



STATE OF WASHINGTON  
**ECONOMIC AND REVENUE FORECAST COUNCIL**  
*PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560*

**Meeting Minutes**  
**Budget Outlook Methodology & Adoption**

January 23, 2018  
John A. Cherberg, Hearing Room 3

**Economic and Revenue Forecast Council**

Christine Rolfes, Senate, Chair  
John Braun, Senate  
Terry Nealey, House of Representatives  
Timm Ormsby, House of Representatives  
Duane Davidson, Treasurer  
Vikki Smith, Department of Revenue  
David Schumacher, Office of Financial Management

*Staff*

Steve Lerch, Executive Director  
*Budget Outlook Work Group*  
*representatives:*  
Amanda Cecil, Senate  
Andy Toulon, House  
Pam Davidson, OFM

**Call to Order**

Senator Rolfes called the meeting to order at 10:04 a.m.

**Approval of the Minutes**

Director Schumacher moved, seconded by Director Smith, to adopt the meeting minutes from November 20, 2017. Motion passed unanimously at 10:04 a.m.

**Presentation on Resource Criteria**

Andy Toulon, Amanda Cecil, and Pam Davidson reviewed criteria adopted in November 2014 and the Work Group's determination that the Governor's proposed carbon bill does not fit within previously adopted criteria. Discussion ensued regarding the criteria, the intent of the legislation, and identifying the need for a future agenda item on comprehensive outlook guidelines.

**Motion**

Senator Braun, seconded by Representative Ormsby, moved that the resource criteria should not be changed at this time but that the budget outlook being considered at this meeting should include the \$1.5 billion revenue transfer from a carbon tax in the ensuing biennium as proposed by the Governor. With five affirmative votes and dissenting votes from Representative Nealey and Treasurer Davidson, the motion passes at 10:20 a.m.

**Presentation on Budget Outlook**

Amanda Cecil, Andy Toulon, and Pam Davidson provided an overview of the methodology for the state budget outlook.

**Motion to Adopt the Budget Outlook**

Director Schumacher moved, seconded by Director Smith to adopt the outlook on the Governor's proposed budget including carbon tax transfers in the ensuing biennium. Motion passed at 10:27 a.m. with five affirmative votes and dissenting votes from Representative Nealey and Treasurer Davidson. The Budget Outlook is adopted.

**Adjournment**

Meeting adjourned at 10:27 a.m.



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**ECONOMIC AND REVENUE FORECAST COUNCIL**

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

**Meeting Minutes**

**Revenue Review**

February 15, 2018

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council**

*Members Present*

Christine Rolfes, Senate, ERFC Chair  
Timm Ormsby, House of Representatives  
Terry Nealey, House of Representatives  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

*Staff*

Steve Lerch, Executive Director

*Proxy*

Sharon Brown, Senate

**Call to Order**

Senator Rolfes called the meeting to order at 11:00 a.m.

**Motion**

Representative Ormsby moved, seconded by Director Schumacher, to adopt the January 23, 2018 meeting minutes. Motion passed at 11:00 a.m.

**Forecast Presentation**

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding hourly wages, employment, inflation expectations, and agricultural exports.

**Motion**

Representative Ormsby moved, seconded by Treasurer Davidson, to adopt the baseline revenue forecast. Council approved the motion at 11:29 a.m.

**Adjournment**

With no further business, the meeting adjourned at 11:29 a.m.



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

**Meeting Minutes**  
**Budget Outlook Methodology & Adoption**

April 25, 2018

John A. Cherberg, Hearing Room 2

**Economic and Revenue Forecast Council**

Christine Rolfes, Senate, Chair  
John Braun, Senate  
Terry Nealey, House of Representatives (via phone)  
Timm Ormsby, House of Representatives (via phone)  
Duane Davidson, Treasurer  
Vikki Smith, Department of Revenue  
David Schumacher, Office of Financial Management

*Staff*

Steve Lerch, Executive Director  
*Budget Outlook Work Group*  
*representatives:*  
Clint McCarthy, Senate  
Andy Toulon, House  
Pam Davidson, OFM

**Call to Order**

Senator Rolfes called the meeting to order at 12:01 p.m.

