

EMBARGOED

*until November 19, 2014 10:00 am PDT when it will be published
at www.erfc.wa.gov*

Revenue Review Meeting

November 19, 2014



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

November 19, 2014
10:00 a.m.

- Call to order
- Approval meeting minutes from November 6, 2014
- Budget Outlook
- Revenue Forecast
- Adoption of the Official Forecast

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STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capitol Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560

Meeting Minutes Economic Review

November 6, 2014

John L. O'Brien Building, Hearing Room E

Economic and Revenue Forecast Council

Members Present

Ross Hunter, House of Representatives, Chair
Andy Hill, Senator
Jim Hargrove, Senator
Terry Nealey, House of Representatives (via phone)
David Schumacher, Office of Financial Management
Carol Nelson, Department of Revenue

Staff

Steve Lerch, Executive Director, ERFC
Richard Ramsey, Senate
Melissa Palmer, House
Pam Davidson, OFM

Call to Order

The meeting was called to order by Representative Hunter at 2:33 pm.

Motion

Senator Hill made a motion to approve the meeting minutes from the September 18, 2014 meeting, seconded by Director Schumacher. Council approved the motion at 2:33 p.m.

Presentation on the Budget Outlook

Members of the Budget Outlook Work Group presented information on assuming transfers or revenue redirections in the ensuing biennium when preparing the budget outlooks. Discussion ensued regarding voter approved initiatives, supplemental budgets, maintenance levels, beginning balances, and other issues.

Motion

Representative Hunter, made a motion that the Outlook may assume a resource related to a revenue redirection or transfer provided that there is enactment of separate legislation requiring the revenue redirection or transfer in the ensuing biennium, or absent separate legislation, the current biennium's budget provides legislative intent language to continue the current budget's revenue redirection or transfer in the ensuing biennium, seconded by Senator Hill. It is also noted that the revenue redirection or transfer in the ensuing biennium (1) may be assumed only to the extent there is a projected balance in the fund in the ensuing biennium; and (2) must be consistent with and not exceed the policy in the current budget. Fund balance determination in the ensuing biennium must reflect the continuation of the

current budget's policy and the official revenue forecast as adjusted to reflect the current budget's policy. Council approved the motion at 2:39 p.m.

Presentation on the Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding strength of the U.S. dollar and its impact on export growth, and personal income growth.

Adjournment

Meeting adjourned at 3:09 pm.



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**2015 PROPOSED ERFC PUBLIC MEETING
SCHEDULE**

January Budget Outlook

10 a.m., Thursday, January 15, 2015	Methodology Review
10 a.m., Wednesday, January 28, 2015	Outlook Adoption

March Quarterly Forecast

2:30 p.m., Wednesday, March 4, 2015	Economic Review
10 a.m., Wednesday, March 18, 2015	Revenue Review

May Budget Outlook

TBA dependent on budget adoption and within 30 days of enactment	Outlook Adoption
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June Quarterly Forecast

2:30 p.m., Wednesday, June 3, 2015	Economic Review
10 a.m., Wednesday, June 17, 2015	Revenue Review

September Quarterly Forecast

2:30 p.m., Wednesday, September 2, 2015	Economic Review
10 a.m., Wednesday, September 16, 2015	Revenue Review; Executive Director contract review

November Quarterly Forecast

2:30 p.m., Wednesday, November 4, 2015	Economic Review
10 a.m., Wednesday, November 18, 2015	Revenue Review

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Economic & Revenue Forecast Council State of Washington



Revenue Review: November 19, 2014

Executive Summary

United States

- The final U.S. economic forecast is based on the November release of the Global Insight forecast. The November Global Insight forecast is quite similar to their October forecast used as the basis of our preliminary economic forecast. As in October, Global Insight assumes that the Federal Reserve will start to raise short-term interest rates around June 2015.
- The final economic forecast uses the advance estimate of third quarter 2014 GDP growth (+3.5%), which had not been released at the time of the preliminary forecast. It also incorporates the November Blue Chip consensus forecast of real GDP growth, which has a growth rate of 3.0% for 2015 real GDP compared to the 3.1% rate in the October Blue Chip consensus that was the basis of the preliminary forecast.
- Petroleum spot prices have continued to drop and are at their lowest levels so far this year. The price for U.S. benchmark West Texas Intermediate oil was \$78 per barrel for the week ending November 7th, down from \$93 in late September. Spot prices for European benchmark Brent oil have followed suit, falling almost \$12 barrel since late September to \$83 per barrel for the week ending November 7th. Gasoline prices are also continuing to decline. For the week ending November 17th, gasoline was \$2.89 per gallon (regular, all formulations), down almost \$0.41 per gallon since early October.
- Factors outside the state account for the high level of risk to the forecast. Slowing Chinese, Japanese and European economies, the potential for a slowdown in the U.S. housing recovery, and geopolitical instability in the Middle East and Eastern Europe all remain major threats to the U.S. and Washington economies. Continued strength in employment and initial unemployment claims data and lower oil prices suggest potential upside risks to the forecast.
- The two major consumer confidence measures both continue to indicate improved expectations regarding the economy. The Conference Board index of consumer confidence, which had declined in September, increased 5.5 points to 94.5 in October. The Conference Board found consumers more positive about both the current job market and the outlook for the economy over the next six months. The University of Michigan consumer sentiment survey for November also increased, rising to 89.4 from October's reading of 86.9. The increase in sentiment was due to an increase in current conditions driven by the recent fall in gas prices.
- Home sales and construction activity strengthened slightly in September. Housing units authorized by building permits in September increased by 1.5% (SAAR) compared to their August level and by 3.8% compared to September 2013. September housing starts increased by 6.3% compared to August and

were 17.8% above their year-ago level. Existing home sales in September increased by 2.4% (SAAR) compared to August. While this is the strongest pace for existing home sales so far this year, it is still 1.7% below September 2013 sales. New single family home sales in September were 0.2% (SAAR) above the August level and 17.0% above September 2013 sales. Home prices increased modestly in August. The seasonally-adjusted Case-Shiller national home price index for August was 0.4% above its July level and 5.1% above its year-ago level.

- October light motor vehicle sales remained strong at 16.5 million units (SAAR). Vehicle sales have remained above 16 million units for eight consecutive months.

Washington

- In the two months since the September forecast was adopted, the Washington economy added 8,300 jobs, 1,500 fewer than the 9,800 expected in the September forecast. The weaker than expected job growth was more than accounted for by private-services providing industries which added only 4,200 jobs in September and October, 4,700 fewer than the 9,000 expected in the forecast. Software employment fell 900 jobs as the first wave of Microsoft layoffs took effect. The forecast had assumed a net reduction of 1,000 software jobs. The manufacturing sector added 600 jobs in the two-month period in spite of the loss of 1,200 aerospace jobs. The construction sector added 2,400 jobs in September and October while federal, state, and local government combined added 1,000 jobs. The state's unemployment rate rose to 6.0% in October from 5.7% in September and 5.6% in August. The October rate is still lower than the 6.8% in October 2013.
- 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 raised the estimated level of total employment in August 2014 by 8,400 jobs. As a result of the upward revisions to history and slightly weaker-than-expected growth, the total effect is 6,900 (0.2%) more jobs in October 2014 than expected in the September forecast.
- As in September, we assume a gradual decline in aerospace employment throughout the forecast. We continue to believe that this downturn will be relatively mild due to the large and increasing backlog of orders. The current reductions are due to improvements in productivity and restructuring. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years.
- In late October Microsoft announced a third round of layoffs this year. Most of the cuts will be out-of-state but the local layoffs will still be the largest in Microsoft history. The October announcement of 635 layoffs in Washington State brings the total for the year to 2,733. In contrast, 2,101 Microsoft employees were notified of layoffs in 2009. We do not expect any further large scale layoffs in the near future.
- The Institute of Supply Management - Western Washington Index (ISM-WW) declined from 60.3 in September to 57.6 in October (index values above 50 indicate positive growth while values below 50 indicate contractions). The decline in October was entirely due to a large drop in the inventories

component. The production and employment components increased and the orders and deliveries components were unchanged. The last time the ISM-WW index was below 50 was July 2009.

- In late September, the Bureau of Economic Analysis released estimates for state personal income through the second quarter of 2014 along with revisions to historical estimates dating back to 2001. We have incorporated the new BEA estimates as well as additional Washington Quarterly Census of Employment and Wages (QCEW) and other wage data through the second quarter of 2014. Our current estimate of Washington personal income in the second quarter of 2014 is \$346.0 billion which is \$5.2 billion (1.5%) higher than assumed in September. The higher estimate for Washington personal income is almost entirely due to a large increase in the historical estimates for property income (dividends, interest, and rent).
- Single-family housing construction was once again weaker than expected in the third quarter of 2014 according to the building permit data. Single-family permits averaged 17,500 units (SAAR) in July, August, and September compared to a forecast of 18,300. Multi-family construction came in right on forecast at 15,600 units. Total housing units authorized by building permits averaged 33,100 (SAAR) in the third quarter. The September forecast had assumed 33,900 units.
- Seattle home prices may be peaking. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices increased 0.2% in August but have fallen in two of the last four months. Previously prices had risen for 29 consecutive months since the trough in November 2011. Seattle home prices are still up 6.5% over the previous August and are 26.4% higher than the November 2011 trough.
- Washington car and truck sales continue to trend higher. New vehicle registrations totaled 288,500 (SAAR) in October which was 0.7% above the September figure but 1.0% lower than the post-recession-high 291,400 vehicles registered in August. October registrations were still 7.5% higher than in October 2013.
- Washington exports increased 9.2% in the third quarter of 2014 compared to the third quarter of 2013 on strong growth in transportation equipment and agriculture. Exports of transportation equipment (mostly Boeing planes) increased 15.0% over the year and exports of agricultural products increased 29.8% over the year. Exports of all other Washington commodities fell 5.6% over the year. This was the first year-over-year decline in "other" exports in two years.
- Seattle shelter costs continue to rise much more rapidly than U.S. city average shelter costs but other prices are rising much more slowly, with the result that headline inflation in Seattle is close to the national average. The Seattle CPI rose 1.8% from August 2013 to August 2014 compared to 1.7% for the U.S. city average. Similarly, core prices (all items excluding food and energy) increased 1.7% in Seattle, the same rate as the U.S. city average. However, shelter costs rose 4.4% over the year in Seattle compared to 2.9% for the U.S. city average. All items excluding shelter rose only 0.6% in Seattle compared to the national average increase of 1.2%.
- Overall, our November forecast for Washington State is similar to the forecast adopted in September. Washington employment growth is expected to grow

2.8% this year compared to 2.6% expected in the September forecast. The upward revision to growth in 2014 is due to higher historical employment data through October. The November forecast for average annual employment growth from 2015 through 2019 is 1.6% per year, the same rate as forecasted in September. Our November forecast for nominal personal income growth this year of 4.7% is unchanged since the September forecast however our new forecast for nominal personal income growth from 2015 through 2019 averages 5.6% per year, up slightly from 5.5% in the September forecast.

