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Revenue Review Meeting

September 21, 2016



WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE  
**ECONOMIC AND REVENUE FORECAST COUNCIL**

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## AGENDA

### **REVENUE REVIEW MEETING**

September 21, 2016  
10:00 a.m.

- Call to order
- Update on Outlook Growth Factors
- Economic & Revenue Forecast

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# Outlook: Updated Growth Factors

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To: Economic and Revenue Forecast Council

From: State Budget Outlook Work Group

Subject: Growth factors for outlooks prepared during the 2017-19 biennium.

At the request of the council, and as discussed during the April 26, 2016 meeting of the ERFC, the Outlook Work Group has calculated revised growth factors for the Outlook functional areas. These revised growth factors are being presented to the council for their consideration. If adopted, these growth factors would be used for the Outlooks prepared during the 2017-19 biennium, which is from November 2016 through the outlook on the enacted 2018 supplemental budget in the summer of 2018. The growth factors would then be updated during the 2018 interim for the next biennium.

The Workgroup is asking the ERFC to select a methodology related to K-12. For all other areas, the data was updated but the approach mirrors what was done in 2014.

The attached table displays the current growth factors developed in 2014 and revised growth factor rates.

## **Background**

Per statute, the estimated expenditures in the Outlook are to reflect the cost to continue current programs, entitlement program growth, and actions required by law. The cost to continue current programs and growth in entitlement programs is estimated in the Outlook by using the growth factors. Other changes that are required by law, including items with future implementation dates, are generally reflected separately in the Outlook (e.g. Opportunity Scholarship or I-732). The Outlook statute specifically excludes any future costs related to policy items, collective bargaining agreements not approved by the Legislature, or salaries and benefits, unless required by statute.

## **Methodology Overview**

The growth factors were updated through a joint effort by legislative and executive branch staff. The analysis used budgeted appropriations for the three accounts covered by the Outlook from the 2005-07 biennium to the 2015-17 biennium. Generally, the approach compares the fiscal year change within each biennium through Maintenance Level of the budget. Low-income health care and debt service methodologies are averages based on forecasted changes for the 4 years covered by the outlook, FY 2017 to 2022. The specific approach in these areas is described below.

The analysis excluded items related to salaries and benefits, to ensure that growth associated with salary and benefit changes are not reflected in the growth factor. The items that are statutorily required (e.g. pensions and I-732) are calculated and displayed separately in the Outlook; therefore, the growth factors do not include these items.

## Outlook: Updated Growth Factors

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Given the nature of changes affecting K-12 and size of the K-12 budget, the Workgroup has two approaches for the ERFC to consider: 1) continue the prior approach of using enrollment projection and adjusting for MSOC for IPD and enrollment or 2) use the K-12 model to calculate the costs.

### **Option 1 (current practice updated):**

Initiative 732 K-12 and Community College Staff Increases

Funding for costs associated with providing cost of living increases to K-12 and certain community college staff pursuant to Initiative 732 (I-732) is calculated and displayed separately in the Outlook. The costs are revised in the Outlook with the updated I-732 inflationary factor. For K-12, the K-12 model updates the cost changes.

### Enrollment

The next component is the growth factor to reflect K-12 enrollment. The percentage is based on the most recent K-12 enrollment forecasted growth for the 17-18 school year through the 20-21 school year. The average enrollment growth over this timeframe is 1.03 percent per fiscal year.

### Materials, Supplies and Operating Costs (MSOC)

The remaining component is adjusting the MSOC funding for statutorily required inflation. The Outlook will identify MSOC funding separately and will increase this amount by both the enrollment growth factor (1.03 percent) and the IPD.

### **Option 2 (K-12 model):**

Under this option, K-12 Outlook calculations will utilize the K-12 model. The K-12 model updates the growth and inflationary factors with each forecast. The K-12 model is continually updated for other factors such as levy equalization, student transportation, and staff mix. The calculations derived from the K-12 model are the same that are used for fiscal notes and legislative policy proposals.

### **Low Income Health Care**

The growth for the Health Care Authority Medical Assistance program is based on actual and forecasted expenditures in core Medicaid programs from FY 2012 through FY 2017<sup>i</sup>. Populations (e.g. Medicaid Expansion New Eligibles) and services (e.g. dental) that have been subject to policy changes in the recent past were excluded from the analysis. Some of the major cost components for this area include utilization and medical inflation. The average growth over this timeframe is 3.04 percent per fiscal year.

Impacts of the expiration of the Hospital Safety Net and changes in the Affordable Care Act (ACA) Federal match requirements are calculated separately in the Outlook and not captured in the growth factor percentage.

### **DSHS Mental Health, Long Term Care, and Developmental Disabilities**

The growth for Mental Health, Long Term Care and Developmental Disabilities is based on budget appropriations from the 2005-07 biennium to the 2015-17 biennium. Some of the

## Outlook: Updated Growth Factors

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major cost components include utilization and severity of client needs. The average growth over this timeframe is 4.12 percent per fiscal year.

### **Higher Education**

The growth for Higher Education is based on budget appropriations from the 2005-07 biennium to the 2015-17. The major cost components are changes in central service related charged and maintenance and operation costs for facilities. The average growth over this timeframe is 0.07 percent per fiscal year.

The cost of College Bound, Opportunity Scholarships, and I-732 are calculated separately in the Outlook and are not reflected in this growth rate.

### **Debt Service**

The Debt Service analysis is based on the average annual future growth from the current June 2016 debt service model for the 2017-19 biennium through the 2019-21 biennium (4 fiscal years). The projected average growth is 4.35 percent per year over this timeframe.

### **Department of Corrections, DSHS Juvenile Rehabilitation and Special Commitment Center**

The growth for Corrections, Juvenile Rehabilitation, and the Special Commitment Center is based on expenditures from the 2005-07 biennium to the 2015-17 biennium. A major cost component is the proportion of community and institution population. The average growth is estimated at 1.58 percent per fiscal year.

### **DSHS Children's Administration and Economic Services**

The growth for Children's Administration and Economic Services is based on expenditures from the 2005-07 biennium to the 2015-17 biennium. Some of the major cost components include changes in the caseload and per capita costs for the foster care and adoption support programs, Working Connections Child Care, and TANF WorkFirst caseloads. The average growth over this timeframe is 1.20 percent per fiscal year.

### **Other**

This Outlook area includes general government agencies, judicially agencies, legislative agencies, and other human service agencies. The growth for Other Outlook area is based on expenditures from the 2005-07 biennium to the 2015-17 biennium. Major cost components in this area are related to fire suppression costs, central service charges, lease rate adjustments, and equipment replacement costs. The average growth is estimated at 0.12 percent per fiscal year.

The statutory transfer into the Public Safety Enhancement Account is identified separately in the Outlook and is not captured in the growth factor.

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<sup>i</sup> The HCA forecast data file history can only be reconciled back to FY 2012 and not for a ten-year period.

## OUTLOOK GROWTH FACTORS

Outlook Groups Excluding K-12 <i>(in millions)</i>	2013-15 Outlook Growth Factor	Current 2015-17 Outlook Growth Factor	Proposed 2017-19 Outlook Growth Factor	Difference	2019-21 Example - Current Growth Factors (based on 2016 Supp. Budget Outlook)	2019-21 Example - Proposed Growth Factors (based on 2016 Supp. Budget Outlook)	Difference (Proposed- Current)
Low income health care	4.32%	3.22%	3.04%	-0.18%	\$4,728	\$4,716	(\$12)
MH, DD, LTC*	2.00%	3.42%	4.12%	0.70%	\$4,832	\$4,882	\$49
Higher Education	0.00%	0.30%	0.07%	-0.23%	\$3,547	\$3,535	(\$12)
Other	0.00%	0.53%	0.12%	-0.41%	\$3,469	\$3,453	(\$15)
Debt Service	6.00%	4.43%	4.35%	-0.08%	\$2,616	\$2,613	(\$3)
DOC, JRA, SCC*	2.00%	3.19%	1.58%	-1.61%	\$2,279	\$2,226	(\$53)
ESA, CA*	2.00%	1.93%	1.20%	-0.73%	\$1,624	\$1,606	(\$17)
<b>Total</b>					<b>\$23,094</b>	<b>\$23,030</b>	<b>(\$64)</b>

K-12 <i>(in millions)</i>	2013-15 Outlook Growth Factor	Current 2015-17 Outlook Growth Factor	Proposed 2017-19 Outlook Growth Factor	Difference	2019-21 Example - Current Growth Factors (based on 2016 Supp. Budget Outlook)	2019-21 Example - Proposed Growth Factors (based on 2016 Supp. Budget Outlook)	Difference (Proposed- Current)
K-12 Enrollment	0.50%	0.66%	1.03%	0.37%	\$17,073	\$17,166	\$93
K-12 MSOC**	0.50%	0.66% +IPD	1.03 + IPD	0.40%	\$3,177	\$3,195	\$18
<b>K-12 Total</b>					<b>\$20,250</b>	<b>\$20,361</b>	<b>\$111</b>
<b>K-12 based on "mega-model"</b>						<b>\$20,439</b>	<b>\$189</b>
<b>NET IMPACT (Current Methodology)</b>							<b>\$46</b>
<b>NET IMPACT (Revised K-12 Methodology)</b>							<b>\$125</b>

*Notes*

\* Weights averages across programs in outlook group based on the program budget size

