

Revenue Review

March 17, 2021



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

March 17, 2021
8:00 a.m.

- Call to order
- Approval of meeting minutes from March 3, 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
March 3, 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 8:03 a.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby to adopt the meeting minutes from January, 28, 2021. Motion passed unanimously at 8:03 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 8:30 a.m.

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



Economic & Revenue Review: March 17, 2021

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's March 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 5.7%, up from 4.9% in the preliminary March forecast. For 2022, real GDP growth is 4.1%, up from 3.8% in the preliminary forecast. The March Blue Chip release also provided a longer-term GDP forecast (the first since October 2020). The GDP forecast for the remainder of the forecast period is 2.4% in 2023, 2.2% in 2024 and 2.1% in 2025. This compares to GDP growth rates of 2.3%, 2.1% and 2.0% from 2023 through 2025 in the preliminary forecast.
- Our oil price forecast reflects the futures markets, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the March 11 closing prices for Brent and WTI futures. The latest futures prices indicate slightly higher oil prices than in the preliminary March forecast and well above prices expected in the November forecast. The refiner acquisition price of crude is \$62 per barrel in 2021, up from \$60 in the preliminary forecast. We expect oil prices to decrease gradually, reaching approximately \$52 in 2025.
- National employment in February increased by 379,000 net jobs. Employment data for December and January were revised up by 38,000 jobs. Sectors with the largest job gains in February included food services and drinking places (+286,000), retail trade (+41,000), employment services (+45,000), accommodation (+36,000), amusements, gambling and recreation (+33,000), social assistance (+26,000), professional and technical services (+23,000), and manufacturing (+21,000). Sectors with declining employment in February included construction (-61,000), local government education (-37,000), state government education (-32,000), repair and maintenance (-9,000), mining (-8,000), air transportation (-8,000), state government excluding education (-7,000) and financial activities (-5,000).
- Two key measures of consumer confidence moved in opposite directions this month but both remained well below their pre-pandemic levels. The University of Michigan (UM) consumer sentiment survey decreased by 2.2 points to 76.8 in February. Future economic prospects remained the top concern of survey respondents. The Conference Board index of consumer confidence increased by 2.4 points in February to 91.3. Survey results suggest that consumers were slightly more optimistic about current economic conditions than in January but remain concerned about the outlook over the next six months.
- Residential construction activity continued to be strong this month and is now well above year-ago levels. Housing units authorized by building permits in

September were 5.2% (SA) above their August level and 8.1% above their year-ago level (see figure). September housing starts increased by 1.9% (SA) compared to August and were 11.1% above their September 2019 level. New home sales in September decreased by 3.5% (SA) compared to August but were 32.1% above their year-ago level. Existing home sales in September increased by 9.4% (SA) compared to August and were up 20.9% compared to September 2019. The seasonally adjusted Case-Shiller national home price index for December was 1.3% above its November level and 10.4% above its year-ago level.

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

Washington

- We have four months of new Washington employment data since the November forecast was released. Total nonfarm payroll employment increased 15,800 from October through February which was a 66,800 less than the increase of 82,600 expected in the forecast. Private services-providing sectors added just 8,200 jobs in the four-month period, weighed down by the loss of 8,200 jobs in leisure and hospitality. The manufacturing sector managed an increase of 1,800 jobs in spite of the loss of 1,700 aerospace jobs. Construction employment increased by 4,200 jobs and state and local government employment increased by 4,900 jobs. Federal government employment declined by 3,200 jobs of which 1,600 were temporary Census workers.
- We have also incorporated another quarter of benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions subtracted 20,800 (0.6%) from the estimated level of total employment in October 2020. Because of the lower-than-expected employment growth in November through February in addition to the downward revision to the October estimate, employment is 87,600 (2.6%) lower in February than expected in the November forecast.
- Washington's unemployment rate declined to 5.6% in February from 6.0% in January. The unemployment rate is down significantly from the 16.3% rate reached in April which was an all-time high in the series that dates back to 1976. Previous estimates of the Washington unemployment rate have been revised all the way back to 1976.
- As in November, this forecast incorporates Boeing's announcement of deep cuts to company-wide employment in 2021 as well as the consolidation of 787 production in South Carolina. Boeing 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 more than halfway through this process. We also assume that the vast majority of cuts will continue to be made in Washington State and that non-Boeing aerospace employment will also decline as a result of lower production rates. Specifically, the forecast assumes that Washington aerospace employment will be 29,800 lower in December 2021 than in January 2020. We have already lost about 19,000 aerospace jobs as of February 2021 and expect a further decline of 10,700 by December 2021.

- In December, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2020. According to these estimates, Washington personal income fell from \$544.4 billion (SAAR) in the second quarter to \$534.2 billion (SAAR) in the third quarter of 2020. The reported 7.3% decline (SAAR) in Washington personal income was the 10th lowest among the states and District of Columbia and was significantly better than the 10.0% rate of decline for the U.S. as a whole. Personal income declined in every state and the District of Columbia in the third quarter as a result of huge reductions in transfer payments. Without the withdrawal of transfer payments, all jurisdictions would have experienced an increase in personal income. Virtually all of the above average income growth in Washington was due to above average earnings growth. Washington earnings growth in construction, retail trade (including electronic shopping), and information (predominantly software publishing and other IT services such as internet publishing and web search portals) all significantly outperformed the U.S. average. At the opposite extreme, durable manufacturing, which includes aerospace, was a major drag on Washington earnings growth in the third quarter.
- Washington housing construction improved in the fourth quarter of 2020 and slightly exceeded the forecast. The number of housing units authorized by building permits increased to 45,600 (SAAR) from 42,600 in the third quarter. The November 2020 forecast expected 45,500 units. Single-family permits averaged 26,600 units in the fourth quarter and multi-family permits averaged 19,100 units. Single-family construction has fully recovered to pre-recession levels but multi-family construction remains lower. Housing construction got off to a very strong start in the first quarter of 2021. January permits totaled 66,700 units (SAAR) of which 30,800 were single-family units and 35,900 were multi-family units.
- Seattle-area home prices increased rapidly for a sixth consecutive month after three consecutive monthly declines. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices increased 1.5% in December compared to a 1.3% increase in the composite-20 index. December Seattle home prices were up 13.6% over the year. In comparison, the composite-20 index was up 10.1% over the year. December Seattle home prices were up 123% since the December 2011 trough and exceeded the May 2007 peak by 55%.
- Seattle-area consumer price inflation matched the national average in the year ending in February 2021. From February 2020 to February 2021, the Seattle CPI rose 1.7% which was the same rate of increase as in the U.S. City Average index. Core prices, which exclude food and energy, increased 1.3% over the year in Seattle which was also the same rate of increase as in the U.S. City Average index. Seattle shelter cost inflation slightly trailed the national average at 1.2% compared to 1.5%. Seattle inflation excluding shelter slightly exceeded the national average at 2.0% compared to 1.8%.
- Washington exports declined over the year for a ninth consecutive quarter despite a large increase in agricultural exports. Year-over-year exports decreased 18.1% in the fourth quarter of 2020. Fourth quarter exports of agricultural products increased 69.6% over the year but this is misleading as it was largely due to soybeans which receive only minimal processing in Washington. Transportation equipment exports (mostly Boeing planes) fell

63.7% over the year. Year-over-year exports from all other sectors (mostly manufacturing) declined 8.3%.

- Washington car and truck sales surged in February to their highest level since before the recession. The seasonally adjusted number of new vehicle registrations increased 12.0% in February to 294,500 which was the highest level since June 2019. The number of new vehicle registrations increased 1.0% over the year in February.
- We expect a 1.7% increase in Washington employment this year which is down from the 3.5% increase the November forecast. We expect above-average growth through the remainder of the forecast as the economy recovers from the recession. We expect employment growth to average 2.2% per year in 2022 through 2025 compared to the 1.7% average rate expected in November. Our forecast for nominal personal income growth this year is 4.8%, up from a 1.1% decline in the November forecast. The improvement in personal income growth is the result of additional fiscal stimulus in 2021 which was not expected in November. Personal income growth will slow next year as the stimulus is withdrawn. We expect personal income growth of only 1.1% in 2022 compared to 3.7% in the November forecast. Our new forecast for nominal personal income growth in 2023 through 2025 averages 5.1% per year compared to the 4.6% rate in the November forecast.

Revenue

- The November 2020 forecast assumed that no additional federal pandemic relief funds would be forthcoming. Instead, a relief package was passed in December that included extended unemployment benefits, direct checks to individuals and other aid. Because of this and other positive economic developments, revenue collections have greatly exceeded our expectations. Cumulative major General Fund-State (GF-S) collections from November 11, 2020 through March 10, 2021 came in \$764 million above the November forecast.
- The booming real estate market accelerated after the November forecast, reaching a near-record high in taxable activity in December as strong residential sales were joined by a large spike in commercial sales. Subsequently, real estate excise tax (REET) collections came in \$182 million higher than forecasted. REET collections for the current biennium are now expected to be \$245 million higher than previously forecasted. The REET forecast was increased by \$88 million for the 2021-23 biennium and \$55 million for the 2023-25 biennium.
- Most of the collections in excess of the forecast were from 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). Cumulative Revenue Act collections came in \$562 million higher than forecasted. This relative strength is expected to continue through the remainder of the 2019-21 biennium, resulting in a total forecasted biennial Revenue Act tax increase of \$890 million. The forecast of higher state income and faster employment growth has also increased forecasted Revenue Act receipts by \$1.89 billion for the 2021-23 biennium and \$1.92 billion for the 2023-25 biennium.

