

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 and light pink flowers scattered across the image. The sky is a clear, pale blue.

# **Washington State Economic and Revenue Forecast**

June 2013  
Volume XXXVI, No. 2



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# **Washington State Economic and Revenue Forecast**

Prepared by the  
Economic and Revenue Forecast Council

June 2013  
Volume XXXVI, No. 2

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# Preface

## **ERFC forecasting structure and schedule**

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

## **Forecast Procedure**

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

Data in this publication are accurate through June 18, 2013

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## Executive Summary

- **The national economy continues to move forward at a modest pace. The economy's fundamentals continue to improve and private sector growth has firmed. There remain several headwinds that could derail the U.S. recovery.**
- **Federal fiscal policy remains a drag on the recovery. Automatic sequester spending cuts have further reduced government spending as the stimulus winds down.**
- **The sovereign debt crisis and prolonged recession in Europe remain significant threats to the U.S. economy. If this leads to a financial crisis, the U.S. economy could enter a new recession as well. Slowing Asian economies and threats to world oil supplies also pose risks to the U.S. economic recovery.**
- **The housing market recovery is accelerating. Housing starts have strengthened, boosted by low inventory. Home prices continue to appreciate, which is critical for the recovery in housing. The manufacturing sector, which had been a bright spot in the recovery, has lost momentum.**
- **As expected in March, the Washington economy continues to expand at a moderate pace.**
- **Washington aerospace employment is declining faster than expected in March.**
- **Washington housing construction is recovering faster than expected in March and home prices are rising.**
- **Revenue collections as of June 18<sup>th</sup> were \$118 million ahead of the March forecast, but some of the variance stemmed from early payments that were forecasted to reduce some June collections.**
- **The net forecast increase for the 2011-13 biennium was \$110 million. The forecast for the 2013-15 biennium was increased by \$121 million and the forecast for the 2015-17 biennium was increased by \$51 million.**
- **Forecast increases for the next two biennia stemmed mainly from increases in real estate excise and retail sales taxes resulting from the higher forecasts of housing construction and sales.**

## U.S. Economic Forecast

*The economic recovery remains modest*

The national economy continues to move forward at a modest pace despite the ongoing drag from fiscal tightening. Economic activity since the March forecast has generally been in line with the baseline scenario with weak growth and high unemployment.

The economy's fundamentals continue to improve and private-sector growth has firmed. Consumer confidence is breaking out of recessionary territory and the housing recovery is gathering momentum. However, there remain several headwinds that could derail the economic recovery. Manufacturing, which had been a source of strength, is now struggling. Policy indecision in the nation's capital and turmoil in Europe continue to cause uncertainty, and have acted as a drag on growth. Despite these risks, we expect the economy to continue to grow and gradually pick up momentum.

*Fiscal policy is drag on the recovery while monetary policy remains accommodative*

Federal fiscal policy remains a drag on economic growth both in terms of austerity measures enacted and uncertainty concerning future policy. As the federal stimulus winds down, government spending has been trending downward. Political wrangling surrounding the federal debt ceiling also has the potential to put a halt to recent gains in confidence. Unlike fiscal policy, monetary policy remains accommodative. The present monetary policy stance is aggressive monetary expansion until the labor market outlook improves substantially.

*Europe remains a threat to the recovery and Asian growth has slowed*

Europe remains a significant threat to the U.S. economy. Europe remains mired in a prolonged recession, further complicating the debt troubles faced by many countries. The Euro area unemployment rate has continued to increase for the past two and a half years, coming in at a record-high 12.2% in April. Growth in gross domestic product in the 17 country Eurozone has been negative for six consecutive quarters as both private and government consumption remain weak. The weakness in Europe has contributed to a slowdown in Asia as well. In particular, we continue to expect modest growth in China due to their reliance on exports for growth.

*GDP growth has been weak, but is expected to pick up*

The U.S. economy grew at a below trend 1.8% annualized rate (SAAR) in the first quarter of 2013. The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.9% in 2013 and 2.6% in 2014. Real GDP growth is down slightly from the previous forecast in 2014 which had called for growth of 2.7%. Real GDP growth is expected to be 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from March.

*The housing sector continues to improve*

The recovery in housing continues to accelerate. The level of activity is not yet back to normal, but it is clear that the sector has finally turned a corner. Housing starts and permits have both continued trending up in recent months. Existing home sales continue to increase and home price appreciation has accelerated in recent months. While housing has returned to growth, the manufacturing sector has lost momentum. The sluggish growth in the manufacturing is likely to continue in the near term as the effects of the sequester materialize, conditions in Europe deteriorate, and uncertainty of U.S. fiscal policy drags on.

## Washington Economic Forecast

*Recent developments have been mixed*

Recent developments at the state level have been mixed relative to our March forecast. Washington employment growth has been slow but historical employment has been revised higher. Federal fiscal policy has been more restrictive than expected and inflation is lower leading to slower personal income growth. On the plus side, the Washington housing market recovery continues to exceed our expectations.

*Fiscal policy is more restrictive and inflation is lower than in March*

The Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in March. As a result, the revisions to the state forecast were also minimal. There are two important changes to the national forecast that feed through to the state forecast. First, federal fiscal policy is more restrictive than assumed in the March forecast. The sequester is now expected to last through the end of this year, six months longer than assumed in March. The other important change is the inflation outlook. While the real economy is expected to grow at about the same rate as expected in March, the lower inflation results in slower nominal income growth.

*The Washington forecast is similar to the March assumption*

Our June economic forecast for Washington is very similar to the forecast adopted in March. The new forecast reflects the extended sequester and lower inflation, both of which reduce personal income growth. At the state level, we have also incorporated a more severe decline in aerospace employment. Partially offsetting these negative factors is a stronger than previously assumed housing recovery. As in March, we expect Washington job and income growth to gradually improve throughout the forecast. We continue to expect the state of Washington to outperform the U.S. economy, however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

## Revenue Forecast

*The June economic forecast had stronger housing activity than March's but weaker income growth and lower inflation and employment*

Revenue-affecting changes in the June economic forecast for Washington as compared to March's forecast were mixed. Forecasted employment and income were higher for 2013 and 2014 but lower forecasted growth rates brought both measures below their previously forecasted levels from 2015 to 2017. Forecasted inflation was also lower, meaning lower forecasted prices on many taxed items. Counteracting the lower inflation, income, and employment forecasts, however, was an increase in forecasted housing construction, which generates retail sales tax on both construction material and construction labor, and increased sales of real estate, which generate real estate excise taxes. Revenue collections have also been coming in ahead of the March forecast. The net result of the forecast changes plus the revenue collection experience was a moderate increase in forecasted revenue.

*GF-S forecast  
change by  
biennium  
(millions):*

*11-13: \$110*

*13-15: \$121*

*15-17: \$51*

As of June 18<sup>th</sup>, revenue collections were \$117.9 million ahead of the March 2013 forecast. For the remainder of the current biennium, \$7.6 million was subtracted from the forecast, for a total increase of \$110.4 million. Changes to the economic forecast resulted in increases of \$175.9 million in forecasted revenue in the 2013-15 biennium and \$58.4 million in the 2015-17 biennium. Non-economic changes, however, reduced the forecasts for these biennia: two large expected refunds totaling \$55 million in the 2013-15 biennium and a transfer of \$7.5 million out of the GF-S and into a dedicated account in the 2015-17 biennium. The net forecast changes for the 2013-15 and 2015-17 biennia were therefore \$120.9 million and \$50.9 million respectively. With these revisions, GF-S revenue for the 2011-13 biennium is forecasted to total \$30,646.6 million and revenues for the 2013-15 and 2015-17 biennia are forecasted at \$32,662.2 million and \$35,357.1 million respectively.



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

- **The national economy continues to move forward at a modest pace. The economy's fundamentals continue to improve and private sector growth has firmed. There remain several headwinds that could derail the U.S. recovery.**
- **Federal fiscal policy remains a drag on the recovery. Automatic sequester spending cuts have further reduced government spending as the stimulus winds down.**
- **The sovereign debt crisis and prolonged recession in Europe remain significant threats to the U.S. economy. If this leads to a financial crisis, the U.S. economy could enter a new recession as well. Slowing Asian growth also poses a risk to the U.S. economic recovery.**
- **The U.S. economy grew at a below trend 1.8% annualized rate (SAAR) in the first quarter of 2013. However, payroll employment has picked up and continues to chip away at unemployment.**
- **Household net worth has reached a new all-time high. However, adjusted for population and inflation, net worth remains well below the previous peak.**
- **The housing market recovery is accelerating. Housing starts have strengthened, boosted by low inventory. Home prices continue to appreciate, which is critical for the recovery in housing.**
- **The manufacturing sector, which had been a bright spot in the recovery, has lost momentum and is starting to decline. The sector is no longer expected to be a significant contributor to overall growth going forward.**
- **The housing sector remains the most significant upside risk. The risk of a European financial meltdown has eased, although it remains elevated. Despite the relatively small change in the economic forecast, downside uncertainty remains high.**

### Current Conditions

*The economic recovery remains modest*

The national economy continues to move forward at a modest pace despite the ongoing drag from fiscal tightening. Economic activity since the March forecast has generally been in line with the baseline scenario with weak growth and high unemployment. The economy's fundamentals continue to improve and private-sector growth has firmed. Consumer confidence is breaking out of recessionary territory and the housing recovery is gathering momentum. However, there remain several headwinds that could

derail the economic recovery. Manufacturing, which had been a source of strength, is now struggling. Policy indecision in the nation's capital and turmoil in Europe continue to cause uncertainty, and have acted as a drag on growth. Despite these risks, we expect the economy to continue to grow and gradually pick up momentum.

*Federal fiscal policy remains a drag on the recovery*

Federal fiscal policy remains a drag on economic growth both in terms of austerity measures enacted and uncertainty concerning future policy. As the federal stimulus winds down, government spending has been trending downward. Government expenditures have declined in 11 of the past 13 quarters since the end of 2009. The automatic sequester spending cuts which went into effect March 1 will lower government spending further. In addition, income taxes have been raised on high earners and the 2% payroll tax break has been removed. Combined, this fiscal tightening has acted as a drag on GDP and growth. Uncertainty regarding future fiscal policy continues to take a toll on consumer and business confidence as well. It is unlikely that a deal to replace the sequester can be reached before the end of the year as both sides of the political spectrum remain far apart on the issue. Political wrangling surrounding the federal debt ceiling also has the potential to put a halt to recent gains in confidence. The debt ceiling became binding on May 19, but "extraordinary measures" will likely delay the need to raise the borrowing limit until October or November. In August 2011, the inability of policymakers to raise the debt ceiling before the very last minute caused private sector confidence to plummet and contributed to the downgrading of U.S. sovereign debt.

*Monetary policy will likely remain accommodative*

Unlike fiscal policy, monetary policy remains accommodative. The present monetary policy stance is aggressive monetary expansion until the labor market outlook improves substantially. At the last meeting, however, there were increasing discussions about the Federal Reserve tapering off its bond purchases later this year. This tapering off depends on the extent to which the labor market continues to improve in the second half of this year. Since job growth is expected to be slow, and unemployment to remain high, the current policy is likely to remain in place through the remainder of 2013. The economy remains in a classic "liquidity trap" where monetary policy playing a lone hand has lost much of its effectiveness. Interest rates are already at a historically low level. In this situation, for macroeconomic policy to be effective, both monetary and fiscal policies need to be working in tandem.

*The crisis in Europe remains a significant threat to the recovery*

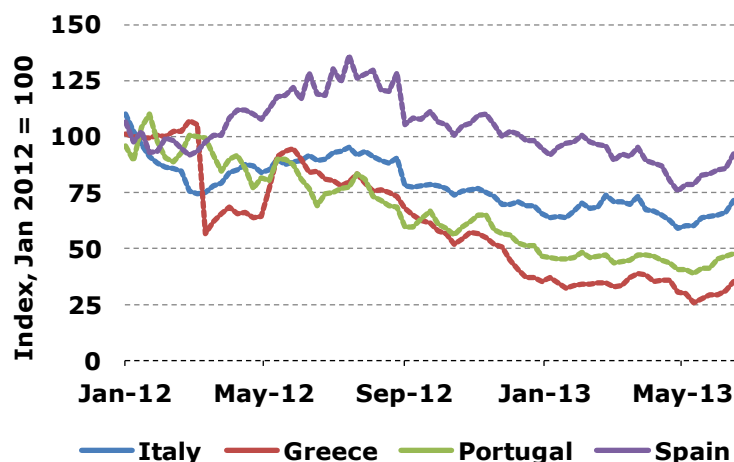
In addition to the threat of policy miscalculations domestically, the sovereign debt crisis in Europe remains a significant threat to the U.S. economy. Europe remains mired in a prolonged recession, further complicating the debt troubles faced by many countries. The Euro area unemployment rate has continued to increase for the past two and a half years, coming in at a record-



high 12.2% in April. The youth unemployment situation has been even worse. The unemployment rate of those under the age of 25 is now at 23.2%. Growth in gross domestic product in the 17 country Eurozone has been negative for six consecutive quarters as both private and government consumption remain weak. Consumer confidence in the Eurozone does appear to have reached a trough recently, however. Since the end of last year, confidence has slowly trended upward, although it still remains depressed. Despite the ongoing recession and negative growth, the financial condition of the Eurozone countries has improved dramatically over the past year and a half. Many of the countries most at risk of default have seen their bond yields drop sharply (see figure 1.1). Although this lowers the risk of a European financial crisis, it doesn't eliminate it. Recent statements by the European Central Bank suggesting reluctance to help struggling countries and a rise in U.S. treasury yields caused Eurozone yields to spike close to their 2013 highs. Continued nervousness in the financial markets combined with the ongoing recession will keep the region a threat to the U.S. economy in the near term.

**Figure 1.1: European 10-Year Bond Yields**

*European bond yields have plummeted since early 2012*



Source: Bloomberg Data Services; data through June 27, 2013

*The weakness in Europe has contributed to a slowdown in Asia*

The weakness in Europe has contributed to a slowdown in Asia as well. In particular, we continue to expect modest growth in China due to their reliance on exports for growth. Chinese GDP growth again slowed in the first quarter growing 7.7% on an annual basis compared to 7.9% in the fourth quarter. The once-a-decade leadership change in China has recently taken place, and the new regime has increased emphasis on stable growth rather than the rapid growth in the past that has led to social and environmental imbalances. China has pumped huge amounts of credit into the economy in hopes of stimulating growth and transitioning to a more consumer based economy, while at the same time slowing credit growth in the "shadow banking" sector. Despite the increased liquidity, consumers aren't spending more, with retail sales growth declining in March. Industrial output

growth slowed recently as well, falling from 9.9% annual growth in February to 8.9% in March.

*GDP growth in the first quarter was weak*

The U.S. economy grew at a below trend 1.8% annualized rate (SAAR) in the first quarter of 2013 according to the Bureau of Economic Analysis. This was revised down from 2.4% growth in the previous estimate, although it is up from the dismal 0.4% growth in the fourth quarter. Consumer spending was relatively strong, growing 2.6% (SAAR), and led the increase over the fourth quarter in overall growth. Inventory accumulation, which was responsible for much of the weakness in the fourth quarter, grew rapidly in the first quarter adding 0.6 percentage points to growth after subtracting 1.5 percentage points in the fourth quarter. Government spending was also less of a drag compared to the fourth quarter, although it still reduced overall growth by 0.9 percentage points. Residential investment growth slowed, but remains strong, while nonresidential investment growth slowed dramatically. The downward revision from the previous GDP estimate came primarily from a lowering of consumer spending on services. This could be an indication that consumers felt the impact of the 2% payroll tax hike more than suggested by the earlier estimate.

*Real disposable income is growing again*

Rising personal income is a key for confidence to increase and personal consumption expenditures to improve. Recently, income growth has been volatile due to government policy changes at the end of 2012. Dividend and bonus payment changes due to anticipated and realized tax changes caused a spike in personal income in late 2012 that was reversed in early 2013. Also dragging down growth early in the year has been the elimination of the 2% payroll tax cut. Since then, real disposable income has been steadily growing. Real disposable personal income increased 0.4% in May after rising 0.3% in both April and March. Even with the recent gains in real income growth, the drop in the level of income due to the 2% payroll tax increase has caused the saving rate to drop as consumers have not cut back much on spending. In May, the saving rate was 3.2%, up from 3.0% in April but down from its 4.1% average in 2012. Wage and salary disbursements grew 0.3%, an improvement over April's growth of just 0.1%. Government transfers grew 0.8% in May, although this was a reversal of the previous month's decline of 0.6%. So far this year, government transfer growth has averaged 0.3%. Income from dividends and interest, which was responsible for the recent volatility mentioned above, increased 1.7% in May after increasing 1.5% in April.

*Employment growth has been better than expected*

Employment growth has been slightly better than expected in the March forecast. Nonfarm payroll employment increased by 175,000 in May, up from a 149,000 job gain in April. So far this year, the economy has added an average of 189,000 jobs per month. Private sector payrolls added 178,000 while government payrolls fell 3,000. The job gains in recent months have come

from service providing industries while goods producing industries have experienced a net decline. Although construction has been strong, adding 21,000 jobs the past three months, manufacturing employment has faltered, decreasing by the same amount. The private services industries gained 179,000, with professional and business services leading the way, gaining 57,000 jobs, about half in temporary services. While job gains have continued to trend upward, job growth has been much slower than is typical for a recovery. Five and a half years after the start of the last recession, we are still 2.3 million jobs below pre-recession employment.

*The labor market is improving*

The recent level of job growth is starting to absorb some unemployed workers as well as welcome new entrants to the labor force. Despite the increase in the unemployment rate in May to 7.6% from 7.5%, it remains on a downward trend. The May increase was due to 420,000 new entrants into the labor force, possibly pointing to improved labor market confidence. Joblessness, however, remains high with 11.8 million people unemployed by the traditional measure. The most comprehensive measure of underemployment, which includes those marginally attached to the labor force plus total employed part time for economic reasons, remains elevated at 13.8%. Those out of work for a long time are still having a tough time getting back into the workforce. The number of Americans unemployed for six months or longer went up by 4,000 in May to a total of 4.4 million. The average duration of unemployment also remains elevated, rising to 36.9 weeks in May, up from 36.5 weeks in April. The labor-force participation rate, which measures the percentage of working-age people in the workforce, increased 63.4%, just above last month's 63.3%, the lowest in 30 years. The number of seasonally adjusted new unemployment insurance claims points to a slowly recovering labor market as well. Initial claims remain on a downward trend and are almost back to pre-recession levels. For the week ending June 22<sup>nd</sup>, the four week moving average of initial claims increased by 2,750 to 345,750. The latest reading is down 10.7% from a year ago and down 47.5% since the peak in 2009.

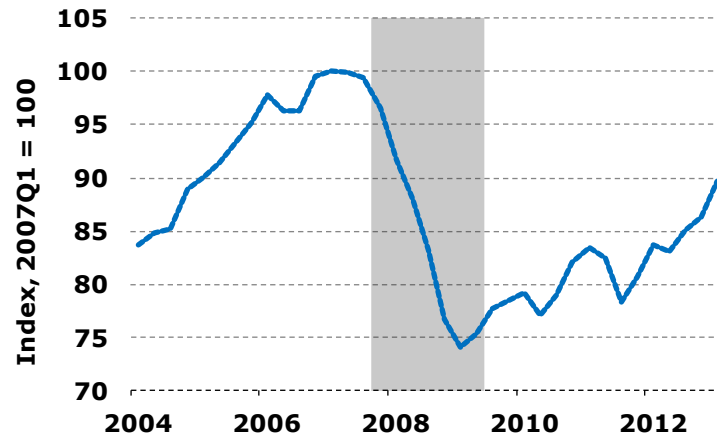
*Real per household net worth remains well below the previous peak*

As the economy has slowly recovered, total household net worth has reached an all-time peak at the end of the first quarter of 2013. A slowly growing economy, a return of pre-recession stock market levels, and a turnaround in home prices have resulted in this increase. However, although the aggregate measure of net worth has reached its highest point ever, household net worth adjusted for inflation and population growth remains significantly below its pre-recession peak (see figure 1.2). After peaking at \$559,000 in the first quarter of 2007, real net worth per household fell \$145,000 as the recession caused home prices to drop further and the stock market to plummet. Since a trough of \$414,000 in the first quarter of 2009, adjusted net worth has recovered 60% of the decline, or about \$87,000. Not all households have participated in the turnaround. About 65.4% of

Americans own homes, a number reduced by the housing crisis and record number of foreclosures. In addition, only 49.9% of people own stocks either directly or indirectly through retirement accounts.

**Figure 1.2: Real per Household Net Worth**

*Adjusted net worth has recovered 60% of the decline*



Source: U.S. Federal Reserve; data through 2013 Q1

*Consumers are beginning to feel more optimistic*

After years of pessimism following the 2007-09 recession, consumers finally started feeling optimistic in the second half of last year, pushing confidence measures to post-recession highs. The labor market recovery has continued and equity markets are hitting all-time highs. The housing market recovery has accelerated and people are feeling more confident about the value of their homes, typically their largest asset. Also, the initial impact to confidence due to sequestration has worn off and a majority of consumers have felt few or no adverse effects to date. The most recent reading of consumer sentiment from the University of Michigan shows that confidence slipped 0.4 points in June after rebounding 8.1 points in May. The index is at 84.1, just off last month's five year high. The Conference Board reading jumped 7.1 points in June after increasing 5.3 points in May. The index is now at 81.3, the first time since January 2008 confidence has been above 80. Consumers reported they are feeling more optimistic about both their present situation and expectations for the future. Economic fundamentals are continuing to improve leading to a sustained rebound in consumer attitudes.

*Small business confidence has improved*

Small business confidence has continued to climb as well. The National Federation of Independent Business (NFIB) small business optimism index increased to 94.4 in May from 92.1 in April. Like consumer confidence, small business confidence is approaching pre-recession levels after years of being depressed. Businesses have become less fearful of a sharp reduction in consumer spending and less worried that federal budget cuts

could halt the recovery. However, the survey continues to reflect some negative signs as well, particularly about employment. Job openings and hiring plans remain stuck at levels consistent with the last few years. Reports of actual employment changes show a net loss in each of the past four months. Poor sales are no longer the single most important problem businesses face. Both taxes and government regulation have been trending up and are now considered their most important problems.

*Oil prices are declining*

Energy prices remain moderate and in line with the March forecast. After increasing early in the year and finally peaking at over \$117 per barrel in February, oil prices have softened to \$95 per barrel for Brent crude oil. Gasoline prices have followed, peaking at \$3.85 per gallon (for all grades) in late February before finally retreating to \$3.65 per gallon in late June. Despite the downward trend, gas prices are still 4.3% higher than a year ago. U.S. and Canadian oil production has risen, making up the lost supply from Iran due to economic sanctions. Demand remains lower than year-ago levels which has kept prices from rising as well. Consumers have changed their behavior as a result of the recession, using public transportation more, and finding other alternatives to driving alone. High youth unemployment and restrictions on teenage drivers have reduced driver's license registrations among this group and kept demand low even during the recovery.

*Inflation remains modest*

Headline inflation has remained modest even as prices have been relatively volatile. Energy prices increased 0.4% in May after dropping 4.3% in April. Energy prices are now down 0.8% year-over-year. Food prices moved down slightly, declining another 0.1%, and are now up just 1.4% year-over-year. Overall, the consumer price index (CPI) increased 0.1% and is now up 1.4% year-over-year in May, one of the lower measures of the past few years. Core inflation, which excludes food and energy, rose 0.2% due to rising shelter costs, although it remains up just 1.7% year-over-year in May.

*The recovery in housing continues to accelerate*

The recovery in housing continues to accelerate. The level of activity is not yet back to normal, but it is clear that the sector has finally turned a corner. Housing starts and permits have both continued trending up in recent months. Housing starts are 29% above their year-ago level after increasing another 58,000 units (SAAR) to 914,000 units (SAAR) in May. The growth in housing starts has faltered in recent months, but we believe the trend remains solidly positive. Total housing starts are now just below the 1 million unit level last seen in mid 2008. Multi-family construction increased 56,000 (SAAR) units in May and units are now 61% above year ago levels. Single-family starts increased 2,000 units (SAAR) in May, and are up 16% from a year ago. Housing permits dropped 20,000 in May from a post recession high of 1.0 million in April although they remain 22% above last year. There remains a considerable level of underlying

demographic demand as people have put off forming new households due to weakness in the economy. Overbuilding during the boom years also contributed to the depressed level of new starts. Now that these issues are diminishing, new homes will have to be built to meet the ever increasing demand from population growth.

*Home sales continue to increase*

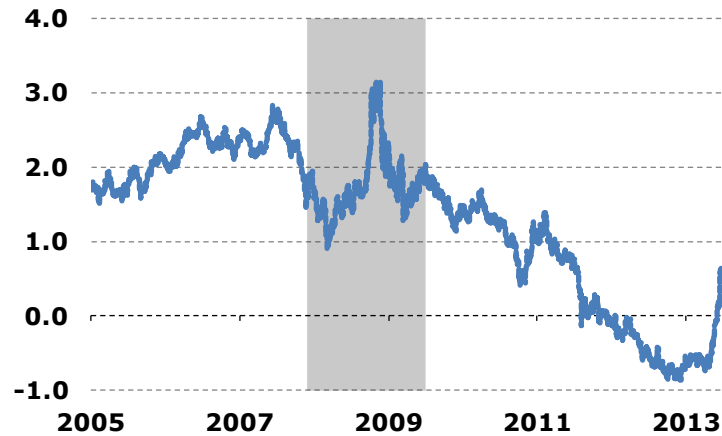
Existing homes sales continue to increase, providing another indication of recovery in the housing market. Sales were up 4.2% in May to 5.18 million (SAAR), the highest since November 2009 when the first-time homebuyer's credit boosted sales. Inventories increased 3% to 2.22 million in May, but remain tight with just 5.1 months of supply on the market. Banks have continued to release more distressed homes on the market, but the negative effect on prices is diminishing. Distressed homes accounted for 18% of May sales, matching April for the lowest share since tracking began in October 2008. Rising house prices are enabling previously underwater homeowners to sell their home and trade up for more expensive homes. Tight supply and increasing demand have driven the median price up 15% since last year. New home sales have also benefitted from the rebound in the housing market. Sales of new homes increased 10,000 in May to 476,000 (SAAR), up 29% from a year ago and at their highest level in five years. The market for new homes remains tight as well. Even with the number of new homes up 12% since last year, the months of supply in May remains near a historic low at 4.1.

*Home prices are accelerating*

Home price appreciation has accelerated in recent months after years of decline surrounding the 2007-09 recession. This had been a major hurdle to housing market recovery. Potential buyers were reluctant to enter the market when home values were declining. Banks are also less willing to lend against depreciating collateral. According to data from CoreLogic, overall home prices increased in April by 3.2% and were up 12.1% from a year ago. Prices of distressed properties have also rebounded and are up 12.6% in April over last year. The seasonally adjusted Case-Shiller 20-city home price index increased 1.7% in April from the previous month, the fifteenth consecutive monthly increase. The index is now 12.0% above the year-ago level. Even with the recent increase in home prices, affordability remains high due to record low mortgage rates. Recently, however, mortgage rates have increased. Mortgage rates track 10-year Treasury rates which have spiked recently (see figure 1.3). Comments at the last Federal Open Market Committee meeting suggesting that the Fed could start trimming its stimulus policies later this year caused markets to react, driving the 10-year Treasury rate higher. The average rate on a 30-year fixed loan rose to 4.46%, up sharply from 3.93% the previous week. Higher mortgage rates caused mortgage applications to fall 3% from last week and refinancing applications fell to their lowest level since late 2011.

**Figure 1.3: Real Rate of 10-Year U.S. Treasury Bonds**

*Rates on 10-year Treasury Bonds have spiked*



Source: U.S. Federal Reserve; data through June 28, 2013

*The manufacturing sector has lost momentum*

The manufacturing sector, which had been a bright spot early in the recovery, has lost momentum and is starting to decline. According to the Federal Reserve's latest G-17 report, manufacturing output growth has all but stopped. Output increased just 0.1% (SA) in May after declining in each of the previous two months, bringing the index to the same level as December 2012. Capacity utilization remained at 75.8% in May, down 0.6 percentage points since December 2012 and 2.9 percentage points below its long-run average. Orders for core capital goods (nondefense capital goods excluding aircraft) increased 1.1% in May and is now up 3.2% since last year. May was the third consecutive month of weak but positive growth. Business investment has helped prop up the faltering manufacturing sector in recent months as businesses continue to look at expansion and modernization. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector returned to positive growth in May after contracting in April. The ISM index improved to 50.9 from 49.0 the month before. Details were mostly positive as new orders and production both had positive readings after indicating negative growth the prior month. The employment component, however, declined to 48.7. This is the first time the survey has indicated a reduction in employment since 2009. Manufacturing is unlikely to contribute to overall GDP growth in the near term as the effects of the sequester materialize, conditions in Europe deteriorate, and uncertainty of U.S. fiscal policy drags on.

## Forecast

*The June forecast is based on the latest ...*

The June 2013 economic forecast was based on a modified version of Global Insight's June 2013 Control forecast for the U.S. economy. As in March, the U.S. real GDP forecast was

*... Blue Chip Consensus forecast*

adjusted to match the Blue Chip Consensus GDP forecasts for 2013 and 2014. We also incorporated the latest long term Blue Chip GDP forecast for 2015 through 2017. Our oil price forecast was adjusted to incorporate futures prices for both Brent crude oil and for West Texas Intermediate crude to better track world oil prices.

*Real GDP is down slightly from the previous forecast*

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.9% in 2013 and 2.6% in 2014. Real GDP growth is down slightly from the previous forecast in 2014 which had called for growth of 2.7%. Real GDP growth is expected to be 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from March. Due to stronger growth in the first part of this year and weaker expected growth in 2014, real GDP is expected to be essentially unchanged compared to March. The similarity in forecasts points to a continuation of the slow growth and high unemployment scenario anticipated in the previous forecast.

*Uncertainty surrounds federal fiscal policy*

There continues to be uncertainty regarding federal fiscal policy. On March 1, automatic sequester spending cuts kicked in consisting of \$1.2 trillion in spending reductions over nine years from 2013 through 2021. This amounts to around \$1.0 trillion in cuts and around \$200 billion in interest savings. The forecast assumes cuts of \$85 billion in budget authority that translate into cuts in actual outlays of \$66 billion this calendar year. Given the limited political fallout from the cuts so far, the president and Congress have little pressure to come up with any kind of budget compromise. As a result, we are now assuming that the sequester will remain in place until December 31. This represents a drag of about 0.5 percentage points off GDP growth in 2013. It is then assumed to be replaced by an agreement on a combination of increases in income taxes and spending cuts that fall on Medicare, Medicaid, and Social Security, as well as discretionary spending.

*Policymakers are focusing on deficit reduction*

With policymakers focusing on deficit reduction, and federal fiscal tightening as stimulus spending winds down, the forecast calls for a \$95 billion reduction in the federal deficit between 2013 and 2014. We expect real defense spending to fall throughout the forecast beginning at the end of 2014 reflecting a combination of some budget cuts and overseas contingency operations winding down. Declining federal support is also affecting state and local governments. State and local administrations appear to have relied more on spending cuts than tax increases to close budget gaps. The pace of budget tightening has eased, however, as revenue from tax collections has started to improve. We expect total real government purchases to decline another 3.2% this year, reaching a trough after three years of cuts. We then expect slight growth for the remainder of the forecast averaging just 0.2% per year. The decline in government spending will reduce overall GDP growth by 0.6 percentage points this year.

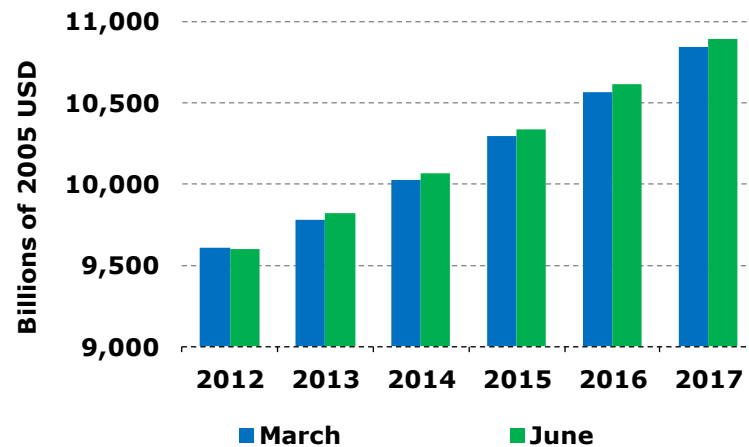


*The removal of the payroll tax cut appears to have affected consumer spending less than anticipated*

Consumer spending has been stronger than anticipated in the March forecast. Despite weaker personal income due to the fiscal cliff deal, which raised the top income tax rate and reinstated the full payroll tax on employee wages, spending growth has continued as consumers have reduced their saving rate. The forecast for consumer spending growth is unchanged since March, although due to strength earlier in the year, the level of consumption has been raised throughout the forecast (see figure 1.4). Consumer confidence is starting to firm as the labor market continues to improve and home values rise. However, much like the recovery so far, personal income growth will remain modest and consumer spending will not be a strong driver of growth in the recovery as is usually the case. We expect real consumer spending growth of 2.3% this year increasing to 2.5% in 2014 and 2.7% in 2015 and 2016 before moderating to 2.6% in 2017.

**Figure 1.4: Real Consumer Spending**

*The forecast for consumer spending is higher than March*



Source: BEA, ERFC June 2013 forecast; historical data through 2012

*Personal income growth will continue*

Growth in real personal income is expected to decline to 1.7% in 2013 from 1.9% in 2012. We do expect growth in real personal to pick up in 2014 with growth reaching 3.5% as the economy continues to recover. Growth in real personal income is then expected to moderate slightly to 3.1% in 2015 and then grow 3.2% in 2016 and 3.3% in 2017.

*The oil price forecast has been lowered slightly*

Consistent with the very small change to our overall growth forecast, the oil price forecast is little changed since March. Prices have been slightly lower early in the year and going forward the forecast has been lowered by just over \$1 per barrel. We continue to expect gradually declining prices throughout the forecast, falling from about \$97 per barrel this year to \$85 per barrel in 2017. Oil prices are expected to remain under downward pressure for the next couple of years. U.S. oil production is surging, although OPEC has cut production by

almost an equal amount so far this year with Saudi Arabia absorbing about three quarters of the decline. While output has fallen due to sanctions in Iran, Iraqi oil production is starting to firm. Slower growth in Asia and the continued economic crisis in Europe will continue to limit demand and put modest downward pressure on prices.

*Inflation will remain subdued*

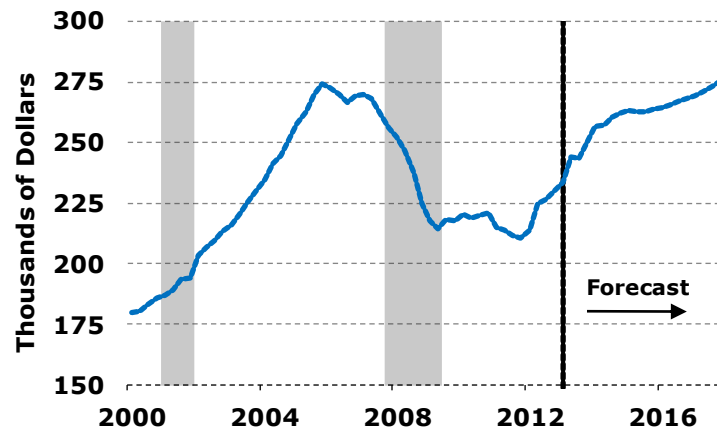
In addition to declining oil prices, the weak economy will keep inflation subdued. We continue to expect low headline inflation this year of just 1.4%. We expect inflation to increase to 1.8% in 2014 before moderating to 1.5% in 2015, 1.6% in 2016, and 1.5% in 2017.

*The recovery in housing is gaining momentum*

The housing sector has continued to gather momentum, although gains have come from a very low base. Home prices are increasing again with growth reaching double-digits in some areas. Although we don't expect these outsized gains to continue, we do expect to see healthy price appreciation throughout the forecast (see figure 1.5). Still, there remain a significant number of distressed properties that continue to saturate markets. Continued improvement remains dependent on job growth and access to financing. Pent-up demand for housing should spur growth going forward. After growing 28.0% in 2012, the forecast expects robust growth in housing starts to continue over the next few years. Growth in multi-family starts is

**Figure 1.5: Average Price of Existing Homes, Seasonally Adjusted**

*Home price appreciation will continue*



Source: National Association of Realtors, ERFC June 2013 forecast; historical data through 2013 Q1

expected to slow, but only because the increase of 38.9% in 2012 was unsustainable. We expect growth in multi-family housing starts of 25.1% this year before moderating to 9.2% in 2014 and 6.2% in 2015 before flattening out. The forecast calls

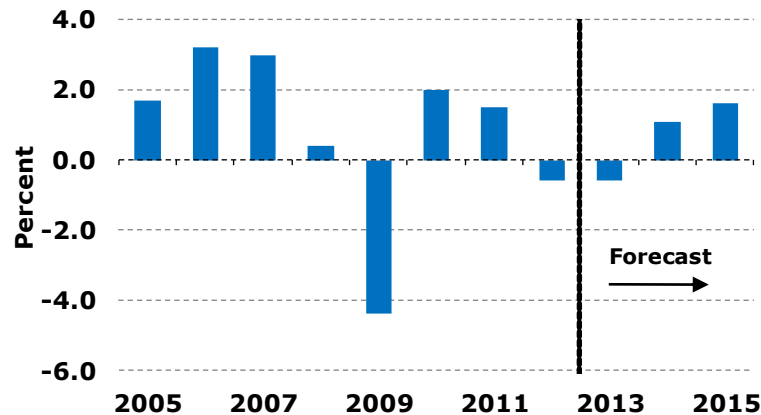
for growth in single family starts of 28.6% this year, 25.1% in 2014 and 24.8% in 2015. The single-family segment is expected to reach 1.08 million units in 2015 from just 537 thousand in 2012. The housing market will continue to improve, particularly while interest rates remain low and inventories are lean. Population remains on an upward trend and people will need a place to live. The forecast calls for total housing starts to reach 1.55 million in 2017, up from 783 thousand in 2012.

*Business investment in equipment and software remains subdued*

Business investment has slowed after being an important source of GDP growth early in the recovery. Tight credit conditions for commercial real estate, high vacancy rates, and fiscal uncertainties will dampen growth this year. We expect real nonresidential construction to grow 2.7% in 2013. Going forward, nonresidential construction is expected to improve and become a modest contributor to overall growth. The forecast calls for growth in 2014 of 4.2% followed by 5.7%, 6.8% and 6.2% in 2015 through 2017. Businesses have high levels of cash and profits remain high, providing an opportunity to improve productivity by addressing replacement needs neglected during the recession. Although we do not expect to see a continuation of the robust growth early in the recovery, we do expect capital equipment to remain an important driver of GDP growth going forward. Investment in equipment and software is expected to grow 5.0% this year followed by growth of 6.5% in 2014 and 6.8% in 2015. The forecast then calls for growth to moderate to 5.3% in 2016 and 5.0% in 2017. We expect overall real nonresidential fixed investment to grow 4.4% this year, 5.9% in 2014 as nonresidential construction picks up, 6.5% in 2015, and then moderate to 5.8% and 5.3% in 2016 and 2017.

**Figure 1.6: Eurozone Real GDP, SAAR**

*The Eurozone recession is expected to continue*



Source: Eurostat, European Central Bank; historical data through 2012

*Export growth remains weak*

Export growth remains weak and is not expected to be a significant contributor to U.S. GDP growth in the near term. We expect weak foreign demand for U.S. goods and services as economic growth in major U.S. trading partners remains slow.

The crisis in Europe has pushed the Eurozone back into a prolonged recession. GDP in the Eurozone is expected to contract another 0.6% this year before growing 1.1% and 1.6% in 2014 and 2015 according to the European Central Bank (see figure).

*The economic crisis in Europe has contributed to a slowdown in other important U.S. trading partners*

The struggling economy in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. GDP growth in major U.S. export markets is forecasted to grow 2.5% this year after growing 2.6% in 2012. GDP growth for these countries is expected to increase beginning in 2014 as sovereign debt problems are resolved and Europe ceases to be a significant drag. The forecast calls for growth in these countries to improve to 3.4% in 2014, 3.7% in 2015 and 2016 before moderating to 3.5% in 2017. China, which is our largest export market outside of North America, in particular has slowed. The Blue Chip Consensus Forecast expects real GDP growth in China of 7.9% for both 2013 and 2014, an improvement over 2012's 7.8% rate but not enough to generate strong export growth. We expect real U.S. export growth to slow to 1.8% this year, down from 3.4% in 2012 and 6.7% in 2011. The forecast calls for export growth of 4.6% in 2014, gradually improving to 6.3% by 2017 as global economic conditions firm. Export growth is largely offset by increased imports through 2015, however. Net exports are not expected to be a significant contributor to real GDP growth until 2016 when they are expected to add 0.2 percentage points to growth and another 0.3 percentage points in 2017.

*Unemployment remains elevated, but will reach 6% by the end of the forecast*

The outlook for payroll employment is essentially unchanged compared to the March forecast. Growth in payrolls is expected to be 1.6% this year compared to 1.7% in 2012. We expect growth of 1.6% in 2014 and 1.7% in 2015 and 2016 before moderating to 1.4% in 2017. The forecast calls for the U.S. economy to add about 170,000 jobs per month through the end of this year as private sector gains continue and job losses in the public sector begin to wind down. We expect employment growth to average 180,000 jobs per month in 2014, gradually picking up to about 210,000 per month in 2015 as gains in the construction sector accelerate. By the third quarter of 2014 we expect to have gained 8.9 million jobs since the recession trough in 2010, making up all of the job losses since the beginning of the Great Recession. As a result, we expect an unemployment rate of 7.6% for 2013, gradually falling to 6.0% in 2017.