\*\* MSOC is multiplied by enrollment and updated IPD

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



**Economic & Revenue Review: September 21, 2016**

**Executive Summary**

**United States**

- The final U.S. economic forecast is based on the September Global Insight and Blue Chip consensus forecasts. Global Insight is now assuming that the Federal Reserve will raise the Federal funds rate in December. The rate change is assumed to be an increase of 0.25%.
- The September Blue Chip forecast of real GDP growth was unchanged from August. As a result, real GDP growth for 2016 remains at 1.5% and 2017 real GDP growth is 2.2% as in the preliminary September economic forecast.
- 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 Friday, September 9, 2016 closing prices for Brent and WTI futures. Futures prices for both have decreased slightly since the June forecast. The price of U.S. benchmark West Texas Intermediate crude oil in 2016 is expected to average \$43 per barrel, down from an average of \$46 in the June forecast. Oil prices are expected to rise gradually to \$55 per barrel by 2021.
- Two key measures of consumer optimism give conflicting views in August. The University of Michigan (UM) index of consumer sentiment was almost unchanged, declining by 0.2 points to 89.8. However, this marked three consecutive months of decline for the UM index. The Conference Board index of consumer confidence increased 4.4 points to 101.1, its highest level since September 2015. The Conference Board survey noted more positive consumer assessments of both current and near-term economic conditions, while the slight decrease in the UM index was attributed to less positive views on current economic conditions.
- Recent U.S. housing data have been mixed. July housing starts increased by 2.1% (SA) compared to June and were 5.6% above their July 2015 level. Housing units authorized by building permits in July were nearly unchanged from June, decreasing by 0.1% (SA); building permits were 0.9% above their July 2015 level. Existing home sales decreased in July by 3.2% (SA) compared to June, their first monthly decline since November 2015. Existing home sales are now 1.6% below July 2015 sales. New single family home sales in July were very strong, increasing by 12.4% (SA) above their June level and 31.3% (SA) above their year-ago level. The seasonally adjusted Case-Shiller national home price index for June was 0.2% above its May level and 5.1% above its year-ago level.
- Factors inside and outside the state account for the high level of risk to the forecast. Slow U.S. and global economic growth, the negative impact of a

stronger dollar on exports, slow growth in labor productivity and weaker manufacturing activity 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 three months of new Washington employment data since the June forecast was released. Total nonfarm payroll employment rose 15,300 (seasonally adjusted) in June, July, and August which was 7,800 more than the 7,500 expected in the June forecast. The manufacturing sector accounted for much of the variance in job growth with a reduction of only 1,400 jobs in the three-month period; the June forecast expected a reduction of 3,900 jobs. The reason was mostly the aerospace industry which was expected to lose 3,900 jobs but instead lost only 1,500 jobs. Construction employment increased 1,300 and government payrolls expanded by 3,200 jobs. As is usually the case, the bulk of the job growth was in private, service-providing sectors which added 12,200 jobs in the last three months.
- In June we incorporated Boeing's stated intention to reduce its commercial airplane division employment by 4,000 by the middle of the year which we assumed would be by July. The actual decline, as of August, was still much smaller than this announcement implied. In the September forecast we have retained the overall decline implied by the announcement but have spread it over the remaining four months of 2016. In 2017 through 2019 we expect a more gradual decline in aerospace employment similar to the assumption made in June. We project no change in aerospace employment in the final two years of the forecast.
- 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 May 2016 by 14,900 jobs. As a result of the upward revision to history and stronger-than-expected growth, the total effect is 22,600 (0.7%) more jobs in August 2016 than expected in the June forecast.
- We have incorporated new BEA personal income estimates as well as additional Washington Quarterly Census of Employment and Wages (QCEW) wage data through the first quarter of 2016. Our current estimate of Washington personal income in the first quarter of 2016 is \$380.6 billion, which is \$3.5 billion (0.9%) higher than assumed in the June forecast. Wages and salaries were \$4.5 billion higher than believed in June but other sources of personal income were \$1.0 billion lower.
- Washington housing construction was stronger than expected in the second quarter. Washington housing units authorized by building permits averaged 45,300 units (SAAR) in the second quarter of 2016, up from 37,600 in the first quarter. The June forecast expected an average rate of 42,600 units in the second quarter. Multi-family permits averaged 22,700 units in the second quarter, up from 15,300 units in the first quarter and higher than the 20,100 expected in the June forecast. Single-family permits averaged 22,600 units in second quarter, up from 22,300 units in the first quarter and slightly higher than the 22,500 units forecasted for the second quarter. The third quarter of

2016 got off to a weaker start with 39,800 units (SAAR) permitted in July of which 21,600 were single-family and 18,200 were multi-family.

- Seattle home prices continue to rise rapidly. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices rose 0.5% in June following increases of 0.3% in May and 0.4% increase in April. While the last three months have exhibited weaker growth than in earlier months, we believe this is due to problems with the seasonal adjustment process. A more reliable measure is the over-the-year growth which shows an 11.0% increase in prices since the previous June. Seattle home prices are up 50.0% since the November 2011 trough and prices now exceed the May 2007 peak by 4.2%.
- Seattle area consumer price inflation remains moderate thanks to lower energy costs. Over the last year, from August 2015 to August 2016, consumer prices in the Seattle area rose 2.1% compared to 1.1% for the U.S. city average. Core prices, which exclude food and energy, were up 3.3% in Seattle compared to 2.3% for the nation. The higher Seattle inflation was due to more rapid growth in shelter costs. During the year, shelter costs in Seattle rose 6.1% compared to 3.4% for the nation. With shelter excluded, Seattle inflation was the same as the U.S. city average at 0.0%.
- The Institute of Supply Management - Western Washington Index (ISM-WW) fell back into negative territory in August after indicating weak but positive growth in July. The index, which measures conditions in the manufacturing sector, fell from 50.8 in July to 47.7 in August (index values above 50 indicate positive growth while values below 50 indicate contraction). The production, employment, and deliveries components all declined in August while the orders and inventory components were unchanged. Manufacturing has struggled to remain positive since mid-2015.
- Washington car and truck sales fell 0.9% in July and 0.3% in August following increases in May and June. Seasonally adjusted new vehicle registrations have now declined in five of the seven months since January's post-recession peak. Car and truck sales are down 11.1% since January but are up 1.3% over the year.
- Second quarter 2016 Washington exports were down 8.3% from the second quarter of 2015. Transportation equipment exports (mostly Boeing planes) declined 9.5% over the year. Exports of agricultural products increased 3.8% over the year but exports of all other commodities declined 9.1% over the year. The drop likely reflects the negative influence of a stronger dollar and weak economic growth abroad.
- Washington employment is expected to grow 2.8% this year, up from 2.4% in the June forecast due mainly to the strong job growth in the first half of the year. As in June, we expect growth to gradually decelerate as the recovery matures. We expect employment growth to average 1.3% per year in 2017 through 2021 which is the same rate assumed in June. Our forecast for nominal personal income growth this year is 4.8%, up sharply from 4.1% in the June forecast. The higher growth this year is mainly due to the Quarterly Census of Employment and Wages data for the first quarter which indicates that wages are higher than previously believed. Our new forecast for nominal

personal income growth in 2017 through 2021 averages 4.9% per year, down slightly from the June forecast of 5.0%.

## Revenue

- Cumulative General Fund-State (GF-S) revenue collections from June 11 through September 10, 2016 were \$225 million (5.3%) higher than forecasted in June.
- Over half of the extra revenue came from several large audit-related payments of past due Revenue Act taxes which were not included in the June forecast, plus penalties and interest. These payments, net of two large refunds that also occurred during the period, added \$127 million to collections.
- Cumulative Revenue Act tax collections were \$193 million (5.4%) higher than forecasted. Without the abovementioned payments, cumulative Revenue Act taxes would have been \$66 million (1.9%) higher than forecasted, mainly due to strong retail sales tax collections.
- Cumulative real estate excise taxes (REET) came in \$41 million (17.4%) higher than forecasted. Over half of the surplus collections occurred in July, due to a spike in sales of large commercial properties. Large commercial sales continued above forecasted levels. Residential sales have also been stronger than forecasted, driven by increases in price more than increases in the number of sales. While the forecasted volume of large commercial sales is expected to diminish, other sales are expected to increase, resulting in an increase in forecasted REET collections.
- Forecasted revenue for the current (2015-17) biennium was increased by \$334 million, due mainly to forecasted increases in retail sales tax and REET collections. Forecasted GF-S revenue for the 2015-17 biennium is now \$37.765 billion, an increase of 12.2% above that of the 2013-15 biennium.
- Forecasted revenue for the 2017-19 biennium was increased by \$125 million. As in the current biennium, most of the increase was from retail sales taxes and REET. Forecasted GF-S revenue for the 2017-19 biennium is now \$40.377 billion, 6.9% more than that of the 2015-17 biennium.
- Forecasted GF-S revenue for the 2019-21 biennium is \$43.630 billion, \$55 million more than projected in June. This is an 8.1% increase from forecasted 2017-19 biennial revenue.

# Revenue Review

Presented to  
The Economic & Revenue Forecast Council

Steve Lerch  
Executive Director

September 21, 2016  
Olympia, Washington



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## Summary

- The WA economic forecast is similar to June but with slightly stronger personal income and employment
- Risks to the baseline include slow global and U.S. economic growth, impact of a stronger dollar on exports, and weak labor productivity growth
- The revenue collection variance since the June forecast is \$225 million, but \$127 million is due to one-time audit payments net of large refunds
- The GF-S revenue forecast has been increased by \$334 million for the 2015-17 biennium and increased by \$125 million for the 2017-19 biennium

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## Few updates since September preliminary economic forecast

### September Blue Chip

- 2016 real GDP growth unchanged from August at 1.5%
- 2017 real GDP growth unchanged from August at 2.2%

### September Global Insight forecast update

- Minimal changes from August forecast

### WA employment data

- Employment up by 2,900 net new jobs in August; unemployment rate drops from 5.8% to 5.7%

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## Average U.S. wage growth is positive but remains weak

Higher hourly wages combined with slightly higher average hours worked means weekly pay is also rising



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Source: U.S. Bureau of Labor Statistics, data through August 2016

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## Real consumer expenditure growth strengthened in the second quarter of this year



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Source: U.S. Bureau of Economic Analysis, data through 2016 Q2

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## Homebuilder confidence at highest level since October 2015



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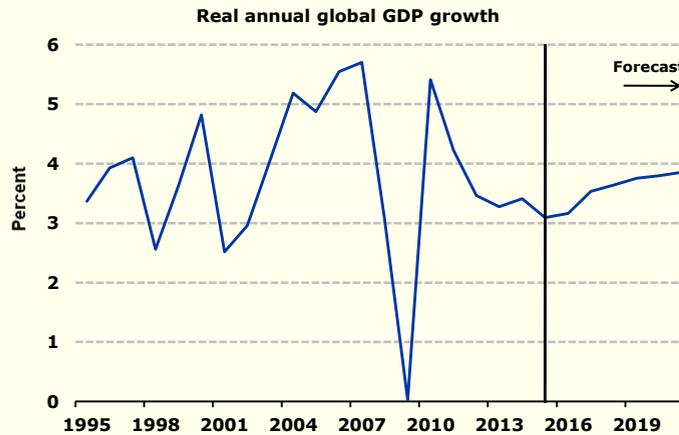
Source: National Association of Home Builders, data through Sept. 2016

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## Global GDP growth has slowed, expected to gradually increase



