

The background of the cover is a photograph of the Washington State Capitol building. The building is a large, classical-style structure with a prominent central dome and a portico supported by several columns. The building is partially obscured by the branches of cherry blossom trees in full bloom, which are in the foreground and frame the building. The sky is a clear, light blue. The text is overlaid on the image.

Washington State Economic and Revenue Forecast

June 2023
Volume XLIX, No. 2



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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 seven members, two appointed by the Governor, four appointed by the Legislature – one from each caucus of the Senate and House of Representatives, and the State Treasurer. 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 with GF-S share of court fees, fines, and forfeitures. 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 and Cannabis 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 IHS Markit. 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, 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 June 13, 2023.

Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

March 2023
Volume XLIX, No. 2

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Executive Summary

- **The economy continues to recover, although high inflation threatens to slow economic growth.**
- **The forecast for GDP growth in 2023 is now 1.2%, up from 1.0% in the March forecast. For 2024, real GDP growth is 0.7%, down from 1.1% in the March forecast. For 2025 through 2027, we expect growth rates of 2.0%, 2.0%, and 1.9%, unchanged from the March forecast.**
- **We expect the Federal Reserve to increase the federal funds rate until reaching 5.25% to 5.5% in July 2023.**
- **The Washington economy continued to expand through the end of 2022.**
- **Washington employment growth in March, April and May was more than expected in the March forecast.**
- **The Washington unemployment rate declined to 4.1% in May from 4.3% in April.**
- **Washington housing construction declined throughout 2022 but spiked early in 2023.**
- **Seattle home prices increased in April following ten consecutive declines but were still down 12.5% over the year in April.**
- **Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023.**
- **Washington personal income grew 6.9% (SAAR) in the first quarter compared to 5.1% (SAAR) for the nation .**
- **Seattle consumer price inflation outpaced the national average in the year ending in June 2023**
- **While total tracked collections since March have come in slightly below their forecasted amounts, Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products) were slightly higher than forecasted.**
- **New data on taxable activity in the fourth quarter of 2022 and the first quarter of 2023 indicate that underlying taxable activity for Revenue Act taxes was higher than expected in March. This has led to a slight increase in forecasted Revenue Act taxes.**
- **Much of the forecast increase in the current biennium was due to higher-than-expected receipts from the new tax on certain capital gains.**
- **Legislative and budget-driven revenue changes from the 2023 legislative session resulted in slight increases to forecasted revenue in addition to the other forecast changes.**
- **The total forecast for funds subject to the budget outlook process was increased by \$341 million in the 2021-23 biennium, \$327 million in the 2023-25 biennium and \$147 million in the 2025-27 biennium.**

U.S. Economic Forecast

High inflation threatens to slow economic growth

The economy continues to recover, although high inflation threatens to slow economic growth. Economic growth recovered quickly from the pandemic with the help of fiscal and monetary policy. Strong demand fueled by policy responses, combined with ongoing supply issues caused inflation to spike and stay elevated. The Federal Reserve is attempting to combat inflation by raising interest rates, although this threatens to slow economic growth. New COVID-19 cases have diminished and the pandemic is no longer materially impacting the economy.

Our forecast was based on a modified version of the March IHS Markit forecast

This forecast is based on a modified version of IHS Markit's June 2023 Control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to match the June 2023 Blue Chip "Consensus" GDP forecast for 2023 and 2024. The forecast for GDP growth in 2023 is now 1.2%, up from 1.0% in the March forecast (see Figure 1.4). The forecast calls for two quarters of slightly negative growth starting in the third quarter of this year. For 2024, real GDP growth is 0.7%, down from 1.1% in the March forecast. For 2025 through 2027, we expect growth rates of 2.0%, 2.0%, and 1.9%, unchanged from the March forecast.

The Fed Funds rate is expected to peak at 5.25% to 5.50%

The Federal Reserve will continue to raise interest rates as it strives to lower inflation to 2%. The Federal Reserve raised the target for the federal funds another 25 basis points in May, but then paused the rate increases in June. Inflation has remained high for longer than policymakers had anticipated. The economy has remained resilient with the labor market particularly tight, even as the Federal Reserve has raised rates. Our expectation is for a final 25 basis point hike in July during this cycle. We expect the federal funds rate to reach 5.25% to 5.5%. We then expect the Federal Reserve to hold the rate steady until early 2024 when rates are slowly lowered. The rate cuts are expected to end in the fourth quarter of 2025 and then hold steady through 2027 at 2.5% to 2.75%. The forecast also calls for the Federal Reserve to continue removing stimulus tied to its balance sheet, allowing it to decline by about a third through 2024.

Washington Economic Forecast

The Washington economy continued to expand through the end of 2022

The Washington economy continued to expand through the end of 2022. Washington employment growth in March, April and May was more than expected in the March forecast. The Washington unemployment rate declined to 4.1% in May from 4.3% in April. Washington housing construction declined throughout 2022 but spiked early in 2023. Seattle home prices increased in April following ten consecutive declines but were still down 12.5% over the year in April. Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023. Washington personal income grew 6.9% (SAAR) in the first quarter compared to 5.1% (SAAR) for the nation. Seattle consumer price inflation outpaced the national average in the year ending in June 2023.

Revenue Forecast

Revenue act and capital gains tax collections were stronger than expected in March, leading to small increases in forecasted revenue

While total tracked collections since March have come in slightly below their forecasted amounts, Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products) were slightly higher than forecasted. New data on taxable activity in the fourth quarter of 2022 and the first quarter of 2023 indicate that underlying taxable activity for Revenue Act taxes was higher than expected in March. This has led to a slight increase in forecasted Revenue Act taxes, which offset forecast decreases in real estate excise and property taxes. The new tax on certain capital gains, collected for the first time this year, has also brought in more revenue than previously expected, which has caused the forecast for future collections to increase as well. Legislative and budget-driven revenue changes from the 2023 legislative session resulted in slight increases to forecasted revenue in addition to the other forecast changes.

Total forecast change by biennium (millions):

21-23: +\$341
23-25: +\$327
25-27: +\$147

Forecasted revenue for funds subject to the budget outlook process was increased by \$340.8 million for the 2021-23 biennium. \$6.0 million of the increase was from changes to the biennial budget from the 2023 legislative session and the rest was due to changes in the forecast stemming from economic factors and capital gains tax receipts that were \$252 million above their forecasted amount. In the 2023-25 biennium, legislative and budget-driven revenue changes added \$39.4 million to the forecast and economic forecast changes added \$287.2 million, for a total forecast increase of \$326.5 million. For the 2025-27 biennium, legislative and budget-driven revenue changes added \$74.9 million to the forecast and economic forecast changes added \$72.2 million, for a total forecast increase of \$147.1 million. The June 2023 forecast for these funds total \$64,486.7 million in the 2021-23 biennium, \$66,028.5 million in the 2023-25 biennium and \$70,489.5 million in the 2025-27 biennium.

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

- **The economy continues to recover, although high inflation threatens to slow economic growth.**
- **Policymakers approved trillions of dollars of fiscal and monetary support in response to the COVID-19 pandemic.**
- **Real GDP increased 2.0% (SAAR) in the first quarter of 2023 after increasing 2.6% (SAAR) in the fourth quarter of 2022.**
- **The job market remains strong but is starting to show signs of slowing.**
- **Inflation is cooling but remains high.**
- **Housing activity appears to have stabilized; the manufacturing sector is declining.**
- **Oil prices continue to trend down.**
- **The forecast calls for two quarters of slightly negative growth starting in the third quarter of this year.**
- **The forecast for GDP growth in 2023 is now 1.2%, up from 1.0% in the March forecast. For 2024, real GDP growth is 0.7%, down from 1.1% in the March forecast. For 2025 through 2027, we expect growth rates of 2.0%, 2.0%, and 1.9%, unchanged from the March forecast.**
- **We expect the Federal Reserve to increase the federal funds rate until reaching 5.25% to 5.5% in July 2023.**
- **The uncertainty in the baseline forecast is elevated due to increased economic concern regarding inflation, possible recession, and the COVID-19 pandemic.**

Current Conditions

High inflation threatens to slow economic growth

The economy continues to recover, although high inflation threatens to slow economic growth. Economic growth recovered quickly from the pandemic with the help of fiscal and monetary policy. Strong demand fueled by policy responses, combined with ongoing supply issues caused inflation to spike and stay elevated. The Federal Reserve is attempting to combat inflation by raising interest rates, although this threatens to slow economic growth. New COVID-19 cases have diminished and the pandemic is no longer materially impacting the economy.

Policymakers approved trillions of dollars in stimulus

Policymakers approved trillions of dollars of fiscal and monetary support in response to the COVID-19 pandemic. Stimulus related to the pandemic has been just under \$6.0 trillion in five major categories. Business support (\$1.56 trillion), income support (\$983 billion), state and local government funding (\$870 billion), direct payments (\$859 billion), and health spending (\$700 billion). The remainder of the spending is comprised of tax policy and other spending such as disaster support, higher education, and housing.

The fiscal response to the pandemic has been massive

The COVID-19 relief measures were far more substantial than the fiscal response to the 2007-09 Great Recession. The American Recovery and Reinvestment Act (ARRA) of 2009 had its highest one-year cost, or peak cost, in the third year after the initial stimulus to the federal government of \$1.0 trillion. ARRA ended up costing \$787 billion over ten years. The combination of COVID-19 stimulus to date, with the inclusion of IIJA, is expected to have a cost of \$5.7 trillion over ten years.

GDP increased in the first quarter

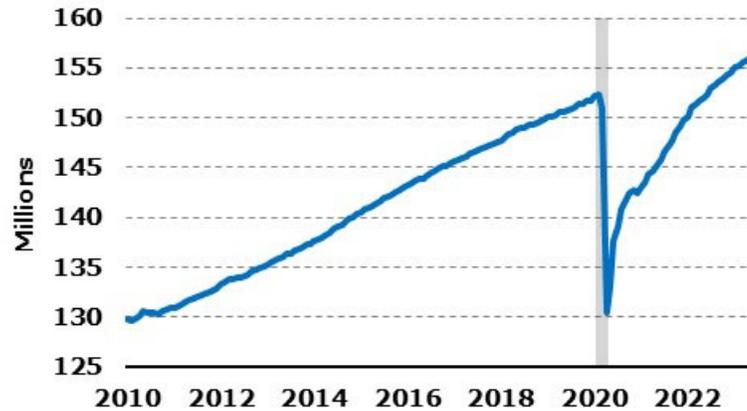
Real GDP increased by 2.0% (SAAR) in the first quarter of 2023 after increasing 2.6% (SAAR) in the fourth quarter of 2022. Growth was broad based with consumption leading the way, increasing 4.2% (SAAR) and added 2.8 points to GDP growth. Fixed investment fell for the fourth consecutive quarter, but the drop was minimal at just 0.4% (SAAR) which subtracted 0.1 points from GDP. Nonresidential fixed investment increased 0.6% (SAAR), adding 0.1 points to topline growth. Increases in investment in structures and intellectual property was partially offset with a decline in equipment investment. Fixed residential investment fell 4.0% (SAAR) and subtracted 0.2 points from overall GDP. Fixed residential investment has now declined for eight consecutive quarters. Exports growth outpaced import growth in the first quarter, with net exports adding 0.6 points to GDP. Government spending increased 5.0% (SAAR), increasing GDP by 0.85 points. Inventory accumulation was a significant drag on growth, subtracting 2.1 points from overall growth.

The job market remains strong but is starting to show signs of cooling

The job market remains strong but is starting to show signs of slowing. Over three years since the unprecedented 20.7 million job decline in April 2020 due to the pandemic, employment has continued to grow (see Figure 1.1). In June, total nonfarm employment increased by 209,000 jobs. Over the past twelve months, job growth has averaged 316,000. Growth in goods producing sectors has slowed. Rising interest rates are making housing and durable goods purchases that require financing more expensive. The manufacturing sector gained just 7,000 jobs in June. Construction employment increased by 23,000 despite the weakening housing market. Private service-providing employment increased by 120,000. Employment increases in the service sector were led by a 65,200 increase in health care and social assistance. Leisure and hospitality gained 21,000 jobs as it continues to recover from deep declines related to behavioral changes since the pandemic. The strong job growth in June was partially offset by a decline in retail trade (-11,200),

particularly stores related to the housing market such as building materials. Government payrolls increased by 60,000.

Figure 1.1: Nonfarm Payroll Employment



Source: U.S. Bureau of Labor Statistics; data through June 2023

The unemployment rate remains historically low

The unemployment rate remains historically low. After spiking in April 2020 at 14.8%, the unemployment rate steadily declined to 3.4% in January 2023. This is the lowest the unemployment rate had been since 1969. In June, the unemployment rate declined to 3.6% from 3.7% the month before. The labor force participation rate held steady for the fourth consecutive month at 62.6% but remains down from a pre-pandemic high of 63.4% in January 2020. Average hourly earnings are up \$1.40 from a year ago to \$33.58 while the average workweek fell 0.2 hours from last year to 34.4 hours in June.

Consumer confidence appears to have stabilized

Consumer confidence appears to have stabilized. Consumer confidence as measured by the Conference Board increased 7.2 points in June and is up 11.3 since last year. Recent bank failures don't appear to have impacted confidence. The improvement in June was due to an increase in consumers' near-term outlook for income, business conditions, and the job market. The University of Michigan Consumer Sentiment index improved 5.2 points in June. Consumers expressed more optimism about expectations and current conditions in the survey. Near term inflation expectations fell sharply but remain elevated. Despite the increase in recent confidence, both measures remain below pre-pandemic levels.

Oil prices continue to trend down

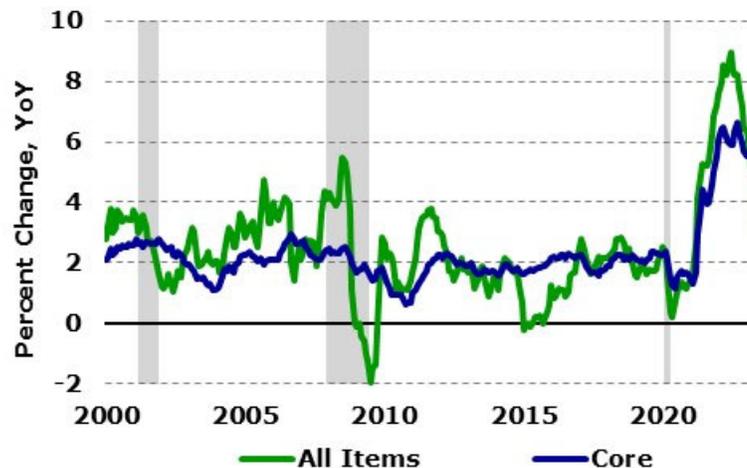
Oil prices continue to trend down. The Brent spot crude price is now \$74 per barrel in the fourth week of June, down from \$127 in early June of last year. The West Texas Intermediate (WTI) price has declined to \$69 per barrel from \$120 per barrel over the same time period. In response to declining prices, Saudi Arabia has extended its unilateral production cut for at least another month. U.S. oil production has increased over the year and is nearing pre-pandemic levels. U.S. oil production is nearing all-time highs. U.S. production fell to 12.615 million bpd in April

down from 12.717 million bpd in January but up from 11.668 million bpd a year ago. Prior to the pandemic, U.S. production reached 12.866 million bpd in November 2019. Even with the increase in production, the Baker Hughes rig count has been declining since reaching a peak in November 2022. As of July 7th, the rig count in the U.S. was 680, down 72 since last year and 104 since November.

Inflation is cooling but remains high

Inflation is cooling but remains high (see Figure 1.2). Supply has not been able to meet the surge in demand in the wake of the pandemic. Supply chain issues due to pandemic related shutdowns contributed to the disconnect. Income support artificially boosted demand as well. Shortages of commodities have also pushed prices higher. Rents have now accelerated in lagged response to soaring home prices. Wage increases in response to higher consumer inflation have kept overall inflation more persistent. Year-over-year, the Consumer Price Index (CPI) was up 3.0% in June, down from the peak of 8.9% in June 2022. Energy prices fell 16.7% in June and was the main contributor to lower inflation this month. Shelter cost inflation remains high, increasing 7.8% this month. Food price inflation also has lagged the overall decline in prices and were up 5.7% in June. Core consumer prices, which exclude food and energy, were up 4.8% over the year.

Figure 1.2: Consumer Price Index



Source: Bureau of Labor Statistics; data through June 2023

Home prices are declining

Home prices are declining. With inflation remaining persistently high, the Federal Reserve has raised interest rates substantially. This has led to a rapid rise in mortgage rates which has caused affordability to plummet. The seasonally adjusted S&P CoreLogic Case-Shiller 20-city Home Price Index increased 0.9% in April but remains down 1.7% since last year (see Figure 1.3). Lumber prices are increasing again. The random length lumber price reached an all-time high \$1,671 per 110,000 board feet in May 2021. Prices came down to \$479 at the end of May, in line with prices prior to the pandemic, although they have now rebounded to \$587. Homebuilder confidence has been steadily improving

and is now in positive territory. In June, confidence improved five points to 55, up from a trough of 31 in December 2022 (readings above 50 indicate optimism). Mortgage rates continue to increase. The rate on a 30-year mortgage increased to 6.81% as of July 6th and is up from 5.23% a year ago.

Figure 1.3: S&P CoreLogic Case-Shiller 20-city Home Price Index



Source: S&P CoreLogic Case-Shiller; data through April 2023

Housing activity appears to have stabilized

Housing activity appears to have stabilized. High interest rates, low confidence, and declining affordability have weighed down new construction, although recent activity is positive. Housing starts rebounded 21.7% in May and are up 5.7% since last year. This was the first annual increase in over a year. Single-family starts remain 6.6% lower than a year ago, but multi-family starts are up 22.5%. Builders are working through a large backlog of permitted but not started units and there is a near record number of housing units currently under construction. The inventory of new homes on the market is again trending down. In May there were 6.7 months' worth of supply, down from a recent peak of 10.1 in September 2022. Housing permits increased 5.6% in May but are down 12.4% since last year. Single-family permits are down 12.7% since last year while multi-family permits are down 12.0%. New home sales increased 12.2% in May to 680,000 (SAAR) and are up 20.0% since last year.

The manufacturing sector is declining

The manufacturing sector is declining. The Institute for Supply Management (ISM) Report on Business index fell to 46.0 (index values below 50 indicate contraction) in June from 46.9 in May. This is the eighth consecutive month of contraction after a 30-month period of expansion. The new orders component improved 3.0 points to 45.6, still indicating contraction. Production fell 4.4 points to 46.7. The employment component once again fell into negative territory again, declining 3.3 points to 48.1. Of the six biggest manufacturing industries, only transportation equipment registered growth in June. The latest G-17 report from the Federal Reserve indicates manufacturing

output improved 0.1% in May but remains down 0.3% from a year ago. Durable goods improved 0.3% while nondurable goods fell 0.1% from the month before. New orders for core capital goods (nondefense capital goods excluding aircraft) increased 0.8% in May and are up 0.4% from a year ago.

U.S. exports remain strong but are slowing

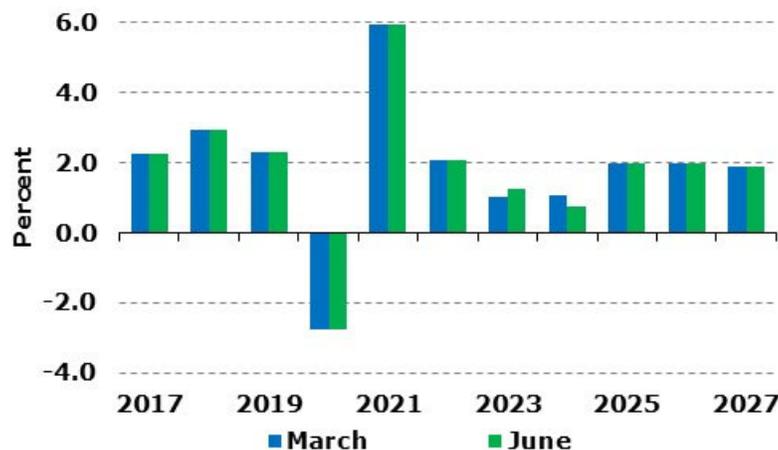
U.S. exports remain strong but are slowing. Global containment measures to combat virus outbreaks which reduced trade have ended. China recently ended their zero covid policy and no longer have restrictions. Total exports in the first quarter grew 6.5% year over year, down from 8.2% over-the-year growth in the fourth quarter. Oil and gas exports and petroleum and coal exports have slowed dramatically after exceptional growth the past two years. The value of exports in both sectors have more than doubled since the end of 2020. Exports to the rest of North America remain positive but are slowing. Year over year growth in exports to Canada increased to 4.5% in the first quarter of 2023, down from 5.6% in the fourth quarter. Exports to Mexico are up 7.5% since a year ago, down from 8.7% in the fourth quarter. Exports to China grew 6.3% in the first quarter after declining 1.6% year over year in the fourth quarter.

Forecast

Our forecast was based on a modified version of the June IHS Markit forecast

This forecast is based on a modified version of IHS Markit's June 2023 Control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to match the June 2023 Blue Chip "Consensus" GDP forecast for 2023 and 2024. The forecast for GDP growth in 2023 is now 1.2%, up from 1.0% in the March forecast (see Figure 1.4). The forecast calls for two quarters of slightly negative growth starting in the third quarter of this year. For 2024, real GDP growth is 0.7%, down from 1.1% in the March forecast. For 2025 through 2027, we expect growth rates of 2.0%, 2.0%, and 1.9%, unchanged from the March forecast.

Figure 1.4: Real GDP Growth



Source: U.S. Bureau of Economic Analysis, June 2023 ERFC forecast; historical data through 2022

Key assumptions are included in the forecast

The forecast assumes the debt ceiling is raised before the suspension expires under the Fiscal Responsibility Act in 2024. The forecast reflects legislation enacted through the time of the forecast. It does not include the president's plan to forgive a portion of student debt. The forecast includes tariffs enacted by the U.S. and China since 2017 that are still in effect.

Oil prices have declined

Oil prices have declined since peaking in June. Recession fears and weak economic growth in China have lowered demand. Production cuts by OPEC+, and sanctions following the Russian invasion of Ukraine have limited supply somewhat, but not enough to keep prices up. Russia is expected to further cut output by 500,000 barrels per day in August. The refiner acquisition price of crude oil in 2023 is expected to average \$71 per barrel, down from \$95 per barrel in 2022. The March forecast called for oil prices to average \$77 per barrel in 2023. The expected slowdown in economic growth should result in reduced demand. Going forward, supply constraints are expected to diminish, and increased U.S. production will keep prices somewhat in check as demand recovers. We expect oil prices to decline to \$67 per barrel in 2024 and decline throughout the forecast reaching \$61 per barrel in 2027. The March forecast expected oil prices to reach \$63 per barrel in 2027.

Figure 1.5: Average Price of Crude Oil



Source: EIA, June 2023 ERFC forecast; historical data through 2023 Q1

Inflation is expected to fall this year

Inflation (as measured by the price index for personal consumption expenditures) is expected to fall to 3.7% this year after peaking at 6.3% in 2022. Inflation was expected to fall to 3.9% this year in the previous forecast. Inflation has surged as demand recovered faster than could be accommodated by supplies of commodities and labor disrupted by the pandemic. Income support helped fuel the surge in demand, contributing to the increase in prices. Inflation is expected to moderate throughout the forecast, similar to what was expected in March. Inflation is expected to decline to 2.4% in 2024, and then average 2.0% from 2025 through 2027. Core inflation

(excluding food and energy) is expected to be 4.3% this year and then trend down and average 2.0% in 2025 through 2027.

Consumer spending growth is expected to slow

Real consumer spending growth is expected to slow further this year as the Federal Reserve tightens monetary policy to combat inflation. Furthermore, fiscal stimulus measures are no longer giving a boost to consumers. Consumers experienced real wage declines due to high inflation last year. This year, we expect continued wage growth and slowing inflation to turn real income growth positive. Real consumer spending is expected to grow 1.7% this year, down from 2.7% growth in 2022. The previous forecast expected growth of 1.3% this year. The forecast calls for growth to further soften in 2024 to 0.8%. We expect spending growth to average 2.1% in 2025 through 2027.

Employment growth is expected to slow

Employment growth has been stronger than anticipated. Employment grew 4.3% in 2022 after growing 2.9% in 2021. We expect employment growth of 2.2% this year as the economy cools. The forecast then calls for a decline of 0.2% in 2024. The previous forecast expected growth of 1.7% this year followed by a 0.8% decline in 2024. Employment is expected to grow 0.2% in 2025 and then grow 0.4% per year in 2026 and 2027. The forecast expects the labor market to remain tight and the unemployment rate to remain at a historic low of 3.6% this year. The forecast calls for the unemployment rate to peak at 4.4% in 2025 before declining to 4.1% in 2027.

Business investment is expected to be stronger than expected in March

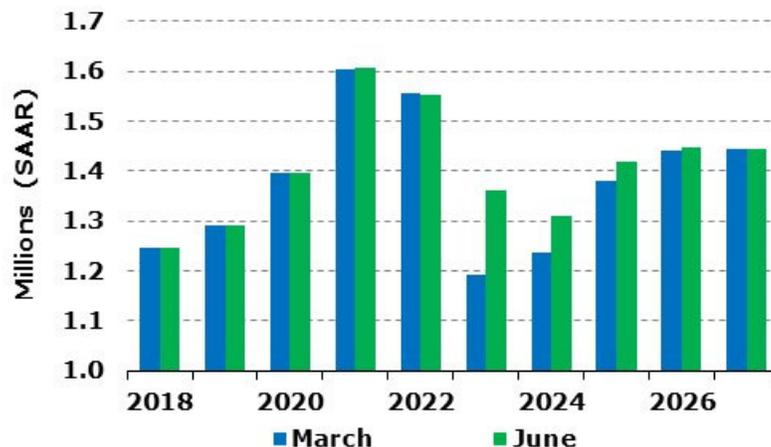
Real nonresidential fixed investment growth is expected to slow to 2.3% this year after a 3.9% increase in 2022. The March forecast expected a 1.9% decline this year. Demand is expected to soften in line with slower overall GDP growth, lessening the need to expand production capacity. Borrowing costs have moved up sharply, reflecting expectations of more aggressive monetary policy by the Federal Reserve. Office vacancy rates continue to climb, reaching the highest level in 30 years in the first quarter. Real nonresidential fixed investment growth is expected to increase 0.2% in 2024 and then pick up and reach 2.9% in 2027. We expect real nonresidential construction to grow 7.2% this year after declining in each of the prior three years. The forecast calls for nonresidential construction to decline another 0.5% in 2024 and 0.2% in 2025 before returning to growth in 2026 through 2027. Real nonresidential construction will not have fully recovered to its level before the pandemic by the end of 2027. Real equipment investment is expected to decline 1.5% this year after growing 4.3% in 2022. We expect real equipment investment growth to turn positive in 2024 at 1.0%. We then expect growth to accelerate and reach 4.6% in 2027.

The housing market outlook remains weak but have improved since March

The housing market outlook remains weak although it has improved since the previous forecast (see Figure 1.6). High mortgage rates have lowered affordability and weighed down housing demand. High mortgage rates have also lowered supply by locking in homeowners holding mortgages financed at lower rates. Labor and material shortages remain, causing delays in

finished construction. The June forecast calls for housing starts to decline 12.2% this year. We expect single-family and multi-family housing to decline at a similar rate. We expect total housing starts to decline another 3.9% in 2024, reaching a trough of 1.31 million units. The forecast then calls for housing starts to return to growth in 2025 at 8.5% with strong growth in both single-family and multi-family. We expect housing starts to grow another 2.0% in 2026 before a slight decline of 0.2% in 2027.

Figure 1.6: U.S. Housing Starts



Source: Census Bureau, June 2023 ERFC forecast; historical data through 2023 Q1

Growth in major U.S. trading partners is expected to be stronger this year than in the previous forecast

Economies throughout the world continue to recover from the COVID-19 pandemic. Economic growth of U.S. major trading partners is expected to be slow this year to 2.1% from 3.4% in 2022. The March forecast expected growth to slow to 1.8% this year. GDP growth in China is expected to accelerate in 2023 offsetting a slowdown in much of the rest of the world. We expect growth in U.S. major trading partners to average 2.5% in 2024 through 2027. Real U.S. exports are forecasted to slow to 3.2% this year, down from 7.1% growth in 2022. The March forecast expected real export growth to slow to 5.9% this year. We expect real export growth to increase and average 4.2% in 2024 through 2027.

The Fed Funds rate is expected to peak at 5.25% to 5.50%

The Federal Reserve will continue to raise interest rates as it strives to lower inflation to 2%. The Federal Reserve raised the target for the federal funds another 25 basis points in May, but then paused the rate increases in June. Inflation has remained high for longer than policymakers had anticipated. The economy has remained resilient with the labor market particularly tight, even as the Federal Reserve has raised rates. Our expectation is for a final 25 basis point hike in July during this cycle. We expect the federal funds rate to reach 5.25% to 5.5%. We then expect the Federal Reserve to hold the rate steady until early 2024 when rates are slowly lowered. The rate cuts are expected to end in the fourth quarter of 2025 and then hold steady

through 2027 at 2.5% to 2.75%. The forecast also calls for the Federal Reserve to continue removing stimulus tied to its balance sheet, allowing it to decline by about a third through 2024.

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 in the baseline forecast remains elevated. Downside risks now equal upside risks. In the previous forecast, the risks were predominantly on the downside.

Downside Risks

- COVID-19 infections reemerge
- The re-imposition of some social restrictions
- New travel restrictions
- The war in Ukraine escalates
- Rising interest rates cause a steep recession
- Inflation remains high
- Rising mortgage rates cause a sharp downturn in affordability and housing activity
- Increasing geopolitical tensions negatively affect consumer confidence
- Deficit fears limit fiscal policy
- A breakdown in trade relations
- Global growth weakens, pulling exports down
- Increased uncertainty in financial system due to banking collapse

Upside Risks

- The Federal Reserve increases rates to slow inflation without causing a recession
- The war in Ukraine ends
- Energy prices decline faster than expected
- Increased business confidence leads to more hiring
- Increased consumer confidence gives a boost to consumer spending
- The housing sector improves faster than anticipated
- China successfully transitions to a more consumption-based economy
- European and emerging market economies grow faster than expected
- Wage growth picks up faster than expected

Table 1.1
U.S. Economic Forecast Summary
 Forecast 2023 to 2027

Fiscal Years

	2020	2021	2022	2023	2024	2025	2026	2027
Real National Income Accounts (Billions of Chained 2012 Dollars)								
Real Gross Domestic Product	18,678.8	19,107.1	19,874.5	20,192.4	20,289.5	20,611.8	21,029.9	21,437.7
% Ch	-0.7	2.3	4.0	1.6	0.5	1.6	2.0	1.9
Real Consumption	12,802.1	13,282.4	13,995.9	14,281.7	14,404.2	14,631.3	14,946.6	15,252.4
% Ch	-1.2	3.8	5.4	2.0	0.9	1.6	2.2	2.0
Real Nonresidential Fixed Investment	2,735.9	2,750.5	2,885.7	2,993.9	3,013.0	3,025.6	3,060.4	3,137.8
% Ch	-0.9	0.5	4.9	3.7	0.6	0.4	1.2	2.5
Real Residential Fixed Investment	612.0	707.5	699.6	581.7	560.9	579.8	602.1	611.8
% Ch	1.4	15.6	-1.1	-16.8	-3.6	3.4	3.8	1.6
Real Personal Income	17,420.2	18,359.3	17,822.8	17,821.9	18,060.2	18,407.8	18,928.2	19,426.2
% Ch	4.6	5.4	-2.9	0.0	1.3	1.9	2.8	2.6
Real Per Capita Income (\$/Person)	52,580	55,284	53,522	53,278	53,727	54,481	55,732	56,905
% Ch	4.1	5.1	-3.2	-0.5	0.8	1.4	2.3	2.1
Price and Wage Indexes								
PCE Price Index (2012=100)	110.5	112.8	119.3	125.5	129.0	131.8	134.3	137.0
% Ch	1.3	2.0	5.8	5.1	2.8	2.2	1.9	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.573	2.631	2.820	2.996	3.078	3.147	3.210	3.279
% Ch	1.6	2.3	7.2	6.3	2.7	2.2	2.0	2.1
Employment Cost Index (Dec. 2005=1.0)	1.395	1.437	1.509	1.586	1.661	1.721	1.780	1.843
% Ch	3.1	3.0	5.1	5.1	4.7	3.6	3.4	3.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	21,103.3	22,107.0	24,472.1	26,266.0	27,163.3	28,196.8	29,349.7	30,581.1
% Ch	0.7	4.8	10.7	7.3	3.4	3.8	4.1	4.2
Personal Income	19,252.7	20,707.0	21,266.4	22,360.4	23,297.2	24,259.0	25,419.4	26,606.1
% Ch	6.0	7.6	2.7	5.1	4.2	4.1	4.8	4.7
Employment (Millions)								
U.S. Civilian Labor Force	162.6	160.6	162.9	165.6	167.5	168.1	168.8	169.6
Total U.S. Employment	152.9	149.5	156.1	159.7	160.8	160.6	161.5	162.6
Unemployment Rate (%)	6.00	6.93	4.19	3.55	3.96	4.45	4.31	4.15
Nonfarm Payroll Employment	147.06	142.97	149.81	154.73	156.08	155.68	156.32	157.01
% Ch	-1.9	-2.8	4.8	3.3	0.9	-0.3	0.4	0.4
Manufacturing	12.52	12.17	12.60	12.96	12.72	12.21	12.10	12.06
% Ch	-2.1	-2.7	3.5	2.9	-1.8	-4.0	-0.9	-0.3
Durable Manufacturing	7.82	7.57	7.83	8.07	7.91	7.52	7.45	7.44
% Ch	-2.6	-3.2	3.5	3.1	-2.1	-4.9	-0.9	-0.1
Nondurable Manufacturing	4.70	4.61	4.76	4.88	4.81	4.69	4.65	4.62
% Ch	-1.4	-1.9	3.4	2.5	-1.4	-2.6	-0.9	-0.6
Construction	7.39	7.33	7.59	7.86	7.88	7.82	7.84	7.92
% Ch	-0.3	-0.9	3.7	3.5	0.2	-0.8	0.3	1.0
Service-Providing	126.48	122.92	129.04	133.29	134.85	135.03	135.74	136.37
% Ch	-2.0	-2.8	5.0	3.3	1.2	0.1	0.5	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	46.7	51.8	87.8	81.4	67.7	65.0	62.7	60.8
Personal Saving/Disposable Income (%)	13.6	15.3	6.0	3.8	5.5	6.4	6.9	7.2
Auto Sales (Millions)	3.8	3.7	2.9	3.0	3.0	3.2	3.3	3.2
% Ch	-24.2	-3.1	-23.0	4.1	2.0	3.7	2.7	-1.2
Housing Starts (Millions)	1.316	1.549	1.655	1.406	1.310	1.366	1.448	1.444
% Ch	8.2	17.7	6.9	-15.0	-6.8	4.3	6.0	-0.3
Federal Budget Surplus (Billions)	-2,151.8	-3,213.5	-1,411.8	-1,398.5	-1,766.2	-1,922.9	-1,951.7	-1,972.3
Net Exports (Billions)	-537.1	-776.0	-989.0	-875.6	-871.8	-839.2	-808.3	-749.6
3-Month Treasury Bill Rate (%)	1.20	0.07	0.37	4.09	4.83	3.15	2.04	1.83
10-Year Treasury Note Yield (%)	1.41	1.11	1.93	3.56	3.53	3.35	3.21	3.18
Bond Index of 20 G.O. Munis. (%)	3.20	2.21	2.48	3.60	3.62	3.59	3.56	3.53
30-Year Fixed Mortgage Rate (%)	3.65	2.94	3.84	6.29	6.20	5.41	4.99	4.94

Table 1.2

Forecast Analysis

Comparison of Forecasts for 2021-23

U.S.	Average Annual Rate of Growth (Percent) 2021:2-2023:2		Average Rate (Percent) 2021:3 to 2023:2	
	Real GDP	PCE Price Index	3 Month T-Bill Rate	Mortgage Rate
2018				
February	2.1	2.0	3.15	5.28
June	2.1	2.1	3.17	5.30
September	2.1	1.9	3.14	5.13
November	2.0	2.0	3.16	5.20
2019				
March	1.9	2.0	2.66	4.92
June	1.9	1.9	2.20	4.72
September	1.9	1.9	2.16	4.65
November	1.9	2.0	2.16	4.53
2020				
February	1.9	2.0	1.96	4.43
June	3.7	1.5	0.07	3.02
September	3.4	1.6	0.10	3.12
November	2.6	1.8	0.10	3.10
2021				
March	3.5	1.6	0.07	3.56
June	3.5	2.0	0.04	3.46
September	3.5	2.1	0.08	3.39
November	3.2	2.5	0.09	3.43
2022				
February	3.2	3.4	0.58	3.62
June	2.2	4.9	1.31	4.48
September	1.1	4.9	1.88	4.66
November	1.1	5.1	2.16	5.16
2023				
March	1.7	5.2	2.21	5.12
June	1.9	5.2	2.23	5.06

Table 1.3

Forecast Analysis

Comparison of Forecasts for 2023-25

U.S.	Average Annual Rate of Growth (Percent) 2023:2-2025:2		Average Rate (Percent) 2023:3 to 2025:2	
	Real GDP	PCE Price Index	3 Month T-Bill Rate	Mortgage Rate
2020				
February	2.0	2.1	2.30	4.62
June	2.3	1.7	0.13	3.24
September	2.4	1.8	0.10	3.27
November	2.0	1.9	0.08	3.29
2021				
March	2.2	1.9	0.23	3.92
June	1.9	1.9	0.22	3.86
September	2.2	1.9	0.47	4.02
November	2.1	2.1	0.88	4.26
2022				
February	2.1	2.1	1.64	4.55
June	2.1	1.7	2.61	5.00
September	2.1	1.9	3.09	5.18
November	1.7	2.1	3.87	5.69
2023				
March	1.4	2.2	4.16	5.93
June	1.2	2.2	3.99	5.81

Table 1.4

Fiscal Years

Forecast Comparison

Forecast 2023 to 2027

	2021	2022	2023	2024	2025	2026	2027
U.S.							
Real GDP							
June	19,107.1	19,874.5	20,192.4	20,289.5	20,611.8	21,029.9	21,437.7
% Ch	2.3	4.0	1.6	0.5	1.6	2.0	1.9
March	19,107.1	19,874.5	20,172.0	20,276.0	20,649.1	21,054.7	21,467.9
% Ch	2.3	4.0	1.5	0.5	1.8	2.0	2.0
PCE Price Index							
June	112.8	119.3	125.5	129.0	131.8	134.3	137.0
% Ch	2.0	5.8	5.1	2.8	2.2	1.9	2.0
March	112.8	119.3	125.5	129.4	132.0	134.5	137.1
% Ch	2.0	5.8	5.2	3.1	2.1	1.9	1.9
Unemployment Rate							
June	6.93	4.19	3.55	3.96	4.45	4.31	4.15
March	6.93	4.19	3.46	4.00	4.43	4.32	4.16
Mortgage Rate							
June	2.94	3.84	6.29	6.20	5.41	4.99	4.94
March	2.94	3.84	6.39	6.34	5.53	5.06	4.94
3 Month T-Bill Rate							
June	0.07	0.37	4.09	4.83	3.15	2.04	1.83
March	0.07	0.37	4.05	4.85	3.47	2.53	2.36



Chapter 2: Washington Economy – Current Conditions and Forecast

- **The Washington economy continued to expand through the end of 2022.**
- **Washington employment growth in March, April and May was more than expected in the March forecast.**
- **The Washington unemployment rate declined to 4.1% in May from 4.3% in April.**
- **Washington housing construction declined throughout 2022 but spiked early in 2023.**
- **Seattle home prices increased in April following ten consecutive declines but were still down 12.5% over the year in April.**
- **Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023.**
- **Washington personal income grew 6.9% (SAAR) in the first quarter compared to 5.1% (SAAR) for the nation.**
- **Seattle consumer price inflation outpaced the national average in the year ending in June 2023.**

Current Conditions

The Washington economy continued to expand through the end of 2022

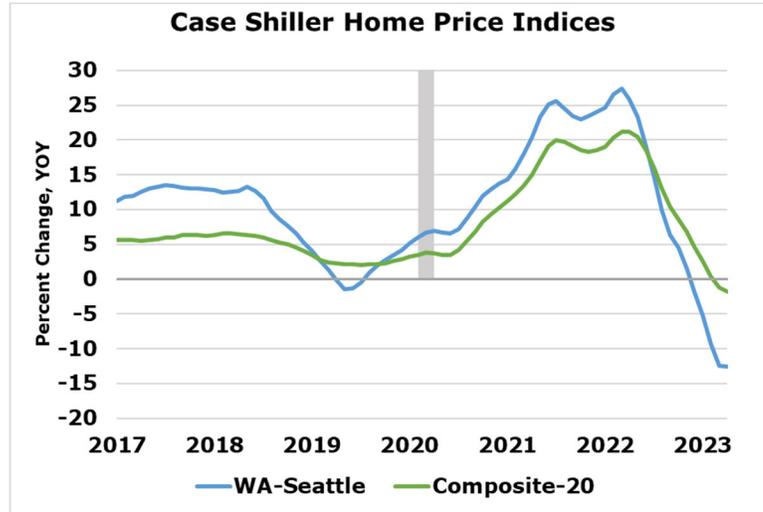
The Washington economy continued to expand through the end of 2022. Washington employment growth in March, April, and May was more than expected in the March forecast. The Washington unemployment rate declined to 4.1% in May from 4.3% in April. Washington housing construction declined throughout 2022 but spiked early in 2023. Seattle home prices increased in April following ten consecutive declines but were still down 12.5% over the year in April. Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023. Washington personal income grew 6.9% (SAAR) in the first quarter compared to 5.1% (SAAR) for the nation. Seattle consumer price inflation outpaced the national average in the year ending in June 2023.

