

A background image of the Seattle skyline, featuring various skyscrapers and buildings under a clear sky. The image is slightly faded to allow text to be overlaid.

Office of Economic & Revenue Forecasts

Ben Noble and Jan Duras

March 2022

OFFICE OF ECONOMIC AND REVENUE FORECASTS



City of Seattle

2022 Work Program



Background

Purpose, per the authorizing legislation:

Per the authorizing legislation, “The Office shall staff the Forecast Council, perform economic and revenue forecasts, conduct special studies at the request of the Forecast Council, and provide ad hoc analytical support on economic and revenue estimation for legislative and executive staff consistent with the work program. Such analyses shall be nonpartisan, and confidential to the extent allowed by law.”

Staffing:

Director - Ben Noble

Senior Economist – Jan Duras

Regional Economist / Fiscal Policy Analyst - TBD

Background (continued)

Revenue sources within OERF's forecasting purview:

- Retail Sales Tax
- Business & Occupations Tax
- Payroll Expense Tax
- Real Estate Excise Tax
- Private Utility Taxes
- Admission Tax
- Business License Tax Certificate Fees
- Assessed Value of real and personal property
- Value of new construction (as input to Property Tax forecast)

Key Components of OERF Work Program

Office Start-up

- Classification and hiring process for new position (target hire data = April/May)
- Establish MOA's with FAS and SDHR for basic support services
- Create a website to create an online presence for OERF, and most immediately to notice meetings of the Forecast Council
- Establish by-laws and address operational logistics of the new Forecast Council, including schedule of 2022 meetings
- Complete data-sharing agreements with the State's Employment Security Department, as well as FAS.

Forecasts – a more comprehensive schedule appears later in this presentation

Economic Forecast	Revenue Forecast
Last week of March / First week of April	April 8 th
Last week of July / First week of August	August 8 th
Last week of October	November 2 nd

Policy Research

- Assist Council and Mayor in responding to the financial challenges of the 2023 budget, per Council's Statement of Legislative Intent
- The Forecast Office will continue to work with Central Staff and CBO to assess OERF's capacity for policy work in 2022, and the potential topics of interest

OERF's Official Work Products

- 1. Regional Economic Forecasts** (pessimistic, baseline, optimistic); *produced four times a year*. In future years, we would be adding a fourth regional economic forecast in January to provide updated information (e.g. inflation estimates) for initial budget planning and to provide context for a year-end report. We would NOT be developing a fourth revenue estimate at the same time.
- 2. Revenue forecasts**, as adopted by the Forecast Council; *produced and adopted three times a year* – April, August and November.
- 3. Quarterly reports comparing actual revenues received to quarterly forecasts.** This report will include all revenue sources within OERF's portfolio, as well as other significant revenue streams for which quarterly information is available. These reports will also include a narrative summary of the most recent regional economic forecasts, and a description/summary of the national economic forecasting trends as well.
- 4. Monthly summaries of retail sales tax distributions from the State of Washington.** These will be simultaneously distributed to the Forecast Council, CBO, and Central Staff. These data are made available by the State on a monthly basis (with a ~2-month lag). The data provide perhaps the most current snapshot of local/regional economic activity. Three-month totals for current retail sales activity will also be presented as part of quarterly reports of actuals relative forecasts.

OERF Work Program and Deliverables

January	February	March	April	May	June	July	August	Sept.	October	November	December
Regional Model Updated (3 rd /4 th wk)		Regional Model Updated (4 th wk)				Regional Model Updated (4 th wk)			Regional Model Updated (4 th wk)		
			April Revenue Forecast (1 st /2 nd wk)				August Revenue Forecast (1 st /2 nd wk)			November Revenue Forecast (1 st /2 nd wk)	
	4Q/Year-end Report Actuals vs. Forecast			1Q Report Actuals vs. Forecast			2Q Report Actuals vs. Forecast			3Q Report Actuals vs. Forecast	
Forecast Council Meeting*			Forecast Council Meeting				Forecast Council Meeting			Forecast Council Meeting	

(*Note: this would be the meeting schedule going forward; the initial meeting of the Forecast Council will occur on March 4th this year.)

