EMBARGOED
until November 18, 2015 10:00 am PDT when it will be published at www.erfc.wa.gov

Revenue Review Meeting

November 18, 2015

WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE

ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

November 18, 2015
10:00 a.m.

- Call to order
- Approval meeting minutes from November 4, 2015
- Economic & Revenue Forecast
- Adoption of the Official Forecast
- Budget Outlook

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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 & Budget Outlook

November 4, 2015
John A Cherberg, Hearing Room 3

Economic and Revenue Forecast Council

Members Present
Hans Dunshee, House of Representatives
Terry Nealey, House of Representatives (via phone)
James McIntire, Treasurer
David Schumacher, Office of Financial Management
Vikki Smith, Department of Revenue

Staff
Steve Lerch, Executive Director, ERFC
Michael Bezanson, Senate
Melissa Palmer, House
Pam Davidson, OFM
Noah Purcell, ATG, Expenditure Limit Committee

Call to Order
The meeting was called to order by Director Schumacher at 2:34 pm.

Other Business
Welcome new member Representative Hans Dunshee.

Motion
Treasurer McIntire made a motion to approve the meeting minutes from the September 14, 2015 meeting, seconded by Director Smith. Council approved the motion at 2:35 p.m.

Discussion on Enacted Engrossed House Bill 2267
Under Chapter 29 L15 E3, the Economic and Revenue Forecast Council, in consultation with the Expenditure Limit Committee, must prepare draft legislation for introduction in the 2016 legislative session that synchronizes the requirements of the expenditure limit, the four-year balanced budget requirement, and the Budget Outlook process. Michael Bezanson, representative from the Budget Outlook Work Group provided background information on EHB 2267 including a side-by-side comparison of the expenditure limit and the four-year balanced budget and state budget outlook. Discussion ensued regarding the importance for transparency with the four-year outlook and its benefits with credit rating agencies. Treasurer McIntire indicated he would organize a meeting to bring ideas back to the Council.

Discussion on the methodology of the November 2015 Budget Outlook
The budget outlook workgroup provided criteria for use of resources in preparation of the November 2015 outlook. Discussion ensued around costs related to fire mobilization in 2015 and Supreme Court sanctions related to *McCleary*. The Council

agreed that information should be included in the outlook as a footnote so that the information is readily available for legislative policy discussions.

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 personal income growth.

Adjournment
Meeting adjourned at 3:13 pm.

Economic & Revenue Forecast Council
State of Washington

Economic & Revenue Review: November 18, 2015

Executive Summary

United States

- The final U.S. economic forecast is based on the November releases of the Global Insight forecast and the Blue Chip forecast of real GDP growth. Global Insight is assuming that the Federal Reserve will raise the Federal funds interest rates in December to 0.25%.

- The economic forecast uses the first estimate of third quarter 2015 real GDP growth of 1.5% (SAAR). Incorporating the November Blue Chip forecast of real GDP growth, we expect a real GDP growth rate of 2.4% for all of 2015, down from 2.5% in the September forecast and a 2.6% real GDP growth for 2016, down from the 2.7% rate assumed in the September forecast. We have also incorporated the October Blue Chip long term real GDP growth forecast of 2.5% for 2017, 2.4% for 2018 and 2.2% for 2019. In September, we expected slightly higher real GDP growth rates of 2.7% in 2017, 2.6% in 2018 and 2.4% in 2019.

- Our oil price forecast continues to rely on the futures markets, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the Tuesday, November 10, 2015 closing prices for Brent and WTI futures. Futures prices for both have remained essentially unchanged since the September forecast. The refiner's acquisition price of crude oil in 2016 is expected to average $51 per barrel, the same as the September forecast. As in the September forecast, oil prices are expected to gradually rise to $59 per barrel by the end of 2019.

- The two major consumer confidence measures have now moved in opposite directions for three consecutive months. The Conference Board index of consumer confidence, which had increased in August and September, decreased in October. The University of Michigan consumer sentiment survey declined in August and September then increased in October and November. While the University of Michigan survey data cited gains in confidence particularly among lower income households this month, Conference Board survey respondents had a generally less positive view of the current economic situation than in September.

- Data on home sales and construction activity in September were generally positive. September housing starts increased by 6.5% (SA) compared to August and remained above 1 million units for a sixth consecutive month. Housing units authorized by building permits in September decreased by 5.0% (SA) compared to August but were 4.7% above their September 2014 level. Existing home sales increased in September by 4.7% (SA) compared to August and have now increased year-over-year for 12 consecutive months. New single family home sales in September were 11.5% (SA) below August sales. Despite this drop, new home sales have remained above the 450,000 unit level (SAAR) since August 2014. The seasonally-adjusted Case-Shiller

national home price index for August was 0.4% above its July level and 4.7% above its year-ago level.

- Factors outside the state account for the high level of risk to the forecast. A slowing global economy, the negative impact of a stronger dollar on exports, and the uncertain response of businesses and stock markets to Federal Reserve actions all remain major threats to the U.S. and Washington economies. Lower unemployment rates, rising wages and a stronger housing market suggest potential upside risks to the forecast.

Washington

- We have two months of new Washington employment data since the September forecast was released. Total nonfarm payroll employment rose 9,100 (seasonally adjusted) in September and October, 2,400 less than the 11,500 expected in the September forecast. The shortfall in job growth was in private, service-providing sectors which added only 7,800 jobs in the last two months. The September forecast predicted an increase of 10,600. The construction sector added 600 jobs in September and October but the manufacturing sector subtracted 1,300 jobs thanks mostly to a reduction of 800 in aerospace. Government payrolls expanded by 2,100 jobs in September and October.
- 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 lowered the estimated level of total employment in August 2015 by 2,300 jobs. As a result of the downward revision to history and weaker-than-expected growth, the total effect is 4,700 (0.1%) fewer jobs in September 2015 than expected in the September forecast.
- The Microsoft layoffs first announced in July 2014 were completed by the end of December 2014. Microsoft announced further cuts of up to 7,800 in July and 1,000 in October. We expect most of these will be outside of Washington State as was the case in 2014.
- 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 rather than reductions in production.
- In September, the Bureau of Economic Analysis (BEA) released estimates for state personal income through the second quarter of 2015. The September release also incorporated the annual revision of the National Income and Product Accounts. We have incorporated the new BEA estimates as well as additional Washington Quarterly Census of Employment and Wages and other wage data also through the second quarter. Our current estimate of Washington personal income in the second quarter of 2015 is $369.1 billion which is $2.1 billion (0.6%) higher than assumed in the September forecast. However, we estimate that $1.4 billion of that $2.1 billion variance is due to unusually strong stock option redemptions in the second quarter which are not expected to be repeated in the future.

- Washington housing permits improved to 37,400 units (SAAR) in the third quarter of 2015 from 36,800 units in the second quarter. The September forecast projected 35,500 units in the third quarter. Single-family permits totaled 19,700 units in the third quarter compared to the forecast of 19,300 units and 17,700 multi-family units were permitted compared to the forecast of 16,200 units.
- Seattle home prices surged in August after three months of essentially no change. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices jumped 0.7% in August following changes of -0.1%, 0.1%, and -0.1% in May, June, and July. Seattle home prices are up 7.6% over the previous August and are 36.0% higher than the November 2011 trough. Seattle area home prices have recovered to just 5.6% below the May 2007 peak.
- Seattle area consumer price inflation remains tame thanks to falling energy costs. Over the last year, from October 2014 to October 2015, consumer prices in the Seattle area rose 1.2% compared to 0.1% for the U.S. city average. Core prices, which exclude food and energy, were up 2.6% in Seattle compared to 1.9% for the nation. The higher Seattle inflation is largely due to more rapid growth in shelter costs. During the year, shelter costs in Seattle rose 5.1% compared to 3.2% for the nation. However, even with shelter excluded, Seattle inflation was higher at -0.9% compared to -1.3% for the nation.
- For the third month in a row, the Institute of Supply Management - Western Washington Index (ISM-WW) signaled contraction in the manufacturing sector. The index fell to 46.1 in October from 48.0 in both August and September (index values above 50 indicate positive growth while values below 50 indicate contractions). The production, orders, and employment components worsened but the inventory and deliveries components improved. Prior to August 2015, the index had been above 50 in every month since July 2009.
- Washington car and truck sales continue to trend upward, reaching a new a post-recession high in October. Washington new vehicle registrations rose 4.3% to 316,400 (SAAR) in October following a 1.9% increase in September. Registrations are up 9.9% over the year.
- Third quarter exports were down 5.8% from the third quarter of 2014. Transportation equipment exports (mostly Boeing planes) declined 1.9% over the year. Exports other than transportation equipment were 12.4% lower than a year ago. The drop likely reflects the negative influence of a stronger dollar and weak growth abroad.
- Overall, our November forecast for Washington State is similar to the September forecast. Washington employment is expected to grow 2.8% this year compared to 3.0% expected in the September forecast. The November forecast for average annual employment growth from 2016 through 2019 is 1.5% per year, the same rate as in the September forecast. Our November forecast for nominal personal income growth this year of 5.4% is slightly higher than the 5.1% rate in the September forecast, however, our new forecast for nominal personal income growth from 2016 through 2019 averages 5.2% per year, down slightly from 5.3% in the September forecast.

Revenue

- Cumulative General Fund-State (GF-S) revenue collections from September 11th through November 10th were $44 million (1.7%) higher than forecasted in September.
- The small changes to the economic forecast resulted in small changes to the revenue forecast. The net change in revenue was positive, due mainly to strength in auto sales and service-providing industries.
- Forecasted revenue for the current (2015-17) biennium was increased by $113 million, an increase of only 0.3%. $15 million of the increase was due to non-economic factors (large expected audit payments), and $44 million of the increase came from the collection surplus since September. The remaining $55 million of the increase represents the very slight net change in expected taxable activity through the end of the biennium.
- Forecasted revenue for the 2015-17 biennium is now $37.204 billion, an increase of 10.5% above that of the 2013-15 biennium.
- Forecasted revenue for the 2017-19 biennium was increased by $30 million, an increase of less than 0.1%. Total forecasted revenue is now $40.567 billion, 9.0% more than that of the 2015-17 biennium.
- The final tally of GF-S revenue for the 2013-15 biennium, which ended on June 30, 2015, is $36.664 billion, $2 million lower than the preliminary estimate in September.

