

The background of the cover is a photograph of the Washington State Capitol building. The building is a large, classical-style structure with a prominent central dome and a portico supported by several columns. The scene is framed by the branches of cherry blossom trees in full bloom, with white and light pink flowers scattered across the image. The sky is a clear, pale blue.

Washington State Economic and Revenue Forecast

November 2014
Volume XXXVII, No. 4



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Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

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Preface

ERFC forecasting structure and schedule

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

Forecast Procedure

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

Data in this publication are accurate through December 8, 2014

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Executive Summary

- **The national economy continues to advance at a moderate pace. Uncertainty remains elevated and downside risks continue to outweigh upside risks.**
- **U.S. real GDP continued its strong growth in the third quarter, growing 3.9% (SAAR) after a 4.6% (SAAR) gain in the second quarter.**
- **U.S. Employment growth in November exceeded expectations with the strongest job gains in nearly three years.**
- **Weak growth in Europe, China, and Japan remains a threat to the U.S. economy.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 2.2% in 2014, up from 2.1% in the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, then slowly trend down to 2.4% in 2019.**
- **As expected in the September forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth has been weaker than expected in September but historical estimates were revised higher.**
- **Washington single-family home construction remains weak. Estimates of household formation have been lowered. Seattle home prices have leveled off.**
- **Seattle shelter costs are rising much faster than the national average but overall inflation remains moderate.**
- **Revenue collections since September have come in \$68 million over the forecasted amount.**
- **Changes to the economic forecast since the September forecast have resulted in increases in expected revenue of less than one percent for the current and 2015-17 biennia and slightly more than one percent for the 2017-19 biennium.**
- **The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$108 million and the forecast for the 2015-17 biennium was increased by \$241 million. The forecast for the 2017-19 biennium was increased by \$415 million.**

U.S. Economic Forecast

The economic recovery has continued

The national economy continues to advance at a moderate pace. Growth in gross domestic product (GDP) was again strong in the third quarter, increasing at a 3.9% (SAAR) rate after a 4.6% gain in the second quarter. Job gains remain solid as well,

averaging 241,000 per month so far this year. Significant threats to the economic recovery remain, however, keeping uncertainty elevated. Violence in the Middle East, the weak housing sector, and reduced economic growth overseas all threaten to derail the recovery. Overall, economic activity has generally been in line with the September baseline forecast of moderate growth and slowly declining unemployment.

GDP and employment growth have been strong

Real GDP grew at a strong 3.5% annual rate in the third quarter, down from the 4.6% weather induced rebound in the second quarter. The Blue Chip Consensus GDP forecast now calls for real GDP growth of 2.2% in 2014, up from 2.1% in the previous forecast. Real GDP growth is unchanged from the September forecast for 2015 and 2016, at 3.0% and 2.9%. We expect growth of 2.7%, 2.5%, and 2.4% in 2017 through 2019. Employment growth in November exceeded expectations with the strongest job gains in nearly three years. The economy added 321,000 jobs in November, up from a 241,000 gain the month before.

The outlook for economic growth for major economies has been lowered

The outlook for economic growth of major economies has been lowered since the September forecast. Europe has just emerged from a prolonged recession and economic activity remains low. With severe trade imbalances among member countries and strict austerity measures still in effect, we expect the slow growth to continue. China, which is our largest export market outside of North America, has slowed. Chinese growth remains well below their recent history and has prompted the government to introduce new stimulus measures. Japan has also entered into a surprise recession as consumption has slowed. Even with unprecedented monetary stimulus by Japan's central bank, real GDP growth is expected to be weak.

Washington Economic Forecast

The Washington economy continues to show moderate growth

In recent months the Washington economy has performed about as expected in the September forecast. Employment growth has been slightly weaker than expected but this was more than offset by upward revisions to past estimates. As anticipated, Washington personal income growth was weak in the second quarter, largely due to aerospace bonuses paid in the first quarter which were not repeated in the second quarter. Single-family housing construction was once again weaker than expected in the third quarter of 2014 but multi-family construction came in right on forecast. Seattle area inflation is slightly higher than the national rate due to rapidly rising shelter costs.

Washington will continue to outperform...

Our November forecast of 2014 Washington employment growth is higher than assumed in September mainly due to stronger than expected growth through October. Employment growth for the remainder of the forecast is the same as assumed in the

...the U.S. in growth

September forecast. Our November forecast for nominal personal income growth this year of 4.7% is unchanged since the September forecast, however, our new forecast for nominal personal income growth from 2015 through 2019 averages 5.6% per year, up slightly from 5.5% in the September forecast. The number of housing units authorized by building permits was weaker than expected in the third quarter of 2014 due to yet another shortfall in single-family construction (multi-family construction was right on target). More importantly for the single-family construction forecast, newly released Census data indicate that fewer households are being formed than previously believed. As a result, we have delayed the recovery in single-family housing construction.

Revenue Forecast

Changes to the revenue forecast in November were once again slight but positive

Revenue collections since the September 2014 forecast came in \$68 million higher than the expected total. Most of the surplus came from Revenue Act taxes (retail sales and use, business and occupation, public utility and tobacco products taxes), which came in \$55 million above the forecast. Preliminary data indicate the surplus in Revenue Act collections was due to stronger-than-expected third quarter economic activity. This surplus, along with an improved outlook for real estate excise tax collections, has provided a moderate lift to expected revenues in the current biennium, which ends in June 2015. Going forward, the slight changes to the economic forecast have increased expected revenue collections by less than one percent for the 2015-17 biennium and slightly more than one percent for the 2017-19 biennium.

GF-S forecast change by biennium (millions):

*13-15: +\$108
15-17: +\$241
17-19: +\$415*

As of November 10th, revenue collections for the 2013-15 biennium were \$68.1 million ahead of the September forecast. For the remainder of the biennium, forecasted revenue has been increased by \$39.8 million. The sum of these changes for the 2013-15 biennium is a forecast increase of \$107.9 million, with total biennial revenue of \$33,439.8 million. The forecast for the 2015-17 biennium has been increased by \$241.3 million and the forecast for the 2017-19 biennium has been increased by \$414.8 million. GF-S revenue is now forecasted to total \$36,319.5 million in the 2015-17 biennium and \$39,602.4 million in the 2017-19 biennium.

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

- **The national economy continues to advance at a moderate pace. Uncertainty remains elevated and downside risks continue to outweigh upside risks.**
- **U.S. real GDP continued its strong growth in the third quarter, growing 3.9% (SAAR) after a 4.6% (SAAR) gain in the second quarter.**
- **Employment growth in November exceeded expectations with the strongest job gains in nearly three years.**
- **The modest housing market recovery has continued. Home prices are no longer increasing, although homebuilders remain optimistic.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative, but rate increases are expected next year.**
- **Weak growth in Europe, China, and Japan remains a threat to the U.S. economy.**
- **The Blue Chip Consensus GDP forecast now calls for real GDP growth of 2.2% in 2014, up from 2.1% in the previous forecast. Real GDP growth is expected to increase to 3.0% in 2015, then slowly trend down to 2.4% in 2019.**
- **A more robust recovery in housing remains the most significant upside risk. A slowdown in global growth is the major downside risk.**

Current Conditions

The economic recovery has continued

The national economy continues to advance at a moderate pace. Growth in gross domestic product (GDP) was again strong in the third quarter, increasing at a 3.9% (SAAR) rate after a 4.6% gain in the second quarter. Job gains remain solid as well, averaging 241,000 per month so far this year. Significant threats to the economic recovery remain, however, keeping uncertainty elevated. Violence in the Middle East, the weak housing sector, and reduced economic growth overseas all threaten to derail the recovery. Overall, economic activity has generally been in line with the September baseline forecast of moderate growth and slowly declining unemployment.

U.S. real GDP growth was...

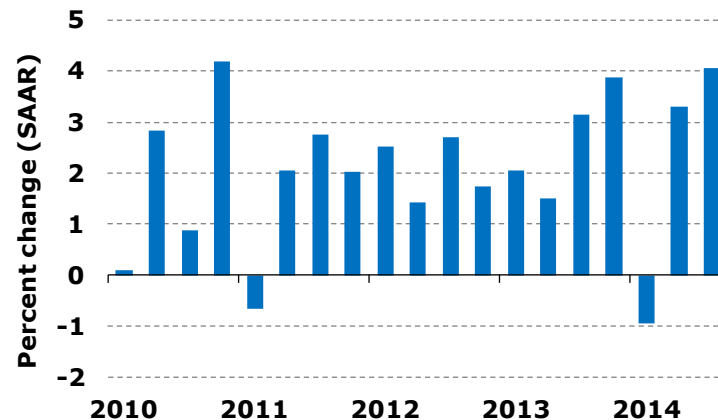
U.S. real GDP continued its strong growth in the third quarter, growing 3.9% (SAAR). This was down from the 4.6% (SAAR)

*...again
strong in the
third quarter*

gain in the second quarter, although the strong growth in the second quarter was partially the result of a rebound from the 2.1% (SAAR) weather-induced decline in the first quarter. Consumer spending made the largest contribution to growth, increasing 2.2% (SAAR) and adding 1.5 percentage points to overall GDP growth. Fixed investment, trade, and government were also large contributors to growth in the third quarter. Fixed investment increased 6.2% (SAAR), adding 1.0 percentage point to growth, fueled by strong growth in equipment purchases. Net exports contributed 0.8 percentage points to growth due to moderate gains in exports combined with a decline in imports. Recent trade data, however, suggest gains in international trade are unlikely to continue into the fourth quarter. Government spending was also strong in the third quarter adding 0.8 percentage points to top line GDP growth due to an increase in defense spending. This boost to growth is not likely to continue in the near term as a result of the focus on deficit reduction. Inventory investment was a slight drag to growth, subtracting 0.1 percentage points, although this will probably not continue into the fourth quarter. Real final sales, which exclude inventories and give a good indication of demand, grew 4.1% (SAAR) in the third quarter. This was up from the 3.2% growth in the second quarter and was the strongest growth since the fourth quarter of 2010 (see Figure 1.1).

Figure 1.1: Real Final Sales Growth, SAAR

*Real final
sales growth
was the
strongest
since 2010
Q4*



Source: U.S. Bureau of Economic Analysis; data through 2014 Q3

*Personal
income is
rising, but
real wage
growth
remains
weak*

Rising personal income is essential for consumer spending to improve. Real personal income was up 0.2% in October, the same growth as September but down from prior months. Real disposable personal income growth (income after taxes and adjusted for inflation) was 0.2% as well. While real personal income has continued to increase, real wage growth has been weak. Recent income gains have been led by income from dividends, rental income, and transfer payments excluding unemployment insurance benefits. With weak real wage growth,

spending growth has been inconsistent. Consumption growth rose 0.2% in October after no gain the month before. The personal saving rate held steady at 5.0%. Spending on durable goods dropped 0.2% after a 1.1% decline the month before. New vehicle sales have been relatively strong, increasing to 16.5 million units (SAAR) in October, up from 16.4 million units (SAAR) in September, but down from the post recession high of 17.5 million units (SAAR) in August. Nondurable goods spending was up 0.2% and spending on services increased 0.3% in October. Retail sales were up 0.3% in October, reversing September's 0.2% decline. Overall sales were held down by declining gasoline prices while sales excluding gasoline stations rose 0.5%. Early indications of the holiday shopping season show consumers are hesitant despite the boost in household budgets from lower gas prices. Chain store sales were up 1.7% since last year, the slowest growth in seven months. Sales both in stores and online over the Thanksgiving weekend were estimated to have dropped 11% since last year.

Employment growth exceeded expectations in November

Employment growth in November exceeded expectations with the strongest job gains in nearly three years. The economy added 321,000 jobs in November, up from a 241,000 gain the month before. The estimates for employment growth in September and October were revised up by a total of 44,000 jobs. Employment growth has now been over 200,000 jobs each month for the past ten months. Job gains were broad-based. The private sector added 314,000 net jobs while public sector hiring turned positive with a 7,000 net gain. Nearly every major industry group had an acceleration in net hiring with the exception of leisure and hospitality. Goods producing industries were strong, with construction adding 20,000 jobs and manufacturing adding 28,000 jobs. Professional and business services was the largest contributor to the employment gains with payrolls growing by 86,000.

The labor market is improving

The strong job growth is absorbing not only unemployed workers, but some new entrants into the labor force as well. While the unemployment rate was unchanged in November at 5.8%, it remains on a downward trend and is at its lowest level since July 2008. The labor force increased in November by 119,000 after gaining 416,000 the month before. The decline in the labor force participation rate since the beginning of the recession appears to have finally come to an end, holding steady at 62.8%. Previously discouraged workers are coming off the sidelines and re-entering the labor force now that they believe they have a chance at employment. Joblessness, while still elevated at 9.1 million people, has dropped by 41% since the recovery began. The most comprehensive measure of underemployment, which includes those marginally attached to the labor force plus workers employed part time for economic reasons, has declined from 16.5% to 11.4% since the start of the recovery. Initial claims for unemployment insurance remain on a downward trend and are now back to pre-recession levels.

For the week ending November 29th, the four week moving average of initial claims increased by 4,750. Even with the recent increase, the latest reading is down 9.0% from a year ago and down 54.6% since the peak in 2009.

Consumer confidence continues to trend upward

Consumer confidence has been increasing recently, but has yet to break out to levels typically seen at this point in a recovery. The recent fall in gas prices has given consumers some extra expendable income. An improving economy and stronger labor market conditions have enabled consumers to feel more confident as the recovery has unfolded. Rising home prices have also helped confidence recently, but with home prices now stagnating, this help will end. Equity markets continue to improve consumers' financial position. The most recent readings of confidence are mixed. The Conference Board reading shows that confidence took a big step back in November, dropping 5.4 points. Both the present conditions and expectations components fell. Consumers viewed business conditions as weaker and the job market as slightly tougher. Even with the decline, however, consumer confidence remains near a post recession high. The University of Michigan reading of consumer sentiment showed a 1.9 point increase in November, its strongest reading since July 2007. Consumers indicated they felt much better about their current finances, likely due to the drop in gas prices. Respondent's economic outlook improved as well. Both measures should continue to trend upward as the economic recovery continues.

Small business confidence is improving

Small business confidence has followed a similar path as consumer confidence. The National Federation of Independent Business (NFIB) small business optimism index increased 0.8 points in October to 96.1. This matches the reading from August but remains below the post recession high of 96.6 in May. The details of the October survey were generally positive. Small businesses reported more job openings, hiring plans remained solid, more firms indicated they have capital expenditures planned, and credit conditions improved. On the negative side, firms had a slightly worse view of the outlook for expansion plans and general business conditions. Sales concerns continue to fall in importance as the recovery has continued. Low quality of labor is now emerging as an issue, cited by 11% of respondents as the most important problem they face. Taxes and government regulation remain the most concerning problems cited by a plurality of small businesses.

Oil prices have dropped sharply in recent months

Oil prices have dropped sharply in recent months. Increased domestic supply combined with a global drop in demand has led oil prices to drop \$20 per barrel since September. West Texas Intermediate (WTI) was \$76 per barrel for the week ending November 28th while Brent was just under \$80 per barrel. Oil prices have come down even further since then after the Organization of the Petroleum Exporting Countries (OPEC) met

on Thanksgiving to set supply policy. The decision to maintain its production quotas instead of limiting output to support prices caused oil prices to plummet another \$10 per barrel. OPEC will now let prices keep falling in hopes that some of the more expensive drilling techniques being deployed in the U.S. will no longer be profitable and shut down. Amidst the recent drop in energy prices, geopolitical conflict has continued. Even with the conflict in the Middle East intensifying, energy markets have been able to digest the turmoil. Disruptions related to the unrest have been viewed as temporary and are no longer causing large price swings. Although Islamic militants have kept their grip in North and Western Iraq, their actions have had very little impact on the country's production and exports since major oil operations are in the south. Russia's intervention into Ukraine has continued as well, but this too has done little to raise prices.

*Inflation
remains low*

Headline inflation remained steady in October, keeping the year-over-year change in the Consumer Price Index (CPI) at 1.7% for the third consecutive month. Energy prices dropped 1.9% led by declines in gasoline (-3.0%) and fuel oil (-4.0%). Utility gas services dropped 2.7% while electricity prices were up slightly. Overall, energy prices are down 1.6% from a year ago. While energy prices have declined, food prices have continued to trend upward. In October, food prices again moved up, increasing another 0.1%, and are now up 3.1% year over year. Both food at home and away have shown similar increases throughout the year. Shelter costs increased 0.2% and are now up 3.0% year over year. Core inflation, which excludes food and energy, increased 0.2% in October and is up 1.8% since last year.

*The modest
housing
recovery has
continued*

The modest housing market recovery has continued after struggling to gain traction early in the year. Recent data have generally been positive and indicate that activity is set to accelerate. Investor purchases have propped up home sales, buying distressed homes to fix them up and resell them or become landlords. This source of housing demand is beginning to slow, however, now that fewer distressed homes are available for sale at deep discounts. The number of single-family rental homes rose by 19.3% from 2009 through 2013 while the stock of single-family homes increased just 2.3% over the same time period. Sales of existing homes rose slightly this past month. Completed sales in October increased 1.5% from September to 5.26 million units (SAAR). Sales are now 2.5% higher than a year ago. Single-family homes increased 1.3% while condo and co-op sales increased 3.3%. The market for existing homes is starting to tighten. Total inventory fell to 1.96 million homes from 2.02 million in September and represents a 5.1 month supply. Sales of new homes came in at 458,000 units (SAAR) in October, up 0.7% from September and 1.8% since last year. With the weak sales, the inventory of unsold homes edged up 1.0% from September to 212,000. This inventory corresponds to a 5.6 months' supply of new homes at the current sales pace. Mortgage rates continue to trend lower, reaching their lowest

level of the year in October at 4.04% for a conventional 30-year mortgage.

New construction has been modest despite homebuilders' optimism

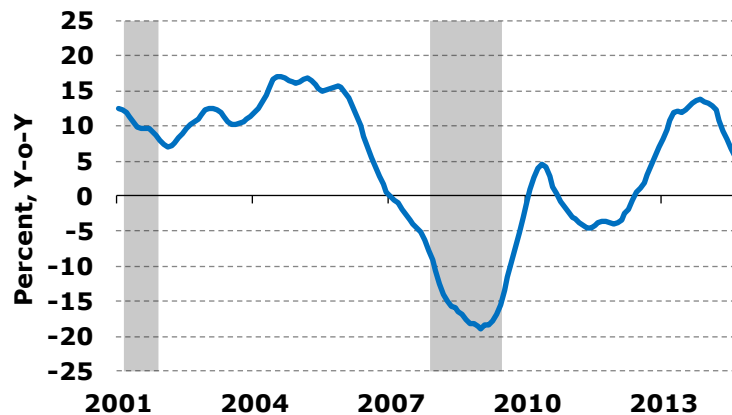
Home construction remains modest and well below levels seen before the recession. Housing starts slowed in October to 1.01 million units (SAAR) after coming in at 1.04 million units in September. Even with the slowdown from the prior month, housing starts are 7.8% higher than a year ago. The decline this month was due to a reversal of last month's increase in multi-family housing, which declined 15.4% in October after a 14.9% jump in September. Single-family housing increased 4.2% in October after a 4.2% increase the month before. Housing permits were positive this month. Total permits increased 5.9% in October and are now up 2.3% since last year. Multi-family permits were again strong, increasing 11.3% in October. Both housing starts and permits are hovering around the 1.0 million unit (SAAR) range, a level which would be considered weak prior to the recession. While housing activity remains sluggish, homebuilder confidence continues to improve. The National Association of Homebuilders (NAHB) housing market index, which measures confidence of homebuilders, indicates that homebuilders are optimistic. In November, the composite index was 58, just down from the post recession high of 59 in September and well above the average of 48 since its inception in 1985. Although the surge in confidence has not yet translated into a surge in activity, it is pointing to some upside risk to the housing market.

Home prices are no longer increasing

Home price appreciation is starting to decelerate and even turn negative. The seasonally adjusted Case-Shiller 20-city home

Figure 1.2: Case-Schiller 20-City Home Price Index, Year-Over-Year Growth

The rapid rise in home prices is over



Source: S&P/Case-Shiller; data through September 2014

price index increased 0.3% in September, the first increase since April. Home prices are still higher than a year ago, but the rate has been declining (see Figure 1.2). It appears the rapid increases in home prices seen early in the recovery are over. Prices have increased 20.9% since the trough of the recession, but remain 17.6% below their previous peak. The rise in home prices has been positive for the overall housing market. Rising prices have typically encouraged new construction and are enabling previously underwater homeowners to sell their homes and trade up for more expensive houses. Affordability issues have emerged however, especially among first time home buyers. Although homes remain affordable by historic standards, affordability is down sharply from the past two years.

The manufacturing sector continues to improve

The manufacturing sector continues to improve. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector expanded again in November. The ISM index slipped to 58.7 from 59.0 the month before (index levels above 50 indicate expansion), but still indicated strong growth. Details from the report were generally positive. New orders edged up 0.2 points to 66.0 and production fell 0.4 points to 64.4. Both components continue to reflect robust strength. The employment component fell 0.6 points but remains positive at 54.9. The latest G-17 report from the Federal Reserve, which measures manufacturing output, indicated continued growth. Output increased 0.2% (SA) in October and remains 3.4% above last year. The production of durable goods rose 0.1% as large gains in machinery were partially offset by declines in nonmetallic mineral products and motor vehicle assemblies. Nondurable goods output increased, gaining 0.3%. Data for new orders for core capital goods (nondefense capital goods excluding aircraft) are possibly signaling some near term risk. Orders declined 1.3% in October after declining by the same amount in September. Shipments fell 0.4% in October, reversing last month's 0.4% gain.

Federal fiscal policy remains a drag on the recovery

Uncertainty surrounding federal fiscal policy has receded but spending reductions remain a drag on growth. While real federal government expenditures increased 4.2% (SAAR) in the third quarter, this was due to a sharp increase in defense spending that is likely to be reversed in the fourth quarter. In 2013, reductions in federal government spending are estimated to have reduced overall GDP growth by 0.8 percentage points. Unlike federal government spending which has continued to fall, state and local government spending is increasing. Due to improving tax revenues, state and local governments are no longer slashing spending to balance budgets. State and local government spending increased 0.8% (SAAR) in the third quarter, and has had positive growth in six of the past seven quarters.

The Federal Reserve has ended its...

Monetary policy remains accommodative, but the nontraditional policies of the last few years employed by the Federal Reserve

...quantitative easing program

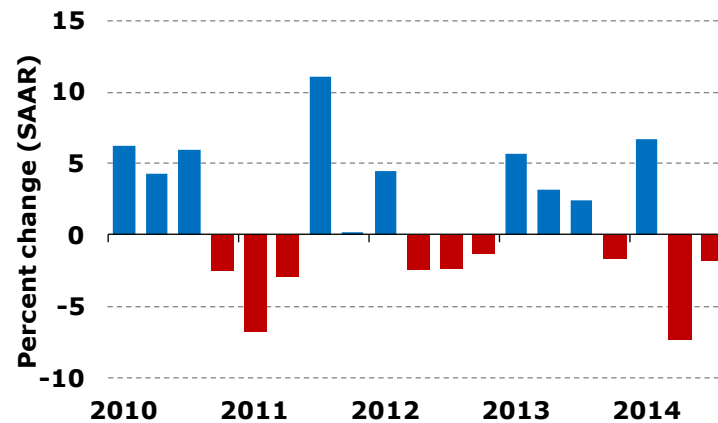
are coming to an end. In October, the Federal Reserve ended its quantitative easing program as planned. The Federal Reserve will continue buying mortgage backed securities and Treasury securities as part of its reinvestment program to prevent the balance sheet from declining in the near term. At the October meeting, the Federal Reserve also recommitted to keeping the fed funds rate near zero for a "considerable time" to support the economic recovery. The Federal Reserve decision-making process remains data driven. Rate changes could occur sooner or later than currently anticipated based on the progress of the economic recovery.

A recession in Japan is the latest threat to global growth

Weakness in the Japanese economy is the latest threat to global economic growth. Japan slipped into a recession with second quarter GDP contracting at a 7.3% rate follow by third quarter GDP contracting at a 1.6% rate (see Figure 1.3). Much of the weakness came from a sharp drop in consumption as a long scheduled value added tax went into effect. The weak growth makes it likely that the next scheduled tax increase for October 2015 will be delayed. This will enable the stimulus measures planned to have greater effectiveness. Prime Minister Shinzo Abe has begun implementing his aggressive program to pull the country out of deflation. His "three arrows" plan of monetary stimulus, fiscal stimulus, and structural reform is aimed at addressing the decades old structural imbalances while also spurring demand.

Figure 1.3: Japanese Real GDP Growth, SAAR

Japan appears to have entered into another recession



Source: Organisation for Economic Co-operation and Development; data through 2014 Q3

Slower growth in China remains a risk to the recovery

Economic activity in China has continued to weaken, threatening U.S. exports to China. Chinese GDP growth slowed to 7.3% (Y-O-Y) in the third quarter from 7.5% in the second quarter. This was the weakest growth since the first quarter of 2009. For China, growth below 8% is considered poor. China's real estate slump has been the main contributor to the slowdown. The

manufacturing sector has also been struggling with weak to no growth. In response to the weak growth, the Chinese government cut benchmark interest rates and there is an increasing likelihood of more stimulus measures in the near future. China has struggled to shift to a more consumer-based economy and lower its reliance on exports.

Weakness in European economies remains a threat to the recovery

The weakness in European economies remains a threat to the U.S. economic recovery. Risks of a financial crisis remain and weak growth abroad limits U.S. export potential. The European economy remains stagnant and has just recently emerged from the recession that started at the end of 2011. The combination of the latest European recession with the 2007-09 recession has resulted in a historic period of economic weakness. Real GDP in the Eurozone is still lower than in 2008. Relative to the start of the 2007-09 recession, European output is now lower than at the same point in the recovery from the Great Depression. Although the Eurozone economy is no longer contracting, growth remains anemic. Real GDP in the Eurozone increased at a 0.1% annualized rate in the second quarter of 2014, down from a 0.9% rate the previous quarter. Some member countries continue to experience negative growth, including France and Italy. Job gains in the Euro area have been weak and unemployment elevated. Consumer confidence in the Eurozone dropped in November to its lowest level since February. 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.

Forecast

Our forecast is based on the November Blue Chip Consensus forecast

The November 2014 economic forecast was based on a modified version of Global Insight's November 2014 Control forecast for the U.S. economy. Consistent with our standard practice, the U.S. real GDP forecast was adjusted to match the November Blue Chip Consensus GDP forecasts for 2014 and 2015. We also incorporated the latest long term Blue Chip GDP forecast for 2016 through 2019. Our oil price forecast was adjusted to incorporate futures prices for both Brent crude oil and for West Texas Intermediate crude.

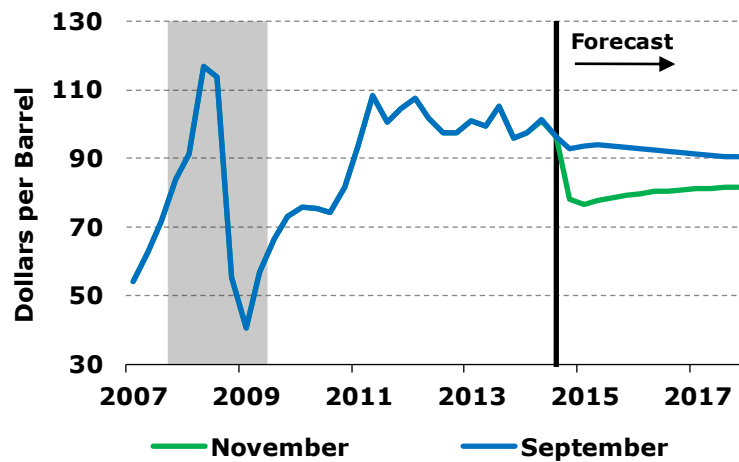
Oil prices have plummeted, representing the biggest change since September

The forecast for oil prices is the most significant change since the September forecast. Oil prices have dropped sharply over the past two months. Brent crude prices which were over \$100 per barrel as recently as the beginning of September, have fallen below \$80 per barrel. Similarly, WTI crude oil has fallen \$20 per barrel over the same period. The drop in crude oil has caused gasoline prices to plummet to under \$3 per gallon, just in time for the holiday shopping season. U.S. oil production has continued to increase, reaching over 9-million barrels per day in early November. Turmoil in oil-producing countries has continued, although markets seem to be less affected than in the

past. Libya's oil production is nearing 1.0 million barrels a day as the country was able to restart conflict-damaged refineries. Production is now close to the pre-revolution capacity of 1.6 million barrels per day. Escalating violence in Iraq and sanctions against Russia have not severely affected prices. Weak economic growth in China and Europe has lowered the demand for oil. The increase in U.S. production is expected to be enough to meet any increase in global demand going forward. While we no longer expect declining oil prices throughout the forecast, we do expect the lower prices recently experienced to be largely maintained. We expect prices to reach a trough in 2015 at \$78 per barrel. The forecast calls for prices to gradually increase, reaching \$83 per barrel in 2019 (see Figure 1.4). With oil prices no longer declining, inflation has been revised slightly higher in the outer years. We still expect low inflation throughout the forecast ranging from 1.1% in 2015 to 1.9% in 2018 and 2019. The previous forecast expected inflation to range from 1.2% to 1.6%.

Figure 1.4: Average Price of Crude Oil

The forecast calls for lower oil prices throughout the forecast



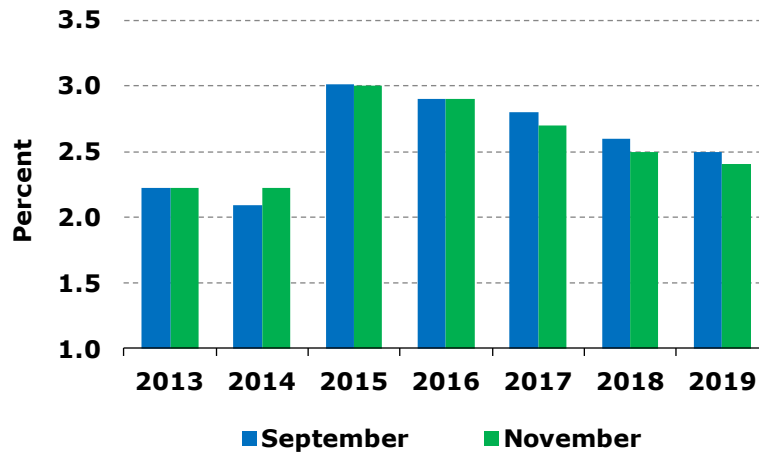
Source: DOE, ERFC November 2014 forecast; historical data through 2014Q3

Real GDP growth is only minimally changed

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.2% in 2014, up from 2.1% in the previous forecast. Real GDP grew at a strong 3.5% annual rate in the third quarter, down from the 4.6% weather induced rebound in the second quarter. GDP growth is expected to moderate in the fourth quarter, growing 2.3%. Much of the slowdown from the third quarter is due to a reversal of defense spending growth and slower export growth. Real GDP growth is unchanged from the September forecast for 2015 and 2016, at 3.0% and 2.9%. In the out years, growth has been revised down slightly since the previous forecast by 0.1 percentage points in each year from 2017 through 2019. We now expect growth of 2.7%, 2.5%, and 2.4% in 2017 through 2019 (see Figure 1.5).

Figure 1.5: U.S. Real GDP Growth, SAAR

GDP growth is slightly lower in 2018 and 2019



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

Consumer spending will not be a strong driver of GDP growth

The forecast for consumer spending growth is essentially unchanged despite the slight reduction in GDP growth. While consumers are feeling more optimistic, stagnant wage growth continues to impede spending. The jobs recovery has continued at a moderate pace. Equity markets continue to increase although home values are beginning to plateau. As has been the case in 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 2.2% in 2014 before increasing to 2.7% in 2015 and 2016. We then expect consumption growth to slow throughout the remainder of the forecast, reaching 2.4% in 2019. We expect consumer spending to contribute 1.8 percentage points to real GDP growth on average for each year of the forecast through 2019.

Personal income growth will pick up

Real disposable personal income growth is expected to rebound to 2.7% this year after declining 0.2% in 2013. This is higher than the 2.5% growth we expected in September due to stronger growth so far in the second half of the year. We expect growth in real disposable personal income to accelerate, reaching 3.9% in 2017. Growth is then expected to slow, growing 3.4% in 2018 and 3.2% in 2019. Nominal disposable income is expected to grow 4.2% this year, led by strong wage growth, particularly in the private sector. Wages and salaries are expected to grow 4.9% this year, the strongest growth since 2007. The forecast then calls for growth in wages and salaries of over 5.0% each year for the remainder of the forecast. Income will also be boosted over the next few years by strong growth in dividend income as equity markets continue to rise. Interest income will add to overall personal income growth beginning in 2016 as interest rates rise and return to pre-recession rates.

The outlook for employment is essentially unchanged

The forecast for employment growth is essentially unchanged since the September forecast. Growth in payrolls is expected to be 1.8% this year and to accelerate to 2.1% in 2015. We expect employment growth of 1.7% in 2016, trending down to 0.6% in 2019. The forecast calls for the U.S. economy to add 230,000 jobs per month on average through the end of next year as private sector gains continue and public sector hiring slowly increases. The forecast calls for job growth to slow through the rest of the forecast, averaging just 70,000 jobs per month in 2019 as labor force growth slows due to retiring baby boomers. As a result of the steady job growth, we expect the unemployment rate to drop over a full percentage point in 2014 to 6.2%, then to gradually fall to an average of 5.2% from 2016 through 2019. The continued strengthening of the labor market and corresponding fall in the unemployment rate will create an incentive for more and more marginally attached workers to begin looking for a job. Older people are also staying in the workforce longer. These two factors will push the labor force participation rate up from a trough of 61.5% this year to 62.3% in 2018 and 2019.

Private sector hiring will continue to outpace public sector hiring

Employment growth in nonfarm payrolls has been led by private sector hiring throughout the recovery as the public sector has been weighed down by budget concerns. While state and local governments have largely worked through their budgetary issues and have started hiring again, the federal government continues to shed jobs. We expect the drag from weak government job growth to continue through 2017. Private sector employment is estimated to have reached 116.6 million in the second quarter of this year, making up all of the jobs lost during the recession. We do not expect the job losses in the public sector to be made up until the second half of 2019. Federal government employment will continue to decline throughout the forecast, but this will be offset by modest gains in state and local government employment. The forecast calls for total government employment to increase 0.1% this year after declining in each of the previous four years. Growth in government payrolls will slowly increase throughout the forecast, reaching 1.2% in 2018 before slowing to 1.1% in 2019. We expect private sector job growth of 2.1% this year increasing to 2.4% in 2015. The forecast calls for private sector job growth to gradually slow throughout the remainder of the forecast to just 0.5% in 2019.

Business investment is improving

Business investment continues to improve although there are several potential headwinds to spending. Vacancy rates for office buildings are no longer declining and remain high. The national vacancy rate in the third quarter held steady at 16.8% for the third quarter in a row. The drop in oil prices, which is good for overall growth, lowers the incentive for additional investment by energy companies. The weak economic outlook abroad has also given businesses pause. Companies still have a high level of cash on hand and borrowing rates remain low. We expect nonresidential construction to rebound with 7.8% growth this

year, up from a 0.5% decline in 2013. The forecast calls for growth to weaken to 2.5% in 2015 before picking back up with growth of 4.1% in 2016, and reaching 8.0% in 2017. The forecast then calls for growth to slow through 2019. Equipment investment is expected to have strong growth throughout the forecast as businesses expand and improve productivity. Although we do not expect to see the double-digit growth experienced early in the recovery, we do expect capital equipment to remain an important driver of GDP growth. Investment in equipment and software is expected to grow 6.5% this year and then peak at 7.7% in 2015. The forecast then calls for growth to gradually decline to 3.9% in 2019. We expect overall real nonresidential fixed investment to average 6.0% growth over the next four years. Growth will slow to 5.3% in 2018 and 3.8% in 2019.

The modest housing recovery will continue

The housing recovery has continued after a temporary weather-induced stall early in the year. Some of the barriers facing the housing sector have gradually started to erode. Lending standards have loosened somewhat for homebuyers and developers are getting easier access to credit. Total housing starts are once again over the 1.0 million unit (SAAR) threshold. The forecast calls for growth of 7.6% for this year, down from 18.6% in 2013. Much of the surplus of distressed properties caused by the recession has been worked through. Continued improvement in the housing market remains dependent on job growth and access to financing. The forecast expects robust growth in housing starts to continue in the near term. Growth in single-family starts is expected to be 2.9% this year, weighed down from the weak first quarter. Growth will increase to 17.1% in 2015 and 16.8% in 2016. Growth will remain strong in 2017 at 21.5%, surpassing 1.0 million units (SAAR) early in the year. The forecast then calls for single family housing to flatten in 2018 and 2019. The multi-family housing segment is expected to continue to grow at a double-digit rate for 2014 and 2015. The forecast calls for 11.7% growth this year and 16.1% in 2015 before slowing to 9.3% in 2016. After 2015, we expect the multi-family segment to remain in the 460,000 to 480,000 units per year range. The housing market will continue to improve, particularly while interest rates remain low by historical standards and inventories are lean. Mortgage rates for a conventional 30-year fixed rate mortgage are expected to rise from 4.2% this year to 6.1% in 2017 and then to level off. Population remains on an upward trend and employment continues to increase at a moderate pace. The number of housing units remains at a historically low level and there is considerable pent-up demand created by the recent lack of household formation. The forecast calls for total housing starts to reach 1.57 million in 2018 and remain at that level in 2019.

The pause in home price appreciation ...

Home prices, which had been increasing at double-digit rates, are beginning to decline. We do expect the pause in appreciation to be temporary. The inventory of distressed properties, which

...will be temporary

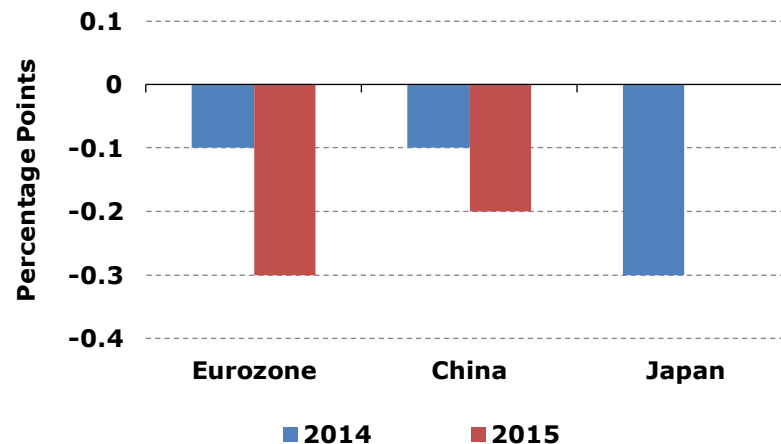
held down home values, is slowly being worked through. First-time home buyers remain on the sidelines due to still tight credit standards and emerging affordability issues. Investor demand, which had been propping up overall housing demand in recent years, is falling as fewer housing markets are undervalued. The forecast calls for the median price of an existing single-family home to peak at \$205,300 in 2014 and remain flat through 2016. We then expect the median price of a home to slowly appreciate, growing 1.8%, 3.5%, and 3.6% in 2017 through 2019 and reaching \$224,100.

