

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, bright blue.

# **Washington State Economic and Revenue Forecast**

November 2013  
Volume XXXVI, No. 4



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# **Washington State Economic and Revenue Forecast**

Prepared by the  
Economic and Revenue Forecast Council

November 2013  
Volume XXXVI, No. 4

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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 December 5, 2013

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## Executive Summary

- **The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies and uncertainty concerning future policy.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 1.7% in 2013, up from 1.6% from the previous forecast. Real GDP growth is expected to be 2.5% in 2014, 2.9% in 2015, 2.8% in 2016, and 2.7% in 2017, which down slightly in each year since the September forecast.**
- **As expected in the September forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth was disappointing in the last couple of months but historical estimates were revised higher.**
- **Income growth in metropolitan areas west of the Cascades is average or above average while income growth east of the Cascades is average or lower.**
- **Washington single-family housing permits have weakened but home prices continue to rise.**
- **While revenue collections over the last two months were \$81 million above the September forecast, forecasted collections for the rest of the biennium have been lowered.**
- **The primary cause of the forecasted reduction in future collections is November's forecast of construction activity, which is lower than September's.**
- **A technical adjustment regarding the definition of revenue has removed \$22 million from collections for the 2011-13 biennium and will remove approximately \$41 million in the current and future biennia. The adjustment, however, does not affect ending fund balances in the budgetary balance sheet.**
- **The final tally of revenue for the 2011-13 biennium was \$13 million less than forecasted in September, due mainly to the technical adjustment described above.**
- **The forecast for the 2013-15 biennium was decreased by \$25 million, but without the technical adjustment the forecast would have increased by \$16 million.**
- **The forecast for the 2015-17 biennium was decreased by \$85 million.**

## U.S. Economic Forecast

*The economic recovery remains modest*

The national economy continues to advance at the about same modest pace as it has since the recovery began over four years ago. Significant threats to economic growth remain, keeping uncertainty elevated. Political discord in the nation's capital, violence in the Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Economic activity has generally been in line with the September baseline forecast of weak growth and high unemployment. Fourth quarter growth is likely to be depressed due to large inventory accumulation in the third quarter and the partial federal government shutdown in October. Despite a pause in housing activity, recent data suggest that the economy's underlying growth remains firm.

*Federal fiscal policy remains a drag on the recovery*

Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies and uncertainty concerning future policy. Government spending has continued to trend downward as stimulus spending winds down. The automatic sequester spending cuts, which further lowered government spending, are still in effect. Uncertainty regarding future fiscal policy continues to take a toll on consumer and business confidence as well. Although monetary policy remains accommodative, there is emerging concern that missteps might be made here as well. While the current monetary policy stance is to continue monetary expansion until the labor market outlook improves substantially, it is likely that the Federal Reserve will begin tapering off its bond purchases early in 2014.

*The crisis in Europe and a slowing Chinese economy remain threats to the U.S. recovery*

The sovereign debt crisis in Europe remains an additional significant threat to the U.S. economy. Europe is just now set to emerge from another prolonged recession, and real economic output remains below where it was five years ago. A slowdown of growth in China also remains a major threat to the U.S. recovery due to international trade ties. Chinese GDP grew only 7.8% (SAAR) in the third quarter. For China, growth below 8% is considered poor. The last time Chinese growth was above 8% was the first quarter of 2012. China has many structural risks in the economy that need to be resolved. Senior leaders have emphasized that the existing growth model is unstable and unsustainable. The transition to a more consumer based economy away from the corporate and government sectors will probably limit the possibility of double-digit growth in the foreseeable future.

*We expect moderate GDP growth throughout the forecast*

U.S. economic growth remains modest. The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.7% in 2013, up from 1.6% from the previous forecast. Real GDP growth is expected to be 2.5% in 2014, 2.9% in 2015, 2.8% in 2016, and 2.7% in 2017, which is down slightly in each year from the September forecast. At the

time of the November forecast, third quarter 2013 growth was 2.8% (SAAR). We expect weaker growth for the remainder of 2013 with growth of 1.7% in the fourth quarter compared to growth of 2.6% in the previous forecast.

## Washington Economic Forecast

*Washington's recovery is progressing about as expected but risks are elevated*

Since the September forecast was released, the state's economy has performed about as expected. Employment has been revised slightly higher but growth in recent months has been slow. Income is also higher but that is due to the comprehensive revision of the National Income and Product Accounts. On the downside, single-family housing permits have been weaker than expected. It should be noted that the risks to the state economy, which come mainly from outside our borders, remain high. Chief among these are the ongoing budget impasse and weak Asian and European economies.

*The west side of the state is leading in income growth*

In November, the BEA released personal income for U.S. metropolitan areas. All the Washington metropolitan areas west of the Cascades were in the middle quintile or higher in income growth in 2012 while all the metropolitan areas east of the Cascades were in the middle quintile or lower. The Seattle metropolitan area and Portland metropolitan area (which includes Clark and Skamania Counties) were in the highest quintile. The Longview metropolitan was in the second to the highest quintile in personal income growth. East of the mountains, the Kennewick-Richland (Tri-Cities) and Walla Walla metropolitan areas were in the lowest quintile in income growth in 2012. The Spokane, Yakima, and Lewiston (which includes Asotin County) metropolitan areas were in the second to the lowest quintile.

*The November forecast reflects the impact of the government shutdown and a later "taper"*

The November Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in September. The main U.S. forecast revisions in November relate to federal fiscal and monetary policy developments. The November forecast includes the impact of the 16-day partial shutdown of the federal government (in September, we assumed there would be no shutdown). As in September, the U.S. forecast assumes the sequester will be lifted in early 2014 and replaced with a package that focuses on long-term deficit reduction. The national forecast now assumes that the Federal Reserve will start to "taper" its quantitative easing program (i.e., reduce purchases of mortgage-backed securities and Treasury bonds) in March 2014 rather than in December 2013 as previously assumed.

*Our November economic forecast for Washington...*

Our November economic forecast for Washington is also very similar to the forecast adopted in September. The near-term housing recovery is a little weaker than assumed in September based on disappointing recent activity. The level of personal income is higher in the November forecast than in the September

*...is very similar to the forecast adopted in September*

forecast but this is due to the comprehensive revision of the NIPAs. The new personal income growth forecast is similar to the September forecast as is the new employment growth 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 November economic forecast had lower housing activity than September's*

The November economic forecast for Washington was very similar to that of September. The main differences with respect to revenue were the forecasts of construction activity and housing permits, which were slightly lower for the remainder of the current biennium while still reflecting moderate-to-strong growth. While revenue collections for the last two months were higher than forecasted in September, the increase in collections was offset by a decrease in forecasted revenue for the rest of the biennium due to the lowered forecast of construction activity. Forecasted revenue for the 2015-17 biennium was also reduced slightly due to changes in the economic forecast other than construction and housing.

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

*11-13: -\$13  
13-15: -\$25  
15-17: -\$85*

The final tally of GF-S revenue for the 2011-13 biennium, which ended on June 30, 2013, is \$30,657.0 million. This is \$13.0 million less than forecasted on September 18<sup>th</sup>, but the decrease was due to a technical adjustment in the classification of General Fund-State (GF-S) resources. Without the technical adjustment the tally would have increased by \$9.1 million. The technical adjustment also reduced the forecasts for the 2013-15 and 2015-17 biennia. While revenue collections for the last two months were \$80.7 million ahead of the September forecast, changes to the economic forecast have decreased forecasted revenue by \$75.2 million for the remainder of the 2013-15 biennium. Non-economic changes, including the technical adjustment, subtracted another \$30.3 million (the technical adjustment was partially offset by a \$10.5 million payment from an arbitration settlement). The sum of these changes for the 2013-15 biennium is a forecast decrease of \$24.8 million, with total biennial revenue of \$32,982.4 million. For the 2015-17 biennium, changes to the economic forecast subtracted \$43.7 million and the technical adjustment subtracted \$40.8 million, for a total forecast reduction of \$84.5 million. 2015-17 GF-S revenue is now forecasted to total \$35,614.9 million.



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

- **The national economy continues to advance at a modest pace. Significant threats to economic growth remain, keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies and uncertainty concerning future policy.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **The U.S. economy grew at a 3.6% annualized rate (SAAR) in the third quarter of 2013. However, consumer spending was weak and nearly half of the growth came from an increase in inventory accumulation.**
- **The housing market recovery appears to be set for a rebound. Home prices continue to appreciate, construction activity is rebounding, and sales are improving. Rising interest rates, however, have led to a drop in affordability.**
- **The manufacturing sector is again expanding. Fears of a contraction in the sector have diminished.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 1.7% in 2013, up from 1.6% from the previous forecast. Real GDP growth is expected to be 2.5% in 2014, 2.9% in 2015, 2.8% in 2016, and 2.7% in 2017, which down slightly in each year since the September forecast.**
- **A more robust recovery in housing remains the most significant upside risk. Policy missteps at the federal level, a European financial meltdown, and a slowdown in Chinese growth are the major downside risks. Despite the relatively small change in the economic forecast, downside uncertainty remains high.**

### Current Conditions

*The economic recovery remains modest*

The national economy continues to advance at the about same modest pace as it has since the recovery began over four years ago. Significant threats to economic growth remain, keeping uncertainty elevated. Political discord in the nation's capital, violence in the Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Economic activity has generally been in line with the September baseline forecast of weak growth and high unemployment. Fourth quarter growth is likely to be depressed due to large inventory accumulation in the third quarter and the

partial federal government shutdown in October. Despite a pause in housing activity, recent data suggest that the economy's underlying growth remains firm.

*Federal fiscal policy remains a drag on the recovery*

Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies and uncertainty concerning future policy. Government spending has continued to trend downward as stimulus spending winds down. Real government expenditures have declined in 12 of the past 16 quarters since the end of 2009. The automatic sequester spending cuts, which further lowered government spending, are still in effect. Uncertainty regarding future fiscal policy continues to take a toll on consumer and business confidence as well. The government shutdown on October 1 highlighted the political discord. In September, the forecast assumed the federal government shutdown would be averted. The 16-day partial government shutdown in October is expected to reduce fourth quarter annualized growth by 0.4 percentage points. Political brinkmanship surrounding the federal debt ceiling created additional anxiety in the markets. Worries that some sort of default in U.S. treasuries could occur caused short-term yields to spike (see Figure 1.1).

**Figure 1.1: Yield on 1-Month Treasury bills**

*Debt ceiling brinkmanship caused treasury yields to spike*



Source: U.S. Treasury; data through December 4, 2013

*Monetary policy will likely remain accommodative*

While monetary policy remains accommodative, there is emerging concern that missteps might be made here as well. Fed comments following the June Federal Open Market Committee meeting, suggesting that the Fed could start trimming its asset purchases later this year, drove the 10-year Treasury rate higher. This caused investors to immediately begin to demand higher interest rates on mortgage loans and other financial products. Rates have come down since the initial reaction, but remain much higher than early in the year. While the current monetary policy stance is to continue monetary expansion until the labor market outlook improves substantially, it is likely that

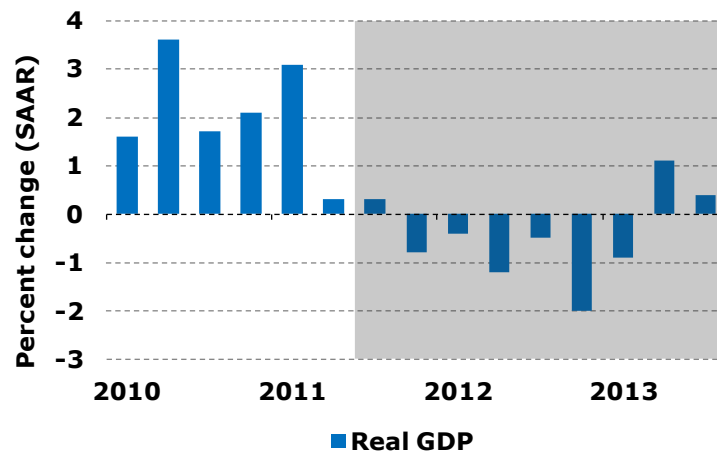
the Federal Reserve will begin tapering off its bond purchases early in 2014. According to the minutes, scenarios were considered to scale back QE3 even in the absence of additional improvement in labor market growth. Even though inflation remains well below the Fed's target rate of 2% and job growth remains modest, the Federal Open Market Committee will remain on a taper footing barring some unforeseen shock to the economy.

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

The sovereign debt crisis in Europe remains an additional significant threat to the U.S. economy. Europe is just now set to emerge from another prolonged recession, and real economic output remains below where it was five years ago. Eurozone GDP grew at a meager 0.4% annualized rate in the third quarter (see Figure 1.2). France and Italy, the second and third largest economies in the Eurozone, had negative growth for the quarter. The Euro area unemployment rate has continued to increase for the past three and a half years, matching a record-high 12.2% in September before declining slightly to 12.1% in October. The youth unemployment situation is far worse. The unemployment rate of those under the age of 25 is now at 24.1%. Consumer confidence in the Eurozone, while improved from the depths of the latest recession, has declined in each of the past two months. Poor economic conditions across the European Union will continue to put financial pressure on member countries and keep the threat of a European financial crisis alive.

**Figure 1.2: Eurozone GDP Growth**

*Eurozone growth remains weak*



Source: Eurostat, Centre for Economic Policy Research; data through 2013Q3

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

A slowdown of growth in China also remains a major threat to the U.S. recovery due to international trade ties. Chinese GDP grew only 7.8% (SAAR) in the third quarter. For China, growth below 8% is considered poor. The last time Chinese growth was above 8% was the first quarter of 2012. The leadership in China has indicated an increased emphasis on stable growth and has recently signaled a variety of near and medium-term projects



that will ensure a steady demand for industrial products. It does appear that the central government's shift to a growth-oriented policy has modestly boosted economic activity in recent months. However, China's leaders have recently signaled that policy may need to be tightened once again to temper record high house prices. China has many structural risks in the economy that need to be resolved. Senior leaders have emphasized that the existing growth model is unstable and unsustainable. The transition to a more consumer based economy away from the corporate and government sectors will probably limit the possibility of double-digit growth in the foreseeable future.

*Third quarter GDP growth was strong, although most of the gain came from inventory accumulation*

U.S. economic growth remains modest. The U.S. economy grew at a robust 3.6% annualized rate (SAAR) in the third quarter of 2013 according to the Bureau of Economic Analysis. This was up from 2.5% growth in the second quarter and 1.1% in the first quarter. While GDP growth was strong in the third quarter, 1.7 percentage points of the 3.6% growth rate to GDP growth was due to inventory accumulation. Real final sales of domestic product rose at only a 1.9% rate. It is likely that the strong GDP growth in the third quarter will be reversed in the fourth quarter or first quarter as businesses unload the excess inventory. Consumer spending growth slowed once again, to just 1.4% (SAAR), compared with 1.8% (SAAR) in the second quarter. This was the slowest increase in four years and may point to a lackluster holiday spending season. Nonresidential fixed investment slowed, growing 3.5% (SAAR) compared to a 4.7% (SAAR) increase in the second quarter. Residential fixed investment again was strong, growing 13.0% (SAAR) in the third quarter. Growth has been above 10% (SAAR) in each of the past 5 quarters as the housing recovery has taken hold. Net exports added 0.7 percentage points to growth as the drag from imports declined. Government spending turned positive, growing 0.4%, due to increased state and local government spending.

*Personal income and consumption are growing*

Rising personal income is essential for consumer spending to improve and overall economic growth to accelerate. Personal income gained 0.5% while wage growth was 0.4%. Real disposable personal income (income after taxes and adjusted for inflation) growth was 0.4%, outpacing real consumption which grew 0.1%. The personal saving rate increased slightly to 4.9% from 4.7%. Real spending growth was led by spending on services which increased 0.2% in September. Spending on goods was flat as an increase in spending on non-durable goods was offset by a decline in durable goods. Auto sales, which have been particularly strong during the recovery, have faltered. U.S. light vehicle sales fell to 15.2 million (SAAR) in October, down from a post recession high of 16.1 million (SAAR) in August.

*Employment growth has been better than anticipated*

Employment growth has been better than expected, particularly in light of the government shutdown in October. Nonfarm payroll employment increased by 204,000 in October, up from a

163,000 job gain in September. Private sector payrolls added 212,000 while government payrolls dropped 8,000. Jobs gains in the private sector were broad-based. Manufacturing and construction added a combined 35,000 jobs in October. Private service-providing industries added 177,000, led by gains in leisure and hospitality (+53,000), retail trade (+44,000), and professional and business services (+44,000). So far this year, the economy has added an average of 186,000 jobs per month, slightly more than the 183,000 average job gain in 2012. While job gains have continued to trend upward, many of the jobs continue to be low wage and part-time jobs. In October, the ratio of part-time workers fell to 19.1% from 19.3% in the prior month. While the ratio of part-time workers has trended down as the recovery has unfolded, it remains higher than the 17.4% average in the decade prior to the recession. In addition, many of the jobs are in low paying industries such as retail trade, leisure and hospitality, and temporary help services. In fact, despite accounting for just 22% of total employment in the year prior to the recession, these sectors have accounted for 42% of the total job growth since the employment trough in February 2010.

*The unemployment rate is declining, although labor markets remain weak*

The recent level of job growth is slowly starting to absorb some unemployed workers and reduce the unemployment rate. Although the unemployment rate increased in October to 7.3%, it remains on a downward trend. The increase in October was due to a 735,000 reduction in employment, likely caused by federal government furloughs (the unemployment rate is determined by the household survey of employment rather than the payroll survey of employment discussed above). The decrease in the household measure of employment should be reversed in the November. The number of unemployed increased a slight 17,000 in October due to an increase in job losses. The decline in the household measure of employment further reduced the labor-force participation rate to 62.8%, the lowest rate in 30 years. Joblessness remains high with 11.3 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%. 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 now back to pre-recession levels. For the week ending November 30<sup>th</sup>, the four-week-moving-average of initial claims declined by 10,750 to 322,250. The latest reading is down 21.1% from a year ago and down 51.0% since the peak in 2009.

*Consumer confidence is improving but is weighed...*

Consumer attitudes have been slowly improving following the 2007-09 recession. An improving economy and stronger labor market conditions have enabled consumers to feel more confident. However, dysfunction in the nation's capital has caused uncertainty to set in and resulted in periods of pessimism.

*...down by  
fiscal  
uncertainty*

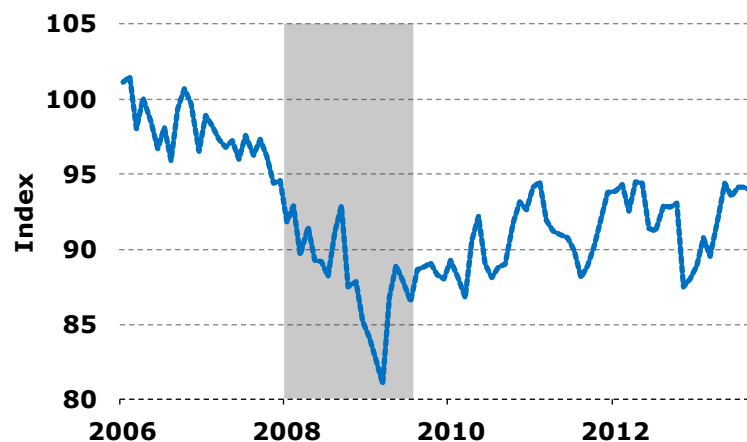
The government shutdown in October once again resulted in a sharp drop in confidence. The most recent reading of consumer confidence from the Conference Board shows that confidence dropped 7.8 points in October. The November reading was down another 2.0 points, to its lowest reading since April. The University of Michigan reading fell as well in October, dropping 4.3 points. This was partially offset in November with a gain of 1.9 points as consumers shook off most of the worries surrounding the government shutdown. The pending fight in Congress to raise the debt ceiling and the Fed's decision as to when to taper its asset in the coming months are likely to keep gains in confidence subdued.

*Small  
business  
confidence  
remains  
tentative*

Small business confidence, while higher than during the recession, has faltered recently as well. After initially increasing as the country emerged from the recession, gains in business attitudes have been failed to continue. The National Federation of Independent Business (NFIB) small business optimism index fell 2.3 points in October to 91.6 (see Figure 1.3). The broad-based decline was led by large declines in hiring plans and expectations for future business conditions. Of the ten index components, seven turned negative on October. The government shutdown was damaged business confidence as well as consumer confidence. The stalemate in Congress over government funding and the problems with the implementation of the Affordable Care Act were cited as reasons 68% of business owners felt the current period was a bad time to expand. Despite the negative sentiment expressed in the survey, there were some positive aspects reflected as well. Actual employment increased in October as did the number of job openings. Capital expenditures increased as well, matching a post recession high. The

**Figure 1.3: NFIB Small Business Optimism Index**

*Small  
business  
optimism is  
again  
declining*



Source: National Federation of Independent Business; data through October 2013

divergence of planned expenditures and hiring and actual business decisions likely reflects increased uncertainty regarding

the durability of the economic recovery. This will probably persist as uncertainties regarding federal and monetary policy get resolved.

*Oil prices have remained relatively stable*

Oil prices have remained in the \$110 per barrel range as energy markets have continued to digest turmoil in the Middle East. Brent oil prices for the week ending November 22<sup>nd</sup> were \$111.32 per barrel, up slightly from the week before but in line with recent experience. While the tensions in Egypt, Syria, and Libya are not expected to permanently lift oil prices, the uncertainty is likely to drag on in the near term. U.S. oil production has risen, making up the lost supply from Middle Eastern countries. Domestic production now averages just under 8 million barrels per day, the highest in over 20 years. While oil prices have generally remained in the \$110 per barrel range, gasoline prices have drifted downward. Gas prices are now lower than they were a year ago at \$3.35 per gallon for the week ending December 2<sup>nd</sup>. Demand remains relatively low 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 low*

Headline inflation has remained low as prices have been relatively volatile. Energy prices decreased 1.7% in October after increasing 0.8% in September. Energy prices are now down 4.9% year-over-year due mainly to falling gasoline prices. Food prices moved up slightly, increasing another 0.1% in October, and are now up 1.3% year over year. Overall, the consumer price index (CPI) decreased 0.1% in October and is now up just 0.9% year over year, the lowest increase in four years. Core inflation, which excludes food and energy, rose 0.1% due to rising transportation costs, particularly airline fares. Core inflation was just 1.7% year over year in October.

*The recovery in housing appears to be picking up steam*

The housing market once again appears to be picking up steam. While activity has been essentially flat for most of this year, recent data suggest this pause may be ending. Sales of new homes rebounded in October to 444,000 units (SAAR), an increase of 25.4% over September and 21.4% higher than a year ago. The boost in sales caused inventory to fall, reducing the months' supply of new homes for sale to 4.9 from 6.4 in September. Mortgage rates have eased off the highs reached in the spring and summer months, spurring potential buyers to take advantage of the low rates. Sales of existing homes have yet to rebound, although they typically lag new home sales in activity. October completed sales fell 3.2% from September to 5.12 million units (SAAR). However, the market for existing homes remains tight, with a five month supply of homes available.

*Construction activity is improving*

In addition to the rebound in sales, housing activity appears poised to bounce back as well. Housing permits increased to 1.039 million units (SAAR) in October, a 6.7% gain from the previous month and 14.4% higher than a year ago. Single family permits increased slightly to 621,000 in October, a 1.0% increase over September but still down from the highs reached in the summer. Overall gains were led by the volatile multi-family segment. Permits for multi-family structures were up 16.4% in October, and are now 23.7% 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 price appreciation has accelerated*

Home price appreciation has continued to accelerate in recent months. The seasonally adjusted Case-Shiller 20-city home price index increased 1.0% in September and is now 13.3% above the year-ago level. However, prices still remain 21.5% below their peak in 2006. Sales of distressed properties are having less of an effect of holding down prices as well. Distressed homes accounted for 14% of October sales, down from 25% a year ago. Tight supply in some areas has driven up prices as well. Rising house prices are enabling previously underwater homeowners to sell their homes and trade up for more expensive homes. Affordability issues are starting to emerge however, especially among first time home buyers. Rising mortgage rates have contributed to this as well. Although homes remain affordable by historic standards, affordability is down sharply from a year ago.

*The manufacturing sector is growing*

The manufacturing sector, which had lost momentum through the middle of the year, is growing again. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector was again strong in November. The ISM index improved to 57.3 from 56.4 the month before. Details from the report were mostly positive. New orders and production both grew with readings over 60 indicating robust growth. The employment component increased 3.3 points to 56.5, the highest reading in almost two years. The Federal Reserve's latest G-17 report, which measures manufacturing output, indicated growth as well. Output increased 0.3% (SA) in October and is now 3.3% above its year-ago level. New orders for core capital goods (nondefense capital goods excluding aircraft) declined by 1.2%, however, indicating that business investment may be slowing. It is likely that federal government dysfunction weighed down purchasing decisions as business owners waited to see the duration and impact of the shutdown and ramifications of the possible breach of the debt ceiling.

## Forecast

*This forecast is based on the latest Blue Chip Consensus forecast*

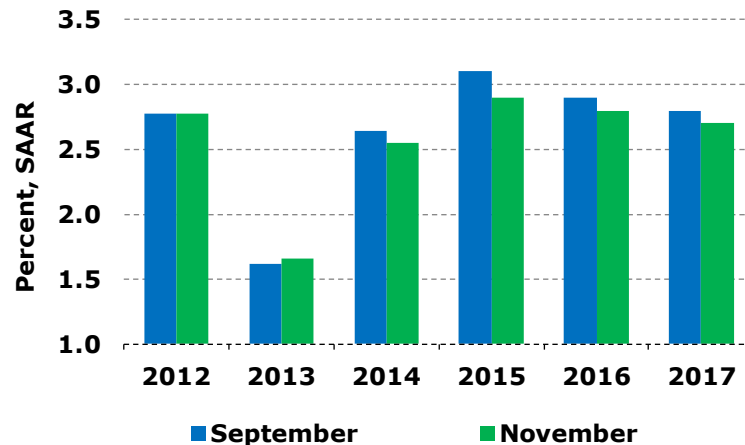
The November 2013 economic forecast was based on a modified version of Global Insight's November 2013 Control forecast for the U.S. economy. Consistent with our standard practice, the U.S. real GDP forecast was adjusted to match the Blue Chip Consensus GDP forecasts for 2013 and 2014. We also incorporated 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 growth is down from the previous forecast after 2013*

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.7% in 2013, up from 1.6% from the previous forecast. Real GDP growth is expected to be 2.5% in 2014, 2.9% in 2015, 2.8% in 2016, and 2.7% in 2017, which is down slightly in each year from the September forecast (see Figure 1.4). At the time of the November forecast, third quarter 2013 growth 2.8% SAAR. We expect weaker growth for the remainder of 2013 with growth of 1.7% in fourth quarter compared to growth of 2.6% in the previous forecast.

**Figure 1.4: U.S. Real GDP Growth**

*The forecast calls for slightly weaker growth*



Source: U.S. Bureau of Economic Analysis, ERFC November 2013 forecast; historical data through 2012

*Uncertainty continues to surround fiscal policy*

Uncertainty regarding federal fiscal policy has continued. While budget negotiations are underway, there is potential for policymakers are set to embark on another round of political brinkmanship once the New Year begins. On October 16<sup>th</sup>, a deal to end the 16-day partial government shutdown and raise the debt ceiling was reached. However, the federal government is only funded through January 15<sup>th</sup> at current spending levels and the debt ceiling was suspended until February 7<sup>th</sup>. This sets the

stage for another potential showdown. We continue to expect the sequester will 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 in early 2014. Congress will also have to come to an agreement to extend the federal debt ceiling. While the impacts of a government shutdown are large, the failure to raise the debt ceiling would have a much greater negative impact on the national economy. Even if a deal is reached at the last minute, political brinkmanship and media coverage could have a damaging effect on consumer and business confidence as occurred during the budget and debt ceiling fights of 2011 and 2013.

*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 \$72 billion reduction in the federal deficit between 2013 and 2015. After dropping sharply in 2013, we expect real defense spending to level off in 2014 and then fall gradually through the remainder of the forecast. 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. The decline in government spending will reduce overall GDP growth by 0.4 percentage points this year. We expect 2013 to be the trough in total real government purchases. We then expect low growth for the remainder of the forecast, gradually increasing to 0.5% in 2017.

*Consumer spending will not be a strong driver of GDP growth*

The forecast for consumer spending growth is down slightly from September. Consumers remain cautious although confidence remains on an upward trend. The recovery in the labor market and increases in home values have continued, although federal policy missteps continue to keep confidence suppressed. 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 2.4% in 2014 and 2.7% in 2015 before moderating to 2.6% in 2016 and 2017.

*Personal income growth will remain weak*

Real disposable personal income growth is expected to be weak this year with growth of just 0.7%. We do expect growth in real disposable personal income to pick up to 3.2% in 2014, slightly less than expected in September. Growth is then expected to reach 3.5% in 2017. The personal saving rate is expected to increase gradually throughout the forecast, reaching 6.7% in 2017.

*Oil prices are expected to decline on increased production*

The forecast for oil prices is little changed from September. Turmoil in Egypt, Syria, and Libya has continued. A lengthy port strike in Libya and other production disruptions cut production to

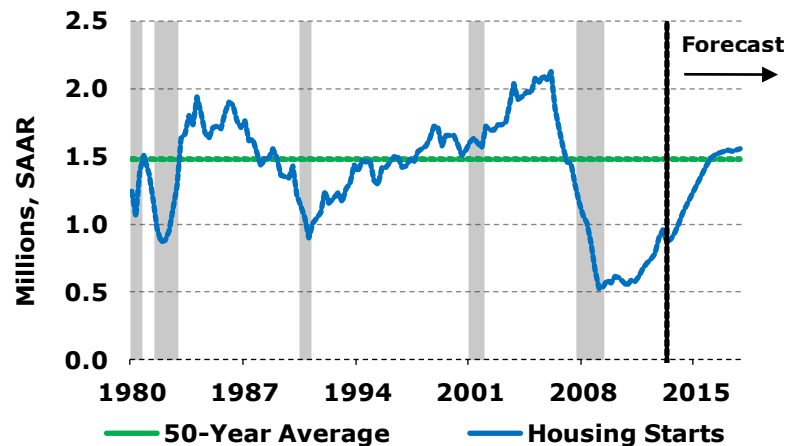
just 10% of its normal level. Libyan oil production has since climbed to 263,000 barrels a day from just 100,000 in October. However, Production remains far below the post-revolution capacity of 1.6 million barrels per day. U.S. production continues to expand and offset the loss in turmoil engulfed countries, averaging just under 8 million barrels per day. We expect declining prices throughout the forecast, falling from about \$101 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 due to rising non-OPEC production, particularly in the U.S. Slower growth in Asia and weakness in Europe will continue to limit demand and put modest downward pressure on prices. In addition to declining oil prices, the weak economy will keep inflation subdued. We expect low headline inflation throughout the forecast ranging from 1.4% to 1.7%.

*The recovery in housing has been lowered slightly since September*

While the housing recovery lost momentum through the summer and fall, we believe the pause in activity to be temporary, and growth to continue throughout the forecast. Home prices continue to increase, with growth reaching double-digits in some areas. Combined with rapidly rising interest rates, affordability is again becoming an issue. We expect growth in housing starts to remain weak for the remainder of the year, with slightly lower activity through 2015 than in the September forecast. We expect mortgage rates to begin rising again in the beginning of 2014, reaching the path expected in the September forecast as the Fed tapering takes hold. Distressed properties continue to weigh on select markets throughout the country, although this effect is diminishing. Continued improvement remains dependent on job

**Figure 1.5: Housing Starts**

*Housing starts will continue to grow*



Source: U.S. Census Bureau, ERFC November 2013 forecast; historical data through 2013Q2

growth and access to financing. Pent-up demand for housing should spur growth going forward. The forecast expects robust



growth in housing starts next year after slowing somewhat in 2013. Growth in multi-family starts is expected to be 16.7% this year, 11.0% in 2014 and 18.6% in 2015 before flattening out. The forecast calls for growth in single family starts of 16.6% this year, 26.5% in 2014 and 23.0% in 2015. The single-family segment is expected to reach 1.1 million units in 2016 from just 537 thousand in 2012. The housing market will continue to improve, particularly while interest rates remain low by historical standards and inventories are lean. Population remains on an upward trend and people will need a place to live. The forecast calls for total housing starts to reach 1.55 million in 2017, up from 783 thousand in 2012.

*Business investment remains slow*

Business investment remains slow as companies continue to face multiple headwinds. Vacancy rates for office buildings are still high and well above pre-recession levels. Demand for office space has been growing as businesses slowly expand, but it has not been enough to significantly reduce the vacancy rate. Overbuilding prior to the recession and sharp job losses during the downturn has left an abundance of supply. Increasing borrowing costs due to rising interest rates will further limit demand for new structures. We expect growth of just 1.6% in nonresidential construction this year. Nonresidential construction is expected to remain weak with growth rates of 2.3% and 3.2% in 2014 and 2015. Corporate profit margins are double the average since World War II and businesses have high cash balances. As the recovery continues to unfold and uncertainty regarding federal fiscal and monetary policy eases, businesses will feel more confident to expand. The forecast calls for growth in nonresidential construction of 10.7% and 6.7% in 2016 and 2017. The forecast calls for an increase in equipment investment as businesses 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 2.5% this year followed by growth of 7.6% in 2014 and 7.4 % in 2015. The forecast then calls for growth to moderate to 6.4% in 2016 and 6.0% in 2017. We expect overall real nonresidential fixed investment to grow 2.4% this year, 5.3% in 2014, 5.5% in 2015, 6.5% in 2016, and then moderate to 5.6% in 2017.

*Export growth remains weak*

Export growth remains weak but should be helped by a gradually improving global economy as the forecast unfolds. We expect weak foreign demand for U.S. goods and services in the near term as economic growth in major U.S. trading partners remains slow. The crisis in Europe is far from over and the Eurozone has just recently emerged from a prolonged recession. With severe structural imbalances in member countries and strict austerity measures still in effect, we expect the slow growth to continue. The latest Blue Chip forecast calls for 0.4% contraction this year followed by just 1.0% growth in 2014. The nonexistent economic

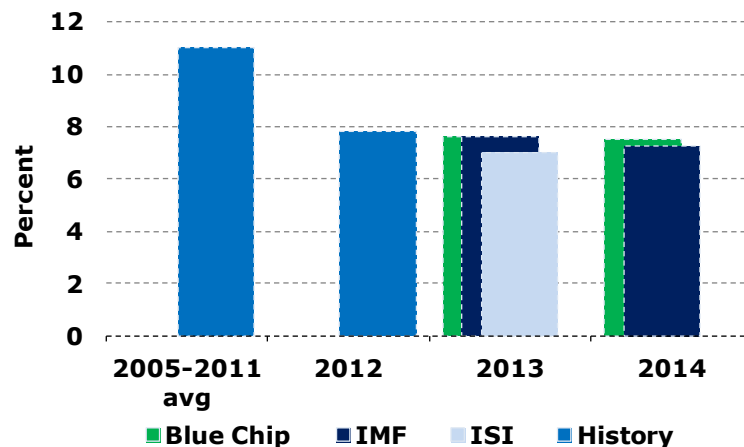
growth has led to painfully high unemployment with rates for the Eurozone as a whole at or above 12% since the beginning of the year. This has had an adverse effect on consumer spending and reduced the exports of U.S. firms to Europe.

*Growth in China has slowed*

The weakness in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. China, which is our largest export market outside of North America, in particular has slowed. Major forecasting sources are calling for growth of below 8% for the next two years for China. This is far below the Chinese growth seen from 2005 through 2011 of 11% and not enough to generate strong export growth (see Figure 1.5). GDP growth in major U.S. export markets is forecasted to slow to 2.1% this year after growing 2.4% 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 3.1% in 2014, 3.5% in 2015, and 3.6% in 2016 before moderating to 3.4% in 2017. We expect real U.S. export growth to slow to 2.4% this year, down from 3.5% in 2012. The forecast calls for export growth of 4.8% in 2014, gradually improving to 5.8% by 2017 as global economic conditions firm. Export growth is largely offset by increased imports through 2015, however. Net exports are expected to reduce GDP by 0.1 percentage points in 2014 and 0.2 percentage points in 2015. We do not expect net exports to contribute to real GDP growth until 2017 when they are expected to add 0.1 percentage points to growth.

**Figure 1.6: Chinese GDP Growth**

*Chinese growth is expected to weaken*



Source: Blue Chip Consensus, International Monetary Fund, ISI Group; historical data through 2012

*Unemployment remains elevated, but...*

The outlook for payroll employment is only minimally changed compared to the September forecast. We do expect slightly lower growth this year and in 2014 compared to the previous forecast,

*...will reach 6% by the end of the forecast*

but then slightly higher growth in 2015. Growth in payrolls is expected to be 1.6% this year, down from the 1.7% growth anticipated in September and down from the 1.7% growth in 2012. We expect growth to remain at 1.6% in 2014 before increasing slightly to 1.7% in 2015. We then expect employment growth to moderate to 1.6% in 2016 before falling to 1.3% in 2017. The forecast calls for the U.S. economy to add about 190,000 jobs per month through the end of this year and 2014 as private sector gains continue and job losses in the public sector come to an end. We expect employment growth to average 195,000 jobs per month in 2015 before moderating to 185,000 per month in 2016 as the recovery continues. The forecast calls for job growth to slow in 2017, averaging just 130,000 jobs per month. By the third quarter of 2014 we expect to have gained 9.1 million jobs since the recession trough in 2010, making up all of the job losses since the beginning of the Great Recession. As a result of the steady job growth, we expect an unemployment rate of 7.5% for 2013, gradually falling to 6.0% in 2017.

