

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 scene is framed by the branches of cherry blossom trees in full bloom, with white flowers and green leaves visible in the foreground and around the building. The sky is a clear, light blue.

Washington State Economic and Revenue Forecast

March 2023
Volume XLVIII, No. 1



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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 March 31, 2023.

Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

March 2023
Volume XLVIII, No. 1

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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 1.0%, up from 0.2% the November forecast. For 2024, real GDP growth is 1.1%, down from 1.5% in the November forecast. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027 compared to 2.1%, 2.1%, and 1.9% in the November forecast.**
- **We expect the Federal Reserve to increase the federal funds rate until reaching 5.25% to 5.5% in June 2023.**
- **The Washington economy continued to expand through the end of 2022.**
- **Seattle inflation remained high and Washington housing has weakened.**
- **Seattle home prices were down 5.1% over the year in January.**
- **The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year.**
- **While tracked collections since November 2022 have come in above their forecasted amounts, a slowdown in taxable activity is expected to start during the current biennium. Due to the surplus collections, forecasted revenue for the current biennium has been increased despite the expected slowdown.**
- **Growth in taxable activity is expected to be lower than in the previous forecast due mainly to lower personal income and construction activity. This has lowered forecasted revenue in the 2023-25 and 2025-27 biennia.**
- **Much of the forecast decrease was real estate excise tax, which has come in below the November forecast and is expected to decrease further due to higher mortgage rates.**
- **The total forecast for funds subject to the budget outlook process was increased by \$194 million in the 2021-23 biennium. The forecast was decreased by \$483 million in the 2023-25 biennium and \$541 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. The COVID-19 pandemic and resulting social distancing and business shutdowns severely weakened the economy. Economic growth recovered quickly 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. Concerns over the health of the banking sector has added to downside risk. There are still a significant number of new COVID-19 cases and the threat of an uptick in infections remains.

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 March 2023 Control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to match the March 2023 Blue Chip "Consensus" GDP forecast for 2023 and 2024. The forecast for GDP growth in 2023 is now 1.0%, up from 0.2% the November forecast. For 2024, real GDP growth is 1.1%, down from 1.5% in the November forecast. For 2025-27, we incorporated growth rates from the March Blue Chip long term forecast. The forecast calls for two quarters of slightly negative growth starting in the second quarter of this year. We expect annual growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027 compared to 2.1%, 2.1% and 1.9% in the November 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 March. 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 pair of 25 basis point hikes in May and June. We expect the federal funds rate to reach 5.25% to 5.5% in June 2023 (see figure 1.6). 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. Seattle inflation remained high and Washington housing has weakened. Washington employment growth in November and December was slightly more than expected in the November forecast. The Washington unemployment rate held steady at 4.6% in February. Washington housing construction declined throughout 2022 but spiked early in 2023. Seattle home prices were down 5.1% over the year in January. Washington exports decreased 6.7% from the fourth quarter of 2021 to the fourth quarter of 2022. Washington personal income grew 7.1% in the fourth quarter compared to 7.4% for the nation. Seattle consumer price inflation outpaced the national average in the year ending in February 2023.

The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year

The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year. We expect a 1.5% increase in Washington employment this year up from the 0.9% growth rate expected in the November forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect employment growth to average 0.6% per year in 2024 through 2027 which is lower than the 0.9% average rate in the November forecast. Our forecast for nominal personal income growth this year is 4.7%, down from 5.4% in the November forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.1% per year which is which is the same average rate as in the November forecast. We expect housing permits to total 38,000 units this year, down from 42,800 units in the November forecast, and we expect permits to average 44,100 units in 2024 through 2027, down from 46,300 units in the November forecast. We expect the Seattle headline inflation to be 5.9% this year, up from 4.9% in the November forecast. We expect Seattle headline inflation to average 2.2% per year in 2024 through 2027 which is slightly higher than the 2.1% average rate in the November forecast.

Revenue Forecast

Tracked revenue has come in above the November forecast but expected future growth has slowed.

Since the November 2022 forecast, taxable activity has been stronger than expected, with total tracked collections coming in above the forecast. Future growth in activity, however, is now expected to be lower than forecasted in November, and the expected decline in real estate excise taxes is much steeper. The slowdown in general activity stems from lower expected state personal income and construction activity. The accelerated decline in real estate excise taxes, which have been coming in below the forecast, is due to higher mortgage rates. Due to the surplus in collections since the last forecast, expected revenue for the current biennium has been increased, but revenue has been decreased for the remainder of the forecast period.

Total forecast change by biennium (millions):

*21-23: +\$194
23-25: -\$483
25-27: -\$541*

Forecasted revenue for funds subject to the budget outlook process was increased by \$193.7 million for the 2021-23 biennium. The forecast for the 2023-25 biennium was decreased by \$483.1 million and the forecast for the 2025-27 biennium was increased by \$540.5 million. There were no non-economic changes to the forecast. The March 2023 forecast for these funds total \$64,145.9 million in the 2021-23 biennium, \$65,701.9 million in the 2023-25 biennium and \$70,342.4 million in the 2025-27 biennium.



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 2.6% (SAAR) in the fourth quarter of 2022 after increasing 3.2% (SAAR) in the third quarter.**
- **Employment growth has exceeded expectations and unemployment is low.**
- **The housing market and manufacturing sector are declining.**
- **Oil prices continue to trend down.**
- **The forecast calls for two quarters of slightly negative growth starting in the second quarter of this year.**
- **The forecast for GDP growth in 2023 is now 1.0%, up from 0.2% the November forecast. For 2024, real GDP growth is 1.1%, down from 1.5% in the November forecast. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027 compared to 2.1%, 2.1%, and 1.9% in the November forecast.**
- **We expect the Federal Reserve to increase the federal funds rate until reaching 5.25% to 5.5% in June 2023.**
- **The uncertainty in the baseline forecast is elevated due to increased economic concern regarding inflation, possible recession, and the COVID-19 pandemic.**

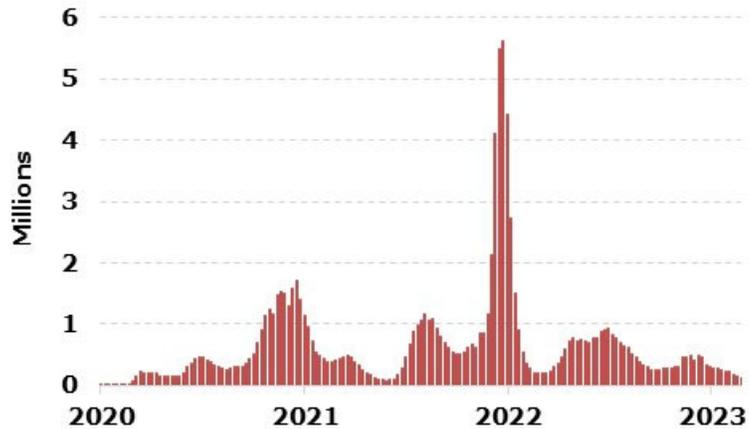
Current Conditions

High inflation threatens to slow economic growth

The economy continues to recover, although high inflation threatens to slow economic growth. The COVID-19 pandemic and resulting social distancing and business shutdowns severely weakened the economy. Economic growth recovered quickly 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. Concerns over the health of the banking sector has added to downside risk.

There are still a significant number of new COVID-19 cases and the threat of an uptick in infections remains (see figure 1.1).

Figure 1.1: New Weekly COVID-19 Cases



Source: Source: U.S. Centers for Disease Control; data through March 22, 2023

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 over \$6.0 trillion in five major categories. Business support (\$1.56 trillion), income support (\$989 billion), state and local government funding (\$870 billion), direct payments (\$869 billion), and health spending (\$748 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 fourth quarter

Real GDP increased by 2.6% (SAAR) in the fourth quarter of 2022 after increasing 3.2% (SAAR) in the third quarter. Inventory accumulation was a significant contributor to growth, adding 1.47 points to overall growth. Consumption grew 1.0% (SAAR) and added 0.70 points to GDP growth with all the improvement coming from spending on services. Nonresidential fixed investment grew 4.0% (SAAR) and added 0.52 points to growth. Increases in investment in structures and intellectual property was partially offset with a decline in equipment investment. Fixed residential investment plummeted 25.1% (SAAR), subtracting 1.20 points from growth. Fixed residential investment has now declined for seven consecutive quarters.

Government spending increased 3.8% (SAAR), increasing GDP by 0.65 points.

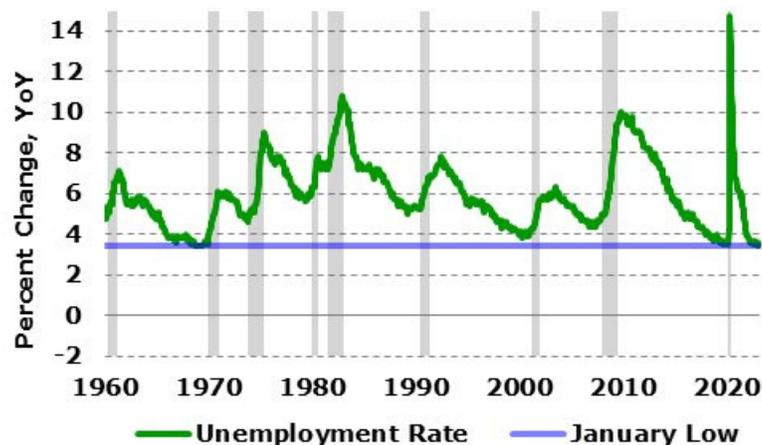
Job growth has surpassed expectations

Job growth has continued to surpass expectations. Almost three years since the unprecedented 20.7 million job decline in April 2020 due to the pandemic, employment has remained strong. In February, total nonfarm employment increased by 311,000 jobs. Over the past twelve months, job growth has averaged 362,000. 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 lost 4,000 jobs in February. Construction employment increased by 24,000 despite the weakening housing market. Private service-providing employment increased by 245,000. Employment increases in the service sector were led by a 105,000 increase in leisure and hospitality as it continues to recover from deep declines related to behavioral changes since the pandemic. Health care and social assistance continues to grow, gaining 62,800 jobs in November. The strong job growth in February was partially offset by declines in information (-25,000) with many tech sector employers announcing large layoffs. Transportation and warehousing declined 21,500 jobs over the month. Government payrolls increased by 46,000.

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 has been since 1969 (see figure 1.2). In February, the unemployment rate increased to 3.6%. The labor force participation rate increased 0.1% to 62.5% in February but remains down from a pre-pandemic high of 63.4% in January 2020. Average hourly earnings are up \$1.46 from a year ago to \$33.09 while the average workweek fell 0.2 hours from last year to 34.5 hours in February.

Figure 1.2: U.S. Unemployment Rate



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

Consumer confidence appears to have stabilized

Consumer confidence appears to have stabilized somewhat after declining for much of last year. Consumer confidence as measured by the Conference Board increased 0.8 points in March, although it is down 3.4 since last year. Recent bank failures don't appear to have impacted confidence. The improvement in March 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 declined 5.0 points in March after posting three straight gains. Consumers expressed more pessimism about expectations and current conditions in the survey. Near term inflation expectations turned lower but remain elevated.

Oil prices have fallen

Oil prices continue to trend down. The Brent spot crude price is now \$74 per barrel in the fourth week of March, 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. Concerns over the health of the banking sector are likely to push oil prices down further in the near term. However, Iraq was forced to take an estimated 450,000 barrels per day (bpd) offline which will put some upward pressure on prices. U.S. oil production has increased over the year and is nearing pre-pandemic levels. U.S. production increased to 12.462 million bpd in January up from 12.115 million bpd in December and 11.369 million bpd a year ago. Prior to the pandemic, U.S. production was at an all-time high at 12.866 million bpd in November 2019. The Baker Hughes rig count has been increasing since reaching a trough in August 2020. As of March 31st, the rig count in the U.S. was 755, up 82 since last year.

Inflation remains stubbornly high

Headline inflation has remained stubbornly high. 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. 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 6.0% in February, down from the peak of 8.9% in June 2022. The disruption in the auto market which resulted in significant car price inflation appears to be easing. Other sectors affected by earlier stay-at-home orders have seen some of the largest impacts. Energy prices are now moderating with gas prices down 2.0% from a year ago. Food costs are up 9.5% over the year. Shelter cost inflation is beginning to accelerate and is now at 8.1%. Core consumer prices, which exclude food and energy, were up 5.5% over the year.

Home prices are declining

Home prices are declining. Tight supply and strong demand for housing had led to surging prices. 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

declined 0.4% in January. Home prices remain 2.6% higher than a year ago but have reached an inflection point (see Figure 1.3). Lumber prices, which had been at historic highs, have come down. The random length lumber price reached an all-time high \$1,671 per 110,000 board feet in May 2021. Prices came down to \$398 at the end of March, in line with prices prior to the pandemic. Homebuilder confidence is improving slowly off depressed levels. In March, confidence improved two points to 44, up from a trough of 31 in December 2022 (readings below 50 indicate pessimism). Mortgage rates have eased in recent weeks, but remain much higher than the past few years. The rate on a 30-year mortgage fell to 6.42% as of March 23rd from a recent peak of 7.08% in November 2022, and up from 4.42% a year ago.

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



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

The housing market is declining

The housing market is declining just as it recovered to pre-pandemic levels. Rising interest rates, low confidence, and declining affordability are slowing new construction. Housing starts improved 9.8% in February but are down 18.4% since last year. Single-family starts in February are down 31.6% since last year while multi-family starts are up 9.9%. 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 February there were 8.2 months' worth of supply, down from a recent peak of 10.1 in September 2022. Housing permits increased 15.8% in February but are down 16.5% since last year. Single-family permits are down 34.7% since last year while multi-family permits are up 17.0%. New home sales increased 1.1% in February to 640,000 (SAAR) but are down 19.0% since last year.

The manufacturing sector is starting to decline

The manufacturing sector is starting to decline. The Institute for Supply Management (ISM) Report on Business index improved to 47.7 (index values below 50 indicate contraction) in February from 47.4 in January. This is the third month of contraction after a 30-month period of expansion. The new orders component improved 4.5 points to 47.0, still indicating contraction. Production fell 0.7 points to 47.3. The employment component fell into negative territory again, declining 1.5 points to 49.1. The latest G-17 report from the Federal Reserve indicates manufacturing output improved 0.1% in February but remains down 1.0% from a year ago. Durable goods improved 0.1% and nondurable goods improved 0.2% from the month before. New orders for core capital goods (nondefense capital goods excluding aircraft) increased 0.2% in February and are up 4.3% from a year ago.

U.S. exports remain strong but are slowing

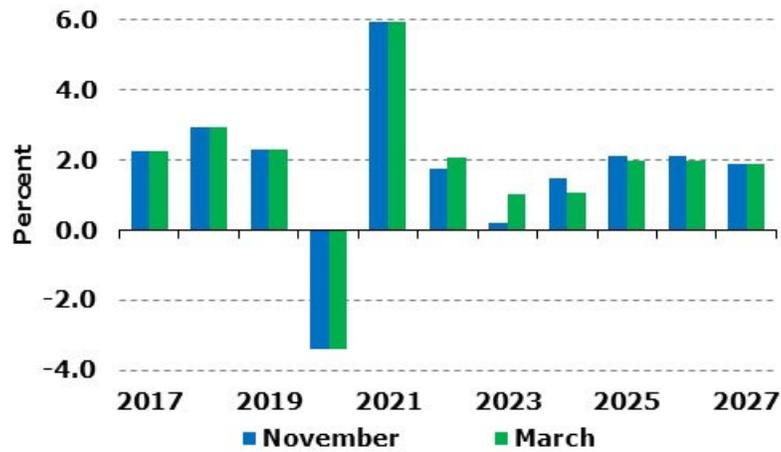
U.S. exports remain strong but are slowing. Global containment measures to combat virus outbreaks which reduced trade have ended. China has recently eased pandemic restrictions as well. Total exports in the fourth quarter grew 8.4% year over year, down from 22.6% over-the-year growth in the third quarter. Oil and gas exports have surged as demand picked up and prices rose, increasing 29.0% from a year ago. Petroleum and coal exports are similarly growing, up 22.5% year over year. Exports to the rest of North America remain positive but are slowing. Year over year growth in exports to Canada increased to 5.8% in the fourth quarter of 2022, down from 19.6% in the third quarter. Exports to Mexico are up 8.8% since a year ago, down from 20.9% in the third quarter. Exports to China fell 1.8% in the fourth quarter after increasing 9.1% year over year in the third quarter.

Forecast

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 March 2023 Control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to match the March 2023 Blue Chip "Consensus" GDP forecast for 2023 and 2024. The forecast for GDP growth in 2023 is now 1.0%, up from 0.2% the November forecast (see figure 1.4). For 2024, real GDP growth is 1.1%, down from 1.5% in the November forecast. For 2025-27, we incorporated growth rates from the March Blue Chip long term forecast. The forecast calls for two quarters of slightly negative growth starting in the second quarter of this year. We expect annual growth rates of 2.0%, 2.0%, and 1.9% in 2025 through 2027 compared to 2.1%, 2.1% and 1.9% in the November forecast.

Figure 1.4: Real GDP Growth



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

Key assumptions regarding the pandemic are included in the forecast

The forecast includes key assumptions related to the economic recovery and the pandemic. The transition from pandemic to endemic continues as the number of cases remains subdued and behavior adjusts to risks of living with the virus. President Biden has announced that the pandemic-era Public Health Emergency ends May 11th.

The forecast includes Federal Government assumptions

The forecast assumes the debt ceiling is raised in time to avoid default this summer and a FFY 2024 budget is passed in time to avoid a government shutdown in October. The forecast reflects legislation enacted through December 29, 2022. 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 pandemic related measures in Asia have lowered demand. Production restraint by OPEC+, and sanctions following the Russian invasion of Ukraine have limited supply somewhat, but not enough to keep prices up. Russia has further cut output by 500,000 barrels per day, although Saudi Arabia and the United Arab Emirates have been reluctant to cut their production. The refiner acquisition price of crude oil in 2023 is expected to average \$77 per barrel, down from \$95 per barrel in 2022. The November forecast called for oil prices to average \$82 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 \$72 per barrel in 2024 and decline throughout the forecast reaching \$63 per barrel in 2027. The November forecast expected oil prices to reach \$66 per barrel in 2027.

Inflation is expected to fall this year

Inflation (as measured by the price index for personal consumption expenditures) is expected to fall to 3.9% this year after peaking at 6.3% in 2022. Inflation was expected to fall to 3.6% 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. Inflation is expected to moderate throughout the forecast, although we expect it to be slightly higher than in November. Inflation is expected to decline to 2.4% in 2024, compared to 2.2% in the previous forecast. Inflation is expected to average 1.9% 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 1.3% this year, down from 2.8% growth in 2022. The previous forecast expected growth of 0.6% this year. The forecast calls for growth to further soften in 2024 to 1.0%. 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 1.7% this year as the economy begins to cool. The forecast then calls for a decline of 0.7% in 2024. The previous forecast expected growth of 0.2% this year followed by a 0.2% decline in 2024 (see figure 1.5). Employment is expected to be flat 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.

Figure 1.5: U.S. Nonfarm Payroll Employment



Source: U.S. Bureau of Labor Statistics, March 2023 ERFC forecast; historical data through 2022Q4

Business investment is expected to be stronger than in November

Real nonresidential fixed investment is expected to increase 1.9% this year after a 3.8% increase in 2022. The November forecast expected a 0.1% 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 even as social distancing requirements and other pandemic measure have ended. Real nonresidential fixed investment growth is expected to be flat in 2024 and then pick up and reach 2.8% in 2027. We expect real nonresidential construction to grow 2.3% this year after declining in each of the prior three years. The forecast calls for nonresidential construction to decline another 0.7% in 2024 before returning to growth in 2025 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 0.6% this year after growing 4.3% in 2022. We expect real equipment investment growth to turn positive in 2024 at 1.2%. We then expect growth to accelerate and reach 4.4% in 2027.

The housing market has quickly turned negative

The housing market outlook remains weak. Rising mortgage rates are lowering affordability and weighing down housing demand. Labor and material shortages remain, causing delays in finished construction. The March forecast calls for housing starts to decline 23.3% this year. We expect single-family and multi-family housing to decline at a similar rate. We expect total housing starts to reach a trough in 2023 of 1.19 million units. The forecast then calls for housing starts to return to growth in 2024 at 3.6% with strong growth in single family starts outweighing continued declines in multi-family. We expect both segments to grow in 2025. Total housing starts are expected to grow through 2027.

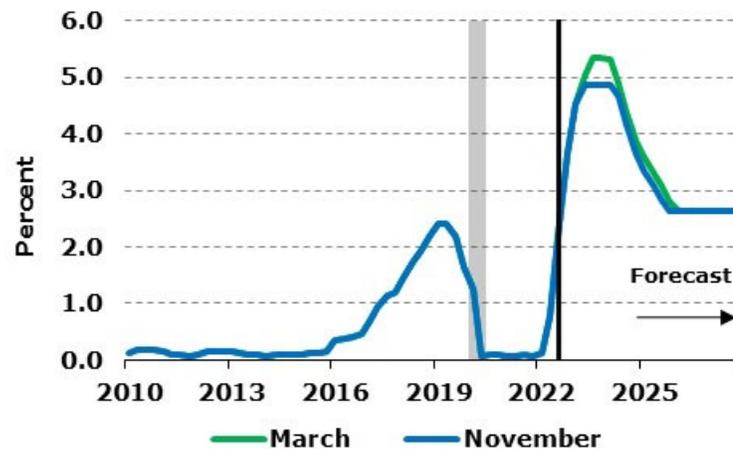
Growth in major U.S. trading partners is expected to be stronger this year than in the previous forecast

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 1.8% from 3.4% in 2022. The November forecast expected growth to slow to 1.2% this year. GDP growth in China is expected to accelerate in 2023 offsetting a slowdown in much of the rest of the world. We then 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 5.9% this year, down from 7.2% growth in 2022. The November forecast expected real export growth to slow to 2.6% this year. We expect real export growth to slow and average 3.7% 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 March. 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 pair of 25 basis point hikes in May and June. We expect the federal funds rate to reach 5.25% to 5.5% in June 2023 (see figure 1.6). 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.

Figure 1.6: Federal Funds Rate



Source: Federal Reserve Board, March 2023 ERFC forecast; historical data through 2022Q4

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, with downside risks outweighing upside risks.

Downside Risks

- New variants to COVID-19 emerge
- Rising COVID-19 virus infections
- The re-imposition of some social restrictions
- New travel restrictions
- The war in Ukraine escalates
- Rising interest rates cause a steep recession
- Inflation increases
- Rising mortgage rates cause a sharp downturn in affordability and housing activity
- Increasing geopolitical tensions negatively affect consumer confidence
- Deficit fears limit fiscal policy
- Debt limit brinkmanship puts pressure on US credit rating
- 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
- COVID-19 infections/deaths decline faster than anticipated
- 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

Fiscal Years

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	18,678.8	19,107.1	19,874.5	20,172.0	20,276.0	20,649.1	21,054.7	21,467.9
% Ch	-0.7	2.3	4.0	1.5	0.5	1.8	2.0	2.0
Real Consumption	12,802.1	13,282.4	13,995.9	14,254.7	14,353.4	14,611.3	14,915.0	15,226.1
% Ch	-1.2	3.8	5.4	1.8	0.7	1.8	2.1	2.1
Real Nonresidential Fixed Investment	2,735.9	2,750.5	2,885.7	2,990.1	2,991.3	3,006.7	3,033.4	3,105.4
% Ch	-0.9	0.5	4.9	3.6	0.0	0.5	0.9	2.4
Real Residential Fixed Investment	612.0	707.5	699.6	573.8	532.9	580.0	608.1	626.2
% Ch	1.4	15.6	-1.1	-18.0	-7.1	8.8	4.9	3.0
Real Personal Income	17,420.2	18,359.3	17,822.8	17,860.1	18,040.4	18,458.4	18,974.7	19,478.3
% Ch	4.6	5.4	-2.9	0.2	1.0	2.3	2.8	2.7
Real Per Capita Income (\$/Person)	52,618	55,325	53,562	53,433	53,709	54,672	55,911	57,101
% Ch	4.1	5.1	-3.2	-0.2	0.5	1.8	2.3	2.1
Price and Wage Indexes								
PCE Price Index (2012=100)	110.5	112.8	119.3	125.5	129.4	132.0	134.5	137.1
% Ch	1.3	2.0	5.8	5.2	3.1	2.1	1.9	1.9
U.S. Consumer Price Index (1982-84=1.0)	2.573	2.631	2.820	2.997	3.091	3.153	3.214	3.281
% Ch	1.6	2.3	7.2	6.3	3.1	2.0	1.9	2.1
Employment Cost Index (Dec. 2005=1.0)	1.395	1.437	1.509	1.584	1.661	1.729	1.792	1.857
% Ch	3.0	3.0	5.0	5.0	4.8	4.1	3.6	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	21,103.3	22,107.0	24,472.1	26,236.0	27,194.8	28,311.9	29,463.9	30,692.6
% Ch	0.7	4.8	10.7	7.2	3.7	4.1	4.1	4.2
Personal Income	19,252.7	20,707.0	21,266.4	22,417.7	23,336.4	24,368.8	25,518.5	26,705.8
% Ch	6.0	7.6	2.7	5.4	4.1	4.4	4.7	4.7
Employment (Millions)								
U.S. Civilian Labor Force	162.6	160.6	162.9	165.3	166.6	167.1	167.7	168.4
Total U.S. Employment	152.9	149.5	156.1	159.6	159.9	159.7	160.5	161.4
Unemployment Rate (%)	6.00	6.93	4.19	3.46	4.00	4.43	4.32	4.16
Nonfarm Payroll Employment	147.06	142.97	149.81	154.65	154.54	153.95	154.32	155.01
% Ch	-1.9	-2.8	4.8	3.2	-0.1	-0.4	0.2	0.5
Manufacturing	12.52	12.17	12.60	12.96	12.62	12.08	11.98	11.98
% Ch	-2.1	-2.7	3.5	2.9	-2.6	-4.3	-0.8	0.0
Durable Manufacturing	7.82	7.57	7.83	8.07	7.84	7.46	7.38	7.40
% Ch	-2.6	-3.2	3.5	3.1	-2.8	-4.9	-1.0	0.3
Nondurable Manufacturing	4.70	4.61	4.76	4.88	4.78	4.62	4.60	4.58
% Ch	-1.4	-1.9	3.4	2.5	-2.2	-3.2	-0.5	-0.4
Construction	7.39	7.33	7.59	7.82	7.63	7.56	7.58	7.68
% Ch	-0.3	-0.9	3.7	3.0	-2.4	-1.0	0.3	1.3
Service-Providing	126.48	122.92	129.04	133.24	133.64	133.66	134.10	134.69
% Ch	-2.0	-2.8	5.0	3.3	0.3	0.0	0.3	0.4
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	46.7	51.8	87.8	82.5	74.4	69.9	66.2	63.0
Personal Saving/Disposable Income (%)	13.6	15.3	6.0	4.2	5.7	6.8	7.5	7.9
Auto Sales (Millions)	3.8	3.7	2.9	2.9	3.0	3.1	3.2	3.2
% Ch	-24.2	-3.1	-23.0	0.5	5.2	3.3	1.8	-0.7
Housing Starts (Millions)	1.315	1.549	1.654	1.323	1.180	1.317	1.423	1.441
% Ch	8.0	17.8	6.8	-20.0	-10.8	11.5	8.0	1.3
Federal Budget Surplus (Billions)	-2,151.8	-3,213.5	-1,411.8	-1,256.9	-1,600.5	-1,828.5	-1,928.3	-2,003.8
Net Exports (Billions)	-537.1	-776.0	-989.0	-857.7	-787.1	-767.8	-712.5	-665.9
3-Month Treasury Bill Rate (%)	1.20	0.07	0.37	4.05	4.85	3.47	2.53	2.36
10-Year Treasury Note Yield (%)	1.41	1.11	1.93	3.72	3.82	3.50	3.26	3.18
Bond Index of 20 G.O. Munis. (%)	3.20	2.21	2.48	3.65	3.60	3.44	3.36	3.29
30-Year Fixed Mortgage Rate (%)	3.65	2.94	3.84	6.39	6.34	5.53	5.06	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

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

Table 1.4
Forecast Comparison
 Forecast 2023 to 2027

Fiscal Years

	2021	2022	2023	2024	2025	2026	2027
U.S.							
Real GDP							
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
November	19,107.1	19,874.5	19,982.7	20,107.3	20,501.8	20,938.9	21,356.8
% Ch	2.3	4.0	0.5	0.6	2.0	2.1	2.0
PCE Price Index							
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
November	112.8	119.3	125.5	128.8	131.3	133.7	136.1
% Ch	2.0	5.8	5.2	2.6	2.0	1.8	1.8
Unemployment Rate							
March	6.93	4.19	3.46	4.00	4.43	4.32	4.16
November	6.92	4.18	3.95	5.21	4.72	4.33	4.15
Mortgage Rate							
March	2.94	3.84	6.39	6.34	5.53	5.06	4.94
November	2.89	3.72	6.60	6.14	5.25	4.91	4.83
3 Month T-Bill Rate							
March	0.07	0.37	4.05	4.85	3.47	2.53	2.36
November	0.07	0.37	3.96	4.50	3.24	2.42	2.35



Chapter 2: Washington Economy – Current Conditions and Forecast

- **The Washington economy continued to expand through the end of 2022.**
- **Seattle inflation remained high and Washington housing has weakened.**
- **Washington employment growth in November and December was slightly more than expected in the November forecast.**
- **The Washington unemployment rate held steady at 4.6% in February.**
- **Washington housing construction declined throughout 2022 but spiked early in 2023.**
- **Seattle home prices were down 5.1% over the year in January.**
- **Washington exports decreased 6.7% from the fourth quarter of 2021 to the fourth quarter of 2022.**
- **Washington personal income grew 7.1% in the fourth quarter compared to 7.4% for the nation.**
- **Seattle consumer price inflation outpaced the national average in the year ending in February 2023.**
- **The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year.**

Current Conditions

The Washington economy continued to expand through the end of 2022

The Washington economy continued to expand through the end of 2022. Seattle inflation remained high and Washington housing has weakened. Washington employment growth in November and December was slightly more than expected in the November forecast. The Washington unemployment rate held steady at 4.6% in February. Washington housing construction declined throughout 2022 but spiked early in 2023. Seattle home prices were down 5.1% over the year in January. Washington exports decreased 6.7% from the fourth quarter of 2021 to the fourth quarter of 2022. Washington personal income grew 7.1% in the fourth quarter compared to 7.4% for the nation. Seattle consumer price inflation outpaced the national average in the year ending in February 2023.

Washington nonfarm payroll employment increased 16,300 in November and December

We have two months of new Washington employment data since the November forecast was released. Total seasonally adjusted nonfarm payroll employment increased 16,300 in November and December which was 3,800 more than the forecasted increase of 12,500. Private services-providing sectors added 11,400 jobs in the two-month period. The manufacturing sector added 200 jobs despite the loss of 600 jobs in aerospace manufacturing. Construction employment increased by 600 jobs in November and December. State and local government employment rose by 4,700 jobs but federal government employment declined by 700 jobs.

Revisions added to the level of employment

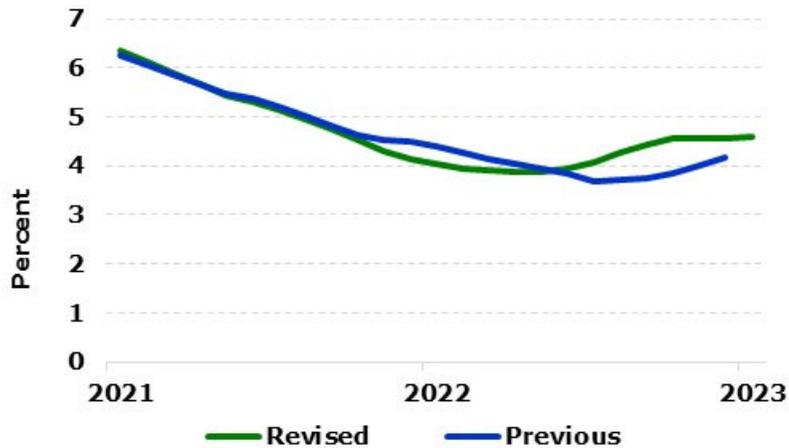
Revisions to employment data added 4,900 (0.1%) to the estimated level of total employment in October 2022. The combined effect of the upward revision to historical data and the stronger employment growth in November and December is that December employment is 8,800 (0.2%) higher than expected in the November forecast.

Washington's unemployment rate held steady in February

The Washington unemployment rate held steady at 4.6% in February. Since the November forecast, the Bureau of Labor Statistics also released revised estimates for 2018 through 2022 which showed that the Washington unemployment rate began rising earlier in 2022 than previously believed (see Figure 2.1). The jobless rate has been trending higher since a cyclical low of 3.9% in June 2022.

