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Revenue Review

February 16, 2022



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

February 16, 2022
9:00 a.m.

- Call to order
- Approval of meeting minutes from February 3, 2022
- 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
February 3, 2022
Conference Call

Economic and Revenue Forecast Council

Tim Ormsby, House of Representatives, Chair
Christine Rolfes, Senate
Lynda Wilson, Senate
Ed Orcutt, House of Representatives
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 11:02 a.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the meeting minutes from January 19, 2022. Motion passed unanimously at 11:04 a.m.

Economic Forecast Presentation

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

Motion

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the economic forecast as well as to allow any new information to be incorporated into the forecast. Motion passed unanimously at 11:22 a.m.

Adjournment

With no further business, the meeting adjourned at 11:28 a.m.

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



Economic & Revenue Review: February 16, 2022

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's February 2022 Control forecast for the U.S. economy. The forecast for GDP growth in 2022 is now 3.7%, down from 3.9% in the preliminary February forecast. For 2023, real GDP growth is 2.7%, up from 2.6% in the preliminary forecast and for 2024 real GDP growth is 2.2%, up from 2.1% in the preliminary forecast. We do not have a new long term forecast from Blue Chip since the October 2021 forecast. For 2025-27, we assume the same growth rates as in the October Blue Chip long term forecast. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027, unchanged from 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 February 9th closing prices for Brent and WTI futures. Oil prices are higher than expected in the November forecast but, as in November, are expected to decline gradually over the forecast. The latest futures prices indicate that the refiner acquisition price of crude will average \$86 per barrel in the first quarter of 2022 compared to \$77 in the November forecast. By the fourth quarter of 2025 the refiner acquisition price of crude is expected to average \$69 per barrel compared to \$66 per barrel in the November forecast.
- National employment in January increased by a stronger-than-expected 467,000 net jobs. As a result of the annual benchmarking process for employment data, total 2021 employment is 217,000 higher than previously reported. Sectors with the largest job gains in January included food services and drinking places (+108,000), retail trade (+61,000), transportation and warehousing (+54,000), professional and technical services (+46,000), local government education (+29,000), employment services (+26,000), accommodation (+23,000) and amusements, gambling and recreation (+20,000). Sectors with declining employment in January included transportation equipment manufacturing (-10,000), individual and family services (-8,000), state government excluding education (-7,000), securities, commodity contracts, investments, and funds and trusts (-7,000), Federal government except Postal Service (-5,000), construction (-5,000), mining (-4,000) and telecommunication (-3,000).
- Two key measures of consumer confidence decreased this month. The University of Michigan (UM) consumer sentiment survey decreased by 1.8 points to 68.8 in January. Consumers were less optimistic about both current and future economic prospects, with inflation cited as a concern by survey respondents. The Conference Board index of consumer confidence decreased by 1.4 points in January to 113.8. Survey results indicated that concerns about inflation declined for the second straight month but remain elevated

after hitting a 13-year high in November 2021. Concerns about the pandemic increased slightly, amid the ongoing Omicron surge.

- Residential construction activity picked up in December but existing home sales slowed. December housing starts increased by 1.4% (SA) compared to November and were 2.5% above their December 2020 level. Housing units authorized by building permits in December were 9.1% (SA) above their November level and 6.5% above from their year-ago level. New home sales in December increased by 11.9% (SA) compared to November but were 14.0% below their year-ago level. Existing home sales in December decreased by 4.6% (SA) compared to November and were down 7.1% compared to December 2020. The seasonally adjusted Case-Shiller national home price index for November was 1.1% above its October level and 18.8% above its year-ago level.
- Threats to the U.S. and Washington economies include the uncertain impact of COVID-19, the potential for inflation to remain elevated and geopolitical risks.

Washington

- We have two months of new Washington employment data since the November forecast was released. Total seasonally adjusted nonfarm payroll employment increased 11,900 in November and December which was 9,700 less than the increase of 21,600 expected in the forecast. Washington employment is now 87,900 (2.5%) lower than at its February 2020 peak. Private services-providing sectors added only 4,600 jobs in the two-month period compared to an expected gain of 18,900 jobs. The manufacturing sector added 3,200 jobs including 1,100 jobs in aerospace manufacturing, and construction employment increased by 2,500 jobs. State and local government employment increased by 2,300 jobs in November and December and the federal government added 1,500 jobs.
- Data revisions added 1,800 (0.1%) to the estimated level of total employment in October 2021. Because employment growth in November and December was less than expected, employment is 7,900 (0.2%) lower in December than expected in the November forecast.
- Washington's unemployment rate declined to 4.5% in December from 4.7% in November. December's rate was the lowest rate since the pandemic hit. 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%.
- 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 2021. According to these estimates, Washington personal income increased from \$550.9 billion (SAAR) in the second quarter of 2021 to \$553.7 billion in the third quarter. The 2.1% increase (SAAR) in Washington personal income was the 28th best performance among the states and District of Columbia and trailed the 2.6% rate of increase for the U.S. as a whole. Once again, changes to personal income from Covid-19 relief programs dominated overall personal income growth. Special Covid-related unemployment programs declined by \$7.1

- billion in the third quarter and direct payments to individuals declined by \$5.6 billion. Partially offsetting these was a \$3.3 billion increase in child tax credits. Other Covid-related programs subtracted another \$1.6 billion for a total decline of \$11.1 billion in personal income from Covid-related programs in the third quarter. Washington personal income excluding these programs increased at an 11.0% annual rate which was 13th best in the nation and surpassed national rate of 10.1%.
- Washington housing construction increased in the fourth quarter of 2021 on continued strength in multi-family activity. Washington housing permits increased from 55,700 units (SAAR) in the third quarter of 2021 to 58,600 units in the fourth quarter. Fourth quarter permits consisted of 23,000 single-family units and 35,600 multi-family units. The November forecast expected 50,500 (SAAR) units in the fourth quarter as a whole consisting of 25,100 single-family units and 25,400 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 2.1% in November compared to a 1.2% increase in the composite-20 index. November Seattle home prices were up 23.3% over the year, down only slightly from a record 25.5% over-the-year increase in July. In comparison, the composite-20 index was up 18.3% over the year in November. November Seattle home prices were up 171% since the December 2011 trough and exceeded the May 2007 peak by 88%.
 - Seattle-area consumer price inflation outpaced the national average in the year ending in December 2021. From December 2020 to December 2021, the seasonally adjusted Seattle CPI rose 7.6% compared to the 7.1% increase in the U.S. City Average index. These relatively high rates were partially due to much higher food and energy prices this year compared to last year. However, core prices, which exclude food and energy, still increased 6.5% in Seattle and 5.5% in the national index. Seattle shelter cost inflation trailed the national average at 3.0% compared to 4.2%. Seattle inflation excluding shelter exceeded the national average at 10.2% compared to 8.6%.
 - According to the World Institute for Strategic Economic Research (WISER), Washington exports increased 39% from the fourth quarter of 2020 to the fourth quarter of 2021. After more than two years of year-over-year declines, Washington exports of transportation equipment (mostly Boeing planes) increased over the year for a third consecutive quarter, rising 110%. Agricultural exports increased 29% over the year but this could be misleading as the data include soybean and corn exports which receive only minimal processing in Washington. Exports from all other sectors (mostly manufacturing) increased 15% over the year.
 - Washington car and truck sales edged up in January after five consecutive monthly declines. The seasonally adjusted number of new vehicle registrations increased 2.1% in January following declines of 7.7%, 9.5%, 2.6%, 3.4%, and 5.1% in August, September, October, November, and December. The number of registrations is down 20.2% over the year.
 - We expect a 4.2% increase in Washington employment this year which is slightly less than the 4.4% growth rate expected in the November 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 1.5% per year in 2023 through 2025 which is

the same average growth rate expected in the November forecast. Employment growth is expected to slow to an average rate of 0.8% per year in 2026 and 2027. Our forecast for nominal personal income growth this year is 2.9%, up from 1.9% in the November forecast. Personal income growth will be weak this year as the extraordinary stimulus of the last two years is withdrawn. Our new forecast for nominal personal income growth in 2023 through 2025 averages 5.5% per year compared to 5.2% in the November forecast. Personal income growth is expected to grow at an average rate of 5.1% per year in 2026 and 2027.

