

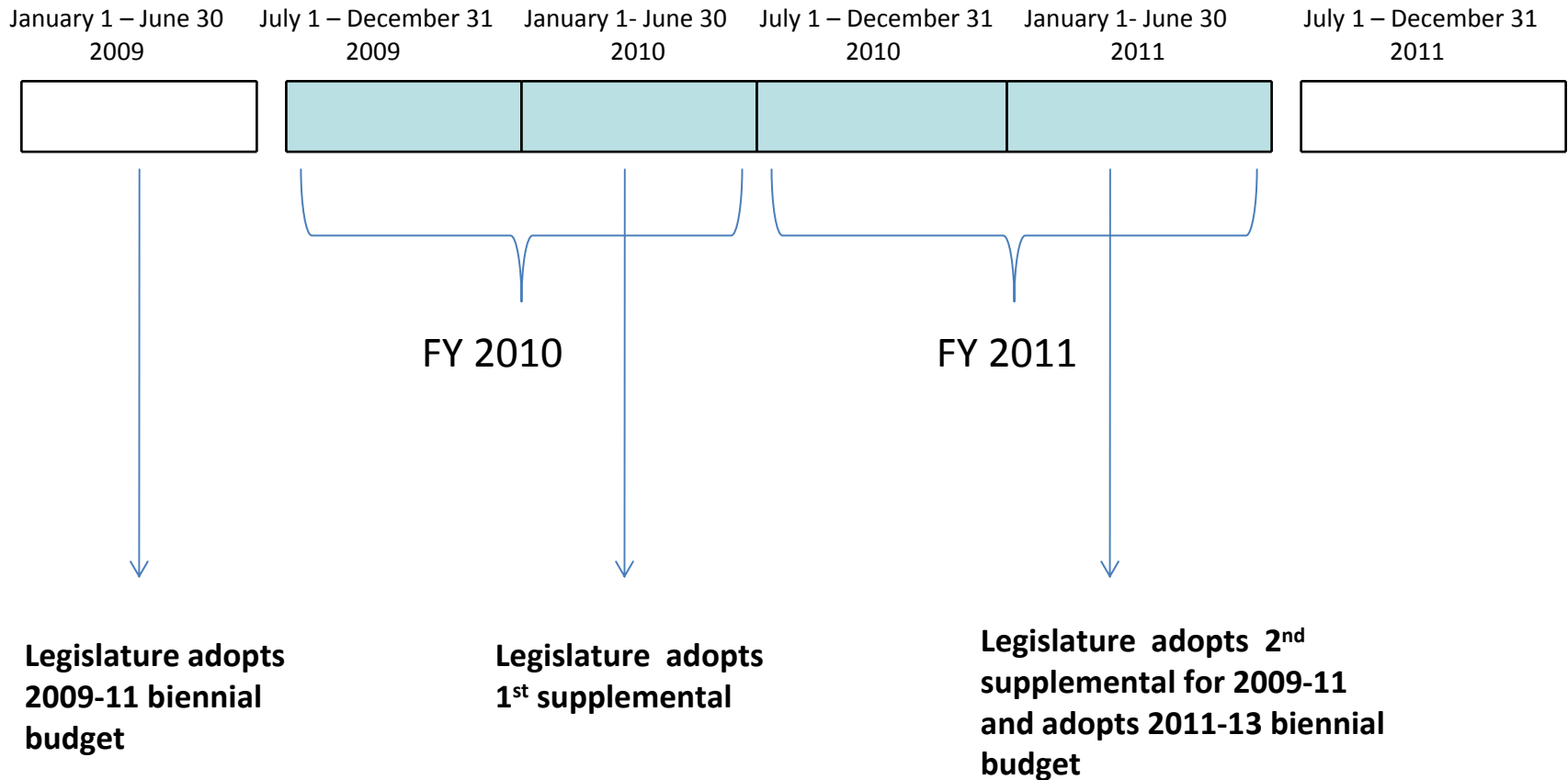


Overview of the Budget Process

Dave Johnson
Office of Program
Research

July 14, 2008

2009-11 Biennial Budget Calendar



2009-11 Budget Development Process

April – September 2008

Agencies develop budget proposals and submit to OFM*



Legislature/OFM identify “carry forward” level (May-June)

