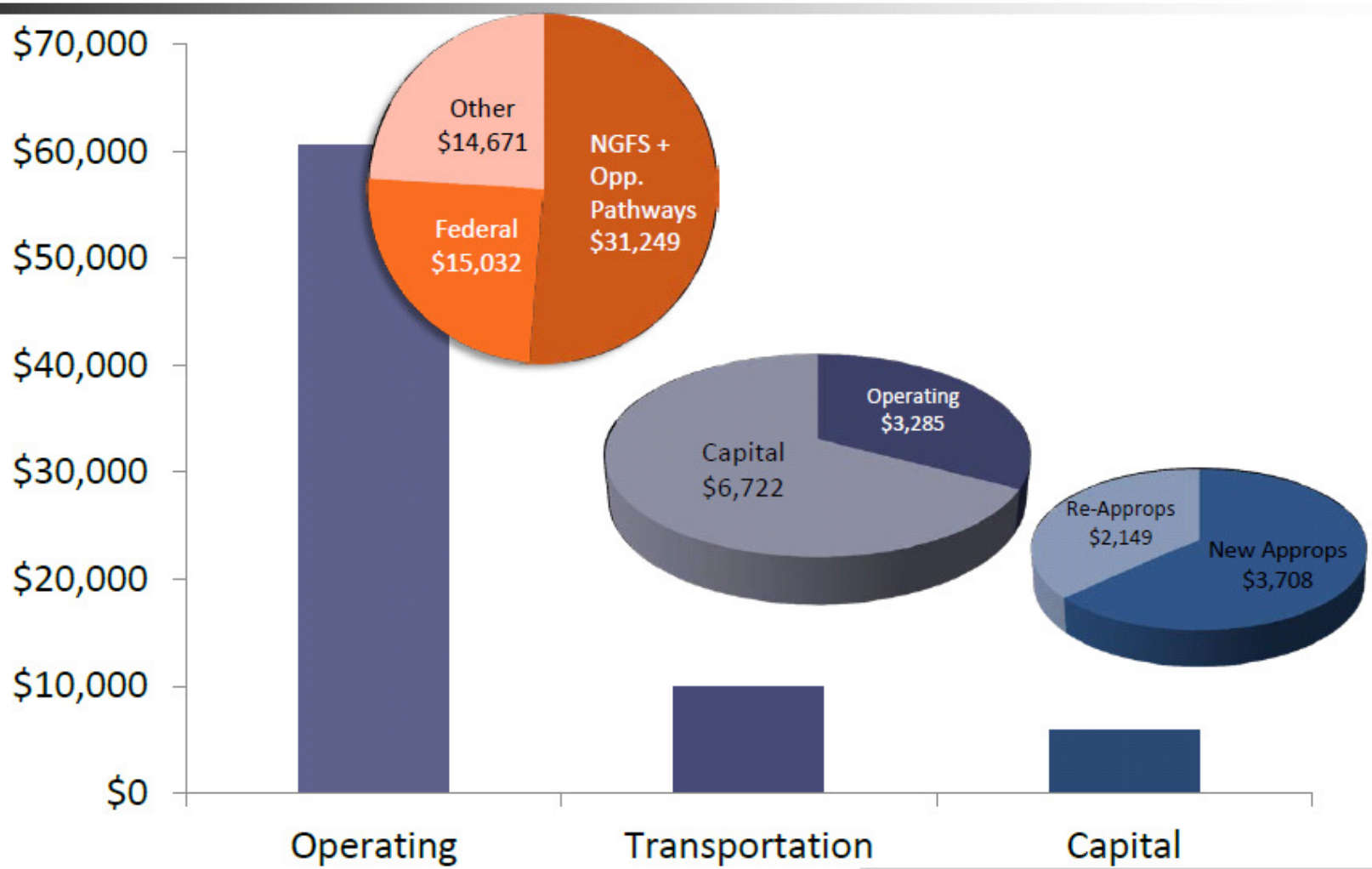
Operating Budget

GENERAL

Operating is One of Three Washington State Budgets (Data is 2011-13 after 2012 supplemental)

($ in millions)

House Appropriations Committee



Note: Debt Service paid in operating budget.

The Budget is a Bill

House Appropriations Committee

- It follows the same process as other legislation.
- Changes to a budget bill being considered by the Legislature are made the same way as to any bill – by amendment.
- Provides agency or program appropriation authority (lump sum by fund).
  - Appropriations are not by specific activity or object of expenditure
- Expectations of how agencies will spend the general appropriations.
  - Statutes and previous funding for ongoing agency activities
  - Budget Notes
  - Provisos in the budget bill
- Supporting documents are provided at various stages of the process.
- Bills with fiscal impacts typically go through a fiscal committee after being voted out of a policy committee.
  - Some bills are directly referred to a fiscal committee.

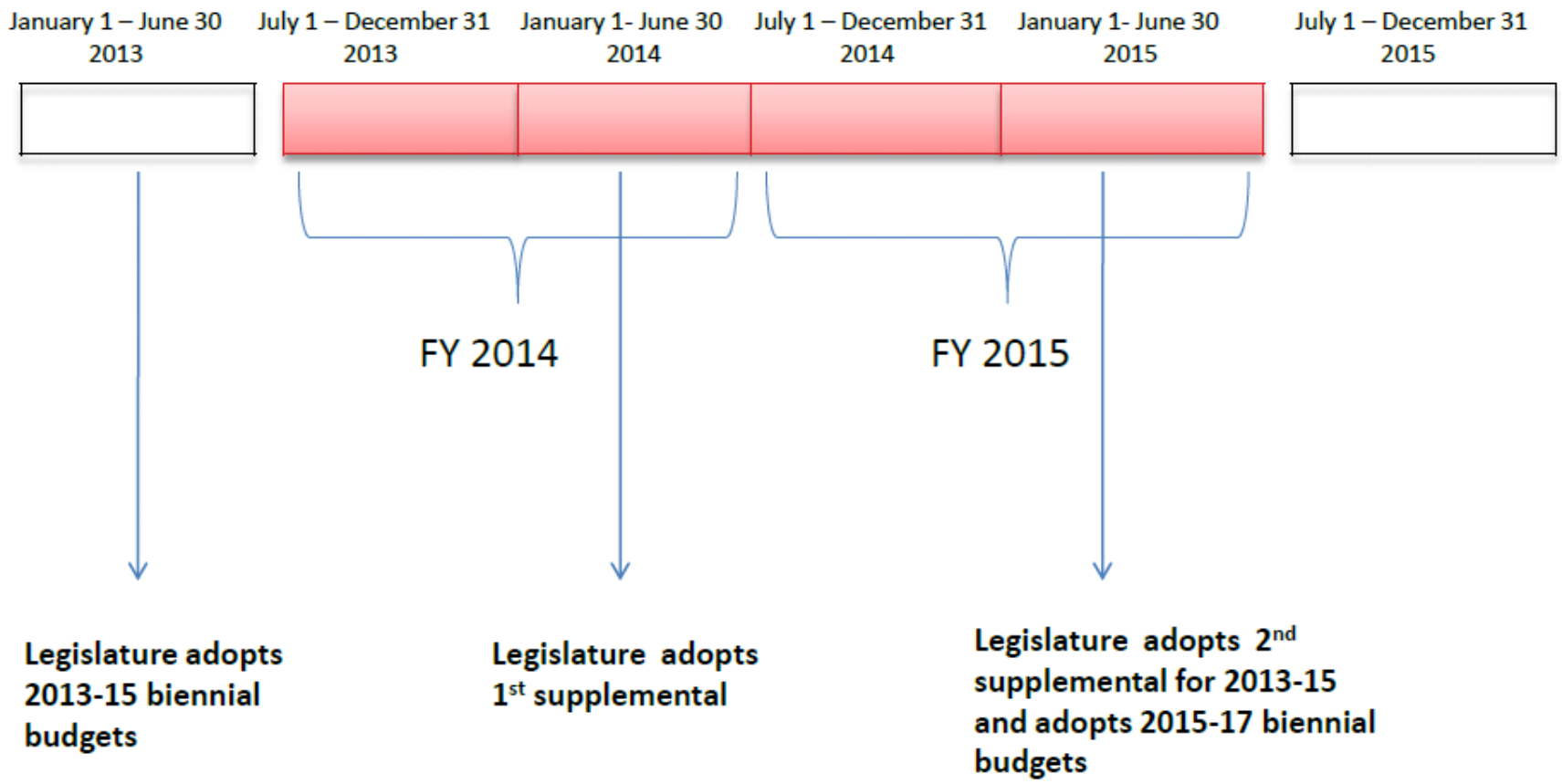
2013-15 Budget Development Process

House Appropriations Committee

April – September 2012	August - December 2012	January – April 2013
Agencies develop budget proposals and submit to OFM*	Governor's Office develops budget proposals and makes them public in mid-December	Legislature develops budgets and sends to Governor
Legislature/OFM identify "carry forward" level for operating budgets (May-June)	Governor uses November caseload and revenue forecasts	Legislature uses March caseload and revenue forecasts

* Copies sent to Legislature

2013-15 Biennial Budget Calendar



Overview of the State Operating Budget

Funds from the Operating Budget Provide

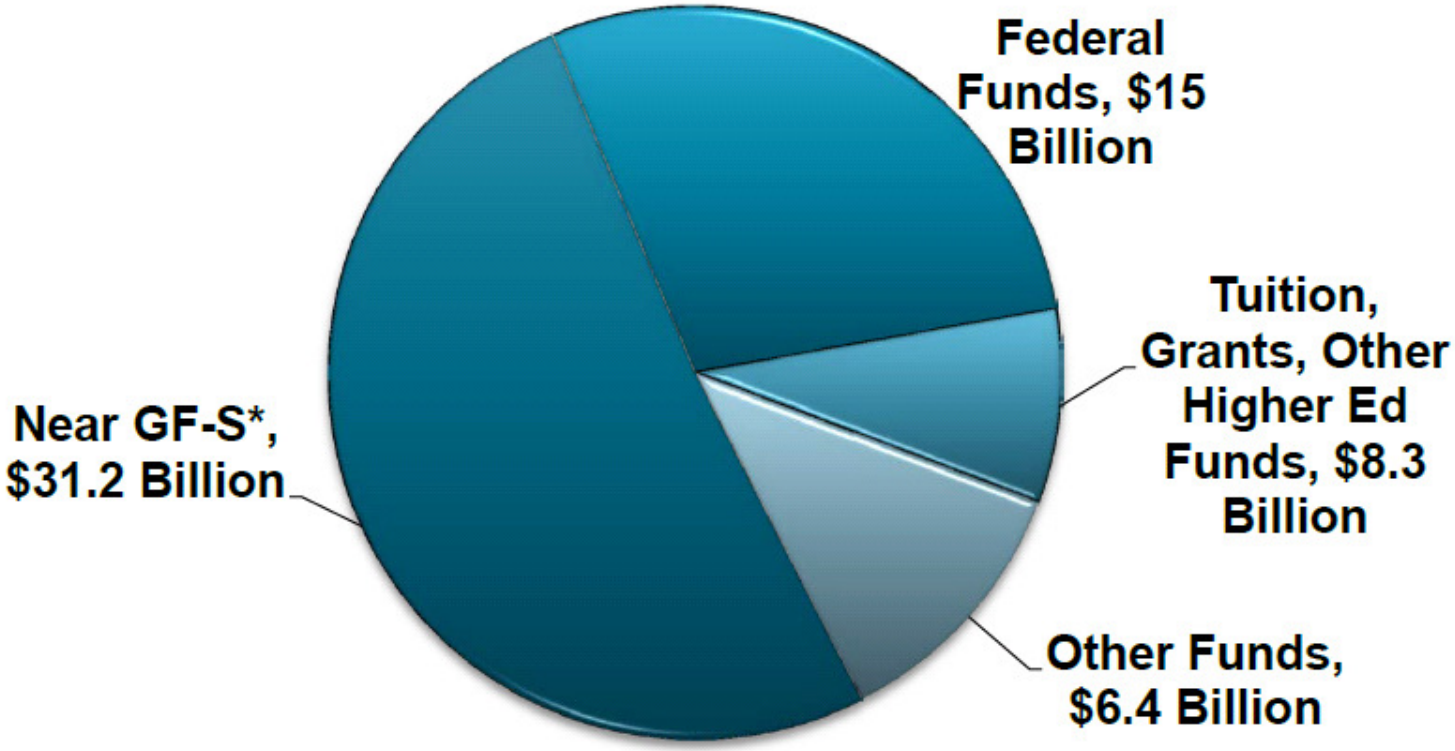
House Appropriations Committee

- K-12 Education – for nearly one million students
- Higher Education – for 232,000 students
- Health Care – for more than 1,200,000 children and low income adults
- Social Services – for children, adults and families
- Public Safety – including prison for nearly 18,000 inmates and community supervision for more than 15,000 offenders
- Natural Resource and Recreation Programs
- Government Operations
- Debt Service on bonds for capital projects (including K-12 and higher education)

Where Does the Money Come From?

