

EMBARGOED

*until March 20, 2023, 2:00 pm PDT when it will be published at
www.erfc.wa.gov*

Revenue Review

March 20, 2023



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

Revenue Review Meeting

March 20, 2023
2:00 p.m.

- Call to order
- Approval meeting minutes: March 3, 2023
- Economic & Revenue Forecast
 - Adoption of official state economic and revenue forecast and unofficial optimistic and pessimistic alternative forecasts.
- Adjournment

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STATE OF WASHINGTON
ECONOMIC AND REVENUE FORECAST COUNCIL
PO Box 40912 • Olympia, Washington 98504-0912 • (360) 534-1560

Meeting Minutes
Economic Review
March 3, 2023
Conference Call

Economic and Revenue Forecast Council

Tim Ormsby, House of Representatives, Chair
Christine Rolfes, Senate
Ed Orcutt, House of Representatives
Lynda Wilson, Senate
Mike Pellicciotti, Treasurer
John Ryser, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director

Call to Order

Representative Ormsby called the meeting to order at 8:01 a.m.

First Order of business

Representative Ormsby asked the council to nominate the next council chair. Director Schumacher moved, seconded by Representative Ormsby, to nominate Senator Wilson as next chair. Motion passed at 8:03 a.m.

Approval of the Minutes

Senator Wilson, as new chair, asked the council for a motion to approve meeting minutes. Representative Orcutt moved, seconded by Senator Wilson, to adopt the meeting minutes from January 25, 2023. Motion passed at 8:03 a.m.

Economic Forecast Presentation

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

Administrative

Senator Wilson asked the council to vote on meeting format going forward (virtual or in-person). Representative Orcutt proposed format going forward should be virtual for the Economic Review and in-person for the Revenue Review. Two voted for fully virtual meetings. 4 voted for a hybrid format. Senator Wilson announced format going forward would be a hybrid system with Economic Review meetings being virtually, while Revenue Review meetings will be held in person.

Adjournment

With no further business, the meeting adjourned at 8:28 a.m.

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



Economic & Revenue Review: March 20, 2023

Executive Summary

United States

- This forecast is based on a modified version of IHS Markit's March 2023 Control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to match the March 2023 Blue Chip "Consensus" GDP forecast for 2023 and 2024. The forecast for GDP growth in 2023 is now 1.0%, up from 0.2% the November forecast. For 2024, real GDP growth is 1.1%, down from 1.5% in the November forecast. For 2025-27, we incorporated growth rates from the March Blue Chip long term forecast. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027 compared to 2.1%, 2.1% and 1.9% in the November forecast.
- Our oil price forecast reflects the futures markets, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the March 8th closing prices for Brent and WTI futures. Oil prices are slightly lower than the November forecast and are expected to decline gradually over the forecast period. The latest futures prices indicate that the refiner acquisition price of crude will average \$77 per barrel in 2023, declining to \$63 in 2027. The November forecast expected a 2023 average price of \$82 per barrel, declining to \$66 in 2027.
- National employment in February increased by a strong 311,000 net jobs. Employment in December and January were revised down by a combined 34,000 jobs. Sectors with the largest job gains in February included food service and drinking places (+70,000), health care (+44,000), general merchandise retailers (+39,000), construction (+24,000), local government education (+23,000) and professional, scientific and technical services (+20,000). Sectors with declining employment in February included information (-25,000), transportation and warehousing (-22,000), nondepository credit intermediation (-7,000), plastics and rubber products manufacturing (-5,000), insurance carriers and related activities (-4,000) and state government education (-4,000).
- Two key measures of consumer confidence moved in opposite directions this month. The University of Michigan (UM) consumer sentiment survey increased 2.1 points to 67.0 in February. Consumers expressed slightly greater confidence in both current economic conditions and expectations over the next six months compared to January. The Conference Board index of consumer confidence decreased by 3.1 points to 102.9 in February. Survey results indicated that expectations regarding the short-term economic outlook were less favorable than in January.
- Residential construction activity improved in February but remains well below year-ago levels. February housing starts increased by 9.8% (SA) compared to January but were 18.4% below their February 2022 level. Housing units authorized by building permits in February were 13.8% (SA) above their

January level but 17.9% below their year-ago level. New home sales in January increased by 7.2% (SA) compared to December 2022 but were 19.4% below their year-ago level. Existing home sales declined for a twelfth straight month in January, falling by 0.7% (SA) compared to December 2022 and were down 36.9% compared to January 2022. The seasonally adjusted Case-Shiller national home price index for December was 0.8% below its November level, the sixth consecutive monthly decline in the index. The home price index was 5.8% (SA) above its year-ago level.

- Threats to the U.S. and Washington economies include the risk of recession, banking turmoil, potential for inflation to remain elevated, the impacts of the Russia-Ukraine conflict and the potential for further declines in technology sector employment.

Washington

- We have two months of new Washington employment data since the November forecast was released. Total seasonally adjusted nonfarm payroll employment increased 16,300 in November and December which was 3,800 more than the forecasted increase of 12,500. Private services-providing sectors added 11,400 jobs in the two-month period. The manufacturing sector added 200 jobs despite the loss of 600 jobs in aerospace manufacturing. Construction employment increased by 600 jobs in November and December. State and local government employment rose by 4,700 jobs but federal government employment declined by 700 jobs.
- Revisions to employment data added 4,900 (0.1%) to the estimated level of total employment in October 2022. The combined effect of the upward revision to historical data and the stronger employment growth in November and December is that December employment is 8,800 (0.2%) higher than expected in the November forecast.
- On March 13, the Bureau of Labor Statistics released preliminary Washington labor force estimates for January 2023 and revised estimates for 2018 through 2022. The revised estimates show that the Washington unemployment rate began rising earlier in 2022 than previously believed. In January, the Washington Unemployment rate inched up to 4.6% (SA) in January from a revised 4.5% in December.
- After the grounding of the 737 Max and then the pandemic, Washington's aerospace employment declined from 89,600 at end of 2019 to a low of 66,800 in August 2021, a loss of 22,800 jobs. Since August 2021, the industry added back 5,800 jobs, bringing the level to 72,600 in December 2022. We expect aerospace employment to continue to expand in Washington, adding 4,000 jobs from the fourth quarter of 2022 to the third quarter of 2024 with little change through the remainder of the forecast.
- In December, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2022. Washington personal income increased from \$584.2 billion (SAAR) in the second quarter of 2022 to \$587.9 billion in the third quarter. The 2.6% increase (SAAR) in Washington personal income was the 47th highest among the states and District of Columbia and trailed the 5.3% rate of increase for the U.S. as a whole. At 3.5% (SAAR), growth in Washington net earnings trailed the 6.5% national average rate. Transfer receipts fell at a 6.4%

- annual rate in Washington compared to a 1.0% increase for the nation. However, property income (dividends, interest, and rent) grew 6.7% in Washington compared to the 5.5% national average.
- Washington housing construction continued to slow in the fourth quarter of 2022 and early 2023. The number of housing units authorized by building permits declined from 58,300 (SAAR) in the first quarter to 55,800 in the second quarter, 44,800 units in the third quarter, and 38,200 in the fourth quarter. Fourth quarter permits consisted of 15,200 single-family units and 23,000 multi-family units. The November forecast assumed 41,500 units for the fourth quarter. Permits continued to decline in January 2023 when 30,500 units (SAAR) were permitted consisting of 13,600 single-family units and 16,900 multi-family units.
 - Seattle-area home prices are declining. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices fell 1.2% in December which was the seventh consecutive decline in the series. In comparison, the composite-20 index declined 0.5% in December, its fifth consecutive monthly decrease. December Seattle home prices were down 1.8% over the year which was the first over-the-year decline since July 2019. In comparison, the composite-20 index was up 4.7% over the year.
 - Seattle metropolitan area consumer price inflation continued to exceed the national average in the year ending in February 2023. From February 2022 to February 2023, the seasonally adjusted Seattle CPI rose 8.1% compared to the 6.0% increase in the U.S. City Average index. Core prices, which exclude food and energy, increased 7.8% in Seattle and 5.5% in the national index. Seattle shelter cost inflation exceeded the national average at 11.1% compared to 8.1%. Seattle inflation excluding shelter also exceeded the national average at 6.4% compared to 5.0%.
 - According to the World Institute for Strategic Economic Research (WISER), Washington exports decreased 7% from the fourth quarter of 2021 to the fourth quarter of 2022. This was the first over-the-year decline in Washington exports since the fourth quarter of 2020. Washington exports of transportation equipment (mostly Boeing planes) declined 20% over the year. Agricultural exports declined 1% over the year but this could be misleading as the data include soybean and corn exports which receive only minimal processing in Washington. Exports from all other sectors (mostly manufacturing) increased 5% over the year.
 - Washington car and truck sales increased in February following two monthly declines. The seasonally adjusted number of new vehicle registrations increased 10.9% in February after decreases of 2.8% and 7.6% in December and January. The number of registrations was down 2.2% over the year in February.
 - We expect a 1.5% increase in Washington employment this year up from the 0.9% growth rate expected in the November forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect employment growth to average 0.6% per year in 2024 through 2027 which is lower than the 0.9% average rate in the November forecast. Our forecast for nominal personal income growth this year is 4.7%, down from 5.4% in the November forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.1% per year which is which is the same average rate as in the November forecast.

