

Washington State Economic and Revenue Forecast

February 2014
Volume XXXVII, No. 1



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Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

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Preface

ERFC forecasting structure and schedule

The Economic and Revenue Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year. The Washington State GF-S revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Council consists of six members, two appointed by the Governor and four appointed by the Legislature – one from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The GF-S revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state's economic forecast and the forecast of the Department of Revenue's GF-S revenue sources as well as GF-S revenue from fines and forfeitures collected by the Administrative Office of the Courts. The staff is also responsible for review and coordination of the revenue forecasts of other agencies that collect relatively large amounts of GF-S revenue. These are the Department of Licensing, the Office of the Insurance Commissioner, the Lottery Commission, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of Financial Management is responsible for summarizing the forecasts of all other state agencies that collect relatively smaller amounts of GF-S revenue.

Forecast Procedure

For each quarterly update, the staff of the Economic and Revenue Forecast Council, under the direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Global Insight, Inc. A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. After review by forecast workgroups; the Governor's Council of Economic Advisors; and the Economic and Revenue Forecast Council in public; this state economic forecast (updated for newly released data) is used to prepare a baseline revenue forecast for GF-S and the related funds. The forecasts are based on current law and administrative practices and do not reflect pending legal challenges to GF-S receipts until they are resolved. Additionally, at least two alternative forecasts are prepared for all GF-S and related fund sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GF-S and related fund revenues.

Data in this publication are accurate through March 3, 2014

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Executive Summary

- **The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 2.9% in 2014, up from 2.5% from the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, compared to 2.9% in the previous forecast.**
- **As expected in the November forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth has been slightly less than expected in November but historical estimates were revised higher. In December 2013, employment finally surpassed its previous peak.**
- **A major non-economic reclassification raised social services employment and total nonfarm payroll employment in Washington by 45,300.**
- **Washington single-family housing permits have weakened but home prices continue to rise.**
- **Revenue collections have been coming in very close to the November forecast, topping the forecast by only \$2 million (0.0%) over the last three months.**
- **The slight changes to the economic forecast resulted in small changes to the revenue forecast. The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$30 million. The forecast for the 2015-17 biennium was increased by \$82 million due to both economic and noneconomic factors.**
- **For the first time, revenue from cannabis sales has been incorporated into the forecast, starting with the 2015-17 biennium. Taxes and fees associated with the sales are forecasted to add \$51 million to GF-S revenue in the 2015-17 biennium and \$138 million in the 2017-19 biennium.**
- **The revenue forecast has been extended into the 2017-19 biennium. GF-S revenue for the biennium is forecasted at \$38.7 billion.**

U.S. Economic Forecast

The national economy continues to advance at a modest pace

The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated. Political discord in the nation's capital has eased although violence in the Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Economic activity has generally been in line with the November baseline forecast of modest growth and slowly declining unemployment. First quarter growth is likely to be depressed due to large inventory accumulation in the third and fourth quarters of last year. Despite a pause in housing activity, recent data suggest that the economy's underlying fundamentals remain firm.

Federal fiscal policy remains a drag on the recovery

Uncertainty regarding federal fiscal policy has eased since the November forecast. Congress passed an omnibus spending bill that funds the government at \$1.1 trillion for the rest of the federal fiscal year. Furthermore, Congress passed a debt ceiling bill in February without much political confrontation. Although uncertainty surrounding federal fiscal policy has receded, it still remains a drag on economic growth through contractionary spending. Monetary policy remains accommodative, and the transition from chairman Ben Bernanke to Janet Yellen points to a continuation of recent policies. Chairwoman Yellen has stated that the pace of asset purchases is open to modification should there be a significant change in the economic outlook.

Weak European and Chinese growth remain threats to the U.S. economic recovery

The weakness in European economies remains a threat to the U.S. economic recovery. Risks of a financial crisis remain and weak growth abroad limits U.S. export potential. A slowdown of growth in China also remains a threat to the U.S. recovery due to international trade ties. Chinese GDP growth slowed to 7.7% (Y-O-Y) in the fourth quarter from 7.8% in the previous quarter. For China, growth below 8% is considered poor. Credit market indicators are pointing to an increased chance of problems in the Chinese financial market. Events in the banking sector have begun to look similar to what the U.S. experienced in 2007 shortly before the financial crisis.

We expect moderate GDP growth throughout the forecast

U.S. economic growth remains modest. The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.9% in 2014, up from 2.5% from the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, compared to 2.9% in the previous forecast. As in November, real GDP growth is expected to moderate to 2.8% in 2016 and 2.7% in 2017. Our first forecast for 2018 and 2019 calls for a further slowdown to 2.6% and 2.5%. Due to higher GDP in 2013 and stronger growth in the first two years of the forecast, the level of GDP is expected to be higher than previously forecast through 2017.

Washington Economic Forecast

Washington's recovery is progressing about as expected

Since the November forecast was released, the state's economy has performed about as expected. Employment grew slightly less than expected but nevertheless reached a major milestone in December by finally surpassing its previous peak. Third quarter personal income turned out to be slightly higher than expected in the November forecast. Housing construction in recent months was a little stronger than expected in the forecast and, as expected, Seattle area inflation remains low.

A major non-economic revision raised the level of nonfarm payroll employment

A major non-economic reclassification since the February forecast was released has resulted in a major revision to the state's employment data. Estimates of historical employment are routinely revised as better data become available. In the case of a non-economic revision, it is not that there are more or fewer jobs than we previously thought, but rather a change in which jobs are counted. In Washington and five other states, employees of certain state-funded programs that provide services for the elderly and disabled had been counted as household employees. Household employees are not in the scope of nonfarm payroll employment. The BLS has determined that these employees actually belong to the social services sector which is in the scope of nonfarm payroll employment, rather than household employees as previously categorized. As a result of this reclassification from out-of-scope to in-scope, seasonally adjusted December 2013 employment in the social services sector is higher than believed in the February forecast by 45,300 or 69% and total nonfarm payroll employment is now 1.5% higher.

The February forecast reflects slightly stronger U.S. growth

The February Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in November. The main U.S. forecast development since November is the reduction of uncertainty surrounding fiscal policy. Not only did Congress pass a budget for fiscal 2014, but the debt ceiling was suspended for a year. The new national forecast now shows slightly more income and employment growth in 2015 through 2017 than assumed in the November forecast but it also assumes the starting level of personal income is lower than expected in November. These national forecast revisions feed through to the state economic forecast.

The February Washington forecast is similar to the November forecast

Our February economic forecast for Washington is very similar to the forecast adopted in November. Housing did strengthen in the fourth quarter of 2013, but mostly in the multi-family segment so we have left the forecast for housing pretty much unchanged. Employment growth is slightly stronger in this forecast reflecting the upward revision to national employment growth. The level of personal income is initially lower than in the November forecast due to a downward revision in expected dividends in the national forecast however growth after 2014 is slightly higher. We

continue to expect the state of Washington to outperform the U.S. economy, however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

Revenue Forecast

Changes to the revenue forecast in February were very slight but positive

Revenue collections since the November 2013 forecast have been coming in very close to their forecasted amounts. Refunds of previously paid taxes, however, have also been higher than expected. Without these refunds, collections would have come in slightly higher than the forecast. Final data on third-quarter taxable activity was also slightly higher than the preliminary data used in the November forecast. Because of these factors, the General Fund-State (GF-S) revenue forecast for the current biennium has been increased very slightly even though February's economic forecast was very similar to that of November. Forecasted revenue for the 2015-17 biennium was also increase slightly. Part of the 2015-17 forecast increase was due to the inclusion of estimated taxes and fees from cannabis sales for the first time since the passage of I-502. Revenue for the 2017-19 biennium was also forecasted for the first time.

GF-S forecast change by biennium (millions):

*13-15: +\$30
15-17: +\$82*

As of February 10th, revenue collections for the 2013-15 biennium were \$1.7 million ahead of the November forecast. For the remainder of the biennium, changes to the economic forecast have increased forecasted revenue by \$28.6 million. The sum of these changes for the 2013-15 biennium is a forecast increase of \$30.3 million, with total biennial revenue of \$33,012.8 million. For the 2015-17 biennium, changes to the economic forecast added \$30.8 million and the addition of revenue from cannabis sales added \$51.2 million, for a total forecast increase of \$82.0 million. 2015-17 GF-S revenue is now forecasted to total \$35,696.8 million. The initial forecast of GF-S revenue for the 2017-19 biennium is \$38,710.0 million.



Chapter 1: U.S. Economy – Current Conditions and Forecast

- **The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **U.S. GDP growth slowed to 2.4% (SAAR) in the fourth quarter from 4.1% (SAAR) in the third quarter. Much of the slowdown can be attributed to inventory accumulation which boosted third quarter growth. Real final sales slowed slightly from 2.5% to 2.3%.**
- **The housing market has been struggling to gain traction in recent months. Home prices continue to appreciate, although construction activity and home sales data are mixed. Rising interest rates and prices, have led to a drop in affordability.**
- **The manufacturing sector continues to expand at a slow pace. Severe weather contributed to the recent slowdown in some regions.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 2.9% in 2014, up from 2.5% from the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, compared to 2.9% in the previous forecast.**
- **A more robust recovery in housing remains the most significant upside risk. A slowdown in Chinese or European growth are the major downside risks. Despite the relatively small change in the economic forecast, downside uncertainty remains high.**

Current Conditions

*The
economic
recovery
remains
modest*

The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated. Political discord in the nation's capital has eased although violence in the Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Economic activity has generally been in line with the November baseline forecast of modest growth and slowly declining unemployment. First quarter growth is likely to be depressed due to large inventory accumulation in the third and fourth quarters of last year. Despite a pause in housing

activity, recent data suggest that the economy's underlying fundamentals remain firm.

Uncertainty regarding fiscal policy has eased

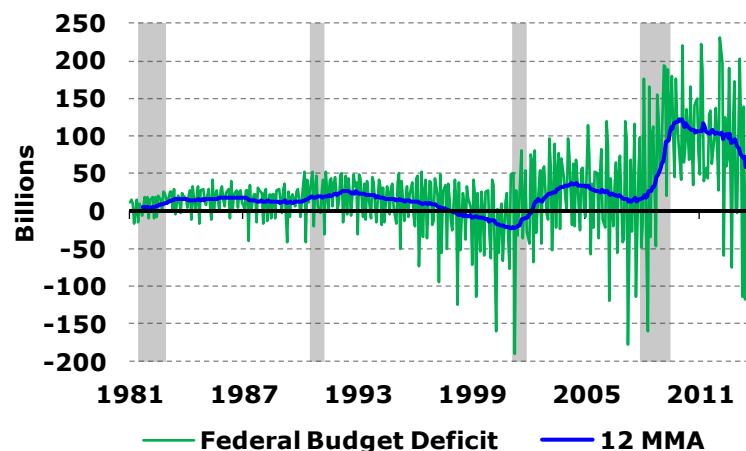
Uncertainty regarding federal fiscal policy has eased since the November forecast. Policymakers in Washington D.C. proved they learned from their mistakes after the chaos caused by the government shutdown in October and debt ceiling brinkmanship. In January, Congress passed an omnibus spending bill that funds the government at \$1.1 trillion for the rest of the federal fiscal year. The new funding level provides some relief from the sequester, avoids further cuts to defense spending, and restores some cuts to nondefense discretionary spending. The bill will allow the federal government to spend \$25.8 billion more in discretionary spending than last year. Furthermore, Congress passed a debt ceiling bill in February without much political confrontation. The bill calls for suspending the cap on government borrowing until March 26, 2015, allowing the treasury to sell new government debt.

Federal fiscal policy remains a drag on the recovery

Although uncertainty surrounding federal fiscal policy has receded, it still remains a drag on economic growth through contractionary spending. Government spending has continued to trend downward in the wake of the stimulus. Real government expenditures have declined in 13 of the past 17 quarters since the end of 2009. In 2013, reductions in government spending are estimated to have reduced overall GDP growth by 0.4 percentage points. At the same time, federal tax receipts have been growing. The economic recovery, while modest, has resulted in nominal tax revenues reaching all time highs. This has resulted in the federal budget deficit plummeting from the record high reached in 2009 as a result of the Great Recession and stimulus measures. (see Figure 1.1).

Figure 1.1: Federal Budget Deficit

The budget deficit is shrinking



Source: U.S. Treasury; data through January 2014

*Monetary policy
will likely
remain
accommodative*

Monetary policy remains accommodative, and the transition from chairman Ben Bernanke to Janet Yellen points to a continuation of recent policies. Like Bernanke, Yellen believes the Fed can and should help bolster the U.S. labor market. The Federal Reserve tapered its bond buying program in January for a second time in a row. The new pace of bond purchases was set at \$65 billion per month, down from \$75 billion set last month. The reduction was equally divided between purchases of treasuries and mortgage backed securities. At the meeting, the Fed maintained the 6.5% unemployment rate target for raising interest rates. This will probably be adjusted as the current unemployment rate is now at 6.6% due partially to low labor force participation. The Fed has clearly signaled that its decisions are data-dependent. Chairwoman Yellen has stated that the pace of asset purchases is open to modification should there be a significant change in the economic outlook.

*Weakness in
European
economies
remains a
significant
threat to the
recovery*

The weakness in European economies remains a threat to the U.S. economic recovery. Risks of a financial crisis remain and weak growth abroad limits U.S. export potential. While the Eurozone has recently returned to weak but positive growth, it has yet to officially emerge from its current recession. Eurozone GDP grew at a 1.1% annualized rate in the fourth quarter. The recovery in Europe remains slow and uneven. Six of the eighteen member countries still had negative growth in the third quarter. The Euro area unemployment rate has remained at or above 12% since the start of last year. The youth unemployment situation is far worse. The unemployment rate of those under the age of 25 is now at 23.8%. Consumer confidence in the Eurozone, while improved from the depths of the latest recession, declined in February. Worries about savings, unemployment, and the future general economic situation led to the drop. Poor economic conditions across the European Union will continue to put financial pressure on member countries and keep the threat of a European financial crisis alive.

*Slower
growth in
China
remains a
risk to the
recovery*

A slowdown of growth in China also remains a threat to the U.S. recovery due to international trade ties. Chinese GDP growth slowed to 7.7% (Y-O-Y) in the fourth quarter from 7.8% in the previous quarter. For China, growth below 8% is considered poor. The last time Chinese growth was above 8% was the first quarter of 2012. The leadership in China recently signaled a variety of near and medium-term projects that will ensure a steady demand for industrial products. The government has stated they will focus on maintaining economic expansion in a "reasonable range". Chinese premier Li Keqiang said his bottom line for expansion was 7%. Officials are trying to reduce the economy's reliance on debt and lower the risk of a financial crisis. However, credit market indicators are pointing to an increased chance of problems in the Chinese financial market. Banks have grown cautious in lending to each other while investors have moved to the safest government bonds. Events in

the banking sector have begun to look similar to what the U.S. experienced in 2007 shortly before the financial crisis.

*Fourth
quarter GDP
growth
slowed but
final sales
remained
modest*

U.S. GDP growth slowed to 2.4% (SAAR) in the fourth quarter of last year from 4.1% (SAAR) in the third quarter. Much of the slowdown can be attributed to inventory accumulation which boosted third quarter growth. Real final sales remained relatively strong, coming in at 2.3% (SAAR) in the fourth quarter down slightly from 2.5% (SAAR) in the third quarter. This was only a minor slowdown considering the negative effects of the government shutdown at the end of the year. Fourth quarter growth was led by consumption growth of 2.6% (SAAR). This was the strongest growth in consumption since the beginning of 2012 and contributed 1.7 percentage points to overall growth. Nonresidential fixed investment accelerated in the fourth quarter, growing 7.3% (SAAR) compared to a 4.8% (SAAR) increase in the third quarter. Residential fixed investment plummeted from the robust growth over the past couple of years, contracting 8.7% (SAAR). Government spending again was negative, contracting 5.6%, due to a sharp decline in federal government spending. Net exports added 1.0 percentage point to growth as imports grew just 1.5% (SAAR) and exports grew by 9.4% (SAAR).

*Personal
income and
consumption
are growing*

Rising personal income is essential for consumer spending to improve and overall economic growth to accelerate. Personal income was up 0.3% in January, from a flat December. Wage growth improved as well, growing 0.2% after shrinking 0.1% in December. Special factors influenced the data in December and January. Personal income was boosted by provisions in the Affordable Care Act which increased transfer income among other things. Growth was lowered by the expiration of unemployment benefits and one-time Social Security payments in December. The Bureau of Economic Analysis estimated that without these special factors, personal income fell 0.1% in December and rose 0.2% in January. Real disposable personal income (income after taxes and adjusted for inflation) growth was 0.3%, matching growth in real consumption. The personal saving rate remained at 4.3%. Real spending growth was led by spending on services which increased 0.8% in January. Spending on goods declined 0.6% as an increase in spending on both durable and non-durable goods declined. Auto sales, which have been particularly strong during the recovery, have faltered. U.S. light vehicle sales increased 0.7% to 15.3 million (SAAR) in February, but remain down from the 15.6 million (SAAR) average of 2013.

*Employment
growth has
been weaker
than
anticipated*

Employment growth has been disappointing the past two months. Nonfarm payroll employment increased by just 113,000 in January after a lackluster 75,000 gain in December. Private sector payrolls added 142,000 while government payrolls dropped 29,000. Job gains in the private sector were led by

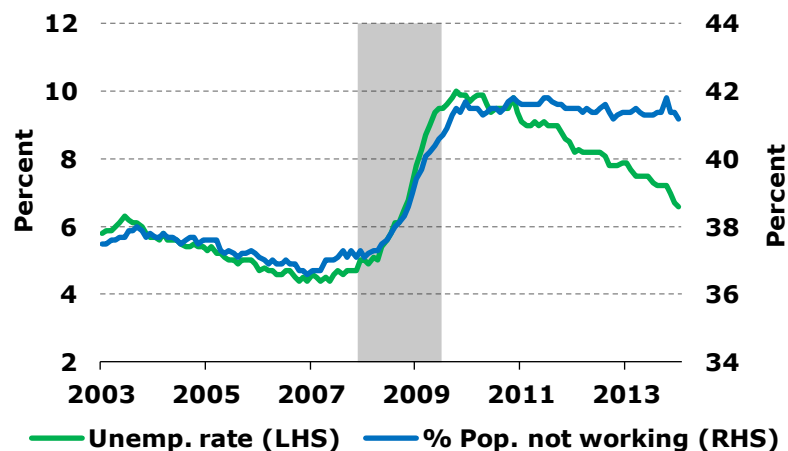
goods-producing industries. The construction sector added 48,000 jobs after declining in December due to severe winter weather. The manufacturing sector added 21,000 jobs, mostly in machinery and transportation equipment manufacturing. Private service-providing industries added 66,000 jobs, weighed down by job losses in sporting goods, hobby, book, and music stores (-22,300), telecommunications (-10,200), and credit intermediation and related services (-9,400). The public sector declined by 29,000 jobs with the largest losses coming from the federal government (-12,000) and local governments (-11,000).

The unemployment rate continues to decline

Even with the weak level of job growth the past couple months, the unemployment rate has continued on its downward trend. The unemployment rate fell to 6.6% in January from 6.7% in December. The reduction was led by a large increase in employment as the labor force participation rate improved to 63.0% from 62.8%. Despite the improvement, labor force participation remains on a downward trend. According to the Congressional Budget Office (CBO), about half of the roughly 3 percentage point decline in the labor force participation rate since the end of 2007 can be attributed to long-term trends. This is primarily aging of the population due to the baby boom after World War II. The CBO further estimates that another 1.0 percentage point of the drop is due to cyclical weakness in the labor market and 0.5 percentage points due to those that have permanently dropped out of the labor force. The decline in the labor force has put downward pressure on the unemployment rate, as those people who have left the labor force are not counted as unemployed. However, the percentage of the population not working has remained high (see Figure 1.2). The aging population and other structural issues will keep this measure elevated even as the unemployment rate continues to trend downward.

Figure 1.2: U.S. Unemployment Rate and Percentage of Population Not Working

The percent of the population not working remains elevated



Source: U.S. Bureau of Labor Statistics; data through January 2014

Consumer confidence has fluctuated but continues to trend upward

Consumer attitudes have fluctuated but generally are improving following the 2007-09 recession. An improving economy and stronger labor market conditions have enabled consumers to feel more confident as the recovery has unfolded. Rising home prices and equity markets have also improved consumers' financial position. The most recent reading of consumer confidence from the Conference Board shows that confidence dropped 1.3 points in February. The decline was driven by less optimism over the future of the jobs recovery. This was likely the result of two consecutive poor jobs reports. The University of Michigan reading showed a slight increase in February, gaining 0.4 points. Consumers indicated they felt prospects will look better in a year, although they also signaled less content over their current conditions. Both measures should continue to trend upward as the economic recovery continues.

Small business confidence remains tentative

Small business confidence, while higher than during the recession, has flat lined over the past several years. After initially increasing as the country emerged from the recession, gains in business attitudes have failed to gain traction. The National Federation of Independent Business (NFIB) small business optimism index increased 0.2 points in January to 94.1. This is equal to the reading from January 2011 when the index stopped trending upward. The index was weighed down by poor earnings and sales. However, sales expectations and hiring plans both increased to their highest level since before the recession. Taxes and government regulation remain the most important problems cited by small businesses while the number of firms citing poor sales has steadily declined.

Oil prices have reacted to the turmoil in Ukraine

Oil prices have risen to their highest levels of the year as tensions over Russian military intervention in Ukraine spilled over to global energy markets. Brent oil prices jumped to over \$112 per barrel and West Texas crude hit a five-month high of over \$105 per barrel. Russia's intervention is likely to keep oil markets rattled in the near term. Russia is one of the world's biggest oil producers. They are also one of the largest exporters of natural gas, primarily to Europe. Russia produces about 10.4 million barrels of oil per day and exports about 5.5 million barrels per day. Piped gas exports outside of the former Soviet Union totaled 15.8 billion cubic meters in January. While analysts don't expect oil supplies to be disrupted, the tensions are likely to keep uncertainty elevated in the energy markets. U.S. oil production has continued to rise, making up the lost supply from Middle Eastern countries. Domestic production now averages just under 8 million barrels per day, the highest in over 20 years.

Inflation remains low

Headline inflation has remained low as energy prices have been relatively volatile. Energy prices increased 0.5% in January after increasing 2.1% in December. Energy prices are now up 2.7% year-over-year due primarily to rising household energy costs. Electricity posted its largest increase since March 2010 and

natural gas and fuel oil also increased sharply. Food prices moved up slightly, increasing another 0.1% in January, and are now up 1.1% year-over-year. Overall, the consumer price index (CPI) increased 0.1% in January and is now up 1.6% over the year. Core inflation, which excludes food and energy, also rose 0.1% due to rising shelter costs. Core inflation was just 1.6% year-over-year in January.

The recovery in housing has hit a soft patch

The housing market has been struggling to gain traction in recent months. Recent data have been mixed although there are indications that activity is set to pick up. Sales of new homes rebounded in January to 468,000 units (SAAR), an increase of 9.6% over December and 2.2% higher than a year ago. The boost in sales caused inventory to fall, reducing the months' supply of new homes for sale to 4.7 from 5.2 in December. Mortgage rates are down slightly since the beginning of the year, spurring potential buyers to take advantage of the low rates. Sales of existing homes, which is a much larger segment than new homes, have yet to rebound. January completed sales fell another 5.1% from December to 4.62 million units (SAAR). Sales are now 5.1% lower than a year ago. However, the market for existing homes remains tight, with a 4.9 month supply of homes available.

New construction has been weak

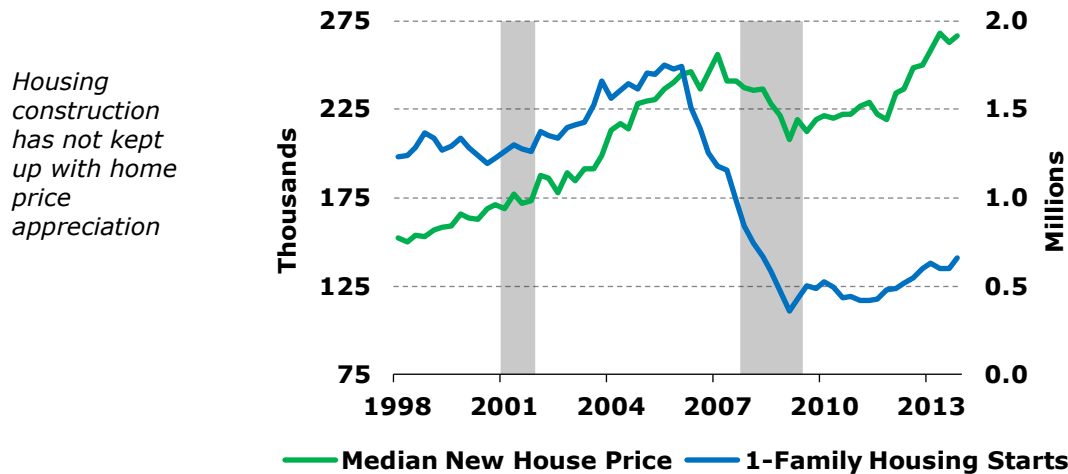
New construction has been weak in recent months as well. Housing permits decreased to 945 million units (SAAR) in January, a 4.6% decline from the previous month although still 3.3% higher than a year ago. Multi-family permits declined 9.2% to 346,000 units (SAAR) in January while single family permits decreased 1.8% to 599,000 units (SAAR). Both segments remain slightly above year-ago levels. Housing starts suffered even more as severe weather limited construction. The 16.0% decline to 880,000 units (SAAR) was the largest in three years. Housing starts are now lower than a year ago for the first time since the recovery began. Even with the recent pause in activity, there remains considerable underlying demographic demand as people have put off forming new households due to weakness in the economy. Overbuilding during the boom years also contributed to the depressed level of new starts. Now that the excess supply has largely been worked off, new homes will have to be built to meet the ever increasing demand from population growth.

Home price appreciation has continued

Home price appreciation has continued despite the weakness in sales and new construction. Typically, construction activity follows home price increases (see Figure 1.3). Rising prices incentivize housing activity by increasing margins and expanding profit potential. During the current recovery, however, new activity has lagged the rapid increase in home prices. The seasonally adjusted Case-Shiller 20-city home price index increased 0.8% in December and is now 13.5% above the year-ago level. However, prices still remain 19.3% below their peak in 2006. Sales of distressed properties are having less of an effect

of holding down prices. Distressed homes accounted for 15% of January sales, down from 24% a year ago. Rising house prices are enabling previously underwater homeowners to sell their homes and trade up for more expensive homes. Affordability issues are starting to emerge however, especially among first time home buyers as mortgage rates as well as prices increase. Although homes remain affordable by historic standards, affordability is down sharply from a year ago.

Figure 1.3: Median New House Price and Single-Family Housing Starts



Source: U.S. Census Bureau; data through 2013Q4

The manufacturing sector remains weak but growing

Growth in the manufacturing sector remains weak. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector expanded again in February. The ISM index improved to 53.2 from 51.3 the month before. Details from the report were mixed. New orders increased 3.3 points to 54.5 but production fell 6.6 points to 48.2. The latest G-17 report from the Federal Reserve, which measures manufacturing output, indicated contraction as well. Output dropped 0.8% (SA) in January, although this was partly due to severe weather in some regions. Declines in motor vehicles and parts (-5.0%) and wood products (-2.6%) contributed to the weakness. Even with the weather induced decline in January, the index remains 1.3% above its year-ago level. New orders for core capital goods (nondefense capital goods excluding aircraft) increased by 1.7%, after declining 1.8% in December. Shipments fell 0.8%, however, indicating more near-term weakness in activity.

Forecast

Based on the latest Blue Chip Consensus forecast

The February 2014 economic forecast was based on a modified version of Global Insight's February 2013 Control forecast for the U.S. economy. This was the first forecast to extend past 2017

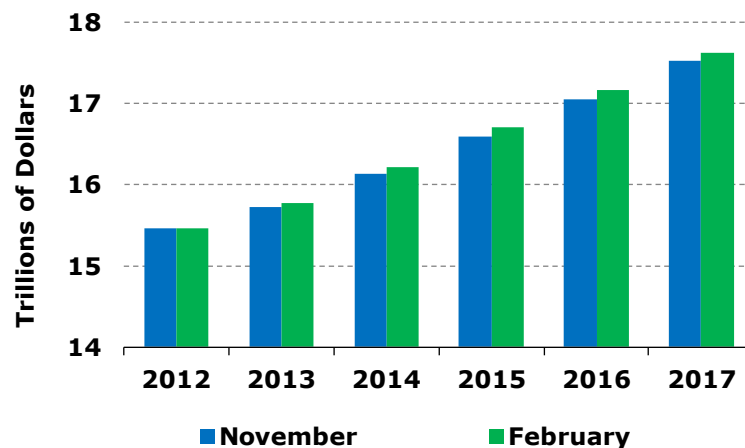
through 2019. Consistent with our standard practice, the U.S. real GDP forecast was adjusted to match the Blue Chip Consensus GDP forecasts for 2014 and 2015. We also incorporated the latest long term Blue Chip GDP forecast for 2016 through 2019. Our oil price forecast was adjusted to incorporate futures prices for both Brent crude oil and for West Texas Intermediate crude to better track world oil prices.

Real GDP growth is up from the previous forecast

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.9% in 2014, up from 2.5% from the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, compared to 2.9% in the previous forecast. As in November, real GDP growth is expected to moderate to 2.8% in 2016 and 2.7% in 2017. Our first forecast for 2018 and 2019 calls for a further slowdown to 2.6% and 2.5%. Due to higher GDP in 2013 and stronger growth in the first two years of the forecast, the level of GDP is expected to be higher than previously forecast through 2017 (see Figure 1.4).

Figure 1.4: U.S. Real GDP

The forecast calls for higher Real GDP



Source: U.S. Bureau of Economic Analysis, ERFC February 2014 forecast; historical data through 2013

Policymakers remained focused on deficit reduction

While uncertainty surrounding fiscal policy has faded, policymakers remain focused on deficit reduction. The forecast calls for a \$184 billion reduction in the federal deficit between 2013 and 2015. After dropping sharply in 2013 by \$54 billion, we expect real defense spending to decline another \$17 billion in 2014 and then fall gradually through the remainder of the forecast. Real nondefense purchases will decline as well in 2014 before turning positive in 2015. We then expect a gradual decline for the remainder of the forecast. The forecast calls for 2014 to be the trough in total real government purchases. We expect low growth for the remainder of the forecast, gradually increasing to 0.7% in 2018.

Consumer spending will not be a strong driver of GDP growth

The forecast for consumer spending growth is up slightly from November for the next two years. Consumers remain cautious while confidence remains on a slow upward trend. The recovery in the labor market remains slow and uneven. Home values and equity markets continue to increase as well. Federal policy missteps have kept confidence suppressed, although much of the near term uncertainty has been eliminated with the passage of a budget and debt ceiling increase. Much like the recovery so far, personal income growth will remain modest and consumer spending will not be a strong driver of growth in the recovery as is usually the case. We expect real consumer spending growth of 2.7% in 2014 and 2.8% in 2015 before moderating to 2.6% in 2016 and 2017. We then expect growth to moderate further to 2.5% in 2018 and 2.4% in 2019. The forecast calls for consumer spending to contribute about 1.8 percentage points annually to GDP growth.

Personal income growth will remain weak

Real disposable personal income growth is expected to rebound to 2.7% in 2014 after only growing 0.7% in 2013. This is somewhat less than the 3.2% growth we expected in November. We do expect growth in real disposable personal income to pick up to 3.4% in 2015, 3.7% in 2016, and 3.8% in 2017. This growth is higher than in the previous forecast and results in \$51 billion more in real disposable income in 2017. Growth is then expected to moderate, growing 3.2% in 2018 and 2.7% in 2019. As personal income grows, the saving rate will grow as well. The personal saving rate is expected to increase gradually throughout the forecast, reaching 7.2% in 2018 and 2019.

Oil prices are expected to decline on increased production

The forecast for oil prices is little changed from November. Turmoil in oil producing countries has continued, but is no longer causing swings in energy prices. Protests in Libya caused another reduction in output to 230,000 barrels a day, but this remains well above the 100,000 per day output in October of last year. Production remains far below the pre-revolution capacity of 1.6 million barrels per day. Venezuela's oil industry has continued to operate normally despite recent deadly protests. U.S. production, averaging close to 8 million barrels per day, continues to expand and offset the loss in turmoil-engulfed countries. We expect declining prices throughout the forecast, falling from about \$100 per barrel this year to \$83 per barrel in 2019. Oil prices are expected to remain under downward pressure for the next couple of years due to rising non-OPEC production, particularly in the U.S. Slower growth in Asia and weakness in Europe will also put modest downward pressure on prices. In addition to declining oil prices, the weak recovery will keep inflation subdued. We expect low headline inflation throughout the forecast ranging from 1.7% to 1.3%.

The recovery in housing is expected accelerate

While the housing recovery lost momentum in the second half of 2013, we believe the pause in activity will be temporary, and growth will continue throughout the forecast. Home prices

continue to increase, with growth reaching double digits in some areas. Affordability is again becoming an issue as rising home prices combine with rising mortgage rates. We expect growth in housing starts to pick up in the second quarter of this year, with growth of 19.2% for 2014, up slightly from the 18.4% growth in 2013. Mortgage rates will continue to rise from 4.0% in 2013 to 6.6% in 2018 for a conventional 30-year fixed rate mortgage. Distressed properties continue to weigh on select markets throughout the country, although this effect is diminishing. Continued improvement in the housing market remains dependent on job growth and access to financing. The forecast expects robust growth in housing starts to continue in the near term. Growth in single-family starts is expected to be 22.6% this year, further increasing to 27.4% in 2015 and reaching 1.0 million units by the end of the year. Growth will remain strong in 2016 at 17.6% before moderating to 4.2% in 2017 and just 1.2% in 2018 and 2019. Growth in the multi-family segment is moderate from the robust growth the past three years but remains strong at 12.3% this year and 6.6% in 2015. Going forward, we expect the multi-family segment to remain flat at about 360,000 units annually. The housing market will continue to improve, particularly while interest rates remain low by historical standards and inventories are lean. Population remains on an upward trend and people will need a place to live. The forecast calls for total housing starts to reach 1.58 million in 2019, up from 928 thousand in 2013.

Business investment is set to improve

Business investment continues to face multiple headwinds, but conditions have improved since the middle of last year. Vacancy rates for office buildings are still high and there remains ample supply due to overbuilding prior to the recession. However, demand for office space has been growing as businesses slowly expand. Companies have a high level of cash on hand, profits are strong, and borrowing rates remain low. We expect nonresidential construction to grow 4.5% this year, up from 1.3% in 2013. The forecast calls for growth to dip back down to 2.8% in 2015 before rebounding to 10.7% in 2016. The forecast then calls for growth to moderate through 2019. Equipment investment is expected to have strong growth throughout the forecast as businesses improve productivity as they expand. Although we do not expect to see a continuation of the robust growth early in the recovery, we do expect capital equipment to remain an important driver of GDP growth going forward. Investment in equipment and software is expected to grow 6.8% this year followed by growth of 9.2% in 2015 and 7.3% in 2016. The forecast then calls for growth of 6.1% in 2017, 4.6% in 2018, and 3.6% in 2019. We expect overall real nonresidential fixed investment to grow 5.5% this year, 6.2% in 2015, and reach 6.9% in 2016. Growth will moderate from there at 5.8% in 2017, 4.3% in 2018, and 2.5% in 2019.

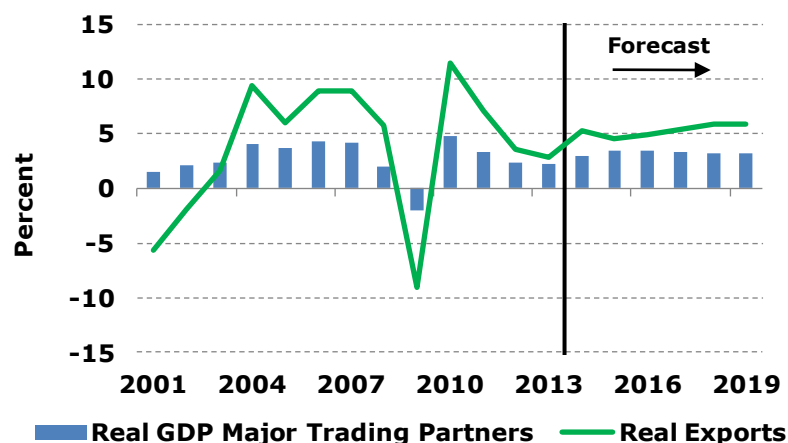
Export growth is expected to pick up

Export growth is expected to pick up after experiencing weak growth in 2013. Exports will be helped by a gradually improving global economy. Weak foreign demand for U.S. goods and services in the near term will limit the upside of export growth as economic growth in Europe and China remains slow. The crisis in Europe is far from over and the prolonged recession in the euro area has not officially ended. With severe structural imbalances in member countries and strict austerity measures still in effect, we expect the slow growth to continue. The latest Blue Chip forecast calls for 1.0% growth this year for the Eurozone followed by 1.4% growth in 2015. The weak economic growth has led to painfully high unemployment with rates for the Eurozone as a whole at or above 12% since the beginning of last year. This has had an adverse effect on consumer spending and reduced the exports of U.S. firms to Europe. The weakness in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. China, which is our largest export market outside of North America, in particular has slowed. The latest Blue Chip forecast calls for growth of 7.5% in 2014 and 7.3% in 2015 for China. This is far below the Chinese growth seen from 2005 through 2011 of 11% and not enough to generate strong U.S. export growth.

Despite the continued weakness in Europe and China, GDP growth in major U.S. export markets is forecasted to increase to 3.0% this year after growing 2.2% in 2013. GDP growth for these countries is expected to increase further to an average rate of 3.4% in 2015 through 2017 before slowing to 3.3% in 2018 and 3.2% in 2019. This growth will fuel foreign demand for U.S. exports. We expect real U.S. export growth to improve to 5.3% this year, up from 2.8% in 2013. The forecast calls for export

Figure 1.5: U.S. Real Export Growth and Foreign Real GDP Growth

GDP growth in U.S. trading partners will spur exports



Source: U.S. Census Bureau, IHS Global Insight, ERFC February 2014 forecast; historical data through 2013

growth of 4.6% in 2015, gradually improving to 5.9% by 2019 as global economic conditions firm (see figure 1.5). Export growth is largely offset by increased imports after 2014, however. Net exports are expected to contribute to overall GDP growth by 0.2 percentage points in 2014. Going forward, net exports are expected to reduce GDP growth by 0.1 percentage points on average through 2019 as the U.S. economy recovers and import growth picks up.

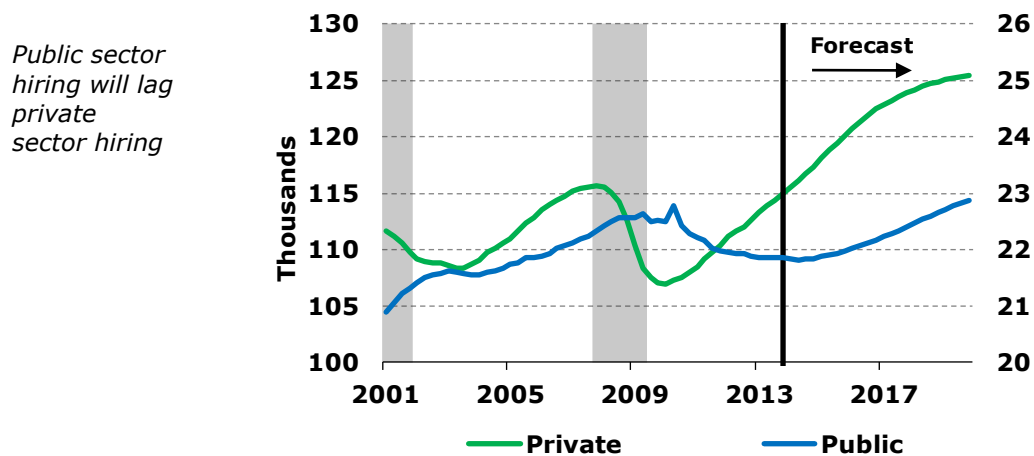
The outlook for employment growth has improved

The outlook for payroll employment has improved since the November forecast. Growth in payrolls is expected to be 1.7% this year, up from the 1.6% growth anticipated in November and up from the 1.6% growth in 2013. We expect growth to improve to 2.0% in 2015, which would be the highest annual growth in 15 years. We then expect employment growth to moderate to 1.9% in 2016 and continue to trend down to 0.6% in 2019. The forecast calls for the U.S. economy to add about 205,000 jobs per month through the end of this year as private sector gains continue and job losses in the public sector come to an end. We expect employment growth to peak at an average of 240,000 jobs per month in 2015. The forecast calls for job growth to slow through the end of the forecast, averaging just 64,000 jobs per month as labor force growth slows due to retiring baby boomers. By the third quarter of 2014 we expect to have gained 9.1 million jobs since the recession trough in 2010, making up all of the job losses since the beginning of the Great Recession. As a result of the steady job growth, we expect the unemployment rate to drop a full percentage point in 2014 to 6.4%, then to gradually fall to 5.4% in 2019.

