

EMBARGOED

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Revenue Review
September 24, 2021



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW

September 24, 2021
10:00 a.m.

- Call to order
- Approval meeting minutes: September 8, 2021
- Economic & Revenue Forecast
 - Adoption of official state economic and revenue forecast and unofficial optimistic and pessimistic alternative forecasts.
- 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
September 8, 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 10:03 a.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby to adopt the meeting minutes from June 23, 2021. Motion passed unanimously at 10:03 a.m.

Forecast Presentation

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

Adjournment

With no further business, the meeting adjourned at 10:27 a.m.

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



Economic & Revenue Review: September 24, 2021

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's September 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 5.9%, down from 6.2% in the preliminary September forecast. For 2022, real GDP growth is 4.3%, down from 4.4% in the preliminary forecast. We do not have a new long term forecast from Blue Chip since the March 2021 forecast. For 2023-25, we assume the same growth rates as in the March Blue Chip long term forecast. We expect growth rates of 2.3%, 2.1%, and 2.0% in 2023 through 2025 compared to the June forecast of 2.2%, 2.0%, and 1.9%.
- 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 Wednesday, September 15, 2021 closing prices for Brent and WTI futures. Oil prices are slightly higher than expected in the June forecast and, as in June, are expected to decline gradually over the forecast. The latest futures prices indicate that the refiner acquisition price of crude will average \$71 per barrel in the fourth quarter of 2021 compared to \$69 in the June forecast. By the fourth quarter of 2025 the refiner acquisition price of crude is expected to average \$55 per barrel compared to \$56 per barrel in the June forecast.
- National employment in August increased by 235,000 net jobs. Employment data for June and July were revised up by 134,000 jobs. Sectors with the largest job gains in August included professional and technical services (+59,000), transportation and warehousing (+53,000), educational services (+40,000), manufacturing (+37,000), arts, entertainment and recreation (+36,000), local government excluding education (+20,000), personal and laundry services (+19,000) and information (+17,000). Sectors with declining employment in August included food services and drinking places (-42,000), retail trade (-29,000), state government education (-21,000), local government education (-6,000), child day care services (-6,000), temporary help services (-6,000), health care (-5,000) and construction (-3,000).
- Two key measures of consumer confidence declined this month. The University of Michigan (UM) consumer sentiment survey decreased by 10.9 points to 70.3 in August. Consumers were less optimistic about both current and future economic prospects, with COVID, inflation and slower wage growth all cited as concern by survey respondents. The Conference Board index of consumer confidence decreased by 11.3 points in August to 113.8. Survey results suggest that consumer concerns about increasing COVID cases and rising food and gasoline prices resulted in a less favorable view of current economic conditions and growth prospects over the next six months.

- Residential construction activity increased in August. August housing starts increased by 3.9% (SA) compared to July and were 17.4% above their August 2020 level. Housing units authorized by building permits in August were 6.0% (SA) above their July level and 13.5% above their year-ago level. New home sales in July increased by 1.0% (SA) compared to June but were 27.2% below their year-ago level. Existing home sales in August decreased by 2.0% (SA) compared to July. Existing home sales were down 1.5% compared to August 2020. The seasonally adjusted Case-Shiller national home price index for June was 1.8% above its May level and 18.6% above its year-ago level.
- Threats to the U.S. and Washington economies include the uncertain impact of COVID-19 and the potential for higher inflation.

Washington

- We have three months of new Washington employment data since the June forecast was released. Total nonfarm payroll employment increased 60,700 in June, July, and August which was 5,700 less than the increase of 66,400 expected in the forecast. Washington employment is now 125,400 (3.6%) lower than at its February 2020 peak. Private services-providing sectors added 48,000 jobs in June, July, and August. The manufacturing sector added 2,100 jobs despite the loss of 200 jobs in aerospace manufacturing. Construction employment increased by 1,900 jobs. State and local government employment increased by 9,500 jobs in the three-month period but federal government employment decreased by 800 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 13,900 (0.4%) to the estimated level of total employment in May 2021. Because employment growth in June, July, and August was slightly less than expected, employment is 8,200 (0.2%) higher in August than expected in the June forecast.
- Washington's unemployment rate was unchanged in August at 5.1%. 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%.
- As in June, this forecast incorporates Boeing's announcement of deep cuts to company-wide employment continuing through 2021 as well as the consolidation of 787 production in South Carolina. Boeing indicated 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 about three quarters of the way 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 29,100 lower in January 2022 than in January 2020. We have already lost about 22,300 aerospace jobs as of August 2021 and expect a further decline of 6,800 by January 2022.

- In June, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the first quarter of 2021. According to these estimates, Washington personal income rose from \$524.7 billion (SAAR) in the fourth quarter of 2020 to \$579.7 billion in the first quarter of 2021. The 49.0% increase (SAAR) in Washington personal income was the 46th best among the states and District of Columbia and was significantly lower than the 59.7% growth rate for the U.S. as a whole. Once again, changes to personal income from Covid-19 relief programs dominated overall personal income growth, accounting for 90% of Washington personal income growth in the first quarter. Most of this was in the form of another round of direct payments to individuals. Washington's below average personal income growth was almost entirely due to a below average contribution of transfer receipts which added 55.3 percentage points to U.S. personal income growth but only 44.9 percentage points to Washington personal income growth.
- Washington housing construction moderated in second quarter of 2021 after reaching its highest level in nearly 43 years. The number of housing units authorized by building permits fell to 47,600 (SAAR) in the second quarter from 63,700 in the first quarter. First quarter permits were their highest since second quarter of 1978. Second quarter permits consisted of 24,300 single-family permits and 23,300 multi-family permits. The June forecast expected 52,100 units (SAAR) in the second quarter as a whole, consisting of 29,800 single-family units and 22,400 multi-family units. The third quarter got off to a strong start with 58,300 (SAAR) units permitted in July consisting of 23,200 single-family units and 35,100 multi-family units.
- Seattle-area home prices continue to rise rapidly. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices increased 1.6% in June compared to a 1.8% increase in the composite-20 index. June Seattle home prices were up 25.1% over the year. This was the highest year-over-year growth in the series with data back to 1990-91 growth. In comparison, the composite-20 index was up 19.1% over the year. June Seattle home prices were up 152% since the December 2011 trough and exceeded the May 2007 peak by 75%.
- Seattle-area consumer price inflation matched the national average in the year ending in August 2021. From August 2020 to August 2021, the seasonally adjusted Seattle CPI rose 5.2% which was the same as the increase in the U.S. City Average index. These relatively high rates were partially due to much higher energy prices this year compared to last year. Core prices, which exclude food and energy, increased 4.0% in Seattle which was also the same as the increase in the U.S. City Average index. Seattle shelter cost inflation trailed the national average at 1.6% compared to 2.8%. Seattle inflation excluding shelter exceeded the national average at 7.2% compared to 6.4%.
- According to the World Institute for Strategic Economic Research (WISER), Washington exports increased 54% from the second quarter of 2020 to the second quarter of 2021. Exports of transportation equipment (mostly Boeing planes) increased for the first time in two and a half years, rising 241% over the year. Agricultural exports increased 45% over the year but this is misleading as the data include soybean and corn exports which receive only minimal processing in Washington. Excluding likely transshipments of soybeans and corn, agricultural exports probably increased slightly over the

- year. Exports from all other sectors (mostly manufacturing) increased 20% over the year.
- Washington car and truck sales declined in August after increasing in July. The seasonally adjusted number of new vehicle registrations fell 7.1% in August following a 4.3% increase in July. August sales were up 4.7% over the year.
 - We expect a 2.4% increase in Washington employment this year which is up from the 2.0% increase in the June 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 compared to 2.3% per year in the June forecast. Our forecast for nominal personal income growth this year is 6.5%, up from 6.0% in the June 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 1.7% in 2022 compared to 1.5% in the June forecast. Our new forecast for nominal personal income growth in 2023 through 2025 averages 5.3% per year compared to the 4.8% rate in the June forecast.

Revenue

- Cumulative major General Fund-State (GF-S) collections from June 11 through September 10, 2021 came in \$162 million (2.6%) above the June forecast.
- Most of the collections in excess of the forecast were from real estate excise tax (REET) collections, which came in \$131 million higher than forecasted. The excess was due to a large increase in sales of large commercial properties in July and August on top of continued strength in residential activity. REET collections for the 2021-23 biennium are now expected to be \$294 million higher than previously forecasted. The REET forecast was increased by \$174 million for the 2023-25 biennium.
- Collections of Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation, public utility and non-cigarette tobacco products) have also been higher than expected. Cumulative Revenue Act collections came in \$64 million above the June forecast. Due mainly to increases in state personal income and construction employment in the September economic forecast, Revenue Act receipts are forecasted to exceed the June forecast by \$585 million in the 2021-23 biennium and \$725 million in the 2023-25 biennium.
- The preliminary total of GF-S revenue for the 2019-21 biennium, which ended on June 30 2021, is \$45 million lower than forecasted in June. The shortfall was due to both a \$13 million shortfall in Revenue Act taxes for May activity and a higher-than-expected amount of those taxes arriving too late to be tabulated before the end of the fiscal year. Those late taxes subsequently added to revenues for the current biennium. The GF-S forecast has been increased by \$845 million in the 2021-23 biennium and \$891 million in the 2023-25 biennium.