Weak foreign demand has weighed down export growth

The outlook for economic growth of major economies has been lowered since the September forecast (see Figure 1.6). Europe has just emerged from a prolonged recession and economic activity remains low. With severe trade imbalances among member countries and strict austerity measures still in effect, we expect the slow growth to continue. The latest Blue Chip forecast calls for 0.8% growth this year for the Eurozone followed by 1.2% growth in 2015. The weak economic growth has led to painfully high unemployment with rates for the Eurozone as a whole above 10% for the past three years. This has had an adverse effect on consumer spending and reduced the exports of U.S. firms to Europe. The weakness in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. China, which is our largest export market outside of North America, in particular has slowed. Chinese growth remains well below their recent history and has prompted the government to introduce new stimulus measures. The latest Blue Chip forecast calls for growth of 7.3% in 2014 and 7.0% in 2015 for China. This is far below the Chinese growth seen from 2005 through 2011 of 11%. Japan has also entered into a surprise recession as consumption has slowed. A second round of planned tax increases is likely to be postponed as the country continues with

Figure 1.6: Change in Real GDP growth forecast since September

GDP growth forecasts of major economies have been lowered



Source: Blue Chip Economic Indicators

its own stimulus measures. Even with unprecedented monetary stimulus by Japan's central bank, real GDP growth is expected to be weak at 0.9% this year and 1.3% in 2015.

Export growth will remain positive, but not at a level to stimulate the economy

Foreign trade is not likely to provide as substantial a boost to the U.S. economy as previously expected. GDP growth in U.S. trading partners is expected to increase, but not at a rate sufficient to lift the U.S. economy to a higher growth path in the near term. The forecast calls for growth in U.S. trading partners to increase to 2.5% this year after growing 2.3% in 2013. GDP growth for these countries is expected to increase slowly, growing 2.8% in 2015. The forecast then calls for GDP growth in U.S. trading partners to average 3.2% through 2019. We expect real U.S. export growth of 3.3% this year, before increasing to 4.1% in 2015. The forecast calls for export growth of 5.0% in 2016 and 2017, improving to 5.4% by 2018 and 5.7% in 2019 as global economic conditions revive. Export growth is more than offset by increased imports starting this year. Net exports are expected to reduce overall GDP growth by 0.1 percentage points this year and be neutral in 2015. Beyond 2015, net exports are expected to reduce GDP growth by 0.2 percentage points on average through 2019 as the U.S. economy recovers and import growth picks up.

U.S. policymakers remained focused on deficit reduction

While uncertainty surrounding fiscal policy remains low, policymakers remain focused on deficit reduction in the near term. The forecast calls for a \$192.0 billion reduction in the federal deficit between 2013 and 2016. After dropping sharply in 2013 by \$51.0 billion, we expect real defense spending to decline another \$16.1 billion in 2014 and then continue to fall at a diminishing rate through the remainder of the forecast. Real nondefense purchases will decline as well throughout the forecast. We expect a \$7.0 billion decline this year followed by a \$2.4 billion per year average reduction through 2019. With the prospect of expanded military action in the war against Islamic militants in Syria and Iraq, defense spending may be increased in the near term. Even with the potential increase, however, nondefense spending cuts might be required to offset them. Although federal government spending will continue to decline throughout the forecast, this will be made up by increases in government spending at the state and local levels. The forecast calls for 2014 to be the trough in total real government purchases. We expect low growth for the remainder of the forecast, gradually increasing to 0.7% in 2017 through 2019.

The Fed is starting to end its loose monetary policy

The Federal Reserve is now in the process of ending the loose monetary policy it has used to support the economy. In October, the Federal Reserve ended its third round of quantitative easing citing "substantial improvement in the outlook for the labor market." There are now roughly \$4.5 trillion in various assets on its balance sheet that will take years to unwind. The Federal Reserve will continue to buy mortgage backed securities and

treasury securities to prevent the balance sheet from declining in the near term. The forecast calls for Fed policymakers to begin to raise interest rates in the middle of 2015. While the forecast still assumes inflation will be low and the labor market relatively weak, it is still anticipated that the Fed will be comfortable raising rates. We expect rates to rise gradually before leveling off in 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

Downside risks outweigh upside risks

Our view of the risks to the forecast is similar to the November forecast. The largest change since the last forecast has been a drop in oil prices and a more robust recovery in consumer markets. On the downside, there is an increased risk of international economic weakness. The level of uncertainty in the baseline remains high. Downside risks continue to outweigh upside risks.

Downside Risks (25% Probability)

Housing sector relapse

Household formation continues to fall. The housing-sector recovery never materializes. Declining affordability and tight supply remove the option for homeownership for many potential buyers.

Employment growth weakens

The recent level of employment growth proves temporary. Job growth is no longer sufficient to quickly reduce unemployment and bring new entrants back into the labor market.

Fiscal tightening

Policymakers misinterpret weak growth and depressed confidence, decide on austerity, and cut discretionary spending, further reducing growth.

Hard landing in China

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

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 and continued austerity measures increase the financial strains in Eurozone countries.

Slow Japanese growth

Japan doesn't emerge quickly from recession. New stimulus measures only add to their growing debt and structural imbalances are unresolved.

<i>Crisis in Ukraine escalates</i>	Tensions in Ukraine escalate, destabilizing the region. Oil shipments and financial linkages to Europe are stressed.
<i>Middle East collapses</i>	The conflict in Iraq and Syria escalates. Major oil infrastructure is compromised, reducing supply globally. The U.S. expands its military presence.
<i>No wage growth</i>	Real wage growth remains flat, resulting in a drop in spending.
Upside Risks (20% Probability)	
<i>OPEC engages U.S. producers in a price war</i>	OPEC producers do not respond to falling prices by cutting supply, and instead engage in a price war. Their hopes of making U.S. producers unprofitable do not materialize. U.S. producers keep expanding production.
<i>Housing recovery ignites</i>	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 income gains offset any increase in interest rates. Homebuilders respond and housing starts increase, leading to more hiring.
<i>Employment growth continues</i>	The recent trend of solid payroll gains continues, and the labor market recovery gathers steam. This triggers a virtuous cycle of jobs, income, spending, and yet more jobs.
<i>Wages gains drive increased spending</i>	Pent-up demand, fueled by wage gains boosts confidence and consumer spending after years of economizing. Stock market gains reduce the desire for excess savings, further boosting spending.
<i>Eurozone rebounds from stagnation</i>	The European Central Bank expands its monetary base, successfully leading the Eurozone away from deflation. They also develop a credible pro-growth plan to tackle sovereign debt issues.
<i>Emerging markets rebound</i>	Emerging market GDP growth accelerates. Global growth picks up and U.S. exports are boosted.
<i>Stimulus measures in Japan are effective</i>	Stimulus measures in Japan quickly pull the country out of recession adding to global growth. U.S. exports are boosted by a newly expanding Japanese economy.
<i>Chinese economy transitions smoothly</i>	China successfully transitions to a more consumption based economy.

Table 1.1
U.S. Economic Forecast Summary
 Forecast 2015 to 2019

Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,205.8	15,502.5	15,884.6	16,308.6	16,775.4	17,260.4	17,699.6	18,133.3
% Ch	2.0	2.0	2.5	2.7	2.9	2.9	2.5	2.5
Real Consumption	10,351.7	10,566.3	10,820.4	11,073.8	11,378.3	11,680.9	11,980.1	12,271.3
% Ch	1.8	2.1	2.4	2.3	2.8	2.7	2.6	2.4
Real Nonresidential Fixed Investment	1,891.2	1,953.1	2,046.9	2,176.2	2,303.0	2,445.5	2,581.6	2,703.9
% Ch	9.5	3.3	4.8	6.3	5.8	6.2	5.6	4.7
Real Residential Fixed Investment	407.6	464.7	494.0	517.2	583.7	642.7	680.2	692.5
% Ch	8.9	14.0	6.3	4.7	12.9	10.1	5.8	1.8
Real Personal Income	12,844.4	13,172.0	13,360.3	13,814.8	14,306.7	14,880.0	15,409.9	15,866.2
% Ch	2.8	2.6	1.4	3.4	3.6	4.0	3.6	3.0
Real Per Capita Income (\$/Person)	40,981	41,732	42,030	43,137	44,329	45,752	47,019	48,043
% Ch	2.1	1.8	0.7	2.6	2.8	3.2	2.8	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.067	1.081	1.094	1.108	1.127	1.147	1.169
% Ch	2.4	1.4	1.3	1.2	1.3	1.7	1.8	1.9
U.S. Consumer Price Index (1982-84=1.0)	2.276	2.314	2.350	2.379	2.411	2.457	2.507	2.560
% Ch	2.9	1.7	1.6	1.2	1.4	1.9	2.1	2.1
Employment Cost Index (Dec. 2005=1.0)	1.150	1.171	1.193	1.224	1.259	1.298	1.341	1.386
% Ch	1.7	1.8	1.9	2.6	2.9	3.1	3.2	3.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	15,855.9	16,430.8	17,080.7	17,862.2	18,761.9	19,741.4	20,662.9	21,591.0
% Ch	4.0	3.6	4.0	4.6	5.0	5.2	4.7	4.5
Personal Income	13,516.9	14,058.1	14,437.9	15,107.4	15,856.1	16,765.3	17,675.5	18,546.4
% Ch	5.3	4.0	2.7	4.6	5.0	5.7	5.4	4.9
Employment (Millions)								
U.S. Civilian Labor Force	154.3	155.3	155.5	156.6	158.7	160.9	162.7	164.4
Total U.S. Employment	141.2	143.3	144.9	147.6	150.3	152.6	154.4	155.9
Unemployment Rate (%)	8.52	7.77	6.78	5.77	5.34	5.16	5.12	5.14
Nonfarm Payroll Employment	133.00	135.17	137.53	140.33	142.98	145.09	146.43	147.34
% Ch	1.6	1.6	1.7	2.0	1.9	1.5	0.9	0.6
Manufacturing	11.83	11.98	12.05	12.21	12.41	12.47	12.42	12.33
% Ch	1.8	1.2	0.6	1.3	1.6	0.5	-0.4	-0.7
Durable Manufacturing	7.38	7.51	7.59	7.75	7.98	8.06	8.02	7.95
% Ch	3.1	1.7	1.0	2.2	2.9	1.0	-0.5	-0.8
Nondurable Manufacturing	4.45	4.47	4.46	4.45	4.43	4.41	4.40	4.38
% Ch	-0.2	0.3	0.0	-0.2	-0.6	-0.4	-0.2	-0.4
Construction	5.60	5.73	5.92	6.17	6.59	7.08	7.57	7.91
% Ch	2.0	2.4	3.2	4.2	6.8	7.5	6.9	4.5
Service-Providing	114.74	116.61	118.68	121.02	123.06	124.59	125.46	126.11
% Ch	1.5	1.6	1.8	2.0	1.7	1.2	0.7	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	95.0	92.3	101.2	82.8	77.9	78.8	79.5	80.3
Personal Saving/Disposable Income (%)	6.4	6.3	5.0	5.6	5.6	6.6	7.6	8.2
Auto Sales (Millions)	6.6	7.4	7.6	7.9	8.1	8.3	8.5	8.5
% Ch	11.5	12.1	2.1	4.1	3.3	2.2	2.3	0.2
Housing Starts (Millions)	0.684	0.875	0.954	1.088	1.242	1.444	1.564	1.569
% Ch	20.1	27.8	9.1	14.0	14.2	16.3	8.3	0.4
Federal Budget Surplus (Billions)	-1,149.6	-863.2	-608.3	-596.6	-483.3	-449.6	-504.9	-556.5
Net Exports (Billions)	-593.5	-532.5	-515.0	-435.2	-380.3	-396.4	-422.9	-415.2
3-Month Treasury Bill Rate (%)	0.05	0.08	0.04	0.12	0.96	2.47	3.53	3.54
10-Year Treasury Note Yield (%)	2.08	1.82	2.71	2.69	3.42	3.91	4.25	4.23
Bond Index of 20 G.O. Munis. (%)	3.97	3.75	4.54	4.41	4.99	5.32	5.56	5.57
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.33	4.33	5.15	5.80	6.15	6.12

Table 1.2

Forecast Analysis

Comparison of Forecasts for 2013-15

Forecast Date	2012				2013				2014				2015	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
U.S.														
Percent Growth, 2013:2-2015:2														
Real GDP	5.9	6.1	6.1	6.0	5.8	5.8	5.7	5.5	6.2	5.5	5.5	5.6		
Implicit Price Deflator	4.3	4.4	3.8	3.4	3.4	3.1	3.1	2.9	2.6	3.2	2.8	2.5		
Average Rate, 2013:3 to 2015:2														
3 Month T-Bill Rate	0.27	0.50	0.17	0.16	0.12	0.08	0.09	0.07	0.06	0.07	0.06	0.08		
Mortgage Rate	5.17	4.97	4.45	4.16	3.99	4.15	4.63	4.56	4.61	4.48	4.40	4.33		

Table 1.3

Fiscal Years

Forecast Comparison

Forecast 2015 to 2019

	2013	2014	2015	2016	2017	2018	2019
U.S.							
Real GDP							
November Baseline	15502.5	15884.6	16308.6	16775.4	17260.4	17699.6	18133.3
% Ch	2.0	2.5	2.7	2.9	2.9	2.5	2.5
September Baseline	15502.5	15880.5	16285.7	16752.4	17247.0	17705.5	18156.3
% Ch	2.0	2.4	2.6	2.9	3.0	2.7	2.5
Implicit Price Deflator							
November Baseline	1.067	1.081	1.094	1.108	1.127	1.147	1.169
% Ch	1.4	1.3	1.2	1.3	1.7	1.8	1.9
September Baseline	1.067	1.081	1.096	1.110	1.127	1.145	1.164
% Ch	1.4	1.3	1.4	1.3	1.5	1.6	1.6
Unemployment Rate							
November Baseline	7.77	6.78	5.77	5.34	5.16	5.12	5.14
September Baseline	7.77	6.78	5.98	5.68	5.47	5.36	5.31
Mortgage Rate							
November Baseline	3.53	4.33	4.33	5.15	5.80	6.15	6.12
September Baseline	3.53	4.33	4.46	5.22	5.96	6.17	6.12
3 Month T-Bill Rate							
November Baseline	0.08	0.04	0.12	0.96	2.47	3.53	3.54
September Baseline	0.08	0.04	0.08	1.05	2.87	3.51	3.51



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 has been weaker than expected in September but historical estimates were revised higher.**
- **Single-family home construction remains weak. Estimates of household formation have been lowered. Seattle home prices have leveled off.**
- **Per capita personal income is much higher in the Seattle-Bellevue-Everett area than other metropolitan areas and nonmetropolitan Washington.**
- **The annual revision raised the estimated level of Washington personal income in 2013 by \$4.403 billion (1.3%).**
- **Seattle shelter costs are rising much faster than the national average but overall inflation remains moderate.**
- **We expect the Washington economy to continue to outperform the U.S. economy.**

Current Conditions

The Washington economy continues to show moderate growth

In recent months the Washington economy has performed about as expected in the September forecast. Employment growth has been slightly weaker than expected but this was more than offset by upward revisions to past estimates. As anticipated, Washington personal income growth was weak in the second quarter, largely due to aerospace bonuses paid in the first quarter which were not repeated in the second quarter. Single-family housing construction was once again weaker than expected in the third quarter of 2014 but multi-family construction came in right on forecast. Seattle area inflation is slightly higher than the national rate due to rapidly rising shelter costs.

Employment growth has been weaker than expected

In the two months since the September forecast was adopted, the Washington economy added 8,300 jobs, 1,500 fewer than the 9,800 expected in the September forecast. The weaker than expected job growth was more than accounted for by private-

services providing industries which added only 4,200 jobs in September and October, 4,700 fewer than the 9,000 expected in the forecast. Software employment fell 900 jobs as the first wave of Microsoft layoffs took effect. The forecast had assumed a net reduction of 1,000 software jobs. The manufacturing sector added 600 jobs in the two-month period in spite of the loss of 1,200 aerospace jobs. The construction sector added 2,400 jobs in September and October while federal, state, and local government combined added 1,000 jobs. The state's unemployment rate rose to 6.0% in October from 5.7% in September and 5.6% in August. The October rate is still lower than the 6.8% in October 2013.

Historical employment data were revised up

We have also incorporated another quarter of benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions raised the estimated level of total employment in August 2014 by 8,400 jobs. As a result of the upward revisions to history and slightly weaker-than-expected growth, the total effect is 6,900 (0.2%) more jobs in October 2014 than expected in the September forecast.

Initial claims are steady at a low rate

Initial claims for unemployment insurance have leveled off after declining for more than five years. The four-week moving average of Washington initial claims for unemployment insurance fell by more than 50% from the peak of more than 16,000 in February 2009 to around 8,000 in the spring of 2014. Since then, claims have fluctuated in a narrow range. The four-week moving average declined to 8,056 in the week ending November 29th from 8,243 in the previous week. Claims are now lower than at the onset of the recession.

Hourly earnings growth is improving

Growth in average hourly earnings has picked up, but average weekly hours continue to trend down. Private sector average hourly earnings in the twelve months ending in October 2014 were up 2.2% over the previous twelve month period. A year ago the comparable rate of increase was only 1.2%. However, average weekly hours declined 0.4% in the most recent twelve month period compared to the previous year which is the same rate of decline as a year ago. As a result of the improvement in average hourly earnings, average weekly earnings growth improved to 1.8% compared to 0.7% a year ago.

Export growth is strong thanks to agriculture and transportation equipment

Washington exports increased 9.2% in the third quarter of 2014 compared to the third quarter of 2013 on strong growth in transportation equipment and agriculture. Exports of transportation equipment (mostly Boeing planes) increased 15.0% over the year and exports of agricultural products increased 29.8% over the year. Exports of all other Washington commodities fell 5.6% over the year. This was the first year-over-year decline in "other" exports in two years.

Single-family housing permits were weaker than expected in the third quarter

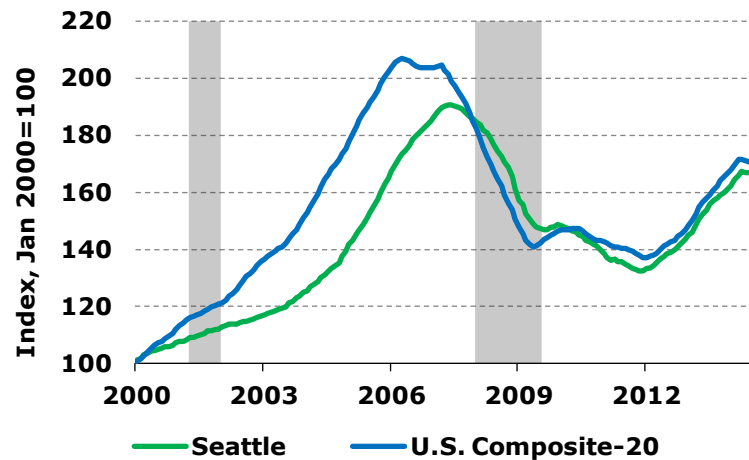
Single-family housing construction was once again weaker than expected in the third quarter of 2014 according to the building permit data. Single-family permits averaged 17,500 units (SAAR) in July, August, and September compared to a forecast of 18,300. Multi-family construction came in right on forecast at 15,600 units. Total housing units authorized by building permits averaged 33,100 (SAAR) in the third quarter. The September forecast had assumed 33,900 units. The fourth quarter started out weaker than the third quarter and weaker than expected in the November forecast. Single family permits in October came in at 16,500 units (SAAR) and multi-family at 16,000 for a total of 32,500 units. The November forecast assumed an average rate of 34,100 units for the fourth quarter as a whole.

Seattle-area home prices are up 26.7% since the trough

Seattle-area home prices are flattening. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices increased 0.3% in September. While prices still appear to be trending higher, with only one monthly decline in the last five months, prices have increased a total of only 0.2% during that five-month period (see Figure 2.1). Previously Seattle home prices rose for 29 consecutive months since the trough in November 2011. Seattle home prices are still up 6.0% over the previous September and 26.7% higher than the November 2011 trough.

Home prices are flattening

Figure 2.1: Case-Shiller Home Price Indices



Source: S&P/Case-Shiller; data through September, 2014

In July 2014 Microsoft announced that it would lay off 18,000 employees worldwide. Most of these are related to the Nokia acquisition and will not be in the Puget Sound area. Nevertheless, the local impact will be significant. Also in July, 1,351 Washington employees were notified of layoffs. Another 747 were notified in September and 635 in October for a total of 2,733 by the end of the year. The local layoffs will be the largest

Software layoffs have begun

in Microsoft history. In contrast, 2,101 Washington Microsoft employees were notified of layoffs in 2009. We do not expect any further large scale layoffs in the near future.

Aerospace employment will continue to decline

Aerospace employment, which had been responsible for much of the strength in manufacturing early in the recovery, is now in decline. The aerospace sector lost 4,300 jobs from the peak in November 2012 through October 2014. We expect the reductions to continue but we believe that this downturn will be relatively mild due to the hefty backlog of orders. The current reductions are due to improvements in productivity and restructuring. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years.

Manufacturing continues to expand

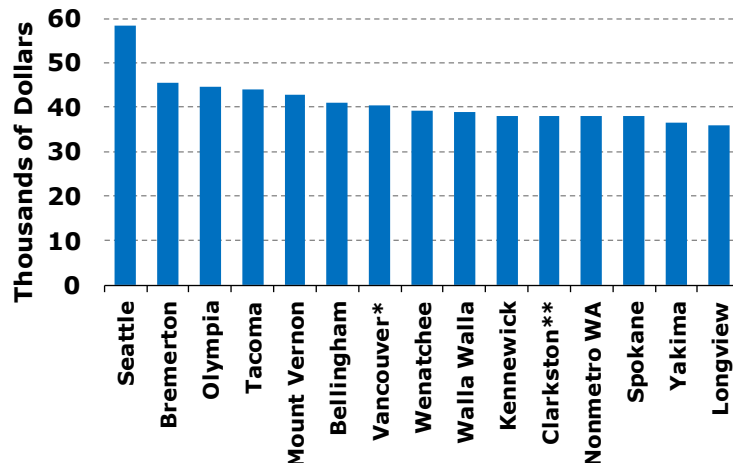
The Institute of Supply Management - Western Washington Index (ISM-WW) improved to 63.1 in November from 57.6 in October (index values above 50 indicate positive growth while values below 50 indicate contractions). The improvement was due to increases in the employment and inventory components. The production and orders components were unchanged and the deliveries component declined. The last time the ISM-WW index was below 50 was July 2009.

Car and truck sales declined in November

Bucking the national trend, Washington car and truck sales declined in November. New vehicle registrations totaled 269,600 (SAAR) in November which was 6.5% below the October figure and 7.5% lower than the post-recession-high 291,400 vehicles registered in August. Even after the big decline in November, registrations were still 1.0% higher than in November 2013.

The Seattle area has the state's highest per capita income

Figure 2.2: Washington Per Capita Personal Income



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

* Part of the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area

** Part of the Lewiston, ID-WA Metropolitan Statistical Area

King and Snohomish Counties account for nearly half of Washington personal income

The Bureau of Economic Analysis released [local area personal income estimates](#) for the nation's counties, metropolitan areas, and micropolitan areas in November. Approximately 90% of the state's population lives in counties that are part of metropolitan areas. The release showed that per capita income in the Seattle-Bellevue-Everett area (King and Snohomish Counties) was far higher than in other metropolitan areas and nonmetropolitan Washington (see Figure 2.2). The Seattle-Bellevue-Everett area is home to 40% of the state's population and accounts for 49% of Washington personal income.

Second quarter personal income growth was skewed by Boeing bonuses in the first quarter

In late September, the Bureau of Economic Analysis released estimates of state personal income through the second quarter of 2014. Washington personal income grew at a 5.8% rate (SAAR) in the second quarter which ranked 38th among the states (including the District of Columbia) and was slightly lower than the 6.3% annual rate for the U.S. as a whole. Washington's growth in the second quarter was skewed by the very large bonus payments paid by Boeing in the first quarter. Excluding durable manufacturing wages, Washington's second quarter growth was 6.8% which ranked 15th among the states and District of Columbia and exceeded the 6.2% rate for the U.S. as a whole.

Historical personal income was boosted by a revision in dividend income

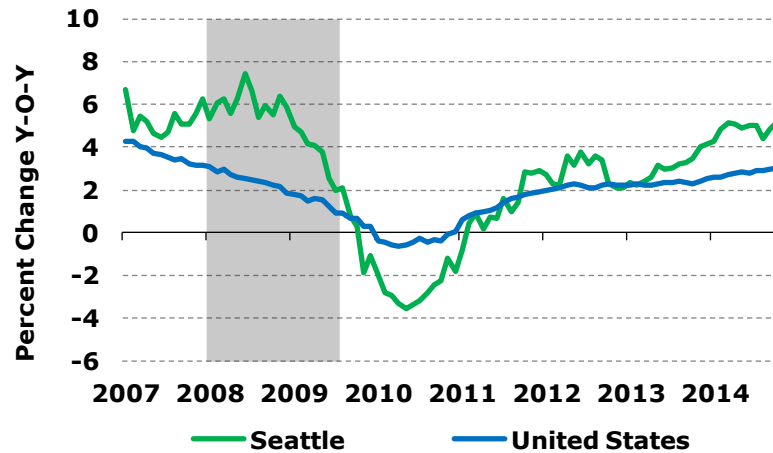
The September BEA release also reflected the annual revision of state personal income. Annual revisions are made "to incorporate source data that are more complete and more detailed than previously available." The annual revision raised the estimate of Washington personal income in 2013 by \$4.403 billion (1.3%) compared to the previously available estimate. The revision was more than accounted for by a \$5.108 billion (7.9%) increase in the estimate for dividends, interest, and rent. According to the revised estimates, Washington personal income increased 2.5% in 2013 which ranked 10th fastest among the fifty states and District of Columbia. The comparable national growth rate was 2.0%.

Seattle inflation is above U.S. inflation but still moderate

Seattle shelter costs continue to rise much more rapidly than U.S. city average shelter costs but other prices are rising much more slowly. The Seattle CPI rose 2.1% from October 2013 to October 2014 compared to 1.7% for the U.S. city average. Similarly, core prices (all items excluding food and energy) increased 2.2% in Seattle compared to 1.8% in the U.S. However, shelter costs rose 5.2% over the year in Seattle compared to 3.1% for the U.S. city average (see Figure 2.3). All items excluding shelter rose only 0.6% in Seattle compared to the national average increase of 1.0%.

Seattle shelter costs are rising faster than U.S. shelter costs

Figure 2.3: Shelter Cost Indices



Source: BLS; data through October, 2014

Washington State Forecast

The November Washington forecast reflects a very similar U.S. forecast

The November Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in September. While real GDP growth in the near term is virtually identical to the September assumption, the new long term Blue Chip GDP forecast is slightly weaker. GDP growth in the November forecast averages 2.6% per year through 2019 compared to 2.7% in the September forecast. Employment growth is also slightly weaker at 1.3% per year compared to 1.4%. Real personal income growth averages 3.4% per year and PCE inflation averages 1.6% per year, both slightly higher than in September. Oil prices, however, are much lower than assumed in September in the fourth and first quarters but now rise during the remainder of the forecast. In September oil prices were expected to decline throughout the forecast though from a higher starting point. These minimal revisions in the national forecast feed through to the state economic forecast.

Washington will continue to outperform the U.S. in growth

Our November forecast of 2014 Washington employment growth is higher than assumed in September mainly due to stronger than expected growth through October. Employment growth for the remainder of the forecast is the same as assumed in the September forecast. Our November forecast for nominal personal income growth this year of 4.7% is unchanged since the September forecast, however, our new forecast for nominal personal income growth from 2015 through 2019 averages 5.6% per year, up slightly from 5.5% in the September forecast. The number of housing units authorized by building permits was weaker than expected in the third quarter of 2014 due to yet another shortfall in single-family construction (multi-family construction was right on target). More importantly for the single-family construction forecast, newly released Census data indicate that fewer households are being formed than previously

believed. As a result, we have delayed the recovery in single-family housing construction.

Washington Payroll Employment

Employment growth is stronger in 2014 than assumed in September

Our November forecast of 2014 Washington employment growth is higher than assumed in September due mainly to stronger than expected growth through October. Employment growth for the remainder of the forecast is the same as assumed in the September forecast. Washington employment is expected to grow 2.8% this year compared to the 2.6% growth assumed in the September forecast. The November forecast for average annual employment growth from 2015 through 2019 is 1.6% per year, the same rate as expected in the September forecast.

Aerospace employment is slowly declining

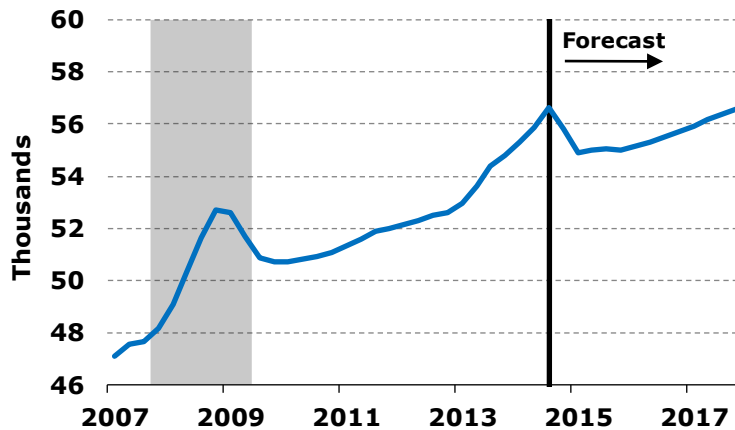
Aerospace employment has performed about as expected during the last two months and we have not changed our expectation of a downward trend over the next few years. We continue to believe that this downturn will be relatively mild due to the large and increasing backlog of orders. The current reductions are due to improvements in productivity and restructuring. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years. On an annual average basis, we expect aerospace employment to decline 2.8% in 2014, 2.7% in 2015, 2.5% per year in 2016 and 2017, 2.2% in 2018, and 2.0% in 2019.

Software employment will decline in the near term as the sector absorbs Microsoft layoffs

Software employment has been growing since the 2009 Microsoft layoffs. As of the third quarter of 2014, employment exceeded the previous peak by 4,000 jobs. The recently announced Microsoft layoffs have effective dates ranging from September to December 2014 and will result in sharp declines in the fourth

Employment will trend higher after the layoffs

Figure 2.4: Washington Software Employment



Source: WA Department of Employment Security, ERFC November forecast; historical data through 2014 Q3

quarter of this year and first quarter of 2015 (see Figure 2.4). After that we expect moderate positive growth to resume. Software employment rose 3.0% in 2013 which was the highest growth rate since 2008. We expect a growth rate of 3.6% in 2014 followed by a 1.6% decline in 2015. Positive growth is expected to return in 2016 through 2019 with growth rates of 0.8%, 1.5%, 1.4%, and 1.4%.

Construction employment is growing rapidly

Construction employment continues to grow rapidly. We have slightly increased our forecast of construction employment growth this year to 7.3% compared to 7.2% in the September forecast. This will make 2014 the best year for construction employment growth since 2006. Most of the growth this year will be in residential construction with nonresidential construction employment growth picking up in 2015-2019. Overall construction employment will grow 6.0% in 2015, 5.9% in 2016, 4.7% in 2017, 4.4% in 2018, and 3.3% in 2019. Even with these impressive growth rates, construction employment will still be 5,900 below its previous peak at the end of 2019.

Financial activities employment will decline in 2016-19

Financial activities employment fell 19,400 jobs (12.2%) from a peak in the first quarter of 2006 to the trough in the second quarter of 2010. Employment in credit intermediation and related activities accounts for most of the decline, followed by real estate and rental and leasing. On a calendar year basis, financial activities employment grew 0.2% in 2011, 2.4% in 2012, and 4.1% in 2013. Going forward, we expect a declining trend in financial activities employment due to productivity growth and outsourcing. Employment will grow only 1.9% in 2014 and 0.5% in 2015 before declining 0.9% in 2016, 1.7% in 2017, 1.9% in 2018, and 0.9% in 2019.

Retail trade employment is benefitting from strong growth in electronic shopping

Retail trade is another highly cyclical sector that declined early and sharply but has now turned around. Growth in Washington has been much stronger than the national average during the recovery thanks to our outsized and rapidly growing electronic shopping sector. Retail trade employment grew 1.5% in 2011, 2.1% in 2012, and 3.3% in 2013 following declines of 0.2%, 5.5%, and 0.4% in 2008, 2009, and 2010. We expect retail trade employment to grow 3.5% this year based on employment data through October. The forecast assumes weaker growth in the next five years as the recovery matures. We expect growth rates of 2.0%, 0.6%, and 0.2% in 2015 through 2017 followed by declines of 0.1% per year in 2018 and 2019.

We expect strong growth in professional and business services employment

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. During a recovery, growth in this sector is boosted by gains in employment services, mainly temporary help services. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Employment growth in professional and business

services rebounded to 4.0% in 2011 from just 0.6% in 2010 and a 6.9% decline in 2009. Growth slowed to 3.1% in 2012 and 2.9% in 2013 due to a slowdown in employment services and big cuts in waste management (Hanford) and accounting services. We expect growth to remain very strong in this sector through 2017 with growth rates of 3.4%, 5.6%, 5.3%, and 3.0%. We expect growth to slow to 1.5% and 1.6% in 2018 and 2019.

State and local government employment will grow moderately

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around. State and local government employment peaked in the fourth quarter of 2008 and declined through the first quarter of 2012. Since then, employment levels have risen steadily but slowly. On an annual average basis, state and local government employment rose 0.8% in calendar 2013 following three years of decline. While we expect growth to improve, employment in the state and local government sector will not regain its previous peak until the first quarter of 2015. We expect moderate employment growth in 2014 through 2019 with growth rates of 1.3%, 1.1%, 1.4%, 1.5%, 1.6%, and 1.4%.

Washington Personal Income

Personal income is higher due to revisions to property income estimates

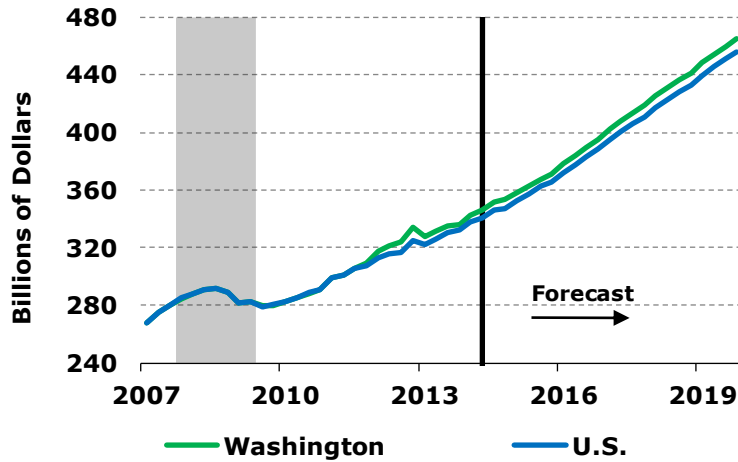
In late September, the Bureau of Economic Analysis released estimates for state personal income through the second quarter of 2014 along with revisions to historical estimates dating back to 2001. We have incorporated the new BEA estimates as well as additional Washington Quarterly Census of Employment and Wages (QCEW) and other wage data through the second quarter of 2014. Our current estimate of Washington personal income in the second quarter of 2014 is \$346.0 billion which is \$5.2 billion (1.5%) higher than assumed in September. The higher estimate for Washington personal income is almost entirely due to a large increase in the historical estimates for property income (dividends, interest, and rent).

Personal income growth is slightly higher due to more inflation

Our November forecast for nominal personal income growth this year of 4.7% is unchanged since the September forecast, however, our new forecast for nominal personal income growth from 2015 through 2019 averages 5.6% per year, up slightly from 5.5% in the September forecast. The higher nominal income growth forecast in 2015-19 reflects the slightly higher inflation in the new forecast. Real income growth in 2015-19 is forecasted to average 3.9% per year, the same rate expected in the September forecast. While personal income growth is similar to growth in the September forecast, the level is higher due to the annual revision which raised the estimates of Washington personal income in 2012 and 2013 (see Figure 2.5).

Figure 2.5: Washington Personal Income

Historical estimates were revised higher



Source: U.S. Department of Commerce, Bureau of the Economic Analysis, ERFC November 2014 Forecast; historical data through 2014 Q2

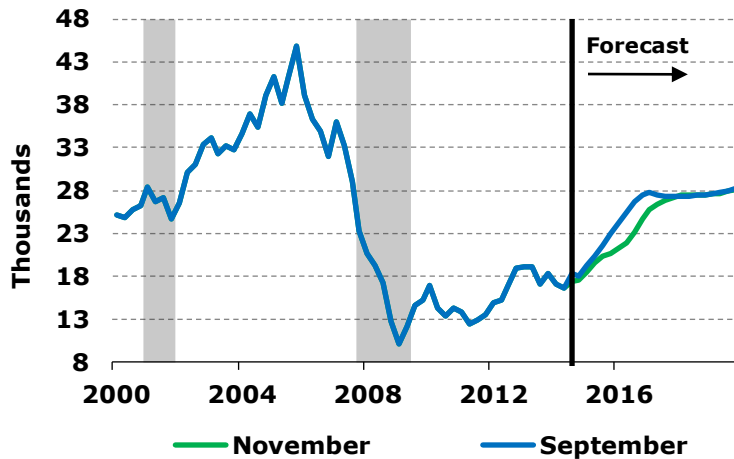
Washington Building Permits

Household formation is weaker than previously believed

The number of housing units authorized by building permits was weaker than expected in the third quarter of 2014 due to yet another shortfall in single-family construction (multi-family construction was right on target). More importantly for the single-family construction forecast, newly released Census data indicate that fewer households are being formed than previously believed. As a result, we have delayed the recovery in single-family housing construction. Our November forecast for single-family and therefore total housing construction is lower than the

The recovery in single-family construction is delayed

Figure 2.6: Single-Family Housing Units Authorized



Source: U.S. Department of Commerce, Bureau of the Census Analysis, ERFC November 2014 Forecast; historical data through 2014 Q3

forecast adopted in September in 2014, 2015, and 2016. We now expect total housing units authorized by building permits to rise 2.8% to 33,900 units in 2014, 4.0% to 35,300 units in 2015, 9.7% to 38,700 units in 2016, and 9.9% to 42,500 units in 2017. Housing permits are expected to level off in the last two years, rising only 1.7% to 43,200 in 2018 and 1.6% to 43,900 in 2019.