Revenue

- Cumulative major General Fund-State revenue (GF-S) since the November 2022 forecast came in \$198.6 million (2.0%) higher than forecasted. The surplus was mainly due to Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products), which were \$185.8 million (2.5%) higher than forecasted.
- An exception to the surplus in total collections was real estate excise tax (REET) collections, which came in much lower than forecasted. Forecasted mortgage rates have once again increased, lowering expected taxable real estate activity. Forecasted REET collections have been decreased by \$53 million in the current biennium and \$224 million in the 2023-25 biennium.
- Despite the recent higher-than-expected taxable activity, future activity is forecasted to be lower than expected in November. The slowdown in activity stems from lower expected state personal income and construction activity. Because of the surplus in collections, forecasted Revenue Act collections have been increased by \$62 million in the current biennium, but the slowdown in activity is expected to bring a decrease of \$302 million in the 2023-25 biennium.
- Including the changes in Revenue Act taxes, REET and other sources, the GF-S forecast has been increased by \$100 million in the 2021-23 biennium and decreased \$407 million in the 2023-25 biennium, with the declines in Revenue Act and REET collections offset by increases in other sources such as insurance premium and public utility taxes.
- Forecasted GF-S revenue is now \$60.880 billion for the 2021-23 biennium and \$62.559 billion for the 2023-25 biennium. Forecasted GF-S revenue is \$66.866 billion for the 2025-27 biennium.
- Despite lower expected REET collections, the forecast of Education Legacy Trust Account (ELTA) revenue was increased by \$74 million in the 2021-23 biennium due to increased estate tax collections. Forecasted estate taxes and REET collections in the 2023-25 biennium both decreased, resulting in a forecast decrease of \$77 million. Forecasted ELTA revenue is now \$2.119 billion for the 2021-23 biennium, \$2.008 billion for the 2023-25 biennium and \$2.289 billion for the 2025-27 biennium.
- The forecast of revenue dedicated to the Opportunity Pathways Account (OPA) was increased by \$23 million in the 2021-23 biennium and by \$10 million in the 2023-25 biennium. Forecasted OPA revenue is now \$399 million for the 2021-23 biennium, \$351 million for the 2023-25 biennium and \$355 million for the 2025-27 biennium.
- Forecasted revenue dedicated to the Workforce Education Investment Account (WEIA) has been decreased by \$3 million in the 2021-23 biennium and \$9 million in the 2023-25 biennium. Forecasted WEIA revenue is now \$748 million for the 2021-23 biennium, \$784 million for the 2023-25 biennium and \$833 million for the 2025-27 biennium.

- Summing the changes to the GF-S, ELTA, OPA and WEIA forecasts, total state revenue subject to the budget outlook process is expected to increase by \$194 million in the 2021-23 biennium and decrease by \$483 million in the 2023-25 biennium.
- The forecasted total of GF-S, ELTA, OPA and WEIA revenue for the 2021-23 biennium is \$64.146 billion, an increase of 20.7% over 2019-21 biennial revenue, and forecasted total revenue for the 2023-25 biennium is \$65.702 billion, an increase of 2.4% over expected 2021-23 biennial revenue. Forecasted total revenue for the 2025-27 biennium is \$70.342 billion, an increase of 7.1% over expected 2023-25 biennial revenue.

Revenue Review

Presented to
Economic and Revenue Forecast Council

Steve Lerch
Executive Director

March 20, 2023



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Summary

- WA personal income, building permits are lower than in the November forecast
- The forecast assumes the Federal Reserve will raise the federal funds interest rate to a range of 5.25 – 5.5% by June 2023
- U.S. GDP level is slightly higher than November; stronger growth in 2023, weaker in 2024
- The forecast of funds subject to the budget outlook is increased by \$194 million for 2021-23 biennium, decreased by \$483 million for the 2023-25 biennium, decreased by \$541 million for the 2025-27 biennium

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Since the November forecast...

Positives:

- U.S. employment has increased by 1.3 M jobs
- WA employment has increased by over 15,000 jobs
- WA revenue collections remain strong overall, but retail sector and REET collections have been slowing

Negatives:

- Inflation decreased slightly but remains high
- Interest rates are higher
- Residential construction, sales continue to slow

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Forecast risks

Upside

- Quicker resolution of Russia – Ukraine conflict
- Energy prices decline faster than expected
- Consumer spending and labor productivity growth are stronger than expected

Downside

- Rising interest rates push economy into recession
- Technology sector layoffs are larger than expected
- Banking crisis intensifies
- Inflation remains elevated
- Russia – Ukraine conflict intensifies
- Congress fails to raise debt ceiling

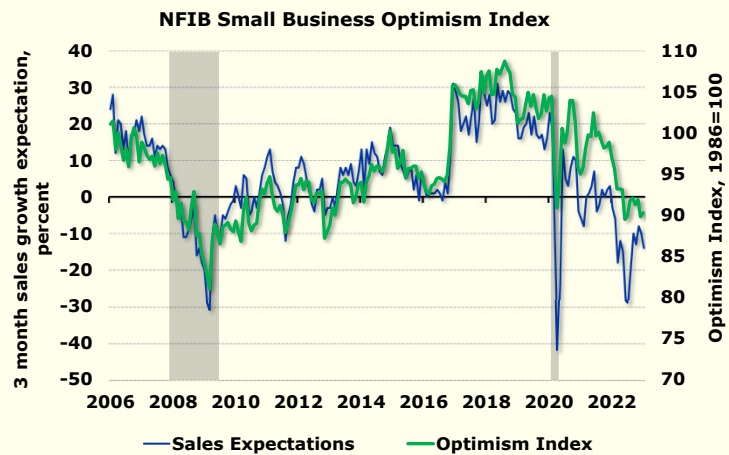
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Small businesses remain concerned about future business conditions



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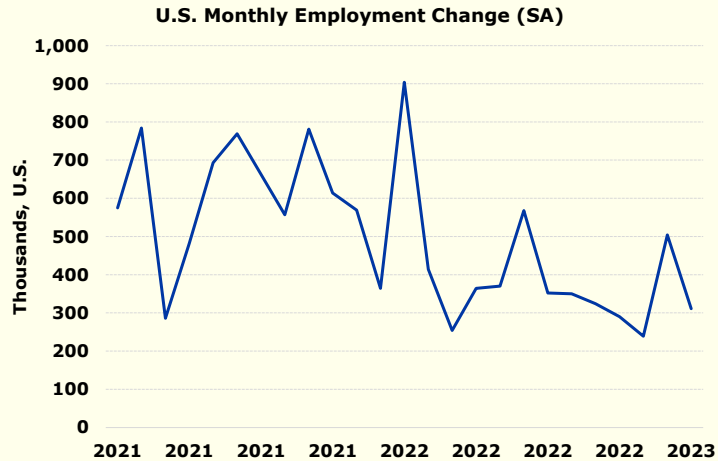
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Source: National Federation of Independent Business; data through January 2023

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U.S. employment continues to grow but trend suggests gradual slowing



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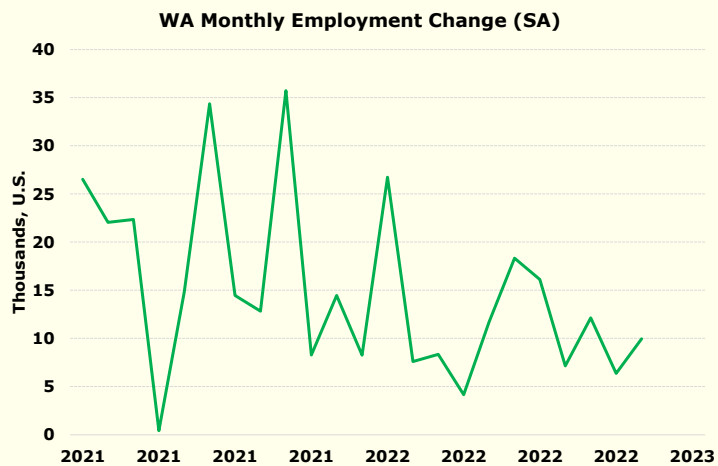
Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through Feb. 2023

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WA employment growth is also positive but trending down



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Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through Dec. 2022

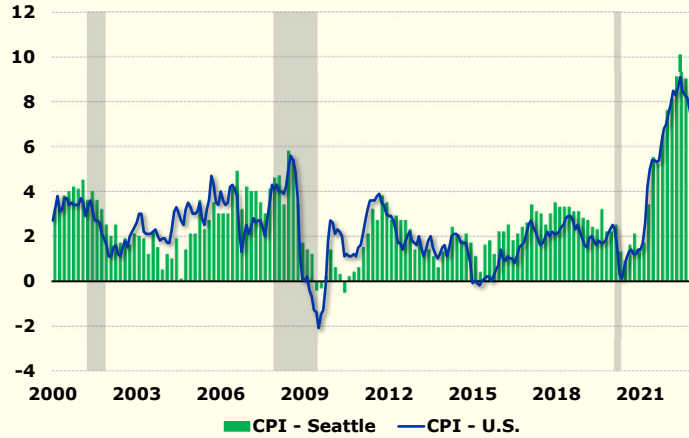
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Inflation over the year continues to trend down but remains elevated

Inflation, % Change over the Year



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Source: U.S. Bureau of Labor Statistics, data through February 2023

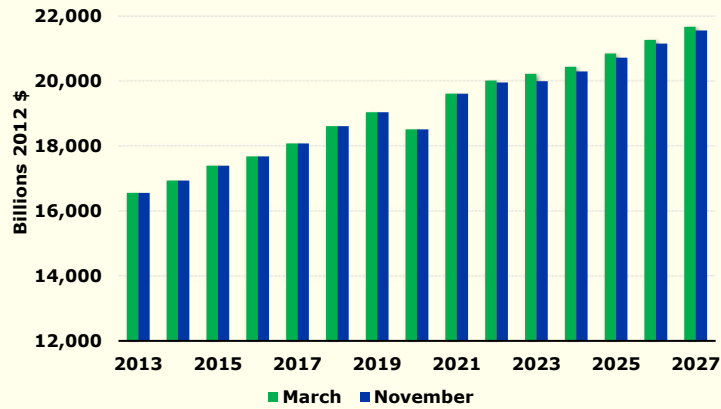
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GDP was stronger than expected in 2022, raising the level slightly higher than in the November forecast

U.S. Real GDP



GDP growth is stronger in 2023, slightly weaker in 2024 through 2027 compared to the November forecast

Source: ERFC March 2023 forecast; historical data through 2022

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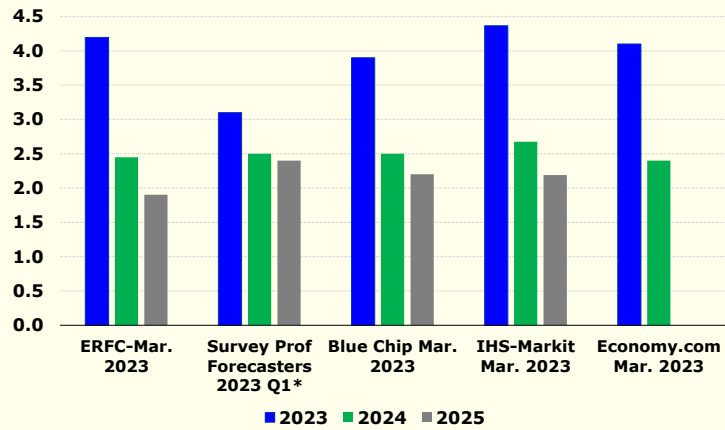
Inflation forecasts are slightly lower in 2023-2025 compared to November

The Consumer Price Index increased by 8.0% in 2022

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Consumer Price Index, Annual % Change



Survey of Professional Forecasters reflects change in price level in 4th quarter compared to 4th quarter of prior year; all others reflect average change over the year compared to prior year.

