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Revenue Review

November 19, 2021



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

November 19, 2021
10:00 a.m.

- Call to order
- Approval of meeting minutes from November 4, 2021
- Economic & Revenue Forecast
 - Adoption of official state economic and revenue forecast and unofficial optimistic and pessimistic alternative forecasts.
- Fiscal Growth Factor adoption
- Forecast supervisor contract renewal
- 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
November 4, 2021
Conference Call

Economic and Revenue Forecast Council

Tim Ormsby, House of Representatives, Chair
Christine Rolfes, Senate
Lynda Wilson, Senate
Ed Orcutt, House
Mike Pellicciotti, Treasurer
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director

Call to Order

Representative Ormsby called the meeting to order at 2:02 p.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby to adopt the meeting minutes from September 24, 2021. Motion passed unanimously at 2:03 p.m.

Forecast Presentation

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes

Motion

Senator Rolfes moved, seconded by Representative Ormsby to have a copy of the supervisor's contract sent to all council members for review and have the agenda item moved to the November 19th meeting where it will be fully addressed. Motion passed unanimously at 2:31 p.m.

Adjournment

With no further business, the meeting adjourned at 2:31 p.m.

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



Economic & Revenue Review: November 19, 2021

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's November 2021 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 2021 is now 5.5%, down from 5.7% in the preliminary November forecast. For 2022, real GDP growth is 4.0%, down from 4.1% in the preliminary forecast. We do not have a new long term forecast from Blue Chip since the October 2021 forecast. For 2023-25, we assume the same growth rates as in the October Blue Chip long term forecast. We expect growth rates of 2.5%, 2.1%, and 2.0% in 2023 through 2025 compared to the September forecast of 2.4%, 2.2%, and 2.1%.
- 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 Friday November 12, 2021 closing prices for Brent and WTI futures. Oil prices are higher than expected in the September forecast and, as in September, are expected to decline gradually over the forecast. The latest futures prices indicate that the refiner acquisition price of crude will average \$79 per barrel in the fourth quarter of 2021 compared to \$71 in the September forecast. By the fourth quarter of 2025 the refiner acquisition price of crude is expected to average \$62 per barrel compared to \$55 per barrel in the September forecast.
- National employment in October increased by 531,000 net jobs. Employment data for August and September were revised up by 235,000 jobs. Sectors with the largest job gains in October included accommodation and food services (+143,000), manufacturing (+60,000), transportation and warehousing (+54,000), professional and technical services (+45,000), construction (+44,000), temporary help services (+41,000), health care (+37,000) and retail trade (+35,000). Sectors with declining employment in October included local government education (-43,000), state government education (-22,000), business support services (-5,000), state government excluding education (-4,000), commercial banking (-4,000), membership associations and organization (-3,000), Federal government (-3,000) and local government excluding education (-2,000).
- Two key measures of consumer confidence moved in opposite directions this month. The University of Michigan (UM) consumer sentiment survey decreased by 1.1 points to 71.7 in October. Consumers were less optimistic about both current and future economic prospects, with inflation cited as a concern by survey respondents. The Conference Board index of consumer confidence increased by 4.0 points in October to 113.8. Survey results suggest that despite consumer concerns about inflation, the proportion of consumers planning on making major purchases increased.

- Residential construction activity slowed in September but existing home sales increased. September housing starts decreased by 1.6% (SA) compared to August but were 7.4% above their September 2020 level. Housing units authorized by building permits in September were 7.7% (SA) below their August level but unchanged from their year-ago level. New home sales in September increased by 14.0% (SA) compared to August but were 17.6% below their year-ago level. Existing home sales in September increased by 7.0% (SA) compared to August but were down 2.3% compared to September 2020.
- Threats to the U.S. and Washington economies include the uncertain impact of COVID-19 and the potential for higher inflation.

Washington

- We have two months of new Washington employment data since the September forecast was released. Total seasonally adjusted nonfarm payroll employment increased 23,100 in September and October which was 2,300 less than the increase of 25,400 expected in the forecast. Washington employment is now 101,500 (2.9%) lower than at its February 2020 peak. Private services-providing sectors added 25,300 jobs in September and October. The manufacturing sector added 2,300 jobs including 700 jobs in aerospace manufacturing. Construction employment increased by 2,600 jobs in the two-month period. State and local government employment decreased by 7,700 jobs in September and October but the federal government added 600 jobs.
- 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 added just 800 (0.0%) to the estimated level of total employment in August 2021. Because employment growth in September and October was slightly less than expected, employment is 1,500 (0.0%) lower in October than expected in the September forecast.
- Washington's unemployment rate declined to 5.0% in October from a revised 5.1% in September. The unemployment rate is down significantly from the 16.3% rate reached in April 2020 which was an all-time high in the series that dates back to 1976. At the business cycle peak in February 2020 the Washington unemployment rate was 4.1%.
- This forecast incorporates Boeing's announcement that they expect to keep employment at about the current level rather than continue to reduce employment through the remainder of the year. This change adds about 6,300 jobs to the level of December 2021 Washington aerospace employment compared to the September forecast assumption.
- 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 2021. According to these estimates, Washington personal income declined from \$571.5 billion (SAAR) in the first quarter of 2021 to \$546.3 billion in the second quarter. The 16.5% decline (SAAR) in Washington personal income was the 6th best performance among the states and District of Columbia and was significantly

- better than the 21.8% rate of the decline for the U.S. as a whole. Once again, changes to personal income from Covid-19 relief programs dominated overall personal income growth, more than accounting for the declines in Washington and national personal income growth rates in the second quarter. Most of this was because of a reduction in direct payments to individuals. Washington's above below average decline in personal income growth was due to transfer receipts which subtracted 27.7 percentage points from U.S. personal income growth but only 22.2 percentage points from Washington personal income growth.
- The September state personal income release also incorporated the results of the BEA's annual update of state personal income which revised personal income estimates from 1998 through 2020. The BEA reduced its estimates of Washington personal income in each year covered by the revision. The 2020 Washington personal income estimate was reduced by \$9.2 billion (1.8%) compared to the preliminary annual estimate released in March. The downward revision was more than accounted for by the estimate for property income (dividends, interest, and rent) which was lowered by \$11.2 billion (10.1%). The estimate for earnings by place of work was increased by \$2.0 billion (0.6%) while the estimate for transfer receipts was virtually unchanged. Washington's revised 7.6% 2020 personal income growth rate was the 12th highest among the states and District of Columbia and exceeded the 6.6% national growth rate.
 - Washington housing construction rebounded in the third quarter of 2021 on a surge in multi-family activity. The number of housing units authorized by building permits rose to 56,100 (SAAR) in the third quarter from 47,600 in the second quarter. Third quarter permits consisted of 23,200 single-family units, down from 24,300 in the second quarter, and 32,900 multi-family units, up from 23,300. The September forecast expected 53,400 units (SAAR) in the third quarter, consisting of 24,700 single-family units and 28,700 multi-family units.
 - Seattle-area home prices continue to rise rapidly but appreciation may be slowing. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices increased 1.1% in August compared to a 1.2% increase in the composite-20 index. While still quite high, the rate of appreciation in the Seattle market has declined in each of the last five months. August Seattle home prices were up 24.4% over the year, down slightly from a record 25.5% over-the-year increase in July. In comparison, the composite-20 index was up 19.7% over the year. August Seattle home prices were up 158% since the December 2011 trough and exceeded the May 2007 peak by 79%.
 - Seattle-area consumer price inflation outpaced the national average in the year ending in October 2021. From October 2020 to October 2021, the seasonally adjusted Seattle CPI rose 6.5% compared to the 6.2% increase in the U.S. City Average index. These relatively high rates were partially due to much higher food and energy prices this year compared to last year. However, core prices, which exclude food and energy, still increased 5.2% in Seattle and 4.6% in the national index. Seattle shelter cost inflation trailed the national average at 2.6% compared to 3.5%. Seattle inflation excluding shelter exceeded the national average at 8.7% compared to 7.6%.

- According to the World Institute for Strategic Economic Research (WISER), Washington exports increased 23% from the third quarter of 2020 to the third quarter of 2021. After more than two years of year-over-year declines, Washington exports of transportation equipment (mostly Boeing planes) increased for a second consecutive quarter, rising 60% over the year. Agricultural exports decreased 10% over the year but this could be misleading as the data include soybean and corn exports which receive only minimal processing in Washington. Exports from all other sectors (mostly manufacturing) increased 26% over the year.
- Washington car and truck sales declined for a third consecutive month in October. The seasonally adjusted number of new vehicle registrations fell 0.7% in October following declines of 7.1% and 11.3% in August and September. The number of registrations is down 15.2% over the year and is now at its lowest level since June 2020.
- We expect a 2.4% increase in Washington employment this year which is the same growth rate expected in the September forecast. We expect above-average growth through the remainder of the forecast as the economy continues to recover from the recession. We expect employment growth to average 2.2% per year in 2022 through 2025 which is also the same growth rate expected in the September forecast. Our forecast for nominal personal income growth this year is 7.5%, up from 6.5% in the September forecast. Personal income growth will slow next year as the extraordinary stimulus of the last two years is withdrawn. We expect personal income growth of only 1.9% in 2022 compared to 1.7% in the September forecast. Our new forecast for nominal personal income growth in 2023 through 2025 averages 5.2% per year compared to 5.3% in the September forecast.