**Approval of the Minutes**

Treasurer Davidson moved, seconded by Director Smith, to adopt the meeting minutes from February 15, 2018. Motion passed unanimously at 12:02 p.m.

**Presentation on Budget Outlook and Methodology**

Clint McCarthy, Andy Toulon and Pam Davidson provided an overview of the methodology for the state budget outlook. There was some discussion with the members regarding projected ending fund balances and updated maintenance level for the November budget outlook.

**Motion to Adopt the Budget Outlook**

Representative Ormsby moved, seconded by Director Schumacher, to adopt the outlook on the 2018 supplemental budget Motion passed unanimously at 12:18 p.m. Following the adoption, there was a brief conversation about updating long-term growth rates, utilizing 10-year averages and the K-12 model to project expenditures in the outlook.

**Adjournment**

Meeting adjourned at 12:22 p.m.



STATE OF WASHINGTON

**ECONOMIC AND REVENUE FORECAST COUNCIL**

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

**Meeting Minutes  
Economic Review**

May 29, 2018

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council**

*Staff*

*Members Present*

Christine Rolfes, Senate

John Braun, Senate

Terry Nealey, House of Representatives (via phone)

Timm Ormsby, House of Representatives (via phone)

Duane Davidson, Treasurer

David Schumacher, Office of Financial Management

Steve Lerch, Executive  
Director

**Call to Order**

Senator Rolfes called the meeting to order at 10:01 a.m.

**Motion**

Treasurer Davidson made a motion to approve the meeting minutes from the April 25, 2018 meeting, seconded by Director Schumacher. Council approved the motion at 10:02 a.m.

**Presentation on the Economic Forecast**

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding recession probabilities and municipal-level taxes.

**Adjournment**

Meeting adjourned at 10:21 a.m.



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**ECONOMIC AND REVENUE FORECAST COUNCIL**

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

**Meeting Minutes  
Revenue Review**

June 19, 2018

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council**

*Members Present*

Christine Rolfes, Senate, ERFC Chair  
John Braun, Senate (via phone)  
Timm Ormsby, House of Representatives  
Ed Orcutt, House of Representatives  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

*Staff*

Steve Lerch, Executive Director

**Call to Order**

Senator Rolfes called the meeting to order at 10:03 a.m.

**Motion**

Treasurer Davidson moved, seconded by Representative Ormsby, to adopt the May 29, 2018 meeting minutes. Motion passed at 10:03 a.m.

**Forecast Presentation**

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding revenue growth rates, employment, housing, and population.

**Motion**

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the baseline revenue forecast. Council approved the motion at 10:37 a.m.

**Adjournment**

With no further business, the meeting adjourned at 10:37 a.m.



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**ECONOMIC AND REVENUE FORECAST COUNCIL**

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**Meeting Minutes  
Economic Review**

September 6, 2018

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council**

*Members Present*

Christine Rolfes, Senate, Chair  
John Braun, Senate (via phone)  
Ed Orcutt, House of Representatives  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, WaTech

*Staff*

Steve Lerch, Executive Director

**Call to Order**

Senator Rolfes called the meeting to order at 10:06 a.m.

**Motion**

Treasurer Davidson made a motion to approve the meeting minutes from the June 19, 2018 meeting, seconded by Director Smith. Council approved the motion at 10:07 a.m.

**Presentation on the Economic Forecast**

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding tariffs and building permits.

**Motion**

Representative Orcutt moved, seconded by Director Smith, for the Chairperson to negotiate the employment contract of the supervisor of the forecast on behalf of the Council. Motion approved at 10:38 a.m.

**Adjournment**

Meeting adjourned at 10:38 a.m.



STATE OF WASHINGTON

**ECONOMIC AND REVENUE FORECAST COUNCIL**

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

**Meeting Minutes**

**Revenue Review**

September 26, 2018

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council**

*Members Present*

Christine Rolfes, Senate, ERFC Chair

John Braun, Senate

Ed Orcutt, House of Representatives

Duane Davidson, Treasurer

David Schumacher, Office of Financial Management

*Staff*

Steve Lerch, Executive Director

**Call to Order**

Senator Rolfes called the meeting to order at 11:03 a.m.