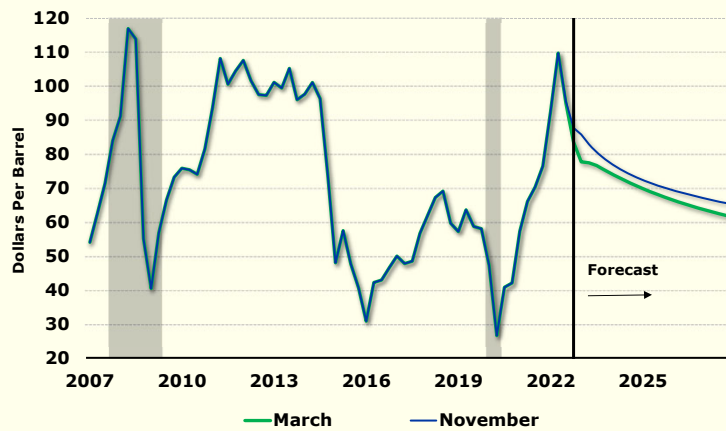
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Oil prices are lower compared to the November forecast

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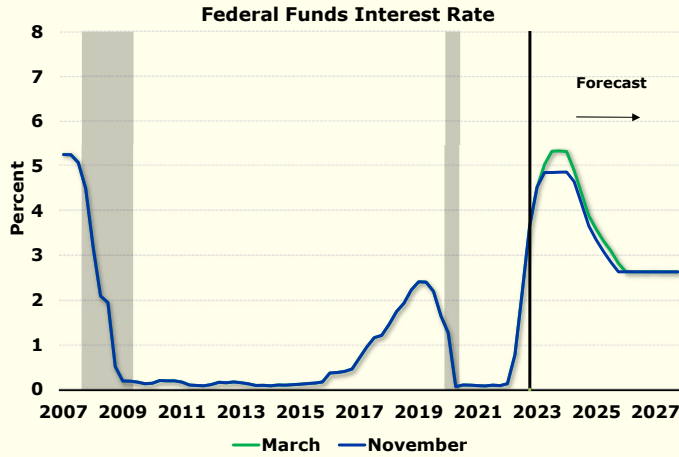


Source: Energy Information Administration, IHS Markit, ERFC; data through Q4 2022
Note: Vertical black line indicates last actual

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The Federal Reserve is assumed to raise interest rates higher than expected in the November forecast



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Source: ERFC March 2023 forecast; historical data through 2023 Q1

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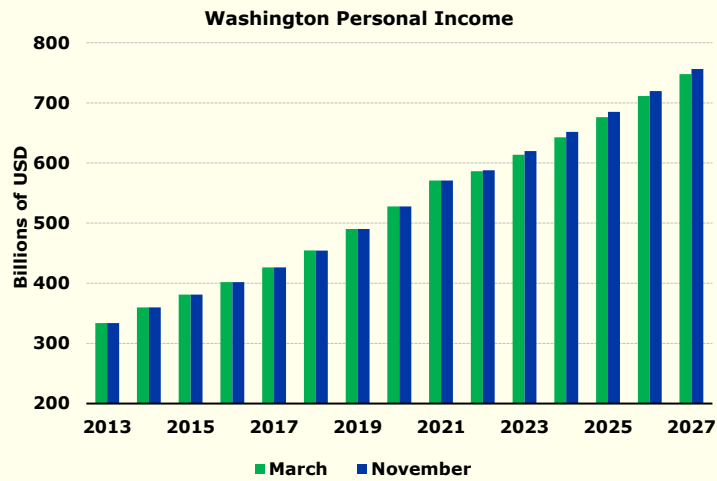


WA personal income is slightly lower, grows slightly slower compared to November forecast

Annual average personal income growth for 2023 to 2027:

March = 5.0%

Nov. = 5.2%



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Source: ERFC March 2023 forecast; historical data through 2021

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WA employment forecast is very similar to the November forecast

Average annual employment growth, 2023 to 2027:

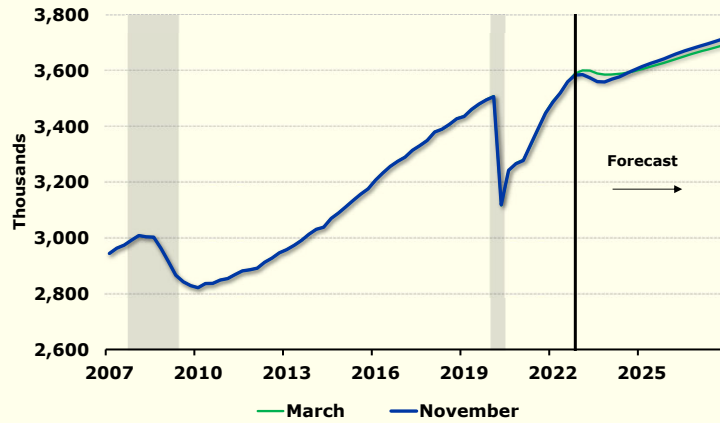
U.S. = 0.4%

WA = 0.9%

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Washington Nonfarm Payroll Employment



Source: ERFC March 2023 forecast; historical data through Q4 2022

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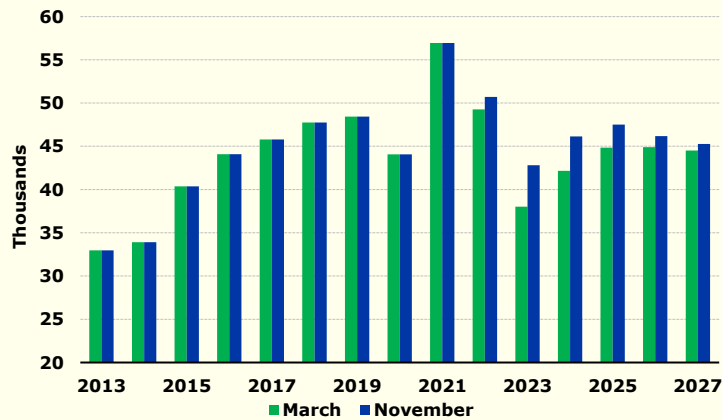


WA housing permits for 2023 – 2027 average almost 2,700 units per year less than the November forecast

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Washington Housing Permits

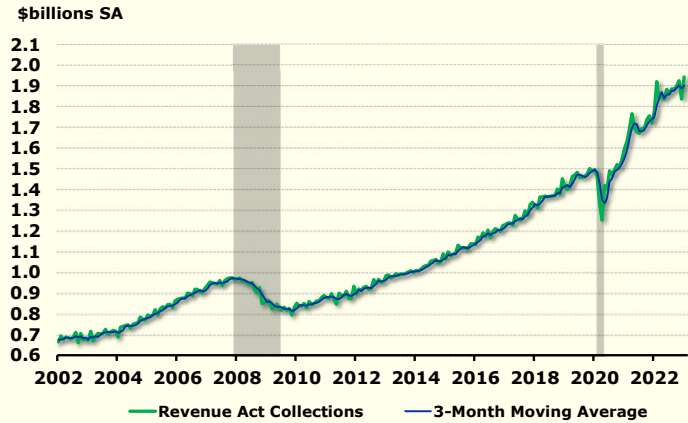


Source: ERFC March 2023 forecast; historical data through 2022

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After a 6.4% annual growth rate last month, Revenue Act collections increased 10.8% year over year for January activity



* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act
Source: DOR and ERFC; monthly data through January 2023 activity

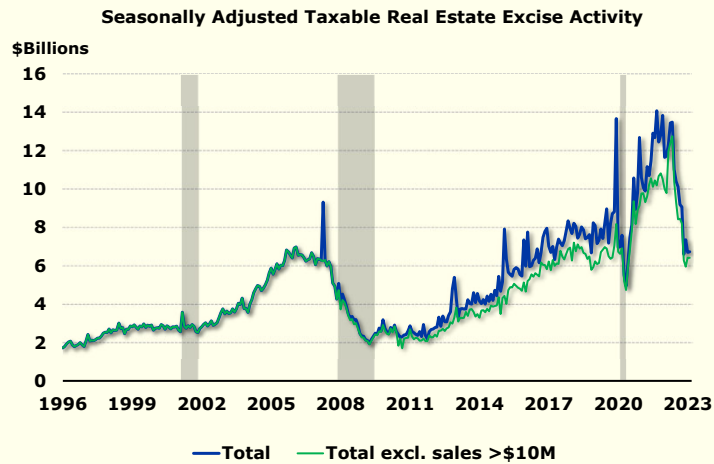
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Seasonally adjusted taxable REET activity was \$6.7 billion in February, 42% lower than February 2022



Source: ERFC; Monthly data through February 2023 estimate

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Cannabis excise tax and license fee estimates

Total change since November forecast:

- 2021-23
-\$20.0 M
- 2023-25
-\$21.4 M
- 2025-27
-\$2.3 M

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\$Millions

Cannabis Forecast

	<u>2021-23</u>	<u>2023-25</u>	<u>2025-27</u>
GF-S share of excise tax and license fees	\$321	\$323	\$351
Non-GF	\$687	\$748	\$811
Total	\$1,008	\$1,071	\$1,163