<p><i>Washington nonfarm payroll employment increased 30,200 in January through May</i></p>	<p>We have five months of new Washington employment data since the March forecast was released. Private services-providing sectors added 17,800 jobs in the five-month period. The manufacturing sector added 5,100 jobs including 2,400 jobs in aerospace manufacturing. Construction employment increased by 4,400 jobs. State and local government employment was unchanged from December to May but federal government employment increased by 2,900 jobs.</p>
<p><i>Revisions added to the level of employment</i></p>	<p>We have also incorporated new benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions to employment data subtracted 29,300 (0.8%) from the estimated level of total employment in December 2022. The combined effect of the downward revision to historical data and the stronger employment growth from December through May is that May employment is 1,000 (0.0%) lower than expected in the March forecast.</p>
<p><i>Washington's unemployment declined in March, April and May</i></p>	<p>The Washington unemployment rate declined in March, April, and May but remains above its post-recession low. The Washington unemployment rate has declined from 4.6% in February to 4.1% in May. The jobless rate remains slightly higher than the 3.9% reached in June 2022.</p>
<p><i>Washington initial claims decreased slightly</i></p>	<p>Washington initial claims for unemployment insurance increased from the first week of July to the second week of July. The seasonally adjusted number of initial claims had increased to 7,349 in the week ending June 3, 2023. That week, the four-week moving average increased to 6,228 from 5,851. Initial claims have decreased to 5,963 in the week ending July 8, 2023. The four-week moving average decreased to 5,872. The four-week moving average is still down 96% from the April 2020 peak.</p>
<p><i>Washington housing construction declined throughout 2022</i></p>	<p>Washington housing construction declined throughout 2022 but increased in early 2023. The number of housing units authorized by building permits declined from 58,000 (SAAR) in the first quarter to 55,500 in the second quarter, 44,600 units in the third quarter, and 38,000 in the fourth quarter. Permits increased to 41,900 (SAAR) units in the first quarter of 2023 consisting of 14,200 single-family units and 27,700 multi-family units. The March forecast predicted 35,800 units (SAAR) for the first quarter, consisting of 14,900 single-family units and 21,000 multi-family units. Permits fell in April and May to 40,300 units (SAAR) on weaker multi-family activity.</p>
<p><i>Seattle-area home prices increased for the first time since last May</i></p>	<p>Seattle-area home prices increased for the first time since last May. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices increased 0.6% in April following ten consecutive declines. In comparison, the composite-20 index increased 0.9%. April Seattle home prices</p>

were still down 12.5% over the year. In comparison, the composite-20 index was down 1.7% over the year.

Figure 2.1: S&P/Case-Shiller Home Price Indices, SA

January Seattle home prices were down 12.5% over the year

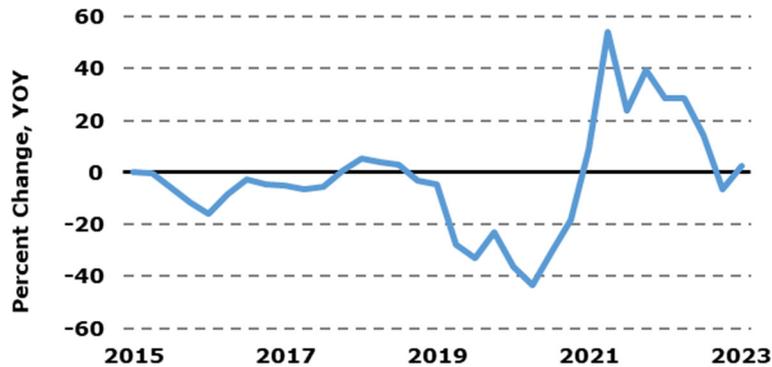


Source: S&P/Case-Shiller Home Price Indices; data through April 2023

According to the World Institute for Strategic Economic Research (WISER), Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023 following a 6.7% year-over-year decline in the fourth quarter. Washington exports of transportation equipment (mostly Boeing planes) increased 20.2% over the year. Agricultural exports declined 19.7% over the year but this could be misleading as the data include soybean and corn exports which receive only minimal processing in Washington. Exports from all other sectors (mostly manufacturing) increased 7.5% over the year.

Figure 2.2: Washington Exports

Washington exports increased 2.6% from the first quarter of 2022 to the first quarter of 2023



Source: Wiser Trade; data through 2023 Q1

Washington car and truck sales increased

Washington car and truck sales increase from February to May, reaching its highest level in two years. The seasonally adjusted number of new vehicle registrations increased 10.9% in February, 5.3% in March, 4.4% in April, and 5.7% in May, to 291,100 (SAAR) registrations in May. June car and truck sales increased by 1.4% to 295,300 (SAAR). The last time car and truck sales were this high was in March 2021. The number of registrations was up 23.1% over the year in June.

Washington personal income outpaced the national average in the first quarter of 2023

In July, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released the preliminary state personal income estimates for the first quarter of 2023. Washington personal income increased from \$599.0 billion (SAAR) in the fourth quarter of 2022 to \$609.1 billion in the first quarter of 2023. The 6.9% increase (SAAR) in Washington personal income was the 18th highest among the states and District of Columbia and higher than the 5.1% rate increase for the U.S. as a whole. At 4.6% (SAAR), growth in Washington net earnings matched the 4.6% national average growth rate. Property income (dividends, interest, and rent) grew 7.4% in Washington compared to the 6.0% national average. However, transfer receipts grew at a 16.7% annual rate in Washington compared to an only 6.1% increase for the nation.

Seattle consumer price inflation outpaced the national average in the year ending in April 2023

Seattle metropolitan area consumer price inflation continued to exceed the national average in the year ending in June 2023. From June 2022 to June 2023, the seasonally adjusted Seattle CPI rose 4.6% compared to the 3.1% increase in the U.S. City Average index. Core prices, which exclude food and energy, increased 5.3% in Seattle and 4.9% in the national index. Seattle shelter cost inflation exceeded the national average at 9.0% compared to 7.8%. Seattle inflation excluding shelter also exceeded the national average at 3.5% compared to 0.7%.

Washington State Forecast

The Washington forecast features stronger employment growth and weaker headline inflation this year.

The Washington forecast features stronger employment growth and weaker headline inflation this year. We expect a 2.1% increase in Washington employment this year, up from the 1.5% growth rate expected in the March forecast. We expect employment growth to average 0.7% per year in 2024 through 2027 which is slightly higher than the 0.6% average rate in the March forecast. Our forecast for nominal personal income growth this year is 4.8%, up slightly from the 4.7% rate in the March forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.0% per year, down slightly from the 5.1% rate in the March forecast. We expect housing permits to total 40,400 units this year, up from 38,000 units in the March forecast, and we expect permits to average 44,100 units in 2024 through 2027, unchanged from 44,100 units in the March forecast. We expect the Seattle headline inflation to be 3.4% this year, down from 5.9% in the March forecast. We

expect Seattle headline inflation to average 2.3% per year in 2024 through 2027 which is higher than the 2.2% average rate in the March forecast.

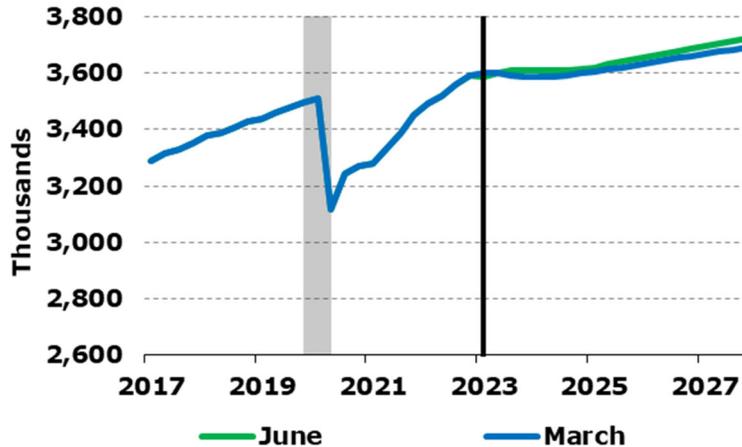
Washington Payroll Employment

Job growth is stronger

Compared to the March forecast, job growth is stronger (see Figure 2.3). We expect a 2.1% increase in Washington employment this year, up from the 1.5% growth rate expected in the March forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect employment growth to average 0.7% per year in 2024 through 2027 which is slightly higher than the 0.6% average rate in the March forecast. On an annual basis, we expect growth of 0.2% in 2024, 0.7% in 2025, 1.0% in 2026, and 1.0% in 2027.

Figure 2.3: Nonfarm Payroll Employment

Compared to the March forecast, job growth is stronger



Source: Employment Security Department, ERFC; historical data through 2023 Q1

Aerospace employment is declining

After the grounding of the 737 Max and then the pandemic, Washington's aerospace employment declined from 89,600 at end of 2019 to a low of 66,700 in August 2021, a loss of 22,800 jobs. Since August 2021, the industry added back 9,400 jobs, bringing the level to 76,100 in May 2022. We expect aerospace employment to continue to expand in Washington, adding 1,900 jobs from the second quarter of 2023 through the fourth quarter of 2027. On an annual average basis, we expect aerospace employment to grow 6.0% this year, slowing to 1.4% in 2024, 0.5% in 2025, 0.1% in 2026, and 0.6% in 2027.

We expect software job losses in 2023

The software sector in Washington continued to grow throughout 2022 but we expect job losses in mid-2023. As of December 2022, Washington software employment was 15.4% higher than at the business cycle peak of February 2020. We was down in the first quarter of this year compared to quarter four of 2022.

The timing of announced layoff start dates indicates that we should expect employment declines in the second and third quarters of this year. We assume a total reduction of 2,200 in the second and third quarters with growth resuming in the fourth quarter. With these cuts, we expect annual average growth of -1.3% for 2023. We expect stagnant growth in 2024 and modest growth during the remainder of the forecast with growth rates of 0.0% in 2024, 1.3% in 2025, 1.4% in 2026, and 1.3% in 2027.

Construction employment is expected to decline because of a decline in home building in 2023

Construction has recovered more than all the jobs lost in the recession because of a surge in home building. After an initial drop in employment in March and April of 2020, construction employment came roaring back. As of May 2023, construction employment was 6.6% higher than at its prior peak in February 2020. The recovery has been entirely due to residential construction. We believe construction employment peaked in the second quarter of 2023. We expect a decline of 1,700 construction jobs from the third quarter of 2023 to the third quarter of 2024. On an annual average basis, we expect construction employment to still grow by 1.7% in 2023 but decline by 0.8% in 2024 before increasing by 0.1% in 2025 and 1.8% in 2026 and 2027.

Washington Personal Income

Washington personal income in the fourth quarter was lower than in the March forecast

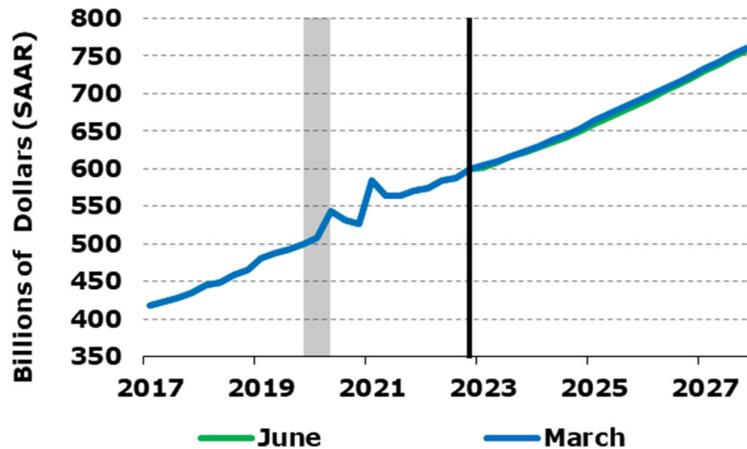
In July, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the fourth quarter of 2022. We have incorporated the new BEA estimates as well as additional Washington Quarterly Census of Employment and Wages (QCEW) data. Our current estimate of Washington personal income in the fourth quarter of 2022 was \$6.7 billion (1.1%) lower than in the March forecast. Wages and salaries were \$5.1 billion (1.6%) lower than expected and nonwage income was \$1.7 billion (0.6%) lower than expected.

Our forecast for nominal personal income growth this year is 4.8%

The level of personal income is lower than in the March forecast (see Figure 2.4). Our forecast for nominal personal income growth this year is 4.8%, up slightly from the 4.7% rate in the March forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.0% per year, down slightly from the 5.1% rate in the March forecast.

Figure 2.4: Washington Personal Income

The level of personal income is slightly lower than in the March forecast



Source: Bureau of Economic Analysis, ERFC; historical data through 2023 Q1

Washington Building Permits

The Washington housing construction forecast is slightly higher than in March

The Washington housing construction forecast is slightly higher than in March. The number of authorized housing units reached 56,900 in 2021 which was the highest annual total since 1978. Permits declined throughout 2022 and averaged 49,300 for the year. We believe permits will recover in the fourth quarter of 2023 and in 2024. We expect housing permits to total 40,400 units this year, up from 38,000 units in the March forecast, and we expect permits to average 44,100 units in 2024 through 2027, unchanged from 44,100 units in the March forecast. On a calendar year basis, we expect 42,300 units in 2024, 44,100 in 2025, 44,800 units in 2026, and 45,200 units in 2027.

Consumer Price Index

The near-term inflation outlook has increased since the March forecast

The near-term inflation outlook has increased since the March forecast, but we expect price pressures to diminish over the remainder of 2023 and in 2024. The Seattle core (excluding food and energy) CPI index rose 7.9% in 2022 which was the highest rate in the history of the series which begins with 1983 inflation. Near term inflation and long-term inflation is slightly higher than in the March forecast. On an annual average basis, core inflation will slow to 6.7% this year, which is up from 6.5% in the March forecast. We expect Seattle core inflation to average 2.6% per year in 2024 through 2027, which is higher than the 2.5% average rate in the March forecast. Our forecast calls for annual Seattle core inflation rates of 3.4% 2024, 2.3% in 2025, 2.2% in 2026, and 2.3% in 2027.

Seattle headline inflation is down in 2023 since the March forecast

Energy costs rebounded in 2021 and 2022 adding to headline inflation but that is changing. The all-items Seattle CPI rose 8.9% in 2022 which was the highest annual rate since 1981 and was above the 7.9% core inflation rate. We expect the Seattle headline inflation to be 5.8% this year, down from 5.9% in the March forecast. We expect Seattle headline inflation to average 2.3% per year in 2024 through 2027 which is slightly higher than the 2.2% average rate in the March forecast. On a calendar year basis, we expect inflation rates of 2.8% in 2024, 2.1% in 2025, 2.0% in 2026, and 2.2% in 2027.

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

Alternative Scenarios

Alternative forecasts are required by 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 in addition to the baseline forecast.

Optimistic

In the optimistic scenario, a faster resolution of the Russia- Ukraine conflict and an improving supply chain drive faster growth

The optimistic scenario assumes stronger growth of consumer spending and stronger productivity relative to the baseline. We assume the consumer and business response to the Infrastructure Investment and Jobs Act is more robust than in the baseline, while a quicker resolution to the Russia-Ukraine conflict allows for a lower path of energy prices. Moreover, we assume firms return to being able to effect the kinds of large productivity gains they achieved early in the pandemic, which improves corporate profitability. GDP growth is stronger than the baseline. The unemployment rate averages 3.4% in 2023 and 3.8% in 2024 compared to 3.6% and 4.3% in the baseline forecast.

The optimistic scenario also assumes a 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 nonfarming payroll employment to grow faster than assumed in the baseline. By the end of 2027, Washington nonfarm payroll employment is higher by 77,400 jobs (2.1%). In the optimistic scenario, the stronger regional economy drives Seattle consumer price inflation above the baseline. Washington average wage growth is also higher in the optimistic scenario than in the baseline compared to the baseline.

Pessimistic

Recession hits as Russia-Ukraine conflict intensifies

The pessimistic scenario assumes weaker consumer spending and GDP. The Russia-Ukraine conflict intensifies and drags on, leading to higher price paths for energy commodities, other industrial commodities and grains, wider risk spreads, and a

more pronounced slowdown in foreign growth. In addition, a slower correction of supply-chain issues prolongs delays in the production of consumer durable goods. Future GDP growth is less than the baseline forecast but positive. The unemployment rate averages 4.3% in 2023 and 6.0% in 2024 compared to 3.6% and 4.3% in the baseline forecast.

The pessimistic scenario also assumes a weaker local economy

In addition to reflecting the impact of the weaker U.S. forecast on the state economy, nonfarming payroll employment declines faster than in the baseline forecast. Growth in payroll employment in the pessimistic scenario is positive in 2023 but declines in 2024 and 2025. In 2026 we see rebound of positive growth in nonfarming payroll employment. By the end of 2027, Washington nonfarm payroll employment is lower 168,700 jobs (4.5%) compared to the baseline. The relatively weak local economy also puts downward pressure on Washington wages and the Seattle CPI.

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

Governor’s Council of Economic Advisors (GCEA)

The Governor’s Council of Economic Advisors’ (GCEA) national forecast has slightly lower real growth and inflation for 2023

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 of Economic Advisors’ (GCEA) national forecast has slightly lower real growth and inflation in 2023 than our baseline forecast. The GCEA real GDP growth forecast averages 1.7% per year in 2023 through 2027 which is slightly higher than our 1.6% average rate. Their forecast of 1.7% average real consumer spending growth matches our 1.7% average growth rate. The GCEA members’ personal consumption expenditures (PCE) inflation forecast averages 2.5% per year which is slightly higher than the 2.4% average rate in our forecast. The Council members’ mortgage rate forecast averages 5.3% over the five-year forecast horizon, which is slightly lower than our average mortgage rate forecast of 5.4%. The GCEA oil price forecast averages \$79 per barrel which is higher than our \$70 average oil price.

The Governor’s Council of Economic Advisors’ Washington forecast is slightly stronger than our baseline forecast

The Governor’s Council of Economic Advisors’ Washington forecast is slightly stronger than our baseline forecast. The GCEA scenario for Washington real personal income growth averages 2.5% per year in 2023 through 2027, same as in our forecast. The Council members’ forecast for total employment growth over the five-year period averages 1.1% per year compared to our 1.0% average growth rate. The Council members’ forecast for manufacturing employment growth over the five-year period averages 0.4% per year compared to our 0.1% average growth rate. The Council members’ forecast for construction employment growth over the five-year period averages 0.8% per year compared to our 0.9% average growth rate. The GCEA

housing permit forecast averages 44,600 units per year compared to our forecast of 43,400 units per year.

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

Table 2.1
Washington Economic Forecast Summary
 Forecast 2023 to 2027

Fiscal Years

	2020	2021	2022	2023	2024	2025	2026	2027
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	462.407	489.404	479.867	476.410	485.174	496.959	513.286	529.511
% Ch	6.7	5.8	-1.9	-0.7	1.8	2.4	3.3	3.2
Real Wage and Salary Disb.	233.431	245.749	253.983	252.539	255.382	261.714	270.633	279.634
% Ch	3.7	5.3	3.4	-0.6	1.1	2.5	3.4	3.3
Real Nonwage Income	228.976	243.656	225.884	223.871	229.792	235.246	242.653	249.877
% Ch	9.9	6.4	-7.3	-0.9	2.6	2.4	3.1	3.0
Real Per Capita Income (\$/Person)	60,174	63,295	61,818	60,968	61,577	62,566	64,063	65,461
% Ch	5.4	5.2	-2.3	-1.4	1.0	1.6	2.4	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.105	1.127	1.193	1.254	1.290	1.318	1.343	1.370
% Ch	1.3	2.0	5.8	5.1	2.8	2.2	1.9	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.803	2.871	3.089	3.334	3.465	3.544	3.616	3.693
% Ch	2.1	2.4	7.6	7.9	3.9	2.3	2.0	2.1
Average Nonfarm Annual Wage	73,935	82,113	85,336	86,344	88,982	92,936	96,983	101,207
% Ch	6.1	11.1	3.9	1.2	3.1	4.4	4.4	4.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	28.92	27.87	29.08	29.53	30.26	31.32	32.34	33.43
% Ch	0.0	-3.6	4.3	1.5	2.5	3.5	3.2	3.4
Current Dollar Income (Billions of Dollars)								
Personal Income	511.011	551.903	572.437	597.617	625.869	654.929	689.314	725.223
% Ch	8.0	8.0	3.7	4.4	4.7	4.6	5.3	5.2
Disposable Personal Income	452.888	486.944	492.806	515.849	549.408	578.528	608.418	638.693
% Ch	8.5	7.5	1.2	4.7	6.5	5.3	5.2	5.0
Per Capita Income (\$/Person)	66,499	71,377	73,741	76,478	79,432	82,453	86,031	89,655
% Ch	6.8	7.3	3.3	3.7	3.9	3.8	4.3	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,968.7	3,889.2	3,940.0	4,029.2	4,087.1	4,117.6	4,154.7	4,195.4
Total Washington Employment	3,710.6	3,622.2	3,771.2	3,852.8	3,901.7	3,914.1	3,956.5	4,002.3
Unemployment Rate (%)	6.49	6.86	4.29	4.38	4.54	4.94	4.77	4.60
Nonfarm Payroll Employment	3,399.3	3,284.0	3,461.8	3,577.3	3,609.3	3,618.2	3,654.2	3,690.7
% Ch	-1.0	-3.4	5.4	3.3	0.9	0.2	1.0	1.0
Manufacturing	287.3	260.7	263.8	273.8	273.0	267.1	268.1	270.1
% Ch	-1.5	-9.3	1.2	3.8	-0.3	-2.1	0.4	0.7
Durable Manufacturing	202.5	178.7	177.8	185.4	185.4	181.5	182.6	184.5
% Ch	-1.5	-11.8	-0.5	4.3	0.0	-2.1	0.6	1.0
Aerospace	87.7	71.0	68.3	74.2	76.3	76.9	77.0	77.3
% Ch	1.3	-19.0	-3.7	8.6	2.8	0.8	0.1	0.3
Nondurable Manufacturing	84.8	82.1	86.0	88.4	87.6	85.7	85.5	85.6
% Ch	-1.7	-3.3	4.8	2.7	-0.9	-2.2	-0.2	0.1
Construction	216.2	219.5	227.8	236.2	235.5	233.9	236.7	241.1
% Ch	-0.3	1.5	3.8	3.7	-0.3	-0.6	1.2	1.9
Service-Providing	2,890.1	2,798.1	2,964.5	3,061.7	3,095.6	3,112.1	3,144.2	3,174.0
% Ch	-0.9	-3.2	5.9	3.3	1.1	0.5	1.0	0.9
Software Publishers	73.6	77.9	82.7	85.2	83.5	84.4	85.6	86.8
% Ch	8.7	5.8	6.2	3.1	-2.1	1.1	1.4	1.4
Mgmt. of Companies and Enterprises	88.8	91.3	97.7	103.9	106.2	110.4	113.8	116.8
% Ch	10.5	2.9	7.0	6.3	2.2	4.0	3.1	2.6
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	47.167	49.527	58.003	40.464	41.631	43.146	44.625	44.990
% Ch	2.6	5.0	17.1	-30.2	2.9	3.6	3.4	0.8
Single-Family	22.954	26.176	23.895	16.476	21.465	23.682	24.898	25.190
% Ch	2.7	14.0	-8.7	-31.0	30.3	10.3	5.1	1.2
Multi-Family	24.213	23.352	34.108	23.988	20.166	19.464	19.727	19.800
% Ch	2.5	-3.6	46.1	-29.7	-15.9	-3.5	1.4	0.4
30-Year Fixed Mortgage Rate (%)	3.65	2.94	3.84	6.29	6.20	5.41	4.99	4.94

Table 2.2
Comparison of Alternative Forecasts

Fiscal Years

	2022	2023	2024	2025	2026	2027
U.S.						
Real GDP, Percent Change						
Optimistic	4.0	1.7	2.0	1.9	1.7	1.6
Baseline	4.0	1.6	0.5	1.6	2.0	1.9
Pessimistic	4.0	1.5	0.2	1.1	1.5	1.9
PCE Price Index, Percent Change						
Optimistic	5.8	5.1	3.2	2.7	2.2	2.1
Baseline	5.8	5.1	2.8	2.2	1.9	2.0
Pessimistic	5.8	5.2	3.6	2.3	1.6	1.5
Mortgage Rate, Percent						
Optimistic	3.84	6.28	6.33	5.56	5.15	5.00
Baseline	3.84	6.29	6.20	5.41	4.99	4.94
Pessimistic	3.84	6.30	6.41	5.09	4.41	4.13
3 Month T-Bill Rate, Percent						
Optimistic	0.37	4.12	5.15	3.78	2.81	2.52
Baseline	0.37	4.09	4.83	3.15	2.04	1.83
Pessimistic	0.37	4.12	4.89	1.98	0.79	0.57
Washington						
Real Personal Income, Percent Change						
Optimistic	-1.9	-0.3	4.4	3.5	3.5	3.6
Baseline	-1.9	-0.7	1.8	2.4	3.3	3.2
Pessimistic	-1.9	-1.1	-0.4	1.0	2.8	2.6
Personal Income, Percent Change						
Optimistic	3.7	4.7	7.7	6.3	5.8	5.8
Baseline	3.7	4.4	4.7	4.6	5.3	5.2
Pessimistic	3.7	4.1	3.3	3.3	4.4	4.1
Employment, Percent Change						
Optimistic	5.4	3.4	1.6	0.8	1.2	1.3
Baseline	5.4	3.3	0.9	0.2	1.0	1.0
Pessimistic	5.4	3.3	-0.7	-0.9	0.0	0.4
Housing Permits, Thousands of Authorized Units						
Optimistic	58.0	40.6	42.9	45.8	46.9	47.2
Baseline	58.0	40.5	41.6	43.1	44.6	45.0
Pessimistic	58.0	40.4	39.0	38.5	37.7	36.9

Table 2.3

Calendar Years

Governor's Council of Economic Advisor's Forecast

	2023	2024	2025	2026	2027
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	1.2	0.7	2.0	2.0	1.9
GCEA Average	0.9	1.1	2.4	2.3	2.0
Real Consumption					
<i>Growth</i>					
ERFC	1.7	0.8	2.1	2.1	2.0
GCEA Average	1.2	1.0	2.2	2.1	2.0
PCE Price Index					
<i>Growth</i>					
ERFC	3.7	2.4	2.0	1.9	2.0
GCEA Average	3.5	2.3	2.2	2.1	2.2
Mortgage Rate					
<i>Percent</i>					
ERFC	6.4	5.8	5.1	4.9	4.9
GCEA Average	6.4	5.7	5.0	4.8	4.8
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	76.3	70.9	68.8	67.3	65.9
GCEA Average	81.3	80.7	78.8	78.0	77.4
Washington State					
Real Personal Income					
<i>Growth</i>					
ERFC	1.1	2.1	3.0	3.2	3.2
GCEA Average	1.0	2.2	2.9	3.2	3.2
Wage and Salary Employment					
<i>Growth</i>					
ERFC	2.1	0.2	0.7	1.0	1.0
GCEA Average	1.1	1.0	1.1	1.1	1.1
Manufacturing Employment					
<i>Growth</i>					
ERFC	2.5	-2.3	-0.7	0.7	0.5
GCEA Average	0.8	-0.2	0.2	0.5	0.6
Construction Employment					
<i>Growth</i>					
ERFC	1.7	-0.8	0.1	1.8	1.8
GCEA Average	0.7	0.0	0.6	1.2	1.3
Housing Permits					
<i>Thousands of authorized units</i>					
ERFC	40.4	42.3	44.1	44.8	45.2
GCEA Average	40.1	45.7	45.8	45.7	45.6
Washington Average Annual Wage					
<i>Growth</i>					
ERFC	1.6	4.2	4.4	4.3	4.4
GCEA Average	2.8	4.6	4.2	4.1	4.2

Table 2.4
Forecast Analysis
 Comparison of Forecasts for 2021-23

Washington	Average Annual Rate of Growth (Percent) 2021:2-2023:2			Average Annual Rate (Thousands) 2021:3 to 2023:2
	Employment	Personal Income	Real Personal Income	Housing Units Authorized
2018				
February	1.0	5.0	2.9	42.4
June	0.7	5.0	2.9	41.9
September	0.8	4.8	2.9	42.0
November	1.0	4.8	2.8	41.4
2019				
March	1.0	4.7	2.7	42.5
June	1.1	4.9	2.9	42.0
September	1.0	4.9	2.9	42.3
November	0.9	4.8	2.8	42.2
2020				
February	1.0	4.6	2.6	43.4
June	2.0	3.5	2.0	40.2
September	2.6	4.6	3.0	42.8
November	2.4	3.9	2.1	43.5
2021				
March	3.1	0.1	-1.5	46.3
June	3.7	3.0	1.0	47.0
September	3.5	3.9	1.8	47.1
November	3.6	3.7	1.1	48.0
2022				
February	3.6	4.6	1.1	50.1
June	3.4	4.3	-0.6	52.4
September	3.5	4.1	-0.7	52.4
November	3.5	4.5	-0.6	50.5
2023				
March	4.0	4.0	-1.2	48.6
June	3.7	3.9	-1.2	49.2

Table 2.5
Forecast Analysis
 Comparison of Forecasts for 2023-25

Washington	Average Annual Rate of Growth (Percent) 2023:2-2025:2			Average Annual Rate (Thousands) 2023:3 to 2025:2
	Employment	Personal Income	Real Personal Income	Housing Units Authorized
2020				
February	0.6	5.0	2.9	42.3
June	0.9	4.1	2.4	38.2
September	1.2	4.4	2.6	39.7
November	1.1	4.7	2.8	41.4
2021				
March	1.4	5.3	3.4	43.5
June	1.4	4.9	3.0	45.2
September	1.3	5.2	3.2	44.1
November	1.0	5.2	3.0	43.4
2022				
February	1.0	5.3	3.1	44.2
June	0.7	5.4	3.6	48.8
September	0.7	5.1	3.1	46.8
November	0.7	5.1	3.0	45.9
2023				
March	0.2	5.0	2.7	42.1
June	0.4	4.7	2.4	42.4

Table 2.6
Forecast Comparison
 Forecast 2023 to 2027

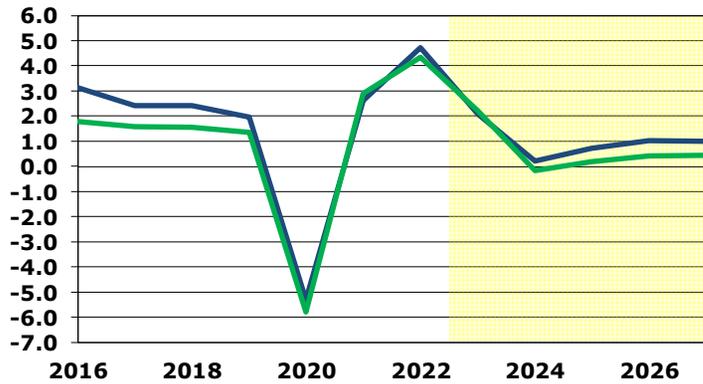
Fiscal Years

	2021	2022	2023	2024	2025	2026	2027
Washington							
Real Personal Income							
June	489.404	479.867	476.410	485.174	496.959	513.286	529.511
% Ch	5.8	-1.9	-0.7	1.8	2.4	3.3	3.2
March	489.404	480.554	478.729	484.901	499.178	515.826	531.980
% Ch	5.8	-1.8	-0.4	1.3	2.9	3.3	3.1
Personal Income							
June	551.903	572.437	597.617	625.869	654.929	689.314	725.223
% Ch	8.0	3.7	4.4	4.7	4.6	5.3	5.2
March	551.903	573.273	600.813	627.257	659.017	693.724	729.378
% Ch	8.0	3.9	4.8	4.4	5.1	5.3	5.1
Employment							
June	3284.0	3461.8	3577.3	3609.3	3618.2	3654.2	3690.7
% Ch	-3.4	5.4	3.3	0.9	0.2	1.0	1.0
March	3280.4	3462.4	3587.8	3587.6	3602.0	3632.2	3665.0
% Ch	-3.5	5.5	3.6	0.0	0.4	0.8	0.9
Housing Permits							
June	49.527	58.003	40.464	41.631	43.146	44.625	44.990
% Ch	5.0	17.1	-30.2	2.9	3.6	3.4	0.8
March	49.527	58.131	39.163	40.188	44.031	44.919	44.698
% Ch	5.0	17.4	-32.6	2.6	9.6	2.0	-0.5

Figure 2.5: Comparison of Washington and U.S. Economic Forecasts
(Percent change)

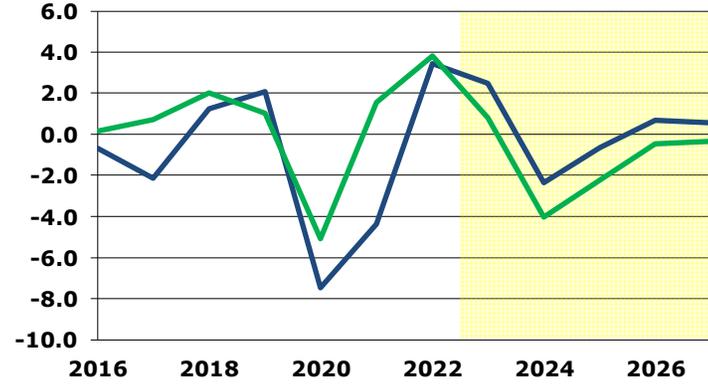
Forecast

Total Nonfarm Payroll Employment



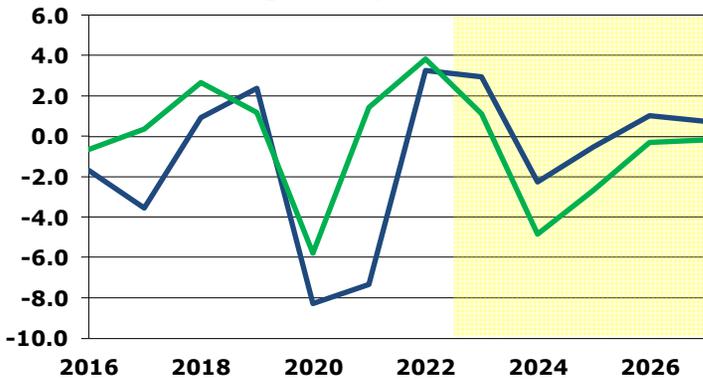
Source: WA State Employment Security Dept. 2022, ERFC 2027

Manufacturing Employment



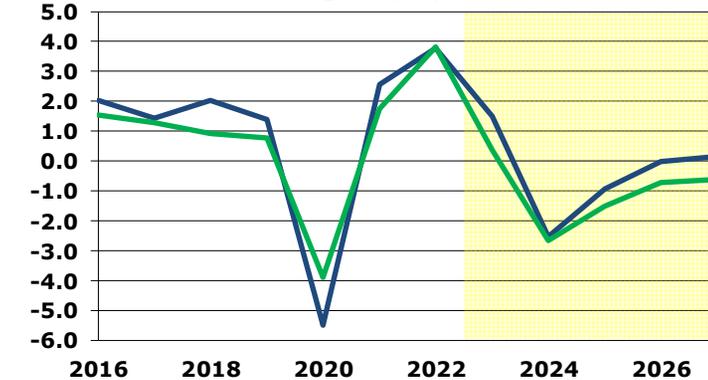
Source: WA State Employment Security Dept. 2022, ERFC 2027

Durable Manufacturing Employment



Source: WA State Employment Security Dept. 2022, ERFC 2027

Nondurable Manufacturing Employment



Source: WA State Employment Security Dept. 2022, ERFC 2027

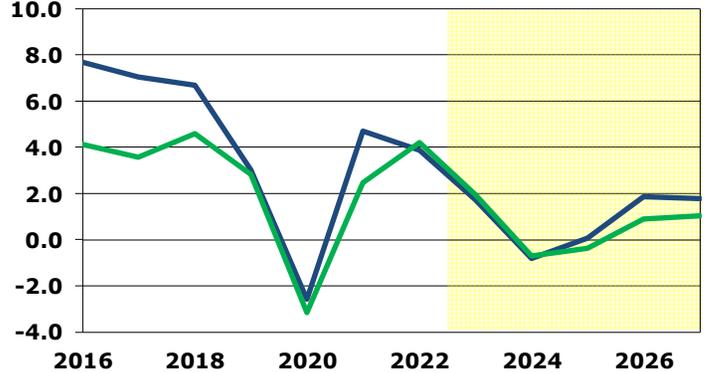
Washington

U.S.

Figure 2.5: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)

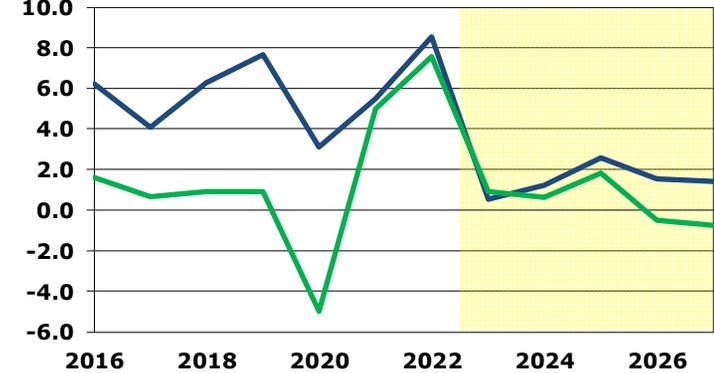
Forecast

Construction Employment



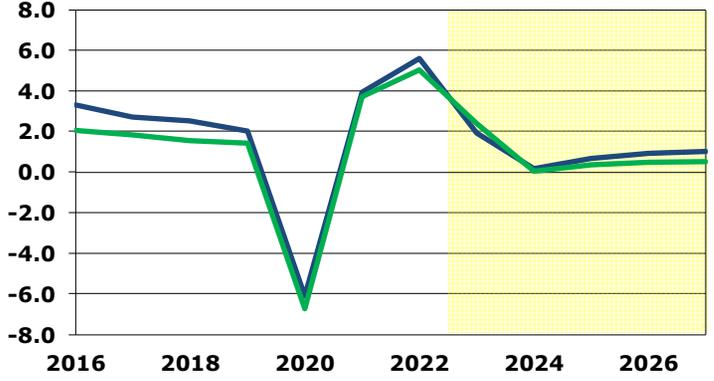
Source: WA State Employment Security Dept. 2022, ERFC 2027

Information Employment



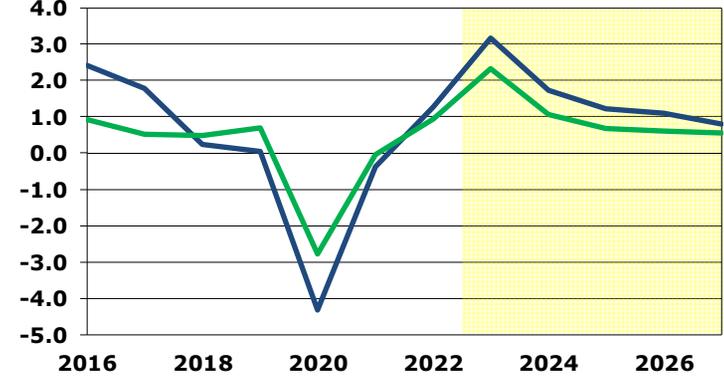
Source: WA State Employment Security Dept. 2022, ERFC 2027

Other Private Employment



Source: WA State Employment Security Dept. 2022, ERFC 2027

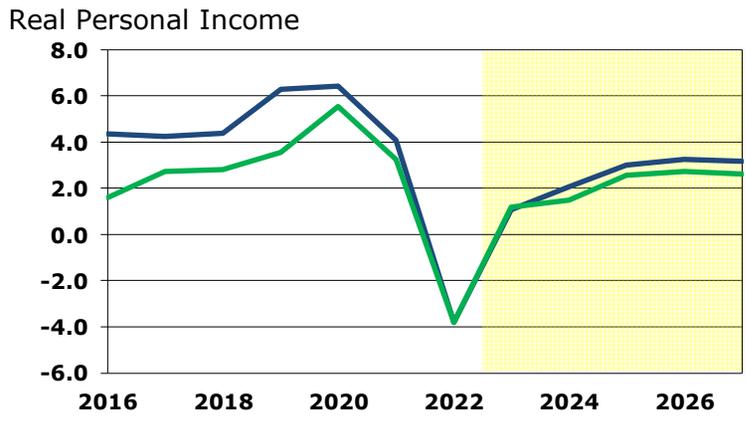
Government Employment



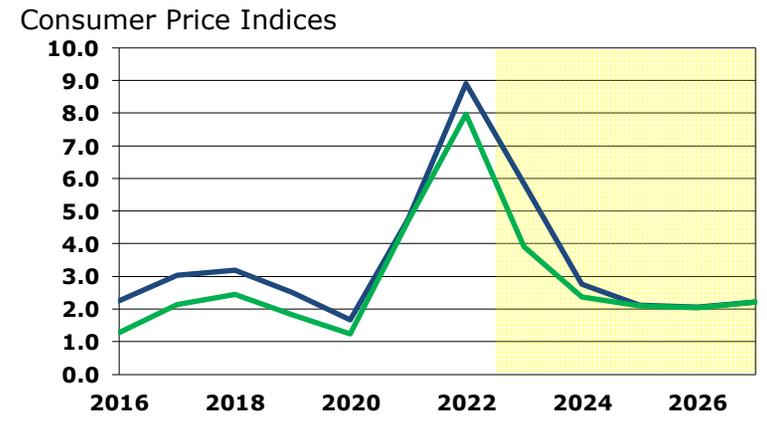
Source: WA State Employment Security Dept. 2022, ERFC 2027

■ Washington ■ U.S.

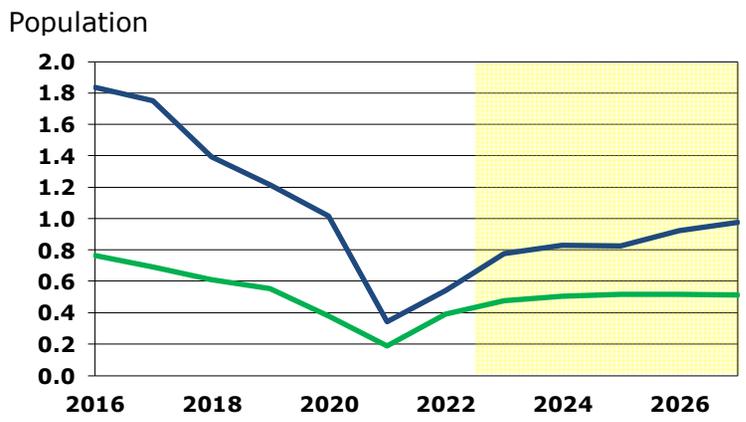
Figure 2.5: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)



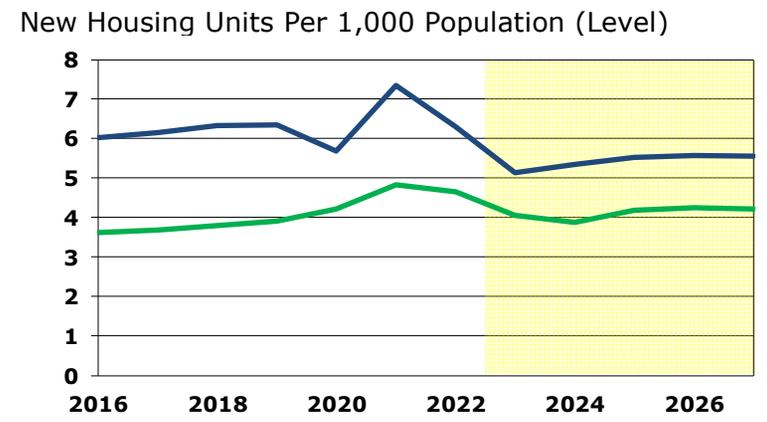
Source: Bureau of Economic Analysis 2022, ERFC 2027



Source: Bureau of Labor Statistics 2022, ERFC 2027



Source: Bureau of Economic Analysis 2022, ERFC 2027



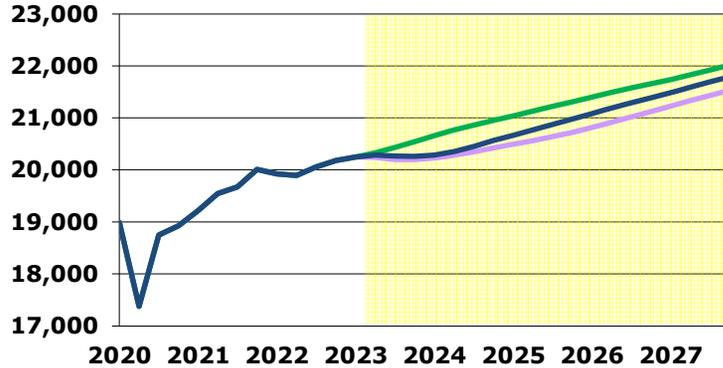
Source: Census Bureau, Bureau of Economic Analysis 2022, ERFC 2027

■ Washington ■ U.S.

