despite an increasing need for state health insurance, the Health Care Authority has had trouble filling the available slots. This may be the result of the budget cuts in 2003; research shows that re-enrollment of participants can be costly and difficult to achieve.<sup>31</sup> In addition, higher costs and more limited benefits may decrease the utility of the plan for some people.



SPOTLIGHT ON:

## Access to Mental Health Services

Good health includes mental and emotional wellness. Currently state health care resources do not adequately meet the needs of people with mental health disorders. Twenty-five percent of Washingtonians are affected by mental health problems and 15 percent experience limited life functioning as a result.<sup>32</sup>

Accessing mental health care in Washington State is difficult for most and impossible for many. A recent study found that state-funded mental health services are accessible by only half of lower income people who lack private health insurance.<sup>33</sup>

The system for accessing mental health care in the state is complex to navigate. There are 17 state agencies that provide mental health care and most of them do so through local organizations.<sup>32</sup> Services and locations are determined by a combination of diagnoses, functional limitations, income, age, insurance, and available funding.

Preventive mental health care is difficult to access. Instead, illnesses must become functionally limiting before services are available. This system results in unnecessary suffering. It is also fiscally inefficient; the cost of hospitalization or imprisonment is significantly higher than the cost of prevention.

Mental health challenges often overlap with other problems, including physical limitations, drug abuse, unemployment, and homelessness. Mental health investments would be more effective if they were better integrated with other services.

SPOTLIGHT ON:

## Medical Assistance Spending and Long-Term Care

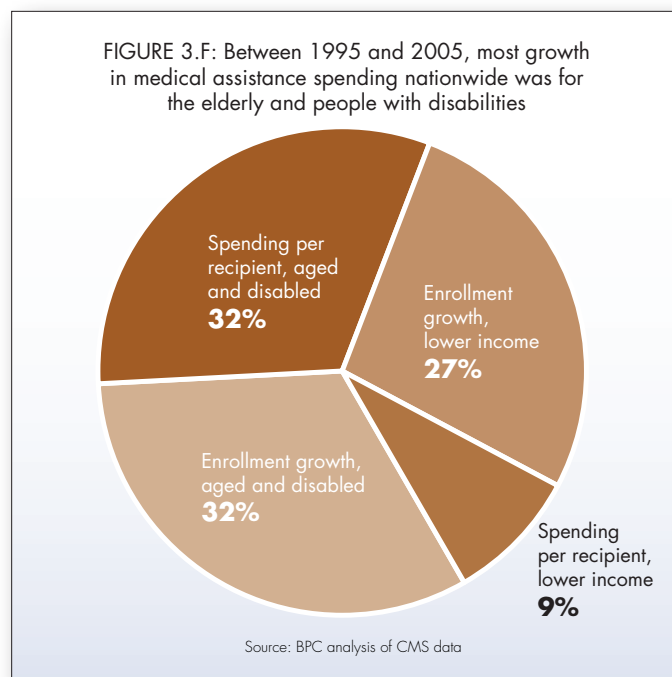
Medical assistance is one of the largest investments made by the state government, providing health services to one of every five Washingtonians. The state will spend over \$4 billion on medical assistance programs (primarily Medicaid and the State Children's Health Insurance Program) during the 2007-09 budget cycle and the federal government will match that with another \$4 billion. It has been one of the fastest growing segments of the state budget.

Medical assistance programs are central to the state's efforts to insure children. Half of medical assistance recipients in 2006 were children. These programs are also very important to patients with long-term health needs. People with disabilities or those over age 65 made up 21 percent of those enrolled in medical assistance in 2006, but they accounted for half of the spending.<sup>34</sup> One-third of medical assistance spending was for long-term care specifically, including nursing homes and home health services.

Nationally, over 60 percent of increased spending on medical assistance between 1995 and 2005 was due to the growing enrollment and escalating health care costs associated with people over age 65 or with disabilities (Figure 3.F).

For many people needing long-term care, options are limited. Private long-term care insurance is often prohibitively expensive. Medicare, a social insurance program that all workers pay into in order to receive health benefits upon retirement, does not provide long-term care benefits. Medicaid becomes the only option for many, although because it is only available to the poor, people have to "spend down" their resources in order to become eligible.

Without policy reforms, long-term care will continue to strain the state's medical assistance budget. The population is aging, medical advancements are extending life expectancy, and the cost of health care continues to grow. The state will bear much of the responsibility for long-term care because the federal government has shifted the costs from Medicare (a federally-funded program) to Medicaid (a program in which the state must pay approximately half the cost).



# ECONOMIC SECURITY



We all need public supports and services that provide avenues to economic security.