While the Legislature spends the majority of its time on the "near general fund," the operating budget includes over $29 billion in other funds and accounts.

House Appropriations Committee

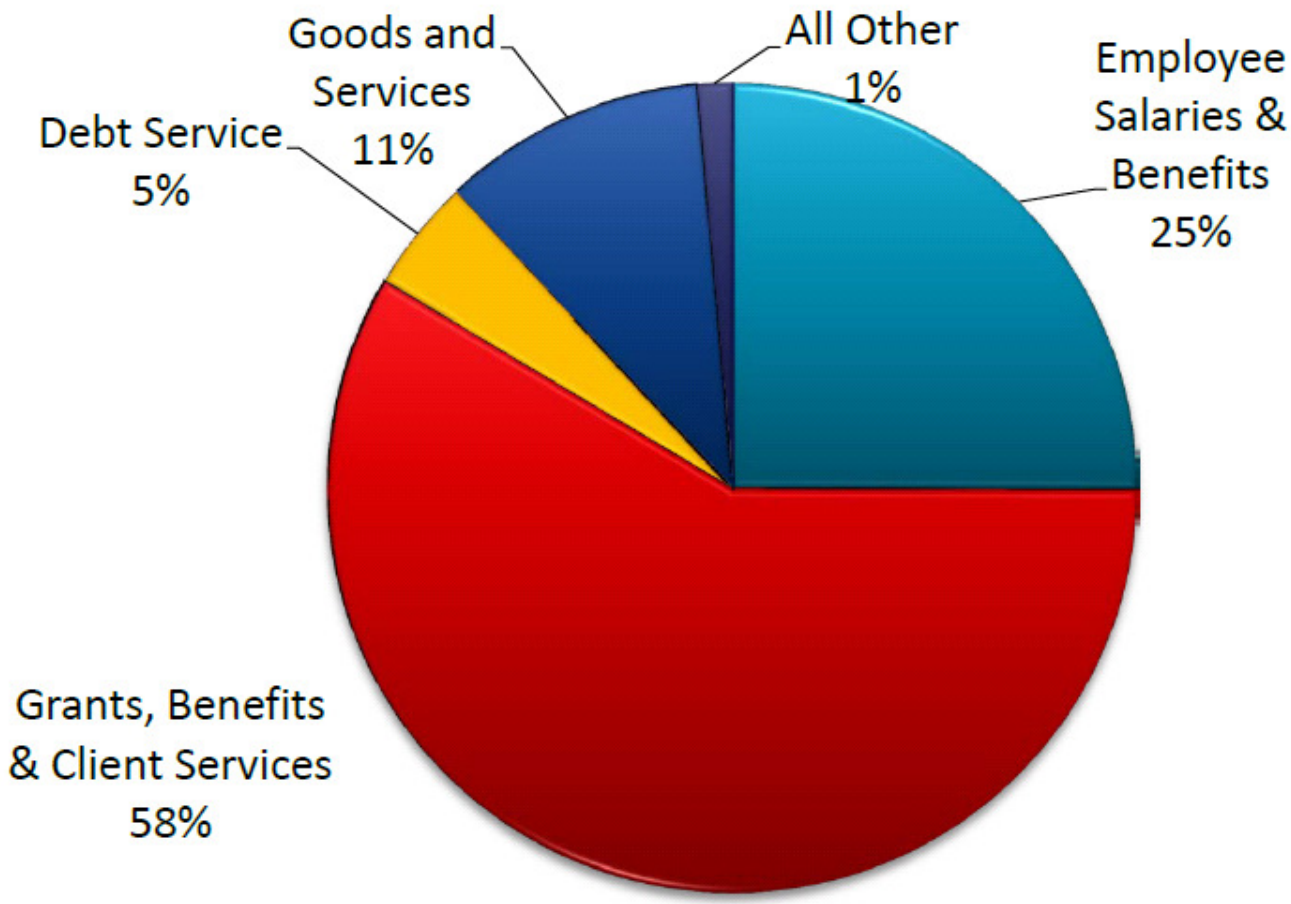


Total 2011-13 Budgeted Funds = $60.1 Billion

* Plus Opportunity Pathways
Note: Totals do not tie due to rounding

What Did the State Purchase?

House Appropriations Committee

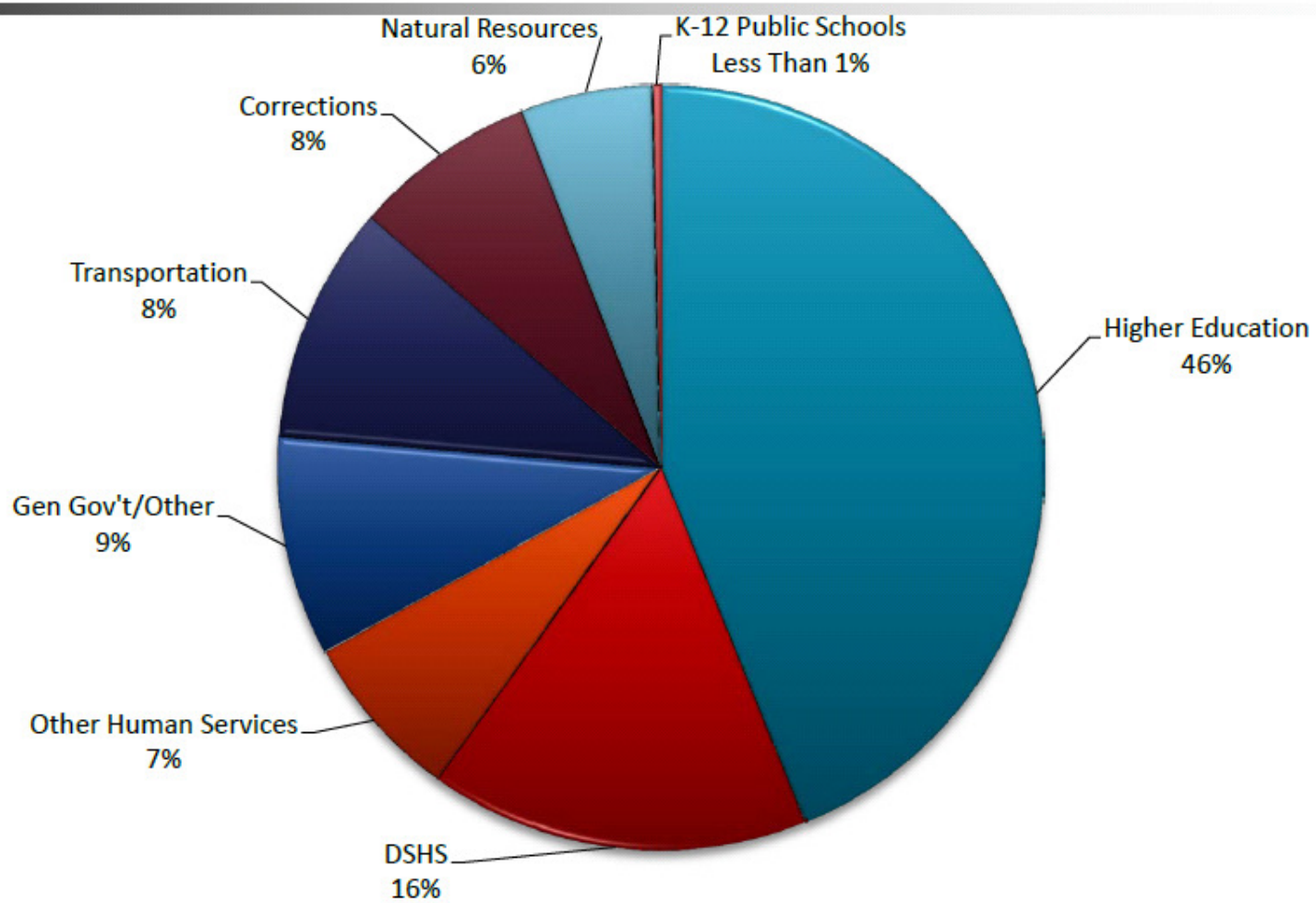


Note: Most K-12 spending is displayed as Grants, Benefits, and Client Services

FY 2011: Actual Spending By Object
Total Budgeted Operating Funds

Where Did State Employees Work?

House Appropriations Committee

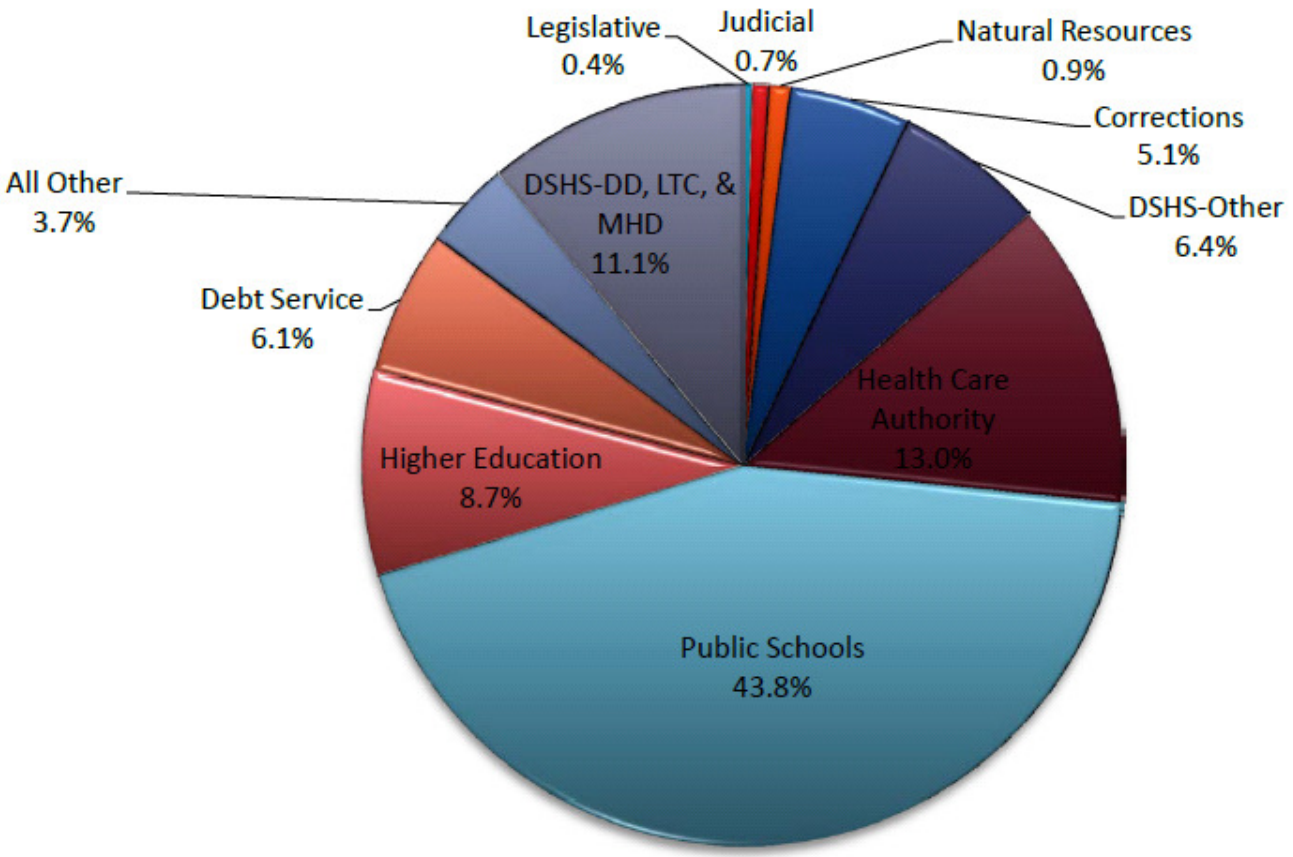


FY 2011: Actual FTEs

(Operating, Capital, and Transportation Total Budgets)

Where is the Money Spent?