Private sector hiring will continue to outpace public sector hiring

Employment growth in nonfarm payrolls has been led by private sector hiring throughout the recovery as the public sector has been weighed down by budget concerns. We expect this to continue even as government employment turns positive (see Figure 1.6). Private sector employment is expected to reach 116.1 million in the second quarter of this year, making up all the jobs lost during the recession. In the same quarter, public sector employment declines are expected to finally come to an end. We don't expect the job losses in the public sector to be made up until the second half of 2018. Federal government employment will continue to decline throughout the forecast, but this will be offset by modest gains in state and local government employment. While the public sector is not expected to subtract from payrolls going forward, it will remain a drag on overall employment growth. The forecast calls for total government employment to decline another 0.1% this year after declining in each of the past four years. Government employment will turn positive in 2015 with growth of 0.4%. The forecast calls for public sector growth of 0.8% in 2016 and then an average of 1.0% through 2019. We expect private sector job growth of 2.1% this year, up from the 2.0% in 2013. The forecast calls for private sector job growth to reach a peak of 2.3% in 2015 before moderating throughout the remainder of the forecast.

Figure 1.6: U.S. Private and Public Sector Employment



Source: U.S. Bureau of Labor Statistics, ERFC February 2014 forecast; historical data through 2013Q4

Table 1.1 provides a fiscal year summary of the U.S. economic indicators. For calendar year tables, see the appendix.

Risks to the Forecast

The level of uncertainty remains high

Our view of the risks to the forecast is similar to the November forecast. The largest change since the last forecast has been to reduction of uncertainty surrounding federal fiscal policy. Congress passed an omnibus spending bill in January removing the threat of another government shutdown. In addition, the debt ceiling was raised in February which removed the risk of a catastrophic federal government default. Nevertheless, the level of uncertainty in the baseline remains high. Downside risks are still elevated, and are higher than upside risks.

Downside Risks (30% Probability)

Fiscal tightening

Policymakers misinterpret weak growth and depressed confidence and decide on austerity and cut discretionary spending, further reducing growth. Private sector confidence plummets, lowering stock prices and economic activity.

Sovereign debt contagion

Sovereign debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal-tightening programs. Europe returns to recession territory and continued austerity measures increase the financial strains in Eurozone countries.

Slow Chinese growth

Global growth is restrained by a hard landing (growth <5%) in China. This leads to weaker growth in emerging economies in particular.

*Crisis in
Ukraine
escalates*

Tensions in Ukraine escalate, destabilizing the region. Oil shipments and financial linkages to Europe are stressed.

*Turmoil in
oil-producing
countries*

Tensions in Egypt, Syria, and Libya erupt and spread to major oil producing nations, disrupting supply. A military strike to address Iran's emerging nuclear capabilities causes a disruption in oil transport and production that result in sharply higher oil prices.

*Housing
sector
relapse*

The pause in housing activity turns out to be the start of another prolonged decline fueled by depressed employment and weak wage gains. Low demand combined with oversupply and a high number of foreclosures undermine housing prices.

*Unexpected
events*

Unexpected events – natural disasters, political upheaval, etc.

Upside Risks (15% Probability)

*Housing
improves
faster than
expected*

The housing sector improves faster than anticipated. Home prices continue to increase and buyers move off the fence. Affordability is not a major issue as interest rates remain low. Homebuilders respond and housing starts increase, leading to more hiring.

*Pent up
demand is
unleashed*

Pent-up demand, fueled by a rebound in confidence, boosts consumer spending after years of economizing.

*Business
confidence
improves*

Business confidence picks up as a result of the government's ability to avoid dysfunction. Hiring picks up, triggering a virtuous cycle of jobs, income, spending and yet more jobs.

*European
banking crisis
averted*

The European Central Bank expands its monetary base, successfully leading the Eurozone away from deflation. They also develop a credible pro-growth plan to tackle sovereign debt issues.

*Fiscal policy
becomes
supportive*

Government policymakers avoid imposing excessive fiscal restraint on the economy. Congress agrees on a long-term deficit reduction plan.

*Emerging
economies
stabilize*

Emerging economies' attempts to bolster their respective currencies is successful. Investors move back toward emerging market investments seeking higher returns.

Table 1.1
U.S. Economic Forecast Summary
Forecast 2014 to 2017

Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,278.4	15,584.3	16,002.2	16,460.7	16,934.7	17,404.1	17,866.1	18,319.2
% Ch	2.4	2.0	2.7	2.9	2.9	2.8	2.7	2.5
Real Consumption	10,407.4	10,615.4	10,863.7	11,176.3	11,474.0	11,772.1	12,076.2	12,373.1
% Ch	2.3	2.0	2.3	2.9	2.7	2.6	2.6	2.5
Real Nonresidential Fixed Investment	1,885.3	1,954.7	2,030.4	2,156.5	2,295.3	2,447.8	2,573.3	2,655.7
% Ch	9.1	3.7	3.9	6.2	6.4	6.6	5.1	3.2
Real Residential Fixed Investment	405.3	463.3	507.3	588.5	659.3	687.7	690.0	700.7
% Ch	8.2	14.3	9.5	16.0	12.0	4.3	0.3	1.6
Real Personal Income	12,786.9	13,076.8	13,364.4	13,815.8	14,294.3	14,806.9	15,305.3	15,765.6
% Ch	2.3	2.3	2.2	3.4	3.5	3.6	3.4	3.0
Real Per Capita Income (\$/Person)	40,793	41,410	41,995	43,079	44,229	45,465	46,636	47,674
% Ch	1.6	1.5	1.4	2.6	2.7	2.8	2.6	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.066	1.077	1.092	1.106	1.121	1.136	1.150
% Ch	2.4	1.4	1.0	1.3	1.3	1.3	1.4	1.3
U.S. Consumer Price Index (1982-84=1.0)	2.276	2.314	2.345	2.386	2.423	2.457	2.495	2.529
% Ch	2.9	1.7	1.3	1.7	1.6	1.4	1.5	1.4
Employment Cost Index (Dec. 2005=1.0)	1.150	1.171	1.194	1.220	1.249	1.277	1.305	1.333
% Ch	1.7	1.8	2.0	2.2	2.3	2.3	2.2	2.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	15,908.1	16,493.2	17,167.4	17,963.8	18,786.8	19,599.8	20,400.6	21,168.7
% Ch	4.3	3.7	4.1	4.6	4.6	4.3	4.1	3.8
Personal Income	13,446.8	13,946.7	14,396.7	15,081.8	15,813.2	16,595.5	17,387.1	18,137.4
% Ch	4.7	3.7	3.2	4.8	4.8	4.9	4.8	4.3
Employment (Millions)								
U.S. Civilian Labor Force	154.3	155.3	155.3	157.1	159.6	161.1	162.3	163.3
Total U.S. Employment	141.2	143.3	144.7	147.4	150.3	152.0	153.3	154.4
Unemployment Rate (%)	8.52	7.77	6.82	6.18	5.83	5.63	5.51	5.45
Nonfarm Payroll Employment	132.65	134.79	137.06	139.60	142.40	144.81	146.47	147.64
% Ch	1.6	1.6	1.7	1.9	2.0	1.7	1.1	0.8
Manufacturing	11.83	11.96	12.08	12.41	12.55	12.61	12.62	12.65
% Ch	1.8	1.0	1.0	2.7	1.2	0.5	0.1	0.2
Durable Manufacturing	7.38	7.50	7.62	7.93	8.09	8.18	8.20	8.23
% Ch	3.0	1.5	1.7	4.1	2.0	1.1	0.3	0.4
Nondurable Manufacturing	4.45	4.46	4.46	4.48	4.47	4.43	4.42	4.41
% Ch	-0.2	0.3	0.0	0.3	-0.3	-0.8	-0.3	-0.1
Construction	5.60	5.72	5.87	6.26	6.82	7.35	7.71	7.90
% Ch	2.0	2.1	2.7	6.6	8.9	7.8	4.9	2.5
Service-Providing	114.38	116.26	118.21	120.01	122.09	123.88	125.17	126.12
% Ch	1.5	1.6	1.7	1.5	1.7	1.5	1.0	0.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	95.0	92.3	100.0	93.0	86.3	82.3	79.9	78.4
Personal Saving/Disposable Income (%)	5.4	5.1	4.5	4.7	5.4	6.4	7.0	7.2
Auto Sales (Millions)	6.6	7.4	7.7	7.8	8.0	8.1	8.3	8.3
% Ch	11.6	12.0	3.7	1.6	1.9	1.8	1.8	0.9
Housing Starts (Millions)	0.687	0.876	0.990	1.226	1.438	1.533	1.548	1.573
% Ch	20.5	27.6	13.0	23.8	17.3	6.6	1.0	1.6
Federal Budget Surplus (Billions)	-1,168.9	-926.0	-728.7	-594.0	-564.7	-625.9	-698.9	-722.8
Net Exports (Billions)	-574.2	-518.1	-454.5	-437.6	-449.2	-458.7	-452.2	-423.7
3-Month Treasury Bill Rate (%)	0.05	0.08	0.06	0.07	1.17	3.08	3.73	3.72
10-Year Treasury Note Yield (%)	2.08	1.82	2.80	3.14	3.56	4.15	4.52	4.51
Bond Index of 20 G.O. Munis. (%)	3.96	3.75	4.66	4.88	5.13	5.58	5.83	5.83
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.41	4.82	5.34	6.16	6.58	6.56

Table 1.2

Forecast Analysis

Comparison of Forecasts for 2013-15

Forecast Date	2012				2013				2014				2015	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
U.S.														
Percent Growth, 2013:2-2015:2														
Real GDP	5.9	6.1	6.1	6.0	5.8	5.8	5.7	5.5	6.2					
Implicit Price Deflator	4.3	4.4	3.8	3.4	3.4	3.1	3.1	2.9	2.6					
Average Rate, 2013:3 to 2015:2														
3 Month T-Bill Rate	0.27	0.50	0.17	0.16	0.12	0.08	0.09	0.07	0.06					
Mortgage Rate	5.17	4.97	4.45	4.16	3.99	4.15	4.63	4.56	4.61					

Table 1.3

Fiscal Years

Forecast Comparison

Forecast 2014 to 2017

	2011	2012	2013	2014	2015	2016	2017
U.S.							
Real GDP							
February Baseline	14921.8	15278.4	15584.3	16002.2	16460.7	16934.7	17404.1
% Ch	2.4	2.4	2.0	2.7	2.9	2.9	2.8
November Baseline	14921.8	15278.4	15584.3	15921.1	16358.4	16827.2	17293.3
% Ch	2.4	2.4	2.0	2.2	2.7	2.9	2.8
Implicit Price Deflator							
February Baseline	1.027	1.052	1.066	1.077	1.092	1.106	1.121
% Ch	1.7	2.4	1.4	1.0	1.3	1.3	1.3
November Baseline	1.027	1.052	1.066	1.078	1.094	1.111	1.128
% Ch	1.7	2.4	1.4	1.1	1.5	1.5	1.5
Unemployment Rate							
February Baseline	9.29	8.52	7.77	6.82	6.18	5.83	5.63
November Baseline	9.27	8.53	7.79	7.14	6.62	6.23	6.03
Mortgage Rate							
February Baseline	4.59	4.01	3.53	4.41	4.82	5.34	6.16
November Baseline	4.59	4.01	3.53	4.39	4.72	5.24	6.10
3 Month T-Bill Rate							
February Baseline	0.12	0.05	0.08	0.06	0.07	1.17	3.08
November Baseline	0.12	0.05	0.08	0.05	0.09	1.17	3.07



Chapter 2: Washington Economy – Current Conditions and Forecast

- **As expected in the November forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth has been slightly less than expected in November but historical estimates were revised higher. In December 2013, employment finally surpassed its previous peak.**
- **A major non-economic reclassification raised social services employment and total nonfarm payroll employment by 45,300.**
- **Washington housing construction has improved in recent months and home prices continue to rise.**
- **The level of personal income is initially lower than assumed in November but also grows a little faster. Overall there is very little change.**
- **Inflation in the Seattle area remains low and close to the national rate.**
- **We expect the Washington economy to continue to outperform the U.S. economy by a narrow margin.**

Current Conditions

Washington's recovery is progressing about as expected

Since the November forecast was released, the state's economy has performed about as expected. Employment grew slightly less than expected but nevertheless reached a major milestone in December by finally surpassing its previous peak (see Figure 2.1). Third quarter personal income turned out to be slightly higher than expected in the November forecast. Housing construction in recent months was a little stronger than expected in the forecast and, as expected, Seattle area inflation remains low.

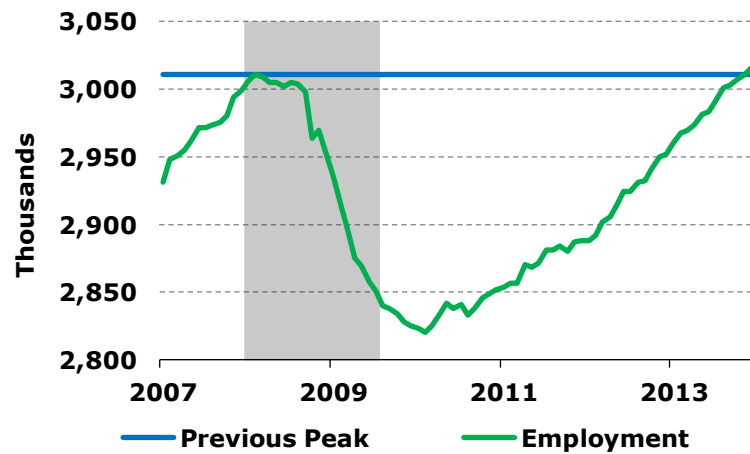
Job growth has been slightly weaker than expected

In the three months since the November forecast was adopted, the Washington economy added 12,400 net new jobs, 1,600 fewer than the 14,000 expected in the forecast. Private, service-providing industries accounted for most of the job growth in November, December, and January, adding a net 10,100 jobs. The Construction sector added 2,300 jobs which was 500 more

than expected but manufacturing was flat (the forecast had expected a gain of 400 jobs). As expected, public sector payrolls added 1,800 jobs in the last three months as growth at the state and local level outweighed a decline in federal employment. The state's unemployment rate declined to 6.4% in January from 6.7% in December and 7.3% in January 2013.

After nearly six years, Washington payroll employment has finally surpassed its previous peak

Figure 2.1: Washington Payroll Employment



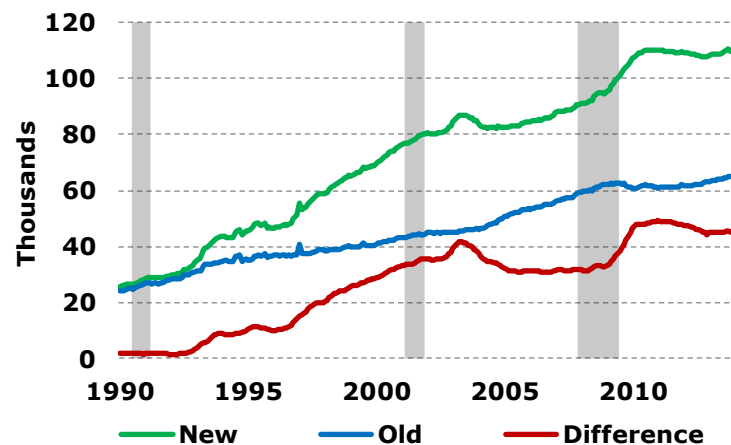
Source: WA State Employment Security Department; data through January, 2014

A major non-economic revision raised the level of nonfarm payroll employment

A major non-economic reclassification since the February forecast was released has resulted in a major revision to the state's employment data. Estimates of historical employment are routinely revised as better data become available. In the case of a non-economic revision, it is not that there are more or fewer jobs than we previously thought, but rather a change in which jobs are counted. In Washington and five other states, employees of certain state-funded programs that provide services for the elderly and disabled had been counted as household employees. Household employees are not in the scope of nonfarm payroll employment. The BLS has determined that these employees actually belong to the social services sector which is in the scope of nonfarm payroll employment, rather than household employees as previously categorized. As a result of this reclassification from out-of-scope to in-scope, seasonally adjusted December 2013 employment in the social services sector is higher than believed in the February forecast by 45,300 or 69% (see Figure 2.2) and total nonfarm payroll employment is now 1.5% higher.

Social services employment now includes certain previously uncounted workers

Figure 2.2: Social Services Employment



Source: WA State Employment Security Department; data through December, 2013

Historical employment has been revised higher

Apart from the non-economic revision discussed in the previous paragraph, we also have another quarter of Quarterly Census of Payrolls and Employment (QCEW) data. The new QCEW data and other revisions raised the level of total employment in October 2013 by 16,700. As a result of the upward revisions to history (exclusive of the non-economic revision) and slightly weaker than expected growth, the net effect is 15,200 (0.5%) more jobs in January 2014 than expected in the November forecast. Private service-providing employment is 11,900 higher than expected, government employment is 1,100 higher, construction employment is 1,900 higher, and mining is 400 higher. January manufacturing employment is exactly where we expected it to be in the November forecast.

Weekly earnings growth has been slow

While the payroll data show continued growth in the number of jobs, the hours and earnings data have been disappointing. Private sector average hourly earnings in the twelve months ending in January 2014 were up just 1.3% over the previous twelve month period. Average weekly hours declined 0.8% over the same period. As a result, the average paycheck in the most recent year was only 0.5% higher than in the previous year.

Overall housing is on track but single-family permits are weak

We now have five more months of housing permit data than were available at the time of the November forecast (because of the federal government shutdown, data for September 2013 was not available in November). Housing units authorized by building permits averaged 31,200 (SAAR) in September, October, November, December, and January which was 1,000 better than the 30,200 expected in the November forecast. The details are less reassuring. Multi-family units, which are extremely volatile, averaged 13,400 in the last five months, 2,500 higher than the 10,900 in the forecast. Single-family permits, which are

generally more stable, averaged only 17,800, which is 1,500 less than the 19,300 in the forecast. We still think the outlook is positive for housing due to the resumption of household formation and low inventories. We are interpreting the recent weakness in single-family construction as a pause, not a slowdown.

Seattle area home prices are rising at double digit rates

Regional home prices continue to rise. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices have risen in each of the last 21 months and, as of November, are now 12.4% higher than in the previous November. Though prices and mortgage rates have risen, homes are still relatively affordable. Even with the recent gains, Seattle area home prices are 16.2% lower than their 2007 peak.

Aerospace employment is declining

Aerospace employment, which had been responsible for much of the strength in manufacturing during the recovery, is now in decline. As of January 2014, aerospace has lost 2,800 jobs since the peak in November 2012. We continue to believe that this downturn will be relatively mild due to the hefty backlog of orders. The current reductions are due to improvements in productivity. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years.

Manufacturing continues to expand

Despite the downturn in aerospace employment, the Institute of Supply Management - Western Washington Index (ISM-WW) continues to indicate positive growth in the broader manufacturing sector. After three months in the low 50's (index values above 50 indicate positive growth while values below 50 indicate contractions) the index bounced back to 61.1 in November, 62.3 in December, and 63.5 in January. The last time the Western Washington index was below 50 was in July 2009.

Car sales rebound

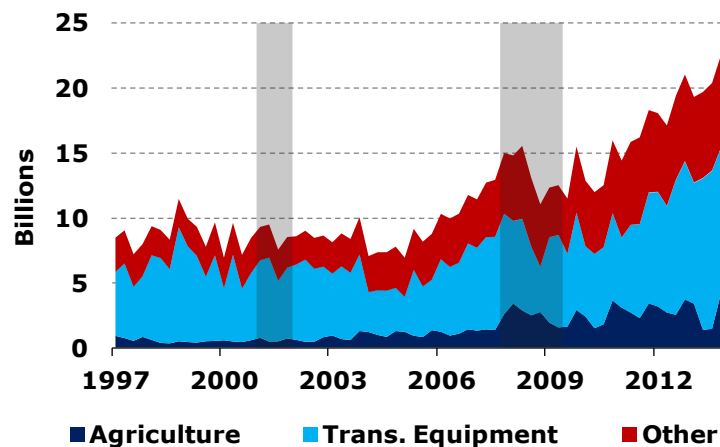
Washington car and light truck sales growth resumed in December and January after a slowdown in the fall. Washington new light vehicle registrations increased from 266,900 vehicles (SAAR) in November to 270,100 in December and a post-recession high of 280,800 in January. January new light vehicle registrations were 4.8% higher than in the previous January.

Agricultural exports rebounded in the fourth quarter

Washington exports rose to an all-time high \$22.5 billion in the fourth quarter of 2013 (see Figure 2.3). Fourth quarter exports were up 7.2% over the year following a year-over-year increase of 5.1% in the third quarter. The main reason for the improvement in growth in the fourth quarter was agricultural exports which rose 13.7% over the year following a 43.2% decline in the third quarter. Exports of transportation equipment (mostly Boeing planes) increased 5.2% over the year and exports from all other Washington industries rose 6.7% over the year. The WISER trade data are not seasonally adjusted.

Figure 2.3: Washington Exports

Exports reached an all-time high in the fourth quarter of 2013



Source: WISER Trade, U.S. Dept. of Commerce, Bureau of Economic Analysis; data for 2013

Third quarter personal income is on target

In late December, the Bureau of Economic Analysis released estimates for state personal income through the third quarter of 2013. We have incorporated the new BEA estimates as well as additional Washington QCEW wage data through the third quarter. Our estimate of Washington personal income in the third quarter of 2013 is now \$329.4 billion which is just \$303 million (0.1%) higher than assumed in November.

Seattle inflation remains low

Inflation in the Seattle area remains low and slightly weaker than in the nation. In December 2013, the Seattle all items CPI was 1.3% higher than in the previous December compared to the 1.5% increase for the U.S. city average. Core inflation in Seattle was 1.3% compared to 1.7% for the nation.

Washington State Forecast

The February forecast reflects slightly stronger U.S. growth

The February Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in November. The main U.S. forecast development since November is the reduction of uncertainty surrounding fiscal policy. Not only did Congress pass a budget for fiscal 2014, but the debt ceiling was suspended for a year. The new national forecast now shows slightly more income and employment growth in 2015 through 2017 than assumed in the November forecast but it also assumes the starting level of personal income is lower than expected in November. These national forecast revisions feed through to the state economic forecast.

The February Washington forecast is...

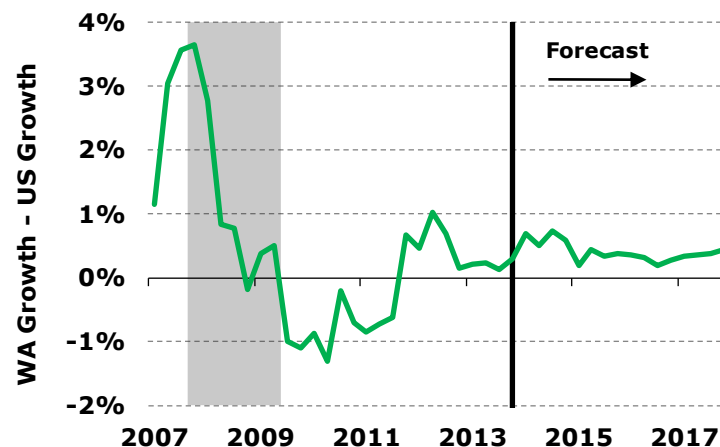
Our February economic forecast for Washington is very similar to the forecast adopted in November. Housing did strengthen in the fourth quarter of 2013, but mostly in the multi-family segment so

...similar to the November forecast

we have left the forecast for housing pretty much unchanged. Employment growth is slightly stronger in this forecast reflecting the upward revision to national employment growth. The level of personal income is initially lower than in the November forecast due to a downward revision in expected dividends in the national forecast however growth after 2014 is slightly higher. We continue to expect the state of Washington to outperform the U.S. economy (see Figure 2.4), however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

Washington personal income growth will exceed U.S. personal income growth

Figure 2.4: Difference in Personal Income Growth



Source: Bureau of Economic Analysis, ERFC February forecast; historical data through 2013 Q4

Washington Payroll Employment

The employment growth forecast is slightly stronger than in November

Overall, our February 2014 forecast of Washington employment is slightly stronger than assumed in November. Washington employment is expected to grow at an average annual rate of 1.9% per year in 2014 through 2017, which is slightly higher than the 1.7% average rate assumed in November. This is the first forecast to extend through 2019. Washington employment growth is expected to slow to an average rate of 1.2% per year in the final two years of the forecast.

Aerospace employment is slowly declining

Despite rising production, aerospace employment has begun to decline once again. Aerospace employment usually peaks before production as developers and testers are laid off and productivity improves. Aerospace employment has performed about as expected during the last three months and we have not changed our expectation of a downward trend over the next few years. However, we believe that this downturn will be relatively mild due to the large backlog of orders. The current reductions are due to improvements in productivity whereas the steep cuts in

the past have been associated with production cuts, which we do not expect over the next few years. On an annual average basis, we expect aerospace employment to decline 3.0% in 2014 and 2.0% per year in 2015 through 2019.

We expect the software sector to continue to add jobs at a moderate pace

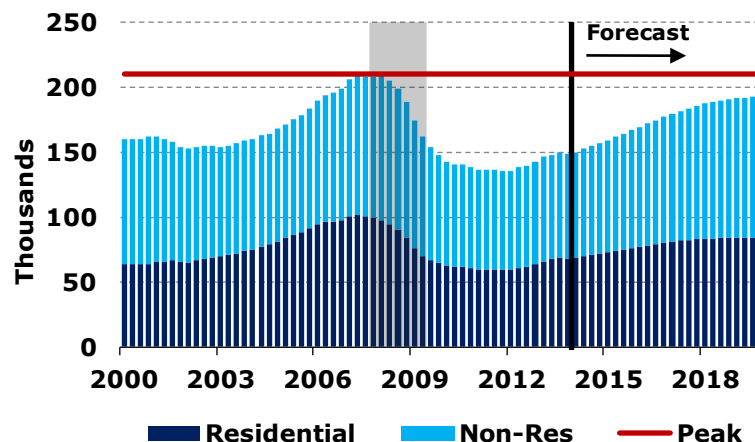
The software sector is growing again and has recovered all of the jobs lost in the recession. Growth since the recession has been positive but slower than the rapid growth in previous years. We expect the more moderate growth to continue. The software sector will continue to have an outsized impact on the overall economy due to the high wages in this industry. Software employment rose 2.8% in 2013 which was the highest growth rate since 2008. We expect growth rates of 1.8% in 2014, 0.7% in 2015, 1.7% in 2016, 1.6% in 2017, 1.5% in 2018, and 1.4% in 2019.

Residential construction employment will rebound following mid-2013 slump

Construction employment declined at a 1.2% annual rate in the fourth quarter of 2013 after six quarters of strong growth. The decline was caused by residential construction which fell at a 3.6% rate. Nonresidential construction grew at a 0.8% rate in the quarter. The decline in residential construction employment followed a slump in housing permits in the middle of 2013. With permits bouncing back at the end of the year, we expect positive employment growth to resume in 2014. Overall construction employment will grow of 3.6% in 2014, 6.3% in 2015, 6.2% in 2016, 5.4% in 2017, 3.5% in 2018, and 1.6% in 2019. Even with these impressive growth rates, construction employment will still be 4,700 below its previous peak at the end of 2019.

Figure 2.5: Washington Construction Employment

Construction employment remains lower than the previous peak



Source: WA State Employment Security Department, ERFC February 2014 forecast; historical data through 2013 Q4

Financial activities employment will decline...

The slump in financial activities employment was even more protracted, though not as deep, as construction. Financial activities employment fell 19,400 jobs (12.2%) from a peak in the first quarter of 2006 to the trough in the second quarter of

...due to productivity growth and outsourcing

2010. Employment in credit intermediation and related activities accounts for most of the decline, followed by real estate and rental and leasing. On a calendar year basis, financial activities employment grew 0.2% in 2011, 1.6% in 2012, and 2.5% in 2013. Going forward, we expect a declining trend in financial activities employment due to productivity growth and outsourcing. Employment will grow only 0.9% in 2014 and 0.7% in 2015 then decline 0.9% in 2016, 1.5% in 2017, 1.4% in 2018, and 0.6% in 2019.

Retail trade employment has rebounded

Retail trade is another highly cyclical sector that declined early and sharply but has now turned around. Retail trade employment grew 1.5% in 2011, 2.1% in 2012, and 3.3% in 2013 following declines of 0.2%, 5.5%, and 0.4% in 2008, 2009, and 2010. Retail trade employment surpassed its previous peak in the fourth quarter of 2013. The forecast assumes much weaker growth in the next four years as labor markets remain weak and households continue to repair their balance sheets. We expect growth to slow to 1.8%, 0.8%, 1.1%, 0.7%, and 0.1% in 2014 through 2018, followed by a slight 0.1% decline in 2019.

We expect strong growth in professional and business services employment

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. During a recovery, growth in this sector is boosted by gains in employment services, mainly temporary help services. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Employment growth in professional and business services rebounded to 4.0% in 2011 from just 0.6% in 2010 and a 6.9% decline in 2009. Growth slowed to 2.9% in 2012 and 2.7% in 2013 due to a slowdown in employment services and big cuts in waste management (Hanford) and accounting services. We expect growth to remain very strong in this sector throughout the forecast with growth rates of 4.0%, 5.4%, 3.3%, 2.7%, 2.3%, and 2.2% in 2014 through 2019. Professional and business services employment surpassed its previous peak in the fourth quarter of 2012.

State and local government employment growth has turned moderately positive

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around but we believe we have finally passed the trough. State and local government employment peaked in the fourth quarter of 2008 and declined almost continuously through the first quarter of 2012. Since then, employment levels have risen. On an annual average basis, state and local government employment rose 0.8% in calendar 2013 following three years of decline. While we expect growth to improve, employment in the state and local government sector will not regain its previous peak until the first quarter of 2015. We expect moderate employment growth in 2014 through 2019 with growth rates of 1.2%, 1.3%, 1.5%, 1.4%, 1.5%, and 1.3%.

Washington Personal Income

The Boeing Machinists bonus will temporarily boost personal income

The Washington economy received a boost in January from the recent agreement between Boeing and the machinists' union. There are approximately 31,000 Boeing machinists in Washington, each due \$10,000 as part of the contract extension agreement reached in January. The effect of the bonus payment will be to raise income growth in the first quarter but lower it in the second quarter. The estimated \$310 million addition to personal income in 2014 amounts to slightly less than one-tenth of one percent of total personal income for the year.

Personal income growth is about the same as in November

Our new forecast for nominal personal income growth averages 5.1% per year in 2014 through 2017 which is the same rate assumed in the November forecast. This is the first forecast to extend through 2019. Washington personal income is expected to grow at an average rate of 4.8% per year in the final two years of the forecast.

Washington Building Permits

The housing construction forecast is similar to the November assumption

In November we lowered our near-term forecast for housing permits due to a slump in permits in the second and third quarters of 2013. Permits came roaring back in the fourth quarter, exceeding our forecast by a margin of 34,600 units to 30,100 units (SAAR). However, the improvement in the fourth quarter was concentrated in the volatile multi-family segment so we decided to leave our forecast essentially unchanged. The number of housing units authorized in 2013 came in at 31,700 which is 1,300 higher than the 30,400 expected in November and 12.6% higher than 2012. Our February forecast for permits in 2014 through 2017 is very similar to the November forecast. We expect total housing units to rise 4.6% to 33,100 units in 2014, 14.2% to 37,800 units in 2015, 8.9% to 41,200 units in 2016, and 1.5% to 41,800 units in 2017. Housing permits are expected to level off in the last two years, rising 1.6% to 42,500 in 2018 and 1.7% to 43,200 in 2019.

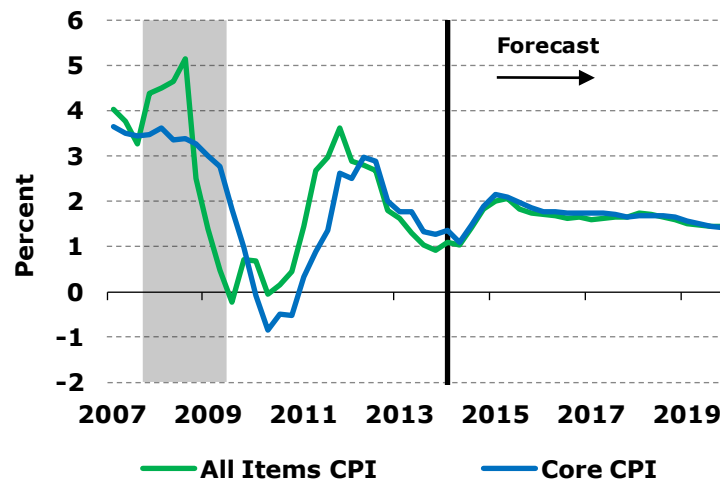
Seattle Consumer Price Index

Inflation will remain moderate throughout the forecast

Core inflation (excluding food and energy) in Seattle slowed to 1.5% in 2013 from 2.6% in 2012. As the economic recovery continues, Seattle core inflation will increase but remain in a moderate range. We expect the core Seattle CPI to rise 1.4 % this year, 2.0% in 2015, 1.7% in 2016 through 2018, and 1.5% in 2019. We expect declining oil prices during the remainder of the forecast which should further restrain headline inflation. We expect all-items Seattle area inflation rates of 1.3% in 2014, 1.9% in 2015, 1.7% in 2016, 1.6% in 2017, 1.7% in 2018, and 1.5% in 2019 (see Figure 2.6).

Figure 2.6: Seattle Metropolitan Area Inflation

Seattle inflation will remain moderate



Source: U.S. Bureau of Labor Statistics, ERFC February 2014 Forecast; historical data through 2013 Q4

Table 2.1 provides a fiscal year summary of the state economic indicators. For calendar year tables, see the appendix.

Alternative Scenarios

Alternate forecasts are prepared in accordance with state law

In accordance with state law, the Washington State Economic and Revenue Forecast Council adopted a forecast based on optimistic assumptions and a forecast based on pessimistic assumptions.

Optimistic

Budget and debt ceiling agreements spur private sector optimism

In the optimistic scenario, markets respond positively to the passage and implementation of the Bipartisan Budget Act and drama-free resolution of the debt-ceiling constraint. Business confidence picks up, prompting a renewed willingness to hire in the private sector. By mid-2014, the labor market is consistently adding about 200,000 jobs per month. Sales of both new and existing single-family homes will grow at rates not seen since the mid-2000s, as strong underlying demand rears its head at last. Demand remains stronger than supply, causing year-on-year home prices to grow faster than the baseline in the near term. Builders, empowered by improved access to credit and inspired by the simultaneous revival in sales and continued price growth, ramp up single-family housing starts to more than a 1 million annual rate by the third quarter of 2014. Consumer spending picks up, led by a resurgence in spending on durable goods. Light-vehicle sales, already a bright spot in the recovery, reach 16.7 million units in 2014. Emerging economies' attempts to bolster their respective currencies meet success later in the first quarter. The relatively cheaper dollar encourages consumers in

select emerging markets to purchase American goods. Meanwhile, European growth picks up, lifting demand for US exports with it.

The optimistic scenario also assumes a much stronger Washington economy

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that aerospace employment, after declining for four a year, resumes its upward trend in the second quarter of 2014 through 2019 rather than continuing to fall as in the baseline. Software employment growth is also much stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due to the stronger regional economy as is average wage growth. The strong local economy also drives population growth higher. The recovery in construction employment is much stronger than in the baseline forecast with employment in the sector exceeding the previous peak in the second quarter of 2017. By the end of 2019, Washington nonfarm payroll employment is higher by 248,900 jobs than in the baseline forecast and Washington personal income is \$63.4 billion higher.

Pessimistic

Poor fiscal policy and weak growth abroad stall U.S. economic growth

In the pessimistic scenario, the combination of unwarranted fiscal tightening and a bleak global outlook combine to stall U.S. economic growth. The scenario assumed that debt-ceiling-negotiations would produce a 10% (annualized) cut in federal spending in the first quarter which would, in turn, lead to a 1% decline in real GDP (Congress passed a suspension of the debt ceiling in February). The economy barely avoids a recession, and 2014 growth is just 1.1% overall. With fiscal tightening proving to be the wrong remedy, private-sector confidence sinks, stock prices plunge, and the U.S. economy continues to tumble. Simultaneously, the global outlook falters, reducing the appetite for U.S. exports. As sovereign-debt worries re-emerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal tightening programs, Europe returns to recession. In addition, global growth is restrained by a harder landing in China and weaker growth in other emerging economies. Depressed employment and weak wage gains produce a housing-sector relapse. Low demand, persistent oversupply, and a high number of foreclosures undermine housing prices, as the median price of a single-family existing home falls nearly 5% below the baseline in 2015. Housing starts weaken again, and average only 912,000 in 2014.

This scenario also assumes a weaker local economy

At the state level, aerospace employment declines much more rapidly in 2013 through 2019 than assumed in the baseline forecast. Software employment also begins to decline in the first quarter of 2014. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment is essentially flat in the pessimistic alternative rather than rising as in the baseline. The Seattle CPI

is lower than in the baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2019, Washington nonfarm payroll employment is 190,300 lower than in the baseline forecast and Washington personal income is \$36.1 billion lower.

Table 2.2 compares the optimistic and pessimistic forecasts with the baseline forecast.

Governor's Council of Economic Advisors (GCEA)

In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members.

The Governor's Council members expect weaker output growth but higher inflation

At the national level, the GCEA outlook for real GDP growth is below the baseline forecast in each year from 2014 through 2019. Similarly, real consumer spending growth in the Governor's Council scenario was the same as, or lower than, the baseline forecast throughout the forecast. Despite the slower real growth, the Governor's Council members expected consistently higher inflation than predicted in the baseline forecast. As a result of the higher inflation assumption, nominal consumption is higher in the Governor's Council scenario than in the baseline forecast. Compared to the baseline, the GCEA expects slightly lower oil prices in 2014, 2015, and 2016 but higher prices in 2017 through 2019. The Council members' mortgage rate forecast is very close to the baseline forecast in 2014, 2015, and 2016 but lower in 2017 through 2019.

In Washington, the GCEA members expect weaker real income growth but stronger nominal income growth due to higher inflation

The GCEA scenario for Washington is also similar to the baseline forecast. Their real personal income growth forecast averages 3.4% per year in 2014 through 2019 compared to the baseline forecast of 3.7% but, because they expect higher inflation, their nominal personal income growth forecast is higher (5.2% versus 5.0%). The council members' forecast for total employment growth is weaker than the baseline forecast in the near term but stronger later on. Overall, their forecast expects the same 1.7% average rate through 2019 as in the baseline forecast. The GCEA forecast for manufacturing employment is lower than the baseline forecast. The GCEA construction employment forecast is also lower than the baseline forecast but their housing permit forecast is higher. At the end of 2017, the GCEA forecast for Washington nonfarm payroll employment is 4,100 lower than in the baseline forecast but Washington personal income is \$5.2 billion higher.

Table 2.3 compares the Governor's Council of Economic Advisors forecast with the baseline forecast.