Figure 2.6: Comparison of Alternative U.S. Economic Forecasts

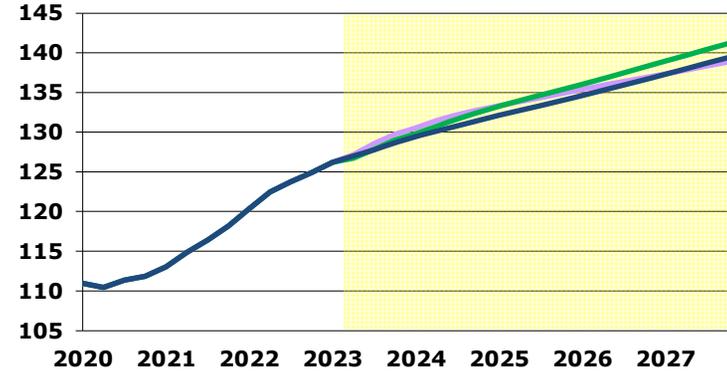
Forecast

Real GDP, Billions of 2012 Dollars



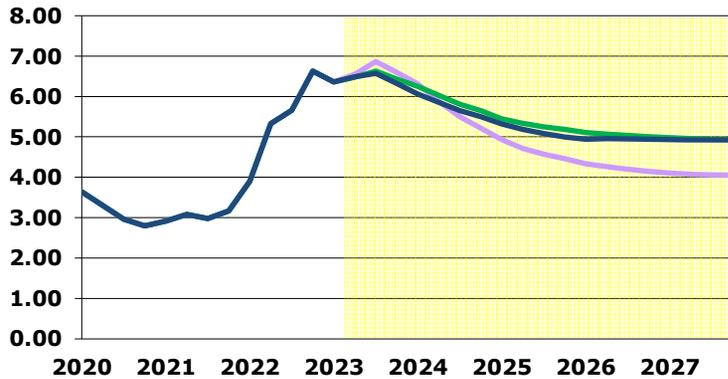
Source: Bureau of Economic Analysis 2023 Q1, ERFC 2027 Q4

PCE Price Index, 2012 = 100



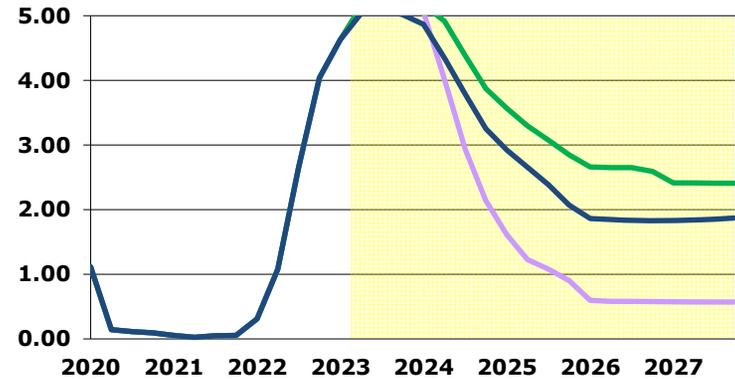
Source: Bureau of Economic Analysis 2023 Q1, ERFC 2027 Q4

Mortgage Rate, Percent



Source: Freddie Mac 2023 Q1, ERFC 2027 Q4

Three Month T-Bill Rate, Percent



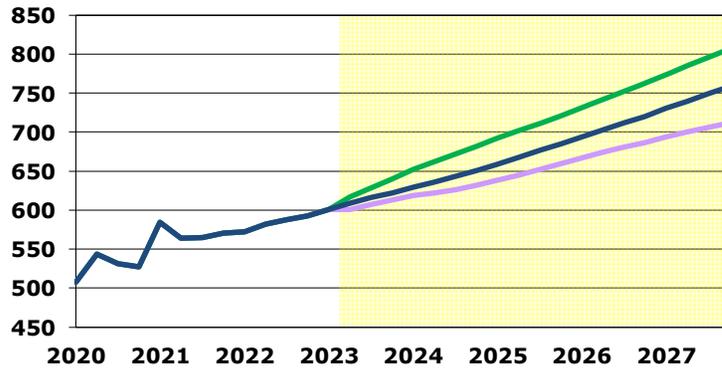
Source: Federal Reserve Board 2023 Q1, ERFC 2027 Q4

■ Baseline ■ Optimistic ■ Pessimisti

Figure 2.7: Comparison of Alternative Washington Economic Forecasts

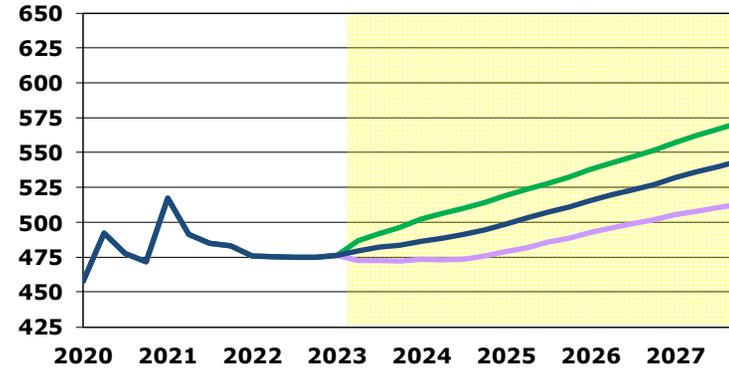
Forecast

Personal Income, Billions of Dollars



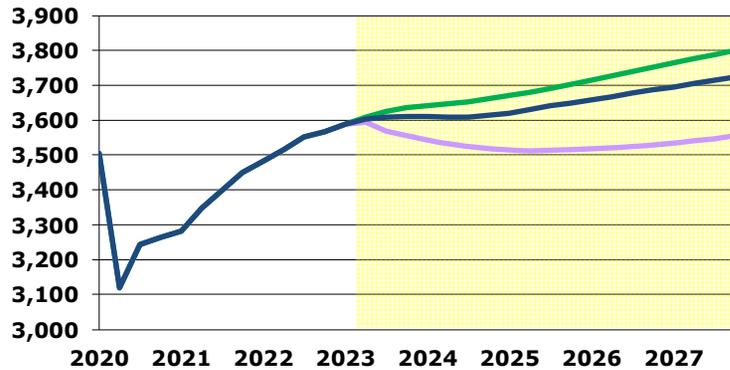
Source: Bureau of Economic Analysis 2023 Q1, ERFC 2027 Q4

Real Personal Income, Billions of 2012 Dollars



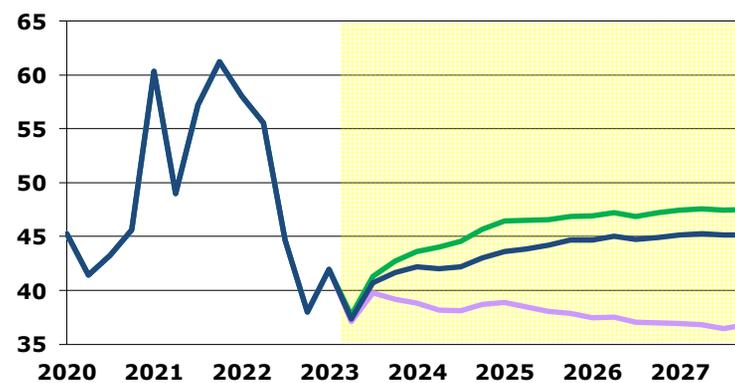
Source: Bureau of Economic Analysis 2023 Q1, ERFC 2027 Q4

Total Nonfarm Payroll Employment, Thousands



Source: WA State Employment Security 2023 Q1, ERFC 2027 Q4

Housing Permits, Thousands



Source: Census Bureau 2023 Q1, ERFC 2027 Q4

■ Baseline ■ Optimistic ■ Pessimisti



Chapter 3: Washington State Revenue Forecast Summary

- **While total tracked collections since March have come in slightly below their forecasted amounts, Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products) were slightly higher than forecasted.**
- **New data on taxable activity in the fourth quarter of 2022 and the first quarter of 2023 indicate that underlying taxable activity for Revenue Act taxes was higher than expected in March. This has led to a slight increase in forecasted Revenue Act taxes.**
- **Much of the forecast increase in the current biennium was due to higher-than-expected receipts from the new tax on certain capital gains.**
- **Legislative and budget-driven revenue changes from the 2023 legislative session resulted in slight increases to forecasted revenue in addition to the other forecast changes.**
- **The total forecast for funds subject to the budget outlook process was increased by \$341 million in the 2021-23 biennium, \$327 million in the 2023-25 biennium and \$147 million in the 2025-27 biennium.**

Overview

Revenue act and capital gains tax collections were stronger than expected in March, leading to small increases in forecasted revenue

While total tracked collections since March have come in slightly below their forecasted amounts, Revenue Act taxes (the main category of GF-S taxes including retail sales and use, business and occupation (B&O), public utility and non-cigarette tobacco products) were slightly higher than forecasted. New data on taxable activity in the fourth quarter of 2022 and the first quarter of 2023 indicate that underlying taxable activity for Revenue Act taxes was higher than expected in March. This has led to a slight increase in forecasted Revenue Act taxes, which offset forecast decreases in real estate excise and property taxes. The new tax on certain capital gains, collected for the first time this year, has also brought in more revenue than previously expected, which has caused the forecast for future collections to increase as well. Legislative and budget-driven revenue changes from the 2023 legislative session resulted in slight increases to forecasted revenue in addition to the other forecast changes.

Total forecast change by biennium (millions):

21-23: +\$341
 23-25: +\$327
 25-27: +\$147

Table 3.1 summarizes the changes to forecasted revenue in funds subject to the budget outlook process for the 2021-23 through the 2025-27 biennia. Forecasted revenue for funds subject to the budget outlook process was increased by \$340.8 million for the 2021-23 biennium. \$6.0 million of the increase was from changes to the biennial budget from the 2023 legislative session and the rest was due to changes in the forecast stemming from economic factors and capital gains tax receipts that were \$252 million above their forecasted amount. In the 2023-25 biennium, legislative and budget-driven revenue changes added \$39.4 million to the forecast and economic forecast changes added \$287.2 million, for a total forecast increase of \$326.5 million. For the 2025-27 biennium, legislative and budget-driven revenue changes added \$74.9 million to the forecast and economic forecast changes added \$72.2 million, for a total forecast increase of \$147.1 million. The June 2023 forecast for these funds total \$64,486.7 million in the 2021-23 biennium, \$66,028.5 million in the 2023-25 biennium and \$70,489.5 million in the 2025-27 biennium.

June forecast by biennium (\$billions):

2021-23:
\$64.487

2023-25:
\$66.028

2025-27:
\$70.489

Table 3.1: Revisions to the forecast of funds subject to the budget outlook*

	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium
Non-Economic Change	\$6.0	\$39.4	\$74.9
Forecast Change	\$334.7	\$287.2	\$72.2
Total Change	\$340.8	\$326.5	\$147.1

(*cash basis, millions of dollars)

The budget outlook process ensures the current biennial budget will be sustainable in the next biennium

The budget outlook process ensures that the budget adopted for the current biennium will also be sustainable in the next biennium given forecasted revenue. The funds that are currently included when establishing the outlook are the General Fund-State, the Education Legacy Trust Account, the Washington Opportunity Pathways Account and the Workforce Education Investment Account. Once funded, the planned Fair Start for Kids Account will also be subject to the outlook. The recent history and forecast of these funds can be found in Table 3.17.

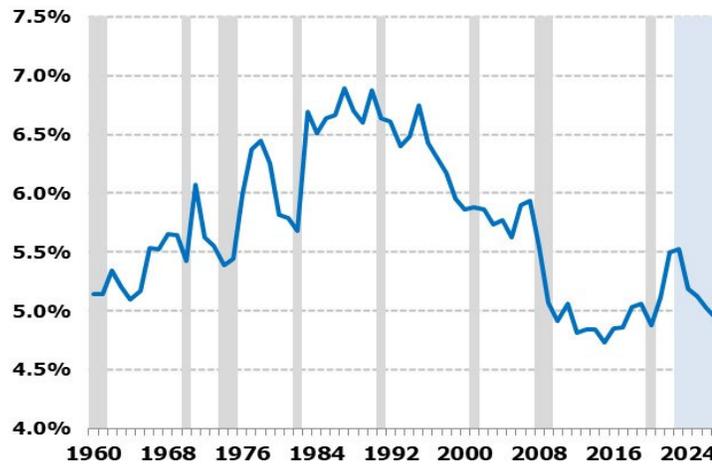
Figure 3.1 shows the ratio of revenue collected for funds subject to the budget outlook relative to state personal income. Through FY 2005, the revenue represented in the chart is what is currently defined as General Fund-State (GF-S) revenue. From FY 2006 onward the revenue includes the Education Legacy Trust Account (ELTA), which in its early years was wholly funded by the estate tax and a portion of the cigarette tax. From FY 2011 onward, the total includes the Washington Opportunity Pathways account (OPA), which is funded by Lottery receipts. From FY 2020 onward the total includes the Workforce Education Investment Account (WEIA), funded by a surtax on large service

Though the ratio of total collections to income has increased from the FY 2015 trough, it is expected to peak in FY 2023

providers and companies that involve advanced computing. As can be seen in the chart, the ratio of revenue to income followed a downward trend from FY 1995 to FY 2015, 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 FY 2011. While the ratio grew slightly in FY 2016 and FY 2017, it increased rapidly in FY 2018 and FY 2019 when the state property tax levy increased to partially displace local levies and increased further in FY 2020 with the establishment of the graduated real estate excise tax. The pandemic-related booms in real estate and spending on goods, coupled with the new WEIA surtax, increased the ratio further in FY 2021 and FY 2022, and the new tax on certain capital gains increased the ratio further in FY 2023. From FY 2024 onward, however, total revenues are expected to grow at a rate lower than the rate of income growth, causing the ratio to continue its pre-FY 2015 downward trend through FY 2027.

Figure 3.1: Funds subject to the budget outlook as a Percentage of State Personal Income (Fiscal Years)

Total revenue relative to state personal income has generally been increasing since 2015 but is expected to decline after FY 2023



Source: ERFC, data through fiscal year 2022. Gray shaded area indicates recession; blue shaded area indicates forecast.

Track Record for the 2021-23 Biennium

The current forecast is \$7.47 billion higher than the forecasted revenue at the time of the initial 2021-23 budget

Table 3.10 summarizes the historical changes to the forecast of funds subject to the budget outlook for the 2021-23 biennium. The February 2018 forecast was the initial forecast for the biennium. The June 2023 forecast is \$11.70 billion (22.2%) higher than the initial forecast. Non-economic changes have increased the forecast by \$2.02 billion (3.8%). Excluding non-economic changes, the current forecast is \$9.67 billion (18.3%) higher than the initial forecast. The March 2021 forecast, coupled with a \$399 million revenue increase from legislative and budget-driven revenue changes passed in the 2021 legislative session after the March forecast, was the basis for the initial budget for the 2021-23 biennium. The June forecast of biennial revenue is \$7.47 billion (13.1%) higher than that sum.

Track Record for the 2023-25 Biennium

The current forecast is \$6.19 billion higher than the initial forecast in February 2020

Table 3.11 summarizes the historical changes to the forecast of funds subject to the budget outlook for the 2023-25 biennium. The February 2020 forecast was the initial forecast for the biennium. The June forecast of GF-S revenue is \$6.19 billion (10.3%) higher than the initial forecast. Non-economic changes have increased the forecast by \$0.63 billion (1.0%). Excluding non-economic changes, the current forecast is \$5.56 billion (9.3%) higher than the initial forecast.

Recent Collection Experience

Collections were \$25 million (0.3%) lower than forecasted in March

GF-S revenue collections from the Department of Revenue (DOR) and the Washington court system are tracked monthly. In the period since the March forecast, total revenue from the above sources came in \$25.4 million (0.3%) lower than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$14.6 million (0.3%) higher than forecasted and revenue from other DOR tax sources was \$42.2 million (1.7%) lower than forecasted.

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

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$14.6	0.3%
Non-Revenue Act	(\$42.2)	-1.7%
Subtotal	(\$27.5)	-0.3%
Washington court system		
	\$2.2	23.4%
Total*	(\$25.4)	-0.3%

* Detail may not add to total due to rounding.

Source: ERFC; Period: March 11 - June 10, 2022

Non-Revenue Act tax collections were lower than forecasted due to property tax and REET

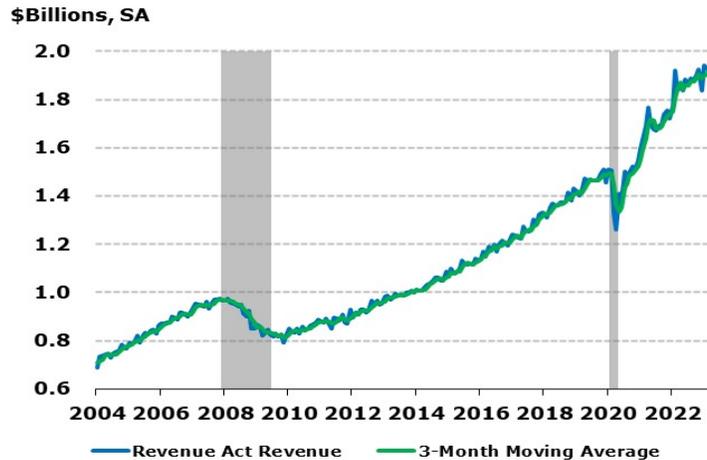
Property tax collections came in \$31.6 million (0.4%) lower than forecasted. Real estate excise tax (REET) came in \$15.4 million (6.6%) lower than forecasted, but this was due to an \$18 million refund that was not in the forecast. Cigarette tax collections came in \$3.6 million (5.4%) lower than forecasted and liquor sales and liter tax receipts came in \$0.5 million (0.7%) lower than forecasted. Net transfers of unclaimed property into the GF-S were \$11.4 million higher than forecasted. Revenue from all other DOR revenue sources came in \$2.6 million (4.4%) lower than forecasted. Revenue from the Washington court system was \$2.2 million (23.4%) higher than forecasted.

Adjusted Revenue Act collections were up 5.0% year over year for first quarter activity after 8.7% year-over-year growth for fourth quarter 2022 activity

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 past changes in payment patterns and deferred payments in the first half of 2020. As shown in the figure, collections dropped precipitously during the early months of the pandemic, with a peak decline of 14.8% year over year in the May 11-June 10, 2020 collection period (April 2020 activity). Collections then recovered, and exceptional growth began in the spring of 2021. Adjusted collections for fourth quarter 2022 activity (November 11, 2022 – February 10, 2023 collections) were up 8.7% year over year. Adjusted collections for first quarter 2023 activity (February 11 – May 10, 2023 collections) were up 5.0% year over year. Adjusted collections for March 2023 activity were up 4.2% year over year and collections for April 2023 activity were up 1.1% year over year.

Figure 3.2: Revenue Act Collections*

Year-over-year collections growth was 1.1% in the most recent period



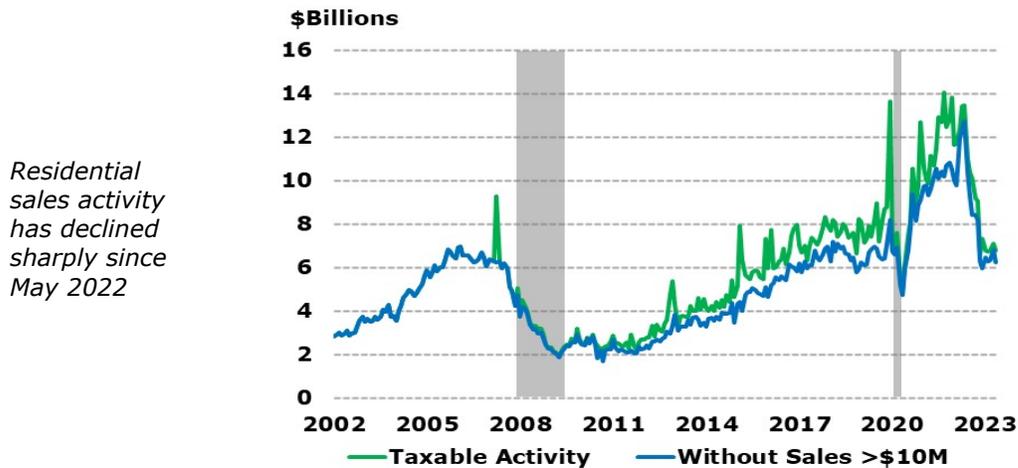
Source: ERFC; Data through June 10, 2022

*Adjusted for large payments/refunds, payment pattern changes and deferred payments

Real estate activity was slightly lower than expected in March

Taxable real estate activity was slightly below the March forecast. Sales of property valued below \$10 million declined sharply in November and December and has stayed close to this lower level since January (see Figure 3.3). While most of the decrease in activity has been due to a drop in the number of transactions, the price per transaction has also declined. Large commercial sales (sales greater than \$10 million) are down from their high levels of last year but remain moderately strong, averaging \$0.4 billion per month over the last three months.

Figure 3.3: Taxable Real Estate Excise Activity, SA



Source: ERFC estimates; data through May 2023

Legislative and Budget-Driven Revenue Changes to the Forecast

Legislative and budget-driven revenue changes produced relatively small net increases

Table 3.20 summarizes the legislative and budget-driven revenue changes to the forecast from bills passed in the 2023 legislative session. The total effect of these changes, as summarized in Table 3.1 above, are relatively small. The largest changes were changes to the operation of the state’s Medicaid system that would increase the amount of insurance premium tax collections, procedural changes that would increase transfers of unclaimed property into the GF-S and budget driven revenue changes to the distribution of Liquor and Cannabis Board funds.

General Fund-State Revenue Forecast by Source

The GF-S is the largest of the funds subject to the budget outlook

The General Fund-State (GF-S) is the largest of the funds subject to the budget outlook, consisting of most of the commonly paid state taxes. The history and forecast 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 2021-23 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). Forecast changes for the 2023-25 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 2025 can be found in Table 3.9.

Department of Revenue

Taxes collected by DOR are most of GF-S taxes

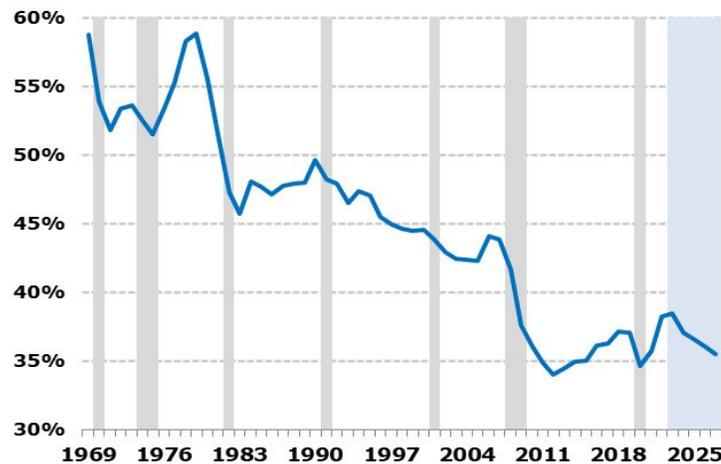
The Department of Revenue (DOR) collects and administers most of Washington’s GF-S revenue, accounting for 95.3% of total GF-S revenue in FY 2021. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, cigarette tax and real estate 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 46.6% of GF-S revenue in FY 2022. 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. As can be seen in Figure 3.4, taxable sales as a share of personal income has long been on a declining trend. The share fell even more sharply than the previous trend from the 2008 recession through FY 2012. In that year, 34.0% of personal income was spent on taxable items and services, the lowest percentage on record. Increased spending on construction and autos, along with legislative changes to services and companies deemed taxable, caused the share to grow through FY 2017, reaching 36.1% of personal income. Legislation passed in 2017, 2018 and March 2019 that extended the tax to bottled water and online sales caused a continued increase in the ratio. The COVID-19-related collapse in late FY 2020, coupled with federal emergency income support, caused the ratio of sales to income to dip in FY 2020. In the last months of FY 2020 and continuing into FY 2021, however, the trend of increasing purchases of nontaxable services reversed due to pandemic-related shutdowns of services and stimulus payments to households. With the limited availability of services, consumers opted to buy goods. Car sales and construction activity also increased. These trends continued into FY 2022, which, coupled with a slowdown in FY 2022 income growth after the stimulus-boosted income levels of FY 2021, caused the ratio of sales to income to spike to 38.2%. While taxable sales growth slowed in FY 2023, they are still forecasted to grow faster than personal income, causing the expected ratio to increase to 38.5%. After FY 2023, however, the ratio is forecasted to continue its historical downward trend through FY 2027 as income once again grows faster than taxable sales. Forecasted and historical taxable retail sales by fiscal year can be found in Table 3.4.

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

The ratio of taxable sales to state personal income has been on a declining trend historically



*Past tax base adjusted to represent current base. Gray shaded area indicates recession, blue shaded area indicates forecast. Source: ERFC; Data through FY 2022, forecast through FY 2027

Retail sales tax receipt growth forecast:

FY23: 5.4%
FY24: 1.1%
FY25: 3.1%
FY26: 3.5%
FY27: 3.5%

Growth in FY 2019 taxable activity was relatively strong at 7.6%. Taxable activity growth slowed to 1.0% in FY 2020 due to pandemic-related shutdowns in the latter part of the year, but then rebounded by 11.1% in FY 2021 and 11.2% in FY 2022, supported by rising inflation. Growth is forecasted at 5.1% in FY 2023 but slows to 0.9% in FY 2024. Growth is forecasted at 3.3% in FY 2025 and 3.6% in FY 2026 and FY 2027 (see Table 3.4). 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 2020 was 1.7% and growth in FY 2021 was 10.3%. Collections increased by 12.4% in FY 2022, boosted by several large payments of past-due taxes and one large early payment of deferred taxes. Collections are forecasted to increase by 5.4% in FY 2023, 1.1% in FY 2024, 3.1% in FY 2025 and 3.5% in FY 2026 and FY 2027.

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 18.9% of GF-S revenue in FY 2022. 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 2021, the largest contributor to total state B&O tax was the services sector, which had a gross tax rate of 1.5% 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 24% of taxes due, followed by the wholesaling sector, which is taxed at 0.484% and represented an estimated 19% of taxes due.

B&O tax growth forecast:

FY23: 9.3%
FY24: -0.4%
FY25: 3.8%
FY26: 4.5%
FY27: 4.4%

In FY 2019, B&O tax receipts grew by 6.9%. Despite a second quarter collapse in activity, FY 2020 growth remained positive at 3.6% followed by growth of 7.9% in FY 2021. Collections grew 14.5% in FY 2022 due to both strong activity and the receipt of several large one-time payments of past-due taxes. Strong collections have brought expected growth of 9.3% for FY 2023. The forecasted slowdown in state economic growth and the high level of collections in FY 2023 brings a decline of 0.4% in FY 2024. Growth is then forecasted to resume at 3.8% in FY 2025, 4.5% in FY 2026 and 4.4% in FY 2027.

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 14.7% of total revenue in FY 2022. Although the tax goes into the GF-S, it is dedicated to the funding of basic education. As discussed in the [September 2017](#) forecast publication, the total amount of the state levy was increased by new legislation in June 2017, with the increases beginning in FY 2018.

Property tax growth forecast:

FY23: 1.4%
FY24: 2.7%
FY25: 2.4%
FY26: 2.4%
FY27: 2.4%

Constrained by prior law to a levy growth rate of one percent on existing property (or the rate of inflation if less than one percent), property tax collections grew by 1.9% in FY 2017. The first payments of the additional state levy began to arrive in the latter half of FY 2018, bringing total GF-S property tax growth of 31.4% for the fiscal year. Collections fell by 12.4% in FY 2019 due to a temporary reduction in the levy rate for calendar year 2019 and a \$936 million transfer of collections from the levy to the Education Legacy Trust Account (ELTA). Collections rebounded by 44.2% in FY 2020 due to a smaller \$83.8 million transfer to ELTA and the end of the temporary levy reduction in the second half of the year. FY 2021 collections grew by 27.3% due to a full year of collections at the unreduced levy rate along with the collection of some taxes that would have been collected in FY 2020 but were instead deferred due to the pandemic. Absent the extra payments from deferrals, growth slowed to 0.4% in FY 2022. Growth is expected to increase to 1.4% in FY 2023, 2.7% in FY 2024 and 2.4% in FY 2025 through FY 2027. Growth in property tax levies excluding new construction is once again restricted to the lesser of one percent per year or the rate of inflation beginning with the calendar year 2022 levy.

REET rates and distributions changed on January 1, 2020

The real estate excise tax (REET) was the fourth largest DOR source of GF-S revenue in FY 2022, accounting for 6.6% of total revenue. The tax is applied to both residential and commercial real estate, including purchases of vacant land. Prior to January 1, 2020, the state portion of REET was 1.28% of the sales price and was 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 ELTA (4.1%). As of January 1, 2020 rates are 1.1% for the portion of the selling price less than or equal to \$500 thousand, 1.28% for the portion greater than \$500 thousand and less than or equal to \$1.5 million, 2.75% for the portion greater than \$1.5 million and less than or equal to \$3.0 million and 3.0% for the portion greater than \$3.0 million. The distributions of the tax are also changed: 79.4% is deposited in the GF-S, 1.7% in the Public Works Assistance Account, 1.4% in the City-County Assistance Account and the remainder (17.5%) in ELTA. Beginning July 1, 2023, distributions to the Public Works Assistance Account increase to 5.2% and distributions to the Education Legacy Trust Account decrease to 14%. The new rates and distributions were designed to result in increased collections for both the GF-S and ELTA.

GF-S REET growth forecast:

FY23: -44.3%
FY24: -17.0%
FY25: 16.4%
FY26: 9.3%
FY27: 11.0%

From FY 2013 through 2019, the recovery in the residential real estate market after the Great Recession has been accompanied by a boom in commercial real estate. Sales of large commercial properties began to weaken in FY 2019 while residential sales increased, resulting in a 0.5% increase in collections in FY 2019. In the first half of FY 2020, residential sales remained strong, and commercial sales surged in December 2019 ahead of the January 1, 2020 change in tax rates. The COVID-induced real estate market downturn that began with April 2020 collections, however, brought a total decline of 0.7% in FY 2020. Sales then began to boom in July 2020, with strength in both the residential

and commercial markets, bringing collections growth of 34.4% in FY 2021 and 35.9% in FY 2022. Due to the forecasted increase in mortgage rates and unaffordable high prices in many areas, both the number of transactions and prices are expected to fall, bringing a decline in REET receipts of 44.3% in FY 2023 and 17.0% in FY 2024. Growth is then expected to resume at 16.4% in FY 2025, 9.3% in FY 2026 and 11.0% in FY 2027.

Use tax was the fifth largest DOR GF-S source in FY 2022

The state use tax was the fifth largest DOR GF-S revenue source in FY 2022 at 3.0% 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:

*FY23: 9.7%
FY24: -7.7%
FY25: 2.0%
FY26: 4.2%
FY27: 4.3%*

Use tax collections grew 9.0% in FY 2019, boosted by several large one-time purchases. Despite strong collections in the first half of the fiscal year, FY 2020 collections declined by 4.9%. Collections increased by 16.1% in FY 2021 and 7.4% in FY 2022 due to record high used car sales. While used car sales have moderated, high payments from other sectors has increased expected growth to 9.7% in FY 2023. A decline in used car sales and the lack of FY 2023's large payments in other sectors is expected to cause use tax collections to decrease by 7.7% in FY 2024. Growth then continues at 2.0% in FY 2025, 4.2% in FY 2026 and 4.3% in FY 2027.

Public utility taxes were the sixth largest DOR GF-S source in FY 2022

Public utility taxes were the sixth largest DOR source of GF-S revenue in FY 2022, bringing in 1.6% 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:

*FY23: 11.2%
FY24: 2.0%
FY25: 1.6%
FY26: 2.3%
FY27: 2.8%*

Public utility tax receipts grew by 0.3% in FY 2020. The expiration of a large tax credit plus growth in natural gas and electricity use increased collections by 4.2% in FY 2021. The resumption of business activities plus increases in utility prices boosted growth to 16.3% in FY 2022. Further increases in utility prices are expected to bring growth of 11.2% in FY 2023. Growth is then forecasted to slow to 2.0% in FY 2024, 1.6% in FY 2025, 2.3% in FY 2026 and 2.8% in FY 2027.

Taxes on sales of spirits were the seventh largest DOR GF-S source in FY 2022

State taxes on sales of spirits were the seventh largest DOR GF-S revenue source in FY 2022 at 1.2% of total receipts. Spirits sales are taxed by both volume and price. The total tax rate by volume is \$3.7708 per liter. Liter tax receipts are deposited wholly into the GF-S. The price-based spirits tax is split between the GF-S (65% of receipts) and the Liquor Excise Tax fund (35% of receipts). The overall tax rate on sales to consumers is 20.5% of the sales price and the overall rate on sales to restaurant licensees is 13.7%.

Spirits tax growth forecast:

FY23: 1.6%
FY24: -0.2%
FY25: 0.3%
FY26: 0.3%
FY27: 0.7%

Total tax collections on spirits sales grew 5.2% in FY 2019. During the pandemic, spirit sales increased, with total tax collections growing by 8.2% FY 2020 and 9.9% in FY 2021. Collections increased a further 1.8% in FY 2022 and are expected to increase by 1.6% in FY 2023. Collections are then forecasted to decrease by 0.2% in FY 2024 before returning to growth of 0.3% in FY 2025 and FY 2026 and 0.7% in FY 2027.

The cigarette tax was the eighth largest DOR GF-S source in FY 2022

The state tax on cigarettes was the eighth largest DOR GF-S revenue source in FY 2022 at 1.0% 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:

FY23: -11.5%
FY24: 2.7%
FY25: -4.2%
FY26: -3.7%
FY27: -3.3%

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 increased. Collections decreased by 3.3% in FY 2019 after decreasing by 5.4% in FY 2018. The decrease in collections accelerated to 6.0% in FY 2020, partially due to a state increase in the legal age to purchase cigarettes from 18 to 21 that took effect on January 1, 2020. Collections declined 2.4% in FY 2021 and 2.1% in FY 2022. Collections are now expected to decline by 11.5% in FY 2023. Because the large decline in FY 2023 collections was partially due to refunds and the timing of payments for tax stamps around the start and end of the fiscal year, collections are expected to increase by 2.7% in FY 2024 from FY 2023's depressed level. Collections are then expected to continue to decline by 4.2% in FY 2025, 3.7% in FY 2026 and 3.3% in FY 2027.

Forecasted Revenue from Cannabis-Related Sales

Sales of cannabis products in state-licensed stores began in July 2014

Initiative 502, approved by voters in the November 2012 election, legalized the sale and use of recreational cannabis and cannabis products in Washington. The first legal sales of cannabis products in state-licensed stores occurred in July 2014. During the 2015 regular and special sessions, legislation was passed that substantially altered the market rules set up by the initiative. 2SSB 5052, passed during the regular session, brought previously unregulated medical marijuana dispensaries into the same regulatory regime as licensed recreational cannabis outlets. This legislation was outlined in our [June 2015](#) forecast publication. After the June 2015 forecast, 2E2SHB 2136, passed in the second special session, changed the cannabis excise tax from a 25 percent tax collected from growers, processors and retailers to a 37 percent tax on retail sales only. The law also made changes to the distribution of tax and fee revenue. Cannabis taxes and license fees are collected by the Liquor and Cannabis Board (LCB) and are placed into a

dedicated fund with annual appropriations to various other accounts including the GF-S.

Change in GF-S forecast of total cannabis-related revenue by biennium (millions):

21-23: *-\$1.8*
23-25: *-\$11.5*
25-27: *-\$11.2*

Distributions of cannabis excise taxes to the GF-S totaled \$15.3 million in the 2013-15 biennium and \$147.6 million in the 2015-17 biennium. GF-S distributions were \$248.9 million in the 2017-19 biennium and \$361.0 million in the 2019-21 biennium. The forecast of GF-S distributions for the 2021-23 biennium has been decreased \$1.8 million to \$318.9 million and the forecast for the 2023-25 biennium has been decreased \$11.5 million to \$311.5 million. The forecast of GF-S distributions for the 2025-27 biennium has been decreased \$11.2 million to \$340.2 million. Details of the forecasted distributions from the account can be found in Table 3.18.

The Office of Financial Management (Other Agencies)

Forecast change by biennium (millions):

21-23: *-\$8.9*
23-25: *-\$7.2*
25-27: *-\$10.8*

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 Liquor and Cannabis Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. OFM's forecast for the 2021-23 biennium was decreased \$8.9 million to \$99.7 million. The forecast of revenue for the 2023-25 biennium was decreased \$7.2 million to \$7.6 million and the forecast for the 2025-27 biennium was decreased \$10.8 million to -\$95.7 million. The numbers above include legislative and budget-driven revenue changes that decreased forecasted 2023-25 biennial revenue by \$7.7 million and 2025-27 revenue by \$10.4 million. The negative value of projected 2025-27 revenue indicates that more funds will be transferred out of the GF-S by the agencies overseen by the OFM than will be transferred into the GF-S from those agencies during that biennium.

State Treasurer

Forecast change by biennium (millions):

21-23: *\$14.2*
23-25: *\$52.1*
25-27: *\$51.4*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The forecast of GF-S revenue for the 2021-23 biennium has been increased \$14.2 million to \$234.3 million and the forecast of revenue for the 2023-25 biennium has been increased \$52.1 million to \$538.8 million. The forecast of GF-S revenue for the 2025-27 biennium has been increased \$51.4 million to \$432.9 million. The increases were mainly due to a forecasted increase in average interest rates.

Insurance Commissioner

Forecast change by biennium (millions):

21-23: *-\$5.0*
23-25: *\$63.4*
25-27: *\$81.8*

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 forecast of GF-S revenue for the 2021-23 biennium has been decreased \$5.0 million to \$1,587.3 million. The forecast for the 2023-25 biennium has been increased by

\$63.4 million to \$1,696.1 million and the forecast of GF-S revenue for the 2025-27 biennium has been increased by \$81.8 million to \$1,778.6 million. The forecasted increases include the effects of Substitute House Bill 1850, which added \$54.2 million in the 2023-25 biennium and \$74.8 million in the 2025-27 biennium due to increased Medicaid purchases of managed care plans.

Liquor and Cannabis Board

Forecast change by biennium (millions):

21-23: \$5.0
23-25: -\$41.6
25-27: -\$40.5

The Liquor and Cannabis Board (LCB) collects fees from distributors and retailers on sales of spirits and surtaxes on sales of beer and wine (sales and liter taxes on sprits are collected by the DOR). The LCB is also responsible for the collection of excise taxes and fees associated with the legalized sale and use of recreational and medicinal cannabis discussed previously. The forecast of GF-S distributions for the 2021-23 biennium has been increased \$5.0 million to \$674.3 million, the net of a \$7.0 million increase from budget-driven revenue changes and a \$2.0 million forecast reduction. The forecast for the 2023-25 biennium has been decreased \$41.6 million to \$625.2 million, with \$29.3 million of the decrease resulting from budget-driven revenue changes. The forecast of GF-S distributions for the 2025-27 biennium has been decreased \$40.5 million to \$660.0 million, net of a \$10.9 million increase from budget-driven revenue changes.

Lottery Commission

GF-S forecast change by biennium (millions):

21-23: \$13.7
23-25: -\$19.3
25-27: \$0.1

While most of the proceeds from sales of lottery games go to the Washington Opportunity Pathways Account (OPA), distributions are also made to the Problem Gambling and Economic Development accounts. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.15 on a cash basis and Table 3.16 on a GAAP basis. When total profits from all Washington-only games plus the Powerball game exceed \$102 million per year, the amount above \$102 million is transferred to the GF-S. The forecast of GF-S transfers for the 2021-23 biennium has been increased \$13.7 million to \$77.8 million while the forecast for the 2023-25 biennium has been decreased \$19.3 million to \$60.8 million. The forecast of GF-S transfers for the 2025-27 biennium is has been increased \$0.1 million to \$64.1 million.

Washington Court System

Forecast change by biennium (millions):

21-23: \$4.2
23-25: \$8.1
25-27: \$8.7

The GF-S receives surcharges on certain filing fees, fines, and infraction penalties collected by the Washington court system. This revenue is transferred to the GF-S on a monthly basis. The forecast of GF-S transfers for the 2021-23 biennium has been increased \$4.2 million to \$86.2 million and the forecast for the 2023-25 biennium has been increased \$8.1 million to \$76.9 million. The forecast of transfers for the 2025-27 biennium has been increased \$8.7 million to \$73.1 million. Much of the

increase in the 2023-25 and 2025-27 biennia was due to legislative changes that increased GF-S transfers by \$3.3 million per year starting in FY 2024.

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 2017-19 and 2019-21 biennia are presented in Tables 3.6 and 3.8 and the GAAP forecast of Lottery revenue transfers for those 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, revenue is credited to the biennium in which it is earned even though it 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 and revenue tracking. The cash forecast is also 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 3.16 are projected on a cash basis.

Alternative Forecasts for the 2021-23 and 2023-25 Biennia

Optimistic scenario (billions):

21-23: +\$0.14
23-25: +\$3.72

Pessimistic scenario (billions):

21-23: -\$0.16
23-25: -\$4.52

Chapter 2 outlines optimistic and pessimistic economic scenarios relative to the baseline economic forecast. The forecast assigns a probability of 50% to the baseline forecast, 25% to the optimistic scenario and 25% to the pessimistic scenario. The revenue implications of these alternative scenarios for the 2021-23 biennium are shown in Table 3.13 and those of the 2023-25 biennium are shown in Table 3.14. For the 2021-23 biennium, the optimistic forecast generates \$61.037 billion in GF-S revenue, \$0.140 billion (0.2%) more than the baseline scenario, while the pessimistic forecast produces \$60.737 billion in revenue, \$0.159 billion (0.3%) less than the baseline. For the 2021-23 biennium, the optimistic forecast generates \$66.457 billion in GF-S revenue, \$3.716 billion (5.9%) more than the baseline scenario, while the pessimistic forecast produces \$58.221 billion in revenue, \$4.520 billion (7.2%) less than the baseline.

