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Senate Republican Caucus Chair

Committees: Financial Institutions, Housing and Insurance; Health and Long-Term Care;
Ways and Means; Rules

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Dear Friends,

It's hard to believe more than three weeks have already passed since the special legislative session ended in late May. Although the session is over, legislative activities are continuing with bill signings, interim committee meetings and work on issues for our district.

Bills and budgets signed into law

On Wednesday I was in Olympia to participate in the signing of several key bills and the operating and capital budgets into law. They included:

- **2011-13 operating budget.** The state's \$32 billion 2011-13 operating budget was signed into law with approval of [Second Engrossed Substitute House Bill 1087](#). Gov. Gregoire vetoed portions of the measure and you can link to her veto message [here](#) to read about which portions she vetoed and why. One of the most important things about the budget, given the state of our economy, is that it leaves more than \$700 million in reserves. That became even more important this week with the new revenue forecast (see "State revenue collections and revenue forecast" section below).
- **2011-13 capital budget.** This year, in an effort to further restrain our debt, our state's [capital budget](#) is smaller than in the past. Spending in the budget focuses largely on honoring our commitment to schools to provide matching state funds for their construction projects.
- **Debt reduction measure.** [Substitute Senate Bill 5181](#), which I prime-sponsored, lowers our state's working debt limit and establishes an independent commission to examine our state's use of debt and make recommendations on debt policy. I will serve on that commission (more on that and other things I'll be doing this summer below).
- **Workers' compensation.** [Engrossed House Bill 2123](#) makes a number of changes to our state-run workers' compensation system. Among other things, it gives older injured

workers the option of settling a claim through a voluntary structured settlement with guaranteed medical coverage. The measure is expected to save \$1 billion over the next four years.

- **Streamlining state government.** [Engrossed Substitute Senate Bill 5931](#) consolidates the departments of Printing, Personnel and General Administration into one new agency, the Department of Enterprise Services (DES). The bill will save an estimated \$18 million in the next two years and will eliminate around 70 state positions. Additionally, up to six activities performed by DES must be bid competitively each biennium to determine if savings can be achieved.
- **Welfare reform.** [Engrossed Substitute Senate Bill 5921](#) makes it illegal to use state-issued cash benefit cards for tattoos or body art, to purchase tobacco or alcohol, for gambling, bail bonds, or adult entertainment. Adult venues are prohibited from allowing these cards to be used at on-premise ATMs, and the cards may not be sold, exchanged or donated to another person. The measure also makes changes to prevent fraud in state-paid childcare, add accountability to the WorkFirst program, and allow the Department of Social and Health Services to permanently disqualify recipients for repeated policy violations.

State revenue collections and revenue forecast down

On Thursday we received an updated quarterly **state revenue forecast**. Since the previous forecast in March, **regular monthly revenue collections have totaled \$142 million less** than anticipated. As a result, revenues through next biennium are forecast to be **\$572 million less** than budgeted: down \$185 million for the current biennium ending June 30 and down \$387 million for 2011-13 biennium.

The operating budget the governor signed on Wednesday left approximately **\$735 million in reserves**. After Thursday's forecast that reserve figure is down to **\$163 million**, including what's in the state's rainy-day fund. The next revenue forecast will take place in September and needless to say, it will be an important one.

On the topic of **revenue forecasts**, a number of you have expressed interest in learning more about how they work. Here are some key facts on how the forecast is developed and how it is used in our state's budgeting process.

- In 1984 the Legislature created a new process for producing official **economic and revenue forecasts** for state government. That included creating the [Washington State Economic and Revenue Forecast Council](#) to produce accurate, nonpartisan quarterly forecasts of both **economic activity** in Washington and projected **general-fund revenue**. The Legislature and governor use this information as the basis for state budgets.
- The Forecast Council consists of two members appointed by the governor and four members of the Legislature. It is an **independent agency** – not part of the executive or legislative branches.
- Four times each year the Council's chief economist and executive director (currently [Dr. Arun Raha](#)) must prepare official state **economic and revenue forecasts**, plus unofficial

forecasts based on both optimistic and pessimistic projections. The Council can choose to approve or not approve the revenue forecast.

- The **economic forecast** is completed first, and that data is used to produce a **revenue forecast**. Once all the components of the revenue forecast are prepared, members of the Forecast Council meet with the chief economist to discuss and approve the forecast.
- Planners and policymakers in state agencies and private organizations use the **economic forecast** information in their decision-making process.
- Budget writers use **revenue forecast** information to create state spending plans.

Interim commitments

Although the regular and special legislative sessions have ended, my work on a number of legislative task forces and other issues continues throughout the interim. Here are some of the committees and task forces I will be serving on over the summer and fall:

- **Debt commission**. As mentioned above, I will be serving this summer on the commission formed as a result of passage of [Senate Bill 5181](#), the debt reduction measure. This independent commission will examine the use of debt in our state and make recommendations on debt policy. We will present our findings to the State Finance Committee and the Legislature by December 1. I expect initial meeting dates for this commission to be announced soon.
- **Joint Legislative Audit and Review Committee (JLARC)**. This committee, which consists of a bipartisan group of legislators and a legislative auditor, conducts performance audits, program evaluations, sunset reviews and other analysis of programs that receive state funds. The purpose of the committee, on which I serve as vice-chair, is to make state government operations more effective, efficient and accountable. JLARC meets about once a month to direct and review a variety of these reports and make recommendations based on them. You may view a list of our upcoming meetings [at this link](#). Our next meeting will be next Thursday (June 23); you may view an agenda [here](#).
- **Joint Select Committee on Health Reform Implementation**. Following passage of the federal health care bill the Legislature formed this committee to look at various aspects of its implementation in our state. The committee was scheduled to be disbanded at the end of this month. Regardless of whether the federal legislation proceeds or is found to be unconstitutional because of the insurance mandate, it is imperative that our state moves forward in a positive direction on health care matters, while ensuring that we do no harm. I sponsored [Senate Bill 5508](#) to give the Committee more time to continue its discussion and get answers to some of the most important questions surrounding the issue. Although SB 5508 did not pass, another measure – [House Concurrent Resolution 4404](#) – did pass, extending the group until mid-2014. I expect to continue serving on this committee.
- **William D. Ruckelshaus Center**. The mission of the Ruckelshaus Center is to act as a neutral resource for collaborative problem-solving in the region by working with public, private, tribal, non-profit and other community leaders to build consensus and resolve conflicts around public policy issues. I serve on the center's advisory board, which meets twice a year – in May and October. Subcommittees meet throughout the year.

- [Capital Campus Design Advisory Committee](#). As Senate Republican lead on the capital budget, I serve on this committee that makes decisions about capital improvements to the Capitol Campus grounds and facilities. We meet several times a year; during the 2011 interim we are scheduled to meet in September and November.

In closing...

It's been a pleasure seeing so many of you across the district since returning home from Olympia. If there is anything I can do for you, please contact me at the phone number or e-mail address below.

Thank you, as always, for the privilege of representing you in the state Senate!

All the best,

Linda

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