

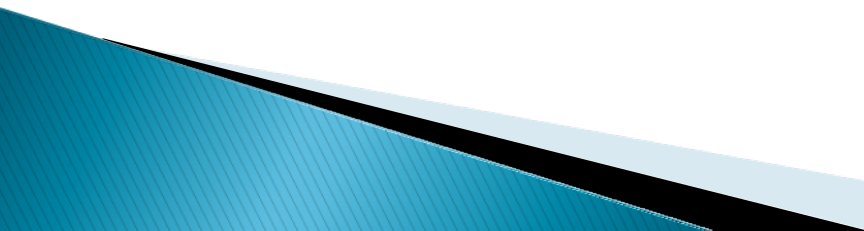


Yes
we can!*

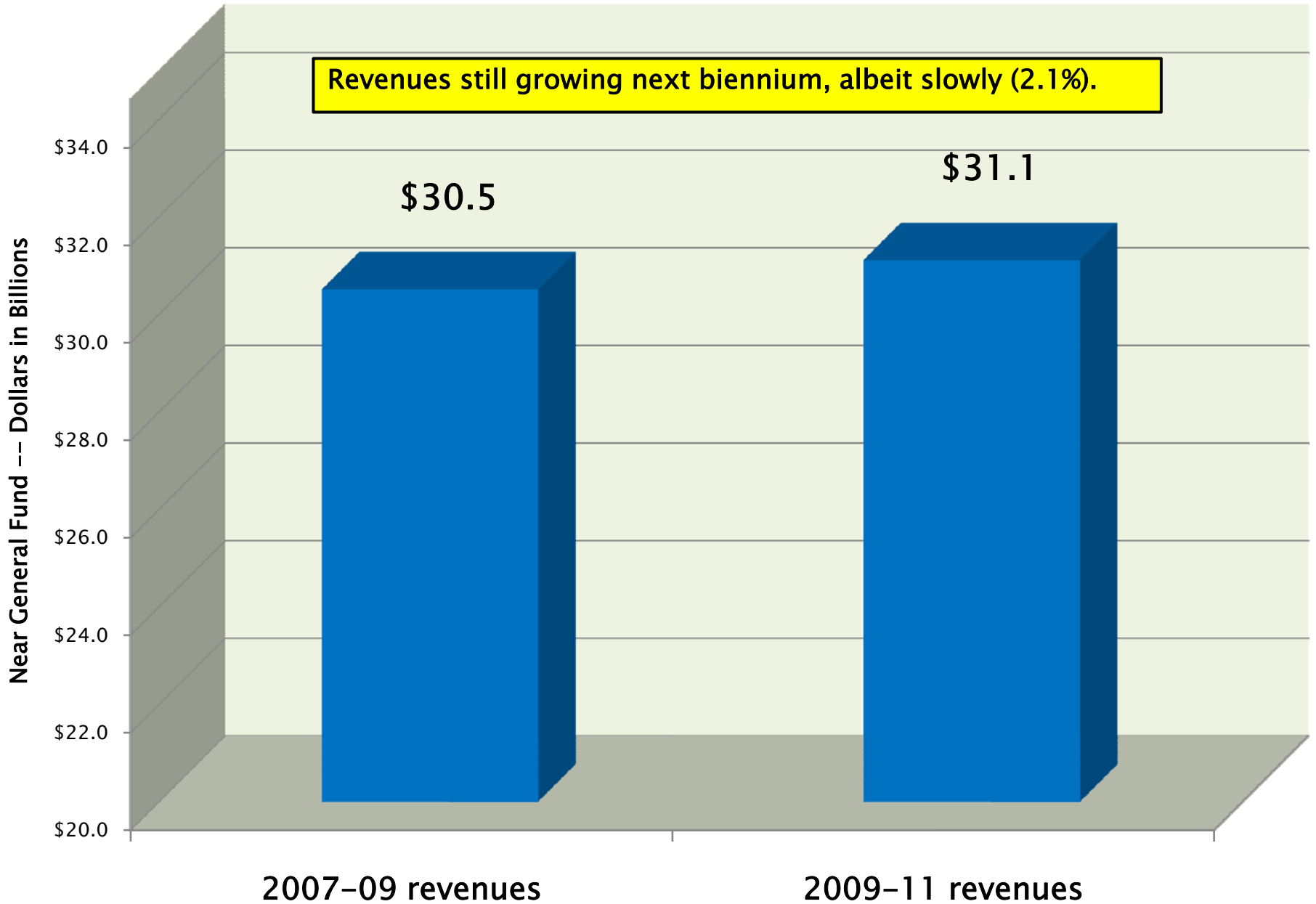
* balance the budget
without raising taxes



