

Date: February 16, 2012
Subject: February Washington State Revenue Forecast up by \$95.7 Million

Adjusted Revenue Estimates Revised Slightly Upward but Deficit Remains

On Thursday, February 16, the Washington State Economic and Revenue Forecast Council (ERFC) released its [quarterly update](#) of State General Fund Revenues. The forecast was very similar to November's forecast with expected revenue for the 2011-13 biennium up about \$95.7 million (\$45 million from better than expected revenues, the rest resulting from legislation passed in December), keeping the total expected revenue at about \$30.3 billion. Additionally, state revenue for the 2013-15 biennium is forecast to be \$32.3 billion, an increase of 6.6 percent from the current biennium.

Steve Lurch, executive director of ERFC, pointed to strong external risk factors that could further slow economic recovery and state revenue, including Europe's economic trouble, a potential slowdown in Asia, and continued political gridlock and uncertainty in the US. Nationally, although there have been some signs of slow recovery, including Real GDP growth, the housing industry remains weak, unemployment high and consumer confidence shaky. All of these continue to indicate a likely prolonged struggle for economic recovery nationally.

In Washington State, the economy continues to outperform the nation by a bit, buoyed mostly by growth in the aerospace and software industries, Boeing and Microsoft in particular. Conversely, construction is still weak and government jobs are continuing to disappear.

Implications for the University of Washington

This February forecast hews to the November forecast, which means that the over \$1 billion state budget deficit projected for the biennium at that time remains a problem to be solved in 2012. As a result, another round of budget cuts for all state agencies, including the UW, is expected. For further information and continuing coverage, make sure to follow the latest UW related legislative happenings on the [OPB website](#).

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