Introduction

After five years of suffering from revenue shortfalls that forced many tough budget choices by the Governor and Legislature, in 2006 the Washington picture was finally bright. In early 2006, Governor Christine Gregoire was actually able to submit a budget that increased spending but saved most of the windfall for future needs. The 2006 experience was in sharp contrast to just one year earlier, when the Democratic governor and legislature faced a situation of insufficient revenues to meet state commitments. In addition, the Governor had been embroiled by the closest and one of the most controversial gubernatorial elections in American history.

The election between Attorney General Gregoire and Republican State Senator Dino Rossi was not finally settled until 58 days of political acrimony and three ballot recounts had transpired. Secretary of State Sam Reed finally certified Gregoire as Governor on December 30, 2004 (Postman, 12-31-2004). Inheriting a state in political turmoil, with a history of budget crisis and pending litigation regarding the election, Gregoire’s own political legitimacy was being called into question from the moment she took her oath of office. Rossi did not officially concede the election until June of the next year after losing his final legal appeal.

Nevertheless, with her position as Governor finally secured, Gregoire was able to move forward with her campaign platform to change government in Washington. Yet, Gregoire’s first executive budget as Governor could not live up to the progressive tone she set in the campaign because of the revenue shortfall. One observer claimed that the Governor and Legislature had not made any hard choices in that they “proposed closing a hole in the budget projected at more than $1.5 billion largely with one-time fixes, transfers of money between accounts, and changes to the state pension system, including deferring contributions. There was virtually no pain in the proposal, other than a $200 million tax increase and modest cuts in services (Garber, 03-28-2005).” Even with meeting the target, the 2005-2007 biennial budget would leave the state with another budget shortfall in two short years. Notably, with unified party control of state government, the two branches were able to work much more easily with each other than in the previous ten years of divided government.

By the beginning of 2006, however, the fortunes of Governor Gregoire and Washington had made a significant turn for the better. The state tax system is highly sensitive to the performance of the national and state economy. As the Washington economy began to surge, revenues began to exceed projections. The state found itself in a position that any state, municipality or family would be envious of – a budget surplus. This, after Washington suffered dire financial difficulties similar to that of many other government entities in the post 9/11 environment: sudden loss of revenue, followed by significant budget cutbacks, and political turmoil.
With the budget surplus, Gregoire and the legislature could not only balance the budget, but also increase spending for certain programs, without making painful cuts in other programs. As Washington prepared its biennial budget for 2007-2009, though, the questions of how long good times will last, the nature of the state’s tax base and its fairness became important.

The Budget Process

Washington State, like 22 other states, has a biennial budget (NASBO, “Budget Process in the States” p. 8). With a fiscal year that runs from July 1 to June 30, Washington is required by law to maintain a balanced budget; however, the state can acquire debt for capital projects and other special instances (LeLoup, p. 189).

In terms of the philosophy behind the budget itself, Washington has been a leader in trying to develop systems to assess the effectiveness of state spending (see previous chapters in the Proceedings in this series.) As the Office of Financial Management’s State Budget Division describes, “In general, Washington State’s budget process cannot be characterized by any single budget decision model. Elements of program, target, and the traditional line item budgeting associated with objects of expenditure (e.g., salaries, equipment) are all used with performance budgeting in budget decision-making (Budget Process, p. 2).” In this respect, Washington needs to transcend traditional budgeting measures to find ways to increase both efficiency and accountability in the budgeting process.

The budget process begins in Washington towards the end of the prior fiscal year, with the OFM (Office of Financial Management) sending budget evaluation requests to each state government department. Similar in function to the OMB (Office of Management and Budget) at the federal level, the OFM collects budget requests from each department. The Budget Division describes the OFM’s duties as the following:

Coordinates the submittal of agency budget requests and prepares the Governor’s budget recommendation to the Legislature. Budget staff from the OFM works closely with state agencies to explain and justify planned expenditures. Analysts evaluate all budget requests for consistency with executive policy priorities and to ensure that proposed expenditures match fiscal constraints. OFM is also responsible for maintaining the state’s central accounting system and developing certain population and demographic forecasts. Through appropriations bills, they agree on a budget or revenue proposal to implement the budget, a conference committee of legislative representatives may be convened to reconcile the differences (Budget Process, p.2).
Figure 1 below provides a flow-chart describing the overall budget process from beginning to end.