House Appropriations Committee



2011-13 Operating Budget As Passed Legislature

Near General Fund-State + Opp. Pathways

Operating Budget Drivers
(Covers 88%of the NGFS Budget)

House Appropriations Committee

Public Schools (44%)
- Enrollment
- Inflation
- Staff Mix
- Redefining Basic Education

Low Income Health (13%)
- Caseloads
- Utilization & Inflation
- Health Reform

Debt Services (6%)
- Capital Budget (size)
- Interest Rates

Higher Education (9%)
- Mostly Discretionary
- Enrollment
- Tuition & Financial Aid

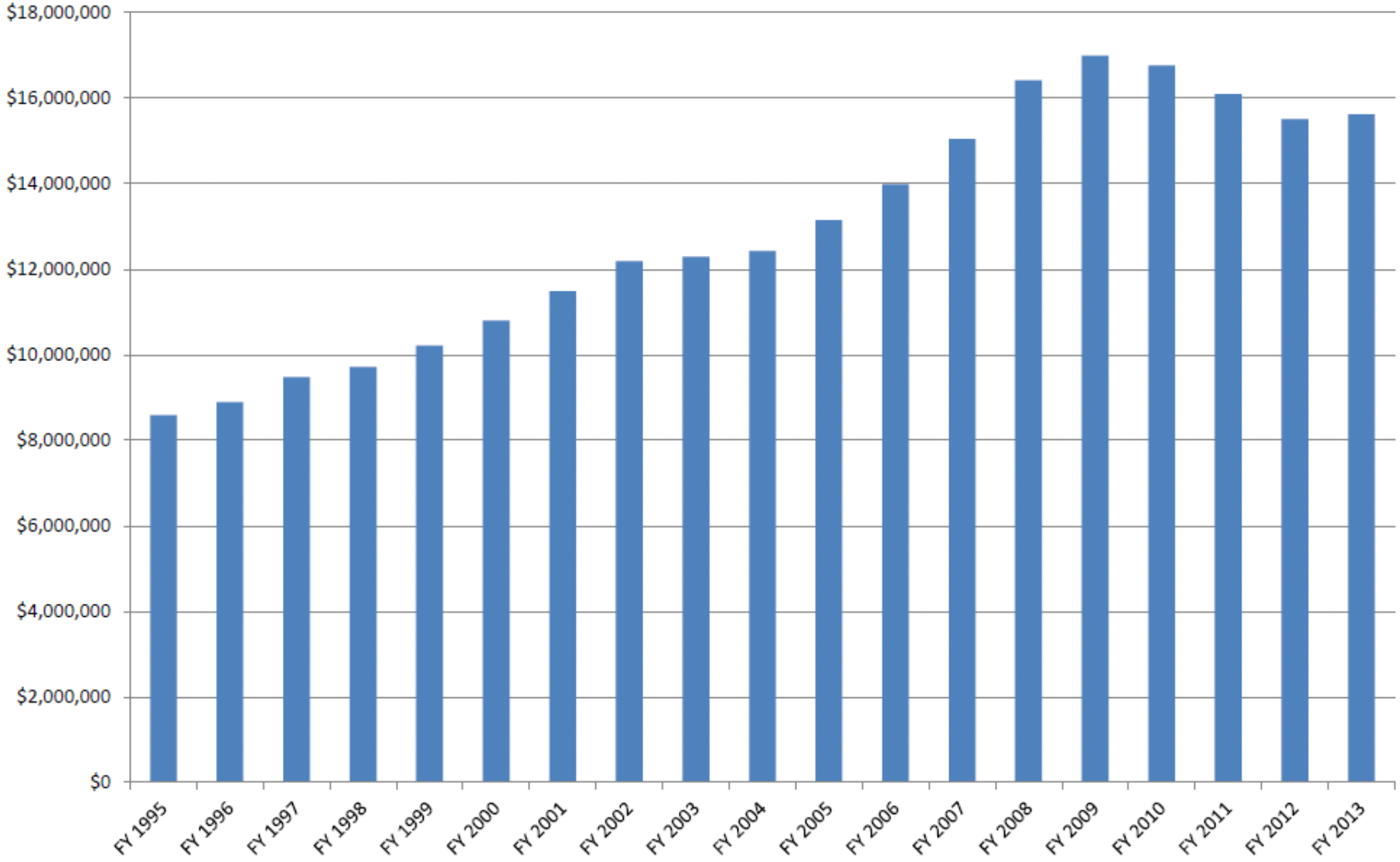
Corrections (5%)
- Inmate Population
- Inmate Mix
- Community Supervision

DD, LTC, and MHD (11%)
- Population/Caseloads
- Acuity Mix
- Care Settings

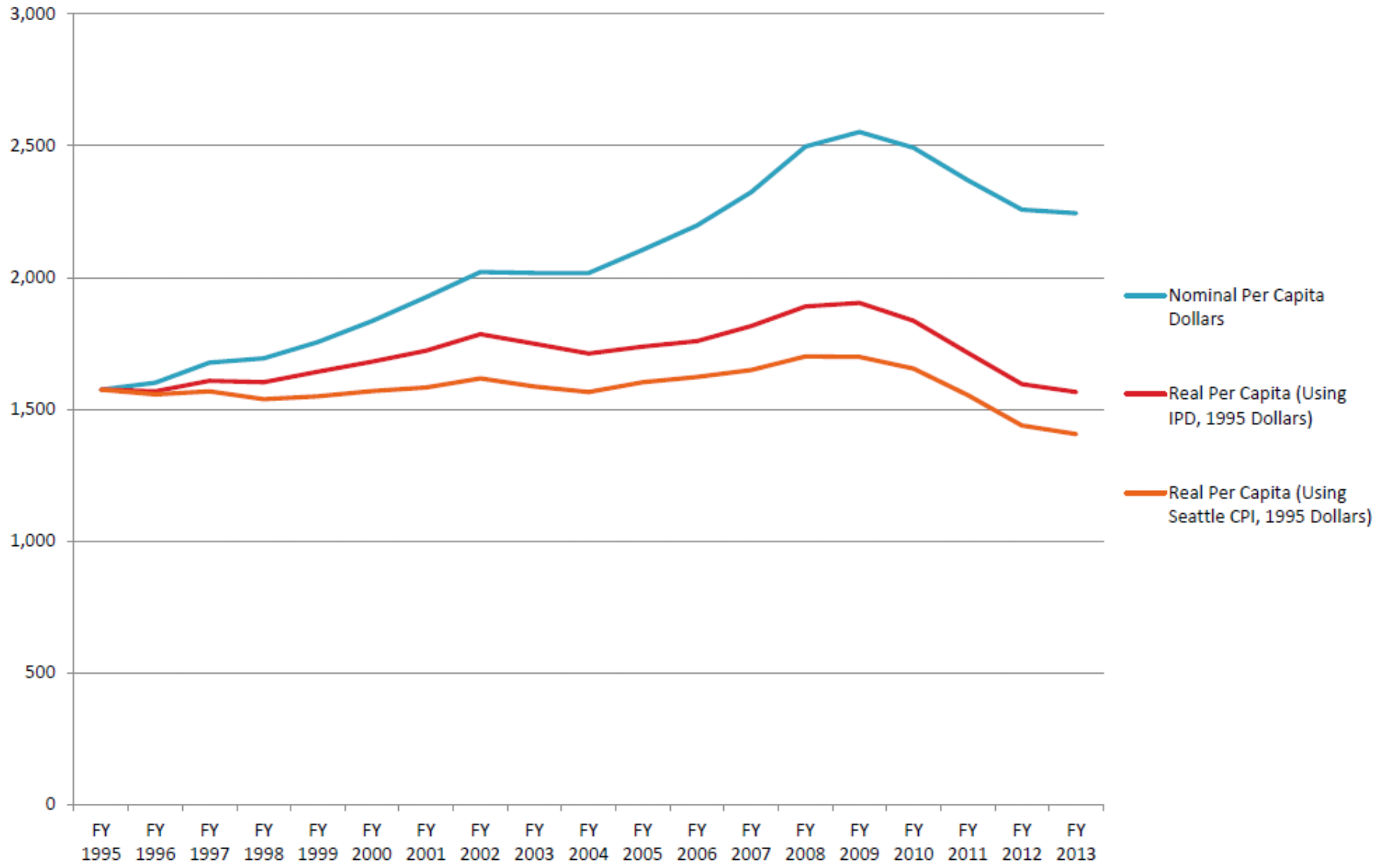
Historical Expenditure Summary

NGFS & Related Fund Spending: FY 1995 To FY 2013

(Dollars in thousands)

