



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes **Budget Outlook Assumptions** January 22, 2013 J.L. O'Brien, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair

Andy Hill, Senator

Ed Orcutt, House of Representatives

Treasurer Jim McIntire

Brad Flaherty, Department of Revenue

David Schumacher, Office of Financial
Management

Staff

Steve Lerch, Executive Director, ERFC

Budget Outlook representatives:

Candace Espeseth

Dave Johnson

Bryon Moore

Call to Order

The meeting was called to order by Representative Hunter at 12:08 p.m.

Other Business

Representative Hunter welcomes new members David Schumacher, Senator Jim Hargrove (not present) and Senator Andy Hill.

Presentation on Budget Outlook

Candace Espeseth presented information on the budget outlook and reviewed questions on assumptions to use in the budget outlook methodology. The questions include:

1. Are two budget outlooks required for the Governor's budget: one for the Current Law Budget submitted to comply with RCW 43.88 and one for the Governor's proposed (new law) budget which, in the case of Governor Gregoire's budget, includes new revenue legislation?
 1. *Response: The Council discussed how current law is utilized in the revenue forecast. Both of the Governor's proposed budgets include items that include assumptions that are dependent on legislative changes. The consensus of the Council is to prepare two outlooks, based on the Governor's two proposals. The Council will revisit this in a couple years to assure that the outlooks are both being utilized or whether the Work Group will only project one moving forward.*
2. Does the format of the January Outlook require that revenues and expenditures related to the McCleary decision be separated from other policy items in the Governor's budget? (The Governor proposes a dedicated tax that phases in to support McCleary related expenditures)
 1. *Response: The Council prefers that the McCleary expenditures be included inline rather than separated out on the budget outlook documents.*
3. When the legislature adopts the biennial budget, the 2013-15 biennium must be balanced. In addition, the projected maintenance level spending for 2015-17 must not exceed the projected resources for the 2015-17 biennium. In calculating the 2015-17 biennium, the statute requires that "in the 2013-2015 and 2015-2017 fiscal biennia the

costs related to the enhanced funding under the new definition of basic education” not be included in that estimate.

In calculating the 2015-17 maintenance level, should McCleary related funding provided in 2013-15 be included in the 2015-17 maintenance level (excluding only the step up from 2013-15 to 2015-17)? Or, alternatively, should the entire amount (amounts provided in 2013-15 plus the step up) be excluded from the maintenance level estimate for 2015-17? Does the ERFC wish to weigh in on this issue?

1. *Yes, McCleary related funding provided in 2013-15 should be included in the 2015-17 maintenance level.*

Adjournment

Meeting adjourned at 12:34 p.m.



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Meeting Minutes Budget Outlook Assumptions

January 31, 2013

J.L. O'Brien, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair

Andy Hill, Senate

Jim Hargrove, Senate

Treasurer Jim McIntire

Brad Flaherty, Department of Revenue

David Schumacher, Office of Financial

Management

Staff

Steve Lerch, Executive Director, ERFC

Budget Outlook representatives:

Candace Espeseth

Pam Davidson

Bryon Moore

Dave Johnson

Call to Order

The meeting was called to order by Representative Hunter at 12:04 p.m.

Other Business

Representative Hunter welcomes new members David Schumacher, Senator Jim Hargrove, Representative Terry Nealey (not present) and Senator Andy Hill. Continuing to serve on the board are Representative Hunter, Director Flaherty, and Treasurer McIntire.

Presentation on Budget Outlook

Candace Espeseth presented information on the budget outlook. Information provided includes resources, expenditures, policy issues, projected ending balance and Budget Stabilization Account Balance.

Discussion ensued between ERFC members regarding the purpose of the budget outlook process.

The next budget outlook will be required 30 days from an enacted budget from the legislature.

Motion

Director Flaherty moved and Representative Hunter seconded to adopt minutes from the January 22, 2013 Budget Outlook Assumptions Meeting. Council approved the motion at 12:19 p.m.

Motion

Senator Hill moved, seconded by Representative Hunter to adopt the budget outlooks as proposed by the Budget Outlook Work Group. Council approved the motion at 12:27 p.m.

Adjournment

Meeting adjourned at 12:34 p.m.