Revenue

- State taxable activity has been much stronger than expected. Cumulative major General Fund-State (GF-S) collections from September 11 through November 10, 2021 came in \$292 million (7.3%) above the September forecast.
- Most of the collections in excess of the forecast were Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products). Cumulative Revenue Act collections came in \$167 million (4.9%) higher than forecasted in September. Federal stimulus and pent-up demand caused Revenue Act collections to spike in the spring. While seasonally adjusted collections have diminished since then, they have not diminished to the extent expected in September.
- Due to the BEA revisions to historical state personal income described above, some parts of the revenue forecasting model were re-estimated regarding the relationship between income and taxable activity. Because the revised state income history was lower than the previous estimates in the most recent years, the re-estimated model slightly increased the amount of revenue expected per dollar of personal income. In addition, forecasted construction employment and housing permits have been increased through 2022. Combining those factors with the recent strength in collections, forecasted

Revenue Act receipts have been increased by \$781 million in the 2021-23 biennium and \$955 million in the 2023-25 biennium.

- Part of the increase in forecasted Revenue Act receipts was the addition of revenue from a 1.2% B&O tax surcharge on the activity of certain large financial institutions. This revenue had been excluded from the forecast shortly after the surcharge was imposed in 2020 due to a court case that declared it invalid (although many institutions did continue to pay the surcharge pending higher court decisions). After the September forecast, the Washington State Supreme Court declared that the surcharge was indeed valid. The additional forecasted revenue from the surcharge totals \$164 million in the 2021-23 biennium and \$219 million in the 2023-25 biennium. This increase, however, was partially offset by an increase in expected refunds resulting from a DOR rule change (due to a different court decision) concerning the apportionment of taxable B&O activity for multi-state businesses. The rule change is expected to result in refunds of \$95 million in the 2021-23 biennium and \$54 million in the 2023-25 biennium.
- The property market has also continued to be stronger than expected. Real estate excise tax (REET) collections have come in \$112 million higher than forecasted. Both commercial and residential real estate have exceeded expectations. REET collections for the 2021-23 biennium are now expected to be \$249 million higher than previously forecasted. The REET forecast was increased by \$23 million for the 2023-25 biennium.
- The final total of GF-S revenue for the 2019-21 biennium was unchanged from the September estimate. The GF-S forecast has been increased by \$1.06 billion in the 2021-23 biennium and \$994 million in the 2023-25 biennium.
- The final total of GF-S revenue for the 2019-21 biennium was \$50.803 billion. Forecasted GF-S revenue is now \$57.519 billion for the 2021-23 biennium and \$60.864 billion for the 2023-25 biennium.
- The final total of Education Legacy Trust Account (ELTA) revenue for the 2019-21 biennium was unchanged at \$1.639 billion. The forecast was decreased by \$179 million in the 2021-23 biennium and \$44 million in the 2023-25 biennium, due to decreases in forecasted capital gains taxes. Forecasted ELTA revenue is now \$1.687 billion for the 2021-23 biennium and \$2.082 billion for the 2023-25 biennium.
- The final total of revenue dedicated to the Opportunity Pathways Account (OPA) for the 2019-21 biennium was unchanged at \$337 million. The forecast was increased by \$5 million in both the 2021-23 biennium and the 2023-25 biennium. Forecasted OPA revenue is now \$354 million for the 2021-23 biennium and \$354 million for the 2023-25 biennium as well.
- The final total of revenue dedicated to the Workforce Education Investment Account (WEIA) in the 2019-21 biennium was unchanged at \$352 million. Forecasted revenue has been increased by \$10 million in the 2021-23 biennium and \$11 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$678 million for the 2021-23 biennium and \$748 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 expected to increase by \$898 million in the 2021-23 biennium and \$965 million in the 2023-25 biennium.
- The final total of GF-S, ELTA, OPA and WEIA revenue for the 2019-21 biennium is \$53.132 billion, 15.3% higher than 2017-19 biennial revenue. Forecasted total revenue for the 2021-23 biennium is \$60.238 billion, an increase of 13.4% over 2019-21 biennial revenue, and forecasted total revenue for the 2023-25 biennium is \$64.047 billion, an increase of 6.3% over expected 2021-23 biennial revenue.

Revenue Review

Presented to
Economic and Revenue Forecast Council

Steve Lerch
Executive Director

November 19, 2021



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Summary

- U.S. GDP is expected to grow 5.5% this year, will slow as stimulus ends and labor market recovers
- The WA economy is expected to outperform the national economy in both employment and personal income growth for 2022 – 2025
- Revisions to historic WA personal income data suggest stronger-than-expected revenue to personal income relationship
- The forecast of funds subject to the budget outlook is increased by \$898 million for 2021-23 biennium

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Since the September forecast...

Positives:

- U.S. employment has increased by 843,000 jobs
- WA employment has increased by 23,100 jobs
- WA retail sales and residential real estate transactions remain strong

Negatives:

- Inflation is higher
- New COVID case rate may have flattened
- Supply chain and logistics issues not resolved in some sectors

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Data updates since preliminary forecast

U.S.

- October employment: +531,000 jobs
- October unemployment rate: 4.6%, down from 4.8% in September
- November Blue Chip GDP: 2021 decreased from 5.7% to 5.5%; 2022 decreased from 4.1% to 4.0%
- October CPI: +6.2% over October 2020

Washington

- October employment: +9,500 jobs
- October unemployment: 5.0%, down from 5.1% in September

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Forecast risks

Upside

- COVID cases decline rapidly from recent peak
- The impact of the Infrastructure Investment and Jobs Act is more robust than expected
- Congress could pass additional stimulus legislation

Downside

- More infectious COVID variants lead to increased cases and hospitalizations, slowing pace of recovery
- Slower supply chain improvement and labor supply growth impair economic recovery

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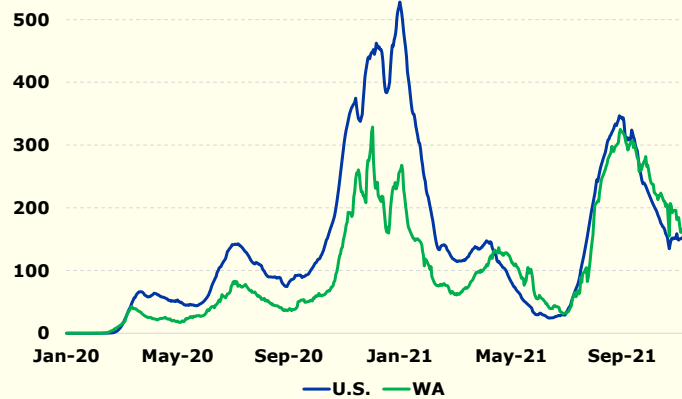
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New COVID case rate down from recent peak, rate of decline may have flattened

Cases per 100,000: 7 day moving average



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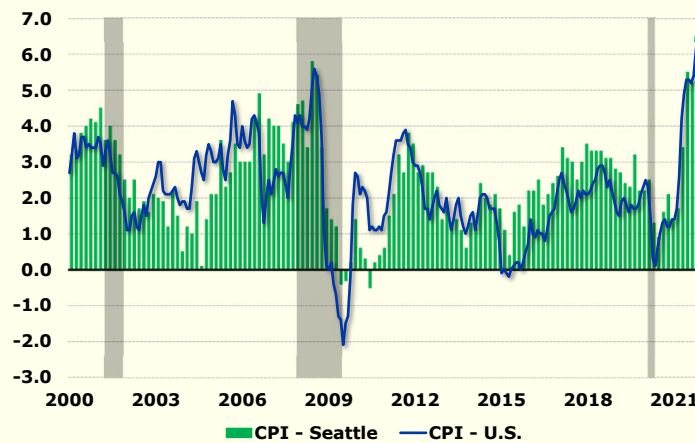
Source: Centers for Disease Control and Prevention; data through Nov. 16 2021

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Prices rose at their fastest annual rate in over 30 years in October

Inflation, % change over the year



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Source: U.S. Bureau of Labor Statistics; data through October 2021

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U.S. retail trade sales increased 1.7% in October

Sectors with largest sales increases in October:

Nonstore retail:
+4.0%

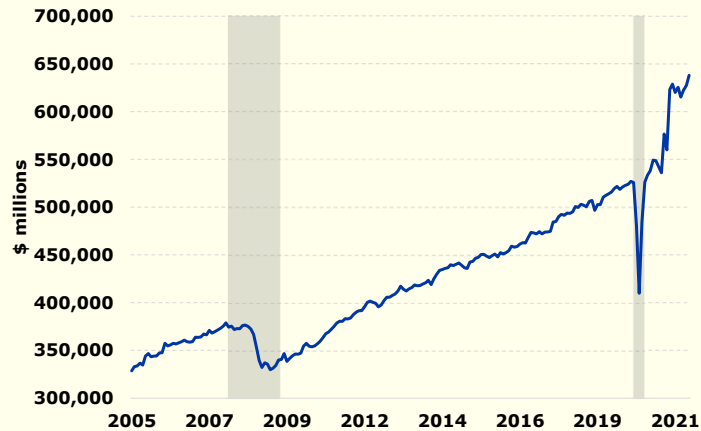
Gasoline stations:
+3.9%

Electronics & appliance stores:
+3.8%

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U.S. retail trade & food service sales, SA



Source: U.S. Census Bureau; data through advanced October 2021

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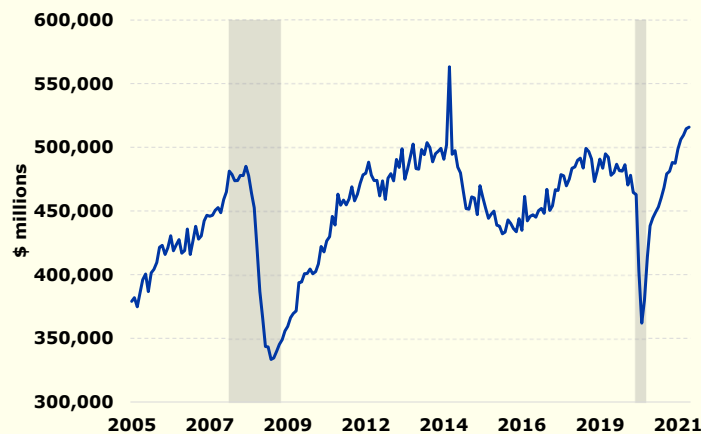


New orders for U.S. manufactured goods are 11% above pre-pandemic levels

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New orders for all manufactured goods, SA

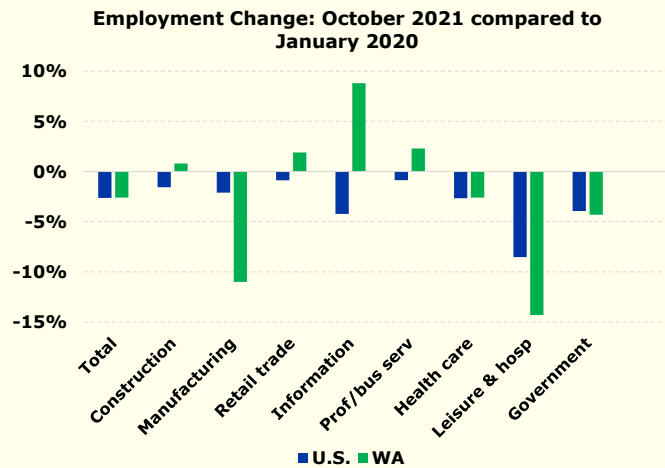


Source: U.S. Census Bureau; data through September 2021

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Recovery of total U.S., WA employment similar; differs across industries



Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept.

