



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 13, 2016

John A. Cherberg, Hearing Room 4

**Economic and Revenue Forecast Council**

*Members Present*

**Hans Dunshee, House of Representatives**

**Terry Nealey, House of Representatives**

**Vikki Smith, Department of Revenue**

**David Schumacher, Office of Financial Management**

**James McIntire, Treasurer (via phone)**

*Staff*

Steve Lerch, Executive Director,  
ERFC

*Budget Outlook representatives:*

Michael Bezanson

Melissa Palmer

Pam Davidson

**Call to Order**

The meeting was called to order by Director Schumacher at 10:05 a.m.

**Presentation on Budget Outlook**

Michael Bezanson, Melissa Palmer, and Pam Davidson requested guidance from the council as they prepare the outlook on the Governor's proposed budget.

Governor's Proposed Teacher Recruitment and Retention Funding Proposal

In accordance with RCW 43.88, the Governor submitted his proposed budget document to the legislature on December 17, 2015. The Governor also submitted a Teacher Recruitment and Retention Funding Proposal, which includes appropriations, to the legislature under separate legislation. The Governor intends to propose tax changes that will pay for the Teacher Funding Proposal under separate legislation. The revenue generated from the tax proposals is to be deposited into the Education Legacy Trust Account.

The Governor did not include the Teacher Recruitment and Retention Funding Proposal on his balance sheet that he submitted as part of the budget documents.

*Question:* Should the Governor's 2016 Proposed Supplemental Budget Outlook include the Teacher Recruitment and Retention Funding Proposal as part of the Outlook?

**Motion**

Director Smith moved, seconded by Representative Nealey, to include the Teacher Recruitment and Retention Funding Proposal as part of the Budget Outlook. Council approved the motion at 10:15 a.m.

**Adjournment**

Meeting adjourned at 10:15 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**

January 27, 2016

John A. Cherberg Building, Hearing Room 4

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Andy Hill, Senate, ERFC Chair  
Jim Hargrove, Senate  
Terry Nealey, House of Representatives  
Hans Dunshee, House of Representatives  
Jim McIntire, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

##### *Staff*

Steve Lerch, Executive Director, ERFC

##### *Budget Outlook representatives:*

Michael Bezanson, Senate  
Pam Davidson, OFM  
Melissa Palmer, House

#### **Call to Order**

The meeting was called to order by Senator Hill at 10:02 a.m.

#### **Motion**

Director Smith made a motion to approve the meeting minutes from January 13, 2016, seconded by Treasurer McIntire. Council approved the motion at 10:03 a.m.

#### **Presentation on the Washington State Budget Outlook**

Members from the Budget Outlook Work Group presented on the outlook for the Governor's proposed budget. Discussion ensued regarding fire suppression, managed care rates, and separating education funding from the line "enacted appropriations" on the outlook spreadsheet.

#### **Motion**

Senator Hargrove made a motion to postpone the adoption of the budget outlook until February 17<sup>th</sup>, 2016 when more information could be provided regarding growth rates on managed care expenditures, seconded by Representative Dunshee. The motion passed at 10:21 a.m.

#### **Adjournment**

Meeting adjourned at 10:22 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**

February 3, 2016

John A Cherberg, Conference Room A/B/C

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Andy Hill, Senate, Chair  
Hans Dunshee, House of Representatives  
Terry Nealey, House of Representatives  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

##### *Staff*

Steve Lerch, Executive Director, ERFC

#### **Call to Order**

The meeting was called to order by Senator Hill at 3:10 p.m.

#### **Motion**

Representative Nealey made a motion to approve the meeting minutes from the November 18, 2015 meeting, seconded by Representative Dunshee. Council approved the motion at 3:12 p.m.

#### **Motion**

Representative Dunshee made a motion to approve the meeting minutes from the January 27, 2016 meeting, seconded by Director Smith. Council approved the motion at 3:13 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 timing of audit payments, manufacturing and mining employment, and gas prices influence on consumers.

How many gallons of gas do we sell in the state? We can get back to you on that (Dunshee) 2 billion gallons? Drop \$1 a gallon that's a billion dollars. Household debt is going down.

How does it affect personal income and cost of living increases? SL: by bringing inflation down, your cost of living/purchasing power goes up.