Seattle Consumer Price Index

Inflation will remain moderate throughout the forecast

Core inflation (excluding food and energy) in Seattle slowed to 1.5% in 2013 from 2.6% in 2012. As the economic recovery continues, Seattle core inflation will increase but remain in a moderate range. We expect the core Seattle CPI to rise 1.8% per year in 2014 and 2015, increasing to 2.0% in 2016 and 2.1% per year in 2017, 2018, and 2019. The all-items Seattle CPI is also expected to rise 1.8% this year. The recent drop in oil prices will depress headline inflation to just 1.3% in 2015. We expect gradually increasing oil prices during the remainder of the forecast. We expect all-items Seattle area inflation rates of 1.9% in 2016, 2.1% in 2017, and 2.2% per year in 2018 and 2019.

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

In the optimistic scenario, low oil prices and strong exports boost growth

In the optimistic scenario, OPEC producers cut oil prices to compete with the United States to protect their market share. West Texas Intermediate oil prices decline as low as \$55/barrel, and Brent oil prices fall to \$64 by the end of 2015, driving down the price of gasoline. Meanwhile, the European Central Bank (ECB) expands its monetary base, successfully steering the Eurozone away from its current economic malaise. Eurozone fiscal conditions improve, credit conditions ease, and pent-up demand is released. The euro appreciates in response to the ECB's policy changes, as well as to changes in interest rates and economic performance. Emerging-market GDP growth accelerates as these markets implement structural reforms to increase labor productivity, and their exchange rates also appreciate against the US dollar. The exchange-rate depreciation begins to impact international trade about a year after it begins—the time it takes for businesses to recognize this change and for trade patterns to react to the shift in relative prices. Increased production capacity allows export growth to take off. Greatly increased production

brings significant wage and payroll gains. As employment and wage growth both pick up, they lift the pace of consumption growth.

The optimistic scenario also assumes a much stronger Washington economy

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that aerospace employment flattens out through 2016 rather than continuing to fall as in the baseline. Software employment growth is also much stronger than in the baseline forecast. National inflation is lower in the optimistic forecast than in the baseline forecast but Seattle inflation is about the same as in the baseline forecast due to the stronger regional economy. Washington average wage growth is higher in the optimistic scenario than in the baseline. 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 first quarter of 2018. By the end of 2019, Washington nonfarm payroll employment is higher by 154,300 jobs than in the baseline forecast and Washington personal income is \$33.7 billion higher.

Pessimistic

Household formation stagnates and the housing market weakens

The pessimistic scenario assumes household formation continues to fall over the next year due to poor wage growth, slower immigration, lower marriage rates, limited access to credit, degraded mobility, and onerous student loan burdens. Additionally, foreign growth weakens and consumer confidence sinks. Tight credit, a scarcity of developed lots, and rising construction costs further deter builders from adding to the housing stock. Inventories are tight, but demand is weaker, causing home prices to sink. Federal government spending contracts in the fourth quarter beyond what is forecasted in the baseline and continues to fall in subsequent quarters. Without a credible stimulus plan on the horizon, private-sector confidence deteriorates and stock prices drop. As both equity values and residential asset prices drop, the (negative) wealth effect kicks in and consumers scale back on their purchases. With businesses unwilling to expand further in such a weak environment, nonresidential fixed investment growth slows. In this scenario, US export growth declines as foreign growth opportunities wane. The double squeeze from weak domestic sales and slow exports weakens businesses, initiating a slowdown in payroll growth. Depressed wages, low profits, and slow employment growth ensue, with the unemployment rate rising back above 6.2% in late 2015.

This scenario also assumes a weaker local economy

In addition to reflecting the impact of the weaker U.S. forecast on the state economy, aerospace employment declines much more rapidly in 2013 through 2019 than assumed in the baseline forecast. Software employment continues to decline after the scheduled layoffs rather than turning positive as in the baseline

forecast. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment is essentially flat in the pessimistic alternative rather than rising as in the baseline. The Seattle CPI is lower than in the baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2019, Washington nonfarm payroll employment is 228,200 lower than in the baseline forecast and Washington personal income is \$45.5 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 weaker output growth but higher inflation

At the national level, the GCEA outlook for real GDP growth is the same as the baseline forecast in 2014 and 2015 but slightly lower in 2016, 2017, 2018, and 2019. However, real consumer spending growth in the Governor’s Council scenario was very close to the baseline forecast throughout the forecast. The Governor’s Council members expected higher inflation than predicted in the baseline forecast. As a result of the higher inflation assumption, nominal consumption is higher in the Governor’s Council scenario than in the baseline forecast. The GCEA price forecast is similar to the baseline forecast. The Council members’ mortgage rate forecast is the same as in the baseline this year and next year but slightly lower in 2016 through 2019.

The GCEA members expect weaker Washington income and job growth

The GCEA scenario for Washington is also similar to the baseline forecast. Their real personal income growth forecast averages 3.4% per year in 2014 through 2019 compared to the baseline forecast of 3.8% but, because they expect higher inflation, their nominal personal income growth forecast is much closer (5.2% versus 5.4% in the baseline forecast). The council members’ forecast for total employment growth is slightly weaker on average than the baseline forecast. Overall, their forecast expects a 1.7% average rate through 2019 compared to 1.8% per year in the baseline forecast. The GCEA forecast for manufacturing employment growth is lower than the baseline forecast as is their construction employment growth forecast. However, the Council members’ housing permit forecast is higher. At the end of 2019, the GCEA forecast for Washington nonfarm payroll employment is 10,600 lower than in the baseline forecast and Washington personal income is \$5.8 billion lower.

Table 2.3 compares the GCEA forecast with the baseline forecast.

Table 2.1
Washington Economic Forecast Summary
Forecast 2015 to 2019

Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	298.029	308.689	314.651	325.770	338.605	354.027	368.172	380.958
% Ch	3.8	3.6	1.9	3.5	3.9	4.6	4.0	3.5
Real Wage and Salary Disb.	151.451	156.706	162.143	167.997	174.852	181.738	188.041	194.720
% Ch	2.7	3.5	3.5	3.6	4.1	3.9	3.5	3.6
Real Nonwage Income	146.578	151.983	152.509	157.773	163.753	172.290	180.131	186.238
% Ch	4.9	3.7	0.3	3.5	3.8	5.2	4.6	3.4
Real Per Capita Income (\$/Person)	43,395	44,461	44,826	45,887	47,091	48,626	49,960	51,071
% Ch	2.6	2.5	0.8	2.4	2.6	3.3	2.7	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.067	1.081	1.094	1.108	1.127	1.147	1.169
% Ch	2.4	1.4	1.3	1.2	1.3	1.7	1.8	1.9
Seattle Cons. Price Index (1982-84=1.0)	2.360	2.404	2.437	2.474	2.515	2.566	2.620	2.678
% Ch	3.1	1.8	1.4	1.5	1.6	2.0	2.1	2.2
Average Nonfarm Annual Wage	52,764	54,175	55,487	56,764	58,705	61,006	63,558	66,392
% Ch	3.7	2.7	2.4	2.3	3.4	3.9	4.2	4.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.04	24.19	24.75	24.98	25.50	26.22	26.99	27.82
% Ch	1.2	0.6	2.3	0.9	2.1	2.8	2.9	3.1
Current Dollar Income (Billions of Dollars)								
Personal Income	313.633	329.448	340.023	356.249	375.278	398.886	422.304	445.318
% Ch	6.3	5.0	3.2	4.8	5.3	6.3	5.9	5.4
Disposable Personal Income	280.085	292.140	300.078	313.382	327.897	347.625	368.728	389.655
% Ch	5.7	4.3	2.7	4.4	4.6	6.0	6.1	5.7
Per Capita Income (\$/Person)	45,666	47,451	48,440	50,180	52,190	54,786	57,305	59,698
% Ch	5.1	3.9	2.1	3.6	4.0	5.0	4.6	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,482.2	3,470.8	3,461.2	3,500.7	3,565.9	3,629.8	3,687.3	3,744.7
Total Washington Employment	3,180.0	3,211.5	3,235.4	3,296.9	3,367.3	3,433.2	3,488.3	3,542.7
Unemployment Rate (%)	8.68	7.47	6.52	5.82	5.57	5.42	5.40	5.39
Nonfarm Payroll Employment	2,894.2	2,955.6	3,030.6	3,110.4	3,175.6	3,231.6	3,269.3	3,304.8
% Ch	1.4	2.1	2.5	2.6	2.1	1.8	1.2	1.1
Manufacturing	274.8	285.0	287.6	291.1	295.2	297.2	297.6	298.3
% Ch	4.9	3.7	0.9	1.2	1.4	0.7	0.1	0.2
Durable Manufacturing	199.2	208.6	209.4	211.2	214.8	216.2	215.5	215.5
% Ch	6.2	4.7	0.4	0.9	1.7	0.7	-0.3	0.0
Aerospace	90.8	96.4	94.9	92.4	89.9	87.6	85.5	83.8
% Ch	10.0	6.2	-1.6	-2.6	-2.8	-2.5	-2.4	-2.0
Nondurable Manufacturing	75.6	76.3	78.1	79.9	80.4	81.1	82.1	82.8
% Ch	1.5	1.0	2.3	2.2	0.7	0.8	1.3	0.8
Construction	136.6	144.0	154.0	164.4	174.2	183.5	191.7	199.4
% Ch	-1.1	5.4	6.9	6.8	6.0	5.3	4.5	4.0
Service-Providing	2,476.9	2,520.6	2,582.8	2,648.6	2,700.0	2,744.4	2,773.3	2,800.4
% Ch	1.2	1.8	2.5	2.5	1.9	1.6	1.1	1.0
Software Publishers	52.1	52.9	55.1	55.6	55.1	55.8	56.7	57.5
% Ch	1.7	1.6	4.1	0.9	-0.8	1.2	1.5	1.4
Nonfarm Payroll Employment, EOP*	2,915.2	2,979.9	3,064.3	3,136.0	3,199.6	3,247.4	3,282.8	3,318.3
% Ch*	1.6	2.2	2.8	2.3	2.0	1.5	1.1	1.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	23.763	31.259	33.664	34.082	36.707	40.982	43.004	43.470
% Ch	14.1	31.5	7.7	1.2	7.7	11.6	4.9	1.1
Single-Family	14.120	18.533	17.265	18.236	21.076	24.982	27.246	27.563
% Ch	4.8	31.3	-6.8	5.6	15.6	18.5	9.1	1.2
Multi-Family	9.643	12.725	16.399	15.846	15.631	16.000	15.758	15.907
% Ch	31.1	32.0	28.9	-3.4	-1.4	2.4	-1.5	0.9
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.33	4.33	5.15	5.80	6.15	6.12

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

Table 2.2
Comparison of Alternative Forecasts

Fiscal Years

	2014	2015	2016	2017	2018	2019
U.S.						
Real GDP, Percent Change						
Optimistic	2.5	2.9	3.6	4.0	3.3	2.9
Baseline	2.5	2.7	2.9	2.9	2.5	2.5
Pessimistic	2.5	1.8	0.8	2.0	1.9	1.8
Implicit Price Deflator, Percent Change						
Optimistic	1.3	1.1	0.6	1.2	1.4	1.6
Baseline	1.3	1.2	1.3	1.7	1.8	1.9
Pessimistic	1.3	0.9	1.1	2.2	2.6	2.7
Mortgage Rate, Percent						
Optimistic	4.33	5.13	6.68	6.64	6.10	5.87
Baseline	4.33	4.33	5.15	5.80	6.15	6.12
Pessimistic	4.33	4.06	4.74	5.37	6.34	7.21
3 Month T-Bill Rate, Percent						
Optimistic	0.04	0.42	2.57	3.66	3.54	3.50
Baseline	0.04	0.12	0.96	2.47	3.53	3.54
Pessimistic	0.04	0.06	0.24	0.30	1.10	2.93
Washington						
Real Personal Income, Percent Change						
Optimistic	1.9	5.0	6.9	6.9	5.4	4.3
Baseline	1.9	3.5	3.9	4.6	4.0	3.5
Pessimistic	1.9	1.8	0.3	1.1	1.6	2.1
Personal Income, Percent Change						
Optimistic	3.2	6.2	7.6	8.1	6.9	6.0
Baseline	3.2	4.8	5.3	6.3	5.9	5.4
Pessimistic	3.2	2.7	1.5	3.3	4.2	4.9
Employment, Percent Change						
Optimistic	2.5	2.9	2.8	2.8	2.3	2.0
Baseline	2.5	2.6	2.1	1.8	1.2	1.1
Pessimistic	2.5	2.0	0.3	0.2	-0.1	-0.1
Housing Permits, Thousands of Authorized Units						
Optimistic	33.7	34.4	37.9	43.6	47.3	48.4
Baseline	33.7	34.1	36.7	41.0	43.0	43.5
Pessimistic	33.7	33.4	30.9	32.5	32.3	30.7

Table 2.3

Calendar Years

Governor's Council of Economic Advisor's Forecast

	2014	2015	2016	2017	2018	2019
U.S.						
Real GDP						
<i>Growth</i>						
ERFC	2.2	3.0	2.9	2.7	2.5	2.4
GCEA Average	2.2	3.0	2.8	2.6	2.3	2.3
Real Consumption						
<i>Growth</i>						
ERFC	2.2	2.7	2.7	2.6	2.5	2.4
GCEA Average	2.3	2.7	2.6	2.6	2.4	2.3
Implicit Price Deflator, PCE						
<i>Growth</i>						
ERFC	1.4	1.1	1.6	1.8	1.9	1.9
GCEA Average	1.6	1.5	1.8	1.8	1.9	2.0
Mortgage Rate						
<i>Percent</i>						
ERFC	4.2	4.8	5.5	6.1	6.1	6.1
GCEA Average	4.2	4.8	5.4	6.0	6.0	6.0
Oil Price (Brent)						
<i>Dollars per barrel</i>						
ERFC	101.1	84.0	87.3	88.5	89.6	90.5
GCEA Average	99.3	84.9	86.3	86.8	87.2	87.8
Washington State						
Real Personal Income						
<i>Growth</i>						
ERFC	3.3	3.6	4.4	4.4	3.6	3.4
GCEA Average	3.4	3.6	3.7	3.5	3.2	3.1
Wage and Salary Employment						
<i>Growth</i>						
ERFC	2.8	2.3	2.0	1.4	1.1	1.1
GCEA Average	2.5	2.2	1.8	1.4	1.2	1.2
Manufacturing Employment						
<i>Growth</i>						
ERFC	1.0	1.2	1.2	0.4	0.1	0.1
GCEA Average	0.8	0.8	0.6	-0.1	-0.3	-0.3
Construction Employment						
<i>Growth</i>						
ERFC	7.3	6.0	5.9	4.7	4.4	3.3
GCEA Average	6.2	4.8	4.2	3.4	2.9	2.1
Housing Permits						
<i>Thousands of authorized units</i>						
ERFC	33.9	35.3	38.7	42.5	43.2	43.9
GCEA Average	34.4	37.2	42.1	41.8	42.2	42.4
Washington Average Annual Wage						
<i>Growth</i>						
ERFC	2.6	2.7	3.7	4.1	4.3	4.5
GCEA Average	2.6	2.8	3.2	3.4	3.6	3.6

Table 2.4
Forecast Analysis
 Comparison of Forecasts for 2013-15

Forecast Date	2012				2013				2014				2015	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
Washington														
Percent Growth, 2013:2-2015:2														
Employment	3.6	3.7	4.3	4.2	3.8	3.7	3.6	3.6	4.3	4.4	4.9	5.2		
Personal Income	11.5	11.4	11.5	11.0	11.0	10.6	10.7	10.5	10.1	9.9	9.8	9.4		
Real Personal Income	6.9	6.7	7.4	7.3	7.3	7.3	7.4	7.4	7.2	6.4	6.8	6.7		
Total (Thousands of units), 2013:3 to 2015:2														
Housing Units Authorized	64.2	61.8	63.6	64.4	70.1	72.6	69.1	66.0	67.0	67.8	68.1	67.7		

Table 2.5
Forecast Comparison
 Forecast 2015 to 2017

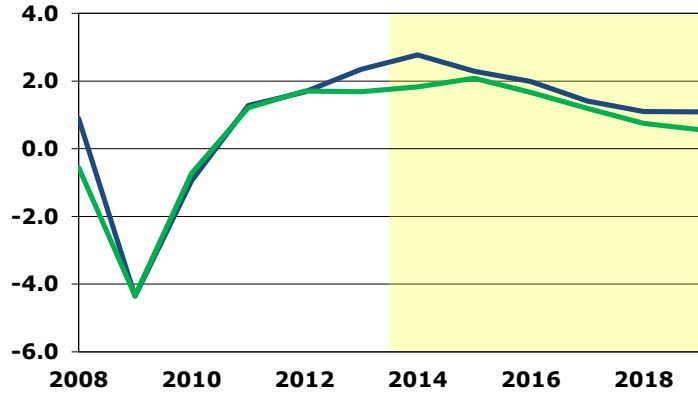
Fiscal Years

	2013	2014	2015	2016	2017	2018	2019
Washington							
Real Personal Income							
November Baseline	308.689	314.651	325.770	338.605	354.027	368.172	380.958
% Ch	3.6	1.9	3.5	3.9	4.6	4.0	3.5
September Baseline	302.196	310.409	320.274	333.071	347.789	361.776	375.294
% Ch	2.6	2.7	3.2	4.0	4.4	4.0	3.7
Personal Income							
November Baseline	329.448	340.023	356.249	375.278	398.886	422.304	445.318
% Ch	5.0	3.2	4.8	5.3	6.3	5.9	5.4
September Baseline	322.520	335.434	350.990	369.660	391.980	414.385	436.753
% Ch	4.0	4.0	4.6	5.3	6.0	5.7	5.4
Employment							
November Baseline	2955.6	3030.6	3110.4	3175.6	3231.6	3269.3	3304.8
% Ch	2.1	2.5	2.6	2.1	1.8	1.2	1.1
September Baseline	2955.6	3029.5	3100.4	3160.8	3214.0	3255.2	3296.4
% Ch	2.1	2.5	2.3	1.9	1.7	1.3	1.3
Housing Permits							
November Baseline	31.259	33.664	34.082	36.707	40.982	43.004	43.470
% Ch	31.5	7.7	1.2	7.7	11.6	4.9	1.1
September Baseline	31.259	33.664	34.466	38.570	42.311	42.668	43.531
% Ch	31.5	7.7	2.4	11.9	9.7	0.8	2.0

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

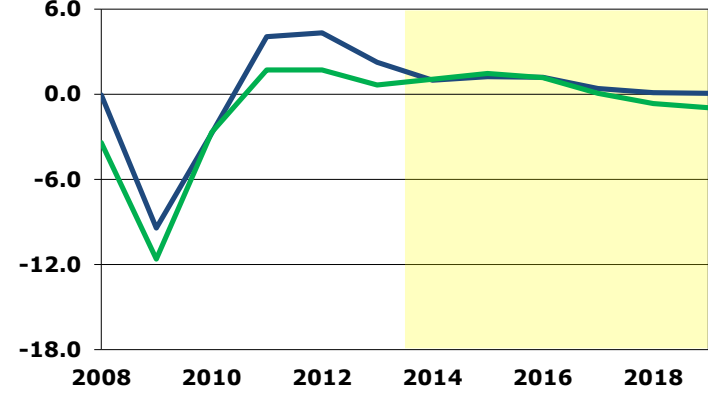
Forecast

Total nonfarm payroll employment



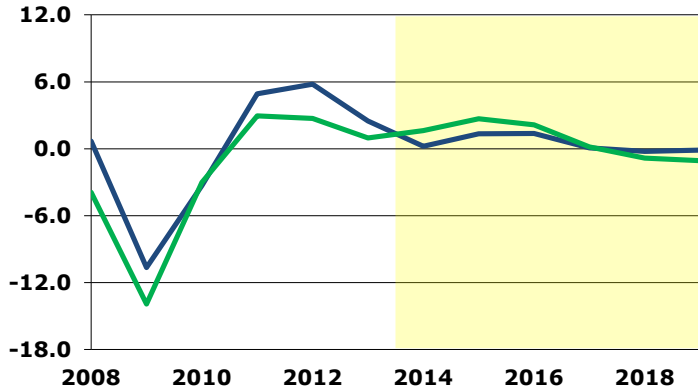
Source: WA State Employment Security Dept. 2013, ERFC 2019

Manufacturing employment



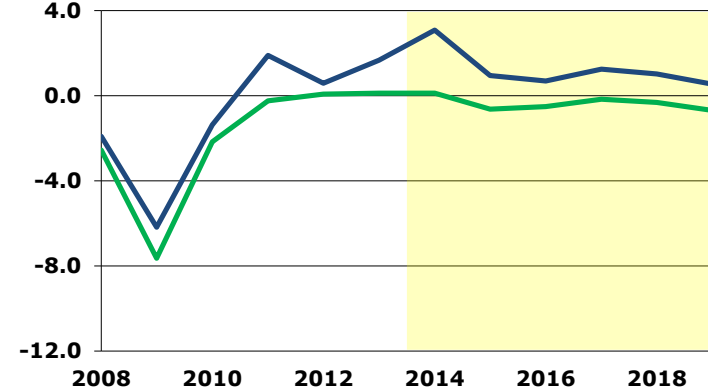
Source: WA State Employment Security Dept. 2013, ERFC 2019

Durable manufacturing employment



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

Nondurable manufacturing employment



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

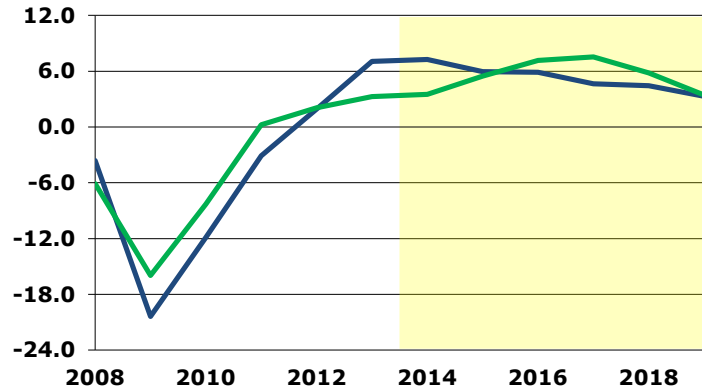
Washington

U.S.

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

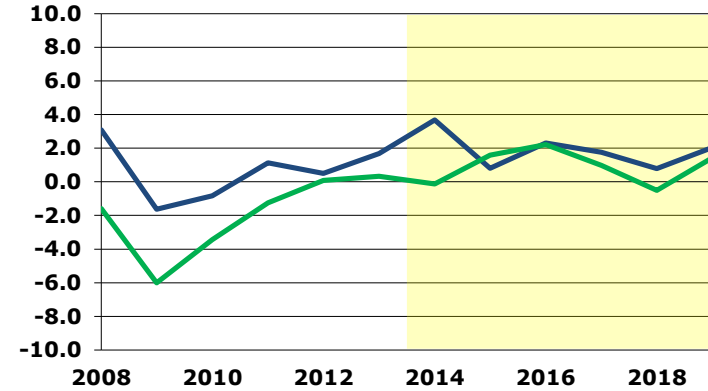
Forecast

Construction employment



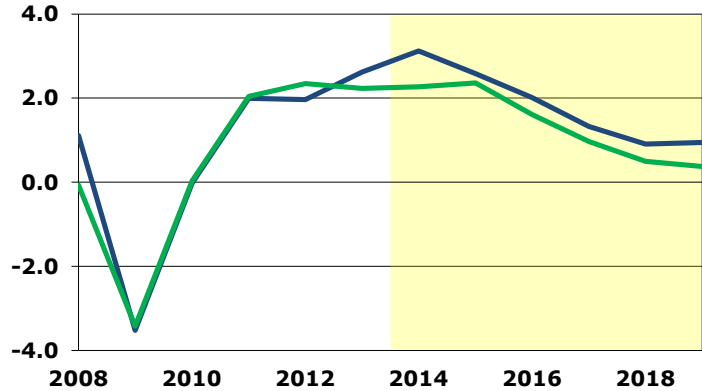
Source: WA State Employment Security Dept. 2013, ERFC 2019

Information employment



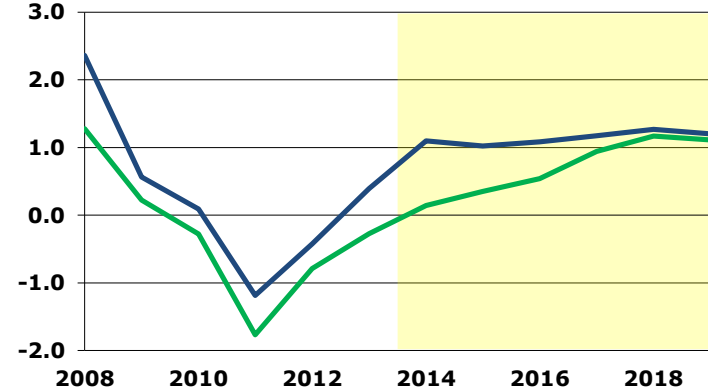
Source: WA State Employment Security Dept. 2013, ERFC 2019

Other private employment



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

Government employment



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

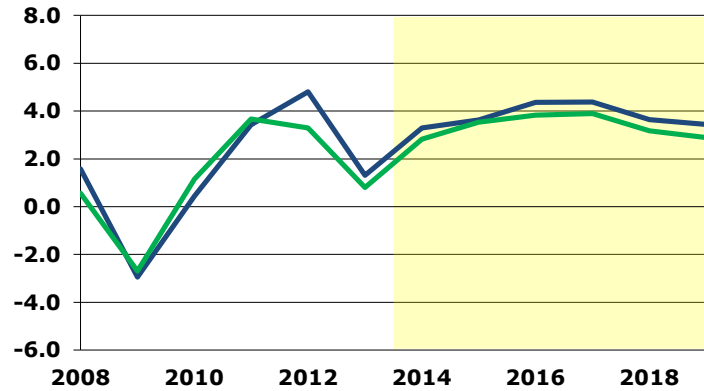
Washington

U.S.

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

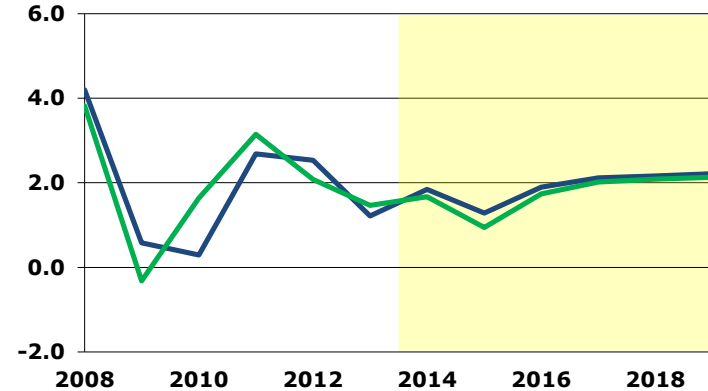
Forecast

Real personal income



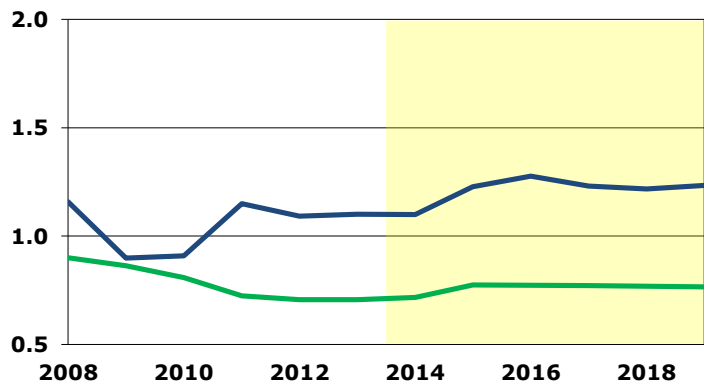
Source: Bureau of Economic Analysis 2013, ERFC 2019

Consumer price indices



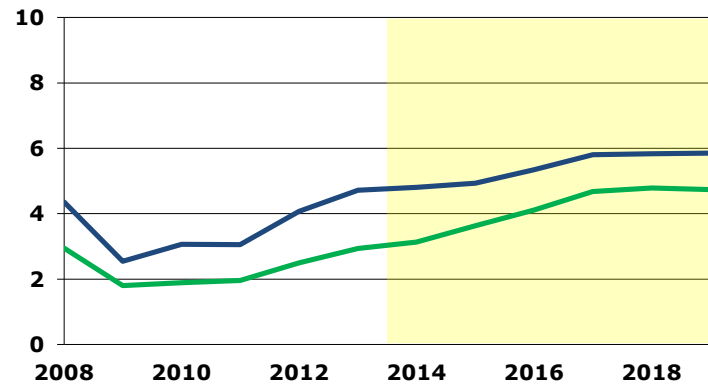
Source: Bureau of Labor Statistics 2013, ERFC 2019

Population



Source: Office of Financial Management 2010, ERFC 2019

New Housing Units Per 1,000 population (level)



Source: Census Bureau 2013, ERFC 2019

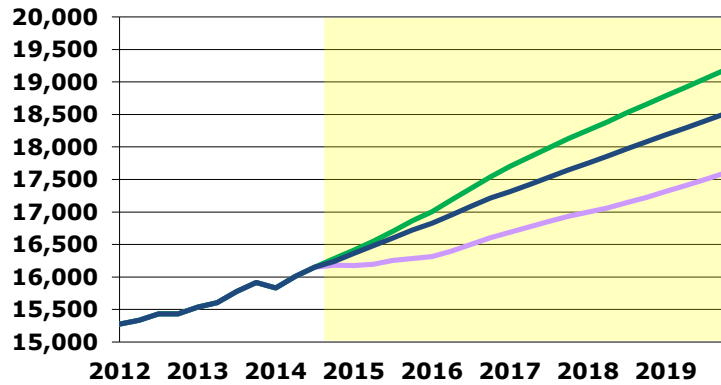
Washington

U.S.

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

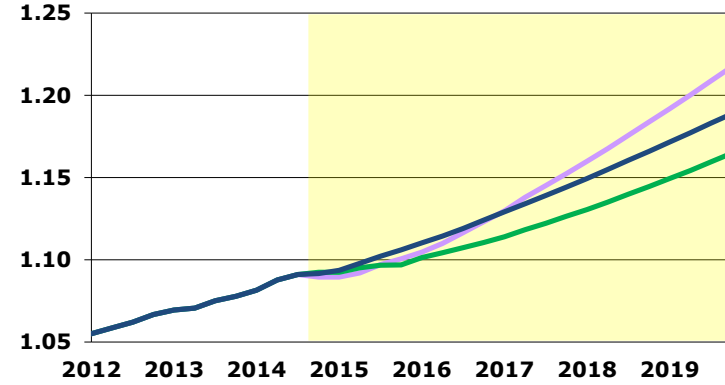
Forecast

Real GDP, billions of chained 2009 dollars



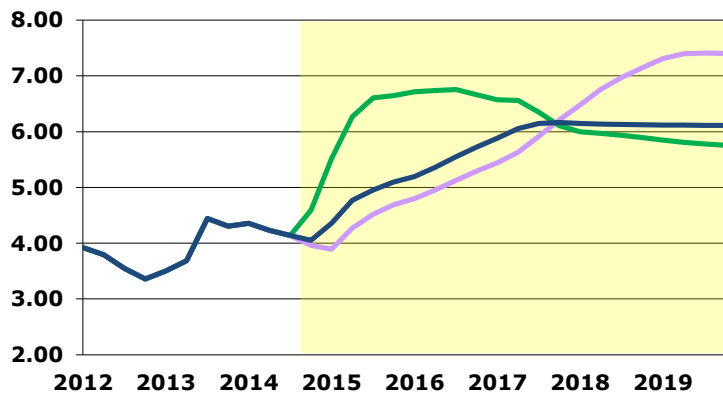
Source: Bureau of Economic Analysis 2014 Q2, ERFC 2019

Implicit price deflator, index 2009 = 1.0



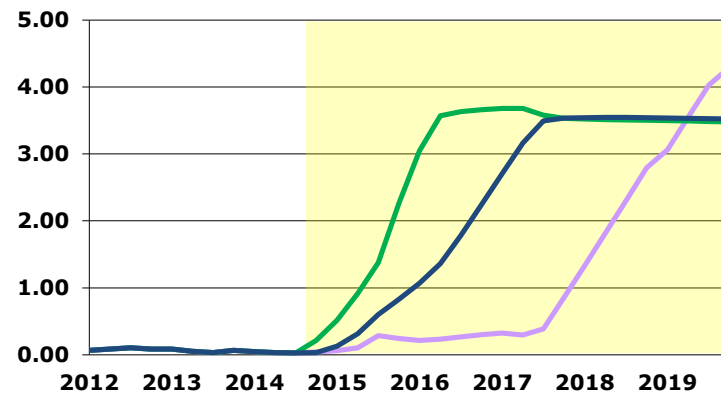
Source: Bureau of Economic Analysis 2014 Q2, ERFC 2019

Mortgage rate, percent



Source: Freddie Mac 2014 Q2, ERFC 2019

Three month T-bill rate, percent



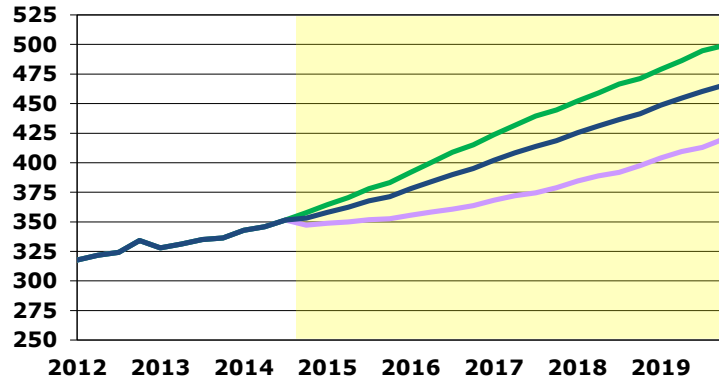
Source: Federal Reserve Board 2014 Q2, ERFC 2019

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

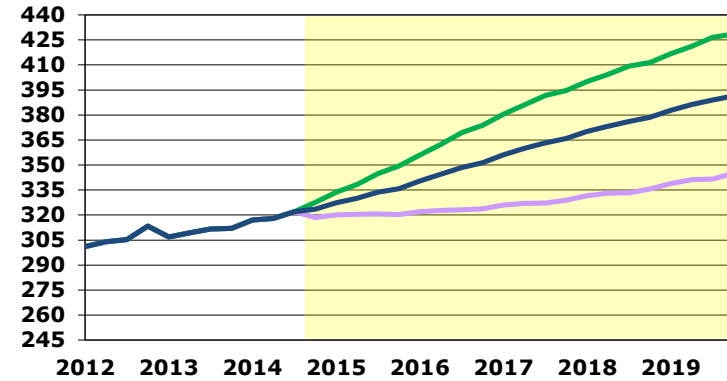
Forecast

Personal income, billions of dollars



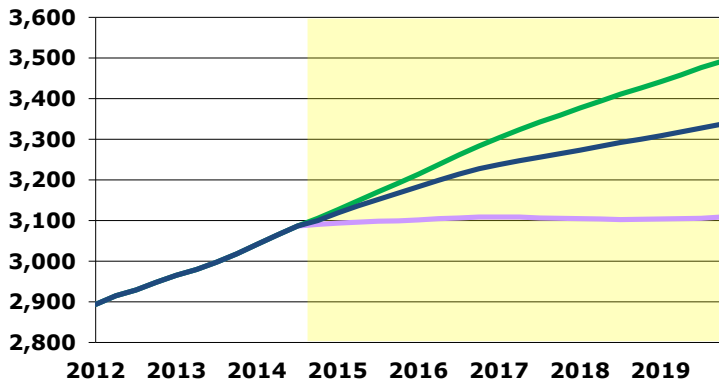
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Real personal income, billions of chained 2009 dollars



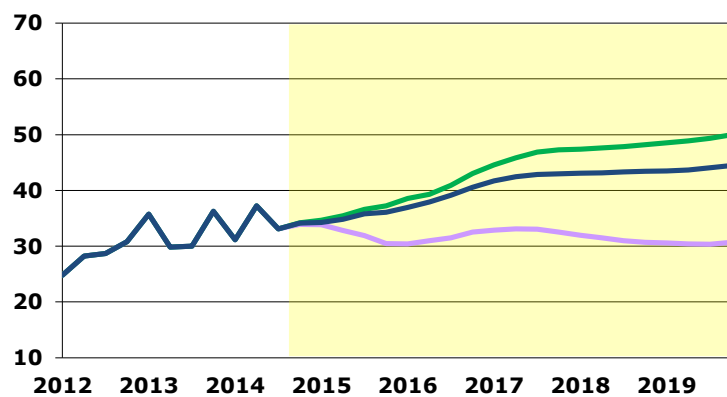
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2014 Q2, ERFC 2019

Housing permits, thousands



Source: Census Bureau 2014 Q2, ERFC 2019

■ Baseline ■ Optimistic ■ Pessimistic

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Chapter 3: Washington State Revenue Forecast Summary

- **Revenue collections since September have come in \$68 million over the forecasted amount.**
- **Changes to the economic forecast since the September forecast have resulted in increases in expected revenue of less than one percent for the current and 2015-17 biennia and slightly more than one percent for the 2017-19 biennium.**
- **The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$108 million and the forecast for the 2015-17 biennium was increased by \$241 million. The forecast for the 2017-19 biennium was increased by \$415 million.**

Overview

Changes to the revenue forecast in November were once again slight but positive

Revenue collections since the September 2014 forecast came in \$68 million higher than the expected total. Most of the surplus came from Revenue Act taxes (retail sales and use, business and occupation, public utility and tobacco products taxes), which came in \$55 million above the forecast. Preliminary data indicate the surplus in Revenue Act collections was due to stronger-than-expected third quarter economic activity. This surplus, along with an improved outlook for real estate excise tax collections, has provided a moderate lift to expected revenues in the current biennium, which ends in June 2015. Going forward, the slight changes to the economic forecast have increased expected revenue collections by less than one percent for the 2015-17 biennium and slightly more than one percent for the 2017-19 biennium.