August - December 2008

Governor’s Office develops budget proposal and makes it public in mid-December



Governor uses November caseload and revenue forecasts

January – April 2009

Legislature adopts budget and sends to Governor



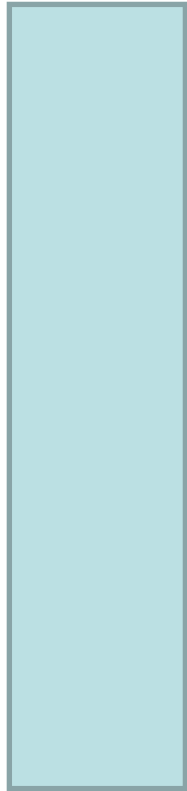
Legislature uses March caseload and revenue forecasts

* Copies sent to Legislature

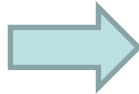


Getting to the 2009-11 budget starting point

- \$33 billion NGF-S
- Over 1,000 activities



2007-09 Budget



“Carry forward”
2007 and 2008 Legislative
policy level budget decisions
into the next biennium.*

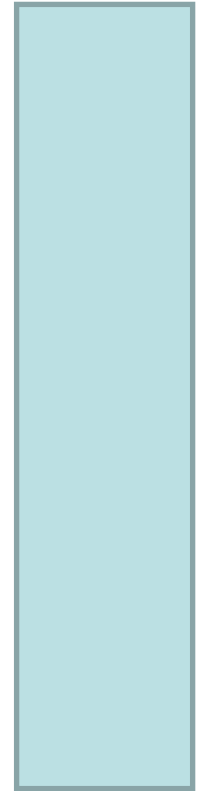
Take current appropriations and:

- Biennialize ongoing appropriations and reductions.
- Remove one-time appropriations and reductions.



Maintenance level adjustments:*

- Entitlement programs - Caseload forecasts and per cap or formula driven costs.
- Entitlement and non-entitlement programs – MANDATORY cost increases or decreases.

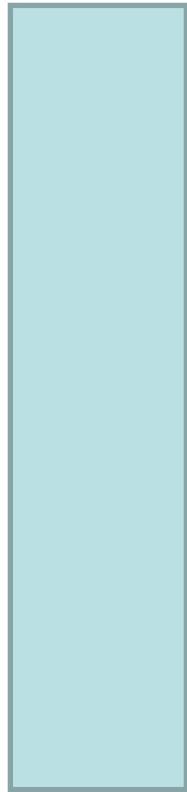


2009-11 base or
maintenance level
budget

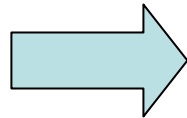
* As a technical, objective process, legislative fiscal staff have been traditionally tasked with performing a very detailed analysis and review of these items.



Policy Level Budget Decisions



2009-11 base or
maintenance level
budget



Any changes to the existing base budget (which is the cost of continuing ongoing services) are policy level decisions.

- New programs
- Enhancement of existing programs
- Reduction or elimination of existing programs
- Other non-technical funding decisions

Note: Vendor rate increases, employee health benefits, employee COLAs, and continuation of multi-biennium information technology projects are always policy level items.



