

Governor's Budget Undermines Progress

By Jeff Chapman and Stacey Schultz

In recent years, Washingtonians have recognized the need to make meaningful investments in health, education, and economic security. Together, we have enrolled thousands of lower income children in state-funded health insurance programs, added innovative strategies to our education system, and taken steps to protect our natural resources. These are investments that represent real progress toward creating a state in which every person has opportunities for good health and prosperity.

The historic economic and fiscal crisis facing our state right now presents a significant challenge to our continued progress. In the coming months, the Legislature and Governor must work together to enact a state budget that balances the largest deficit in decades.

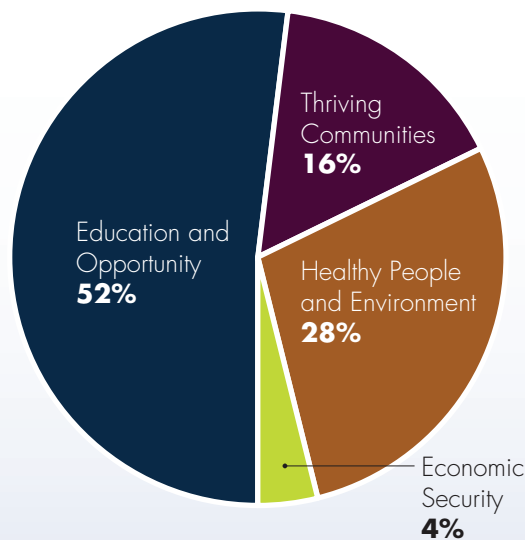
The Governor's proposed budget plan for the 2009-11 budget, presents one route - significant cuts in health care, education, and economic security. This strategy of deep

spending cuts which will amount to \$3.6 billion will reverse much of the progress that has been made in recent years. Moreover, with the state economy in recession, the need for public investments now is greater than ever.

The Governor's budget proposes cuts in nearly every area of the budget (Figure 2):

- Investments in education and opportunity - from preschool to universities - would be cut by 6 percent.
- Programs that create thriving communities - such as public safety and balanced economic development - would receive a 4 percent cut.
- Efforts to ensure the health of people and our environment would be cut by 17 percent.
- State spending on supports that provide economic security would be reduced by 30 percent.

Figure 1: 2007-09 State Budget Investments by Value



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

This report analyzes the Governor's 2009-11 budget proposal using a framework of four values that represent common ground on which Washingtonians can agree. The values are: education and opportunity, thriving communities, healthy people and environment, and economic security.

For more information about this framework, see:

www.budgetandpolicy.org/progressindex

Education and Opportunity

Education Reform

The State of Washington is constitutionally required to provide for the public education of all children in the state. A budget deficit does not alter that requirement. For that reason, the Governor's budget does not propose cuts in the budget areas that have been defined as "basic education."

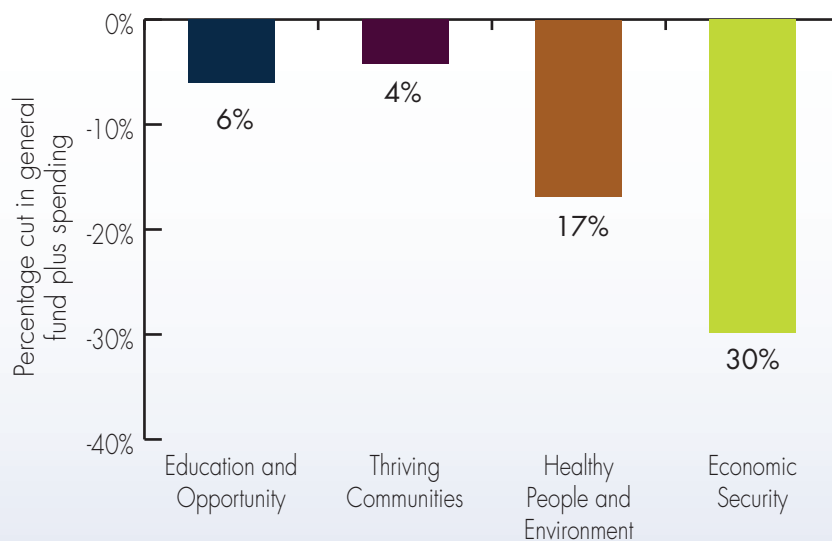
However, the Washington Learns commission (chaired by Governor Gregoire) and other studies have found that our education system is not meeting the needs of a new economy and fails to close disparities for students of color and students from lower-income families. Many of the recent efforts to solve those problems fall outside of the "basic education" definition even though the State Constitution mandates that all children must be provided an education, "without

distinction or preference on account of race, color, caste, or sect."