GF-S forecast change by biennium (millions):

*13-15: +\$108
15-17: +\$241
17-19: +\$415*

Table 3.1 summarizes the changes to the forecasts of GF-S revenue for the 2013-15 and 2015-17 biennia. As of November 10th, revenue collections for the 2013-15 biennium were \$68.1 million ahead of the September forecast. For the remainder of the biennium, forecasted revenue has been increased by \$39.8 million. The sum of these changes for the 2013-15 biennium is a forecast increase of \$107.9 million, with total biennial revenue of \$33,439.8 million. The forecast for the 2015-17 biennium has been increased by \$241.3 million and the forecast for the 2017-

19 biennium has been increased by \$414.8 million. GF-S revenue is now forecasted to total \$36,319.5 million in the 2015-17 biennium and \$39,602.4 million in the 2017-19 biennium.

GF-S forecast (\$millions):

2013-15:
\$33,440

2015-17:
\$36,319

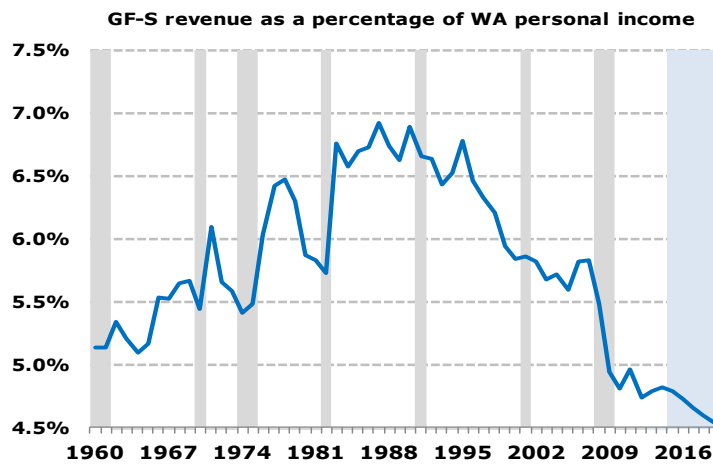
2017-19:
\$39,602

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

	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium
Collection Experience	\$68.1	NA	NA
Non-Economic Change	\$0.0	\$0.0	\$0.0
Forecast Change	\$39.8	\$241.3	\$414.8
Total Change	\$107.9	\$241.3	\$414.8

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

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



Source: ERFC, data through fiscal year 2014

The ratio of collections to income is at historical lows

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income is forecasted to reach its lowest levels in ERFC records. The ratio of revenue to income has been on a downward trend since 1995, broken only by the housing boom that raised the ratio from 2005 to mid-2008, and by temporary taxes and transfers of funds from non-GF-S sources into the GF-S that again boosted the ratio in fiscal years 2011 and 2013. The ratio for FY 2014 is slightly higher than that of FY 2013, but the increase was due mainly to slow income growth in that fiscal year. The November forecast, as shown in the light blue shaded area, has the ratio continuing its downward trend after FY 2014, through the end of the forecast period in FY 2019.

Forecast details are at the end of the chapter

The history of nominal and real GF-S revenue by biennium can be found in Table 3.3. GF-S forecast changes by agency and major revenue classification for the 2013-15 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). Forecast changes for the 2015-17 biennium can be found in Table 3.7 (cash) and Table 3.8 (GAAP). The GF-S forecast by fiscal year and major source category through FY 2019 can be found in Table 3.9.

Recent Collection Experience

Cumulative receipts from major sources that are tracked monthly were \$68 million (2.7%) more than the September forecast

Revenue collections from the Department of Revenue (DOR), Department of Licensing, and Administrative Office of the Courts are tracked monthly. In the period since the September forecast, total revenue from the above sources came in \$68.1 million (2.7%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$55.4 million (2.6%) above the forecast. Revenue from other DOR tax sources from September through October was \$12.9 million (3.7%) above the forecast.

Table 3.2: Pre-Forecast Collection Variance of Major General Fund-State Taxes by Agency (relative to the September 2014 forecast, cash basis, millions of dollars)

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$55.4	2.6%
Non Revenue Act	\$12.9	3.7%
Subtotal	\$68.3	2.7%
Department of Licensing	\$0.0	3.7%
Administrative Office of the Courts	(\$0.2)	-1.5%
Total*	\$68.1	2.7%

* Detail may not add to total due to rounding.

Source: ERFC; Period: September 11 - November 10, 2014

Most of the positive variance in collections came from strong Revenue Act tax activity

Preliminary data indicate the positive variance in Revenue Act collections was due to stronger-than-expected third quarter activity rather than non-economic factors such as tax credits or audit payments. Real estate excise tax (REET) receipts also came in well above the forecast, beating it by \$19.0 million (18.4%). Transfers of unclaimed property into the GF-S were \$3.9 million (11.3%) higher than forecasted. Cigarette tax receipts came in \$4.1 million (5.9%) higher than forecasted, but the surplus was due to the timing of payments and is likely to be reversed next month. Liquor sales and liter tax receipts were only slightly lower than forecasted, missing the mark by \$0.1 million (0.2%).

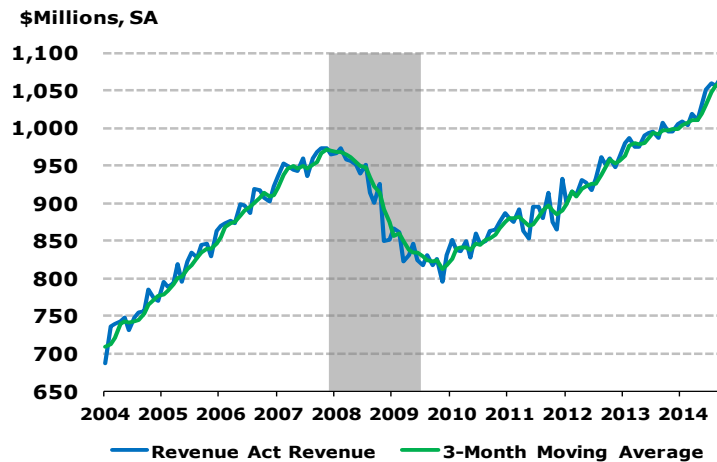
Property tax receipts came in \$19.1 million (27.5%) lower than forecasted. The shortfall, however, was due to a lower-than-forecasted volume of semi-annual payments that came in ahead of the October 31st deadline. The shortfall is therefore likely to be made up in next month's collections. Revenue from the Department of Licensing was \$34,000 (3.7%) higher than forecasted and revenue from the Administrative Office of the Courts was \$0.2 million (1.5%) lower than forecasted.

Adjusted Revenue Act collections were up 8.2% year over year in the most recent collection period and up 5.5% 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. Adjusted for large one-time payments and refunds, receipts grew 8.2% year over year in the October 11 - November 10 collection period and 5.5% 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, 2014 preliminary allocation
*Adjusted for large payments/refunds and payment pattern change

Third quarter Revenue Act collections grew 7.2% year over year

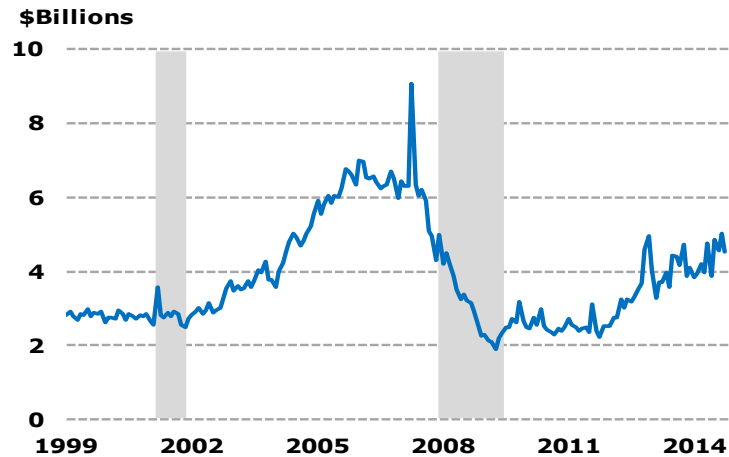
Adjusted Revenue Act collections from August 11 – November 10, 2014, which primarily reflected third quarter 2014 taxable activity, were up 7.2% year over year. Revenue Act collections from second quarter activity (May 11 – August 10, 2014 adjusted collections) were up 4.5% year over year, while first quarter growth was 2.5% year over year. Year-over-year growth rates for the first and second quarters were lowered by about 2 percentage points each due to the expiration of the temporary business and occupation tax surcharge on July 1, 2013.

REET collections were elevated by sales of large commercial properties

Much of the large positive variance in REET collections was due to strong sales of commercial property. Sales of property worth \$10 million or more totaled \$1.4 billion in the two months since the last forecast, generating \$16.5 million in GF-S REET. Residential sales were also slightly higher than forecasted. Large commercial sales have been causing spikes in seasonally adjusted activity since November 2012 (see Figure 3.3), but such sales have been consistently elevated for the last four months.

Figure 3.3: Taxable Real Estate Excise Activity, SA

Large commercial sales have kept real estate activity elevated for the last four months



Source: ERFC; data through October 2014

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 FY 2014. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, cigarette tax and real estate excise tax. The revenue forecasts discussed below can be found in Tables 3.5-3.8.

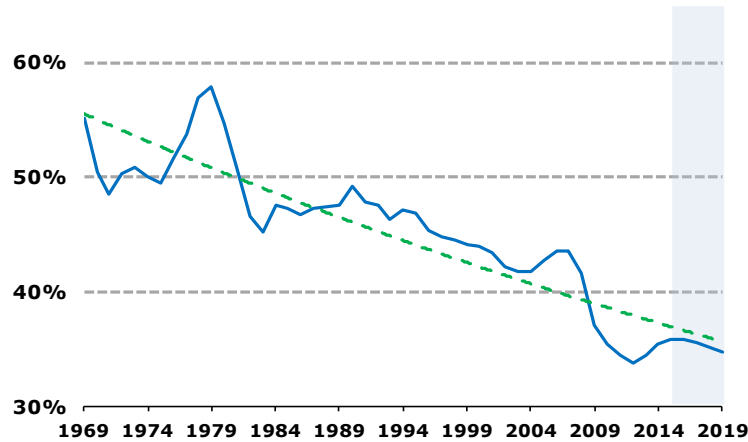
Retail sales taxes are the largest source of GF-S revenue

The retail sales tax is the largest source of GF-S revenue, accounting for 46.9% of GF-S revenue in FY 2014. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income have been declining. Their share fell sharply during the recession and continued to fall through FY 2012. In that year, 33.8% of personal income was spent on taxable items, the lowest percentage on record. The taxable sales share of

personal income grew to 34.4% in FY 2013 and 35.4% in FY 2014, due largely to the elimination of the sales tax exemption for wired phone lines that took effect on July 1, 2013. The share is then forecasted to increase slightly to 35.8% in FY 2015 and FY 2016 before declining through FY 2019. The historical and forecasted relationship between taxable sales and income is illustrated in Figure 3.4.

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

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



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

Retail sales tax receipt growth forecast:

FY15: 6.1%
FY16: 5.3%
FY17: 5.5%
FY18: 4.9%
FY19: 4.3%

The growth rate of taxable retail 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, brought growth in taxable activity of 6.4% in FY 2014. Growth is forecasted to slow to 5.8% in FY 2015 as the rate of construction activity growth slows, and continue slowing through the end of the forecast period, with 4.3% growth in FY 2019 (see Table 3.4). Due to the lag between taxable activity and collections and the presence of tax deferrals, credits, refunds, and payments of past due taxes, the growth in actual collections differs from the growth in taxable activity. Growth in collections for FY 2014 was 7.1%. Forecasted FY 2015 growth is 6.1%. Growth is then forecasted to slow to 5.3% in FY 2016 and 5.5% in FY 2017. FY 2018 growth is forecasted at 4.9% and FY 2019 at 4.3%.

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 19.8% of GF-S revenue in FY 2014. 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 2014, the largest contributor to total state B&O tax was the services sector, which had a gross tax rate of 1.5%

and represented an estimated 41% of B&O taxes due. The next largest sector was retailing, which is taxed at 0.471% and represented an estimated 23% of taxes due, followed by the wholesaling sector, which is taxed at 0.484% and represented an estimated 20% of taxes due.

*B&O tax
growth
forecast:*

*FY15: 5.1%
FY16: 5.5%
FY17: 5.8%
FY18: 5.2%
FY19: 5.0%*

In FY 2013, B&O tax receipts grew by 5.8%. The expiration of a temporary increase in the B&O service tax rate on July 1, 2013, in addition to several large refunds, caused receipts to shrink by 1.8% in FY 2014. Growth is forecasted to rebound to 5.1% in FY 2015, 5.5% in 2016 and 5.8% in FY 2017. Growth in FY 2018 and 2019 is forecasted at 5.2% and 5.0%.

*State property
taxes are the
third largest
source of
GF-S revenue.
Growth
forecast:*

*FY15: 2.3%
FY16: 2.3%
FY17: 2.3%
FY18: 2.4%
FY19: 2.5%*

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.0% of total revenue in FY 2014. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. 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 2014 and are forecasted to grow by 2.3% in FY 2015 through FY 2017. Growth in FY 2018 is forecasted at 2.4% and FY 2019 growth at 2.5%.

*REET was the
fourth largest
GF-S source
in FY 2014*

The real estate excise tax (REET) was the fourth largest DOR source of GF-S revenue in FY 2014, accounting for 3.8% of total revenue. 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:*

*FY15: 0.6%
FY16: -1.2%
FY17: 5.9%
FY18: 3.8%
FY19: 3.8%*

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, resulting in growth of 15.2%. Somewhat lower commercial sales coupled with strengthening in residential sales are forecasted to boost FY 2015 receipts by 0.6% above FY 2014 levels, but lower commercial sales are then forecasted to bring a decrease of 1.2% in FY 2016 despite further strengthening in residential sales. Residential sales growth brings forecasted growth of 5.9% in FY 2017, slowing to 3.8% growth in both 2018 and 2019.

Use tax was the fifth largest GF-S source in FY 2014

The state use tax was the fifth largest GF-S revenue source in FY 2014 at 3.4% 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:

*FY15: 6.2%
FY16: 0.7%
FY17: 5.2%
FY18: 4.5%
FY19: 4.3%*

Use tax receipts grew by 7.8% in FY 2014, boosted by strong sales of used vehicles and a temporary increase in payments from the manufacturing sector in the 4th quarter of 2013. Another temporary increase in the 3rd quarter of 2014, coupled with continued strong growth in construction and used vehicle sales is forecasted to bring growth to 6.2% in FY 2015. Growth is forecasted at only 0.7% in FY 2016 due to the spike in FY 2015 collections. Growth then returns to a more normal pace in FY 2017, 2018 and 2019 with rates of 5.2%, 4.5% and 4.3% respectively.

Public utility taxes were the sixth largest GF-S source in FY 2014

Public utility taxes were the sixth largest DOR source of GF-S revenue in FY 2014, 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:

*FY15: 1.2%
FY16: 3.1%
FY17: 4.6%
FY18: 5.3%
FY19: 4.6%*

Public utility tax receipts grew by 4.5% in FY 2014. A slowdown in the rate of increases in natural gas and electricity prices is forecasted to lower growth to 2.3% in FY 2015. Larger increases in utility prices coupled with increased housing construction are forecasted to produce growth rates of 3.1% in FY 2016, 4.6% in FY 2017, 5.3% in FY 2018 and 4.6% in FY 2019.

The cigarette tax was the seventh largest GF-S source in FY 2014

The state tax on cigarettes was the seventh largest DOR GF-S revenue source in FY 2014 at 2.4% of total receipts. Prior to FY 2010, the tax made up a much smaller portion of GF-S revenue because much of the tax was dedicated to non-GF-S accounts. In FY 2010, all of the tax except the portion dedicated to the Education Legacy Trust account was redirected to the GF-S, and in FY 2011 all of the cigarette tax was redirected to the GF-S. The current tax rate, which took effect May 1, 2010, is \$3.025 per pack of 20 cigarettes.

Cigarette tax growth forecast:

*FY15: -1.9%
FY16: -3.1%
FY17: -3.4%
FY18: -3.3%
FY19: -3.0%*

The total number of taxed cigarettes has been on a downward trend due to a continuing decline in the number of smokers. Recently, the rate of decline has been increasing further due to increased consumption of e-cigarettes, which are not subject to the cigarette tax but are subject to retail sales taxes. FY 2014 receipts decreased by 3.6%. Receipts are forecasted to decline by 1.9% in FY 2015, 3.1% in FY 2016 and 3.4% in FY 2017.

Collections in FY 2018 and 2019 are forecasted to decrease by 3.3% and 3.0%.

Forecasted Revenue from Cannabis-Related Sales

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

Initiative 502, approved by voters in the November 2012 election, legalized the sale and use of recreational cannabis and cannabis products in Washington. The first legal sales of cannabis products in state-licensed stores occurred in July 2014. Under the initiative, a cannabis excise tax of 25% is levied at each stage of growing, processing, and selling cannabis products. These taxes, along with annual license fees, will be collected by the Liquor Control Board and placed into a dedicated fund from which revenue will be distributed quarterly after required allotments are satisfied.

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

13-15: +\$4.0
15-17: +\$8.0
17-19: +\$2.5

Revenue from the first three months of cannabis sales have come in above the September forecast. Due to the small number of licensed retail establishments that have opened so far, however, forecasted FY 2015 revenue is still relatively low. Distributions of cannabis excise taxes to the GF-S, which amount to 18.7% of the distributed funds, plus license fees are forecasted to total only \$5.7 million in the 2013-15 biennium, an increase of \$2.6 million from the September forecast. GF-S distributions and fees are forecasted at \$36.1 million in the 2015-17 biennium, an increase of \$5.0 million, and are forecasted at \$63.0 million in the 2017-19 biennium, an increase of \$1.9 million. Details of the forecasted distributions from the account can be found in Table 3.18. In addition to this revenue, growers, processors and sellers will pay business and occupation (B&O) taxes and sellers will collect and remit retail sales taxes. These taxes, detailed in Table 3.19, are expected to total \$5.2 million in the 2013-15 biennium, an increase of \$1.4 million from the September forecast. The taxes are forecasted to total \$32.0 million in the 2015-17 biennium, an increase of \$3.0 million, and \$56.6 million in the 2017-19 biennium, an increase of \$0.6 million. The total forecasted GF-S impact of cannabis-related sales is therefore \$10.9 million in the 2013-15 biennium, \$68.1 million in the 2015-17 biennium and \$121.5 million in the 2017-19 biennium.

Department of Licensing

Forecast change by biennium (millions):

13-15: \$0.0
15-17: \$0.1
17-19: \$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 forecast of GF-S revenue for the 2013-15 biennium is unchanged at \$35.3 million. The department's forecast for the 2015-17 biennium has been increased \$0.1 million to \$35.4 million and the forecast of

revenue for the 2017-19 biennium has been increased \$0.1 million to \$36.1 million.

The Office of Financial Management (Other Agencies)

*Forecast
change by
biennium
(millions):*

13-15: *-\$2.2*
15-17: *\$2.5*
17-19: *\$20.1*

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's forecast of revenue for the 2013-15 biennium was decreased \$2.2 million to \$197.0 million due to a decreased forecast of transfers of revenue to the GF-S from the Commute Trip Reduction program. The office's forecast for the 2015-17 biennium was increased \$2.5 million to \$168.3 million, largely due to an increase in the forecast of revenue from the Department of Financial Institutions. The forecast for the 2017-19 biennium was increased \$20.1 million to \$194.8 million, due mainly to an increase in forecasted payments from the Tobacco Master Settlement Agreement.

State Treasurer

*Forecast
change by
biennium
(millions):*

13-15: *-\$0.4*
15-17: *-\$1.8*
17-19: *-\$0.3*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's forecast for the 2013-15 biennium has been decreased \$0.4 million to negative \$4.2 million. The forecasted revenue is negative because the average daily balance of accounts that earn interest that goes into the GF-S is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office. The forecast for the 2015-17 biennium has been decreased \$1.8 million to \$5.7 million and the forecast of revenue for the 2017-19 biennium has been decreased \$0.3 million to \$30.4 million.

Insurance Commissioner

*Forecast
change by
biennium
(millions):*

13-15: *\$0.0*
15-17: *\$0.0*
17-19: *\$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 forecasts of GF-S revenue are unchanged at \$943.7 for the 2013-15 biennium, \$1,016.6 million for the 2015-17 biennium and \$1,085.6 million for the 2017-19 biennium.

Liquor Control Board

The Liquor Control Board (LCB) collects fees from distributors and retailers on sales of spirits and surtaxes on sales of beer and wine (sales and liter taxes on spirits are collected by the DOR). The LCB is also responsible for the collection of excise taxes and

*Forecast
change by
biennium
(millions):*

13-15: \$2.4
15-17: \$7.6
17-19: -\$0.2

fees associated with the legalized sale and use of recreational cannabis. The forecast of total GF-S revenue collected by the LCB for the 2013-15 biennium has been increased \$2.4 million to \$258.5 million. The forecast of LCB GF-S revenue for the 2015-17 biennium has been increased \$3.9 million to \$246.4 million and the forecast of revenue for the 2017-19 biennium is unchanged at \$293.4 million. Most of the forecast changes were due to changes in forecasted cannabis excise tax receipts, which are transferred to the GF-S through the LCB.

Lottery Commission

*The Lottery
Commission
now transfers
funds to the
GF-S only
when the
revenue from
certain
games
exceeds a
\$102 million
threshold*

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

13-15: \$0.0
15-17: \$2.9
17-19: \$11.8

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 just exceeded the threshold again in FY 2014, resulting in a total GF-S transfer of \$9.9 million for the 2013-15 biennium. GF-S transfers totaling \$5.3 million are forecasted for the 2015-17 biennium, an increase of \$2.9 million from the September forecast, and \$14.6 million for the 2017-19 biennium, an increase of \$11.8 million.

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

13-15: -\$0.3
15-17: \$2.1
17-19: -\$0.4

The OPA receives all profits (excluding statutory transfers) from Washington-only lottery games plus all profits from the Mega Millions game. The forecast of transfers for the 2013-15 biennium has been decreased \$0.3 million to \$232.2 million, and the forecast for the 2015-17 biennium has been increased \$2.1 million to \$237.4 million. The forecast for the 2017-19 biennium has been decreased \$0.4 million to \$237.5 million. In addition to the transfers described above, legislation from the 2013 second special session and 2014 regular session also require the transfer

of \$16.1 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 3.15 on a cash basis and Table 3.16 on a GAAP basis.

Administrative Office of the Courts

Forecast change by biennium (millions):

13-15: *-\$2.7*
15-17: *-\$5.0*
17-19: *-\$5.4*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties and transfers this revenue to the GF-S on a monthly basis. The forecast of transfers to the GF-S for the 2013-15 biennium has been decreased \$2.7 million to \$167.4 million. The forecast for the 2015-17 biennium has been decreased \$5.0 million to \$169.3 million and the forecast of transfers for the 2017-19 biennium has been decreased \$5.4 million to \$181.0 million.

Track Record for the 2013-15 Biennium

The November 2014 forecast is \$1.0 billion (3.1%) higher than the initial February 2012 forecast

Table 3.10 summarizes the historical changes to the GF-S revenue forecast for the 2013-15 biennium. The February 2012 forecast was the initial forecast for the biennium. The November 2014 forecast for the biennium is \$1.011 billion (3.1%) higher than the initial forecast. Non-economic changes have increased the forecast by \$369 million (1.1%). Excluding non-economic changes, the current forecast is \$642 million (2.0%) higher than the initial forecast. The current forecast is \$655 million (2.0%) higher than the sum of the June 2013 forecast and the \$123 million in legislated revenue increases from the June 2013 second special session that were the basis of the initial budget for the 2013-15 biennium.

Track Record for the 2015-17 Biennium

The November forecast is \$801 million (2.3%) higher than the initial September 2012 forecast

Table 3.11 summarizes the historical changes to the GF-S revenue forecast for the 2015-17 biennium. The September 2012 forecast was the initial forecast for the biennium. The November 2014 forecast for the biennium is \$801 million (2.3%) higher than the initial forecast. Non-economic changes have increased the forecast by \$257 million (0.7%). Excluding non-economic changes, the current forecast is \$544 million (1.5%) 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 2013-15 and 2015-17 biennia are presented in Tables 3.6 and 3.8 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, revenue is credited to the biennium in which it is earned even though it may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management and revenue tracking. The cash forecast is also the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, figures from revenue tables other than Tables 3.6, 3.8 and 3.16 are projected on a cash basis.

Budgetary Balance Sheet for the 2013-15 Biennium

The forecast implies GF-S reserves of \$1.31 billion at the end of the 2013-15 biennium and \$1.29 billion in reserves for GF-S, ELTA and OPA

Table 3.12 shows the budgetary balance sheet for the 2013-15 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. The balance sheet shows not only projected GF-S spending and resources but also total projected spending and resources for the GF-S plus the other main non-transportation state-funded accounts: the Education Legacy Trust Account (ELTA) and the Washington Opportunity Pathways Account (OPA). As shown in the table, there was a beginning fund balance of \$167.5 million for the GF-S at the end of the 2011-13 biennium and the total balance for GF-S, ELTA and OPA stood at \$156.4 million. Based on the November 2014 revenue forecast and currently enacted budgets, total GF-S reserves are projected to be \$1,306.6 million at the end of the 2013-15 biennium. The projected total GF-S reserves are comprised of a GF-S ending balance of \$721.3 million and a balance of \$585.3 million in the Budget Stabilization Account. Projected combined reserves for the ELTA and OPA are -\$16.2 million, for total projected reserves of \$1,290.4 million for GF-S, ELTA and OPA at the end of the 2013-15 biennium.

Alternative Forecasts for the 2013-15 and 2015-17 Biennia

Optimistic scenario (billions):

13-15: +\$0.7
15-17: +\$3.0

Pessimistic scenario:

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

Chapter 2 outlines optimistic and pessimistic economic scenarios relative to the baseline economic forecast. The forecast assigns a probability of 55% to the baseline forecast, 20% to a scenario based on the upside risks and 25% 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 and those of the 2015-17 biennium are shown in Table 3.14. For the 2013-15 biennium, the optimistic forecast generates \$34,109.7 million in GF-S revenue, \$669.8 million (2.0%) more than the baseline scenario, while the pessimistic forecast produces \$32,638.0 million in revenue, \$801.8 million (2.4%) less than the baseline. For the 2015-17 biennium, the optimistic forecast generates \$39,353.0 million in GF-S revenue, \$3,033.5 million (8.4%) more than the baseline scenario, while the pessimistic forecast produces \$32,983.1 million in revenue, \$3,336.4 million (9.2%) less than the baseline.

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

Near General Fund Forecast (millions):

2013-15:
\$33,834.6

2015-17:
\$36,747.5

2017-19:
\$40,077.7

“Near General Fund” accounts are those included in the GF-S plus the Education Legacy Trust Account (ELTA). The ELTA was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The Near General Fund forecast for the 2013-15 biennium is \$33,834.6 million, \$115.5 million more than the September forecast, and the forecast for the 2015-17 biennium is \$36,747.5 million, \$273.3 million more than the September forecast. The forecast of Near General Fund revenue for the 2017-19 biennium is \$40,077.7 million, \$463.7 million more than the September forecast. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.17. The table also includes projected revenue for the OPA and the sum of Near General Fund plus OPA revenues by fiscal year.

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

Biennium	Current Dollars	Percent Change	2009 Chained Dollars	Percent Change
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,767.2	16.6%
1971-73	1,922.1	10.9%	7,971.8	2.6%
1973-75	2,372.4	23.4%	8,500.2	6.6%
1975-77	3,395.0	43.1%	10,580.8	24.5%
1977-79	4,490.0	32.3%	12,284.4	16.1%
1979-81	5,356.4	19.3%	12,197.3	-0.7%
1981-83	6,801.4	27.0%	13,492.7	10.6%
1983-85	8,202.4	20.6%	15,008.4	11.2%
1985-87	9,574.6	16.7%	16,528.2	10.1%
1987-89	10,934.1	14.2%	17,618.6	6.6%
1989-91	13,309.0	21.7%	19,772.8	12.2%
1991-93	14,862.2	11.7%	20,789.0	5.1%
1993-95	16,564.6	11.5%	22,140.3	6.5%
1995-97	17,637.7	6.5%	22,629.9	2.2%
1997-99	19,620.1	11.2%	24,520.3	8.4%
1999-01	21,262.1	8.4%	25,587.4	4.4%
2001-03	21,140.7	-0.6%	24,595.4	-3.9%
2003-05	23,388.5	10.6%	26,077.7	6.0%
2005-07	27,772.0	18.7%	29,316.2	12.4%
2007-09	27,703.0	-0.2%	27,888.3	-4.9%
2009-11	28,218.1	1.9%	27,704.7	-0.7%
2011-13	30,657.0	8.6%	28,928.3	4.4%
2013-15 ^F	33,439.8	9.1%	30,770.1	6.4%
2015-17 ^F	36,319.5	8.6%	32,584.0	5.9%
2017-19 ^F	39,602.4	9.0%	34,347.6	5.4%

^F November 2014 Forecast.

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

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

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal Year	Amount	Percent Change
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012	106,036	4.1%
2013	113,173	6.7%
2014	120,453	6.4%
2015 ^F	127,448	5.8%
2016 ^F	134,366	5.4%
2017 ^F	141,615	5.4%
2018 ^F	148,516	4.9%
2019 ^F	154,890	4.3%

^F November 2014 forecast

Source: ERFC

* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Reported totals affected by enacted legislation. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984); extension of the sales tax base to candy, gum and bottled water (June 1 - December 2, 2010); elimination of sales tax exemption for residential phone service (July 1, 2013).

Table 3.5

Comparison of the General Fund-State forecast by agency

2013-15 biennium; cash basis

(millions of dollars)

Forecast by Agency	Sept. 2014 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,751.7	\$0.0	\$76.5	\$15,828.1	\$76.5
Business & Occupation	6,657.5	0.0	0.3	6,657.8	0.3
Use	1,142.4	0.0	8.8	1,151.2	8.8
Public Utility	801.2	0.0	(4.5)	796.7	(4.5)
Liquor Sales/Liter	497.0	0.0	(1.8)	495.2	(1.8)
Cigarette	777.1	0.0	0.1	777.3	0.1
Property (State Levy)	3,961.6	0.0	0.8	3,962.4	0.8
Real Estate Excise	1,203.7	0.0	31.1	1,234.8	31.1
Timber Excise	5.7	0.0	(0.0)	5.7	(0.0)
Other	923.4	0.0	(0.5)	922.9	(0.5)
Subtotal	31,721.4	0.0	110.7	31,832.1	110.7
Department of Licensing					
Boat excise, licenses, fees & other	35.3	0.0	0.0	35.3	0.0
Insurance Commissioner					
Insurance Premiums	943.7	0.0	0.0	943.7	0.0
Liquor Control Board					
Liquor Profits and Fees	201.4	0.0	2.0	203.5	2.0
Beer & Wine Surtax	54.6	0.0	0.4	55.1	0.4
Lottery Commission					
Lottery Revenue	9.9	0.0	0.0	9.9	0.0
State Treasurer					
Interest Earnings	(3.8)	0.0	(0.4)	(4.2)	(0.4)
Office of Financial Management					
Other	199.3	0.0	(2.2)	197.0	(2.2)
Administrative Office of the Courts					
Fines and Forfeitures	170.0	0.0	(2.7)	167.4	(2.7)
Total General Fund-State *	\$33,331.9	\$0.0	\$107.9	\$33,439.8	\$107.9

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council September 2014.² Forecast for the 2013-15 biennium, adopted November 19, 2014.

*Detail may not add to totals because of rounding.

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

Table 3.6

Comparison of the General Fund-State forecast by agency

2013-15 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Sept. 2014 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,812.9	\$0.0	\$117.7	\$15,930.5	\$117.7
Business & Occupation	6,647.0	0.0	18.5	6,665.6	18.5
Use	1,148.1	0.0	11.0	1,159.1	11.0
Public Utility	801.9	0.0	(2.5)	799.4	(2.5)
Liquor Sales/Liter	496.6	0.0	(1.8)	494.8	(1.8)
Cigarette	774.2	0.0	0.1	774.3	0.1
Property (State Levy)	3,961.6	0.0	70.3	4,031.9	70.3
Real Estate Excise	1,196.9	0.0	31.8	1,228.6	31.8
Timber Excise	5.8	0.0	0.0	5.8	0.0
Other	921.4	0.0	(0.2)	921.2	(0.2)
Subtotal	31,766.4	0.0	245.0	32,011.4	245.0
Department of Licensing					
Boat excise, licenses, fees & other	35.3	0.0	0.0	35.3	0.0
Insurance Commissioner					
Insurance Premiums	943.7	0.0	0.0	943.7	0.0
Liquor Control Board					
Liquor Profits and Fees	201.4	0.0	2.0	203.5	2.0
Beer & Wine Surtax	54.6	0.0	0.4	55.1	0.4
Lottery Commission					
Lottery Revenue	2.9	0.0	(1.4)	1.5	(1.4)
State Treasurer					
Interest Earnings	(4.5)	0.0	0.2	(4.3)	0.2
Office of Financial Management					
Other	199.3	0.0	(4.2)	195.0	(4.2)
Administrative Office of the Courts					
Fines and Forfeitures	170.0	0.0	(2.7)	167.4	(2.7)
Total General Fund-State *	\$33,369.2	\$0.0	\$239.3	\$33,608.5	\$239.3

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council September 2014.² Forecast for the 2013-15 biennium, adopted November 19, 2014.

*Detail may not add to totals because of rounding.

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

Table 3.7

Comparison of the General Fund-State forecast by agency

2015-17 biennium; cash basis

(millions of dollars)

Forecast by Agency	Sept. 2014 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$17,415.7	\$0.0	\$217.1	\$17,632.7	\$217.1
Business & Occupation	7,368.6	0.0	38.4	7,406.9	38.4
Use	1,219.7	0.0	5.3	1,225.0	5.3
Public Utility	869.4	0.0	(24.2)	845.2	(24.2)
Liquor Sales/Liter	498.2	0.0	(1.3)	497.0	(1.3)
Cigarette	733.3	0.0	0.3	733.6	0.3
Property (State Levy)	4,150.1	0.0	(3.9)	4,146.2	(3.9)
Real Estate Excise	1,247.7	0.0	11.5	1,259.2	11.5
Timber Excise	6.9	0.0	(0.1)	6.8	(0.1)
Other	924.3	0.0	(4.4)	920.0	(4.4)
Subtotal	34,433.9	0.0	238.7	34,672.6	238.7
Department of Licensing					
Boat excise, licenses, fees & other	35.3	0.0	0.1	35.4	0.1
Insurance Commissioner					
Insurance Premiums	1,016.6	0.0	0.0	1,016.6	0.0
Liquor Control Board					
Liquor Profits and Fees	189.0	0.0	3.3	192.4	3.3
Beer & Wine Surtax	53.4	0.0	0.6	54.0	0.6
Lottery Commission					
Lottery Revenue	2.3	0.0	2.9	5.3	2.9
State Treasurer					
Interest Earnings	7.6	0.0	(1.8)	5.7	(1.8)
Office of Financial Management					
Other Agencies	165.8	0.0	2.5	168.3	2.5
Administrative Office of the Courts					
Fines and Forfeitures	174.4	0.0	(5.0)	169.3	(5.0)
Total General Fund-State *	\$36,078.2	\$0.0	\$241.3	\$36,319.5	\$241.3

¹ Forecast for the 2015-17 biennium adopted by the Economic and Revenue Forecast Council September 2014.² Forecast for the 2015-17 biennium, adopted November 19, 2014.

*Detail may not add to totals because of rounding.

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

Table 3.8

Comparison of the General Fund-State forecast by agency

2015-17 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Sept. 2014 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2014 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$17,415.7	\$0.0	\$217.1	\$17,632.7	\$217.1
Business & Occupation	7,368.6	0.0	38.4	7,406.9	38.4
Use	1,219.7	0.0	5.3	1,225.0	5.3
Public Utility	869.4	0.0	(24.2)	845.2	(24.2)
Liquor Sales/Liter	498.2	0.0	(1.3)	497.0	(1.3)
Cigarette	733.3	0.0	0.3	733.6	0.3
Property (State Levy)	4,150.1	0.0	(3.9)	4,146.2	(3.9)
Real Estate Excise	1,247.7	0.0	11.5	1,259.2	11.5
Timber Excise	7.0	0.0	(0.1)	6.9	(0.1)
Other	924.3	0.0	(4.4)	920.0	(4.4)
Subtotal	34,434.0	0.0	238.7	34,672.6	238.7
Department of Licensing					
Boat excise, licenses, fees & other	35.3	0.0	0.1	35.4	0.1
Insurance Commissioner					
Insurance Premiums	1,016.6	0.0	0.0	1,016.6	0.0
Liquor Control Board					
Liquor Profits and Fees	189.0	0.0	3.3	192.4	3.3
Beer & Wine Surtax	53.4	0.0	0.6	54.0	0.6
Lottery Commission					
Lottery Revenue	0.2	0.0	9.8	10.0	9.8
State Treasurer					
Interest Earnings	8.5	0.0	(2.0)	6.5	(2.0)
Office of Financial Management					
Other	165.8	0.0	2.5	168.3	2.5
Administrative Office of the Courts					
Fines and Forfeitures	174.4	0.0	(5.0)	169.3	(5.0)
Total General Fund-State *	\$36,077.2	\$0.0	\$247.9	\$36,325.1	\$247.9

¹ Forecast for the 2015-17 biennium adopted by the Economic and Revenue Forecast Council September 2014.² Forecast for the 2015-17 biennium, adopted November 19, 2014.

*Detail may not add to totals because of rounding.

