

Budget Outlook:

Overview

April 14, 2014

To: Economic and Revenue Forecast Council

From: State Budget Outlook Work Group

Subject: Enacted 2014 Supplemental Budget Outlook

The State Budget Outlook Work Group has prepared a draft outlook for the enacted 2014 supplemental operating budget, Chapter 221, Laws of 2014 Partial Veto (ESSB 6002), for review by the Economic and Revenue Forecast Council at its April 16 meeting.

Attached is the methodology used by the Work Group in preparing the draft Outlook on the enacted budget.

The following table summarizes the differences between the outlooks prepared by legislative staff to reflect the budget as passed by the Legislature and the draft outlook to reflect the enacted budget; the specific changes follow this summary table.

<i>(In Millions)</i>	Enacted Budget Outlook			Conference Budget Outlook			Difference
Resource Differences	2013-15	2015-17	Total	2013-15	2015-17	Total	Total
Veto (Energy Freedom and Life Science Discovery)	-	52.7	52.7	21.0	52.7	73.8	(21.0)
Lapses (E3SSB 5887 - Medical and Recreational Marijuana)	-	-	-	(2.0)	(4.4)	(6.4)	6.4
Corrections (Legislation Impacts & Budget Driven Revenue- LCB)	10.6	5.1	15.7	12.7	9.7	22.4	(6.7)
Total Resource Differences	68.4			89.7			(21.3)
Policy Level Expenditure Differences	Enacted Budget Outlook			Conference Budget Outlook			Difference
	2013-15	2015-17	Total	2013-15	2015-17	Total	Total
Veto/lapses							
K-12	61.0	153.0	214.0	62.8	157.7	220.6	(6.6)
Children's/Economic Services/Child Care	9.9	50.9	60.8	10.0	50.9	60.9	(0.1)
All Other (DOH, Disaster Response, etc.)	22.1	23.7	45.8	23.0	25.7	48.7	(2.9)
Total Expenditure Differences	320.6			330.1			(9.5)
Net Differences (Resources changes minus expenditure changes)							(11.8)

Error Corrections

Resources

- Chapter 207, Laws of 2014 (ESHB 1287 - Indian Tribes/Property Tax); the As Passed outlooks reflected revenue of \$600,000 in FY 15 and \$4.5 million in the 2015-17 biennium; the estimated revenue of \$400,000 in 2015-17 reflects the updated fiscal note.
- Budget driven revenue for the Liquor Control Board in FY 2015 is reduced by \$1.3 million.

Lapses/Veto

Resources

- E3SSB 5887 (medical and recreational marijuana) did not pass; decreased revenue to the General Fund of \$2 million in FY 2015 and \$4.3 million in the 2015-17 biennium attributable to this bill and assumed in the As Passed outlooks is corrected.

Expenditures

- E3SSB 5887 (medical and recreational marijuana) did not pass; \$2.1 million in FY 2015 and \$4.2 million in 2015-17 of expenditures attributable to this bill were assumed in the As Passed outlooks and are removed from the enacted outlook.

Veto

Resources

- The Governor vetoed a \$20 million fund transfer in FY 2015 from the Life Sciences Discovery Fund to the Education Legacy Trust Account. The Governor's veto did not affect the Legislature's expressed intent to transfer \$52.7 million in the 2015-17 biennium.
- The Governor vetoed a \$1 million transfer in 2013-15 from the Energy Freedom Account to the General Fund.

Expenditures

- The Governor vetoed a \$1.5 million reduction in the FY 2015 General Fund appropriation to the Disaster Response Account; this reduces resources in the General Fund
- The Governor vetoed a \$163,000 FY 2015 General Fund appropriation to the State Actuary for enhanced actuarial analysis of Medicaid programs
- The Governor vetoed a reduced General Fund appropriation of \$87,000 for the Caseload Forecast Council in the 2013-15 biennium.

- The Governor vetoed a \$35,000 FY 2015 General Fund appropriation to the DSHS-Child and Family Services to develop and pay a special rate add-on for providers serving children on the Children's Long-Term Inpatient Program Placement (CLIP) waitlist
- The Governor vetoed a \$1.99 million FY 2015 General Fund appropriation to the Office of the Superintendent of Public Instruction to compensate for reduced revenues from federal forest lands.

Attachment