Table 2.1

Fiscal Years

Washington Economic Forecast Summary
 Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	294.874	302.495	310.359	322.341	334.615	347.590	360.840	373.524
% Ch	2.7	2.6	2.6	3.9	3.8	3.9	3.8	3.5
Real Wage and Salary Disb.	151.402	156.248	161.052	167.112	173.529	179.229	184.696	190.255
% Ch	2.7	3.2	3.1	3.8	3.8	3.3	3.0	3.0
Real Nonwage Income	143.472	146.247	149.307	155.228	161.085	168.360	176.144	183.269
% Ch	2.8	1.9	2.1	4.0	3.8	4.5	4.6	4.0
Real Per Capita Income (\$/Person)	42,936	43,569	44,214	45,388	46,563	47,812	49,057	50,190
% Ch	1.6	1.5	1.5	2.7	2.6	2.7	2.6	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.066	1.077	1.092	1.106	1.121	1.136	1.150
% Ch	2.4	1.4	1.0	1.3	1.3	1.3	1.4	1.3
Seattle Cons. Price Index (1982-84=1.0)	2.360	2.404	2.428	2.473	2.516	2.556	2.599	2.640
% Ch	3.1	1.8	1.0	1.8	1.7	1.6	1.7	1.6
Average Nonfarm Annual Wage	53,663	54,993	56,086	57,857	59,689	61,380	63,211	65,168
% Ch	3.7	2.5	2.0	3.2	3.2	2.8	3.0	3.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.04	24.19	24.91	25.61	26.10	26.59	27.06	27.53
% Ch	1.2	0.6	3.0	2.8	1.9	1.9	1.8	1.7
Current Dollar Income (Billions of Dollars)								
Personal Income	310.085	322.612	334.330	351.881	370.173	389.581	409.925	429.719
% Ch	5.2	4.0	3.6	5.2	5.2	5.2	5.2	4.8
Disposable Personal Income	276.747	285.908	294.941	309.665	325.837	343.663	362.315	379.520
% Ch	4.5	3.3	3.2	5.0	5.2	5.5	5.4	4.7
Per Capita Income (\$/Person)	45,150	46,466	47,629	49,547	51,511	53,587	55,730	57,741
% Ch	4.0	2.9	2.5	4.0	4.0	4.0	4.0	3.6
Employment (Thousands)								
Washington Civilian Labor Force	3,485.6	3,477.4	3,472.6	3,518.0	3,582.0	3,630.0	3,676.2	3,721.6
Total Washington Employment	3,181.7	3,215.7	3,239.6	3,297.3	3,366.1	3,414.9	3,460.6	3,504.1
Unemployment Rate (%)	8.72	7.53	6.71	6.27	6.03	5.93	5.86	5.84
Nonfarm Payroll Employment	2,846.1	2,906.2	2,970.1	3,030.0	3,093.6	3,150.0	3,196.5	3,235.7
% Ch	1.5	2.1	2.2	2.0	2.1	1.8	1.5	1.2
Manufacturing	274.8	285.0	287.3	292.6	295.6	297.5	299.4	301.9
% Ch	4.8	3.7	0.8	1.8	1.0	0.6	0.6	0.8
Durable Manufacturing	199.2	208.8	209.6	213.8	215.9	217.4	218.6	220.0
% Ch	6.2	4.8	0.4	2.0	1.0	0.7	0.5	0.7
Aerospace	90.8	96.6	94.9	92.6	90.8	88.9	87.2	85.4
% Ch	10.0	6.5	-1.8	-2.5	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	75.6	76.3	77.7	78.8	79.7	80.1	80.9	81.8
% Ch	1.5	0.9	1.9	1.3	1.2	0.5	1.0	1.2
Construction	136.6	144.0	150.4	158.2	168.2	178.4	186.4	191.1
% Ch	-1.1	5.4	4.5	5.2	6.3	6.0	4.5	2.5
Service-Providing	2,428.8	2,471.2	2,526.2	2,572.5	2,622.5	2,666.4	2,702.8	2,734.8
% Ch	1.3	1.7	2.2	1.8	1.9	1.7	1.4	1.2
Software Publishers	52.0	53.0	54.6	54.9	55.7	56.6	57.5	58.3
% Ch	1.6	1.7	3.1	0.6	1.4	1.6	1.5	1.5
Nonfarm Payroll Employment, EOP*	2,865.1	2,928.8	2,991.4	3,055.1	3,115.4	3,168.3	3,212.6	3,248.1
% Ch*	1.6	2.2	2.1	2.1	2.0	1.7	1.4	1.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	23.916	30.786	31.626	35.405	39.903	41.636	42.080	42.884
% Ch	15.4	28.7	2.7	11.9	12.7	4.3	1.1	1.9
Single-Family	14.120	18.460	18.518	22.241	25.983	27.968	28.507	28.792
% Ch	4.8	30.7	0.3	20.1	16.8	7.6	1.9	1.0
Multi-Family	9.796	12.326	13.108	13.164	13.919	13.668	13.574	14.091
% Ch	35.0	25.8	6.3	0.4	5.7	-1.8	-0.7	3.8
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.41	4.82	5.34	6.16	6.58	6.56

*End of Period, for use in the Budget Stabilization Account calculation

Table 2.2

Fiscal Years

Comparison of Alternative Forecasts

	2012	2013	2014	2015	2016	2017
U.S.						
Real GDP, Percent Change						
Optimistic	2.4	2.0	3.0	4.7	3.9	3.8
Baseline	2.4	2.0	2.7	2.9	2.9	2.8
Pessimistic	2.4	2.0	2.1	0.8	2.6	2.5
Implicit Price Deflator, Percent Change						
Optimistic	2.4	1.4	1.2	1.8	1.1	1.1
Baseline	2.4	1.4	1.0	1.3	1.3	1.3
Pessimistic	2.4	1.4	0.8	0.7	1.8	2.3
Mortgage Rate, Percent						
Optimistic	4.01	3.53	4.47	6.03	6.77	6.80
Baseline	4.01	3.53	4.41	4.82	5.34	6.16
Pessimistic	4.01	3.53	4.35	4.39	4.82	5.65
3 Month T-Bill Rate, Percent						
Optimistic	0.05	0.08	0.14	1.21	3.61	3.88
Baseline	0.05	0.08	0.06	0.07	1.17	3.08
Pessimistic	0.05	0.08	0.05	0.06	0.08	0.09
Washington						
Real Personal Income, Percent Change						
Optimistic	2.7	2.6	3.4	6.9	7.0	6.0
Baseline	2.7	2.6	2.6	3.9	3.8	3.9
Pessimistic	2.7	2.6	1.5	0.6	1.2	1.6
Personal Income, Percent Change						
Optimistic	5.2	4.0	4.6	8.8	8.2	7.2
Baseline	5.2	4.0	3.6	5.2	5.2	5.2
Pessimistic	5.2	4.0	2.3	1.3	3.0	4.0
Employment, Percent Change						
Optimistic	1.5	2.1	2.4	3.5	3.6	3.2
Baseline	1.5	2.1	2.2	2.0	2.1	1.8
Pessimistic	1.5	2.1	1.9	0.8	0.9	0.9
Housing Permits, Thousands of Authorized Units						
Optimistic	23.9	30.8	33.5	42.1	48.4	51.7
Baseline	23.9	30.8	31.6	35.4	39.9	41.6
Pessimistic	23.9	30.8	30.4	29.1	32.2	32.7

Table 2.3

Calendar Years

Governor's Council of Economic Advisor's Forecast

	2014	2015	2016	2017	2018	2019
<u>U.S.</u>						
Real GDP						
<i>Growth</i>						
ERFC	2.9	3.0	2.8	2.7	2.6	2.5
GCEA Average	2.8	2.8	2.6	2.5	2.4	2.4
Real Consumption						
<i>Growth</i>						
ERFC	2.7	2.8	2.6	2.6	2.5	2.4
GCEA Average	2.6	2.6	2.6	2.6	2.4	2.4
Implicit Price Deflator, PCE						
<i>Growth</i>						
ERFC	1.1	1.4	1.3	1.3	1.4	1.2
GCEA Average	1.4	1.7	1.8	1.8	1.8	1.8
Mortgage Rate						
<i>Percent</i>						
ERFC	4.6	5.0	5.7	6.5	6.6	6.5
GCEA Average	4.6	5.0	5.6	6.0	6.2	6.1
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	107.0	102.1	97.8	95.0	92.9	91.4
GCEA Average	102.9	99.2	96.4	95.7	94.8	94.2
 <u>Washington State</u>						
Real Personal Income						
<i>Growth</i>						
ERFC	3.6	3.9	3.8	3.9	3.6	3.4
GCEA Average	3.8	3.5	3.4	3.4	3.3	3.2
Wage and Salary Employment						
<i>Growth</i>						
ERFC	2.0	2.1	2.0	1.6	1.4	1.1
GCEA Average	1.9	1.9	1.8	1.6	1.5	1.3
Manufacturing Employment						
<i>Growth</i>						
ERFC	1.1	1.5	0.8	0.6	0.8	0.6
GCEA Average	0.8	1.1	0.4	0.2	0.3	0.2
Construction Employment						
<i>Growth</i>						
ERFC	3.6	6.3	6.2	5.4	3.5	1.6
GCEA Average	3.9	4.8	5.0	4.1	3.1	1.8
Housing Permits						
<i>Thousands of authorized units</i>						
ERFC	33.1	37.8	41.2	41.8	42.5	43.2
GCEA Average	34.5	40.5	42.9	43.5	42.8	43.1
Washington Average Annual Wage						
<i>Growth</i>						
ERFC	3.0	3.1	3.0	2.9	3.0	3.1
GCEA Average	2.8	3.0	2.9	2.9	3.0	3.0

Table 2.4
Forecast Analysis
 Comparison of Forecasts for 2013-15

Forecast Date	2012				2013				2014				2015	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
Washington														
Percent Growth, 2013:2-2015:2														
Employment	3.6	3.7	4.3	4.2	3.8	3.7	3.6	3.6	4.3					
Personal Income	11.5	11.4	11.5	11.0	11.0	10.6	10.7	10.5	10.1					
Real Personal Income	6.9	6.7	7.4	7.3	7.3	7.3	7.4	7.4	7.2					
Total (Thousands of units), 2013:3 to 2015:2														
Housing Units Authorized	64.2	61.8	63.6	64.4	70.1	72.6	69.1	66.0	67.0					

Table 2.5

Fiscal Years

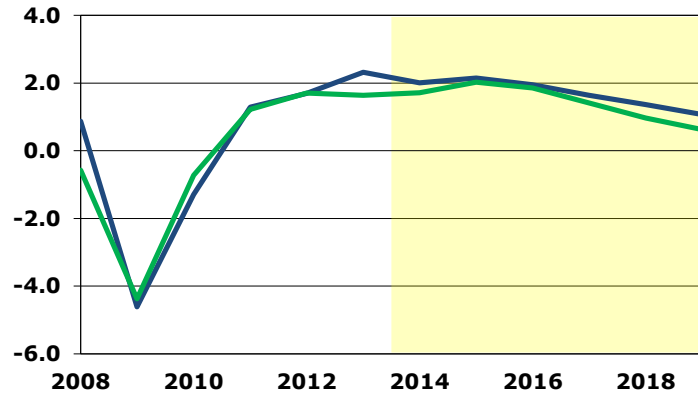
Forecast Comparison

Forecast 2014 to 2017

	2011	2012	2013	2014	2015	2016	2017
Washington							
Real Personal Income							
February Baseline	287.085	294.874	302.495	310.359	322.341	334.615	347.590
% Ch	2.9	2.7	2.6	2.6	3.9	3.8	3.9
November Baseline	287.085	294.844	301.992	310.835	322.574	333.501	345.512
% Ch	2.9	2.7	2.4	2.9	3.8	3.4	3.6
Personal Income							
February Baseline	294.896	310.085	322.612	334.330	351.881	370.173	389.581
% Ch	4.7	5.2	4.0	3.6	5.2	5.2	5.2
November Baseline	294.896	310.053	322.075	335.115	352.882	370.473	389.628
% Ch	4.7	5.1	3.9	4.0	5.3	5.0	5.2
Employment							
February Baseline	2804.3	2846.1	2906.2	2970.1	3030.0	3093.6	3150.0
% Ch	0.6	1.5	2.1	2.2	2.0	2.1	1.8
November Baseline	2804.3	2846.1	2906.2	2957.6	3012.9	3067.6	3119.9
% Ch	0.6	1.5	2.1	1.8	1.9	1.8	1.7
Housing Permits							
February Baseline	20.731	23.916	30.786	31.626	35.405	39.903	41.636
% Ch	7.6	15.4	28.7	2.7	11.9	12.7	4.3
November Baseline	20.731	23.916	30.672	30.449	35.575	40.085	41.112
% Ch	7.6	15.4	28.3	-0.7	16.8	12.7	2.6

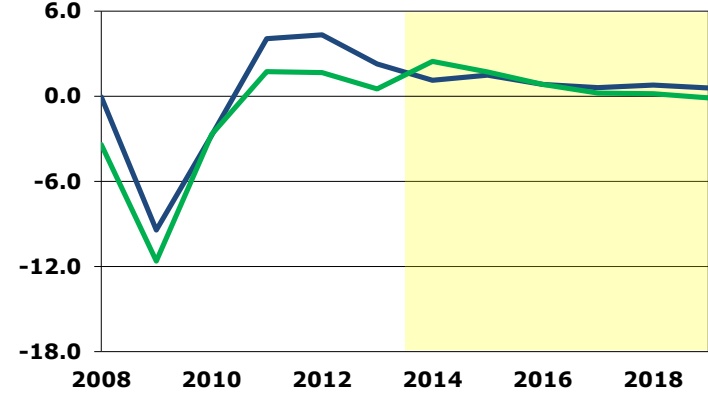
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts
(Percent change)

Total nonfarm payroll employment



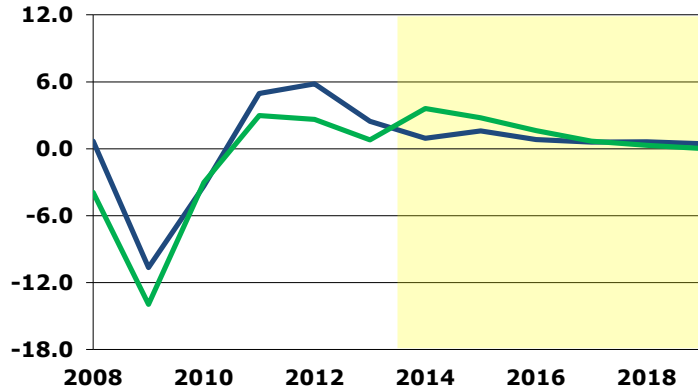
Source: WA State Employment Security Dept. 2013, ERFC 2019

Manufacturing employment



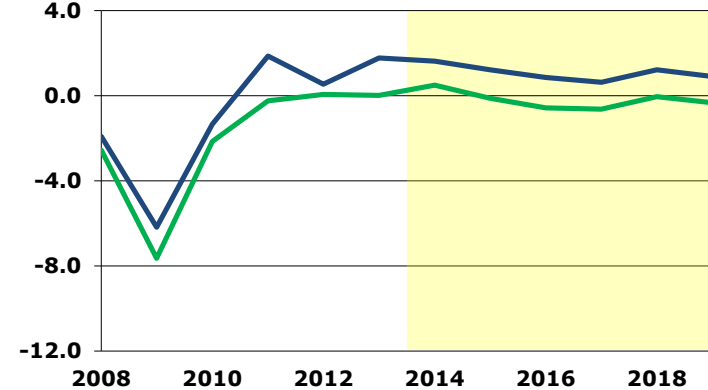
Source: WA State Employment Security Dept. 2013, ERFC 2019

Durable manufacturing employment



Source: WA State Employment Security Dept. 2013, ERFC 2019

Nondurable manufacturing employment



Source: WA State Employment Security Dept. 2013, ERFC 2019

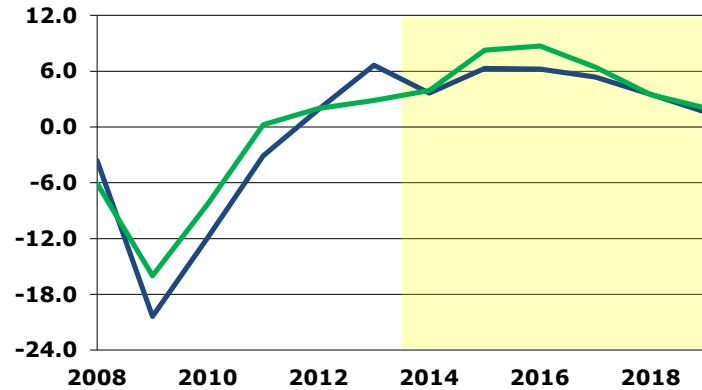
■ Washington

■ U.S.

Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)

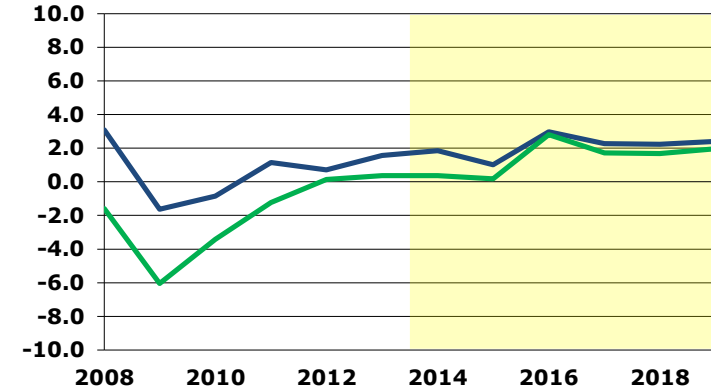
Forecast

Construction employment



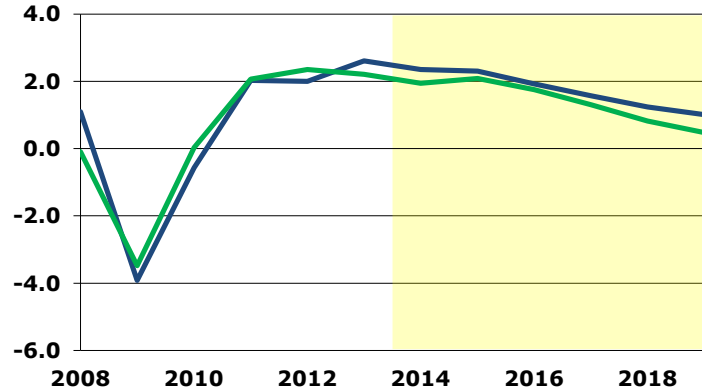
Source: WA State Employment Security Dept. 2013, ERFC 2019

Information employment



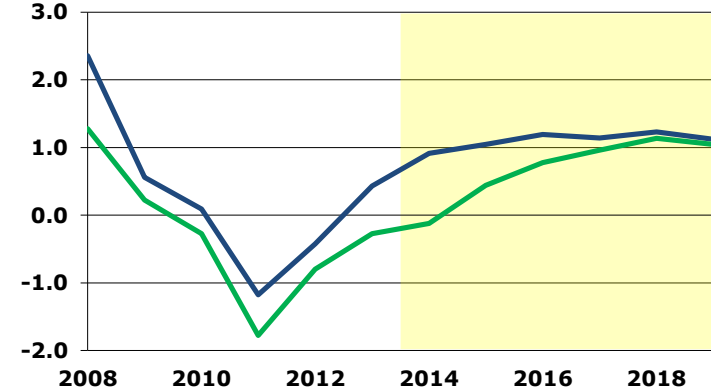
Source: WA State Employment Security Dept. 2013, ERFC 2019

Other private employment



Source: WA State Employment Security Dept. 2013, ERFC 2019

Government employment



Source: WA State Employment Security Dept. 2013, ERFC 2019

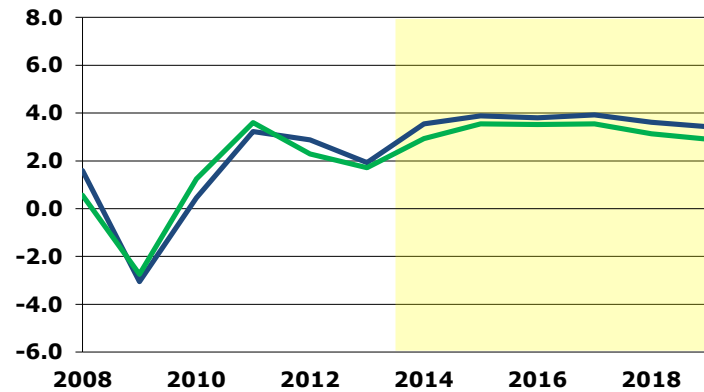
Washington

U.S.

Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)

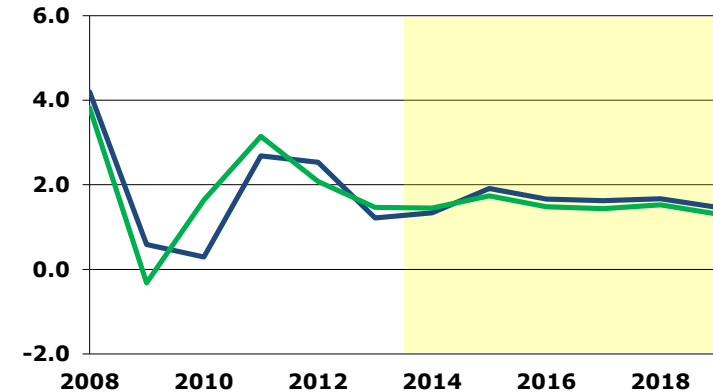
Forecast

Real personal income



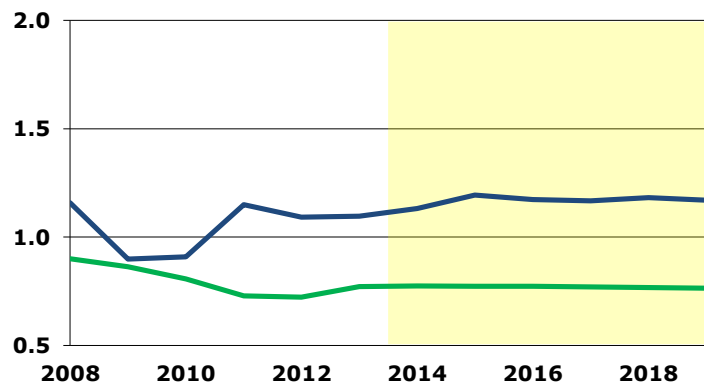
Source: Bureau of Economic Analysis 2012, ERFC 2019

Consumer price indices



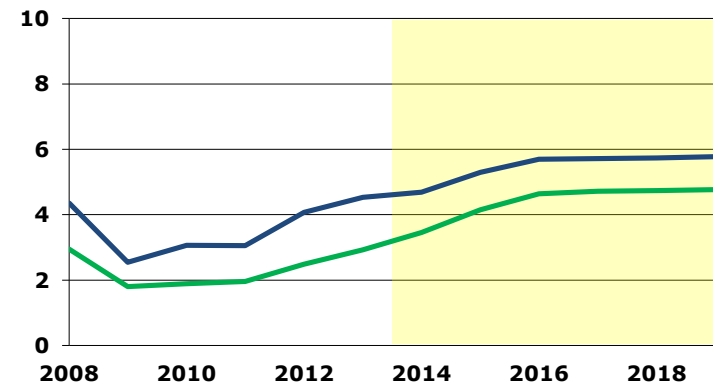
Source: Bureau of Labor Statistics 2012, ERFC 2019

Population



Source: Office of Financial Management 2010, ERFC 2019

New Housing Units Per 1,000 population (level)



Source: Census Bureau 2013, ERFC 2019

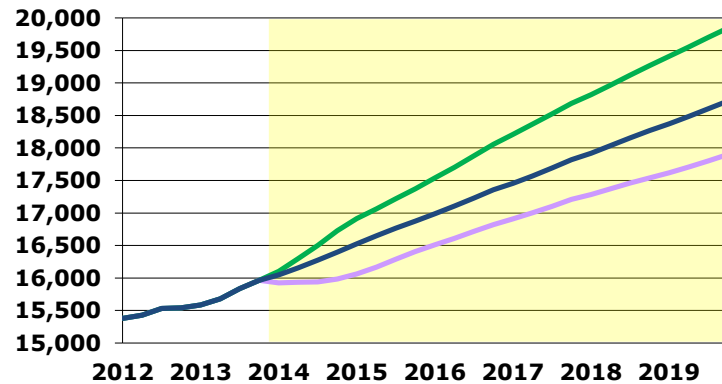
Washington

U.S.

Figure 2.8: Comparison of Alternative U.S. Economic Forecasts

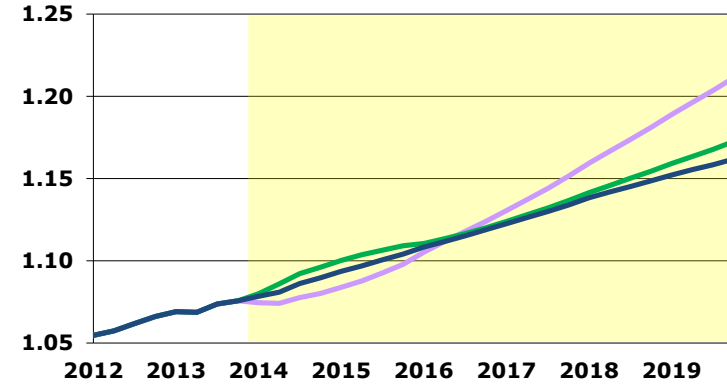
Forecast

Real GDP, billions of chained 2009 dollars



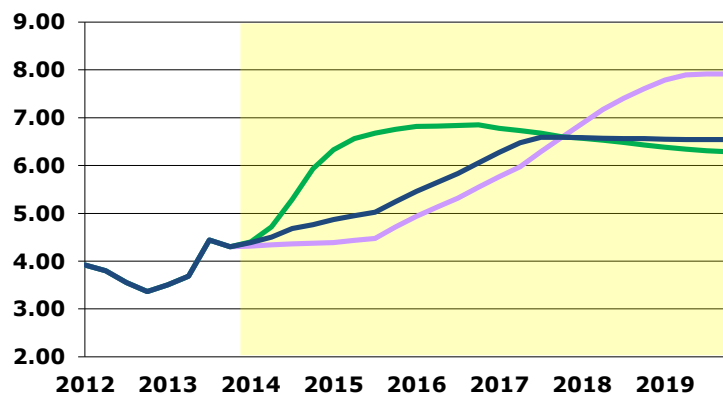
Source: Bureau of Economic Analysis 2013 Q4, ERFC 2019

Implicit price deflator, index 2009 = 1.0



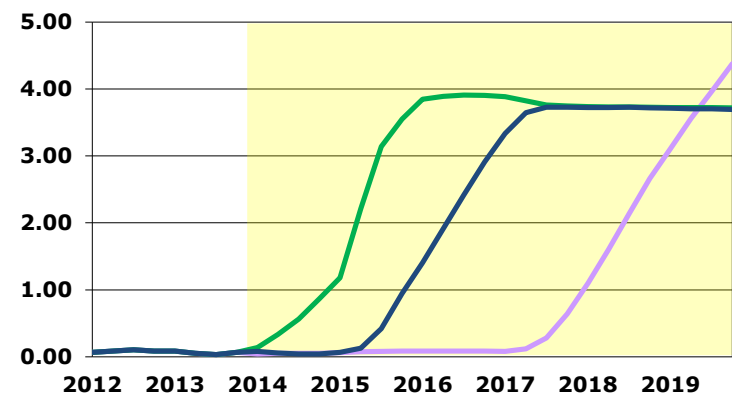
Source: Bureau of Economic Analysis 2013 Q4, ERFC 2019

Mortgage rate, percent



Source: Freddie Mac 2013 Q4, ERFC 2019

Three month T-bill rate, percent



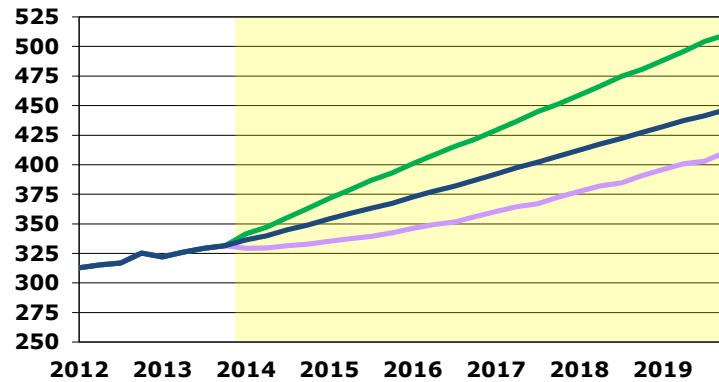
Source: Federal Reserve Board 2014 Q3, ERFC 2019

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

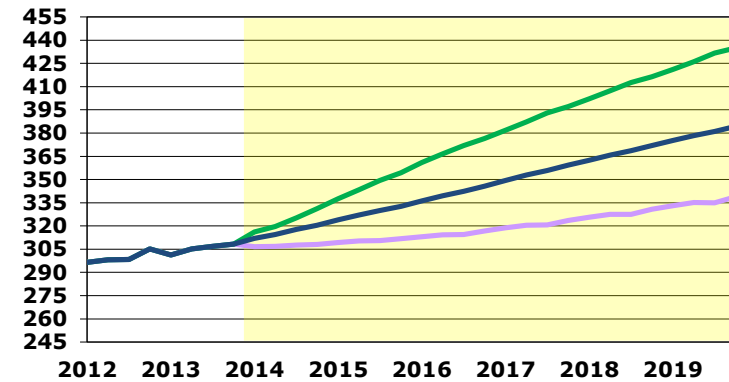
Forecast

Personal income, billions of dollars



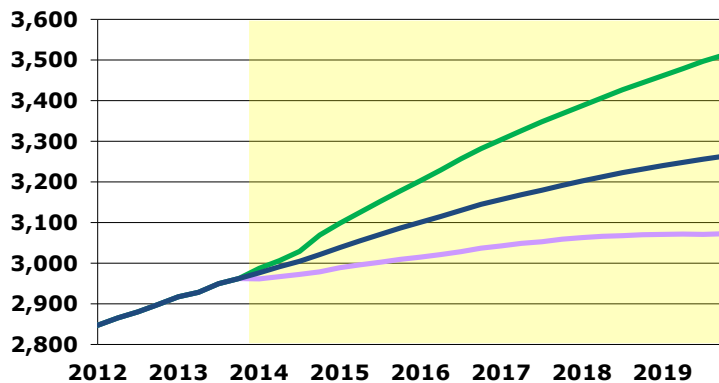
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Real personal income, billions of chained 2009 dollars



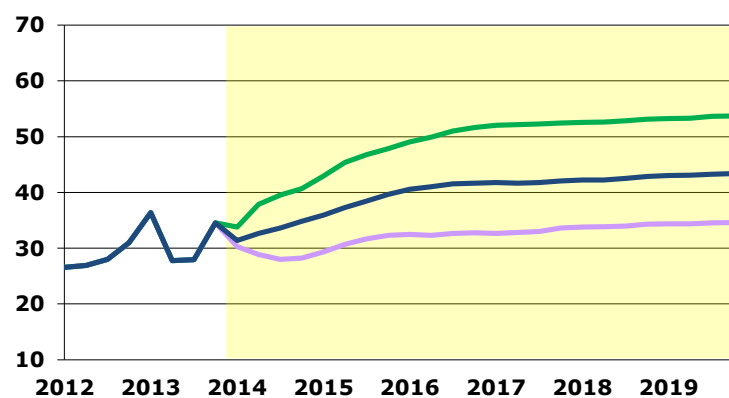
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2013 Q4, ERFC 2019

Housing permits, thousands



Source: Census Bureau 2013 Q4, ERFC 2019

■ Baseline ■ Optimistic ■ Pessimistic



Chapter 3: Washington State Revenue Forecast Summary

- **Revenue collections have been coming in very close to the November forecast, topping the forecast by only \$2 million (0.0%) over the last three months.**
- **The slight changes to the economic forecast resulted in small changes to the revenue forecast. The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$30 million. The forecast for the 2015-17 biennium was increased by \$82 million due to both economic and noneconomic factors.**
- **For the first time, revenue from cannabis sales has been incorporated into the forecast, starting with the 2015-17 biennium. Taxes and fees associated with the sales are forecasted to add \$51 million to GF-S revenue in the 2015-17 biennium and \$138 million in the 2017-19 biennium.**
- **The revenue forecast has been extended into the 2017-19 biennium. GF-S revenue for the biennium is forecasted at \$38.7 billion.**

Overview

Changes to the revenue forecast in February were very slight but positive

Revenue collections since the November 2013 forecast have been coming in very close to their forecasted amounts. Refunds of previously paid taxes, however, have been higher than expected. Without these refunds, collections would have come in slightly higher than the forecast. Final data on third-quarter taxable activity was also slightly higher than the preliminary data used in the November forecast. Because of these factors, the General Fund-State (GF-S) revenue forecast for the current biennium has been increased very slightly even though February's economic forecast was very similar to that of November. Forecasted revenue for the 2015-17 biennium was also increased slightly. Part of the 2015-17 forecast increase was due to the inclusion of estimated taxes and fees from cannabis sales for the first time since the passage of I-502. Revenue for the 2017-19 biennium was also forecasted for the first time.

GF-S forecast change by biennium (millions):

*13-15: +\$30
15-17: +\$82*

Table 3.1 summarizes the changes to the forecasts of GF-S revenue for the 2013-15 and 2015-17 biennia. As of February 10th, revenue collections for the 2013-15 biennium were \$1.7

million ahead of the November forecast. For the remainder of the biennium, changes to the economic forecast have increased forecasted revenue by \$28.6 million. The sum of these changes for the 2013-15 biennium is a forecast increase of \$30.3 million, with total biennial revenue of \$33,012.8 million. For the 2015-17 biennium, changes to the economic forecast added \$30.8 million and the addition of revenue from cannabis sales added \$51.2 million, for a total forecast increase of \$82.0 million. 2015-17 GF-S revenue is now forecasted to total \$35,696.8 million. The initial forecast of GF-S revenue for the 2017-19 biennium is \$38,710.0 million.

GF-S forecast
(\$millions):

2013-15:
\$33,013

2015-17:
\$35,697

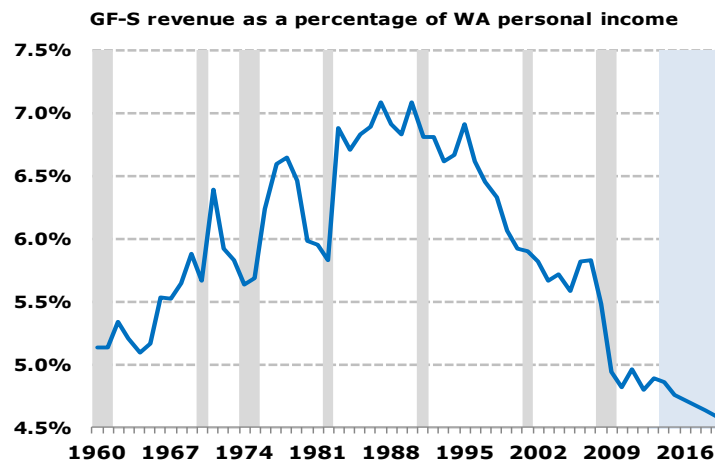
2017-19:
\$38,710

**Table 3.1: Revisions to the General Fund-State forecast
(cash basis, millions of dollars)**

	2013-15 Biennium	2015-17 Biennium
Collection Experience	\$1.7	NA
Non-Economic Change	\$0.0	\$51.2
Forecast Change	\$28.6	\$30.8
Total Change	\$30.3	\$82.0

**Figure 3.1: GF-S Revenue (Current Definition) as
Percentage of State Personal Income (Fiscal Years)**

GF-S
revenue
relative to
state
personal
income has
been on a
declining
trend since
1995



Source: ERFC, data through fiscal year 2013

The ratio of
collections to
income is at
historical
lows

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income is forecasted to reach its lowest levels in ERFC records. The ratio of revenue to income

has been on a downward trend since 1995, broken only by the housing boom that raised the ratio from 2005 to mid-2008 and by temporary taxes and transfers of funds from non-GF-S sources into the GF-S that again boosted the ratio in fiscal years 2011 and 2013. The February forecast, as shown in the light blue shaded area, has the ratio decreasing slightly in FY 2014 and a sharper decline in FY 2015. The ratio then continues to trend downward at a more gradual pace through FY 2019.

Forecast details are at the end of the chapter

The history of nominal and real GF-S revenue by biennium can be found in Table 3.3. GF-S forecast changes by agency and major revenue classification for the 2015-17 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). Forecast changes for the 2015-17 biennium can be found in Table 3.7 (cash) and Table 3.8 (GAAP). The GF-S forecast by fiscal year and major source category through FY 2019 can be found in Table 3.9.

Forecasted Revenue from Cannabis-Related Sales

The February 2014 forecast includes revenue from cannabis-related sales for the first time since passage of I-502

Initiative 502, approved by voters in the November 2012 election, legalized the sale and use of recreational cannabis and cannabis products in Washington. Legal cannabis sales, however, have yet to begin pending the finalization of rules and the issuance of licenses by the Liquor Control Board (LCB). There has also been uncertainty over the ability of financial institutions to handle proceeds and tax revenues from cannabis-related businesses without running afoul of Federal regulators. Since the November forecast, however, the U.S. Department of the Treasury has issued guidelines regarding financial institutions and their ability to work with cannabis-related businesses. The LCB is also very close to issuing licenses to grow, process and sell cannabis and cannabis products. Because of progress in these areas, this forecast includes revenues from the sale of recreational cannabis for the first time since passage of I-502. Although LCB has indicated that it expects retail sales to start in June 2014, local moratoria on cannabis businesses and other production uncertainties have the potential to impact the timing and amount of cannabis produced and sold. As a result, we have assumed retail sales will start in June 2015, with revenues being distributed starting in the 2015-17 biennium. We have estimated the growth and value of cannabis sales in state-licensed stores using research conducted for the LCB by the consultant BOTEC Analysis.

GF-S impact (\$millions):

2015-17: \$51

2017-19: \$138

I-502 establishes a cannabis excise tax of 25% to be levied at each stage of growing, processing, and selling cannabis products. These taxes, along with annual license fees, will be collected by the LCB and placed into a dedicated fund, from which revenue will be distributed quarterly after required allotments are satisfied. Details of the forecasted distributions from the account

can be found in Table 3.17. Distributions to the GF-S, which amount to 18.7% of the distributed funds, are forecasted to total \$22.9 million in the 2015-17 biennium and \$63.0 million in the 2017-19 biennium. In addition to these revenues, growers, processors and sellers will pay business and occupation (B&O) taxes and sellers will collect and remit retail sales taxes. These taxes, detailed in Table 3.18, are expected to total \$28.3 million in the 2015-17 biennium and \$75.4 million in the 2017-19 biennium. The total forecasted GF-S impact of cannabis-related sales is therefore \$51.2 million in the 2015-17 biennium and \$138.5 million in the 2017-19 biennium.

Recent Collection Experience

Cumulative receipts from major sources that are tracked monthly were \$1.7 million (0.0%) more than the November forecast

Revenue collections from the Department of Revenue (DOR), Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. In the period since the November forecast, total revenue from the above sources came in \$1.7 million (0.0%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$15.8 million (0.5%) above the forecast. Revenue from other DOR tax sources from November through January was \$15.7 million (1.3%) lower than expected.

Table 3.2: Pre-Forecast Collection Variance of Major General Fund-State Taxes by Agency (relative to the November 2013 forecast, cash basis, millions of dollars)

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$15.8	0.5%
Non Revenue Act	(\$15.7)	-1.3%
Subtotal	\$0.2	0.0%
Department of Licensing	\$0.0	4.8%
Administrative Office of the Courts	\$1.5	7.5%
Total*	\$1.7	0.0%

* Detail may not add to total due to rounding.

Source: ERFC; Period: November 11 - February 10, 2013

Most of the shortfall was due to property tax receipts, which came in \$12.8 million (1.5%) lower than forecasted. Real estate excise tax (REET) receipts came in \$7.5 million (6.1%) above the forecast. Cigarette tax receipts came in \$0.4 million (0.4%) higher than forecasted. Liquor sales and liter tax receipts were \$1.9 million (2.6%) lower than forecasted. Revenue from other DOR sources came in \$8.9 million (11.5%) lower than forecasted due to higher-than-expected refunds of unclaimed property.

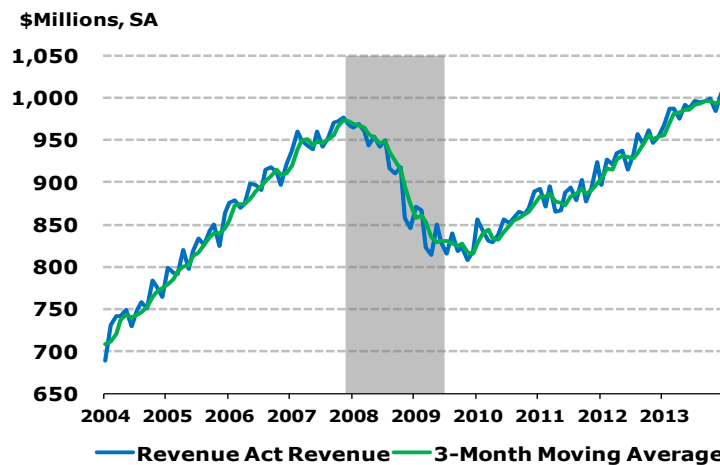
Revenue from the Department of Licensing was \$35,000 (4.8%) higher than forecasted and revenue from the Administrative Office of the Courts was \$1.5 million (7.5%) higher than forecasted.

Adjusted Revenue Act collections were up 5.9% year over year in the most recent collection period and up 3.3% in the previous period

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments. It is also adjusted for some changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. This temporary increase expired on July 1, 2013, which has decreased year-over-year growth in recent months. Adjusted for large one-time payments and refunds, receipts grew 5.9% year over year in the January 11 - February 10 collection period and 3.3% in the previous period.