Sample Agency Detail Summary

Enacted Biennial Budget



2007-09 Omnibus Operating Budget
Department of Early Learning
(Dollars in Thousands)

| | FTEs | Enacted Near GF-S | Total |
|---|--------------|----------------------|----------------|
| 2005-07 Estimated Expenditures | 92.8 | 32,604 | 32,784 |
| 2007-09 Maintenance Level | 184.5 | 74,255 | 76,063 |
| Policy Non-Comp Changes: | | | |
| 1. Family Child Care Provider Labor Ag | 7.5 | 2,050 | 2,050 |
| 2. Cost Allocation Development | 0.0 | 100 | 100 |
| 3. Benchmark Redesign Partnership | 0.0 | 200 | 200 |
| 4. Parent, Family & Caregiver Supports | 1.5 | 2,000 | 2,000 |
| 5. Quality Rating Implementation | 8.7 | 5,000 | 5,000 |
| 6. Negotiated Rulemaking/Improved Regs | 1.5 | 200 | 200 |
| 7. Early Learning Partnerships | 0.0 | 190 | 190 |
| 8. Early Childhood Program Enhancement | 0.0 | 22,100 | 22,100 |
| 9. Federal Child Care Grant Transfer | 4.0 | 10,284 | 200,502 |
| 10. Child Care Center Consultations | 0.0 | 500 | 500 |
| 11. Early Reading Initiatives | 0.0 | 0 | 2,000 |
| 12. Child Care Resource & Referral | 0.0 | 1,700 | 1,700 |
| 13. Increase Child Care Wage Ladder | 0.0 | 1,000 | 1,000 |
| 14. Continue Access to Licensing System | 0.0 | 172 | 172 |
| 15. Child Care Grants | 0.0 | 2,200 | 2,200 |
| 16. ECEAP Targeted Vendor Rate Increase | 0.0 | 12,090 | 12,090 |
| 17. Early Childhood Apprenticeships | 1.0 | 200 | 200 |
| Policy -- Non-Comp Total | 24.2 | 59,986 | 252,204 |
| Policy Comp Changes: | | | |
| 18. Nonrepresented Staff Health Benefit | 0.0 | 6 | 39 |
| 19. Nonrepresented Salary Increase | 0.0 | 32 | 212 |
| 20. Nonrepresented Class Consolidation | 0.0 | 4 | 30 |
| 21. Nonrepresented Additional Step | 0.0 | 14 | 90 |
| 22. Retain FY 2007 Pay Increase (1.6%) | 0.0 | 14 | 88 |
| 23. WFSE Collective Bargaining | 0.0 | 176 | 1,177 |
| Policy -- Comp Total | 0.0 | 246 | 1,636 |
| Total Policy Changes | 24.2 | 60,232 | 253,840 |
| Total 2007-09 Biennium | 208.7 | 134,487 | 329,903 |



Selected Approaches to Reviewing the Base Budget

- By functional area
- By agency/program
- By statewide results and categories
- By activity
- By fund or object

- Contextual information (For instance, recent program creations/enhancements, historical spending, activity descriptions, performance related information, JLARC audits and studies, OSA compliance audits, OSA performance audits, IT portfolios, agency strategic plans, GMAP presentations, WSIPP or other studies, and legislative task forces and work groups.)

- A combination of the above



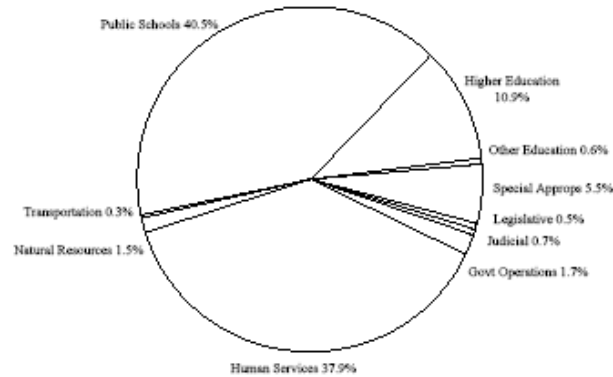
Omnibus Operating Budget Comparisons

2007-09 Washington State Omnibus Operating Budget Including 2008 Supplemental

(Dollars in Thousands)