- The final valuation of 2020 property values was lower than forecasted, resulting in lower forecasted property tax receipts through the entire forecast period. The GF-S property tax forecast was lowered by \$70 million for the current biennium, \$185 million for the 2021-23 biennium and \$202 million for the 2023-25 biennium.
- The March GF-S revenue forecast has been increased by \$1.244 billion in the current biennium and \$1.894 billion in the next. The forecast of GF-S revenue for the 2023-25 biennium has increased by \$1.846 billion. The GF-S forecast is now \$570 million lower than the pre-pandemic February 2020 forecast in the current biennium but \$81 million higher in the next biennium.
- Forecasted GF-S revenue is now \$50.041 billion for the current biennium, \$54.372 billion for the 2021-23 biennium and \$57.778 billion for the 2023-25 biennium.
- Forecasted Education Legacy Trust Account (ELTA) revenue for the 2019-21 biennium increased by \$74 million, due to higher REET and estate tax receipts. The forecast for the 2021-23 biennium increased by \$24 million and the forecast for the 2023-25 biennium increased by \$17 million, due to increases in both REET and estate tax forecasts. Forecasted ELTA revenue is now \$1.628 billion for the 2019-21 biennium and \$1.286 billion for the 2021-23 biennium. Forecasted ELTA revenue for the 2023-25 biennium is \$1.072 billion.
- Forecasted revenue dedicated to the Opportunity Pathways Account (OPA) was increased by \$19 million in the 2019-21 biennium, \$10 million in the 2021-23 biennium and \$10 million in the 2023-25 biennium. Forecasted OPA revenue is now \$320 million for the 2019-21 biennium, \$331 million for the 2021-23 biennium and \$335 million for the 2023-25 biennium.
- Forecasted revenue dedicated to the Workforce Education Investment Account (WEIA) was increased by \$2 million in the 2019-21 biennium and \$21 million in the 2021-23 biennium. The forecast was increased by \$25 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$345 million for the 2019-21 biennium, \$626 million for the 2021-23 biennium and \$721 million for the 2023-25 biennium.
- Summing the changes to the GF-S, ELTA, OPA and WEIA forecasts, total state revenue subject to the budget outlook process is forecasted to increase by \$1.340 billion in the 2019-21 biennium, \$1.949 billion in the 2021-23 biennium and \$1.899 billion in the 2023-25 biennium.
- The forecasted sum of GF-S, ELTA, OPA and WEIA revenue for the 2019-21 biennium is now \$52.334 billion, 13.6% higher than 2017-19 biennial revenue, and forecasted total revenue for the 2021-23 biennium is \$56.615 billion, an increase of 8.2% over expected 2019-21 biennial revenue. Forecasted total revenue for the 2023-25 biennium is \$59.906 billion, an increase of 5.8% over expected 2021-23 biennial revenue.

Revenue Review

Presented to
Economic and Revenue Forecast Council

Steve Lerch
Executive Director

March 17, 2021



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Summary

- Stimulus legislation passed in December and this month is expected to lift GDP growth this year and in 2022
- WA personal income is higher than in November
- Forecast risks continue to relate primarily to COVID-19, such as the potential for more contagious variants to increase hospitalizations and containment measures
- The forecast of funds subject to the budget outlook is increased by \$1,340 million for the 2019-21 biennium and \$1,949 million for 2021-23 biennium

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March 17, 2021

Slide 1

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Since the November forecast...

Positives:

- Two stimulus bills passed
- Faster than expected vaccine distribution
- Retail sales have been stronger than expected
- Strong residential real estate transactions

Negatives:

- Employment growth has been slower than expected
- Business remains weak for restaurants, bars, arts & entertainment, travel-related businesses
- Rising oil, gasoline prices

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March 17, 2021

Slide 2

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Data updates since preliminary forecast

U.S.

- February employment: +379,000 jobs
- February unemployment rate decreased from 6.3% to 6.2%
- March Blue Chip GDP forecast: 2021 increased from 4.9% to 5.7%; 2022 increased from +3.8% to +4.1%; new long-term forecast slightly higher for 2023 to 2025

Washington

- February employment: +16,200 jobs

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March 17, 2021

Slide 3

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Forecast risks

Upside

- The pace of COVID vaccinations is faster than expected, speeding up the pace of economic re-opening and employment

Downside

- More infectious COVID variants lead to increased cases and hospitalizations, leading to slower pace of economic reopening, reduced consumer spending and employment

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March 17, 2021

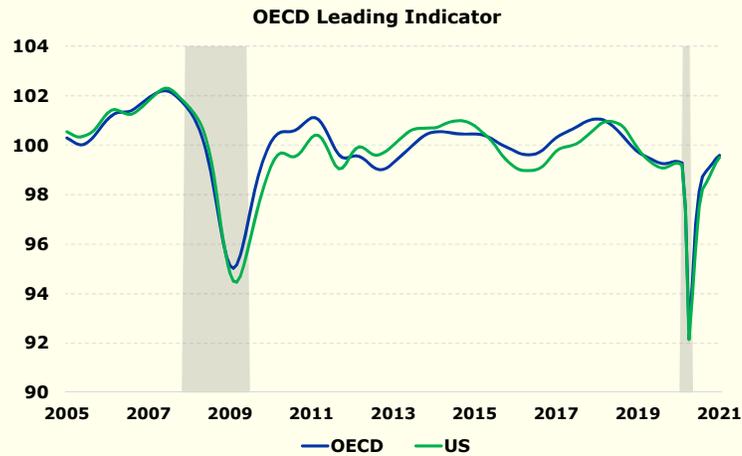
Slide 4

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The OECD leading economic index is slightly above its pre-pandemic level

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



Source: Organization for Economic Cooperation and Development; data through Jan. 2021

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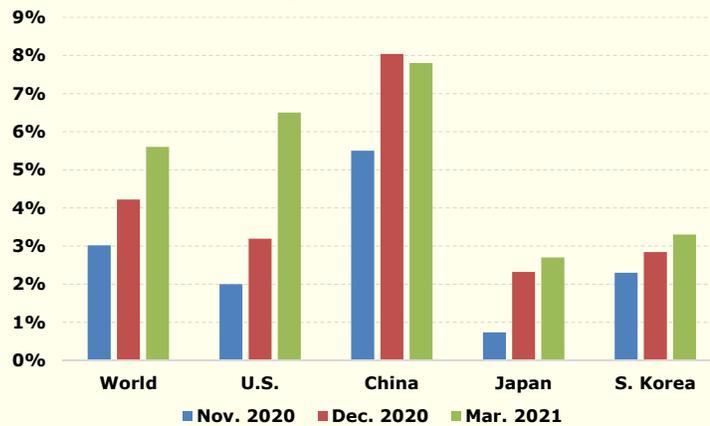
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March 17, 2021

Slide 5



OECD forecasts of 2021 GDP growth have been revised up substantially since November

Real GDP growth forecasts for 2021



Source: Organization for Economic Cooperation and Development; Economic Outlook forecasts

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March 17, 2021

Slide 6



New orders for U.S. manufactured goods at highest level since September 2018



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March 17, 2021

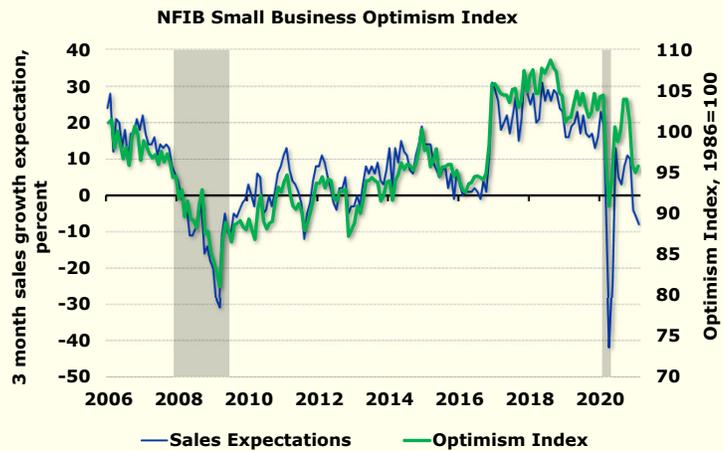
Slide 7

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

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Small business optimism, sales expectations have trended down since October



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March 17, 2021

Slide 8

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

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After declining in December, U.S. and Washington employment increased in January and February

February 2021 employment compared to February 2020:

U.S. = -9.5 million

WA = -232,000



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March 17, 2021

Slide 9

Source: Bureau of Labor Statistics, Employment Security Dept.; data Jan. 2019 – Feb. 2021