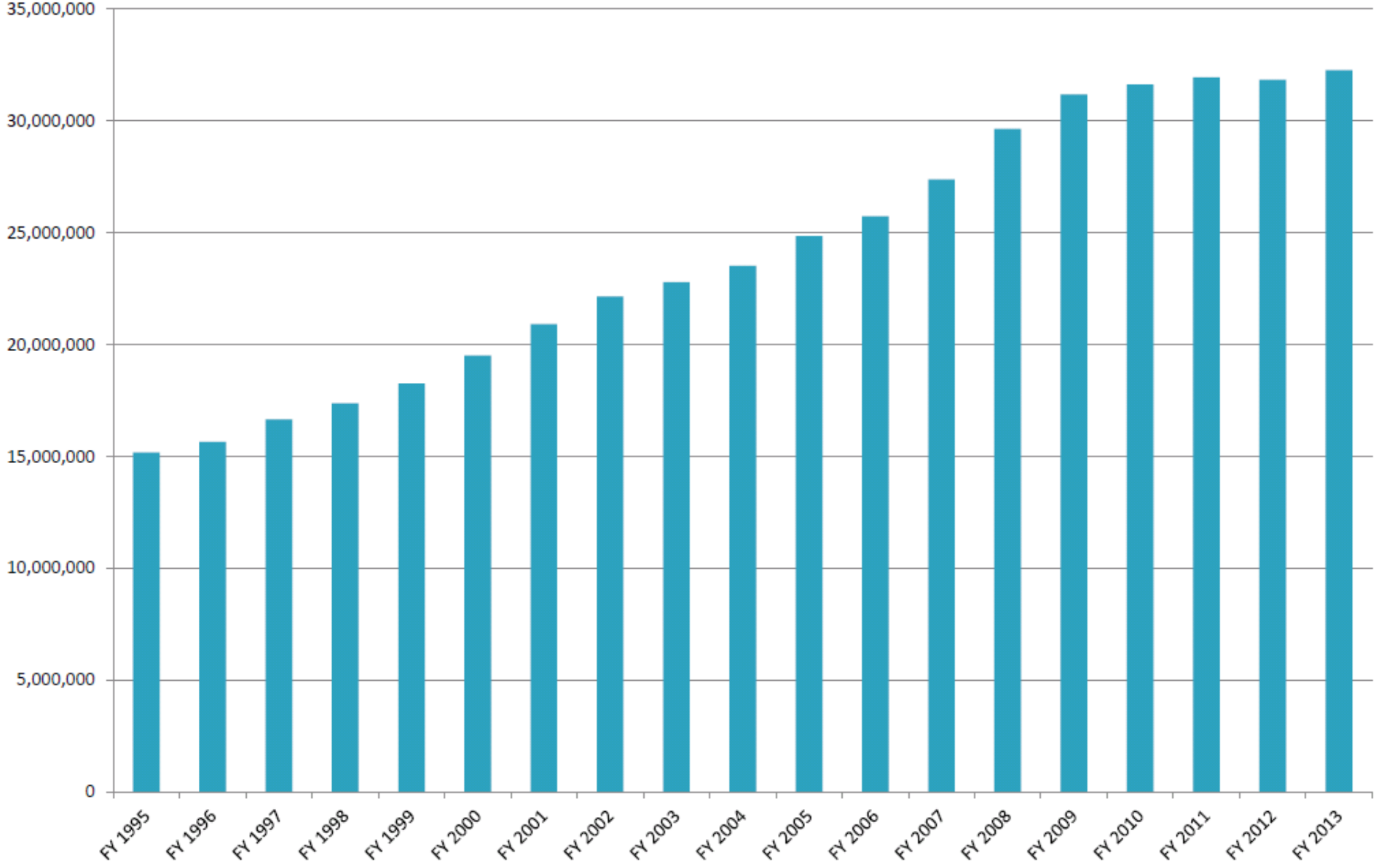


Per Capita NGFS & Related Fund Spending: FY 1995 To FY 2013
(Dollars)

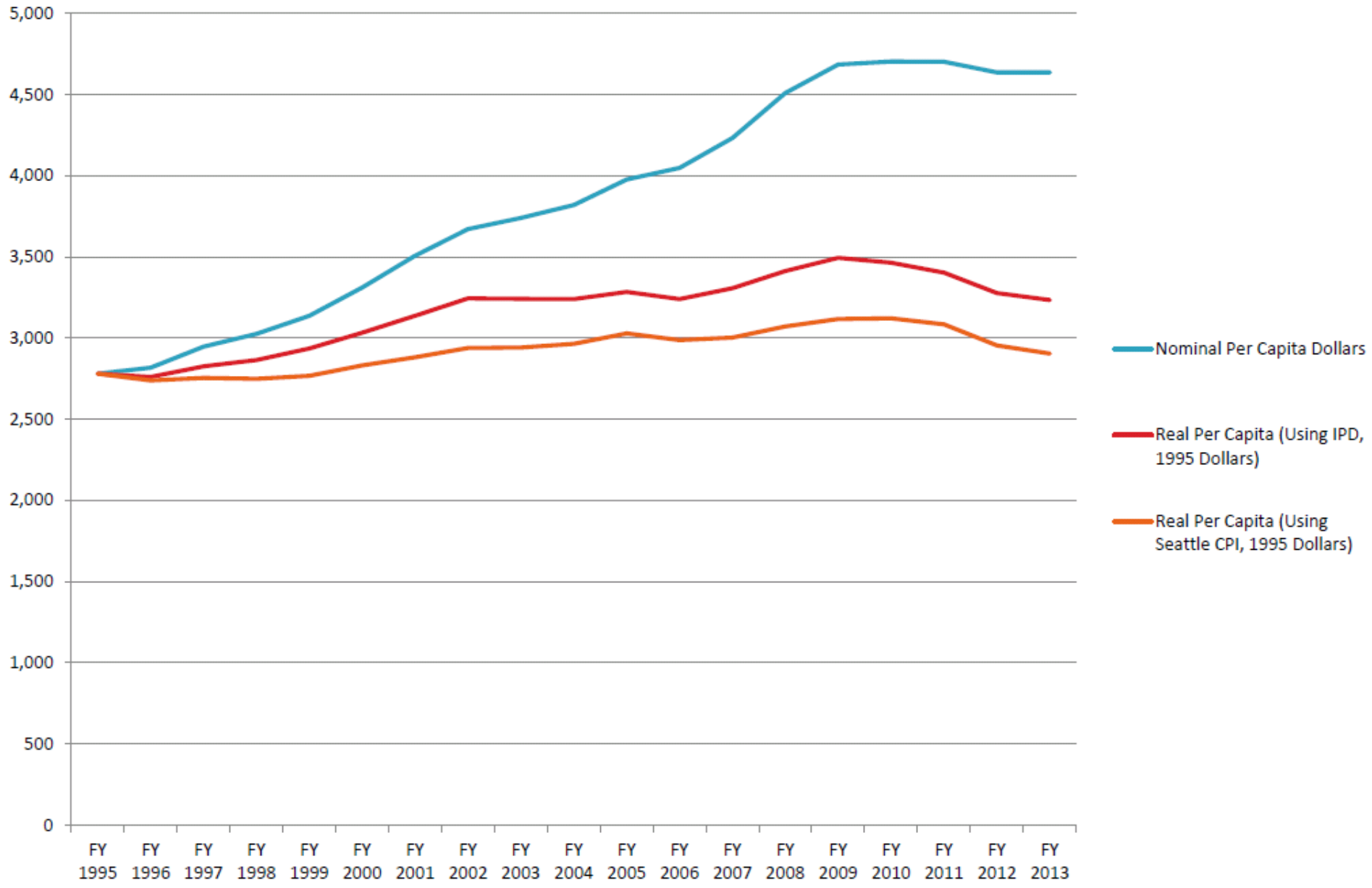


Total Budgeted Funds Spending: FY 1995 to FY 2013

(Dollars in thousands)



Per Capita Total Budgeted Funds Spending: FY 1995 to FY 2013
(Dollars)

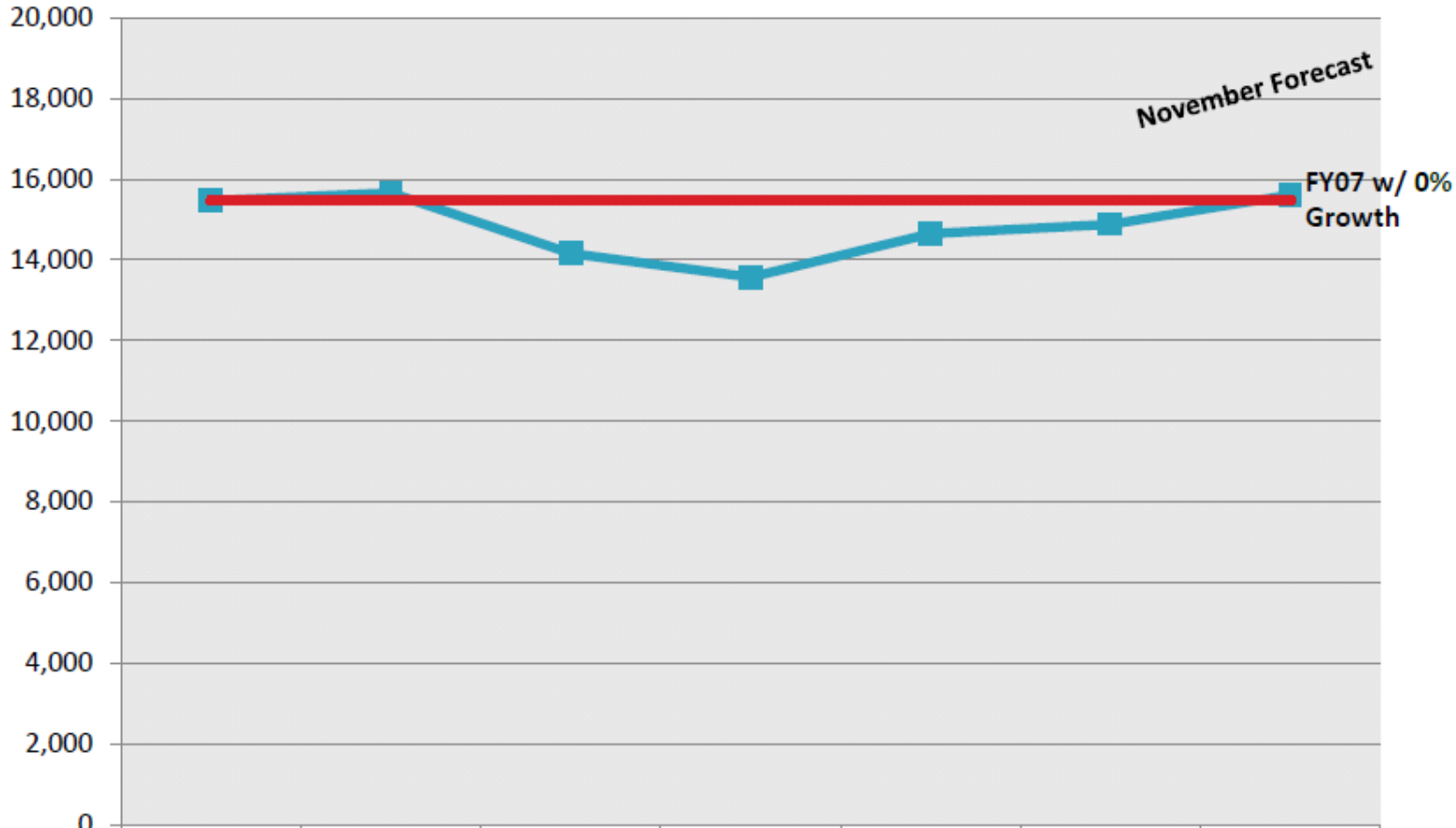


Recent Budget Challenges

House Appropriations Committee

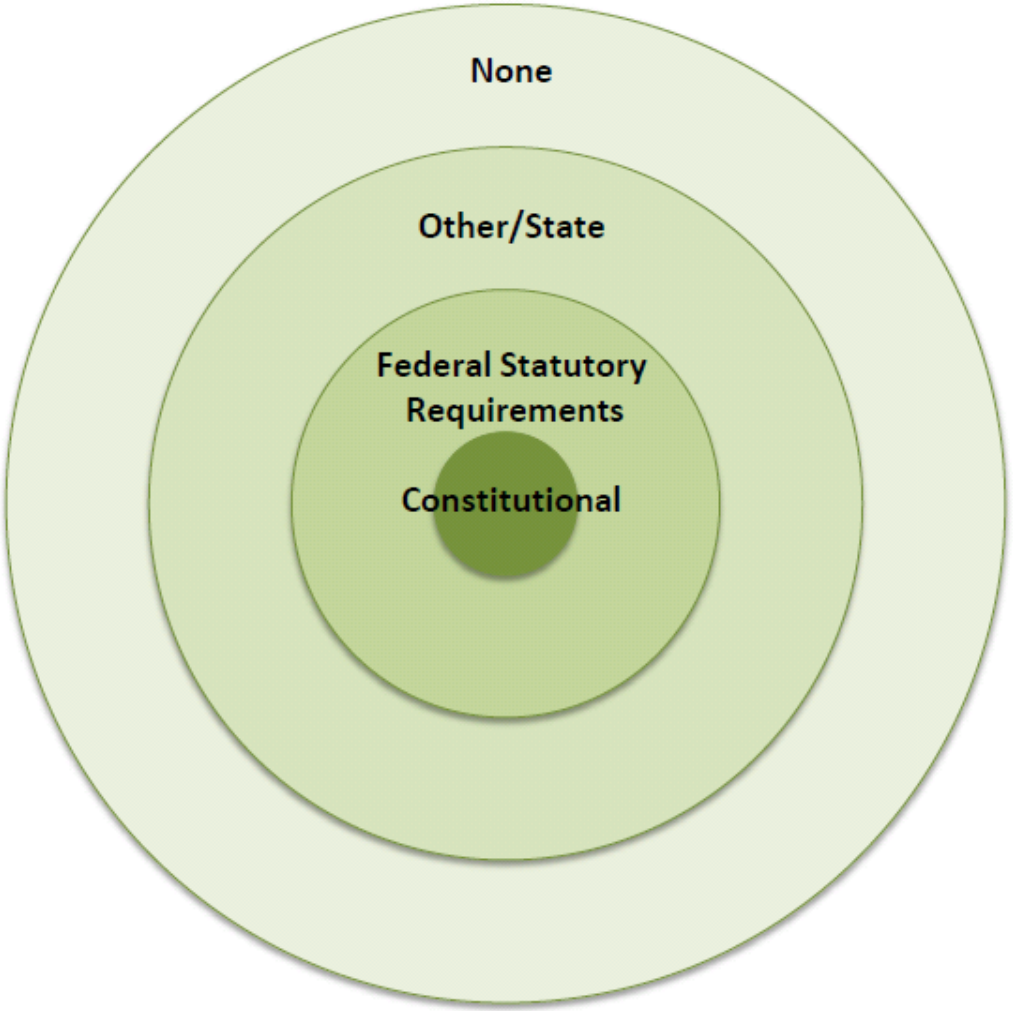
- Revenue collections are only now returning to FY 2007 levels
- Increasing caseloads (in part driven by downturn)
- Repeated budget shortfalls (often resulting from downward revisions of prior revenue forecasts)
- One-time resources were helpful in the past
- Significant restrictions on what the Legislature may (and may not) do
- The Legislature has addressed nearly $20 billion in budget shortfalls since 2009