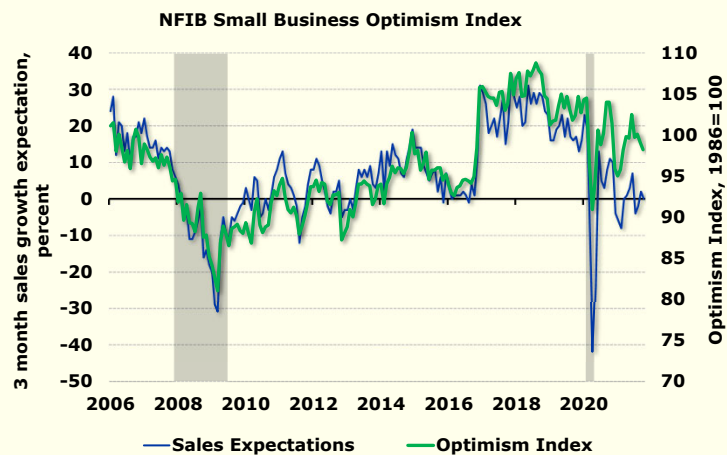
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Small business optimism, sales expectations have weakened since June



Source: National Federation of Independent Business; data through October 2021

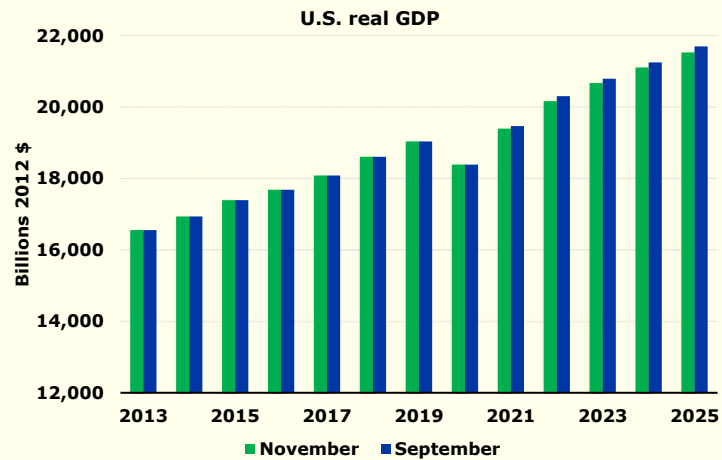
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GDP is slightly lower compared to the September forecast



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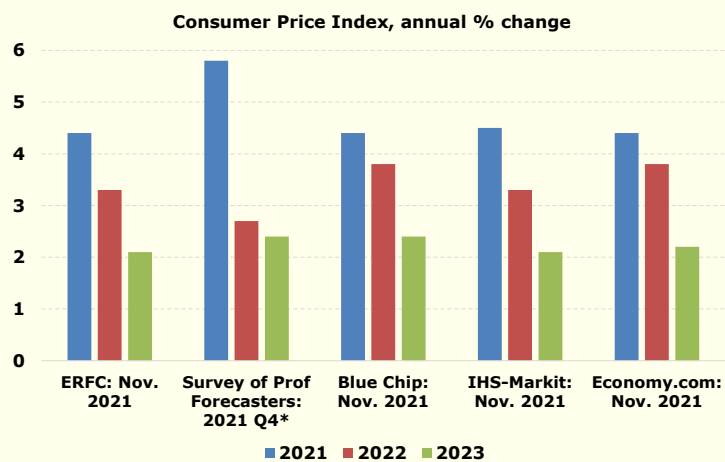
Source: ERFC November 2021 forecast; historical data through 2020

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Inflation forecast revised up since September; expected to gradually decline



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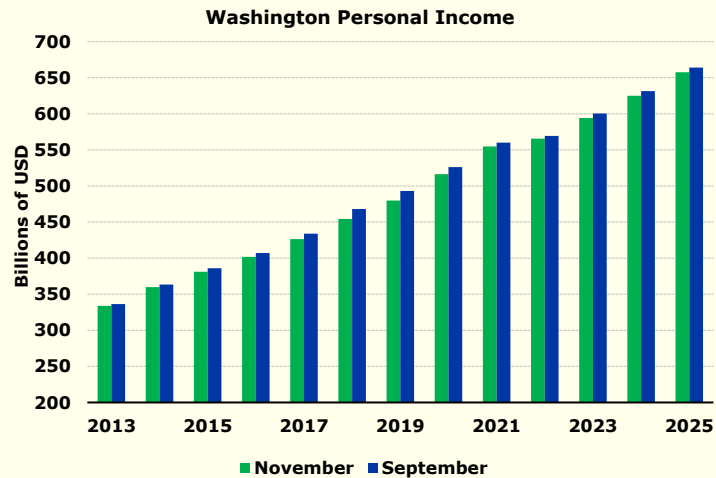
*Survey of Prof Forecasters: Q4 over Q4 average; all others annual averages

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WA personal income is lower due to historical data revisions; growth similar to September forecast



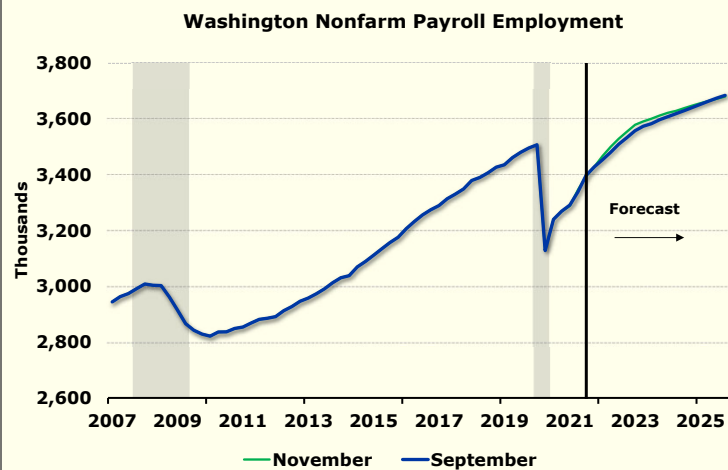
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WA employment forecast is essentially unchanged from September



Average
annual
employment
growth, 2022
to 2025:

U.S. = 1.6%

WA = 2.2%

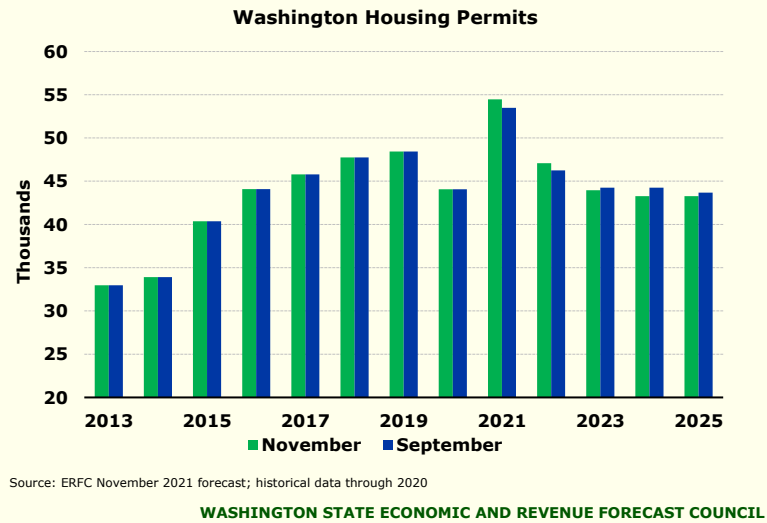
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WA housing permits are slightly higher in 2021-22, slightly lower in 2023-25 compared to September

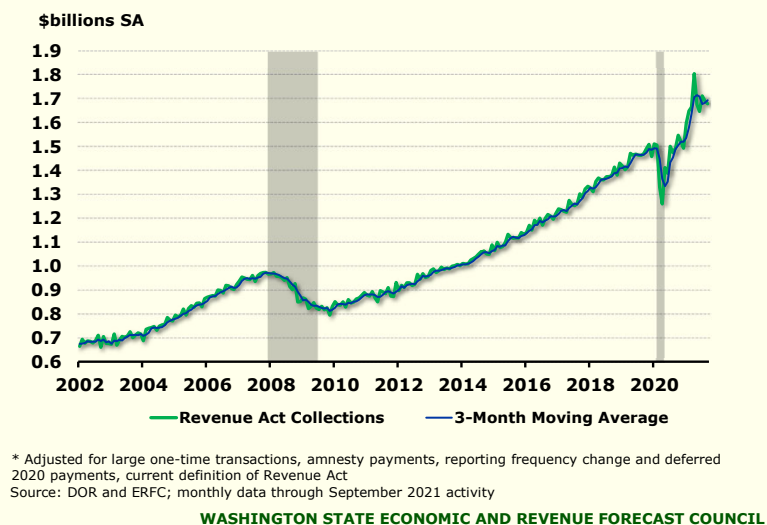


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Revenue Act collections remain strong; year over year growth 13.4% for September activity



