

EMBARGOED

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Revenue Review Meeting

September 18, 2014



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

REVENUE REVIEW MEETING

September 18, 2014
1:30 p.m.

- Call to order
- Approval meeting minutes from September 4, 2014
- Revenue Forecast
- Adoption of the Official Forecast

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STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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

Meeting Minutes Economic Review

September 4, 2014

John L. O'Brien Building, Hearing Room E

Economic and Revenue Forecast Council

Members Present

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

Staff

Steve Lerch, Executive Director, ERFC
Charlie Gavigan, House
Richard Ramsey, Senate
Jim Crawford, OFM

Call to Order

The meeting was called to order by Representative Hunter at 1:01 pm.

Motion

Representative Nealey, made a motion to approve the meeting minutes from the June 16, 2014 meeting, seconded by Director Schumacher. Council approved the motion at 1:02 p.m.

Presentation on the Budget Outlook

Members of the Budget Outlook Work Group present information on long term growth rates as part of the discussion regarding criteria for the budget outlook.

Motion

Treasurer McIntire moved, seconded by Representative Hunter to adopt revised long term growth factors to be used in the calculation of the budget outlook. Council approved the motion at 1:20 p.m.

Presentation on the Economic Forecast

Dr. Lerch presented information on the economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies.

Adjournment

Meeting adjourned at 1:54 pm.

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



**Revenue Review: September 18, 2014
Executive Summary**

United States

- The final U.S. economic forecast is based on the September release of the Global Insight forecast. The September Global Insight forecast is quite similar to their August forecast used as the basis of our preliminary economic forecast. As in August, Global Insight assumes that the Federal Reserve will continue to “taper” its quantitative easing program, ending its purchases of mortgage-backed securities and Treasury bonds in October of this year. The Federal Reserve is not assumed to raise short-term interest rates until the third quarter of 2015.
- The final economic forecast uses the second estimate of second quarter 2014 GDP growth (+4.2%) and the September Blue Chip consensus forecast of real GDP growth; the preliminary forecast used the initial estimate of second quarter 2014 GDP growth (+4.0%) and the August Blue Chip consensus. Because the September Blue Chip consensus was identical to August, annual growth rates for 2014 – 2019 remain unchanged from the preliminary forecast.
- Factors outside the state account for the high level of risk to the forecast. A slowing Chinese economy, the potential for a slowdown in the U.S. housing recovery, and geopolitical instability in the Middle East and Eastern Europe all remain major threats to the U.S. and Washington economies. While the labor market has been improving this year, the weaker-than-expected August employment data suggests that upside risks to the forecast may be somewhat reduced.
- Residential construction activity and existing home sales strengthened in July while new home sales slowed. Housing units authorized by building permits increased by 8.1% (SAAR) compared to their June level. This is 7.7% above housing permits for July 2013. Housing starts increased to 1.05 million units in July, 15.7% (SAAR) above the June rate. Existing home sales in July were 2.4% (SAAR) higher than in June; based on revised data, this makes a fourth consecutive month with an increase in existing home sales. New single family home sales in July decreased by 2.4% (SAAR) compared to June, although they are 12.3% above July 2013 sales. Home prices have started to moderate, with the seasonally-adjusted Case-Shiller 20-city home price index showing small monthly decreases in April, May and June. However, the Case-Shiller index for June (SA) is still 6.2% above its year-ago level.
- Light motor vehicle sales in August reached 17.5 million units (SAAR). This is their highest level since January 2006; sales have been at or above 16 million units for six consecutive months.
- The two major consumer confidence measures continue to increase. The Conference Board index of consumer confidence increased to 92.4 in August from 90.3 in July and is at its highest level since October 2007. The University of Michigan consumer sentiment survey rose to 84.6 in September, 2.1 points higher than in August.

Washington

- In the three months since the June forecast was adopted, the Washington economy added 21,600 jobs, 3,200 more than the 18,400 expected in the June forecast. As usual, most of the new jobs were in private-services providing industries which added 15,200 jobs in June, July, and August. The manufacturing sector added 2,100 jobs in the three-month period thanks in part to an unexpected increase of 1,200 jobs in the aerospace industry. (We believe the increase in aerospace was due to temporary summer interns and will be reversed in the fall.) The construction sector added 2,500 jobs in June, July, and August while federal, state, and local government combined added 1,800 jobs. The state's unemployment rate was 5.6% in August, the same rate as in July but down from 7.0% in August 2013.
- We have also incorporated another quarter of benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions raised the estimated level of total employment in May 2014 by 8,000 jobs. As a result of the upward revisions to history and slightly stronger-than-expected growth, the total effect is 11,200 (0.4%) more jobs in August 2014 than expected in the June forecast.
- The Institute of Supply Management - Western Washington Index (ISM-WW) rebounded to 62.9 in August from 50.1 in July (index values above 50 indicate positive growth while values below 50 indicate contractions). The July figure was the weakest since July 2009, at the depth of the recession. All components (production, orders, employment, inventory, and deliveries) improved in August.
- In late June, the Bureau of Economic Analysis released estimates for state personal income through the first quarter of 2014. We have incorporated the new BEA estimates as well as additional Washington QCEW and other wage data through the first quarter. Our current estimate of Washington personal income in the first quarter of 2014 is \$338.2 billion which is \$0.5 billion (0.2%) higher than assumed in June. However, monthly U.S. personal income growth, a key driver of the Washington personal income estimates, has been stronger than expected so far in 2014, mostly in the transfer payments component. As a result, our estimate for personal income in the second quarter was \$1.1 billion (0.3%) more than expected in June.
- Single-family housing construction was once again weaker than expected in the second quarter of 2014 according to the building permit data but overall construction was close thanks to stronger-than-expected multi-family construction. Total housing units authorized by building permits averaged 37,200 (SAAR) in April, May, and June. The June forecast had assumed 37,400 units. Single-family units averaged 16,600, 800 less than expected but multi-family units averaged 20,600, 600 more than expected. As expected, the third quarter started out a bit weaker than the second quarter as July multi-family permits came down from an unsustainably high second-quarter level. Multi-family permits in July still exceeded the June forecast, more than making up for a shortfall in single-family permits. Total permits averaged 34,300 units (SAAR) in July compared to the June forecast of 32,600 units for the third quarter as a whole.
- According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices rose 0.2% in June following a 0.3% decline in May.

- The dip in May was the first decrease since November 2011 and followed 29 consecutive monthly increases. Seattle home prices are still up 8.6% over the previous June and 26.2% higher than the November 2011 trough.
- Washington car sales reached yet another post-recession high in August 2014. New vehicle registrations totaled of 291,400 (SAAR) in August, 0.2% more than in July and 5.2% more than in August 2013. New vehicle registrations for August were the strongest since November 2007, before the onset of the recession.
 - Washington exports increased 11.9% in the second quarter of 2014 compared to the second quarter of 2013. Exports of transportation equipment (mostly Boeing planes) increased 10.4% over the year and exports of agricultural products jumped 62.5% over the year. Exports of all other Washington commodities rose 4.6% over the year.
 - Seattle shelter costs continue to rise much more rapidly than U.S. city average shelter costs but other prices are rising much more slowly, with the result that headline inflation in Seattle is close to the national average. The Seattle CPI rose 1.8% from August 2013 to August 2014 compared to 1.7% for the U.S. city average. Similarly, core prices (all items excluding food and energy) increased 1.7% in Seattle, the same rate as the U.S. city average. However, shelter costs rose 4.4% over the year in Seattle compared to 2.9% for the U.S. city average. All items excluding shelter rose only 0.6% in Seattle compared to the national average increase of 1.2%.
 - Overall, our September forecast for Washington State is similar to the forecast adopted in June. Washington employment growth is expected to grow 2.6% this year compared to 2.3% assumed in the June forecast. The upward revision to growth in 2014 is mostly due to higher historical employment data through August. The September forecast for average annual employment growth from 2015 through 2019 is now 1.6% per year, up slightly from the 1.5% growth rate forecasted in June. Our September forecast for nominal personal income growth this year of 4.7% is slightly stronger than the June forecast of 4.4%. Our new forecast for nominal personal income growth from 2015 through 2019 averages 5.5% per year, slightly higher than the 5.4% rate predicted in June.

Revenue

- Cumulative General Fund-State (GF-S) revenue collections through September 10th were \$115 million (3.1%) higher than forecasted. Of this amount, \$106 million came from Revenue Act sources (retail sales and use, business and occupation, public utility, and tobacco products taxes). While preliminary estimates of second quarter activity are stronger than expected, much of the surplus was the result of lower-than-expected refunds and low redemption of tax credits, which are not expected to continue. In addition, forecasted public utility tax receipts have been lowered due to falling natural gas prices. As a result, forecasted Revenue Act collections are only expected to increase by a total of \$133 million in the current biennium.
- Real estate excise taxes since the June forecast came in \$20 million higher than forecasted. Much of the positive variance was the result of strong sales of commercial property valued at \$10 million or more. Underlying residential activity has also shown some improvement. Forecasted real estate excise

taxes have therefore been increased by \$29 million in the current biennium. The forecast was also increased slightly in the 2015-17 biennium.

- Licensed cannabis sales began earlier than expected in the June forecast. The GF-S share of cannabis excise taxes and license fees is now expected to be \$3.1 million in the current biennium and \$31.1 million in the 2015-17 biennium, up from \$0 and \$22.9 million in the June forecast. Adding in the associated retail sales and business and occupation taxes, the total GF-S impact of the sale of licensed cannabis products is now expected to be \$6.9 million in the current biennium and \$60.1 million in the 2015-17 biennium.
- Overall adjustments to the revenue forecast were small, reflecting the slight changes in the state's economic forecast. Increases in forecasted collections from the above sources were tempered by decreases in forecasted collections from other sources such as liquor excise taxes and transfers of unclaimed property.
- The net forecast change for the 2013-15 biennium was an increase of \$162.5 million. Forecasted GF-S revenue for the biennium is now \$33.332 billion, which is 8.7% higher than collections in the 2011-13 biennium.
- The net forecast change for the 2015-17 biennium was an increase of \$143.0 million. Forecasted GF-S revenue for the biennium is now \$35.935 billion, which is 8.2% higher than forecasted revenue in the current biennium.

