

HOUSE BILL REPORT

SSB 5702

*As Reported By House Committee on:
Revenue*

Title: An act relating to fiscal matters.

Brief Description: Directing the economic and revenue forecast council to forecast caseloads.

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators McDonald, Talmadge, Craswell, McMullen, Anderson, Rasmussen, Bluechel and Thorsness).

Brief History:

Reported by House Committee on:
Revenue, April 6, 1991, DPA.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass as amended.* Signed by 8 members: Representatives Wang, Chair; Fraser, Vice Chair; Appelwick; Day; Leonard; Morris; Phillips; and Rust.

Minority Report: *Do not pass.* Signed by 7 members: Representatives Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Brumsickle; Morton; Silver; and Van Luven.

Staff: Robin Appleford (786-7093).

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 Office of Financial Management (OFM), working with the Department of Social and Health Services (DSHS) and other state agencies, prepares forecasts of caseloads for state social programs. These two-year forecasts are used to aid in the management of social programs and to establish funding levels.

OFM's forecasting models for income and medical assistance caseloads use variables included in the economic forecasts produced by the Economic and Revenue Forecast Council. OFM and DSHS produce the income and medical assistance caseload forecasts in September and update them in November and March in conjunction with the economic and revenue forecast. Generally, the caseload forecasts are not updated along with the June economic forecast.

OFM and DSHS prepare annual caseload forecasts for the following: institutional mental health programs, state nursing homes and juvenile rehabilitation programs. DSHS forecasts caseloads for community mental health and developmentally disabled populations independently of OFM.

Inmate populations are forecast each fall by OFM using assumptions developed by the criminal justice work group.

Summary of Amended Bill: OFM is to determine caseload forecasts. DSHS, the Department of Corrections (DOC), the Higher Education Coordinating Board, the State Board for Community College Education, the superintendent of public instruction (SPI), and the caseload forecast workgroup are to assist OFM in determining caseloads. OFM is to submit a caseload forecast report to the chairs of the appropriate legislative committees in November and February or March of each year. The report must contain a forecast for the current and ensuing biennia, the assumptions upon which the forecast is based, and the resulting fiscal impact for each caseload OFM is required to forecast.

"Caseload" is defined to mean state population, and the number of persons expected to meet eligibility requirements or require services from income assistance programs, the Medical Assistance Program, the Juvenile Rehabilitation Program, nursing homes, state correctional institutions, state institutions for the mentally ill, kindergarten through 12th grade institutions, handicapped enrollment, bilingual education enrollment, higher education institutions, and other programs or institutions as determined by OFM.

A caseload forecast workgroup is created. The workgroup is to consist of one staff person selected by the executive head or chairperson of the following committees or agencies:

1. The Senate Ways and Means Committee;
2. The House of Representatives fiscal committees;

3. Other legislative committees determined to be appropriate by the speaker of the House and the majority leader of the Senate; and
4. OFM, DSHS, DOC, the Higher Education Coordinating Board, the State Board for Community College Education, SPI, and other agencies determined to be appropriate by OFM.

The caseload forecast workgroup is to provide technical support and assist OFM with the caseload forecasting process.

Amended Bill Compared to Substitute Bill: The requirement that the Economic and Revenue Forecast Council prepare caseload forecasts is deleted. Various changes are made to the composition of the caseload forecast workgroup. The requirement that OFM submit caseload forecast reports to chairs of the appropriate legislative committees is added.

Fiscal Note: Available.

Effective Date of Amended Bill: The amended bill takes effect July, 1, 1991.

Testimony For: The Economic and Revenue Forecast Council developed out of frustration with the way revenue forecasts were done in the past. Some of those same problems are being experienced today with caseload forecasts. This bill has bipartisan support and would allow some balance between the legislative and executive branches. The process will be improved if the forecast staff belongs to both branches, since oversight of the process is not enough. It makes sense to have everyone agree on the numbers.

Testimony Against: OFM is aware of the problems that can occur with forecasting caseloads, and has attempted to maintain integrity and consistency in the process. This bill is unnecessary since no one has come forward with examples of manipulation, lack of professionalism, or lack of accuracy in caseload forecasts. No one can show that accuracy will improve with enactment of this bill, since the economic and revenue forecast process has not been very accurate. A better solution would be to involve legislative staff more formally in the forecasting process.

Witnesses: Len McComb and Gary Robinson, Office of Financial Management (opposed).