Revenue

- Cumulative General Fund-State (GF-S) revenue collections through November 10th were \$68 million (2.7%) higher than forecasted. Of this amount, \$55 million came from Revenue Act sources (retail sales and use, business and occupation, public utility, and tobacco products taxes) as the result of stronger-than-expected third quarter growth. Growth for the remainder of the biennium, however, is not expected to continue at the strong rates of the second and third quarters. The sharp reduction in oil prices since the September forecast will lower business and occupation taxes for oil refineries, gas stations, and other petroleum-related industries. In addition, forecasted public utility tax receipts have been lowered due to lower forecasts of natural gas and electricity prices. As a result, forecasted Revenue Act collections in the current biennium are only \$70 million higher than the September forecast.
- Real estate excise taxes since the September forecast came in \$19 million higher than forecasted. Most of the positive variance was once again the result of strong sales of commercial property valued at \$10 million or more. The elevated level of high-value sales is now expected to diminish at a slower rate than expected in September, resulting in a forecast increase of \$31 million in the current biennium. The forecast was also increased slightly in the 2015-17 biennium due to some improvement in the residential market.
- Licensed cannabis sales have been coming in slightly higher than forecasted in September. The GF-S share of cannabis excise taxes and license fees is now expected to be \$5.7 million in the current biennium and \$36.1 million in the 2015-17 biennium, up from \$3.1 million and \$31.1 million in the September forecast. Adding in the associated retail sales and business and occupation taxes, the total GF-S impact of the sale of licensed cannabis products is now expected to be \$10.9 million in the current biennium and \$68.1 million in the 2015-17 biennium.
- Overall adjustments to the revenue forecast were small, reflecting the slight changes in the state's economic forecast. Changes to the current and 2015-17 biennia each amounted to less than one percent.
- The net forecast change for the 2013-15 biennium was an increase of \$107.9 million. Forecasted GF-S revenue for the biennium is now \$33.440 billion, which is 9.1% higher than collections in the 2011-13 biennium.
- The net forecast change for the 2015-17 biennium was an increase of \$241.3 million. Forecasted GF-S revenue for the biennium is now \$36.319 billion, which is 8.6% higher than forecasted revenue in the current biennium.

Revenue Review

Presented to
The Economic & Revenue Forecast Council

Steve Lerch
Executive Director

November 19, 2014
Olympia, Washington



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Summary

- Oil prices are lower than in the September economic forecast but economic growth remains moderate
- Employment gains and lower unemployment claims indicate a strengthening labor market
- Risks to the baseline include the potential for slower Chinese economic growth, possible disruptions to the housing recovery and turmoil in the Middle East and Eastern Europe
- The GF-S revenue forecast has been increased by \$108 million for the 2013-15 biennium and by \$241 million for the 2015-17 biennium

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New information since preliminary economic forecast

November Blue Chip real GDP growth forecast

- 2015 growth reduced from 3.1% to 3.0%

U.S. employment data for October

- 214,000 net new jobs
- Unemployment rate decreased by 0.1 percentage points to 5.8%

Washington employment data for October

- 3,700 net new jobs
- Unemployment rate is 6.0%, up 0.3 percentage points from September

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November 19, 2014

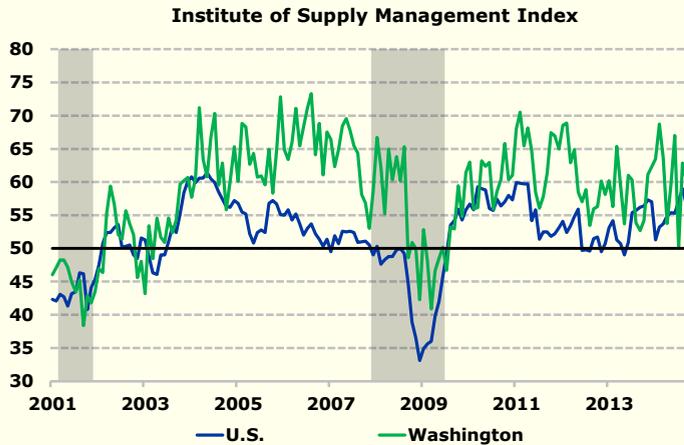
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Manufacturing activity continues to expand both nationally and in the state

An index greater than 50 implies growth



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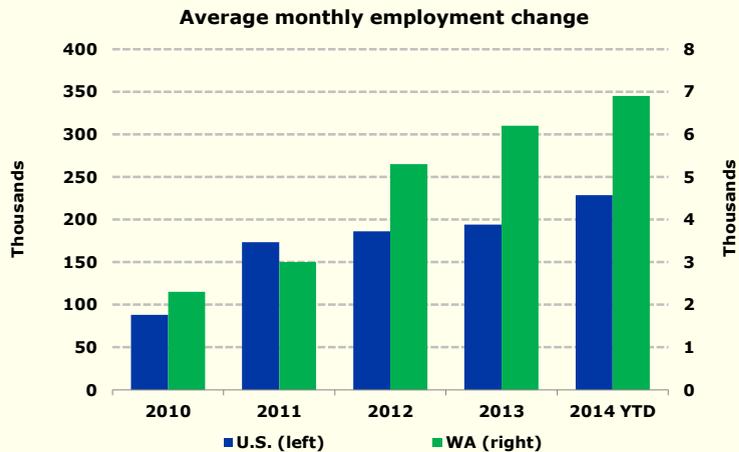
Source: Institute of Supply Management; data through October 2014

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Job creation continues to strengthen



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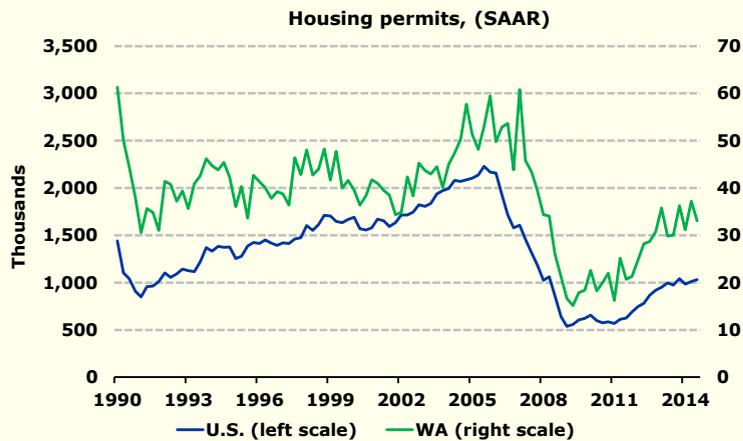
Source: Bureau of Labor Statistics, data through October 2014

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Housing permits – trending up but still below pre-recession levels



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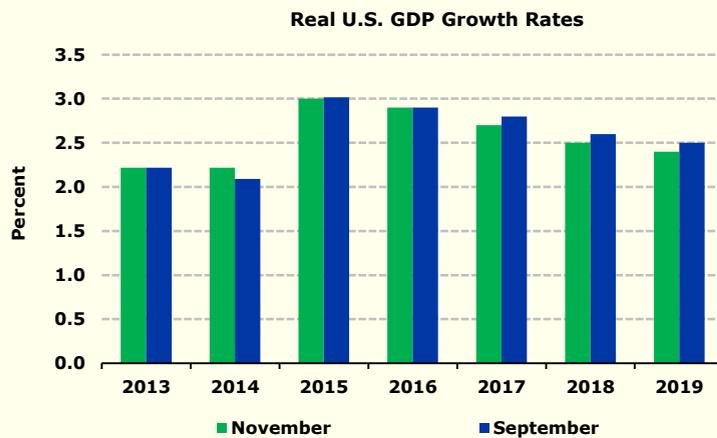
Source: U.S. Census Bureau, data through 2014 Q3

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Real GDP growth rates are similar to the September forecast



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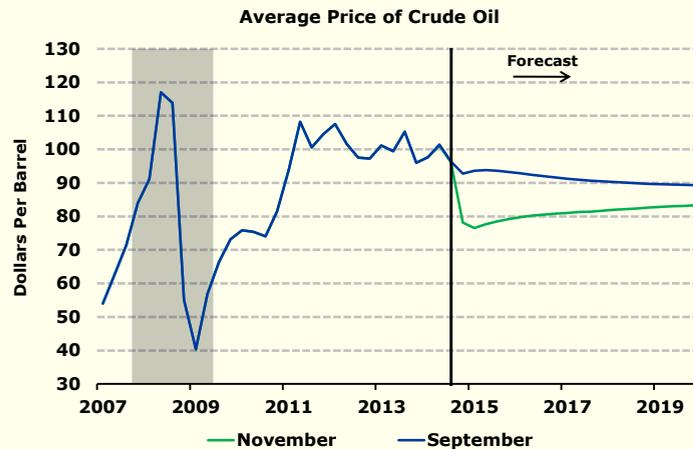
Source: ERFC November 2014 forecast; historical data through 2013

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Oil prices lower in the near term but no longer decline throughout the forecast



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Source: DOE, ERFC November 2014 forecast; historical data through 2014Q3

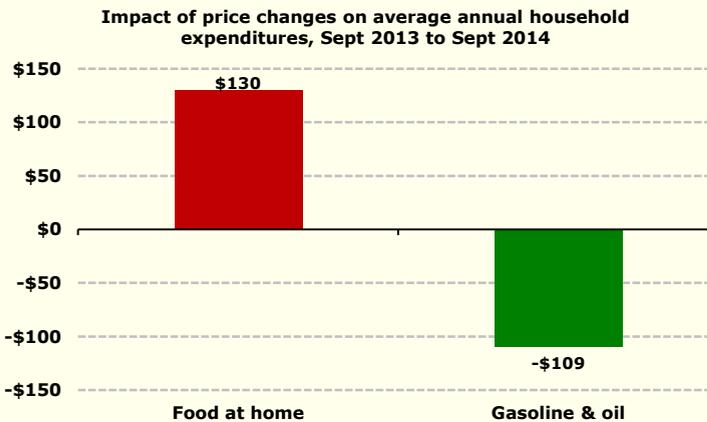
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While gasoline prices are falling, food prices have risen

The average household with income \$50,000 – 69,999 spent 8% of budget on food at home and 6% on gasoline and oil in 2013



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Source: Bureau of Labor Statistics, data through September 2014

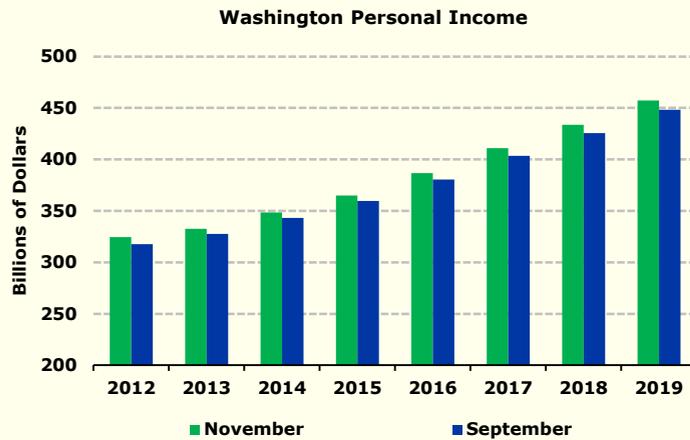
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Washington personal income forecast is slightly higher than the September forecast

