

SENATE BILL REPORT

SB 5468

As of February 15, 2011

Title: An act relating to creating the office of forecast councils.

Brief Description: Creating the office of forecast councils.

Sponsors: Senators Pridemore, Shin and Chase; by request of Governor Gregoire.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 2/14/11.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Staff: Diane Smith (786-7410)

Background: The Economic and Revenue Forecast (ERF) Council was created in 1984. ERF Council consists of two members appointed by the Governor and four members from the Legislature.

The chair of the ERF Council is selected from among the four caucus appointees. The chair alternates between the Senate and the House and is held by the majority party.

The ERF Council was established to oversee the preparation of and approve the official state economic and revenue forecasts. The ERF Council is authorized to employ an economic and revenue forecast supervisor. The supervisor, Washington State's Chief Economist & Executive Director, is given authority to hire staff to produce forecasts.

The ERF Council is an independent agency; it is not a part of the executive or legislative branches.

Four times each year the supervisor of the ERF Council must prepare an official state economic and revenue forecast, an unofficial state economic and revenue forecast based on optimistic economic and revenue projections, and an unofficial state economic and revenue forecast based on pessimistic economic and revenue projections.

The ERF Council must approve the official forecast by an affirmative vote of at least four members. If the ERF Council is unable to approve a forecast before a required date the

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supervisor will submit the forecast without approval and the forecast will have the same effect as if approved by the council.

The ERF workgroup exists to promote the free flow of information from executive agencies and to promote legislative input in the preparation of forecasts. The workgroup also provides technical support to the ERF Council. The ERF workgroup consists of one staff member from the Department of Revenue, Office of Financial Management, legislative budget committee, Legislative Evaluation and Accountability Program committee, Ways and Means committee of the Senate, and Finance committee of the House of Representatives.

The Governor's Council of Economic Advisor's was formally created by Executive Order in 1984. The purpose of the Governor's Council is to advise the Governor on a broad range of economic and fiscal matters. The Governor's Council also meets to review the ERF Council's preliminary economic forecast. The Governor's Council was reauthorized and re-established by Executive Order in 1999.

The Caseload Forecast (CF) Council was created in 1997. It is charged with forecasting the entitlement caseloads for the state of Washington. The CF Council meets several times a year to adopt official forecasts that are the basis of the Governor's budget document and utilized by the legislature in the development of the Omnibus Biennial Appropriations Act.

CF Council's composition and operation parallel that of the ERF Council, as does that of the CF workgroup. The supervisor of the CF Council must submit forecasts at least three times each year and on the dates determined by the council.

The two supervisors and their staff are exempt from civil service laws.

Summary of Bill: CF Council and the ERF Council are combined into one office, the Office of Forecast Councils. The supervisory positions of each council are eliminated and replaced with a director but the councils themselves and their duties, remain intact and are increased.

The Office is headed by a director appointed by the two councils for a term of three years. At the end of the first year of the three-year term the councils must consider the possibility of a one year extension. The supervisor of the ERF Council serves as the first director beginning July 1, 2011.

In addition to the current forecasts required of the ERF Council, it must also submit an unofficial, preliminary state revenue forecast on or around February 6 in even-numbered years, on March 6 in odd-numbered years, and November 6 in each year.

The duty of the CF Council, to submit caseload forecasts, is unchanged.

The exemption from civil service laws for the staff of the two forecast councils is removed. The director is exempt from civil service laws.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony: PRO: This bill provides for centralized administration and will save money over time. There is a zero fiscal note; savings are not being proposed.

OTHER: There will be implementation costs.

Persons Testifying: PRO: Senator Pridemore, prime sponsor; Marc Baldwin, OFM.

OTHER: John C. Steiger, PhD.