*Private sector hiring will continue to outpace public sector hiring*

Employment growth in nonfarm payrolls has been led by private sector hiring throughout the recovery as the public sector has been weighed down by budget concerns. We expect this to continue even as government employment growth turns positive. Federal government employment will continue to decline throughout the forecast, but this will be offset by modest gains in state and local government employment. While the public sector is not expected to subtract from payrolls going forward, it will remain a drag on overall employment growth. The forecast calls for total government employment to decline another 0.3% this year after declining in each of the past three years. We expect government employment growth to turn positive in 2014 with growth of 0.5%. The forecast calls for public sector growth of 0.6% in 2015 and 2016 and 0.8% in 2017. We expect private sector job growth of 2.0% this year, down from the 2.2% growth in 2012. We expect private sector job growth of 1.9% in 2014 and 2015 before moderating further to 1.8% and 1.4% in 2016 and 2017.

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

## **Risks to the Forecast**

*The level of uncertainty remains high*

Our view of the risks to the forecast has remained virtually unchanged since the September forecast. The level of uncertainty in the baseline is high. Downside risks are still elevated, and considerably higher than upside risks. There remain many significant risks to the forecast on the downside, but the housing sector remains a significant upside.

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

*Fiscal tightening contributes to stall in growth*

Fiscal tightening contributes to a stall in U.S. economic growth. The federal government shutdown in October turns out to be more damaging to confidence than assumed in the baseline. Federal spending is reduced as policymakers take drastic measures to reduce the deficit. Policymakers misinterpret weak growth and depressed confidence and decide on austerity and cut discretionary spending, further reducing growth. Private sector confidence plummets, lowering stock prices and economic activity.

*Sovereign debt contagion*

Sovereign debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal-tightening programs. Europe returns to recession territory and continued austerity measures increase the financial strains in Eurozone countries. Funding for Greece dries up and they leave the Eurozone in 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 affects U.S. banks. Credit tightens and economic activity shrinks, pushing the U.S. toward recession.

*Slow Chinese growth*

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

*Turmoil in oil-producing countries*

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

*Housing sector relapse*

Depressed employment and weak wage gains produce a housing-sector relapse. Low demand combined with oversupply and a high number of foreclosures undermine housing prices. Housing activity weakens again.

*Unexpected events*

Unexpected events – natural disasters, political upheaval, etc.

### **Upside Risks (15% Probability)**

*Housing improves faster than expected*

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

*Pent up demand is unleashed*

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

*Jobs*

Hiring picks 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. Policymakers also pass a budget and raise the debt ceiling in advance of the early 2014 deadlines.

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

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	14,569.6	14,921.8	15,278.4	15,584.3	15,921.1	16,358.4	16,827.2	17,293.3
% Ch	0.1	2.4	2.4	2.0	2.2	2.7	2.9	2.8
Real Consumption	9,909.3	10,178.2	10,407.4	10,615.4	10,834.5	11,121.8	11,415.9	11,710.3
% Ch	0.3	2.7	2.3	2.0	2.1	2.7	2.6	2.6
Real Nonresidential Fixed Investment	1,621.5	1,727.6	1,885.3	1,954.7	2,024.6	2,134.5	2,264.8	2,407.0
% Ch	-8.3	6.5	9.1	3.7	3.6	5.4	6.1	6.3
Real Residential Fixed Investment	394.4	374.8	405.3	463.3	524.2	604.3	668.7	690.6
% Ch	-7.9	-5.0	8.2	14.3	13.2	15.3	10.7	3.3
Real Personal Income	12,072.9	12,496.8	12,786.9	13,071.9	13,398.7	13,841.4	14,268.7	14,740.6
% Ch	-1.5	3.5	2.3	2.2	2.5	3.3	3.1	3.3
Real Per Capita Income (\$/Person)	39,090	40,157	40,793	41,394	42,103	43,159	44,150	45,261
% Ch	-2.3	2.7	1.6	1.5	1.7	2.5	2.3	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.010	1.027	1.052	1.066	1.078	1.094	1.111	1.128
% Ch	1.0	1.7	2.4	1.4	1.1	1.5	1.5	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.168	2.211	2.276	2.314	2.344	2.382	2.421	2.460
% Ch	1.0	2.0	2.9	1.7	1.3	1.6	1.7	1.6
Employment Cost Index (Dec. 2005=1.0)	1.112	1.130	1.150	1.171	1.195	1.222	1.251	1.280
% Ch	1.4	1.7	1.7	1.8	2.1	2.2	2.4	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,625.1	15,246.6	15,908.1	16,493.2	17,078.2	17,857.8	18,675.2	19,487.9
% Ch	0.7	4.2	4.3	3.7	3.5	4.6	4.6	4.4
Personal Income	12,189.9	12,837.6	13,446.8	13,941.4	14,445.3	15,141.9	15,850.5	16,622.7
% Ch	-0.5	5.3	4.7	3.7	3.6	4.8	4.7	4.9
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.9	153.6	154.3	155.3	156.3	158.5	159.8	161.0
Total U.S. Employment	138.9	139.4	141.2	143.2	145.1	148.0	149.9	151.3
Unemployment Rate (%)	9.76	9.27	8.53	7.79	7.14	6.62	6.23	6.03
Nonfarm Payroll Employment	129.73	130.56	132.65	134.79	137.00	139.32	141.62	143.75
% Ch	-3.2	0.6	1.6	1.6	1.6	1.7	1.6	1.5
Manufacturing	11.53	11.62	11.83	11.96	12.05	12.36	12.49	12.52
% Ch	-8.9	0.8	1.8	1.0	0.8	2.6	1.1	0.2
Durable Manufacturing	7.04	7.16	7.38	7.50	7.60	7.91	8.06	8.12
% Ch	-10.9	1.7	3.0	1.5	1.4	4.1	2.0	0.7
Nondurable Manufacturing	4.48	4.46	4.45	4.46	4.45	4.45	4.43	4.40
% Ch	-5.7	-0.5	-0.2	0.3	-0.2	0.0	-0.6	-0.6
Construction	5.66	5.49	5.60	5.72	5.89	6.28	6.83	7.33
% Ch	-14.5	-2.9	2.0	2.1	3.0	6.7	8.7	7.4
Service-Providing	111.87	112.70	114.38	116.26	118.16	119.78	121.38	122.96
% Ch	-1.8	0.7	1.5	1.6	1.6	1.4	1.3	1.3
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	75.2	89.4	95.0	92.3	97.9	91.6	86.8	83.7
Personal Saving/Disposable Income (%)	5.6	5.8	5.4	5.0	5.0	5.4	5.7	6.4
Auto Sales (Millions)	5.8	5.9	6.6	7.4	7.7	7.9	8.3	8.7
% Ch	6.7	2.9	11.6	12.0	4.0	2.7	4.8	4.9
Housing Starts (Millions)	0.594	0.570	0.687	0.876	0.981	1.232	1.456	1.537
% Ch	-8.1	-4.1	20.5	27.6	12.0	25.6	18.2	5.5
Federal Budget Surplus (Billions)	-1,328.6	-1,296.0	-1,168.9	-927.8	-742.5	-699.3	-678.0	-737.0
Net Exports (Billions)	-467.2	-544.0	-574.2	-518.1	-508.0	-517.0	-524.5	-519.9
3-Month Treasury Bill Rate (%)	0.12	0.12	0.05	0.08	0.05	0.09	1.17	3.07
10-Year Treasury Note Yield (%)	3.55	3.08	2.08	1.82	2.75	3.08	3.46	4.09
Bond Index of 20 G.O. Munis. (%)	4.37	4.56	3.96	3.75	4.67	4.83	5.05	5.52
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.53	4.39	4.72	5.24	6.10

Table 1.2

**Forecast Analysis**

Comparison of Forecasts for 2013-15

Forecast Date	<b>2012</b>				<b>2013</b>				<b>2014</b>				<b>2015</b>	
	<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, 2013:2-2015:2														
Real GDP	5.9	6.1	6.1	6.0	5.8	5.8	5.7	5.5						
Implicit Price Deflator	4.3	4.4	3.8	3.4	3.4	3.1	3.1	2.9						
Average Rate, 2013:3 to 2015:2														
3 Month T-Bill Rate	0.27	0.50	0.17	0.16	0.12	0.08	0.09	0.07						
Mortgage Rate	5.17	4.97	4.45	4.16	3.99	4.15	4.63	4.56						

Table 1.3

Fiscal Years

**Forecast Comparison**

Forecast 2014 to 2017

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>U.S.</b>							
<b>Real GDP</b>							
November Baseline	14921.8	15278.4	15584.3	15921.1	16358.4	16827.2	17293.3
% Ch	2.4	2.4	2.0	2.2	2.7	2.9	2.8
September Baseline	14921.8	15278.4	15584.6	15916.6	16379.5	16882.4	17356.7
% Ch	2.4	2.4	2.0	2.1	2.9	3.1	2.8
<b>Implicit Price Deflator</b>							
November Baseline	1.027	1.052	1.066	1.078	1.094	1.111	1.128
% Ch	1.7	2.4	1.4	1.1	1.5	1.5	1.5
September Baseline	1.027	1.052	1.067	1.080	1.096	1.112	1.129
% Ch	1.7	2.4	1.4	1.3	1.5	1.5	1.5
<b>Unemployment Rate</b>							
November Baseline	9.27	8.53	7.79	7.14	6.62	6.23	6.03
September Baseline	9.27	8.53	7.79	7.32	6.82	6.34	6.07
<b>Mortgage Rate</b>							
November Baseline	4.59	4.01	3.53	4.39	4.72	5.24	6.10
September Baseline	4.59	4.01	3.53	4.53	4.74	5.24	6.08
<b>3 Month T-Bill Rate</b>							
November Baseline	0.12	0.05	0.08	0.05	0.09	1.17	3.07
September Baseline	0.12	0.05	0.08	0.08	0.10	1.18	3.08



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

- **As expected in the September forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth was disappointing in the last couple of months but historical estimates were revised higher.**
- **The level of the Washington personal income forecast is higher than expected in September due to the comprehensive revision of the National Income and Product Accounts but growth rates are similar.**
- **Income growth in metropolitan areas west of the Cascades is average or above average while income growth east of the Cascades is average or lower.**
- **Washington single-family housing permits have weakened but home prices continue to rise.**
- **Inflation in the Seattle area remains low and close to the national rate.**
- **We expect the Washington economy to continue to outperform the U.S. economy by a narrow margin.**

### Current Conditions

*Washington's recovery is progressing about as expected but risks remain elevated*

Since the September forecast was released, the state's economy has performed about as expected. Employment has been revised slightly higher but growth in recent months has been slow. Income is also higher but that is due to the comprehensive revision of the National Income and Product Accounts. On the downside, single-family housing permits have been weaker than expected. It should be noted that the risks to the state economy, which come mainly from outside our borders, remain high. Chief among these are the ongoing budget impasse and weak Asian and European economies.

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

In the two months since the September forecast was adopted, the Washington economy added 4,400 net new jobs, 5,200 fewer than the 9,600 expected in the forecast. Private, service-providing industries accounted for more than all the job growth in September and October, adding a net 5,600 jobs. However the

construction sector lost 900 jobs, the manufacturing sector lost 200 jobs, and the public sector lost 100 jobs.

*...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 August 2013 by 2,900. As a result of the upward revisions to history and slightly weaker than expected growth, the net effect is 2,300 (0.1%) fewer jobs in October 2013 than expected in the September forecast. Private service-providing employment is 2,700 higher than expected and government employment is 400 higher but manufacturing employment is 2,000 lower than expected and construction employment is 3,400 lower.

*Weekly earnings growth has been slow*

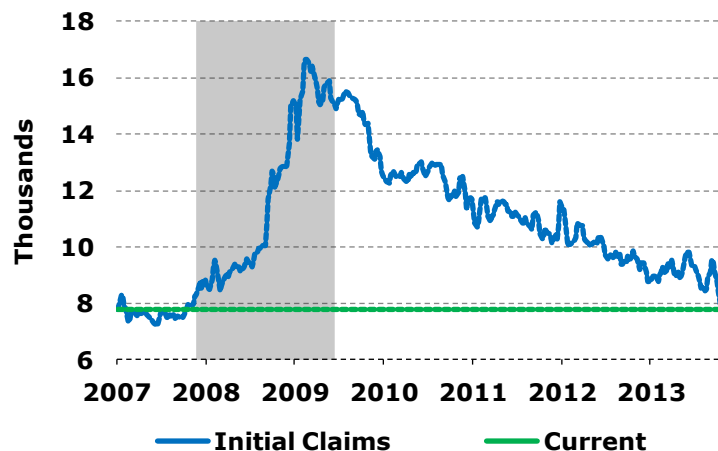
While the payroll data show continued growth in the number of jobs, the hours and earnings data have been disappointing. Private sector average hourly earnings in the twelve months ending in October 2013 were up just 1.0% over the previous twelve month period. Even worse, average weekly hours declined 0.7% over the same period. As a result, the average paycheck in the most recent year was only 0.3% higher than in the previous year.

*Unemployment insurance claims are at pre-recession levels*

Washington's initial claims for unemployment insurance continue to reach new post-recession lows. After a spike caused by the partial shutdown of the federal government, the four-week moving average of initial claims declined to 7,773 in the week ending November 30, 2013. This was the lowest level since the four week period ending October 13, 2007, before the beginning of the recession (see Figure 2.1). The four-week moving average is now 53% below the peak reached in March 2009 and only 7% above the pre-recession minimum.

*Unemployment claims are back to normal*

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



Source: WA State Employment Security Department; data through November 30, 2013

*Single-family permits have weakened in recent months*

We have two more months of housing permit data than were available at the time of the November forecast. Housing units authorized by building permits averaged 31,300 (SAAR) in September and October which was 1,500 better than the 29,800 expected in the November forecast. The details are less reassuring. Multi-family units, which are extremely volatile, averaged 14,900 in the last two months, 4,200 higher than the 10,800 in the forecast. Single-family permits, which are generally more stable, averaged only 16,300, which is 2,600 less than the 19,000 in the forecast. We still think the outlook is positive for housing due to the resumption of household formation, low inventories, and still good affordability. We are interpreting the recent weakness in single-family construction as a pause, not a slowdown.

*Seattle area home prices are rising at double digit rates*

Regional home prices continue to rise. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices have risen in each of the last 19 months and, as of September, are now 13.2% higher than in the previous September. Though prices and mortgage rates have risen, homes are still relatively affordable. Even with the recent gains, Seattle area home prices are 16.9% lower than their 2007 peak.

*Residential square footage under contract jumped in October but non-residential fell*

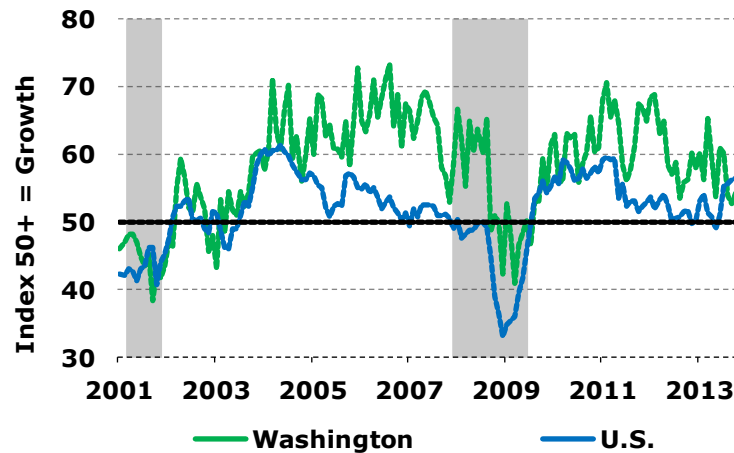
Contract data for new construction projects give an indication of the level of activity roughly six months in the future. After trending higher throughout 2012, residential square footage has been flat through most of 2013. October, however, was the second strongest month for residential square footage since the recession. As of October 2013, the three-month moving average of residential contract square footage was more than double the March 2009 trough. This growth, however, is off a depressed level and square footage under contract is still down 48% 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. Nonresidential contracts jumped in July and August 2013 but fell back again in September and October. Still, contract data averaged 32,300 square feet (SAAR) in August, September, and October which was one of the strongest three month moving averages since the recession.

*Manufacturing may be slowing*

The Institute of Supply Management - Western Washington Index (ISM-WW) continues to indicate positive but slowing growth in the broader manufacturing sector. The index declined from 61.0 in June to 52.7 in September before edging up to 54.2 in October (see Figure 2.2). Index values above 50 indicate positive growth while values below 50 indicate contractions. The last time the Western Washington index was below 50 was in July 2009.

*The ISM-WW index continues to signal growth in Washington manufacturing*

**Figure 2.2: The Institute of Supply Management - Western Washington Index (ISM-WW)**



Source: Institute of Supply Management - Western Washington; data through October, 2013

*Aerospace employment is declining*

Aerospace employment, which had been responsible for much of the strength in manufacturing during the recovery, is now in decline. As of October 2013, aerospace has lost 2,300 jobs since the peak in November 2012. We continue to believe that this downturn will be relatively mild due to the hefty backlog of orders. The current reductions are due to improvements in productivity. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years.

*Car sales remain strong*

Washington new light vehicle registrations improved to 268,800 vehicles (SAAR) in October from 263,200 in September. Despite the improvement in October, new vehicle registrations are still below the post-recession high of 279,800 reached in August 2013. October new light vehicle registrations were 6.2% higher than in the previous October.

*Exports are up on transportation equipment*

Washington exports grew 5.1% from the third quarter of 2012 to the third quarter of 2013. Exports of transportation equipment (mostly Boeing planes) increased 17.1% over the year but exports of agricultural products fell 43.2%. Exports from all other Washington industries rose 4.4% over the year.

*Personal income growth was weak in the third quarter but strong over the year*

In late September, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released preliminary state personal income estimates for the second quarter of 2013 and revised estimates from the first quarter of 2001 through the fourth quarter of 2012. According to these estimates, Washington personal income rose 0.9% (seasonally adjusted but not annualized) in the second quarter of 2013 which was the 30<sup>th</sup> best performance among the 50 states plus the District of

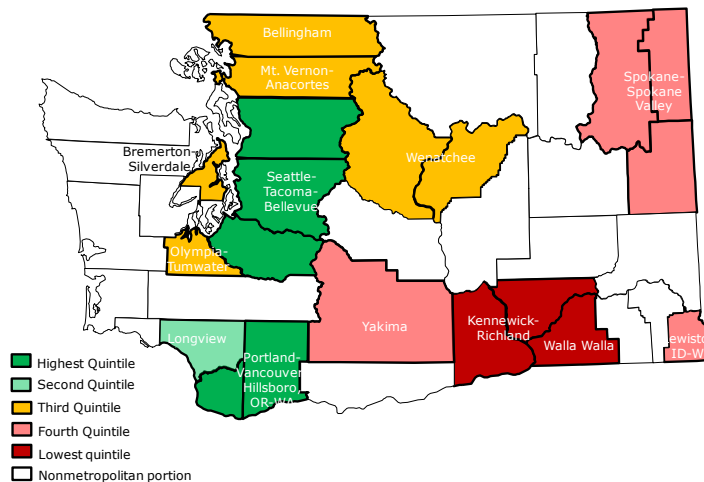
Columbia and was slightly lower than the 1.0% increase for the U.S. as a whole. Washington personal income in the second quarter of 2013 was 3.2% higher than in the previous year which was 7<sup>th</sup> best among the states plus DC and exceeded the 2.7% year-over-year growth rate for the nation.

*The west side of the state is leading in income growth*

According to the September Bureau of Economic Analysis (BEA) state personal income release, Washington personal income rose 4.8% in 2012 which was 12<sup>th</sup> best among the 50 states plus DC and well above the 4.2% growth rate for U.S. as a whole. The personal income growth was not evenly distributed around the state, however. In November, the BEA released personal income for U.S. metropolitan areas. All the Washington metropolitan areas west of the Cascades were in the middle quintile or higher in income growth in 2012 while all the metropolitan areas east of the Cascades were in the middle quintile or lower (see Figure 2.3). The Seattle metropolitan area and Portland metropolitan area (which includes Clark and Skamania Counties) were in the highest quintile. The Longview metropolitan area was in the second to the highest quintile in personal income growth. East of the mountains, the Kennewick-Richland (Tri-Cities) and Walla Walla metropolitan areas were in the lowest quintile in income growth in 2012. The Spokane, Yakima, and Lewiston (which includes Asotin County) metropolitan areas were in the second to the lowest quintile.

**Figure 2.3: Washington 2012 Metropolitan Area Income Growth**

*Income growth is lagging east of the mountains*



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; data for 2012

*Seattle inflation remains moderate*

Seattle area inflation remains low and in line with national trends. In October 2013, the Seattle all items CPI was 0.6% higher than in the previous October which was slightly weaker than the 0.9% increase for the U.S. city average. The core index,

which excludes food and energy, increased 1.2% over the year compared to 1.7% for the nation.

## Washington State Forecast

*The November forecast reflects the impact of the government shutdown and a later "taper"*

The November Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in September. The main U.S. forecast revisions in November relate to federal fiscal and monetary policy developments. The November forecast includes the impact of the 16-day partial shutdown of the federal government (in September, we assumed there would be no shutdown). As in September, the U.S. forecast assumes the sequester will be lifted in early 2014 and replaced with a package that focuses on long-term deficit reduction. The national forecast now assumes that the Federal Reserve will start to "taper" its quantitative easing program (i.e., reduce purchases of mortgage-backed securities and Treasury bonds) in March 2014 rather than in December 2013 as previously assumed.

*The November Washington forecast is similar to the September forecast*

Our November economic forecast for Washington is also very similar to the forecast adopted in September. The near-term housing recovery is a little weaker than assumed in September based on disappointing recent activity. The level of personal income is higher in the November forecast than in the September forecast but this is due to the comprehensive revision of the NIPAs. The new personal income growth forecast is similar to the September forecast as is the new employment growth 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 growth is close to the September forecast*

Overall, our November forecast of Washington employment is virtually identical to the September forecast. 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 September forecast.

*The jobs recovery remains slow*

Employment in the state has grown at an average annual rate of 1.7% since the employment trough in the first quarter of 2010 through the third quarter of 2013, slightly better than the 1.5% rate for the nation. The 163,700 jobs gained over this period represent 86% of the 200,900 jobs lost in the downturn. We don't expect to get back to our pre-recession peak until the second quarter of 2014. This represents more than six years of lost employment growth.

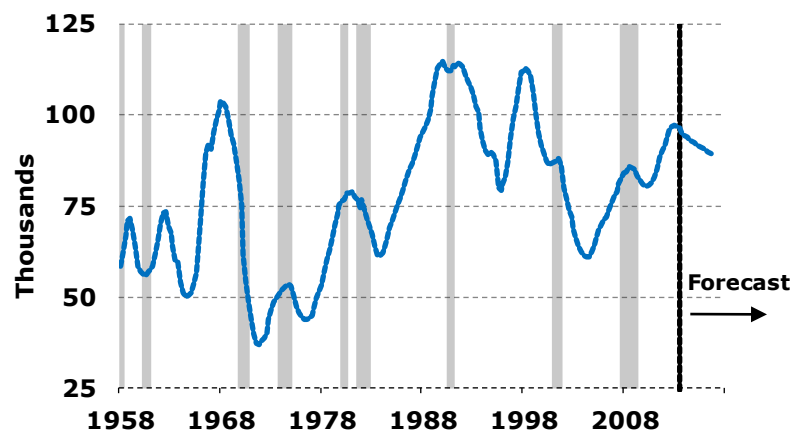
*Aerospace employment is falling*

Despite rising production, aerospace employment has begun to decline once again. Aerospace employment usually peaks before

production as developers and testers are laid off and productivity improves. Aerospace employment held up better than we expected in that last three months but we have not changed our expectation of a downward trend over the next few years. However, we believe that this downturn will be relatively mild due to the large backlog of orders (see Figure 2.4). 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 2.2% in 2013 before declining 2.9% in 2014 and 2.0% per year in 2015 through 2017.

*We expect this downturn to be more gradual than in past cycles*

**Figure 2.4: Washington Aerospace Employment**



Source: WA State Employment Security Department, ERFC November 2013 forecast; historical data through 2013 Q3

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

The software sector is growing again and has recovered all of the jobs lost in the recession. Growth since the recession has been positive but slower than the rapid growth in previous years. We expect the more moderate growth to continue. The software sector will continue to have an outsized impact on the overall economy due to the high wages in this industry. Software employment rose 1.5% in 2011 and 1.4% in 2012 following an unprecedented 1.1% decline in 2010. This year is shaping up as the best year for software employment growth since before the great recession. We expect software employment to grow 2.8% in 2013. We expect growth rates of 2.0% in 2014, 0.9% in 2015, and 1.6% per year in 2016 and 2017.

*Both residential and nonresidential construction employment are now growing*

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 at a solid 6.3% average annual rate from the first quarter of 2012 to the third quarter of 2013. Residential construction employment led the increase with a 9.1% average annual growth



rate but nonresidential construction also grew at a healthy 4.1% rate. On a calendar year basis, we expect residential construction employment to grow 9.1% this year and nonresidential employment will grow 4.2%. Total construction employment will grow 6.4% in 2013. We expect both residential and nonresidential construction to continue to grow throughout the forecast. Overall construction employment will grow of 3.8% in 2014, 5.7% in 2015, 6.5% in 2016, and 5.4% in 2017. Even with these impressive growth rates, construction employment will still be 25,400 below its previous peak at the end of 2017.

*Financial activities employment will decline due to productivity growth and outsourcing*

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. We expect a solid 2.3% growth rate this year based on monthly data through October. Going forward, we expect a declining trend in financial activities employment due to productivity growth and outsourcing. Employment will grow only 0.1% in 2014, and decline 0.9% in 2016, and 1.6% in 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 grow 3.3% in 2013 based on strong growth in recent months. Retail trade employment is expected to surpass its previous peak in the fourth quarter of this year. The forecast assumes much weaker growth in the next four years as labor markets remain weak and households continue to repair their balance sheets. We expect growth to slow to 1.6%, 0.6%, 0.7%, and 0.5% 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 2.9% 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 2.5%, 3.7%, 4.4%, 3.1%, and 2.5% in 2013 through 2017. Professional and business services

employment surpassed its previous peak in the fourth quarter of 2012.

*State and local government employment growth has turned moderately positive*

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around but we believe we have finally passed the trough. State and local government employment peaked in the fourth quarter of 2008 and declined almost continuously through the first quarter of 2012. Since then, employment levels have risen slightly. We expect slow growth through the remainder of this year with sustained but modest growth beginning in 2014. Still, we don't expect employment in the state and local government sector to regain its previous peak until the second quarter of 2015. 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 in 2014 through 2017 with growth rates of 0.9%, 1.4%, 1.4%, and 1.3%.

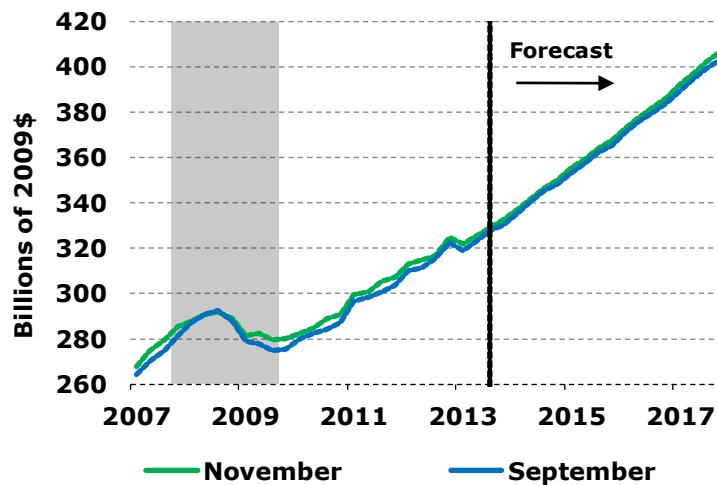
## Washington Personal Income

*The comprehensive revision of the NIPAs is reflected in the state personal income forecast*

The November personal income forecast incorporates the impact of the 14<sup>th</sup> comprehensive revision of the National Income and Product Accounts (NIPAs) which had the effect of raising the estimated level of personal income (see Figure 2.5). In addition, we have incorporated more recent Quarterly Census of Employment and Wages (QCEW) data than were available to the BEA at the time they made their estimate of second quarter Washington personal income. Our current estimate of Washington personal income in the second quarter of 2013 is \$2.0 billion (0.6%) higher than we expected in the September forecast.

**Figure 2.5: Washington Personal Income**

*Washington personal income is higher due to the comprehensive revision of the NIPAs*



Source: U.S. Bureau of Economic Analysis, ERFC November 2013 forecast; historical data through 2013 Q2

*Personal income growth is about the same as in September*

While the level of personal income is higher in the November forecast than in the September forecast due to the comprehensive revision of the NIPAs, the forecast for growth is very similar. As in September, our new forecast for real personal income growth in 2013 through 2017 averages 3.3% per year. Our new forecast for nominal personal income growth over the next 5 years averages 4.7% per year, down slightly from 4.8% per year in the September forecast.

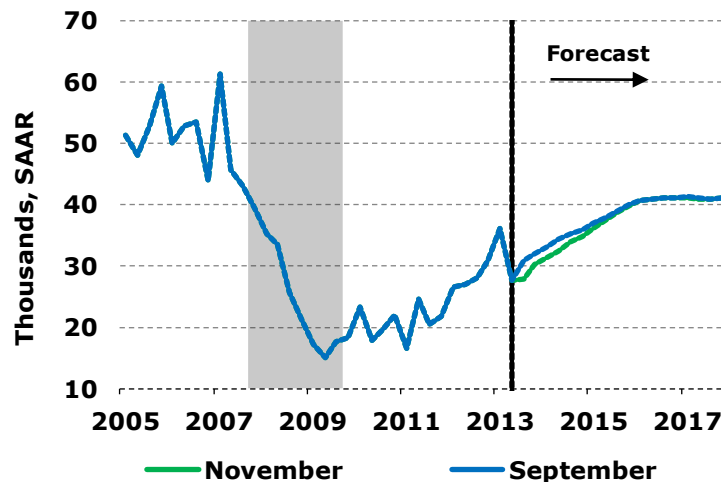
## Washington Building Permits

*Housing construction was weaker than expected in July and August*

Due to the partial federal shutdown, we did not have access to housing permit data for the entire third quarter of 2013 in time for the November forecast however data for the first two months of the quarter strongly suggested that housing construction would be weaker than expected in the September forecast. The number of housing units authorized by building permits averaged 27,000 (SAAR) in July and August compared to 30,900 expected for the third quarter in the September forecast. Single-family units averaged 18,300 in July and August compared to a forecast of 20,000 units in the quarter and multi-family units averaged 8,700 in July and August compared to 10,900 in the forecast for the quarter.

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

*The longer term outlook is similar to the September assumption*



Source: U.S. Bureau of the Census, ERFC November 2013 Forecast; historical data through 2013 Q2

*The near-term housing construction forecast is lower than in September*

As a result of the disappointing permit data in July and August, we have lowered our near-term housing forecast (see Figure 2.6). We now expect 30,400 units in 2013 compared to 31,600 in the September forecast. This still represents an increase of 8.2% over the 28,100 units permitted in 2012. We now expect 33,100 units in 2014, down from the 34,600 units expected in the September forecast but still up 8.9% over the year. Our

November forecast for permits in 2015 through 2017 is very similar to the September forecast. We expect total housing units to rise 14.9% to 38,100 units in 2015, 7.7% to 41,000 units per year in 2016 and 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 rose 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 area inflation to decline to 1.3% in 2013, 1.6% in 2014, 1.9% in 2015, 1.8% in 2016, and 1.7% in 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, 1.8% in 2014, 2.0% in 2015, 1.9% in 2016, and 1.8% in 2017.

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

## Alternative Scenarios

*Alternate forecasts are prepared in accordance with state law*

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

### Optimistic

*Policy makers avoid imposing excessive fiscal restraint on the economy*

In the optimistic scenario, the federal government shutdown and planned spending cuts have a less significant impact on growth than expected. This scenario is also driven by a stronger recovery in residential construction. On the policy front, Congress agrees upon a credible long-term deficit-reduction plan, replacing the automatic cuts, passing a budget, and raising the debt ceiling in advance of the critical early-2014 deadlines. Across the Atlantic, European 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 stabilizes 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. The labor market continues to pick up steam and by mid-2014 the economy is adding about 325,000 jobs per month. The unemployment rate drops below 7.0% in the fourth quarter of 2013 and reaches the Federal Reserve's critical 6.5% threshold in the first half of 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 last three quarters of 2013, aerospace employment resumes an upward trend in 2014 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 with employment in the sector exceeding the previous peak in the second quarter of 2017. By the end of 2017, Washington nonfarm payroll employment is higher by 180,300 jobs than in the baseline forecast and Washington personal income is \$46.2 billion higher.

### **Pessimistic**

*Unwarranted fiscal tightening and a bleak global outlook combine to stall US economic growth*

In the pessimistic scenario, the federal government shutdown that spanned the first half of October was more damaging to confidence than assumed in the baseline, and federal spending takes a sharp hit in early 2014 as policymakers take drastic measures to reduce the deficit. Policymakers misinterpret weak growth and depressed private-sector confidence as a sign that further fiscal tightening is warranted. They therefore decide to impose further cuts on discretionary spending in 2014, taking yet another chunk out of economic growth. Private sector confidence sinks, stock prices plunge, and the US economy takes another tumble. Simultaneously, the global outlook falters, reducing the appetite for US exports. As sovereign-debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal tightening programs, Europe returns to recession territory. Political instability exacerbates the financial strains and Greece eventually exits the Eurozone in 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; Spain must eventually restructure its debt. In addition, global growth is restrained by a harder landing in China and weaker growth in other emerging economies. This leads to depressed wages, low profits, and declining employment in the U.S., with the unemployment rate rising back toward 8%.

*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 fourth quarter 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 nonfarm payroll employment is 134,600 lower than in the baseline forecast and Washington personal income is \$34.5 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 growth is the same as the baseline forecast in calendar year 2013 and slightly stronger in 2014 but slightly weaker in 2015 through 2017. Overall, the two GDP forecasts were very similar. Real consumer spending growth in the Governor's Council scenario was the same as the baseline forecast this year and slightly lower in 2014 through 2017. The most striking difference between the Governor's Council view and the baseline is the forecast for inflation. The GCEA members expect significantly higher inflation in every year. As a result of the higher inflation assumption, nominal consumption is higher in the Governor's Council scenario than in the baseline forecast. The GCEA expects slightly lower oil prices this year and next year but higher prices in 2015 through 2017. The Council members' mortgage rate forecast is the same as the baseline forecast in 2013, 2014, and 2015, but lower in 2016 and 2017.