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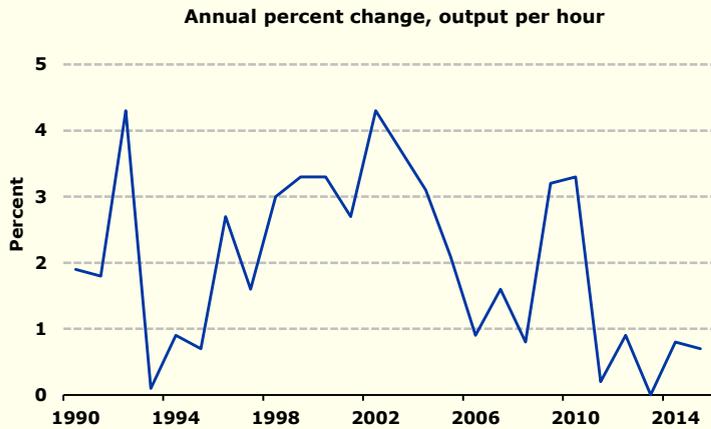
Source: International Monetary Fund, April 2016; historical data through 2015

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## Labor productivity growth has slowed



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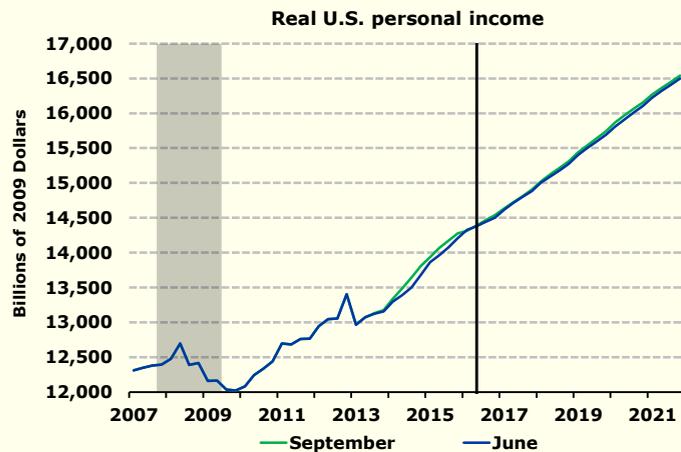
Source: U.S. Bureau of Labor Statistics, annual data through 2015

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## Real U.S. personal income is nearly identical to the June forecast



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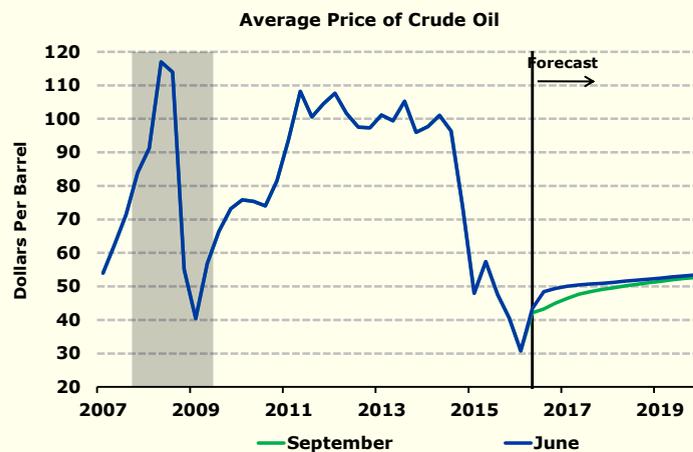
Source: Global Insight, ERFC September 2016 forecast; historical data through 2016Q2

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## Oil prices are lower in the near term, then gradually rise as in June



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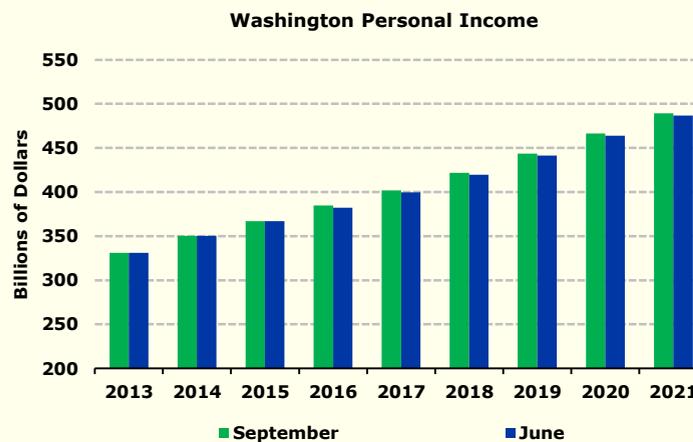
Source: DOE, ERFC September 2016 forecast; historical data through 2016Q2

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



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Source: ERFC September 2016 forecast; historical data through 2015

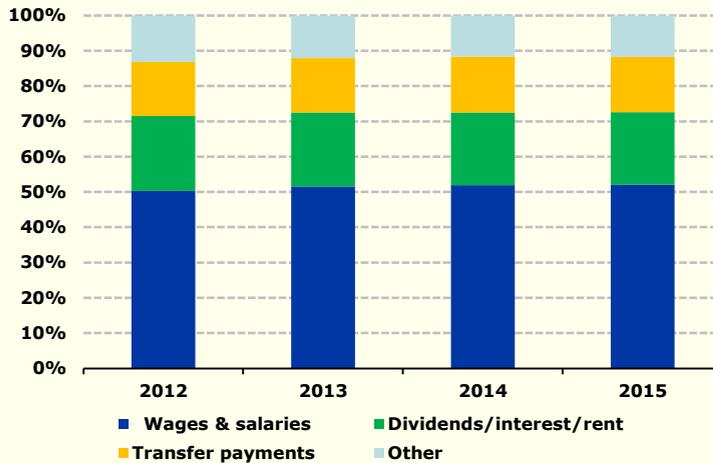
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## WA personal income by major component

Transfer payments include Social Security, veterans', Medicare, Medicaid, TANF, unemployment insurance, and workers' compensation benefits.



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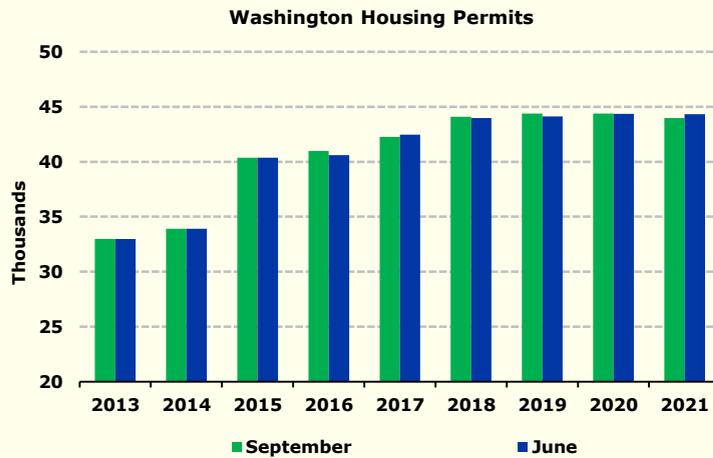
Source: BEA; "Other" includes income from farms and self-employment, employer pension & insurance contributions

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## Washington housing permits forecast is similar to June



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Source: ERFC September 2016 forecast; historical data through 2015

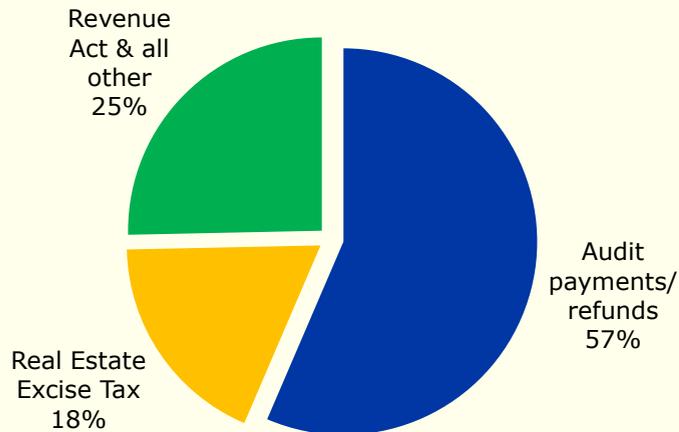
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## Components of revenue collection variance since June forecast

The cumulative GF-S variance is \$225 million since June



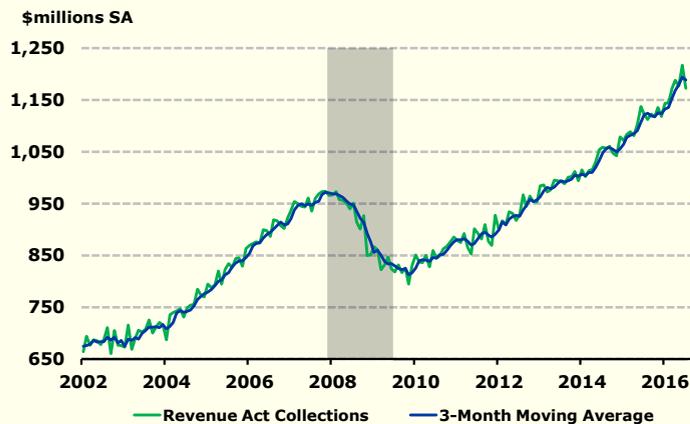
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## Revenue Act collections were strong in the first part of the year but slowed last month



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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 estimated July 2016 activity

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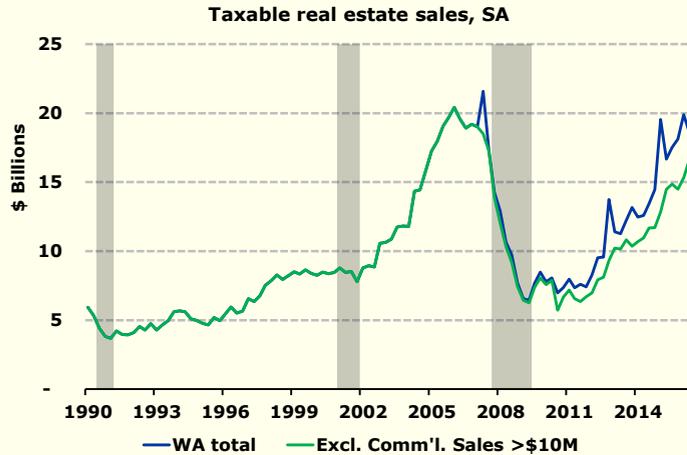
## Large commercial property sales continue to have major impact on REET collections

Large commercial property sales over \$10 million totaled \$1.6 billion in July and \$740 million in August.