In part, the higher forecast reflects upward revisions to historic data



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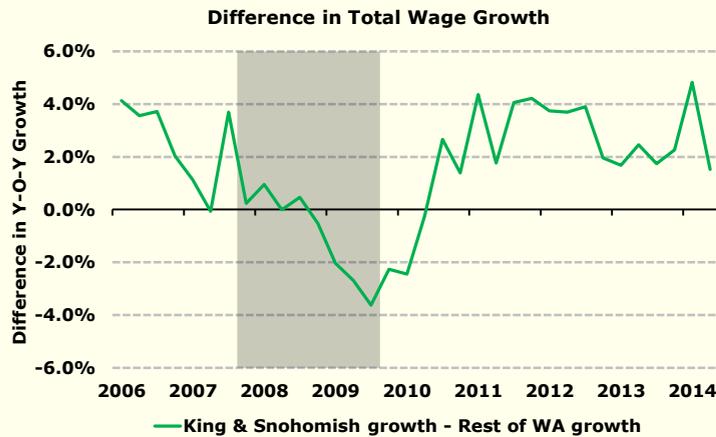
Source: ERFC November 2014 forecast; historical data through 2013

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Since 2010, wages in the Seattle metro area have grown faster than in the rest of the state



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Source: BLS, ESD, ERFC; data through 2014Q2

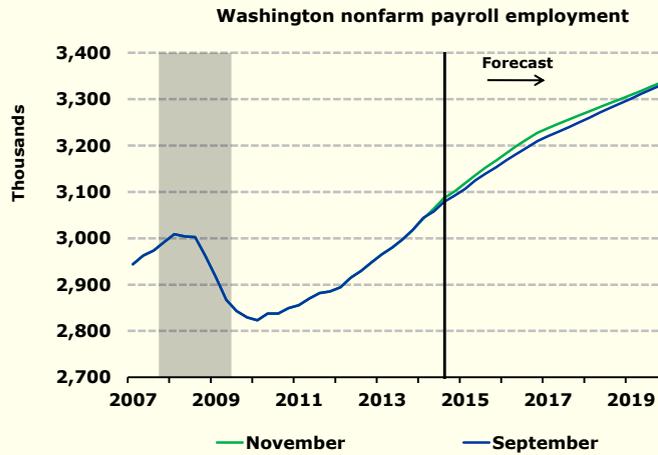
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Washington employment forecast revised up slightly

Average employment growth of 1.8% for 2014 to 2019 is slightly higher than September



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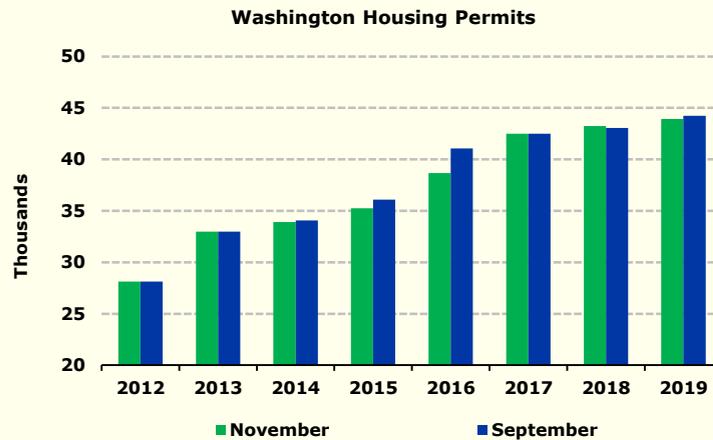
Source: Global Insight, ERFC November 2014 forecast; historical data through 2014Q3

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Washington housing permits forecast is similar to the September forecast



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Source: ERFC November 2014 forecast; historical data through 2013

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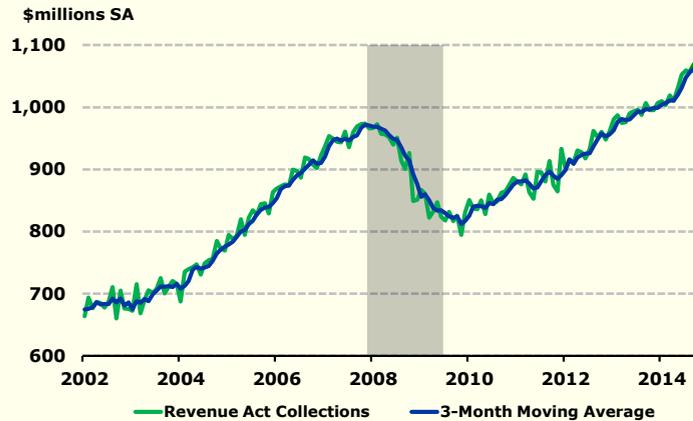
Revenue Act collections were strong for third quarter activity

Revenue Act collections were up 7.2% year-over-year for 3rd quarter activity.

Revenue Act taxes consist of retail sales, use, B&O, public utility, and tobacco products taxes.

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* Adjusted for large one-time transactions, amnesty payments and reporting frequency change, current definition of Revenue Act

Source: DOR and ERFC; monthly data through September 2014 activity (collections of Nov. 10)

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Sales tax growth has been strong in the last two quarters

Adjusted sales tax collections were up 8.7% year-over-year for 2nd quarter activity and 8.4% for 3rd quarter activity.

Growth has been strong in construction, auto sales, and building materials.

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Adjusted for large payments/refunds, amnesty payments and taxpayer reporting frequency change

Source: ERFC; Monthly data through September 2014 preliminary activity

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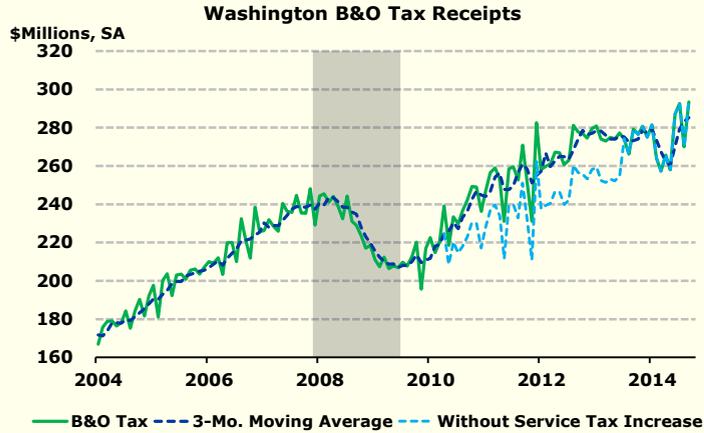
B&O tax growth has been uneven

Adjusted B&O tax collections were up 6.5% year over year for third quarter activity.

B&O tax growth will be slowed somewhat in the next two quarters due to the effects of lower oil prices on the gross receipts of refiners, gas stations and other petroleum products dealers/manufacturers.

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Source: ERFC; Monthly data through September 2014 preliminary activity
Adjusted for taxpayer frequency shift, amnesty payments, and recent large refunds

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REET activity continues to be elevated by large commercial sales

Sales transactions are down year over year but the value per transaction is higher due to the proportion of large commercial sales

Sales of property worth \$10 million or more totaled \$1.4 billion in the last two months

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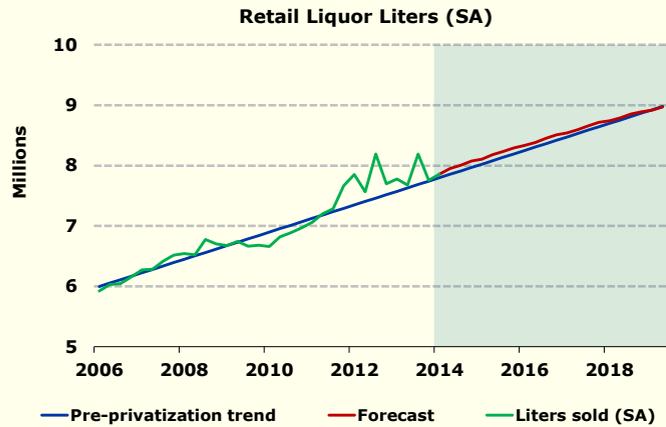


Source: ERFC; Monthly data through October 2014 preliminary

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The surge from liquor privatization is over



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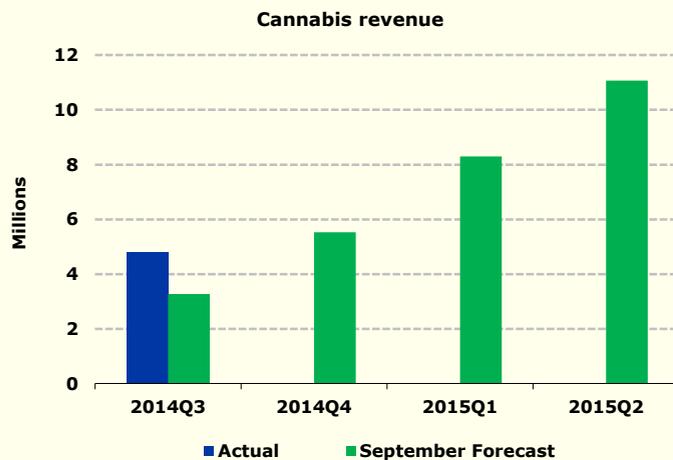
Source: DOR, ERFC November 2014 forecast; historical data through 2013 Q3

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Cannabis revenue is above forecast, but still needs to pick up



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Source: LCB, ERFC September 2014 forecast; historical data through 2013 Q3

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The number of cannabis establishments continues to grow

Growth in Establishments:
(July to October)

Producer
8 to 25

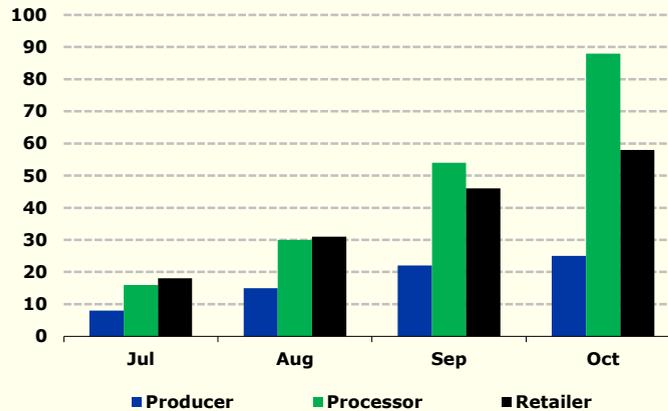
Processor
16 to 88

Retail
18 to 58

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Cannabis Establishments



Source: LCB, ERFC; data through October 2013

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GF-S cannabis revenue estimates

Total GF-S
change from
September
forecast:

+2013-15
+\$4.0 M

+2015-17
+\$8.0 M

+2017-19
+\$2.4 M

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\$Millions

November Forecast

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>
GF-S share of excise tax and license fees	\$5.7	\$36.1	\$64.9
Retail sales tax and B&O	\$5.2	\$32.0	\$56.6
Total General Fund	\$10.9	\$68.1	\$121.5
Total Non-GF	\$31.8	\$168.4	\$293.5

* Detail may not add to total due to rounding

Source: ERFC, LCB, BOTEC Analysis

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Forecast changes: General Fund State, 2013-2015 Biennium

September Forecast:
\$33,332 million

	\$Millions				
			November Forecast		
	Collection Experience	Non-economic Change	Forecast Change	Forecast	Total Change*
Dept. of Revenue	\$68	\$0	\$42	\$31,832	\$111
All other agencies	\$0	\$0	(\$3)	\$1,608	(\$3)
Total GF-S	\$68	\$0	\$40	\$33,440	\$108

