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Revenue projections for Washington lower than expected

By Rachel La Corte
Associated Press

OLYMPIA — As lawmakers prepare to unveil a supplemental budget proposal, they learned Wednesday that they have a little less money to work with in the current budget cycle and significantly less money than previously expected for the two years after that.

Officials have lowered the state's revenue projections for both the current two-year budget that ends in the middle of 2017 and the next budget cycle, citing weak economic growth, both globally and nationally.

The state revenue forecast released by the Washington state Economic and Revenue Forecast Council showed that the current two-year \$38 billion budget that ends in the middle of 2017 falls about \$78 million short of what was originally predicted. The forecast lowered its forecast for the next two-year budget by \$436 million. The projected overall state budget for 2017-19 is expected to be about \$41 billion. However, officials say the forecast is offset slightly by lower projected costs related to the number of people on welfare and in nursing homes.

"We are not assuming a recession, but we are assuming slower growth than we saw in November," said Steve Lerch, the revenue council's executive director. "Slower growth nationally and internationally means slower growth rate in terms in purchases of Washington goods and services both in the U.S. and overseas."

One of the issues cited in Wednesday's forecast was the fact that, for the first time since 2009, Washington exports declined last year.

"It's a tough environment for exporters and this is clearly going to weigh on Washington's economy," Lerch said.

Lawmakers are more than halfway through the current 60-day legislative session, and House Democrats are set to unveil a supplemental budget proposal on Monday.

Democratic Rep. Hans Dunshee, the main budget writer for that chamber, expressed concern that the forecast doesn't take into account billions that the state needs to spend on education funding. The state is currently under a contempt order by the state Supreme Court for its lack of progress on that effort.

Dunshee said he couldn't say yet whether taxes would be part of the House proposal, but said the state will need to be more proactive in order to satisfy the court.

"I can guarantee you that we're not going to grow our way to the McCleary solution," he said, referring to the name the lawsuit against the state is known as.

But the main budget writer for the Senate said that the price tag for the education mandate is not agreed upon, and he noted that revenue forecasts are fluid.

"To some degree we've had up and downs," said Republican Sen. Andy Hill, noting that the most recent change is "not enough to break the budget."

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