Washington Opportunity Pathways Account

*OPA forecast
change by
biennium
(millions):*

21-23: *-\$4.9*
23-25: *\$4.2*
25-27: *\$3.7*

The Washington Opportunity Pathways Account (OPA) receives all profits (excluding statutory transfers) from Washington-only lottery games plus all profits from the Mega Millions game. The forecast of OPA revenue for the 2021-23 biennium has been decreased \$4.9 million to \$393.6 million. The forecast of OPA revenue for the 2023-25 biennium has been increased \$4.2 million to \$354.7 million and the forecast for the 2025-27 biennium has been increased \$3.7 million to \$358.3 million. The forecast changes above were net of decreases that resulted from legislative and budget-driven revenue changes from the 2023 legislative session. The reductions totaled \$1.0 million in the 2021-23 biennium, \$2.5 million in the 2023-25 biennium and \$2.4 million in the 2025-27 biennium.

Education Legacy Trust Account

*ELTA forecast
change by
biennium
(millions):*

21-23: *\$311.3*
23-25: *\$115.4*
25-27: *\$17.6*

The Education Legacy Trust Account (ELTA) was created in the 2005 legislative session, with revenue collection beginning in FY 2006. Funds from the account may only be used for support of the common schools, expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts. The ELTA is primarily funded by a tax on estates of over \$2 million. Legislation from the 2013 special session, however, added revenue from public utility (through FY 2023) and real estate excise taxes (REET), which had previously gone into non-GF-S accounts. Subsequent legislation also added revenue from solid waste taxes from FY 2016 – FY 2023 and a transfer of \$935 million from the additional property tax levy to the account in FY 2019. Forecasted revenue was further increased in the 2021 legislative session by ESSB 5096, which establishes a tax on certain transactions that produce capital gains above \$250,000. The forecast of ELTA revenue has been increased by \$311.3 million for the 2021-23 biennium due to higher-than-expected estate tax and capital gains tax receipts. The forecast has been increased by \$115.4 million for the 2023-25 biennium and \$17.6 million for the 2025-27 biennium due to increased estate tax and capital gains tax collections. Forecasted ELTA receipts are now \$2,430.5 million for the 2021-23 biennium, \$2,123.5 million for the 2023-25 biennium and \$2,306.1 million for the 2025-27 biennium.

Workforce Education Investment Account

*WEIA forecast
change by
biennium
(millions):*

21-23: *\$17.4*
23-25: *\$25.1*
25-27: *\$10.7*

The Workforce Education Investment Account (WEIA) was created in the 2019 legislative session. The account, the purpose of which is to help fund the state's higher education system and student loans, was originally funded by a surcharge on specific industries that benefitted from an educated workforce. This tax was scheduled to take effect on January 1, 2020, and the Economic and Revenue Forecast Council was later tasked with forecasting revenue generated for the account.

ESSB 6492, passed in early February of the 2020 legislative session, retroactively eliminated the existing surcharge and replaced it with a simplified version that is effective April 1, 2020. The simplified surcharge applies to businesses with gross taxable activity under the “services and other activities” category of \$1 million or more (with some nonprofit and other businesses exempt). In addition to this surcharge, which equals 0.25% of gross taxable income, another surcharge is applied to a group of “select advanced computing businesses,” and is paid quarterly. The forecast of WEIA revenue has been increased by \$17.4 million in the 2021-23 biennium due to higher-than-expected collections since the March forecast. Because of this higher baseline, the forecast has been increased by \$25.1 million in the 2023-25 biennium and \$10.7 million in the 2025-27 biennium. The forecast was also affected by two pieces of legislation that resulted in net increases of \$44,000 and \$57,000 in the 2023-25 and 2025-27 biennia respectively. WEIA revenue is now forecasted at \$765.7 million in the 2021-23 biennium, \$809.3 million in the 2023-25 biennium and \$843.6 million in the 2025-27 biennium. The WEIA forecast by fiscal year is presented in Table 3.19.

Budgetary Balance Sheet for the 2021-23 and 2023-25 Biennia

The forecast implies total reserves of \$7.255 billion at the end of the 2021-23 biennium and \$4.124 billion at the end of the 2023-25 biennium for GF-S, ELTA, OPA and WEIA

Table 3.12 shows the budgetary balance sheet for the 2021-23 and 2023-25 biennia as prepared by the Office of Financial Management and the House and Senate fiscal committees. The balance sheet shows 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), the Washington Opportunity Pathways Account (OPA) and the Workforce Education Investment Account (WEIA). As shown in the table, the GF-S beginning fund balance for the 2021-23 biennium was \$3,673.7 million and the total beginning balance for GF-S, ELTA, OPA and WEIA combined was \$4,160.7 million. Based on the current enacted budget, the balance sheet projects total GF-S reserves of \$6,370.7 million at the end for the 2021-23 biennium and total reserves for the GF-S, ELTA, OPA and WEIA accounts of \$7,255.2 million. Based on the newly enacted budget for the 2023-25 biennium, the balance sheet projects total GF-S reserves of \$3,500.9 million at the end of the biennium and total reserves for the GF-S, ELTA, OPA and WEIA accounts of \$4,124.0 million.

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

Biennium	Current Dollars	Percent Change	2012 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%	8,287.6	24.5%
1971-73	1,922.1	10.9%	8,506.9	2.6%
1973-75	2,372.4	23.4%	9,071.9	6.6%
1975-77	3,395.0	43.1%	11,293.8	24.5%
1977-79	4,490.0	32.3%	13,117.2	16.1%
1979-81	5,356.4	19.3%	13,016.1	-0.8%
1981-83	6,801.4	27.0%	14,382.4	10.5%
1983-85	8,202.4	20.6%	16,006.5	11.3%
1985-87	9,574.6	16.7%	17,638.7	10.2%
1987-89	10,934.1	14.2%	18,811.9	6.7%
1989-91	13,309.0	21.7%	21,088.0	12.1%
1991-93	14,862.2	11.7%	22,155.5	5.1%
1993-95	16,564.6	11.5%	23,593.5	6.5%
1995-97	17,637.7	6.5%	24,106.2	2.2%
1997-99	19,620.1	11.2%	26,113.3	8.3%
1999-01	21,262.1	8.4%	27,233.5	4.3%
2001-03	21,140.7	-0.6%	26,166.2	-3.9%
2003-05	23,388.5	10.6%	27,699.2	5.9%
2005-07	27,772.0	18.7%	31,098.9	12.3%
2007-09	27,703.0	-0.2%	29,596.4	-4.8%
2009-11	28,218.1	1.9%	29,411.6	-0.6%
2011-13	30,657.0	8.6%	30,677.3	4.3%
2013-15	33,666.0	9.8%	32,817.7	7.0%
2015-17	38,317.4	13.8%	36,733.2	11.9%
2017-19	44,142.6	15.2%	40,813.8	11.1%
2019-21	50,803.4	15.1%	45,511.0	11.5%
2021-23 ^F	60,896.8	19.9%	49,763.0	9.3%
2023-25 ^F	62,741.0	3.0%	48,118.8	-3.3%
2025-27 ^F	66,981.5	6.8%	49,388.7	2.6%

^F June 2023 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 June 2023 forecast.

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal Year	Amount	Percent Change
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	120,453	6.4%
2015	130,168	8.1%
2016	141,103	8.4%
2017	149,992	6.3%
2018	162,958	8.6%
2019	175,266	7.6%
2020	176,961	1.0%
2021	196,651	11.1%
2022	218,633	11.2%
2023 ^F	229,846	5.1%
2024 ^F	231,861	0.9%
2025 ^F	239,426	3.3%
2026 ^F	248,061	3.6%
2027 ^F	256,986	3.6%

^F June 2023 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); elimination of sales tax exemption for residential phone service (July 1, 2013); elimination of sales tax exemption for bottled water (July 1, 2017); extension of economic nexus to certain remote sellers (January 1, 2018).

Table 3.5
Comparison of the General Fund-State forecast by agency
 2021-23 biennium; cash basis
 (millions of dollars)

Forecast by Agency	Mar 2023 Forecast¹	Legislative Changes	Forecast Revision	June 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$28,781.8	\$0.0	(\$25.9)	\$28,755.9	(\$25.9)
Business & Occupation Use	11,896.0	0.0	(14.8)	11,881.3	(14.8)
Public Utility	1,833.5	0.0	47.2	1,880.7	47.2
Liquor Sales/Liter	1,024.4	0.0	3.7	1,028.1	3.7
Cigarette	701.9	0.0	0.6	702.5	0.6
Property (State Levy)	590.6	0.0	(5.3)	585.3	(5.3)
Real Estate Excise	8,933.0	0.0	(15.3)	8,917.7	(15.3)
Timber Excise	3,105.8	0.0	(18.3)	3,087.5	(18.3)
Other	8.5	0.0	0.4	8.9	0.4
Subtotal	1,267.8	0.0	21.5	1,289.3	21.5
Insurance Commissioner	58,143.3	0.0	(6.2)	58,137.2	(6.2)
Insurance Premiums	1,592.3	0.0	(5.0)	1,587.3	(5.0)
Liquor Control Board					
Fees, Cannabis Excise Tax	610.8	7.0	(1.1)	616.7	5.9
Beer & Wine Surtax	58.5	0.0	(0.9)	57.6	(0.9)
Lottery Commission					
Lottery Revenue	64.2	0.0	13.7	77.8	13.7
State Treasurer					
Interest Earnings	220.1	0.0	14.2	234.3	14.2
Office of Financial Management					
Other Agencies	108.6	0.0	(8.9)	99.7	(8.9)
Washington Court System					
Court Fees, Fines & Forfeitures	82.0	0.0	4.2	86.2	4.2
Total General Fund-State *	\$60,879.8	\$7.0	\$10.0	\$60,896.8	\$17.0

¹ Forecast for the 2021-23 biennium adopted by the Economic and Revenue Forecast Council March 20, 2023

² Forecast for the 2021-23 biennium, adopted June 27, 2023

*Detail may not add to totals because of rounding.

Source: ERFC, 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
 2021-23 biennium; GAAP basis
 (millions of dollars)

Forecast by Agency	Mar 2023 Forecast¹	Legislative Changes	Forecast Revision	June 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$28,920.6	\$0.0	(\$25.9)	\$28,894.6	(\$25.9)
Business & Occupation Use	11,989.7	0.0	(14.8)	11,974.9	(14.8)
Public Utility	1,853.1	0.0	47.2	1,900.2	47.2
Liquor Sales/Liter	1,027.7	0.0	3.7	1,031.4	3.7
Cigarette	707.5	0.0	(5.3)	702.2	(5.3)
Property (State Levy)	582.6	0.0	(5.3)	577.3	(5.3)
Real Estate Excise	8,882.8	0.0	(15.3)	8,867.5	(15.3)
Timber Excise	3,109.8	0.0	(18.3)	3,091.5	(18.3)
Other	8.8	0.0	0.3	9.1	0.3
Subtotal	1,279.5	0.0	21.5	1,301.0	21.5
	58,362.1	0.0	(12.2)	58,349.9	(12.2)
Insurance Commissioner					
Insurance Premiums	1,592.3	0.0	(5.0)	1,587.3	(5.0)
Liquor Control Board					
Fees, Cannabis Excise Tax	610.8	7.0	(1.1)	616.7	5.9
Beer & Wine Surtax	58.5	0.0	(0.9)	57.6	(0.9)
Lottery Commission					
Lottery Revenue	82.4	0.0	(5.6)	76.8	(5.6)
State Treasurer					
Interest Earnings	234.4	0.0	22.2	256.7	22.2
Office of Financial Management					
Other Agencies	108.7	0.0	(8.9)	99.7	(8.9)
Washington Court System					
Court Fees, Fines & Forfeitures	82.0	0.0	4.2	86.2	4.2
Total General Fund-State *	\$61,131.2	\$7.0	(\$7.2)	\$61,130.9	(\$0.2)

¹ Forecast for the 2021-23 biennium adopted by the Economic and Revenue Forecast Council March 20, 2023

² Forecast for the 2021-23 biennium, adopted June 27, 2023

*Detail may not add to totals because of rounding.

Source: ERFC, 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

2023-25 biennium; cash basis

(millions of dollars)

Forecast by Agency	Mar 2023 Forecast¹	Legislative Changes	Forecast Revision	June 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$30,207.1	(\$10.7)	\$99.8	\$30,296.3	\$89.2
Business & Occupation Use	12,570.3	2.7	13.2	12,586.2	15.9
Public Utility	1,812.1	1.0	21.4	1,834.5	22.4
Liquor Sales/Liter	1,097.3	0.0	16.0	1,113.3	16.0
Cigarette	704.2	0.0	3.3	707.5	3.3
Property (State Levy)	558.1	0.0	(5.7)	552.4	(5.7)
Real Estate Excise	9,355.9	0.0	(17.3)	9,338.6	(17.3)
Timber Excise	2,022.5	(0.3)	(39.2)	1,983.1	(39.4)
Other	4.0	0.0	0.1	4.1	0.1
Subtotal	1,278.1	25.7	15.9	1,319.7	41.7
Insurance Commissioner	59,609.5	18.5	107.6	59,735.7	126.1
Insurance Premiums	1,632.7	54.2	9.2	1,696.1	63.4
Liquor Control Board					
Fees, Cannabis Excise Tax	608.1	(29.3)	(10.7)	568.1	(40.0)
Beer & Wine Surtax	58.7	0.0	(1.6)	57.1	(1.6)
Lottery Commission					
Lottery Revenue	80.0	0.0	(19.3)	60.8	(19.3)
State Treasurer					
Interest Earnings	486.6	0.0	52.1	538.8	52.1
Office of Financial Management					
Other Agencies	14.9	(7.7)	0.5	7.6	(7.2)
Washington Court System					
Court Fees, Fines & Forfeitures	68.7	6.1	2.1	76.9	8.1
Total General Fund-State *	\$62,559.3	\$41.8	\$139.9	\$62,741.0	\$181.7

¹ Forecast for the 2023-25 biennium adopted by the Economic and Revenue Forecast Council March 20, 2023² Forecast for the 2023-25 biennium, adopted June 27, 2023

*Detail may not add to totals because of rounding.

Source: ERFC, 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
 2023-25 biennium; GAAP basis
 (millions of dollars)

Forecast by Agency	Mar 2023 Forecast¹	Legislative Changes	Forecast Revision	June 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$30,207.1	(\$10.7)	\$99.8	\$30,296.3	\$89.2
Business & Occupation Use	12,570.3	2.7	13.2	12,586.2	15.9
Public Utility	1,812.1	1.0	21.4	1,834.5	22.4
Liquor Sales/Liter	1,097.3	0.0	16.0	1,113.3	16.0
Cigarette	704.2	0.0	3.3	707.5	3.3
Property (State Levy)	558.1	0.0	(5.7)	552.4	(5.7)
Real Estate Excise	9,355.9	0.0	(17.3)	9,338.6	(17.3)
Timber Excise	2,022.5	(0.3)	(39.2)	1,983.1	(39.4)
Other	4.2	0.0	(0.2)	4.1	(0.2)
Subtotal	1,278.1	25.7	10.2	1,314.0	35.9
Insurance Commissioner	59,609.8	18.5	101.6	59,729.9	120.1
Insurance Premiums	1,632.7	54.2	9.2	1,696.1	63.4
Liquor Control Board					
Fees, Cannabis Excise Tax	608.1	(29.3)	(10.7)	568.1	(40.0)
Beer & Wine Surtax	58.7	0.0	(1.6)	57.1	(1.6)
Lottery Commission					
Lottery Revenue	62.8	0.0	(0.0)	62.7	(0.0)
State Treasurer					
Interest Earnings	490.9	0.0	51.7	542.6	51.7
Office of Financial Management					
Other Agencies	14.9	(7.7)	0.5	7.6	(7.2)
Washington Court System					
Court Fees, Fines & Forfeitures	68.7	6.1	2.1	76.9	8.1
Total General Fund-State *	\$62,546.5	\$41.8	\$152.7	\$62,741.0	\$194.5

¹ Forecast for the 2023-25 biennium adopted by the Economic and Revenue Forecast Council March 20, 2023

² Forecast for the 2023-25 biennium, adopted June 27, 2023

*Detail may not add to totals because of rounding.

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

Table 3.9

June 2023 General Fund-State forecast detail**2021-23 to 2025-27 Biennia; Cash Basis**

(Millions of Dollars)

Forecast by Source	Fiscal 2022	Fiscal 2023	2021-23 Biennium	Fiscal 2024	Fiscal 2025	2023-25 Biennium	Fiscal 2026	Fiscal 2027	2025-27 Biennium
State Taxes									
Retail sales**	\$14,001.0	\$14,754.9	\$28,755.9	\$14,918.2	\$15,378.1	\$30,296.3	\$15,920.1	\$16,478.2	\$32,398.3
Business & occupation Use**	5,677.3	6,203.9	11,881.3	6,176.4	6,409.8	12,586.2	6,696.0	6,992.2	13,688.2
Public Utility	486.7	541.4	1,028.1	552.1	561.2	1,113.3	574.1	590.0	1,164.0
Liquor sales/liter	348.5	354.0	702.5	353.2	354.3	707.5	355.5	358.0	713.4
Beer & wine surtax	28.9	28.7	57.6	28.5	28.6	57.1	28.8	28.9	57.7
Cigarette	318.9	282.2	601.0	289.9	278.2	568.1	268.2	259.6	527.8
Tobacco products	45.9	48.3	94.2	48.8	48.7	97.5	48.6	48.4	97.0
Cannabis Excise Taxes	173.0	137.7	310.7	146.2	157.2	303.4	163.4	168.5	331.9
Property (state school levy)	4,426.9	4,490.8	8,917.7	4,613.8	4,724.8	9,338.6	4,839.1	4,955.0	9,794.1
Leasehold Excise Tax	40.7	40.5	81.2	39.9	40.4	80.3	41.1	41.9	83.0
Public utility district	59.6	63.2	122.8	63.9	65.8	129.7	67.3	68.7	136.0
Brokered Natural Gas	40.7	71.5	112.2	54.7	50.3	105.0	50.7	51.3	102.0
Real estate excise***	1,982.9	1,104.6	3,087.5	916.5	1,066.6	1,983.1	1,165.8	1,293.6	2,459.4
Timber excise	5.5	3.4	8.9	2.1	1.9	4.1	2.0	2.1	4.1
Estate/inheritance	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Boat excise	18.4	13.1	31.5	13.2	13.2	26.4	13.3	13.4	26.7
Insurance premiums	784.5	802.9	1,587.3	812.5	883.5	1,696.1	881.6	896.9	1,778.6
Penalties and interest on past due taxes	118.0	194.6	312.6	158.0	165.2	323.2	171.9	178.9	350.8
Other	62.2	56.4	118.5	54.9	55.9	110.8	57.0	62.5	119.5
Total Taxes	29,516.8	30,175.8	59,692.6	30,151.1	31,209.9	61,361.1	32,309.5	33,494.8	65,804.3
State Non-Tax Sources									
Licenses, permits, fees	180.9	189.2	370.2	190.8	191.7	382.5	194.4	197.0	391.4
Liquor & Cannabis fees	160.9	145.1	306.0	130.6	134.1	264.7	135.0	135.4	270.4
Earnings on investments	36.7	197.6	234.3	275.7	263.1	538.8	236.4	196.5	432.9
Washington Court System	42.7	43.5	86.2	39.0	37.9	76.9	37.0	36.1	73.1
Transfers of unclaimed property	154.3	191.5	345.9	180.9	177.3	358.2	179.0	180.9	359.9
Other revenue & transfers	(62.6)	(75.7)	(138.3)	(103.2)	(137.9)	(241.2)	(170.1)	(180.6)	(350.6)
Total Non-Tax	512.9	691.3	1,204.2	713.8	666.1	1,379.9	611.7	565.4	1,177.1
Total General Fund-State *	\$30,029.7	\$30,867.1	\$60,896.8	\$30,864.9	\$31,876.0	\$62,741.0	\$32,921.2	\$34,060.3	\$66,981.5

* Detail may not add to totals due to rounding

**GFS portion after Initiative 900 transfer

***Includes penalties and interest

Table 3.10

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

February 2018 through June 2023

Cash Basis - Millions of Dollars

Date of Forecast	General Fund-State	Education Legacy Trust Acct.	Washington Opportunity Pathways Acct.	Workforce Education Investment Acct.	Subtotal	Non-economic changes	Total change	Total of funds
February 2018*	\$51,932	\$593	\$266	NA				\$52,790
Changes to Forecast								
June 2018	357	26	4	NA	387	(7) #1	380	53,170
September 2018	249	94	27	NA	369	46 #2	415	53,585
November 2018	201	2	7	NA	209	0	209	53,795
March 2019	369	0	5	NA	374	190 #3	564	54,358
June 2019	64	5	3	NA	73	605 #4	678	55,036
September 2019	(79)	21	(5)	NA	(63)	0	(63)	54,973
November 2019	175	(2)	8	NA	181	0	181	55,154
February 2020	512	25	(1)	NA	536	627 #5	1,163	56,317
June 2020	(4,570)	6	8	(56)	(4,612)	213 #6	(4,399)	51,919
September 2020	2,246	149	(5)	30	2,419	0	2,419	54,338
November 2020	297	22	6	4	328	0	328	54,666
March 2021	1,894	24	10	21	1,949	0	1,949	56,615
June 2021	1,340	6	18	35	1,399	399 #7	1,798	58,413
September 2021	845	73	1	8	927	0	927	59,341
November 2021	994	(179)	5	10	829	69 #8	898	60,238
February 2022	1,400	56	(10)	6	1,453	0	1,453	61,691
June 2022	1,392	80	(2)	83	1,552	(95) #9	1,457	63,147
September 2022	46	27	18	(19)	72	(29) #10	43	63,191
November 2022	545	196	16	5	761	0	761	63,952
March 2023	100	74	22	-3	194	0	194	64,146
June 2023	10	311	(4)	17	335	6 #11	341	64,487
Total change:								
From February 2018**	8,388	1,016	130	140	9,672	2,024	11,696	
Percent change	16.2	171.4	48.8	22.2	18.3	3.8	22.2	
Change in forecast since initial 2123 biennial budget***	6,672	644	64	141	7,522	(49)	7,473	
Percent change	12.3	36.1	19.5	22.5	13.2	-0.1	13.1	

Table 3.11

Track Record for the 2023-25 Forecast of Funds Subject to the Budget Outlook

February 2020 through June 2023

Cash Basis - Millions of Dollars

Date of Forecast	General Fund-State	Education Legacy Trust Acct.	Washington Opportunity Pathways Acct.	Workforce Education Investment Acct.	Subtotal	Non-Economic Changes	Total Change	Total of Funds
February 2020*	\$57,930	\$925	\$321	\$667				\$59,843
Changes to Forecast								
June 2020	(4,682)	(9)	8	(3)	(4,685)	209 #6	(4,476)	55,367
September 2020	2,460	125	(7)	35	2,612	0	2,612	57,979
November 2020	16	14	2	(4)	28	0	28	58,007
March 2021	1,846	17	10	25	1,899	0	1,899	59,906
June 2021	1,419	(6)	16	7	1,436	810 #7	2,246	62,151
September 2021	891	31	(1)	9	931	0	931	63,082
November 2021	828	(44)	5	11	800	165 #8	965	64,047
February 2022	1,311	2	2	5	1,320	0	1,320	65,368
June 2022	1,036	21	(1)	55	1,112	(480) #9	632	65,999
September 2022	(332)	(18)	(8)	(21)	(378)	(117) #10	-495	65,504
November 2022	684	(2)	(6)	6	681	0	681	66,185
March 2023	-407	(77)	10	-9	-483	0	-483	65,702
June 2023	140	115	7	25	287	39 #11	327	66,028
Total change:								
From February 2020	5,210	171	37	142	5,559	626	6,185	
Percent change	9.0	18.5	11.5	21.2	9.3	1.0	10.3	

*First official forecast for the 2021-23 biennium

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

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

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

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

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

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

#5 Establishment of Workforce Education Investment Account

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

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

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

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

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

#11 Legislative and budget-driven revenue changes from the 2023 legislative session

2021-23 and 2023-25 Enacted Budget Balance Sheet
General Fund-State (GFS), Education Legacy Trust Account (ELTA),
Washington Opportunity Pathways Account (OPA),
Workforce Education Investment Account (WEIA), Fair Start for Kids Account (FSKA),
Budget Stabilization Account (BSA) and Washington Rescue Plan Transition Account (WRPTA)
Dollars in Millions

	2021-23			2023-25		
	GFS	ELTA, OPA, WEIA, FSKA (1)	TOTAL	GFS	ELTA, OPA, WEIA, FSKA (1)	TOTAL
RESOURCES						
Beginning Fund Balance	3,673.7	487.0	4,160.7	3,618.3	884.6	4,502.9
March 2023 Revenue Forecast	60,879.8	3,266.1	64,145.9	62,559.3	3,142.6	65,701.9
June 2023 Revenue Forecast Change	10.0	324.7	334.7	139.9	147.3	287.2
Current Revenue Totals	60,889.8	3,590.8	64,480.6	62,699.2	3,289.9	65,989.1
Transfer to Budget Stabilization Account (1% of GSR)	(610.3)		(610.3)	(630.1)	-	(630.1)
Transfer to Budget Stabilization Account (EGSR) (2)	-		-	-	-	-
(2021 and 2022) Enacted Fund Transfers	(1,180.1)	-	(1,180.1)			
ACFR Adjustments	9.4	2.6	12.1			
ACFR Beginning Balance Adjustments	220.1	(36.3)	183.8			
Actual/Assumed Prior Period Adjustments (3)	163.8	0.2	164.0	40.8	-	40.8
2023 Legislative Session - Enacted Budgets						
Budget Driven Revenue	7.0	(1.0)	6.0	(16.1)	(1.9)	(18.0)
Revenue Legislation	-	-	-	57.9	(0.5)	57.3
Fund Transfers	(95.5)		(95.5)	50.7	-	50.7
WRPTA Fund Transfer				1,302.0	-	1,302.0
Total Resources (Including Beginning Fund Balance)	63,078.0	4,043.3	67,121.3	67,122.7	4,172.0	71,294.8
EXPENDITURES						
Enacted Budgets						
2021-23 Biennium	60,925.7	3,198.9	64,124.6			
2023 Supplemental Budget	(749.5)	(40.2)	(789.6)			
2023-25 Biennium				66,252.0	3,548.9	69,800.9
Governor's Vetoes and Lapses	11.5	-	11.5	3.4	-	3.4
Actual/Assumed Reversions (4)	(728.1)	-	(728.1)	(493.3)	-	(493.3)
Total Expenditures	59,459.7	3,158.7	62,618.4	65,762.2	3,548.9	69,311.0
RESERVES						
Projected Ending Balance	3,618.3	884.6	4,502.9	1,360.6	623.2	1,983.7
Budget Stabilization Account						
BSA Beginning Balance	19.2		19.2	652.3		652.3
Transfers from General Fund (1% of GSR)	610.3		610.3	630.1		630.1
Transfers from GFS (EGSR) (2)	-		-	-		-
Transfers from Disaster Response Acct (05H) - FY 22	4.8		4.8			
Prior Period Adjustments - Actual FY 22	10.3		10.3			
Actual/Assumed Biennium - Interest Earnings	7.8		7.8	59.9		59.9
Projected BSA Ending Balance	652.3		652.3	1,342.3		1,342.3
Washington Rescue Plan Transition Account						
Beginning Balance	1,000.0		1,000.0	2,100.0		2,100.0
Transfer from General Fund	1,100.0		1,100.0			
Transfer to General Fund				(1,302.0)		(1,302.0)
Projected WRPTA Ending Balance	2,100.0		2,100.0	798.0		798.0
Total Reserves Including BSA and WRPTA	6,370.7	884.6	7,255.2	3,500.9	623.2	4,124.0

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

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

(3) The 2021-23 amount includes \$84 million for Gain Share.

(4) Reversion amounts are consistent with the ERF's adopted budget outlook.

Acronyms

ACFR - Annual Comprehensive Financial Report

BSA - Budget Stabilization Account

GSR - General State Revenues

EGSR - Extraordinary General State Revenues

WRPTA - Washington Rescue Plan Transition Account

Table 3.13

**Alternative General Fund-State forecasts compared to the baseline forecast
2021-23 biennium**

(cash basis, millions of dollars)

<u>Forecast by Source</u>	<u>Optimistic Forecast</u>	<u>Baseline Forecast</u>	<u>Pessimistic Forecast</u>
<i>Department of Revenue</i>			
Retail Sales	\$28,831.9	\$28,755.9	\$28,692.1
Business & Occupation Use	11,911.4	11,881.3	11,856.0
Public Utility	1,887.0	1,880.7	1,877.9
Property (school levy)	1,031.4	1,028.1	1,025.3
Real Estate Excise	8,905.0	8,917.7	8,897.3
Other	3,089.0	3,087.5	3,086.0
Subtotal	2,590.4	2,586.0	2,581.6
<i>Insurance Commissioner¹</i>	58,246.0	58,137.2	58,016.2
<i>Lottery Commission</i>	1,607.4	1,587.3	1,567.3
<i>State Treasurer - Interest earnings</i>	80.6	77.8	75.1
<i>Liquor and Cannabis Surtaxes & Fees²</i>	239.7	234.3	229.2
<i>Office of Financial Management</i>	677.3	674.3	664.5
Other agencies	100.0	99.7	99.3
<i>Washington Court System</i>			
Court Fees, Fines & Forfeitures	86.1	86.2	85.9
Total General Fund - State*	\$61,037.2	\$60,896.8	\$60,737.4
Difference from June 2023 Baseline	\$140.4		(\$159.4)

1 Insurance premiums, General Fund-State portion.

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

* Detail may not add to total due to rounding.

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

Table 3.14

**Alternative General Fund-State forecasts compared to the baseline forecast
2023-25 biennium**

(cash basis, millions of dollars)

<u>Forecast by Source</u>	<u>Optimistic Forecast</u>	<u>Baseline Forecast</u>	<u>Pessimistic Forecast</u>
<i>Department of Revenue</i>			
Retail Sales	\$32,408.4	\$30,296.3	\$27,618.2
Business & Occupation Use	13,442.0	12,586.2	11,612.7
Public Utility	1,979.6	1,834.5	1,651.2
Property (school levy)	1,173.1	1,113.3	1,025.6
Real Estate Excise	9,432.9	9,338.6	9,243.9
Other	2,090.2	1,983.1	1,812.7
Subtotal	2,686.6	2,583.7	2,523.1
	63,213.0	59,735.7	55,487.3
<i>Insurance Commissioner</i> ¹	1,781.7	1,696.1	1,610.4
<i>Lottery Commission</i>	63.8	60.8	57.7
<i>State Treasurer - Interest earnings</i>	658.8	538.8	432.4
<i>Liquor and Cannabis Surtaxes & Fees</i> ²	653.4	625.2	552.1
<i>Office of Financial Management</i>			
Other agencies	7.9	7.6	7.4
<i>Washington Court System</i>			
Court Fees, Fines & Forfeitures	78.8	76.9	74.0
Total General Fund - State*	\$66,457.4	\$62,741.0	\$58,221.3
Difference from June 2023 Baseline	\$3,716.4		(\$4,519.6)

1 Insurance premiums, General Fund-State portion.

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

* Detail may not add to total due to rounding.

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

Table 3.15

Lottery transfers by fund

June 2023 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
2016	171.6	17.1	0.0	11.7	0.0	0.0	0.3	3.3	139.1	0.0	0.0
2017	159.7	14.8	0.0	12.2	0.0	0.0	0.3	4.8	126.6	0.0	0.0
2015-17 Biennium	331.2	31.9	0.0	23.8	0.0	0.0	0.7	8.0	265.7	0.0	0.0
2018	183.6	38.5	0.0	12.6	0.0	0.0	0.3	3.5	128.5	0.0	0.0
2019	213.8	38.7	0.0	13.1	0.0	0.0	0.4	5.8	155.7	0.0	0.0
2017-19 Biennium	397.3	77.3	0.0	25.8	0.0	0.0	0.8	9.3	284.2	0.0	0.0
2020	186.4	16.7	0.0	13.7	0.0	0.0	0.4	3.1	152.5	0.0	0.0
2021	231.6	27.7	0.0	14.2	0.0	0.0	0.5	4.8	184.4	0.0	0.0
2019-21 Biennium	418.0	44.4	0.0	27.9	0.0	0.0	0.8	8.0	336.9	0.0	0.0
2022	228.9	32.8	0.0	0.0	0.0	0.0	0.4	6.0	189.7	0.0	0.0
2023	257.5	45.0	0.0	0.0	0.0	0.0	0.5	8.1	203.9	0.0	0.0
2021-23 Biennium	486.5	77.8	0.0	0.0	0.0	0.0	0.9	14.1	393.6	0.0	0.0
2024	212.2	29.4	0.0	0.0	0.0	0.0	0.6	4.8	177.4	0.0	0.0
2025	214.3	31.4	0.0	0.0	0.0	0.0	0.9	4.7	177.3	0.0	0.0
2023-25 Biennium	426.5	60.8	0.0	0.0	0.0	0.0	1.5	9.5	354.7	0.0	0.0
2026	216.3	31.7	0.0	0.0	0.0	0.0	0.9	4.7	178.9	0.0	0.0
2027	217.3	32.4	0.0	0.0	0.0	0.0	0.9	4.7	179.3	0.0	0.0
2025-27 Biennium	433.5	64.1	0.0	0.0	0.0	0.0	1.8	9.4	358.3	0.0	0.0

Table 3.16

Lottery transfers by fund

June 2023 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
2016	175.5	31.9	0.0	11.7	0.0	0.0	0.3	2.8	128.7	0.0	0.0
2017	161.9	16.8	0.0	12.2	0.0	0.0	0.3	4.9	126.8	0.0	0.0
2015-17 Biennium	337.4	48.7	0.0	23.8	0.0	0.0	0.7	7.7	255.5	0.0	0.0
2018	183.0	31.2	0.0	12.6	0.0	0.0	0.4	4.6	134.2	0.0	0.0
2019	215.8	30.9	0.0	13.1	0.0	0.0	0.4	4.6	166.7	0.0	0.0
2017-19 Biennium	398.8	62.1	0.0	25.8	0.0	0.0	0.8	9.2	300.9	0.0	0.0
2020	180.9	16.2	0.0	13.7	0.0	0.0	0.4	3.4	147.3	0.0	0.0
2021	229.0	23.9	0.0	14.2	0.0	0.0	0.5	4.7	185.7	0.0	0.0
2019-21 Biennium	410.0	40.1	0.0	27.9	0.0	0.0	0.8	8.1	333.1	0.0	0.0
2022	216.8	33.6	0.0	0.0	0.0	0.0	0.4	6.2	176.6	0.0	0.0
2023	247.0	43.2	0.0	0.0	0.0	0.0	0.5	8.1	195.3	0.0	0.0
2021-23 Biennium	463.9	76.8	0.0	0.0	0.0	0.0	0.9	14.3	371.8	0.0	0.0
2024	212.1	31.3	0.0	0.0	0.0	0.0	0.7	4.7	175.4	0.0	0.0
2025	214.5	31.4	0.0	0.0	0.0	0.0	0.9	4.7	177.5	0.0	0.0
2023-25 Biennium	426.6	62.7	0.0	0.0	0.0	0.0	1.6	9.4	352.9	0.0	0.0
2026	216.4	31.8	0.0	0.0	0.0	0.0	0.9	4.7	179.1	0.0	0.0
2027	217.4	32.0	0.0	0.0	0.0	0.0	0.9	4.7	179.8	0.0	0.0
2025-27 Biennium	433.8	63.7	0.0	0.0	0.0	0.0	1.8	9.4	358.8	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 3.17

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

History and Forecast by Fiscal Year (Cash basis)

June 2023 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Account* (ELTA)		WA Opportunity Pathways Account (OPA)		Workforce Ed. Investment Acct. (WEIA)		Total GF-S, ELTA, OPA and WEIA	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 2003	\$11,721	0.8%							\$11,721	0.8%
FY 2004	\$12,358	5.4%							\$12,358	5.4%
FY 2005	\$13,036	5.5%							\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115						\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%					\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%					\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%					\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%					\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$99				\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$118	19.1%			\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$126	5.9%			\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$114	-9.4%			\$16,694	4.3%
FY 2015	\$17,283	5.5%	\$207	5.0%	\$120	5.7%			\$17,611	5.5%
FY 2016	\$18,579	7.5%	\$215	3.6%	\$139	15.7%			\$18,933	7.5%
FY 2017	\$19,739	6.2%	\$252	17.5%	\$127	-9.0%			\$20,118	6.3%
FY 2018	\$21,712	10.0%	\$302	19.6%	\$129	1.5%			\$22,143	10.1%
FY 2019	\$22,430	3.3%	\$1,352	348.1%	\$156	21.1%			\$23,938	8.1%
FY 2020	\$23,817	6.2%	\$913	-32.5%	\$153	-2.0%	\$32		\$24,915	4.1%
FY 2021	\$26,986	13.3%	\$726	-20.5%	\$184	20.9%	\$320	905.5%	\$28,217	13.3%
FY 2022	\$30,030	11.3%	\$890	22.6%	\$190	2.9%	\$369	15.1%	\$31,478	11.6%
Forecast:										
FY 2023	\$30,867	2.8%	\$1,541	73.2%	\$204	7.5%	\$397	7.7%	\$33,009	4.9%
FY 2024	\$30,865	0.0%	\$1,047	-32.0%	\$177	-13.0%	\$401	0.9%	\$32,490	-1.6%
FY 2025	\$31,876	3.3%	\$1,076	2.8%	\$177	-0.1%	\$408	1.9%	\$33,538	3.2%
FY 2026	\$32,921	3.3%	\$1,125	4.5%	\$179	0.9%	\$417	2.0%	\$34,642	3.3%
FY 2027	\$34,060	3.5%	\$1,181	5.0%	\$179	0.2%	\$427	2.5%	\$35,848	3.5%
Biennial Totals										
09-11 Biennium	\$28,218	-5.4%	\$269	-38.5%	\$99	NA	\$0	NA	\$28,586	-5.5%
11-13 Biennium	\$30,657	8.6%	\$215	-19.9%	\$244	145.2%	\$0	NA	\$31,116	8.8%
13-15 Biennium	\$33,666	9.8%	\$405	88.0%	\$234	-4.1%	\$0	NA	\$34,305	10.2%
15-17 Biennium	\$38,317	13.8%	\$467	15.4%	\$266	13.6%	\$0	NA	\$39,050	13.8%
17-19 Biennium	\$44,143	15.2%	\$1,654	254.1%	\$284	6.9%	\$0	NA	\$46,081	18.0%
19-21 Biennium	\$50,803	15.1%	\$1,639	-0.9%	\$337	18.5%	\$352	NA	\$53,132	15.3%
21-23 Biennium	\$60,897	19.9%	\$2,431	48.3%	\$394	16.8%	\$766	117.4%	\$64,487	21.4%
23-25 Biennium	\$62,741	3.0%	\$2,123	-12.6%	\$355	-9.9%	\$809	5.7%	\$66,028	2.4%
25-27 Biennium	\$66,981	6.8%	\$2,306	8.6%	\$358	1.0%	\$844	4.2%	\$70,489	6.8%

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

Table 3.18

Forecasted distribution of excise tax and license fees from cannabis sales

June 2023

Cash forecast, thousands of dollars

Fiscal year	Total of cannabis excise taxes plus license fees	LCB administration and pre-distribution allotments	Total to distribute	Distribution of remaining funds							
				DSHS substance abuse program	Dept. of Health cannabis education program	UW/WSU research	Basic Health Plan Trust Account	Health Care Authority community health centers	OSPI dropout prevention	Local governments	General Fund-State*
2016	\$168,051	\$16,342	\$151,709	\$12,814	\$7,500	\$345	\$79,750	\$0	\$251	\$0	\$51,049
2017	\$300,635	\$22,180	\$278,455	\$27,786	\$7,500	\$345	\$145,717	\$0	\$511	\$0	\$96,596
2018	\$360,608	\$31,388	\$329,220	\$27,786	\$9,761	\$365	\$173,418	\$0	\$513	\$0	\$117,377
2019	\$391,191	\$60,749	\$330,442	\$0	\$9,764	\$365	\$188,317	\$0	\$515	\$0	\$131,482
2020	\$448,427	\$66,894	\$381,533	\$0	\$10,786	\$374	\$215,096	\$0	\$522	\$0	\$154,754
2021	\$560,929	\$70,584	\$490,345	\$0	\$10,615	\$384	\$272,521	\$0	\$530	\$0	\$206,296
2022	\$527,090	\$17,993	\$509,097	\$0	\$10,584	\$401	\$264,470	\$56,056	\$520	\$0	\$177,066
2023	\$475,235	\$20,073	\$455,162	\$0	\$11,000	\$475	\$230,431	\$48,745	\$550	\$22,157	\$141,804
2024	\$499,745	\$17,176	\$482,569	\$0	\$11,863	\$513	\$244,192	\$51,656	\$593	\$23,480	\$150,272
2025	\$535,307	\$17,888	\$517,419	\$0	\$12,356	\$534	\$262,034	\$55,430	\$618	\$25,196	\$161,251
2026	\$555,704	\$18,288	\$537,416	\$0	\$12,638	\$546	\$272,272	\$57,596	\$632	\$26,180	\$167,552
2027	\$572,131	\$18,658	\$553,473	\$0	\$12,893	\$557	\$280,477	\$59,332	\$645	\$26,969	\$172,600
Biennial totals											
2015-17	\$468,686	\$38,522	\$430,164	\$40,600	\$15,000	\$690	\$225,467	\$0	\$762	\$0	\$147,645
2017-19	\$751,799	\$92,137	\$659,662	\$27,786	\$19,525	\$730	\$361,735	\$0	\$1,028	\$0	\$248,859
2019-21	\$1,009,356	\$137,478	\$871,878	\$0	\$21,401	\$758	\$487,617	\$0	\$1,052	\$0	\$361,050
2021-23	\$1,002,325	\$38,066	\$964,259	\$0	\$21,584	\$876	\$494,901	\$104,801	\$1,070	\$22,157	\$318,870
2023-25	\$1,035,052	\$35,064	\$999,988	\$0	\$24,219	\$1,047	\$506,226	\$107,086	\$1,211	\$48,676	\$311,523
2025-27	\$1,127,835	\$36,946	\$1,090,889	\$0	\$25,531	\$1,103	\$552,749	\$116,928	\$1,277	\$53,149	\$340,152