**Figure 1 (Washington State Budget Cycle):**

In 2006, Washington’s Governor and Legislature were engaged in two important, overlapping budget duties. First, they needed to amend the already passed 2005-2007 biennial budget with a supplemental budget to reflect the increased revenue mentioned earlier. Second, begin the process of formulating the next biennium budget for 2007-2009.

In Figure 1 above, we can see that the budget process begins at the agency level. The budget process is initiated by the OFM releasing the “Operating Budget Instructions: Strategic Plans and Performance Measures” to each of the agencies individually. From that point forward, budget requests are made, submitted to the Governor’s office for review, budget formulation, and submission of an executive budget to the Legislature. Finally, after being written into law and signed by the Governor, the biennial budget takes effect in July 1st of the fiscal year. As we will see with the present biennial budget, the executive or legislature can offer supplements to the budget in accordance to changing needs.

As has been emphasized in previous articles in these Proceedings, Washington has been particularly vulnerable to “ballot box” budgeting, a series of public initiatives, mandating spending or limiting revenues. One of the most extreme was I-601, which limits increases in biennial spending by a formula including population growth and inflation. In the decade since its adoption, however, the Legislature has found ways around its constraints. Voter-approved initiatives deal with all measure of political and social issues, from I-601 mentioned above, to car registration tabs (I-695) to education (I-728 & I-723) and are what the OFM describes as budget drivers. In other words, these initiatives either restrict the state’s ability to raise revenue or add permanent, non-discretionary spending items to the budget (LeLoup, p. 193). For example, I-695 rolled back car tab fees to a uniform $30 dollars and made any changes possible only by ballot measure. As such, the initiative had a tremendous impact on state and local public financing, costing over a billion dollars each year from state and local treasuries (LeLoup, p. 195).
Revenues

Why did the overall budget picture change so dramatically between 2005 and 2006? It was due in large measure to three related factors. First, as illustrated in Figure 2 below, Washington is disproportionately dependent on revenue derived from retail/use, business and property tax. This is highly sensitive to changes in the economy. Second, Washington, like most states, has seen a veritable boom in both new home construction and market value increases for existing homes. This has driven up revenues including the state share of property taxes. Third, Washington has added some 85,000 new jobs in the last two years. These dynamics, along with lower interest rates that boosted spending by business and consumers, has created a unique situation for Washington in that its limited tax base happens to be exactly where revenues were being maximized during this particular business cycle. However, a tax base of this nature provides little insulation from economic downturns because of its over-reliance on retail, use and property taxes. Washington is one of seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) to not have a personal income tax.

Figure 2 (Original Revenue Forecast, May 2005):

State of the Economy

As indicated by the additional revenues for the state and general economic indicators, the state of Washington’s economy is on the increase. Perhaps the optimistic outlook is created in part by comparison to the lean years Washington has encountered over the past five years. However, there are three indicators that provide for a brighter economic outlook for Washington: the housing boom, relatively low energy costs and low interest rates. As Dr. Chang Mook Sohn, chief state revenue forecaster for the Governor’s Council of Economic Advisors mentions in an OFM press release, “our economy’s sustainability rests on some
volatile factors – a weakening housing market, instability in oil-producing nations, and the pressure of higher interest rates. As we write a budget now, we need to be mindful of future needs.” However, the good news for Washington, according to Dr. Sohn, is that “The new forecast leaves $1.63 billion in reserve, meeting the Governor's goal of saving in the current biennium as much new revenue as possible so adequate funds are available to finance important state services in the next, two-year budget period (OFM, Press Release, February 15, 2005).” This sentiment was echoed in a letter by Governor Gregoire sent to the Legislature announcing that the state had added 85,000 additional jobs and that “…for the first time in years, we do not face the painful task of deciding which vital services to cut (Ammons, 12-20-06).”