## **Forecast by Fiscal Year**

*FY 2013 GDP growth will be weak*

Real GDP grew in the first quarter by a below trend 1.8% (SAAR), although it was still up sharply from 0.4% growth in the fourth quarter. Despite the drag from fiscal tightening, we still expect the economy to move forward at a slow pace. The U.S. economy continues to face headwinds both domestically and internationally that will continue to limit output. Real GDP is forecast to grow 2.0% in FY 2013, after growing at the same

rate in FY 2012. Going forward, growth is forecasted to increase to 2.3% in FY 2014, 2.9% in FY 2015, and 3.1% in FY 2016 before moderating to 2.8% in FY 2017.

*Consumer spending will remain subdued*

The lackluster job market, worry over the fiscal policies, and the ongoing situation in Europe have caused the consumer to be reluctant to spend money. Consumer spending is not expected to be a strong driver in this recovery. Consumer confidence is increasing, but remains near recessionary levels. The current forecast expects real consumer spending growth in FY 2013 of 2.0%, the same rate as in FY 2012. Growth is expected to pick up to 2.4% FY 2014 and 2.7% in FY 2015 and FY 2016 before dropping back to 2.6% in FY 2017.

*The housing market continues to strengthen*

The housing market continues to strengthen after experiencing the worst downturn in the post-war period. The forecast calls for an increase in housing starts in FY 2013 to 897,000 units, from 687,000 in FY 2012. The housing market is expected to continue to improve as the economy adds jobs. Housing starts are expected to increase in each year of the forecast period, rising to 1.54 million units by FY 2017.

*Business investment growth will slow*

Uncertainty over the economy's direction and federal fiscal policy will cause companies to be cautious in deciding when to expand. The forecast calls for real nonresidential fixed investment to increase by 4.5% this fiscal year, down from the 10.6% growth in FY 2012. We expect growth to increase to 5.1% in FY 2014 and 6.4% in FY 2015 before moderating to 6.1% and 5.9% in FY 2016 and FY 2017. Business investment growth has been led by investment in equipment and software during the recovery, although it too has slowed recently. It is expected to increase 4.3% this fiscal year, down from 10.5% in FY 2012. We expect growth of 6.1%, 6.7%, 6.3%, and 5.0% in FY 2014 through FY 2017. Investment in non-residential construction has lagged in the recovery, although FY 2012 did experience the first growth in this sector since FY 2007 at 10.9%. We expect growth to slow this fiscal year to 4.9% and then 2.7% in FY 2014. Going forward, the forecast calls for growth of 5.6%, 5.5%, and 7.9% in FY 2015 through FY 2017.

*Exports will reduce the trade deficit slightly*

Net exports are not expected to be a contributor to overall GDP growth in the near term. Foreign trade remains weighed down by economic weakness abroad, limiting our export potential. Although export growth is expected to slightly outpace import growth this fiscal year, adding 0.1 percentage points to overall GDP growth, we expect net exports to be a drag on growth in FY 2014 and FY 2015. Going forward, net exports' contribution to GDP is expected to turn positive in FY 2016 and FY 2017, adding 0.1 and 0.2 percentage points to growth in those years. Export growth this fiscal year and in the outer years of the forecast period will help to shrink the trade deficit from \$584 billion in FY 2012 to \$505 billion by FY 2017.

*Employment growth will be weak*

Employment growth in FY 2012 was 1.6%, up sharply from the previous year but still lackluster especially for periods of economic recovery. Growth in FY 2013 and FY 2015 is expected to match that of FY 2012, reflecting the continued slow economic recovery. We expect job growth to pick up to 1.8% in FY 2016 before moderating back to 1.6% in FY 2017. Because of the sluggish recovery in the labor market, the unemployment rate is expected to fall gradually, from 7.8% in FY 2013, to 6.1% in FY 2017.

*Inflation remains moderate*

High unemployment and excess capacity in the economy are helping to keep inflation subdued. The consumer price index is expected to rise by 1.7% in FY 2013 and drop to 1.5% in FY 2014. We then expect a slight increase to 1.7% in FY 2015 before moderating further to 1.5% in FY 2016 and 1.6% and FY 2017. Given geopolitical tensions in the Middle East, one risk to our inflation forecast is a spike in oil prices caused by supply interruptions. Our baseline oil price forecast has prices falling steadily throughout the forecast reaching \$85.86 per barrel in FY 2017 from \$97.85 in FY 2013.

## Risks to the Forecast

*The level of uncertainty remains high*

Our view of the risks to the forecast has changed modestly since the March forecast. We have lowered the downside risks by 5% and raised the upside risks by 5%. The lower downside risk reflects, in part, a less likely scenario of a meltdown of the European crisis, although the risk does still remain. The higher upside risk reflects a greater chance of a robust housing market expansion. However, the level of uncertainty in the baseline still remains high. Downside risks remain elevated and higher than upside risks.

### **Downside Risks (30% Probability)**

*Sovereign debt contagion*

Risks associated with the sovereign debt crisis in Europe still remain high. Europe sinks deeper into recession and continued austerity measures increase the financial strains in Europe's southern periphery countries. Funding for Greece dries up and they leave the Eurozone in early 2014. The Greek exit puts intensifying pressure on Spain and Italy. Spain must eventually restructure its debt, triggering a European banking crisis which in turn would affect U.S. banks. Credit would tighten and economic activity would shrink, pushing the U.S. back into another recession.

*Policy missteps and fiscal tightening*

Fiscal tightening from the sequester ends up causing much more damage to the fragile recovery. Political gridlock settles in, with policymakers unable to agree to a "grand bargain" fiscal plan. Facing a weak economy, policymakers decide on austerity and cut discretionary spending in 2014, further reducing growth. Private sector confidence plummets, lowering stock prices and economic activity.

*Slowdown in Asia*

Global growth is restrained by a harder landing in China caused by struggling economic conditions in the Eurozone. In turn, U.S. exports are reduced and GDP growth is lowered.

*Turmoil in oil-producing countries*

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

Unexpected events – natural disasters, political upheaval, etc.

### **Upside Risks (20% Probability)**

*Housing improves faster than expected*

The housing sector improves faster than anticipated. Home prices continue to increase and buyers move off the fence helped by low interest rates. Homebuilders respond and housing starts increase, leading to more hiring.

*Pent up demand is unleashed*

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

*Jobs*

Hiring could pick up, triggering a virtuous cycle of jobs, income, spending and yet more jobs.

*European banking crisis averted*

Eurozone member countries take decisive steps towards a banking and fiscal union that stabilizes markets. The European Central Bank develops a credible pro-growth plan to tackle sovereign debt issues and prevent a financial meltdown.

*Fiscal policy becomes supportive*

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

Table 1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2013 to 2017

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	12,896.8	13,183.3	13,450.7	13,718.3	14,030.9	14,434.6	14,880.1	15,299.4
% Ch	0.2	2.2	2.0	2.0	2.3	2.9	3.1	2.8
Real Consumption	9,087.9	9,327.1	9,515.1	9,705.0	9,938.7	10,204.6	10,479.3	10,756.7
% Ch	0.1	2.6	2.0	2.0	2.4	2.7	2.7	2.6
Real Nonresidential Fixed Investment	1,233.6	1,312.6	1,452.0	1,516.9	1,594.8	1,696.2	1,799.1	1,904.8
% Ch	-11.4	6.4	10.6	4.5	5.1	6.4	6.1	5.9
Real Residential Fixed Investment	343.4	323.3	343.5	393.3	465.2	534.9	597.6	607.3
% Ch	-9.8	-5.8	6.2	14.5	18.3	15.0	11.7	1.6
Real Personal Income	10,895.7	11,287.0	11,431.0	11,700.4	12,008.5	12,399.9	12,791.4	13,212.6
% Ch	-2.5	3.6	1.3	2.4	2.6	3.3	3.2	3.3
Real Per Capita Income (\$/Person)	35,278	36,269	36,468	37,051	37,734	38,665	39,579	40,569
% Ch	-3.3	2.8	0.5	1.6	1.8	2.5	2.4	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.102	1.123	1.149	1.164	1.178	1.196	1.213	1.231
% Ch	1.3	1.9	2.3	1.3	1.2	1.5	1.4	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.168	2.211	2.276	2.313	2.348	2.389	2.424	2.462
% Ch	1.0	2.0	2.9	1.7	1.5	1.7	1.5	1.6
Employment Cost Index (Dec. 2005=1.0)	1.112	1.130	1.150	1.170	1.193	1.218	1.243	1.271
% Ch	1.4	1.7	1.7	1.8	2.0	2.0	2.1	2.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,192.4	14,782.6	15,387.0	15,941.9	16,543.5	17,289.5	18,074.1	18,866.4
% Ch	0.9	4.2	4.1	3.6	3.8	4.5	4.5	4.4
Personal Income	12,010.4	12,675.6	13,137.0	13,622.9	14,145.4	14,832.5	15,515.7	16,263.4
% Ch	-1.3	5.5	3.6	3.7	3.8	4.9	4.6	4.8
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.9	153.6	154.3	155.3	156.7	158.2	159.5	160.6
Total U.S. Employment	138.9	139.4	141.2	143.2	145.1	147.2	149.1	150.8
Unemployment Rate (%)	9.76	9.27	8.53	7.78	7.40	7.00	6.49	6.14
Nonfarm Payroll Employment	129.73	130.56	132.65	134.79	136.94	139.17	141.66	143.91
% Ch	-3.2	0.6	1.6	1.6	1.6	1.6	1.8	1.6
Manufacturing	11.53	11.62	11.83	11.96	12.08	12.22	12.37	12.46
% Ch	-8.9	0.8	1.8	1.1	1.0	1.1	1.2	0.8
Durable Manufacturing	7.04	7.16	7.38	7.50	7.60	7.74	7.91	8.01
% Ch	-10.9	1.7	3.0	1.6	1.3	1.9	2.2	1.3
Nondurable Manufacturing	4.48	4.46	4.45	4.47	4.49	4.48	4.46	4.45
% Ch	-5.7	-0.5	-0.2	0.3	0.5	-0.3	-0.3	-0.2
Construction	5.66	5.49	5.60	5.72	5.97	6.42	7.04	7.51
% Ch	-14.5	-2.9	2.0	2.1	4.4	7.4	9.7	6.6
Service-Providing	111.87	112.70	114.38	116.24	117.99	119.61	121.32	122.99
% Ch	-1.8	0.7	1.5	1.6	1.5	1.4	1.4	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	75.2	89.4	95.0	92.2	94.5	89.7	86.3	84.3
Personal Saving/Disposable Income (%)	4.5	5.0	3.7	3.4	2.7	3.4	4.0	4.6
Auto Sales (Millions)	5.8	6.0	6.7	7.5	7.8	8.1	8.4	8.6
% Ch	7.6	3.6	11.5	11.8	3.8	3.4	3.7	3.1
Housing Starts (Millions)	0.594	0.570	0.687	0.897	1.099	1.319	1.498	1.535
% Ch	-8.1	-4.1	20.5	30.6	22.6	19.9	13.6	2.5
Federal Budget Surplus (Billions)	-1,306.7	-1,283.1	-1,147.2	-906.3	-643.5	-626.3	-640.7	-706.6
Net Exports (Billions)	-462.3	-540.8	-584.3	-531.8	-515.2	-542.0	-533.4	-504.6
3-Month Treasury Bill Rate (%)	0.12	0.12	0.05	0.08	0.09	0.08	1.01	2.94
10-Year Treasury Note Yield (%)	3.55	3.08	2.08	1.80	2.28	2.78	3.44	4.02
Bond Index of 20 G.O. Munis. (%)	4.37	4.56	3.96	3.71	4.04	4.28	4.85	5.44
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.49	3.91	4.39	5.24	6.03



Table 1.2  
**Forecast Analysis**  
 Comparison of Forecasts for 2011-13

Forecast Date	2010				2011				2012				2013	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
<b>U.S.</b>														
Percent Growth, 2011:2-2013:2														
Real GDP	6.9	6.8	6.8	6.4	6.6	6.5	5.3	5.0	4.8	4.5	4.3	4.1	4.0	4.1
Implicit Price Deflator	3.7	3.7	3.1	3.3	3.6	3.2	2.4	3.0	3.3	3.1	3.6	3.1	2.9	2.7
Average Rate, 2011:3 to 2013:2														
3 Month T-Bill Rate	3.57	2.90	1.62	1.66	1.69	1.26	0.07	0.08	0.06	0.06	0.08	0.08	0.08	0.07
Mortgage Rate	6.26	5.82	4.88	5.13	5.53	5.13	4.61	4.55	4.22	3.94	3.75	3.73	3.74	3.75

Table 1.3  
**Forecast Comparison**  
Forecast 2013 to 2015

Fiscal Years

	2011	2012	2013	2014	2015	2016	2017
<b>U.S.</b>							
<b>Real GDP</b>							
June Baseline	13183.3	13450.7	13718.3	14030.9	14434.6	14880.1	15299.4
% Ch	2.2	2.0	2.0	2.3	2.9	3.1	2.8
March Baseline	13183.3	13450.7	13708.9	14023.0	14432.3	14875.9	15293.4
% Ch	2.2	2.0	1.9	2.3	2.9	3.1	2.8
<b>Implicit Price Deflator</b>							
June Baseline	1.123	1.149	1.164	1.178	1.196	1.213	1.231
% Ch	1.9	2.3	1.3	1.2	1.5	1.4	1.5
March Baseline	1.123	1.149	1.165	1.182	1.202	1.221	1.240
% Ch	1.9	2.3	1.4	1.5	1.7	1.6	1.6
<b>Unemployment Rate</b>							
June Baseline	9.27	8.53	7.78	7.40	7.00	6.49	6.14
March Baseline	9.27	8.53	7.82	7.43	6.95	6.42	6.08
<b>Mortgage Rate</b>							
June Baseline	4.59	4.01	3.49	3.91	4.39	5.24	6.03
March Baseline	4.59	4.01	3.47	3.67	4.31	5.24	6.12
<b>3 Month T-Bill Rate</b>							
June Baseline	0.12	0.05	0.08	0.09	0.08	1.01	2.94
March Baseline	0.12	0.05	0.11	0.12	0.12	0.76	2.67



## Chapter 2: Washington Economy – Current Conditions and Forecast

- **As expected in March, the Washington economy continues to expand at a moderate pace.**
- **Weaker-than-expected employment growth was offset by historical data revisions.**
- **Washington aerospace employment is declining faster than expected in March.**
- **The personal income forecast is weaker due to the extended sequestration and lower inflation.**
- **Washington housing construction is recovering faster than expected in March and home prices are rising.**
- **Washington non-transportation equipment export growth has strengthened.**
- **Inflation in the Seattle area remains moderate.**
- **We expect the Washington economy to continue to outperform the U.S. economy by a narrow margin.**

### Current Conditions

*Recent developments have been mixed*

Recent developments at the state level have been mixed relative to our March forecast. Washington employment growth has been slow but historical employment has been revised higher. Federal fiscal policy has been more restrictive than expected and inflation is lower leading to slower personal income growth. On the plus side, the Washington housing market recovery continues to exceed our expectations.

*Job growth has been weaker than expected...*

In the three months since the March forecast was adopted, the Washington economy added 7,100 jobs, 6,300 fewer than the 13,400 expected in the March forecast. Manufacturing employment declined 400 from February to May. The forecast had expected an increase of 1,500 manufacturing jobs. Construction employment grew 1,300 compared to our March forecast of 1,500 net new construction jobs. Government employment remained weak with a loss of 100 jobs during the last three months. The state's unemployment rate continued to

trend down from 7.5% in February to 7.3% in March, 7.0% in April, and 6.8% in May.

*But new data show higher historical employment*

In addition to the three months of new employment data, we also have another quarter of Quarterly Census of Payrolls and Employment (QCEW) data. The new QCEW data and other revisions raised the level of total employment in February 2012 by 9,100. The net effect of the upward revision to history through February and weaker than expected growth since February is an estimate of May employment that is 2,800 (0.1%) higher than expected in the March forecast.

*Hours and earnings have stalled*

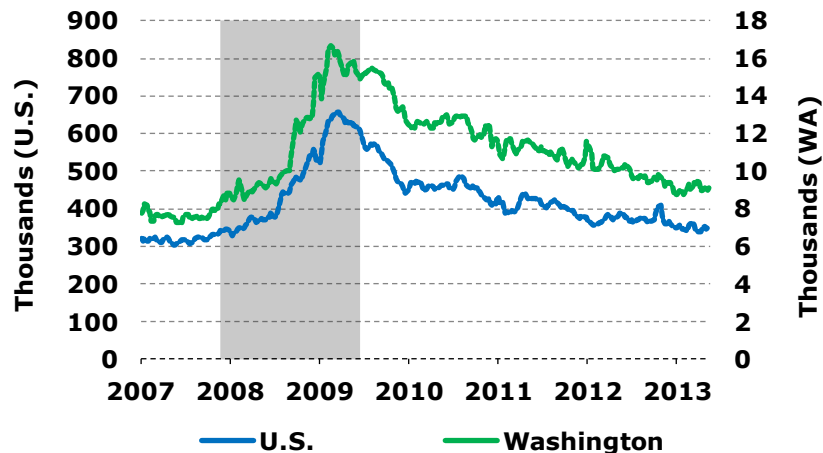
While the payroll data show continued growth in the number of jobs, the hours and earnings data have been disappointing. The twelve month moving average of average weekly hours worked in the private sector did increase from a recessionary low of 34.1 to 34.6 in September 2012 but has slipped back to 34.4 hours as of May 2013. Average weekly hours are still 2.4% lower than they were in 2007. Private sector average hourly earnings have also leveled off. The twelve month moving average of average hourly earnings rose throughout the recession but stopped growing in mid-2011. The lack of growth in either average hours worked or average hourly earnings means that the average weekly paycheck is not growing.

*Initial claims for unemployment insurance have leveled off*

Washington's initial claims for unemployment insurance have moved mostly sideways in recent weeks after reaching cyclical lows early this year (see Figure 2.1). The four-week moving average of initial claims edged up in the week ending June 22 to 9,100 from 8,979 the previous week. The four-week moving average had been as low as 8,771 in the week ending February 2, 2013. Despite the slight uptick, claims are as low now as they

*The longer term trend in claims is still down*

**Figure 2.1: Initial Claims for Unemployment Insurance**



Source: Washington State Department of Employment Security; data through June 22, 2013

were in early 2008, near the beginning of the recession and well before the Lehman collapse. The four-week moving average is now 45% below the peak reached in March 2009 but still 26% above the pre-recession minimum.

*Housing permits are weakening in the second quarter*

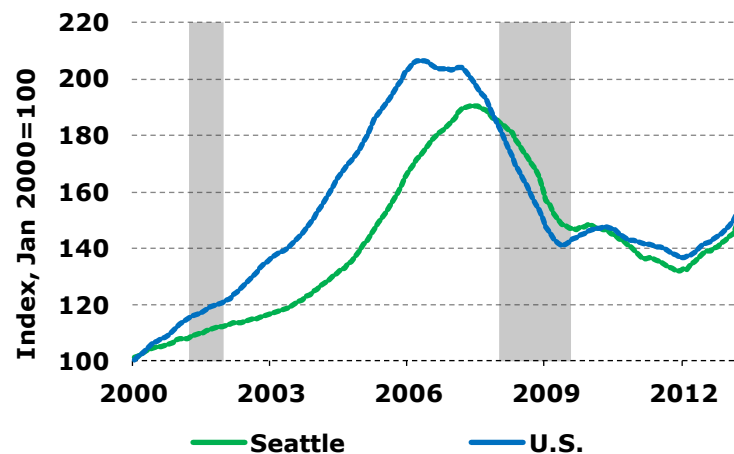
Second quarter 2013 housing construction is set to weaken from a very strong first quarter. Housing permits rose very rapidly throughout 2012 and into early 2013. From the first quarter of 2012 through the first quarter of 2013 permits grew 35.6% to 36,000 units (SAAR). Since much of the first quarter surge was in the volatile multi-family segment, we expected a pullback in the second quarter before growth resumes again. In the first two months of the second quarter, however, permits averaged only 28,700 units, less than the 30,600 we expected for the quarter as a whole. Single-family permits in April and May averaged 18,700 units (SAAR) compared to the 19,300 we expected in the June forecast and multi-family permits averaged 9,900 compared to the 11,300 we had expected in the June forecast.

*Seattle area home prices are up 11.4% over the year*

Regional home prices are also on the upswing. According to the S&P/Case-Shiller Home Price Indices through April 2013, seasonally adjusted Seattle area home prices have risen in 13 of the last fourteen months and, as of April, are now 11.4% higher than in the previous April. Foreclosures continue to put downward pressure on home prices but demographics and record affordability are working in the opposite direction. Even with the recent gains, Seattle area home prices are 21.0% lower than their 2007 peak (see Figure 2.2).

*Home prices continue to rise*

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



Source: S&P/Case-Shiller Home Price Indices; data through April 2013

*Nonresidential construction is finally growing*

Contract data for new construction projects give an indication of the level of activity roughly six months in the future. Residential contracts trended higher throughout 2012, but, consistent with

the housing permit data, have weakened in recent months. As of May 2013, the three-month moving average of residential contract square footage was up 95% compared to the March 2009 trough. This growth, however, is off a depressed level and square footage under contract is still down 55% since the height of the housing boom in late 2005. Nonresidential construction is a different story. Nonresidential construction remained at or near its all-time lows throughout 2012. However, nonresidential contracts jumped in early in 2013, signaling that this sector may be finally turning around. Contract data averaged 15,400 square feet (SAAR) in March, April, and May compared to just 10,400 square feet for all of 2012.

*Manufacturing is slowing*

Growth in the manufacturing sector slowed in May according to the Institute of Supply Management - Western Washington Index (ISM-WW). The index, which measures strength in the manufacturing sector, declined to 53.7 in May from 59.5 in April and 65.4 in March. The index is still signaling growth (above 50 indicates positive growth) but at a slower rate. The last time the Western Washington index was below 50 was in July 2009.

*Aerospace employment is declining*

Aerospace employment, which had been responsible for much of the strength in manufacturing during the recovery, is now in decline. From May 2010 through November 2012, the aerospace sector added 17,200 jobs. As of May 2013 it has lost 1,700 jobs since the peak. While we have assumed a more negative outlook for aerospace employment, we continue to believe that this downturn will be relatively mild due to the hefty backlog of orders. The current reductions are due to improvements in productivity. The steep cuts in the past have been associated with production cuts, which we do not expect over the next few years.

*Light vehicle sales growth resumed in May*

Washington light vehicle sales rose in May for the first time since a huge jump in January. There were 249,800 (SAAR) new vehicle registrations in May, up 1.5% from April but down 8.9% since January. We believe the trend in car and truck sales is still positive, driven by replacement demand. Washington new vehicle registrations in May were 4.0% higher than in the previous year.

*Washington exports are growing*

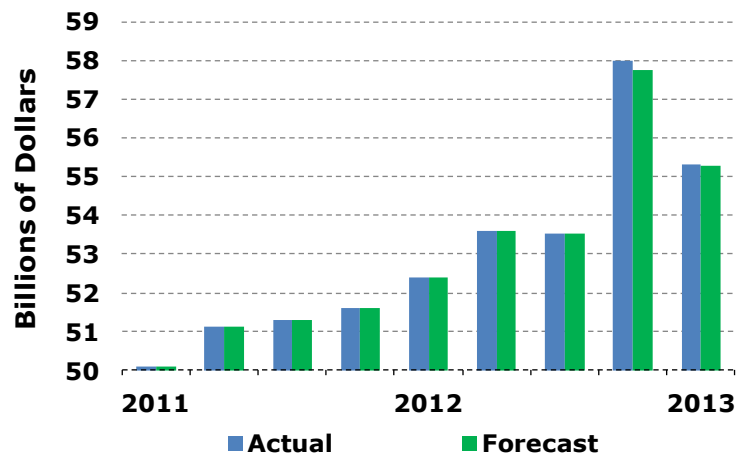
Washington exports grew 7.0% from the first quarter of 2012 to the first quarter of 2013, down from 14.9% in the fourth quarter of 2012. The slowdown in growth was due to transportation equipment (mostly Boeing planes) which slowed from 24.4% year-over-year growth in the fourth quarter to 5.6% growth in the first quarter. Excluding transportation equipment, year-over-year export growth improved to 8.3% in the first quarter from 6.5% in the fourth quarter.

*The large decline in income is the first quarter of 2013 was driven by fiscal policy*

In late June, after our forecast adoption, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released preliminary state personal income estimates for the first quarter of 2013 and revised estimates for all four quarters of 2012. According to these estimates, Washington personal income fell 1.0% (seasonally adjusted but not annualized) in the first quarter of 2013 which was the 22nd best performance among the 50 states plus the District of Columbia and was slightly better than the 1.2% decline for the U.S. as a whole. The large decline in the first quarter was driven by fiscal policy changes. The increase in the payroll tax in the first quarter by itself reduced Washington personal income by the entire 1.0% that total income declined in the quarter. In addition, the expectation of higher taxes in 2013 caused a spike in income in the fourth quarter of 2012 which was reversed in the first quarter of 2013. This mainly affected property income (see Figure 2.3) and, to a lesser extent, labor earnings. Overall, the preliminary personal income estimate for the first quarter of 2013 was \$319.1 billion, \$0.6 billion (0.2%) higher than the \$318.5 billion assumed in the June forecast.

**Figure 2.3: Washington Property Income\***

*Property income spiked in 2012Q4*



\* Property income consists of dividends, interest, and rent.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; data through 2013Q1

*Seattle inflation remains moderate*

Inflation in the Seattle metropolitan area remained moderate in early 2013. The all items Seattle CPI rose at a 1.5% seasonally adjusted annual rate (SAAR) in the first four months of 2013 compared to 0.5% for the U.S. city average. Seattle core inflation (excluding food and energy) averaged 2.0% in early 2013 compared to the national average of 1.8%.

## Washington State Forecast

*Fiscal policy is more restrictive and inflation is lower than in March*

The Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in March. As a result, the revisions to the state forecast were also minimal. There are two important changes to the national forecast that feed through to the state forecast. First, federal fiscal policy is more restrictive than assumed in the March forecast. The sequester is now expected to last through the end of this year, six months longer than assumed in March. The other important change is the inflation outlook. While the real economy is expected to grow at about the same rate as expected in March, the lower inflation results in slower nominal income growth.

*The Washington forecast is similar to the March assumption*

Our June economic forecast for Washington is very similar to the forecast adopted in March. The new forecast reflects the extended sequester and lower inflation, both of which reduce personal income growth. At the state level, we have also incorporated a more severe decline in aerospace employment. Partially offsetting these negative factors is a stronger than previously assumed housing recovery. As in March, we expect Washington job and income growth to gradually improve throughout the forecast. We continue to expect the state of Washington to outperform the U.S. economy, however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

## Washington Payroll Employment

*Employment is a little higher due to a data revision*

Overall, our June forecast of Washington employment is slightly higher in 2013 due to historical data revisions. Growth is weaker during the second half of this year and early next year as a result of greater fiscal headwinds from the federal government and a larger decline in aerospace employment, partially offset by stronger construction employment growth. Over the entire period from 2013 through 2017, the new Washington employment growth forecast averages 1.8% per year, the same rate as in the March forecast.

*The jobs recovery remains slow*

Employment in the state has grown at an average annual rate of 1.6% since the employment trough in the first quarter of 2010 through the first quarter of 2013 compared to 1.5% for the nation. The 136,200 jobs gained over this period represent 68% of the jobs lost in the downturn. We don't expect to get back to our pre-recession peak until the third quarter of 2014. This represents more than six years of lost employment growth.

*Aerospace employment is falling faster than we expected*

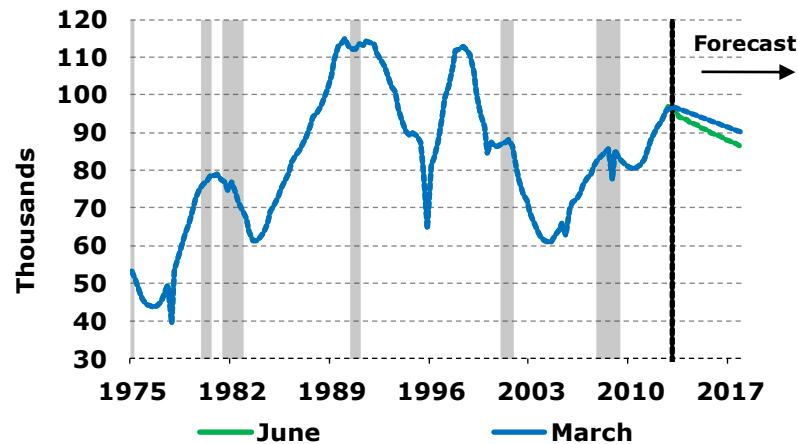
Despite rising production, aerospace employment has begun to decline once again. Aerospace employment usually peaks before production as developers and testers are laid off and productivity improves. However, recent announcements by Boeing indicate that the pace of job cuts in the near term will be greater than



anticipated in March. While we have assumed a more negative outlook for aerospace employment (see Figure 2.4), we continue to believe that this downturn will be relatively mild due to the large backlog of orders. The current reductions are due to improvements in productivity whereas the steep cuts in the past have been associated with production cuts, which we do not expect over the next few years. On an annual average basis, we expect aerospace employment to grow 0.8% in 2013 before declining 2.6% in 2014 and 2.0% per year in 2015 through 2017.

*We have a more negative outlook for aerospace than in March*

**Figure 2.4: Washington Aerospace Employment**



Source: WA State Employment Security Department, ERFC June 2013 forecast; historical data through 2013 Q1

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

The software sector is growing again and has recovered all of the jobs lost in the recession. We expect moderate job gains going forward. While the software employment growth is not expected to be spectacular, it will continue to have an outsized impact on the overall economy due to the high wages in this industry. Software employment rose 1.5% in 2011 and 1.4% in 2012 following an unprecedented 1.1% decline in 2010. We expect software employment growth to improve to 1.8% this year, slowing to an average of 1.6% per year in 2014 through 2017.

*Construction employment growth has turned positive*

Construction employment finally stopped falling in early 2011 but remained essentially flat for a year. Employment growth finally turned positive a year ago. Construction employment has grown a solid 6.8% from the first quarter of 2012 to the first quarter of 2013. Residential construction employment led the increase with a 9.4% increase over the year but nonresidential construction was also up 4.8%. On a calendar year basis, we expect residential construction employment to grow 9.5% this year but nonresidential employment will grow only 3.3%. Overall construction employment will grow 6.1% in 2013. We expect residential construction employment growth to remain strong while nonresidential construction employment growth accelerates during 2014 and 2015. We expect overall construction

employment growth of 5.7% in 2014, accelerating to 7.5% in 2015 before slowing to 6.2% and 3.8% in 2016 and 2017. Even with these impressive growth rates, construction employment will still be 23,600 below its previous peak at the end of 2017.

*Financial activities employment will be positive but modest*

The slump in financial activities employment was even more protracted, though not as deep, as construction. Financial activities employment fell 19,400 jobs (12.2%) from a peak in the first quarter of 2006 to the trough in the first quarter of 2011. Employment in credit intermediation and related activities accounts for most of the decline, followed by real estate and rental and leasing. On a calendar year basis, financial activities employment grew 0.2% in 2011 and 1.6% in 2012. Going forward, we expect modest growth for the next three years with growth of 1.2% this year, 1.1% in 2014, and 0.3% in 2015. We expect a cyclical downturn in the last two years of the forecast with growth rates of -1.7% per year in 2016 and 2017.

*Retail trade employment has rebounded*

Retail trade is another highly cyclical sector that declined early and sharply but has now turned around. Retail trade employment grew 1.5% in 2011 and 2.1% in 2012 following declines of 0.2%, 5.5%, and 0.4% in 2008, 2009, and 2010. We expect retail trade employment to 2.0% in 2013 based on fairly strong growth in recent quarters. The forecast assumes much weaker growth in the next four years as labor markets remain weak and households continue to repair their balance sheets. We expect growth to slow to 0.3%, 0.5%, 1.0%, and 0.8% in 2014 through 2017.

*We expect strong growth in professional and business services employment*

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. During a recovery, growth in this sector is boosted by gains in employment services, mainly temporary help services. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Employment growth in professional and business services rebounded to 4.0% in 2011 from just 0.6% in 2010 and a 6.9% decline in 2009. Growth slowed to 2.8% in 2012 due to a slowdown in employment services and big cuts in waste management (Hanford) and accounting services. We expect growth to remain very strong in this sector throughout the forecast with growth rates of 2.9%, 3.7%, 3.7%, 3.4%, and 2.6% in 2013 through 2017. Professional and business services employment surpassed its previous peak in the fourth quarter of 2012.

*State and local government employment cuts are nearly over*

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around but we believe we have finally passed the trough. State and local government employment peaked in the fourth quarter of 2008 and declined almost continuously through the third quarter of 2012. Since then, employment levels have risen slightly. We

expect essentially flat employment over the next few quarters with modest growth beginning in 2014. On an average annual basis, we expect state and local government employment to rise 0.7% this year, following a 0.3% decline last year. We expect employment growth to improve gradually in 2014 through 2017 with growth rates of 0.8%, 1.3%, 1.4%, and 1.1%.

## Washington Personal Income

*The 'sequestration' will last longer than previously expected*

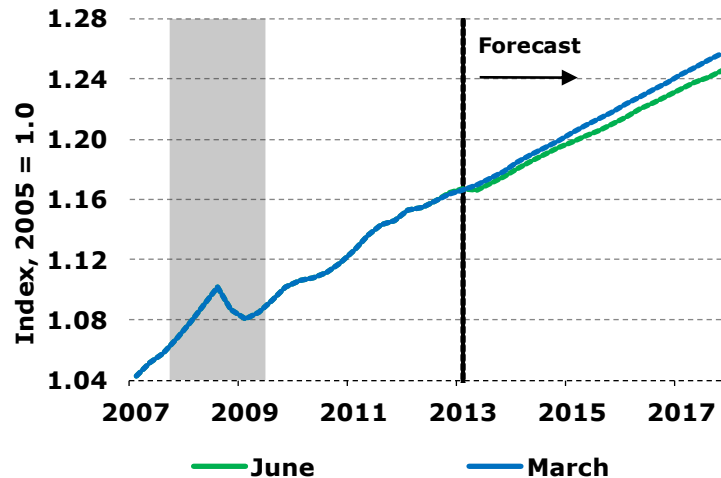
The sequestration is now expected to last through the end of 2013 rather than ending in June as expected in the March forecast. The direct impact on Washington personal income is through unpaid furloughs for federal employees. Since the affected employees will still be employed, the furloughs will not directly affect reported employment but will reduce average earnings per employee and therefore personal income. Other federal spending cuts will further reduce employment and personal income.

*Personal income growth will be lower than expected in March*

Our new forecast for personal income growth in calendar year 2013 is 3.0% which is slightly higher than the 2.9% expected in March due to stronger growth at the end of 2012. Going forward, however, we expect less income growth due to lower inflation (see Figure 2.5). Our new forecast for real personal income growth averages 3.5% per year in 2014 through 2017, the same rate as in the March forecast, but nominal personal income growth is slightly lower (5.0% compared to 5.2%).

*Lower inflation reduces nominal personal income growth*

**Figure 2.5: Implicit Price Deflator for Personal Consumption Expenditures**



Source: U.S. Bureau of Economic Analysis, ERFC June 2013 Forecast; historical data through 2013 Q1

## Washington Building Permits

*Housing construction continues to exceed our expectations*

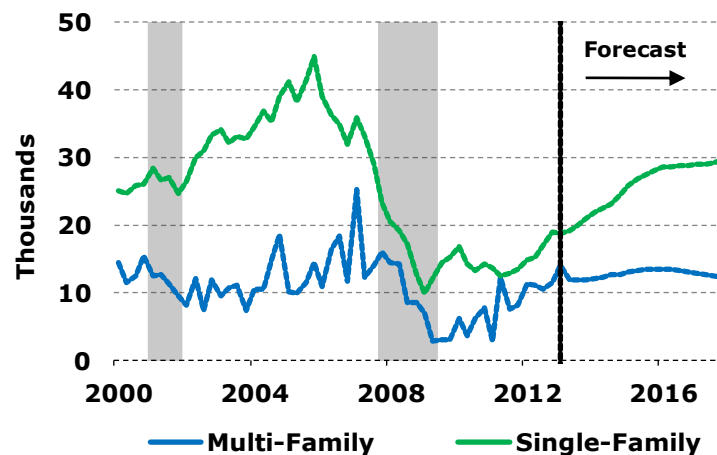
Washington housing construction continues to improve. Total housing units authorized by building permits averaged 36,000 (SAAR) in the first quarter of 2013, up from 31,000 in the fourth quarter. The March forecast had assumed 33,700 units in the first quarter. Housing has not been this strong in Washington since the fourth quarter of 2007. The positive forecast variance in housing was due to the volatile multi-family segment. Single-family permits averaged 18,900 (SAAR) units in the first quarter of 2013, slightly below our forecast of 19,500 units, but multi-family permits came in at 17,200 units (SAAR), which was much higher than our forecast of 14,100 units. Multi-family permits have recovered from unprecedented lows to where they are now in a normal range. Single-family permits still have a long way to go.

*The housing construction forecast has been once again increased*

As a result of the recent strength in housing, we have again raised our housing forecast for 2013 through 2017. While both single-family construction and multi-family construction have improved, single-family, which is still competing with a stream of distressed sales, remains relatively depressed. Multi-family construction, which is benefiting from rising rents and low vacancy rates, is back in the normal range for Washington. We expect the total number of units to increase 17.7% this year to 33,100 units. Multi-family permits will grow 14.8% to 13,300 units and single-family construction will increase 19.8% to 19,800 units. During the remainder of the forecast we believe the growth will increasingly shift to the single-family market (see Figure 2.6). The combination of low inventories and record affordability argues for strong growth in single-family housing

*Housing construction will be increasingly in the single-family segment*

**Figure 2.6: Washington Housing Units Authorized by Building Permits, SAAR**



Source: U.S. Census Bureau, ERFC June 2013 Forecast; historical data through 2013 Q1

construction as the economy recovers. We expect housing units to rise 9.0% to 36,100 in 2014, 13.6% to 41,000 in 2015 and 3.5% to 42,400 in 2016 before declining and 0.4% to 42,200 in 2017.

## Seattle Consumer Price Index

*Seattle area inflation will slow as energy costs decline*

Inflation, as measured by the Seattle Consumer Price Index, has increased sharply from less than one percent per year in 2009 and 2010. Declining shelter costs, which are measured by rents in the CPI, were responsible for much of the low inflation. Rents are now rising, however, and energy costs have risen sharply, causing inflation to jump to 2.7% in 2011 and 2.5% in 2012. We expect declining oil prices during the remainder of the forecast which should help restrain inflation. We expect Seattle inflation to decline to 1.2% in 2013, 2.2% in 2014, 2.0% in 2015 and 1.8% in 2016 and 2017.

*Core inflation will remain moderate*

Core inflation (excluding food and energy) in Seattle rebounded to 1.3% in 2011 and 2.6% in 2012 after a negative 0.5% in 2010. Falling shelter costs were the main reason for the decline but rents have since turned around. As the economic recovery continues, Seattle core inflation will increase but remain in a moderate range. We expect the core Seattle CPI to rise 1.6% this year, 2.1% in 2014, 1.9% in 2015, 1.8% in 2016, and 1.7% in 2017.

## Forecast by Fiscal Year

*Personal income growth will improve as the economy recovers*

Nominal personal income growth improved to an estimated 5.1% in FY 2012 following a 4.8% increase in 2011 and a 1.3% decline in FY 2010. The turnaround in personal income growth is mostly due to a resumption of positive job growth after a big decline in fiscal 2010. Property income (dividends, interest, and rent) also recovered strongly in the last two years. The payroll tax cut, which took place halfway through fiscal 2011, added about one-half of a percentage point to growth in each of fiscal 2011 and fiscal 2012. We expect personal income growth to slow to 4.3% in fiscal 2013 and 4.0% in fiscal 2014 due to higher taxes and the sequester before recovering to 5.1%, 4.8%, and 5.0% in fiscal 2015 through fiscal 2017.

*Job growth is expected to accelerate*

Washington nonfarm payroll employment continues to recover, rising 1.5% in fiscal 2012 following a 0.6% increase in fiscal 2010 and a 3.9% decline in fiscal 2010. Manufacturing employment increased 4.8% in fiscal 2012 while construction employment edged down 1.1%. Private service-providing employment rose 2.0% in fiscal 2012 but government employment declined 1.1%. We expect employment growth to continue to improve for the next few years as improving construction employment growth more than offsets declining manufacturing growth and the reductions in government employment subsidy. As the economic

recovery continues, we expect overall employment growth to improve to 2.0% in FY 2013, 1.7% in FY 2014, and 1.9% in FY 2015 and 2016, slowing to 1.6% in FY 2017.

*Housing construction will continue to build momentum*

The number of housing units authorized by building permits in Washington continues to recover, rising 15.4% in fiscal 2012 to 23,900 units following a 7.6% gain in fiscal 2011. Previously, permits had fallen 64% since the peak in FY 2006. Single-family permits increased 4.8% in FY 2012 to 14,100 units while multi-family units rose 35.0% to 9,800 units. We expect strong growth in both single-family and multi-family construction this fiscal year as single-family construction increases 31.3% to 18,500 units and multi-family construction increases 31.4% to 12,900 units. Overall permits will increase 31.3% this fiscal year to 31,400 units. Housing construction should continue to improve, growing 8.3% in FY 2014 to 34,000 units, 13.5% in FY 2015 to 38,600 units, 9.2% in FY 2016 to 42,100 units, and 0.5% in FY 2017% to 42,300 units.

*Inflation will remain moderate*

Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased to 1.2% in FY 2011 and 3.1% in FY 2012 from just 0.3% in FY 2010. Energy costs are largely responsible for the increase in inflation. Core inflation (excluding food and energy) rose a more moderate 2.4% in fiscal 2012. Energy costs will subtract from inflation in FY 2013 through FY 2017 as oil prices decline. We expect headline inflation of 1.8% this fiscal year, 1.5% in FY 2014, 1.9% in FY 2015, 1.7% in FY 2016, and 1.8% in FY 2017.

Table 2.1 provides a fiscal year summary of the state economic indicators.

