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SENATE BILL 5702

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State of Washington                      52nd Legislature                      1991 Regular Session

By Senators McDonald, Talmadge, Craswell, McMullen, Anderson, Rasmussen, Bluechel and Thorsness.

Read first time February 15, 1991. Referred to Committee on Ways & Means.

1            AN ACT Relating to fiscal matters; and amending RCW 82.33.010,  
2 82.33.020, 82.33.030, 82.33.040, 41.06.087, 41.45.020, 41.45.030,  
3 43.88.020, 43.88.030, and 43.88.120.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 82.33.010 and 1990 c 229 s 1 are each amended to read  
6 as follows:

7            (1) The economic ~~((and))~~, revenue, and caseload forecast council is  
8 hereby created. The council shall consist of two individuals appointed  
9 by the governor and four individuals, one of whom is appointed by the  
10 chairperson of each of the two largest political caucuses in the senate  
11 and house of representatives. In making the two appointments to the  
12 council, the governor may designate two other persons to serve as  
13 members, in lieu of the two primary appointees, when the council is  
14 dealing with issues directly related to caseload forecasts.

1 The chair of the council shall be selected from among the four  
2 caucus appointees. The council may select such other officers as the  
3 members deem necessary.

4 (2) The council shall employ an economic and revenue forecast  
5 supervisor to supervise the preparation of all economic and revenue  
6 forecasts. ~~((As used in this chapter, "supervisor" means the economic  
7 and revenue forecast supervisor.))~~ Approval by an affirmative vote of  
8 at least five members of the council is required for any decisions  
9 regarding employment of the economic and revenue forecast supervisor.  
10 Employment of the economic and revenue forecast supervisor shall  
11 terminate after each term of three years. At the end of the first year  
12 of each three-year term the council shall consider extension of the  
13 economic and revenue forecast supervisor's term by one year. The  
14 council may fix the compensation of the economic and revenue forecast  
15 supervisor. The economic and revenue forecast supervisor shall employ  
16 staff sufficient to accomplish the purposes of this section.

17 (3) The director of financial management shall employ a caseload  
18 forecast supervisor to supervise the preparation of all state caseload  
19 forecasts. The caseload forecast supervisor should possess broad  
20 training and experience in the social sciences, which may include, but  
21 need not be limited or restricted to, quantitative analysis and  
22 forecasting methods, economics, labor market economics, sociology, and  
23 social psychology.

24 (4) The economic ~~((and))~~, revenue, and caseload forecast council  
25 shall oversee the preparation of and approve, by an affirmative vote of  
26 at least four members, the official, optimistic, and pessimistic state  
27 economic ~~((and))~~, revenue, and caseload forecasts prepared under RCW  
28 82.33.020. If the council is unable to approve a forecast before a  
29 date required in RCW 82.33.020, the supervisors shall submit the  
30 forecast without approval and the forecast shall have the same effect

1 as if approved by the council. Economic, revenue, and caseload  
2 forecasts adopted by the council shall indicate whenever the official  
3 forecast differs from staff recommendations.

4 ~~((4))~~ (5) A council member who does not cast an affirmative vote  
5 for approval of the official economic ~~((and))~~, revenue, and caseload  
6 forecast may request, and the supervisors shall provide, an alternative  
7 economic ~~((and))~~, revenue, and caseload forecast based on assumptions  
8 specified by the member.

9 ~~((5))~~ (6) Members of the economic ~~((and))~~, revenue, and caseload  
10 forecast council shall serve without additional compensation but shall  
11 be reimbursed for travel expenses in accordance with RCW 44.04.120  
12 while attending sessions of the council or on official business  
13 authorized by the council. Nonlegislative members of the council shall  
14 be reimbursed for travel expenses in accordance with RCW 43.03.050 and  
15 43.03.060.

