

EMBARGOED

*until September 23, 2020 10:00 am PST when it will be
published at www.ercf.wa.gov*

Revenue Review and Budget Outlook Adoption

November 18, 2020



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW & BUDGET OUTLOOK ADOPTION MEETING

November 18, 2020
10:00 a.m.

- Approval of meeting minutes from November 3, 2020
- Budget Outlook methodology review
 - Outlook Growth Factors
- Expenditure Limit
 - Fiscal Growth Factor
- Economic & Revenue Forecast
 - Adoption of official state economic and revenue forecast and unofficial optimistic and pessimistic alternative forecasts
- 2021-2022 ERFC Council Chair
- Adjournment

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STATE OF WASHINGTON
ECONOMIC AND REVENUE FORECAST COUNCIL
PO Box 40912 • Olympia, Washington 98504-0912 • (360) 534-1560

Meeting Minutes
Economic Review and Budget Outlook Methodology
November 3, 2020
Zoom

Economic and Revenue Forecast Council

Ed Orcutt, House of Representatives, Chair
Christine Rolfes, Senate
John Braun, Senate
Timm Ormsby, House
Duane Davidson, Treasurer
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director

Call to Order

Representative Orcutt called the meeting to order at 10:07 a.m.

Approval of the Minutes

Senator Rolfes moved, seconded by Representative Orcutt to adopt the meeting minutes from September 23, 2020. Council passed motion unanimously at 10:09 a.m.

Motion

Representative Ormsby moved, seconded by Representative Orcutt, to adopt the revised alternative growth factors for higher education for 2020 – 2025 to be used in calculating the budget outlook. All Council members save Treasurer Davidson approved the motion at 10:14 a.m.

Motion

Representative Ormsby moved, seconded by Representative Orcutt, to extend ERFC Executive Director, Dr. Steve Lerch's contract for an additional year. All Council members save Treasurer Davidson approved the motion at 10:22 a.m.

Forecast Presentation

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes.

Motion

Senator Rolfes moved, seconded by Representative Orcutt, to adopt the Economic Forecast as presented. Council approved the motion unanimously at 10:38 a.m.

Adjournment

With no further business, the meeting adjourned at 10:38 a.m.

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November 18, 2018

To: Economic and Revenue Forecast Council

From: State Budget Outlook Work Group

Subject: Growth factors for Outlooks prepared during the 2021-23 biennium

In accordance with prior practice, the State Budget Outlook Work Group (Workgroup) is in the process of updating growth factors for the Outlook functional areas. These revised growth factors are being presented to the Economic and Revenue Forecast Council (Council) for your consideration. If adopted, these growth factors would apply for all Outlooks prepared for the 2021-23 biennium including the Outlook for the Fiscal Year (FY) 2022 Supplemental budget.

Background

Per statute, the estimated expenditures in the Outlook are to reflect the cost to continue current programs, entitlement program growth, and actions required by law. The cost to continue current programs and growth in entitlement programs is estimated in the Outlook by using growth factors. Other changes that are required by law, including items with future implementation dates, are generally reflected separately or accounted for by custom adjustments in the Outlook. The Outlook statute specifically excludes any future costs related to policy items to include, but not limited to, collective bargaining agreements not approved by the Legislature, or salaries and benefits, unless required by statute.

Methodology Overview

The growth factors are updated through a joint effort by legislative and executive branch staff. The 2020 update uses budgeted appropriations for the four accounts covered by the Outlook from the 2011-13 biennium to the 2019-21 biennium. Generally, the approach compares the FY change within each biennium through Maintenance Level (ML) of the budget.

The low income health care & community behavioral health methodology combines the general approach for community behavioral health with a custom approach for low income health care, which calculates the average annual change in forecasted services. Growth for K-12 education and debt service is calculated through specific models, which calculate out FY growth rather than by applying a growth factor.

The analysis excludes items related to salaries and benefits, to ensure that growth associated with salary and benefit changes are not reflected in the growth factor. In addition, certain items that are regularly calculated through custom adjustments which capture growth in the out biennia are excluded.

K12

The growth for K12 will be based on the K12 model, as previously approved by the Council in September 2016 and November 2018.

The Department of Social and Health Services

The growth for the Department of Social and Health Services is based on budget appropriations from the 2011-13 biennium to the 2019-21 biennium. Some of the major cost components include caseload, utilization, and severity of client needs.

The average projected growth for Social and Health Services is estimated at 3.31 percent per FY.

Low Income Health Care and Community Behavioral Health

The growth for low income health care and community behavioral health continues to use a hybrid approach. The growth for low income physical health care is based on actual and forecasted annual expenditures in core Medicaid programs from FY 2013 through FY 2019. Population services that have been subject to policy changes are excluded from the analysis. Some of the major cost components for this area include utilization and medical inflation. Due to a delay in receiving data from the Health Care Authority, the workgroup is unable to update this component of the growth factor to include 2019-21 and recommends using the same factor as was used in 2018 for this component. Growth for community behavioral health is based on budget appropriations from the 2011-13 biennium to the 2019-21 biennium and this component has been updated.

The average projected growth for low income health care and community behavioral health using this hybrid approach is estimated at 2.86 percent per FY.

Impacts of the expiration of the Hospital Safety Net and changes in the Affordable Care Act Federal match requirements are calculated separately in the Outlook and are not captured in the growth factor percentage.

Higher Education

Based on guidance from the Council at the November 3, 2020 meeting, the growth for higher education is calculated through a weighted hybrid approach. Growth for non-financial aid, which accounts for roughly 80% of expenditures, is calculated based on budget appropriations from the 2011-13 biennium to the 2019-21 biennium. Growth for financial aid, which accounts for roughly 20% of expenditures, is calculated based on historical average tuition changes over the past four years and forecasted population changes for persons between the ages of 18 and 24.

The average projected growth for Higher Education using this hybrid approach is estimated at 0.69% percent per FY.

Debt Service

Growth for debt service will continue to be calculated using the bond model as previously directed by the Council.

Department of Corrections

The growth for the Department of Corrections is based on budget appropriations from the 2011-13 biennium to the 2019-21 biennium. A major cost component is the proportion of community and institution population.

The average projected growth for Corrections is estimated at 1.53 percent per FY.

All Other

This includes general government agencies, judicial agencies, legislative agencies, early learning, and other human service agencies. The growth for all other is based on budget appropriations from the 2011-13 biennium to the 2019-21 biennium. Major cost components in this area are related to childcare, early learning, juvenile rehabilitation, fire suppression costs, central service charges, lease rate adjustments, and equipment replacement costs. Increases in some agencies were offset with reductions in others so that there was essentially no growth over the prior ten years when combining all of these entities.

As a result, there will be no growth factor applied to the agencies in the All Other category.

Estimated out year increases for the Early Childhood Education Assistance Program (ECEAP), which becomes an entitlement in FY 2023, will be calculated on a custom basis using forecasted caseloads.

Outlook Growth Rate Summary Table

Default Growth Rate Category	2018 Growth Factor- Current	2020 Growth Factor- Proposed
All Other	0.42%	0.00%
Corrections	1.33%	1.53%
Debt Service	Use Bond Model	Use Bond Model
Department of Social and Health Services	3.27%	3.31%
Higher Education	0.10%	0.69%
K-12 Education	Use K12 Model	Use K12 Model
Low Income Health Care & Community Behavioral Health	2.89%	2.86%

Adjusting the Fiscal Growth Factor

November 18, 2020

Expenditure Limit Law Change

- The state expenditure limit, restrictions on raising taxes in excess of the limit, and the state Expenditure Limit Committee were repealed (Chapter 218, Laws of 2020)
- The state expenditure limit required calculation of a fiscal growth factor, which was not repealed and is used for other purposes
- The Economic Revenue Forecast Council (ERFC) is now responsible for calculating the fiscal growth factors by Fiscal Year (FY) for the current and ensuing biennia

Fiscal Growth Factor Basics

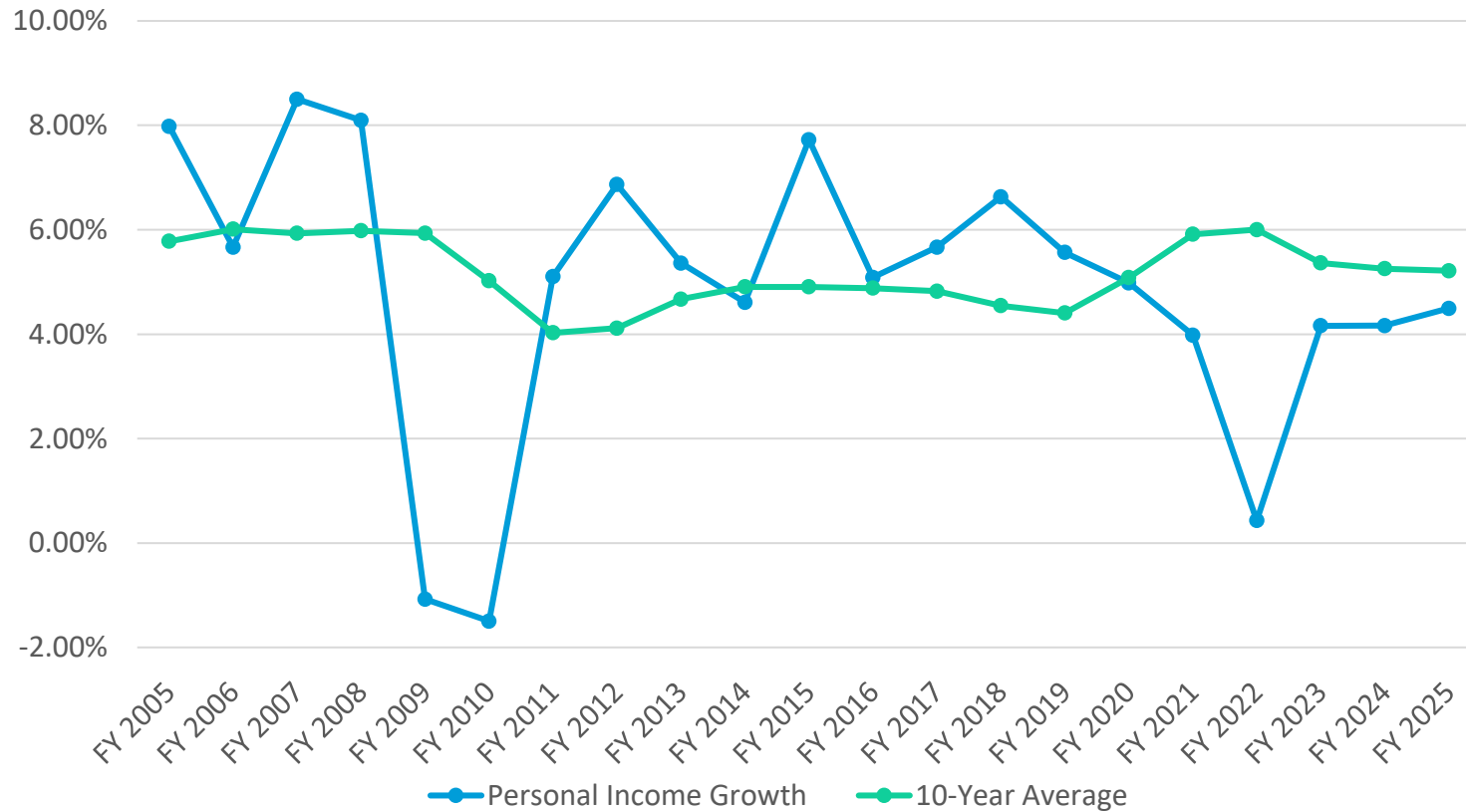
- The fiscal growth factor is the average growth in state personal income for the prior ten FY.
- The fiscal growth factor is set once adopted by the ERFC and not updated for any subsequent revisions to the data.