Revenue Review

Presented to
The Economic & Revenue Forecast Council

Steve Lerch
Executive Director

November 18, 2015
Olympia, Washington

WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

Summary

- The economic forecast is similar to September's forecast, with slightly weaker growth in U.S. GDP, U.S. employment and WA employment
- The forecast assumes the Federal Reserve will gradually increase interest rates starting in December
- Risks to the baseline include slowing economic growth in the U.S. and globally, impact of a stronger dollar on exports, and weaker manufacturing activity
- The GF-S revenue forecast has been increased by $113 million for the 2015-17 biennium and increased by $30 million for the 2017-19 biennium

Revenue Review
November 18, 2015

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New information since November preliminary economic forecast

U.S. GDP growth data and forecast

- 3rd quarter 2015 initial estimate = 1.5% (annual rate)
- 2015 Blue Chip decreased from 2.5% to 2.4%; 2016 decreased from 2.7% to 2.6%

U.S. Employment data

- 271,000 net new jobs in October; August and September revised up by combined 12,000 jobs
- October unemployment rate dropped to 5.0% from 5.1% in September

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Economic news continues to suggest risks to forecast

Upside:

- Stronger than expected job growth
- Rising wage growth
- Stronger housing starts and home sales (new and existing)

Downside:

- Slowing global economy
- Slower U.S. GDP growth
- Negative impact of stronger dollar on exports
- Weaker manufacturing activity
- Impact of Federal Reserve actions

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November 18, 2015

Slide 3

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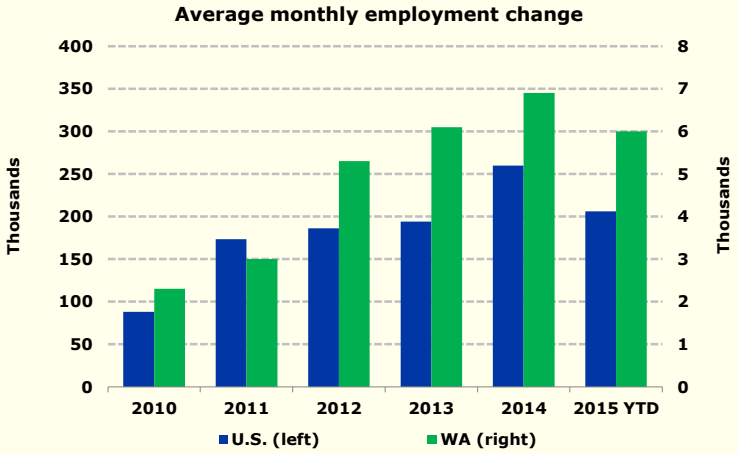
Job creation is slightly weaker in both the U.S. and WA so far this year



Source: Bureau of Labor Statistics, ERFC; data through October 2015

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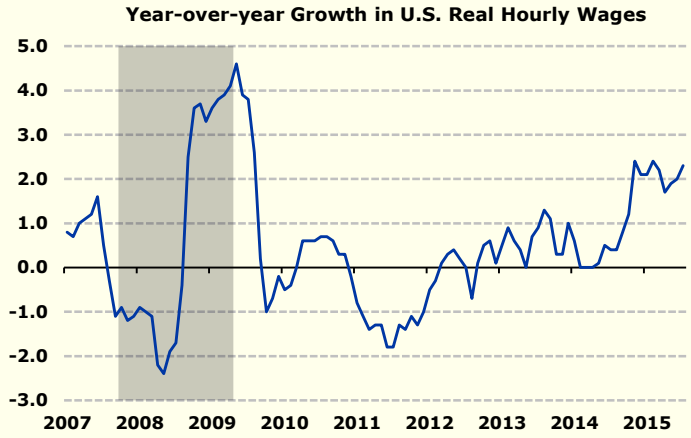
Average U.S. wage growth has turned positive



Source: U.S. Bureau of Labor Statistics, data through Oct. 2015

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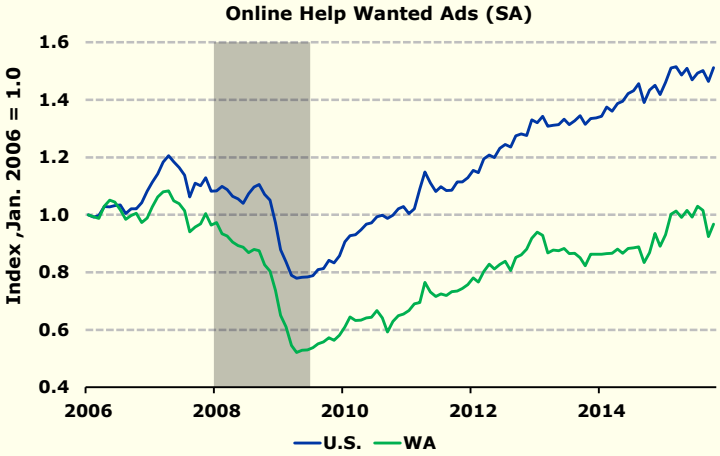
Job openings trending up nationally, slowing in Washington



Source: Conference Board; data through October 2015

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Number of long-term unemployed workers remains above pre-recession levels

Long-term unemployed as share of all unemployed:

Apr. 2010: 45%

Oct. 2015: 27%

Source: Bureau of Labor Statistics; data through October 2015

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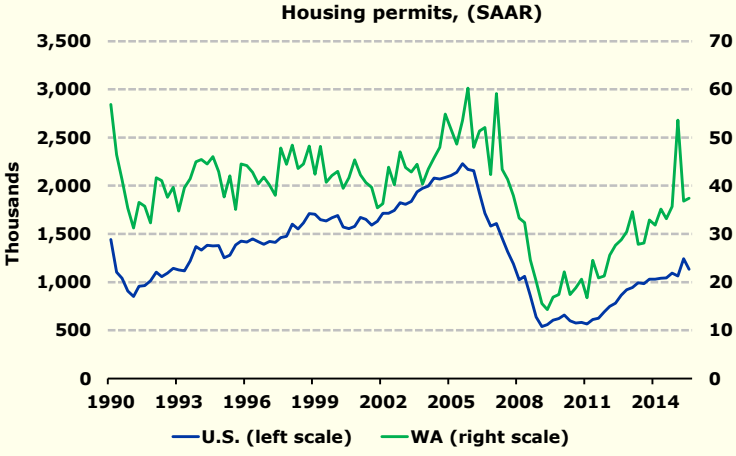
Both U.S. and WA housing permits trending up since 2011



Source: U.S. Census Bureau, data through 2015 Q3

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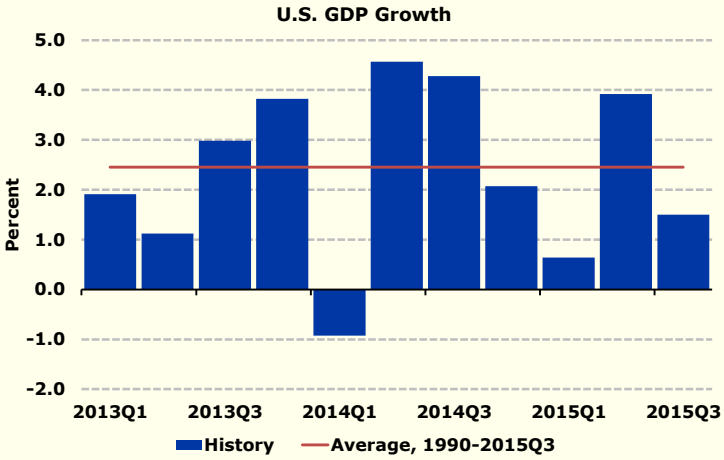
U.S. economic growth weakened in the third quarter



Source: U.S. Dept. of Commerce, BEA, data through 2015Q3

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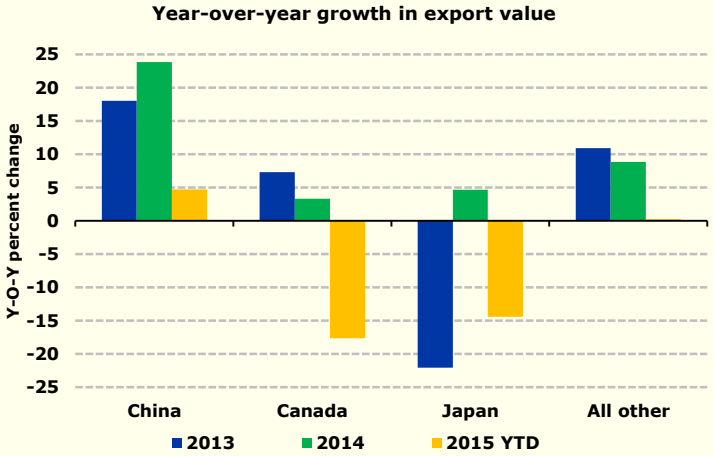
WA exports to major trading partners have slowed



Source: WISERTrade; data through September 2015

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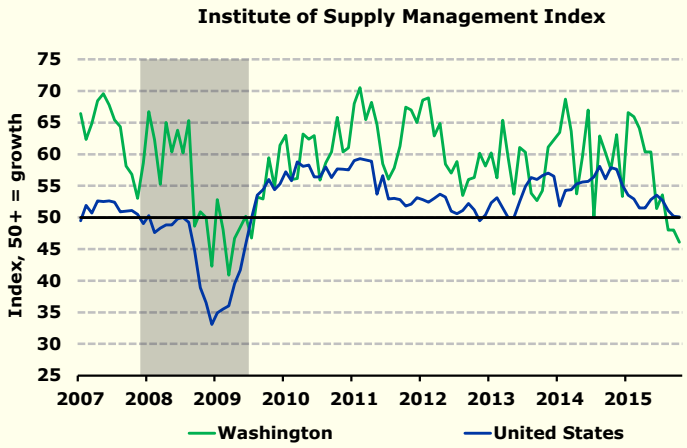
Manufacturing is declining in Washington



Source: ISM; data through October 2015

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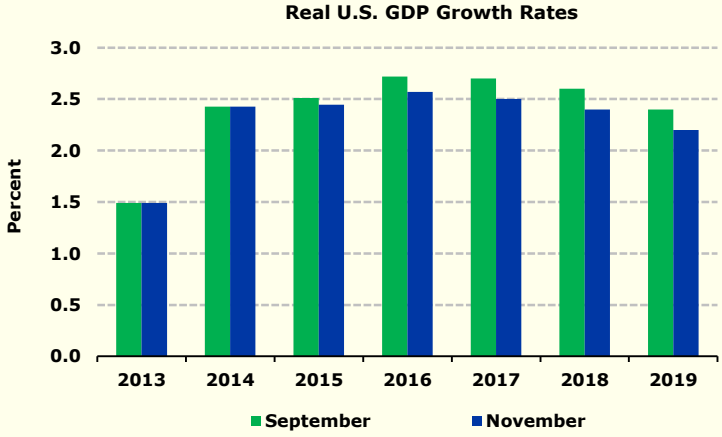
Forecasted real GDP growth is slightly lower than in the September forecast