16 (7) "Caseload," as used in this chapter, means the number of  
17 persons expected to meet eligibility requirements or require services  
18 from the aid to families with dependent children program, the community  
19 mental health and involuntary treatment program, the medicaid program,  
20 the nursing home program, state correctional institutions, state  
21 institutions for the mentally ill, developmentally disabled, and  
22 juvenile offenders, and other state-funded programs as determined by  
23 the council.

24 **Sec. 2.** RCW 82.33.020 and 1990 c 229 s 2 are each amended to read  
25 as follows:

26 (1) Four times each year, the economic and revenue forecast  
27 supervisor shall prepare, subject to the approval of the economic  
28 ~~((and))~~, revenue, and caseload forecast council under RCW 82.33.010:

29 (a) An official state economic and revenue forecast;

1 (b) An unofficial state economic and revenue forecast based on  
2 optimistic economic and revenue projections; and

3 (c) An unofficial state economic and revenue forecast based on  
4 pessimistic economic and revenue projections.

5 (2) Four times each year, the caseload forecast supervisor shall  
6 prepare, subject to the approval of the economic, revenue, and caseload  
7 forecast council under RCW 82.33.010:

8 (a) An official state caseload forecast;

9 (b) An unofficial state caseload forecast based on optimistic  
10 caseload projections; and

11 (c) An unofficial state caseload forecast based on pessimistic  
12 caseload projections.

13 (3) The supervisors shall submit forecasts prepared under this  
14 section, along with any unofficial forecasts provided under RCW  
15 82.33.010, to the governor and the members of the committees on ways  
16 and means and the chairs of the committees on transportation of the  
17 senate and house of representatives and the chair of the legislative  
18 transportation committee, including one copy to the staff of each of  
19 the committees, on or before November 20th, February 20th in the even-  
20 numbered years, March 20th in the odd-numbered years, June 20th, and  
21 September 20th. All economic and revenue forecasts shall include both  
22 estimated receipts and estimated revenues in conformance with generally  
23 accepted accounting principles as provided by RCW 43.88.037.

24 ~~((+3))~~ (4) All agencies of state government shall provide to the  
25 economic and revenue forecast supervisor immediate access to all  
26 information relating to economic and revenue forecasts. Revenue  
27 collection information shall be available to the economic and revenue  
28 forecast supervisor the first business day following the conclusion of  
29 each collection period.

1        (~~(4)~~) (5) The economic and revenue forecast supervisor and staff  
2 shall co-locate and share information, data, and files with the tax  
3 research section of the department of revenue but shall not duplicate  
4 the duties and functions of one another.

5        **Sec. 3.** RCW 82.33.030 and 1984 c 138 s 3 are each amended to read  
6 as follows:

7        The administrator of the legislative evaluation and accountability  
8 program committee may request, and the supervisors shall provide,  
9 alternative economic (~~and~~), revenue, and caseload forecasts based on  
10 assumptions specified by the administrator.

11        **Sec. 4.** RCW 82.33.040 and 1986 c 158 s 23 are each amended to read  
12 as follows:

13        (1) To promote the free flow of information and to promote  
14 legislative input in the preparation of forecasts, immediate access to  
15 all information relating to economic (~~and~~), revenue, and caseload  
16 forecasts shall be available to the economic (~~and~~), revenue, and  
17 caseload forecast work group, hereby created. Revenue collection  
18 information shall be available to the economic (~~and~~), revenue, and  
19 caseload forecast work group the first business day following the  
20 conclusion of each collection period. Each state agency affected by  
21 caseloads shall submit caseload reports and data to the council as soon  
22 as the reports and data are available and shall provide to the council  
23 and the caseload forecast supervisor such additional raw, program-level  
24 data or information as may be necessary for discharge of their  
25 respective duties. The economic (~~and~~), revenue, and caseload  
26 forecast work group shall consist of one staff member selected by the  
27 executive head or chairperson of each of the following agencies or  
28 committees:

- 1 (a) Department of revenue;
- 2 (b) Office of financial management;
- 3 (c) Legislative evaluation and accountability program committee;
- 4 (d) Ways and means committee of the senate; and
- 5 (e) Ways and means committee of the house of representatives.