Revenue

- State taxable activity has once again been much stronger than expected. Cumulative major General Fund-State (GF-S) collections from November 11, 2021 through February 10, 2022 came in \$452 million (5.9%) above the November forecast.
- Most of the collections in excess of the forecast were Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products). Cumulative Revenue Act collections came in \$286 million (5.5%) higher than forecasted in November.
- The February economic forecast featured increases in personal income, construction employment and housing permits, all of which are conducive to revenue growth. Combining those factors with the recent strength in collections, forecasted Revenue Act receipts have been increased by \$1.0 billion in the 2021-23 biennium and \$1.1 billion in the 2023-25 biennium.
- The property market has also continued to be stronger than expected. Real estate excise tax (REET) collections came in \$133 million higher than forecasted. Both commercial and residential real estate have exceeded expectations. REET collections for the 2021-23 biennium are now expected to be \$283 million higher than previously forecasted. The REET forecast was increased by \$93 million for the 2023-25 biennium.
- Including the increases in Revenue Act taxes, REET and other sources, the GF-S forecast has been increased by \$1.40 billion in the 2021-23 biennium and \$1.31 billion in the 2023-25 biennium.
- Forecasted GF-S revenue is now \$58.919 billion for the 2021-23 biennium and \$62.175 billion for the 2023-25 biennium. This is the first forecast that also includes the 2025-27 biennium. Forecasted GF-S revenue is \$66.532 billion for that biennium.
- The forecast of Education Legacy Trust Account (ELTA) revenue was increased by \$56 million in the 2021-23 biennium and \$2 million in the 2023-25 biennium. Forecasted ELTA revenue is now \$1.743 billion for the 2021-23 biennium and \$2.084 billion for the 2023-25 biennium. Forecasted ELTA revenue is \$2.305 billion for the 2025-27 biennium.
- The forecast of revenue dedicated to the Opportunity Pathways Account (OPA) was decreased by \$10 million in the 2021-23 biennium and increased

- by \$2 million in the 2023-25 biennium. Forecasted OPA revenue is now \$345 million for the 2021-23 biennium and \$356 million for the 2023-25 biennium as well. Forecasted OPA revenue is \$357 million for the 2025-27 biennium.
- Forecasted revenue dedicated to the Workforce Education Investment Account (WEIA) has been increased by \$6 million in the 2021-23 biennium and \$5 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$684 million for the 2021-23 biennium and \$753 million for the 2023-25 biennium. Forecasted WEIA revenue is \$831 million for the 2025-27 biennium.
 - Summing the changes to the GF-S, ELTA, OPA and WEIA forecasts, total state revenue subject to the budget outlook process is expected to increase by \$1.453 billion in the 2021-23 biennium and \$1.320 billion in the 2023-25 biennium.
 - The forecasted total of GF-S, ELTA, OPA and WEIA revenue for the 2021-23 biennium is \$61.691 billion, an increase of 16.1% over 2019-21 biennial revenue, and forecasted total revenue for the 2023-25 biennium is \$65.368 billion, an increase of 6.0% over expected 2021-23 biennial revenue. Forecasted total revenue for the 2025-27 biennium is \$70.025 billion, an increase of 7.1% over expected 2023-25 biennial revenue.

Revenue Review

Presented to
Economic and Revenue Forecast Council

Steve Lerch
Executive Director

February 16, 2022



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Summary

- Inflation, oil prices and interest rates are higher than in the November forecast
- The Federal Reserve is assumed to start raising interest rates in March
- The WA economy is expected to outperform the national economy in both employment and personal income growth for 2022 – 2025
- The forecast of funds subject to the budget outlook is increased by \$1,453 million for 2021-23 biennium

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Since the November forecast...

The economic forecast incorporates Nov. 2021 and Dec. 2021 employment data for WA; Nov. 2021, Dec. 2021 and Jan. 2022 for the U.S.

Positives:

- U.S. employment has increased by 1,624,000 jobs
- WA employment has increased by 11,900 jobs
- New COVID cases appear to be declining
- WA retail sales and residential real estate transactions remain strong

Negatives:

- Inflation is higher
- Workers absent due to illness at all-time high
- Supply chain and logistics bottlenecks continue to hamper production and sales

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Data updates since preliminary forecast

U.S.

- January employment: +467,000 jobs
- January unemployment rate: 4.0%, up from 3.9% in December
- GDP growth: 2022 decreased from 3.9% to 3.7%; 2023 increased from 2.6% to 2.7%

Washington

- Revised historical personal income data back to 2016

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Forecast risks

Upside

- COVID cases continue to decline, no further variants detected
- The impact of the Infrastructure Investment and Jobs Act is more robust than expected

Downside

- New COVID variants lead to increased cases and hospitalizations, slowing pace of recovery
- Inflation remains elevated
- Geopolitical risks

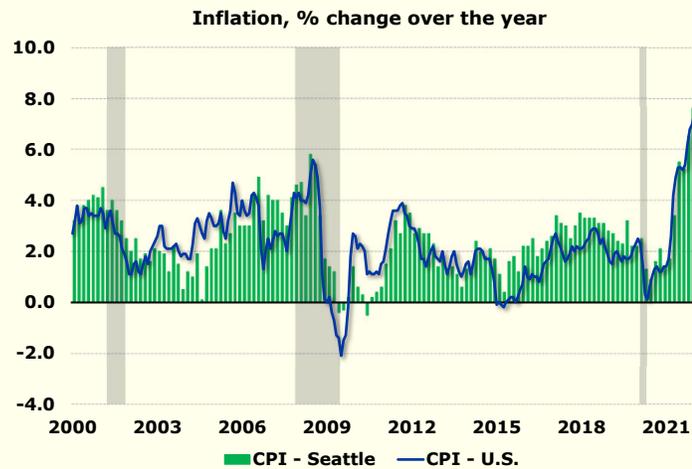
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In January, prices rose at fastest rate since February 1982



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Source: U.S. Bureau of Labor Statistics, U.S. data through Jan. 2022, Seattle data through Dec. 2021

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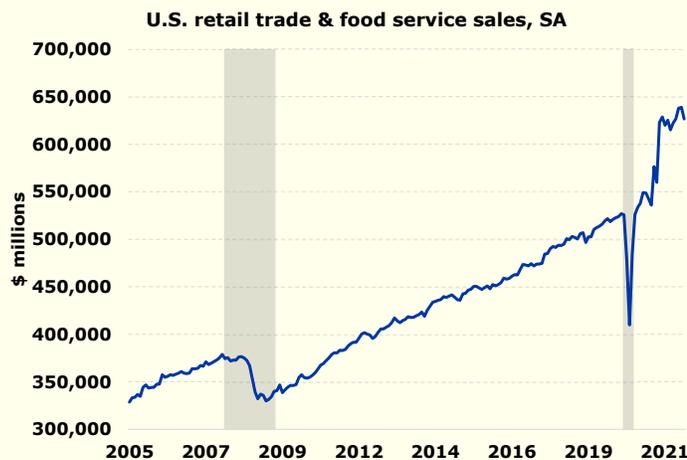
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U.S. retail trade sales decreased 1.9% in December

Sectors with largest sales increases in December:

- Miscellaneous store retail: +1.8%
- Bldg. material & garden supplies: +0.9%
- Health & personal care stores: +0.5%



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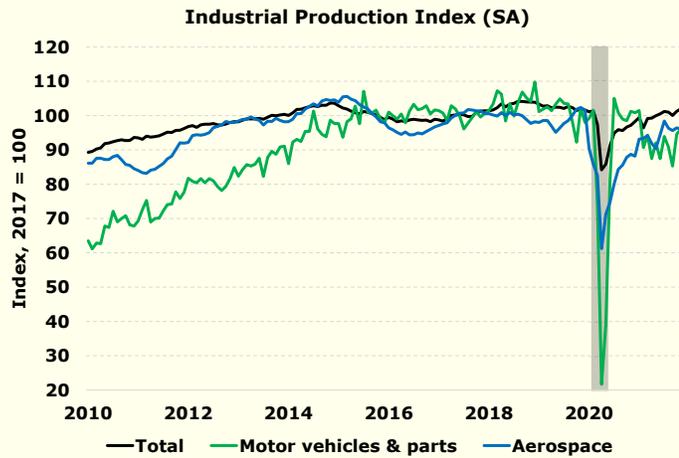
Source: U.S. Census Bureau; data through advanced December 2021

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Although total U.S. industrial production is above pre-pandemic levels, it is not for all sectors