Recent strong growth in residential activity is due more to price than volume.

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## Cannabis excise tax and license fee estimates

General Fund change since June forecast:

•2015-17  
+\$10.1 M

•2017-19  
+\$13.4M

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\$Millions

September Forecast

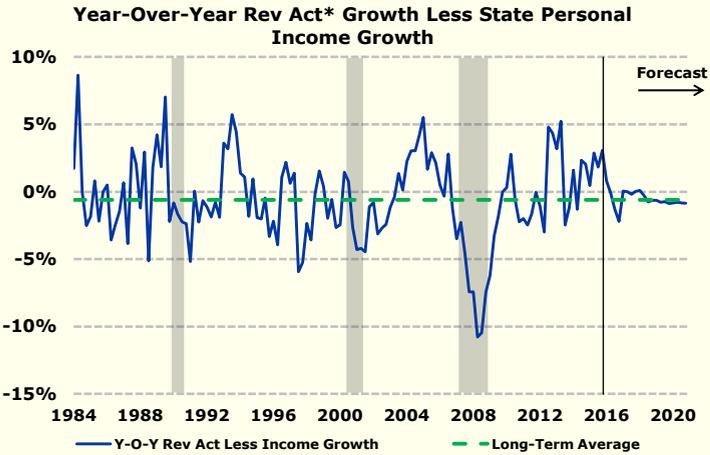
	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>
GF-S share of excise tax and license fees	\$15	\$146	\$238
Non-GF	\$52	\$320	\$486
<b>Total</b>	<b>\$67</b>	<b>\$466</b>	<b>\$723</b>

\* Detail may not add to total due to rounding  
Source: ERFC September 2016 forecast, LCB, BOTEC Analysis

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## Rev Act growth relative to income is projected to return to average level



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\*Adjusted for large one-time payments and refunds and payments under the amnesty program  
Source: ERFC; Quarterly revenue data through Q2 2016, September 2016 income estimates

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## Forecast changes: General Fund State, 2015-2017 Biennium

**June Forecast:**

**\$37,431 million**

	\$Millions	September Forecast				Total Change*
		Collection Experience	Non-economic Change	Forecast Change	Forecast	
Dept. of Revenue	\$225	\$0	\$102	\$35,892	\$327	
All other agencies	(\$0)	\$0	\$8	\$1,873	\$8	
<b>Total GF-S</b>	<b>\$225</b>	<b>\$0</b>	<b>\$110</b>	<b>\$37,765</b>	<b>\$334</b>	

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\* Detail may not add to total due to rounding

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## 2015-17 Biennium alternative forecasts – cash basis

\$Millions	2015-17 Biennium	Difference From the baseline
<b>September 2016 Baseline (60%)</b>	<b>\$37,765</b>	
<b><u>September 2016 Alternative Forecasts</u></b>		
<b>Optimistic (15%)</b>	<b>\$38,797</b>	<b>\$1,032</b>
<b>Pessimistic (25%)</b>	<b>\$36,801</b>	<b>(\$964)</b>
<b>Probability Weighted Average</b>	<b>\$37,679</b>	<b>(\$86)</b>
<b>GCEA*</b>	<b>\$37,719</b>	<b>(\$46)</b>

Revenue Review  
September 21, 2016

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

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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## Forecast changes: General Fund State, 2017-2019 Biennium

**June Forecast:**  
**\$40,252**  
**million**

\$Millions	September Forecast			
	<u>Non- economic Change</u>	<u>Forecast Change</u>	<u>Forecast</u>	<u>Total Change*</u>
Dept. of Revenue	\$0	\$135	\$38,297	\$135
All other agencies	\$0	(\$10)	\$2,080	(\$10)
<b>Total GF-S</b>	<b>\$0</b>	<b>\$125</b>	<b>\$40,377</b>	<b>\$125</b>

Revenue Review  
September 21, 2016

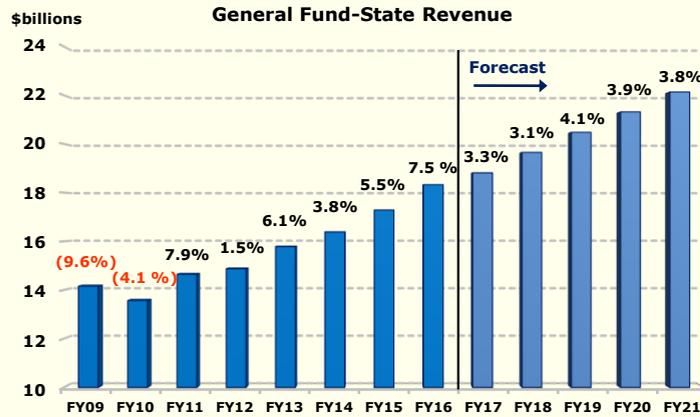
\* Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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## General Fund-State\* forecast by fiscal year



Revenue Review  
September 21, 2016

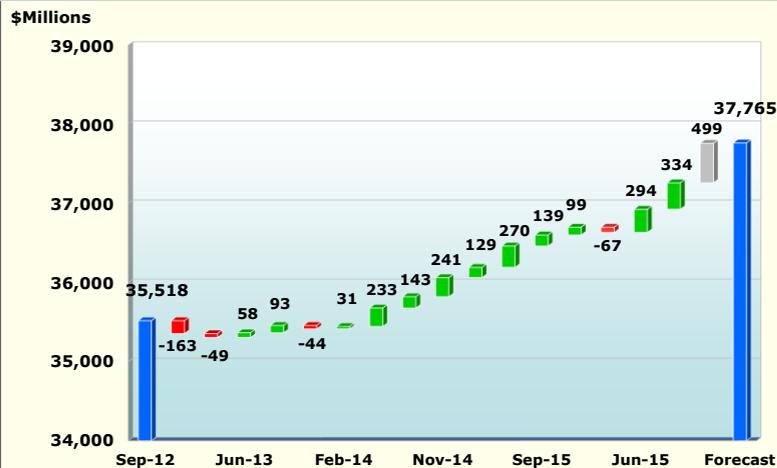
\*General Fund-State & Related Funds for FY 09, General Fund-State current definition for FY 10-21  
Source: ERFC forecast, September 2016

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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## GF-S forecast revisions to the 2015-17 biennium



Revenue Review  
September 21, 2016

Source: ERFC September 2012 – September 2016 forecasts  
Gray area indicates total noneconomic change

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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## Conclusion

- The U.S. economic forecast is very similar to June, while WA personal income and employment are slightly higher than in June
- We continue to expect the WA economy to outperform the U.S. by a small margin
- GF-S revenues are expected to grow 12.2% between the 2013-15 and 2015-17 biennia and 6.9% between the 2015-17 and 2017-19 biennia
- The level of uncertainty in the baseline remains elevated, with downside risks outweighing upside risks

Revenue Review  
September 21, 2016

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Questions



Revenue Review  
September 21, 2016

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**Economic & Revenue Forecast Council**  
1025 E. Union Avenue, Suite 544  
Olympia WA 98504-0912

[www.ercf.wa.gov](http://www.ercf.wa.gov)  
360-534-1560

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

Comparison of the September 2016 to the June 2016 Forecast  
 2015-17 Biennium  
 Millions of Dollars

	<u>June 2016 Forecast*</u>	<u>Collection Experience</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>September 2016 Forecast</u>	<u>Total Change#</u>
Department of Revenue	\$35,565.0	\$224.9	\$0.0	\$101.9	\$35,891.8	\$326.8
All other Agencies	\$1,865.8	(\$0.2)	\$0.0	\$7.8	\$1,873.3	\$7.5
<b>Total General Fund-State</b>	<b>\$37,430.8</b>	<b>\$224.7</b>	<b>\$0.0</b>	<b>\$109.7</b>	<b>\$37,765.1</b>	<b>\$334.4</b>

\*Forecast for GF-S for the 2015-17 biennium adopted June 15, 2016

\*\*Sum of large audit 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 September 2016 to the June 2016 Forecast  
 2015-17 Biennium  
 Cash Forecast; Millions of Dollars

	<u>June 2016 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2016 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$37,430.8	\$0.0	\$334.4	\$37,765.1	\$334.4
Education Legacy Trust Account	\$450.1	\$0.0	\$2.8	\$453.0	\$2.8
WA Opportunity Pathways Account	\$264.8	\$0.0	(\$0.7)	\$264.1	(\$0.7)
<b>Total</b>	<b>\$38,145.7</b>	<b>\$0.0</b>	<b>\$336.4</b>	<b>\$38,482.1</b>	<b>\$336.4</b>

\*Forecast for GF-S for the 2015-17 biennium adopted June 15, 2016

<sup>#</sup>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 September 2016 to the June 2016 Forecast  
 2017-19 Biennium  
 Cash Forecast; Millions of Dollars

	<u>June 2016 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2016 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$40,251.6	\$0.0	\$125.4	\$40,377.1	\$125.4
Education Legacy Trust Account	\$512.8	\$0.0	\$8.8	\$521.5	\$8.8
WA Opportunity Pathways Account	\$254.0	\$0.0	(\$0.3)	\$253.6	(\$0.3)
<b>Total</b>	<b>\$41,018.4</b>	<b>\$0.0</b>	<b>\$133.9</b>	<b>\$41,152.3</b>	<b>\$133.9</b>

\*Forecast for GF-S for the 2017-19 biennium adopted June 15, 2016

<sup>#</sup>Details may not add due to rounding

**Track Record for the 2015-17 General Fund-State Cash Forecast**  
September 2012 through September 2016  
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>
<b>September 2012<sup>#</sup></b>	\$34,102	\$1,416				\$35,518
<b>Changes to Forecast</b>						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) <sup>#1</sup>	51	35,357
September 2013	95	(2)	93	249 <sup>#2</sup>	342	35,699
November 2013	(47)	3	(44)	(41) <sup>#3</sup>	(85)	35,615
February 2014	5	26	31	51 <sup>#4</sup>	82	35,697
June 2014	194	40	233	5 <sup>#5</sup>	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 <sup>#6</sup>	309	36,758
September 2015	80	60	139	193 <sup>#7</sup>	333	37,091
November 2015	107	(8)	99	15 <sup>#8</sup>	113	37,204
February 2016	(101)	33	(67)	0	(67)	37,137
June 2016	330	(32)	298	(5) <sup>#9</sup>	294	37,431
September 2016	327	8	334	0	334	37,765
<b>Total change***:</b>						
From September 2012	1,472	275	1,747	499	2,247	
Percent change	4.3	19.4	4.9	1.4	6.3	

**Track Record for the 2017-19 General Fund-State Cash Forecast**  
February 2014 through September 2016  
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>
<b>February 2014<sup>##</sup></b>	\$36,887	\$1,823				\$38,710
<b>Changes to Forecast</b>						
June 2014	265	50	315	(1) <sup>#5</sup>	313	39,023
September 2014	227	(63)	164	0	164	39,188
November 2014	388	26	415	0	415	39,602
February 2015	126	28	154	0	154	39,757
June 2015	257	64	321	122 <sup>#6</sup>	443	40,200
September 2015	4	47	52	286 <sup>#7</sup>	338	40,538
November 2015	35	(5)	30	0	30	40,567
February 2016	(449)	7	(442)	0	(442)	40,125
June 2016	188	(53)	135	(9) <sup>#10</sup>	126	40,252
September 2016	135	(10)	125	0	125	40,377
<b>Total change***:</b>						
From February 2014	1,178	91	1,269	398	1,667	
Percent change	3.2	5.0	3.3	1.0	4.3	

\* 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.