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

Table 3.9

**November 2014 General Fund-State forecast
2013-15 to 2017-19 biennia; cash basis**

(Millions of Dollars)

Forecast by Source	Fiscal 2014	Fiscal 2015	2013-15 Biennium	Fiscal 2016	Fiscal 2017	2015-17 Biennium	Fiscal 2018	Fiscal 2019	2017-19 Biennium
State Taxes									
Retail sales**	\$7,678.6	\$8,149.6	\$15,828.1	\$8,581.3	\$9,051.4	\$17,632.7	\$9,499.2	\$9,909.3	\$19,408.5
Business & occupation Use**	3,246.4	3,411.4	6,657.8	3,598.3	3,808.6	7,406.9	4,006.7	4,205.0	8,211.7
Public Utility	558.3	592.9	1,151.2	597.0	628.0	1,225.0	656.1	684.2	1,340.3
Liquor sales/liter	395.9	400.7	796.7	413.0	432.2	845.2	455.2	476.2	931.4
Beer & wine surtax	246.3	248.9	495.2	245.1	251.9	497.0	258.5	264.9	523.4
Cigarette	27.7	27.4	55.1	27.0	27.0	54.0	26.9	26.9	53.8
Tobacco products	400.5	393.2	793.7	381.4	368.7	750.1	357.0	346.7	703.7
Cannabis Excise Taxes	46.5	46.7	93.1	47.1	47.5	94.7	48.0	48.4	96.4
Property (state school levy)	0.0	5.5	5.5	13.9	21.3	35.2	28.9	35.1	64.0
Leasehold Excise Tax	1,958.9	2,003.5	3,962.4	2,049.1	2,097.2	4,146.2	2,146.5	2,199.4	4,345.9
Public utility district	27.7	29.7	57.4	30.3	30.7	61.0	31.0	31.3	62.3
Brokered Natural Gas	49.3	50.7	100.0	51.9	53.1	105.0	54.3	55.4	109.6
Real estate excise***	34.4	35.5	69.9	36.5	37.3	73.7	38.0	38.7	76.7
Timber excise	615.6	619.1	1,234.8	611.6	647.6	1,259.2	672.1	697.5	1,369.5
Estate/inheritance	2.7	3.1	5.7	3.3	3.5	6.8	3.6	3.7	7.3
Boat excise	0.4	(0.3)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	13.0	12.6	25.6	12.6	12.6	25.3	12.6	12.6	25.3
Penalties and interest on past due taxes	456.7	487.0	943.7	502.4	514.2	1,016.6	529.4	556.2	1,085.6
Other	133.8	129.2	263.0	137.7	142.8	280.5	148.2	153.7	301.8
Total Taxes	72.3	73.0	145.4	55.1	56.6	111.7	58.3	37.2	95.5
Total Taxes	15,965.1	16,719.4	32,684.5	17,394.5	18,232.3	35,626.8	19,030.4	19,782.3	38,812.7
State Non-Tax Sources									
Licenses, permits, fees	127.9	129.8	257.7	132.2	133.8	265.9	134.9	135.2	270.1
Liquor profits & fees***	123.0	75.0	198.0	76.3	80.8	157.1	85.5	90.0	175.6
Earnings on investments	(3.0)	(1.1)	(4.2)	(1.3)	7.0	5.7	14.1	16.2	30.4
Administrative Office of the Courts	85.6	81.8	167.4	83.3	86.0	169.3	89.0	92.0	181.0
Transfers of unclaimed property	60.5	58.9	119.4	57.5	57.8	115.3	58.7	59.6	118.3
Other revenue & transfers	23.5	(6.5)	17.0	(9.7)	(11.0)	(20.7)	(3.4)	17.8	14.4
Total Non-Tax	417.4	337.8	755.3	338.2	354.5	692.7	378.8	411.0	789.7
Total General Fund-State *	\$16,382.5	\$17,057.3	\$33,439.8	\$17,732.7	\$18,586.8	\$36,319.5	\$19,409.2	\$20,193.3	\$39,602.4

a - Actual

* Detail may not add to totals due to rounding

**GFS portion after Initiative 900 transfer

***Includes cannabis license fees after FY 2014

Table 3.10

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

February 2012 through November 2014

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis#</u>
February 2012 #	\$31,110	\$1,319				\$32,428
Changes to Forecast						
June 2010	(120)	(13)	(133)	330 #1	197	32,626
September 2012	39	(15)	23	0	23	32,649
November 2012	(113)	25	(88)	0	(88)	32,561
March 2013	(38)	18	(19)	0	(19)	32,541
June 2013	156	20	176	(55) #2	121	32,662
September 2013	224	(2)	222	123 #3	345	33,007
November 2013	(22)	27	6	(30) #4	(25)	32,982
February 2014	21	10	30	0	30	33,013
June 2014	160	(5)	156	1 #5	157	33,169
September 2014	144	19	163	0	163	33,332
November 2014	111	(3)	108	0	108	33,440
Total change***:						
From February 2012	561	81	642	369	1,011	
Percent change	1.8	6.1	2.0	1.1	3.1	

* 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

#5 Sum of legislative and budget-driven revenue changes from the 2014 regular legislative session

Table 3.11

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

September 2012 through November 2014

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
September 2012[#]	\$34,102	\$1,416				\$35,518
Changes to Forecast						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) ^{#1}	51	35,357
September 2013	95	(2)	93	249 ^{#2}	342	35,699
November 2013	(47)	3	(44)	(41) ^{#3}	(85)	35,615
February 2014	5	26	31	51 ^{#4}	82	35,697
June 2014	194	40	233	5 ^{#5}	238	35,935
September 2014	168	(25)	143	0	143	36,078
November 2014	239	3	241	0	241	36,319
Total change***:						
From September 2012	421	123	544	257	801	
Percent change	1.2	8.7	1.5	0.7	2.3	

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

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

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

[#] First official forecast for the 2015-17 biennium.

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

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

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

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

#5 Sum of legislative and budget-driven revenue changes from the 2014 regular legislative session

2013-15 Enacted Budget Balance Sheet

Including 2014 Supplemental Budget

General Fund-State (GFS), Education Legacy Trust Account (ELTA),
Washington Opportunity Pathways Account (OPA) and Budget Stabilization Account

Dollars in Millions

	GFS	ELTA and OPA	TOTAL
RESOURCES			
Beginning Fund Balance	167.5	(11.1)	156.4
Sept 2014 Forecast	33,331.9	619.8	33,951.7
November 2014 Update	107.9	7.3	115.2
Current Revenue Totals	33,439.8	627.1	34,066.9
Transfer to Budget Stabilization Account	(315.0)	-	(315.0)
Other Enacted Fund Transfers	135.0	293.3	428.3
Prior Period Adjustments	15.7	-	15.7
Alignment to the Comprehensive Financial Statements	(2.9)	-	(2.9)
Total Resources (including beginning fund balance)	33,440.2	909.3	34,349.5
EXPENDITURES			
2013-15 Enacted Budget			
Enacted 2013-15 Budget (including supplementals)	32,868.6	925.5	33,794.1
Actual Reversions in Fiscal Year 2014	(79.7)		(79.7)
Assumed Reversions for Fiscal Year 2015	(70.0)		(70.0)
Total Expenditures	32,718.9	925.5	33,644.4
RESERVES			
Projected Ending GFS, ELTA & OPA Balances	721.3	(16.2)	705.1
Budget Stabilization Account			
Budget Stabilization Account Beginning Balance	269.7	-	269.7
Transfer from General Fund and Interest Earnings	315.7	-	315.7
Projected Budget Stabilization Account Ending Balance	585.3	-	585.3
Total Reserves (Including Budget Stabilization)	1,306.6	(16.2)	1,290.4

Table 3.13

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

(cash basis, millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$16,238.5	\$15,828.1	\$15,342.0
Business & Occupation Use	6,815.3	6,657.8	6,463.4
Public Utility	1,181.1	1,151.2	1,115.7
Property (school levy)	815.2	796.7	774.8
Real Estate Excise	3,967.8	3,962.4	3,957.1
Other	1,323.0	1,234.8	1,225.4
Subtotal	2,140.9	2,201.1	2,180.0
	32,481.7	31,832.1	31,058.4
Department of Licensing			
	35.7	35.3	35.0
Insurance Commissioner¹			
	955.9	943.7	931.5
Lottery Commission			
	10.0	9.9	9.9
State Treasurer - Interest earnings			
	0.4	(4.2)	(4.6)
Liquor Surtaxes & Fees²			
	257.9	258.5	247.7
Office of Financial Management			
Other agencies	199.7	197.0	194.4
Administrative Office of the Courts			
Fines and Forfeitures	168.5	167.4	165.8
Total General Fund - State*	\$34,109.7	\$33,439.8	\$32,638.0
Difference from November 2014 Baseline	\$669.8		(\$801.8)

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

**Alternative forecasts compared to the baseline forecast
2015-17 biennium**

(cash basis, millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$19,518.2	\$17,632.7	\$15,710.5
Business & Occupation Use	8,078.5	7,406.9	6,686.7
Public Utility	1,334.0	1,225.0	1,100.5
Property (school levy)	912.8	845.2	776.5
Real Estate Excise	4,151.0	4,146.2	4,111.2
Other	1,494.9	1,259.2	1,047.1
Subtotal	2,176.7	2,157.3	2,009.6
	37,666.3	34,672.6	31,442.2
Department of Licensing			
	36.1	35.4	34.7
Insurance Commissioner¹			
	1,042.0	1,016.6	991.2
Lottery Commission			
	5.5	5.3	5.0
State Treasurer - Interest earnings			
	28.8	5.7	(7.3)
Liquor Surtaxes & Fees²			
	220.8	246.4	199.7
Office of Financial Management			
Other agencies	176.7	168.3	159.9
Administrative Office of the Courts			
Fines and Forfeitures	176.8	169.3	157.7
Total General Fund - State*	\$39,353.0	\$36,319.5	\$32,983.1
Difference from November 2014 Baseline	\$3,033.5		(\$3,336.4)

1 Insurance premiums, General Fund-State portion.

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

* Detail may not add to total due to rounding.

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

Table 3.15

Lottery transfers by fundNovember 2014 Forecast
(cash basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1
2015	140.2	0.6	0.0	11.2	0.0	0.0	0.3	3.5	118.5	0.0	6.1
2013-15 Biennium	288.1	9.9	0.0	22.0	0.0	0.0	0.6	7.2	232.2	0.0	16.1
2016	135.4	0.9	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2017	139.3	4.4	0.0	12.2	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2015-17 Biennium	274.7	5.3	0.0	23.8	0.0	0.0	0.6	7.6	237.4	0.0	0.0
2018	140.1	5.6	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2019	144.0	8.9	0.0	12.2	0.0	0.0	0.3	3.8	118.8	0.0	0.0
2017-19 Biennium	284.1	14.6	0.0	23.8	0.0	0.0	0.7	7.6	237.5	0.0	0.0

Table 3.16

Lottery transfers by fundNovember 2014 Forecast
(GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account	Education Legacy Trust Account
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1
2015	140.5	0.9	0.0	11.2	0.0	0.0	0.3	3.8	118.2	0.0	6.1
2013-15 Biennium	288.1	1.5	0.0	22.0	0.0	0.0	0.6	7.8	240.1	0.0	16.1
2016	138.9	4.4	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2017	140.6	5.6	0.0	12.2	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2015-17 Biennium	279.5	10.0	0.0	23.8	0.0	0.0	0.6	7.6	237.4	0.0	0.0
2018	143.5	8.9	0.0	11.7	0.0	0.0	0.3	3.8	118.7	0.0	0.0
2019	145.7	10.6	0.0	12.2	0.0	0.0	0.3	3.8	118.8	0.0	0.0
2017-19 Biennium	289.1	19.6	0.0	23.8	0.0	0.0	0.7	7.6	237.5	0.0	0.0

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

Source: Lottery Commission, ERFC

Table 3.17

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

History and Forecast by Fiscal Year (Cash basis)

November 2014 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Fund* (ELTA)		Total GF-S plus ELTA		WA Opportunity Pathways Account (OPA)		Total GF-S plus ELTA and OPA	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,799				\$8,799				\$8,799	
FY 1996	\$8,934	1.5%			\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,449	5.8%			\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$10,057	6.4%			\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$10,414	3.6%			\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$11,068	6.3%			\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$11,560	4.4%			\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$11,632	0.6%			\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$11,721	0.8%			\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$12,358	5.4%			\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$13,036	5.5%			\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115		\$14,432	10.7%			\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%			\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%			\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%			\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%			\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%	\$99		\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%	\$118	19.1%	\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%	\$126	5.9%	\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$16,580	4.4%	\$114	-9.4%	\$16,694	4.3%
Forecast:										
FY 2015	\$17,057	4.1%	\$197	0.0%	\$17,255	4.1%	\$119	4.2%	\$17,373	4.1%
FY 2016	\$17,733	4.0%	\$211	6.7%	\$17,943	4.0%	\$119	0.1%	\$18,062	4.0%
FY 2017	\$18,587	4.8%	\$217	3.1%	\$18,804	4.8%	\$119	0.0%	\$18,923	4.8%
FY 2018	\$19,409	4.4%	\$224	2.9%	\$19,633	4.4%	\$119	0.0%	\$19,751	4.4%
FY 2019	\$20,193	4.0%	\$252	12.6%	\$20,445	4.1%	\$119	0.0%	\$20,564	4.1%
Biennial Totals										
03-05 Biennium	\$25,395	8.7%	\$0	NA	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$29,785	17.3%	\$381	NA	\$30,166	18.8%	\$0	NA	\$30,166	18.8%
07-09 Biennium	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%	\$0	NA	\$30,254	0.3%
09-11 Biennium	\$28,218	-5.4%	\$269	-38.5%	\$28,487	-5.8%	\$99	NA	\$28,586	-5.5%
11-13 Biennium	\$30,657	8.6%	\$215	-19.9%	\$30,872	8.4%	\$244	145.2%	\$31,116	8.8%
13-15 Biennium	\$33,440	9.1%	\$395	83.4%	\$33,835	9.6%	\$232	-4.8%	\$34,067	9.5%
15-17 Biennium	\$36,319	8.6%	\$428	8.4%	\$36,747	8.6%	\$237	2.2%	\$36,985	8.6%
17-19 Biennium	\$39,602	9.0%	\$475	11.1%	\$40,078	9.1%	\$237	0.0%	\$40,315	9.0%

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

Table 3.18

Forecasted Distribution of Excise Tax and License Fees from Cannabis Sales

Thousands of Dollars

Biennium	Total of Cannabis Excise Taxes plus License Fees	Pre-distribution Allotments				Distribution of Remaining Funds						
		DSHS State Healthy Youth Survey	Washington State Institute for Public Policy Study	UW Alcohol and Drug Abuse Institute	LCB for Administration	DSHS Substance Abuse Program (15%)	Dept. of Health Cannabis Education Program (10%)	UW/WSU Research (1%)	Basic Health Plan Trust Account (50%)	Health Care Authority Community Health Centers (5%)	OSPI Dropout Prevention (0.3%)	General Fund-State (18.7%)
2013-15	\$37,463	\$375	\$150	\$15	\$6,408	\$4,577	\$3,052	\$305	\$15,258	\$1,526	\$92	\$5,706
2015-17	\$204,534	\$1,000	\$400	\$40	\$10,000	\$28,964	\$19,309	\$1,931	\$96,547	\$9,655	\$579	\$36,109
2017-19	\$358,355	\$1,000	\$400	\$40	\$10,000	\$52,037	\$34,691	\$3,469	\$173,457	\$17,346	\$1,041	\$64,873

Table 3.19

Forecasted Retail Sales and B&O Taxes from Cannabis Sales

Thousands of Dollars

	Retail Sales Tax from Cannabis Sales	B&O Tax from Cannabis Sales	Total GF-S B&O and Retail Sales Tax
2013-15	\$4,739	\$465	\$5,204
2015-17	\$29,140	\$2,859	\$31,999
2017-19	\$51,559	\$5,059	\$56,618

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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 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,369.2	15,710.3	16,058.9	16,540.9	17,020.6	17,480.2	17,917.2	18,347.2
% Ch	2.3	2.2	2.2	3.0	2.9	2.7	2.5	2.4
Real Consumption	10,449.7	10,699.7	10,937.3	11,228.0	11,530.8	11,830.1	12,125.3	12,415.6
% Ch	1.8	2.4	2.2	2.7	2.7	2.6	2.5	2.4
Real Nonresidential Fixed Investment	1,931.8	1,990.6	2,110.7	2,239.1	2,372.3	2,514.3	2,647.3	2,748.3
% Ch	7.2	3.0	6.0	6.1	6.0	6.0	5.3	3.8
Real Residential Fixed Investment	436.5	488.4	495.9	551.8	612.3	666.7	688.2	697.4
% Ch	13.5	11.9	1.5	11.3	11.0	8.9	3.2	1.3
Real Personal Income	13,093.3	13,198.7	13,571.4	14,051.8	14,590.1	15,159.1	15,639.3	16,091.0
% Ch	3.3	0.8	2.8	3.5	3.8	3.9	3.2	2.9
Real Per Capita Income (\$/Person)	41,628	41,669	42,541	43,708	45,034	46,432	47,537	48,539
% Ch	2.6	0.1	2.1	2.7	3.0	3.1	2.4	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.061	1.073	1.088	1.100	1.117	1.137	1.158	1.180
% Ch	1.8	1.2	1.4	1.1	1.6	1.8	1.9	1.9
U.S. Consumer Price Index (1982-84=1.0)	2.296	2.330	2.369	2.391	2.433	2.482	2.533	2.587
% Ch	2.1	1.5	1.7	0.9	1.7	2.0	2.1	2.1
Employment Cost Index (Dec. 2005=1.0)	1.161	1.182	1.207	1.241	1.278	1.319	1.363	1.409
% Ch	1.8	1.9	2.1	2.8	3.0	3.2	3.3	3.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	16,163.2	16,768.1	17,414.1	18,309.1	19,249.8	20,199.4	21,127.4	22,065.8
% Ch	4.2	3.7	3.9	5.1	5.1	4.9	4.6	4.4
Personal Income	13,887.7	14,166.9	14,766.9	15,455.9	16,298.4	17,231.9	18,107.1	18,991.4
% Ch	5.2	2.0	4.2	4.7	5.5	5.7	5.1	4.9
Employment (Millions)								
U.S. Civilian Labor Force	155.0	155.4	155.9	157.7	159.8	161.9	163.6	165.0
Total U.S. Employment	142.5	143.9	146.3	149.0	151.5	153.6	155.2	156.4
Unemployment Rate (%)	8.08	7.35	6.19	5.51	5.23	5.13	5.12	5.16
Nonfarm Payroll Employment	134.10	136.36	138.85	141.75	144.11	145.83	146.92	147.75
% Ch	1.7	1.7	1.8	2.1	1.7	1.2	0.7	0.6
Manufacturing	11.93	12.00	12.13	12.31	12.45	12.46	12.38	12.26
% Ch	1.7	0.7	1.1	1.5	1.2	0.1	-0.7	-0.9
Durable Manufacturing	7.47	7.54	7.66	7.87	8.04	8.05	7.98	7.90
% Ch	2.7	1.0	1.6	2.7	2.1	0.2	-0.8	-1.1
Nondurable Manufacturing	4.46	4.46	4.47	4.44	4.42	4.41	4.39	4.36
% Ch	0.1	0.1	0.1	-0.6	-0.5	-0.2	-0.3	-0.7
Construction	5.65	5.83	6.03	6.36	6.82	7.34	7.76	8.03
% Ch	2.1	3.3	3.5	5.5	7.2	7.5	5.8	3.4
Service-Providing	115.68	117.66	119.77	122.15	123.90	125.07	125.80	126.46
% Ch	1.6	1.7	1.8	2.0	1.4	0.9	0.6	0.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	94.2	98.0	94.6	77.4	78.4	79.1	79.9	80.6
Personal Saving/Disposable Income (%)	7.2	4.9	5.4	5.5	6.0	7.2	7.9	8.5
Auto Sales (Millions)	7.2	7.6	7.7	8.0	8.2	8.5	8.5	8.6
% Ch	19.0	4.7	1.2	4.3	2.9	2.5	0.7	1.3
Housing Starts (Millions)	0.784	0.930	1.001	1.168	1.332	1.527	1.574	1.570
% Ch	28.1	18.6	7.6	16.7	14.1	14.6	3.1	-0.2
Federal Budget Surplus (Billions)	-1,079.1	-649.1	-592.4	-537.2	-457.1	-479.2	-522.9	-584.8
Net Exports (Billions)	-568.3	-508.2	-507.3	-390.2	-383.6	-411.7	-425.7	-395.7
3-Month Treasury Bill Rate (%)	0.09	0.06	0.03	0.47	1.61	3.23	3.54	3.53
10-Year Treasury Note Yield (%)	1.80	2.35	2.57	3.14	3.63	4.15	4.24	4.22
Bond Index of 20 G.O. Munis. (%)	3.73	4.26	4.28	4.81	5.13	5.49	5.57	5.57
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.19	4.79	5.46	6.06	6.13	6.12

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,831.7	16,010.4	16,150.6	16,242.8	16,361.4	16,479.5	16,601.0	16,721.9
% Ch , Annual Rate	-2.1	4.6	3.5	2.3	3.0	2.9	3.0	2.9
Real Consumption	10,844.3	10,912.6	10,960.9	11,031.5	11,112.1	11,190.7	11,267.3	11,341.9
% Ch , Annual Rate	1.2	2.5	1.8	2.6	3.0	2.9	2.8	2.7
Real Nonresidential Fixed Investment	2,051.5	2,099.6	2,127.7	2,164.0	2,192.2	2,221.0	2,254.7	2,288.5
% Ch , Annual Rate	1.6	9.7	5.5	7.0	5.3	5.3	6.2	6.1
Real Residential Fixed Investment	485.3	495.6	497.9	504.8	523.3	543.0	562.1	578.7
% Ch , Annual Rate	-5.3	8.8	1.9	5.6	15.5	16.0	14.8	12.4
Real Personal Income	13,392.4	13,520.3	13,619.1	13,754.0	13,894.9	13,991.1	14,096.7	14,224.7
% Ch , Annual Rate	3.5	3.9	3.0	4.0	4.2	2.8	3.1	3.7
Real Per Capita Income (\$/Person)	42,102	42,422	42,650	42,989	43,346	43,562	43,806	44,119
% Ch , Annual Rate	2.9	3.1	2.2	3.2	3.4	2.0	2.3	2.9
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.082	1.088	1.091	1.092	1.094	1.098	1.102	1.106
% Ch , Annual Rate	1.4	2.3	1.2	0.2	0.7	1.6	1.6	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.352	2.370	2.377	2.375	2.376	2.386	2.396	2.405
% Ch , Annual Rate	1.9	3.0	1.1	-0.2	0.2	1.7	1.7	1.5
Employment Cost Index (Dec. 2005=1.0)	1.193	1.202	1.211	1.220	1.228	1.236	1.245	1.254
% Ch , Annual Rate	0.7	3.1	3.0	3.1	2.6	2.8	2.8	2.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	17,044.0	17,328.2	17,535.4	17,748.7	17,969.4	18,195.3	18,423.1	18,648.6
% Ch , Annual Rate	-0.8	6.8	4.9	5.0	5.1	5.1	5.1	5.0
Personal Income	14,484.7	14,707.7	14,860.6	15,014.5	15,194.9	15,359.4	15,536.3	15,732.9
% Ch , Annual Rate	4.9	6.3	4.2	4.2	4.9	4.4	4.7	5.2
Employment (Millions)								
U.S. Civilian Labor Force	155.8	155.6	155.9	156.3	156.9	157.4	158.0	158.5
Total U.S. Employment	145.4	145.9	146.4	147.3	147.9	148.7	149.4	150.0
Unemployment Rate (%)	6.67	6.23	6.07	5.78	5.70	5.54	5.44	5.36
Nonfarm Payroll Employment	137.75	138.51	139.21	139.93	140.72	141.45	142.13	142.69
% Ch , Annual Rate	1.5	2.2	2.0	2.1	2.3	2.1	1.9	1.6
Manufacturing	12.08	12.11	12.15	12.19	12.21	12.28	12.34	12.40
% Ch , Annual Rate	1.3	1.2	1.4	1.1	0.9	2.2	1.9	2.1
Durable Manufacturing	7.60	7.64	7.69	7.72	7.76	7.84	7.91	7.97
% Ch , Annual Rate	1.2	2.4	2.6	1.7	2.0	3.9	3.6	3.4
Nondurable Manufacturing	4.48	4.47	4.46	4.46	4.45	4.44	4.43	4.43
% Ch , Annual Rate	1.4	-0.9	-0.6	0.0	-1.0	-0.7	-1.0	-0.1
Construction	5.95	6.01	6.06	6.12	6.19	6.30	6.43	6.53
% Ch , Annual Rate	4.8	4.2	3.7	3.5	5.1	7.4	8.2	6.6
Service-Providing	118.84	119.49	120.07	120.70	121.38	121.94	122.44	122.83
% Ch , Annual Rate	1.3	2.2	2.0	2.1	2.3	1.9	1.6	1.3
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	98.7	103.0	97.1	79.7	77.1	77.3	77.5	77.8
Personal Saving/Disposable Income (%)	4.9	5.4	5.5	5.6	5.6	5.4	5.4	5.5
Auto Sales (Millions)	7.3	7.8	7.8	7.8	7.9	8.0	8.1	8.1
% Ch , Annual Rate	-16.8	30.5	3.7	0.1	3.6	2.5	5.2	2.5
Housing Starts (Millions)	0.925	0.985	1.024	1.069	1.112	1.146	1.188	1.226
% Ch , Annual Rate	-33.7	28.8	16.6	18.6	17.2	13.0	15.4	13.3
Federal Budget Surplus (Billions)	-560.1	-583.9	-627.3	-598.2	-601.4	-559.7	-516.4	-471.3
Net Exports (Billions)	-538.0	-549.2	-495.1	-446.8	-410.3	-388.6	-381.3	-380.5
3-Month Treasury Bill Rate (%)	0.05	0.03	0.03	0.03	0.13	0.31	0.60	0.83
10-Year Treasury Note Yield (%)	2.76	2.62	2.50	2.39	2.76	3.12	3.29	3.40
Bond Index of 20 G.O. Munis. (%)	4.49	4.33	4.24	4.06	4.50	4.83	4.92	4.99
30-Year Fixed Mortgage Rate (%)	4.36	4.23	4.14	4.05	4.36	4.77	4.95	5.10

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	16,824.4	16,954.3	17,087.6	17,216.2	17,315.6	17,422.1	17,533.7	17,649.3
% Ch , Annual Rate	2.5	3.1	3.2	3.0	2.3	2.5	2.6	2.7
Real Consumption	11,412.8	11,491.3	11,570.8	11,648.3	11,715.0	11,789.7	11,868.5	11,947.4
% Ch , Annual Rate	2.5	2.8	2.8	2.7	2.3	2.6	2.7	2.7
Real Nonresidential Fixed Investment	2,315.4	2,353.3	2,390.1	2,430.4	2,464.3	2,497.0	2,531.4	2,564.4
% Ch , Annual Rate	4.8	6.7	6.4	6.9	5.7	5.4	5.6	5.3
Real Residential Fixed Investment	590.0	604.2	619.6	635.2	652.3	663.8	671.8	678.9
% Ch , Annual Rate	8.1	9.9	10.6	10.5	11.2	7.2	4.9	4.3
Real Personal Income	14,385.3	14,520.0	14,656.7	14,798.5	14,965.1	15,099.7	15,224.9	15,346.5
% Ch , Annual Rate	4.6	3.8	3.8	3.9	4.6	3.6	3.4	3.2
Real Per Capita Income (\$/Person)	44,531	44,862	45,197	45,546	45,971	46,295	46,589	46,872
% Ch , Annual Rate	3.8	3.0	3.0	3.1	3.8	2.9	2.6	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.110	1.114	1.119	1.124	1.129	1.134	1.139	1.144
% Ch , Annual Rate	1.6	1.5	1.7	1.8	1.8	1.8	1.8	1.8
U.S. Consumer Price Index (1982-84=1.0)	2.416	2.426	2.438	2.451	2.463	2.475	2.488	2.501
% Ch , Annual Rate	1.9	1.6	2.0	2.1	2.0	2.1	2.1	2.1
Employment Cost Index (Dec. 2005=1.0)	1.264	1.273	1.283	1.293	1.304	1.314	1.324	1.335
% Ch , Annual Rate	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	18,866.2	19,109.8	19,379.5	19,643.6	19,861.4	20,081.1	20,307.0	20,548.1
% Ch , Annual Rate	4.7	5.3	5.8	5.6	4.5	4.5	4.6	4.8
Personal Income	15,972.9	16,182.2	16,402.6	16,635.9	16,897.4	17,125.5	17,343.9	17,560.9
% Ch , Annual Rate	6.2	5.3	5.6	5.8	6.4	5.5	5.2	5.1
Employment (Millions)								
U.S. Civilian Labor Force	159.0	159.6	160.1	160.7	161.2	161.7	162.1	162.5
Total U.S. Employment	150.6	151.2	151.8	152.4	152.9	153.4	153.8	154.2
Unemployment Rate (%)	5.30	5.26	5.21	5.17	5.15	5.14	5.13	5.12
Nonfarm Payroll Employment	143.25	143.84	144.39	144.95	145.32	145.69	146.01	146.31
% Ch , Annual Rate	1.6	1.6	1.6	1.5	1.0	1.0	0.9	0.8
Manufacturing	12.45	12.44	12.46	12.46	12.48	12.48	12.46	12.43
% Ch , Annual Rate	1.5	-0.2	0.5	0.1	0.5	0.0	-0.5	-1.0
Durable Manufacturing	8.02	8.02	8.05	8.06	8.07	8.06	8.05	8.02
% Ch , Annual Rate	2.5	0.1	1.2	0.4	0.5	-0.2	-0.6	-1.3
Nondurable Manufacturing	4.43	4.42	4.41	4.40	4.41	4.41	4.41	4.40
% Ch , Annual Rate	-0.2	-0.8	-0.9	-0.5	0.4	0.2	-0.4	-0.3
Construction	6.63	6.75	6.88	7.02	7.14	7.27	7.40	7.52
% Ch , Annual Rate	6.3	7.4	7.9	7.9	7.6	7.5	7.2	6.7
Service-Providing	123.25	123.71	124.11	124.52	124.75	124.97	125.18	125.38
% Ch , Annual Rate	1.4	1.5	1.3	1.3	0.7	0.7	0.7	0.6
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	78.0	78.2	78.4	78.8	78.8	79.0	79.1	79.5
Personal Saving/Disposable Income (%)	5.7	5.9	6.1	6.4	6.7	7.0	7.3	7.6
Auto Sales (Millions)	8.2	8.2	8.3	8.3	8.3	8.4	8.5	8.5
% Ch , Annual Rate	3.3	3.6	0.9	0.7	3.3	3.3	4.6	0.8
Housing Starts (Millions)	1.259	1.295	1.349	1.427	1.484	1.517	1.546	1.560
% Ch , Annual Rate	11.2	11.9	18.0	25.0	17.1	9.3	7.8	3.6
Federal Budget Surplus (Billions)	-481.7	-463.8	-440.6	-442.3	-444.4	-471.3	-488.0	-513.3
Net Exports (Billions)	-380.6	-378.8	-384.1	-390.8	-401.2	-409.6	-415.1	-420.9
3-Month Treasury Bill Rate (%)	1.07	1.36	1.78	2.24	2.71	3.16	3.49	3.54
10-Year Treasury Note Yield (%)	3.47	3.55	3.68	3.84	3.98	4.12	4.24	4.26
Bond Index of 20 G.O. Munis. (%)	5.01	5.06	5.17	5.28	5.37	5.48	5.55	5.56
30-Year Fixed Mortgage Rate (%)	5.19	5.36	5.55	5.72	5.88	6.06	6.15	6.17

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

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	17,753.5	17,861.7	17,973.7	18,079.8	18,188.0	18,291.8	18,399.7	18,509.3
% Ch , Annual Rate	2.4	2.5	2.5	2.4	2.4	2.3	2.4	2.4
Real Consumption	12,015.2	12,089.5	12,163.9	12,232.7	12,308.5	12,380.2	12,450.7	12,523.0
% Ch , Annual Rate	2.3	2.5	2.5	2.3	2.5	2.3	2.3	2.3
Real Nonresidential Fixed Investment	2,598.9	2,631.6	2,663.7	2,695.1	2,718.0	2,738.8	2,757.6	2,778.8
% Ch , Annual Rate	5.5	5.1	5.0	4.8	3.4	3.1	2.8	3.1
Real Residential Fixed Investment	683.5	686.4	690.4	692.4	693.1	694.1	699.1	703.5
% Ch , Annual Rate	2.7	1.7	2.3	1.2	0.4	0.6	2.9	2.5
Real Personal Income	15,479.6	15,588.7	15,692.0	15,796.9	15,933.4	16,042.4	16,143.7	16,244.7
% Ch , Annual Rate	3.5	2.8	2.7	2.7	3.5	2.8	2.5	2.5
Real Per Capita Income (\$/Person)	47,188	47,429	47,653	47,879	48,201	48,439	48,652	48,864
% Ch , Annual Rate	2.7	2.1	1.9	1.9	2.7	2.0	1.8	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.150	1.155	1.161	1.166	1.172	1.177	1.183	1.189
% Ch , Annual Rate	1.9	1.9	2.0	1.9	1.9	1.9	2.0	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.513	2.526	2.540	2.553	2.567	2.580	2.594	2.608
% Ch , Annual Rate	2.1	2.1	2.2	2.1	2.1	2.0	2.2	2.2
Employment Cost Index (Dec. 2005=1.0)	1.346	1.357	1.368	1.380	1.391	1.403	1.414	1.426
% Ch , Annual Rate	3.3	3.4	3.5	3.4	3.4	3.3	3.3	3.3
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	20,784.0	21,012.4	21,244.2	21,469.1	21,710.1	21,940.6	22,182.6	22,429.9
% Ch , Annual Rate	4.7	4.5	4.5	4.3	4.6	4.3	4.5	4.5
Personal Income	17,794.5	18,002.8	18,210.6	18,420.6	18,668.7	18,885.9	19,098.9	19,312.1
% Ch , Annual Rate	5.4	4.8	4.7	4.7	5.5	4.7	4.6	4.5
Employment (Millions)								
U.S. Civilian Labor Force	162.9	163.4	163.9	164.2	164.6	164.8	165.1	165.3
Total U.S. Employment	154.6	155.1	155.5	155.8	156.1	156.3	156.6	156.8
Unemployment Rate (%)	5.12	5.12	5.12	5.14	5.15	5.16	5.16	5.16
Nonfarm Payroll Employment	146.57	146.82	147.06	147.25	147.43	147.64	147.85	148.06
% Ch, Annual Rate	0.7	0.7	0.6	0.5	0.5	0.6	0.6	0.6
Manufacturing	12.40	12.39	12.37	12.36	12.32	12.29	12.24	12.20
% Ch, Annual Rate	-1.0	-0.3	-0.5	-0.4	-1.2	-1.1	-1.5	-1.4
Durable Manufacturing	8.00	7.99	7.98	7.97	7.94	7.92	7.88	7.85
% Ch, Annual Rate	-1.4	-0.4	-0.5	-0.4	-1.4	-1.3	-1.7	-1.7
Nondurable Manufacturing	4.40	4.40	4.39	4.39	4.38	4.37	4.36	4.35
% Ch, Annual Rate	-0.4	-0.3	-0.4	-0.2	-0.9	-0.8	-1.1	-1.0
Construction	7.63	7.73	7.81	7.89	7.95	8.00	8.06	8.11
% Ch, Annual Rate	5.8	5.1	4.5	3.8	3.3	2.7	2.7	2.7
Service-Providing	125.56	125.72	125.89	126.02	126.17	126.36	126.57	126.76
% Ch, Annual Rate	0.6	0.5	0.5	0.4	0.5	0.6	0.7	0.6
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	79.7	79.8	80.0	80.3	80.5	80.5	80.7	80.9
Personal Saving/Disposable Income (%)	7.7	7.8	7.9	8.1	8.3	8.4	8.5	8.6
Auto Sales (Millions)	8.5	8.5	8.5	8.5	8.6	8.6	8.7	8.7
% Ch, Annual Rate	-0.5	0.6	-1.2	-0.8	4.3	0.6	3.2	0.0
Housing Starts (Millions)	1.575	1.574	1.575	1.573	1.567	1.563	1.571	1.579
% Ch, Annual Rate	3.8	-0.3	0.2	-0.5	-1.4	-1.2	2.3	1.9
Federal Budget Surplus (Billions)	-498.2	-520.0	-528.1	-545.4	-567.8	-584.6	-587.0	-599.8
Net Exports (Billions)	-425.5	-430.0	-426.5	-420.8	-410.4	-403.0	-388.7	-380.8
3-Month Treasury Bill Rate (%)	3.54	3.55	3.54	3.54	3.54	3.53	3.53	3.52
10-Year Treasury Note Yield (%)	4.25	4.25	4.24	4.24	4.23	4.22	4.22	4.22
Bond Index of 20 G.O. Munis. (%)	5.55	5.56	5.57	5.57	5.57	5.57	5.57	5.58
30-Year Fixed Mortgage Rate (%)	6.15	6.14	6.13	6.13	6.12	6.12	6.11	6.11