*Before distributions to local governments FY 2016-FY2022

Table 3.19

Workforce Education Investment Account

June 2023

Cash forecast, thousands of dollars

	<u>FY22</u>	<u>FY23</u>	<u>2021-23 Biennium</u>	<u>FY24</u>	<u>FY25</u>	<u>2023-25 Biennium</u>	<u>FY26</u>	<u>FY27</u>	<u>2025-27 Biennium</u>
November 2022 forecast	\$368,630	\$379,701	\$748,331	\$385,560	\$398,602	\$784,162	\$410,112	\$422,803	\$832,916
Forecast change	\$0	\$17,401	\$17,401	\$15,276	\$9,872	\$25,148	\$6,580	\$4,108	\$10,687
March 2023 forecast	\$368,630	\$397,102	\$765,733	\$400,836	\$408,474	\$809,310	\$416,692	\$426,911	\$843,603

Table 3.20

Legislative and Budget-Driven Revenue Changes from the 2023 Legislative Session

General-Fund State

Bill number	Bill title	Tax Type/Fee	Source	FY22	FY23	FY24	FY25	FY26	FY27
2023 Revenue Legislation									
1018	Hog Fuel/Tax Exemption	GFS	0101	0.0	0.0	0.0	-1.8	-1.8	-1.7
1143	Firearms/Purchase & Transfer	GFS	0236	0.0	0.0	-0.4	-0.8	-0.8	-0.8
1163	Leasehold Tax/Arenas	GFS	0159	0.0	0.0	-0.9	-1.5	-1.5	-1.5
1169	Legal Financial Obligations	GFS	0499	0.0	0.0	0.0	0.0	0.0	0.0
1240	Firearms/Assault Weapons	GFS	0101	0.0	0.0	-0.2	-0.2	-0.2	-0.2
1254	Periodic Adjustments/DOR	GFS	0110	0.0	0.0	1.3	0.3	-0.6	-0.3
1425	Municipal Annexations	GFS	0101	0.0	0.0	0.0	-1.7	-4.0	-6.0
1431	Senior Living Meals/Tax	GFS	0101	0.0	0.0	-1.5	-1.8	-1.9	-2.0
1431	Senior Living Meals/Tax	GFS	0105	0.0	0.0	0.2	0.3	0.3	0.3
1534	Construction Consumers	GFS	0223	0.0	0.0	0.6	0.1	0.1	0.1
1573	Dairy, Etc. Tax Preferences	GFS	0105	0.0	0.0	0.0	0.0	-6.2	-7.4
1682	Auto Theft Authority Account	GFS	0130	0.0	0.0	-4.0	-4.0	-4.1	-4.1
1711	Internet Projects/Tribes	GFS	0101	0.0	0.0	-1.3	-2.5	-1.9	0.0
1742	Nontax Statutes/DOR	GFS	0622	0.0	0.0	13.8	14.4	14.7	15.1
1756	Energy/Tax	GFS	0150	0.0	0.0	0.0	0.0	-0.1	-0.2
1764	Asphalt & Agg. Valuation	GFS	0110	0.0	0.0	-0.3	-0.4	-0.4	-0.4
1850	Hospital Safety Net Program	GFS	0130	0.0	0.0	0.0	54.2	37.4	37.4
5001	Public Facility Districts	GFS	0101	0.0	0.0	0.1	0.3	0.3	0.3
5084	Self-Insured Pensions/Fund	GFS	0175	0.0	0.0	-0.6	-0.6	-0.6	-0.6
5096	Employee Ownership	GFS	0105	0.0	0.0	0.0	-0.2	-0.4	-0.4
5166	Cooperative Finance Org. B&O	GFS	0105	0.0	0.0	-0.2	-0.2	-0.2	-0.2
5199	Newspaper Publishers/Tax	GFS	0105	0.0	0.0	-0.4	-1.2	-1.2	-1.2
5218	Complex Rehab. Products/Tax	GFS	0105	0.0	0.0	-0.3	-0.3	-0.3	-0.3
5258	Condos and Townhouses	GFS	0157	0.0	0.0	0.0	-0.3	-0.3	-0.3
5447	Alternative Jet Fuel	GFS	Various	0.0	0.0	0.0	0.0	0.0	-0.3
Total Revenue legislation-fiscal year-GFS				0.0	0.0	5.9	52.0	26.4	25.2
Biennium Totals					0		57.9		51.55

Washington Opportunity Pathways Account

5634	Problem Gambling	OPA	0622	0.0	0.0	-0.2	-0.3	-0.3	-0.3
Total Revenue legislation-fiscal year-OPA				0.0	0.0	-0.2	-0.3	-0.3	-0.3
Biennium Totals					0.0		-0.6		-0.7

Workforce Education Investment Account

1431	Senior Living Meals/Tax	WEIA	0105	0.00	0.00	0.05	0.06	0.06	0.06
5166	Cooperative Finance Org. B&O	WEIA	0105	0	0	-0.027	-0.03	-0.03	-0.03
Total Revenue legislation-fiscal year-WEIA				0.00	0.00	0.02	0.03	0.03	0.03
Biennium Totals					0.00		0.04		0.06

2023 Budget Driven Revenue

				FY22	FY23	FY24	FY25	FY26	FY27
	Liquor Control Board (Liquor)	GFS		0.0	7.0	-15.4	-13.9	4.6	6.3
	Lottery	OPA		0.0	-1.0	-1.0	-0.9	-1.0	-0.7
	Health Care for the Uninsured	GFS		0.0	0.0	0.0	0.9	1.4	1.4
	Inpatient Directed Payment Program	GFS		0.0	0.0	0.0	4.1	2.7	2.7
	Outpatient Directed Payment Program	GFS		0.0	0.0	5.0	3.3	3.3	3.3
Total budget driven revenue-fiscal year-NGFS				0.0	6.0	-11.4	-6.6	11.0	13.0
Biennium Totals					6.0		-18.0		24.0



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 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Real National Income Accounts (Billions of Chained 2012 Dollars)								
Real Gross Domestic Product	18,509.1	19,609.8	20,014.1	20,264.1	20,412.2	20,820.4	21,236.8	21,640.3
% Ch	-2.8	5.9	2.1	1.2	0.7	2.0	2.0	1.9
Real Consumption	12,700.7	13,754.1	14,130.3	14,376.6	14,486.3	14,790.5	15,101.1	15,403.2
% Ch	-3.0	8.3	2.7	1.7	0.8	2.1	2.1	2.0
Real Nonresidential Fixed Investment	2,666.0	2,835.4	2,944.8	3,013.1	3,018.3	3,036.0	3,095.7	3,185.5
% Ch	-4.9	6.4	3.9	2.3	0.2	0.6	2.0	2.9
Real Residential Fixed Investment	649.8	719.4	643.1	562.5	567.0	592.5	608.2	616.6
% Ch	7.2	10.7	-10.6	-12.5	0.8	4.5	2.6	1.4
Real Personal Income	17,844.7	18,427.2	17,724.6	17,932.9	18,200.0	18,665.9	19,176.3	19,680.5
% Ch	5.5	3.3	-3.8	1.2	1.5	2.6	2.7	2.6
Real Per Capita Income (\$/Person)	53,781	55,433	53,111	53,481	54,005	55,102	56,317	57,503
% Ch	5.1	3.1	-4.2	0.7	1.0	2.0	2.2	2.1
Price and Wage Indexes								
PCE Price Index (2012=100)	111.1	115.6	122.9	127.4	130.5	133.0	135.6	138.3
% Ch	1.1	4.0	6.3	3.7	2.4	2.0	1.9	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.589	2.710	2.926	3.041	3.113	3.179	3.244	3.316
% Ch	1.3	4.7	8.0	3.9	2.4	2.1	2.0	2.2
Employment Cost Index (Dec. 2005=1.0)	1.414	1.470	1.548	1.624	1.693	1.750	1.811	1.876
% Ch	2.9	4.0	5.3	4.9	4.2	3.3	3.5	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	21,060.5	23,315.1	25,462.7	26,772.1	27,650.7	28,760.2	29,961.3	31,222.0
% Ch	-1.5	10.7	9.2	5.1	3.3	4.0	4.2	4.2
Personal Income	19,832.3	21,294.8	21,777.2	22,847.4	23,743.3	24,834.5	26,003.3	27,228.7
% Ch	6.7	7.4	2.3	4.9	3.9	4.6	4.7	4.7
Employment (Millions)								
U.S. Civilian Labor Force	160.8	161.2	164.3	166.9	167.8	168.4	169.2	170.0
Total U.S. Employment	147.8	152.6	158.3	160.8	160.5	161.1	162.0	163.0
Unemployment Rate (%)	8.10	5.35	3.65	3.63	4.34	4.37	4.23	4.09
Nonfarm Payroll Employment	142.15	146.28	152.63	155.99	155.71	156.00	156.65	157.35
% Ch	-5.8	2.9	4.3	2.2	-0.2	0.2	0.4	0.4
Manufacturing	12.16	12.35	12.83	12.93	12.41	12.13	12.08	12.04
% Ch	-5.1	1.6	3.8	0.8	-4.0	-2.2	-0.5	-0.3
Durable Manufacturing	7.57	7.68	7.98	8.06	7.67	7.47	7.44	7.43
% Ch	-5.8	1.4	3.8	1.1	-4.8	-2.7	-0.3	-0.2
Nondurable Manufacturing	4.59	4.67	4.85	4.87	4.74	4.67	4.63	4.60
% Ch	-3.9	1.8	3.8	0.4	-2.7	-1.5	-0.7	-0.6
Construction	7.26	7.44	7.75	7.90	7.84	7.81	7.88	7.97
% Ch	-3.2	2.5	4.2	1.9	-0.7	-0.4	0.9	1.0
Service-Providing	122.13	125.93	131.44	134.52	134.82	135.42	136.04	136.69
% Ch	-5.9	3.1	4.4	2.3	0.2	0.4	0.5	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	39.2	68.0	94.8	71.5	66.4	63.8	61.7	59.9
Personal Saving/Disposable Income (%)	16.8	11.9	3.5	4.8	6.0	6.7	7.1	7.4
Auto Sales (Millions)	3.4	3.4	2.9	3.0	3.1	3.2	3.2	3.2
% Ch	-27.9	-1.5	-14.2	6.1	1.0	5.0	0.4	-1.9
Housing Starts (Millions)	1.397	1.606	1.551	1.362	1.309	1.420	1.449	1.445
% Ch	8.2	14.9	-3.4	-12.2	-3.9	8.5	2.0	-0.2
Federal Budget Surplus (Billions)	-2,957.4	-2,835.3	-1,011.0	-1,699.4	-1,854.2	-1,946.5	-1,959.0	-1,990.7
Net Exports (Billions)	-627.5	-861.7	-975.0	-886.0	-844.0	-831.1	-779.4	-718.7
3-Month Treasury Bill Rate (%)	0.37	0.04	2.02	4.95	4.06	2.51	1.84	1.85
10-Year Treasury Note Yield (%)	0.89	1.44	2.95	3.65	3.40	3.28	3.18	3.17
Bond Index of 20 G.O. Munis. (%)	2.65	2.19	3.21	3.64	3.57	3.59	3.54	3.51
30-Year Fixed Mortgage Rate (%)	3.18	3.03	5.38	6.44	5.77	5.15	4.94	4.93

Table A1.2

U.S. Economic Forecast Summary

Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Real National Income Accounts (Billions of Chained 2012 Dollars)								
Real Gross Domestic Product	19,924.1	19,895.3	20,054.7	20,182.5	20,246.4	20,286.2	20,266.3	20,257.5
% Ch , Annual Rate	-1.6	-0.6	3.2	2.6	1.3	0.8	-0.4	-0.2
Real Consumption	14,028.4	14,099.5	14,178.6	14,214.9	14,346.6	14,386.6	14,385.9	14,387.2
% Ch , Annual Rate	1.3	2.0	2.3	1.0	3.8	1.1	0.0	0.0
Real Nonresidential Fixed Investment	2,915.0	2,915.5	2,959.7	2,988.8	2,999.0	3,028.1	3,015.2	3,010.2
% Ch , Annual Rate	7.9	0.1	6.2	4.0	1.4	3.9	-1.7	-0.7
Real Residential Fixed Investment	704.7	671.0	620.0	576.7	568.8	561.6	560.1	559.7
% Ch , Annual Rate	-3.1	-17.8	-27.1	-25.1	-5.4	-5.0	-1.0	-0.3
Real Personal Income	17,718.8	17,620.8	17,751.7	17,807.0	17,824.8	17,904.1	17,986.4	18,016.1
% Ch , Annual Rate	-4.2	-2.2	3.0	1.3	0.4	1.8	1.9	0.7
Real Per Capita Income (\$/Person)	53,184	52,831	53,162	53,266	53,256	53,429	53,608	53,630
% Ch , Annual Rate	-4.6	-2.6	2.5	0.8	-0.1	1.3	1.4	0.2
Price and Wage Indexes								
PCE Price Index (2012=100)	120.3	122.5	123.8	124.9	126.2	127.0	127.8	128.6
% Ch , Annual Rate	7.5	7.3	4.3	3.7	4.2	2.6	2.5	2.7
U.S. Consumer Price Index (1982-84=1.0)	2.849	2.915	2.955	2.985	3.013	3.032	3.048	3.070
% Ch , Annual Rate	9.2	9.7	5.5	4.2	3.8	2.5	2.2	2.8
Employment Cost Index (Dec. 2005=1.0)	1.518	1.540	1.558	1.576	1.595	1.615	1.634	1.653
% Ch , Annual Rate	5.2	5.9	4.8	4.7	4.9	5.1	4.7	4.8
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	24,740.5	25,248.5	25,723.9	26,138.0	26,486.3	26,715.7	26,852.0	27,034.5
% Ch , Annual Rate	6.6	8.5	7.7	6.6	5.4	3.5	2.1	2.7
Personal Income	21,319.8	21,578.3	21,969.5	22,241.3	22,492.6	22,738.4	22,982.3	23,176.4
% Ch , Annual Rate	3.0	4.9	7.5	5.0	4.6	4.4	4.4	3.4
Employment (Millions)								
U.S. Civilian Labor Force	163.9	164.1	164.4	164.7	166.3	166.8	167.2	167.4
Total U.S. Employment	157.7	158.1	158.6	158.8	160.4	160.9	161.1	160.9
Unemployment Rate (%)	3.81	3.63	3.55	3.60	3.50	3.54	3.63	3.85
Nonfarm Payroll Employment	150.85	152.04	153.33	154.28	155.24	156.08	156.40	156.22
% Ch , Annual Rate	4.6	3.2	3.4	2.5	2.5	2.2	0.8	-0.4
Manufacturing	12.66	12.79	12.89	12.97	12.98	12.99	12.95	12.80
% Ch , Annual Rate	4.0	4.2	3.1	2.4	0.5	0.2	-1.1	-4.5
Durable Manufacturing	7.87	7.94	8.01	8.08	8.10	8.11	8.09	7.96
% Ch , Annual Rate	3.5	3.8	3.5	3.2	0.9	0.7	-1.2	-5.9
Nondurable Manufacturing	4.79	4.85	4.88	4.89	4.89	4.88	4.87	4.84
% Ch , Annual Rate	4.7	4.7	2.4	1.0	-0.1	-0.6	-1.1	-2.2
Construction	7.65	7.73	7.78	7.84	7.89	7.92	7.89	7.89
% Ch , Annual Rate	5.1	4.1	2.9	2.7	2.9	1.5	-1.4	-0.1
Service-Providing	129.95	130.92	132.05	132.86	133.74	134.53	134.92	134.89
% Ch , Annual Rate	4.6	3.0	3.5	2.5	2.7	2.4	1.1	-0.1
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	94.4	108.7	93.2	82.8	76.1	73.4	68.4	68.2
Personal Saving/Disposable Income (%)	4.3	3.2	3.2	3.4	4.2	4.6	5.1	5.2
Auto Sales (Millions)	2.9	2.7	2.8	3.1	3.0	3.1	3.0	3.1
% Ch , Annual Rate	14.6	-15.9	7.3	49.3	-9.2	6.4	-4.4	8.3
Housing Starts (Millions)	1.718	1.636	1.446	1.405	1.382	1.391	1.353	1.321
% Ch , Annual Rate	6.6	-17.8	-38.9	-10.9	-6.4	2.5	-10.5	-8.9
Federal Budget Surplus (Billions)	-929.0	-879.9	-1,015.7	-1,219.3	-1,663.8	-1,695.4	-1,726.5	-1,712.1
Net Exports (Billions)	-1,116.7	-1,035.6	-890.8	-857.1	-844.4	-910.3	-905.3	-884.1
3-Month Treasury Bill Rate (%)	0.31	1.08	2.66	4.04	4.63	5.04	5.10	5.01
10-Year Treasury Note Yield (%)	1.94	2.93	3.11	3.83	3.65	3.66	3.71	3.58
Bond Index of 20 G.O. Munis. (%)	2.40	3.25	3.37	3.82	3.57	3.64	3.72	3.64
30-Year Fixed Mortgage Rate (%)	3.90	5.33	5.66	6.63	6.36	6.49	6.58	6.32

Table A1.2 (continued)
U.S. Economic Forecast Summary
Forecast 2023 to 2027

	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Real National Income Accounts (Billions of Chained 2012 Dollars)								
Real Gross Domestic Product	20,285.2	20,349.0	20,449.0	20,565.3	20,665.4	20,767.4	20,871.7	20,977.2
% Ch , Annual Rate	0.5	1.3	2.0	2.3	2.0	2.0	2.0	2.0
Real Consumption	14,401.3	14,442.4	14,510.4	14,591.2	14,671.9	14,751.7	14,829.5	14,909.1
% Ch , Annual Rate	0.4	1.1	1.9	2.2	2.2	2.2	2.1	2.2
Real Nonresidential Fixed Investment	3,013.2	3,013.6	3,019.9	3,026.7	3,026.5	3,029.2	3,037.8	3,050.6
% Ch , Annual Rate	0.4	0.0	0.8	0.9	0.0	0.4	1.1	1.7
Real Residential Fixed Investment	561.1	562.7	567.1	577.0	584.6	590.5	595.7	599.3
% Ch , Annual Rate	1.0	1.1	3.2	7.1	5.4	4.1	3.6	2.4
Real Personal Income	18,086.6	18,151.7	18,233.0	18,328.7	18,464.2	18,605.5	18,737.9	18,855.9
% Ch , Annual Rate	1.6	1.4	1.8	2.1	3.0	3.1	2.9	2.5
Real Per Capita Income (\$/Person)	53,772	53,896	54,068	54,282	54,613	54,959	55,279	55,556
% Ch , Annual Rate	1.1	0.9	1.3	1.6	2.5	2.6	2.3	2.0
Price and Wage Indexes								
PCE Price Index (2012=100)	129.4	130.1	130.8	131.5	132.1	132.7	133.3	134.0
% Ch , Annual Rate	2.5	2.2	2.1	2.0	2.0	1.9	1.8	1.9
U.S. Consumer Price Index (1982-84=1.0)	3.088	3.105	3.122	3.138	3.156	3.171	3.186	3.202
% Ch , Annual Rate	2.3	2.2	2.2	2.1	2.2	1.9	1.9	2.1
Employment Cost Index (Dec. 2005=1.0)	1.670	1.686	1.701	1.714	1.727	1.742	1.757	1.772
% Ch , Annual Rate	4.2	4.0	3.5	3.2	3.1	3.3	3.5	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	27,262.4	27,504.3	27,771.4	28,064.8	28,337.5	28,613.7	28,894.6	29,195.2
% Ch , Annual Rate	3.4	3.6	3.9	4.3	3.9	4.0	4.0	4.2
Personal Income	23,408.8	23,621.1	23,849.0	24,094.3	24,395.4	24,697.5	24,984.1	25,261.3
% Ch , Annual Rate	4.1	3.7	3.9	4.2	5.1	5.0	4.7	4.5
Employment (Millions)								
U.S. Civilian Labor Force	167.6	167.7	167.9	168.0	168.2	168.3	168.5	168.7
Total U.S. Employment	160.7	160.5	160.3	160.5	160.7	161.0	161.2	161.4
Unemployment Rate (%)	4.08	4.28	4.51	4.49	4.43	4.37	4.34	4.33
Nonfarm Payroll Employment	155.96	155.74	155.56	155.56	155.68	155.93	156.14	156.24
% Ch , Annual Rate	-0.7	-0.6	-0.5	0.0	0.3	0.6	0.5	0.3
Manufacturing	12.65	12.48	12.33	12.19	12.16	12.15	12.13	12.10
% Ch , Annual Rate	-4.7	-5.4	-4.7	-4.3	-1.2	-0.1	-0.7	-1.1
Durable Manufacturing	7.86	7.72	7.61	7.50	7.48	7.48	7.46	7.45
% Ch , Annual Rate	-5.1	-6.9	-5.7	-5.3	-1.3	0.1	-0.8	-0.9
Nondurable Manufacturing	4.79	4.76	4.72	4.69	4.68	4.67	4.67	4.65
% Ch , Annual Rate	-3.9	-3.1	-3.0	-2.5	-1.0	-0.4	-0.5	-1.2
Construction	7.88	7.84	7.83	7.83	7.80	7.81	7.82	7.83
% Ch , Annual Rate	-0.7	-1.9	-0.7	0.3	-1.6	0.2	0.5	0.8
Service-Providing	134.80	134.79	134.77	134.91	135.09	135.34	135.56	135.67
% Ch , Annual Rate	-0.3	0.0	-0.1	0.4	0.6	0.7	0.7	0.3
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	67.5	66.7	66.0	65.4	64.7	64.1	63.5	63.0
Personal Saving/Disposable Income (%)	5.6	6.0	6.1	6.2	6.4	6.7	6.8	6.8
Auto Sales (Millions)	3.0	3.1	3.1	3.1	3.2	3.2	3.2	3.3
% Ch , Annual Rate	-6.9	2.4	4.6	7.6	6.0	6.2	0.4	2.0
Housing Starts (Millions)	1.293	1.275	1.312	1.355	1.386	1.412	1.432	1.448
% Ch , Annual Rate	-8.4	-5.3	12.3	13.5	9.5	7.8	5.9	4.4
Federal Budget Surplus (Billions)	-1,773.2	-1,852.9	-1,895.2	-1,895.7	-1,937.7	-1,963.1	-1,953.4	-1,931.7
Net Exports (Billions)	-851.5	-846.4	-842.3	-835.9	-840.2	-838.5	-828.8	-816.8
3-Month Treasury Bill Rate (%)	4.86	4.35	3.79	3.25	2.92	2.66	2.38	2.07
10-Year Treasury Note Yield (%)	3.44	3.40	3.38	3.36	3.31	3.33	3.26	3.22
Bond Index of 20 G.O. Munis. (%)	3.56	3.54	3.57	3.59	3.59	3.63	3.59	3.56
30-Year Fixed Mortgage Rate (%)	6.06	5.85	5.65	5.50	5.32	5.18	5.08	5.00

Table A1.2 (continued)
U.S. Economic Forecast Summary
Forecast 2023 to 2027

	2026:1	2026:2	2026:3	2026:4	2027:1	2027:2	2027:3	2027:4
Real National Income Accounts (Billions of Chained 2012 Dollars)								
Real Gross Domestic Product	21,082.5	21,188.4	21,288.7	21,387.6	21,485.7	21,588.8	21,691.7	21,795.1
% Ch , Annual Rate	2.0	2.0	1.9	1.9	1.8	1.9	1.9	1.9
Real Consumption	14,983.6	15,064.1	15,141.2	15,215.7	15,288.7	15,363.9	15,441.5	15,518.5
% Ch , Annual Rate	2.0	2.2	2.1	2.0	1.9	2.0	2.0	2.0
Real Nonresidential Fixed Investment	3,067.5	3,085.6	3,104.2	3,125.6	3,148.7	3,172.5	3,197.6	3,223.3
% Ch , Annual Rate	2.2	2.4	2.4	2.8	3.0	3.1	3.2	3.3
Real Residential Fixed Investment	605.0	608.2	609.4	610.1	612.0	615.7	618.4	620.4
% Ch , Annual Rate	3.8	2.2	0.8	0.5	1.2	2.4	1.8	1.3
Real Personal Income	18,998.7	19,120.4	19,235.2	19,350.8	19,498.1	19,620.9	19,742.7	19,860.1
% Ch , Annual Rate	3.1	2.6	2.4	2.4	3.1	2.5	2.5	2.4
Real Per Capita Income (\$/Person)	55,904	56,190	56,455	56,721	57,080	57,366	57,648	57,918
% Ch , Annual Rate	2.5	2.1	1.9	1.9	2.6	2.0	2.0	1.9
Price and Wage Indexes								
PCE Price Index (2012=100)	134.6	135.2	135.9	136.6	137.3	138.0	138.7	139.4
% Ch , Annual Rate	1.9	1.9	2.0	2.1	2.0	2.0	2.1	2.0
U.S. Consumer Price Index (1982-84=1.0)	3.218	3.234	3.251	3.270	3.288	3.306	3.325	3.344
% Ch , Annual Rate	2.0	2.0	2.1	2.4	2.1	2.2	2.3	2.2
Employment Cost Index (Dec. 2005=1.0)	1.788	1.803	1.819	1.835	1.851	1.867	1.884	1.901
% Ch , Annual Rate	3.5	3.6	3.5	3.5	3.6	3.6	3.7	3.7
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	29,500.7	29,808.6	30,113.0	30,423.0	30,733.6	31,054.8	31,384.1	31,715.3
% Ch , Annual Rate	4.3	4.2	4.1	4.2	4.1	4.2	4.3	4.3
Personal Income	25,572.7	25,859.4	26,143.6	26,437.5	26,770.0	27,073.6	27,384.4	27,687.0
% Ch , Annual Rate	5.0	4.6	4.5	4.6	5.1	4.6	4.7	4.5
Employment (Millions)								
U.S. Civilian Labor Force	168.9	169.1	169.3	169.5	169.7	169.9	170.1	170.3
Total U.S. Employment	161.6	161.9	162.2	162.5	162.7	162.9	163.2	163.4
Unemployment Rate (%)	4.31	4.26	4.21	4.16	4.13	4.10	4.08	4.06
Nonfarm Payroll Employment	156.36	156.55	156.75	156.93	157.10	157.26	157.43	157.59
% Ch, Annual Rate	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Manufacturing	12.09	12.08	12.07	12.07	12.06	12.05	12.03	12.00
% Ch, Annual Rate	-0.3	-0.4	-0.1	-0.1	-0.2	-0.6	-0.7	-0.7
Durable Manufacturing	7.45	7.44	7.44	7.45	7.45	7.44	7.43	7.42
% Ch, Annual Rate	-0.1	-0.3	0.2	0.2	-0.1	-0.5	-0.5	-0.5
Nondurable Manufacturing	4.64	4.64	4.63	4.62	4.62	4.61	4.60	4.59
% Ch, Annual Rate	-0.8	-0.7	-0.5	-0.5	-0.4	-0.7	-0.9	-1.1
Construction	7.85	7.88	7.90	7.91	7.93	7.95	7.98	8.00
% Ch, Annual Rate	1.2	1.1	1.1	0.6	1.0	1.2	1.2	1.4
Service-Providing	135.78	135.95	136.13	136.30	136.45	136.61	136.77	136.93
% Ch, Annual Rate	0.3	0.5	0.5	0.5	0.4	0.5	0.5	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	62.4	61.9	61.5	61.0	60.5	60.1	59.6	59.2
Personal Saving/Disposable Income (%)	7.0	7.1	7.1	7.1	7.3	7.4	7.4	7.4
Auto Sales (Millions)	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2
% Ch, Annual Rate	0.0	-0.9	-1.0	-1.6	-4.3	-0.5	-1.1	-1.2
Housing Starts (Millions)	1.452	1.461	1.439	1.443	1.447	1.449	1.441	1.442
% Ch, Annual Rate	1.1	2.6	-6.0	1.1	1.3	0.6	-2.3	0.3
Federal Budget Surplus (Billions)	-1,957.1	-1,964.5	-1,960.4	-1,953.9	-1,983.6	-1,991.5	-1,996.4	-1,991.2
Net Exports (Billions)	-800.7	-786.7	-772.0	-758.1	-741.3	-727.0	-711.8	-694.4
3-Month Treasury Bill Rate (%)	1.86	1.85	1.83	1.83	1.83	1.84	1.85	1.87
10-Year Treasury Note Yield (%)	3.19	3.18	3.18	3.18	3.18	3.17	3.17	3.17
Bond Index of 20 G.O. Munis. (%)	3.55	3.54	3.53	3.53	3.53	3.51	3.51	3.50
30-Year Fixed Mortgage Rate (%)	4.94	4.95	4.95	4.94	4.93	4.93	4.93	4.93

Table A1.3
Washington Economic Forecast Summary
Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	474.774	494.112	475.309	480.396	490.251	504.974	521.357	537.847
% Ch	6.4	4.1	-3.8	1.1	2.1	3.0	3.2	3.2
Real Wage and Salary Disb.	238.087	252.203	253.000	253.067	258.125	266.067	275.112	284.199
% Ch	3.1	5.9	0.3	0.0	2.0	3.1	3.4	3.3
Real Nonwage Income	236.687	241.909	222.309	227.329	232.126	238.907	246.245	253.648
% Ch	10.1	2.2	-8.1	2.3	2.1	2.9	3.1	3.0
Real Per Capita Income (\$/Person)	61,521	63,811	61,050	61,227	61,969	63,307	64,765	66,168
% Ch	5.4	3.7	-4.3	0.3	1.2	2.2	2.3	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.111	1.156	1.228	1.274	1.305	1.330	1.356	1.383
% Ch	1.1	4.0	6.3	3.7	2.4	2.0	1.9	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.826	2.960	3.224	3.412	3.506	3.580	3.653	3.735
% Ch	1.7	4.7	8.9	5.8	2.8	2.1	2.0	2.2
Average Nonfarm Annual Wage	78,426	84,316	85,864	87,256	90,940	94,937	99,066	103,400
% Ch	10.0	7.5	1.8	1.6	4.2	4.4	4.3	4.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	28.32	28.05	29.90	29.51	30.83	31.81	32.88	34.00
% Ch	-2.9	-1.0	6.6	-1.3	4.5	3.2	3.4	3.4
Current Dollar Income (Billions of Dollars)								
Personal Income	527.582	570.921	583.804	612.018	639.575	671.862	706.973	744.140
% Ch	7.6	8.2	2.3	4.8	4.5	5.0	5.2	5.3
Disposable Personal Income	468.083	499.530	498.106	534.995	563.513	593.553	623.403	654.475
% Ch	8.3	6.7	-0.3	7.4	5.3	5.3	5.0	5.0
Per Capita Income (\$/Person)	68,363	73,728	74,983	78,002	80,843	84,229	87,822	91,546
% Ch	6.5	7.8	1.7	4.0	3.6	4.2	4.3	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,935.8	3,899.3	3,988.0	4,064.4	4,102.5	4,135.2	4,175.0	4,216.3
Total Washington Employment	3,602.3	3,695.9	3,821.6	3,887.7	3,903.1	3,934.7	3,979.3	4,024.7
Unemployment Rate (%)	8.46	5.22	4.17	4.35	4.86	4.85	4.69	4.54
Nonfarm Payroll Employment	3,283.3	3,369.5	3,529.1	3,602.2	3,610.1	3,635.6	3,672.4	3,709.1
% Ch	-5.3	2.6	4.7	2.1	0.2	0.7	1.0	1.0
Manufacturing	271.8	260.0	268.9	275.5	269.1	267.3	269.1	270.6
% Ch	-7.5	-4.4	3.4	2.5	-2.3	-0.7	0.7	0.5
Durable Manufacturing	189.8	175.9	181.6	186.9	182.7	181.8	183.6	184.9
% Ch	-8.3	-7.3	3.3	2.9	-2.3	-0.5	1.0	0.7
Aerospace	80.1	67.6	71.3	75.6	76.7	77.0	77.1	77.5
% Ch	-9.6	-15.6	5.5	6.0	1.4	0.5	0.1	0.6
Nondurable Manufacturing	82.0	84.1	87.3	88.6	86.3	85.5	85.5	85.6
% Ch	-5.5	2.6	3.8	1.5	-2.5	-0.9	0.0	0.1
Construction	213.9	223.9	232.6	236.5	234.6	234.7	239.1	243.3
% Ch	-2.6	4.7	3.9	1.7	-0.8	0.1	1.8	1.8
Service-Providing	2,792.0	2,880.0	3,022.1	3,084.7	3,101.3	3,128.4	3,158.8	3,189.8
% Ch	-5.3	3.1	4.9	2.1	0.5	0.9	1.0	1.0
Software Publishers	76.0	80.0	85.1	84.0	83.9	85.0	86.2	87.3
% Ch	8.1	5.1	6.4	-1.3	0.0	1.3	1.4	1.3
Mgmt. of Companies and Enterprises	91.8	90.2	104.2	104.0	108.5	112.2	115.4	118.2
% Ch	8.4	-1.7	15.5	-0.2	4.3	3.5	2.8	2.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	43.881	56.941	49.033	40.392	42.345	44.059	44.820	45.156
% Ch	-9.4	29.8	-13.9	-17.6	4.8	4.0	1.7	0.7
Single-Family	23.542	25.076	20.401	18.325	22.814	24.274	25.148	25.355
% Ch	1.0	6.5	-18.6	-10.2	24.5	6.4	3.6	0.8
Multi-Family	20.339	31.865	28.632	22.067	19.530	19.785	19.672	19.801
% Ch	-19.0	56.7	-10.1	-22.9	-11.5	1.3	-0.6	0.7
30-Year Fixed Mortgage Rate (%)	3.18	3.03	5.38	6.44	5.77	5.15	4.94	4.93

Table A1.4
Washington Economic Forecast Summary
Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	475.905	475.480	475.027	474.823	476.232	479.559	482.081	483.711
% Ch, Annual Rate	-5.8	-0.4	-0.4	-0.2	1.2	2.8	2.1	1.4
Real Wage and Salary Disb.	252.505	253.219	254.333	251.942	251.614	252.267	253.559	254.826
% Ch, Annual Rate	-6.3	1.1	1.8	-3.7	-0.5	1.0	2.1	2.0
Real Nonwage Income	223.400	222.261	220.695	222.881	224.618	227.292	228.521	228.885
% Ch, Annual Rate	-5.2	-2.0	-2.8	4.0	3.2	4.8	2.2	0.6
Real Per Capita Income (\$/Person)	61,277	61,127	60,960	60,836	60,889	61,187	61,379	61,454
% Ch, Annual Rate	-6.2	-1.0	-1.1	-0.8	0.3	2.0	1.3	0.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.203	1.224	1.237	1.249	1.262	1.270	1.278	1.286
% Ch, Annual Rate	7.5	7.3	4.3	3.7	4.2	2.7	2.5	2.7
Seattle Cons. Price Index (1982-84=1.0)	3.114	3.208	3.260	3.313	3.361	3.401	3.429	3.457
% Ch, Annual Rate	8.9	12.7	6.5	6.7	6.0	4.8	3.3	3.4
Average Nonfarm Annual Wage	85,022	86,020	86,393	86,021	86,259	86,705	87,549	88,512
% Ch, Annual Rate	-3.0	4.8	1.7	-1.7	1.1	2.1	3.9	4.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	29.63	29.97	30.19	29.81	28.68	29.45	29.78	30.13
% Ch, Annual Rate	11.2	4.7	3.0	-5.0	-14.2	11.1	4.6	4.7
Current Dollar Income (Billions of Dollars)								
Personal Income	572.467	582.110	587.735	592.904	600.783	609.044	615.984	622.259
% Ch, Annual Rate	1.3	6.9	3.9	3.6	5.4	5.6	4.6	4.1
Disposable Personal Income	488.008	496.096	501.152	507.169	523.166	531.909	539.267	545.638
% Ch, Annual Rate	-5.5	6.8	4.1	4.9	13.2	6.9	5.6	4.8
Per Capita Income (\$/Person)	73,710	74,835	75,424	75,966	76,814	77,709	78,427	79,057
% Ch, Annual Rate	0.9	6.2	3.2	2.9	4.5	4.7	3.8	3.2
Employment (Thousands)								
Washington Civilian Labor Force	3,952.8	3,982.8	4,001.1	4,015.5	4,035.3	4,064.9	4,073.9	4,083.7
Total Washington Employment	3,796.1	3,827.1	3,830.8	3,832.4	3,851.9	3,896.3	3,900.3	3,902.3
Unemployment Rate (%)	3.97	3.91	4.26	4.56	4.55	4.15	4.26	4.44
Nonfarm Payroll Employment	3,483.3	3,514.6	3,552.5	3,566.1	3,588.2	3,602.4	3,607.7	3,610.7
% Ch, Annual Rate	3.9	3.6	4.4	1.5	2.5	1.6	0.6	0.3
Manufacturing	265.3	267.3	270.9	272.3	275.0	276.9	276.2	274.0
% Ch, Annual Rate	3.2	3.1	5.5	2.0	4.1	2.8	-1.1	-3.1
Durable Manufacturing	178.6	180.4	183.1	184.4	185.9	188.2	187.7	186.0
% Ch, Annual Rate	3.5	4.1	6.2	2.7	3.4	5.0	-1.1	-3.6
Aerospace	68.7	70.0	72.7	73.9	74.4	75.8	76.0	76.2
% Ch, Annual Rate	5.8	8.0	16.4	6.7	2.9	7.8	0.7	1.2
Nondurable Manufacturing	86.7	86.9	87.7	87.9	89.1	88.7	88.5	88.1
% Ch, Annual Rate	2.7	0.9	4.1	0.7	5.5	-1.6	-1.1	-1.9
Construction	229.5	230.8	235.4	234.6	236.4	238.5	235.4	235.9
% Ch, Annual Rate	3.6	2.4	8.2	-1.3	3.0	3.7	-5.2	0.9
Service-Providing	2,983.0	3,011.0	3,040.6	3,053.7	3,071.2	3,081.2	3,090.8	3,095.4
% Ch, Annual Rate	4.0	3.8	4.0	1.7	2.3	1.3	1.2	0.6
Software Publishers	83.9	85.0	85.8	85.8	85.4	84.0	83.2	83.3
% Ch, Annual Rate	7.0	5.4	3.8	0.1	-1.8	-6.4	-4.0	0.6
Mgmt. of Companies and Enterprises	102.3	104.8	105.3	104.3	102.9	103.0	104.4	105.7
% Ch, Annual Rate	49.9	10.1	2.1	-3.7	-5.3	0.2	5.5	5.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	58.000	55.524	44.632	37.976	41.921	37.328	40.691	41.628
% Ch, Annual Rate	-19.7	-16.0	-58.3	-47.6	48.5	-37.1	41.2	9.5
Single-Family	24.623	23.006	18.766	15.209	14.230	17.699	20.151	21.218
% Ch, Annual Rate	4.2	-23.8	-55.7	-56.9	-23.4	139.3	68.0	22.9
Multi-Family	33.377	32.519	25.866	22.767	27.691	19.629	20.540	20.410
% Ch, Annual Rate	-33.1	-9.9	-60.0	-40.0	118.8	-74.8	19.9	-2.5
30-Year Fixed Mortgage Rate (%)	3.90	5.33	5.66	6.63	6.36	6.49	6.58	6.32

Table A1.4 (continued)
Washington Economic Forecast Summary
Forecast 2023 to 2027

	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	486.249	488.657	491.453	494.645	498.700	503.038	507.158	511.000
% Ch, Annual Rate	2.1	2.0	2.3	2.6	3.3	3.5	3.3	3.1
Real Wage and Salary Disb.	255.910	257.233	258.757	260.598	262.552	264.947	267.295	269.473
% Ch, Annual Rate	1.7	2.1	2.4	2.9	3.0	3.7	3.6	3.3
Real Nonwage Income	230.339	231.423	232.696	234.047	236.148	238.091	239.863	241.527
% Ch, Annual Rate	2.6	1.9	2.2	2.3	3.6	3.3	3.0	2.8
Real Per Capita Income (\$/Person)	61,647	61,827	62,061	62,341	62,724	63,136	63,515	63,854
% Ch, Annual Rate	1.3	1.2	1.5	1.8	2.5	2.7	2.4	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.294	1.301	1.308	1.315	1.321	1.327	1.333	1.340
% Ch, Annual Rate	2.5	2.2	2.1	2.0	2.0	1.9	1.8	1.9
Seattle Cons. Price Index (1982-84=1.0)	3.477	3.497	3.516	3.535	3.554	3.571	3.588	3.607
% Ch, Annual Rate	2.3	2.3	2.2	2.1	2.2	1.9	1.9	2.1
Average Nonfarm Annual Wage	89,437	90,431	91,452	92,438	93,422	94,434	95,433	96,462
% Ch, Annual Rate	4.2	4.5	4.6	4.4	4.3	4.4	4.3	4.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	30.43	30.72	30.97	31.20	31.43	31.67	31.93	32.20
% Ch, Annual Rate	4.0	3.8	3.4	3.0	2.9	3.2	3.3	3.4
Current Dollar Income (Billions of Dollars)								
Personal Income	629.332	635.899	642.828	650.243	658.898	667.748	676.215	684.586
% Ch, Annual Rate	4.6	4.2	4.4	4.7	5.4	5.5	5.2	5.0
Disposable Personal Income	552.722	560.004	567.104	574.224	582.291	590.494	597.343	604.085
% Ch, Annual Rate	5.3	5.4	5.2	5.1	5.7	5.8	4.7	4.6
Per Capita Income (\$/Person)	79,787	80,457	81,177	81,951	82,873	83,809	84,687	85,545
% Ch, Annual Rate	3.7	3.4	3.6	3.9	4.6	4.6	4.3	4.1
Employment (Thousands)								
Washington Civilian Labor Force	4,092.0	4,099.0	4,105.6	4,113.3	4,121.1	4,130.4	4,139.8	4,149.6
Total Washington Employment	3,902.3	3,902.0	3,899.9	3,908.3	3,918.4	3,929.8	3,940.3	3,950.5
Unemployment Rate (%)	4.64	4.81	5.01	4.98	4.92	4.86	4.82	4.80
Nonfarm Payroll Employment	3,610.2	3,608.7	3,608.1	3,613.3	3,620.2	3,631.3	3,641.4	3,649.5
% Ch, Annual Rate	-0.1	-0.2	-0.1	0.6	0.8	1.2	1.1	0.9
Manufacturing	272.0	269.7	267.9	266.6	266.8	267.2	267.5	267.7
% Ch, Annual Rate	-3.0	-3.2	-2.7	-1.9	0.2	0.7	0.5	0.3
Durable Manufacturing	184.8	183.2	181.9	181.0	181.2	181.7	181.9	182.2
% Ch, Annual Rate	-2.6	-3.4	-2.7	-1.9	0.5	0.9	0.6	0.7
Aerospace	76.4	76.6	76.7	76.9	77.0	77.0	77.0	77.0
% Ch, Annual Rate	1.1	0.9	0.8	0.8	0.5	0.2	0.0	-0.1
Nondurable Manufacturing	87.2	86.6	86.0	85.6	85.5	85.6	85.6	85.5
% Ch, Annual Rate	-3.8	-2.9	-2.6	-2.0	-0.4	0.3	0.2	-0.6
Construction	235.9	234.6	233.7	234.1	233.6	234.4	235.1	235.9
% Ch, Annual Rate	0.1	-2.2	-1.5	0.7	-1.0	1.4	1.1	1.5
Service-Providing	3,097.1	3,099.2	3,101.4	3,107.5	3,114.8	3,124.6	3,133.7	3,140.7
% Ch, Annual Rate	0.2	0.3	0.3	0.8	0.9	1.3	1.2	0.9
Software Publishers	83.7	83.8	84.0	84.2	84.6	84.8	85.1	85.4
% Ch, Annual Rate	1.8	0.8	0.7	1.1	1.7	1.3	1.4	1.3
Mgmt. of Companies and Enterprises	106.9	108.0	109.0	110.0	110.9	111.8	112.7	113.5
% Ch, Annual Rate	4.6	4.2	3.9	3.7	3.4	3.2	3.1	2.9
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	42.196	42.011	42.198	42.973	43.591	43.820	44.178	44.645
% Ch, Annual Rate	5.6	-1.7	1.8	7.6	5.9	2.1	3.3	4.3
Single-Family	22.073	22.418	23.067	23.699	23.844	24.118	24.338	24.795
% Ch, Annual Rate	17.1	6.4	12.1	11.4	2.5	4.7	3.7	7.7
Multi-Family	20.123	19.594	19.131	19.274	19.747	19.702	19.840	19.850
% Ch, Annual Rate	-5.5	-10.1	-9.1	3.0	10.2	-0.9	2.8	0.2
30-Year Fixed Mortgage Rate (%)	6.06	5.85	5.65	5.50	5.32	5.18	5.08	5.00