Outside of basic education, the K-12 budget would be cut by 28 percent under the Governor's proposal. The largest cuts are:

- A 25 percent cut to the Student Achievement Program, which is a voter-approved (I-728) initiative that provides funding to school districts for quality improvements such as class size reduction, extended learning, early learning, or professional development.
- A \$352 million cut to the voter-approved (I-732) cost of living adjustment for education professionals. This will diminish the state's ability to attract and retain high quality teachers, a proven factor in improving student performance in school.
- A 33 percent cut to levy equalization. In Washington State, school districts rely heavily on local property taxes to raise money for neighbor-

Figure 2: The Governor's budget proposes cuts in every area of the budget



Source: BPC analysis of OFM and LEAP data

hood schools. In property-poor areas of the state, it is very difficult or impossible for districts to raise sufficient funds for schools. State resources are used to help equalize school funding among various school districts.

- Another \$88 million would be cut in the budget by suspending, reducing, or eliminating a number of programs including hands-on science learning, after-school grants, and math and science professional development.

Workforce training and higher education

During times of economic recession, the demand for workforce training and access to community and technical colleges rises dramatically. As workers lose their jobs, they often turn to these programs to better position themselves in the labor market. It is in all of our interest to meet this demand. When the recession ends, a trained and qualified workforce that can earn living wages and participate fully in the economy

will help to spur economic growth. Investments in community colleges can boost other key goals by training workers in targeted industries such as renewable energy.

Despite the increasing need for these programs, the Governor's budget would make significant reductions in funding, which will result in lower enrollments, fewer support services, higher tuition, and larger class sizes.

Thriving Communities

The Governor's budget proposes a set of cuts in the Department of Corrections that will scale back community supervision of non-violent offenders and reduce or eliminate various programs to assist offenders' reentry to society. Programs to assist juvenile rehabilitation are cut. Natural resource budget cuts include state park closures and reductions in wildlife and habitat protection and land management.

Healthy People and Environment

Washington State has made long term investments in ensuring broad availability of health care insurance. Under the Governor's plan, tens of thousands of people would lose access to state-funded health insurance and progress would halt on our commitment to ensuring that all children in the state have health insurance by 2010.

- Basic Health provides affordable health insurance to over 100,000 lower income Washingtonians. It is an important component of our state's health care safety net. The Governor's budget proposes a 42% cut in the Basic Health budget that will likely include increases in out-of-pocket costs, decreases in benefits, and will also require a sharp reduction in the number of people allowed to enroll. These cuts amount to \$252 million.
- More than 20,000 adults who are unemployable due to disability rely on the General Assistance program to pay for needed medical care. The Governor's budget would eliminate this program completely - a cut of \$251 million.
- The Governor's budget also includes \$83 million in unspecified cuts to state health care programs that provide care for children in foster care, immigrants, new parents, and a suspension of the state's commitment to Cover All Kids by 2010.
- There would also be \$219 million in various reductions in spending on medical assistance benefits and reimbursements through Medicaid. These cuts will result in reductions in matched federal funding that the state receives through the Medicaid program.

In addition, the Governor's budget proposes cuts in community mental health services, disease prevention and screening, and other areas.

Economic Security

The state is facing a deep recession and state programs that provide economic security are more important than ever.

One of the key resources for Washingtonians in poverty is the WorkFirst program. This program is intended to provide cash assistance to families while helping them find and maintain employment. However, the obstacles to finding employment are significant in the current economic climate. Rather than respond to the increased need for assistance and the increased difficulty of moving into the labor market, the Governor's budget proposes a \$68 million cut in funding by reducing the number of families served, including punitive measures that terminate benefits.

Along with the medical care portion described above, the Governor also proposes eliminating General Assistance financial benefits for adults who are unable to work because of disability, a \$156 million cut.

Conclusion:

The state budget reflects our values and goals. The investments we make over time can reap measurable differences in people's lives. To protect these investments and the progress we have made, state lawmakers should consider a variety of solutions to our budget problems. It is useful to note that Washington is not alone in tackling these difficult choices. According to the Center on Budget and Policy Priorities, a national think tank in Washington, D.C., 44 states are experiencing budget deficits with a combined shortfall through fiscal year 2011 of up to \$370 billion. Virtually all of these states will have to balance their budgets as we do and all are considering a variety of approaches including raising revenue through taxes and closing certain tax exemptions. These are options that Washington lawmakers should consider as well.



EDUCATION AND OPPORTUNITY

Maintenance Budget (in millions)	\$19,125
Governor's Proposal	\$17,977
Difference	-\$1,149

Education provides pathways to success in business, industry, the arts, and sciences. Every child, teenager, and adult deserves access to a high quality education that opens doors to new opportunities and prosperity. In recent years the state has made significant investments in ensuring an equitable education system in our state. These investments can be seen in early childhood education, elementary and high schools, and in our institutions of higher learning.