Revenue Review

Presented to
The Economic & Revenue Forecast Council

Steve Lerch
Executive Director

September 18, 2014
Olympia, Washington



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**

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Summary

- The economic forecast is very similar to June, with moderate economic growth and slightly higher Washington employment
- Risks to the baseline include the potential for slower Chinese economic growth, possible disruptions to the housing recovery and turmoil in the Middle East and Eastern Europe
- Weaker August jobs data suggests upside risks may be smaller
- The GF-S revenue forecast has been increased by \$163 million for the 2013-15 biennium and by \$143 million for the 2015-17 biennium

Revenue Review
September 18, 2014

Slide 1

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New information since preliminary economic forecast

- September Blue Chip real GDP growth forecast
- Growth rates unchanged from preliminary forecast
- U.S. employment data for August
- 142,000 net new jobs; first month with job gains below 200,000 since January 2014
 - Unemployment rate decreased by 0.1 percentage points to 6.1%
- Washington employment data for August
- 1,200 net new jobs; lowest since February
 - Unemployment rate is 5.6%, unchanged from July

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September 18, 2014

Slide 2

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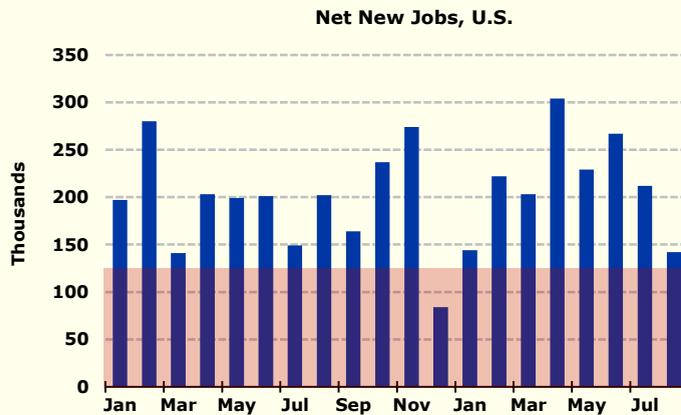


Job growth weakened in August

The economy needs to add roughly 125K jobs each month just to keep up with growth in the labor force

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September 18, 2014

Slide 3



Source: Bureau of Labor Statistics, data through August 2014

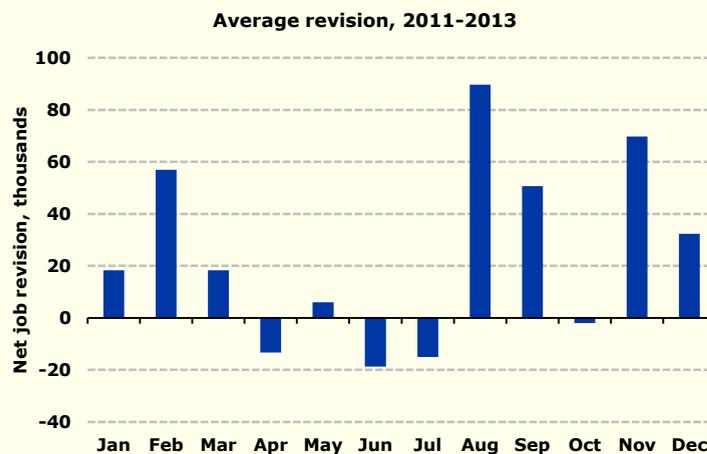
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August U.S. employment data have been revised up in last three years

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September 18, 2014

Slide 4



Source: U.S. Bureau of Labor Statistics; data 2011-2013

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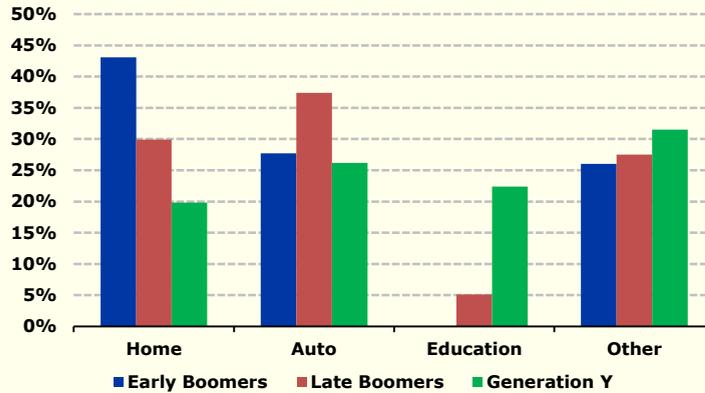
Generation Y: more education debt, less housing debt compared to baby boomers

Early boomers:
age 24-28 in
1976-78;

Late boomers:
age 24-28 in
1989;

Generation Y:
age 24-28 in
2005-09

Type of debt as % of total



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September 18, 2014

Source: J.N. Houle; National Longitudinal Survey

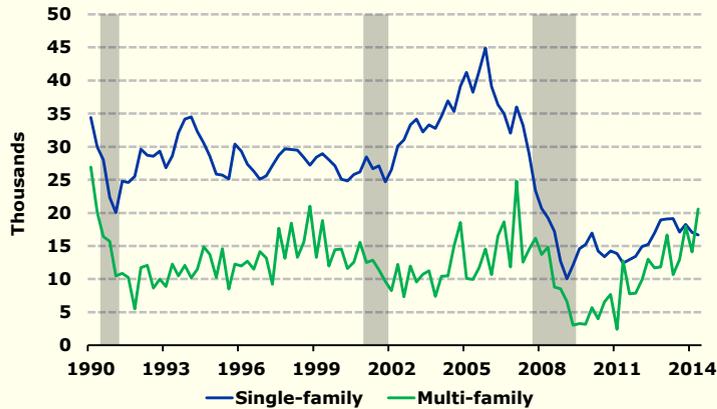
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Slide 5



WA housing permits – multi-family back to historic levels, single-family still weak

Housing permits, (SAAR)



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September 18, 2014

Source: U.S. Census Bureau, data through 2014 Q2

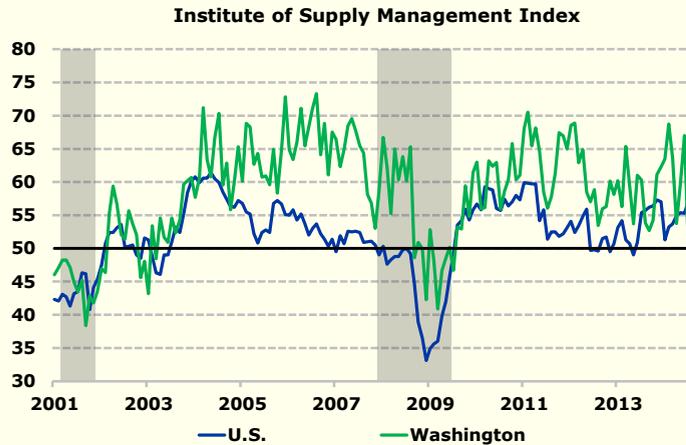
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Slide 6



Manufacturing activity: expanding faster in Washington than nationally

An index greater than 50, implies growth



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September 18, 2014

Source: Institute of Supply Management; data through August 2014

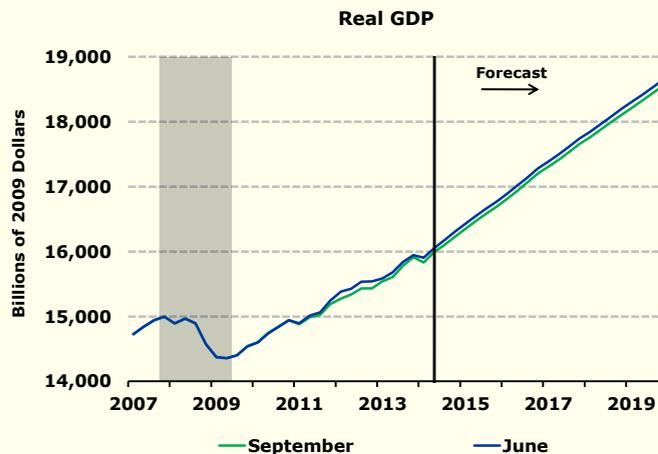
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Slide 7



GDP is slightly lower largely as a result of revisions to historic data

Real GDP growth for 2016 through 2019 is unchanged from June



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September 18, 2014

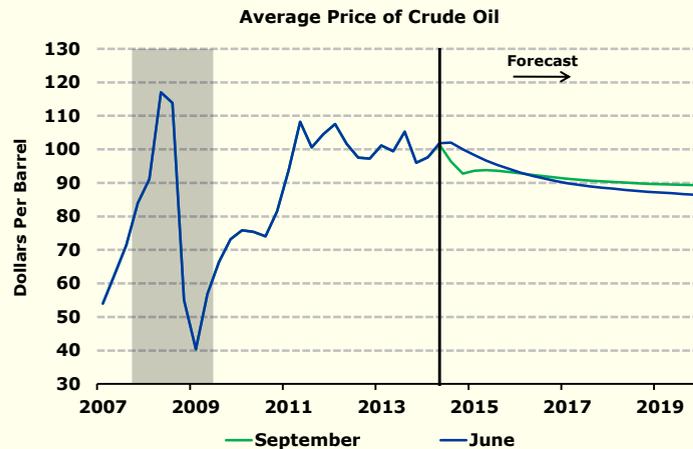
Source: Global Insight, ERFC September 2014 forecast; historical data through 2014Q2

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Slide 8



Oil prices lower in the near term but decline less than in June



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September 18, 2014

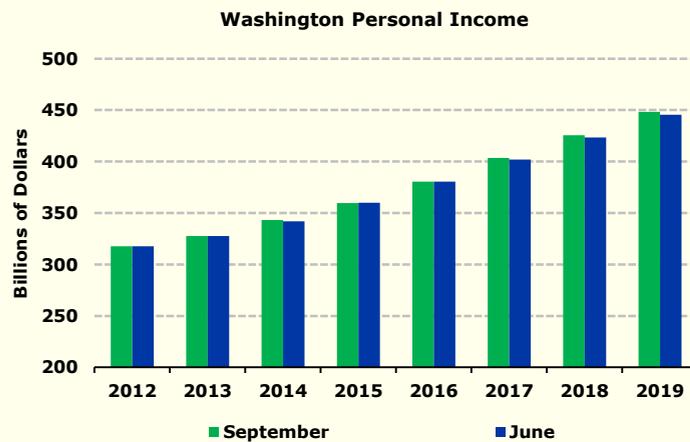
Source: DOE, ERF September 2014 forecast; historical data through 2014Q2

Slide 9

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Washington personal income forecast is similar to the June forecast



