



# Capitol Update

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### **New Budget Outlook Projects \$718 Million Deficit in 2007-09**

The Office of Financial Management (OFM) has published a new projection of the state budget and revenue situation for the next six years. The new outlook shows that under current revenue projections and with the recently enacted 2006 supplemental budget, the state is facing a projected budget shortfall of \$718 million next biennium.

Although legislators were aware when they adjourned in March that a budget gap was likely to shape the 2007-09 biennial budget debate, the latest six-year outlook from OFM is the first official confirmation that projected expenditures and revenues don't match up. The forecast takes into consideration current estimates for school enrollments, prison and other caseloads. It factors in inflation including 12 percent for medical costs and assumes a two percent annual cost of living adjustment for state employees and higher education faculty and staff. The analysis also presumes that most of the state's budget surpluses will be used to balance the next biennial budget, with the state retaining a modest reserve of \$300 million.

State budget officials know that the \$718 million figure will change greatly over the course of the next several months. Revenue projections will be updated three more times before the end of the calendar year and could swing by hundreds of millions of dollars. For example, revenue collections since the February 2006 forecast are already about \$60 million greater than forecast. Budget officials also contend that a \$718 million projected shortfall is much improved to the \$2.7 billion budget gap facing the state prior to the 2005-07 biennium.

### **CTC Applied Baccalaureate Degree Proposals Clear Initial Hurdle**

As part of legislation enacted in 2005 (HB 1794) which permitted the UW Tacoma and Bothell campuses to begin admitting freshmen in the fall of 2006, the community and technical college system was authorized to conduct four pilot-degree programs to expand access to education in certain high-demand fields.

After reviewing a number of proposals submitted by various community and technical colleges, the State Board recently selected the following four proposals to be submitted to the Higher Education Coordinating Board for final approval. The four pilot "applied baccalaureate degree" programs are:

- **Olympic College** in Bremerton would offer a Bachelor of Science degree in Nursing (BSN). The college will need to seek and secure a new accreditation status from the Northwest Commission of Colleges and Universities. The program would be run in partnership with the **University of Washington, Tacoma** for the first two years.

- **Bellevue Community College** would offer a Bachelor of Science degree in Radiation and Imaging Sciences. This would be the first four-year radiation and imaging sciences program in Washington State. The program would employ a distance learning format to allow students statewide to enroll.
- **South Seattle Community College** would offer a Bachelor of Applied Science in hospitality management. Classes would prepare graduates for management-level positions in the growing fields of hospitality management, including work in hotels, restaurants, cruise ships, and arts, entertainment and recreation venues.
- **Peninsula College** in Port Angeles would offer a Bachelor of Applied Science in Applied Management. The degree is intended to meet the employment needs of the Olympic Peninsula and allow two-year degree holders in technical or scientific fields to move into management or supervisory positions in their organizations.

## **Governor Announces New Blue Ribbon Commission to Study Affordable Quality Health Care**

Governor Gregoire announced on Thursday May 4 the formation of a new Blue Ribbon commission to find ways to provide accessible, affordable, quality health care for all Washingtonians. In a news release announcing the formation of the commission, the Governor expressed concerns that the current health care system is not working for a large portion of the state's citizens. The goal is to improve Washington's health by increasing access to, enhancing the quality of and containing the costs associated with health care.

The Governor and Senator Pat Thibaudeau (D-Seattle) will serve as co-chairs. Other members of the commission include House Speaker Frank Chopp (D-Seattle), Senate Majority Leader Lisa Brown (D-Spokane), Insurance Commissioner Mike Kriedler, Secretary of Health Mary Selecky, Health Care Authority director Steve Hill, Doug Porter from the Department of Social and Health Services, Robert Malooly from the Department of Labor and Industries, Representatives Eileen Cody (D-Seattle), John Serben (R-Spokane), Bill Hinkle (R-Cle Elum), Senators Linda Evans Parlette (R-Wenatchee) and Alex Deccio (R-Yakima).

The commission's first meeting will be held June 22, 2006. The commission will submit their recommendations on a sustainable five-year plan to substantially improve access to affordable health care for all Washingtonians by December 1, 2006.

## **Olympia News and Notes**

- **Senator Pat Thibaudeau** (D-Seattle) announced on May 11 that she would not run for re-election to her seat in the 43<sup>rd</sup> legislative district (Capitol Hill, Wallingford, and University District). Her decision clears the way for **Representative Ed Murray** (D-Seattle) who announced earlier this year that he would challenge Thibaudeau in the September primary election for the Democratic nomination. Thibaudeau was first elected to the House of Representatives in 1992 and then to the Senate in 1995 following the death of **Senator Cal Anderson**.
- **Senator Bill Finkbeiner** (R-Kirkland) announced on April 27 that he would not seek re-election for his state senate seat in the 45<sup>th</sup> legislative district (Redmond, Kirkland, Woodinville). Finkbeiner has served in the legislature since

1992, elected originally to the House of Representatives as a Democrat. Representative Toby Nixon (R-45<sup>th</sup> District) has announced he will run to succeed Finkbeiner. Possible Democratic opponents include Kirkland software millionaire Eric Oemig and former 45<sup>th</sup> district state representative Laura Ruderman.

- In an article in the May 12 edition of the Yakima Herald-Republic, **State Senator Alex Deccio** (R-Yakima) says that after 31 years in the Legislature, he's ready for a change and is seeking an appointment to the Eastern Washington Growth Management Hearings Board in Yakima. Deccio who is 84 said he applied for the position with Governor Chris Gregoire after she took office last year, and said he's received backing from many mayors in towns across the region covered by the board as well as all three current Yakima County commissioners.
- Longtime Senate Ways and Means budget analyst **Tim Yowell** has been assigned to handle higher education fiscal issues. Tim has been on the Senate fiscal staff for 15 years primarily as a health care fiscal expert. He permanently replaces **Richard Ramsey** who has been on sabbatical for a year and will transfer to criminal justice budgets once he returns later this summer.
- UW coffee lovers who visit the State Capitol campus can rejoice. The **Liberty Café** located in the Pritchard Library building recently announced that it will switch from Farmer Brothers coffee to **Starbucks**. Coffee experts knew that the **Dome Deli** located on the ground floor of the legislative building was the only place to score a cup of Howard Schultz's famous brew, but the Deli is shut down until the next legislative session.