Olympia does not have a revenue shortage

- ▶ Revenue collections are coming in lower than was anticipated -- but revenue is still coming in
 - ▶ Despite downturn in economy Washington state government still expects more revenue in 2009-11 than in 2007-09
- 

Yes We Can, Part I: The state is still collecting more money



Deficit characterized as \$8.3 billion

\$1.3 billion deficit for 2007–09*

+ \$6.5 billion for 2009–11*

+ \$500 million ending reserve (assumed)

\$8.3 billion

* Based on 2/19 preview of state's March revenue forecast


Deficit characterized as \$8.3 billion

- ▶ Does not count savings from HB 1694
(signed by governor 2/18)
- ▶ Does not count federal money
(likely, there will be around \$3 billion available)
- ▶ Does not assume tapping of Rainy Day Fund
(containing \$700 million in 2009-11)
- ▶ \$1.4 billion (of \$8.3 billion) due simply to proposed policy changes, compensation increases

“Educating” of the public has begun already

- ▶ Published remarks by majority party convey hopelessness over size of problem
 - “*Awful*”, “*horrendous*”, “*devastating*”
 - “*There just isn’t a way to cut our way out of this*”
- ▶ Will the public conclude tax increases are the only solution?
 - Is stage being set to put tax measure on statewide ballot (likely in June)?

Can legislators balance 2009–11 budget without tax increases?

- ▶ Yes, we can!
 - ▶ Without massive tax hikes
 - ▶ Without decimating taxpayer-funded services for the most vulnerable
 - ▶ Without huge layoffs of public employees
 - ▶ Without undermining public education
 - ▶ First step: counter the overheated rhetoric
- 



Yes, we can:

If families faced this situation...

- ▶ If your income declined wouldn't you hold off on that planned addition to your house?
- ▶ Wouldn't you eliminate purchases your reduced income won't cover, then freeze your level of spending?
- ▶ If you did all that would you be able to move forward and get by financially?