Figure 2.1: Washington Unemployment Rate

The Washington unemployment rate began rising earlier in 2022 than previously believed



Source: Bureau of Labor Statistics; data through February 2023

Washington initial claims increased slightly

Washington initial claims for unemployment insurance increased slightly in the most recent week. The seasonally adjusted number of initial claims increased to 5,290 in the week ending March 25, 2023 from 5,224 the prior week. The four-week moving average increased to 5,574 from 5,513. The four-week moving average is still down 97% from the April 2020 peak. While the total number of claims remains low, the industry detail shows large increases in information and management of companies and enterprises compared to the same period last year.

Washington housing construction declined throughout 2022

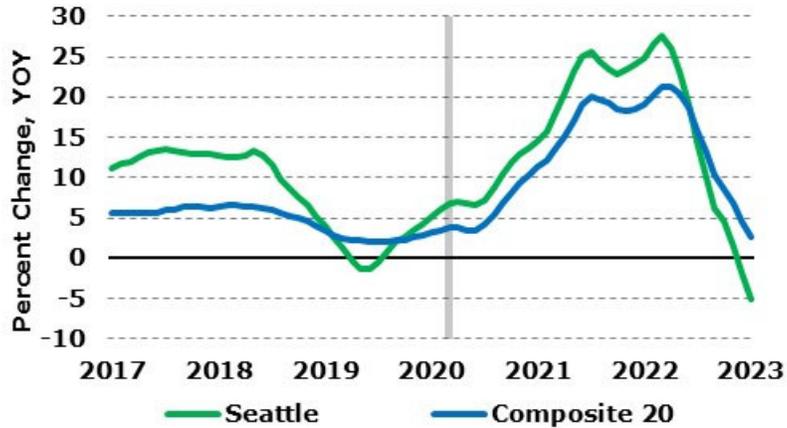
Washington housing construction declined throughout 2022 but spiked early in 2023. The number of housing units authorized by building permits declined from 58,300 (SAAR) in the first quarter to 55,800 in the second quarter, 44,800 units in the third quarter, and 38,200 in the fourth quarter. Fourth quarter permits consisted of 15,200 single-family units and 23,000 multi-family units. The November forecast assumed 41,500 units for the fourth quarter. Permits declined further to 30,500 (SAAR) units in January 2023 but jumped to 59,600 units in February due to a surge in multi-family activity.

Seattle-area home prices continue to fall

Seattle-area home prices continue to fall. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle home prices fell 1.5% in January which was the eighth consecutive decline in the series. In comparison, the composite-20 index declined 0.4% in January, its seventh consecutive monthly decrease. January Seattle home prices were down 5.1% over the year (see Figure 2.2). In comparison, the composite-20 index was up 2.6% over the year.

Figure 2.2: S&P/Case-Shiller Home Price Indices, SA

January Seattle home prices were down 5.1% over the year



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

Washington exports decreased 7% from the fourth quarter of 2021 to the fourth quarter of 2022

According to the World Institute for Strategic Economic Research (WISER), Washington exports decreased 6.7% from the fourth quarter of 2021 to the fourth quarter of 2022. This was the first over-the-year decline in Washington exports since the fourth quarter of 2020 (see Figure 2.3). Washington exports of transportation equipment (mostly Boeing planes) declined 20.2% over the year. Agricultural exports declined 0.9% 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 5.3% over the year.

Figure 2.3: Washington Exports

This was the first over-the-year decline in Washington exports since the fourth quarter of 2020



Source: Wiser Trade; data through 2022 Q4

Washington car and truck sales increased in February

Washington car and truck sales increased in February following two monthly declines. The seasonally adjusted number of new vehicle registrations increased 10.9% in February after decreases of 2.8% and 7.6% in December and January. The number of registrations was down 2.2% over the year in February.

Washington personal income growth slightly trailed the national average in the fourth quarter of 2022

In March, 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. Washington personal income increased from \$594.6 billion (SAAR) in the third quarter of 2022 to \$604.9 billion in the fourth quarter. The 7.1% increase (SAAR) in Washington personal income was the 20th highest among the states and District of Columbia and slightly trailed the 7.4% rate of increase for the U.S. as a whole. At 6.5% (SAAR), growth in Washington net earnings exceeded the 6.2% national average growth rate. Property income (dividends, interest, and rent) grew 9.8% in Washington compared to the 8.1% national average. However, transfer receipts grew at only a 6.5% annual rate in Washington compared to an 11.3% increase for the nation.

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

Seattle metropolitan area consumer price inflation continued to exceed the national average in the year ending in February 2023. From February 2022 to February 2023, the seasonally adjusted Seattle CPI rose 8.1% compared to the 6.0% increase in the U.S. City Average index. Core prices, which exclude food and energy, increased 7.8% in Seattle and 5.5% in the national index. Seattle shelter cost inflation exceeded the national average at 11.1% compared to 8.1%. Seattle inflation excluding shelter also exceeded the national average at 6.4% compared to 5.0%.

Washington State Forecast

The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year

The Washington forecast features lower personal income and housing construction but higher inflation than in the November forecast. Job growth is stronger in the near term but slightly weaker after this year. We expect a 1.5% increase in Washington employment this year up from the 0.9% growth rate expected in the November forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect employment growth to average 0.6% per year in 2024 through 2027 which is lower than the 0.9% average rate in the November forecast. Our forecast for nominal personal income growth this year is 4.7%, down from 5.4% in the November forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.1% per year which is which is the same average rate as in the November forecast. We expect housing permits to total 38,000 units this year, down from 42,800 units in the November forecast, and we expect permits to average 44,100 units in 2024 through 2027, down from 46,300 units in the November forecast. We expect the Seattle headline inflation to be 5.9% this year, up from 4.9% in the November forecast. We expect Seattle headline inflation to average 2.2%

per year in 2024 through 2027 which is slightly higher than the 2.1% average rate in the November forecast.

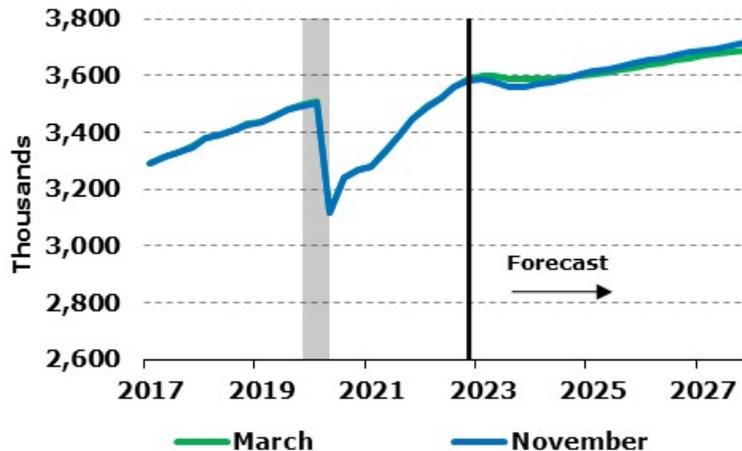
Washington Payroll Employment

Job growth is stronger in the near term but slightly weaker after this year

Compared to the November forecast, job growth is stronger in the near term but slightly weaker after this year. We expect a pause in growth during 2023 with slight decline of 15,200 (0.4%) jobs from the first quarter through the fourth quarter (see Figure 2.4). Growth through the first quarter should be sufficient to still have positive growth on an annual average basis in 2023. We expect a 1.5% increase in Washington employment this year, up from the 0.9% growth rate expected in the November forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect employment growth to average 0.6% per year in 2024 through 2027 which is lower than the 0.9% average rate in the November forecast. On an annual basis, we expect a slight 0.1% decline in 2024 followed by growth of 0.7% in 2025, 0.9% in 2026, and 0.8% in 2027.

Figure 2.4: Nonfarm Payroll Employment

We expect Washington to lose 15,200 net jobs from the first quarter to the fourth quarter.



Source: Employment Security Department, ERFC; historical data through 2022 Q4

Aerospace employment is increasing

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 66,800 in August 2021, a loss of 22,800 jobs. Since August 2021, the industry added back 5,800 jobs, bringing the level to 72,600 in December 2022. We expect aerospace employment to continue to expand in Washington, adding 4,000 jobs from the fourth quarter of 2022 to the third quarter of 2024 with little change through the remainder of the forecast. On an annual average basis, we expect aerospace employment to grow 5.9% this year, slowing to 2.9% in 2024, 0.3% in 2025, -0.1% in 2026, and 0.5% in 2027.

We expect software job losses in mid-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 expect positive but weak growth in the first quarter of this year. The timing of announced layoff start dates indicates that we should expect anticipate employment declines in the second and third quarters of this year. We assume a total reduction of 1,800 (2.1%) in the second and third quarters with growth resuming in the fourth quarter. Even with these cuts, we expect annual average growth of 0.6% for 2023. We expect modest growth during the remainder of the forecast with growth rates of 0.3% 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

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 December 2022, construction employment was 6.1% higher than at its peak in February 2020. The recovery has been entirely due to residential construction. Employment in residential building and residential specialty trades is 17,000 higher than at the business cycle peak while all other construction employment is 3,100 lower. We believe construction employment peaked in the fourth quarter of 2022. The expected decline of 9,900 construction jobs from the fourth quarter of 2022 year through the third quarter 2023 is mostly due to residential building and residential special trades which we expect to decline by 8,300 while all other construction employment declines by 1,600 jobs. On an annual average basis, we expect construction employment to decline 1.3% in 2023 and 1.2% in 2024 before increasing 0.2% in 2025, 1.6% in 2026, and 1.3% in 2027.

Washington Personal Income

Washington personal income in the third quarter was lower than in the November forecast

In December, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2022. -Washington personal income in the third quarter of 2022 was \$3.5 billion (0.6%) lower than in the November forecast. Wages and salaries were \$0.8 billion (0.3%) lower than expected and nonwage income was \$2.7 billion (1.0%) lower than expected. The variance in nonwage income was mostly due to lower than expected Medicaid benefits.

Our forecast for nominal personal income growth this year is 4.7%

The level of personal income is lower than in the November forecast (see Figure 2.5). Our forecast for nominal personal income growth this year is 4.7%, down from 5.4% in the November forecast. Our new forecast for nominal personal income growth in 2024 through 2027 averages 5.1% per year which is which is the same average rate as in the November forecast. On an annual basis, we expect personal income to grow 4.7% in 2024, 5.2% in 2025, 5.2% in 2026, and 5.1% in 2027.

Figure 2.5: Washington Personal Income

The level of personal income is lower than in the November forecast



Source: Bureau of Economic Analysis, ERFC; historical data through 2022 Q3

Washington Building Permits

The Washington housing construction forecast is lower than in November

The Washington housing construction forecast is lower than in November. 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 the first quarter of this year will be the trough and that permits will recover through the remainder of 2023 and 2024. We expect housing permits to total 38,000 units this year, down from 42,800 units in the November forecast, and we expect permits to average 44,100 units in 2024 through 2027, down from 46,300 units in the November forecast. On a calendar year basis, we expect 42,200 units in 2024, 44,800 in 2025, 44,900 units in 2026, and 44,500 units in 2027.

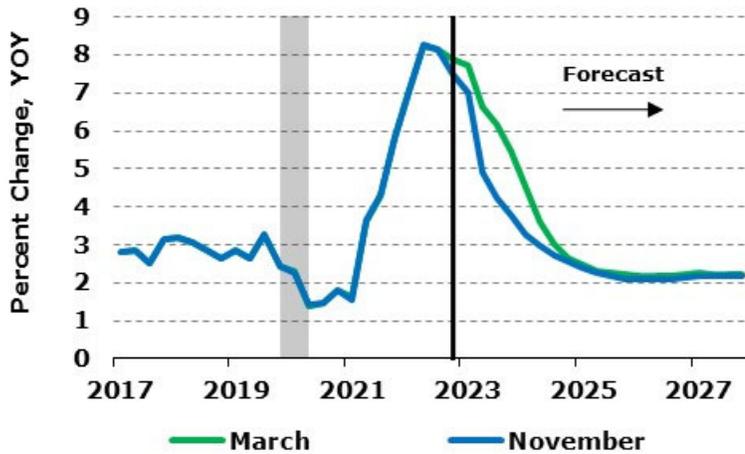
Consumer Price Index

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

The near-term inflation outlook has increased since the November forecast, but we expect price pressures to diminish over the remainder of 2023 and in 2024 (see Figure 2.6). 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. On an annual average basis, core inflation will slow to 6.5% this year, which is up from 5.0% in the November forecast. While near term inflation is higher than in the November forecast, we still believe longer term inflation is still well-anchored. Core inflation is expected to decline to slightly over 2% by early 2025. We expect Seattle core inflation to average 2.5% per year in 2024 through 2027, which is slightly higher than the 2.3% average rate in the November forecast. Our forecast calls for annual Seattle core inflation rates of 3.4% 2024, 2.3% in 2025, 2.2% in 2026, and 2.2% in 2027.

Figure 2.6: Seattle Core CPI

We expect price pressures to diminish over the remainder of 2023 and in 2024



Source: Bureau of Labor Statistics, ERFC; historical data through 2022 Q4

Energy costs are expected to fall

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 energy costs to fall in 2023, 2024, and 2025. This will result in all-items inflation dropping below core inflation. We expect the Seattle headline inflation to be 5.9% this year, up from 4.9% in the November forecast. We expect Seattle headline inflation to average 2.2% per year in 2024 through 2027 which is slightly higher than the 2.1% average rate in the November forecast. On a calendar year basis, we expect inflation rates of 2.8% in 2024, 1.9% 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. Real GDP growth slows in the

first quarter but does not decline. For the year, real GDP rises 1.5% in 2023 and 1.7% in 2024 compared to the baseline forecast of 1.0% and 1.1%. The unemployment rate averages 3.4% in 2023 and 3.9% 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 aerospace employment recovers much faster than assumed in the baseline. After a slight decline in the second and third quarters of this year, software employment also grows more rapidly than in the baseline forecast. 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. After declining in the first three quarters of 2023, construction employment grows more rapidly in 2024-27 than in the baseline forecast. By the end of 2027, Washington nonfarm payroll employment is higher by 73,800 jobs (2.0%) than in the baseline forecast and Washington personal income is \$45.8 billion (6.0%) higher.

Pessimistic

Recession hits as Russia-Ukraine conflict intensifies

The pessimistic scenario assumes weaker consumer spending and a two-quarter recession with a peak-to-trough decline in GDP of 0.6% compared to a pause in growth in the base forecast. 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. GDP declines at an average rate of 1.3% during the first half of 2023, versus an average growth rate of 0.3% in the baseline forecast. The unemployment rate in this scenario rises from 3.5% in the first quarter of this year to 6.3% in the first quarter of 2025, before declining to 5.1% by the end of the forecast horizon.

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, aerospace employment begins to decline again in early-2024. Software employment declines more than in the baseline forecast in the second and third quarters of this year and continues to decline through 2027. Construction employment also declines faster than in the baseline this year and the reductions continues through 2027. The relatively weak local economy also puts downward pressure on Washington wages and the Seattle CPI. By the end of 2027, Washington nonfarm payroll employment is 163,800 (4.4%) lower than in the baseline forecast and Washington personal income is \$54.9 billion (7.2%) lower.

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

Governor’s Council of Economic Advisors (GCEA)

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

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

The Governor’s Council of Economic Advisors’ (GCEA) national forecast has slightly higher real growth and inflation than does our baseline forecast. The GCEA real GDP growth forecast averages 1.8% per year in 2023 through 2027 which is slightly higher than our 1.6% average rate. Their forecast of 1.9% average real consumer spending growth also exceeds 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 5.5% over the five-year forecast horizon, which is the same as our average mortgage rate forecast. The GCEA oil price forecast averages \$80 per barrel which is higher than our \$74 average oil price.

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

The Governor’s Council of Economic Advisors’ Washington forecast is stronger than our baseline forecast. The GCEA scenario for Washington real personal income growth averages 2.8% per year in 2023 through 2027 which is higher than the 2.5% average growth rate in our forecast. Because their inflation forecast is slightly higher than ours, their implied average nominal income growth is 5.4% compared to our 5.0% average growth rate. The Council members’ forecast for total employment growth over the five-year period averages 1.1% per year compared to our 0.8% average growth rate. The GCEA forecasts for average manufacturing employment growth and average construction employment growth are both slightly higher than their counterparts in our forecast. The GCEA housing permit forecast averages 45,600 units per year compared to our forecast of 42,900 units per year. At the end of 2027, the GCEA forecast for Washington nonfarm payroll employment is 55,700 (1.5%) higher than in our forecast and Washington personal income is \$14.2 billion (1.9%) higher.

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

Table 2.1

Fiscal Years

Washington Economic Forecast Summary
 Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Real Income (Billions of Chained 2012 Dollars)								
Real Personal Income	462.407	489.404	480.554	478.729	484.901	499.178	515.826	531.980
% Ch	6.7	5.8	-1.8	-0.4	1.3	2.9	3.3	3.1
Real Wage and Salary Disb.	233.431	245.749	254.654	255.517	258.516	265.520	273.999	282.473
% Ch	3.7	5.3	3.6	0.3	1.2	2.7	3.2	3.1
Real Nonwage Income	228.976	243.656	225.900	223.212	226.385	233.658	241.827	249.507
% Ch	9.9	6.4	-7.3	-1.2	1.4	3.2	3.5	3.2
Real Per Capita Income (\$/Person)	60,180	63,322	61,971	61,375	61,612	62,849	64,353	65,764
% Ch	5.4	5.2	-2.1	-1.0	0.4	2.0	2.4	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.105	1.127	1.193	1.255	1.294	1.320	1.345	1.371
% Ch	1.3	2.0	5.8	5.2	3.1	2.1	1.9	1.9
Seattle Cons. Price Index (1982-84=1.0)	2.803	2.871	3.089	3.331	3.470	3.541	3.609	3.685
% Ch	2.1	2.4	7.6	7.8	4.2	2.1	1.9	2.1
Average Nonfarm Annual Wage	73,926	82,204	85,550	87,156	90,888	94,901	98,946	103,078
% Ch	6.1	11.2	4.1	1.9	4.3	4.4	4.3	4.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	28.92	27.87	29.08	29.36	29.76	30.95	32.03	33.14
% Ch	0.0	-3.6	4.3	1.0	1.4	4.0	3.5	3.5
Current Dollar Income (Billions of Dollars)								
Personal Income	511.011	551.903	573.273	600.813	627.257	659.017	693.724	729.378
% Ch	8.0	8.0	3.9	4.8	4.4	5.1	5.3	5.1
Disposable Personal Income	452.888	486.944	493.519	518.254	549.467	580.809	611.990	643.007
% Ch	8.5	7.5	1.4	5.0	6.0	5.7	5.4	5.1
Per Capita Income (\$/Person)	66,505	71,408	73,926	77,024	79,699	82,973	86,546	90,166
% Ch	6.8	7.4	3.5	4.2	3.5	4.1	4.3	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,968.7	3,889.2	3,940.0	4,022.7	4,059.0	4,094.3	4,130.7	4,166.8
Total Washington Employment	3,710.6	3,622.2	3,771.2	3,842.7	3,865.2	3,894.1	3,936.6	3,978.4
Unemployment Rate (%)	6.49	6.86	4.29	4.47	4.77	4.89	4.70	4.52
Nonfarm Payroll Employment	3,400.0	3,280.4	3,462.4	3,587.8	3,587.6	3,602.0	3,632.2	3,665.0
% Ch	-1.0	-3.5	5.5	3.6	0.0	0.4	0.8	0.9
Manufacturing	287.3	260.4	264.3	276.7	273.1	267.5	268.5	270.7
% Ch	-1.6	-9.4	1.5	4.7	-1.3	-2.1	0.4	0.8
Durable Manufacturing	202.5	178.3	177.9	187.1	185.1	181.9	182.8	184.6
% Ch	-1.5	-11.9	-0.3	5.2	-1.1	-1.7	0.5	1.0
Aerospace	87.7	71.0	68.0	73.1	76.1	77.1	76.9	77.1
% Ch	1.3	-19.0	-4.2	7.6	4.0	1.3	-0.2	0.2
Nondurable Manufacturing	84.9	82.0	86.4	89.6	88.0	85.6	85.8	86.1
% Ch	-1.7	-3.3	5.3	3.7	-1.8	-2.8	0.2	0.4
Construction	216.2	219.2	229.3	237.0	230.2	230.2	232.4	236.0
% Ch	-0.3	1.3	4.6	3.4	-2.9	0.0	1.0	1.5
Service-Providing	2,890.8	2,795.2	2,963.2	3,068.4	3,079.1	3,099.4	3,126.2	3,153.2
% Ch	-0.9	-3.3	6.0	3.6	0.3	0.7	0.9	0.9
Software Publishers	73.6	77.6	81.7	85.6	84.5	85.6	86.8	87.9
% Ch	8.7	5.4	5.3	4.8	-1.2	1.2	1.4	1.3
Electronic Shopping and Mail-Order	69.3	77.3	76.0	81.7	80.3	81.7	83.4	85.1
% Ch	19.1	11.6	-1.7	7.5	-1.7	1.7	2.1	2.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	47.167	49.527	58.131	39.163	40.188	44.031	44.919	44.698
% Ch	2.6	5.0	17.4	-32.6	2.6	9.6	2.0	-0.5
Single-Family	22.954	26.176	23.872	16.462	20.017	23.568	25.027	25.502
% Ch	2.7	14.0	-8.8	-31.0	21.6	17.7	6.2	1.9
Multi-Family	24.213	23.352	34.259	22.701	20.171	20.463	19.892	19.196
% Ch	2.5	-3.6	46.7	-33.7	-11.1	1.4	-2.8	-3.5
30-Year Fixed Mortgage Rate (%)	3.65	2.94	3.84	6.39	6.34	5.53	5.06	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	1.5	1.6	1.6	1.7	1.6
Baseline	4.0	1.5	0.5	1.8	2.0	2.0
Pessimistic	4.0	1.2	0.2	1.3	1.5	1.9
PCE Price Index, Percent Change						
Optimistic	5.8	5.0	3.4	2.5	2.1	2.1
Baseline	5.8	5.2	3.1	2.1	1.9	1.9
Pessimistic	5.8	5.3	3.8	2.0	1.5	1.5
Mortgage Rate, Percent						
Optimistic	3.84	6.40	6.48	5.67	5.21	5.03
Baseline	3.84	6.39	6.34	5.53	5.06	4.94
Pessimistic	3.84	6.45	6.41	5.10	4.43	4.15
3 Month T-Bill Rate, Percent						
Optimistic	0.37	4.11	5.09	3.74	2.80	2.46
Baseline	0.37	4.05	4.85	3.47	2.53	2.36
Pessimistic	0.37	4.11	4.48	1.79	0.76	0.57
Washington						
Real Personal Income, Percent Change						
Optimistic	-1.8	0.4	3.3	3.8	3.6	3.5
Baseline	-1.8	-0.4	1.3	2.9	3.3	3.1
Pessimistic	-1.8	-1.3	-1.5	1.8	2.7	2.4
Personal Income, Percent Change						
Optimistic	3.9	5.5	6.9	6.4	5.7	5.7
Baseline	3.9	4.8	4.4	5.1	5.3	5.1
Pessimistic	3.9	3.9	2.2	3.8	4.3	4.0
Employment, Percent Change						
Optimistic	5.5	3.7	0.6	0.9	1.1	1.2
Baseline	5.5	3.6	0.0	0.4	0.8	0.9
Pessimistic	5.5	3.3	-1.6	-0.6	0.1	0.3
Housing Permits, Thousands of Authorized Units						
Optimistic	58.1	39.3	41.3	46.5	47.4	47.5
Baseline	58.1	39.2	40.2	44.0	44.9	44.7
Pessimistic	58.1	38.9	36.7	39.6	38.8	37.4

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	1.0	1.1	2.0	2.0	1.9
GCEA Average	0.9	1.6	2.2	2.1	2.0
Real Consumption					
<i>Growth</i>					
ERFC	1.3	1.0	2.1	2.1	2.0
GCEA Average	1.2	1.7	2.3	2.2	2.1
PCE Price Index					
<i>Growth</i>					
ERFC	3.9	2.4	1.9	1.9	2.0
GCEA Average	3.5	2.5	2.3	2.2	2.1
Mortgage Rate					
<i>Percent</i>					
ERFC	6.6	5.9	5.2	5.0	4.9
GCEA Average	6.5	5.8	5.3	5.1	5.0
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	81.7	77.2	73.2	70.0	67.6
GCEA Average	82.5	81.5	79.8	78.8	78.0
Washington State					
Real Personal Income					
<i>Growth</i>					
ERFC	0.7	2.2	3.3	3.2	3.1
GCEA Average	1.1	2.8	3.4	3.2	3.3
Wage and Salary Employment					
<i>Growth</i>					
ERFC	1.5	-0.1	0.7	0.9	0.8
GCEA Average	0.7	0.9	1.2	1.2	1.3
Manufacturing Employment					
<i>Growth</i>					
ERFC	1.8	-2.9	-0.4	0.7	0.6
GCEA Average	0.4	-0.4	0.2	0.3	0.6
Construction Employment					
<i>Growth</i>					
ERFC	-1.3	-1.2	0.2	1.6	1.3
GCEA Average	-1.6	-0.1	0.6	1.0	1.0
Housing Permits					
<i>Thousands of authorized units</i>					
ERFC	38.0	42.2	44.8	44.9	44.5
GCEA Average	40.3	46.5	47.4	47.0	46.7
Washington Average Annual Wage					
<i>Growth</i>					
ERFC	3.1	4.6	4.3	4.2	4.2
GCEA Average	3.4	4.5	4.4	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

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

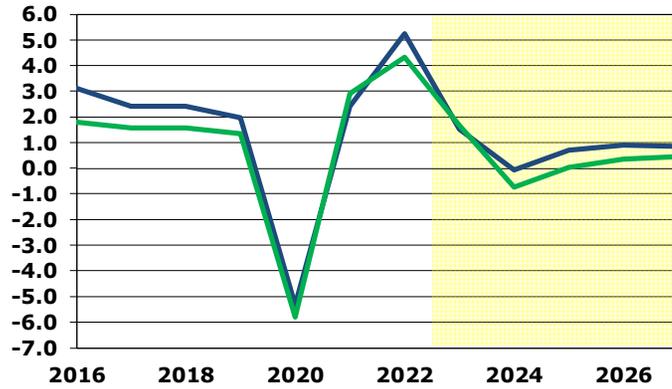
Table 2.6
Forecast Comparison
Forecast 2023 to 2027

Fiscal Years

	2021	2022	2023	2024	2025	2026	2027
Washington							
Real Personal Income							
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
November	489.404	480.563	481.954	493.373	508.612	525.245	542.033
% Ch	5.8	-1.8	0.3	2.4	3.1	3.3	3.2
Personal Income							
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
November	551.903	573.279	604.944	635.333	668.013	702.077	737.747
% Ch	8.0	3.9	5.5	5.0	5.1	5.1	5.1
Employment							
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
November	3280.4	3461.7	3575.9	3566.8	3607.5	3647.6	3684.7
% Ch	-3.5	5.5	3.3	-0.3	1.1	1.1	1.0
Housing Permits							
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
November	49.765	58.283	42.715	44.250	47.515	46.760	45.625
% Ch	4.9	17.1	-26.7	3.6	7.4	-1.6	-2.4

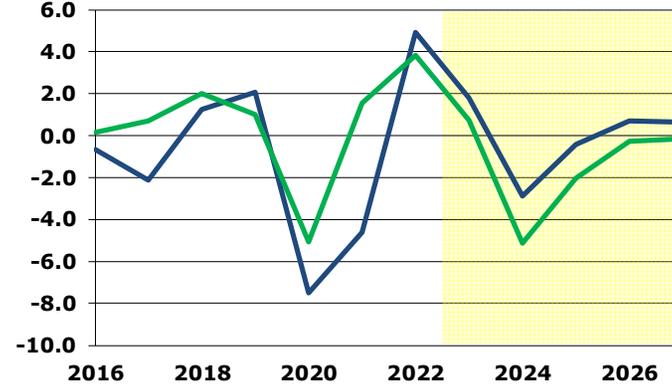
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts
(Percent change)

Total Nonfarm Payroll Employment



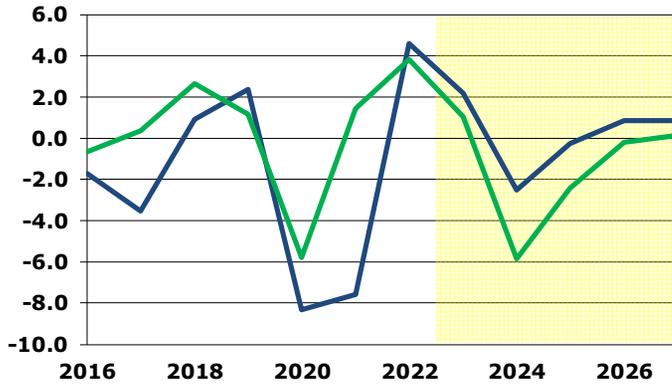
Source: WA State Employment Security Dept. 2021, ERFC 2027

Manufacturing Employment



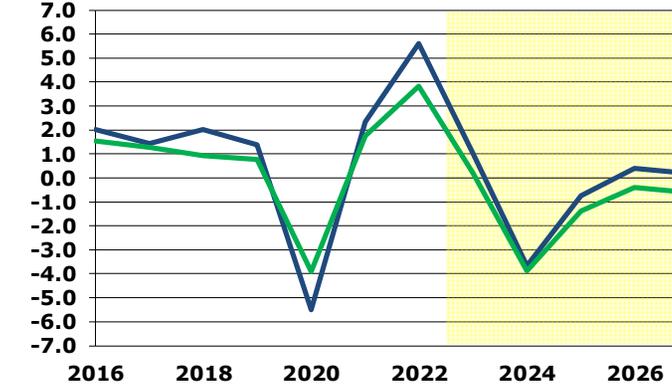
Source: WA State Employment Security Dept. 2021, ERFC 2027

Durable Manufacturing Employment



Source: WA State Employment Security Dept. 2021, ERFC 2027

Nondurable Manufacturing Employment



Source: WA State Employment Security Dept. 2021, ERFC 2027

■ Washington

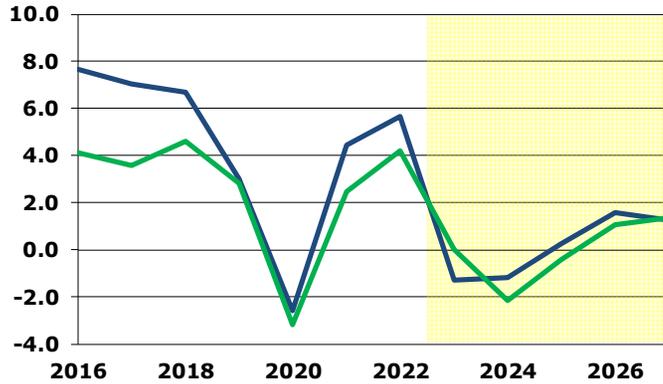
■ U.S.

■ Forecast

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

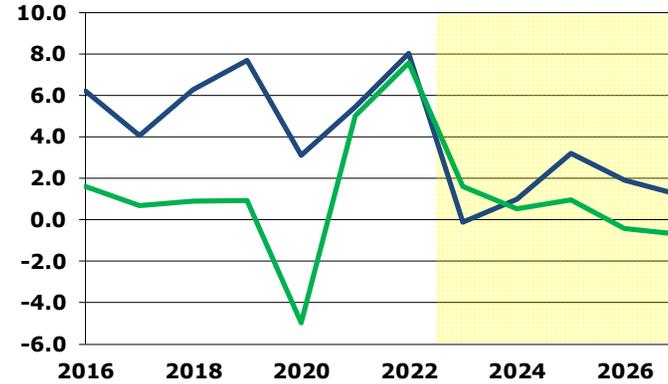
Forecast

Construction Employment



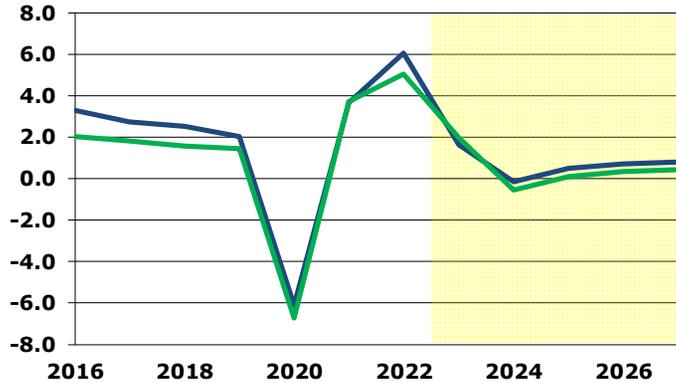
Source: WA State Employment Security Dept. 2021, ERFC 2027

Information Employment



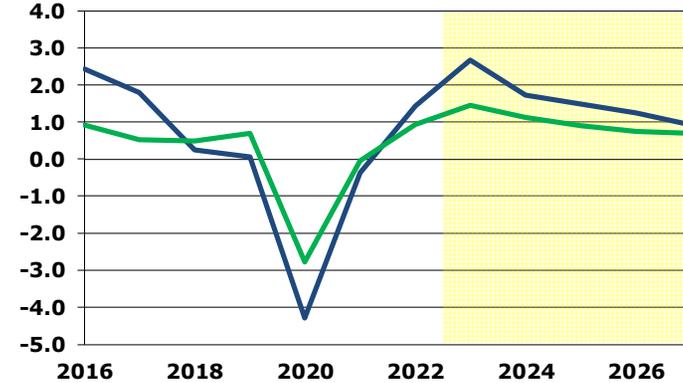
Source: WA State Employment Security Dept. 2021, ERFC 2027

Other Private Employment



Source: WA State Employment Security Dept. 2021, ERFC 2027

Government Employment



Source: WA State Employment Security Dept. 2021, ERFC 2027

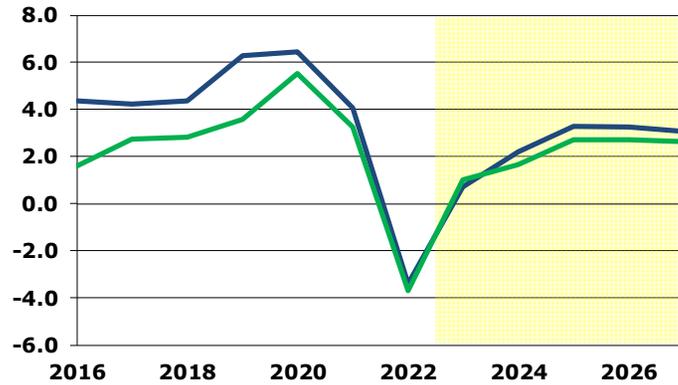
Washington

U.S.

