
On September 27, the Washington State Economic and Revenue Forecast Council met to receive a [Revenue Review](#) from the State's Economist Dave Reich.

Before we get to the September forecast, it is important to provide background. At the June Review meeting, forecasted revenues for all funds* were **projected to be down from the February 2024 forecast by \$477 million in the 2023-2025 biennium and by \$189 million in the 2025-27 biennium**. This equals a total of \$666 million less in projected revenues for the 2023-27 biennia. (Funds included in this forecast are: 1) General Fund-State; 2) the Education Legacy Trust Account; 3) the WA Opportunity Pathways Account; and 4) the Workforce Education Investment Account).

The updated revenue forecasts released on September 27th did not see much movement in that forecast, with overall revenues projected to be another \$49M lower in our current biennium of 2023-25 but increased by \$79M for the upcoming biennium. This leaves overall growth of \$30M in revenue for the 2023-27 biennia since the June forecast, **but an overall reduction in revenue of \$636M from when the budget was written earlier this year**.

Below is a summary of the Decision Packages (DPs) and Agency Request Legislation (ARLs) that were submitted to the Governor's Office of Financial Management (OFM) by state agencies related to early learning. All Decision Packages for the operating budget can be found at abr.ofm.wa.gov.

Some interesting trends and things to note:

- **Sales Tax Revenue is Down.** For only the third time in the last 15 years, sales tax revenue is down year over year. Major reasons for this include lower construction and auto related activity. For both the 2023-25 and 2025-27 biennia, sales tax projections are lower in the September forecast than the June forecast. For 2023-25, the September forecast is projecting collection of \$63.166B which is \$131M less than what was projected in June, and for 2025-27, the September forecast is projection collection of \$67.931B which is \$53M less than what was projected in June.
- **Other Revenue Collections Are Up.** In contrast to sales tax revenues coming in lower than projected, other collections are expected to come in higher than projected, including the Business and Occupations (B&O) tax and the Real Estate Excise Tax (REET). These other sources are helping to offset lower sales tax receipts.

- **Overall Revenue Expected to Grow from 2023-25 to 2025-27.** Despite this slowing, total revenues subject to the outlook are expected to grow from \$66.5 billion in the 2023-25 biennium to \$71.6 billion in the 2025-27 biennium.

In response to a press question, Forecast Council Member and House Appropriations Committee Member Representative Timm Ormsby noted that he did not anticipate any major adjustments to the second supplemental budget the Legislature will take up when they return in January 2025. (The second supplemental budget will address changes needed in the current fiscal year/biennium that concludes June 30, 2025.) Representative Ormsby went on to say he expected budget writers will be focused on fulfilling commitments in the underlying budget and responding to caseload and enrollment changes. He emphasized budget writers will “only be able to spend what they have.”

November Revenue Forecast and Caseload Forecast. The next Revenue Forecast/Review is scheduled for November 20. On November 13, the Washington State Caseload Forecast Council will meet to receive projections for the demand for entitlement programs such as K-12 education, Medicaid, prisons and foster care.

These reports will inform Governor Inslee’s final budget that will be released in mid-December.

Start Early Decision Package Summaries

As a reminder, Start Early Washington produced a summary of the early learning related Decision Packages submitted by state agencies to the Office of Financial Management for consideration for inclusion in Governor Inslee’s final budget.

The Capital Budget requests were recently made public, and our summary document has been updated to include that information.

To access the summaries, please visit the [Policy Resources section](#) of our webpage. Full copies of the Decision Packages can be viewed at abr.ofm.wa.gov.

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