Revenue Review
September 18, 2014

Source: ERF September 2014 forecast; historical data through 2013

Slide 10

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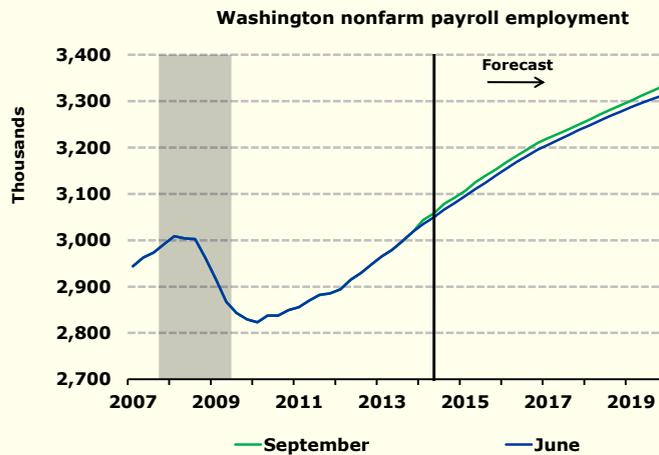


Washington employment forecast revised up slightly

Average employment growth of 1.7% for 2014 to 2019 is unchanged from June

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September 18, 2014

Slide 11



Source: Global Insight, ERFC September 2014 forecast; historical data through 2014Q2

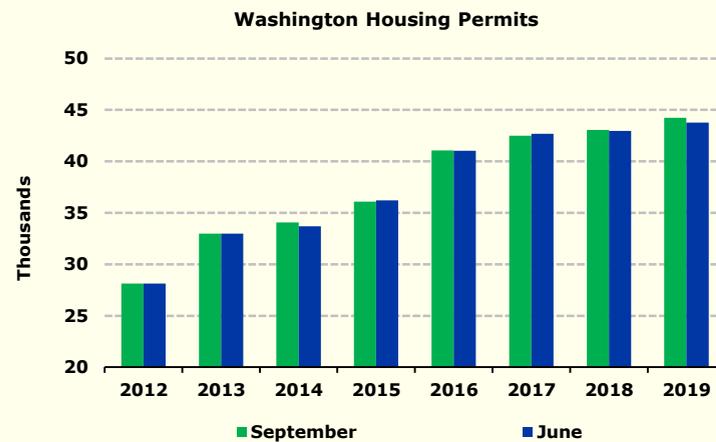
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Washington housing permits forecast is similar to the June forecast

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September 18, 2014

Slide 12



Source: ERFC September 2014 forecast; historical data through 2013

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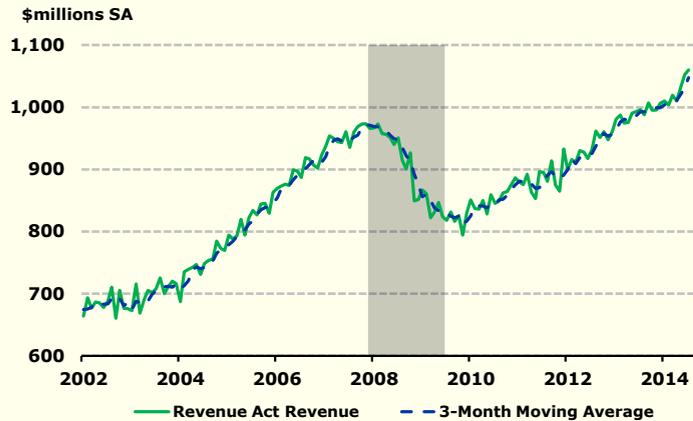


Seasonally adjusted Revenue Act collections jumped in recent months

Adjusted for large payments and refunds, collections increased 4.5% year over year for second quarter activity

Collections for June activity were up 5.1% year over year and collections for July activity were up 7.7%.

Revenue Review
September 18, 2014
Slide 13



* 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 2014 activity

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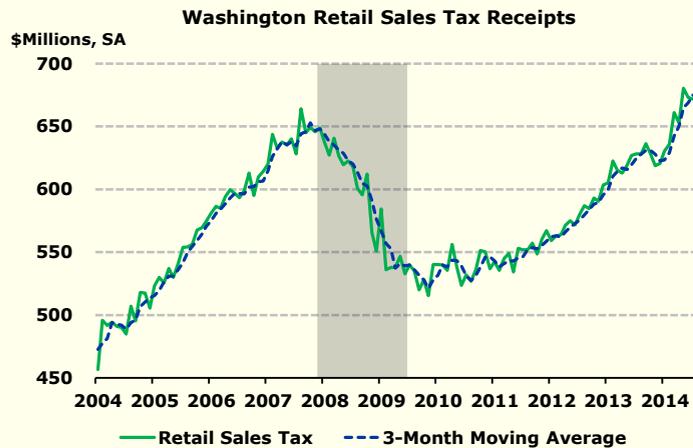


Sales tax collection growth was strong in the second quarter

Adjusted sales tax collections were up 4.6% year over year for first quarter activity and 7.9% for second quarter activity

Preliminary adjusted collections for July activity were up 6.9% year-over-year

Revenue Review
September 18, 2014
Slide 14



Source: ERFC; Monthly data through July 2014 preliminary activity

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

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B&O growth is uneven but underlying trend is positive

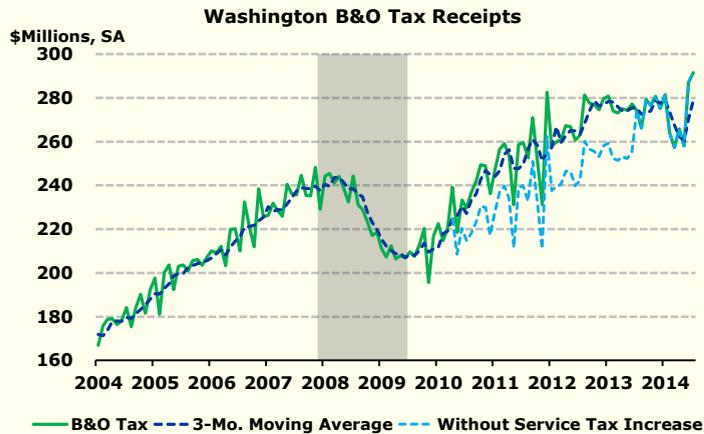
Adjusted B&O tax collections were down 1.9% year over year for second quarter activity

Collections would have grown 5.6% year over year without last year's service tax surcharge

Preliminary year-over-year growth for July activity is 6.3%

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September 18, 2014

Slide 15



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

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REET growth is uneven due to low residential inventory, commercial sales

Sales transactions are down year over year but the value per transaction is higher

Taxable residential activity has been uneven and total taxable activity even more so due to large commercial sales

Revenue Review
September 18, 2014

Slide 16



Source: ERFC; Monthly data through August 2014 preliminary

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GF-S cannabis revenue estimates

Total change from June forecast:

•2013-15
+\$25.4 M

•2015-17
+\$44.9 M

•2017-19
-\$19.6 M

Revenue Review
September 18, 2014

Slide 17

\$Millions

September Forecast

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>
GF-S share of excise tax and license fees	\$3.1	\$31.1	\$63.0
Retail sales tax and B&O	\$3.8	\$28.9	\$56.0
Total General Fund	\$6.9	\$60.1	\$119.0
Total Non-GF	\$18.5	\$146.8	\$285.4

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

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Forecast changes: General Fund State, 2013-2015 Biennium

June Forecast:
\$33,169 million

\$Millions

September Forecast

	<u>Collection Experience</u>	<u>Non-eco-Change</u>	<u>Forecast Change</u>	<u>Forecast</u>	<u>Total Change*</u>
Dept. of Revenue	\$115	\$0	\$28	\$31,721	\$144
All other agencies	\$0	\$0	\$19	\$1,610	\$19
Total GF-S	\$115	\$0	\$47	\$33,332	\$163

Revenue Review
September 18, 2014

Slide 18

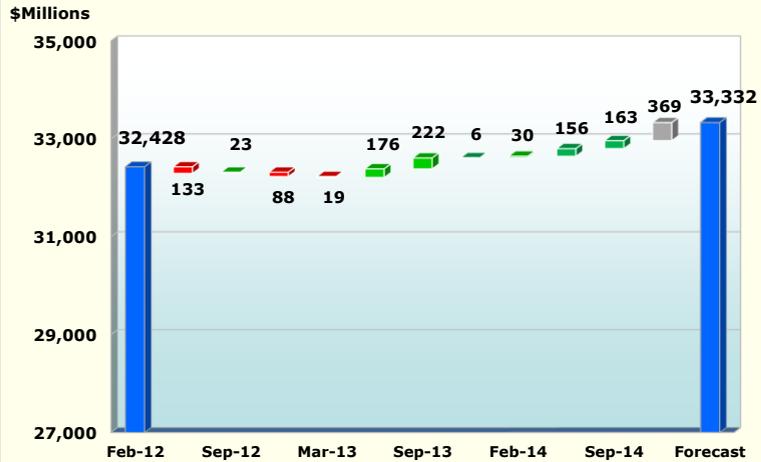
* Detail may not add to total due to rounding

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GF-S forecast revisions to the 2013-15 biennium

**GF-S
New
Definition**



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September 18, 2014

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

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Slide 19



Forecast changes: General Fund State, 2015-2017 Biennium

June Forecast:
**\$35,935
million**

	\$Millions	September Forecast			
		<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Forecast</u>	<u>Total Change*</u>
Dept. of Revenue	\$0		\$168	\$34,434	\$168
All other agencies	\$0		(\$25)	\$1,644	(\$25)
Total GF-S	\$0		\$143	\$36,078	\$143

Revenue Review
September 18, 2014

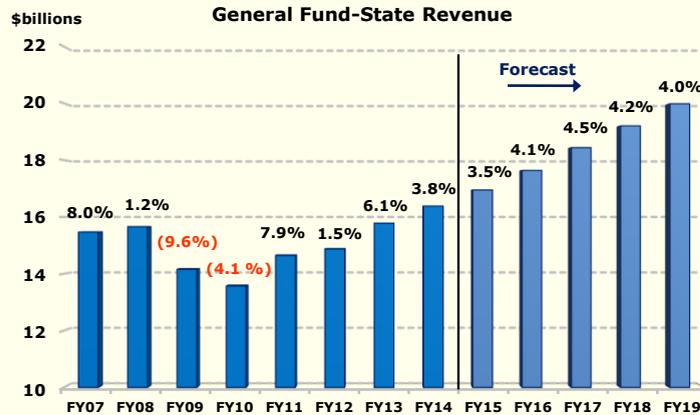
* Detail may not add to total due to rounding

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Slide 20



General Fund-State* forecast by fiscal year



Revenue Review
September 18, 2014

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

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Slide 21



2013-15 Biennium alternative forecasts – cash basis

\$Millions	2013-15 Biennium	Difference From the baseline
September Baseline (55%)	\$33,332	
<u>September 2014 Alternative Forecasts</u>		
Optimistic (20%)	\$34,260	\$928
Pessimistic (25%)	\$32,302	(\$1,030)
Probability Weighted Average	\$33,260	(\$72)
GCEA*	\$33,344	\$13