<sup>#</sup> First official forecast for the 2015-17 biennium.

<sup>##</sup> First official forecast for the 2017-19 biennium.

<sup>#1</sup> Transfer of GF-S funds to Child and Family Reinvestment Account

<sup>#2</sup> Legislative and budget-driven revenue changes from 2013 second special session

<sup>#3</sup> Re-classification of prior period adjustments as non-revenue resources, tobacco settlement arbitration payment to state.

<sup>#4</sup> Cannabis excise taxes and fees plus retail sales and B&O taxes on cannabis production and sales resulting from Initiative 502

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

<sup>#6</sup> Legislative revenue changes from 2015 regular legislative session

<sup>#7</sup> Legislative and budget driven revenue changes from 2015 special legislative sessions

<sup>#8</sup> Sum of large expected audit payments

<sup>#9</sup> Legislative and budget-driven revenue changes from the 2016 regular and first special legislative sessions plus \$3.3 million AG settlement

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**Analysis for the Major Sources Based on Taxable Activity**

Revenue Act Sources

September 2016 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income <sup>1</sup>	
<b>I. Retail Sales</b>			
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	5.7	1.4
2016	8.4	4.8	1.8
2017	3.2	4.4	0.7
2018	4.4	4.7	0.9
2019	4.5	5.1	0.9
2020	4.1	5.1	0.8
2021	3.9	5.0	0.8
Average 2000-2015:	3.0	4.3	0.7
<b>II. Business &amp; Occupation</b>			
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	4.4	4.9	0.9
2012	8.0	6.2	1.3
2013	6.8	4.6	1.5
2014	5.4	3.0	1.8
2015	5.4	5.7	0.9
2016	2.8	4.8	0.6
2017	4.8	4.4	1.1
2018	5.2	4.7	1.1
2019	5.2	5.1	1.0
2020	4.8	5.1	0.9
2021	4.4	5.0	0.9
Average 1998-2015:	3.8	4.3	0.9

\* Based on constant base taxable data.

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

<sup>1</sup> Income adjusted to exclude special dividend payment in fy 05.

## Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

September 2016 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income <sup>1</sup>	
III. Use			
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	5.7	1.6
2016	2.0	4.8	0.4
2017	0.1	4.4	0.0
2018	4.6	4.7	1.0
2019	5.0	5.1	1.0
2020	4.4	5.1	0.9
2021	3.8	5.0	0.8
Average 1998-2015:	3.4	4.3	0.8

## Total Revenue Act Receipts

September 2016 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity##
	Tax Receipts <sup>#</sup>	Personal Income <sup>1</sup>	
Revenue Act			
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	5.7	1.0
2016	8.5	4.8	1.8
2017	4.0	4.4	0.9
2018	3.8	4.7	0.8
2019	4.7	5.1	0.9
2020	4.4	5.1	0.9
2021	4.3	5.0	0.8
Average 1998-2015:	3.5	4.3	0.8

\* 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.

<sup>1</sup> 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)

September 2016 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		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 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	\$17,283	5.5%	\$207	5.0%	\$17,491	5.5%	\$120	5.7%	\$17,611	5.5%
Forecast:										
FY 2016	\$18,579	7.5%	\$215	3.6%	\$18,793	7.4%	\$139	15.7%	\$18,933	7.5%
FY 2017	\$19,186	3.3%	\$238	10.9%	\$19,425	3.4%	\$125	-10.2%	\$19,550	3.3%
FY 2018	\$19,781	3.1%	\$249	4.4%	\$20,029	3.1%	\$127	1.7%	\$20,156	3.1%
FY 2019	\$20,596	4.1%	\$273	9.8%	\$20,869	4.2%	\$127	-0.3%	\$20,996	4.2%
FY 2020	\$21,404	3.9%	\$178	-34.8%	\$21,582	3.4%	\$127	0.0%	\$21,708	3.4%
FY 2021	\$22,226	3.8%	\$182	2.5%	\$22,409	3.8%	\$127	0.0%	\$22,535	3.8%
<b>Biennial Totals</b>										
<b>05-07 Biennium</b>	<b>\$29,785</b>	<b>17.3%</b>	<b>\$381</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>	<b>\$0</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>
<b>07-09 Biennium</b>	<b>\$29,817</b>	<b>0.1%</b>	<b>\$437</b>	<b>14.8%</b>	<b>\$30,254</b>	<b>0.3%</b>	<b>\$0</b>	<b>NA</b>	<b>\$30,254</b>	<b>0.3%</b>
<b>09-11 Biennium</b>	<b>\$28,218</b>	<b>-5.4%</b>	<b>\$269</b>	<b>-38.5%</b>	<b>\$28,487</b>	<b>-5.8%</b>	<b>\$99</b>	<b>NA</b>	<b>\$28,586</b>	<b>-5.5%</b>
<b>11-13 Biennium</b>	<b>\$30,657</b>	<b>8.6%</b>	<b>\$215</b>	<b>-19.9%</b>	<b>\$30,872</b>	<b>8.4%</b>	<b>\$244</b>	<b>145.2%</b>	<b>\$31,116</b>	<b>8.8%</b>
<b>13-15 Biennium</b>	<b>\$33,666</b>	<b>9.8%</b>	<b>\$405</b>	<b>88.0%</b>	<b>\$34,071</b>	<b>10.4%</b>	<b>\$234</b>	<b>-4.1%</b>	<b>\$34,305</b>	<b>10.2%</b>
<b>15-17 Biennium</b>	<b>\$37,765</b>	<b>12.2%</b>	<b>\$453</b>	<b>11.9%</b>	<b>\$38,218</b>	<b>12.2%</b>	<b>\$264</b>	<b>12.9%</b>	<b>\$38,482</b>	<b>12.2%</b>
<b>17-19 Biennium</b>	<b>\$40,377</b>	<b>6.9%</b>	<b>\$522</b>	<b>15.1%</b>	<b>\$40,899</b>	<b>7.0%</b>	<b>\$254</b>	<b>-3.9%</b>	<b>\$41,152</b>	<b>6.9%</b>
<b>19-21 Biennium</b>	<b>\$43,630</b>	<b>8.1%</b>	<b>\$360</b>	<b>-30.9%</b>	<b>\$43,990</b>	<b>7.6%</b>	<b>\$253</b>	<b>-0.1%</b>	<b>\$44,244</b>	<b>7.5%</b>

\*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 September 2016 and June 2016 forecasts  
 2015-17 Biennium  
 (Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.3	\$0.0	\$1.1	\$37.4	\$1.1
Insurance Commissioner Insurance Premiums	\$1,054.2	\$0.0	(\$3.5)	\$1,050.7	(\$3.5)
Liquor Control Board Taxes, Licenses, and Fees	\$353.6	\$0.0	\$16.4	\$370.0	\$16.4
Lottery Commission Lottery Revenue	\$28.9	\$0.0	(\$1.9)	\$27.0	(\$1.9)
State Treasurer Interest Earnings	\$12.8	\$0.0	\$3.2	\$16.1	\$3.2
Office of Financial Management Other Agencies	\$221.3	\$0.0	(\$7.4)	\$213.9	(\$7.4)
Administrative Office of the Courts Fines and Forfeitures	\$158.6	\$0.0	(\$0.4)	\$158.2	(\$0.4)
<b>Total General Fund-State</b>	<b>\$1,865.8</b>	<b>\$0.0</b>	<b>\$7.5</b>	<b>\$1,873.3</b>	<b>\$7.5</b>

**General Fund-State GAAP Estimates - Other Agencies**  
 Comparison of the September 2016 and June 2016 forecasts  
 2015-17 Biennium  
 (Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.3	\$0.0	\$1.1	\$37.4	\$1.1
Insurance Commissioner Insurance Premiums	\$1,054.2	\$0.0	(\$3.5)	\$1,050.7	(\$3.5)
Liquor Control Board Taxes, Licenses, and Fees	\$353.6	\$0.0	\$16.4	\$370.0	\$16.4
Lottery Commission Lottery Revenue	\$42.3	\$0.0	\$3.3	\$45.6	\$3.3
State Treasurer Interest Earnings	\$12.9	\$0.0	\$2.9	\$15.8	\$2.9
Office of Financial Management Other Agencies	\$221.3	\$0.0	(\$7.4)	\$213.9	(\$7.4)
Administrative Office of the Courts Fines and Forfeitures	\$158.6	\$0.0	(\$0.4)	\$158.2	(\$0.4)
<b>Total General Fund-State</b>	<b>\$1,879.3</b>	<b>\$0.0</b>	<b>\$12.3</b>	<b>\$1,891.6</b>	<b>\$12.3</b>

\* Detail may not total due to rounding.