## Alternative Scenarios

*Alternate forecasts are prepared in accordance with state law*

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

### Optimistic

*The private sector recovery continues, while policymakers avoid imposing excessive fiscal restraint*

In the optimistic scenario, national housing starts continue to rise rapidly and eclipse 1.25-million units by the end of 2013. On the policy front, the sequester spending cuts remain in place through the end of September, but public discomfort from their effects compels Congress to agree on a credible long-term deficit-reduction plan, replacing the automatic cuts. Across the Atlantic, policymakers develop a credible pro-growth plan to tackle sovereign-debt issues and prevent a financial meltdown. There are no exits from the Eurozone, as members take decisive steps towards a banking and fiscal union that stabilize markets. In the rest of the world, favorable news from the United States and

Europe leads to stronger emerging-market growth. With a stronger outlook and less fiscal uncertainty, consumer and business confidence rise sharply. Already a bright spot in the recovery, light-vehicle sales near the 16-million-unit threshold in 2013 and eclipse 17-million units in 2014. The labor market continues to pick up steam, and by early 2014 the economy is adding about 300,000 jobs per month. The unemployment rate drops below 7.0% in early 2014.

*The optimistic scenario also assumes a much stronger Washington economy*

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that after declining in the first three quarters of 2013, aerospace employment resumes an upward trend through 2017 rather than continuing to fall as in the baseline. Software employment growth is also much stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due to the stronger regional economy as is average wage growth. The strong local economy also drives population growth higher. The recovery in construction employment is much stronger than in the baseline forecast. By the end of 2017, Washington nonagricultural employment is higher by 183,900 jobs than in the baseline forecast and Washington personal income is \$45.3 billion higher.

### **Pessimistic**

*In the pessimistic alternative, fiscal tightening from the sequester nearly derails the fragile recovery*

In the pessimistic scenario, political gridlock settles in, with policymakers unable to agree to a "grand bargain" fiscal plan. Instead, lawmakers decide that in the face of a weak economy, tightening further is the best option. They resolve to further cut discretionary spending in 2014, taking yet another chunk out of growth. At the same time, the global outlook rapidly deteriorates, thus reducing the appetite for US exports. Europe sinks deeper into recession territory as painful austerity plans and structural reform programs, and political instability exacerbate the financial strains in Europe's southern periphery. Greece eventually exits the Eurozone in early 2014, as funding from the "troika" dries up. Spain and Italy, in particular, face severe economic contractions and a renewed rise in interest rates to finance their debts, and Spain eventually must restructure its debt. In addition, global growth is restrained by a harder landing in China and weaker growth in other emerging economies. Businesses facing weak sales at home and abroad have no alternative but to cut payrolls. In turn, this leads to depressed income, low profits, and declining employment, with the unemployment rate rising back toward 9%.

*This scenario also assumes a weaker local economy*

At the state level, aerospace employment declines much more rapidly in 2013 through 2017 than assumed in the baseline forecast. Software employment also begins to decline in the second half of 2013. Population growth is also weaker than in the baseline forecast as migration into Washington drops.

Construction employment is essentially flat in the pessimistic alternative rather than rising as in the baseline. The Seattle CPI is lower than in the baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2017, Washington non-agricultural employment is 174,300 lower than in the baseline forecast and Washington personal income is \$36.9 billion lower.

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

### **Governor’s Council of Economic Advisors (GCEA)**

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

*The Governor’s Council members expect similar output growth but higher inflation*

At the national level, the GCEA outlook for real GDP is slightly higher than the baseline forecast in calendar years 2013 and 2014 but weaker in 2015 through 2017. Overall, the two GDP forecasts were very similar. Real consumer spending in the Governor’s Council scenario was also very close to the baseline scenario throughout the forecast. The GCEA members do expect higher inflation in every year. As a result, nominal consumption is higher in the Governor’s Council scenario than in the baseline forecast. The GCEA expects slightly lower oil prices in 2012 and 2013 but they do not expect the significant declines the baseline forecast assumes in 2014 through 2017. As a result, their oil price forecast is more than \$5 higher than the baseline forecast by 2017. The Council members’ mortgage rate forecast is the same as the baseline forecast in 2013 but lower in 2014 through 2017.

*For Washington, the GCEA scenario is a little more optimistic than the baseline forecast*

The GCEA scenario for Washington is similar to the baseline forecast. Their real personal income forecast averages the same 3.2% annual rate as does the baseline forecast but, because they expect higher inflation, their nominal personal income forecast is higher (4.8% versus 4.6%). The council members’ forecast for total employment is either the same or slightly higher than the baseline forecast in each year of the forecast. Overall, their forecast expects an average employment growth rate of 1.9% per year compared to 1.8% in the baseline forecast. The GCEA forecast for manufacturing employment is slightly higher than the baseline forecast but their construction employment forecast is lower in spite of the fact that their housing permit forecast is higher than the baseline forecast. At the end of 2017, the GCEA forecast for Washington nonfarm employment is 21,100 higher than in the baseline forecast and Washington personal income is \$4.6 billion higher.

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



Table 2.1  
**Washington Economic Forecast Summary**  
 Forecast 2013 to 2017

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	252.316	259.564	266.465	274.414	282.163	292.155	301.902	312.364
% Ch	-3.4	2.9	2.7	3.0	2.8	3.5	3.3	3.5
Real Wage and Salary Disb.	133.365	135.361	138.901	143.319	147.386	152.072	156.762	161.013
% Ch	-2.6	1.5	2.6	3.2	2.8	3.2	3.1	2.7
Real Nonwage Income	118.951	124.203	127.564	131.095	134.777	140.083	145.140	151.351
% Ch	-4.1	4.4	2.7	2.8	2.8	3.9	3.6	4.3
Real Per Capita Income (\$/Person)	37,550	38,207	38,790	39,524	40,209	41,180	42,099	43,119
% Ch	-4.2	1.8	1.5	1.9	1.7	2.4	2.2	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.102	1.123	1.149	1.164	1.178	1.196	1.213	1.231
% Ch	1.3	1.9	2.3	1.3	1.2	1.5	1.4	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.264	2.290	2.360	2.402	2.439	2.486	2.527	2.572
% Ch	0.3	1.2	3.1	1.8	1.5	1.9	1.7	1.8
Average Nonfarm Annual Wage	50,383	51,892	53,731	55,122	56,519	58,150	59,703	61,271
% Ch	2.5	3.0	3.5	2.6	2.5	2.9	2.7	2.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.53	23.75	24.04	24.21	24.50	24.91	25.33	25.80
% Ch	6.8	0.9	1.2	0.7	1.2	1.7	1.7	1.9
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	278.117	291.496	306.229	319.498	332.375	349.469	366.200	384.491
% Ch	-2.2	4.8	5.1	4.3	4.0	5.1	4.8	5.0
Disposable Personal Income	251.560	261.491	272.785	282.725	291.556	307.218	322.807	339.180
% Ch	-1.0	3.9	4.3	3.6	3.1	5.4	5.1	5.1
Per Capita Income (\$/Person)	41,389	42,906	44,577	46,017	47,363	49,258	51,064	53,075
% Ch	-3.0	3.7	3.9	3.2	2.9	4.0	3.7	3.9
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,520.8	3,494.4	3,485.6	3,477.2	3,524.6	3,571.1	3,612.0	3,649.2
Total Washington Employment	3,169.6	3,159.8	3,181.7	3,215.4	3,284.4	3,339.9	3,393.4	3,437.8
Unemployment Rate (%)	9.97	9.57	8.72	7.53	6.81	6.47	6.05	5.79
Nonfarm Payroll Employment	2,788.8	2,804.3	2,846.1	2,902.8	2,951.2	3,007.0	3,064.7	3,114.6
% Ch	-3.9	0.6	1.5	2.0	1.7	1.9	1.9	1.6
Manufacturing	258.4	262.0	274.8	284.3	287.0	291.1	294.4	296.3
% Ch	-7.4	1.4	4.8	3.5	0.9	1.5	1.1	0.6
Durable Manufacturing	184.5	187.5	199.2	208.5	209.9	213.1	215.6	216.6
% Ch	-8.4	1.6	6.2	4.7	0.7	1.5	1.2	0.5
Aerospace	81.1	82.5	90.8	96.1	93.6	91.7	89.9	88.1
% Ch	-2.2	1.7	10.0	5.9	-2.7	-2.0	-2.0	-2.0
Nondurable Manufacturing	73.9	74.5	75.6	75.8	77.0	78.0	78.8	79.7
% Ch	-4.6	0.9	1.5	0.3	1.6	1.3	1.0	1.1
Construction	146.4	138.1	136.6	143.4	151.1	161.4	173.1	181.7
% Ch	-19.2	-5.7	-1.1	4.9	5.4	6.8	7.3	5.0
Service-Providing	2,378.1	2,398.3	2,428.8	2,469.2	2,507.0	2,547.7	2,589.6	2,628.8
% Ch	-2.4	0.8	1.3	1.7	1.5	1.6	1.6	1.5
Software Publishers	50.8	51.2	52.0	52.8	53.7	54.3	55.2	56.3
% Ch	-2.6	0.9	1.6	1.5	1.6	1.2	1.6	2.0
Nonfarm Payroll Employment, EOP*	2,790.1	2,821.5	2,866.0	2,921.3	2,971.1	3,028.8	3,084.9	3,130.4
% Ch*	-1.4	1.1	1.6	1.9	1.7	1.9	1.9	1.5
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	19.272	20.731	23.916	31.403	33.997	38.574	42.140	42.331
% Ch	-2.5	7.6	15.4	31.3	8.3	13.5	9.2	0.5
Single-Family	15.234	13.473	14.120	18.535	21.333	25.111	28.255	28.990
% Ch	17.1	-11.6	4.8	31.3	15.1	17.7	12.5	2.6
Multi-Family	4.038	7.258	9.796	12.868	12.664	13.463	13.885	13.341
% Ch	-40.1	79.7	35.0	31.4	-1.6	6.3	3.1	-3.9
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.49	3.91	4.39	5.24	6.03

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

Table 2.2  
**Comparison of Alternative Forecasts**

Fiscal Years

	2012	2013	2014	2015	2016	2017
<b>U.S.</b>						
<b>Real GDP, Percent Change</b>						
Optimistic	2.0	2.0	3.5	4.7	3.6	3.3
Baseline	2.0	2.0	2.3	2.9	3.1	2.8
Pessimistic	2.0	1.9	0.6	1.6	2.6	2.5
<b>Implicit Price Deflator, Percent Change</b>						
Optimistic	2.3	1.3	1.6	1.4	1.1	1.3
Baseline	2.3	1.3	1.2	1.5	1.4	1.5
Pessimistic	2.3	1.3	0.4	1.5	2.1	2.2
<b>Mortgage Rate, Percent</b>						
Optimistic	4.01	3.51	4.52	5.72	6.30	6.41
Baseline	4.01	3.49	3.91	4.39	5.24	6.03
Pessimistic	4.01	3.48	3.47	3.72	4.68	5.45
<b>3 Month T-Bill Rate, Percent</b>						
Optimistic	0.05	0.09	0.26	1.70	3.58	3.88
Baseline	0.05	0.08	0.09	0.08	1.01	2.94
Pessimistic	0.05	0.08	0.05	0.06	0.08	0.08
<b>Washington</b>						
<b>Real Personal Income, Percent Change</b>						
Optimistic	2.7	3.3	4.9	6.9	6.2	5.0
Baseline	2.7	3.0	2.8	3.5	3.3	3.5
Pessimistic	2.7	2.7	0.6	0.6	1.0	1.4
<b>Personal Income, Percent Change</b>						
Optimistic	5.1	4.7	6.6	8.4	7.4	6.4
Baseline	5.1	4.3	4.0	5.1	4.8	5.0
Pessimistic	5.1	4.0	1.0	2.1	3.1	3.7
<b>Employment, Percent Change</b>						
Optimistic	1.5	2.1	2.7	3.6	3.2	2.6
Baseline	1.5	2.0	1.7	1.9	1.9	1.6
Pessimistic	1.5	1.9	0.5	0.3	0.6	0.7
<b>Housing Permits, Thousands of Authorized Units</b>						
Optimistic	23.9	31.4	38.5	46.7	52.0	52.8
Baseline	23.9	31.4	34.0	38.6	42.1	42.3
Pessimistic	23.9	31.1	29.1	31.4	33.5	33.0

Table 2.3  
**Governor's Council of Economic Advisor's Forecast**

Calendar Years

	2012	2013	2014	2015	2016	2017
<b><u>U.S.</u></b>						
<b>Real GDP</b>						
<i>Growth</i>						
ERFC	0.0	1.9	2.6	3.1	2.9	2.8
GCEA Average	0.0	2.2	2.7	2.8	2.7	2.6
<b>Real Consumption</b>						
<i>Growth</i>						
ERFC	0.0	2.3	2.5	2.7	2.7	2.6
GCEA Average	0.0	2.3	2.5	2.6	2.6	2.5
<b>Implicit Price Deflator, PCE</b>						
<i>Growth</i>						
ERFC	0.0	1.0	1.5	1.4	1.5	1.4
GCEA Average	0.0	1.2	1.7	1.8	1.7	1.7
<b>Mortgage Rate</b>						
<i>Percent</i>						
ERFC	0.0	3.6	4.2	4.8	5.7	6.3
GCEA Average	0.0	3.6	4.0	4.6	5.3	5.7
<b>Oil Price (Brent)</b>						
<i>Dollars per barrel</i>						
ERFC	0.0	105.8	100.5	96.7	93.9	91.9
GCEA Average	0.0	103.3	99.0	97.6	97.2	97.2
<b><u>Washington State</u></b>						
<b>Real Personal Income</b>						
<i>Growth</i>						
ERFC	2.6	1.9	3.7	3.4	3.4	3.6
GCEA Average	2.5	2.2	3.6	3.4	3.4	3.4
<b>Wage and Salary Employment</b>						
<i>Growth</i>						
ERFC	1.7	1.9	1.7	1.9	1.8	1.4
GCEA Average	1.7	2.0	2.0	1.9	1.8	1.7
<b>Manufacturing Employment</b>						
<i>Growth</i>						
ERFC	4.5	1.9	1.3	1.1	1.0	0.4
GCEA Average	3.9	2.0	1.3	1.3	0.9	0.5
<b>Construction Employment</b>						
<i>Growth</i>						
ERFC	1.1	6.1	5.7	7.5	6.2	3.8
GCEA Average	1.5	5.4	6.1	6.1	5.5	4.2
<b>Housing Permits</b>						
<i>Thousands of authorized units</i>						
ERFC	27.7	33.1	36.1	41.0	42.4	42.2
GCEA Average	27.1	33.5	39.1	42.0	43.2	42.6
<b>Washington Average Annual Wage</b>						
<i>Growth</i>						
ERFC	3.5	1.9	2.9	2.7	2.7	2.8
GCEA Average	2.9	2.7	3.1	3.0	3.0	3.0

Table 2.4  
**Forecast Analysis**  
 Comparison of Forecasts for 2011-13

Forecast Date	2010				2011				2012				2013	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
<b>Washington</b>														
Percent Growth, 2011:2-2013:2														
Employment	5.6	6.2	6.1	5.5	5.3	4.5	3.4	3.0	3.7	3.3	3.6	3.8	3.4	3.5
Personal Income	12.5	12.0	11.1	10.9	10.8	10.0	7.4	7.4	7.6	8.2	9.1	8.8	7.7	7.9
Real Personal Income	8.4	8.0	7.8	7.4	7.0	6.6	4.9	4.3	4.2	5.0	5.3	5.6	4.6	5.1
Total (Thousands of units), 2011:3 to 2013:2														
Housing Units Authorized	86.7	85.3	69.5	66.8	55.8	50.9	43.8	42.8	42.0	47.1	51.8	53.0	55.0	55.3

Table 2.5  
**Forecast Comparison**  
Forecast 2013 to 2015

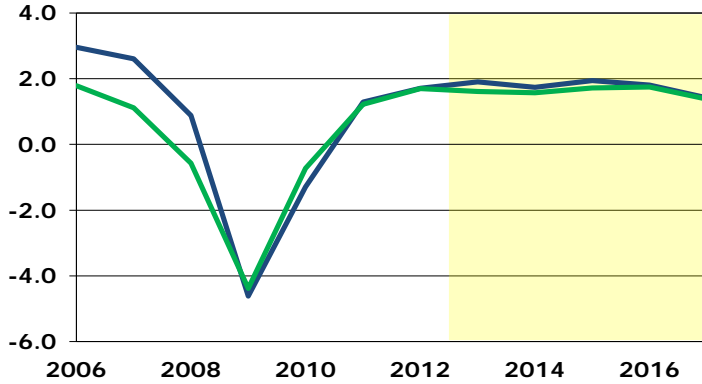
Fiscal Years

	2011	2012	2013	2014	2015	2016	2017
<b>Washington</b>							
<b>Real Personal Income</b>							
June Baseline	259.564	266.465	274.414	282.163	292.155	301.902	312.364
% Ch	2.9	2.7	3.0	2.8	3.5	3.3	3.5
March Baseline	259.564	266.655	272.943	281.148	290.812	300.604	311.162
% Ch	2.9	2.7	2.4	3.0	3.4	3.4	3.5
<b>Personal Income</b>							
June Baseline	291.496	306.229	319.498	332.375	349.469	366.200	384.491
% Ch	4.8	5.1	4.3	4.0	5.1	4.8	5.0
March Baseline	291.496	306.448	317.931	332.293	349.540	367.027	385.998
% Ch	4.8	5.1	3.7	4.5	5.2	5.0	5.2
<b>Employment</b>							
June Baseline	2804.3	2846.1	2902.8	2951.2	3007.0	3064.7	3114.6
% Ch	0.6	1.5	2.0	1.7	1.9	1.9	1.6
March Baseline	2804.3	2846.1	2898.5	2949.8	3007.4	3067.7	3119.1
% Ch	0.6	1.5	1.8	1.8	2.0	2.0	1.7
<b>Housing Permits</b>							
June Baseline	20.731	23.916	31.403	33.997	38.574	42.140	42.331
% Ch	7.6	15.4	31.3	8.3	13.5	9.2	0.5
March Baseline	20.731	23.887	31.143	33.137	36.990	41.072	42.114
% Ch	7.6	15.2	30.4	6.4	11.6	11.0	2.5

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

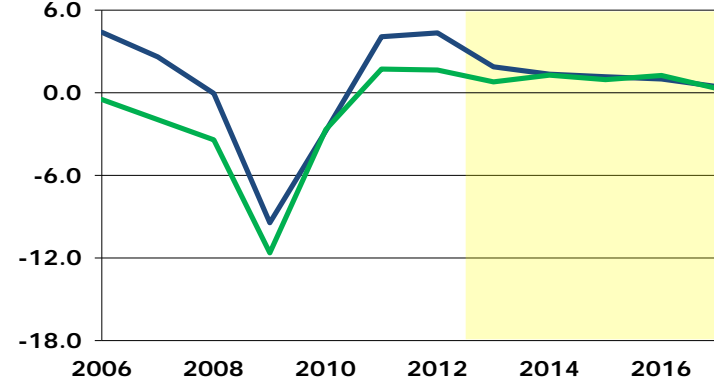
Forecast

Total nonfarm payroll employment



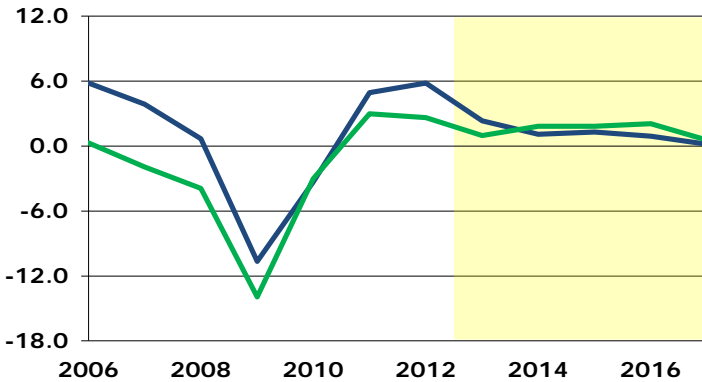
Source: WA State Employment Security Dept. 2012, ERFC 2017

Manufacturing employment



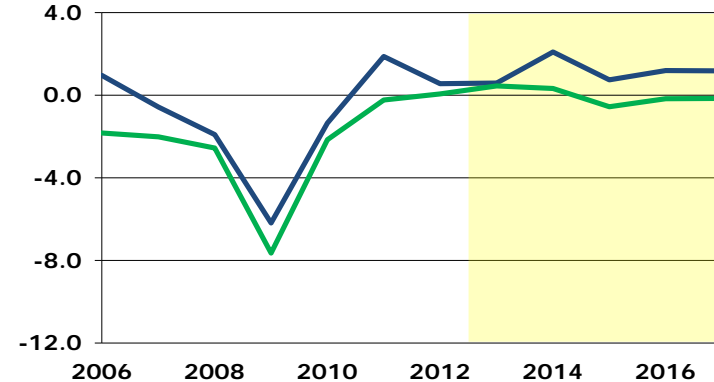
Source: WA State Employment Security Dept. 2012, ERFC 2017

Durable manufacturing employment



Source: WA State Employment Security Dept. 2012, ERFC 2017

Nondurable manufacturing employment



Source: WA State Employment Security Dept. 2012, ERFC 2017

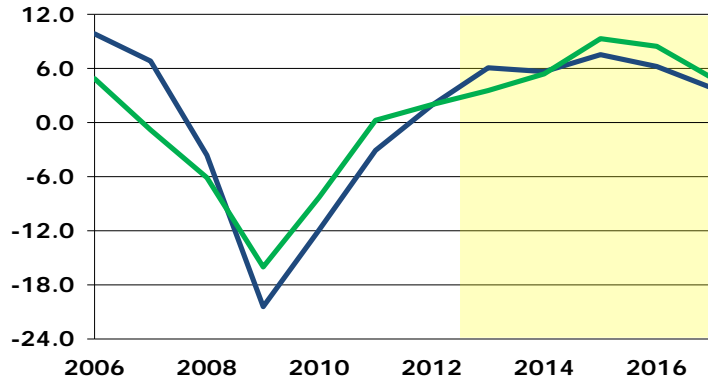
Washington

U.S.

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

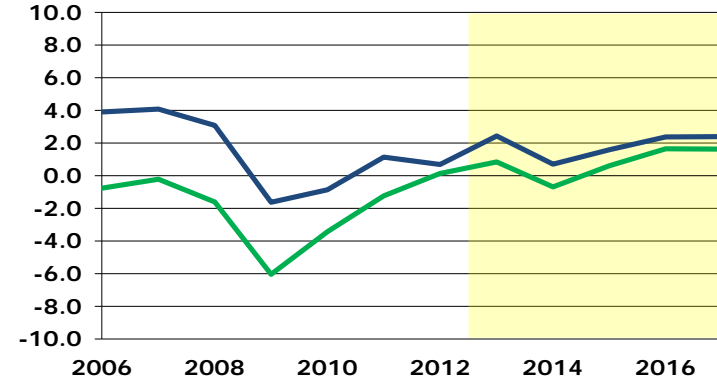
Forecast

Construction employment



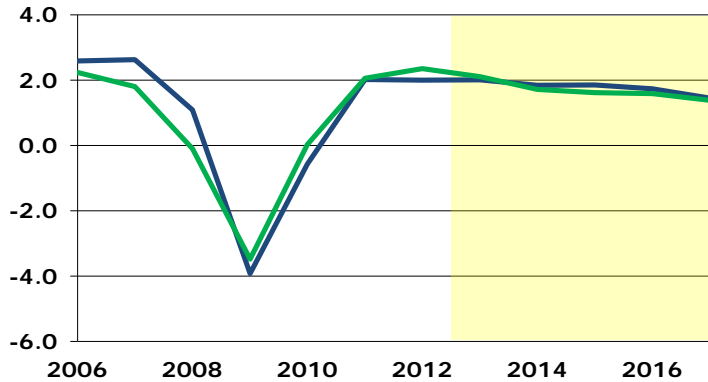
Source: WA State Employment Security Dept. 2012, ERFC 2017

Information employment



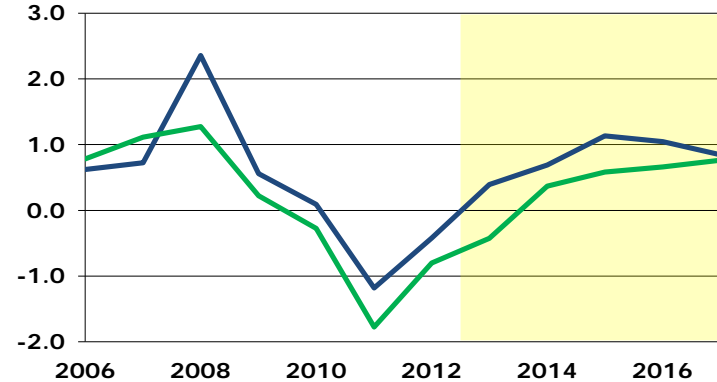
Source: WA State Employment Security Dept. 2012, ERFC 2017

Other private employment



Source: WA State Employment Security Dept. 2012, ERFC 2017

Government employment

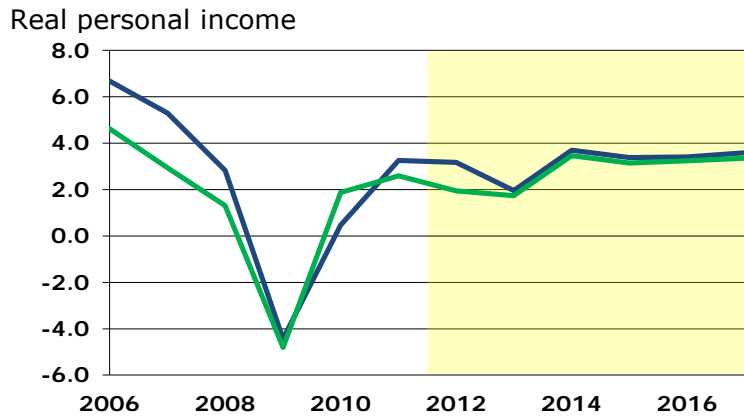


Source: WA State Employment Security Dept. 2012, ERFC 2017

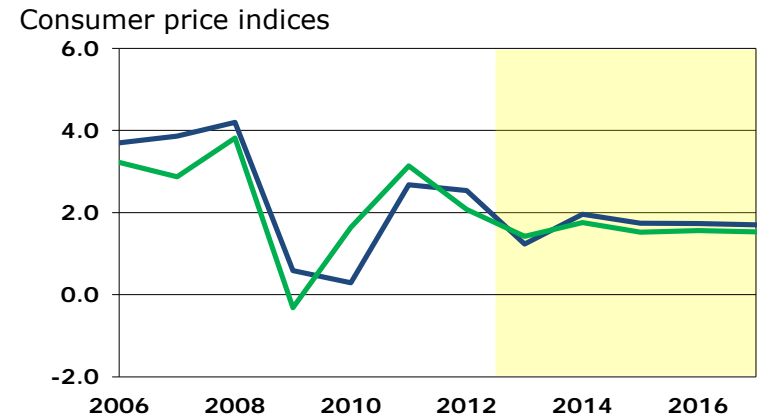
Washington

U.S.

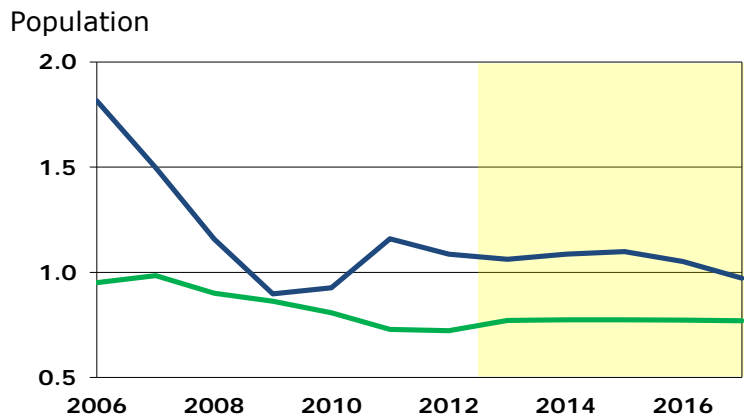
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)  
(Percent change)



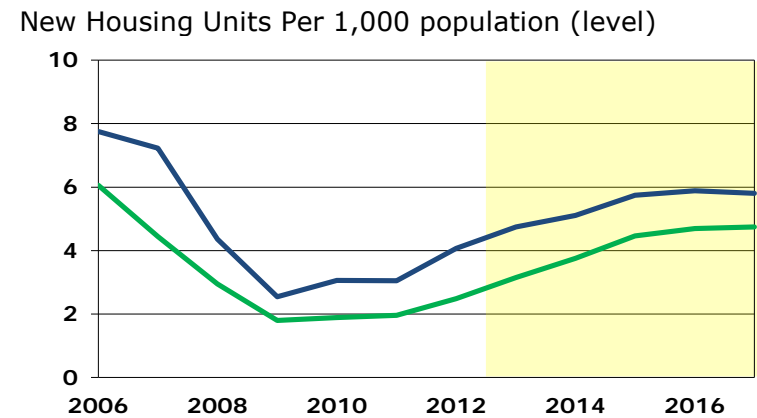
Source: Bureau of Economic Analysis 2011, ERFC 2017



Source: Bureau of Labor Statistics 2012, ERFC 2017



Source: Office of Financial Management 2010, ERFC 2017



Source: Census Bureau 2012, ERFC 2017

■ Washington

■ U.S.

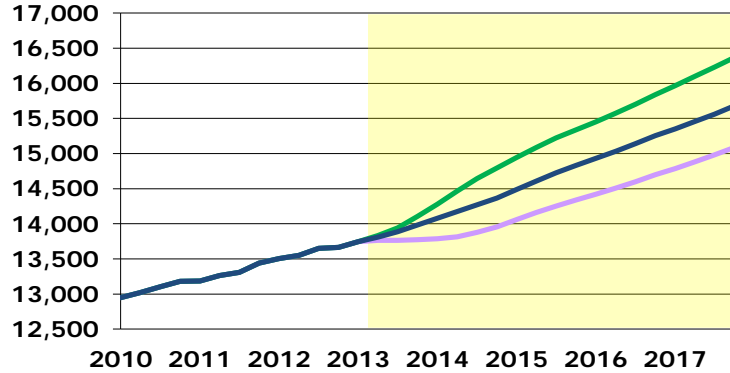
■ Forecast



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

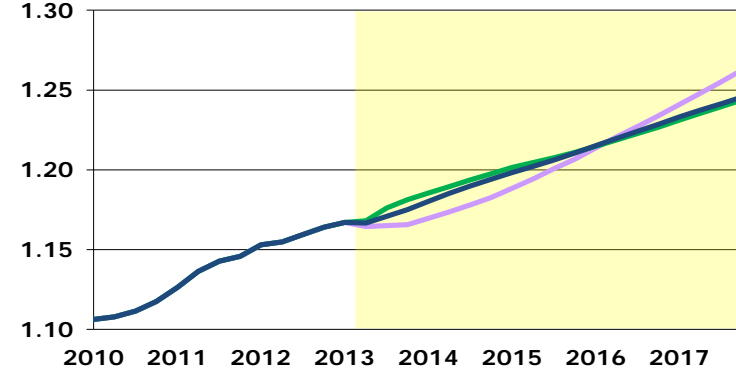
Forecast

Real GDP, billions of chained 2005 dollars



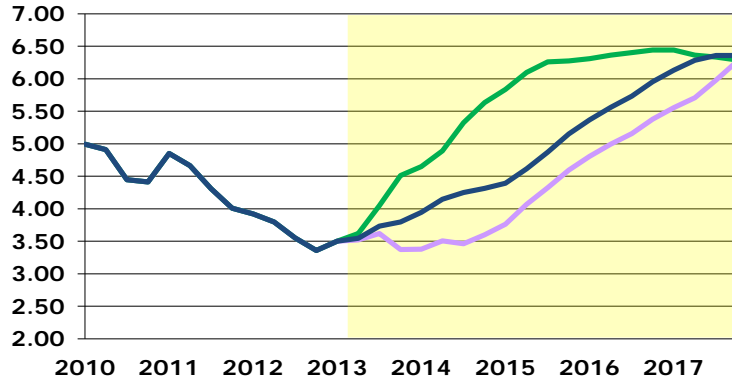
Source: Bureau of Economic Analysis 2013 Q1, ERFC 2017

Implicit price deflator, index 2005 = 1.0



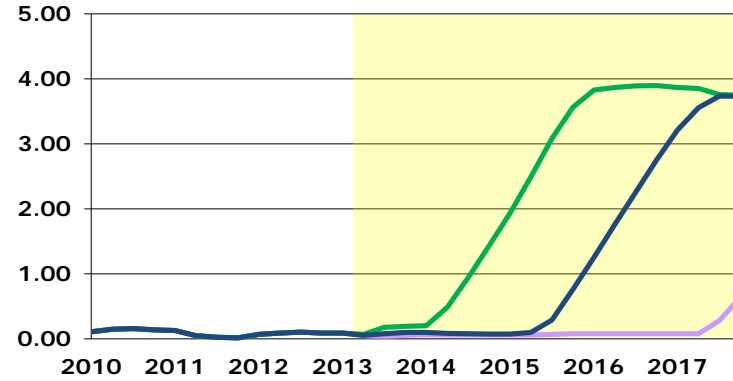
Source: Bureau of Economic Analysis 2013 Q1, ERFC 2017

Mortgage rate, percent



Source: Freddie Mac 2013 Q1, ERFC 2017

Three month T-bill rate, percent



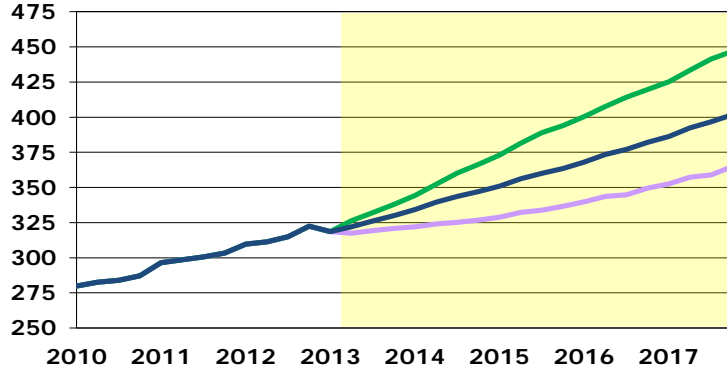
Source: Federal Reserve Board 2013 Q1, ERFC 2017

■ Baseline      ■ Optimistic      ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

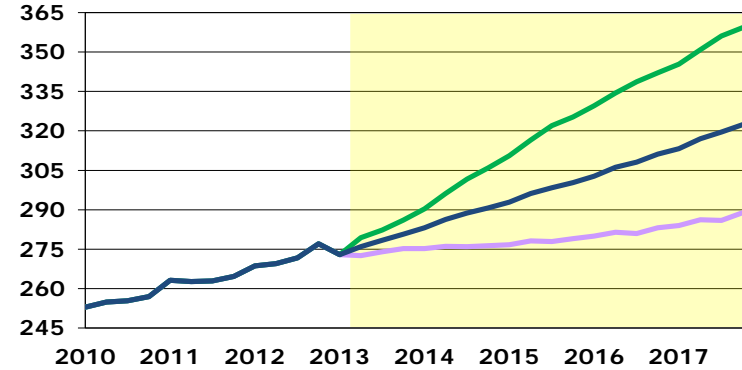
Forecast

Personal income, billions of dollars



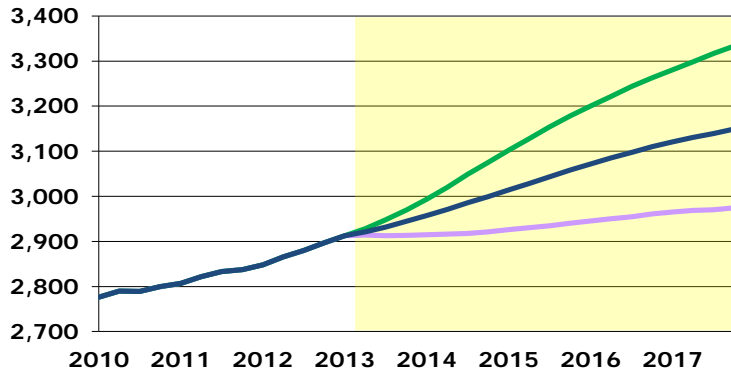
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2017

Real personal income, billions of chained 2005 dollars



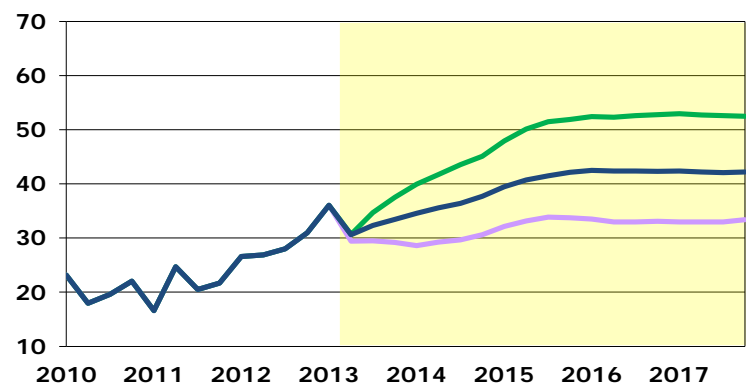
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2017

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2013 Q1, ERFC 2017

Housing permits, thousands



Source: Census Bureau 2013 Q1, ERFC 2017

■ Baseline      ■ Optimistic      ■ Pessimistic



## Chapter 3: Washington State Revenue Forecast Summary

- **Changes in the June state economic forecast relative to March's were mixed, with higher construction and real estate activity but lower income growth, employment growth and inflation.**
- **Revenue collections as of June 18<sup>th</sup> were \$118 million ahead of the March forecast, but some of the variance stemmed from early payments that were forecasted to reduce some June collections.**
- **The net forecast increase for the 2011-13 biennium was \$110 million. The forecast for the 2013-15 biennium was increased by \$121 million and the forecast for the 2015-17 biennium was increased by \$51 million.**
- **Forecast increases for the next two biennia stemmed mainly from increases in real estate excise and retail sales taxes resulting from the higher forecasts of housing construction and sales.**

### Overview

*The June economic forecast had stronger housing activity than March's but weaker income growth and lower inflation and employment*

Changes in the June economic forecast for Washington as compared to March's forecast were mixed. Forecasted employment and income were higher for 2013 and 2014 but lower forecasted growth rates brought both measures below their previously forecasted levels from 2015 to 2017. Forecasted inflation was also lower, meaning lower forecasted prices on many taxed items. Counteracting the lower inflation, income, and employment forecasts, however, was an increase in forecasted housing construction and sales. Revenue collections have also been coming in ahead of the March forecast. The net result of the forecast changes plus the revenue collection experience was a moderate increase in forecasted revenue.

*GF-S forecast change by biennium (millions):*

*11-13: \$110  
13-15: \$121  
15-17: \$51*

Table 3.1 summarizes the changes to the forecast of General Fund-State (GF-S) revenue for the 2011-13 through 2015-17 biennia. As of June 18<sup>th</sup>, revenue collections were \$117.9 million ahead of the March 2013 forecast. For the remainder of the current biennium, \$7.6 million was subtracted from the forecast, for a total increase of \$110.4 million. Changes to the economic forecast resulted in increases of \$175.9 million in forecasted

revenue in the 2013-15 biennium and \$58.4 million in the 2015-17 biennium. Non-economic changes, however, reduced the forecasts for these biennia: two large expected refunds totaling \$55 million in the 2013-15 biennium and a transfer of \$7.5 million out of the GF-S and into a dedicated account in the 2015-17 biennium. The net forecast changes for the 2013-15 and 2015-17 biennia were therefore \$120.9 million and \$50.9 million respectively. With these revisions, GF-S revenue for the 2011-13 biennium is forecasted to total \$30,646.6 million and revenues for the 2013-15 and 2015-17 biennia are forecasted at \$32,662.2 million and \$35,357.1 million respectively.

*GF-S forecast (\$millions):*

2011-13:  
\$30,647

2013-15:  
\$32,662

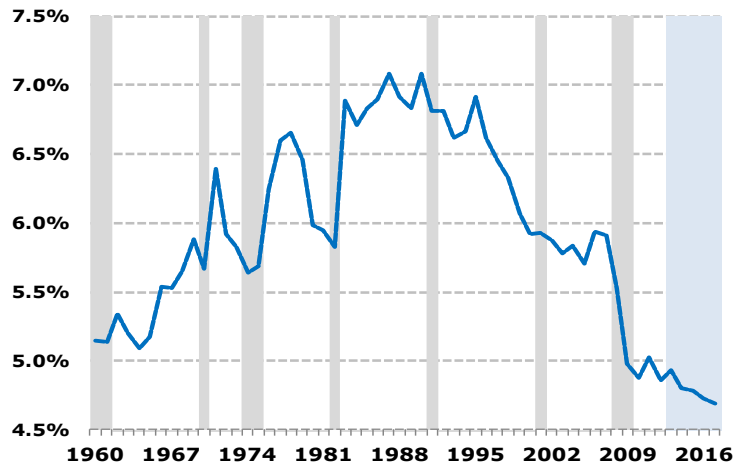
2015-17:  
\$35,357

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

	<b>2011-13 Biennium</b>	<b>2013-15 Biennium</b>	<b>2015-17 Biennium</b>
Collection Experience	\$117.9	NA	NA
Non-Economic Change	\$0.0	(\$55.0)	(\$7.5)
Forecast Change	(\$7.6)	\$175.9	\$58.4
<b>Total Change</b>	<b>\$110.4</b>	<b>\$120.9</b>	<b>\$50.9</b>

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

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



Source: ERFC, data through fiscal year 2012

*The ratio of collections to income is at historical lows*

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income is forecasted to reach its lowest levels in ERFC records. The ratio of revenue to income has been on a downward trend since 1995, broken only by the housing boom that raised the ratio from 2005 to mid-2008 and

by temporary taxes and transfers of funds from non-GF-S sources into the GF-S that again boosted the ratio between fiscal years 2011 and 2013. The June forecast, as shown in the light blue shaded area, has the ratio decreasing sharply in FY 2014 as several temporary increases of taxes and transfers of revenue to the GF-S expire. The ratio then continues to trend downward at a more gradual pace through FY 2017.