Revenue Review
September 18, 2014

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

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Slide 22



Conclusion

- The economic forecast is quite similar to June's forecast; we expect the moderate pace of the economic recovery to continue in both the U.S. and Washington economies
- We continue to expect the Washington economy to be slightly stronger than the U.S. economy
- GF-S revenues are expected to grow 8.7% between the 2011-13 and 2013-15 biennia and 8.2% between the 2013-15 and 2015-17 biennia
- The level of uncertainty in the baseline remains high, with greater risks on the downside than on the upside

Revenue Review
September 18, 2014

Slide 23

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Questions



Revenue Review
September 18, 2014

Slide 24

Economic & Revenue Forecast Council
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360-534-1560

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

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

	<u>June 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2014 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$33,169.4	\$0.0	\$162.5	\$33,331.9	\$162.5
Education Legacy Trust Account**	\$386.6	\$0.0	\$0.6	\$387.2	\$0.6
WA Opportunity Pathways Account	\$227.1	\$0.0	\$5.4	\$232.6	\$5.4
Total	\$33,783.2	\$0.0	\$168.5	\$33,951.7	\$168.5

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

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

[#]Details may not add due to rounding

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

Comparison of the September 2014 to the June 2014 Forecast
 2013-15 Biennium
 Millions of Dollars

	<u>June 2014 Forecast*</u>	<u>Collection Experience</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2014 Forecast</u>	<u>Total Change[#]</u>
Department of Revenue	\$31,577.8	\$115.3	\$0.0	\$28.2	\$31,721.4	\$143.6
All other Agencies	\$1,591.6	(\$0.3)	\$0.0	\$19.2	\$1,610.5	\$18.9
Total General Fund-State	\$33,169.4	\$115.1	\$0.0	\$47.4	\$33,331.9	\$162.5

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

[#]Details may not add due to rounding

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

Comparison of the September 2014 to the June 2014 Forecast
 2015-17 Biennium
 Cash Forecast; Millions of Dollars

	<u>June 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2014 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$35,935.2	\$0.0	\$143.0	\$36,078.2	\$143.0
Education Legacy Trust Account	\$397.4	\$0.0	(\$1.5)	\$396.0	(\$1.5)
WA Opportunity Pathways Account	\$238.2	\$0.0	(\$2.9)	\$235.2	(\$2.9)
Total	\$36,570.8	\$0.0	\$138.6	\$36,709.4	\$138.6

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

[#]Details may not add due to rounding

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

Comparison of the September 2014 to the June 2014 Forecast
 2015-17 Biennium
 Millions of Dollars

	<u>June 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2014 Forecast</u>	<u>Total Change[#]</u>
Department of Revenue	\$34,266.0	\$0.0	\$167.9	\$34,433.9	\$167.9
All other Agencies	\$1,669.1	\$0.0	(\$24.8)	\$1,644.3	(\$24.8)
Total General Fund-State	\$35,935.2	\$0.0	\$143.0	\$36,078.2	\$143.0

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

[#]Details may not add due to rounding

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

Comparison of the September 2014 to the June 2014 Forecast
 2017-19 Biennium
 Millions of Dollars

	<u>June 2014 Forecast*</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>September 2014 Forecast</u>	<u>Total Change[#]</u>
Department of Revenue	\$37,150.8	\$0.0	\$227.4	\$37,378.2	\$227.4
All other Agencies	\$1,872.5	\$0.0	(\$63.2)	\$1,809.4	(\$63.2)
Total General Fund-State	\$39,023.4	\$0.0	\$164.2	\$39,187.6	\$164.2

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

[#]Details may not add due to rounding

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

February 2012 through September 2014

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2012 #	\$31,110	\$1,319				\$32,428
Changes to Forecast						
June 2012	(120)	(13)	(133)	330 #1	197	32,626
September 2012	39	(15)	23	0	23	32,649
November 2012	(113)	25	(88)	0	(88)	32,561
March 2013	(38)	18	(19)	0	(19)	32,541
June 2013	156	20	176	(55) #2	121	32,662
September 2013	224	(2)	222	123 #3	345	33,007
November 2013	(22)	27	6	(30) #4	(25)	32,982
February 2014	21	10	30	0	30	33,013
June 2014	160	(5)	156	1 #5	157	33,169
September 2014	144	19	163	0	163	33,332
Total change***:						
From February 2012	451	84	535	369	904	
Percent change	1.4	6.4	1.6	1.1	2.8	

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

September 2012 through September 2014

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
September 2012 ##	\$34,102	\$1,416				\$35,518
Changes to Forecast						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) #6	51	35,357
September 2013	95	(2)	93	249 #3	342	35,699
November 2013	(47)	3	(44)	(41) #4	(85)	35,615
February 2014	5	26	31	51 #7	82	35,697
June 2014	194	40	233	5 #5	238	35,935
September 2014	168	(25)	143	0	143	36,078
Total change***:						
From September 2012	183	120	303	257	560	
Percent change	0.5	8.5	0.9	0.7	1.6	

* 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

September 2014
Alternative Forecasts
Millions of Dollars

Cash Basis

2013-15 Biennium

	<u>2013-15 Biennium</u>	<u>Difference From the September 2014 Baseline</u>
September 2014 Baseline (55%)	\$33,332	
September 2014 Alternative Forecasts		
Optimistic (20%)	\$34,260	\$928
Pessimistic (25%)	\$32,302	(\$1,030)
Probability Weighted Average	\$33,260	(\$72)
GCEA*	\$33,344	\$13

2015-17 Biennium

	<u>2015-17 Biennium</u>	<u>Difference From the September 2014 Baseline</u>
September 2014 Baseline (55%)	\$36,078	
September 2014 Alternative Forecasts		
Optimistic (20%)	\$39,469	\$3,391
Pessimistic (25%)	\$32,600	(\$3,478)
Probability Weighted Average	\$35,887	(\$191)
GCEA*	\$36,088	\$10

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

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

September 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
I. Retail Sales			
1998	8.0	8.6	0.9
1999	7.1	8.1	0.9
2000	8.0	8.2	1.0
2001	2.8	4.0	0.7
2002	(1.4)	1.3	(1.1)
2003	2.1	3.5	0.6
2004	4.6	4.5	1.0
2005	7.9	5.4	1.5
2006	10.1	7.9	1.3
2007	7.9	7.9	1.0
2008	2.7	7.7	0.4
2009	(10.4)	0.1	(70.2)
2010	(6.0)	(1.5)	3.9
2011	1.8	4.7	0.4
2012	4.1	5.2	0.8
2013	6.7	4.0	1.7
2014	6.4	4.0	1.6
2015	5.1	4.6	1.1
2016	5.0	5.3	0.9
2017	4.9	6.0	0.8
2018	4.6	5.7	0.8
2019	4.2	5.4	0.8
Average 1998-2013:	3.1	4.7	0.7
II. Business & Occupation			
1998	7.3	8.6	0.9
1999	6.6	8.1	0.8
2000	5.6	8.2	0.7
2001	3.0	4.0	0.7
2002	(3.5)	1.3	(2.7)
2003	(1.6)	3.5	(0.5)
2004	6.8	4.5	1.5
2005	9.7	5.4	1.8
2006	11.2	7.9	1.4
2007	8.3	7.9	1.0
2008	6.9	7.7	0.9
2009	(8.8)	0.1	(59.6)
2010	(2.9)	(1.5)	1.9
2011	4.6	4.7	1.0
2012	8.0	5.2	1.6
2013	6.5	4.0	1.6
2014	5.4	4.0	1.3
2015	4.6	4.6	1.0
2016	4.7	5.3	0.9
2017	4.7	6.0	0.8
2018	4.6	5.7	0.8
2019	4.5	5.4	0.8
Average 1998-2013:	3.4	4.7	0.7

* 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

September 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
III. Use			
1998	4.4	8.6	0.5
1999	(0.1)	8.1	(0.0)
2000	14.4	8.2	1.8
2001	8.4	4.0	2.1
2002	(5.8)	1.3	(4.4)
2003	(1.4)	3.5	(0.4)
2004	5.6	4.5	1.2
2005	14.0	5.4	2.6
2006	2.3	7.9	0.3
2007	9.0	7.9	1.1
2008	2.1	7.7	0.3
2009	(13.0)	0.1	(88.4)
2010	(5.9)	(1.5)	3.8
2011	11.4	4.7	2.4
2012	1.9	5.2	0.4
2013	7.4	4.0	1.8
2014	9.8	4.0	2.4
2015	0.8	4.6	0.2
2016	5.0	5.3	0.9
2017	4.9	6.0	0.8
2018	4.2	5.7	0.7
2019	4.1	5.4	0.8
Average 1998-2013:	3.1	4.7	0.7

Total Revenue Act Receipts

September 2014 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity##
	Tax Receipts [#]	Personal Income ¹	
Revenue Act			
1998	6.3	8.6	0.7
1999	4.2	8.1	0.5
2000	7.4	8.2	0.9
2001	3.9	4.0	1.0
2002	(1.7)	1.3	(1.3)
2003	1.0	3.5	0.3
2004	4.8	4.5	1.1
2005	7.6	5.4	1.4
2006	10.6	7.9	1.3
2007	8.3	7.9	1.1
2008	4.2	7.7	0.5
2009	(9.5)	0.1	(64.5)
2010	(5.3)	(1.5)	3.4
2011	8.1	4.7	1.7
2012	1.3	5.2	0.3
2013	5.9	4.0	1.5
2014	4.6	4.0	1.1
2015	5.0	4.6	1.1
2016	5.0	5.3	0.9
2017	5.2	6.0	0.9
2018	4.8	5.7	0.8
2019	4.4	5.4	0.8
Average 1998-2013:	3.3	4.7	0.7

* Based on constant base taxable data.