Key Budget Changes (in millions)

Education reform

1. Eliminate voter-approved cost-of-living adjustment for education professionals -\$352
2. Reduce voter-approved program that funds school district class size reduction, extended learning, early learning, and professional development -\$178
3. Reduce state funds that are used to help equalize school funding across wealthier and poorer districts -\$125
4. Suspended, eliminate, or reduce various education reform programs -\$48
5. Eliminate new funding for professional development for math and science teaching -\$40

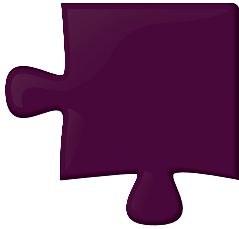
Early learning

6. Reduce spending on programs to improve the quality of child care -\$5

Higher education and workforce development

7. Reduce funding for community and technical colleges -\$91
8. Reduce funding for public universities -\$192

Net of all other changes, including compensation changes and across-the-board cuts -\$118



THRIVING COMMUNITIES

Maintenance Budget (in millions)	\$5,727
Governor’s Proposal	\$5,484
Difference	-\$243

Vibrant communities foster civic engagement, the arts, and economic innovation. They depend on reliable systems for transportation, communication, and justice. State infrastructure must be maintained and updated over time to keep pace with population growth and changing demographics. Washington State has made smart investments in the sustainable use of natural resources and has made efforts to conduct government business in a transparent manner. These are long term investments in the health and well-being of our communities.

Key Budget Changes (in millions)

Public Safety

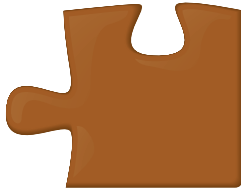
1. Eliminate community custody supervision of misdemeanants and non-violent offenders and reduce or eliminate programs for adult offenders including chemical dependency treatment -\$108
2. Reduce funding to expand programs that improve outcomes for juvenile offenders -\$9

Natural resources

3. Permanently close 13 state parks and close other parks during non-peak months -\$5
4. Reduce spending on habitat and wildlife protection, land management, and forest practices -\$11

Net of all other changes, including compensation changes and across-the-board cuts -\$110

HEALTHY PEOPLE AND ENVIRONMENT



Maintenance Budget (in millions)	\$10,630
Governor's Proposal	\$8,838
Difference	-\$1,792

Good health allows people to fully participate in the economic, social, and civic life of the state. A clean, safe environment is essential for people to work and raise families. To further the goal of good health, important investments have been made in expanding access to affordable, high quality medical care, creating a strong public health system to effectively address issues of disease outbreak or natural disasters, and caring for people with long term needs.

Key Budget Changes (in millions)

Health insurance access and affordability

1. Cut Basic Health (managed-care insurance plan for lower income people) by 42% -\$252
2. Eliminate General Assistance medical coverage for adults who are unemployable due to disability -\$251
3. Suspension of the state's commitment to Cover All Kids by 2010 and cuts to state health care programs that provide care for children in foster care, immigrants, and new parents . . . -\$83
4. Reduce benefits and reimbursements through Medicaid -\$219

Other health

5. Reduce funding for community mental health services -\$31
6. Eliminate universal vaccinations for children and reduce or eliminate certain preventative public health programs -\$67
7. Cut chemical dependency programs including outpatient and inpatient services, detoxification, and chemical dependency services -\$18
8. Reduce nursing home reimbursement rates -\$60
10. Reduce family support services including crisis intervention, eliminate pilot programs to improve foster care, and eliminate Secure Crisis Residential Centers. -\$19
10. Eliminate Family Policy Council and Council for Children and Families -\$11

Federal assistance

11. The Governor's budget assumes that a federal stimulus package will provide federal funding that would temporarily replace a portion of state spending on Medicaid -\$575
12. The budget also assumes that federal reauthorization of the State Children's Health Insurance Program will provide additional federal funding to replace state funding -\$54

Net of all other changes, including compensation changes and across-the-board cuts -\$152



ECONOMIC SECURITY

Maintenance Budget (in millions)	\$1,444
Governor's Proposal	\$1,013
Difference	-\$431

State investments in economic security ensure that everyone can meet basic needs and make efforts to improve their quality of life during difficult financial times. An economic recession means that more families in the state are experiencing financial insecurity and hardship. The unemployment rate in the state has been steadily rising over the past year, so that workers and families have not only lost income, but access to employer-provided health care. These difficult economic times have affected every sector of the job market and every person in the state in some form or another.

Key Budget Changes (in millions)

Economic security

1. Reduce number of needy families receiving temporary assistance including enacting punitive measures that terminate benefits -\$69
2. Eliminate cash assistance for adults who are unemployable due to disability through the General Assistance program -\$156
3. Increase child care co-pays for certain lower income working parents -\$5

Federal assistance

3. The Governor's budget also assumes that the state will qualify for \$152 million in federal contingency funding that will temporarily replace an equivalent amount of state spending . -\$152

Net of all other changes, including compensation changes and across-the-board cuts -\$49