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

	2012	2013	2014	2015	2016	2017	2018	2019
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	305.902	309.927	320.133	331.735	346.220	361.380	374.533	387.405
% Ch	4.8	1.3	3.3	3.6	4.4	4.4	3.6	3.4
Real Wage and Salary Disb.	154.512	159.121	165.140	171.389	178.333	184.838	191.315	198.131
% Ch	3.9	3.0	3.8	3.8	4.1	3.6	3.5	3.6
Real Nonwage Income	151.390	150.807	154.994	160.346	167.887	176.543	183.218	189.273
% Ch	5.8	-0.4	2.8	3.5	4.7	5.2	3.8	3.3
Real Per Capita Income (\$/Person)	44,300	44,395	45,358	46,432	47,848	49,336	50,517	51,616
% Ch	3.7	0.2	2.2	2.4	3.1	3.1	2.4	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.061	1.073	1.088	1.100	1.117	1.137	1.158	1.180
% Ch	1.8	1.2	1.4	1.1	1.6	1.8	1.9	1.9
Seattle Cons. Price Index (1982-84=1.0)	2.386	2.416	2.460	2.492	2.539	2.593	2.649	2.707
% Ch	2.5	1.2	1.8	1.3	1.9	2.1	2.2	2.2
Average Nonfarm Annual Wage	53,694	54,742	56,163	57,662	59,800	62,237	64,937	67,857
% Ch	3.8	2.0	2.6	2.7	3.7	4.1	4.3	4.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.14	24.34	24.96	25.18	25.85	26.60	27.40	28.24
% Ch	0.7	0.8	2.6	0.9	2.7	2.9	3.0	3.1
Current Dollar Income (Billions of Dollars)								
Personal Income	324.458	332.655	348.324	364.883	386.759	410.797	433.636	457.236
% Ch	6.7	2.5	4.7	4.8	6.0	6.2	5.6	5.4
Disposable Personal Income	289.327	293.635	307.222	319.791	337.325	358.284	378.880	400.648
% Ch	6.5	1.5	4.6	4.1	5.5	6.2	5.7	5.7
Per Capita Income (\$/Person)	46,987	47,651	49,352	51,070	53,450	56,081	58,488	60,919
% Ch	5.6	1.4	3.6	3.5	4.7	4.9	4.3	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,483.8	3,461.4	3,475.3	3,533.9	3,598.3	3,658.9	3,716.3	3,770.7
Total Washington Employment	3,202.1	3,219.0	3,267.0	3,331.4	3,401.5	3,461.3	3,515.9	3,567.4
Unemployment Rate (%)	8.08	7.00	5.99	5.73	5.47	5.40	5.39	5.39
Nonfarm Payroll Employment	2,921.6	2,990.3	3,073.3	3,143.6	3,206.1	3,251.4	3,287.2	3,322.9
% Ch	1.7	2.4	2.8	2.3	2.0	1.4	1.1	1.1
Manufacturing	280.3	286.6	289.4	293.0	296.5	297.7	298.0	298.1
% Ch	4.3	2.3	1.0	1.2	1.2	0.4	0.1	0.1
Durable Manufacturing	204.5	209.6	210.1	212.9	215.8	216.0	215.5	215.2
% Ch	5.8	2.5	0.2	1.4	1.4	0.1	-0.2	-0.1
Aerospace	94.2	96.3	93.6	91.0	88.7	86.5	84.6	82.9
% Ch	8.8	2.2	-2.8	-2.7	-2.5	-2.5	-2.2	-2.0
Nondurable Manufacturing	75.7	77.0	79.4	80.1	80.7	81.7	82.5	82.9
% Ch	0.6	1.7	3.1	0.9	0.7	1.2	1.0	0.5
Construction	139.0	148.8	159.6	169.2	179.1	187.5	195.8	202.3
% Ch	1.9	7.0	7.3	6.0	5.9	4.7	4.4	3.3
Service-Providing	2,496.4	2,548.8	2,617.9	2,675.1	2,724.2	2,759.7	2,786.7	2,815.8
% Ch	1.4	2.1	2.7	2.2	1.8	1.3	1.0	1.0
Software Publishers	52.4	53.9	55.9	55.0	55.4	56.3	57.1	57.9
% Ch	1.4	3.0	3.6	-1.6	0.8	1.5	1.4	1.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	28.118	32.962	33.898	35.258	38.664	42.495	43.233	43.921
% Ch	34.8	17.2	2.8	4.0	9.7	9.9	1.7	1.6
Single-Family	16.508	18.396	17.180	19.757	22.743	26.552	27.492	27.801
% Ch	25.5	11.4	-6.6	15.0	15.1	16.7	3.5	1.1
Multi-Family	11.610	14.566	16.718	15.501	15.921	15.943	15.741	16.120
% Ch	50.7	25.5	14.8	-7.3	2.7	0.1	-1.3	2.4
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.19	4.79	5.46	6.06	6.13	6.12

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	316.950	318.029	322.046	323.509	327.396	330.130	333.652	335.763
% Ch, Annual Rate	6.4	1.4	5.1	1.8	4.9	3.4	4.3	2.6
Real Wage and Salary Disb.	164.402	163.554	166.193	166.409	168.831	170.555	172.898	173.273
% Ch, Annual Rate	8.9	-2.0	6.6	0.5	6.0	4.1	5.6	0.9
Real Nonwage Income	152.547	154.476	155.852	157.100	158.564	159.576	160.755	162.489
% Ch, Annual Rate	3.8	5.2	3.6	3.2	3.8	2.6	3.0	4.4
Real Per Capita Income (\$/Person)	45,093	45,123	45,568	45,650	46,049	46,282	46,625	46,771
% Ch, Annual Rate	5.2	0.3	4.0	0.7	3.5	2.0	3.0	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.082	1.088	1.091	1.092	1.094	1.098	1.102	1.106
% Ch, Annual Rate	1.4	2.3	1.2	0.2	0.7	1.6	1.6	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.440	2.466	2.466	2.469	2.475	2.486	2.498	2.508
% Ch, Annual Rate	2.6	4.4	-0.1	0.6	0.9	1.9	1.8	1.7
Average Nonfarm Annual Wage	56,127	55,762	56,459	56,306	56,889	57,401	58,151	58,206
% Ch, Annual Rate	7.3	-2.6	5.1	-1.1	4.2	3.6	5.3	0.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.81	25.15	25.07	24.81	24.95	25.10	25.25	25.41
% Ch, Annual Rate	0.3	5.5	-1.2	-4.0	2.2	2.4	2.5	2.5
Current Dollar Income (Billions of Dollars)								
Personal Income	342.791	345.953	351.395	353.160	358.027	362.417	367.727	371.362
% Ch, Annual Rate	7.8	3.7	6.4	2.0	5.6	5.0	6.0	4.0
Disposable Personal Income	302.280	305.425	310.026	311.157	314.579	317.767	322.095	324.723
% Ch, Annual Rate	7.7	4.2	6.2	1.5	4.5	4.1	5.6	3.3
Per Capita Income (\$/Person)	48,769	49,085	49,721	49,834	50,357	50,808	51,387	51,729
% Ch, Annual Rate	6.7	2.6	5.3	0.9	4.3	3.6	4.6	2.7
Employment (Thousands)								
Washington Civilian Labor Force	3,459.0	3,475.4	3,472.4	3,494.3	3,510.1	3,525.9	3,541.7	3,557.8
Total Washington Employment	3,238.8	3,267.8	3,275.7	3,285.8	3,302.9	3,323.0	3,340.9	3,358.9
Unemployment Rate (%)	6.37	5.97	5.67	5.96	5.90	5.76	5.67	5.59
Nonfarm Payroll Employment	3,041.9	3,064.3	3,086.6	3,100.3	3,118.7	3,136.0	3,152.2	3,167.5
% Ch, Annual Rate	3.2	3.0	2.9	1.8	2.4	2.2	2.1	2.0
Manufacturing	287.4	289.3	290.3	290.6	291.2	292.3	293.5	295.0
% Ch, Annual Rate	1.1	2.6	1.4	0.5	0.7	1.6	1.6	2.0
Durable Manufacturing	209.2	209.5	210.7	210.8	211.2	212.3	213.4	214.6
% Ch, Annual Rate	-0.2	0.7	2.2	0.2	0.8	2.0	2.1	2.3
Aerospace	94.0	93.8	94.0	92.5	91.9	91.3	90.7	90.1
% Ch, Annual Rate	-4.7	-1.1	1.0	-6.4	-2.5	-2.5	-2.5	-2.5
Nondurable Manufacturing	78.2	79.8	79.6	79.9	79.9	80.0	80.1	80.4
% Ch, Annual Rate	4.8	7.9	-0.8	1.3	0.4	0.5	0.3	1.3
Construction	156.1	158.4	160.7	163.3	165.6	167.9	170.3	172.8
% Ch, Annual Rate	11.6	6.0	6.1	6.6	5.6	5.7	5.9	5.9
Service-Providing	2,591.9	2,610.2	2,629.3	2,640.0	2,655.5	2,669.4	2,682.1	2,693.5
% Ch, Annual Rate	2.9	2.9	2.9	1.7	2.4	2.1	1.9	1.7
Software Publishers	55.3	55.8	56.6	55.8	54.9	55.0	55.0	55.0
% Ch, Annual Rate	3.5	4.1	5.9	-5.8	-6.4	0.7	0.5	-0.2
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	31.174	37.212	33.097	34.109	34.274	34.848	35.824	36.088
% Ch, Annual Rate	-45.4	103.0	-37.4	12.8	2.0	6.9	11.7	3.0
Single-Family	17.051	16.647	17.457	17.567	18.426	19.493	20.406	20.704
% Ch, Annual Rate	-24.3	-9.1	20.9	2.5	21.0	25.3	20.1	6.0
Multi-Family	14.123	20.565	15.640	16.542	15.849	15.355	15.418	15.384
% Ch, Annual Rate	-62.0	349.5	-66.5	25.1	-15.7	-11.9	1.7	-0.9
30-Year Fixed Mortgage Rate (%)	4.36	4.23	4.14	4.05	4.36	4.77	4.95	5.10

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	340.510	344.497	348.488	351.386	356.216	360.020	363.332	365.954
% Ch, Annual Rate	5.8	4.8	4.7	3.4	5.6	4.3	3.7	2.9
Real Wage and Salary Disb.	175.554	177.684	179.698	180.395	182.563	184.294	185.785	186.709
% Ch, Annual Rate	5.4	4.9	4.6	1.6	4.9	3.8	3.3	2.0
Real Nonwage Income	164.956	166.813	168.790	170.991	173.653	175.726	177.547	179.245
% Ch, Annual Rate	6.2	4.6	4.8	5.3	6.4	4.9	4.2	3.9
Real Per Capita Income (\$/Person)	47,282	47,685	48,087	48,338	48,853	49,226	49,529	49,736
% Ch, Annual Rate	4.4	3.5	3.4	2.1	4.3	3.1	2.5	1.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.110	1.114	1.119	1.124	1.129	1.134	1.139	1.144
% Ch, Annual Rate	1.6	1.5	1.7	1.8	1.8	1.8	1.8	1.8
Seattle Cons. Price Index (1982-84=1.0)	2.521	2.532	2.545	2.559	2.572	2.586	2.600	2.613
% Ch, Annual Rate	2.0	1.8	2.1	2.2	2.1	2.1	2.1	2.1
Average Nonfarm Annual Wage	58,903	59,560	60,238	60,499	61,299	61,987	62,613	63,050
% Ch, Annual Rate	4.9	4.5	4.6	1.7	5.4	4.6	4.1	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.59	25.76	25.94	26.13	26.32	26.51	26.70	26.89
% Ch, Annual Rate	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9
Current Dollar Income (Billions of Dollars)								
Personal Income	378.091	383.931	389.998	395.015	402.211	408.320	413.901	418.757
% Ch, Annual Rate	7.4	6.3	6.5	5.2	7.5	6.2	5.6	4.8
Disposable Personal Income	329.958	334.813	340.076	344.453	350.161	355.809	361.201	365.965
% Ch, Annual Rate	6.6	6.0	6.4	5.2	6.8	6.6	6.2	5.4
Per Capita Income (\$/Person)	52,500	53,144	53,815	54,340	55,161	55,830	56,422	56,913
% Ch, Annual Rate	6.1	5.0	5.2	4.0	6.2	4.9	4.3	3.5
Employment (Thousands)								
Washington Civilian Labor Force	3,573.6	3,590.6	3,606.8	3,622.4	3,637.6	3,652.4	3,666.1	3,679.6
Total Washington Employment	3,375.9	3,393.6	3,410.4	3,426.3	3,441.0	3,455.1	3,468.0	3,481.0
Unemployment Rate (%)	5.53	5.49	5.45	5.41	5.40	5.40	5.40	5.40
Nonfarm Payroll Employment	3,183.4	3,199.6	3,214.0	3,227.6	3,237.5	3,247.4	3,256.1	3,264.8
% Ch, Annual Rate	2.0	2.1	1.8	1.7	1.2	1.2	1.1	1.1
Manufacturing	296.0	296.2	296.7	297.0	297.5	297.8	297.8	297.5
% Ch, Annual Rate	1.4	0.2	0.7	0.4	0.7	0.4	0.0	-0.3
Durable Manufacturing	215.5	215.6	216.0	216.2	216.3	216.2	216.0	215.5
% Ch, Annual Rate	1.5	0.2	0.9	0.3	0.2	-0.2	-0.4	-0.9
Aerospace	89.6	89.0	88.4	87.9	87.3	86.8	86.2	85.7
% Ch, Annual Rate	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Nondurable Manufacturing	80.6	80.6	80.6	80.8	81.2	81.6	81.8	82.0
% Ch, Annual Rate	1.0	0.3	0.1	0.8	2.1	1.8	1.0	1.1
Construction	175.6	178.1	180.3	182.6	184.4	186.5	188.4	190.6
% Ch, Annual Rate	6.6	5.9	5.1	5.3	3.9	4.8	4.1	4.8
Service-Providing	2,705.5	2,719.0	2,730.6	2,741.6	2,749.1	2,756.5	2,763.2	2,770.0
% Ch, Annual Rate	1.8	2.0	1.7	1.6	1.1	1.1	1.0	1.0
Software Publishers	55.2	55.3	55.5	55.7	55.9	56.2	56.4	56.6
% Ch, Annual Rate	1.0	1.2	1.2	1.6	1.7	1.6	1.5	1.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	36.967	37.947	39.148	40.592	41.736	42.452	42.836	42.955
% Ch, Annual Rate	10.1	11.0	13.3	15.6	11.8	7.0	3.7	1.1
Single-Family	21.232	21.961	23.117	24.662	25.731	26.420	26.870	27.188
% Ch, Annual Rate	10.6	14.5	22.8	29.5	18.5	11.1	7.0	4.8
Multi-Family	15.736	15.987	16.032	15.930	16.005	16.032	15.966	15.767
% Ch, Annual Rate	9.5	6.5	1.1	-2.5	1.9	0.7	-1.6	-4.9
30-Year Fixed Mortgage Rate (%)	5.19	5.36	5.55	5.72	5.88	6.06	6.15	6.17

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

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	370.074	373.327	376.139	378.593	382.870	386.231	389.021	391.498
% Ch, Annual Rate	4.6	3.6	3.0	2.6	4.6	3.6	2.9	2.6
Real Wage and Salary Disb.	188.931	190.737	192.231	193.361	195.701	197.588	199.038	200.200
% Ch, Annual Rate	4.8	3.9	3.2	2.4	4.9	3.9	3.0	2.4
Real Nonwage Income	181.142	182.590	183.908	185.232	187.169	188.644	189.983	191.298
% Ch, Annual Rate	4.3	3.2	2.9	2.9	4.3	3.2	2.9	2.8
Real Per Capita Income (\$/Person)	50,144	50,432	50,658	50,833	51,250	51,541	51,753	51,919
% Ch, Annual Rate	3.3	2.3	1.8	1.4	3.3	2.3	1.7	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.150	1.155	1.161	1.166	1.172	1.177	1.183	1.189
% Ch, Annual Rate	1.9	1.9	2.0	1.9	1.9	1.9	2.0	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.627	2.641	2.656	2.671	2.685	2.700	2.715	2.730
% Ch, Annual Rate	2.2	2.1	2.2	2.2	2.2	2.2	2.3	2.2
Average Nonfarm Annual Wage	63,910	64,658	65,317	65,864	66,797	67,591	68,242	68,800
% Ch, Annual Rate	5.6	4.8	4.1	3.4	5.8	4.8	3.9	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	27.09	27.29	27.50	27.71	27.92	28.13	28.34	28.55
% Ch, Annual Rate	2.9	3.1	3.2	3.1	3.1	3.0	3.0	3.0
Current Dollar Income (Billions of Dollars)								
Personal Income	425.417	431.143	436.509	441.474	448.598	454.690	460.234	465.421
% Ch, Annual Rate	6.5	5.5	5.1	4.6	6.6	5.5	5.0	4.6
Disposable Personal Income	371.197	376.550	381.560	386.213	392.618	398.227	403.421	408.327
% Ch, Annual Rate	5.8	5.9	5.4	5.0	6.8	5.8	5.3	5.0
Per Capita Income (\$/Person)	57,643	58,242	58,788	59,276	60,049	60,677	61,227	61,723
% Ch, Annual Rate	5.2	4.2	3.8	3.4	5.3	4.3	3.7	3.3
Employment (Thousands)								
Washington Civilian Labor Force	3,693.7	3,709.5	3,724.4	3,737.7	3,751.8	3,764.7	3,777.3	3,788.9
Total Washington Employment	3,494.6	3,509.5	3,523.7	3,536.1	3,549.5	3,561.5	3,573.7	3,585.1
Unemployment Rate (%)	5.39	5.39	5.39	5.39	5.39	5.40	5.39	5.38
Nonfarm Payroll Employment	3,273.7	3,282.8	3,291.9	3,300.3	3,308.9	3,318.3	3,327.7	3,336.9
% Ch, Annual Rate	1.1	1.1	1.1	1.0	1.0	1.1	1.1	1.1
Manufacturing	297.5	297.8	298.1	298.5	298.4	298.3	298.1	297.9
% Ch, Annual Rate	-0.1	0.4	0.4	0.6	-0.2	-0.1	-0.3	-0.2
Durable Manufacturing	215.3	215.4	215.5	215.7	215.5	215.4	215.1	214.9
% Ch, Annual Rate	-0.5	0.2	0.3	0.4	-0.4	-0.3	-0.5	-0.4
Aerospace	85.3	84.8	84.4	84.0	83.6	83.1	82.7	82.3
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	82.2	82.4	82.6	82.8	82.8	82.9	83.0	83.0
% Ch, Annual Rate	0.8	1.0	0.8	1.2	0.2	0.5	0.1	0.2
Construction	192.8	194.9	196.9	198.7	200.3	201.8	203.0	204.1
% Ch, Annual Rate	4.7	4.4	4.1	3.7	3.3	2.9	2.5	2.2
Service-Providing	2,776.8	2,783.4	2,790.2	2,796.4	2,803.5	2,811.5	2,819.9	2,828.2
% Ch, Annual Rate	1.0	1.0	1.0	0.9	1.0	1.1	1.2	1.2
Software Publishers	56.8	57.0	57.2	57.4	57.6	57.8	58.0	58.2
% Ch, Annual Rate	1.5	1.3	1.5	1.5	1.5	1.3	1.3	1.2
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	43.077	43.148	43.291	43.417	43.515	43.658	44.053	44.459
% Ch, Annual Rate	1.1	0.7	1.3	1.2	0.9	1.3	3.7	3.7
Single-Family	27.447	27.479	27.504	27.537	27.569	27.642	27.865	28.130
% Ch, Annual Rate	3.9	0.5	0.4	0.5	0.5	1.1	3.3	3.9
Multi-Family	15.629	15.668	15.787	15.880	15.946	16.016	16.188	16.329
% Ch, Annual Rate	-3.4	1.0	3.1	2.4	1.7	1.8	4.4	3.5
30-Year Fixed Mortgage Rate (%)	6.15	6.14	6.13	6.13	6.12	6.12	6.11	6.11

Table A2.1

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	134.10	136.36	138.85	141.75	144.11	145.83	146.92	147.75
% Ch	1.7	1.7	1.8	2.1	1.7	1.2	0.7	0.6
Manufacturing	11.93	12.00	12.13	12.31	12.45	12.46	12.38	12.26
% Ch	1.7	0.7	1.1	1.5	1.2	0.1	-0.7	-0.9
Durable Manufacturing	7.47	7.54	7.66	7.87	8.04	8.05	7.98	7.90
% Ch	2.7	1.0	1.6	2.7	2.1	0.2	-0.8	-1.1
Wood Products	0.34	0.35	0.37	0.39	0.43	0.44	0.44	0.45
% Ch	0.7	3.8	4.4	6.0	9.4	3.7	0.2	0.9
Primary and Fabricated Metals	1.81	1.83	1.85	1.92	2.00	2.02	2.00	1.99
% Ch	4.4	0.9	1.5	3.5	4.3	0.8	-0.8	-0.7
Computer and Electronic Products	1.09	1.07	1.06	1.06	1.06	1.05	1.06	1.07
% Ch	-1.3	-1.9	-0.9	0.6	-0.7	-0.7	0.8	0.8
Machinery and Electrical Equipment	1.47	1.48	1.50	1.55	1.58	1.59	1.58	1.56
% Ch	3.5	0.5	1.5	3.0	2.3	0.5	-0.8	-0.9
Transportation Equipment	1.46	1.50	1.55	1.59	1.59	1.56	1.52	1.48
% Ch	5.8	3.0	2.9	2.8	-0.3	-1.7	-2.5	-3.0
Other Durables	1.30	1.31	1.33	1.36	1.38	1.39	1.38	1.36
% Ch	0.3	1.2	1.6	1.9	1.9	0.6	-0.6	-1.7
Nondurable Manufacturing	4.46	4.46	4.47	4.44	4.42	4.41	4.39	4.36
% Ch	0.1	0.1	0.1	-0.6	-0.5	-0.2	-0.3	-0.7
Food Manufacturing	1.47	1.47	1.48	1.47	1.48	1.49	1.50	1.51
% Ch	0.7	0.3	0.3	-0.3	0.2	1.1	0.8	0.2
Paper and Paper Products	0.38	0.38	0.37	0.37	0.37	0.37	0.37	0.37
% Ch	-1.9	-0.3	-1.2	-1.7	0.0	0.5	-0.3	-0.7
Other Nondurables	2.61	2.61	2.62	2.60	2.57	2.55	2.52	2.49
% Ch	0.0	0.1	0.2	-0.7	-1.0	-1.0	-1.0	-1.2
Natural Resources and Mining	0.85	0.87	0.91	0.92	0.93	0.97	0.98	0.99
% Ch	7.5	2.4	5.2	1.3	1.0	3.3	2.0	0.7
Construction	5.65	5.83	6.03	6.36	6.82	7.34	7.76	8.03
% Ch	2.1	3.3	3.5	5.5	7.2	7.5	5.8	3.4
Trade, Transportation, and Utilities	25.47	25.86	26.38	26.81	27.11	27.33	27.42	27.40
% Ch	1.6	1.5	2.0	1.6	1.1	0.8	0.3	-0.1
Wholesale Trade	5.67	5.75	5.87	5.98	6.11	6.23	6.31	6.37
% Ch	2.2	1.4	2.1	1.9	2.1	2.0	1.4	0.9
Retail Trade	14.84	15.07	15.35	15.52	15.53	15.47	15.36	15.26
% Ch	1.1	1.6	1.8	1.1	0.0	-0.4	-0.7	-0.7
Trans., Warehousing, and Utilities	4.97	5.04	5.17	5.31	5.48	5.64	5.75	5.78
% Ch	2.3	1.5	2.5	2.7	3.2	3.0	1.9	0.5
Information	2.68	2.68	2.68	2.72	2.78	2.81	2.80	2.84
% Ch	0.1	0.3	-0.1	1.6	2.2	1.0	-0.5	1.4
Publishing Industries	0.74	0.73	0.73	0.72	0.71	0.70	0.70	0.69
% Ch	-1.3	-0.8	-0.8	-1.2	-1.8	-0.4	-0.8	-0.8
Other Information	1.94	1.95	1.95	2.00	2.08	2.11	2.10	2.14
% Ch	0.6	0.8	0.1	2.6	3.6	1.4	-0.4	2.2
Financial Activities	7.78	7.88	7.95	7.99	7.94	7.86	7.74	7.69
% Ch	1.1	1.2	0.9	0.5	-0.6	-1.1	-1.5	-0.7
Professional and Business Services	17.93	18.57	19.26	20.30	21.31	21.81	21.98	22.17
% Ch	3.5	3.5	3.7	5.4	5.0	2.4	0.8	0.8
Education and Health Services	20.70	21.10	21.48	21.89	22.10	22.25	22.36	22.47
% Ch	2.3	2.0	1.8	1.9	1.0	0.7	0.5	0.5
Leisure and Hospitality	13.77	14.24	14.62	14.93	15.05	15.19	15.42	15.57
% Ch	3.2	3.4	2.6	2.1	0.8	1.0	1.5	1.0
Other Services	5.43	5.46	5.51	5.52	5.51	5.51	5.52	5.52
% Ch	1.3	0.6	0.8	0.3	-0.2	0.0	0.2	-0.1
Federal Government	2.82	2.77	2.71	2.69	2.65	2.62	2.58	2.55
% Ch	-1.3	-2.0	-1.9	-0.8	-1.4	-1.4	-1.5	-1.1
State and Local Government	19.10	19.09	19.18	19.27	19.43	19.67	19.98	20.25
% Ch	-0.7	0.0	0.4	0.5	0.8	1.3	1.5	1.4

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	137.75	138.51	139.21	139.93	140.72	141.45	142.13	142.69
% Ch, Annual Rate	1.5	2.2	2.0	2.1	2.3	2.1	1.9	1.6
Manufacturing	12.08	12.11	12.15	12.19	12.21	12.28	12.34	12.40
% Ch, Annual Rate	1.3	1.2	1.4	1.1	0.9	2.2	1.9	2.1
Durable Manufacturing	7.60	7.64	7.69	7.72	7.76	7.84	7.91	7.97
% Ch, Annual Rate	1.2	2.4	2.6	1.7	2.0	3.9	3.6	3.4
Wood Products	0.36	0.37	0.37	0.37	0.38	0.38	0.39	0.41
% Ch, Annual Rate	5.6	4.7	3.6	1.3	4.9	8.5	12.0	11.2
Primary and Fabricated Metals	1.84	1.85	1.86	1.87	1.88	1.90	1.93	1.96
% Ch, Annual Rate	1.2	1.3	1.8	1.7	3.3	4.9	5.8	6.3
Computer and Electronic Products	1.06	1.06	1.06	1.06	1.06	1.06	1.07	1.07
% Ch, Annual Rate	-1.7	-0.8	0.3	2.5	-0.5	1.0	0.4	0.7
Machinery and Electrical Equipment	1.49	1.50	1.50	1.51	1.52	1.54	1.55	1.57
% Ch, Annual Rate	2.2	2.7	1.3	1.7	2.8	5.1	3.4	3.6
Transportation Equipment	1.52	1.54	1.56	1.57	1.58	1.59	1.60	1.60
% Ch, Annual Rate	1.5	5.3	6.3	1.9	1.8	3.4	1.6	0.6
Other Durables	1.32	1.33	1.34	1.34	1.34	1.35	1.36	1.37
% Ch, Annual Rate	1.1	2.2	2.3	1.0	0.8	2.8	3.3	2.4
Nondurable Manufacturing	4.48	4.47	4.46	4.46	4.45	4.44	4.43	4.43
% Ch, Annual Rate	1.4	-0.9	-0.6	0.0	-1.0	-0.7	-1.0	-0.1
Food Manufacturing	1.49	1.48	1.47	1.47	1.47	1.47	1.47	1.48
% Ch, Annual Rate	3.1	-2.9	-1.6	-0.2	0.2	0.2	-0.1	0.9
Paper and Paper Products	0.38	0.38	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	-0.4	-0.7	-4.0	-1.0	-2.2	-1.2	-1.7	-0.1
Other Nondurables	2.61	2.61	2.62	2.62	2.61	2.60	2.59	2.59
% Ch, Annual Rate	0.7	0.3	0.5	0.3	-1.4	-1.2	-1.3	-0.7
Natural Resources and Mining	0.89	0.90	0.92	0.93	0.94	0.93	0.92	0.92
% Ch, Annual Rate	4.8	5.5	7.9	5.2	0.8	-3.9	-2.8	-0.3
Construction	5.95	6.01	6.06	6.12	6.19	6.30	6.43	6.53
% Ch, Annual Rate	4.8	4.2	3.7	3.5	5.1	7.4	8.2	6.6
Trade, Transportation, and Utilities	26.19	26.34	26.46	26.55	26.65	26.76	26.88	26.95
% Ch, Annual Rate	1.5	2.3	1.9	1.4	1.5	1.6	1.9	1.0
Wholesale Trade	5.83	5.86	5.88	5.90	5.92	5.96	6.00	6.03
% Ch, Annual Rate	3.1	2.4	1.1	1.2	1.8	2.7	2.7	2.0
Retail Trade	15.25	15.33	15.39	15.44	15.48	15.51	15.55	15.55
% Ch, Annual Rate	0.7	2.1	1.6	1.4	1.0	0.9	1.0	-0.2
Trans., Warehousing, and Utilities	5.11	5.15	5.19	5.22	5.25	5.28	5.33	5.37
% Ch, Annual Rate	2.3	2.8	3.5	1.7	2.4	2.6	3.6	3.5
Information	2.66	2.66	2.68	2.72	2.76	2.72	2.71	2.70
% Ch, Annual Rate	-3.0	-0.5	3.5	5.8	6.5	-5.9	-2.2	-0.5
Publishing Industries	0.73	0.73	0.73	0.73	0.73	0.72	0.72	0.71
% Ch, Annual Rate	-0.7	-0.9	-1.0	0.0	-0.2	-2.1	-2.6	-4.0
Other Information	1.93	1.93	1.96	1.99	2.04	2.00	1.99	1.99
% Ch, Annual Rate	-3.9	-0.4	5.2	8.0	9.0	-7.2	-2.1	0.8
Financial Activities	7.91	7.93	7.97	8.00	8.03	7.99	7.98	7.96
% Ch, Annual Rate	0.3	1.2	2.2	1.4	1.3	-1.5	-0.7	-0.9
Professional and Business Services	18.96	19.15	19.34	19.58	19.86	20.16	20.46	20.73
% Ch, Annual Rate	3.3	4.1	3.9	5.2	5.9	6.1	6.0	5.6
Education and Health Services	21.29	21.42	21.54	21.65	21.76	21.93	21.95	21.94
% Ch, Annual Rate	1.2	2.4	2.4	2.0	2.0	3.1	0.4	-0.1
Leisure and Hospitality	14.49	14.60	14.66	14.74	14.84	14.91	14.98	15.02
% Ch, Annual Rate	2.3	2.8	1.7	2.3	2.7	1.8	1.8	1.1
Other Services	5.49	5.51	5.51	5.52	5.54	5.52	5.52	5.51
% Ch, Annual Rate	0.9	1.4	0.6	0.7	0.9	-0.9	-0.2	-0.5
Federal Government	2.72	2.71	2.71	2.71	2.70	2.70	2.69	2.68
% Ch, Annual Rate	-2.7	-0.6	-0.1	-0.7	-0.9	-0.8	-1.0	-1.4
State and Local Government	19.13	19.17	19.19	19.22	19.24	19.25	19.28	19.33
% Ch, Annual Rate	0.2	0.9	0.4	0.6	0.5	0.3	0.5	1.0

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	143.25	143.84	144.39	144.95	145.32	145.69	146.01	146.31
% Ch, Annual Rate	1.6	1.6	1.6	1.5	1.0	1.0	0.9	0.8
Manufacturing	12.45	12.44	12.46	12.46	12.48	12.48	12.46	12.43
% Ch, Annual Rate	1.5	-0.2	0.5	0.1	0.5	0.0	-0.5	-1.0
Durable Manufacturing	8.02	8.02	8.05	8.06	8.07	8.06	8.05	8.02
% Ch, Annual Rate	2.5	0.1	1.2	0.4	0.5	-0.2	-0.6	-1.3
Wood Products	0.42	0.42	0.43	0.44	0.44	0.44	0.44	0.44
% Ch, Annual Rate	10.7	7.6	7.0	5.0	5.1	2.2	-1.0	-2.1
Primary and Fabricated Metals	1.99	2.00	2.01	2.02	2.02	2.02	2.02	2.01
% Ch, Annual Rate	5.1	2.2	2.8	1.6	0.7	0.0	-0.8	-1.3
Computer and Electronic Products	1.06	1.06	1.05	1.05	1.05	1.05	1.05	1.05
% Ch, Annual Rate	-1.4	-2.9	-0.3	-0.8	-0.8	-0.5	0.1	-0.3
Machinery and Electrical Equipment	1.58	1.58	1.58	1.58	1.59	1.59	1.59	1.58
% Ch, Annual Rate	2.3	0.4	1.3	0.6	1.0	0.5	-0.3	-1.2
Transportation Equipment	1.60	1.59	1.58	1.58	1.57	1.56	1.56	1.55
% Ch, Annual Rate	-0.2	-2.7	-1.1	-1.4	-1.6	-2.2	-1.5	-2.4
Other Durables	1.38	1.38	1.39	1.39	1.39	1.39	1.39	1.39
% Ch, Annual Rate	2.6	0.2	1.1	0.3	1.5	0.7	-0.1	-0.8
Nondurable Manufacturing	4.43	4.42	4.41	4.40	4.41	4.41	4.41	4.40
% Ch, Annual Rate	-0.2	-0.8	-0.9	-0.5	0.4	0.2	-0.4	-0.3
Food Manufacturing	1.48	1.48	1.47	1.48	1.48	1.49	1.50	1.50
% Ch, Annual Rate	0.5	-0.3	-0.7	0.5	2.2	2.1	1.2	1.1
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.6	0.3	0.5	0.5	1.0	0.6	-0.2	-0.4
Other Nondurables	2.58	2.58	2.57	2.56	2.56	2.55	2.54	2.54
% Ch, Annual Rate	-0.7	-1.1	-1.2	-1.2	-0.7	-1.0	-1.3	-1.1
Natural Resources and Mining	0.92	0.93	0.94	0.95	0.96	0.96	0.97	0.97
% Ch, Annual Rate	1.4	3.1	4.1	3.6	4.3	2.2	2.5	2.2
Construction	6.63	6.75	6.88	7.02	7.14	7.27	7.40	7.52
% Ch, Annual Rate	6.3	7.4	7.9	7.9	7.6	7.5	7.2	6.7
Trade, Transportation, and Utilities	27.01	27.07	27.14	27.22	27.27	27.31	27.36	27.40
% Ch, Annual Rate	0.8	1.0	1.0	1.2	0.6	0.7	0.7	0.5
Wholesale Trade	6.05	6.09	6.12	6.16	6.19	6.21	6.24	6.26
% Ch, Annual Rate	1.4	2.4	2.3	2.6	1.7	1.7	1.8	1.4
Retail Trade	15.54	15.53	15.52	15.51	15.49	15.47	15.46	15.44
% Ch, Annual Rate	-0.1	-0.4	-0.3	-0.1	-0.6	-0.4	-0.3	-0.5
Trans., Warehousing, and Utilities	5.41	5.46	5.50	5.55	5.59	5.63	5.66	5.69
% Ch, Annual Rate	2.9	3.2	3.2	3.7	3.0	2.5	2.5	2.1
Information	2.71	2.78	2.83	2.81	2.82	2.82	2.81	2.80
% Ch, Annual Rate	1.1	11.3	6.4	-2.3	1.3	-0.2	-1.6	-1.6
Publishing Industries	0.71	0.71	0.71	0.70	0.71	0.70	0.70	0.70
% Ch, Annual Rate	-1.1	-0.9	-0.9	-0.2	0.1	-0.3	-0.6	-1.3
Other Information	2.00	2.08	2.12	2.11	2.12	2.12	2.10	2.10
% Ch, Annual Rate	1.9	15.9	9.0	-3.1	1.7	-0.1	-2.0	-1.7
Financial Activities	7.96	7.95	7.94	7.93	7.91	7.88	7.84	7.80
% Ch, Annual Rate	-0.3	-0.2	-0.9	-0.4	-0.9	-1.3	-2.0	-2.3
Professional and Business Services	20.98	21.19	21.43	21.65	21.75	21.79	21.83	21.89
% Ch, Annual Rate	4.8	4.0	4.6	4.3	1.7	0.8	0.8	1.1
Education and Health Services	21.99	22.10	22.12	22.20	22.20	22.25	22.27	22.30
% Ch, Annual Rate	0.9	2.0	0.5	1.3	0.1	0.8	0.3	0.6
Leisure and Hospitality	15.06	15.04	15.04	15.05	15.09	15.16	15.23	15.30
% Ch, Annual Rate	1.1	-0.5	0.1	0.3	1.0	1.8	1.9	1.8
Other Services	5.51	5.51	5.51	5.51	5.51	5.51	5.51	5.51
% Ch, Annual Rate	-0.1	0.0	-0.2	0.2	-0.1	-0.1	0.1	0.0
Federal Government	2.67	2.66	2.65	2.64	2.63	2.62	2.61	2.60
% Ch, Annual Rate	-1.3	-1.9	-1.4	-1.5	-1.1	-1.2	-1.6	-1.7
State and Local Government	19.36	19.40	19.46	19.50	19.57	19.63	19.71	19.79
% Ch, Annual Rate	0.7	0.9	1.1	1.0	1.3	1.3	1.7	1.6