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Job openings have gradually trended up since August 2020, still weaker than before pandemic



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March 17, 2021

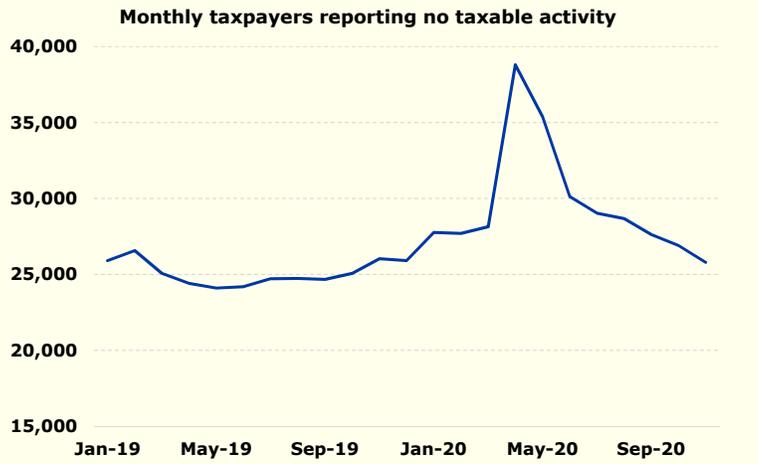
Slide 10

Source: Bureau of Labor Statistics, data Jan. 2010 – Jan. 2021

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Number of monthly WA taxpayers reporting "no business" spiked in April but has declined



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March 17, 2021

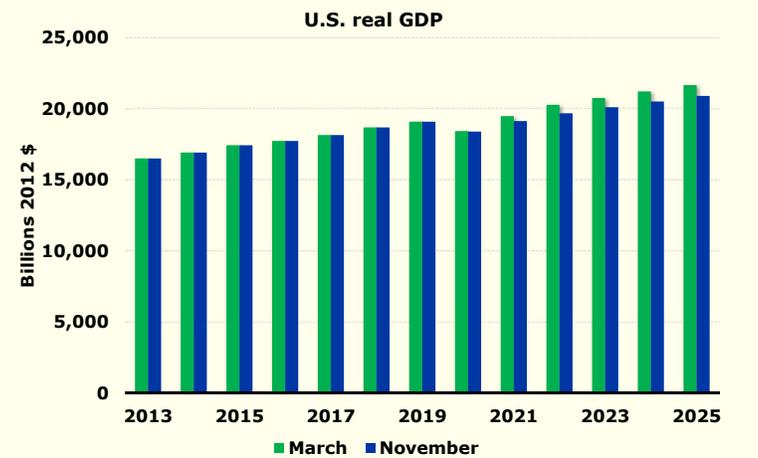
Slide 11

Source: WA Dept. of Revenue; data through November 2020 taxable activity

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GDP is higher throughout the forecast as Blue Chip growth forecast increased for 2021 & 2022



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March 17, 2021

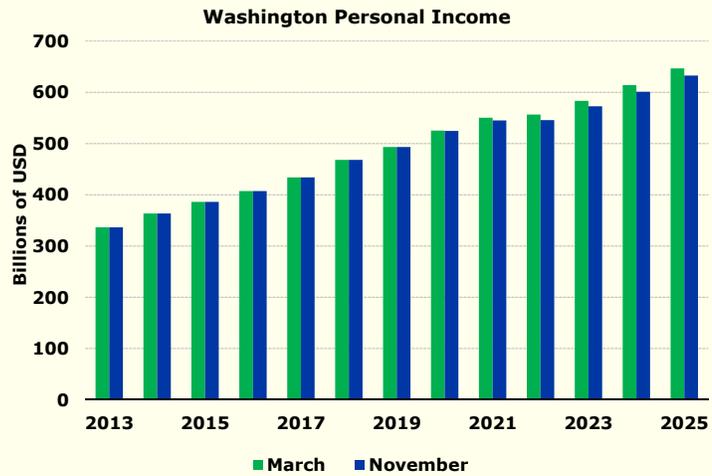
Slide 12

Source: ERFC March 2021 forecast; historical data through 2020

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Washington personal income is higher compared to November forecast



Source: ERFC March 2021 forecast; historical data through 2019

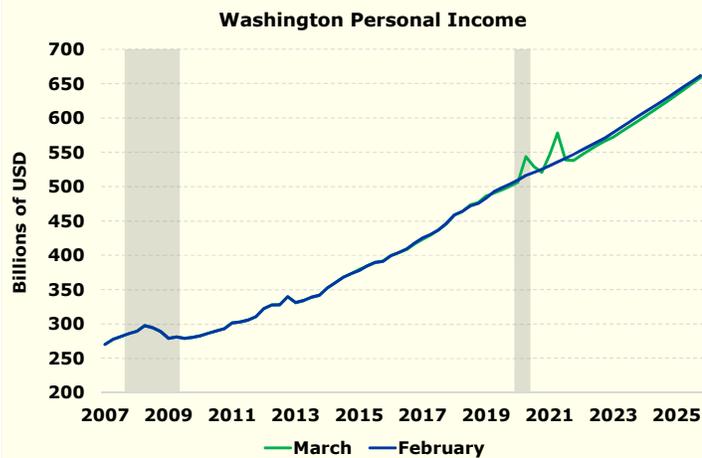
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Revenue Review
March 17, 2021

Slide 13



For 2022 – 2025, WA personal income is just slightly lower than February 2020 forecast



Source: ERFC March 2021 forecast; historical data through 2019

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Revenue Review
March 17, 2021

Slide 14



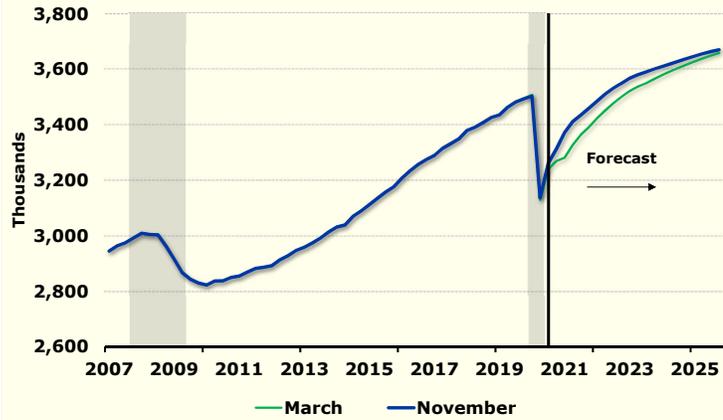
WA employment is lower than in November forecast; growth expected to average 2.2% for 2021 - 25

WA nonfarm payroll employment increased 15,800 from October through February. This was 66,800 fewer jobs than the increase of 82,600 expected in the November forecast.

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March 17, 2021

Slide 15

Washington Nonfarm Payroll Employment



Source: ERFC March 2021 forecast; historical data through Q4 2020

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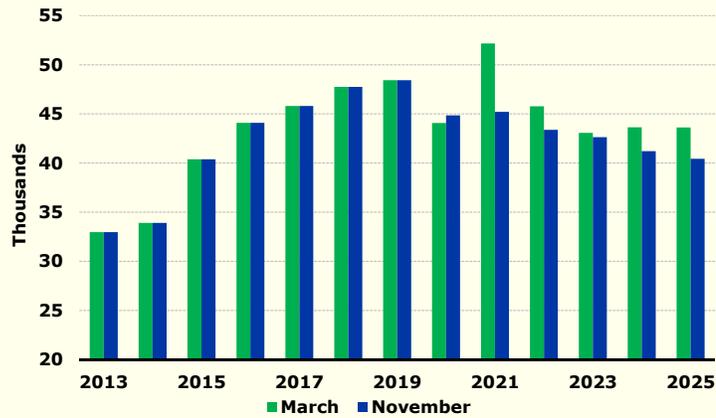


WA housing permits for 2021 now expected to exceed 2019 levels

Revenue Review
March 17, 2021

Slide 16

Washington Housing Permits



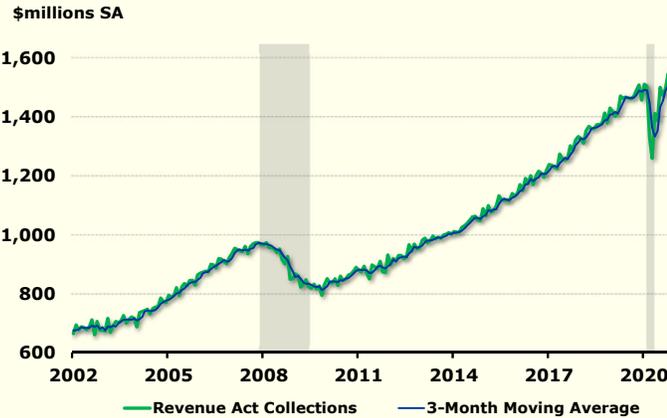
Source: ERFC March 2021 forecast; historical data through 2020

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Revenue Act collections exceeded the Jan. 2020 peak in three of the last four months

Adjusted Revenue Act receipts for January activity were up 5.5% year over year.