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

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

\$Millions	<u>Nov. 2022 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Mar. 2023 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$60,779	n/a	\$100	\$60,880	\$100
Education Legacy Trust Account	\$2,045	n/a	\$74	\$2,119	\$74
WA Opportunity Pathways Account	\$376	n/a	\$23	\$399	\$23
Workforce Education Investment Account	\$752	n/a	(\$3)	\$748	(\$3)
Total	\$63,952	n/a	\$194	\$64,146	\$194

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

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Forecast changes, all funds: 2023-25 biennium, cash basis

\$Millions	<u>Nov. 2022 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Mar. 2023 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$62,966	n/a	(\$407)	\$62,559	(\$407)
Education Legacy Trust Account	\$2,085	n/a	(\$77)	\$2,008	(\$77)
WA Opportunity Pathways Account	\$341	n/a	\$10	\$350	\$10
Workforce Education Investment Account	\$794	n/a	(\$9)	\$784	(\$9)
Total	\$66,185	n/a	(\$483)	\$65,702	\$681

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

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes, all funds: 2025-27 biennium, cash basis

\$Millions	<u>Nov. 2022 Forecast</u>	<u>Non-economic Change</u>	<u>Forecast Change</u>	<u>Mar. 2023 Forecast</u>	<u>Total Change[#]</u>
General Fund-State	\$67,308	n/a	(\$442)	\$66,866	(\$442)
Education Legacy Trust Account	\$2,386	n/a	(\$97)	\$2,289	(\$97)
WA Opportunity Pathways Account	\$345	n/a	\$10	\$355	\$10
Workforce Education Investment Account	\$844	n/a	(\$11)	\$833	(\$11)
Total	\$70,883	n/a	(\$541)	\$70,342	(\$541)

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

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



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

- Despite reductions in REET forecast in Sept. and Nov., REET collections have been below forecast
- Slightly lower WA personal income
- Higher interest rates negatively impact residential construction and sales, consumer durable purchases (autos, furniture, appliances)

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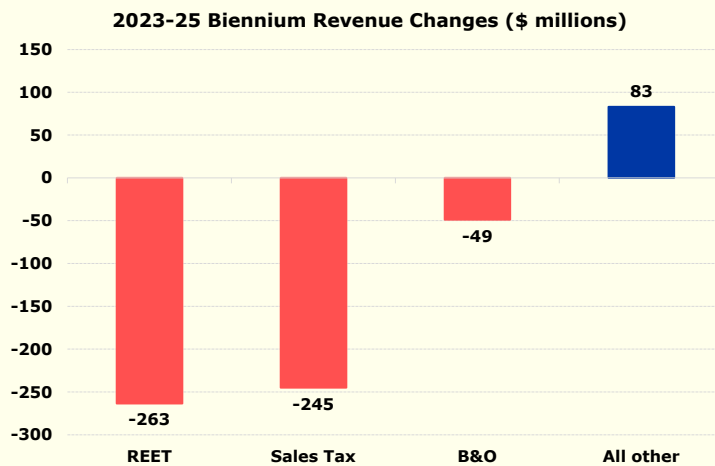
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Majority of 2023-25 revenue change due to lower REET, sales tax

Increases in public utility, liquor, insurance premiums taxes partially offset revenue declines



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2021-23 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2021-23 Biennium	Difference From the baseline*
Mar. 2023 Baseline (50%)	\$60,880	
<u>Mar. 2023 Alternative Forecasts</u>		
Optimistic (15%)	\$61,461	\$581
Pessimistic (35%)	\$60,209	(\$672)
Probability Weighted Average	\$60,732	(\$148)
GCEA*	\$60,802	(\$78)

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

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2023-25 Biennium alternative General Fund-State forecasts

\$Millions (cash basis)	2023-25 Biennium	Difference From the baseline*
Mar. 2023 Baseline (50%)	\$62,559	
<u>Mar. 2023 Alternative Forecasts</u>		
Optimistic (15%)	\$66,593	\$4,033
Pessimistic (35%)	\$57,688	(\$4,871)
Probability Weighted Average	\$61,459	(\$1,100)
GCEA*	\$62,601	\$42

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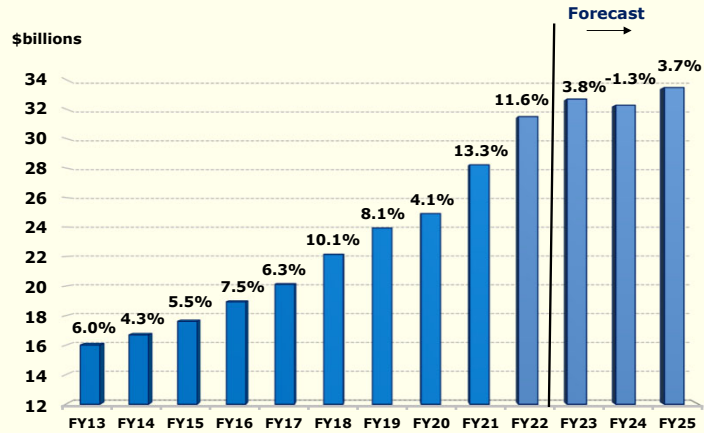
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*Based on the Governor's Council of Economic Advisors' economic assumptions
#May not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast of funds subject to the budget outlook process* by fiscal year



Revenue Review
March 20, 2023

*Funds subject to the budget outlook process are General Fund-State plus Education Legacy Trust, Washington Opportunities Pathway and Workforce Education Investment Accounts
Source: ERFEC forecast, March 2023

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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Conclusion

- WA forecast: personal income, building permits lower than November
- U.S. forecast: GDP slightly higher, interest rates higher than November
- Recession, technology sector layoffs, banking turmoil, inflation, Ukraine – Russia conflict pose forecast risks
- Total state revenues are expected to grow 20.7% between the 2019-21 and 2021-23 biennia and 2.4% between the 2021-23 and 2023-25 biennia

Revenue Review
March 20, 2023

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

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Questions

Revenue Review
March 20, 2023

Slide 27



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

Comparison of the March 2023 to the November 2022 Forecast

2021-23 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2022 Forecast</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>March 2023 Forecast</u>	<u>Total Change*</u>
General Fund-State	\$60,779.3	\$0.0	\$100.4	\$60,879.8	\$100.4
Education Legacy Trust Account	\$2,045.4	\$0.0	\$73.9	\$2,119.2	\$73.9
WA Opportunity Pathways Account	\$376.1	\$0.0	\$22.5	\$398.5	\$22.5
Workforce Education Investment Account	\$751.5	\$0.0	(\$3.1)	\$748.3	(\$3.1)
Total	\$63,952.2	\$0.0	\$193.7	\$64,145.9	\$193.7

*Details may not add due to rounding

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

Comparison of the March 2023 to the November 2022 Forecast

2023-25 Biennium

Cash Forecast; Millions of Dollars

	<u>November 2022 Forecast</u>	<u>Non-economic Changes</u>	<u>Forecast Change</u>	<u>March 2023 Forecast</u>	<u>Total Change*</u>
General Fund-State	\$62,966.3	\$0.0	(\$407.1)	\$62,559.3	(\$407.1)
Education Legacy Trust Account	\$2,084.7	\$0.0	(\$76.7)	\$2,008.0	(\$76.7)
WA Opportunity Pathways Account	\$340.5	\$0.0	\$10.0	\$350.5	\$10.0
Workforce Education Investment Account	\$793.5	\$0.0	(\$9.3)	\$784.2	(\$9.3)
Total	\$66,185.0	\$0.0	(\$483.1)	\$65,701.9	(\$483.1)

*Details may not add due to rounding

Track record for the 2021-23 biennial forecast of funds subject to the budget outlook

February 2018 through March 2023

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>General Fund-State</u>	<u>Education Legacy Trust Acct.</u>	<u>Washington Opportunity Pathways Acct.</u>	<u>Workforce Education Investment Acct.</u>	<u>Subtotal</u>	<u>Non-economic changes</u>	<u>Total change</u>	<u>Total of funds</u>
February 2018*	\$51,932	\$593	\$266	NA				\$52,790
Changes to Forecast								
June 2018	357	26	4	NA	387	-7 #1	380	53,170
September 2018	249	94	27	NA	369	46 #2	415	53,585
November 2018	201	2	7	NA	209	0	209	53,795
March 2019	369	0	5	NA	374	190 #3	564	54,358
June 2019	64	5	3	NA	73	605 #4	678	55,036
September 2019	-79	21	-5	NA	-63	0	-63	54,973
November 2019	175	-2	8	NA	181	0	181	55,154
February 2020	512	25	-1	NA	536	627 #5	1,163	56,317
June 2020	-4,570	6	8	-56	-4,612	213 #6	-4,399	51,919
September 2020	2,246	149	-5	30	2,419	0	2,419	54,338
November 2020	297	22	6	4	328	0	328	54,666
March 2021	1,894	24	10	21	1,949	0	1,949	56,615
June 2021	1,340	6	18	35	1,399	399 #7	1,798	58,413
September 2021	845	73	1	8	927	0	927	59,341
November 2021	994	-179	5	10	829	69 #8	898	60,238
February 2022	1,400	56	-10	6	1,453	0	1,453	61,691
June 2022	1,392	80	-2	83	1,552	-95 #9	1,457	63,147
September 2022	46	27	18	-19	72	-29 #10	43	63,191
November 2022	545	196	16	5	761	0	761	63,952
March 2023	100	74	22	-3	194	0	194	64,146
Total change:								
From February 2018**	8,378	704	133	122	9,338	2,018	11,356	
Percent change	16.1	118.8	50.3	19.5	17.7	3.8	21.5	
Change in forecast since initial 2123 biennial budget***	6,662	333	68	124	7,187	-55	7,132	
Percent change	12.3	18.7	20.7	19.7	12.6	-0.1	12.5	

*First official forecast for the 2021-23 biennium

**Change in Workforce Education Investment Account forecast represents change from the initial fiscal note estimate of \$627 million first recorded in February 2020 forecast

***Resources for the initial 2021-23 budget include forecasted March 2021 revenue plus legislative revenue changes from 2021 session subsequent to the March forecast

#1 Sum of legislative and budget driven revenue changes from the 2018 legislative session

