



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 16, 2014 Senate Rules Room

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director, ERFC

Budget Outlook representatives:

Pam Davidson
Melissa Palmer
Richard Ramsey

Call to Order

The meeting was called to order by Representative Hunter at 10:06 a.m.

Presentation on Budget Outlook

Richard Ramsey, Melissa Palmer, and Pam Davidson presented information on the budget outlook and reviewed questions on assumptions to use in the budget outlook methodology. The questions include:

1. *Is sufficient action taken in the budget to assume savings in the outlook?*

Primary Criteria

For the enacted Legislative budget outlook, prepared 30 days following enactment of the budget, the Council could require future savings included in the outlook be related to policies reflected in:

1. An enacted bill or a bill that has passed the Legislature;
2. A fiscal note written to an enacted bill or a bill that has passed the Legislature;
3. The enacted budget or budget proviso; or
4. The agency detail for the enacted budget.

Given the timing for the Governor's proposed budget outlook, which is prepared in January of each fiscal year, the Council could require future savings included in the outlook be related to policies reflected in:

1. A proposed bill, an enacted bill or a bill that has passed the Legislature;
2. A fiscal note written to a proposed bill, an enacted bill or a bill that has passed the Legislature;
3. The proposed budget or proviso in the proposed budget; or
4. The agency detail for the proposed budget.

Additional Criteria

The documents listed for the Primary Criteria may vary in the level of detail. Given this, the Council could require that the savings be related to one of the documents listed above and that the document include enough specificity to be quantifiable. The level of detail could include, but not be limited to:

1. Defined objectives;
2. Specific actions; and
3. An implementation timeline or plan.

If the criteria the Council selects are met and the savings are included in the outlook, the council could require that methodology and assumptions for determining the fiscal impact be set forth in the methodology document that accompanies the outlook.

Response: The Council discussed the criteria and acknowledged that this changes the outlook process as it was understood prior to the release of the Governor's proposed budget. Discussion ensued regarding the importance of staff members representing the Senate, House of Representatives, and the Office of Financial Management to agree on the set of assumptions. Further it was noted that budget notes or provisos would require more specificity to include savings that occur in ensuing biennia in the outlook. There was consensus among the members that this criterion will be used in future outlooks.

2. ***Should the outlook include costs of the employee health care collective bargaining agreement (CBA) in the 2015-17 biennium?***

Options for the Council to Consider:

- 1) *Does the council view the impact of the CBA "tail" as maintenance level under the statute and include the fiscal impact in the Outlook?*
- 2) *If the Council includes the fiscal impact of the "tail" in the outlook, the Outlook will reflect holding the funding level at the FY 2016 level for both years.*

Response: The Council requested further clarification on the information provided by the Budget Outlook Work Group. The Work Group is asked to provide more information and clarity on this issue at an additional assumptions meeting.

Adjournment

Meeting adjourned at 10:55 a.m.



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 23, 2014 Senate Rules Room

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director, ERFC

Budget Outlook representatives:

Pam Davidson
Melissa Palmer
Richard Ramsey

Call to Order

The meeting was called to order by Representative Hunter at 2:20 p.m.

Presentation on Budget Outlook

Richard Ramsey, Melissa Palmer, and Pam Davidson presented clarification on how the Budget Outlook would address the costs of state employee benefits. The recommendation from the Budget Outlook Work Group is to use the rate estimate from the latest PEBB model. The PEBB model rates are the best numbers available for the January outlook. The work group recognizes that, during the 2014 session, the Legislature and the Executive branch may make choices that reflect updates and changes to the PEBB model. The work group further recommends legislative members of the council monitor the use of the PEBB model as it will affect future outlooks.

Response: Discussion ensued regarding the PEBB model. It was acknowledged that the previous budget outlook done in November did utilize a lower number for the public employee health care benefits and that this change in assumptions would have altered that outlook as well as any future outlooks. It was clarified that this is a move to standardize the methodology with an understanding that it did not bind the outlook to a specific number but rather a policy to use the PEBB funding rate. It was noted that an update in the PEBB model does not require legislation but the Council is interested in continued refinement to increase accuracy.

Motion

Treasurer McIntire moved, seconded by Director Schumacher, to utilize the PEBB model funding rate for the budget outlook in both the Governor's proposed and future legislatively enacted budgets moving forward. The motion passed unanimously at 2:28 p.m.

Adjournment

Meeting adjourned at 2:28 p.m.