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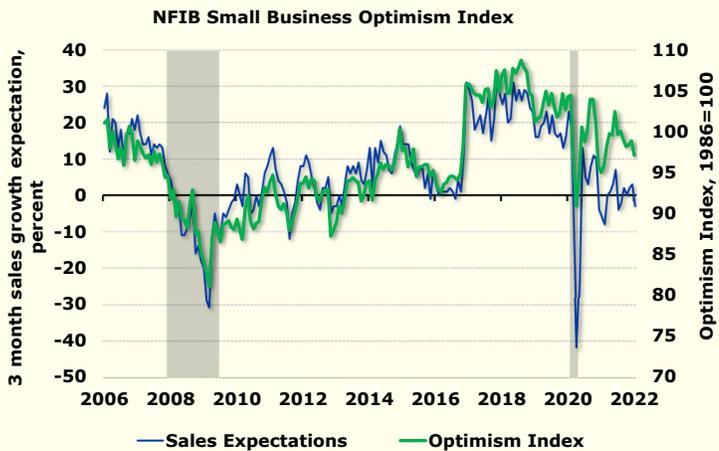
Source: Federal Reserve Board; data through December 2021

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Optimism, sales expectations weaken as small business owners deal with inflation, unfilled jobs



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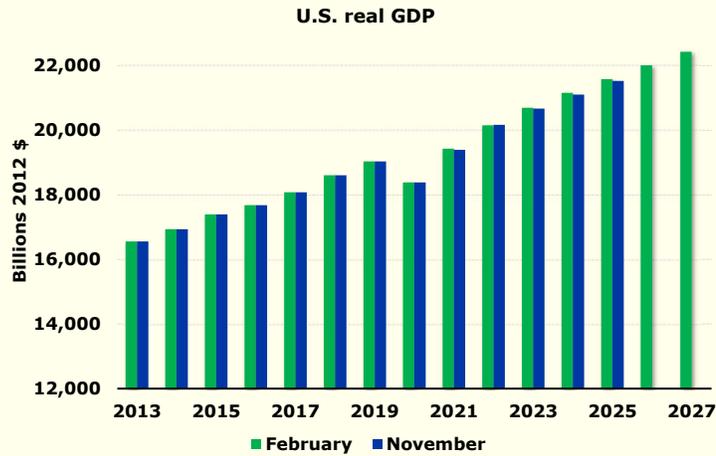
Source: National Federation of Independent Business; data through January 2022

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GDP is very similar to the November forecast



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Source: ERFC February 2022 forecast; historical data through 2021

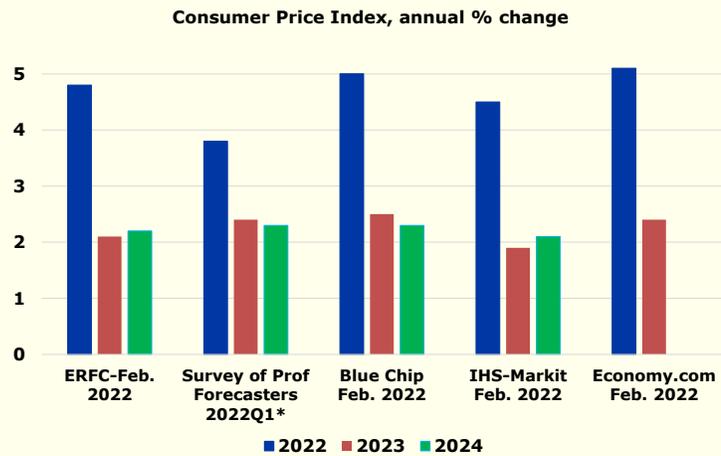
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Forecasters generally expect inflation to decrease after this year

The Consumer Price Index increased by 4.7% in 2021



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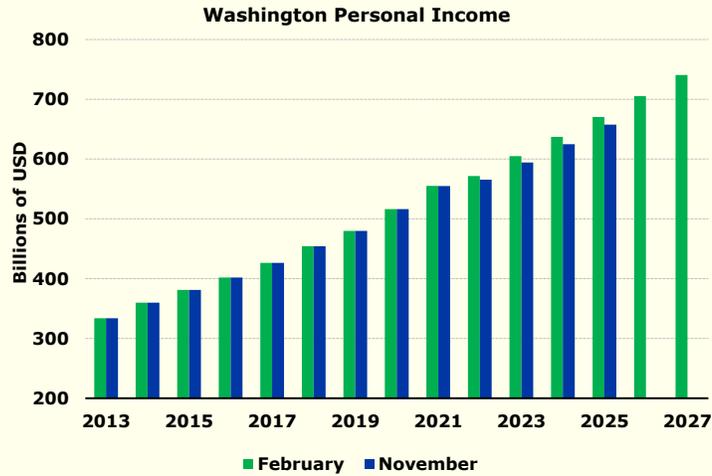
Source: Survey of Prof Forecasters: Q4 over Q4 average; all others annual averages

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WA personal income is slightly higher compared to the November forecast



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Source: ERFC February 2022 forecast; historical data through 2020

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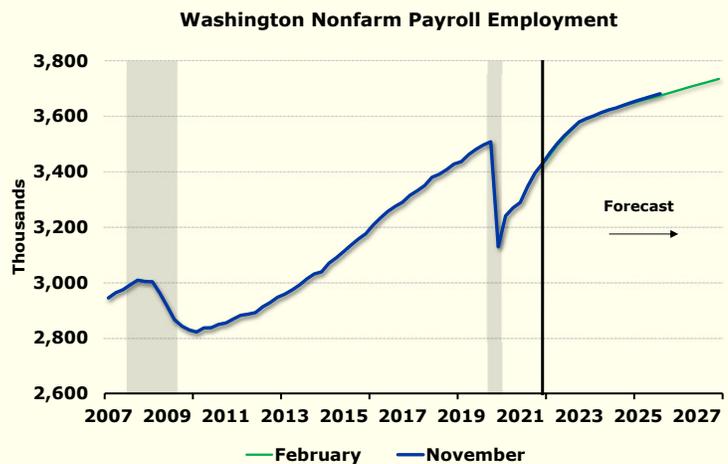


WA employment forecast is essentially unchanged from November

Average annual employment growth, 2022 to 2025:

U.S. = 1.6%

WA = 2.2%



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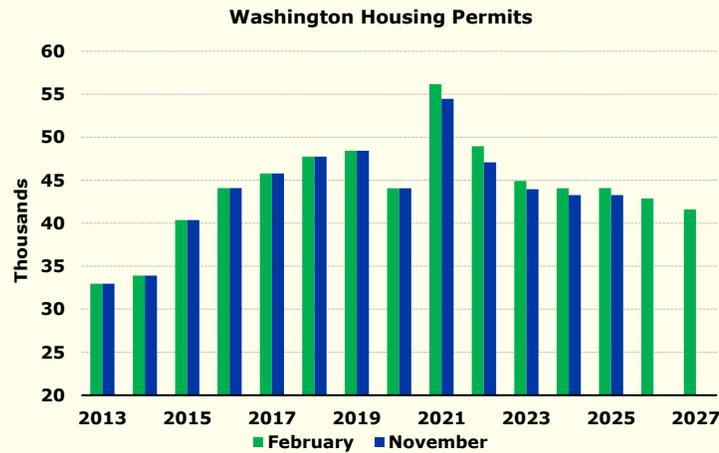
Source: ERFC February 2022 forecast; historical data through Q4 2021

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WA housing permits average 1,100 units higher in 2022 – 2025 compared to November



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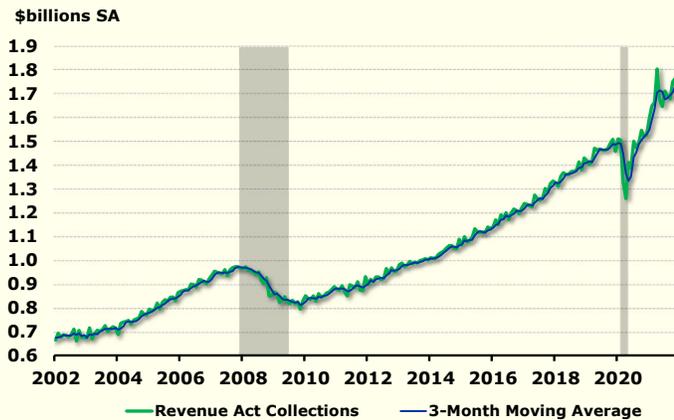
Source: ERFC February 2022 forecast; historical data through 2021

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Revenue Act collections remain strong; year over year growth 10.1% for December 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 December 2021 activity

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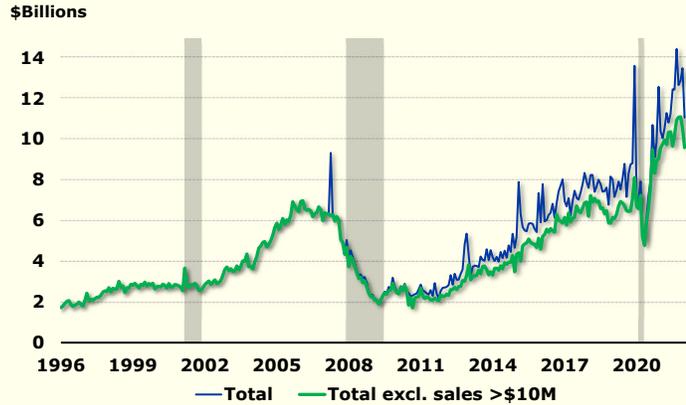
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Seasonally adjusted taxable REET activity decreased in January but remains strong

Large commercial transactions in January totaled \$1.5 B, down from \$2.9 B in December; excluding large sales, SA activity also decreased.