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

The GCEA scenario for Washington is also similar to the baseline forecast. Their real personal income growth forecast averages 3.2% per year compared to the baseline forecast of 3.3% but, because they expect higher inflation, their nominal personal income growth forecast is higher (5.0% versus 4.7%). The council members' forecast for total employment is very close to the baseline forecast in each year. Overall, their forecast expects an average employment growth rate of 1.9% per year compared to 1.8% in the baseline. The GCEA forecast for manufacturing employment is lower than the baseline forecast. The GCEA construction employment forecast is about the same as the baseline forecast but their housing permit forecast is higher. At the end of 2017, the GCEA forecast for Washington nonfarm

payroll employment is 7,900 higher than in the baseline forecast and Washington personal income is \$5.0 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 2014 to 2017

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	279.026	287.085	294.844	301.992	310.835	322.574	333.501	345.512
% Ch	-2.5	2.9	2.7	2.4	2.9	3.8	3.4	3.6
Real Wage and Salary Disb.	144.722	147.459	151.372	155.847	159.820	165.470	170.983	175.989
% Ch	-2.7	1.9	2.7	3.0	2.5	3.5	3.3	2.9
Real Nonwage Income	134.304	139.625	143.472	146.145	151.015	157.104	162.518	169.523
% Ch	-2.4	4.0	2.8	1.9	3.3	4.0	3.4	4.3
Real Per Capita Income (\$/Person)	41,525	42,259	42,921	43,492	44,280	45,443	46,447	47,562
% Ch	-3.4	1.8	1.6	1.3	1.8	2.6	2.2	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.010	1.027	1.052	1.066	1.078	1.094	1.111	1.128
% Ch	1.0	1.7	2.4	1.4	1.1	1.5	1.5	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.264	2.290	2.360	2.404	2.433	2.478	2.523	2.567
% Ch	0.3	1.2	3.1	1.8	1.2	1.8	1.8	1.7
Average Nonfarm Annual Wage	50,100	51,766	53,652	54,847	55,905	57,692	59,518	61,184
% Ch	2.2	3.3	3.6	2.2	1.9	3.2	3.2	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.53	23.75	24.04	24.19	24.56	25.03	25.53	26.02
% Ch	6.8	0.9	1.2	0.6	1.5	1.9	2.0	1.9
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	281.722	294.896	310.053	322.075	335.115	352.882	370.473	389.628
% Ch	-1.5	4.7	5.1	3.9	4.0	5.3	5.0	5.2
Disposable Personal Income	255.303	264.875	276.719	285.440	295.751	311.036	326.760	344.285
% Ch	-0.2	3.7	4.5	3.2	3.6	5.2	5.1	5.4
Per Capita Income (\$/Person)	41,926	43,407	45,134	46,384	47,739	49,713	51,596	53,634
% Ch	-2.4	3.5	4.0	2.8	2.9	4.1	3.8	4.0
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,520.8	3,494.4	3,485.6	3,477.4	3,500.8	3,557.2	3,603.1	3,647.3
Total Washington Employment	3,169.6	3,159.8	3,181.7	3,215.7	3,261.1	3,328.8	3,382.6	3,428.6
Unemployment Rate (%)	9.97	9.57	8.72	7.53	6.85	6.42	6.12	6.00
Nonfarm Payroll Employment	2,788.7	2,804.3	2,846.1	2,906.2	2,957.6	3,012.9	3,067.6	3,119.9
% Ch	-3.9	0.6	1.5	2.1	1.8	1.9	1.8	1.7
Manufacturing	258.4	262.0	274.8	285.0	287.1	293.6	296.6	297.7
% Ch	-7.4	1.4	4.8	3.7	0.7	2.2	1.0	0.4
Durable Manufacturing	184.5	187.5	199.2	208.8	209.3	214.6	217.0	217.5
% Ch	-8.4	1.6	6.2	4.8	0.3	2.5	1.1	0.2
Aerospace	81.1	82.5	90.8	96.6	94.8	92.6	90.7	88.9
% Ch	-2.2	1.7	10.0	6.5	-1.9	-2.3	-2.0	-2.0
Nondurable Manufacturing	73.8	74.5	75.6	76.3	77.8	79.0	79.6	80.2
% Ch	-4.6	0.9	1.5	0.9	2.0	1.5	0.8	0.7
Construction	146.4	138.1	136.6	144.0	150.1	157.5	167.3	177.8
% Ch	-19.2	-5.7	-1.1	5.4	4.2	5.0	6.2	6.3
Service-Providing	2,378.1	2,398.2	2,428.8	2,471.2	2,514.5	2,555.2	2,596.2	2,636.7
% Ch	-2.4	0.8	1.3	1.7	1.8	1.6	1.6	1.6
Software Publishers	50.8	51.2	52.0	53.0	54.6	55.1	55.8	56.8
% Ch	-2.6	0.9	1.6	1.8	3.1	0.9	1.4	1.7
Nonfarm Payroll Employment, EOP*	2,789.7	2,820.9	2,865.1	2,928.5	2,978.5	3,033.5	3,087.7	3,137.2
% Ch*	-1.4	1.1	1.6	2.2	1.7	1.8	1.8	1.6
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	19.272	20.731	23.916	30.672	30.449	35.575	40.085	41.112
% Ch	-2.5	7.6	15.4	28.3	-0.7	16.8	12.7	2.6
Single-Family	15.234	13.473	14.120	18.511	19.493	22.478	26.230	28.064
% Ch	17.1	-11.6	4.8	31.1	5.3	15.3	16.7	7.0
Multi-Family	4.038	7.258	9.796	12.161	10.957	13.097	13.855	13.048
% Ch	-40.1	79.7	35.0	24.1	-9.9	19.5	5.8	-5.8
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.53	4.39	4.72	5.24	6.10

\*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	2.4	2.0	2.9	4.5	3.7	3.7
Baseline	2.4	2.0	2.2	2.7	2.9	2.8
Pessimistic	2.4	2.0	1.3	0.9	2.3	2.5
<b>Implicit Price Deflator, Percent Change</b>						
Optimistic	2.4	1.4	1.4	1.8	1.3	1.4
Baseline	2.4	1.4	1.1	1.5	1.5	1.5
Pessimistic	2.4	1.4	0.8	1.1	2.2	2.4
<b>Mortgage Rate, Percent</b>						
Optimistic	4.01	3.53	4.66	6.12	6.65	6.73
Baseline	4.01	3.53	4.39	4.72	5.24	6.10
Pessimistic	4.01	3.53	4.30	4.13	4.76	5.60
<b>3 Month T-Bill Rate, Percent</b>						
Optimistic	0.05	0.08	0.21	1.69	3.61	3.88
Baseline	0.05	0.08	0.05	0.09	1.17	3.07
Pessimistic	0.05	0.08	0.04	0.05	0.06	0.07
<b>Washington</b>						
<b>Real Personal Income, Percent Change</b>						
Optimistic	2.7	2.4	4.3	6.8	6.5	5.6
Baseline	2.7	2.4	2.9	3.8	3.4	3.6
Pessimistic	2.7	2.4	1.2	0.4	0.7	1.6
<b>Personal Income, Percent Change</b>						
Optimistic	5.1	3.9	5.8	8.7	7.8	7.1
Baseline	5.1	3.9	4.0	5.3	5.0	5.2
Pessimistic	5.1	3.9	2.0	1.6	2.9	4.0
<b>Employment, Percent Change</b>						
Optimistic	1.5	2.1	2.3	3.4	3.2	3.0
Baseline	1.5	2.1	1.8	1.9	1.8	1.7
Pessimistic	1.5	2.1	1.3	0.4	0.6	0.9
<b>Housing Permits, Thousands of Authorized Units</b>						
Optimistic	23.9	30.7	33.9	42.9	49.0	51.6
Baseline	23.9	30.7	30.4	35.6	40.1	41.1
Pessimistic	23.9	30.7	27.5	28.9	32.0	32.2

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

Calendar Years

	2013	2014	2015	2016	2017
<b>U.S.</b>					
<b>Real GDP</b>					
<i>Growth</i>					
ERFC	1.7	2.5	2.9	2.8	2.7
GCEA Average	1.7	2.6	2.8	2.6	2.6
<b>Real Consumption</b>					
<i>Growth</i>					
ERFC	1.9	2.4	2.7	2.6	2.6
GCEA Average	1.9	2.3	2.5	2.5	2.5
<b>Implicit Price Deflator, PCE</b>					
<i>Growth</i>					
ERFC	1.1	1.3	1.5	1.6	1.5
GCEA Average	1.3	1.7	1.9	1.8	1.8
<b>Mortgage Rate</b>					
<i>Percent</i>					
ERFC	4.0	4.6	4.9	5.7	6.5
GCEA Average	4.0	4.6	4.9	5.4	5.9
<b>Oil Price (Brent)</b>					
<i>Dollars per barrel</i>					
ERFC	108.5	106.1	100.5	95.6	92.4
GCEA Average	106.3	104.1	101.5	98.5	97.3
<b>Washington State</b>					
<b>Real Personal Income</b>					
<i>Growth</i>					
ERFC	2.0	3.8	3.5	3.5	3.7
GCEA Average	2.2	3.6	3.5	3.5	3.4
<b>Wage and Salary Employment</b>					
<i>Growth</i>					
ERFC	2.1	1.8	1.9	1.8	1.5
GCEA Average	2.1	1.9	1.9	1.7	1.6
<b>Manufacturing Employment</b>					
<i>Growth</i>					
ERFC	2.2	1.4	1.7	0.6	0.3
GCEA Average	2.1	1.1	1.0	0.5	0.1
<b>Construction Employment</b>					
<i>Growth</i>					
ERFC	6.4	3.8	5.7	6.5	5.4
GCEA Average	6.0	5.2	5.5	5.3	4.8
<b>Housing Permits</b>					
<i>Thousands of authorized units</i>					
ERFC	30.4	33.1	38.1	41.0	41.0
GCEA Average	30.6	36.5	41.6	41.7	41.4
<b>Washington Average Annual Wage</b>					
<i>Growth</i>					
ERFC	1.4	2.7	3.2	2.9	2.8
GCEA Average	1.5	2.8	3.0	2.9	2.9

Table 2.4  
**Forecast Analysis**  
 Comparison of Forecasts for 2013-15

Forecast Date	<b>2012</b>				<b>2013</b>				<b>2014</b>				<b>2015</b>	
	<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, 2013:2-2015:2														
Employment	3.6	3.7	4.3	4.2	3.8	3.7	3.6	3.6						
Personal Income	11.5	11.4	11.5	11.0	11.0	10.6	10.7	10.5						
Real Personal Income	6.9	6.7	7.4	7.3	7.3	7.3	7.4	7.4						
Total (Thousands of units), 2013:3 to 2015:2														
Housing Units Authorized	64.2	61.8	63.6	64.4	70.1	72.6	69.1	66.0						

Table 2.5  
**Forecast Comparison**  
 Forecast 2014 to 2017

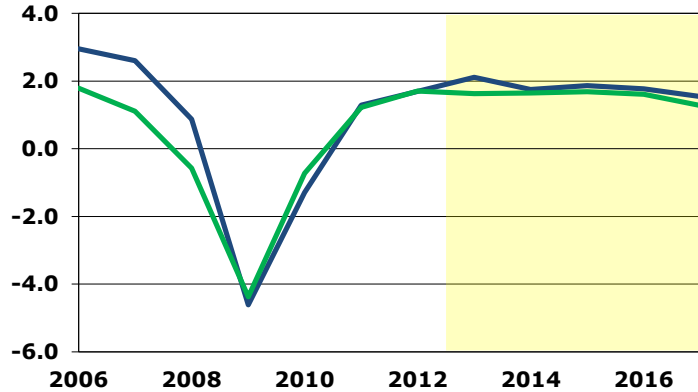
Fiscal Years

	2011	2012	2013	2014	2015	2016	2017
<b>Washington</b>							
<b>Real Personal Income</b>							
November Baseline	287.085	294.844	301.992	310.835	322.574	333.501	345.512
% Ch	2.9	2.7	2.4	2.9	3.8	3.4	3.6
September Baseline	283.766	291.307	299.918	308.610	320.315	331.279	342.891
% Ch	3.0	2.7	3.0	2.9	3.8	3.4	3.5
<b>Personal Income</b>							
November Baseline	294.896	310.053	322.075	335.115	352.882	370.473	389.628
% Ch	4.7	5.1	3.9	4.0	5.3	5.0	5.2
September Baseline	291.496	306.336	319.892	333.457	351.133	368.539	387.137
% Ch	4.8	5.1	4.4	4.2	5.3	5.0	5.0
<b>Employment</b>							
November Baseline	2804.3	2846.1	2906.2	2957.6	3012.9	3067.6	3119.9
% Ch	0.6	1.5	2.1	1.8	1.9	1.8	1.7
September Baseline	2804.3	2846.1	2905.4	2959.2	3012.5	3063.1	3111.7
% Ch	0.6	1.5	2.1	1.9	1.8	1.7	1.6
<b>Housing Permits</b>							
November Baseline	20.731	23.916	30.672	30.449	35.575	40.085	41.112
% Ch	7.6	15.4	28.3	-0.7	16.8	12.7	2.6
September Baseline	20.731	23.916	30.672	32.553	36.510	40.078	41.136
% Ch	7.6	15.4	28.3	6.1	12.2	9.8	2.6

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

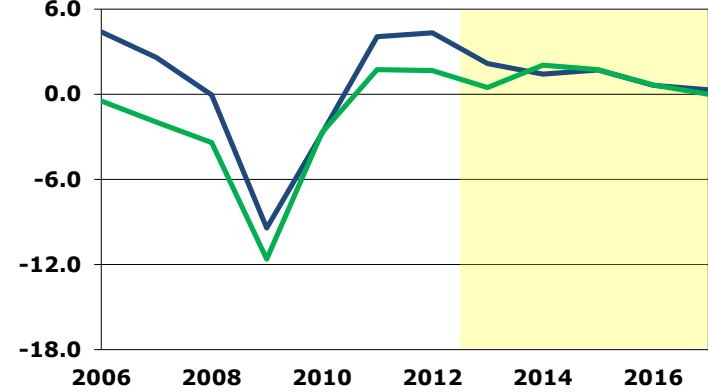
Forecast

Total nonfarm payroll employment



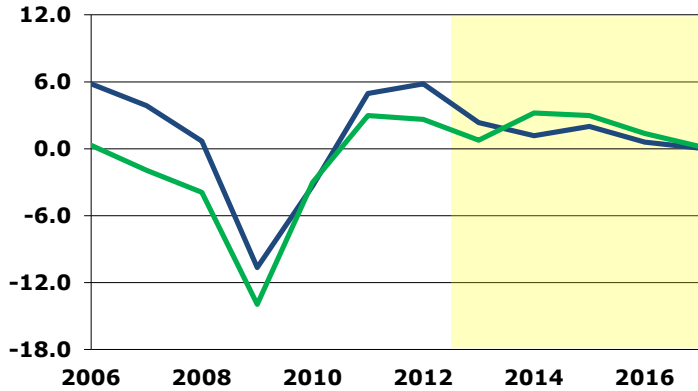
Source: WA State Employment Security Dept. 2012, ERFC 2017

Manufacturing employment



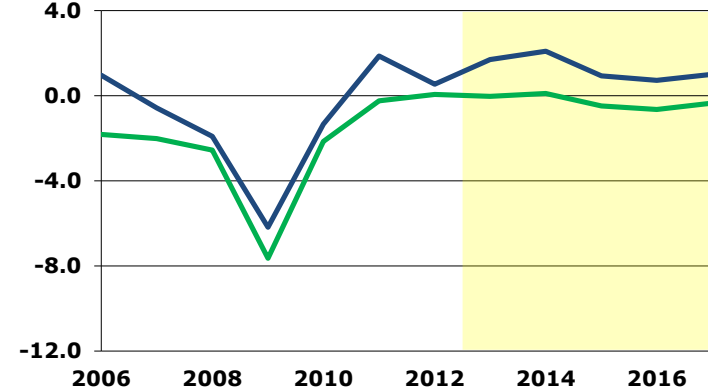
Source: WA State Employment Security Dept. 2012, ERFC 2017

Durable manufacturing employment



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

Nondurable manufacturing employment



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

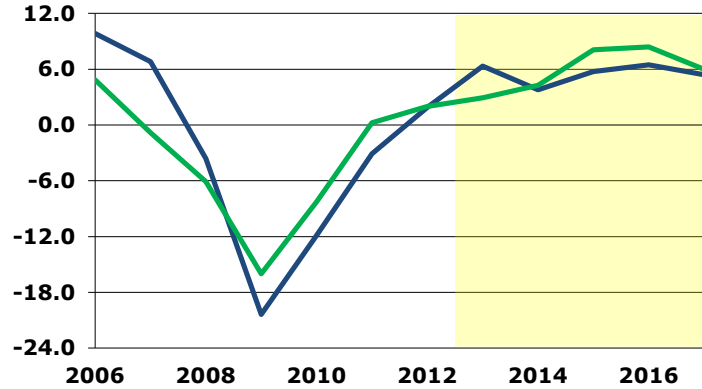
Washington

U.S.

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

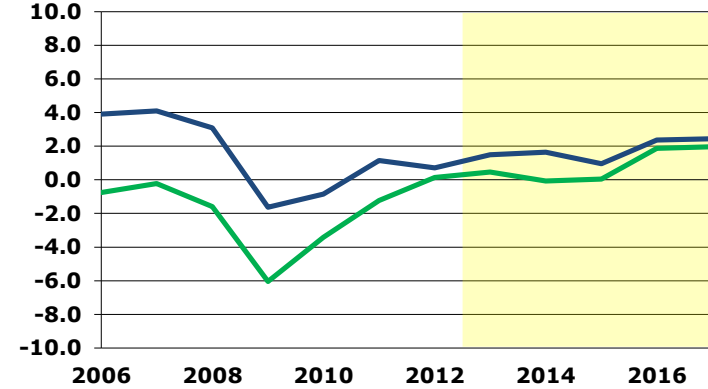
Forecast

Construction employment



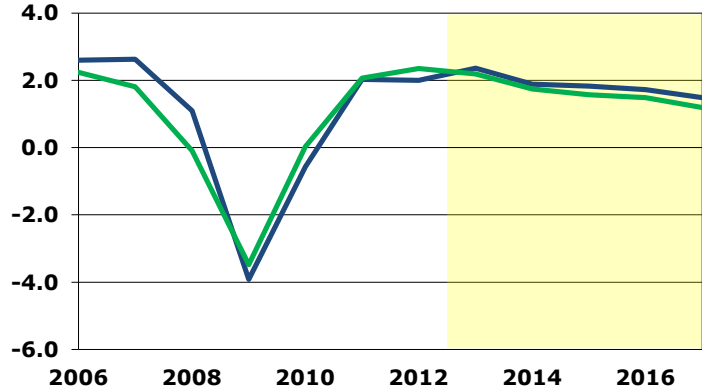
Source: WA State Employment Security Dept. 2012, ERFC 2017

Information employment



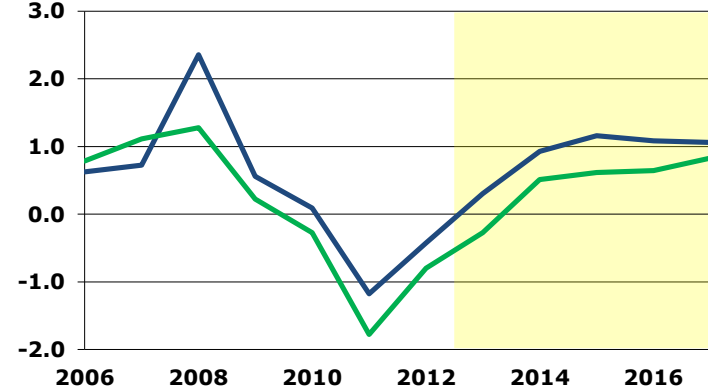
Source: WA State Employment Security Dept. 2012, ERFC 2017

Other private employment



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

Government employment



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

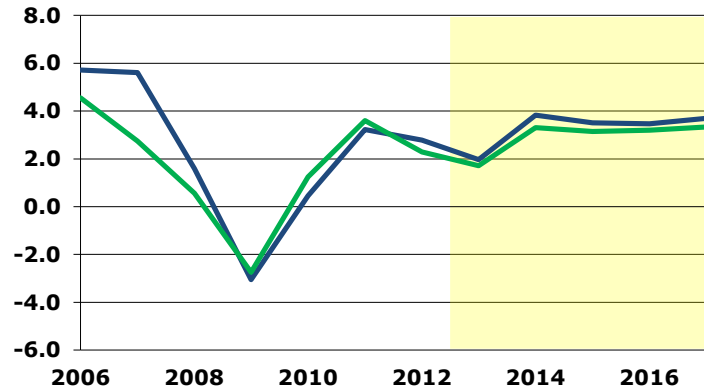
■ Washington

■ U.S.

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

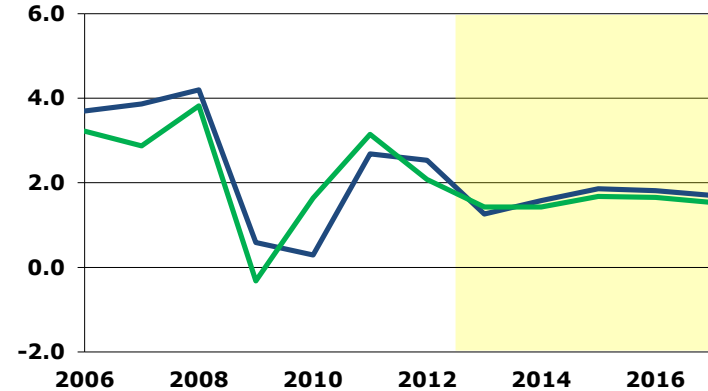
Forecast

Real personal income



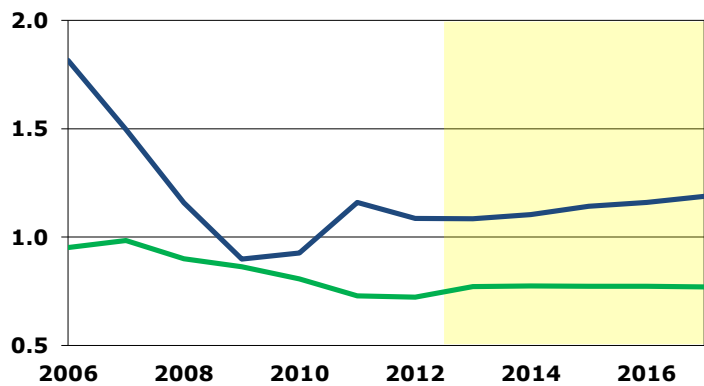
Source: Bureau of Economic Analysis 2012, ERFC 2017

Consumer price indices



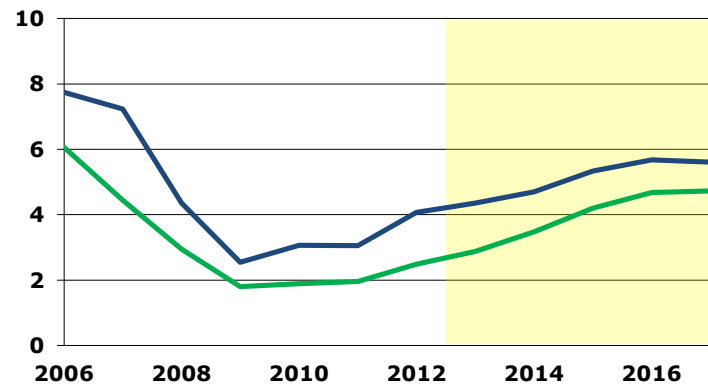
Source: Bureau of Labor Statistics 2012, ERFC 2017

Population



Source: Office of Financial Management 2010, ERFC 2017

New Housing Units Per 1,000 population (level)



Source: Census Bureau 2012, ERFC 2017

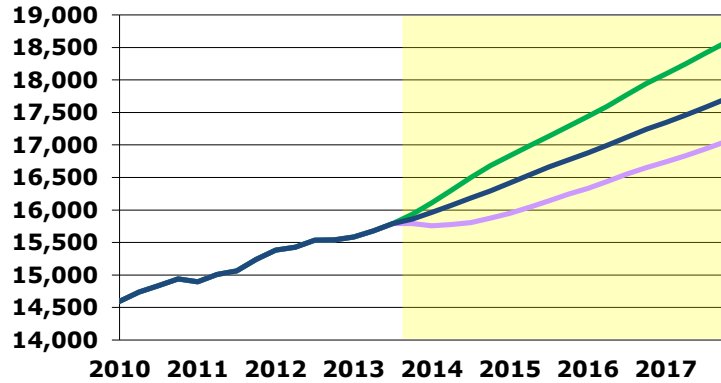
Washington

U.S.

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

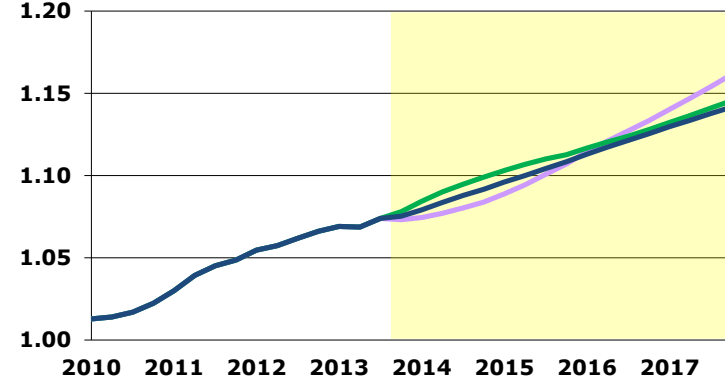
Forecast

Real GDP, billions of chained 2009 dollars



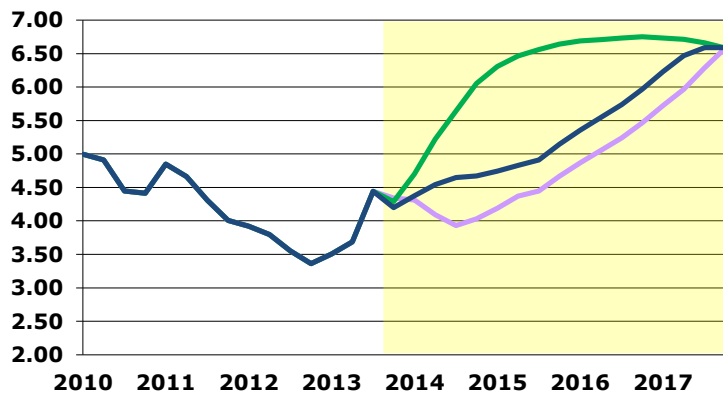
Source: Bureau of Economic Analysis 2013 Q3, ERFC 2017

Implicit price deflator, index 2009 = 1.0



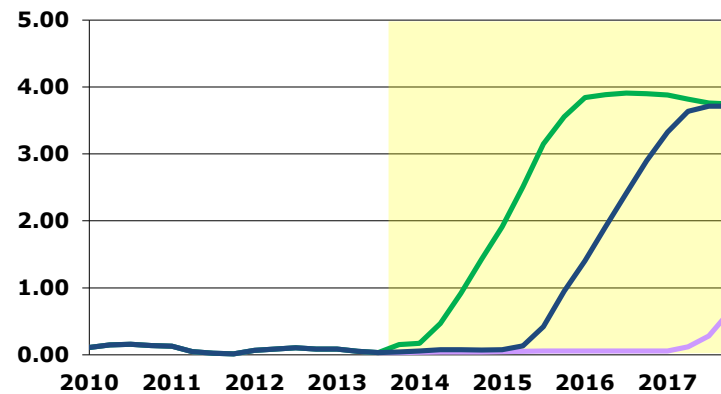
Source: Bureau of Economic Analysis 2013 Q3, ERFC 2017

Mortgage rate, percent



Source: Freddie Mac 2013 Q3, ERFC 2017

Three month T-bill rate, percent



Source: Federal Reserve Board 2013 Q3, ERFC 2017

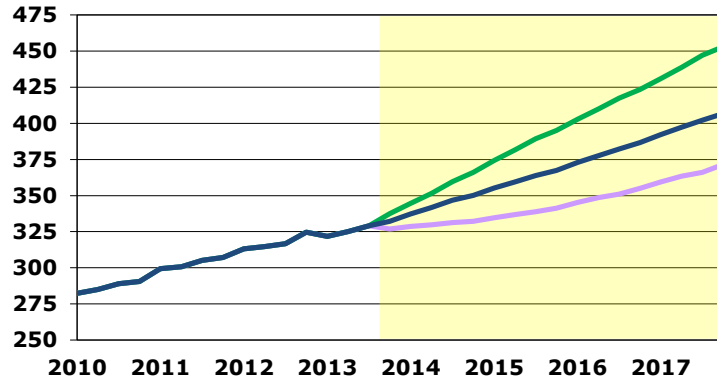
■ Baseline      ■ Optimistic      ■ Pessimistic



Figure 2.9: Comparison of Alternative Washington Economic Forecasts

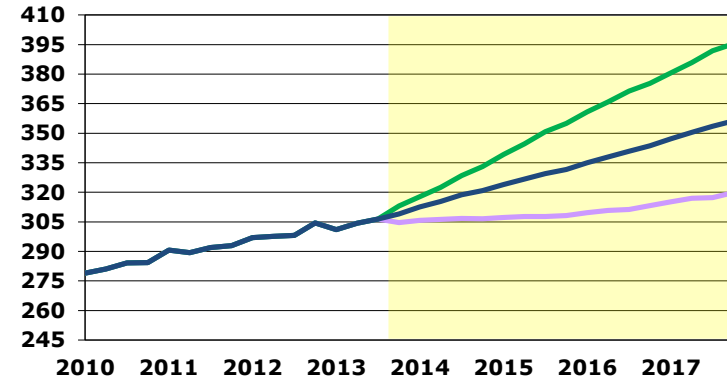
Forecast

Personal income, billions of dollars



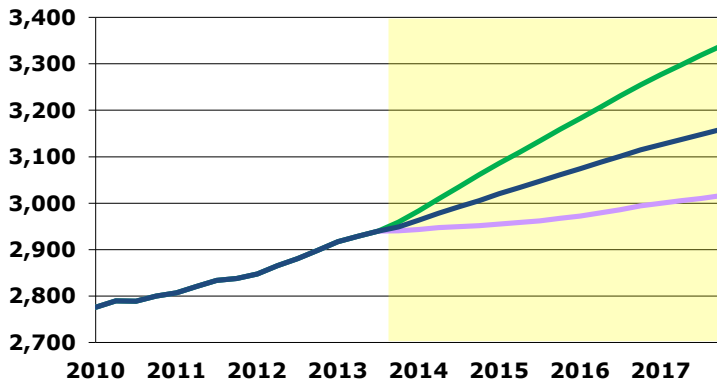
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2017

Real personal income, billions of chained 2009 dollars



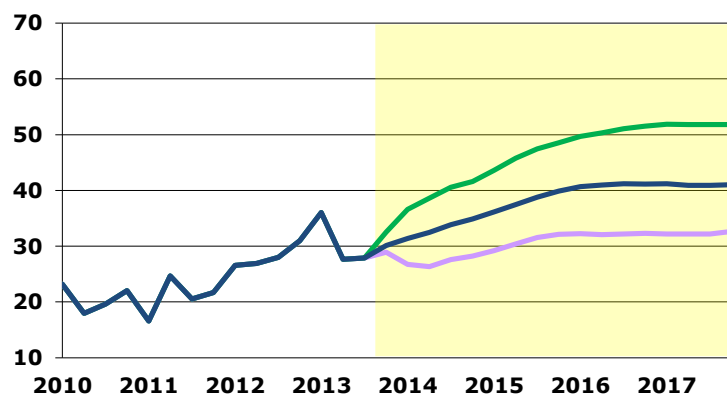
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2017

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2013 Q3, ERFC 2017

Housing permits, thousands



Source: Census Bureau 2013 Q2, ERFC 2017

■ Baseline      ■ Optimistic      ■ Pessimistic



## Chapter 3: Washington State Revenue Forecast Summary

- **While revenue collections over the last two months were \$81 million above the September forecast, forecasted collections for the rest of the biennium have been lowered.**
- **The primary cause of the forecasted reduction in future collections is November's forecast of construction activity, which is lower than September's.**
- **A technical adjustment regarding the definition of revenue has removed \$22 million from collections for the 2011-13 biennium and will remove approximately \$41 million in the current and future biennia. The adjustment, however, does not affect ending fund balances in the budgetary balance sheet.**
- **The final tally of revenue for the 2011-13 biennium was \$13 million less than forecasted in September, due mainly to the technical adjustment described above.**
- **The forecast for the 2013-15 biennium was decreased by \$25 million, but without the technical adjustment the forecast would have increased by \$16 million.**
- **The forecast for the 2015-17 biennium was decreased by \$85 million.**

### Overview

*The November economic forecast has lower housing activity than September's*

The November economic forecast for Washington was very similar to that of September. The main differences with respect to revenue were the forecasts of construction activity and housing permits, which were slightly lower for the remainder of the current biennium while still reflecting moderate-to-strong growth. While revenue collections for the last two months were higher than forecasted in September, the increase in collections was offset by a decrease in forecasted revenue for the rest of the biennium due to the lowered forecast of construction activity. Forecasted revenue for the 2015-17 biennium was also reduced slightly due to changes in the economic forecast other than construction and housing.

*Forecasted revenue was reduced...*

The final tally of revenue for the 2011-13 biennium and forecasted revenue for the current and future biennia have been reduced slightly due to a technical change in the classification of

...slightly by a technical adjustment

General Fund-State (GF-S) resources. Previously, recoveries of expenditures from past biennia (such as refunds of overpayments or disallowed expenditures) had been counted as revenue. Prior to the November forecast, the Office of Financial Management and the House and Senate fiscal committees determined that recovered expenditures, while available as GF-S resources, are not technically new revenue. The funds were therefore moved from the "revenue" section of the budgetary balance sheet to the "total resources" section of the balance sheet. As such, while the change reduces what is counted as revenue, it does not affect ending-fund balances. The adjustment reduced the final tally of 2011-13 revenue by \$22.1 million (the change was only applied to FY2013) and reduced the forecasted GF-S revenue for the 2013-15 and 2015-17 biennia by \$40.8 million each.

GF-S forecast change by biennium (millions):

11-13: -\$13  
13-15: -\$25  
15-17: -\$85

Table 3.1 summarizes the changes to the forecasts of GF-S revenue for the 2011-13 through 2015-17 biennia. The final tally of GF-S revenue for the 2011-13 biennium, which ended on June 30, 2013, is \$30,657.0 million. This is \$13.0 million less than forecasted on September 18<sup>th</sup>, but without the technical adjustment described above the tally would have increased by \$9.1 million. As of November 20<sup>th</sup>, revenue collections for the 2013-15 biennium were \$80.7 million ahead of the September forecast. For the remainder of the biennium, changes to the economic forecast have decreased forecasted revenue by \$75.2 million. Non-economic changes, including the technical adjustment, subtracted another \$30.3 million (the technical adjustment was partially offset by a \$10.5 million payment from an arbitration settlement). The sum of these changes for the 2013-15 biennium is a forecast decrease of \$24.8 million, with total biennial revenue of \$32,982.4 million. For the 2015-17 biennium, changes to the economic forecast subtracted \$43.7 million and the technical adjustment subtracted \$40.8 million, for a total forecast reduction of \$84.5 million. 2015-17 GF-S revenue is now forecasted to total \$35,614.9 million.

GF-S forecast (\$millions):

2011-13:  
\$30,657

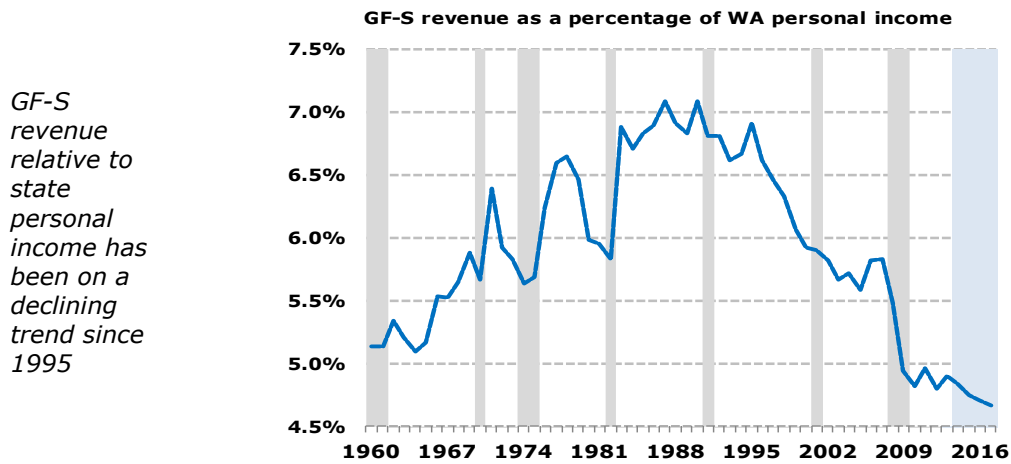
2013-15:  
\$32,982

2015-17:  
\$35,615

**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	\$9.0	\$80.7	NA
Non-Economic Change	(\$22.1)	(\$30.3)	(\$40.8)
Forecast Change	\$0.0	(\$75.2)	(\$43.7)
<b>Total Change</b>	<b>(\$13.0)</b>	<b>(\$24.8)</b>	<b>(\$84.5)</b>

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



Source: ERFC, data through fiscal year 2013

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

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income is forecasted to reach its lowest levels in ERFC records. The ratio of revenue to income has been on a downward trend since 1995, broken only by the housing boom that raised the ratio from 2005 to mid-2008 and by temporary taxes and transfers of funds from non-GF-S sources into the GF-S that again boosted the ratio between fiscal years 2011 and 2013. The November 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...*

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 September forecast, total revenue from the above sources came in \$80.7 million (3.5%) higher than expected (see Table 3.2). Revenue

... monthly  
were \$81  
million  
(3.5%) more  
than the  
September  
forecast

Act collections reported by the DOR were \$33.7 million (1.7%) above the forecast. Revenue from other DOR tax sources from September through October was \$48.0 million (15.5%) higher than expected. Much of this positive variance was due to property tax receipts, which came in \$20.4 million (42.8%) higher than forecasted. Most of the variance in property taxes was the result of early receipts of fall payments, due October 31<sup>st</sup>. As such, the forecast did not increase by the full \$20.4 million of the variance since the early payments subtracted from expected payments in November. Most of the rest of the positive forecast variance came from real estate excise tax (REET) receipts, which came in \$19.3 million (22.0%) above the forecast. Cigarette tax receipts came in \$2.6 million (3.9%) higher than forecasted. Liquor sales and liter tax receipts were \$6.3 million (13.7%) lower than forecasted. The sum of the variances of other DOR sources was \$11.8 million (20.0%) due to higher-than-expected transfers of unclaimed property into the GF-S. Revenue from the Department of Licensing was \$44,000 (4.9%) lower than forecasted and revenue from the Administrative Office of the Courts was \$1.0 million (6.6%) lower than forecasted.

**Table 3.2: Pre-Forecast Collection Variance of Major General Fund-State Taxes by Agency (based on September 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	\$33.7	1.7%
Non Revenue Act	\$48.0	15.5%
Subtotal	\$81.7	3.5%
Department of Licensing	(\$0.0)	-4.9%
Administrative Office of the Courts	(\$1.0)	-6.6%
<b>Total*</b>	<b>\$80.7</b>	<b>3.5%</b>

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

Source: ERF3; Period: September 11 - November 10, 2013

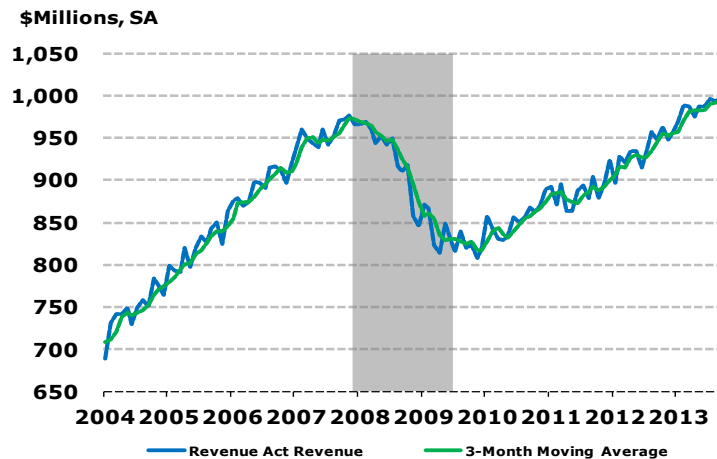
Adjusted  
Revenue Act  
collections  
were up  
4.9% year  
over year in  
the most  
recent  
collection  
period and  
up 2.6% in  
the previous  
period

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

4.9% year over year in the October 11 - November 10 collection period and 2.6% in the previous period.