Source: ERFC November 2015 forecast; historical data through 2014

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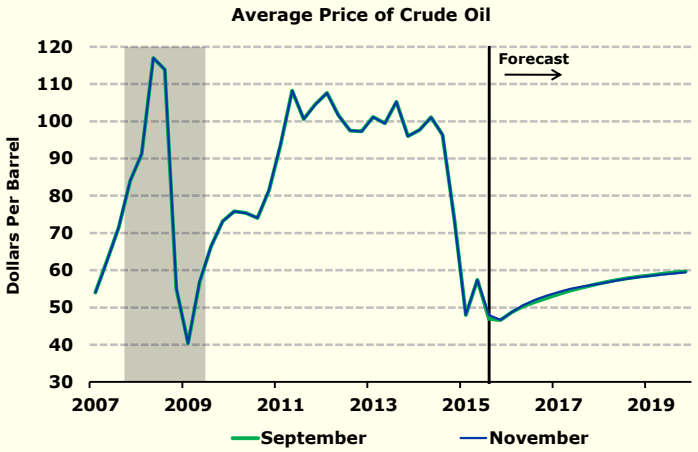
Oil prices are almost the same as in the September forecast



Source: DOE, ERFC November 2015 forecast; historical data through 2015Q3

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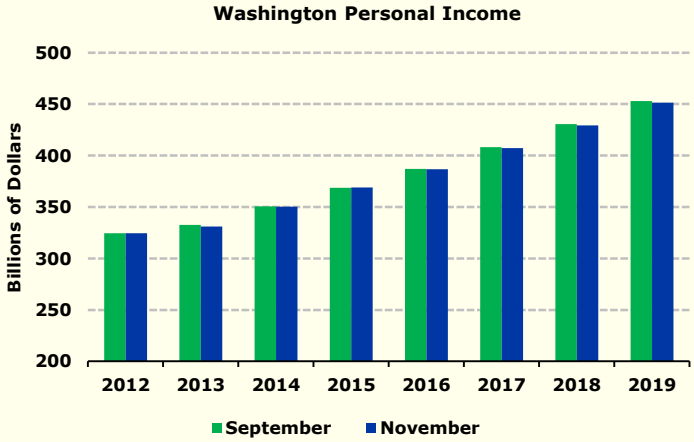
Washington personal income forecast is slightly lower than in September



Source: ERFC November 2015 forecast; historical data through 2014

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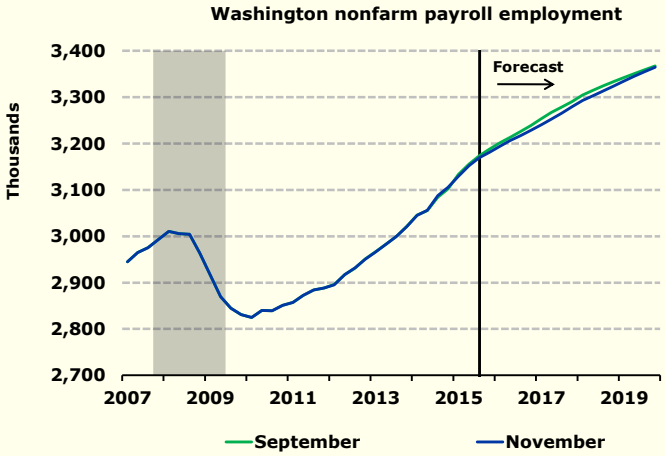
Washington employment forecast is slightly lower than in September



Source: Global Insight, ERFC November 2015 forecast; historical data through 2015Q3

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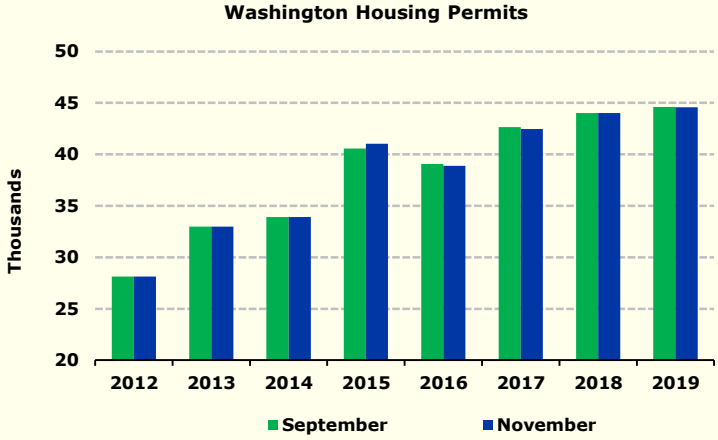
Washington housing permits forecast is very similar to September



Source: ERFC November 2015 forecast; historical data through 2015Q3

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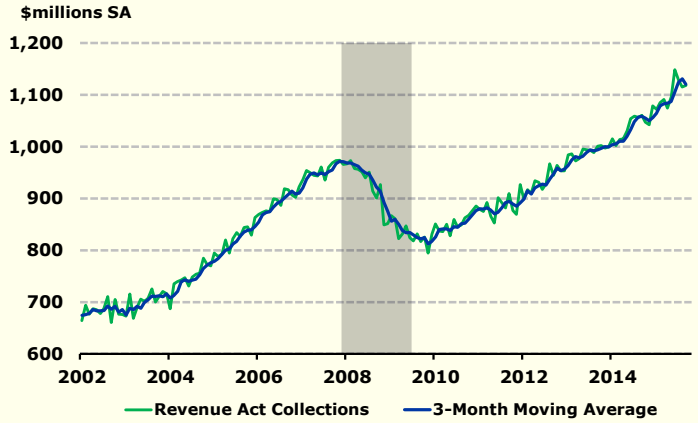
Q3 Revenue Act collections growth slowed after a strong Q2

Adjusted Y-O-Y revenue growth for third quarter activity slowed to 5.5% after 7.3% growth in the second quarter.

Adjusted Y-O-Y growth was 4.3% for August activity and 5.8% for September activity.



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

Source: DOR and ERFC; monthly data through estimated September 2015 activity

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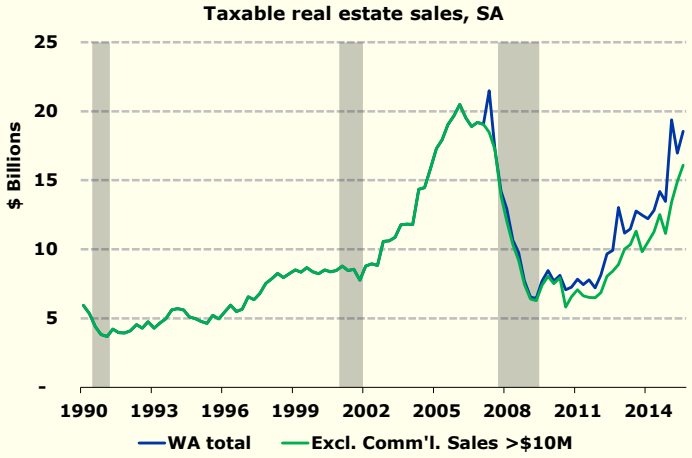
Large commercial property sales have had major impact on REET collections

Residential taxable activity has been growing rapidly for the last three quarters but future growth is expected to slow due to a lack of inventory.

Large commercial property sales are also expected to slow.



Source: ERFC, data through 2015 Q3

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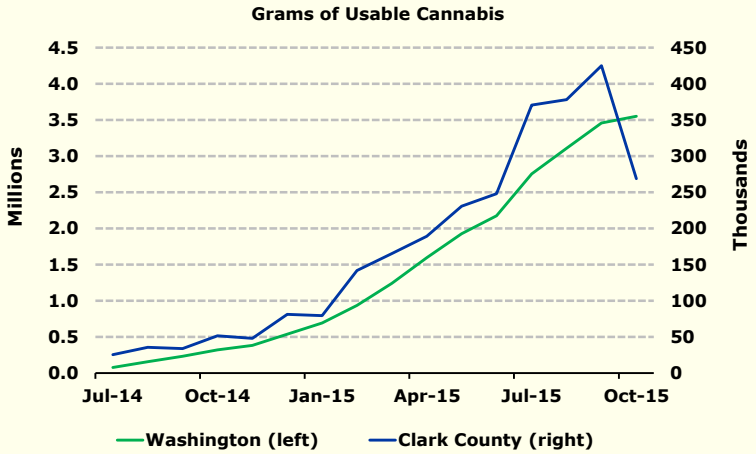
Oregon legalization may have affected Clark County but statewide sales continued to grow

Prior to legal retail sales in Oregon, Clark County accounted for 12.8% of total sales by quantity.

In October, Clark County accounted for 7.6% of total sales by quantity.



Source: WA LCB; data through October 2015

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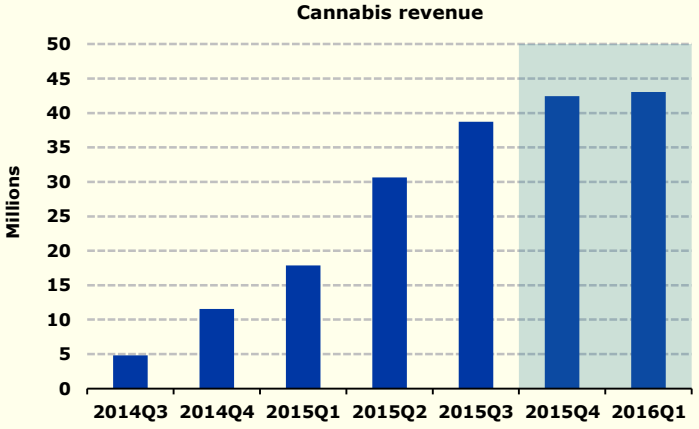
Cannabis revenue has been strong



Source: LCB, ERFC November 2015 forecast; historical data through 2015 Q3

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Cannabis excise tax and license fee estimates

Total change from September forecast:

- 2015-17 +$11 M
- 2017-19 +$2 M

$Millions	November Forecast		
	2013-15	2015-17	2017-19
GF-S share of excise tax and license fees	$15	$133	$230
Non-GF	$52	$300	$475
Total	**$67**	**$433**	**$705**

* Detail may not add to total due to rounding
Source: ERFC, LCB, BOTEC Analysis

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Final estimate: General Fund-State, 2013-2015 biennium

$Millions	November Forecast		
	September Estimate	Revision	November Final Total*
Dept. of Revenue	$31,966	$0	$31,966
All other agencies	$1,700	($2)	$1,698
Total GF-S	**$33,666**	**($2)**	**$33,664**

* Detail may not add to total due to rounding

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Forecast changes: General Fund State, 2015-2017 Biennium

September Forecast:

$37,091 million

$Millions	November Forecast				
	Collection Experience	Non-economic Change#	Forecast Change	Forecast	Total Change*
Dept. of Revenue	$45	$15	$62	$35,338	$122
All other agencies	($1)	$0	($7)	$1,866	($8)
Total GF-S	**$44**	**$15**	**$55**	**$37,204**	**$113**

#Sum of large expected audit payments
* Detail may not add to total due to rounding