6 (2) The economic ~~((and))~~, revenue, and caseload forecast work group  
7 shall provide technical support to the economic ~~((and))~~, revenue, and  
8 caseload forecast council. Meetings of the economic ~~((and))~~, revenue,  
9 and caseload forecast work group may be called by any member of the  
10 group for the purpose of assisting the ~~((economic and revenue~~  
11 ~~forecast))~~ council, reviewing ~~((the state economic and revenue))~~  
12 forecasts, or reviewing monthly revenue collection data or for any  
13 other purpose which may assist the ~~((economic and revenue forecast))~~  
14 council.

15 **Sec. 5.** RCW 41.06.087 and 1990 c 229 s 3 are each amended to read  
16 as follows:

17 In addition to the exemptions set forth in RCW 41.06.070, this  
18 chapter does not apply to the economic and revenue forecast and  
19 caseload forecast supervisors and staff employed under RCW 82.33.010.

20 **Sec. 6.** RCW 41.45.020 and 1989 c 273 s 2 are each amended to read  
21 as follows:

22 As used in this chapter, the following terms have the meanings  
23 indicated unless the context clearly requires otherwise.

24 (1) "Council" means the economic ~~((and))~~, revenue, and caseload  
25 forecast council created in RCW ~~((82.01.130))~~ 82.33.010.

26 (2) "Department" means the department of retirement systems.

27 (3) "Law enforcement officers' and fire fighters' retirement system  
28 plan I" means the benefits and funding provisions covering persons who

1 first became members of the law enforcement officers' and fire  
2 fighters' retirement system prior to October 1, 1977.

3 (4) "Law enforcement officers' and fire fighters' retirement system  
4 plan II" means the benefits and funding provisions covering persons who  
5 first became members of the law enforcement officers' and fire  
6 fighters' retirement system on or after October 1, 1977.

7 (5) "Public employees' retirement system plan I" means the benefits  
8 and funding provisions covering persons who first became members of the  
9 public employees' retirement system prior to October 1, 1977.

10 (6) "Public employees' retirement system plan II" means the  
11 benefits and funding provisions covering persons who first became  
12 members of the public employees' retirement system on or after October  
13 1, 1977.

14 (7) "Teachers' retirement system plan I" means the benefits and  
15 funding provisions covering persons who first became members of the  
16 teachers' retirement system prior to October 1, 1977.

17 (8) "Teachers' retirement system plan II" means the benefits and  
18 funding provisions covering persons who first became members of the  
19 teachers' retirement system on or after October 1, 1977.

20 (9) "Unfunded liability" means the unfunded actuarial accrued  
21 liability of a retirement system.

22 (10) "Actuary" or "state actuary" means the state actuary employed  
23 under chapter 44.44 RCW.

24 (11) "State retirement systems" means the retirement systems listed  
25 in RCW 41.50.030.

26 **Sec. 7.** RCW 41.45.030 and 1989 c 273 s 3 are each amended to read  
27 as follows:

1       (1) The ((~~economic and revenue forecast~~)) council shall adopt the  
2 economic assumptions used by the state actuary in conducting valuation  
3 studies of the state retirement systems.

4       (2) Beginning September 1, 1989, and every six years thereafter,  
5 the state actuary shall submit to the council information regarding the  
6 experience and financial condition of each state retirement system.  
7 The council shall review the information submitted by the state actuary  
8 and shall recommend any adjustments which may be needed to the state or  
9 employer contribution rates contained in RCW 41.45.060 and 41.45.070  
10 for the public employees' retirement system; the teachers' retirement  
11 system; the law enforcement officers' and fire fighters' retirement  
12 system; and the Washington state patrol retirement system.

13       (3) The council may utilize information provided by the state  
14 actuary and such other information as it may request.