Seasonally Adjusted Taxable Real Estate Excise Activity



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Source: ERFC; Monthly data through January 2022 estimate

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Cannabis revenues appear to be moderating

Collections came in 0.7% below the November forecast

Retail Cannabis Collections



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Source: ERFC February 2022 forecast; historical data through January 2022

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Cannabis excise tax and license fee estimates

Total change since November forecast:

- 2021-23 +\$0.9 M
- 2023-25 +\$3.1 M

\$Millions

Cannabis Forecast

	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>
GF-S share of excise tax and license fees	\$393	\$417	\$456
Non-GF	\$684	\$710	\$748
Total	\$1,077	\$1,127	\$1,204

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Detail may not add to total due to rounding
Source: ERFC February 2022 forecast; historical data through January 2022

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

\$Millions	<u>Nov 2021 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Feb 2022 Forecast</u>	<u>Total Change</u> [#]
General Fund-State	\$57,519	n/a	\$1,400	\$58,919	\$1,400
Education Legacy Trust Account	\$1,687	n/a	\$56	\$1,687	\$56
WA Opportunity Pathways Account	\$354	n/a	(\$10)	\$345	(\$10)
Workforce Education Investment Account	\$678	n/a	\$6	\$684	\$6
Total	\$60,238	n/a	\$1,453	\$61,691	\$1,453

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

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

\$Millions	<u>Nov 2021 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Feb 2022 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$60,864	n/a	\$1,311	\$62,175	\$1,311
Education Legacy Trust Account	\$2,082	n/a	\$2	\$2,084	\$2
WA Opportunity Pathways Account	\$355	n/a	\$2	\$356	\$2
Workforce Education Investment Account	\$748	n/a	\$5	\$753	\$5
Total	\$64,047	n/a	\$1,320	\$65,368	\$1,320

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

- Collections variance of \$452 million since November forecast
- Higher inflation
- Slightly stronger personal income
- Stronger residential construction and construction employment
- Continued stronger-than-expected growth in retail sales, real estate transactions

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2021-23 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2021-23 Biennium	Difference From the baseline*
February 2022 Baseline (50%)	\$58,919	
<u>February 2022 Alternative Forecasts</u>		
Optimistic (20%)	\$61,453	\$2,534
Pessimistic (30%)	\$56,606	(\$2,314)
Probability Weighted Average	\$58,732	(\$187)
GCEA*	\$59,014	\$95

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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*
February 2022 Baseline (50%)	\$62,175	
<u>February 2022 Alternative Forecasts</u>		
Optimistic (20%)	\$67,721	\$5,546
Pessimistic (30%)	\$56,953	(\$5,222)
Probability Weighted Average	\$61,717	(\$457)
GCEA*	\$62,537	\$362

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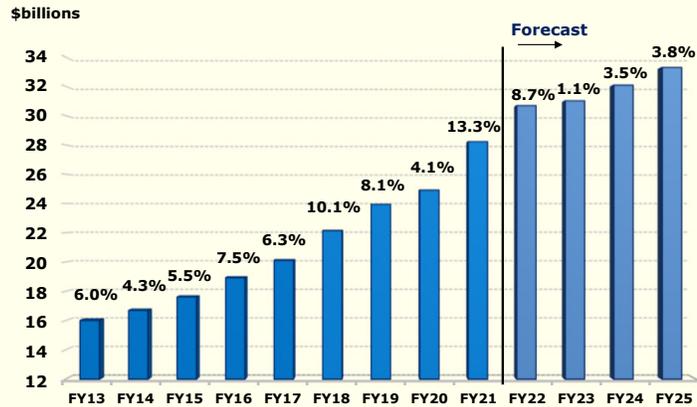
*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

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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, February 2022

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Conclusion

- U.S. GDP, employment forecasts similar to November; inflation, oil prices higher in 2022 - 2025
- WA personal income growth forecast slightly higher than Nov. forecast; residential construction forecast revised up
- COVID, inflation, geopolitics pose forecast risks
- Total state revenues are expected to grow 16.1% between the 2019-21 and 2021-23 biennia and 6.0% between the 2021-23 and 2023-25 biennia

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Questions

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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 February 2022 to the November 2021 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2021 Forecast</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>February 2022 Forecast</u>	<u>Total Change*</u>
General Fund-State	\$57,518.9	\$0.0	\$1,400.3	\$58,919.2	\$1,400.3
Education Legacy Trust Account	\$1,686.8	\$0.0	\$55.9	\$1,742.8	\$55.9
WA Opportunity Pathways Account	\$354.4	\$0.0	(\$9.9)	\$344.5	(\$9.9)
Workforce Education Investment Account	\$678.0	\$0.0	\$6.2	\$684.2	\$6.2
Total	\$60,238.1	\$0.0	\$1,452.6	\$61,690.7	\$1,452.6

*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 February 2022 to the November 2021 Forecast

2023-25 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2021 Forecast</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>February 2022 Forecast</u>	<u>Total Change*</u>
General Fund-State	\$60,863.6	\$0.0	\$1,311.2	\$62,174.8	\$1,311.2
Education Legacy Trust Account	\$2,081.6	\$0.0	\$2.1	\$2,083.7	\$2.1
WA Opportunity Pathways Account	\$354.5	\$0.0	\$1.7	\$356.2	\$1.7
Workforce Education Investment Account	\$747.8	\$0.0	\$5.1	\$752.9	\$5.1
Total	\$64,047.4	\$0.0	\$1,320.2	\$65,367.6	\$1,320.2

*Details may not add due to rounding

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

February 2018 through February 2022

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2018[#]	\$49,551	\$2,381				\$51,932
Changes to Forecast						
June 2018	324	33	357	(7) ^{#1}	350	52,282
September 2018	248	1	249	46 ^{#2}	295	52,577
November 2018	228	(27)	201	0	201	52,778
March 2019	402	(33)	369	190 ^{#3}	559	53,337
June 2019	17	8	24	322 ^{#4}	347	53,683
September 2019	(89)	10	(79)	0	(79)	53,604
November 2019	169	6	175	0	175	53,779
February 2020	501	12	512	0	512	54,291
June 2020	(4,431)	(139)	(4,570)	213 ^{#5}	(4,357)	49,935
September 2020	2187	59	2,246	0	2,246	52,181
November 2020	265	32	297	0	297	52,478
March 2021	1,807	88	1,894	0	1,894	54,372
June 2021	1,275	65	1,340	(101) ^{#6}	1,239	55,611
September 2021	889	(44)	845	0	845	56,457
November 2021	981	12	994	69 ^{#7}	1,062	57,519
February 2022	1,362	39	1,400	0	1,400	58,919
Total change***:						
From February 2016	6,133	121	6,255	732	6,987	
Percent change	12.4	5.1	12.0	1.4	13.5	

* 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

^{#7} Addition of financial services tax to forecast after court approval and expected refunds from DOR rule change on apportionment

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

History and Forecast by Fiscal Year (Cash basis)

February 2022 - 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 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	\$29,367	8.8%	\$812	11.9%	\$169	-8.1%	\$334	4.3%		\$30,683	8.7%
FY 2023	\$29,552	0.6%	\$930	14.6%	\$175	3.3%	\$350	4.8%		\$31,008	1.1%
FY 2024	\$30,552	3.4%	\$979	5.3%	\$179	2.1%	\$367	4.9%		\$32,078	3.5%
FY 2025	\$31,622	3.5%	\$1,104	12.7%	\$178	-0.6%	\$386	5.1%		\$33,290	3.8%
FY 2026	\$32,694	3.4%	\$1,134	2.7%	\$178	0.5%	\$405	5.1%		\$34,412	3.4%
FY 2027	\$33,838	3.5%	\$1,171	3.2%	\$178	0.0%	\$426	5.2%		\$35,614	3.5%