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* Detail may not add to total due to rounding

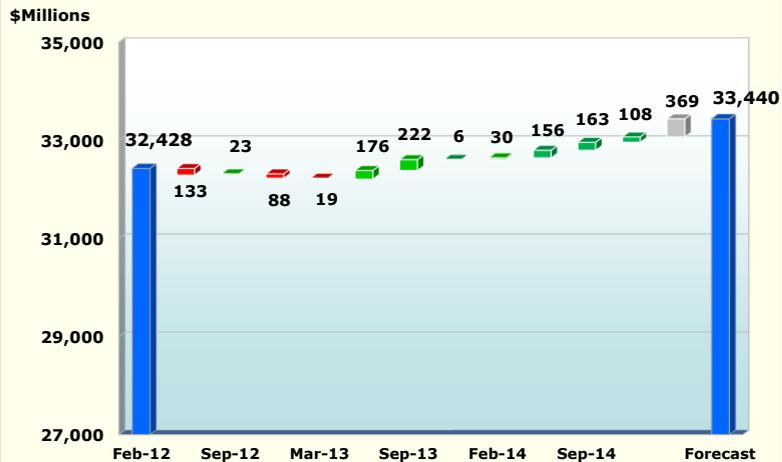
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GF-S forecast revisions to the 2013-15 biennium

The GF-S forecast for the 2013-15 biennium has increased by \$655 million (2.0%) since the June 2013 forecast that was the basis of the initial biennial budget (not including the \$123 million in revenue-generating legislation that accompanied the budget)



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Source: ERFC February 2012 – November 2014 forecasts
Gray area indicates total noneconomic change

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes: General Fund State, 2015-2017 Biennium

September Forecast:
\$36,078 million

\$Millions	November Forecast			
	Non-economic Change	Forecast Change	Forecast	Total Change*
Dept. of Revenue	\$0	\$239	\$34,673	\$239
All other agencies	\$0	\$3	\$1,647	\$3
Total GF-S	\$0	\$241	\$36,319	\$241

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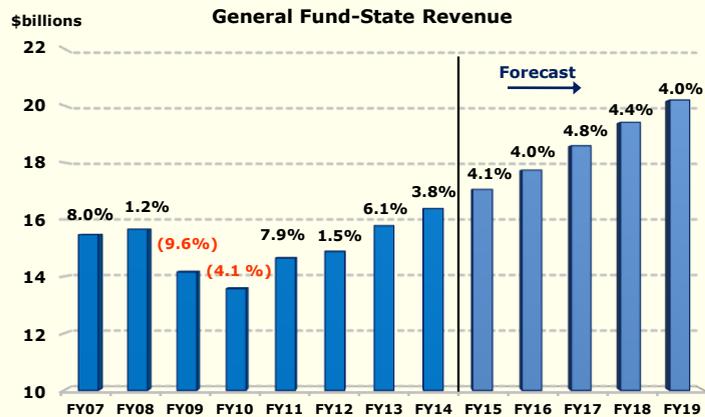
* Detail may not add to total due to rounding

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General Fund-State* forecast by fiscal year



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*General Fund-State & Related Funds for FY 07-09, General Fund-State new definition for FY 10-17
Source: ERFC forecast, November 2014

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2013-15 Biennium alternative forecasts – cash basis

\$Millions	2013-15 Biennium	Difference From the baseline
November Baseline (55%)	\$33,440	
<u>September 2014 Alternative Forecasts</u>		
Optimistic (20%)	\$34,110	\$670
Pessimistic (25%)	\$32,638	(\$802)
Probability Weighted Average	\$33,373	(\$66)
GCEA*	\$33,445	\$6

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

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Conclusion

- The economic forecast is quite similar to September's forecast, with the exception of lower oil prices
- We expect the moderate pace of the economic recovery to continue in both the U.S. and Washington economies
- GF-S revenues are expected to grow 9.1% between the 2011-13 and 2013-15 biennia and 8.6% between the 2013-15 and 2015-17 biennia
- The level of uncertainty in the baseline remains high, with greater risks on the downside than on the upside

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Questions

Revenue Review
November 19, 2014

Slide 27



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

Comparison of the November 2014 to the September 2014 Forecast
 2013-15 Biennium
 Cash Forecast; Millions of Dollars

	September 2014 <u>Forecast*</u>	Non-economic <u>Changes</u>	Forecast <u>Change</u>	November 2014 <u>Forecast</u>	Total <u>Change[#]</u>
General Fund-State	\$33,331.9	\$0.0	\$107.9	\$33,439.8	\$107.9
Education Legacy Trust Account**	\$387.2	\$0.0	\$7.6	\$394.8	\$7.6
WA Opportunity Pathways Account	\$232.6	\$0.0	(\$0.3)	\$232.2	(\$0.3)
Total	\$33,951.7	\$0.0	\$115.2	\$34,066.9	\$115.2

*Forecast for GF-S for the 2013-15 biennium adopted September 2014

**Revenue only - does not include lottery fund transfers (\$16.1 million in current forecast)

[#]Details may not add due to rounding

Changes to the General Fund-State Cash Forecast-by Agency
 Comparison of the November 2014 to the September 2014 Forecast
 2013-15 Biennium
 Millions of Dollars

	<u>September 2014 Forecast*</u>	<u>Collection Experience</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>November 2014 Forecast</u>	<u>Total Change#</u>
Department of Revenue	\$31,721.4	\$68.3	\$0.0	\$42.4	\$31,832.1	\$110.7
All other Agencies	\$1,610.5	(\$0.2)	\$0.0	(\$2.6)	\$1,607.7	(\$2.8)
Total General Fund-State	\$33,331.9	\$68.1	\$0.0	\$39.8	\$33,439.8	\$107.9

*Forecast for GF-S for the 2013-15 biennium adopted September 2014

#Details may not add due to rounding

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

Comparison of the November 2014 to the September 2014 Forecast

2015-17 Biennium

Cash Forecast; Millions of Dollars

	September 2014 <u>Forecast*</u>	Non-economic <u>Changes</u>	Forecast <u>Change</u>	November 2014 <u>Forecast</u>	Total <u>Change[#]</u>
General Fund-State	\$36,078.2	\$0.0	\$241.3	\$36,319.5	\$241.3
Education Legacy Trust Account	\$396.0	\$0.0	\$32.0	\$428.0	\$32.0
WA Opportunity Pathways Account	\$237.8	\$0.0	(\$0.4)	\$237.5	(\$0.4)
Total	\$36,712.0	\$0.0	\$272.9	\$36,984.9	\$272.9

*Forecast for GF-S for the 2015-17 biennium adopted September 2014

[#]Details may not add due to rounding

Changes to the General Fund-State Cash Forecast-by Agency
 Comparison of the November 2014 to the September 2014 Forecast
 2015-17 Biennium
 Millions of Dollars

	<u>September 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>November 2014 Forecast</u>	<u>Total Change[#]</u>
Department of Revenue	\$34,433.9	\$0.0	\$238.7	\$34,672.6	\$238.7
All other Agencies	\$1,644.3	\$0.0	\$2.6	\$1,646.9	\$2.6
Total General Fund-State	\$36,078.2	\$0.0	\$241.3	\$36,319.5	\$241.3

*Forecast for GF-S for the 2015-17 biennium adopted September 2014

[#]Details may not add due to rounding

Changes to the General Fund-State Cash Forecast-by Agency

Comparison of the November 2014 to the September 2014 Forecast

2017-19 Biennium

Millions of Dollars

	<u>September 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>November 2014 Forecast</u>	<u>Total Change[#]</u>
Department of Revenue	\$37,378.2	\$0.0	\$388.4	\$37,766.7	\$388.4
All other Agencies	\$1,809.4	\$0.0	\$26.4	\$1,835.8	\$26.4
Total General Fund-State	\$39,187.6	\$0.0	\$414.8	\$39,602.4	\$414.8

*Forecast for GF-S for the 2017-19 biennium adopted September 2014

[#]Details may not add due to rounding

Track Record for the 2013-15 General Fund-State Cash Forecast

February 2012 through November 2014

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 2012*	\$31,110	\$1,319				\$32,428
Changes to Forecast						
June 2012	(120)	(13)	(133)	330 #1	197	32,626
September 2012	39	(15)	23	0	23	32,649
November 2012	(113)	25	(88)	0	(88)	32,561
March 2013	(38)	18	(19)	0	(19)	32,541
June 2013	156	20	176	(55) #2	121	32,662
September 2013	224	(2)	222	123 #3	345	33,007
November 2013	(22)	27	6	(30) #4	(25)	32,982
February 2014	21	10	30	0	30	33,013
June 2014	160	(5)	156	1 #5	157	33,169
September 2014	144	19	163	0	163	33,332
November 2014	111	(3)	108	0	108	33,440
Total change***:						
From February 2012	561	81	642	369	1,011	
Percent change	1.8	6.1	2.0	1.1	3.1	

Track Record for the 2015-17 General Fund-State Cash Forecast

September 2012 through November 2014

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>
September 2012**	\$34,102	\$1,416				\$35,518
Changes to Forecast						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) #6	51	35,357
September 2013	95	(2)	93	249 #3	342	35,699
November 2013	(47)	3	(44)	(41) #4	(85)	35,615
February 2014	5	26	31	51 #7	82	35,697
June 2014	194	40	233	5 #5	238	35,935
September 2014	168	(25)	143	0	143	36,078
November 2014	239	3	241	0	241	36,319
Total change***:						
From September 2012	421	123	544	257	801	
Percent change	1.2	8.7	1.5	0.7	2.3	

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

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

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

First official forecast for the 2013-15 biennium.

First official forecast for the 2015-17 biennium.

#1 Effects of legislation from 2012 special sessions subsequent to February forecast

#2 Large expected DOR refund plus effects of legislation from 2013 regular and first special legislative sessions

#3 Legislative and budget-driven revenue changes from 2013 second special session

#4 Re-classification of prior period adjustments as non-revenue resources, tobacco settlement arbitration payment to state.