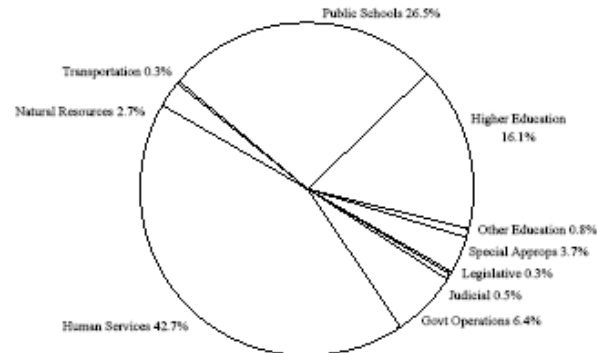
Near General Fund - State

| | |
|-------------------------|-------------------|
| Legislative | 167,290 |
| Judicial | 248,838 |
| Governmental Operations | 572,949 |
| Human Services | 12,745,221 |
| Natural Resources | 509,186 |
| Transportation | 85,614 |
| Public Schools | 13,621,900 |
| Higher Education | 3,653,746 |
| Other Education | 188,438 |
| Special Appropriations | 1,862,037 |
| Statewide Total | 33,656,219 |



Total All Funds

| | |
|-------------------------|-------------------|
| Legislative | 172,104 |
| Judicial | 289,761 |
| Governmental Operations | 3,660,925 |
| Human Services | 24,411,438 |
| Natural Resources | 1,549,219 |
| Transportation | 171,443 |
| Public Schools | 15,167,950 |
| Higher Education | 9,212,934 |
| Other Education | 447,620 |
| Special Appropriations | 2,113,197 |
| Statewide Total | 57,196,591 |



Program List

Department of Early Learning (2007-09 Biennial Budget)

Department of Early Learning's programs:

- Administration
- Quality program
- Early Childhood Education
- Systems, Partnerships & Collaborations
- Parent & Provider Support Programs
- Licensing Service Area
- Child Care Subsidies



Results Groupings for Agency Activities (Used in the Governor's POG Process)

- Improve student achievement.
- Improve the value of postsecondary learning.
- Improve the health of Washington citizens.
- Improve the security of Washington's vulnerable children and adults.
- Improve the economic vitality of businesses and individuals.
- Improve statewide mobility of people, goods, and services.
- Improve the safety of people and property.
- Improve the quality of Washington's natural resources.
- Improve cultural and recreational opportunities throughout the state.
- Improve the ability of state government to achieve results efficiently and effectively.

Note: The Governor's budget (and the enacted budget) is written by agency. Allotments are by agency/fund/proviso. Also, an activity may belong to more than one results grouping.



2007-09 Budget
Enacted Version (Activity)
Department of Early Learning
(Dollars in Thousands)

