

2006 Supplemental Omnibus Budget Overview

Operating Only

At the conclusion of the 2005 legislative session, the general fund ending balance was projected to be \$178 million. From the March 2005 revenue forecast (used to develop the 2005-07 biennium budget) to the February 2006 forecast (used to develop the 2006 Supplemental budget), revenues grew by \$1.4 billion resulting in an ending balance of \$1.6 billion. Although most sectors of the economy were up, continued strength in the real estate and construction industries, as well as aerospace, helped fuel the revenue increases. The real estate excise tax forecast was up \$452 million and the Revenue Act forecast was up \$736 million during this period. This allowed the 2006 Legislature to both address funding requests and increase budget reserves.

The 2006 Legislature used two bills to create their budget: 1) Chapter 372, Laws of 2006, Partial Veto (ESSB 6386 – 2006 Omnibus Operating Supplemental Budget), which increased spending by \$520.5 million; and 2) Chapter 56, Laws of 2006 (ESSB 6896 – Funding State Budget Reserves), which amended the expenditure limit for the appropriations in the bill and appropriated \$825 million from the general fund into the following three accounts:

- \$350 million into a new Pension Funding Stabilization Account;
- \$275 million into the Student Achievement Account; and
- \$200 million into the Health Services Account.

In turn, a portion of the amounts appropriated into the Pension Funding Stabilization Account and the Health Services Account was spent in the 2005-07 biennium. Overall, total appropriations from the general fund increased by \$1.35 billion.

2006 Supplemental Budget (Dollars in Millions)

\$1.6 Billion	}	350	Pensions
		275	Student Achievement Fund
		200	Health Services Account
		55	Maintenance
		466	Policy Adds
		228	Ending Balance

Other changes to the general fund balance sheet include:

- Chapter 278, Laws of 2006 (SHB 2880), which clarified the continued tax obligation of insurance companies and retained \$52 million revenue to the general fund;
- Several other tax bills, which reduced taxes by a net of \$50 million; and
- Reductions in the transfers from other revenue accounts to the general fund.

These revenue changes were a net loss to the general fund of \$8 million.

The 2006 Supplemental Operating Budget left \$947 million in resources available for future budgets:

Dollars in Millions	
General Fund Balance	228
Student Achievement Account	275
Health Services Account	143
Pension Funding Stabilization Account	301
Total	947

2005-07 Estimated Revenues and Expenditures

General Fund-State

(Dollars in Millions)

RESOURCES	
Beginning Balance	869.7
November 2005 Forecast	26,335.7
February 2006 Update	107.3
Total Revenue	26,443.0
2005-07 Biennium Enacted Fund Transfers	216.8
2006 Revenue Legislation	-45.9
Insurance Premium Tax (SHB 2880)	51.6
2006 Transfers	-9.5
Total Revenues and Resources	27,525.7
APPROPRIATIONS	
2005-07 Biennial Appropriations	25,952.4
2006 Supplemental Budget	522.4
Other Legislation	0.0
Governor Vetoes	-2.0
Pension Funding Stabilization Account	350.0
Student Achievement Account	275.0
Health Services Account	200.0
New Appropriation Level	27,297.9
TOTAL RESERVES	
General Fund Ending Balance	227.8

2006 Supplemental Operating Budget
Cash Transfers to/from the General Fund
(Dollars in Millions)

	2005-07
	Total
<hr/>	
Transfers to General Fund-State	
Tourism Development and Promotion Account	0.3
State Treasurer's Service Account	6.0
Total	<u>6.3</u>
Transfers from General Fund-State	
Public Employees' and Retirees' Insurance Account Fund	-12.0
Pollution Liability Insurance Trust Account	-3.8
Total	<u>-15.8</u>
Net Transfers to/from General Fund-State	-9.5

**2005-07 Washington State Omnibus Operating Budget
Adjustments to the Initiative 601 Expenditure Limit**

(Dollars in Millions)