Uses of the Fiscal Growth Factor

The fiscal growth factor is used for purposes in statute including:

- Determining amounts that specific fees may or must be raised by; and
- Determining increases to be made for specific transfers and local distributions

The Fiscal Growth Factor is equal to the 10-Year Average of State Personal Income Growth



Fiscal Growth Factors

Fiscal Year	Fiscal Growth Factor	Status
FY 2020 (2019-21)	5.08%	Adopted November 2018
FY 2021 (2019-21)	5.91%	Adopted November 2019
FY 2022 (2021-23)	6.00%	Proposed November 2020
FY 2023 (2021-23)	5.36%	Preliminary November 2020

FY 2020 Fiscal Growth Factor

Adopted in November 2018 (\$ Billions)

FY 2009 Personal Income	\$285.384
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FY 2019 Personal Income	\$468.587
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10 year average annual growth	5.08%
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Formula: $(468.587/285.384)^{(1/10)}-1$

FY 2021 Fiscal Growth Factor

Adopted in November 2019 (\$ Billions)

FY 2010 Personal Income	\$282.006
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FY 2020 Personal Income (<i>estimate</i>)	\$500.934
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10 year average annual growth	5.91%
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Formula: $(500.934/282.006)^{(1/10)}-1$

** Personal income and fiscal growth factor is estimated.*

FY 2022 Fiscal Growth Factor

Proposed Final (\$ Billions)

FY 2011 Personal Income	\$296.551
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FY 2021* Personal Income*	\$531.201
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10 year average annual growth*	6.00%
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Formula: $(531.201/296.551)^{(1/10)}-1$

** Personal income and fiscal growth factor is estimated.*

FY 2023 Fiscal Growth Factor

Preliminary (\$ Billions)

FY 2012 Personal Income	\$316.426
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FY 2022* Personal Income*	\$533.479
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10 year average annual growth*	5.36%
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Formula: $(533.479/316.426)^{(1/10)}-1$

** Personal income and fiscal growth factor is estimated.*

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**Economic & Revenue Forecast Council
State of Washington**



Economic & Revenue Review: November 18, 2020

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's November 2020 Control forecast for the U.S. economy. As usual, we have adjusted real gross domestic product (GDP) to match the Blue Chip "Consensus" GDP forecast. The forecast for GDP growth in 2020 is now -3.7%, up from -4.0% in the preliminary November forecast. For 2021, real GDP growth is 4.0%, up from 3.9% in the preliminary forecast. The GDP forecast for the remainder of the forecast period is consistent with the level of potential GDP implied in the Blue Chip long-range forecast: 2.9% in 2022, 2.1% in 2023, 2.0% in 2024 and 1.9% in 2025. This compares to GDP growth rates of 2.9%, 2.3%, 2.1% and 2.0% from 2022 through 2025 in the preliminary forecast.
- Our oil price forecast reflects the futures markets, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the Thursday, November 12th closing prices for Brent and WTI futures. The latest futures prices indicate slightly higher oil prices than in the preliminary November forecast but still slightly lower than prices expected in the September forecast. The refiner acquisition price of crude is \$39 per barrel in 2020, up from \$38 in the preliminary forecast. We expect oil prices to increase gradually, reaching approximately \$45 in 2025.
- National employment increased by 638,000 net jobs in October. Employment data for August and September were revised up by 15,000 jobs. Sectors with the largest job gains in October included food services and drinking places (+192,000), employment services (+120,000), retail trade (+104,000), construction (+84,000), transportation and warehousing (+63,000), health care (+58,000), professional and technical services (+56,000), arts, entertainment and recreation (+44,000), manufacturing (+38,000), accommodation (+34,000) and local government excluding education (+33,000). Sectors with declining employment in October included Federal government (-138,000; temporary Census workers accounted for 147,000 job losses), local government education (-98,000), state government education (-61,000) and educational services (-22,000).
- Two key measures of consumer confidence moved in opposite directions this month but both remained well below their pre-pandemic levels. The University of Michigan (UM) consumer sentiment survey increased by 1.4 points to 81.8 in October. Future job prospects remained the top concern of survey respondents. The Conference Board index of consumer confidence decreased by 0.4 points in October to 100.9. Survey results suggest that consumers do not expect the economy to gain momentum in the last months of 2020.
- Residential construction activity continued to be strong this month and is now well above year-ago levels. Housing units authorized by building permits in

September were 5.2% (SA) above their August level and 8.1% above their year-ago level (see figure). September housing starts increased by 1.9% (SA) compared to August and were 11.1% above their September 2019 level. New home sales in September decreased by 3.5% (SA) compared to August but were 32.1% above their year-ago level. Existing home sales in September increased by 9.4% (SA) compared to August and were up 20.9% compared to September 2019. The seasonally adjusted Case-Shiller national home price index for August was 1.0% above its August level and 5.7% above its year-ago level.

- The major threat to the U.S. and Washington economies is the uncertain impact of COVID-19.

Washington

- We have two months of new Washington employment data since the September forecast was released. Employment continued to rise in September and October following the historic declines in March, April, and May. Total nonfarm payroll employment rose 18,200 (seasonally adjusted) in September and October which was 22,000 less than expected in the September forecast. Private services-providing sectors added 32,400 jobs in the two-month period. The manufacturing sector lost 700 jobs which was more than accounted for by the loss of 3,800 aerospace jobs. Construction employment increased by 6,000. Federal government employment decreased by 7,500 however 2,300 of those were temporary Census jobs. State and local government payrolls declined by 12,200 jobs in September and October.
- We have also incorporated another quarter of benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions subtracted 4,900 (0.1%) from the estimated level of total employment in August 2020. Because of the lower-than-expected employment growth in September and October in addition to the downward revision to the August estimate, employment is 26,900 (0.8%) lower in October than expected in the September forecast.
- Washington's unemployment rate declined to 6.0% in October from a revised 8.3% in September. The October rate is down significantly from the 16.3% rate reached in April which was an all-time high in the series that dates back to 1976.
- This forecast incorporates Boeing's announcement of deep cuts to company-wide employment in 2021 as well as the consolidation of 787 production in South Carolina. Boeing's latest announcement indicates they plan to reduce employment from 161,000 at the beginning of 2020 to about 130,000 by the end of 2021, a reduction of 31,000 jobs. We assume that Boeing is currently slightly more than halfway through this process. We also assume that the vast majority of cuts will continue to be made in Washington State and that non-Boeing aerospace employment will also decline as a result of lower production rates. Specifically, the forecast assumes that Washington aerospace employment will be 27,600 lower in December 2021 than in January 2020. We have already lost about 14,100 aerospace jobs as of October 2020 and expect a further decline of 13,500 by December 2021.
- In September, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal

income estimates for the second quarter of 2020. According to these estimates, Washington personal income rose from \$506.5 billion (SAAR) in the first quarter of 2020 to \$546.0 billion in the second quarter of 2020. The reported 35.1% growth rate (SAAR) in Washington personal income was the 24th largest among the states and District of Columbia and slightly exceeded the 34.2% growth rate for the U.S. as a whole. The income growth in the second quarter was extraordinary, especially considering the sharp contraction in economic activity. Washington personal income from net earnings (wages and salaries plus employer-provided benefits plus proprietors' income less contributions for government social insurance plus an adjustment for residence) declined at a 25.1% rate (SAAR) and income from property (dividends, interest, and rent) declined at a 9.6% rate. However personal current transfer receipts, boosted by the CARES Act, soared at a 1,260.4% rate (SAAR). As a result, increased transfer payments far outweighed the decline in net earnings and property income in the second quarter.

- Washington housing construction improved to 43,700 units (SAAR) in the third quarter from 40,300 units in the second quarter and exceeded the September forecast of 41,000 units. In the third quarter, single-family units averaged of 24,700 and multi-family units averaged 19,000.
- Seattle-area home prices increased rapidly in July and August after three consecutive monthly declines. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices increased 1.0% in July and 1.9% in August following declines of 0.1%, 0.2%, and 0.2% in April, May, and June. Seattle home prices were up 8.5% over the year. In comparison, the composite-20 index was up 5.2% over the year. In August, Seattle home prices were up 106% since the December 2011 trough and exceeded the May 2007 peak by 43%.
- Seattle-area consumer price inflation exceeded the national average in October. From October 2019 to October 2020, the Seattle CPI rose 2.1% compared to a 1.2% increase in the U.S. City Average index. Core prices, which exclude food and energy, increased 2.4% over the year in Seattle compared to 1.6% for the U.S. City Average Above average shelter cost inflation contributed to the higher local rate. Over-the-year shelter-cost inflation in Seattle was 3.1% compared to the national rate of 2.0%. However, Seattle inflation excluding shelter also exceeded the national average at 1.5% compared to 0.8%.
- Washington exports declined over the year for an eighth consecutive quarter. Year-over-year exports decreased 30.5% in the third quarter of 2020. The large decline was mostly because of transportation equipment exports (mostly Boeing planes) which fell 63.2% over the year. Third quarter exports of agricultural products increased 9.2% over the year but exports of all other commodities (mostly manufacturing) declined 17.0% over the year.
- The Institute of Supply Management - Western Washington Index (ISM-WW) barely indicated expanding manufacturing activity in October. The index, which measures conditions in the manufacturing sector, decreased to 50.9 in October from 53.0 in September (index values above 50 indicate growth while values below 50 indicate contraction). The index has been positive in four of the last five months after indicating manufacturing declines in March, April, and May. The orders, inventory, and deliveries components indicated

expansion in October while the production and employment components indicated contraction.

- Washington car and truck sales continued to recover in October. The seasonally adjusted number of new vehicle registrations increased 7.8% in October following a 4.1% increase in September. Light vehicle sales have largely recovered from April's low. The number of new vehicle registrations fell 0.3% over the year in October.
- We expect a 4.8% decline in Washington employment this year which is down slightly from the 4.7% decline the September forecast. We expect above-average growth through the remainder of the forecast as the economy recovers from this deep recession. We expect employment growth to average 2.1% per year in 2021 through 2025 compared to the 2.3% average rate expected in September. Our forecast for nominal personal income growth this year is 7.3%, down from 7.7% in the September forecast. The strong personal income growth this year is the result of extraordinary fiscal stimulus. The slightly slower growth than expected in September is due to the absence of any new federal stimulus in the fourth quarter. Personal income will decline next year as the stimulus is withdrawn. We expect personal income to decline 1.1% in 2021 compared to the 1.9% decline in the September forecast. Our new forecast for nominal personal income growth in 2023 through 2025 averages 4.4% per year compared to the 4.6% rate in the September forecast.

Revenue

- State revenue collections have once again exceeded our expectations. Cumulative major General Fund-State (GF-S) revenue collections from September 11 through November 10, 2020 came in \$380 million above the September forecast.
- House sales spiked in September and October due to record-low mortgage rates and people seeking accommodations better suited to working from home. Because of this, real estate excise tax (REET) collections came in \$78 million higher than forecasted in September. REET collections for the current biennium are now expected to be \$138 million higher than previously forecasted.
- Despite the expiration of most federal relief spending, retail trade activity was also stronger than expected, resulting in cumulative Revenue Act collections that were \$256 million higher than forecasted. While collections for October taxable activity, due November 25, are expected to be higher than previously forecasted, the recent increases in state COVID-19 cases and the resulting slowdown in economic activity have reduced forecasted Revenue Act receipts for the rest of the biennium. The net result is a forecasted increase of \$356 million in Revenue Act receipts for the 2019-21 biennium. The lower forecast of state income and employment have lowered forecasted Revenue Act receipts for the 2021-23 and 2023-25 biennia. Increases in forecasted property tax receipts due to increased property values, along with increases in REET and some other revenue sources, however, have resulted in GF-S forecast increases for those biennia.

- The November GF-S revenue forecast has been increased by \$607 million in the current biennium and \$297 million in the next. The forecast of GF-S revenue for the 2023-25 biennium has increased by \$16 million. Despite forecast increases in September and November, the GF-S forecast is \$1.8 billion lower than the February 2020 forecast for the current biennium, \$1.8 billion lower for the next biennium and \$2.0 billion lower for the 2023-25 biennium.
- Forecasted GF-S revenue is now \$48.796 billion for the current biennium, \$52.478 billion for the 2021-23 biennium and \$55.933 billion for the 2023-25 biennium.
- Forecasted Education Legacy Trust Account (ELTA) revenue for the 2019-21 biennium increased by \$19 million, due mainly to higher REET receipts. The forecast for the 2021-23 biennium increased by \$22 million and the forecast for the 2023-25 biennium increased by \$14 million, due to increases in both REET and estate tax forecasts. Forecasted ELTA revenue is now \$1.554 billion for the 2019-21 biennium and \$1.262 billion for the 2021-23 biennium. Forecasted ELTA revenue for the 2023-25 biennium is \$1.054 billion.
- Forecasted revenue dedicated to the Opportunity Pathways Account (OPA) was increased by \$3 million in the 2019-21 biennium, \$6 million in the 2021-23 biennium and \$2 million in the 2023-25 biennium. Forecasted OPA revenue is now \$301 million for the 2019-21 biennium, \$321 million for the 2021-23 biennium and \$324 million for the 2023-25 biennium.
- Forecasted revenue dedicated to the Workforce Education Investment Account (WEIA) was increased by \$5 million in the 2019-21 biennium and \$4 million in the 2021-23 biennium. The forecast was decreased by \$4 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$343 million for the 2019-21 biennium, \$605 million for the 2021-23 biennium and \$695 million for the 2023-25 biennium.
- Summing the changes to the GF-S, ELTA, OPA and WEIA forecasts, total state revenue subject to the budget outlook process is forecasted to increase by \$634 million in the 2019-21 biennium, \$328 million in the 2021-23 biennium and \$28 million in the 2023-25 biennium.
- The forecasted sum of GF-S, ELTA, OPA and WEIA revenue for the 2019-21 biennium is now \$50.995 billion, 10.7% higher than 2017-19 biennial revenue, and forecasted total revenue for the 2021-23 biennium is \$54.666 billion, an increase of 7.2% over expected 2019-21 biennial revenue. Forecasted total revenue for the 2023-25 biennium is \$58.007 billion, an increase of 6.1% over expected 2021-23 biennial revenue.