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Meeting Minutes Economic Review

March 7, 2013

John L. O'Brien, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate
Terry Nealey, House of Representatives
Treasurer Jim McIntire
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Representative Hunter at 12:03 pm.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the November 14, 2012 meeting, seconded by Representative Hunter. Council approved the motion, with one abstention from Director Nelson, at 12:04 pm.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the January 31, 2013 meeting, seconded by Representative Hunter. Council approved the motion, with one abstention from Director Nelson, at 12:04 pm.

Presentation on Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding the stock market and foreign debt and lack of economic growth.

Other Business

Representative Hunter welcomes Carol Nelson, Director of the Department of Revenue to the Economic and Revenue Forecast Council.

Motion

Senator Hargrove moves, seconded by Treasurer McIntire that the baseline forecast include sensitivity analysis of the average monthly impact of sequestration. Council approved the motion at 12:51 pm.

Adjournment

Meeting adjourned at 12:51 pm.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes Revenue Review

March 20, 2013

John L. O'Brien, Hearing Room A

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate
Terry Nealey, House of Representatives
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Representative Hunter at 12:03 pm.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the March 7, 2013 meeting, seconded by Representative Hunter. Council approved the motion at 12:04 pm.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the January 31, 2013 meeting, seconded by Representative Hunter. Council approved the motion at 12:04 pm.

Presentation on Revenue Forecast

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies.

Motion

Senator Hill moved, seconded by Representative that the baseline revenue forecast be adopted. Council unanimously approved the motion at 12:22 pm.

Adjournment

Meeting adjourned at 12:23 pm.



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ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

**Meeting Minutes
Economic Review**

June 6, 2013

John L. O'Brien, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Jim McIntire, Treasurer
Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Treasurer McIntire at 2:54 pm. It was noted that a quorum is not established for this meeting so all motions are tabled until June 18, 2013 meeting.

Presentation on Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding agricultural exports, particularly wheat exports to trading partners.

Adjournment

Meeting adjourned at 3:15 pm.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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Meeting Minutes Revenue Review

June 18, 2013

John L. O'Brien, Hearing Room B

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate
Terry Nealey, House of Representatives
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management
James McIntire, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Representative Hunter at 10:00 am.

Motion

Andy Hill made a motion to approve the meeting minutes from the March 20, 2013 meeting, seconded by David Schumacher. Council approved the motion at 10:01 am.

Motion

Andy Hill made a motion to approve the meeting minutes from the June 6, 2013 meeting, seconded by David Schumacher. Council approved the motion at 10:01 am.

Presentation on Revenue Forecast

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Dr. Lerch presented the baseline, optimistic, and pessimistic forecasts.

Motion

Senator Hill moved, seconded by David Schumacher that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:21 am.

Adjournment

Meeting adjourned at 10:21 am.



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Meeting Minutes Economic Review

July 29, 2013

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Jim Hargrove, Senate (via phone)
Terry Nealey, House of Representatives
Treasurer Jim McIntire (via phone)
Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director,
ERFC
Bryon Moore, Senate Ways and
Means Committee
Dave Johnson, House Ways and
Means Committee
Jim Crawford, Office of Financial
Management

Call to Order

The meeting was called to order by Representative Hunter at 10:00 am.

Presentation on the Washington State Budget Outlook

Members from the Budget Outlook Work Group presented the July 2013 outlook for the enacted 2013 budget based on 3ESSB 5034. Discussion ensued regarding growth rates, caseloads for medical, and an overview of the items listed in the outlook document. The Council discussed that an overview of the assumptions prior to adoption is helpful, and agreed to replicate past meetings where the methodology is reviewed at a meeting prior to the adoption meeting.

Motion

Representative Nealey made a motion to adopt the budget outlook as presented, seconded by Carol Nelson. The motion passed at 10:40 a.m.

Adjournment

Meeting adjourned at 10:40 am.



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Meeting Minutes Economic Review

September 5, 2013

John L. O'Brien, Hearing Room C

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Jim Hargrove, Senate
Terry Nealey, House of Representatives (via telephone)
Treasurer Jim McIntire
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Representative Hunter at 2:32 pm.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the June 18, 2013 Revenue Review meeting, seconded by Carol Nelson. Council approved the motion at 2:33 pm.

