



## CITY OF SEATTLE 2011 STATE LEGISLATIVE BULLETIN

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### ***Weekly Overview***

Last week was the final week of the thirty-day special session. On Wednesday, after a very busy few days (with negotiations going well into the night), the Legislature adjourned Sine Die a little before 11 p.m. In the final days of the special session the Senate and House came to agreement on operating and capital budgets and several policy bills, including a statutory limit on the state's debt ceiling, worker's compensation reforms, and new rules for contracting out state services.

We are in the process of putting together a complete Sine Die report for the 2011 legislative session, but in the meantime below is a short update on how things ended up last week.

### ***Updates on Priorities***

**Budget:** Overall, given the difficult budget situation and the many challenges we faced going into this session, the City's priorities fared pretty well.

#### Operating Budget

- **State-Local Shared Revenue:** As far as direct general fund hits to the City, the final budget did not sweep local liquor profits or any other state-local shared revenue account, which is good news. However, the final operating budget cut all state-local shared revenues by 3.4% in the coming biennium, so the City, like many other interested parties, will experience some cuts due to this difficult budget climate.
- **Human Services:** Large cuts were made in many important human services programs, particularly to Disability Lifeline (formerly GA-U), Basic Health, public health (FQHC's, MSS, and other important programs), children's health, etc., but in the end these programs were not eliminated like they were in the Governor's proposed budget, which is very good news.
  - **Disability Lifeline:** The Disability Lifeline program is eliminated effective October 31. In its place will be three new programs: 1) the Aged, Blind or Disabled Assistance program (this is the equivalent of the current DL-X program); 2) the Pregnant Women Program (this is for pregnant women who are not eligible for TANF; no one is currently in this program); and 3) the

Essential Needs and Housing Support program (this is for recipients in the current DL-U program). All three programs will provide medical care, but only the first two will provide cash assistance. For the Essential Needs and Housing Support program there is medical care but no cash assistance, and housing for some recipients. There will also be access to a “necessities bank” for personal hygiene, laundry, transportation and other items.

- **Federally Qualified Health Centers (FQHCs):** Funding is reduced for FQHC’s, but the funding appears to be higher than what was included in any previous budget proposal
  - **Children’s health program (immigrant children):** Funding largely preserved
  - **Basic Health Plan:** The core of the program is largely preserved, but enrollment is frozen through the biennium
  - **State Food Assistance:** \$30 million cut (similar to what was included in previous budget proposals)
- **Education:** The operating budget makes deep cuts to education and higher education to achieve billions in savings. These cuts will have a significant impact on Seattle Public Schools.
    - **K-4 Enhancements:** Eliminated, saving \$215 million
    - **I-728 and I-732:** Suspended, saving \$1.2 billion
    - **Higher Education:** Drastically cut—\$535 million in general reductions— which is partly offset by assumed revenue from tuition increases
    - **K-12 Employee Salary Reductions:** \$179 million in savings from salary cuts
    - **Highly Capable Program:** Funding cut by \$350,000
    - **Running Start:** Funding cut by \$6 million
    - **State Work Study:** Significant program cuts and changes made, saving \$31 million, including increasing the required employer share of wages

#### Capital Budget

- **MTCA:** The local remedial action grant program was funded at \$63.8 million; in this budget climate it is remarkable that funding was not swept into the general fund from this account. In addition, \$30 million is provided for storm water projects and \$20 million for Puget Sound projects.
- **Housing Trust Fund:** \$50 million is allocated for low-income housing assistance and weatherization projects.
- **Local Capital Projects:** Several local projects received funding in the capital budget, and we will provide a complete list of local projects in the Sine Die report.

### ***Other Issues of Significant Interest***

**Stadium Taxes:** [SHB 1997](#) would have funded tourism promotion, workforce housing, art and heritage programs, and community development by extending taxes currently used to service stadium debt. This bill did not pass during the special session, and neither did Senator Scott White’s bills ([SB 5958](#) and [SB 5961](#)) that would have funded the same items as HB 1997 but would have allocated revenues differently between the program areas. However, on the last day of the special session, [SSB 5834](#) (sponsored by Senator Ed Murray), a more limited version that

provides funding from the County hotel-motel tax for arts and heritage programs and workforce housing (but does not extend either the rental car tax or the food/beverage tax), passed the Legislature and was delivered to the Governor.

**Film Tax Incentive:** [2SSB 5539](#), the motion picture tax incentive bill, did not pass the Legislature during the final days of the session—sadly, the Legislature ran out of time before the House voted on this bill. Seattle supported this legislation because it would have continued a program of incentives for the motion picture industry in Washington State that is crucial to the health of Seattle’s film industry. We will work during the interim with other supporters to lay the groundwork to support this proposal again next session.

**Low-income and Homeless Housing:** [HB 2048](#), the low-income and homeless housing assistance surcharges bill, did not pass. We are very disappointed to report that the Legislature adjourned Sine Die before the Senate voted on this bill, and we will be working in the interim with supporters on next steps so we can try again next session.