Revenue Review
March 17, 2021

Slide 17

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

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Although down from December peak, real estate transactions remain at very high levels

Large commercial transactions have declined since their recent December peak but residential transactions remain strong.



Revenue Review
March 17, 2021

Slide 18

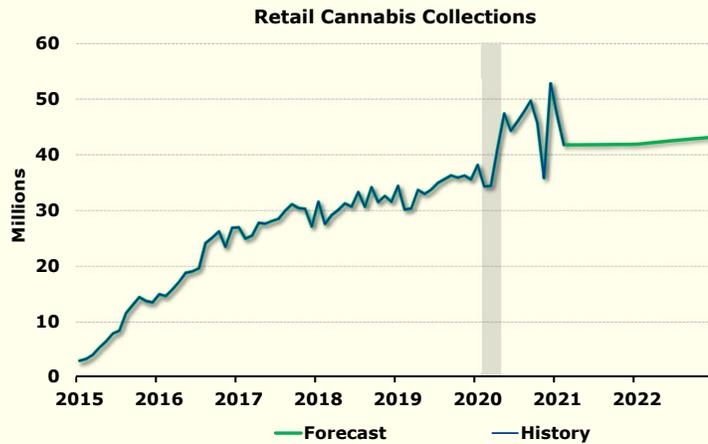
Source: ERFC; Monthly data through February 2021 estimate

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Cannabis revenues have spiked since April

Collections came in 0.4% above the November forecast



Revenue Review
March 17, 2021

Source: ERFC March 2021 forecast; historical data through February 2021

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Slide 19



Cannabis excise tax and license fee estimates

Total change since Nov forecast:

- 2019-21
-\$1 M
- 2021-23
+\$17 M
- 2023-25
+\$21 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	\$356	\$376	\$407
Non-GF	\$634	\$655	\$687
Total	\$990	\$1,031	\$1,094

Revenue Review
March 17, 2021

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

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Slide 20



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

\$Millions	<u>Nov 2020 Forecast*</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Mar 2021 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$48,796	\$0	\$1,244	\$50,041	\$1,244
Education Legacy Trust Account	\$1,554	\$0	\$74	\$1,628	\$74
WA Opportunity Pathways Account	\$301	\$0	\$19	\$320	\$19
Workforce Education Investment Account	\$343	\$0	\$2	\$345	\$2
Total	\$50,995	\$0	\$1,340	\$52,334	\$1,340

Revenue Review
March 17, 2021

Slide 21

*Forecast for the 2019-21 biennium adopted November 18, 2020
Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



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

\$Millions	<u>Nov 2020 Forecast*</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Mar 2021 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$52,478	\$0	\$1,894	\$54,372	\$1,894
Education Legacy Trust Account	\$1,262	\$0	\$24	\$1,286	\$24
WA Opportunity Pathways Account	\$321	\$0	\$10	\$331	\$10
Workforce Education Investment Account	\$605	\$0	\$21	\$626	\$21
Total	\$54,666	\$0	\$1,949	\$56,615	\$1,949

Revenue Review
March 17, 2021

Slide 22

*Forecast for the 2021-23 biennium adopted November 18, 2020
Detail may not add to total due to rounding

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State revenue* forecast comparison: Feb. 2020, Nov. 2020, Mar. 2021

	\$ millions	
	2019 - 21	2021 - 23
February 2020	\$52,690	\$56,317
November 2020	\$50,995	\$54,666
March 2021	\$52,334	\$56,615
November - February	(\$1,695)	(\$1,651)
March - February	(\$356)	\$298

Revenue Review
March 17, 2021

Slide 23

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

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2019-21 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2019-21 Biennium	Difference From the baseline*
March 2021 Baseline (50%)	\$50,041	
<u>March 2021 Alternative Forecasts</u>		
Optimistic (25%)	\$50,669	\$629
Pessimistic (25%)	\$49,399	(\$641)
Probability Weighted Average	\$50,037	(\$3)
GCEA*	\$50,109	\$68

Revenue Review
March 17, 2021

Slide 24

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

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2021-23 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2021-23 Biennium	Difference From the baseline*
March 2021 Baseline (50%)	\$54,372	
<u>March 2021 Alternative Forecasts</u>		
Optimistic (25%)	\$58,167	\$3,795
Pessimistic (25%)	\$50,521	(\$3,852)
Probability Weighted Average	\$54,358	(\$14)
GCEA*	\$54,984	\$611

Revenue Review
March 17, 2021

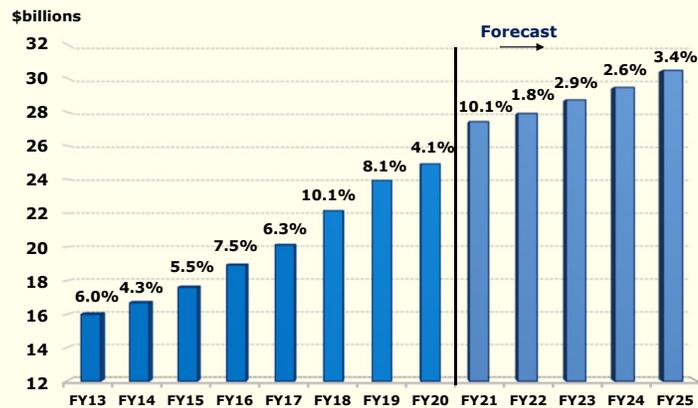
*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

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Slide 25



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



Revenue Review
March 17, 2021

*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, March 2021

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Slide 26



Conclusion

- Economic growth appears to be strengthening as stimulus legislation takes effect, more people receive COVID vaccine
- Despite positive news regarding vaccines, COVID still creates substantial uncertainty regarding the economy's path
- U.S. and WA personal income are higher than in November
- Total state revenues are expected to grow 13.6% between the 2017-19 and 2019-21 biennia and 8.2% between the 2019-21 and 2021-23 biennia

Revenue Review
March 17, 2021

Slide 27

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Questions



Revenue Review
March 17, 2021

Slide 28

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 March 2021 to the November 2020 Forecast

2019-21 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2020 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>March 2021 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$48,796.4	\$0.0	\$1,244.2	\$50,040.7	\$1,244.2
Education Legacy Trust Account	\$1,554.0	\$0.0	\$74.1	\$1,628.1	\$74.1
WA Opportunity Pathways Account	\$301.0	\$0.0	\$19.2	\$320.2	\$19.2
Workforce Education Investment Account	\$343.3	\$0.0	\$2.0	\$345.3	\$2.0
Total	\$50,994.7	\$0.0	\$1,339.5	\$52,334.2	\$1,339.5

*Forecast for the 2019-21 biennium adopted November 18, 2020

[#]Details may not add due to rounding

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

Comparison of the March 2021 to the November 2020 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2020 Forecast*</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>March 2021 Forecast</u>	<u>Total Change#</u>
General Fund-State	\$52,477.9	\$0.0	\$1,894.2	\$54,372.1	\$1,894.2
Education Legacy Trust Account	\$1,262.3	\$0.0	\$23.9	\$1,286.1	\$23.9
WA Opportunity Pathways Account	\$320.8	\$0.0	\$9.9	\$330.7	\$9.9
Workforce Education Investment Account	\$605.2	\$0.0	\$20.8	\$626.0	\$20.8
Total	\$54,666.2	\$0.0	\$1,948.8	\$56,614.9	\$1,948.8

*Forecast for the 2021-23 biennium adopted November 18, 2020

#Details may not add due to rounding

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

February 2016 through March 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	1086	158	1,244	0	1,244	50,041
Total change***:						
From February 2016	3,216	(9)	3,207	3,393	6,600	
Percent change	8.7	(0.5)	7.4	7.8	15.2	

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

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

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

First official forecast for the 2019-21 biennium.