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	146.57	146.82	147.06	147.25	147.43	147.64	147.85	148.06
% Ch, Annual Rate	0.7	0.7	0.6	0.5	0.5	0.6	0.6	0.6
Manufacturing	12.40	12.39	12.37	12.36	12.32	12.29	12.24	12.20
% Ch, Annual Rate	-1.0	-0.3	-0.5	-0.4	-1.2	-1.1	-1.5	-1.4
Durable Manufacturing	8.00	7.99	7.98	7.97	7.94	7.92	7.88	7.85
% Ch, Annual Rate	-1.4	-0.4	-0.5	-0.4	-1.4	-1.3	-1.7	-1.7
Wood Products	0.44	0.44	0.44	0.45	0.45	0.45	0.45	0.45
% Ch, Annual Rate	-0.5	1.6	2.1	2.0	0.0	-0.1	0.5	1.6
Primary and Fabricated Metals	2.01	2.00	2.00	2.00	1.99	1.99	1.99	1.98
% Ch, Annual Rate	-1.2	-0.3	-0.7	-0.5	-0.8	-0.4	-1.0	-1.1
Computer and Electronic Products	1.05	1.05	1.06	1.07	1.07	1.07	1.07	1.07
% Ch, Annual Rate	0.7	1.3	2.3	2.2	0.0	-0.2	0.2	0.2
Machinery and Electrical Equipment	1.58	1.58	1.57	1.57	1.57	1.56	1.56	1.55
% Ch, Annual Rate	-1.5	-0.4	-0.8	-0.3	-1.2	-0.8	-1.5	-1.5
Transportation Equipment	1.54	1.53	1.52	1.51	1.49	1.48	1.47	1.45
% Ch, Annual Rate	-3.3	-2.3	-2.3	-2.6	-3.2	-3.2	-3.7	-4.0
Other Durables	1.39	1.39	1.38	1.38	1.37	1.37	1.36	1.35
% Ch, Annual Rate	-1.1	-0.3	-1.0	-0.8	-2.0	-2.3	-2.8	-2.7
Nondurable Manufacturing	4.40	4.40	4.39	4.39	4.38	4.37	4.36	4.35
% Ch, Annual Rate	-0.4	-0.3	-0.4	-0.2	-0.9	-0.8	-1.1	-1.0
Food Manufacturing	1.50	1.50	1.51	1.51	1.51	1.51	1.51	1.51
% Ch, Annual Rate	0.4	0.7	0.5	1.0	-0.4	0.2	-0.3	-0.1
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.36
% Ch, Annual Rate	-0.3	-0.3	-0.5	-0.3	-1.0	-0.8	-1.1	-0.9
Other Nondurables	2.53	2.52	2.52	2.51	2.50	2.50	2.49	2.48
% Ch, Annual Rate	-0.9	-0.8	-1.0	-0.9	-1.2	-1.4	-1.7	-1.6
Natural Resources and Mining	0.98	0.98	0.99	0.99	0.99	0.99	0.99	0.99
% Ch, Annual Rate	2.3	1.5	1.4	1.0	1.1	-0.4	0.5	0.5
Construction	7.63	7.73	7.81	7.89	7.95	8.00	8.06	8.11
% Ch, Annual Rate	5.8	5.1	4.5	3.8	3.3	2.7	2.7	2.7
Trade, Transportation, and Utilities	27.42	27.43	27.43	27.42	27.41	27.40	27.41	27.40
% Ch, Annual Rate	0.3	0.1	0.1	-0.2	-0.1	-0.1	0.1	-0.1
Wholesale Trade	6.29	6.30	6.32	6.34	6.35	6.36	6.37	6.38
% Ch, Annual Rate	1.4	1.0	1.2	1.0	0.9	0.6	0.7	0.6
Retail Trade	15.41	15.38	15.35	15.32	15.29	15.27	15.26	15.24
% Ch, Annual Rate	-0.9	-0.8	-0.6	-0.9	-0.8	-0.5	-0.3	-0.4
Trans., Warehousing, and Utilities	5.72	5.75	5.76	5.76	5.77	5.77	5.78	5.78
% Ch, Annual Rate	2.3	1.8	0.6	0.5	0.5	0.2	0.2	0.1
Information	2.80	2.80	2.80	2.80	2.81	2.83	2.85	2.86
% Ch, Annual Rate	0.1	-0.3	0.1	0.5	1.9	2.4	2.4	1.8
Publishing Industries	0.70	0.70	0.70	0.70	0.70	0.69	0.69	0.69
% Ch, Annual Rate	-0.7	-1.0	-0.5	-0.5	-0.7	-1.2	-1.2	-1.4
Other Information	2.10	2.10	2.10	2.10	2.12	2.14	2.15	2.17
% Ch, Annual Rate	0.3	0.0	0.4	0.9	2.8	3.6	3.5	2.8
Financial Activities	7.78	7.75	7.73	7.71	7.69	7.69	7.69	7.69
% Ch, Annual Rate	-1.0	-1.4	-1.1	-1.3	-0.7	-0.2	-0.1	-0.1
Professional and Business Services	21.96	21.97	21.99	22.02	22.07	22.13	22.20	22.28
% Ch, Annual Rate	1.2	0.2	0.3	0.5	1.1	0.9	1.3	1.5
Education and Health Services	22.29	22.35	22.38	22.40	22.43	22.47	22.48	22.51
% Ch, Annual Rate	-0.1	1.0	0.6	0.4	0.5	0.6	0.3	0.5
Leisure and Hospitality	15.34	15.39	15.45	15.50	15.52	15.55	15.59	15.62
% Ch, Annual Rate	1.0	1.3	1.6	1.5	0.4	0.9	0.9	0.8
Other Services	5.52	5.52	5.52	5.52	5.53	5.52	5.52	5.51
% Ch, Annual Rate	0.5	0.0	0.3	0.0	0.2	-0.4	-0.3	-0.5
Federal Government	2.59	2.58	2.57	2.56	2.56	2.55	2.55	2.54
% Ch, Annual Rate	-1.5	-1.5	-1.4	-1.4	-1.0	-1.0	-0.8	-0.7
State and Local Government	19.87	19.94	20.01	20.08	20.15	20.22	20.29	20.36
% Ch, Annual Rate	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.3

Table A2.3

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	2,921.6	2,990.3	3,073.3	3,143.6	3,206.1	3,251.4	3,287.2	3,322.9
% Ch	1.7	2.4	2.8	2.3	2.0	1.4	1.1	1.1
Manufacturing	280.3	286.6	289.4	293.0	296.5	297.7	298.0	298.1
% Ch	4.3	2.3	1.0	1.2	1.2	0.4	0.1	0.1
Durable Manufacturing	204.5	209.6	210.1	212.9	215.8	216.0	215.5	215.2
% Ch	5.8	2.5	0.2	1.4	1.4	0.1	-0.2	-0.1
Wood Products	12.4	13.0	13.6	14.4	15.5	15.9	15.7	15.7
% Ch	-1.4	4.7	4.6	5.9	7.4	2.3	-0.8	-0.2
Primary and Fabricated Metals	24.2	24.9	25.7	27.3	29.3	29.9	29.8	29.8
% Ch	5.9	3.0	3.0	6.4	7.1	2.0	-0.2	0.0
Computer and Electronic Products	20.2	20.1	20.2	20.8	20.9	21.1	21.7	22.3
% Ch	2.5	-0.2	0.4	2.7	0.6	0.7	2.8	2.8
Machinery and Electrical Equipment	18.4	19.7	20.8	22.5	24.1	25.2	25.9	26.6
% Ch	6.6	6.7	5.9	8.1	7.0	4.6	2.8	2.7
Aerospace	94.2	96.3	93.6	91.0	88.7	86.5	84.6	82.9
% Ch	8.8	2.2	-2.8	-2.7	-2.5	-2.5	-2.2	-2.0
Other Transportation Equip.	10.0	9.7	9.6	9.5	9.2	8.8	8.6	8.3
% Ch	8.4	-3.3	-0.8	-1.7	-2.6	-4.5	-2.9	-2.4
Other Durables	25.0	25.9	26.5	27.3	28.1	28.7	29.2	29.6
% Ch	0.1	3.2	2.4	3.3	2.8	2.1	1.8	1.2
Nondurable Manufacturing	75.7	77.0	79.4	80.1	80.7	81.7	82.5	82.9
% Ch	0.6	1.7	3.1	0.9	0.7	1.2	1.0	0.5
Food Manufacturing	34.8	35.7	36.3	35.7	35.7	36.2	36.5	36.6
% Ch	0.5	2.5	1.6	-1.5	0.0	1.4	0.9	0.1
Paper and Paper Products	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.1
% Ch	-8.8	-0.5	0.9	-0.5	0.0	0.5	-0.3	-0.8
Other Nondurables	32.7	33.1	34.9	36.2	36.8	37.2	37.7	38.2
% Ch	3.3	1.3	5.3	3.8	1.5	1.2	1.4	1.3
Natural Resources and Mining	5.9	6.1	6.3	6.3	6.3	6.6	6.7	6.7
% Ch	-1.2	3.2	3.9	-1.0	1.0	3.9	1.3	0.9
Construction	139.0	148.8	159.6	169.2	179.1	187.5	195.8	202.3
% Ch	1.9	7.0	7.3	6.0	5.9	4.7	4.4	3.3
Trade, Transportation, and Utilities	536.0	550.9	569.0	580.2	587.9	593.4	596.8	599.2
% Ch	2.1	2.8	3.3	2.0	1.3	0.9	0.6	0.4
Wholesale Trade	124.0	127.1	131.4	134.6	137.6	140.0	142.0	143.9
% Ch	1.9	2.5	3.4	2.5	2.2	1.8	1.5	1.3
Retail Trade	319.3	329.7	341.3	348.1	350.2	350.9	350.6	350.4
% Ch	2.1	3.3	3.5	2.0	0.6	0.2	-0.1	-0.1
Trans., Warehousing, and Utilities	92.7	94.0	96.4	97.5	100.1	102.5	104.2	105.0
% Ch	2.2	1.4	2.5	1.2	2.7	2.4	1.7	0.7
Information	104.7	106.5	110.4	111.3	113.8	115.8	116.7	119.1
% Ch	0.5	1.7	3.7	0.8	2.3	1.8	0.8	2.0
Software Publishers	52.4	53.9	55.9	55.0	55.4	56.3	57.1	57.9
% Ch	1.4	3.0	3.6	-1.6	0.8	1.5	1.4	1.4
Other Publishing Industries	7.5	7.0	6.7	6.5	6.1	5.9	5.7	5.4
% Ch	-4.4	-6.7	-3.9	-3.2	-5.4	-3.4	-4.2	-4.5
Other Information	44.8	45.6	47.8	49.8	52.3	53.6	54.0	55.8
% Ch	0.3	1.6	4.9	4.2	5.0	2.6	0.6	3.4
Financial Activities	144.1	150.1	153.0	153.7	152.4	149.8	146.8	145.6
% Ch	2.4	4.1	1.9	0.5	-0.9	-1.7	-1.9	-0.9
Professional and Business Services	350.0	360.3	372.7	393.5	414.7	427.0	433.5	440.5
% Ch	3.1	2.9	3.4	5.6	5.4	3.0	1.5	1.6
Education and Health Services	432.4	439.0	450.8	460.8	468.8	475.4	481.1	487.3
% Ch	0.5	1.5	2.7	2.2	1.7	1.4	1.2	1.3
Leisure and Hospitality	277.2	287.4	298.3	304.7	308.5	312.6	317.6	322.0
% Ch	2.4	3.7	3.8	2.1	1.3	1.3	1.6	1.4
Other Services	110.9	111.3	114.5	116.0	117.1	118.2	119.4	120.5
% Ch	2.2	0.4	2.8	1.3	0.9	0.9	1.0	0.9
Federal Government	73.2	71.6	71.3	71.6	71.1	70.5	69.9	69.5
% Ch	-1.1	-2.1	-0.5	0.4	-0.7	-0.8	-0.9	-0.5
State and Local Government	468.0	471.7	477.9	483.3	489.8	496.9	504.8	512.1
% Ch	-0.3	0.8	1.3	1.1	1.4	1.5	1.6	1.4

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	3,041.9	3,064.3	3,086.6	3,100.3	3,118.7	3,136.0	3,152.2	3,167.5
% Ch, Annual Rate	3.2	3.0	2.9	1.8	2.4	2.2	2.1	2.0
Manufacturing	287.4	289.3	290.3	290.6	291.2	292.3	293.5	295.0
% Ch, Annual Rate	1.1	2.6	1.4	0.5	0.7	1.6	1.6	2.0
Durable Manufacturing	209.2	209.5	210.7	210.8	211.2	212.3	213.4	214.6
% Ch, Annual Rate	-0.2	0.7	2.2	0.2	0.8	2.0	2.1	2.3
Wood Products	13.3	13.5	13.8	13.9	14.0	14.2	14.6	14.9
% Ch, Annual Rate	4.2	7.6	6.2	4.0	3.5	6.6	9.7	9.0
Primary and Fabricated Metals	25.4	25.5	25.7	26.1	26.5	27.0	27.6	28.3
% Ch, Annual Rate	4.4	1.9	3.0	6.4	5.6	8.1	9.4	9.8
Computer and Electronic Products	20.1	20.0	20.3	20.5	20.6	20.7	20.8	21.0
% Ch, Annual Rate	-0.5	-0.8	6.3	3.6	1.1	3.2	2.2	2.7
Machinery and Electrical Equipment	20.5	20.7	20.8	21.3	21.7	22.3	22.8	23.3
% Ch, Annual Rate	9.3	4.6	3.0	9.7	7.8	10.9	8.6	8.8
Aerospace	94.0	93.8	94.0	92.5	91.9	91.3	90.7	90.1
% Ch, Annual Rate	-4.7	-1.1	1.0	-6.4	-2.5	-2.5	-2.5	-2.5
Other Transportation Equip.	9.8	9.6	9.5	9.5	9.5	9.5	9.4	9.4
% Ch, Annual Rate	9.9	-5.7	-4.0	-0.3	-1.3	-0.9	-1.8	-0.3
Other Durables	26.2	26.3	26.5	26.9	27.0	27.2	27.4	27.6
% Ch, Annual Rate	-0.2	2.9	2.2	6.6	1.9	2.8	3.2	3.0
Nondurable Manufacturing	78.2	79.8	79.6	79.9	79.9	80.0	80.1	80.4
% Ch, Annual Rate	4.8	7.9	-0.8	1.3	0.4	0.5	0.3	1.3
Food Manufacturing	35.9	37.3	36.1	35.7	35.7	35.7	35.7	35.8
% Ch, Annual Rate	1.8	15.7	-11.4	-4.9	0.0	0.0	-0.4	1.0
Paper and Paper Products	8.1	8.3	8.3	8.3	8.2	8.2	8.2	8.2
% Ch, Annual Rate	-1.1	7.7	0.7	-0.2	-2.3	-1.2	-1.8	-0.1
Other Nondurables	34.2	34.2	35.2	35.9	36.0	36.1	36.3	36.4
% Ch, Annual Rate	9.6	0.3	11.5	8.4	1.5	1.3	1.4	2.0
Natural Resources and Mining	6.4	6.4	6.3	6.3	6.4	6.3	6.2	6.2
% Ch, Annual Rate	11.7	-1.4	-3.4	0.7	3.9	-4.5	-4.6	-1.3
Construction	156.1	158.4	160.7	163.3	165.6	167.9	170.3	172.8
% Ch, Annual Rate	11.6	6.0	6.1	6.6	5.6	5.7	5.9	5.9
Trade, Transportation, and Utilities	562.7	567.1	572.2	573.9	576.4	579.0	581.8	583.6
% Ch, Annual Rate	3.3	3.1	3.7	1.2	1.7	1.8	2.0	1.3
Wholesale Trade	129.7	130.8	132.2	132.7	133.4	134.2	135.1	135.8
% Ch, Annual Rate	3.6	3.3	4.5	1.4	2.2	2.5	2.5	2.2
Retail Trade	336.9	339.8	343.3	345.1	346.4	347.6	349.0	349.4
% Ch, Annual Rate	3.1	3.5	4.2	2.1	1.5	1.4	1.5	0.5
Trans., Warehousing, and Utilities	96.1	96.5	96.7	96.2	96.6	97.1	97.8	98.5
% Ch, Annual Rate	3.6	1.7	0.9	-2.3	1.8	2.0	2.8	2.9
Information	108.5	109.8	111.5	111.7	112.0	111.1	110.9	111.0
% Ch, Annual Rate	2.8	5.0	6.1	0.7	1.1	-3.0	-0.7	0.2
Software Publishers	55.3	55.8	56.6	55.8	54.9	55.0	55.0	55.0
% Ch, Annual Rate	3.5	4.1	5.9	-5.8	-6.4	0.7	0.5	-0.2
Other Publishing Industries	6.8	6.7	6.6	6.7	6.6	6.5	6.4	6.3
% Ch, Annual Rate	-7.7	-2.8	-5.5	4.6	-2.9	-5.7	-6.6	-8.7
Other Information	46.5	47.3	48.2	49.2	50.5	49.6	49.5	49.7
% Ch, Annual Rate	3.5	7.2	8.2	8.4	10.7	-6.6	-1.2	1.9
Financial Activities	151.9	153.0	153.1	154.1	154.6	153.9	153.4	153.0
% Ch, Annual Rate	1.1	2.8	0.3	2.6	1.5	-2.0	-1.1	-1.1
Professional and Business Services	366.0	370.4	375.4	378.8	384.6	390.6	396.6	402.3
% Ch, Annual Rate	2.9	4.9	5.5	3.6	6.2	6.4	6.3	5.9
Education and Health Services	447.4	449.7	452.2	453.9	456.8	460.9	462.4	463.3
% Ch, Annual Rate	2.5	2.1	2.2	1.5	2.6	3.7	1.3	0.8
Leisure and Hospitality	295.5	297.6	299.1	300.8	302.6	304.0	305.4	306.6
% Ch, Annual Rate	5.8	2.9	2.0	2.3	2.4	1.9	1.9	1.5
Other Services	113.4	114.3	115.0	115.2	115.7	115.9	116.2	116.4
% Ch, Annual Rate	3.8	3.2	2.3	0.9	1.4	0.8	1.0	0.9
Federal Government	70.9	71.3	71.3	71.8	71.7	71.7	71.6	71.5
% Ch, Annual Rate	0.1	1.8	0.1	3.0	-0.4	-0.3	-0.4	-0.7
State and Local Government	475.5	477.0	479.4	479.9	481.2	482.4	483.8	485.7
% Ch, Annual Rate	1.8	1.2	2.1	0.4	1.1	1.0	1.2	1.6

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	3,183.4	3,199.6	3,214.0	3,227.6	3,237.5	3,247.4	3,256.1	3,264.8
% Ch, Annual Rate	2.0	2.1	1.8	1.7	1.2	1.2	1.1	1.1
Manufacturing	296.0	296.2	296.7	297.0	297.5	297.8	297.8	297.5
% Ch, Annual Rate	1.4	0.2	0.7	0.4	0.7	0.4	0.0	-0.3
Durable Manufacturing	215.5	215.6	216.0	216.2	216.3	216.2	216.0	215.5
% Ch, Annual Rate	1.5	0.2	0.9	0.3	0.2	-0.2	-0.4	-0.9
Wood Products	15.2	15.4	15.6	15.7	15.9	15.9	15.9	15.7
% Ch, Annual Rate	8.5	5.8	5.3	3.5	3.6	1.1	-1.8	-2.8
Primary and Fabricated Metals	28.8	29.1	29.5	29.7	29.8	29.9	29.9	29.8
% Ch, Annual Rate	8.2	4.2	4.8	2.9	2.1	1.0	-0.2	-0.8
Computer and Electronic Products	21.0	20.8	20.9	20.9	21.0	21.0	21.1	21.2
% Ch, Annual Rate	-0.3	-2.5	1.3	0.6	0.5	0.9	1.8	1.3
Machinery and Electrical Equipment	23.7	23.9	24.2	24.5	24.8	25.1	25.3	25.5
% Ch, Annual Rate	7.1	4.4	5.6	4.6	5.2	4.6	3.4	2.2
Aerospace	89.6	89.0	88.4	87.9	87.3	86.8	86.2	85.7
% Ch, Annual Rate	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Other Transportation Equip.	9.4	9.2	9.2	9.1	8.9	8.8	8.8	8.7
% Ch, Annual Rate	-3.1	-5.0	-3.0	-3.2	-7.0	-5.9	-0.6	-3.7
Other Durables	27.9	28.0	28.2	28.3	28.5	28.6	28.8	28.9
% Ch, Annual Rate	3.1	2.3	2.4	1.9	2.4	2.1	1.9	1.6
Nondurable Manufacturing	80.6	80.6	80.6	80.8	81.2	81.6	81.8	82.0
% Ch, Annual Rate	1.0	0.3	0.1	0.8	2.1	1.8	1.0	1.1
Food Manufacturing	35.8	35.7	35.6	35.7	35.9	36.2	36.3	36.4
% Ch, Annual Rate	0.4	-0.7	-1.1	0.5	2.9	2.7	1.4	1.3
Paper and Paper Products	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
% Ch, Annual Rate	0.6	0.3	0.5	0.5	1.0	0.6	-0.2	-0.4
Other Nondurables	36.6	36.7	36.8	36.9	37.1	37.2	37.3	37.4
% Ch, Annual Rate	1.7	1.3	1.2	1.2	1.5	1.3	0.9	1.4
Natural Resources and Mining	6.3	6.3	6.4	6.4	6.5	6.6	6.6	6.6
% Ch, Annual Rate	4.3	2.4	2.7	4.9	6.3	3.4	2.2	0.9
Construction	175.6	178.1	180.3	182.6	184.4	186.5	188.4	190.6
% Ch, Annual Rate	6.6	5.9	5.1	5.3	3.9	4.8	4.1	4.8
Trade, Transportation, and Utilities	585.3	587.0	588.7	590.6	591.6	592.8	594.1	595.0
% Ch, Annual Rate	1.2	1.2	1.1	1.3	0.7	0.8	0.8	0.7
Wholesale Trade	136.4	137.2	137.9	138.7	139.2	139.7	140.3	140.8
% Ch, Annual Rate	1.8	2.3	2.1	2.3	1.4	1.5	1.6	1.4
Retail Trade	349.8	350.1	350.3	350.7	350.7	350.8	351.0	351.1
% Ch, Annual Rate	0.5	0.3	0.3	0.4	0.0	0.1	0.2	0.1
Trans., Warehousing, and Utilities	99.1	99.8	100.4	101.1	101.7	102.3	102.8	103.2
% Ch, Annual Rate	2.6	2.8	2.6	2.9	2.4	2.1	2.0	1.7
Information	111.5	113.7	115.1	115.0	115.6	115.9	115.9	115.9
% Ch, Annual Rate	1.7	8.2	5.2	-0.4	2.0	1.0	0.1	0.0
Software Publishers	55.2	55.3	55.5	55.7	55.9	56.2	56.4	56.6
% Ch, Annual Rate	1.0	1.2	1.2	1.6	1.7	1.6	1.5	1.3
Other Publishing Industries	6.2	6.2	6.1	6.0	6.0	6.0	5.9	5.8
% Ch, Annual Rate	-4.3	-4.1	-4.1	-3.0	-2.6	-3.4	-3.9	-4.9
Other Information	50.1	52.2	53.6	53.3	53.6	53.8	53.6	53.5
% Ch, Annual Rate	3.1	18.2	10.7	-2.2	2.9	0.9	-1.0	-0.8
Financial Activities	152.9	152.7	152.1	151.8	151.1	150.4	149.3	148.2
% Ch, Annual Rate	-0.3	-0.5	-1.5	-0.9	-1.6	-2.0	-2.8	-2.9
Professional and Business Services	407.6	412.1	417.2	422.0	424.5	426.1	427.7	429.6
% Ch, Annual Rate	5.3	4.5	5.1	4.7	2.4	1.5	1.6	1.8
Education and Health Services	465.2	468.3	469.7	472.0	473.1	474.8	476.1	477.6
% Ch, Annual Rate	1.7	2.6	1.3	2.0	0.9	1.5	1.0	1.3
Leisure and Hospitality	307.7	308.1	308.8	309.5	310.6	311.9	313.4	314.7
% Ch, Annual Rate	1.5	0.6	0.9	1.0	1.3	1.8	1.8	1.7
Other Services	116.7	117.0	117.2	117.6	117.8	118.1	118.4	118.6
% Ch, Annual Rate	1.0	1.0	0.9	1.1	0.9	0.9	1.0	0.9
Federal Government	71.4	71.1	71.0	70.9	70.8	70.6	70.5	70.3
% Ch, Annual Rate	-0.7	-1.2	-0.8	-0.9	-0.5	-0.7	-1.0	-1.1
State and Local Government	487.3	489.0	490.7	492.2	494.0	495.8	497.9	500.0
% Ch, Annual Rate	1.3	1.4	1.5	1.2	1.4	1.5	1.7	1.6

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	3,273.7	3,282.8	3,291.9	3,300.3	3,308.9	3,318.3	3,327.7	3,336.9
% Ch, Annual Rate	1.1	1.1	1.1	1.0	1.0	1.1	1.1	1.1
Manufacturing	297.5	297.8	298.1	298.5	298.4	298.3	298.1	297.9
% Ch, Annual Rate	-0.1	0.4	0.4	0.6	-0.2	-0.1	-0.3	-0.2
Durable Manufacturing	215.3	215.4	215.5	215.7	215.5	215.4	215.1	214.9
% Ch, Annual Rate	-0.5	0.2	0.3	0.4	-0.4	-0.3	-0.5	-0.4
Wood Products	15.7	15.7	15.7	15.8	15.7	15.7	15.7	15.7
% Ch, Annual Rate	-1.4	0.5	0.9	0.9	-1.0	-1.0	-0.5	0.5
Primary and Fabricated Metals	29.8	29.8	29.8	29.9	29.8	29.9	29.8	29.8
% Ch, Annual Rate	-0.7	0.6	0.2	0.4	-0.3	0.3	-0.6	-0.8
Computer and Electronic Products	21.3	21.5	21.8	22.1	22.1	22.2	22.3	22.4
% Ch, Annual Rate	2.7	3.6	5.1	5.0	1.7	1.4	2.0	2.0
Machinery and Electrical Equipment	25.6	25.8	26.0	26.2	26.3	26.5	26.7	26.8
% Ch, Annual Rate	1.8	3.3	2.8	3.4	2.3	2.8	1.9	1.9
Aerospace	85.3	84.8	84.4	84.0	83.6	83.1	82.7	82.3
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	8.6	8.6	8.5	8.5	8.4	8.4	8.3	8.3
% Ch, Annual Rate	-3.6	-2.6	-1.8	-2.3	-2.6	-2.6	-2.6	-2.7
Other Durables	29.0	29.1	29.3	29.4	29.5	29.5	29.6	29.6
% Ch, Annual Rate	1.5	2.0	1.7	1.6	1.1	1.0	0.6	0.6
Nondurable Manufacturing	82.2	82.4	82.6	82.8	82.8	82.9	83.0	83.0
% Ch, Annual Rate	0.8	1.0	0.8	1.2	0.2	0.5	0.1	0.2
Food Manufacturing	36.5	36.5	36.6	36.7	36.6	36.6	36.6	36.5
% Ch, Annual Rate	0.4	0.7	0.4	1.2	-0.7	0.1	-0.6	-0.3
Paper and Paper Products	8.2	8.2	8.2	8.2	8.2	8.2	8.1	8.1
% Ch, Annual Rate	-0.3	-0.3	-0.5	-0.3	-1.0	-0.8	-1.1	-0.9
Other Nondurables	37.5	37.7	37.8	37.9	38.1	38.2	38.3	38.4
% Ch, Annual Rate	1.4	1.6	1.4	1.5	1.3	1.1	0.9	1.0
Natural Resources and Mining	6.7	6.7	6.7	6.7	6.7	6.7	6.8	6.8
% Ch, Annual Rate	2.3	0.1	0.6	0.0	0.9	1.2	2.4	1.9
Construction	192.8	194.9	196.9	198.7	200.3	201.8	203.0	204.1
% Ch, Annual Rate	4.7	4.4	4.1	3.7	3.3	2.9	2.5	2.2
Trade, Transportation, and Utilities	595.9	596.5	597.3	597.7	598.2	598.8	599.7	600.3
% Ch, Annual Rate	0.5	0.5	0.5	0.3	0.3	0.4	0.6	0.4
Wholesale Trade	141.3	141.8	142.3	142.8	143.3	143.7	144.1	144.5
% Ch, Annual Rate	1.6	1.3	1.5	1.4	1.4	1.1	1.2	1.0
Retail Trade	350.8	350.6	350.6	350.3	350.1	350.2	350.5	350.7
% Ch, Annual Rate	-0.3	-0.2	0.0	-0.3	-0.2	0.1	0.4	0.2
Trans., Warehousing, and Utilities	103.8	104.2	104.4	104.6	104.8	104.9	105.0	105.2
% Ch, Annual Rate	2.1	1.7	0.8	0.7	0.7	0.5	0.5	0.4
Information	116.3	116.5	116.9	117.3	118.0	118.8	119.5	120.2
% Ch, Annual Rate	1.2	0.9	1.2	1.5	2.4	2.6	2.6	2.3
Software Publishers	56.8	57.0	57.2	57.4	57.6	57.8	58.0	58.2
% Ch, Annual Rate	1.5	1.3	1.5	1.5	1.5	1.3	1.3	1.2
Other Publishing Industries	5.8	5.7	5.6	5.6	5.5	5.5	5.4	5.3
% Ch, Annual Rate	-4.0	-4.7	-3.9	-3.8	-4.2	-5.1	-5.2	-5.6
Other Information	53.7	53.9	54.1	54.3	54.9	55.5	56.2	56.7
% Ch, Annual Rate	1.4	1.1	1.5	2.0	4.0	4.9	4.9	4.1
Financial Activities	147.7	147.1	146.6	146.0	145.7	145.6	145.5	145.4
% Ch, Annual Rate	-1.3	-1.7	-1.3	-1.6	-0.8	-0.3	-0.2	-0.3
Professional and Business Services	431.7	432.8	434.0	435.4	437.4	439.3	441.5	444.0
% Ch, Annual Rate	1.9	1.0	1.1	1.3	1.8	1.7	2.1	2.2
Education and Health Services	478.5	480.5	482.1	483.4	484.9	486.6	488.0	489.6
% Ch, Annual Rate	0.7	1.7	1.3	1.1	1.2	1.4	1.1	1.3
Leisure and Hospitality	315.8	317.0	318.3	319.6	320.4	321.4	322.5	323.5
% Ch, Annual Rate	1.3	1.5	1.7	1.6	1.0	1.3	1.4	1.3
Other Services	119.0	119.2	119.5	119.8	120.1	120.4	120.6	120.9
% Ch, Annual Rate	1.1	0.9	1.0	1.0	1.0	0.8	0.9	0.8
Federal Government	70.1	70.0	69.8	69.7	69.6	69.5	69.5	69.4
% Ch, Annual Rate	-0.9	-0.9	-0.8	-0.8	-0.4	-0.4	-0.3	-0.2
State and Local Government	501.9	503.9	505.8	507.5	509.3	511.2	513.0	514.8
% Ch, Annual Rate	1.6	1.5	1.5	1.4	1.4	1.5	1.5	1.4

Table A3.1

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

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	13,887.7	14,166.9	14,766.9	15,455.9	16,298.4	17,231.9	18,107.1	18,991.4
% Ch	5.2	2.0	4.2	4.7	5.5	5.7	5.1	4.9
Total Wage and Salary Disbursements	6,932.1	7,124.7	7,476.5	7,857.8	8,277.1	8,717.8	9,166.5	9,629.2
% Ch	4.5	2.8	4.9	5.1	5.3	5.3	5.1	5.0
Nonwage Personal Income	6,955.6	7,042.2	7,290.4	7,598.1	8,021.3	8,514.1	8,940.6	9,362.1
% Ch	5.9	1.2	3.5	4.2	5.6	6.1	5.0	4.7
Supplements to Wages and Salaries	1,674.4	1,720.1	1,777.8	1,833.8	1,904.1	1,991.7	2,090.5	2,192.7
% Ch	2.4	2.7	3.4	3.1	3.8	4.6	5.0	4.9
Proprietor's Income	1,260.2	1,336.7	1,384.0	1,478.2	1,561.1	1,618.3	1,674.5	1,751.0
% Ch	10.2	6.1	3.5	6.8	5.6	3.7	3.5	4.6
Farm	72.3	83.2	65.3	71.6	78.9	83.8	85.5	86.5
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,187.9	1,253.5	1,318.7	1,406.6	1,482.2	1,534.4	1,589.0	1,664.5
% Ch	11.2	5.5	5.2	6.7	5.4	3.5	3.6	4.8
Less: Contribution For Govt. Soc. Ins.	951.2	1,104.5	1,166.4	1,232.2	1,307.6	1,392.1	1,478.6	1,566.2
% Ch	3.6	16.1	5.6	5.6	6.1	6.5	6.2	5.9
Dividends/Int./Rent	2,621.6	2,675.6	2,763.5	2,854.0	3,083.1	3,384.0	3,597.5	3,758.7
% Ch	9.3	2.1	3.3	3.3	8.0	9.8	6.3	4.5
Transfer Payments	2,350.7	2,414.6	2,531.5	2,664.3	2,780.7	2,912.2	3,056.8	3,226.0
% Ch	1.9	2.7	4.8	5.2	4.4	4.7	5.0	5.5

Table A3.2

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

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,484.7	14,707.7	14,860.6	15,014.5	15,194.9	15,359.4	15,536.3	15,732.9
% Ch, Annual Rate	4.9	6.3	4.2	4.2	4.9	4.4	4.7	5.2
Total Wage and Salary Disbursements	7,339.8	7,442.3	7,519.2	7,604.6	7,708.7	7,806.5	7,907.3	8,008.7
% Ch, Annual Rate	7.5	5.7	4.2	4.6	5.6	5.2	5.3	5.2
Nonwage Personal Income	7,144.9	7,265.4	7,341.4	7,410.0	7,486.2	7,552.9	7,629.0	7,724.2
% Ch, Annual Rate	2.4	6.9	4.3	3.8	4.2	3.6	4.1	5.1
Supplements to Wages and Salaries	1,756.4	1,771.4	1,784.3	1,799.2	1,813.1	1,826.4	1,839.6	1,856.1
% Ch, Annual Rate	4.2	3.5	2.9	3.4	3.1	3.0	2.9	3.6
Proprietor's Income	1,351.0	1,381.0	1,388.3	1,415.7	1,440.3	1,467.8	1,492.0	1,512.5
% Ch, Annual Rate	2.5	9.2	2.1	8.1	7.1	7.9	6.7	5.6
Farm	58.1	73.4	63.5	66.1	67.3	68.3	73.9	76.9
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,292.9	1,307.6	1,324.8	1,349.6	1,373.0	1,399.6	1,418.1	1,435.6
% Ch, Annual Rate	6.5	4.6	5.4	7.7	7.1	8.0	5.4	5.0
Less: Contribution For Govt. Soc. Ins.	1,146.6	1,161.1	1,171.7	1,186.2	1,210.8	1,224.7	1,238.6	1,254.6
% Ch, Annual Rate	10.8	5.1	3.7	5.0	8.6	4.7	4.6	5.2
Dividends/Int./Rent	2,713.3	2,762.4	2,783.5	2,795.0	2,804.2	2,827.7	2,863.6	2,920.6
% Ch, Annual Rate	0.9	7.4	3.1	1.7	1.3	3.4	5.2	8.2
Transfer Payments	2,470.9	2,511.8	2,557.1	2,586.3	2,639.4	2,655.7	2,672.4	2,689.6
% Ch, Annual Rate	6.5	6.8	7.4	4.6	8.5	2.5	2.5	2.6

Table A3.2 (continued)

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

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	15,972.9	16,182.2	16,402.6	16,635.9	16,897.4	17,125.5	17,343.9	17,560.9
% Ch, Annual Rate	6.2	5.3	5.6	5.8	6.4	5.5	5.2	5.1
Total Wage and Salary Disbursements	8,114.4	8,221.5	8,330.8	8,441.6	8,554.5	8,662.6	8,771.8	8,882.4
% Ch, Annual Rate	5.4	5.4	5.4	5.4	5.5	5.2	5.1	5.1
Nonwage Personal Income	7,858.5	7,960.7	8,071.8	8,194.3	8,343.0	8,462.9	8,572.1	8,678.5
% Ch, Annual Rate	7.1	5.3	5.7	6.2	7.5	5.9	5.3	5.1
Supplements to Wages and Salaries	1,877.9	1,894.8	1,912.3	1,931.2	1,961.6	1,981.1	2,001.0	2,023.2
% Ch, Annual Rate	4.8	3.6	3.7	4.0	6.4	4.0	4.1	4.5
Proprietor's Income	1,528.8	1,553.9	1,573.1	1,588.5	1,598.8	1,614.2	1,622.8	1,637.2
% Ch, Annual Rate	4.4	6.7	5.1	3.9	2.6	3.9	2.1	3.6
Farm	76.3	77.9	80.7	80.6	81.6	82.5	84.5	86.6
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,452.5	1,476.0	1,492.5	1,507.9	1,517.2	1,531.7	1,538.3	1,550.6
% Ch, Annual Rate	4.8	6.6	4.5	4.2	2.5	3.9	1.7	3.2
Less: Contribution For Govt. Soc. Ins.	1,284.7	1,299.7	1,314.6	1,331.3	1,369.7	1,384.5	1,399.0	1,415.4
% Ch, Annual Rate	10.0	4.8	4.7	5.2	12.0	4.4	4.2	4.8
Dividends/Int./Rent	2,982.4	3,041.4	3,113.0	3,195.6	3,279.5	3,354.1	3,421.9	3,480.6
% Ch, Annual Rate	8.7	8.2	9.8	11.0	10.9	9.4	8.3	7.0
Transfer Payments	2,754.0	2,770.3	2,787.9	2,810.4	2,872.7	2,898.0	2,925.4	2,952.8
% Ch, Annual Rate	9.9	2.4	2.6	3.3	9.2	3.6	3.8	3.8

Table A3.2 (continued)

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

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	17,794.5	18,002.8	18,210.6	18,420.6	18,668.7	18,885.9	19,098.9	19,312.1
% Ch, Annual Rate	5.4	4.8	4.7	4.7	5.5	4.7	4.6	4.5
Total Wage and Salary Disbursements	8,996.7	9,108.3	9,223.1	9,338.0	9,457.1	9,571.2	9,686.4	9,802.3
% Ch, Annual Rate	5.2	5.1	5.1	5.1	5.2	4.9	4.9	4.9
Nonwage Personal Income	8,797.8	8,894.5	8,987.5	9,082.6	9,211.6	9,314.6	9,412.5	9,509.8
% Ch, Annual Rate	5.6	4.5	4.2	4.3	5.8	4.6	4.3	4.2
Supplements to Wages and Salaries	2,056.9	2,079.1	2,101.1	2,124.7	2,158.6	2,181.3	2,203.6	2,227.2
% Ch, Annual Rate	6.8	4.4	4.3	4.6	6.5	4.3	4.1	4.4
Proprietor's Income	1,648.0	1,666.1	1,682.2	1,701.8	1,721.6	1,742.6	1,760.1	1,779.6
% Ch, Annual Rate	2.7	4.5	3.9	4.8	4.7	5.0	4.1	4.5
Farm	86.3	85.4	84.9	85.6	86.6	87.0	86.5	86.0
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,561.7	1,580.7	1,597.3	1,616.2	1,635.1	1,655.6	1,673.6	1,693.6
% Ch, Annual Rate	2.9	5.0	4.3	4.8	4.8	5.1	4.4	4.9
Less: Contribution For Govt. Soc. Ins.	1,455.0	1,470.4	1,485.8	1,503.0	1,542.3	1,558.1	1,573.5	1,591.0
% Ch, Annual Rate	11.7	4.3	4.3	4.7	10.9	4.2	4.0	4.5
Dividends/Int./Rent	3,533.7	3,577.5	3,619.6	3,659.0	3,701.3	3,741.5	3,778.7	3,813.1
% Ch, Annual Rate	6.2	5.0	4.8	4.4	4.7	4.4	4.0	3.7
Transfer Payments	3,014.2	3,042.3	3,070.5	3,100.1	3,172.3	3,207.3	3,243.6	3,280.8
% Ch, Annual Rate	8.6	3.8	3.8	3.9	9.6	4.5	4.6	4.7