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

Post-ESSB 5073 definition of Revenue Act

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

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

General Fund-State: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

September 2014 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
FY 2012	\$14,874	1.5%	\$0	0.0%	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%
FY 2013	\$15,783	6.1%	\$0	0.0%	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%
FY 2014 (prelim.)	\$16,383	3.8%	\$0	0.0%	\$16,383	3.8%	\$197	95.3%	\$16,580	4.4%
Forecast:										
FY 2015	\$16,949	3.5%	\$0	0.0%	\$16,949	3.5%	\$193	-2.4%	\$17,142	3.4%
FY 2016	\$17,638	4.1%	\$0	0.0%	\$17,638	4.1%	\$199	3.1%	\$17,837	4.1%
FY 2017	\$18,440	4.5%	\$0	0.0%	\$18,440	4.5%	\$198	-0.6%	\$18,637	4.5%
FY 2018	\$19,206	4.2%	\$0	0.0%	\$19,206	4.2%	\$200	1.5%	\$19,406	4.1%
FY 2019	\$19,982	4.0%	\$0	0.0%	\$19,982	4.0%	\$226	12.7%	\$20,208	4.1%
Biennial Totals										
03-05 Biennium	\$23,389	10.6%	\$2,006	-9.3%	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$27,772	18.7%	\$2,013	0.3%	\$29,785	17.3%	\$381	NA	\$30,166	18.8%
07-09 Biennium	\$27,703	-0.2%	\$2,114	5.0%	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%
09-11 Biennium	\$28,218	1.9%	\$0	-100.0%	\$28,218	-5.4%	\$269	-38.5%	\$28,487	-5.8%
11-13 Biennium	\$30,657	8.6%	\$0	0.0%	\$30,657	8.6%	\$215	-19.9%	\$30,872	8.4%
13-15 Biennium	\$33,332	8.7%	\$0	0.0%	\$33,332	8.7%	\$390	81.3%	\$33,722	9.2%
15-17 Biennium	\$36,078	8.2%	\$0	0.0%	\$36,078	8.2%	\$396	1.6%	\$36,475	8.2%
17-19 Biennium	\$39,188	8.6%	\$0	0.0%	\$39,188	8.6%	\$426	7.6%	\$39,614	8.6%

*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 2014 and June 2014 forecasts
2013-15 Biennium
(Amounts in Millions)

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$34.7	\$0.0	\$0.6	\$35.3	\$0.6
Insurance Commissioner Insurance Premiums	\$943.3	\$0.0	\$0.3	\$943.7	\$0.3
Liquor Control Board Taxes, Licenses, and Fees	\$249.9	\$0.0	\$6.2	\$256.1	\$6.2
Lottery Commission Lottery Revenue	\$9.3	\$0.0	\$0.6	\$9.9	\$0.6
State Treasurer Interest Earnings	(\$5.2)	\$0.0	\$1.4	(\$3.8)	\$1.4
Office of Financial Management Other Agencies	\$187.3	\$0.0	\$12.0	\$199.3	\$12.0
Administrative Office of the Courts Fines and Forfeitures	\$172.2	\$0.0	(\$2.2)	\$170.0	(\$2.2)
Total General Fund-State	\$1,591.6	\$0.0	\$18.9	\$1,610.5	\$18.9

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

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$34.6	\$0.0	\$0.7	\$35.3	\$0.7
Insurance Commissioner Insurance Premiums	\$943.3	\$0.0	\$0.3	\$943.7	\$0.3
Liquor Control Board Taxes, Licenses, and Fees	\$249.9	\$0.0	\$6.2	\$256.1	\$6.2
Lottery Commission Lottery Revenue	\$2.3	\$0.0	\$0.6	\$2.9	\$0.6
State Treasurer Interest Earnings	(\$5.2)	\$0.0	\$0.7	(\$4.5)	\$0.7
Office of Financial Management Other Agencies	\$187.3	\$0.0	\$12.0	\$199.3	\$12.0
Administrative Office of the Courts Fines and Forfeitures	\$172.2	\$0.0	(\$2.2)	\$170.0	(\$2.2)
Total General Fund-State	\$1,584.5	\$0.0	\$18.3	\$1,602.8	\$18.3

* Detail may not total due to rounding.

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

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.2	\$0.0	\$0.1	\$35.3	\$0.1
Insurance Commissioner Insurance Premiums	\$1,041.4	\$0.0	(\$24.8)	\$1,016.6	(\$24.8)
Liquor Control Board Taxes, Licenses, and Fees	\$234.8	\$0.0	\$7.6	\$242.4	\$7.6
Lottery Commission Lottery Revenue	\$3.3	\$0.0	(\$1.0)	\$2.3	(\$1.0)
State Treasurer Interest Earnings	\$12.0	\$0.0	(\$4.5)	\$7.6	(\$4.5)
Office of Financial Management Other Agencies	\$160.4	\$0.0	\$5.4	\$165.8	\$5.4
Administrative Office of the Courts Fines and Forfeitures	\$182.0	\$0.0	(\$7.6)	\$174.4	(\$7.6)
Total General Fund-State	\$1,669.1	\$0.0	(\$24.8)	\$1,644.3	(\$24.8)

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

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.2	\$0.0	\$0.1	\$35.3	\$0.1
Insurance Commissioner Insurance Premiums	\$1,041.4	\$0.0	(\$24.8)	\$1,016.6	(\$24.8)
Liquor Control Board Taxes, Licenses, and Fees	\$234.8	\$0.0	\$7.6	\$242.4	\$7.6
Lottery Commission Lottery Revenue	\$2.8	\$0.0	(\$2.5)	\$0.2	(\$2.5)
State Treasurer Interest Earnings	\$13.5	\$0.0	(\$5.0)	\$8.5	(\$5.0)
Office of Financial Management Other Agencies	\$160.4	\$0.0	\$5.4	\$165.8	\$5.4
Administrative Office of the Courts Fines and Forfeitures	\$182.0	\$0.0	(\$7.6)	\$174.4	(\$7.6)
Total General Fund-State	\$1,670.0	\$0.0	(\$26.9)	\$1,643.2	(\$26.9)

* Detail may not total due to rounding.

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

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.8	\$0.0	\$0.1	\$36.0	\$0.1
Insurance Commissioner Insurance Premiums	\$1,127.9	\$0.0	(\$42.3)	\$1,085.6	(\$42.3)
Liquor Control Board Taxes, Licenses, and Fees	\$293.6	\$0.0	(\$0.2)	\$293.4	(\$0.2)
Lottery Commission Lottery Revenue	\$7.3	\$0.0	(\$4.5)	\$2.7	(\$4.5)
State Treasurer Interest Earnings	\$45.2	\$0.0	(\$14.6)	\$30.6	(\$14.6)
Office of Financial Management Other Agencies	\$169.3	\$0.0	\$5.4	\$174.7	\$5.4
Administrative Office of the Courts Fines and Forfeitures	\$193.4	\$0.0	(\$7.0)	\$186.4	(\$7.0)
Total General Fund-State	\$1,872.5	\$0.0	(\$63.2)	\$1,809.4	(\$63.2)

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

Source/Agency	June 2014 Baseline	Non-Economic Changes	Economic Changes	September 2014 Baseline	Total Changes
Department of Licensing Taxes and Fees	\$35.8	\$0.0	\$0.1	\$36.0	\$0.1
Insurance Commissioner Insurance Premiums	\$1,127.9	\$0.0	(\$42.3)	\$1,085.6	(\$42.3)
Liquor Control Board Taxes, Licenses, and Fees	\$293.6	\$0.0	(\$0.2)	\$293.4	(\$0.2)
Lottery Commission Lottery Revenue	\$12.5	\$0.0	(\$4.1)	\$8.4	(\$4.1)
State Treasurer Interest Earnings	\$46.0	\$0.0	(\$14.8)	\$31.2	(\$14.8)
Office of Financial Management Other Agencies	\$169.3	\$0.0	\$5.4	\$174.7	\$5.4
Administrative Office of the Courts Fines and Forfeitures	\$193.4	\$0.0	(\$7.0)	\$186.4	(\$7.0)
Total General Fund-State	\$1,878.5	\$0.0	(\$62.9)	\$1,815.6	(\$62.9)

* Detail may not total due to rounding.

Lottery transfers by fund
(cash basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1
2015	140.5	0.6	0.0	11.2	0.0	0.0	0.3	3.5	118.9	0.0	6.1
2013-15 Biennium	288.4	9.9	0.0	22.0	0.0	0.0	0.6	7.2	232.6	0.0	16.1
2016	134.8	2.3	0.0	11.7	0.0	0.0	0.3	3.8	116.7	0.0	0.0
2017	134.8	0.0	0.0	12.2	0.0	0.0	0.3	3.8	118.6	0.0	0.0
2015-17 Biennium	269.6	2.3	0.0	23.8	0.0	0.0	0.6	7.6	235.2	0.0	0.0
2018	135.0	0.2	0.0	11.7	0.0	0.0	0.3	3.8	119.0	0.0	0.0
2019	137.7	2.5	0.0	12.2	0.0	0.0	0.3	3.8	118.9	0.0	0.0
2017-19 Biennium	272.7	2.7	0.0	23.8	0.0	0.0	0.6	7.6	237.8	0.0	0.0

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

Source: Lottery Commission, ERFC

Lottery transfers by fund
(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1
2015	142.4	2.3	0.0	11.2	0.0	0.0	0.3	3.8	118.6	0.0	6.1
2013-15 Biennium	290.0	2.9	0.0	22.0	0.0	0.0	0.6	7.8	240.5	0.0	16.1
2016	132.2	0.0	0.0	11.7	0.0	0.0	0.3	3.8	116.4	0.0	0.0
2017	135.3	0.2	0.0	12.2	0.0	0.0	0.3	3.8	118.8	0.0	0.0
2015-17 Biennium	267.6	0.2	0.0	23.8	0.0	0.0	0.6	7.6	235.3	0.0	0.0
2018	137.2	2.5	0.0	11.7	0.0	0.0	0.3	3.8	118.9	0.0	0.0
2019	141.1	5.9	0.0	12.2	0.0	0.0	0.3	3.8	118.9	0.0	0.0
2017-19 Biennium	278.3	8.4	0.0	23.8	0.0	0.0	0.6	7.6	237.8	0.0	0.0

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

Source: Lottery Commission, ERFC

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

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	77.4	2.6%	1.8%
Construction	11.4	7.6%	3.9%
Mining and Logging	0.3	5.5%	5.5%
Information Excluding Software	2.2	4.1%	NA
Wholesale Trade	4.4	3.5%	2.2%
Leisure and Hospitality	9.4	3.3%	2.4%
Retail Trade	10.2	3.1%	1.6%
Professional and Business Services	10.6	2.9%	3.5%
Education and Health Services	12.5	2.9%	1.8%
Software Publishers	1.5	2.8%	NA
Other Services	2.6	2.3%	0.9%
Transportation, Warehousing and Utilities	2.1	2.2%	3.0%
Manufacturing Excluding Aerospace	4.1	2.2%	NA
State and Local Gov Non-Education	3.3	1.6%	0.6%
State and Local Gov Education	2.9	1.2%	0.2%
Financial Activities	1.7	1.1%	0.9%
Aerospace Product and Parts Manufacturing	-1.5	-1.6%	NA
Information	3.7	3.4%	0.0%
Manufacturing	2.6	0.9%	1.4%