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

2015-17 Biennium alternative forecasts – cash basis

$Millions	2015-17 Biennium	Difference From the baseline
November 2015 Baseline (55%)	**$37,204**	
November 2015 Alternative Forecasts		
Optimistic (15%)	**$39,094**	**$1,889**
Pessimistic (30%)	**$35,341**	**($1,863)**
Probability Weighted Average	**$36,929**	**($276)**
GCEA*	**$37,261**	**$56**

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

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Forecast changes: General Fund State, 2017-2019 Biennium

September Forecast:

$40,538 million

$Millions	**November Forecast**			
	Non-economic Change	Forecast Change	Forecast	Total Change*
Dept. of Revenue	$0	$35	$38,430	$35
All other agencies	$0	($5)	$2,137	($5)
Total GF-S	**$0**	**$30**	**$40,568**	**$30**

* Detail may not add to total due to rounding

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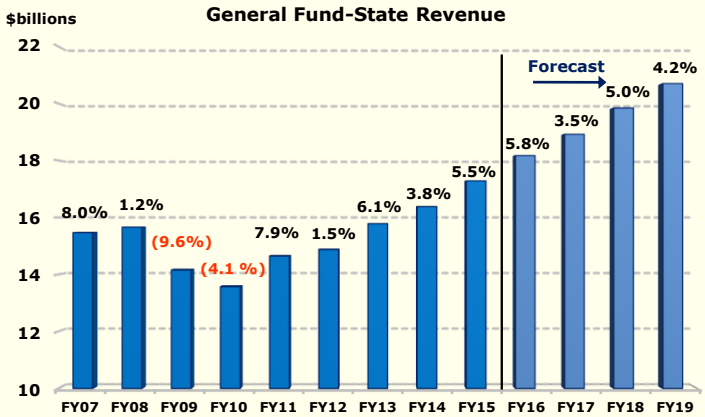
General Fund-State* forecast by fiscal year



*General Fund-State & Related Funds for FY 07-09, General Fund-State new definition for FY 10-17
Source: ERFC forecast, November 2015

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Conclusion

- The economic forecast expects slightly weaker growth in personal income and employment than in September
- 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 10.5% between the 2013-15 and 2015-17 biennia and 9.0% between the 2015-17 and 2017-19 biennia
- The level of uncertainty in the baseline remains elevated, with downside risks outweighing upside risks

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Questions

Economic & Revenue Forecast Council
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Revenue Review
November 18, 2015

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

Comparison of the November 2015 to the September 2015 Forecast
2013-15 Biennium
Cash Forecast; Millions of Dollars

	September 2015 Estimate*	Non-economic Changes	Forecast Change	November 2015 Estimate	Total Change#
General Fund-State	$33,666.0	$0.0	($1.5)	$33,664.5	($1.5)
Education Legacy Trust Account**	$404.8	$0.0	$0.0	$404.8	$0.0
WA Opportunity Pathways Account	$233.9	$0.0	$0.0	$233.9	$0.0
Total	**$34,304.7**	**$0.0**	**($1.5)**	**$34,303.2**	**($1.5)**

*Preliminary total for GF-S for the 2013-15 biennium adopted September 14, 2015
**Revenue only - does not include 2013-15 lottery fund transfers ($16.1 million)
#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 2015 to the September 2015 Forecast
2015-17 Biennium
Cash Forecast; Millions of Dollars

	September 2015 Forecast*	Non-economic Changes**	Forecast Change	November 2015 Forecast	Total Change#
General Fund-State	$37,091.0	$14.7	$98.7	$37,204.4	$113.4
Education Legacy Trust Account	$446.6	$0.0	($0.7)	$445.9	($0.7)
WA Opportunity Pathways Account	$276.7	$0.0	($11.5)	$265.2	($11.5)
Total	**$37,814.3**	**$14.7**	**$86.6**	**$37,915.6**	**$101.3**

*Forecast for GF-S for the 2015-17 biennium adopted September 14, 2015
**Sum of large expected audit payments
#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 2015 to the September 2015 Forecast
2017-19 Biennium
Cash Forecast; Millions of Dollars

	September 2015 Forecast*	Non-economic Changes	Forecast Change	November 2015 Forecast	Total Change#
General Fund-State	$40,537.9	$0.0	$29.6	$40,567.5	$29.6
Education Legacy Trust Account	$503.2	$0.0	$1.8	$505.0	$1.8
WA Opportunity Pathways Account	$261.6	$0.0	($6.7)	$254.9	($6.7)
Total	**$41,302.7**	**$0.0**	**$24.7**	**$41,327.4**	**$24.7**

*Forecast for GF-S for the 2017-19 biennium adopted September 14, 2015
#Details may not add due to rounding

Track Record for the 2013-15 General Fund-State Cash Forecast
February 2012 through November 2015
Cash Basis - Millions of Dollars

Date of Forecast	Department of Revenue*	Other Agencies	Subtotal*	Non-Economic Changes**		Total Change	Total General Fund-State Cash Basis
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
February 2015	65	10	75	31	#8	107	33,547
June 2015	83	46	129	(23)	#9	106	33,653
September 2015	(4)	9	5	8	#10	13	33,666
November 2015	0	(2)	(2)	0		(2)	33,664
Total change*:**							
From February 2012	705	145	850	386		1,236	
Percent change	2.3	11.0	2.6	1.2		3.8	

Track Record for the 2015-17 General Fund-State Cash Forecast
September 2012 through November 2015
Cash Basis - Millions of Dollars

Date of Forecast	Department of Revenue*	Other Agencies	Subtotal*	Non-Economic Changes**		Total Change	Total General Fund-State Cash Basis
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
February 2015	108	22	129	0		129	36,449
June 2015	201	70	270	39	#9	309	36,758
September 2015	80	60	139	193	#10	333	37,091
November 2015	107	(8)	99	15	#11	113	37,204
Total change*:**							
From September 2012	916	266	1,182	504		1,686	
Percent change	2.7	18.8	3.3	1.4		4.7	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.
** Includes legislative, judicial, statutorily required or other major non-economic changes.
*** Detail may not add to total due to rounding.
[#] First official forecast for the 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
#8 Payment from legal settlement plus expected large audit payment
#9 Legislative revenue changes from 2015 regular legislative session
#10 Legislative and budget driven revenue changes from 2015 special legislative sessions
#11 Sum of large expected audit payments

Analysis for the Major Sources Based on Taxable Activity
Revenue Act Sources
November 2015 Baseline Forecast

Source/Fiscal Year	Percentage Change Tax Base Adjusted*	Percentage Change Personal Income[1]	Personal Income Elasticity**
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)	1.6	(0.9)
2003	2.1	3.3	0.6
2004	4.6	4.7	1.0
2005	7.9	5.3	1.5
2006	10.1	8.0	1.3
2007	7.9	7.9	1.0
2008	2.7	8.1	0.3
2009	(10.4)	(0.1)	91.7
2010	(5.4)	(1.4)	3.9
2011	1.8	4.9	0.4
2012	4.1	6.2	0.7
2013	6.7	4.6	1.5
2014	5.8	3.0	1.9
2015	8.1	6.0	1.3
2016	5.8	4.9	1.2
2017	4.5	5.0	0.9
2018	5.3	5.5	1.0
2019	4.5	5.3	0.8
Average 1998-2015:	3.5	4.8	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)	1.6	(2.3)
2003	(1.6)	3.3	(0.5)
2004	6.8	4.7	1.4
2005	9.7	5.3	1.8
2006	11.2	8.0	1.4
2007	8.3	7.9	1.0
2008	6.9	8.1	0.8
2009	(8.8)	(0.1)	77.8
2010	(2.9)	(1.4)	2.1
2011	4.6	4.9	0.9
2012	8.0	6.2	1.3
2013	6.5	4.6	1.4
2014	5.4	3.0	1.8
2015	5.4	6.0	0.9
2016	5.3	4.9	1.1
2017	6.0	5.0	1.2
2018	5.7	5.5	1.0
2019	5.3	5.3	1.0
Average 1998-2015:	4.0	4.8	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 2015 Baseline Forecast

Source/Fiscal Year		Percentage Change Tax Base Adjusted*	Percentage Change Personal Income[1]	Personal Income Elasticity**
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)	1.6	(3.7)
	2003	(1.4)	3.3	(0.4)
	2004	5.6	4.7	1.2
	2005	14.0	5.3	2.6
	2006	2.3	8.0	0.3
	2007	9.0	7.9	1.1
	2008	2.1	8.1	0.3
	2009	(13.0)	(0.1)	115.4
	2010	(5.9)	(1.4)	4.2
	2011	11.4	4.9	2.3
	2012	1.9	6.2	0.3
	2013	7.4	4.6	1.6
	2014	9.7	3.0	3.2
	2015	8.9	6.0	1.5
	2016	(0.9)	4.9	(0.2)
	2017	5.9	5.0	1.2
	2018	6.2	5.5	1.1
	2019	4.8	5.3	0.9
Average 1998-2015:		3.8	4.8	0.8

Total Revenue Act Receipts
November 2015 Baseline Forecast

Source/Fiscal Year		Percentage Change Tax Receipts#	Percentage Change Personal Income[1]	Personal Income Elasticity##
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)	1.6	(1.1)
	2003	1.0	3.3	0.3
	2004	4.8	4.7	1.0
	2005	7.6	5.3	1.4
	2006	10.6	8.0	1.3
	2007	8.3	7.9	1.0
	2008	4.2	8.1	0.5
	2009	(9.5)	(0.1)	84.2
	2010	(5.3)	(1.4)	3.8
	2011	8.1	4.9	1.7
	2012	1.3	6.2	0.2
	2013	5.9	4.6	1.3
	2014	4.6	3.0	1.5
	2015	5.6	6.0	0.9
	2016	7.4	4.9	1.5
	2017	4.1	5.0	0.8
	2018	5.6	5.5	1.0
	2019	4.8	5.3	0.9
Average 1998-2015:		3.5	4.8	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 2015 - Millions of Dollars

	General Fund-State (GF-S) (current defintion)		Education Legacy Trust Fund* (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%
FY 2015	$17,282	5.5%	$207	5.0%	$17,489	5.5%	$120	5.7%	$17,609	5.5%
Forecast:										
FY 2016	$18,281	5.8%	$213	2.6%	$18,494	5.7%	$133	10.8%	$18,627	5.8%
FY 2017	$18,923	3.5%	$233	9.6%	$19,156	3.6%	$132	-0.9%	$19,288	3.5%
FY 2018	$19,863	5.0%	$239	2.5%	$20,102	4.9%	$128	-3.4%	$20,229	4.9%
FY 2019	$20,705	4.2%	$266	11.4%	$20,971	4.3%	$127	-0.2%	$21,098	4.3%
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	**$33,664**	**9.8%**	**$405**	**88.0%**	**$34,069**	**10.4%**	**$234**	**-4.1%**	**$34,303**	**10.2%**
15-17 Biennium	**$37,204**	**10.5%**	**$446**	**10.2%**	**$37,650**	**10.5%**	**$265**	**13.4%**	**$37,916**	**10.5%**
17-19 Biennium	**$40,567**	**9.0%**	**$505**	**13.2%**	**$41,072**	**9.1%**	**$255**	**-3.9%**	**$41,327**	**9.0%**