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

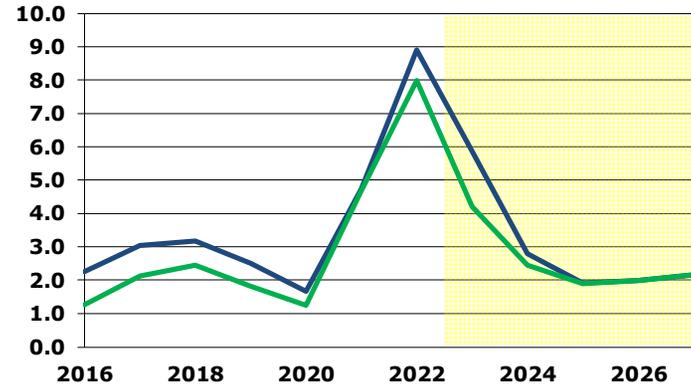
Forecast

Real Personal Income



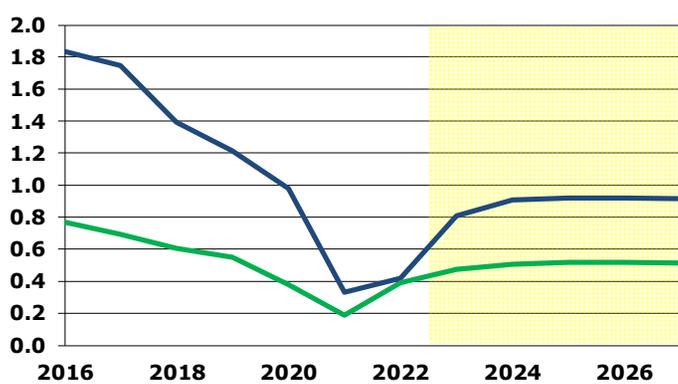
Source: Bureau of Economic Analysis 2021, ERFC 2027

Consumer Price Indices



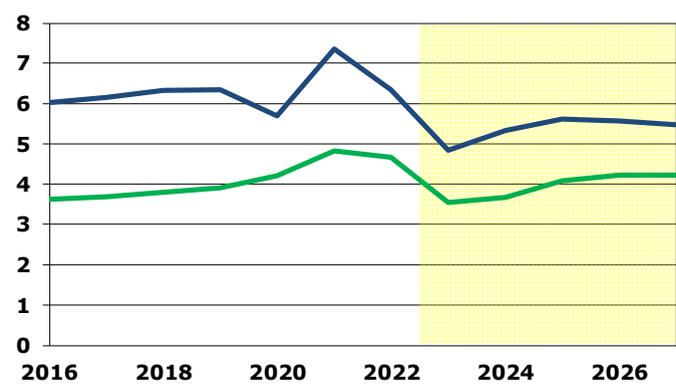
Source: Bureau of Labor Statistics 2021, ERFC 2027

Population



Source: Bureau of Economic Analysis 2021, ERFC 2027

New Housing Units Per 1,000 Population (Level)



Source: Census Bureau, Bureau of Economic Analysis 2021, ERFC 2027

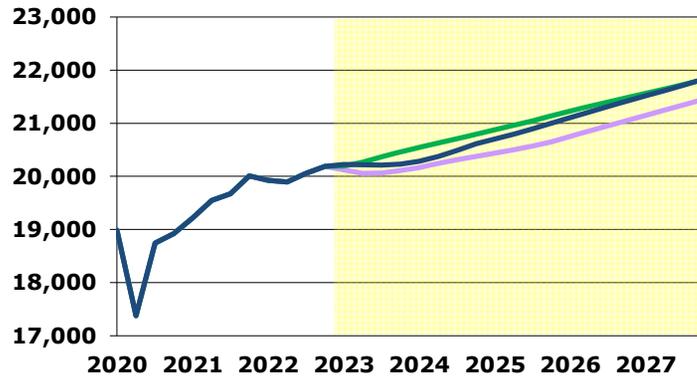
Washington

U.S.

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

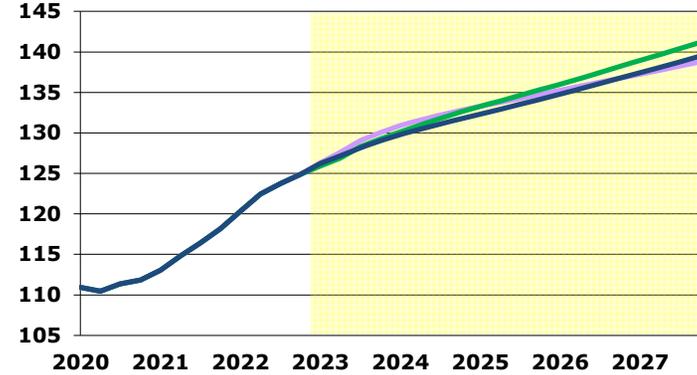
forecast

Real GDP, Billions of 2012 Dollars



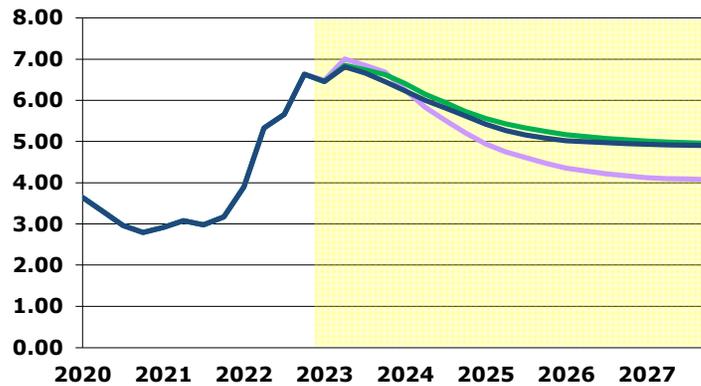
Source: Bureau of Economic Analysis 2022 Q3, ERFC 2027 Q4

PCE Price Index, 2012 = 100



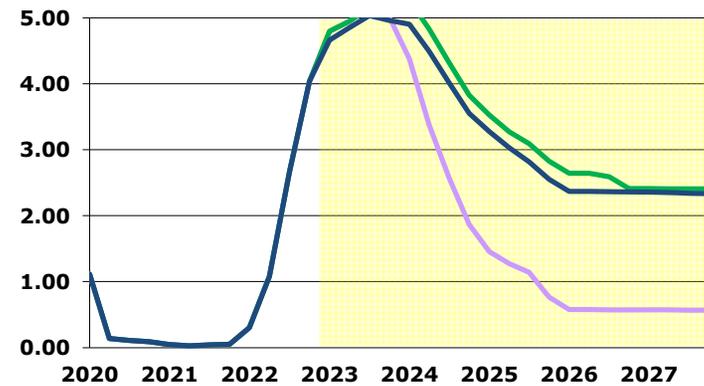
Source: Bureau of Economic Analysis 2022 Q3, ERFC 2027 Q4

Mortgage Rate, Percent



Source: Freddie Mac 2022 Q3, ERFC 2027 Q4

Three Month T-Bill Rate, Percent



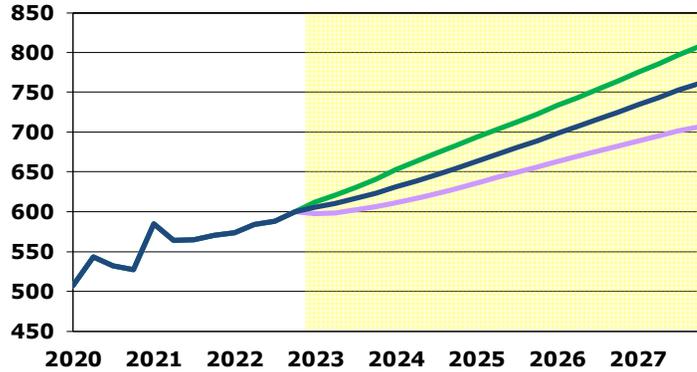
Source: Federal Reserve Board 2022 Q3, ERFC 2027 Q4

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

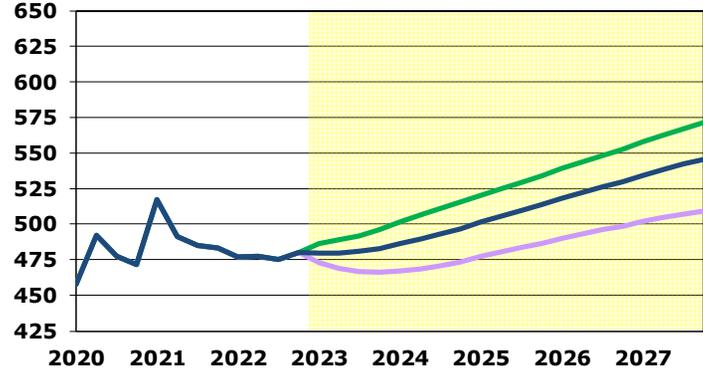
forecast

Personal Income, Billions of Dollars



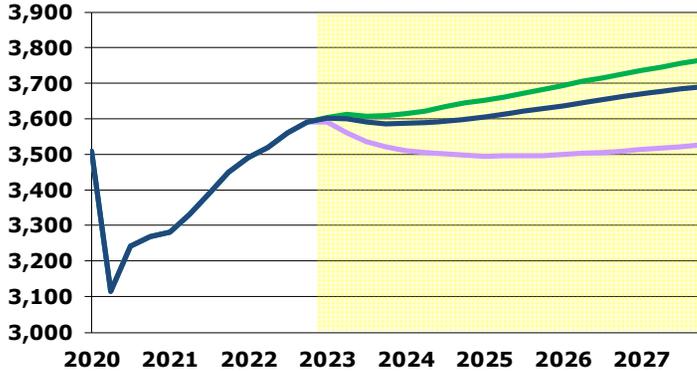
Source: Bureau of Economic Analysis 2022 Q2, ERFC 2027 Q4

Real Personal Income, Billions of 2012 Dollars



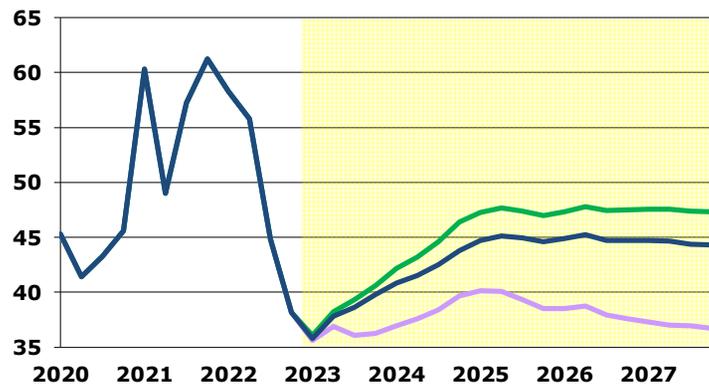
Source: Bureau of Economic Analysis 2022 Q2, ERFC 2027 Q4

Total Nonfarm Payroll Employment, Thousands



Source: WA State Employment Security 2022 Q3, ERFC 2027 Q4

Housing Permits, Thousands



Source: Census Bureau 2022 Q3, ERFC 2027 Q4

■ Baseline ■ Optimistic ■ Pessimistic



Chapter 3: Washington State Revenue Forecast Summary

- **While tracked collections since November 2022 have come in above their forecasted amounts, a slowdown in taxable activity is expected to start during the current biennium. Due to the surplus collections, forecasted revenue for the current biennium has been increased despite the expected slowdown.**
- **Growth in taxable activity is expected to be lower than in the previous forecast due mainly to lower personal income and construction activity. This has lowered forecasted revenue in the 2023-25 and 2025-27 biennia.**
- **Much of the forecast decrease was real estate excise tax, which has come in below the November forecast and is expected to decrease further due to higher mortgage rates.**
- **The total forecast for funds subject to the budget outlook process was increased by \$194 million in the 2021-23 biennium. The forecast was decreased by \$483 million in the 2023-25 biennium and \$541 million in the 2025-27 biennium.**

Overview

Tracked revenue has come in above the November forecast but expected future growth has slowed.

Since the November 2022 forecast, taxable activity has been stronger than expected, with total tracked collections coming in above the forecast. Future growth in activity, however, is now expected to be lower than forecasted in November, and the expected decline in real estate excise taxes is much steeper. The slowdown in general activity stems from lower expected state personal income and construction activity. The accelerated decline in real estate excise taxes, which have been coming in below the forecast, is due to higher mortgage rates. Due to the surplus in collections since the last forecast, expected revenue for the current biennium has been increased, but revenue has been decreased for the remainder of the forecast period.

Total forecast change by biennium (millions):

21-23: +\$194
23-25: -\$483
25-27: -\$541

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 \$193.7 million for the 2021-23 biennium. The forecast for the 2023-25 biennium was decreased by \$483.1 million and the forecast for the 2025-27 biennium was increased by \$540.5 million. There were no non-economic changes to the forecast. The March 2023 forecast for these funds total \$64,145.9 million in the 2021-23

biennium, \$65,701.9 million in the 2023-25 biennium and \$70,342.4 million in the 2025-27 biennium.

March forecast
by biennium
(\$billions):

2021-23:
\$64.146

2023-25:
\$65.702

2025-27:
\$70.342

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	\$0.0	\$0.0	\$0.0
Forecast Change	\$193.7	(\$483.1)	(\$540.5)
Total Change	\$193.7	(\$483.1)	(\$540.5)

(*cash basis, millions of dollars)

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

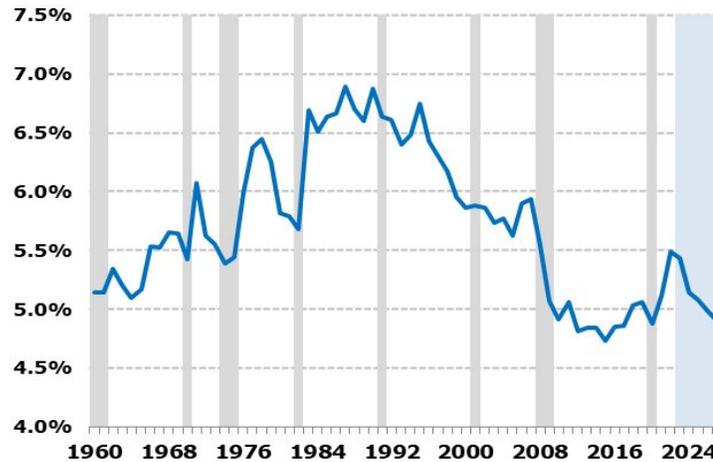
The budget outlook process ensures that the budget adopted for the current biennium will also be sustainable in the next biennium given forecasted revenue. The funds that are currently included when establishing the outlook are the General Fund-State, the Education Legacy Trust Account, the Washington 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.

Though the
ratio of total
collections to
income has
increased from
the FY 2015
trough, it is
expected to
peak in FY
2022

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 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 FY2018 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. From FY 2023 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 been on a general declining trend since 1995



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 \$7.19 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 March 2023 forecast is \$11.36 billion (21.5%) 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 \$9.34 billion (17.7%) 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 March forecast of biennial revenue is \$7.19 billion (12.6%) higher than that sum.

Track Record for the 2023-25 Biennium

The current forecast is \$5.86 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 March forecast of GF-S revenue is \$5.86 billion (9.8%) higher than the initial forecast. Non-economic changes have increased the forecast by \$0.59 billion (1.0%). Excluding non-economic changes, the current forecast is \$5.27 billion (8.8%) higher than the initial forecast.

Recent Collection Experience

Collections were \$199 million (2.0%) higher than forecasted in November

GF-S revenue collections from the Department of Revenue (DOR) and the Washington court system are tracked monthly. In the period since the November forecast, total revenue from the above sources came in \$198.6 million (2.0%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$185.8 million (2.5%) higher than forecasted and revenue from other DOR tax sources was \$11.1 million (0.4%) higher than forecasted.

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

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$185.8	2.5%
Non-Revenue Act	\$11.1	0.4%
Subtotal	\$196.9	2.0%
Washington court system	\$1.8	14.9%
Total*	\$198.6	2.0%

* Detail may not add to total due to rounding.

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

Non-Revenue Act tax collections were higher than forecasted despite a shortfall in REET

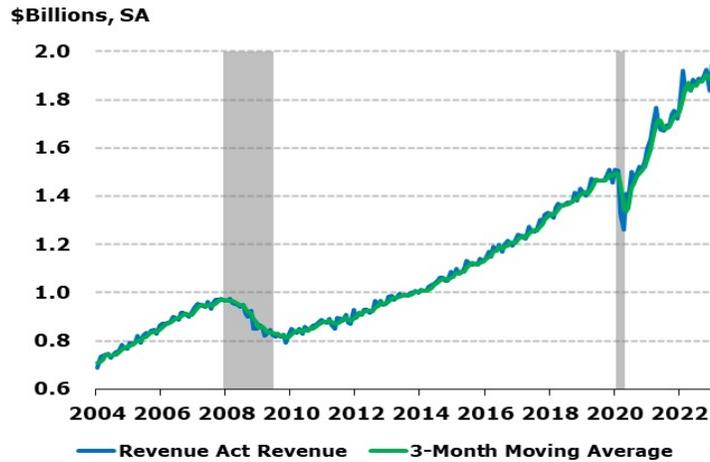
Property tax collections came in \$6.8 million (0.4%) higher than forecasted. Real estate excise tax (REET) came in \$25.7 million (8.4%) lower than forecasted. Cigarette tax collections came in \$11.8 million (12.2%) lower than forecasted, while liquor sales and liter tax receipts came in \$3.3 million (2.7%) higher than forecasted. Net transfers of unclaimed property into the GF-S were \$10.4 million (30.0%) higher than forecasted. Revenue from all other DOR revenue sources came in \$28.1 million (22.8%) higher than forecasted. Revenue from the Washington court system was \$1.8 million (14.9%) higher than forecasted.

Adjusted Revenue Act collections were up 8.7% year over year for fourth quarter 2022 activity after 11.3% year-over-year growth for third quarter 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 third quarter 2022 activity (August 11 - November 10 collections) were up 11.3% year over year. Adjusted collections for fourth quarter 2022 activity (November 11, 2022 - February 10, 2023 collections) were up 8.7% year over year. Adjusted collections for December 2022 activity were up 6.4% year over year and collections for January 2023 activity were up 10.8% year over year.

Figure 3.2: Revenue Act Collections*

Year-over-year collections growth was 10.8% in the most recent period



Source: ERFC; Data through March 10, 2022

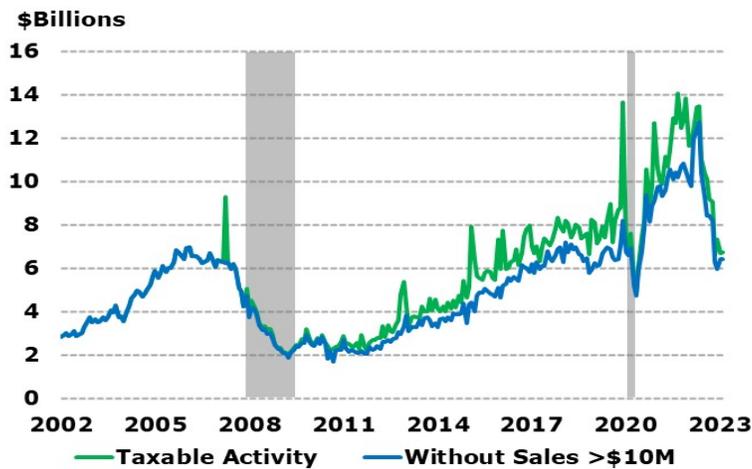
*Adjusted for large payments/refunds, payment pattern change and deferred payments

Real estate activity was lower than expected in November

Taxable real estate activity was well below the November forecast. Sales of property valued below \$10 million declined sharply in November and December before leveling off in January and February (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 \$0.7 billion per month over the last three months.

Figure 3.3: Taxable Real Estate Excise Activity, SA

Residential sales activity has declined sharply since May 2022



Source: ERFC; data through February 2023

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 have continued into FY 2022, which, coupled with a slowdown in FY 2022 income growth after the stimulus-boosted income levels of FY 2021, brought the ratio of sales to income to a peak of 38.2%. After FY 2022, the ratio is forecasted to continue its historical downward trend through FY 2027. 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: 5.6%
- FY24: 0.3%
- FY25: 3.7%
- 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 4.8% in FY 2023 but slows to 0.8% in FY 2024. Growth is forecasted at 3.8% in FY 2025 and 3.5% 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 5.6% in FY 2023, 0.3% in FY 2024, 3.7% 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: 9.5%
FY24: -0.8%
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 prior to the forecast have brought expected growth of 9.5% for FY 2023. The forecasted slowdown in state economic growth then brings a decline of 0.8% in FY 2024 due to the high level of collections in FY 2023. 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: 1.8%
FY24: 2.6%
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 1.8% in FY 2023, 2.6% 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: -43.4%
FY24: -16.7%
FY25: 16.3%
FY26: 9.4%
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 43.4% in FY 2023 and 16.7% in FY 2024. Growth is then expected to resume at 16.3% in FY 2025, 9.4% 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: 4.4%
FY24: -4.8%
FY25: 3.2%
FY26: 4.5%
FY27: 4.6%*

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. Used car sales are expected to moderate in FY 2023, with use tax growth of 4.4%, and decline in FY 2024, causing total use tax to shrink by 4.8%. Growth in total receipts then continues at 3.2% in FY 2025, 4.5% in FY 2026 and 4.6% 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: 10.5%
FY24: 1.5%
FY25: 1.0%
FY26: 2.0%
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 10.5% in FY 2023. Growth is then forecasted to slow to 1.5% in FY 2024, 1.0% in FY 2025, 2.0% 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: 1.4%
FY24: -0.2%
FY25: -0.3%
FY26: 0.3%
FY27: 0.8%

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 1.4% in FY 2023. Collections are then forecasted to decrease by 0.2% in FY 2024 and 0.3% in FY 2025 before returning to growth of 0.3% in FY 2026 and 0.8% 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: -9.8%
FY24: -1.7%
FY25: -4.0%
FY26: -3.6%
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 9.8% in FY 2023, 1.7% in FY 2024 and 4.0% in FY 2025. Collections are expected to decline by 3.6% 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: *-\$6.4*
23-25: *-\$7.0*
25-27: *-\$1.0*

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 \$6.4 million to \$320.7 million and the forecast for the 2023-25 biennium has been decreased \$7.0 million to \$323.0 million. The forecast of GF-S distributions for the 2025-27 biennium has been decreased \$1.0 million to \$351.4 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: *\$1.8*
23-25: *\$4.2*
25-27: *\$8.1*

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 increased \$1.8 million to \$108.6 million. The forecast of revenue for the 2023-25 biennium was also increased \$4.2 million to \$14.9 million and the forecast for the 2025-27 biennium was increased \$8.1 million to *-\$84.9 million*. The negative number for the 2025-27 biennium 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.

State Treasurer

Forecast change by biennium (millions):

21-23: \$13.4
23-25: \$23.3
25-27: \$27.5

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 \$13.4 million to \$220.1 million and the forecast of revenue for the 2023-25 biennium has been increased \$23.3 million to \$486.6 million. The forecast of GF-S revenue for the 2025-27 biennium has been increased \$27.5 million to \$381.5 million. The increases were mainly due to a forecasted rise in interest rates.

Insurance Commissioner

Forecast change by biennium (millions):

21-23: \$28.3
23-25: \$51.2
25-27: \$50.6

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 increased \$28.3 million to \$1,592.3 million due to higher-than-expected premium volumes. The rise in the baseline of taxable activity has increased the forecast for the 2023-25 biennium by \$51.2 million and the forecast of GF-S revenue for the 2025-27 biennium by \$50.6 million. The forecasted biennial totals are now \$1,632.7 million and \$1,696.8 million respectively.

Liquor and Cannabis Board

Forecast change by biennium (millions):

21-23: -\$5.5
23-25: \$1.6
25-27: \$5.2

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 decreased \$5.5 million to \$669.3 million. The forecast for the 2023-25 biennium has been increased \$1.6 million to \$666.8 million and the forecast of GF-S distributions for the 2025-27 biennium has been increased \$5.2 million to \$700.5 million.

Lottery Commission

GF-S forecast change by biennium (millions):

21-23: \$1.9
23-25: \$7.7
25-27: \$3.6

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 \$1.9 million to \$64.2 million and the forecast for the 2023-25 biennium has been increased \$7.7 million to \$80.0 million. The forecast of GF-S transfers for the

2025-27 biennium is has been increased \$3.6 million to \$64.0 million.

Washington Court System

*Forecast change
by biennium
(millions):*

21-23: \$1.1
23-25: -\$0.9
25-27: -\$0.4

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 \$1.1 million to \$82.0 million and the forecast for the 2023-25 biennium has been decreased \$0.9 million to \$68.7 million. The forecast of transfers for the 2025-27 biennium has been decreased \$0.4 million to \$64.4 million.

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: +\$0.58
23-25: +\$4.03

*Pessimistic
scenario
(billions):*

21-23: -\$0.67
23-25: -\$4.87

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, 15% to the optimistic scenario and 35% 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 \$61.461 billion in GF-S revenue, \$0.581 billion (1.0%) more than the baseline scenario, while the pessimistic forecast produces \$60.208 billion in revenue, \$0.672 billion (1.1%) less than the baseline. For the 2021-23 biennium, the optimistic forecast generates \$66.593

billion in GF-S revenue, \$4.033 billion (6.4%) more than the baseline scenario, while the pessimistic forecast produces \$57.688 billion in revenue, \$4.871 billion (7.8%) less than the baseline.

Washington Opportunity Pathways Account

OPA forecast change by biennium (millions):

21-23: \$22.5
23-25: \$10.0
25-27: \$9.5

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 increased \$22.5 million to \$398.5 million due to higher-than-expected lottery sales. The forecast of OPA revenue for the 2023-25 biennium has been increased \$10.0 million to \$350.5 million and the forecast for the 2025-27 biennium has been increased \$9.5 million to \$354.5 million.

Education Legacy Trust Account

ELTA forecast change by biennium (millions):

21-23: \$73.9
23-25: -\$76.7
25-27: -\$97.4

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 \$73.9 million for the 2021-23 biennium due to higher-than-expected estate tax receipts. The forecast has been reduced by \$76.7 million for the 2023-25 biennium and \$97.4 million for the 2025-27 biennium due to decreased REET and estate tax collections. Forecasted ELTA receipts are now \$2,119.2 million for the 2021-23 biennium, \$2,008.0 million for the 2023-25 biennium and \$2,288.6 million for the 2025-27 biennium.

Workforce Education Investment Account

WEIA forecast change by biennium (millions):

21-23: -\$3.1
23-25: -\$9.3
25-27: -\$10.9

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 decreased by \$3.1 million in the 2021-23 biennium, \$9.3 million in the 2023-25 biennium and \$10.9 million in the 2025-27 biennium. WEIA revenue is now forecasted at \$748.3 million in the 2021-23 biennium, \$784.2 million in the 2023-25 biennium and \$832.9 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 Biennium

The forecast implies total reserves of \$5.995 billion at the end of the 2021-23 biennium for GF-S, ELTA, OPA and WEIA

Table 3.12 shows the budgetary balance sheet for the 2021-23 biennium 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 \$5,474.1 million at the end for the 2021-23 biennium and total reserves for the GF-S, ELTA, OPA and WEIA accounts of \$5,994.7 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	60,879.8	19.8%	49,736.9	9.3%
2023-25 ^F	62,559.3	2.8%	47,871.0	-3.8%
2025-27 ^F	66,866.4	6.9%	49,242.2	2.9%

^F March 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 March 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	229,036	4.8%
2024 ^F	230,791	0.8%
2025 ^F	239,455	3.8%
2026 ^F	247,930	3.5%
2027 ^F	256,683	3.5%

^F March 2023 forecast

Source: ERF

* 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	Nov 2022 Forecast¹	Legislative Changes	Forecast Revision	Mar 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$28,822.0	\$0.0	(\$40.2)	\$28,781.8	(\$40.2)
Business & Occupation Use	11,812.4	0.0	83.7	11,896.0	83.7
Public Utility	1,814.0	0.0	19.5	1,833.5	19.5
Liquor Sales/Liter	1,032.9	0.0	(8.5)	1,024.4	(8.5)
Cigarette	697.8	0.0	4.1	701.9	4.1
Property (State Levy)	602.2	0.0	(11.7)	590.6	(11.7)
Real Estate Excise	8,933.1	0.0	(0.1)	8,933.0	(0.1)
Timber Excise	3,158.7	0.0	(52.9)	3,105.8	(52.9)
Other	7.2	0.0	1.3	8.5	1.3
Subtotal	1,203.6	0.0	64.2	1,267.8	64.2
Insurance Commissioner	58,083.9	0.0	59.4	58,143.3	59.4
Insurance Premiums	1,564.0	0.0	28.3	1,592.3	28.3
Liquor Control Board					
Fees, Cannabis Excise Tax	617.7	0.0	(6.9)	610.8	(6.9)
Beer & Wine Surtax	57.0	0.0	1.4	58.5	1.4
Lottery Commission					
Lottery Revenue	62.3	0.0	1.9	64.2	1.9
State Treasurer					
Interest Earnings	206.7	0.0	13.4	220.1	13.4
Office of Financial Management					
Other Agencies	106.8	0.0	1.8	108.6	1.8
Washington Court System					
Court Fees, Fines & Forfeitures	80.9	0.0	1.1	82.0	1.1
Total General Fund-State *	\$60,779.3	\$0.0	\$100.4	\$60,879.8	\$100.4

¹ Forecast for the 2021-23 biennium adopted by the Economic and Revenue Forecast Council November 18, 2022

² Forecast for the 2021-23 biennium, adopted March 20, 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	Nov 2022 Forecast¹	Legislative Changes	Forecast Revision	Mar 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$28,960.8	\$0.0	(\$40.2)	\$28,920.6	(\$40.2)
Business & Occupation Use	11,906.0	0.0	83.7	11,989.7	83.7
Public Utility	1,833.5	0.0	19.5	1,853.1	19.5
Liquor Sales/Liter	1,036.2	0.0	(8.5)	1,027.7	(8.5)
Cigarette	710.5	0.0	(3.0)	707.5	(3.0)
Property (State Levy)	594.3	0.0	(11.7)	582.6	(11.7)
Real Estate Excise	8,882.9	0.0	(0.1)	8,882.8	(0.1)
Timber Excise	3,162.7	0.0	(52.9)	3,109.8	(52.9)
Other	7.3	0.0	1.4	8.8	1.4
Subtotal	1,215.4	0.0	64.2	1,279.5	64.2
Insurance Commissioner	58,309.6	0.0	52.5	58,362.1	52.5
Insurance Premiums	1,564.0	0.0	28.3	1,592.3	28.3
Liquor Control Board					
Fees, Cannabis Excise Tax	617.7	0.0	(6.9)	610.8	(6.9)
Beer & Wine Surtax	57.0	0.0	1.4	58.5	1.4
Lottery Commission					
Lottery Revenue	76.6	0.0	5.8	82.4	5.8
State Treasurer					
Interest Earnings	221.0	0.0	13.5	234.4	13.5
Office of Financial Management					
Other Agencies	106.8	0.0	1.8	108.7	1.8
Washington Court System					
Court Fees, Fines & Forfeitures	80.9	0.0	1.1	82.0	1.1
Total General Fund-State *	\$61,033.6	\$0.0	\$97.6	\$61,131.2	\$97.6

¹ Forecast for the 2021-23 biennium adopted by the Economic and Revenue Forecast Council November 18, 2022