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

U.S. Forecast Comparison

	2014Q2	2014Q3	2014Q4	2015Q1
Real GDP (Billions of 2009 Dollars)				
September Forecast, Final	15,994	16,104	16,224	16,348
<i>Percent Change</i>	4.2%	2.8%	3.0%	3.1%
September Forecast, Preliminary	15,986	16,098	16,220	16,346
<i>Percent Change</i>	4.0%	2.8%	3.1%	3.1%
Real Consumption (Billions of 2009 Dollars)				
September Forecast, Final	10,910	10,968	11,047	11,130
<i>Percent Change</i>	2.5%	2.1%	2.9%	3.1%
September Forecast, Preliminary	10,910	10,981	11,060	11,142
<i>Percent Change</i>	2.5%	2.6%	2.9%	3.0%
Implicit Price Deflator, PCE (2009=1.00)				
September Forecast, Final	1.088	1.092	1.094	1.097
<i>Percent Change</i>	2.3%	1.6%	0.7%	1.0%
September Forecast, Preliminary	1.088	1.091	1.093	1.098
<i>Percent Change</i>	2.3%	1.4%	0.7%	1.7%
Real Personal Income (Billions of 2009 Dollars)				
September Forecast, Final	13,517	13,581	13,666	13,823
<i>Percent Change</i>	3.8%	1.9%	2.5%	4.7%
September Forecast, Preliminary	13,510	13,601	13,687	13,832
<i>Percent Change</i>	3.5%	2.7%	2.6%	4.3%
Nonfarm Payroll Employment (Millions)				
September Forecast, Final	138.5	139.1	139.8	140.3
<i>Percent Change</i>	2.2%	1.8%	1.9%	1.6%
September Forecast, Preliminary	138.5	139.1	139.9	140.6
<i>Percent Change</i>	2.2%	1.8%	2.1%	2.1%
Unemployment Rate (Percent of Labor Force)				
September Forecast, Final	6.2	6.2	6.0	5.9
September Forecast, Preliminary	6.2	6.2	6.1	5.9
30 Year Fixed Mortgage Rate (Percent, average)				
September Forecast, Final	4.2	4.1	4.2	4.6
September Forecast, Preliminary	4.2	4.2	4.3	4.7
3 Month T-Bill Rate (Percent, average)				
September Forecast, Final	0.0	0.0	0.0	0.1
September Forecast, Preliminary	0.0	0.0	0.1	0.1

	2013	2014	2015	2016	2017	2018	2019
Real GDP (Billions of 2009 Dollars)							
September Forecast, Final	15,710	16,038	16,522	17,001	17,477	17,932	18,380
<i>Percent Change</i>	2.2%	2.1%	3.0%	2.9%	2.8%	2.6%	2.5%
September Forecast, Preliminary	15,710	16,034	16,519	16,998	17,474	17,928	18,376
<i>Percent Change</i>	2.2%	2.1%	3.0%	2.9%	2.8%	2.6%	2.5%
Real Consumption (Billions of 2009 Dollars)							
September Forecast, Final	10,700	10,942	11,241	11,544	11,844	12,140	12,431
<i>Percent Change</i>	2.4%	2.3%	2.7%	2.7%	2.6%	2.5%	2.4%
September Forecast, Preliminary	10,700	10,949	11,255	11,559	11,859	12,156	12,447
<i>Percent Change</i>	2.4%	2.3%	2.8%	2.7%	2.6%	2.5%	2.4%
Implicit Price Deflator, PCE (2009=1.00)							
September Forecast, Final	1.073	1.089	1.102	1.118	1.136	1.155	1.173
<i>Percent Change</i>	1.2%	1.5%	1.2%	1.4%	1.6%	1.6%	1.6%
September Forecast, Preliminary	1.073	1.089	1.103	1.119	1.137	1.154	1.170
<i>Percent Change</i>	1.2%	1.4%	1.4%	1.4%	1.6%	1.5%	1.4%
Real Personal Income (Billions of 2009 Dollars)							
September Forecast, Final	13,199	13,539	13,980	14,522	15,092	15,585	16,069
<i>Percent Change</i>	0.8%	2.6%	3.3%	3.9%	3.9%	3.3%	3.1%
September Forecast, Preliminary	13,199	13,549	14,003	14,542	15,075	15,571	16,054
<i>Percent Change</i>	0.8%	2.7%	3.4%	3.9%	3.7%	3.3%	3.1%
Nonfarm Payroll Employment (Millions)							
September Forecast, Final	136.4	138.8	141.3	143.7	145.6	146.9	147.9
<i>Percent Change</i>	1.7%	1.8%	1.8%	1.7%	1.3%	0.9%	0.7%
September Forecast, Preliminary	136.4	138.8	141.6	144.1	146.0	147.4	148.3
<i>Percent Change</i>	1.7%	1.8%	2.0%	1.8%	1.3%	0.9%	0.6%
Unemployment Rate (Percent of Labor Force)							
September Forecast, Final	7.4	6.3	5.8	5.6	5.4	5.3	5.3
September Forecast, Preliminary	7.4	6.3	5.8	5.6	5.6	5.5	5.4
30 Year Fixed Mortgage Rate (Percent, average)							
September Forecast, Final	4.0	4.2	4.9	5.6	6.2	6.1	6.1
September Forecast, Preliminary	4.0	4.3	4.9	5.6	6.2	6.2	6.1
3 Month T-Bill Rate (Percent, average)							
September Forecast, Final	0.1	0.0	0.4	2.0	3.4	3.5	3.5
September Forecast, Preliminary	0.1	0.0	0.4	2.0	3.4	3.5	3.5

U.S. Forecast Comparison

	2014Q2	2014Q3	2014Q4	2015Q1
Real GDP (Billions of 2009 Dollars)				
September Forecast, Final	15,994	16,104	16,224	16,348
Percent Change	4.2%	2.8%	3.0%	3.1%
June Forecast	16,051	16,177	16,304	16,428
Percent Change	3.8%	3.2%	3.2%	3.1%
Real Consumption (Billions of 2009 Dollars)				
September Forecast, Final	10,910	10,968	11,047	11,130
Percent Change	2.5%	2.1%	2.9%	3.1%
June Forecast	10,992	11,066	11,147	11,229
Percent Change	2.9%	2.7%	3.0%	3.0%
Implicit Price Deflator, PCE (2009=1.00)				
September Forecast, Final	1.088	1.092	1.094	1.097
Percent Change	2.3%	1.6%	0.7%	1.0%
June Forecast	1.086	1.090	1.095	1.100
Percent Change	2.2%	1.6%	1.8%	1.6%
Real Personal Income (Billions of 2009 Dollars)				
September Forecast, Final	13,517	13,581	13,666	13,823
Percent Change	3.8%	1.9%	2.5%	4.7%
June Forecast	13,414	13,492	13,581	13,732
Percent Change	2.1%	2.4%	2.7%	4.5%
Nonfarm Payroll Employment (Millions)				
September Forecast, Final	138.5	139.1	139.8	140.3
Percent Change	2.2%	1.8%	1.9%	1.6%
June Forecast	138.6	139.4	139.9	140.5
Percent Change	2.4%	2.3%	1.6%	1.7%
Unemployment Rate (Percent of Labor Force)				
September Forecast, Final	6.2	6.2	6.0	5.9
June Forecast	6.3	6.2	6.1	6.0
30 Year Fixed Mortgage Rate (Percent, average)				
September Forecast, Final	4.2	4.1	4.2	4.6
June Forecast	4.2	4.3	4.6	4.8
3 Month T-Bill Rate (Percent, average)				
September Forecast, Final	0.0	0.0	0.0	0.1
June Forecast	0.1	0.1	0.1	0.1

	2013	2014	2015	2016	2017	2018	2019
Real GDP (Billions of 2009 Dollars)							
September Forecast, Final	15,710	16,038	16,522	17,001	17,477	17,932	18,380
Percent Change	2.2%	2.1%	3.0%	2.9%	2.8%	2.6%	2.5%
June Forecast	15,761	16,109	16,601	17,082	17,561	18,017	18,468
Percent Change	1.9%	2.2%	3.1%	2.9%	2.8%	2.6%	2.5%
Real Consumption (Billions of 2009 Dollars)							
September Forecast, Final	10,700	10,942	11,241	11,544	11,844	12,140	12,431
Percent Change	2.4%	2.3%	2.7%	2.7%	2.6%	2.5%	2.4%
June Forecast	10,728	11,030	11,343	11,649	11,952	12,250	12,544
Percent Change	2.0%	2.8%	2.8%	2.7%	2.6%	2.5%	2.4%
Implicit Price Deflator, PCE (2009=1.00)							
September Forecast, Final	1.073	1.089	1.102	1.118	1.136	1.155	1.173
Percent Change	1.2%	1.5%	1.2%	1.4%	1.6%	1.6%	1.6%
June Forecast	1.072	1.088	1.105	1.119	1.136	1.153	1.169
Percent Change	1.1%	1.5%	1.6%	1.3%	1.5%	1.5%	1.4%
Real Personal Income (Billions of 2009 Dollars)							
September Forecast, Final	13,199	13,539	13,980	14,522	15,092	15,585	16,069
Percent Change	0.8%	2.6%	3.3%	3.9%	3.9%	3.3%	3.1%
June Forecast	13,184	13,458	13,909	14,457	15,010	15,514	15,996
Percent Change	1.7%	2.1%	3.4%	3.9%	3.8%	3.4%	3.1%
Nonfarm Payroll Employment (Millions)							
September Forecast, Final	136.4	138.8	141.3	143.7	145.6	146.9	147.9
Percent Change	1.7%	1.8%	1.8%	1.7%	1.3%	0.9%	0.7%
June Forecast	136.4	138.9	141.4	143.9	146.0	147.3	148.2
Percent Change	1.7%	1.9%	1.8%	1.7%	1.4%	0.9%	0.6%
Unemployment Rate (Percent of Labor Force)							
September Forecast, Final	7.4	6.3	5.8	5.6	5.4	5.3	5.3
June Forecast	7.4	6.3	5.9	5.7	5.6	5.6	5.6
30 Year Fixed Mortgage Rate (Percent, average)							
September Forecast, Final	4.0	4.2	4.9	5.6	6.2	6.1	6.1
June Forecast	4.0	4.4	5.0	5.8	6.5	6.6	6.6
3 Month T-Bill Rate (Percent, average)							
September Forecast, Final	0.1	0.0	0.4	2.0	3.4	3.5	3.5
June Forecast	0.1	0.1	0.4	2.2	3.6	3.7	3.7