*Education legacy trust fund 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 2015 and September 2015 forecasts
2013-15 Biennium
(Amounts in Millions)

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.5	$0.0	$0.0	$36.5	$0.0
Insurance Commissioner Insurance Premiums	$985.9	$0.0	$0.0	$985.9	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$275.0	$0.0	$0.0	$275.0	$0.0
Lottery Commission Lottery Revenue	$9.9	$0.0	$0.0	$9.9	$0.0
State Treasurer Interest Earnings	($0.7)	$0.0	$0.0	($0.7)	$0.0
Office of Financial Management Other Agencies	$223.0	$0.0	($1.5)	$221.4	($1.5)
Administrative Office of the Courts Fines and Forfeitures	$170.0	$0.0	$0.0	$170.0	$0.0
Total General Fund-State	**$1,699.6**	**$0.0**	**($1.5)**	**$1,698.1**	**($1.5)**

General Fund-State GAAP Estimates - Other Agencies
Comparison of the November 2015 and September 2015 forecasts
2013-15 Biennium
(Amounts in Millions)

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.5	$0.0	$0.0	$36.5	$0.0
Insurance Commissioner Insurance Premiums	$985.9	$0.0	$0.0	$985.9	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$275.0	$0.0	$0.0	$275.0	$0.0
Lottery Commission Lottery Revenue	$0.6	$0.0	$0.0	$0.6	$0.0
State Treasurer Interest Earnings	($1.0)	$0.0	$0.0	($1.0)	$0.0
Office of Financial Management Other Agencies	$221.0	$0.0	($1.5)	$219.4	($1.5)
Administrative Office of the Courts Fines and Forfeitures	$170.0	$0.0	$0.0	$170.0	$0.0
Total General Fund-State	**$1,687.9**	**$0.0**	**($1.5)**	**$1,686.4**	**($1.5)**

* Detail may not total due to rounding.

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

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.1	$0.0	$0.5	$36.6	$0.5
Insurance Commissioner Insurance Premiums	$1,096.9	$0.0	$0.0	$1,096.9	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$348.6	$0.0	($5.3)	$343.2	($5.3)
Lottery Commission Lottery Revenue	$9.4	$0.0	($4.4)	$4.9	($4.4)
State Treasurer Interest Earnings	$13.0	$0.0	($3.0)	$10.0	($3.0)
Office of Financial Management Other Agencies	$201.2	$0.0	$6.0	$207.2	$6.0
Administrative Office of the Courts Fines and Forfeitures	$169.2	$0.0	($1.9)	$167.3	($1.9)
Total General Fund-State	**$1,874.4**	**$0.0**	**($8.2)**	**$1,866.2**	**($8.2)**

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

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.1	$0.0	$0.5	$36.6	$0.5
Insurance Commissioner Insurance Premiums	$1,096.9	$0.0	$0.0	$1,096.9	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$348.6	$0.0	($5.3)	$343.2	($5.3)
Lottery Commission Lottery Revenue	$18.9	$0.0	($3.9)	$15.0	($3.9)
State Treasurer Interest Earnings	$13.0	$0.0	($3.3)	$9.8	($3.3)
Office of Financial Management Other Agencies	$201.2	$0.0	$6.0	$207.2	$6.0
Administrative Office of the Courts Fines and Forfeitures	$169.2	$0.0	($1.9)	$167.3	($1.9)
Total General Fund-State	**$1,883.8**	**$0.0**	**($7.8)**	**$1,876.0**	**($7.8)**

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
Comparison of the November 2015 and September 2015 forecasts
2017-19 Biennium
(Amounts in Millions)

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.8	$0.0	$0.5	$37.2	$0.5
Insurance Commissioner Insurance Premiums	$1,183.3	$0.0	$0.0	$1,183.3	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$476.4	$0.0	($5.8)	$470.6	($5.8)
Lottery Commission Lottery Revenue	$24.7	$0.0	($3.5)	$21.2	($3.5)
State Treasurer Interest Earnings	$46.9	$0.0	($4.7)	$42.2	($4.7)
Office of Financial Management Other Agencies	$195.5	$0.0	$10.5	$205.9	$10.5
Administrative Office of the Courts Fines and Forfeitures	$179.3	$0.0	($2.5)	$176.8	($2.5)
Total General Fund-State	**$2,142.8**	**$0.0**	**($5.4)**	**$2,137.4**	**($5.4)**

General Fund-State GAAP Estimates - Other Agencies
Comparison of the November 2015 and September 2015 forecasts
2017-19 Biennium
(Amounts in Millions)

Source/Agency	September 2015 Baseline	Non-Economic Changes	Economic Changes	November 2015 Baseline	Total Changes
Department of Licensing Taxes and Fees	$36.8	$0.0	$0.5	$37.2	$0.5
Insurance Commissioner Insurance Premiums	$1,183.3	$0.0	$0.0	$1,183.3	$0.0
Liquor Control Board Taxes, Licenses, and Fees	$476.4	$0.0	($5.8)	$470.6	($5.8)
Lottery Commission Lottery Revenue	$30.5	$0.0	($6.8)	$23.7	($6.8)
State Treasurer Interest Earnings	$48.3	$0.0	($4.4)	$43.8	($4.4)
Office of Financial Management Other Agencies	$195.5	$0.0	$10.5	$205.9	$10.5
Administrative Office of the Courts Fines and Forfeitures	$179.3	$0.0	($2.5)	$176.8	($2.5)
Total General Fund-State	**$2,150.0**	**$0.0**	**($8.5)**	**$2,141.5**	**($8.5)**

* 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	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	150.4	0.0	0.0	11.7	0.0	0.0	0.4	4.7	133.2	0.0	0.0	0.5
2017	153.8	4.9	0.0	12.2	0.0	0.0	0.3	3.8	132.0	0.0	0.0	0.5
2015-17 Biennium	304.2	4.9	0.0	23.8	0.0	0.0	0.7	8.5	265.2	0.0	0.0	1.0
2018	155.6	10.7	0.0	12.6	0.0	0.0	0.3	3.8	127.6	0.0	0.0	0.5
2019	155.6	10.5	0.0	13.1	0.0	0.0	0.3	3.8	127.3	0.0	0.0	0.5
2017-19 Biennium	311.2	21.2	0.0	25.8	0.0	0.0	0.6	7.6	254.9	0.0	0.0	1.0

* 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	152.0	4.9	0.0	11.7	0.0	0.0	0.3	3.8	130.7	0.0	0.0	0.5
2017	154.0	10.1	0.0	12.2	0.0	0.0	0.3	3.8	127.2	0.0	0.0	0.5
2015-17 Biennium	305.9	15.0	0.0	23.8	0.0	0.0	0.6	7.6	257.9	0.0	0.0	1.0
2018	155.7	11.2	0.0	12.6	0.0	0.0	0.3	3.8	127.3	0.0	0.0	0.5
2019	157.7	12.6	0.0	13.1	0.0	0.0	0.3	3.8	127.3	0.0	0.0	0.5
2017-19 Biennium	313.4	23.7	0.0	25.8	0.0	0.0	0.6	7.6	254.6	0.0	0.0	1.0

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

Source: Lottery Commission, ERFC

U.S. Forecast Comparison

	2015Q3	2015Q4	2016Q1	2016Q2	2013	2014	2015	2016	2017	2018	2019
Real GDP (Billions of 2009 Dollars)											
November Forecast	16,394	16,503	16,612	16,722	15,583	15,962	16,352	16,772	17,191	17,604	17,991
Percent Change	*1.5%*	*2.7%*	*2.7%*	*2.7%*	*1.5%*	*2.4%*	*2.4%*	*2.6%*	*2.5%*	*2.4%*	*2.2%*
September Forecast	16,420	16,528	16,635	16,752	15,583	15,962	16,362	16,807	17,261	17,709	18,134
Percent Change	*2.4%*	*2.7%*	*2.6%*	*2.8%*	*1.5%*	*2.4%*	*2.5%*	*2.7%*	*2.7%*	*2.6%*	*2.4%*
Real Consumption (Billions of 2009 Dollars)											
November Forecast	11,269	11,355	11,436	11,515	10,590	10,876	11,221	11,548	11,837	12,121	12,400
Percent Change	*3.2%*	*3.1%*	*2.9%*	*2.8%*	*1.7%*	*2.7%*	*3.2%*	*2.9%*	*2.5%*	*2.4%*	*2.3%*
September Forecast	11,247	11,331	11,413	11,493	10,590	10,876	11,206	11,529	11,840	12,136	12,439
Percent Change	*2.9%*	*3.0%*	*2.9%*	*2.8%*	*1.7%*	*2.7%*	*3.0%*	*2.9%*	*2.7%*	*2.5%*	*2.5%*
Implicit Price Deflator, PCE (2009=1.00)											
November Forecast	1.097	1.100	1.102	1.107	1.076	1.091	1.095	1.110	1.131	1.152	1.171
Percent Change	*1.2%*	*0.9%*	*0.8%*	*1.7%*	*1.4%*	*1.4%*	*0.3%*	*1.4%*	*1.9%*	*1.8%*	*1.7%*
September Forecast	1.099	1.100	1.104	1.108	1.076	1.091	1.095	1.110	1.129	1.149	1.169
Percent Change	*1.8%*	*0.3%*	*1.6%*	*1.5%*	*1.4%*	*1.4%*	*0.4%*	*1.4%*	*1.7%*	*1.8%*	*1.7%*
Real Personal Income (Billions of 2009 Dollars)											
November Forecast	14,027	14,137	14,264	14,348	13,078	13,468	13,984	14,394	14,813	15,266	15,700
Percent Change	*3.3%*	*3.2%*	*3.6%*	*2.4%*	*-0.3%*	*3.0%*	*3.8%*	*2.9%*	*2.9%*	*3.1%*	*2.8%*
September Forecast	14,027	14,162	14,294	14,398	13,078	13,468	13,991	14,456	14,922	15,404	15,864
Percent Change	*3.3%*	*3.9%*	*3.8%*	*2.9%*	*-0.3%*	*3.0%*	*3.9%*	*3.3%*	*3.2%*	*3.2%*	*3.0%*
Nonfarm Payroll Employment (Millions)											
November Forecast	142.2	142.8	143.5	144.0	136.4	139.0	141.9	144.2	145.9	147.4	148.5
Percent Change	*1.7%*	*1.6%*	*1.8%*	*1.5%*	*1.7%*	*1.9%*	*2.1%*	*1.6%*	*1.2%*	*1.1%*	*0.8%*
September Forecast	142.3	143.0	143.6	144.1	136.4	139.0	142.0	144.4	146.4	148.0	149.0
Percent Change	*2.1%*	*1.9%*	*1.7%*	*1.5%*	*1.7%*	*1.9%*	*2.1%*	*1.7%*	*1.4%*	*1.1%*	*0.6%*
Unemployment Rate (Percent of Labor Force)											
November Forecast	5.2	5.0	5.0	4.9	7.4	6.2	5.3	4.9	4.9	4.9	5.0
September Forecast	5.2	5.2	5.1	5.1	7.4	6.2	5.3	5.1	5.1	5.1	5.1
30 Year Fixed Mortgage Rate (Percent, average)											
November Forecast	4.0	3.9	4.2	4.4	4.0	4.2	3.9	4.4	4.7	5.2	5.7
September Forecast	4.0	4.1	4.3	4.4	4.0	4.2	3.9	4.4	4.7	5.2	5.5
3 Month T-Bill Rate (Percent, average)											
November Forecast	0.0	0.1	0.5	0.7	0.1	0.0	0.1	0.8	1.8	2.8	3.0
September Forecast	0.1	0.2	0.5	0.7	0.1	0.0	0.1	0.8	1.8	2.8	3.0