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

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



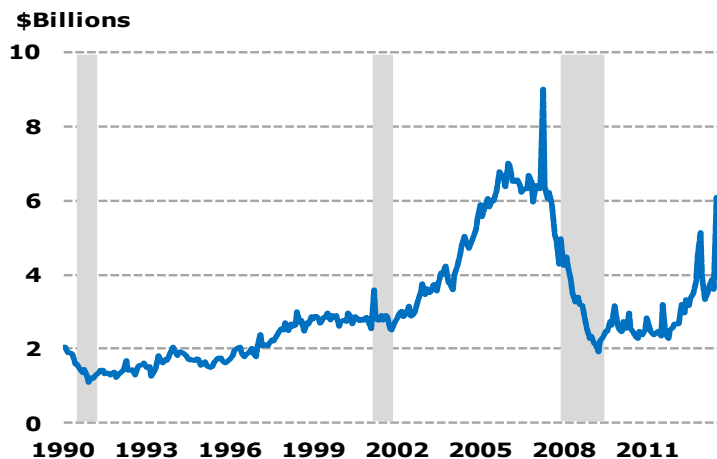
Source: ERFC; Data through November 10, 2013 preliminary allocation  
\*Adjusted for large payments/refunds and payment pattern change

*Third quarter Revenue Act collections grew 5.2% year over year*

Adjusted Revenue Act collections from August 11 – November 10, which primarily reflected third quarter 2013 taxable activity, were up 5.2% year over year. Growth slowed from the 6.1% year-over-year rate of second quarter activity (May 11 – August 10 adjusted collections) due to the expiration of the temporary business and occupation tax surcharge on July 1<sup>st</sup>. Collections that represented first quarter 2012 activity grew at 7.1% year over year.

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

*Large commercial sales have been causing spikes in taxable real estate activity*



Source: ERFC; data through October 2013

*Large commercial sales in October generated \$12 million in REET payments*

The large positive variance in REET collections was due to several large sales of commercial property in October. \$1 billion worth of properties valued at \$10 million or higher were sold, generating an additional \$12 million in REET. The unusual activity created another spike in the chart of taxable activity, similar to the spikes caused by large commercial sales in July and August (see Figure 3.3). Residential sales during the period were also slightly stronger than forecasted.

## Revenue Forecasts by Source

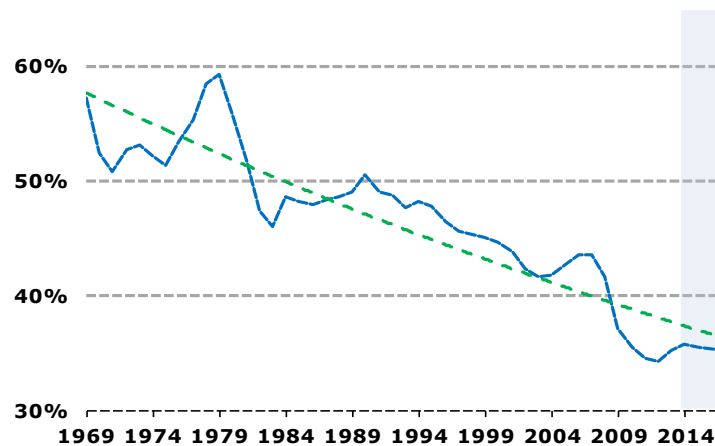
### Department of Revenue

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

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

**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

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.4% of GF-S revenue in FY 2013. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income 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 grew to 35.2% in FY 2013 and is forecasted to increase to 35.7% in FY 2014 before declining through FY 2017. The ratio will decline at a slower rate 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:*

*FY14: 6.1%  
FY15: 4.9%  
FY16: 4.7%  
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 improved from 4.1% in FY 2012 to 6.7% in FY 2013, due mainly to increasing construction activity. Continued growth in construction, along with the newly-revoked sales tax exemption on wired home phone lines, are forecasted to bring growth in taxable activity to 5.6% in FY 2014. Growth then slows to 4.6%, 4.7% and 4.6% in FY 2015, 2016 and 2017 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 was 6.3%. Forecasted FY 2014 growth is 6.1%. Growth then slows to 4.9% in FY 2015 and then to 4.7% in FY 2016 and FY 2017.

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

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

*B&O tax growth forecast:*

*FY14: -2.1%  
FY15: 4.3%  
FY16: 4.9%  
FY17: 5.1%*

In FY 2013, B&O tax receipts grew by 5.8%. The expiration of the temporary increase in the B&O service tax rate, in addition to a \$22 million refund issued in October 2013, is forecasted to cause receipts to shrink by 2.1% in FY 2014. Growth is then forecasted to rebound to 4.3% in FY 2015, 4.9% in 2016 and 5.1% 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 12.2% of total revenue in FY 2012. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073.

*GF-S property tax growth forecast:*

*FY14: 2.3%  
FY15: 2.0%  
FY16: 2.3%  
FY17: 2.4%*

By law, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. Collections can also grow faster or slower than the rate of assessment growth due to the payment of past due taxes or nonpayment of current taxes. Property tax receipts grew by 2.1% in FY 2013 and are forecasted to grow by 2.3% in FY 2014, 2.0% in FY 2015, 2.3% in FY 2016 and 2.4% in FY 2017.

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

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

*REET growth forecast:*

*FY14: 7.9%  
FY15: -4.7%  
FY16: 10.0%  
FY17: 5.3%*

Due to a high number of large sales of commercial property, REET receipts grew by 34.0% in FY 2013. FY 2014 receipts were also boosted by large commercial sales in July, August and October, resulting in forecasted further growth of 7.9%. Despite forecasted further strengthening in residential sales, FY 2015 receipts are forecasted to fall by 4.7% due to lower commercial sales. Continued improvement in the housing market is then forecasted to increase REET collections by 10.0% in FY 2016 before slowing to 5.3% growth in FY 2017.

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

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

*Use tax growth forecast:*

*FY14: 4.7%  
FY15: 3.2%  
FY16: 4.8%  
FY17: 4.4%*

Use tax receipts grew by 7.8% in FY 2013, boosted by growing sale of used vehicles. Growth is forecasted to slow to 4.7% in FY 2014 and then slow further to 3.2% in FY 2015. Growth is then forecasted to increase to 4.8% in FY 2016, slowing slightly to 4.4% growth in FY 2017.

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

The state tax on cigarettes was the sixth largest DOR GF-S revenue source in FY 2013 at 2.6% of total receipts. Prior to FY 2010, the tax made up a much smaller portion of GF-S revenue because much of the tax was dedicated to non-GF-S accounts. In FY 2010, all of the tax except the portion dedicated to the Education Legacy Trust account was redirected to the GF-S, and in FY 2011 all of the cigarette tax was redirected to the GF-S. The current tax rate, which took effect May 1, 2010, is \$3.025 per pack of 20 cigarettes. Prior to that date, the tax rate was \$2.025 per pack.

*Cigarette tax growth forecast:*

*FY14: -0.7%  
FY15: -0.7%  
FY16: -0.5%  
FY17: -1.7%*

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 a continuing decline in the number of smokers. Cigarette tax receipts declined by 4.2% in FY 2013. Receipts are forecasted to decrease by 0.7% in FY 2014 and 0.7% in FY 2015. Receipts are forecasted to decrease by 0.5% in FY 2016 and 1.7% in FY 2017.

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

Public utility taxes were the seventh largest DOR source of GF-S revenue in FY 2013, bringing in 2.4% of total receipts. The tax applies to the gross income of sales to consumers by public and privately owned utilities and is in lieu of the B&O tax. The largest source of public utility taxes is the 3.873% tax on the distribution and generation of electrical power, followed by the 3.852% tax on the distribution of natural gas.

*Growth forecast:*

*FY14: 2.1%  
FY15: 5.3%  
FY16: 5.6%  
FY17: 5.3%*

Public utility tax receipts grew by a scant 0.1% in FY 2013 due to stable or declining prices for natural gas and electricity. Forecasted increases in the prices of natural gas and electricity are expected to increase receipts by 2.1% in FY 2014. Further increases in utility prices coupled with increased housing construction are forecasted to produce growth rates of 5.3% in FY 2015, 5.6% in FY 2016 and 5.3% in FY 2017.

## **Department of Licensing**

*Forecast change by biennium (millions):*

*11-13: \$0.0  
13-15: \$0.3  
15-17: -\$0.1*

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 final tally of revenue for the 2011-13 biennium is \$35.0 million, the same as reported in September. The forecast of GF-S revenue for the 2013-15 biennium has been increased \$0.3 million to \$35.0 million and the forecast for the 2015-17 biennium has been decreased \$0.1 million to \$35.6 million.

## The Office of Financial Management (Other Agencies)

*Forecast  
change by  
biennium  
(millions):*

11-13: *-\$19.7*  
13-15: *-\$28.7*  
15-17: *-\$41.3*

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 final tally of revenue for the 2011-13 biennium is \$195.7 million, which is \$19.7 million less than estimated in September. The reduction was due to the reclassification of \$21.8 million in FY 2013 recovered expenditures from revenue to non-revenue resources. The forecast for the 2013-15 biennium was decreased \$28.7 million to \$179.1 million. The reclassification of recovered expenditures lowered the forecast by \$40.8 million but the decrease was partially offset by an unexpected \$10.5 million arbitration payment to the state as part of the Tobacco Master Settlement Agreement. The forecast for the 2015-17 biennium was decreased \$41.3 million to \$154.9 million, mainly due to the \$40.8 million revenue reclassification.

## State Treasurer

*Forecast  
change by  
biennium  
(millions):*

11-13: *\$0.0*  
13-15: *\$0.2*  
15-17: *-\$0.03*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's final tally of revenue for the 2011-13 biennium is negative \$19.4 million, the same as reported in September. The forecast for the 2013-15 biennium has been increased \$0.2 million to negative \$8.7 million. The forecast for the 2015-17 biennium has been decreased \$0.03 million to negative \$8.6 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: *\$0.0*  
13-15: *\$0.0*  
15-17: *\$0.0*

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 final tally of revenue for the 2011-13 biennium is \$847.3 million, the same as reported in September. The office's forecast of GF-S revenue for the 2013-15 biennium is unchanged at \$943.9 million and the forecast for the 2015-17 biennium is unchanged at \$1,008.0 million.

## Liquor Control Board

*Forecast change by biennium (millions):*

11-13: \$6.9  
13-15: \$19.5  
15-17: \$7.2

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 final tally of revenue for the 2011-13 biennium, including the beer and wine surtax, is \$358.9 million, which is \$6.9 million more than estimated in September. The forecast of total revenue for the 2013-15 biennium has been increased \$19.5 million to \$247.7 million. The forecast of revenue for the 2015-17 biennium has been increased \$7.2 million to \$206.9 million. Forecasted revenue for the 2013-15 and 2015-17 biennia is lower than that of the 2011-13 biennium due to the reduction of the distributor's fee and the expiration of a temporary surtax on beer.

*The November 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 rules and structure of the market.

## Lottery Commission

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

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and several smaller accounts received their allotments was transferred to the GF-S. Under the 2010 legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts were maintained, but the remaining revenue, which represents the bulk of the proceeds, are transferred almost entirely to the Washington Opportunity Pathways Account (OPA). The exception is that when total profits from all Washington-only games plus the Powerball game exceed \$102 million per year, the amount above \$102 million gets transferred to the GF-S. In FY 2013, large Powerball jackpots pushed sales above the threshold, resulting in a \$9.3 million payment to the GF-S in FY 2014. Profits are forecasted to exceed the threshold again in FY 2014, resulting in an additional transfer of \$1.5 million during the year. Another GF-S transfer of \$0.8 million is forecasted for FY 2017.

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

11-13: \$0.0  
13-15: -\$7.6  
15-17: \$3.9

The OPA receives all profits (excluding statutory transfers) from Washington-only Lottery games plus all profits from the Mega Millions game. Total transfers to the OPA for the 2011-13 biennium were \$244.0 million, the same as estimated in September. The forecast of transfers for the 2013-15 biennium has been decreased \$7.6 million to \$229.3 million, and the forecast for the 2015-17 biennium has been increased \$3.9 million to \$236.6 million. In addition to the transfers described above, legislation from the 2013 second special session also required the transfer of \$12.1 million in Lottery proceeds to the Education Legacy Trust Account in the 2013-15 biennium. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.14 on a cash basis and Table 3.15 on a GAAP basis.

## **Administrative Office of the Courts**

*Forecast change by biennium (millions):*

11-13: -\$0.02  
13-15: -\$4.7  
15-17: -\$4.0

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 total transfer for the 2011-13 biennium was \$186.5 million, which is \$0.02 million less than estimated in September. The forecast of transfers to the GF-S for the 2013-15 biennium has been decreased \$4.7 million to \$171.1 million and the forecast for the 2015-17 biennium has been decreased \$4.0 million to \$183.1 million.

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

*The final total is \$1.25 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 November 2013 forecast for the biennium is \$1.57 billion (4.9%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.7 billion (5.3%). Excluding non-economic changes, the current forecast is \$3.3 billion (10.2%) lower than the initial forecast. The final tally of total revenue is \$1.25 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 November forecast is \$554 million (1.7%) 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 November forecast for the biennium is \$554 million (1.7%) higher than the initial forecast. Non-economic changes have increased the forecast by \$368 million (1.1%). Excluding non-economic

changes, the current forecast is \$186 million (0.6%) higher than the initial forecast.

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

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

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

## **Budgetary Balance Sheet for the 2011-13 and 2013-15 Biennia**

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

Table 3.12 shows the budgetary balance sheet for the 2011-13 and 2013-15 biennia as prepared by the Office of Financial Management and the House and Senate fiscal committees. The balance sheet has now been expanded to show not only projected GF-S spending and resources but also total projected spending and resources for the GF-S plus the other main non-transportation state-funded accounts: the Education Legacy Trust Account (ELTA) and the Washington Opportunity Pathways Account (OPA). In addition, this edition of the balance sheet shows how the reclassification of "prior period adjustments" from revenue to non-revenue resources does not affect total resources. As can be seen in the table, while the funds are subtracted from the "Current Revenue Totals" section of the table under the heading "Reclassification of prior period adjustments beginning in FY 2013", they are added back as part of "Total Resources" under the heading "Prior Period Adjustments," for a net zero effect on the amount of total resources.

*The forecast implies total GF-S reserves of \$923 million at the end of the 2013-15 biennium*

As shown in Table 3.12, the final tally of GF-S spending and revenue indicates total GF-S reserves stood at \$437.2 million at the end of the 2011-13 biennium and total reserves for GF-S, ELTA and OPA stood at \$426.0 million. Based on the November 2013 revenue forecast and currently enacted budgets, total GF-S reserves are projected to be \$923.4 million at the end of the 2013-15 biennium. Projected total GF-S reserves for the 2013-15 biennium are comprised of a GF-S ending balance of \$341.2 million and a balance of \$582.2 million in the Budget Stabilization Account. Projected combined reserves for the ELTA and OPA are \$36.4 million, for total projected reserves of \$959.8 million for GF-S, ELTA and OPA at the end of the 2013-15 biennium.

### **Alternative Forecasts for the 2013-15 Biennium**

*Optimistic scenario:  
+\$2.1 billion  
Pessimistic scenario:  
-\$2.0 billion*

Chapter 1 outlines upside and downside risks associated with the baseline economic forecast. The forecast assigns a probability of 55% to the baseline forecast, 15% to a scenario based on the upside risks and 30% to a scenario based on the downside risks. The revenue implications of these alternative scenarios for the 2013-15 biennium are shown in Table 3.13. For the biennium, the optimistic forecast generates \$35,058 million in revenue, \$2,075 million more than the baseline scenario, while the pessimistic forecast produces \$30,961 million in revenue, \$2,021 million less than the baseline.

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

*Near General Fund Forecast:  
2011-13:  
\$30,872.3 million  
2013-15:  
\$33,359.1 million  
2015-17:  
\$36,011.9 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 final tally of Near General Fund revenue for the 2011-13 biennium is \$30,872.3 million, a decrease of \$13.0 million from the September estimate. The Near General Fund forecast for the 2013-15 biennium is \$33,359.1 million, \$11.7 million less than the September forecast, and the forecast for the 2015-17 biennium is \$36,011.9 million, \$100.6 million less than the September forecast. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.16.

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

<b>Biennium</b>	<b>Current Dollars</b>	<b>Percent Change</b>	<b>2009 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%	7,767.4	16.7%
1971-73	1,922.1	10.9%	7,971.9	2.6%
1973-75	2,372.4	23.4%	8,500.3	6.6%
1975-77	3,395.0	43.1%	10,581.0	24.5%
1977-79	4,490.0	32.3%	12,284.6	16.1%
1979-81	5,356.4	19.3%	12,197.5	-0.7%
1981-83	6,801.4	27.0%	13,492.9	10.6%
1983-85	8,202.4	20.6%	15,008.6	11.2%
1985-87	9,574.6	16.7%	16,528.5	10.1%
1987-89	10,934.1	14.2%	17,618.8	6.6%
1989-91	13,309.0	21.7%	19,773.1	12.2%
1991-93	14,862.2	11.7%	20,789.3	5.1%
1993-95	16,564.6	11.5%	22,140.6	6.5%
1995-97	17,637.7	6.5%	22,630.2	2.2%
1997-99	19,620.1	11.2%	24,520.7	8.4%
1999-01	21,262.1	8.4%	25,588.4	4.4%
2001-03	21,140.7	-0.6%	24,595.8	-3.9%
2003-05	23,388.5	10.6%	26,077.6	6.0%
2005-07	27,772.0	18.7%	29,316.5	12.4%
2007-09	27,703.0	-0.2%	27,888.8	-4.9%
2009-11	28,218.1	1.9%	27,708.4	-0.6%
2011-13	30,657.0	8.6%	28,948.6	4.5%
2013-15 <sup>F</sup>	32,982.4	7.6%	30,370.8	4.9%
2015-17 <sup>F</sup>	35,614.9	8.0%	31,821.0	4.8%

<sup>F</sup> November 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 November 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	113,173	6.7%
2014 <sup>F</sup>	119,531	5.6%
2015 <sup>F</sup>	124,995	4.6%
2016 <sup>F</sup>	130,851	4.7%
2017 <sup>F</sup>	136,888	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>Sept. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Nov. 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,913.7	\$0.0	\$0.0	\$13,913.7	\$0.0
Business & Occupation	6,432.4	0.0	0.0	6,432.4	0.0
Use	998.2	0.0	0.0	998.2	0.0
Public Utility	757.3	0.0	0.0	757.3	0.0
Liquor Sales/Liter	480.2	0.0	0.0	480.2	0.0
Cigarette	831.7	0.0	0.0	831.7	0.0
Property (State Levy)	3,800.1	0.0	0.0	3,800.1	0.0
Real Estate Excise	933.6	0.0	0.0	933.6	0.0
Timber Excise	6.6	0.0	0.0	6.6	0.0
Other	899.4	(0.2)	0.0	899.2	(0.2)
Subtotal	29,053.2	(0.2)	0.0	29,053.0	(0.2)
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	35.0	0.0	0.0	35.0	0.0
<b>Insurance Commissioner</b>					
Insurance Premiums	847.3	0.0	0.0	847.3	0.0
<b>Liquor Control Board</b>					
Liquor Profits and Fees	206.3	0.0	0.0	206.3	0.0
Beer & Wine Surtax	145.6	0.0	6.9	152.5	6.9
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(19.4)	0.0	0.0	(19.4)	0.0
<b>Office of Financial Management</b>					
Other Agencies	215.4	(21.8)	2.1	195.7	(19.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	186.6	0.0	(0.0)	186.5	(0.0)
<b>Total General Fund-State *</b>	<b>\$30,670.0</b>	<b>(\$22.1)</b>	<b>\$9.0</b>	<b>\$30,657.0</b>	<b>(\$13.0)</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council September 2013.<sup>2</sup> Forecast for the 2011-13 biennium, adopted November 20, 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>Sept. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Nov. 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,913.3	\$0.0	(\$0.5)	\$13,912.8	(\$0.5)
Business & Occupation Use	6,634.1	0.0	(199.1)	6,435.0	(199.1)
Public Utility	988.6	0.0	(0.0)	988.5	(0.0)
Liquor Sales/Liter	758.7	0.0	0.0	758.7	0.0
Cigarette	483.8	0.0	0.0	483.8	0.0
Property (State Levy)	830.6	0.0	0.0	830.6	0.0
Real Estate Excise	3,802.7	0.0	0.0	3,802.7	0.0
Timber Excise	935.9	0.0	0.0	935.9	0.0
Other	6.2	0.0	0.0	6.2	0.0
Subtotal	899.6	(0.2)	(0.5)	898.8	(0.7)
	29,253.3	(0.2)	(200.1)	29,053.0	(200.3)
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	35.0	0.0	0.0	35.0	0.0
<b>Insurance Commissioner</b>					
Insurance Premiums	847.3	0.0	0.0	847.3	0.0
<b>Liquor Control Board</b>					
Liquor Profits and Fees	206.3	0.0	0.0	206.3	0.0
Beer & Wine Surtax	145.6	0.0	6.9	152.5	6.9
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	9.3	9.3	9.3
<b>State Treasurer</b>					
Interest Earnings	(19.7)	0.0	(0.3)	(20.0)	(0.3)
<b>Office of Financial Management</b>					
Other	215.4	(21.8)	2.1	195.7	(19.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	186.6	0.0	(0.0)	186.5	(0.0)
<b>Total General Fund-State *</b>	<b>\$30,869.8</b>	<b>(\$22.1)</b>	<b>(\$182.0)</b>	<b>\$30,665.8</b>	<b>(\$204.0)</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council September 2013.<sup>2</sup> Forecast for the 2011-13 biennium, adopted November 20, 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 3.7

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

2013-15 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Sept. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Sept. 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,623.0	\$0.0	(\$43.1)	\$15,579.9	(\$43.1)
Business & Occupation Use	6,632.8	0.0	(22.0)	6,610.8	(22.0)
Public Utility	1,102.2	0.0	(1.2)	1,101.0	(1.2)
Liquor Sales/Liter	806.0	0.0	(12.3)	793.8	(12.3)
Cigarette	528.8	0.0	(12.5)	516.3	(12.5)
Property (State Levy)	804.6	0.0	0.3	804.9	0.3
Real Estate Excise	3,950.1	0.0	14.8	3,964.9	14.8
Timber Excise	1,089.1	0.0	37.4	1,126.4	37.4
Other	5.8	0.0	(0.0)	5.8	(0.0)
Subtotal	883.3	(0.4)	16.8	899.8	16.5
	31,425.7	(0.4)	(21.8)	31,403.5	(22.1)
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	34.6	0.0	0.3	35.0	0.3
<b>Insurance Commissioner</b>					
Insurance Premiums	943.9	0.0	0.0	943.9	0.0
<b>Liquor Control Board</b>					
Liquor Profits and Fees	177.1	0.0	17.2	194.4	17.2
Beer & Wine Surtax	51.1	0.0	2.2	53.3	2.2
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	10.8	10.8	10.8
<b>State Treasurer</b>					
Interest Earnings	(8.9)	0.0	0.2	(8.7)	0.2
<b>Office of Financial Management</b>					
Other	207.8	(29.9)	1.2	179.1	(28.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	175.8	0.0	(4.7)	171.1	(4.7)
<b>Total General Fund-State *</b>	<b>\$33,007.2</b>	<b>(\$30.3)</b>	<b>\$5.5</b>	<b>\$32,982.4</b>	<b>(\$24.8)</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council September 2013.<sup>2</sup> Forecast for the 2013-15 biennium, adopted November 20, 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>Sept. 2013 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Nov. 2013 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,683.1	\$0.0	(\$128.6)	\$15,554.5	(\$128.6)
Business & Occupation Use	6,658.7	0.0	(58.9)	6,599.8	(58.9)
Public Utility	1,105.4	0.0	(6.3)	1,099.1	(6.3)
Liquor Sales/Liter	805.1	0.0	(12.3)	792.8	(12.3)
Cigarette	528.8	0.0	(12.5)	516.3	(12.5)
Property (State Levy)	803.3	0.0	1.8	805.1	1.8
Real Estate Excise	3,947.5	0.0	(2.8)	3,944.8	(2.8)
Timber Excise	1,086.5	0.0	38.4	1,124.9	38.4
Other	5.9	0.0	(0.0)	5.9	(0.0)
Subtotal	882.9	(0.4)	16.8	899.4	16.5
	31,507.3	(0.4)	(164.4)	31,342.5	(164.7)
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	34.6	0.0	0.3	35.0	0.3
<b>Insurance Commissioner</b>					
Insurance Premiums	943.9	0.0	0.0	943.9	0.0
<b>Liquor Control Board</b>					
Liquor Profits and Fees	177.1	0.0	17.2	194.4	17.2
Beer & Wine Surtax	51.1	0.0	2.2	53.3	2.2
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	1.5	1.5	1.5
<b>State Treasurer</b>					
Interest Earnings	(9.3)	0.0	0.1	(9.2)	0.1
<b>Office of Financial Management</b>					
Other	207.8	(29.9)	1.2	179.1	(28.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	175.8	0.0	(4.7)	171.1	(4.7)
<b>Total General Fund-State *</b>	<b>\$33,088.4</b>	<b>(\$30.3)</b>	<b>(\$146.4)</b>	<b>\$32,911.6</b>	<b>(\$176.7)</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council September 2013.<sup>2</sup> Forecast for the 2013-15 biennium, adopted November 20, 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

**November 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	\$7,169.1	\$13,913.7	\$7,603.7	\$7,976.3	\$15,579.9	\$8,353.6	\$8,746.2	\$17,099.7
Business & occupation Use**	3,125.6	3,306.8	6,432.4	3,235.8	3,375.1	6,610.8	3,541.5	3,723.7	7,265.2
Public Utility	480.4	517.8	998.2	541.9	559.0	1,101.0	586.1	612.1	1,198.1
Liquor sales/liter	378.5	378.8	757.3	386.6	407.2	793.8	430.1	453.0	883.1
Beer & wine surtax	215.0	265.2	480.2	253.7	262.6	516.3	251.9	257.9	509.8
Cigarette	77.3	75.2	152.5	26.9	26.4	53.3	26.4	26.4	52.8
Tobacco products	432.4	415.1	847.5	412.3	409.5	821.8	407.7	401.0	808.6
Property (state school levy)	46.6	43.3	89.9	45.8	45.7	91.4	46.1	46.5	92.6
Leasehold Excise Tax	1,879.4	1,920.7	3,800.1	1,962.8	2,002.1	3,964.9	2,047.4	2,097.1	4,144.5
Public utility district	27.6	27.4	54.9	28.6	29.2	57.8	29.6	30.0	59.6
Brokered Natural Gas	44.8	47.8	92.6	48.6	49.1	97.7	49.5	49.8	99.4
Real estate excise	23.2	22.0	45.2	24.2	24.5	48.7	24.6	24.6	49.1
Timber excise	399.1	534.6	933.6	576.7	549.7	1,126.4	604.9	637.2	1,242.2
Estate/inheritance	3.8	2.9	6.6	2.7	3.0	5.8	3.4	3.5	6.9
Boat excise	0.7	3.4	4.0	0.2	0.1	0.2	0.0	0.0	0.1
Insurance premiums	12.4	12.5	24.9	12.6	12.6	25.3	12.6	12.6	25.3
Penalties and interest	420.9	426.4	847.3	458.9	485.0	943.9	496.3	511.7	1,008.0
Other	114.1	116.7	230.8	124.9	130.8	255.7	137.7	144.5	282.2
<b>Total Taxes</b>	<b>65.5</b>	<b>70.2</b>	<b>135.7</b>	<b>71.8</b>	<b>73.2</b>	<b>145.0</b>	<b>55.1</b>	<b>56.1</b>	<b>111.3</b>
<b>Total Taxes</b>	<b>14,491.8</b>	<b>15,355.7</b>	<b>29,847.5</b>	<b>15,818.6</b>	<b>16,421.1</b>	<b>32,239.7</b>	<b>17,104.6</b>	<b>17,834.0</b>	<b>34,938.5</b>
<b>State Non-Tax Sources</b>									
Licenses, permits, fees	115.3	123.7	239.1	121.4	120.2	241.7	120.1	121.3	241.4
Liquor profits & fees***	56.8	149.6	206.3	122.9	71.4	194.4	75.9	78.2	154.1
Earnings on investments	(9.5)	(9.9)	(19.4)	(3.9)	(4.8)	(8.7)	(5.4)	(3.2)	(8.6)
Administrative Office of the Courts	95.8	90.7	186.5	84.2	86.9	171.1	90.0	93.2	183.1
Transfers of unclaimed property	109.3	70.1	179.4	69.7	62.7	132.4	63.1	63.7	126.9
Other revenue & transfers	14.8	2.8	17.6	17.2	(5.2)	11.9	(9.5)	(11.2)	(20.6)
<b>Total Non-Tax</b>	<b>382.4</b>	<b>427.1</b>	<b>809.5</b>	<b>411.6</b>	<b>331.2</b>	<b>742.7</b>	<b>334.2</b>	<b>342.1</b>	<b>676.3</b>
<b>Total General Fund-State *</b>	<b>\$14,874.2</b>	<b>\$15,782.8</b>	<b>\$30,657.0</b>	<b>\$16,230.2</b>	<b>\$16,752.2</b>	<b>\$32,982.4</b>	<b>\$17,438.8</b>	<b>\$18,176.1</b>	<b>\$35,614.9</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 November 2013

Cash Basis - Millions of Dollars

<b>Date of Forecast</b>	<b>Department of Revenue*</b>	<b>Other Agencies</b>	<b>Subtotal*</b>	<b>Non-Economic Changes**</b>	<b>Total Change</b>	<b>Total General Fund-State Cash Basis#</b>
<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
September 2013	15	9	23	0	23	30,670
November 2013	(0)	9	9	(22) #10	(13)	30,657
<b>Total change***:</b>						
From February 2008	(3,122)	(154)	(3,276)	1,708	(1,567)	
Percent change	(10.2)	(9.8)	(10.2)	5.3	(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

#10 Reclassification of FY13 recoveries of prior expenditures from revenue to non-revenue resources

Table 3.11

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

February 2012 through November 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
September 2013	224	(2)	222	123 #3	345	33,007
November 2013	(22)	27	6	(30) #4	(25)	32,982
<b>Total change***:</b>						
From February 2008	126	60	186	368	554	
Percent change	0.4	4.5	0.6	1.1	1.7	

\* 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

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

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



Table 3.12

**2011-13 with Enacted Supplementals and 2013-15 Enacted Budget Balance Sheet**  
**General Fund-State (GFS), Education Legacy Trust Account (ELTA),**  
**Washington Opportunity Pathways Account (OPA) and Budget Stabilization Account**  
Dollars in Millions

	2011-13			2013-15		
	General Fund State	ELTA and OPA	TOTAL	General Fund State	ELTA and OPA	TOTAL
<b>RESOURCES</b>						
<b>Beginning Fund Balance</b>	<b>(92.0)</b>	<b>31.5</b>	<b>(60.4)</b>	<b>167.5</b>	<b>(11.1)</b>	<b>156.4</b>
September 2013 Forecast	30,670.0	459.2	31,129.3	33,007.2	588.4	33,595.6
November 2013 Update						
Non-economic changes						
Reclassification of prior period adjustments beginning in FY 2013	(22.1)	(0.0)	(22.2)	(40.8)	-	(40.8)
Tobacco settlement arbitration	-	-	-	10.5	-	10.5
Revenue Update (Economic Change)	9.1	(0.0)	9.1	5.5	5.5	11.1
<b>Current Revenue Totals</b>	<b>30,657.0</b>	<b>459.2</b>	<b>31,116.2</b>	<b>32,982.4</b>	<b>593.9</b>	<b>33,576.4</b>
Transfer to Budget Stabilization Account	(268.7)	-	(268.7)	(311.9)	-	(311.9)
Enacted Fund Transfers	380.6	-	380.6	128.3	289.3	417.7
Prior Period Adjustments	22.1	0.0	22.2	40.8	-	40.8
Alignment to the Comprehensive Financial Statements	(11.0)	(14.6)	(25.6)	-	-	-
Adjustment to Working Capital (HB 2822)	238.0	-	238.0	-	-	-
<b>Total Resources (including beginning fund balance)</b>	<b>30,926.0</b>	<b>476.2</b>	<b>31,402.2</b>	<b>33,007.2</b>	<b>872.2</b>	<b>33,879.4</b>
<b>EXPENDITURES</b>						
<b>Enacted Budgets</b>						
Enacted 2011-13 and 2013-15 Budgets	30,982.9	487.8	31,470.7	32,795.5	835.8	33,631.3
EHB 2088 - (Aerospace Appropriations)				10.5		10.5
<b>Reversions</b>						
Actual Reversions in 2011-13	(224.4)	(0.4)	(224.8)			
Assumed Reversions in 2013-15			-	(140.0)	-	(140.0)
<b>Total Expenditures</b>	<b>30,758.5</b>	<b>487.3</b>	<b>31,245.8</b>	<b>32,666.0</b>	<b>835.8</b>	<b>33,501.8</b>
<b>RESERVES</b>						
<b>Projected Ending GFS, ELTA &amp; OPA Balances</b>	<b>167.5</b>	<b>(11.1)</b>	<b>156.4</b>	<b>341.2</b>	<b>36.4</b>	<b>377.6</b>
<b>Budget Stabilization Account</b>						
Budget Stabilization Account Beginning Balance	0.6		0.6	269.7	-	269.7
Transfer from General Fund and Interest Earnings	269.1		269.1	312.6	-	312.6
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>269.7</b>	<b>-</b>	<b>269.7</b>	<b>582.2</b>	<b>-</b>	<b>582.2</b>
<b>Total Reserves (Including Budget Stabilization)</b>	<b>437.2</b>	<b>(11.1)</b>	<b>426.0</b>	<b>923.4</b>	<b>36.4</b>	<b>959.8</b>

Table 3.13

**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	\$16,769.9	\$15,579.9	\$14,414.4
Business & Occupation Use	7,079.5	6,610.8	6,166.3
Public Utility	1,185.7	1,101.0	1,017.3
Property (school levy)	841.9	793.8	743.4
Real Estate Excise	3,980.1	3,964.9	3,945.7
Other	1,331.1	1,126.4	1,002.9
Subtotal	2,228.2	2,226.7	2,141.3
<b>Department of Licensing</b>			
	35.7	35.0	34.3
<b>Insurance Commissioner<sup>1</sup></b>			
	967.5	943.9	920.3
<b>Lottery Commission</b>			
	11.4	10.8	10.3
<b>State Treasurer - Interest earnings</b>			
	2.5	(8.7)	(6.1)
<b>Liquor Surtaxes &amp; Fees<sup>2</sup></b>			
	260.1	247.7	235.3
<b>Office of Financial Management</b>			
Other agencies	187.1	179.1	171.1
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	176.8	171.1	164.8
<b>Total General Fund - State*</b>	<b>\$35,057.5</b>	<b>\$32,982.4</b>	<b>\$30,961.3</b>
<b>Difference from November 2013 Baseline</b>	<b>\$2,075.1</b>		<b>(\$2,021.2)</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 3.14

**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>	<b>Education Legacy Trust Account</b>
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	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	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	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0
2014	148.3	10.8	0.0	10.8	0.0	0.0	0.3	3.4	110.8	0.0	12.1
2015	133.6	0.0	0.0	11.2	0.0	0.0	0.3	3.5	118.5	0.0	0.0
2013-15 Biennium	281.8	10.8	0.0	22.0	0.0	0.0	0.6	6.9	229.3	0.0	12.1
2016	133.3	0.0	0.0	11.7	0.0	0.0	0.3	3.5	117.9	0.0	0.0
2017	135.4	0.8	0.0	12.2	0.0	0.0	0.3	3.5	118.7	0.0	0.0
2015-17 Biennium	268.8	0.8	0.0	23.8	0.0	0.0	0.6	6.9	236.6	0.0	0.0

Table 3.15

**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>	<b>Education Legacy Trust Account</b>
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	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	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	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0
2014	145.1	1.5	0.0	10.8	0.0	0.0	0.3	3.5	116.9	0.0	12.1
2015	132.5	0.0	0.0	11.2	0.0	0.0	0.3	3.5	117.5	0.0	0.0
2013-15 Biennium	277.6	1.5	0.0	22.0	0.0	0.0	0.6	6.9	234.4	0.0	12.1
2016	133.3	0.0	0.0	11.7	0.0	0.0	0.3	3.5	117.9	0.0	0.0
2017	135.6	0.8	0.0	12.2	0.0	0.0	0.3	3.5	118.9	0.0	0.0
2015-17 Biennium	268.9	0.8	0.0	23.8	0.0	0.0	0.6	6.9	236.8	0.0	0.0

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

Source: Lottery Commission, ERFC

Table 3.16

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

History and Forecast by Fiscal Year (Cash basis)

November 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%
FY 2013	\$15,783	6.1%	\$0	0.0%	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%
Forecast:										
FY 2014	\$16,230	2.8%	\$0	0.0%	\$16,230	2.8%	\$203	100.8%	\$16,433	3.5%
FY 2015	\$16,752	3.2%	\$0	0.0%	\$16,752	3.2%	\$174	-14.4%	\$16,926	3.0%
FY 2016	\$17,439	4.1%	\$0	0.0%	\$17,439	4.1%	\$199	14.7%	\$17,638	4.2%
FY 2017	\$18,176	4.2%	\$0	0.0%	\$18,176	4.2%	\$198	-0.8%	\$18,374	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>\$30,657</b>	<b>8.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$30,657</b>	<b>8.6%</b>	<b>\$215</b>	<b>-19.9%</b>	<b>\$30,872</b>	<b>8.4%</b>
<b>13-15 Biennium</b>	<b>\$32,982</b>	<b>7.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$32,982</b>	<b>7.6%</b>	<b>\$377</b>	<b>75.0%</b>	<b>\$33,359</b>	<b>8.1%</b>
<b>15-17 Biennium</b>	<b>\$35,615</b>	<b>8.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$35,615</b>	<b>8.0%</b>	<b>\$397</b>	<b>5.4%</b>	<b>\$36,012</b>	<b>8.0%</b>