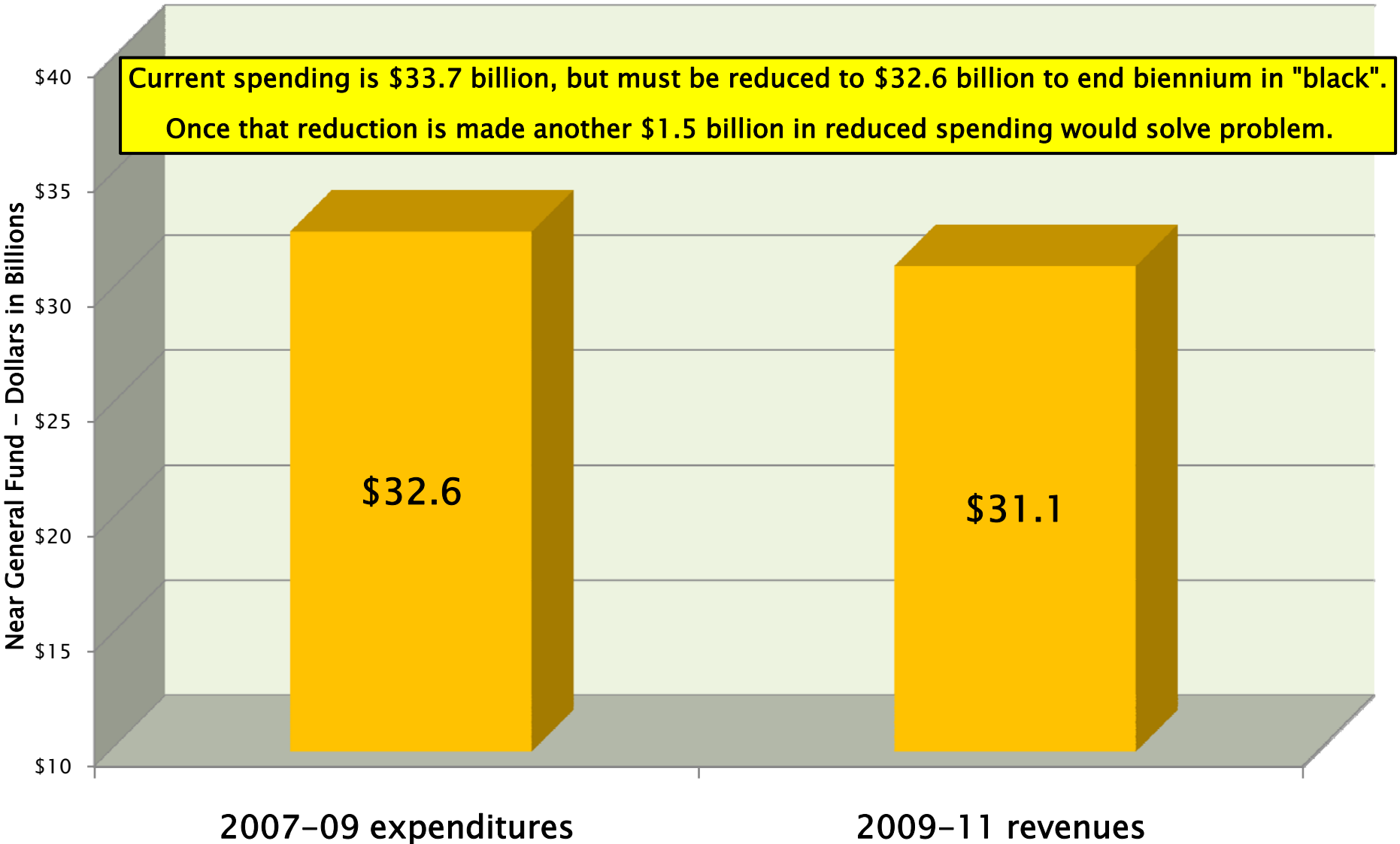
Yes, we can:

What lawmakers can do

- ▶ Put hold on additional spending plans
(such as expanding taxpayer-subsidized health care to cover middle-class children already on private plans)
- ▶ Reduce spending so budget balances when 2007–09 biennium ends June 30
- ▶ From there it's just another \$1.5 billion in reduced spending to match projected 2009–11 revenues – not \$8.3 billion

Yes we can, Part II:

Marginal reductions from current spending level can solve problem



* ESHB 1694 signed into law earlier this week reduced appropriation to \$33 billion, but failed to account for caseload adjustments. Absent full accounting biennial costs, the chart will characterize expenditures based on 2008 supp. budget enacted last session.