Investments in economic security ensure that people can survive difficult financial times and take steps to improve their quality of life. Families succeed when parents are secure in their ability to provide basic necessities for their children. Workers prosper when workplaces are safe and financial protections exist in cases of injury or job loss. Everyone in the state benefits when people can meet their basic needs and find meaningful employment.

Even in times of prosperity, we all face the risk of job loss, disability, or family crisis. When the economy is strained, these public investments matter even more.

Strong social support systems ensure all people can meet basic needs in times of hardship as well as support people in their efforts to escape poverty. Regulation can make sure that jobs are safe and pay a fair wage. Public programs can assist working people by providing needed supports such as child care, health insurance, and wage supplements. Unemployment insurance can be used to protect against deprivation in times of job loss. And together as a state, we can make sure that those who are unable to work can meet basic needs such as food, housing, transportation, and medical care.

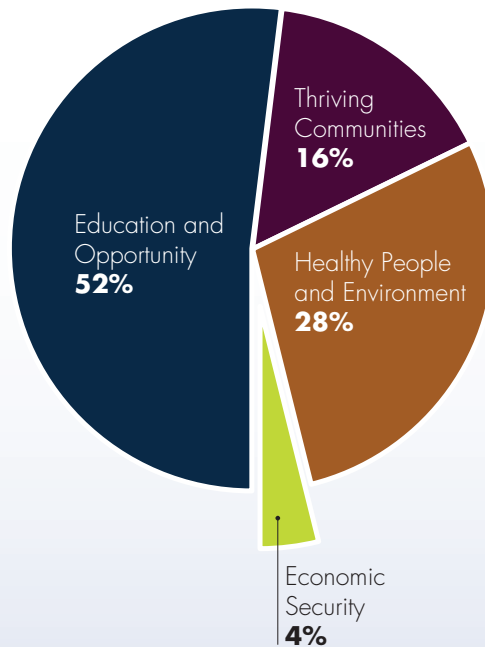
This chapter describes our shared efforts to ensure that everyone has economic security in the state. It includes goals, measurable outcomes, and spotlights on key issues.

# GOALS

## Provide Work Supports and Assistance Meeting Basic Needs

- Workers will be able to balance jobs and family life and see a rising standard of living through employment.
- Workers will be insured against unsafe workplaces and job loss.
- People will have access to healthy, affordable food and will not suffer from hunger.
- People will have access to safe, affordable housing and financial assistance for basic needs.
- Pathways out of poverty such as job training, employment assistance, and asset development will be widely available.

## Economic Security in the State Budget



State general fund plus only. Source: BPC analysis of LEAP data.

### Economic Security

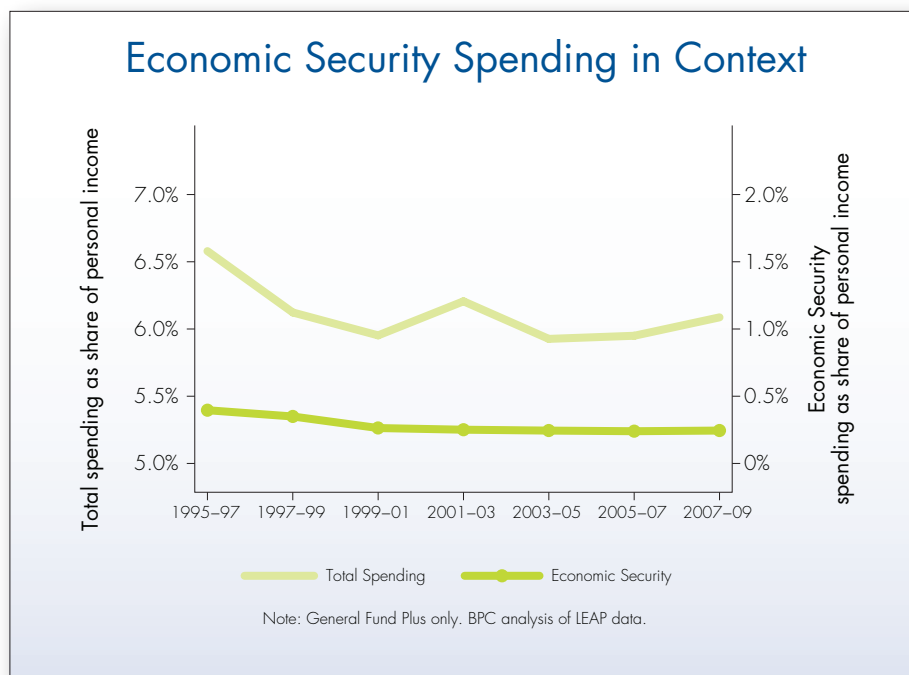
2007 – 2009 Operating Budget (in millions)