² Forecast for the 2021-23 biennium, adopted March 20, 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	Nov 2022 Forecast¹	Legislative Changes	Forecast Revision	Mar 2023 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$30,451.9	\$0.0	(\$244.8)	\$30,207.1	(\$244.8)
Business & Occupation	12,619.0		(48.7)	12,570.3	(48.7)
Use	1,815.9	0.0	(3.8)	1,812.1	(3.8)
Public Utility	1,095.8	0.0	1.5	1,097.3	1.5
Liquor Sales/Liter	689.6	0.0	14.6	704.2	14.6
Cigarette	565.6	0.0	(7.5)	558.1	(7.5)
Property (State Levy)	9,357.5	0.0	(1.6)	9,355.9	(1.6)
Real Estate Excise	2,246.4		(223.8)	2,022.5	(223.8)
Timber Excise	2.9	0.0	1.1	4.0	1.1
Other	1,259.1		19.0	1,278.1	19.0
Subtotal	60,103.7	0.0	(494.1)	59,609.5	(494.1)
Insurance Commissioner					
Insurance Premiums	1,581.5	0.0	51.2	1,632.7	51.2
Liquor Control Board					
Fees, Cannabis Excise Tax	607.4	0.0	0.8	608.1	0.8
Beer & Wine Surtax	57.9	0.0	0.8	58.7	0.8
Lottery Commission					
Lottery Revenue	72.3	0.0	7.7	80.0	7.7
State Treasurer					
Interest Earnings	463.4	0.0	23.3	486.6	23.3
Office of Financial Management					
Other Agencies	10.7	0.0	4.2	14.9	4.2
Washington Court System					
Court Fees, Fines & Forfeitures	69.6	0.0	(0.9)	68.7	(0.9)
Total General Fund-State *	\$62,966.3	\$0.0	(\$407.1)	\$62,559.3	(\$407.1)

¹ Forecast for the 2023-25 biennium adopted by the Economic and Revenue Forecast Council November 18, 2022² Forecast for the 2023-25 biennium, adopted March 20, 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	Nov 2022 Forecast¹	Legislative Changes	Forecast Revision	Mar 2022 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$30,451.9	\$0.0	(\$244.8)	\$30,207.1	(\$244.8)
Business & Occupation	12,619.0	0.0	(48.7)	12,570.3	(48.7)
Use	1,815.9	0.0	(3.8)	1,812.1	(3.8)
Public Utility	1,095.8	0.0	1.5	1,097.3	1.5
Liquor Sales/Liter	689.6	0.0	14.6	704.2	14.6
Cigarette	565.6	0.0	(7.5)	558.1	(7.5)
Property (State Levy)	9,357.5	0.0	(1.6)	9,355.9	(1.6)
Real Estate Excise	2,246.4	0.0	(223.8)	2,022.5	(223.8)
Timber Excise	3.3	0.0	1.0	4.2	1.0
Other	1,259.1	0.0	19.0	1,278.1	19.0
Subtotal	60,104.0	0.0	(494.2)	59,609.8	(494.2)
Insurance Commissioner					
Insurance Premiums	1,581.5	0.0	51.2	1,632.7	51.2
Liquor Control Board					
Fees, Cannabis Excise Tax	607.4	0.0	0.8	608.1	0.8
Beer & Wine Surtax	57.9	0.0	0.8	58.7	0.8
Lottery Commission					
Lottery Revenue	58.8	0.0	3.9	62.8	3.9
State Treasurer					
Interest Earnings	468.0	0.0	22.9	490.9	22.9
Office of Financial Management					
Other Agencies	10.7	0.0	4.2	14.9	4.2
Washington Court System					
Court Fees, Fines & Forfeitures	69.6	0.0	(0.9)	68.7	(0.9)
Total General Fund-State *	\$62,957.8	\$0.0	(\$411.3)	\$62,546.5	(\$411.3)

¹ Forecast for the 2023-25 biennium adopted by the Economic and Revenue Forecast Council November 18, 2022

² Forecast for the 2023-25 biennium, adopted March 20, 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

March 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	\$14,780.8	\$28,781.8	\$14,826.1	\$15,381.0	\$30,207.1	\$15,918.9	\$16,469.8	\$32,388.7
Business & occupation Use**	5,677.3	6,218.7	11,896.0	6,168.0	6,402.3	12,570.3	6,688.5	6,984.2	13,672.7
Public Utility	486.7	537.7	1,024.4	545.9	551.4	1,097.3	562.6	578.2	1,140.7
Liquor sales/liter	348.5	353.4	701.9	352.6	351.6	704.2	352.7	355.6	708.4
Beer & wine surtax	28.9	29.6	58.5	29.2	29.4	58.7	29.6	29.8	59.4
Cigarette	318.9	288.0	606.8	292.7	281.3	574.0	271.5	262.9	534.4
Tobacco products	45.9	48.6	94.5	49.4	49.4	98.9	49.4	49.3	98.7
Cannabis Excise Taxes	173.0	139.6	312.6	152.5	162.3	314.8	168.8	174.2	343.0
Property (state school levy)	4,426.9	4,506.1	8,933.0	4,622.2	4,733.7	9,355.9	4,846.8	4,963.2	9,810.0
Leasehold Excise Tax	40.7	40.4	81.1	39.8	40.2	80.0	40.9	41.6	82.4
Public utility district	59.6	61.6	121.2	63.6	65.4	129.0	66.9	68.4	135.3
Brokered Natural Gas	40.7	75.6	116.3	55.6	50.3	105.9	50.7	51.3	102.0
Real estate excise***	1,982.9	1,122.8	3,105.8	935.0	1,087.5	2,022.5	1,189.6	1,320.0	2,509.6
Timber excise	5.5	3.0	8.5	2.0	1.9	4.0	1.9	1.9	3.8
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	13.1	13.2	26.3	13.3	13.4	26.6
Insurance premiums	784.5	807.8	1,592.3	808.0	824.6	1,632.7	840.7	856.1	1,696.8
Penalties and interest on past due taxes	118.0	187.8	305.9	156.1	163.3	319.4	170.0	176.9	346.8
Other	62.2	58.2	120.3	54.7	55.7	110.5	56.7	62.2	119.0
Total Taxes	29,516.8	30,209.2	59,726.0	30,058.5	31,165.0	61,223.5	32,281.1	33,464.7	65,745.8
State Non-Tax Sources									
Licenses, permits, fees	180.9	187.6	368.5	189.8	191.6	381.3	194.0	196.4	390.4
Liquor & Cannabis fees	160.9	137.3	298.2	146.1	147.2	293.4	148.6	149.5	298.1
Earnings on investments	36.7	183.4	220.1	242.2	244.4	486.6	207.1	174.5	381.5
Washington Court System	42.7	39.4	82.0	35.0	33.7	68.7	32.6	31.7	64.4
Transfers of unclaimed property	154.3	172.9	327.3	159.9	161.2	321.1	162.7	164.2	326.8
Other revenue & transfers	(62.6)	(79.7)	(142.3)	(82.1)	(133.3)	(215.4)	(165.3)	(175.5)	(340.8)
Total Non-Tax	512.9	640.9	1,153.8	690.9	645.0	1,335.8	579.7	540.8	1,120.5
Total General Fund-State *	\$30,029.7	\$30,850.1	\$60,879.8	\$30,749.3	\$31,809.9	\$62,559.3	\$32,860.9	\$34,005.5	\$66,866.4

* 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 March 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
Total change:								
From February 2018**	8,378	704	133	122	9,338	2,018	11,356	
Percent change	16.1	118.8	50.3	19.5	17.7	3.8	21.5	
Change in forecast since initial 2123 biennial budget***								
	6,662	333	68	124	7,187	(55)	7,132	
Percent change	12.3	18.7	20.7	19.7	12.6	-0.1	12.5	

Table 3.11

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

February 2020 through March 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
Total change:								
From February 2020	5,070	55	30	116	5,272	587	5,859	
Percent change	8.8	6.0	9.5	17.5	8.8	1.0	9.8	

*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

Table 3.12

2021-23 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
Dollars in Millions

	2021-23		
	GFS	ELTA, OPA, WEIA, FSKA*	TOTAL
RESOURCES			
Beginning Fund Balance	3,673.7	487.0	4,160.7
November 2022 Revenue Forecast	60,779.3	3,172.9	63,952.2
March 2023 Revenue Forecast Change	100.4	93.2	193.7
Current Revenue Totals	60,879.8	3,266.1	64,145.9
Transfer to Budget Stabilization Account (1% of GSR)	(609.2)		(609.2)
Transfer to Budget Stabilization Account (EGSR)**	-		-
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	79.8	0.2	80.0
Total Resources (Including Beginning Fund Balance)	63,073.6	3,719.6	66,793.1
EXPENDITURES			
Enacted Budgets			
2021-23 Biennium	56,187.8	2,878.8	59,066.6
2022 Supplemental Budget	4,738.0	320.1	5,058.0
Actual/Assumed Reversions	(575.1)	-	(575.1)
Total Expenditures	60,350.6	3,198.9	63,549.5
RESERVES			
Projected Ending Balance	2,722.9	520.7	3,243.6
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	19.2		19.2
Transfers from General Fund (1% of GSR)	609.2		609.2
Transfers from GFS (EGSR)**	-		-
Transfers from Disaster Response Acct (05H)- FY 22	4.8		4.8
Prior Period Adjustments-Actual FY 22	10.3		10.3
Actual/Assumed 21-23 Biennium-Interest Earnings	7.6		7.6
Projected Budget Stabilization Account Ending Balance	651.1		651.1
Washington Rescue Plan Transition Account			
Beginning Balance	1,000.0		1,000.0
Transfer from General Fund	1,100.0		1,100.0
Projected Wash Rescue Plan Transition Account Ending Balance	2,100.0		2,100.0
Total Reserves Including Budget Stabilization and Wa Rescue Plan	5,474.1	520.7	5,994.7

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

** 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.

Acronyms

GSR- General State Revenues

EGSR- Extraordinary General State Revenues

ACFR- Annual Comprehensive Financial Report

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	\$29,123.5	\$28,781.8	\$28,403.7
Business & Occupation Use	12,031.4	11,896.0	11,749.9
Public Utility	1,855.2	1,833.5	1,809.3
Property (school levy)	1,038.6	1,024.4	1,008.5
Real Estate Excise	8,941.3	8,933.0	8,891.7
Other	3,112.6	3,105.8	3,100.7
Subtotal	2,578.0	2,568.8	2,557.7
	58,680.6	58,143.3	57,521.5
<i>Insurance Commissioner¹</i>	1,612.5	1,592.3	1,572.1
<i>Lottery Commission</i>	66.6	64.2	61.7
<i>State Treasurer - Interest earnings</i>	237.2	220.1	203.9
<i>Liquor and Cannabis Surtaxes & Fees²</i>	672.7	669.3	659.0
<i>Office of Financial Management</i>			
Other agencies	109.0	108.6	108.2
<i>Washington Court System</i>			
Court Fees, Fines & Forfeitures	82.6	82.0	81.5
Total General Fund - State*	\$61,461.2	\$60,879.8	\$60,207.8
Difference from March 2023 Baseline	\$581.4		(\$671.9)

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	\$32,623.4	\$30,207.1	\$27,213.0
Business & Occupation Use	13,498.7	12,570.3	11,488.5
Public Utility	1,952.1	1,812.1	1,632.4
Property (school levy)	1,177.2	1,097.3	1,008.3
Real Estate Excise	9,452.2	9,355.9	9,261.7
Other	2,109.9	2,022.5	1,853.4
Subtotal	2,640.2	2,544.3	2,456.3
	63,453.8	59,609.5	54,913.7
<i>Insurance Commissioner</i> ¹	1,673.5	1,632.7	1,591.8
<i>Lottery Commission</i>	84.0	80.0	76.0
<i>State Treasurer - Interest earnings</i>	598.7	486.6	388.2
<i>Liquor and Cannabis Surtaxes & Fees</i> ²	696.3	666.8	638.4
<i>Office of Financial Management</i>			
Other agencies	15.3	14.9	14.4
<i>Washington Court System</i>			
Court Fees, Fines & Forfeitures	71.0	68.7	65.7
Total General Fund - State*	\$66,592.6	\$62,559.3	\$57,688.4
Difference from March 2023 Baseline	\$4,033.4		(\$4,870.8)

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

March 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	245.8	31.4	0.0	0.0	0.0	0.0	0.5	5.1	208.9	0.0	0.0
2021-23 Biennium	474.7	64.2	0.0	0.0	0.0	0.0	0.9	11.1	398.5	0.0	0.0
2024	228.7	48.6	0.0	0.0	0.0	0.0	0.4	4.4	175.3	0.0	0.0
2025	211.8	31.5	0.0	0.0	0.0	0.0	0.4	4.7	175.2	0.0	0.0
2023-25 Biennium	440.5	80.0	0.0	0.0	0.0	0.0	0.9	9.1	350.5	0.0	0.0
2026	213.8	31.6	0.0	0.0	0.0	0.0	0.4	4.7	177.0	0.0	0.0
2027	215.0	32.4	0.0	0.0	0.0	0.0	0.4	4.7	177.5	0.0	0.0
2025-27 Biennium	428.8	64.0	0.0	0.0	0.0	0.0	0.9	9.4	354.5	0.0	0.0

Table 3.16

Lottery transfers by fund

March 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	246.6	48.8	0.0	0.0	0.0	0.0	0.5	4.7	192.7	0.0	0.0
2021-23 Biennium	463.5	82.4	0.0	0.0	0.0	0.0	0.9	10.9	369.2	0.0	0.0
2024	209.5	31.3	0.0	0.0	0.0	0.0	0.4	4.7	173.1	0.0	0.0
2025	212.0	31.5	0.0	0.0	0.0	0.0	0.4	4.7	175.4	0.0	0.0
2023-25 Biennium	421.5	62.8	0.0	0.0	0.0	0.0	0.9	9.4	348.4	0.0	0.0
2026	213.9	31.6	0.0	0.0	0.0	0.0	0.4	4.7	177.1	0.0	0.0
2027	215.1	31.8	0.0	0.0	0.0	0.0	0.4	4.7	178.2	0.0	0.0
2025-27 Biennium	429.1	63.4	0.0	0.0	0.0	0.0	0.9	9.4	355.4	0.0	0.0

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

Source: Lottery Commission, ERFC

Table 3.17

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

History and Forecast by Fiscal Year (Cash basis)

March 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	\$30,850	2.7%	\$1,230	38.2%	\$209	10.1%	\$380	3.0%	\$32,668	3.8%
FY 2024	\$30,749	-0.3%	\$940	-23.6%	\$175	-16.1%	\$386	1.5%	\$32,250	-1.3%
FY 2025	\$31,810	3.4%	\$1,068	13.7%	\$175	-0.1%	\$399	3.4%	\$33,452	3.7%
FY 2026	\$32,861	3.3%	\$1,116	4.5%	\$177	1.0%	\$410	2.9%	\$34,564	3.3%
FY 2027	\$34,005	3.5%	\$1,172	5.0%	\$178	0.3%	\$423	3.1%	\$35,778	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	\$60,880	19.8%	\$2,119	29.3%	\$399	18.3%	\$748	112.4%	\$64,146	20.7%
23-25 Biennium	\$62,559	2.8%	\$2,008	-5.2%	\$350	-12.1%	\$784	4.8%	\$65,702	2.4%
25-27 Biennium	\$66,866	6.9%	\$2,289	14.0%	\$355	1.2%	\$833	6.2%	\$70,342	7.1%

*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

March 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	\$480,928	\$20,073	\$460,855	\$0	\$11,000	\$475	\$233,392	\$49,371	\$550	\$22,441	\$143,626
2024	\$519,466	\$17,174	\$502,292	\$0	\$11,863	\$512	\$254,448	\$53,826	\$593	\$24,466	\$156,583
2025	\$551,502	\$17,888	\$533,614	\$0	\$12,356	\$534	\$270,456	\$57,212	\$618	\$26,006	\$166,433
2026	\$572,482	\$18,256	\$554,226	\$0	\$12,610	\$545	\$281,029	\$59,449	\$631	\$27,022	\$172,941
2027	\$590,198	\$18,606	\$571,592	\$0	\$12,852	\$555	\$289,922	\$61,330	\$643	\$27,877	\$178,414
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	\$1,008,019	\$38,066	\$969,952	\$0	\$21,584	\$876	\$497,862	\$105,427	\$1,070	\$22,441	\$320,692
2023-25	\$1,070,968	\$35,063	\$1,035,906	\$0	\$24,219	\$1,046	\$524,904	\$111,038	\$1,211	\$50,472	\$323,016
2025-27	\$1,162,680	\$36,862	\$1,125,818	\$0	\$25,462	\$1,099	\$570,951	\$120,779	\$1,273	\$54,899	\$351,355

*Before distributions to local governments FY 2016-FY2022

Table 3.19

Workforce Education Investment Account

March 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	\$382,822	\$751,452	\$390,736	\$402,767	\$793,502	\$415,316	\$428,475	\$843,791
Forecast change	\$0	-\$3,120	-\$3,120	-\$5,176	-\$4,165	-\$9,341	-\$5,204	-\$5,671	-\$10,875
March 2023 forecast	\$368,630	\$379,701	\$748,331	\$385,560	\$398,602	\$784,162	\$410,112	\$422,803	\$832,916

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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	20,015.4	20,222.3	20,439.6	20,848.4	21,265.4	21,669.4
% Ch	-2.8	5.9	2.1	1.0	1.1	2.0	2.0	1.9
Real Consumption	12,700.7	13,754.1	14,133.3	14,314.3	14,459.3	14,762.9	15,072.9	15,374.4
% Ch	-3.0	8.3	2.8	1.3	1.0	2.1	2.1	2.0
Real Nonresidential Fixed Investment	2,666.0	2,835.4	2,943.5	2,999.2	2,999.2	3,013.6	3,065.6	3,150.1
% Ch	-4.9	6.4	3.8	1.9	0.0	0.5	1.7	2.8
Real Residential Fixed Investment	649.8	719.4	642.7	536.7	556.3	595.6	619.1	632.0
% Ch	7.2	10.7	-10.7	-16.5	3.7	7.1	3.9	2.1
Real Personal Income	17,844.7	18,427.2	17,748.4	17,925.9	18,223.0	18,717.1	19,227.0	19,731.1
% Ch	5.5	3.3	-3.7	1.0	1.7	2.7	2.7	2.6
Real Per Capita Income (\$/Person)	53,821	55,474	53,221	53,501	54,114	55,295	56,509	57,695
% Ch	5.1	3.1	-4.1	0.5	1.1	2.2	2.2	2.1
Price and Wage Indexes								
PCE Price Index (2012=100)	111.1	115.6	122.9	127.6	130.8	133.2	135.8	138.4
% Ch	1.1	4.0	6.3	3.9	2.4	1.9	1.9	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.589	2.710	2.926	3.049	3.124	3.183	3.246	3.316
% Ch	1.3	4.7	8.0	4.2	2.4	1.9	2.0	2.2
Employment Cost Index (Dec. 2005=1.0)	1.414	1.471	1.548	1.622	1.697	1.760	1.824	1.891
% Ch	2.9	4.0	5.3	4.8	4.6	3.7	3.6	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	21,060.5	23,315.1	25,464.5	26,735.7	27,746.7	28,872.7	30,076.7	31,318.0
% Ch	-1.5	10.7	9.2	5.0	3.8	4.1	4.2	4.1
Personal Income	19,832.3	21,294.8	21,806.3	22,881.6	23,829.7	24,940.4	26,104.3	27,318.1
% Ch	6.7	7.4	2.4	4.9	4.1	4.7	4.7	4.6
Employment (Millions)								
U.S. Civilian Labor Force	160.8	161.2	164.3	166.3	166.8	167.4	168.1	168.7
Total U.S. Employment	147.8	152.6	158.3	160.3	159.6	160.1	160.9	161.8
Unemployment Rate (%)	8.10	5.35	3.65	3.57	4.32	4.38	4.24	4.12
Nonfarm Payroll Employment	142.15	146.28	152.63	155.19	154.04	154.09	154.65	155.34
% Ch	-5.8	2.9	4.3	1.7	-0.7	0.0	0.4	0.4
Manufacturing	12.16	12.35	12.83	12.92	12.26	12.01	11.98	11.96
% Ch	-5.1	1.6	3.8	0.7	-5.1	-2.0	-0.3	-0.1
Durable Manufacturing	7.57	7.68	7.98	8.06	7.59	7.40	7.39	7.40
% Ch	-5.8	1.4	3.8	1.0	-5.8	-2.4	-0.2	0.2
Nondurable Manufacturing	4.59	4.67	4.85	4.86	4.67	4.61	4.59	4.56
% Ch	-3.9	1.8	3.8	0.2	-3.9	-1.4	-0.4	-0.6
Construction	7.26	7.44	7.75	7.75	7.58	7.55	7.63	7.73
% Ch	-3.2	2.5	4.2	0.0	-2.2	-0.4	1.1	1.4
Service-Providing	122.13	125.93	131.44	133.89	133.54	133.87	134.38	134.98
% Ch	-5.9	3.1	4.4	1.9	-0.3	0.2	0.4	0.4
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	39.2	68.0	94.8	76.4	72.0	67.9	64.5	61.6
Personal Saving/Disposable Income (%)	16.8	11.9	3.7	5.1	6.3	7.2	7.7	8.2
Auto Sales (Millions)	3.4	3.4	2.9	2.9	3.1	3.2	3.2	3.1
% Ch	-27.9	-1.5	-14.2	1.5	6.2	2.5	0.8	-1.5
Housing Starts (Millions)	1.395	1.605	1.556	1.193	1.235	1.380	1.440	1.443
% Ch	8.1	15.1	-3.1	-23.3	3.6	11.7	4.3	0.2
Federal Budget Surplus (Billions)	-2,957.4	-2,835.3	-989.7	-1,477.8	-1,734.4	-1,890.3	-1,960.1	-2,057.7
Net Exports (Billions)	-627.5	-861.7	-974.3	-820.1	-775.0	-745.4	-687.9	-636.0
3-Month Treasury Bill Rate (%)	0.37	0.04	2.02	4.88	4.24	2.92	2.37	2.35
10-Year Treasury Note Yield (%)	0.89	1.44	2.95	3.96	3.64	3.36	3.21	3.15
Bond Index of 20 G.O. Munis. (%)	2.65	2.19	3.21	3.70	3.48	3.41	3.32	3.27
30-Year Fixed Mortgage Rate (%)	3.18	3.03	5.38	6.60	5.92	5.23	4.98	4.91

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	20,187.5	20,226.1	20,219.9	20,214.2	20,229.2
% Ch , Annual Rate	-1.6	-0.6	3.2	2.7	0.8	-0.1	-0.1	0.3
Real Consumption	14,028.4	14,099.5	14,178.6	14,226.8	14,300.6	14,312.7	14,315.9	14,328.0
% Ch , Annual Rate	1.3	2.0	2.3	1.4	2.1	0.3	0.1	0.3
Real Nonresidential Fixed Investment	2,915.0	2,915.5	2,959.7	2,983.6	3,014.6	3,002.6	2,994.4	2,985.2
% Ch , Annual Rate	7.9	0.1	6.2	3.3	4.2	-1.6	-1.1	-1.2
Real Residential Fixed Investment	704.7	671.0	620.0	575.3	564.7	535.3	522.2	524.5
% Ch , Annual Rate	-3.1	-17.8	-27.1	-25.9	-7.2	-19.2	-9.5	1.8
Real Personal Income	17,718.8	17,620.8	17,751.7	17,902.1	17,897.6	17,889.1	17,935.2	17,981.9
% Ch , Annual Rate	-4.2	-2.2	3.0	3.4	-0.1	-0.2	1.0	1.0
Real Per Capita Income (\$/Person)	53,224	52,870	53,202	53,590	53,514	53,425	53,497	53,569
% Ch , Annual Rate	-4.6	-2.6	2.5	3.0	-0.6	-0.7	0.5	0.5
Price and Wage Indexes								
PCE Price Index (2012=100)	120.3	122.5	123.8	124.9	126.2	127.2	128.1	129.0
% Ch , Annual Rate	7.5	7.3	4.3	3.7	4.4	3.0	3.1	2.7
U.S. Consumer Price Index (1982-84=1.0)	2.849	2.915	2.955	2.985	3.013	3.037	3.062	3.084
% Ch , Annual Rate	9.2	9.7	5.5	4.2	3.7	3.2	3.4	2.8
Employment Cost Index (Dec. 2005=1.0)	1.517	1.541	1.559	1.575	1.593	1.611	1.631	1.652
% Ch , Annual Rate	5.2	6.5	4.8	4.2	4.7	4.4	5.2	5.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	24,740.5	25,248.5	25,723.9	26,145.0	26,440.1	26,634.9	26,821.1	27,046.5
% Ch , Annual Rate	6.6	8.5	7.7	6.7	4.6	3.0	2.8	3.4
Personal Income	21,319.8	21,578.3	21,969.5	22,357.6	22,593.2	22,750.4	22,983.4	23,199.5
% Ch , Annual Rate	3.0	4.9	7.5	7.3	4.3	2.8	4.2	3.8
Employment (Millions)								
U.S. Civilian Labor Force	163.9	164.1	164.4	164.7	165.9	166.2	166.4	166.5
Total U.S. Employment	157.7	158.1	158.6	158.8	160.4	160.6	160.3	160.0
Unemployment Rate (%)	3.81	3.63	3.55	3.60	3.32	3.38	3.65	3.94
Nonfarm Payroll Employment	150.85	152.04	153.33	154.29	155.41	155.56	155.15	154.65
% Ch , Annual Rate	4.6	3.2	3.4	2.5	2.9	0.4	-1.1	-1.3
Manufacturing	12.66	12.79	12.89	12.97	12.99	12.99	12.97	12.73
% Ch , Annual Rate	4.0	4.2	3.1	2.4	0.6	0.1	-0.7	-7.0
Durable Manufacturing	7.87	7.94	8.01	8.08	8.10	8.11	8.10	7.93
% Ch , Annual Rate	3.5	3.8	3.5	3.3	1.0	0.7	-0.6	-8.3
Nondurable Manufacturing	4.79	4.85	4.88	4.89	4.89	4.88	4.87	4.81
% Ch , Annual Rate	4.7	4.7	2.4	1.1	0.0	-0.9	-0.8	-5.0
Construction	7.65	7.73	7.78	7.84	7.90	7.76	7.68	7.66
% Ch , Annual Rate	5.1	4.1	2.9	2.7	3.2	-6.7	-4.1	-0.8
Service-Providing	129.95	130.92	132.05	132.86	133.89	134.18	133.87	133.61
% Ch , Annual Rate	4.6	3.0	3.5	2.5	3.1	0.9	-0.9	-0.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	94.4	108.7	93.2	82.8	77.3	76.8	76.4	75.1
Personal Saving/Disposable Income (%)	4.3	3.2	3.2	3.9	4.9	5.0	5.2	5.5
Auto Sales (Millions)	2.9	2.7	2.8	3.1	2.9	2.8	2.9	3.1
% Ch , Annual Rate	14.6	-15.9	7.3	49.3	-23.6	-14.7	24.6	20.0
Housing Starts (Millions)	1.720	1.647	1.450	1.405	1.239	1.198	1.169	1.164
% Ch , Annual Rate	10.0	-15.8	-40.0	-11.8	-39.6	-12.6	-9.4	-1.5
Federal Budget Surplus (Billions)	-929.0	-879.9	-1,015.7	-1,134.1	-1,410.4	-1,467.5	-1,501.9	-1,531.3
Net Exports (Billions)	-1,116.7	-1,035.6	-890.8	-854.1	-854.2	-831.7	-800.5	-793.8
3-Month Treasury Bill Rate (%)	0.31	1.08	2.66	4.04	4.66	4.85	5.03	4.96
10-Year Treasury Note Yield (%)	1.94	2.93	3.11	3.83	3.82	4.13	4.01	3.87
Bond Index of 20 G.O. Munis. (%)	2.40	3.25	3.37	3.82	3.61	3.81	3.73	3.64
30-Year Fixed Mortgage Rate (%)	3.90	5.33	5.66	6.63	6.46	6.82	6.66	6.46

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	20,285.0	20,375.6	20,486.1	20,611.8	20,701.9	20,796.5	20,895.9	20,999.4
% Ch , Annual Rate	1.1	1.8	2.2	2.5	1.8	1.8	1.9	2.0
Real Consumption	14,356.1	14,413.6	14,489.8	14,577.7	14,651.8	14,726.0	14,800.2	14,873.7
% Ch , Annual Rate	0.8	1.6	2.1	2.4	2.0	2.0	2.0	2.0
Real Nonresidential Fixed Investment	2,989.8	2,995.8	3,002.4	3,008.6	3,007.2	3,008.5	3,014.1	3,024.4
% Ch , Annual Rate	0.6	0.8	0.9	0.8	-0.2	0.2	0.8	1.4
Real Residential Fixed Investment	535.6	549.2	563.4	577.3	586.1	593.0	599.0	604.4
% Ch , Annual Rate	8.7	10.6	10.7	10.2	6.3	4.8	4.1	3.7
Real Personal Income	18,079.3	18,165.1	18,267.7	18,379.8	18,527.4	18,658.9	18,780.7	18,901.3
% Ch , Annual Rate	2.2	1.9	2.3	2.5	3.3	2.9	2.6	2.6
Real Per Capita Income (\$/Person)	53,792	53,978	54,213	54,475	54,842	55,159	55,448	55,732
% Ch , Annual Rate	1.7	1.4	1.8	1.9	2.7	2.3	2.1	2.1
Price and Wage Indexes								
PCE Price Index (2012=100)	129.8	130.5	131.1	131.7	132.3	132.9	133.6	134.2
% Ch , Annual Rate	2.4	2.1	1.9	2.0	1.9	1.8	1.9	1.9
U.S. Consumer Price Index (1982-84=1.0)	3.101	3.116	3.131	3.147	3.161	3.175	3.190	3.206
% Ch , Annual Rate	2.3	1.9	1.9	2.1	1.9	1.7	2.0	2.0
Employment Cost Index (Dec. 2005=1.0)	1.671	1.689	1.706	1.722	1.737	1.752	1.768	1.784
% Ch , Annual Rate	4.6	4.5	4.1	3.7	3.6	3.6	3.6	3.7
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	27,311.8	27,599.8	27,885.8	28,189.2	28,452.1	28,720.5	29,009.0	29,309.1
% Ch , Annual Rate	4.0	4.3	4.2	4.4	3.8	3.8	4.1	4.2
Personal Income	23,464.3	23,698.3	23,945.8	24,210.2	24,518.3	24,800.7	25,081.8	25,360.9
% Ch , Annual Rate	4.6	4.1	4.2	4.5	5.2	4.7	4.6	4.5
Employment (Millions)								
U.S. Civilian Labor Force	166.7	166.8	166.9	167.0	167.2	167.3	167.5	167.6
Total U.S. Employment	159.8	159.7	159.5	159.6	159.8	160.0	160.2	160.3
Unemployment Rate (%)	4.14	4.27	4.43	4.45	4.43	4.39	4.36	4.35
Nonfarm Payroll Employment	154.29	154.05	153.89	153.91	153.95	154.04	154.14	154.23
% Ch , Annual Rate	-0.9	-0.6	-0.4	0.1	0.1	0.2	0.2	0.3
Manufacturing	12.47	12.31	12.18	12.08	12.04	12.03	12.00	11.98
% Ch , Annual Rate	-8.1	-4.8	-4.1	-3.5	-1.1	-0.6	-0.8	-0.9
Durable Manufacturing	7.73	7.63	7.54	7.46	7.43	7.41	7.39	7.37
% Ch , Annual Rate	-9.6	-5.0	-4.8	-4.2	-1.3	-0.9	-1.1	-1.1
Nondurable Manufacturing	4.74	4.69	4.65	4.62	4.61	4.61	4.61	4.60
% Ch , Annual Rate	-5.6	-4.5	-3.1	-2.3	-0.6	-0.1	-0.4	-0.5
Construction	7.62	7.57	7.57	7.57	7.54	7.54	7.55	7.57
% Ch , Annual Rate	-2.4	-2.4	-0.2	0.4	-1.7	0.2	0.4	0.8
Service-Providing	133.56	133.51	133.48	133.61	133.71	133.82	133.93	134.04
% Ch , Annual Rate	-0.1	-0.1	-0.1	0.4	0.3	0.3	0.3	0.3
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	73.7	72.5	71.4	70.4	69.3	68.3	67.4	66.6
Personal Saving/Disposable Income (%)	5.9	6.3	6.5	6.6	6.9	7.2	7.3	7.4
Auto Sales (Millions)	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2
% Ch , Annual Rate	0.1	1.5	3.2	3.0	4.0	0.3	2.3	1.6
Housing Starts (Millions)	1.180	1.209	1.250	1.302	1.340	1.374	1.394	1.410
% Ch , Annual Rate	5.5	10.1	14.4	17.8	12.3	10.6	5.9	4.7
Federal Budget Surplus (Billions)	-1,643.2	-1,725.6	-1,778.5	-1,790.2	-1,856.0	-1,889.1	-1,905.1	-1,911.1
Net Exports (Billions)	-781.3	-772.8	-773.3	-772.5	-768.8	-756.7	-738.6	-717.6
3-Month Treasury Bill Rate (%)	4.91	4.49	4.02	3.55	3.28	3.03	2.82	2.55
10-Year Treasury Note Yield (%)	3.74	3.65	3.62	3.54	3.45	3.38	3.32	3.27
Bond Index of 20 G.O. Munis. (%)	3.54	3.48	3.47	3.45	3.44	3.42	3.40	3.37
30-Year Fixed Mortgage Rate (%)	6.23	6.00	5.81	5.62	5.42	5.27	5.16	5.08