Revenue Review

Presented to
Economic and Revenue Forecast Council

Steve Lerch
Executive Director

November 18, 2020



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Summary

- The forecast does not assume any additional stimulus legislation; as a result, 2020 Q4 personal income is lower than in September
- The economic forecast does not reflect the restrictions announced Nov. 16th but the revenue forecast does take them into account
- Forecast risks continue to relate primarily to COVID-19 and the economic impacts of addressing the pandemic
- The forecast of funds subject to the budget outlook is increased by \$634 million for the 2019-21 biennium and \$328 million for 2021-23 biennium

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Data updates since preliminary forecast

U.S.

- 2020 Q3 GDP growth: +33.1% actual vs. +28.3% in preliminary forecast
- October employment: +638,000 jobs
- October unemployment rate decreased from 7.9% to 6.9%
- October Blue Chip GDP forecast: 2020 increased from -4.0% to -3.7%; 2021 increased from +3.9% to +4.0%

Washington

- October employment: +11,300 jobs

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Forecast risks

The baseline forecast assumes a COVID vaccine becomes available in mid-2021.

Upside

- An effective COVID vaccine becomes widely available sooner than expected
- Congress passes additional fiscal stimulus legislation

Downside

- COVID infection rates continue to increase, leading to slower pace of economic reopening, reduced consumer spending and employment

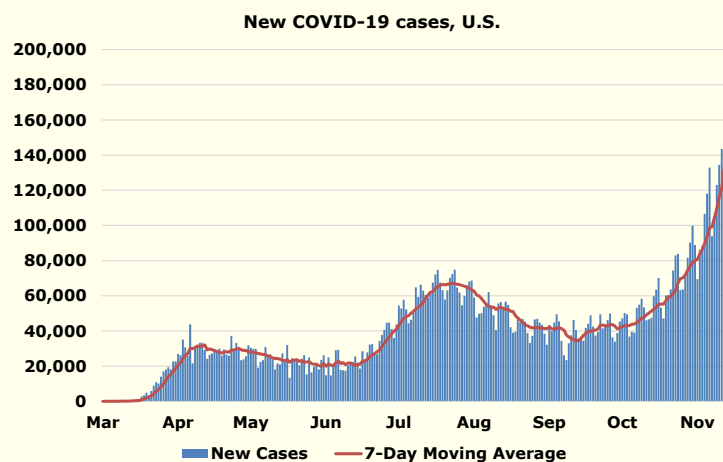
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Slide 3

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New COVID cases



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Slide 4

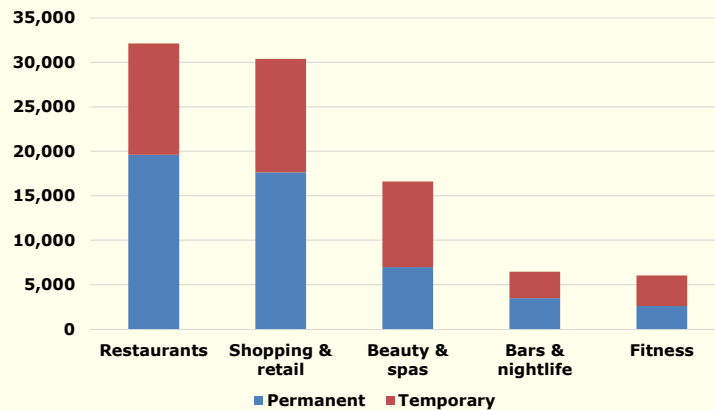
Source: U.S. Centers for Disease Control; data March 1 – November 12 2020

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Restaurants, retail businesses hardest hit by downturn

Businesses marked closed on Yelp that were open March 1, 2020; U.S. data



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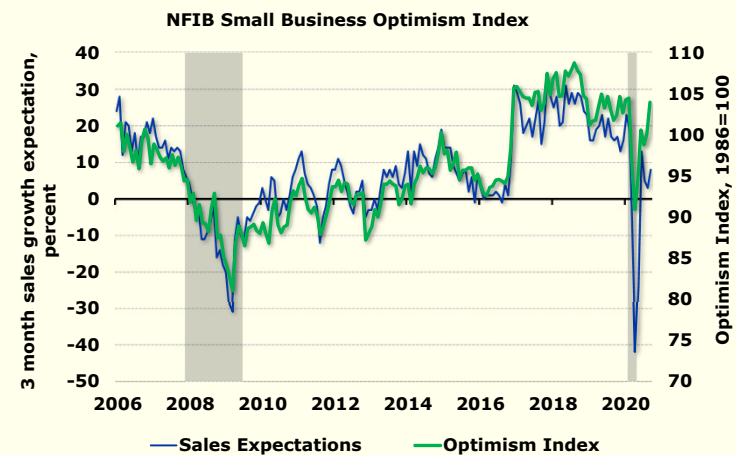
Slide 5

Source: Yelp Local Economic Impact Report; data March 1 – August 31 2020

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Small business optimism, sales expectations improved in September



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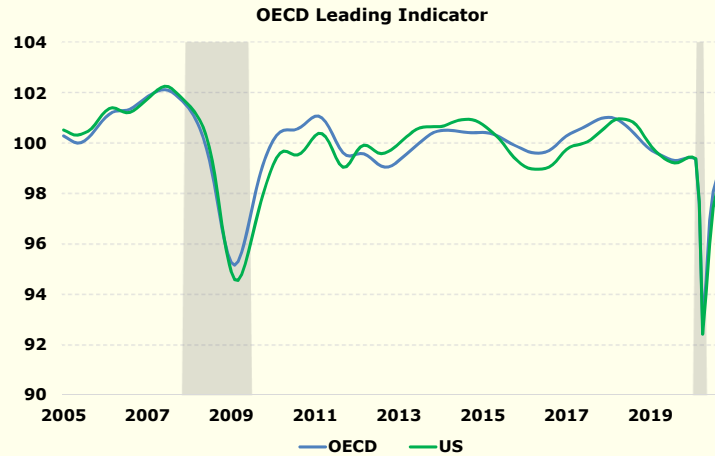
Source: National Federation of Independent Business; data through September 2020

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The OECD leading economic index has recovered most of its pandemic-related decrease

The index is designed to have a long-run average of 100



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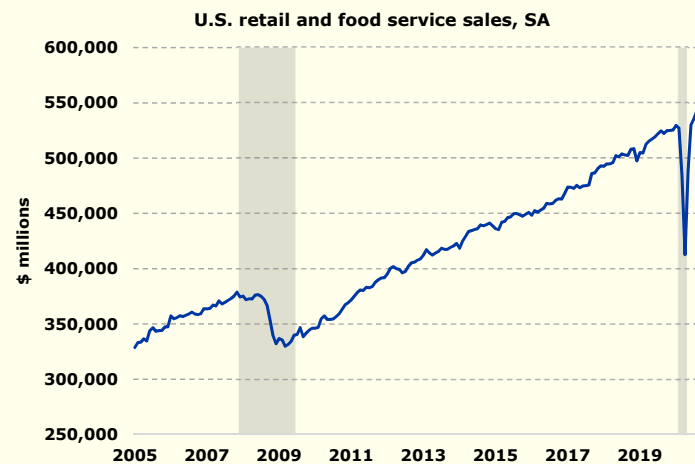
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U.S. retail sales showed fifth straight month of year over year growth in October

Monthly growth in retail sales:

March = -8.2%
April = -14.7%
May = 18.3%
June = 8.6%
July = 1.1%
August = 1.4%
Sept. = 1.6%
Oct. = 0.3%



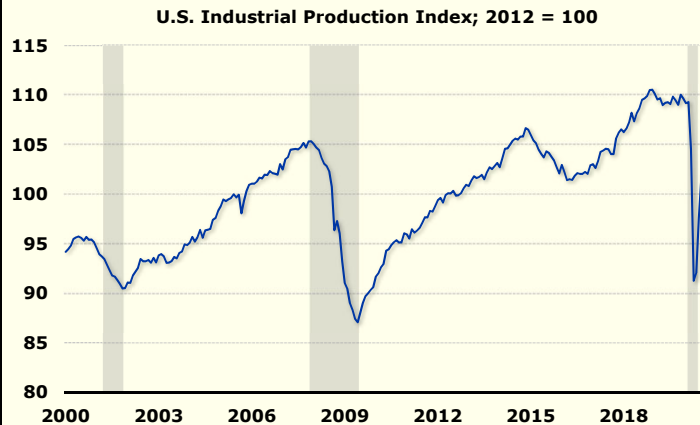
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U.S. industrial production improved in October but is still 5.3% below its year-ago level



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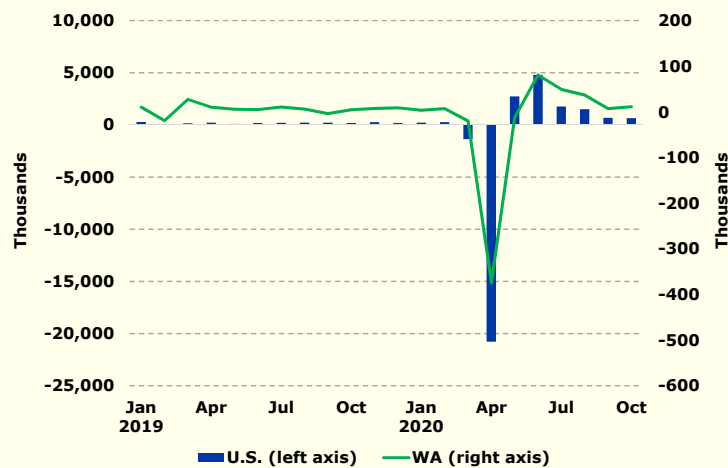
Source: Federal Reserve; data through October 2020

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U.S. and Washington employment both increased in October, remain below pre-pandemic levels



October
employment
compared to
February:

U.S. = -10.1
million

WA = -222,000

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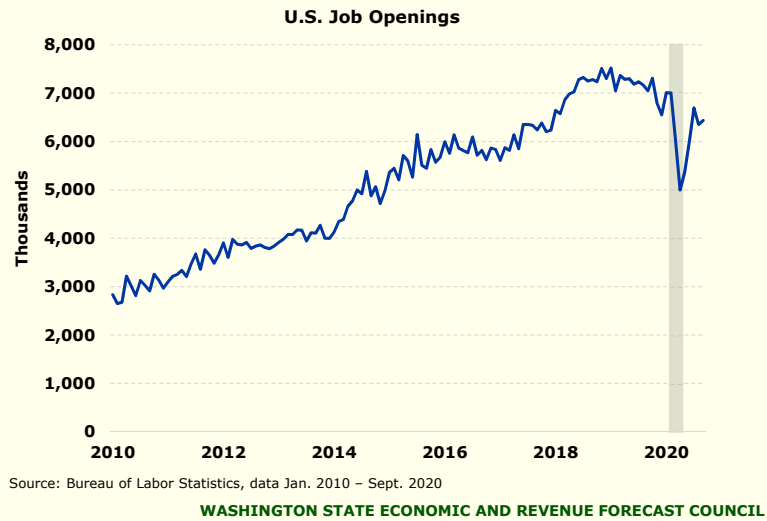
Source: Bureau of Labor Statistics, Employment Security Dept.; data Jan.2019 – Oct. 2020

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Job openings have dipped slightly in last two months

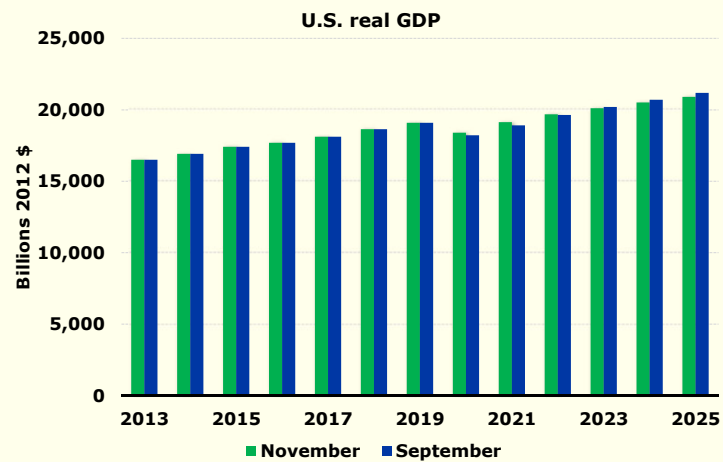


Revenue Review
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Blue Chip GDP growth forecast is higher in 2020, 2021 compared to September

Actual GDP growth for 3rd quarter 2020, released after the September forecast, is higher than expected (33.1% vs. 22.5% in September).