*Forecast details are at the end of the chapter*

The history of nominal and real GF-S revenue by biennium can be found in Table 3.3. GF-S revenue by agency and major revenue classification for the 2011-13 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). GF-S revenue by agency and major revenue classification for the 2013-15 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 can be found in Table 3.9.

## Recent Collection Experience

*Cumulative receipts from major sources that are tracked monthly were \$118 million (3.0%) more than the March forecast*

Revenue collections from the Department of Revenue (DOR), Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. In the period since the March forecast, total revenue from the above sources came in \$117.9 million (3.0%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$59.0 million (2.2%) above the forecast. Revenue from other DOR tax sources from March through May was \$58.5 million (5.2%) higher than expected. Most of this positive variance was due to real estate excise tax (REET) receipts, which came in \$34.2 million (33.7%) above the forecast. Liquor tax receipts were \$2.1 million (3.6%) lower than forecasted while cigarette tax receipts came in \$4.4

**Table 3.2: Pre-Forecast Collection Variance of Major General Fund-State Taxes by Agency (based on March 2013 forecast, cash basis, millions of dollars)**

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$59.0	2.2%
Non Revenue Act	\$58.5	5.2%
Subtotal	\$117.5	3.0%
Department of Licensing	\$0.9	18.5%
Administrative Office of the Courts	(\$0.5)	-2.0%
<b>Total*</b>	<b>\$117.9</b>	<b>3.0%</b>

\* Detail may not add to total due to rounding.  
Source: ERFC; Period: March 11 - June 18, 2013

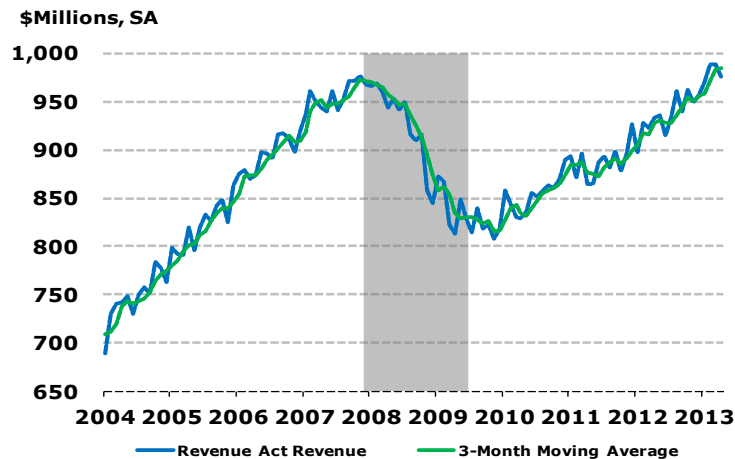
million (4.4%) higher than forecasted. Property tax receipts were \$16.6 million (2.0%) higher than forecasted. The sum of the variances of other DOR sources was \$5.5 million. Revenue from the Department of Licensing was \$0.9 million (18.5%) higher than forecasted and revenue from the Administrative Office of the Courts was \$0.5 million (2.0%) lower than forecasted.

*Adjusted Revenue Act collections were up 5.2% year-over-year in the most recent collection period and up 5.4% in the previous period*

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments. It is also adjusted for recent changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. Collections slowed in mid-2011 but have since resumed their upward course. Recent growth has been moderate, with year-over-year growth of 5.2% in the May 11 - June 10 collection period and 5.4% in the previous period. Trend growth is still below the levels of 2004 through 2007.

**Figure 3.2: Revenue Act Collections\***

*Seasonally adjusted Revenue Act collections remain on an upward trend*



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

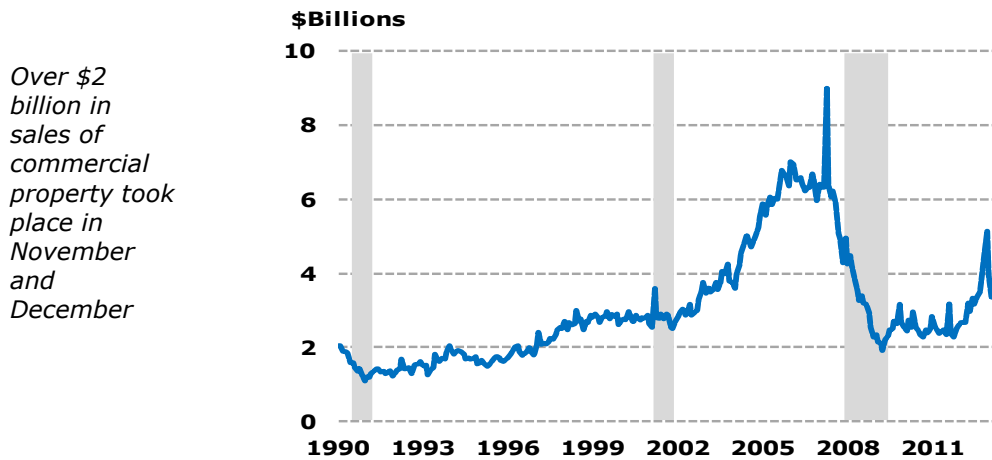
*Quarterly year-over-year Revenue Act growth was strong in the first quarter due to weak activity last year*

Adjusted Revenue Act collections from February 11 – May 10, which primarily reflected first quarter 2013 activity, were up 7.1% year-over-year. While this was a large improvement from the 5.0% year-over-year growth in fourth quarter 2012 activity (November 11, 2012 – February 10, 2013 adjusted collections), much of the increase in year-over-year growth was due to weak activity in the first quarter of 2012 due to January 2012’s severe winter storms. Collections that represented third quarter 2012 activity grew at 5.3% year-over-year.

*REET activity did not decline as much as expected after late 2012 tax-related surge*

The large positive variance in REET collections was due to continued strength in taxable activity after an end-of-the-year surge in sales of commercial property and high-end single-family homes. The surge, visible in the chart of taxable activity (see Figure 3.3), occurred in response to anticipated increases in capital gains taxes that took effect in 2013. The March forecast assumed that the rush of commercial sales in late 2012 would cause such sales to fall below their pre-surge levels in early 2013, but instead sales returned to levels at or above their pre-surge levels. In addition, residential sales were stronger in both price and quantity than forecasted.

**Figure 3.3: Taxable Real Estate Excise Activity, SA**



Source: ERFC; data through February 2013

## Revenue Forecasts by Source

### Department of Revenue

*Taxes collected by DOR are most of GF-S taxes*

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

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.3% of GF-S revenue in FY 2012. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of

personal income has been declining. Their share fell sharply during the recession and continued to fall through FY 2012. In that year, an estimated 34.6% of personal income was spent on taxable items, the lowest percentage on record. The taxable sales share of personal income is forecasted to increase slightly from FY 2012 to FY 2014 and then decline through FY 2017. The ratio will decline at a slower pace than its historical average during those years, due mainly to forecasted growth in residential construction. The historical relationship between taxable sales and income is illustrated in Figure 3.4.

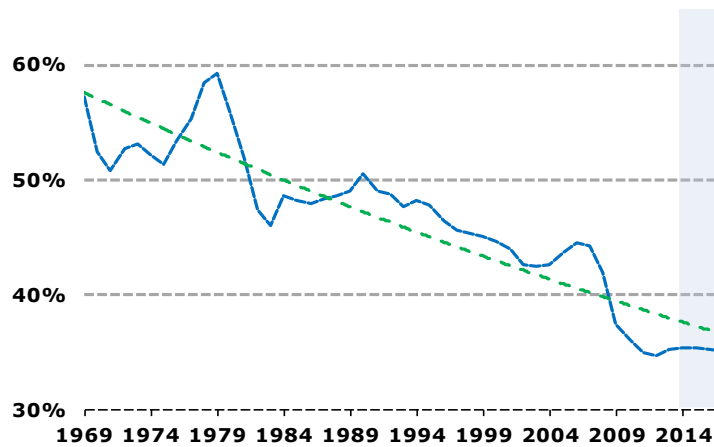
*Retail sales tax receipt growth forecast:*

- FY13: 5.8%*
- FY14: 4.7%*
- FY15: 5.5%*
- FY16: 4.6%*
- FY17: 4.7%*

After declines of 10.4% in FY 2009 and 6.0% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections up to 3.2% for the fiscal year. The growth rate of taxable activity is forecasted to improve from 4.1% in FY 2012 to 6.0% in FY 2013 before slowing to 4.4% in FY 2014. Forecasted growth rates for FY 2015, 2016 and 2017 are 5.0%, 4.6% and 4.6% respectively. Taxable activity is not forecasted to regain its fourth quarter, 2007 peak until the third quarter of 2014. Due to the lag between taxable activity and collections and the presence of tax deferrals, credits and refunds, the growth in actual collections differ from the growth in taxable activity. Growth in collections for FY 2013 is forecasted at 5.8%. Forecasted FY 2014 growth slows to 4.7%, due largely to \$32.5 million in expected FY 2014 refunds, which were included as a non-economic forecast change. Growth then increases to 5.5% in FY2015 before slowing to 4.6% and 4.7% in FY 2016 and FY 2017 respectively.

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

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



\*Past tax base adjusted to represent current base. Shaded area indicates forecast

Source: ERFC; forecast through FY 2017



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

The business and occupation (B&O) tax is the second largest source of GF-S revenue, accounting for 21.0% of GF-S revenue in FY 2012. 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 2012, the largest contributor to total state B&O tax was the services sector, which had a gross tax rate of 1.8% (the rate will revert to 1.5% in July 2013) and represented an estimated 45% of B&O taxes due. The next largest sector was retailing, which is taxed at 0.471% and represented an estimated 21% of taxes due, followed by the wholesaling sector, which is taxed at 0.484% and represented an estimated 19% of taxes due.

*B&O tax growth forecast:*

*FY13: 6.3%  
FY14: -2.9%  
FY15: 5.0%  
FY16: 5.0%  
FY17: 5.2%*

Due mainly to new revenue from the temporary increase of the B&O services tax from 1.5% to 1.8%, B&O tax collections grew by 16.9% in FY 2011. Receipts for the fiscal year were also increased by the tax penalty amnesty program and other legislative changes described in the [June 2010 Washington State Economic and Revenue Forecast](#) publication. FY 2011's elevated receipts from the tax amnesty program, coupled with several large refunds in 2012, reduced FY 2012 growth to 3.9%. The refunds in FY 2012, coupled with an improving economy, increased the forecasted FY 2013 growth rate to 6.3%. The expiration of the temporary increase in the B&O service tax rate, in addition to a pending \$22.5 million refund expected in July 2013, which was included as a non-economic forecast change, is forecasted to cause receipts to shrink by 2.9% in FY 2014. Growth is then estimated at 5.0% in both FY 2015 and 2016 and 5.2% in FY 2017.

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

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.6% of total revenue in FY 2012. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073. This added approximately \$260 million to FY 2010 GF-S revenue, inflating the growth rate to 19.4%. Absent the transfer, growth would have been 2.1%.

*GF-S property tax growth forecast:*

*FY13: 2.1%  
FY14: 1.8%  
FY15: 2.1%  
FY16: 2.2%  
FY17: 2.5%*

Under Initiative 747, approved by voters in November 2001, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters (I-747 was ruled unconstitutional in 2007, but the legislature adopted a similar limit in a special session that year). The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the

value of new construction, property improvements, and other additions to real property assessed by the state. Collections can also grow faster or slower than the rate of assessment growth due to the payment of past due taxes or nonpayment of current taxes. Property tax receipts grew by 2.1% in FY 2012 and are forecasted to grow by 2.1% in FY 2013, 1.8% in FY 2014, 2.1% in FY 2015, 2.2% in FY 2016 and 2.5% in FY 2017.

*Use tax was the fourth largest GF-S source in FY 2012*

The state use tax was the fourth largest GF-S revenue source in FY 2012 at 3.2% 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:*

*FY13: 8.9%  
FY14: 2.5%  
FY15: 5.1%  
FY16: 4.8%  
FY17: 4.1%*

The tax penalty amnesty program brought in a large amount of past-due use taxes. As a result, FY 2011 collections increased 26.2% year-over-year. FY 2011 collections were also supported by an increase of sales of used or out-of-state vehicles, which can account for over one-third of use taxes depending upon the time of year. Because of the high FY 2011 collections, use tax receipts declined by 10.1% in FY 2012. Growth in FY 2013 is forecasted to jump to 8.9% due to increases in the price and volume of used vehicle sales. Growth is forecasted to slow to 2.5% in FY 2014 before increasing to 5.1% in FY 2015. Growth is then forecasted to slow to 4.8% in FY 2016 and 4.1% in FY 2017.

*The cigarette tax was the fifth largest GF-S source in FY 2012*

The state tax on cigarettes was the fifth largest DOR GF-S revenue source in FY 2012 at 2.9% 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. Prior to that date, the tax rate was \$2.025 per pack.

*Cigarette tax growth forecast:*

*FY13: -4.3%  
FY14: -0.2%  
FY15: -1.1%  
FY16: -0.6%  
FY17: -1.8%*

While the 2010 tax increase increased the total revenue brought in by the tax, the total number of taxed cigarettes has been on a downward trend, due to both a continuing decline in the number of smokers and an increase in tax avoidance by various means. Cigarette tax receipts are forecasted to decline by 4.3% in FY 2013 after a 1.8% decrease in FY 2012, then decrease by 0.2% in FY 2014 and 1.1% in FY 2015. Receipts are forecasted to decrease by 0.6% in FY 2016 and 1.8% in FY 2017.

*REET was the sixth largest GF-S source in FY 2012*

The real estate excise tax (REET) was the sixth largest DOR source of GF-S revenue in FY 2012, accounting for 2.7% of total revenues. The state portion of REET is 1.28% of the sales price.

The tax is divided between the GF-S (92.3%), a fund for local public works (6.1%) and a fund for assistance of cities and counties (1.6%). The tax is applied to both residential and commercial real estate, including purchases of vacant land.

*REET growth forecast:*

FY13: 33.6%  
FY14: -7.3%  
FY15: 9.2%  
FY16: 11.3%  
FY17: 6.0%

Since peaking in FY 2007 in the final days of the real estate boom, REET collections have declined precipitously. Receipts dropped 38.0% year-over-year in FY 2008 and 41.3% in FY 2009. A federal tax credit for homebuyers slowed the rate of decline to 2.4% in FY 2010, but the decline reaccelerated in FY 2011, with a drop of 7.8%. The increase in large commercial sales mentioned above boosted FY 2012 growth to 14.1%. Due to the continuation of these sales into the first half of FY 2013, the June forecast has been increased by \$40.2 million, increasing the forecasted growth rate to 33.6% from March's rate of 23.5%. Without FY 2013's elevated commercial sales, FY 2014 collections are forecasted to decline by 7.3%. An improving housing market is then forecasted to increase REET collections by 9.2% in FY 2015 and 11.3% in FY 2016 before slowing to 6.0% growth in FY 2017.

*Public utility taxes were the seventh largest GF-S source in FY 2012*

Public utility taxes were the seventh largest DOR source of GF-S revenue in FY 2012, bringing in 2.5% 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:*

FY13: -0.2%  
FY14: 7.1%  
FY15: 5.4%  
FY16: 3.6%  
FY17: 4.8%

FY 2012 utility taxes declined by 2.1% from their FY 2011 level, due mainly to falling natural gas prices. FY 2013 taxes are forecasted to decrease by 0.2% for the same reason. Forecasted increases in the prices of natural gas and electricity are expected to increase receipts by 7.1% in FY 2014 and 5.4% in FY 2015 before slowing to growth rates of 3.6% in FY 2016 and 4.8% in FY 2017.

## **Department of Licensing**

*Forecast change by biennium (millions):*

11-13: \$0.8  
13-15: \$3.3  
15-17: \$4.7

The majority of GF-S revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The department's forecast for the 2011-13 biennium has been increased \$0.8 million to \$34.5 million. The forecast of GF-S revenue for the 2013-15 biennium has been increased \$3.3 million to \$35.0 million and the forecast for the 2015-17 biennium has been increased \$4.7 million to \$36.4 million. The forecast increases stemmed from revised estimates of revenue from boat excise taxes and concealed weapons licenses.

## The Office of Financial Management (Other Agencies)

*Forecast  
change by  
biennium  
(millions):*

11-13: \$2.9  
13-15: -\$7.7  
15-17: -\$15.4

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's forecast for the 2011-13 biennium was increased \$2.9 million to \$215.5 million. The forecast for the 2013-15 biennium was decreased \$7.7 million to \$203.1 million. The forecast for the 2015-17 biennium was decreased \$15.4 million to negative \$12.7 million. Much of the forecast reduction for the 2015-17 biennium was due to the inclusion for the first time of a transfer to the Child and Family Reinvestment account in the amount of \$7.5 million. While the transfer was called for in legislation earlier in the 2013 legislative session, the amount of the transfer could not be determined at the time of the March forecast. The office's negative forecast for the 2015-17 biennium indicates that General Fund revenue and transfers from the General Fund to the agencies overseen by the OFM are expected to exceed the revenue and transfers to the General Fund by those agencies. The large decrease in forecasted revenue for the 2015-17 biennium as compared to the previous biennium is due to the assumed reinstatement of a \$102 million per year transfer of GF-S revenue to the Education Construction Account that has been suspended since FY 2010.

## State Treasurer

*Forecast  
change by  
biennium  
(millions):*

11-13: -\$0.3  
13-15: \$1.6  
15-17: \$0.1

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's forecast for the 2011-13 biennium has been decreased \$0.3 million to negative \$19.4 million and the forecast for the 2013-15 biennium has been increased \$1.6 million to negative \$11.6 million due to increases in forecasted average GF-S daily balances. The forecast for the 2015-17 biennium has been increased \$0.1 million to negative \$8.7 million. The forecasted revenues for each biennium are negative because the average daily balance for each biennium is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office.

## Insurance Commissioner

*Forecast  
change by  
biennium  
(millions):*

11-13: -\$0.6  
13-15: \$1.4  
15-17: \$1.1

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's forecast for the 2011-13 biennium has been reduced \$0.6 million to \$846.9 million. The office's forecast of GF-S revenue for the 2013-15 biennium has been

increased \$1.4 million to \$964.8 million and the forecast for the 2015-17 biennium has been increased \$1.1 million to \$1,076.3 million.

## Liquor Control Board

*Forecast  
change by  
biennium  
(millions):*

*11-13: -\$4.5  
13-15: \$26.2  
15-17: \$9.3*

Historically, the Liquor Control Board generated GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. Under Initiative 1183, however, which was passed in November 2011, the Liquor Control Board no longer operates liquor stores as of June 1, 2012. The board will still collect new distributors' and retailers' fees created by the initiative, a portion of which will be passed on to the GF-S. The projected sum of these fees, along with the profits collected before closure of the stores and other fees collected by the board, has been decreased \$4.0 million to \$191.1 million for the 2011-13 biennium. The forecast of beer and wine surtaxes for the 2011-13 biennium has been decreased \$0.5 million to \$153.6 million. The forecast of revenue from fees for the 2013-15 biennium has been increased \$27.5 million to \$173.4 million, due mainly to the inclusion of revenue from the imminent sale of the now-surplus state liquor distribution center. Previously, the sale had been expected to close in the 2011-13 biennium. The forecast of revenue from beer and wine surtaxes for the 2013-15 biennium has been decreased \$1.3 million to \$53.6 million. The forecast of revenue from fees for the 2015-17 biennium has been increased \$10.6 million to \$150.3 million and the forecast of revenue from beer and wine surtaxes has been decreased \$1.3 million to \$54.3 million. Forecasted fee revenue for the 2013-15 and 2015-17 biennia is lower than that of the current biennium due to a scheduled reduction of the distributor's fee. Forecasted beer and wine surtaxes for the 2013-15 and 2015-17 biennia are lower than those of the current biennium due to the scheduled expiration of a temporary surtax on beer.

*The June  
forecast does  
not include  
revenue from  
I-502*

While Initiative 502, passed in November 2012, charges the Liquor Control Board with collecting fees from the growth, processing, and sale of cannabis and cannabis products, the forecast does not yet include any revenue from this source due to continued uncertainty over the federal response to such activities.

## Lottery Commission

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and several smaller accounts received their allotments

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

*11-13: \$11.0  
13-15: \$4.9  
15-17: -\$3.2*

was transferred to the GF-S. Under the 2010 legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts were maintained, but the remaining revenue, which represents the bulk of the proceeds, are transferred entirely to the Washington Opportunity Pathways Account, with no transfers to the GF-S. The forecast of transfers to the Opportunity Pathways Account for the 2011-13 biennium has been increased \$11.0 million to \$244.1 million, due to increased sales resulting from a recent record jackpot in the Powerball game. The forecast of transfers for the 2013-15 biennium has been increased \$4.9 million to \$227.7 million, and the forecast for the 2015-17 biennium has been decreased \$3.2 million to \$227.5 million. 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.

## **Administrative Office of the Courts**

*Forecast  
change by  
biennium  
(millions):*

*11-13: -\$1.0  
13-15: -\$5.2  
15-17: -\$5.2*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties and transfers this revenue to the GF-S on a monthly basis. The forecasted total transfer for the 2011-13 biennium has been decreased \$1.0 million to \$185.9 million. The forecast of transfers to the GF-S for the 2013-15 biennium has been decreased \$5.2 million to \$179.4 million and the forecast for the 2015-17 biennium has been decreased \$5.2 million to \$191.2 million.

## **Track Record for the 2011-13 Biennium**

*The June  
forecast is \$1.3  
billion (3.9%)  
lower than the  
March 2011  
forecast on  
which the  
initial 2011-13  
budget was  
based*

Table 3.10 summarizes the historical changes to the GF-S revenue forecast for the 2011-13 biennium. The February 2010 forecast was the initial forecast for the biennium. The June 2013 forecast for the biennium is \$1.58 billion (4.9%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.7 billion (5.4%). Excluding non-economic changes, the current forecast is \$3.3 billion (10.3%) lower than the initial forecast. The current forecast is \$1.26 billion (3.9%) lower than the March 2011 forecast, which was the basis for the initial 2011-13 budget passed in the 2011 legislative session.

## **Track Record for the 2013-15 Biennium**

*The June  
forecast is  
\$234 million  
(0.7%) higher  
than the initial  
February 2012  
forecast*

Table 3.11 summarizes the historical changes to the GF-S revenue forecast for the 2013-15 biennium. The February 2012 forecast was the initial forecast for the biennium. The June forecast for the biennium is \$233.9 million (0.7%) higher than the initial forecast. Non-economic changes have increased the forecast by \$275.3 million (0.8%). Excluding non-economic

changes, the current forecast is \$41.4 million (0.1%) lower than the initial forecast.

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

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

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GF-S revenue forecast on both a cash and GAAP basis. The GAAP forecasts of GF-S revenue for the 2011-13 and 2013-15 biennia are presented in Tables 3.6 and 3.8 respectively, and the GAAP forecast of Lottery revenue transfers for both biennia is in Table 3.16. The primary difference between the cash and GAAP forecasts is the timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, figures from revenue tables other than Tables 3.6, 3.8 and 3.16 are projected on a cash basis.

## Budgetary Balance Sheet for the 2011-13 Biennium

*The forecast implies total GF-S reserves of \$543 million at the end of the 2011-13 biennium*

Table 3.12 shows the budgetary balance sheet for the 2011-13 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. By the final tally of 2009-11 revenue, the GF-S had a \$92.0 million deficit at the end of the 2009-11 biennium. Based on an assumed spending level of \$30,630.5 million in the 2011-13 biennium, the GF-S is projected to have total reserves of \$543.0 million at the end of the 2011-13 biennium. The expected total reserves are comprised of a projected GF-S ending balance of \$274.6 million and a projected balance of \$268.4 million in the Budget Stabilization Account.

## Alternative Forecasts for the 2011-13 and 2013-15 Biennia

*Optimistic scenario:*

*2011-13:  
+77 million*

*2013-15:  
+\$2.5 billion*

Chapter 1 outlines upside and downside risks associated with the baseline economic forecast. The forecast assigns a probability of 50% to the baseline forecast, 20% to a scenario based on the upside risks and 30% to a scenario based on the downside risks. The revenue implications of these alternative scenarios for the

*Pessimistic scenario:*

*2011-13:  
-\$73 million*

*2013-15:  
-\$2.5 billion*

2011-13 and 2013-15 biennia are shown in Tables 3.13 and 3.14 respectively. For the 2011-13 biennium, the optimistic forecast generates \$30,724 million in revenue, \$77 million more than the baseline scenario, while the pessimistic forecast produces \$30,573 million in revenue, \$73 million less than the baseline. For the 2013-15 biennium, the optimistic forecast generates \$35,175 million in revenue, \$2,513 million more than the baseline scenario, while the pessimistic forecast produces \$30,184 million in revenue, \$2,478 million less than the baseline.

## **Near General Fund Forecasts for the 2011-13 - 2015-17 Biennia**

*Near General Fund Forecast:*

*2011-13:  
\$30,871.2 million*

*2013-15:  
\$32,919.0 million*

*2015-17:  
\$35,619.7 million*

“Near General Fund” accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The Near General Fund forecast for the 2011-13 biennium is \$30,871.2 million, an increase of \$98.5 million from the March forecast. The forecasted increase is less than that of the GF-S due to an \$11.9 million decrease in forecasted estate tax receipts for the Education Legacy Trust Account. The Near General Fund forecast for the 2013-15 biennium is \$32,919.0 million, \$277.1 million more than the March forecast, and the forecast for the 2015-17 biennium is \$35,619.7 million, \$125.5 million more than the March forecast. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.17.

*EHB 2075 is expected to increase estate tax receipts by \$159 million in the 2013-15 biennium and \$76 million in the 2015-17 biennium*

Most of the increase in the Near General Fund forecast for the 2013-15 and 2015-17 biennia was due to large increases in the Education Legacy Trust Account forecast. These increases stemmed from Engrossed House Bill 2075, passed in the second special legislative session. The bill’s main purpose was to counteract a ruling by the state Supreme Court in January 2013 that had disallowed the estate tax on certain types of joint estates, but the bill also changed certain rates and exemptions, and indexed the \$2 million tax threshold to inflation beginning in 2014. The bill will prevent refunds on previously-paid taxes on the joint estates and apply the tax to new accounts that would have been exempted under the ruling. The new law is expected to increase estate tax collections by \$159.4 million in the 2013-15 biennium and \$75.5 million in the 2015-17 biennium. Coupled with a slight reduction in the forecast of estate taxes that will be paid by other accounts, the net forecast increase for the Education Legacy Trust Account is \$156.3 million in the 2013-15 biennium and \$74.6 million in the 2015-17 biennium.



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

<b>Biennium</b>	<b>Current Dollars</b>	<b>Percent Change</b>	<b>2005 Chained Dollars</b>	<b>Percent Change</b>
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,321.2	10.0%
1971-73	1,922.1	10.9%	7,514.0	2.6%
1973-75	2,372.4	23.4%	8,011.9	6.6%
1975-77	3,395.0	43.1%	9,972.5	24.5%
1977-79	4,490.0	32.3%	11,578.1	16.1%
1979-81	5,356.4	19.3%	11,495.6	-0.7%
1981-83	6,801.4	27.0%	12,716.3	10.6%
1983-85	8,202.4	20.6%	14,151.3	11.3%
1985-87	9,574.6	16.7%	15,570.1	10.0%
1987-89	10,934.1	14.2%	16,506.2	6.0%
1989-91	13,309.0	21.7%	18,473.5	11.9%
1991-93	14,862.2	11.7%	19,325.8	4.6%
1993-95	16,564.6	11.5%	20,621.0	6.7%
1995-97	17,637.7	6.5%	21,038.1	2.0%
1997-99	19,620.1	11.2%	22,726.8	8.0%
1999-01	21,262.1	8.4%	23,682.0	4.2%
2001-03	21,140.7	-0.6%	22,766.8	-3.9%
2003-05	23,388.5	10.6%	24,088.7	5.8%
2005-07	27,772.0	18.7%	27,024.1	12.2%
2007-09	27,703.0	-0.2%	25,624.1	-5.2%
2009-11	28,218.1	1.9%	25,363.1	-1.0%
2011-13 <sup>F</sup>	30,646.6	8.6%	26,494.1	4.5%
2013-15 <sup>F</sup>	32,662.2	6.6%	27,516.3	3.9%
2015-17 <sup>F</sup>	35,357.1	8.3%	28,936.3	5.2%

<sup>F</sup> June 2013 Forecast.

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

Source: Department of Revenue, the Office of Financial Management and the Economic and Revenue Forecast Council 's June 2013 forecast.

Table 3.4  
**Taxable retail sales\***  
(millions of dollars)

<b>Fiscal Year</b>	<b>Amount</b>	<b>Percent Change</b>
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012	106,036	4.1%
2013 <sup>F</sup>	112,445	6.0%
2014 <sup>F</sup>	117,380	4.4%
2015 <sup>F</sup>	123,211	5.0%
2016 <sup>F</sup>	128,846	4.6%
2017 <sup>F</sup>	134,754	4.6%

<sup>F</sup> Forecast  
Source: ERFC

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

Table 3.5

**Comparison of the General Fund-State forecast by agency**

2011-13 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Mar. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,846.6	\$0.0	\$31.4	\$13,878.0	\$31.4
Business & Occupation	6,420.6	0.0	27.9	6,448.5	27.9
Use	997.9	0.0	5.7	1,003.6	5.7
Public Utility	754.5	0.0	1.7	756.2	1.7
Liquor Sales/Liter	482.5	0.0	(2.8)	479.6	(2.8)
Cigarette	830.8	0.0	0.5	831.4	0.5
Property (State Levy)	3,793.0	0.0	6.8	3,799.8	6.8
Real Estate Excise	892.0	0.0	40.2	932.2	40.2
Timber Excise	6.6	0.0	0.1	6.6	0.1
Other	901.1	0.0	1.3	902.4	1.3
Subtotal	28,925.5	0.0	112.8	29,038.3	112.8
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	33.7	0.0	0.8	34.5	0.8
<b>Insurance Commissioner</b>					
Insurance Premiums	847.5	0.0	(0.6)	846.9	(0.6)
<b>Liquor Control Board</b>					
Liquor Profits and Fees	195.1	0.0	(4.0)	191.1	(4.0)
Beer & Wine Surtax	154.1	0.0	(0.5)	153.6	(0.5)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(19.1)	0.0	(0.3)	(19.4)	(0.3)
<b>Office of Financial Management</b>					
Other Agencies	212.6	0.0	2.9	215.5	2.9
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	186.9	0.0	(1.0)	185.9	(1.0)
<b>Total General Fund-State *</b>	<b>\$30,536.2</b>	<b>\$0.0</b>	<b>\$110.3</b>	<b>\$30,646.6</b>	<b>\$110.3</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council March 2013.<sup>2</sup> Forecast for the 2011-13 biennium, adopted June 18, 2013.

\*Detail may not add to totals because of rounding.

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

Table 3.6

**Comparison of the General Fund-State forecast by agency**

2011-13 biennium; GAAP basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Mar. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,920.8	\$0.0	\$24.4	\$13,945.2	\$24.4
Business & Occupation Use	6,432.4	0.0	26.7	6,459.0	26.7
Public Utility	987.7	0.0	4.9	992.5	4.9
Liquor Sales/Liter	761.6	0.0	1.6	763.2	1.6
Cigarette	485.9	0.0	(2.8)	483.0	(2.8)
Property (State Levy)	824.5	0.0	1.4	825.9	1.4
Real Estate Excise	3,794.6	0.0	(12.4)	3,782.2	(12.4)
Timber Excise	887.8	0.0	40.3	928.0	40.3
Other	6.2	0.0	0.0	6.3	0.0
Subtotal	899.3	0.0	1.3	900.6	1.3
	29,000.6	0.0	85.3	29,085.9	85.3
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	33.7	0.0	0.8	34.5	0.8
<b>Insurance Commissioner</b>					
Insurance Premiums	847.5	0.0	(0.6)	846.9	(0.6)
<b>Liquor Control Board</b>					
Liquor Profits and Fees	195.1	0.0	(4.0)	191.1	(4.0)
Beer & Wine Surtax	154.1	0.0	(0.5)	153.6	(0.5)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(19.9)	0.0	0.1	(19.8)	0.1
<b>Office of Financial Management</b>					
Other	212.6	0.0	2.9	215.5	2.9
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	186.9	0.0	(1.0)	185.9	(1.0)
<b>Total General Fund-State *</b>	<b>\$30,610.6</b>	<b>\$0.0</b>	<b>\$83.2</b>	<b>\$30,693.7</b>	<b>\$83.2</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council March 2013.<sup>2</sup> Forecast for the 2011-13 biennium, adopted June 18, 2013.

\*Detail may not add to totals because of rounding.

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

Table 3.7

**Comparison of the General Fund-State forecast by agency**

2013-15 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Mar. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,295.9	(\$32.5)	\$82.4	\$15,345.7	\$49.9
Business & Occupation	6,616.0	(22.5)	21.3	6,614.7	(1.2)
Use	1,094.6	0.0	5.7	1,100.3	5.7
Public Utility	834.7	0.0	(3.5)	831.3	(3.5)
Liquor Sales/Liter	488.6	0.0	(7.3)	481.3	(7.3)
Cigarette	812.4	0.0	(5.4)	806.9	(5.4)
Property (State Levy)	3,937.0	0.0	13.3	3,950.3	13.3
Real Estate Excise	987.6	0.0	46.2	1,033.7	46.2
Timber Excise	5.8	0.0	0.1	5.9	0.1
Other	890.8	0.0	3.5	894.3	3.5
Subtotal	30,963.3	(55.0)	156.2	31,064.5	101.2
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	31.7	0.0	3.3	35.0	3.3
<b>Insurance Commissioner</b>					
Insurance Premiums	963.4	0.0	1.4	964.8	1.4
<b>Liquor Control Board</b>					
Liquor Profits and Fees	145.9	0.0	27.5	173.4	27.5
Beer & Wine Surtax	54.9	0.0	(1.3)	53.6	(1.3)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(13.2)	0.0	1.6	(11.6)	1.6
<b>Office of Financial Management</b>					
Other	210.8	0.0	(7.7)	203.1	(7.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	184.6	0.0	(5.2)	179.4	(5.2)
<b>Total General Fund-State *</b>	<b>\$32,541.4</b>	<b>(\$55.0)</b>	<b>\$175.9</b>	<b>\$32,662.2</b>	<b>\$120.9</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council March 2013.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 18, 2013.

\*Detail may not add to totals because of rounding.

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

Table 3.8

**Comparison of the General Fund-State forecast by agency**

2013-15 biennium; GAAP basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Mar. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,295.9	(\$32.5)	\$82.4	\$15,345.7	\$49.9
Business & Occupation	6,616.0	(22.5)	21.3	6,614.7	(1.2)
Use	1,094.6	0.0	5.7	1,100.3	5.7
Public Utility	834.7	0.0	(3.5)	831.3	(3.5)
Liquor Sales/Liter	488.6	0.0	(7.3)	481.3	(7.3)
Cigarette	812.4	0.0	(5.4)	806.9	(5.4)
Property (State Levy)	3,937.0	0.0	13.3	3,950.3	13.3
Real Estate Excise	987.6	0.0	46.2	1,033.7	46.2
Timber Excise	5.9	0.0	0.3	6.1	0.3
Other	890.8	0.0	3.5	894.3	3.5
Subtotal	30,963.3	(55.0)	156.4	31,064.7	101.4
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	31.7	0.0	3.3	35.0	3.3
<b>Insurance Commissioner</b>					
Insurance Premiums	963.4	0.0	1.4	964.8	1.4
<b>Liquor Control Board</b>					
Liquor Profits and Fees	145.9	0.0	27.5	173.4	27.5
Beer & Wine Surtax	54.9	0.0	(1.3)	53.6	(1.3)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(12.9)	0.0	1.6	(11.3)	1.6
<b>Office of Financial Management</b>					
Other	210.8	0.0	(7.7)	203.1	(7.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	184.6	0.0	(5.2)	179.4	(5.2)
<b>Total General Fund-State *</b>	<b>\$32,541.7</b>	<b>(\$55.0)</b>	<b>\$176.1</b>	<b>\$32,662.8</b>	<b>\$121.1</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council March 2013.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 18, 2013.

\*Detail may not add to totals because of rounding.

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

Table 3.9

**June 2013 General Fund-State forecast  
2011-13 to 2015-17 biennia; cash basis**  
(Millions of Dollars)

<b>Forecast by Source</b>	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>	<b>2011-13 Biennium</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>2013-15 Biennium</b>	<b>Fiscal 2016</b>	<b>Fiscal 2017</b>	<b>2015-17 Biennium</b>
<b>State Taxes</b>									
Retail sales**	\$6,744.7	\$7,133.3	\$13,878.0	\$7,467.0	\$7,878.8	\$15,345.7	\$8,244.4	\$8,629.4	\$16,873.8
Business & occupation Use**	3,125.6	3,322.9	6,448.5	3,226.6	3,388.2	6,614.7	3,556.1	3,742.3	7,298.5
Public Utility	480.4	523.2	1,003.6	536.4	563.9	1,100.3	590.9	615.4	1,206.3
Liquor sales/liter	378.5	377.7	756.2	404.7	426.6	831.3	442.1	463.4	905.5
Beer & wine surtax	215.0	264.6	479.6	237.0	244.3	481.3	250.9	257.1	508.0
Cigarette	77.3	76.3	153.6	26.7	26.9	53.6	27.0	27.2	54.3
Tobacco products	432.4	414.7	847.2	414.0	409.8	823.8	407.5	400.3	807.8
Property (state school levy)	46.6	42.9	89.4	42.8	43.2	86.1	43.7	44.0	87.7
Leasehold Excise Tax	1,879.4	1,920.4	3,799.8	1,954.6	1,995.7	3,950.3	2,039.3	2,089.9	4,129.1
Public utility district	27.6	27.9	55.4	28.3	28.9	57.2	29.5	30.2	59.8
Brokered Natural Gas	44.8	47.8	92.6	48.5	49.1	97.6	49.5	49.8	99.2
Real estate excise	23.2	21.2	44.5	20.9	20.8	41.8	20.9	21.0	41.9
Timber excise	399.1	533.2	932.2	494.2	539.5	1,033.7	600.5	636.2	1,236.7
Estate/inheritance	3.8	2.9	6.6	2.8	3.1	5.9	3.5	3.6	7.0
Boat excise	0.7	3.3	4.0	0.1	0.1	0.2	0.0	0.0	0.0
Insurance premiums	12.4	12.1	24.5	11.7	11.7	23.4	11.8	11.9	23.7
Penalties and interest	420.9	426.1	846.9	458.9	505.9	964.8	528.6	547.8	1,076.3
Other	114.1	118.8	232.9	127.7	141.6	269.3	151.6	160.4	312.1
<b>Total Taxes</b>	<b>14,491.8</b>	<b>15,339.5</b>	<b>29,831.3</b>	<b>15,574.0</b>	<b>16,350.6</b>	<b>31,924.6</b>	<b>17,052.5</b>	<b>17,785.4</b>	<b>34,837.9</b>
<b>State Non-Tax Sources</b>									
Licenses, permits, fees	115.3	121.6	236.9	117.2	118.9	236.0	120.0	121.9	241.8
Liquor licenses, profits & fees***	56.8	134.4	191.1	99.7	73.7	173.4	74.1	76.2	150.3
Earnings on investments	(9.5)	(9.9)	(19.4)	(5.9)	(5.6)	(11.6)	(5.2)	(3.5)	(8.7)
Administrative Office of the Courts	95.8	90.1	185.9	88.8	90.6	179.4	93.8	97.4	191.2
Transfers of unclaimed property	109.3	72.8	182.1	63.9	64.7	128.6	65.5	66.1	131.6
Other revenue & transfers	14.8	23.9	38.7	16.1	15.7	31.8	(92.1)	(94.9)	(187.0)
<b>Total Non-Tax</b>	<b>382.4</b>	<b>432.9</b>	<b>815.3</b>	<b>379.7</b>	<b>358.0</b>	<b>737.7</b>	<b>256.0</b>	<b>263.3</b>	<b>519.3</b>
<b>Total General Fund-State *</b>	<b>\$14,874.2</b>	<b>\$15,772.3</b>	<b>\$30,646.6</b>	<b>\$15,953.7</b>	<b>\$16,708.6</b>	<b>\$32,662.2</b>	<b>\$17,308.5</b>	<b>\$18,048.6</b>	<b>\$35,357.1</b>

a - Actual

\* Detail may not add to totals due to rounding

\*\*GFS portion after Initiative 900 transfer

\*\*\*Does not include profits after FY 2013

Table 3.10

**Track Record for the 2011-13 General Fund-State Cash Forecast**

February 2010 through June 2013

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis*</u>
<b>February 2010 ###</b>	\$30,658	\$1,566				\$32,224
<b>Changes to Forecast</b>						
June 2010	219	(21)	197	1,661 #1	1,858	34,083
September 2010	(610)	(48)	(659)	(10) #2	(669)	33,414
November 2010	(584)	(7)	(591)	(218) #3	(809)	32,605
March 2011	(640)	(29)	(668)	(30) #4	(698)	31,907
June 2011	(217)	(6)	(223)	40 #5	(183)	31,724
September 2011	(1,403)	(24)	(1,427)	14 #6	(1,413)	30,311
November 2011	(159)	(1)	(160)	38 #7	(122)	30,188
February 2012	27	6	32	63 #8	96	30,284
June 2012	(27)	11	(16)	172 #9	156	30,440
September 2012	44	(15)	29	0	29	30,469
November 2012	29	(21)	8	0	8	30,477
March 2013	73	(14)	59	0	59	30,536
June 2013	113	(3)	110	0	110	30,647
<b>Total change***:</b>						
From February 2008	(3,137)	(172)	(3,308)	1,730	(1,578)	
Percent change	(10.2)	(11.0)	(10.3)	5.4	(4.9)	

\* Excludes legislative, judicial, statutorily required or other major non-economic changes.

