1995 - 97 Operating Budget Overview

The 1995-97 biennial omnibus operating budget authorized by Chapter 18, Laws of 1995, 2nd sp.s. (ESHB 1410) totals $30.5 billion. Of that amount, $17.6 billion is from the state general fund and $12.9 billion is from all other funding sources.

The total funds budget increase from 1993-95 to 1995-97 is $2.2 billion, or 7.8 percent. The state general fund budget increase is $1.4 billion, or 8.6 percent. Under Chapter 2, Laws of 1994 (I-601), spending from the state general fund for the biennium is limited to $17.9 billion, or 10.6 percent growth. 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.

Funding for new public school enrollments and other costs associated with the K-12 system comprise the largest component of the state general fund budget increase. With a net increase of $586 million, public schools will enroll 32,000 more students, provide an average 4 percent salary increase for employees, and reduce costs in specified areas.

Other significant general fund cost increases include: a total of $532 million for the Medical Assistance, Long-Term Care, Mental Health, and Economic Services programs administered by the Department of Social and Health Services; $154 million for bond retirement and interest; and $159 million for state and higher education employee salary increases. This funds a 4 percent salary increase to state and higher education employees beginning July 1, 1995 and also includes $15 million for other salary adjustments.

The legislative budget as passed assumed total available general fund resources to be $17,919.5 million. This total reflected the March 1995 revenue forecast and a net $519.6 million reduction in revenue as a result of tax reduction and other revenue legislation, yielding an ending fund balance of $320.1 million. The final budget, reflecting the June 1995 revenue forecast and the Governor's vetoes of some of the revenue reducing legislation, assumes a net $242.2 million reduction in revenue as a result of legislation, and a revenue forecast that is $181.7 million lower than the March forecast. These yield a revised ending fund balance of $415.7 million. The following balance sheet compares the March and June 1995 revenue forecasts.