Projected FY 13 GFS revenues almost equal FY 07/FY 08 levels



	FY07	FY08	FY09	FY10	FY11	FY12	FY 13
Nov Forecast	15,467	15,659	14,158	13,571	14,648	14,874	15,603
FY 07, Growth at 0%	15,467	15,467	15,467	15,467	15,467	15,467	15,467

Some spending is mandatory and some is discretionary



Requirements With Constitutional Elements

- K-12 Basic Ed
- Debt Service
- Some Pension Contribution Obligations
- Some Level of Funding for Judicial, Legislative & Executive Offices
- Some level of care in institutional and foster care programs*
- Approved collective bargaining agreements & other contracts**

Federal Statutory Requirements

- Since the state participates in Medicaid:
- Core populations & core services
- Other requirements (i.e. rate issues)
- TANF/Maintenance of Effort (MOE)
- Cost obligations if state participates in certain federal programs (i.e., admin costs for food stamps)

State Statutory and Other Requirements

- State-created statutory entitlements (kids' health, Disability Lifeline, etc.)***
- Funding that, if reduced, may increase entitlement costs
- Funding to avoid state liability in areas of responsibility
- Other Statutory Programs

Discretionary

- Programs without a statutory or case law requirement

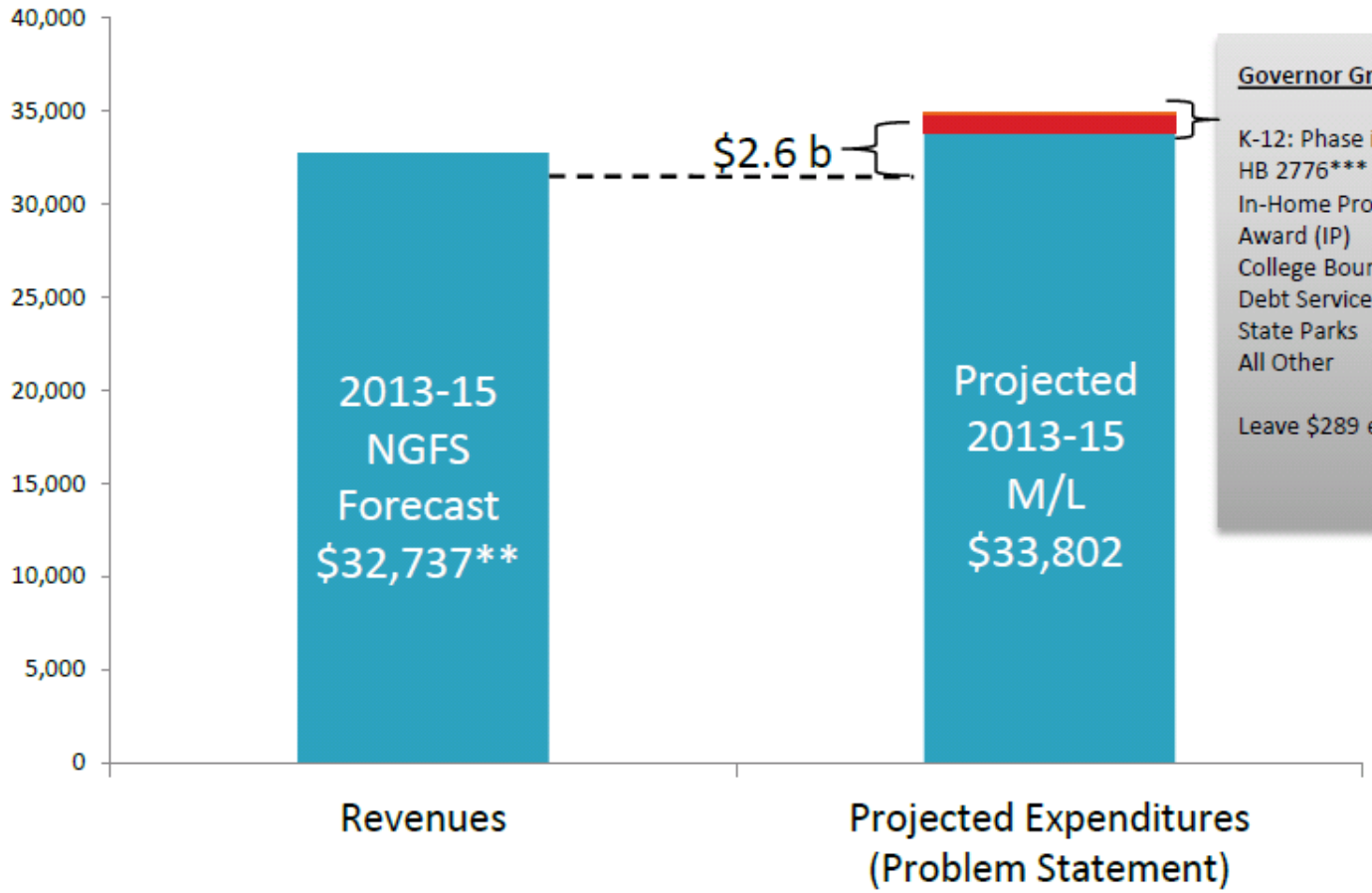
Concentric circles are illustrative only and not to scale.

* Includes prisons, JRA facilities, state hospitals, DD facilities, foster care, SCC, etc.

** Contracts may be renegotiated. Also, some contracts have termination – and/or fiscal shortfall clauses that may be invoked.

*** Can be changed via legislation.

If potential policy items such as redefining basic education are included, and an ending balance is left, the shortfall grows.
Here is what Governor Gregoire assumed*:
($ in millions, NGFS)



Governor Gregoire's Book 2 Policy Increases:

K-12: Phase in of HB 2776***	$1,003
In-Home Provider Award (IP)	$ 125
College Bound Scholarship	$ 35
Debt Service	$ 27
State Parks	$ 18
All Other	$ 216
	$1,424
Leave $289 ending balance	$ 99
	$1,523

* This is one approach. The Governor might choose to describe her problem statement differently.
** Excludes $307 million that will be transferred to the Budget Stabilization Account (Rainy Day fund).
*** Increases to $3.3b by 2017-19. As defined by Governor Gregoire.

General Government Overview

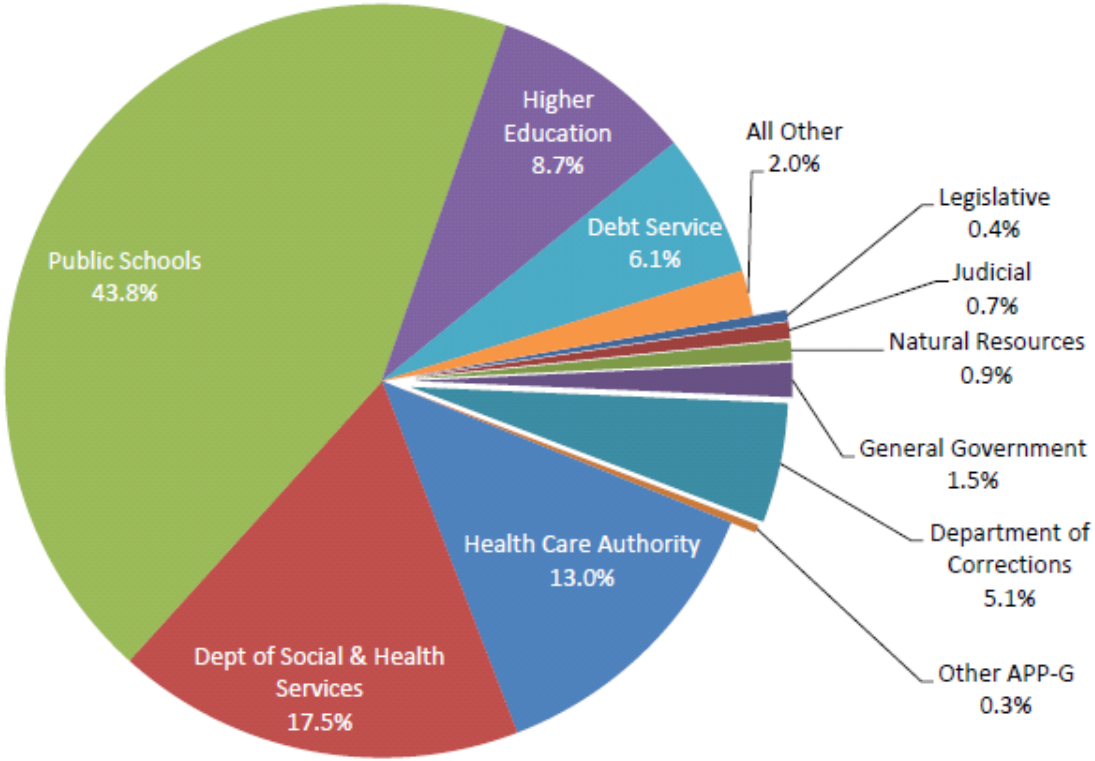
68 agencies Are Within the Subcommittee's Jurisdiction

House Appropriations Subcommittee on General Government

Administrative Office of the Courts	Economic & Revenue Forecast Council	Office of the State Treasurer
African-American Affairs Commission	Environmental & Land Use Hearings Office	Public Disclosure Commission
Asian-Pacific-American Affairs Commission	Forensic Investigations Council	Public Employment Relations Commission
Board of Tax Appeals	Governor's Office of Indian Affairs	Puget Sound Partnership
Caseload Forecast Council	House of Representatives	Recreation and Conservation Funding Board
Columbia River Gorge Commission	Human Rights Commission	Senate
Commission on Salaries for Elected Officials	Innovate Washington	State Board of Accountancy
Commission on Judicial Conduct	Joint Legislative Audit & Review Committee	State Conservation Commission
Consolidated Technology Services	Joint Legislative Systems Committee	State Law Library
Court of Appeals	LEAP Committee	State Lottery Commission
Criminal Justice Training Commission	Military Department	State Parks and Recreation Commission
Department of Agriculture	Office of Minority & Women's Business Enterprises	Statute Law Committee
Department of Archaeology & Historic Preservation	Office of Administrative Hearings	Supreme Court
Department of Commerce	Office of Civil Legal Aid	Utilities and Transportation Commission
Department of Corrections	Office of Financial Management	WA Pollution Liab Insurance Program
Department of Ecology	Office of Insurance Commissioner	Washington Horse Racing Commission
Department of Enterprise Services	Office of Public Defense	Washington State Arts Commission
Department of Financial Institutions	Office of the Attorney General	Washington State Commission on Hispanic Affa
Department of Fish and Wildlife	Office of the Governor	Washington State Gambling Commission
Department of Licensing	Office of the Lieutenant Governor	Washington State Historical Society
Department of Natural Resources	Office of the Secretary of State	Washington State Liquor Control Board
Department of Revenue	Office of the State Actuary	Washington State Patrol
Eastern Washington State Historical Society	Office of the State Auditor	