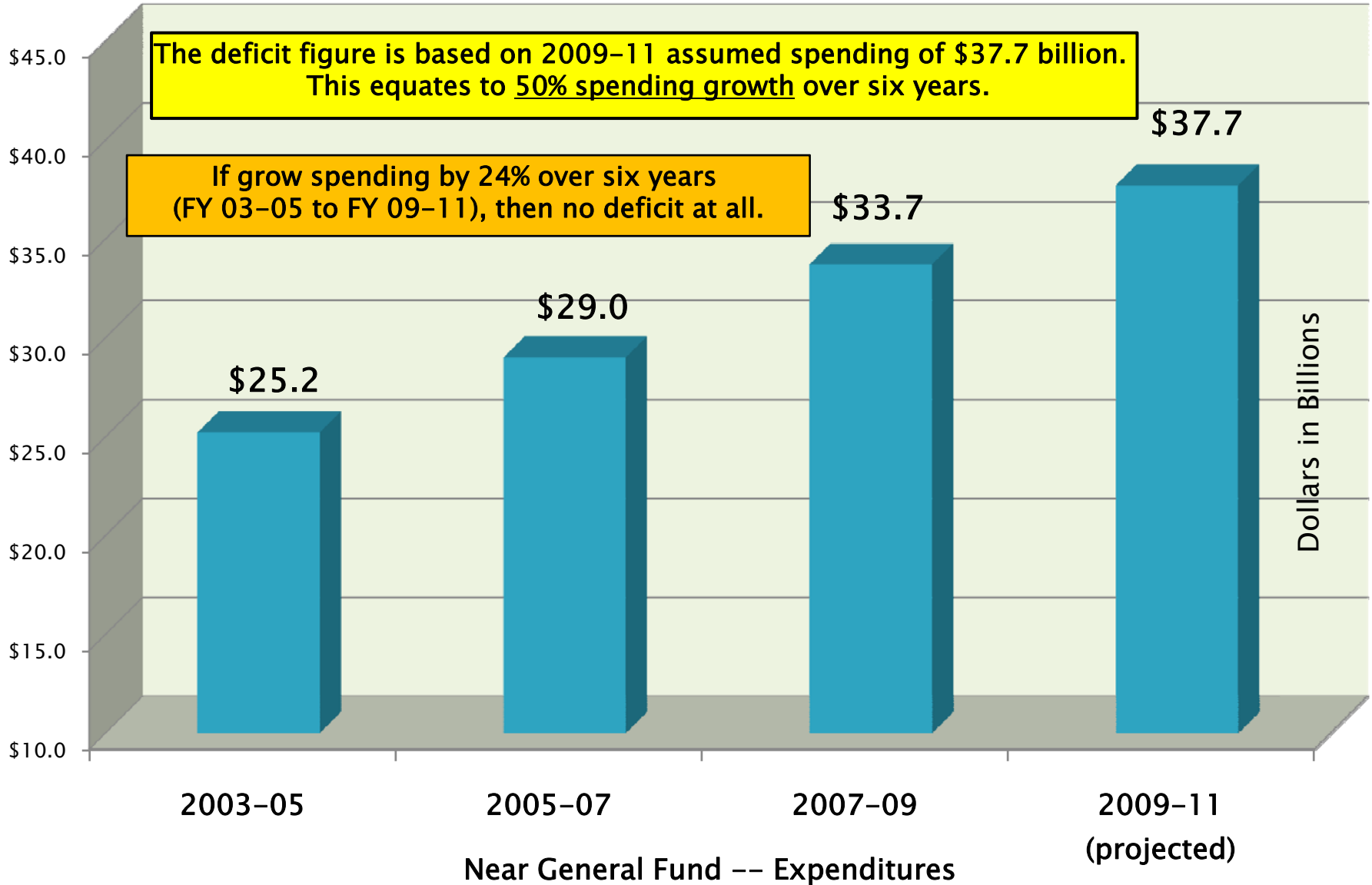


Yes, we can: Get back to basics

- ▶ What is the point of government? What programs and services must it provide?
- ▶ What programs and services would be nice to have – but are unaffordable in these difficult times?
- ▶ When it comes to taxpayer dollars should priority go to people in nursing homes or to special interests?

Yes we can, Part III:

"Deficit" figure based on historically untenable spending growth



Source: LEAP (2003-05 based on 2004 supp.; 2005-07 based on actual spending; 2007-09 from 2008 supp)



Yes, we can:

Examples of getting back to basics

- ▶ While private employers are laying off people to balance their budgets, can't state employees and vendors forego increases in pay, benefits and rates?
- ▶ Pull back on programs started in past four years – life sciences discovery fund, all-day kindergarten expansion, health care to 300% federal poverty level
- ▶ Reform current programs – Basic Health Plan, General Assistance–Unemployable, bilingual education, anti-smoking, learning improvement days, K–12 health benefit purchasing



Yes, we can balance budget without new taxes

- ▶ \$1.5 billion budget gap is manageable
- ▶ Majority party has all but publicly confirmed tax measure will be on ballot
- ▶ Likely strategy: adopt bare-bones budget, offer to let voters “buy back” services
- ▶ Translation: Voters being asked to bail out majority party’s poor spending decisions