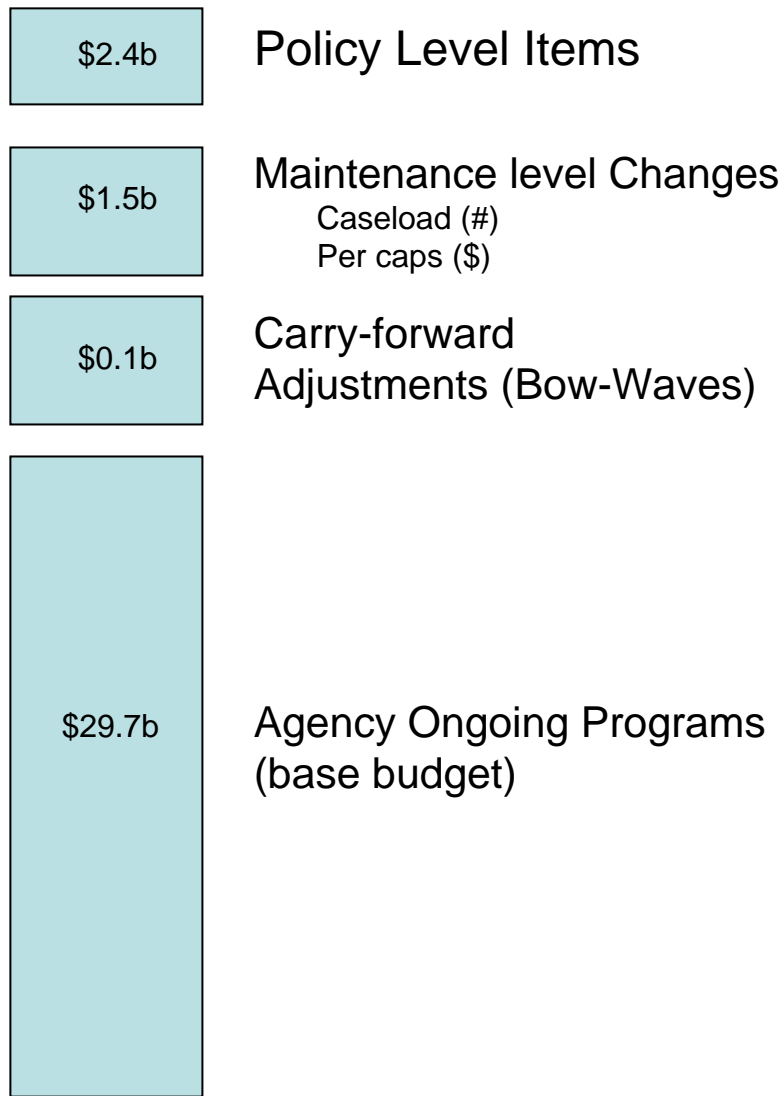
| | Near GF-S | Tot-B |
|--|------------------|----------------|
| 1. Agency Operations/Administration | 13,814 | 21,373 |
| 2. Child Care Licensing | 0 | 19,735 |
| 3. Child Care and Early Learning Quality Initiatives | 17,262 | 57,593 |
| 4. Child Care Subsidies | 0 | 127,785 |
| 5. Early Learning Programs | 103,411 | 103,417 |
| 2007-09 Total | 134,487 | 329,903 |

Primary Results

1. Agency Operations/Administration - Improve student achievement in elementary, middle and high schools.
2. Child Care Licensing - Improve the security of Washington's vulnerable children and adults.
3. Child Care and Early Learning Quality Initiatives - Improve the security of Washington's vulnerable children and adults.
4. Child Care Subsidies - Improve the security of Washington's vulnerable children and adults.
5. Early Learning Programs - Improve student achievement in elementary, middle and high schools.



Budget Overview (2007-09, NGF-S)



Reviewed By:

Members (By definition, changes to the base budget)

Staff technical review
(non-technical items moved to policy)

Staff technical review
(non-technical items moved to policy)

Legislative Activities:

- Member Questions/Requests For Information
(Note: any changes are then shown as policy changes)
- Staff Zero Base Costs of true Entitlements
- Informal Briefings
- Staff Research (review models, Q&A with agencies, etc.)
- House Cut Drills
- Policy Comm. (bills amend current law, work sessions)
- Review Activity lists (prepared by agencies/OFM)

Audit & Performance Review Activities:

- SAO Performance Audits
- SAO Financial/Compliance Audits
- JLARC Performance Audits
- GMAP Process

OFM & Agency Activities:

- Strategic Planning Process + IT Strategic Plans
- Budget Building Process (Agency and Gov.)
- Agency/Gov Request Legislation Process
- POG (Activity Based) Process
- Allotment Process, Including Performance Measures

Note: All figures are net and include both increases and decreases.

Other selected budget related considerations of note

- Over 500 funds/accounts
 - In the state treasury or in the custody of the state treasury
- Economic and Revenue Forecast Council and Caseload Forecast Council
- I-601 - Expenditure Limit
- I-900 – Performance Audits
- I-960 – Fees and Taxes
- Legal considerations including:
 - Lending the state’s credit/gift of public funds
 - One subject rule
 - Appropriations requirements
 - Governor’s veto authority
- Fiscal Notes
- FTEs