Washington Forecast Comparison

	2014Q2	2014Q3	2014Q4	2015Q1
Real Personal Income (Billions of 2009 Dollars)				
September Forecast, Final	313.3	316.9	317.5	321.8
Percent Change	0.8%	4.7%	0.8%	5.5%
September Forecast, Preliminary	313.2	317.1	318.2	321.7
Percent Change	1.0%	5.2%	1.4%	4.4%
Personal Income (Billions of Dollars)				
September Forecast, Final	340.8	346.1	347.4	353.0
Percent Change	3.1%	6.4%	1.5%	6.6%
September Forecast, Preliminary	340.6	346.1	347.9	353.2
Percent Change	3.3%	6.6%	2.1%	6.2%
Nonfarm Payroll Employment (Thousands)				
September Forecast, Final	3058	3079	3092	3106
Percent Change	1.9%	2.7%	1.7%	1.9%
September Forecast, Preliminary	3058	3080	3095	3113
Percent Change	1.9%	2.8%	2.1%	2.3%
Unemployment Rate (Percent of Labor Force)				
September Forecast, Final	6.0	5.6	5.6	5.4
September Forecast, Preliminary	6.0	5.6	5.6	5.4
Manufacturing Employment (Thousands)				
September Forecast, Final	287.9	289.0	288.7	289.6
Percent Change	0.7%	1.5%	-0.4%	1.2%
September Forecast, Preliminary	287.9	288.8	288.8	290.3
Percent Change	0.7%	1.2%	0.0%	2.1%
Construction Employment (Thousands)				
September Forecast, Final	158.6	161.1	162.4	164.9
Percent Change	7.1%	6.5%	3.3%	6.1%
September Forecast, Preliminary	158.6	161.3	162.4	164.7
Percent Change	7.1%	7.0%	2.8%	5.6%
Housing Permits (Thousands)				
September Forecast, Final	37.2	33.9	34.0	34.5
Percent Change	103.0%	-31.1%	0.6%	6.3%
September Forecast, Preliminary	37.2	33.9	33.2	33.9
Percent Change	103.0%	-31.1%	-8.2%	8.3%

	2013	2014	2015	2016	2017	2018	2019
Real Personal Income (Billions of 2009 Dollars)							
September Forecast, Final	305.3	315.1	326.3	340.3	355.0	368.4	382.2
Percent Change	1.9%	3.2%	3.6%	4.3%	4.3%	3.8%	3.7%
September Forecast, Preliminary	305.3	315.2	326.7	340.6	354.2	367.6	381.4
Percent Change	2.0%	3.3%	3.6%	4.3%	4.0%	3.8%	3.7%
Personal Income (Billions of Dollars)							
September Forecast, Final	327.6	343.1	359.7	380.5	403.3	425.4	448.2
Percent Change	3.2%	4.7%	4.8%	5.8%	6.0%	5.5%	5.4%
September Forecast, Preliminary	327.7	343.2	360.5	381.2	402.7	424.2	446.1
Percent Change	3.2%	4.7%	5.0%	5.7%	5.6%	5.4%	5.2%
Nonfarm Payroll Employment (Thousands)							
September Forecast, Final	2990	3068	3131	3189	3235	3276	3317
Percent Change	2.4%	2.6%	2.0%	1.9%	1.4%	1.3%	1.2%
September Forecast, Preliminary	2990	3069	3139	3199	3245	3288	3327
Percent Change	2.4%	2.6%	2.3%	1.9%	1.4%	1.3%	1.2%
Unemployment Rate (Percent of Labor Force)							
September Forecast, Final	7.0	5.9	5.4	5.2	5.2	5.2	5.2
September Forecast, Preliminary	7.0	5.9	5.3	5.2	5.4	5.3	5.3
Manufacturing Employment (Thousands)							
September Forecast, Final	286.6	288.2	291.5	294.1	295.2	296.5	297.7
Percent Change	2.3%	0.6%	1.1%	0.9%	0.4%	0.4%	0.4%
September Forecast, Preliminary	286.6	288.2	292.9	296.3	297.5	299.1	300.6
Percent Change	2.3%	0.6%	1.6%	1.2%	0.4%	0.5%	0.5%
Construction Employment (Thousands)							
September Forecast, Final	148.8	159.5	168.4	178.8	187.8	196.0	202.0
Percent Change	7.0%	7.2%	5.5%	6.2%	5.0%	4.4%	3.1%
September Forecast, Preliminary	148.8	159.6	168.0	178.2	187.4	196.2	202.3
Percent Change	7.0%	7.2%	5.3%	6.1%	5.2%	4.7%	3.1%
Housing Permits (Thousands)							
September Forecast, Final	33.0	34.1	36.1	41.1	42.5	43.0	44.2
Percent Change	17.2%	3.3%	6.0%	13.8%	3.5%	1.3%	2.8%
September Forecast, Preliminary	33.0	33.9	35.6	41.0	42.4	42.8	44.1
Percent Change	17.2%	2.7%	5.2%	15.0%	3.4%	1.1%	2.8%

Washington Forecast Comparison

	2014Q2	2014Q3	2014Q4	2015Q1
Real Personal Income (Billions of 2009 Dollars)				
September Forecast, Final	313.3	316.9	317.5	321.8
Percent Change	0.8%	4.7%	0.8%	5.5%
June Forecast	312.8	315.2	317.0	320.6
Percent Change	0.3%	3.1%	2.3%	4.7%
Personal Income (Billions of Dollars)				
September Forecast, Final	340.8	346.1	347.4	353.0
Percent Change	3.1%	6.4%	1.5%	6.6%
June Forecast	339.7	343.7	347.2	352.6
Percent Change	2.5%	4.7%	4.2%	6.4%
Nonfarm Payroll Employment (Thousands)				
September Forecast, Final	3058	3079	3092	3106
Percent Change	1.9%	2.7%	1.7%	1.9%
June Forecast	3049	3066	3080	3095
Percent Change	1.9%	2.2%	1.8%	1.9%
Unemployment Rate (Percent of Labor Force)				
September Forecast, Final	6.0	5.6	5.6	5.4
June Forecast	6.1	6.0	5.9	5.9
Manufacturing Employment (Thousands)				
September Forecast, Final	287.9	289.0	288.7	289.6
Percent Change	0.7%	1.5%	-0.4%	1.2%
June Forecast	288.1	288.8	289.0	290.7
Percent Change	0.9%	1.0%	0.2%	2.4%
Construction Employment (Thousands)				
September Forecast, Final	158.6	161.1	162.4	164.9
Percent Change	7.1%	6.5%	3.3%	6.1%
June Forecast	157.9	159.1	160.5	162.8
Percent Change	7.1%	3.2%	3.3%	6.0%
Housing Permits (Thousands)				
September Forecast, Final	37.2	33.9	34.0	34.5
Percent Change	103.0%	-31.1%	0.6%	6.3%
June Forecast	37.4	32.6	33.6	34.4
Percent Change	107.1%	-42.1%	11.9%	10.4%

	2013	2014	2015	2016	2017	2018	2019
Real Personal Income (Billions of 2009 Dollars)							
September Forecast, Final	305.3	315.1	326.3	340.3	355.0	368.4	382.2
Percent Change	1.9%	3.2%	3.6%	4.3%	4.3%	3.8%	3.7%
June Forecast	305.7	314.3	325.7	339.7	353.7	367.3	380.9
Percent Change	2.0%	2.8%	3.6%	4.3%	4.1%	3.8%	3.7%
Personal Income (Billions of Dollars)							
September Forecast, Final	327.6	343.1	359.7	380.5	403.3	425.4	448.2
Percent Change	3.2%	4.7%	4.8%	5.8%	6.0%	5.5%	5.4%
June Forecast	327.7	342.0	359.9	380.3	401.8	423.5	445.3
Percent Change	3.2%	4.4%	5.2%	5.7%	5.7%	5.4%	5.2%
Nonfarm Payroll Employment (Thousands)							
September Forecast, Final	2990	3068	3131	3189	3235	3276	3317
Percent Change	2.4%	2.6%	2.0%	1.9%	1.4%	1.3%	1.2%
June Forecast	2990	3058	3117	3175	3222	3263	3300
Percent Change	2.4%	2.3%	2.0%	1.9%	1.5%	1.3%	1.1%
Unemployment Rate (Percent of Labor Force)							
September Forecast, Final	7.0	5.9	5.4	5.2	5.2	5.2	5.2
June Forecast	7.0	6.1	5.8	5.7	5.7	5.7	5.7
Manufacturing Employment (Thousands)							
September Forecast, Final	286.6	288.2	291.5	294.1	295.2	296.5	297.7
Percent Change	2.3%	0.6%	1.1%	0.9%	0.4%	0.4%	0.4%
June Forecast	286.6	288.4	292.6	295.4	296.9	298.1	298.8
Percent Change	2.2%	0.6%	1.5%	1.0%	0.5%	0.4%	0.2%
Construction Employment (Thousands)							
September Forecast, Final	148.8	159.5	168.4	178.8	187.8	196.0	202.0
Percent Change	7.0%	7.2%	5.5%	6.2%	5.0%	4.4%	3.1%
June Forecast	148.8	158.2	166.1	175.8	184.6	193.0	198.6
Percent Change	7.1%	6.3%	5.0%	5.8%	5.0%	4.6%	2.9%
Housing Permits (Thousands)							
September Forecast, Final	33.0	34.1	36.1	41.1	42.5	43.0	44.2
Percent Change	17.2%	3.3%	6.0%	13.8%	3.5%	1.3%	2.8%
June Forecast	33.0	33.7	36.2	41.0	42.7	43.0	43.8
Percent Change	17.2%	2.2%	7.5%	13.4%	4.0%	0.7%	1.9%

Governor's Council of Economic Advisor's Forecast
September 4, 2014

Calendar Years

	2014	2015	2016	2017	2018	2019
U.S.						
Real GDP						
<i>Growth</i>						
ERFC	2.1	3.0	2.9	2.8	2.6	2.5
GCEA Average	2.2	2.9	2.8	2.6	2.4	2.4
Real Consumption						
<i>Growth</i>						
ERFC	2.3	2.7	2.7	2.6	2.5	2.4
GCEA Average	2.3	2.8	2.6	2.6	2.4	2.3
Implicit Price Deflator, PCE						
<i>Growth</i>						
ERFC	1.5	1.2	1.4	1.6	1.6	1.6
GCEA Average	1.6	1.7	1.8	1.8	1.8	1.8
Mortgage Rate						
<i>Percent</i>						
ERFC	4.2	4.9	5.6	6.2	6.1	6.1
GCEA Average	4.3	4.9	5.5	6.0	6.0	5.9
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	105.1	101.9	100.7	99.1	98.0	97.3
GCEA Average	105.5	102.0	99.6	98.4	97.6	97.1

In what quarter will the Fed begin raising rates? 2015Q2-80%, 2015Q3-20%

Washington State

Real Personal Income

<i>Growth</i>						
ERFC	3.2	3.6	4.3	4.3	3.8	3.7
GCEA Average	3.3	3.4	3.6	3.4	3.3	3.2