APPG agencies account for 9 percent of the $31.2 billion Near General Fund spending in the Operating Budget

House Appropriations Subcommittee on General Government



- 2011-13 Operating Budget through the 2012 Supplemental Budget
  - Near General Fund State + Opp. Pathways

APPG Agencies With The Largest NGFS and Total Funds Budgets

House Appropriations Subcommittee on General Government

NGFS Budgets
(Dollars in thousands)

Agency	2011-13	Percent of Total
Department of Corrections	1,602,344	57.5%
Department of Revenue	199,898	7.2%
Department of Commerce	124,638	4.5%
Administrative Office of the Courts	99,154	3.6%
Department of Ecology	70,624	2.5%
Washington State Patrol*	67,718	2.4%
Department of Natural Resources	66,698	2.4%

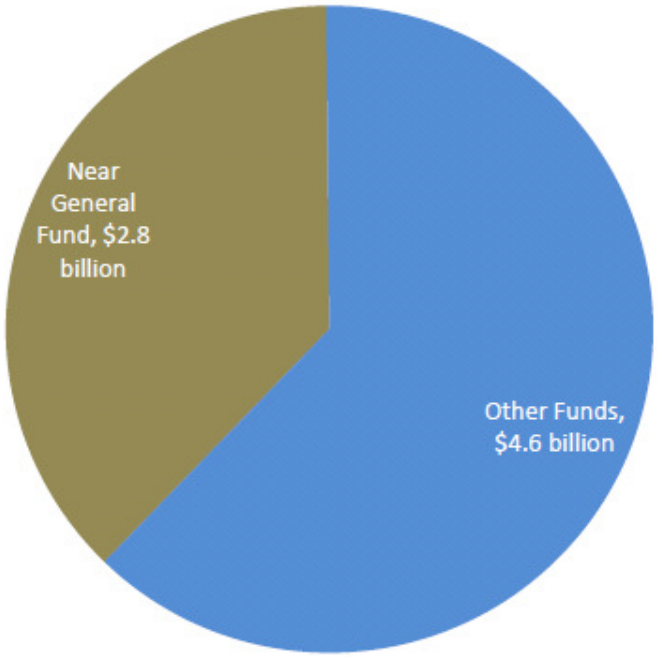
Total Funds Budgets
(Dollars in thousands)

Agency	2011-13	Percent of Total
Department of Corrections	1,625,935	22.3%
State Lottery Commission	801,712	10.8%
Department of Commerce	567,357	7.4%
Department of Enterprise Services	479,676	6.4%
Department of Ecology	441,043	5.8%
Department of Natural Resources	365,422	4.7%
Department of Fish and Wildlife	362,094	4.8%

*Operating Budget Only, does not include Transportation Budget funding

NGFS spending accounts for 38 percent of the total budgeted expenditures in the 2011-13 biennium

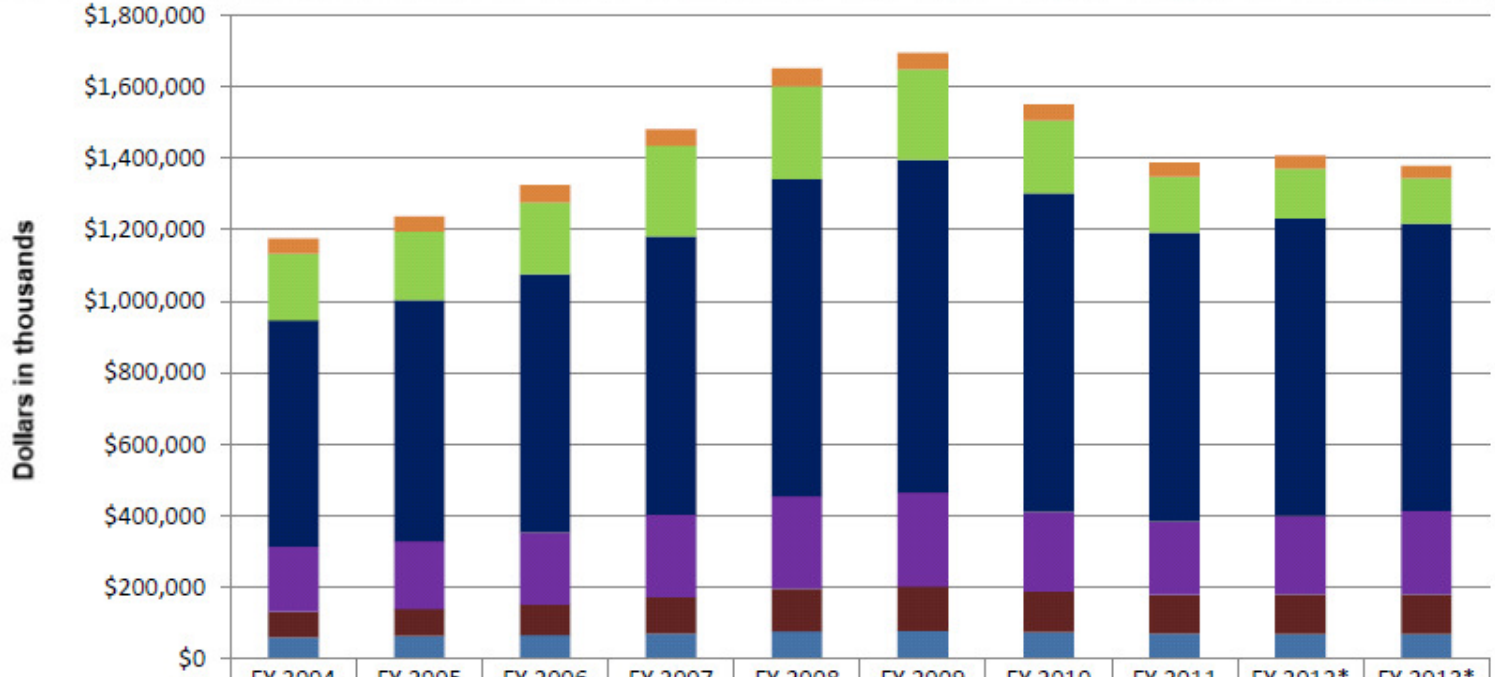
House Appropriations Subcommittee on General Government



Largest Other Funds	
General Fund-Federal	$828.8 million
State Lottery Account (non-appropriated)	$655.2 million
Data Processing Revolving Account (non-appropriated)	$370.5 million
Enterprise Services Revolving Account (non-appropriated)	$217.6 million
Legal Services Revolving Account	$197.4 million
Liquor Revolving Account	$174.6 million
State Toxics Control Account	$137.2 million
Shared Game Lottery Account (non-appropriated)	$121.9 million
Parks Renewal and Stewardship Account	$106.5 million
General Fund-Local	$103.6 million
Wildlife Rehabilitation Account	$100.7 million

NGFS Spending** For APP-G Agencies, By Functional Area (Dollars in thousands)

House Appropriations Subcommittee on General Government

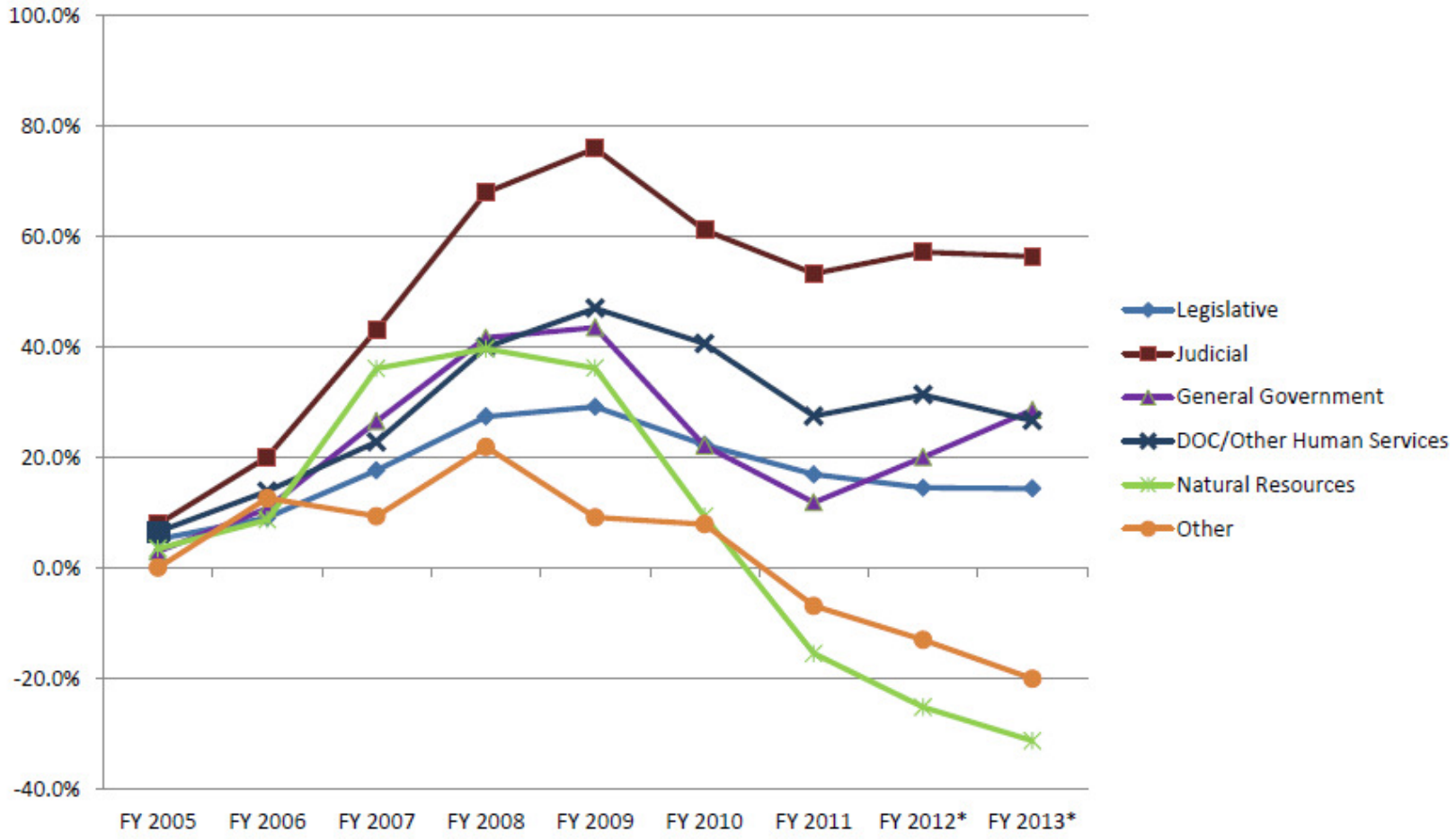


	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012*	FY 2013*
Other	$41,987	$42,032	$47,306	$45,939	$51,203	$45,854	$45,336	$39,135	$36,558	$33,602
Natural Resources	$185,680	$192,272	$201,946	$252,739	$259,372	$252,875	$203,125	$157,073	$139,047	$127,730
DOC/Other Human Services	$633,595	$675,218	$721,843	$778,328	$886,853	$931,303	$891,044	$807,908	$832,299	$802,728
General Government	$182,506	$187,996	$202,293	$231,033	$258,571	$261,942	$222,994	$204,210	$219,162	$234,714
Judicial	$70,876	$76,523	$85,158	$101,451	$119,028	$124,680	$114,207	$108,653	$111,376	$110,826
Legislative	$60,833	$63,996	$66,395	$71,605	$77,519	$78,589	$74,431	$71,152	$69,688	$69,606

