1993-95 Operating Budget Overview

The 1993-95 biennial omnibus operating budget authorized by Chapter 24, Laws of 1993 1st sp.s. (SSB 5968) totals $28.2 billion. Of that amount, $16.1 billion is from the state general fund and $12.1 billion is from all other funding sources. The total 1993-95 operating budget of $29.8 billion includes $1.6 billion from other legislation. For supporting detail see "Appropriations Contained within Other Legislation" on page 10.

The total funds budget represents a 13 percent increase over 1991-93 biennium estimated expenditures. The state general fund portion of the total budget represents a 7 percent increase over estimated 1991-93 biennium general fund expenditures.

Funding for new public school enrollments and other costs associated with the K-12 system comprise the largest component of the $1.1 billion net GF-State budget increase from 1991-93 to 1993-95. Other significant cost increases are for the Department of Corrections, the DSHS Division of Medical Assistance, and Bond Retirement and Interest.

In constructing the 1993-95 GF-State biennial operating budget, the Legislature faced a basic shortfall between March 1993 forecasted general fund revenues and the original Governor request essential requirements level (ERL) budget of about $1.7 billion. Policy enhancements, including continuation of local criminal justice assistance, and an increase in the size of the general fund reserves increased the overall budget shortfall to $2.1 billion.

To close the shortfall, the Legislature focused on three primary mechanisms. First, GF-State spending reductions of $701 million were made. This includes $167 million in reductions to the original Governor Gardner ERL budget, and $534 million in policy budget cutbacks. Second, fund shifts and other revenue adjustments totalling $753 million were implemented. The most significant of these adjustments are approximately $368 million in federal fund shifts, primarily in the Title XIX Medicaid program. Third, a general tax package to raise approximately $649 million in additional revenue was authorized by Chapter 25, Laws of 1993 1st sp.s. (2ESSB 5967). See the Revenue Section for more detailed information on the Omnibus Tax Package.

Despite the significant budget shortfall, the Legislature provided funding for several new budget initiatives. In K-12 education, $58 million GF-State is provided to support the education reform measure enacted by the 1993 Legislature. Higher education enrollments were increased by over 10,000 in the budget through $46 million from the general fund and $35 million from the new Employment and Training Trust Fund (unemployment compensation). In addition, a total of $55 million GF-State was added to the State Need Grant program to provide financial aid grants for an additional 18,150 students.

Chapter 21, Laws of 1993 1st sp.s. (2E2SSB 5521) provides local governments with an additional $60 million in funding through a diversion of Motor Vehicle Excise Tax (MVET) revenues from the general fund, to continue the local criminal justice assistance program which was initiated in 1990, and scheduled to terminate in January 1994. In the Natural Resources area, $11.5 million GF-State was provided to

address critical ecosystem management needs in watersheds and forests, and stewardship needs on state recreation and habitat lands.

In contrast with the last several biennial budgets enacted by the Legislature, the 1993-95 budget contains no funding for across-the-board salary increases for teachers, state employees, higher education faculty, and other personnel. However, the budget does include sufficient funding to continue the existing level of health care benefits for these employee groups.

Total general fund reserves are estimated to be approximately $275 million, of which $125 million is from the Budget Stabilization Account.