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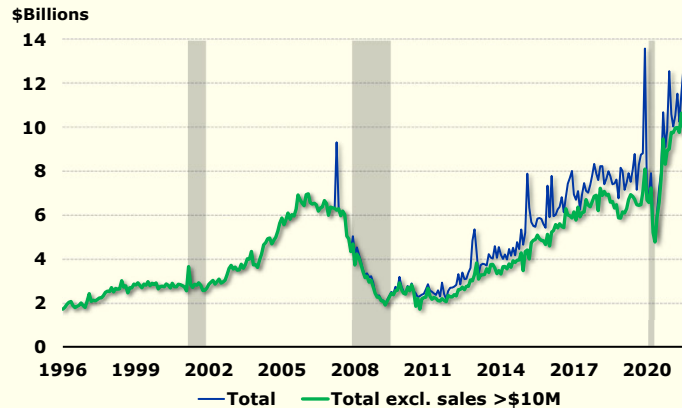
Seasonally adjusted taxable REET activity in October down from record September level but remains high

Large commercial transactions in October totaled \$1.3 B, down from \$3.2 B in September; excluding large sales, SA activity increased.

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Seasonally Adjusted Taxable Real Estate Excise Activity



Source: ERFC; Monthly data through October 2021 estimate

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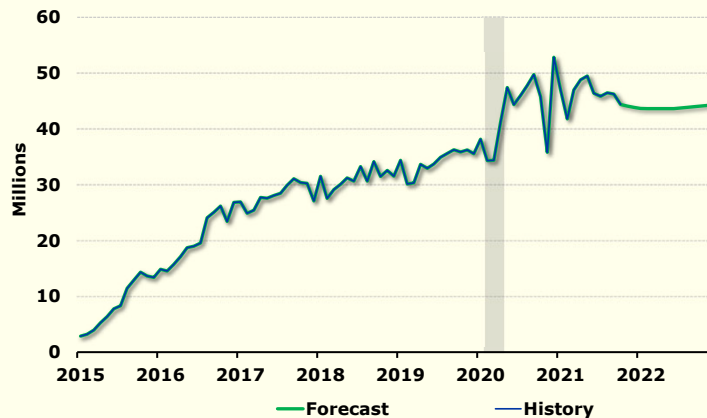
Cannabis revenues appear to be moderating

Collections came in 0.4% below the September forecast

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Retail Cannabis Collections



Source: ERFC November 2021 forecast; historical data through October 2021

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Cannabis excise tax and license fee estimates

Total change since Sept forecast:

- 2021-23
-\$3 M
- 2023-25
-\$3 M

\$Millions

Cannabis Forecast

	<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>
GF-S share of excise tax and license fees	\$361	\$392	\$416
Non-GF	\$648	\$684	\$708
Total	\$1,009	\$1,076	\$1,124

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Detail may not add to total due to rounding
Source: ERFC September 2021 forecast; historical data through August 2021

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

\$Millions	<u>Sept 2021 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Nov 2021 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$56,457	\$69	\$994	\$57,519	\$1,062
Education Legacy Trust Account	\$1,866	n/a	(\$179)	\$1,687	(\$179)
WA Opportunity Pathways Account	\$349	n/a	\$5	\$354	\$5
Workforce Education Investment Account	\$668	n/a	\$10	\$678	\$10
Total	\$59,341	\$69	\$830	\$60,238	\$898

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Detail may not add to total due to rounding

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Forecast changes, all funds: 2023-2025 biennium, cash basis

\$Millions	<u>Sept 2021 Forecast</u>	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Nov 2021 Forecast</u>	<u>Total Change</u> [#]
General Fund-State	\$59,870	\$165	\$829	\$60,864	\$994
Education Legacy Trust Account	\$2,125	n/a	(\$44)	\$2,082	(\$44)
WA Opportunity Pathways Account	\$350	n/a	\$5	\$355	\$5
Workforce Education Investment Account	\$737	n/a	\$11	\$748	\$11
Total	\$63,082	\$165	\$800	\$64,047	\$965

[#] Detail may not add to total due to rounding

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Education Legacy Trust Account forecast changes (\$ millions)

		Other sources (Estate Tax, REET, PUT, Solid Waste Tax)	
2021-23 Biennium	Capital Gains Tax		Total
September 2021	\$500	\$1,366	\$1,866
November 2021	234	1,453	1,687
Difference	(266)	87	(179)
2023-25 Biennium			
September 2021	1,028	1,097	2,125
November 2021	942	1,140	2,082
Difference	(86)	42	(44)

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What are the major factors that drove the revenue forecast increase?

- Non-economic forecast changes: financial institutions tax, capital gains tax re-estimate, refunds
- Collections variance
- Revision of personal income data: downward revision of historic data means that revenue per \$ of personal income relationship has been increased
- Slightly stronger construction employment
- Continued stronger-than-expected growth in retail sales, real estate transactions

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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 2021 Baseline (50%)	\$57,519	
<u>November 2021 Alternative Forecasts</u>		
Optimistic (20%)	\$60,323	\$2,804
Pessimistic (30%)	\$55,008	(\$2,511)
Probability Weighted Average	\$57,326	(\$192)
GCEA*	\$57,671	\$152

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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



2023-25 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2023-25 Biennium	Difference From the baseline*
November 2021 Baseline (50%)	\$60,864	
<u>November 2021 Alternative Forecasts</u>		
Optimistic (20%)	\$66,612	\$5,749
Pessimistic (30%)	\$55,570	(\$5,294)
Probability Weighted Average	\$60,425	(\$438)
GCEA*	\$62,121	\$1,258

Revenue Review
Nov. 19, 2021

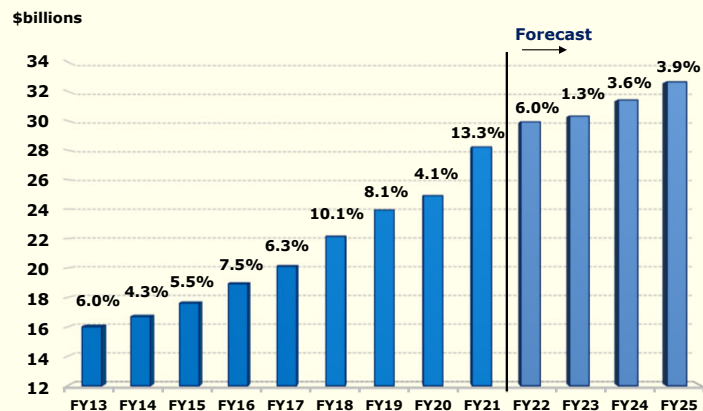
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*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



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



Revenue Review
Nov. 19, 2021

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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 2021

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Conclusion

- U.S. GDP, employment forecasts similar to September; inflation is higher in 2021 - 2025
- WA personal income growth forecast slightly higher than Sept. forecast; employment forecast very similar
- COVID, inflation pose forecast risks
- Total state revenues are expected to grow 13.4% between the 2019-21 and 2021-23 biennia and 6.3% between the 2021-23 and 2023-25 biennia

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Fiscal growth factor

- The fiscal growth factor equals the average growth in personal income for the prior ten fiscal years
- Responsibility for calculating the fiscal growth factor was moved to the ERFC in 2020 (SSB 6660)
- The fiscal growth factor is used for:
 - Determining amounts that specific fees may or must be raised
 - Determining increases to be made for specific transfers and local distributions

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Nov. 19, 2021

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Fiscal growth factor

Fiscal Year	Fiscal Growth Factor	Status
FY 2021	5.91%	Adopted Nov. 2019
FY 2022	6.00%	Adopted Nov. 2020
FY 2023	5.86%	Proposed Nov. 2021
FY 2024	5.78%	Preliminary Nov. 2021
FY 2025	5.85%	Preliminary Nov. 2021

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Source: ERFC November 2021 forecast

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

Revenue Review
Nov. 19, 2021

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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 2021 Total to the September 2021 Estimate

2019-21 Biennium

Cash Forecast; Millions of Dollars

	<u>September 2021 Preliminary Total</u>	<u>Non-economic Changes</u>	<u>Revisions</u>	<u>November 2021 Final Total</u>	<u>Total Change*</u>
General Fund-State	\$50,803.4	\$0.0	\$0.0	\$50,803.4	\$0.0
Education Legacy Trust Account	\$1,639.1	\$0.0	\$0.0	\$1,639.1	\$0.0
WA Opportunity Pathways Account	\$336.9	\$0.0	\$0.0	\$336.9	\$0.0
Workforce Education Investment Account	\$352.2	\$0.0	\$0.0	\$352.2	\$0.0
Total	\$53,131.7	\$0.0	\$0.0	\$53,131.7	\$0.0

*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 2021 to the September 2021 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	September 2021 Forecast	Non-economic Changes*	Forecast Change	November 2021 Forecast	Total Change**
General Fund-State	\$56,456.8	\$68.6	\$993.5	\$57,518.9	\$1,062.2
Education Legacy Trust Account	\$1,866.0	\$0.0	(\$179.2)	\$1,686.8	(\$179.2)
WA Opportunity Pathways Account	\$349.4	\$0.0	\$4.9	\$354.4	\$4.9
Workforce Education Investment Account	\$668.3	\$0.0	\$9.7	\$678.0	\$9.7
Total	\$59,340.5	\$68.6	\$828.9	\$60,238.1	\$897.6