- The preliminary total of GF-S revenue for the 2019-21 biennium is \$50.803 billion. Forecasted GF-S revenue is now \$56.457 billion for the 2021-23 biennium and \$59.870 billion for the 2023-25 biennium.
- The preliminary total of Education Legacy Trust Account (ELTA) revenue for the 2019-21 biennium is \$1.639 billion, \$9 million higher than the June forecast. The forecast was increased \$73 million in the 2021-23 biennium and \$31 million in the 2023-25 biennium, due mainly to increases in REET. Forecasted ELTA revenue is now \$1.866 billion for the 2021-23 biennium and \$2.125 billion for the 2023-25 biennium.
- The preliminary total of revenue dedicated to the Opportunity Pathways Account (OPA) for the 2019-21 biennium is \$337 million, \$1 million higher than the June forecast. The forecast was increased by \$1 million in the 2021-23 biennium and decreased by \$1 million in the 2023-25 biennium. Forecasted OPA revenue is now \$349 million for the 2021-23 biennium and \$350 million for the 2023-25 biennium.
- The preliminary total of revenue dedicated to the Workforce Education Investment Account (WEIA) in the 2019-21 biennium is \$352 million, \$5 million lower than the June forecast. Forecasted revenue has been increased by \$8 million in the 2021-23 biennium and \$9 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$668 million for the 2021-23 biennium and \$737 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 was \$40 million lower than expected in the 2019-21 biennium. Forecasted revenue has increased by \$927 million in the 2021-23 biennium and \$931 million in the 2023-25 biennium.
- The preliminary 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 \$59.341 billion, an increase of 11.7% over expected 2019-21 biennial revenue, and forecasted total revenue for the 2023-25 biennium is \$63.082 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

September 24, 2021



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Summary

- The Infrastructure and Jobs Act is assumed to pass; peak impact is 0.5% increase in level of GDP in 2025-26
- U.S. GDP is expected to grow 5.9% this year, will slow as stimulus ends and labor market recovers
- The WA economy is expected to outperform the national economy in employment, personal income growth
- The forecast of funds subject to the budget outlook is increased by \$927 million for 2021-23 biennium

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Since the June forecast...

Positives:

- U.S. employment has increased by 2.25 million jobs
- WA employment has increased by 60,700 jobs
- WA residential real estate transactions remain strong

Negatives:

- Inflation is higher
- Rising COVID cases, hospitalizations, deaths
- Supply chain issues not fully resolved in some sectors

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Data updates since preliminary forecast

U.S.

- August employment: +235,000 jobs
- August unemployment rate: 5.2%, down from 5.4% in July
- September Blue Chip GDP: 2021 decreased from 6.2% to 5.9%; 2022 decreased from 4.4% to 4.3%
- August CPI: +5.3% over August 2020

Washington

- August employment: +7,800 jobs
- August unemployment rate unchanged at 5.1%

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Forecast risks

Upside

- COVID cases decline 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 recovery and growth in labor supply lead to higher than expected inflation

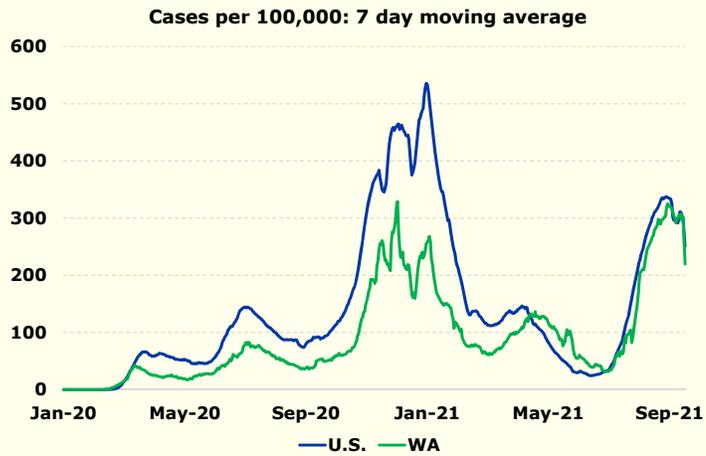
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Delta variant has driven a new peak in COVID cases



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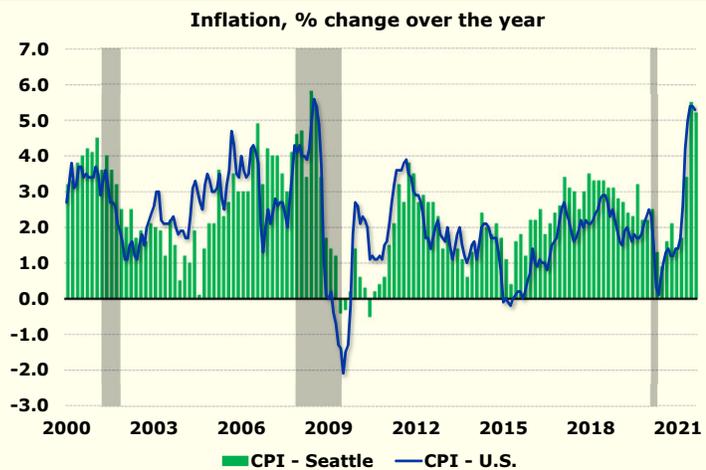
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Source: Centers for Disease Control and Prevention; data through Sept. 19 2021

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Inflation remained high in August



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Source: U.S. Bureau of Labor Statistics, data through August 2021

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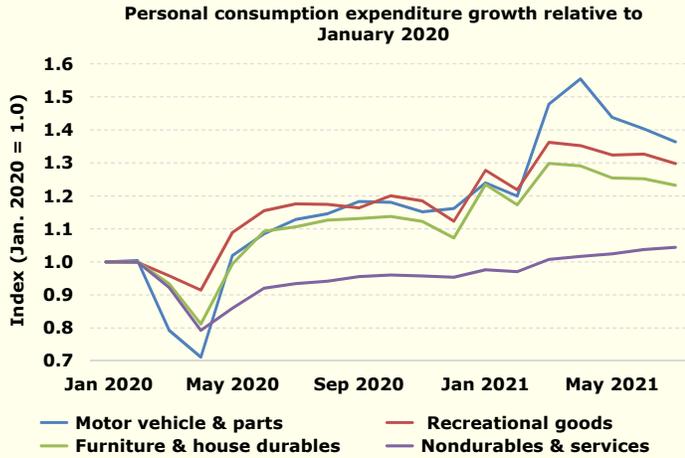


Consumer purchases of durable goods have started to slow; nondurables, services have increased

"Nondurables & services" includes groceries, clothes, gasoline, household supplies and all household expenditures on services.

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Source: U.S. Bureau of Economic Analysis, data through July 2021

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U.S. retail trade sales increased 0.7% in August

Sectors with largest sales increases in August:

Nonstore retail: +5.3%

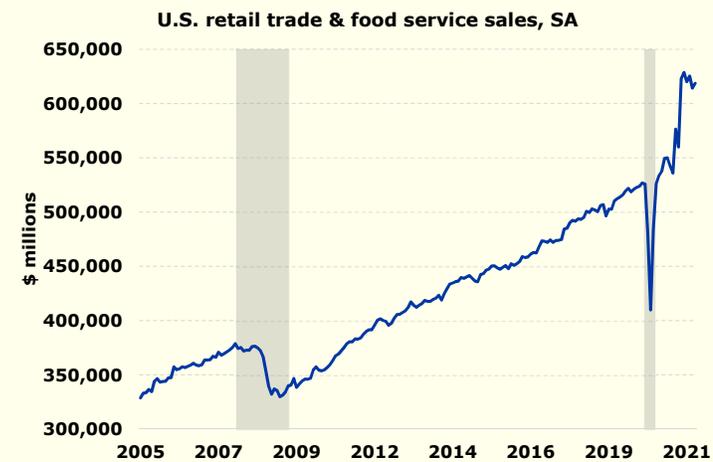
Furniture & home furnishings: +3.7%

General merchandise stores: +3.5%

Grocery stores: +2.1%

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

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



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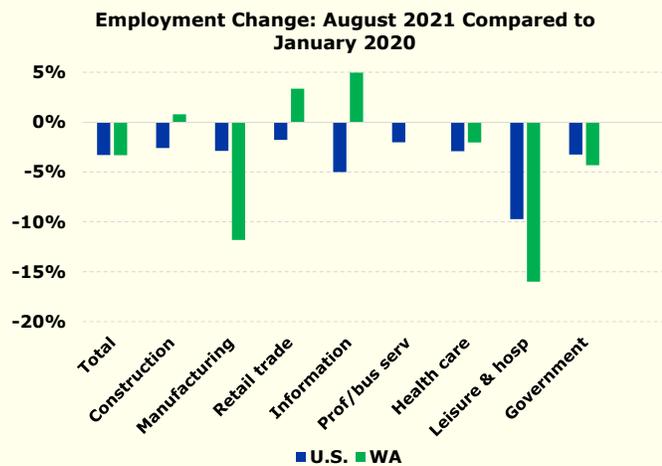
Source: U.S. Census Bureau; data through July 2021

