



Washington State Senate

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Senator John Braun
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David Schumacher, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Dear Director Schumacher,

The law requires that the director of OFM make an affirmative finding that the proposed 2017-19 collective bargaining agreements (CBAs) are “feasible financially” for the state and taxpayers. *RCW 41.80.010*.

The cost of the CBAs, with compensation terms extended to non-represented and exempt employees, total over \$700 million General Fund-State (GF-S) in the upcoming biennia and more than \$1.7 billion GF-S over the next four-years. The legislature must also adopt balanced budgets over this same four-year period. This cost of the negotiated CBAs is more than double any other previously negotiated CBA proposals submitted to the Legislature.

While “feasible financially” is not statutorily defined, the intent of the Legislature in including the requirement is clear, especially when read in conjunction with the requirements for the Governor’s budget submittal.

The Governor’s budget submittal is statutorily required to:

“[S]et forth a proposal for expenditures . . . based upon the estimated revenues and caseloads as approved by the economic and revenue forecast council and caseload forecast council[.] . . . Revenues shall be estimated for such fiscal period from the source and at the rates existing by law at the time of submission of the budget document[.]”
RCW 43.88.030(1)

Furthermore, state law requires the Governor’s budget submittal to balance expenditures and resources. *RCW 43.88.030(2)* It is upon this framework that “financial feasibility” is to be determined.

In sum, in order to comply with the law, the OFM director must conclude that the cost of proposed CBA can be accomplished within existing law and revenue to be financially feasible. Your record shows that you agree with the above interpretation of the law, since the Governor's 2015-17 budget included proposed CBA costs in the Governor's existing law and revenue budget submittal.

However, let us review the steps you took to include the CBAs from the last biennium in the Governor's proposed budget, as I hope that these steps are not repeated. Last biennia, while meeting the statutory requirements of (a) certifying the agreements as financially feasible, and (b) including them in the Governor's current law budget, the actual budget decisions in that submittal were indefensible. While approving salary increases for public employees on the one hand your budget also:

- Reduced nursing home payments by over \$100 million in total funds;
- Eliminated services for thousands of individuals with developmental disabilities;
- Closed a secure transition facility that housed sex predators;
- Reduced treatment for people with a history of repeat DUIs;
- Eliminated funding for "Safe Babies, Safe Moms"
- Eliminated health services to over 1,400 children both with cleft lips and palates;
- Reduced by 15% breast, cervical and colon cancer screenings for low-income individuals;
- Reduced access to medications that prevent and control HIV;
- Reduced funding for veterans service organizations;
- Released all prisoners – even the ones deemed most violent and predatory – 150 days early;
- Reduced funding for oversight of violent and mentally ill individuals released to the community where these individuals have been determined to be a sizable risk of committing further acts of violence due to the offender's mental condition;
- Reduced levy equalization by over \$250 million, a 50% reduction;
- Eliminated over 1,000 existing early childhood education slots;
- Reduced tuition assistance for low-income students by over \$250 million;
- Cut state support of higher education by another \$150 million.

In order to fund raises for public employees, you proposed a myriad of what you surely knew were devastating cuts to the most vulnerable among us as well as reduced core educational services.

That budget submittal was submitted to comply technically with your statutory duties as OFM Director to determine the CBAs as financially feasible. It also met your obligation to submit a budget to the legislature which complied with current law and revenue. But accomplishing these goals technically does not mean that you complied with the purpose of the law or that the budget was prepared in a defensible way. The purpose of the law is to have the Governor submit a real budget that could be enacted without devastating consequences to the citizens of Washington state. Your last budget did not comply with the purpose of the law.

Your actions as a member of the Economic and Revenue Forecast Council has further cast doubt on whether the proposed CBAs can be found financially feasible. You voted to add costs of \$1.75 billion related to McCleary compensation as a maintenance level item for the 2017-19 budget, to grow to \$3.5 billion in the 2019-21 budget. As a result, the projected ending fund balance for the general and related funds is a **deficit** of \$1.489 billion. That **deficit** grows to an astounding \$7.44 billion in 2019-21. To certify as financially feasible proposed CBAs that would add \$1.7 billion to this deficit would make mockery of the term "financially feasible."

When faced with a lesser deficit, your predecessor declared 33 CBAs financially **infeasible**, unwilling to sacrifice the essential programs and services our most vulnerable citizens - children, elderly, and disabled - rely upon for their daily living. I urge you to demonstrate the same leadership and fiscal restraint.

I respectfully request, as you undergo your assessment of whether the 2017-19 CBAs are financially feasible, that you please carry out your statutory duty as the law was intended. Only certify the CBAs if they can be funded within existing law and revenues without jeopardizing essential services to our most vulnerable. Submit a real budget that reflects the kind of thoughtful choices responsible public officials are called upon to make. Our taxpayers and most vulnerable deserve nothing less.

Sincerely,

A handwritten signature in black ink, appearing to read "John Braun", with a long horizontal flourish extending to the right.

Senator John Braun
20th Legislative District