\*\* Includes legislative, judicial, statutorily required or other major non-economic changes.

\*\*\* Detail may not add to total due to rounding.

# New definition of General Fund-State per ESSB 5073

\*\* First official forecast for the 2009-11 biennium.

\*\*\* First official forecast for the 2011-13 biennium.

#1 Impact of 2010 legislation (regular session) and budget driven revenue.

#2 Reversal of DOR RTA administrative fee

#3 Effects of initiative 1107

#4 Effects of legislation from December 2010 session

#5 Effects of 2011 legislative and budget-driven revenue change, DOR fee change, and reduced future revenue due to 2011 amnesty program

#6 Expiration of local sales and use tax credit upon retirement of Safeco Field bonds

#7 Effects of initiative 1183 minus large expected DOR refund

#8 Effects of SHB 2169 plus large expected audit payment and expansion of leasehold excise tax roll

#9 Legislative and budget-driven revenue changes from 2012 regular and special sessions



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

February 2012 through June 2013

Cash Basis - Millions of Dollars

<b><u>Date of Forecast</u></b>	<b><u>Department of Revenue*</u></b>	<b><u>Other Agencies</u></b>	<b><u>Subtotal*</u></b>	<b><u>Non-Economic Changes**</u></b>	<b><u>Total Change</u></b>	<b><u>Total General Fund-State Cash Basis#</u></b>
<b>February 2012 #</b>	\$31,110	\$1,319				\$32,428
<b>Changes to Forecast</b>						
June 2010	(120)	(13)	(133)	330 #1	197	32,626
September 2012	39	(15)	23	0	23	32,649
November 2012	(113)	25	(88)	0	(88)	32,561
March 2013	(38)	18	(19)	0	(19)	32,541
June 2013	156	20	176	(55) #2	121	32,662
<b>Total change***:</b>						
From February 2008	(76)	35	(41)	275	234	
Percent change	(0.2)	2.6	(0.1)	0.8	0.7	

\* Excludes legislative, judicial, statutorily required or other major non-economic changes.

\*\* Includes legislative, judicial, statutorily required or other major non-economic changes.

\*\*\* Detail may not add to total due to rounding.

# First official forecast for the 2011-13 biennium.

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

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

**2011-13 Enacted Budget Balance Sheet**  
**Including 2012 Supplemental Budget and 2013 Enacted Legislation**  
**General Fund-State (and Budget Stabilization Account)**  
Dollars in Millions

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>(92.0)</b>
March 2013 Forecast	30,536.2
June 2013 Update	110.3
<b>Current Revenue Totals</b>	<b>30,646.6</b>
Transfer to Budget Stabilization Account	<b>(267.7)</b>
Other Enacted Fund Transfers (including SSB 5287)	378.8
Alignment to the Comprehensive Financial Statements	1.5
Adjustment to Working Capital (HB 2822)	238.0
<b>Total Resources (including beginning fund balance)</b>	<b>30,905.2</b>
<b>EXPENDITURES</b>	
<b>2011-13 Enacted Budgets</b>	
Enacted 2011-13 Budget (including 2012 supplementals)	<b>30,796.4</b>
Actual Reversions in Fiscal Year 2012	<b>(105.9)</b>
Assumed Reversions in Fiscal Year 2013	<b>(60.0)</b>
<b>Total Expenditures</b>	<b>30,630.5</b>
<b>RESERVES</b>	
<b>Projected General Fund Ending Balance</b>	<b>274.6</b>
Budget Stabilization Account Beginning Balance	0.6
Transfer from General Fund and Interest Earnings	267.8
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>268.4</b>
<b>Total Reserves (General Fund plus Budget Stabilization)</b>	<b>543.0</b>

Table 3.13

**Alternative forecasts compared to the baseline forecast  
2011-13 biennium**

(cash basis, millions of dollars)

<b>Forecast by Source</b>	<b>Optimistic Forecast</b>	<b>Baseline Forecast</b>	<b>Pessimistic Forecast</b>
<b>Department of Revenue</b>			
Retail Sales	\$13,910.2	\$13,878.0	\$13,847.8
Business & Occupation Use	6,461.9	6,448.5	6,435.8
Public Utility	1,006.1	1,003.6	1,001.2
Property (school levy)	757.8	756.2	754.8
Real Estate Excise	3,808.6	3,799.8	3,791.0
Other	1,008.6	932.2	930.5
Subtotal	2,148.5	2,220.0	2,215.8
	29,101.7	29,038.3	28,977.0
<b>Department of Licensing</b>			
	34.9	34.5	34.2
<b>Insurance Commissioner<sup>1</sup></b>			
	846.9	846.9	846.9
<b>Lottery Commission</b>			
	0.0	0.0	0.0
<b>State Treasurer - Interest earnings</b>			
	(18.7)	(19.4)	(19.9)
<b>Liquor Profits &amp; Fees<sup>2</sup></b>			
	355.3	344.8	334.2
<b>Office of Financial Management</b>			
Other agencies	216.7	215.5	214.4
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	187.2	185.9	186.6
<b>Total General Fund - State*</b>	<b>\$30,724.0</b>	<b>\$30,646.6</b>	<b>\$30,573.4</b>
<b>Difference from June 2013 Baseline</b>	<b>\$77.4</b>		<b>(\$73.2)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

\* Detail may not add to total due to rounding.

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

Table 3.14

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

(cash basis, millions of dollars)

<b>Forecast by Source</b>	<b>Optimistic Forecast</b>	<b>Baseline Forecast</b>	<b>Pessimistic Forecast</b>
<b>Department of Revenue</b>			
Retail Sales	\$16,795.7	\$15,345.7	\$13,922.7
Business & Occupation Use	7,160.1	6,614.7	6,059.6
Public Utility	1,205.5	1,100.3	1,000.3
Property (school levy)	887.9	831.3	773.9
Real Estate Excise	3,971.0	3,950.3	3,915.5
Other	1,277.8	1,033.7	874.4
Subtotal	2,208.9	2,188.4	2,086.2
	33,507.0	31,064.5	28,632.8
<b>Department of Licensing</b>			
	35.7	35.0	34.3
<b>Insurance Commissioner<sup>1</sup></b>			
	988.9	964.8	940.7
<b>Lottery Commission</b>			
	0.0	0.0	0.0
<b>State Treasurer - Interest earnings</b>			
	(0.9)	(11.6)	(7.8)
<b>Liquor Surtaxes &amp; Fees<sup>2</sup></b>			
	238.4	227.0	215.7
<b>Office of Financial Management</b>			
Other agencies	213.3	203.1	193.0
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	192.6	179.4	175.9
<b>Total General Fund - State*</b>	<b>\$35,174.9</b>	<b>\$32,662.2</b>	<b>\$30,184.5</b>
<b>Difference from June 2013 Baseline</b>	<b>\$2,512.6</b>		<b>(\$2,477.8)</b>

1 Insurance premiums, General Fund-State portion.

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

\* Detail may not add to total due to rounding.

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

Table 3.15

**Lottery transfers by fund**  
(cash basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2
2013	139.2	0.0	0.0	10.4	0.0	0.0	0.3	2.9	125.6	0.0
2011-13 Biennium	274.3	0.0	2.7	20.4	0.0	0.0	0.6	6.3	244.1	0.2
2014	128.7	0.0	0.0	10.8	0.0	0.0	0.3	3.4	114.1	0.0
2015	128.6	0.0	0.0	11.2	0.0	0.0	0.3	3.5	113.6	0.0
2013-15 Biennium	257.2	0.0	0.0	22.0	0.0	0.0	0.6	6.9	227.7	0.0
2016	130.1	0.0	0.0	11.7	0.0	0.0	0.3	3.5	114.6	0.0
2017	128.8	0.0	0.0	12.2	0.0	0.0	0.3	3.5	112.9	0.0
2015-17 Biennium	258.9	0.0	0.0	23.8	0.0	0.0	0.6	6.9	227.5	0.0

Table 3.16

**Lottery transfers by fund**  
(GAAP basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2
2013	133.0	0.0	0.0	10.4	0.0	0.0	0.3	3.3	119.0	0.0
2011-13 Biennium	271.0	0.0	2.7	20.4	0.0	0.0	0.6	6.2	240.9	0.2
2014	128.5	0.0	0.0	10.8	0.0	0.0	0.3	3.5	113.9	0.0
2015	128.5	0.0	0.0	11.2	0.0	0.0	0.3	3.5	113.5	0.0
2013-15 Biennium	257.0	0.0	0.0	22.0	0.0	0.0	0.6	6.9	227.4	0.0
2016	130.3	0.0	0.0	11.7	0.0	0.0	0.3	3.5	114.8	0.0
2017	128.9	0.0	0.0	12.2	0.0	0.0	0.3	3.5	113.0	0.0
2015-17 Biennium	259.2	0.0	0.0	23.8	0.0	0.0	0.6	6.9	227.8	0.0

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

Source: Lottery Commission

Table 3.17

**General Fund-State: History and Forecast of Components**

History and Forecast by Fiscal Year (Cash basis)

June 2013 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
FY 2012	\$14,874	1.5%	\$0	0.0%	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%
Forecast:										
FY 2013	\$15,772	6.0%	\$0	0.0%	\$15,772	6.0%	\$110	-3.3%	\$15,883	6.0%
FY 2014	\$15,954	1.1%	\$0	0.0%	\$15,954	1.1%	\$126	14.4%	\$16,080	1.2%
FY 2015	\$16,709	4.7%	\$0	0.0%	\$16,709	4.7%	\$131	3.3%	\$16,839	4.7%
FY 2016	\$17,308	3.6%	\$0	0.0%	\$17,308	3.6%	\$133	2.2%	\$17,442	3.6%
FY 2017	\$18,049	4.3%	\$0	0.0%	\$18,049	4.3%	\$129	-3.2%	\$18,178	4.2%
<b>Biennial Totals</b>										
<b>03-05 Biennium</b>	<b>\$23,389</b>	<b>10.6%</b>	<b>\$2,006</b>	<b>-9.3%</b>	<b>\$25,395</b>	<b>8.7%</b>	<b>\$0</b>	<b>NA</b>	<b>\$25,395</b>	<b>8.7%</b>
<b>05-07 Biennium</b>	<b>\$27,772</b>	<b>18.7%</b>	<b>\$2,013</b>	<b>0.3%</b>	<b>\$29,785</b>	<b>17.3%</b>	<b>\$381</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>
<b>07-09 Biennium</b>	<b>\$27,703</b>	<b>-0.2%</b>	<b>\$2,114</b>	<b>5.0%</b>	<b>\$29,817</b>	<b>0.1%</b>	<b>\$437</b>	<b>14.8%</b>	<b>\$30,254</b>	<b>0.3%</b>
<b>09-11 Biennium</b>	<b>\$28,218</b>	<b>1.9%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$28,218</b>	<b>-5.4%</b>	<b>\$269</b>	<b>-38.5%</b>	<b>\$28,487</b>	<b>-5.8%</b>
<b>11-13 Biennium</b>	<b>\$30,647</b>	<b>8.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$30,647</b>	<b>8.6%</b>	<b>\$225</b>	<b>-16.5%</b>	<b>\$30,871</b>	<b>8.4%</b>
<b>13-15 Biennium</b>	<b>\$32,662</b>	<b>6.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$32,662</b>	<b>6.6%</b>	<b>\$257</b>	<b>14.3%</b>	<b>\$32,919</b>	<b>6.6%</b>
<b>15-17 Biennium</b>	<b>\$35,357</b>	<b>8.3%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$35,357</b>	<b>8.3%</b>	<b>\$263</b>	<b>2.3%</b>	<b>\$35,620</b>	<b>8.2%</b>

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



## 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 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	13,063.0	13,299.1	13,593.2	13,856.6	14,223.0	14,663.9	15,089.2	15,511.7
% Ch	2.4	1.8	2.2	1.9	2.6	3.1	2.9	2.8
Real Consumption	9,196.2	9,428.8	9,603.3	9,821.6	10,069.1	10,341.1	10,620.5	10,896.8
% Ch	1.8	2.5	1.9	2.3	2.5	2.7	2.7	2.6
Real Nonresidential Fixed Investment	1,268.5	1,378.2	1,487.9	1,552.6	1,643.6	1,750.3	1,851.0	1,949.9
% Ch	0.7	8.6	8.0	4.4	5.9	6.5	5.8	5.3
Real Residential Fixed Investment	332.2	327.6	367.1	427.5	498.3	573.5	605.9	607.9
% Ch	-3.7	-1.4	12.1	16.5	16.6	15.1	5.7	0.3
Real Personal Income	11,091.8	11,378.4	11,599.1	11,800.5	12,209.4	12,592.5	12,999.9	13,434.5
% Ch	1.9	2.6	1.9	1.7	3.5	3.1	3.2	3.3
Real Per Capita Income (\$/Person)	35,772	36,432	36,871	37,224	38,218	39,114	40,070	41,093
% Ch	1.1	1.8	1.2	1.0	2.7	2.3	2.4	2.6
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.111	1.138	1.158	1.170	1.187	1.204	1.222	1.239
% Ch	1.9	2.4	1.8	1.0	1.5	1.4	1.5	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.181	2.249	2.296	2.329	2.370	2.406	2.443	2.481
% Ch	1.6	3.1	2.1	1.4	1.8	1.5	1.6	1.5
Employment Cost Index (Dec. 2005=1.0)	1.121	1.140	1.160	1.181	1.206	1.230	1.257	1.285
% Ch	1.6	1.7	1.8	1.8	2.1	2.0	2.2	2.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,498.9	15,075.7	15,684.8	16,202.1	16,911.3	17,681.5	18,470.9	19,259.3
% Ch	3.8	4.0	4.0	3.3	4.4	4.6	4.5	4.3
Personal Income	12,321.9	12,947.3	13,431.2	13,805.2	14,498.2	15,166.2	15,885.6	16,652.3
% Ch	3.8	5.1	3.7	2.8	5.0	4.6	4.7	4.8
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.9	153.6	155.0	155.9	157.6	158.9	160.1	161.2
Total U.S. Employment	139.1	139.9	142.5	144.1	146.2	148.2	150.0	151.5
Unemployment Rate (%)	9.63	8.93	8.08	7.56	7.22	6.73	6.30	6.00
Nonfarm Payroll Employment	129.91	131.50	133.74	135.89	138.03	140.40	142.85	144.82
% Ch	-0.7	1.2	1.7	1.6	1.6	1.7	1.7	1.4
Manufacturing	11.53	11.73	11.92	12.01	12.16	12.28	12.43	12.47
% Ch	-2.7	1.7	1.7	0.8	1.3	0.9	1.3	0.3
Durable Manufacturing	7.06	7.27	7.46	7.54	7.67	7.81	7.98	8.02
% Ch	-3.0	3.0	2.6	1.0	1.8	1.8	2.1	0.6
Nondurable Manufacturing	4.46	4.45	4.46	4.48	4.49	4.47	4.46	4.45
% Ch	-2.2	-0.2	0.1	0.4	0.3	-0.6	-0.2	-0.2
Construction	5.52	5.53	5.64	5.84	6.16	6.73	7.30	7.66
% Ch	-8.3	0.3	2.0	3.6	5.4	9.3	8.5	4.9
Service-Providing	112.16	113.45	115.32	117.16	118.79	120.46	122.17	123.73
% Ch	-0.1	1.2	1.6	1.6	1.4	1.4	1.4	1.3
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	79.4	95.1	94.2	95.0	92.0	87.8	85.2	83.7
Personal Saving/Disposable Income (%)	5.1	4.3	4.1	2.4	3.1	3.7	4.3	4.9
Auto Sales (Millions)	5.7	6.2	7.4	7.6	8.0	8.2	8.5	8.7
% Ch	5.0	8.1	19.1	2.8	5.2	2.6	4.4	1.6
Housing Starts (Millions)	0.586	0.612	0.783	0.998	1.200	1.436	1.522	1.551
% Ch	5.7	4.5	28.0	27.5	20.2	19.6	6.0	1.9
Federal Budget Surplus (Billions)	-1,308.1	-1,237.4	-1,074.3	-710.8	-616.2	-630.3	-672.3	-747.4
Net Exports (Billions)	-511.6	-568.1	-559.9	-524.6	-529.7	-542.8	-520.4	-486.6
3-Month Treasury Bill Rate (%)	0.14	0.05	0.09	0.08	0.08	0.30	2.00	3.56
10-Year Treasury Note Yield (%)	3.21	2.79	1.80	2.03	2.55	3.07	3.74	4.21
Bond Index of 20 G.O. Munis. (%)	4.29	4.50	3.73	3.86	4.18	4.52	5.16	5.56
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	3.65	4.16	4.76	5.65	6.28



Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	13,506.4	13,548.5	13,652.5	13,665.4	13,746.2	13,809.0	13,889.6	13,981.4
% Ch , Annual Rate	2.0	1.3	3.1	0.4	2.4	1.8	2.4	2.7
Real Consumption	9,546.8	9,582.5	9,620.1	9,663.9	9,745.5	9,790.5	9,844.7	9,905.9
% Ch , Annual Rate	2.4	1.5	1.6	1.8	3.4	1.9	2.2	2.5
Real Nonresidential Fixed Investment	1,470.0	1,482.9	1,476.1	1,522.4	1,530.8	1,538.3	1,559.2	1,582.2
% Ch , Annual Rate	7.5	3.6	-1.8	13.1	2.2	2.0	5.6	6.0
Real Residential Fixed Investment	352.1	359.3	370.9	386.2	397.3	418.9	436.9	457.0
% Ch , Annual Rate	20.6	8.4	13.6	17.5	12.0	23.6	18.4	19.7
Real Personal Income	11,471.9	11,538.9	11,561.9	11,823.8	11,656.0	11,759.7	11,842.7	11,943.5
% Ch , Annual Rate	4.0	2.4	0.8	9.4	-5.6	3.6	2.9	3.4
Real Per Capita Income (\$/Person)	36,570	36,717	36,719	37,478	36,875	37,132	37,322	37,567
% Ch , Annual Rate	3.3	1.6	0.0	8.5	-6.3	2.8	2.1	2.7
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.153	1.155	1.159	1.164	1.167	1.167	1.171	1.175
% Ch , Annual Rate	2.5	0.7	1.6	1.6	1.0	-0.1	1.5	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.283	2.288	2.300	2.313	2.321	2.320	2.332	2.342
% Ch , Annual Rate	2.3	1.0	2.1	2.2	1.4	-0.2	2.2	1.7
Employment Cost Index (Dec. 2005=1.0)	1.153	1.158	1.163	1.167	1.173	1.178	1.184	1.190
% Ch , Annual Rate	2.1	1.7	1.7	1.4	2.1	1.8	1.9	2.1
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	15,478.3	15,585.6	15,811.0	15,864.1	16,004.5	16,088.2	16,275.2	16,440.3
% Ch , Annual Rate	4.2	2.8	5.9	1.4	3.6	2.1	4.7	4.1
Personal Income	13,227.1	13,327.0	13,406.2	13,764.3	13,602.6	13,718.6	13,865.7	14,034.0
% Ch , Annual Rate	6.6	3.1	2.4	11.1	-4.6	3.5	4.4	4.9
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	154.6	154.9	154.9	155.5	155.4	155.5	156.0	156.5
Total U.S. Employment	141.9	142.2	142.5	143.3	143.4	143.8	144.3	144.9
Unemployment Rate (%)	8.27	8.17	8.03	7.83	7.73	7.51	7.52	7.46
Nonfarm Payroll Employment	133.06	133.51	133.92	134.46	135.11	135.66	136.15	136.66
% Ch , Annual Rate	2.4	1.4	1.2	1.6	1.9	1.6	1.4	1.5
Manufacturing	11.87	11.93	11.94	11.94	11.98	12.00	12.03	12.05
% Ch , Annual Rate	3.3	1.8	0.5	-0.1	1.4	0.5	1.1	0.5
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.52	7.55	7.56
% Ch , Annual Rate	4.8	2.3	0.7	0.0	1.5	0.8	1.4	0.7
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.47	4.48	4.48
% Ch , Annual Rate	0.8	1.1	0.1	-0.1	1.1	0.0	0.7	0.3
Construction	5.64	5.62	5.63	5.68	5.77	5.81	5.86	5.93
% Ch , Annual Rate	3.6	-0.9	0.4	3.4	6.8	2.5	3.8	5.0
Service-Providing	114.70	115.10	115.50	115.99	116.49	116.99	117.38	117.79
% Ch , Annual Rate	2.1	1.4	1.4	1.7	1.7	1.7	1.3	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	102.9	93.5	92.3	88.2	94.3	94.1	96.2	95.5
Personal Saving/Disposable Income (%)	3.6	3.8	3.6	5.3	2.3	2.4	2.4	2.4
Auto Sales (Millions)	7.3	7.1	7.3	7.7	7.7	7.4	7.6	7.6
% Ch , Annual Rate	60.2	-14.0	15.7	23.4	-4.0	-14.0	15.7	0.2
Housing Starts (Millions)	0.714	0.741	0.781	0.896	0.963	0.946	1.011	1.075
% Ch , Annual Rate	27.9	15.6	23.8	73.2	33.1	-6.7	30.2	27.8
Federal Budget Surplus (Billions)	-1,058.7	-1,115.4	-1,087.2	-1,035.8	-782.3	-720.0	-682.7	-658.0
Net Exports (Billions)	-615.8	-576.9	-516.8	-530.2	-543.0	-537.2	-509.2	-508.9
3-Month Treasury Bill Rate (%)	0.07	0.09	0.10	0.09	0.09	0.05	0.08	0.10
10-Year Treasury Note Yield (%)	2.04	1.82	1.64	1.71	1.95	1.91	2.09	2.17
Bond Index of 20 G.O. Munis. (%)	3.75	3.88	3.75	3.54	3.74	3.83	3.89	3.98
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.55	3.73	3.79

Table A1.2 (continued)  
**U.S. Economic Forecast Summary**  
 Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	14,077.7	14,174.7	14,272.3	14,367.2	14,488.8	14,609.9	14,727.4	14,829.6
% Ch , Annual Rate	2.8	2.8	2.8	2.7	3.4	3.4	3.3	2.8
Real Consumption	9,969.2	10,035.0	10,100.7	10,171.3	10,238.1	10,308.4	10,376.1	10,441.8
% Ch , Annual Rate	2.6	2.7	2.6	2.8	2.7	2.8	2.7	2.6
Real Nonresidential Fixed Investment	1,605.6	1,632.4	1,657.3	1,679.1	1,709.9	1,738.5	1,765.0	1,787.7
% Ch , Annual Rate	6.1	6.8	6.3	5.4	7.5	6.9	6.2	5.2
Real Residential Fixed Investment	475.1	491.6	504.6	522.0	545.0	568.0	585.1	595.8
% Ch , Annual Rate	16.8	14.6	11.0	14.5	18.9	17.9	12.6	7.5
Real Personal Income	12,080.9	12,166.7	12,254.4	12,335.4	12,458.7	12,551.2	12,637.7	12,722.5
% Ch , Annual Rate	4.7	2.9	2.9	2.7	4.1	3.0	2.8	2.7
Real Per Capita Income (\$/Person)	37,926	38,122	38,322	38,501	38,811	39,024	39,218	39,405
% Ch , Annual Rate	3.9	2.1	2.1	1.9	3.3	2.2	2.0	1.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.180	1.185	1.190	1.194	1.198	1.202	1.206	1.211
% Ch , Annual Rate	1.8	1.7	1.5	1.4	1.5	1.3	1.4	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.354	2.365	2.375	2.384	2.393	2.401	2.410	2.419
% Ch , Annual Rate	2.0	2.0	1.7	1.5	1.5	1.3	1.4	1.5
Employment Cost Index (Dec. 2005=1.0)	1.197	1.203	1.209	1.215	1.221	1.226	1.233	1.239
% Ch , Annual Rate	2.3	2.1	2.0	1.9	2.0	1.9	2.1	2.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	16,635.6	16,823.0	17,007.1	17,179.4	17,388.1	17,583.5	17,782.6	17,971.9
% Ch , Annual Rate	4.8	4.6	4.5	4.1	4.9	4.6	4.6	4.3
Personal Income	14,259.5	14,422.4	14,582.0	14,729.2	14,930.0	15,088.8	15,244.6	15,401.2
% Ch , Annual Rate	6.6	4.6	4.5	4.1	5.6	4.3	4.2	4.2
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	157.0	157.4	157.8	158.1	158.4	158.7	159.0	159.3
Total U.S. Employment	145.5	146.0	146.5	146.9	147.4	147.9	148.4	148.9
Unemployment Rate (%)	7.35	7.27	7.17	7.08	6.95	6.80	6.65	6.53
Nonfarm Payroll Employment	137.20	137.75	138.31	138.85	139.45	140.07	140.72	141.37
% Ch , Annual Rate	1.6	1.6	1.6	1.6	1.7	1.8	1.9	1.9
Manufacturing	12.11	12.16	12.19	12.21	12.22	12.25	12.29	12.35
% Ch , Annual Rate	2.1	1.6	1.0	0.8	0.4	0.9	1.5	2.0
Durable Manufacturing	7.61	7.66	7.70	7.73	7.75	7.78	7.83	7.89
% Ch , Annual Rate	2.5	2.7	1.8	1.6	1.1	1.9	2.6	3.0
Nondurable Manufacturing	4.50	4.49	4.49	4.48	4.47	4.46	4.46	4.46
% Ch , Annual Rate	1.3	-0.3	-0.4	-0.7	-0.8	-0.8	-0.3	0.3
Construction	6.01	6.09	6.20	6.33	6.48	6.65	6.82	6.97
% Ch , Annual Rate	5.0	5.9	7.5	8.6	9.9	10.8	10.5	9.1
Service-Providing	118.18	118.59	119.00	119.38	119.81	120.24	120.67	121.11
% Ch , Annual Rate	1.3	1.4	1.4	1.3	1.5	1.4	1.5	1.5
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	93.9	92.5	91.4	90.3	89.1	88.1	87.3	86.6
Personal Saving/Disposable Income (%)	2.9	3.0	3.1	3.2	3.5	3.7	3.8	3.9
Auto Sales (Millions)	8.0	8.0	8.0	7.9	8.2	8.2	8.2	8.1
% Ch , Annual Rate	18.3	-0.5	3.6	-6.8	14.9	-0.1	3.6	-6.1
Housing Starts (Millions)	1.133	1.179	1.211	1.277	1.365	1.421	1.462	1.494
% Ch , Annual Rate	23.8	17.2	11.3	23.6	30.4	17.5	12.0	9.2
Federal Budget Surplus (Billions)	-612.4	-620.7	-613.7	-618.0	-635.4	-638.2	-630.1	-617.5
Net Exports (Billions)	-517.7	-525.0	-533.7	-542.5	-543.4	-548.3	-543.3	-536.1
3-Month Treasury Bill Rate (%)	0.09	0.08	0.07	0.07	0.07	0.10	0.29	0.76
10-Year Treasury Note Yield (%)	2.30	2.55	2.66	2.70	2.78	2.99	3.15	3.36
Bond Index of 20 G.O. Munis. (%)	4.12	4.16	4.22	4.23	4.27	4.41	4.58	4.80
30-Year Fixed Mortgage Rate (%)	3.95	4.15	4.25	4.31	4.40	4.61	4.87	5.15

Table A1.2 (continued)  
**U.S. Economic Forecast Summary**  
 Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	14,929.7	15,033.8	15,139.7	15,253.6	15,350.2	15,454.2	15,562.8	15,679.4
% Ch , Annual Rate	2.7	2.8	2.8	3.0	2.6	2.7	2.8	3.0
Real Consumption	10,514.0	10,585.4	10,653.9	10,728.9	10,787.0	10,856.9	10,931.8	11,011.6
% Ch , Annual Rate	2.8	2.7	2.6	2.8	2.2	2.6	2.8	3.0
Real Nonresidential Fixed Investment	1,807.6	1,836.1	1,866.9	1,893.5	1,917.3	1,941.6	1,960.7	1,980.1
% Ch , Annual Rate	4.5	6.5	6.9	5.8	5.1	5.2	4.0	4.0
Real Residential Fixed Investment	603.2	606.1	606.7	607.4	607.8	607.1	606.8	609.7
% Ch , Annual Rate	5.1	1.9	0.4	0.4	0.3	-0.5	-0.2	1.9
Real Personal Income	12,855.8	12,949.7	13,044.0	13,150.2	13,273.8	13,382.2	13,488.1	13,594.0
% Ch , Annual Rate	4.3	3.0	2.9	3.3	3.8	3.3	3.2	3.2
Real Per Capita Income (\$/Person)	39,741	39,954	40,168	40,417	40,719	40,973	41,218	41,462
% Ch , Annual Rate	3.5	2.2	2.2	2.5	3.0	2.5	2.4	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.215	1.220	1.224	1.229	1.233	1.237	1.242	1.246
% Ch , Annual Rate	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.428	2.439	2.448	2.458	2.467	2.476	2.485	2.494
% Ch , Annual Rate	1.6	1.7	1.6	1.5	1.6	1.4	1.4	1.5
Employment Cost Index (Dec. 2005=1.0)	1.246	1.253	1.260	1.267	1.274	1.281	1.288	1.295
% Ch , Annual Rate	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	18,171.6	18,370.4	18,568.0	18,773.5	18,966.8	19,157.4	19,353.2	19,559.9
% Ch , Annual Rate	4.5	4.4	4.4	4.5	4.2	4.1	4.1	4.3
Personal Income	15,621.5	15,795.5	15,968.9	16,156.5	16,369.2	16,559.1	16,746.2	16,934.7
% Ch , Annual Rate	5.8	4.5	4.5	4.8	5.4	4.7	4.6	4.6
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	159.6	159.9	160.2	160.5	160.8	161.0	161.3	161.5
Total U.S. Employment	149.3	149.8	150.2	150.6	151.0	151.3	151.7	152.0
Unemployment Rate (%)	6.43	6.34	6.26	6.16	6.09	6.03	5.97	5.89
Nonfarm Payroll Employment	141.99	142.57	143.13	143.71	144.17	144.62	145.02	145.45
% Ch, Annual Rate	1.8	1.7	1.6	1.6	1.3	1.2	1.1	1.2
Manufacturing	12.40	12.42	12.45	12.46	12.47	12.47	12.47	12.47
% Ch, Annual Rate	1.4	0.8	0.8	0.4	0.2	0.1	0.0	-0.1
Durable Manufacturing	7.94	7.96	7.99	8.01	8.02	8.02	8.02	8.02
% Ch, Annual Rate	2.3	1.4	1.6	0.9	0.2	0.1	0.1	0.0
Nondurable Manufacturing	4.46	4.46	4.46	4.45	4.45	4.45	4.45	4.45
% Ch, Annual Rate	0.0	-0.2	-0.5	-0.4	0.1	0.0	-0.2	-0.1
Construction	7.12	7.25	7.37	7.47	7.56	7.63	7.70	7.75
% Ch, Annual Rate	8.5	7.9	6.7	5.4	4.7	4.2	3.3	3.0
Service-Providing	121.54	121.95	122.37	122.83	123.20	123.56	123.90	124.27
% Ch, Annual Rate	1.4	1.4	1.4	1.5	1.2	1.2	1.1	1.2
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	86.0	85.4	84.9	84.5	84.2	83.9	83.5	83.3
Personal Saving/Disposable Income (%)	4.2	4.2	4.4	4.5	4.7	4.8	5.0	5.1
Auto Sales (Millions)	8.6	8.5	8.6	8.4	8.7	8.7	8.7	8.5
% Ch, Annual Rate	23.5	-0.5	3.9	-8.9	15.7	-2.1	1.5	-8.5
Housing Starts (Millions)	1.517	1.518	1.525	1.529	1.544	1.543	1.549	1.566
% Ch, Annual Rate	6.3	0.2	1.7	1.1	4.2	-0.4	1.5	4.5
Federal Budget Surplus (Billions)	-652.8	-662.5	-676.8	-696.8	-710.7	-741.8	-756.7	-780.4
Net Exports (Billions)	-529.3	-525.0	-518.7	-508.7	-498.1	-493.1	-482.1	-473.0
3-Month Treasury Bill Rate (%)	1.25	1.76	2.25	2.75	3.21	3.56	3.73	3.73
10-Year Treasury Note Yield (%)	3.55	3.67	3.80	3.94	4.10	4.23	4.25	4.26
Bond Index of 20 G.O. Munis. (%)	4.92	5.08	5.24	5.39	5.51	5.61	5.56	5.55
30-Year Fixed Mortgage Rate (%)	5.37	5.56	5.73	5.96	6.13	6.28	6.36	6.36

Table A1.3

**Washington Economic Forecast Summary**

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	255.090	263.372	271.726	277.022	287.253	296.943	307.032	318.039
% Ch	0.5	3.2	3.2	1.9	3.7	3.4	3.4	3.6
Real Wage and Salary Disb.	133.850	136.807	141.583	145.206	149.715	154.403	158.905	163.193
% Ch	-0.7	2.2	3.5	2.6	3.1	3.1	2.9	2.7
Real Nonwage Income	121.240	126.566	130.143	131.816	137.538	142.540	148.127	154.846
% Ch	1.8	4.4	2.8	1.3	4.3	3.6	3.9	4.5
Real Per Capita Income (\$/Person)	37,770	38,549	39,343	39,689	40,712	41,628	42,594	43,696
% Ch	-0.5	2.1	2.1	0.9	2.6	2.2	2.3	2.6
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.111	1.138	1.158	1.170	1.187	1.204	1.222	1.239
% Ch	1.9	2.4	1.8	1.0	1.5	1.4	1.5	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.267	2.328	2.386	2.416	2.463	2.506	2.550	2.593
% Ch	0.3	2.7	2.5	1.2	2.0	1.7	1.7	1.7
Average Nonfarm Annual Wage	51,004	52,783	54,684	55,712	57,354	58,908	60,469	62,148
% Ch	2.6	3.5	3.6	1.9	2.9	2.7	2.7	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.49	23.98	24.14	24.29	24.71	25.11	25.56	26.04
% Ch	0.4	2.1	0.7	0.6	1.8	1.6	1.8	1.8
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	283.368	299.685	314.637	324.083	341.108	357.634	375.188	394.216
% Ch	2.4	5.8	5.0	3.0	5.3	4.8	4.9	5.1
Disposable Personal Income	255.892	267.327	279.958	284.821	299.424	314.934	330.969	347.812
% Ch	2.3	4.5	4.7	1.7	5.1	5.2	5.1	5.1
Per Capita Income (\$/Person)	41,956	43,863	45,556	46,431	48,344	50,135	52,049	54,161
% Ch	1.5	4.5	3.9	1.9	4.1	3.7	3.8	4.1
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,515.1	3,482.4	3,481.8	3,496.4	3,548.7	3,592.0	3,631.1	3,665.9
Total Washington Employment	3,166.5	3,161.9	3,197.6	3,250.9	3,312.3	3,367.6	3,416.5	3,457.3
Unemployment Rate (%)	9.92	9.21	8.16	7.02	6.66	6.25	5.91	5.69
Nonfarm Payroll Employment	2,788.8	2,824.8	2,872.9	2,927.6	2,978.3	3,036.2	3,091.1	3,134.8
% Ch	-1.3	1.3	1.7	1.9	1.7	1.9	1.8	1.4
Manufacturing	258.2	268.6	280.3	285.5	289.4	292.7	295.6	296.9
% Ch	-2.8	4.1	4.3	1.9	1.3	1.1	1.0	0.4
Durable Manufacturing	184.2	193.4	204.6	209.4	211.6	214.4	216.3	216.7
% Ch	-3.3	4.9	5.8	2.3	1.1	1.3	0.9	0.2
Aerospace	80.8	86.6	94.3	95.0	92.6	90.8	88.9	87.2
% Ch	-2.5	7.1	8.9	0.8	-2.6	-2.0	-2.0	-2.0
Nondurable Manufacturing	73.9	75.3	75.7	76.1	77.7	78.3	79.2	80.2
% Ch	-1.3	1.9	0.6	0.6	2.1	0.7	1.2	1.2
Construction	140.7	136.4	139.0	147.4	155.7	167.5	177.8	184.6
% Ch	-11.9	-3.1	1.9	6.1	5.7	7.5	6.2	3.8
Service-Providing	2,384.0	2,413.8	2,447.7	2,488.6	2,526.9	2,568.8	2,609.8	2,645.6
% Ch	-0.4	1.2	1.4	1.7	1.5	1.7	1.6	1.4
Software Publishers	50.9	51.7	52.4	53.3	53.9	54.7	55.8	56.8
% Ch	-1.1	1.5	1.4	1.8	1.2	1.4	1.9	2.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	20.691	20.864	28.118	33.104	36.069	40.961	42.414	42.232
% Ch	21.6	0.8	34.8	17.7	9.0	13.6	3.5	-0.4
Single-Family	14.702	13.159	16.508	19.781	22.993	27.140	28.768	29.250
% Ch	13.2	-10.5	25.5	19.8	16.2	18.0	6.0	1.7
Multi-Family	5.989	7.705	11.610	13.324	13.076	13.821	13.645	12.981
% Ch	49.0	28.7	50.7	14.8	-1.9	5.7	-1.3	-4.9
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	3.65	4.16	4.76	5.65	6.28

Table A1.4

**Washington Economic Forecast Summary**

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	268.628	269.537	271.658	277.080	272.922	275.995	278.437	280.733
% Ch, Annual Rate	6.1	1.4	3.2	8.2	-5.9	4.6	3.6	3.3
Real Wage and Salary Disb.	140.930	140.017	141.811	143.572	143.276	144.616	146.036	146.895
% Ch, Annual Rate	9.0	-2.6	5.2	5.1	-0.8	3.8	4.0	2.4
Real Nonwage Income	127.698	129.520	129.847	133.507	129.646	131.379	132.400	133.838
% Ch, Annual Rate	3.0	5.8	1.0	11.8	-11.1	5.5	3.1	4.4
Real Per Capita Income (\$/Person)	39,053	39,080	39,282	39,959	39,259	39,596	39,840	40,060
% Ch, Annual Rate	5.0	0.3	2.1	7.1	-6.8	3.5	2.5	2.2
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.153	1.155	1.159	1.164	1.167	1.167	1.171	1.175
% Ch, Annual Rate	2.5	0.7	1.6	1.6	1.0	-0.1	1.5	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.366	2.383	2.396	2.401	2.404	2.407	2.421	2.432
% Ch, Annual Rate	1.2	2.9	2.2	0.8	0.6	0.5	2.2	1.9
Average Nonfarm Annual Wage	54,644	54,071	54,720	55,302	55,014	55,451	56,034	56,350
% Ch, Annual Rate	9.9	-4.1	4.9	4.3	-2.1	3.2	4.3	2.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.02	24.06	24.12	24.37	24.11	24.25	24.34	24.44
% Ch, Annual Rate	-1.4	0.6	1.0	4.2	-4.1	2.3	1.5	1.7
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	309.721	311.296	314.985	322.546	318.493	321.970	326.000	329.870
% Ch, Annual Rate	8.7	2.0	4.8	10.0	-4.9	4.4	5.1	4.8
Disposable Personal Income	275.752	277.071	280.294	286.714	280.925	282.967	286.237	289.155
% Ch, Annual Rate	8.4	1.9	4.7	9.5	-7.8	2.9	4.7	4.1
Per Capita Income (\$/Person)	45,027	45,135	45,547	46,516	45,814	46,191	46,645	47,072
% Ch, Annual Rate	7.6	1.0	3.7	8.8	-5.9	3.3	4.0	3.7
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,490.9	3,488.9	3,476.8	3,470.6	3,469.0	3,492.3	3,505.7	3,518.7
Total Washington Employment	3,195.7	3,196.4	3,193.1	3,205.4	3,210.9	3,252.2	3,263.7	3,277.0
Unemployment Rate (%)	8.46	8.39	8.16	7.64	7.44	6.88	6.90	6.87
Nonfarm Payroll Employment	2,848.0	2,866.0	2,880.1	2,897.4	2,912.5	2,921.3	2,932.2	2,944.4
% Ch, Annual Rate	1.5	2.6	2.0	2.4	2.1	1.2	1.5	1.7
Manufacturing	275.7	278.9	282.6	284.1	285.4	285.3	285.4	286.1
% Ch, Annual Rate	3.5	4.7	5.4	2.2	1.8	-0.1	0.1	0.9
Durable Manufacturing	200.2	203.2	206.4	208.6	209.8	209.4	209.1	209.3
% Ch, Annual Rate	5.7	6.0	6.6	4.2	2.4	-0.8	-0.6	0.5
Aerospace	91.5	93.1	95.6	96.8	96.6	95.5	94.3	93.8
% Ch, Annual Rate	5.9	7.1	11.3	5.2	-1.1	-4.5	-4.9	-2.1
Nondurable Manufacturing	75.4	75.7	76.1	75.5	75.6	75.9	76.3	76.7
% Ch, Annual Rate	-1.9	1.4	2.2	-3.1	0.4	1.8	2.1	2.0
Construction	135.9	138.1	139.1	142.7	145.1	146.4	148.1	150.0
% Ch, Annual Rate	-0.3	6.7	3.0	10.7	7.0	3.5	4.7	5.2
Service-Providing	2,430.4	2,443.1	2,452.6	2,464.7	2,476.0	2,483.6	2,492.6	2,502.3
% Ch, Annual Rate	1.4	2.1	1.6	2.0	1.9	1.2	1.5	1.6
Software Publishers	52.1	52.2	52.6	52.6	52.7	53.4	53.6	53.7
% Ch, Annual Rate	1.4	0.8	2.9	0.4	0.5	5.0	1.6	0.7
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	26.575	26.901	28.024	30.972	36.029	30.587	32.357	33.444
% Ch, Annual Rate	126.0	5.0	17.8	49.2	83.1	-48.1	25.2	14.1
Single-Family	14.808	15.255	16.976	18.993	18.876	19.295	19.984	20.968
% Ch, Annual Rate	45.6	12.7	53.3	56.7	-2.4	9.2	15.1	21.2
Multi-Family	11.767	11.646	11.048	11.979	17.153	11.292	12.373	12.476
% Ch, Annual Rate	325.2	-4.1	-19.0	38.2	320.4	-81.2	44.2	3.4
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.55	3.73	3.79