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

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## Detail Components of the Washington State Economic and Revenue Forecast

Calendar Years

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

Table A1.1  
**U.S. Economic Forecast Summary**  
Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	14,779.4	15,052.4	15,470.7	15,728.1	16,128.7	16,596.5	17,061.2	17,521.8
% Ch	2.5	1.8	2.8	1.7	2.5	2.9	2.8	2.7
Real Consumption	10,035.9	10,291.3	10,517.6	10,717.8	10,973.9	11,270.1	11,563.1	11,863.8
% Ch	2.0	2.5	2.2	1.9	2.4	2.7	2.6	2.6
Real Nonresidential Fixed Investment	1,673.8	1,800.4	1,931.8	1,977.2	2,081.2	2,195.7	2,338.1	2,468.1
% Ch	2.5	7.6	7.3	2.4	5.3	5.5	6.5	5.6
Real Residential Fixed Investment	382.4	384.3	433.8	492.7	565.0	637.9	686.7	688.1
% Ch	-2.5	0.5	12.9	13.6	14.7	12.9	7.7	0.2
Real Personal Income	12,232.4	12,673.4	12,964.2	13,185.6	13,622.4	14,051.9	14,501.2	14,984.0
% Ch	1.2	3.6	2.3	1.7	3.3	3.2	3.2	3.3
Real Per Capita Income (\$/Person)	39,450	40,578	41,210	41,593	42,641	43,647	44,698	45,833
% Ch	0.4	2.9	1.6	0.9	2.5	2.4	2.4	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.017	1.041	1.060	1.072	1.086	1.102	1.119	1.136
% Ch	1.7	2.4	1.8	1.1	1.3	1.5	1.6	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.181	2.249	2.296	2.329	2.362	2.401	2.441	2.478
% Ch	1.6	3.1	2.1	1.4	1.4	1.7	1.7	1.5
Employment Cost Index (Dec. 2005=1.0)	1.121	1.140	1.160	1.183	1.208	1.236	1.265	1.294
% Ch	1.6	1.7	1.8	1.9	2.2	2.3	2.4	2.3
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,958.3	15,533.8	16,244.6	16,751.7	17,451.3	18,267.8	19,085.6	19,885.5
% Ch	3.7	3.8	4.6	3.1	4.2	4.7	4.5	4.2
Personal Income	12,435.2	13,191.3	13,743.8	14,132.6	14,789.2	15,488.8	16,233.0	17,019.1
% Ch	2.9	6.1	4.2	2.8	4.6	4.7	4.8	4.8
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.9	153.6	155.0	155.4	157.7	159.2	160.5	161.5
Total U.S. Employment	139.1	139.9	142.5	143.8	146.8	149.0	150.6	151.9
Unemployment Rate (%)	9.63	8.93	8.08	7.45	6.89	6.39	6.11	5.96
Nonfarm Payroll Employment	129.91	131.50	133.74	135.91	138.15	140.48	142.75	144.57
% Ch	-0.7	1.2	1.7	1.6	1.6	1.7	1.6	1.3
Manufacturing	11.53	11.73	11.92	11.98	12.22	12.43	12.51	12.51
% Ch	-2.7	1.7	1.7	0.5	2.0	1.7	0.6	0.0
Durable Manufacturing	7.06	7.27	7.46	7.52	7.76	7.99	8.10	8.12
% Ch	-3.0	3.0	2.6	0.8	3.2	3.0	1.4	0.2
Nondurable Manufacturing	4.46	4.45	4.46	4.46	4.46	4.44	4.41	4.39
% Ch	-2.2	-0.2	0.1	0.0	0.1	-0.5	-0.7	-0.3
Construction	5.52	5.53	5.64	5.81	6.06	6.55	7.10	7.52
% Ch	-8.3	0.3	2.0	2.9	4.3	8.1	8.4	6.0
Service-Providing	112.16	113.45	115.32	117.25	118.97	120.60	122.21	123.60
% Ch	-0.1	1.2	1.6	1.7	1.5	1.4	1.3	1.1
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	79.4	95.1	94.2	97.6	93.9	89.0	85.0	82.7
Personal Saving/Disposable Income (%)	5.6	5.7	5.6	4.5	5.2	5.5	6.1	6.7
Auto Sales (Millions)	5.6	6.1	7.2	7.6	7.8	8.0	8.6	8.7
% Ch	4.3	8.1	18.9	4.9	2.5	3.3	6.5	1.8
Housing Starts (Millions)	0.586	0.612	0.783	0.913	1.111	1.352	1.516	1.546
% Ch	5.7	4.5	28.0	16.6	21.6	21.7	12.1	2.0
Federal Budget Surplus (Billions)	-1,329.5	-1,248.3	-1,109.7	-749.8	-724.4	-677.5	-705.0	-782.1
Net Exports (Billions)	-518.5	-568.8	-547.2	-510.6	-512.0	-523.3	-522.9	-515.0
3-Month Treasury Bill Rate (%)	0.14	0.05	0.09	0.05	0.07	0.39	2.16	3.60
10-Year Treasury Note Yield (%)	3.21	2.79	1.80	2.31	2.93	3.23	3.75	4.41
Bond Index of 20 G.O. Munis. (%)	4.29	4.50	3.73	4.24	4.76	4.91	5.25	5.74
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	3.96	4.56	4.91	5.65	6.47

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 2009 Dollars)</b>								
Real Gross Domestic Product	15,381.6	15,427.7	15,534.0	15,539.6	15,583.9	15,679.7	15,790.1	15,858.7
% Ch , Annual Rate	3.7	1.2	2.8	0.1	1.1	2.5	2.8	1.7
Real Consumption	10,447.8	10,496.8	10,541.0	10,584.8	10,644.0	10,691.9	10,732.3	10,803.1
% Ch , Annual Rate	2.9	1.9	1.7	1.7	2.3	1.8	1.5	2.7
Real Nonresidential Fixed Investment	1,903.8	1,925.0	1,926.4	1,971.9	1,949.0	1,971.3	1,979.2	2,009.3
% Ch , Annual Rate	5.8	4.5	0.3	9.8	-4.6	4.7	1.6	6.2
Real Residential Fixed Investment	417.2	423.0	437.3	457.5	471.2	487.1	504.0	508.7
% Ch , Annual Rate	22.9	5.7	14.2	19.8	12.5	14.2	14.6	3.8
Real Personal Income	12,845.8	12,909.5	12,902.5	13,199.1	13,025.9	13,159.9	13,220.6	13,336.1
% Ch , Annual Rate	5.2	2.0	-0.2	9.5	-5.1	4.2	1.9	3.5
Real Per Capita Income (\$/Person)	40,950	41,078	40,977	41,838	41,209	41,553	41,664	41,947
% Ch , Annual Rate	4.5	1.3	-1.0	8.7	-5.9	3.4	1.1	2.7
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.055	1.057	1.062	1.066	1.069	1.069	1.074	1.075
% Ch , Annual Rate	2.3	1.1	1.7	1.6	1.1	-0.1	1.9	0.6
U.S. Consumer Price Index (1982-84=1.0)	2.283	2.288	2.300	2.313	2.321	2.321	2.336	2.337
% Ch , Annual Rate	2.3	1.0	2.1	2.2	1.4	0.0	2.6	0.2
Employment Cost Index (Dec. 2005=1.0)	1.153	1.158	1.163	1.167	1.173	1.180	1.186	1.192
% Ch , Annual Rate	2.1	1.7	1.7	1.4	2.1	2.4	2.0	2.0
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	16,041.6	16,160.4	16,356.0	16,420.3	16,535.3	16,661.0	16,857.6	16,952.8
% Ch , Annual Rate	5.8	3.0	4.9	1.6	2.8	3.1	4.8	2.3
Personal Income	13,548.6	13,651.8	13,701.6	14,073.1	13,925.9	14,065.0	14,197.7	14,342.0
% Ch , Annual Rate	7.6	3.1	1.5	11.3	-4.1	4.1	3.8	4.1
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	154.6	154.9	154.9	155.5	155.4	155.6	155.6	155.0
Total U.S. Employment	141.9	142.2	142.5	143.3	143.4	143.8	144.3	143.9
Unemployment Rate (%)	8.27	8.17	8.03	7.83	7.73	7.57	7.30	7.20
Nonfarm Payroll Employment	133.06	133.51	133.92	134.46	135.11	135.69	136.16	136.69
% Ch , Annual Rate	2.4	1.4	1.2	1.6	1.9	1.7	1.4	1.6
Manufacturing	11.87	11.93	11.94	11.94	11.98	11.97	11.96	11.99
% Ch , Annual Rate	3.3	1.8	0.5	-0.1	1.3	-0.3	-0.4	1.2
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.51	7.52	7.55
% Ch , Annual Rate	4.8	2.3	0.7	0.0	1.4	0.2	0.2	1.8
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.46	4.44	4.45
% Ch , Annual Rate	0.8	1.1	0.1	-0.1	1.1	-1.0	-1.5	0.2
Construction	5.64	5.62	5.63	5.68	5.77	5.79	5.81	5.85
% Ch , Annual Rate	3.6	-0.9	0.4	3.4	6.8	1.6	1.1	2.9
Service-Providing	114.70	115.10	115.50	115.99	116.49	117.05	117.51	117.96
% Ch , Annual Rate	2.1	1.4	1.4	1.7	1.7	1.9	1.6	1.5
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	102.9	93.5	92.3	88.2	94.3	94.2	105.8	96.1
Personal Saving/Disposable Income (%)	5.4	5.5	4.9	6.6	4.1	4.5	4.7	4.8
Auto Sales (Millions)	7.2	7.1	7.2	7.5	7.5	7.5	7.7	7.7
% Ch , Annual Rate	71.7	-8.1	4.9	19.0	3.2	-4.7	13.8	0.0
Housing Starts (Millions)	0.714	0.741	0.781	0.896	0.957	0.869	0.894	0.934
% Ch , Annual Rate	27.9	15.6	23.8	73.2	30.1	-32.2	12.0	19.2
Federal Budget Surplus (Billions)	-1,094.0	-1,146.9	-1,119.3	-1,078.5	-853.1	-660.1	-799.1	-686.7
Net Exports (Billions)	-590.8	-557.9	-524.4	-515.8	-523.1	-509.0	-493.1	-517.0
3-Month Treasury Bill Rate (%)	0.07	0.09	0.10	0.09	0.09	0.05	0.03	0.04
10-Year Treasury Note Yield (%)	2.04	1.82	1.64	1.71	1.95	2.00	2.71	2.60
Bond Index of 20 G.O. Munis. (%)	3.75	3.88	3.75	3.54	3.74	3.97	4.69	4.55
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.69	4.44	4.20



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 2009 Dollars)</b>								
Real Gross Domestic Product	15,962.8	16,072.7	16,184.7	16,294.9	16,415.9	16,538.1	16,660.5	16,771.4
% Ch , Annual Rate	2.7	2.8	2.8	2.8	3.0	3.0	3.0	2.7
Real Consumption	10,867.0	10,935.5	11,008.8	11,084.2	11,160.1	11,234.1	11,309.0	11,377.3
% Ch , Annual Rate	2.4	2.5	2.7	2.8	2.8	2.7	2.7	2.4
Real Nonresidential Fixed Investment	2,038.0	2,071.8	2,098.4	2,116.5	2,146.0	2,177.1	2,212.7	2,246.9
% Ch , Annual Rate	5.8	6.8	5.2	3.5	5.7	5.9	6.7	6.3
Real Residential Fixed Investment	529.4	554.8	580.2	595.6	610.6	630.7	647.5	662.7
% Ch , Annual Rate	17.4	20.6	19.6	11.0	10.5	13.9	11.1	9.7
Real Personal Income	13,473.9	13,564.4	13,672.1	13,779.2	13,908.8	14,005.4	14,096.8	14,196.4
% Ch , Annual Rate	4.2	2.7	3.2	3.2	3.8	2.8	2.6	2.9
Real Per Capita Income (\$/Person)	42,299	42,501	42,756	43,008	43,329	43,546	43,745	43,970
% Ch , Annual Rate	3.4	1.9	2.4	2.4	3.0	2.0	1.8	2.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.079	1.084	1.088	1.092	1.096	1.100	1.104	1.108
% Ch , Annual Rate	1.4	1.7	1.5	1.4	1.7	1.5	1.6	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.346	2.358	2.368	2.376	2.387	2.397	2.407	2.416
% Ch , Annual Rate	1.5	2.0	1.7	1.5	1.8	1.6	1.7	1.5
Employment Cost Index (Dec. 2005=1.0)	1.199	1.205	1.212	1.218	1.225	1.232	1.239	1.247
% Ch , Annual Rate	2.3	2.1	2.2	2.1	2.4	2.3	2.4	2.5
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	17,147.3	17,354.9	17,556.3	17,746.6	17,961.7	18,166.7	18,375.5	18,567.2
% Ch , Annual Rate	4.7	4.9	4.7	4.4	4.9	4.6	4.7	4.2
Personal Income	14,541.4	14,700.2	14,873.8	15,041.2	15,245.1	15,407.5	15,568.0	15,734.8
% Ch , Annual Rate	5.7	4.4	4.8	4.6	5.5	4.3	4.2	4.4
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	157.0	157.5	157.9	158.3	158.7	159.0	159.3	159.7
Total U.S. Employment	145.8	146.5	147.1	147.7	148.3	148.8	149.2	149.7
Unemployment Rate (%)	7.09	6.95	6.81	6.69	6.55	6.44	6.34	6.25
Nonfarm Payroll Employment	137.26	137.86	138.45	139.02	139.63	140.19	140.75	141.36
% Ch , Annual Rate	1.7	1.8	1.7	1.6	1.8	1.6	1.6	1.7
Manufacturing	12.06	12.19	12.31	12.33	12.38	12.41	12.45	12.49
% Ch , Annual Rate	2.1	4.4	4.2	0.6	1.6	0.9	1.3	1.4
Durable Manufacturing	7.60	7.72	7.85	7.88	7.93	7.97	8.01	8.06
% Ch , Annual Rate	2.7	6.6	6.6	1.6	2.6	1.9	2.4	2.4
Nondurable Manufacturing	4.46	4.47	4.47	4.45	4.45	4.44	4.43	4.43
% Ch , Annual Rate	1.0	0.9	0.0	-1.1	-0.3	-0.8	-0.7	-0.3
Construction	5.91	5.99	6.11	6.22	6.34	6.47	6.62	6.76
% Ch , Annual Rate	3.9	5.7	7.8	7.6	7.8	8.9	9.4	8.5
Service-Providing	118.40	118.79	119.14	119.57	120.02	120.40	120.78	121.20
% Ch , Annual Rate	1.5	1.3	1.2	1.5	1.5	1.3	1.2	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	94.7	94.8	93.7	92.3	90.8	89.5	88.2	87.3
Personal Saving/Disposable Income (%)	5.2	5.2	5.2	5.3	5.4	5.5	5.5	5.6
Auto Sales (Millions)	7.7	7.8	7.9	7.8	7.9	8.1	8.0	8.2
% Ch , Annual Rate	-1.0	4.2	6.6	-2.7	2.4	10.1	-1.2	8.1
Housing Starts (Millions)	1.011	1.087	1.143	1.202	1.265	1.321	1.384	1.440
% Ch , Annual Rate	37.4	33.7	22.0	22.5	22.5	19.0	20.4	17.2
Federal Budget Surplus (Billions)	-746.9	-737.4	-711.8	-701.6	-696.0	-687.7	-671.6	-654.4
Net Exports (Billions)	-507.8	-514.0	-511.1	-515.1	-518.0	-523.8	-524.0	-527.3
3-Month Treasury Bill Rate (%)	0.06	0.07	0.07	0.07	0.07	0.13	0.42	0.95
10-Year Treasury Note Yield (%)	2.76	2.92	2.99	3.03	3.11	3.17	3.23	3.39
Bond Index of 20 G.O. Munis. (%)	4.69	4.75	4.78	4.81	4.84	4.87	4.93	5.01
30-Year Fixed Mortgage Rate (%)	4.37	4.54	4.65	4.67	4.74	4.83	4.91	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 2009 Dollars)</b>								
Real Gross Domestic Product	16,878.5	16,998.2	17,122.2	17,245.8	17,346.6	17,458.6	17,578.8	17,703.3
% Ch , Annual Rate	2.6	2.9	2.9	2.9	2.4	2.6	2.8	2.9
Real Consumption	11,453.6	11,523.8	11,596.6	11,678.5	11,744.6	11,821.6	11,901.6	11,987.5
% Ch , Annual Rate	2.7	2.5	2.5	2.9	2.3	2.6	2.7	2.9
Real Nonresidential Fixed Investment	2,280.0	2,319.5	2,358.7	2,394.1	2,422.4	2,452.9	2,483.5	2,513.9
% Ch , Annual Rate	6.0	7.1	6.9	6.1	4.8	5.1	5.1	5.0
Real Residential Fixed Investment	677.6	687.0	690.5	691.7	691.5	688.8	685.5	686.5
% Ch , Annual Rate	9.3	5.6	2.1	0.7	-0.2	-1.5	-1.9	0.6
Real Personal Income	14,338.2	14,443.3	14,551.4	14,672.1	14,809.7	14,929.4	15,041.3	15,155.7
% Ch , Annual Rate	4.1	3.0	3.0	3.4	3.8	3.3	3.0	3.1
Real Per Capita Income (\$/Person)	44,324	44,563	44,810	45,095	45,431	45,710	45,964	46,226
% Ch , Annual Rate	3.3	2.2	2.2	2.6	3.0	2.5	2.2	2.3
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.113	1.117	1.122	1.125	1.130	1.134	1.138	1.142
% Ch , Annual Rate	1.7	1.6	1.5	1.4	1.5	1.4	1.4	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.427	2.437	2.446	2.455	2.464	2.474	2.483	2.493
% Ch , Annual Rate	1.9	1.6	1.5	1.4	1.6	1.5	1.6	1.6
Employment Cost Index (Dec. 2005=1.0)	1.254	1.262	1.269	1.276	1.284	1.291	1.297	1.304
% Ch , Annual Rate	2.5	2.4	2.4	2.3	2.3	2.2	2.1	2.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	18,775.1	18,983.1	19,189.9	19,394.2	19,587.5	19,780.2	19,982.5	20,191.8
% Ch , Annual Rate	4.6	4.5	4.4	4.3	4.0	4.0	4.2	4.3
Personal Income	15,960.0	16,139.2	16,319.9	16,512.8	16,731.4	16,926.8	17,113.8	17,304.2
% Ch , Annual Rate	5.9	4.6	4.6	4.8	5.4	4.8	4.5	4.5
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	160.0	160.3	160.6	160.9	161.2	161.4	161.6	161.9
Total U.S. Employment	150.1	150.5	150.8	151.2	151.5	151.8	152.0	152.3
Unemployment Rate (%)	6.20	6.14	6.09	6.03	6.00	5.98	5.95	5.90
Nonfarm Payroll Employment	141.89	142.47	143.03	143.59	143.99	144.40	144.76	145.15
% Ch , Annual Rate	1.5	1.6	1.6	1.6	1.1	1.1	1.0	1.1
Manufacturing	12.51	12.51	12.51	12.52	12.52	12.52	12.51	12.50
% Ch , Annual Rate	0.6	-0.1	0.2	0.0	0.2	0.0	-0.3	-0.4
Durable Manufacturing	8.09	8.09	8.11	8.12	8.13	8.13	8.12	8.10
% Ch , Annual Rate	1.3	0.3	0.8	0.5	0.3	0.0	-0.3	-0.7
Nondurable Manufacturing	4.42	4.41	4.41	4.40	4.40	4.40	4.39	4.39
% Ch , Annual Rate	-0.7	-0.8	-0.8	-0.8	-0.1	0.0	-0.2	0.1
Construction	6.90	7.04	7.17	7.29	7.39	7.49	7.57	7.63
% Ch , Annual Rate	8.4	8.4	7.7	6.8	6.0	5.3	4.2	3.5
Service-Providing	121.56	122.00	122.42	122.85	123.14	123.45	123.75	124.08
% Ch , Annual Rate	1.2	1.4	1.4	1.4	1.0	1.0	1.0	1.1
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	86.2	85.3	84.5	84.0	83.5	82.9	82.4	82.1
Personal Saving/Disposable Income (%)	5.9	6.0	6.2	6.3	6.5	6.7	6.8	6.9
Auto Sales (Millions)	8.3	8.6	8.7	8.7	8.7	8.8	8.8	8.7
% Ch , Annual Rate	6.5	14.1	3.1	-0.7	1.0	5.3	-1.6	-3.9
Housing Starts (Millions)	1.490	1.512	1.530	1.534	1.545	1.538	1.543	1.558
% Ch , Annual Rate	14.6	6.1	4.8	1.1	3.0	-1.8	1.2	3.8
Federal Budget Surplus (Billions)	-688.7	-697.2	-704.9	-729.2	-740.0	-774.1	-792.2	-822.0
Net Exports (Billions)	-525.5	-521.3	-520.8	-524.1	-516.5	-518.1	-512.9	-512.5
3-Month Treasury Bill Rate (%)	1.41	1.91	2.41	2.90	3.33	3.64	3.71	3.71
10-Year Treasury Note Yield (%)	3.56	3.67	3.81	3.95	4.19	4.40	4.52	4.51
Bond Index of 20 G.O. Munis. (%)	5.09	5.18	5.30	5.44	5.61	5.75	5.81	5.81
30-Year Fixed Mortgage Rate (%)	5.35	5.54	5.74	5.97	6.23	6.47	6.59	6.59

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 2009 Dollars)</b>								
Real Personal Income	282.080	291.195	299.290	305.188	316.859	327.960	339.342	351.859
% Ch	0.5	3.2	2.8	2.0	3.8	3.5	3.5	3.7
Real Wage and Salary Disb.	145.520	148.896	154.034	157.649	162.636	168.276	173.471	178.422
% Ch	-0.5	2.3	3.5	2.3	3.2	3.5	3.1	2.9
Real Nonwage Income	136.560	142.299	145.256	147.539	154.223	159.684	165.872	173.437
% Ch	1.5	4.2	2.1	1.6	4.5	3.5	3.9	4.6
Real Per Capita Income (\$/Person)	41,765	42,621	43,335	43,714	44,891	45,939	46,988	48,149
% Ch	-0.5	2.0	1.7	0.9	2.7	2.3	2.3	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.017	1.041	1.060	1.072	1.086	1.102	1.119	1.136
% Ch	1.7	2.4	1.8	1.1	1.3	1.5	1.6	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.267	2.328	2.386	2.417	2.455	2.500	2.546	2.589
% Ch	0.3	2.7	2.5	1.3	1.6	1.9	1.8	1.7
Average Nonfarm Annual Wage	50,755	52,630	54,506	55,258	56,776	58,613	60,340	62,044
% Ch	2.5	3.7	3.6	1.4	2.7	3.2	2.9	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.49	23.98	24.14	24.28	24.81	25.27	25.78	26.25
% Ch	0.4	2.1	0.7	0.6	2.2	1.9	2.0	1.8
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	286.744	303.088	317.280	327.105	344.001	361.500	379.868	399.648
% Ch	2.1	5.7	4.7	3.1	5.2	5.1	5.1	5.2
Disposable Personal Income	259.271	270.830	282.698	288.696	303.404	318.655	335.426	353.521
% Ch	2.0	4.5	4.4	2.1	5.1	5.0	5.3	5.4
Per Capita Income (\$/Person)	42,456	44,361	45,939	46,853	48,735	50,636	52,599	54,688
% Ch	1.2	4.5	3.6	2.0	4.0	3.9	3.9	4.0
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,515.1	3,482.4	3,481.8	3,481.0	3,533.1	3,580.3	3,625.3	3,669.0
Total Washington Employment	3,166.5	3,161.9	3,197.6	3,235.9	3,298.3	3,357.1	3,406.2	3,450.4
Unemployment Rate (%)	9.92	9.21	8.16	7.04	6.65	6.24	6.05	5.96
Nonfarm Payroll Employment	2,788.8	2,824.8	2,872.9	2,933.6	2,984.9	3,040.5	3,094.5	3,142.4
% Ch	-1.3	1.3	1.7	2.1	1.8	1.9	1.8	1.5
Manufacturing	258.2	268.7	280.3	286.3	290.4	295.4	297.2	298.2
% Ch	-2.8	4.1	4.3	2.2	1.4	1.7	0.6	0.3
Durable Manufacturing	184.3	193.4	204.6	209.4	211.8	216.1	217.3	217.5
% Ch	-3.3	4.9	5.8	2.3	1.2	2.0	0.6	0.1
Aerospace	80.8	86.6	94.3	96.3	93.5	91.7	89.8	88.0
% Ch	-2.5	7.1	8.9	2.2	-2.9	-2.0	-2.0	-2.0
Nondurable Manufacturing	73.9	75.3	75.7	77.0	78.6	79.3	79.9	80.7
% Ch	-1.3	1.9	0.5	1.7	2.1	0.9	0.7	1.0
Construction	140.7	136.4	139.0	147.8	153.4	162.2	172.7	182.0
% Ch	-11.9	-3.1	1.9	6.4	3.8	5.7	6.5	5.4
Service-Providing	2,384.1	2,413.8	2,447.7	2,493.5	2,534.9	2,575.9	2,617.0	2,654.7
% Ch	-0.4	1.2	1.4	1.9	1.7	1.6	1.6	1.4
Software Publishers	50.9	51.7	52.4	53.9	54.9	55.4	56.3	57.2
% Ch	-1.1	1.5	1.4	2.8	2.0	0.9	1.6	1.6
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	20.691	20.864	28.118	30.419	33.130	38.066	40.996	41.008
% Ch	21.6	0.8	34.8	8.2	8.9	14.9	7.7	0.0
Single-Family	14.702	13.159	16.508	18.976	20.845	24.357	27.510	28.362
% Ch	13.2	-10.5	25.5	15.0	9.9	16.8	12.9	3.1
Multi-Family	5.989	7.705	11.610	11.443	12.285	13.709	13.486	12.646
% Ch	49.0	28.7	50.7	-1.4	7.4	11.6	-1.6	-6.2
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	3.96	4.56	4.91	5.65	6.47

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 2009 Dollars)</b>								
Real Personal Income	296.935	297.593	298.196	304.436	301.074	304.262	306.457	308.960
% Ch, Annual Rate	5.6	0.9	0.8	8.6	-4.3	4.3	2.9	3.3
Real Wage and Salary Disb.	153.589	152.667	154.160	155.720	156.214	157.294	158.029	159.058
% Ch, Annual Rate	10.0	-2.4	4.0	4.1	1.3	2.8	1.9	2.6
Real Nonwage Income	143.346	144.927	144.036	148.715	144.860	146.968	148.427	149.902
% Ch, Annual Rate	1.2	4.5	-2.4	13.6	-10.0	5.9	4.0	4.0
Real Per Capita Income (\$/Person)	43,168	43,148	43,120	43,904	43,303	43,644	43,838	44,073
% Ch, Annual Rate	4.5	-0.2	-0.3	7.5	-5.4	3.2	1.8	2.2
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.055	1.057	1.062	1.066	1.069	1.069	1.074	1.075
% Ch, Annual Rate	2.3	1.1	1.7	1.6	1.1	-0.1	1.9	0.6
Seattle Cons. Price Index (1982-84=1.0)	2.366	2.383	2.396	2.401	2.404	2.414	2.422	2.426
% Ch, Annual Rate	1.2	2.9	2.2	0.8	0.6	1.7	1.3	0.6
Average Nonfarm Annual Wage	54,566	54,020	54,493	54,946	54,900	55,048	55,403	55,680
% Ch, Annual Rate	10.7	-3.9	3.5	3.4	-0.3	1.1	2.6	2.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.02	24.06	24.12	24.37	24.11	24.18	24.30	24.54
% Ch, Annual Rate	-1.4	0.6	1.0	4.2	-4.2	1.2	1.9	4.0
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	313.172	314.699	316.659	324.589	321.869	325.184	329.103	332.262
% Ch, Annual Rate	8.0	2.0	2.5	10.4	-3.3	4.2	4.9	3.9
Disposable Personal Income	279.357	280.584	282.073	288.777	284.218	286.692	290.635	293.241
% Ch, Annual Rate	7.4	1.8	2.1	9.9	-6.2	3.5	5.6	3.6
Per Capita Income (\$/Person)	45,529	45,628	45,789	46,810	46,293	46,645	47,077	47,397
% Ch, Annual Rate	6.9	0.9	1.4	9.2	-4.3	3.1	3.8	2.7
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,490.9	3,488.9	3,476.8	3,470.6	3,469.3	3,492.9	3,484.4	3,477.3
Total Washington Employment	3,195.7	3,196.4	3,193.1	3,205.4	3,211.0	3,253.5	3,242.7	3,236.5
Unemployment Rate (%)	8.46	8.39	8.16	7.64	7.45	6.85	6.94	6.92
Nonfarm Payroll Employment	2,847.4	2,865.1	2,880.6	2,898.4	2,917.1	2,928.5	2,939.8	2,948.8
% Ch, Annual Rate	1.3	2.5	2.2	2.5	2.6	1.6	1.5	1.2
Manufacturing	275.6	278.7	282.4	284.4	286.5	286.8	286.3	285.8
% Ch, Annual Rate	2.9	4.7	5.4	2.8	2.9	0.5	-0.7	-0.6
Durable Manufacturing	200.2	203.1	206.4	208.7	210.1	209.8	209.3	208.2
% Ch, Annual Rate	5.3	5.9	6.7	4.4	2.8	-0.6	-0.9	-2.2
Aerospace	91.5	93.1	95.6	96.8	97.2	96.9	96.5	94.7
% Ch, Annual Rate	5.9	7.1	11.3	5.1	1.6	-1.4	-1.7	-7.0
Nondurable Manufacturing	75.4	75.7	76.0	75.7	76.3	77.0	76.9	77.7
% Ch, Annual Rate	-3.2	1.4	1.9	-1.5	3.2	3.5	-0.2	3.9
Construction	135.8	138.1	139.3	142.7	146.4	147.6	148.8	148.4
% Ch, Annual Rate	-0.5	7.0	3.4	10.2	10.8	3.2	3.4	-1.1
Service-Providing	2,430.1	2,442.4	2,453.0	2,465.4	2,478.3	2,488.2	2,498.7	2,508.6
% Ch, Annual Rate	1.3	2.1	1.7	2.0	2.1	1.6	1.7	1.6
Software Publishers	52.2	52.3	52.5	52.7	53.0	53.7	54.3	54.5
% Ch, Annual Rate	1.8	0.6	2.2	0.9	2.6	5.3	4.4	1.6
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	26.575	26.901	28.024	30.972	36.029	27.663	27.856	30.127
% Ch, Annual Rate	126.0	5.0	17.8	49.2	83.1	-65.2	2.8	36.8
Single-Family	14.808	15.255	16.976	18.993	18.876	19.200	18.477	19.351
% Ch, Annual Rate	45.6	12.7	53.3	56.7	-2.4	7.1	-14.2	20.3
Multi-Family	11.767	11.646	11.048	11.979	17.153	8.463	9.378	10.776
% Ch, Annual Rate	325.2	-4.1	-19.0	38.2	320.4	-94.1	50.8	74.3
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.69	4.44	4.20

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 2009 Dollars)</b>								
Real Personal Income	312.554	315.369	318.707	320.808	324.003	326.777	329.518	331.544
% Ch, Annual Rate	4.7	3.7	4.3	2.7	4.0	3.5	3.4	2.5
Real Wage and Salary Disb.	160.287	161.904	163.819	164.533	165.916	167.611	169.365	170.214
% Ch, Annual Rate	3.1	4.1	4.8	1.8	3.4	4.1	4.3	2.0
Real Nonwage Income	152.267	153.464	154.888	156.275	158.087	159.166	160.153	161.330
% Ch, Annual Rate	6.5	3.2	3.8	3.6	4.7	2.8	2.5	3.0
Real Per Capita Income (\$/Person)	44,466	44,744	45,092	45,261	45,581	45,840	46,092	46,243
% Ch, Annual Rate	3.6	2.5	3.1	1.5	2.9	2.3	2.2	1.3
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.079	1.084	1.088	1.092	1.096	1.100	1.104	1.108
% Ch, Annual Rate	1.4	1.7	1.5	1.4	1.7	1.5	1.6	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.436	2.450	2.461	2.472	2.484	2.495	2.506	2.517
% Ch, Annual Rate	1.7	2.2	1.9	1.7	1.9	1.8	1.9	1.7
Average Nonfarm Annual Wage	56,008	56,532	57,177	57,386	57,814	58,392	58,995	59,249
% Ch, Annual Rate	2.4	3.8	4.6	1.5	3.0	4.1	4.2	1.7
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.65	24.76	24.87	24.97	25.09	25.21	25.33	25.46
% Ch, Annual Rate	1.9	1.7	1.8	1.6	2.0	1.9	2.0	2.1
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	337.319	341.775	346.719	350.189	355.132	359.489	363.908	367.470
% Ch, Annual Rate	6.2	5.4	5.9	4.1	5.8	5.0	5.0	4.0
Disposable Personal Income	297.586	301.541	305.682	308.808	312.892	316.763	320.899	324.065
% Ch, Annual Rate	6.1	5.4	5.6	4.2	5.4	5.0	5.3	4.0
Per Capita Income (\$/Person)	47,989	48,490	49,055	49,406	49,961	50,429	50,902	51,253
% Ch, Annual Rate	5.1	4.2	4.7	2.9	4.6	3.8	3.8	2.8
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,513.9	3,527.3	3,539.7	3,551.5	3,563.1	3,574.6	3,586.1	3,597.6
Total Washington Employment	3,274.1	3,291.0	3,306.7	3,321.4	3,336.6	3,350.4	3,364.2	3,377.1
Unemployment Rate (%)	6.82	6.70	6.58	6.48	6.36	6.27	6.19	6.13
Nonfarm Payroll Employment	2,963.5	2,978.5	2,992.2	3,005.6	3,020.3	3,033.5	3,047.1	3,061.2
% Ch, Annual Rate	2.0	2.0	1.9	1.8	2.0	1.8	1.8	1.9
Manufacturing	286.9	289.5	292.3	293.0	294.1	294.9	295.8	296.6
% Ch, Annual Rate	1.4	3.7	3.9	0.9	1.6	1.1	1.2	1.1
Durable Manufacturing	208.8	210.9	213.4	214.1	215.0	215.7	216.5	217.0
% Ch, Annual Rate	1.3	4.0	4.9	1.3	1.8	1.2	1.4	1.1
Aerospace	94.2	93.8	93.3	92.8	92.4	91.9	91.4	91.0
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	78.0	78.6	78.8	78.8	79.1	79.2	79.4	79.6
% Ch, Annual Rate	1.9	2.7	1.4	0.0	1.2	0.6	0.8	1.2
Construction	150.4	152.7	154.4	156.1	158.7	160.9	163.4	165.9
% Ch, Annual Rate	5.6	6.3	4.5	4.5	6.7	5.9	6.2	6.3
Service-Providing	2,520.2	2,530.2	2,539.3	2,550.0	2,560.8	2,570.7	2,580.8	2,591.4
% Ch, Annual Rate	1.9	1.6	1.4	1.7	1.7	1.6	1.6	1.7
Software Publishers	54.8	54.8	54.9	55.0	55.1	55.3	55.5	55.7
% Ch, Annual Rate	2.5	0.2	0.7	0.6	0.5	1.3	1.4	1.7
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	31.368	32.447	33.839	34.867	36.121	37.472	38.767	39.904
% Ch, Annual Rate	17.5	14.5	18.3	12.7	15.2	15.8	14.6	12.3
Single-Family	19.745	20.397	21.274	21.965	22.752	23.918	24.891	25.864
% Ch, Annual Rate	8.4	13.9	18.4	13.6	15.1	22.1	17.3	16.6
Multi-Family	11.623	12.050	12.564	12.901	13.369	13.554	13.875	14.039
% Ch, Annual Rate	35.3	15.5	18.2	11.2	15.3	5.7	9.8	4.8
30-Year Fixed Mortgage Rate (%)	4.37	4.54	4.65	4.67	4.74	4.83	4.91	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 2009 Dollars)</b>								
Real Personal Income	335.001	337.941	340.791	343.636	347.128	350.492	353.492	356.321
% Ch, Annual Rate	4.2	3.6	3.4	3.4	4.1	3.9	3.5	3.2
Real Wage and Salary Disb.	171.439	172.914	174.253	175.278	176.510	177.916	179.119	180.141
% Ch, Annual Rate	2.9	3.5	3.1	2.4	2.8	3.2	2.7	2.3
Real Nonwage Income	163.563	165.027	166.539	168.358	170.618	172.576	174.373	176.180
% Ch, Annual Rate	5.7	3.6	3.7	4.4	5.5	4.7	4.2	4.2
Real Per Capita Income (\$/Person)	46,591	46,864	47,121	47,375	47,716	48,036	48,302	48,543
% Ch, Annual Rate	3.0	2.4	2.2	2.2	2.9	2.7	2.2	2.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.113	1.117	1.122	1.125	1.130	1.134	1.138	1.142
% Ch, Annual Rate	1.7	1.6	1.5	1.4	1.5	1.4	1.4	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.529	2.540	2.551	2.562	2.573	2.583	2.594	2.605
% Ch, Annual Rate	2.0	1.8	1.7	1.6	1.8	1.7	1.7	1.7
Average Nonfarm Annual Wage	59,663	60,165	60,606	60,926	61,347	61,858	62,299	62,673
% Ch, Annual Rate	2.8	3.4	3.0	2.1	2.8	3.4	2.9	2.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.59	25.72	25.84	25.97	26.08	26.20	26.31	26.42
% Ch, Annual Rate	2.1	2.0	2.0	1.9	1.8	1.8	1.6	1.7
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	372.893	377.623	382.210	386.747	392.171	397.386	402.199	406.834
% Ch, Annual Rate	6.0	5.2	4.9	4.8	5.7	5.4	4.9	4.7
Disposable Personal Income	328.893	333.183	337.641	341.987	346.272	351.240	355.998	360.572
% Ch, Annual Rate	6.1	5.3	5.5	5.2	5.1	5.9	5.5	5.2
Per Capita Income (\$/Person)	51,860	52,367	52,848	53,319	53,907	54,462	54,958	55,424
% Ch, Annual Rate	4.8	4.0	3.7	3.6	4.5	4.2	3.7	3.4
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,608.8	3,619.9	3,630.8	3,641.8	3,652.8	3,663.6	3,674.5	3,685.2
Total Washington Employment	3,388.9	3,400.4	3,411.9	3,423.5	3,434.3	3,444.7	3,455.6	3,466.9
Unemployment Rate (%)	6.09	6.06	6.03	6.00	5.98	5.98	5.96	5.92
Nonfarm Payroll Employment	3,074.1	3,087.7	3,101.3	3,114.9	3,126.2	3,137.2	3,147.7	3,158.7
% Ch, Annual Rate	1.7	1.8	1.8	1.8	1.5	1.4	1.4	1.4
Manufacturing	297.0	297.1	297.3	297.5	297.8	298.1	298.3	298.4
% Ch, Annual Rate	0.5	0.1	0.3	0.2	0.5	0.4	0.2	0.2
Durable Manufacturing	217.3	217.3	217.4	217.5	217.5	217.5	217.5	217.3
% Ch, Annual Rate	0.5	0.0	0.2	0.1	0.2	0.0	-0.1	-0.3
Aerospace	90.5	90.1	89.6	89.1	88.7	88.3	87.8	87.4
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	79.7	79.8	80.0	80.0	80.3	80.6	80.8	81.1
% Ch, Annual Rate	0.6	0.6	0.5	0.4	1.2	1.5	1.1	1.5
Construction	168.7	171.4	174.0	176.7	179.1	181.3	183.1	184.6
% Ch, Annual Rate	6.9	6.5	6.4	6.3	5.6	4.8	4.1	3.4
Service-Providing	2,601.0	2,611.7	2,622.2	2,633.0	2,641.5	2,650.2	2,658.9	2,668.2
% Ch, Annual Rate	1.5	1.7	1.6	1.7	1.3	1.3	1.3	1.4
Software Publishers	56.0	56.2	56.4	56.6	56.9	57.1	57.3	57.5
% Ch, Annual Rate	1.8	1.6	1.6	1.6	1.8	1.6	1.6	1.5
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	40.698	40.970	41.179	41.138	41.203	40.929	40.882	41.019
% Ch, Annual Rate	8.2	2.7	2.1	-0.4	0.6	-2.6	-0.5	1.3
Single-Family	26.824	27.339	27.847	28.031	28.174	28.204	28.398	28.673
% Ch, Annual Rate	15.7	7.9	7.6	2.7	2.1	0.4	2.8	3.9
Multi-Family	13.874	13.631	13.332	13.107	13.029	12.726	12.483	12.345
% Ch, Annual Rate	-4.6	-6.8	-8.5	-6.6	-2.4	-9.0	-7.4	-4.3
30-Year Fixed Mortgage Rate (%)	5.35	5.54	5.74	5.97	6.23	6.47	6.59	6.59

