

1996 Supplemental Operating Budget Overview

The 1996 supplemental operating budgets authorized by Chapters 283, Laws of 1996, (ESSB 6251 -- Omnibus Operating Budget) and Chapter 165, Laws of 1996, (ESHB 2343 -- Transportation Budget) total \$32.1 billion. Of that amount, \$17.6 billion is from the state general fund and \$14.5 billion is from all other funding sources. There are also capital appropriations from the state general fund of \$1.4 million included in the transportation budget.

Under Chapter 2, Laws of 1994 (601), spending from the state general fund for the biennium is limited to \$17.9 billion. This biennial spending limit is actually the combination of annual limits for fiscal years 1996 and 1997 of \$8.8 billion and \$9.1 billion, respectively. These compare to annual budgeted general fund expenditures of \$8.7 billion for fiscal year 1996 and \$8.9 billion for fiscal year 1997.

Compared to the original biennial operating budgets, the total funds supplemental operating budgets represent an increase of 0.7 percent. The state general fund increase is \$12.3 million. While the state general fund increase is also less than one percent, it is the result of offsetting savings and expenditures. Savings of \$172 million resulted from less than anticipated caseload in human services programs, lower than anticipated public school enrollment, and debt service savings due to lower interest rates.

A total of \$104.7 million in funding for education enhancements comprise the largest component of new state general fund expenditures. A total of \$34.1 million in new funds for higher education is provided for various improvements, including 3,365 additional students, additional financial aid, and the start of an integrated library system. A total of \$39.5 million in new funds for the kindergarten through twelfth grade public school system provides for technology grants, vocational equipment upgrades, early reading emphasis grants, additional school bus replacement, and student safety. In addition, \$4.1 million is provided to the State Patrol to complete background checks on public school employees. For both public schools and higher education institutions, \$27 million is provided from the state general fund and \$15.3 million from general obligation bonds for the development of a "K-20" telecommunications network.

Significant state general fund enhancements are also provided for improved children and family services. A total of \$21.9 million funds additional child protective and family preservation services, continues the Continuum of Care and Street Youth programs for fiscal year 1997, and provides for improving the management of the Division of Children and Family Services. Also included in the total increase is \$5.6 million for at-risk youth programs, and \$5.0 million for employment childcare subsidies.

During the time the 1996 Legislature was in session, Congress and the President were continuing to deliberate over the federal budget and had not yet enacted a complete budget for federal fiscal year 1996 when the Legislature adjourned. However, based on partial budget actions and preliminary proposals, reductions in federal funding were anticipated in several areas. The Legislature chose to provide some additional state funds in reaction to the anticipated cuts. A total of \$10.1 million from the state general fund is provided for: the Summer Youth Employment and Training Program; the Emergency Food Assistance Program; the Headstart Program; homeless veterans and the Columbia River fish hatcheries. In addition, \$1 million from the Public Safety and Education Account is provided for legal services for the poor.

The most significant item funded from sources other than the state general fund, is \$98.2 million in federal disaster assistance for flood and winter storm damage. Other significant items include: \$50.7 million from transportation funding sources to provide second year funding for several transportation programs that were budgeted for only one

year; \$8.2 million from the Enhanced 911 Account to be distributed as grants to counties; and \$6.3 million from the Judicial Information System Account for improvements to the Judicial Information System.

The effect of the Governor's vetoes was to increase the general fund-state expenditure level by \$12.3 million by vetoing some of the caseload savings in the Aging and Adult Services program of the Department of Social and Health Services and redirecting the funds to meet capital construction needs as the 1996 Legislature did not pass a supplemental capital budget. (See page 191 for details regarding use of the redirected funds).

The 1996 legislature adopted \$152 million in tax reductions. The total tax reductions sum to \$175 million after the Governor vetoed the delayed effective dates on two measures. The tax reductions enacted during the 1996 session are discussed beginning on page 5.

After taking into account the February revenue forecast, the tax reductions, budget driven revenue, and a \$23 million transfer from the general fund to the flood control assistance account, the estimated ending balance for the 1995-97 biennium is \$416 million. The balance sheet on the following page shows both the budget as enacted by the Legislature and after the Governor's veto actions.

1995-97 Estimated Revenues and Expenditures
General Fund - State
(Dollars in Millions)

	As Passed Legislature	Reflects Gov Vetoes
RESOURCES		
Unrestricted Beginning Balance	661.4	661.4
February Cash Forecast *	17,559.2	17,559.2
B&O Tax Reduction, Ch. 1, Laws of 1996 (SB 6117)	-132.4	-132.4
Other Tax Reduction Legislation	-19.6	-42.7
Budget Driven Revenue	6.5	6.5
Total Revenue	17,413.7	17,390.6
Transfer Flood Costs to Flood Control Assistance Account	-23.2	-23.2
Total Revenue minus Transfer	17,390.5	17,367.4
<i>Total Resources</i>	<i>18,051.9</i>	<i>18,028.8</i>
EXPENDITURES		
1995 Appropriations Act	17,598.8	17,598.8
1996 Supplemental Budget	-0.2	12.7
GF-S Appropriation in Transportation Budget	1.4	1.4
<i>Total Expenditures</i>	<i>17,600.0</i>	<i>17,612.9</i>
BALANCE		
<i>Estimated Ending Balance</i>	<i>451.9</i>	<i>415.9</i>

* The February cash forecast was actually \$17,426.8 million. It included the \$132.4 million reduction in Chapter 1, Laws of 1996 (SB 6117).

**1995-97 Washington State Operating Budget
Appropriations Contained Within Other Legislation**

(Dollars in Thousands)

Bill Number and Subject	Session Law	Agency	GF-S	Other	Total
ESHB 2343 - Transp Operating Budget	C 165 L 96	Legislative Transpo Committee	0	250	250
ESHB 2343 - Transp Operating Budget	C 165 L 96	LEAP Committee	0	205	205
ESHB 2343 - Transp Operating Budget	C 165 L 96	Transportation Commission	0	87	87
ESHB 2343 - Transp Operating Budget	C 165 L 96	Washington State Patrol	0	3,296	3,296
ESHB 2343 - Transp Operating Budget	C 165 L 96	Department of Licensing	0	15,425	15,425
ESHB 2343 - Transp Operating Budget	C 165 L 96	Department of Transportation	0	31,341	31,341
HB 2490 - Reinsured Ceded Risks	C 297 L 96	Insurance Commissioner	0	10	10
ESHB 2875 - PS Water Qual Protect	C 138 L 96	Department of Ecology	0	1,000	1,000
Total Other 1996 Session Operating Legislation			0	51,614	51,614

1995-97 Capital Appropriation -- General Fund - State

(Dollars in Thousands)

Bill Number and Subject	Session Law	Agency	GF-S	Other	Total
ESHB 2343 - Transp Budget	C 165 L 96	Department of Transportation	1,400	0	1,400