#### **Adjournment**

Meeting adjourned at 3:28 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 Revenue Review & Budget Outlook

February 17, 2016

John A. Cherberg, Hearing Room 4

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Andy Hill, Senator, Chair  
Jim Hargrove, Senator  
Terry Nealey, House of Representatives  
Hans Dunshee, House of Representatives  
Vikki Smith, Department of Revenue  
David Schumacher, Office of Financial Management  
James McIntire, Treasurer

##### *Staff*

Steve Lerch, Executive Director,  
ERFC  
  
Michael Bezanson, Senate  
Pam Davidson, OFM  
Melissa Palmer, House

#### **Call to Order**

The meeting was called to order by Senator Hill at 10:05 a.m.

#### **Motion**

Treasurer McIntire made a motion to approve the meeting minutes from February 3, 2016, seconded by Director Schumacher. Council approved the motion at 10:06 a.m.

#### **Presentation on the Washington State Budget Outlook**

Members from the Budget Outlook Work Group presented the updated January 2016 Outlook as requested by the Council on January 27, 2016. Discussion ensued regarding the methodology in calculating Health Care Authority Managed Care rates in the Outlook.

#### **Motion**

Senator Hargrove moved to adopt the outlook without the 3.22% growth rate for the low-income health care expenditures applied to the managed care rate increase, seconded by Representative Dunshee. With five members dissenting, the motion failed at 10:12 a.m.

#### **Motion**

Director Schumacher moved to adopt the Outlook with the 3.22% growth rate, seconded by Senator Hill. The motion passed with five affirmative votes, dissension by Representative Dunshee and Senator Hargrove, at 10:19 a.m.

#### **Forecast Presentation**

Dr. Lerch presented information on the final economic and revenue forecast. Discussion ensued regarding the forecast process, falling gas prices, the impact of the 2015 port slowdown, personal income growth, and the probabilities assumed in the alternative forecasts.

#### **Motion**

Treasurer McIntire moved, seconded by Representative Nealey, that the baseline revenue forecast be adopted. Council approved the motion, with one dissenting vote by Representative Dunshee, at 10:54 a.m.

#### **Adjournment**

Meeting adjourned at 10:54 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

April 26, 2016

John A. Cherberg, Hearing Room 2

#### Economic and Revenue Forecast Council

##### Members Present

**Andy Hill, Senate, Chair (via phone)**

**Jim Hargrove, Senate (via phone)**

**Terry Nealey, House of Representatives (via phone)**

**Jim McIntire, Treasurer (via phone)**

**David Schumacher, Office of Financial Management**

**Vikki Smith, Department of Revenue (via phone)**

##### Staff

Steve Lerch, Executive Director

*Budget Outlook Work Group*

*representatives:*

Michael Bezanson

Melissa Palmer

Pam Davidson

#### Call to Order

The meeting was called to order by Director Schumacher at 10:02 a.m.

#### Presentation on Budget Outlook

Michael Bezanson, Melissa Palmer, and Pam Davidson requested guidance from the council as they prepare the outlook on the Governor's proposed budget.

#### Revisions to Growth Rates/Approach

*Question: Should the outlook workgroup revisit how growth is projected for the purpose of the Outlook during the interim and present the ERFC with revisions in the fall, prior to the November Outlook?*

After discussion and clarification the Council agreed that the workgroup should revisit growth projections prior to the November outlook.

#### Reversions

*How should the Outlook on the enacted budget calculate reversions?*

The Council agreed that reversions should be calculated as 0.5 percent of the General Fund-State budget rather than as a flat amount.

#### OFM Central Service - unallotted amounts

*Should the outlook on the enacted budget increase the assumption for reversions for fiscal year 2016 by \$2.8 million?*

After a discussion about establishing precedents, the Council agreed to increase the assumption for reversions by \$2.8 million.

#### Department of Revenue - unallotted amounts

*Should the Outlook for the enacted budget increase the assumption for reversions by the amount of unallotted DOR funds?*

The Council agreed to the increase in assumed reversions consistent with the previous decision.

Department of Revenue – penalties on unpaid royalty tax

*Should the budget driven revenue in the Outlook for the enacted budget include \$46 million related to agreements on unpaid royalty taxes?*

Discussion ensued regarding how audit payments and refunds are incorporated into the revenue forecast. The Council agreed not to include the \$46 million as budget driven revenue.

Department of Revenue – audit payments

*Should the Outlook for the enacted budget include the \$34 million of anticipated audit payments?*

Discussion ensued regarding the timing of how monthly collection variances are factored into the revenue forecast as well as concerns about the uncertainty of timing of audit payments and refunds. The Council agreed not to include the anticipated audit payments.