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



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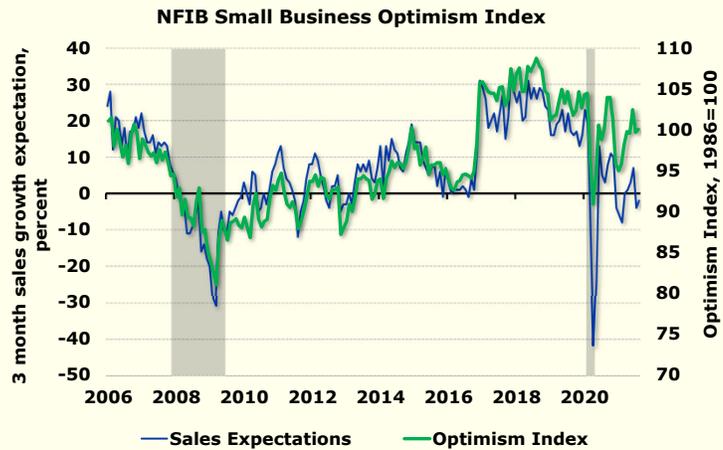
Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept.

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Small business optimism, sales expectations have weakened since June



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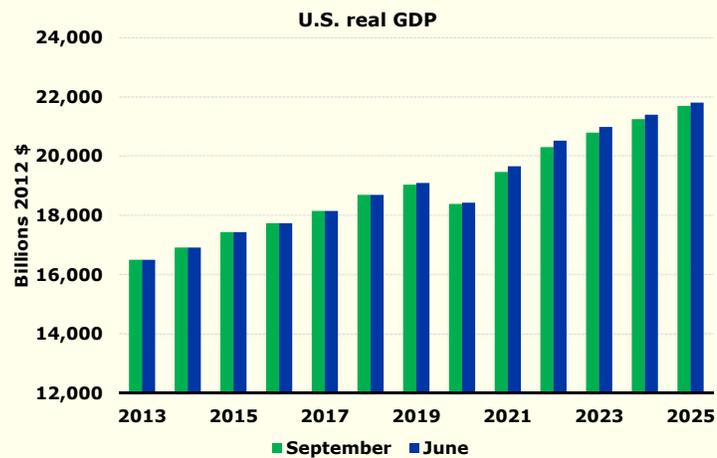
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Source: National Federation of Independent Business; data through August 2021

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GDP is slightly lower for 2021 – 2025 as growth forecast decreased for 2021 and 2022



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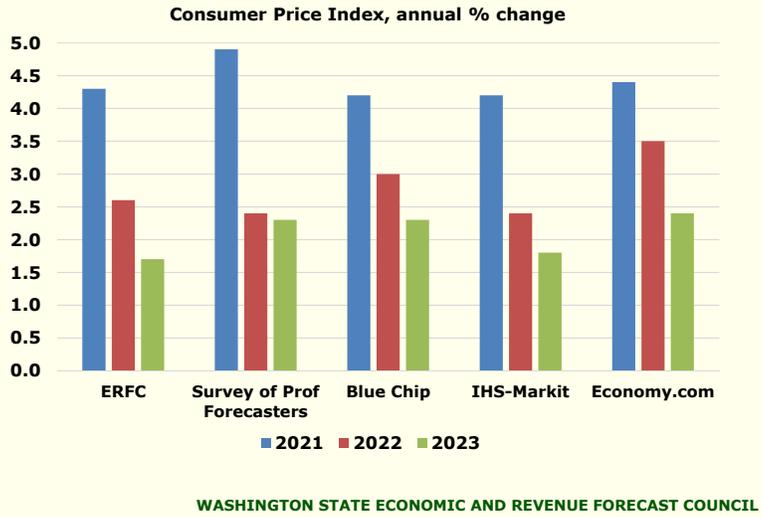
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Source: ERFC September 2021 forecast; historical data through 2020

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Forecasters generally expect inflation to be lower after 2021



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Washington personal income is slightly higher throughout the forecast compared to June



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WA employment forecast is essentially unchanged from June

Average annual employment growth, 2021 to 2025:

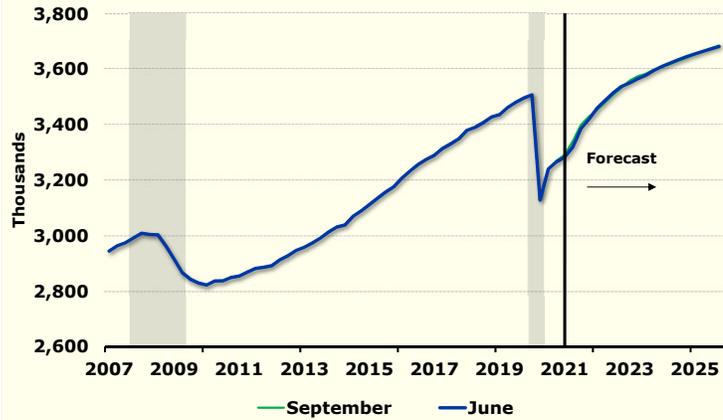
U.S. = 1.6%

WA = 2.2%

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Washington Nonfarm Payroll Employment



Source: ERFC September 2021 forecast; historical data through Q2 2021

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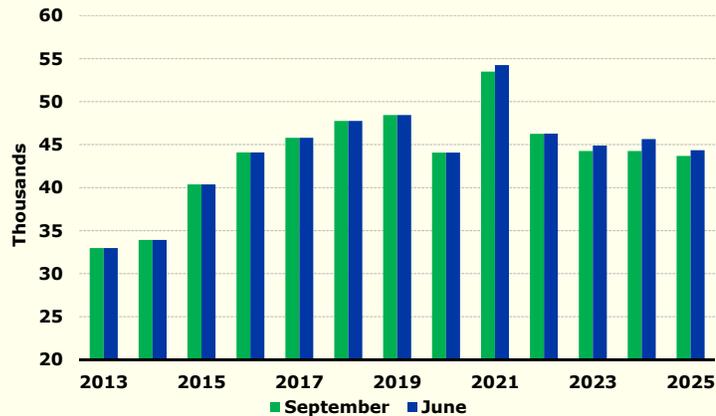


WA housing permits are slightly lower than June forecast; 2021 remains peak for residential construction

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Washington Housing Permits

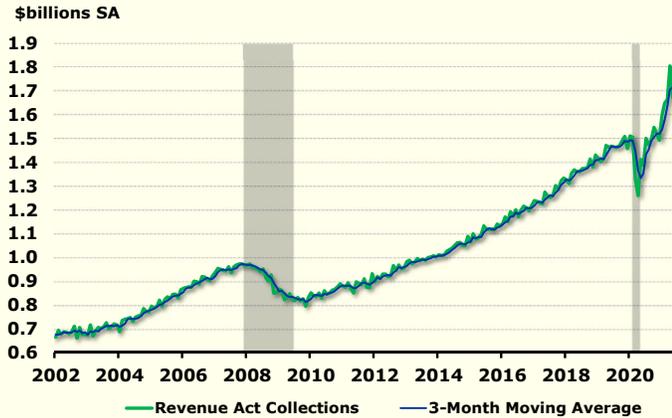


Source: ERFC September 2021 forecast; historical data through 2020

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Revenue Act collections remain strong; year over year growth over 14% for July activity



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* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act
Source: DOR and ERFC; monthly data through July 2021 activity

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Taxable REET activity in August slowed, remains at historically high levels

Large commercial transactions in August totaled \$1.8 B, down from \$2.6 B in July; excluding large sales, SA activity decreased slightly.