*Reflects enacted 2012 Supplemental Operating Budget
*Adjusted for Federal ARRA Stimulus Funds

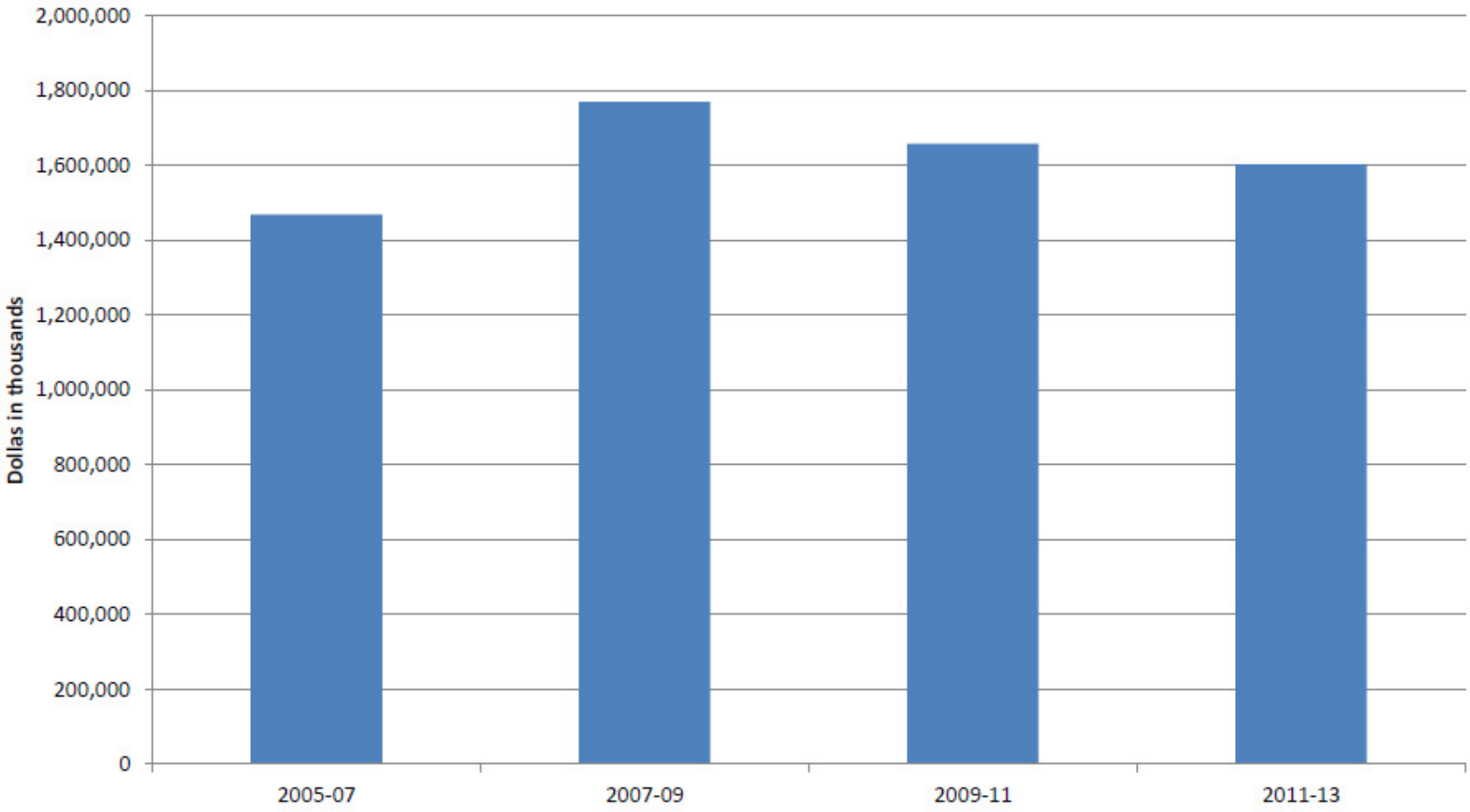
Cumulative Growth in NGFS Spending from FY 2004, By Functional Area

House Appropriations Subcommittee on General Government



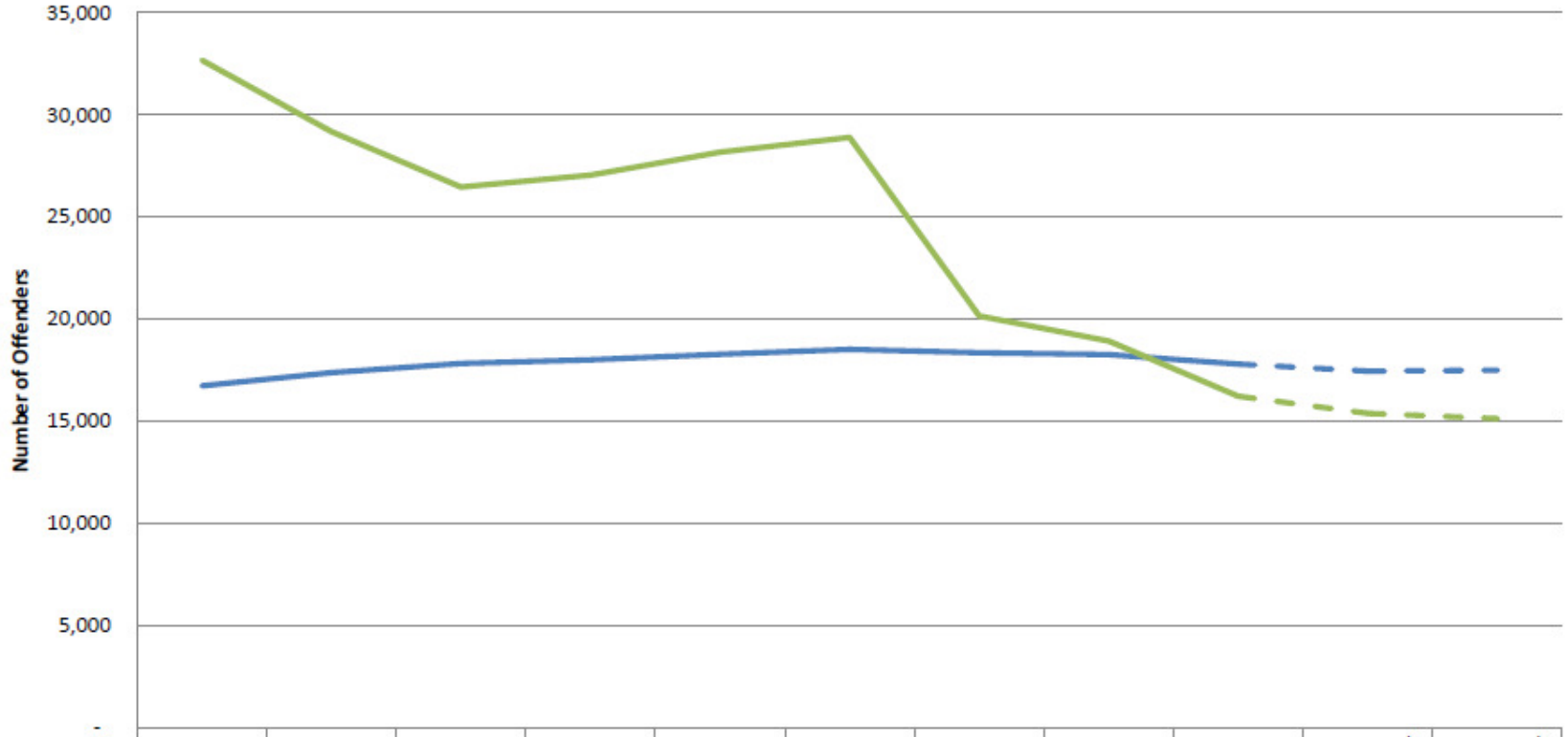
Department of Corrections Historical NGF-S Spending

House Appropriations Subcommittee on General Government



Average Daily Population for DOC Inmates and Offenders on Active Supervision

House Appropriations Subcommittee on General Government



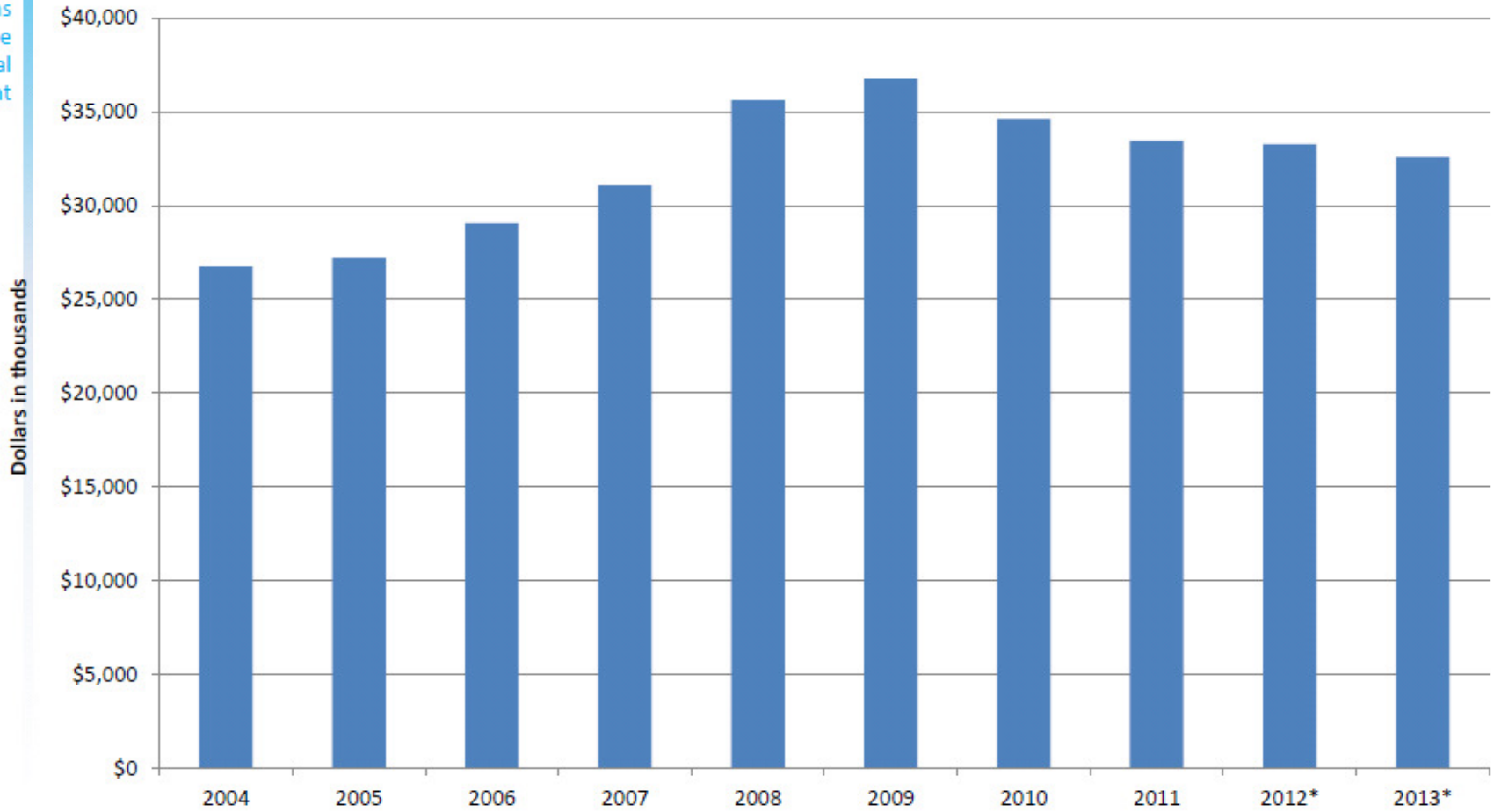
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013*	FY 2014*
Inmate	16,736	17,388	17,827	18,006	18,284	18,518	18,360	18,271	17,799	17,460	17,502
Supervision	32,685	29,190	26,466	27,057	28,188	28,894	20,155	18,929	16,226	15,385	15,129