*Addition of financial services tax to forecast after court approval and expected refunds from DOR rule change on apportionment

**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 2021 to the September 2021 Forecast

2023-25 Biennium

Cash Forecast; Millions of Dollars

	September 2021 Forecast	Non-economic Changes*	Forecast Change	November 2021 Forecast	Total Change**
General Fund-State	\$59,870.0	\$165.1	\$828.5	\$60,863.6	\$993.6
Education Legacy Trust Account	\$2,125.4	\$0.0	(\$43.8)	\$2,081.6	(\$43.8)
WA Opportunity Pathways Account	\$349.7	\$0.0	\$4.7	\$354.5	\$4.7
Workforce Education Investment Account	\$736.9	\$0.0	\$10.9	\$747.8	\$10.9
Total	\$63,082.1	\$165.1	\$800.3	\$64,047.4	\$965.4

*Addition of financial services tax to forecast after court approval and expected refunds from DOR rule change on apportionment

**Details may not add due to rounding

Track Record for the 2021-23 General Fund-State Cash Forecast

February 2018 through November 2021

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 2018[#]	\$49,551	\$2,381				\$51,932
Changes to Forecast						
June 2018	324	33	357	(7) ^{#1}	350	52,282
September 2018	248	1	249	46 ^{#2}	295	52,577
November 2018	228	(27)	201	0	201	52,778
March 2019	402	(33)	369	190 ^{#3}	559	53,337
June 2019	17	8	24	322 ^{#4}	347	53,683
September 2019	(89)	10	(79)	0	(79)	53,604
November 2019	169	6	175	0	175	53,779
February 2020	501	12	512	0	512	54,291
June 2020	(4,431)	(139)	(4,570)	213 ^{#5}	(4,357)	49,935
September 2020	2187	59	2,246	0	2,246	52,181
November 2020	265	32	297	0	297	52,478
March 2021	1,807	88	1,894	0	1,894	54,372
June 2021	1,275	65	1,340	(101) ^{#6}	1,239	55,611
September 2021	889	(44)	845	0	845	56,457
November 2021	981	12	994	69 ^{#7}	1,062	57,519
Total change***:						
From February 2016	4,772	83	4,855	732	5,587	
Percent change	9.6	3.5	9.3	1.4	10.8	

* 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 2021-23 biennium.

^{#1} Sum of legislative and budget driven revenue changes from the 2018 legislative session

^{#2} Estimated increase in sales tax collections due US Supreme Court ruling of June 21, 2018.

^{#3} Effects of SSB 5581, passed in March of 2019 legislative session

^{#4} Sum of legislative and budget driven revenue changes from the 2018 legislative session subsequent to the March 2019 forecast

^{#5} Legislative and budget-driven revenue changes from the 2020 legislative session

^{#6} Legislative and budget-driven revenue changes from the 2021 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 2021 - 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%
FY 2021	\$26,986	13.3%	\$726	-20.5%	\$184	20.9%	\$320	905.5%	\$28,217	13.3%
Forecast:										
FY 2022	\$28,648	6.2%	\$766	5.5%	\$178	-3.6%	\$332	3.6%	\$29,923	6.0%
FY 2023	\$28,871	0.8%	\$921	20.3%	\$177	-0.7%	\$346	4.3%	\$30,315	1.3%
FY 2024	\$29,884	3.5%	\$979	6.3%	\$177	0.4%	\$365	5.3%	\$31,405	3.6%
FY 2025	\$30,979	3.7%	\$1,102	12.6%	\$177	0.0%	\$383	5.1%	\$32,642	3.9%

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	\$50,803	15.1%	\$1,639	-0.9%	\$337	18.5%	\$352	NA	\$53,132	15.3%
21-23 Biennium	\$57,519	13.2%	\$1,687	2.9%	\$354	5.2%	\$678	92.5%	\$60,238	13.4%
23-25 Biennium	\$60,864	5.8%	\$2,082	23.4%	\$354	0.0%	\$748	10.3%	\$64,047	6.3%

*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

(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	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	229.0	23.9	0.0	14.2	0.0	0.0	0.5	4.7	185.7	0.0	0.0	0.0
2019-21 Biennium	410.0	40.1	0.0	27.9	0.0	0.0	0.8	8.1	333.1	0.0	0.0	0.0
2022	207.6	26.9	0.0	0.0	0.0	0.0	0.4	4.4	175.9	0.0	0.0	0.0
2023	208.4	26.9	0.0	0.0	0.0	0.0	0.4	4.4	176.6	0.0	0.0	0.0
2021-23 Biennium	416.1	53.8	0.0	0.0	0.0	0.0	0.9	8.9	352.5	0.0	0.0	0.0
2024	209.2	27.1	0.0	0.0	0.0	0.0	0.4	4.4	177.3	0.0	0.0	0.0
2025	209.4	27.1	0.0	0.0	0.0	0.0	0.4	4.4	177.4	0.0	0.0	0.0
2023-25 Biennium	418.6	54.1	0.0	0.0	0.0	0.0	0.9	8.9	354.7	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

(cash basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	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	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	231.6	27.7	0.0	14.2	0.0	0.0	0.5	4.8	184.4	0.0	0.0	0.0
2019-21 Biennium	418.0	44.4	0.0	27.9	0.0	0.0	0.8	8.0	336.9	0.0	0.0	0.0
2022	204.4	21.9	0.0	0.0	0.0	0.0	0.4	4.3	177.8	0.0	0.0	0.0
2023	208.4	26.9	0.0	0.0	0.0	0.0	0.4	4.4	176.6	0.0	0.0	0.0
2021-23 Biennium	412.8	48.8	0.0	0.0	0.0	0.0	0.9	8.8	354.4	0.0	0.0	0.0
2024	209.1	27.0	0.0	0.0	0.0	0.0	0.4	4.4	177.2	0.0	0.0	0.0
2025	209.4	27.3	0.0	0.0	0.0	0.0	0.4	4.4	177.3	0.0	0.0	0.0
2023-25 Biennium	418.5	54.3	0.0	0.0	0.0	0.0	0.9	8.9	354.5	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 2021 and September 2021 forecasts
2019-21 Biennium
(Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,299.4	\$0.0	\$0.0	\$1,299.4	\$0.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$656.3	\$0.0	\$0.0	\$656.3	\$0.0
Lottery Commission Lottery Revenue	\$44.4	\$0.0	\$0.0	\$44.4	\$0.0
State Treasurer Interest Earnings	\$21.3	\$0.0	\$0.0	\$21.3	\$0.0
Office of Financial Management Other Agencies	\$252.8	\$0.0	\$0.0	\$252.8	\$0.0
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$118.0	\$0.0	\$0.0	\$118.0	\$0.0
Total General Fund-State	\$2,392.3	\$0.0	\$0.0	\$2,392.3	\$0.0

General Fund-State GAAP Estimates - Other Agencies

Comparison of the November 2021 and September 2021 forecasts
2019-21 Biennium
(Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,299.4	\$0.0	\$0.0	\$1,299.4	\$0.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$656.3	\$0.0	\$0.0	\$656.3	\$0.0
Lottery Commission Lottery Revenue	\$40.1	\$0.0	\$0.0	\$40.1	\$0.0
State Treasurer Interest Earnings	\$21.3	\$0.0	\$0.0	\$21.3	\$0.0
Office of Financial Management Other Agencies	\$252.8	\$0.0	\$0.0	\$252.8	\$0.0
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$118.0	\$0.0	\$0.0	\$118.0	\$0.0
Total General Fund-State	\$2,387.9	\$0.0	\$0.0	\$2,387.9	\$0.0

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies

Comparison of the November 2021 and September 2021 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,464.4	\$0.0	\$2.8	\$1,467.2	\$2.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$713.6	\$0.0	\$9.7	\$723.3	\$9.7
Lottery Commission Lottery Revenue	\$46.5	\$0.0	\$2.3	\$48.8	\$2.3
State Treasurer Interest Earnings	\$54.0	\$0.0	\$11.0	\$65.1	\$11.0
Office of Financial Management Other Agencies	\$142.6	\$0.0	(\$8.9)	\$133.7	(\$8.9)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$96.3	\$0.0	(\$4.4)	\$91.9	(\$4.4)
Total General Fund-State	\$2,517.6	\$0.0	\$12.4	\$2,530.0	\$12.4

General Fund-State GAAP Estimates - Other Agencies

Comparison of the November 2021 and September 2021 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,464.4	\$0.0	\$2.8	\$1,467.2	\$2.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$713.6	\$0.0	\$9.7	\$723.3	\$9.7
Lottery Commission Lottery Revenue	\$51.4	\$0.0	\$2.4	\$53.8	\$2.4
State Treasurer Interest Earnings	\$38.4	\$0.0	\$11.6	\$50.0	\$11.6
Office of Financial Management Other Agencies	\$142.6	\$0.0	(\$8.9)	\$133.7	(\$8.9)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$96.3	\$0.0	(\$4.4)	\$91.9	(\$4.4)
Total General Fund-State	\$2,506.8	\$0.0	\$13.1	\$2,520.0	\$13.1

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
 Comparison of the November 2021 and September 2021 forecasts
 2023-25 Biennium
 (Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,543.7	\$0.0	\$5.6	\$1,549.3	\$5.6
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$752.1	\$0.0	\$8.5	\$760.5	\$8.5
Lottery Commission Lottery Revenue	\$51.5	\$0.0	\$2.8	\$54.3	\$2.8
State Treasurer Interest Earnings	\$22.4	\$0.0	\$12.9	\$35.4	\$12.9
Office of Financial Management Other Agencies	\$197.3	\$0.0	(\$30.4)	\$166.8	(\$30.4)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$88.3	\$0.0	(\$3.3)	\$85.0	(\$3.3)
Total General Fund-State	\$2,655.3	\$0.0	(\$4.0)	\$2,651.3	(\$4.0)

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the November 2021 and September 2021 forecasts
 2023-25 Biennium
 (Amounts in Millions)

Source/Agency	September 2021 Baseline	Non-Economic Changes	Economic Changes	November 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,543.7	\$0.0	\$5.6	\$1,549.3	\$5.6
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$752.1	\$0.0	\$8.5	\$760.5	\$8.5
Lottery Commission Lottery Revenue	\$51.7	\$0.0	\$2.5	\$54.1	\$2.5
State Treasurer Interest Earnings	\$22.0	\$0.0	\$13.0	\$35.0	\$13.0
Office of Financial Management Other Agencies	\$197.3	\$0.0	(\$30.4)	\$166.8	(\$30.4)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$88.3	\$0.0	(\$3.3)	\$85.0	(\$3.3)
Total General Fund-State	\$2,655.0	\$0.0	(\$4.3)	\$2,650.7	(\$4.3)

* Detail may not total due to rounding.