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	21,108.1	21,215.3	21,319.7	21,418.5	21,516.4	21,617.2	21,720.2	21,823.9
% Ch , Annual Rate	2.1	2.0	2.0	1.9	1.8	1.9	1.9	1.9
Real Consumption	14,953.7	15,032.6	15,114.3	15,191.3	15,262.9	15,335.8	15,410.9	15,488.0
% Ch , Annual Rate	2.2	2.1	2.2	2.1	1.9	1.9	2.0	2.0
Real Nonresidential Fixed Investment	3,039.2	3,055.6	3,073.5	3,093.9	3,116.0	3,138.2	3,161.4	3,184.9
% Ch , Annual Rate	2.0	2.2	2.4	2.7	2.9	2.9	3.0	3.0
Real Residential Fixed Investment	610.8	618.3	622.9	624.3	627.0	630.5	634.0	636.7
% Ch , Annual Rate	4.3	5.0	3.0	0.9	1.7	2.3	2.3	1.7
Real Personal Income	19,046.2	19,170.6	19,287.9	19,403.5	19,549.9	19,671.9	19,793.3	19,909.4
% Ch , Annual Rate	3.1	2.6	2.5	2.4	3.1	2.5	2.5	2.4
Real Per Capita Income (\$/Person)	56,086	56,380	56,652	56,919	57,275	57,559	57,841	58,106
% Ch , Annual Rate	2.6	2.1	1.9	1.9	2.5	2.0	2.0	1.9
Price and Wage Indexes								
PCE Price Index (2012=100)	134.8	135.4	136.1	136.8	137.5	138.1	138.8	139.5
% Ch , Annual Rate	1.8	1.9	2.0	2.1	2.0	1.9	2.0	2.0
U.S. Consumer Price Index (1982-84=1.0)	3.221	3.237	3.254	3.272	3.290	3.307	3.325	3.343
% Ch , Annual Rate	1.9	2.0	2.1	2.3	2.2	2.1	2.2	2.1
Employment Cost Index (Dec. 2005=1.0)	1.800	1.816	1.832	1.849	1.866	1.882	1.899	1.916
% Ch , Annual Rate	3.6	3.6	3.6	3.6	3.7	3.6	3.7	3.7
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	29,614.8	29,922.7	30,230.9	30,538.5	30,847.1	31,153.8	31,473.4	31,798.0
% Ch , Annual Rate	4.2	4.2	4.2	4.1	4.1	4.0	4.2	4.2
Personal Income	25,671.6	25,959.7	26,246.6	26,539.3	26,871.6	27,165.7	27,469.2	27,765.7
% Ch , Annual Rate	5.0	4.6	4.5	4.5	5.1	4.5	4.5	4.4
Employment (Millions)								
U.S. Civilian Labor Force	167.8	168.0	168.1	168.3	168.5	168.7	168.8	169.0
Total U.S. Employment	160.6	160.8	161.1	161.3	161.5	161.7	161.9	162.1
Unemployment Rate (%)	4.32	4.27	4.21	4.16	4.14	4.12	4.10	4.10
Nonfarm Payroll Employment	154.36	154.54	154.75	154.94	155.10	155.26	155.42	155.58
% Ch, Annual Rate	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Manufacturing	11.97	11.97	11.98	11.99	11.99	11.97	11.95	11.93
% Ch, Annual Rate	-0.1	0.1	0.2	0.2	0.0	-0.5	-0.7	-0.7
Durable Manufacturing	7.38	7.38	7.39	7.40	7.41	7.41	7.40	7.39
% Ch, Annual Rate	0.1	0.3	0.5	0.7	0.3	-0.3	-0.5	-0.4
Nondurable Manufacturing	4.60	4.59	4.59	4.58	4.58	4.57	4.56	4.54
% Ch, Annual Rate	-0.4	-0.4	-0.4	-0.4	-0.5	-0.8	-1.0	-1.0
Construction	7.59	7.62	7.65	7.66	7.69	7.72	7.75	7.78
% Ch, Annual Rate	1.2	1.6	1.5	0.9	1.4	1.4	1.5	1.6
Service-Providing	134.14	134.29	134.46	134.62	134.76	134.90	135.05	135.20
% Ch, Annual Rate	0.3	0.4	0.5	0.5	0.4	0.4	0.4	0.4
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	65.7	64.9	64.1	63.4	62.7	61.9	61.2	60.6
Personal Saving/Disposable Income (%)	7.6	7.7	7.7	7.8	8.1	8.2	8.3	8.3
Auto Sales (Millions)	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.1
% Ch, Annual Rate	0.9	1.1	-1.3	-1.6	-3.1	-0.5	-1.2	-1.2
Housing Starts (Millions)	1.432	1.454	1.433	1.440	1.445	1.447	1.439	1.440
% Ch, Annual Rate	6.3	6.4	-5.8	2.0	1.5	0.6	-2.3	0.5
Federal Budget Surplus (Billions)	-1,941.7	-1,955.5	-1,964.5	-1,978.6	-2,025.9	-2,046.4	-2,071.5	-2,087.0
Net Exports (Billions)	-702.9	-691.0	-683.5	-674.1	-660.3	-645.6	-627.8	-610.2
3-Month Treasury Bill Rate (%)	2.37	2.37	2.36	2.36	2.35	2.35	2.34	2.34
10-Year Treasury Note Yield (%)	3.23	3.21	3.20	3.19	3.17	3.16	3.15	3.14
Bond Index of 20 G.O. Munis. (%)	3.34	3.32	3.31	3.30	3.29	3.28	3.26	3.26
30-Year Fixed Mortgage Rate (%)	5.02	4.99	4.97	4.95	4.93	4.92	4.91	4.90

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	477.404	480.834	491.368	507.509	523.957	540.041
% Ch	6.4	4.1	-3.4	0.7	2.2	3.3	3.2	3.1
Real Wage and Salary Disb.	238.087	252.203	254.656	256.554	261.645	269.721	278.250	286.661
% Ch	3.1	5.9	1.0	0.7	2.0	3.1	3.2	3.0
Real Nonwage Income	236.687	241.909	222.747	224.281	229.723	237.788	245.708	253.380
% Ch	10.1	2.2	-7.9	0.7	2.4	3.5	3.3	3.1
Real Per Capita Income (\$/Person)	61,545	63,841	61,424	61,371	62,150	63,606	65,069	66,458
% Ch	5.4	3.7	-3.8	-0.1	1.3	2.3	2.3	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.111	1.156	1.228	1.276	1.308	1.332	1.358	1.384
% Ch	1.1	4.0	6.3	3.9	2.4	1.9	1.9	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.826	2.960	3.224	3.413	3.508	3.575	3.646	3.724
% Ch	1.7	4.7	8.9	5.9	2.8	1.9	2.0	2.2
Average Nonfarm Annual Wage	78,422	84,480	86,160	88,848	92,896	96,921	100,981	105,218
% Ch	10.0	7.7	2.0	3.1	4.6	4.3	4.2	4.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	28.32	28.05	29.90	29.07	30.39	31.48	32.58	33.71
% Ch	-2.9	-1.0	6.6	-2.8	4.5	3.6	3.5	3.5
Current Dollar Income (Billions of Dollars)								
Personal Income	527.582	570.921	586.379	613.765	642.554	676.258	711.376	747.700
% Ch	7.6	8.2	2.7	4.7	4.7	5.2	5.2	5.1
Disposable Personal Income	468.083	499.530	500.309	535.591	564.868	596.586	627.334	659.005
% Ch	8.3	6.7	0.2	7.1	5.5	5.6	5.2	5.0
Per Capita Income (\$/Person)	68,390	73,764	75,444	78,336	81,272	84,754	88,343	92,011
% Ch	6.6	7.9	2.3	3.8	3.7	4.3	4.2	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,935.8	3,899.3	3,988.0	4,043.6	4,076.8	4,112.2	4,149.0	4,184.5
Total Washington Employment	3,602.3	3,695.9	3,821.6	3,856.8	3,877.1	3,915.2	3,958.0	3,997.1
Unemployment Rate (%)	8.46	5.22	4.17	4.62	4.90	4.79	4.60	4.48
Nonfarm Payroll Employment	3,283.6	3,363.0	3,540.0	3,594.2	3,591.4	3,616.3	3,649.0	3,679.8
% Ch	-5.3	2.4	5.3	1.5	-0.1	0.7	0.9	0.8
Manufacturing	271.7	259.2	272.0	276.9	268.9	267.7	269.6	271.3
% Ch	-7.5	-4.6	4.9	1.8	-2.9	-0.4	0.7	0.6
Durable Manufacturing	189.7	175.3	183.4	187.3	182.6	182.1	183.7	185.2
% Ch	-8.3	-7.6	4.6	2.2	-2.5	-0.3	0.8	0.9
Aerospace	80.1	67.6	70.6	74.7	76.8	77.0	76.9	77.3
% Ch	-9.6	-15.6	4.4	5.9	2.9	0.3	-0.1	0.5
Nondurable Manufacturing	82.0	83.9	88.6	89.5	86.3	85.6	85.9	86.1
% Ch	-5.5	2.3	5.6	1.0	-3.7	-0.7	0.4	0.2
Construction	213.8	223.4	236.0	233.0	230.2	230.8	234.4	237.4
% Ch	-2.6	4.5	5.7	-1.3	-1.2	0.2	1.6	1.3
Service-Providing	2,792.5	2,874.7	3,026.3	3,078.9	3,087.3	3,112.8	3,139.8	3,165.8
% Ch	-5.3	2.9	5.3	1.7	0.3	0.8	0.9	0.8
Software Publishers	76.0	79.5	84.3	84.8	85.1	86.2	87.3	88.5
% Ch	8.0	4.6	6.1	0.6	0.3	1.3	1.4	1.3
Electronic Shopping and Mail-Order	75.9	75.4	78.6	81.2	80.8	82.6	84.3	86.0
% Ch	19.5	-0.6	4.2	3.3	-0.5	2.2	2.1	2.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	43.881	56.941	49.256	38.015	42.165	44.843	44.890	44.503
% Ch	-9.4	29.8	-13.5	-22.8	10.9	6.4	0.1	-0.9
Single-Family	23.542	25.076	20.362	17.358	22.200	24.346	25.367	25.686
% Ch	1.0	6.5	-18.8	-14.8	27.9	9.7	4.2	1.3
Multi-Family	20.339	31.865	28.894	20.657	19.965	20.497	19.523	18.816
% Ch	-19.0	56.7	-9.3	-28.5	-3.3	2.7	-4.8	-3.6
30-Year Fixed Mortgage Rate (%)	3.18	3.03	5.38	6.60	5.92	5.23	4.98	4.91

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	476.943	477.193	475.196	480.283	479.799	479.639	480.997	482.902
% Ch, Annual Rate	-4.9	0.2	-1.7	4.4	-0.4	-0.1	1.1	1.6
Real Wage and Salary Disb.	253.532	254.875	254.180	256.036	255.826	256.027	256.634	257.727
% Ch, Annual Rate	-4.7	2.1	-1.1	3.0	-0.3	0.3	1.0	1.7
Real Nonwage Income	223.410	222.317	221.016	224.246	223.973	223.612	224.363	225.175
% Ch, Annual Rate	-5.2	-1.9	-2.3	6.0	-0.5	-0.6	1.3	1.5
Real Per Capita Income (\$/Person)	61,477	61,453	61,123	61,645	61,443	61,287	61,324	61,429
% Ch, Annual Rate	-5.2	-0.2	-2.1	3.5	-1.3	-1.0	0.2	0.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.203	1.224	1.237	1.249	1.262	1.272	1.281	1.290
% Ch, Annual Rate	7.5	7.3	4.3	3.7	4.5	3.0	3.1	2.7
Seattle Cons. Price Index (1982-84=1.0)	3.114	3.208	3.260	3.313	3.357	3.397	3.435	3.463
% Ch, Annual Rate	8.9	12.7	6.5	6.7	5.4	4.9	4.5	3.3
Average Nonfarm Annual Wage	85,185	86,475	86,137	86,842	87,460	88,185	89,323	90,425
% Ch, Annual Rate	-2.4	6.2	-1.6	3.3	2.9	3.4	5.3	5.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	29.63	29.97	30.19	29.81	28.57	28.87	29.24	29.60
% Ch, Annual Rate	11.2	4.7	3.0	-5.0	-15.6	4.3	5.2	5.1
Current Dollar Income (Billions of Dollars)								
Personal Income	573.716	584.206	587.943	599.652	605.679	609.977	616.383	623.020
% Ch, Annual Rate	2.2	7.5	2.6	8.2	4.1	2.9	4.3	4.4
Disposable Personal Income	489.072	497.882	501.329	512.954	526.527	532.206	538.518	545.112
% Ch, Annual Rate	-4.7	7.4	2.8	9.6	11.0	4.4	4.8	5.0
Per Capita Income (\$/Person)	73,951	75,234	75,626	76,966	77,563	77,942	78,585	79,253
% Ch, Annual Rate	1.8	7.1	2.1	7.3	3.1	2.0	3.3	3.4
Employment (Thousands)								
Washington Civilian Labor Force	3,952.8	3,982.8	4,001.1	4,015.5	4,033.5	4,040.7	4,045.9	4,054.2
Total Washington Employment	3,796.1	3,827.1	3,830.8	3,832.4	3,848.6	3,859.0	3,858.6	3,861.2
Unemployment Rate (%)	3.97	3.91	4.26	4.56	4.59	4.50	4.63	4.76
Nonfarm Payroll Employment	3,490.5	3,519.5	3,560.1	3,590.0	3,600.7	3,600.3	3,590.0	3,585.6
% Ch, Annual Rate	4.8	3.4	4.7	3.4	1.2	0.0	-1.1	-0.5
Manufacturing	266.4	270.3	274.5	276.8	277.6	277.9	277.5	274.5
% Ch, Annual Rate	6.6	6.0	6.4	3.4	1.2	0.4	-0.6	-4.3
Durable Manufacturing	178.9	182.0	185.5	187.1	187.8	188.0	187.7	185.9
% Ch, Annual Rate	6.1	7.1	7.9	3.5	1.5	0.5	-0.6	-4.0
Aerospace	68.1	69.3	71.8	73.1	73.4	74.3	75.2	75.9
% Ch, Annual Rate	3.1	7.7	14.7	7.5	1.7	5.3	4.7	3.8
Nondurable Manufacturing	87.5	88.3	89.0	89.7	89.9	89.9	89.8	88.6
% Ch, Annual Rate	7.7	3.8	3.3	3.0	0.8	0.2	-0.6	-5.0
Construction	232.6	235.0	236.9	239.5	238.5	233.0	229.7	230.6
% Ch, Annual Rate	9.9	4.3	3.2	4.5	-1.6	-8.9	-5.6	1.7
Service-Providing	2,986.0	3,008.4	3,043.0	3,067.9	3,078.8	3,083.9	3,077.6	3,075.1
% Ch, Annual Rate	4.3	3.0	4.7	3.3	1.4	0.7	-0.8	-0.3
Software Publishers	82.3	83.7	85.5	85.9	85.9	85.0	84.1	84.3
% Ch, Annual Rate	2.2	7.3	8.6	2.2	0.1	-4.4	-4.1	1.0
Electronic Shopping and Mail-Order	75.8	76.5	79.9	82.3	82.7	81.7	80.7	79.7
% Ch, Annual Rate	0.5	3.6	18.9	12.6	2.2	-4.7	-4.9	-5.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	58.258	55.778	44.833	38.156	35.820	37.843	38.632	39.765
% Ch, Annual Rate	-18.3	-16.0	-58.3	-47.5	-22.3	24.6	8.6	12.3
Single-Family	24.576	22.962	18.730	15.180	14.860	17.076	18.020	19.476
% Ch, Annual Rate	3.4	-23.8	-55.7	-56.9	-8.2	74.4	24.0	36.5
Multi-Family	33.682	32.816	26.102	22.975	20.960	20.767	20.612	20.288
% Ch, Annual Rate	-30.6	-9.9	-60.0	-40.0	-30.7	-3.6	-3.0	-6.1
30-Year Fixed Mortgage Rate (%)	3.90	5.33	5.66	6.63	6.46	6.82	6.66	6.46

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	486.304	489.400	493.015	496.752	501.347	505.597	509.587	513.507
% Ch, Annual Rate	2.8	2.6	3.0	3.1	3.8	3.4	3.2	3.1
Real Wage and Salary Disb.	259.066	260.637	262.471	264.407	266.491	268.709	270.811	272.872
% Ch, Annual Rate	2.1	2.4	2.8	3.0	3.2	3.4	3.2	3.1
Real Nonwage Income	227.239	228.763	230.544	232.345	234.856	236.888	238.776	240.634
% Ch, Annual Rate	3.7	2.7	3.2	3.2	4.4	3.5	3.2	3.2
Real Per Capita Income (\$/Person)	61,722	61,973	62,289	62,617	63,052	63,440	63,794	64,138
% Ch, Annual Rate	1.9	1.6	2.0	2.1	2.8	2.5	2.3	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.298	1.305	1.311	1.317	1.323	1.329	1.336	1.342
% Ch, Annual Rate	2.4	2.1	1.9	2.0	1.9	1.8	1.9	1.9
Seattle Cons. Price Index (1982-84=1.0)	3.482	3.499	3.516	3.534	3.550	3.565	3.583	3.601
% Ch, Annual Rate	2.3	1.9	1.9	2.1	1.9	1.7	2.0	2.0
Average Nonfarm Annual Wage	91,404	92,401	93,394	94,386	95,403	96,420	97,426	98,436
% Ch, Annual Rate	4.4	4.4	4.4	4.3	4.4	4.3	4.2	4.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	29.93	30.26	30.55	30.82	31.08	31.34	31.61	31.89
% Ch, Annual Rate	4.5	4.4	4.0	3.5	3.4	3.5	3.5	3.5
Current Dollar Income (Billions of Dollars)								
Personal Income	631.151	638.475	646.258	654.331	663.458	672.021	680.557	688.998
% Ch, Annual Rate	5.3	4.7	5.0	5.1	5.7	5.3	5.2	5.1
Disposable Personal Income	553.139	561.099	568.798	576.434	585.018	592.988	600.479	607.858
% Ch, Annual Rate	6.0	5.9	5.6	5.5	6.1	5.6	5.1	5.0
Per Capita Income (\$/Person)	80,106	80,851	81,650	82,480	83,439	84,322	85,198	86,057
% Ch, Annual Rate	4.4	3.8	4.0	4.1	4.7	4.3	4.2	4.1
Employment (Thousands)								
Washington Civilian Labor Force	4,063.7	4,072.3	4,081.2	4,089.8	4,098.5	4,107.6	4,116.9	4,125.9
Total Washington Employment	3,867.2	3,873.8	3,879.1	3,888.3	3,898.8	3,910.0	3,921.2	3,930.9
Unemployment Rate (%)	4.84	4.87	4.95	4.93	4.87	4.81	4.75	4.73
Nonfarm Payroll Employment	3,586.7	3,588.2	3,592.2	3,598.4	3,604.7	3,612.4	3,620.4	3,627.7
% Ch, Annual Rate	0.1	0.2	0.4	0.7	0.7	0.9	0.9	0.8
Manufacturing	271.2	269.4	267.9	267.1	267.2	267.6	267.9	268.2
% Ch, Annual Rate	-4.7	-2.7	-2.1	-1.2	0.3	0.6	0.4	0.3
Durable Manufacturing	183.8	183.0	182.1	181.6	181.8	182.1	182.3	182.4
% Ch, Annual Rate	-4.2	-1.9	-1.9	-1.0	0.3	0.6	0.5	0.4
Aerospace	76.4	76.8	77.0	77.1	77.1	77.1	77.0	76.9
% Ch, Annual Rate	2.8	1.9	1.2	0.5	0.1	-0.2	-0.4	-0.4
Nondurable Manufacturing	87.4	86.4	85.8	85.4	85.5	85.6	85.7	85.7
% Ch, Annual Rate	-5.6	-4.4	-2.7	-1.7	0.1	0.6	0.4	0.3
Construction	230.5	229.8	230.0	230.5	229.8	230.5	231.1	231.7
% Ch, Annual Rate	-0.1	-1.3	0.4	0.8	-1.2	1.2	1.1	1.0
Service-Providing	3,079.8	3,084.0	3,089.3	3,096.0	3,102.8	3,109.3	3,116.4	3,122.8
% Ch, Annual Rate	0.6	0.5	0.7	0.9	0.9	0.8	0.9	0.8
Software Publishers	84.7	85.0	85.2	85.4	85.7	86.0	86.3	86.6
% Ch, Annual Rate	2.0	1.2	0.8	1.1	1.5	1.5	1.4	1.4
Electronic Shopping and Mail-Order	80.1	80.6	81.0	81.5	81.9	82.3	82.8	83.2
% Ch, Annual Rate	2.3	2.2	2.2	2.2	2.2	2.1	2.1	2.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	40.812	41.544	42.488	43.817	44.712	45.107	44.962	44.593
% Ch, Annual Rate	11.0	7.4	9.4	13.1	8.4	3.6	-1.3	-3.2
Single-Family	20.733	21.839	22.727	23.500	23.826	24.218	24.469	24.870
% Ch, Annual Rate	28.4	23.1	17.3	14.3	5.7	6.7	4.2	6.7
Multi-Family	20.079	19.705	19.760	20.317	20.886	20.888	20.492	19.722
% Ch, Annual Rate	-4.1	-7.2	1.1	11.8	11.7	0.0	-7.4	-14.2
30-Year Fixed Mortgage Rate (%)	6.23	6.00	5.81	5.62	5.42	5.27	5.16	5.08

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	518.069	522.143	525.944	529.675	534.182	538.120	542.043	545.820
% Ch, Annual Rate	3.6	3.2	2.9	2.9	3.4	3.0	2.9	2.8
Real Wage and Salary Disb.	275.061	277.251	279.315	281.373	283.541	285.662	287.723	289.717
% Ch, Annual Rate	3.2	3.2	3.0	3.0	3.1	3.0	2.9	2.8
Real Nonwage Income	243.007	244.892	246.629	248.302	250.640	252.458	254.321	256.103
% Ch, Annual Rate	4.0	3.1	2.9	2.7	3.8	2.9	3.0	2.8
Real Per Capita Income (\$/Person)	64,560	64,919	65,242	65,555	65,962	66,298	66,630	66,942
% Ch, Annual Rate	2.7	2.2	2.0	1.9	2.5	2.0	2.0	1.9
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2012=1.0)	1.348	1.354	1.361	1.368	1.375	1.381	1.388	1.395
% Ch, Annual Rate	1.8	1.9	2.0	2.1	2.0	1.9	2.0	2.0
Seattle Cons. Price Index (1982-84=1.0)	3.618	3.635	3.654	3.675	3.695	3.714	3.734	3.754
% Ch, Annual Rate	1.9	2.0	2.1	2.3	2.2	2.1	2.2	2.2
Average Nonfarm Annual Wage	99,456	100,465	101,473	102,529	103,624	104,687	105,758	106,804
% Ch, Annual Rate	4.2	4.1	4.1	4.2	4.3	4.2	4.2	4.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	32.16	32.44	32.72	33.00	33.28	33.56	33.85	34.15
% Ch, Annual Rate	3.5	3.5	3.4	3.5	3.5	3.4	3.5	3.5
Current Dollar Income (Billions of Dollars)								
Personal Income	698.286	707.057	715.695	724.467	734.240	743.112	752.249	761.199
% Ch, Annual Rate	5.5	5.1	5.0	5.0	5.5	4.9	5.0	4.8
Disposable Personal Income	615.985	623.637	631.052	638.662	647.299	655.014	663.012	670.695
% Ch, Annual Rate	5.5	5.1	4.8	4.9	5.5	4.9	5.0	4.7
Per Capita Income (\$/Person)	87,018	87,910	88,780	89,664	90,666	91,553	92,469	93,357
% Ch, Annual Rate	4.5	4.2	4.0	4.0	4.5	4.0	4.1	3.9
Employment (Thousands)								
Washington Civilian Labor Force	4,135.2	4,144.7	4,153.6	4,162.4	4,171.2	4,180.0	4,188.9	4,197.7
Total Washington Employment	3,941.5	3,952.8	3,963.6	3,974.1	3,983.3	3,992.7	4,001.7	4,010.5
Unemployment Rate (%)	4.68	4.63	4.57	4.53	4.50	4.48	4.47	4.46
Nonfarm Payroll Employment	3,635.8	3,645.0	3,653.6	3,661.6	3,668.9	3,676.1	3,683.4	3,690.9
% Ch, Annual Rate	0.9	1.0	1.0	0.9	0.8	0.8	0.8	0.8
Manufacturing	268.7	269.3	269.9	270.5	271.0	271.3	271.5	271.7
% Ch, Annual Rate	0.8	0.9	0.9	0.8	0.7	0.4	0.4	0.3
Durable Manufacturing	182.9	183.4	183.9	184.4	184.8	185.1	185.4	185.7
% Ch, Annual Rate	1.0	1.2	1.1	1.1	0.8	0.7	0.6	0.5
Aerospace	76.9	76.9	76.9	77.0	77.1	77.2	77.4	77.5
% Ch, Annual Rate	-0.2	0.0	0.2	0.4	0.6	0.6	0.6	0.5
Nondurable Manufacturing	85.8	85.9	86.0	86.1	86.1	86.1	86.1	86.0
% Ch, Annual Rate	0.4	0.4	0.5	0.4	0.3	-0.1	-0.2	-0.3
Construction	232.7	234.2	235.2	235.7	236.3	236.9	237.7	238.7
% Ch, Annual Rate	1.7	2.6	1.7	0.8	1.0	1.0	1.4	1.6
Service-Providing	3,129.3	3,136.3	3,143.3	3,150.2	3,156.4	3,162.6	3,168.9	3,175.2
% Ch, Annual Rate	0.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8
Software Publishers	86.9	87.2	87.5	87.8	88.1	88.4	88.7	88.9
% Ch, Annual Rate	1.4	1.3	1.3	1.2	1.4	1.4	1.4	1.3
Electronic Shopping and Mail-Order	83.6	84.1	84.5	84.9	85.4	85.8	86.2	86.7
% Ch, Annual Rate	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	44.865	45.257	44.716	44.722	44.711	44.642	44.370	44.287
% Ch, Annual Rate	2.5	3.5	-4.7	0.1	-0.1	-0.6	-2.4	-0.8
Single-Family	25.205	25.563	25.276	25.426	25.586	25.718	25.675	25.766
% Ch, Annual Rate	5.5	5.8	-4.4	2.4	2.5	2.1	-0.7	1.4
Multi-Family	19.660	19.694	19.440	19.297	19.125	18.924	18.695	18.521
% Ch, Annual Rate	-1.3	0.7	-5.1	-2.9	-3.5	-4.2	-4.7	-3.7
30-Year Fixed Mortgage Rate (%)	5.02	4.99	4.97	4.95	4.93	4.92	4.91	4.90

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	155.19	154.04	154.09	154.65	155.34
% Ch	-5.8	2.9	4.3	1.7	-0.7	0.0	0.4	0.4
Manufacturing	12.16	12.35	12.83	12.92	12.26	12.01	11.98	11.96
% Ch	-5.1	1.6	3.8	0.7	-5.1	-2.0	-0.3	-0.1
Durable Manufacturing	7.57	7.68	7.98	8.06	7.59	7.40	7.39	7.40
% Ch	-5.8	1.4	3.8	1.0	-5.8	-2.4	-0.2	0.2
Wood Products	0.40	0.41	0.43	0.38	0.31	0.33	0.37	0.40
% Ch	-3.1	3.5	4.6	-10.3	-19.9	6.9	11.6	8.0
Primary and Fabricated Metals	1.74	1.73	1.79	1.81	1.67	1.64	1.66	1.68
% Ch	-7.1	-0.4	3.6	0.9	-7.6	-1.7	1.2	1.0
Computer and Electronic Products	1.06	1.06	1.09	1.10	1.11	1.11	1.11	1.10
% Ch	-1.2	-0.3	2.7	1.6	0.1	0.7	-0.2	-0.8
Machinery and Electrical Equipment	1.44	1.45	1.51	1.51	1.40	1.34	1.33	1.34
% Ch	-5.9	0.7	4.1	0.2	-7.4	-4.3	-0.6	0.3
Transportation Equipment	1.59	1.65	1.73	1.81	1.77	1.69	1.63	1.60
% Ch	-8.0	3.4	4.9	4.9	-2.3	-4.5	-3.2	-1.8
Other Durables	1.34	1.39	1.43	1.44	1.33	1.29	1.28	1.28
% Ch	-5.5	3.0	3.3	0.4	-7.2	-3.4	-0.7	0.0
Nondurable Manufacturing	4.59	4.67	4.85	4.86	4.67	4.61	4.59	4.56
% Ch	-3.9	1.8	3.8	0.2	-3.9	-1.4	-0.4	-0.6
Food Manufacturing	1.61	1.64	1.70	1.72	1.69	1.69	1.70	1.71
% Ch	-1.8	1.4	3.6	1.6	-2.1	0.0	0.9	0.6
Paper and Paper Products	0.35	0.35	0.36	0.36	0.33	0.32	0.32	0.32
% Ch	-2.9	-1.4	3.3	-1.7	-7.0	-2.4	0.1	-0.2
Other Nondurables	2.62	2.69	2.79	2.78	2.66	2.60	2.57	2.53
% Ch	-5.2	2.4	4.0	-0.4	-4.5	-2.1	-1.3	-1.5
Natural Resources and Mining	0.60	0.56	0.61	0.63	0.65	0.65	0.66	0.66
% Ch	-17.5	-6.5	8.0	4.8	2.6	0.4	0.8	0.8
Construction	7.26	7.44	7.75	7.75	7.58	7.55	7.63	7.73
% Ch	-3.2	2.5	4.2	0.0	-2.2	-0.4	1.1	1.4
Trade, Transportation, and Utilities	26.62	27.66	28.66	28.63	28.12	27.55	27.34	27.25
% Ch	-3.7	3.9	3.6	-0.1	-1.8	-2.0	-0.8	-0.3
Wholesale Trade	5.63	5.71	5.96	6.01	6.09	6.10	6.12	6.14
% Ch	-4.3	1.4	4.5	0.8	1.3	0.2	0.4	0.3
Retail Trade	14.81	15.26	15.48	15.38	14.77	14.18	13.91	13.80
% Ch	-4.7	3.0	1.5	-0.7	-4.0	-4.0	-1.9	-0.8
Trans., Warehousing, and Utilities	6.18	6.69	7.21	7.23	7.26	7.27	7.31	7.31
% Ch	-0.6	8.3	7.9	0.3	0.4	0.1	0.6	0.0
Information	2.72	2.86	3.07	3.12	3.14	3.17	3.16	3.13
% Ch	-5.0	5.0	7.6	1.6	0.5	1.0	-0.4	-0.7
Publishing Industries	0.83	0.87	0.94	0.94	0.92	0.91	0.89	0.88
% Ch	0.9	4.8	8.1	-0.5	-1.7	-1.5	-1.2	-1.3
Other Information	1.89	1.99	2.13	2.19	2.22	2.26	2.26	2.25
% Ch	-7.4	5.1	7.4	2.5	1.5	2.0	-0.1	-0.5
Financial Activities	8.70	8.81	9.04	9.07	9.05	9.15	9.25	9.35
% Ch	-0.6	1.2	2.7	0.3	-0.2	1.1	1.1	1.0
Professional and Business Services	20.37	21.38	22.58	23.01	22.54	22.69	22.88	23.17
% Ch	-4.5	5.0	5.6	1.9	-2.0	0.6	0.9	1.3
Education and Health Services	23.27	23.65	24.35	25.15	25.69	25.79	25.89	26.00
% Ch	-3.7	1.6	3.0	3.3	2.2	0.4	0.4	0.4
Leisure and Hospitality	13.13	14.15	15.85	16.63	16.34	16.63	16.70	16.69
% Ch	-20.8	7.7	12.0	4.9	-1.7	1.8	0.4	-0.1
Other Services	5.33	5.46	5.71	5.79	5.89	5.94	6.03	6.11
% Ch	-9.6	2.4	4.6	1.4	1.8	0.8	1.4	1.3
Federal Government	2.93	2.89	2.87	2.88	2.88	2.88	2.88	2.89
% Ch	3.6	-1.6	-0.6	0.4	0.0	0.0	0.0	0.5
State and Local Government	19.05	19.08	19.31	19.62	19.87	20.07	20.24	20.39
% Ch	-3.7	0.2	1.2	1.6	1.3	1.0	0.8	0.7