Table A1.4 (continued)  
**Washington Economic Forecast Summary**  
Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	283.136	286.347	288.808	290.723	292.852	296.236	298.410	300.275
% Ch, Annual Rate	3.5	4.6	3.5	2.7	3.0	4.7	3.0	2.5
Real Wage and Salary Disb.	147.236	149.377	150.693	151.555	151.889	154.150	155.340	156.234
% Ch, Annual Rate	0.9	5.9	3.6	2.3	0.9	6.1	3.1	2.3
Real Nonwage Income	135.900	136.970	138.115	139.168	140.962	142.087	143.071	144.042
% Ch, Annual Rate	6.3	3.2	3.4	3.1	5.3	3.2	2.8	2.7
Real Per Capita Income (\$/Person)	40,294	40,641	40,878	41,036	41,222	41,585	41,777	41,927
% Ch, Annual Rate	2.4	3.5	2.4	1.6	1.8	3.6	1.9	1.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.180	1.185	1.190	1.194	1.198	1.202	1.206	1.211
% Ch, Annual Rate	1.8	1.7	1.5	1.4	1.5	1.3	1.4	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.445	2.458	2.470	2.480	2.491	2.501	2.511	2.522
% Ch, Annual Rate	2.1	2.2	1.9	1.7	1.7	1.6	1.6	1.7
Average Nonfarm Annual Wage	56,437	57,256	57,717	58,005	58,036	58,843	59,232	59,520
% Ch, Annual Rate	0.6	5.9	3.3	2.0	0.2	5.7	2.7	2.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.56	24.67	24.77	24.86	24.96	25.05	25.16	25.27
% Ch, Annual Rate	2.0	1.7	1.6	1.5	1.6	1.5	1.7	1.8
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	334.195	339.434	343.664	347.139	350.944	356.128	359.965	363.498
% Ch, Annual Rate	5.3	6.4	5.1	4.1	4.5	6.0	4.4	4.0
Disposable Personal Income	292.952	297.880	301.662	305.201	308.550	313.458	317.252	320.478
% Ch, Annual Rate	5.4	6.9	5.2	4.8	4.5	6.5	4.9	4.1
Per Capita Income (\$/Person)	47,561	48,175	48,642	48,999	49,399	49,992	50,395	50,755
% Ch, Annual Rate	4.2	5.3	3.9	3.0	3.3	4.9	3.3	2.9
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,531.0	3,543.0	3,554.8	3,566.0	3,576.7	3,587.0	3,597.2	3,607.2
Total Washington Employment	3,291.6	3,305.4	3,319.4	3,332.7	3,346.6	3,360.9	3,375.0	3,387.9
Unemployment Rate (%)	6.78	6.71	6.62	6.54	6.43	6.30	6.18	6.08
Nonfarm Payroll Employment	2,957.2	2,971.1	2,985.5	2,999.4	3,014.2	3,028.8	3,043.6	3,058.3
% Ch, Annual Rate	1.8	1.9	2.0	1.9	2.0	2.0	2.0	1.9
Manufacturing	287.6	288.8	290.2	290.9	291.4	292.1	293.1	294.2
% Ch, Annual Rate	2.2	1.7	1.9	0.9	0.7	1.0	1.4	1.5
Durable Manufacturing	210.2	211.1	212.3	212.9	213.3	213.9	214.7	215.5
% Ch, Annual Rate	1.6	1.8	2.3	1.1	0.7	1.2	1.5	1.4
Aerospace	93.3	92.9	92.4	91.9	91.5	91.0	90.5	90.1
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	77.4	77.7	77.9	78.0	78.1	78.1	78.3	78.7
% Ch, Annual Rate	3.8	1.3	1.0	0.4	0.6	0.4	1.0	1.8
Construction	152.0	154.4	156.9	159.7	162.9	166.0	169.1	171.9
% Ch, Annual Rate	5.4	6.6	6.6	7.4	8.2	7.9	7.6	6.8
Service-Providing	2,511.6	2,521.7	2,532.0	2,542.2	2,553.0	2,563.5	2,574.1	2,584.6
% Ch, Annual Rate	1.5	1.6	1.7	1.6	1.7	1.7	1.7	1.7
Software Publishers	53.7	53.8	54.0	54.2	54.4	54.6	54.8	55.1
% Ch, Annual Rate	0.2	1.2	1.2	1.6	1.5	1.2	1.5	1.8
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	34.594	35.591	36.382	37.709	39.491	40.715	41.516	42.123
% Ch, Annual Rate	14.5	12.0	9.2	15.4	20.3	13.0	8.1	6.0
Single-Family	21.874	22.506	23.157	24.435	25.941	26.911	27.550	28.158
% Ch, Annual Rate	18.4	12.1	12.1	24.0	27.0	15.8	9.9	9.1
Multi-Family	12.720	13.085	13.225	13.274	13.550	13.805	13.965	13.966
% Ch, Annual Rate	8.0	12.0	4.4	1.5	8.6	7.7	4.7	0.0
30-Year Fixed Mortgage Rate (%)	3.95	4.15	4.25	4.31	4.40	4.61	4.87	5.15

Table A1.4 (continued)  
**Washington Economic Forecast Summary**  
Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	302.806	306.115	308.105	311.102	313.207	317.041	319.499	322.409
% Ch, Annual Rate	3.4	4.4	2.6	3.9	2.7	5.0	3.1	3.7
Real Wage and Salary Disb.	156.746	158.729	159.380	160.764	160.899	163.010	163.792	165.072
% Ch, Annual Rate	1.3	5.2	1.6	3.5	0.3	5.4	1.9	3.2
Real Nonwage Income	146.061	147.386	148.725	150.338	152.309	154.031	155.706	157.336
% Ch, Annual Rate	5.7	3.7	3.7	4.4	5.3	4.6	4.4	4.3
Real Per Capita Income (\$/Person)	42,170	42,521	42,689	42,997	43,183	43,609	43,846	44,146
% Ch, Annual Rate	2.3	3.4	1.6	2.9	1.7	4.0	2.2	2.8
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.215	1.220	1.224	1.229	1.233	1.237	1.242	1.246
% Ch, Annual Rate	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.533	2.544	2.555	2.566	2.577	2.588	2.598	2.609
% Ch, Annual Rate	1.8	1.8	1.8	1.7	1.8	1.6	1.6	1.6
Average Nonfarm Annual Wage	59,648	60,413	60,647	61,169	61,209	62,059	62,394	62,929
% Ch, Annual Rate	0.9	5.2	1.6	3.5	0.3	5.7	2.2	3.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.39	25.51	25.62	25.74	25.86	25.98	26.09	26.21
% Ch, Annual Rate	1.9	1.9	1.9	1.9	1.8	1.9	1.8	1.8
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	367.949	373.387	377.194	382.223	386.245	392.304	396.676	401.640
% Ch, Annual Rate	5.0	6.0	4.1	5.4	4.3	6.4	4.5	5.1
Disposable Personal Income	324.319	329.179	332.895	337.482	340.404	345.941	350.117	354.788
% Ch, Annual Rate	4.9	6.1	4.6	5.6	3.5	6.7	4.9	5.4
Per Capita Income (\$/Person)	51,242	51,865	52,261	52,826	53,253	53,961	54,437	54,995
% Ch, Annual Rate	3.9	5.0	3.1	4.4	3.3	5.4	3.6	4.2
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,617.0	3,626.6	3,635.9	3,644.9	3,653.7	3,662.1	3,670.1	3,677.7
Total Washington Employment	3,399.7	3,411.0	3,422.1	3,433.1	3,443.2	3,452.6	3,461.9	3,471.3
Unemployment Rate (%)	6.01	5.94	5.88	5.81	5.76	5.72	5.67	5.61
Nonfarm Payroll Employment	3,072.0	3,084.9	3,097.4	3,110.0	3,120.5	3,130.4	3,139.5	3,148.9
% Ch, Annual Rate	1.8	1.7	1.6	1.6	1.4	1.3	1.2	1.2
Manufacturing	294.9	295.4	295.8	296.2	296.5	296.8	297.0	297.3
% Ch, Annual Rate	0.9	0.7	0.6	0.4	0.4	0.4	0.3	0.4
Durable Manufacturing	215.9	216.2	216.5	216.7	216.7	216.7	216.7	216.7
% Ch, Annual Rate	0.8	0.5	0.5	0.3	0.0	0.0	0.1	0.0
Aerospace	89.6	89.2	88.7	88.3	87.8	87.4	86.9	86.5
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	79.0	79.2	79.3	79.5	79.8	80.1	80.3	80.5
% Ch, Annual Rate	1.3	1.1	0.8	0.9	1.5	1.4	1.1	1.2
Construction	174.5	176.9	179.0	180.9	182.6	184.1	185.3	186.4
% Ch, Annual Rate	6.3	5.5	5.0	4.3	3.8	3.3	2.7	2.4
Service-Providing	2,594.8	2,604.8	2,614.6	2,625.1	2,633.6	2,641.7	2,649.6	2,657.7
% Ch, Annual Rate	1.6	1.5	1.5	1.6	1.3	1.2	1.2	1.2
Software Publishers	55.3	55.6	55.9	56.2	56.5	56.7	57.0	57.2
% Ch, Annual Rate	2.1	2.0	2.1	2.0	2.0	1.9	1.8	1.7
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	42.512	42.411	42.406	42.325	42.403	42.191	42.109	42.223
% Ch, Annual Rate	3.7	-1.0	0.0	-0.8	0.7	-2.0	-0.8	1.1
Single-Family	28.615	28.699	28.833	28.926	29.091	29.109	29.257	29.544
% Ch, Annual Rate	6.7	1.2	1.9	1.3	2.3	0.3	2.0	4.0
Multi-Family	13.897	13.712	13.573	13.398	13.312	13.082	12.852	12.680
% Ch, Annual Rate	-1.9	-5.2	-4.0	-5.1	-2.5	-6.8	-6.8	-5.3
30-Year Fixed Mortgage Rate (%)	5.37	5.56	5.73	5.96	6.13	6.28	6.36	6.36



Table A2.1

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Nonfarm Payroll Employment	129.91	131.50	133.74	135.89	138.03	140.40	142.85	144.82
% Ch	-0.7	1.2	1.7	1.6	1.6	1.7	1.7	1.4
Manufacturing	11.53	11.73	11.92	12.01	12.16	12.28	12.43	12.47
% Ch	-2.7	1.7	1.7	0.8	1.3	0.9	1.3	0.3
Durable Manufacturing	7.06	7.27	7.46	7.54	7.67	7.81	7.98	8.02
% Ch	-3.0	3.0	2.6	1.0	1.8	1.8	2.1	0.6
Wood Products	0.34	0.34	0.34	0.35	0.43	0.51	0.55	0.54
% Ch	-5.0	-1.5	0.4	4.4	21.2	19.8	7.8	-1.9
Primary and Fabricated Metals	1.64	1.74	1.81	1.83	1.88	1.91	1.97	2.00
% Ch	-1.8	5.6	4.5	1.2	2.5	1.5	3.0	1.6
Computer and Electronic Products	1.09	1.10	1.09	1.08	1.06	1.04	1.03	1.04
% Ch	-3.7	0.8	-0.9	-1.1	-1.7	-2.3	-1.2	1.1
Machinery and Electrical Equipment	1.36	1.42	1.47	1.48	1.48	1.50	1.52	1.54
% Ch	-3.3	4.9	3.3	0.5	0.6	0.7	1.6	1.1
Transportation Equipment	1.33	1.38	1.46	1.49	1.50	1.52	1.55	1.55
% Ch	-1.1	3.6	5.4	2.5	0.4	1.4	2.1	-0.3
Other Durables	1.29	1.29	1.29	1.30	1.32	1.34	1.36	1.36
% Ch	-5.0	-0.1	0.1	0.3	1.6	1.5	1.4	0.0
Nondurable Manufacturing	4.46	4.45	4.46	4.48	4.49	4.47	4.46	4.45
% Ch	-2.2	-0.2	0.1	0.4	0.3	-0.6	-0.2	-0.2
Food Manufacturing	1.45	1.46	1.47	1.48	1.52	1.54	1.56	1.58
% Ch	-0.4	0.5	0.7	1.1	2.5	1.1	1.4	1.1
Paper and Paper Products	0.39	0.39	0.38	0.38	0.37	0.37	0.37	0.37
% Ch	-3.0	-1.8	-2.1	-0.7	-0.7	-0.6	0.0	0.3
Other Nondurables	2.62	2.61	2.61	2.62	2.60	2.56	2.53	2.50
% Ch	-3.0	-0.4	0.0	0.3	-0.8	-1.5	-1.1	-1.0
Natural Resources and Mining	0.70	0.79	0.85	0.88	0.92	0.93	0.94	0.95
% Ch	1.5	11.8	8.0	3.0	4.8	1.7	0.9	1.2
Construction	5.52	5.53	5.64	5.84	6.16	6.73	7.30	7.66
% Ch	-8.3	0.3	2.0	3.6	5.4	9.3	8.5	4.9
Trade, Transportation, and Utilities	24.64	25.07	25.51	25.91	26.13	26.40	26.81	27.20
% Ch	-1.1	1.7	1.8	1.6	0.8	1.1	1.6	1.4
Wholesale Trade	5.45	5.54	5.67	5.76	5.86	5.97	6.10	6.23
% Ch	-2.4	1.7	2.4	1.5	1.7	1.9	2.2	2.1
Retail Trade	14.44	14.67	14.87	15.11	15.10	15.11	15.22	15.31
% Ch	-0.5	1.6	1.4	1.6	-0.1	0.1	0.7	0.6
Trans., Warehousing, and Utilities	4.74	4.85	4.97	5.04	5.17	5.32	5.49	5.65
% Ch	-1.1	2.3	2.4	1.5	2.6	2.9	3.2	3.0
Information	2.71	2.67	2.68	2.70	2.68	2.70	2.74	2.79
% Ch	-3.4	-1.2	0.1	0.9	-0.7	0.6	1.6	1.6
Publishing Industries	0.76	0.75	0.74	0.73	0.70	0.69	0.69	0.69
% Ch	-4.7	-1.4	-1.5	-1.6	-3.2	-1.6	-0.2	0.0
Other Information	1.95	1.93	1.94	1.98	1.98	2.01	2.05	2.10
% Ch	-2.9	-1.2	0.8	1.8	0.2	1.4	2.3	2.2
Financial Activities	7.70	7.70	7.79	7.88	7.97	8.02	7.95	7.87
% Ch	-1.8	0.0	1.2	1.2	1.2	0.7	-0.9	-1.1
Professional and Business Services	16.72	17.33	17.93	18.55	19.20	19.84	20.45	20.92
% Ch	0.9	3.6	3.5	3.5	3.5	3.3	3.1	2.3
Education and Health Services	19.53	19.89	20.32	20.69	21.05	21.40	21.89	22.34
% Ch	1.8	1.8	2.2	1.8	1.7	1.6	2.3	2.1
Leisure and Hospitality	13.04	13.35	13.75	14.13	14.32	14.54	14.64	14.76
% Ch	-0.2	2.4	3.0	2.7	1.4	1.5	0.7	0.8
Other Services	5.33	5.36	5.44	5.48	5.53	5.52	5.51	5.52
% Ch	-0.7	0.6	1.4	0.8	0.9	-0.1	-0.2	0.2
Federal Government	2.98	2.86	2.82	2.74	2.73	2.73	2.67	2.64
% Ch	5.2	-3.9	-1.5	-2.6	-0.3	-0.3	-1.9	-1.2
State and Local Government	19.51	19.23	19.10	19.08	19.17	19.30	19.50	19.70
% Ch	-1.1	-1.4	-0.7	-0.1	0.5	0.7	1.0	1.0



Table A2.2

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	133.06	133.51	133.92	134.46	135.11	135.66	136.15	136.66
% Ch, Annual Rate	2.4	1.4	1.2	1.6	1.9	1.6	1.4	1.5
Manufacturing	11.87	11.93	11.94	11.94	11.98	12.00	12.03	12.05
% Ch, Annual Rate	3.3	1.8	0.5	-0.1	1.4	0.5	1.1	0.5
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.52	7.55	7.56
% Ch, Annual Rate	4.8	2.3	0.7	0.0	1.5	0.8	1.4	0.7
Wood Products	0.34	0.34	0.34	0.34	0.35	0.35	0.35	0.37
% Ch, Annual Rate	4.0	-2.4	-0.9	7.8	4.4	0.4	5.8	23.3
Primary and Fabricated Metals	1.80	1.81	1.82	1.82	1.83	1.83	1.83	1.85
% Ch, Annual Rate	7.4	4.3	1.5	-0.1	1.4	1.0	0.4	2.9
Computer and Electronic Products	1.10	1.10	1.09	1.09	1.08	1.08	1.09	1.07
% Ch, Annual Rate	-1.2	-0.3	-1.9	-2.0	-0.7	-0.6	1.1	-4.2
Machinery and Electrical Equipment	1.46	1.47	1.47	1.47	1.47	1.48	1.48	1.47
% Ch, Annual Rate	5.6	2.9	-0.4	-0.7	0.5	1.5	1.7	-2.0
Transportation Equipment	1.43	1.45	1.47	1.47	1.48	1.49	1.50	1.50
% Ch, Annual Rate	7.4	4.9	4.9	0.7	3.6	2.7	1.1	-0.7
Other Durables	1.30	1.30	1.29	1.29	1.30	1.29	1.30	1.30
% Ch, Annual Rate	3.0	-0.6	-1.2	-0.1	1.7	-1.4	2.1	0.9
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.47	4.48	4.48
% Ch, Annual Rate	0.8	1.1	0.1	-0.1	1.1	0.0	0.7	0.3
Food Manufacturing	1.46	1.47	1.48	1.47	1.47	1.48	1.49	1.50
% Ch, Annual Rate	1.5	3.0	1.5	-1.5	1.0	1.6	2.3	2.1
Paper and Paper Products	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
% Ch, Annual Rate	-2.6	-0.8	-2.3	-0.9	0.6	-1.1	-0.4	-1.4
Other Nondurables	2.61	2.61	2.61	2.61	2.62	2.62	2.61	2.61
% Ch, Annual Rate	0.9	0.3	-0.3	0.7	1.3	-0.8	-0.1	-0.4
Natural Resources and Mining	0.85	0.85	0.85	0.85	0.87	0.87	0.88	0.89
% Ch, Annual Rate	12.2	2.1	-1.9	0.9	6.9	0.3	6.7	5.2
Construction	5.64	5.62	5.63	5.68	5.77	5.81	5.86	5.93
% Ch, Annual Rate	3.6	-0.9	0.4	3.4	6.8	2.5	3.8	5.0
Trade, Transportation, and Utilities	25.38	25.45	25.52	25.70	25.80	25.87	25.96	26.02
% Ch, Annual Rate	2.1	1.1	1.1	2.9	1.5	1.2	1.3	0.9
Wholesale Trade	5.63	5.67	5.69	5.71	5.73	5.75	5.76	5.80
% Ch, Annual Rate	3.2	2.3	1.7	1.3	1.8	0.9	1.3	2.2
Retail Trade	14.81	14.83	14.86	14.98	15.04	15.10	15.15	15.14
% Ch, Annual Rate	1.4	0.6	0.5	3.3	1.8	1.6	1.3	-0.3
Trans., Warehousing, and Utilities	4.93	4.95	4.97	5.02	5.02	5.02	5.04	5.08
% Ch, Annual Rate	3.3	1.1	2.2	3.8	0.2	0.2	1.4	3.3
Information	2.68	2.68	2.68	2.68	2.69	2.69	2.70	2.72
% Ch, Annual Rate	-0.3	0.2	0.0	-0.2	2.3	-0.4	2.2	1.6
Publishing Industries	0.74	0.74	0.74	0.73	0.73	0.73	0.73	0.72
% Ch, Annual Rate	-2.8	-0.9	-0.3	-2.9	-1.7	-0.8	-1.5	-3.9
Other Information	1.94	1.94	1.94	1.94	1.96	1.96	1.98	2.00
% Ch, Annual Rate	0.7	0.7	0.2	0.8	3.9	-0.2	3.5	3.7
Financial Activities	7.74	7.78	7.80	7.82	7.85	7.87	7.88	7.91
% Ch, Annual Rate	1.3	1.8	0.9	1.4	1.4	1.2	0.3	1.6
Professional and Business Services	17.74	17.88	17.99	18.11	18.28	18.48	18.63	18.82
% Ch, Annual Rate	4.8	3.1	2.5	2.7	3.8	4.5	3.2	4.2
Education and Health Services	20.17	20.28	20.37	20.47	20.55	20.66	20.76	20.81
% Ch, Annual Rate	2.3	2.2	1.8	2.0	1.6	2.2	1.9	1.1
Leisure and Hospitality	13.63	13.71	13.78	13.87	13.99	14.11	14.17	14.23
% Ch, Annual Rate	3.9	2.1	2.3	2.5	3.5	3.6	1.7	1.7
Other Services	5.42	5.42	5.44	5.46	5.47	5.48	5.48	5.48
% Ch, Annual Rate	1.8	0.6	1.4	1.6	0.7	0.3	0.4	0.2
Federal Government	2.83	2.82	2.81	2.80	2.79	2.75	2.73	2.71
% Ch, Annual Rate	-1.5	-1.4	-2.0	-1.0	-1.9	-5.1	-3.6	-2.8
State and Local Government	19.11	19.10	19.11	19.08	19.07	19.07	19.07	19.09
% Ch, Annual Rate	-0.4	-0.3	0.3	-0.7	-0.1	0.0	0.0	0.5

Table A2.2 (continued)

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	137.20	137.75	138.31	138.85	139.45	140.07	140.72	141.37
% Ch, Annual Rate	1.6	1.6	1.6	1.6	1.7	1.8	1.9	1.9
Manufacturing	12.11	12.16	12.19	12.21	12.22	12.25	12.29	12.35
% Ch, Annual Rate	2.1	1.6	1.0	0.8	0.4	0.9	1.5	2.0
Durable Manufacturing	7.61	7.66	7.70	7.73	7.75	7.78	7.83	7.89
% Ch, Annual Rate	2.5	2.7	1.8	1.6	1.1	1.9	2.6	3.0
Wood Products	0.39	0.42	0.44	0.46	0.48	0.50	0.52	0.54
% Ch, Annual Rate	27.5	28.0	22.1	22.1	18.6	19.1	17.5	13.9
Primary and Fabricated Metals	1.87	1.88	1.88	1.89	1.89	1.90	1.91	1.93
% Ch, Annual Rate	4.5	3.3	-0.3	2.0	0.9	1.3	2.0	3.8
Computer and Electronic Products	1.06	1.05	1.07	1.06	1.05	1.04	1.04	1.03
% Ch, Annual Rate	-3.7	-4.3	8.5	-4.8	-5.1	-3.3	-1.1	-1.0
Machinery and Electrical Equipment	1.48	1.49	1.49	1.49	1.49	1.49	1.50	1.50
% Ch, Annual Rate	0.7	2.8	-0.3	1.1	0.4	0.3	1.0	1.5
Transportation Equipment	1.50	1.50	1.50	1.50	1.50	1.51	1.53	1.54
% Ch, Annual Rate	0.5	1.4	-1.3	0.7	0.8	2.9	3.4	3.1
Other Durables	1.31	1.32	1.32	1.32	1.33	1.34	1.34	1.35
% Ch, Annual Rate	3.0	2.3	-0.3	1.8	1.6	1.7	1.8	2.3
Nondurable Manufacturing	4.50	4.49	4.49	4.48	4.47	4.46	4.46	4.46
% Ch, Annual Rate	1.3	-0.3	-0.4	-0.7	-0.8	-0.8	-0.3	0.3
Food Manufacturing	1.51	1.52	1.53	1.53	1.53	1.53	1.54	1.55
% Ch, Annual Rate	4.5	1.9	1.5	0.6	1.1	0.6	1.2	2.0
Paper and Paper Products	0.38	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.4	-1.5	-0.6	-0.5	-0.9	-0.5	0.0	0.4
Other Nondurables	2.61	2.60	2.59	2.58	2.57	2.56	2.55	2.55
% Ch, Annual Rate	-0.4	-1.4	-1.5	-1.5	-1.8	-1.7	-1.2	-0.8
Natural Resources and Mining	0.91	0.91	0.92	0.93	0.93	0.93	0.93	0.93
% Ch, Annual Rate	6.1	4.2	3.8	2.3	1.2	1.0	0.3	0.0
Construction	6.01	6.09	6.20	6.33	6.48	6.65	6.82	6.97
% Ch, Annual Rate	5.0	5.9	7.5	8.6	9.9	10.8	10.5	9.1
Trade, Transportation, and Utilities	26.03	26.09	26.16	26.23	26.26	26.35	26.45	26.55
% Ch, Annual Rate	0.2	0.8	1.2	0.9	0.5	1.3	1.6	1.5
Wholesale Trade	5.83	5.85	5.87	5.89	5.92	5.95	5.99	6.02
% Ch, Annual Rate	2.1	1.5	1.5	1.5	2.2	2.1	2.2	2.0
Retail Trade	15.08	15.08	15.11	15.11	15.08	15.09	15.12	15.15
% Ch, Annual Rate	-1.4	0.0	0.6	0.1	-0.9	0.5	0.8	0.7
Trans., Warehousing, and Utilities	5.12	5.16	5.19	5.22	5.26	5.30	5.34	5.39
% Ch, Annual Rate	3.2	2.7	2.6	2.7	2.9	3.0	3.3	3.2
Information	2.72	2.69	2.65	2.67	2.70	2.70	2.70	2.70
% Ch, Annual Rate	0.3	-4.6	-4.6	2.9	3.8	0.4	-0.5	0.7
Publishing Industries	0.71	0.70	0.70	0.70	0.69	0.69	0.69	0.69
% Ch, Annual Rate	-5.1	-2.8	-2.6	-1.2	-1.4	-2.0	-1.3	-0.3
Other Information	2.01	1.98	1.95	1.98	2.00	2.01	2.01	2.01
% Ch, Annual Rate	2.3	-5.3	-5.3	4.4	5.6	1.2	-0.2	1.0
Financial Activities	7.94	7.96	7.98	8.00	8.03	8.03	8.03	8.01
% Ch, Annual Rate	1.3	1.0	1.4	1.1	1.1	0.2	-0.1	-1.0
Professional and Business Services	18.99	19.15	19.28	19.40	19.57	19.76	19.93	20.11
% Ch, Annual Rate	3.6	3.3	2.8	2.5	3.5	3.9	3.5	3.8
Education and Health Services	20.94	21.03	21.09	21.17	21.27	21.36	21.44	21.54
% Ch, Annual Rate	2.5	1.7	1.1	1.5	1.9	1.7	1.6	1.8
Leisure and Hospitality	14.24	14.29	14.34	14.41	14.47	14.51	14.57	14.60
% Ch, Annual Rate	0.3	1.4	1.5	2.0	1.5	1.2	1.5	1.1
Other Services	5.51	5.52	5.54	5.54	5.53	5.53	5.52	5.51
% Ch, Annual Rate	1.6	1.3	1.3	-0.5	-0.1	-0.6	-0.5	-0.6
Federal Government	2.71	2.74	2.76	2.74	2.74	2.73	2.72	2.71
% Ch, Annual Rate	0.1	4.1	2.9	-2.2	0.5	-1.7	-1.7	-1.6
State and Local Government	19.12	19.14	19.19	19.22	19.25	19.28	19.32	19.37
% Ch, Annual Rate	0.5	0.4	1.2	0.6	0.5	0.6	0.9	1.1

Table A2.2 (continued)

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	141.99	142.57	143.13	143.71	144.17	144.62	145.02	145.45
% Ch, Annual Rate	1.8	1.7	1.6	1.6	1.3	1.2	1.1	1.2
Manufacturing	12.40	12.42	12.45	12.46	12.47	12.47	12.47	12.47
% Ch, Annual Rate	1.4	0.8	0.8	0.4	0.2	0.1	0.0	-0.1
Durable Manufacturing	7.94	7.96	7.99	8.01	8.02	8.02	8.02	8.02
% Ch, Annual Rate	2.3	1.4	1.6	0.9	0.2	0.1	0.1	0.0
Wood Products	0.55	0.55	0.55	0.55	0.55	0.54	0.54	0.54
% Ch, Annual Rate	7.8	2.1	-0.5	-1.9	-2.2	-2.8	-3.1	-2.6
Primary and Fabricated Metals	1.94	1.96	1.97	1.99	1.99	2.00	2.00	2.00
% Ch, Annual Rate	3.5	2.8	3.4	2.7	0.8	0.8	0.8	0.4
Computer and Electronic Products	1.03	1.03	1.03	1.03	1.03	1.03	1.04	1.05
% Ch, Annual Rate	-1.9	-0.9	-0.3	0.2	1.4	2.0	2.1	2.2
Machinery and Electrical Equipment	1.51	1.52	1.52	1.53	1.53	1.54	1.54	1.54
% Ch, Annual Rate	1.8	1.8	2.4	1.9	0.8	0.6	0.3	-0.2
Transportation Equipment	1.55	1.55	1.56	1.56	1.55	1.55	1.55	1.54
% Ch, Annual Rate	2.5	1.0	1.2	0.0	-0.6	-0.9	-0.9	-0.8
Other Durables	1.35	1.36	1.36	1.36	1.36	1.36	1.36	1.36
% Ch, Annual Rate	1.7	0.7	0.8	0.0	-0.1	-0.4	0.0	-0.2
Nondurable Manufacturing	4.46	4.46	4.46	4.45	4.45	4.45	4.45	4.45
% Ch, Annual Rate	0.0	-0.2	-0.5	-0.4	0.1	0.0	-0.2	-0.1
Food Manufacturing	1.55	1.56	1.56	1.57	1.57	1.58	1.58	1.58
% Ch, Annual Rate	1.5	1.4	1.0	1.1	1.2	1.3	0.9	1.0
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.0	-0.1	-0.2	0.0	0.7	0.6	0.2	0.3
Other Nondurables	2.54	2.53	2.52	2.51	2.51	2.50	2.50	2.49
% Ch, Annual Rate	-0.9	-1.2	-1.4	-1.5	-0.6	-0.8	-1.0	-0.9
Natural Resources and Mining	0.94	0.94	0.94	0.95	0.95	0.95	0.95	0.95
% Ch, Annual Rate	0.8	1.3	2.0	2.0	1.8	0.6	-0.3	-0.7
Construction	7.12	7.25	7.37	7.47	7.56	7.63	7.70	7.75
% Ch, Annual Rate	8.5	7.9	6.7	5.4	4.7	4.2	3.3	3.0
Trade, Transportation, and Utilities	26.65	26.76	26.87	26.98	27.07	27.16	27.24	27.31
% Ch, Annual Rate	1.5	1.6	1.7	1.6	1.4	1.4	1.2	1.0
Wholesale Trade	6.05	6.08	6.12	6.15	6.19	6.22	6.25	6.27
% Ch, Annual Rate	2.3	2.2	2.4	2.3	2.2	2.0	1.9	1.7
Retail Trade	15.17	15.20	15.24	15.27	15.28	15.31	15.32	15.33
% Ch, Annual Rate	0.5	0.9	0.9	0.8	0.4	0.6	0.4	0.2
Trans., Warehousing, and Utilities	5.43	5.47	5.51	5.56	5.60	5.64	5.67	5.71
% Ch, Annual Rate	3.3	3.0	3.2	3.1	3.2	2.8	2.6	2.4
Information	2.72	2.73	2.76	2.77	2.78	2.78	2.79	2.80
% Ch, Annual Rate	2.2	2.8	3.1	1.5	1.4	1.3	1.2	0.7
Publishing Industries	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69
% Ch, Annual Rate	0.3	0.0	0.2	-0.1	0.3	-0.1	-0.2	-0.6
Other Information	2.03	2.05	2.07	2.08	2.09	2.10	2.10	2.11
% Ch, Annual Rate	2.9	3.7	4.1	2.0	1.7	1.8	1.6	1.1
Financial Activities	7.99	7.96	7.93	7.92	7.91	7.88	7.85	7.83
% Ch, Annual Rate	-0.9	-1.6	-1.5	-0.6	-0.6	-1.6	-1.3	-1.1
Professional and Business Services	20.25	20.38	20.51	20.66	20.76	20.85	20.97	21.10
% Ch, Annual Rate	2.7	2.6	2.7	2.9	2.0	1.8	2.2	2.5
Education and Health Services	21.70	21.85	21.95	22.08	22.17	22.30	22.40	22.51
% Ch, Annual Rate	3.1	2.7	1.9	2.4	1.6	2.3	1.8	2.0
Leisure and Hospitality	14.60	14.62	14.65	14.68	14.72	14.74	14.77	14.80
% Ch, Annual Rate	0.0	0.3	0.8	1.0	1.0	0.7	0.9	0.6
Other Services	5.51	5.51	5.51	5.51	5.51	5.52	5.52	5.52
% Ch, Annual Rate	0.1	-0.2	0.0	0.1	0.3	0.3	0.2	0.1
Federal Government	2.69	2.68	2.67	2.66	2.65	2.65	2.64	2.63
% Ch, Annual Rate	-3.0	-1.5	-1.4	-1.4	-0.8	-1.3	-1.2	-1.2
State and Local Government	19.42	19.48	19.53	19.58	19.62	19.68	19.72	19.78
% Ch, Annual Rate	1.1	1.1	1.0	1.1	0.9	1.1	1.0	1.2

Table A2.3

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Nonfarm Payroll Employment	2,788.8	2,824.8	2,872.9	2,927.6	2,978.3	3,036.2	3,091.1	3,134.8
% Ch	-1.3	1.3	1.7	1.9	1.7	1.9	1.8	1.4
Manufacturing	258.2	268.6	280.3	285.5	289.4	292.7	295.6	296.9
% Ch	-2.8	4.1	4.3	1.9	1.3	1.1	1.0	0.4
Durable Manufacturing	184.2	193.4	204.6	209.4	211.6	214.4	216.3	216.7
% Ch	-3.3	4.9	5.8	2.3	1.1	1.3	0.9	0.2
Wood Products	12.9	12.6	12.4	13.5	15.9	18.5	19.6	19.1
% Ch	-2.9	-2.4	-1.4	8.1	18.2	16.6	6.0	-2.7
Primary and Fabricated Metals	21.4	22.9	24.3	24.9	26.0	26.7	27.9	28.7
% Ch	-2.4	7.0	6.2	2.8	4.1	3.0	4.5	2.9
Computer and Electronic Products	19.1	19.7	20.2	20.1	19.9	19.5	19.5	20.1
% Ch	-4.8	3.2	2.3	-0.5	-1.0	-1.7	-0.1	3.2
Machinery and Electrical Equipment	15.7	17.3	18.4	19.4	20.3	21.4	22.8	24.2
% Ch	-3.7	10.3	6.3	5.3	4.9	5.3	6.7	5.8
Aerospace	80.8	86.6	94.3	95.0	92.6	90.8	88.9	87.2
% Ch	-2.5	7.1	8.9	0.8	-2.6	-2.0	-2.0	-2.0
Other Transportation Equip.	8.9	9.2	10.0	10.4	10.2	10.0	9.4	8.9
% Ch	-8.3	4.3	8.5	3.7	-2.2	-2.2	-5.9	-5.3
Other Durables	25.5	25.0	25.0	26.1	26.8	27.5	28.1	28.5
% Ch	-3.6	-1.7	0.0	4.3	2.6	2.5	2.3	1.5
Nondurable Manufacturing	73.9	75.3	75.7	76.1	77.7	78.3	79.2	80.2
% Ch	-1.3	1.9	0.6	0.6	2.1	0.7	1.2	1.2
Food Manufacturing	33.6	34.7	34.8	35.2	36.4	36.8	37.4	37.8
% Ch	-1.0	3.2	0.5	1.1	3.4	1.1	1.6	1.2
Paper and Paper Products	9.3	9.0	8.2	8.1	8.0	7.9	7.9	8.0
% Ch	-3.8	-3.9	-8.7	-1.7	-0.7	-0.7	0.0	0.4
Other Nondurables	31.0	31.6	32.7	32.9	33.3	33.6	33.9	34.4
% Ch	-1.0	2.2	3.3	0.6	1.4	0.7	1.1	1.3
Natural Resources and Mining	5.9	6.0	5.9	6.0	6.4	7.2	7.8	7.7
% Ch	-2.7	1.5	-1.3	2.3	5.3	13.8	8.1	-1.7
Construction	140.7	136.4	139.0	147.4	155.7	167.5	177.8	184.6
% Ch	-11.9	-3.1	1.9	6.1	5.7	7.5	6.2	3.8
Trade, Transportation, and Utilities	516.9	525.1	536.1	546.1	551.3	557.3	565.4	573.0
% Ch	-1.1	1.6	2.1	1.9	1.0	1.1	1.5	1.3
Wholesale Trade	120.2	121.7	124.0	126.0	128.2	130.4	132.8	135.3
% Ch	-2.1	1.3	1.9	1.6	1.7	1.7	1.8	1.9
Retail Trade	308.1	312.7	319.4	325.9	326.8	328.3	331.7	334.4
% Ch	-0.4	1.5	2.1	2.0	0.3	0.5	1.0	0.8
Trans., Warehousing, and Utilities	88.6	90.7	92.7	94.1	96.3	98.5	101.0	103.3
% Ch	-2.1	2.3	2.2	1.6	2.3	2.3	2.5	2.3
Information	103.0	104.2	104.9	107.5	108.2	110.0	112.6	115.3
% Ch	-0.9	1.1	0.7	2.4	0.7	1.6	2.4	2.4
Software Publishers	50.9	51.7	52.4	53.3	53.9	54.7	55.8	56.8
% Ch	-1.1	1.5	1.4	1.8	1.2	1.4	1.9	2.0
Other Publishing Industries	8.2	7.8	7.5	6.9	6.4	6.1	5.9	5.7
% Ch	-6.3	-4.6	-4.3	-7.6	-7.5	-5.2	-3.1	-2.8
Other Information	43.9	44.7	45.0	47.2	47.9	49.2	51.0	52.7
% Ch	0.5	1.8	0.8	4.9	1.4	2.7	3.6	3.5
Financial Activities	140.5	140.8	143.0	144.7	146.3	146.7	144.2	141.7
% Ch	-3.5	0.2	1.6	1.2	1.1	0.3	-1.7	-1.7
Professional and Business Services	326.3	339.5	349.1	359.3	372.7	386.5	399.5	409.7
% Ch	0.6	4.0	2.8	2.9	3.7	3.7	3.4	2.6
Education and Health Services	375.4	381.4	385.5	391.3	399.6	408.1	418.7	428.3
% Ch	0.8	1.6	1.1	1.5	2.1	2.1	2.6	2.3
Leisure and Hospitality	266.5	270.8	277.4	285.0	289.3	294.0	296.9	299.9
% Ch	-1.2	1.6	2.4	2.7	1.5	1.6	1.0	1.0
Other Services	105.5	108.5	110.5	111.5	112.5	113.1	113.5	114.0
% Ch	-0.7	2.9	1.9	0.9	0.9	0.5	0.4	0.4
Federal Government	75.6	74.0	73.1	72.1	72.1	72.0	71.1	70.6
% Ch	3.9	-2.2	-1.1	-1.5	0.0	0.0	-1.3	-0.7
State and Local Government	474.4	469.5	468.0	471.2	475.0	481.2	487.9	493.2
% Ch	-0.5	-1.0	-0.3	0.7	0.8	1.3	1.4	1.1