Fire Insurance Premiums

*Should the transfers in the Outlook for the enacted budget assume the transfer of \$29.5 million or should it be adjusted for the fire insurance premiums?*

The Council agreed to adjust the transfer for fire insurance premiums.

**Other Issues**

Treasurer McIntire initiated a conversation to propose including McCleary funding in the outlook. While it is exempt in the Budget Outlook statute, there are questions regarding recent legislative actions.

The Council has requested that the Budget Outlook Work Group look into the legality of including the information in the official outlook, as well as preparing options for the Council that include a range of estimated budget impacts to be reviewed at the beginning of the next meeting.

**Adjournment**

Meeting adjourned at 10:46 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**

May 18, 2016

John L. O'Brien, Hearing Room D

**Economic and Revenue Forecast Council**

*Members Present*

**Andy Hill, Senate, Chair** (via phone)

**Terry Nealey, House of Representatives**  
(via phone)

**Jim McIntire, Treasurer**

**David Schumacher, Office of Financial  
Management**

**Vikki Smith, Department of Revenue**

**Timm Ormsby, House of Representatives**

*Staff*

Steve Lerch, Executive Director

*Budget Outlook Work Group representatives:*

Michael Bezanson

Melissa Palmer

Jim Crawford

*Fiscal Committee staff*

Steve Jones, Senate

Kristen Fraser, House

Jessica Harrell, House

**Call to Order**

The meeting was called to order by Director Schumacher at 10:02 a.m.

**Motion**

Director Smith made a motion to approve the meeting minutes from April 26, 2016, seconded by Treasurer McIntire. Council approved the motion at 10:02 a.m.

**Presentation on the Washington State Budget Outlook**

Members from the Budget Outlook Work Group presented the Enacted 2016 Supplemental Budget Outlook.

**Presentation on McCleary-Related Costs in the Four-Year Budget Outlook**

In response to the request from the Council at the April 26, 2016 meeting, Fiscal Counsel from the House Appropriations and Senate Ways and Means Committees provided a brief legal analysis on the exclusion of McCleary-Related Costs in the State Four-Year Budget Outlook. Discussion ensued regarding their finding that neither section 515 of the 2016 Supplemental Operating Budget (Levy cliff language) nor Engrossed Second Substitute 6195 required McCleary related costs to be reflected in the Outlook. Counsel reminded ERFC members that RCW 82.33.010(5) expressly provides for the preparation of alternative Outlooks at the request of any member of the Council.

**Motion**

Treasurer McIntire moved to amend the Outlook to include a range for McCleary related costs, seconded by Representative Ormsby. Discussion ensued regarding including a range, the timing, and the availability of data. The motion failed with dissension from Senator Hill and Representative Nealey at 10:38 a.m.

**Motion**

Representative Ormsby moved to amend the Outlook by adding a footnote reflecting the legislative commitment to fully fund McCleary related costs. The footnote would indicate a cost range of \$3.5-4.8 billion when fully funded on a biennial basis. The amendment was seconded by Director Schumacher. Discussion ensued regarding the accuracy of the numbers in the range, different implementation assumptions, transparency, and the timing of recommendations from



the K-12 task force. The motion failed with dissension from Senator Hill, Treasurer McIntire, and Representative Nealey at 10:45 a.m.

**Motion**

Director Schumacher moved to approve the Baseline Outlook, seconded by Director Smith. The motion failed with dissension from Treasurer McIntire and Representative Ormsby at 10:48 a.m.

**Alternative Outlook**

Treasurer McIntire requested an alternative outlook that includes full biennial implementation of the McCleary decision at a cost of \$3.5 billion.

**Budget Outlook Adoption**

The statute states that if the Council is unable to approve a state budget outlook before the date required that the outlook prepared without approval shall have the same effect as if approved by the Council. Therefore the Budget Outlook proposed by the Budget Outlook Work Group is official. An alternative outlook, as requested, will also be made available.

**Adjournment**

Meeting adjourned at 10:51 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 1, 2016

John L. O'Brien, Hearing Room D

#### **Economic and Revenue Forecast Council Members**

##### *Present*

Andy Hill, Senate, Chair (via phone)  
James McIntire, Treasurer  
Timm Ormsby, House of Representatives (via phone)  
Terry Nealey, House of Representatives (via phone)  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue (via phone)

##### *Staff*

Steve Lerch, Executive Director,  
ERFC

#### **Call to Order**

The meeting was called to order by Director Schumacher at 2:32 p.m.

#### **Motion**

Senator Hill made a motion to approve the meeting minutes from the February 17, 2016 meeting, seconded by Director Schumacher. Council approved the motion at 2:33 p.m.