#2 Estimated increase in sales tax collections due US Supreme Court ruling of June 21, 2018

#3 Effects of SSB 5581, passed in March of 2019 legislative session

#4 Sum of legislative and budget driven revenue changes from the 2018 legislative session subsequent to the March 2019 forecast

#5 Establishment of Workforce Education Investment Account

#6 Legislative and budget-driven revenue changes from the 2020 legislative session

#7 Legislative and budget-driven revenue changes from the 2021 legislative session

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

#9 Legislative and budget-driven revenue changes from the 2022 legislative session

#10 July 2022 BTA decision that allows machinery and equipment sales tax exemption for R&D equipment purchases

March 2023Alternative General Fund-State Forecasts
Millions of Dollars

Cash Basis

2021-23 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the March 2023 Baseline</u>
March 2023 GF-S Baseline (50%)	\$60,880	
March 2023 Alternative GF-S Forecasts		
Optimistic (15%)	\$61,461	\$581
Pessimistic (35%)	\$60,208	(\$672)
Probability Weighted Average	\$60,732	(\$148)
GCEA*	\$60,802	(\$78)

2023-25 Biennium

	<u>2021-23 Biennium</u>	<u>Difference From the March 2023 Baseline</u>
March 2023 GF-S Baseline (50%)	\$62,559	
March 2023 Alternative GF-S Forecasts		
Optimistic (20%)	\$66,593	\$4,033
Pessimistic (30%)	\$57,688	(\$4,871)
Probability Weighted Average	\$61,459	(\$1,100)
GCEA*	\$62,601	\$42

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

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

History and Forecast by Fiscal Year (Cash basis)

March 2023 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Fund* (ELTA)		WA Opportunity Pathways Account (OPA)		Workforce Ed. Investment Acct. (WEIA)		Total GF-S, ELTA, OPA and WEIA		
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	
History:											
FY 2005	\$13,036	5.5%								\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115							\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%						\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%						\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%						\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%						\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$99					\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$118	19.1%				\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$126	5.9%				\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$114	-9.4%				\$16,694	4.3%
FY 2015	\$17,283	5.5%	\$207	5.0%	\$120	5.7%				\$17,611	5.5%
FY 2016	\$18,579	7.5%	\$215	3.6%	\$139	15.7%				\$18,933	7.5%
FY 2017	\$19,739	6.2%	\$252	17.5%	\$127	-9.0%				\$20,118	6.3%
FY 2018	\$21,712	10.0%	\$302	19.6%	\$129	1.5%				\$22,143	10.1%
FY 2019	\$22,430	3.3%	\$1,352	348.1%	\$156	21.1%				\$23,938	8.1%
FY 2020	\$23,817	6.2%	\$913	-32.5%	\$153	-2.0%	\$32			\$24,915	4.1%
FY 2021	\$26,986	13.3%	\$726	-20.5%	\$184	20.9%	\$320	905.5%		\$28,217	13.3%
FY 2022	\$30,030	11.3%	\$890	22.6%	\$190	2.9%	\$369	15.1%		\$31,478	11.6%
Forecast:											
FY 2023	\$30,850	2.7%	\$1,230	38.2%	\$209	10.1%	\$380	3.0%		\$32,668	3.8%
FY 2024	\$30,749	-0.3%	\$940	-23.6%	\$175	-16.1%	\$386	1.5%		\$32,250	-1.3%
FY 2025	\$31,810	3.4%	\$1,068	13.7%	\$175	-0.1%	\$399	3.4%		\$33,452	3.7%
FY 2026	\$32,861	3.3%	\$1,116	4.5%	\$177	1.0%	\$410	2.9%		\$34,564	3.3%
FY 2027	\$34,005	3.5%	\$1,172	5.0%	\$178	0.3%	\$423	3.1%		\$35,778	3.5%
Biennial Totals											
07-09 Biennium	\$29,817	0.1%	\$437	14.8%	\$0	NA	\$0	NA		\$30,254	0.3%
09-11 Biennium	\$28,218	-5.4%	\$269	-38.5%	\$99	NA	\$0	NA		\$28,586	-5.5%
11-13 Biennium	\$30,657	8.6%	\$215	-19.9%	\$244	145.2%	\$0	NA		\$31,116	8.8%
13-15 Biennium	\$33,666	9.8%	\$405	88.0%	\$234	-4.1%	\$0	NA		\$34,305	10.2%
15-17 Biennium	\$38,317	13.8%	\$467	15.4%	\$266	13.6%	\$0	NA		\$39,050	13.8%
17-19 Biennium	\$44,143	15.2%	\$1,654	254.1%	\$284	6.9%	\$0	NA		\$46,081	18.0%
19-21 Biennium	\$50,803	15.1%	\$1,639	-0.9%	\$337	18.5%	\$352	NA		\$53,132	15.3%
21-23 Biennium	\$60,880	19.8%	\$2,119	29.3%	\$399	18.3%	\$748	112.4%		\$64,146	20.7%
23-25 Biennium	\$62,559	2.8%	\$2,008	-5.2%	\$350	-12.1%	\$784	4.8%		\$65,702	2.4%
25-27 Biennium	\$66,866	6.9%	\$2,289	14.0%	\$355	1.2%	\$833	6.2%		\$70,342	7.1%

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

Lottery Transfers by Fund

(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account	Gambling Revolving Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1	0.0
2015	141.3	0.0	0.0	11.2	0.0	0.0	0.3	4.7	119.0	0.0	6.1	0.0
2013-15 Biennium	288.9	0.6	0.0	22.0	0.0	0.0	0.6	8.7	240.9	0.0	16.1	0.0
2016	175.5	31.9	0.0	11.7	0.0	0.0	0.3	2.8	128.7	0.0	0.0	0.0
2017	161.9	16.8	0.0	12.2	0.0	0.0	0.3	4.9	126.8	0.0	0.0	1.0
2015-17 Biennium	337.4	48.7	0.0	23.8	0.0	0.0	0.7	7.7	255.5	0.0	0.0	1.0
2018	183.0	31.2	0.0	12.6	0.0	0.0	0.4	4.6	134.2	0.0	0.0	0.0
2019	215.8	30.9	0.0	13.1	0.0	0.0	0.4	4.6	166.7	0.0	0.0	0.0
2017-19 Biennium	398.8	62.1	0.0	25.8	0.0	0.0	0.8	9.2	300.9	0.0	0.0	0.0
2020	180.9	16.2	0.0	13.7	0.0	0.0	0.4	3.4	147.3	0.0	0.0	0.0
2021	229.0	23.9	0.0	14.2	0.0	0.0	0.5	4.7	185.7	0.0	0.0	0.0
2019-21 Biennium	410.0	40.1	0.0	27.9	0.0	0.0	0.8	8.1	333.1	0.0	0.0	0.0
2022	216.8	33.6	0.0	0.0	0.0	0.0	0.4	6.2	176.6	0.0	0.0	0.0
2023	246.6	48.8	0.0	0.0	0.0	0.0	0.5	4.7	192.7	0.0	0.0	0.0
2021-23 Biennium	463.5	82.4	0.0	0.0	0.0	0.0	0.9	10.9	369.2	0.0	0.0	0.0
2024	209.5	31.3	0.0	0.0	0.0	0.0	0.4	4.7	173.1	0.0	0.0	0.0
2025	212.0	31.5	0.0	0.0	0.0	0.0	0.4	4.7	175.4	0.0	0.0	0.0
2023-25 Biennium	421.5	62.8	0.0	0.0	0.0	0.0	0.9	9.4	348.4	0.0	0.0	0.0
2026	213.9	31.6	0.0	0.0	0.0	0.0	0.4	4.7	177.1	0.0	0.0	0.0
2027	215.1	31.8	0.0	0.0	0.0	0.0	0.4	4.7	178.2	0.0	0.0	0.0
2025-27 Biennium	429.1	63.4	0.0	0.0	0.0	0.0	0.9	9.4	355.4	0.0	0.0	0.0

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

Source: Lottery Commission, ERFC

General Fund-State Cash Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,564.0	\$0.0	\$28.3	\$1,592.3	\$28.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$674.7	\$0.0	(\$5.5)	\$669.3	(\$5.5)
Lottery Commission Lottery Revenue	\$62.3	\$0.0	\$1.9	\$64.2	\$1.9
State Treasurer Interest Earnings	\$206.7	\$0.0	\$13.4	\$220.1	\$13.4
Office of Financial Management Other Agencies	\$106.8	\$0.0	\$1.8	\$108.6	\$1.8
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$80.9	\$0.0	\$1.1	\$82.0	\$1.1
Total General Fund-State	\$2,695.4	\$0.0	\$41.0	\$2,736.5	\$41.0

General Fund-State GAAP Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2021-23 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,564.0	\$0.0	\$28.3	\$1,592.3	\$28.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$674.7	\$0.0	(\$5.5)	\$669.3	(\$5.5)
Lottery Commission Lottery Revenue	\$76.6	\$0.0	\$5.8	\$82.4	\$5.8
State Treasurer Interest Earnings	\$221.0	\$0.0	\$13.5	\$234.4	\$13.5
Office of Financial Management Other Agencies	\$106.8	\$0.0	\$1.8	\$108.7	\$1.8
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$80.9	\$0.0	\$1.1	\$82.0	\$1.1
Total General Fund-State	\$2,724.0	\$0.0	\$45.1	\$2,769.1	\$45.1

General Fund-State Cash Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	March 2023 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,581.5	\$0.0	\$51.2	\$1,632.7	\$51.2
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$665.2	\$0.0	\$1.6	\$666.8	\$1.6
Lottery Commission Lottery Revenue	\$72.3	\$0.0	\$7.7	\$80.0	\$7.7
State Treasurer Interest Earnings	\$463.4	\$0.0	\$23.3	\$486.6	\$23.3
Office of Financial Management Other Agencies	\$10.7	\$0.0	\$4.2	\$14.9	\$4.2
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$69.6	\$0.0	(\$0.9)	\$68.7	(\$0.9)
Total General Fund-State	\$2,862.7	\$0.0	\$87.1	\$2,949.8	\$87.1