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	\$58,919	16.0%	\$1,743	6.3%	\$345	2.3%	\$684	94.2%	\$61,691	16.1%
23-25 Biennium	\$62,175	5.5%	\$2,084	19.6%	\$356	3.4%	\$753	10.0%	\$65,368	6.0%
25-27 Biennium	\$66,533	7.0%	\$2,305	10.6%	\$357	0.2%	\$831	10.4%	\$70,025	7.1%

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

Lottery Transfers by Fund

(cash basis, millions of dollars)

	Lottery: Total Transfers:*	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	205.6	31.2	0.0	0.0	0.0	0.0	0.4	4.5	169.5	0.0	0.0	0.0
2023	207.2	27.4	0.0	0.0	0.0	0.0	0.4	4.3	175.0	0.0	0.0	0.0
2021-23 Biennium	412.7	58.6	0.0	0.0	0.0	0.0	0.9	8.8	344.5	0.0	0.0	0.0
2024	211.2	27.7	0.0	0.0	0.0	0.0	0.4	4.4	178.6	0.0	0.0	0.0
2025	210.4	28.0	0.0	0.0	0.0	0.0	0.4	4.4	177.6	0.0	0.0	0.0
2023-25 Biennium	421.6	55.6	0.0	0.0	0.0	0.0	0.9	8.9	356.2	0.0	0.0	0.0
2026	211.3	28.0	0.0	0.0	0.0	0.0	0.4	4.4	178.4	0.0	0.0	0.0
2027	211.7	28.4	0.0	0.0	0.0	0.0	0.4	4.4	178.5	0.0	0.0	0.0
2025-27 Biennium	423.0	56.3	0.0	0.0	0.0	0.0	0.9	8.9	356.9	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

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	210.4	31.4	0.0	0.0	0.0	0.0	0.4	4.4	174.1	0.0	0.0	0.0
2023	207.7	27.7	0.0	0.0	0.0	0.0	0.4	4.4	175.1	0.0	0.0	0.0
2021-23 Biennium	418.1	59.1	0.0	0.0	0.0	0.0	0.9	8.9	349.3	0.0	0.0	0.0
2024	209.5	27.9	0.0	0.0	0.0	0.0	0.4	4.4	176.8	0.0	0.0	0.0
2025	210.5	28.0	0.0	0.0	0.0	0.0	0.4	4.4	177.6	0.0	0.0	0.0
2023-25 Biennium	420.0	55.9	0.0	0.0	0.0	0.0	0.9	8.9	354.4	0.0	0.0	0.0
2026	211.3	28.0	0.0	0.0	0.0	0.0	0.4	4.4	178.5	0.0	0.0	0.0
2027	211.8	28.0	0.0	0.0	0.0	0.0	0.4	4.4	178.9	0.0	0.0	0.0
2025-27 Biennium	423.1	56.0	0.0	0.0	0.0	0.0	0.9	8.9	357.4	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 February 2022 and November 2021 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	November 2021 Baseline	Non-Economic Changes	Economic Changes	February 2022 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,467.2	\$0.0	\$3.0	\$1,470.2	\$3.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$723.3	\$0.0	\$16.2	\$739.6	\$16.2
Lottery Commission Lottery Revenue	\$48.8	\$0.0	\$9.8	\$58.6	\$9.8
State Treasurer Interest Earnings	\$65.1	\$0.0	\$13.0	\$78.1	\$13.0
Office of Financial Management Other Agencies	\$133.7	\$0.0	\$1.4	\$135.1	\$1.4
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$91.9	\$0.0	(\$4.9)	\$87.0	(\$4.9)
Total General Fund-State	\$2,530.0	\$0.0	\$38.6	\$2,568.6	\$38.6

General Fund-State GAAP Estimates - Other Agencies

Comparison of the February 2022 and November 2021 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	November 2021 Baseline	Non-Economic Changes	Economic Changes	February 2022 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,467.2	\$0.0	\$3.0	\$1,470.2	\$3.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$723.3	\$0.0	\$16.2	\$739.6	\$16.2
Lottery Commission Lottery Revenue	\$53.8	\$0.0	\$5.3	\$59.1	\$5.3
State Treasurer Interest Earnings	\$50.0	\$0.0	\$14.1	\$64.1	\$14.1
Office of Financial Management Other Agencies	\$133.7	\$0.0	\$1.4	\$135.1	\$1.4
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$91.9	\$0.0	(\$4.9)	\$87.0	(\$4.9)
Total General Fund-State	\$2,520.0	\$0.0	\$35.2	\$2,555.1	\$35.2

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies

Comparison of the February 2022 and November 2021 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2021 Baseline	Non-Economic Changes	Economic Changes	February 2022 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,549.3	\$0.0	\$10.5	\$1,559.7	\$10.5
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$760.5	\$0.0	\$9.0	\$769.5	\$9.0
Lottery Commission Lottery Revenue	\$54.3	\$0.0	\$1.3	\$55.6	\$1.3
State Treasurer Interest Earnings	\$35.4	\$0.0	\$35.3	\$70.7	\$35.3
Office of Financial Management Other Agencies	\$166.8	\$0.0	(\$4.4)	\$162.5	(\$4.4)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$85.0	\$0.0	(\$4.6)	\$80.5	(\$4.6)
Total General Fund-State	\$2,651.3	\$0.0	\$47.2	\$2,698.5	\$47.2

General Fund-State GAAP Estimates - Other Agencies

Comparison of the February 2022 and November 2021 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2021 Baseline	Non-Economic Changes	Economic Changes	February 2022 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,549.3	\$0.0	\$10.5	\$1,559.7	\$10.5
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$760.5	\$0.0	\$9.0	\$769.5	\$9.0
Lottery Commission Lottery Revenue	\$54.1	\$0.0	\$1.7	\$55.9	\$1.7
State Treasurer Interest Earnings	\$35.0	\$0.0	\$35.7	\$70.7	\$35.7
Office of Financial Management Other Agencies	\$166.8	\$0.0	(\$4.4)	\$162.5	(\$4.4)
Washington Court System GF-S Share of Fines, Fees, and Forfeiture:	\$85.0	\$0.0	(\$4.6)	\$80.5	(\$4.6)
Total General Fund-State	\$2,650.7	\$0.0	\$48.0	\$2,698.7	\$48.0

* Detail may not total due to rounding.

February 2022Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2021-23 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the February 2022 Baseline</u>
February 2022 GF-S Baseline (50%)	\$58,919	
February 2022 Alternative GF-S Forecasts		
Optimistic (20%)	\$61,453	\$2,534
Pessimistic (30%)	\$56,606	(\$2,314)
Probability Weighted Average	\$58,732	(\$187)
GCEA*	\$59,014	\$95

2023-25 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the February 2022 Baseline</u>
February 2022 GF-S Baseline (50%)	\$62,175	
February 2022 Alternative GF-S Forecasts		
Optimistic (20%)	\$67,721	\$5,546
Pessimistic (30%)	\$56,953	(\$5,222)
Probability Weighted Average	\$61,717	(\$457)
GCEA*	\$62,537	\$362

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

U.S. Forecast Comparison

	2021Q4	2022Q1	2022Q2	2022Q3
Real GDP (Billions of 2012 Dollars)				
February Forecast	19,806	19,886	20,095	20,243
Percent Change	6.9%	1.6%	4.3%	3.0%
November Forecast	19,686	19,905	20,099	20,263
Percent Change	4.6%	4.5%	4.0%	3.3%
Real Consumption (Billions of 2012 Dollars)				
February Forecast	13,843	13,914	14,038	14,111
Percent Change	3.3%	2.1%	3.6%	2.1%
November Forecast	13,819	13,951	14,072	14,174
Percent Change	2.9%	3.9%	3.5%	2.9%
PCE Price Index (2012=100)				
February Forecast	118.1	119.5	120.3	121.0
Percent Change	6.5%	4.8%	2.8%	2.2%
November Forecast	117.3	117.9	118.5	119.0
Percent Change	3.6%	2.1%	2.0%	1.8%
Real Personal Income (Billions of 2012 Dollars)				
February Forecast	17,698	17,577	17,766	17,930
Percent Change	-4.2%	-2.7%	4.4%	3.7%
November Forecast	17,525	17,536	17,690	17,851
Percent Change	-4.7%	0.3%	3.6%	3.7%
Nonfarm Payroll Employment (Millions)				
February Forecast	148.6	150.0	151.2	152.1
Percent Change	4.8%	3.9%	3.1%	2.5%
November Forecast	148.8	150.0	151.2	152.2
Percent Change	3.8%	3.4%	3.2%	2.7%
Unemployment Rate (Percent of Labor Force)				
February Forecast	4.2	3.9	3.6	3.4
November Forecast	4.5	4.2	4.0	3.8
Oil Price, Refiner's Acquisition				
February Forecast	75.8	86.0	86.1	82.9
November Forecast	79.3	77.3	74.5	72.5
30 Year Fixed Mortgage Rate (Percent, average)				
February Forecast	3.1	3.5	3.5	3.7
November Forecast	3.1	3.2	3.3	3.5
3 Month T-Bill Rate (Percent, average)				
February Forecast	0.1	0.2	0.4	0.7
November Forecast	0.1	0.1	0.0	0.0