15       **Sec. 8.** RCW 43.88.020 and 1990 c 229 s 4 are each amended to read  
16 as follows:

17       (1) "Budget" shall mean a proposed plan of expenditures for a given  
18 period or purpose and the proposed means for financing these  
19 expenditures.

20       (2) "Budget document" shall mean a formal, written statement  
21 offered by the governor to the legislature, as provided in RCW  
22 43.88.030.

23       (3) "Director of financial management" shall mean the official  
24 appointed by the governor to serve at the governor's pleasure and to  
25 whom the governor may delegate necessary authority to carry out the  
26 governor's duties as provided in this chapter. The director of  
27 financial management shall be head of the office of financial  
28 management which shall be in the office of the governor.



1 (4) "Agency" shall mean and include every state office, officer,  
2 each institution, whether educational, correctional or other, and every  
3 department, division, board and commission, except as otherwise  
4 provided in this chapter.

5 (5) "Public funds", for purposes of this chapter, shall mean all  
6 moneys, including cash, checks, bills, notes, drafts, stocks and bonds,  
7 whether held in trust, for operating purposes, or for capital purposes,  
8 and collected or disbursed under law, whether or not such funds are  
9 otherwise subject to legislative appropriation, including funds  
10 maintained outside the state treasury.

11 (6) "Regulations" shall mean the policies, standards and  
12 requirements, stated in writing, designed to carry out the purposes of  
13 this chapter, as issued by the governor or the governor's designated  
14 agent, and which shall have the force and effect of law.

15 (7) "Ensuing biennium" shall mean the fiscal biennium beginning on  
16 July 1st of the same year in which a regular session of the legislature  
17 is held during an odd-numbered year pursuant to Article II, section 12  
18 of the Constitution and which biennium next succeeds the current  
19 biennium.

20 (8) "Dedicated fund" means a fund in the state treasury, or a  
21 separate account or fund in the general fund in the state treasury,  
22 that by law is dedicated, appropriated or set aside for a limited  
23 object or purpose; but "dedicated fund" shall not include a revolving  
24 fund or a trust fund.

25 (9) "Revolving fund" means a fund in the state treasury,  
26 established by law, from which is paid the cost of goods or services  
27 furnished to or by a state agency, and which is replenished through  
28 charges made for such goods or services or through transfers from other  
29 accounts or funds.

1 (10) "Trust fund" means a fund in the state treasury in which  
2 designated persons or classes of persons have a vested beneficial  
3 interest or equitable ownership, or which was created or established by  
4 a gift, grant, contribution, devise, or bequest that limits the use of  
5 the fund to designated objects or purposes.

6 (11) "Administrative expenses" means expenditures for: (a)  
7 Salaries, wages, and related costs of personnel and (b) operations and  
8 maintenance including but not limited to costs of supplies, materials,  
9 services, and equipment.

10 (12) "Fiscal year" means the year beginning July 1st and ending the  
11 following June 30th.

12 (13) "Lapse" means the termination of authority to expend an  
13 appropriation.

14 (14) "Legislative fiscal committees" means the legislative budget  
15 committee, the legislative evaluation and accountability program  
16 committee, the ways and means committees of the senate and house of  
17 representatives, and, where appropriate, the legislative transportation  
18 committee.

19 (15) "Fiscal period" means the period for which an appropriation is  
20 made as specified within the act making the appropriation.

21 (16) "Primary budget driver" means the primary determinant of a  
22 budget level, other than a price variable, which causes or is  
23 associated with the major expenditure of an agency or budget unit  
24 within an agency, such as a caseload, enrollment, workload, or  
25 population statistic.

26 (17) "Stabilization account" means the budget stabilization account  
27 created under RCW 43.88.525 as an account in the general fund of the  
28 state treasury.

29 (18) "State tax revenue limit" means the limitation created by  
30 chapter 43.135 RCW.

1 (19) "General state revenues" means the revenues defined by Article  
2 VIII, section 1(c) of the state Constitution.