**Forecast Presentation**

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes. Discussion ensued regarding property taxes from new construction, the retail trade sector, and household net worth data.

**Motion**

Representative Orcutt moved, seconded by Treasurer Davidson, to adopt the baseline revenue forecast. Council approved the motion at 11:27 a.m.

**Motion**

Representative Orcutt moved, seconded by Director Schumacher, to adopt the September 6, 2018 meeting minutes. Motion passed at 11:27 a.m.

**Motion**

Director Schumacher made a motion to extend the employment contract for the executive director. The revised contract goes into effect on October 1, 2018 and includes language permitting enacted general wage increases for state employees and annual review. Motion seconded by Treasurer Davidson. Council approved the motion at 11:29 a.m.

**Adjournment**

With no further business, the meeting adjourned at 11:30 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 6, 2018

John A Cherberg, Senate Hearing Room 3

#### Economic and Revenue Forecast Council

##### *Members Present*

Christine Rolfes, Senate, Chair  
John Braun, Senate (via phone)  
Ed Orcutt, House of Representatives  
Timm Ormsby, House of Representatives  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, WaTech

##### *Staff*

Steve Lerch, Executive Director  
Sarian Scott, Senate  
Andy Toulon, House  
Pam Davidson, OFM

#### Call to Order

Senator Rolfes called the meeting to order at 10:02 a.m.

#### Motion

Treasurer Davidson made a motion to approve the meeting minutes from the September 26, 2018 meeting, seconded by Representative Ormsby. Council approved the motion at 10:03 a.m.

#### Motion

Representative Orcutt made a motion to adopt the amended employment contract for the executive director. The revised contract now reflects the Council's annual review of wage increases under section IV. Motion seconded by Representative Ormsby. Council unanimously approved the motion at 10:04 a.m.

#### Presentation on the Economic Forecast

Dr. Lerch presented information on the preliminary November economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding building permits relative to population, home price growth, and recession risk.

#### Budget Outlook

Members of the Budget Outlook Work Group consulted with the Council regarding the methodology for the outlook and growth rates.

*Transfers.* ERFC members discussed if the November 2018 Outlook should or should not reflect the FY 2019-21 transfers assumed in the enacted 2018 Outlook budget.



**Motion**

Representative Orcutt, seconded by Representative Ormsby, moved to exclude the transfer from the outlook. Without a majority vote, motion failed at 10:45 a.m.

**Motion**

Senator Rolfes, seconded by Representative Ormsby, moved to include the transfers in the November 2018 outlook. Affirmative votes were casted by Senator Rolfes, Senator Braun, Representative Ormsby, Treasurer Davidson, Director Schumacher, Director Smith. Represented Orcutt dissented. Motion passed with six votes at 10:46 a.m.

*Fire Suppression and Mobilization costs.* ERFC discussed if fiscal year 2019 fire costs related to fire suppression/mobilization in 2018 should be included in the November 2018 Outlook.

**Motion**

Representative Ormsby, seconded by Representative Orcutt, moved to include the costs in the November outlook. Motion approved unanimously at 10:49 a.m.

**Motion**

Senator Rolfes, seconded by Representative Orcutt, moved to include an estimate for fire suppression/mobilization costs for recently concluded fire season for all future November outlooks. Affirmative votes were casted by Senator Rolfes, and Representative Orcutt. Dissenting votes were casted by Treasurer Davidson, Representative Ormsby, Senator Braun, Director Schumacher and Director Smith. Motion failed at 10:54 a.m.

*Trueblood Litigation.* ERFC discussed including any costs related to the Trueblood litigation in the November Outlook. They reviewed previous ERFC decisions, discussed timing of a proposed settlement agreement and estimated costs.

**Motion**

Representative Ormsby moved to assume fines through calendar year 2018, amended from an initial proposal through fiscal year 2019. Amended motion is seconded by Senator Rolfes. Affirmative votes are casted from Senator Rolfes, Representative Ormsby, Director Schumacher, Director Smith, and Treasurer Davidson. Senator Braun and Representative Orcutt dissent. Motion passed with five votes at 11 a.m.