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	135.91	138.15	140.48	142.75	144.57
% Ch	-0.7	1.2	1.7	1.6	1.6	1.7	1.6	1.3
Manufacturing	11.53	11.73	11.92	11.98	12.22	12.43	12.51	12.51
% Ch	-2.7	1.7	1.7	0.5	2.0	1.7	0.6	0.0
Durable Manufacturing	7.06	7.27	7.46	7.52	7.76	7.99	8.10	8.12
% Ch	-3.0	3.0	2.6	0.8	3.2	3.0	1.4	0.2
Wood Products	0.34	0.34	0.34	0.35	0.40	0.50	0.55	0.55
% Ch	-5.0	-1.5	0.4	2.9	15.7	23.1	10.9	-0.3
Primary and Fabricated Metals	1.64	1.74	1.81	1.83	1.89	1.96	2.00	2.02
% Ch	-1.8	5.6	4.5	1.0	3.3	3.5	2.1	0.9
Computer and Electronic Products	1.09	1.10	1.09	1.08	1.09	1.08	1.04	1.04
% Ch	-3.7	0.8	-0.9	-1.0	1.0	-1.4	-3.4	0.0
Machinery and Electrical Equipment	1.36	1.42	1.47	1.47	1.51	1.53	1.54	1.55
% Ch	-3.3	4.9	3.3	0.1	2.5	1.7	0.8	0.7
Transportation Equipment	1.33	1.38	1.46	1.49	1.52	1.56	1.58	1.57
% Ch	-1.1	3.6	5.4	2.3	2.3	2.2	1.6	-0.6
Other Durables	1.29	1.29	1.29	1.30	1.34	1.37	1.38	1.38
% Ch	-5.0	-0.1	0.1	0.5	3.3	2.1	0.9	-0.1
Nondurable Manufacturing	4.46	4.45	4.46	4.46	4.46	4.44	4.41	4.39
% Ch	-2.2	-0.2	0.1	0.0	0.1	-0.5	-0.7	-0.3
Food Manufacturing	1.45	1.46	1.47	1.47	1.48	1.49	1.50	1.52
% Ch	-0.4	0.5	0.7	0.0	0.8	0.9	0.7	0.9
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	-0.9	-0.4	-0.1	-0.3	-0.4
Other Nondurables	2.62	2.61	2.61	2.61	2.61	2.57	2.53	2.51
% Ch	-3.0	-0.4	0.0	0.0	-0.2	-1.3	-1.5	-1.1
Natural Resources and Mining	0.70	0.79	0.85	0.88	0.90	0.91	0.93	0.94
% Ch	1.5	11.8	8.0	2.9	2.6	0.9	2.8	0.6
Construction	5.52	5.53	5.64	5.81	6.06	6.55	7.10	7.52
% Ch	-8.3	0.3	2.0	2.9	4.3	8.1	8.4	6.0
Trade, Transportation, and Utilities	24.64	25.07	25.51	25.97	26.32	26.58	26.92	27.17
% Ch	-1.1	1.7	1.8	1.8	1.3	1.0	1.3	1.0
Wholesale Trade	5.45	5.54	5.67	5.76	5.82	5.92	6.05	6.16
% Ch	-2.4	1.7	2.4	1.5	1.1	1.7	2.2	1.8
Retail Trade	14.44	14.67	14.87	15.18	15.38	15.40	15.43	15.43
% Ch	-0.5	1.6	1.4	2.1	1.3	0.2	0.2	0.0
Trans., Warehousing, and Utilities	4.74	4.85	4.97	5.03	5.12	5.26	5.43	5.58
% Ch	-1.1	2.3	2.4	1.3	1.7	2.8	3.2	2.8
Information	2.71	2.67	2.68	2.69	2.69	2.69	2.74	2.79
% Ch	-3.4	-1.2	0.1	0.5	-0.1	0.0	1.9	2.0
Publishing Industries	0.76	0.75	0.74	0.73	0.72	0.70	0.69	0.69
% Ch	-4.7	-1.4	-1.5	-1.4	-1.4	-2.5	-0.7	-0.7
Other Information	1.95	1.93	1.94	1.96	1.97	1.99	2.05	2.10
% Ch	-2.9	-1.2	0.8	1.2	0.4	1.0	2.8	2.9
Financial Activities	7.70	7.70	7.79	7.89	7.89	7.90	7.87	7.77
% Ch	-1.8	0.0	1.2	1.3	0.1	0.1	-0.4	-1.2
Professional and Business Services	16.72	17.33	17.93	18.53	19.25	20.05	20.59	21.00
% Ch	0.9	3.6	3.5	3.4	3.9	4.2	2.7	2.0
Education and Health Services	19.53	19.89	20.32	20.68	20.93	21.20	21.66	22.06
% Ch	1.8	1.8	2.2	1.8	1.2	1.3	2.2	1.9
Leisure and Hospitality	13.04	13.35	13.75	14.16	14.42	14.60	14.73	14.90
% Ch	-0.2	2.4	3.0	3.0	1.8	1.3	0.9	1.2
Other Services	5.33	5.36	5.44	5.48	5.51	5.47	5.46	5.47
% Ch	-0.7	0.6	1.4	0.9	0.4	-0.6	-0.3	0.2
Federal Government	2.98	2.86	2.82	2.75	2.80	2.78	2.73	2.70
% Ch	5.2	-3.9	-1.5	-2.5	2.0	-0.6	-1.9	-1.2
State and Local Government	19.51	19.23	19.10	19.11	19.17	19.32	19.51	19.73
% Ch	-1.1	-1.4	-0.7	0.1	0.3	0.8	1.0	1.1

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	135.69	136.16	136.69
% Ch, Annual Rate	2.4	1.4	1.2	1.6	1.9	1.7	1.4	1.6
Manufacturing	11.87	11.93	11.94	11.94	11.98	11.97	11.96	11.99
% Ch, Annual Rate	3.3	1.8	0.5	-0.1	1.3	-0.3	-0.4	1.2
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.51	7.52	7.55
% Ch, Annual Rate	4.8	2.3	0.7	0.0	1.4	0.2	0.2	1.8
Wood Products	0.34	0.34	0.34	0.34	0.35	0.35	0.35	0.35
% Ch, Annual Rate	4.0	-2.4	-0.9	7.8	4.5	-1.0	3.4	6.6
Primary and Fabricated Metals	1.80	1.81	1.82	1.82	1.83	1.83	1.83	1.84
% Ch, Annual Rate	7.4	4.3	1.5	-0.1	1.3	0.6	0.3	1.5
Computer and Electronic Products	1.10	1.10	1.09	1.09	1.09	1.08	1.08	1.08
% Ch, Annual Rate	-1.2	-0.3	-1.9	-2.0	-0.6	-0.3	-0.6	-1.4
Machinery and Electrical Equipment	1.46	1.47	1.47	1.47	1.47	1.47	1.47	1.47
% Ch, Annual Rate	5.6	2.9	-0.4	-0.7	0.4	-1.0	0.4	1.6
Transportation Equipment	1.43	1.45	1.47	1.47	1.48	1.49	1.49	1.50
% Ch, Annual Rate	7.4	4.9	4.9	0.7	3.2	1.9	-0.8	3.1
Other Durables	1.30	1.30	1.29	1.29	1.30	1.30	1.30	1.31
% Ch, Annual Rate	3.0	-0.6	-1.2	-0.1	1.7	-0.3	1.2	2.3
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.46	4.44	4.45
% Ch, Annual Rate	0.8	1.1	0.1	-0.1	1.1	-1.0	-1.5	0.2
Food Manufacturing	1.46	1.47	1.48	1.47	1.47	1.47	1.46	1.47
% Ch, Annual Rate	1.5	3.0	1.5	-1.5	0.9	-0.2	-2.3	0.9
Paper and Paper Products	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.37
% Ch, Annual Rate	-2.6	-0.8	-2.3	-0.9	0.5	-0.7	-1.4	-2.7
Other Nondurables	2.61	2.61	2.61	2.61	2.62	2.61	2.60	2.61
% Ch, Annual Rate	0.9	0.3	-0.3	0.7	1.3	-1.5	-1.0	0.2
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	7.2	0.9	4.2	6.5
Construction	5.64	5.62	5.63	5.68	5.77	5.79	5.81	5.85
% Ch, Annual Rate	3.6	-0.9	0.4	3.4	6.8	1.6	1.1	2.9
Trade, Transportation, and Utilities	25.38	25.45	25.52	25.70	25.80	25.88	26.03	26.16
% Ch, Annual Rate	2.1	1.1	1.1	2.9	1.5	1.3	2.3	2.1
Wholesale Trade	5.63	5.67	5.69	5.71	5.73	5.75	5.78	5.78
% Ch, Annual Rate	3.2	2.3	1.7	1.3	1.8	1.0	2.1	0.3
Retail Trade	14.81	14.83	14.86	14.98	15.04	15.11	15.22	15.33
% Ch, Annual Rate	1.4	0.6	0.5	3.3	1.8	1.8	3.1	2.8
Trans., Warehousing, and Utilities	4.93	4.95	4.97	5.02	5.02	5.02	5.03	5.05
% Ch, Annual Rate	3.3	1.1	2.2	3.8	0.2	0.1	0.3	2.0
Information	2.68	2.68	2.68	2.68	2.69	2.69	2.69	2.69
% Ch, Annual Rate	-0.3	0.2	0.0	-0.2	2.4	-0.2	-0.6	0.1
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	-0.5	-1.3	-1.1
Other Information	1.94	1.94	1.94	1.94	1.96	1.96	1.96	1.96
% Ch, Annual Rate	0.7	0.7	0.2	0.8	3.9	-0.1	-0.4	0.5
Financial Activities	7.74	7.78	7.80	7.82	7.85	7.88	7.90	7.91
% Ch, Annual Rate	1.3	1.8	0.9	1.4	1.4	1.6	1.2	0.4
Professional and Business Services	17.74	17.88	17.99	18.11	18.28	18.49	18.63	18.73
% Ch, Annual Rate	4.8	3.1	2.5	2.7	3.8	4.6	3.1	2.3
Education and Health Services	20.17	20.28	20.37	20.47	20.55	20.65	20.73	20.80
% Ch, Annual Rate	2.3	2.2	1.8	2.0	1.6	1.9	1.5	1.4
Leisure and Hospitality	13.63	13.71	13.78	13.87	13.98	14.13	14.21	14.31
% Ch, Annual Rate	3.9	2.1	2.3	2.5	3.4	4.2	2.2	3.1
Other Services	5.42	5.42	5.44	5.46	5.47	5.48	5.49	5.50
% Ch, Annual Rate	1.8	0.6	1.4	1.6	0.8	0.5	0.4	0.8
Federal Government	2.83	2.82	2.81	2.80	2.79	2.76	2.73	2.70
% Ch, Annual Rate	-1.5	-1.4	-2.0	-1.0	-2.1	-3.6	-4.4	-3.8
State and Local Government	19.11	19.10	19.11	19.10	19.08	19.09	19.12	19.15
% Ch, Annual Rate	-0.4	-0.3	0.3	-0.7	-0.1	0.4	0.6	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	137.26	137.86	138.45	139.02	139.63	140.19	140.75	141.36
% Ch, Annual Rate	1.7	1.8	1.7	1.6	1.8	1.6	1.6	1.7
Manufacturing	12.06	12.19	12.31	12.33	12.38	12.41	12.45	12.49
% Ch, Annual Rate	2.1	4.4	4.2	0.6	1.6	0.9	1.3	1.4
Durable Manufacturing	7.60	7.72	7.85	7.88	7.93	7.97	8.01	8.06
% Ch, Annual Rate	2.7	6.6	6.6	1.6	2.6	1.9	2.4	2.4
Wood Products	0.36	0.39	0.42	0.44	0.46	0.49	0.51	0.53
% Ch, Annual Rate	8.2	38.7	30.5	24.1	22.7	19.9	18.4	15.9
Primary and Fabricated Metals	1.85	1.88	1.91	1.92	1.94	1.95	1.96	1.98
% Ch, Annual Rate	2.0	7.9	6.1	3.1	3.2	2.2	2.6	3.0
Computer and Electronic Products	1.08	1.08	1.11	1.10	1.09	1.08	1.07	1.07
% Ch, Annual Rate	0.7	0.4	11.8	-4.0	-2.9	-3.7	-3.0	-3.2
Machinery and Electrical Equipment	1.48	1.50	1.52	1.52	1.53	1.53	1.53	1.54
% Ch, Annual Rate	2.4	5.7	4.2	0.6	1.5	0.6	1.3	1.2
Transportation Equipment	1.51	1.52	1.53	1.53	1.54	1.55	1.56	1.57
% Ch, Annual Rate	2.6	3.8	2.9	0.4	2.5	2.1	2.8	2.9
Other Durables	1.32	1.34	1.36	1.36	1.36	1.37	1.37	1.38
% Ch, Annual Rate	4.4	6.3	4.0	0.4	1.8	1.5	2.0	1.9
Nondurable Manufacturing	4.46	4.47	4.47	4.45	4.45	4.44	4.43	4.43
% Ch, Annual Rate	1.0	0.9	0.0	-1.1	-0.3	-0.8	-0.7	-0.3
Food Manufacturing	1.47	1.48	1.49	1.48	1.49	1.49	1.49	1.50
% Ch, Annual Rate	0.9	2.9	1.3	-0.4	1.4	0.5	0.7	1.2
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.9	0.7	0.3	-0.6	-0.2	-0.2	0.1	0.5
Other Nondurables	2.61	2.61	2.60	2.59	2.59	2.58	2.57	2.56
% Ch, Annual Rate	1.0	-0.2	-0.8	-1.6	-1.3	-1.6	-1.5	-1.2
Natural Resources and Mining	0.90	0.90	0.90	0.90	0.90	0.90	0.91	0.91
% Ch, Annual Rate	3.9	-0.5	-0.6	0.3	0.7	2.1	1.7	2.9
Construction	5.91	5.99	6.11	6.22	6.34	6.47	6.62	6.76
% Ch, Annual Rate	3.9	5.7	7.8	7.6	7.8	8.9	9.4	8.5
Trade, Transportation, and Utilities	26.22	26.28	26.35	26.42	26.48	26.54	26.60	26.70
% Ch, Annual Rate	0.9	0.9	1.0	1.2	0.9	0.9	1.0	1.4
Wholesale Trade	5.79	5.82	5.84	5.85	5.88	5.91	5.93	5.97
% Ch, Annual Rate	0.6	1.8	1.3	1.2	1.9	1.7	1.8	2.3
Retail Trade	15.36	15.36	15.38	15.40	15.40	15.39	15.40	15.41
% Ch, Annual Rate	0.8	0.0	0.5	0.6	-0.2	0.0	0.1	0.4
Trans., Warehousing, and Utilities	5.07	5.10	5.13	5.16	5.20	5.24	5.27	5.32
% Ch, Annual Rate	1.4	2.5	2.3	2.7	2.9	2.8	2.9	3.5
Information	2.70	2.69	2.67	2.68	2.66	2.67	2.71	2.72
% Ch, Annual Rate	2.4	-1.5	-3.1	1.5	-3.0	1.4	5.5	1.4
Publishing Industries	0.73	0.72	0.71	0.71	0.70	0.70	0.70	0.70
% Ch, Annual Rate	1.4	-4.1	-2.8	-3.3	-3.6	-1.3	-1.1	-0.3
Other Information	1.98	1.97	1.96	1.97	1.96	1.97	2.01	2.02
% Ch, Annual Rate	2.8	-0.5	-3.2	3.3	-2.8	2.4	7.9	2.0
Financial Activities	7.91	7.87	7.89	7.91	7.91	7.90	7.90	7.90
% Ch, Annual Rate	-0.2	-1.9	0.9	0.9	0.2	-0.4	-0.1	0.0
Professional and Business Services	18.92	19.17	19.36	19.55	19.79	19.99	20.15	20.29
% Ch, Annual Rate	4.1	5.3	4.0	4.1	4.9	4.1	3.2	2.9
Education and Health Services	20.87	20.92	20.95	20.99	21.09	21.16	21.22	21.32
% Ch, Annual Rate	1.4	1.1	0.5	0.8	1.9	1.4	1.2	1.9
Leisure and Hospitality	14.35	14.39	14.43	14.50	14.55	14.59	14.61	14.66
% Ch, Annual Rate	1.0	1.1	1.3	2.0	1.3	1.0	0.7	1.1
Other Services	5.51	5.51	5.51	5.50	5.49	5.48	5.47	5.46
% Ch, Annual Rate	0.8	0.2	0.0	-1.1	-0.6	-0.7	-0.8	-0.5
Federal Government	2.78	2.80	2.82	2.80	2.80	2.79	2.78	2.77
% Ch, Annual Rate	11.8	3.1	1.9	-2.5	0.5	-1.7	-1.7	-1.6
State and Local Government	19.14	19.15	19.16	19.22	19.25	19.29	19.34	19.39
% Ch, Annual Rate	-0.2	0.3	0.2	1.2	0.7	0.8	1.0	1.0

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	141.89	142.47	143.03	143.59	143.99	144.40	144.76	145.15
% Ch, Annual Rate	1.5	1.6	1.6	1.6	1.1	1.1	1.0	1.1
Manufacturing	12.51	12.51	12.51	12.52	12.52	12.52	12.51	12.50
% Ch, Annual Rate	0.6	-0.1	0.2	0.0	0.2	0.0	-0.3	-0.4
Durable Manufacturing	8.09	8.09	8.11	8.12	8.13	8.13	8.12	8.10
% Ch, Annual Rate	1.3	0.3	0.8	0.5	0.3	0.0	-0.3	-0.7
Wood Products	0.54	0.55	0.55	0.56	0.55	0.55	0.55	0.54
% Ch, Annual Rate	11.7	6.8	3.3	0.8	-0.8	-2.5	-3.4	-3.2
Primary and Fabricated Metals	1.99	1.99	2.00	2.01	2.02	2.02	2.02	2.02
% Ch, Annual Rate	2.0	1.2	2.1	2.0	0.5	0.5	0.1	-0.5
Computer and Electronic Products	1.06	1.04	1.04	1.03	1.04	1.04	1.04	1.05
% Ch, Annual Rate	-3.9	-3.9	-2.7	-1.9	1.3	1.5	1.7	1.7
Machinery and Electrical Equipment	1.54	1.54	1.55	1.55	1.56	1.56	1.56	1.55
% Ch, Annual Rate	0.4	0.3	1.4	1.5	0.8	0.3	-0.2	-0.8
Transportation Equipment	1.58	1.58	1.58	1.58	1.58	1.58	1.57	1.56
% Ch, Annual Rate	2.1	0.1	0.3	-0.4	-0.5	-0.9	-1.2	-1.6
Other Durables	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
% Ch, Annual Rate	0.8	-0.2	0.3	0.0	0.1	-0.3	-0.4	-0.9
Nondurable Manufacturing	4.42	4.41	4.41	4.40	4.40	4.40	4.39	4.39
% Ch, Annual Rate	-0.7	-0.8	-0.8	-0.8	-0.1	0.0	-0.2	0.1
Food Manufacturing	1.50	1.50	1.51	1.51	1.51	1.52	1.52	1.52
% Ch, Annual Rate	0.6	0.7	0.6	0.3	1.1	1.3	0.9	1.2
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	-0.4	-0.6	-0.8	-0.9	-0.1	-0.1	-0.4	0.0
Other Nondurables	2.55	2.54	2.53	2.52	2.51	2.51	2.50	2.50
% Ch, Annual Rate	-1.5	-1.6	-1.6	-1.5	-0.7	-0.7	-0.9	-0.6
Natural Resources and Mining	0.92	0.93	0.94	0.94	0.94	0.94	0.94	0.94
% Ch, Annual Rate	3.9	3.0	2.3	1.0	0.4	-0.3	-0.6	0.2
Construction	6.90	7.04	7.17	7.29	7.39	7.49	7.57	7.63
% Ch, Annual Rate	8.4	8.4	7.7	6.8	6.0	5.3	4.2	3.5
Trade, Transportation, and Utilities	26.78	26.88	26.96	27.04	27.09	27.16	27.20	27.24
% Ch, Annual Rate	1.3	1.4	1.3	1.1	0.8	0.9	0.7	0.6
Wholesale Trade	6.00	6.04	6.07	6.10	6.13	6.15	6.18	6.20
% Ch, Annual Rate	2.3	2.4	2.3	2.0	1.7	1.7	1.6	1.5
Retail Trade	15.42	15.43	15.44	15.45	15.44	15.44	15.43	15.42
% Ch, Annual Rate	0.2	0.4	0.3	0.1	-0.2	0.0	-0.3	-0.3
Trans., Warehousing, and Utilities	5.36	5.41	5.45	5.49	5.53	5.56	5.59	5.62
% Ch, Annual Rate	3.4	3.3	3.1	2.9	2.8	2.5	2.3	2.2
Information	2.72	2.73	2.75	2.76	2.78	2.79	2.80	2.80
% Ch, Annual Rate	0.2	1.6	2.6	2.6	2.4	1.5	1.0	0.7
Publishing Industries	0.70	0.70	0.69	0.69	0.69	0.69	0.69	0.69
% Ch, Annual Rate	-0.2	-0.8	-0.9	-1.0	-0.4	-0.7	-0.9	-1.0
Other Information	2.02	2.03	2.05	2.07	2.09	2.10	2.11	2.12
% Ch, Annual Rate	0.4	2.4	3.9	3.8	3.3	2.3	1.6	1.3
Financial Activities	7.89	7.88	7.86	7.85	7.82	7.79	7.76	7.73
% Ch, Annual Rate	-0.3	-0.6	-1.0	-0.8	-1.1	-1.8	-1.7	-1.3
Professional and Business Services	20.39	20.51	20.67	20.80	20.88	20.94	21.04	21.14
% Ch, Annual Rate	1.9	2.4	3.2	2.7	1.4	1.1	1.9	2.0
Education and Health Services	21.47	21.62	21.71	21.83	21.90	22.02	22.11	22.22
% Ch, Annual Rate	2.8	2.9	1.7	2.1	1.3	2.3	1.7	2.0
Leisure and Hospitality	14.68	14.71	14.75	14.80	14.85	14.88	14.93	14.96
% Ch, Annual Rate	0.5	0.8	1.1	1.5	1.3	1.0	1.1	0.9
Other Services	5.46	5.46	5.46	5.46	5.46	5.46	5.47	5.47
% Ch, Annual Rate	-0.1	-0.1	-0.1	0.0	0.3	0.4	0.4	0.2
Federal Government	2.75	2.74	2.73	2.72	2.71	2.70	2.69	2.69
% Ch, Annual Rate	-3.0	-1.5	-1.4	-1.4	-0.8	-1.3	-1.2	-1.2
State and Local Government	19.44	19.49	19.54	19.59	19.64	19.70	19.75	19.82
% Ch, Annual Rate	1.0	1.1	1.0	1.2	1.0	1.1	1.1	1.4

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	2,933.6	2,984.9	3,040.5	3,094.5	3,142.4
% Ch	-1.3	1.3	1.7	2.1	1.8	1.9	1.8	1.5
Manufacturing	258.2	268.7	280.3	286.3	290.4	295.4	297.2	298.2
% Ch	-2.8	4.1	4.3	2.2	1.4	1.7	0.6	0.3
Durable Manufacturing	184.3	193.4	204.6	209.4	211.8	216.1	217.3	217.5
% Ch	-3.3	4.9	5.8	2.3	1.2	2.0	0.6	0.1
Wood Products	12.9	12.6	12.4	13.0	14.7	17.6	19.2	18.9
% Ch	-2.9	-2.4	-1.4	4.7	13.2	19.5	8.8	-1.2
Primary and Fabricated Metals	21.4	22.9	24.3	24.8	25.8	27.1	28.1	28.7
% Ch	-2.4	7.0	6.1	2.4	4.0	5.0	3.5	2.4
Computer and Electronic Products	19.1	19.7	20.2	20.2	21.0	20.9	20.3	20.6
% Ch	-4.8	3.2	2.3	0.1	4.0	-0.3	-3.2	1.7
Machinery and Electrical Equipment	15.7	17.3	18.4	19.4	20.7	22.0	23.1	24.2
% Ch	-3.7	10.3	6.2	5.6	6.6	6.3	5.1	4.8
Aerospace	80.8	86.6	94.3	96.3	93.5	91.7	89.8	88.0
% Ch	-2.5	7.1	8.9	2.2	-2.9	-2.0	-2.0	-2.0
Other Transportation Equip.	8.9	9.2	10.0	9.7	9.3	9.3	8.9	8.4
% Ch	-8.3	4.3	8.5	-2.9	-4.2	-0.4	-4.4	-5.1
Other Durables	25.5	25.0	25.0	25.8	26.7	27.4	28.0	28.5
% Ch	-3.6	-1.7	0.0	3.2	3.4	2.8	2.2	1.7
Nondurable Manufacturing	73.9	75.3	75.7	77.0	78.6	79.3	79.9	80.7
% Ch	-1.3	1.9	0.5	1.7	2.1	0.9	0.7	1.0
Food Manufacturing	33.6	34.7	34.8	35.8	36.3	36.7	37.0	37.3
% Ch	-1.0	3.2	0.4	2.7	1.5	1.0	0.8	1.0
Paper and Paper Products	9.4	9.0	8.2	8.2	8.2	8.2	8.1	8.1
% Ch	-3.8	-3.9	-8.7	-0.4	-0.1	-0.1	-0.3	-0.4
Other Nondurables	31.0	31.6	32.7	33.0	34.1	34.5	34.8	35.3
% Ch	-1.0	2.2	3.3	1.1	3.2	1.1	0.9	1.3
Natural Resources and Mining	5.9	6.0	5.9	6.0	6.2	7.0	7.6	7.6
% Ch	-2.7	1.5	-1.3	1.7	3.4	13.2	8.5	-0.6
Construction	140.7	136.4	139.0	147.8	153.4	162.2	172.7	182.0
% Ch	-11.9	-3.1	1.9	6.4	3.8	5.7	6.5	5.4
Trade, Transportation, and Utilities	516.9	525.2	536.1	550.7	559.4	565.4	572.6	579.0
% Ch	-1.1	1.6	2.1	2.7	1.6	1.1	1.3	1.1
Wholesale Trade	120.2	121.7	124.1	127.5	129.6	131.5	134.1	136.7
% Ch	-2.1	1.3	1.9	2.7	1.7	1.5	2.0	1.9
Retail Trade	308.1	312.7	319.3	329.7	335.1	337.1	339.3	340.9
% Ch	-0.4	1.5	2.1	3.3	1.6	0.6	0.7	0.5
Trans., Warehousing, and Utilities	88.6	90.7	92.7	93.5	94.6	96.7	99.2	101.4
% Ch	-2.1	2.3	2.2	0.9	1.2	2.2	2.5	2.2
Information	103.0	104.2	104.9	106.5	108.2	109.3	111.9	114.6
% Ch	-0.9	1.1	0.7	1.5	1.6	1.0	2.4	2.4
Software Publishers	50.9	51.7	52.4	53.9	54.9	55.4	56.3	57.2
% Ch	-1.1	1.5	1.4	2.8	2.0	0.9	1.6	1.6
Other Publishing Industries	8.2	7.8	7.5	7.1	6.9	6.5	6.2	6.0
% Ch	-6.3	-4.6	-4.3	-5.1	-3.1	-6.2	-3.7	-3.9
Other Information	43.9	44.7	45.0	45.5	46.4	47.4	49.3	51.4
% Ch	0.5	1.8	0.8	1.1	2.0	2.1	4.0	4.2
Financial Activities	140.5	140.8	143.0	146.2	146.3	145.8	144.5	142.2
% Ch	-3.5	0.2	1.6	2.3	0.1	-0.4	-0.9	-1.6
Professional and Business Services	326.3	339.5	349.3	358.1	371.3	387.7	399.7	409.8
% Ch	0.6	4.0	2.9	2.5	3.7	4.4	3.1	2.5
Education and Health Services	375.4	381.4	385.6	390.8	396.9	404.2	414.5	424.2
% Ch	0.8	1.6	1.1	1.4	1.5	1.8	2.6	2.3
Leisure and Hospitality	266.5	270.8	277.2	287.4	293.1	297.1	300.4	304.5
% Ch	-1.2	1.6	2.4	3.7	2.0	1.4	1.1	1.4
Other Services	105.5	108.5	110.5	110.9	111.8	112.4	113.1	114.2
% Ch	-0.7	2.9	1.9	0.4	0.8	0.5	0.7	0.9
Federal Government	75.6	74.0	73.2	71.4	72.5	72.3	71.4	70.9
% Ch	3.9	-2.2	-1.1	-2.3	1.4	-0.2	-1.3	-0.7
State and Local Government	474.4	469.5	468.0	471.4	475.4	481.9	488.8	495.2
% Ch	-0.5	-1.0	-0.3	0.7	0.9	1.4	1.4	1.3

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	2,847.4	2,865.1	2,880.6	2,898.4	2,917.1	2,928.5	2,939.8	2,948.8
% Ch, Annual Rate	1.3	2.5	2.2	2.5	2.6	1.6	1.5	1.2
Manufacturing	275.6	278.7	282.4	284.4	286.5	286.8	286.3	285.8
% Ch, Annual Rate	2.9	4.7	5.4	2.8	2.9	0.5	-0.7	-0.6
Durable Manufacturing	200.2	203.1	206.4	208.7	210.1	209.8	209.3	208.2
% Ch, Annual Rate	5.3	5.9	6.7	4.4	2.8	-0.6	-0.9	-2.2
Wood Products	12.2	12.3	12.5	12.8	13.0	12.9	12.9	13.2
% Ch, Annual Rate	-3.7	0.7	6.7	10.0	7.2	-1.5	0.0	7.6
Primary and Fabricated Metals	23.8	24.2	24.5	24.6	24.9	25.0	24.7	24.7
% Ch, Annual Rate	8.1	6.3	5.2	2.7	4.9	0.8	-3.8	0.3
Computer and Electronic Products	20.0	20.2	20.3	20.2	20.0	20.0	20.4	20.4
% Ch, Annual Rate	1.6	4.8	1.2	-2.4	-2.7	0.5	6.2	0.1
Machinery and Electrical Equipment	17.9	18.3	18.5	18.9	19.2	19.3	19.5	19.6
% Ch, Annual Rate	4.6	7.6	4.9	8.7	7.2	2.4	4.1	1.8
Aerospace	91.5	93.1	95.6	96.8	97.2	96.9	96.5	94.7
% Ch, Annual Rate	5.9	7.1	11.3	5.1	1.6	-1.4	-1.7	-7.0
Other Transportation Equip.	9.8	10.1	10.0	10.1	10.1	9.8	9.6	9.4
% Ch, Annual Rate	23.4	13.1	-4.4	4.4	-1.5	-11.1	-6.9	-8.2
Other Durables	24.9	24.9	25.0	25.3	25.7	25.8	25.7	26.1
% Ch, Annual Rate	2.2	0.8	2.0	3.6	6.7	2.4	-2.1	7.1
Nondurable Manufacturing	75.4	75.7	76.0	75.7	76.3	77.0	76.9	77.7
% Ch, Annual Rate	-3.2	1.4	1.9	-1.5	3.2	3.5	-0.2	3.9
Food Manufacturing	34.6	34.8	35.2	34.7	35.4	35.9	35.8	35.9
% Ch, Annual Rate	-7.7	2.3	4.6	-6.0	8.8	6.1	-1.3	1.1
Paper and Paper Products	8.4	8.1	8.1	8.1	8.2	8.2	8.2	8.1
% Ch, Annual Rate	-14.7	-13.7	-2.4	1.8	1.7	1.6	0.3	-3.4
Other Nondurables	32.3	32.7	32.7	32.9	32.8	32.9	32.9	33.6
% Ch, Annual Rate	5.5	4.7	0.1	2.8	-2.2	1.2	0.7	8.9
Natural Resources and Mining	5.9	5.8	5.9	5.9	6.0	6.0	6.0	6.0
% Ch, Annual Rate	-5.5	-7.5	3.3	4.1	3.8	2.9	-2.4	-1.8
Construction	135.8	138.1	139.3	142.7	146.4	147.6	148.8	148.4
% Ch, Annual Rate	-0.5	7.0	3.4	10.2	10.8	3.2	3.4	-1.1
Trade, Transportation, and Utilities	530.3	534.8	538.5	540.8	545.5	549.1	552.9	555.4
% Ch, Annual Rate	1.8	3.4	2.8	1.8	3.5	2.6	2.8	1.8
Wholesale Trade	123.0	123.7	124.5	125.2	126.4	127.1	127.9	128.6
% Ch, Annual Rate	1.8	2.6	2.5	2.2	4.0	2.0	2.5	2.2
Retail Trade	315.8	318.2	320.7	322.6	325.7	328.8	331.3	333.2
% Ch, Annual Rate	1.5	3.0	3.2	2.4	3.9	3.8	3.0	2.4
Trans., Warehousing, and Utilities	91.6	92.9	93.3	93.0	93.4	93.2	93.8	93.6
% Ch, Annual Rate	2.9	5.8	1.5	-0.9	1.5	-0.6	2.4	-0.7
Information	104.9	104.9	104.6	105.2	105.5	106.2	106.6	107.5
% Ch, Annual Rate	1.8	0.0	-1.1	2.2	1.3	2.7	1.5	3.3
Software Publishers	52.2	52.3	52.5	52.7	53.0	53.7	54.3	54.5
% Ch, Annual Rate	1.8	0.6	2.2	0.9	2.6	5.3	4.4	1.6
Other Publishing Industries	7.6	7.6	7.4	7.3	7.1	7.1	7.1	7.1
% Ch, Annual Rate	-2.4	-2.3	-7.8	-8.8	-8.4	-3.0	5.4	-3.0
Other Information	45.1	45.1	44.7	45.3	45.4	45.5	45.2	45.9
% Ch, Annual Rate	2.6	-0.5	-3.7	5.7	1.4	0.6	-2.5	6.5
Financial Activities	141.8	142.4	143.5	144.2	145.3	146.1	146.4	146.9
% Ch, Annual Rate	1.6	2.0	3.0	1.8	3.3	2.2	0.8	1.3
Professional and Business Services	344.4	348.3	350.4	354.0	355.8	356.7	358.7	361.0
% Ch, Annual Rate	2.4	4.7	2.3	4.2	2.2	0.9	2.3	2.6
Education and Health Services	383.9	384.9	385.9	387.5	389.2	390.1	391.2	392.9
% Ch, Annual Rate	0.2	1.0	1.1	1.7	1.7	1.0	1.1	1.7
Leisure and Hospitality	274.8	276.1	277.8	280.2	283.5	286.7	288.8	290.8
% Ch, Annual Rate	3.2	1.9	2.4	3.5	4.8	4.7	3.0	2.8
Other Services	110.1	110.5	110.6	110.8	110.5	110.8	111.1	111.2
% Ch, Annual Rate	2.5	1.4	0.5	0.8	-1.3	1.2	0.9	0.5
Federal Government	73.3	73.1	73.0	73.2	72.9	71.7	70.9	70.2
% Ch, Annual Rate	-1.8	-0.9	-0.5	1.0	-1.6	-6.2	-4.7	-3.7
State and Local Government	466.5	467.4	468.7	469.5	470.0	470.7	472.2	472.8
% Ch, Annual Rate	-0.3	0.7	1.2	0.6	0.4	0.6	1.3	0.5