#5 Sum of legislative and budget-driven revenue changes from the 2014 regular legislative session

#6 Transfer of GF-S funds to Child and Family Reinvestment Account

#7 Cannabis excise taxes and fees plus retail sales and B&O taxes on cannabis production and sales resulting from Initiative 502

November 2014
Alternative Forecasts
Millions of Dollars

Cash Basis

2013-15 Biennium

	<u>2013-15 Biennium</u>	<u>Difference From the November 2014 Baseline</u>
November 2014 Baseline (55%)	\$33,440	
November 2014 Alternative Forecasts		
Optimistic (20%)	\$34,110	\$670
Pessimistic (25%)	\$32,638	(\$802)
Probability Weighted Average	\$33,373	(\$66)
GCEA*	\$33,445	\$6

2015-17 Biennium

	<u>2015-17 Biennium</u>	<u>Difference From the November 2014 Baseline</u>
November 2014 Baseline (55%)	\$36,319	
November 2014 Alternative Forecasts		
Optimistic (20%)	\$39,353	\$3,033
Pessimistic (25%)	\$32,983	(\$3,336)
Probability Weighted Average	\$36,092	(\$227)
GCEA*	\$36,229	(\$91)

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

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

November 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
I. Retail Sales			
1998	8.0	8.6	0.9
1999	7.1	8.1	0.9
2000	8.0	8.2	1.0
2001	2.8	4.0	0.7
2002	(1.4)	1.4	(1.0)
2003	2.1	3.2	0.6
2004	4.6	4.8	1.0
2005	7.9	5.2	1.5
2006	10.1	8.1	1.3
2007	7.9	7.9	1.0
2008	2.7	7.6	0.4
2009	(10.4)	0.2	(42.2)
2010	(6.0)	(1.5)	3.9
2011	1.8	4.7	0.4
2012	4.1	6.3	0.7
2013	6.7	5.0	1.3
2014	6.4	3.2	2.0
2015	5.8	4.8	1.2
2016	5.4	5.3	1.0
2017	5.4	6.3	0.9
2018	4.9	5.9	0.8
2019	4.3	5.4	0.8
Average 1998-2014:	3.3	4.7	0.7
II. Business & Occupation			
1998	7.3	8.6	0.9
1999	6.6	8.1	0.8
2000	5.6	8.2	0.7
2001	3.0	4.0	0.7
2002	(3.5)	1.4	(2.5)
2003	(1.6)	3.2	(0.5)
2004	6.8	4.8	1.4
2005	9.7	5.2	1.9
2006	11.2	8.1	1.4
2007	8.3	7.9	1.0
2008	6.9	7.6	0.9
2009	(8.8)	0.2	(35.8)
2010	(2.9)	(1.5)	1.9
2011	4.6	4.7	1.0
2012	8.0	6.3	1.3
2013	6.5	5.0	1.3
2014	5.4	3.2	1.7
2015	4.4	4.8	0.9
2016	4.8	5.3	0.9
2017	4.8	6.3	0.8
2018	4.6	5.9	0.8
2019	4.5	5.4	0.8
Average 1998-2014:	4.0	4.7	0.8

* Based on constant base taxable data.

** Percent changes in taxable activity divided by percent change in personal income.

¹ Income adjusted to exclude special dividend payment in fy 05.

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

November 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
III. Use			
1998	4.4	8.6	0.5
1999	(0.1)	8.1	(0.0)
2000	14.4	8.2	1.8
2001	8.4	4.0	2.1
2002	(5.8)	1.4	(4.1)
2003	(1.4)	3.2	(0.4)
2004	5.6	4.8	1.2
2005	14.0	5.2	2.7
2006	2.3	8.1	0.3
2007	9.0	7.9	1.1
2008	2.1	7.6	0.3
2009	(13.0)	0.2	(53.1)
2010	(5.9)	(1.5)	3.8
2011	11.4	4.7	2.4
2012	1.9	6.3	0.3
2013	7.4	5.0	1.5
2014	9.7	3.2	3.0
2015	1.3	4.8	0.3
2016	4.9	5.3	0.9
2017	5.1	6.3	0.8
2018	4.5	5.9	0.8
2019	4.3	5.4	0.8
Average 1998-2014:	3.5	4.7	0.7

Total Revenue Act Receipts

November 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Receipts [#]	Personal Income ¹	
Revenue Act			
1998	6.3	8.6	0.7
1999	4.2	8.1	0.5
2000	7.4	8.2	0.9
2001	3.9	4.0	1.0
2002	(1.7)	1.4	(1.2)
2003	1.0	3.2	0.3
2004	4.8	4.8	1.0
2005	7.6	5.2	1.5
2006	10.6	8.1	1.3
2007	8.3	7.9	1.1
2008	4.2	7.6	0.6
2009	(9.5)	0.2	(38.8)
2010	(5.3)	(1.5)	3.5
2011	8.1	4.7	1.7
2012	1.3	6.3	0.2
2013	5.9	5.0	1.2
2014	4.6	3.2	1.4
2015	5.6	4.8	1.2
2016	5.1	5.3	0.9
2017	5.5	6.3	0.9
2018	5.0	5.9	0.8
2019	4.5	5.4	0.8
Average 1998-2014:	3.3	4.7	0.7

* Based on constant base taxable data.

** Percent changes in taxable activity divided by percent change in personal income.

Post-ESSB 5073 definition of Revenue Act

Percent changes in tax receipts divided by percent change in personal income.

¹ Income adjusted to exclude special dividend payment in fy 05.

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

History and Forecast by Fiscal Year (Cash basis)

November 2014 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Account* (ELTA)		Total GF-S plus ELTA		WA Opportunity Pathways Account (OPA)		Total GF-S plus ELTA and OPA	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,799				\$8,799				\$8,799	
FY 1996	\$8,934	1.5%			\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,449	5.8%			\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$10,057	6.4%			\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$10,414	3.6%			\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$11,068	6.3%			\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$11,560	4.4%			\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$11,632	0.6%			\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$11,721	0.8%			\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$12,358	5.4%			\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$13,036	5.5%			\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115		\$14,432	10.7%			\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%			\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%			\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%			\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%			\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%	\$99		\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%	\$118	19.1%	\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%	\$126	5.9%	\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$16,580	4.4%	\$114	-9.4%	\$16,694	4.3%
Forecast:										
FY 2015	\$17,057	4.1%	\$197	0.0%	\$17,255	4.1%	\$119	4.2%	\$17,373	4.1%
FY 2016	\$17,733	4.0%	\$211	6.7%	\$17,943	4.0%	\$119	0.1%	\$18,062	4.0%
FY 2017	\$18,587	4.8%	\$217	3.1%	\$18,804	4.8%	\$119	0.0%	\$18,923	4.8%
FY 2018	\$19,409	4.4%	\$224	2.9%	\$19,633	4.4%	\$119	0.0%	\$19,751	4.4%
FY 2019	\$20,193	4.0%	\$252	12.6%	\$20,445	4.1%	\$119	0.0%	\$20,564	4.1%
Biennial Totals										
03-05 Biennium	\$25,395	8.7%	\$0	NA	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$29,785	17.3%	\$381	NA	\$30,166	18.8%	\$0	NA	\$30,166	18.8%
07-09 Biennium	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%	\$0	NA	\$30,254	0.3%
09-11 Biennium	\$28,218	-5.4%	\$269	-38.5%	\$28,487	-5.8%	\$99	NA	\$28,586	-5.5%
11-13 Biennium	\$30,657	8.6%	\$215	-19.9%	\$30,872	8.4%	\$244	145.2%	\$31,116	8.8%
13-15 Biennium	\$33,440	9.1%	\$395	83.4%	\$33,835	9.6%	\$232	-4.8%	\$34,067	9.5%
15-17 Biennium	\$36,319	8.6%	\$428	8.4%	\$36,747	8.6%	\$237	2.2%	\$36,985	8.6%
17-19 Biennium	\$39,602	9.0%	\$475	11.1%	\$40,078	9.1%	\$237	0.0%	\$40,315	9.0%

*Education Legacy Trust Account excluding FY 14 and FY 15 lottery fund transfers. Includes pension stabilization fund interest in FY 08 and FY 09.

General Fund-State Cash Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2013-15 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.3	\$0.0	\$0.0	\$35.3	\$0.0
Insurance Commissioner Insurance Premiums	\$943.7	\$0.0	\$0.0	\$943.7	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$256.1	\$0.0	\$2.4	\$258.5	\$2.4
Lottery Commission Lottery Revenue	\$9.9	\$0.0	\$0.0	\$9.9	\$0.0
State Treasurer Interest Earnings	(\$3.8)	\$0.0	(\$0.4)	(\$4.2)	(\$0.4)
Office of Financial Management Other Agencies	\$199.3	\$0.0	(\$2.2)	\$197.0	(\$2.2)
Administrative Office of the Courts Fines and Forfeitures	\$170.0	\$0.0	(\$2.7)	\$167.4	(\$2.7)
Total General Fund-State	\$1,610.5	\$0.0	(\$2.8)	\$1,607.7	(\$2.8)

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2013-15 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.3	\$0.0	\$0.0	\$35.3	\$0.0
Insurance Commissioner Insurance Premiums	\$943.7	\$0.0	\$0.0	\$943.7	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$256.1	\$0.0	\$2.4	\$258.5	\$2.4
Lottery Commission Lottery Revenue	\$2.9	\$0.0	(\$1.4)	\$1.5	(\$1.4)
State Treasurer Interest Earnings	(\$4.5)	\$0.0	\$0.2	(\$4.3)	\$0.2
Office of Financial Management Other Agencies	\$199.3	\$0.0	(\$4.2)	\$195.0	(\$4.2)
Administrative Office of the Courts Fines and Forfeitures	\$170.0	\$0.0	(\$2.7)	\$167.4	(\$2.7)
Total General Fund-State	\$1,602.8	\$0.0	(\$5.7)	\$1,597.1	(\$5.7)

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2015-17 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.3	\$0.0	\$0.1	\$35.4	\$0.1
Insurance Commissioner Insurance Premiums	\$1,016.6	\$0.0	\$0.0	\$1,016.6	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$242.4	\$0.0	\$3.9	\$246.4	\$3.9
Lottery Commission Lottery Revenue	\$2.3	\$0.0	\$2.9	\$5.3	\$2.9
State Treasurer Interest Earnings	\$7.6	\$0.0	(\$1.8)	\$5.7	(\$1.8)
Office of Financial Management Other Agencies	\$165.8	\$0.0	\$2.5	\$168.3	\$2.5
Administrative Office of the Courts Fines and Forfeitures	\$174.4	\$0.0	(\$5.0)	\$169.3	(\$5.0)
Total General Fund-State	\$1,644.3	\$0.0	\$2.6	\$1,646.9	\$2.6

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2015-17 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.3	\$0.0	\$0.1	\$35.4	\$0.1
Insurance Commissioner Insurance Premiums	\$1,016.6	\$0.0	\$0.0	\$1,016.6	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$242.4	\$0.0	\$3.9	\$246.4	\$3.9
Lottery Commission Lottery Revenue	\$0.2	\$0.0	\$9.8	\$10.0	\$9.8
State Treasurer Interest Earnings	\$8.5	\$0.0	(\$2.0)	\$6.5	(\$2.0)
Office of Financial Management Other Agencies	\$165.8	\$0.0	\$2.5	\$168.3	\$2.5
Administrative Office of the Courts Fines and Forfeitures	\$174.4	\$0.0	(\$5.0)	\$169.3	(\$5.0)
Total General Fund-State	\$1,643.2	\$0.0	\$9.3	\$1,652.4	\$9.3

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2017-19 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.0	\$0.0	\$0.1	\$36.1	\$0.1
Insurance Commissioner Insurance Premiums	\$1,085.6	\$0.0	\$0.0	\$1,085.6	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$293.4	\$0.0	(\$0.0)	\$293.4	(\$0.0)
Lottery Commission Lottery Revenue	\$2.7	\$0.0	\$11.8	\$14.6	\$11.8
State Treasurer Interest Earnings	\$30.6	\$0.0	(\$0.3)	\$30.4	(\$0.3)
Office of Financial Management Other Agencies	\$174.7	\$0.0	\$20.1	\$194.8	\$20.1
Administrative Office of the Courts Fines and Forfeitures	\$186.4	\$0.0	(\$5.4)	\$181.0	(\$5.4)
Total General Fund-State	\$1,809.4	\$0.0	\$26.4	\$1,835.8	\$26.4

General Fund-State GAAP Estimates - Other Agencies
 Comparison of the November 2014 and September 2014 forecasts
 2017-19 Biennium
 (Amounts in Millions)

Source/Agency	September 2014 Baseline	Non-Economic Changes	Economic Changes	November 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.0	\$0.0	\$0.1	\$36.1	\$0.1
Insurance Commissioner Insurance Premiums	\$1,085.6	\$0.0	\$0.0	\$1,085.6	\$0.0
Liquor Control Board Taxes, Licenses, and Fees	\$293.4	\$0.0	(\$0.0)	\$293.4	(\$0.0)
Lottery Commission Lottery Revenue	\$8.4	\$0.0	\$11.2	\$19.6	\$11.2
State Treasurer Interest Earnings	\$31.2	\$0.0	(\$0.1)	\$31.1	(\$0.1)
Office of Financial Management Other Agencies	\$174.7	\$0.0	\$20.1	\$194.8	\$20.1
Administrative Office of the Courts Fines and Forfeitures	\$186.4	\$0.0	(\$5.4)	\$181.0	(\$5.4)
Total General Fund-State	\$1,815.6	\$0.0	\$25.9	\$1,841.5	\$25.9

* Detail may not total due to rounding.