Figure 3.2: Revenue Act Collections*

Seasonally adjusted Revenue Act collections remain on an upward trend

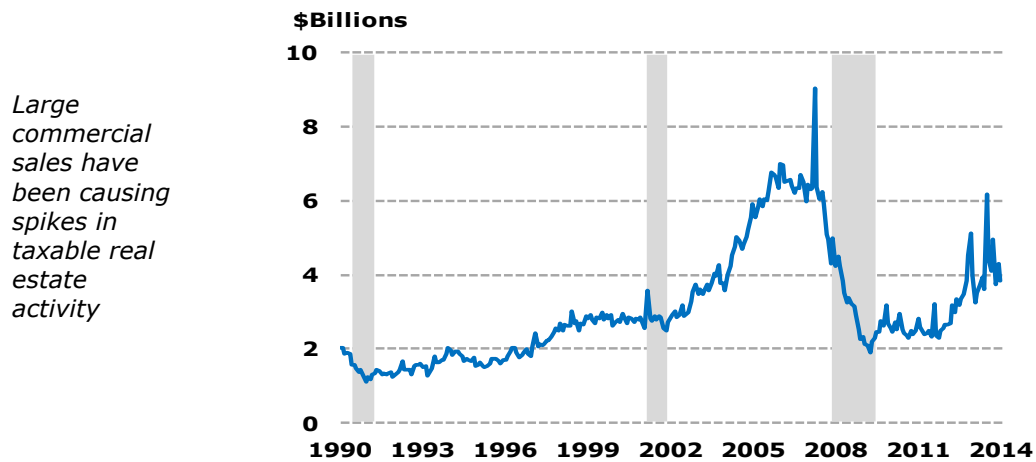


Source: ERFC; Data through February 10, 2013 preliminary allocation
*Adjusted for large payments/refunds and payment pattern change

Fourth quarter 2013 Revenue Act collections grew 4.8% year over year

Adjusted Revenue Act collections from November 11, 2013 – February 10, 2014, which primarily reflected fourth quarter 2013 taxable activity, were up 4.8% year over year. Revenue Act collections from third quarter activity (August 11 – November 10, 2013 adjusted collections) were up 5.2% year over year. Third quarter growth slowed from the 6.1% rate of the second quarter due to the expiration of the temporary business and occupation tax surcharge on July 1, 2013.

Figure 3.3: Taxable Real Estate Excise Activity, SA



Source: ERFC; data through January 2013

Large commercial sales were higher than forecasted but residential sales were lower

The large positive variance in REET collections was due to strong sales of commercial property in December and January. Sales of properties valued at \$10 million or higher totaled \$1.7 billion in those months. The sales created another spike in the chart of taxable activity, although smaller than the spikes caused by large commercial sales in July and August (see Figure 3.3). Residential sales during the period, however, were slightly weaker than forecasted.

Revenue Forecasts by Source

Department of Revenue

Taxes collected by DOR are most of GF-S taxes

The Department of Revenue (DOR) collects and administers the majority of Washington's GF-S revenue, accounting for 95% of total GF-S revenue in the 2009-11 biennium. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, cigarette tax and real estate excise tax. The revenue forecasts discussed below can be found in Tables 3.5-3.8.

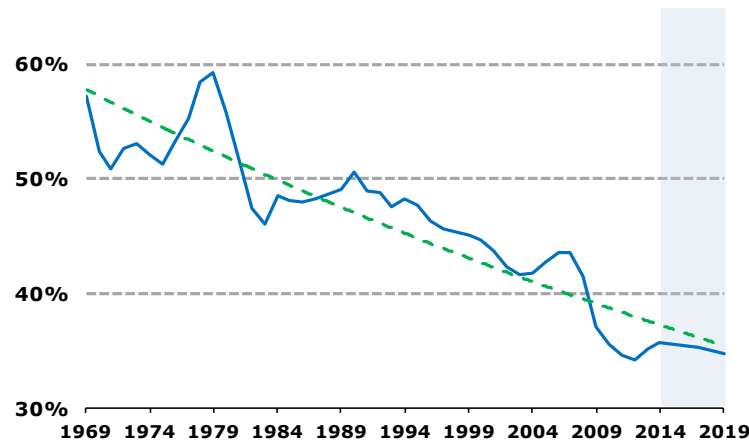
Retail sales taxes are the largest source of GF-S revenue

The retail sales tax is the largest source of GF-S revenue, accounting for 45.4% of GF-S revenue in FY 2013. The state's share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income have been declining. Their share fell sharply during the recession and continued to fall through FY 2012. In that year, an estimated 34.2% of personal income was spent on taxable items, the lowest percentage on record. The taxable

sales share of personal income grew to 35.1% in FY 2013 and is forecasted to increase to 35.8% in FY 2014, due largely to the elimination of the sales tax exemption for wired phone lines that took effect on July 1, 2013. The share is then forecasted to continue to decline through FY 2019. The historical and forecasted relationship between taxable sales and income is illustrated in Figure 3.4.

Figure 3.4: Taxable Sales* as Percentage of State Personal Income

The ratio of taxable sales to state personal income is below a declining trend



*Past tax base adjusted to represent current base. Shaded area indicates forecast
Source: ERFC; forecast through FY 2019

Retail sales tax receipt growth forecast:

FY14: 6.1%
FY15: 4.8%
FY16: 4.9%
FY17: 4.9%

After declines of 10.4% in FY 2009 and 6.0% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections up to 3.2% for the fiscal year. The growth rate of taxable activity improved from 4.1% in FY 2012 to 6.7% in FY 2013, due mainly to increasing construction activity. Continued growth in construction, along with the newly-revoked sales tax exemption on wired home phone lines, are forecasted to bring growth in taxable activity to 5.6% in FY 2014. Growth then slows to 4.6%, 4.7% and 4.8% in FY 2015, 2016 and 2017 respectively. Due to the lag between taxable activity and collections and the presence of tax deferrals, credits, refunds, and payments of past due taxes, the growth in actual collections differs from the growth in taxable activity. Growth in collections for FY 2013 was 6.3%. Forecasted FY 2014 growth is 6.1%. Growth then slows to 4.8% in FY 2015 and then rises to 4.9% in FY 2016 and FY 2017.

Business and Occupation taxes are the second largest source of GF-S revenue

The business and occupation (B&O) tax is the second largest source of GF-S revenue, accounting for 20.9% of GF-S revenue in FY 2013. It is a tax on the gross receipts of all businesses operating in Washington. The state portion of the tax applies ten different rates according to various classifications of business activities. In FY 2013, the largest contributor to total state B&O tax was the services sector, which had a gross tax rate of 1.8% (the rate reverted to 1.5% on July 1, 2013) and represented an estimated 45% of B&O taxes due. The next largest sector was retailing, which is taxed at 0.471% and represented an estimated 21% of taxes due, followed by the wholesaling sector, which is taxed at 0.484% and represented an estimated 18% of taxes due.

B&O tax growth forecast:

In FY 2013, B&O tax receipts grew by 5.8%. The expiration of the temporary increase in the B&O service tax rate, in addition to several large refunds, is forecasted to cause receipts to shrink by 1.3% in FY 2014. Growth is then forecasted to rebound to 3.7% in FY 2015, 4.9% in 2016 and 5.1% in FY 2017.

*FY14: -1.3%
FY15: 3.7%
FY16: 4.9%
FY17: 5.1%*

State property taxes are the third largest source of GF-S revenue

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.2% of total revenue in FY 2012. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S.

GF-S property tax growth forecast:

By law, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. Collections can also grow faster or slower than the rate of assessment growth due to the payment of past due taxes or nonpayment of current taxes. Property tax receipts grew by 2.1% in FY 2013 and are forecasted to grow by 1.8% in FY 2014, 2.2% in FY 2015 and 2.4% in FY 2016 and FY 2017.

*FY14: 1.8%
FY15: 2.2%
FY16: 2.4%
FY17: 2.4%*

REET was the fourth largest GF-S source in FY 2013

The real estate excise tax (REET) was the fourth largest DOR source of GF-S revenue in FY 2013, accounting for 3.4% of total revenues. The state portion of REET is 1.28% of the sales price. The tax is divided between the GF-S (92.3%), a fund for local public works (2.0%), a fund for assistance of cities and counties (1.6%) and, as of July 1, 2013, the Education Legacy Trust Account (4.1%). The tax is applied to both residential and commercial real estate, including purchases of vacant land.

REET growth forecast:

*FY14: 9.0%
FY15: -6.5%
FY16: 10.0%
FY17: 5.7%*

Due to a high number of large sales of commercial property, REET receipts grew by 34.0% in FY 2013. FY 2014 receipts have also been boosted by large commercial sales, resulting in forecasted growth of 9.0%. Despite forecasted further strengthening in residential sales, FY 2015 receipts are forecasted to fall by 6.5% due to lower commercial sales. Continued improvement in the housing market is then forecasted to increase REET collections by 10.0% in FY 2016 before slowing to 5.7% growth in FY 2017.

Use tax was the fifth largest GF-S source in FY 2013

The state use tax was the fifth largest GF-S revenue source in FY 2013 at 3.3% of total receipts. The state portion of the tax is 6.5% of the purchase price for items used in the state that were not subject to the state retail sales tax. Examples of items subject to the state use tax are goods purchased out-of-state; online and mail-order purchases, where sales tax was not collected; or purchases of used vehicles from private individuals.

Use tax growth forecast:

*FY14: 5.5%
FY15: 2.5%
FY16: 4.9%
FY17: 4.3%*

Use tax receipts grew by 7.8% in FY 2013, boosted by growing sales of used vehicles. Growth is forecasted to slow to 5.5% in FY 2014 and then to slow further to 2.5% in FY 2015. Growth is then forecasted to increase to 4.9% in FY 2016, slowing slightly to 4.3% growth in FY 2017.

The cigarette tax was the sixth largest GF-S source in FY 2013

The state tax on cigarettes was the sixth largest DOR GF-S revenue source in FY 2013 at 2.6% of total receipts. Prior to FY 2010, the tax made up a much smaller portion of GF-S revenue because much of the tax was dedicated to non-GF-S accounts. In FY 2010, all of the tax except the portion dedicated to the Education Legacy Trust account was redirected to the GF-S, and in FY 2011 all of the cigarette tax was redirected to the GF-S. The current tax rate, which took effect May 1, 2010, is \$3.025 per pack of 20 cigarettes.

Cigarette tax growth forecast:

*FY14: -2.2%
FY15: -0.5%
FY16: -1.8%
FY17: -3.1%*

The total number of taxed cigarettes has been on a downward trend due to a continuing decline in the number of smokers. Recently, the rate of decline has been increasing further due to increased consumption of e-cigarettes, which are not subject to the cigarette tax but are subject to retail sales taxes. Due to a January 1st, 2014 increase in Oregon's cigarette tax, the forecast includes a slight decrease in the number of cigarettes purchased in Oregon by Washington residents to avoid Washington's higher cigarette tax. Even with the lower estimate of bootleg sales, FY 2014 receipts are still forecasted to decrease by 2.2%. Receipts are then forecasted to decline by 0.5% in FY 2015, 1.8% in FY 2016 and 3.1% in FY 2017.

Public utility taxes were the seventh largest GF-S source in FY 2013

Public utility taxes were the seventh largest DOR source of GF-S revenue in FY 2013, bringing in 2.4% of total receipts. The tax applies to the gross income of sales to consumers by public and privately owned utilities and is in lieu of the B&O tax. The largest source of public utility taxes is the 3.873% tax on the

distribution and generation of electrical power, followed by the 3.852% tax on the distribution of natural gas.

*Growth
forecast:*

*FY14: 2.6%
FY15: 5.9%
FY16: 5.8%
FY17: 5.3%*

Public utility tax receipts grew by a scant 0.1% in FY 2013 due to stable or declining prices for natural gas and electricity. Forecasted increases in the prices of natural gas and electricity are expected to increase receipts by 2.6% in FY 2014. Further increases in utility prices coupled with increased housing construction are forecasted to produce growth rates of 5.9% in FY 2015, 5.8% in FY 2016 and 5.3% in FY 2017.

Department of Licensing

*Forecast
change by
biennium
(millions):*

*13-15: \$1.0
15-17: \$0.7*

The majority of GF-S revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The forecast of GF-S revenue for the 2013-15 biennium has been increased \$1.0 million to \$35.9 million and the forecast for the 2015-17 biennium has been increased \$0.7 million to \$36.2 million. The forecasts were increased due to increases in the forecasts of boat excise taxes and registration fees. The department's initial forecast of revenue for the 2017-19 biennium is \$37.3 million.

The Office of Financial Management (Other Agencies)

*Forecast
change by
biennium
(millions):*

*13-15: \$12.6
15-17: \$14.2*

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's forecast for the 2013-15 biennium was increased \$12.6 million to \$191.7 million and the forecast for the 2015-17 biennium was increased \$14.2 million to \$169.1 million. Most of the forecast increases were due to increases in the forecasts of permit and fee revenue from the Department of Financial Institutions. The office's initial forecast of revenue for the 2017-19 biennium is \$181.0 million.

State Treasurer

*Forecast
change by
biennium
(millions):*

*13-15: \$2.1
15-17: \$15.8*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's forecast for the 2013-15 biennium has been increased \$2.1 million to negative \$6.7 million. The forecasted revenue is negative because the average daily balance of accounts that earn interest that goes into the GF-S is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office. The forecast for the 2015-17 biennium has been increased \$15.8 million to \$7.2 million. Forecast

increases in both biennia were mainly due to increases in forecasted average fund balances. The office's initial forecast of revenue for the 2017-19 biennium is \$33.1 million.

Insurance Commissioner

*Forecast
change by
biennium
(millions):*

13-15: -\$5.4
15-17: -\$7.3

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's forecast of GF-S revenue for the 2013-15 biennium has been decreased \$5.4 million to \$938.5 million and its forecast for the 2015-17 biennium has been decreased \$7.3 million to \$1,000.7 million. The forecast changes were due to an increased forecast of credits claimed by insurers. The office's initial forecast of revenue for the 2017-19 biennium is \$1,080.8 million.

Liquor Control Board

*Forecast
change by
biennium
(millions):*

13-15: -\$1.1
15-17: \$23.9

Historically, the Liquor Control Board generated GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. Under Initiative 1183, however, which was passed in November 2011, the Liquor Control Board no longer operates liquor stores as of June 1, 2012. The board will still collect new distributors' and retailers' fees created by the initiative, a portion of which will be passed on to the GF-S. The Liquor Control Board is also now responsible for the collection of excise taxes and fees associated with the legalized the sale and use of recreational cannabis discussed above. The forecast of total revenue for the 2013-15 biennium has been decreased \$1.1million to \$246.6 million. The forecast of revenue for the 2015-17 biennium has been increased \$23.9 million to \$230.9 million. \$1.1 million of the increase was due to economic factors and \$22.9 million was from estimated cannabis excise taxes and license fees. The initial forecast of revenue for the 2017-19 biennium is \$289.6 million, \$63.0 million of which is forecasted to come from cannabis excise taxes and license fees.

Lottery Commission

*For the first
time since
legislative
changes in
2010, Lottery
sales in FY
2013 reached
a threshold
that allows
transfers of
funds to the
GF-S*

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and several smaller accounts received their allotments was transferred to the GF-S. Under the 2010 legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts were maintained, but the

remaining revenue, which represents the bulk of the proceeds, are transferred almost entirely to the Washington Opportunity Pathways Account (OPA). The exception is that when total profits from all Washington-only games plus the Powerball game exceed \$102 million per year, the amount above \$102 million gets transferred to the GF-S. In FY 2013, large Powerball jackpots pushed sales above the threshold, resulting in a \$9.3 million payment to the GF-S in FY 2014. Profits are forecasted to exceed the threshold again in FY 2014, resulting in a transfer of \$1.1 million during FY 2015. Additional GF-S transfers totaling \$2.7 million are forecasted for the 2015-17 biennium and \$6.7 million for the 2017-19 biennium.

*Washington
Opportunities
Pathways
Account
forecast
change by
biennium
(millions):*

13-15: -\$3.2
15-17: -\$0.6

The OPA receives all profits (excluding statutory transfers) from Washington-only lottery games plus all profits from the Mega Millions game. The forecast of transfers for the 2013-15 biennium has been decreased \$3.2 million to \$226.1 million, and the forecast for the 2015-17 biennium has been decreased \$0.6 million to \$236.0 million. The initial forecast of transfers to OPA in the 2017-19 biennium is \$236.4 million. In addition to the transfers described above, legislation from the 2013 second special session also required the transfer of \$12.1 million in Lottery proceeds to the Education Legacy Trust Account in the 2013-15 biennium. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.14 on a cash basis and Table 3.15 on a GAAP basis.

Administrative Office of the Courts

*Forecast
change by
biennium
(millions):*

13-15: \$1.1
15-17: -\$0.5

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties and transfers this revenue to the GF-S on a monthly basis. The forecast of transfers to the GF-S for the 2013-15 biennium has been increased \$1.1 million to \$172.2 million and the forecast for the 2015-17 biennium has been decreased \$0.5 million to \$182.6 million. The initial forecast of transfers for the 2017-19 biennium is \$194.3 million.

Track Record for the 2013-15 Biennium

*The February
forecast is
\$554 million
(1.7%) higher
than the initial
February 2012
forecast*

Table 3.10 summarizes the historical changes to the GF-S revenue forecast for the 2013-15 biennium. The February 2012 forecast was the initial forecast for the biennium. The February 2014 forecast for the biennium is \$584 million (1.8%) higher than the initial forecast. Non-economic changes have increased the forecast by \$368 million (1.1%). Excluding non-economic changes, the current forecast is \$216 million (0.7%) higher than the initial forecast. The current forecast is \$228 million (0.7%) higher than the sum of the June 2013 forecast and the \$123 million in legislated revenue increases from the June 2013

second special session that were the basis of the initial budget for the 2013-15 biennium.

Track Record for the 2015-17 Biennium

The February forecast is \$179 million (0.5%) higher than the initial February 2012 forecast

Table 3.11 summarizes the historical changes to the GF-S revenue forecast for the 2015-17 biennium. The September 2013 forecast was the initial forecast for the biennium. The February 2014 forecast for the biennium is \$179 million (0.5%) higher than the initial forecast. Non-economic changes have increased the forecast by \$252 million (0.7%). Excluding non-economic changes, the current forecast is \$73 million (0.2%) lower than the initial forecast.

The Relationship between the Cash and GAAP General Fund-State Revenue Forecasts

GAAP forecasts are based on the period in which the revenue is earned rather than received

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GF-S revenue forecast on both a cash and GAAP basis. The GAAP forecasts of GF-S revenue for the 2011-13 and 2013-15 biennia are presented in Tables 3.6 and 3.8 respectively, and the GAAP forecast of Lottery revenue transfers for both biennia is in Table 3.15. The primary difference between the cash and GAAP forecasts is the timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, figures from revenue tables other than Tables 3.6, 3.8 and 3.15 are projected on a cash basis.

Budgetary Balance Sheet for the 2013-15 Biennium

The balance sheet now shows projected spending and resources for the GF-S and the total state budget

Table 3.12 shows the budgetary balance sheet for the 2013-15 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. The balance sheet has now been expanded to show not only projected GF-S spending and resources but also total projected spending and resources for the GF-S plus the other main non-transportation state-funded accounts: the Education Legacy Trust Account (ELTA) and the Washington Opportunity Pathways Account (OPA).

The forecast implies GF-S reserves of \$957 million at the end of the 2013-15 biennium and \$1 billion in reserves for GF-S, ELTA and OPA

As shown in Table 3.12, there was a beginning fund balance of \$167.5 million for the GF-S at the end of the 2011-13 biennium and the total balance for GF-S, ELTA and OPA stood at \$156.4 million. Based on the February 2014 revenue forecast and currently enacted budgets, total GF-S reserves are projected to be \$956.9 million at the end of the 2013-15 biennium. The projected total GF-S reserves are comprised of a GF-S ending balance of \$374.7 million and a balance of \$582.2 million in the Budget Stabilization Account. Projected combined reserves for the ELTA and OPA are \$66.5 million, for total projected reserves of \$1,023.3 million for GF-S, ELTA and OPA at the end of the 2013-15 biennium.

Alternative Forecasts for the 2013-15 Biennium

Optimistic scenario:

+\$1.74 billion

Pessimistic scenario:

-\$1.72 billion

Chapter 2 outlines optimistic and pessimistic economic scenarios relative to the baseline economic forecast. The forecast assigns a probability of 55% to the baseline forecast, 15% to a scenario based on the upside risks and 30% to a scenario based on the downside risks. The revenue implications of these alternative scenarios for the 2013-15 biennium are shown in Table 3.13. For the biennium, the optimistic forecast generates \$34,750.5 million in revenue, \$1,737.7 (5.3%) million more than the baseline scenario, while the pessimistic forecast produces \$31,290.8 million in revenue, \$1,722.0 (5.2%) million less than the baseline.

Near General Fund Forecasts for the 2013-15 - 2017-19 Biennia

Near General Fund Forecast:

*2013-15:
\$33,422.8
million*

*2015-17:
\$36,092.9
million*

*2017-19:
\$39,090.1
million*

"Near General Fund" accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The Near General Fund forecast for the 2013-15 biennium is \$33,422.8 million, \$63.7 million more than the November forecast and the forecast for the 2015-17 biennium is \$36,092.9 million, \$81.0 million more than the November forecast. The initial forecast of Near General Fund revenue for the 2017-19 biennium is \$39,090.1 million. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.16.

Table 3.3
General Fund-State collections*
(millions of dollars, cash basis)

Biennium	Current Dollars	Percent Change	2009 Chained Dollars	Percent Change
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,767.4	16.7%
1971-73	1,922.1	10.9%	7,971.9	2.6%
1973-75	2,372.4	23.4%	8,500.3	6.6%
1975-77	3,395.0	43.1%	10,581.0	24.5%
1977-79	4,490.0	32.3%	12,284.6	16.1%
1979-81	5,356.4	19.3%	12,197.5	-0.7%
1981-83	6,801.4	27.0%	13,492.9	10.6%
1983-85	8,202.4	20.6%	15,008.6	11.2%
1985-87	9,574.6	16.7%	16,528.5	10.1%
1987-89	10,934.1	14.2%	17,618.8	6.6%
1989-91	13,309.0	21.7%	19,773.1	12.2%
1991-93	14,862.2	11.7%	20,789.3	5.1%
1993-95	16,564.6	11.5%	22,140.6	6.5%
1995-97	17,637.7	6.5%	22,630.2	2.2%
1997-99	19,620.1	11.2%	24,520.7	8.4%
1999-01	21,262.1	8.4%	25,588.4	4.4%
2001-03	21,140.7	-0.6%	24,595.8	-3.9%
2003-05	23,388.5	10.6%	26,077.6	6.0%
2005-07	27,772.0	18.7%	29,316.5	12.4%
2007-09	27,703.0	-0.2%	27,888.8	-4.9%
2009-11	28,218.1	1.9%	27,708.4	-0.6%
2011-13	30,657.0	8.6%	28,948.6	4.5%
2013-15 ^F	33,012.8	7.7%	30,443.2	5.2%
2015-17 ^F	35,696.8	8.1%	32,058.5	5.3%
2017-19 ^F	38,710.0	9.1%	33,861.2	5.9%

^F February 2014 Forecast.

*Total General Fund-State revenue and transfers. Cash basis; includes rate base and administrative changes. Modified cash basis: 1985-87 and prior; pure cash basis: 1987-89 and after. May not be comparable because the collection totals include the impact of rate, base and administrative changes.

Source: Department of Revenue, the Office of Financial Management and the Economic and Revenue Forecast Council 's February 2014 forecast.

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal Year	Amount	Percent Change
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012	106,036	4.1%
2013	113,173	6.7%
2014 ^F	119,508	5.6%
2015 ^F	124,982	4.6%
2016 ^F	130,903	4.7%
2017 ^F	137,161	4.8%
2018 ^F	143,529	4.6%
2019 ^F	149,192	3.9%

^F February 2014 forecast
Source: ERFC

* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Reported totals affected by enacted legislation. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984); extension of the sales tax base to candy, gum and bottled water (June 1 - December 2, 2010).

Table 3.5

Comparison of the General Fund-State forecast by agency

2013-15 biennium; cash basis

(millions of dollars)

Forecast by Agency	Nov. 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Feb. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,579.9	\$0.0	\$3.7	\$15,583.6	\$3.7
Business & Occupation	6,610.8	0.0	40.0	6,650.8	40.0
Use	1,101.0	0.0	5.9	1,106.9	5.9
Public Utility	793.8	0.0	6.4	800.1	6.4
Liquor Sales/Liter	516.3	0.0	(9.9)	506.3	(9.9)
Cigarette	804.9	0.0	(11.3)	793.6	(11.3)
Property (State Levy)	3,964.9	0.0	(15.8)	3,949.1	(15.8)
Real Estate Excise	1,126.4	0.0	1.4	1,127.9	1.4
Timber Excise	5.8	0.0	(0.2)	5.6	(0.2)
Other	899.8	0.0	0.3	900.1	0.3
Subtotal	31,403.5	0.0	20.6	31,424.1	20.6
Department of Licensing					
Boat excise, licenses, fees & other	35.0	0.0	1.0	35.9	1.0
Insurance Commissioner					
Insurance Premiums	943.9	0.0	(5.4)	938.5	(5.4)
Liquor Control Board					
Liquor Profits and Fees	194.4	0.0	(1.0)	193.4	(1.0)
Beer & Wine Surtax	53.3	0.0	(0.1)	53.2	(0.1)
Lottery Commission					
Lottery Revenue	10.8	0.0	(0.4)	10.4	(0.4)
State Treasurer					
Interest Earnings	(8.7)	0.0	2.1	(6.7)	2.1
Office of Financial Management					
Other	179.1	0.0	12.6	191.7	12.6
Administrative Office of the Courts					
Fines and Forfeitures	171.1	0.0	1.1	172.2	1.1
Total General Fund-State *	\$32,982.4	\$0.0	\$30.3	\$33,012.8	\$30.3

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council November 2013.² Forecast for the 2013-15 biennium, adopted February 19, 2014.

*Detail may not add to totals because of rounding.

Source: ERFC, Department of Licensing, Insurance Commissioner, Lottery Commission, Office of the State Treasurer, Liquor Control Board, Office of Financial Management

Table 3.6

Comparison of the General Fund-State forecast by agency

2013-15 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Nov. 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Feb. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,554.5	\$0.0	\$3.7	\$15,558.2	\$3.7
Business & Occupation	6,599.8	0.0	45.0	6,644.8	45.0
Use	1,099.1	0.0	5.9	1,105.0	5.9
Public Utility	792.8	0.0	6.4	799.2	6.4
Liquor Sales/Liter	516.3	0.0	(9.9)	506.3	(9.9)
Cigarette	805.1	0.0	(11.2)	793.8	(11.2)
Property (State Levy)	3,944.8	0.0	(15.8)	3,929.0	(15.8)
Real Estate Excise	1,124.9	0.0	2.1	1,127.0	2.1
Timber Excise	5.9	0.0	(0.2)	5.7	(0.2)
Other	899.4	0.0	0.2	899.6	0.2
Subtotal	31,342.5	0.0	26.2	31,368.7	26.2
Department of Licensing					
Boat excise, licenses, fees & other	35.0	0.0	1.0	35.9	1.0
Insurance Commissioner					
Insurance Premiums	943.9	0.0	(5.4)	938.5	(5.4)
Liquor Control Board					
Liquor Profits and Fees	194.4	0.0	(1.0)	193.4	(1.0)
Beer & Wine Surtax	53.3	0.0	(0.1)	53.2	(0.1)
Lottery Commission					
Lottery Revenue	1.5	0.0	2.1	3.6	2.1
State Treasurer					
Interest Earnings	(9.2)	0.0	2.1	(7.1)	2.1
Office of Financial Management					
Other	179.1	0.0	12.6	191.7	12.6
Administrative Office of the Courts					
Fines and Forfeitures	171.1	0.0	1.1	172.2	1.1
Total General Fund-State *	\$32,911.6	\$0.0	\$38.5	\$32,950.1	\$38.5

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council November 2013.² Forecast for the 2013-15 biennium, adopted February 19, 2014.

*Detail may not add to totals because of rounding.

Source: ERFC, Department of Licensing, Insurance Commissioner, Lottery Commission, Office of the State Treasurer, Liquor Control Board, Office of Financial Management

Table 3.7

Comparison of the General Fund-State forecast by agency

2015-17 biennium; cash basis

(millions of dollars)

Forecast by Agency	Nov. 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Feb. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$17,099.7	\$25.8	\$15.3	\$17,140.8	\$41.1
Business & Occupation	7,265.2	2.5	19.5	7,287.2	22.1
Use	1,198.1	0.0	3.5	1,201.6	3.5
Public Utility	883.1	0.0	11.2	894.3	11.2
Liquor Sales/Liter	509.8	0.0	(5.9)	503.9	(5.9)
Cigarette	791.2	0.0	(25.5)	765.7	(25.5)
Property (State Levy)	4,144.5	0.0	(7.4)	4,137.1	(7.4)
Real Estate Excise	1,242.2	0.0	(9.1)	1,233.1	(9.1)
Timber Excise	6.9	0.0	(0.1)	6.8	(0.1)
Other	893.4	0.0	3.4	896.8	3.4
Subtotal	34,034.1	28.3	5.0	34,067.4	33.3
Department of Licensing					
Boat excise, licenses, fees & other	35.6	0.0	0.7	36.2	0.7
Insurance Commissioner					
Insurance Premiums	1,008.0	0.0	(7.3)	1,000.7	(7.3)
Liquor Control Board					
Liquor Profits and Fees	154.1	22.9	1.0	178.0	23.9
Beer & Wine Surtax	52.8	0.0	0.0	52.9	0.0
Lottery Commission					
Lottery Revenue	0.8	0.0	1.9	2.7	1.9
State Treasurer					
Interest Earnings	(8.6)	0.0	15.8	7.2	15.8
Office of Financial Management					
Other Agencies	154.9	0.0	14.2	169.1	14.2
Administrative Office of the Courts					
Fines and Forfeitures	183.1	0.0	(0.5)	182.6	(0.5)
Total General Fund-State *	\$35,614.9	\$51.2	\$30.8	\$35,696.8	\$82.0

¹ Forecast for the 2015-17 biennium adopted by the Economic and Revenue Forecast Council November 2013.² Forecast for the 2015-17 biennium, adopted February 19, 2014.

*Detail may not add to totals because of rounding.

Source: ERFC, Department of Licensing, Insurance Commissioner, Lottery Commission, Office of the State Treasurer, Liquor Control Board, Office of Financial Management

Table 3.8

Comparison of the General Fund-State forecast by agency

2015-17 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Nov. 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Feb. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$17,099.7	\$25.8	\$15.3	\$17,140.8	\$41.1
Business & Occupation	7,265.2	2.5	19.5	7,287.2	22.1
Use	1,198.1	0.0	3.5	1,201.6	3.5
Public Utility	883.1	0.0	11.2	894.3	11.2
Liquor Sales/Liter	509.8	0.0	(5.9)	503.9	(5.9)
Cigarette	791.2	0.0	(25.5)	765.7	(25.5)
Property (State Levy)	4,144.5	0.0	(7.4)	4,137.1	(7.4)
Real Estate Excise	1,242.2	0.0	(9.1)	1,233.1	(9.1)
Timber Excise	6.9	0.0	(0.0)	6.9	(0.0)
Other	893.4	0.0	3.4	896.8	3.4
Subtotal	34,034.1	28.3	5.0	34,067.4	33.3
Department of Licensing					
Boat excise, licenses, fees & other	35.6	0.0	0.7	36.2	0.7
Insurance Commissioner					
Insurance Premiums	1,008.0	0.0	(7.3)	1,000.7	(7.3)
Liquor Control Board					
Liquor Profits and Fees	154.1	22.9	1.0	178.0	23.9
Beer & Wine Surtax	52.8	0.0	0.0	52.9	0.0
Lottery Commission					
Lottery Revenue	0.8	0.0	0.7	1.5	0.7
State Treasurer					
Interest Earnings	(8.4)	0.0	16.9	8.5	16.9
Office of Financial Management					
Other	154.9	0.0	14.2	169.1	14.2
Administrative Office of the Courts					
Fines and Forfeitures	183.1	0.0	(0.5)	182.6	(0.5)
Total General Fund-State *	\$35,615.0	\$51.2	\$30.7	\$35,696.9	\$81.9

¹ Forecast for the 2015-17 biennium adopted by the Economic and Revenue Forecast Council November 2013.² Forecast for the 2015-17 biennium, adopted February 19, 2014.

*Detail may not add to totals because of rounding.

Source: ERF, Department of Licensing, Insurance Commissioner, Lottery Commission, Office of the State Treasurer, Liquor Control Board, Office of Financial Management

Table 3.9

February 2014 General Fund-State forecast
2013-15 to 2017-19 biennia; cash basis
(Millions of Dollars)

Forecast by Source	Fiscal 2014	Fiscal 2015	2013-15 Biennium	Fiscal 2016	Fiscal 2017	2015-17 Biennium	Fiscal 2018	Fiscal 2019	2017-19 Biennium
State Taxes									
Retail sales**	\$7,609.1	\$7,974.6	\$15,583.6	\$8,365.9	\$8,775.0	\$17,140.8	\$9,186.1	\$9,553.7	\$18,739.7
Business & occupation	3,264.8	3,386.0	6,650.8	3,552.9	3,734.3	7,287.2	3,917.4	4,095.3	8,012.7
Use**	546.5	560.4	1,106.9	588.1	613.5	1,201.6	637.6	662.3	1,299.9
Public Utility	388.5	411.6	800.1	435.6	458.7	894.3	482.3	500.9	983.3
Liquor sales/liter	249.0	257.4	506.3	248.0	255.8	503.9	263.1	270.4	533.5
Beer & wine surtax	26.9	26.3	53.2	26.4	26.4	52.9	26.4	26.5	52.9
Cigarette	406.1	404.1	810.2	397.2	385.3	782.5	374.3	364.5	738.8
Tobacco products	46.9	46.5	93.4	46.9	47.3	94.3	47.7	48.1	95.8
Cannabis Excise Taxes	0.0	0.0	0.0	5.2	16.8	22.0	27.7	34.5	62.2
Property (state school levy)	1,952.8	1,996.3	3,949.1	2,044.3	2,092.9	4,137.1	2,142.1	2,194.9	4,337.0
Leasehold Excise Tax	28.7	29.2	57.9	29.7	30.2	59.9	30.6	30.9	61.5
Public utility district	48.6	49.2	97.7	49.6	50.0	99.6	50.3	50.7	101.0
Brokered Natural Gas	28.3	28.6	56.9	28.8	28.9	57.7	29.0	29.0	58.0
Real estate excise***	582.9	544.9	1,127.9	599.5	633.6	1,233.1	653.3	685.1	1,338.4
Timber excise	2.6	3.0	5.6	3.3	3.5	6.8	3.6	3.7	7.3
Estate/inheritance	0.3	0.1	0.4	0.1	0.0	0.1	0.0	0.0	0.0
Boat excise	13.1	12.7	25.9	12.8	12.8	25.6	12.8	12.9	25.7
Insurance premiums	456.4	482.1	938.5	493.1	507.6	1,000.7	528.9	551.8	1,080.8
Penalties and interest on past due taxes	129.4	134.6	264.0	140.6	146.8	287.4	153.3	160.1	313.4
Other	71.3	71.9	143.2	53.6	54.7	108.3	55.8	34.5	90.3
Total Taxes	15,852.2	16,419.6	32,271.8	17,121.7	17,874.2	34,995.9	18,622.3	19,309.7	37,932.1
State Non-Tax Sources									
Licenses, permits, fees	125.5	126.5	252.0	127.1	128.2	255.2	129.6	130.1	259.7
Liquor profits & fees***	123.8	69.6	193.4	76.6	79.4	156.0	84.6	89.9	174.5
Earnings on investments	(3.0)	(3.7)	(6.7)	(2.6)	9.9	7.2	15.7	17.4	33.1
Administrative Office of the Courts	85.6	86.6	172.2	89.7	92.9	182.6	95.7	98.6	194.3
Transfers of unclaimed property	57.1	57.1	114.2	57.5	58.0	115.5	58.6	59.3	117.9
Other revenue & transfers	19.0	(3.1)	15.9	(5.6)	(10.0)	(15.6)	(11.7)	10.2	(1.5)
Total Non-Tax	407.9	333.0	740.9	342.6	358.3	701.0	372.6	405.4	778.0
Total General Fund-State *	\$16,260.2	\$16,752.6	\$33,012.8	\$17,464.3	\$18,232.5	\$35,696.8	\$18,994.9	\$19,715.1	\$38,710.0

a - Actual

* Detail may not add to totals due to rounding

**GFS portion after Initiative 900 transfer

***Includes cannabis license fees after FY 2015

Table 3.10

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

February 2012 through February 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 2010	(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
Total change***:						
From February 2012	147	70	216	368	584	
Percent change	0.5	5.3	0.7	1.1	1.8	

* 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 2011-13 biennium.

#1 Effects of legislation from 2012 special sessions subsequent to February forecast

#2 Expected refunds: -\$55 million; effects of legislation from 2013 regular and first special sessions: -\$29,000

#3 Legislative and budget-driven revenue changes from 2013 second special session

#4 Reclassification of biennial recoveries of prior expenditures from revenue to non-revenue resources, MSA arbitration payment

Table 3.11

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

September 2012 through February 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) #1	51	35,357
September 2013	95	(2)	93	249 #2	342	35,699
November 2013	(47)	3	(44)	(41) #3	(85)	35,615
February 2014	5	26	31	51 #4	82	35,697
Total change***:						
From September 2012	(179)	105	(73)	252	179	
Percent change	(0.5)	7.4	(0.2)	0.7	0.5	

* 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 2015-17 biennium.

#1 Transfer of GF-S funds to Child and Family Reinvestment Account

#2 Legislative and budget-driven revenue changes from 2013 second special session

#3 Re-classification of prior period adjustments as non-revenue resources

#4 Cannabis excise taxes and fees plus retail sales and B&O taxes on cannabis production and sales resulting from Initiative 502

Table 3.12

2013-15 Enacted Budget Balance Sheet

Including November 2013 Legislative Session

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
November 2013 Forecast	32,982.4	593.9	33,576.4
February Revenue Update (Economic Change)	30.3	30.1	60.4
Current Revenue Totals	33,012.8	624.0	33,636.8
Transfer to Budget Stabilization Account	(311.8)	-	(311.8)
Enacted Fund Transfers	131.5	289.3	420.8
Prior Period Adjustments	40.8	-	40.8
Total Resources (including beginning fund balance)	33,040.7	902.2	33,942.9
EXPENDITURES			
Enacted Budgets			
Enacted 2013-15 Budgets	32,795.5	835.8	33,631.3
EHB 2088 - (Aerospace Appropriations)	10.5	-	10.5
Reversions			
Assumed Reversions in 2013-15	(140.0)	-	(140.0)
Total Expenditures	32,666.0	835.8	33,501.8
RESERVES			
Projected Ending GFS, ELTA & OPA Balances	374.7	66.5	441.2
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	269.7	-	269.7
Transfer from General Fund and Interest Earnings	312.5	-	312.5
Projected Budget Stabilization Account Ending Balance	582.2	-	582.2
Total Reserves (Including Budget Stabilization)	956.9	66.5	1,023.3

Table 3.13

**Alternative forecasts compared to the baseline forecast
2013-15 biennium**

(cash basis, millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$16,578.7	\$15,583.6	\$14,616.7
Business & Occupation Use	7,038.7	6,650.8	6,266.7
Public Utility	1,178.7	1,106.9	1,036.6
Property (school levy)	841.5	800.1	756.7
Real Estate Excise	3,964.4	3,949.1	3,927.3
Other	1,306.4	1,127.9	1,015.8
Subtotal	2,189.0	2,205.6	2,136.6
	33,097.3	31,424.1	29,756.4
Department of Licensing			
	36.7	35.9	35.2
Insurance Commissioner¹			
	962.0	938.5	915.0
Lottery Commission			
	11.0	10.4	9.9
State Treasurer - Interest earnings			
	3.8	(6.7)	(5.5)
Liquor Surtaxes & Fees²			
	258.9	246.6	234.3
Office of Financial Management			
Other agencies	198.2	191.7	185.2
Administrative Office of the Courts			
Fines and Forfeitures	176.7	172.2	166.8
Total General Fund - State*	\$34,744.5	\$33,012.8	\$31,297.3
Difference from February 2014 Baseline	\$1,731.8		(\$1,715.5)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax, distributor fees, retailer fees, licensing fees.

* Detail may not add to total due to rounding.