Table A1.4 (continued)
Washington Economic Forecast Summary
Forecast 2023 to 2027

	2026:1	2026:2	2026:3	2026:4	2027:1	2027:2	2027:3	2027:4
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	515.495	519.491	523.315	527.126	531.760	535.844	539.909	543.874
% Ch, Annual Rate	3.6	3.1	3.0	2.9	3.6	3.1	3.1	3.0
Real Wage and Salary Disb.	271.751	274.014	276.235	278.449	280.778	283.076	285.349	287.592
% Ch, Annual Rate	3.4	3.4	3.3	3.2	3.4	3.3	3.3	3.2
Real Nonwage Income	243.744	245.477	247.080	248.678	250.981	252.768	254.559	256.282
% Ch, Annual Rate	3.7	2.9	2.6	2.6	3.8	2.9	2.9	2.7
Real Per Capita Income (\$/Person)	64,268	64,614	64,933	65,247	65,661	66,004	66,342	66,665
% Ch, Annual Rate	2.6	2.2	2.0	1.9	2.6	2.1	2.1	2.0
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.346	1.352	1.359	1.366	1.373	1.380	1.387	1.394
% Ch, Annual Rate	1.9	1.9	2.0	2.1	2.0	2.0	2.1	2.0
Seattle Cons. Price Index (1982-84=1.0)	3.625	3.643	3.662	3.684	3.703	3.724	3.745	3.766
% Ch, Annual Rate	2.0	2.1	2.1	2.4	2.1	2.2	2.3	2.2
Average Nonfarm Annual Wage	97,502	98,536	99,572	100,655	101,755	102,847	103,957	105,041
% Ch, Annual Rate	4.4	4.3	4.3	4.4	4.4	4.4	4.4	4.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	32.47	32.74	33.01	33.28	33.57	33.85	34.14	34.44
% Ch, Annual Rate	3.4	3.4	3.3	3.3	3.5	3.4	3.5	3.5
Current Dollar Income (Billions of Dollars)								
Personal Income	693.870	702.587	711.265	720.172	730.081	739.376	748.887	758.216
% Ch, Annual Rate	5.5	5.1	5.0	5.1	5.6	5.2	5.2	5.1
Disposable Personal Income	612.334	619.911	627.071	634.295	642.785	650.622	658.481	666.011
% Ch, Annual Rate	5.6	5.0	4.7	4.7	5.5	5.0	4.9	4.7
Per Capita Income (\$/Person)	86,506	87,387	88,254	89,142	90,149	91,075	92,020	92,938
% Ch, Annual Rate	4.6	4.1	4.0	4.1	4.6	4.2	4.2	4.0
Employment (Thousands)								
Washington Civilian Labor Force	4,159.7	4,169.9	4,180.0	4,190.2	4,200.5	4,211.1	4,221.6	4,232.2
Total Washington Employment	3,961.7	3,973.3	3,985.2	3,996.9	4,007.7	4,019.2	4,030.4	4,041.6
Unemployment Rate (%)	4.76	4.71	4.66	4.61	4.59	4.56	4.53	4.50
Nonfarm Payroll Employment	3,658.3	3,667.7	3,677.3	3,686.2	3,695.0	3,704.4	3,713.8	3,723.5
% Ch, Annual Rate	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Manufacturing	268.3	268.8	269.5	270.0	270.3	270.5	270.7	270.8
% Ch, Annual Rate	0.9	0.8	0.9	0.8	0.6	0.3	0.2	0.1
Durable Manufacturing	182.8	183.4	183.9	184.4	184.7	184.9	185.0	185.2
% Ch, Annual Rate	1.3	1.2	1.2	1.0	0.6	0.4	0.4	0.4
Aerospace	77.0	77.0	77.1	77.2	77.3	77.5	77.6	77.7
% Ch, Annual Rate	0.0	0.1	0.3	0.5	0.7	0.7	0.7	0.6
Nondurable Manufacturing	85.5	85.5	85.5	85.6	85.7	85.7	85.6	85.6
% Ch, Annual Rate	-0.1	0.1	0.3	0.3	0.4	0.0	-0.2	-0.4
Construction	237.4	238.5	239.8	240.6	241.5	242.6	243.8	245.2
% Ch, Annual Rate	2.6	1.8	2.2	1.4	1.5	1.8	2.0	2.3
Service-Providing	3,147.3	3,155.0	3,162.6	3,170.2	3,177.6	3,185.7	3,193.7	3,202.0
% Ch, Annual Rate	0.8	1.0	1.0	1.0	0.9	1.0	1.0	1.0
Software Publishers	85.7	86.0	86.3	86.6	86.9	87.2	87.5	87.8
% Ch, Annual Rate	1.6	1.4	1.4	1.3	1.4	1.3	1.4	1.3
Mgmt. of Companies and Enterprises	114.3	115.0	115.7	116.5	117.2	117.8	118.5	119.2
% Ch, Annual Rate	2.8	2.7	2.6	2.5	2.4	2.4	2.3	2.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	44.659	45.016	44.707	44.898	45.103	45.253	45.147	45.120
% Ch, Annual Rate	0.1	3.2	-2.7	1.7	1.8	1.3	-0.9	-0.2
Single-Family	25.122	25.337	25.020	25.113	25.247	25.380	25.344	25.450
% Ch, Annual Rate	5.4	3.5	-4.9	1.5	2.1	2.1	-0.6	1.7
Multi-Family	19.538	19.679	19.686	19.785	19.856	19.873	19.803	19.670
% Ch, Annual Rate	-6.1	2.9	0.1	2.0	1.5	0.3	-1.4	-2.7
30-Year Fixed Mortgage Rate (%)	4.94	4.95	4.95	4.94	4.93	4.93	4.93	4.93

Table A2.1

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Nonfarm Payroll Employment	142.15	146.28	152.63	155.99	155.71	156.00	156.65	157.35
% Ch	-5.8	2.9	4.3	2.2	-0.2	0.2	0.4	0.4
Manufacturing	12.16	12.35	12.83	12.93	12.41	12.13	12.08	12.04
% Ch	-5.1	1.6	3.8	0.8	-4.0	-2.2	-0.5	-0.3
Durable Manufacturing	7.57	7.68	7.98	8.06	7.67	7.47	7.44	7.43
% Ch	-5.8	1.4	3.8	1.1	-4.8	-2.7	-0.3	-0.2
Wood Products	0.40	0.41	0.43	0.42	0.36	0.38	0.42	0.44
% Ch	-3.1	3.5	4.6	-2.4	-13.2	3.5	10.9	5.5
Primary and Fabricated Metals	1.74	1.73	1.79	1.81	1.70	1.67	1.68	1.69
% Ch	-7.1	-0.4	3.6	0.6	-5.7	-2.1	1.1	0.4
Computer and Electronic Products	1.06	1.06	1.09	1.10	1.09	1.10	1.10	1.09
% Ch	-1.2	-0.3	2.7	1.0	-0.3	0.6	-0.1	-0.9
Machinery and Electrical Equipment	1.44	1.45	1.51	1.51	1.43	1.36	1.35	1.35
% Ch	-5.9	0.7	4.1	0.3	-5.7	-4.7	-0.4	0.0
Transportation Equipment	1.59	1.65	1.73	1.82	1.77	1.69	1.62	1.59
% Ch	-8.0	3.4	4.9	5.2	-2.7	-4.1	-4.1	-1.9
Other Durables	1.34	1.39	1.43	1.41	1.32	1.27	1.27	1.26
% Ch	-5.5	3.0	3.3	-1.3	-6.5	-3.8	-0.5	-0.4
Nondurable Manufacturing	4.59	4.67	4.85	4.87	4.74	4.67	4.63	4.60
% Ch	-3.9	1.8	3.8	0.4	-2.7	-1.5	-0.7	-0.6
Food Manufacturing	1.61	1.64	1.70	1.73	1.71	1.71	1.71	1.73
% Ch	-1.8	1.4	3.6	2.0	-0.9	-0.4	0.4	0.7
Paper and Paper Products	0.35	0.35	0.36	0.35	0.33	0.33	0.32	0.32
% Ch	-2.9	-1.4	3.3	-2.5	-5.2	-2.3	-0.4	-0.2
Other Nondurables	2.62	2.69	2.79	2.79	2.69	2.63	2.59	2.55
% Ch	-5.2	2.4	4.0	-0.2	-3.4	-2.2	-1.5	-1.5
Natural Resources and Mining	0.60	0.56	0.61	0.64	0.63	0.63	0.65	0.65
% Ch	-17.5	-6.5	8.0	5.0	-0.5	0.3	1.9	1.4
Construction	7.26	7.44	7.75	7.90	7.84	7.81	7.88	7.97
% Ch	-3.2	2.5	4.2	1.9	-0.7	-0.4	0.9	1.0
Trade, Transportation, and Utilities	26.62	27.66	28.66	28.93	28.48	28.00	27.79	27.70
% Ch	-3.7	3.9	3.6	0.9	-1.6	-1.7	-0.7	-0.3
Wholesale Trade	5.63	5.71	5.96	6.05	6.14	6.17	6.20	6.22
% Ch	-4.3	1.4	4.5	1.4	1.5	0.5	0.4	0.3
Retail Trade	14.81	15.26	15.49	15.57	14.97	14.43	14.14	14.03
% Ch	-4.7	3.0	1.5	0.6	-3.9	-3.6	-2.0	-0.8
Trans., Warehousing, and Utilities	6.18	6.69	7.21	7.31	7.37	7.40	7.45	7.45
% Ch	-0.6	8.3	7.8	1.3	0.8	0.4	0.7	0.0
Information	2.72	2.86	3.07	3.10	3.12	3.18	3.16	3.14
% Ch	-5.0	5.0	7.6	0.9	0.6	1.8	-0.5	-0.8
Publishing Industries	0.83	0.87	0.94	0.93	0.91	0.89	0.88	0.87
% Ch	0.9	4.8	8.1	-1.1	-2.6	-1.7	-1.2	-1.3
Other Information	1.89	1.99	2.13	2.17	2.21	2.29	2.28	2.27
% Ch	-7.4	5.1	7.4	1.8	2.0	3.3	-0.2	-0.5
Financial Activities	8.70	8.81	9.04	9.13	9.19	9.31	9.42	9.50
% Ch	-0.6	1.2	2.7	1.0	0.7	1.3	1.2	0.8
Professional and Business Services	20.37	21.38	22.58	22.93	22.78	23.27	23.66	23.98
% Ch	-4.5	5.0	5.6	1.6	-0.7	2.2	1.7	1.4
Education and Health Services	23.27	23.65	24.35	25.24	25.77	25.86	25.84	25.91
% Ch	-3.7	1.6	3.0	3.7	2.1	0.3	-0.1	0.2
Leisure and Hospitality	13.13	14.15	15.85	16.63	16.54	16.65	16.77	16.87
% Ch	-20.8	7.7	12.0	4.9	-0.5	0.6	0.8	0.6
Other Services	5.33	5.46	5.71	5.86	6.00	6.07	6.16	6.24
% Ch	-9.6	2.4	4.6	2.7	2.4	1.2	1.5	1.3
Federal Government	2.93	2.89	2.87	2.91	2.92	2.92	2.92	2.92
% Ch	3.6	-1.6	-0.6	1.5	0.3	0.0	0.0	0.0
State and Local Government	19.05	19.08	19.31	19.78	20.02	20.17	20.31	20.43
% Ch	-3.7	0.2	1.2	2.4	1.2	0.8	0.7	0.6

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Nonfarm Payroll Employment	150.85	152.04	153.33	154.28	155.24	156.08	156.40	156.22
% Ch, Annual Rate	4.6	3.2	3.4	2.5	2.5	2.2	0.8	-0.4
Manufacturing	12.66	12.79	12.89	12.97	12.98	12.99	12.95	12.80
% Ch, Annual Rate	4.0	4.2	3.1	2.4	0.5	0.2	-1.1	-4.5
Durable Manufacturing	7.87	7.94	8.01	8.08	8.10	8.11	8.09	7.96
% Ch, Annual Rate	3.5	3.8	3.5	3.2	0.9	0.7	-1.2	-5.9
Wood Products	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.40
% Ch, Annual Rate	7.6	4.4	0.4	-1.5	-1.9	-1.8	0.3	-24.1
Primary and Fabricated Metals	1.78	1.79	1.80	1.81	1.82	1.82	1.81	1.78
% Ch, Annual Rate	4.1	2.8	3.2	2.8	0.3	0.7	-1.8	-7.1
Computer and Electronic Products	1.07	1.08	1.09	1.10	1.10	1.10	1.10	1.09
% Ch, Annual Rate	2.0	4.0	3.6	2.1	0.3	0.5	-1.5	-1.1
Machinery and Electrical Equipment	1.49	1.51	1.51	1.52	1.53	1.53	1.51	1.48
% Ch, Annual Rate	5.8	4.5	2.1	2.8	1.9	-1.3	-5.2	-5.6
Transportation Equipment	1.68	1.71	1.74	1.77	1.78	1.82	1.83	1.83
% Ch, Annual Rate	0.1	6.8	6.7	7.2	3.3	7.3	4.3	-1.3
Other Durables	1.42	1.43	1.43	1.44	1.44	1.42	1.41	1.38
% Ch, Annual Rate	4.5	0.6	2.3	1.7	-0.7	-4.2	-2.9	-8.3
Nondurable Manufacturing	4.79	4.85	4.88	4.89	4.89	4.88	4.87	4.84
% Ch, Annual Rate	4.7	4.7	2.4	1.0	-0.1	-0.6	-1.1	-2.2
Food Manufacturing	1.67	1.69	1.70	1.71	1.73	1.73	1.73	1.73
% Ch, Annual Rate	5.1	4.8	2.1	2.2	3.2	1.0	-0.2	0.4
Paper and Paper Products	0.36	0.36	0.36	0.36	0.36	0.35	0.35	0.35
% Ch, Annual Rate	7.4	3.7	-1.0	-1.1	-4.5	-4.1	-1.8	-4.7
Other Nondurables	2.76	2.79	2.81	2.82	2.80	2.80	2.79	2.76
% Ch, Annual Rate	4.0	4.8	3.1	0.5	-1.5	-1.2	-1.5	-3.5
Natural Resources and Mining	0.58	0.60	0.61	0.62	0.63	0.64	0.63	0.63
% Ch, Annual Rate	7.4	13.2	7.3	6.9	7.0	3.8	-2.8	-0.9
Construction	7.65	7.73	7.78	7.84	7.89	7.92	7.89	7.89
% Ch, Annual Rate	5.1	4.1	2.9	2.7	2.9	1.5	-1.4	-0.1
Trade, Transportation, and Utilities	28.48	28.64	28.76	28.77	28.85	28.93	28.95	28.99
% Ch, Annual Rate	5.6	2.2	1.6	0.2	1.1	1.1	0.3	0.6
Wholesale Trade	5.88	5.96	5.99	6.02	6.04	6.05	6.04	6.06
% Ch, Annual Rate	5.8	5.0	2.5	1.9	1.4	0.4	-0.4	1.4
Retail Trade	15.50	15.48	15.50	15.48	15.53	15.57	15.59	15.61
% Ch, Annual Rate	3.7	-0.7	0.6	-0.6	1.3	1.2	0.5	0.3
Trans., Warehousing, and Utilities	7.10	7.21	7.27	7.27	7.28	7.31	7.31	7.32
% Ch, Annual Rate	9.8	6.5	3.2	0.3	0.6	1.4	0.3	0.4
Information	3.00	3.06	3.11	3.12	3.09	3.09	3.12	3.10
% Ch, Annual Rate	6.1	9.0	6.0	1.7	-3.7	-0.4	3.6	-1.7
Publishing Industries	0.92	0.94	0.95	0.95	0.94	0.94	0.93	0.92
% Ch, Annual Rate	10.9	9.9	5.1	0.1	-4.7	-1.3	-4.5	-4.1
Other Information	2.08	2.12	2.16	2.17	2.15	2.15	2.19	2.19
% Ch, Annual Rate	4.1	8.6	6.4	2.5	-3.2	0.0	7.3	-0.7
Financial Activities	8.97	9.04	9.06	9.09	9.10	9.12	9.14	9.16
% Ch, Annual Rate	3.0	3.0	1.1	1.4	0.2	1.1	0.9	0.7
Professional and Business Services	22.30	22.50	22.71	22.80	22.89	23.07	22.98	22.78
% Ch, Annual Rate	6.6	3.6	3.8	1.6	1.6	3.2	-1.6	-3.4
Education and Health Services	23.98	24.19	24.49	24.75	25.00	25.23	25.34	25.41
% Ch, Annual Rate	2.2	3.5	5.1	4.2	4.2	3.6	1.8	1.1
Leisure and Hospitality	15.50	15.70	15.97	16.24	16.47	16.59	16.74	16.72
% Ch, Annual Rate	11.1	5.3	6.9	7.0	5.8	3.1	3.5	-0.4
Other Services	5.64	5.68	5.73	5.78	5.83	5.85	5.87	5.90
% Ch, Annual Rate	3.6	3.1	3.7	3.3	3.3	1.3	1.5	2.3
Federal Government	2.87	2.86	2.87	2.87	2.90	2.92	2.92	2.92
% Ch, Annual Rate	-0.5	-1.4	0.4	0.9	3.2	2.8	0.7	0.0
State and Local Government	19.20	19.25	19.35	19.43	19.61	19.74	19.86	19.91
% Ch, Annual Rate	0.8	0.9	2.2	1.7	3.7	2.7	2.5	0.9

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2023 to 2027

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4
Nonfarm Payroll Employment	155.96	155.74	155.56	155.56	155.68	155.93	156.14	156.24
% Ch, Annual Rate	-0.7	-0.6	-0.5	0.0	0.3	0.6	0.5	0.3
Manufacturing	12.65	12.48	12.33	12.19	12.16	12.15	12.13	12.10
% Ch, Annual Rate	-4.7	-5.4	-4.7	-4.3	-1.2	-0.1	-0.7	-1.1
Durable Manufacturing	7.86	7.72	7.61	7.50	7.48	7.48	7.46	7.45
% Ch, Annual Rate	-5.1	-6.9	-5.7	-5.3	-1.3	0.1	-0.8	-0.9
Wood Products	0.38	0.37	0.35	0.35	0.36	0.37	0.38	0.39
% Ch, Annual Rate	-15.2	-15.1	-11.3	-3.3	12.5	10.1	9.2	12.2
Primary and Fabricated Metals	1.75	1.71	1.69	1.66	1.66	1.67	1.67	1.67
% Ch, Annual Rate	-6.6	-7.5	-6.4	-5.7	-0.5	1.4	0.8	0.6
Computer and Electronic Products	1.09	1.09	1.09	1.10	1.10	1.10	1.10	1.10
% Ch, Annual Rate	-0.1	-0.1	0.0	1.1	1.1	0.8	0.2	-0.3
Machinery and Electrical Equipment	1.47	1.44	1.41	1.38	1.37	1.36	1.35	1.35
% Ch, Annual Rate	-4.6	-7.3	-7.4	-7.8	-4.1	-2.3	-2.2	-1.3
Transportation Equipment	1.81	1.78	1.75	1.72	1.71	1.71	1.69	1.67
% Ch, Annual Rate	-3.3	-7.6	-5.9	-6.6	-3.1	-0.4	-3.1	-5.4
Other Durables	1.36	1.33	1.31	1.29	1.28	1.27	1.27	1.27
% Ch, Annual Rate	-7.0	-7.5	-5.7	-6.3	-2.8	-1.7	-2.1	-0.9
Nondurable Manufacturing	4.79	4.76	4.72	4.69	4.68	4.67	4.67	4.65
% Ch, Annual Rate	-3.9	-3.1	-3.0	-2.5	-1.0	-0.4	-0.5	-1.2
Food Manufacturing	1.72	1.72	1.71	1.70	1.70	1.71	1.71	1.71
% Ch, Annual Rate	-1.9	-1.2	-1.8	-1.6	0.2	0.8	0.7	-0.5
Paper and Paper Products	0.34	0.33	0.33	0.33	0.33	0.33	0.33	0.32
% Ch, Annual Rate	-7.5	-6.3	-4.9	-3.1	-1.7	-0.9	-0.6	-1.0
Other Nondurables	2.73	2.70	2.68	2.66	2.65	2.64	2.63	2.62
% Ch, Annual Rate	-4.6	-3.8	-3.5	-3.0	-1.7	-1.1	-1.3	-1.7
Natural Resources and Mining	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.64
% Ch, Annual Rate	-0.6	0.0	-0.8	-0.1	0.1	0.1	1.7	1.8
Construction	7.88	7.84	7.83	7.83	7.80	7.81	7.82	7.83
% Ch, Annual Rate	-0.7	-1.9	-0.7	0.3	-1.6	0.2	0.5	0.8
Trade, Transportation, and Utilities	28.79	28.57	28.37	28.19	28.07	28.01	27.98	27.93
% Ch, Annual Rate	-2.8	-3.0	-2.9	-2.5	-1.7	-0.8	-0.4	-0.7
Wholesale Trade	6.12	6.14	6.15	6.16	6.18	6.17	6.17	6.17
% Ch, Annual Rate	3.4	1.5	0.6	0.7	1.4	-0.8	0.1	0.0
Retail Trade	15.31	15.06	14.85	14.66	14.49	14.45	14.41	14.36
% Ch, Annual Rate	-7.3	-6.4	-5.5	-4.9	-4.7	-1.1	-1.1	-1.5
Trans., Warehousing, and Utilities	7.36	7.37	7.37	7.36	7.40	7.39	7.40	7.40
% Ch, Annual Rate	2.3	0.6	-0.3	-0.1	1.9	-0.4	0.4	0.2
Information	3.13	3.14	3.10	3.11	3.15	3.17	3.19	3.19
% Ch, Annual Rate	3.5	0.8	-4.7	1.9	5.3	2.0	3.2	-0.9
Publishing Industries	0.92	0.91	0.90	0.90	0.90	0.89	0.89	0.89
% Ch, Annual Rate	0.2	-3.3	-3.7	-2.3	-0.2	-1.6	-1.4	-1.6
Other Information	2.21	2.23	2.20	2.22	2.26	2.28	2.31	2.30
% Ch, Annual Rate	4.9	2.5	-5.1	3.6	7.6	3.5	5.1	-0.7
Financial Activities	9.17	9.17	9.19	9.23	9.29	9.29	9.31	9.34
% Ch, Annual Rate	0.3	0.1	1.1	1.7	2.3	0.2	0.8	1.4
Professional and Business Services	22.79	22.72	22.76	22.85	23.00	23.22	23.39	23.47
% Ch, Annual Rate	0.1	-1.2	0.7	1.6	2.8	3.8	3.0	1.3
Education and Health Services	25.62	25.76	25.83	25.89	25.93	25.87	25.84	25.80
% Ch, Annual Rate	3.4	2.2	1.2	0.8	0.7	-1.0	-0.5	-0.7
Leisure and Hospitality	16.48	16.53	16.55	16.61	16.55	16.65	16.66	16.71
% Ch, Annual Rate	-5.7	1.2	0.6	1.5	-1.4	2.4	0.3	1.2
Other Services	5.96	5.99	6.01	6.03	6.06	6.06	6.07	6.09
% Ch, Annual Rate	3.9	2.3	1.4	1.2	1.8	0.1	1.0	1.3
Federal Government	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and Local Government	19.95	19.99	20.04	20.08	20.11	20.15	20.19	20.22
% Ch, Annual Rate	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.7

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2023 to 2027

	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4
Nonfarm Payroll Employment	156.36	156.55	156.75	156.93	157.10	157.26	157.43	157.59
% Ch, Annual Rate	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Manufacturing	12.09	12.08	12.07	12.07	12.06	12.05	12.03	12.00
% Ch, Annual Rate	-0.3	-0.4	-0.1	-0.1	-0.2	-0.6	-0.7	-0.7
Durable Manufacturing	7.45	7.44	7.44	7.45	7.45	7.44	7.43	7.42
% Ch, Annual Rate	-0.1	-0.3	0.2	0.2	-0.1	-0.5	-0.5	-0.5
Wood Products	0.40	0.41	0.42	0.43	0.43	0.44	0.44	0.45
% Ch, Annual Rate	13.6	10.8	8.7	5.7	4.3	4.1	4.8	4.3
Primary and Fabricated Metals	1.68	1.68	1.69	1.69	1.70	1.69	1.69	1.69
% Ch, Annual Rate	1.5	1.0	1.5	1.3	0.5	-0.4	-0.5	-0.8
Computer and Electronic Products	1.10	1.10	1.10	1.10	1.10	1.09	1.09	1.09
% Ch, Annual Rate	-0.2	-0.2	-0.3	-0.4	-1.2	-1.2	-1.1	-1.1
Machinery and Electrical Equipment	1.35	1.35	1.35	1.36	1.36	1.35	1.35	1.35
% Ch, Annual Rate	0.3	0.3	0.8	0.5	0.1	-0.5	-0.6	-0.5
Transportation Equipment	1.65	1.63	1.62	1.61	1.60	1.60	1.59	1.59
% Ch, Annual Rate	-5.0	-4.8	-3.1	-2.0	-1.4	-1.2	-1.2	-1.0
Other Durables	1.27	1.27	1.27	1.27	1.26	1.26	1.26	1.26
% Ch, Annual Rate	0.4	-0.2	0.0	-0.1	-0.2	-0.9	-0.7	-0.6
Nondurable Manufacturing	4.64	4.64	4.63	4.62	4.62	4.61	4.60	4.59
% Ch, Annual Rate	-0.8	-0.7	-0.5	-0.5	-0.4	-0.7	-0.9	-1.1
Food Manufacturing	1.71	1.71	1.72	1.72	1.72	1.73	1.73	1.73
% Ch, Annual Rate	0.2	0.5	0.9	1.1	1.0	0.6	0.2	-0.1
Paper and Paper Products	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
% Ch, Annual Rate	-0.3	0.0	0.1	-0.2	0.0	-0.4	-0.7	-0.8
Other Nondurables	2.61	2.60	2.59	2.58	2.57	2.56	2.55	2.54
% Ch, Annual Rate	-1.5	-1.5	-1.5	-1.6	-1.4	-1.6	-1.7	-1.8
Natural Resources and Mining	0.64	0.64	0.65	0.65	0.65	0.65	0.66	0.66
% Ch, Annual Rate	2.1	2.4	2.2	1.7	1.6	1.2	0.5	0.0
Construction	7.85	7.88	7.90	7.91	7.93	7.95	7.98	8.00
% Ch, Annual Rate	1.2	1.1	1.1	0.6	1.0	1.2	1.2	1.4
Trade, Transportation, and Utilities	27.82	27.79	27.78	27.77	27.73	27.72	27.70	27.65
% Ch, Annual Rate	-1.5	-0.5	-0.1	-0.2	-0.5	-0.2	-0.3	-0.7
Wholesale Trade	6.19	6.20	6.21	6.21	6.22	6.23	6.22	6.21
% Ch, Annual Rate	1.1	0.5	0.6	0.4	0.6	0.5	-0.4	-0.7
Retail Trade	14.21	14.15	14.12	14.09	14.05	14.04	14.03	14.00
% Ch, Annual Rate	-4.1	-1.5	-0.9	-0.9	-1.1	-0.4	-0.3	-0.8
Trans., Warehousing, and Utilities	7.43	7.44	7.46	7.47	7.46	7.45	7.45	7.44
% Ch, Annual Rate	1.4	0.7	0.8	0.5	-0.3	-0.5	-0.1	-0.4
Information	3.18	3.17	3.15	3.14	3.14	3.14	3.14	3.13
% Ch, Annual Rate	-0.8	-1.6	-1.8	-1.7	0.0	-0.3	-0.2	-0.4
Publishing Industries	0.88	0.88	0.88	0.87	0.87	0.87	0.87	0.86
% Ch, Annual Rate	-0.4	-1.3	-1.3	-1.7	-1.1	-1.4	-1.2	-1.5
Other Information	2.30	2.29	2.28	2.27	2.27	2.27	2.27	2.27
% Ch, Annual Rate	-0.9	-1.8	-2.0	-1.6	0.4	0.1	0.2	0.1
Financial Activities	9.40	9.42	9.43	9.43	9.48	9.51	9.51	9.49
% Ch, Annual Rate	2.7	0.8	0.2	0.2	2.1	1.3	0.0	-0.7
Professional and Business Services	23.58	23.63	23.68	23.75	23.83	23.91	24.01	24.19
% Ch, Annual Rate	1.9	0.9	0.9	1.2	1.2	1.3	1.7	3.0
Education and Health Services	25.83	25.84	25.85	25.86	25.89	25.90	25.92	25.93
% Ch, Annual Rate	0.5	0.2	0.1	0.2	0.4	0.2	0.3	0.2
Leisure and Hospitality	16.66	16.74	16.82	16.88	16.87	16.88	16.88	16.87
% Ch, Annual Rate	-1.3	1.9	2.0	1.6	-0.3	0.2	0.1	-0.3
Other Services	6.13	6.15	6.17	6.19	6.21	6.22	6.25	6.27
% Ch, Annual Rate	2.4	1.4	1.2	1.2	1.3	1.1	1.5	1.5
Federal Government	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and Local Government	20.26	20.29	20.32	20.36	20.39	20.42	20.45	20.48
% Ch, Annual Rate	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6

Table A2.3

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Nonfarm Payroll Employment	3,283.3	3,369.5	3,529.1	3,602.2	3,610.1	3,635.6	3,672.4	3,709.1
% Ch	-5.3	2.6	4.7	2.1	0.2	0.7	1.0	1.0
Manufacturing	271.8	260.0	268.9	275.5	269.1	267.3	269.1	270.6
% Ch	-7.5	-4.4	3.4	2.5	-2.3	-0.7	0.7	0.5
Durable Manufacturing	189.8	175.9	181.6	186.9	182.7	181.8	183.6	184.9
% Ch	-8.3	-7.3	3.3	2.9	-2.3	-0.5	1.0	0.7
Wood Products	12.6	13.2	13.6	13.4	11.5	11.6	12.3	12.6
% Ch	-2.8	5.1	2.9	-1.4	-14.1	0.4	6.7	2.3
Primary and Fabricated Metals	24.4	23.2	23.7	24.1	22.6	22.1	22.4	22.5
% Ch	-9.1	-5.2	2.2	1.6	-6.0	-2.3	1.3	0.5
Computer and Electronic Products	18.8	18.0	18.1	18.1	18.2	18.6	18.8	18.8
% Ch	-5.3	-4.3	0.8	-0.4	0.5	2.6	1.1	-0.3
Machinery and Electrical Equipment	19.3	19.2	19.9	20.0	18.8	18.0	18.5	19.1
% Ch	-8.9	-0.6	4.0	0.4	-5.8	-4.4	2.7	3.5
Aerospace	80.1	67.6	71.3	75.6	76.7	77.0	77.1	77.5
% Ch	-9.6	-15.6	5.5	6.0	1.4	0.5	0.1	0.6
Other Transportation Equip.	9.1	9.2	9.5	9.8	9.5	9.3	9.2	9.0
% Ch	-6.2	0.7	4.0	3.4	-3.3	-2.5	-1.0	-2.3
Other Durables	25.6	25.6	25.5	26.0	25.4	25.2	25.3	25.4
% Ch	-8.2	0.0	-0.5	2.0	-2.1	-1.0	0.5	0.4
Nondurable Manufacturing	82.0	84.1	87.3	88.6	86.3	85.5	85.5	85.6
% Ch	-5.5	2.6	3.8	1.5	-2.5	-0.9	0.0	0.1
Food Manufacturing	37.6	38.8	40.3	42.2	41.4	40.9	40.6	40.5
% Ch	-4.4	3.1	3.9	4.7	-1.8	-1.4	-0.7	-0.3
Paper and Paper Products	7.5	7.5	7.7	7.7	7.3	7.0	6.9	6.8
% Ch	-3.5	0.1	3.2	-0.4	-5.9	-3.6	-1.5	-1.4
Other Nondurables	36.9	37.8	39.2	38.7	37.6	37.7	38.0	38.4
% Ch	-6.9	2.5	3.8	-1.4	-2.7	0.0	1.0	0.9
Natural Resources and Mining	5.6	5.7	5.6	5.5	5.1	5.1	5.4	5.5
% Ch	-5.1	2.1	-2.3	-1.4	-6.8	0.3	4.9	2.6
Construction	213.9	223.9	232.6	236.5	234.6	234.7	239.1	243.3
% Ch	-2.6	4.7	3.9	1.7	-0.8	0.1	1.8	1.8
Trade, Transportation, and Utilities	580.3	606.6	612.4	614.5	604.3	594.6	591.4	591.4
% Ch	-3.7	4.5	1.0	0.3	-1.7	-1.6	-0.5	0.0
Wholesale Trade	130.1	131.4	137.1	139.3	141.0	141.9	143.0	144.0
% Ch	-4.3	1.0	4.3	1.6	1.3	0.7	0.8	0.7
Retail Trade	326.0	344.6	339.0	338.9	325.4	313.6	307.9	306.1
% Ch	-4.3	5.7	-1.6	0.0	-4.0	-3.6	-1.8	-0.6
Trans., Warehousing, and Utilities	124.3	130.6	136.4	136.3	137.9	139.0	140.5	141.2
% Ch	-1.5	5.1	4.4	0.0	1.1	0.8	1.1	0.5
Information	149.0	157.2	170.6	171.5	173.6	178.1	180.8	183.3
% Ch	3.1	5.5	8.6	0.5	1.2	2.6	1.5	1.4
Software Publishers	76.0	80.0	85.1	84.0	83.9	85.0	86.2	87.3
% Ch	8.1	5.1	6.4	-1.3	0.0	1.3	1.4	1.3
Other Publishing Industries	8.2	8.2	8.0	7.8	7.4	7.0	6.7	6.4
% Ch	-4.0	-0.8	-1.9	-2.5	-5.4	-4.8	-4.4	-4.7
Other Information	64.7	69.0	77.5	79.7	82.3	86.0	87.9	89.6
% Ch	-1.3	6.7	12.3	2.9	3.2	4.5	2.1	1.9
Financial Activities	158.5	161.0	164.6	161.9	162.5	164.3	166.4	167.7
% Ch	-1.2	1.6	2.2	-1.6	0.4	1.1	1.2	0.8
Professional and Business Services	473.9	496.2	545.8	555.6	558.0	574.2	588.7	601.4
% Ch	-0.1	4.7	10.0	1.8	0.4	2.9	2.5	2.2
Mgmt. of Companies and Enterprises	91.8	90.2	104.2	104.0	108.5	112.2	115.4	118.2
% Ch	8.4	-1.7	15.5	-0.2	4.3	3.5	2.8	2.4
Other Prof. and Bus. Services	382.1	406.0	441.6	451.6	449.5	462.0	473.3	483.2
% Ch	-1.9	6.3	8.8	2.3	-0.5	2.8	2.4	2.1
Education and Health Services	489.1	502.3	514.5	531.6	544.0	547.9	551.0	555.9
% Ch	-2.6	2.7	2.4	3.3	2.3	0.7	0.6	0.9
Leisure and Hospitality	262.9	283.0	327.2	341.5	339.3	341.1	344.0	346.8
% Ch	-24.3	7.6	15.6	4.4	-0.6	0.5	0.8	0.8
Other Services	116.2	113.7	119.9	123.0	124.5	125.8	127.5	129.4
% Ch	-9.9	-2.2	5.4	2.6	1.2	1.1	1.4	1.5
Federal Government	78.5	76.8	75.2	77.4	78.0	78.2	78.4	78.7
% Ch	3.6	-2.2	-2.1	3.0	0.8	0.2	0.3	0.4
State and Local Government	483.6	483.2	491.9	507.7	517.2	524.2	530.6	535.2
% Ch	-5.5	-0.1	1.8	3.2	1.9	1.4	1.2	0.9

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Nonfarm Payroll Employment	3,483.3	3,514.6	3,552.5	3,566.1	3,588.2	3,602.4	3,607.7	3,610.7
% Ch, Annual Rate	3.9	3.6	4.4	1.5	2.5	1.6	0.6	0.3
Manufacturing	265.3	267.3	270.9	272.3	275.0	276.9	276.2	274.0
% Ch, Annual Rate	3.2	3.1	5.5	2.0	4.1	2.8	-1.1	-3.1
Durable Manufacturing	178.6	180.4	183.1	184.4	185.9	188.2	187.7	186.0
% Ch, Annual Rate	3.5	4.1	6.2	2.7	3.4	5.0	-1.1	-3.6
Wood Products	13.5	13.6	13.7	13.6	14.0	13.6	13.5	12.6
% Ch, Annual Rate	3.8	2.8	2.5	-1.6	10.5	-11.2	-2.0	-23.1
Primary and Fabricated Metals	23.6	23.6	23.6	23.8	24.1	24.3	24.2	23.7
% Ch, Annual Rate	1.4	0.4	-0.6	3.8	3.9	4.1	-2.3	-7.5
Computer and Electronic Products	18.0	18.1	18.2	18.2	18.1	18.1	18.0	18.0
% Ch, Annual Rate	0.8	1.3	3.0	-0.5	-1.4	-0.8	-1.6	-0.8
Machinery and Electrical Equipment	19.7	19.9	20.1	20.0	20.1	20.3	20.0	19.7
% Ch, Annual Rate	7.4	2.7	3.6	-0.5	1.2	3.5	-5.2	-5.7
Aerospace	68.7	70.0	72.7	73.9	74.4	75.8	76.0	76.2
% Ch, Annual Rate	5.8	8.0	16.4	6.7	2.9	7.8	0.7	1.2
Other Transportation Equip.	9.5	9.6	9.5	9.4	9.6	9.9	9.9	9.9
% Ch, Annual Rate	6.1	5.8	-5.5	-3.4	7.8	14.0	1.0	-1.9
Other Durables	25.6	25.6	25.4	25.4	25.6	26.2	26.1	25.9
% Ch, Annual Rate	-2.4	0.5	-3.4	-0.2	4.6	9.7	-1.6	-3.8
Nondurable Manufacturing	86.7	86.9	87.7	87.9	89.1	88.7	88.5	88.1
% Ch, Annual Rate	2.7	0.9	4.1	0.7	5.5	-1.6	-1.1	-1.9
Food Manufacturing	39.8	39.9	40.6	40.8	42.1	42.3	42.2	42.1
% Ch, Annual Rate	2.1	1.1	6.5	2.7	13.2	1.8	-1.2	-0.6
Paper and Paper Products	7.7	7.7	7.8	7.7	7.7	7.8	7.7	7.6
% Ch, Annual Rate	1.2	2.5	2.5	-2.7	-3.8	7.4	-2.9	-6.0
Other Nondurables	39.1	39.2	39.4	39.3	39.3	38.6	38.5	38.3
% Ch, Annual Rate	3.6	0.4	2.1	-0.6	-0.2	-6.7	-0.7	-2.4
Natural Resources and Mining	5.6	5.5	5.6	5.6	5.7	5.6	5.3	5.3
% Ch, Annual Rate	-7.6	-3.4	6.6	-2.6	5.6	-1.0	-19.0	-1.1
Construction	229.5	230.8	235.4	234.6	236.4	238.5	235.4	235.9
% Ch, Annual Rate	3.6	2.4	8.2	-1.3	3.0	3.7	-5.2	0.9
Trade, Transportation, and Utilities	610.2	612.4	614.4	612.8	614.1	613.9	614.3	615.7
% Ch, Annual Rate	-3.3	1.4	1.3	-1.0	0.9	-0.2	0.3	0.9
Wholesale Trade	135.4	136.6	137.7	138.6	139.5	139.1	138.9	139.5
% Ch, Annual Rate	5.1	3.4	3.2	2.6	2.7	-1.0	-0.6	1.6
Retail Trade	340.4	339.4	339.1	337.2	338.9	338.3	338.9	339.4
% Ch, Annual Rate	-7.7	-1.1	-0.3	-2.3	2.0	-0.7	0.7	0.6
Trans., Warehousing, and Utilities	134.4	136.4	137.6	137.0	135.8	136.4	136.4	136.8
% Ch, Annual Rate	0.5	6.0	3.6	-1.6	-3.7	1.9	0.0	1.1
Information	167.0	170.0	172.4	173.0	173.1	170.6	171.0	171.4
% Ch, Annual Rate	10.0	7.2	5.8	1.5	0.1	-5.5	0.9	0.8
Software Publishers	83.9	85.0	85.8	85.8	85.4	84.0	83.2	83.3
% Ch, Annual Rate	7.0	5.4	3.8	0.1	-1.8	-6.4	-4.0	0.6
Other Publishing Industries	8.3	8.1	7.8	7.9	8.0	7.9	7.8	7.6
% Ch, Annual Rate	3.9	-12.7	-13.7	6.7	3.5	-2.5	-7.4	-7.0
Other Information	74.8	76.9	78.8	79.3	79.7	78.7	80.1	80.5
% Ch, Annual Rate	14.3	11.7	10.4	2.4	1.9	-4.8	7.3	1.8
Financial Activities	165.5	165.2	165.4	162.2	161.4	162.0	162.0	162.2
% Ch, Annual Rate	3.4	-0.8	0.6	-7.4	-1.9	1.4	0.1	0.6
Professional and Business Services	535.0	544.6	551.2	552.3	554.4	557.2	556.3	554.3
% Ch, Annual Rate	18.1	7.4	4.9	0.8	1.6	2.1	-0.6	-1.4
Mgmt. of Companies and Enterprises	102.3	104.8	105.3	104.3	102.9	103.0	104.4	105.7
% Ch	49.9	10.1	2.1	-3.7	-5.3	0.2	5.5	5.0
Other Prof. and Bus. Services	432.7	439.9	445.9	447.9	451.5	454.2	451.9	448.7
% Ch	11.9	6.8	5.6	1.8	3.2	2.5	-2.0	-2.9
Education and Health Services	508.9	512.4	517.1	519.7	524.1	531.8	534.4	536.3
% Ch, Annual Rate	1.8	2.8	3.7	2.0	3.5	6.0	1.9	1.4
Leisure and Hospitality	317.8	324.9	330.0	335.9	342.0	339.7	342.1	342.0
% Ch, Annual Rate	9.5	9.2	6.4	7.4	7.4	-2.7	2.8	-0.1
Other Services	118.2	119.5	120.5	121.2	122.9	122.6	123.0	123.4
% Ch, Annual Rate	4.3	4.5	3.4	2.1	5.9	-1.2	1.3	1.4
Federal Government	75.5	75.1	74.9	75.2	76.2	77.7	77.8	77.9
% Ch, Annual Rate	-3.3	-1.9	-1.4	2.1	5.2	7.9	0.9	0.3
State and Local Government	484.8	486.9	494.7	501.4	502.9	505.7	509.9	512.2
% Ch, Annual Rate	-2.5	1.7	6.6	5.5	1.2	2.3	3.3	1.8