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	2,963.5	2,978.5	2,992.2	3,005.6	3,020.3	3,033.5	3,047.1	3,061.2
% Ch, Annual Rate	2.0	2.0	1.9	1.8	2.0	1.8	1.8	1.9
Manufacturing	286.9	289.5	292.3	293.0	294.1	294.9	295.8	296.6
% Ch, Annual Rate	1.4	3.7	3.9	0.9	1.6	1.1	1.2	1.1
Durable Manufacturing	208.8	210.9	213.4	214.1	215.0	215.7	216.5	217.0
% Ch, Annual Rate	1.3	4.0	4.9	1.3	1.8	1.2	1.4	1.1
Wood Products	13.4	14.4	15.2	16.0	16.7	17.3	17.9	18.5
% Ch, Annual Rate	6.4	33.0	25.8	20.3	19.1	16.7	15.3	13.1
Primary and Fabricated Metals	25.0	25.7	26.2	26.5	26.8	27.0	27.2	27.5
% Ch, Annual Rate	4.2	11.1	8.2	4.1	4.7	3.3	3.8	4.5
Computer and Electronic Products	20.5	20.6	21.6	21.3	21.2	21.0	20.9	20.7
% Ch, Annual Rate	2.8	2.3	19.7	-4.1	-2.6	-3.7	-2.7	-3.0
Machinery and Electrical Equipment	20.0	20.5	21.0	21.3	21.6	21.8	22.1	22.4
% Ch, Annual Rate	7.3	12.0	9.8	4.8	6.0	4.8	5.8	5.5
Aerospace	94.2	93.8	93.3	92.8	92.4	91.9	91.4	91.0
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.4	9.3	9.3	9.3	9.3	9.3	9.3	9.2
% Ch, Annual Rate	-1.3	-2.6	-1.5	0.0	1.1	0.3	-0.6	-5.3
Other Durables	26.3	26.6	26.8	27.0	27.2	27.4	27.5	27.7
% Ch, Annual Rate	3.2	4.2	3.6	2.0	2.7	2.7	2.7	2.6
Nondurable Manufacturing	78.0	78.6	78.8	78.8	79.1	79.2	79.4	79.6
% Ch, Annual Rate	1.9	2.7	1.4	0.0	1.2	0.6	0.8	1.2
Food Manufacturing	36.0	36.3	36.5	36.4	36.6	36.6	36.7	36.8
% Ch, Annual Rate	1.0	3.9	1.6	-0.8	1.8	0.4	0.7	1.4
Paper and Paper Products	8.1	8.2	8.2	8.2	8.2	8.1	8.2	8.2
% Ch, Annual Rate	1.0	0.7	0.3	-0.6	-0.2	-0.2	0.1	0.5
Other Nondurables	33.9	34.1	34.2	34.3	34.4	34.4	34.5	34.6
% Ch, Annual Rate	3.2	2.0	1.5	1.0	1.0	1.0	0.9	1.2
Natural Resources and Mining	5.9	6.0	6.3	6.5	6.7	6.9	7.1	7.3
% Ch, Annual Rate	-2.5	6.8	18.7	16.6	12.3	11.5	11.9	11.7
Construction	150.4	152.7	154.4	156.1	158.7	160.9	163.4	165.9
% Ch, Annual Rate	5.6	6.3	4.5	4.5	6.7	5.9	6.2	6.3
Trade, Transportation, and Utilities	557.1	558.6	560.1	561.8	563.2	564.5	566.0	567.9
% Ch, Annual Rate	1.2	1.1	1.1	1.2	1.0	0.9	1.0	1.4
Wholesale Trade	128.9	129.5	129.9	130.2	130.8	131.2	131.7	132.4
% Ch, Annual Rate	1.1	1.9	1.0	1.0	1.8	1.4	1.5	2.0
Retail Trade	334.2	334.6	335.4	336.2	336.5	336.8	337.2	337.9
% Ch, Annual Rate	1.2	0.5	0.9	1.0	0.3	0.4	0.5	0.8
Trans., Warehousing, and Utilities	93.9	94.4	94.9	95.4	95.9	96.4	97.0	97.6
% Ch, Annual Rate	1.3	2.1	1.8	2.2	2.3	2.2	2.3	2.7
Information	108.3	108.2	108.0	108.4	108.1	108.6	109.9	110.4
% Ch, Annual Rate	3.0	-0.2	-1.1	1.7	-1.1	1.9	4.5	2.1
Software Publishers	54.8	54.8	54.9	55.0	55.1	55.3	55.5	55.7
% Ch, Annual Rate	2.5	0.2	0.7	0.6	0.5	1.3	1.4	1.7
Other Publishing Industries	7.1	6.9	6.8	6.7	6.6	6.5	6.4	6.4
% Ch, Annual Rate	-0.5	-8.2	-6.5	-7.2	-7.7	-4.5	-4.2	-3.1
Other Information	46.4	46.5	46.2	46.7	46.5	46.9	48.0	48.4
% Ch, Annual Rate	4.1	0.5	-2.3	4.6	-1.9	3.6	9.6	3.3
Financial Activities	146.8	146.0	146.1	146.3	146.2	145.9	145.6	145.4
% Ch, Annual Rate	-0.2	-2.2	0.3	0.4	-0.1	-1.0	-0.8	-0.5
Professional and Business Services	364.8	369.6	373.5	377.5	382.1	386.2	389.6	392.8
% Ch, Annual Rate	4.3	5.4	4.3	4.3	5.0	4.3	3.6	3.3
Education and Health Services	394.7	396.3	397.5	399.0	401.3	403.2	404.9	407.3
% Ch, Annual Rate	1.9	1.7	1.2	1.4	2.3	1.9	1.8	2.3
Leisure and Hospitality	291.6	292.5	293.5	294.8	295.8	296.7	297.5	298.4
% Ch, Annual Rate	1.2	1.3	1.3	1.7	1.4	1.2	1.0	1.3
Other Services	111.5	111.7	111.9	112.0	112.1	112.3	112.4	112.6
% Ch, Annual Rate	1.0	0.8	0.7	0.3	0.5	0.5	0.5	0.6
Federal Government	72.0	72.5	72.9	72.5	72.7	72.4	72.2	72.0
% Ch, Annual Rate	10.4	3.0	1.9	-1.8	0.7	-1.1	-1.2	-1.1
State and Local Government	473.5	474.7	475.7	477.7	479.3	480.9	482.7	484.6
% Ch, Annual Rate	0.6	1.0	0.9	1.7	1.3	1.4	1.5	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	3,074.1	3,087.7	3,101.3	3,114.9	3,126.2	3,137.2	3,147.7	3,158.7
% Ch, Annual Rate	1.7	1.8	1.8	1.8	1.5	1.4	1.4	1.4
Manufacturing	297.0	297.1	297.3	297.5	297.8	298.1	298.3	298.4
% Ch, Annual Rate	0.5	0.1	0.3	0.2	0.5	0.4	0.2	0.2
Durable Manufacturing	217.3	217.3	217.4	217.5	217.5	217.5	217.5	217.3
% Ch, Annual Rate	0.5	0.0	0.2	0.1	0.2	0.0	-0.1	-0.3
Wood Products	18.9	19.2	19.3	19.3	19.2	19.0	18.8	18.7
% Ch, Annual Rate	9.5	5.1	2.0	-0.2	-1.7	-3.1	-3.9	-3.8
Primary and Fabricated Metals	27.7	27.9	28.2	28.4	28.6	28.7	28.8	28.8
% Ch, Annual Rate	3.2	2.3	3.7	3.6	2.0	1.9	1.5	0.7
Computer and Electronic Products	20.5	20.3	20.2	20.1	20.3	20.5	20.7	20.9
% Ch, Annual Rate	-3.9	-4.0	-2.3	-1.1	3.7	4.0	4.3	4.3
Machinery and Electrical Equipment	22.7	22.9	23.3	23.6	23.9	24.1	24.4	24.5
% Ch, Annual Rate	4.4	4.4	5.9	5.9	5.0	4.4	3.7	2.8
Aerospace	90.5	90.1	89.6	89.1	88.7	88.3	87.8	87.4
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.1	8.9	8.8	8.7	8.6	8.4	8.4	8.3
% Ch, Annual Rate	-5.5	-5.3	-5.3	-5.4	-5.9	-5.4	-3.8	-2.4
Other Durables	27.9	28.0	28.1	28.2	28.4	28.5	28.6	28.7
% Ch, Annual Rate	2.2	1.7	1.8	1.7	1.9	1.6	1.5	1.2
Nondurable Manufacturing	79.7	79.8	80.0	80.0	80.3	80.6	80.8	81.1
% Ch, Annual Rate	0.6	0.6	0.5	0.4	1.2	1.5	1.1	1.5
Food Manufacturing	36.9	36.9	37.0	37.0	37.1	37.3	37.4	37.5
% Ch, Annual Rate	0.6	0.7	0.6	0.2	1.3	1.6	1.0	1.5
Paper and Paper Products	8.2	8.1	8.1	8.1	8.1	8.1	8.1	8.1
% Ch, Annual Rate	-0.4	-0.6	-0.9	-0.9	-0.2	-0.1	-0.4	0.0
Other Nondurables	34.7	34.8	34.8	34.9	35.1	35.2	35.3	35.5
% Ch, Annual Rate	0.8	0.9	0.8	0.9	1.5	1.7	1.5	1.9
Natural Resources and Mining	7.5	7.6	7.7	7.7	7.7	7.6	7.5	7.4
% Ch, Annual Rate	9.8	6.2	3.7	1.5	0.1	-3.4	-5.5	-5.2
Construction	168.7	171.4	174.0	176.7	179.1	181.3	183.1	184.6
% Ch, Annual Rate	6.9	6.5	6.4	6.3	5.6	4.8	4.1	3.4
Trade, Transportation, and Utilities	569.7	571.7	573.7	575.4	576.9	578.4	579.8	581.0
% Ch, Annual Rate	1.3	1.4	1.4	1.2	1.0	1.1	0.9	0.8
Wholesale Trade	133.1	133.8	134.5	135.2	135.8	136.4	137.0	137.6
% Ch, Annual Rate	2.1	2.2	2.1	2.0	1.8	1.9	1.8	1.7
Retail Trade	338.4	339.1	339.7	340.2	340.4	340.9	341.1	341.3
% Ch, Annual Rate	0.6	0.8	0.7	0.6	0.3	0.5	0.3	0.2
Trans., Warehousing, and Utilities	98.3	98.9	99.5	100.1	100.6	101.2	101.6	102.1
% Ch, Annual Rate	2.6	2.5	2.4	2.3	2.3	2.1	1.9	1.8
Information	110.8	111.4	112.2	113.0	113.8	114.4	114.9	115.3
% Ch, Annual Rate	1.4	2.2	2.8	2.8	2.8	2.2	1.8	1.6
Software Publishers	56.0	56.2	56.4	56.6	56.9	57.1	57.3	57.5
% Ch, Annual Rate	1.8	1.6	1.6	1.6	1.8	1.6	1.6	1.5
Other Publishing Industries	6.3	6.3	6.2	6.1	6.1	6.0	5.9	5.9
% Ch, Annual Rate	-3.0	-3.8	-4.2	-4.2	-3.3	-3.9	-4.2	-4.5
Other Information	48.5	49.0	49.6	50.2	50.8	51.3	51.6	51.9
% Ch, Annual Rate	1.5	3.6	5.2	5.2	4.6	3.5	2.8	2.4
Financial Activities	145.2	144.7	144.2	143.8	143.3	142.5	141.8	141.3
% Ch, Annual Rate	-0.7	-1.1	-1.5	-1.1	-1.4	-2.2	-2.0	-1.6
Professional and Business Services	395.1	397.8	401.3	404.5	406.5	408.3	410.8	413.5
% Ch, Annual Rate	2.3	2.8	3.6	3.2	2.0	1.8	2.5	2.6
Education and Health Services	410.3	413.5	415.8	418.4	420.4	423.1	425.4	428.0
% Ch, Annual Rate	3.0	3.1	2.2	2.5	1.9	2.6	2.2	2.5
Leisure and Hospitality	299.1	299.9	300.8	302.0	303.1	304.0	305.0	306.0
% Ch, Annual Rate	0.9	1.1	1.3	1.5	1.5	1.2	1.3	1.2
Other Services	112.8	113.0	113.2	113.5	113.8	114.1	114.4	114.6
% Ch, Annual Rate	0.8	0.8	0.8	0.8	1.0	1.1	1.1	1.0
Federal Government	71.6	71.5	71.3	71.2	71.1	71.0	70.8	70.7
% Ch, Annual Rate	-2.2	-0.9	-0.8	-0.8	-0.3	-0.7	-0.7	-0.7
State and Local Government	486.3	488.1	489.6	491.3	492.8	494.4	496.0	497.8
% Ch, Annual Rate	1.5	1.4	1.3	1.4	1.2	1.3	1.3	1.5

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	12,435.2	13,191.3	13,743.8	14,132.6	14,789.2	15,488.8	16,233.0	17,019.1
% Ch	2.9	6.1	4.2	2.8	4.6	4.7	4.8	4.8
Total Wage and Salary Disbursements	6,377.5	6,638.7	6,926.8	7,122.5	7,432.5	7,800.8	8,165.4	8,512.2
% Ch	2.0	4.1	4.3	2.8	4.4	5.0	4.7	4.2
Nonwage Personal Income	6,057.7	6,552.6	6,817.0	7,010.1	7,356.7	7,688.0	8,067.6	8,506.9
% Ch	3.9	8.2	4.0	2.8	4.9	4.5	4.9	5.4
Supplements to Wages and Salaries	1,589.8	1,639.8	1,684.9	1,720.5	1,783.4	1,870.0	1,969.4	2,073.9
% Ch	3.5	3.1	2.7	2.1	3.7	4.9	5.3	5.3
Proprietor's Income	1,032.7	1,155.2	1,224.9	1,348.7	1,388.1	1,456.2	1,522.1	1,571.6
% Ch	6.1	11.9	6.0	10.1	2.9	4.9	4.5	3.3
Farm	46.0	72.6	75.4	130.4	104.8	101.2	98.3	98.6
% Ch	...	...	...	...	...	...	...	...
Nonfarm	986.7	1,082.6	1,149.6	1,218.3	1,283.4	1,355.0	1,423.7	1,472.9
% Ch	5.2	9.7	6.2	6.0	5.3	5.6	5.1	3.5
Less: Contribution For Govt. Soc. Ins.	984.1	918.2	950.7	1,104.7	1,166.8	1,241.4	1,317.1	1,381.7
% Ch	2.0	-6.7	3.5	16.2	5.6	6.4	6.1	4.9
Dividends/Int./Rent	2,142.4	2,369.0	2,499.7	2,599.7	2,777.9	2,918.0	3,074.5	3,311.2
% Ch	-0.1	10.6	5.5	4.0	6.9	5.0	5.4	7.7
Transfer Payments	2,276.9	2,306.9	2,358.3	2,445.9	2,573.9	2,685.3	2,818.8	2,931.9
% Ch	6.4	1.3	2.2	3.7	5.2	4.3	5.0	4.0

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	13,548.6	13,651.8	13,701.6	14,073.1	13,925.9	14,065.0	14,197.7	14,342.0
% Ch, Annual Rate	7.6	3.1	1.5	11.3	-4.1	4.1	3.8	4.1
Total Wage and Salary Disbursements	6,842.2	6,873.5	6,904.7	7,086.6	7,040.4	7,095.0	7,135.5	7,219.2
% Ch, Annual Rate	11.5	1.8	1.8	11.0	-2.6	3.1	2.3	4.8
Nonwage Personal Income	6,706.4	6,778.3	6,796.9	6,986.5	6,885.5	6,970.0	7,062.2	7,122.7
% Ch, Annual Rate	3.7	4.4	1.1	11.6	-5.7	5.0	5.4	3.5
Supplements to Wages and Salaries	1,672.1	1,680.3	1,686.3	1,700.8	1,707.9	1,716.2	1,723.5	1,734.3
% Ch, Annual Rate	5.8	2.0	1.4	3.5	1.7	2.0	1.7	2.5
Proprietor's Income	1,214.3	1,217.8	1,220.0	1,247.5	1,334.6	1,341.5	1,358.2	1,360.6
% Ch, Annual Rate	9.2	1.2	0.7	9.3	31.0	2.1	5.1	0.7
Farm	74.6	77.0	75.3	74.5	137.0	129.0	131.5	124.1
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,139.7	1,140.8	1,144.7	1,173.0	1,197.6	1,212.5	1,226.7	1,236.6
% Ch, Annual Rate	10.7	0.4	1.4	10.3	8.7	5.1	4.8	3.3
Less: Contribution For Govt. Soc. Ins.	942.5	945.1	947.4	967.9	1,093.7	1,100.3	1,105.3	1,119.4
% Ch, Annual Rate	10.6	1.1	1.0	8.9	63.0	2.4	1.8	5.2
Dividends/Int./Rent	2,433.9	2,473.1	2,473.6	2,618.1	2,510.7	2,581.7	2,628.3	2,678.1
% Ch, Annual Rate	2.5	6.6	0.1	25.5	-15.4	11.8	7.4	7.8
Transfer Payments	2,328.5	2,352.2	2,364.4	2,388.0	2,426.0	2,430.9	2,457.6	2,469.2
% Ch, Annual Rate	3.5	4.1	2.1	4.1	6.5	0.8	4.5	1.9



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	14,541.4	14,700.2	14,873.8	15,041.2	15,245.1	15,407.5	15,568.0	15,734.8
% Ch, Annual Rate	5.7	4.4	4.8	4.6	5.5	4.3	4.2	4.4
Total Wage and Salary Disbursements	7,297.9	7,387.3	7,478.0	7,566.7	7,661.9	7,755.0	7,847.3	7,938.9
% Ch, Annual Rate	4.4	5.0	5.0	4.8	5.1	4.9	4.8	4.8
Nonwage Personal Income	7,243.5	7,312.9	7,395.8	7,474.5	7,583.2	7,652.5	7,720.7	7,795.8
% Ch, Annual Rate	7.0	3.9	4.6	4.3	5.9	3.7	3.6	4.0
Supplements to Wages and Salaries	1,756.9	1,772.7	1,792.6	1,811.5	1,838.5	1,858.8	1,879.9	1,902.7
% Ch, Annual Rate	5.3	3.7	4.6	4.3	6.1	4.5	4.6	4.9
Proprietor's Income	1,367.1	1,380.5	1,394.6	1,410.4	1,426.1	1,447.7	1,466.7	1,484.4
% Ch, Annual Rate	1.9	4.0	4.2	4.6	4.5	6.2	5.3	4.9
Farm	111.6	103.0	102.7	101.8	100.9	100.0	101.6	102.4
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,255.5	1,277.4	1,291.9	1,308.5	1,325.2	1,347.7	1,365.1	1,382.0
% Ch, Annual Rate	6.3	7.2	4.6	5.2	5.2	7.0	5.3	5.0
Less: Contribution For Govt. Soc. Ins.	1,146.3	1,159.9	1,173.7	1,187.2	1,221.3	1,234.7	1,247.5	1,262.1
% Ch, Annual Rate	9.9	4.8	4.9	4.7	12.0	4.5	4.2	4.8
Dividends/Int./Rent	2,717.6	2,752.3	2,799.6	2,842.3	2,877.7	2,903.1	2,929.4	2,961.8
% Ch, Annual Rate	6.0	5.2	7.1	6.2	5.1	3.6	3.7	4.5
Transfer Payments	2,548.2	2,567.3	2,582.7	2,597.5	2,662.3	2,677.5	2,692.2	2,709.0
% Ch, Annual Rate	13.4	3.0	2.4	2.3	10.3	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	15,960.0	16,139.2	16,319.9	16,512.8	16,731.4	16,926.8	17,113.8	17,304.2
% Ch, Annual Rate	5.9	4.6	4.6	4.8	5.4	4.8	4.5	4.5
Total Wage and Salary Disbursements	8,032.1	8,121.0	8,209.8	8,298.8	8,387.9	8,470.9	8,553.1	8,637.0
% Ch, Annual Rate	4.8	4.5	4.5	4.4	4.4	4.0	3.9	4.0
Nonwage Personal Income	7,927.9	8,018.3	8,110.1	8,214.1	8,343.5	8,455.9	8,560.8	8,667.2
% Ch, Annual Rate	7.0	4.6	4.7	5.2	6.5	5.5	5.1	5.1
Supplements to Wages and Salaries	1,934.5	1,957.0	1,980.5	2,005.6	2,038.3	2,062.2	2,085.6	2,109.6
% Ch, Annual Rate	6.8	4.7	4.9	5.2	6.7	4.8	4.6	4.7
Proprietor's Income	1,497.4	1,517.2	1,530.5	1,543.2	1,552.3	1,567.0	1,576.0	1,590.9
% Ch, Annual Rate	3.5	5.4	3.5	3.4	2.4	3.9	2.3	3.8
Farm	98.1	97.3	98.8	99.1	98.5	97.8	98.9	99.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,399.3	1,419.9	1,431.6	1,444.1	1,453.7	1,469.2	1,477.1	1,491.6
% Ch, Annual Rate	5.1	6.0	3.3	3.5	2.7	4.3	2.2	4.0
Less: Contribution For Govt. Soc. Ins.	1,298.4	1,310.8	1,322.8	1,336.4	1,365.0	1,376.1	1,386.6	1,399.0
% Ch, Annual Rate	12.0	3.9	3.7	4.2	8.8	3.3	3.1	3.6
Dividends/Int./Rent	3,001.1	3,045.1	3,095.3	3,156.4	3,221.2	3,282.8	3,343.3	3,397.5
% Ch, Annual Rate	5.4	6.0	6.8	8.1	8.5	7.9	7.6	6.6
Transfer Payments	2,793.3	2,809.7	2,826.7	2,845.3	2,896.9	2,920.0	2,942.4	2,968.2
% Ch, Annual Rate	13.0	2.4	2.4	2.7	7.4	3.2	3.1	3.6

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	286.744	303.088	317.280	327.105	344.001	361.500	379.868	399.648
% Ch	2.1	5.7	4.7	3.1	5.2	5.1	5.1	5.2
Total Wage and Salary Disbursements	147.927	154.977	163.291	168.969	176.567	185.486	194.186	202.653
% Ch	1.1	4.8	5.4	3.5	4.5	5.1	4.7	4.4
Manufacturing	16.844	18.412	19.572	20.592	21.185	22.123	22.835	23.470
% Ch	0.6	9.3	6.3	5.2	2.9	4.4	3.2	2.8
Durable Manufacturing	13.245	14.623	15.736	16.693	17.105	17.871	18.423	18.886
% Ch	0.8	10.4	7.6	6.1	2.5	4.5	3.1	2.5
Nondurable Manufacturing	3.599	3.788	3.836	3.899	4.080	4.252	4.412	4.584
% Ch	-0.2	5.3	1.3	1.6	4.6	4.2	3.8	3.9
Nonmanufacturing	124.708	130.263	137.020	141.515	148.294	156.099	163.895	171.506
% Ch	1.2	4.5	5.2	3.3	4.8	5.3	5.0	4.6
Other Private Wages	0.876	0.924	1.009	1.073	1.109	1.149	1.186	1.221
% Ch	3.3	5.5	9.1	6.3	3.4	3.6	3.2	2.9
Farm Wages	1.187	1.117	1.290	1.322	1.386	1.463	1.538	1.611
% Ch	-8.0	-5.8	15.4	2.5	4.9	5.5	5.1	4.7
Military Wages	4.312	4.261	4.400	4.468	4.592	4.652	4.732	4.846
% Ch	2.5	-1.2	3.3	1.5	2.8	1.3	1.7	2.4
Nonwage Personal Income	138.817	148.110	153.989	158.136	167.434	176.013	185.682	196.995
% Ch	3.2	6.7	4.0	2.7	5.9	5.1	5.5	6.1
Supplements to Wages and Salaries	38.367	38.626	39.458	40.504	42.180	44.561	47.173	49.881
% Ch	5.8	0.7	2.2	2.7	4.1	5.6	5.9	5.7
Proprietor's Income	20.266	22.654	23.552	25.150	26.351	27.863	29.267	30.275
% Ch	7.5	11.8	4.0	6.8	4.8	5.7	5.0	3.4
Farm	1.006	1.882	1.208	1.287	1.204	1.273	1.299	1.324
% Ch	...	...	...	...	...	...	...	...
Nonfarm	19.260	20.771	22.344	23.863	25.147	26.590	27.968	28.951
% Ch	5.1	7.8	7.6	6.8	5.4	5.7	5.2	3.5
Less: Contribution For Govt. Soc. Ins.	25.385	23.865	24.522	28.274	29.837	31.743	33.656	35.313
% Ch	2.9	-6.0	2.8	15.3	5.5	6.4	6.0	4.9
Plus: Residence Adjustment	2.683	2.933	3.336	3.396	3.566	3.764	3.961	4.147
% Ch	-4.0	9.3	13.7	1.8	5.0	5.5	5.2	4.7
Dividends/Int./Rent	53.924	58.634	62.038	65.067	69.983	73.780	78.039	84.399
% Ch	-3.7	8.7	5.8	4.9	7.6	5.4	5.8	8.1
Transfer Payments	48.962	49.128	50.126	52.293	55.191	57.789	60.897	63.606
% Ch	8.2	0.3	2.0	4.3	5.5	4.7	5.4	4.4
State U.I. Benefits	4.222	3.106	2.389	1.805	1.363	1.155	1.053	1.004
% Ch	14.4	-26.4	-23.1	-24.5	-24.5	-15.2	-8.9	-4.7
Other Transfers	44.740	46.022	47.736	50.488	53.827	56.633	59.844	62.602
% Ch	7.7	2.9	3.7	5.8	6.6	5.2	5.7	4.6

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	313.172	314.699	316.659	324.589	321.869	325.184	329.103	332.262
% Ch, Annual Rate	8.0	2.0	2.5	10.4	-3.3	4.2	4.9	3.9
Total Wage and Salary Disbursements	161.987	161.442	163.705	166.029	167.003	168.110	169.707	171.055
% Ch, Annual Rate	12.5	-1.3	5.7	5.8	2.4	2.7	3.9	3.2
Manufacturing	19.875	19.191	19.647	19.573	20.868	20.459	20.481	20.559
% Ch, Annual Rate	16.5	-13.1	9.9	-1.5	29.2	-7.6	0.4	1.5
Durable Manufacturing	16.043	15.356	15.812	15.731	16.990	16.587	16.594	16.602
% Ch, Annual Rate	23.2	-16.1	12.4	-2.0	36.0	-9.2	0.2	0.2
Nondurable Manufacturing	3.832	3.835	3.835	3.842	3.878	3.872	3.886	3.958
% Ch, Annual Rate	-6.9	0.3	0.0	0.7	3.8	-0.6	1.4	7.5
Nonmanufacturing	135.495	135.581	137.323	139.682	139.284	140.751	142.393	143.632
% Ch, Annual Rate	11.6	0.3	5.2	7.1	-1.1	4.3	4.7	3.5
Other Private Wages	0.950	0.989	1.031	1.066	1.053	1.074	1.078	1.086
% Ch, Annual Rate	11.3	17.5	18.0	14.4	-4.9	8.5	1.3	2.9
Farm Wages	1.286	1.289	1.291	1.292	1.304	1.316	1.325	1.341
% Ch, Annual Rate	79.2	0.9	0.6	0.3	3.9	3.6	2.8	4.8
Military Wages	4.381	4.392	4.413	4.416	4.495	4.509	4.431	4.437
% Ch, Annual Rate	6.9	1.0	2.0	0.2	7.4	1.3	-6.8	0.6
Nonwage Personal Income	151.185	153.257	152.954	158.560	154.866	157.074	159.396	161.208
% Ch, Annual Rate	3.6	5.6	-0.8	15.5	-9.0	5.8	6.0	4.6
Supplements to Wages and Salaries	39.164	39.313	39.612	39.742	40.340	40.362	40.546	40.766
% Ch, Annual Rate	3.9	1.5	3.1	1.3	6.2	0.2	1.8	2.2
Proprietor's Income	23.121	23.348	23.671	24.069	25.009	24.922	25.245	25.426
% Ch, Annual Rate	-4.4	4.0	5.7	6.9	16.6	-1.4	5.3	2.9
Farm	1.058	1.227	1.353	1.194	1.537	1.150	1.228	1.233
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	22.063	22.121	22.319	22.875	23.472	23.772	24.017	24.193
% Ch, Annual Rate	12.3	1.1	3.6	10.3	10.9	5.2	4.2	3.0
Less: Contribution For Govt. Soc. Ins.	24.410	24.350	24.494	24.832	28.097	28.128	28.266	28.604
% Ch, Annual Rate	7.8	-1.0	2.4	5.6	63.9	0.5	2.0	4.9
Plus: Residence Adjustment	3.292	3.352	3.337	3.362	3.339	3.385	3.406	3.453
% Ch, Annual Rate	52.2	7.4	-1.7	3.0	-2.8	5.6	2.5	5.6
Dividends/Int./Rent	60.150	61.382	61.275	65.348	62.415	64.603	65.920	67.330
% Ch, Annual Rate	3.5	8.4	-0.7	29.4	-16.8	14.8	8.4	8.8
Transfer Payments	49.868	50.212	49.553	50.871	51.859	51.931	52.544	52.838
% Ch, Annual Rate	6.7	2.8	-5.1	11.1	8.0	0.6	4.8	2.3
State U.I. Benefits	2.840	2.480	2.193	2.045	2.097	1.986	1.636	1.500
% Ch, Annual Rate	2.4	-41.9	-38.8	-24.5	10.6	-19.4	-54.0	-29.3
Other Transfers	47.028	47.732	47.359	48.827	49.763	49.945	50.908	51.338
% Ch, Annual Rate	7.0	6.1	-3.1	13.0	7.9	1.5	7.9	3.4

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	337.319	341.775	346.719	350.189	355.132	359.489	363.908	367.470
% Ch, Annual Rate	6.2	5.4	5.9	4.1	5.8	5.0	5.0	4.0
Total Wage and Salary Disbursements	172.988	175.461	178.218	179.602	181.857	184.390	187.041	188.658
% Ch, Annual Rate	4.6	5.8	6.4	3.1	5.1	5.7	5.9	3.5
Manufacturing	20.743	21.046	21.376	21.575	21.802	22.018	22.237	22.437
% Ch, Annual Rate	3.6	6.0	6.4	3.8	4.3	4.0	4.0	3.7
Durable Manufacturing	16.739	16.984	17.266	17.432	17.614	17.788	17.964	18.120
% Ch, Annual Rate	3.4	6.0	6.8	3.9	4.2	4.0	4.0	3.5
Nondurable Manufacturing	4.004	4.062	4.110	4.143	4.189	4.230	4.273	4.318
% Ch, Annual Rate	4.8	5.9	4.8	3.3	4.5	4.0	4.1	4.3
Nonmanufacturing	145.234	147.331	149.712	150.901	152.816	155.115	157.527	158.938
% Ch, Annual Rate	4.5	5.9	6.6	3.2	5.2	6.2	6.4	3.6
Other Private Wages	1.094	1.104	1.114	1.123	1.134	1.144	1.154	1.163
% Ch, Annual Rate	3.3	3.7	3.6	3.3	3.9	3.5	3.5	3.2
Farm Wages	1.358	1.377	1.396	1.414	1.434	1.454	1.473	1.491
% Ch, Annual Rate	5.2	5.8	5.6	5.3	5.9	5.5	5.5	5.1
Military Wages	4.558	4.602	4.620	4.589	4.670	4.659	4.650	4.628
% Ch, Annual Rate	11.3	3.9	1.6	-2.7	7.2	-0.9	-0.8	-1.8
Nonwage Personal Income	164.331	166.314	168.502	170.588	173.275	175.099	176.867	178.811
% Ch, Annual Rate	8.0	4.9	5.4	5.0	6.5	4.3	4.1	4.5
Supplements to Wages and Salaries	41.419	41.901	42.442	42.956	43.715	44.267	44.836	45.426
% Ch, Annual Rate	6.6	4.7	5.3	4.9	7.3	5.2	5.2	5.4
Proprietor's Income	25.780	26.210	26.530	26.885	27.236	27.703	28.078	28.434
% Ch, Annual Rate	5.7	6.8	5.0	5.5	5.3	7.0	5.5	5.2
Farm	1.198	1.180	1.209	1.230	1.246	1.258	1.284	1.302
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	24.582	25.030	25.321	25.655	25.990	26.444	26.794	27.132
% Ch, Annual Rate	6.6	7.5	4.7	5.4	5.3	7.2	5.4	5.1
Less: Contribution For Govt. Soc. Ins.	29.307	29.666	30.019	30.358	31.233	31.573	31.903	32.264
% Ch, Annual Rate	10.2	5.0	4.8	4.6	12.0	4.4	4.2	4.6
Plus: Residence Adjustment	3.494	3.542	3.591	3.639	3.689	3.739	3.789	3.839
% Ch, Annual Rate	4.9	5.6	5.6	5.5	5.7	5.5	5.4	5.4
Dividends/Int./Rent	68.375	69.304	70.557	71.697	72.657	73.368	74.102	74.994
% Ch, Annual Rate	6.4	5.5	7.4	6.6	5.5	4.0	4.1	4.9
Transfer Payments	54.569	55.023	55.401	55.769	57.212	57.595	57.966	58.383
% Ch, Annual Rate	13.8	3.4	2.8	2.7	10.8	2.7	2.6	2.9
State U.I. Benefits	1.451	1.390	1.332	1.279	1.218	1.173	1.131	1.099
% Ch, Annual Rate	-12.4	-15.7	-15.7	-15.0	-17.8	-13.8	-13.7	-10.8
Other Transfers	53.118	53.633	54.068	54.490	55.994	56.421	56.835	57.284
% Ch, Annual Rate	14.6	3.9	3.3	3.2	11.5	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	372.893	377.623	382.210	386.747	392.171	397.386	402.199	406.834
% Ch, Annual Rate	6.0	5.2	4.9	4.8	5.7	5.4	4.9	4.7
Total Wage and Salary Disbursements	190.830	193.218	195.431	197.267	199.414	201.721	203.800	205.678
% Ch, Annual Rate	4.7	5.1	4.7	3.8	4.4	4.7	4.2	3.7
Manufacturing	22.611	22.757	22.912	23.062	23.232	23.393	23.549	23.705
% Ch, Annual Rate	3.1	2.6	2.8	2.6	3.0	2.8	2.7	2.7
Durable Manufacturing	18.254	18.363	18.481	18.596	18.719	18.832	18.943	19.049
% Ch, Annual Rate	3.0	2.4	2.6	2.5	2.7	2.4	2.4	2.3
Nondurable Manufacturing	4.356	4.394	4.431	4.466	4.513	4.561	4.606	4.656
% Ch, Annual Rate	3.7	3.5	3.4	3.2	4.2	4.4	4.0	4.4
Nonmanufacturing	160.803	163.018	165.044	166.716	168.551	170.665	172.553	174.256
% Ch, Annual Rate	4.8	5.6	5.1	4.1	4.5	5.1	4.5	4.0
Other Private Wages	1.173	1.182	1.191	1.199	1.209	1.217	1.224	1.232
% Ch, Annual Rate	3.4	3.0	3.0	2.9	3.2	2.6	2.6	2.6
Farm Wages	1.511	1.529	1.547	1.565	1.585	1.602	1.619	1.637
% Ch, Annual Rate	5.3	4.8	4.9	4.8	5.0	4.4	4.4	4.4
Military Wages	4.733	4.732	4.737	4.725	4.838	4.844	4.854	4.847
% Ch, Annual Rate	9.3	-0.1	0.4	-1.0	9.9	0.5	0.9	-0.6
Nonwage Personal Income	182.063	184.405	186.779	189.480	192.758	195.665	198.400	201.156
% Ch, Annual Rate	7.5	5.2	5.2	5.9	7.1	6.2	5.7	5.7
Supplements to Wages and Salaries	46.279	46.858	47.460	48.097	48.966	49.575	50.179	50.802
% Ch, Annual Rate	7.7	5.1	5.2	5.5	7.4	5.1	5.0	5.1
Proprietor's Income	28.766	29.183	29.432	29.688	29.883	30.194	30.363	30.660
% Ch, Annual Rate	4.7	5.9	3.5	3.5	2.7	4.2	2.3	4.0
Farm	1.285	1.289	1.307	1.315	1.317	1.317	1.327	1.333
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	27.480	27.894	28.125	28.372	28.566	28.877	29.035	29.326
% Ch, Annual Rate	5.2	6.2	3.4	3.6	2.8	4.4	2.2	4.1
Less: Contribution For Govt. Soc. Ins.	33.189	33.497	33.799	34.140	34.887	35.168	35.439	35.757
% Ch, Annual Rate	12.0	3.8	3.7	4.1	9.0	3.3	3.1	3.6
Plus: Residence Adjustment	3.889	3.937	3.985	4.033	4.080	4.125	4.169	4.214
% Ch, Annual Rate	5.3	5.1	5.0	4.9	4.8	4.5	4.3	4.4
Dividends/Int./Rent	76.061	77.253	78.605	80.238	81.970	83.627	85.261	86.739
% Ch, Annual Rate	5.8	6.4	7.2	8.6	8.9	8.3	8.0	7.1
Transfer Payments	60.258	60.671	61.097	61.564	62.745	63.313	63.867	64.498
% Ch, Annual Rate	13.5	2.8	2.8	3.1	7.9	3.7	3.6	4.0
State U.I. Benefits	1.079	1.063	1.045	1.025	1.017	1.013	1.002	0.983
% Ch, Annual Rate	-7.1	-5.7	-6.7	-7.4	-3.0	-1.7	-4.2	-7.4
Other Transfers	59.179	59.608	60.052	60.538	61.728	62.300	62.865	63.515
% Ch, Annual Rate	13.9	2.9	3.0	3.3	8.1	3.8	3.7	4.2