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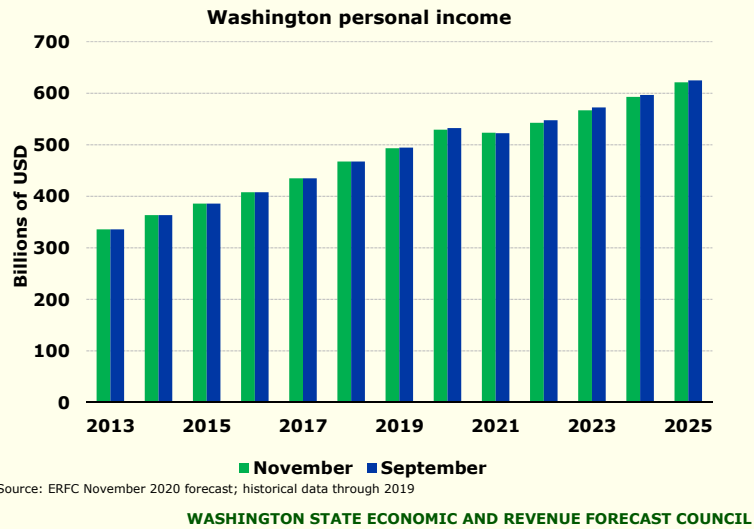


Washington personal income is slightly lower compared to September forecast

The November forecast no longer assumes a new stimulus bill, reducing 4th quarter 2020 personal income.

Revenue Review
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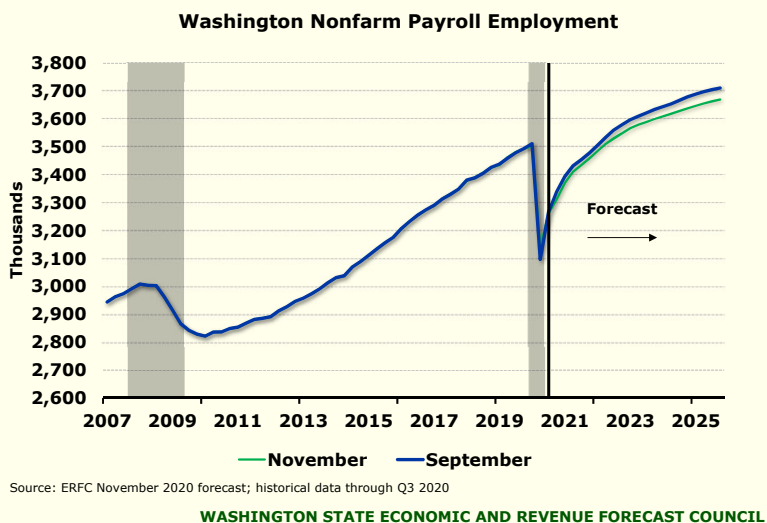


Washington employment grows slightly slower than in September forecast

WA employment rose by 18,200 (seasonally adjusted) in September and October. This was 22,000 fewer jobs than expected in the September forecast.

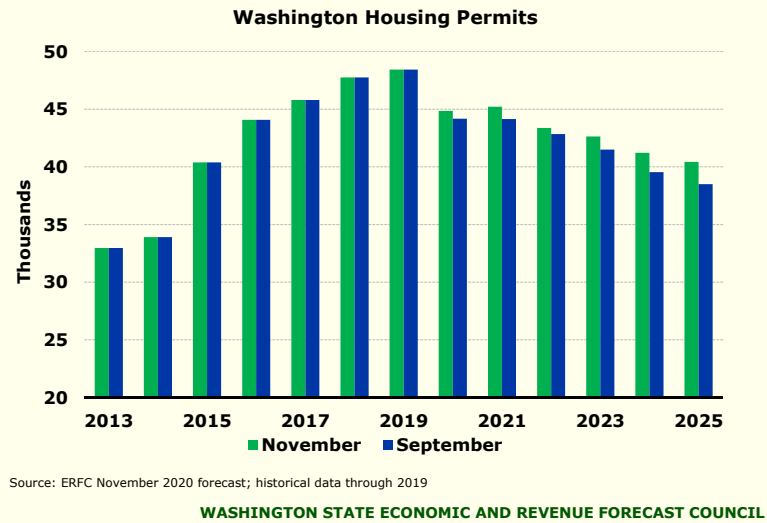
Revenue Review
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WA annual housing permits forecast has been revised up compared to September, remains below 2019 levels



Revenue Review
November 18, 2020

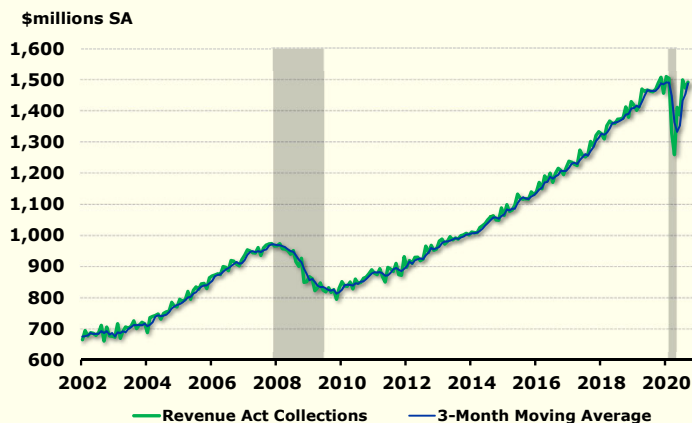
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Revenue Act collections increased year-over-year for the last three months

Adjusted Revenue Act receipts for September activity were up 3.6% YOY. Receipts for July and August activity were up 2.5% and 0.8% respectively.

Receipts are forecasted to be flat YOY next month (October activity) but negative for the rest of Q4 activity and into early 2021.



* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred payments, current definition of Revenue Act
Source: DOR and ERFC; monthly data through September 2020 activity

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Revenue Review
November 18, 2020

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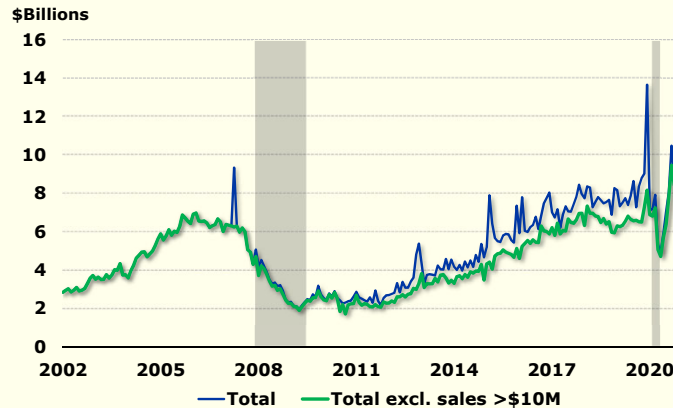
September and October REET spiked well above the September forecast

Taxable REET activity spiked in September and remained high in October due to record low mortgage rates and people seeking new living arrangements to better accommodate working from home.

Revenue Review
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Seasonally Adjusted Taxable Real Estate Excise Activity



WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Assessed value on existing properties is expected to be higher

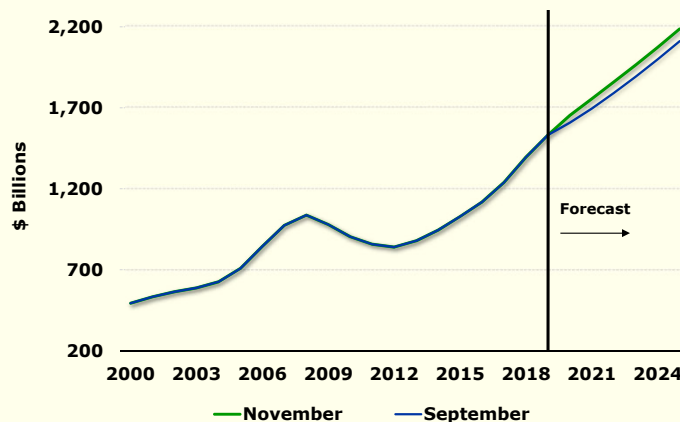
September forecast for growth in Market Value: 5.0%

November forecast: 7.9%

Every 1.0 percentage point increase in Market Value growth adds between \$30-\$40 million in revenue per year

Revenue Review
November 18, 2020

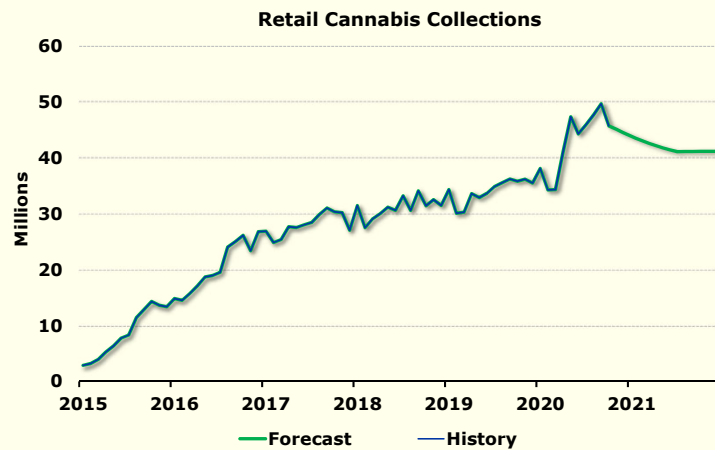
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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Cannabis revenues have spiked since April



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Source: ERFC November 2020 forecast; historical data through October 2020

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Cannabis excise tax and license fee estimates

Total change since Sept forecast:

• 2019-21
+\$10 M

• 2021-23
+\$20 M

• 2023-25
+\$23 M

\$Millions

Cannabis Forecast

2019-21

2021-23

2023-25

GF-S share of excise tax and license fees

\$356

\$369

\$398

Non-GF

\$635

\$645

\$675

Total

\$991

\$1,014

\$1,073

Revenue Review
November 18, 2020

Detail may not add to total due to rounding
Source: ERFC November 2020 forecast; historical data through October 2020

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes, all funds: 2019-2021 biennium, cash basis

\$Millions	<u>Sept 2020 Forecast*</u>	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Nov 2020 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$48,189	\$0	\$607	\$48,796	\$607
Education Legacy Trust Account	\$1,535	\$0	\$164	\$1,554	\$19
WA Opportunity Pathways Account	\$298	\$0	\$3	\$301	\$3
Workforce Education Investment Account	\$339	\$0	\$5	\$343	\$5
Total	\$50,361	\$0	\$634	\$50,995	\$634

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*Forecast for the 2019-21 biennium adopted September 23, 2020

Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes: all funds, 2021-23 biennium, cash basis

\$Millions	<u>Sept 2020 Forecast*</u>	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Nov 2020 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$52,181	\$0	\$297	\$52,478	\$297
Education Legacy Trust Account	\$1,241	\$0	\$22	\$1,262	\$22
WA Opportunity Pathways Account	\$315	\$0	\$6	\$321	\$6
Workforce Education Investment Account	\$601	\$0	\$4	\$605	\$4
Total	\$54,338	\$0	\$328	\$54,666	\$328

