

# SENATE BILL REPORT

## SSB 6671

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As Passed Senate, February 5, 1996

**Title:** An act relating to state revenue and caseload forecasts.

**Brief Description:** Changing the name of the economic and revenue forecast council to the economic, revenue, and caseload forecast council, and amending its duties accordingly.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators McDonald, Snyder, West, Rinehart, Loveland, Sellar, Oke and Kohl).

**Brief History:**

**Committee Activity:** Ways & Means: 1/24/96, 1/25/96 [DPS].  
Passed Senate, 2/5/96, 47-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6671 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Johnson, Kohl, Long, McDonald, Pelz, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

**Staff:** Denise Graham (786-7715)

**Background:** The Economic and Revenue Forecast Council consists of representatives of the four legislative caucuses and two representatives of the Governor. The council employs the economic and revenue forecast supervisor. Four times each year, the forecast supervisor prepares an official, an optimistic, and a pessimistic economic and revenue forecast, which are subject to the approval of the Council. The Council first forecasts for an ensuing biennium 17 months before the beginning of that biennium.

The economic and revenue forecast work group consists of one staff member selected by the executive head or chairperson of the following agencies and committees: the Department of Revenue, the Office of Financial Management (OFM), the Legislative Evaluation and Accountability Program Committee, the Senate Ways and Means Committee, the House Finance Committee. The work group provides technical support to the Council and reviews data and forecasts.

OFM is responsible for setting up and maintaining an accounting system in conformance with generally accepted accounting principles.

OFM, working with the Department of Social and Health Services (DSHS) and other state agencies, prepares forecasts of caseloads for state social programs, corrections and K12. DSHS prepares, and OFM reviews, caseload forecasts for medical assistance and long-term

care for people with functional disabilities. OFM prepares income assistance caseloads and forecasts population.

**Summary of Bill:** The Economic and Revenue Forecast Council is renamed the Economic, Revenue, and Caseload Forecast Council and the economic and revenue forecast supervisor is renamed the economic, revenue and caseload forecast supervisor.

The council prepares economic and revenue forecasts for the current fiscal year and for the next four ensuing fiscal years.

In addition to preparing economic and revenue forecasts, the council forecasts the number of people expected to meet entitlement requirements of the Aid to Families with Dependent Children program, psychiatric hospitalizations, medical assistance program, programs for long-term care for persons with functional disabilities, state correctional institutions, state institutions for juvenile offenders, the common school system, and other state-funded programs as determined by the council. These forecasts are prepared four times each year, or on another schedule as determined by the council. The council may request that additional forecasts be prepared based on alternative assumptions. The council also forecasts population.

The caseload work group is created. It consists of one staff member selected by the executive head or chairperson of the following agencies and committees: the Office of Financial Management, the Senate Ways and Means Committee, the House Appropriations Committee, the Legislative Evaluation and Accountability Program Committee and each state program for which the council forecasts the caseload. The caseload work group provides technical support to the council and reviews data and forecasts.

The council is responsible for certifying the undesignated fund balance and working capital and other reserves for the General Fund-State. The certification must be in accordance with generally accepted accounting principles applicable to state governments. In addition, the council reviews, and approves or rejects, OFM's interpretations and applications of accounting requirements that significantly affect General Fund-State revenues, receipts and fund balances.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect on July 1, 1996.

**Testimony For:** The Washington Roundtable supports the processes set up in the bill as well as the four-year economic and revenue forecasts. The new processes will give greater visibility to caseload drivers in the budget.

**Testimony Against:** Caseload forecasting should not be moved from OFM. The performance of OFM forecasters has been very good. There has been less than a 1 percent variance in the K12 forecast, while the revenue forecast over the same period had a 3 percent variance. As an alternative to the process set up in the bill, OFM staff could present caseload forecasts to the Forecast Council and the council could review and approve them.

**Testified:** Ruta Fanning, Office of Financial Management (con); Greg Pierce, AT&T, Washington Roundtable (pro).