*Early Childhood Education and Assistance Program (ECEAP) entitlement and phase-in.* ERFC discusses how the November 2018 outlook reflect funding growth for the entitlement.

**Motion**

Senator Rolfes moved, seconded by Representative Ormsby, to include a linear phase-in for the ECEAP entitlement. Motion passed unanimously at 11:03 a.m.

*Managed Care Dental Rates.* ERFC discusses if the November 2018 Outlook should reflect the preliminary estimated costs of implementing the change in purchasing method for dental services as directed in the FY 2017-19 operating budget bill.

**Motion**

Senator Braun, seconded by Senator Rolfes, moved that the managed care dental rates not be included in the November 2018 Outlook. Motion passed unanimously at 11:09 a.m.

*K-12 Forest Revenue.* ERFC members discuss a rule change made in May 2018 by the Office of the Superintendent of Public Instruction (OSPI) excluding state forest revenues from local funds deducted from payments to school districts.

**Motion**

Representative Orcutt moved, seconded by Representative Ormsby, that the November 2018 Outlook reflect the preliminary estimated cost of implementing the OSPI rule change regarding K-12 forest revenue. Motion passed unanimously at 11:17 a.m.

*Initiatives.* ERFC members discuss including four statewide ballot initiatives in the Outlook if they appear to be passing based on initial election results.

**Motion**

Representative Ormsby moved, seconded by Senator Rolfes, to include the quantifiable known costs/savings of initiatives that appear to be passing in preparation of the November 2018 outlook. Motion passed unanimously at 11:21 a.m.

*Growth factors.* The Budget Outlook Work Group provided background and information on proposed growth rates utilized in Outlooks prepared during the 2019-21 biennium. The growth rates factor areas reflect reorganizations of major components of the Department of Social and Health Services and Early Learning.

**Motion**

Senator Rolfes moved, seconded by Representative Orcutt, to adopt the proposed new rates in the Outlook Growth Rate Summary Table for the 2019-21 biennium. Director Smith was formally excused from voting. Affirmative votes are casted by Senator Rolfes, Representative Orcutt, Treasurer Davidson, Director Schumacher, Senator Braun, and Representative Ormsby and with six votes, the motion passed at 11:29 a.m.

**Adjournment**

Meeting adjourned at 11:30 a.m.



STATE OF WASHINGTON

## ECONOMIC AND REVENUE FORECAST COUNCIL

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

### Meeting Minutes

### Revenue Review

November 20, 2018

John A Cherberg, Senate Hearing Room 3

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

##### *Members Present*

Christine Rolfes, Senate, ERFC Chair  
John Braun, Senate (via phone)  
Ed Orcutt, House of Representatives  
Timm Ormsby, House of Representatives (via phone)  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, WaTech

##### *Staff*

Steve Lerch, Executive Director  
Sarian Scott, Senate  
Andy Toulon, House  
Pam Davidson, OFM

#### **Call to Order**

Senator Rolfes called the meeting to order at 10:01 a.m.

#### **Motion**

Representative Orcutt moved, seconded by Director Schumacher, to adopt the November 6, 2018 meeting minutes. Motion passed at 10:02 a.m.

#### **Forecast Presentation**

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

#### **Motion**

Representative Orcutt moved, seconded by Senator Rolfes, to adopt the baseline revenue forecast. Council approved the motion unanimously at 10:20 a.m.

#### **Budget Outlook Presentation**

Sarian Scott, Andy Toulon, and Pam Davidson presented information on the four-year budget outlook.

#### **Motion**

Representative Orcutt made a motion to adopt the budget outlook as presented, seconded by Senator Rolfes. Council approved the motion unanimously at 10:29 a.m.

#### **Administrative**

The Senate Democrat's term as chair is completed. Following the ERFC practice, Representative Orcutt, representing the House Republicans will be chair effective January 2019 for a two-year term.

#### **Adjournment**

With no further business, the meeting adjourned at 10:33 a.m.