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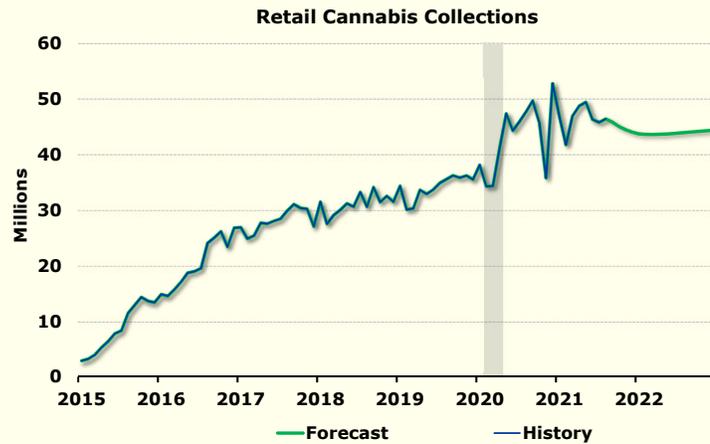
Source: ERFC; Monthly data through August 2021 estimate

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Cannabis revenues appear to be moderating

Collections came in 4.9% below the June forecast



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Source: ERFC September 2021 forecast; historical data through August 2021

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Cannabis excise tax and license fee estimates

Total change since June forecast:

- 2021-23
-\$13 M
- 2023-25
-\$7 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	\$394	\$417
Non-GF	\$648	\$685	\$710
Total	\$1,009	\$1,079	\$1,126

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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>June 2021 Forecast</u>	<u>Legislative Change</u>	<u>Forecast Change</u>	<u>Sept 2021 Forecast</u>	<u>Total Change</u> [#]
General Fund-State	\$55,611	n/a	\$845	\$56,457	\$845
Education Legacy Trust Account	\$1,793	n/a	\$74	\$1,866	\$74
WA Opportunity Pathways Account	\$349	n/a	\$1	\$349	\$1
Workforce Education Investment Account	\$661	n/a	\$8	\$668	\$8
Total	\$58,413	\$0	\$927	\$59,341	\$927

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

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

\$Millions	<u>June 2021 Forecast</u>	<u>Legislative Change</u>	<u>Forecast Change</u>	<u>Sept 2021 Forecast</u>	<u>Total Change</u> [#]
General Fund-State	\$58,979	n/a	\$891	\$59,870	\$891
Education Legacy Trust Account	\$2,094	n/a	\$31	\$2,125	\$31
WA Opportunity Pathways Account	\$351	n/a	(\$1)	\$350	(\$1)
Workforce Education Investment Account	\$728	n/a	\$9	\$737	\$9
Total	\$62,151	\$0	\$931	\$63,082	\$931

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

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

Higher WA personal income

- Actual 1st quarter 2021 data came in higher than expected in June forecast
- Higher inflation forecast boosts most components of personal income

Higher WA construction employment

- Actual construction employment since June forecast higher than expected

Stronger than expected REET collections since June forecast

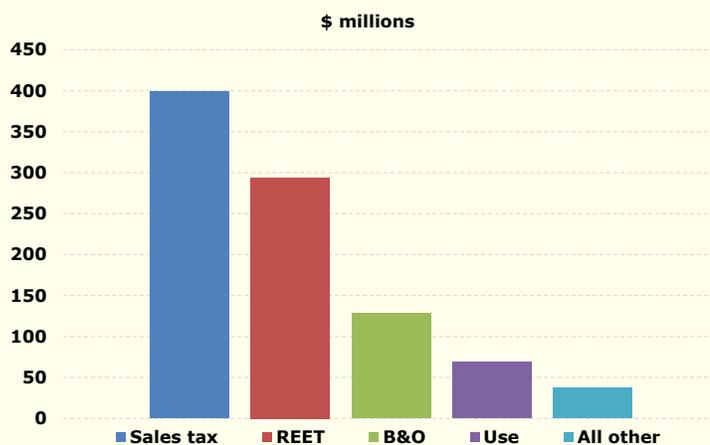
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2021- 2023 biennium all funds forecast changes by source



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Source: ERFC Sept. 2021 forecast

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2021-23 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2021-23 Biennium	Difference From the baseline*
September 2021 Baseline (50%)	\$56,457	
<u>September 2021 Alternative Forecasts</u>		
Optimistic (20%)	\$59,419	\$2,962
Pessimistic (30%)	\$53,411	(\$3,046)
Probability Weighted Average	\$56,135	(\$321)
GCEA*	\$57,114	\$657

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

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2023-25 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2023-25 Biennium	Difference From the baseline*
September 2021 Baseline (50%)	\$59,870	
<u>September 2021 Alternative Forecasts</u>		
Optimistic (20%)	\$65,512	\$5,642
Pessimistic (30%)	\$54,120	(\$5,750)
Probability Weighted Average	\$59,273	(\$597)
GCEA*	\$61,517	\$1,647

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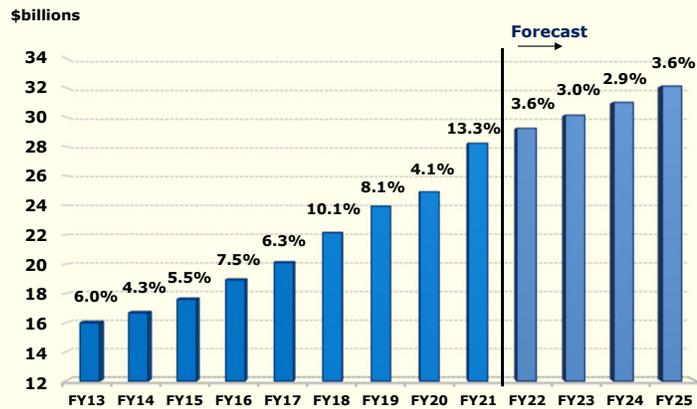
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*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

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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: ERFEC forecast, September 2021

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Conclusion

- U.S. GDP, employment forecasts similar to June; inflation is higher in 2021, 2022
- WA personal income forecast slightly higher than in June forecast; employment forecast very similar
- COVID, inflation pose forecast risks
- Total state revenues are expected to grow 11.7% between the 2019-21 and 2021-23 biennia and 6.3% between the 2021-23 and 2023-25 biennia

Revenue Review
Sept. 24, 2021

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Questions

Revenue Review
Sept. 24, 2021

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

www.erc.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 September 2021 to the June 2021 Forecast

2019-21 Biennium

Cash Forecast; Millions of Dollars

	<u>June 2021 Forecast*</u>	<u>Non-economic Changes</u>	<u>Collection Experience</u>	<u>September 2021 Preliminary Total</u>	<u>Total Change[#]</u>
General Fund-State	\$50,848.3	\$0.0	(\$44.9)	\$50,803.4	(\$44.9)
Education Legacy Trust Account	\$1,630.1	\$0.0	\$9.0	\$1,639.1	\$9.0
WA Opportunity Pathways Account	\$335.8	\$0.0	\$1.1	\$336.9	\$1.1
Workforce Education Investment Account	\$357.7	\$0.0	(\$5.4)	\$352.2	(\$5.4)
Total	\$53,171.9	\$0.0	(\$40.2)	\$53,131.7	(\$40.2)

*Forecast for the 2019-21 biennium adopted June 23, 2021

[#]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 September 2021 to the June 2021 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	<u>June 2021 Forecast*</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>September 2021 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$55,611.3	\$0.0	\$845.4	\$56,456.8	\$845.4
Education Legacy Trust Account	\$1,792.6	\$0.0	\$73.5	\$1,866.0	\$73.5
WA Opportunity Pathways Account	\$348.7	\$0.0	\$0.8	\$349.4	\$0.8
Workforce Education Investment Account	\$660.6	\$0.0	\$7.7	\$668.3	\$7.7
Total	\$58,413.1	\$0.0	\$927.4	\$59,340.5	\$927.4

*Forecast for the 2021-23 biennium adopted June 23, 2021

[#]Details may not add due to rounding

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

February 2016 through September 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 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
March 2021	1,086	158	1,244	0	1,244	50,041
June 2021	772	38	810	(2) #10	808	50,848
September 2021	(46)	1	(45)	0	(45)	50,803
Total change***:						
From February 2016	3,942	30	3,972	3,391	7,362	
Percent change	10.7	1.6	9.1	7.8	16.9	

* 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

#10 Legislative and budget-driven revenue changes from the 2021 legislative session

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

February 2018 through September 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
Total change***:						
From February 2016	3,791	70	3,861	664	4,525	
Percent change	7.7	3.0	7.4	1.3	8.7	

* 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)