**Political composition of state government**

In today’s political nomenclature, Washington would have to be referred to as a “Blue” state, although within the state, there are divisions between the Democratic west side of Cascades and the Republican east side of the state. While Democrats have controlled the governorship for 14 years, the Legislature has gone back and forth between the parties, twice with 49-49 ties in the House. After the 2004 election, the Democrats took control of the Legislature, electing Lisa Brown as Senate majority leader and Frank Chopp as House majority leader. Budgeting in 2006 was influenced by the fact that 2006 was an election year. As the Seattle Times notes, “2006 is an election year with all 98 House seats and 49 Senate seats on next fall’s ballot, so there likely will be more posturing than policymaking this session (Thomas, 01-08-2006).” In addition, with a biennial budget, 2006 was the year of a supplemental budget only, amending decisions made in the previous year, but not approving an overall budget. It was also the constitutionally mandated short session, ending in April, so the supplemental budget needs to be approved more quickly than the biennial budget in odd numbered years. As the minority party, the Republicans focused more on politics and the upcoming election. Playing the role of the opposition party they placed great effort into demonstrating their displeasures with the Democratic budget policy:

House Democrats pushed through a new supplemental state budget plan Friday night after rejecting GOP claims of reckless spending and budget trickery. Next stop: House and Senate negotiators must hammer out a compromise by the Legislature's adjournment deadline of March 9, now less than two weeks away. The House vote was a straight party line, 53 to 43, and capped a day of closed-door caucuses and verbal brawls on the House floor. The presiding officer, Speaker Pro Tempore John Lovick, at times gavelled down tart-tongued Republicans, who in turn accused the majority party of muzzling them (Ammons, 02-24-06).

Despite Republican opposition, Democrats had the party support to push budgetary legislation through without much trouble.
Executive budget

Because the election was not certified for almost two months, it was not until March of 2005, that Governor Gregoire issued the 2005-2007 biennial budget. In it, she asserted that her budget “… changes the culture of state government. It thins middle management, reduces costs for equipment and supplies and puts this government on notice that programs that don’t perform will be eliminated. I have never been afraid to embrace change when it’s clear that changes must be made. This budget is about leading boldly and doing more than it takes to just get by. It is about creating hope and opportunity, and making the decisions that make a difference – for the better – in the lives of Washington citizens.” Her original biennial budget request for 2005-2007 is pictured in Figure 3 below. As you will note, Human Services, K-12 and Higher Education command some 82% of the state’s budget.

Figure 3 (Original biennial budget for 2005-2007):

In the original budget request shown above, her initiatives were to be financed by budget reductions and modest tax revenue increases. In just eleven month’s times, however, the Governor was able to issue a supplemental budget built not on sacrifice and scarcity, but surplus. As a result, the Governor’s December 8, 2005 supplemental budget included significant increases in spending for education, mandatory programs such as social services, and debt programs. However, as the Governor made great pains to point out to the press and her constituents, her proposed supplemental budget not only made necessary spending measures a reality, but also provided significant carryover funds for the 2007-2009 biennial budget. The details of the Governor’s supplemental budget are listed in Figure 4.
Figure 4 (Governor Gregoire’s Proposed Supplemental Budget):

### 2005-07 State General Fund Balance Sheet

Includes the Governor's 2006 Proposed Supplemental Budget  
(Dollars in Millions)

<table>
<thead>
<tr>
<th>Resources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>852.6</td>
</tr>
<tr>
<td>November 2005 Revenue Forecast</td>
<td>26,335.7</td>
</tr>
<tr>
<td>Legislatively-enacted fund transfers and other adjustments</td>
<td>216.8</td>
</tr>
</tbody>
</table>

#### Governor’s Supplemental Budget:

| Energy Initiative - Utility Tax Credit | (7.5) |
| Tax penalty and payment date revisions | (18.3) |
| All other revenue legislation proposals | (2.5)  |
| **Total Resources** | **26,524.3** |

#### Adjustments to fund transfers

| **Total Resources (including beginning fund balance)** | **27,247.5** |

**Expenditures**

| Current 2005-07 Appropriation | 25,952.4  |

#### Governor’s Supplemental Budget:

| Maintenance and Other Expenditures | 501.0  |
| Appropriations to Reserves | 591.4  |
| **Total Expenditures** | **1,094.4**  |

#### Balance

| Unrestricted General Fund-State Balance | 200.7 |

**Legislative budget**

The Legislature made some changes but largely adopted the Governor’s budget proposals. Both Senate Bill 6386 (Figure 5 below) House Bill 2552 (Figure 6 below) deal with the Governor’s budget recommendation and were passed by each house respectively. However, the legislation passed by the House and Senate differ enough, that they needed to be resolved in conference.

