

CHAIR'S REPORT



WASHINGTON
ROUNDTABLE

For more than 35 years our state's senior business leaders have come together as members of the Washington Roundtable to study and advocate for solutions to the state's most pressing public policy challenges. We focus on ensuring Washington students are prepared to succeed in their home state and Washington's infrastructure is sufficient to support its economy and quality of life. We are also committed to diversified economic growth that is spread broadly throughout the state. Washington's economy remains strong, but we are increasingly cautious about the future.

Our state is a national leader in private sector job creation, ranking 2nd in the 2019 Benchmarks for a Better Washington 50-state rankings, and it has enjoyed a decade of economic growth. However, this growth cycle won't last forever. Consequently, we believe steps must be taken to promote, not undermine, the health of our state's economy and business climate. We are concerned lawmakers did not exercise adequate caution in 2019.

State lawmakers entered budget negotiations with \$6.7 billion more in projected revenues than was available when they passed the 2018 supplemental budget. Projected revenue from existing sources would have been enough to fund a large maintenance-level budget, including the costs of previously adopted policies and the full cost of McCleary-related school employee compensation. But lawmakers went far beyond that, increasing biennial spending by \$8 billion, or 18.4 percent. This was the largest percentage spending increase in more than 25 years. It came on the heels of 16.9 percent and 13.6 percent increases in the previous two biennia.

To support this historic increase, state lawmakers raised more than \$1 billion in taxes, largely from businesses. Some of those taxes were proposed in the final days of session without time for public input or honest debate. Much of the new revenue is directed to accounts that are not subject to the four-year balanced budget requirement or constitutionally required transfers to the rainy day fund, thereby further decreasing transparency and sustainability.

Lawmakers made some investments that speak to our shared hope for a better future. Investments in the Washington College Grant, Guided Pathways programs at the state's community and technical colleges, high-demand postsecondary credential programs, and early learning will support progress toward our goal of reaching 70 percent credential attainment by the high school class of 2030. Most of these investments are funded by new business taxes. Policymakers must take steps to ensure these investments result in measurable improvements in outcomes for Washington students.

Washington must be more vigilant about preparing for changes in economic cycles and take steps that will advance, not harm, the state economy, the health of Washington's business climate, and the livelihoods of its residents. This report details legislative and state policy outcomes aligned with our priorities. I encourage you to review it and hope you will engage with us as we look to the future. There is much work to be done.



Sincerely,

Ron E. Armstrong

Retired Chief Executive Officer, PACCAR, Inc.
Chair, Washington Roundtable

ECONOMIC VITALITY: PRIORITIES & OUTCOMES

Deliver a 2019-21 biennial budget that is sustainable, predictable, and supports diversified and inclusive economic growth.

Lawmakers started with \$6.7 billion more in projected revenues than they had when they last passed a budget. They increased biennial spending by \$8 billion and raised more than \$1 billion in new taxes. The adopted budget leaves a relatively low estimated unrestricted ending fund balance and relies on tax increases that could undermine growth.

Support policies that promote economic development and job growth, particularly in non-urban regions.

Lawmakers enacted legislation that creates the Office of Rural Broadband and establishes a competitive grant and loan program to promote expansion of broadband service in underserved areas.

Promote transportation infrastructure asset preservation and maintenance, implement the 2015 Connecting Washington package, and beginning planning for future investments.

Lawmakers continued to implement the 2015 Connecting Washington package. Rather than approve Initiative 976 as filed, lawmakers forwarded the measure to voters for consideration. The Washington Roundtable strongly opposes this measure. It would result in the loss of \$4 billion in state transportation funding over six years and put at risk \$20 billion in transit funding in central Puget Sound as well as \$60 million in annual funding that 63 cities and counties use for basic road maintenance and other local projects.

EDUCATION: PRIORITIES & OUTCOMES

Ensure Washington's youngest learners enter school ready to excel.

Lawmakers increased childcare center reimbursement rates and expanded the Early Childhood Education and Assistance Program. These investments will provide more high-quality early learning opportunities for low-income students and enable child-care providers to support more subsidized students.

Ensure students are positioned to succeed on the post-high school pathway of their choice.

Lawmakers expanded the options available to high school students to demonstrate competency of basic reading, writing, and math standards. They established academic acceleration policies to “nudge” students toward dual-credit and dual-enrollment programs and established the Washington Dual Enrollment Scholarship Pilot program. In addition, a pilot program was established to create a ninth-grade early warning system that will catch students at risk of dropping out. Collectively, these policies hold promise of increasing the credential attainment rate for Washington students.

Expand opportunities for students to pursue post-high school credentials.

With creation of the Workforce Education Investment Act, lawmakers fully funded the Washington College Grant, increased funding for Guided Pathways programs, and invested in additional high-demand enrollments. They also levied significant business tax increases that could hinder future growth. It will be important to track outcomes and hold the state's higher education systems accountable for ensuring these investments drive progress toward increased credential attainment.



The Washington Roundtable is a nonprofit organization comprised of senior executives of major private sector employers in Washington state. Founded in 1983, the Roundtable works to effect positive change on the public policy issues that are most important to supporting state economic vitality and fostering opportunity for Washingtonians. We are committed to making Washington a better place to live, work and do business.

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