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	154.29	155.41	155.56	155.15	154.65
% Ch, Annual Rate	4.6	3.2	3.4	2.5	2.9	0.4	-1.1	-1.3
Manufacturing	12.66	12.79	12.89	12.97	12.99	12.99	12.97	12.73
% Ch, Annual Rate	4.0	4.2	3.1	2.4	0.6	0.1	-0.7	-7.0
Durable Manufacturing	7.87	7.94	8.01	8.08	8.10	8.11	8.10	7.93
% Ch, Annual Rate	3.5	3.8	3.5	3.3	1.0	0.7	-0.6	-8.3
Wood Products	0.43	0.43	0.43	0.43	0.43	0.40	0.37	0.34
% Ch, Annual Rate	7.6	4.4	0.4	-1.1	1.5	-23.0	-31.2	-29.7
Primary and Fabricated Metals	1.78	1.79	1.80	1.81	1.81	1.83	1.83	1.78
% Ch, Annual Rate	4.1	2.8	3.2	2.8	-0.2	2.5	0.5	-10.4
Computer and Electronic Products	1.07	1.08	1.09	1.10	1.10	1.11	1.11	1.11
% Ch, Annual Rate	2.0	4.0	3.6	2.1	0.3	2.3	0.2	-0.5
Machinery and Electrical Equipment	1.49	1.51	1.51	1.52	1.54	1.52	1.51	1.47
% Ch, Annual Rate	5.8	4.5	2.1	2.8	3.1	-3.0	-2.8	-10.1
Transportation Equipment	1.68	1.71	1.74	1.77	1.77	1.80	1.84	1.83
% Ch, Annual Rate	0.1	6.8	6.7	7.2	0.1	8.2	7.2	-2.3
Other Durables	1.42	1.43	1.43	1.44	1.45	1.45	1.45	1.41
% Ch, Annual Rate	4.5	0.6	2.3	1.7	2.0	-0.2	-0.1	-10.8
Nondurable Manufacturing	4.79	4.85	4.88	4.89	4.89	4.88	4.87	4.81
% Ch, Annual Rate	4.7	4.7	2.4	1.1	0.0	-0.9	-0.8	-5.0
Food Manufacturing	1.67	1.69	1.70	1.71	1.72	1.72	1.73	1.72
% Ch, Annual Rate	5.1	4.8	2.1	2.4	1.3	1.3	1.8	-3.0
Paper and Paper Products	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.35
% Ch, Annual Rate	7.4	3.7	-1.0	-0.9	-2.1	-1.9	-2.0	-8.3
Other Nondurables	2.76	2.79	2.81	2.82	2.81	2.80	2.78	2.74
% Ch, Annual Rate	4.0	4.8	3.1	0.6	-0.6	-2.0	-2.2	-5.8
Natural Resources and Mining	0.58	0.60	0.61	0.62	0.63	0.63	0.63	0.64
% Ch, Annual Rate	7.4	13.2	7.3	7.2	3.3	2.8	1.5	4.9
Construction	7.65	7.73	7.78	7.84	7.90	7.76	7.68	7.66
% Ch, Annual Rate	5.1	4.1	2.9	2.7	3.2	-6.7	-4.1	-0.8
Trade, Transportation, and Utilities	28.48	28.64	28.76	28.77	28.82	28.69	28.49	28.51
% Ch, Annual Rate	5.6	2.2	1.6	0.1	0.7	-1.8	-2.7	0.3
Wholesale Trade	5.88	5.96	5.99	6.02	6.05	6.00	5.98	6.01
% Ch, Annual Rate	5.8	5.0	2.5	1.9	2.1	-3.4	-1.6	2.1
Retail Trade	15.50	15.48	15.50	15.47	15.47	15.44	15.32	15.30
% Ch, Annual Rate	3.7	-0.7	0.6	-0.8	0.1	-0.7	-3.2	-0.6
Trans., Warehousing, and Utilities	7.10	7.21	7.27	7.28	7.29	7.24	7.19	7.21
% Ch, Annual Rate	9.8	6.5	3.2	0.5	0.8	-2.8	-2.5	0.9
Information	3.00	3.06	3.11	3.12	3.12	3.11	3.13	3.12
% Ch, Annual Rate	6.1	9.0	6.0	1.9	-0.1	-1.0	2.0	-0.7
Publishing Industries	0.92	0.94	0.95	0.95	0.95	0.94	0.93	0.93
% Ch, Annual Rate	10.9	9.9	5.1	0.3	-2.3	-3.7	-2.6	-2.7
Other Information	2.08	2.12	2.16	2.17	2.18	2.18	2.20	2.20
% Ch, Annual Rate	4.1	8.6	6.4	2.6	0.9	0.1	4.0	0.2
Financial Activities	8.97	9.04	9.06	9.10	9.10	9.11	9.07	9.00
% Ch, Annual Rate	3.0	3.0	1.1	1.5	0.2	0.4	-1.8	-3.3
Professional and Business Services	22.30	22.50	22.71	22.80	23.11	23.24	22.97	22.70
% Ch, Annual Rate	6.6	3.6	3.8	1.7	5.5	2.3	-4.6	-4.6
Education and Health Services	23.98	24.19	24.49	24.75	25.02	25.12	25.15	25.30
% Ch, Annual Rate	2.2	3.5	5.1	4.3	4.4	1.7	0.5	2.4
Leisure and Hospitality	15.50	15.70	15.97	16.24	16.51	16.68	16.75	16.56
% Ch, Annual Rate	11.1	5.3	6.9	7.0	6.9	4.2	1.7	-4.4
Other Services	5.64	5.68	5.73	5.78	5.82	5.76	5.77	5.81
% Ch, Annual Rate	3.6	3.1	3.7	3.4	2.9	-4.3	0.6	3.1
Federal Government	2.87	2.86	2.87	2.87	2.88	2.88	2.88	2.88
% Ch, Annual Rate	-0.5	-1.4	0.4	0.8	0.9	0.0	0.0	0.0
State and Local Government	19.20	19.25	19.35	19.43	19.51	19.59	19.66	19.73
% Ch, Annual Rate	0.8	0.9	2.2	1.6	1.7	1.6	1.4	1.3

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	154.29	154.05	153.89	153.91	153.95	154.04	154.14	154.23
% Ch, Annual Rate	-0.9	-0.6	-0.4	0.1	0.1	0.2	0.2	0.3
Manufacturing	12.47	12.31	12.18	12.08	12.04	12.03	12.00	11.98
% Ch, Annual Rate	-8.1	-4.8	-4.1	-3.5	-1.1	-0.6	-0.8	-0.9
Durable Manufacturing	7.73	7.63	7.54	7.46	7.43	7.41	7.39	7.37
% Ch, Annual Rate	-9.6	-5.0	-4.8	-4.2	-1.3	-0.9	-1.1	-1.1
Wood Products	0.32	0.31	0.30	0.30	0.32	0.33	0.33	0.34
% Ch, Annual Rate	-21.6	-10.3	-7.2	2.9	14.9	13.8	10.5	10.3
Primary and Fabricated Metals	1.72	1.68	1.66	1.64	1.64	1.64	1.65	1.65
% Ch, Annual Rate	-13.2	-7.3	-6.6	-4.2	-0.2	1.4	1.3	0.6
Computer and Electronic Products	1.10	1.10	1.11	1.11	1.11	1.11	1.11	1.11
% Ch, Annual Rate	-0.5	-0.1	0.4	1.3	1.2	0.5	0.1	-0.2
Machinery and Electrical Equipment	1.43	1.41	1.39	1.37	1.35	1.34	1.34	1.33
% Ch, Annual Rate	-10.5	-6.0	-6.5	-6.3	-4.3	-2.4	-1.9	-1.6
Transportation Equipment	1.80	1.78	1.76	1.73	1.72	1.70	1.68	1.66
% Ch, Annual Rate	-6.1	-3.5	-4.6	-6.4	-3.3	-3.9	-4.8	-5.1
Other Durables	1.36	1.34	1.32	1.31	1.30	1.29	1.28	1.28
% Ch, Annual Rate	-12.4	-5.9	-4.5	-5.1	-2.6	-2.5	-2.3	-1.0
Nondurable Manufacturing	4.74	4.69	4.65	4.62	4.61	4.61	4.61	4.60
% Ch, Annual Rate	-5.6	-4.5	-3.1	-2.3	-0.6	-0.1	-0.4	-0.5
Food Manufacturing	1.70	1.69	1.68	1.68	1.68	1.69	1.69	1.69
% Ch, Annual Rate	-3.9	-3.2	-1.8	-1.0	0.8	1.3	0.8	0.6
Paper and Paper Products	0.34	0.33	0.33	0.32	0.32	0.32	0.32	0.32
% Ch, Annual Rate	-9.8	-8.8	-5.6	-3.6	-1.1	-0.3	-0.3	0.0
Other Nondurables	2.70	2.67	2.64	2.62	2.61	2.60	2.60	2.59
% Ch, Annual Rate	-6.1	-4.8	-3.6	-2.9	-1.5	-1.1	-1.2	-1.3
Natural Resources and Mining	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
% Ch, Annual Rate	3.0	2.7	0.6	0.2	0.2	-0.1	0.7	0.4
Construction	7.62	7.57	7.57	7.57	7.54	7.54	7.55	7.57
% Ch, Annual Rate	-2.4	-2.4	-0.2	0.4	-1.7	0.2	0.4	0.8
Trade, Transportation, and Utilities	28.41	28.22	28.02	27.83	27.69	27.56	27.50	27.46
% Ch, Annual Rate	-1.4	-2.7	-2.8	-2.6	-2.1	-1.9	-0.8	-0.7
Wholesale Trade	6.06	6.09	6.09	6.10	6.10	6.09	6.09	6.10
% Ch, Annual Rate	3.8	1.6	0.4	0.4	0.2	-0.7	0.1	0.3
Retail Trade	15.09	14.85	14.66	14.48	14.32	14.20	14.14	14.08
% Ch, Annual Rate	-5.3	-6.1	-5.1	-4.8	-4.4	-3.3	-1.7	-1.8
Trans., Warehousing, and Utilities	7.26	7.27	7.26	7.25	7.27	7.26	7.27	7.28
% Ch, Annual Rate	2.7	0.8	-0.7	-0.5	0.9	-0.1	0.4	0.5
Information	3.15	3.16	3.12	3.12	3.15	3.16	3.18	3.18
% Ch, Annual Rate	3.6	1.3	-4.8	-0.6	3.5	1.9	3.0	0.0
Publishing Industries	0.93	0.92	0.92	0.91	0.91	0.91	0.90	0.90
% Ch, Annual Rate	1.0	-2.0	-3.3	-2.4	-0.7	-0.8	-1.0	-1.2
Other Information	2.22	2.24	2.21	2.21	2.24	2.25	2.28	2.28
% Ch, Annual Rate	4.6	2.7	-5.4	0.1	5.3	3.0	4.7	0.6
Financial Activities	9.01	9.05	9.07	9.10	9.13	9.14	9.15	9.18
% Ch, Annual Rate	0.5	1.8	1.0	1.3	1.3	0.6	0.5	1.2
Professional and Business Services	22.59	22.49	22.52	22.58	22.64	22.64	22.71	22.76
% Ch, Annual Rate	-1.8	-1.9	0.5	1.1	1.1	0.0	1.2	0.9
Education and Health Services	25.54	25.68	25.75	25.80	25.81	25.78	25.78	25.80
% Ch, Annual Rate	3.9	2.1	1.2	0.8	0.1	-0.5	-0.1	0.3
Leisure and Hospitality	16.32	16.31	16.33	16.43	16.49	16.68	16.68	16.67
% Ch, Annual Rate	-5.8	-0.3	0.5	2.6	1.6	4.6	0.0	-0.1
Other Services	5.87	5.89	5.90	5.91	5.92	5.93	5.95	5.97
% Ch, Annual Rate	4.2	1.6	0.6	0.5	0.7	0.7	1.2	1.5
Federal Government	2.88	2.88	2.88	2.88	2.88	2.88	2.88	2.88
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State and Local Government	19.79	19.85	19.90	19.95	20.01	20.05	20.10	20.14
% Ch, Annual Rate	1.3	1.2	1.1	1.1	1.0	1.0	0.9	0.9

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	154.36	154.54	154.75	154.94	155.10	155.26	155.42	155.58
% Ch, Annual Rate	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Manufacturing	11.97	11.97	11.98	11.99	11.99	11.97	11.95	11.93
% Ch, Annual Rate	-0.1	0.1	0.2	0.2	0.0	-0.5	-0.7	-0.7
Durable Manufacturing	7.38	7.38	7.39	7.40	7.41	7.41	7.40	7.39
% Ch, Annual Rate	0.1	0.3	0.5	0.7	0.3	-0.3	-0.5	-0.4
Wood Products	0.35	0.36	0.37	0.38	0.39	0.39	0.40	0.41
% Ch, Annual Rate	12.5	13.0	11.5	8.3	6.9	6.7	6.9	6.3
Primary and Fabricated Metals	1.66	1.66	1.67	1.67	1.68	1.68	1.68	1.68
% Ch, Annual Rate	1.3	1.2	1.4	1.7	1.2	0.5	0.2	-0.2
Computer and Electronic Products	1.11	1.11	1.11	1.11	1.11	1.10	1.10	1.10
% Ch, Annual Rate	-0.2	-0.3	-0.4	-0.4	-1.1	-1.1	-1.0	-1.0
Machinery and Electrical Equipment	1.33	1.33	1.33	1.33	1.34	1.34	1.34	1.33
% Ch, Annual Rate	-0.1	0.3	0.4	0.6	0.5	0.1	-0.1	-0.2
Transportation Equipment	1.65	1.64	1.63	1.63	1.62	1.61	1.60	1.59
% Ch, Annual Rate	-3.0	-2.4	-1.3	-0.8	-1.2	-2.6	-3.2	-2.4
Other Durables	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28
% Ch, Annual Rate	-0.1	0.0	-0.3	0.0	0.3	-0.1	-0.1	-0.1
Nondurable Manufacturing	4.60	4.59	4.59	4.58	4.58	4.57	4.56	4.54
% Ch, Annual Rate	-0.4	-0.4	-0.4	-0.4	-0.5	-0.8	-1.0	-1.0
Food Manufacturing	1.69	1.70	1.70	1.71	1.71	1.71	1.71	1.71
% Ch, Annual Rate	0.8	0.9	1.1	1.1	0.7	0.3	-0.1	-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	0.3	0.3	-0.1	0.0	-0.5	-0.8	-0.8
Other Nondurables	2.58	2.57	2.56	2.55	2.54	2.53	2.52	2.51
% Ch, Annual Rate	-1.3	-1.4	-1.4	-1.5	-1.4	-1.6	-1.6	-1.7
Natural Resources and Mining	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
% Ch, Annual Rate	0.8	1.4	1.2	0.9	0.9	0.8	0.3	-0.3
Construction	7.59	7.62	7.65	7.66	7.69	7.72	7.75	7.78
% Ch, Annual Rate	1.2	1.6	1.5	0.9	1.4	1.4	1.5	1.6
Trade, Transportation, and Utilities	27.38	27.34	27.34	27.32	27.29	27.28	27.25	27.20
% Ch, Annual Rate	-1.2	-0.5	0.0	-0.2	-0.5	-0.1	-0.3	-0.8
Wholesale Trade	6.11	6.12	6.13	6.13	6.14	6.15	6.14	6.13
% Ch, Annual Rate	0.7	0.5	0.6	0.2	0.6	0.6	-0.3	-0.7
Retail Trade	13.97	13.91	13.89	13.87	13.83	13.82	13.80	13.76
% Ch, Annual Rate	-3.0	-1.5	-0.7	-0.7	-1.1	-0.3	-0.5	-1.0
Trans., Warehousing, and Utilities	7.30	7.31	7.32	7.33	7.32	7.31	7.31	7.31
% Ch, Annual Rate	0.9	0.6	0.7	0.3	-0.3	-0.4	-0.1	-0.4
Information	3.18	3.16	3.15	3.13	3.14	3.13	3.13	3.13
% Ch, Annual Rate	-1.1	-1.7	-1.7	-1.7	0.1	-0.2	-0.2	-0.4
Publishing Industries	0.90	0.90	0.89	0.89	0.89	0.88	0.88	0.88
% Ch, Annual Rate	-1.0	-1.5	-1.5	-1.8	-1.0	-1.2	-1.1	-1.5
Other Information	2.28	2.27	2.26	2.25	2.25	2.25	2.25	2.25
% Ch, Annual Rate	-1.2	-1.8	-1.8	-1.7	0.5	0.2	0.1	0.0
Financial Activities	9.23	9.25	9.25	9.29	9.34	9.35	9.35	9.34
% Ch, Annual Rate	2.2	0.8	0.3	1.5	2.3	0.5	0.0	-0.3
Professional and Business Services	22.82	22.85	22.90	22.95	23.02	23.10	23.19	23.36
% Ch, Annual Rate	1.0	0.6	0.8	1.0	1.2	1.3	1.6	2.9
Education and Health Services	25.84	25.88	25.92	25.94	25.96	25.99	26.02	26.04
% Ch, Annual Rate	0.7	0.7	0.6	0.3	0.4	0.3	0.5	0.3
Leisure and Hospitality	16.64	16.68	16.72	16.76	16.71	16.70	16.69	16.66
% Ch, Annual Rate	-0.7	0.9	1.1	0.8	-1.1	-0.2	-0.2	-0.7
Other Services	6.00	6.02	6.04	6.05	6.07	6.09	6.12	6.14
% Ch, Annual Rate	1.9	1.3	1.2	1.1	1.4	1.3	1.7	1.6
Federal Government	2.88	2.88	2.88	2.88	2.89	2.89	2.89	2.89
% Ch, Annual Rate	0.0	0.0	0.0	0.0	1.9	0.0	0.0	0.0
State and Local Government	20.19	20.23	20.26	20.30	20.34	20.37	20.41	20.44
% Ch, Annual Rate	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7

Table A2.3

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2023 to 2027

	2020	2021	2022	2023	2024	2025	2026	2027
Nonfarm Payroll Employment	3,283.6	3,363.0	3,540.0	3,594.2	3,591.4	3,616.3	3,649.0	3,679.8
% Ch	-5.3	2.4	5.3	1.5	-0.1	0.7	0.9	0.8
Manufacturing	271.7	259.2	272.0	276.9	268.9	267.7	269.6	271.3
% Ch	-7.5	-4.6	4.9	1.8	-2.9	-0.4	0.7	0.6
Durable Manufacturing	189.7	175.3	183.4	187.3	182.6	182.1	183.7	185.2
% Ch	-8.3	-7.6	4.6	2.2	-2.5	-0.3	0.8	0.9
Wood Products	12.6	13.2	13.8	12.3	9.9	10.2	11.0	11.4
% Ch	-2.8	5.3	4.0	-10.3	-19.6	3.1	7.1	4.2
Primary and Fabricated Metals	24.4	23.0	23.8	24.3	22.3	21.9	22.2	22.5
% Ch	-9.1	-5.8	3.4	2.1	-8.1	-1.8	1.3	1.0
Computer and Electronic Products	18.8	17.9	17.9	18.4	18.7	19.2	19.4	19.4
% Ch	-5.3	-5.0	0.2	2.9	1.5	2.7	1.1	-0.2
Machinery and Electrical Equipment	19.3	19.1	20.3	20.5	18.7	18.0	18.5	19.2
% Ch	-8.9	-0.9	6.2	0.9	-8.5	-3.7	2.3	3.8
Aerospace	80.1	67.6	70.6	74.7	76.8	77.0	76.9	77.3
% Ch	-9.6	-15.6	4.4	5.9	2.9	0.3	-0.1	0.5
Other Transportation Equip.	9.1	9.1	10.2	10.1	9.8	9.6	9.5	9.2
% Ch	-6.2	-0.3	12.3	-1.0	-2.3	-2.4	-1.2	-2.7
Other Durables	25.5	25.4	26.9	27.0	26.3	26.1	26.2	26.3
% Ch	-8.6	-0.1	5.7	0.6	-2.9	-0.7	0.4	0.4
Nondurable Manufacturing	82.0	83.9	88.6	89.5	86.3	85.6	85.9	86.1
% Ch	-5.5	2.3	5.6	1.0	-3.7	-0.7	0.4	0.2
Food Manufacturing	37.6	38.7	40.7	40.3	39.0	38.6	38.5	38.4
% Ch	-4.4	2.8	5.1	-0.9	-3.1	-1.1	-0.2	-0.4
Paper and Paper Products	7.5	7.4	7.5	7.4	6.8	6.5	6.4	6.3
% Ch	-3.5	-0.7	1.2	-1.4	-8.9	-3.8	-1.0	-1.4
Other Nondurables	36.9	37.8	40.5	41.8	40.5	40.5	41.0	41.4
% Ch	-6.9	2.5	7.0	3.4	-3.3	0.1	1.1	1.0
Natural Resources and Mining	5.6	5.7	5.7	5.4	5.0	5.0	5.2	5.3
% Ch	-5.1	2.1	0.5	-4.9	-7.7	-1.4	4.2	2.7
Construction	213.8	223.4	236.0	233.0	230.2	230.8	234.4	237.4
% Ch	-2.6	4.5	5.7	-1.3	-1.2	0.2	1.6	1.3
Trade, Transportation, and Utilities	630.0	653.7	678.2	682.7	673.9	666.3	665.6	667.1
% Ch	-2.0	3.8	3.8	0.7	-1.3	-1.1	-0.1	0.2
Wholesale Trade	130.0	131.4	139.8	140.9	143.5	145.0	146.5	147.6
% Ch	-4.4	1.0	6.4	0.8	1.9	1.0	1.0	0.8
Retail Trade	387.7	403.4	416.4	418.7	406.4	396.7	393.4	393.6
% Ch	-0.7	4.0	3.2	0.6	-2.9	-2.4	-0.8	0.1
Electronic Shopping and Mail-Order	75.9	75.4	78.6	81.2	80.8	82.6	84.3	86.0
% Ch	19.5	-0.6	4.2	3.3	-0.5	2.2	2.1	2.0
Other Retail Trade	311.9	328.0	337.8	337.5	325.6	314.1	309.1	307.6
% Ch	-4.6	5.2	3.0	-0.1	-3.5	-3.5	-1.6	-0.5
Trans., Warehousing, and Utilities	112.2	118.9	122.0	123.1	124.0	124.6	125.6	125.9
% Ch	-3.5	5.9	2.6	0.9	0.7	0.5	0.8	0.2
Information	149.0	157.1	169.7	169.5	171.1	176.6	180.0	182.1
% Ch	3.1	5.4	8.0	-0.1	1.0	3.2	1.9	1.2
Software Publishers	76.0	79.5	84.3	84.8	85.1	86.2	87.3	88.5
% Ch	8.0	4.6	6.1	0.6	0.3	1.3	1.4	1.3
Other Publishing Industries	4.1	3.8	3.7	3.1	2.7	2.3	1.9	1.5
% Ch	-15.2	-7.5	-3.5	-15.0	-14.1	-15.3	-16.5	-20.3
Other Information	69.0	73.8	81.7	81.5	83.4	88.2	90.7	92.1
% Ch	-0.5	7.1	10.6	-0.2	2.3	5.7	2.9	1.5
Financial Activities	158.4	160.5	165.5	165.3	164.8	166.4	168.1	169.5
% Ch	-1.3	1.3	3.1	-0.1	-0.3	1.0	1.1	0.8
Professional and Business Services	425.3	448.3	476.8	482.8	478.3	483.8	490.1	498.1
% Ch	-2.1	5.4	6.3	1.3	-0.9	1.1	1.3	1.6
Education and Health Services	488.2	498.5	520.0	531.0	543.3	548.2	553.3	558.4
% Ch	-2.8	2.1	4.3	2.1	2.3	0.9	0.9	0.9
Leisure and Hospitality	262.9	282.8	327.4	340.3	336.7	342.1	344.0	344.6
% Ch	-24.3	7.6	15.8	3.9	-1.0	1.6	0.6	0.2
Other Services	116.2	113.5	120.4	123.9	125.6	127.1	128.8	130.5
% Ch	-9.9	-2.3	6.1	2.8	1.4	1.2	1.3	1.3
Federal Government	78.5	76.8	75.5	74.8	75.0	75.3	75.5	76.1
% Ch	3.6	-2.2	-1.6	-1.0	0.3	0.3	0.3	0.8
State and Local Government	483.8	483.5	492.7	508.7	518.5	527.1	534.3	539.4
% Ch	-5.5	-0.1	1.9	3.2	1.9	1.7	1.4	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	3,490.5	3,519.5	3,560.1	3,590.0	3,600.7	3,600.3	3,590.0	3,585.6
% Ch, Annual Rate	4.8	3.4	4.7	3.4	1.2	0.0	-1.1	-0.5
Manufacturing	266.4	270.3	274.5	276.8	277.6	277.9	277.5	274.5
% Ch, Annual Rate	6.6	6.0	6.4	3.4	1.2	0.4	-0.6	-4.3
Durable Manufacturing	178.9	182.0	185.5	187.1	187.8	188.0	187.7	185.9
% Ch, Annual Rate	6.1	7.1	7.9	3.5	1.5	0.5	-0.6	-4.0
Wood Products	13.8	13.7	13.8	13.7	13.7	12.9	11.8	10.9
% Ch, Annual Rate	14.3	-3.4	3.1	-3.5	1.4	-22.1	-29.4	-28.2
Primary and Fabricated Metals	23.6	23.8	23.8	24.0	24.3	24.5	24.5	23.8
% Ch, Annual Rate	5.6	3.2	-0.7	2.9	6.6	2.6	0.5	-10.9
Computer and Electronic Products	17.8	17.8	17.9	18.1	18.2	18.4	18.5	18.5
% Ch, Annual Rate	-1.0	-1.2	4.2	3.8	1.8	5.8	1.6	0.4
Machinery and Electrical Equipment	19.9	20.3	20.4	20.5	20.7	20.6	20.6	19.9
% Ch, Annual Rate	13.0	8.9	0.9	1.6	5.4	-1.7	-1.5	-12.5
Aerospace	68.1	69.3	71.8	73.1	73.4	74.3	75.2	75.9
% Ch, Annual Rate	3.1	7.7	14.7	7.5	1.7	5.3	4.7	3.8
Other Transportation Equip.	9.5	10.2	10.7	10.4	10.1	10.1	10.0	10.0
% Ch, Annual Rate	10.4	31.7	21.1	-11.3	-7.7	-2.4	-1.7	-0.9
Other Durables	26.1	26.8	27.1	27.4	27.2	27.1	27.0	26.8
% Ch, Annual Rate	9.0	11.2	4.4	5.0	-2.9	-2.0	-0.9	-4.0
Nondurable Manufacturing	87.5	88.3	89.0	89.7	89.9	89.9	89.8	88.6
% Ch, Annual Rate	7.7	3.8	3.3	3.0	0.8	0.2	-0.6	-5.0
Food Manufacturing	40.9	41.0	40.3	40.5	40.3	40.4	40.4	40.0
% Ch, Annual Rate	14.8	1.2	-7.0	2.0	-1.4	0.3	0.7	-4.0
Paper and Paper Products	7.6	7.6	7.4	7.5	7.6	7.5	7.4	7.2
% Ch, Annual Rate	1.8	-1.0	-6.5	3.9	2.0	-3.1	-3.2	-10.3
Other Nondurables	39.0	39.8	41.3	41.7	42.0	42.1	41.9	41.4
% Ch, Annual Rate	1.9	7.6	16.8	3.7	2.7	0.7	-1.3	-5.0
Natural Resources and Mining	5.6	5.8	5.8	5.7	5.7	5.5	5.3	5.3
% Ch, Annual Rate	-2.6	9.9	1.6	-3.5	-0.4	-15.1	-16.5	3.4
Construction	232.6	235.0	236.9	239.5	238.5	233.0	229.7	230.6
% Ch, Annual Rate	9.9	4.3	3.2	4.5	-1.6	-8.9	-5.6	1.7
Trade, Transportation, and Utilities	673.1	674.6	679.1	686.2	687.7	684.2	679.6	679.4
% Ch, Annual Rate	4.4	0.9	2.7	4.2	0.9	-2.0	-2.7	-0.1
Wholesale Trade	136.3	139.5	141.7	141.8	141.8	140.7	140.2	140.9
% Ch, Annual Rate	7.3	9.8	6.4	0.3	0.2	-3.2	-1.4	2.2
Retail Trade	414.4	413.7	417.1	420.4	421.8	420.4	417.0	415.7
% Ch, Annual Rate	5.4	-0.7	3.4	3.2	1.3	-1.3	-3.2	-1.2
Electronic Shopping and Mail-Order	75.8	76.5	79.9	82.3	82.7	81.7	80.7	79.7
% Ch	0.5	3.6	18.9	12.6	2.2	-4.7	-4.9	-5.0
Other Retail Trade	338.6	337.2	337.2	338.1	339.0	338.7	336.3	336.0
% Ch	6.5	-1.6	0.0	1.0	1.1	-0.4	-2.8	-0.3
Trans., Warehousing, and Utilities	122.4	121.4	120.3	124.0	124.0	123.1	122.4	122.8
% Ch, Annual Rate	-1.6	-3.3	-3.5	12.7	0.2	-3.0	-2.4	1.3
Information	165.2	167.9	172.2	173.5	172.7	170.3	167.8	167.1
% Ch, Annual Rate	5.2	6.6	10.8	3.0	-1.8	-5.5	-5.6	-1.8
Software Publishers	82.3	83.7	85.5	85.9	85.9	85.0	84.1	84.3
% Ch, Annual Rate	2.2	7.3	8.6	2.2	0.1	-4.4	-4.1	1.0
Other Publishing Industries	3.5	3.6	3.7	3.8	3.3	3.2	3.0	2.9
% Ch, Annual Rate	-25.0	7.2	15.3	4.7	-38.5	-19.0	-16.1	-17.1
Other Information	79.4	80.5	83.0	83.8	83.4	82.1	80.7	79.9
% Ch, Annual Rate	10.2	5.8	12.8	3.8	-1.7	-6.2	-6.7	-4.0
Financial Activities	163.9	165.4	165.7	167.0	166.3	166.2	165.1	163.6
% Ch, Annual Rate	2.0	3.8	0.7	3.2	-1.8	-0.3	-2.5	-3.6
Professional and Business Services	471.1	475.9	477.8	482.4	483.4	486.3	482.6	478.9
% Ch, Annual Rate	6.8	4.1	1.6	3.9	0.9	2.4	-3.0	-3.0
Education and Health Services	511.1	518.1	523.9	526.8	527.7	530.2	531.4	534.7
% Ch, Annual Rate	3.5	5.6	4.6	2.2	0.7	1.9	1.0	2.5
Leisure and Hospitality	322.6	324.1	328.2	334.9	338.2	341.0	342.2	339.5
% Ch, Annual Rate	15.8	1.8	5.2	8.5	4.0	3.3	1.5	-3.1
Other Services	117.9	119.9	120.8	123.2	123.6	123.6	123.9	124.4
% Ch, Annual Rate	3.2	6.7	3.1	8.2	1.2	0.0	1.1	1.7
Federal Government	76.0	76.0	75.1	75.1	74.7	74.8	74.8	74.9
% Ch, Annual Rate	-1.2	0.0	-4.2	-0.4	-1.9	0.3	0.3	0.3
State and Local Government	485.1	486.7	500.2	498.9	504.5	507.4	510.1	512.6
% Ch, Annual Rate	-2.5	1.3	11.6	-1.0	4.6	2.3	2.1	2.0