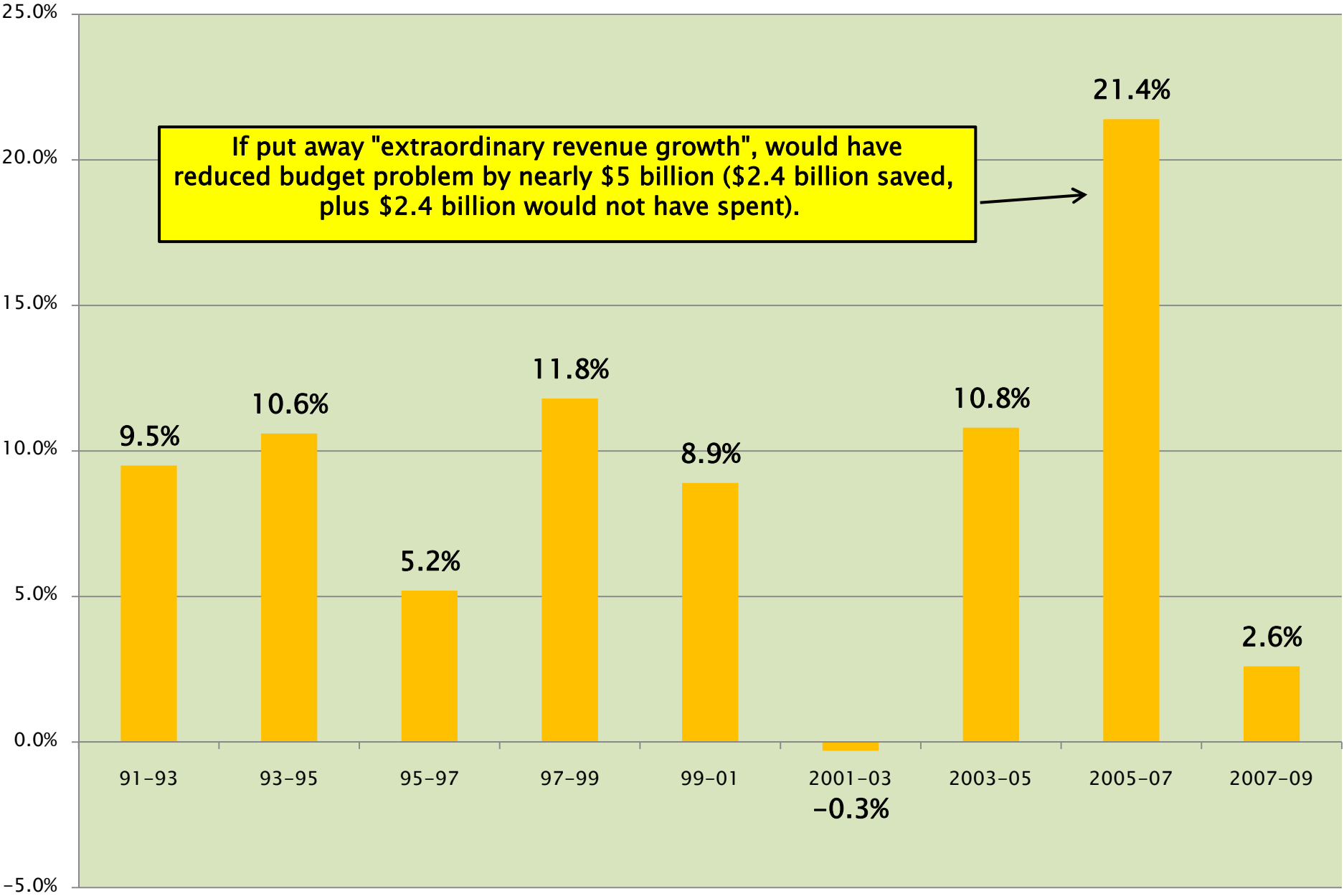


Yes, we can:

Put state back on firm footing

- ▶ Capture exceptional revenue growth when possible (SJR 8209)
- ▶ Match spending growth to revenue growth (SJR 8210)
- ▶ Avoid tax hikes, add no more policy-related costs
- ▶ Don't rely excessively on one-time, federal money for ongoing programs

Constitutional General-State Revenue Growth



* Revenue growth history recast to reflect inclusion of REET to constitutional definition in FY 06.



Yes
we can!*

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without raising taxes