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

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

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

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

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

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

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

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

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

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

History and Forecast by Fiscal Year (Cash basis)

March 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%
Forecast:										
FY 2021	\$26,223	10.1%	\$715	-21.7%	\$168	9.9%	\$313	883.5%	\$27,419	10.1%
FY 2022	\$26,799	2.2%	\$642	-10.2%	\$164	-2.2%	\$303	-3.3%	\$27,908	1.8%
FY 2023	\$27,573	2.9%	\$644	0.4%	\$167	1.7%	\$323	6.5%	\$28,707	2.9%
FY 2024	\$28,408	3.0%	\$523	-18.8%	\$167	0.3%	\$353	9.3%	\$29,451	2.6%
FY 2025	\$29,371	3.4%	\$548	4.8%	\$168	0.2%	\$368	4.2%	\$30,455	3.4%
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	\$50,041	13.4%	\$1,628	-1.6%	\$320	12.7%	\$345	NA	\$52,334	13.6%
21-23 Biennium	\$54,372	8.7%	\$1,286	-21.0%	\$331	3.3%	\$626	81.3%	\$56,615	8.2%
23-25 Biennium	\$57,778	6.3%	\$1,072	-16.7%	\$335	1.2%	\$721	15.1%	\$59,906	5.8%

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

Lottery Transfers by Fund

(cash basis, millions of dollars)

	Lottery: Total Transfers:*		Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account	Gambling Revolving Account
	General Fund											
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0	0.0
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1	0.0
2015	143.1	0.6	0.0	11.2	0.0	0.0	0.3	4.7	120.2	0.0	6.1	0.0
2013-15 Biennium	291.0	9.9	0.0	22.0	0.0	0.0	0.6	8.4	233.9	0.0	16.1	0.0
2016	171.6	17.1	0.0	11.7	0.0	0.0	0.3	3.3	139.1	0.0	0.0	0.0
2017	159.7	14.8	0.0	12.2	0.0	0.0	0.3	4.8	126.6	0.0	0.0	1.0
2015-17 Biennium	331.2	31.9	0.0	23.8	0.0	0.0	0.7	8.0	265.7	0.0	0.0	1.0
2018	183.6	38.5	0.0	12.6	0.0	0.0	0.3	3.5	128.5	0.0	0.0	0.0
2019	213.8	38.7	0.0	13.1	0.0	0.0	0.4	5.8	155.7	0.0	0.0	0.0
2017-19 Biennium	397.3	77.3	0.0	25.8	0.0	0.0	0.8	9.3	284.2	0.0	0.0	0.0
2020	186.4	16.7	0.0	13.7	0.0	0.0	0.4	3.1	152.5	0.0	0.0	0.0
2021	211.9	25.5	0.0	14.2	0.0	0.0	0.4	4.1	167.7	0.0	0.0	0.0
2019-21 Biennium	398.3	42.2	0.0	27.9	0.0	0.0	0.8	7.2	320.2	0.0	0.0	0.0
2022	195.2	26.8	0.0	0.0	0.0	0.0	0.4	4.0	164.0	0.0	0.0	0.0
2023	197.9	26.6	0.0	0.0	0.0	0.0	0.4	4.1	166.7	0.0	0.0	0.0
2021-23 Biennium	393.1	53.5	0.0	0.0	0.0	0.0	0.8	8.1	330.7	0.0	0.0	0.0
2024	198.4	26.7	0.0	0.0	0.0	0.0	0.4	4.1	167.2	0.0	0.0	0.0
2025	198.9	26.9	0.0	0.0	0.0	0.0	0.4	4.1	167.5	0.0	0.0	0.0
2023-25 Biennium	397.2	53.6	0.0	0.0	0.0	0.0	0.8	8.1	334.7	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:*		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	209.6	26.9	0.0	14.2	0.0	0.0	0.4	4.1	164.0	0.0	0.0	0.0
2019-21 Biennium	390.6	43.1	0.0	27.9	0.0	0.0	0.8	7.4	311.3	0.0	0.0	0.0
2022	197.4	26.5	0.0	0.0	0.0	0.0	0.4	4.1	166.4	0.0	0.0	0.0
2023	197.9	26.7	0.0	0.0	0.0	0.0	0.4	4.1	166.8	0.0	0.0	0.0
2021-23 Biennium	395.3	53.2	0.0	0.0	0.0	0.0	0.8	8.1	333.2	0.0	0.0	0.0
2024	198.4	26.7	0.0	0.0	0.0	0.0	0.4	4.1	167.2	0.0	0.0	0.0
2025	198.9	26.8	0.0	0.0	0.0	0.0	0.4	4.1	167.7	0.0	0.0	0.0
2023-25 Biennium	397.3	53.5	0.0	0.0	0.0	0.0	0.8	8.1	334.9	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 March 2021 and November 2020 forecasts
 2019-21 Biennium
 (Amounts in Millions)

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,166.6	\$0.0	\$139.5	\$1,306.1	\$139.5
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$636.9	\$0.0	\$5.6	\$642.6	\$5.6
Lottery Commission Lottery Revenue	\$41.7	\$0.0	\$0.5	\$42.2	\$0.5
State Treasurer Interest Earnings	\$14.8	\$0.0	\$4.7	\$19.5	\$4.7
Office of Financial Management Other Agencies	\$224.6	\$0.0	\$6.8	\$231.4	\$6.8
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$112.7	\$0.0	\$1.2	\$113.9	\$1.2
Total General Fund-State	\$2,197.4	\$0.0	\$158.4	\$2,355.7	\$158.4

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the March 2021 and November 2020 forecasts
 2019-21 Biennium
 (Amounts in Millions)

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,166.6	\$0.0	\$139.5	\$1,306.1	\$139.5
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$636.9	\$0.0	\$5.6	\$642.6	\$5.6
Lottery Commission Lottery Revenue	\$41.9	\$0.0	\$1.3	\$43.1	\$1.3
State Treasurer Interest Earnings	\$12.5	\$0.0	\$5.0	\$17.5	\$5.0
Office of Financial Management Other Agencies	\$224.6	\$0.0	\$6.8	\$231.4	\$6.8
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$112.7	\$0.0	\$1.2	\$113.9	\$1.2
Total General Fund-State	\$2,195.2	\$0.0	\$159.4	\$2,354.6	\$159.4

* Detail may not total due to rounding.

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

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,384.0	\$0.0	\$36.9	\$1,420.9	\$36.9
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$663.1	\$0.0	\$19.7	\$682.9	\$19.7
Lottery Commission Lottery Revenue	\$51.5	\$0.0	\$2.0	\$53.5	\$2.0
State Treasurer Interest Earnings	(\$4.6)	\$0.0	\$19.3	\$14.6	\$19.3
Office of Financial Management Other Agencies	\$221.0	\$0.0	\$12.0	\$233.0	\$12.0
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$94.6	\$0.0	(\$2.3)	\$92.3	(\$2.3)
Total General Fund-State	\$2,409.7	\$0.0	\$87.6	\$2,497.2	\$87.6

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

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,384.0	\$0.0	\$36.9	\$1,420.9	\$36.9
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$663.1	\$0.0	\$19.7	\$682.9	\$19.7
Lottery Commission Lottery Revenue	\$51.9	\$0.0	\$1.3	\$53.2	\$1.3
State Treasurer Interest Earnings	(\$5.4)	\$0.0	\$19.5	\$14.1	\$19.5
Office of Financial Management Other Agencies	\$221.0	\$0.0	\$12.0	\$233.0	\$12.0
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$94.6	\$0.0	(\$2.3)	\$92.3	(\$2.3)
Total General Fund-State	\$2,409.4	\$0.0	\$87.0	\$2,496.4	\$87.0

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
 Comparison of the March 2021 and November 2020 forecasts
 2023-25 Biennium
 (Amounts in Millions)

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,501.4	\$0.0	\$23.8	\$1,525.2	\$23.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$710.9	\$0.0	\$17.2	\$728.1	\$17.2
Lottery Commission Lottery Revenue	\$52.7	\$0.0	\$0.8	\$53.6	\$0.8
State Treasurer Interest Earnings	(\$2.3)	\$0.0	\$7.9	\$5.5	\$7.9
Office of Financial Management Other Agencies	\$263.9	\$0.0	\$16.4	\$280.2	\$16.4
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$93.2	\$0.0	(\$3.7)	\$89.5	(\$3.7)
Total General Fund-State	\$2,619.8	\$0.0	\$62.4	\$2,682.1	\$62.4

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the March 2021 and November 2020 forecasts
 2023-25 Biennium
 (Amounts in Millions)

Source/Agency	November 2020 Baseline	Non-Economic Changes	Economic Changes	March 2021 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,501.4	\$0.0	\$23.8	\$1,525.2	\$23.8
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$710.9	\$0.0	\$17.2	\$728.1	\$17.2
Lottery Commission Lottery Revenue	\$52.6	\$0.0	\$0.8	\$53.5	\$0.8
State Treasurer Interest Earnings	(\$2.3)	\$0.0	\$7.6	\$5.3	\$7.6
Office of Financial Management Other Agencies	\$263.9	\$0.0	\$16.4	\$280.2	\$16.4
Washington Court System GF-S Share of Fines, Fees, and Forfeitures	\$93.2	\$0.0	(\$3.7)	\$89.5	(\$3.7)
Total General Fund-State	\$2,619.7	\$0.0	\$62.1	\$2,681.8	\$62.1

* Detail may not total due to rounding.