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

January 28, 2014

John A. Cherberg Building, Hearing Room 2

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director, ERFC

Budget Outlook representatives:

Pam Davidson
Melissa Palmer
Richard Ramsey

Call to Order

The meeting was called to order by Representative Hunter at 9:04 am.

Motion

Senator Hill made a motion to approve the meeting minutes from November 20, 2013, January 16, 2014, and January 23, 2014, seconded by Representative Nealey. Council approved the motion at 9:05 am.

Presentation on the Washington State Budget Outlook

Members from the Budget Outlook Work Group presented the January 2014 outlook for the Governor's proposed 2014 supplemental budget. Discussion ensued regarding the budget stabilization account, the use of the 4.5% growth rate, and the recent changes to the assumptions utilized to complete the outlook.

Motion

Senator Hill made a motion to adopt the budget outlook as presented, seconded by Treasurer McIntire. The motion passed unanimously at 9:17 a.m.

Adjournment

Meeting adjourned at 9:17 am.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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

Meeting Minutes Economic Review

February 6, 2014
Senate Rules Room

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senator
Jim Hargrove, Senator
Treasurer James McIntire
Terry Nealey, House of Representatives
Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director, ERFC

Call to Order

The meeting was called to order by Representative Hunter at 2:33 pm.

Presentation on the 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 shadow inventory of housing, the national unemployment rate, and Washington's payroll employment.

Motion

Treasurer McIntire made a motion to adopt the economic forecast, seconded by Senator Hill. The motion passed unanimously at 2:55 p.m.

Motion

Senator Hill made a motion to approve the meeting minutes from January 28, 2014, seconded by Representative Nealey. Council approved the motion at 2:56 pm.

Adjournment

Meeting adjourned at 2:56 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

February 19, 2014

John A. Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, ERFC

Call to Order

The meeting was called to order by Representative Hunter at 10:02 a.m.

Motion

Senator Hill made a motion to approve the meeting minutes from the February 6, 2014 meeting, seconded by Representative Nealey. Council approved the motion at 10:03 a.m.

Presentation on Revenue Forecast

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding personal income growth, the weights of the optimistic and pessimistic forecasts, and revenue growth trends.

Motion

Treasurer McIntire moved, seconded by Director Schumacher, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:25 a.m.

Adjournment

Meeting adjourned at 10:25 am.



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 Adoption

May 1, 2014

John L. O'Brien, Hearing Room B

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director,
ERFC

Budget Outlook representatives:

Pam Davidson
Melissa Palmer
Richard Ramsey

Call to Order

The meeting was called to order by Representative Hunter at 9:02 a.m.

Presentation on Budget Outlook

Richard Ramsey, Melissa Palmer, and Pam Davidson presented an overview of differences in the conference outlook compared to the proposed outlook and discussed the specifics of the methodology.

Motion

David Schumacher moved, seconded by Representative Hunter, to ask the workgroup to come up with general rules and a framework that gives the Council guidance on how funds and accounts could be used as part of the budget and which ones are outside the scope we would need legislation to assume in the outlook.

Motion

Senator Hargrove moved, seconded by Director Schumacher, to adopt the budget outlook as proposed. The motion passed unanimously at 9:26 a.m.

Adjournment

Meeting adjourned at 9:27 a.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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

Meeting Minutes Economic Review

June 5, 2014

John L. O'Brien Building, Hearing Room B

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair (via phone)

Andy Hill, Senator (via phone)

Terry Nealey, House of Representatives (via phone)

David Schumacher, Office of Financial Management

Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director, ERFC

Call to Order

The meeting was called to order by Director Schumacher at 2:30 pm.

Presentation on the 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 slowdown in China, student loan delinquency rates, and the Seattle minimum wage change and its potential impacts to the future state budgets.

Adjournment

Meeting adjourned at 2:54 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

June 17, 2014

John L. O'Brien, Hearing Room B

Economic and Revenue Forecast Council (ERFC)

Members Present

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

Staff

Steve Lerch, ERFC
Richard Ramsey, Senate
Melissa Palmer, House
Pam Davidson, OFM

Call to Order

The meeting was called to order by Representative Hunter at 2:01 p.m.

Motion

Senator Hargrove, made a motion to approve the meeting minutes from the February 19, 2014, May 1, 2014 and June 5, 2014 meetings, seconded by Representative Hunter. Council approved the motion at 2:02 p.m.

Presentation on Budget Outlook

Budget Outlook Work Group members and ERFC members discuss criteria options for resources assumed in the Outlook. The discussion will continue at the September quarterly meeting with the intent of adopting before November.

Presentation on Revenue Forecast

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

Motion

Senator Hargrove moved, seconded by Representative Hunter, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 2:52 p.m.