Washington Forecast Comparison

	2015Q3	2015Q4	2016Q1	2016Q2	2013	2014	2015	2016	2017	2018	2019
Real Personal Income (Billions of 2009 Dollars)											
November Forecast	338.1	340.8	346.0	347.7	307.7	321.1	337.2	348.6	360.2	373.0	385.5
Percent Change	*0.9%*	*3.2%*	*6.2%*	*2.0%*	*0.0%*	*4.3%*	*5.0%*	*3.4%*	*3.3%*	*3.6%*	*3.3%*
September Forecast	337.6	340.0	345.4	347.4	309.2	321.4	336.6	348.6	361.4	374.5	387.4
Percent Change	*2.5%*	*2.9%*	*6.6%*	*2.3%*	*1.1%*	*3.9%*	*4.7%*	*3.6%*	*3.7%*	*3.6%*	*3.4%*
Personal Income (Billions of Dollars)											
November Forecast	371.0	374.7	381.2	384.7	331.0	350.3	369.1	386.8	407.4	429.6	451.6
Percent Change	*2.2%*	*4.1%*	*7.1%*	*3.7%*	*1.4%*	*5.8%*	*5.4%*	*4.8%*	*5.3%*	*5.5%*	*5.1%*
September Forecast	370.9	373.8	381.3	384.8	332.7	350.6	368.6	387.0	408.0	430.4	452.9
Percent Change	*4.3%*	*3.2%*	*8.2%*	*3.8%*	*2.5%*	*5.4%*	*5.1%*	*5.0%*	*5.4%*	*5.5%*	*5.2%*
Nonfarm Payroll Employment (Thousands)											
November Forecast	3170	3183	3197	3209	2993	3074	3159	3214	3263	3312	3353
Percent Change	*2.3%*	*1.7%*	*1.7%*	*1.6%*	*2.4%*	*2.7%*	*2.8%*	*1.8%*	*1.5%*	*1.5%*	*1.3%*
September Forecast	3173	3188	3201	3214	2993	3072	3163	3220	3273	3320	3355
Percent Change	*2.3%*	*1.9%*	*1.7%*	*1.5%*	*2.4%*	*2.7%*	*3.0%*	*1.8%*	*1.6%*	*1.4%*	*1.1%*
Unemployment Rate (Percent of Labor Force)											
November Forecast	5.3	5.2	5.2	5.2	6.9	6.3	5.5	5.2	5.2	5.2	5.3
September Forecast	5.3	5.2	5.2	5.2	6.9	6.3	5.5	5.2	5.3	5.2	5.2
Manufacturing Employment (Thousands)											
November Forecast	289.8	287.9	286.9	286.6	286.7	288.2	289.2	287.0	288.5	289.8	291.2
Percent Change	*0.3%*	*-2.6%*	*-1.3%*	*-0.5%*	*2.3%*	*0.5%*	*0.4%*	*-0.8%*	*0.5%*	*0.5%*	*0.5%*
September Forecast	287.5	286.6	287.2	287.3	286.7	288.2	288.0	287.7	288.8	290.3	291.5
Percent Change	*-1.4%*	*-1.3%*	*0.9%*	*0.2%*	*2.3%*	*0.5%*	*-0.1%*	*-0.1%*	*0.4%*	*0.5%*	*0.4%*
Construction Employment (Thousands)											
November Forecast	172.9	173.5	173.5	173.3	149.0	159.3	172.8	174.2	181.5	190.1	195.5
Percent Change	*-0.1%*	*1.4%*	*0.0%*	*-0.4%*	*7.1%*	*6.9%*	*8.5%*	*0.8%*	*4.2%*	*4.8%*	*2.9%*
September Forecast	175.0	175.6	176.4	176.9	149.0	159.3	174.4	178.1	185.4	193.1	199.0
Percent Change	*1.2%*	*1.2%*	*1.9%*	*1.3%*	*7.1%*	*6.9%*	*9.5%*	*2.1%*	*4.1%*	*4.2%*	*3.0%*
Housing Permits (Thousands)											
November Forecast	37.4	36.4	37.4	38.5	33.0	33.9	41.0	38.9	42.6	44.1	44.6
Percent Change	*6.7%*	*-10.2%*	*11.6%*	*12.1%*	*17.2%*	*2.8%*	*21.1%*	*-5.2%*	*9.4%*	*3.7%*	*1.1%*
September Forecast	35.5	36.4	37.5	38.2	33.0	33.9	40.6	39.1	42.6	44.0	44.6
Percent Change	*-13.2%*	*10.4%*	*13.3%*	*7.6%*	*17.2%*	*2.8%*	*19.7%*	*-3.7%*	*9.1%*	*3.2%*	*1.3%*

Year-Over-Year Employment Growth by Industry
(October 2014 to October 2015)
Washington vs. U.S.

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	**84.6**	**2.7%**	**2.0%**
Construction	11.4	7.0%	3.8%
Professional and Business Services	16.1	4.2%	3.4%
Leisure and Hospitality	12.1	4.0%	2.9%
Retail Trade	13.1	3.8%	2.0%
Information Excluding Software	2.1	3.7%	NA
Other Services	3.0	2.6%	1.2%
State and Local Gov Education	5.4	2.2%	0.6%
Education and Health Services	9.2	2.0%	2.9%
Mining and Logging	0.1	1.9%	-11.9%
State and Local Gov Non-Education	3.1	1.5%	0.4%
Manufacturing Excluding Aerospace	2.9	1.5%	NA
Financial Activities	2.2	1.5%	1.8%
Wholesale Trade	1.9	1.4%	1.3%
Software Publishers	0.8	1.4%	NA
Transportation, Warehousing and Utilities	0.6	0.6%	2.6%
Aerospace Product and Parts Manufacturing	-1.9	-2.0%	NA
Information	2.8	2.5%	1.7%
Manufacturing	1.0	0.3%	0.7%

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

Governor's Council of Economic Advisor's Forecast **Calendar Years**

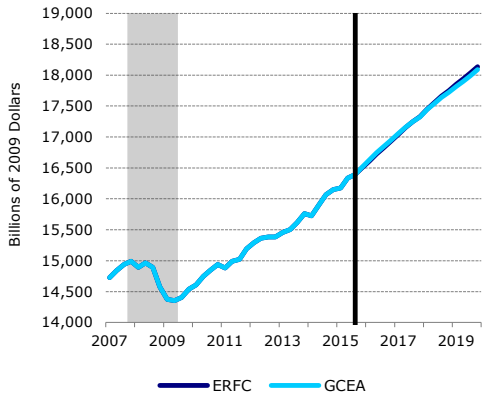
	2015	2016	2017	2018	2019
U.S.					
Real GDP					
Growth					
ERFC	2.4	2.6	2.5	2.4	2.2
GCEA Average	2.5	2.7	2.4	2.3	2.1
Real Consumption					
Growth					
ERFC	3.2	2.9	2.5	2.4	2.3
GCEA Average	3.1	2.8	2.5	2.4	2.2
Implicit Price Deflator, PCE					
Growth					
ERFC	0.3	1.4	1.9	1.8	1.7
GCEA Average	0.4	1.5	1.7	1.7	1.7
Mortgage Rate					
Percent					
ERFC	3.9	4.4	4.7	5.2	5.7
GCEA Average	4.0	4.6	5.0	5.3	5.4
Oil Price (Brent)					
Dollars per barrel					
ERFC	54.8	54.9	59.8	62.3	63.9
GCEA Average	52.1	53.9	58.1	60.8	63.2

What is the probability a recession will begin in the current biennium (by 2017Q2)? 27%

Washington State					
Real Personal Income					
Growth					
ERFC	5.0	3.4	3.3	3.6	3.3
GCEA Average	4.7	3.5	3.5	3.3	3.0
Wage and Salary Employment					
Growth					
ERFC	2.8	1.8	1.5	1.5	1.3
GCEA Average	2.8	1.9	1.7	1.4	1.2
Manufacturing Employment					
Growth					
ERFC	0.4	-0.8	0.5	0.5	0.5
GCEA Average	0.6	-0.1	0.1	0.2	0.1
Construction Employment					
Growth					
ERFC	8.5	0.8	4.2	4.8	2.9
GCEA Average	8.9	2.7	3.3	2.9	2.2
Housing Permits					
Thousands of authorized units					
ERFC	41.0	38.9	42.6	44.1	44.6
GCEA Average	39.7	40.2	42.5	42.6	42.7
Washington Average Annual Wage					
Growth					
ERFC	2.6	2.9	3.4	3.3	3.3
GCEA Average	2.5	3.0	3.3	3.3	3.3

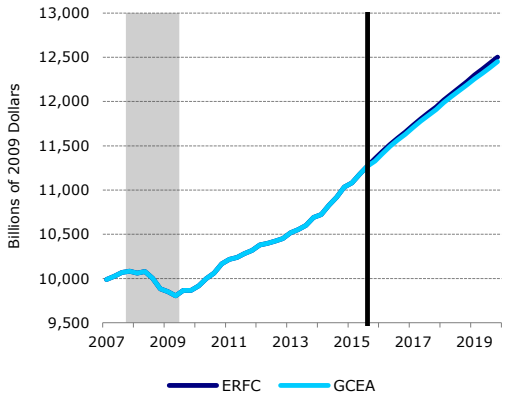
U.S. Forecast Comparison

Real GDP



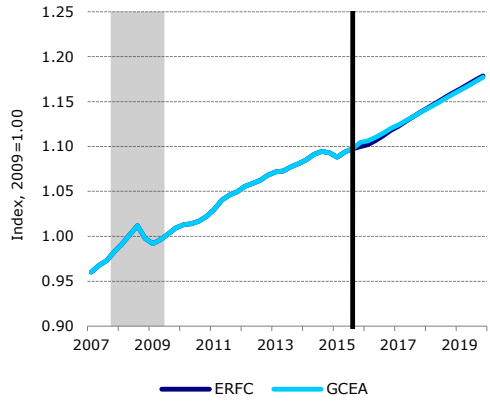
Source: BEA, ERFC, GCEA; data through 2015 Q2