	2021	2022	2023	2024	2025	2026	2027
Real GDP (Billions of 2012 Dollars)							
February Forecast	19,427	20,152	20,693	21,156	21,579	22,011	22,429
Percent Change	5.7%	3.7%	2.7%	2.2%	2.0%	2.0%	1.9%
November Forecast	19,394	20,166	20,670	21,104	21,526	...	...
Percent Change	5.5%	4.0%	2.5%	2.1%	2.0%	...	...
Real Consumption (Billions of 2012 Dollars)							
February Forecast	13,631	14,066	14,452	14,830	15,156	15,490	15,830
Percent Change	7.9%	3.2%	2.7%	2.6%	2.2%	2.2%	2.2%
November Forecast	13,622	14,116	14,469	14,802	15,127	...	...
Percent Change	7.9%	3.6%	2.5%	2.3%	2.2%	...	...
PCE Price Index (2012=100)							
February Forecast	115.5	120.6	123.1	125.6	128.2	130.9	133.7
Percent Change	3.9%	4.4%	2.0%	2.1%	2.1%	2.1%	2.1%
November Forecast	115.3	118.7	121.0	123.5	126.0	...	...
Percent Change	3.7%	2.9%	1.9%	2.1%	2.1%	...	...
Real Personal Income (Billions of 2012 Dollars)							
February Forecast	18,237	17,830	18,402	18,937	19,435	19,922	20,386
Percent Change	3.3%	-2.2%	3.2%	2.9%	2.6%	2.5%	2.3%
November Forecast	18,136	17,754	18,233	18,729	19,228	...	...
Percent Change	2.8%	-2.1%	2.7%	2.7%	2.7%	...	...
Nonfarm Payroll Employment (Millions)							
February Forecast	146.1	151.5	153.9	155.0	155.5	155.9	156.2
Percent Change	2.8%	3.7%	1.6%	0.7%	0.3%	0.2%	0.2%
November Forecast	146.2	151.6	154.1	155.1	155.7	...	...
Percent Change	2.7%	3.7%	1.6%	0.7%	0.4%	...	...
Unemployment Rate (Percent of Labor Force)							
February Forecast	5.4	3.6	3.5	3.7	4.0	4.2	4.3
November Forecast	5.4	3.9	3.7	3.9	4.0	...	...
Oil Price, Refiner's Acquisition							
February Forecast	67.4	83.9	76.5	72.3	69.7	68.1	67.3
November Forecast	68.4	73.9	68.3	65.0	62.8	...	...
30 Year Fixed Mortgage Rate (Percent, average)							
February Forecast	3.0	3.7	4.3	4.6	4.7	4.8	4.9
November Forecast	3.0	3.4	3.9	4.3	4.6	...	...
3 Month T-Bill Rate (Percent, average)							
February Forecast	0.0	0.6	1.2	1.7	1.9	2.2	2.4
November Forecast	0.0	0.1	0.3	0.9	1.5	...	...

Washington Forecast Comparison

	2021Q4	2022Q1	2022Q2	2022Q3
Real Personal Income (Billions of 2012 Dollars)				
February Forecast	469.2	466.9	471.8	476.5
Percent Change	-3.3%	-1.9%	4.2%	4.1%
November Forecast	468.1	470.2	474.4	479.0
Percent Change	-6.0%	1.8%	3.6%	3.9%
Personal Income (Billions of Dollars)				
February Forecast	554.1	558.0	567.7	576.5
Percent Change	3.0%	2.9%	7.1%	6.3%
November Forecast	549.0	554.2	561.9	569.9
Percent Change	-2.6%	3.9%	5.7%	5.8%
Disposable Personal Income (Billions of Dollars)				
February Forecast	488.7	490.2	497.9	505.5
Percent Change	1.4%	1.2%	6.5%	6.2%
November Forecast	484.5	488.0	494.6	501.6
Percent Change	-3.3%	2.9%	5.5%	5.8%
Nonfarm Payroll Employment (Thousands)				
February Forecast	3425	3458	3494	3524
Percent Change	3.6%	3.9%	4.2%	3.5%
November Forecast	3429	3467	3500	3529
Percent Change	4.0%	4.6%	3.9%	3.3%
Unemployment Rate (Percent of Labor Force)				
February Forecast	4.7	4.3	4.1	4.0
November Forecast	5.0	4.7	4.5	4.4
Manufacturing Employment (Thousands)				
February Forecast	263.3	266.6	270.1	272.0
Percent Change	7.5%	5.1%	5.4%	2.8%
November Forecast	261.8	265.9	266.2	265.2
Percent Change	4.9%	6.4%	0.5%	-1.6%
Construction Employment (Thousands)				
February Forecast	226.0	228.0	226.4	225.3
Percent Change	6.5%	3.5%	-2.7%	-1.9%
November Forecast	224.4	221.6	220.6	219.7
Percent Change	3.5%	-5.0%	-1.8%	-1.6%
Housing Permits (Thousands)				
February Forecast	58.6	51.2	49.9	48.0
Percent Change	22.2%	-41.6%	-10.1%	-13.9%
November Forecast	50.5	49.2	47.5	46.3
Percent Change	-34.3%	-9.8%	-13.0%	-10.2%

	2021	2022	2023	2024	2025	2026	2027
February Forecast	480.8	473.9	491.6	507.4	522.7	538.4	553.9
Percent Change	3.5%	-1.4%	3.7%	3.2%	3.0%	3.0%	2.9%
November Forecast	481.3	476.4	491.3	506.1	521.8	...	...
Percent Change	3.7%	-1.0%	3.1%	3.0%	3.1%	...	...
February Forecast	555.2	571.5	605.0	637.2	670.3	705.1	740.7
Percent Change	7.5%	2.9%	5.9%	5.3%	5.2%	5.2%	5.1%
November Forecast	554.7	565.5	594.3	624.9	657.7	...	...
Percent Change	7.5%	1.9%	5.1%	5.2%	5.2%	...	...
February Forecast	493.7	501.3	529.9	558.6	588.8	620.5	652.6
Percent Change	6.1%	1.5%	5.7%	5.4%	5.4%	5.4%	5.2%
November Forecast	493.1	497.8	523.8	552.3	582.4	...	...
Percent Change	6.0%	0.9%	5.2%	5.4%	5.5%	...	...
February Forecast	3364	3507	3594	3633	3664	3693	3723
Percent Change	2.4%	4.2%	2.5%	1.1%	0.8%	0.8%	0.8%
November Forecast	3365	3513	3596	3635	3669	...	...
Percent Change	2.4%	4.4%	2.4%	1.1%	0.9%	...	...
February Forecast	5.2	4.1	4.0	4.3	4.6	4.7	4.8
November Forecast	5.3	4.5	4.3	4.5	4.6	...	...
February Forecast	259.4	270.7	276.0	277.1	276.4	276.0	275.4
Percent Change	-4.5%	4.4%	2.0%	0.4%	-0.3%	-0.1%	-0.2%
November Forecast	259.0	266.0	268.3	268.7	268.6	...	...
Percent Change	-4.7%	2.7%	0.9%	0.1%	0.0%	...	...
February Forecast	223.4	226.0	223.1	223.1	224.9	228.0	231.5
Percent Change	4.6%	1.2%	-1.3%	0.0%	0.8%	1.4%	1.5%
November Forecast	223.0	220.3	219.5	220.9	223.0	...	...
Percent Change	4.4%	-1.2%	-0.4%	0.6%	1.0%	...	...
February Forecast	56.2	48.9	44.9	44.1	44.1	42.9	41.6
Percent Change	27.5%	-12.9%	-8.2%	-1.9%	0.1%	-2.8%	-3.0%
November Forecast	54.5	47.1	44.0	43.3	43.3	...	...
Percent Change	23.6%	-13.5%	-6.6%	-1.6%	0.0%	...	...