	GENERAL FUND PLUS	OTHER STATE SOURCES	FEDERAL	OTHER
Provide Work Supports and Assistance				
Meeting Basic Needs	1,352	670	1,895	74
<b>Economic Security</b>	<b>\$1352</b>	<b>\$670</b>	<b>\$1,895</b>	<b>\$74</b>

## Important Changes in State Spending for Economic Security

### Provide Work Supports and Assistance Meeting Basic Needs

- Spending on Economic Security fell as a share of personal income in each biennium from 1995-97 to 2005-07.
- Funding rose in the 2007-09 budget due to increased reimbursement rates for child care centers and a new collective bargaining agreement with family child care providers.



SPOTLIGHT ON:

## Working Mothers and Unemployment Insurance

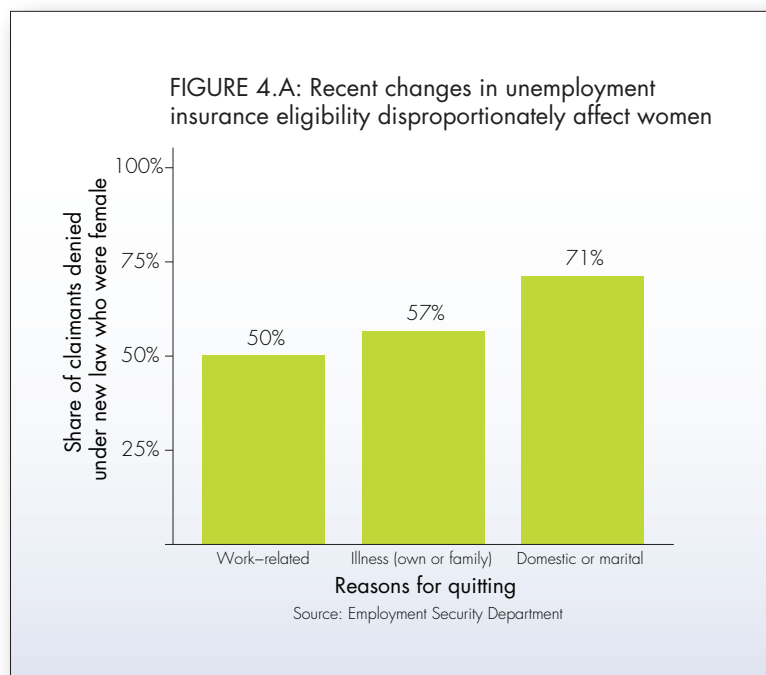
Over the last three decades, mothers have contributed significantly more to family income while still maintaining traditional household responsibilities. The growth in labor force participation among married mothers during that time has been the sole source of income growth among lower and moderate income families.

The labor market often makes it difficult for working mothers to balance all the demands on their time and talents. For example, while a recent survey found that 60 percent of working mothers believe that part-time work would be ideal for them, the reality is that part-time jobs often do not meet their needs.<sup>35</sup> Only one in four part-time jobs offers health insurance.<sup>36</sup> Only one in five offers paid personal or sick leave.<sup>37</sup>

In addition, when women lose their jobs, the state's unemployment insurance program often fails to meet their needs. Unlike in 23 other states, the availability of unemployment insurance benefits is strictly limited for unemployed workers who are seeking part-time, rather than full-time, work.<sup>38</sup>

Many women leave work to take care of family members. But changes made in 2003 to the state unemployment benefits system restricted the reasons why workers could quit their job and still receive benefits. These reasons include losing child care, taking a leave of absence to care for a sick parent, or walking away from an abusive workplace.

A recent study found that about 3,300 workers in Washington were denied unemployment benefits in 2005 who would have received them before the changes. Seventy-one percent of those who had quit because of family responsibilities were women (Figure 4.A).



