

STATE EXPENDITURE LIMIT COMMITTEE

Minutes

November 30, 2007

9:00 a.m.

John A. Cherberg Building, Senate Hearing Room 2

Members Present: Representative Gary Alexander; Attorney General Rob McKenna; Victor Moore, Director, Office of Financial Management; Senator Margarita Prentice; and Representative Helen Sommers.

The meeting was called to order at 9:10 a.m. by Victor Moore, Chair of the committee.

Victor Moore proposed that they dispense with the minutes. Representative Sommers moved, Senator Prentice seconded, and the motion was adopted.

Kristen Fraser (*staff, OPR – Appropriations*) presented changes to the committee bylaws that reflect the statutory changes to the committee. Rob McKenna moved, Representative Alexander seconded that the changes to the bylaws be adopted. The motion was adopted.

Steve Jones (*staff, SCS – Ways and Means*) and Kristen Fraser presented a summary of impacts of ballot measures and litigation on the expenditure limit.

David Schumacher (*staff, SCS – Ways and Means*) and Dave Johnson (*staff, OPR – Appropriations*) presented the chair's proposal for the calculation of the expenditure limits. This presentation replaced a version that had been previously mailed out.

David Schumacher directed the members' attention to a sheet that described the principles used in the chair's proposal and highlighted the difference from the mailed version.

David Schumacher took the members through the presentations pointing out on page 8 and page 20 where this presentation differed from the previously mailed version of the limit presentation.

Rob McKenna offered questions about the growth factor calculation and projections. Dave Johnson indicated that the projection use the Revenue Forecast Council's estimated for personal income growth. David Schumacher indicated that the downward trend in personal income reflected the decline in inflation.

Senator Prentice moved and Representative Sommers seconded adoption of the limit calculations.

Rob McKenna raised the issue of the treatment of the appropriation out of the Education Legacy Trust Account for vocation equipment and whether or not it was a program shift that should lower the limit. He called on Dave Johnson to describe the issue. Dave Johnson described the analysis he did at the request of the Attorney General to identify possible program shifts. The vocation equipment appropriation was the only one that was identified in his review. Dave

Johnson discussed the adjustment. Rob McKenna proposed that the limit be reduced for this adjustment. Victor Moore stated that he would view this as a friendly amendment and Senator Prentice indicated that she accepted the amendment to her motion.

Representative Alexander spoke about why he would be voting against the motion to adopt the limit calculations. He indicated that moving a major cost, such as Higher Education enrollments, outside the limit violated the integrity of the limit.

The limits were then voted on with Rob McKenna, Victor Moore, Senator Prentice, Representative Sommers voting for the motion and Representative Alexander voting against.

Victor Moore then put the election of a new chair before the committee. Representative Sommers moved that the director of OFM remain the chair. No other candidates were identified and Victor Moore was reappointed by acclamation.

The meeting was adjourned at 9:50 a.m.

AN AUDIO RECORDING OF THE MEETING IS ON FILE WITH THE COMMITTEE.