U.S. Forecast Comparison	Fiscal Years					
	2022	2023	2024	2025	2026	2027
Real GDP						
Billions of 2012 dollars						
February Forecast	19,816	20,442	20,931	21,368	21,797	22,215
<i>Growth</i>	4.6%	3.2%	2.4%	2.1%	2.0%	1.9%
November Forecast	19,789	20,445	20,889	21,313	...	...
<i>Growth</i>	4.5%	3.3%	2.2%	2.0%	...	...
Difference in level	27	-3	42	55	...	...
<i>Difference in growth forecast</i>	0.1%	-0.2%	0.2%	0.1%	...	...
Real Consumption						
Billions of 2012 dollars						
February Forecast	13,882	14,253	14,648	14,995	15,323	15,652
<i>Growth</i>	5.4%	2.7%	2.8%	2.4%	2.2%	2.1%
November Forecast	13,890	14,303	14,636	14,963	...	...
<i>Growth</i>	5.4%	3.0%	2.3%	2.2%	...	...
Difference in level	-8	-50	12	32	...	...
<i>Difference in growth forecast</i>	-0.1%	-0.3%	0.4%	0.1%	...	...
PCE Price Index						
2012 = 100						
February Forecast	118.6	121.9	124.3	126.9	129.6	132.3
<i>Growth</i>	5.1%	2.8%	2.0%	2.1%	2.1%	2.1%
November Forecast	117.5	119.8	122.2	124.8	...	...
<i>Growth</i>	4.1%	2.0%	2.0%	2.1%	...	...
Difference in level	1.1	2.0	2.1	2.1	...	...
<i>Difference in growth forecast</i>	1.0%	0.8%	0.0%	0.0%	...	...
Unemployment Rate						
Percent of Labor Force						
February Forecast	4.2%	3.4%	3.6%	3.9%	4.1%	4.3%
November Forecast	4.4%	3.7%	3.8%	4.0%	...	...
<i>Difference in forecast</i>	-0.2%	-0.3%	-0.2%	-0.1%	...	...
30 Year Fixed Mortgage Rate						
Annual Average						
February Forecast	3.2%	4.0%	4.4%	4.6%	4.8%	4.9%
November Forecast	3.1%	3.7%	4.1%	4.4%	...	...
<i>Difference in forecast</i>	0.1%	0.3%	0.4%	0.2%	...	...
3 Month T-Bill Rate						
Annual Average						
February Forecast	0.2%	1.0%	1.5%	1.8%	2.0%	2.3%
November Forecast	0.1%	0.1%	0.6%	1.2%	...	...
<i>Difference in forecast</i>	0.1%	0.9%	0.9%	0.6%	...	...

Washington Forecast Comparison
Fiscal Years

	2022	2023	2024	2025	2026	2027
Real Personal Income						
Billions of 2012 dollars						
February Forecast	470.2	483.0	499.7	515.0	530.6	546.2
<i>Growth</i>	-1.4%	2.7%	3.5%	3.1%	3.0%	2.9%
November Forecast	472.0	484.0	498.7	513.8	...	...
<i>Growth</i>	-1.0%	2.5%	3.0%	3.0%	...	...
Difference in level	-1.8	-1.0	1.0	1.2	...	...
<i>Difference in growth forecast</i>	-0.4%	0.2%	0.4%	0.0%	...	...
Nominal Personal Income						
Billions of dollars						
February Forecast	557.5	588.6	621.1	653.5	687.6	722.8
<i>Growth</i>	3.6%	5.6%	5.5%	5.2%	5.2%	5.1%
November Forecast	554.4	580.0	609.3	641.0	...	...
<i>Growth</i>	3.1%	4.6%	5.1%	5.2%	...	...
Difference in level	3.0	8.6	11.8	12.5	...	...
<i>Difference in growth forecast</i>	0.5%	1.0%	0.5%	0.0%	...	...
Nonfarm Payroll Employment						
Thousands						
February Forecast	3,443.3	3,560.4	3,615.2	3,648.8	3,677.9	3,708.5
<i>Growth</i>	4.8%	3.4%	1.5%	0.9%	0.8%	0.8%
November Forecast	3,447.9	3,563.8	3,616.5	3,652.4	...	...
<i>Growth</i>	4.9%	3.4%	1.5%	1.0%	...	...
Difference in level	-4.6	-3.4	-1.3	-3.6	...	...
<i>Difference in growth forecast</i>	-0.1%	0.0%	0.1%	-0.1%	...	...
Housing Permits						
Units Authorized, Thousands						
February Forecast	53.8	46.4	44.2	44.1	43.5	42.2
<i>Growth</i>	9.1%	-13.8%	-4.7%	-0.2%	-1.4%	-3.1%
November Forecast	50.8	45.1	43.4	43.3	...	...
<i>Growth</i>	2.5%	-11.2%	-3.9%	-0.1%	...	...
Difference in level	3.0	1.3	0.9	0.8	...	...
<i>Difference in growth forecast</i>	6.6%	-2.6%	-0.8%	-0.1%	...	...

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2022	2023	2024	2025	2026	2027
U.S.						
Real GDP						
<i>Growth</i>						
ERFC	3.7	2.7	2.2	2.0	2.0	1.9
GCEA Average	3.8	2.3	2.4	2.2	2.0	1.8
Real Consumption						
<i>Growth</i>						
ERFC	3.2	2.7	2.6	2.2	2.2	2.2
GCEA Average	3.9	2.5	2.3	2.3	2.3	2.1
PCE Price Index						
<i>Growth</i>						
ERFC	4.4	2.0	2.1	2.1	2.1	2.1
GCEA Average	3.9	2.7	2.3	1.9	2.0	2.1
Mortgage Rate						
<i>Percent</i>						
ERFC	3.7	4.3	4.6	4.7	4.8	4.9
GCEA Average	3.8	4.3	4.7	4.9	4.6	4.6
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	88.0	80.8	76.7	74.3	72.9	72.1
GCEA Average	86.1	80.6	76.0	74.3	71.6	71.6

Washington State

Real Personal Income

<i>Growth</i>						
ERFC	-1.4	3.7	3.2	3.0	3.0	2.9
GCEA Average	-0.4	3.1	3.0	3.1	3.2	3.2

Wage and Salary Employment

<i>Growth</i>						
ERFC	4.2	2.5	1.1	0.8	0.8	0.8
GCEA Average	3.8	2.0	1.6	1.1	1.0	1.0

Manufacturing Employment

<i>Growth</i>						
ERFC	4.4	2.0	0.4	-0.3	-0.1	-0.2
GCEA Average	3.5	0.9	0.8	0.5	0.4	0.3

Construction Employment

<i>Growth</i>						
ERFC	1.2	-1.3	0.0	0.8	1.4	1.5
GCEA Average	1.6	-0.1	0.7	0.7	1.0	1.2

Housing Permits

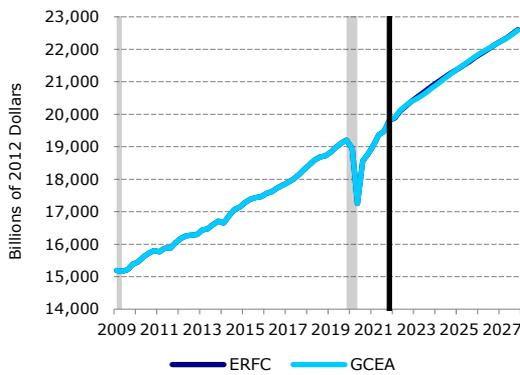
<i>Thousands of authorized units</i>						
ERFC	48.9	44.9	44.1	44.1	42.9	41.6
GCEA Average	49.4	45.6	44.6	44.5	43.9	42.7

Washington Average Annual Wage

<i>Growth</i>						
ERFC	4.3	3.9	4.0	4.1	4.2	4.2
GCEA Average	3.9	3.9	4.3	4.0	4.1	4.0