Revenue Review
November 18, 2020

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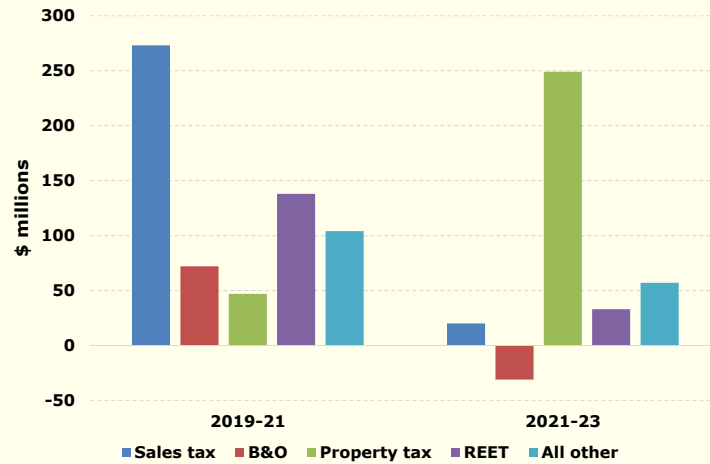
*Forecast for the 2021-23 biennium adopted September 23, 2020

Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Components of total revenue forecast change, 2019-21 and 2021-23



Revenue Review
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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



State revenue* forecast comparison: February, September, November 2020

	\$ millions	
	2019 - 21	2021 - 23
February	\$52,690	\$56,317
September	\$50,361	\$54,338
November	\$50,995	\$54,666
September - February	(\$2,329)	(\$1,979)
November - February	(\$1,695)	(\$1,651)

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*Sum of forecasted revenue for General Fund-State, Education Legacy Trust, Washington Opportunities Pathway and Workforce Education Investment Accounts
Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Workforce Education Investment Account Forecast

\$Millions

	<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>
Sept 2020 Forecast	\$339	\$601	\$700
Forecast Change	\$5	\$4	(\$4)
Nov 2020 Forecast	\$343	\$605	\$695

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Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2019-21 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2019-21 Biennium	Difference From the baseline*
November 2020 Baseline (50%)	\$48,796	
<u>November 2020 Alternative Forecasts</u>		
Optimistic (25%)	\$50,054	\$1,257
Pessimistic (25%)	\$47,484	(\$1,312)
Probability Weighted Average	\$48,783	(\$14)
GCEA*	\$48,918	\$122

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*Based on the Governor's Council of Economic Advisors' economic assumptions

#May not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2021-23 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2021-23 Biennium	Difference From the baseline*
November 2020 Baseline (50%)	\$52,478	
<u>November 2020 Alternative Forecasts</u>		
Optimistic (25%)	\$56,421	\$3,943
Pessimistic (25%)	\$48,356	(\$4,122)
Probability Weighted Average	\$52,433	(\$45)
GCEA*	\$53,204	\$726

Revenue Review
November 18, 2020

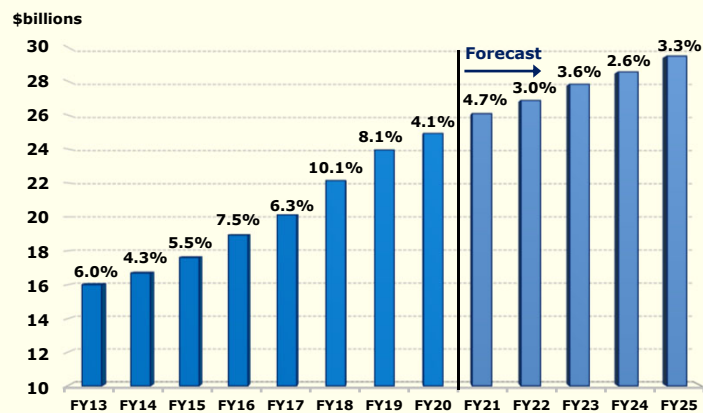
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*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast of funds subject to the budget outlook process* by fiscal year



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*Funds subject to the budget outlook process are General Fund-State plus Education Legacy Trust, Washington Opportunities Pathway and Workforce Education Investment Accounts
Source: ERFC forecast, November 2020

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Conclusion

- Despite positive news regarding vaccines, rising COVID cases create substantial uncertainty regarding the economy's path
- U.S. and WA 2020 personal income are lower than in September as no additional stimulus legislation is expected
- Despite upward revisions, forecasted revenue remains well below pre-pandemic levels
- Total state revenues are expected to grow 10.7% between the 2017-19 and 2019-21 biennia and 7.2% between the 2019-21 and 2021-23 biennia

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Questions



Economic & Revenue Forecast Council
PO BOX 40912
Olympia WA 98504-0912

www.erfc.wa.gov
360-534-1560

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**Total Changes to General Fund-State, Education Legacy Trust Account,
Washington Opportunity Pathways Account and Workforce Education Investment Account Forecasts**

Comparison of the November 2020 to the September 2020 Forecast

2019-21 Biennium

Cash Forecast; Millions of Dollars

	<u>September 2020 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>November 2020 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$48,189.1	\$0.0	\$607.3	\$48,796.4	\$607.3
Education Legacy Trust Account	\$1,535.3	\$0.0	\$18.7	\$1,554.0	\$18.7
WA Opportunity Pathways Account	\$297.9	\$0.0	\$3.1	\$301.0	\$3.1
Workforce Education Investment Account	\$338.5	\$0.0	\$4.7	\$343.3	\$4.7
Total	\$50,360.8	\$0.0	\$633.8	\$50,994.7	\$633.8

*Forecast for the 2019-21 biennium adopted September 23, 2020

[#]Details may not add due to rounding

**Total Changes to General Fund-State, Education Legacy Trust Account,
Washington Opportunity Pathways Account and Workforce Education Investment Account Forecasts**

Comparison of the November 2020 to the September 2020 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	<u>September 2020 Forecast*</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>November 2020 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$52,180.5	\$0.0	\$297.3	\$52,477.9	\$297.3
Education Legacy Trust Account	\$1,240.7	\$0.0	\$21.6	\$1,262.3	\$21.6
WA Opportunity Pathways Account	\$315.3	\$0.0	\$5.6	\$320.8	\$5.6
Workforce Education Investment Account	\$601.3	\$0.0	\$3.9	\$605.2	\$3.9
Total	\$54,337.8	\$0.0	\$328.4	\$54,666.2	\$328.4

*Forecast for the 2021-23 biennium adopted September 23, 2020

[#]Details may not add due to rounding

Track Record for the 2019-21 General Fund-State Cash Forecast

February 2016 through November 2020

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2016 #	\$36,887	\$1,823				\$43,441
Changes to Forecast						
June 2016	172	(31)	141	(7) #1	134	43,575
September 2016	86	(31)	55	0	55	43,630
November 2016	21	4	26	0	26	43,656
March 2017	241	(55)	186	0	186	43,842
June 2017	47	(13)	34	(1) #2	34	43,875
September 2017	245	(3)	243	3,278 #3	3,521	47,396
November 2017	188	(2)	186	0	186	47,582
February 2018	655	16	671	0	671	48,253
June 2018	426	22	448	(181) #4	267	48,520
September 2018	295	22	317	38 #5	355	48,875
November 2018	186	3	189	0	189	49,064
March 2019	465	(35)	430	115 #6	545	49,609
June 2019	57	29	86	109 #7	195	49,804
September 2019	307	3	310	(84) #8	226	50,030
November 2019	283	(8)	274	0	274	50,304
February 2020	309	(2)	307	0	307	50,611
June 2020	(4,422)	(185)	(4,607)	125 #9	(4,482)	46,129
September 2020	1,990	69	2,060	0	2,060	48,189
November 2020	577	31	607	0	607	48,796
Total change***:						
From February 2016	2,130	(167)	1,962	3,393	5,355	
Percent change	5.8	(9.2)	4.5	7.8	12.3	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

First official forecast for the 2019-21 biennium.

#1 Legislative revenue changes from the 2016 regular and first special legislative sessions

#2 Sum of legislative revenue changes from 2017 legislative sessions through June 20, 2017

#3 Sum of legislative and budget driven revenue changes from 2017 special legislative sessions since the June 2017 forecast

#4 Sum of legislative and budget driven revenue changes from the 2018 legislative session

#5 Estimated increase in sales tax collections due US Supreme Court ruling of June 21, 2018.

#6 Effects of SSB 5581, passed in March of 2019 legislative session

#7 Sum of legislative and budget driven revenue changes from the 2018 legislative session subsequent to the March 2019 forecast

#8 Later-than-forecasted cash transfer of Property Tax out of GF-S into ELTA

#9 Legislative and budget-driven revenue changes from the 2020 legislative session

General Fund-State, Education Legacy Trust Account, Opportunity Pathways Account and Workforce Education Investment Account

History and Forecast by Fiscal Year (Cash basis)

November 2020 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Fund* (ELTA)		WA Opportunity Pathways Account (OPA)		Workforce Ed. Investment Acct. (WEIA)		Total GF-S, ELTA, OPA and WEIA	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 2001	\$11,560	4.4%							\$11,560	4.4%
FY 2002	\$11,632	0.6%							\$11,632	0.6%
FY 2003	\$11,721	0.8%							\$11,721	0.8%
FY 2004	\$12,358	5.4%							\$12,358	5.4%
FY 2005	\$13,036	5.5%							\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115						\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%					\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%					\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%					\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%					\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$99				\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$118	19.1%			\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$126	5.9%			\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$114	-9.4%			\$16,694	4.3%
FY 2015	\$17,283	5.5%	\$207	5.0%	\$120	5.7%			\$17,611	5.5%
FY 2016	\$18,579	7.5%	\$215	3.6%	\$139	15.7%			\$18,933	7.5%
FY 2017	\$19,739	6.2%	\$252	17.5%	\$127	-9.0%			\$20,118	6.3%
FY 2018	\$21,712	10.0%	\$302	19.6%	\$129	1.5%			\$22,143	10.1%
FY 2019	\$22,430	3.3%	\$1,352	348.1%	\$156	21.1%			\$23,938	8.1%
FY 2020	\$23,817	6.2%	\$913	-32.5%	\$153	-2.0%	\$32		\$24,915	4.1%
Forecast:										
FY 2021	\$24,979	4.9%	\$641	-29.9%	\$148	-2.6%	\$311	877.3%	\$26,080	4.7%
FY 2022	\$25,777	3.2%	\$624	-2.6%	\$160	7.9%	\$293	-5.8%	\$26,855	3.0%
FY 2023	\$26,701	3.6%	\$638	2.2%	\$161	0.3%	\$312	6.4%	\$27,812	3.6%
FY 2024	\$27,517	3.1%	\$516	-19.1%	\$162	0.6%	\$342	9.6%	\$28,537	2.6%
FY 2025	\$28,416	3.3%	\$538	4.2%	\$163	0.6%	\$353	3.3%	\$29,470	3.3%
Biennial Totals										
07-09 Biennium	\$29,817	0.1%	\$437	14.8%	\$0	NA	\$0	NA	\$30,254	0.3%
09-11 Biennium	\$28,218	-5.4%	\$269	-38.5%	\$99	NA	\$0	NA	\$28,586	-5.5%
11-13 Biennium	\$30,657	8.6%	\$215	-19.9%	\$244	145.2%	\$0	NA	\$31,116	8.8%
13-15 Biennium	\$33,666	9.8%	\$405	88.0%	\$234	-4.1%	\$0	NA	\$34,305	10.2%
15-17 Biennium	\$38,317	13.8%	\$467	15.4%	\$266	13.6%	\$0	NA	\$39,050	13.8%
17-19 Biennium	\$44,143	15.2%	\$1,654	254.1%	\$284	6.9%	\$0	NA	\$46,081	18.0%
19-21 Biennium	\$48,796	10.5%	\$1,554	-6.1%	\$301	5.9%	\$343	NA	\$50,995	10.7%
21-23 Biennium	\$52,478	7.5%	\$1,262	-18.8%	\$321	6.6%	\$605	76.3%	\$54,666	7.2%
23-25 Biennium	\$55,933	6.6%	\$1,054	-16.5%	\$324	1.1%	\$695	14.9%	\$58,007	6.1%

*Education legacy trust fund excluding FY 14 and FY 15 lottery fund transfers. Includes pension stabilization fund interest in FY 08 and FY 09.