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

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.233	4.2	0.405	4.2	0.382	2.1
1972	0.241	3.4	0.418	3.3	0.393	2.9
1973	0.254	5.4	0.444	6.3	0.418	6.4
1974	0.280	10.4	0.493	11.0	0.464	11.0
1975	0.303	8.3	0.538	9.1	0.511	10.2
1976	0.320	5.5	0.569	5.8	0.540	5.5
1977	0.341	6.5	0.606	6.5	0.583	8.0
1978	0.365	7.0	0.652	7.6	0.640	9.9
1979	0.397	8.9	0.726	11.3	0.709	10.8
1980	0.440	10.7	0.824	13.5	0.827	16.7
1981	0.478	8.8	0.909	10.4	0.916	10.8
1982	0.505	5.5	0.965	6.2	0.978	6.7
1983	0.526	4.3	0.996	3.2	0.993	1.5
1984	0.546	3.8	1.039	4.4	1.030	3.8
1985	0.566	3.5	1.076	3.5	1.056	2.5
1986	0.578	2.2	1.097	1.9	1.066	1.0
1987	0.596	3.2	1.136	3.6	1.092	2.4
1988	0.620	3.9	1.183	4.1	1.128	3.3
1989	0.646	4.3	1.239	4.8	1.181	4.7
1990	0.674	4.3	1.307	5.4	1.268	7.3
1991	0.696	3.3	1.362	4.2	1.341	5.8
1992	0.715	2.6	1.403	3.0	1.390	3.7
1993	0.733	2.5	1.445	3.0	1.429	2.8
1994	0.748	2.1	1.482	2.6	1.478	3.4
1995	0.764	2.1	1.524	2.8	1.522	3.0
1996	0.780	2.1	1.569	2.9	1.575	3.4
1997	0.793	1.7	1.605	2.3	1.630	3.5
1998	0.799	0.8	1.630	1.5	1.677	2.9
1999	0.811	1.5	1.666	2.2	1.728	3.0
2000	0.831	2.5	1.722	3.4	1.792	3.7
2001	0.847	1.9	1.770	2.8	1.857	3.6
2002	0.859	1.3	1.799	1.6	1.893	2.0
2003	0.876	2.0	1.840	2.3	1.924	1.6
2004	0.897	2.4	1.889	2.7	1.947	1.2
2005	0.923	2.8	1.953	3.4	2.002	2.8
2006	0.947	2.7	2.016	3.2	2.076	3.7
2007	0.971	2.5	2.073	2.9	2.157	3.9
2008	1.001	3.1	2.153	3.8	2.247	4.2
2009	1.000	-0.1	2.146	-0.3	2.260	0.6
2010	1.017	1.7	2.181	1.6	2.267	0.3
2011	1.041	2.4	2.249	3.1	2.328	2.7
2012	1.060	1.8	2.296	2.1	2.386	2.5
Forecast						
2013	1.072	1.1	2.329	1.4	2.417	1.3
2014	1.086	1.3	2.362	1.4	2.455	1.6
2015	1.102	1.5	2.401	1.7	2.500	1.9
2016	1.119	1.6	2.441	1.7	2.546	1.8
2017	1.136	1.5	2.478	1.5	2.589	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**  
(2009=100)

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

Forecast

2013	107.7	1.9	107.8	1.1	147.5	-2.1	148.9	-3.2
2014	109.9	2.0	108.4	0.6	145.7	-1.2	143.4	-3.7
2015	112.2	2.1	109.6	1.1	144.4	-0.9	139.1	-3.0
2016	114.7	2.2	111.1	1.3	142.7	-1.2	134.3	-3.4
2017	117.0	2.0	112.3	1.1	142.3	-0.3	131.5	-2.1



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	87.1	49.2	12.0
2013	6882.4	64.6	0.9	87.5	50.4	27.5
<b>Forecast</b>						
2014	6951.8	69.4	1.0	87.9	51.5	33.0
2015	7024.0	72.2	1.0	88.8	53.0	36.4
2016	7096.9	72.9	1.0	89.3	55.5	39.2
2017	7173.3	76.4	1.1	90.7	56.4	42.0

\* As of April 1 of Each Year

Source: Office of Financial Management

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

	<b>Actual</b>				<b>Forecast</b>			
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Total Population	6724.5	6767.9	6817.8	6882.4	6951.8	7024.0	7096.9	7173.3
Percent Change	0.8	0.6	0.7	0.9	1.0	1.0	1.0	1.1
Age 17 and Under	1581.4	1574.8	1573.6	1578.7	1586.8	1596.5	1606.9	1618.8
Percent of Total	23.5	23.3	23.1	22.9	22.8	22.7	22.6	22.6
Age 6-18	1149.6	1142.5	1137.4	1140.8	1147.5	1154.8	1162.4	1169.6
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	5244.2	5303.7	5364.9	5427.4	5490.0	5554.4
Percent of Total	76.5	76.7	76.9	77.1	77.2	77.3	77.4	77.4
Age 21 and Over	4860.6	4910.6	4964.3	5027.9	5093.8	5158.3	5220.9	5283.6
Percent of Total	72.3	72.6	72.8	73.1	73.3	73.4	73.6	73.7
Age 20-34	1395.3	1403.5	1413.2	1426.7	1439.1	1443.7	1448.7	1453.5
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	4350.5	4366.7	4387.2	4407.4	4429.1	4450.5
Percent of Total	64.2	64.2	63.8	63.4	63.1	62.7	62.4	62.0
Age 65 and Over	827.7	851.4	893.7	937.0	977.7	1020.0	1060.9	1104.0
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	October 2013	+
U.S. Real GDP Growth	3rd quarter 2013	+
U.S. ISM Index	November 2013	+
U.S. Employment YoY%Δ	November 2013	unchanged
U.S. Unemployment Rate	November 2013	+
U.S. Fed Funds Target	November 2013	unchanged
U.S. Consumer Confidence	November 2013	-
U.S. Consumer Sentiment	November 2013	+
U.S. Light Vehicle Sales	November 2013	+
U.S. CPI	October 2013	+
U.S. Home Prices	September 2013	+
S&P 500 Index	November 2013	+
WA Leading Index	October 2013	-
WA ISM-WW Index	November 2013	+
WA Employment YoY%Δ	October 2013	-
WA Aerospace Empl. YoY%Δ	October 2013	-
WA Unemployment Rate	October 2013	-
WA Business Cycle Indicator	October 2013	+
WA Initial Unemploy. Claims	November 2013	+
WA Housing Permits	October 2013	+
WA Weekly Hours in Mfg.	October 2013	+
WA New Vehicle Registration	November 2013	-
WA In-Migration	November 2013	+
WA Exports-Total YoY%Δ	3rd quarter 2013	-
WA Exports- w/o Trans. Equip. YoY%Δ	3rd quarter 2013	-
Seattle CPI	October 2013	+
Seattle Home Prices	September 2013	+
WA Residential Const. Contracts	October 2013	+
WA Non-Residential Const. Contracts	October 2013	+

\*Change from the previous reading

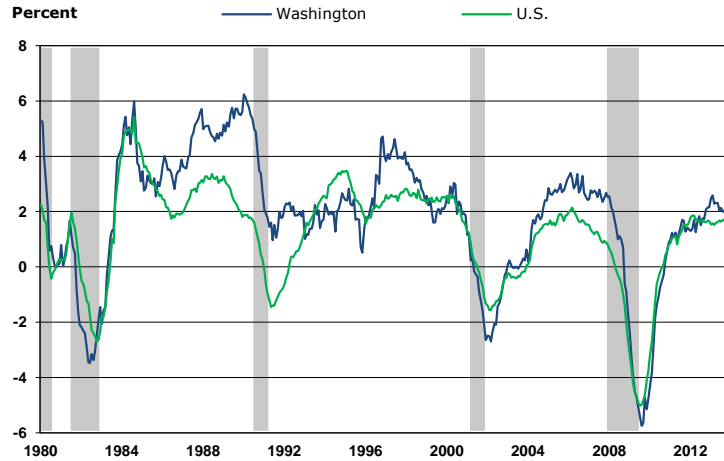
Table A6.2  
**Washington Business Indicators**  
Historical Data

	<b>WA Index of Leading Indicators</b>	<b>U.S. Index of Leading Indicators</b>	<b>WA State Business Cycle Indicator</b>	<b>WA State Construction Index</b>	<b>WA State Help Wanted Index</b>	<b>WA Purchasing Management Index</b>	<b>U.S. Purchasing Management Index</b>
<b>2009:07</b>	96.8	80.1	11.5	81.4	73.7	46.7	49.9
<b>2009:08</b>	97.7	80.9	12.0	84.2	75.5	53.2	53.5
<b>2009:09</b>	97.7	81.6	13.5	79.7	76.5	52.9	54.4
<b>2009:10</b>	98.8	82.1	11.6	82.1	78.5	59.5	56.0
<b>2009:11</b>	99.3	82.9	11.0	79.6	77.2	54.8	54.4
<b>2009:12</b>	99.8	84.0	9.9	79.4	79.6	61.4	55.3
<b>2010:01</b>	101.1	84.6	15.4	84.7	83.6	63.0	56.6
<b>2010:02</b>	100.6	84.5	10.0	79.1	88.3	56.0	55.7
<b>2010:03</b>	101.5	86.0	9.8	80.7	86.6	56.1	59.3
<b>2010:04</b>	102.0	86.6	9.8	80.4	86.8	63.2	58.9
<b>2010:05</b>	101.9	86.7	11.9	81.4	87.9	62.4	57.8
<b>2010:06</b>	101.8	86.7	14.1	82.7	88.2	63.0	56.1
<b>2010:07</b>	102.6	87.0	13.0	81.1	91.3	55.9	56.4
<b>2010:08</b>	102.9	87.1	15.5	83.3	87.9	58.6	57.8
<b>2010:09</b>	102.8	87.7	11.5	81.9	81.1	60.3	56.5
<b>2010:10</b>	103.9	87.6	12.3	81.9	86.2	65.8	57.3
<b>2010:11</b>	104.6	88.4	13.4	80.8	89.0	60.4	58.2
<b>2010:12</b>	105.0	89.5	19.3	83.7	89.7	61.0	57.3
<b>2011:01</b>	105.5	89.4	12.8	83.1	91.4	68.0	59.2
<b>2011:02</b>	106.0	90.1	14.6	81.7	94.6	70.5	59.6
<b>2011:03</b>	106.7	91.2	15.2	80.7	95.2	65.5	59.3
<b>2011:04</b>	108.3	91.1	25.7	85.0	104.9	68.2	59.4
<b>2011:05</b>	108.2	91.8	22.2	82.9	100.2	64.7	53.5
<b>2011:06</b>	108.5	91.7	17.2	84.5	98.1	58.5	55.8
<b>2011:07</b>	109.3	92.3	18.8	85.1	99.4	56.1	52.3
<b>2011:08</b>	109.0	91.3	22.1	86.2	98.6	57.8	53.2
<b>2011:09</b>	108.9	90.9	18.5	87.6	100.3	61.3	53.2
<b>2011:10</b>	108.5	91.5	17.2	83.4	100.7	67.4	51.5
<b>2011:11</b>	109.8	91.6	22.0	92.2	102.0	67.0	52.3
<b>2011:12</b>	110.2	92.2	25.2	91.2	103.7	65.0	52.9
<b>2012:01</b>	108.9	92.2	19.8	82.2	107.0	68.5	53.7
<b>2012:02</b>	110.0	92.9	25.2	82.9	104.9	68.9	51.9
<b>2012:03</b>	111.4	93.1	33.1	91.8	110.0	62.9	53.3
<b>2012:04</b>	111.4	92.9	28.9	90.5	113.5	64.9	54.1
<b>2012:05</b>	111.4	93.3	26.0	90.6	111.2	58.5	52.5
<b>2012:06</b>	111.3	92.7	31.4	91.6	113.4	57.0	50.2
<b>2012:07</b>	111.7	93.1	30.7	91.3	114.8	58.8	50.5
<b>2012:08</b>	111.4	92.7	28.4	87.7	110.5	53.5	50.7
<b>2012:09</b>	112.8	93.2	31.9	92.4	116.6	56.0	51.6
<b>2012:10</b>	113.6	93.4	33.2	94.0	117.9	56.3	51.7
<b>2012:11</b>	113.5	93.4	39.8	92.9	120.6	60.1	49.9
<b>2012:12</b>	114.3	93.7	39.0	91.0	125.9	58.1	50.2
<b>2013:01</b>	115.0	94.1	41.9	93.6	128.7	60.2	53.1
<b>2013:02</b>	115.3	94.6	41.0	95.4	127.2	56.3	54.2
<b>2013:03</b>	114.4	94.3	41.5	95.9	118.8	65.4	51.3
<b>2013:04</b>	114.5	95.1	36.8	90.8	123.1	59.5	50.7
<b>2013:05</b>	114.6	95.3	40.7	91.4	121.3	53.7	49.0
<b>2013:06</b>	114.4	95.3	35.9	92.0	120.6	61.0	50.9
<b>2013:07</b>	114.7	95.7	41.6	94.8	119.2	60.3	55.4
<b>2013:08</b>	115.4	96.4	39.2	93.4	121.3	53.8	55.7
<b>2013:09</b>	116.1	97.3	44.1	92.3	125.1	52.7	56.2
<b>2013:10</b>	115.6	97.5	46.0	94.5	123.6	54.2	56.4
<b>2013:11</b>						61.1	57.3

# Figure A7.1: Washington State Economic Indicators

## Year-over-Year Employment Growth

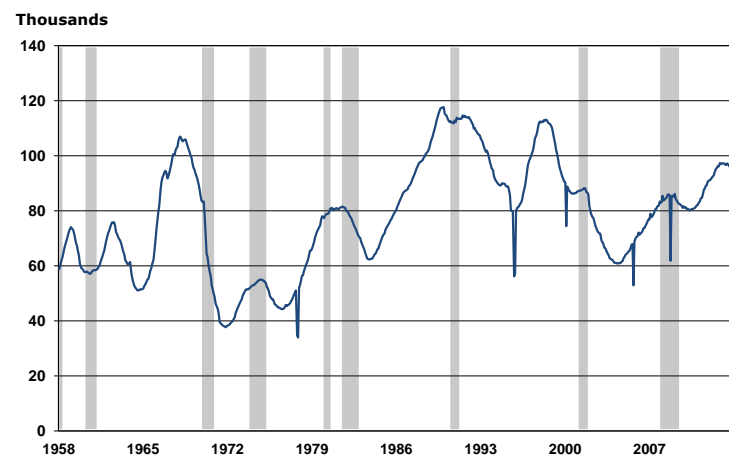
January 1980 to November 2013



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

## Washington Aircraft and Parts Employment

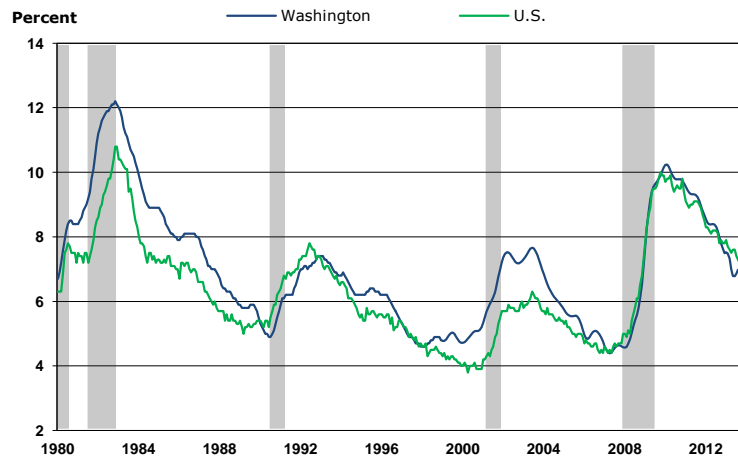
January 1958 to November 2013



\* Source: Bureau of Labor Statistics, ERFC

## Unemployment Rate, S.A.

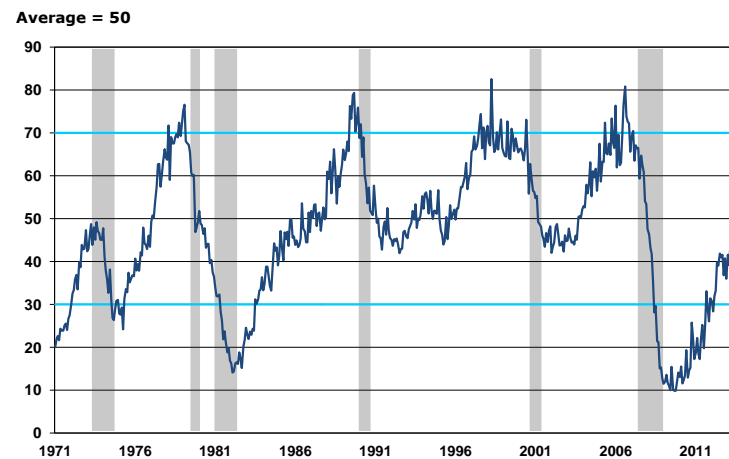
January 1980 to November 2013



\* Source: Bureau of Labor Statistics

## Washington Business Cycle Indicator

July 1971 to October 2013



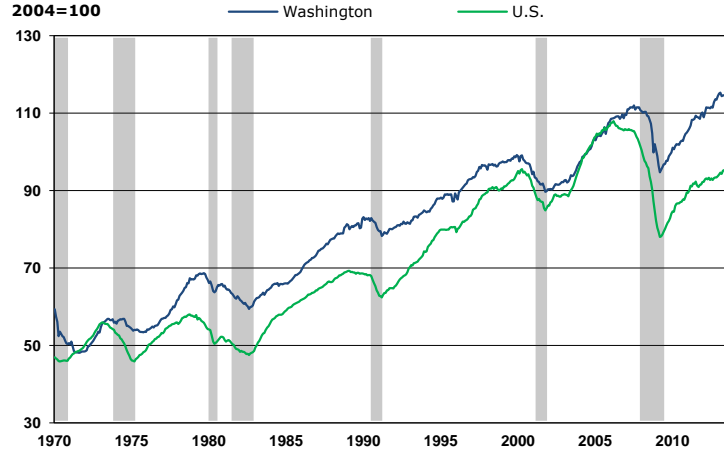
\* Source: ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.2: Washington State Leading Indicators

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

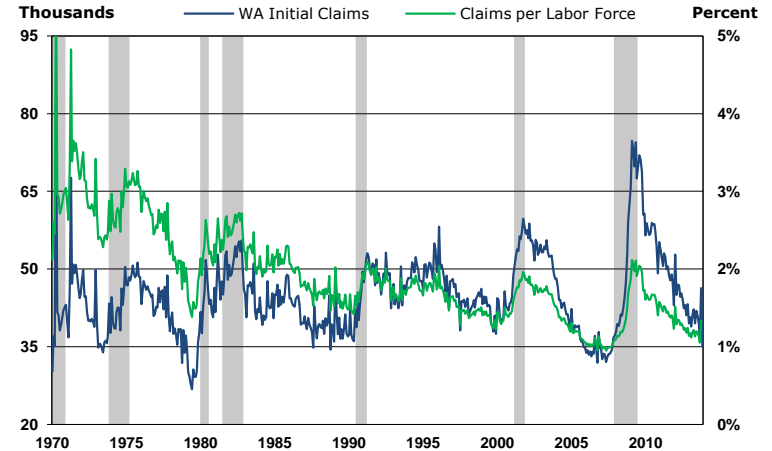
January 1970 to October 2013



\* The Conference Board, ERFC

## Washington Initial Claims for Unemployment Insurance

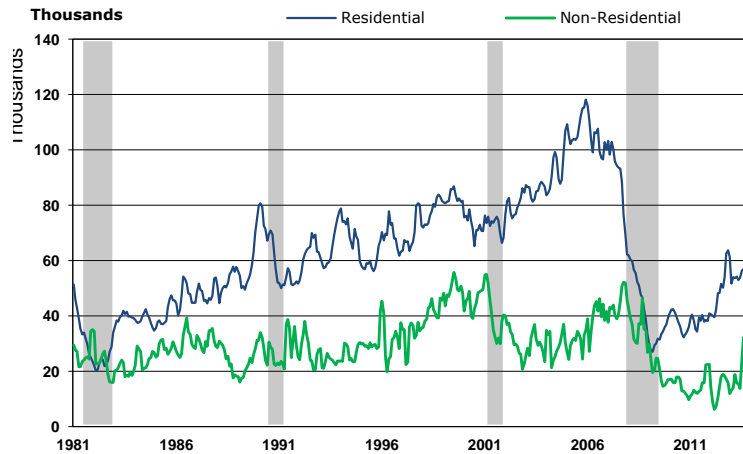
January 1970 to November 2013, S.A.



\* Source: WA State Employment Security, ERFC

## Square Footage of Construction Projects in WA State

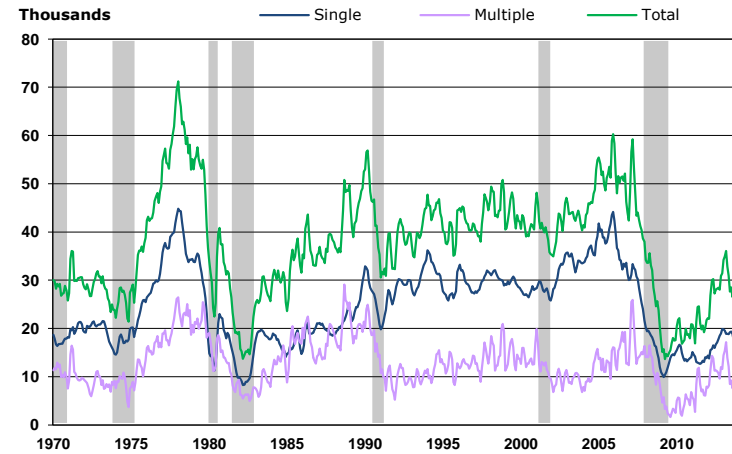
January 1981 to October 2013, 3mma, SAAR



\* Source: McGraw-Hill Construction, ERFC

## Housing Units Authorized in Washington State

January 1970 to October 2013, 3mma, SAAR



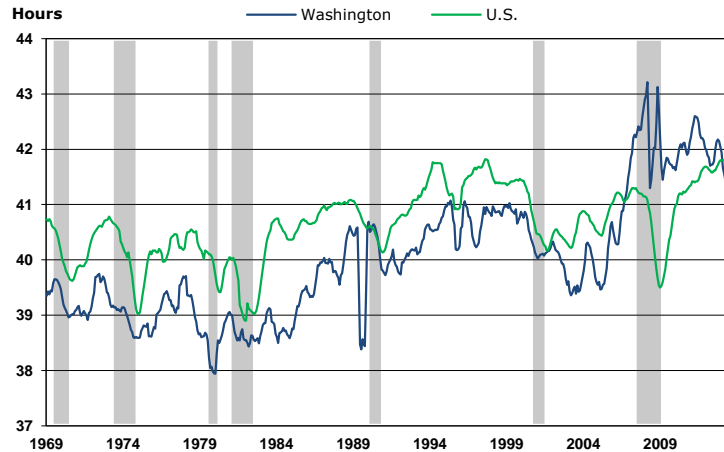
\* Source: Census Bureau, ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.3: Other State Economic Indicators

## Average Weekly Hours in Manufacturing

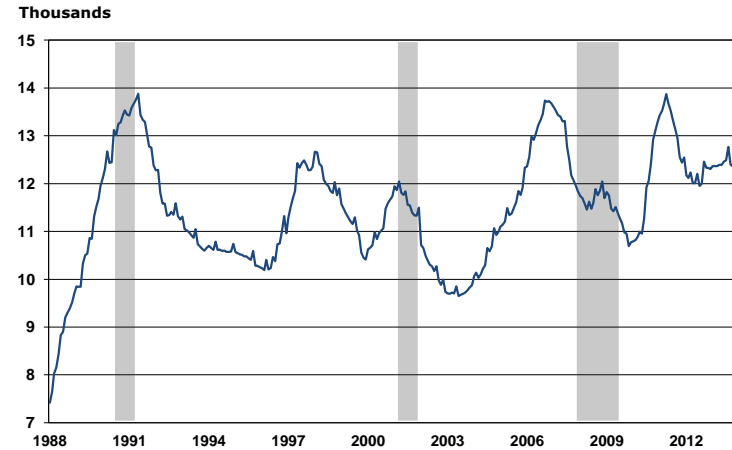
June 1969 to November 2013, 6-Mo. Moving Average, S.A.



\* Bureau of Labor Statistics, ERFC

## Washington Driver's License In-Migration

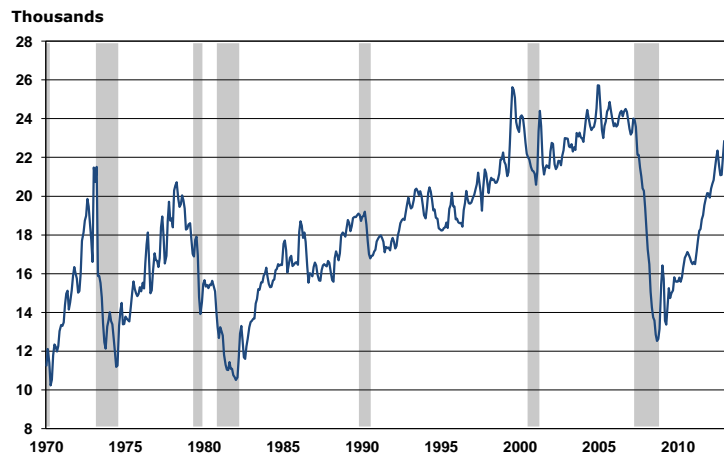
January 1988 to November 2013, 12-Month Moving Average



\* Source: WA State Department of Licensing, ERFC

## New Car and Truck Registrations in Washington

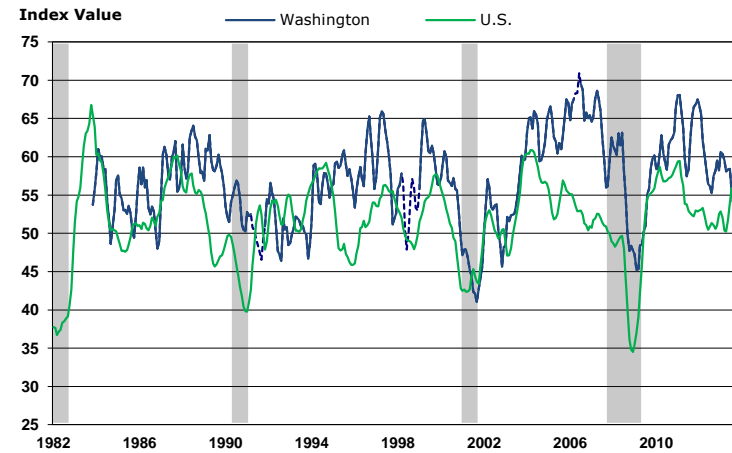
September 1970 to November 2013, 3-Month Moving Average, S.A.



\* Source: WA State Department of Licensing, ERFC

## Institute for Supply Management Index

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



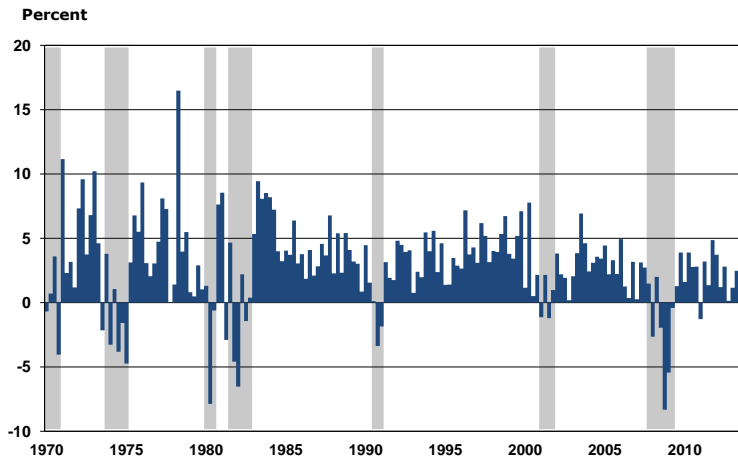
\* Source: Institute for Supply Management, ISM-WW, ERFC

\* Shaded areas correspond with national recessions.

# Figure A7.4: Other Economic Indicators

## Quarterly U.S. Real GDP Growth

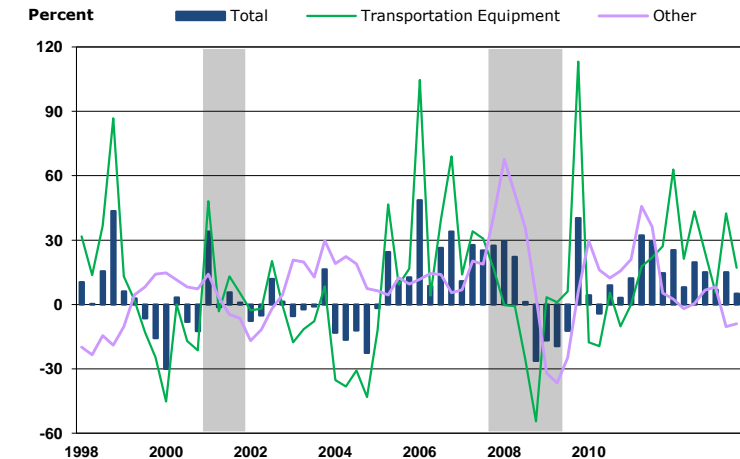
1970Q1 to 2013Q3, SAAR



\* Source: Bureau of Economic Analysis

## Washington State Export Composition

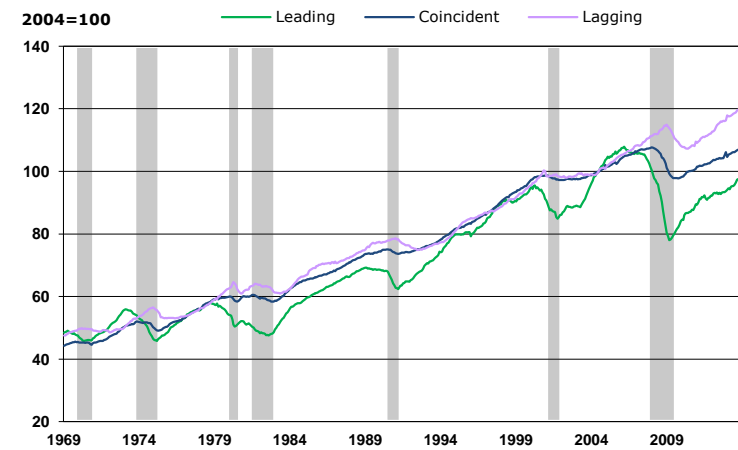
1998Q1 to 2013Q3, Year-over-year percent change



\* Source: WISER

## U.S. Economic Indicators

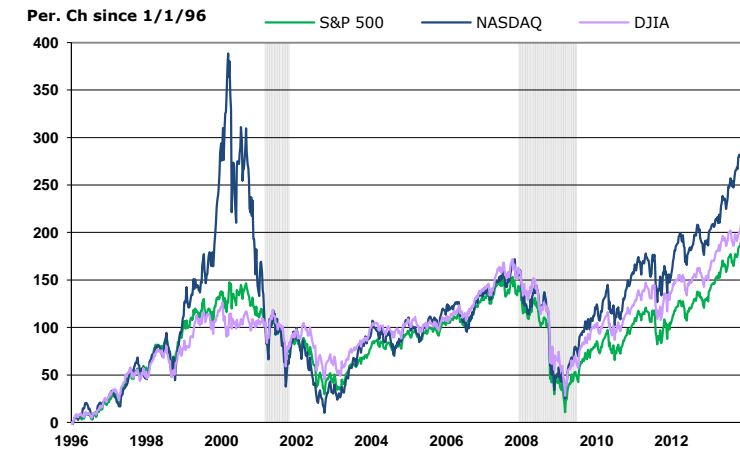
January 1969 to October 2013



\* Source: The Conference Board

## National Stock Indexes

January 1, 1996 to December 6, 2013



\* Source: ERFC

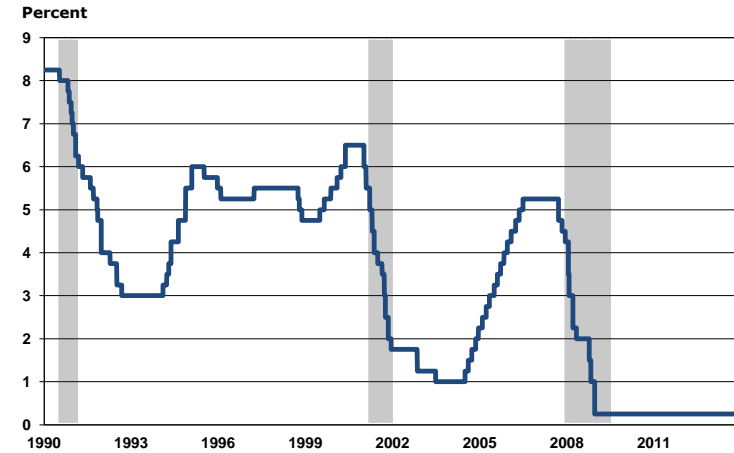
\* Shaded areas correspond with national recessions.



# Figure A7.4: Other Economic Indicators

## Federal Funds Target Rate

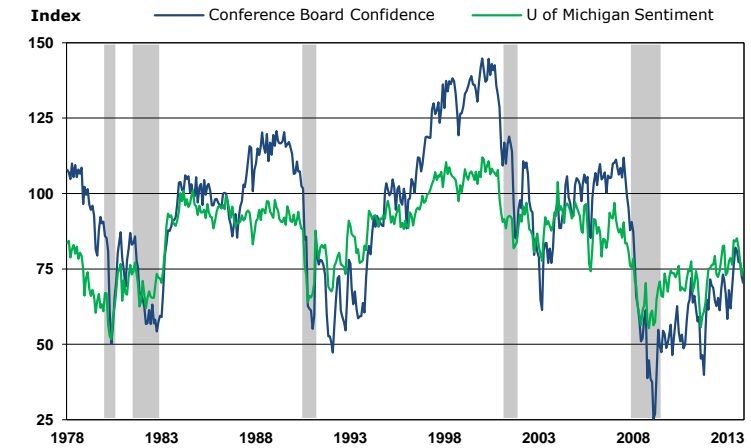
January 1, 1990 to November 30, 2013



\* Federal Reserve

## Consumer Confidence

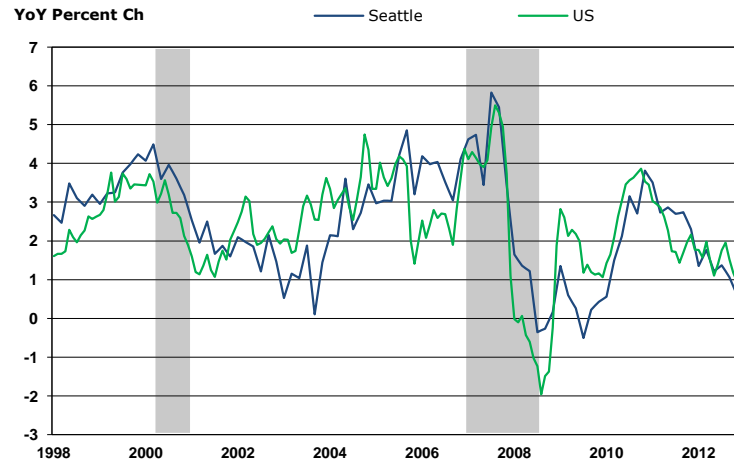
March 1978 to November 2013



\* Source: The Conference Board, University of Michigan

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

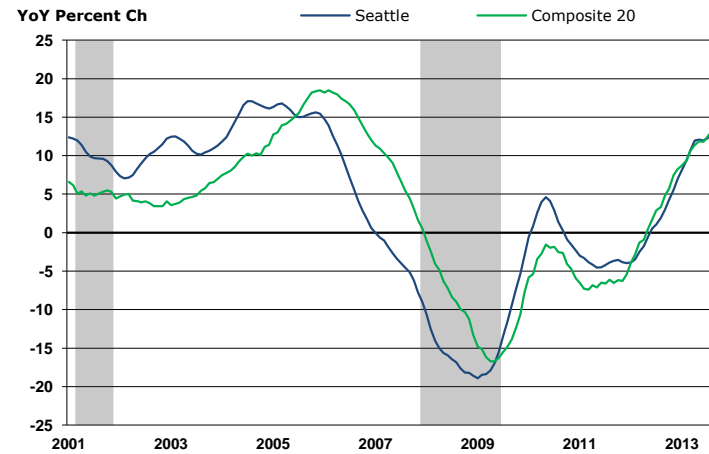
December 1998 to August 2013



\* Source: Bureau of Labor Statistics

## Case Shiller Home Price Index

January 2001 to September 2013, SA



\* Source: Case Shiller, ERFC

\* Shaded areas correspond with national recessions.



## Glossary

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

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

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

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

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

**GAAP Basis:** Generally Accepted Accounting Principles measure revenue in the period during which they accrue rather than the period in which they are received.  
General Fund: Accounts for all financial resources and transactions not accounted for in another fund.

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

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

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

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

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

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

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

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

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

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

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