As the Seattle Times discussed on February 24th, 2005, “The House and Senate supplemental budgets are fairly close in spending, savings and tax cuts, but resolving differences could be difficult on some points, said House Appropriations Chairwoman Helen Sommers, D-Seattle (Ammons, 02-24-2006).” The House, for example, included $25 million for a new housing program in their budgets, in addition to the two chambers having somewhat different tax-cut lists. After the House, Senate and Governor hammered out a final agreement, the new spending was added to the two-year, $26 billion budget that was adopted last May. Specifically, the supplementary budget includes $171 million for K-12, including $31 million for WASL help, and $5 million for a 1 percent pay bump when teachers hit their 25th year. The proposed $46 million boost for higher education includes 230 enrollment increases in high-demand fields and startup funds for an Everett branch campus of the University of Washington. The budget includes more than $50 million for the prison system, $13 million for resource agencies and $122 million for the Department of Social and Health Services. The House agrees with the Senate's plan for a $49 million contribution to the state's pension system and $300 million more for pension reserves (Ammons, 02-24-2006). The supplemental spending is geared towards programs and services that already consume a
considerable portion of the appropriation: education, social services, but also limited tax cuts and considerable reserves for the next fiscal biennial budget.

Figure 5:
(Senate Bill 6386, passed February 17, 2006)
Appropriations Chair Proposal

The Chair's budget proposal spends 37 percent of available resources, leaving about 63 percent available for anticipated costs in the 2007-09 biennium.

2006 Supplemental Budget Proposal

$1.57 Billion

- Student Achievement Fund $200
- Health Services Account $200
- Debt Service Reserve $100
- Pension Funding Stabilization $350
- Maintenance and Other Expenditures $478
- Ending Fund Balance $238

The budget proposal is expected to leave $985 million available for future budgets.

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Achievement Fund</td>
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</tr>
<tr>
<td>Health Services Account</td>
<td>$146 million</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$100 million</td>
</tr>
<tr>
<td>Pension Funding Stabilization Account</td>
<td>$301 million</td>
</tr>
<tr>
<td>Ending Fund Balance (GF-S)</td>
<td>$238 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$985 million</strong></td>
</tr>
</tbody>
</table>

*After 2005-07 Expenditures*
Final budget

On March 7, 2006, the Senate and House completed their conference to reconcile the differences in their supplemental spending bills. As the Seattle Times pointed out, “Negotiators released details of a $1.35 billion supplemental state budget that also includes more than $53 million in business tax cuts and a savings account of $935 million (Ammons, 03-08-2006).” The final Conference Bill ESSB 6384 is presented below in Figures 7 and 8.

Figure 7 (Conference Supplemental Budget):

2005-07 Biennial Balance Sheet Including Proposed 2006 Supplemental Budget (Conference)

General Fund-State Dollars in Millions

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>869.7</td>
</tr>
<tr>
<td>November 2005 Forecast</td>
<td>26,335.7</td>
</tr>
<tr>
<td>February 2006 Forecast Update</td>
<td>107.3</td>
</tr>
<tr>
<td>Legislatively-enacted fund transfers and other adjustments</td>
<td>216.8</td>
</tr>
<tr>
<td><strong>2006 Supplemental: Legislation Impacting Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue Policy Legislation (Net)</td>
<td>(4.4)</td>
</tr>
<tr>
<td><strong>Current Revenue Totals</strong></td>
<td>26,655.4</td>
</tr>
<tr>
<td>Adjustments to fund transfers</td>
<td>(9.5)</td>
</tr>
<tr>
<td><strong>Total Resources (Includes Fund Balance)</strong></td>
<td>27,515.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPROPRIATIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-07 Appropriations</td>
<td>25,952.4</td>
</tr>
<tr>
<td>2006 Supplemental Budget</td>
<td></td>
</tr>
<tr>
<td>Maintenance and Policy Expenditures</td>
<td>522.5</td>
</tr>
<tr>
<td>Appropriations to Reserves and Other Funds</td>
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<tr>
<td>Student Achievement Fund [1]</td>
<td>275.0</td>
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<tr>
<td>Health Services Account [1], [2]</td>
<td>200.0</td>
</tr>
<tr>
<td>Pension Stabilization [1], [3]</td>
<td>350.0</td>
</tr>
<tr>
<td><strong>Total Appropriations</strong></td>
<td>27,299.9</td>
</tr>
</tbody>
</table>