Table A2.4

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	2,848.0	2,866.0	2,880.1	2,897.4	2,912.5	2,921.3	2,932.2	2,944.4
% Ch, Annual Rate	1.5	2.6	2.0	2.4	2.1	1.2	1.5	1.7
Manufacturing	275.7	278.9	282.6	284.1	285.4	285.3	285.4	286.1
% Ch, Annual Rate	3.5	4.7	5.4	2.2	1.8	-0.1	0.1	0.9
Durable Manufacturing	200.2	203.2	206.4	208.6	209.8	209.4	209.1	209.3
% Ch, Annual Rate	5.7	6.0	6.6	4.2	2.4	-0.8	-0.6	0.5
Wood Products	12.3	12.3	12.4	12.8	13.1	13.3	13.4	14.0
% Ch, Annual Rate	-2.6	0.4	5.5	10.8	11.2	4.7	4.2	19.6
Primary and Fabricated Metals	23.8	24.2	24.5	24.6	24.7	24.9	25.0	25.3
% Ch, Annual Rate	8.8	7.1	4.4	2.4	1.5	2.7	1.7	4.5
Computer and Electronic Products	20.0	20.2	20.3	20.2	20.1	20.0	20.2	20.0
% Ch, Annual Rate	1.6	4.8	1.2	-2.5	-1.9	-0.5	3.2	-4.5
Machinery and Electrical Equipment	18.0	18.3	18.5	18.9	19.2	19.2	19.5	19.6
% Ch, Annual Rate	5.0	7.0	5.2	8.7	6.8	0.2	6.9	1.3
Aerospace	91.5	93.1	95.6	96.8	96.6	95.5	94.3	93.8
% Ch, Annual Rate	5.9	7.1	11.3	5.2	-1.1	-4.5	-4.9	-2.1
Other Transportation Equip.	9.8	10.1	10.0	10.1	10.4	10.4	10.4	10.4
% Ch, Annual Rate	23.4	13.1	-4.4	4.1	12.0	-0.6	0.9	-2.4
Other Durables	24.9	24.9	25.1	25.2	25.7	26.1	26.3	26.4
% Ch, Annual Rate	3.8	0.9	2.3	1.2	8.8	6.5	2.2	1.8
Nondurable Manufacturing	75.4	75.7	76.1	75.5	75.6	75.9	76.3	76.7
% Ch, Annual Rate	-1.9	1.4	2.2	-3.1	0.4	1.8	2.1	2.0
Food Manufacturing	34.7	34.8	35.3	34.4	34.6	35.2	35.4	35.6
% Ch, Annual Rate	-4.7	1.8	5.3	-9.4	1.8	6.8	2.8	2.6
Paper and Paper Products	8.5	8.2	8.1	8.1	8.1	8.1	8.1	8.0
% Ch, Annual Rate	-13.9	-13.2	-3.9	1.6	-1.8	0.0	-0.5	-1.7
Other Nondurables	32.3	32.7	32.8	33.0	32.9	32.7	32.9	33.0
% Ch, Annual Rate	4.9	5.0	0.6	2.8	-0.5	-2.9	2.1	2.3
Natural Resources and Mining	5.9	5.8	5.9	5.9	5.9	6.0	6.1	6.1
% Ch, Annual Rate	-4.7	-6.8	2.4	3.3	1.2	3.4	6.1	1.5
Construction	135.9	138.1	139.1	142.7	145.1	146.4	148.1	150.0
% Ch, Annual Rate	-0.3	6.7	3.0	10.7	7.0	3.5	4.7	5.2
Trade, Transportation, and Utilities	530.4	535.0	538.7	540.2	543.4	545.1	547.2	548.6
% Ch, Annual Rate	2.2	3.5	2.8	1.1	2.4	1.3	1.5	1.0
Wholesale Trade	123.0	123.7	124.5	124.8	125.7	125.6	126.1	126.8
% Ch, Annual Rate	1.9	2.4	2.8	0.8	3.0	-0.4	1.5	2.2
Retail Trade	315.8	318.3	320.9	322.5	324.4	325.5	326.8	326.9
% Ch, Annual Rate	1.8	3.3	3.3	2.0	2.3	1.4	1.6	0.1
Trans., Warehousing, and Utilities	91.7	93.0	93.2	92.9	93.4	94.0	94.3	94.9
% Ch, Annual Rate	3.9	5.6	1.1	-1.4	2.0	2.8	1.1	2.7
Information	104.9	104.9	104.7	105.1	106.5	107.2	107.9	108.4
% Ch, Annual Rate	1.8	0.2	-1.0	1.7	5.2	2.6	2.7	2.0
Software Publishers	52.1	52.2	52.6	52.6	52.7	53.4	53.6	53.7
% Ch, Annual Rate	1.4	0.8	2.9	0.4	0.5	5.0	1.6	0.7
Other Publishing Industries	7.6	7.6	7.5	7.3	7.1	7.0	6.9	6.7
% Ch, Annual Rate	-3.2	-0.7	-5.3	-11.8	-8.5	-7.7	-4.5	-8.2
Other Information	45.2	45.1	44.6	45.2	46.7	46.8	47.4	48.0
% Ch, Annual Rate	3.1	-0.4	-4.7	5.8	13.3	1.7	5.0	5.2
Financial Activities	141.9	142.5	143.4	144.1	144.5	144.5	144.6	145.2
% Ch, Annual Rate	2.0	1.8	2.5	2.1	1.1	-0.1	0.2	1.6
Professional and Business Services	344.4	348.3	350.1	353.7	355.1	357.3	360.4	364.4
% Ch, Annual Rate	2.1	4.6	2.1	4.2	1.6	2.4	3.5	4.6
Education and Health Services	384.0	384.9	385.9	387.4	389.0	390.1	392.3	393.9
% Ch, Annual Rate	0.3	1.0	1.1	1.5	1.7	1.2	2.3	1.7
Leisure and Hospitality	274.8	276.3	277.7	280.6	282.8	284.4	285.7	286.9
% Ch, Annual Rate	3.2	2.2	2.1	4.3	3.1	2.3	1.8	1.8
Other Services	110.0	110.6	110.7	110.8	111.3	111.4	111.5	111.7
% Ch, Annual Rate	2.2	2.3	0.5	0.3	1.6	0.3	0.7	0.6
Federal Government	73.4	73.1	72.9	73.2	72.9	72.2	71.7	71.4
% Ch, Annual Rate	-0.8	-1.9	-1.3	1.9	-1.5	-3.8	-2.6	-1.9
State and Local Government	466.6	467.5	468.5	469.5	470.5	471.4	471.3	471.7
% Ch, Annual Rate	-0.2	0.8	0.9	0.9	0.9	0.8	-0.1	0.3

Table A2.4 (continued)

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	2,957.2	2,971.1	2,985.5	2,999.4	3,014.2	3,028.8	3,043.6	3,058.3
% Ch, Annual Rate	1.8	1.9	2.0	1.9	2.0	2.0	2.0	1.9
Manufacturing	287.6	288.8	290.2	290.9	291.4	292.1	293.1	294.2
% Ch, Annual Rate	2.2	1.7	1.9	0.9	0.7	1.0	1.4	1.5
Durable Manufacturing	210.2	211.1	212.3	212.9	213.3	213.9	214.7	215.5
% Ch, Annual Rate	1.6	1.8	2.3	1.1	0.7	1.2	1.5	1.4
Wood Products	14.8	15.6	16.3	17.0	17.6	18.3	18.9	19.4
% Ch, Annual Rate	23.3	23.8	18.6	18.6	15.5	16.0	14.5	11.3
Primary and Fabricated Metals	25.6	26.0	26.0	26.3	26.4	26.6	26.8	27.2
% Ch, Annual Rate	6.3	5.0	1.1	3.6	2.4	2.7	3.5	5.3
Computer and Electronic Products	19.8	19.5	20.2	19.9	19.6	19.5	19.5	19.5
% Ch, Annual Rate	-3.7	-4.6	14.3	-5.4	-5.7	-3.2	0.0	0.2
Machinery and Electrical Equipment	19.8	20.3	20.4	20.7	21.0	21.2	21.5	21.9
% Ch, Annual Rate	5.3	8.5	3.9	5.9	4.9	4.7	5.8	6.4
Aerospace	93.3	92.9	92.4	91.9	91.5	91.0	90.5	90.1
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	10.3	10.2	10.1	10.1	10.0	10.0	10.0	9.8
% Ch, Annual Rate	-3.1	-2.9	-2.6	-2.1	-1.6	-0.4	-3.1	-6.6
Other Durables	26.5	26.7	26.9	27.0	27.2	27.4	27.5	27.7
% Ch, Annual Rate	2.7	2.9	1.8	2.5	2.5	2.5	2.6	2.7
Nondurable Manufacturing	77.4	77.7	77.9	78.0	78.1	78.1	78.3	78.7
% Ch, Annual Rate	3.8	1.3	1.0	0.4	0.6	0.4	1.0	1.8
Food Manufacturing	36.2	36.4	36.5	36.6	36.7	36.7	36.8	37.0
% Ch, Annual Rate	6.1	2.3	1.7	0.4	1.2	0.5	1.3	2.4
Paper and Paper Products	8.0	8.0	8.0	8.0	8.0	7.9	7.9	7.9
% Ch, Annual Rate	0.4	-1.8	-0.7	-0.6	-1.1	-0.5	-0.1	0.4
Other Nondurables	33.2	33.3	33.4	33.4	33.4	33.5	33.6	33.7
% Ch, Annual Rate	2.2	1.1	0.6	0.7	0.3	0.5	1.0	1.5
Natural Resources and Mining	6.1	6.2	6.4	6.6	6.9	7.1	7.4	7.6
% Ch, Annual Rate	1.8	5.8	13.7	13.9	14.7	16.1	14.0	11.1
Construction	152.0	154.4	156.9	159.7	162.9	166.0	169.1	171.9
% Ch, Annual Rate	5.4	6.6	6.6	7.4	8.2	7.9	7.6	6.8
Trade, Transportation, and Utilities	549.0	550.3	552.1	553.6	554.4	556.2	558.3	560.3
% Ch, Annual Rate	0.3	1.0	1.3	1.0	0.6	1.3	1.5	1.4
Wholesale Trade	127.4	128.0	128.5	129.0	129.6	130.2	130.7	131.3
% Ch, Annual Rate	2.2	1.7	1.5	1.5	2.0	1.7	1.8	1.6
Retail Trade	326.1	326.3	327.1	327.6	327.1	327.8	328.7	329.6
% Ch, Annual Rate	-1.1	0.4	1.0	0.5	-0.5	0.8	1.1	1.0
Trans., Warehousing, and Utilities	95.5	96.0	96.5	97.1	97.6	98.2	98.8	99.4
% Ch, Annual Rate	2.5	2.2	2.2	2.2	2.4	2.4	2.5	2.5
Information	108.7	108.2	107.6	108.5	109.5	109.8	110.0	110.5
% Ch, Annual Rate	1.1	-1.9	-1.9	3.1	3.7	1.4	0.8	1.7
Software Publishers	53.7	53.8	54.0	54.2	54.4	54.6	54.8	55.1
% Ch, Annual Rate	0.2	1.2	1.2	1.6	1.5	1.2	1.5	1.8
Other Publishing Industries	6.5	6.4	6.3	6.3	6.2	6.1	6.0	6.0
% Ch, Annual Rate	-10.0	-6.7	-6.5	-4.5	-4.8	-5.8	-4.8	-3.3
Other Information	48.5	47.9	47.3	48.0	48.8	49.1	49.2	49.5
% Ch, Annual Rate	3.6	-4.7	-4.7	5.9	7.3	2.4	0.9	2.2
Financial Activities	145.7	146.0	146.5	146.8	147.1	146.9	146.6	146.0
% Ch, Annual Rate	1.3	1.0	1.2	0.9	0.8	-0.5	-0.8	-1.7
Professional and Business Services	368.0	371.3	374.3	377.1	380.7	384.7	388.3	392.2
% Ch, Annual Rate	3.9	3.7	3.2	3.0	3.9	4.3	3.8	4.1
Education and Health Services	396.6	398.8	400.5	402.5	404.8	407.0	409.1	411.4
% Ch, Annual Rate	2.8	2.2	1.7	2.0	2.4	2.2	2.1	2.2
Leisure and Hospitality	287.5	288.6	289.8	291.2	292.4	293.5	294.6	295.5
% Ch, Annual Rate	0.8	1.5	1.6	2.0	1.7	1.4	1.6	1.3
Other Services	112.1	112.4	112.7	112.8	113.0	113.0	113.1	113.2
% Ch, Annual Rate	1.3	1.2	1.2	0.3	0.5	0.3	0.3	0.2
Federal Government	71.4	72.1	72.5	72.2	72.3	72.1	71.9	71.8
% Ch, Annual Rate	0.3	3.4	2.5	-1.5	0.6	-1.1	-1.1	-1.0
State and Local Government	472.6	473.9	476.0	477.5	478.8	480.3	482.0	483.8
% Ch, Annual Rate	0.8	1.1	1.8	1.2	1.1	1.2	1.4	1.5

Table A2.4 (continued)

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	3,072.0	3,084.9	3,097.4	3,110.0	3,120.5	3,130.4	3,139.5	3,148.9
% Ch, Annual Rate	1.8	1.7	1.6	1.6	1.4	1.3	1.2	1.2
Manufacturing	294.9	295.4	295.8	296.2	296.5	296.8	297.0	297.3
% Ch, Annual Rate	0.9	0.7	0.6	0.4	0.4	0.4	0.3	0.4
Durable Manufacturing	215.9	216.2	216.5	216.7	216.7	216.7	216.7	216.7
% Ch, Annual Rate	0.8	0.5	0.5	0.3	0.0	0.0	0.1	0.0
Wood Products	19.7	19.7	19.7	19.5	19.4	19.2	19.0	18.9
% Ch, Annual Rate	6.0	0.9	-1.5	-2.7	-3.0	-3.6	-3.8	-3.4
Primary and Fabricated Metals	27.5	27.8	28.1	28.4	28.5	28.7	28.8	28.9
% Ch, Annual Rate	5.0	4.2	4.8	4.1	2.0	2.0	2.0	1.5
Computer and Electronic Products	19.4	19.4	19.5	19.6	19.8	20.0	20.2	20.5
% Ch, Annual Rate	-1.2	0.3	1.2	2.0	3.6	4.5	4.7	4.8
Machinery and Electrical Equipment	22.2	22.6	23.0	23.4	23.7	24.0	24.3	24.6
% Ch, Annual Rate	7.0	6.9	7.7	7.0	5.5	5.1	4.7	4.0
Aerospace	89.6	89.2	88.7	88.3	87.8	87.4	86.9	86.5
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.6	9.4	9.3	9.2	9.0	8.9	8.8	8.7
% Ch, Annual Rate	-8.6	-5.3	-5.5	-5.6	-5.9	-5.5	-4.4	-2.7
Other Durables	27.9	28.0	28.2	28.3	28.4	28.5	28.6	28.7
% Ch, Annual Rate	2.5	2.0	1.9	1.4	1.6	1.3	1.5	1.3
Nondurable Manufacturing	79.0	79.2	79.3	79.5	79.8	80.1	80.3	80.5
% Ch, Annual Rate	1.3	1.1	0.8	0.9	1.5	1.4	1.1	1.2
Food Manufacturing	37.2	37.3	37.4	37.6	37.7	37.8	37.9	38.0
% Ch, Annual Rate	1.7	1.5	1.0	1.2	1.3	1.4	1.0	1.1
Paper and Paper Products	8.0	7.9	7.9	7.9	8.0	8.0	8.0	8.0
% Ch, Annual Rate	0.0	-0.1	-0.3	0.0	0.9	0.7	0.3	0.4
Other Nondurables	33.8	33.9	33.9	34.0	34.2	34.3	34.4	34.6
% Ch, Annual Rate	1.3	1.0	0.7	0.7	1.8	1.6	1.4	1.6
Natural Resources and Mining	7.7	7.8	7.9	7.9	7.8	7.7	7.6	7.5
% Ch, Annual Rate	8.1	5.1	3.3	0.0	-1.5	-4.9	-6.1	-5.2
Construction	174.5	176.9	179.0	180.9	182.6	184.1	185.3	186.4
% Ch, Annual Rate	6.3	5.5	5.0	4.3	3.8	3.3	2.7	2.4
Trade, Transportation, and Utilities	562.2	564.3	566.5	568.7	570.5	572.3	573.9	575.2
% Ch, Annual Rate	1.4	1.5	1.6	1.5	1.3	1.3	1.1	0.9
Wholesale Trade	131.9	132.5	133.1	133.8	134.4	135.0	135.6	136.1
% Ch, Annual Rate	1.9	1.8	2.0	2.0	1.9	1.8	1.7	1.5
Retail Trade	330.2	331.2	332.2	333.0	333.6	334.2	334.7	335.0
% Ch, Annual Rate	0.8	1.2	1.2	1.1	0.6	0.8	0.6	0.4
Trans., Warehousing, and Utilities	100.1	100.6	101.3	101.9	102.5	103.1	103.6	104.1
% Ch, Annual Rate	2.5	2.4	2.5	2.4	2.6	2.2	2.1	1.9
Information	111.3	112.2	113.1	113.8	114.4	115.0	115.6	116.1
% Ch, Annual Rate	2.8	3.2	3.4	2.3	2.3	2.2	2.1	1.7
Software Publishers	55.3	55.6	55.9	56.2	56.5	56.7	57.0	57.2
% Ch, Annual Rate	2.1	2.0	2.1	2.0	2.0	1.9	1.8	1.7
Other Publishing Industries	5.9	5.9	5.9	5.8	5.8	5.7	5.7	5.6
% Ch, Annual Rate	-2.2	-2.7	-2.5	-3.0	-2.3	-3.0	-3.2	-3.9
Other Information	50.0	50.7	51.4	51.8	52.2	52.6	52.9	53.2
% Ch, Annual Rate	4.3	5.2	5.6	3.3	3.0	3.1	2.9	2.3
Financial Activities	145.4	144.5	143.7	143.2	142.8	142.0	141.3	140.7
% Ch, Annual Rate	-1.6	-2.5	-2.2	-1.2	-1.1	-2.3	-1.9	-1.7
Professional and Business Services	395.1	397.9	400.9	404.0	406.3	408.3	410.7	413.3
% Ch, Annual Rate	3.0	2.9	3.0	3.1	2.3	2.0	2.3	2.6
Education and Health Services	414.6	417.6	419.9	422.6	424.7	427.3	429.5	431.8
% Ch, Annual Rate	3.2	2.9	2.2	2.6	2.0	2.5	2.0	2.2
Leisure and Hospitality	295.9	296.5	297.3	298.1	298.9	299.6	300.3	300.9
% Ch, Annual Rate	0.5	0.7	1.1	1.1	1.1	0.9	1.0	0.8
Other Services	113.3	113.4	113.5	113.7	113.8	113.9	114.0	114.1
% Ch, Annual Rate	0.5	0.3	0.4	0.4	0.5	0.4	0.4	0.3
Federal Government	71.4	71.2	71.1	70.9	70.8	70.7	70.5	70.4
% Ch, Annual Rate	-2.1	-0.9	-0.9	-0.9	-0.4	-0.8	-0.8	-0.8
State and Local Government	485.6	487.2	488.7	490.1	491.3	492.6	493.7	495.1
% Ch, Annual Rate	1.5	1.3	1.2	1.2	1.0	1.0	0.9	1.1

Table A3.1

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

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Personal Income	12,321.9	12,947.3	13,431.2	13,805.2	14,498.2	15,166.2	15,885.6	16,652.3
% Ch	3.8	5.1	3.7	2.8	5.0	4.6	4.7	4.8
Total Wage and Salary Disbursements	6,404.6	6,661.3	6,906.0	7,131.2	7,454.5	7,787.5	8,133.3	8,474.4
% Ch	2.1	4.0	3.7	3.3	4.5	4.5	4.4	4.2
Nonwage Personal Income	5,917.3	6,286.0	6,525.2	6,674.0	7,043.7	7,378.7	7,752.3	8,177.9
% Ch	5.7	6.2	3.8	2.3	5.5	4.8	5.1	5.5
Supplements to Wages and Salaries	1,565.4	1,633.9	1,686.9	1,739.7	1,815.5	1,911.3	2,019.5	2,120.1
% Ch	2.7	4.4	3.2	3.1	4.4	5.3	5.7	5.0
Proprietor's Income	1,103.4	1,157.4	1,202.4	1,286.7	1,363.6	1,448.0	1,522.0	1,568.1
% Ch	12.7	4.9	3.9	7.0	6.0	6.2	5.1	3.0
Farm	44.3	54.6	56.2	68.6	61.9	63.5	62.6	63.2
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,059.1	1,102.8	1,146.1	1,218.1	1,301.7	1,384.5	1,459.4	1,504.8
% Ch	12.7	4.1	3.9	6.3	6.9	6.4	5.4	3.1
Less: Contribution For Govt. Soc. Ins.	983.3	919.3	951.5	1,115.9	1,181.0	1,250.5	1,323.7	1,387.8
% Ch	2.1	-6.5	3.5	17.3	5.8	5.9	5.9	4.8
Dividends/Int./Rent	1,947.5	2,094.8	2,212.3	2,322.0	2,465.7	2,572.5	2,707.1	2,938.7
% Ch	1.6	7.6	5.6	5.0	6.2	4.3	5.2	8.6
Transfer Payments	2,284.3	2,319.3	2,375.1	2,441.5	2,579.9	2,697.4	2,827.4	2,938.8
% Ch	6.7	1.5	2.4	2.8	5.7	4.6	4.8	3.9



Table A3.2

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

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	13,227.1	13,327.0	13,406.2	13,764.3	13,602.6	13,718.6	13,865.7	14,034.0
% Ch, Annual Rate	6.6	3.1	2.4	11.1	-4.6	3.5	4.4	4.9
Total Wage and Salary Disbursements	6,825.9	6,849.2	6,888.5	7,060.2	7,042.3	7,082.4	7,160.6	7,239.5
% Ch, Annual Rate	8.2	1.4	2.3	10.3	-1.0	2.3	4.5	4.5
Nonwage Personal Income	6,401.2	6,477.8	6,517.7	6,704.1	6,560.3	6,636.2	6,705.2	6,794.5
% Ch, Annual Rate	4.9	4.9	2.5	11.9	-8.3	4.7	4.2	5.4
Supplements to Wages and Salaries	1,669.8	1,678.5	1,689.1	1,710.2	1,722.8	1,731.1	1,744.4	1,760.7
% Ch, Annual Rate	5.5	2.1	2.5	5.1	3.0	1.9	3.1	3.8
Proprietor's Income	1,184.4	1,194.9	1,205.4	1,224.7	1,264.0	1,278.2	1,294.4	1,310.1
% Ch, Annual Rate	6.7	3.6	3.6	6.6	13.5	4.6	5.2	4.9
Farm	52.3	52.5	59.4	60.7	75.2	69.0	66.2	63.9
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,132.1	1,142.4	1,146.0	1,164.0	1,188.8	1,209.2	1,228.3	1,246.2
% Ch, Annual Rate	7.9	3.7	1.3	6.4	8.8	7.0	6.5	6.0
Less: Contribution For Govt. Soc. Ins.	942.6	944.4	948.7	970.2	1,101.0	1,108.7	1,120.8	1,133.1
% Ch, Annual Rate	8.8	0.8	1.8	9.4	65.9	2.8	4.4	4.5
Dividends/Int./Rent	2,141.7	2,183.5	2,183.8	2,340.2	2,244.1	2,309.5	2,345.1	2,389.4
% Ch, Annual Rate	5.2	8.0	0.1	31.9	-15.4	12.2	6.3	7.8
Transfer Payments	2,348.0	2,365.2	2,388.0	2,399.2	2,430.5	2,426.0	2,441.9	2,467.4
% Ch, Annual Rate	4.9	3.0	3.9	1.9	5.3	-0.7	2.6	4.2

Table A3.2 (continued)

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

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,259.5	14,422.4	14,582.0	14,729.2	14,930.0	15,088.8	15,244.6	15,401.2
% Ch, Annual Rate	6.6	4.6	4.5	4.1	5.6	4.3	4.2	4.2
Total Wage and Salary Disbursements	7,330.4	7,415.4	7,497.8	7,574.3	7,659.8	7,744.1	7,830.2	7,915.9
% Ch, Annual Rate	5.1	4.7	4.5	4.1	4.6	4.5	4.5	4.5
Nonwage Personal Income	6,929.0	7,007.0	7,084.1	7,154.9	7,270.3	7,344.7	7,414.4	7,485.3
% Ch, Annual Rate	8.2	4.6	4.5	4.1	6.6	4.2	3.9	3.9
Supplements to Wages and Salaries	1,785.7	1,805.4	1,825.2	1,845.6	1,874.6	1,898.8	1,923.1	1,948.7
% Ch, Annual Rate	5.8	4.5	4.5	4.6	6.4	5.2	5.2	5.4
Proprietor's Income	1,332.2	1,355.9	1,374.3	1,391.9	1,413.5	1,437.5	1,459.3	1,481.7
% Ch, Annual Rate	6.9	7.3	5.5	5.2	6.3	7.0	6.2	6.3
Farm	63.3	62.0	61.4	60.9	62.1	62.6	64.0	65.4
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,268.9	1,293.9	1,312.9	1,331.0	1,351.4	1,374.9	1,395.3	1,416.3
% Ch, Annual Rate	7.5	8.1	6.0	5.6	6.3	7.2	6.1	6.2
Less: Contribution For Govt. Soc. Ins.	1,162.0	1,175.0	1,187.7	1,199.3	1,232.0	1,244.1	1,256.1	1,269.9
% Ch, Annual Rate	10.6	4.6	4.4	4.0	11.4	4.0	3.9	4.5
Dividends/Int./Rent	2,420.6	2,447.7	2,482.8	2,511.8	2,539.6	2,562.9	2,583.8	2,603.8
% Ch, Annual Rate	5.3	4.6	5.9	4.8	4.5	3.7	3.3	3.1
Transfer Payments	2,552.5	2,572.9	2,589.5	2,604.9	2,674.6	2,689.8	2,704.3	2,721.0
% Ch, Annual Rate	14.5	3.2	2.6	2.4	11.1	2.3	2.2	2.5

Table A3.2 (continued)

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

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	15,621.5	15,795.5	15,968.9	16,156.5	16,369.2	16,559.1	16,746.2	16,934.7
% Ch, Annual Rate	5.8	4.5	4.5	4.8	5.4	4.7	4.6	4.6
Total Wage and Salary Disbursements	8,005.8	8,090.6	8,175.3	8,261.5	8,350.2	8,432.8	8,515.2	8,599.3
% Ch, Annual Rate	4.6	4.3	4.3	4.3	4.4	4.0	4.0	4.0
Nonwage Personal Income	7,615.7	7,704.9	7,793.6	7,894.9	8,019.0	8,126.3	8,231.0	8,335.4
% Ch, Annual Rate	7.2	4.8	4.7	5.3	6.4	5.5	5.3	5.2
Supplements to Wages and Salaries	1,982.7	2,007.6	2,031.7	2,055.9	2,087.0	2,109.4	2,130.9	2,153.2
% Ch, Annual Rate	7.2	5.1	4.9	4.8	6.2	4.4	4.2	4.3
Proprietor's Income	1,498.0	1,516.7	1,530.2	1,543.1	1,551.9	1,563.8	1,571.7	1,585.0
% Ch, Annual Rate	4.5	5.1	3.6	3.4	2.3	3.1	2.0	3.4
Farm	62.8	62.2	62.7	62.6	62.6	62.6	63.7	64.1
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,435.2	1,454.5	1,467.5	1,480.5	1,489.4	1,501.2	1,508.0	1,520.9
% Ch, Annual Rate	5.4	5.5	3.6	3.6	2.4	3.2	1.8	3.5
Less: Contribution For Govt. Soc. Ins.	1,305.7	1,317.6	1,329.1	1,342.4	1,371.0	1,382.1	1,392.8	1,405.3
% Ch, Annual Rate	11.8	3.7	3.5	4.1	8.8	3.3	3.1	3.7
Dividends/Int./Rent	2,638.0	2,679.7	2,725.8	2,784.9	2,846.8	2,908.1	2,971.5	3,028.6
% Ch, Annual Rate	5.4	6.5	7.1	9.0	9.2	8.9	9.0	7.9
Transfer Payments	2,802.7	2,818.5	2,835.0	2,853.4	2,904.3	2,927.2	2,949.7	2,973.9
% Ch, Annual Rate	12.6	2.3	2.4	2.6	7.3	3.2	3.1	3.3

Table A3.3

**Washington Personal Income by Component (Billions of Dollars)**

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Personal Income	283.368	299.685	314.637	324.083	341.108	357.634	375.188	394.216
% Ch	2.4	5.8	5.0	3.0	5.3	4.8	4.9	5.1
Total Wage and Salary Disbursements	148.687	155.671	163.940	169.874	177.785	185.961	194.178	202.280
% Ch	1.2	4.7	5.3	3.6	4.7	4.6	4.4	4.2
Manufacturing	16.837	18.399	19.591	20.358	20.977	21.686	22.370	22.995
% Ch	0.6	9.3	6.5	3.9	3.0	3.4	3.2	2.8
Durable Manufacturing	13.247	14.624	15.737	16.398	16.811	17.373	17.888	18.334
% Ch	0.8	10.4	7.6	4.2	2.5	3.3	3.0	2.5
Nondurable Manufacturing	3.590	3.775	3.854	3.960	4.166	4.313	4.482	4.661
% Ch	-0.2	5.2	2.1	2.8	5.2	3.5	3.9	4.0
Nonmanufacturing	125.403	130.703	137.514	142.750	149.850	157.179	164.552	171.834
% Ch	1.4	4.2	5.2	3.8	5.0	4.9	4.7	4.4
Other Private Wages	0.887	0.986	1.041	1.132	1.158	1.186	1.211	1.234
% Ch	0.8	11.2	5.6	8.7	2.4	2.4	2.1	1.9
Farm Wages	1.248	1.220	1.316	1.308	1.379	1.454	1.528	1.601
% Ch	-9.0	-2.2	7.8	-0.6	5.4	5.4	5.1	4.8
Military Wages	4.313	4.363	4.477	4.326	4.420	4.457	4.517	4.617
% Ch	2.5	1.2	2.6	-3.4	2.2	0.8	1.3	2.2
Nonwage Personal Income	134.681	144.015	150.698	154.209	163.323	171.672	181.010	191.936
% Ch	3.7	6.9	4.6	2.3	5.9	5.1	5.4	6.0
Supplements to Wages and Salaries	38.328	40.174	41.789	42.994	45.118	47.697	50.512	53.178
% Ch	1.9	4.8	4.0	2.9	4.9	5.7	5.9	5.3
Proprietor's Income	22.879	24.282	25.394	27.142	28.654	30.385	31.919	32.865
% Ch	9.8	6.1	4.6	6.9	5.6	6.0	5.0	3.0
Farm	1.072	1.715	1.618	1.699	1.412	1.362	1.305	1.298
% Ch	...	...	...	...	...	...	...	...
Nonfarm	21.808	22.566	23.776	25.443	27.241	29.023	30.614	31.567
% Ch	8.5	3.5	5.4	7.0	7.1	6.5	5.5	3.1
Less: Contribution For Govt. Soc. Ins.	25.499	23.820	24.573	28.519	30.203	31.977	33.788	35.375
% Ch	2.8	-6.6	3.2	16.1	5.9	5.9	5.7	4.7
Plus: Residence Adjustment	2.768	3.192	3.346	3.398	3.560	3.723	3.903	4.081
% Ch	0.2	15.3	4.8	1.6	4.8	4.6	4.8	4.6
Dividends/Int./Rent	47.240	51.035	54.327	57.367	61.256	64.219	67.912	74.160
% Ch	-2.3	8.0	6.5	5.6	6.8	4.8	5.8	9.2
Transfer Payments	48.964	49.153	50.415	51.828	54.939	57.625	60.552	63.027
% Ch	8.6	0.4	2.6	2.8	6.0	4.9	5.1	4.1
State U.I. Benefits	4.222	3.118	2.303	1.794	1.642	1.443	1.284	1.173
% Ch	14.4	-26.2	-26.1	-22.1	-8.5	-12.1	-11.0	-8.7
Other Transfers	44.742	46.034	48.112	50.034	53.297	56.182	59.268	61.854
% Ch	8.1	2.9	4.5	4.0	6.5	5.4	5.5	4.4

Table A3.4

**Washington Personal Income by Component (Billions of Dollars)**

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	309.721	311.296	314.985	322.546	318.493	321.970	326.000	329.870
% Ch, Annual Rate	8.7	2.0	4.8	10.0	-4.9	4.4	5.1	4.8
Total Wage and Salary Disbursements	162.488	161.710	164.429	167.131	167.200	168.706	170.983	172.606
% Ch, Annual Rate	11.7	-1.9	6.9	6.7	0.2	3.7	5.5	3.9
Manufacturing	19.928	19.160	19.663	19.615	20.573	20.142	20.271	20.447
% Ch, Annual Rate	23.6	-14.6	10.9	-1.0	21.0	-8.1	2.6	3.5
Durable Manufacturing	16.102	15.340	15.812	15.696	16.680	16.212	16.287	16.412
% Ch, Annual Rate	31.6	-17.6	12.9	-2.9	27.5	-10.7	1.8	3.1
Nondurable Manufacturing	3.827	3.820	3.851	3.919	3.893	3.929	3.984	4.036
% Ch, Annual Rate	-4.1	-0.7	3.3	7.3	-2.7	3.8	5.7	5.3
Nonmanufacturing	135.695	135.804	137.940	140.617	139.654	141.844	144.030	145.471
% Ch, Annual Rate	9.9	0.3	6.4	8.0	-2.7	6.4	6.3	4.1
Other Private Wages	0.959	1.013	1.067	1.127	1.129	1.126	1.132	1.139
% Ch, Annual Rate	-17.8	24.7	22.8	24.6	0.8	-1.0	2.3	2.5
Farm Wages	1.442	1.263	1.273	1.284	1.294	1.295	1.312	1.330
% Ch, Annual Rate	94.5	-41.1	3.2	3.5	3.1	0.5	5.3	5.6
Military Wages	4.464	4.470	4.487	4.488	4.550	4.298	4.237	4.218
% Ch, Annual Rate	6.2	0.5	1.5	0.1	5.7	-20.4	-5.6	-1.8
Nonwage Personal Income	147.233	149.586	150.556	155.415	151.293	153.264	155.017	157.264
% Ch, Annual Rate	5.6	6.5	2.6	13.5	-10.2	5.3	4.7	5.9
Supplements to Wages and Salaries	41.165	41.580	42.176	42.233	42.560	42.720	43.111	43.584
% Ch, Annual Rate	2.7	4.1	5.9	0.5	3.1	1.5	3.7	4.5
Proprietor's Income	24.705	25.208	25.667	25.995	26.723	26.986	27.282	27.578
% Ch, Annual Rate	2.8	8.4	7.5	5.2	11.7	4.0	4.5	4.4
Farm	1.377	1.550	1.828	1.716	1.911	1.729	1.621	1.533
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	23.328	23.658	23.839	24.279	24.812	25.256	25.661	26.044
% Ch, Annual Rate	8.2	5.8	3.1	7.6	9.1	7.4	6.6	6.1
Less: Contribution For Govt. Soc. Ins.	24.286	24.449	24.753	24.803	28.160	28.325	28.632	28.958
% Ch, Annual Rate	6.1	2.7	5.1	0.8	66.2	2.4	4.4	4.6
Plus: Residence Adjustment	3.321	3.350	3.323	3.389	3.336	3.379	3.419	3.457
% Ch, Annual Rate	17.5	3.5	-3.2	8.2	-6.1	5.3	4.8	4.5
Dividends/Int./Rent	52.396	53.614	53.540	57.759	55.297	57.023	57.981	59.167
% Ch, Annual Rate	6.1	9.6	-0.6	35.4	-16.0	13.1	6.9	8.4
Transfer Payments	49.932	50.283	50.603	50.842	51.538	51.480	51.856	52.436
% Ch, Annual Rate	8.4	2.8	2.6	1.9	5.6	-0.4	3.0	4.6
State U.I. Benefits	2.761	2.476	2.071	1.905	1.920	1.750	1.762	1.744
% Ch, Annual Rate	-10.9	-35.3	-51.1	-28.4	3.2	-31.0	2.7	-3.9
Other Transfers	47.171	47.807	48.532	48.937	49.617	49.730	50.094	50.692
% Ch, Annual Rate	9.7	5.5	6.2	3.4	5.7	0.9	3.0	4.9

Table A3.4 (continued)

**Washington Personal Income by Component (Billions of Dollars)**

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	334.195	339.434	343.664	347.139	350.944	356.128	359.965	363.498
% Ch, Annual Rate	5.3	6.4	5.1	4.1	4.5	6.0	4.4	4.0
Total Wage and Salary Disbursements	173.787	177.071	179.316	180.965	182.019	185.315	187.383	189.129
% Ch, Annual Rate	2.8	7.8	5.2	3.7	2.4	7.4	4.5	3.8
Manufacturing	20.671	20.880	21.096	21.259	21.415	21.586	21.775	21.968
% Ch, Annual Rate	4.5	4.1	4.2	3.1	3.0	3.2	3.5	3.6
Durable Manufacturing	16.568	16.731	16.907	17.038	17.159	17.297	17.446	17.591
% Ch, Annual Rate	3.8	4.0	4.3	3.1	2.9	3.3	3.5	3.4
Nondurable Manufacturing	4.104	4.149	4.189	4.221	4.256	4.289	4.329	4.377
% Ch, Annual Rate	6.9	4.4	3.9	3.1	3.3	3.1	3.8	4.5
Nonmanufacturing	146.227	149.233	151.220	152.722	153.515	156.635	158.505	160.061
% Ch, Annual Rate	2.1	8.5	5.4	4.0	2.1	8.4	4.9	4.0
Other Private Wages	1.148	1.155	1.162	1.168	1.176	1.182	1.189	1.195
% Ch, Annual Rate	3.1	2.6	2.4	2.1	2.7	2.3	2.2	2.1
Farm Wages	1.352	1.371	1.389	1.406	1.426	1.445	1.463	1.481
% Ch, Annual Rate	6.5	5.7	5.5	5.0	5.9	5.3	5.2	5.0
Military Wages	4.389	4.432	4.449	4.410	4.487	4.466	4.451	4.423
% Ch, Annual Rate	17.3	3.9	1.6	-3.5	7.2	-1.9	-1.3	-2.5
Nonwage Personal Income	160.407	162.363	164.348	166.174	168.925	170.813	172.583	174.370
% Ch, Annual Rate	8.2	5.0	5.0	4.5	6.8	4.5	4.2	4.2
Supplements to Wages and Salaries	44.303	44.846	45.386	45.936	46.748	47.381	48.003	48.658
% Ch, Annual Rate	6.8	5.0	4.9	4.9	7.3	5.5	5.4	5.6
Proprietor's Income	28.014	28.500	28.871	29.230	29.673	30.170	30.618	31.081
% Ch, Annual Rate	6.5	7.1	5.3	5.1	6.2	6.9	6.1	6.2
Farm	1.482	1.426	1.386	1.355	1.358	1.350	1.363	1.379
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	26.531	27.074	27.485	27.876	28.315	28.820	29.255	29.702
% Ch, Annual Rate	7.7	8.4	6.2	5.8	6.4	7.3	6.2	6.3
Less: Contribution For Govt. Soc. Ins.	29.714	30.051	30.375	30.672	31.518	31.824	32.115	32.450
% Ch, Annual Rate	10.9	4.6	4.4	4.0	11.5	3.9	3.7	4.2
Plus: Residence Adjustment	3.499	3.540	3.581	3.619	3.658	3.700	3.745	3.790
% Ch, Annual Rate	5.0	4.9	4.7	4.3	4.3	4.7	5.0	4.9
Dividends/Int./Rent	60.018	60.763	61.722	62.522	63.293	63.946	64.536	65.100
% Ch, Annual Rate	5.9	5.1	6.5	5.3	5.0	4.2	3.7	3.5
Transfer Payments	54.288	54.765	55.163	55.538	57.072	57.442	57.796	58.190
% Ch, Annual Rate	14.9	3.6	2.9	2.7	11.5	2.6	2.5	2.8
State U.I. Benefits	1.699	1.663	1.622	1.584	1.530	1.470	1.410	1.364
% Ch, Annual Rate	-9.9	-8.3	-9.4	-9.1	-12.9	-14.9	-15.4	-12.4
Other Transfers	52.588	53.103	53.541	53.954	55.542	55.972	56.386	56.827
% Ch, Annual Rate	15.8	4.0	3.3	3.1	12.3	3.1	3.0	3.2

Table A3.4 (continued)

**Washington Personal Income by Component (Billions of Dollars)**

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	367.949	373.387	377.194	382.223	386.245	392.304	396.676	401.640
% Ch, Annual Rate	5.0	6.0	4.1	5.4	4.3	6.4	4.5	5.1
Total Wage and Salary Disbursements	190.466	193.611	195.118	197.516	198.419	201.707	203.358	205.638
% Ch, Annual Rate	2.9	6.8	3.2	5.0	1.8	6.8	3.3	4.6
Manufacturing	22.135	22.294	22.451	22.600	22.757	22.914	23.073	23.234
% Ch, Annual Rate	3.1	2.9	2.8	2.7	2.8	2.8	2.8	2.8
Durable Manufacturing	17.714	17.831	17.949	18.059	18.168	18.276	18.389	18.502
% Ch, Annual Rate	2.8	2.7	2.7	2.5	2.4	2.4	2.5	2.5
Nondurable Manufacturing	4.421	4.463	4.501	4.541	4.590	4.638	4.684	4.732
% Ch, Annual Rate	4.0	3.9	3.5	3.6	4.4	4.3	4.0	4.1
Nonmanufacturing	161.101	164.072	165.397	167.639	168.245	171.354	172.815	174.922
% Ch, Annual Rate	2.6	7.6	3.3	5.5	1.5	7.6	3.5	5.0
Other Private Wages	1.202	1.208	1.214	1.220	1.226	1.232	1.237	1.242
% Ch, Annual Rate	2.4	2.0	1.9	1.9	2.2	1.7	1.7	1.7
Farm Wages	1.501	1.519	1.537	1.555	1.574	1.592	1.609	1.627
% Ch, Annual Rate	5.5	4.9	4.8	4.7	5.1	4.5	4.5	4.4
Military Wages	4.527	4.518	4.520	4.503	4.616	4.615	4.623	4.613
% Ch, Annual Rate	9.8	-0.8	0.2	-1.5	10.5	-0.1	0.7	-0.9
Nonwage Personal Income	177.483	179.776	182.075	184.706	187.826	190.597	193.318	196.001
% Ch, Annual Rate	7.3	5.3	5.2	5.9	6.9	6.0	5.8	5.7
Supplements to Wages and Salaries	49.564	50.206	50.829	51.449	52.296	52.889	53.466	54.059
% Ch, Annual Rate	7.7	5.3	5.1	5.0	6.7	4.6	4.4	4.5
Proprietor's Income	31.423	31.813	32.088	32.352	32.532	32.777	32.936	33.214
% Ch, Annual Rate	4.5	5.1	3.5	3.3	2.2	3.1	1.9	3.4
Farm	1.320	1.300	1.304	1.295	1.291	1.288	1.304	1.309
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	30.103	30.513	30.784	31.057	31.241	31.490	31.632	31.905
% Ch, Annual Rate	5.5	5.6	3.6	3.6	2.4	3.2	1.8	3.5
Less: Contribution For Govt. Soc. Ins.	33.353	33.643	33.920	34.235	34.966	35.237	35.497	35.801
% Ch, Annual Rate	11.6	3.5	3.3	3.8	8.8	3.1	3.0	3.5
Plus: Residence Adjustment	3.835	3.880	3.924	3.971	4.015	4.059	4.102	4.148
% Ch, Annual Rate	4.8	4.7	4.7	4.9	4.5	4.4	4.3	4.5
Dividends/Int./Rent	66.038	67.171	68.421	70.017	71.683	73.336	75.041	76.581
% Ch, Annual Rate	5.9	7.0	7.7	9.7	9.9	9.5	9.6	8.5
Transfer Payments	59.976	60.349	60.732	61.152	62.265	62.773	63.270	63.800
% Ch, Annual Rate	12.9	2.5	2.6	2.8	7.5	3.3	3.2	3.4
State U.I. Benefits	1.330	1.301	1.271	1.235	1.210	1.188	1.163	1.130
% Ch, Annual Rate	-9.6	-8.4	-8.9	-10.7	-7.9	-7.1	-8.3	-10.9
Other Transfers	58.647	59.048	59.461	59.916	61.055	61.585	62.107	62.670
% Ch, Annual Rate	13.4	2.8	2.8	3.1	7.8	3.5	3.4	3.7