Lottery Transfers by Fund

(cash basis, millions of dollars)

	Lottery: Total Transfers:*		Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account	Gambling Revolving Account
	General Fund											
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0	0.0
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1	0.0
2015	143.1	0.6	0.0	11.2	0.0	0.0	0.3	4.7	120.2	0.0	6.1	0.0
2013-15 Biennium	291.0	9.9	0.0	22.0	0.0	0.0	0.6	8.4	233.9	0.0	16.1	0.0
2016	171.6	17.1	0.0	11.7	0.0	0.0	0.3	3.3	139.1	0.0	0.0	0.0
2017	159.7	14.8	0.0	12.2	0.0	0.0	0.3	4.8	126.6	0.0	0.0	1.0
2015-17 Biennium	331.2	31.9	0.0	23.8	0.0	0.0	0.7	8.0	265.7	0.0	0.0	1.0
2018	183.6	38.5	0.0	12.6	0.0	0.0	0.3	3.5	128.5	0.0	0.0	0.0
2019	213.8	38.7	0.0	13.1	0.0	0.0	0.4	5.8	155.7	0.0	0.0	0.0
2017-19 Biennium	397.3	77.3	0.0	25.8	0.0	0.0	0.8	9.3	284.2	0.0	0.0	0.0
2020	186.4	16.7	0.0	13.7	0.0	0.0	0.4	3.1	152.5	0.0	0.0	0.0
2021	192.2	25.0	0.0	14.2	0.0	0.0	0.4	4.1	148.5	0.0	0.0	0.0
2019-21 Biennium	378.6	41.7	0.0	27.9	0.0	0.0	0.8	7.2	301.0	0.0	0.0	0.0
2022	190.0	25.4	0.0	0.0	0.0	0.0	0.4	4.1	160.2	0.0	0.0	0.0
2023	191.2	26.1	0.0	0.0	0.0	0.0	0.4	4.1	160.7	0.0	0.0	0.0
2021-23 Biennium	381.3	51.5	0.0	0.0	0.0	0.0	0.8	8.1	320.8	0.0	0.0	0.0
2024	192.4	26.3	0.0	0.0	0.0	0.0	0.4	4.1	161.6	0.0	0.0	0.0
2025	193.6	26.5	0.0	0.0	0.0	0.0	0.4	4.1	162.7	0.0	0.0	0.0
2023-25 Biennium	386.0	52.7	0.0	0.0	0.0	0.0	0.8	8.1	324.3	0.0	0.0	0.0

* Total Transfers are equal to total sales less total expenses (prizes, cost of sales, administration etc.)

Source: Lottery Commission, ERFC

Lottery Transfers by Fund

(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*		Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account	Gambling Revolving Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1	0.0
2015	141.3	0.0	0.0	11.2	0.0	0.0	0.3	4.7	119.0	0.0	6.1	0.0
2013-15 Biennium	288.9	0.6	0.0	22.0	0.0	0.0	0.6	8.7	240.9	0.0	16.1	0.0
2016	175.5	31.9	0.0	11.7	0.0	0.0	0.3	2.8	128.7	0.0	0.0	0.0
2017	161.9	16.8	0.0	12.2	0.0	0.0	0.3	4.9	126.8	0.0	0.0	1.0
2015-17 Biennium	337.4	48.7	0.0	23.8	0.0	0.0	0.7	7.7	255.5	0.0	0.0	1.0
2018	183.0	31.2	0.0	12.6	0.0	0.0	0.4	4.6	134.2	0.0	0.0	0.0
2019	215.8	30.9	0.0	13.1	0.0	0.0	0.4	4.6	166.7	0.0	0.0	0.0
2017-19 Biennium	398.8	62.1	0.0	25.8	0.0	0.0	0.8	9.2	300.9	0.0	0.0	0.0
2020	180.9	16.2	0.0	13.7	0.0	0.0	0.4	3.4	147.3	0.0	0.0	0.0
2021	191.2	25.7	0.0	14.2	0.0	0.0	0.4	4.1	146.9	0.0	0.0	0.0
2019-21 Biennium	372.2	41.9	0.0	27.9	0.0	0.0	0.8	7.4	294.2	0.0	0.0	0.0
2022	190.3	25.8	0.0	0.0	0.0	0.0	0.4	4.1	160.0	0.0	0.0	0.0
2023	191.3	26.1	0.0	0.0	0.0	0.0	0.4	4.1	160.7	0.0	0.0	0.0
2021-23 Biennium	381.6	51.9	0.0	0.0	0.0	0.0	0.8	8.1	320.7	0.0	0.0	0.0
2024	192.5	26.3	0.0	0.0	0.0	0.0	0.4	4.1	161.7	0.0	0.0	0.0
2025	193.7	26.4	0.0	0.0	0.0	0.0	0.4	4.1	162.9	0.0	0.0	0.0
2023-25 Biennium	386.2	52.6	0.0	0.0	0.0	0.0	0.8	8.1	324.6	0.0	0.0	0.0

* Total Transfers are equal to total sales less total expenses (prizes, cost of sales, administration etc.)

Source: Lottery Commission, ERFC

General Fund-State Cash Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2019-21 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,155.3	\$0.0	\$11.3	\$1,166.6	\$11.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$629.3	\$0.0	\$7.6	\$636.9	\$7.6
Lottery Commission Lottery Revenue	\$41.7	\$0.0	\$0.0	\$41.7	\$0.0
State Treasurer Interest Earnings	\$3.4	\$0.0	\$11.4	\$14.8	\$11.4
Office of Financial Management Other Agencies	\$222.6	\$0.0	\$2.0	\$224.6	\$2.0
Administrative Office of the Courts Fines and Forfeitures	\$114.5	\$0.0	(\$1.8)	\$112.7	(\$1.8)
Total General Fund-State	\$2,166.8	\$0.0	\$30.6	\$2,197.4	\$30.6

General Fund-State GAAP Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2019-21 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,155.3	\$0.0	\$11.3	\$1,166.6	\$11.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$629.3	\$0.0	\$7.6	\$636.9	\$7.6
Lottery Commission Lottery Revenue	\$42.3	\$0.0	(\$0.4)	\$41.9	(\$0.4)
State Treasurer Interest Earnings	(\$0.1)	\$0.0	\$12.5	\$12.5	\$12.5
Office of Financial Management Other Agencies	\$222.6	\$0.0	\$2.0	\$224.6	\$2.0
Administrative Office of the Courts Fines and Forfeitures	\$114.5	\$0.0	(\$1.8)	\$112.7	(\$1.8)
Total General Fund-State	\$2,163.9	\$0.0	\$31.3	\$2,195.2	\$31.3

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,365.7	\$0.0	\$18.4	\$1,384.0	\$18.4
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$650.2	\$0.0	\$12.9	\$663.1	\$12.9
Lottery Commission Lottery Revenue	\$51.9	\$0.0	(\$0.4)	\$51.5	(\$0.4)
State Treasurer Interest Earnings	(\$6.9)	\$0.0	\$2.3	(\$4.6)	\$2.3
Office of Financial Management Other Agencies	\$217.3	\$0.0	\$3.7	\$221.0	\$3.7
Administrative Office of the Courts Fines and Forfeitures	\$99.4	\$0.0	(\$4.8)	\$94.6	(\$4.8)
Total General Fund-State	\$2,377.5	\$0.0	\$32.1	\$2,409.7	\$32.1

General Fund-State GAAP Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,365.7	\$0.0	\$18.4	\$1,384.0	\$18.4
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$650.2	\$0.0	\$12.9	\$663.1	\$12.9
Lottery Commission Lottery Revenue	\$51.9	\$0.0	\$0.1	\$51.9	\$0.1
State Treasurer Interest Earnings	(\$6.7)	\$0.0	\$1.3	(\$5.4)	\$1.3
Office of Financial Management Other Agencies	\$217.3	\$0.0	\$3.7	\$221.0	\$3.7
Administrative Office of the Courts Fines and Forfeitures	\$99.4	\$0.0	(\$4.8)	\$94.6	(\$4.8)
Total General Fund-State	\$2,377.7	\$0.0	\$31.7	\$2,409.4	\$31.7

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,483.3	\$0.0	\$18.1	\$1,501.4	\$18.1
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$697.4	\$0.0	\$13.4	\$710.9	\$13.4
Lottery Commission Lottery Revenue	\$52.7	\$0.0	\$0.1	\$52.7	\$0.1
State Treasurer Interest Earnings	(\$1.9)	\$0.0	(\$0.5)	(\$2.3)	(\$0.5)
Office of Financial Management Other Agencies	\$260.5	\$0.0	\$3.4	\$263.9	\$3.4
Administrative Office of the Courts Fines and Forfeitures	\$95.5	\$0.0	(\$2.2)	\$93.2	(\$2.2)
Total General Fund-State	\$2,587.5	\$0.0	\$32.3	\$2,619.8	\$32.3

General Fund-State GAAP Estimates - Other Agencies
Comparison of the November 2020 and September 2020 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	September 2020 Baseline	Non-Economic Changes	Economic Changes	November 2020 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,483.3	\$0.0	\$18.1	\$1,501.4	\$18.1
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$697.4	\$0.0	\$13.4	\$710.9	\$13.4
Lottery Commission Lottery Revenue	\$52.6	\$0.0	\$0.1	\$52.6	\$0.1
State Treasurer Interest Earnings	(\$1.7)	\$0.0	(\$0.6)	(\$2.3)	(\$0.6)
Office of Financial Management Other Agencies	\$260.5	\$0.0	\$3.4	\$263.9	\$3.4
Administrative Office of the Courts Fines and Forfeitures	\$95.5	\$0.0	(\$2.2)	\$93.2	(\$2.2)
Total General Fund-State	\$2,587.5	\$0.0	\$32.2	\$2,619.7	\$32.2

* Detail may not total due to rounding.

U.S. Forecast Comparison

	2020Q3	2020Q4	2021Q1	2021Q2
Real GDP (Billions of 2012 Dollars)				
November Forecast	18,584	18,662	18,857	19,047
Percent Change	33.1%	1.7%	4.3%	4.1%
September Forecast	18,183	18,384	18,612	18,820
Percent Change	22.5%	4.5%	5.1%	4.5%
Real Consumption (Billions of 2012 Dollars)				
November Forecast	12,917	12,997	13,120	13,257
Percent Change	40.7%	2.5%	3.8%	4.2%
September Forecast	12,603	12,750	12,886	13,026
Percent Change	29.3%	4.7%	4.3%	4.4%
PCE Price Index (2012=100)				
November Forecast	111.4	112.0	112.5	113.1
Percent Change	3.7%	2.1%	1.6%	2.4%
September Forecast	111.3	111.7	112.3	112.9
Percent Change	3.5%	1.1%	2.3%	2.1%
Real Personal Income (Billions of 2012 Dollars)				
November Forecast	17,817	17,219	17,039	17,068
Percent Change	-13.4%	-12.8%	-4.1%	0.7%
September Forecast	17,472	18,196	16,804	16,936
Percent Change	-20.1%	17.6%	-27.3%	3.2%
Nonfarm Payroll Employment (Millions)				
November Forecast	140.8	143.0	145.6	147.1
Percent Change	22.9%	6.3%	7.5%	4.2%
September Forecast	140.3	143.4	145.3	146.6
Percent Change	21.3%	9.0%	5.6%	3.6%
Unemployment Rate (Percent of Labor Force)				
November Forecast	8.8	7.0	6.0	5.8
September Forecast	9.3	8.0	7.1	6.7
Oil Price, Refiner's Acquisition				
November Forecast	40.9	39.1	40.8	41.6
September Forecast	40.0	39.4	40.5	41.6
30 Year Fixed Mortgage Rate (Percent, average)				
November Forecast	2.9	2.8	3.0	3.0
September Forecast	3.0	3.0	3.1	3.1
3 Month T-Bill Rate (Percent, average)				
November Forecast	0.1	0.1	0.1	0.1
September Forecast	0.1	0.1	0.1	0.1