Source: ERFC, Department of Licensing, Insurance Commissioner, Lottery Commission, Office of the State Treasurer, Liquor Control Board, Office of Financial Management

Table 3.14

Lottery transfers by fund

February 2014 Forecast

(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
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	139.3	9.3	0.0	10.8	0.0	0.0	0.3	3.4	109.4	0.0	6.1
2015	138.8	1.1	0.0	11.2	0.0	0.0	0.3	3.5	116.6	0.0	6.1
2013-15 Biennium	278.2	10.4	0.0	22.0	0.0	0.0	0.6	6.9	226.1	0.0	12.1
2016	136.0	2.5	0.0	11.7	0.0	0.0	0.3	3.5	118.1	0.0	0.0
2017	134.1	0.2	0.0	12.2	0.0	0.0	0.3	3.5	117.9	0.0	0.0
2015-17 Biennium	270.1	2.7	0.0	23.8	0.0	0.0	0.6	6.9	236.0	0.0	0.0
2018	134.9	1.3	0.0	11.7	0.0	0.0	0.3	3.5	118.1	0.0	0.0
2019	139.6	5.4	0.0	12.2	0.0	0.0	0.3	3.5	118.2	0.0	0.0
2017-19 Biennium	274.5	6.7	0.0	23.8	0.0	0.0	0.6	6.9	236.4	0.0	0.0

Table 3.15

Lottery transfers by fund

February 2014 Forecast

(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
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	142.0	1.1	0.0	10.8	0.0	0.0	0.3	3.8	119.9	0.0	6.1
2015	141.8	2.5	0.0	11.2	0.0	0.0	0.3	3.5	118.2	0.0	6.1
2013-15 Biennium	283.8	3.6	0.0	22.0	0.0	0.0	0.6	7.3	238.1	0.0	12.1
2016	133.6	0.2	0.0	11.7	0.0	0.0	0.3	3.5	117.9	0.0	0.0
2017	135.2	1.3	0.0	12.2	0.0	0.0	0.3	3.5	118.0	0.0	0.0
2015-17 Biennium	268.8	1.5	0.0	23.8	0.0	0.0	0.6	6.9	235.9	0.0	0.0
2018	139.0	5.4	0.0	11.7	0.0	0.0	0.3	3.5	118.1	0.0	0.0
2019	142.3	8.2	0.0	12.2	0.0	0.0	0.3	3.5	118.2	0.0	0.0
2017-19 Biennium	281.4	13.6	0.0	23.8	0.0	0.0	0.6	6.9	236.4	0.0	0.0

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

Source: Lottery Commission, ERFC

Table 3.16

General Fund-State: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

February 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%
Forecast:										
FY 2014	\$16,260	3.0%	\$0	0.0%	\$16,260	3.0%	\$231	128.5%	\$16,491	3.8%
FY 2015	\$16,753	3.0%	\$0	0.0%	\$16,753	3.0%	\$179	-22.5%	\$16,932	2.7%
FY 2016	\$17,464	4.2%	\$0	0.0%	\$17,464	4.2%	\$199	11.0%	\$17,663	4.3%
FY 2017	\$18,233	4.4%	\$0	0.0%	\$18,233	4.4%	\$197	-0.7%	\$18,430	4.3%
FY 2018	\$18,995	4.2%	\$0	0.0%	\$18,995	4.2%	\$200	1.3%	\$19,195	4.2%
FY 2019	\$19,715	3.8%	\$0	0.0%	\$19,715	3.8%	\$180	-9.9%	\$19,895	3.6%
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	\$33,013	7.7%	\$0	0.0%	\$33,013	7.7%	\$410	90.5%	\$33,423	8.3%
15-17 Biennium	\$35,697	8.1%	\$0	0.0%	\$35,697	8.1%	\$396	-3.4%	\$36,093	8.0%
17-19 Biennium	\$38,710	8.4%	\$0	0.0%	\$38,710	8.4%	\$380	-4.0%	\$39,090	8.3%

*Education legacy trust fund (plus pension stabilization fund interest FY 08, 09)

Table 3.17

Forecasted Distribution of Excise Tax and License Fees from Cannabis Sales

Thousands of Dollars

	Total of Cannabis Excise Taxes plus License Fees	Pre-distribution Allotments				Distribution of Remaining Funds						General Fund-State (18.7%)
		DSHS State Healthy Youth Survey	Washington State Institute for Public Policy Study	UW Alcohol and Drug Abuse Institute	LCB for Administration	DSHS Substance Abuse Program (15%)	Dept. of Health Cannabis Education Program (10%)	UW/WSU Research (1%)	Basic Health Plan Trust Account (50%)	Health Care Authority Community Health Centers (5%)	OSPI Dropout Prevention (0.3%)	
Biennium												
2015-17	\$133,679	\$1,000	\$400	\$40	\$10,000	\$18,336	\$12,224	\$1,222	\$61,119	\$6,112	\$367	\$22,859
2017-19	\$348,567	\$1,000	\$400	\$40	\$10,000	\$50,569	\$33,713	\$3,371	\$168,564	\$16,856	\$1,011	\$63,043

Table 3.18

Forecasted Retail Sales and B&O Taxes from Cannabis Sales

Thousands of Dollars

Biennium	Retail Sales Tax from Cannabis Sales	B&O Tax from Cannabis Sales	Total GF-S B&O and Retail Sales Tax
2015-17	\$25,771	\$2,529	\$28,300
2017-19	\$68,675	\$6,739	\$75,413



Detail Components of the Washington State Economic and Revenue Forecast

Calendar Years

Note: The economic data discussed in these tables were current at the time the forecast was prepared. Many concepts have changed since then due to new releases and data revisions.

Table A1.1

U.S. Economic Forecast Summary

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,470.7	15,767.1	16,218.5	16,703.5	17,171.2	17,634.8	18,093.4	18,545.7
% Ch	2.8	1.9	2.9	3.0	2.8	2.7	2.6	2.5
Real Consumption	10,517.6	10,728.2	11,017.1	11,328.9	11,623.4	11,925.6	12,223.6	12,516.9
% Ch	2.2	2.0	2.7	2.8	2.6	2.6	2.5	2.4
Real Nonresidential Fixed Investment	1,931.8	1,982.1	2,092.1	2,221.0	2,374.8	2,512.6	2,621.7	2,687.1
% Ch	7.3	2.6	5.5	6.2	6.9	5.8	4.3	2.5
Real Residential Fixed Investment	433.8	486.0	545.6	626.4	680.0	688.0	695.2	707.5
% Ch	12.9	12.0	12.3	14.8	8.6	1.2	1.0	1.8
Real Personal Income	12,964.2	13,185.6	13,572.0	14,054.2	14,548.9	15,065.1	15,537.0	15,988.1
% Ch	2.3	1.7	2.9	3.6	3.5	3.5	3.1	2.9
Real Per Capita Income (\$/Person)	41,210	41,593	42,483	43,655	44,845	46,081	47,162	48,163
% Ch	1.6	0.9	2.1	2.8	2.7	2.8	2.3	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.060	1.072	1.084	1.099	1.114	1.128	1.143	1.157
% Ch	1.8	1.1	1.1	1.4	1.3	1.3	1.4	1.2
U.S. Consumer Price Index (1982-84=1.0)	2.296	2.330	2.363	2.405	2.440	2.475	2.513	2.546
% Ch	2.1	1.5	1.4	1.7	1.5	1.4	1.5	1.3
Employment Cost Index (Dec. 2005=1.0)	1.160	1.182	1.207	1.234	1.263	1.291	1.319	1.347
% Ch	1.8	1.9	2.2	2.2	2.3	2.2	2.2	2.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	16,244.6	16,802.9	17,538.9	18,378.8	19,198.0	19,999.0	20,790.5	21,545.6
% Ch	4.6	3.4	4.4	4.8	4.5	4.2	4.0	3.6
Personal Income	13,743.8	14,133.5	14,709.7	15,443.8	16,201.0	16,997.2	17,766.9	18,499.3
% Ch	4.2	2.8	4.1	5.0	4.9	4.9	4.5	4.1
Employment (Millions)								
U.S. Civilian Labor Force	155.0	155.4	155.8	158.6	160.4	161.7	162.8	163.7
Total U.S. Employment	142.5	143.9	145.8	149.1	151.2	152.7	153.9	154.8
Unemployment Rate (%)	8.08	7.35	6.42	5.97	5.71	5.56	5.47	5.43
Nonfarm Payroll Employment	133.74	135.93	138.25	141.05	143.68	145.71	147.12	148.04
% Ch	1.7	1.6	1.7	2.0	1.9	1.4	1.0	0.6
Manufacturing	11.92	11.98	12.27	12.48	12.59	12.62	12.64	12.62
% Ch	1.7	0.5	2.5	1.7	0.8	0.2	0.2	-0.1
Durable Manufacturing	7.46	7.52	7.80	8.01	8.14	8.20	8.22	8.22
% Ch	2.6	0.8	3.6	2.8	1.6	0.7	0.3	0.0
Nondurable Manufacturing	4.46	4.46	4.48	4.47	4.45	4.42	4.42	4.40
% Ch	0.1	0.0	0.5	-0.1	-0.6	-0.6	-0.1	-0.3
Construction	5.64	5.80	6.03	6.53	7.10	7.56	7.82	7.98
% Ch	2.0	2.9	3.9	8.3	8.7	6.4	3.5	2.0
Service-Providing	115.32	117.27	119.04	121.11	123.03	124.57	125.69	126.48
% Ch	1.6	1.7	1.5	1.7	1.6	1.3	0.9	0.6
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	94.2	98.0	96.7	89.2	84.0	80.9	79.1	77.8
Personal Saving/Disposable Income (%)	5.6	4.5	4.5	5.0	5.9	6.8	7.2	7.2
Auto Sales (Millions)	7.2	7.6	7.8	7.9	8.0	8.2	8.3	8.4
% Ch	18.9	4.6	2.5	1.3	2.1	2.0	1.1	1.5
Housing Starts (Millions)	0.783	0.928	1.105	1.337	1.505	1.542	1.559	1.583
% Ch	28.0	18.4	19.2	20.9	12.6	2.5	1.1	1.5
Federal Budget Surplus (Billions)	-1,109.7	-751.3	-656.0	-567.0	-592.9	-670.3	-718.2	-714.3
Net Exports (Billions)	-547.2	-493.8	-437.2	-442.7	-455.5	-456.3	-441.9	-399.6
3-Month Treasury Bill Rate (%)	0.09	0.06	0.05	0.39	2.16	3.61	3.72	3.70
10-Year Treasury Note Yield (%)	1.80	2.35	2.97	3.31	3.85	4.43	4.52	4.50
Bond Index of 20 G.O. Munis. (%)	3.73	4.26	4.75	4.98	5.33	5.77	5.84	5.82
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.58	5.02	5.75	6.48	6.57	6.55

Table A1.2
U.S. Economic Forecast Summary
Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	16,047.5	16,156.4	16,273.0	16,397.3	16,525.4	16,647.1	16,766.4	16,875.2
% Ch , Annual Rate	2.1	2.7	2.9	3.1	3.2	3.0	2.9	2.6
Real Consumption	10,901.9	10,975.9	11,054.7	11,135.9	11,219.3	11,295.4	11,367.0	11,433.9
% Ch , Annual Rate	2.6	2.7	2.9	3.0	3.0	2.7	2.6	2.4
Real Nonresidential Fixed Investment	2,035.0	2,078.6	2,113.2	2,141.5	2,170.4	2,201.0	2,238.6	2,274.2
% Ch , Annual Rate	4.3	8.8	6.8	5.5	5.5	5.7	7.0	6.5
Real Residential Fixed Investment	509.9	533.5	557.4	581.5	597.1	618.0	637.4	652.9
% Ch , Annual Rate	20.7	19.8	19.2	18.4	11.1	14.8	13.1	10.1
Real Personal Income	13,399.4	13,521.4	13,624.5	13,742.7	13,892.8	14,003.1	14,106.6	14,214.4
% Ch , Annual Rate	3.4	3.7	3.1	3.5	4.4	3.2	3.0	3.1
Real Per Capita Income (\$/Person)	42,065	42,366	42,607	42,894	43,279	43,539	43,776	44,025
% Ch , Annual Rate	2.6	2.9	2.3	2.7	3.6	2.4	2.2	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.078	1.081	1.086	1.090	1.094	1.097	1.101	1.104
% Ch , Annual Rate	1.0	0.9	2.0	1.3	1.4	1.3	1.4	1.3
U.S. Consumer Price Index (1982-84=1.0)	2.348	2.355	2.371	2.380	2.391	2.400	2.409	2.417
% Ch , Annual Rate	1.2	1.1	2.7	1.7	1.8	1.5	1.5	1.3
Employment Cost Index (Dec. 2005=1.0)	1.198	1.204	1.211	1.217	1.223	1.230	1.238	1.245
% Ch , Annual Rate	2.4	2.2	2.1	2.0	2.2	2.3	2.4	2.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	17,226.6	17,427.4	17,650.2	17,851.4	18,074.9	18,278.7	18,485.9	18,675.4
% Ch , Annual Rate	2.9	4.7	5.2	4.6	5.1	4.6	4.6	4.2
Personal Income	14,449.8	14,615.1	14,798.9	14,974.8	15,192.4	15,361.1	15,527.0	15,694.5
% Ch , Annual Rate	4.4	4.7	5.1	4.8	5.9	4.5	4.4	4.4
Employment (Millions)								
U.S. Civilian Labor Force	155.2	155.4	156.0	156.5	157.5	158.4	159.0	159.4
Total U.S. Employment	145.0	145.2	146.1	146.8	147.9	148.9	149.6	150.1
Unemployment Rate (%)	6.58	6.51	6.37	6.24	6.11	6.00	5.91	5.85
Nonfarm Payroll Employment	137.37	137.95	138.49	139.20	139.98	140.71	141.41	142.10
% Ch , Annual Rate	1.8	1.7	1.6	2.1	2.3	2.1	2.0	1.9
Manufacturing	12.10	12.26	12.37	12.37	12.43	12.46	12.50	12.54
% Ch , Annual Rate	3.0	5.3	3.6	0.2	1.7	1.2	1.3	1.3
Durable Manufacturing	7.63	7.78	7.88	7.90	7.95	7.99	8.03	8.07
% Ch , Annual Rate	3.6	8.0	5.5	1.0	2.5	2.0	2.2	2.0
Nondurable Manufacturing	4.47	4.48	4.49	4.47	4.48	4.47	4.47	4.47
% Ch , Annual Rate	1.8	0.9	0.4	-1.1	0.2	-0.2	-0.2	0.0
Construction	5.88	5.96	6.08	6.20	6.32	6.45	6.61	6.75
% Ch , Annual Rate	3.1	5.6	8.1	8.3	7.5	9.0	9.9	8.9
Service-Providing	118.49	118.82	119.13	119.71	120.32	120.87	121.37	121.87
% Ch , Annual Rate	1.6	1.1	1.1	2.0	2.1	1.8	1.7	1.6
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	98.0	98.7	96.3	94.0	91.7	89.9	88.3	86.9
Personal Saving/Disposable Income (%)	4.4	4.6	4.5	4.6	4.8	4.9	5.1	5.2
Auto Sales (Millions)	7.5	7.9	7.9	7.8	7.8	7.8	7.9	8.0
% Ch , Annual Rate	-3.8	20.7	-2.3	-4.8	2.0	0.9	3.4	4.0
Housing Starts (Millions)	0.999	1.078	1.140	1.205	1.250	1.310	1.363	1.424
% Ch , Annual Rate	-1.1	35.5	25.0	25.1	15.7	20.7	17.2	19.2
Federal Budget Surplus (Billions)	-732.0	-684.1	-605.5	-602.3	-589.4	-578.9	-558.9	-540.7
Net Exports (Billions)	-444.0	-431.0	-438.3	-435.5	-435.7	-441.0	-443.6	-450.6
3-Month Treasury Bill Rate (%)	0.08	0.06	0.04	0.04	0.07	0.13	0.42	0.95
10-Year Treasury Note Yield (%)	2.84	2.92	3.03	3.10	3.19	3.25	3.33	3.49
Bond Index of 20 G.O. Munis. (%)	4.59	4.73	4.84	4.86	4.90	4.93	5.01	5.09
30-Year Fixed Mortgage Rate (%)	4.39	4.50	4.68	4.77	4.87	4.95	5.02	5.25

Table A1.2 (continued)
U.S. Economic Forecast Summary
Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	16,989.0	17,108.1	17,230.8	17,356.9	17,457.9	17,570.6	17,692.0	17,818.9
% Ch , Annual Rate	2.7	2.8	2.9	3.0	2.3	2.6	2.8	2.9
Real Consumption	11,511.8	11,583.5	11,658.3	11,740.1	11,806.3	11,883.7	11,963.6	12,048.5
% Ch , Annual Rate	2.8	2.5	2.6	2.8	2.3	2.6	2.7	2.9
Real Nonresidential Fixed Investment	2,312.2	2,356.0	2,396.7	2,434.0	2,464.1	2,496.3	2,529.1	2,560.9
% Ch , Annual Rate	6.9	7.8	7.1	6.4	5.0	5.3	5.4	5.1
Real Residential Fixed Investment	668.2	678.9	685.4	687.7	689.7	687.9	686.3	688.2
% Ch , Annual Rate	9.7	6.5	3.9	1.3	1.1	-1.0	-1.0	1.2
Real Personal Income	14,368.5	14,487.5	14,606.4	14,733.0	14,880.1	15,007.9	15,127.3	15,245.2
% Ch , Annual Rate	4.4	3.4	3.3	3.5	4.1	3.5	3.2	3.2
Real Per Capita Income (\$/Person)	44,417	44,699	44,979	45,282	45,647	45,950	46,227	46,498
% Ch , Annual Rate	3.6	2.6	2.5	2.7	3.3	2.7	2.4	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.108	1.112	1.115	1.119	1.123	1.126	1.130	1.134
% Ch , Annual Rate	1.5	1.2	1.2	1.4	1.4	1.3	1.3	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.428	2.436	2.444	2.453	2.461	2.470	2.480	2.490
% Ch , Annual Rate	1.8	1.3	1.3	1.5	1.4	1.5	1.5	1.6
Employment Cost Index (Dec. 2005=1.0)	1.252	1.259	1.267	1.274	1.281	1.288	1.295	1.302
% Ch , Annual Rate	2.3	2.3	2.4	2.4	2.3	2.2	2.1	2.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	18,891.9	19,093.8	19,297.2	19,509.1	19,699.6	19,893.2	20,095.4	20,307.7
% Ch , Annual Rate	4.7	4.3	4.3	4.5	4.0	4.0	4.1	4.3
Personal Income	15,925.1	16,106.2	16,288.0	16,484.6	16,705.4	16,904.2	17,093.8	17,285.6
% Ch , Annual Rate	6.0	4.6	4.6	4.9	5.5	4.8	4.6	4.6
Employment (Millions)								
U.S. Civilian Labor Force	159.8	160.2	160.6	160.9	161.2	161.6	161.9	162.1
Total U.S. Employment	150.5	151.0	151.4	151.9	152.2	152.5	152.9	153.2
Unemployment Rate (%)	5.80	5.74	5.69	5.63	5.60	5.58	5.55	5.51
Nonfarm Payroll Employment	142.71	143.36	144.00	144.63	145.08	145.51	145.91	146.33
% Ch , Annual Rate	1.8	1.8	1.8	1.8	1.2	1.2	1.1	1.2
Manufacturing	12.57	12.58	12.60	12.60	12.61	12.62	12.62	12.61
% Ch , Annual Rate	0.9	0.3	0.5	0.2	0.3	0.2	0.0	-0.1
Durable Manufacturing	8.11	8.13	8.15	8.17	8.19	8.20	8.20	8.20
% Ch , Annual Rate	1.7	1.0	1.3	0.9	0.7	0.5	0.2	-0.2
Nondurable Manufacturing	4.46	4.45	4.44	4.43	4.43	4.42	4.42	4.42
% Ch , Annual Rate	-0.7	-0.9	-1.0	-1.1	-0.4	-0.3	-0.5	0.0
Construction	6.89	7.04	7.17	7.30	7.42	7.52	7.61	7.68
% Ch , Annual Rate	8.9	8.6	8.0	7.3	6.5	5.8	4.7	4.0
Service-Providing	122.31	122.79	123.27	123.77	124.09	124.41	124.72	125.07
% Ch , Annual Rate	1.4	1.6	1.6	1.6	1.0	1.0	1.0	1.1
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	85.6	84.4	83.4	82.6	81.9	81.2	80.5	80.1
Personal Saving/Disposable Income (%)	5.6	5.8	6.0	6.2	6.5	6.7	6.9	7.0
Auto Sales (Millions)	8.0	8.0	8.0	8.1	8.1	8.2	8.2	8.3
% Ch , Annual Rate	0.9	2.5	0.5	2.9	0.9	3.9	1.0	2.4
Housing Starts (Millions)	1.472	1.494	1.523	1.532	1.543	1.536	1.538	1.551
% Ch , Annual Rate	13.9	6.1	8.1	2.4	2.9	-1.9	0.6	3.5
Federal Budget Surplus (Billions)	-575.0	-584.3	-594.5	-617.7	-628.1	-663.0	-680.8	-709.2
Net Exports (Billions)	-449.3	-453.2	-458.0	-461.5	-456.7	-458.5	-455.4	-454.5
3-Month Treasury Bill Rate (%)	1.41	1.92	2.42	2.91	3.33	3.65	3.73	3.73
10-Year Treasury Note Yield (%)	3.66	3.77	3.91	4.05	4.24	4.41	4.53	4.53
Bond Index of 20 G.O. Munis. (%)	5.17	5.26	5.38	5.52	5.65	5.78	5.83	5.84
30-Year Fixed Mortgage Rate (%)	5.46	5.65	5.83	6.06	6.27	6.48	6.59	6.59

Table A1.2 (continued)
U.S. Economic Forecast Summary
Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	17,918.7	18,034.6	18,154.2	18,266.0	18,371.1	18,485.5	18,603.6	18,722.6
% Ch , Annual Rate	2.3	2.6	2.7	2.5	2.3	2.5	2.6	2.6
Real Consumption	12,107.1	12,185.4	12,264.1	12,337.6	12,409.1	12,481.3	12,553.0	12,623.9
% Ch , Annual Rate	2.0	2.6	2.6	2.4	2.3	2.3	2.3	2.3
Real Nonresidential Fixed Investment	2,590.6	2,612.6	2,633.0	2,650.5	2,662.4	2,677.0	2,695.2	2,713.8
% Ch , Annual Rate	4.7	3.4	3.2	2.7	1.8	2.2	2.8	2.8
Real Residential Fixed Investment	691.2	694.2	696.1	699.1	702.0	705.6	709.7	712.8
% Ch , Annual Rate	1.7	1.8	1.1	1.7	1.7	2.1	2.3	1.8
Real Personal Income	15,366.6	15,482.0	15,594.9	15,704.5	15,828.6	15,934.4	16,044.2	16,145.2
% Ch , Annual Rate	3.2	3.0	2.9	2.8	3.2	2.7	2.8	2.5
Real Per Capita Income (\$/Person)	46,779	47,040	47,293	47,535	47,819	48,047	48,287	48,499
% Ch , Annual Rate	2.4	2.3	2.2	2.1	2.4	1.9	2.0	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.138	1.142	1.145	1.149	1.152	1.156	1.158	1.162
% Ch , Annual Rate	1.6	1.2	1.2	1.2	1.3	1.1	1.0	1.2
U.S. Consumer Price Index (1982-84=1.0)	2.501	2.509	2.517	2.525	2.534	2.542	2.549	2.558
% Ch , Annual Rate	1.8	1.3	1.3	1.3	1.4	1.3	1.1	1.4
Employment Cost Index (Dec. 2005=1.0)	1.309	1.316	1.323	1.330	1.337	1.344	1.351	1.357
% Ch , Annual Rate	2.2	2.2	2.2	2.1	2.1	2.1	2.0	2.0
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	20,503.5	20,695.9	20,888.5	21,074.1	21,261.9	21,450.5	21,636.9	21,833.1
% Ch , Annual Rate	3.9	3.8	3.8	3.6	3.6	3.6	3.5	3.7
Personal Income	17,491.5	17,677.6	17,859.8	18,038.6	18,238.5	18,412.6	18,587.0	18,758.9
% Ch , Annual Rate	4.8	4.3	4.2	4.1	4.5	3.9	3.8	3.7
Employment (Millions)								
U.S. Civilian Labor Force	162.4	162.7	162.9	163.2	163.4	163.7	163.9	164.1
Total U.S. Employment	153.5	153.8	154.0	154.3	154.5	154.7	155.0	155.2
Unemployment Rate (%)	5.49	5.48	5.46	5.45	5.45	5.44	5.43	5.42
Nonfarm Payroll Employment	146.65	146.99	147.30	147.55	147.75	147.95	148.15	148.31
% Ch, Annual Rate	0.9	0.9	0.9	0.7	0.5	0.5	0.5	0.4
Manufacturing	12.61	12.63	12.65	12.66	12.65	12.64	12.61	12.60
% Ch, Annual Rate	0.0	0.6	0.4	0.4	-0.4	-0.3	-0.7	-0.6
Durable Manufacturing	8.20	8.21	8.23	8.24	8.23	8.23	8.22	8.20
% Ch, Annual Rate	-0.1	0.9	0.8	0.6	-0.4	-0.2	-0.7	-0.5
Nondurable Manufacturing	4.42	4.42	4.42	4.42	4.41	4.41	4.40	4.39
% Ch, Annual Rate	0.2	0.1	-0.2	0.0	-0.4	-0.5	-0.7	-0.7
Construction	7.75	7.80	7.85	7.88	7.92	7.96	8.00	8.03
% Ch, Annual Rate	3.4	2.8	2.3	2.0	2.0	1.9	1.8	1.6
Service-Providing	125.32	125.58	125.84	126.04	126.21	126.39	126.58	126.72
% Ch, Annual Rate	0.8	0.8	0.8	0.6	0.6	0.6	0.6	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	79.7	79.3	78.9	78.5	78.2	77.9	77.7	77.4
Personal Saving/Disposable Income (%)	7.0	7.2	7.2	7.3	7.2	7.2	7.3	7.3
Auto Sales (Millions)	8.3	8.3	8.3	8.3	8.3	8.4	8.4	8.5
% Ch, Annual Rate	0.6	0.2	0.5	0.9	1.9	1.9	3.2	1.0
Housing Starts (Millions)	1.555	1.549	1.558	1.576	1.581	1.578	1.585	1.590
% Ch, Annual Rate	1.1	-1.7	2.4	4.8	1.2	-0.6	1.8	1.2
Federal Budget Surplus (Billions)	-688.2	-717.6	-727.8	-739.4	-707.2	-716.9	-716.3	-716.6
Net Exports (Billions)	-450.5	-448.5	-439.0	-429.6	-419.1	-407.2	-394.8	-377.3
3-Month Treasury Bill Rate (%)	3.72	3.73	3.73	3.72	3.71	3.70	3.70	3.70
10-Year Treasury Note Yield (%)	4.52	4.52	4.52	4.51	4.51	4.49	4.50	4.49
Bond Index of 20 G.O. Munis. (%)	5.83	5.84	5.84	5.84	5.83	5.82	5.82	5.81
30-Year Fixed Mortgage Rate (%)	6.58	6.57	6.57	6.56	6.55	6.54	6.54	6.54

Table A1.3
Washington Economic Forecast Summary
Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	299.567	305.323	316.172	328.468	340.962	354.355	367.183	379.762
% Ch	2.9	1.9	3.6	3.9	3.8	3.9	3.6	3.4
Real Wage and Salary Disb.	154.311	158.169	164.209	170.381	176.364	181.986	187.442	193.009
% Ch	3.6	2.5	3.8	3.8	3.5	3.2	3.0	3.0
Real Nonwage Income	145.256	147.153	151.963	158.088	164.598	172.369	179.741	186.753
% Ch	2.1	1.3	3.3	4.0	4.1	4.7	4.3	3.9
Real Per Capita Income (\$/Person)	43,383	43,737	44,784	45,977	47,172	48,459	49,628	50,734
% Ch	1.8	0.8	2.4	2.7	2.6	2.7	2.4	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.060	1.072	1.084	1.099	1.114	1.128	1.143	1.157
% Ch	1.8	1.1	1.1	1.4	1.3	1.3	1.4	1.2
Seattle Cons. Price Index (1982-84=1.0)	2.386	2.416	2.448	2.495	2.536	2.577	2.620	2.658
% Ch	2.5	1.2	1.3	1.9	1.7	1.6	1.7	1.5
Average Nonfarm Annual Wage	54,608	55,338	57,018	58,770	60,513	62,280	64,170	66,174
% Ch	3.8	1.3	3.0	3.1	3.0	2.9	3.0	3.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.14	24.34	25.40	25.85	26.35	26.83	27.30	27.75
% Ch	0.7	0.8	4.3	1.8	1.9	1.8	1.7	1.7
Current Dollar Income (Billions of Dollars)								
Personal Income	317.575	327.267	342.677	360.945	379.681	399.803	419.884	439.411
% Ch	4.8	3.1	4.7	5.3	5.2	5.3	5.0	4.7
Disposable Personal Income	282.961	288.845	301.877	317.585	334.629	353.120	371.103	387.643
% Ch	4.5	2.1	4.5	5.2	5.4	5.5	5.1	4.5
Per Capita Income (\$/Person)	45,991	46,880	48,538	50,522	52,528	54,674	56,750	58,702
% Ch	3.6	1.9	3.5	4.1	4.0	4.1	3.8	3.4
Employment (Thousands)								
Washington Civilian Labor Force	3,481.8	3,477.6	3,484.9	3,553.4	3,606.4	3,653.2	3,699.1	3,743.3
Total Washington Employment	3,197.6	3,234.2	3,259.5	3,336.1	3,391.1	3,437.8	3,482.8	3,524.5
Unemployment Rate (%)	8.16	7.00	6.47	6.12	5.97	5.89	5.85	5.85
Nonfarm Payroll Employment	2,872.8	2,939.5	2,998.6	3,063.0	3,122.8	3,174.1	3,217.3	3,251.8
% Ch	1.7	2.3	2.0	2.1	2.0	1.6	1.4	1.1
Manufacturing	280.3	286.6	289.9	294.2	296.6	298.4	300.7	302.5
% Ch	4.3	2.3	1.1	1.5	0.8	0.6	0.8	0.6
Durable Manufacturing	204.6	209.6	211.6	214.9	216.7	218.0	219.4	220.4
% Ch	5.8	2.5	0.9	1.6	0.8	0.6	0.6	0.5
Aerospace	94.3	96.5	93.6	91.7	89.8	88.1	86.3	84.6
% Ch	8.9	2.3	-3.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	75.7	77.0	78.3	79.2	79.9	80.4	81.4	82.1
% Ch	0.5	1.8	1.6	1.2	0.9	0.6	1.2	0.9
Construction	139.0	148.2	153.6	163.2	173.4	182.7	189.2	192.2
% Ch	1.9	6.6	3.6	6.3	6.2	5.4	3.5	1.6
Service-Providing	2,447.7	2,498.6	2,548.8	2,598.6	2,645.3	2,685.1	2,719.5	2,749.2
% Ch	1.4	2.1	2.0	2.0	1.8	1.5	1.3	1.1
Software Publishers	52.4	53.9	54.8	55.2	56.2	57.0	57.9	58.7
% Ch	1.4	2.8	1.8	0.7	1.7	1.6	1.5	1.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	28.118	31.664	33.106	37.809	41.185	41.799	42.472	43.197
% Ch	34.8	12.6	4.6	14.2	8.9	1.5	1.6	1.7
Single-Family	16.508	18.270	20.378	24.134	27.348	28.265	28.637	29.038
% Ch	25.5	10.7	11.5	18.4	13.3	3.4	1.3	1.4
Multi-Family	11.610	13.394	12.729	13.674	13.838	13.534	13.835	14.159
% Ch	50.7	15.4	-5.0	7.4	1.2	-2.2	2.2	2.3
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.58	5.02	5.75	6.48	6.57	6.55

Table A1.4
Washington Economic Forecast Summary
Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	311.941	314.564	317.706	320.476	324.001	327.179	330.006	332.687
% Ch, Annual Rate	5.0	3.4	4.1	3.5	4.5	4.0	3.5	3.3
Real Wage and Salary Disb.	162.373	163.281	164.977	166.206	167.641	169.626	171.379	172.878
% Ch, Annual Rate	6.4	2.3	4.2	3.0	3.5	4.8	4.2	3.5
Real Nonwage Income	149.568	151.283	152.729	154.270	156.361	157.554	158.627	159.808
% Ch, Annual Rate	3.4	4.7	3.9	4.1	5.5	3.1	2.8	3.0
Real Per Capita Income (\$/Person)	44,380	44,624	44,938	45,195	45,556	45,865	46,125	46,363
% Ch, Annual Rate	3.8	2.2	2.8	2.3	3.2	2.7	2.3	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.078	1.081	1.086	1.090	1.094	1.097	1.101	1.104
% Ch, Annual Rate	1.0	0.9	2.0	1.3	1.4	1.3	1.4	1.3
Seattle Cons. Price Index (1982-84=1.0)	2.430	2.439	2.455	2.467	2.479	2.490	2.500	2.510
% Ch, Annual Rate	1.2	1.5	2.6	1.9	2.0	1.7	1.7	1.6
Average Nonfarm Annual Wage	56,501	56,665	57,291	57,613	57,970	58,552	59,068	59,490
% Ch, Annual Rate	5.7	1.2	4.5	2.3	2.5	4.1	3.6	2.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.24	25.35	25.45	25.55	25.66	25.78	25.91	26.04
% Ch, Annual Rate	6.0	1.7	1.7	1.6	1.7	1.9	2.0	2.0
Current Dollar Income (Billions of Dollars)								
Personal Income	336.396	340.009	345.094	349.211	354.310	358.908	363.234	367.329
% Ch, Annual Rate	6.0	4.4	6.1	4.9	6.0	5.3	4.9	4.6
Disposable Personal Income	296.586	299.642	303.791	307.488	311.642	315.737	319.706	323.257
% Ch, Annual Rate	5.7	4.2	5.7	5.0	5.5	5.4	5.1	4.5
Per Capita Income (\$/Person)	47,859	48,234	48,812	49,247	49,817	50,313	50,769	51,191
% Ch, Annual Rate	4.8	3.2	4.9	3.6	4.7	4.0	3.7	3.4
Employment (Thousands)								
Washington Civilian Labor Force	3,466.8	3,475.3	3,491.6	3,506.0	3,527.3	3,547.0	3,563.3	3,576.0
Total Washington Employment	3,238.2	3,248.0	3,267.3	3,284.4	3,308.0	3,329.3	3,346.9	3,360.0
Unemployment Rate (%)	6.60	6.54	6.43	6.32	6.22	6.14	6.07	6.04
Nonfarm Payroll Employment	2,976.8	2,991.4	3,005.1	3,021.0	3,038.6	3,055.1	3,071.3	3,086.9
% Ch, Annual Rate	2.0	2.0	1.8	2.1	2.4	2.2	2.1	2.0
Manufacturing	286.6	289.3	291.7	291.9	292.9	293.7	294.6	295.4
% Ch, Annual Rate	-0.1	3.9	3.3	0.3	1.4	1.1	1.2	1.1
Durable Manufacturing	208.8	211.1	213.1	213.4	214.1	214.6	215.3	215.7
% Ch, Annual Rate	-0.3	4.5	3.9	0.5	1.3	1.0	1.1	0.9
Aerospace	94.3	93.8	93.3	92.8	92.4	91.9	91.4	91.0
% Ch, Annual Rate	-4.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	77.8	78.2	78.6	78.5	78.8	79.1	79.3	79.6
% Ch, Annual Rate	0.4	2.3	1.8	-0.4	1.7	1.2	1.2	1.7
Construction	150.3	152.8	154.6	156.7	159.6	162.1	164.5	166.9
% Ch, Annual Rate	3.2	6.7	5.0	5.4	7.6	6.4	6.2	5.9
Service-Providing	2,533.8	2,543.1	2,552.3	2,565.8	2,579.3	2,592.4	2,605.2	2,617.4
% Ch, Annual Rate	2.1	1.5	1.5	2.1	2.1	2.0	2.0	1.9
Software Publishers	54.7	54.8	54.9	54.9	54.9	55.1	55.3	55.6
% Ch, Annual Rate	1.9	0.7	0.2	0.3	-0.1	1.7	1.7	1.8
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	31.368	32.630	33.620	34.807	35.903	37.292	38.421	39.619
% Ch, Annual Rate	-32.1	17.1	12.7	14.9	13.2	16.4	12.7	13.1
Single-Family	18.745	20.120	20.963	21.683	22.636	23.683	24.608	25.611
% Ch, Annual Rate	11.2	32.7	17.8	14.5	18.8	19.8	16.6	17.3
Multi-Family	12.623	12.510	12.657	13.124	13.267	13.609	13.814	14.008
% Ch, Annual Rate	-64.1	-3.5	4.8	15.6	4.4	10.7	6.2	5.8
30-Year Fixed Mortgage Rate (%)	4.39	4.50	4.68	4.77	4.87	4.95	5.02	5.25

Table A1.4 (continued)
Washington Economic Forecast Summary
Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	336.224	339.543	342.338	345.744	349.317	352.961	355.859	359.282
% Ch, Annual Rate	4.3	4.0	3.3	4.0	4.2	4.2	3.3	3.9
Real Wage and Salary Disb.	174.074	175.787	177.000	178.595	179.857	181.465	182.500	184.121
% Ch, Annual Rate	2.8	4.0	2.8	3.7	2.9	3.6	2.3	3.6
Real Nonwage Income	162.149	163.757	165.338	167.149	169.459	171.495	173.358	175.162
% Ch, Annual Rate	6.0	4.0	3.9	4.5	5.6	4.9	4.4	4.2
Real Per Capita Income (\$/Person)	46,720	47,045	47,295	47,628	47,981	48,341	48,596	48,919
% Ch, Annual Rate	3.1	2.8	2.1	2.8	3.0	3.0	2.1	2.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.108	1.112	1.115	1.119	1.123	1.126	1.130	1.134
% Ch, Annual Rate	1.5	1.2	1.2	1.4	1.4	1.3	1.3	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.521	2.531	2.541	2.551	2.561	2.572	2.582	2.593
% Ch, Annual Rate	1.9	1.5	1.5	1.6	1.6	1.6	1.6	1.7
Average Nonfarm Annual Wage	59,843	60,355	60,684	61,169	61,562	62,105	62,448	63,002
% Ch, Annual Rate	2.4	3.5	2.2	3.2	2.6	3.6	2.2	3.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	26.16	26.28	26.41	26.54	26.66	26.77	26.88	27.00
% Ch, Annual Rate	1.9	1.8	2.0	1.9	1.8	1.7	1.7	1.7
Current Dollar Income (Billions of Dollars)								
Personal Income	372.648	377.479	381.750	386.849	392.165	397.559	402.118	407.369
% Ch, Annual Rate	5.9	5.3	4.6	5.5	5.6	5.6	4.7	5.3
Disposable Personal Income	328.011	332.376	336.622	341.508	345.671	350.852	355.409	360.546
% Ch, Annual Rate	6.0	5.4	5.2	5.9	5.0	6.1	5.3	5.9
Per Capita Income (\$/Person)	51,781	52,301	52,740	53,291	53,867	54,450	54,913	55,466
% Ch, Annual Rate	4.7	4.1	3.4	4.2	4.4	4.4	3.5	4.1
Employment (Thousands)								
Washington Civilian Labor Force	3,588.3	3,600.5	3,612.5	3,624.2	3,635.9	3,647.4	3,659.0	3,670.4
Total Washington Employment	3,372.5	3,384.9	3,397.3	3,409.6	3,420.8	3,431.8	3,443.4	3,455.3
Unemployment Rate (%)	6.01	5.99	5.96	5.92	5.92	5.91	5.89	5.86
Nonfarm Payroll Employment	3,100.8	3,115.4	3,130.1	3,145.1	3,156.6	3,168.3	3,179.7	3,191.6
% Ch, Annual Rate	1.8	1.9	1.9	1.9	1.5	1.5	1.4	1.5
Manufacturing	296.0	296.4	296.9	297.2	297.7	298.3	298.6	299.1
% Ch, Annual Rate	0.8	0.5	0.6	0.4	0.7	0.7	0.5	0.6
Durable Manufacturing	216.2	216.5	216.9	217.2	217.6	217.9	218.2	218.3
% Ch, Annual Rate	0.9	0.5	0.8	0.6	0.7	0.6	0.4	0.3
Aerospace	90.5	90.1	89.6	89.2	88.7	88.3	87.8	87.4
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	79.8	79.9	79.9	80.0	80.1	80.3	80.5	80.7
% Ch, Annual Rate	0.7	0.5	0.2	0.0	0.8	1.1	0.7	1.3
Construction	169.5	172.1	174.7	177.3	179.6	181.8	183.9	185.7
% Ch, Annual Rate	6.5	6.1	6.2	6.3	5.1	5.1	4.6	4.1
Service-Providing	2,627.9	2,639.4	2,651.0	2,662.8	2,671.5	2,680.4	2,689.3	2,699.0
% Ch, Annual Rate	1.6	1.8	1.8	1.8	1.3	1.3	1.3	1.4
Software Publishers	55.8	56.1	56.3	56.5	56.7	56.9	57.1	57.3
% Ch, Annual Rate	1.7	1.7	1.5	1.5	1.7	1.6	1.4	1.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	40.569	41.000	41.536	41.636	41.744	41.630	41.743	42.079
% Ch, Annual Rate	9.9	4.3	5.3	1.0	1.0	-1.1	1.1	3.3
Single-Family	26.597	27.119	27.725	27.950	28.082	28.116	28.303	28.560
% Ch, Annual Rate	16.3	8.1	9.2	3.3	1.9	0.5	2.7	3.7
Multi-Family	13.972	13.882	13.811	13.686	13.662	13.514	13.440	13.519
% Ch, Annual Rate	-1.0	-2.6	-2.0	-3.6	-0.7	-4.3	-2.2	2.4
30-Year Fixed Mortgage Rate (%)	5.46	5.65	5.83	6.06	6.27	6.48	6.59	6.59