Adjournment

Meeting adjourned at 2:52 p.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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

Meeting Minutes Economic Review

September 4, 2014

John L. O'Brien Building, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair (via phone)

Andy Hill, Senator (via phone)

Jim Hargrove, Senator

Terry Nealey, House of Representatives (via phone)

Treasurer Jim McIntire

David Schumacher, Office of Financial Management

Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director, ERFC

Charlie Gavigan, House

Richard Ramsey, Senate

Jim Crawford, OFM

Call to Order

The meeting was called to order by Director Schumacher at 1:01 pm.

Motion

Representative Nealey, made a motion to approve the meeting minutes from the June 16, 2014 meeting, seconded by David Schumacher. Council approved the motion at 1:02 p.m.

Presentation on the Budget Outlook

Members of the Budget Outlook Work Group present information on long term growth rates as part of the discussion regarding criteria for the budget outlook.

Motion

Treasurer McIntire moved, seconded by Representative Hunter to adopt revised long term growth factors. Council approved the motion at 1:20 p.m.

Presentation on the 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.

Adjournment

Meeting adjourned at 2:54 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

September 18, 2014

John L. O'Brien, Hearing Room A

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, ERFC

Call to Order

The meeting was called to order by Director Schumacher at 1:35 p.m.

Presentation on Revenue Forecast

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding the Washington jobs outlook and cannabis tax estimates.

Motion

Treasurer McIntire made a motion to approve the meeting minutes from the September 4, 2014, seconded by Director Nelson. Council approved the motion at 1:58 p.m.

Motion

Treasurer McIntire moved, seconded by Representative Nealey, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 1:58 p.m.

Adjournment

Meeting adjourned at 1:58 p.m.



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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

Meeting Minutes Economic Review

November 6, 2014

John L. O'Brien Building, Hearing Room E

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director, ERFC
Richard Ramsey, Senate
Melissa Palmer, House
Pam Davidson, OFM

Call to Order

The meeting was called to order by Representative Hunter at 2:33 pm.

Motion

Senator Hill made a motion to approve the meeting minutes from the September 18, 2014 meeting, seconded by Director Schumacher. Council approved the motion at 2:33 p.m.

Presentation on the Budget Outlook

Members of the Budget Outlook Work Group presented information on assuming transfers or revenue redirections in the ensuing biennium when preparing the budget outlooks. Discussion ensued regarding voter approved initiatives, supplemental budgets, maintenance levels, beginning balances, and other issues.

Motion

Representative Hunter, made a motion that the Outlook may assume a resource related to a revenue redirection or transfer provided that there is enactment of separate legislation requiring the revenue redirection or transfer in the ensuing biennium, or absent separate legislation, the current biennium's budget provides legislative intent language to continue the current budget's revenue redirection or transfer in the ensuing biennium, seconded by Senator Hill. It is also noted that the revenue redirection or transfer in the ensuing biennium (1) may be assumed only to the extent there is a projected balance in the fund in the ensuing biennium; and (2) must be consistent with and not exceed the policy in the current budget. Fund balance determination in the ensuing biennium must reflect the continuation of the

current budget's policy and the official revenue forecast as adjusted to reflect the current budget's policy. Council approved the motion at 2:39 p.m.

Presentation on the 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 strength of the U.S. dollar and its impact on export growth, and personal income growth.

Adjournment

Meeting adjourned at 3:09 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

November 19, 2014

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 (via phone)
James McIntire, State Treasurer
Carol Nelson, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, ERFC
Pam Davidson, OFM
Melissa Palmer, House
Richard Ramsey, Senate

Call to Order

The meeting was called to order by Representative Hunter at 10:03 a.m.

Motion

Senator Hill, made a motion to approve the meeting minutes from the November 6, 2014, seconded by Representative Hunter. Council approved the motion at 10:03 a.m.

Presentation on the Budget Outlook

Members of the Budget Outlook Work Group presented information on the methodology and the November 2014 Outlook for the 2015-17 biennium.

Presentation on Revenue Forecast

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

Motion

Senator Hill moved, seconded by Treasurer McIntire that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:36 a.m.

Motion

Director Schumacher moved, seconded by Senator Hill that the budget outlook be adopted as proposed by the Budget Outlook Work Group. Council unanimously approved the motion at 10:37 a.m.

Other Business

Representative Hunter announced Senator Hill will take over chairmanship on January 1, 2015. This is a two-year term that alternates between party and house of government.

Adjournment

Meeting adjourned at 10:38 a.m.