#### **Motion**

Representative Ormsby made a motion to approve the meeting minutes from the May 18, 2016 meeting, seconded by Director Schumacher. Council approved the motion at 2:33 p.m.

#### **Motion**

Senator Hill made a motion to approve Steve Lerch's employment contract as proposed, seconded by Treasurer McIntire. With six affirmative votes, the Council approved the motion at 2:36 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 commercial real estate activity, the exclusion of potential recessions through the forecast period of 2021, regional employment, and tax sources that have been strong in the past few months.

#### **Adjournment**

Meeting adjourned at 2:54 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 Revenue Review

June 15, 2016

John L. O'Brien, Hearing Room D

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Andy Hill, Senator, Chair (via phone)  
Jim Hargrove, Senator  
Terry Nealey, House of Representatives (via phone)  
Timm Ormsby, House of Representatives (via phone)  
James McIntire, Treasurer (via phone)  
David Schumacher, Office of Financial Management

##### *Staff*

Steve Lerch, Executive Director,  
ERFC

#### **Call to Order**

The meeting was called to order by Director Schumacher at 10:02 a.m.

#### **Motion**

Representative Ormsby made a motion to approve the meeting minutes from June 1, 2016, seconded by Director Schumacher. Council approved the motion at 10:02 a.m.

#### **Forecast Presentation**

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding housing permits, growth rates, and revenue forecast drivers including real estate excise taxes and retail sales tax.

#### **Motion**

Representative Ormsby moved, seconded by Director Schumacher, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:23 a.m.

#### **Adjournment**

Meeting adjourned at 10:37 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**

September 7, 2016

John L. O'Brien, Hearing Room D

**Economic and Revenue Forecast Council**

*Members Present*

Jim Hargrove, Senate

Timm Ormsby, House of Representatives (via phone)

Terry Nealey, House of Representatives (via phone)

David Schumacher, Office of Financial Management

*Staff*

Steve Lerch, Executive Director, ERFC

**Call to Order**

The meeting was called to order by Director Schumacher at 10:06 a.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 labor productivity, housing outside of the Seattle metro area, and sales tax on electronic sales.

**Adjournment**

Meeting adjourned at 10:22 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 Revenue Review

September 21, 2016

John L. O'Brien, Hearing Room D

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Andy Hill, Senate, Chair (via phone)  
Terry Nealey, House of Representatives (via phone)  
Timm Ormsby, House of Representatives  
James McIntire, Treasurer  
David Schumacher, Office of Financial Management

##### *Staff*

Steve Lerch, Executive Director,  
ERFC  
Andy Toulon, House  
Pam Davidson, OFM  
Michael Bezanson, Senate

#### **Call to Order**

The meeting was called to order by Director Schumacher at 10:03 a.m.

#### **Budget Outlook Presentation**

Members of the Budget Outlook Work Group presented options on growth factors as requested by the Council. Questions were posed regarding long-term trends and the debt model. The Outlook Work Group members indicated that the Legislative Evaluation & Accountability Program committee (LEAP) has rebuilt the K-12 fiscal model so that it can now produce a four-year expenditure estimate as required by the budget outlook. Director Schumacher, Treasurer McIntire, and Representative Ormsby agreed that the Outlook should utilize the most robust numbers and be consistent with growth rates used by the Governor and legislative fiscal committees for budget purposes.

#### **Motion**

Director Schumacher moved to follow the staff recommendation regarding growth factors, including the use of the K-12 fiscal model, in the Budget Outlook process. The motion was seconded by Treasurer McIntire. The motion passed at 10:14 a.m.

#### **Forecast Presentation**

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding the long-term relationship between personal income and state revenues and the pessimistic forecast.

#### **Motion**

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

#### **Adjournment**

Meeting adjourned at 10:31 a.m.



STATE OF WASHINGTON

**ECONOMIC AND REVENUE FORECAST COUNCIL**

*PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560*

**Meeting Minutes  
Economic Review & Budget Outlook**

November 2, 2016

John A Cherberg, Hearing Room 4

**Economic and Revenue Forecast Council**

*Members Present*

Jim Hargrove, Senate  
Timm Ormsby, House of Representatives (via phone)  
Terry Nealey, House of Representatives (via phone)  
James McIntire, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

*Staff*

Steve Lerch, Executive Director, ERFC  
Michael Bezanson, Senate  
Andy Toulon, House  
Pam Davidson, OFM

**Call to Order**

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

**Point of Personal Privilege**

Senator Hargrove paid respects to Council Chair Andy Hill, Senate, who passed away Monday, October 31, 2016.