September 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	\$28,016	3.8%	\$705	-2.9%	\$175	-4.8%	\$328	2.5%		\$29,225	3.6%
FY 2023	\$28,440	1.5%	\$1,161	64.8%	\$174	-0.8%	\$340	3.6%		\$30,116	3.0%
FY 2024	\$29,407	3.4%	\$1,046	-10.0%	\$175	0.4%	\$359	5.5%		\$30,986	2.9%
FY 2025	\$30,463	3.6%	\$1,080	3.3%	\$175	0.2%	\$378	5.4%		\$32,096	3.6%
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	\$56,457	11.1%	\$1,866	13.8%	\$349	3.7%	\$668	89.7%		\$59,341	11.7%
23-25 Biennium	\$59,870	6.0%	\$2,125	13.9%	\$350	0.1%	\$737	10.3%		\$63,082	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

(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	201.0	20.8	0.0	0.0	0.0	0.0	0.4	4.3	175.4	0.0	0.0	0.0
2023	204.6	25.7	0.0	0.0	0.0	0.0	0.4	4.4	174.0	0.0	0.0	0.0
2021-23 Biennium	405.6	46.5	0.0	0.0	0.0	0.0	0.8	8.8	349.4	0.0	0.0	0.0
2024	205.4	25.8	0.0	0.0	0.0	0.0	0.4	4.4	174.7	0.0	0.0	0.0
2025	205.6	25.7	0.0	0.0	0.0	0.0	0.4	4.4	175.0	0.0	0.0	0.0
2023-25 Biennium	411.0	51.5	0.0	0.0	0.0	0.0	0.9	8.9	349.7	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

(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	203.9	25.7	0.0	0.0	0.0	0.0	0.4	4.4	173.3	0.0	0.0	0.0
2023	204.7	25.7	0.0	0.0	0.0	0.0	0.4	4.4	174.1	0.0	0.0	0.0
2021-23 Biennium	408.5	51.4	0.0	0.0	0.0	0.0	0.9	8.9	347.4	0.0	0.0	0.0
2024	205.4	25.8	0.0	0.0	0.0	0.0	0.4	4.4	174.8	0.0	0.0	0.0
2025	205.6	25.9	0.0	0.0	0.0	0.0	0.4	4.4	174.9	0.0	0.0	0.0
2023-25 Biennium	411.1	51.7	0.0	0.0	0.0	0.0	0.9	8.9	349.7	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

General Fund-State Cash Estimates - Other Agencies

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

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,298.6	\$0.0	\$0.8	\$1,299.4	\$0.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$649.9	\$0.0	\$6.4	\$656.3	\$6.4
Lottery Commission Lottery Revenue	\$41.9	\$0.0	\$2.5	\$44.4	\$2.5
State Treasurer Interest Earnings	\$21.5	\$0.0	(\$0.2)	\$21.3	(\$0.2)
Office of Financial Management Other Agencies	\$264.6	\$0.0	(\$11.8)	\$252.8	(\$11.8)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$115.1	\$0.0	\$2.9	\$118.0	\$2.9
Total General Fund-State	\$2,391.6	\$0.0	\$0.7	\$2,392.3	\$0.7

General Fund-State GAAP Estimates - Other Agencies

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

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,298.6	\$0.0	\$0.8	\$1,299.4	\$0.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$649.9	\$0.0	\$6.4	\$656.3	\$6.4
Lottery Commission Lottery Revenue	\$42.7	\$0.0	(\$2.6)	\$40.1	(\$2.6)
State Treasurer Interest Earnings	\$21.2	\$0.0	\$0.0	\$21.3	\$0.0
Office of Financial Management Other Agencies	\$264.6	\$0.0	(\$11.8)	\$252.8	(\$11.8)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$115.1	\$0.0	\$2.9	\$118.0	\$2.9
Total General Fund-State	\$2,392.2	\$0.0	(\$4.2)	\$2,387.9	(\$4.2)

General Fund-State Cash Estimates - Other Agencies

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

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,470.0	\$0.0	(\$5.6)	\$1,464.4	(\$5.6)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$712.9	\$0.0	\$0.8	\$713.6	\$0.8
Lottery Commission Lottery Revenue	\$52.8	\$0.0	(\$6.3)	\$46.5	(\$6.3)
State Treasurer Interest Earnings	\$21.0	\$0.0	\$33.1	\$54.0	\$33.1
Office of Financial Management Other Agencies	\$210.3	\$0.0	(\$67.7)	\$142.6	(\$67.7)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$94.2	\$0.0	\$2.1	\$96.3	\$2.1
Total General Fund-State	\$2,561.1	\$0.0	(\$43.6)	\$2,517.6	(\$43.6)

General Fund-State GAAP Estimates - Other Agencies

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

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,470.0	\$0.0	(\$5.6)	\$1,464.4	(\$5.6)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$712.9	\$0.0	\$0.8	\$713.6	\$0.8
Lottery Commission Lottery Revenue	\$52.6	\$0.0	(\$1.2)	\$51.4	(\$1.2)
State Treasurer Interest Earnings	\$20.2	\$0.0	\$18.2	\$38.4	\$18.2
Office of Financial Management Other Agencies	\$210.3	\$0.0	(\$67.7)	\$142.6	(\$67.7)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$94.2	\$0.0	\$2.1	\$96.3	\$2.1
Total General Fund-State	\$2,560.2	\$0.0	(\$53.3)	\$2,506.8	(\$53.3)

General Fund-State Cash Estimates - Other Agencies

Comparison of the September 2021 and June 2021 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,547.9	\$0.0	(\$4.2)	\$1,543.7	(\$4.2)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$747.1	\$0.0	\$5.0	\$752.1	\$5.0
Lottery Commission Lottery Revenue	\$52.8	\$0.0	(\$1.3)	\$51.5	(\$1.3)
State Treasurer Interest Earnings	\$9.1	\$0.0	\$13.4	\$22.4	\$13.4
Office of Financial Management Other Agencies	\$272.8	\$0.0	(\$75.5)	\$197.3	(\$75.5)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$87.2	\$0.0	\$1.2	\$88.3	\$1.2
Total General Fund-State	\$2,716.8	\$0.0	(\$61.5)	\$2,655.3	(\$61.5)

General Fund-State GAAP Estimates - Other Agencies

Comparison of the September 2021 and June 2021 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	June 2021 Baseline	Non-Economic Changes	Economic Changes	September 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,547.9	\$0.0	(\$4.2)	\$1,543.7	(\$4.2)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$747.1	\$0.0	\$5.0	\$752.1	\$5.0
Lottery Commission Lottery Revenue	\$52.8	\$0.0	(\$1.2)	\$51.7	(\$1.2)
State Treasurer Interest Earnings	\$8.8	\$0.0	\$13.2	\$22.0	\$13.2
Office of Financial Management Other Agencies	\$272.8	\$0.0	(\$75.5)	\$197.3	(\$75.5)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$87.2	\$0.0	\$1.2	\$88.3	\$1.2
Total General Fund-State	\$2,716.5	\$0.0	(\$61.5)	\$2,655.0	(\$61.5)

September 2021Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2021-23 Biennium

	2021-23 <u>Biennium</u>	Difference From the <u>September 2021 Baseline</u>
September 2021 GF-S Baseline (50%)	\$56,457	
September 2021 Alternative GF-S Forecasts		
Optimistic (20%)	\$59,419	\$2,962
Pessimistic (30%)	\$53,411	(\$3,046)
Probability Weighted Average	\$56,135	(\$321)
GCEA*	\$57,114	\$657

2023-25 Biennium

	2021-23 <u>Biennium</u>	Difference From the <u>September 2021 Baseline</u>
September 2021 GF-S Baseline (50%)	\$59,870	
September 2021 Alternative GF-S Forecasts		
Optimistic (20%)	\$65,512	\$5,642
Pessimistic (30%)	\$54,120	(\$5,750)
Probability Weighted Average	\$59,273	(\$597)
GCEA*	\$61,517	\$1,647

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

U.S. Forecast Comparison

	2021Q2	2021Q3	2021Q4	2022Q1
Real GDP (Billions of 2012 Dollars)				
September Forecast	19,361	19,592	19,855	20,061
Percent Change	6.6%	4.9%	5.5%	4.2%
June Forecast	19,532	19,878	20,128	20,316
Percent Change	9.6%	7.3%	5.1%	3.8%
Real Consumption (Billions of 2012 Dollars)				
September Forecast	13,660	13,708	13,840	13,973
Percent Change	11.9%	1.4%	3.9%	3.9%
June Forecast	13,658	13,862	14,019	14,157
Percent Change	9.5%	6.1%	4.6%	4.0%
PCE Price Index (2012=100)				
September Forecast	114.8	116.2	116.8	117.3
Percent Change	6.5%	5.1%	2.2%	1.6%
June Forecast	114.3	115.0	115.5	116.1
Percent Change	5.3%	2.3%	1.9%	1.9%
Real Personal Income (Billions of 2012 Dollars)				
September Forecast	17,918	17,694	17,537	17,562
Percent Change	-26.5%	-4.9%	-3.5%	0.6%
June Forecast	18,246	17,861	17,710	17,874
Percent Change	-24.5%	-8.2%	-3.3%	3.7%
Nonfarm Payroll Employment (Millions)				
September Forecast	145.1	147.4	148.6	149.7
Percent Change	4.8%	6.7%	3.3%	2.8%
June Forecast	145.0	147.6	148.6	149.6
Percent Change	4.8%	7.3%	2.8%	2.7%
Unemployment Rate (Percent of Labor Force)				
September Forecast	5.9	5.2	4.9	4.6
June Forecast	5.7	5.1	4.8	4.5
Oil Price, Refiner's Acquisition				
September Forecast	66.0	69.8	71.4	69.7
June Forecast	65.1	70.5	68.6	66.9
30 Year Fixed Mortgage Rate (Percent, average)				
September Forecast	3.0	2.9	3.0	3.2
June Forecast	3.0	3.1	3.2	3.4
3 Month T-Bill Rate (Percent, average)				
September Forecast	0.0	0.1	0.1	0.1
June Forecast	0.0	0.0	(0.0)	(0.0)