General Fund-State GAAP Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	March 2023 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,581.5	\$0.0	\$51.2	\$1,632.7	\$51.2
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$665.2	\$0.0	\$1.6	\$666.8	\$1.6
Lottery Commission Lottery Revenue	\$58.8	\$0.0	\$3.9	\$62.8	\$3.9
State Treasurer Interest Earnings	\$468.0	\$0.0	\$22.9	\$490.9	\$22.9
Office of Financial Management Other Agencies	\$10.7	\$0.0	\$4.2	\$14.9	\$4.2
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$69.6	\$0.0	(\$0.9)	\$68.7	(\$0.9)
Total General Fund-State	\$2,853.8	\$0.0	\$82.9	\$2,936.7	\$82.9

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	March 2023 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,646.1	\$0.0	\$50.6	\$1,696.8	\$50.6
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$695.3	\$0.0	\$5.2	\$700.5	\$5.2
Lottery Commission Lottery Revenue	\$60.4	\$0.0	\$3.6	\$64.0	\$3.6
State Treasurer Interest Earnings	\$354.1	\$0.0	\$27.5	\$381.5	\$27.5
Office of Financial Management Other Agencies	(\$93.0)	\$0.0	\$8.1	(\$84.9)	\$8.1
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$64.8	\$0.0	(\$0.4)	\$64.4	(\$0.4)
Total General Fund-State	\$2,727.7	\$0.0	\$94.5	\$2,822.2	\$94.5

General Fund-State GAAP Estimates - Other Agencies
Comparison of the March 2023 and November 2022 forecasts
2023-25 Biennium
(Amounts in Millions)

Source/Agency	November 2022 Baseline	Non-Economic Changes	Economic Changes	March 2023 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,646.1	\$0.0	\$50.6	\$1,696.8	\$50.6
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$695.3	\$0.0	\$5.2	\$700.5	\$5.2
Lottery Commission Lottery Revenue	\$59.5	\$0.0	\$3.9	\$63.4	\$3.9
State Treasurer Interest Earnings	\$348.4	\$0.0	\$27.1	\$375.5	\$27.1
Office of Financial Management Other Agencies	(\$93.0)	\$0.0	\$8.1	(\$84.9)	\$8.1
Washington Court System GF-S Share of Fines, Fees, and Forfeiture	\$64.8	\$0.0	(\$0.4)	\$64.4	(\$0.4)
Total General Fund-State	\$2,721.2	\$0.0	\$94.4	\$2,815.6	\$94.4

* Detail may not total due to rounding.

U.S. Forecast Comparison

	2022Q4	2023Q1	2023Q2	2023Q3
Real GDP (Billions of 2012 Dollars)				
March Forecast	20,187	20,226	20,220	20,214
Percent Change	2.7%	0.8%	-0.1%	-0.1%
November Forecast	19,987	19,964	19,959	19,993
Percent Change	-0.7%	-0.5%	-0.1%	0.7%
Real Consumption (Billions of 2012 Dollars)				
March Forecast	14,227	14,301	14,313	14,316
Percent Change	1.4%	2.1%	0.3%	0.1%
November Forecast	14,156	14,157	14,168	14,200
Percent Change	0.2%	0.0%	0.3%	0.9%
PCE Price Index (2012=100)				
March Forecast	124.9	126.2	127.2	128.1
Percent Change	3.7%	4.4%	3.0%	3.1%
November Forecast	125.2	126.3	126.9	127.7
Percent Change	4.8%	3.5%	2.2%	2.4%
Real Personal Income (Billions of 2012 Dollars)				
March Forecast	17,902	17,898	17,889	17,935
Percent Change	3.4%	-0.1%	-0.2%	1.0%
November Forecast	17,789	17,828	17,878	17,951
Percent Change	1.7%	0.9%	1.1%	1.7%
Nonfarm Payroll Employment (Millions)				
March Forecast	154.3	155.4	155.6	155.2
Percent Change	2.5%	2.9%	0.4%	-1.1%
November Forecast	153.4	153.4	152.6	151.7
Percent Change	1.7%	0.0%	-2.0%	-2.2%
Unemployment Rate (Percent of Labor Force)				
March Forecast	3.6	3.3	3.4	3.7
November Forecast	3.7	4.0	4.5	5.1
Oil Price, Refiner's Acquisition				
March Forecast	83.5	77.7	77.4	76.6
November Forecast	87.7	85.8	82.9	80.6
30 Year Fixed Mortgage Rate (Percent, average)				
March Forecast	6.6	6.5	6.8	6.7
November Forecast	7.0	7.0	6.8	6.6
3 Month T-Bill Rate (Percent, average)				
March Forecast	4.0	4.7	4.9	5.0
November Forecast	3.9	4.5	4.7	4.6

	2021	2022	2023	2024	2025	2026	2027
19,610	20,015	20,222	20,440	20,848	21,265	21,669	
5.9%	2.1%	1.0%	1.1%	2.0%	2.0%	1.9%	
19,610	19,957	19,993	20,293	20,719	21,154	21,556	
5.9%	1.8%	0.2%	1.5%	2.1%	2.1%	1.9%	
13,754	14,133	14,314	14,459	14,763	15,073	15,374	
8.3%	2.8%	1.3%	1.0%	2.1%	2.1%	2.0%	
13,754	14,108	14,194	14,407	14,724	15,048	15,364	
8.3%	2.6%	0.6%	1.5%	2.2%	2.2%	2.1%	
115.6	122.9	127.6	130.8	133.2	135.8	138.4	
4.0%	6.3%	3.9%	2.4%	1.9%	1.9%	2.0%	
115.6	122.9	127.3	130.1	132.5	134.9	137.4	
4.0%	6.3%	3.6%	2.2%	1.8%	1.8%	1.9%	
18,427	17,748	17,926	18,223	18,717	19,227	19,731	
3.3%	-3.7%	1.0%	1.7%	2.7%	2.7%	2.6%	
18,427	17,721	17,921	18,330	18,837	19,354	19,868	
3.3%	-3.8%	1.1%	2.3%	2.8%	2.7%	2.7%	
146.3	152.6	155.2	154.0	154.1	154.6	155.3	
2.9%	4.3%	1.7%	-0.7%	0.0%	0.4%	0.4%	
146.1	152.0	152.3	152.0	153.2	154.2	154.8	
2.8%	4.0%	0.2%	-0.2%	0.8%	0.6%	0.4%	
5.4	3.6	3.6	4.3	4.4	4.2	4.1	
5.4	3.7	4.7	5.0	4.5	4.2	4.1	
67.5	95.2	76.8	72.5	68.5	65.3	62.7	
67.5	96.4	82.0	75.1	71.2	68.4	66.2	
3.0	5.4	6.6	5.9	5.2	5.0	4.9	
3.0	5.4	6.7	5.6	5.0	4.9	4.8	
0.0	2.0	4.9	4.2	2.9	2.4	2.3	
0.0	2.0	4.6	4.0	2.7	2.4	2.3	

Washington Forecast Comparison

	2022Q4	2023Q1	2023Q2	2023Q3
Real Personal Income (Billions of 2012 Dollars)				
March Forecast	480.3	479.8	479.6	481.0
Percent Change	4.4%	-0.4%	-0.1%	1.1%
November Forecast	481.3	483.0	485.3	488.0
Percent Change	2.6%	1.5%	1.9%	2.3%
Personal Income (Billions of Dollars)				
March Forecast	599.7	605.7	610.0	616.4
Percent Change	8.2%	4.1%	2.9%	4.3%
November Forecast	602.4	609.9	616.0	623.1
Percent Change	7.6%	5.0%	4.1%	4.7%
Disposable Personal Income (Billions of Dollars)				
March Forecast	513.5	529.2	535.4	542.1
Percent Change	9.3%	12.8%	4.8%	5.1%
November Forecast	515.3	527.2	535.0	544.7
Percent Change	9.3%	9.6%	6.1%	7.5%
Nonfarm Payroll Employment (Thousands)				
March Forecast	3590	3601	3600	3590
Percent Change	3.4%	1.2%	0.0%	-1.1%
November Forecast	3584	3586	3574	3560
Percent Change	2.7%	0.2%	-1.3%	-1.5%
Unemployment Rate (Percent of Labor Force)				
March Forecast	4.6	4.6	4.5	4.6
November Forecast	3.9	4.2	4.7	5.2
Manufacturing Employment (Thousands)				
March Forecast	276.8	277.6	277.9	277.5
Percent Change	3.4%	1.2%	0.4%	-0.6%
November Forecast	276.7	278.6	278.2	276.2
Percent Change	3.4%	2.8%	-0.6%	-2.8%
Construction Employment (Thousands)				
March Forecast	239.5	238.5	233.0	229.7
Percent Change	4.5%	-1.6%	-8.9%	-5.6%
November Forecast	240.1	237.6	233.1	229.6
Percent Change	5.8%	-4.2%	-7.3%	-5.8%
Housing Permits (Thousands)				
March Forecast	38.2	35.8	37.8	38.6
Percent Change	-47.5%	-22.3%	24.6%	8.6%
November Forecast	41.5	42.4	42.5	42.9
Percent Change	-24.5%	8.6%	1.3%	3.5%