Table A1.4 (continued)
Washington Economic Forecast Summary
Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	362.399	365.820	368.557	371.957	375.150	378.431	381.113	384.355
% Ch, Annual Rate	3.5	3.8	3.0	3.7	3.5	3.5	2.9	3.4
Real Wage and Salary Disb.	185.262	186.900	187.932	189.673	190.895	192.519	193.495	195.128
% Ch, Annual Rate	2.5	3.6	2.2	3.8	2.6	3.4	2.0	3.4
Real Nonwage Income	177.137	178.920	180.625	182.283	184.255	185.912	187.618	189.227
% Ch, Annual Rate	4.6	4.1	3.9	3.7	4.4	3.6	3.7	3.5
Real Per Capita Income (\$/Person)	49,198	49,517	49,741	50,054	50,337	50,630	50,842	51,128
% Ch, Annual Rate	2.3	2.6	1.8	2.5	2.3	2.4	1.7	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.138	1.142	1.145	1.149	1.152	1.156	1.158	1.162
% Ch, Annual Rate	1.6	1.3	1.2	1.2	1.3	1.1	1.0	1.2
Seattle Cons. Price Index (1982-84=1.0)	2.606	2.615	2.625	2.634	2.645	2.654	2.663	2.672
% Ch, Annual Rate	1.9	1.5	1.5	1.5	1.6	1.4	1.3	1.5
Average Nonfarm Annual Wage	63,412	63,979	64,331	64,958	65,392	65,990	66,339	66,976
% Ch, Annual Rate	2.6	3.6	2.2	4.0	2.7	3.7	2.1	3.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	27.12	27.24	27.35	27.47	27.59	27.70	27.81	27.92
% Ch, Annual Rate	1.8	1.8	1.7	1.7	1.7	1.6	1.6	1.6
Current Dollar Income (Billions of Dollars)								
Personal Income	412.511	417.700	422.084	427.239	432.267	437.287	441.514	446.578
% Ch, Annual Rate	5.1	5.1	4.3	5.0	4.8	4.7	3.9	4.7
Disposable Personal Income	364.196	369.107	373.203	377.905	381.223	385.748	389.545	394.055
% Ch, Annual Rate	4.1	5.5	4.5	5.1	3.6	4.8	4.0	4.7
Per Capita Income (\$/Person)	56,001	56,539	56,966	57,493	58,001	58,504	58,900	59,405
% Ch, Annual Rate	3.9	3.9	3.0	3.8	3.6	3.5	2.7	3.5
Employment (Thousands)								
Washington Civilian Labor Force	3,682.0	3,693.4	3,704.8	3,716.2	3,727.3	3,738.2	3,748.7	3,759.2
Total Washington Employment	3,466.5	3,477.3	3,488.3	3,499.1	3,509.4	3,519.5	3,529.5	3,539.6
Unemployment Rate (%)	5.85	5.85	5.84	5.84	5.85	5.85	5.85	5.84
Nonfarm Payroll Employment	3,202.1	3,212.6	3,222.7	3,231.8	3,240.1	3,248.1	3,256.0	3,262.9
% Ch, Annual Rate	1.3	1.3	1.3	1.1	1.0	1.0	1.0	0.8
Manufacturing	299.6	300.5	301.1	301.8	302.1	302.4	302.6	302.9
% Ch, Annual Rate	0.7	1.2	0.9	0.9	0.3	0.5	0.2	0.3
Durable Manufacturing	218.6	219.2	219.6	220.1	220.1	220.3	220.4	220.6
% Ch, Annual Rate	0.4	1.1	0.9	0.8	0.2	0.3	0.2	0.3
Aerospace	86.9	86.5	86.1	85.6	85.2	84.8	84.3	83.9
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	81.0	81.3	81.5	81.8	81.9	82.1	82.2	82.3
% Ch, Annual Rate	1.4	1.3	1.0	1.4	0.8	0.8	0.5	0.6
Construction	187.3	188.7	189.8	190.8	191.5	192.1	192.4	192.6
% Ch, Annual Rate	3.5	2.9	2.4	2.0	1.6	1.1	0.7	0.4
Service-Providing	2,707.3	2,715.5	2,723.8	2,731.3	2,738.6	2,745.7	2,753.0	2,759.4
% Ch, Annual Rate	1.2	1.2	1.2	1.1	1.1	1.0	1.1	0.9
Software Publishers	57.6	57.8	58.0	58.2	58.5	58.6	58.8	59.0
% Ch, Annual Rate	1.7	1.5	1.5	1.5	1.5	1.2	1.3	1.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	42.246	42.253	42.505	42.883	43.058	43.088	43.269	43.375
% Ch, Annual Rate	1.6	0.1	2.4	3.6	1.6	0.3	1.7	1.0
Single-Family	28.586	28.577	28.646	28.739	28.861	28.923	29.123	29.247
% Ch, Annual Rate	0.4	-0.1	1.0	1.3	1.7	0.9	2.8	1.7
Multi-Family	13.660	13.676	13.859	14.145	14.197	14.165	14.146	14.128
% Ch, Annual Rate	4.2	0.5	5.5	8.5	1.5	-0.9	-0.5	-0.5
30-Year Fixed Mortgage Rate (%)	6.58	6.57	6.57	6.56	6.55	6.54	6.54	6.54

Table A2.1

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	133.74	135.93	138.25	141.05	143.68	145.71	147.12	148.04
% Ch	1.7	1.6	1.7	2.0	1.9	1.4	1.0	0.6
Manufacturing	11.92	11.98	12.27	12.48	12.59	12.62	12.64	12.62
% Ch	1.7	0.5	2.5	1.7	0.8	0.2	0.2	-0.1
Durable Manufacturing	7.46	7.52	7.80	8.01	8.14	8.20	8.22	8.22
% Ch	2.6	0.8	3.6	2.8	1.6	0.7	0.3	0.0
Wood Products	0.34	0.35	0.39	0.45	0.50	0.52	0.52	0.54
% Ch	0.4	2.9	10.8	15.7	11.3	4.3	1.1	2.5
Primary and Fabricated Metals	1.81	1.83	1.92	1.99	2.04	2.07	2.08	2.09
% Ch	4.5	1.1	4.6	3.8	2.3	1.4	0.6	0.4
Computer and Electronic Products	1.09	1.08	1.09	1.07	1.03	1.03	1.05	1.07
% Ch	-0.9	-1.0	0.8	-2.2	-3.5	-0.2	2.3	1.5
Machinery and Electrical Equipment	1.47	1.47	1.51	1.54	1.57	1.59	1.59	1.59
% Ch	3.3	0.0	3.0	2.1	1.9	1.0	0.2	0.0
Transportation Equipment	1.46	1.49	1.55	1.58	1.60	1.60	1.58	1.56
% Ch	5.4	2.3	3.8	2.0	1.5	-0.4	-0.9	-1.6
Other Durables	1.29	1.30	1.34	1.38	1.40	1.40	1.39	1.38
% Ch	0.1	0.5	3.1	3.2	1.2	-0.2	-0.4	-0.8
Nondurable Manufacturing	4.46	4.46	4.48	4.47	4.45	4.42	4.42	4.40
% Ch	0.1	0.0	0.5	-0.1	-0.6	-0.6	-0.1	-0.3
Food Manufacturing	1.47	1.47	1.49	1.51	1.52	1.53	1.54	1.55
% Ch	0.7	0.2	1.5	1.1	0.9	0.5	0.9	0.4
Paper and Paper Products	0.38	0.38	0.38	0.37	0.37	0.37	0.37	0.37
% Ch	-2.1	-0.8	-0.3	-0.1	-0.1	-0.7	0.0	0.0
Other Nondurables	2.61	2.61	2.61	2.59	2.55	2.52	2.50	2.48
% Ch	0.0	0.0	0.1	-0.8	-1.5	-1.3	-0.6	-0.9
Natural Resources and Mining	0.85	0.87	0.91	0.93	0.95	0.96	0.97	0.97
% Ch	8.0	2.8	3.7	2.3	2.7	1.1	0.8	-0.5
Construction	5.64	5.80	6.03	6.53	7.10	7.56	7.82	7.98
% Ch	2.0	2.9	3.9	8.3	8.7	6.4	3.5	2.0
Trade, Transportation, and Utilities	25.51	25.98	26.42	26.75	27.18	27.50	27.63	27.61
% Ch	1.8	1.8	1.7	1.2	1.6	1.2	0.5	-0.1
Wholesale Trade	5.67	5.76	5.85	5.98	6.12	6.24	6.32	6.37
% Ch	2.4	1.6	1.5	2.1	2.4	2.0	1.4	0.8
Retail Trade	14.87	15.18	15.45	15.49	15.60	15.64	15.58	15.48
% Ch	1.4	2.1	1.8	0.3	0.7	0.2	-0.4	-0.6
Trans., Warehousing, and Utilities	4.97	5.04	5.12	5.28	5.46	5.62	5.73	5.75
% Ch	2.4	1.4	1.6	3.2	3.5	2.9	1.9	0.4
Information	2.68	2.69	2.70	2.70	2.78	2.83	2.87	2.93
% Ch	0.1	0.4	0.4	0.2	2.8	1.7	1.7	2.0
Publishing Industries	0.74	0.73	0.72	0.70	0.70	0.69	0.69	0.68
% Ch	-1.5	-1.3	-0.9	-2.8	-0.5	-0.8	-0.7	-1.0
Other Information	1.94	1.96	1.98	2.00	2.08	2.13	2.19	2.25
% Ch	0.8	1.0	0.9	1.3	4.0	2.6	2.4	2.9
Financial Activities	7.79	7.89	7.94	8.01	7.98	7.89	7.80	7.78
% Ch	1.2	1.3	0.6	1.0	-0.4	-1.1	-1.2	-0.3
Professional and Business Services	17.93	18.54	19.25	20.25	20.84	21.31	21.68	22.04
% Ch	3.5	3.4	3.8	5.2	2.9	2.3	1.7	1.6
Education and Health Services	20.32	20.68	20.97	21.27	21.75	22.17	22.51	22.75
% Ch	2.2	1.8	1.4	1.4	2.3	1.9	1.5	1.0
Leisure and Hospitality	13.75	14.15	14.44	14.73	14.95	15.09	15.15	15.13
% Ch	3.0	2.9	2.1	2.0	1.5	1.0	0.4	-0.1
Other Services	5.44	5.49	5.49	5.47	5.45	5.47	5.48	5.45
% Ch	1.4	0.9	0.2	-0.5	-0.3	0.3	0.2	-0.5
Federal Government	2.82	2.75	2.69	2.66	2.62	2.59	2.56	2.53
% Ch	-1.5	-2.4	-2.3	-1.0	-1.6	-1.1	-1.2	-0.9
State and Local Government	19.10	19.11	19.14	19.27	19.48	19.72	20.00	20.26
% Ch	-0.7	0.0	0.2	0.6	1.1	1.2	1.4	1.3

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	137.37	137.95	138.49	139.20	139.98	140.71	141.41	142.10
% Ch, Annual Rate	1.8	1.7	1.6	2.1	2.3	2.1	2.0	1.9
Manufacturing	12.10	12.26	12.37	12.37	12.43	12.46	12.50	12.54
% Ch, Annual Rate	3.0	5.3	3.6	0.2	1.7	1.2	1.3	1.3
Durable Manufacturing	7.63	7.78	7.88	7.90	7.95	7.99	8.03	8.07
% Ch, Annual Rate	3.6	8.0	5.5	1.0	2.5	2.0	2.2	2.0
Wood Products	0.36	0.38	0.40	0.41	0.42	0.44	0.45	0.47
% Ch, Annual Rate	6.7	24.8	18.5	14.6	16.1	14.8	13.4	11.8
Primary and Fabricated Metals	1.87	1.91	1.94	1.95	1.97	1.98	2.00	2.01
% Ch, Annual Rate	4.1	10.4	5.8	3.1	3.6	2.6	2.7	2.7
Computer and Electronic Products	1.08	1.08	1.11	1.09	1.08	1.07	1.06	1.05
% Ch, Annual Rate	2.0	-0.5	9.2	-5.3	-3.5	-4.2	-2.9	-3.2
Machinery and Electrical Equipment	1.48	1.51	1.53	1.53	1.54	1.54	1.55	1.55
% Ch, Annual Rate	1.5	10.1	4.4	0.2	1.3	1.6	1.4	1.6
Transportation Equipment	1.53	1.55	1.55	1.55	1.56	1.57	1.58	1.59
% Ch, Annual Rate	7.3	4.8	1.9	0.0	2.2	2.3	2.8	2.6
Other Durables	1.31	1.34	1.35	1.36	1.37	1.38	1.39	1.40
% Ch, Annual Rate	1.7	8.9	4.1	1.5	3.6	2.7	2.6	1.9
Nondurable Manufacturing	4.47	4.48	4.49	4.47	4.48	4.47	4.47	4.47
% Ch, Annual Rate	1.8	0.9	0.4	-1.1	0.2	-0.2	-0.2	0.0
Food Manufacturing	1.49	1.49	1.50	1.50	1.50	1.51	1.51	1.52
% Ch, Annual Rate	3.0	2.2	1.3	-0.8	1.7	1.1	1.2	1.8
Paper and Paper Products	0.37	0.38	0.38	0.37	0.37	0.37	0.37	0.38
% Ch, Annual Rate	0.0	1.0	0.1	-0.9	-0.2	-0.1	0.2	0.8
Other Nondurables	2.61	2.61	2.61	2.60	2.60	2.59	2.59	2.58
% Ch, Annual Rate	1.4	0.1	0.0	-1.4	-0.7	-1.0	-1.1	-1.2
Natural Resources and Mining	0.90	0.91	0.91	0.92	0.92	0.93	0.93	0.94
% Ch, Annual Rate	3.4	5.5	1.2	2.4	2.3	2.6	1.2	2.5
Construction	5.88	5.96	6.08	6.20	6.32	6.45	6.61	6.75
% Ch, Annual Rate	3.1	5.6	8.1	8.3	7.5	9.0	9.9	8.9
Trade, Transportation, and Utilities	26.39	26.36	26.41	26.52	26.61	26.70	26.79	26.89
% Ch, Annual Rate	2.7	-0.4	0.8	1.6	1.3	1.4	1.4	1.5
Wholesale Trade	5.83	5.84	5.86	5.89	5.93	5.96	5.99	6.03
% Ch, Annual Rate	2.1	0.7	1.4	2.4	2.3	2.2	2.2	2.4
Retail Trade	15.48	15.43	15.43	15.46	15.47	15.48	15.50	15.51
% Ch, Annual Rate	3.8	-1.5	0.1	0.7	0.3	0.3	0.4	0.4
Trans., Warehousing, and Utilities	5.08	5.10	5.12	5.17	5.21	5.26	5.30	5.35
% Ch, Annual Rate	0.0	1.6	2.0	3.5	3.4	3.6	3.4	3.6
Information	2.68	2.71	2.70	2.70	2.65	2.65	2.73	2.78
% Ch, Annual Rate	0.5	3.8	-0.7	-1.0	-7.3	0.8	12.9	7.3
Publishing Industries	0.73	0.73	0.72	0.71	0.70	0.70	0.70	0.70
% Ch, Annual Rate	2.3	-2.9	-4.1	-3.9	-4.8	-0.3	-0.4	0.0
Other Information	1.95	1.98	1.99	1.99	1.94	1.95	2.03	2.08
% Ch, Annual Rate	-0.2	6.4	0.6	0.1	-8.2	1.2	18.0	9.9
Financial Activities	7.93	7.91	7.93	7.98	8.02	8.02	8.01	8.01
% Ch, Annual Rate	1.0	-1.1	0.8	2.6	2.0	0.1	-0.2	-0.1
Professional and Business Services	18.90	19.12	19.35	19.62	19.92	20.19	20.37	20.51
% Ch, Annual Rate	3.0	4.8	4.7	5.7	6.4	5.5	3.7	2.7
Education and Health Services	20.91	20.95	20.98	21.05	21.14	21.24	21.31	21.40
% Ch, Annual Rate	1.9	0.8	0.6	1.3	1.7	1.8	1.3	1.8
Leisure and Hospitality	14.34	14.44	14.45	14.53	14.64	14.71	14.76	14.83
% Ch, Annual Rate	1.9	2.7	0.1	2.3	3.1	1.8	1.5	1.8
Other Services	5.50	5.50	5.49	5.48	5.48	5.47	5.46	5.45
% Ch, Annual Rate	0.3	0.0	-0.6	-0.8	-0.3	-0.6	-0.6	-0.5
Federal Government	2.70	2.69	2.68	2.68	2.67	2.66	2.65	2.65
% Ch, Annual Rate	-2.8	-2.2	-0.7	-0.5	-0.5	-1.7	-1.7	-0.3
State and Local Government	19.13	19.13	19.14	19.16	19.20	19.24	19.28	19.34
% Ch, Annual Rate	-0.1	0.1	0.2	0.5	0.7	0.9	0.9	1.1

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	142.71	143.36	144.00	144.63	145.08	145.51	145.91	146.33
% Ch, Annual Rate	1.8	1.8	1.8	1.8	1.2	1.2	1.1	1.2
Manufacturing	12.57	12.58	12.60	12.60	12.61	12.62	12.62	12.61
% Ch, Annual Rate	0.9	0.3	0.5	0.2	0.3	0.2	0.0	-0.1
Durable Manufacturing	8.11	8.13	8.15	8.17	8.19	8.20	8.20	8.20
% Ch, Annual Rate	1.7	1.0	1.3	0.9	0.7	0.5	0.2	-0.2
Wood Products	0.48	0.49	0.50	0.51	0.52	0.52	0.52	0.52
% Ch, Annual Rate	12.8	10.2	8.3	5.8	4.8	2.2	0.0	-0.6
Primary and Fabricated Metals	2.02	2.03	2.04	2.06	2.06	2.07	2.07	2.07
% Ch, Annual Rate	2.1	1.8	2.6	2.4	1.0	1.0	0.7	0.4
Computer and Electronic Products	1.04	1.03	1.02	1.02	1.02	1.03	1.03	1.04
% Ch, Annual Rate	-3.8	-4.2	-3.2	-2.0	1.1	1.5	1.9	2.0
Machinery and Electrical Equipment	1.56	1.57	1.58	1.58	1.59	1.59	1.59	1.59
% Ch, Annual Rate	2.3	2.0	2.4	1.4	0.6	0.7	0.5	-0.2
Transportation Equipment	1.60	1.60	1.60	1.60	1.60	1.60	1.59	1.59
% Ch, Annual Rate	2.1	0.2	0.3	-0.2	-0.3	-0.6	-1.0	-1.3
Other Durables	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.39
% Ch, Annual Rate	1.0	0.4	0.3	-0.2	0.0	-0.5	-0.5	-1.0
Nondurable Manufacturing	4.46	4.45	4.44	4.43	4.43	4.42	4.42	4.42
% Ch, Annual Rate	-0.7	-0.9	-1.0	-1.1	-0.4	-0.3	-0.5	0.0
Food Manufacturing	1.52	1.52	1.52	1.52	1.53	1.53	1.53	1.53
% Ch, Annual Rate	0.7	0.5	0.3	-0.1	0.6	0.9	0.5	1.0
Paper and Paper Products	0.38	0.38	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.0	-0.5	-1.0	-1.1	-0.6	-0.4	-0.7	0.0
Other Nondurables	2.57	2.56	2.55	2.53	2.53	2.52	2.51	2.51
% Ch, Annual Rate	-1.6	-1.7	-1.8	-1.7	-1.0	-1.0	-1.1	-0.7
Natural Resources and Mining	0.94	0.95	0.96	0.96	0.96	0.96	0.96	0.96
% Ch, Annual Rate	3.4	3.3	2.7	1.4	1.1	-0.2	-0.2	0.7
Construction	6.89	7.04	7.17	7.30	7.42	7.52	7.61	7.68
% Ch, Annual Rate	8.9	8.6	8.0	7.3	6.5	5.8	4.7	4.0
Trade, Transportation, and Utilities	27.00	27.13	27.25	27.35	27.41	27.48	27.53	27.57
% Ch, Annual Rate	1.6	1.9	1.8	1.5	0.9	1.0	0.7	0.6
Wholesale Trade	6.06	6.10	6.14	6.17	6.20	6.23	6.25	6.28
% Ch, Annual Rate	2.3	2.7	2.4	2.1	2.0	1.7	1.6	1.5
Retail Trade	15.54	15.58	15.63	15.65	15.64	15.65	15.64	15.63
% Ch, Annual Rate	0.8	1.0	1.1	0.7	-0.3	0.1	-0.2	-0.2
Trans., Warehousing, and Utilities	5.39	5.44	5.49	5.53	5.57	5.61	5.64	5.67
% Ch, Annual Rate	3.3	3.6	3.3	3.1	3.1	2.6	2.3	2.2
Information	2.77	2.77	2.78	2.80	2.81	2.82	2.83	2.84
% Ch, Annual Rate	-1.7	-0.3	2.1	2.0	1.8	1.8	1.8	1.5
Publishing Industries	0.70	0.70	0.70	0.70	0.69	0.69	0.69	0.69
% Ch, Annual Rate	-0.5	-0.6	-1.0	-1.1	-0.5	-0.8	-1.0	-1.1
Other Information	2.07	2.07	2.08	2.10	2.11	2.13	2.14	2.15
% Ch, Annual Rate	-2.1	-0.3	3.2	3.1	2.5	2.7	2.8	2.3
Financial Activities	8.00	7.99	7.98	7.96	7.94	7.91	7.88	7.85
% Ch, Annual Rate	-0.4	-0.5	-0.8	-0.8	-0.9	-1.6	-1.8	-1.5
Professional and Business Services	20.62	20.76	20.92	21.08	21.18	21.25	21.35	21.47
% Ch, Annual Rate	2.1	2.7	3.2	3.1	1.9	1.3	2.0	2.3
Education and Health Services	21.55	21.71	21.81	21.93	22.01	22.13	22.22	22.33
% Ch, Annual Rate	2.8	3.1	1.8	2.2	1.5	2.2	1.6	2.1
Leisure and Hospitality	14.90	14.92	14.96	15.03	15.05	15.08	15.11	15.14
% Ch, Annual Rate	1.9	0.5	1.3	1.7	0.6	0.8	0.9	0.7
Other Services	5.45	5.45	5.45	5.45	5.46	5.47	5.47	5.48
% Ch, Annual Rate	-0.2	0.0	0.0	0.1	0.6	0.5	0.3	0.2
Federal Government	2.63	2.62	2.61	2.60	2.60	2.59	2.58	2.58
% Ch, Annual Rate	-2.9	-1.5	-1.4	-0.9	-0.8	-1.3	-1.2	-1.2
State and Local Government	19.39	19.45	19.51	19.57	19.63	19.69	19.75	19.82
% Ch, Annual Rate	1.1	1.2	1.2	1.3	1.1	1.2	1.2	1.5

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	146.65	146.99	147.30	147.55	147.75	147.95	148.15	148.31
% Ch, Annual Rate	0.9	0.9	0.9	0.7	0.5	0.5	0.5	0.4
Manufacturing	12.61	12.63	12.65	12.66	12.65	12.64	12.61	12.60
% Ch, Annual Rate	0.0	0.6	0.4	0.4	-0.4	-0.3	-0.7	-0.6
Durable Manufacturing	8.20	8.21	8.23	8.24	8.23	8.23	8.22	8.20
% Ch, Annual Rate	-0.1	0.9	0.8	0.6	-0.4	-0.2	-0.7	-0.5
Wood Products	0.52	0.52	0.53	0.53	0.53	0.53	0.54	0.54
% Ch, Annual Rate	0.4	2.7	2.3	2.6	1.9	2.9	2.6	2.7
Primary and Fabricated Metals	2.07	2.08	2.08	2.08	2.08	2.09	2.09	2.09
% Ch, Annual Rate	0.3	1.1	0.5	0.4	0.4	0.4	0.2	0.2
Computer and Electronic Products	1.04	1.05	1.06	1.06	1.06	1.07	1.07	1.07
% Ch, Annual Rate	2.1	3.0	2.9	2.7	0.3	0.7	1.0	1.4
Machinery and Electrical Equipment	1.59	1.59	1.59	1.60	1.59	1.59	1.59	1.59
% Ch, Annual Rate	-0.2	0.7	0.3	0.4	-0.3	0.1	-0.5	-0.4
Transportation Equipment	1.58	1.58	1.58	1.58	1.57	1.56	1.55	1.54
% Ch, Annual Rate	-1.7	-0.9	0.5	-0.1	-2.0	-2.5	-3.4	-3.1
Other Durables	1.39	1.39	1.39	1.39	1.39	1.38	1.38	1.37
% Ch, Annual Rate	-0.6	0.4	-0.2	-0.4	-1.0	-0.9	-1.7	-1.4
Nondurable Manufacturing	4.42	4.42	4.42	4.42	4.41	4.41	4.40	4.39
% Ch, Annual Rate	0.2	0.1	-0.2	0.0	-0.4	-0.5	-0.7	-0.7
Food Manufacturing	1.54	1.54	1.54	1.55	1.55	1.55	1.55	1.55
% Ch, Annual Rate	1.0	0.9	0.6	1.0	0.2	0.4	0.0	0.1
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.2	0.1	0.0	0.4	-0.2	-0.1	-0.2	-0.1
Other Nondurables	2.51	2.51	2.50	2.50	2.49	2.49	2.48	2.47
% Ch, Annual Rate	-0.3	-0.5	-0.7	-0.6	-0.8	-1.1	-1.2	-1.2
Natural Resources and Mining	0.97	0.97	0.97	0.97	0.97	0.97	0.96	0.96
% Ch, Annual Rate	1.8	1.4	0.1	-0.5	-0.5	-1.4	-0.8	-0.3
Construction	7.75	7.80	7.85	7.88	7.92	7.96	8.00	8.03
% Ch, Annual Rate	3.4	2.8	2.3	2.0	2.0	1.9	1.8	1.6
Trade, Transportation, and Utilities	27.61	27.63	27.65	27.64	27.63	27.62	27.61	27.58
% Ch, Annual Rate	0.5	0.4	0.2	-0.1	-0.1	-0.2	-0.2	-0.4
Wholesale Trade	6.30	6.32	6.33	6.35	6.36	6.37	6.38	6.39
% Ch, Annual Rate	1.5	1.1	1.2	0.8	0.8	0.5	0.7	0.4
Retail Trade	15.60	15.59	15.57	15.55	15.52	15.50	15.47	15.44
% Ch, Annual Rate	-0.7	-0.3	-0.4	-0.6	-0.7	-0.6	-0.6	-0.9
Trans., Warehousing, and Utilities	5.71	5.73	5.74	5.74	5.75	5.75	5.75	5.75
% Ch, Annual Rate	2.5	1.8	0.6	0.4	0.5	0.0	0.1	0.0
Information	2.86	2.86	2.88	2.89	2.91	2.92	2.94	2.95
% Ch, Annual Rate	2.0	1.0	1.7	2.4	2.7	1.6	1.7	1.2
Publishing Industries	0.69	0.69	0.69	0.69	0.68	0.68	0.68	0.68
% Ch, Annual Rate	-0.3	-0.8	-0.6	-0.7	-0.7	-1.6	-1.3	-1.6
Other Information	2.17	2.18	2.19	2.21	2.23	2.24	2.26	2.27
% Ch, Annual Rate	2.7	1.6	2.5	3.3	3.7	2.6	2.6	2.1
Financial Activities	7.83	7.81	7.79	7.78	7.78	7.78	7.78	7.78
% Ch, Annual Rate	-0.8	-1.1	-0.7	-0.8	-0.2	0.0	0.2	0.0
Professional and Business Services	21.57	21.63	21.72	21.81	21.90	21.98	22.08	22.18
% Ch, Annual Rate	1.9	1.1	1.7	1.6	1.6	1.5	1.9	1.8
Education and Health Services	22.37	22.49	22.57	22.63	22.67	22.74	22.78	22.81
% Ch, Annual Rate	0.7	2.2	1.4	1.0	0.8	1.3	0.6	0.5
Leisure and Hospitality	15.14	15.14	15.15	15.17	15.15	15.13	15.13	15.12
% Ch, Annual Rate	0.1	-0.1	0.4	0.4	-0.5	-0.5	0.0	-0.1
Other Services	5.48	5.48	5.48	5.47	5.46	5.45	5.44	5.43
% Ch, Annual Rate	0.5	-0.1	-0.3	-0.6	-0.3	-0.7	-0.9	-1.0
Federal Government	2.57	2.56	2.55	2.54	2.54	2.53	2.53	2.52
% Ch, Annual Rate	-1.3	-1.1	-1.2	-1.1	-0.8	-0.8	-0.8	-0.8
State and Local Government	19.90	19.97	20.04	20.11	20.17	20.23	20.29	20.35
% Ch, Annual Rate	1.6	1.5	1.4	1.3	1.3	1.3	1.2	1.1

Table A2.3

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	2,872.8	2,939.5	2,998.6	3,063.0	3,122.8	3,174.1	3,217.3	3,251.8
% Ch	1.7	2.3	2.0	2.1	2.0	1.6	1.4	1.1
Manufacturing	280.3	286.6	289.9	294.2	296.6	298.4	300.7	302.5
% Ch	4.3	2.3	1.1	1.5	0.8	0.6	0.8	0.6
Durable Manufacturing	204.6	209.6	211.6	214.9	216.7	218.0	219.4	220.4
% Ch	5.8	2.5	0.9	1.6	0.8	0.6	0.6	0.5
Wood Products	12.4	13.0	14.0	15.8	17.3	17.8	17.8	18.0
% Ch	-1.4	4.5	7.8	13.0	9.1	2.9	0.0	1.3
Primary and Fabricated Metals	24.3	25.0	26.5	28.1	29.1	30.0	30.6	31.2
% Ch	6.1	3.1	6.1	5.8	3.7	3.0	2.2	1.7
Computer and Electronic Products	20.2	20.1	20.5	20.2	19.5	19.8	20.9	21.7
% Ch	2.3	-0.3	2.2	-1.5	-3.5	1.5	5.3	4.0
Machinery and Electrical Equipment	18.4	19.4	20.7	22.2	23.6	24.9	25.9	27.0
% Ch	6.2	5.7	6.6	6.9	6.6	5.3	4.2	4.0
Aerospace	94.3	96.5	93.6	91.7	89.8	88.1	86.3	84.6
% Ch	8.9	2.3	-3.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	10.0	9.6	9.3	9.2	9.0	8.6	8.5	8.2
% Ch	8.5	-4.1	-3.6	-0.5	-2.8	-3.9	-1.7	-3.1
Other Durables	25.0	26.0	26.9	27.8	28.4	28.9	29.4	29.8
% Ch	0.0	3.8	3.7	3.0	2.3	1.8	1.6	1.3
Nondurable Manufacturing	75.7	77.0	78.3	79.2	79.9	80.4	81.4	82.1
% Ch	0.5	1.8	1.6	1.2	0.9	0.6	1.2	0.9
Food Manufacturing	34.8	35.6	35.8	36.3	36.7	36.8	37.2	37.4
% Ch	0.4	2.4	0.5	1.3	1.0	0.5	1.0	0.4
Paper and Paper Products	8.2	8.2	8.1	8.1	8.1	8.0	8.0	8.0
% Ch	-8.7	-0.5	-0.4	-0.1	-0.1	-0.7	0.0	0.0
Other Nondurables	32.7	33.2	34.3	34.8	35.1	35.5	36.1	36.7
% Ch	3.3	1.7	3.3	1.4	0.9	1.1	1.7	1.6
Natural Resources and Mining	5.9	6.1	6.4	7.0	7.5	7.8	7.9	8.0
% Ch	-1.3	2.7	5.2	10.0	7.5	4.1	0.8	0.7
Construction	139.0	148.2	153.6	163.2	173.4	182.7	189.2	192.2
% Ch	1.9	6.6	3.6	6.3	6.2	5.4	3.5	1.6
Trade, Transportation, and Utilities	536.2	551.6	562.6	570.1	579.2	586.6	591.1	593.0
% Ch	2.1	2.9	2.0	1.3	1.6	1.3	0.8	0.3
Wholesale Trade	124.1	127.8	130.9	133.4	136.1	138.7	141.0	142.5
% Ch	2.0	3.0	2.4	1.9	2.0	1.9	1.6	1.1
Retail Trade	319.3	330.0	336.0	338.6	342.5	344.9	345.4	345.2
% Ch	2.1	3.3	1.8	0.8	1.1	0.7	0.1	-0.1
Trans., Warehousing, and Utilities	92.7	93.8	95.7	98.1	100.6	103.0	104.7	105.3
% Ch	2.2	1.2	2.0	2.4	2.6	2.3	1.7	0.6
Information	104.9	106.6	108.5	109.6	112.9	115.4	118.0	120.9
% Ch	0.7	1.6	1.8	1.0	3.0	2.3	2.2	2.4
Software Publishers	52.4	53.9	54.8	55.2	56.2	57.0	57.9	58.7
% Ch	1.4	2.8	1.8	0.7	1.7	1.6	1.5	1.4
Other Publishing Industries	7.5	7.0	6.6	6.1	5.9	5.7	5.4	5.2
% Ch	-4.3	-6.5	-5.7	-6.9	-3.6	-4.3	-4.2	-4.9
Other Information	45.0	45.7	47.1	48.3	50.8	52.8	54.7	57.0
% Ch	0.8	1.4	3.1	2.4	5.3	3.8	3.7	4.2
Financial Activities	143.0	146.5	147.9	148.9	147.5	145.2	143.2	142.4
% Ch	1.6	2.5	0.9	0.7	-0.9	-1.5	-1.4	-0.6
Professional and Business Services	349.3	358.9	373.1	393.3	406.4	417.4	427.1	436.5
% Ch	2.9	2.7	4.0	5.4	3.3	2.7	2.3	2.2
Education and Health Services	385.5	392.8	401.7	409.7	420.4	430.3	439.1	446.3
% Ch	1.1	1.9	2.3	2.0	2.6	2.3	2.1	1.6
Leisure and Hospitality	277.2	287.5	294.1	299.7	304.1	307.8	310.7	312.6
% Ch	2.4	3.7	2.3	1.9	1.5	1.2	0.9	0.6
Other Services	110.4	111.2	112.4	113.1	114.0	115.0	116.1	116.8
% Ch	1.8	0.7	1.1	0.7	0.7	1.0	0.9	0.6
Federal Government	73.2	71.7	70.9	70.5	69.8	69.3	68.9	68.6
% Ch	-1.1	-2.0	-1.1	-0.5	-1.0	-0.6	-0.7	-0.4
State and Local Government	468.0	471.8	477.6	483.7	491.1	497.9	505.3	512.1
% Ch	-0.3	0.8	1.2	1.3	1.5	1.4	1.5	1.3

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	2,976.8	2,991.4	3,005.1	3,021.0	3,038.6	3,055.1	3,071.3	3,086.9
% Ch, Annual Rate	2.0	2.0	1.8	2.1	2.4	2.2	2.1	2.0
Manufacturing	286.6	289.3	291.7	291.9	292.9	293.7	294.6	295.4
% Ch, Annual Rate	-0.1	3.9	3.3	0.3	1.4	1.1	1.2	1.1
Durable Manufacturing	208.8	211.1	213.1	213.4	214.1	214.6	215.3	215.7
% Ch, Annual Rate	-0.3	4.5	3.9	0.5	1.3	1.0	1.1	0.9
Wood Products	13.2	13.8	14.3	14.7	15.2	15.7	16.1	16.4
% Ch, Annual Rate	2.9	20.9	15.4	12.0	13.3	12.2	10.9	9.5
Primary and Fabricated Metals	25.5	26.4	26.9	27.3	27.6	27.9	28.2	28.5
% Ch, Annual Rate	5.4	15.4	8.2	4.6	5.8	4.1	4.1	4.0
Computer and Electronic Products	20.2	20.3	21.0	20.7	20.5	20.3	20.1	20.0
% Ch, Annual Rate	2.1	1.1	15.9	-6.1	-3.5	-4.5	-2.5	-3.0
Machinery and Electrical Equipment	19.8	20.6	21.1	21.4	21.7	22.0	22.3	22.6
% Ch, Annual Rate	3.3	18.4	10.1	4.2	5.8	6.2	5.9	6.2
Aerospace	94.3	93.8	93.3	92.8	92.4	91.9	91.4	91.0
% Ch, Annual Rate	-4.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.3	9.3	9.2	9.2	9.2	9.2	9.2	9.2
% Ch, Annual Rate	2.8	-2.4	-2.0	0.3	0.6	-0.4	-0.2	-2.6
Other Durables	26.5	26.9	27.1	27.3	27.5	27.7	27.9	28.0
% Ch, Annual Rate	1.0	5.3	3.7	2.2	2.9	3.0	2.9	2.6
Nondurable Manufacturing	77.8	78.2	78.6	78.5	78.8	79.1	79.3	79.6
% Ch, Annual Rate	0.4	2.3	1.8	-0.4	1.7	1.2	1.2	1.7
Food Manufacturing	35.6	35.9	36.0	35.9	36.1	36.2	36.3	36.6
% Ch, Annual Rate	0.5	3.0	1.6	-1.3	2.3	1.4	1.5	2.3
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
% Ch, Annual Rate	0.6	1.1	0.1	-1.0	-0.3	-0.1	0.2	0.9
Other Nondurables	34.1	34.2	34.4	34.5	34.7	34.8	34.9	35.0
% Ch, Annual Rate	0.1	2.0	2.5	0.8	1.6	1.3	1.1	1.2
Natural Resources and Mining	6.1	6.2	6.5	6.7	6.8	6.9	7.1	7.2
% Ch, Annual Rate	0.3	7.4	14.3	13.7	8.0	8.4	8.6	8.4
Construction	150.3	152.8	154.6	156.7	159.6	162.1	164.5	166.9
% Ch, Annual Rate	3.2	6.7	5.0	5.4	7.6	6.4	6.2	5.9
Trade, Transportation, and Utilities	561.3	561.4	562.8	565.1	567.1	569.1	571.0	573.1
% Ch, Annual Rate	2.6	0.0	1.0	1.7	1.5	1.4	1.4	1.4
Wholesale Trade	130.2	130.6	131.0	131.7	132.5	133.1	133.7	134.3
% Ch, Annual Rate	2.6	1.2	1.2	2.0	2.4	1.9	1.8	2.0
Retail Trade	336.0	335.3	335.9	336.9	337.6	338.3	339.0	339.7
% Ch, Annual Rate	2.7	-0.8	0.7	1.2	0.8	0.8	0.8	0.9
Trans., Warehousing, and Utilities	95.1	95.5	95.9	96.5	97.1	97.8	98.4	99.1
% Ch, Annual Rate	2.0	1.5	1.7	2.6	2.6	2.7	2.6	2.7
Information	107.8	108.7	108.8	108.8	107.7	108.1	110.5	112.1
% Ch, Annual Rate	0.9	3.3	0.3	0.1	-4.0	1.7	9.2	5.8
Software Publishers	54.7	54.8	54.9	54.9	54.9	55.1	55.3	55.6
% Ch, Annual Rate	1.9	0.7	0.2	0.3	-0.1	1.7	1.7	1.8
Other Publishing Industries	6.8	6.7	6.5	6.4	6.2	6.2	6.1	6.1
% Ch, Annual Rate	-4.0	-6.8	-8.6	-8.5	-10.0	-3.3	-3.3	-2.7
Other Information	46.3	47.2	47.4	47.5	46.6	46.9	49.1	50.5
% Ch, Annual Rate	0.4	7.9	1.7	1.1	-7.6	2.3	20.4	11.6
Financial Activities	147.9	147.5	147.6	148.4	149.2	149.1	148.7	148.5
% Ch, Annual Rate	1.5	-1.2	0.3	2.3	2.1	-0.4	-0.8	-0.6
Professional and Business Services	366.0	370.6	375.1	380.5	386.5	391.9	395.8	398.9
% Ch, Annual Rate	3.8	5.1	5.0	5.8	6.4	5.7	4.1	3.2
Education and Health Services	399.5	401.0	402.3	404.2	406.4	408.8	410.7	413.0
% Ch, Annual Rate	2.2	1.5	1.3	1.9	2.2	2.3	1.9	2.3
Leisure and Hospitality	292.1	293.9	294.5	296.0	297.8	299.1	300.3	301.5
% Ch, Annual Rate	2.0	2.4	0.8	2.1	2.5	1.7	1.6	1.7
Other Services	112.1	112.3	112.5	112.6	112.9	113.0	113.2	113.4
% Ch, Annual Rate	1.2	0.8	0.6	0.6	0.8	0.6	0.6	0.7
Federal Government	71.1	70.8	70.8	70.8	70.7	70.6	70.4	70.4
% Ch, Annual Rate	0.9	-1.6	-0.3	-0.1	-0.1	-1.1	-1.1	0.1
State and Local Government	475.9	477.0	478.1	479.4	481.0	482.8	484.5	486.5
% Ch, Annual Rate	1.3	0.9	0.9	1.1	1.3	1.5	1.5	1.6