**General Fund-State Cash Estimates - Other Agencies**  
Comparison of the September 2016 and June 2016 forecasts  
2017-19 Biennium  
(Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$37.0	\$0.0	(\$0.1)	\$36.9	(\$0.1)
Insurance Commissioner Insurance Premiums	\$1,154.8	\$0.0	(\$23.9)	\$1,130.9	(\$23.9)
Liquor Control Board Taxes, Licenses, and Fees	\$463.0	\$0.0	\$20.1	\$483.1	\$20.1
Lottery Commission Lottery Revenue	\$34.1	\$0.0	\$0.5	\$34.6	\$0.5
State Treasurer Interest Earnings	\$30.8	\$0.0	(\$2.1)	\$28.6	(\$2.1)
Office of Financial Management Other Agencies	\$209.0	\$0.0	\$2.2	\$211.2	\$2.2
Administrative Office of the Courts Fines and Forfeitures	\$161.2	\$0.0	(\$6.5)	\$154.7	(\$6.5)
<b>Total General Fund-State</b>	<b>\$2,089.9</b>	<b>\$0.0</b>	<b>(\$9.8)</b>	<b>\$2,080.1</b>	<b>(\$9.8)</b>

**General Fund-State GAAP Estimates - Other Agencies**  
Comparison of the September 2016 and June 2016 forecasts  
2017-19 Biennium  
(Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$37.0	\$0.0	(\$0.1)	\$36.9	(\$0.1)
Insurance Commissioner Insurance Premiums	\$1,154.8	\$0.0	(\$23.9)	\$1,130.9	(\$23.9)
Liquor Control Board Taxes, Licenses, and Fees	\$463.0	\$0.0	\$20.1	\$483.1	\$20.1
Lottery Commission Lottery Revenue	\$36.7	\$0.0	(\$0.8)	\$35.8	(\$0.8)
State Treasurer Interest Earnings	\$32.3	\$0.0	(\$2.5)	\$29.8	(\$2.5)
Office of Financial Management Other Agencies	\$209.0	\$0.0	\$2.2	\$211.2	\$2.2
Administrative Office of the Courts Fines and Forfeitures	\$161.2	\$0.0	(\$6.5)	\$154.7	(\$6.5)
<b>Total General Fund-State</b>	<b>\$2,094.0</b>	<b>\$0.0</b>	<b>(\$11.6)</b>	<b>\$2,082.5</b>	<b>(\$11.6)</b>

\* Detail may not total due to rounding.

**General Fund-State Cash Estimates - Other Agencies**  
Comparison of the September 2016 and June 2016 forecasts  
2019-21 Biennium  
(Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.9	\$0.0	(\$0.1)	\$36.8	(\$0.1)
Insurance Commissioner Insurance Premiums	\$1,256.3	\$0.0	(\$47.9)	\$1,208.5	(\$47.9)
Liquor Control Board Taxes, Licenses, and Fees	\$517.2	\$0.0	\$17.5	\$534.8	\$17.5
Lottery Commission Lottery Revenue	\$44.1	\$0.0	(\$0.3)	\$43.8	(\$0.3)
State Treasurer Interest Earnings	\$62.0	\$0.0	\$2.8	\$64.8	\$2.8
Office of Financial Management Other Agencies	\$198.3	\$0.0	\$4.9	\$203.2	\$4.9
Administrative Office of the Courts Fines and Forfeitures	\$168.2	\$0.0	(\$8.1)	\$160.2	(\$8.1)
<b>Total General Fund-State</b>	<b>\$2,283.1</b>	<b>\$0.0</b>	<b>(\$31.1)</b>	<b>\$2,252.1</b>	<b>(\$31.1)</b>

**General Fund-State GAAP Estimates - Other Agencies**  
Comparison of the September 2016 and June 2016 forecasts  
2019-21 Biennium  
(Amounts in Millions)

Source/Agency	June 2016 Baseline	Non-Economic Changes	Economic Changes	September 2016 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$36.9	\$0.0	(\$0.1)	\$36.8	(\$0.1)
Insurance Commissioner Insurance Premiums	\$1,256.3	\$0.0	(\$47.9)	\$1,208.5	(\$47.9)
Liquor Control Board Taxes, Licenses, and Fees	\$517.2	\$0.0	\$17.5	\$534.8	\$17.5
Lottery Commission Lottery Revenue	\$44.1	\$0.0	(\$0.3)	\$43.8	(\$0.3)
State Treasurer Interest Earnings	\$62.6	\$0.0	\$3.3	\$65.9	\$3.3
Office of Financial Management Other Agencies	\$198.3	\$0.0	\$4.9	\$203.2	\$4.9
Administrative Office of the Courts Fines and Forfeitures	\$168.2	\$0.0	(\$8.1)	\$160.2	(\$8.1)
<b>Total General Fund-State</b>	<b>\$2,283.8</b>	<b>\$0.0</b>	<b>(\$30.6)</b>	<b>\$2,253.2</b>	<b>(\$30.6)</b>

\* 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	171.6	17.1	0.0	11.7	0.0	0.0	0.3	3.3	139.1	0.0	0.0	0.0
2017	151.4	9.9	0.0	12.2	0.0	0.0	0.3	3.6	124.9	0.0	0.0	0.5
2015-17 Biennium	323.0	27.0	0.0	23.8	0.0	0.0	0.7	6.9	264.1	0.0	0.0	0.5
2018	159.6	15.5	0.0	12.6	0.0	0.0	0.3	3.6	127.0	0.0	0.0	0.5
2019	163.4	19.1	0.0	13.1	0.0	0.0	0.3	3.6	126.6	0.0	0.0	0.5
2017-19 Biennium	323.0	34.6	0.0	25.8	0.0	0.0	0.7	7.3	253.6	0.0	0.0	1.0
2020	165.9	21.0	0.0	13.7	0.0	0.0	0.3	3.6	126.7	0.0	0.0	0.5
2021	167.7	22.8	0.0	14.2	0.0	0.0	0.3	3.6	126.7	0.0	0.0	0.0
2019-21 Biennium	333.5	43.8	0.0	27.9	0.0	0.0	0.7	7.3	253.4	0.0	0.0	0.5

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

Source: Lottery Commission, ERFC

### Lottery transfers by fund

(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account	Gambling Revolving Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1	0.0
2015	141.3	0.0	0.0	11.2	0.0	0.0	0.3	4.7	119.0	0.0	6.1	0.0
2013-15 Biennium	288.9	0.6	0.0	22.0	0.0	0.0	0.6	8.7	240.9	0.0	16.1	0.0
2016	175.5	31.9	0.0	11.7	0.0	0.0	0.3	2.8	128.7	0.0	0.0	0.0
2017	156.1	13.7	0.0	12.2	0.0	0.0	0.3	3.6	125.9	0.0	0.0	0.5
2015-17 Biennium	331.7	45.6	0.0	23.8	0.0	0.0	0.7	6.5	254.6	0.0	0.0	0.5
2018	159.2	16.7	0.0	12.6	0.0	0.0	0.3	3.6	125.4	0.0	0.0	0.5
2019	162.2	19.1	0.0	13.1	0.0	0.0	0.3	3.6	125.5	0.0	0.0	0.5
2017-19 Biennium	321.4	35.8	0.0	25.8	0.0	0.0	0.7	7.3	250.9	0.0	0.0	1.0
2020	164.7	21.0	0.0	13.7	0.0	0.0	0.3	3.6	125.5	0.0	0.0	0.5
2021	167.2	22.8	0.0	14.2	0.0	0.0	0.3	3.6	125.7	0.0	0.0	0.5
2019-21 Biennium	331.9	43.8	0.0	27.9	0.0	0.0	0.7	7.3	251.2	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

	2016Q2	2016Q3	2016Q4	2017Q1
<b>Real GDP (Billions of 2009 Dollars)</b>				
September Forecast	16,570	16,692	16,793	16,884
Percent Change	1.1%	3.0%	2.4%	2.2%
June Forecast	16,588	16,681	16,782	16,884
Percent Change	2.0%	2.3%	2.4%	2.5%
<b>Real Consumption (Billions of 2009 Dollars)</b>				
September Forecast	11,487	11,569	11,641	11,709
Percent Change	4.4%	2.9%	2.5%	2.3%
June Forecast	11,459	11,532	11,605	11,677
Percent Change	2.6%	2.6%	2.5%	2.5%
<b>Implicit Price Deflator, PCE (2009=1.00)</b>				
September Forecast	1.105	1.109	1.116	1.120
Percent Change	2.0%	1.6%	2.3%	1.5%
June Forecast	1.105	1.110	1.117	1.121
Percent Change	2.3%	1.6%	2.5%	1.5%
<b>Real Personal Income (Billions of 2009 Dollars)</b>				
September Forecast	14,387	14,466	14,537	14,634
Percent Change	2.1%	2.2%	2.0%	2.7%
June Forecast	14,375	14,442	14,500	14,617
Percent Change	1.4%	1.9%	1.6%	3.3%
<b>Nonfarm Payroll Employment (Millions)</b>				
September Forecast	144.0	144.7	145.3	145.7
Percent Change	1.3%	2.0%	1.6%	1.2%
June Forecast	144.0	144.3	145.0	145.6
Percent Change	1.2%	1.1%	1.9%	1.5%
<b>Unemployment Rate (Percent of Labor Force)</b>				
September Forecast	4.9	4.8	4.8	4.7
June Forecast	4.8	4.7	4.7	4.6
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>				
September Forecast	3.6	3.5	3.6	3.8
June Forecast	3.6	3.7	4.0	4.1
<b>3 Month T-Bill Rate (Percent, average)</b>				
September Forecast	0.3	0.3	0.4	0.6
June Forecast	0.3	0.4	0.5	0.7

	2015	2016	2017	2018	2019	2020	2021
<b>Real GDP (Billions of 2009 Dollars)</b>							
September Forecast	16,397	16,645	17,019	17,394	17,759	18,150	18,531
Percent Change	2.6%	1.5%	2.2%	2.2%	2.1%	2.2%	2.1%
June Forecast	16,349	16,639	17,022	17,397	17,762	18,153	18,534
Percent Change	2.4%	1.8%	2.3%	2.2%	2.1%	2.2%	2.1%
<b>Real Consumption (Billions of 2009 Dollars)</b>							
September Forecast	11,215	11,516	11,809	12,081	12,347	12,618	12,896
Percent Change	3.2%	2.7%	2.6%	2.3%	2.2%	2.2%	2.2%
June Forecast	11,213	11,495	11,779	12,050	12,315	12,586	12,862
Percent Change	3.1%	2.5%	2.5%	2.3%	2.2%	2.2%	2.2%
<b>Implicit Price Deflator, PCE (2009=1.00)</b>							
September Forecast	1.095	1.107	1.127	1.145	1.166	1.188	1.212
Percent Change	0.4%	1.1%	1.7%	1.6%	1.8%	1.9%	2.0%
June Forecast	1.094	1.108	1.128	1.149	1.171	1.194	1.217
Percent Change	0.3%	1.2%	1.9%	1.9%	1.9%	1.9%	1.9%
<b>Real Personal Income (Billions of 2009 Dollars)</b>							
September Forecast	14,113	14,426	14,767	15,170	15,590	16,014	16,405
Percent Change	4.0%	2.2%	2.4%	2.7%	2.8%	2.7%	2.4%
June Forecast	14,026	14,411	14,754	15,139	15,546	15,959	16,361
Percent Change	4.1%	2.7%	2.4%	2.6%	2.7%	2.7%	2.5%
<b>Nonfarm Payroll Employment (Millions)</b>							
September Forecast	141.8	144.4	146.2	147.3	148.4	149.5	150.5
Percent Change	2.1%	1.8%	1.2%	0.8%	0.8%	0.8%	0.7%
June Forecast	141.8	144.2	146.1	147.1	148.2	149.3	150.3
Percent Change	2.1%	1.7%	1.3%	0.7%	0.7%	0.8%	0.7%
<b>Unemployment Rate (Percent of Labor Force)</b>							
September Forecast	5.3	4.8	4.7	4.6	4.6	4.7	4.8
June Forecast	5.3	4.8	4.6	4.5	4.5	4.6	4.7
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>							
September Forecast	3.9	3.6	4.1	4.9	5.5	5.8	5.8
June Forecast	3.9	3.8	4.2	4.9	5.7	5.7	5.6
<b>3 Month T-Bill Rate (Percent, average)</b>							
September Forecast	0.1	0.3	0.9	1.6	2.5	2.8	2.8
June Forecast	0.1	0.4	1.1	2.1	2.8	2.8	2.8