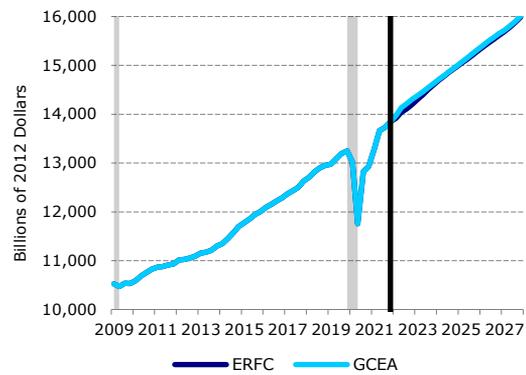
U.S. Forecast Comparison

Real GDP



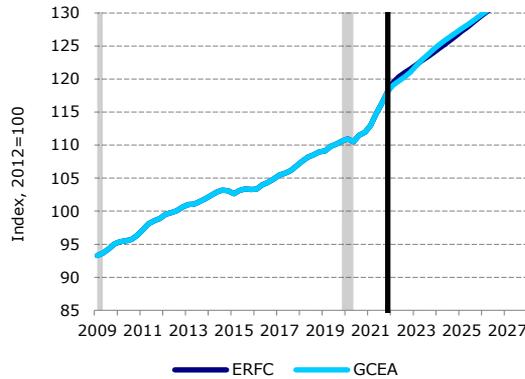
Source: BEA, ERFC, GCEA; data through 2021 Q4

Real Consumption



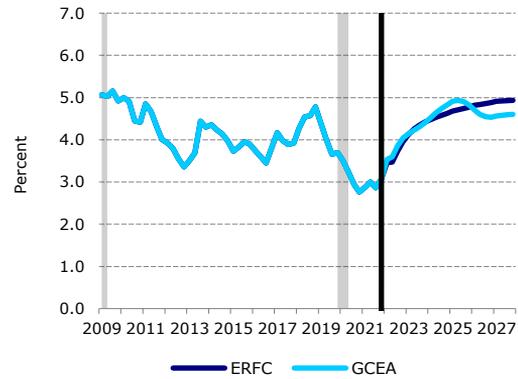
Source: BEA, ERFC, GCEA; data through 2021 Q4

PCE Price Index



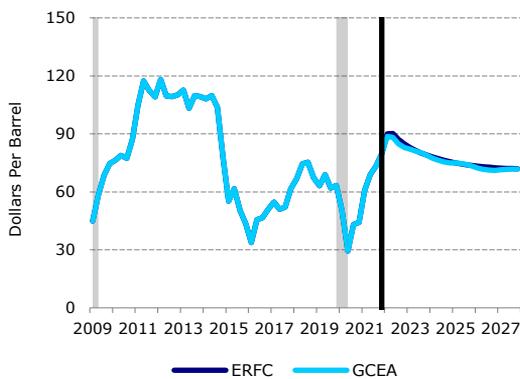
Source: BEA, ERFC, GCEA; data through 2021 Q4

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2021 Q4

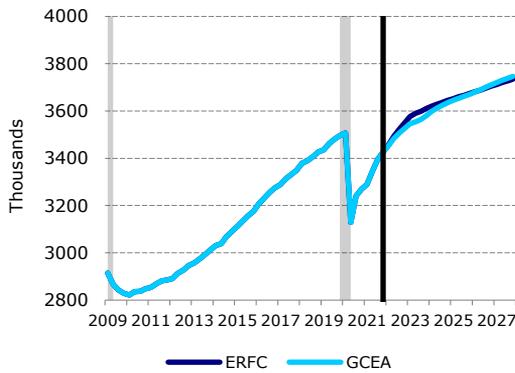
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2021 Q4

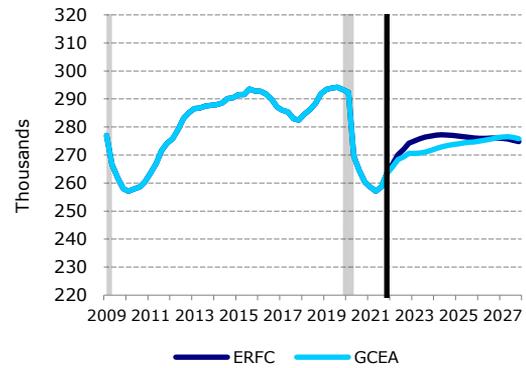
Washington Forecast Comparison

Nonfarm Payroll Employment



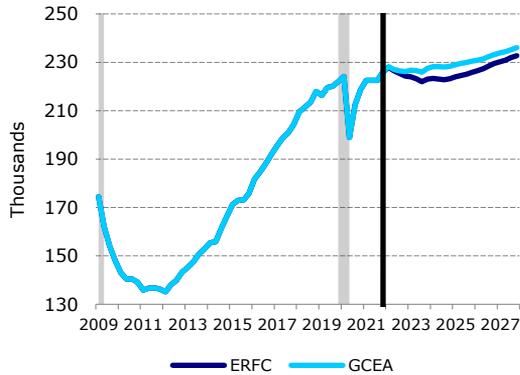
Source: ESD, ERFC, GCEA; data through 2021 Q4

Manufacturing Employment



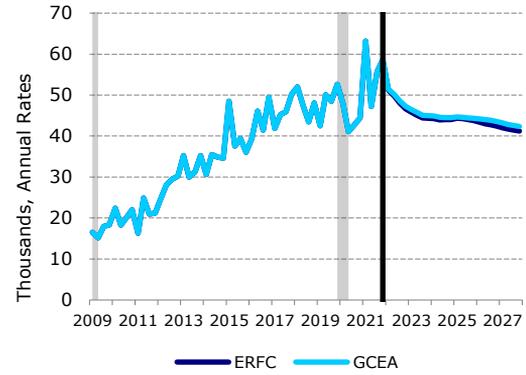
Source: ESD, ERFC, GCEA; data through 2021 Q4

Construction Employment



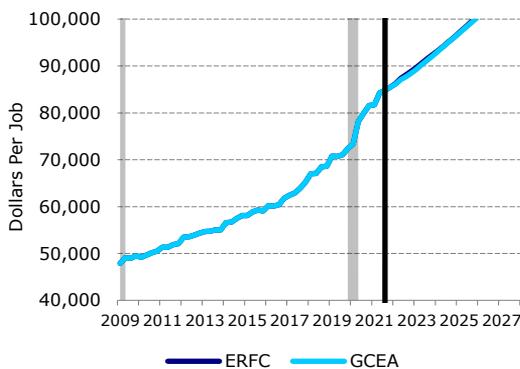
Source: ESD, ERFC, GCEA; data through 2021 Q4

Housing Units Authorized



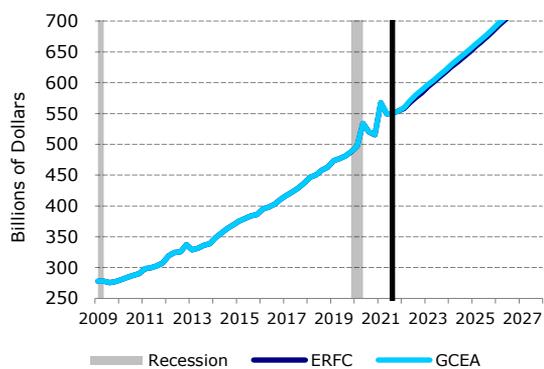
Source: Census, ERFC, GCEA; data through 2021 Q4

Average Annual Wage



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

Personal Income



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

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), Fair Start for Kids Account (FSKA)
and Budget Stabilization Account (BSA)
Dollars in Millions

	2021-23		
	GFS	ELTA , OPA, WEIA, FSKA*	TOTAL
RESOURCES			
Beginning Fund Balance	3,673.7	487.0	4,160.7
November 2021 Revenue Forecast	57,518.9	2,719.2	60,238.1
February 2022 Revenue Forecast change	1,400.3	52.3	1,452.6
Current Revenue Totals	58,919.2	2,771.4	61,690.7
Transfer to Budget Stabilization Account (1% of GSR)	(574.2)		(574.2)
Transfer to Budget Stabilization Account (EGSR)	-		-
Enacted Fund Transfers	50.2	-	50.2
Assumed Prior Period Adjustments	40.8		40.8
Total Resources (including beginning fund balance)	62,109.7	3,258.4	65,368.1
EXPENDITURES			
Enacted Budgets			
2021-23 Biennium	56,187.8	2,878.8	59,066.6
Assumed Reversions**	(561.9)	-	(561.9)
Total Expenditures	55,625.9	2,878.8	58,504.7
RESERVES			
Projected Ending Balance	6,483.8	379.6	6,863.4
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	19.2		19.2
Transfers from General Fund (1% of GSR)	574.2		574.2
Transfers from GFS (EGSR)	-		-
Assumed 21-23 biennium-Interest Earnings	2.1		2.1
Projected Budget Stabilization Account Ending Balance	595.5		595.5
Total Reserves (Near General Fund plus Budget Stabilization)	7,079.3	379.6	7,458.9

* No revenue or expenditures for 25H-Fair Start for Kids Account (FSKA).

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

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

ACFR- Annual Comprehensive Financial Report

House and Senate Fiscal Committees and the Office of Financial Management

February 2022