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	3,100.8	3,115.4	3,130.1	3,145.1	3,156.6	3,168.3	3,179.7	3,191.6
% Ch, Annual Rate	1.8	1.9	1.9	1.9	1.5	1.5	1.4	1.5
Manufacturing	296.0	296.4	296.9	297.2	297.7	298.3	298.6	299.1
% Ch, Annual Rate	0.8	0.5	0.6	0.4	0.7	0.7	0.5	0.6
Durable Manufacturing	216.2	216.5	216.9	217.2	217.6	217.9	218.2	218.3
% Ch, Annual Rate	0.9	0.5	0.8	0.6	0.7	0.6	0.4	0.3
Wood Products	16.8	17.2	17.4	17.6	17.8	17.8	17.8	17.7
% Ch, Annual Rate	10.4	8.2	6.4	4.2	3.4	1.0	-0.9	-1.5
Primary and Fabricated Metals	28.7	28.9	29.2	29.5	29.7	29.9	30.1	30.2
% Ch, Annual Rate	3.3	2.9	4.2	4.0	2.6	2.7	2.3	1.9
Computer and Electronic Products	19.8	19.6	19.4	19.4	19.5	19.7	19.9	20.2
% Ch, Annual Rate	-3.9	-4.5	-3.0	-1.2	3.4	4.0	4.7	4.9
Machinery and Electrical Equipment	23.0	23.4	23.8	24.2	24.5	24.8	25.0	25.3
% Ch, Annual Rate	7.1	6.8	7.3	5.9	4.7	5.0	4.6	3.7
Aerospace	90.5	90.1	89.6	89.2	88.7	88.3	87.8	87.4
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.1	9.0	8.9	8.8	8.7	8.7	8.6	8.5
% Ch, Annual Rate	-3.1	-3.6	-3.9	-4.1	-4.3	-4.0	-3.6	-1.8
Other Durables	28.2	28.3	28.5	28.6	28.7	28.8	29.0	29.1
% Ch, Annual Rate	2.2	1.9	1.9	1.6	2.0	1.7	1.7	1.5
Nondurable Manufacturing	79.8	79.9	79.9	80.0	80.1	80.3	80.5	80.7
% Ch, Annual Rate	0.7	0.5	0.2	0.0	0.8	1.1	0.7	1.3
Food Manufacturing	36.6	36.7	36.7	36.7	36.7	36.8	36.9	37.0
% Ch, Annual Rate	0.8	0.5	0.2	-0.3	0.6	1.0	0.4	1.2
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.0	8.0
% Ch, Annual Rate	0.0	-0.5	-1.1	-1.2	-0.6	-0.5	-0.7	-0.1
Other Nondurables	35.0	35.1	35.2	35.2	35.3	35.5	35.6	35.7
% Ch, Annual Rate	0.8	0.8	0.6	0.7	1.3	1.4	1.3	1.8
Natural Resources and Mining	7.4	7.5	7.6	7.7	7.8	7.8	7.9	7.9
% Ch, Annual Rate	9.1	6.2	5.0	5.3	6.1	2.7	0.9	0.4
Construction	169.5	172.1	174.7	177.3	179.6	181.8	183.9	185.7
% Ch, Annual Rate	6.5	6.1	6.2	6.3	5.1	5.1	4.6	4.1
Trade, Transportation, and Utilities	575.4	578.0	580.6	582.9	584.3	586.0	587.3	588.6
% Ch, Annual Rate	1.6	1.9	1.8	1.5	1.0	1.1	0.9	0.9
Wholesale Trade	135.0	135.8	136.5	137.2	137.8	138.4	139.0	139.6
% Ch, Annual Rate	2.0	2.3	2.1	2.0	1.9	1.8	1.8	1.7
Retail Trade	340.7	341.9	343.2	344.2	344.3	344.8	345.1	345.3
% Ch, Annual Rate	1.2	1.4	1.5	1.1	0.2	0.6	0.3	0.3
Trans., Warehousing, and Utilities	99.7	100.3	101.0	101.6	102.2	102.7	103.2	103.7
% Ch, Annual Rate	2.5	2.7	2.5	2.4	2.5	2.1	1.9	1.9
Information	112.2	112.4	113.1	113.8	114.5	115.1	115.8	116.4
% Ch, Annual Rate	0.1	1.0	2.5	2.4	2.3	2.3	2.3	2.1
Software Publishers	55.8	56.1	56.3	56.5	56.7	56.9	57.1	57.3
% Ch, Annual Rate	1.7	1.7	1.5	1.5	1.7	1.6	1.4	1.4
Other Publishing Industries	6.0	6.0	5.9	5.8	5.8	5.7	5.6	5.6
% Ch, Annual Rate	-3.6	-3.8	-4.5	-4.7	-3.7	-4.3	-4.7	-4.8
Other Information	50.3	50.4	51.0	51.5	52.0	52.5	53.0	53.5
% Ch, Annual Rate	-1.1	0.8	4.5	4.4	3.7	3.9	4.1	3.5
Financial Activities	148.1	147.7	147.2	146.8	146.3	145.6	144.8	144.2
% Ch, Annual Rate	-1.0	-1.1	-1.3	-1.1	-1.3	-2.0	-2.1	-1.8
Professional and Business Services	401.4	404.5	408.0	411.5	413.9	415.9	418.5	421.4
% Ch, Annual Rate	2.5	3.1	3.5	3.5	2.4	1.9	2.5	2.8
Education and Health Services	416.1	419.4	421.7	424.4	426.5	429.2	431.4	434.0
% Ch, Annual Rate	3.0	3.2	2.2	2.6	2.0	2.5	2.1	2.5
Leisure and Hospitality	302.8	303.5	304.5	305.7	306.5	307.4	308.3	309.1
% Ch, Annual Rate	1.7	0.9	1.4	1.6	1.0	1.1	1.2	1.1
Other Services	113.6	113.8	114.1	114.3	114.6	114.9	115.2	115.5
% Ch, Annual Rate	0.8	0.8	0.8	0.9	1.1	1.0	1.0	1.0
Federal Government	70.0	69.8	69.7	69.6	69.5	69.4	69.3	69.2
% Ch, Annual Rate	-2.2	-0.9	-0.8	-0.4	-0.3	-0.7	-0.7	-0.7
State and Local Government	488.3	490.2	492.0	493.7	495.3	497.0	498.6	500.6
% Ch, Annual Rate	1.5	1.5	1.4	1.5	1.3	1.3	1.4	1.6

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	3,202.1	3,212.6	3,222.7	3,231.8	3,240.1	3,248.1	3,256.0	3,262.9
% Ch, Annual Rate	1.3	1.3	1.3	1.1	1.0	1.0	1.0	0.8
Manufacturing	299.6	300.5	301.1	301.8	302.1	302.4	302.6	302.9
% Ch, Annual Rate	0.7	1.2	0.9	0.9	0.3	0.5	0.2	0.3
Durable Manufacturing	218.6	219.2	219.6	220.1	220.1	220.3	220.4	220.6
% Ch, Annual Rate	0.4	1.1	0.9	0.8	0.2	0.3	0.2	0.3
Wood Products	17.7	17.8	17.8	17.9	17.9	18.0	18.0	18.1
% Ch, Annual Rate	-0.6	1.4	1.2	1.4	0.8	1.7	1.3	1.4
Primary and Fabricated Metals	30.3	30.6	30.7	30.9	31.0	31.1	31.2	31.3
% Ch, Annual Rate	1.9	3.0	2.1	2.0	1.6	1.6	1.0	1.0
Computer and Electronic Products	20.4	20.7	21.0	21.3	21.5	21.6	21.8	22.0
% Ch, Annual Rate	4.9	6.3	6.2	5.9	2.3	2.9	3.4	3.8
Machinery and Electrical Equipment	25.5	25.8	26.1	26.4	26.6	26.9	27.1	27.3
% Ch, Annual Rate	3.7	4.9	4.4	4.5	3.5	4.1	3.3	3.4
Aerospace	86.9	86.5	86.1	85.6	85.2	84.8	84.3	83.9
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	8.5	8.5	8.5	8.4	8.3	8.3	8.2	8.1
% Ch, Annual Rate	-0.9	-0.7	-0.8	-3.1	-3.5	-4.2	-4.0	-2.8
Other Durables	29.2	29.3	29.4	29.5	29.6	29.7	29.8	29.8
% Ch, Annual Rate	1.5	1.9	1.6	1.5	1.3	1.3	0.7	0.7
Nondurable Manufacturing	81.0	81.3	81.5	81.8	81.9	82.1	82.2	82.3
% Ch, Annual Rate	1.4	1.3	1.0	1.4	0.8	0.8	0.5	0.6
Food Manufacturing	37.1	37.2	37.2	37.3	37.4	37.4	37.4	37.3
% Ch, Annual Rate	1.2	1.1	0.6	1.1	0.1	0.3	-0.2	-0.1
Paper and Paper Products	8.0	8.0	8.0	8.1	8.0	8.0	8.0	8.0
% Ch, Annual Rate	0.2	0.1	0.0	0.5	-0.3	-0.1	-0.3	-0.1
Other Nondurables	35.9	36.1	36.2	36.4	36.5	36.7	36.8	36.9
% Ch, Annual Rate	1.9	1.8	1.7	1.8	1.7	1.5	1.4	1.4
Natural Resources and Mining	7.9	7.9	7.9	7.9	7.9	8.0	8.0	8.0
% Ch, Annual Rate	1.7	0.5	-0.7	-0.1	1.4	1.3	1.4	0.9
Construction	187.3	188.7	189.8	190.8	191.5	192.1	192.4	192.6
% Ch, Annual Rate	3.5	2.9	2.4	2.0	1.6	1.1	0.7	0.4
Trade, Transportation, and Utilities	589.7	590.8	591.6	592.1	592.6	592.9	593.3	593.2
% Ch, Annual Rate	0.7	0.7	0.6	0.3	0.3	0.2	0.2	0.0
Wholesale Trade	140.2	140.7	141.3	141.7	142.1	142.3	142.7	142.9
% Ch, Annual Rate	1.7	1.4	1.5	1.2	1.1	0.8	0.9	0.7
Retail Trade	345.2	345.4	345.5	345.4	345.3	345.3	345.2	344.9
% Ch, Annual Rate	-0.1	0.2	0.1	-0.1	-0.1	-0.1	-0.1	-0.4
Trans., Warehousing, and Utilities	104.3	104.7	104.9	105.0	105.2	105.3	105.4	105.5
% Ch, Annual Rate	2.2	1.6	0.7	0.6	0.7	0.3	0.4	0.3
Information	117.1	117.6	118.3	119.1	119.9	120.6	121.2	121.8
% Ch, Annual Rate	2.5	1.8	2.3	2.7	2.9	2.1	2.2	1.8
Software Publishers	57.6	57.8	58.0	58.2	58.5	58.6	58.8	59.0
% Ch, Annual Rate	1.7	1.5	1.5	1.5	1.5	1.2	1.3	1.1
Other Publishing Industries	5.5	5.5	5.4	5.3	5.3	5.2	5.1	5.0
% Ch, Annual Rate	-3.5	-4.4	-4.1	-4.4	-4.4	-6.1	-5.5	-6.2
Other Information	54.0	54.4	54.9	55.5	56.2	56.7	57.3	57.7
% Ch, Annual Rate	4.0	2.8	3.7	4.7	5.0	3.9	3.8	3.3
Financial Activities	143.8	143.3	143.0	142.7	142.5	142.4	142.4	142.3
% Ch, Annual Rate	-1.0	-1.3	-0.9	-1.0	-0.4	-0.3	0.0	-0.3
Professional and Business Services	423.9	425.7	428.2	430.5	432.9	435.1	437.8	440.3
% Ch, Annual Rate	2.5	1.7	2.3	2.2	2.2	2.1	2.5	2.4
Education and Health Services	435.5	438.3	440.4	442.2	443.8	445.8	447.2	448.6
% Ch, Annual Rate	1.4	2.6	2.0	1.6	1.4	1.8	1.3	1.2
Leisure and Hospitality	309.7	310.2	311.0	311.7	312.0	312.3	312.8	313.3
% Ch, Annual Rate	0.8	0.6	0.9	0.9	0.4	0.4	0.7	0.6
Other Services	115.8	116.0	116.2	116.4	116.6	116.8	116.9	117.0
% Ch, Annual Rate	1.1	0.8	0.7	0.6	0.7	0.5	0.5	0.4
Federal Government	69.0	68.9	68.8	68.7	68.7	68.6	68.5	68.5
% Ch, Annual Rate	-0.7	-0.6	-0.6	-0.6	-0.3	-0.3	-0.3	-0.3
State and Local Government	502.6	504.5	506.3	508.0	509.6	511.3	512.9	514.4
% Ch, Annual Rate	1.6	1.5	1.4	1.3	1.3	1.3	1.3	1.2

Table A3.1

U.S. Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	13,743.8	14,133.5	14,709.7	15,443.8	16,201.0	16,997.2	17,766.9	18,499.3
% Ch	4.2	2.8	4.1	5.0	4.9	4.9	4.5	4.1
Total Wage and Salary Disbursements	6,926.8	7,137.8	7,442.7	7,829.3	8,208.2	8,566.5	8,906.2	9,230.5
% Ch	4.3	3.0	4.3	5.2	4.8	4.4	4.0	3.6
Nonwage Personal Income	6,817.0	6,995.7	7,267.0	7,614.5	7,992.8	8,430.7	8,860.7	9,268.7
% Ch	4.0	2.6	3.9	4.8	5.0	5.5	5.1	4.6
Supplements to Wages and Salaries	1,684.9	1,721.6	1,777.3	1,859.7	1,962.4	2,072.5	2,174.9	2,265.0
% Ch	2.7	2.2	3.2	4.6	5.5	5.6	4.9	4.1
Proprietor's Income	1,224.9	1,347.2	1,390.9	1,461.7	1,528.0	1,577.4	1,633.1	1,695.0
% Ch	6.0	10.0	3.2	5.1	4.5	3.2	3.5	3.8
Farm	75.4	126.8	102.2	99.4	97.7	98.8	101.3	102.9
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,149.6	1,220.4	1,288.7	1,362.3	1,430.3	1,478.6	1,531.8	1,592.0
% Ch	6.2	6.2	5.6	5.7	5.0	3.4	3.6	3.9
Less: Contribution For Govt. Soc. Ins.	950.7	1,106.0	1,168.4	1,245.9	1,324.0	1,390.5	1,455.6	1,517.3
% Ch	3.5	16.3	5.6	6.6	6.3	5.0	4.7	4.2
Dividends/Int./Rent	2,499.7	2,588.0	2,719.3	2,879.8	3,034.8	3,269.8	3,487.7	3,666.7
% Ch	5.5	3.5	5.1	5.9	5.4	7.7	6.7	5.1
Transfer Payments	2,358.3	2,444.9	2,547.8	2,659.2	2,791.5	2,901.4	3,020.5	3,159.4
% Ch	2.2	3.7	4.2	4.4	5.0	3.9	4.1	4.6

Table A3.2

U.S. Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,449.8	14,615.1	14,798.9	14,974.8	15,192.4	15,361.1	15,527.0	15,694.5
% Ch, Annual Rate	4.4	4.7	5.1	4.8	5.9	4.5	4.4	4.4
Total Wage and Salary Disbursements	7,305.5	7,394.8	7,489.0	7,581.4	7,681.7	7,781.0	7,879.2	7,975.2
% Ch, Annual Rate	4.3	5.0	5.2	5.0	5.4	5.3	5.1	5.0
Nonwage Personal Income	7,144.3	7,220.3	7,310.0	7,393.4	7,510.7	7,580.2	7,647.8	7,719.3
% Ch, Annual Rate	4.5	4.3	5.1	4.6	6.5	3.8	3.6	3.8
Supplements to Wages and Salaries	1,753.7	1,767.2	1,785.5	1,802.9	1,828.7	1,847.8	1,869.0	1,893.2
% Ch, Annual Rate	4.3	3.1	4.2	3.9	5.9	4.2	4.7	5.3
Proprietor's Income	1,369.7	1,381.3	1,397.4	1,415.2	1,431.8	1,453.3	1,472.1	1,489.6
% Ch, Annual Rate	5.3	3.4	4.7	5.2	4.8	6.1	5.3	4.8
Farm	111.4	99.6	99.0	99.0	98.6	98.2	99.9	101.0
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,258.3	1,281.8	1,298.4	1,316.1	1,333.3	1,355.2	1,372.2	1,388.6
% Ch, Annual Rate	5.2	7.7	5.3	5.6	5.3	6.7	5.1	4.9
Less: Contribution For Govt. Soc. Ins.	1,147.5	1,161.1	1,175.4	1,189.5	1,224.5	1,238.8	1,252.6	1,267.9
% Ch, Annual Rate	10.9	4.8	5.0	4.9	12.3	4.8	4.5	5.0
Dividends/Int./Rent	2,644.3	2,692.0	2,746.1	2,794.8	2,837.2	2,865.9	2,893.4	2,922.8
% Ch, Annual Rate	1.8	7.4	8.3	7.3	6.2	4.1	3.9	4.1
Transfer Payments	2,524.1	2,540.8	2,556.3	2,570.1	2,637.4	2,651.9	2,665.9	2,681.7
% Ch, Annual Rate	10.0	2.7	2.5	2.2	10.9	2.2	2.1	2.4

Table A3.2 (continued)

U.S. Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	15,925.1	16,106.2	16,288.0	16,484.6	16,705.4	16,904.2	17,093.8	17,285.6
% Ch, Annual Rate	6.0	4.6	4.6	4.9	5.5	4.8	4.6	4.6
Total Wage and Salary Disbursements	8,071.2	8,161.5	8,253.1	8,347.1	8,438.9	8,524.1	8,608.2	8,694.8
% Ch, Annual Rate	4.9	4.5	4.6	4.6	4.5	4.1	4.0	4.1
Nonwage Personal Income	7,853.9	7,944.7	8,034.9	8,137.6	8,266.5	8,380.1	8,485.6	8,590.9
% Ch, Annual Rate	7.2	4.7	4.6	5.2	6.5	5.6	5.1	5.1
Supplements to Wages and Salaries	1,925.8	1,949.5	1,973.9	2,000.5	2,034.7	2,060.2	2,085.0	2,110.2
% Ch, Annual Rate	7.1	5.0	5.1	5.5	7.0	5.1	4.9	4.9
Proprietor's Income	1,503.6	1,523.0	1,536.1	1,549.2	1,558.3	1,572.9	1,581.7	1,596.8
% Ch, Annual Rate	3.8	5.3	3.5	3.5	2.4	3.8	2.3	3.9
Farm	97.0	96.6	98.5	98.7	98.6	98.0	99.2	99.5
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,406.6	1,426.4	1,437.6	1,450.5	1,459.8	1,474.9	1,482.5	1,497.3
% Ch, Annual Rate	5.3	5.8	3.2	3.6	2.6	4.2	2.1	4.0
Less: Contribution For Govt. Soc. Ins.	1,304.7	1,317.4	1,329.8	1,344.2	1,373.4	1,384.7	1,395.5	1,408.3
% Ch, Annual Rate	12.1	3.9	3.8	4.4	9.0	3.4	3.1	3.7
Dividends/Int./Rent	2,961.3	3,006.6	3,056.0	3,115.4	3,179.0	3,241.8	3,302.9	3,355.6
% Ch, Annual Rate	5.4	6.3	6.7	8.0	8.4	8.1	7.8	6.5
Transfer Payments	2,767.8	2,782.9	2,798.7	2,816.7	2,867.7	2,889.9	2,911.5	2,936.6
% Ch, Annual Rate	13.5	2.2	2.3	2.6	7.4	3.1	3.0	3.5

Table A3.2 (continued)

U.S. Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	17,491.5	17,677.6	17,859.8	18,038.6	18,238.5	18,412.6	18,587.0	18,758.9
% Ch, Annual Rate	4.8	4.3	4.2	4.1	4.5	3.9	3.8	3.7
Total Wage and Salary Disbursements	8,781.4	8,864.3	8,948.4	9,030.6	9,114.4	9,191.7	9,269.7	9,346.2
% Ch, Annual Rate	4.0	3.8	3.9	3.7	3.8	3.4	3.4	3.3
Nonwage Personal Income	8,710.0	8,813.3	8,911.4	9,008.0	9,124.1	9,220.8	9,317.3	9,412.7
% Ch, Annual Rate	5.7	4.8	4.5	4.4	5.3	4.3	4.3	4.2
Supplements to Wages and Salaries	2,142.0	2,164.4	2,185.7	2,207.7	2,236.5	2,256.0	2,274.3	2,293.3
% Ch, Annual Rate	6.2	4.3	4.0	4.1	5.3	3.5	3.3	3.4
Proprietor's Income	1,607.3	1,626.0	1,641.0	1,657.9	1,672.0	1,689.0	1,702.3	1,716.5
% Ch, Annual Rate	2.7	4.7	3.8	4.2	3.4	4.1	3.2	3.4
Farm	100.2	100.9	101.7	102.3	102.6	102.6	103.4	103.1
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,507.1	1,525.1	1,539.3	1,555.6	1,569.4	1,586.4	1,598.9	1,613.4
% Ch, Annual Rate	2.7	4.8	3.8	4.3	3.6	4.4	3.2	3.7
Less: Contribution For Govt. Soc. Ins.	1,438.9	1,449.9	1,460.6	1,472.8	1,502.1	1,512.2	1,521.9	1,533.1
% Ch, Annual Rate	9.0	3.1	3.0	3.4	8.2	2.7	2.6	3.0
Dividends/Int./Rent	3,414.0	3,463.9	3,513.5	3,559.3	3,603.7	3,644.1	3,688.2	3,730.8
% Ch, Annual Rate	7.1	6.0	5.9	5.3	5.1	4.6	4.9	4.7
Transfer Payments	2,985.6	3,008.9	3,031.7	3,055.9	3,114.1	3,144.0	3,174.3	3,205.2
% Ch, Annual Rate	6.8	3.2	3.1	3.2	7.8	3.9	3.9	3.9

Table A3.3

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	317.575	327.267	342.677	360.945	379.681	399.803	419.884	439.411
% Ch	4.8	3.1	4.7	5.3	5.2	5.3	5.0	4.7
Total Wage and Salary Disbursements	163.586	169.537	177.975	187.228	196.391	205.325	214.344	223.324
% Ch	5.6	3.6	5.0	5.2	4.9	4.5	4.4	4.2
Manufacturing	19.579	20.668	21.626	22.215	22.983	23.717	24.523	25.326
% Ch	6.3	5.6	4.6	2.7	3.5	3.2	3.4	3.3
Durable Manufacturing	15.718	16.688	17.403	17.802	18.396	18.964	19.566	20.170
% Ch	7.5	6.2	4.3	2.3	3.3	3.1	3.2	3.1
Nondurable Manufacturing	3.861	3.981	4.223	4.413	4.587	4.753	4.957	5.156
% Ch	1.9	3.1	6.1	4.5	3.9	3.6	4.3	4.0
Nonmanufacturing	137.306	142.004	149.353	157.808	165.996	173.969	181.937	189.863
% Ch	5.4	3.4	5.2	5.7	5.2	4.8	4.6	4.4
Other Private Wages	1.011	1.036	1.039	1.082	1.122	1.159	1.195	1.230
% Ch	9.4	2.4	0.3	4.2	3.7	3.3	3.1	2.9
Farm Wages	1.290	1.322	1.389	1.471	1.551	1.628	1.704	1.781
% Ch	15.4	2.5	5.0	6.0	5.4	5.0	4.7	4.5
Military Wages	4.400	4.507	4.568	4.651	4.739	4.852	4.984	5.125
% Ch	3.3	2.4	1.3	1.8	1.9	2.4	2.7	2.8
Nonwage Personal Income	153.989	157.730	164.703	173.717	183.291	194.477	205.540	216.087
% Ch	4.0	2.4	4.4	5.5	5.5	6.1	5.7	5.1
Supplements to Wages and Salaries	39.458	40.690	42.272	44.653	47.376	50.248	53.075	55.730
% Ch	2.2	3.1	3.9	5.6	6.1	6.1	5.6	5.0
Proprietor's Income	23.552	25.350	26.520	28.037	29.407	30.392	31.497	32.748
% Ch	4.0	7.6	4.6	5.7	4.9	3.3	3.6	4.0
Farm	1.208	1.421	1.240	1.287	1.308	1.331	1.355	1.369
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.344	23.929	25.280	26.750	28.099	29.061	30.142	31.379
% Ch	7.6	7.1	5.6	5.8	5.0	3.4	3.7	4.1
Less: Contribution For Govt. Soc. Ins.	24.522	28.401	30.087	32.111	34.111	35.855	37.641	39.394
% Ch	2.8	15.8	5.9	6.7	6.2	5.1	5.0	4.7
Plus: Residence Adjustment	3.336	3.440	3.614	3.820	4.023	4.213	4.391	4.557
% Ch	13.7	3.1	5.0	5.7	5.3	4.7	4.2	3.8
Dividends/Int./Rent	62.038	64.680	68.396	72.736	76.959	83.248	89.163	94.121
% Ch	5.8	4.3	5.7	6.3	5.8	8.2	7.1	5.6
Transfer Payments	50.126	51.970	53.987	56.583	59.636	62.231	65.055	68.324
% Ch	2.0	3.7	3.9	4.8	5.4	4.4	4.5	5.0
State U.I. Benefits	2.389	1.840	1.388	1.206	1.127	1.083	1.053	1.051
% Ch	-23.1	-23.0	-24.6	-13.0	-6.6	-3.9	-2.7	-0.2
Other Transfers	47.736	50.130	52.600	55.376	58.510	61.148	64.001	67.273
% Ch	3.7	5.0	4.9	5.3	5.7	4.5	4.7	5.1

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	336.396	340.009	345.094	349.211	354.310	358.908	363.234	367.329
% Ch, Annual Rate	6.0	4.4	6.1	4.9	6.0	5.3	4.9	4.6
Total Wage and Salary Disbursements	175.102	176.489	179.199	181.109	183.323	186.076	188.635	190.880
% Ch, Annual Rate	7.5	3.2	6.3	4.3	5.0	6.1	5.6	4.8
Manufacturing	22.114	21.192	21.519	21.679	21.895	22.108	22.326	22.533
% Ch, Annual Rate	28.8	-15.7	6.3	3.0	4.0	3.9	4.0	3.8
Durable Manufacturing	17.970	16.991	17.261	17.392	17.556	17.720	17.889	18.044
% Ch, Annual Rate	35.8	-20.1	6.5	3.1	3.8	3.8	3.9	3.5
Nondurable Manufacturing	4.144	4.201	4.259	4.287	4.339	4.388	4.437	4.490
% Ch, Annual Rate	3.4	5.6	5.6	2.7	4.9	4.6	4.6	4.9
Nonmanufacturing	146.080	148.315	150.647	152.370	154.255	156.775	159.092	161.109
% Ch, Annual Rate	5.0	6.3	6.4	4.7	5.0	6.7	6.0	5.2
Other Private Wages	1.023	1.033	1.045	1.055	1.066	1.077	1.088	1.098
% Ch, Annual Rate	3.5	4.3	4.4	3.9	4.4	4.2	4.2	3.8
Farm Wages	1.358	1.378	1.399	1.418	1.440	1.461	1.482	1.502
% Ch, Annual Rate	5.2	6.0	6.2	5.6	6.2	5.9	6.0	5.5
Military Wages	4.527	4.570	4.589	4.586	4.666	4.655	4.646	4.636
% Ch, Annual Rate	-1.2	3.9	1.6	-0.2	7.2	-0.9	-0.8	-0.9
Nonwage Personal Income	161.293	163.520	165.896	168.102	170.988	172.833	174.599	176.449
% Ch, Annual Rate	4.5	5.6	5.9	5.4	7.0	4.4	4.2	4.3
Supplements to Wages and Salaries	41.528	41.986	42.537	43.039	43.787	44.333	44.927	45.565
% Ch, Annual Rate	4.5	4.5	5.4	4.8	7.1	5.1	5.5	5.8
Proprietor's Income	25.928	26.357	26.713	27.083	27.436	27.883	28.244	28.586
% Ch, Annual Rate	5.4	6.8	5.5	5.7	5.3	6.7	5.3	4.9
Farm	1.263	1.214	1.233	1.251	1.264	1.275	1.297	1.313
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	24.665	25.143	25.480	25.831	26.172	26.609	26.948	27.273
% Ch, Annual Rate	4.9	8.0	5.5	5.6	5.4	6.8	5.2	4.9
Less: Contribution For Govt. Soc. Ins.	29.518	29.894	30.287	30.649	31.552	31.922	32.289	32.682
% Ch, Annual Rate	11.1	5.2	5.4	4.9	12.3	4.8	4.7	5.0
Plus: Residence Adjustment	3.542	3.589	3.638	3.688	3.741	3.794	3.846	3.897
% Ch, Annual Rate	4.6	5.4	5.6	5.6	5.9	5.8	5.6	5.5
Dividends/Int./Rent	66.410	67.672	69.102	70.400	71.546	72.346	73.117	73.934
% Ch, Annual Rate	2.4	7.8	8.7	7.7	6.7	4.5	4.3	4.5
Transfer Payments	53.404	53.810	54.193	54.542	56.030	56.399	56.754	57.148
% Ch, Annual Rate	10.4	3.1	2.9	2.6	11.4	2.7	2.5	2.8
State U.I. Benefits	1.450	1.423	1.365	1.312	1.259	1.217	1.184	1.166
% Ch, Annual Rate	-27.7	-7.3	-15.2	-14.8	-15.3	-12.6	-10.3	-5.9
Other Transfers	51.954	52.387	52.828	53.230	54.771	55.182	55.570	55.982
% Ch, Annual Rate	11.8	3.4	3.4	3.1	12.1	3.0	2.8	3.0

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	372.648	377.479	381.750	386.849	392.165	397.559	402.118	407.369
% Ch, Annual Rate	5.9	5.3	4.6	5.5	5.6	5.6	4.7	5.3
Total Wage and Salary Disbursements	192.932	195.427	197.377	199.828	201.920	204.394	206.224	208.764
% Ch, Annual Rate	4.4	5.3	4.1	5.1	4.3	5.0	3.6	5.0
Manufacturing	22.726	22.893	23.070	23.243	23.438	23.627	23.809	23.995
% Ch, Annual Rate	3.5	3.0	3.1	3.0	3.4	3.3	3.1	3.2
Durable Manufacturing	18.194	18.323	18.465	18.604	18.754	18.897	19.035	19.170
% Ch, Annual Rate	3.4	2.9	3.1	3.0	3.3	3.1	3.0	2.9
Nondurable Manufacturing	4.532	4.570	4.605	4.639	4.684	4.730	4.774	4.825
% Ch, Annual Rate	3.8	3.4	3.1	3.0	3.9	4.1	3.7	4.4
Nonmanufacturing	162.835	165.136	166.876	169.138	170.892	173.144	174.754	177.087
% Ch, Annual Rate	4.4	5.8	4.3	5.5	4.2	5.4	3.8	5.4
Other Private Wages	1.108	1.118	1.127	1.136	1.146	1.155	1.164	1.173
% Ch, Annual Rate	3.7	3.3	3.4	3.4	3.6	3.0	3.0	3.1
Farm Wages	1.522	1.541	1.560	1.580	1.600	1.618	1.637	1.656
% Ch, Annual Rate	5.4	5.0	5.1	5.1	5.2	4.7	4.7	4.7
Military Wages	4.740	4.739	4.744	4.732	4.844	4.850	4.861	4.854
% Ch, Annual Rate	9.3	-0.1	0.4	-1.0	9.8	0.5	0.9	-0.6
Nonwage Personal Income	179.716	182.053	184.373	187.021	190.246	193.164	195.894	198.606
% Ch, Annual Rate	7.6	5.3	5.2	5.9	7.1	6.3	5.8	5.7
Supplements to Wages and Salaries	46.438	47.045	47.672	48.350	49.264	49.921	50.569	51.239
% Ch, Annual Rate	7.9	5.3	5.4	5.8	7.8	5.4	5.3	5.4
Proprietor's Income	28.925	29.324	29.560	29.820	30.007	30.311	30.474	30.777
% Ch, Annual Rate	4.8	5.6	3.3	3.6	2.5	4.1	2.2	4.0
Farm	1.295	1.299	1.316	1.322	1.325	1.325	1.335	1.340
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	27.630	28.025	28.244	28.498	28.682	28.986	29.139	29.437
% Ch, Annual Rate	5.3	5.8	3.2	3.6	2.6	4.3	2.1	4.2
Less: Contribution For Govt. Soc. Ins.	33.623	33.941	34.258	34.624	35.396	35.698	35.991	36.335
% Ch, Annual Rate	12.0	3.8	3.8	4.3	9.2	3.5	3.3	3.9
Plus: Residence Adjustment	3.949	3.998	4.047	4.098	4.146	4.191	4.235	4.281
% Ch, Annual Rate	5.4	5.0	5.0	5.1	4.8	4.4	4.3	4.4
Dividends/Int./Rent	74.984	76.204	77.533	79.116	80.811	82.489	84.130	85.562
% Ch, Annual Rate	5.8	6.7	7.2	8.4	8.9	8.6	8.2	7.0
Transfer Payments	59.042	59.423	59.819	60.261	61.414	61.951	62.476	63.082
% Ch, Annual Rate	13.9	2.6	2.7	3.0	7.9	3.5	3.4	3.9
State U.I. Benefits	1.151	1.136	1.120	1.100	1.095	1.092	1.081	1.062
% Ch, Annual Rate	-5.2	-4.9	-5.8	-6.7	-1.7	-1.3	-4.0	-6.6
Other Transfers	57.891	58.287	58.699	59.161	60.318	60.859	61.395	62.019
% Ch, Annual Rate	14.4	2.8	2.9	3.2	8.1	3.6	3.6	4.1

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	412.511	417.700	422.084	427.239	432.267	437.287	441.514	446.578
% Ch, Annual Rate	5.1	5.1	4.3	5.0	4.8	4.7	3.9	4.7
Total Wage and Salary Disbursements	210.880	213.405	215.226	217.864	219.959	222.461	224.161	226.717
% Ch, Annual Rate	4.1	4.9	3.5	5.0	3.9	4.6	3.1	4.6
Manufacturing	24.194	24.415	24.631	24.853	25.043	25.235	25.417	25.609
% Ch, Annual Rate	3.4	3.7	3.6	3.6	3.1	3.1	2.9	3.1
Durable Manufacturing	19.316	19.484	19.650	19.815	19.956	20.101	20.238	20.384
% Ch, Annual Rate	3.1	3.5	3.4	3.4	2.9	2.9	2.8	2.9
Nondurable Manufacturing	4.879	4.931	4.982	5.038	5.086	5.134	5.179	5.225
% Ch, Annual Rate	4.5	4.4	4.2	4.6	3.9	3.8	3.5	3.6
Nonmanufacturing	178.858	181.123	182.687	185.080	186.835	189.106	190.584	192.927
% Ch, Annual Rate	4.1	5.2	3.5	5.3	3.8	5.0	3.2	5.0
Other Private Wages	1.182	1.191	1.200	1.208	1.218	1.226	1.234	1.242
% Ch, Annual Rate	3.4	2.9	3.0	2.9	3.2	2.7	2.6	2.5
Farm Wages	1.676	1.695	1.714	1.733	1.753	1.771	1.790	1.808
% Ch, Annual Rate	5.1	4.5	4.6	4.5	4.8	4.2	4.2	4.1
Military Wages	4.970	4.982	4.995	4.991	5.111	5.123	5.136	5.131
% Ch, Annual Rate	9.9	1.0	1.1	-0.3	10.0	0.9	1.0	-0.3
Nonwage Personal Income	201.631	204.294	206.858	209.376	212.308	214.826	217.353	219.860
% Ch, Annual Rate	6.2	5.4	5.1	5.0	5.7	4.8	4.8	4.7
Supplements to Wages and Salaries	52.147	52.770	53.377	54.005	54.870	55.451	56.011	56.588
% Ch, Annual Rate	7.3	4.9	4.7	4.8	6.6	4.3	4.1	4.2
Proprietor's Income	30.985	31.357	31.654	31.993	32.280	32.631	32.893	33.189
% Ch, Annual Rate	2.7	4.9	3.8	4.4	3.6	4.4	3.3	3.6
Farm	1.346	1.352	1.359	1.364	1.366	1.367	1.373	1.371
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	29.639	30.005	30.295	30.629	30.913	31.264	31.521	31.817
% Ch, Annual Rate	2.8	5.0	3.9	4.5	3.8	4.6	3.3	3.8
Less: Contribution For Govt. Soc. Ins.	37.171	37.479	37.784	38.128	38.944	39.243	39.530	39.857
% Ch, Annual Rate	9.5	3.4	3.3	3.7	8.8	3.1	3.0	3.4
Plus: Residence Adjustment	4.326	4.369	4.413	4.455	4.498	4.538	4.578	4.617
% Ch, Annual Rate	4.2	4.1	4.1	3.9	3.9	3.6	3.6	3.5
Dividends/Int./Rent	87.143	88.508	89.869	91.132	92.363	93.493	94.721	95.907
% Ch, Annual Rate	7.6	6.4	6.3	5.7	5.5	5.0	5.4	5.1
Transfer Payments	64.202	64.769	65.329	65.918	67.241	67.956	68.681	69.417
% Ch, Annual Rate	7.3	3.6	3.5	3.7	8.3	4.3	4.3	4.4
State U.I. Benefits	1.058	1.056	1.051	1.049	1.052	1.054	1.052	1.047
% Ch, Annual Rate	-1.5	-0.9	-1.9	-0.8	1.2	0.6	-0.7	-1.9
Other Transfers	63.144	63.713	64.278	64.869	66.189	66.903	67.629	68.370
% Ch, Annual Rate	7.4	3.7	3.6	3.7	8.4	4.4	4.4	4.5

Table A4.1
Selected Inflation Indicators
(Deflator 2009=1; CPI 1982-84=1)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.233	4.2	0.405	4.2	0.382	2.1
1972	0.241	3.4	0.418	3.3	0.393	2.9
1973	0.254	5.4	0.444	6.3	0.418	6.4
1974	0.280	10.4	0.493	11.0	0.464	11.0
1975	0.303	8.3	0.538	9.1	0.511	10.2
1976	0.320	5.5	0.569	5.8	0.540	5.5
1977	0.341	6.5	0.606	6.5	0.583	8.0
1978	0.365	7.0	0.652	7.6	0.640	9.9
1979	0.397	8.9	0.726	11.3	0.709	10.8
1980	0.440	10.7	0.824	13.5	0.827	16.7
1981	0.478	8.8	0.909	10.4	0.916	10.8
1982	0.505	5.5	0.965	6.2	0.978	6.7
1983	0.526	4.3	0.996	3.2	0.993	1.5
1984	0.546	3.8	1.039	4.4	1.030	3.8
1985	0.566	3.5	1.076	3.5	1.056	2.5
1986	0.578	2.2	1.097	1.9	1.066	1.0
1987	0.596	3.2	1.136	3.6	1.092	2.4
1988	0.620	3.9	1.183	4.1	1.128	3.3
1989	0.646	4.3	1.239	4.8	1.181	4.7
1990	0.674	4.3	1.307	5.4	1.268	7.3
1991	0.696	3.3	1.362	4.2	1.341	5.8
1992	0.715	2.6	1.403	3.0	1.390	3.7
1993	0.733	2.5	1.445	3.0	1.429	2.8
1994	0.748	2.1	1.482	2.6	1.478	3.4
1995	0.764	2.1	1.524	2.8	1.522	3.0
1996	0.780	2.1	1.569	2.9	1.575	3.4
1997	0.793	1.7	1.605	2.3	1.630	3.5
1998	0.799	0.8	1.630	1.5	1.677	2.9
1999	0.811	1.5	1.666	2.2	1.728	3.0
2000	0.831	2.5	1.722	3.4	1.792	3.7
2001	0.847	1.9	1.770	2.8	1.857	3.6
2002	0.859	1.3	1.799	1.6	1.893	2.0
2003	0.876	2.0	1.840	2.3	1.924	1.6
2004	0.897	2.4	1.889	2.7	1.947	1.2
2005	0.923	2.8	1.953	3.4	2.002	2.8
2006	0.947	2.7	2.016	3.2	2.076	3.7
2007	0.971	2.5	2.073	2.9	2.157	3.9
2008	1.001	3.1	2.153	3.8	2.247	4.2
2009	1.000	-0.1	2.146	-0.3	2.260	0.6
2010	1.017	1.7	2.181	1.6	2.267	0.3
2011	1.041	2.4	2.249	3.1	2.328	2.7
2012	1.060	1.8	2.296	2.1	2.386	2.5
2013	1.072	1.1	2.330	1.5	2.416	1.2
Forecast						
2014	1.084	1.1	2.363	1.4	2.448	1.3
2015	1.099	1.4	2.405	1.7	2.495	1.9
2016	1.114	1.3	2.440	1.5	2.536	1.7
2017	1.128	1.3	2.475	1.4	2.577	1.6
2018	1.143	1.4	2.513	1.5	2.620	1.7
2019	1.157	1.2	2.546	1.3	2.658	1.5

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index for all Urban Consumers

+ Consumer Price Index for the Seattle-Tacoma-Bremerton, WA CMSA

Consumer Price Index and Implicit Price Deflator values shown here are annual averages of seasonally adjusted quarterly data and may differ slightly from the annual values published by the Bureau of Labor Statistics and Bureau of Economic Analysis.