### Washington Forecast Comparison

	2016Q2	2016Q3	2016Q4	2017Q1
<b>Real Personal Income (Billions of 2009 Dollars)</b>				
September Forecast	346.7	347.8	348.8	355.0
Percent Change	0.7%	1.3%	1.1%	7.3%
June Forecast	344.6	345.7	346.6	351.1
Percent Change	1.8%	1.4%	0.9%	5.4%
<b>Personal Income (Billions of Dollars)</b>				
September Forecast	383.2	385.9	389.1	397.6
Percent Change	2.7%	2.8%	3.4%	9.0%
June Forecast	380.9	383.7	387.0	393.5
Percent Change	4.1%	2.9%	3.4%	7.0%
<b>Nonfarm Payroll Employment (Thousands)</b>				
September Forecast	3231	3245	3255	3268
Percent Change	2.5%	1.8%	1.2%	1.6%
June Forecast	3215	3223	3239	3254
Percent Change	2.0%	1.0%	2.0%	1.8%
<b>Unemployment Rate (Percent of Labor Force)</b>				
September Forecast	5.8	5.7	5.7	5.6
June Forecast	5.8	5.7	5.6	5.5
<b>Manufacturing Employment (Thousands)</b>				
September Forecast	289.9	288.5	284.1	284.2
Percent Change	-1.4%	-2.0%	-6.0%	0.2%
June Forecast	286.8	282.9	284.1	284.4
Percent Change	-1.7%	-5.4%	1.8%	0.3%
<b>Construction Employment (Thousands)</b>				
September Forecast	183.3	184.0	183.8	183.7
Percent Change	3.5%	1.7%	-0.6%	-0.1%
June Forecast	182.5	183.4	184.4	185.4
Percent Change	1.9%	1.9%	2.2%	2.2%
<b>Housing Permits (Thousands)</b>				
September Forecast	45.3	40.5	40.5	41.3
Percent Change	110.7%	-35.9%	0.2%	7.4%
June Forecast	42.6	41.0	41.2	41.7
Percent Change	65.8%	-14.3%	1.5%	5.0%

	2015	2016	2017	2018	2019	2020	2021
<b>Real Personal Income (Billions of 2009 Dollars)</b>							
September Forecast	335.0	347.4	356.4	368.3	380.4	392.4	403.5
Percent Change	4.4%	3.7%	2.6%	3.3%	3.3%	3.1%	2.8%
June Forecast	335.4	345.0	354.1	365.2	376.8	388.7	400.2
Percent Change	4.4%	2.9%	2.6%	3.1%	3.2%	3.1%	3.0%
<b>Personal Income (Billions of Dollars)</b>							
September Forecast	367.0	384.7	401.7	421.8	443.6	466.3	489.1
Percent Change	4.7%	4.8%	4.4%	5.0%	5.2%	5.1%	4.9%
June Forecast	367.0	382.2	399.5	419.7	441.5	464.0	486.9
Percent Change	4.8%	4.1%	4.5%	5.0%	5.2%	5.1%	4.9%
<b>Nonfarm Payroll Employment (Thousands)</b>							
September Forecast	3146	3235	3286	3333	3375	3414	3450
Percent Change	2.8%	2.8%	1.6%	1.4%	1.3%	1.2%	1.0%
June Forecast	3145	3219	3269	3311	3352	3391	3426
Percent Change	2.8%	2.4%	1.6%	1.3%	1.2%	1.2%	1.0%
<b>Unemployment Rate (Percent of Labor Force)</b>							
September Forecast	5.7	5.8	5.5	5.2	5.1	5.1	5.1
June Forecast	5.7	5.7	5.4	5.2	5.1	5.1	5.1
<b>Manufacturing Employment (Thousands)</b>							
September Forecast	290.8	288.4	284.7	285.3	287.7	290.3	293.0
Percent Change	0.7%	-0.8%	-1.3%	0.2%	0.9%	0.9%	0.9%
June Forecast	290.3	285.5	284.7	284.5	285.7	287.9	290.7
Percent Change	0.6%	-1.7%	-0.3%	-0.1%	0.4%	0.8%	1.0%
<b>Construction Employment (Thousands)</b>							
September Forecast	173.2	183.2	186.1	194.2	199.4	202.4	204.6
Percent Change	8.5%	5.7%	1.6%	4.3%	2.7%	1.5%	1.1%
June Forecast	173.2	183.0	188.0	195.0	200.7	204.8	207.4
Percent Change	8.5%	5.6%	2.7%	3.8%	2.9%	2.1%	1.2%
<b>Housing Permits (Thousands)</b>							
September Forecast	40.4	41.0	42.3	44.1	44.4	44.4	44.0
Percent Change	19.1%	1.5%	3.1%	4.4%	0.7%	0.0%	-0.9%
June Forecast	40.4	40.6	42.5	44.0	44.1	44.4	44.3
Percent Change	19.1%	0.6%	4.6%	3.5%	0.4%	0.5%	-0.1%

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**September 2016**  
Alternative Forecasts  
Millions of Dollars

Cash Basis

### 2015-17 Biennium

	<u>2015-17 Biennium</u>	<u>Difference From the September 2016 Baseline</u>
September 2016 Baseline (60%)	\$37,765	
September 2016 Alternative Forecasts		
Optimistic (15%)	\$38,797	\$1,032
Pessimistic (25%)	\$36,801	(\$964)
Probability Weighted Average	\$37,679	(\$86)
GCEA*	\$37,719	(\$46)

### 2017-19 Biennium

	<u>2017-19 Biennium</u>	<u>Difference From the September 2016 Baseline</u>
September 2016 Baseline (60%)	\$40,377	
September 2016 Alternative Forecasts		
Optimistic (15%)	\$43,606	\$3,229
Pessimistic (25%)	\$37,253	(\$3,124)
Probability Weighted Average	\$40,080	(\$297)
GCEA*	\$40,178	(\$199)

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

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

**Calendar Years**

	2016	2017	2018	2019	2020	2021
<b>U.S.</b>						
<b>Real GDP</b>						
<i>Growth</i>						
ERFC	1.5	2.2	2.2	2.1	2.2	2.1
GCEA Average	1.6	2.1	1.9	1.9	2.0	2.0
<b>Real Consumption</b>						
<i>Growth</i>						
ERFC	2.7	2.6	2.3	2.2	2.2	2.2
GCEA Average	2.6	2.2	2.0	1.9	2.0	2.1
<b>Implicit Price Deflator, PCE</b>						
<i>Growth</i>						
ERFC	1.1	1.7	1.6	1.8	1.9	2.0
GCEA Average	1.2	1.8	1.9	1.9	1.9	1.9
<b>Mortgage Rate</b>						
<i>Percent</i>						
ERFC	3.6	4.1	4.9	5.5	5.8	5.8
GCEA Average	3.6	3.9	4.2	4.5	4.7	4.9
<b>Oil Price (Brent)</b>						
<i>Dollars per barrel</i>						
ERFC	43.4	50.9	53.6	55.7	57.4	58.9
GCEA Average	45.7	50.1	53.1	54.9	56.9	57.8

**Washington State**

**Real Personal Income**

<i>Growth</i>						
ERFC	3.7	2.6	3.3	3.3	3.1	2.8
GCEA Average	3.2	2.9	3.1	3.0	2.8	2.7

**Wage and Salary Employment**

<i>Growth</i>						
ERFC	2.8	1.6	1.4	1.3	1.2	1.0
GCEA Average	2.7	1.6	1.2	1.1	1.1	1.1

**Manufacturing Employment**

<i>Growth</i>						
ERFC	-0.8	-1.3	0.2	0.9	0.9	0.9
GCEA Average	-0.6	-1.2	-0.1	0.1	0.1	0.0

**Construction Employment**

<i>Growth</i>						
ERFC	5.7	1.6	4.3	2.7	1.5	1.1
GCEA Average	5.7	2.7	1.8	1.9	1.3	1.2

**Housing Permits**

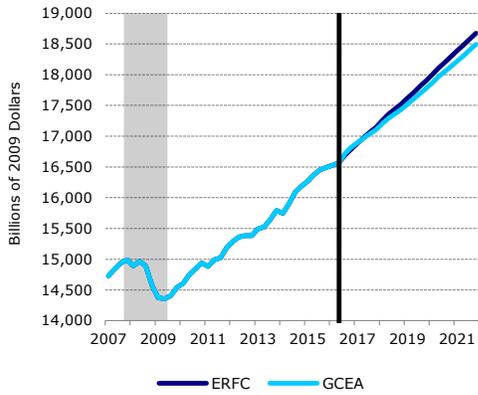
<i>Thousands of authorized units</i>						
ERFC	41.0	42.3	44.1	44.4	44.4	44.0
GCEA Average	40.5	42.5	43.5	44.0	44.0	44.1

**Washington Average Annual Wage**

<i>Growth</i>						
ERFC	3.5	2.7	3.1	3.1	3.1	3.4
GCEA Average	3.0	2.8	3.1	3.1	3.1	3.1