March 2021Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2019-21 Biennium

	2019-21 <u>Biennium</u>	Difference From the <u>March 2021 Baseline</u>
March 2021 GF-S Baseline (50%)	\$50,041	
March 2021 Alternative GF-S Forecasts		
Optimistic (25%)	\$50,669	\$629
Pessimistic (25%)	\$49,399	(\$641)
Probability Weighted Average	\$50,037	(\$3)
GCEA*	\$50,109	\$68

2021-23 Biennium

	2021-23 <u>Biennium</u>	Difference From the <u>March 2021 Baseline</u>
March 2021 GF-S Baseline (50%)	\$54,372	
March 2021 Alternative GF-S Forecasts		
Optimistic (25%)	\$58,167	\$3,795
Pessimistic (25%)	\$50,521	(\$3,852)
Probability Weighted Average	\$54,358	(\$14)
GCEA*	\$54,984	\$611

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

U.S. Forecast Comparison

	2020Q4	2021Q1	2021Q2	2021Q3
Real GDP (Billions of 2012 Dollars)				
March Forecast	18,784	19,005	19,343	19,667
Percent Change	4.1%	4.8%	7.3%	6.9%
November Forecast	18,662	18,857	19,047	19,222
Percent Change	1.7%	4.3%	4.1%	3.7%
Real Consumption (Billions of 2012 Dollars)				
March Forecast	13,000	13,178	13,437	13,672
Percent Change	2.4%	5.6%	8.1%	7.2%
November Forecast	12,997	13,120	13,257	13,375
Percent Change	2.5%	3.8%	4.2%	3.6%
PCE Price Index (2012=100)				
March Forecast	111.9	113.0	113.5	114.0
Percent Change	1.6%	4.1%	2.0%	1.7%
November Forecast	112.0	112.5	113.1	113.7
Percent Change	2.1%	1.6%	2.4%	2.0%
Real Personal Income (Billions of 2012 Dollars)				
March Forecast	17,435	18,230	19,254	17,695
Percent Change	-8.3%	19.5%	24.4%	-28.7%
November Forecast	17,219	17,039	17,068	17,123
Percent Change	-12.8%	-4.1%	0.7%	1.3%
Nonfarm Payroll Employment (Millions)				
March Forecast	142.6	143.0	145.0	146.6
Percent Change	5.1%	1.1%	5.7%	4.3%
November Forecast	143.0	145.6	147.1	148.2
Percent Change	6.3%	7.5%	4.2%	3.1%
Unemployment Rate (Percent of Labor Force)				
March Forecast	6.7	6.2	5.6	5.2
November Forecast	7.0	6.0	5.8	5.7
Oil Price, Refiner's Acquisition				
March Forecast	41.7	58.0	65.2	63.5
November Forecast	39.1	40.8	41.6	42.1
30 Year Fixed Mortgage Rate (Percent, average)				
March Forecast	2.8	2.8	3.0	3.2
November Forecast	2.8	3.0	3.0	3.1
3 Month T-Bill Rate (Percent, average)				
March Forecast	0.1	0.1	0.0	0.0
November Forecast	0.1	0.1	0.1	0.1

	2019	2020	2021	2022	2023	2024	2025
March Forecast	19,092	18,423	19,477	20,270	20,756	21,213	21,658
Percent Change	2.2%	-3.5%	5.7%	4.1%	2.4%	2.2%	2.1%
November Forecast	19,092	18,390	19,127	19,683	20,104	20,505	20,901
Percent Change	2.2%	-3.7%	4.0%	2.9%	2.1%	2.0%	1.9%
March Forecast	13,240	12,726	13,532	14,102	14,441	14,773	15,113
Percent Change	2.4%	-3.9%	6.3%	4.2%	2.4%	2.3%	2.3%
November Forecast	13,240	12,723	13,310	13,673	13,970	14,257	14,543
Percent Change	2.4%	-3.9%	4.6%	2.7%	2.2%	2.1%	2.0%
March Forecast	109.9	111.2	113.8	115.6	117.5	119.6	122.0
Percent Change	1.5%	1.2%	2.4%	1.6%	1.6%	1.8%	2.0%
November Forecast	109.9	111.2	113.4	115.6	117.5	119.6	121.9
Percent Change	1.5%	1.2%	2.0%	1.9%	1.6%	1.8%	1.9%
March Forecast	16,888	17,717	18,186	17,964	18,454	19,009	19,519
Percent Change	2.4%	4.9%	2.6%	-1.2%	2.7%	3.0%	2.7%
November Forecast	16,888	17,649	17,102	17,465	17,936	18,388	18,827
Percent Change	2.4%	4.5%	-3.1%	2.1%	2.7%	2.5%	2.4%
March Forecast	150.9	142.3	145.6	150.6	153.4	155.0	155.8
Percent Change	1.3%	-5.7%	2.4%	3.4%	1.8%	1.0%	0.5%
November Forecast	150.9	142.3	147.6	151.8	154.1	155.3	155.9
Percent Change	1.4%	-5.7%	3.7%	2.8%	1.6%	0.7%	0.4%
March Forecast	3.7	8.1	5.5	4.1	3.6	3.4	3.5
November Forecast	3.7	8.2	5.8	5.0	4.5	4.4	4.3
March Forecast	59.4	39.1	62.1	58.2	54.8	52.7	51.5
November Forecast	59.4	38.5	41.7	42.9	43.8	44.7	45.3
March Forecast	3.9	3.1	3.1	3.6	3.8	3.9	4.1
November Forecast	3.9	3.1	3.0	3.1	3.1	3.3	3.5
March Forecast	2.1	0.4	0.0	0.1	0.1	0.2	0.5
November Forecast	2.1	0.4	0.1	0.1	0.1	0.1	0.1

Washington Forecast Comparison

	2020Q4	2021Q1	2021Q2	2021Q3
Real Personal Income (Billions of 2012 Dollars)				
March Forecast	465.7	484.1	509.1	472.6
Percent Change	-7.5%	16.8%	22.4%	-25.8%
November Forecast	466.9	461.3	461.0	461.4
Percent Change	-11.4%	-4.8%	-0.2%	0.3%
Personal Income (Billions of Dollars)				
March Forecast	520.9	546.9	578.1	538.9
Percent Change	-6.1%	21.5%	24.8%	-24.5%
November Forecast	523.0	518.8	521.5	524.6
Percent Change	-9.5%	-3.2%	2.1%	2.4%
Disposable Personal Income (Billions of Dollars)				
March Forecast	467.8	494.5	525.1	484.6
Percent Change	-8.3%	24.8%	27.2%	-27.5%
November Forecast	468.5	464.2	466.8	469.5
Percent Change	-11.5%	-3.6%	2.2%	2.3%
Nonfarm Payroll Employment (Thousands)				
March Forecast	3269	3281	3327	3364
Percent Change	3.6%	1.5%	5.7%	4.5%
November Forecast	3313	3372	3411	3435
Percent Change	6.5%	7.3%	4.8%	2.8%
Unemployment Rate (Percent of Labor Force)				
March Forecast	6.6	5.9	5.6	5.4
November Forecast	6.8	6.6	6.5	6.4
Manufacturing Employment (Thousands)				
March Forecast	261.1	262.2	260.8	258.9
Percent Change	-5.1%	1.6%	-2.1%	-2.8%
November Forecast	268.5	266.7	265.0	263.2
Percent Change	-2.5%	-2.7%	-2.5%	-2.7%
Construction Employment (Thousands)				
March Forecast	218.9	221.7	219.3	217.8
Percent Change	12.3%	5.4%	-4.3%	-2.9%
November Forecast	217.4	211.8	210.2	208.3
Percent Change	11.3%	-10.0%	-2.8%	-3.7%
Housing Permits (Thousands)				
March Forecast	44.4	53.1	54.5	51.6
Percent Change	17.5%	103.6%	11.4%	-19.9%
November Forecast	45.5	46.3	45.9	44.9
Percent Change	17.9%	6.5%	-3.1%	-8.2%

	2019	2020	2021	2022	2023	2024	2025
March Forecast	448.9	472.4	483.9	481.3	496.4	513.5	530.1
Percent Change	3.8%	5.2%	2.4%	-0.5%	3.2%	3.4%	3.2%
November Forecast	448.9	476.1	461.4	469.2	482.3	495.5	509.2
Percent Change	3.8%	6.1%	-3.1%	1.7%	2.8%	2.7%	2.8%
March Forecast	493.1	525.0	550.4	556.5	583.3	614.0	646.5
Percent Change	5.4%	6.5%	4.8%	1.1%	4.8%	5.3%	5.3%
November Forecast	493.1	529.3	523.3	542.5	566.7	592.7	621.0
Percent Change	5.4%	7.3%	-1.1%	3.7%	4.5%	4.6%	4.8%
March Forecast	442.2	473.6	496.8	499.4	522.4	549.8	579.6
Percent Change	5.1%	7.1%	4.9%	0.5%	4.6%	5.2%	5.4%
November Forecast	442.2	476.6	468.2	484.1	505.4	529.9	557.6
Percent Change	5.1%	7.8%	-1.8%	3.4%	4.4%	4.8%	5.2%
March Forecast	3469	3286	3341	3463	3543	3598	3644
Percent Change	2.0%	-5.3%	1.7%	3.7%	2.3%	1.6%	1.3%
November Forecast	3468	3303	3419	3519	3585	3624	3660
Percent Change	2.0%	-4.8%	3.5%	2.9%	1.9%	1.1%	1.0%
March Forecast	4.2	8.4	5.5	4.7	4.3	4.3	4.4
November Forecast	4.3	8.4	6.4	5.8	5.4	5.3	5.2
March Forecast	294.0	271.9	259.6	259.7	261.3	262.2	262.1
Percent Change	2.2%	-7.5%	-4.5%	0.0%	0.6%	0.3%	0.0%
November Forecast	293.6	275.1	264.1	264.2	268.2	267.8	266.2
Percent Change	2.0%	-6.3%	-4.0%	0.0%	1.5%	-0.1%	-0.6%
March Forecast	219.5	213.6	218.7	211.4	207.1	207.6	209.8
Percent Change	3.0%	-2.7%	2.4%	-3.3%	-2.0%	0.2%	1.1%
November Forecast	219.3	213.1	209.2	203.7	201.2	200.8	203.3
Percent Change	2.9%	-2.8%	-1.8%	-2.6%	-1.2%	-0.2%	1.2%
March Forecast	48.4	44.1	52.2	45.8	43.1	43.6	43.6
Percent Change	1.4%	-9.0%	18.4%	-12.3%	-5.9%	1.3%	-0.1%
November Forecast	48.4	44.9	45.2	43.4	42.6	41.2	40.4
Percent Change	1.4%	-7.4%	0.8%	-4.1%	-1.7%	-3.3%	-1.9%

