

SENATE BILL REPORT

SB 5963

As Reported by Senate Committee On:
Ways & Means, February 28, 2019

Title: An act relating to the state budget outlook.

Brief Description: Concerning the state budget outlook. **[Revised for 1st Substitute:**
Requiring the state budget outlook to include an inflationary increase to the cost of employee
and provider salaries, wages, and rates.]

Sponsors: Senator Rolfes.

Brief History:

Committee Activity: Ways & Means: 2/27/19, 2/28/19 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Requires that the State Budget Outlook include an estimate of an inflationary increase to salaries of public employees and wages and rates for providers considered employees solely for the purposes of collective bargaining in the biennia following the current budget period.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5963 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Braun, Ranking Member; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen, Rivers, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Mullet, Capital Budget Cabinet; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Schoesler, Van De Wege and Wilson, L..

Staff: Amanda Cecil (786-7460)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: In 2012, Substitute Senate Bill 6636 was enacted requiring the Legislature to adopt four-year balanced budgets. To comply with this requirement the Legislature must enact budget bills that leaves a positive ending fund balance in the state General Fund and related funds for the current biennium. Additionally, the projected maintenance level for the budget in the ensuing biennium may not exceed available fiscal resources. Available fiscal resources are the greater of the official revenue forecast for the ensuing biennium, or an assumed revenue increase of 4.5 percent for each year of the ensuing biennium.

The projected maintenance level is the continuing cost of existing programs and services and monies transferred into the Budget Stabilization Account. Estimates of ensuing biennium expenditures must exclude policy items including, but not limited to:

- legislation not yet enacted by the Legislature;
- collective bargaining agreements not yet approved by the Legislature; and
- changes to levels of funding for employee salaries and benefits unless those changes are required by statute.

Related funds include the Washington Opportunity Pathways Account, the Education Legacy Trust Account, and such other funds and accounts as deemed appropriate by the Economic and Revenue Forecast Council.

The balanced budget requirement does not apply to an "early action" budget bill that makes net reductions in appropriations and is enacted between July 1st and February 15th of any year; and an ensuing biennium following a biennium in which monies are withdrawn from the Budget Stabilization Account.

To facilitate compliance with the four-year balanced budget requirement, the Economic and Revenue Forecast Council (ERFC) must oversee the preparation of and approve a State Budget Outlook (outlook) for adopted and enacted budgets. Additionally, the ERFC must oversee the preparation of an outlook each November based on the most current caseload and revenue forecasts and in January for the Governor's proposed budget. Approval of the outlook and revenue forecast requires an affirmative vote from five of the seven ERFC members; if the ERFC cannot approve the outlook, the ERFC forecast supervisor submits the outlook without approval. A member who does not cast an affirmative vote for the outlook may request an alternative outlook be prepared based on different assumptions.

Summary of Bill (First Substitute): Beginning in the 2019-2021 fiscal biennium, estimates of maintenance items for the ensuing biennium expenditures in the outlook must include an inflationary increase to salaries of public employees and wages and rates for providers considered employees solely for the purposes of collective bargaining that is based on the implicit price deflator, compiled by the Bureau of Economic Analysis, United States Department of Commerce.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute): Changes the title to an act relating to requiring the state budget outlook to include an inflationary increase to the cost of employee and provider salaries, wages, and rates.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony on Original Bill: None.

Persons Testifying: No one.

Persons Signed In To Testify But Not Testifying: No one.