

## Budget Tidbits... just the facts

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### Budget Brief #7: (10/12/09)

## December Special Session Needed

*Legislature should convene during already-scheduled Assembly Days  
to address budget deficit*

With a projected deficit exceeding \$1 billion and a monthly collection report indicating the situation is not getting any better, the Legislature should use its Assembly Days already scheduled in early December to convene in special session to address the budget.

### I. Budget Situation Continues to Deteriorate

Earlier this month, the Legislature learned the current budget was projected to be \$1.2 billion in the hole by the end of the biennium. Here is an overview of how the situation came to pass:

Legislative passed budget: \$570 million unrestricted reserves

- Less \$70 million for bills that didn't pass = \$500 M
- Less \$82 million governor vetoes = \$420 M
- Less \$686 million June revenue forecast = -\$265 M
- Add'l costs of \$250 million June caseload = -\$515 M
- Less \$190 million Sept. revenue forecast  
(economic changes, not court cases) = -\$705 M
- Less budget savings not achieved/delayed  
-- estimated \$200 million = -\$905 M
- Less \$290 million Supreme Court Tax Cases  
(roughly half refunds / half 09-11 impact) = -\$1.2 B

And this may represent the low end of the problem.

Today, the monthly revenue collection report was released, and revenues continued a trend of coming in less than forecast, with this month's collections \$32 million (or 3.4%) under target. This makes it less likely the November revenue forecast will bring any positive news for budget writers.

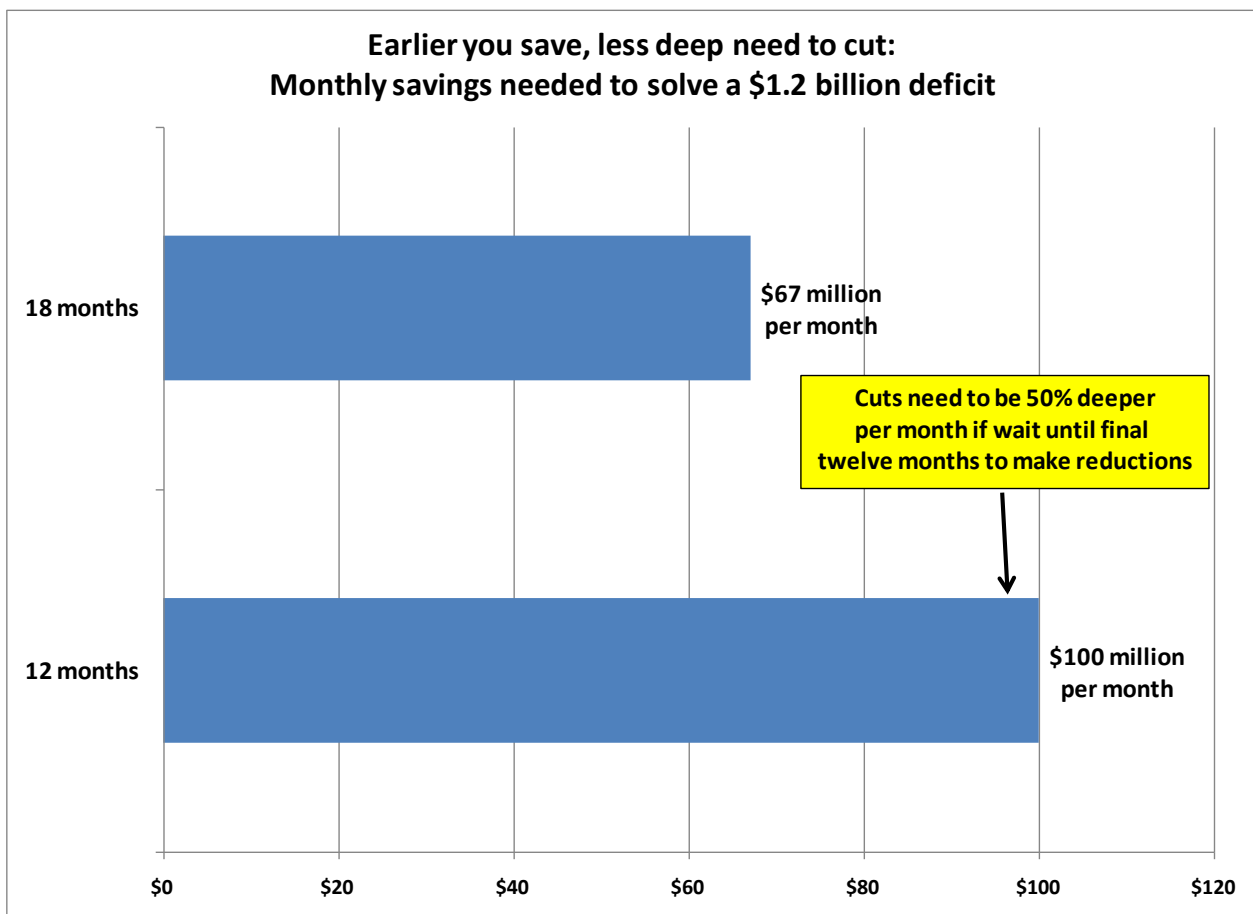
And, preliminary analysis indicates that per capita costs for entitlement caseloads are much higher than budgeted, which may add another several hundred million dollars to the budget problem.

## II. Special Session May Yield Additional Six Months' Worth of Savings

If history is any guide, even though the Legislature will convene in January, any adjustments to the current budget will not pass until the very end of session and won't have a legal effective date until the governor signs the budget sometime around April 1. Even then, in most instances savings will not take effect until the beginning of the next fiscal year, July 1. This means the Legislature will have twelve months of savings in which to address the budget deficit.

However, if the legislature were to convene during assembly days in December to address the budget, savings could take effect January 1, equating to eighteen months of savings for the biennium.

How does this matter in real world terms? Let's take a look:



Passing savings as quickly as possible is prudent and necessary. Waiting only results in deeper cuts, potentially jeopardizing services for the most vulnerable. (Or, cynically, waiting only makes the level of cuts more unpalatable, thereby making tax increases more likely.)

### **III. Going to Be in Town Anyway . . . Get Most for Taxpayers' Money**

The Legislature is already scheduled to be in Olympia on Dec. 3 and 4 for Committee Assembly Days, a time when lawmakers meet to hold hearings and preview issues for next session.

Rather than simply talk, the Legislature should act. It has a sizable problem, one that is not going away and indeed appears to be getting worse.

If the Legislature is going to be spending taxpayers' money already that week, shouldn't the taxpayers get something for their funds? Inaction only makes the situation more difficult.

### **IV. Don't Have to Solve Entire Problem, But Any Action is Better Than None**

Here is the proposal: There is ample time between now and early December for legislative and budget leaders to convene to come up with mutually agreeable savings to address the budget problem.

Not all of the budget problem needs to be addressed by December, as that is in all reality a prospect too difficult to accomplish. But any agreement on budget savings will be a positive step, one that will help ease the situation the Legislature will face come January. Every little bit helps.

And, to start discussions off, here are ten proposals that were offered last session, structural reforms that can help in many instances not only with addressing the current budget deficit but have significant long-term benefits as well ([4/10/09: Structural Reforms](#)). Several ideas that were not adopted can also be found in this previous Budget Tidbit as well ([2/26/09: Yes, We Can](#)).

There are still many savings and structural reforms to be made in state government.

### **Bottom Line**

Should the Legislature convene in special session during already-scheduled Assembly Days to begin addressing the \$1 billion-plus current biennium budget deficit?