U.S. Forecast Comparison	Fiscal Years					
	2020	2021	2022	2023	2024	2025
Real GDP						
Billions of 2012 dollars						
March Forecast	18,677	18,932	19,959	20,520	20,989	21,436
<i>Growth</i>	-1.1%	1.4%	5.4%	2.8%	2.3%	2.1%
November Forecast	18,677	18,787	19,435	19,900	20,307	20,702
<i>Growth</i>	-1.1%	0.6%	3.4%	2.4%	2.0%	1.9%
Difference in level	0	145	524	619	682	733
<i>Difference in growth forecast</i>	0.0%	0.8%	2.0%	0.4%	0.2%	0.2%
Real Consumption						
Billions of 2012 dollars						
March Forecast	12,908	13,135	13,885	14,272	14,608	14,942
<i>Growth</i>	-1.3%	1.8%	5.7%	2.8%	2.4%	2.3%
November Forecast	12,908	13,073	13,515	13,821	14,115	14,398
<i>Growth</i>	-1.3%	1.3%	3.4%	2.3%	2.1%	2.0%
Difference in level	0	62	370	451	493	544
<i>Difference in growth forecast</i>	0.0%	0.5%	2.3%	0.5%	0.2%	0.3%
PCE Price Index						
2012 = 100						
March Forecast	110.5	112.5	114.7	116.5	118.5	120.7
<i>Growth</i>	1.3%	1.8%	2.0%	1.6%	1.7%	1.9%
November Forecast	110.5	112.3	114.6	116.5	118.5	120.8
<i>Growth</i>	1.3%	1.6%	2.1%	1.7%	1.7%	1.9%
Difference in level	0.0	0.2	0.2	0.0	0.0	-0.1
<i>Difference in growth forecast</i>	0.0%	0.2%	0.0%	-0.2%	0.0%	0.0%
Unemployment Rate						
Percent of Labor Force						
March Forecast	6.0%	6.9%	4.7%	3.7%	3.5%	3.5%
November Forecast	6.0%	6.9%	5.4%	4.7%	4.5%	4.3%
<i>Difference in forecast</i>	0.0%	-0.1%	-0.7%	-1.0%	-1.0%	-0.9%
30 Year Fixed Mortgage Rate						
Annual Average						
March Forecast	3.5%	2.9%	3.4%	3.7%	3.8%	4.0%
November Forecast	3.5%	2.9%	3.1%	3.1%	3.2%	3.4%
<i>Difference in forecast</i>	0.0%	-0.1%	0.3%	0.6%	0.6%	0.6%
3 Month T-Bill Rate						
Annual Average						
March Forecast	1.2%	0.1%	0.1%	0.1%	0.1%	0.3%
November Forecast	1.2%	0.1%	0.1%	0.1%	0.1%	0.1%
<i>Difference in forecast</i>	0.0%	0.0%	-0.1%	0.0%	0.0%	0.3%

Washington Forecast Comparison
Fiscal Years

	2020	2021	2022	2023	2024	2025
Real Personal Income						
Billions of 2012 dollars						
March Forecast	462.9	483.4	474.0	488.9	505.1	521.8
<i>Growth</i>	4.8%	4.4%	-1.9%	3.1%	3.3%	3.3%
November Forecast	464.6	467.6	464.0	475.5	488.9	502.3
<i>Growth</i>	5.2%	0.6%	-0.8%	2.5%	2.8%	2.7%
Difference in level	-1.8	15.8	10.0	13.3	16.2	19.5
<i>Difference in growth forecast</i>	-0.4%	3.8%	-1.2%	0.6%	0.5%	0.6%
Nominal Personal Income						
Billions of dollars						
March Forecast	511.4	543.8	543.9	569.7	598.5	629.9
<i>Growth</i>	6.2%	6.3%	0.0%	4.7%	5.1%	5.2%
November Forecast	513.4	524.9	531.7	554.3	579.5	606.6
<i>Growth</i>	6.6%	2.3%	1.3%	4.2%	4.5%	4.7%
Difference in level	-2.0	18.9	12.2	15.4	19.1	23.3
<i>Difference in growth forecast</i>	-0.4%	4.1%	-1.3%	0.5%	0.5%	0.6%
Nonfarm Payroll Employment						
Thousands						
March Forecast	3,403.5	3,279.3	3,407.5	3,509.1	3,571.3	3,622.2
<i>Growth</i>	-0.9%	-3.6%	3.9%	3.0%	1.8%	1.4%
November Forecast	3,403.5	3,339.4	3,472.6	3,556.9	3,604.9	3,642.8
<i>Growth</i>	-0.9%	-1.9%	4.0%	2.4%	1.3%	1.1%
Difference in level	0.0	-60.1	-65.1	-47.8	-33.5	-20.6
<i>Difference in growth forecast</i>	0.0%	-1.8%	-0.1%	0.6%	0.4%	0.4%
Housing Permits						
Units Authorized, Thousands						
March Forecast	47.5	48.7	48.7	43.8	43.3	43.7
<i>Growth</i>	3.3%	2.4%	0.1%	-10.1%	-1.2%	0.9%
November Forecast	48.1	45.4	44.0	42.9	42.0	40.8
<i>Growth</i>	4.7%	-5.8%	-2.9%	-2.6%	-2.1%	-2.8%
Difference in level	-0.6	3.3	4.7	0.9	1.3	2.9
<i>Difference in growth forecast</i>	-1.4%	8.2%	3.0%	-7.5%	1.0%	3.7%

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2021	2022	2023	2024	2025
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	5.7	4.1	2.4	2.2	2.1
GCEA Average	5.9	3.5	2.4	2.4	2.4
Real Consumption					
<i>Growth</i>					
ERFC	6.3	4.2	2.4	2.3	2.3
GCEA Average	6.3	4.0	2.6	2.4	2.3
PCE Price Index					
<i>Growth</i>					
ERFC	2.4	1.6	1.6	1.8	2.0
GCEA Average	2.2	2.3	2.2	2.1	2.0
Mortgage Rate					
<i>Percent</i>					
ERFC	3.1	3.6	3.8	3.9	4.1
GCEA Average	3.4	3.7	3.6	4.1	4.3
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	66.1	62.3	59.1	57.0	55.8
GCEA Average	62.4	63.3	64.7	61.7	62.0

When will Washington Employment return to its previous peak (YYYY.Q)? 2023.1

Washington State

Real Personal Income

<i>Growth</i>					
ERFC	2.4	-0.5	3.2	3.4	3.2
GCEA Average	2.8	-0.7	2.6	2.8	3.3

Wage and Salary Employment

<i>Growth</i>					
ERFC	1.7	3.7	2.3	1.6	1.3
GCEA Average	2.8	3.1	2.4	1.9	1.7

Manufacturing Employment

<i>Growth</i>					
ERFC	-4.5	0.0	0.6	0.3	0.0
GCEA Average	-5.0	-1.1	0.6	0.3	0.3

Construction Employment

<i>Growth</i>					
ERFC	2.4	-3.3	-2.0	0.2	1.1
GCEA Average	2.5	-0.3	-0.1	0.7	1.0

Housing Permits

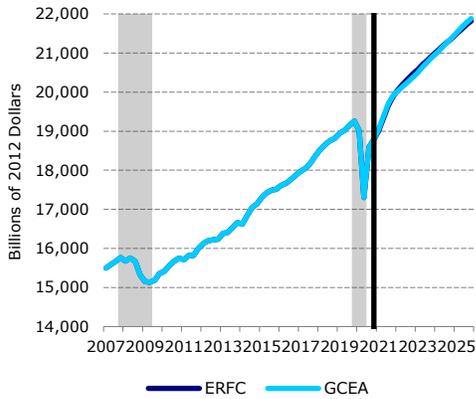
<i>Thousands of authorized units</i>					
ERFC	52.2	45.8	43.1	43.6	43.6
GCEA Average	48.7	47.2	45.4	45.2	44.4