	FY 2006	FY 2007
Unadjusted Limit (Rebased to 2005 Appropriations)	12,564.17	14,081.33
2005-07 Original Budget (and ESSB 6896)		
<i>Program Cost Shifts to the General Fund</i>	133.76	0.52
<i>Program Cost Shifts from the General Fund</i>	-14.27	-14.51
<i>Revenue & Cash Transfers (net)</i>	129.57	86.36
Total	249.06	72.37
2006 Supplemental Budget		
<i>Program Cost Shifts to the General Fund</i>		
L&I: Indirect Cost Allocation		0.01
DOC: State Criminal Alien Assistance Program	0.49	0.00
DSHS/CFS: Chemical Dependency Specialists		0.57
DSHS/JRA: Fund Source Adjustments	0.05	0.00
DSHS/MHD: HQ Cost Allocation Change	0.43	-0.01
DSHS/MHD: State Hospital Revenue Adjustments	2.81	2.13
DSHS/DD: Basic/Basic Plus Waiver Growth		0.35
DSHS/DD: Fund Source Adjustments	0.20	
DSHS/LTC: Fund Source Adjustments	0.18	
DSHS/LTC: Loss of Eligibility AEM Program	0.38	0.21
DSHS/ESA: Child Support Incentives	2.16	-0.39
DSHS/MAA: CPE	14.14	-8.57
DOH: Hospital Reporting System		1.10
Human Rights Commission: Federal Funds	0.16	0.12
OSPI/CTED: Safe Schools		1.00
WSP: Transfers		1.58
CTED: Weed & Seed		0.38
CTED: Domestic Violence		0.53
CTED: Tribal Forest & Fish		2.50
Civil Legal Aid: Lost Federal Funds	0.20	0.20
Total	21.18	1.71
<i>Program Cost Shifts from the General Fund</i>		
Veterans' Affairs: Federal Earnings	-3.12	0.62
WSP: Cost Allocation Model	-1.06	
DOL: Transfers	-0.52	1.11
DSHS: FMAP Changes (All Programs)		-4.57
DSHS: Payments/Fund Source Adjustments	-0.50	
DOH: AIDS Programs	-1.23	0.44
MAA: Part D Clawback Adjustments	-7.39	-8.33
DSHS: DVR Adjust MOE	-1.04	0.90
Total	-14.86	-9.82

**2005-07 Washington State Omnibus Operating Budget
Adjustments to the Initiative 601 Expenditure Limit**

(Dollars in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>
2006 Supplemental Budget (continued)		
<i>Appropriations to Reserves</i>		
To Student Achievement Fund	275.00	
To Health Services Account	200.00	
To Pension Stabilization	350.00	
Total	825.00	
<i>Revenue & Cash Transfers</i>		
Reduce PLIA Transfer		-3.75
Reduce PEBB Transfers	-5.00	-7.00
Initiative 900 Transfers	-6.60	-5.34
Treasurer Services Transfer	4.00	2.00
Delete Duplicate Transfer to Tourism Account	0.15	0.15
Legislation	0.00	-0.69
Total	-7.45	-14.62
Total New 2006 Adjustments	823.88	-22.74
Limit (After Adjustments, Both 2005-07 + 2006 Supp)	13,637.11	14,130.96

Note: Expenditure limit calculations are for informational purposes only. Actual spending limits are established by the Expenditure Limit Committee each fall.

**2005-07 Washington State Operating Budget
Appropriations Contained Within Other Legislation**

(Dollars in Thousands)

Bill Number and Subject		Session Law	Agency	GF-S	Total
2005 Legislative Session					
EHB	1240 - Real Estate Excise Tax Fees	C 480 L 05	Department of Revenue	3,900	3,900
SHB	1509 - Veterans' Widows Tax Asst	C 253 L 05	Department of Revenue	276	276
SHB	2085 - Tire Waste & Removal	C 354 L 05	Office of Financial Management		150
SHB	2085 - Tire Waste & Removal	C 354 L 05	Department of Revenue		40
SB	5454 - Justice Funding	C 457 L 05	Administrator for the Courts		2,400
SB	5454 - Justice Funding	C 457 L 05	Public Defense		7,300
SB	5454 - Justice Funding	C 457 L 05	Civil Legal Aid		3,000
SB	5898 - Postpartum Depression	C 347 L 05	DSHS - Admin & Support Svcs	25	25
SB	5902 - Small Business Assistance	C 357 L 05	Community, Trade, & Economic Dev	45	45
ESSB	6103 - Transportation - Fuel Tax	C 314 L 05	State Auditor		4,000
Total				4,246	21,136
2006 Legislative Session					
SHB	2370 - Low-Income Energy Assist	C 3 L 06	Utilities & Transportation Comm		7,600
EHB	2579 - Civics Curriculum Develop	C 113 L 06	Superintendent of Public Instruction	25	25
ESSB	6896 - State Fiscal Reserves	C 56 L 06	State Fiscal Reserves	825,000	825,000
Total				825,025	832,625