November 2021Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2021-23 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the November 2021 Baseline</u>
November 2021 GF-S Baseline (50%)	\$57,519	
November 2021 Alternative GF-S Forecasts		
Optimistic (20%)	\$60,323	\$2,804
Pessimistic (30%)	\$55,008	(\$2,511)
Probability Weighted Average	\$57,326	(\$192)
GCEA*	\$57,671	\$152

2023-25 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the November 2021 Baseline</u>
November 2021 GF-S Baseline (50%)	\$60,864	
November 2021 Alternative GF-S Forecasts		
Optimistic (20%)	\$66,612	\$5,749
Pessimistic (30%)	\$55,570	(\$5,294)
Probability Weighted Average	\$60,425	(\$438)
GCEA*	\$62,121	\$1,258

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

U.S. Forecast Comparison

	2021Q2	2021Q3	2021Q4	2022Q1
Real GDP (Billions of 2012 Dollars)				
November Forecast	19,368	19,465	19,686	19,905
Percent Change	6.7%	2.0%	4.6%	4.5%
September Forecast	19,361	19,592	19,855	20,061
Percent Change	6.6%	4.9%	5.5%	4.2%
Real Consumption (Billions of 2012 Dollars)				
November Forecast	13,666	13,719	13,819	13,951
Percent Change	12.0%	1.6%	2.9%	3.9%
September Forecast	13,660	13,708	13,840	13,973
Percent Change	11.9%	1.4%	3.9%	3.9%
PCE Price Index (2012=100)				
November Forecast	114.8	116.3	117.3	117.9
Percent Change	6.5%	5.3%	3.6%	2.1%
September Forecast	114.8	116.2	116.8	117.3
Percent Change	6.5%	5.1%	2.2%	1.6%
Real Personal Income (Billions of 2012 Dollars)				
November Forecast	17,927	17,740	17,525	17,536
Percent Change	-26.4%	-4.1%	-4.7%	0.3%
September Forecast	17,918	17,694	17,537	17,562
Percent Change	-26.5%	-4.9%	-3.5%	0.6%
Nonfarm Payroll Employment (Millions)				
November Forecast	145.1	147.4	148.8	150.0
Percent Change	4.8%	6.7%	3.8%	3.4%
September Forecast	145.1	147.4	148.6	149.7
Percent Change	4.8%	6.7%	3.3%	2.8%
Unemployment Rate (Percent of Labor Force)				
November Forecast	5.9	5.1	4.5	4.2
September Forecast	5.9	5.2	4.9	4.6
Oil Price, Refiner's Acquisition				
November Forecast	66.0	71.0	79.3	77.3
September Forecast	66.0	69.8	71.4	69.7
30 Year Fixed Mortgage Rate (Percent, average)				
November Forecast	3.0	2.9	3.1	3.2
September Forecast	3.0	2.9	3.0	3.2
3 Month T-Bill Rate (Percent, average)				
November Forecast	0.0	0.0	0.1	0.1
September Forecast	0.0	0.1	0.1	0.1

	2019	2020	2021	2022	2023	2024	2025
	19,033	18,385	19,394	20,166	20,670	21,104	21,526
	2.3%	-3.4%	5.5%	4.0%	2.5%	2.1%	2.0%
	19,033	18,385	19,466	20,303	20,790	21,248	21,694
	2.3%	-3.4%	5.9%	4.3%	2.4%	2.2%	2.1%
	13,126	12,630	13,622	14,116	14,469	14,802	15,127
	2.2%	-3.8%	7.9%	3.6%	2.5%	2.3%	2.2%
	13,126	12,630	13,623	14,133	14,472	14,805	15,145
	2.2%	-3.8%	7.9%	3.7%	2.4%	2.3%	2.3%
	109.9	111.2	115.3	118.7	121.0	123.5	126.0
	1.5%	1.2%	3.7%	2.9%	1.9%	2.1%	2.1%
	109.9	111.2	115.2	118.0	120.0	122.2	124.5
	1.5%	1.2%	3.6%	2.4%	1.7%	1.9%	1.9%
	16,761	17,648	18,136	17,754	18,233	18,729	19,228
	2.5%	5.3%	2.8%	-2.1%	2.7%	2.7%	2.7%
	16,761	17,648	18,125	17,819	18,355	18,882	19,393
	2.5%	5.3%	2.7%	-1.7%	3.0%	2.9%	2.7%
	150.9	142.3	146.2	151.6	154.1	155.1	155.7
	1.3%	-5.7%	2.7%	3.7%	1.6%	0.7%	0.4%
	150.9	142.3	146.1	151.1	153.5	154.7	155.6
	1.3%	-5.7%	2.7%	3.4%	1.6%	0.8%	0.6%
	3.7	8.1	5.4	3.9	3.7	3.9	4.0
	3.7	8.1	5.6	4.2	3.7	3.7	3.7
	59.4	39.2	68.4	73.9	68.3	65.0	62.8
	59.4	39.2	66.1	67.5	62.7	59.0	56.2
	3.9	3.1	3.0	3.4	3.9	4.3	4.6
	3.9	3.1	2.9	3.4	3.8	4.0	4.3
	2.1	0.4	0.0	0.1	0.3	0.9	1.5
	2.1	0.4	0.1	0.1	0.1	0.4	0.9

Washington Forecast Comparison

	2021Q2	2021Q3	2021Q4	2022Q1
Real Personal Income (Billions of 2012 Dollars)				
November Forecast	479.1	475.4	468.1	470.2
Percent Change	-17.4%	-3.0%	-6.0%	1.8%
September Forecast	481.3	477.8	473.4	474.7
Percent Change	-22.4%	-2.9%	-3.6%	1.2%
Personal Income (Billions of Dollars)				
November Forecast	549.8	552.6	549.0	554.2
Percent Change	-12.0%	2.1%	-2.6%	3.9%
September Forecast	552.4	555.2	553.0	556.9
Percent Change	-17.4%	2.1%	-1.6%	2.8%
Disposable Personal Income (Billions of Dollars)				
November Forecast	488.0	488.6	484.5	488.0
Percent Change	-17.2%	0.5%	-3.3%	2.9%
September Forecast	491.2	491.3	488.2	490.8
Percent Change	-21.6%	0.1%	-2.6%	2.2%
Nonfarm Payroll Employment (Thousands)				
November Forecast	3346	3395	3429	3467
Percent Change	7.1%	6.1%	4.0%	4.6%
September Forecast	3339	3398	3429	3454
Percent Change	5.9%	7.3%	3.6%	3.0%
Unemployment Rate (Percent of Labor Force)				
November Forecast	5.3	5.1	5.0	4.7
September Forecast	5.3	5.0	5.0	4.8
Manufacturing Employment (Thousands)				
November Forecast	257.1	258.6	261.8	265.9
Percent Change	-2.3%	2.5%	4.9%	6.4%
September Forecast	256.7	258.1	257.5	257.0
Percent Change	-2.9%	2.2%	-0.9%	-0.8%
Construction Employment (Thousands)				
November Forecast	222.5	222.5	224.4	221.6
Percent Change	-0.1%	0.0%	3.5%	-5.0%
September Forecast	223.1	224.6	221.0	218.9
Percent Change	-0.3%	2.6%	-6.2%	-3.7%
Housing Permits (Thousands)				
November Forecast	47.6	56.1	50.5	49.2
Percent Change	-68.8%	92.7%	-34.3%	-9.8%
September Forecast	47.6	53.4	49.2	47.7
Percent Change	-68.8%	58.8%	-27.9%	-11.8%