	2019	2020	2021	2022	2023	2024	2025
September Forecast	19,033	18,385	19,466	20,303	20,790	21,248	21,694
Percent Change	2.3%	-3.4%	5.9%	4.3%	2.4%	2.2%	2.1%
June Forecast	19,092	18,426	19,656	20,524	20,982	21,397	21,808
Percent Change	2.2%	-3.5%	6.7%	4.4%	2.2%	2.0%	1.9%
September Forecast	13,126	12,630	13,623	14,133	14,472	14,805	15,145
Percent Change	2.2%	-3.8%	7.9%	3.7%	2.4%	2.3%	2.3%
June Forecast	13,240	12,726	13,723	14,312	14,643	14,937	15,247
Percent Change	2.4%	-3.9%	7.8%	4.3%	2.3%	2.0%	2.1%
September Forecast	109.9	111.2	115.2	118.0	120.0	122.2	124.5
Percent Change	1.5%	1.2%	3.6%	2.4%	1.7%	1.9%	1.9%
June Forecast	109.9	111.1	114.4	116.9	119.1	121.4	123.7
Percent Change	1.5%	1.2%	2.9%	2.2%	1.9%	1.9%	1.9%
September Forecast	16,761	17,648	18,125	17,819	18,355	18,882	19,393
Percent Change	2.5%	5.3%	2.7%	-1.7%	3.0%	2.9%	2.7%
June Forecast	16,888	17,751	18,347	18,041	18,440	18,906	19,387
Percent Change	2.4%	5.1%	3.4%	-1.7%	2.2%	2.5%	2.5%
September Forecast	150.9	142.3	146.1	151.1	153.5	154.7	155.6
Percent Change	1.3%	-5.7%	2.7%	3.4%	1.6%	0.8%	0.6%
June Forecast	150.9	142.3	146.2	150.9	153.3	154.8	155.8
Percent Change	1.3%	-5.7%	2.7%	3.2%	1.6%	1.0%	0.6%
September Forecast	3.7	8.1	5.6	4.2	3.7	3.7	3.7
June Forecast	3.7	8.1	5.4	4.1	3.6	3.5	3.7
September Forecast	59.4	39.2	66.1	67.5	62.7	59.0	56.2
June Forecast	59.4	39.2	65.4	64.9	60.7	58.0	56.4
September Forecast	3.9	3.1	2.9	3.4	3.8	4.0	4.3
June Forecast	3.9	3.1	3.0	3.5	3.7	3.9	4.1
September Forecast	2.1	0.4	0.1	0.1	0.1	0.4	0.9
June Forecast	2.1	0.4	0.0	0.0	0.1	0.2	0.5

Washington Forecast Comparison

	2021Q2	2021Q3	2021Q4	2022Q1
Real Personal Income (Billions of 2012 Dollars)				
September Forecast	481.3	477.8	473.4	474.7
Percent Change	-22.4%	-2.9%	-3.6%	1.2%
June Forecast	485.6	478.2	473.7	479.0
Percent Change	-19.1%	-5.9%	-3.8%	4.5%
Personal Income (Billions of Dollars)				
September Forecast	552.4	555.2	553.0	556.9
Percent Change	-17.4%	2.1%	-1.6%	2.8%
June Forecast	555.3	549.9	547.2	555.9
Percent Change	-14.7%	-3.8%	-2.0%	6.5%
Disposable Personal Income (Billions of Dollars)				
September Forecast	491.2	491.3	488.2	490.8
Percent Change	-21.6%	0.1%	-2.6%	2.2%
June Forecast	499.4	492.9	490.2	498.5
Percent Change	-17.9%	-5.2%	-2.1%	6.9%
Nonfarm Payroll Employment (Thousands)				
September Forecast	3339	3398	3429	3454
Percent Change	5.9%	7.3%	3.6%	3.0%
June Forecast	3319	3385	3419	3459
Percent Change	4.5%	8.2%	4.1%	4.8%
Unemployment Rate (Percent of Labor Force)				
September Forecast	5.3	5.0	5.0	4.8
June Forecast	5.3	5.0	4.8	4.6
Manufacturing Employment (Thousands)				
September Forecast	256.7	258.1	257.5	257.0
Percent Change	-2.9%	2.2%	-0.9%	-0.8%
June Forecast	258.6	258.5	255.4	257.8
Percent Change	-3.9%	-0.1%	-4.6%	3.7%
Construction Employment (Thousands)				
September Forecast	223.1	224.6	221.0	218.9
Percent Change	-0.3%	2.6%	-6.2%	-3.7%
June Forecast	222.5	220.3	217.7	215.8
Percent Change	0.0%	-3.8%	-4.7%	-3.5%
Housing Permits (Thousands)				
September Forecast	47.6	53.4	49.2	47.7
Percent Change	-68.8%	58.8%	-27.9%	-11.8%
June Forecast	52.1	51.9	49.2	47.6
Percent Change	-55.1%	-1.7%	-19.0%	-13.1%

	2019	2020	2021	2022	2023	2024	2025
September Forecast	448.6	473.0	486.3	482.7	500.5	516.7	533.1
Percent Change	3.8%	5.4%	2.8%	-0.7%	3.7%	3.2%	3.2%
June Forecast	448.9	473.1	487.4	484.4	497.1	512.0	527.4
Percent Change	3.8%	5.4%	3.0%	-0.6%	2.6%	3.0%	3.0%
September Forecast	493.1	526.0	560.0	569.4	600.4	631.5	663.9
Percent Change	5.4%	6.7%	6.5%	1.7%	5.4%	5.2%	5.1%
June Forecast	493.1	525.8	557.5	566.2	592.3	621.6	652.3
Percent Change	5.4%	6.6%	6.0%	1.5%	4.6%	4.9%	4.9%
September Forecast	442.2	473.7	498.2	501.6	529.0	557.4	587.4
Percent Change	5.1%	7.1%	5.2%	0.7%	5.5%	5.4%	5.4%
June Forecast	442.2	473.6	501.8	508.1	531.1	556.1	583.1
Percent Change	5.1%	7.1%	6.0%	1.3%	4.5%	4.7%	4.9%
September Forecast	3469	3286	3364	3494	3578	3625	3669
Percent Change	2.0%	-5.2%	2.4%	3.9%	2.4%	1.3%	1.2%
June Forecast	3469	3286	3351	3500	3573	3628	3669
Percent Change	2.0%	-5.3%	2.0%	4.4%	2.1%	1.6%	1.1%
September Forecast	4.2	8.4	5.2	4.5	4.2	4.3	4.3
June Forecast	4.2	8.4	5.2	4.3	4.1	4.1	4.3
September Forecast	293.7	271.7	257.7	258.4	263.2	263.9	264.8
Percent Change	2.1%	-7.5%	-5.1%	0.2%	1.9%	0.3%	0.3%
June Forecast	293.7	271.7	258.4	259.5	263.3	267.2	268.4
Percent Change	2.1%	-7.5%	-4.9%	0.4%	1.5%	1.5%	0.5%
September Forecast	219.5	213.5	223.0	217.5	217.2	219.9	224.0
Percent Change	3.0%	-2.7%	4.4%	-2.5%	-0.1%	1.2%	1.9%
June Forecast	219.5	213.5	220.8	213.4	209.1	210.4	211.8
Percent Change	3.0%	-2.7%	3.4%	-3.4%	-2.0%	0.6%	0.7%
September Forecast	48.4	44.1	53.5	46.2	44.3	44.2	43.7
Percent Change	1.4%	-9.0%	21.4%	-13.5%	-4.3%	0.0%	-1.3%
June Forecast	48.4	44.1	54.2	46.3	44.9	45.6	44.4
Percent Change	1.4%	-9.0%	23.1%	-14.7%	-3.0%	1.7%	-2.8%