UNRESTRICTED GENERAL FUND BALANCE

| Projected Ending Fund Balance     | 215.7  |

[2] A portion of the funding ($57m) is spent in the 2005-07 Biennium.
Conference Bill ESSB 6384 includes additional spending in the following specific areas:

- Eliminated the $5 daily, $50 annual, day-use parking fee for state parks.
- Provided $28.5 million for remedial help for students struggling with the WASL.
- Provided $13 million to help students with math and science.
- Provided $16 million for a teacher salary increase of 0.5 percent.
- Boosted higher education enrollments by nearly 500.
- Expanded the Basic Health Program, the state-subsidized insurance plan for the working poor, by 6,500 clients to 106,500.
- Expanded the Children's Health Program by 14,000, and added money for pandemic flu preparedness and for community clinics.
- Added $10 million for nursing homes.
- Added $18 million for prescription drug co-payments.
- Added $52 million for welfare programs, and money for other human service programs.
- Added $19 million for natural resource agencies, including parks.
- Provided $7 million for minor league baseball fields.
- Paid $350 million into pensions.
Of special note, to increase spending in these areas, both the House and Senate had to vote to suspend Initiative-601’s spending limits. Now, while seemingly counterintuitive by nature, I-601 contains a suspension clause that allows for spending increases above the ceiling designated by I-601, if both houses of the legislature deem it necessary. This is the second consecutive year the Legislature has decided to suspend I-601’s spending limit. (McGann, 03-08-2006). While allowing the Legislature to provide additional savings during the enactment of this year’s supplemental budget, the fact that I-601’s spending limits can be so easily superseded calls into question the initiative’s continued effectiveness and relevance.

In addition to the increased spending in these areas, the Conference Bill ESSB 6384 also included significant tax savings for large and small business alike:

- A $3.5 million-per-year tax write-off for businesses that contribute to a motion picture industry promotion fund.
- An estimated $4.5 million worth of tax breaks for diesel fuel used by farmers, and a $5.8 million sales tax discount for farm machinery repairs.
- Some $3 million in tax credits for public utilities that provide heating assistance to the poor.
- Nearly $3 million in tax breaks for aerospace suppliers.
- More than $2.8 million in excise tax discounts for dairy and seafood products.
- About $1.1 million in benefits for aluminum smelters.

The spending package and tax reduction is higher than Governor Christine Gregoire or either Chamber initially proposed. Nevertheless, Democrats in both Houses asked negotiators to add money and reduce taxes as listed above. It is not expected that the Governor will veto any portion of the supplemental spending bill (Woodward, 03-08-2006). In her Veto Message of March 31, 2006, the Governor did veto nine line items from the supplemental spending bill as passed by the legislature; however, as expected, none of these vetoes removed any of the spending or tax changes mentioned above (Governor’s Veto Message, March 31, 2006).

Summary and Conclusion

Washington is enjoying the benefits of strong economic growth that has helped the state to increase funding for education, pensions, and savings for the next biennial budget. In other words, Washington is in an enviable financial position. Still, there are three questions that remain potential problems when one considers Washington’s budget.
First, will the good times last? While there can be little doubt that Governor Gregoire’s political fortunes have been positively impacted by the improved economic and budgetary position of Washington, there are ominous economic signs on the horizon.

As NASBO (National Governors Association National Association of State Budget Officers) pointed out in June of this past year:

While the extreme revenue shortfalls states experienced recently have subsided, most states still face tough budget challenges. In fiscal 2005, resurgent revenue growth was tempered by a backlog of expenditure demands, the after effects of the federal fiscal relief package, and general spending increases in nearly all major program areas, Medicaid being the most costly. Much of the same is expected in fiscal 2006: states see revenues performing above estimates, less profound expenditure growth, and a decline in total balances (“Fiscal Survey of the States”, 05-2006).