Motion

Representative Hunter made one correction to the title of the Budget Outlook meeting minutes. Treasurer McIntire made a motion to approve amended meeting minutes from the July 29, 2013 Budget Outlook meeting, seconded by Carol Nelson. Council approved the motion at 2:33 pm.

Presentation on Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding revenue act collections slide and Dr. Lerch confirmed that the graph does include policy changes. There was further discussion about reliability of data from China regarding their economic growth, Washington export data that includes non-tangible items, like software and other intellectual property and Washington revenue trends.

Adjournment

Meeting adjourned at 3:04 pm.



STATE OF WASHINGTON

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Meeting Minutes Revenue Review

September 18, 2013

John L. O'Brien, Hearing Room B

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate (via phone)
Terry Nealey, House of Representatives (via phone)
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management
James McIntire, Treasurer

Staff

Steve Lerch, Executive Director,
ERFC

Call to Order

The meeting was called to order by Representative Hunter at 10:01 a.m.

Executive Session

Representative Hunter called an executive session to discuss the performance of the forecast supervisor as required by RCW 82.33.010.

Reconvene

The meeting reconvened after executive session at exactly 10:15 a.m.

Motion

Andy Hill made a motion to approve the meeting minutes from the September 5, 2013 meeting, seconded by David Schumacher. Council approved the motion at 10:15 a.m.

Presentation on Revenue Forecast

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes.

Motion

Senator Hill moved, seconded by Jim McIntire that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:39 am.

Adjournment

Meeting adjourned at 10:39 am.



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Meeting Minutes Economic Review

November 7, 2013

John L. O'Brien, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate
Terry Nealey, House of Representatives
Carol Nelson, Department of Revenue

Staff

Steve Lerch, ERFC
Budget Outlook representatives:
Richard Ramsey, Senate
Pam Davidson, OFM
Melissa Palmer, House of Representatives

Call to Order

The meeting was called to order by Representative Hunter at 2:31 pm.

Presentation on Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies.

Motion

Representative Nealey made a motion to approve the meeting minutes from the September 18, 2013 revenue meeting, seconded by Representative Hunter. Council approved the motion at 2:55 pm.

Presentation on Budget Outlook

Richard Ramsey presented information on the budget outlook and recommendations from the Budget Outlook Work Group.

The Council agreed with the following recommendations from the Budget Outlook Work Group:

- The format presentation of the final outlook;
- Including 2017-19 biennium beginning with the outlook in November 2014;
- Including reversions in fiscal years 2016 and 2017 based upon the 10-year average for reversions;

- Each June, the Work Group will calculate the functional area growth assumptions to measure performance and to identify any changes to the council.

Pam Davidson reviewed the methodology, assumptions and format that will be utilized in the upcoming Budget Outlook that will be reviewed and adopted on November 20, 2013.

Adjournment

Meeting adjourned at 3:06 pm.



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Meeting Minutes Revenue Review

November 20, 2013

John L. O'Brien, Hearing Room B

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senate
Jim Hargrove, Senate
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management
James McIntire, Treasurer

Staff

Steve Lerch, ERFC
Budget Outlook representatives:
Richard Ramsey, Senate
Pam Davidson, OFM
Melissa Palmer, House of Representatives

Call to Order

The meeting was called to order by Representative Hunter at 10:04 a.m.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the November 7, 2013 meeting, seconded by Director Schumacher. Council approved the motion at 10:04 a.m.

Presentation on Revenue Forecast

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding the technical corrections applied to the forecast which reclassifies funds from "revenue" to "total resources".

Motion

Treasurer McIntire moved, seconded by Senator Hill, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:30 a.m.

Presentation on the Washington State Budget Outlook

Members from the Budget Outlook Work Group present the November 2013 outlook for the enacted 2013 budget based on 3ESSB 5034. Some of the changes include caseload changes, technical corrections, recoveries, and central service and debt service charges and expenditures.

Motion

Senator Hill made a motion to adopt the budget outlook as presented, seconded by Representative Hunter. The motion passed unanimously at 10:46 a.m.

Other items

Treasurer McIntire moved, seconded by Director Schumacher, the Council empowers the Chair to negotiate the contract renewal for the Supervisor of the Forecast including a compensation increase of 2.5%. The motion is approved unanimously at 10:47 a.m.

Adjournment

Meeting adjourned at 10:47 am.