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2023 to 2027

	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Nonfarm Payroll Employment	3,610.2	3,608.7	3,608.1	3,613.3	3,620.2	3,631.3	3,641.4	3,649.5
% Ch, Annual Rate	-0.1	-0.2	-0.1	0.6	0.8	1.2	1.1	0.9
Manufacturing	272.0	269.7	267.9	266.6	266.8	267.2	267.5	267.7
% Ch, Annual Rate	-3.0	-3.2	-2.7	-1.9	0.2	0.7	0.5	0.3
Durable Manufacturing	184.8	183.2	181.9	181.0	181.2	181.7	181.9	182.2
% Ch, Annual Rate	-2.6	-3.4	-2.7	-1.9	0.5	0.9	0.6	0.7
Wood Products	12.1	11.6	11.2	11.1	11.3	11.5	11.6	11.8
% Ch, Annual Rate	-15.4	-15.3	-12.1	-5.3	8.0	6.0	5.3	7.8
Primary and Fabricated Metals	23.3	22.8	22.4	22.0	22.0	22.1	22.1	22.2
% Ch, Annual Rate	-7.0	-8.1	-7.0	-6.1	-0.5	1.6	0.9	0.7
Computer and Electronic Products	18.0	18.1	18.2	18.3	18.5	18.6	18.7	18.7
% Ch, Annual Rate	1.1	1.2	1.4	3.5	3.5	2.9	1.8	0.8
Machinery and Electrical Equipment	19.5	19.1	18.6	18.2	18.0	18.0	18.0	18.0
% Ch, Annual Rate	-4.1	-8.5	-8.7	-9.3	-3.5	-0.5	-0.3	1.2
Aerospace	76.4	76.6	76.7	76.9	77.0	77.0	77.0	77.0
% Ch, Annual Rate	1.1	0.9	0.8	0.8	0.5	0.2	0.0	-0.1
Other Transportation Equip.	9.7	9.5	9.4	9.4	9.3	9.3	9.3	9.2
% Ch, Annual Rate	-6.6	-8.3	-3.9	-2.5	-2.0	-1.5	-1.6	-1.2
Other Durables	25.7	25.5	25.3	25.2	25.1	25.2	25.2	25.2
% Ch, Annual Rate	-2.7	-3.1	-2.8	-2.6	-0.5	0.4	0.5	0.2
Nondurable Manufacturing	87.2	86.6	86.0	85.6	85.5	85.6	85.6	85.5
% Ch, Annual Rate	-3.8	-2.9	-2.6	-2.0	-0.4	0.3	0.2	-0.6
Food Manufacturing	41.8	41.6	41.3	41.0	41.0	40.9	40.9	40.7
% Ch, Annual Rate	-2.8	-2.2	-2.7	-2.6	-0.8	-0.3	-0.4	-1.5
Paper and Paper Products	7.4	7.3	7.2	7.1	7.1	7.0	7.0	6.9
% Ch, Annual Rate	-9.0	-7.8	-6.3	-4.4	-2.9	-2.0	-1.7	-2.2
Other Nondurables	37.9	37.7	37.5	37.4	37.5	37.6	37.7	37.8
% Ch, Annual Rate	-3.8	-2.8	-1.7	-0.9	0.6	1.3	1.2	0.7
Natural Resources and Mining	5.2	5.2	5.1	5.0	5.1	5.1	5.1	5.2
% Ch, Annual Rate	-7.3	-6.3	-7.5	-1.2	4.0	1.3	3.0	5.8
Construction	235.9	234.6	233.7	234.1	233.6	234.4	235.1	235.9
% Ch, Annual Rate	0.1	-2.2	-1.5	0.7	-1.0	1.4	1.1	1.5
Trade, Transportation, and Utilities	611.0	606.2	601.8	598.1	595.4	594.7	594.4	593.7
% Ch, Annual Rate	-3.0	-3.1	-2.9	-2.4	-1.8	-0.5	-0.2	-0.5
Wholesale Trade	140.5	141.0	141.1	141.4	141.9	141.8	142.0	142.1
% Ch, Annual Rate	3.0	1.3	0.5	0.8	1.4	-0.2	0.5	0.3
Retail Trade	332.9	327.4	322.7	318.6	314.8	314.1	313.3	312.3
% Ch, Annual Rate	-7.5	-6.5	-5.5	-5.0	-4.8	-0.9	-0.9	-1.3
Trans., Warehousing, and Utilities	137.6	137.9	137.9	138.1	138.7	138.8	139.1	139.4
% Ch, Annual Rate	2.4	0.9	0.1	0.4	2.0	0.2	0.9	0.8
Information	172.8	173.7	173.4	174.5	176.3	177.5	178.9	179.5
% Ch, Annual Rate	3.4	2.0	-0.5	2.6	4.2	2.7	3.2	1.3
Software Publishers	83.7	83.8	84.0	84.2	84.6	84.8	85.1	85.4
% Ch, Annual Rate	1.8	0.8	0.7	1.1	1.7	1.3	1.4	1.3
Other Publishing Industries	7.6	7.5	7.3	7.2	7.2	7.1	7.0	6.9
% Ch, Annual Rate	-2.5	-6.4	-6.8	-5.4	-3.1	-4.7	-4.5	-4.8
Other Information	81.6	82.4	82.1	83.1	84.6	85.6	86.8	87.2
% Ch, Annual Rate	5.7	4.0	-1.2	4.8	7.5	4.7	5.8	1.8
Financial Activities	162.3	162.1	162.4	163.1	164.0	164.0	164.3	164.9
% Ch, Annual Rate	0.1	-0.4	0.7	1.6	2.3	0.1	0.7	1.3
Professional and Business Services	555.9	555.9	558.3	561.8	566.4	572.3	577.5	580.8
% Ch, Annual Rate	1.1	0.1	1.7	2.5	3.3	4.3	3.6	2.3
Mgmt. of Companies and Enterprises	106.9	108.0	109.0	110.0	110.9	111.8	112.7	113.5
% Ch	4.6	4.2	3.9	3.7	3.4	3.2	3.1	2.9
Other Prof. and Bus. Services	449.0	448.0	449.3	451.8	455.5	460.5	464.8	467.3
% Ch	0.3	-0.9	1.2	2.3	3.3	4.5	3.8	2.2
Education and Health Services	540.5	543.4	545.2	546.7	548.1	547.7	547.9	548.0
% Ch, Annual Rate	3.2	2.2	1.3	1.1	1.0	-0.3	0.1	0.1
Leisure and Hospitality	338.3	339.1	339.5	340.5	339.5	341.1	341.4	342.4
% Ch, Annual Rate	-4.3	0.9	0.4	1.2	-1.1	1.9	0.3	1.1
Other Services	123.9	124.3	124.6	124.9	125.3	125.6	125.9	126.3
% Ch, Annual Rate	1.8	1.3	1.0	1.0	1.2	0.9	1.1	1.3
Federal Government	78.0	78.0	78.0	78.1	78.1	78.2	78.2	78.3
% Ch, Annual Rate	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3
State and Local Government	514.4	516.4	518.1	519.9	521.6	523.4	525.1	526.8
% Ch, Annual Rate	1.7	1.5	1.4	1.4	1.4	1.3	1.3	1.3

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2023 to 2027

	2026:1	2026:2	2026:3	2026:4	2027:1	2027:2	2027:3	2027:4
Nonfarm Payroll Employment	3,658.3	3,667.7	3,677.3	3,686.2	3,695.0	3,704.4	3,713.8	3,723.5
% Ch, Annual Rate	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Manufacturing	268.3	268.8	269.5	270.0	270.3	270.5	270.7	270.8
% Ch, Annual Rate	0.9	0.8	0.9	0.8	0.6	0.3	0.2	0.1
Durable Manufacturing	182.8	183.4	183.9	184.4	184.7	184.9	185.0	185.2
% Ch, Annual Rate	1.3	1.2	1.2	1.0	0.6	0.4	0.4	0.4
Wood Products	12.1	12.3	12.4	12.5	12.6	12.6	12.6	12.7
% Ch, Annual Rate	9.0	6.7	5.0	2.4	1.3	1.1	1.7	1.3
Primary and Fabricated Metals	22.3	22.3	22.4	22.5	22.5	22.5	22.5	22.4
% Ch, Annual Rate	1.7	1.1	1.7	1.5	0.6	-0.4	-0.5	-0.8
Computer and Electronic Products	18.8	18.8	18.9	18.9	18.8	18.8	18.8	18.7
% Ch, Annual Rate	0.9	1.0	0.9	0.6	-0.9	-0.9	-0.9	-0.8
Machinery and Electrical Equipment	18.2	18.4	18.6	18.8	19.0	19.1	19.2	19.3
% Ch, Annual Rate	4.0	3.9	4.7	4.3	3.6	2.6	2.5	2.5
Aerospace	77.0	77.0	77.1	77.2	77.3	77.5	77.6	77.7
% Ch, Annual Rate	0.0	0.1	0.3	0.5	0.7	0.7	0.7	0.6
Other Transportation Equip.	9.2	9.2	9.2	9.1	9.1	9.0	8.9	8.9
% Ch, Annual Rate	-0.6	0.1	-1.2	-2.4	-2.7	-2.6	-2.6	-2.5
Other Durables	25.2	25.3	25.3	25.4	25.4	25.4	25.4	25.4
% Ch, Annual Rate	0.7	0.6	0.6	0.5	0.4	0.2	0.4	0.5
Nondurable Manufacturing	85.5	85.5	85.5	85.6	85.7	85.7	85.6	85.6
% Ch, Annual Rate	-0.1	0.1	0.3	0.3	0.4	0.0	-0.2	-0.4
Food Manufacturing	40.6	40.6	40.6	40.6	40.6	40.5	40.4	40.3
% Ch, Annual Rate	-0.9	-0.6	-0.1	0.0	-0.1	-0.5	-0.9	-1.2
Paper and Paper Products	6.9	6.9	6.9	6.9	6.8	6.8	6.8	6.7
% Ch, Annual Rate	-1.4	-1.1	-1.0	-1.3	-1.1	-1.5	-1.9	-2.1
Other Nondurables	37.9	38.0	38.1	38.2	38.3	38.4	38.4	38.5
% Ch, Annual Rate	1.0	1.0	1.0	0.8	1.1	0.9	0.8	0.7
Natural Resources and Mining	5.3	5.4	5.4	5.4	5.5	5.5	5.5	5.5
% Ch, Annual Rate	7.6	5.1	3.4	1.8	3.2	2.9	1.5	-0.3
Construction	237.4	238.5	239.8	240.6	241.5	242.6	243.8	245.2
% Ch, Annual Rate	2.6	1.8	2.2	1.4	1.5	1.8	2.0	2.3
Trade, Transportation, and Utilities	591.2	591.2	591.4	591.5	591.2	591.5	591.6	591.3
% Ch, Annual Rate	-1.4	-0.3	0.2	0.1	-0.2	0.2	0.1	-0.3
Wholesale Trade	142.6	142.9	143.2	143.5	143.8	144.1	144.1	144.1
% Ch, Annual Rate	1.3	0.8	1.0	0.8	0.9	0.8	0.1	-0.1
Retail Trade	309.0	308.0	307.5	307.0	306.3	306.2	306.2	305.8
% Ch, Annual Rate	-4.1	-1.4	-0.7	-0.6	-0.9	-0.1	0.0	-0.6
Trans., Warehousing, and Utilities	140.0	140.3	140.7	141.0	141.1	141.2	141.3	141.4
% Ch, Annual Rate	1.7	1.1	1.1	0.9	0.2	0.1	0.4	0.2
Information	180.1	180.6	181.0	181.4	182.2	183.0	183.7	184.4
% Ch, Annual Rate	1.4	1.0	0.9	1.0	1.8	1.6	1.7	1.6
Software Publishers	85.7	86.0	86.3	86.6	86.9	87.2	87.5	87.8
% Ch, Annual Rate	1.6	1.4	1.4	1.3	1.4	1.3	1.4	1.3
Other Publishing Industries	6.9	6.8	6.7	6.6	6.5	6.5	6.4	6.3
% Ch, Annual Rate	-3.5	-4.5	-4.6	-5.1	-4.4	-4.9	-4.7	-5.1
Other Information	87.5	87.8	88.0	88.2	88.8	89.3	89.8	90.4
% Ch, Annual Rate	1.7	1.1	0.9	1.2	2.6	2.4	2.4	2.4
Financial Activities	166.1	166.4	166.5	166.5	167.4	167.9	167.9	167.5
% Ch, Annual Rate	3.0	0.7	0.2	0.1	2.2	1.3	-0.1	-0.9
Professional and Business Services	584.7	587.4	589.9	592.9	595.9	599.1	602.8	607.9
% Ch, Annual Rate	2.7	1.9	1.8	2.0	2.0	2.2	2.4	3.5
Mgmt. of Companies and Enterprises	114.3	115.0	115.7	116.5	117.2	117.8	118.5	119.2
% Ch	2.8	2.7	2.6	2.5	2.4	2.4	2.3	2.3
Other Prof. and Bus. Services	470.4	472.4	474.2	476.4	478.7	481.3	484.2	488.7
% Ch	2.7	1.7	1.6	1.9	2.0	2.1	2.5	3.8
Education and Health Services	549.3	550.5	551.6	552.7	554.1	555.2	556.6	557.7
% Ch, Annual Rate	1.0	0.8	0.8	0.8	1.0	0.8	1.0	0.8
Leisure and Hospitality	341.7	343.2	344.8	346.1	346.2	346.7	347.1	347.2
% Ch, Annual Rate	-0.8	1.7	1.8	1.6	0.1	0.5	0.4	0.2
Other Services	126.8	127.3	127.7	128.2	128.6	129.1	129.6	130.1
% Ch, Annual Rate	1.6	1.4	1.4	1.4	1.5	1.4	1.6	1.6
Federal Government	78.3	78.4	78.5	78.5	78.6	78.7	78.8	78.8
% Ch, Annual Rate	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
State and Local Government	528.6	530.1	531.2	532.3	533.4	534.5	535.7	537.0
% Ch, Annual Rate	1.4	1.1	0.9	0.8	0.8	0.8	0.9	0.9

Table A3.1

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

Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Personal Income	19,832.3	21,294.8	21,777.2	22,847.4	23,743.3	24,834.5	26,003.3	27,228.7
% Ch	6.7	7.4	2.3	4.9	3.9	4.6	4.7	4.7
Total Wage and Salary Disbursements	9,457.4	10,290.1	11,189.6	11,731.8	12,186.4	12,753.5	13,362.2	14,000.9
% Ch	1.4	8.8	8.7	4.8	3.9	4.7	4.8	4.8
Nonwage Personal Income	10,374.9	11,004.7	10,587.6	11,115.7	11,556.9	12,081.1	12,641.1	13,227.9
% Ch	12.0	6.1	-3.8	5.0	4.0	4.5	4.6	4.6
Supplements to Wages and Salaries	2,135.4	2,248.4	2,374.9	2,483.2	2,603.1	2,730.9	2,857.4	2,975.8
% Ch	0.6	5.3	5.6	4.6	4.8	4.9	4.6	4.1
Proprietor's Income	1,643.1	1,753.6	1,848.3	1,894.4	1,931.3	1,994.7	2,086.5	2,174.7
% Ch	2.6	6.7	5.4	2.5	1.9	3.3	4.6	4.2
Farm	45.2	51.3	91.7	89.5	89.9	101.1	102.2	99.0
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,597.9	1,702.2	1,756.6	1,804.9	1,841.5	1,893.6	1,984.4	2,075.7
% Ch	1.6	6.5	3.2	2.8	2.0	2.8	4.8	4.6
Less: Contribution For Govt. Soc. Ins.	1,450.0	1,540.8	1,672.1	1,755.3	1,826.3	1,912.7	2,003.5	2,079.5
% Ch	1.8	6.3	8.5	5.0	4.0	4.7	4.7	3.8
Dividends/Int./Rent	3,815.3	3,926.2	4,125.8	4,421.3	4,635.5	4,874.5	5,076.9	5,283.9
% Ch	-0.1	2.9	5.1	7.2	4.8	5.2	4.2	4.1
Transfer Payments	4,231.2	4,617.3	3,910.7	4,072.0	4,213.3	4,393.8	4,623.8	4,873.0
% Ch	34.5	9.1	-15.3	4.1	3.5	4.3	5.2	5.4

Table A3.2

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

Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Personal Income	21,319.8	21,578.3	21,969.5	22,241.3	22,492.6	22,738.4	22,982.3	23,176.4
% Ch, Annual Rate	3.0	4.9	7.5	5.0	4.6	4.4	4.4	3.4
Total Wage and Salary Disbursements	10,925.5	11,058.0	11,361.0	11,413.9	11,543.8	11,669.1	11,801.7	11,912.6
% Ch, Annual Rate	6.8	4.9	11.4	1.9	4.6	4.4	4.6	3.8
Nonwage Personal Income	10,394.3	10,520.2	10,608.5	10,827.4	10,948.8	11,069.3	11,180.6	11,263.9
% Ch, Annual Rate	-0.7	4.9	3.4	8.5	4.6	4.5	4.1	3.0
Supplements to Wages and Salaries	2,334.2	2,357.1	2,394.0	2,414.2	2,439.9	2,465.2	2,499.6	2,528.2
% Ch, Annual Rate	6.8	4.0	6.4	3.4	4.3	4.2	5.7	4.6
Proprietor's Income	1,811.4	1,835.4	1,863.5	1,882.9	1,892.5	1,883.1	1,891.5	1,910.7
% Ch, Annual Rate	4.9	5.4	6.3	4.2	2.1	-2.0	1.8	4.1
Farm	74.4	95.7	95.9	100.9	95.8	87.7	87.7	86.9
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,737.0	1,739.7	1,767.6	1,782.0	1,796.6	1,795.3	1,803.7	1,823.9
% Ch, Annual Rate	-2.0	0.6	6.6	3.3	3.3	-0.3	1.9	4.5
Less: Contribution For Govt. Soc. Ins.	1,634.7	1,654.4	1,695.6	1,703.7	1,730.8	1,745.1	1,764.8	1,780.5
% Ch, Annual Rate	10.1	4.9	10.3	1.9	6.5	3.4	4.6	3.6
Dividends/Int./Rent	4,014.7	4,098.9	4,153.7	4,235.8	4,297.9	4,404.3	4,476.7	4,506.1
% Ch, Annual Rate	1.7	8.7	5.5	8.1	6.0	10.3	6.7	2.7
Transfer Payments	3,868.7	3,883.2	3,892.8	3,998.2	4,049.3	4,061.8	4,077.6	4,099.3
% Ch, Annual Rate	-5.7	1.5	1.0	11.3	5.2	1.2	1.6	2.1

Table A3.2 (continued)

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

Forecast 2023 to 2027

	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Personal Income	23,408.8	23,621.1	23,849.0	24,094.3	24,395.4	24,697.5	24,984.1	25,261.3
% Ch, Annual Rate	4.1	3.7	3.9	4.2	5.1	5.0	4.7	4.5
Total Wage and Salary Disbursements	12,012.6	12,121.3	12,239.3	12,372.3	12,518.9	12,679.8	12,834.6	12,980.6
% Ch, Annual Rate	3.4	3.7	4.0	4.4	4.8	5.2	5.0	4.6
Nonwage Personal Income	11,396.1	11,499.8	11,609.7	11,722.0	11,876.6	12,017.7	12,149.4	12,280.7
% Ch, Annual Rate	4.8	3.7	3.9	3.9	5.4	4.8	4.5	4.4
Supplements to Wages and Salaries	2,558.8	2,587.8	2,617.8	2,647.9	2,683.2	2,715.4	2,747.0	2,778.0
% Ch, Annual Rate	4.9	4.6	4.7	4.7	5.4	4.9	4.7	4.6
Proprietor's Income	1,914.6	1,928.0	1,935.9	1,946.8	1,960.9	1,981.7	2,005.2	2,030.8
% Ch, Annual Rate	0.8	2.8	1.7	2.3	2.9	4.3	4.8	5.2
Farm	85.5	88.3	91.6	94.2	97.6	100.7	102.7	103.5
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,829.2	1,839.7	1,844.4	1,852.6	1,863.4	1,881.0	1,902.5	1,927.3
% Ch, Annual Rate	1.2	2.3	1.0	1.8	2.3	3.8	4.7	5.3
Less: Contribution For Govt. Soc. Ins.	1,802.5	1,817.5	1,833.5	1,851.7	1,880.4	1,902.7	1,924.0	1,943.9
% Ch, Annual Rate	5.1	3.3	3.6	4.0	6.3	4.8	4.6	4.2
Dividends/Int./Rent	4,549.1	4,604.4	4,664.2	4,724.4	4,791.2	4,853.3	4,903.6	4,949.7
% Ch, Annual Rate	3.9	4.9	5.3	5.3	5.8	5.3	4.2	3.8
Transfer Payments	4,176.1	4,197.1	4,225.3	4,254.5	4,321.6	4,370.0	4,417.6	4,466.0
% Ch, Annual Rate	7.7	2.0	2.7	2.8	6.5	4.6	4.4	4.5

Table A3.2 (continued)

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

Forecast 2023 to 2027

	2026:1	2026:2	2026:3	2026:4	2027:1	2027:2	2027:3	2027:4
Personal Income	25,572.7	25,859.4	26,143.6	26,437.5	26,770.0	27,073.6	27,384.4	27,687.0
% Ch, Annual Rate	5.0	4.6	4.5	4.6	5.1	4.6	4.7	4.5
Total Wage and Salary Disbursements	13,131.5	13,283.7	13,437.2	13,596.3	13,758.5	13,919.1	14,082.8	14,243.0
% Ch, Annual Rate	4.7	4.7	4.7	4.8	4.9	4.8	4.8	4.6
Nonwage Personal Income	12,441.2	12,575.7	12,706.4	12,841.2	13,011.5	13,154.4	13,301.6	13,444.1
% Ch, Annual Rate	5.3	4.4	4.2	4.3	5.4	4.5	4.6	4.4
Supplements to Wages and Salaries	2,813.1	2,843.1	2,872.7	2,900.6	2,932.4	2,962.2	2,989.2	3,019.2
% Ch, Annual Rate	5.2	4.3	4.2	3.9	4.5	4.1	3.7	4.1
Proprietor's Income	2,052.3	2,075.5	2,097.4	2,121.0	2,139.1	2,161.9	2,186.6	2,211.2
% Ch, Annual Rate	4.3	4.6	4.3	4.6	3.5	4.3	4.6	4.6
Farm	103.4	102.7	101.7	100.8	99.9	99.2	98.6	98.2
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,949.0	1,972.8	1,995.6	2,020.1	2,039.2	2,062.8	2,088.0	2,113.0
% Ch, Annual Rate	4.6	5.0	4.7	5.0	3.8	4.7	5.0	4.9
Less: Contribution For Govt. Soc. Ins.	1,973.5	1,994.3	2,015.2	2,031.0	2,053.6	2,072.3	2,085.3	2,106.6
% Ch, Annual Rate	6.2	4.3	4.3	3.2	4.5	3.7	2.5	4.2
Dividends/Int./Rent	5,001.9	5,053.5	5,102.5	5,149.6	5,203.2	5,257.3	5,311.0	5,364.0
% Ch, Annual Rate	4.3	4.2	3.9	3.7	4.2	4.2	4.1	4.1
Transfer Payments	4,547.4	4,597.9	4,649.0	4,701.0	4,790.3	4,845.3	4,900.0	4,956.3
% Ch, Annual Rate	7.5	4.5	4.5	4.5	7.8	4.7	4.6	4.7

Table A3.3

Washington Personal Income by Component (Billions of Dollars)

Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Personal Income	527.582	570.921	583.804	612.018	639.575	671.862	706.973	744.140
% Ch	7.6	8.2	2.3	4.8	4.5	5.0	5.2	5.3
Total Wage and Salary Disbursements	264.610	291.590	310.754	322.401	336.747	354.000	373.061	393.206
% Ch	4.2	10.2	6.6	3.7	4.4	5.1	5.4	5.4
Manufacturing	22.284	21.596	23.806	25.108	25.606	26.534	27.830	29.191
% Ch	-6.6	-3.1	10.2	5.5	2.0	3.6	4.9	4.9
Durable Manufacturing	17.227	16.226	18.035	19.114	19.539	20.276	21.309	22.380
% Ch	-8.3	-5.8	11.1	6.0	2.2	3.8	5.1	5.0
Nondurable Manufacturing	5.057	5.369	5.771	5.995	6.068	6.258	6.521	6.811
% Ch	-0.5	6.2	7.5	3.9	1.2	3.1	4.2	4.5
Nonmanufacturing	234.923	262.574	279.233	289.217	302.694	318.634	335.989	354.348
% Ch	5.2	11.8	6.3	3.6	4.7	5.3	5.4	5.5
Other Private Wages	1.365	1.392	1.463	1.506	1.571	1.651	1.738	1.828
% Ch	2.8	1.9	5.2	3.0	4.3	5.1	5.3	5.2
Farm Wages	1.988	1.749	1.880	2.005	2.125	2.271	2.429	2.595
% Ch	27.6	-12.0	7.5	6.7	6.0	6.9	7.0	6.8
Military Wages	4.050	4.280	4.373	4.564	4.751	4.910	5.074	5.243
% Ch	5.0	5.7	2.2	4.4	4.1	3.4	3.3	3.3
Nonwage Personal Income	262.972	279.330	273.050	289.616	302.828	317.862	333.913	350.934
% Ch	11.2	6.2	-2.2	6.1	4.6	5.0	5.0	5.1
Supplements to Wages and Salaries	57.635	60.788	64.717	67.971	71.469	75.221	79.068	82.706
% Ch	3.9	5.5	6.5	5.0	5.1	5.3	5.1	4.6
Proprietor's Income	38.885	40.202	41.419	42.795	43.728	45.177	47.314	49.364
% Ch	6.0	3.4	3.0	3.3	2.2	3.3	4.7	4.3
Farm	1.667	0.909	1.505	1.868	1.923	2.140	2.173	2.128
% Ch	...	...	...	...	...	...	...	...
Nonfarm	37.218	39.293	39.914	40.928	41.805	43.037	45.141	47.236
% Ch	5.9	5.6	1.6	2.5	2.1	2.9	4.9	4.6
Less: Contribution For Govt. Soc. Ins.	41.828	44.403	47.941	50.848	53.028	55.638	58.459	60.859
% Ch	5.2	6.2	8.0	6.1	4.3	4.9	5.1	4.1
Plus: Residence Adjustment	4.961	5.166	5.508	5.796	6.062	6.394	6.750	7.124
% Ch	4.2	4.1	6.6	5.2	4.6	5.5	5.6	5.5
Dividends/Int./Rent	110.446	114.052	121.073	130.728	137.507	145.044	151.688	158.616
% Ch	-0.1	3.3	6.2	8.0	5.2	5.5	4.6	4.6
Transfer Payments	92.874	103.525	88.275	93.174	97.091	101.664	107.552	113.983
% Ch	35.1	11.5	-14.7	5.5	4.2	4.7	5.8	6.0
State U.I. Benefits	12.276	8.282	0.690	1.131	1.162	1.226	1.250	1.263
% Ch	1,066.0	-32.5	-91.7	64.0	2.7	5.5	2.0	1.0
Other Transfers	80.598	95.243	87.586	92.043	95.929	100.438	106.302	112.721
% Ch	19.1	18.2	-8.0	5.1	4.2	4.7	5.8	6.0

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2023 to 2027

	2022:1	2022:2	2022:3	2022:4	2023:1	2023:2	2023:3	2023:4
Personal Income	572.467	582.110	587.735	592.904	600.783	609.044	615.984	622.259
% Ch, Annual Rate	1.3	6.9	3.9	3.6	5.4	5.6	4.6	4.1
Total Wage and Salary Disbursements	303.739	310.005	314.677	314.597	317.420	320.382	323.988	327.815
% Ch, Annual Rate	0.7	8.5	6.2	-0.1	3.6	3.8	4.6	4.8
Manufacturing	23.327	23.513	24.150	24.233	24.730	25.070	25.256	25.377
% Ch, Annual Rate	42.6	3.2	11.3	1.4	8.5	5.6	3.0	1.9
Durable Manufacturing	17.717	17.758	18.279	18.385	18.767	19.104	19.251	19.333
% Ch, Annual Rate	64.0	0.9	12.3	2.3	8.6	7.4	3.1	1.7
Nondurable Manufacturing	5.610	5.755	5.872	5.848	5.964	5.965	6.006	6.044
% Ch, Annual Rate	-5.5	10.8	8.4	-1.6	8.1	0.1	2.7	2.6
Nonmanufacturing	272.827	278.813	282.762	282.530	284.787	287.274	290.594	294.214
% Ch, Annual Rate	-2.1	9.1	5.8	-0.3	3.2	3.5	4.7	5.1
Other Private Wages	1.466	1.448	1.472	1.467	1.483	1.497	1.514	1.532
% Ch, Annual Rate	4.2	-5.0	6.9	-1.3	4.4	3.9	4.6	4.7
Farm Wages	1.821	1.871	1.894	1.933	1.962	1.988	2.020	2.052
% Ch, Annual Rate	12.9	11.4	4.9	8.5	6.2	5.5	6.4	6.5
Military Wages	4.297	4.361	4.399	4.434	4.458	4.553	4.604	4.641
% Ch, Annual Rate	-3.9	6.0	3.6	3.2	2.2	8.8	4.6	3.2
Nonwage Personal Income	268.728	272.105	273.058	278.308	283.363	288.663	291.996	294.444
% Ch, Annual Rate	1.9	5.1	1.4	7.9	7.5	7.7	4.7	3.4
Supplements to Wages and Salaries	63.088	64.241	65.404	66.133	66.847	67.440	68.356	69.240
% Ch, Annual Rate	9.9	7.5	7.4	4.5	4.4	3.6	5.5	5.3
Proprietor's Income	40.936	40.843	41.526	42.369	42.675	42.562	42.731	43.214
% Ch, Annual Rate	-2.4	-0.9	6.9	8.4	2.9	-1.0	1.6	4.6
Farm	1.311	1.296	1.400	2.013	1.949	1.830	1.847	1.845
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	39.625	39.548	40.126	40.356	40.726	40.732	40.884	41.369
% Ch, Annual Rate	-5.3	-0.8	6.0	2.3	3.7	0.1	1.5	4.8
Less: Contribution For Govt. Soc. Ins.	46.374	47.296	48.679	49.416	50.187	50.535	51.070	51.599
% Ch, Annual Rate	6.9	8.2	12.2	6.2	6.4	2.8	4.3	4.2
Plus: Residence Adjustment	5.497	5.466	5.458	5.610	5.686	5.759	5.837	5.902
% Ch, Annual Rate	10.7	-2.3	-0.6	11.6	5.5	5.3	5.5	4.5
Dividends/Int./Rent	117.122	120.123	122.085	124.961	126.908	130.166	132.423	133.413
% Ch, Annual Rate	2.1	10.7	6.7	9.8	6.4	10.7	7.1	3.0
Transfer Payments	88.459	88.727	87.264	88.651	91.434	93.270	93.718	94.275
% Ch, Annual Rate	0.3	1.2	-6.4	6.5	13.2	8.3	1.9	2.4
State U.I. Benefits	0.754	0.631	0.640	0.735	1.143	1.100	1.142	1.139
% Ch, Annual Rate	-72.6	-50.8	5.4	73.9	486.3	-14.1	16.2	-1.4
Other Transfers	87.706	88.096	86.624	87.916	90.291	92.170	92.576	93.136
% Ch, Annual Rate	1.6	1.8	-6.5	6.1	11.3	8.6	1.8	2.4

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2023 to 2027

	2024:1	2024:2	2024:3	2024:4	2025:1	2025:2	2025:3	2025:4
Personal Income	629.332	635.899	642.828	650.243	658.898	667.748	676.215	684.586
% Ch, Annual Rate	4.6	4.2	4.4	4.7	5.4	5.5	5.2	5.0
Total Wage and Salary Disbursements	331.213	334.743	338.458	342.573	346.891	351.698	356.396	361.013
% Ch, Annual Rate	4.2	4.3	4.5	5.0	5.1	5.7	5.5	5.3
Manufacturing	25.434	25.521	25.657	25.812	26.072	26.394	26.685	26.985
% Ch, Annual Rate	0.9	1.4	2.1	2.4	4.1	5.0	4.5	4.6
Durable Manufacturing	19.399	19.470	19.580	19.706	19.914	20.166	20.391	20.634
% Ch, Annual Rate	1.4	1.5	2.3	2.6	4.3	5.1	4.5	4.8
Nondurable Manufacturing	6.035	6.052	6.077	6.106	6.158	6.228	6.294	6.351
% Ch, Annual Rate	-0.6	1.1	1.7	1.9	3.4	4.6	4.3	3.7
Nonmanufacturing	297.455	300.818	304.312	308.192	312.135	316.520	320.825	325.055
% Ch, Annual Rate	4.5	4.6	4.7	5.2	5.2	5.7	5.6	5.4
Other Private Wages	1.546	1.562	1.578	1.597	1.618	1.641	1.663	1.684
% Ch, Annual Rate	3.9	4.0	4.3	4.9	5.2	5.8	5.5	5.2
Farm Wages	2.079	2.108	2.139	2.173	2.210	2.251	2.291	2.330
% Ch, Annual Rate	5.5	5.7	6.0	6.7	7.0	7.6	7.2	6.9
Military Wages	4.698	4.734	4.772	4.798	4.856	4.893	4.932	4.959
% Ch, Annual Rate	5.1	3.0	3.3	2.2	5.0	3.0	3.3	2.2
Nonwage Personal Income	298.118	301.156	304.369	307.670	312.007	316.049	319.819	323.573
% Ch, Annual Rate	5.1	4.1	4.3	4.4	5.8	5.3	4.9	4.8
Supplements to Wages and Salaries	70.172	71.025	71.895	72.781	73.808	74.756	75.691	76.629
% Ch, Annual Rate	5.5	5.0	5.0	5.0	5.8	5.2	5.1	5.1
Proprietor's Income	43.343	43.649	43.832	44.089	44.405	44.876	45.416	46.013
% Ch, Annual Rate	1.2	2.9	1.7	2.4	2.9	4.3	4.9	5.4
Farm	1.834	1.892	1.956	2.009	2.072	2.131	2.170	2.188
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	41.509	41.757	41.876	42.080	42.332	42.745	43.246	43.825
% Ch, Annual Rate	1.4	2.4	1.1	2.0	2.4	4.0	4.8	5.5
Less: Contribution For Govt. Soc. Ins.	52.293	52.760	53.252	53.808	54.652	55.325	55.974	56.599
% Ch, Annual Rate	5.5	3.6	3.8	4.2	6.4	5.0	4.8	4.5
Plus: Residence Adjustment	5.960	6.024	6.093	6.171	6.256	6.351	6.441	6.527
% Ch, Annual Rate	4.0	4.3	4.7	5.2	5.7	6.2	5.8	5.4
Dividends/Int./Rent	134.800	136.540	138.403	140.286	142.378	144.342	145.972	147.485
% Ch, Annual Rate	4.2	5.3	5.6	5.6	6.1	5.6	4.6	4.2
Transfer Payments	96.136	96.678	97.399	98.151	99.812	101.050	102.273	103.520
% Ch, Annual Rate	8.1	2.3	3.0	3.1	6.9	5.1	4.9	5.0
State U.I. Benefits	1.143	1.156	1.166	1.181	1.207	1.224	1.235	1.237
% Ch, Annual Rate	1.6	4.7	3.4	5.4	8.9	5.7	3.7	0.9
Other Transfers	94.993	95.522	96.233	96.970	98.605	99.826	101.039	102.282
% Ch, Annual Rate	8.2	2.2	3.0	3.1	6.9	5.0	4.9	5.0

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2023 to 2027

	2026:1	2026:2	2026:3	2026:4	2027:1	2027:2	2027:3	2027:4
Personal Income	693.870	702.587	711.265	720.172	730.081	739.376	748.887	758.216
% Ch, Annual Rate	5.5	5.1	5.0	5.1	5.6	5.2	5.2	5.1
Total Wage and Salary Disbursements	365.784	370.591	375.445	380.423	385.495	390.597	395.797	400.933
% Ch, Annual Rate	5.4	5.4	5.3	5.4	5.4	5.4	5.4	5.3
Manufacturing	27.307	27.649	28.003	28.361	28.703	29.030	29.362	29.670
% Ch, Annual Rate	4.9	5.1	5.2	5.2	4.9	4.6	4.7	4.3
Durable Manufacturing	20.894	21.167	21.447	21.730	21.995	22.251	22.514	22.761
% Ch, Annual Rate	5.1	5.3	5.4	5.4	5.0	4.7	4.8	4.5
Nondurable Manufacturing	6.413	6.482	6.556	6.631	6.708	6.779	6.848	6.909
% Ch, Annual Rate	4.0	4.4	4.6	4.7	4.7	4.3	4.1	3.6
Nonmanufacturing	329.383	333.750	338.148	342.676	347.281	351.953	356.713	361.446
% Ch, Annual Rate	5.4	5.4	5.4	5.5	5.5	5.5	5.5	5.4
Other Private Wages	1.705	1.727	1.749	1.771	1.794	1.817	1.840	1.863
% Ch, Annual Rate	5.2	5.2	5.1	5.2	5.2	5.2	5.2	5.0
Farm Wages	2.369	2.409	2.448	2.489	2.531	2.573	2.616	2.659
% Ch, Annual Rate	7.0	6.8	6.8	6.9	6.9	6.8	6.8	6.6
Military Wages	5.019	5.056	5.097	5.125	5.186	5.224	5.266	5.295
% Ch, Annual Rate	4.9	3.0	3.3	2.2	4.8	3.0	3.2	2.2
Nonwage Personal Income	328.086	331.996	335.819	339.749	344.585	348.779	353.090	357.283
% Ch, Annual Rate	5.7	4.9	4.7	4.8	5.8	5.0	5.0	4.8
Supplements to Wages and Salaries	77.708	78.629	79.543	80.393	81.366	82.284	83.117	84.058
% Ch, Annual Rate	5.8	4.8	4.7	4.3	4.9	4.6	4.1	4.6
Proprietor's Income	46.520	47.058	47.568	48.111	48.535	49.068	49.641	50.214
% Ch, Annual Rate	4.5	4.7	4.4	4.7	3.6	4.5	4.8	4.7
Farm	2.189	2.181	2.168	2.155	2.142	2.131	2.122	2.117
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	44.330	44.877	45.400	45.956	46.393	46.937	47.518	48.096
% Ch, Annual Rate	4.7	5.0	4.7	5.0	3.9	4.8	5.0	5.0
Less: Contribution For Govt. Soc. Ins.	57.516	58.169	58.826	59.326	60.031	60.626	61.051	61.729
% Ch, Annual Rate	6.6	4.6	4.6	3.4	4.8	4.0	2.8	4.5
Plus: Residence Adjustment	6.615	6.704	6.794	6.887	6.982	7.076	7.172	7.265
% Ch, Annual Rate	5.5	5.5	5.5	5.6	5.6	5.5	5.5	5.3
Dividends/Int./Rent	149.193	150.898	152.535	154.124	155.912	157.719	159.522	161.310
% Ch, Annual Rate	4.7	4.6	4.4	4.2	4.7	4.7	4.7	4.6
Transfer Payments	105.566	106.875	108.205	109.560	111.821	113.258	114.690	116.165
% Ch, Annual Rate	8.1	5.1	5.1	5.1	8.5	5.2	5.2	5.2
State U.I. Benefits	1.240	1.246	1.253	1.262	1.266	1.265	1.263	1.258
% Ch, Annual Rate	0.8	2.1	2.0	2.9	1.3	-0.2	-0.7	-1.5
Other Transfers	104.326	105.629	106.953	108.299	110.555	111.993	113.427	114.907
% Ch, Annual Rate	8.2	5.1	5.1	5.1	8.6	5.3	5.2	5.3

Table A4.1
Selected Inflation Indicators
(PCE Price Index 2012=100; CPI 1982-84=1)