This “backlog” of spending is where most of Washington’s surplus has been directed towards, e.g., education, social services and debit service. However, the Governor and Legislature have made great pains, both privately and publicly, to raise awareness of the monies being held in reserve for the next biennial budget – hedging their budgetary bets and political clout beyond 2006.

Additionally, as the NY Times reported on March 1st, 2006, the sales of existing homes and consumer confidence are slipping. The Commerce Department reported that the sales of new homes fell 5 percent in January from the 2005 figures. The Conference Board also reported that the consumer confidence index fell to 101.7 in February down from 106.8 in January. The average American has expressed greater concern about future job prospects and earnings power. Lynn Franco, director of the Conference Board's consumer research center, reported that some concern was based on the increases in mortgage rates and a drop in refinancing activity (Bajaj, 03-1-2006). In addition, retail sales slowed in February (AP, March 2, 2006). While these are all short term indicators, that could well reverse themselves in the future, they do point to the same concerns that Dr. Chang Mook Sohn, chief state revenue forecaster, mentioned in terms of a weakening economy damaging Washington’s revenue base with it dependence on sales and use, along with property taxes.

Second, in addition to a slowing economy and reduced revenue, Washington’s tax base only exacerbates any economic slowdown because of its limited breadth. It seems that Washington’s response to the volatility of their revenue flow has been to work on constricting spending, e.g., I-601, and improve the efficiency of government, e.g., performance budgeting. However, these are really only treating the symptoms and not addressing the underlying disease – the cause of the instability of revenue flow – a restricted revenue base. Washington, like many other states, must consider the merit of expanding the tax base to help ease the transition between business cycles and the inevitable instability in revenues that results.
Relying on sales and use, along with property and business taxes leaves Washington at the mercy of the ever-changing business cycles. While it is within the realm of possibility that the Governor and Legislature could move to adjust taxation in Washington to include personal income, services, etc., to both widen and diversify Washington’s tax base, the political will is not there. Even though a more diverse tax base could provide more stability and an opportunity to achieve a more constant revenue stream, there is little momentum for reform and an income tax remains politically a non-starter. Right now, however, the state is benefiting from the tax base it has; but, depending on how factors such as consumer confidence/spending, inflation and interest rates change over time, the state could be looking at a whole different budget situation in the very near future.

Thirdly, Washington’s tax base, which primarily relies on sales and use, along with property and business taxes, not only leaves Washington at the mercy of ever changing business cycles, but is also highly regressive and will continue to be so until the tax base is widened to reduce the pressure on maintaining high sales and use taxes. Sales and use taxes, which comprise over 50% of the state’s budget, are highly regressive because they command a larger proportion of income from those of lower socio-economic status than those of a higher socio-economic status. While Washington exempts certain staple goods from the tax, in particular most foods, all other consumables are taxed.

As the Seattle Times notes, “What we have is a 19th-century tax system ill equipped for the 21st. Fairness is key: Who pays and how much? In Washington, the two groups that bear the brunt are businesses (especially small ones) and the poor, while middle- and large-size companies and wealthy households pay the least in proportion to their income. Washington has the second-highest reliance on the sales tax in the nation and one of the highest sales-tax rates.” Further, Washington's tax system is the most regressive in the nation (Taylor, April 4, 2005). Families in the poorest 20 percent income group in California, Idaho and Oregon pay between 9 percent and 11 percent of their income in local and state taxes, similar to the wealthiest in those states. In Washington, however, the lowest income group pays nearly 18 percent of income on taxes, while the top 1 percent pays less than 4 percent.

Budgeting in Washington took a positive turn in 2006. For the first time in the new century, the state was looking at revenue surpluses rather than short-falls. With unified party control, the Governor and Legislature were able to pass budgets in a timely fashion without the deadlocks and series of additional legislative sessions that had plagued state government since the mid-1990s. The revenue forecasts through mid-2006 continue to be rosy perhaps meaning that the 2007-09 biennial budget would be easier for decision-makers than in previous years.
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