U.S. Forecast Comparison	Fiscal Years					
	2020	2021	2022	2023	2024	2025
Real GDP						
Billions of 2012 dollars						
September Forecast	18,631	18,936	19,939	20,563	21,022	21,472
<i>Growth</i>	-0.9%	1.6%	5.3%	3.1%	2.2%	2.1%
June Forecast	18,677	19,003	20,197	20,766	21,193	21,602
<i>Growth</i>	-1.1%	1.7%	6.3%	2.8%	2.1%	1.9%
Difference in level	-46	-67	-259	-203	-171	-130
<i>Difference in growth forecast</i>	0.2%	-0.1%	-1.0%	0.3%	0.2%	0.2%
Real Consumption						
Billions of 2012 dollars						
September Forecast	12,803	13,173	13,904	14,311	14,637	14,976
<i>Growth</i>	-1.4%	2.9%	5.6%	2.9%	2.3%	2.3%
June Forecast	12,908	13,233	14,077	14,489	14,790	15,091
<i>Growth</i>	-1.3%	2.5%	6.4%	2.9%	2.1%	2.0%
Difference in level	-105	-61	-172	-178	-153	-115
<i>Difference in growth forecast</i>	0.0%	0.4%	-0.8%	0.0%	0.2%	0.3%
PCE Price Index						
2012 = 100						
September Forecast	110.6	112.8	117.0	118.9	121.1	123.4
<i>Growth</i>	1.3%	2.0%	3.7%	1.6%	1.8%	1.9%
June Forecast	110.5	112.6	115.8	118.0	120.3	122.5
<i>Growth</i>	1.3%	1.9%	2.8%	1.9%	1.9%	1.9%
Difference in level	0.1	0.2	1.2	0.9	0.8	0.8
<i>Difference in growth forecast</i>	0.0%	0.1%	0.9%	-0.3%	-0.1%	0.0%
Unemployment Rate						
Percent of Labor Force						
September Forecast	6.0%	6.9%	4.7%	3.8%	3.7%	3.7%
June Forecast	6.0%	6.9%	4.6%	3.7%	3.5%	3.6%
<i>Difference in forecast</i>	0.0%	0.1%	0.1%	0.1%	0.2%	0.1%
30 Year Fixed Mortgage Rate						
Annual Average						
September Forecast	3.5%	2.9%	3.1%	3.6%	3.9%	4.2%
June Forecast	3.5%	2.9%	3.3%	3.6%	3.7%	4.0%
<i>Difference in forecast</i>	0.0%	0.0%	-0.2%	0.0%	0.1%	0.2%
3 Month T-Bill Rate						
Annual Average						
September Forecast	1.2%	0.1%	0.1%	0.1%	0.3%	0.7%
June Forecast	1.2%	0.1%	0.0%	0.1%	0.1%	0.3%
<i>Difference in forecast</i>	0.0%	0.0%	0.1%	0.0%	0.2%	0.3%

Washington Forecast Comparison

Fiscal Years

	2020	2021	2022	2023	2024	2025
Real Personal Income						
Billions of 2012 dollars						
September Forecast	462.7	484.3	476.6	492.1	508.7	524.7
<i>Growth</i>	4.8%	4.7%	-1.6%	3.3%	3.4%	3.1%
June Forecast	462.9	485.3	478.4	490.7	504.5	519.6
<i>Growth</i>	4.8%	4.8%	-1.4%	2.6%	2.8%	3.0%
Difference in level	-0.2	-0.9	-1.9	1.4	4.2	5.1
<i>Difference in growth forecast</i>	0.0%	-0.2%	-0.2%	0.7%	0.6%	0.2%
Nominal Personal Income						
Billions of dollars						
September Forecast	511.5	546.3	557.7	585.2	615.9	647.4
<i>Growth</i>	6.2%	6.8%	2.1%	4.9%	5.2%	5.1%
June Forecast	511.4	546.5	554.0	579.1	606.8	636.7
<i>Growth</i>	6.2%	6.9%	1.4%	4.5%	4.8%	4.9%
Difference in level	0.1	-0.2	3.7	6.1	9.1	10.7
<i>Difference in growth forecast</i>	0.0%	-0.1%	0.7%	0.4%	0.5%	0.2%
Nonfarm Payroll Employment						
Thousands						
September Forecast	3,403.3	3,284.9	3,440.3	3,544.0	3,602.3	3,647.2
<i>Growth</i>	-0.9%	-3.5%	4.7%	3.0%	1.6%	1.2%
June Forecast	3,403.3	3,277.0	3,437.7	3,542.3	3,601.7	3,649.8
<i>Growth</i>	-0.9%	-3.7%	4.9%	3.0%	1.7%	1.3%
Difference in level	0.0	7.9	2.6	1.7	0.6	-2.6
<i>Difference in growth forecast</i>	0.0%	0.2%	-0.2%	0.0%	0.0%	-0.1%
Housing Permits						
Units Authorized, Thousands						
September Forecast	47.5	49.6	49.2	45.0	44.1	44.0
<i>Growth</i>	3.3%	4.3%	-0.8%	-8.6%	-2.0%	-0.3%
June Forecast	47.5	50.7	48.8	45.2	45.2	45.2
<i>Growth</i>	3.3%	6.7%	-3.8%	-7.3%	0.0%	-0.2%
Difference in level	0.0	-1.1	0.4	-0.2	-1.1	-1.2
<i>Difference in growth forecast</i>	0.0%	-2.4%	3.0%	-1.2%	-2.0%	-0.1%

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2021	2022	2023	2024	2025
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	5.9	4.3	2.4	2.2	2.1
GCEA Average	6.3	4.3	2.3	2.1	2.3
Real Consumption					
<i>Growth</i>					
ERFC	7.9	3.7	2.4	2.3	2.3
GCEA Average	8.0	4.2	2.6	2.1	2.3
PCE Price Index					
<i>Growth</i>					
ERFC	3.6	2.4	1.7	1.9	1.9
GCEA Average	4.0	2.8	2.3	2.2	2.1
Mortgage Rate					
<i>Percent</i>					
ERFC	2.9	3.4	3.8	4.0	4.3
GCEA Average	3.0	3.4	3.7	4.3	4.5
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	69.6	71.2	66.7	63.1	60.3
GCEA Average	70.1	71.4	69.0	67.0	65.4

Washington State

Real Personal Income

<i>Growth</i>					
ERFC	2.8	-0.7	3.7	3.2	3.2
GCEA Average	3.6	0.4	3.1	3.1	3.1

Wage and Salary Employment

<i>Growth</i>					
ERFC	2.4	3.9	2.4	1.3	1.2
GCEA Average	3.5	4.1	2.2	1.5	1.2

Manufacturing Employment

<i>Growth</i>					
ERFC	-5.1	0.2	1.9	0.3	0.3
GCEA Average	-4.8	0.6	1.3	0.7	0.6

Construction Employment

<i>Growth</i>					
ERFC	4.4	-2.5	-0.1	1.2	1.9
GCEA Average	4.3	-0.1	0.0	1.5	2.3

Housing Permits

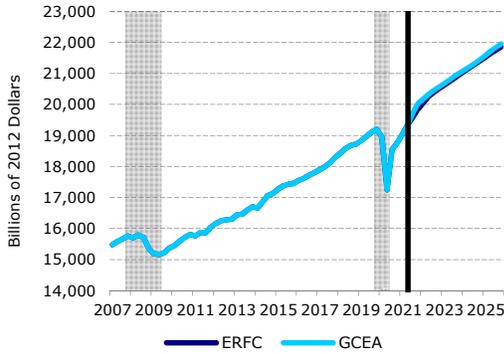
<i>Thousands of authorized units</i>					
ERFC	53.5	46.2	44.3	44.2	43.7
GCEA Average	54.2	48.4	45.6	45.7	45.2

Washington Average Annual Wage

<i>Growth</i>					
ERFC	6.3	3.1	3.3	3.6	3.8
GCEA Average	5.9	3.0	3.5	4.0	4.1

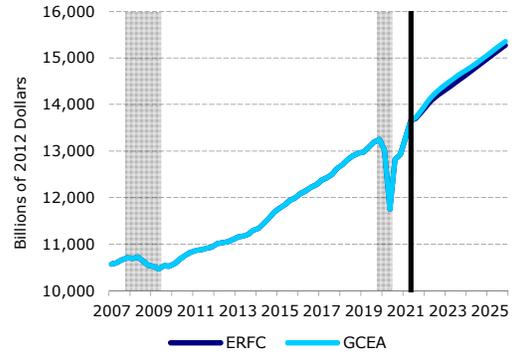
U.S. Forecast Comparison

Real GDP



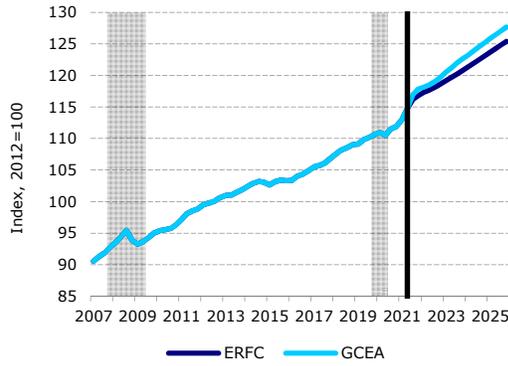
Source: BEA, ERFC, GCEA; data through 2021 Q2