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	3,586.7	3,588.2	3,592.2	3,598.4	3,604.7	3,612.4	3,620.4	3,627.7
% Ch, Annual Rate	0.1	0.2	0.4	0.7	0.7	0.9	0.9	0.8
Manufacturing	271.2	269.4	267.9	267.1	267.2	267.6	267.9	268.2
% Ch, Annual Rate	-4.7	-2.7	-2.1	-1.2	0.3	0.6	0.4	0.3
Durable Manufacturing	183.8	183.0	182.1	181.6	181.8	182.1	182.3	182.4
% Ch, Annual Rate	-4.2	-1.9	-1.9	-1.0	0.3	0.6	0.5	0.4
Wood Products	10.3	10.0	9.7	9.7	10.0	10.2	10.3	10.5
% Ch, Annual Rate	-21.1	-11.4	-8.8	-0.3	9.7	8.9	6.2	6.0
Primary and Fabricated Metals	22.9	22.5	22.1	21.8	21.8	21.9	22.0	22.0
% Ch, Annual Rate	-14.0	-7.7	-7.1	-4.6	-0.2	1.7	1.5	0.7
Computer and Electronic Products	18.6	18.6	18.7	18.9	19.1	19.2	19.3	19.3
% Ch, Annual Rate	0.4	1.1	2.2	3.9	3.6	2.3	1.6	1.0
Machinery and Electrical Equipment	19.2	18.9	18.6	18.2	18.1	18.0	18.0	18.1
% Ch, Annual Rate	-13.1	-6.2	-7.1	-6.9	-3.8	-0.7	0.1	0.7
Aerospace	76.4	76.8	77.0	77.1	77.1	77.1	77.0	76.9
% Ch, Annual Rate	2.8	1.9	1.2	0.5	0.1	-0.2	-0.4	-0.4
Other Transportation Equip.	9.9	9.9	9.8	9.8	9.7	9.6	9.6	9.5
% Ch, Annual Rate	-2.9	-3.2	-2.5	-1.9	-2.4	-3.2	-2.3	-1.2
Other Durables	26.5	26.3	26.2	26.1	26.1	26.1	26.1	26.1
% Ch, Annual Rate	-4.1	-2.5	-2.1	-1.7	-0.3	0.2	0.4	0.1
Nondurable Manufacturing	87.4	86.4	85.8	85.4	85.5	85.6	85.7	85.7
% Ch, Annual Rate	-5.6	-4.4	-2.7	-1.7	0.1	0.6	0.4	0.3
Food Manufacturing	39.5	39.1	38.8	38.6	38.6	38.6	38.6	38.6
% Ch, Annual Rate	-4.8	-4.2	-2.8	-2.1	-0.3	0.3	-0.2	-0.4
Paper and Paper Products	7.0	6.8	6.7	6.6	6.5	6.5	6.5	6.5
% Ch, Annual Rate	-12.1	-11.0	-7.5	-5.2	-2.4	-1.5	-1.5	-1.1
Other Nondurables	40.8	40.5	40.3	40.2	40.3	40.4	40.6	40.7
% Ch, Annual Rate	-5.2	-3.4	-1.8	-0.7	0.8	1.2	1.2	1.1
Natural Resources and Mining	5.2	5.1	5.0	4.9	4.9	4.9	5.0	5.0
% Ch, Annual Rate	-8.7	-6.9	-9.9	-6.1	2.7	2.3	2.6	3.3
Construction	230.5	229.8	230.0	230.5	229.8	230.5	231.1	231.7
% Ch, Annual Rate	-0.1	-1.3	0.4	0.8	-1.2	1.2	1.1	1.0
Trade, Transportation, and Utilities	678.3	675.3	672.4	669.7	667.7	666.0	665.9	665.7
% Ch, Annual Rate	-0.7	-1.7	-1.7	-1.6	-1.2	-1.0	-0.1	-0.1
Wholesale Trade	142.5	143.4	143.9	144.3	144.7	144.8	145.1	145.4
% Ch, Annual Rate	4.5	2.6	1.3	1.3	1.1	0.3	0.8	0.9
Retail Trade	412.1	407.8	404.4	401.3	398.6	396.7	396.0	395.3
% Ch, Annual Rate	-3.5	-4.0	-3.3	-3.0	-2.7	-1.9	-0.7	-0.7
Electronic Shopping and Mail-Order	80.1	80.6	81.0	81.5	81.9	82.3	82.8	83.2
% Ch	2.3	2.2	2.2	2.2	2.2	2.1	2.1	2.1
Other Retail Trade	331.9	327.2	323.4	319.9	316.6	314.4	313.3	312.1
% Ch	-4.8	-5.5	-4.6	-4.3	-3.9	-2.9	-1.4	-1.4
Trans., Warehousing, and Utilities	123.7	124.1	124.1	124.1	124.4	124.5	124.7	124.9
% Ch, Annual Rate	3.1	1.2	0.1	0.0	1.1	0.3	0.8	0.7
Information	169.2	170.6	172.0	172.8	174.6	175.9	177.6	178.3
% Ch, Annual Rate	5.1	3.4	3.3	2.0	4.2	2.9	3.9	1.6
Software Publishers	84.7	85.0	85.2	85.4	85.7	86.0	86.3	86.6
% Ch, Annual Rate	2.0	1.2	0.8	1.1	1.5	1.5	1.4	1.4
Other Publishing Industries	2.9	2.7	2.6	2.5	2.4	2.3	2.2	2.1
% Ch, Annual Rate	-3.7	-15.3	-20.8	-18.5	-12.1	-12.8	-14.4	-15.8
Other Information	81.6	82.9	84.2	85.0	86.5	87.6	89.1	89.5
% Ch, Annual Rate	8.7	6.5	6.8	3.7	7.4	4.8	7.0	2.2
Financial Activities	163.8	164.6	165.0	165.5	166.0	166.3	166.4	166.8
% Ch, Annual Rate	0.6	1.9	0.9	1.3	1.2	0.5	0.4	1.1
Professional and Business Services	478.0	477.0	478.2	480.1	481.9	482.6	484.5	486.2
% Ch, Annual Rate	-0.8	-0.8	1.1	1.6	1.5	0.6	1.6	1.4
Education and Health Services	539.5	542.6	544.7	546.3	547.3	547.6	548.4	549.6
% Ch, Annual Rate	3.7	2.3	1.5	1.2	0.7	0.3	0.6	0.8
Leisure and Hospitality	335.9	336.0	336.5	338.4	339.6	342.7	342.9	343.0
% Ch, Annual Rate	-4.2	0.1	0.7	2.2	1.5	3.7	0.2	0.1
Other Services	125.0	125.5	125.8	126.2	126.5	126.9	127.3	127.7
% Ch, Annual Rate	2.0	1.4	1.1	1.1	1.2	1.2	1.3	1.3
Federal Government	74.9	75.0	75.1	75.1	75.2	75.2	75.3	75.4
% Ch, Annual Rate	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
State and Local Government	515.1	517.4	519.6	521.8	524.0	526.1	528.1	530.1
% Ch, Annual Rate	2.0	1.8	1.7	1.7	1.7	1.6	1.5	1.5

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	3,635.8	3,645.0	3,653.6	3,661.6	3,668.9	3,676.1	3,683.4	3,690.9
% Ch, Annual Rate	0.9	1.0	1.0	0.9	0.8	0.8	0.8	0.8
Manufacturing	268.7	269.3	269.9	270.5	271.0	271.3	271.5	271.7
% Ch, Annual Rate	0.8	0.9	0.9	0.8	0.7	0.4	0.4	0.3
Durable Manufacturing	182.9	183.4	183.9	184.4	184.8	185.1	185.4	185.7
% Ch, Annual Rate	1.0	1.2	1.1	1.1	0.8	0.7	0.6	0.5
Wood Products	10.7	10.9	11.1	11.2	11.3	11.4	11.5	11.5
% Ch, Annual Rate	7.8	8.4	7.1	4.4	3.3	3.1	3.3	2.8
Primary and Fabricated Metals	22.1	22.2	22.3	22.4	22.4	22.5	22.5	22.5
% Ch, Annual Rate	1.5	1.4	1.6	1.8	1.3	0.5	0.1	-0.3
Computer and Electronic Products	19.4	19.4	19.4	19.5	19.4	19.4	19.4	19.3
% Ch, Annual Rate	1.1	0.8	0.7	0.7	-0.7	-0.7	-0.6	-0.5
Machinery and Electrical Equipment	18.2	18.4	18.5	18.7	18.9	19.1	19.2	19.4
% Ch, Annual Rate	3.1	3.8	3.9	4.3	4.1	3.5	3.2	2.9
Aerospace	76.9	76.9	76.9	77.0	77.1	77.2	77.4	77.5
% Ch, Annual Rate	-0.2	0.0	0.2	0.4	0.6	0.6	0.6	0.5
Other Transportation Equip.	9.5	9.5	9.5	9.4	9.3	9.3	9.2	9.1
% Ch, Annual Rate	-0.3	-0.1	-1.6	-2.9	-3.2	-3.1	-2.9	-2.6
Other Durables	26.1	26.2	26.2	26.2	26.3	26.3	26.3	26.3
% Ch, Annual Rate	0.4	0.6	0.5	0.5	0.5	0.3	0.4	0.4
Nondurable Manufacturing	85.8	85.9	86.0	86.1	86.1	86.1	86.1	86.0
% Ch, Annual Rate	0.4	0.4	0.5	0.4	0.3	-0.1	-0.2	-0.3
Food Manufacturing	38.5	38.5	38.5	38.5	38.5	38.4	38.3	38.2
% Ch, Annual Rate	-0.3	-0.1	0.0	0.1	-0.3	-0.8	-1.1	-1.2
Paper and Paper Products	6.5	6.4	6.4	6.4	6.4	6.4	6.3	6.3
% Ch, Annual Rate	-0.8	-0.8	-0.8	-1.3	-1.2	-1.8	-2.1	-2.1
Other Nondurables	40.8	40.9	41.0	41.1	41.2	41.3	41.4	41.5
% Ch, Annual Rate	1.2	1.1	1.1	0.9	1.1	0.9	0.9	0.9
Natural Resources and Mining	5.1	5.2	5.2	5.2	5.3	5.3	5.3	5.3
% Ch, Annual Rate	5.7	6.0	3.6	1.4	2.6	3.2	2.7	0.7
Construction	232.7	234.2	235.2	235.7	236.3	236.9	237.7	238.7
% Ch, Annual Rate	1.7	2.6	1.7	0.8	1.0	1.0	1.4	1.6
Trade, Transportation, and Utilities	664.9	665.1	665.9	666.4	666.5	667.2	667.5	667.3
% Ch, Annual Rate	-0.5	0.1	0.4	0.3	0.1	0.4	0.2	-0.1
Wholesale Trade	146.0	146.4	146.7	147.0	147.3	147.7	147.8	147.7
% Ch, Annual Rate	1.4	1.1	1.0	0.7	1.0	0.9	0.2	0.0
Retail Trade	393.7	393.2	393.3	393.5	393.3	393.6	393.9	393.8
% Ch, Annual Rate	-1.7	-0.5	0.1	0.1	-0.2	0.4	0.3	-0.1
Electronic Shopping and Mail-Order	83.6	84.1	84.5	84.9	85.4	85.8	86.2	86.7
% Ch	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0
Other Retail Trade	310.1	309.1	308.9	308.5	307.9	307.9	307.7	307.1
% Ch	-2.6	-1.2	-0.4	-0.4	-0.8	-0.1	-0.2	-0.7
Trans., Warehousing, and Utilities	125.3	125.5	125.8	125.9	125.9	125.8	125.9	125.8
% Ch, Annual Rate	1.1	0.8	0.8	0.5	-0.1	-0.2	0.1	-0.1
Information	179.1	179.7	180.3	180.9	181.4	181.9	182.4	182.8
% Ch, Annual Rate	1.8	1.3	1.4	1.4	1.2	1.0	1.0	0.9
Software Publishers	86.9	87.2	87.5	87.8	88.1	88.4	88.7	88.9
% Ch, Annual Rate	1.4	1.3	1.3	1.2	1.4	1.4	1.4	1.3
Other Publishing Industries	2.0	1.9	1.8	1.7	1.6	1.5	1.5	1.4
% Ch, Annual Rate	-15.2	-18.3	-19.4	-21.9	-18.6	-20.6	-21.0	-24.6
Other Information	90.1	90.5	90.9	91.4	91.7	92.0	92.2	92.5
% Ch, Annual Rate	2.5	1.9	1.9	2.1	1.4	1.2	1.1	1.0
Financial Activities	167.7	168.1	168.1	168.6	169.6	169.6	169.5	169.3
% Ch, Annual Rate	2.2	0.8	0.0	1.3	2.2	0.2	-0.3	-0.7
Professional and Business Services	487.9	489.3	490.8	492.6	494.5	496.5	498.8	502.4
% Ch, Annual Rate	1.4	1.1	1.3	1.4	1.6	1.7	1.9	2.9
Education and Health Services	551.1	552.7	554.1	555.2	556.5	557.7	559.1	560.2
% Ch, Annual Rate	1.1	1.2	1.0	0.8	0.9	0.9	1.0	0.8
Leisure and Hospitality	342.8	343.6	344.5	345.2	344.6	344.7	344.7	344.5
% Ch, Annual Rate	-0.3	0.9	1.1	0.8	-0.6	0.1	0.1	-0.3
Other Services	128.2	128.6	129.0	129.4	129.9	130.3	130.7	131.2
% Ch, Annual Rate	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.4
Federal Government	75.4	75.5	75.5	75.6	76.0	76.1	76.1	76.2
% Ch, Annual Rate	0.3	0.3	0.3	0.3	2.1	0.3	0.3	0.3
State and Local Government	532.1	533.8	535.1	536.3	537.5	538.7	540.0	541.3
% Ch, Annual Rate	1.5	1.3	1.0	0.9	0.9	0.9	1.0	1.0

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	21,806.3	22,881.6	23,829.7	24,940.4	26,104.3	27,318.1
% Ch	6.7	7.4	2.4	4.9	4.1	4.7	4.7	4.6
Total Wage and Salary Disbursements	9,457.4	10,290.1	11,224.3	11,909.9	12,366.8	12,906.4	13,486.0	14,100.1
% Ch	1.4	8.8	9.1	6.1	3.8	4.4	4.5	4.6
Nonwage Personal Income	10,374.9	11,004.7	10,582.0	10,971.7	11,462.9	12,034.0	12,618.3	13,217.9
% Ch	12.0	6.1	-3.8	3.7	4.5	5.0	4.9	4.8
Supplements to Wages and Salaries	2,135.4	2,248.4	2,377.2	2,493.5	2,603.6	2,721.8	2,838.0	2,948.3
% Ch	0.6	5.3	5.7	4.9	4.4	4.5	4.3	3.9
Proprietor's Income	1,643.1	1,753.6	1,848.5	1,878.2	1,910.7	1,966.6	2,060.4	2,152.7
% Ch	2.6	6.7	5.4	1.6	1.7	2.9	4.8	4.5
Farm	45.2	51.3	91.7	94.7	95.4	102.0	102.4	100.3
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,597.9	1,702.2	1,756.8	1,783.5	1,815.2	1,864.6	1,958.0	2,052.5
% Ch	1.6	6.5	3.2	1.5	1.8	2.7	5.0	4.8
Less: Contribution For Govt. Soc. Ins.	1,450.0	1,540.8	1,676.6	1,778.2	1,848.2	1,929.1	2,014.7	2,086.5
% Ch	1.8	6.3	8.8	6.1	3.9	4.4	4.4	3.6
Dividends/Int./Rent	3,815.3	3,926.2	4,122.9	4,359.4	4,558.3	4,805.8	5,027.1	5,240.8
% Ch	-0.1	2.9	5.0	5.7	4.6	5.4	4.6	4.2
Transfer Payments	4,231.2	4,617.3	3,910.0	4,018.7	4,238.6	4,468.9	4,707.6	4,962.6
% Ch	34.5	9.1	-15.3	2.8	5.5	5.4	5.3	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	22,357.6	22,593.2	22,750.4	22,983.4	23,199.5
% Ch, Annual Rate	3.0	4.9	7.5	7.3	4.3	2.8	4.2	3.8
Total Wage and Salary Disbursements	10,925.5	11,058.0	11,361.0	11,552.5	11,733.0	11,848.3	11,972.7	12,085.8
% Ch, Annual Rate	6.8	4.9	11.4	6.9	6.4	4.0	4.3	3.8
Nonwage Personal Income	10,394.3	10,520.2	10,608.5	10,805.0	10,860.2	10,902.1	11,010.7	11,113.7
% Ch, Annual Rate	-0.7	4.9	3.4	7.6	2.1	1.6	4.0	3.8
Supplements to Wages and Salaries	2,334.2	2,357.1	2,394.0	2,423.4	2,453.1	2,480.8	2,507.0	2,533.2
% Ch, Annual Rate	6.8	4.0	6.4	5.0	5.0	4.6	4.3	4.2
Proprietor's Income	1,811.4	1,835.4	1,863.5	1,883.5	1,897.4	1,861.2	1,872.1	1,882.2
% Ch, Annual Rate	4.9	5.4	6.3	4.4	3.0	-7.4	2.3	2.2
Farm	74.4	95.7	95.9	100.6	97.4	93.7	94.3	93.5
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,737.0	1,739.7	1,767.6	1,782.9	1,800.0	1,767.5	1,777.8	1,788.7
% Ch, Annual Rate	-2.0	0.6	6.6	3.5	3.9	-7.0	2.3	2.5
Less: Contribution For Govt. Soc. Ins.	1,634.7	1,654.4	1,695.6	1,721.6	1,751.5	1,770.9	1,787.7	1,802.6
% Ch, Annual Rate	10.1	4.9	10.3	6.3	7.1	4.5	3.9	3.4
Dividends/Int./Rent	4,014.7	4,098.9	4,153.7	4,224.2	4,279.8	4,340.5	4,389.6	4,427.8
% Ch, Annual Rate	1.7	8.7	5.5	7.0	5.4	5.8	4.6	3.5
Transfer Payments	3,868.7	3,883.2	3,892.8	3,995.4	3,981.4	3,990.4	4,029.8	4,073.2
% Ch, Annual Rate	-5.7	1.5	1.0	11.0	-1.4	0.9	4.0	4.4

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	23,464.3	23,698.3	23,945.8	24,210.2	24,518.3	24,800.7	25,081.8	25,360.9
% Ch, Annual Rate	4.6	4.1	4.2	4.5	5.2	4.7	4.6	4.5
Total Wage and Salary Disbursements	12,190.3	12,302.6	12,420.9	12,553.4	12,693.6	12,836.2	12,977.6	13,118.0
% Ch, Annual Rate	3.5	3.7	3.9	4.3	4.5	4.6	4.5	4.4
Nonwage Personal Income	11,274.0	11,395.7	11,525.0	11,656.8	11,824.6	11,964.5	12,104.2	12,242.9
% Ch, Annual Rate	5.9	4.4	4.6	4.7	5.9	4.8	4.8	4.7
Supplements to Wages and Salaries	2,562.5	2,589.5	2,617.2	2,645.2	2,678.2	2,707.7	2,736.3	2,764.8
% Ch, Annual Rate	4.7	4.3	4.3	4.3	5.1	4.5	4.3	4.2
Proprietor's Income	1,891.5	1,904.9	1,917.3	1,929.0	1,937.9	1,952.9	1,975.7	2,000.0
% Ch, Annual Rate	2.0	2.9	2.6	2.5	1.8	3.1	4.8	5.0
Farm	93.0	94.0	96.3	98.4	100.1	101.8	102.9	103.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,798.5	1,810.9	1,821.0	1,830.6	1,837.8	1,851.1	1,872.8	1,896.7
% Ch, Annual Rate	2.2	2.8	2.3	2.1	1.6	2.9	4.8	5.2
Less: Contribution For Govt. Soc. Ins.	1,824.8	1,839.7	1,855.4	1,873.0	1,900.5	1,919.7	1,938.7	1,957.4
% Ch, Annual Rate	5.0	3.3	3.4	3.9	6.0	4.1	4.0	3.9
Dividends/Int./Rent	4,475.1	4,526.0	4,584.8	4,647.2	4,716.6	4,780.4	4,836.5	4,889.7
% Ch, Annual Rate	4.3	4.6	5.3	5.6	6.1	5.5	4.8	4.5
Transfer Payments	4,169.7	4,215.1	4,261.1	4,308.4	4,392.5	4,443.1	4,494.4	4,545.7
% Ch, Annual Rate	9.8	4.4	4.4	4.5	8.0	4.7	4.7	4.7

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	25,671.6	25,959.7	26,246.6	26,539.3	26,871.6	27,165.7	27,469.2	27,765.7
% Ch, Annual Rate	5.0	4.6	4.5	4.5	5.1	4.5	4.5	4.4
Total Wage and Salary Disbursements	13,263.0	13,409.9	13,558.7	13,712.4	13,871.0	14,023.4	14,177.5	14,328.7
% Ch, Annual Rate	4.5	4.5	4.5	4.6	4.7	4.5	4.5	4.3
Nonwage Personal Income	12,408.6	12,549.8	12,688.0	12,826.9	13,000.6	13,142.3	13,291.7	13,437.0
% Ch, Annual Rate	5.5	4.6	4.5	4.5	5.5	4.4	4.6	4.4
Supplements to Wages and Salaries	2,797.4	2,824.7	2,852.0	2,877.8	2,908.2	2,935.8	2,960.6	2,988.7
% Ch, Annual Rate	4.8	4.0	3.9	3.7	4.3	3.8	3.4	3.9
Proprietor's Income	2,022.3	2,047.7	2,073.3	2,098.1	2,117.6	2,138.8	2,164.4	2,190.1
% Ch, Annual Rate	4.5	5.1	5.1	4.9	3.8	4.1	4.9	4.8
Farm	103.2	102.7	102.1	101.5	101.0	100.4	100.0	99.7
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,919.1	1,945.1	1,971.2	1,996.6	2,016.7	2,038.4	2,064.4	2,090.4
% Ch, Annual Rate	4.8	5.5	5.5	5.3	4.1	4.4	5.2	5.1
Less: Contribution For Govt. Soc. Ins.	1,986.1	2,005.9	2,026.0	2,040.8	2,062.9	2,080.2	2,091.5	2,111.4
% Ch, Annual Rate	6.0	4.0	4.1	3.0	4.4	3.4	2.2	3.9
Dividends/Int./Rent	4,947.5	5,002.5	5,054.6	5,103.9	5,159.8	5,213.7	5,267.9	5,321.6
% Ch, Annual Rate	4.8	4.5	4.2	4.0	4.4	4.2	4.2	4.1
Transfer Payments	4,627.5	4,680.8	4,734.0	4,787.9	4,877.9	4,934.2	4,990.3	5,048.0
% Ch, Annual Rate	7.4	4.7	4.6	4.6	7.7	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	586.379	613.765	642.554	676.258	711.376	747.700
% Ch	7.6	8.2	2.7	4.7	4.7	5.2	5.2	5.1
Total Wage and Salary Disbursements	264.610	291.590	312.792	327.481	342.149	359.404	377.780	396.889
% Ch	4.2	10.2	7.3	4.7	4.5	5.0	5.1	5.1
Manufacturing	22.284	21.596	23.723	24.744	25.380	26.319	27.518	28.805
% Ch	-6.6	-3.1	9.9	4.3	2.6	3.7	4.6	4.7
Durable Manufacturing	17.227	16.226	18.003	18.703	19.296	20.039	20.963	21.975
% Ch	-8.3	-5.8	10.9	3.9	3.2	3.9	4.6	4.8
Nondurable Manufacturing	5.057	5.369	5.721	6.041	6.084	6.280	6.555	6.831
% Ch	-0.5	6.2	6.5	5.6	0.7	3.2	4.4	4.2
Nonmanufacturing	234.923	262.574	281.304	294.582	308.252	324.189	340.971	358.388
% Ch	5.2	11.8	7.1	4.7	4.6	5.2	5.2	5.1
Other Private Wages	1.365	1.392	1.519	1.604	1.670	1.748	1.828	1.911
% Ch	2.8	1.9	9.2	5.6	4.1	4.6	4.6	4.5
Farm Wages	1.988	1.749	1.881	2.012	2.134	2.276	2.426	2.580
% Ch	27.6	-12.0	7.5	7.0	6.1	6.6	6.6	6.4
Military Wages	4.050	4.280	4.365	4.539	4.712	4.872	5.036	5.203
% Ch	5.0	5.7	2.0	4.0	3.8	3.4	3.4	3.3
Nonwage Personal Income	262.972	279.330	273.587	286.284	300.405	316.854	333.596	350.811
% Ch	11.2	6.2	-2.1	4.6	4.9	5.5	5.3	5.2
Supplements to Wages and Salaries	57.635	60.788	64.365	67.135	70.385	73.930	77.451	80.755
% Ch	3.9	5.5	5.9	4.3	4.8	5.0	4.8	4.3
Proprietor's Income	38.885	40.202	41.408	42.252	43.280	44.685	46.901	49.038
% Ch	6.0	3.4	3.0	2.0	2.4	3.2	5.0	4.6
Farm	1.667	0.909	1.465	1.709	1.878	2.078	2.133	2.126
% Ch	...	...	...	...	...	...	...	...
Nonfarm	37.218	39.293	39.943	40.543	41.402	42.607	44.768	46.912
% Ch	5.9	5.6	1.7	1.5	2.1	2.9	5.1	4.8
Less: Contribution For Govt. Soc. Ins.	41.828	44.403	47.483	49.839	51.946	54.405	56.988	59.121
% Ch	5.2	6.2	6.9	5.0	4.2	4.7	4.7	3.7
Plus: Residence Adjustment	4.961	5.166	5.577	5.946	6.213	6.529	6.868	7.228
% Ch	4.2	4.1	8.0	6.6	4.5	5.1	5.2	5.2
Dividends/Int./Rent	110.446	114.052	120.903	128.595	135.000	142.901	150.082	157.086
% Ch	-0.1	3.3	6.0	6.4	5.0	5.9	5.0	4.7
Transfer Payments	92.874	103.525	88.817	92.196	97.473	103.214	109.282	115.826
% Ch	35.1	11.5	-14.2	3.8	5.7	5.9	5.9	6.0
State U.I. Benefits	12.276	8.282	0.824	1.513	1.171	1.087	1.074	1.086
% Ch	1,066.0	-32.5	-90.1	83.6	-22.6	-7.1	-1.3	1.1
Other Transfers	80.598	95.243	87.993	90.683	96.302	102.127	108.209	114.740
% Ch	19.1	18.2	-7.6	3.1	6.2	6.0	6.0	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	573.716	584.206	587.943	599.652	605.679	609.977	616.383	623.020
% Ch, Annual Rate	2.2	7.5	2.6	8.2	4.1	2.9	4.3	4.4
Total Wage and Salary Disbursements	304.975	312.033	314.488	319.671	322.945	325.600	328.869	332.509
% Ch, Annual Rate	2.4	9.6	3.2	6.8	4.2	3.3	4.1	4.5
Manufacturing	24.410	22.841	23.686	23.957	24.265	24.578	24.979	25.152
% Ch, Annual Rate	71.0	-23.3	15.6	4.7	5.3	5.3	6.7	2.8
Durable Manufacturing	18.881	17.146	17.910	18.074	18.316	18.567	18.883	19.046
% Ch, Annual Rate	111.6	-32.0	19.1	3.7	5.5	5.6	7.0	3.5
Nondurable Manufacturing	5.529	5.695	5.776	5.882	5.949	6.011	6.096	6.106
% Ch, Annual Rate	-10.9	12.6	5.8	7.6	4.6	4.2	5.8	0.6
Nonmanufacturing	272.929	281.507	282.974	287.806	290.653	292.914	295.689	299.072
% Ch, Annual Rate	-1.9	13.2	2.1	7.0	4.0	3.1	3.8	4.7
Other Private Wages	1.518	1.455	1.537	1.566	1.583	1.595	1.610	1.627
% Ch, Annual Rate	19.7	-15.7	24.6	7.8	4.4	3.1	3.9	4.2
Farm Wages	1.820	1.870	1.892	1.941	1.972	1.996	2.024	2.055
% Ch, Annual Rate	12.5	11.4	4.9	10.7	6.5	4.9	5.8	6.2
Military Wages	4.297	4.361	4.399	4.402	4.471	4.517	4.566	4.602
% Ch, Annual Rate	-3.9	6.0	3.6	0.3	6.5	4.2	4.4	3.2
Nonwage Personal Income	268.741	272.173	273.455	279.980	282.734	284.377	287.514	290.511
% Ch, Annual Rate	1.9	5.2	1.9	9.9	4.0	2.3	4.5	4.2
Supplements to Wages and Salaries	63.047	64.253	64.604	65.556	66.102	66.769	67.448	68.220
% Ch, Annual Rate	9.7	7.9	2.2	6.0	3.4	4.1	4.1	4.7
Proprietor's Income	40.954	40.931	41.600	42.146	42.592	41.838	42.126	42.451
% Ch, Annual Rate	-2.2	-0.2	6.7	5.3	4.3	-6.9	2.8	3.1
Farm	1.335	1.365	1.502	1.659	1.673	1.670	1.730	1.762
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	39.620	39.566	40.099	40.486	40.919	40.168	40.396	40.689
% Ch, Annual Rate	-5.4	-0.5	5.5	3.9	4.3	-7.1	2.3	2.9
Less: Contribution For Govt. Soc. Ins.	46.336	47.314	47.722	48.559	49.194	49.627	50.041	50.495
% Ch, Annual Rate	6.6	8.7	3.5	7.2	5.3	3.6	3.4	3.7
Plus: Residence Adjustment	5.495	5.454	5.624	5.736	5.842	5.910	5.983	6.049
% Ch, Annual Rate	10.5	-2.9	13.1	8.2	7.6	4.7	5.0	4.5
Dividends/Int./Rent	117.122	120.123	122.085	124.281	126.054	127.972	129.548	130.805
% Ch, Annual Rate	2.1	10.7	6.7	7.4	5.8	6.2	5.0	3.9
Transfer Payments	88.459	88.726	87.263	90.821	91.337	91.514	92.450	93.481
% Ch, Annual Rate	0.3	1.2	-6.4	17.3	2.3	0.8	4.2	4.5
State U.I. Benefits	0.754	0.631	0.640	1.272	1.703	1.542	1.455	1.351
% Ch, Annual Rate	-72.6	-50.8	5.3	1,462.4	221.6	-32.8	-20.7	-25.7
Other Transfers	87.706	88.095	86.624	89.549	89.634	89.973	90.995	92.131
% Ch, Annual Rate	1.6	1.8	-6.5	14.2	0.4	1.5	4.6	5.1

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	631.151	638.475	646.258	654.331	663.458	672.021	680.557	688.998
% Ch, Annual Rate	5.3	4.7	5.0	5.1	5.7	5.3	5.2	5.1
Total Wage and Salary Disbursements	336.229	340.029	344.055	348.282	352.661	357.159	361.670	366.126
% Ch, Annual Rate	4.6	4.6	4.8	5.0	5.1	5.2	5.1	5.0
Manufacturing	25.166	25.294	25.434	25.626	25.890	26.192	26.460	26.734
% Ch, Annual Rate	0.2	2.0	2.2	3.0	4.2	4.8	4.2	4.2
Durable Manufacturing	19.092	19.228	19.354	19.511	19.715	19.943	20.146	20.353
% Ch, Annual Rate	1.0	2.9	2.6	3.3	4.2	4.7	4.1	4.2
Nondurable Manufacturing	6.074	6.066	6.081	6.115	6.175	6.250	6.315	6.381
% Ch, Annual Rate	-2.0	-0.6	1.0	2.3	4.0	4.9	4.2	4.3
Nonmanufacturing	302.673	306.262	310.058	314.014	318.015	322.116	326.263	330.362
% Ch, Annual Rate	4.9	4.8	5.1	5.2	5.2	5.3	5.2	5.1
Other Private Wages	1.644	1.661	1.679	1.698	1.717	1.738	1.758	1.777
% Ch, Annual Rate	4.2	4.2	4.4	4.6	4.8	4.8	4.7	4.5
Farm Wages	2.086	2.117	2.150	2.185	2.221	2.258	2.295	2.331
% Ch, Annual Rate	6.1	6.1	6.4	6.6	6.8	6.8	6.7	6.5
Military Wages	4.660	4.696	4.734	4.760	4.818	4.855	4.895	4.921
% Ch, Annual Rate	5.1	3.1	3.3	2.2	5.0	3.1	3.3	2.2
Nonwage Personal Income	294.922	298.446	302.203	306.050	310.796	314.863	318.887	322.871
% Ch, Annual Rate	6.2	4.9	5.1	5.2	6.3	5.3	5.2	5.1
Supplements to Wages and Salaries	69.138	69.956	70.804	71.641	72.625	73.504	74.367	75.223
% Ch, Annual Rate	5.5	4.8	4.9	4.8	5.6	4.9	4.8	4.7
Proprietor's Income	42.761	43.129	43.465	43.765	43.994	44.360	44.905	45.480
% Ch, Annual Rate	2.9	3.5	3.2	2.8	2.1	3.4	5.0	5.2
Farm	1.791	1.842	1.909	1.969	2.019	2.067	2.102	2.122
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	40.970	41.287	41.556	41.796	41.975	42.293	42.804	43.357
% Ch, Annual Rate	2.8	3.1	2.6	2.3	1.7	3.1	4.9	5.3
Less: Contribution For Govt. Soc. Ins.	51.200	51.677	52.184	52.722	53.536	54.118	54.698	55.266
% Ch, Annual Rate	5.7	3.8	4.0	4.2	6.3	4.4	4.4	4.2
Plus: Residence Adjustment	6.110	6.176	6.245	6.322	6.404	6.488	6.571	6.653
% Ch, Annual Rate	4.1	4.4	4.6	5.1	5.3	5.3	5.2	5.1
Dividends/Int./Rent	132.337	133.974	135.851	137.838	140.038	142.073	143.883	145.611
% Ch, Annual Rate	4.8	5.0	5.7	6.0	6.5	5.9	5.2	4.9
Transfer Payments	95.776	96.888	98.022	99.205	101.272	102.555	103.858	105.171
% Ch, Annual Rate	10.2	4.7	4.8	4.9	8.6	5.2	5.2	5.2
State U.I. Benefits	1.254	1.189	1.133	1.108	1.099	1.090	1.082	1.078
% Ch, Annual Rate	-25.7	-19.1	-17.7	-8.5	-3.2	-3.0	-2.9	-1.5
Other Transfers	94.522	95.699	96.889	98.097	100.173	101.465	102.776	104.093
% Ch, Annual Rate	10.8	5.1	5.1	5.1	8.7	5.3	5.3	5.2