Washington Average Annual Wage

<i>Growth</i>					
ERFC	4.2	1.2	2.9	3.8	4.2
GCEA Average	4.4	2.1	2.6	3.2	3.7

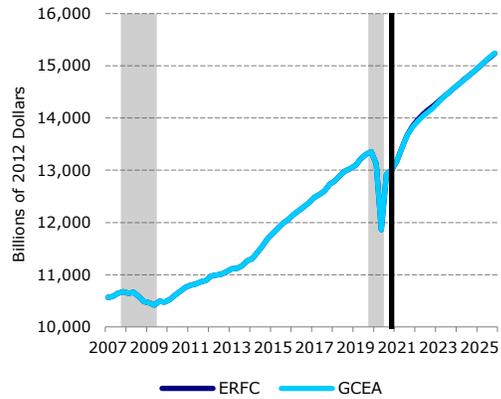
U.S. Forecast Comparison

Real GDP



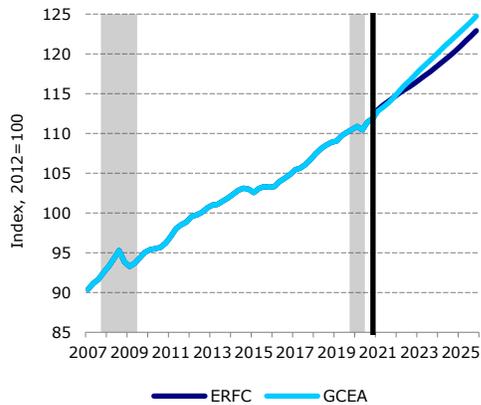
Source: BEA, ERFC, GCEA; data through 2020 Q4

Real Consumption



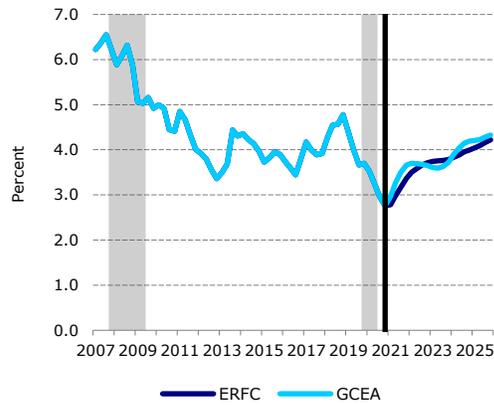
Source: BEA, ERFC, GCEA; data through 2020 Q4

PCE Price Index



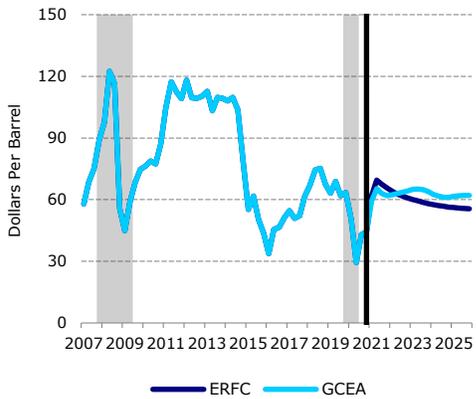
Source: BEA, ERFC, GCEA; data through 2020 Q4

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2020 Q4

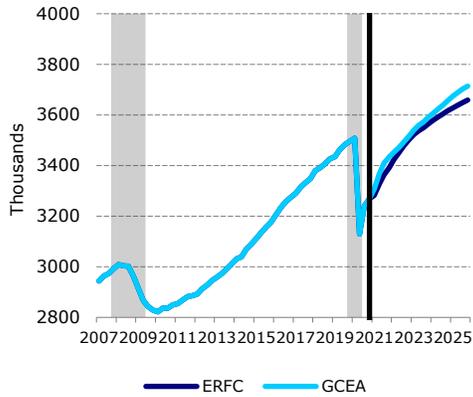
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2020 Q4

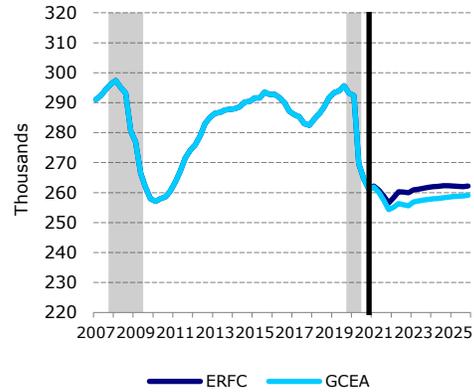
Washington Forecast Comparison

Nonfarm Payroll Employment



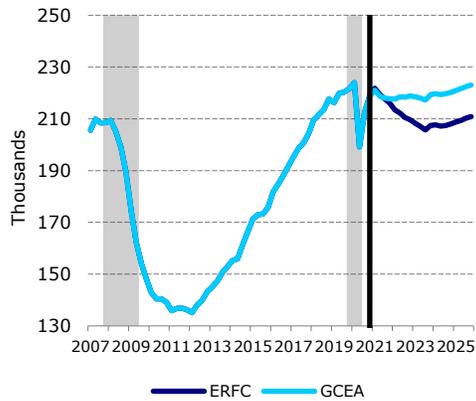
Source: ESD, ERFC, GCEA; data through 2020 Q4

Manufacturing Employment



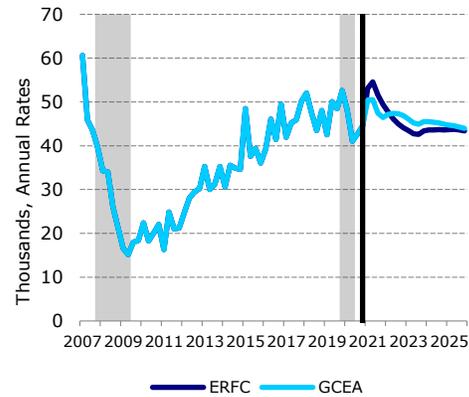
Source: ESD, ERFC, GCEA; data through 2020 Q4

Construction Employment



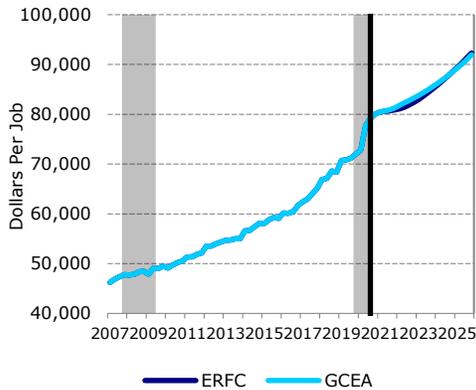
Source: ESD, ERFC, GCEA; data through 2020 Q4

Housing Units Authorized



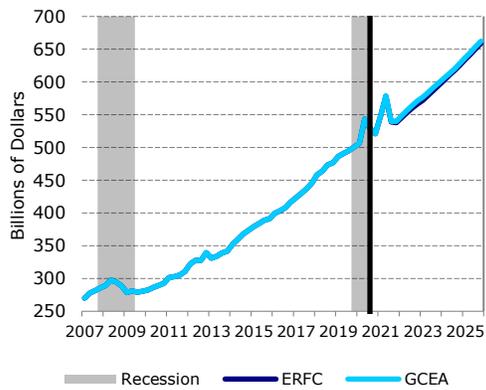
Source: Census, ERFC, GCEA; data through 2020 Q4

Average Annual Wage



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

Personal Income



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

2019-21 Enacted Budget Balance Sheet
General Fund-State (GFS), Education Legacy Trust Account (ELTA),
Washington Opportunity Pathways Account (OPA),
Workforce Education Investment Account (WEIA) and Budget Stabilization Account (BSA)
Dollars in Millions

	2019-21		
	GFS	ELTA, OPA and WEIA	TOTAL
RESOURCES			
Beginning Fund Balance	999.3	981.9	1,981.2
November 2020 Revenue Forecast	48,796.4	2,198.2	50,994.7
March 2021 Revenue Forecast change	1,244.2	95.3	1,339.5
Current Revenue Totals	50,040.7	2,293.5	52,334.2
Transfer to Budget Stabilization Account (1% of GSR)	(485.8)		(485.8)
Transfer to Budget Stabilization Account (EGSR)	-		-
Enacted Fund Transfers	35.2	160.0	195.2
CAFR Adjustments FY 20	(3.9)	28.2	24.2
Actual/Assumed Prior Period Adjustments	59.7		59.7
Total Resources (including beginning fund balance)	50,645.2	3,463.6	54,108.8
EXPENDITURES			
2019-21 Biennium			
Enacted Budgets	50,602.8	3,096.9	53,699.7
Actual/Assumed Reversions**	(745.5)	-	(745.5)
Total Expenditures	49,857.3	3,096.9	52,954.2
RESERVES			
Projected Ending Balance	787.9	366.7	1,154.6
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	1,618.4		1,618.4
Transfers from General Fund (1% of GSR)	485.8		485.8
Transfers from GFS (EGSR)	-		-
Prior Period Adjustment-FY 20	0.9		0.9
Actual/Assumed Interest Earnings	42.1		42.1
Fund Transfer- EHB 2965- ESD transfer back to BSA	25.0		25.0
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	1,808.0		1,808.0
Total Reserves (Near General Fund plus Budget Stabilization)	2,595.9	366.7	2,962.6

***FY 21 Estimated GFS reversions adjusted for K-3 update*

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

CAFR- Comprehensive Annual Financial Report