Real Consumption



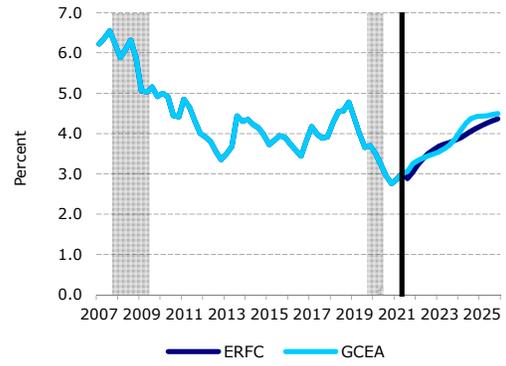
Source: BEA, ERFC, GCEA; data through 2021 Q2

PCE Price Index



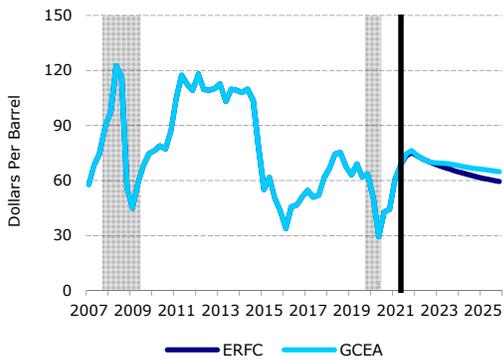
Source: BEA, ERFC, GCEA; data through 2021 Q2

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2021 Q2

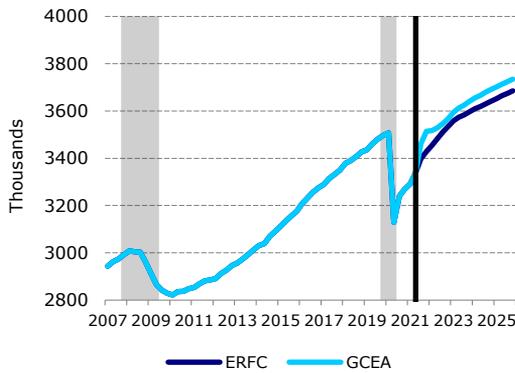
Brent Oil Price



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

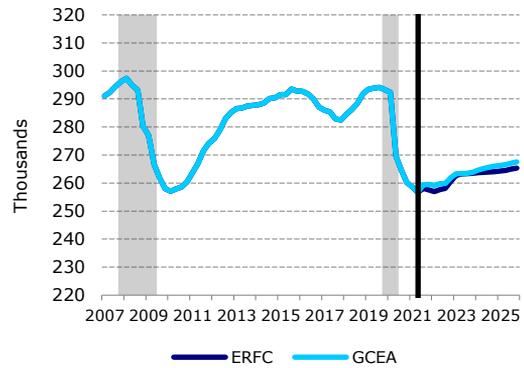
Washington Forecast Comparison

Nonfarm Payroll Employment



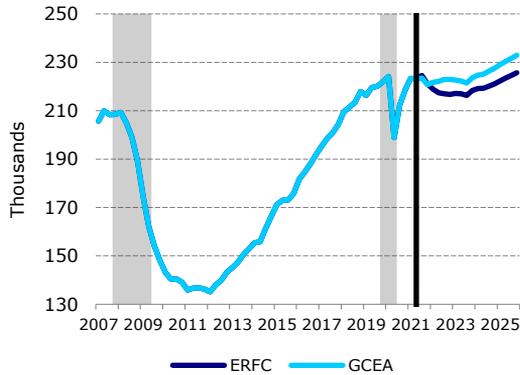
Source: ESD, ERFC, GCEA; data through 2021 Q2

Manufacturing Employment



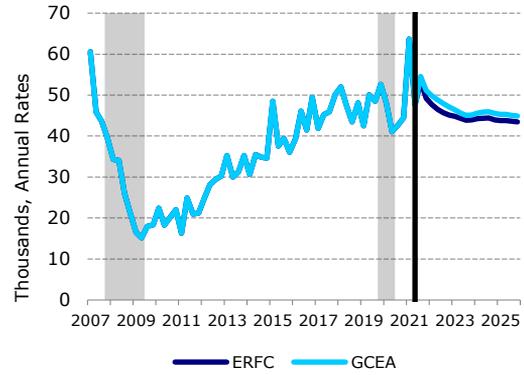
Source: ESD, ERFC, GCEA; data through 2021 Q2

Construction Employment



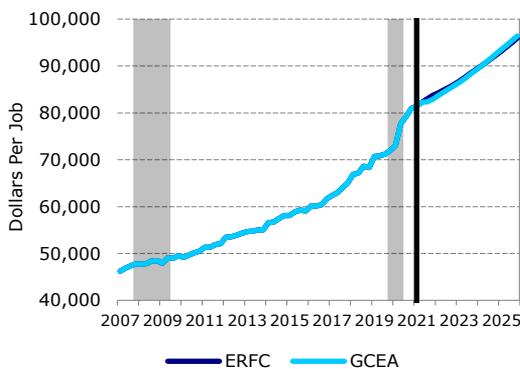
Source: ESD, ERFC, GCEA; data through 2021 Q2

Housing Units Authorized



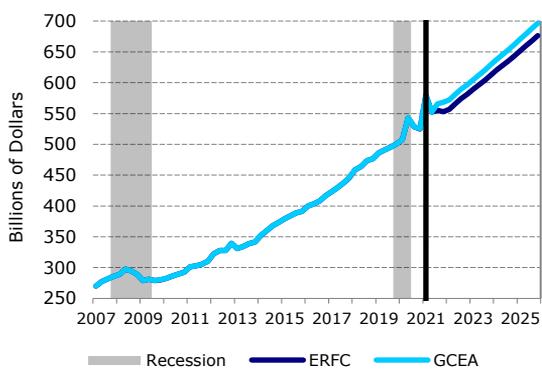
Source: Census, ERFC, GCEA; data through 2021 Q2

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2021 Q1

Personal Income



Source: BEA, ERFC, GCEA; data through 2021 Q1

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	3,313.0	475.2	3,788.2
June 2021 Revenue Forecast	50,848.3	2,323.6	53,171.9	55,611.3	2,801.8	58,413.1
September 2021 Revenue Forecast change	(44.9)	4.6	(40.2)	845.4	82.0	927.4
Current Revenue Totals	50,803.4	2,328.3	53,131.7	56,456.8	2,883.8	59,340.5
Transfer to Budget Stabilization Account (1% of GSR)	(506.3)		(506.3)	(554.9)		(554.9)
Transfer to Budget Stabilization Account (EGSR)	-		-	-		-
Enacted Fund Transfers	35.2	160.0	195.2	50.2	-	50.2
ACFR Adjustments Actual- FY 20	(3.9)	28.2	24.2	-	-	-
Actual/Assumed Prior Period Adjustments	59.7		59.7	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)	52,107.6	3,543.3	55,650.9	59,305.9	3,359.0	62,664.8
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/Assumed Reversions	(699.6)	-	(699.6)	(295.7)	-	(295.7)
Total Expenditures	48,794.6	3,068.1	51,862.8	55,892.0	2,878.8	58,770.9
RESERVES						
Projected Ending Balance	3,313.0	475.2	3,788.2	3,413.8	480.1	3,894.0
Budget Stabilization Account						
Budget Stabilization Account Beginning Balance	1,618.4		1,618.4	6.8		6.8
Transfers from General Fund (1% of GSR)	506.3		506.3	554.9		554.9
Transfers from GFS (EGSR)	-		-	-		-
Prior Period Adjustment-FY 20	0.9		0.9	-		-
Actual/Assumed Interest Earnings	40.7		40.7	1.2		1.2
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	6.8		6.8	562.8		562.8
Total Reserves (Near General Fund plus Budget Stabilization)	3,319.8	475.2	3,794.9	3,976.6	480.1	4,456.8

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

Acronyms

GSR- General State Revenues
EGSR- Extraordinary General State Revenues
ACFR- Annual Comprehensive Financial Report