	2019	2020	2021	2022	2023	2024	2025
1	436.5	464.2	481.3	476.4	491.3	506.1	521.8
	4.1%	6.3%	3.7%	-1.0%	3.1%	3.0%	3.1%
2	448.6	473.0	486.3	482.7	500.5	516.7	533.1
	3.8%	5.4%	2.8%	-0.7%	3.7%	3.2%	3.2%
3	479.8	516.3	554.7	565.5	594.3	624.9	657.7
	5.6%	7.6%	7.5%	1.9%	5.1%	5.2%	5.2%
4	493.1	526.0	560.0	569.4	600.4	631.5	663.9
	5.4%	6.7%	6.5%	1.7%	5.4%	5.2%	5.1%
5	428.9	465.0	493.1	497.8	523.8	552.3	582.4
	5.7%	8.4%	6.0%	0.9%	5.2%	5.4%	5.5%
6	442.2	473.7	498.2	501.6	529.0	557.4	587.4
	5.1%	7.1%	5.2%	0.7%	5.5%	5.4%	5.4%
7	3469	3286	3365	3513	3596	3635	3669
	2.0%	-5.3%	2.4%	4.4%	2.4%	1.1%	0.9%
8	3469	3286	3364	3494	3578	3625	3669
	2.0%	-5.2%	2.4%	3.9%	2.4%	1.3%	1.2%
9	4.2	8.4	5.3	4.5	4.3	4.5	4.6
	4.2	8.4	5.2	4.5	4.2	4.3	4.3
10	293.7	271.7	259.0	266.0	268.3	268.7	268.6
	2.1%	-7.5%	-4.7%	2.7%	0.9%	0.1%	0.0%
11	293.7	271.7	257.7	258.4	263.2	263.9	264.8
	2.1%	-7.5%	-5.1%	0.2%	1.9%	0.3%	0.3%
12	219.5	213.5	223.0	220.3	219.5	220.9	223.0
	3.0%	-2.7%	4.4%	-1.2%	-0.4%	0.6%	1.0%
13	219.5	213.5	223.0	217.5	217.2	219.9	224.0
	3.0%	-2.7%	4.4%	-2.5%	-0.1%	1.2%	1.9%
14	48.4	44.1	54.5	47.1	44.0	43.3	43.3
	1.4%	-9.0%	23.6%	-13.5%	-6.6%	-1.6%	0.0%
15	48.4	44.1	53.5	46.2	44.3	44.2	43.7
	1.4%	-9.0%	21.4%	-13.5%	-4.3%	0.0%	-1.3%

U.S. Forecast Comparison					Fiscal Years	
	2020	2021	2022	2023	2024	2025
Real GDP						
Billions of 2012 dollars						
November Forecast	18,631	18,938	19,789	20,445	20,889	21,313
Growth	-0.9%	1.6%	4.5%	3.3%	2.2%	2.0%
September Forecast	18,631	18,936	19,939	20,563	21,022	21,472
Growth	-0.9%	1.6%	5.3%	3.1%	2.2%	2.1%
Difference in level	0	2	-150	-118	-133	-159
Difference in growth forecast	0.0%	0.0%	-0.8%	0.2%	-0.1%	-0.1%
Real Consumption						
Billions of 2012 dollars						
November Forecast	12,803	13,174	13,890	14,303	14,636	14,963
Growth	-1.4%	2.9%	5.4%	3.0%	2.3%	2.2%
September Forecast	12,803	13,173	13,904	14,311	14,637	14,976
Growth	-1.4%	2.9%	5.6%	2.9%	2.3%	2.3%
Difference in level	0	1	-14	-8	-1	-13
Difference in growth forecast	0.0%	0.0%	-0.1%	0.0%	0.1%	-0.1%
PCE Price Index						
2012 = 100						
November Forecast	110.6	112.8	117.5	119.8	122.2	124.8
Growth	1.3%	2.0%	4.1%	2.0%	2.0%	2.1%
September Forecast	110.6	112.8	117.0	118.9	121.1	123.4
Growth	1.3%	2.0%	3.7%	1.6%	1.8%	1.9%
Difference in level	0.0	0.0	0.4	0.9	1.1	1.4
Difference in growth forecast	0.0%	0.0%	0.4%	0.4%	0.1%	0.2%
Unemployment Rate						
Percent of Labor Force						
November Forecast	6.0%	6.9%	4.4%	3.7%	3.8%	4.0%
September Forecast	6.0%	6.9%	4.7%	3.8%	3.7%	3.7%
Difference in forecast	0.0%	0.0%	-0.3%	-0.1%	0.1%	0.3%
30 Year Fixed Mortgage Rate						
Annual Average						
November Forecast	3.5%	2.9%	3.1%	3.7%	4.1%	4.4%
September Forecast	3.5%	2.9%	3.1%	3.6%	3.9%	4.2%
Difference in forecast	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%
3 Month T-Bill Rate						
Annual Average						
November Forecast	1.2%	0.1%	0.1%	0.1%	0.6%	1.2%
September Forecast	1.2%	0.1%	0.1%	0.1%	0.3%	0.7%
Difference in forecast	0.0%	0.0%	0.0%	0.0%	0.3%	0.5%

Washington Forecast Comparison

Fiscal Years

	2020	2021	2022	2023	2024	2025
Real Personal Income						
Billions of 2012 dollars						
November Forecast	451.8	476.8	472.0	484.0	498.7	513.8
Growth	5.4%	5.5%	-1.0%	2.5%	3.0%	3.0%
September Forecast	462.7	484.3	476.6	492.1	508.7	524.7
Growth	4.8%	4.7%	-1.6%	3.3%	3.4%	3.1%
Difference in level	-10.9	-7.5	-4.5	-8.1	-10.0	-10.9
Difference in growth forecast	0.6%	0.9%	0.6%	-0.7%	-0.3%	-0.1%
Nominal Personal Income						
Billions of dollars						
November Forecast	499.4	537.8	554.4	580.0	609.3	641.0
Growth	6.7%	7.7%	3.1%	4.6%	5.1%	5.2%
September Forecast	511.5	546.3	557.7	585.2	615.9	647.4
Growth	6.2%	6.8%	2.1%	4.9%	5.2%	5.1%
Difference in level	-12.0	-8.5	-3.2	-5.2	-6.6	-6.4
Difference in growth forecast	0.6%	0.9%	1.0%	-0.3%	-0.2%	0.1%
Nonfarm Payroll Employment						
Thousands						
November Forecast	3,403.3	3,285.9	3,447.9	3,563.8	3,616.5	3,652.4
Growth	-0.9%	-3.4%	4.9%	3.4%	1.5%	1.0%
September Forecast	3,403.3	3,284.9	3,440.3	3,544.0	3,602.3	3,647.2
Growth	-0.9%	-3.5%	4.7%	3.0%	1.6%	1.2%
Difference in level	0.0	1.0	7.6	19.9	14.2	5.2
Difference in growth forecast	0.0%	0.0%	0.2%	0.4%	-0.2%	-0.3%
Housing Permits						
Units Authorized, Thousands						
November Forecast	47.5	49.6	50.8	45.1	43.4	43.3
Growth	3.3%	4.3%	2.5%	-11.2%	-3.9%	-0.1%
September Forecast	47.5	49.6	49.2	45.0	44.1	44.0
Growth	3.3%	4.3%	-0.8%	-8.6%	-2.0%	-0.3%
Difference in level	0.0	0.0	1.6	0.1	-0.7	-0.7
Difference in growth forecast	0.0%	0.0%	3.3%	-2.6%	-1.9%	0.2%

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2021	2022	2023	2024	2025
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	5.5	4.0	2.5	2.1	2.0
GCEA Average	5.8	3.9	2.4	2.1	2.3
Real Consumption					
<i>Growth</i>					
ERFC	7.9	3.6	2.5	2.3	2.2
GCEA Average	7.8	3.9	2.6	2.2	2.3
PCE Price Index					
<i>Growth</i>					
ERFC	3.7	2.9	1.9	2.1	2.1
GCEA Average	4.5	2.9	2.2	2.2	2.1
Mortgage Rate					
<i>Percent</i>					
ERFC	3.0	3.4	3.9	4.3	4.6
GCEA Average	3.1	3.5	4.0	4.8	4.6
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	71.5	77.9	72.5	69.4	67.2
GCEA Average	73.1	79.4	72.8	69.7	67.5

Washington State

Real Personal Income

<i>Growth</i>					
ERFC	3.7	-1.0	3.1	3.0	3.1
GCEA Average	3.6	-0.1	3.0	3.2	3.1

Wage and Salary Employment

<i>Growth</i>					
ERFC	2.4	4.4	2.4	1.1	0.9
GCEA Average	2.9	3.9	2.3	1.5	1.2

Manufacturing Employment

<i>Growth</i>					
ERFC	-4.7	2.7	0.9	0.1	0.0
GCEA Average	-4.7	3.3	1.1	0.3	0.3

Construction Employment

<i>Growth</i>					
ERFC	4.4	-1.2	-0.4	0.6	1.0
GCEA Average	4.3	0.5	0.2	1.3	1.9

Housing Permits

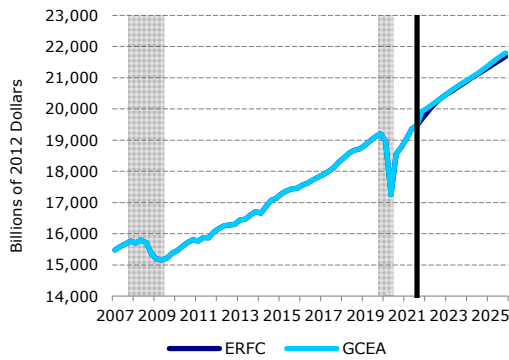
<i>Thousands of authorized units</i>					
ERFC	54.5	47.1	44.0	43.3	43.3
GCEA Average	54.6	48.8	45.9	45.8	45.0

Washington Average Annual Wage

<i>Growth</i>					
ERFC	7.7	3.9	3.5	3.9	4.1
GCEA Average	7.2	3.7	3.6	4.0	4.2

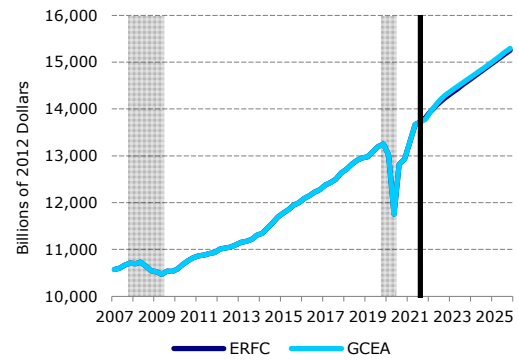
U.S. Forecast Comparison

Real GDP



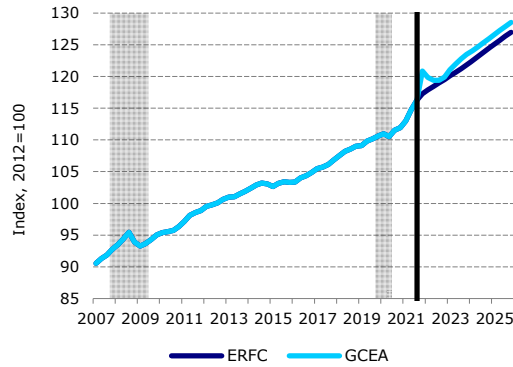
Source: BEA, ERFC, GCEA; data through 2021 Q3