3 (20) "Annual growth rate in real personal income" means the  
4 estimated percentage growth in personal income for the state during the  
5 current fiscal year, expressed in constant value dollars, as published  
6 by the office of financial management or its successor agency.

7 (21) "Estimated revenues" means estimates of revenue in the most  
8 recent official economic and revenue forecast prepared under RCW  
9 82.33.020, and prepared by the office of financial management for those  
10 funds, accounts, and sources for which the office of the economic  
11 ~~((and))~~, revenue, and caseload forecast council does not prepare an  
12 official forecast.

13 (22) "Estimated receipts" means the estimated receipt of cash in  
14 the most recent official economic and revenue forecast prepared under  
15 RCW 82.33.020, and prepared by the office of financial management for  
16 those funds, accounts, and sources for which the office of the economic  
17 ~~((and))~~, revenue, and caseload forecast council does not prepare an  
18 official forecast.

19 (23) "State budgeting, accounting, and reporting system" means a  
20 system that gathers, maintains, and communicates fiscal information.  
21 The system links fiscal information beginning with development of  
22 agency budget requests through adoption of legislative appropriations  
23 to tracking actual receipts and expenditures against approved plans.

24 (24) "Allotment of appropriation" means the agency's statement of  
25 proposed expenditures, the director of financial management's review of  
26 that statement, and the placement of the approved statement into the  
27 state budgeting, accounting, and reporting system.

28 (25) "Statement of proposed expenditures" means a plan prepared by  
29 each agency that breaks each appropriation out into monthly detail

1 representing the best estimate of how the appropriation will be  
2 expended.

3 (26) "Undesignated fund balance (or deficit)" means unreserved and  
4 undesignated current assets or other resources available for  
5 expenditure over and above any current liabilities which are expected  
6 to be incurred by the close of the fiscal period.

7 **Sec. 9.** RCW 43.88.030 and 1990 c 115 s 1 are each amended to read  
8 as follows:

9 (1) The director of financial management shall provide all agencies  
10 with a complete set of instructions for submitting biennial budget  
11 requests to the director at least three months before agency budget  
12 documents are due into the office of financial management. The budget  
13 document or documents shall consist of the governor's budget message  
14 which shall be explanatory of the budget and shall contain an outline  
15 of the proposed financial policies of the state for the ensuing fiscal  
16 period and shall describe in connection therewith the important  
17 features of the budget. The message shall set forth the reasons for  
18 salient changes from the previous fiscal period in expenditure and  
19 revenue items and shall explain any major changes in financial policy.  
20 Attached to the budget message shall be such supporting schedules,  
21 exhibits and other explanatory material in respect to both current  
22 operations and capital improvements as the governor shall deem to be  
23 useful to the legislature. The budget document or documents shall set  
24 forth a proposal for expenditures in the ensuing fiscal period based  
25 upon the estimated revenues and caseloads as approved by the economic  
26 ((and)), revenue, and caseload forecast council for such fiscal period  
27 from the source and at the rates existing by law at the time of  
28 submission of the budget document. However, the estimated revenues or  
29 caseloads for use in the governor's budget document may be adjusted to

1 reflect budgetary revenue transfers ~~((and))~~, revenue estimates  
2 dependent upon budgetary assumptions of enrollments, workloads, and  
3 caseloads, and policy and program changes. All adjustments to the  
4 approved estimated revenues and caseloads must be set forth in the  
5 budget document. The governor may additionally submit, as an appendix  
6 to each agency budget or to the budget document or documents, a  
7 proposal for expenditures in the ensuing fiscal period from revenue  
8 sources derived from proposed changes in existing statutes.