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
2004	113.3	0.0	4.0	7.3	76.5	25.5			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
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			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
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	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
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	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
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
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	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
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
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	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
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
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1
2015	140.2	0.6	0.0	11.2	0.0	0.0	0.3	3.5	118.5	0.0	6.1
2013-15 Biennium	288.1	9.9	0.0	22.0	0.0	0.0	0.6	7.2	232.2	0.0	16.1
2016	135.4	0.9	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2017	139.3	4.4	0.0	12.2	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2015-17 Biennium	274.7	5.3	0.0	23.8	0.0	0.0	0.6	7.6	237.4	0.0	0.0
2018	140.1	5.6	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2019	144.0	8.9	0.0	12.2	0.0	0.0	0.3	3.8	118.8	0.0	0.0
2017-19 Biennium	284.1	14.6	0.0	23.8	0.0	0.0	0.7	7.6	237.5	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
2004	113.3	0.0	4.0	7.3	76.5	25.5			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
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			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
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	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
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	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
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
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	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
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
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	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
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
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1
2015	140.5	0.9	0.0	11.2	0.0	0.0	0.3	3.8	118.2	0.0	6.1
2013-15 Biennium	288.1	1.5	0.0	22.0	0.0	0.0	0.6	7.8	240.1	0.0	16.1
2016	138.9	4.4	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2017	140.6	5.6	0.0	12.2	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2015-17 Biennium	279.5	10.0	0.0	23.8	0.0	0.0	0.6	7.6	237.4	0.0	0.0
2018	143.5	8.9	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2019	145.7	10.6	0.0	12.2	0.0	0.0	0.3	3.8	118.8	0.0	0.0
2017-19 Biennium	289.1	19.6	0.0	23.8	0.0	0.0	0.7	7.6	237.5	0.0	0.0

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

Source: Lottery Commission, ERFC

**Year-Over-Year Employment Growth by Industry
(October 2013 to October 2014)
Washington vs. U.S.**

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	84.4	2.8%	1.9%
Construction	11.9	7.9%	3.9%
Information Excluding Software	3.0	5.8%	NA
Professional and Business Services	14.1	3.9%	3.5%
Manufacturing Excluding Aerospace	7.3	3.8%	NA
Leisure and Hospitality	10.4	3.6%	2.6%
Retail Trade	11.3	3.4%	1.6%
Wholesale Trade	4.1	3.2%	2.2%
Mining and Logging	0.2	2.7%	5.3%
Other Services	2.9	2.6%	0.8%
Software Publishers	1.3	2.3%	NA
Education and Health Services	9.0	2.0%	2.0%
State and Local Gov Education	4.0	1.7%	0.3%
Financial Activities	2.5	1.6%	1.1%
State and Local Gov Non-Education	3.0	1.5%	0.5%
Transportation, Warehousing and Utilities	1.0	1.1%	3.1%
Aerospace Product and Parts Manufacturing	-2.3	-2.4%	NA
Information	4.3	4.0%	0.4%
Manufacturing	5.0	1.7%	1.4%

Source: WA State ERFC Kalman filtered data, U.S. Bureau of Labor Statistics

U.S. Forecast Comparison

	2014Q3	2014Q4	2015Q1	2015Q2
Real GDP (Billions of 2009 Dollars)				
November Forecast, Final	16,151	16,243	16,361	16,479
Percent Change	3.5%	2.3%	3.0%	2.9%
November Forecast, Preliminary	16,130	16,250	16,369	16,487
Percent Change	3.0%	3.0%	3.0%	2.9%
Real Consumption (Billions of 2009 Dollars)				
November Forecast, Final	10,961	11,031	11,112	11,191
Percent Change	1.8%	2.6%	3.0%	2.9%
November Forecast, Preliminary	10,969	11,046	11,129	11,207
Percent Change	2.1%	2.8%	3.0%	2.8%
Implicit Price Deflator, PCE (2009=1.00)				
November Forecast, Final	1.091	1.092	1.094	1.098
Percent Change	1.2%	0.2%	0.7%	1.6%
November Forecast, Preliminary	1.091	1.091	1.093	1.096
Percent Change	1.2%	0.0%	0.7%	1.2%
Real Personal Income (Billions of 2009 Dollars)				
November Forecast, Final	13,619	13,754	13,895	13,991
Percent Change	3.0%	4.0%	4.2%	2.8%
November Forecast, Preliminary	13,611	13,754	13,907	14,007
Percent Change	2.7%	4.3%	4.5%	2.9%
Nonfarm Payroll Employment (Millions)				
November Forecast, Final	139.2	139.9	140.7	141.5
Percent Change	2.0%	2.1%	2.3%	2.1%
November Forecast, Preliminary	139.2	139.9	140.6	141.3
Percent Change	2.0%	2.0%	1.9%	2.1%
Unemployment Rate (Percent of Labor Force)				
November Forecast, Final	6.1	5.8	5.7	5.5
November Forecast, Preliminary	6.1	5.9	5.8	5.6
30 Year Fixed Mortgage Rate (Percent, average)				
November Forecast, Final	4.1	4.1	4.4	4.8
November Forecast, Preliminary	4.1	4.3	4.5	4.7
3 Month T-Bill Rate (Percent, average)				
November Forecast, Final	0.0	0.0	0.1	0.3
November Forecast, Preliminary	0.0	0.0	0.1	0.3

	2013	2014	2015	2016	2017	2018	2019
Real GDP (Billions of 2009 Dollars)							
November Forecast, Final	15,710	16,059	16,541	17,021	17,480	17,917	18,347
Percent Change	2.2%	2.2%	3.0%	2.9%	2.7%	2.5%	2.4%
November Forecast, Preliminary	15,710	16,056	16,546	17,025	17,485	17,922	18,352
Percent Change	2.2%	2.2%	3.1%	2.9%	2.7%	2.5%	2.4%
Real Consumption (Billions of 2009 Dollars)							
November Forecast, Final	10,700	10,937	11,228	11,531	11,830	12,125	12,416
Percent Change	2.4%	2.2%	2.7%	2.7%	2.6%	2.5%	2.4%
November Forecast, Preliminary	10,700	10,943	11,242	11,545	11,845	12,140	12,431
Percent Change	2.4%	2.3%	2.7%	2.7%	2.6%	2.5%	2.4%
Implicit Price Deflator, PCE (2009=1.00)							
November Forecast, Final	1.073	1.088	1.100	1.117	1.137	1.158	1.180
Percent Change	1.2%	1.4%	1.1%	1.6%	1.8%	1.9%	1.9%
November Forecast, Preliminary	1.073	1.088	1.098	1.114	1.133	1.153	1.174
Percent Change	1.2%	1.4%	0.9%	1.5%	1.7%	1.7%	1.8%
Real Personal Income (Billions of 2009 Dollars)							
November Forecast, Final	13,199	13,571	14,052	14,590	15,159	15,639	16,091
Percent Change	0.8%	2.8%	3.5%	3.8%	3.9%	3.2%	2.9%
November Forecast, Preliminary	13,199	13,569	14,071	14,609	15,158	15,629	16,074
Percent Change	0.8%	2.8%	3.7%	3.8%	3.8%	3.1%	2.8%
Nonfarm Payroll Employment (Millions)							
November Forecast, Final	136.4	138.9	141.7	144.1	145.8	146.9	147.7
Percent Change	1.7%	1.8%	2.1%	1.7%	1.2%	0.7%	0.6%
November Forecast, Preliminary	136.4	138.8	141.6	143.9	145.5	146.6	147.5
Percent Change	1.7%	1.8%	2.0%	1.6%	1.1%	0.7%	0.6%
Unemployment Rate (Percent of Labor Force)							
November Forecast, Final	7.4	6.2	5.5	5.2	5.1	5.1	5.2
November Forecast, Preliminary	7.4	6.2	5.6	5.3	5.3	5.3	5.3
30 Year Fixed Mortgage Rate (Percent, average)							
November Forecast, Final	4.0	4.2	4.8	5.5	6.1	6.1	6.1
November Forecast, Preliminary	4.0	4.2	4.8	5.4	6.0	6.2	6.2
3 Month T-Bill Rate (Percent, average)							
November Forecast, Final	0.1	0.0	0.5	1.6	3.2	3.5	3.5
November Forecast, Preliminary	0.1	0.0	0.5	1.6	3.2	3.5	3.5

U.S. Forecast Comparison

2014Q3 2014Q4 2015Q1 2015Q2

Real GDP (Billions of 2009 Dollars)

November Forecast, Final	16,151	16,243	16,361	16,479
Percent Change	3.5%	2.3%	3.0%	2.9%
September Forecast	16,104	16,224	16,348	16,467
Percent Change	2.8%	3.0%	3.1%	3.0%

Real Consumption (Billions of 2009 Dollars)

November Forecast, Final	10,961	11,031	11,112	11,191
Percent Change	1.8%	2.6%	3.0%	2.9%
September Forecast	10,968	11,047	11,130	11,208
Percent Change	2.1%	2.9%	3.1%	2.8%

Implicit Price Deflator, PCE (2009=1.00)

November Forecast, Final	1.091	1.092	1.094	1.098
Percent Change	1.2%	0.2%	0.7%	1.6%
September Forecast	1.092	1.094	1.097	1.100
Percent Change	1.6%	0.7%	1.0%	1.3%

Real Personal Income (Billions of 2009 Dollars)

November Forecast, Final	13,619	13,754	13,895	13,991
Percent Change	3.0%	4.0%	4.2%	2.8%
September Forecast	13,581	13,666	13,823	13,923
Percent Change	1.9%	2.5%	4.7%	2.9%

Nonfarm Payroll Employment (Millions)

November Forecast, Final	139.2	139.9	140.7	141.5
Percent Change	2.0%	2.1%	2.3%	2.1%
September Forecast	139.1	139.8	140.3	141.1
Percent Change	1.8%	1.9%	1.6%	2.2%

Unemployment Rate (Percent of Labor Force)