Real Consumption



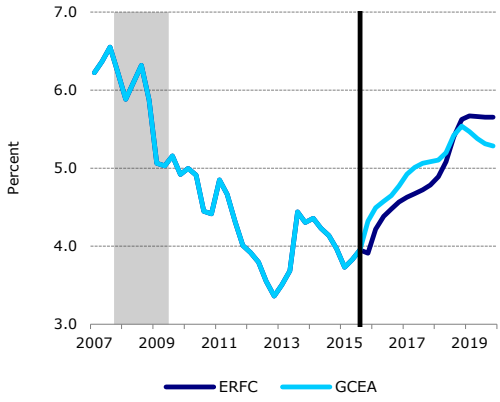
Source: BEA, ERFC, GCEA; data through 2015 Q2

Implicit Price Deflator, PCE



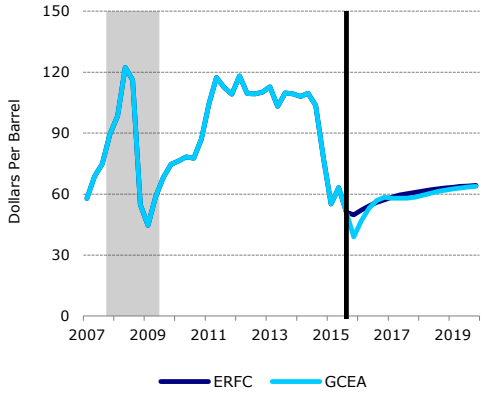
Source: BEA, ERFC, GCEA; data through 2015 Q2

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2015 Q3

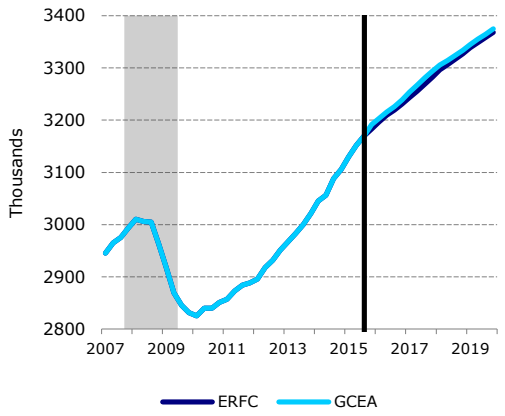
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2015 Q3

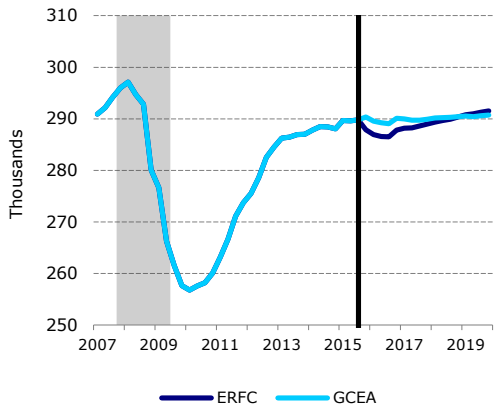
Washington Forecast Comparison

Nonfarm Payroll Employment



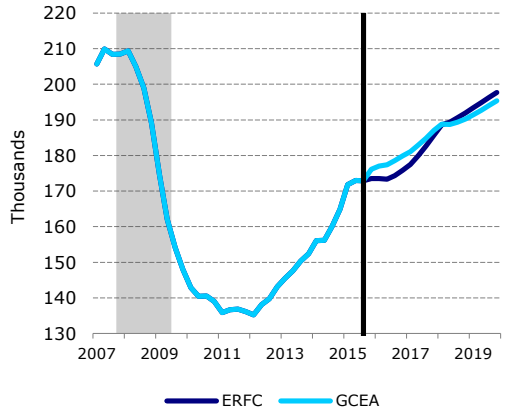
Source: ESD, ERFC, GCEA; data through 2015 Q3

Manufacturing Employment



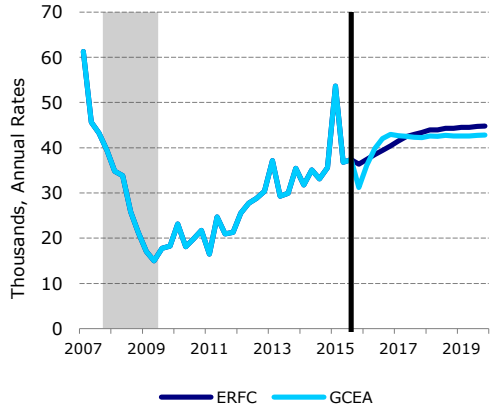
Source: ESD, ERFC, GCEA; data through 2015 Q3

Construction Employment



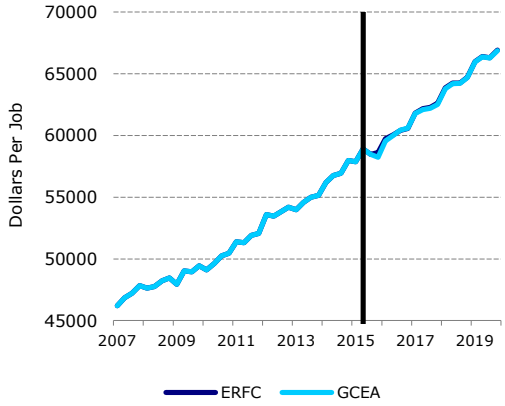
Source: ESD, ERFC, GCEA; data through 2015 Q3

Housing Units Authorized



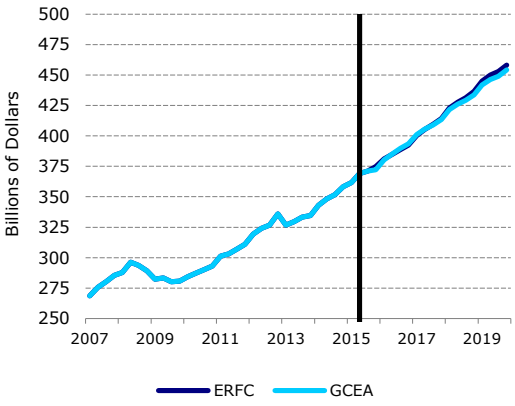
Source: Census, ERFC, GCEA; data through 2015 Q3

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2015 Q2

Personal Income



Source: BEA, ERFC, GCEA; data through 2015 Q2

November 2015
Alternative Forecasts
Millions of Dollars

Cash Basis

2015-17 Biennium

	2015-17 Biennium	Difference From the November 2015 Baseline
November 2015 Baseline (55%)	$37,204	
November 2015 Alternative Forecasts		
Optimistic (15%)	$39,094	$1,889
Pessimistic (30%)	$35,341	($1,863)
Probability Weighted Average	$36,929	($276)
GCEA*	$37,261	$56

2017-19 Biennium

	2017-19 Biennium	Difference From the November 2015 Baseline
November 2015 Baseline (55%)	$40,567	
November 2015 Alternative Forecasts		
Optimistic (15%)	$44,631	$4,063
Pessimistic (30%)	$36,639	($3,929)
Probability Weighted Average	$39,998	($569)
GCEA*	$40,296	($272)

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

2013-15 with Enacted Supplementals and 2015-17 Enacted Budget Balance Sheet

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

and Budget Stabilization Account

Dollars in Millions

	2013-15			2015-17		
	GFS	ELTA and OPA	TOTAL	GFS	ELTA and OPA	TOTAL
RESOURCES						
Beginning Fund Balance	**167.5**	**(11.1)**	**156.4**	**990.9**	**20.3**	**1,011.2**
September 2015 Revenue Forecast	33,666.0	638.7	34,304.7	37,091.0	723.3	37,814.3
November 2015 Change	(1.5)	-	(1.5)	113.4	(12.1)	101.3
Current Revenue Totals	**33,664.5**	**638.7**	**34,303.2**	**37,204.4**	**711.2**	**37,915.6**
Transfer to Budget Stabilization Account (BSA)	(318.5)		(318.5)	(372.2)		(372.2)
Previously Enacted Fund Transfers	136.9	293.3	430.3	178.0	-	178.0
Prior Period Adjustments	105.5	-	105.5	40.8		40.8
CAFR Adjustment	(14.7)	(7.3)	(22.0)			-
2015 Legislative Sessions						
Extraordinary Revenue Growth transfer to BSA	(37.9)		(37.9)	(53.4)		(53.4)
Transfer back from BSA	37.9		37.9	53.4		53.4
Total Resources (including beginning fund balance)	**33,741.2**	**913.6**	**34,654.8**	**38,042.0**	**731.5**	**38,773.4**
EXPENDITURES						
Enacted Budgets						
Enacted 2013-15 Budgets including 2015 Supplementals	33,005.3	894.4	33,899.7	-	-	-
Enacted 2015-17 Budget			-	37,507.3	711.9	38,219.2
Actual and Assumed Reversions	(255.0)	(1.1)	(256.1)	(172.5)		(172.5)
Total Expenditures	**32,750.3**	**893.3**	**33,643.7**	**37,334.8**	**711.9**	**38,046.7**
RESERVES						
Projected Ending GFS, ELTA & OPA Balances	**990.9**	**20.3**	**1,011.2**	**707.2**	**19.6**	**726.7**
Budget Stabilization Account						
Budget Stabilization Account Beginning Balance	269.7		269.7	513.1		513.1
Transfer from General Fund and Interest Earnings	358.5		358.5	324.8		324.8
Transfer to General Fund	(37.9)		(37.9)	53.4		53.4
Less Expenditures in Enacted 2015 Early Supplemental	(77.2)		(77.2)	-		-
Actual reversions	0.1		0.1	-		-
Projected Budget Stabilization Account Ending Balance	**513.1**		**513.1**	**891.4**		**891.4**
Total Reserves (Including Budget Stabilization)	**1,504.0**	**20.3**	**1,524.3**	**1,598.5**	**19.6**	**1,618.1**

November 2015 Outlook*

(Near GF-S & Opportunity Pathways Account, Dollars in Millions)