	PCE Price Index*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	21.8	4.2	0.405	4.2	0.382	2.1
1972	22.5	3.4	0.418	3.3	0.393	2.9
1973	23.8	5.4	0.444	6.3	0.418	6.4
1974	26.2	10.4	0.493	11.0	0.464	11.0
1975	28.4	8.3	0.538	9.1	0.511	10.2
1976	30.0	5.5	0.569	5.8	0.540	5.5
1977	31.9	6.5	0.606	6.5	0.583	8.0
1978	34.1	7.0	0.652	7.6	0.640	9.9
1979	37.2	8.9	0.726	11.3	0.709	10.8
1980	41.2	10.8	0.824	13.5	0.827	16.7
1981	44.9	9.0	0.909	10.4	0.916	10.8
1982	47.4	5.6	0.965	6.2	0.978	6.7
1983	49.4	4.3	0.996	3.2	0.993	1.5
1984	51.2	3.8	1.039	4.4	1.030	3.8
1985	53.0	3.5	1.076	3.5	1.056	2.5
1986	54.2	2.2	1.097	1.9	1.066	1.0
1987	55.9	3.1	1.136	3.6	1.092	2.4
1988	58.0	3.9	1.183	4.1	1.128	3.3
1989	60.6	4.4	1.239	4.8	1.181	4.7
1990	63.2	4.4	1.307	5.4	1.268	7.3
1991	65.3	3.3	1.362	4.2	1.341	5.8
1992	67.1	2.7	1.403	3.0	1.390	3.7
1993	68.8	2.5	1.445	3.0	1.429	2.8
1994	70.2	2.1	1.482	2.6	1.478	3.4
1995	71.7	2.1	1.524	2.8	1.522	3.0
1996	73.2	2.1	1.569	2.9	1.575	3.4
1997	74.5	1.7	1.605	2.3	1.630	3.5
1998	75.1	0.8	1.630	1.5	1.677	2.9
1999	76.2	1.5	1.666	2.2	1.728	3.0
2000	78.1	2.5	1.722	3.4	1.792	3.7
2001	79.7	2.0	1.770	2.8	1.857	3.6
2002	80.7	1.3	1.799	1.6	1.893	2.0
2003	82.4	2.1	1.840	2.3	1.924	1.6
2004	84.4	2.5	1.889	2.7	1.947	1.2
2005	86.9	2.9	1.953	3.4	2.002	2.8
2006	89.3	2.8	2.016	3.2	2.076	3.7
2007	91.6	2.6	2.073	2.9	2.157	3.9
2008	94.3	3.0	2.153	3.8	2.247	4.2
2009	94.1	-0.3	2.146	-0.3	2.260	0.6
2010	95.7	1.8	2.181	1.6	2.267	0.3
2011	98.2	2.5	2.249	3.1	2.328	2.7
2012	100.0	1.9	2.296	2.1	2.387	2.5
2013	101.4	1.4	2.330	1.5	2.416	1.2
2014	102.9	1.5	2.367	1.6	2.460	1.8
2015	103.1	0.2	2.370	0.1	2.494	1.4
2016	104.1	1.0	2.400	1.3	2.550	2.3
2017	106.1	1.8	2.451	2.1	2.627	3.0
2018	108.3	2.1	2.511	2.4	2.711	3.2
2019	109.9	1.5	2.557	1.8	2.779	2.5
2020	111.1	1.1	2.589	1.3	2.826	1.7
2021	115.6	4.0	2.710	4.7	2.960	4.7
2022	122.9	6.3	2.926	8.0	3.224	8.9
Forecast						
2023	127.4	3.7	3.041	3.9	3.412	5.8
2024	130.5	2.4	3.113	2.4	3.506	2.8
2025	133.0	2.0	3.179	2.1	3.580	2.1
2026	135.6	1.9	3.244	2.0	3.653	2.0
2027	138.3	2.0	3.316	2.2	3.735	2.2

* GDP Price Index 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 PCE Price Index 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
Price Indexes for Gross Domestic Product
(2012=100)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	16.7	5.5	21.4	2.3	4.9	6.4	9.1	0.7
1972	17.4	4.2	22.4	4.8	5.0	0.6	9.2	1.3
1973	18.3	4.8	25.2	12.7	5.7	14.6	10.1	9.6
1974	19.8	8.5	29.0	15.2	9.0	58.9	13.6	35.1
1975	21.5	8.6	31.2	7.5	9.8	8.5	14.6	6.7
1976	23.0	6.9	31.8	1.9	10.5	7.3	15.2	4.2
1977	24.8	7.6	33.7	5.9	11.9	13.2	16.1	5.8
1978	26.7	7.7	36.9	9.6	12.6	5.7	16.8	4.3
1979	28.9	8.4	40.5	9.8	17.3	37.9	22.5	34.0
1980	31.9	10.4	43.9	8.4	24.3	40.4	31.2	38.8
1981	35.2	10.2	47.1	7.1	29.8	22.3	34.7	11.3
1982	37.9	7.8	48.3	2.6	29.2	-1.9	32.9	-5.1
1983	40.3	6.1	48.8	1.1	26.9	-7.8	31.9	-3.3
1984	42.4	5.2	50.3	3.0	27.5	2.2	31.4	-1.5
1985	44.4	4.9	50.9	1.1	26.4	-3.9	31.6	0.8
1986	46.3	4.1	52.1	2.4	20.7	-21.7	24.8	-21.5
1987	47.7	3.0	53.7	3.2	21.2	2.6	25.8	3.8
1988	49.9	4.8	55.3	3.0	21.2	0.0	26.0	0.8
1989	52.3	4.7	58.2	5.3	22.5	5.9	28.4	9.2
1990	54.7	4.6	61.1	4.9	27.1	20.4	32.3	13.8
1991	56.8	3.9	63.0	3.1	25.8	-4.8	31.9	-1.3
1992	58.8	3.6	63.5	0.8	24.7	-4.1	31.8	-0.4
1993	60.9	3.5	64.3	1.4	24.6	-0.7	31.5	-1.0
1994	62.5	2.7	65.4	1.7	24.1	-1.8	31.6	0.5
1995	64.3	2.8	66.8	2.2	23.9	-0.9	32.1	1.6
1996	66.1	2.7	68.9	3.1	27.1	13.3	34.1	6.1
1997	67.9	2.8	70.2	1.9	27.1	0.2	34.1	0.0
1998	69.4	2.1	71.1	1.3	24.0	-11.4	29.7	-12.9
1999	70.7	2.0	72.2	1.6	24.4	1.7	32.3	8.9
2000	72.7	2.8	73.9	2.3	35.8	46.6	41.3	27.8
2001	75.1	3.2	76.1	2.9	35.1	-2.0	39.8	-3.6
2002	77.0	2.6	77.2	1.5	31.3	-10.8	37.4	-6.0
2003	79.6	3.3	78.7	1.9	37.9	20.9	43.6	16.5
2004	82.0	3.1	81.2	3.1	44.1	16.4	51.3	17.6
2005	84.8	3.4	82.6	1.7	58.7	33.0	62.3	21.6
2006	87.8	3.6	84.0	1.7	66.7	13.7	70.3	12.9
2007	90.8	3.3	87.2	3.9	71.3	6.9	76.3	8.4
2008	93.5	2.9	92.6	6.1	96.8	35.7	88.8	16.5
2009	94.2	0.8	93.7	1.2	66.2	-31.6	65.2	-26.6
2010	96.0	1.9	93.9	0.3	77.5	16.9	76.9	18.0
2011	97.9	1.9	97.7	4.0	98.6	27.3	96.6	25.7
2012	100.0	2.2	100.0	2.4	100.0	1.4	100.0	3.5
2013	102.3	2.3	101.0	1.0	98.8	-1.2	97.2	-2.8
2014	104.9	2.5	102.9	1.9	98.3	-0.5	93.5	-3.8
2015	106.8	1.8	104.1	1.1	69.9	-28.8	68.7	-26.5
2016	109.2	2.2	103.0	-1.0	58.1	-17.0	61.1	-11.1
2017	112.0	2.5	102.9	-0.1	66.8	15.1	68.9	12.8
2018	115.1	2.8	103.4	0.5	80.8	21.0	78.0	13.2
2019	117.8	2.4	104.4	1.0	77.1	-4.6	75.3	-3.4
2020	120.1	2.0	108.0	3.4	59.9	-22.3	64.2	-14.8
2021	124.5	3.6	111.4	3.2	79.0	31.9	85.8	33.7
2022	130.7	5.0	123.1	10.5	128.9	63.1	112.7	31.3
Forecast								
2023	137.8	5.4	128.7	4.5	102.8	-20.2	93.3	-17.2
2024	143.3	4.0	129.4	0.5	99.4	-3.4	87.6	-6.1
2025	147.6	3.0	131.1	1.3	97.2	-2.2	86.5	-1.2
2026	151.6	2.7	133.3	1.7	95.8	-1.4	85.6	-1.1
2027	155.9	2.8	135.9	1.9	96.1	0.2	85.6	0.0

Table A5.1
Washington Resident Population and Components of Change*
 (Thousands)

	Population	Change	Percent Change	Births	Deaths	Net Migration
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.2
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	46.2
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	94.0
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	70.3	31.7	8.7
1983	4307.2	30.7	0.7	69.6	32.6	-6.3
1984	4354.1	46.8	1.1	68.6	33.3	11.5
1985	4415.8	61.7	1.4	69.2	34.0	26.5
1986	4462.2	46.4	1.1	70.3	34.0	10.1
1987	4527.1	64.9	1.5	69.4	34.4	29.8
1988	4616.9	89.8	2.0	71.1	36.0	54.7
1989	4728.1	111.2	2.4	73.2	36.1	74.0
1990	4866.7	138.6	2.9	76.7	36.3	98.3
1991	5000.4	133.7	2.7	79.3	36.7	91.1
1992	5091.1	90.8	1.8	80.6	37.2	47.5
1993	5188.0	96.9	1.9	79.5	39.4	56.7
1994	5291.6	103.6	2.0	78.3	39.6	64.9
1995	5396.6	105.0	2.0	77.5	40.0	67.5
1996	5483.1	86.5	1.6	77.0	41.2	50.7
1997	5579.1	96.0	1.8	78.0	42.6	60.6
1998	5685.5	106.3	1.9	78.8	41.6	69.1
1999	5792.2	106.8	1.9	79.8	43.1	70.1
2000	5894.1	101.9	1.8	79.9	43.7	65.8
2001	5970.5	76.3	1.3	80.7	43.9	39.5
2002	6059.7	89.2	1.5	79.3	44.9	54.9
2003	6126.9	67.2	1.1	79.1	44.7	32.9
2004	6208.5	81.6	1.3	81.0	46.0	46.7
2005	6298.8	90.3	1.5	81.8	45.6	54.0
2006	6420.2	121.4	1.9	83.2	45.3	83.5
2007	6525.1	104.9	1.6	87.8	46.2	63.3
2008	6608.2	83.1	1.3	89.6	47.9	41.5
2009	6672.3	64.0	1.0	89.8	48.1	22.3
2010	6724.5	52.3	0.8	88.4	47.7	11.5
2011	6781.5	56.9	0.8	86.4	48.8	19.3
2012	6835.2	53.8	0.8	87.1	49.2	15.9
2013	6909.4	74.2	1.1	87.3	51.1	38.1
2014	7005.2	95.8	1.4	87.0	50.7	59.4
2015	7106.6	101.4	1.4	88.5	52.8	65.8
2016	7237.2	130.6	1.8	89.8	54.7	95.4
2017	7344.1	106.9	1.5	89.7	56.1	73.3
2018	7463.5	119.4	1.6	87.3	56.4	88.4
2019	7581.8	118.3	1.6	85.7	57.2	89.8
2020	7706.3	124.5	1.6	84.8	58.5	98.2
2021	7767.0	60.7	0.8	82.1	64.0	42.5
2022	7864.4	97.4	1.3	85.0	71.1	83.6
Forecast						
2023	7951.6	87.2	1.1	87.2	69.6	69.7
2024	8025.2	73.6	0.9	88.0	67.3	52.9
2025	8100.4	75.1	0.9	88.6	65.4	51.9
2026	8182.1	81.7	1.0	89.1	61.4	54.0
2027	8263.3	81.2	1.0	89.6	63.2	54.8

* As of April 1 of Each Year

Source: Office of Financial Management, November 2022 Forecast

Table A5.2
Washington Population*
 (Thousands)

	<u>2018</u>	<u>2019</u>	Actual <u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Forecast <u>2025</u>	<u>2026</u>	<u>2027</u>
Total Population	7463.5	7581.8	7706.3	7767.0	7864.4	7951.6	8025.2	8100.4	8182.1	8263.3
Percent Change	1.6	1.6	1.6	0.8	1.3	1.1	0.9	0.9	1.0	1.0
Age 17 and Under	1672.7	1688.3	1688.6	1688.2	1700.2	1708.5	1710.7	1711.4	1711.9	1712.1
Percent of Total	22.4	22.3	21.9	21.7	21.6	21.5	21.3	21.1	20.9	20.7
Age 6-18	1219.8	1236.3	1240.1	1248.5	1263.6	1275.0	1281.3	1284.9	1285.6	1279.4
Percent of Total	16.3	16.3	16.1	16.1	16.1	16.0	16.0	15.9	15.7	15.5
Age 18 and Over	5790.7	5893.5	6017.7	6078.8	6164.2	6243.2	6314.5	6388.9	6470.2	6551.2
Percent of Total	77.6	77.7	78.1	78.3	78.4	78.5	78.7	78.9	79.1	79.3
Age 21 and Over	5507.5	5606.8	5737.8	5798.5	5879.7	5954.0	6020.4	6089.1	6164.7	6241.4
Percent of Total	73.8	74.0	74.5	74.7	74.8	74.9	75.0	75.2	75.3	75.5
Age 20-34	1542.6	1567.1	1622.8	1619.1	1631.0	1636.9	1635.7	1633.7	1632.3	1631.6
Percent of Total	20.7	20.7	21.1	20.8	20.7	20.6	20.4	20.2	20.0	19.7
Age 18-64	4613.8	4663.4	4763.9	4777.2	4816.7	4848.4	4871.4	4896.2	4924.8	4955.2
Percent of Total	61.8	61.5	61.8	61.5	61.2	61.0	60.7	60.4	60.2	60.0
Age 65 and Over	1176.9	1230.1	1253.8	1301.5	1347.6	1394.8	1443.1	1492.8	1545.4	1596.0
Percent of Total	15.8	16.2	16.3	16.8	17.1	17.5	18.0	18.4	18.9	19.3

* As of April 1 of Each Year

Source: Office of Financial Management, November 2022 Forecast

Table A6.1

Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	April 2023	-
U.S. Real GDP Growth	1st quarter 2023	+
U.S. ISM Index	May 2023	-
U.S. Employment YOY%Δ	June 2023	-
U.S. Unemployment Rate	May 2023	+
U.S. Consumer Confidence	May 2023	-
U.S. Consumer Sentiment	March 2023	-
U.S. CPI YOY%Δ	June 2023	-
U.S. Home Prices YOY%Δ	May 2023	-
S&P 500 Index	July 2023	+
WA Leading Index	May 2023	+
WA Employment YOY%Δ	May 2023	-
WA Aerospace Empl. YOY%Δ	April 2023	-
WA Unemployment Rate	April 2023	-
WA Help Wanted Index	April 2023	+
WA Business Cycle Indicator	April 2023	+
WA Initial Unemploy. Claims	June 2023	-
WA Housing Permits	April 2023	+
WA Weekly Hours in Mfg.	May 2023	+
WA New Vehicle Registration	April 2023	+
WA In-Migration	April 2023	-
WA Exports-Total YOY%Δ	1st quarter 2023	+
WA Exports- w/o Trans. Equip. YOY%Δ	1st quarter 2023	+
Seattle CPI YOY%Δ	June 2023	-
Seattle Home Prices YOY%Δ	April 2023	+
WA Construction Activity Index	April 2023	+

*Change from the previous reading

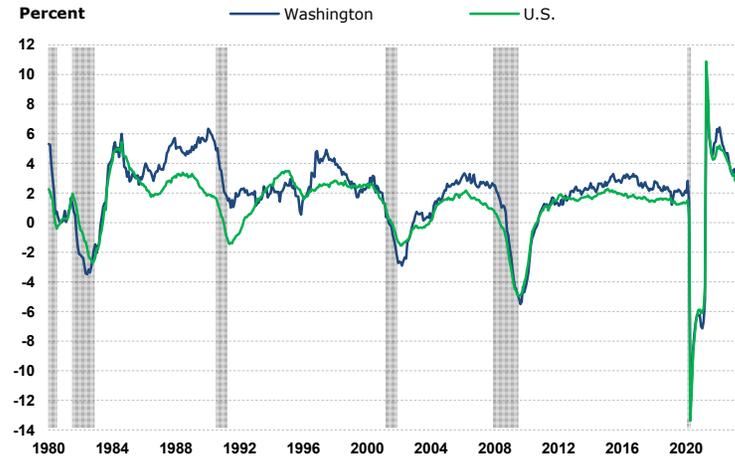
Table A6.2
Washington Business Indicators
 Historical Data

	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	U.S. Purchasing Management Index
2016:01	118.9	99.3	63.5	107.8	128.7	48.2
2016:02	119.2	99.2	65.5	109.5	124.9	49.7
2016:03	119.7	99.2	62.8	109.2	128.9	51.7
2016:04	120.8	99.7	63.3	109.9	130.9	50.7
2016:05	121.6	99.5	65.5	110.8	148.2	51.0
2016:06	121.7	99.8	66.7	110.9	151.3	52.8
2016:07	122.3	100.2	67.7	110.4	156.3	52.3
2016:08	121.6	100.2	66.9	108.2	153.1	49.4
2016:09	122.0	100.4	67.4	112.6	143.4	51.7
2016:10	122.2	100.5	68.3	112.5	152.3	52.0
2016:11	121.8	100.7	69.3	113.6	148.8	53.5
2016:12	121.8	101.2	70.7	114.4	149.2	54.5
2017:01	122.3	101.8	69.1	112.1	152.5	56.0
2017:02	122.2	102.1	68.6	112.4	140.1	57.7
2017:03	122.9	102.6	70.4	112.9	143.4	57.2
2017:04	123.6	102.8	69.3	113.6	143.3	54.8
2017:05	124.2	103.2	70.9	114.4	149.2	54.9
2017:06	124.6	103.8	70.9	115.5	145.4	57.8
2017:07	124.9	104.1	71.0	115.9	139.5	56.3
2017:08	125.0	104.5	72.1	116.5	135.1	58.8
2017:09	125.3	104.5	73.3	115.5	140.4	60.8
2017:10	125.6	105.9	73.1	119.3	132.7	58.7
2017:11	125.5	106.3	75.2	117.9	134.7	58.2
2017:12	126.5	107.1	74.9	118.0	138.6	59.7
2018:01	126.8	107.8	74.3	117.7	136.8	59.1
2018:02	128.3	108.5	76.1	119.8	133.3	60.8
2018:03	128.8	108.8	77.2	121.3	137.4	59.3
2018:04	129.0	109.3	76.6	119.3	133.7	57.3
2018:05	128.2	109.4	77.6	117.2	128.2	58.7
2018:06	127.9	110.0	78.5	119.7	128.0	60.2
2018:07	127.6	110.4	77.8	118.1	129.3	58.1
2018:08	127.7	110.9	76.4	120.0	129.2	61.3
2018:09	128.1	111.5	76.9	119.6	132.4	59.8
2018:10	127.7	111.4	77.1	120.9	133.0	57.7
2018:11	127.8	111.5	77.0	121.3	133.3	59.3
2018:12	128.8	111.3	78.0	123.0	140.1	54.1
2019:01	130.2	111.3	78.5	122.1	154.6	56.6
2019:02	127.9	111.5	74.8	112.1	156.5	54.2
2019:03	131.2	111.7	77.5	122.5	150.1	55.3
2019:04	131.8	111.8	79.7	124.4	154.0	52.8
2019:05	132.0	111.8	79.5	123.8	150.2	52.1
2019:06	131.4	111.6	80.8	123.1	149.9	51.7
2019:07	131.8	112.0	80.7	124.8	152.0	51.2
2019:08	131.1	111.8	79.2	122.9	153.3	49.1
2019:09	130.9	111.6	80.4	124.7	154.8	47.8
2019:10	130.0	111.4	79.9	124.3	147.2	48.3
2019:11	130.5	111.6	79.8	126.8	146.6	48.1
2019:12	130.9	111.4	84.2	127.2	147.9	47.2
2020:01	130.6	112.0	80.6	119.7	149.1	50.9
2020:02	132.2	111.8	81.3	123.1	149.4	50.1
2020:03	121.5	103.5	74.3	122.6	127.9	49.1
2020:04	113.2	96.9	41.6	104.5	97.5	41.5
2020:05	119.8	99.8	46.5	115.4	119.8	43.1
2020:06	122.6	102.8	58.1	116.3	136.5	52.6
2020:07	124.9	104.9	65.0	119.5	139.8	54.2
2020:08	126.1	106.5	66.6	120.3	134.3	56.0
2020:09	125.7	107.5	71.6	122.6	133.8	55.4
2020:10	126.7	108.2	72.6	121.8	137.7	59.3
2020:11	127.6	109.2	74.1	122.4	135.6	57.5
2020:12	129.5	109.6	77.2	127.6	136.0	60.7
2021:01	130.8	110.1	77.2	126.6	141.6	58.7
2021:02	132.2	110.1	79.6	125.6	150.6	60.8
2021:03	133.3	111.5	82.5	127.9	160.4	64.7
2021:04	134.9	113.1	88.1	127.4	175.3	60.7
2021:05	135.7	114.6	88.7	126.6	176.0	61.2
2021:06	137.4	116.2	89.1	126.0	189.5	60.6
2021:07	139.8	116.6	92.5	128.3	206.7	59.5
2021:08	139.0	117.4	90.4	132.0	187.9	59.9
2021:09	138.2	117.6	91.8	126.2	193.3	61.1
2021:10	138.5	118.1	91.7	129.7	193.3	60.8
2021:11	139.5	118.8	93.9	130.5	198.7	61.1
2021:12	139.0	119.3	95.7	130.9	198.7	58.7
2022:01	139.9	118.5	95.6	127.0	198.4	57.6
2022:02	142.4	119.4	102.0	129.7	204.5	58.6
2022:03	143.2	119.3	104.2	132.1	215.1	57.0
2022:04	142.6	118.7	104.9	128.9	206.9	55.9
2022:05	142.6	117.9	104.7	130.5	204.3	56.1
2022:06	139.5	115.3	101.7	131.3	194.1	53.1
2022:07	138.8	114.4	100.7	129.2	203.9	52.7
2022:08	137.3	114.1	96.0	128.4	182.4	52.9
2022:09	137.4	113.5	93.8	128.4	194.5	51.0
2022:10	135.9	112.5	92.9	126.6	187.6	50.0
2022:11	135.5	111.5	90.3	124.2	189.8	49.0
2022:12	136.3	110.7	91.0	125.0	199.9	48.4
2023:01	138.0	110.2	88.8	123.0	197.4	47.4
2023:02	138.7	109.7	90.6	127.7	200.7	47.7
2023:03		108.4	91.6	124.9	201.9	46.3
2023:04		107.5	93.2	125.7	203.3	47.1

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

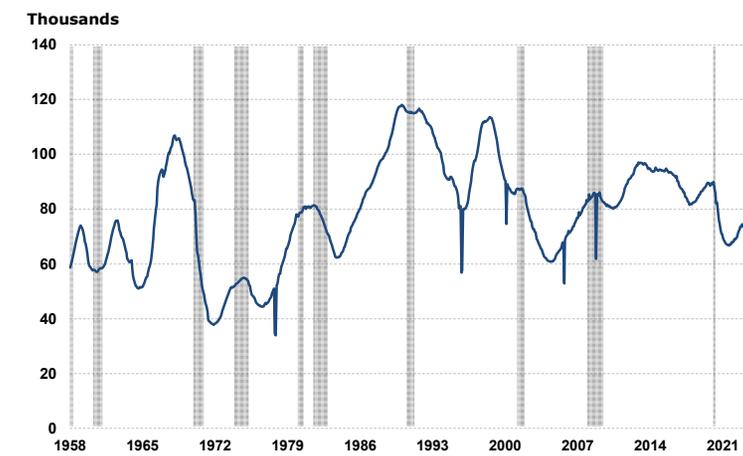
January 1980 to May 2023



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

Washington Aircraft and Parts Employment

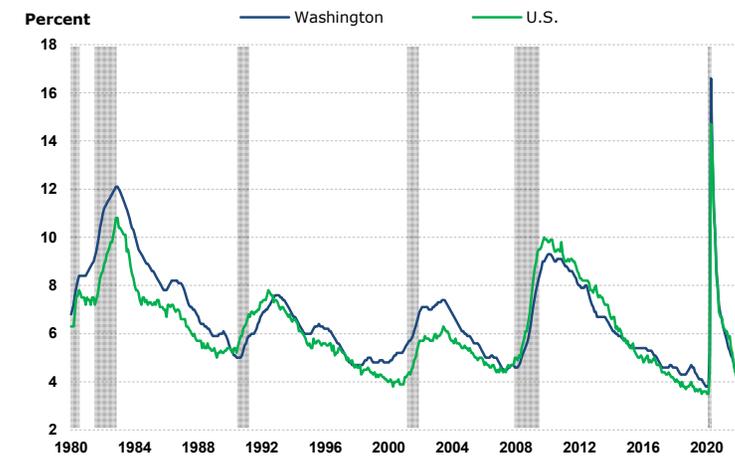
January 1958 to April 2023



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

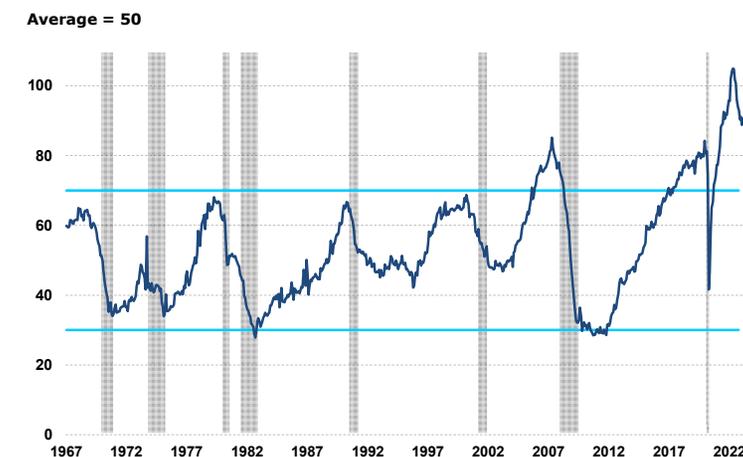
January 1980 to May 2023



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

January 1968 to April 2023



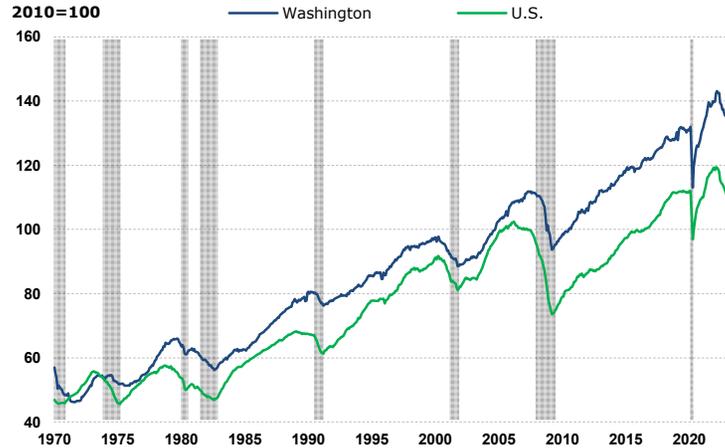
* Source: ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

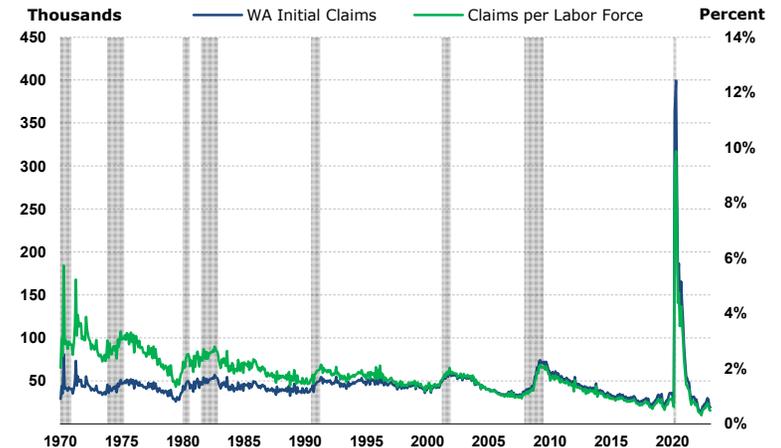
January 1970 to April 2023



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

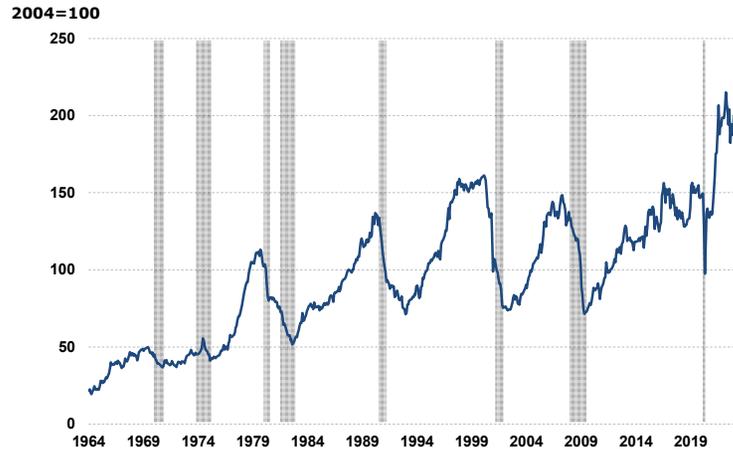
January 1970 to April 2023, S.A.



* Source: WA State Employment Security, ERFC

Washington State Help Wanted Index

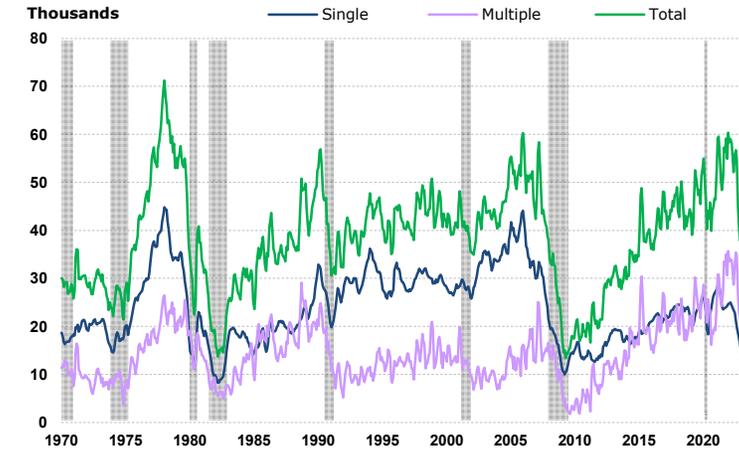
January 1964 to April 2023



* Source: The Conference Board, ERFC

Housing Units Authorized in Washington State

January 1970 to April 2023, 3mma, SAAR



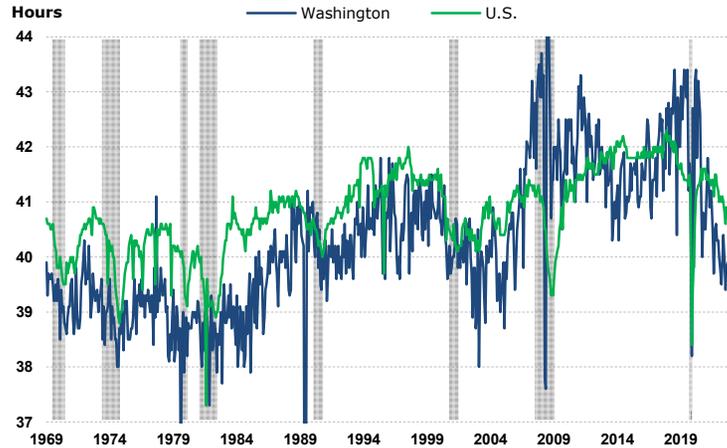
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

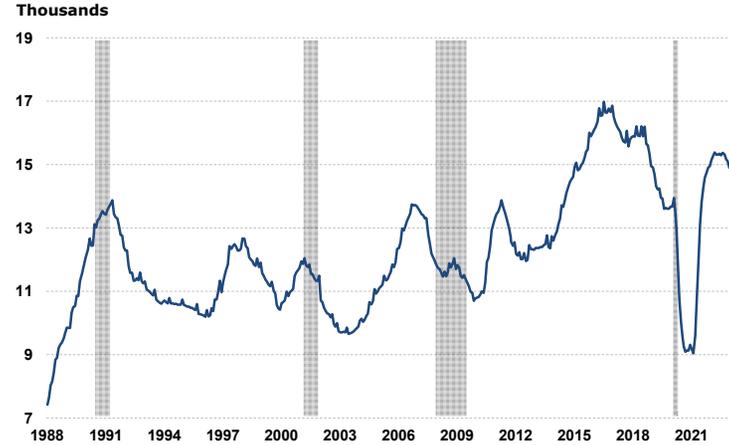
June 1969 to May 2023, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License In-Migration

January 1988 to April 2023, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

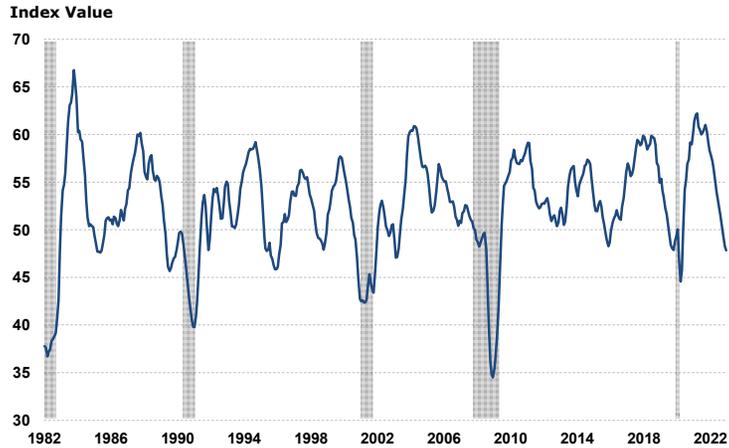
September 1970 to May 2023, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

U.S. Institute for Supply Management Index

March 1982 to June 2023, 3-Month Moving Average, S.A.



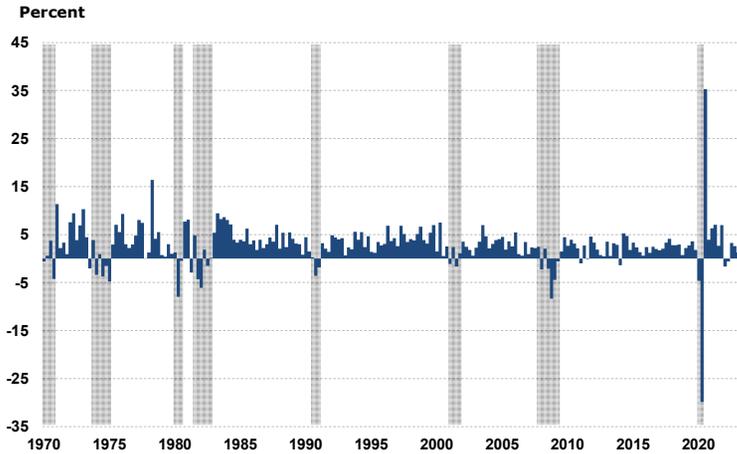
* Source: Institute for Supply Management, ISM-WW, ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.4: Other Economic Indicators

Quarterly U.S. Real GDP Growth

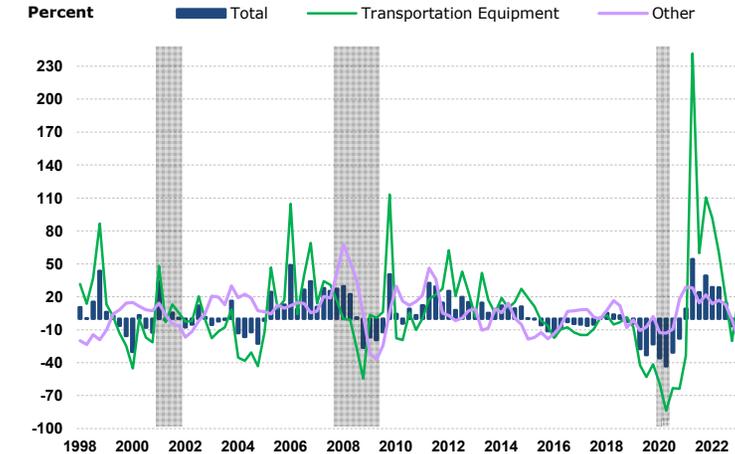
1970Q1 to 2023Q1, SAAR



* Source: Bureau of Economic Analysis

Washington State Export Composition

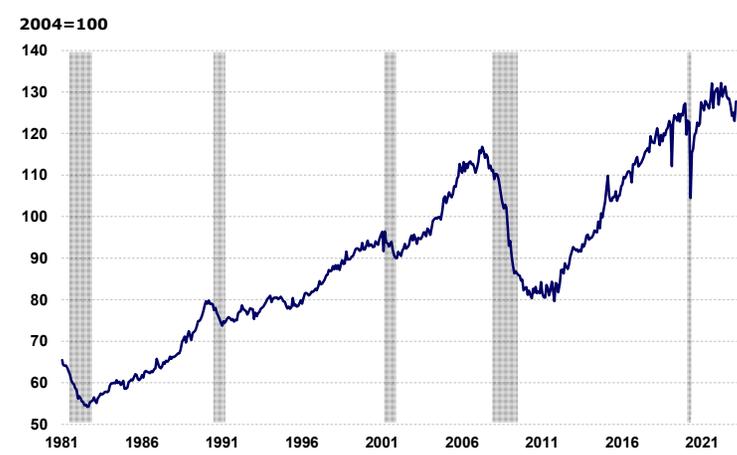
1998Q1 to 2023Q1, Year-over-year percent change



* Source: WISER

Washington State Construction Index

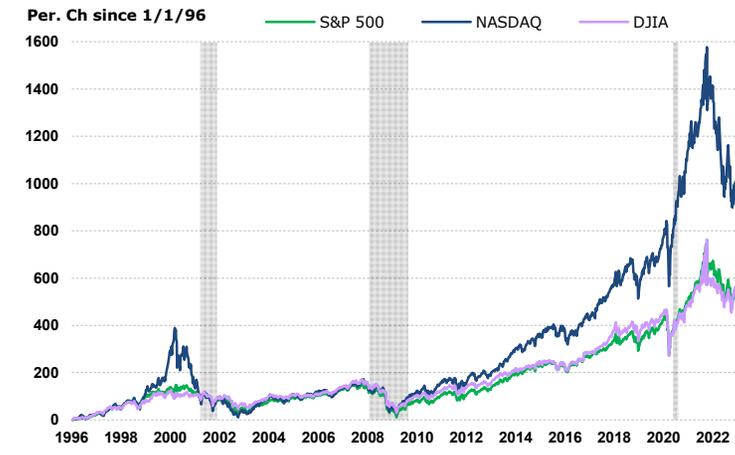
January 1981 to April 2023, 12mma



* Source: ERFC

National Stock Indexes

January 1, 1996 to July 7, 2023



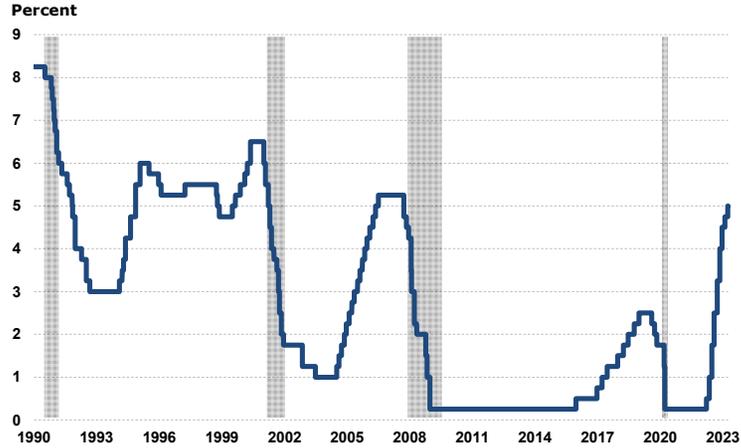
* Source: ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.4: Other Economic Indicators (continued...)

Federal Funds Target Rate

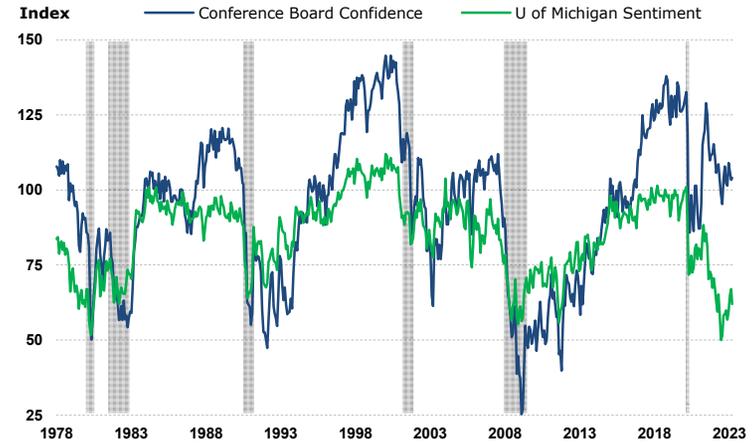
January 1, 1990 to May 6, 2023



* Federal Reserve

Consumer Confidence

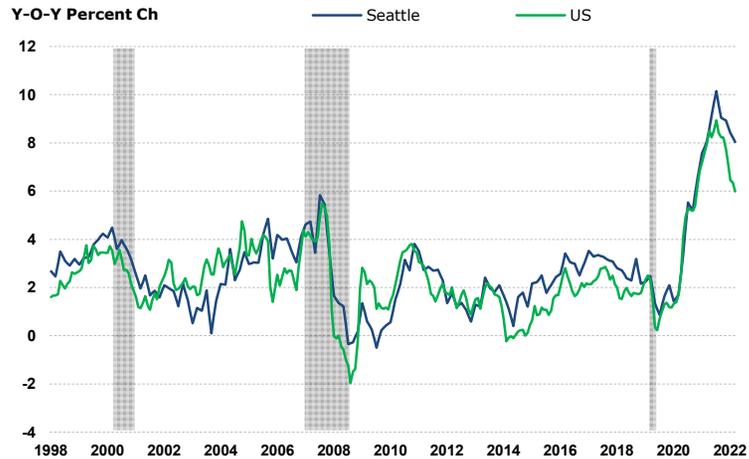
March 1978 to April 2023



* Source: The Conference Board, University of Michigan

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

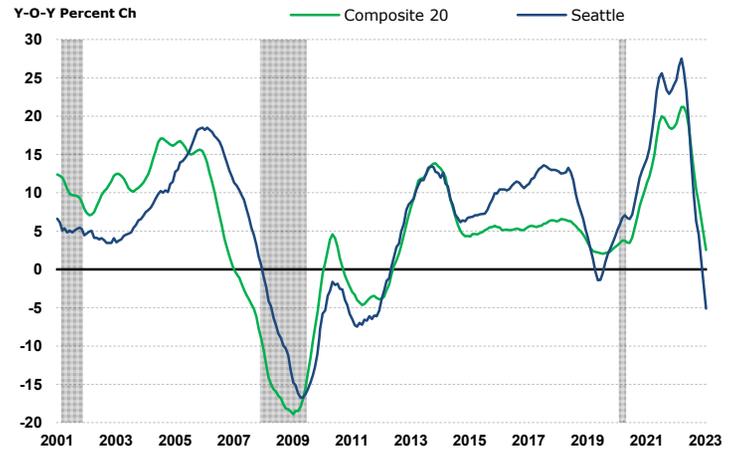
December 1998 to June 2023



* Source: Bureau of Labor Statistics

Case Shiller Home Price Index

January 2001 to April 2023, SA



* Source: Case Shiller, ERFC

* Shaded areas correspond with national recessions.
Appendix

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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 2018, for example, ran from July 1, 2017 through June 30, 2018.

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 and the Washington Opportunity Pathways 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.