November Forecast, Final	6.1	5.8	5.7	5.5
September Forecast	6.2	6.0	5.9	5.8

30 Year Fixed Mortgage Rate (Percent, average)

November Forecast, Final	4.1	4.1	4.4	4.8
September Forecast	4.1	4.2	4.6	4.9

3 Month T-Bill Rate (Percent, average)

November Forecast, Final	0.0	0.0	0.1	0.3
September Forecast	0.0	0.0	0.1	0.2

2013 2014 2015 2016 2017 2018 2019

15,710	16,059	16,541	17,021	17,480	17,917	18,347
2.2%	2.2%	3.0%	2.9%	2.7%	2.5%	2.4%
15,710	16,038	16,522	17,001	17,477	17,932	18,380
2.2%	2.1%	3.0%	2.9%	2.8%	2.6%	2.5%

10,700	10,937	11,228	11,531	11,830	12,125	12,416
2.4%	2.2%	2.7%	2.7%	2.6%	2.5%	2.4%
10,700	10,942	11,241	11,544	11,844	12,140	12,431
2.4%	2.3%	2.7%	2.7%	2.6%	2.5%	2.4%

1.073	1.088	1.100	1.117	1.137	1.158	1.180
1.2%	1.4%	1.1%	1.6%	1.8%	1.9%	1.9%
1.073	1.089	1.102	1.118	1.136	1.155	1.173
1.2%	1.5%	1.2%	1.4%	1.6%	1.6%	1.6%

13,199	13,571	14,052	14,590	15,159	15,639	16,091
0.8%	2.8%	3.5%	3.8%	3.9%	3.2%	2.9%
13,199	13,539	13,980	14,522	15,092	15,585	16,069
0.8%	2.6%	3.3%	3.9%	3.9%	3.3%	3.1%

136.4	138.9	141.7	144.1	145.8	146.9	147.7
1.7%	1.8%	2.1%	1.7%	1.2%	0.7%	0.6%
136.4	138.8	141.3	143.7	145.6	146.9	147.9
1.7%	1.8%	1.8%	1.7%	1.3%	0.9%	0.7%

7.4	6.2	5.5	5.2	5.1	5.1	5.2
7.4	6.3	5.8	5.6	5.4	5.3	5.3

4.0	4.2	4.8	5.5	6.1	6.1	6.1
4.0	4.2	4.9	5.6	6.2	6.1	6.1

0.1	0.0	0.5	1.6	3.2	3.5	3.5
0.1	0.0	0.4	2.0	3.4	3.5	3.5

Washington Forecast Comparison

	2014Q3	2014Q4	2015Q1	2015Q2
Real Personal Income (Billions of 2009 Dollars)				
November Forecast, Final	322.0	323.5	327.4	330.1
Percent Change	5.1%	1.8%	4.9%	3.4%
November Forecast, Preliminary	321.8	323.6	327.6	330.5
Percent Change	4.8%	2.2%	5.1%	3.6%
Personal Income (Billions of Dollars)				
November Forecast, Final	351.4	353.2	358.0	362.4
Percent Change	6.4%	2.0%	5.6%	5.0%
November Forecast, Preliminary	351.1	353.1	358.1	362.3
Percent Change	6.1%	2.2%	5.8%	4.8%
Nonfarm Payroll Employment (Thousands)				
November Forecast, Final	3087	3100	3119	3136
Percent Change	2.9%	1.8%	2.4%	2.2%
November Forecast, Preliminary	3085	3097	3113	3131
Percent Change	2.7%	1.6%	2.1%	2.3%
Unemployment Rate (Percent of Labor Force)				
November Forecast, Final	5.7	6.0	5.9	5.8
November Forecast, Preliminary	5.7	5.6	5.6	5.5
Manufacturing Employment (Thousands)				
November Forecast, Final	290.3	290.6	291.2	292.3
Percent Change	1.4%	0.5%	0.7%	1.6%
November Forecast, Preliminary	289.6	288.8	289.0	290.5
Percent Change	0.4%	-1.0%	0.3%	2.0%
Construction Employment (Thousands)				
November Forecast, Final	160.7	163.3	165.6	167.9
Percent Change	6.1%	6.6%	5.6%	5.7%
November Forecast, Preliminary	160.8	163.1	165.4	167.8
Percent Change	6.1%	6.0%	5.7%	6.0%
Housing Permits (Thousands)				
November Forecast, Final	33.1	34.1	34.3	34.8
Percent Change	-37.4%	12.8%	2.0%	6.9%
November Forecast, Preliminary	33.1	34.1	34.3	35.4
Percent Change	-37.4%	12.8%	2.8%	12.9%

	2013	2014	2015	2016	2017	2018	2019
November Forecast, Final	309.9	320.1	331.7	346.2	361.4	374.5	387.4
Percent Change	1.3%	3.3%	3.6%	4.4%	4.4%	3.6%	3.4%
November Forecast, Preliminary	309.9	320.1	332.2	346.4	361.0	373.9	386.5
Percent Change	1.3%	3.3%	3.8%	4.3%	4.2%	3.6%	3.4%
November Forecast, Final	332.7	348.3	364.9	386.8	410.8	433.6	457.2
Percent Change	2.5%	4.7%	4.8%	6.0%	6.2%	5.6%	5.4%
November Forecast, Preliminary	332.7	348.2	364.8	386.0	409.1	431.0	453.6
Percent Change	2.5%	4.7%	4.8%	5.8%	6.0%	5.4%	5.2%
November Forecast, Final	2990	3073	3144	3206	3251	3287	3323
Percent Change	2.4%	2.8%	2.3%	2.0%	1.4%	1.1%	1.1%
November Forecast, Preliminary	2990	3072	3139	3200	3243	3279	3316
Percent Change	2.4%	2.7%	2.2%	1.9%	1.4%	1.1%	1.1%
November Forecast, Final	7.0	6.0	5.7	5.5	5.4	5.4	5.4
November Forecast, Preliminary	7.0	5.9	5.4	5.2	5.3	5.3	5.4
November Forecast, Final	286.6	289.4	293.0	296.5	297.7	298.0	298.1
Percent Change	2.3%	1.0%	1.2%	1.2%	0.4%	0.1%	0.1%
November Forecast, Preliminary	286.6	288.8	291.1	294.3	294.6	294.4	294.4
Percent Change	2.3%	0.8%	0.8%	1.1%	0.1%	-0.1%	0.0%
November Forecast, Final	148.8	159.6	169.2	179.1	187.5	195.8	202.3
Percent Change	7.0%	7.3%	6.0%	5.9%	4.7%	4.4%	3.3%
November Forecast, Preliminary	148.8	159.6	169.2	179.9	188.4	196.2	202.0
Percent Change	7.0%	7.2%	6.0%	6.3%	4.8%	4.1%	2.9%
November Forecast, Final	33.0	33.9	35.3	38.7	42.5	43.2	43.9
Percent Change	17.2%	2.8%	4.0%	9.7%	9.9%	1.7%	1.6%
November Forecast, Preliminary	33.0	33.9	35.8	39.2	42.8	43.1	43.6
Percent Change	17.2%	2.8%	5.5%	9.7%	9.0%	0.9%	1.2%

Washington Forecast Comparison

	2014Q3	2014Q4	2015Q1	2015Q2
Real Personal Income (Billions of 2009 Dollars)				
November Forecast, Final	322.0	323.5	327.4	330.1
Percent Change	5.1%	1.8%	4.9%	3.4%
September Forecast	316.9	317.5	321.8	324.8
Percent Change	4.7%	0.8%	5.5%	3.8%
Personal Income (Billions of Dollars)				
November Forecast, Final	351.4	353.2	358.0	362.4
Percent Change	6.4%	2.0%	5.6%	5.0%
September Forecast	346.1	347.4	353.0	357.4
Percent Change	6.4%	1.5%	6.6%	5.1%
Nonfarm Payroll Employment (Thousands)				
November Forecast, Final	3087	3100	3119	3136
Percent Change	2.9%	1.8%	2.4%	2.2%
September Forecast	3079	3092	3106	3125
Percent Change	2.7%	1.7%	1.9%	2.4%
Unemployment Rate (Percent of Labor Force)				
November Forecast, Final	5.7	6.0	5.9	5.8
September Forecast	5.6	5.6	5.4	5.4
Manufacturing Employment (Thousands)				
November Forecast, Final	290.3	290.6	291.2	292.3
Percent Change	1.4%	0.5%	0.7%	1.6%
September Forecast	289.0	288.7	289.6	291.3
Percent Change	1.5%	-0.4%	1.2%	2.4%
Construction Employment (Thousands)				
November Forecast, Final	160.7	163.3	165.6	167.9
Percent Change	6.1%	6.6%	5.6%	5.7%
September Forecast	161.1	162.4	164.9	167.2
Percent Change	6.5%	3.3%	6.1%	5.8%
Housing Permits (Thousands)				
November Forecast, Final	33.1	34.1	34.3	34.8
Percent Change	-37.4%	12.8%	2.0%	6.9%
September Forecast	33.9	34.0	34.5	35.5
Percent Change	-31.1%	0.6%	6.3%	13.0%

	2013	2014	2015	2016	2017	2018	2019
November Forecast, Final	309.9	320.1	331.7	346.2	361.4	374.5	387.4
Percent Change	1.3%	3.3%	3.6%	4.4%	4.4%	3.6%	3.4%
September Forecast	305.3	315.1	326.3	340.3	355.0	368.4	382.2
Percent Change	1.9%	3.2%	3.6%	4.3%	4.3%	3.8%	3.7%
November Forecast, Final	332.7	348.3	364.9	386.8	410.8	433.6	457.2
Percent Change	2.5%	4.7%	4.8%	6.0%	6.2%	5.6%	5.4%
September Forecast	327.6	343.1	359.7	380.5	403.3	425.4	448.2
Percent Change	3.2%	4.7%	4.8%	5.8%	6.0%	5.5%	5.4%
November Forecast, Final	2990	3073	3144	3206	3251	3287	3323
Percent Change	2.4%	2.8%	2.3%	2.0%	1.4%	1.1%	1.1%
September Forecast	2990	3068	3131	3189	3235	3276	3317
Percent Change	2.4%	2.6%	2.0%	1.9%	1.4%	1.3%	1.2%
November Forecast, Final	7.0	6.0	5.7	5.5	5.4	5.4	5.4
September Forecast	7.0	5.9	5.4	5.2	5.2	5.2	5.2
November Forecast, Final	286.6	289.4	293.0	296.5	297.7	298.0	298.1
Percent Change	2.3%	1.0%	1.2%	1.2%	0.4%	0.1%	0.1%
September Forecast	286.6	288.2	291.5	294.1	295.2	296.5	297.7
Percent Change	2.3%	0.6%	1.1%	0.9%	0.4%	0.4%	0.4%
November Forecast, Final	148.8	159.6	169.2	179.1	187.5	195.8	202.3
Percent Change	7.0%	7.3%	6.0%	5.9%	4.7%	4.4%	3.3%
September Forecast	148.8	159.5	168.4	178.8	187.8	196.0	202.0
Percent Change	7.0%	7.2%	5.5%	6.2%	5.0%	4.4%	3.1%
November Forecast, Final	33.0	33.9	35.3	38.7	42.5	43.2	43.9
Percent Change	17.2%	2.8%	4.0%	9.7%	9.9%	1.7%	1.6%
September Forecast	33.0	34.1	36.1	41.1	42.5	43.0	44.2
Percent Change	17.2%	3.3%	6.0%	13.8%	3.5%	1.3%	2.8%

Governor's Council of Economic Advisor's Forecast

Calendar Years

November 6, 2014

	2014	2015	2016	2017	2018	2019
U.S.						
Real GDP						
<i>Growth</i>						
ERFC	2.2	3.0	2.9	2.7	2.5	2.4
GCEA Average	2.2	3.0	2.8	2.6	2.3	2.3
Real Consumption						
<i>Growth</i>						
ERFC	2.2	2.7	2.7	2.6	2.5	2.4
GCEA Average	2.3	2.7	2.6	2.6	2.4	2.3
Implicit Price Deflator, PCE						
<i>Growth</i>						
ERFC	1.4	1.1	1.6	1.8	1.9	1.9
GCEA Average	1.6	1.5	1.8	1.8	1.9	2.0
Mortgage Rate						
<i>Percent</i>						
ERFC	4.2	4.8	5.5	6.1	6.1	6.1
GCEA Average	4.2	4.8	5.4	6.0	6.0	6.0
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	101.1	84.0	87.3	88.5	89.6	90.5
GCEA Average	99.3	84.9	86.3	86.8	87.2	87.8

Will Eurozone GDP growth experience a negative quarter within the next year?