	FY 2016	FY 2017	2015-17	FY 2018	FY 2019	2017-19
Beginning Balance	1,010	904	1,010	357	(213)	357
Current Revenues						
November 2015 Revenue Forecast	18,627	19,288	37,916	20,229	21,098	41,327
Additional Revenue Based on 4.5% Growth Rate Assumption	-	-	-	-	-	-
	18,627	19,288	37,916	20,229	21,098	41,327
Other Resource Changes						
Transfer to BSA	(183)	(190)	(372)	(198)	(207)	(405)
Use of BSA	-	53	53	-	310	310
Extraordinary Revenue	-	(53)	(53)	-	(310)	(310)
Prior Period Adjustments	20	20	41	20	20	41
2015 Session Transfers and Other Resource Changes (Net)	96	82	178	51	51	101
Total Revenues and Resources (Including Beginning Balance)	**19,571**	**20,105**	**38,772**	**20,459**	**20,750**	**41,422**
Enacted Appropriations	**16,573**	**17,221**	**33,794**			
Continue FY 2017 Appropriation Level				**17,221**	**17,221**	**34,441**
Adjustments To FY 2017 Baseline				**305**	**618**	**923**
Adjustments to CFL	**1,015**	**340**	**1,355**	**348**	**355**	**703**
Actual/Estimated Reversions	(86)	(86)	(173)	(86)	(86)	(173)
Maintenance Level	**1,624**	**2,381**	**4,005**	**2,723**	**3,676**	**6,399**
Policy Level	**(573)**	**(362)**	**(935)**	**(102)**	**(834)**	**(937)**
2016 Supplemental Maintenance Level	**114**	**254**	**368**	**264**	**275**	**539**
K-12 Education	(6)	(9)	(15)	(4)	7	3
MSOC	-	(1)	(1)	1	0	1
Local Effort Assistance	10	13	24	(6)	(22)	(29)
Dept of Early Learning	0	0	0	0	0	0
Higher Education	0	1	1	1	1	2
Corrections/JRA/SCC	24	26	50	27	28	55
Children's/Economic Svcs	8	20	27	20	20	41
Mental Health/Dev. Disabilities/Long Term Care	0	36	36	37	38	75
IP Overtime	16	25	41	25	25	50
Low Income Health Care	72	125	197	146	159	305
Hepatitis C Treatment	(19)	8	(11)	8	9	17
All Other	9	10	19	10	10	19
			-			-
Revised Appropriations	***18,667***	***19,748***	***38,415***	***20,672***	***21,224***	***41,896***
Projected Unrestricted Ending Balance	**904**	**357**	**357**	**(213)**	**(474)**	**(474)**
Budget Stabilization Account						
Beginning Balance	513	697	513	891	1,108	891
Transfer From GFS	183	190	372	198	207	405
Reversions from BSA expenditures	-	0	0	-	-	-
Extraordinary Revenue	-	53	53	-	310	310
Extraordinary Revenue Transfer to GFS	-	(53)	(53)	-	(310)	(310)
Interest Earnings	1.39	4.74	6	18	33	51
Ending BSA Balance	***697***	***891***	***891***	***1,108***	***1,347***	***1,347***
Combined Near GF-S Total & BSA Ending Balance	***1,601***	***1,248***	***1,248***	***895***	***873***	***873***

** Does not include fire suppressions costs or McCleary fines.*

** Totals may not tie fiscal year due to rounding.

Overview of the Methodology for the State Budget Outlook (November 2015)

Introduction
The purpose of this document is to provide an overview of the methodology used to develop the four-year budget projections pursuant to Chapter 8, Laws of 2012, 1st sp.s. (SSB 6636). This document summarizes the major components of the projection, the overall approach, as well as the assumptions used in the State Budget Outlook (Outlook) document.

The amounts reflected in the Outlook are the sum of the state General Fund, the Education Legacy Trust Account, and the Opportunity Pathways Account.

Resources
Pursuant to Chapter 8, Laws of 2012, 1st sp.s. (SSB 6636), the amounts depicted include the actual/projected revenue and other resources. Some of the largest components include:

Beginning Fund Balance
The Outlook uses the certified fund balance in accordance with generally accepted accounting principles for the most recently closed biennium as the starting point.

The beginning fund balance for subsequent years is equal to the projected ending balance for the previous year.

Revenue Forecast
The provisions of Chapter 8, Laws of 2012, 1st sp. sess. (SSB 6636) call for the ensuing biennium (in this instance, the 2017-19 biennium) to be balanced based on the greater of: (1) the official revenue forecast for the ensuing biennium; or (2) an assumed revenue increase of 4.5 percent per year for that ensuing biennium. The amounts for 2015-17, and 2017-19 reflect the November 2015 quarterly revenue forecast by the Economic and Revenue Forecast Council (ERFC).

Other Enacted Fund Transfers
This category reflects all enacted fund transfers made in the 2015 legislative session (including special sessions). For more information, see the 2015 Legislative Budget Notes at http://leap.leg.wa.gov/leap/budget/lbns/2015operating1517.pdf

Transfers to Budget Stabilization Account
Pursuant to a constitutional amendment approved by the voters in 2007, this reflects the transfer of 1 percent of general state revenues for each fiscal year (FY) to the Budget Stabilization Account. This transfer is legally required and estimated transfer amounts are based on the September 2015 revenue forecast.

Extraordinary Revenue Growth
Pursuant to a constitutional amendment approved by the voters in 2011, this reflects the transfer of three-quarters of extraordinary revenue growth into the budget stabilization account**.** Extraordinary revenue growth is defined in the state Constitution as growth in general state revenues for the fiscal biennium that exceeds the average biennial percentage growth of the prior five fiscal biennia by one-third. The state Constitution also provides that the transfer only occur to the extent that it exceeds the normal transfer amount into the budget stabilization account.

Additionally, pursuant to Chapter 2, Laws of 2015, 3rd sp. s. (EHB 2286), the Treasurer is to transfer amounts from the Budget Stabilization Account that are attributable to extraordinary revenue growth

into the General Fund during the 2013-15, 2015-17, and 2017-19 fiscal biennia. The transfer to the General Fund must not exceed amounts specified in statute. The November 2015 Outlook updates these amounts based on the September 2015 revenue forecast.

Expenditures

As the starting point for the expenditure projection, the Outlook utilizes the most recently enacted budget. In this case, this is based on the 2015-17 biennial budget appropriation levels, and then reflects adjustments preliminary maintenance level (ML). For more information on the 2015-17 biennial budget, please see http://leap.leg.wa.gov/leap/budget/lbns/2015operating1517.pdf

Assumed Reversions

The November 2015 outlook continues the reversions that were assumed in the enacted budget outlook adopted by the ERFC in July for 2015-17 and 2017-19 fiscal biennia. Actual reversions are reflected for 2015.

Maintenance Level Revisions

In this section, additional adjustments are made to reflect the expenditure level based on the estimated cost of providing currently authorized services in the ensuing biennium. It is calculated by using the enacted appropriations as a starting point and making adjustments for the forecasted changes in the entitlement caseload/enrollment and other mandatory expenses.

The distinction is that this reflects the costs of continuing to comply with current law provisions. This is often referred to as ML. Pursuant to the provisions of Chapter 8, Laws of 2012, 1st sp.s. (SSB 6636), this excludes the costs of policy enhancements, including new collective bargaining agreements not approved by the Legislature, other proposed compensation increases, and costs of any adverse court rulings within 90 days of each respective legislative session.

K-12 Education

This is based on the most recent enrollment forecast and budget driver information for required K-12 entitlement changes. This estimate will continue to be updated as more information like staff-mix is received from local school districts. The K-12 funding will be adjusted 0.66 percent from FY 2017 each year of the ensuing biennium. The Materials, Supplies, and Operating Costs (MSOC) amount is adjusted by both enrollment and the implicit price deflator (IPD).

Higher Education

Higher Education ML adjustments total $1.3 million and are related to College Bound caseload adjustments and maintenance and operations. The Higher Education items are adjusted by 0.3 percent per year from FY 2017.

Low-Income Health Care

The amounts depicted reflect the caseload and per capita cost information prepared as part of the agencies budget submittal, as well as other mandatory maintenance level changes. Some of the major cost components include utilization and medical inflation. Assumed future growth is estimated at 3.22 percent per year from FY 2017.

Larger adjustments in the 2015-17 ML are related to higher per capita costs from managed care rate increases ($190 million).

Hepatitis C
This item reflects adjustments due to lower than anticipated costs associated with the new Hepatitis C drug treatment (-$10.8 million)

DSHS Mental Health, Long-Term Care, and Developmental Disabilities
The amounts depicted reflect the most recent caseload and per capita cost information prepared through joint effort by legislative and executive branch staff, as well as other mandatory maintenance level changes. Some of the major cost components include utilization and severity of client needs. Assumed future growth is estimated at 3.42 percent per year from FY 2017.

Larger adjustments in the 2015-17 ML include: caseload and utilization changes ($14.6 million), rate adjustments ($2.6 million), supported living adjustment for Seattle minimum wage ($6.4 million), and state hospital revenue adjustments ($5.9 million).

Individual Provider Overtime
Funding is to pay Individual Provider (IP) homecare worker overtime in accordance with the Department of Labor (DOL) rule requiring overtime to be paid to homecare workers that was recently upheld by the US Federal Court of Appeals. This also includes funding for Agency Provider parity costs resulting from IPs receiving additional overtime pay.

DSHS Children's Services and Economic Services
The amounts depicted reflect the most recent caseload and per capita cost information prepared through joint effort by legislative and executive branch staff, as well as other mandatory maintenance level changes. Some of the major cost components include foster care and adoption support caseload, eligibility experience and revised growth trends. Assumed future growth is estimated at 1.93 percent per year from FY 2017.

Larger adjustments in the 2015-17 ML are related to caseload adjustments ($27.7 million) and funding for the Social Service Payment System (SSPS) ($2.1 million).

Department of Corrections, DSHS Juvenile Rehabilitation and Special Commitment Center
The amounts depicted reflect the most recent caseload and per capita cost information prepared through joint effort by legislative and executive branch staff, as well as other mandatory maintenance level changes. A major cost component is the proportion of community and institution population. Assumed future growth is estimated at 3.19 percent per year from FY 2017.

Larger adjustments in the 2015-17 ML include: mandatory caseload adjustment ($36.7 million), equipment replacement costs ($2.4 million), and medical and food costs adjustments ($2.0 million).

All Other
This area includes all other agencies not reflected in the proceeding Outlook groups. Many are general government agencies, smaller human service agencies, natural resource agencies, legislative agencies and judicial agencies. Assumed future growth is estimated at 0.53 percent per year from FY 2017.
The largest component of this category is related to the transfer of funding from other Outlook area's into All Other (DSHS programs into DSHS Payments to Other Agencies). The transfers steps nets to zero in the 2015-17 budget.

Other Items

Overview of the Methodology for the State Budget Outlook (November 2015)

The Outlook for the enacted budget adopted by the ERFC in July 2015 included a place holder for caseload and per capita related changes. This item totaled $81 million over the four years covered in the Outlook. This place-holder has been removed and replaced with the preliminary maintenance numbers used to develop this outlook.

Pursuant to ERFC guidance on November 4, 2015, costs for fire suppression and *McCleary* sanctions are not included in the November 2015 Outlook calculation. A footnote has been added to the November 2015 Outlook document noting that these items are not included.