2019	2020	2021	2022	2023	2024	2025
19,092	18,390	19,127	19,683	20,104	20,505	20,901
2.2%	-3.7%	4.0%	2.9%	2.1%	2.0%	1.9%
19,092	18,215	18,912	19,641	20,195	20,702	21,181
2.2%	-4.6%	3.8%	3.9%	2.8%	2.5%	2.3%
13,240	12,723	13,310	13,673	13,970	14,257	14,543
2.4%	-3.9%	4.6%	2.7%	2.2%	2.1%	2.0%
13,240	12,573	13,093	13,575	13,969	14,322	14,668
2.4%	-5.0%	4.1%	3.7%	2.9%	2.5%	2.4%
109.9	111.2	113.4	115.6	117.5	119.6	121.9
1.5%	1.2%	2.0%	1.9%	1.6%	1.8%	1.9%
109.9	111.1	113.2	115.1	116.8	118.9	121.2
1.5%	1.1%	1.9%	1.7%	1.5%	1.7%	2.0%
16,888	17,649	17,102	17,465	17,936	18,388	18,827
2.4%	4.5%	-3.1%	2.1%	2.7%	2.5%	2.4%
16,888	17,810	16,972	17,491	18,014	18,449	18,921
2.4%	5.5%	-4.7%	3.1%	3.0%	2.4%	2.6%
150.9	142.3	147.6	151.8	154.1	155.3	155.9
1.4%	-5.7%	3.7%	2.8%	1.6%	0.7%	0.4%
150.9	142.3	146.9	150.9	153.7	155.7	157.1
1.4%	-5.7%	3.2%	2.7%	1.9%	1.3%	0.9%
3.7	8.2	5.8	5.0	4.5	4.4	4.3
3.7	8.5	6.5	5.0	4.2	3.7	3.6
59.4	38.5	41.7	42.9	43.8	44.7	45.3
59.4	38.1	41.9	44.0	45.5	46.8	48.1
3.9	3.1	3.0	3.1	3.1	3.3	3.5
3.9	3.2	3.1	3.1	3.1	3.3	3.5
2.1	0.4	0.1	0.1	0.1	0.1	0.1
2.1	0.4	0.1	0.1	0.1	0.1	0.1

Washington Forecast Comparison

	2020Q3	2020Q4	2021Q1	2021Q2
Real Personal Income (Billions of 2012 Dollars)				
November Forecast	481.2	466.9	461.3	461.0
Percent Change	-14.0%	-11.4%	-4.8%	-0.2%
September Forecast	472.3	489.9	457.0	460.7
Percent Change	-17.5%	15.8%	-24.3%	3.3%
Personal Income (Billions of Dollars)				
November Forecast	536.3	523.0	518.8	521.5
Percent Change	-10.8%	-9.5%	-3.2%	2.1%
September Forecast	525.9	547.1	513.3	520.1
Percent Change	-14.5%	17.1%	-22.5%	5.5%
Disposable Personal Income (Billions of Dollars)				
November Forecast	483.1	468.5	464.2	466.8
Percent Change	-14.8%	-11.5%	-3.6%	2.2%
September Forecast	473.5	494.7	459.2	465.3
Percent Change	-18.5%	19.1%	-25.8%	5.4%
Nonfarm Payroll Employment (Thousands)				
November Forecast	3262	3313	3372	3411
Percent Change	17.0%	6.5%	7.3%	4.8%
September Forecast	3267	3340	3394	3433
Percent Change	23.8%	9.3%	6.7%	4.6%
Unemployment Rate (Percent of Labor Force)				
November Forecast	8.8	6.8	6.6	6.5
September Forecast	9.1	8.0	7.1	6.7
Manufacturing Employment (Thousands)				
November Forecast	270.2	268.5	266.7	265.0
Percent Change	0.8%	-2.5%	-2.7%	-2.5%
September Forecast	261.1	266.9	266.2	268.2
Percent Change	-0.7%	9.2%	-1.0%	3.1%
Construction Employment (Thousands)				
November Forecast	211.7	217.4	211.8	210.2
Percent Change	25.8%	11.3%	-10.0%	-2.8%
September Forecast	196.1	205.0	204.6	202.9
Percent Change	40.7%	19.5%	-0.8%	-3.2%
Housing Permits (Thousands)				
November Forecast	43.7	45.5	46.3	45.9
Percent Change	37.7%	17.9%	6.5%	-3.1%
September Forecast	41.0	45.5	44.8	44.4
Percent Change	6.5%	52.4%	-6.7%	-3.4%

	2019	2020	2021	2022	2023	2024	2025
	448.9	476.1	461.4	469.2	482.3	495.5	509.2
	3.8%	6.1%	-3.1%	1.7%	2.8%	2.7%	2.8%
	450.0	479.4	461.6	475.5	489.8	501.8	515.5
	4.2%	6.5%	-3.7%	3.0%	3.0%	2.4%	2.7%
	493.1	529.3	523.3	542.5	566.7	592.7	621.0
	5.4%	7.3%	-1.1%	3.7%	4.5%	4.6%	4.8%
	494.4	532.4	522.4	547.5	572.3	596.4	624.7
	5.8%	7.7%	-1.9%	4.8%	4.5%	4.2%	4.7%
	442.2	476.6	468.2	484.1	505.4	529.9	557.6
	5.1%	7.8%	-1.8%	3.4%	4.4%	4.8%	5.2%
	439.7	479.9	467.2	488.5	510.2	531.4	556.1
	5.2%	9.1%	-2.6%	4.6%	4.4%	4.1%	4.7%
	3468	3303	3419	3519	3585	3624	3660
	2.0%	-4.8%	3.5%	2.9%	1.9%	1.1%	1.0%
	3468	3304	3440	3545	3616	3662	3701
	2.0%	-4.7%	4.1%	3.1%	2.0%	1.3%	1.1%
	4.3	8.4	6.4	5.8	5.4	5.3	5.2
	4.3	8.8	6.6	5.2	4.6	4.2	4.1
	293.6	275.1	264.1	264.2	268.2	267.8	266.2
	2.0%	-6.3%	-4.0%	0.0%	1.5%	-0.1%	-0.6%
	293.6	270.5	268.2	272.9	274.1	272.9	272.9
	2.0%	-7.9%	-0.8%	1.8%	0.4%	-0.5%	0.0%
	219.3	213.1	209.2	203.7	201.2	200.8	203.3
	2.9%	-2.8%	-1.8%	-2.6%	-1.2%	-0.2%	1.2%
	219.3	201.2	203.1	201.2	200.4	199.1	200.6
	2.9%	-8.3%	0.9%	-0.9%	-0.4%	-0.6%	0.7%
	48.4	44.9	45.2	43.4	42.6	41.2	40.4
	1.4%	-7.4%	0.8%	-4.1%	-1.7%	-3.3%	-1.9%
	48.4	44.2	44.1	42.8	41.5	39.5	38.5
	1.4%	-8.8%	-0.1%	-3.0%	-3.1%	-4.7%	-2.6%

November 2020Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2019-21 Biennium

	2019-21 <u>Biennium</u>	Difference From the <u>November 2020 Baseline</u>
November 2020 GF-S Baseline (50%)	\$48,796	
November 2020 Alternative GF-S Forecasts		
Optimistic (25%)	\$50,054	\$1,257
Pessimistic (25%)	\$47,484	(\$1,312)
Probability Weighted Average	\$48,783	(\$14)
GCEA*	\$48,918	\$122

2021-23 Biennium

	2021-23 <u>Biennium</u>	Difference From the <u>November 2020 Baseline</u>
November 2020 GF-S Baseline (50%)	\$52,478	
November 2020 Alternative GF-S Forecasts		
Optimistic (25%)	\$56,421	\$3,943
Pessimistic (25%)	\$48,356	(\$4,122)
Probability Weighted Average	\$52,433	(\$45)
GCEA*	\$53,204	\$726

* Based on the Governor's Council of Economic Advisors Assumptions.

U.S. Forecast Comparison				Fiscal Years		
	2020	2021	2022	2023	2024	2025
Real GDP						
Billions of 2012 dollars						
November Forecast	18,677	18,787	19,435	19,900	20,307	20,702
Growth	-1.1%	0.6%	3.4%	2.4%	2.0%	1.9%
September Forecast	18,672	18,500	19,291	19,937	20,450	20,946
Growth	-1.1%	-0.9%	4.3%	3.3%	2.6%	2.4%
Difference in level	5	288	143	-37	-143	-243
<i>Difference in growth forecast</i>	<i>0.0%</i>	<i>1.5%</i>	<i>-0.8%</i>	<i>-1.0%</i>	<i>-0.5%</i>	<i>-0.5%</i>
Real Consumption						
Billions of 2012 dollars						
November Forecast	12,908	13,073	13,515	13,821	14,115	14,398
Growth	-1.3%	1.3%	3.4%	2.3%	2.1%	2.0%
September Forecast	12,898	12,816	13,349	13,779	14,149	14,494
Growth	-1.4%	-0.6%	4.2%	3.2%	2.7%	2.4%
Difference in level	10	257	166	42	-34	-96
<i>Difference in growth forecast</i>	<i>0.1%</i>	<i>1.9%</i>	<i>-0.8%</i>	<i>-1.0%</i>	<i>-0.6%</i>	<i>-0.4%</i>
PCE Price Index						
2012 = 100						
November Forecast	110.5	112.3	114.6	116.5	118.5	120.8
Growth	1.3%	1.6%	2.1%	1.7%	1.7%	1.9%
September Forecast	110.5	112.1	114.2	116.0	117.8	120.0
Growth	1.3%	1.4%	1.9%	1.5%	1.6%	1.9%
Difference in level	0.0	0.2	0.4	0.6	0.7	0.8
<i>Difference in growth forecast</i>	<i>0.0%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.0%</i>
Unemployment Rate						
Percent of Labor Force						
November Forecast	6.0%	6.9%	5.4%	4.7%	4.5%	4.3%
September Forecast	6.0%	7.8%	5.8%	4.5%	3.9%	3.6%
<i>Difference in forecast</i>	<i>0.0%</i>	<i>-0.8%</i>	<i>-0.4%</i>	<i>0.2%</i>	<i>0.5%</i>	<i>0.8%</i>
30 Year Fixed Mortgage Rate						
Annual Average						
November Forecast	3.5%	2.9%	3.1%	3.1%	3.2%	3.4%
September Forecast	3.5%	3.1%	3.1%	3.1%	3.2%	3.4%
<i>Difference in forecast</i>	<i>0.0%</i>	<i>-0.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
3 Month T-Bill Rate						
Annual Average						
November Forecast	1.2%	0.1%	0.1%	0.1%	0.1%	0.1%
September Forecast	1.2%	0.1%	0.1%	0.1%	0.1%	0.1%
<i>Difference in forecast</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

Washington Forecast Comparison					Fiscal Years	
	2020	2021	2022	2023	2024	2025
Real Personal Income						
Billions of 2012 dollars						
November Forecast	464.6	467.6	464.0	475.5	488.9	502.3
Growth	5.2%	0.6%	-0.8%	2.5%	2.8%	2.7%
September Forecast	465.7	470.0	468.1	483.0	495.8	508.7
Growth	5.6%	0.9%	-0.4%	3.2%	2.6%	2.6%
Difference in level	-1.1	-2.4	-4.0	-7.4	-6.8	-6.4
Difference in growth forecast	-0.4%	-0.3%	-0.4%	-0.7%	0.2%	0.1%
Nominal Personal Income						
Billions of dollars						
November Forecast	513.4	524.9	531.7	554.3	579.5	606.6
Growth	6.6%	2.3%	1.3%	4.2%	4.5%	4.7%
September Forecast	514.5	526.6	534.7	560.1	584.0	610.4
Growth	7.0%	2.4%	1.5%	4.8%	4.3%	4.5%
Difference in level	-1.1	-1.7	-3.0	-5.8	-4.5	-3.8
Difference in growth forecast	-0.4%	-0.1%	-0.2%	-0.5%	0.3%	0.2%
Nonfarm Payroll Employment						
Thousands						
November Forecast	3,403.5	3,339.4	3,472.6	3,556.9	3,604.9	3,642.8
Growth	-0.9%	-1.9%	4.0%	2.4%	1.3%	1.1%
September Forecast	3,395.7	3,358.4	3,493.3	3,587.3	3,639.2	3,683.6
Growth	-1.1%	-1.1%	4.0%	2.7%	1.4%	1.2%
Difference in level	7.8	-19.0	-20.6	-30.4	-34.4	-40.8
Difference in growth forecast	0.2%	-0.8%	0.0%	-0.3%	-0.1%	-0.2%
Housing Permits						
Units Authorized, Thousands						
November Forecast	48.1	45.4	44.0	42.9	42.0	40.8
Growth	4.7%	-5.8%	-2.9%	-2.6%	-2.1%	-2.8%
September Forecast	48.1	43.9	43.5	42.1	40.5	38.9
Growth	4.7%	-8.7%	-1.0%	-3.1%	-3.9%	-3.9%
Difference in level	0.0	1.4	0.5	0.7	1.5	1.8
Difference in growth forecast	0.0%	3.0%	-1.9%	0.5%	1.8%	1.0%