9 The budget document or documents shall also contain:

10 (a) Revenues classified by fund and source for the immediately past  
11 fiscal period, those received or anticipated for the current fiscal  
12 period, and those anticipated for the ensuing biennium;

13 (b) The undesignated fund balance or deficit, by fund;

14 (c) Such additional information dealing with expenditures,  
15 revenues, workload, performance and personnel as the legislature may  
16 direct by law or concurrent resolution;

17 (d) Such additional information dealing with revenues and  
18 expenditures as the governor shall deem pertinent and useful to the  
19 legislature;

20 (e) Tabulations showing expenditures classified by fund, function,  
21 activity and object;

22 (f) A delineation of each agency's activities, including those  
23 activities funded from nonbudgeted, nonappropriated sources, including  
24 funds maintained outside the state treasury; and

25 (g) Identification of all proposed direct expenditures to implement  
26 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
27 agency and in total.

28 (2) The budget document or documents shall include detailed  
29 estimates of all anticipated revenues applicable to proposed operating  
30 or capital expenditures and shall also include all proposed operating

1 or capital expenditures. The total of beginning undesignated fund  
2 balance and estimated revenues less working capital and other reserves  
3 shall equal or exceed the total of proposed applicable expenditures.  
4 The budget document or documents shall further include:

5 (a) Interest, amortization and redemption charges on the state  
6 debt;

7 (b) Payments of all reliefs, judgments and claims;

8 (c) Other statutory expenditures;

9 (d) Expenditures incident to the operation for each agency;

10 (e) Revenues derived from agency operations;

11 (f) Expenditures and revenues shall be given in comparative form  
12 showing those incurred or received for the immediately past fiscal  
13 period and those anticipated for the current biennium and next ensuing  
14 biennium;

15 (g) A showing and explanation of amounts of general fund  
16 obligations for debt service and any transfers of moneys that otherwise  
17 would have been available for general fund appropriations;

18 (h) Common school expenditures on a fiscal-year basis;

19 (i) A showing, by agency, of the value and purpose of financing  
20 contracts for the lease/purchase or acquisition of personal or real  
21 property for the current and ensuing fiscal periods.

22 (3) A separate budget document or schedule may be submitted  
23 consisting of:

24 (a) Expenditures incident to current or pending capital projects  
25 and to proposed new capital projects, relating the respective amounts  
26 proposed to be raised therefor by appropriations in the budget and the  
27 respective amounts proposed to be raised therefor by the issuance of  
28 bonds during the fiscal period;

29 (b) A capital program consisting of proposed capital projects for  
30 at least the two fiscal periods succeeding the next fiscal period. The

1 capital program shall include for each proposed project a statement of  
2 the reason or purpose for the project along with an estimate of its  
3 cost;

4 (c) Such other information bearing upon capital projects as the  
5 governor shall deem to be useful to the legislature;

6 (d) Such other information relating to capital improvement projects  
7 as the legislature may direct by law or concurrent resolution.

8 (4) No change affecting the comparability of agency or program  
9 information relating to expenditures, revenues, workload, performance  
10 and personnel shall be made in the format of any budget document or  
11 report presented to the legislature under this section or RCW  
12 43.88.160(1) relative to the format of the budget document or report  
13 which was presented to the previous regular session of the legislature  
14 during an odd-numbered year without prior legislative concurrence.  
15 Prior legislative concurrence shall consist of (a) a favorable majority  
16 vote on the proposal by the standing committees on ways and means of  
17 both houses if the legislature is in session or (b) a favorable  
18 majority vote on the proposal by members of the legislative evaluation  
19 and accountability program committee if the legislature is not in  
20 session.

21 **Sec. 10.** RCW 43.88.120 and 1987 c 502 s 6 are each amended to read  
22 as follows:

23 Each agency engaged in the collection of revenues shall prepare  
24 estimated revenues and estimated receipts for the current and ensuing  
25 biennium and shall submit the estimates to the director of financial  
26 management and the director of revenue at times and in the form  
27 specified by the directors, along with any other information which the  
28 directors may request.

1        A copy of such revenue estimates shall be simultaneously submitted  
2 to the economic ((and)), revenue, and caseload forecast work group when  
3 required by the office of the economic ((and)), revenue, and caseload  
4 forecast council.