**Motion**

Senator Hargrove made a motion to approve the meeting minutes from the September 21, 2016 meeting, seconded by Director Smith. Council approved the motion at 2:33 p.m.

**Motion**

Senator Hargrove made a motion to approve the meeting minutes from September 7, 2016 meeting, seconded by Director Smith. Council approved the motion at 2:34 p.m.

**Motion**

Senator Hargrove made a motion to approve the meeting minutes from June 15, 2016 meeting, seconded by Director Smith. Council approved the motion at 2:35 p.m.

### **Discussion on the methodology of the November 2016 Budget Outlook**

The budget outlook workgroup provided criteria for use of resources in preparation of the November 2016 outlook. Discussion ensued around the 2017 supplemental budget, ballot initiatives, and other items.

The Council agreed that they would continue to include the 2017 supplemental maintenance level budget in the outlook to be consistent with previous outlooks.

The Council also agreed the Work Group should incorporate the quantifiable fiscal impact of initiatives on the November ballot that appear to be passing and requested these be identified as distinct items.

The Council agreed that the November Outlook should include the Early Childhood Education and Assistance Program (ECEAP) entitlement costs in FY 2021 as stated in current law but not assume any phase in costs prior to FY 2021.

Next, the Council agreed that the Outlook should include recent court rulings regarding Hepatitis C Medications in the Medicaid program and to exclude it from the Public Employee Benefits Program until a policy decision is made.

Last, the Council directed the Work Group to provide outlooks for all of the following scenarios regarding the McCleary compensation costs:

1. An outlook without McCleary compensation costs reflected;
2. An outlook with a footnote that states there are costs but without specific numbers;
3. An outlook with a footnote that includes \$3.5 billion for compensation costs;
4. An alternative outlook with \$3.5 billion included for the compensation costs;
5. An outlook with the \$3.5 billion included for the compensation costs.

### **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 3:30 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 16, 2016

John L. O'Brien, Hearing Room D

#### **Economic and Revenue Forecast Council**

##### *Members Present*

Jim Hargrove, Senate (via phone)  
John Braun, Senate  
Terry Nealey, House of Representatives (via phone)  
Timm Ormsby, House of Representatives  
James McIntire, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

##### *Staff*

Steve Lerch, Executive Director, ERFC  
Andy Toulon, House  
Pam Davidson, OFM  
Michael Bezanson, Senate

#### **Call to Order**

The meeting was called to order by Director Schumacher at 10:02 a.m.

#### **Motion**

Treasurer McIntire moved, seconded by Director Smith, to adopted the November 2, 2016 meeting minutes at, motion passed at 10:03.

#### **Forecast Presentation**

Dr. Lerch presented information on the final economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding the cannabis forecast.

#### **Motion**

Treasurer McIntire moved, seconded by Representative Ormsby, that the baseline revenue forecast be adopted. Council unanimously approved the motion at 10:20 a.m.

#### **Budget Outlook Presentation**

Members of the Budget Outlook Work Group presented options for the budget outlook as requested on November 2<sup>nd</sup>. Discussion ensued regarding the methodology utilized, the use of a biennial number for ERFC-estimated McCleary costs, the requirements under the outlook guidance, and an emphasis that policy decisions that will affect the outlook have not been made as of the date of this meeting.

#### **Motion**

Senator Hargrove moved to adopt an official outlook that reflects McCleary-related compensation amounts of zero in fiscal year 2018, \$1.7 billion in fiscal year 2019, and \$3.5 billion for the 2019-21 biennium. The outlook was to include a footnote that states that these numbers are estimates. Motion seconded by Representative Ormsby. Director Smith, Director Schumacher, Treasurer McIntire, Representative Ormsby and Senator Hargrove all approved the motion. Senator Braun and Representative Nealey casted dissenting votes. Motion passed at 10:38 a.m.

#### **Point of Personal Privilege**

Treasurer McIntire commented on the importance of using the Outlook to guide budget development. Treasurer McIntire briefly reflected on the history of the ERFC, its importance to



the budget process and the positive impact it has had on the state's credit rating, which in turn has helped reduce the interest rates on Washington bonds. Lastly, he thanked the group for the opportunity to serve since 2003.

**Point of Personal Privilege**

Senator Hargrove acknowledged the end of his service since 2012 and thanked the Council.

**Adjournment**

With no further business the meeting adjourned at 10:48 a.m.