

November 2, 2015

To: Economic and Revenue Forecast Council

From: State Budget Outlook Work Group

Subject: Criteria for use of resources and preparation of the November 2015 Outlook

The State Budget Outlook Work Group (work group) poses the following issues for the Economic and Revenue Forecast Council (ERFC) to provide guidance in the preparation of the November 2015 Outlook.

Methodology for November 2015

Resource Updates

- The November 2015 Outlook will be updated for the November 2015 revenue forecast. However, the extraordinary revenue growth (ERG) calculation based on the November 2015 forecast will not be available. The work group will use the ERG calculation from the September 2015 forecast.
- Reversions for fiscal year 2015 will reflect actuals. Future year reversion assumptions will not be changed.

Maintenance Level Updates

- The November 2015 Outlook will begin with the enacted budget and include a preliminary estimate of maintenance level costs. These estimates are to reflect projected expenditures based on the estimated cost of providing services currently authorized in the budget. This estimate of maintenance level is not final.

Initiative 1366

- The November 2015 Outlook will not reflect Initiative 1366 as the election results will not be officially certified at the time of Outlook preparation. Additionally, should Initiative 1366 be enacted, the effect varies as it is dependent upon legislative action.

Other Items

- The November 2015 Outlook will include the preliminary updates to maintenance level, however there have been costs in the past that are not maintenance level that the ERFC has opted to include. In prior Outlook preparations, these costs were limited to costs incurred from certain lawsuits and fire/disaster response.
 - Costs related to fire mobilization in 2015 will continue to be further refined but initial costs are estimated to be \$155 million. Does the ERFC want to include fire mobilization costs?
 - The Washington Supreme Court issued contempt sanctions of \$100,000 per day until the Legislature submits a plan related to *McCleary* lawsuit. Does the ERFC want to include the costs of sanctions? If so, should the costs be through November 18, 2015 (date the Outlook is prepared), the beginning of legislative session, or some other date?