Real Consumption



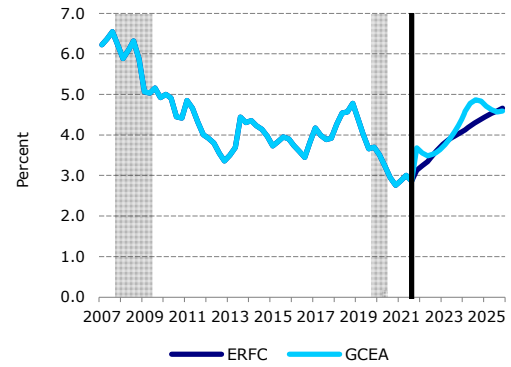
Source: BEA, ERFC, GCEA; data through 2021 Q3

PCE Price Index



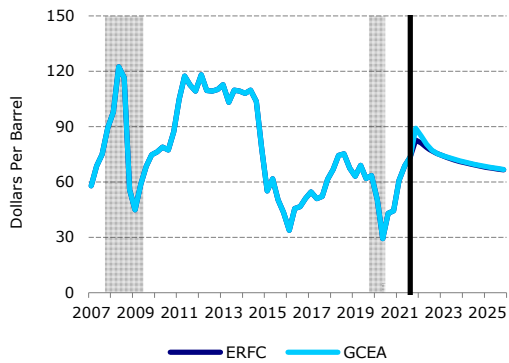
Source: BEA, ERFC, GCEA; data through 2021 Q3

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2021 Q3

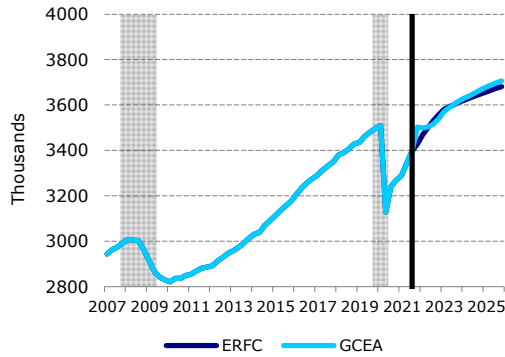
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2021 Q3

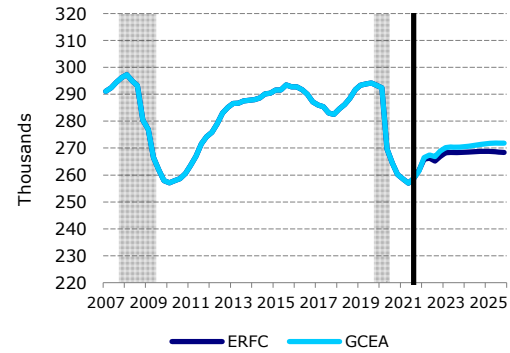
Washington Forecast Comparison

Nonfarm Payroll Employment



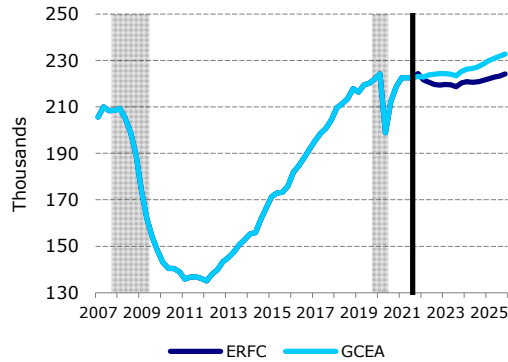
Source: ESD, ERFC, GCEA; data through 2021 Q3

Manufacturing Employment



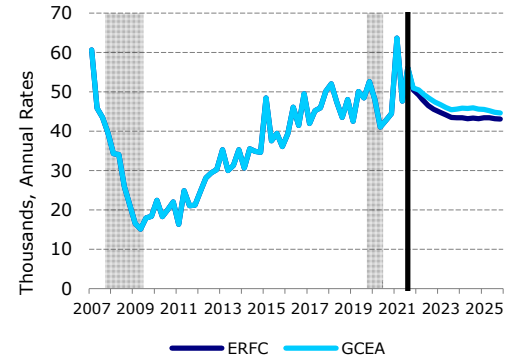
Source: ESD, ERFC, GCEA; data through 2021 Q3

Construction Employment



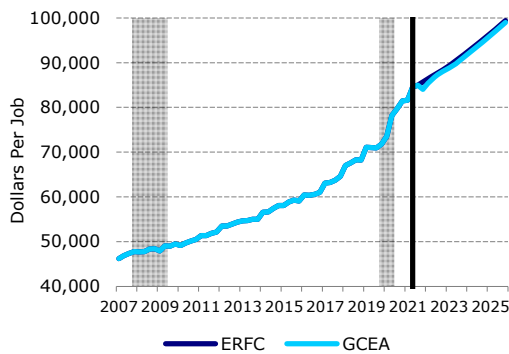
Source: ESD, ERFC, GCEA; data through 2021 Q3

Housing Units Authorized



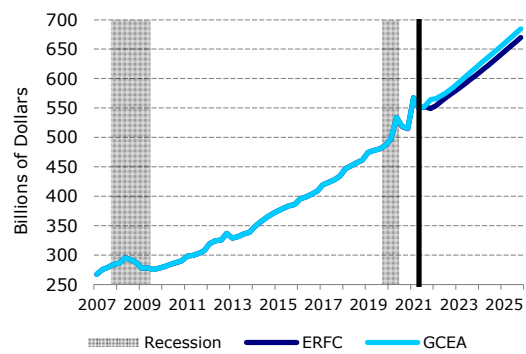
Source: Census, ERFC, GCEA; data through 2021 Q3

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2021 Q2

Personal Income



Source: BEA, ERFC, GCEA; data through 2021 Q2

2019-21 and 2021-23 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			2021-23		
	GFS	ELTA , OPA and WEIA	TOTAL	GFS	ELTA , OPA and WEIA*	TOTAL
RESOURCES						
Beginning Fund Balance	999.3	981.9	1,981.2	3,673.7	487.0	4,160.7
September 2021 Revenue Forecast	50,803.4	2,328.3	53,131.7	56,456.8	2,883.8	59,340.5
November 2021 Revenue Forecast change	-	-	-	1,062.2	(164.6)	897.6
Current Revenue Totals	50,803.4	2,328.3	53,131.7	57,518.9	2,719.2	60,238.1
Transfer to Budget Stabilization Account (1% of GSR)	(506.3)		(506.3)	(563.6)		(563.6)
Transfer to Budget Stabilization Account (EGSR)	-		-	-		-
Enacted Fund Transfers	35.2	160.0	195.2	50.2	-	50.2
ACFR Adjustments Actual- 19-21 Biennium	(115.3)	17.2	(98.0)	-	-	-
Actual 19-21 Biennium/Assumed 21-23 Biennium Prior Period Adjustments	288.2		288.2	40.8		40.8
Fund Transfers	(1,100.2)	45.0	(1,055.2)			-
Fund Transfer- ESSB 5092 Section 1802- From BSA	1,820.4		1,820.4			-
Total Resources (including beginning fund balance)	52,224.8	3,532.4	55,757.1	60,720.1	3,206.1	63,926.2
EXPENDITURES						
Enacted Budgets						
2019-21 Biennium	49,494.2	3,068.1	52,562.3	-	-	-
2021-23 Biennium			-	56,187.8	2,878.8	59,066.6
Actual 19-21 Biennium/ 21-23 biennium Assumed Reversions**	(943.2)	(22.7)	(965.9)	(561.9)	-	(561.9)
Total Expenditures	48,551.0	3,045.4	51,596.4	55,625.9	2,878.8	58,504.7
RESERVES						
Projected Ending Balance	3,673.7	487.0	4,160.7	5,094.2	327.3	5,421.5
Budget Stabilization Account						
Budget Stabilization Account Beginning Balance	1,618.4		1,618.4	19.2		19.2
Transfers from General Fund (1% of GSR)	506.3		506.3	563.6		563.6
Transfers from GFS (EGSR)	-		-	-		-
Prior Period Adjustment-19-21 Biennium	0.9		0.9	-		-
Actual 19-21 Biennium/Assumed 21-23 biennium-Interest Earnings	40.7		40.7	1.3		1.3
Actual Reversions 19-21 Biennium	12.5		12.5			-
Fund Transfer- EHB 2965- ESD transfer back to BSA	25.0		25.0	-		-
Fund Transfer- ESSB 5092 Section 1802- To GFS	(1,820.4)		(1,820.4)			-
Less 2020 Supplemental Approp from BSA-Coronavirus	(200.0)		(200.0)	-		-
Less Approp from BSA-Covid-19- HB 1367	(164.3)		(164.3)	-		-
Projected Budget Stabilization Account Ending Balance	19.2		19.2	584.0		584.0
Total Reserves (Near General Fund plus Budget Stabilization)	3,692.9	487.0	4,179.9	5,678.2	327.3	6,005.6

* Account 25H-Fair Start for Kids Account will be added when revenue and expenditures are enacted.

** Pursuant to Sec 753 of ESSB 5092 (Chapter 334, Laws of 2021), FY 22 reversions include \$266.161M GFS that has been placed in unallotted reserve status.

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

ACFR- Annual Comprehensive Financial Report