*Forecasted as of the November 2012 caseload forecast

DOC Incarcerated Offenders

Average Annual Cost per Inmate

House Appropriations Subcommittee on General Government



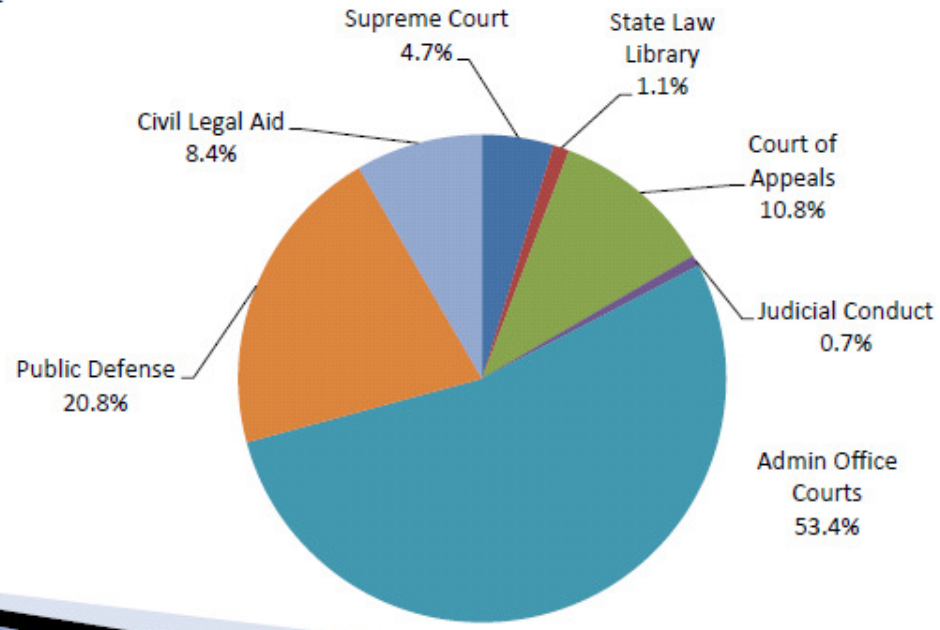
* Estimated

2011-13 Funding for Judicial Branch Agencies, including the 2012 Supplemental Operating Budget

House Appropriations Subcommittee on General Government

Agency	GF-S* ($ in millions)	Total ($ in millions)
Supreme Court	$13.3	$13.3
Court of Appeals	$30.4	$30.4
Administrative Office of the Courts	$99.2	$150.4
Office of Public Defense	$54.2	$58.5
Office of Civil Legal Aid	$21.6	$23.7
State Law Library	$1.5	$3.0
Commission on Judicial Conduct	$2.0	$2.0
Total Judicial	**$222.2**	**$281.4**

* General Fund-State



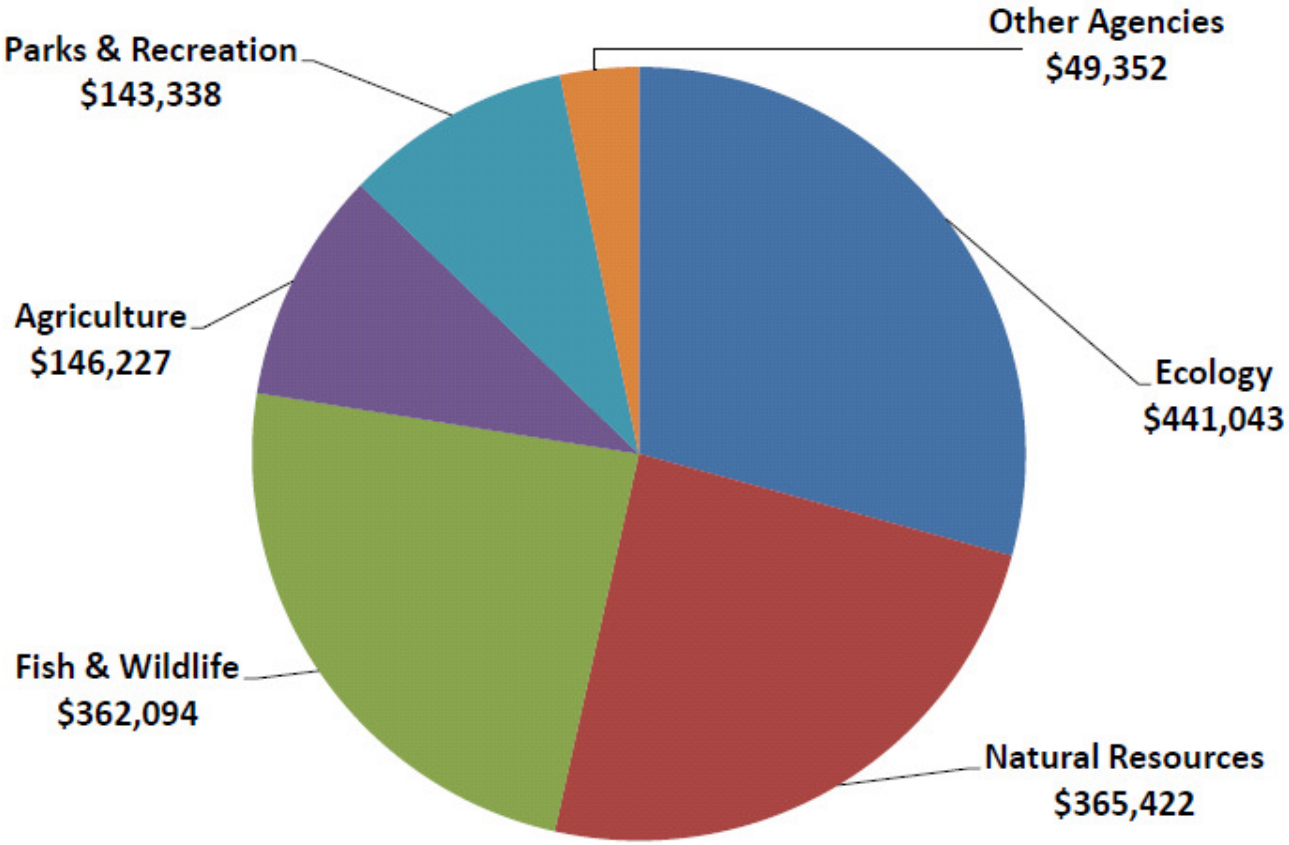
Natural Resource Agencies Overview

House Appropriations Subcommittee on General Government

- 11 state agencies comprising ~ **.9%** (or $266.8M) of the state general fund and ~**2.3%** (or $1.51B) of the total state Operating Budget appropriations in 2011-13
- Cabinet-level Agencies include:
  - Department of Ecology
  - Puget Sound Partnership
  - Pollution Liability Insurance Agency
  - Department of Agriculture
  - Recreation and Conservation Office
- Governed by an Appointed Board/Commission
  - Department of Fish & Wildlife
  - State Parks and Recreation Commission
  - Columbia River Gorge Commission
  - State Conservation Commission
  - Environmental & Land Use Hearings Office
- Separately Elected Official
  - Department of Natural Resources

Total of $1.51B Budgeted in 2011-13 Operating Budget for Natural Resource Agencies

House Appropriations Subcommittee on General Government

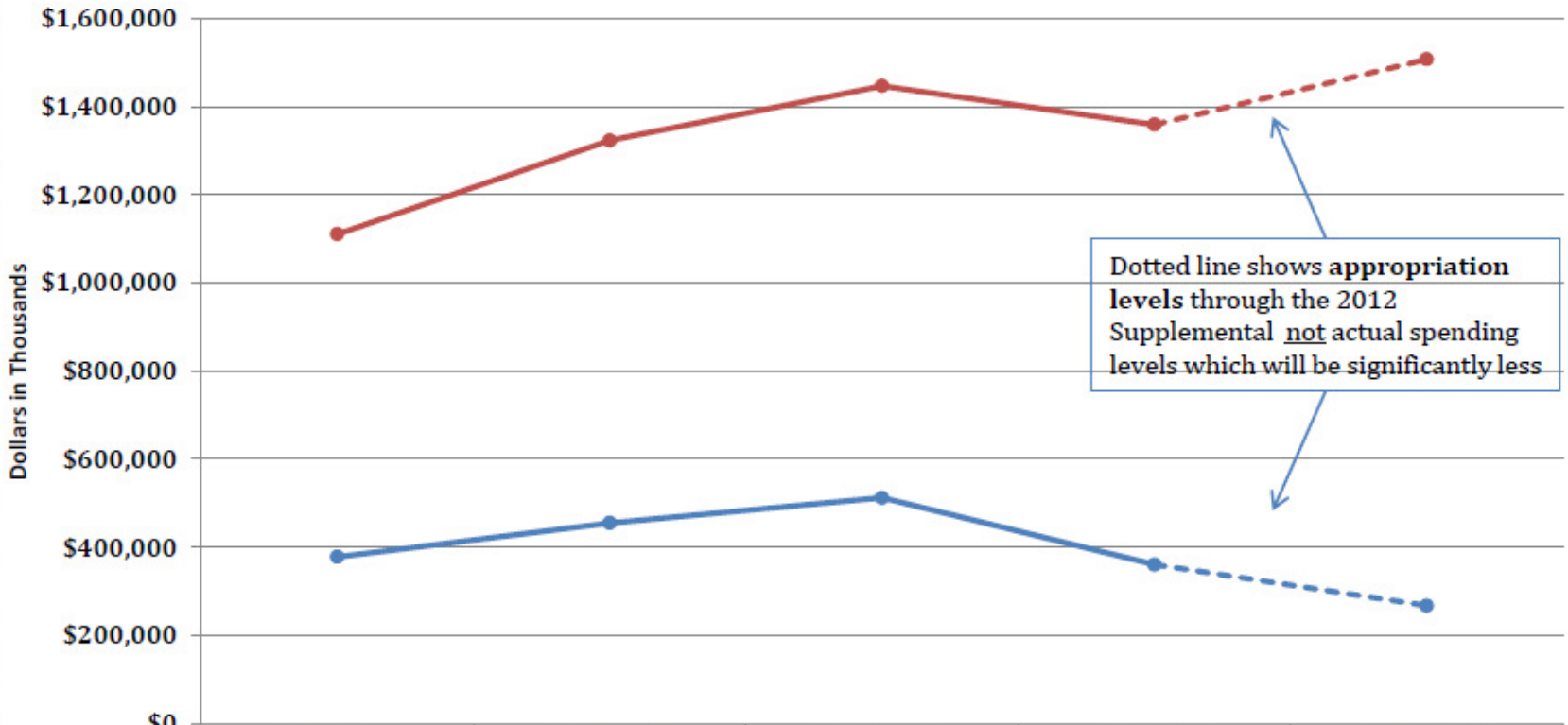


Dollars in thousands

Natural Resource Agencies Operating Budget 2003-05 to 2011-13 NGF-S and Total

House Appropriations Subcommittee on General Government

NGF-S Down 29.4%, Total Appropriations Up 35.7%



	2003-05	2005-07	2007-09	2009-11	2011-13
NGF-S	377,953	454,686	512,245	360,199	266,777
Total	1,110,522	1,323,154	1,446,802	1,359,062	1,507,476