	2021	2022	2023	2024	2025	2026	2027
494.1	477.4	480.8	491.4	507.5	524.0	540.0	540.0
4.1%	-3.4%	0.7%	2.2%	3.3%	3.2%	3.1%	3.1%
494.1	478.4	486.9	500.8	516.9	533.6	550.5	550.5
4.1%	-3.2%	1.8%	2.9%	3.2%	3.2%	3.2%	3.2%
570.9	586.4	613.8	642.6	676.3	711.4	747.7	747.7
8.2%	2.7%	4.7%	4.7%	5.2%	5.2%	5.1%	5.1%
570.9	588.0	619.9	651.6	684.9	719.6	756.3	756.3
8.2%	3.0%	5.4%	5.1%	5.1%	5.1%	5.1%	5.1%
504.4	501.0	538.9	568.9	600.4	631.1	663.0	663.0
6.5%	-0.7%	7.6%	5.6%	5.5%	5.1%	5.0%	5.0%
504.4	502.0	540.3	575.8	605.6	636.3	669.4	669.4
6.5%	-0.5%	7.6%	6.6%	5.2%	5.1%	5.2%	5.2%
3363	3540	3594	3591	3616	3649	3680	3680
2.4%	5.3%	1.5%	-0.1%	0.7%	0.9%	0.8%	0.8%
3363	3538	3570	3585	3628	3667	3701	3701
2.4%	5.2%	0.9%	0.4%	1.2%	1.1%	0.9%	0.9%
5.2	4.2	4.6	4.9	4.8	4.6	4.5	4.5
5.3	4.0	4.9	5.2	4.8	4.5	4.4	4.4
259.2	272.0	276.9	268.9	267.7	269.6	271.3	271.3
-4.6%	4.9%	1.8%	-2.9%	-0.4%	0.7%	0.6%	0.6%
259.2	271.9	276.7	271.8	271.4	271.9	272.5	272.5
-4.6%	4.9%	1.8%	-1.8%	-0.1%	0.2%	0.2%	0.2%
223.4	236.0	233.0	230.2	230.8	234.4	237.4	237.4
4.5%	5.7%	-1.3%	-1.2%	0.2%	1.6%	1.3%	1.3%
223.4	236.1	232.8	230.5	229.6	230.3	232.2	232.2
4.5%	5.7%	-1.4%	-1.0%	-0.4%	0.3%	0.9%	0.9%
56.9	49.3	38.0	42.2	44.8	44.9	44.5	44.5
29.8%	-13.5%	-22.8%	10.9%	6.4%	0.1%	-0.9%	-0.9%
56.9	50.7	42.8	46.1	47.5	46.2	45.3	45.3
29.2%	-11.0%	-15.6%	7.8%	2.9%	-2.8%	-2.0%	-2.0%

U.S. Forecast Comparison Fiscal Years

2022 2023 2024 2025 2026 2027

Real GDP

Billions of 2012 dollars

November Forecast	19,875	20,172	20,276	20,649	21,055	21,468
<i>Growth</i>	4.0%	1.5%	0.5%	1.8%	2.0%	2.0%
September Forecast	19,875	19,983	20,107	20,502	20,939	21,357
<i>Growth</i>	4.0%	0.5%	0.6%	2.0%	2.1%	2.0%
Difference in level	0	189	169	147	116	111
<i>Difference in growth forecast</i>	0.0%	1.0%	-0.1%	-0.1%	-0.2%	0.0%

Real Consumption

Billions of 2012 dollars

November Forecast	13,996	14,255	14,353	14,611	14,915	15,226
<i>Growth</i>	5.4%	1.8%	0.7%	1.8%	2.1%	2.1%
September Forecast	13,996	14,158	14,279	14,560	14,886	15,208
<i>Growth</i>	5.4%	1.2%	0.9%	2.0%	2.2%	2.2%
Difference in level	0	97	74	51	29	18
<i>Difference in growth forecast</i>	0.0%	0.7%	-0.2%	-0.2%	-0.2%	-0.1%

PCE Price Index

2012 = 100

November Forecast	119.3	125.5	129.4	132.0	134.5	137.1
<i>Growth</i>	5.8%	5.2%	3.1%	2.1%	1.9%	1.9%
September Forecast	119.3	125.5	128.8	131.3	133.7	136.1
<i>Growth</i>	5.8%	5.2%	2.6%	2.0%	1.8%	1.8%
Difference in level	0.0	0.0	0.6	0.7	0.8	1.0
<i>Difference in growth forecast</i>	0.0%	0.0%	0.5%	0.1%	0.1%	0.1%

Unemployment Rate

Percent of Labor Force

November Forecast	4.2%	3.5%	4.0%	4.4%	4.3%	4.2%
September Forecast	4.2%	3.9%	5.2%	4.7%	4.3%	4.2%
<i>Difference in forecast</i>	0.0%	-0.5%	-1.2%	-0.3%	0.0%	0.0%

30 Year Fixed Mortgage Rate

Annual Average

November Forecast	3.8%	6.4%	6.3%	5.5%	5.1%	4.9%
September Forecast	3.7%	6.6%	6.1%	5.3%	4.9%	4.8%
<i>Difference in forecast</i>	0.1%	-0.2%	0.2%	0.3%	0.2%	0.1%

3 Month T-Bill Rate

Annual Average

November Forecast	0.4%	4.1%	4.8%	3.5%	2.5%	2.4%
September Forecast	0.4%	4.0%	4.5%	3.2%	2.4%	2.4%
<i>Difference in forecast</i>	0.0%	0.1%	0.3%	0.2%	0.1%	0.0%

Washington Forecast Comparison

Fiscal Years

	2022	2023	2024	2025	2026	2027
Real Personal Income						
Billions of 2012 dollars						
November Forecast	480.6	478.7	484.9	499.2	515.8	532.0
<i>Growth</i>	-1.8%	-0.4%	1.3%	2.9%	3.3%	3.1%
September Forecast	480.6	482.0	493.4	508.6	525.2	542.0
<i>Growth</i>	-1.8%	0.3%	2.4%	3.1%	3.3%	3.2%
Difference in level	0.0	-3.2	-8.5	-9.4	-9.4	-10.1
<i>Difference in growth forecast</i>	0.0%	-0.7%	-1.1%	-0.1%	0.1%	-0.1%
Nominal Personal Income						
Billions of dollars						
November Forecast	573.3	600.8	627.3	659.0	693.7	729.4
<i>Growth</i>	3.9%	4.8%	4.4%	5.1%	5.3%	5.1%
September Forecast	573.3	604.9	635.3	668.0	702.1	737.7
<i>Growth</i>	3.9%	5.5%	5.0%	5.1%	5.1%	5.1%
Difference in level	0.0	-4.1	-8.1	-9.0	-8.4	-8.4
<i>Difference in growth forecast</i>	0.0%	-0.7%	-0.6%	-0.1%	0.2%	0.1%
Nonfarm Payroll Employment						
Thousands						
November Forecast	3,462.4	3,587.8	3,587.6	3,602.0	3,632.2	3,665.0
<i>Growth</i>	5.5%	3.6%	0.0%	0.4%	0.8%	0.9%
September Forecast	3,461.7	3,575.9	3,566.8	3,607.5	3,647.6	3,684.7
<i>Growth</i>	5.5%	3.3%	-0.3%	1.1%	1.1%	1.0%
Difference in level	0.7	11.9	20.8	-5.6	-15.4	-19.7
<i>Difference in growth forecast</i>	0.0%	0.3%	0.2%	-0.7%	-0.3%	-0.1%
Housing Permits						
Units Authorized, Thousands						
November Forecast	58.1	39.2	40.2	44.0	44.9	44.7
<i>Growth</i>	17.4%	-32.6%	2.6%	9.6%	2.0%	-0.5%
September Forecast	58.3	42.7	44.3	47.5	46.8	45.6
<i>Growth</i>	17.1%	-26.7%	3.6%	7.4%	-1.6%	-2.4%
Difference in level	-0.2	-3.6	-4.1	-3.5	-1.8	-0.9
<i>Difference in growth forecast</i>	0.3%	-5.9%	-1.0%	2.2%	3.6%	1.9%

Governor's Council of Economic Advisor's Forecast

Calendar Years

	2023	2024	2025	2026	2027
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	1.0	1.1	2.0	2.0	1.9
GCEA Average	0.9	1.6	2.2	2.1	2.0
Real Consumption					
<i>Growth</i>					
ERFC	1.3	1.0	2.1	2.1	2.0
GCEA Average	1.2	1.7	2.3	2.2	2.1
PCE Price Index					
<i>Growth</i>					
ERFC	3.9	2.4	1.9	1.9	2.0
GCEA Average	3.5	2.5	2.3	2.2	2.1
Mortgage Rate					
<i>Percent</i>					
ERFC	6.6	5.9	5.2	5.0	4.9
GCEA Average	6.5	5.8	5.3	5.1	5.0
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	81.7	77.2	73.2	70.0	67.6
GCEA Average	82.5	81.5	79.8	78.8	78.0

Washington State

Real Personal Income

<i>Growth</i>					
ERFC	0.7	2.2	3.3	3.2	3.1
GCEA Average	1.1	2.8	3.4	3.2	3.3

Wage and Salary Employment

<i>Growth</i>					
ERFC	1.5	-0.1	0.7	0.9	0.8
GCEA Average	0.7	0.9	1.2	1.2	1.3

Manufacturing Employment

<i>Growth</i>					
ERFC	1.8	-2.9	-0.4	0.7	0.6
GCEA Average	0.4	-0.4	0.2	0.3	0.6

Construction Employment

<i>Growth</i>					
ERFC	-1.3	-1.2	0.2	1.6	1.3
GCEA Average	-1.6	-0.1	0.6	1.0	1.0

Housing Permits

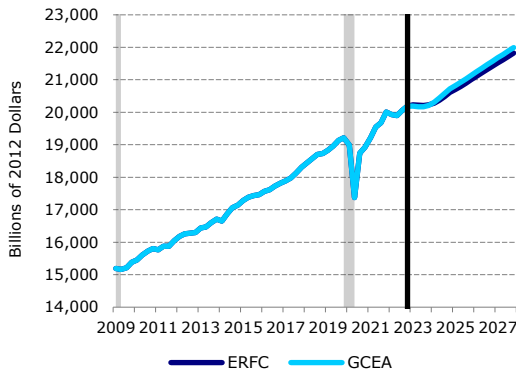
<i>Thousands of authorized units</i>					
ERFC	38.0	42.2	44.8	44.9	44.5
GCEA Average	40.3	46.5	47.4	47.0	46.7