Table A4.2
Chain-Weighted Price Indices
(2009=100)

	Services		Food		Fuels		Gasoline	
	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>
1971	17.9	5.5	22.8	2.3	7.4	6.4	14.0	0.7
1972	18.7	4.2	23.9	4.8	7.5	0.6	14.2	1.3
1973	19.6	4.8	26.9	12.7	8.6	14.6	15.5	9.6
1974	21.3	8.5	31.0	15.2	13.6	58.9	21.0	35.1
1975	23.1	8.6	33.3	7.5	14.8	8.5	22.4	6.7
1976	24.7	6.9	34.0	1.9	15.9	7.3	23.3	4.2
1977	26.6	7.5	36.0	5.9	17.9	13.2	24.7	5.8
1978	28.6	7.8	39.4	9.6	19.0	5.7	25.8	4.3
1979	31.0	8.4	43.3	9.8	26.2	37.9	34.5	34.0
1980	34.2	10.3	46.9	8.4	36.7	40.4	47.9	38.8
1981	37.7	10.2	50.3	7.1	44.9	22.3	53.3	11.3
1982	40.6	7.8	51.6	2.6	44.1	-1.9	50.6	-5.1
1983	43.2	6.2	52.2	1.1	40.6	-7.8	48.9	-3.3
1984	45.4	5.2	53.7	3.0	41.5	2.2	48.2	-1.5
1985	47.7	5.0	54.3	1.1	39.9	-3.9	48.6	0.8
1986	49.6	4.1	55.6	2.4	31.2	-21.7	38.2	-21.5
1987	51.1	2.9	57.4	3.2	32.1	2.6	39.6	3.8
1988	53.5	4.8	59.1	3.0	32.0	0.0	40.0	0.8
1989	56.0	4.6	62.2	5.3	34.0	6.0	43.7	9.2
1990	58.5	4.5	65.2	4.9	40.9	20.4	49.7	13.8
1991	60.7	3.8	67.3	3.1	38.9	-4.8	49.1	-1.3
1992	62.8	3.5	67.8	0.8	37.3	-4.1	48.9	-0.4
1993	65.0	3.5	68.7	1.4	37.1	-0.7	48.4	-1.0
1994	66.8	2.7	69.9	1.7	36.4	-1.8	48.6	0.5
1995	68.6	2.7	71.4	2.2	36.1	-0.9	49.4	1.6
1996	70.5	2.7	73.6	3.1	40.9	13.3	52.4	6.1
1997	72.4	2.8	75.0	1.9	41.0	0.2	52.4	0.0
1998	73.9	2.1	75.9	1.3	36.3	-11.4	45.6	-12.9
1999	75.4	2.0	77.2	1.6	36.9	1.7	49.6	8.9
2000	77.5	2.8	79.0	2.3	54.1	46.6	63.4	27.8
2001	79.9	3.1	81.3	2.9	53.1	-2.0	61.2	-3.6
2002	82.0	2.6	82.5	1.5	47.3	-10.8	57.5	-6.0
2003	84.5	3.1	84.1	1.9	57.2	20.9	67.0	16.5
2004	87.1	3.0	86.7	3.1	66.6	16.4	78.8	17.6
2005	89.9	3.3	88.2	1.7	88.6	33.0	95.8	21.6
2006	93.0	3.4	89.7	1.7	100.7	13.7	108.0	12.8
2007	96.0	3.2	93.2	3.9	107.7	6.9	117.1	8.4
2008	98.9	3.1	98.9	6.1	146.0	35.6	136.6	16.6
2009	100.0	1.1	100.0	1.2	100.0	-31.5	100.0	-26.8
2010	101.7	1.7	100.3	0.3	117.0	17.0	118.2	18.2
2011	103.5	1.8	104.3	4.0	148.7	27.2	148.6	25.7
2012	105.7	2.2	106.7	2.3	150.6	1.3	153.9	3.5
2013	107.7	1.9	107.8	1.1	148.6	-1.4	149.7	-2.7

Forecast

2014	110.0	2.1	108.5	0.7	153.0	3.0	143.5	-4.1
2015	112.2	2.0	109.5	0.9	150.0	-2.0	139.9	-2.5
2016	114.5	2.0	110.8	1.1	147.2	-1.8	133.6	-4.5
2017	116.7	1.9	112.0	1.1	146.0	-0.9	129.6	-3.0
2018	118.9	1.9	113.1	1.0	146.2	0.2	128.3	-1.0
2019	121.0	1.7	114.1	0.9	146.8	0.4	128.0	-0.2

Table A5.1

Washington Resident Population and Components of Change*
 (Thousands)

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.7	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5970.3	76.2	1.3	80.7	43.9	39.4
2002	6059.3	89.0	1.5	79.3	44.9	54.6
2003	6126.9	67.6	1.1	79.1	44.7	33.2
2004	6208.5	81.6	1.3	81.0	46.0	46.7
2005	6298.8	90.3	1.5	81.8	45.6	54.1
2006	6420.3	121.4	1.9	83.2	45.3	83.5
2007	6525.1	104.8	1.6	87.8	46.2	63.2
2008	6608.2	83.2	1.3	89.6	47.9	41.5
2009	6672.2	63.9	1.0	89.8	48.1	22.2
2010	6724.5	52.4	0.8	88.4	47.7	11.6
2011	6767.9	43.4	0.6	86.4	48.8	5.8
2012	6817.8	49.9	0.7	87.1	49.2	12.0
2013	6882.4	64.6	0.9	87.5	50.4	27.5
Forecast						
2014	6951.8	69.4	1.0	87.9	51.5	33.0
2015	7024.0	72.2	1.0	88.8	53.0	36.4
2016	7096.9	72.9	1.0	89.3	55.5	39.2
2017	7173.3	76.4	1.1	90.7	56.4	42.0
2018	7250.2	77.0	1.1	92.2	57.3	42.0
2019	7327.3	77.1	1.1	93.3	58.2	42.0

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

		Actual				Forecast				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Population	6724.5	6767.9	6817.8	6882.4	6951.8	7024.0	7096.9	7173.3	7250.2	7327.3
Percent Change	0.8	0.6	0.7	0.9	1.0	1.0	1.0	1.1	1.1	1.1
Age 17 and Under	1581.4	1574.8	1573.6	1578.7	1586.8	1596.5	1606.9	1618.8	1631.3	1644.9
Percent of Total	23.5	23.3	23.1	22.9	22.8	22.7	22.6	22.6	22.5	22.4
Age 6-18	1149.6	1142.5	1137.4	1140.8	1147.5	1154.8	1162.4	1169.6	1177.4	1184.8
Percent of Total	17.1	16.9	16.7	16.6	16.5	16.4	16.4	16.3	16.2	16.2
Age 18 and Over	5143.2	5193.1	5244.2	5303.7	5364.9	5427.4	5490.0	5554.4	5619.0	5682.4
Percent of Total	76.5	76.7	76.9	77.1	77.2	77.3	77.4	77.4	77.5	77.6
Age 21 and Over	4860.6	4910.6	4964.3	5027.9	5093.8	5158.3	5220.9	5283.6	5345.9	5407.8
Percent of Total	72.3	72.6	72.8	73.1	73.3	73.4	73.6	73.7	73.7	73.8
Age 20-34	1395.3	1403.5	1413.2	1426.7	1439.1	1443.7	1448.7	1453.5	1458.3	1465.1
Percent of Total	20.7	20.7	20.7	20.7	20.7	20.6	20.4	20.3	20.1	20.0
Age 18-64	4315.5	4341.7	4350.5	4366.7	4387.2	4407.4	4429.1	4450.5	4468.0	4484.5
Percent of Total	64.2	64.2	63.8	63.4	63.1	62.7	62.4	62.0	61.6	61.2
Age 65 and Over	827.7	851.4	893.7	937.0	977.7	1020.0	1060.9	1104.0	1150.9	1197.9
Percent of Total	12.3	12.6	13.1	13.6	14.1	14.5	14.9	15.4	15.9	16.3

* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	January 2014	+
U.S. Real GDP Growth	4thd quarter 2013	-
U.S. ISM Index	February 2014	+
U.S. Employment YoY%Δ	January 2014	unchanged
U.S. Unemployment Rate	January 2014	+
U.S. Fed Funds Target	February 2014	unchanged
U.S. Consumer Confidence	February 2014	-
U.S. Consumer Sentiment	February 2014	+
U.S. Light Vehicle Sales	February 2014	+
U.S. CPI	January 2014	-
U.S. Home Prices	December2013	+
S&P 500 Index	February 2014	+
WA Leading Index	January 2014	-
WA ISM-WW Index	January 2014	+
WA Employment YoY%Δ	January 2014	-
WA Aerospace Empl. YoY%Δ	January 2014	-
WA Unemployment Rate	January 2014	+
WA Business Cycle Indicator	January 2014	-
WA Initial Unemploy. Claims	February 2014	-
WA Housing Permits	January 2014	-
WA Weekly Hours in Mfg.	January 2014	-
WA New Vehicle Registration	February 2014	-
WA In-Migration	February 2014	-
WA Exports-Total YoY%Δ	4th quarter 2013	+
WA Exports- w/o Trans. Equip. YoY%Δ	4th quarter 2013	-
Seattle CPI	December2013	-
Seattle Home Prices	December2013	+
WA Residential Const. Contracts	January 2014	+
WA Non-Residential Const. Contracts	January 2014	+

*Change from the previous reading

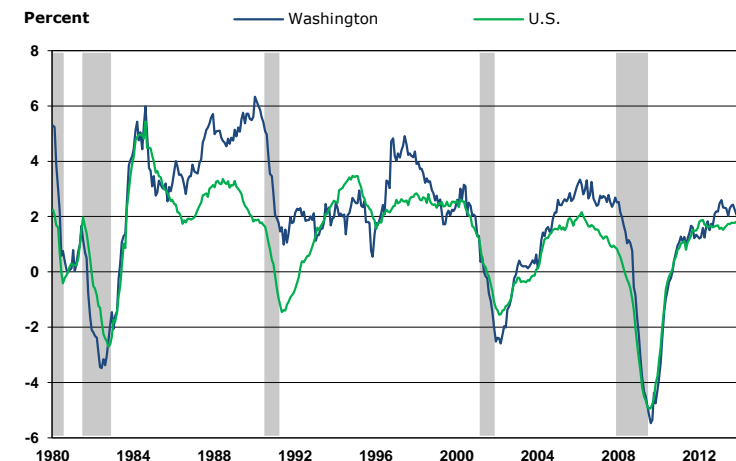
Table A6.2
Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Business Cycle Indicator	WA State Construction Index	WA State Help Wanted Index	WA Purchasing Management Index	U.S. Purchasing Management Index
2011:07	109.4	92.3	19.0	85.3	99.4	56.1	52.3
2011:08	109.0	91.3	22.7	86.5	98.6	57.8	53.2
2011:09	108.8	90.9	18.5	87.7	100.3	61.3	53.2
2011:10	108.6	91.5	17.2	83.5	100.7	67.4	51.5
2011:11	109.7	91.6	21.9	91.3	102.0	67.0	52.3
2011:12	110.2	92.2	25.2	91.3	103.7	65.0	52.9
2012:01	108.8	92.2	19.4	81.9	107.0	68.5	53.7
2012:02	110.2	92.9	24.8	82.8	104.9	68.9	51.9
2012:03	111.4	93.1	29.9	91.0	110.0	62.9	53.3
2012:04	111.5	92.9	30.0	90.9	113.5	64.9	54.1
2012:05	111.4	93.3	26.3	90.7	111.2	58.5	52.5
2012:06	111.3	92.7	32.9	92.0	113.4	57.0	50.2
2012:07	111.8	93.1	31.3	91.5	114.8	58.8	50.5
2012:08	111.3	92.7	29.0	88.0	110.5	53.5	50.7
2012:09	112.8	93.2	32.0	92.5	116.6	56.0	51.6
2012:10	113.7	93.4	33.2	94.9	117.9	56.3	51.7
2012:11	113.2	93.4	39.5	90.7	120.6	60.1	49.9
2012:12	114.3	93.7	39.1	90.3	125.9	58.1	50.2
2013:01	115.1	94.1	40.0	94.9	128.7	60.2	53.1
2013:02	115.0	94.6	40.4	95.1	127.2	56.3	54.2
2013:03	114.3	94.3	39.2	95.1	118.8	65.4	51.3
2013:04	114.8	95.1	37.3	91.1	127.0	59.5	50.7
2013:05	114.9	95.3	40.3	91.5	126.3	53.7	49.0
2013:06	115.2	96.1	35.9	92.3	127.6	61.0	50.9
2013:07	115.4	96.5	41.5	94.9	125.4	60.3	55.4
2013:08	115.9	97.2	39.6	93.7	126.7	53.8	55.7
2013:09	116.4	98.2	43.8	92.4	126.9	52.7	56.2
2013:10	116.0	98.3	46.0	94.5	123.5	54.2	56.4
2013:11	118.1	99.2	45.2	98.3	130.8	61.1	57.3
2013:12	117.7	99.2	45.7	95.6	131.5	62.3	57.0
2014:01	117.6	99.5	39.6	96.3	130.5	63.5	51.3
2014:02							53.2

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

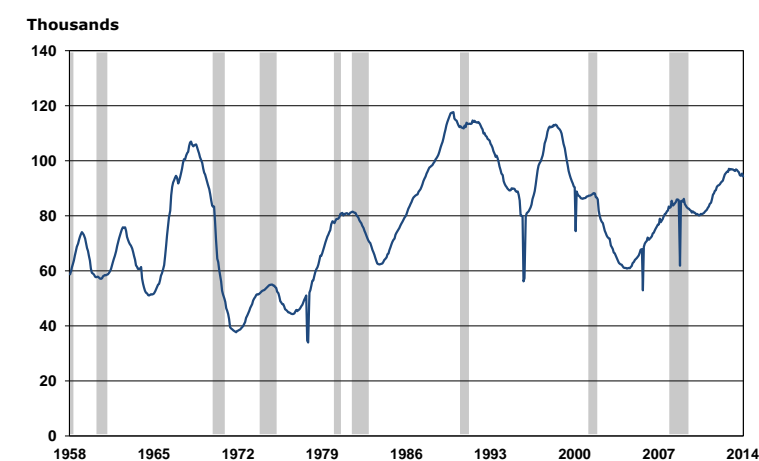
January 1980 to January 2014



* Bureau of Labor Statistics, WA State Employment Security, ERFC Kalman Filtered Data

Washington Aircraft and Parts Employment

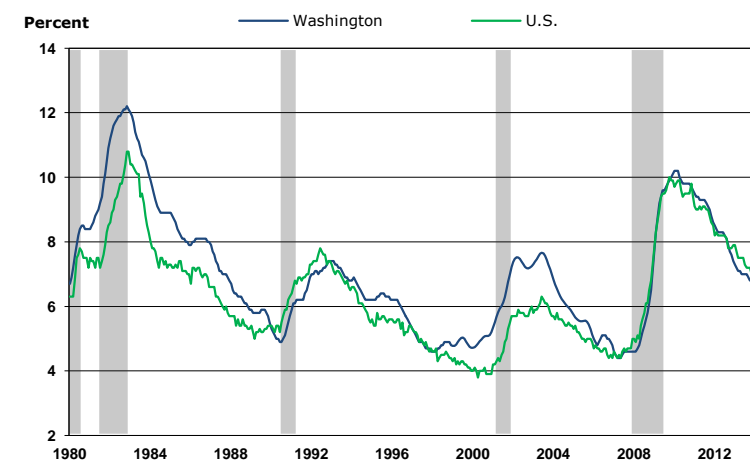
January 1958 to January 2014



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

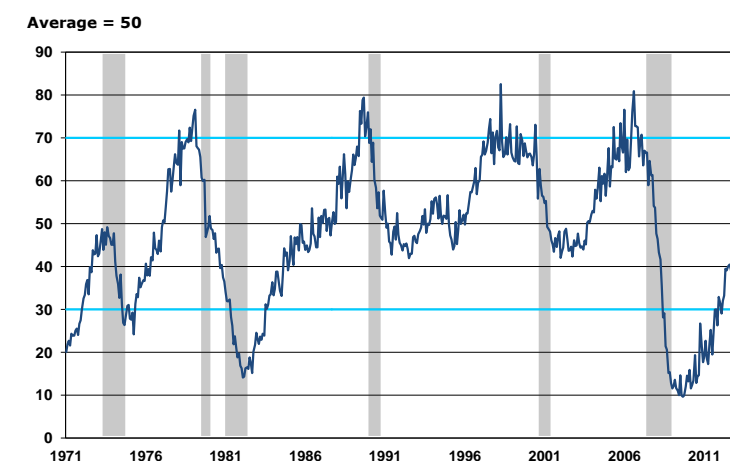
January 1980 to January 2014



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

July 1971 to January 2014



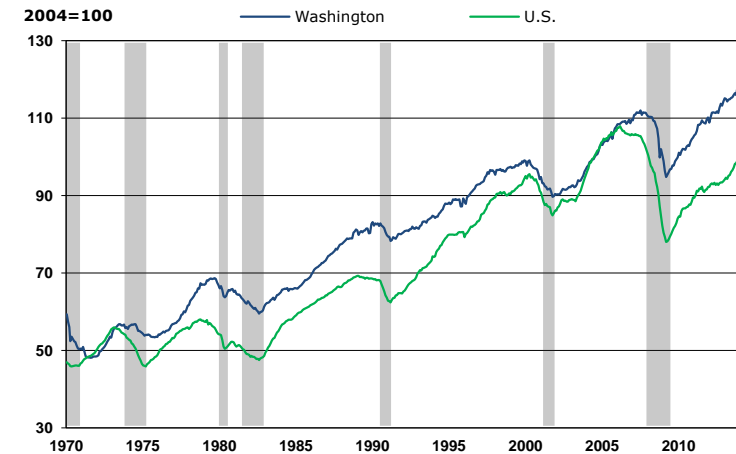
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

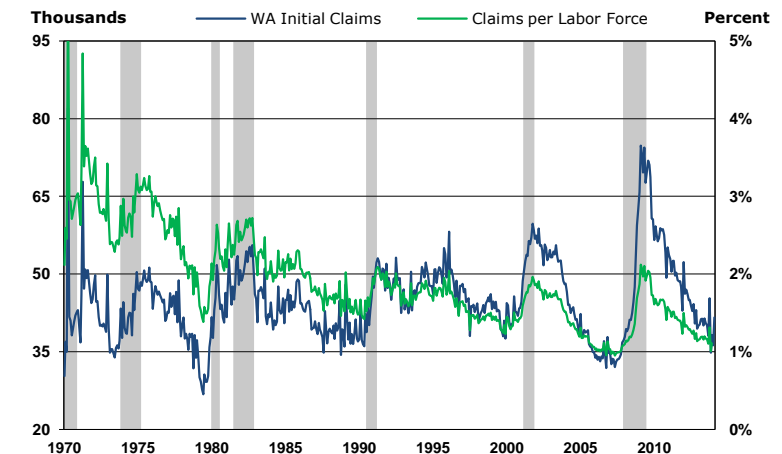
January 1970 to January 2014



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

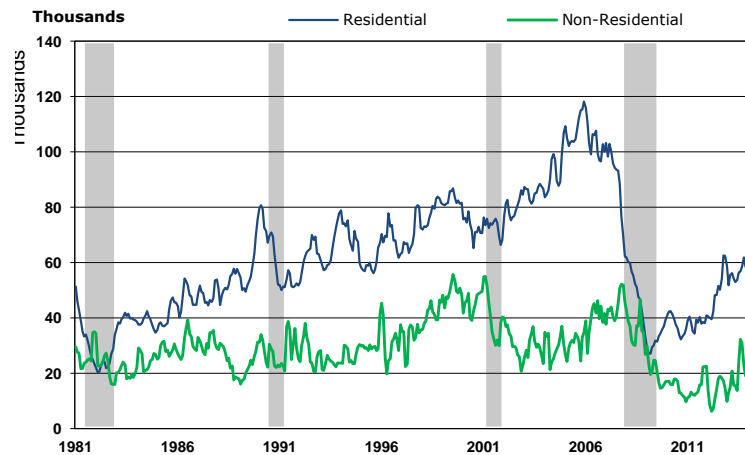
January 1970 to February 2014, S.A.



* Source: WA State Employment Security, ERFC

Square Footage of Construction Projects in WA State

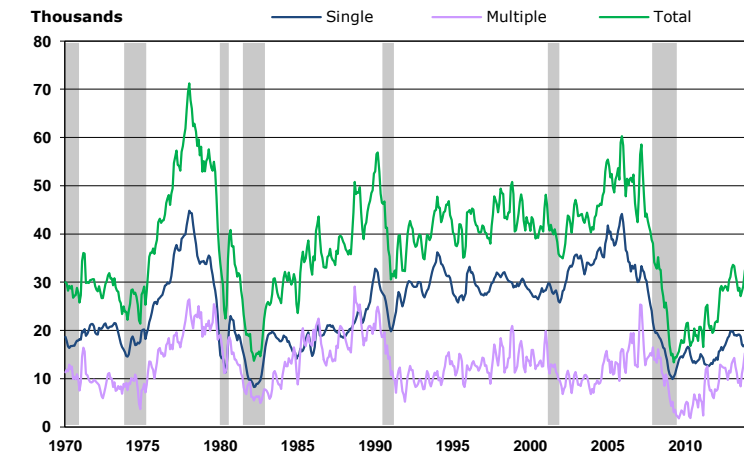
January 1981 to January 2014, 3mma, SAAR



* Source: McGraw-Hill Construction, ERFC

Housing Units Authorized in Washington State

January 1970 to January 2014, 3mma, SAAR



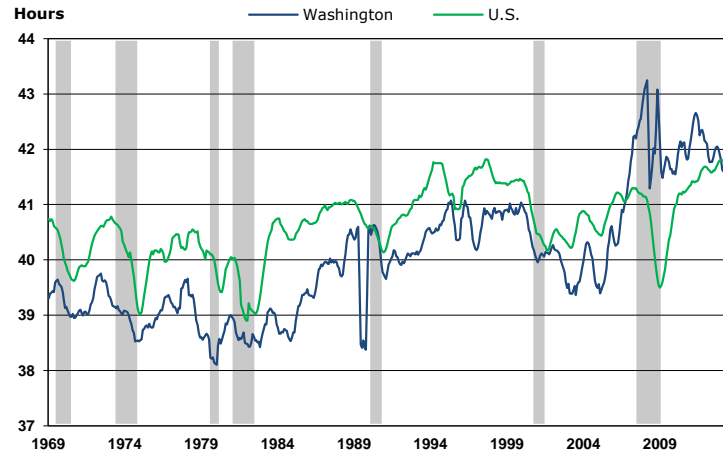
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

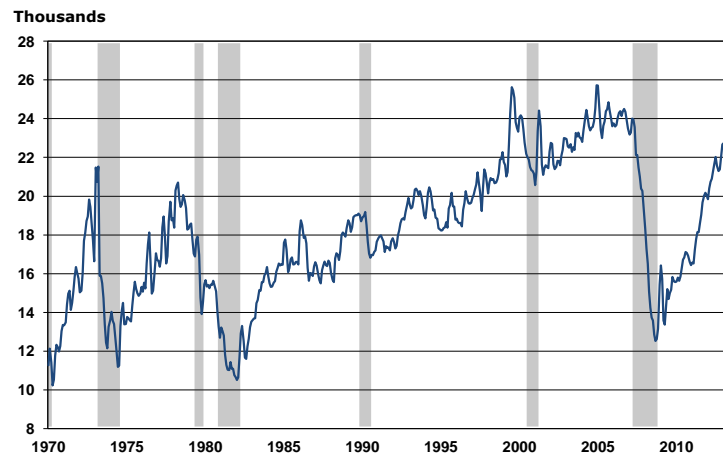
June 1969 to January 2014, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

New Car and Truck Registrations in Washington

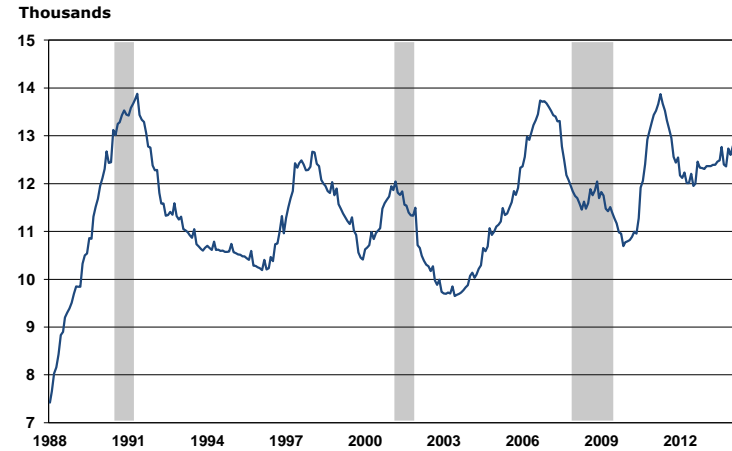
September 1970 to February 2014, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Washington Driver's License In-Migration

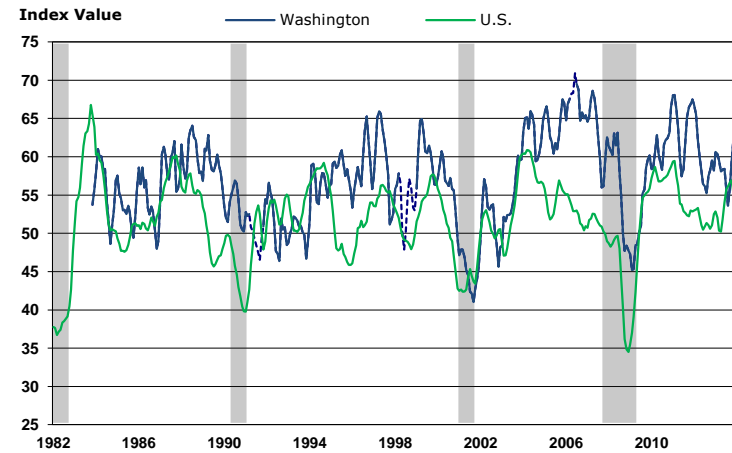
January 1988 to February 2014, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

March 1982 to February 2014, 3-Month Moving Average, S.A.



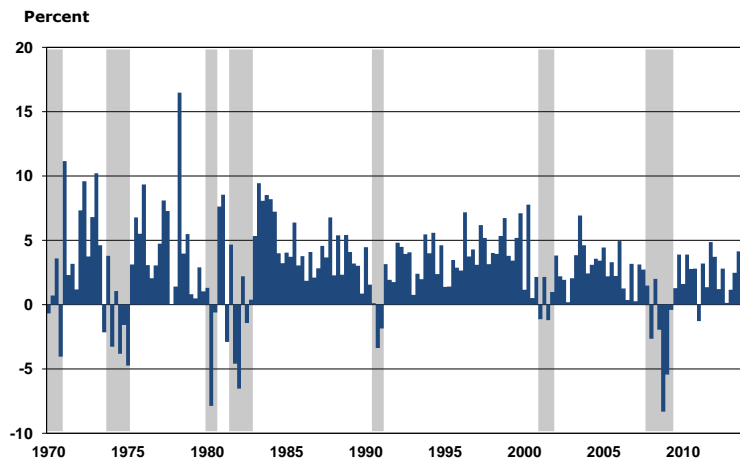
* Source: Institute for Supply Management, ISM-WW, ERFC

* Shaded areas correspond with national recessions.

Figure A7.4: Other Economic Indicators

Quarterly U.S. Real GDP Growth

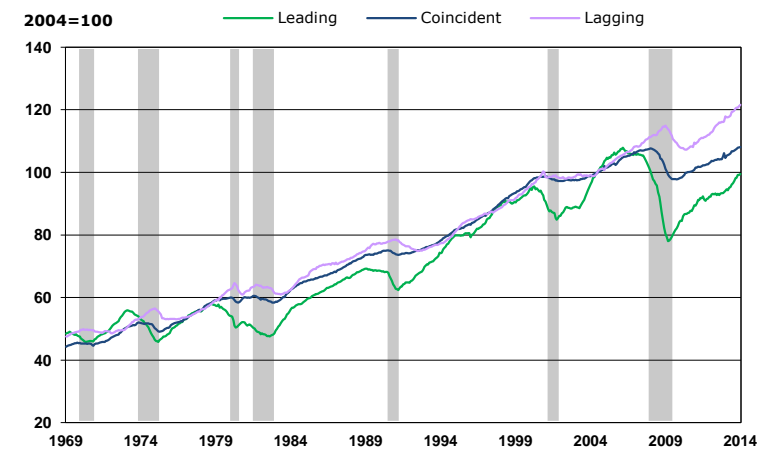
1970Q1 to 2013Q4, SAAR



* Source: Bureau of Economic Analysis

U.S. Economic Indicators

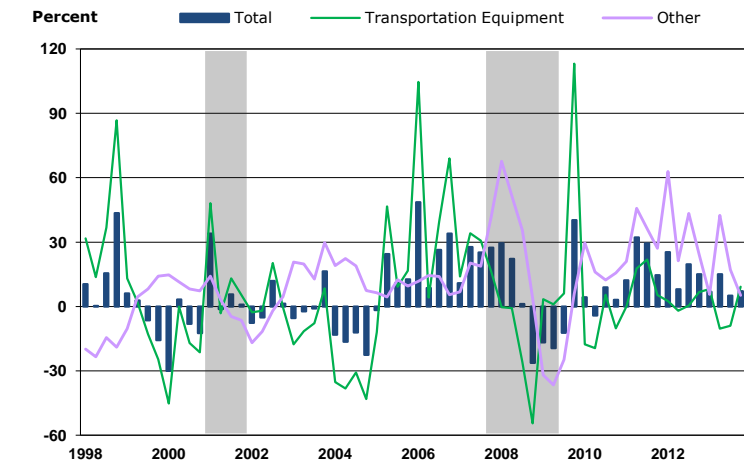
January 1969 to January 2014



* Source: The Conference Board

Washington State Export Composition

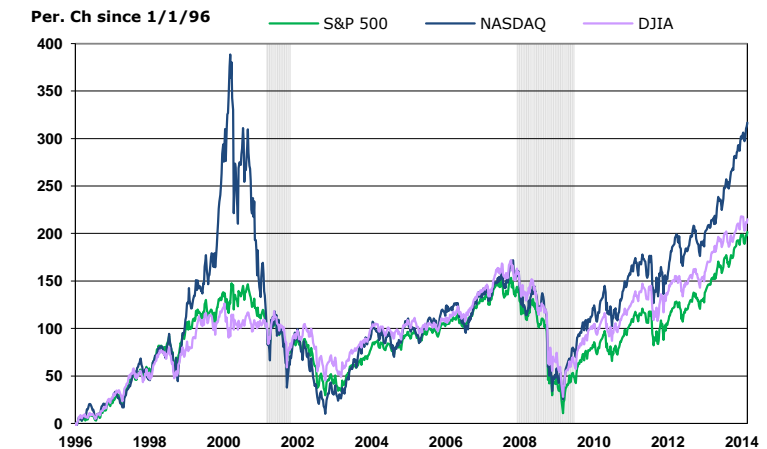
1998Q1 to 2013Q4, Year-over-year percent change



* Source: WISER

National Stock Indexes

January 1, 1996 to February 28, 2014

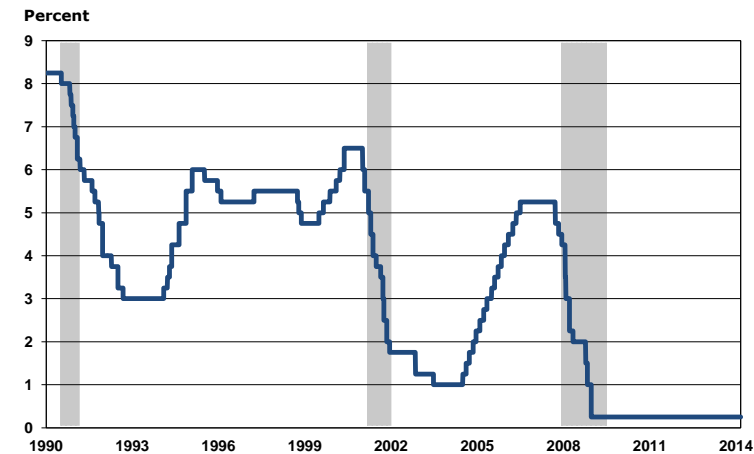


* Source: ERFC

Figure A7.4: Other Economic Indicators

Federal Funds Target Rate

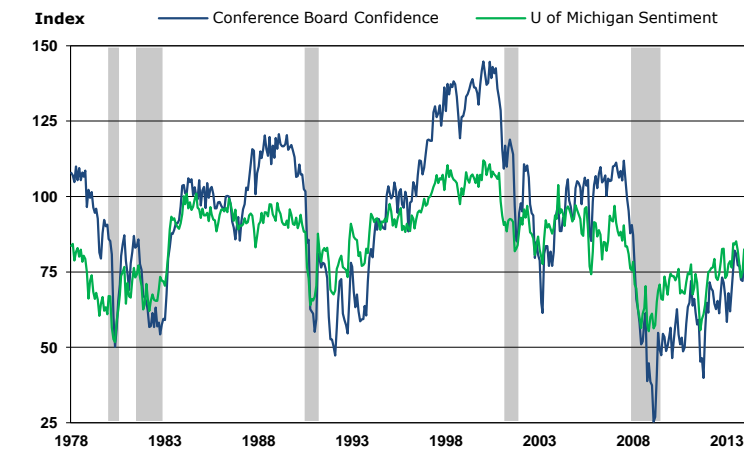
January 1, 1990 to February 28, 2014



* Federal Reserve

Consumer Confidence

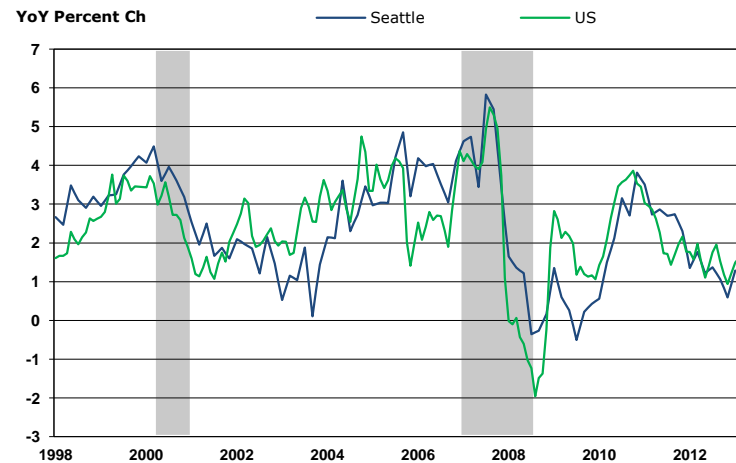
March 1978 to February 2014



* Source: The Conference Board, University of Michigan

Seattle vs U.S. CPI (All Urban Consumers)

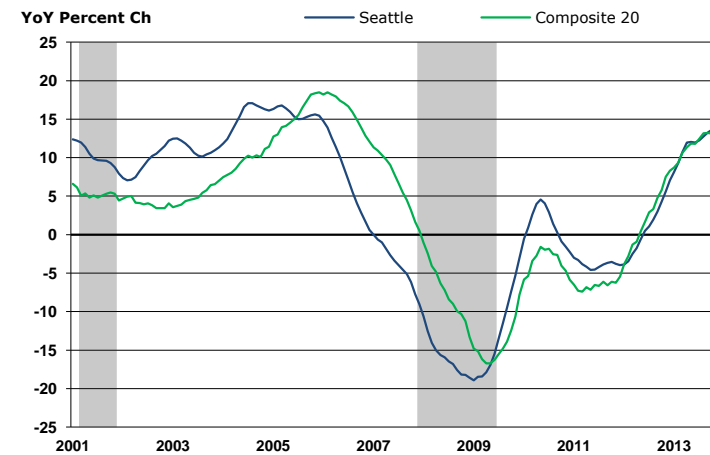
December 1998 to January 2014



* Source: Bureau of Labor Statistics

Case Shiller Home Price Index

January 2001 to December 2013, SA



* Source: Case Shiller, ERFC

* Shaded areas correspond with national recessions.



Glossary

Biennium: The state's two years budget cycle.

Cash Basis: Cash receipts received during a period. The Forecast Council forecasts revenues on a Cash and GAAP (Generally Accepted Accounting Principles) basis.

CPI: The Consumer Price Index for All Urban Consumers. The Bureau of Labor Statistics (BLS) updates the CPI monthly, surveying over 60,000 goods in 85 urban areas.

Tax Elasticity: A measure of how tax revenues respond to changes in personal income. If tax revenue elasticity is greater than one, a one percent change in personal income will be associated with more than a one percent increase in tax revenues. If elasticity is less than one, a one percent increase in personal income will be associated with less than a one percent increase in tax revenues.

Fiscal Year: The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 2014, for example, ran from July 1, 2013 through June 30, 2014.

GAAP Basis: Generally Accepted Accounting Principles measure revenue in the period during which they accrue rather than the period in which they are received.

General Fund: Accounts for all financial resources and transactions not accounted for in another fund.

General Fund-State (GF-S) Revenue: Resources from state sources only, excludes federal monies. The general fund is the principal state fund supporting the operation of the state.

Implicit Price Deflator, PCE (IPD): The IPD for consumption is a by-product of the National Income and Product Accounts. It is derived by dividing current dollar (nominal) consumer expenditures by constant dollar (real) consumer expenditures.

Mortgage Rate: The average interest rate on 30 year conventional loan (as reported by Freddie Mac).

Near General Fund: All accounts included in the General Fund - State plus the Education Legacy Trust Account.

Non-Wage Income: Personal income other than from wages and salaries. The major components are: proprietor's income, transfer payments, and dividends, interest and rent.

Real GDP: Gross Domestic Production adjusted for the price level.

Revenue Act: Revenue Act taxes consist of the retail sales tax, use tax, business and occupation tax, public utility tax and tobacco products tax, plus penalty and interest payments associated with those taxes.

Personal Income: Income from wages and salaries; other labor income; proprietor's income; dividends, interest and rent; transfer payments; and a residence adjustment. It is reduced by employee contributions for social insurance.

Seasonally Adjusted: Adjusted for normal seasonal variations. Monthly statistics, such as the unemployment rate, are seasonally adjusted to make month-to-month comparisons possible.

Seasonally Adjusted Annual Rate: A rate for a given period that is typically less than one year, but that is computed as if the rate were for a full year and seasonally adjusted.

Nonfarm Payroll Employment: Civilian non-farm payroll employees. The self-employed, farm workers, members of the armed forces, private household employees, and workers on strike are excluded.