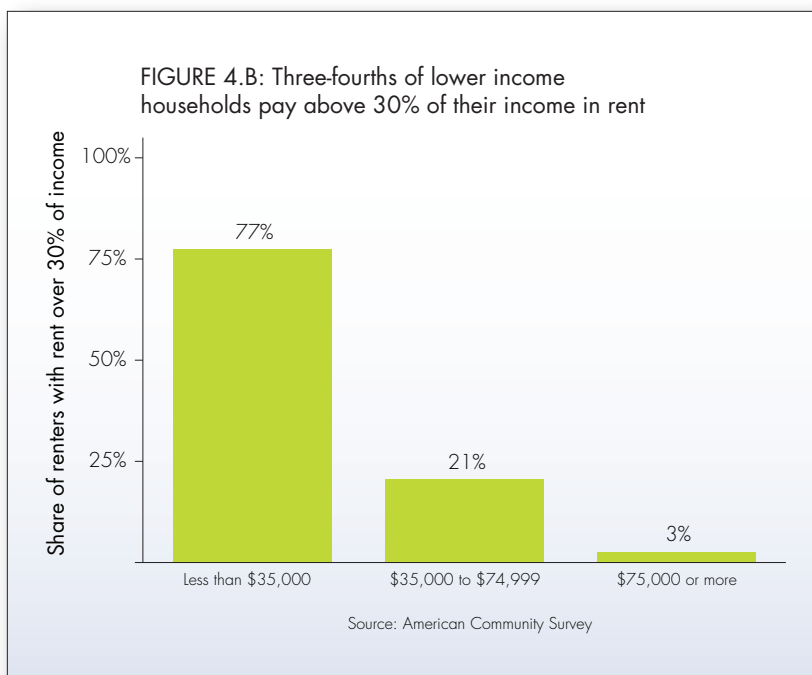
## SPOTLIGHT ON: Housing

Safe and affordable housing is an important component of economic security. Stable housing is a key variable to getting jobs, educational attainment, and health care. Research shows that quick rehousing plus supportive services can have a long-term impact on homelessness.<sup>39</sup>

But affordable housing is not readily available to many people living in Washington State: three-fourths of renters with incomes under \$35,000 were paying more than 30 percent of their income in rent in 2007 (Figure 4.B).

The state has made long-term investments in trying to address the lack of affordable housing. In 1987, the Washington State Housing Trust Fund was created as a source of capital funding to support affordable housing for lower income Washingtonians. The Fund supports the construction, acquisition or rehabilitation of over 4,500 units every two years.<sup>40</sup> In 2008, the Fund was increased to \$200 million for the biennium.

Despite the increased investment, state funding is still inadequate to meet the housing needs of lower income people. Increased construction costs, land prices, and a growing population have absorbed the additional funds without providing enough affordable housing to those who need it.



## SPOTLIGHT ON: Asset Limits

Washington State encourages lower income families to build assets through the state's Individual Development Accounts program. IDAs match the savings of lower income families to help build assets that can be used to start a business, buy a home, or pay for college.

But in other instances, the state inadvertently discourages asset building. Families with short-term disabilities to meet basic needs can be refused temporary cash assistance (TANF) from the state based on the amount of assets they own. For example, a family applying for benefits would be turned down if they had more than \$1,000 in a retirement account. In order to be eligible, they would have to withdraw and spend at least a portion of their savings.

There is a \$5,000 exemption for vehicles. However, this amount is often insufficient to allow families to own reliable transportation.

This system works against shared goals. Public programs should help people meet temporary needs without requiring them to deplete modest savings. And restricting car ownership creates obstacles to succeeding in the labor market.

This problem has been recently addressed in the state's Basic Food Program, which no longer uses asset limits. However, the state's asset limits on cash assistance remain among the most stringent in the nation.<sup>40</sup>

# LOOKING FORWARD

It is time to look forward as a state – to set ambitious goals and develop innovative strategies that will bring us closer to our shared vision. It is also time to ask whether or not our actions and investments are achieving measurable progress and whether we can do better.

State investments are succeeding in areas such as employing highly-qualified teachers and increasing health care coverage for children. These efforts should continue. We also need to make progress in other areas such as preparing children for kindergarten, improving access to mental health care, and building pathways out of poverty.

The Progress Index establishes a values-driven framework in order to remind us that the interests of all Washingtonians overlap and intersect, that we have significant challenges, and that we can make real improvements when we work together. Realizing this shared vision for Washington State will require a new and innovative approach to state budgeting and advocacy. The current model of disparate and diverse interests working to secure funding for narrow issues limits our ability to successfully focus on comprehensive investments.

Success will also require ongoing assessment of our strategies and analysis of their results. Looking ahead, a key role of the Progress Index will be providing accurate and accessible research on the state budget, economic

and social trends, and the outcomes of our investments. By building measurement tools on a framework of shared values, this work will provide us with the ability to track our progress over time and determine if we are moving in the right direction.

We all benefit if there truly is education and opportunity for all, thriving communities to sustain our work and social lives, good human health and a clean, safe environment, and the ability for everyone in the state to meet their basic needs.

Now the hard work begins to foster a dialogue, work collectively for change and focus on moving closer to a state that reflects our shared values.



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