75% Yes

Washington State

Real Personal Income

<i>Growth</i>						
ERFC	3.3	3.6	4.4	4.4	3.6	3.4
GCEA Average	3.4	3.6	3.7	3.5	3.2	3.1

Wage and Salary Employment

<i>Growth</i>						
ERFC	2.8	2.3	2.0	1.4	1.1	1.1
GCEA Average	2.5	2.2	1.8	1.4	1.2	1.2

Manufacturing Employment

<i>Growth</i>						
ERFC	1.0	1.2	1.2	0.4	0.1	0.1
GCEA Average	0.8	0.8	0.6	-0.1	-0.3	-0.3

Construction Employment

<i>Growth</i>						
ERFC	7.3	6.0	5.9	4.7	4.4	3.3
GCEA Average	6.2	4.8	4.2	3.4	2.9	2.1

Housing Permits

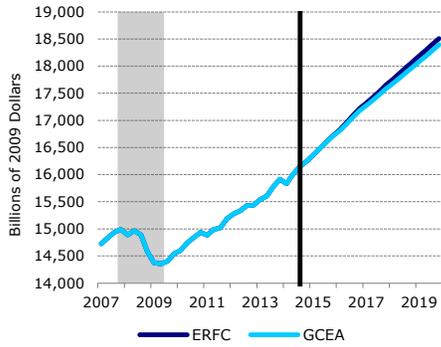
<i>Thousands of authorized units</i>						
ERFC	33.9	35.3	38.7	42.5	43.2	43.9
GCEA Average	34.4	37.2	42.1	41.8	42.2	42.4

Washington Average Annual Wage

<i>Growth</i>						
ERFC	2.6	2.7	3.7	4.1	4.3	4.5
GCEA Average	2.6	2.8	3.2	3.4	3.6	3.6

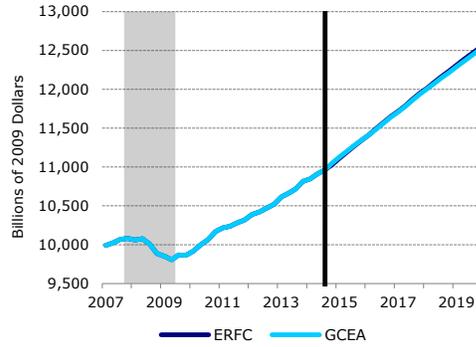
U.S. Forecast Comparison

Real GDP



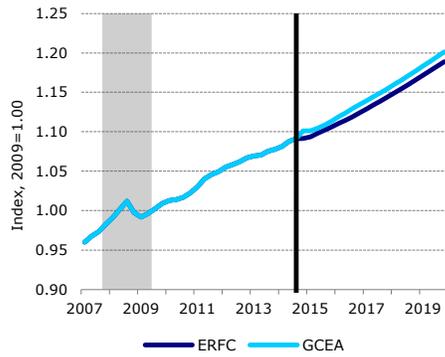
Source: BEA, ERFC, GCEA; data through 2014 Q3

Real Consumption



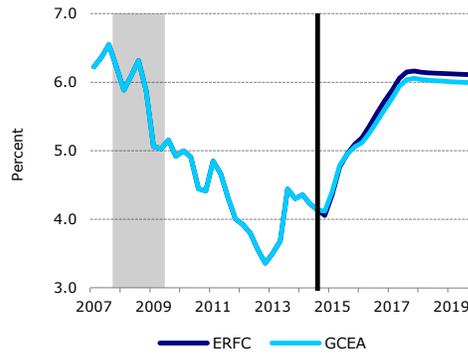
Source: BEA, ERFC, GCEA; data through 2014 Q3

Implicit Price Deflator, PCE



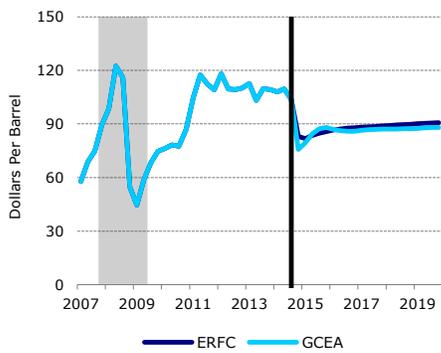
Source: BEA, ERFC, GCEA; data through 2014 Q3

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2014 Q3

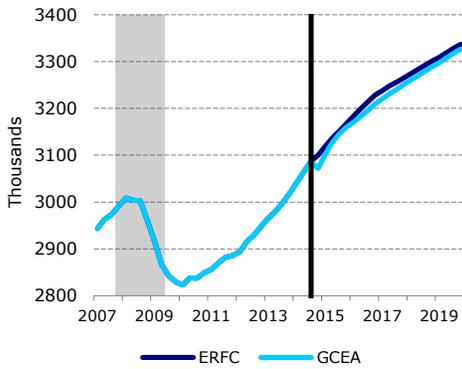
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2014 Q3

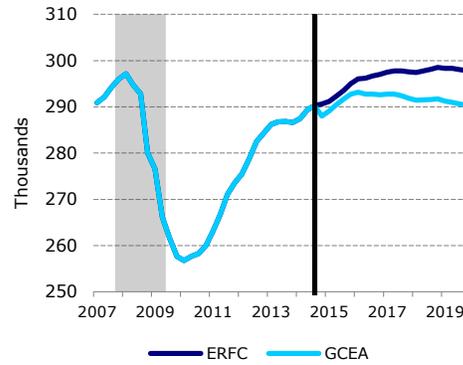
Washington Forecast Comparison

Nonfarm Payroll Employment



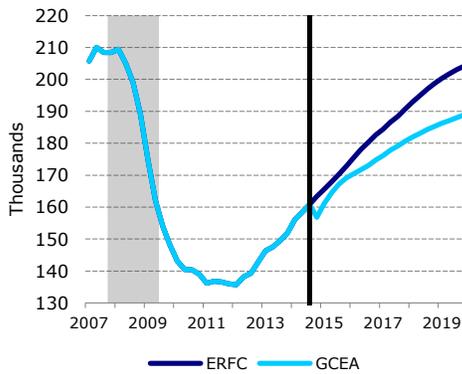
Source: ESD, ERFC, GCEA; data through 2014 Q3

Manufacturing Employment



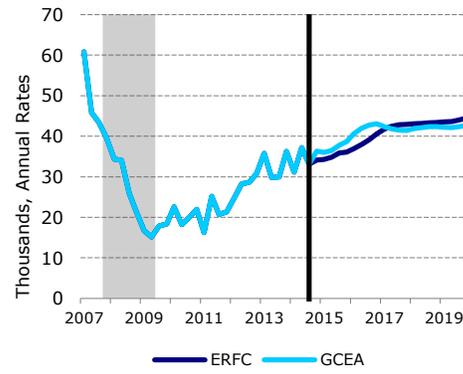
Source: ESD, ERFC, GCEA; data through 2014 Q3

Construction Employment



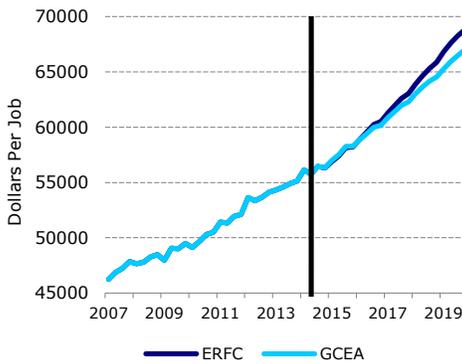
Source: ESD, ERFC, GCEA; data through 2014 Q3

Housing Units Authorized



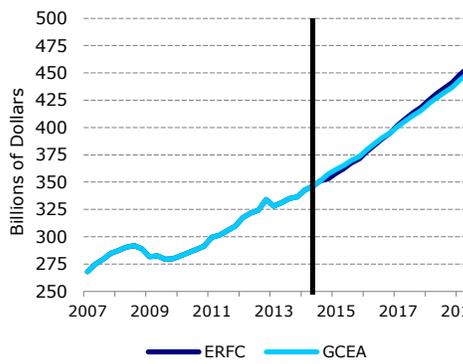
Source: Census, ERFC, GCEA; data through 2014 Q3

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2014 Q2

Personal Income



Source: BEA, ERFC, GCEA; data through 2014 Q2

2013-15 Enacted Budget Balance Sheet

Including 2014 Supplemental Budget

General Fund-State (GFS), Education Legacy Trust Account (ELTA), Washington Opportunity Pathways Account (OPA)
and Budget Stabilization Account

Dollars in Millions

	GFS	ELTA and OPA	TOTAL
RESOURCES			
Beginning Fund Balance	167.5	(11.1)	156.4
Sept 2014 Forecast	33,331.9	619.8	33,951.7
November 2014 Update	107.9	7.3	115.2
Current Revenue Totals	33,439.8	627.1	34,066.9
Transfer to Budget Stabilization Account	(315.0)	-	(315.0)
Other Enacted Fund Transfers	135.0	293.3	428.3
Prior Period Adjustments	15.7	-	15.7
Alignment to the Comprehensive Financial Statements	(2.9)	-	(2.9)
Total Resources (including beginning fund balance)	33,440.2	909.3	34,349.5
EXPENDITURES			
2013-15 Enacted Budget			
Enacted 2013-15 Budget (including supplementals)	32,868.6	925.5	33,794.1
Actual Reversions in Fiscal Year 2014	(79.7)		(79.7)
Assumed Reversions for Fiscal Year 2015	(70.0)		(70.0)
Total Expenditures	32,718.9	925.5	33,644.4
RESERVES			
Projected Ending GFS, ELTA & OPA Balances	721.3	(16.2)	705.1
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	269.7	-	269.7
Transfer from General Fund and Interest Earnings	315.7	-	315.7
Projected Budget Stabilization Account Ending Balance	585.3	-	585.3
Total Reserves (Including Budget Stabilization)	1,306.6	(16.2)	1,290.4