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2020	2021	2022	2023	2024	2025
<u>U.S.</u>						
Real GDP						
<i>Growth</i>						
ERFC	-3.7	4.0	2.9	2.1	2.0	1.9
GCEA Average	-3.3	4.7	2.5	2.4	2.3	2.3
Real Consumption						
<i>Growth</i>						
ERFC	-3.9	4.6	2.7	2.2	2.1	2.0
GCEA Average	-3.6	4.9	2.7	2.3	2.4	2.4
PCE Price Index						
<i>Growth</i>						
ERFC	1.2	2.0	1.9	1.6	1.8	1.9
GCEA Average	1.3	1.9	1.9	1.7	1.6	1.5
Mortgage Rate						
<i>Percent</i>						
ERFC	3.1	3.0	3.1	3.1	3.3	3.5
GCEA Average	3.1	3.0	3.1	3.2	3.5	3.7
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	41.2	44.7	46.2	47.4	48.5	49.2
GCEA Average	41.8	49.1	53.6	54.8	55.9	57.0

Washington State

Real Personal Income

<i>Growth</i>						
ERFC	6.1	-3.1	1.7	2.8	2.7	2.8
GCEA Average	6.4	-2.7	2.2	2.6	3.0	3.3

Wage and Salary Employment

<i>Growth</i>						
ERFC	-4.8	3.5	2.9	1.9	1.1	1.0
GCEA Average	-5.1	2.6	2.7	2.1	1.7	1.6

Manufacturing Employment

<i>Growth</i>						
ERFC	-6.3	-4.0	0.0	1.5	-0.1	-0.6
GCEA Average	-6.5	-5.1	0.5	0.5	0.4	0.5

Construction Employment

<i>Growth</i>						
ERFC	-2.8	-1.8	-2.6	-1.2	-0.2	1.2
GCEA Average	-3.2	0.2	0.7	0.7	0.7	0.8

Housing Permits

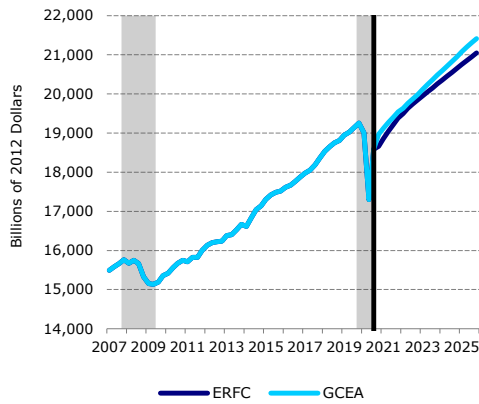
<i>Thousands of authorized units</i>						
ERFC	44.9	45.2	43.4	42.6	41.2	40.4
GCEA Average	45.2	47.2	46.6	45.4	44.9	43.7

Washington Average Annual Wage

<i>Growth</i>						
ERFC	7.7	1.3	1.1	2.9	3.6	3.9
GCEA Average	6.2	2.4	2.5	2.5	3.0	3.2

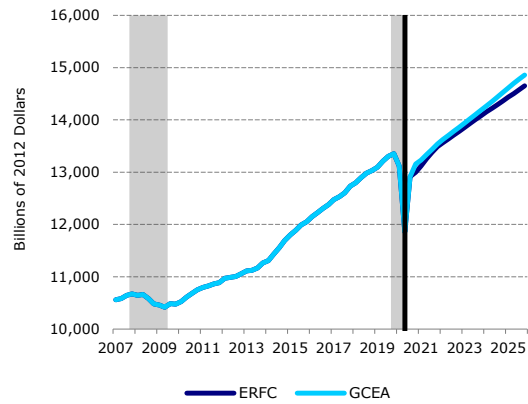
U.S. Forecast Comparison

Real GDP



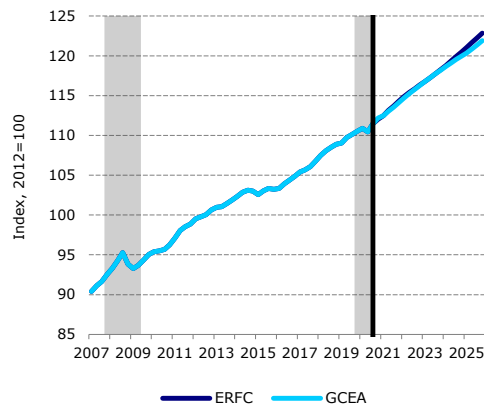
Source: BEA, ERFC, GCEA; data through 2020 Q3

Real Consumption



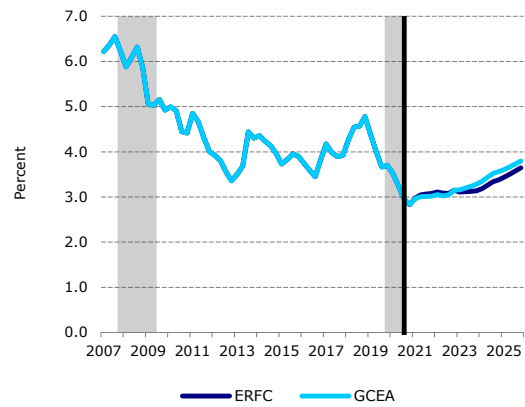
Source: BEA, ERFC, GCEA; data through 2020 Q3

PCE Price Index



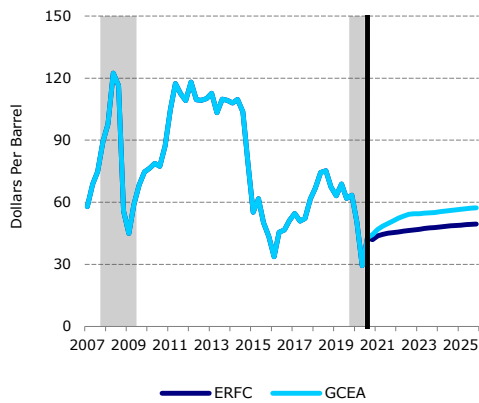
Source: BEA, ERFC, GCEA; data through 2020 Q3

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2020 Q3

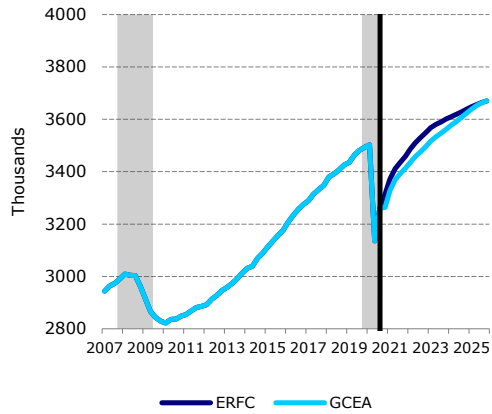
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2020 Q3

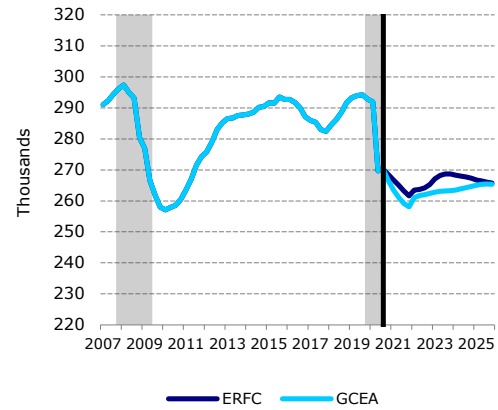
Washington Forecast Comparison

Nonfarm Payroll Employment



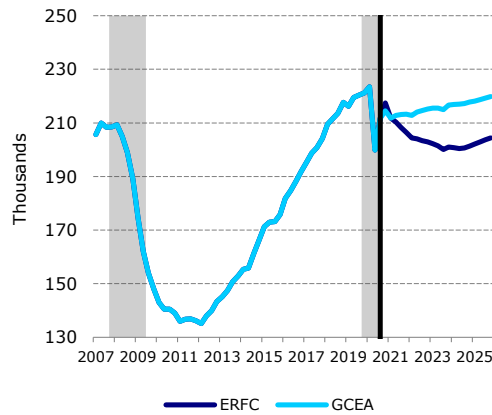
Source: ESD, ERFC, GCEA; data through 2020 Q3

Manufacturing Employment



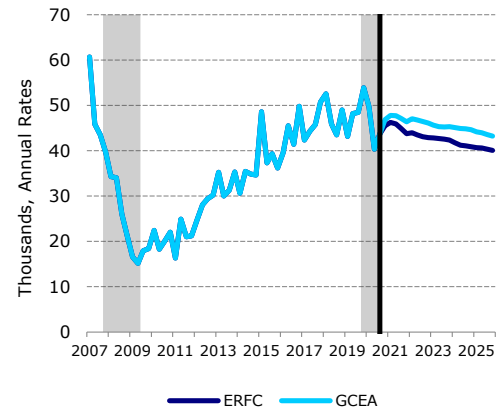
Source: ESD, ERFC, GCEA; data through 2020 Q3

Construction Employment



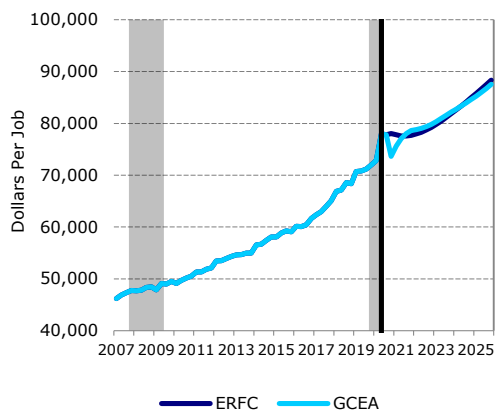
Source: ESD, ERFC, GCEA; data through 2020 Q3

Housing Units Authorized



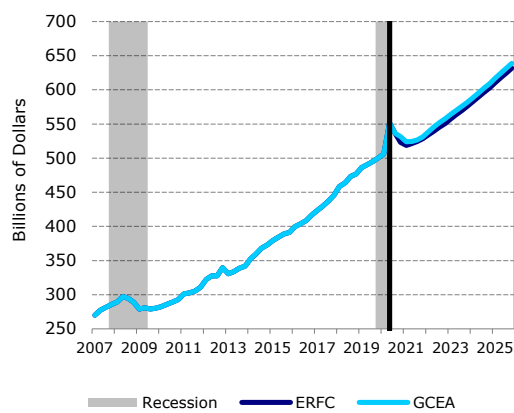
Source: Census, ERFC, GCEA; data through 2020 Q3

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2020 Q2

Personal Income



Source: BEA, ERFC, GCEA; data through 2020 Q2

2019-21 Enacted Budget Balance Sheet

General Fund-State (GFS), Education Legacy Trust Account (ELTA),
Washington Opportunity Pathways Account (OPA),
Workforce Education Investment Account (WEIA) and Budget Stabilization Account (BSA)
Dollars in Millions

	2019-21		
	GFS	ELTA, OPA and WEIA	TOTAL
RESOURCES			
Beginning Fund Balance	999.3	981.9	1,981.2
September 2020 Revenue Forecast	48,189.1	2,171.7	50,360.8
November 2020 Revenue Forecast change	607.3	26.5	633.8
Current Revenue Totals	48,796.4	2,198.2	50,994.7
Transfer to Budget Stabilization Account (1% of GSR)	(479.8)		(479.8)
Transfer to Budget Stabilization Account (EGSR)	-		-
Enacted Fund Transfers	35.2	160.0	195.2
CAFR Adjustments FY 20	(3.9)	28.2	24.2
Actual/Assumed Prior Period Adjustments	59.7		59.7
Total Resources (including beginning fund balance)	49,407.0	3,368.3	52,775.3
EXPENDITURES			
2019-21 Biennium			
Enacted Budgets	50,602.8	3,096.9	53,699.7
Actual/Assumed Reversions	(772.4)	-	(772.4)
Total Expenditures	49,830.4	3,096.9	52,927.3
RESERVES			
Projected Ending Balance	(423.4)	271.4	(152.0)
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	1,618.4		1,618.4
Transfers from General Fund (1% of GSR)	479.8		479.8
Transfers from GFS (EGSR)	-		-
Prior Period Adjustment-FY 20	0.9		0.9
Actual/Assumed Interest Earnings	43.4		43.4
Less 2020 Supplemental Approp from BSA-Coronavirus	(200.0)		(200.0)
Projected Budget Stabilization Account Ending Balance	1,942.6		1,942.6
Total Reserves (Near General Fund plus Budget Stabilization)	1,519.1	271.4	1,790.5

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

CAFR- Comprehensive Annual Financial Report