Wage and Salary Employment

<i>Growth</i>						
ERFC	2.6	2.0	1.9	1.4	1.3	1.2
GCEA Average	2.4	2.2	1.8	1.5	1.4	1.3

Manufacturing Employment

<i>Growth</i>						
ERFC	0.6	1.1	0.9	0.4	0.4	0.4
GCEA Average	0.8	1.2	0.8	0.3	0.2	0.2

Construction Employment

<i>Growth</i>						
ERFC	7.2	5.5	6.2	5.0	4.4	3.1
GCEA Average	6.2	4.6	4.9	4.5	3.6	2.9

Housing Permits

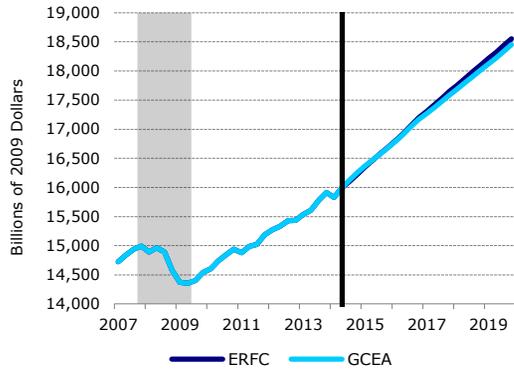
<i>Thousands of authorized units</i>						
ERFC	34.1	36.1	41.1	42.5	43.0	44.2
GCEA Average	33.9	37.6	42.9	42.9	43.4	44.3

Washington Average Annual Wage

<i>Growth</i>						
ERFC	2.8	2.7	3.4	3.8	4.0	4.2
GCEA Average	2.8	2.8	3.2	3.2	3.3	3.4

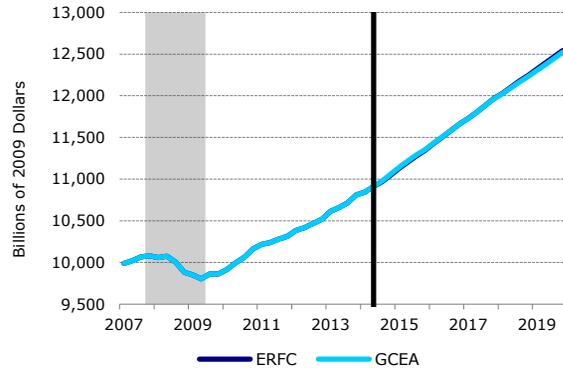
U.S. Forecast Comparison

Real GDP



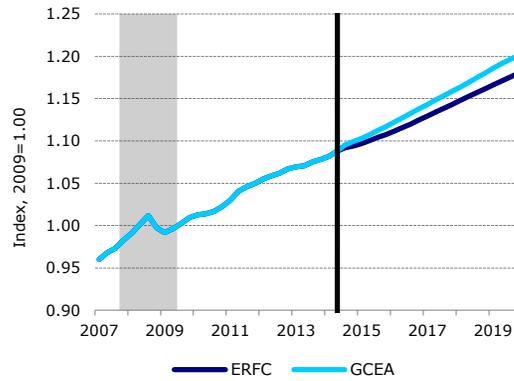
Source: BEA, ERFC, GCEA; data through 2014 Q2

Real Consumption



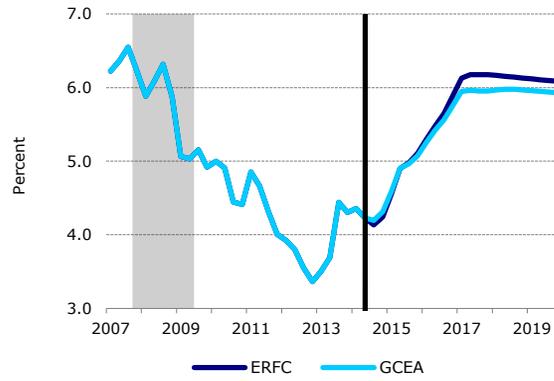
Source: BEA, ERFC, GCEA; data through 2014 Q2

Implicit Price Deflator, PCE



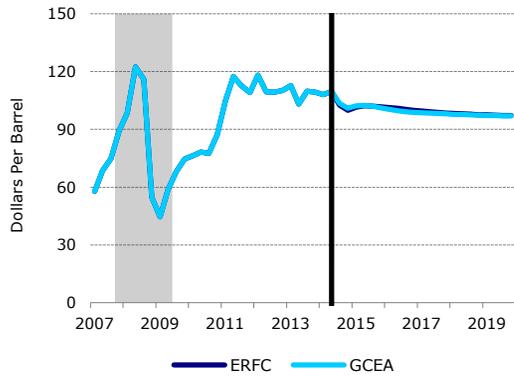
Source: BEA, ERFC, GCEA; data through 2014 Q2

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2014 Q2

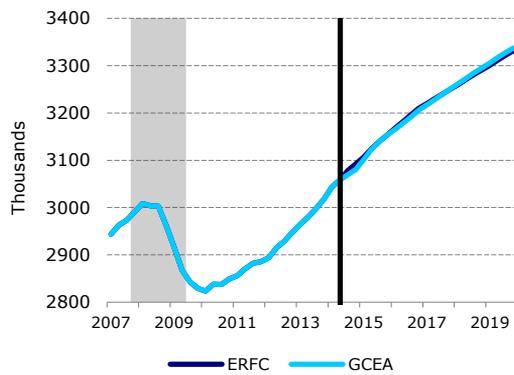
Brent Oil Price



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

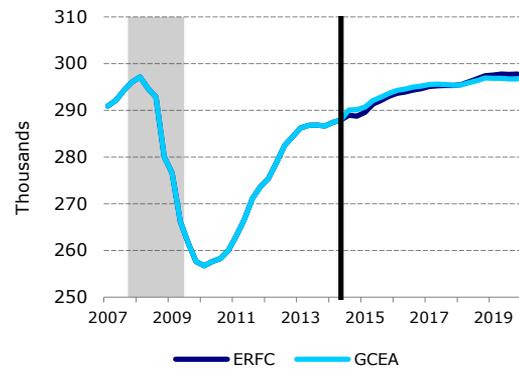
Washington Forecast Comparison

Nonfarm Payroll Employment



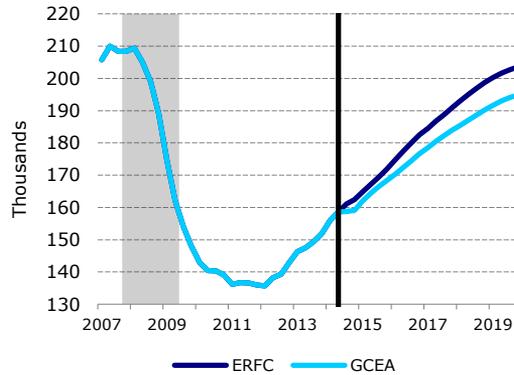
Source: ESD, ERFC, GCEA; data through 2014 Q2

Manufacturing Employment



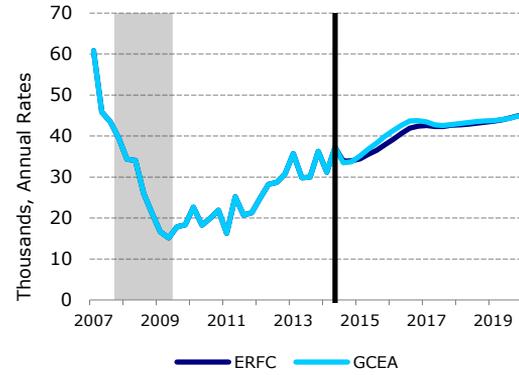
Source: ESD, ERFC, GCEA; data through 2014 Q2

Construction Employment



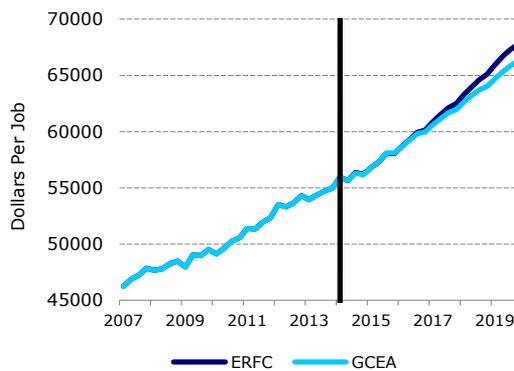
Source: ESD, ERFC, GCEA; data through 2014 Q2

Housing Units Authorized



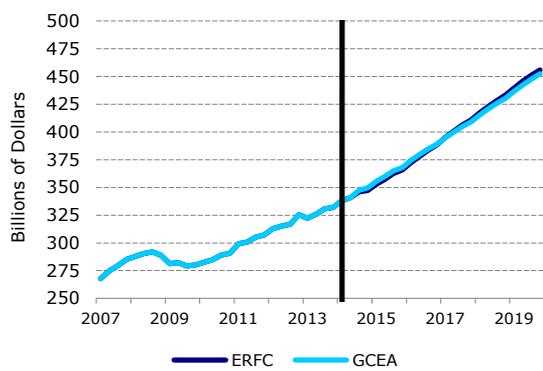
Source: Census, ERFC, GCEA; data through 2014 Q2

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2014 Q1

Personal Income



Source: BEA, ERFC, GCEA; data through 2014 Q1

2013-15 Enacted Budget Balance Sheet

Including 2014 Supplemental Budget

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

Dollars in Millions

	GFS	ELTA and OPA	TOTAL
RESOURCES			
Beginning Fund Balance	167.5	(11.1)	156.4
June 2014 Forecast	33,169.4	613.8	33,783.2
September 2014 Update	162.5	6.0	168.5
Current Revenue Totals	33,331.9	619.8	33,951.7
Transfer to Budget Stabilization Account	(313.7)	-	(313.7)
Other Enacted Fund Transfers	134.2	293.3	427.5
Prior Period Adjustments	15.7	-	15.7
Total Resources (including beginning fund balance)	33,335.6	902.0	34,237.6
EXPENDITURES			
2013-15 Enacted Budget			
Enacted 2013-15 Budget (including supplementals)	32,868.6	925.5	33,794.1
Assumed Reversions	(140.0)	-	(140.0)
Total Expenditures	32,728.6	925.5	33,654.1
RESERVES			
Projected Ending GFS, ELTA & OPA Balances	607.0	(23.5)	583.5
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	269.7	-	269.7
Transfer from General Fund and Interest Earnings	314.4	-	314.4
Projected Budget Stabilization Account Ending Balance	584.0	-	584.0
Total Reserves (Including Budget Stabilization)	1,191.0	(23.5)	1,167.5