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	698.286	707.057	715.695	724.467	734.240	743.112	752.249	761.199
% Ch, Annual Rate	5.5	5.1	5.0	5.0	5.5	4.9	5.0	4.8
Total Wage and Salary Disbursements	370.745	375.438	380.086	384.850	389.732	394.482	399.302	404.038
% Ch, Annual Rate	5.1	5.2	5.0	5.1	5.2	5.0	5.0	4.8
Manufacturing	27.034	27.354	27.677	28.009	28.339	28.655	28.969	29.258
% Ch, Annual Rate	4.6	4.8	4.8	4.9	4.8	4.5	4.4	4.1
Durable Manufacturing	20.585	20.834	21.086	21.346	21.604	21.854	22.105	22.336
% Ch, Annual Rate	4.6	4.9	4.9	5.0	4.9	4.7	4.7	4.2
Nondurable Manufacturing	6.449	6.519	6.591	6.663	6.735	6.801	6.864	6.922
% Ch, Annual Rate	4.3	4.4	4.4	4.4	4.4	4.0	3.8	3.4
Nonmanufacturing	334.564	338.841	343.068	347.413	351.843	356.180	360.585	364.945
% Ch, Annual Rate	5.2	5.2	5.1	5.2	5.2	5.0	5.0	4.9
Other Private Wages	1.798	1.818	1.839	1.859	1.880	1.901	1.922	1.942
% Ch, Annual Rate	4.7	4.7	4.5	4.6	4.7	4.4	4.4	4.2
Farm Wages	2.369	2.407	2.444	2.483	2.522	2.561	2.600	2.638
% Ch, Annual Rate	6.6	6.6	6.4	6.5	6.5	6.2	6.2	6.0
Military Wages	4.981	5.018	5.059	5.086	5.147	5.185	5.227	5.255
% Ch, Annual Rate	4.9	3.0	3.3	2.2	4.8	3.0	3.2	2.2
Nonwage Personal Income	327.541	331.619	335.608	339.617	344.509	348.629	352.947	357.161
% Ch, Annual Rate	5.9	5.1	4.9	4.9	5.9	4.9	5.0	4.9
Supplements to Wages and Salaries	76.216	77.056	77.882	78.651	79.556	80.378	81.120	81.967
% Ch, Annual Rate	5.4	4.5	4.4	4.0	4.7	4.2	3.7	4.2
Proprietor's Income	46.009	46.611	47.204	47.778	48.229	48.719	49.307	49.898
% Ch, Annual Rate	4.7	5.3	5.2	5.0	3.8	4.1	4.9	4.9
Farm	2.132	2.135	2.133	2.132	2.129	2.126	2.124	2.124
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	43.877	44.476	45.071	45.646	46.100	46.592	47.182	47.774
% Ch, Annual Rate	4.9	5.6	5.5	5.2	4.0	4.3	5.2	5.1
Less: Contribution For Govt. Soc. Ins.	56.125	56.730	57.327	57.770	58.417	58.931	59.275	59.863
% Ch, Annual Rate	6.4	4.4	4.3	3.1	4.6	3.6	2.4	4.0
Plus: Residence Adjustment	6.738	6.824	6.911	7.001	7.093	7.183	7.273	7.361
% Ch, Annual Rate	5.2	5.2	5.2	5.3	5.4	5.1	5.1	5.0
Dividends/Int./Rent	147.481	149.269	150.976	152.600	154.425	156.195	157.977	159.748
% Ch, Annual Rate	5.2	4.9	4.7	4.4	4.9	4.7	4.6	4.6
Transfer Payments	107.221	108.589	109.962	111.356	113.623	115.085	116.545	118.050
% Ch, Annual Rate	8.0	5.2	5.2	5.2	8.4	5.2	5.2	5.3
State U.I. Benefits	1.074	1.070	1.073	1.078	1.082	1.085	1.087	1.090
% Ch, Annual Rate	-1.7	-1.2	1.1	1.9	1.4	1.2	0.9	0.9
Other Transfers	106.148	107.519	108.889	110.278	112.541	114.000	115.458	116.960
% Ch, Annual Rate	8.1	5.3	5.2	5.2	8.5	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	127.6	3.9	3.049	4.2	3.413	5.9
2024	130.8	2.4	3.124	2.4	3.508	2.8
2025	133.2	1.9	3.183	1.9	3.575	1.9
2026	135.8	1.9	3.246	2.0	3.646	2.0
2027	138.4	2.0	3.316	2.2	3.724	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	138.3	5.8	129.4	5.1	111.2	-13.7	93.7	-16.8
2024	143.8	4.0	130.3	0.7	103.8	-6.6	89.1	-4.9
2025	148.1	3.0	131.7	1.1	100.3	-3.3	86.0	-3.5
2026	152.1	2.7	134.1	1.8	98.2	-2.1	83.8	-2.6
2027	156.4	2.8	136.6	1.9	98.0	-0.2	82.9	-1.0

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	February 2023	-
U.S. Real GDP Growth	4rd quarter 2022	-
U.S. ISM Index	February 2023	-
U.S. Employment YOY%Δ	February 2023	-
U.S. Unemployment Rate	February 2023	+
U.S. Consumer Confidence	March 2023	+
U.S. Consumer Sentiment	March 2023	-
U.S. CPI YOY%Δ	February 2023	-
U.S. Home Prices YOY%Δ	January 2023	-
S&P 500 Index	March 2023	+
WA Leading Index	February 2023	+
WA Employment YOY%Δ	December 2022	-
WA Aerospace Empl. YOY%Δ	December 2022	-
WA Unemployment Rate	February 2023	=
WA Help Wanted Index	February 2023	+
WA Business Cycle Indicator	February 2023	+
WA Initial Unemploy. Claims	February 2023	-
WA Housing Permits	February 2023	+
WA Weekly Hours in Mfg.	February 2023	+
WA New Vehicle Registration	February 2023	-
WA In-Migration	February 2023	-
WA Exports-Total YOY%Δ	4rd quarter 2022	-
WA Exports- w/o Trans. Equip. YOY%Δ	4rd quarter 2022	-
Seattle CPI YOY%Δ	February 2023	-
Seattle Home Prices YOY%Δ	January 2023	-
WA Construction Activity Index	February 2023	-

*Change from the previous reading

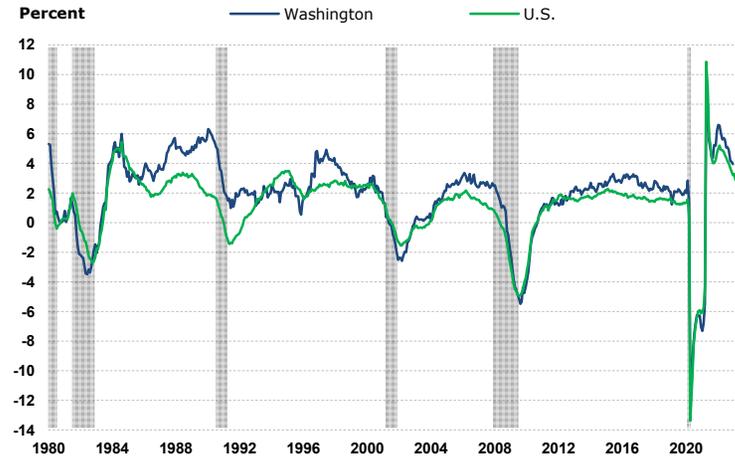
Table A6.2
Washington Business Indicators
 Historical Data

	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	107.7	128.7	48.2
2016:02	119.2	99.2	65.6	109.6	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	67.8	110.4	156.3	52.3
2016:08	121.6	100.2	66.9	108.1	153.1	49.4
2016:09	122.0	100.4	67.4	112.7	143.4	51.7
2016:10	122.2	100.5	68.3	112.4	152.3	52.0
2016:11	121.8	100.7	69.3	113.5	148.8	53.5
2016:12	121.8	101.2	70.7	114.6	149.2	54.5
2017:01	122.3	101.8	69.1	112.0	152.5	56.0
2017:02	122.2	102.1	68.7	112.7	140.1	57.7
2017:03	122.9	102.6	70.4	113.0	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	114.5	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	115.8	139.5	56.3
2017:08	125.0	104.5	72.1	116.4	135.1	58.8
2017:09	125.3	104.5	73.3	115.4	140.4	60.8
2017:10	125.6	105.9	73.1	119.2	132.7	58.7
2017:11	125.5	106.3	75.1	117.8	134.7	58.2
2017:12	126.5	107.1	74.9	118.2	138.6	59.7
2018:01	126.8	107.8	74.3	117.6	136.8	59.1
2018:02	128.3	108.5	76.5	120.2	133.3	60.8
2018:03	128.8	108.8	77.2	121.4	137.4	59.3
2018:04	128.0	109.3	76.6	119.3	133.7	57.3
2018:05	128.2	109.4	77.4	117.3	128.2	58.7
2018:06	127.9	110.0	78.6	119.7	128.0	60.2
2018:07	127.6	110.4	77.8	118.0	129.3	58.1
2018:08	127.7	110.9	76.3	119.8	129.2	61.3
2018:09	128.1	111.5	76.6	119.3	132.4	59.8
2018:10	127.7	111.4	76.8	120.7	133.0	57.7
2018:11	127.8	111.5	76.8	121.3	133.3	59.3
2018:12	128.8	111.3	78.1	123.3	140.1	54.1
2019:01	130.2	111.3	78.5	122.0	154.6	56.6
2019:02	127.9	111.5	75.0	112.6	156.5	54.2
2019:03	131.2	111.7	77.5	122.7	150.1	55.3
2019:04	131.8	111.8	79.5	124.4	154.0	52.8
2019:05	132.0	111.8	79.6	124.0	150.2	52.1
2019:06	131.4	111.6	80.6	123.1	149.9	51.7
2019:07	131.8	112.0	80.4	124.7	152.0	51.2
2019:08	131.1	111.8	78.8	122.4	153.3	49.1
2019:09	130.9	111.6	80.0	124.4	154.8	47.8
2019:10	130.0	111.4	79.6	124.2	147.2	48.3
2019:11	130.5	111.6	79.5	126.7	146.6	48.1
2019:12	130.9	111.4	84.1	127.5	147.9	47.2
2020:01	130.6	112.0	80.4	119.8	149.1	50.9
2020:02	132.2	111.8	81.3	123.8	149.4	50.1
2020:03	121.5	103.5	74.2	122.9	127.9	49.1
2020:04	113.2	96.9	41.6	104.5	97.5	41.5
2020:05	119.8	99.8	46.6	115.5	119.8	43.1
2020:06	122.6	102.8	58.1	116.2	136.5	52.6
2020:07	124.9	104.9	65.0	119.3	139.8	54.2
2020:08	126.1	106.5	66.4	119.6	134.3	56.0
2020:09	125.7	107.5	71.5	122.2	133.8	55.4
2020:10	126.7	108.2	72.8	121.7	137.7	59.3
2020:11	127.6	109.2	74.3	122.4	135.6	57.5
2020:12	129.5	109.6	77.5	127.8	136.0	60.7
2021:01	130.8	110.1	77.2	126.7	141.6	58.7
2021:02	132.2	110.1	79.8	126.4	150.6	60.8
2021:03	133.3	111.5	82.6	128.3	160.4	64.7
2021:04	134.9	113.1	88.0	127.3	175.3	60.7
2021:05	135.7	114.6	88.4	126.5	176.0	61.2
2021:06	137.4	116.2	88.8	125.5	189.5	60.6
2021:07	139.8	116.6	92.2	128.1	206.7	59.5
2021:08	139.0	117.4	90.0	131.1	187.9	59.9
2021:09	138.2	117.6	91.5	125.9	193.3	61.1
2021:10	138.5	118.1	91.2	129.4	193.3	60.8
2021:11	139.5	118.8	93.3	130.3	198.7	61.1
2021:12	139.0	119.3	94.8	131.0	198.7	58.7
2022:01	139.9	118.5	95.0	127.8	198.4	57.6
2022:02	142.4	119.4	101.4	130.4	204.5	58.6
2022:03	143.2	119.3	104.0	133.0	215.1	57.0
2022:04	142.6	118.7	104.7	129.8	206.9	55.9
2022:05	142.6	117.9	105.1	131.7	204.3	56.1
2022:06	139.5	115.3	102.3	132.4	194.1	53.1
2022:07	138.8	114.4	101.8	129.7	203.9	52.7
2022:08	137.3	114.1	97.4	128.7	182.4	52.9
2022:09	137.4	113.5	95.5	128.8	194.5	51.0
2022:10	135.9	112.5	95.2	127.5	187.6	50.0
2022:11	135.5	111.5	92.4	125.7	189.8	49.0
2022:12	136.3	110.6	92.3	126.3	199.9	48.4
2023:01	136.0	110.3	88.9	123.8	197.4	47.4
2023:02	138.7	110.0	90.7	128.6	200.7	47.7

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

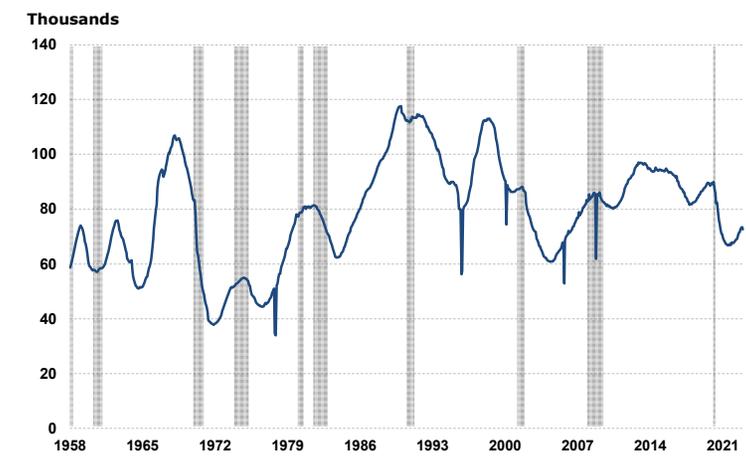
January 1980 to February 2023



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

Washington Aircraft and Parts Employment

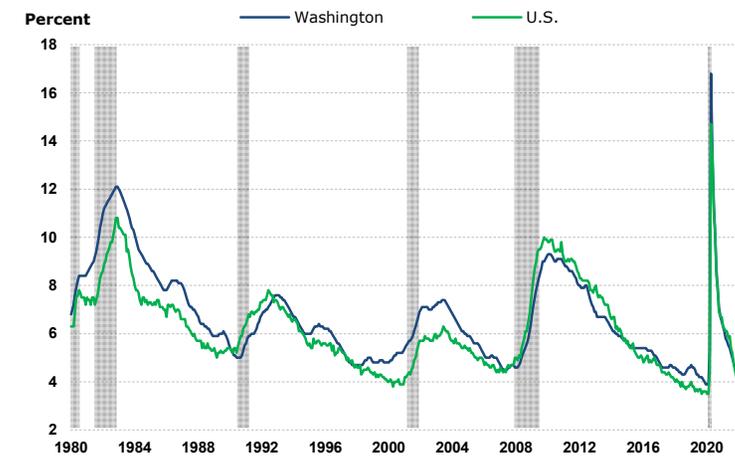
January 1958 to December 2022



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

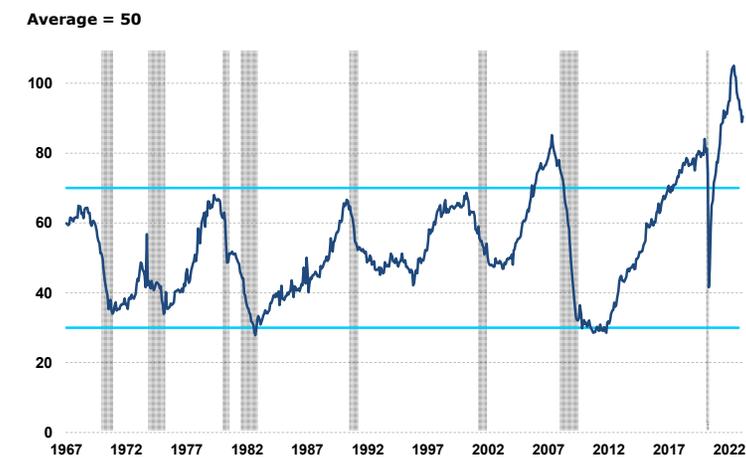
January 1980 to February 2023



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

January 1968 to February 2023



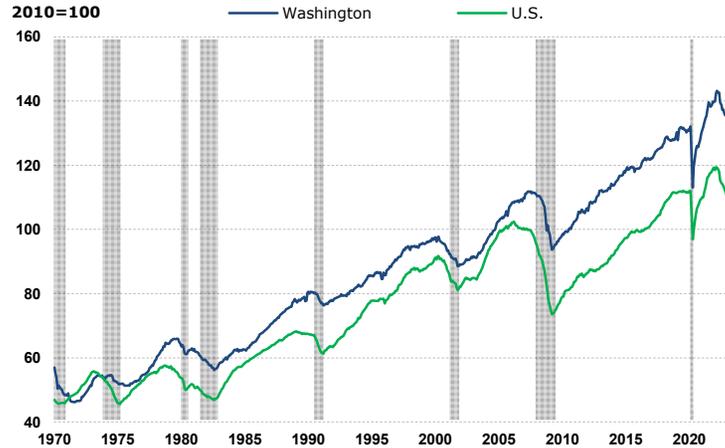
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

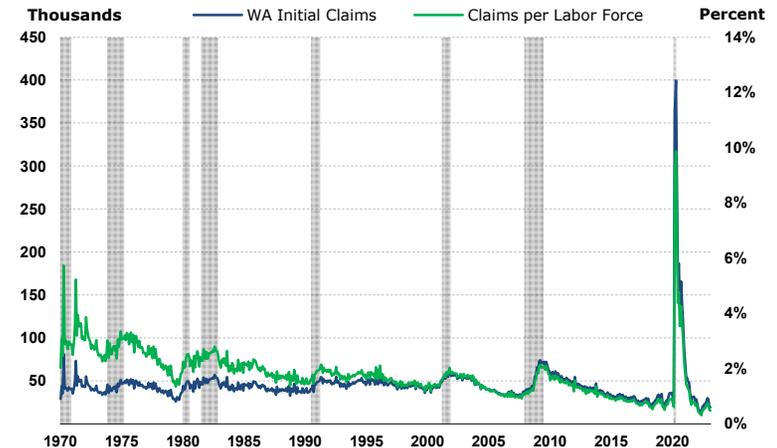
January 1970 to February 2023



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

January 1970 to February 2023, S.A.



* Source: WA State Employment Security, ERFC

Washington State Help Wanted Index

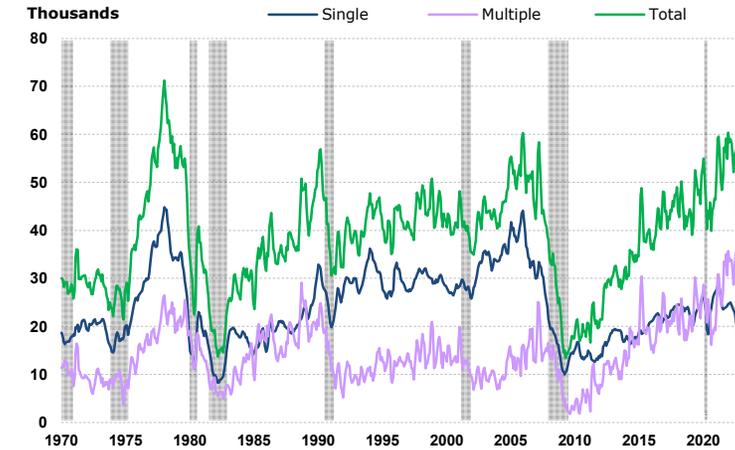
January 1964 to February 2023



* Source: The Conference Board, ERFC

Housing Units Authorized in Washington State

January 1970 to February 2023, 3mma, SAAR



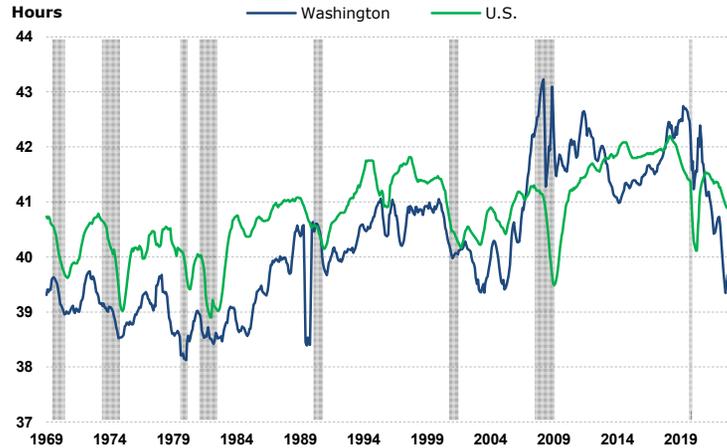
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

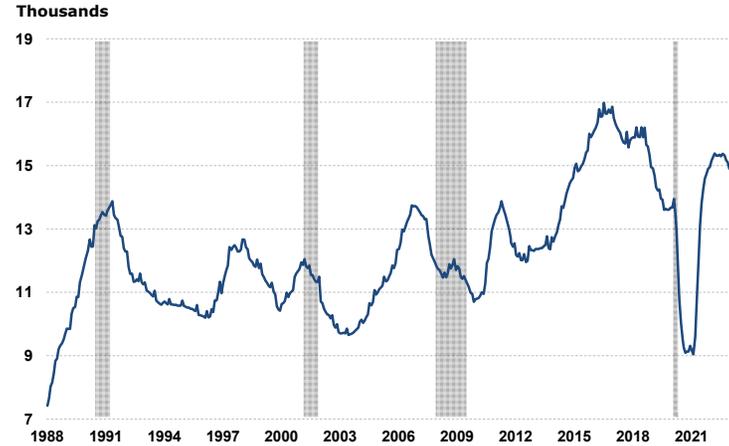
June 1969 to February 2023, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License In-Migration

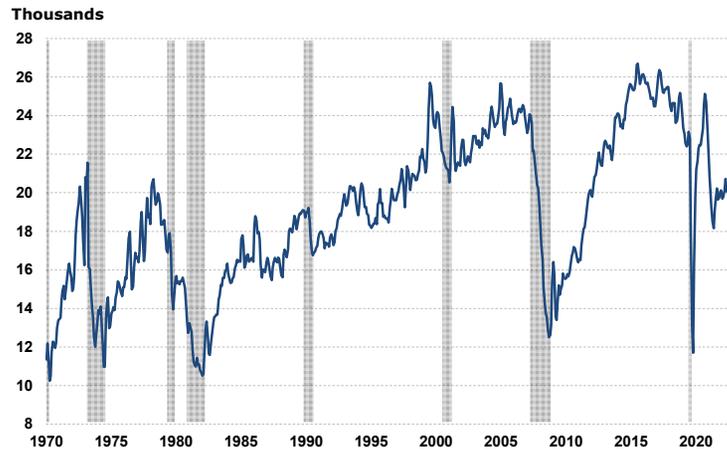
January 1988 to February 2023, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

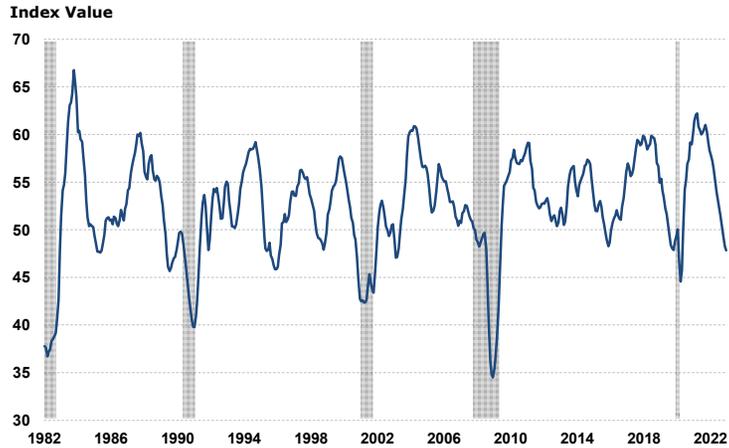
September 1970 to February 2023, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

U.S. Institute for Supply Management Index

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



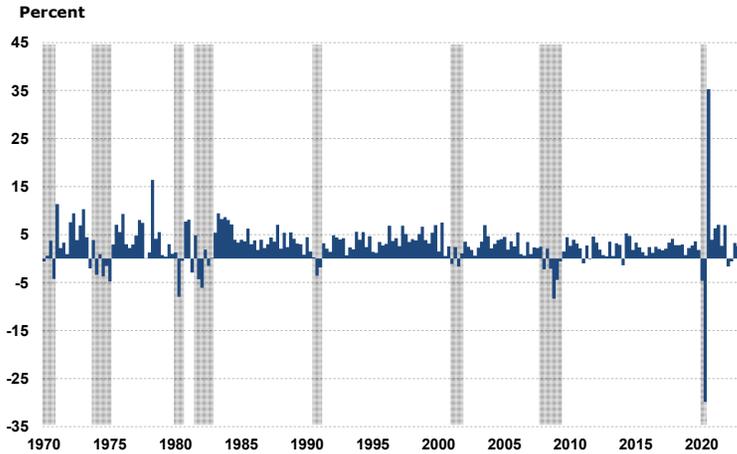
* Source: Institute for Supply Management, ISM-WW, ERFC

* Shaded areas correspond with national recessions.

Figure A7.4: Other Economic Indicators

Quarterly U.S. Real GDP Growth

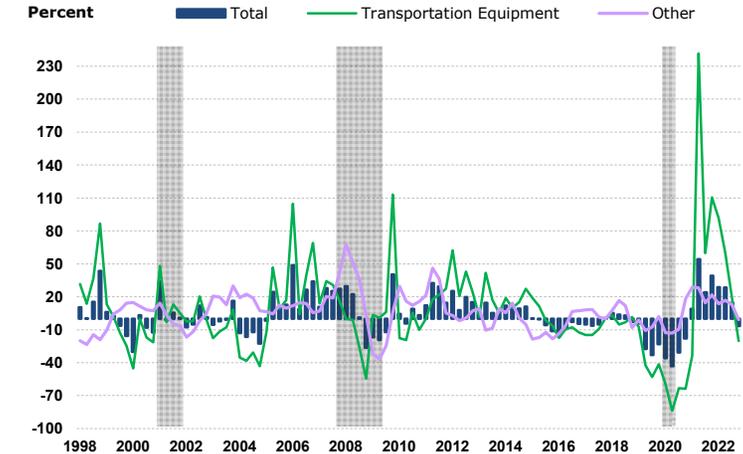
1970Q1 to 2022Q4, SAAR



* Source: Bureau of Economic Analysis

Washington State Export Composition

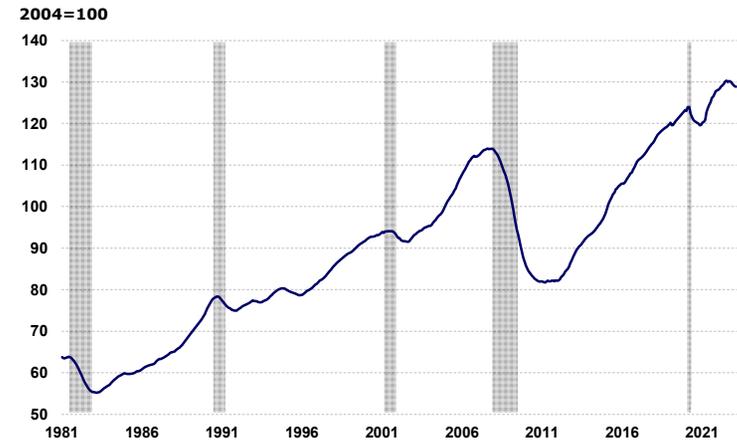
1998Q1 to 2022Q4, Year-over-year percent change



* Source: WISER

Washington State Construction Index

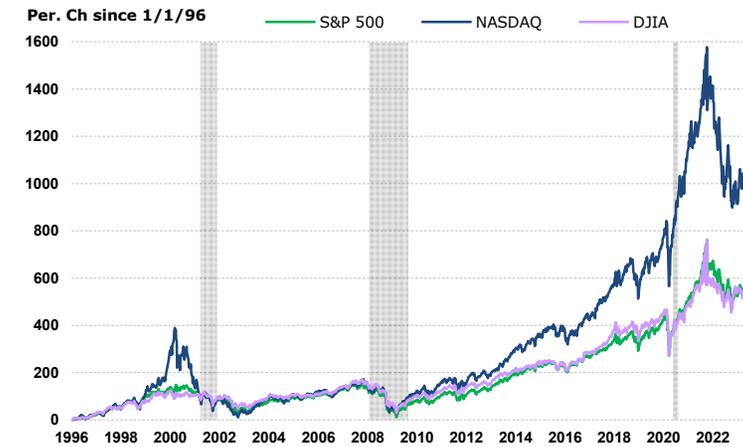
January 1981 to February 2023, 12mma



* Source: ERFC

National Stock Indexes

January 1, 1996 to March 30, 2023



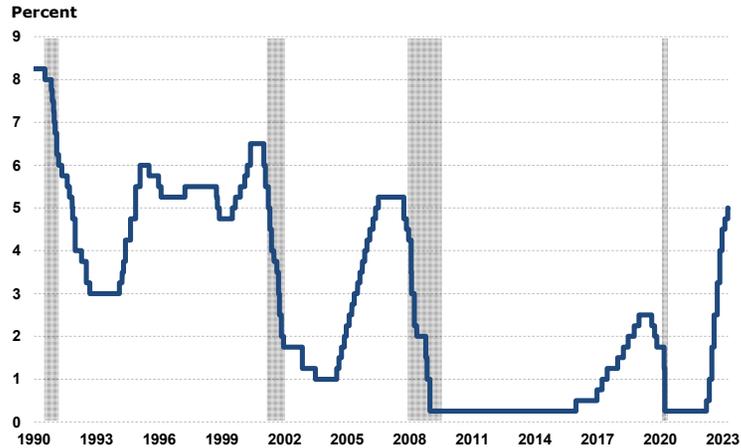
* Source: ERFC

* Shaded areas correspond with national recessions.

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

Federal Funds Target Rate

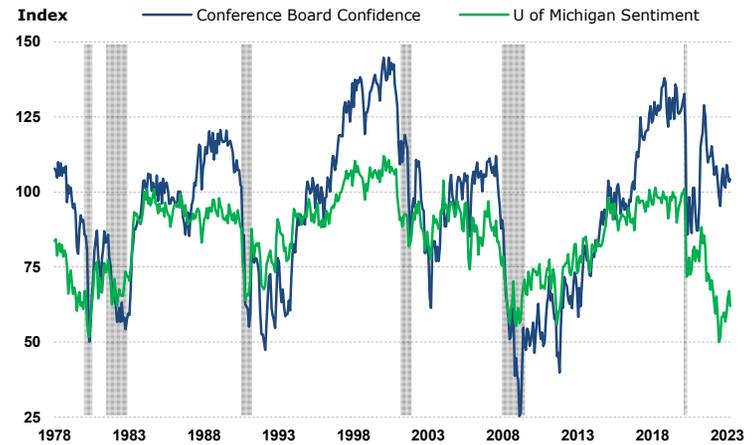
January 1, 1990 to March 28, 2023



* Federal Reserve

Consumer Confidence

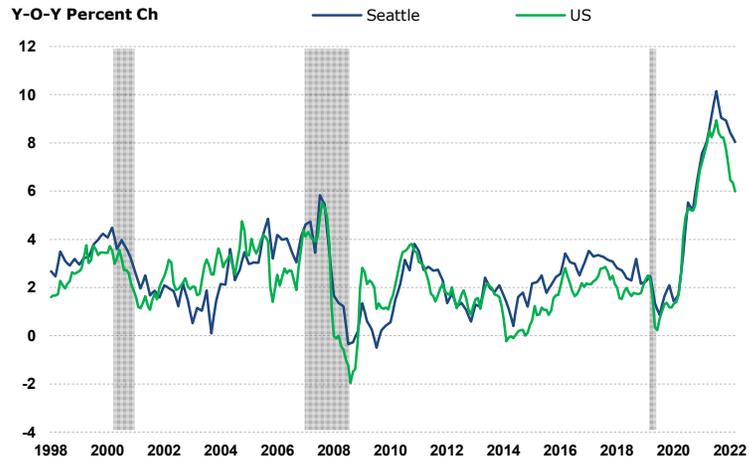
March 1978 to March 2023



* Source: The Conference Board, University of Michigan

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

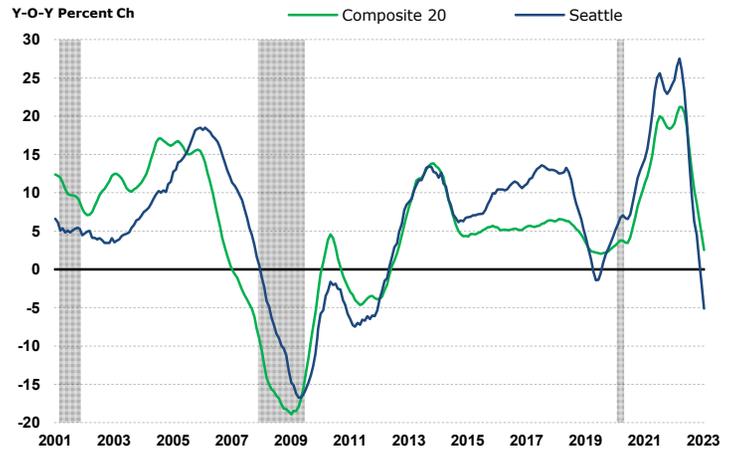
December 1998 to February 2023



* Source: Bureau of Labor Statistics

Case Shiller Home Price Index

January 2001 to January 2023, SA



* Source: Case Shiller, ERFC

* Shaded areas correspond with national recessions.

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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.