Table A4.1  
**Selected Inflation Indicators**  
(Deflator 2005=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.247	4.2	0.405	4.2	0.382	2.1
1972	0.255	3.4	0.418	3.3	0.393	2.9
1973	0.269	5.4	0.444	6.3	0.418	6.4
1974	0.297	10.4	0.493	11.0	0.464	11.0
1975	0.322	8.3	0.538	9.1	0.511	10.2
1976	0.339	5.5	0.569	5.8	0.540	5.5
1977	0.361	6.5	0.606	6.5	0.583	8.0
1978	0.387	7.0	0.652	7.6	0.640	9.9
1979	0.421	8.9	0.726	11.3	0.709	10.8
1980	0.466	10.8	0.824	13.5	0.827	16.7
1981	0.508	8.8	0.909	10.4	0.916	10.8
1982	0.536	5.5	0.965	6.2	0.978	6.7
1983	0.559	4.3	0.996	3.2	0.993	1.5
1984	0.580	3.8	1.039	4.4	1.030	3.8
1985	0.599	3.3	1.076	3.5	1.056	2.5
1986	0.613	2.4	1.097	1.9	1.066	1.0
1987	0.636	3.7	1.136	3.6	1.092	2.4
1988	0.661	4.0	1.183	4.1	1.128	3.3
1989	0.690	4.4	1.239	4.8	1.181	4.7
1990	0.722	4.6	1.307	5.4	1.268	7.3
1991	0.748	3.6	1.362	4.2	1.341	5.8
1992	0.770	2.9	1.403	3.0	1.390	3.7
1993	0.787	2.2	1.445	3.0	1.429	2.8
1994	0.803	2.1	1.482	2.6	1.478	3.4
1995	0.821	2.2	1.524	2.8	1.522	3.0
1996	0.839	2.2	1.569	2.9	1.575	3.4
1997	0.854	1.9	1.605	2.3	1.630	3.5
1998	0.862	0.9	1.630	1.5	1.677	2.9
1999	0.876	1.6	1.666	2.2	1.728	3.0
2000	0.898	2.5	1.722	3.4	1.792	3.7
2001	0.915	1.9	1.770	2.8	1.857	3.6
2002	0.928	1.4	1.799	1.6	1.893	2.0
2003	0.947	2.0	1.840	2.3	1.924	1.6
2004	0.971	2.6	1.889	2.7	1.947	1.2
2005	1.000	3.0	1.953	3.4	2.002	2.8
2006	1.027	2.7	2.016	3.2	2.076	3.7
2007	1.055	2.7	2.073	2.9	2.157	3.9
2008	1.089	3.3	2.153	3.8	2.247	4.2
2009	1.090	0.1	2.146	-0.3	2.260	0.6
2010	1.111	1.9	2.181	1.6	2.267	0.3
2011	1.138	2.4	2.249	3.1	2.328	2.7
2012	1.158	1.8	2.296	2.1	2.386	2.5
Forecast						
2013	1.170	1.0	2.329	1.4	2.416	1.2
2014	1.187	1.5	2.370	1.8	2.463	2.0
2015	1.204	1.4	2.406	1.5	2.506	1.7
2016	1.222	1.5	2.443	1.6	2.550	1.7
2017	1.239	1.4	2.481	1.5	2.593	1.7

\* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

# Consumer Price Index for all Urban Consumers

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

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



Table A4.2  
**Chain-Weighted Price Indices**  
(2005=100)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	19.284	5.5	25.847	2.3	8.320	6.4	14.588	0.7
1972	20.102	4.2	27.079	4.8	8.372	0.6	14.777	1.3
1973	21.077	4.9	30.506	12.7	9.596	14.6	16.190	9.6
1974	22.866	8.5	35.145	15.2	15.249	58.9	21.871	35.1
1975	24.834	8.6	37.788	7.5	16.546	8.5	23.339	6.7
1976	26.556	6.9	38.490	1.9	17.748	7.3	24.331	4.2
1977	28.558	7.5	40.757	5.9	20.082	13.2	25.740	5.8
1978	30.778	7.8	44.657	9.6	21.234	5.7	26.858	4.3
1979	33.350	8.4	49.043	9.8	29.275	37.9	35.994	34.0
1980	36.802	10.3	53.166	8.4	41.107	40.4	49.955	38.8
1981	40.555	10.2	56.954	7.1	50.292	22.3	55.584	11.3
1982	43.709	7.8	58.452	2.6	49.320	-1.9	52.773	-5.1
1983	46.430	6.2	59.124	1.1	45.470	-7.8	51.047	-3.3
1984	48.847	5.2	60.900	3.0	46.482	2.2	50.283	-1.5
1985	51.049	4.5	61.563	1.1	44.670	-3.9	50.689	0.8
1986	53.375	4.6	63.012	2.4	34.976	-21.7	39.810	-21.5
1987	55.409	3.8	65.000	3.2	35.885	2.6	41.340	3.8
1988	58.123	4.9	66.939	3.0	35.869	0.0	41.691	0.8
1989	60.840	4.7	70.469	5.3	38.004	6.0	45.539	9.2
1990	63.808	4.9	73.911	4.9	45.768	20.4	51.843	13.8
1991	66.581	4.3	76.232	3.1	43.574	-4.8	51.162	-1.3
1992	69.236	4.0	76.817	0.8	41.800	-4.1	50.963	-0.4
1993	71.294	3.0	77.891	1.4	41.512	-0.7	50.446	-1.0
1994	73.200	2.7	79.195	1.7	40.757	-1.8	50.685	0.5
1995	75.365	3.0	80.912	2.2	40.377	-0.9	51.491	1.6
1996	77.473	2.8	83.380	3.1	45.763	13.3	54.646	6.1
1997	79.812	3.0	84.969	1.9	45.838	0.2	54.634	0.0
1998	81.689	2.4	86.037	1.3	40.620	-11.4	47.556	-13.0
1999	83.509	2.2	87.446	1.6	41.316	1.7	51.789	8.9
2000	85.818	2.8	89.499	2.3	60.575	46.6	66.170	27.8
2001	88.422	3.0	92.130	2.9	59.392	-2.0	63.776	-3.6
2002	90.801	2.7	93.542	1.5	52.949	-10.8	59.916	-6.1
2003	93.686	3.2	95.296	1.9	64.078	21.0	69.783	16.5
2004	96.688	3.2	98.255	3.1	74.588	16.4	82.086	17.6
2005	100.000	3.4	100.000	1.8	100.000	34.1	100.000	21.8
2006	103.415	3.4	101.688	1.7	114.203	14.2	112.842	12.8
2007	106.981	3.4	105.647	3.9	123.490	8.1	123.921	9.8
2008	110.584	3.4	112.066	6.1	168.372	36.3	144.927	17.0
2009	112.157	1.4	113.366	1.2	114.319	-32.1	105.517	-27.2
2010	114.418	2.0	113.724	0.3	134.071	17.3	124.760	18.2
2011	116.435	1.8	118.230	4.0	171.644	28.0	156.913	25.8
2012	118.779	2.0	120.887	2.2	174.301	1.5	163.211	4.0

Forecast

2013	120.988	1.9	122.548	1.4	173.200	-0.6	156.237	-4.3
2014	123.795	2.3	123.815	1.0	169.591	-2.1	149.069	-4.6
2015	126.250	2.0	125.147	1.1	167.874	-1.0	145.551	-2.4
2016	128.772	2.0	126.736	1.3	167.469	-0.2	143.135	-1.7
2017	131.345	2.0	128.089	1.1	167.703	0.1	141.594	-1.1

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

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.7	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5970.3	76.2	1.3	80.7	43.9	39.4
2002	6059.3	89.0	1.5	79.3	44.9	54.6
2003	6126.9	67.6	1.1	79.1	44.7	33.2
2004	6208.5	81.6	1.3	81.0	46.0	46.7
2005	6298.8	90.3	1.5	81.8	45.6	54.1
2006	6420.3	121.4	1.9	83.2	45.3	83.5
2007	6525.1	104.8	1.6	87.8	46.2	63.2
2008	6608.2	83.2	1.3	89.6	47.9	41.5
2009	6672.2	63.9	1.0	89.8	48.1	22.2
2010	6724.5	52.4	0.8	88.4	47.7	11.6
2011	6767.9	43.4	0.6	86.4	48.8	5.8
2012	6817.8	49.9	0.7	86.8	49.6	12.6
<b>Forecast</b>						
2013	6881.5	63.7	0.9	87.6	50.5	26.6
2014	6954.7	73.2	1.1	88.3	51.5	36.4
2015	7029.8	75.1	1.1	88.9	53.0	39.2
2016	7105.7	75.9	1.1	89.4	55.5	42.0
2017	7182.2	76.6	1.1	90.9	56.4	42.0

\* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2  
**Washington Population\***  
 (Thousands)

	<u>2010</u>	<b>Actual</b> <u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<b>Forecast</b> <u>2015</u>	<u>2016</u>	<u>2017</u>
Total Population	6724.5	6767.9	6817.8	6881.5	6954.7	7029.8	7105.7	7182.2
Percent Change	0.8	0.6	0.7	0.9	1.1	1.1	1.1	1.1
Age 17 and Under	1581.4	1574.8	1573.5	1578.5	1587.9	1598.4	1609.6	1621.6
Percent of Total	23.5	23.3	23.1	22.9	22.8	22.7	22.7	22.6
Age 6-18	1149.6	1142.5	1137.5	1140.7	1148.1	1156.0	1164.1	1171.3
Percent of Total	17.1	16.9	16.7	16.6	16.5	16.4	16.4	16.3
Age 18 and Over	5143.2	5193.1	5244.3	5303.0	5366.8	5431.4	5496.1	5560.6
Percent of Total	76.5	76.7	76.9	77.1	77.2	77.3	77.3	77.4
Age 21 and Over	4860.6	4910.6	4964.4	5027.3	5095.5	5161.9	5226.5	5289.4
Percent of Total	72.3	72.6	72.8	73.1	73.3	73.4	73.6	73.6
Age 20-34	1395.3	1403.5	1413.5	1426.6	1440.4	1446.0	1452.1	1456.9
Percent of Total	20.7	20.7	20.7	20.7	20.7	20.6	20.4	20.3
Age 18-64	4315.5	4341.7	4350.9	4366.4	4389.2	4411.4	4435.0	4456.4
Percent of Total	64.2	64.2	63.8	63.5	63.1	62.8	62.4	62.0
Age 65 and Over	827.7	851.4	893.4	936.6	977.5	1020.0	1061.1	1104.2
Percent of Total	12.3	12.6	13.1	13.6	14.1	14.5	14.9	15.4

\* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

**Summary of National and State Indicators**

<b>Indicator</b>	<b>Latest Data</b>	<b>Indication*</b>
U.S. Leading Index	May 2013	+
U.S. Real GDP Growth	1st quarter 2013	+
U.S. ISM Index	June 2013	+
U.S. Employment YoY%Δ	May 2013	+
U.S. Unemployment Rate	May 2013	-
U.S. Fed Funds Target	June 2013	unchanged
U.S. Consumer Confidence	June 2013	+
U.S. Consumer Sentiment	June 2013	-
U.S. Light Vehicle Sales	June 2013	+
U.S. CPI	May 2013	-
U.S. Home Prices	April 2013	+
S&P 500 Index	June 2013	-
WA Leading Index	May 2013	+
WA ISM-WW Index	May 2013	-
WA Employment YoY%Δ	May 2013	-
WA Aerospace Empl. YoY%Δ	May 2013	-
WA Unemployment Rate	May 2013	+
WA Business Cycle Indicator	May 2013	+
WA Initial Unemploy. Claims	May 2013	+
WA Housing Permits	May 2013	-
WA Weekly Hours in Mfg.	May 2013	-
WA New Vehicle Registration	May 2013	+
WA In-Migration	May 2013	-
WA Exports-Total YoY%Δ	1st quarter 2013	-
WA Exports- w/o Trans. Equip. YoY%Δ	1st quarter 2013	+
Seattle CPI	April 2013	+
Seattle Home Prices	April 2013	+
WA Construction Contracts	May 2013	+

\*Change from the previous reading

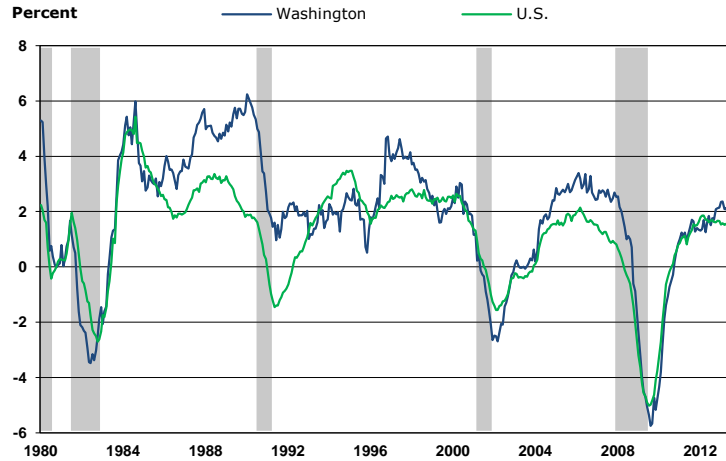
Table A6.2  
**Washington Business Indicators**  
Historical Data

	<b>WA Index of Leading Indicators</b>	<b>U.S. Index of Leading Indicators</b>	<b>WA State Business Cycle Indicator</b>	<b>WA Purchasing Management Index</b>	<b>U.S. Purchasing Management Index</b>
<b>2008:01</b>	114.0	100.4	59.4	66.7	50.3
<b>2008:02</b>	114.2	99.1	65.0	62.3	47.6
<b>2008:03</b>	114.5	97.7	61.7	55.2	48.3
<b>2008:04</b>	114.8	97.2	61.0	65.0	48.8
<b>2008:05</b>	113.6	96.3	53.8	60.3	48.8
<b>2008:06</b>	113.6	95.8	53.1	63.8	49.8
<b>2008:07</b>	112.1	93.6	47.6	60.2	50.0
<b>2008:08</b>	111.0	92.2	45.7	65.3	49.2
<b>2008:09</b>	109.2	90.2	43.2	48.6	44.8
<b>2008:10</b>	106.1	87.2	41.9	50.9	38.9
<b>2008:11</b>	102.8	84.7	35.0	50.0	36.5
<b>2008:12</b>	101.9	82.2	28.1	42.3	33.1
<b>2009:01</b>	100.8	80.4	29.5	52.8	34.9
<b>2009:02</b>	98.2	79.3	21.3	48.1	35.5
<b>2009:03</b>	95.8	78.0	21.0	40.9	36.0
<b>2009:04</b>	96.4	78.2	14.9	46.7	39.5
<b>2009:05</b>	96.9	78.7	15.0	48.5	41.7
<b>2009:06</b>	97.6	79.4	12.7	50.2	45.8
<b>2009:07</b>	97.9	80.1	11.4	46.7	49.9
<b>2009:08</b>	98.5	80.9	11.7	53.2	53.5
<b>2009:09</b>	98.8	81.6	13.5	52.9	54.4
<b>2009:10</b>	99.5	82.1	11.4	59.5	56.0
<b>2009:11</b>	100.5	82.9	10.8	54.8	54.4
<b>2009:12</b>	101.0	84.0	9.9	61.4	55.3
<b>2010:01</b>	101.9	84.6	14.9	63.0	56.6
<b>2010:02</b>	101.3	84.5	9.9	56.0	55.7
<b>2010:03</b>	102.2	86.0	9.7	56.1	59.3
<b>2010:04</b>	102.7	86.6	9.7	63.2	58.9
<b>2010:05</b>	102.2	86.7	11.7	62.4	57.8
<b>2010:06</b>	102.5	86.7	14.1	63.0	56.1
<b>2010:07</b>	103.0	87.0	12.8	55.9	56.4
<b>2010:08</b>	103.5	87.1	15.3	58.6	57.8
<b>2010:09</b>	103.8	87.7	11.4	60.3	56.5
<b>2010:10</b>	104.6	87.6	12.0	65.8	57.3
<b>2010:11</b>	105.4	88.4	13.3	60.4	58.2
<b>2010:12</b>	105.9	89.5	19.4	61.0	57.3
<b>2011:01</b>	106.2	89.4	12.7	68.0	59.2
<b>2011:02</b>	106.5	90.1	14.4	70.5	59.6
<b>2011:03</b>	107.5	91.2	15.1	65.5	59.3
<b>2011:04</b>	109.2	91.1	25.3	68.2	59.4
<b>2011:05</b>	109.4	91.8	22.0	64.7	53.5
<b>2011:06</b>	109.3	91.7	17.2	58.5	55.8
<b>2011:07</b>	110.9	92.3	18.4	56.1	52.3
<b>2011:08</b>	110.6	91.3	22.2	57.8	53.2
<b>2011:09</b>	110.1	90.9	18.4	61.3	53.2
<b>2011:10</b>	109.8	91.5	16.9	67.4	51.5
<b>2011:11</b>	111.0	91.6	22.0	67.0	52.3
<b>2011:12</b>	111.3	92.2	25.0	65.0	52.9
<b>2012:01</b>	110.1	92.2	19.6	68.5	53.7
<b>2012:02</b>	111.7	92.9	25.3	68.9	51.9
<b>2012:03</b>	113.1	93.1	32.8	62.9	53.3
<b>2012:04</b>	112.2	92.9	28.6	64.9	54.1
<b>2012:05</b>	112.3	93.3	26.1	58.5	52.5
<b>2012:06</b>	112.3	92.7	31.1	57.0	50.2
<b>2012:07</b>	112.6	93.1	30.5	58.8	50.5
<b>2012:08</b>	113.1	92.7	28.4	53.5	50.7
<b>2012:09</b>	113.9	93.2	31.2	56.0	51.6
<b>2012:10</b>	114.6	93.4	33.3	56.3	51.7
<b>2012:11</b>	115.2	93.4	39.9	60.1	49.9
<b>2012:12</b>	115.7	93.7	38.5	58.1	50.2
<b>2013:01</b>	116.2	94.1	42.1	60.2	53.1
<b>2013:02</b>	116.2	94.6	40.6	56.3	54.2
<b>2013:03</b>	115.4	94.3	40.7	65.4	51.3
<b>2013:04</b>	115.3	95.1	36.6	59.5	50.7
<b>2013:05</b>	115.4	95.2	40.8	53.7	49.0
<b>2013:06</b>					50.9

# Figure A7.1: Washington State Economic Indicators

## Year-over-Year Employment Growth

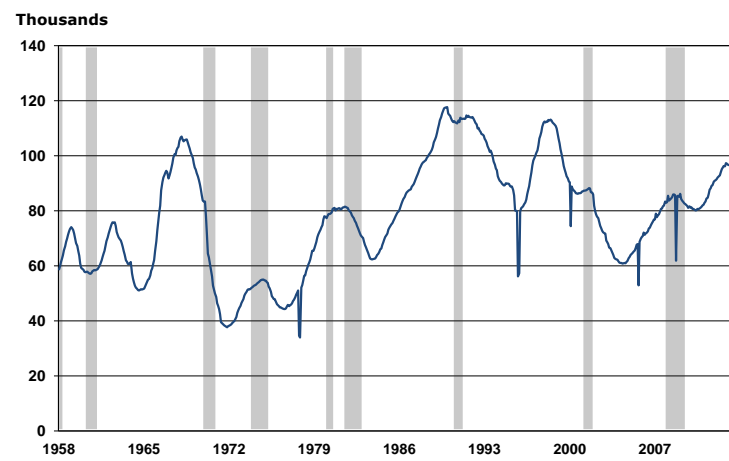
January 1980 to May 2013



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

## Washington Aircraft and Parts Employment

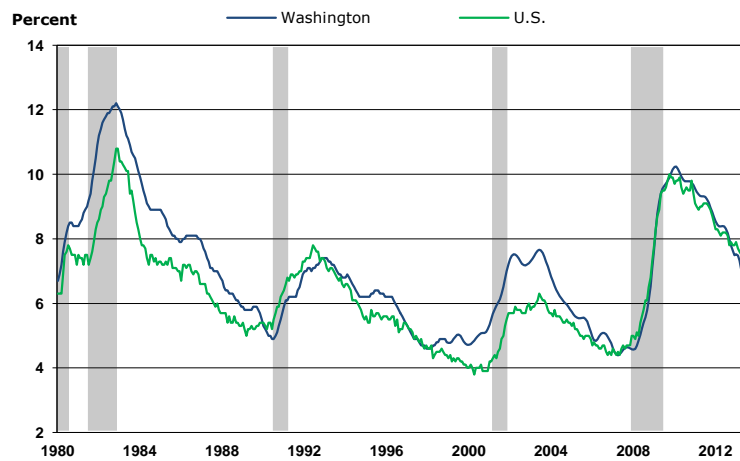
January 1958 to May 2013



\* Source: Bureau of Labor Statistics, ERFC

## Unemployment Rate, S.A.

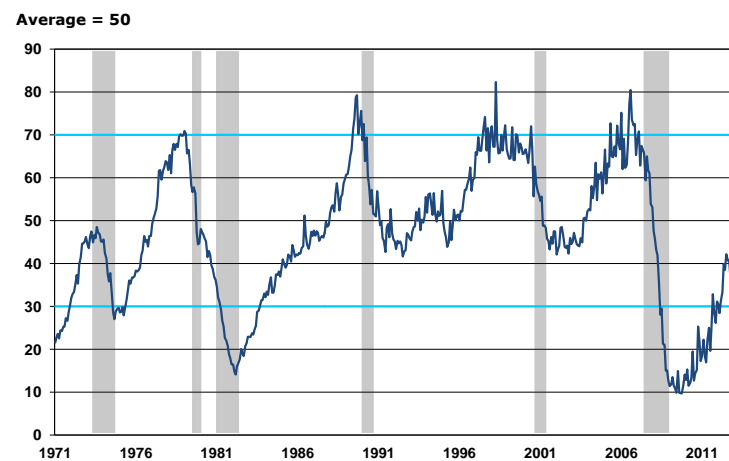
January 1980 to May 2013



\* Source: Bureau of Labor Statistics

## Washington Business Cycle Indicator

July 1971 to May 2013



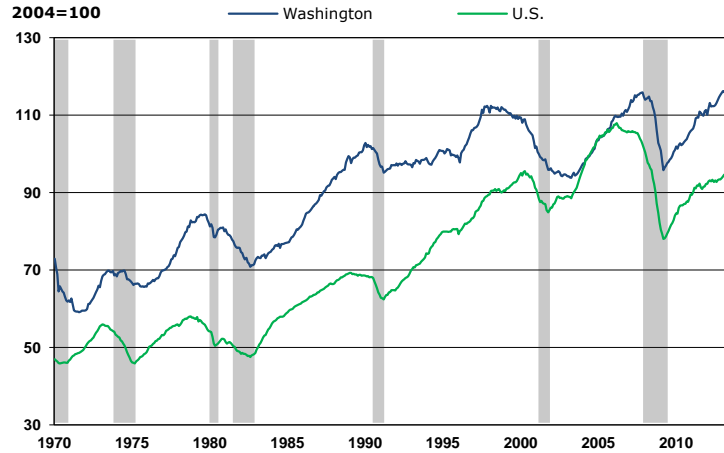
\* Source: ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.2: Washington State Leading Indicators

## The Washington and U.S. Indexes of Leading Indicators

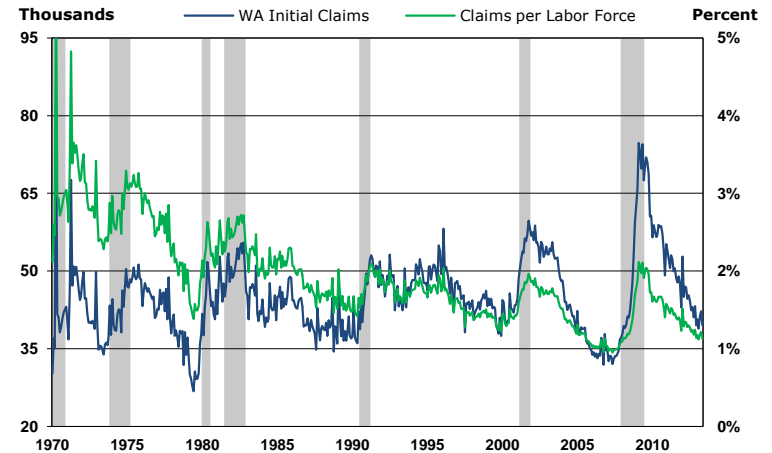
January 1970 to May 2013



\* The Conference Board, ERFC

## Washington Initial Claims for Unemployment Insurance

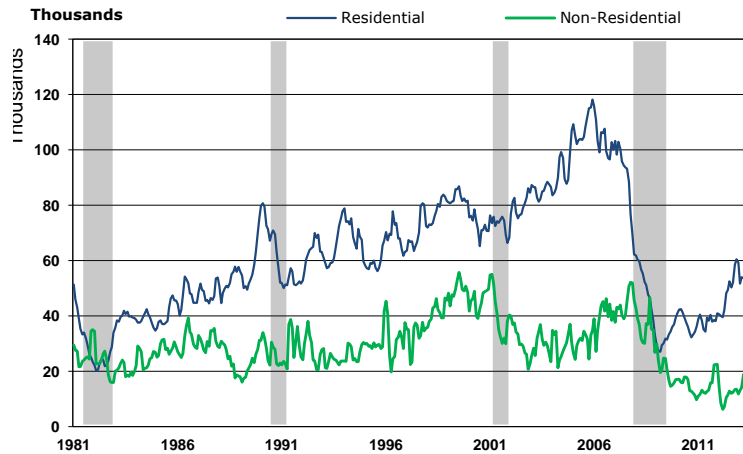
January 1970 to May 2013, S.A.



\* Source: WA State Employment Security, ERFC

## Square Footage of Construction Projects in WA State

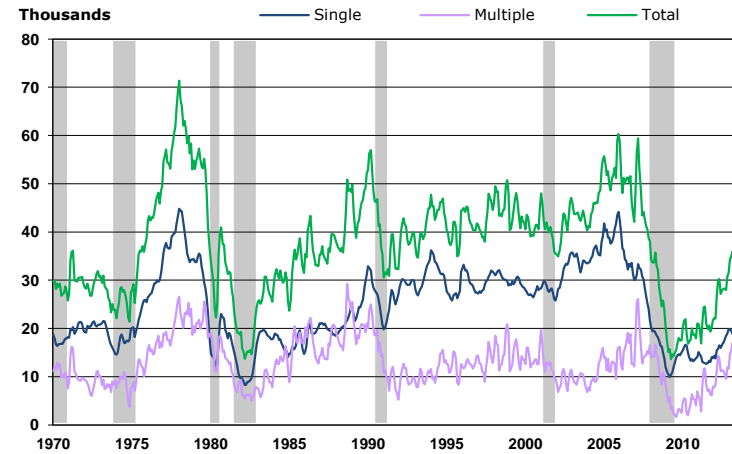
January 1981 to May 2013, 3mma, SAAR



\* Source: McGraw-Hill Construction, ERFC

## Housing Units Authorized in Washington State

January 1970 to May 2013, 3mma, SAAR



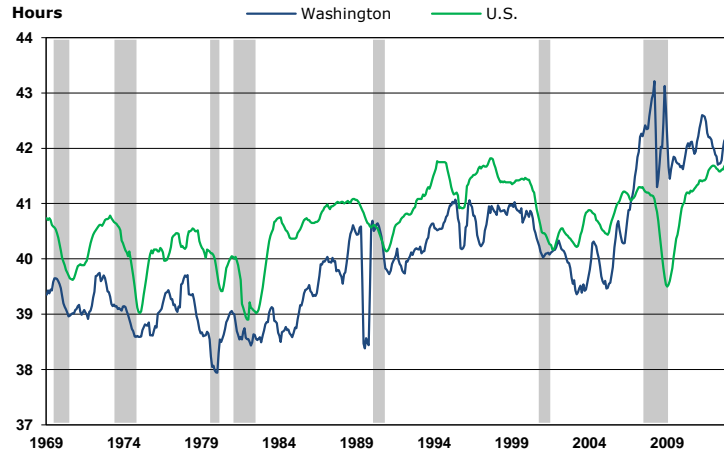
\* Source: Census Bureau, ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.3: Other State Economic Indicators

## Average Weekly Hours in Manufacturing

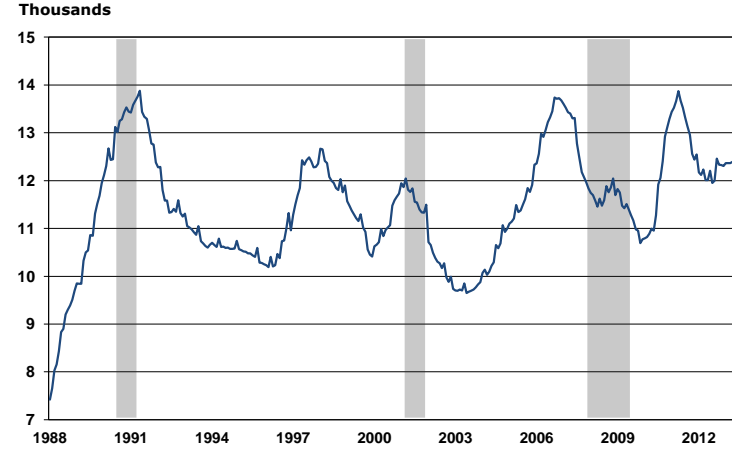
June 1969 to May 2013, 6-Mo. Moving Average, S.A.



\* Bureau of Labor Statistics, ERFC

## Washington Driver's License In-Migration

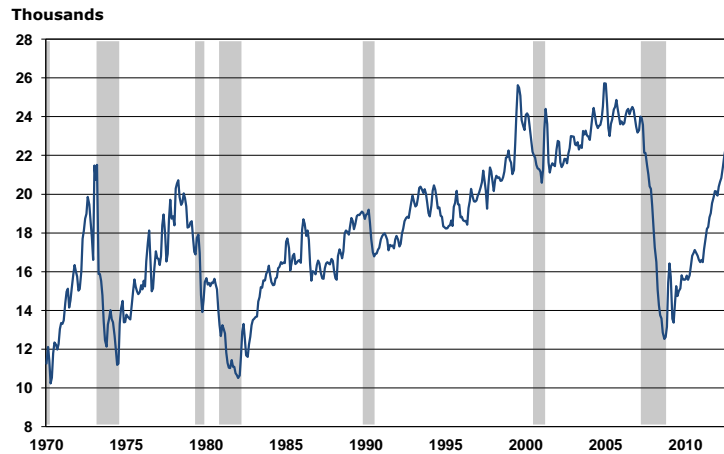
January 1988 to February 2013, 12-Month Moving Average



\* Source: WA State Department of Licensing, ERFC

## New Car and Truck Registrations in Washington

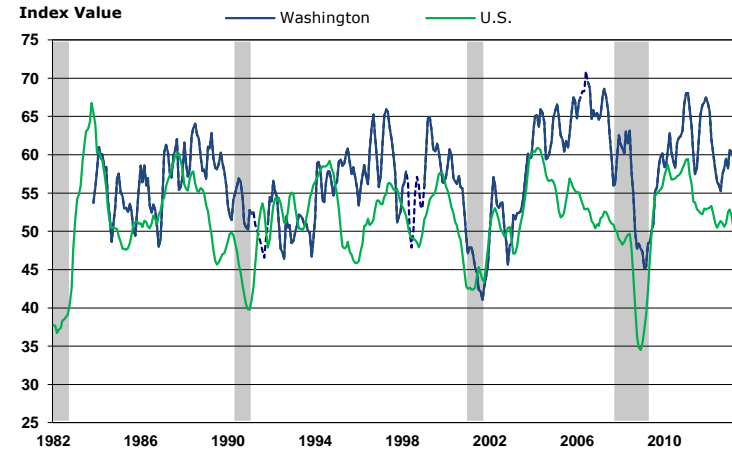
September 1970 to May 2013, 3-Month Moving Average, S.A.



\* Source: WA State Department of Licensing, ERFC

## Institute for Supply Management Index

March 1982 to June 2013, 3-Month Moving Average, S.A.



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

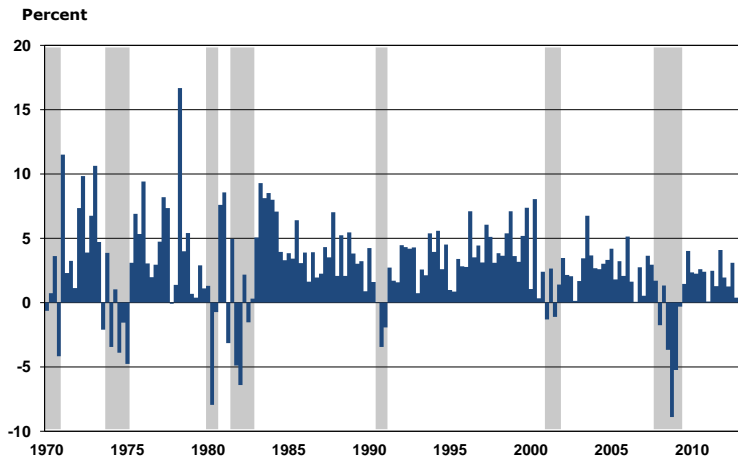
\* Shaded areas correspond with national recessions.



Figure A7.4: Other Economic Indicators

**Quarterly U.S. Real GDP Growth**

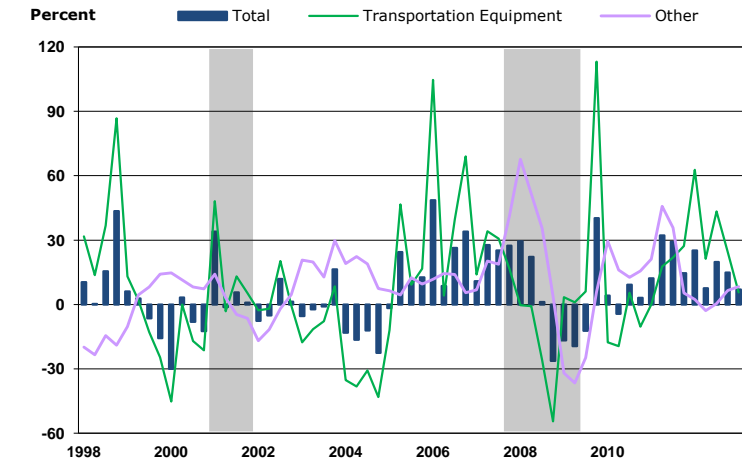
1970Q1 to 2013Q1, SAAR



\* Source: Bureau of Economic Analysis

**Washington State Export Composition**

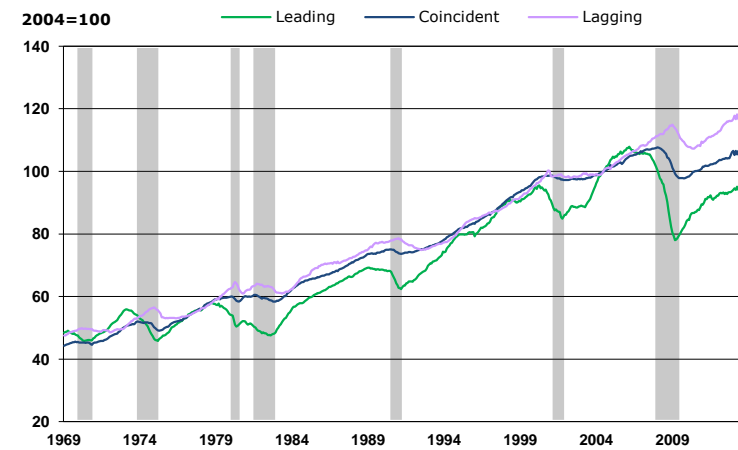
1998Q1 to 2013Q1, Year-over-year percent change



\* Source: WISER

**U.S. Economic Indicators**

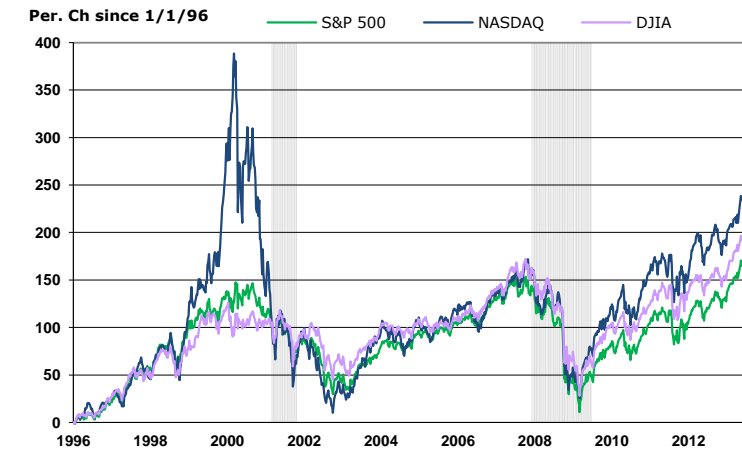
January 1969 to May 2013



\* Source: The Conference Board

**National Stock Indexes**

January 1, 1996 to June 28, 2013



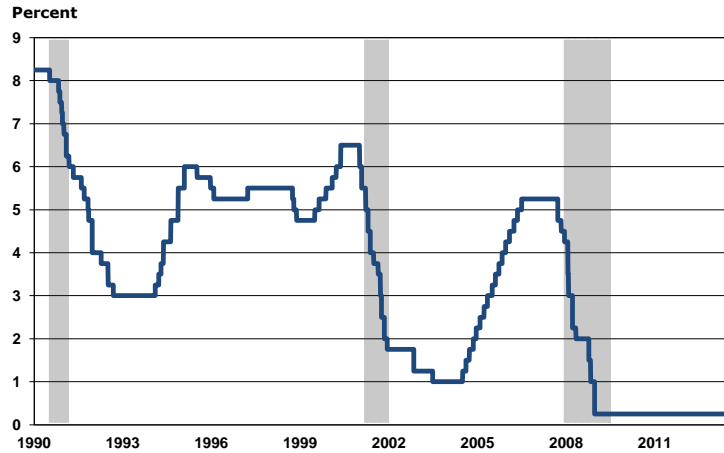
\* Source: ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.4: Other Economic Indicators

## Federal Funds Target Rate

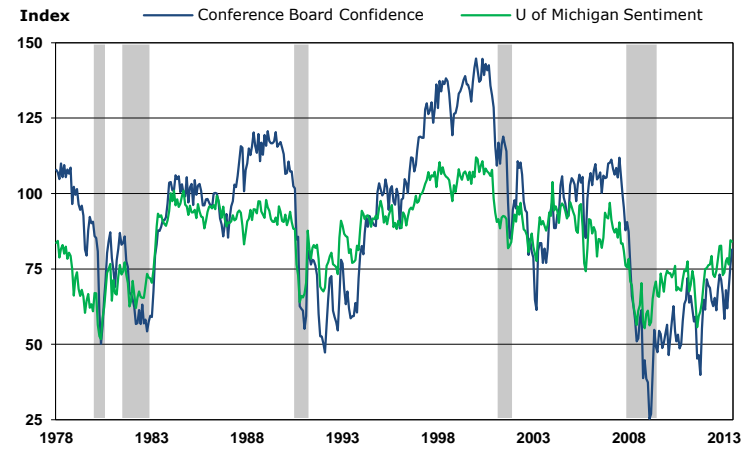
January 1, 1990 to June 30, 2013



\* Federal Reserve

## Consumer Confidence

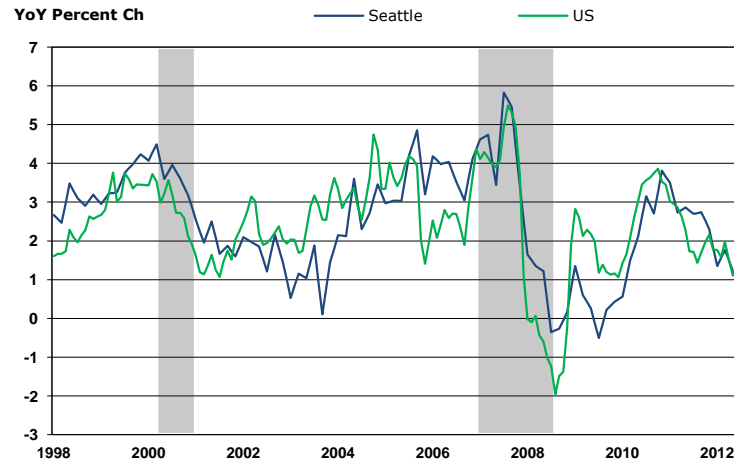
March 1978 to June 2013



\* Source: The Conference Board, University of Michigan

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

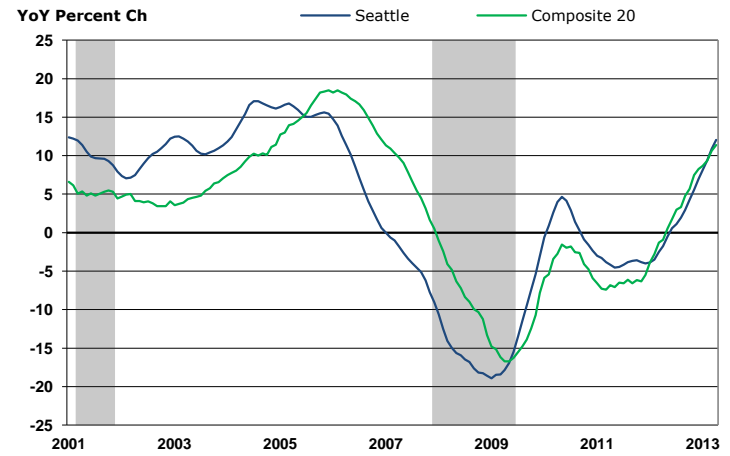
December 1998 to May 2013



\* Source: Bureau of Labor Statistics

## Case Shiller Home Price Index

January 2001 to April 2013, SA



\* Source: Case Shiller, ERFC

\* Shaded areas correspond with national recessions.



## Glossary

**Biennium:** The state's two years budget cycle.

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

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

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

**Fiscal Year:** The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 2013, for example, ran from July 1, 2012 through June 30, 2013.

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

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

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

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

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

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

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

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

**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.