

REGIONAL

Washington state faces \$15 billion headache

OLYMPIA (AP) — Washington's mild recession, coupled with lawmakers' determination not to raise taxes while special interests make expensive demands, will give lawmakers a \$15 billion headache this session.

The possibility of war in the Persian Gulf is an added threat as legislators convene Monday for their 105-day session.

State Economist Chang Mook Sohn has predicted a war could knock a \$400 million hole in projected revenues. That would mean massive cuts in the two-year budget lawmakers must write.

Conversely, if a peaceful settlement is negotiated over Iraq's invasion of Kuwait, the state's March revenue forecast could rise by \$100 million.

Gov. Booth Gardner has proposed a \$15.4 billion, two-year spending plan. That's nearly \$900 million out of balance. However, Gardner has recommended cutbacks in agency spending and increased fees that would erase the red ink.

In any event, don't expect any substantive action on the budget until late March or early April.

Before that time, hearings will be held for state agency heads and interest groups to justify their money requests. But the real work on the budget won't begin before March 18, when Sohn releases the revenue forecast.

This year the first draft of the budget will be written by House Appropriations Chairman Gary Locke, D-Seattle. From there the budget will go to the Senate and go through another rewrite by Ways and Means Chairman Dan McDonald, R-Bellevue.

The final budget will be the product of a House-Senate conference committee. When that will happen is anybody's guess. It must be on the books, however, by next July 1, the beginning of the new two-year fiscal period.

Gardner predicts the final legislative product will be similar to his proposal.

Locke and McDonald say probably not. Both men say the governor's budget is no more than a starting point and that they will make major adjustments to reflect changes in the revenue picture and to produce a document that can gain a majority of votes in both houses.

Probably the hottest issue will be pay increases for state employees and public school teachers. Gardner has proposed a 4.4 percent raise the first year of the biennium, followed by a 3.8 percent increase the second year.

The Washington Education Association and state employee unions already have rejected the proposal, calling it an insult.

However, the governor's proposal could be the high-water

mark. McDonald and Locke have said pay increases are low on their priority lists.

The rest of the governor's budget plan is a patchwork of spending cuts — 5 percent in the colleges and universities —

and various belt-tightening steps, fee increases and selected spending increases.

One highly visible tax increase, a penny a pack on cigarettes, isn't a budget-balancer, but a way of financing a new

state ad campaign against smoking.

Most of the budget increases recommended by Gardner would pay for maintaining current state programs, including anticipated higher social ser-

vice caseloads and school enrollments.

A few programs would get actual increases, such as environmental protection, urban-growth management, Puget Sound cleanup and early childhood education.

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