Washington Average Annual Wage

<i>Growth</i>					
ERFC	3.1	4.6	4.3	4.2	4.2
GCEA Average	3.4	4.5	4.4	4.1	4.2

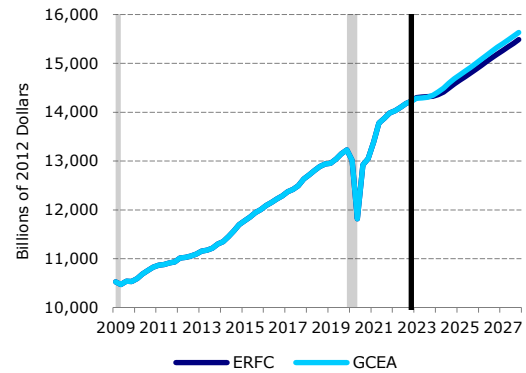
U.S. Forecast Comparison

Real GDP



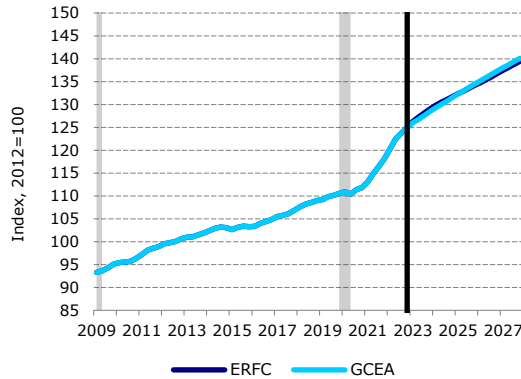
Source: BEA, ERFC, GCEA; data through 2022 Q4

Real Consumption



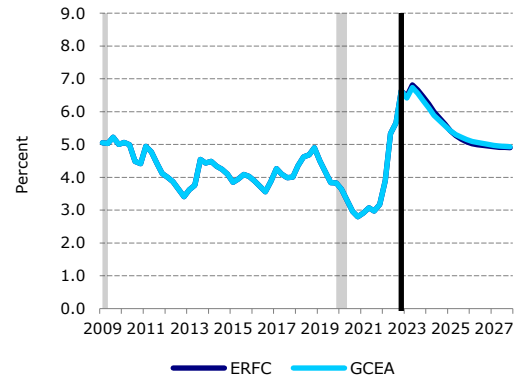
Source: BEA, ERFC, GCEA; data through 2022 Q4

PCE Price Index



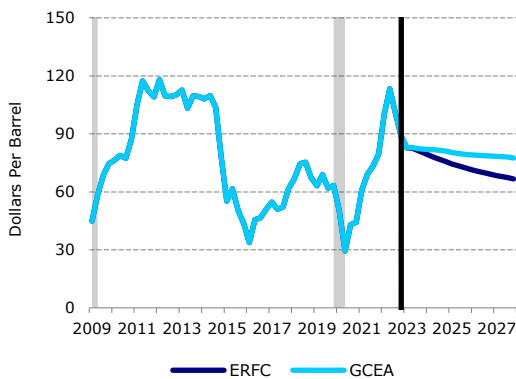
Source: BEA, ERFC, GCEA; data through 2022 Q4

Mortgage Rate



Source: Freddie Mac, ERFC, GCEA; data through 2022 Q4

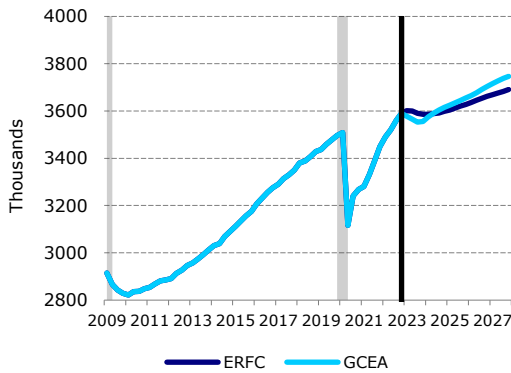
Brent Oil Price



Source: EIA, ERFC, GCEA; data through 2022 Q4

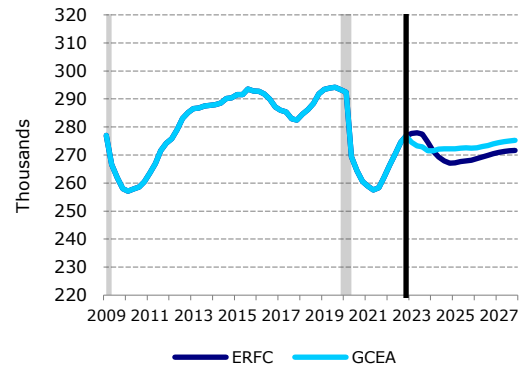
Washington Forecast Comparison

Nonfarm Payroll Employment



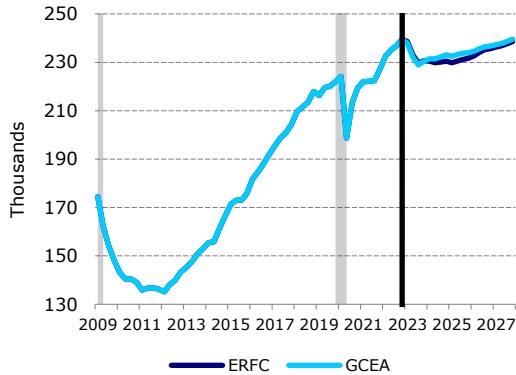
Source: ESD, ERFC, GCEA; data through 2022 Q4

Manufacturing Employment



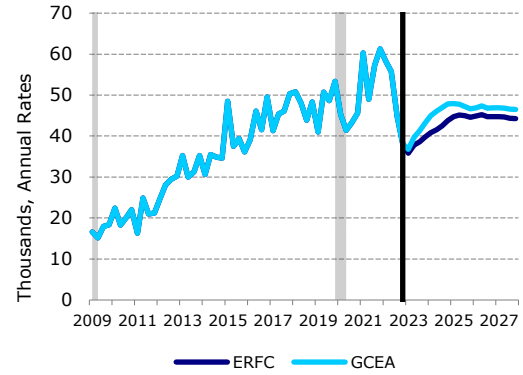
Source: ESD, ERFC, GCEA; data through 2022 Q4

Construction Employment



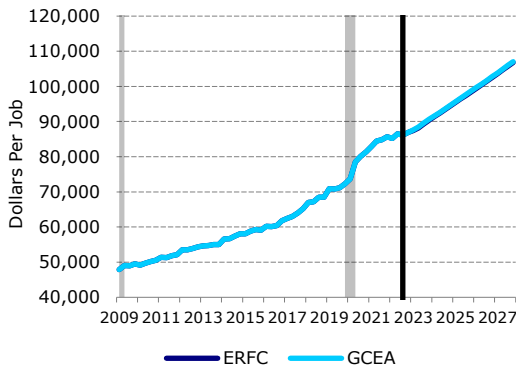
Source: ESD, ERFC, GCEA; data through 2022 Q4

Housing Units Authorized



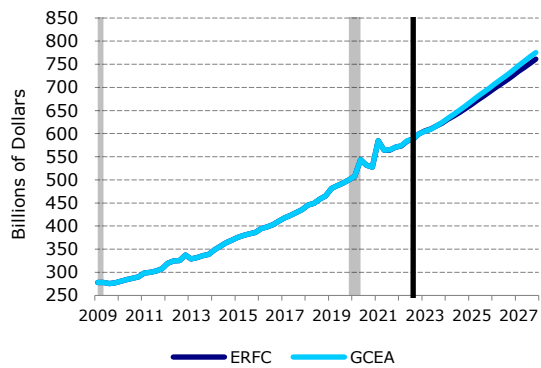
Source: Census, ERFC, GCEA; data through 2022 Q4

Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2022 Q3

Personal Income



Source: BEA, ERFC, GCEA; data through 2022 Q3

2021-23 Enacted Budget Balance Sheet

General Fund-State (GFS), Education Legacy Trust Account (ELTA),
Washington Opportunity Pathways Account (OPA),
Workforce Education Investment Account (WEIA), Fair Start for Kids Account (FSKA),
Budget Stabilization Account (BSA) and Washington Rescue Plan Transition Account
Dollars in Millions

	2021-23		
	GFS	ELTA, OPA, WEIA, FSKA*	TOTAL
RESOURCES			
Beginning Fund Balance	3,673.7	487.0	4,160.7
November 2022 Revenue Forecast	60,779.3	3,172.9	63,952.2
March 2023 Revenue Forecast Change	100.4	93.2	193.7
Current Revenue Totals	60,879.8	3,266.1	64,145.9
Transfer to Budget Stabilization Account (1% of GSR)	(609.2)		(609.2)
Transfer to Budget Stabilization Account (EGSR)**	-		-
Enacted Fund Transfers	(1,180.1)	-	(1,180.1)
ACFR Adjustments	9.4	2.6	12.1
ACFR Beginning Balance Adjustments	220.1	(36.3)	183.8
Actual/Assumed Prior Period Adjustments	79.8	0.2	80.0
Total Resources (Including Beginning Fund Balance)	63,073.6	3,719.6	66,793.1
EXPENDITURES			
Enacted Budgets			
2021-23 Biennium	56,187.8	2,878.8	59,066.6
2022 Supplemental Budget	4,738.0	320.1	5,058.0
Actual/Assumed Reversions	(575.1)	-	(575.1)
Total Expenditures	60,350.6	3,198.9	63,549.5
RESERVES			
Projected Ending Balance	2,722.9	520.7	3,243.6
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	19.2		19.2
Transfers from General Fund (1% of GSR)	609.2		609.2
Transfers from GFS (EGSR)**	-		-
Transfers from Disaster Response Acct (05H)- FY 22	4.8		4.8
Prior Period Adjustments-Actual FY 22	10.3		10.3
Actual/Assumed 21-23 Biennium-Interest Earnings	7.6		7.6
Projected Budget Stabilization Account Ending Balance	651.1		651.1
Washington Rescue Plan Transition Account			
Beginning Balance	1,000.0		1,000.0
Transfer from General Fund	1,100.0		1,100.0
Projected Wash Rescue Plan Transition Account Ending Balance	2,100.0		2,100.0
Total Reserves Including Budget Stabilization and Wa Rescue Plan	5,474.1	520.7	5,994.7

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

** Based on the state constitution, no transfer of extraordinary revenue will occur in the 21-23 biennium because annual average state employment growth averaged less than one percent per fiscal year in the 19-21 biennium.

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

ACFR- Annual Comprehensive Financial Report

House and Senate Fiscal Committees and the Office of Financial Management

March 2023