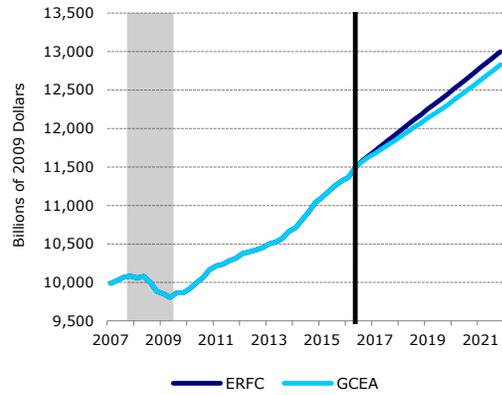
# U.S. Forecast Comparison

**Real GDP**



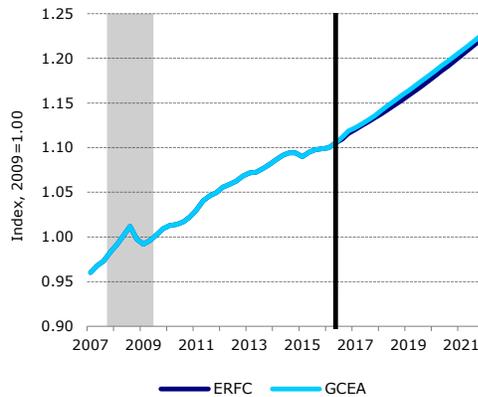
Source: BEA, ERFC, GCEA; data through 2016 Q2

**Real Consumption**



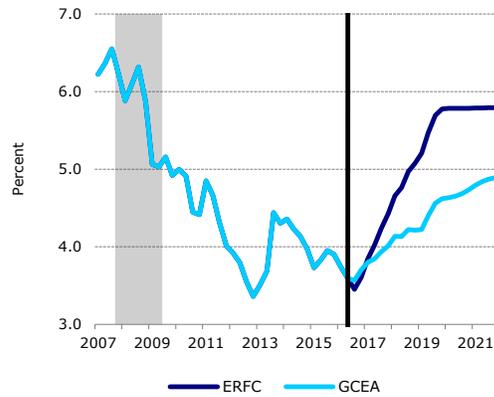
Source: BEA, ERFC, GCEA; data through 2016 Q2

**Implicit Price Deflator, PCE**



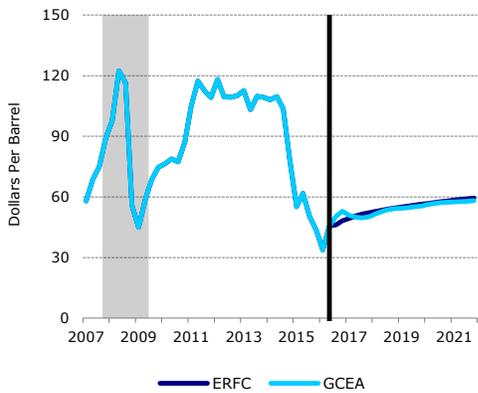
Source: BEA, ERFC, GCEA; data through 2016 Q2

**Mortgage Rate**



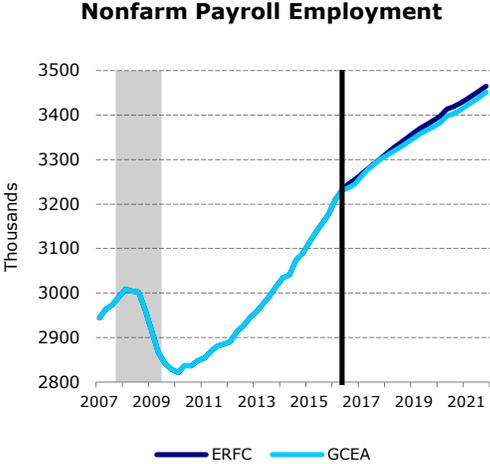
Source: Freddie Mac, ERFC, GCEA; data through 2016 Q2

**Brent Oil Price**

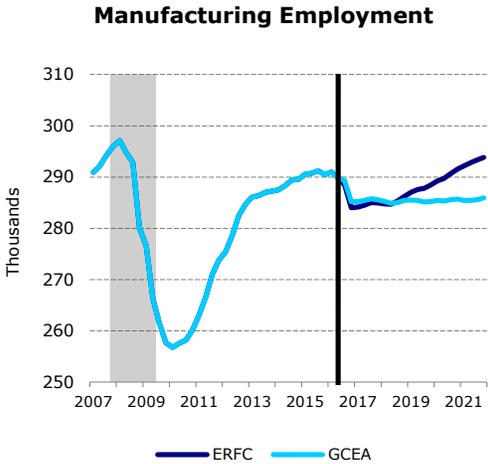


Source: EIA, ERFC, GCEA; data through 2016 Q2

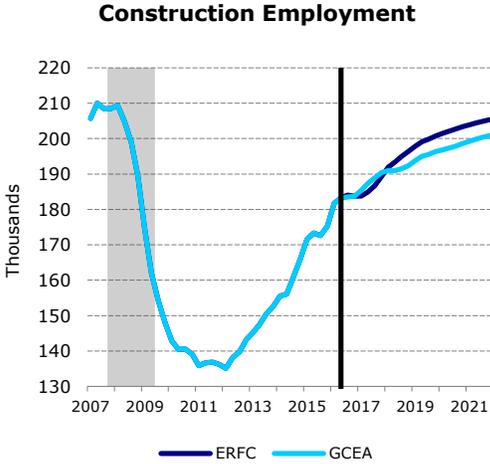
# Washington Forecast Comparison



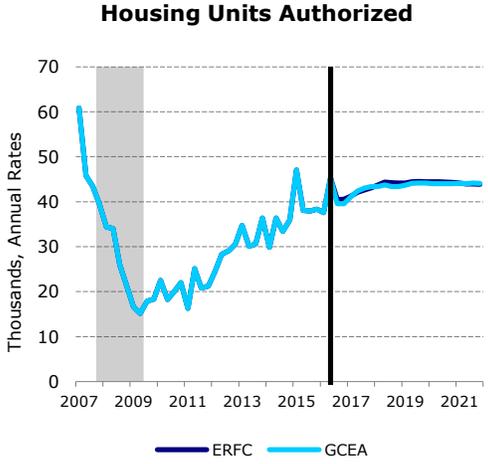
Source: ESD, ERFC, GCEA; data through 2016 Q2



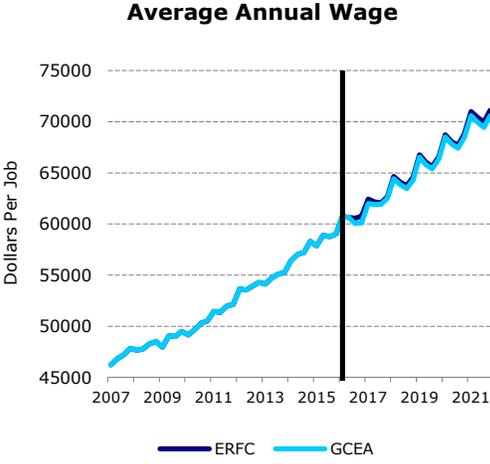
Source: ESD, ERFC, GCEA; data through 2016 Q2



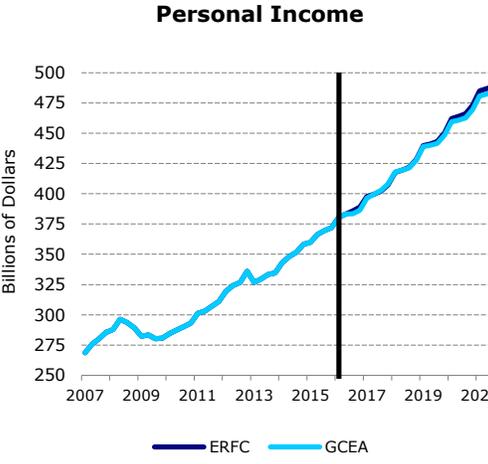
Source: ESD, ERFC, GCEA; data through 2016 Q2



Source: Census, ERFC, GCEA; data through 2016 Q2



Source: BEA, ERFC, GCEA; data through 2016 Q1



Source: BEA, ERFC, GCEA; data through 2016 Q1

**2015-17 Enacted Budget Balance Sheet**  
**General Fund-State (GFS), Education Legacy Trust Account (ELTA),**  
**Opportunity Pathways Account (OPA) and Budget Stabilization Account**  
Dollars in Millions

	2015-17		
	GFS	ELTA and OPA	TOTAL
<b>RESOURCES</b>			
<b>Beginning Fund Balance</b>	990.9	20.3	1,011.2
June 2016 Revenue Forecast	37,430.8	714.9	38,145.7
September 2016 Revenue Forecast Change	334.4	2.1	336.4
<b>Current Revenue Totals</b>	<b>37,765.1</b>	<b>717.0</b>	<b>38,482.1</b>
Transfer to Budget Stabilization Account (1% of GSR)	(372.3)		(372.3)
Transfer to Budget Stabilization Account (EORG)	(63.5)		(63.5)
Transfer from BSA (EORG)	63.5		63.5
Other Enacted Fund Transfers	207.4		207.4
Prior Period Adjustments	40.8		40.8
<b>Total Resources (including beginning fund balance)</b>	<b>38,631.9</b>	<b>737.3</b>	<b>39,369.3</b>
<b>EXPENDITURES</b>			
<b>2015-17 Biennium</b>			
Enacted Budget	37,507.3	711.9	38,219.2
2016 Enacted Supplemental Budget	203.7	(12.8)	190.9
Assumed Reversions	(207.2)		(207.2)
Impact of Governor's Veto	43.5		43.5
<b>Total Expenditures</b>	<b>37,547.2</b>	<b>699.1</b>	<b>38,246.3</b>
<b>RESERVES</b>			
<b>Projected Ending Balance (GFS + ELTA + OPA)</b>	<b>1,084.7</b>	<b>38.2</b>	<b>1,122.9</b>
<b>Budget Stabilization Account</b>			
Budget Stabilization Account Beginning Balance	513.1		513.1
Plus Transfers from General Fund and Interest Earnings	440.7		440.7
Less Appropriation From BSA: Fires	(189.5)		(189.5)
Less Transfers Out to GFS (Extraordinary Revenue)	(63.5)		(63.5)
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>700.7</b>		<b>700.7</b>
<b>Total Reserves (Near General Fund plus Budget Stabilization)</b>	<b>1,785.4</b>	<b>38.2</b>	<b>1,823.7</b>