Table A3.3

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	324.458	332.655	348.324	364.883	386.759	410.797	433.636	457.236
% Ch	6.7	2.5	4.7	4.8	6.0	6.2	5.6	5.4
Total Wage and Salary Disbursements	163.880	170.790	179.680	188.515	199.212	210.112	221.505	233.845
% Ch	5.8	4.2	5.2	4.9	5.7	5.5	5.4	5.6
Manufacturing	19.577	20.557	21.797	22.198	23.173	24.122	25.131	26.207
% Ch	6.3	5.0	6.0	1.8	4.4	4.1	4.2	4.3
Durable Manufacturing	15.716	16.600	17.719	17.973	18.760	19.466	20.216	21.041
% Ch	7.5	5.6	6.7	1.4	4.4	3.8	3.9	4.1
Nondurable Manufacturing	3.861	3.958	4.079	4.225	4.413	4.656	4.914	5.166
% Ch	1.9	2.5	3.1	3.6	4.5	5.5	5.5	5.1
Nonmanufacturing	137.300	143.144	150.811	159.075	168.564	178.245	188.336	199.286
% Ch	5.5	4.3	5.4	5.5	6.0	5.7	5.7	5.8
Other Private Wages	1.070	1.083	1.079	1.119	1.169	1.217	1.266	1.319
% Ch	10.5	1.2	-0.4	3.8	4.4	4.1	4.0	4.1
Farm Wages	1.568	1.691	1.760	1.841	1.935	2.030	2.127	2.232
% Ch	40.4	7.9	4.1	4.6	5.1	4.9	4.8	5.0
Military Wages	4.365	4.314	4.233	4.282	4.371	4.498	4.645	4.801
% Ch	1.9	-1.2	-1.9	1.2	2.1	2.9	3.3	3.4
Nonwage Personal Income	160.578	161.865	168.645	176.368	187.547	200.685	212.130	223.390
% Ch	7.7	0.8	4.2	4.6	6.3	7.0	5.7	5.3
Supplements to Wages and Salaries	40.184	41.638	43.424	45.140	47.443	50.102	53.048	56.206
% Ch	3.8	3.6	4.3	4.0	5.1	5.6	5.9	6.0
Proprietor's Income	24.073	25.279	26.861	28.617	30.140	31.185	32.295	33.869
% Ch	6.9	5.0	6.3	6.5	5.3	3.5	3.6	4.9
Farm	1.342	1.372	1.304	1.310	1.288	1.285	1.279	1.277
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.732	23.906	25.558	27.308	28.852	29.900	31.016	32.592
% Ch	10.2	5.2	6.9	6.8	5.7	3.6	3.7	5.1
Less: Contribution For Govt. Soc. Ins.	24.734	28.845	30.769	32.503	34.562	36.814	39.151	41.607
% Ch	3.0	16.6	6.7	5.6	6.3	6.5	6.3	6.3
Plus: Residence Adjustment	2.815	3.041	3.248	3.453	3.672	3.907	4.145	4.386
% Ch	0.4	8.0	6.8	6.3	6.4	6.4	6.1	5.8
Dividends/Int./Rent	68.242	69.758	72.207	74.940	81.360	89.710	95.795	100.558
% Ch	13.8	2.2	3.5	3.8	8.6	10.3	6.8	5.0
Transfer Payments	49.998	50.993	53.673	56.720	59.494	62.595	65.997	69.979
% Ch	1.9	2.0	5.3	5.7	4.9	5.2	5.4	6.0
State U.I. Benefits	2.374	1.720	1.051	0.740	0.599	0.559	0.552	0.549
% Ch	-23.3	-27.5	-38.9	-29.5	-19.1	-6.7	-1.3	-0.4
Other Transfers	47.625	49.273	52.622	55.980	58.895	62.036	65.446	69.430
% Ch	3.6	3.5	6.8	6.4	5.2	5.3	5.5	6.1

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	342.791	345.953	351.395	353.160	358.027	362.417	367.727	371.362
% Ch, Annual Rate	7.8	3.7	6.4	2.0	5.6	5.0	6.0	4.0
Total Wage and Salary Disbursements	177.806	177.914	181.339	181.661	184.627	187.235	190.555	191.645
% Ch, Annual Rate	10.4	0.2	7.9	0.7	6.7	5.8	7.3	2.3
Manufacturing	22.616	21.409	21.523	21.641	21.831	22.060	22.308	22.591
% Ch, Annual Rate	43.4	-19.7	2.2	2.2	3.6	4.3	4.6	5.2
Durable Manufacturing	18.568	17.347	17.442	17.517	17.669	17.859	18.068	18.297
% Ch, Annual Rate	51.6	-23.8	2.2	1.7	3.5	4.4	4.8	5.2
Nondurable Manufacturing	4.048	4.062	4.081	4.124	4.163	4.201	4.240	4.294
% Ch, Annual Rate	12.2	1.3	1.9	4.3	3.8	3.7	3.8	5.2
Nonmanufacturing	148.113	149.461	152.744	152.927	155.588	157.945	160.993	161.775
% Ch, Annual Rate	6.6	3.7	9.1	0.5	7.1	6.2	7.9	2.0
Other Private Wages	1.072	1.071	1.081	1.090	1.103	1.113	1.125	1.137
% Ch, Annual Rate	17.1	-0.6	3.9	3.3	4.7	3.9	4.2	4.3
Farm Wages	1.737	1.749	1.768	1.786	1.809	1.830	1.852	1.874
% Ch, Annual Rate	1.2	2.7	4.6	4.1	5.3	4.6	4.8	5.0
Military Wages	4.268	4.224	4.222	4.216	4.296	4.286	4.278	4.268
% Ch, Annual Rate	0.5	-4.0	-0.2	-0.6	7.8	-0.9	-0.8	-0.9
Nonwage Personal Income	164.985	168.039	170.056	171.499	173.399	175.182	177.172	179.717
% Ch, Annual Rate	5.2	7.6	4.9	3.4	4.5	4.2	4.6	5.9
Supplements to Wages and Salaries	42.989	43.185	43.595	43.928	44.451	44.888	45.341	45.881
% Ch, Annual Rate	8.1	1.8	3.9	3.1	4.9	4.0	4.1	4.9
Proprietor's Income	26.011	26.826	27.107	27.502	27.948	28.465	28.849	29.207
% Ch, Annual Rate	12.8	13.1	4.3	5.9	6.7	7.6	5.5	5.1
Farm	1.024	1.478	1.368	1.345	1.320	1.298	1.311	1.310
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	24.987	25.348	25.739	26.156	26.628	27.167	27.539	27.897
% Ch, Annual Rate	12.4	5.9	6.3	6.6	7.4	8.3	5.6	5.3
Less: Contribution For Govt. Soc. Ins.	30.312	30.571	30.917	31.275	31.939	32.298	32.669	33.107
% Ch, Annual Rate	14.2	3.5	4.6	4.7	8.8	4.6	4.7	5.5
Plus: Residence Adjustment	3.165	3.235	3.273	3.319	3.374	3.426	3.480	3.533
% Ch, Annual Rate	9.0	9.1	4.8	5.7	6.7	6.4	6.4	6.2
Dividends/Int./Rent	70.748	72.151	72.781	73.147	73.484	74.200	75.240	76.834
% Ch, Annual Rate	0.8	8.2	3.5	2.0	1.9	4.0	5.7	8.7
Transfer Payments	52.384	53.213	54.216	54.879	56.081	56.501	56.930	57.369
% Ch, Annual Rate	10.3	6.5	7.8	5.0	9.1	3.0	3.1	3.1
State U.I. Benefits	1.231	1.130	0.979	0.863	0.831	0.754	0.710	0.665
% Ch, Annual Rate	-48.8	-29.1	-43.6	-39.6	-13.9	-32.2	-21.6	-22.8
Other Transfers	51.153	52.084	53.237	54.016	55.249	55.746	56.221	56.703
% Ch, Annual Rate	12.5	7.5	9.2	6.0	9.5	3.6	3.4	3.5

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	378.091	383.931	389.998	395.015	402.211	408.320	413.901	418.757
% Ch, Annual Rate	7.4	6.3	6.5	5.2	7.5	6.2	5.6	4.8
Total Wage and Salary Disbursements	194.929	198.023	201.103	202.793	206.136	209.019	211.643	213.649
% Ch, Annual Rate	7.0	6.5	6.4	3.4	6.8	5.7	5.1	3.8
Manufacturing	22.843	23.049	23.287	23.512	23.770	24.012	24.244	24.464
% Ch, Annual Rate	4.5	3.7	4.2	3.9	4.4	4.1	3.9	3.7
Durable Manufacturing	18.498	18.660	18.854	19.027	19.213	19.386	19.556	19.711
% Ch, Annual Rate	4.5	3.5	4.2	3.7	4.0	3.7	3.6	3.2
Nondurable Manufacturing	4.345	4.389	4.433	4.486	4.557	4.626	4.688	4.753
% Ch, Annual Rate	4.8	4.2	4.1	4.8	6.5	6.2	5.5	5.7
Nonmanufacturing	164.667	167.518	170.315	171.756	174.688	177.283	179.628	181.381
% Ch, Annual Rate	7.3	7.1	6.8	3.4	7.0	6.1	5.4	4.0
Other Private Wages	1.150	1.163	1.176	1.188	1.200	1.212	1.223	1.234
% Ch, Annual Rate	4.7	4.6	4.5	4.1	4.4	3.8	3.8	3.8
Farm Wages	1.899	1.923	1.948	1.971	1.996	2.018	2.041	2.064
% Ch, Annual Rate	5.3	5.3	5.2	4.9	5.1	4.6	4.5	4.6
Military Wages	4.371	4.371	4.377	4.366	4.482	4.494	4.508	4.506
% Ch, Annual Rate	10.0	0.0	0.6	-1.0	11.1	1.1	1.2	-0.1
Nonwage Personal Income	183.162	185.908	188.895	192.221	196.076	199.301	202.258	205.108
% Ch, Annual Rate	7.9	6.1	6.6	7.2	8.3	6.7	6.1	5.8
Supplements to Wages and Salaries	46.593	47.158	47.724	48.298	49.217	49.795	50.378	51.019
% Ch, Annual Rate	6.4	4.9	4.9	4.9	7.8	4.8	4.8	5.2
Proprietor's Income	29.535	30.015	30.355	30.654	30.835	31.127	31.261	31.518
% Ch, Annual Rate	4.6	6.7	4.6	4.0	2.4	3.8	1.7	3.3
Farm	1.290	1.286	1.293	1.282	1.281	1.279	1.286	1.295
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	28.244	28.729	29.063	29.371	29.554	29.847	29.974	30.223
% Ch, Annual Rate	5.1	7.0	4.7	4.3	2.5	4.0	1.7	3.4
Less: Contribution For Govt. Soc. Ins.	33.928	34.354	34.765	35.202	36.230	36.617	36.990	37.418
% Ch, Annual Rate	10.3	5.1	4.9	5.1	12.2	4.3	4.1	4.7
Plus: Residence Adjustment	3.587	3.643	3.700	3.759	3.819	3.877	3.936	3.995
% Ch, Annual Rate	6.3	6.3	6.4	6.6	6.5	6.2	6.2	6.2
Dividends/Int./Rent	78.557	80.210	82.196	84.475	86.793	88.865	90.763	92.421
% Ch, Annual Rate	9.3	8.7	10.3	11.6	11.4	9.9	8.8	7.5
Transfer Payments	58.817	59.236	59.685	60.237	61.643	62.253	62.911	63.573
% Ch, Annual Rate	10.5	2.9	3.1	3.8	9.7	4.0	4.3	4.3
State U.I. Benefits	0.634	0.609	0.586	0.567	0.560	0.560	0.560	0.555
% Ch, Annual Rate	-17.5	-15.1	-14.4	-12.1	-4.8	-0.3	0.6	-3.6
Other Transfers	58.183	58.627	59.099	59.670	61.083	61.693	62.351	63.017
% Ch, Annual Rate	10.9	3.1	3.3	3.9	9.8	4.1	4.3	4.3

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	425.417	431.143	436.509	441.474	448.598	454.690	460.234	465.421
% Ch, Annual Rate	6.5	5.5	5.1	4.6	6.6	5.5	5.0	4.6
Total Wage and Salary Disbursements	217.185	220.276	223.084	225.477	229.297	232.610	235.473	238.002
% Ch, Annual Rate	6.8	5.8	5.2	4.4	7.0	5.9	5.0	4.4
Manufacturing	24.705	24.981	25.267	25.570	25.828	26.086	26.332	26.584
% Ch, Annual Rate	4.0	4.5	4.7	4.9	4.1	4.1	3.8	3.9
Durable Manufacturing	19.890	20.100	20.322	20.553	20.751	20.948	21.136	21.329
% Ch, Annual Rate	3.7	4.3	4.5	4.6	3.9	3.8	3.6	3.7
Nondurable Manufacturing	4.815	4.880	4.945	5.017	5.077	5.139	5.195	5.255
% Ch, Annual Rate	5.3	5.6	5.4	5.9	4.8	5.0	4.5	4.7
Nonmanufacturing	184.517	187.280	189.748	191.800	195.197	198.196	200.757	202.994
% Ch, Annual Rate	7.1	6.1	5.4	4.4	7.3	6.3	5.3	4.5
Other Private Wages	1.247	1.260	1.272	1.285	1.299	1.312	1.325	1.338
% Ch, Annual Rate	4.3	4.0	4.1	4.0	4.5	4.1	4.0	3.9
Farm Wages	2.090	2.114	2.139	2.165	2.193	2.219	2.246	2.272
% Ch, Annual Rate	5.1	4.8	4.9	4.8	5.3	4.9	4.9	4.8
Military Wages	4.626	4.641	4.658	4.657	4.780	4.796	4.814	4.814
% Ch, Annual Rate	11.1	1.3	1.4	-0.1	11.0	1.4	1.5	0.0
Nonwage Personal Income	208.231	210.867	213.425	215.997	219.301	222.080	224.761	227.419
% Ch, Annual Rate	6.2	5.2	4.9	4.9	6.3	5.2	4.9	4.8
Supplements to Wages and Salaries	52.035	52.700	53.372	54.086	55.136	55.848	56.551	57.287
% Ch, Annual Rate	8.2	5.2	5.2	5.5	8.0	5.3	5.1	5.3
Proprietor's Income	31.739	32.123	32.461	32.857	33.256	33.687	34.060	34.473
% Ch, Annual Rate	2.8	4.9	4.3	5.0	4.9	5.3	4.5	4.9
Farm	1.289	1.280	1.274	1.276	1.280	1.281	1.276	1.272
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	30.451	30.844	31.188	31.581	31.976	32.406	32.783	33.201
% Ch, Annual Rate	3.1	5.3	4.5	5.1	5.1	5.5	4.7	5.2
Less: Contribution For Govt. Soc. Ins.	38.501	38.924	39.351	39.827	40.919	41.375	41.820	42.314
% Ch, Annual Rate	12.1	4.5	4.5	4.9	11.4	4.5	4.4	4.8
Plus: Residence Adjustment	4.055	4.114	4.175	4.235	4.296	4.355	4.415	4.475
% Ch, Annual Rate	6.1	5.9	6.0	5.9	5.9	5.6	5.6	5.6
Dividends/Int./Rent	93.937	95.208	96.438	97.599	98.843	100.035	101.154	102.201
% Ch, Annual Rate	6.7	5.5	5.3	4.9	5.2	4.9	4.5	4.2
Transfer Payments	64.966	65.646	66.329	67.047	68.688	69.529	70.402	71.297
% Ch, Annual Rate	9.1	4.3	4.2	4.4	10.2	5.0	5.1	5.2
State U.I. Benefits	0.552	0.552	0.550	0.552	0.552	0.555	0.549	0.541
% Ch, Annual Rate	-2.1	-0.3	-1.2	1.5	-0.3	2.6	-4.6	-5.4
Other Transfers	64.414	65.095	65.779	66.495	68.136	68.974	69.853	70.756
% Ch, Annual Rate	9.2	4.3	4.3	4.4	10.2	5.0	5.2	5.3

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	2.9	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	1.016	1.7	2.181	1.6	2.267	0.3
2011	1.041	2.5	2.249	3.1	2.328	2.7
2012	1.061	1.8	2.296	2.1	2.386	2.5
2013	1.073	1.2	2.330	1.5	2.416	1.2
Forecast						
2014	1.088	1.4	2.369	1.7	2.460	1.8
2015	1.100	1.1	2.391	0.9	2.492	1.3
2016	1.117	1.6	2.433	1.7	2.539	1.9
2017	1.137	1.8	2.482	2.0	2.593	2.1
2018	1.158	1.9	2.533	2.1	2.649	2.2
2019	1.180	1.9	2.587	2.1	2.707	2.2

* 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	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
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	148.8	27.2	149.3	26.3
2012	105.7	2.1	106.6	2.3	150.7	1.3	154.6	3.5
2013	107.9	2.1	107.8	1.0	149.0	-1.2	150.4	-2.7

Forecast

2014	110.3	2.2	109.8	1.9	149.4	0.3	145.4	-3.3
2015	112.6	2.1	111.1	1.3	139.3	-6.8	126.0	-13.4
2016	115.0	2.1	111.9	0.7	143.6	3.1	127.4	1.2
2017	117.7	2.4	113.4	1.4	147.1	2.5	127.7	0.2
2018	120.7	2.5	115.0	1.4	151.3	2.9	128.9	0.9
2019	123.8	2.6	117.1	1.8	155.7	2.9	130.2	1.0

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	87.3	51.1	28.5
2014	6968.2	85.8	1.2	87.7	51.6	49.7
Forecast						
2015	7054.8	86.6	1.2	88.2	52.1	50.5
2016	7142.2	87.4	1.2	89.2	53.0	51.3
2017	7227.5	85.3	1.2	89.9	54.0	49.4
2018	7308.9	81.3	1.1	91.5	55.0	44.8
2019	7383.5	74.6	1.0	92.1	58.9	41.3

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	<u>2010</u>	<u>2011</u>	Actual <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Forecast <u>2017</u>	<u>2018</u>	<u>2019</u>
Total Population	6724.5	6767.9	6817.8	6882.4	6968.2	7054.8	7142.2	7227.5	7308.9	7383.5
Percent Change	0.8	0.6	0.7	0.9	1.2	1.2	1.2	1.2	1.1	1.0
Age 17 and Under	1581.4	1574.8	1573.6	1578.7	1591.2	1603.9	1617.1	1629.7	1641.6	1653.2
Percent of Total	23.5	23.3	23.1	22.9	22.8	22.7	22.6	22.5	22.5	22.4
Age 6-18	1149.6	1142.5	1137.4	1141.0	1150.9	1160.9	1171.0	1179.9	1188.7	1196.0
Percent of Total	17.1	16.9	16.7	16.6	16.5	16.5	16.4	16.3	16.3	16.2
Age 18 and Over	5143.2	5193.1	5244.2	5303.7	5377.0	5450.9	5525.2	5597.8	5667.3	5730.3
Percent of Total	76.5	76.7	76.9	77.1	77.2	77.3	77.4	77.5	77.5	77.6
Age 21 and Over	4860.6	4910.6	4964.3	5027.8	5104.8	5180.0	5253.8	5324.7	5391.9	5453.6
Percent of Total	72.3	72.6	72.8	73.1	73.3	73.4	73.6	73.7	73.8	73.9
Age 20-34	1395.3	1403.5	1413.2	1427.0	1446.1	1456.2	1466.0	1473.7	1479.4	1485.5
Percent of Total	20.7	20.7	20.7	20.7	20.8	20.6	20.5	20.4	20.2	20.1
Age 18-64	4315.5	4341.7	4350.5	4367.2	4398.9	4428.9	4459.5	4486.6	4506.8	4523.0
Percent of Total	64.2	64.2	63.8	63.5	63.1	62.8	62.4	62.1	61.7	61.3
Age 65 and Over	827.7	851.4	893.7	936.5	978.1	1022.0	1065.7	1111.2	1160.5	1207.3
Percent of Total	12.3	12.6	13.1	13.6	14.0	14.5	14.9	15.4	15.9	16.4

* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	October 2014	+
U.S. Real GDP Growth	3rd quarter 2014	-
U.S. ISM Index	November 2014	-
U.S. Employment YoY%Δ	November 2014	+
U.S. Unemployment Rate	November 2014	unchanged
U.S. Fed Funds Target	October 2014	unchanged
U.S. Consumer Confidence	November 2014	-
U.S. Consumer Sentiment	November 2014	+
U.S. Light Vehicle Sales	November 2014	+
U.S. CPI	October 2014	unchanged
U.S. Home Prices	September 2014	+
S&P 500 Index	November 2014	+
WA Leading Index	October 2014	+
WA ISM-WW Index	November 2014	+
WA Employment YoY%Δ	October 2014	-
WA Aerospace Empl. YoY%Δ	October 2014	+
WA Unemployment Rate	October 2014	-
WA Business Cycle Indicator	October 2014	-
WA Initial Unemploy. Claims	October 2014	+
WA Housing Permits	October 2014	-
WA Weekly Hours in Mfg.	October 2014	+
WA New Vehicle Registration	November 2014	-
WA In-Migration	October 2014	-
WA Exports-Total YoY%Δ	3rd quarter 2014	-
WA Exports- w/o Trans. Equip. YoY%Δ	3rd quarter 2014	-
Seattle CPI	October 2014	-
Seattle Home Prices	September 2014	+
WA Residential Const. Contracts	October 2014	+
WA Non-Residential Const. Contracts	October 2014	+

*Change from the previous reading

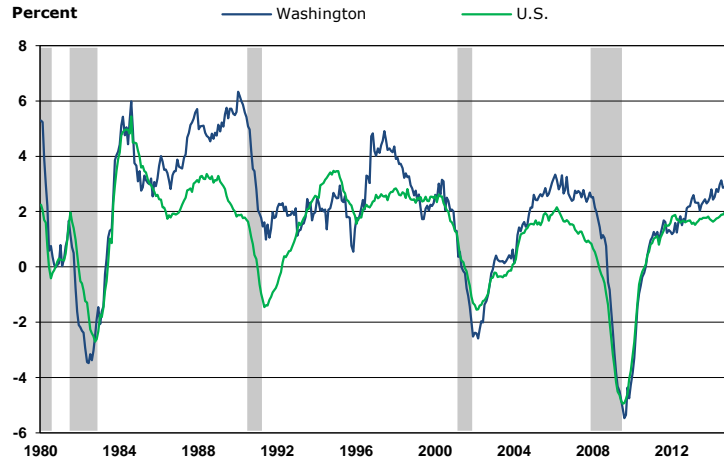
Table A6.2
Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Business Cycle Indicator	WA State Construction Index	WA State Help Wanted Index	WA Purchasing Management Index	U.S. Purchasing Management Index
2012:01	108.7	92.2	24.8	81.4	107.0	68.5	53.7
2012:02	110.3	92.9	25.8	83.6	104.9	68.9	51.9
2012:03	111.4	93.1	27.9	90.7	110.0	62.9	53.3
2012:04	111.5	92.9	29.0	91.3	113.5	64.9	54.1
2012:05	111.4	93.3	29.7	91.0	111.2	58.5	52.5
2012:06	111.3	92.7	31.5	92.0	113.4	57.0	50.2
2012:07	111.7	93.1	30.9	91.3	114.8	58.8	50.5
2012:08	111.4	92.7	31.5	88.6	110.5	53.5	50.7
2012:09	112.8	93.2	33.4	92.6	116.6	56.0	51.6
2012:10	113.7	93.4	34.9	95.0	117.9	56.3	51.7
2012:11	113.2	93.4	37.3	90.8	120.6	60.1	49.9
2012:12	114.2	93.7	38.9	89.8	125.9	58.1	50.2
2013:01	115.0	94.1	40.0	94.2	128.7	60.2	53.1
2013:02	115.0	94.6	38.6	95.6	127.2	56.3	54.2
2013:03	114.4	94.3	39.1	95.4	118.8	65.4	51.3
2013:04	114.7	95.1	38.5	93.3	120.2	59.5	50.7
2013:05	114.6	95.3	39.6	92.8	120.0	53.7	49.0
2013:06	114.9	96.1	39.8	93.1	121.0	61.0	50.9
2013:07	115.1	96.5	42.2	95.8	118.6	60.3	55.4
2013:08	115.6	97.2	42.5	94.3	118.7	53.8	55.7
2013:09	115.8	98.2	41.5	91.6	116.6	52.7	56.2
2013:10	115.4	98.5	42.4	94.6	112.7	54.2	56.4
2013:11	117.5	99.4	41.7	98.1	118.2	61.1	57.3
2013:12	117.0	99.5	42.9	94.9	118.2	62.3	57.0
2014:01	116.8	99.3	44.2	95.4	118.2	63.5	51.3
2014:02	116.1	99.9	42.8	91.3	118.5	68.7	53.2
2014:03	117.1	100.9	43.5	93.9	118.6	63.6	53.7
2014:04	118.1	101.2	47.5	98.2	120.6	53.7	54.9
2014:05	117.8	101.8	47.8	93.7	118.7	59.6	55.4
2014:06	119.4	102.4	48.0	97.1	121.0	67.0	55.3
2014:07	119.5	103.6	49.9	96.6	121.3	50.1	57.1
2014:08	119.4	103.6	49.4	96.8	121.6	62.9	59.0
2014:09	119.1	104.3	49.2	96.2	114.3	60.3	56.6
2014:10	120.1	105.2	48.6	99.9	119.0	57.6	59.0
2014:11					128.0	63.1	58.7

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

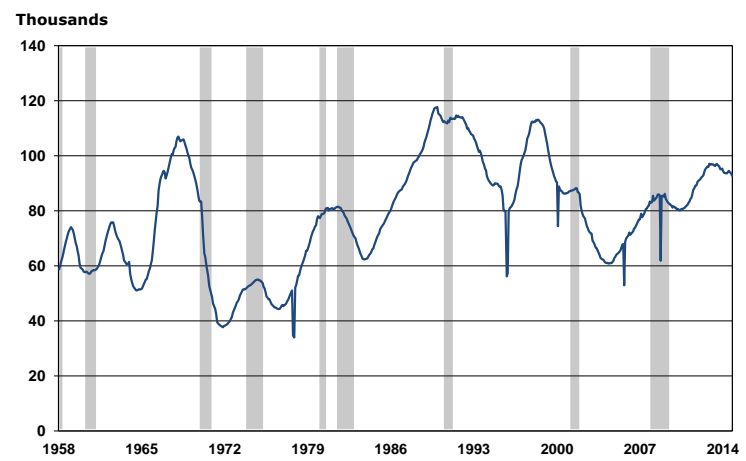
January 1980 to November 2014



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

Washington Aircraft and Parts Employment

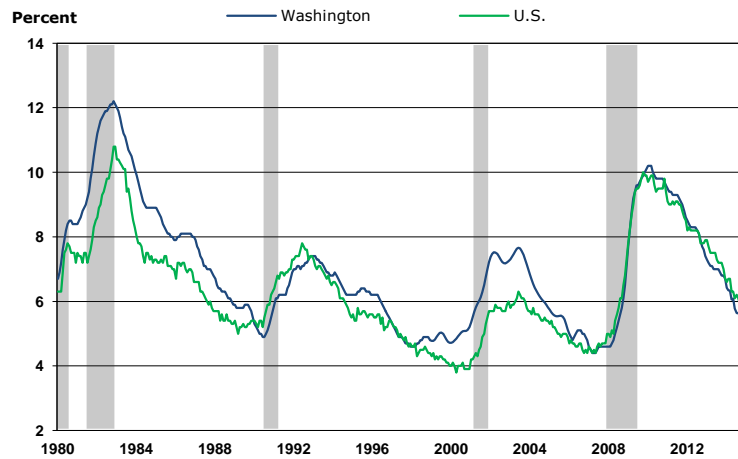
January 1958 to October 2014



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

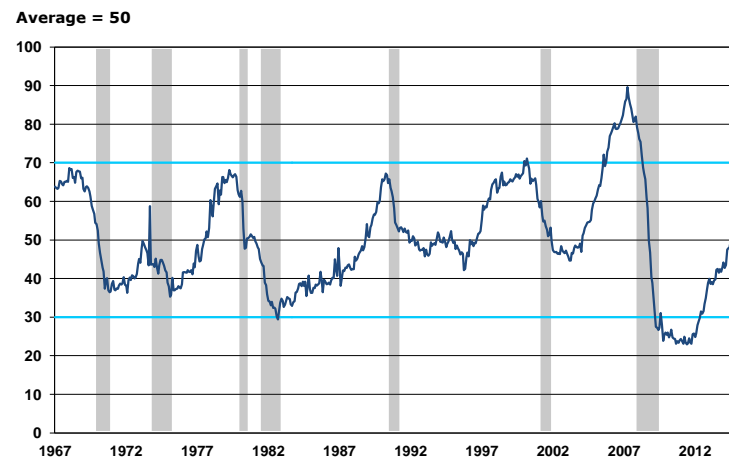
January 1980 to November 2014



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

January 1968 to October 2014



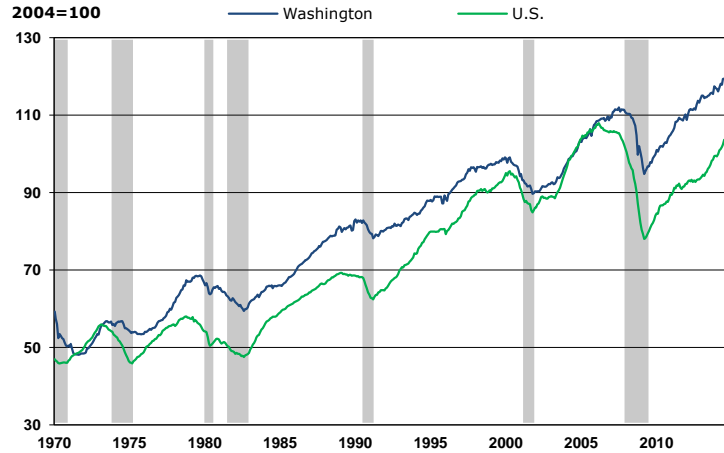
* Source: ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

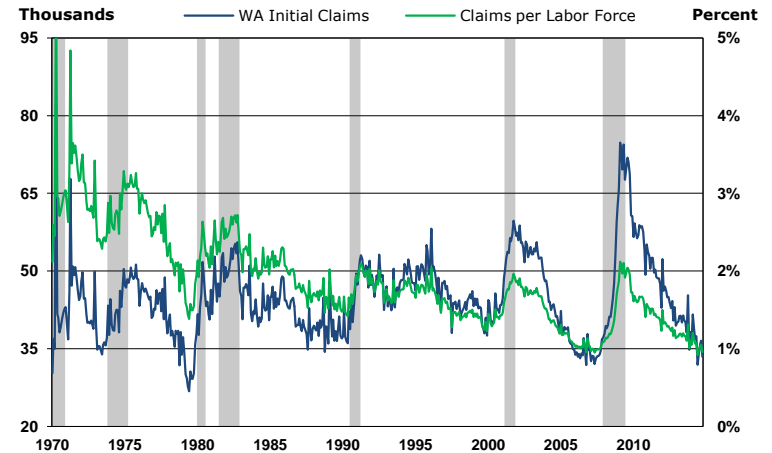
January 1970 to October 2014



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

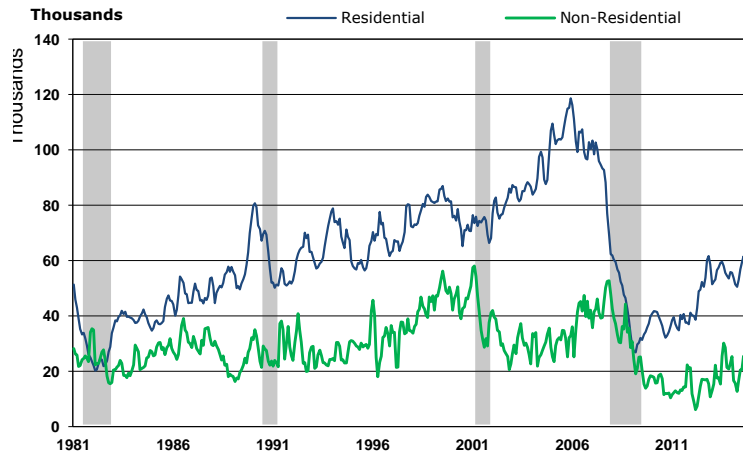
January 1970 to October 2014, S.A.



* Source: WA State Employment Security, ERFC

Square Footage of Construction Projects in WA State

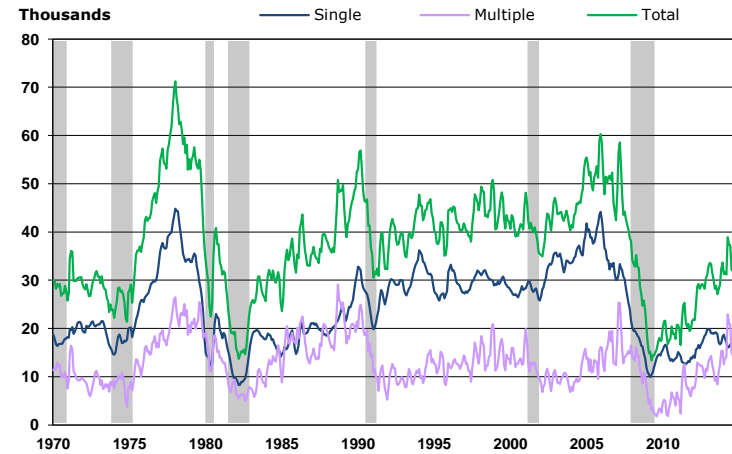
January 1981 to October 2014, 3mma, SAAR



* Source: McGraw-Hill Construction, ERFC

Housing Units Authorized in Washington State

January 1970 to October 2014, 3mma, SAAR



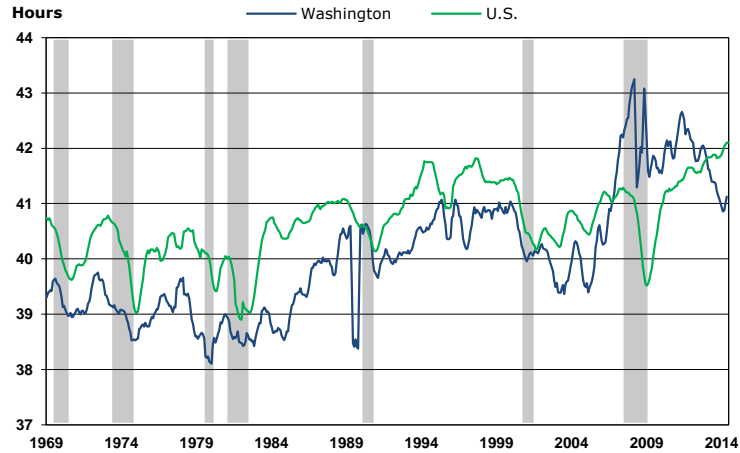
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

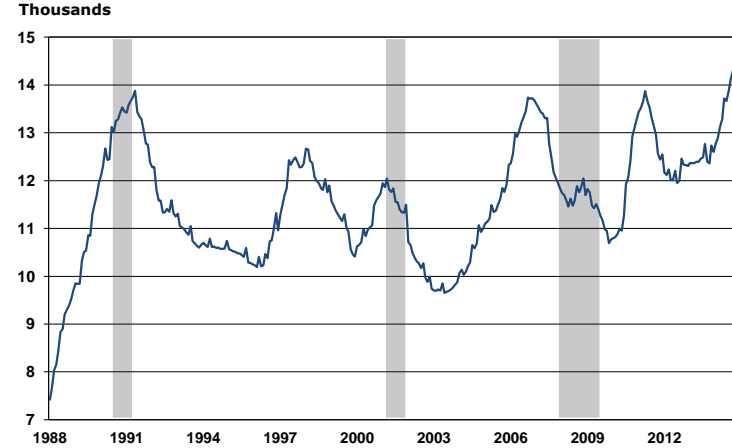
June 1969 to November 2014, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License In-Migration

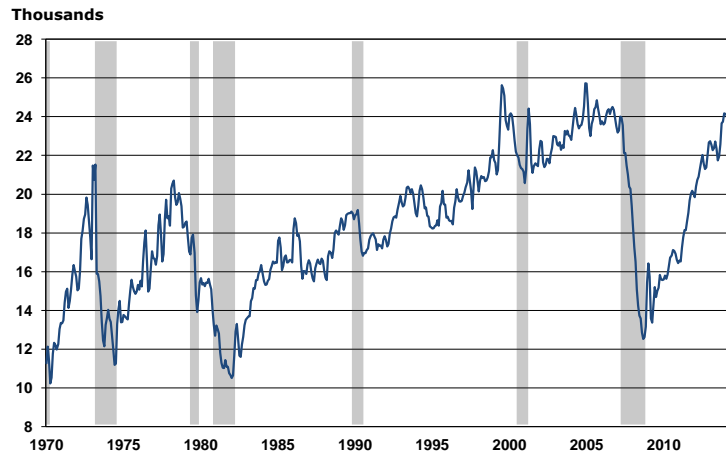
January 1988 to October 2014, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

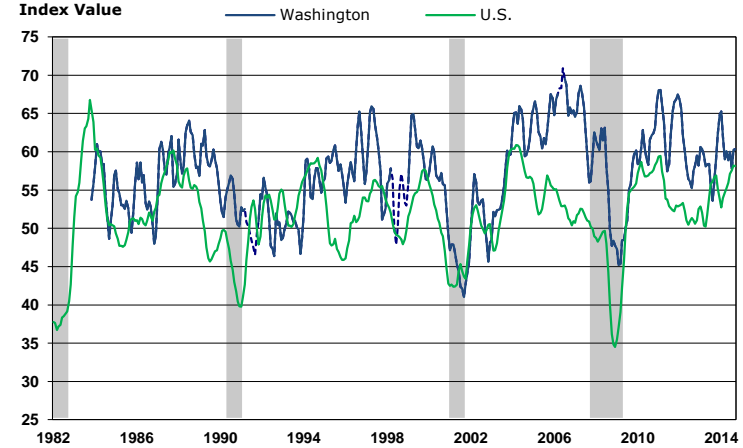
September 1970 to November 2014, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

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



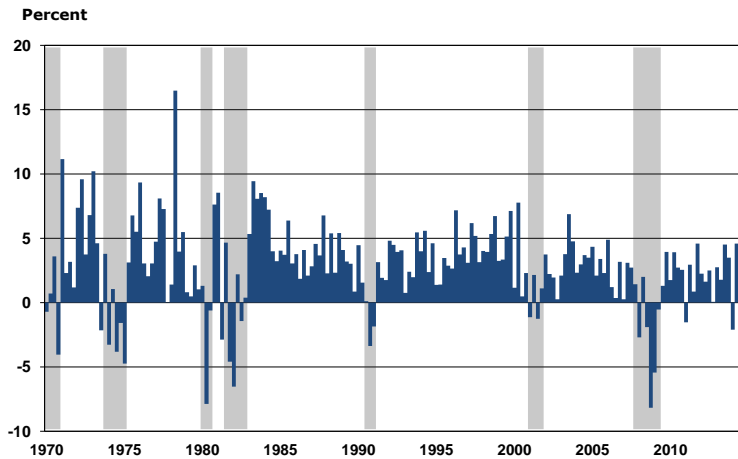
* Source: Institute for Supply Management, ISM-WW, ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.4: Other Economic Indicators

Quarterly U.S. Real GDP Growth

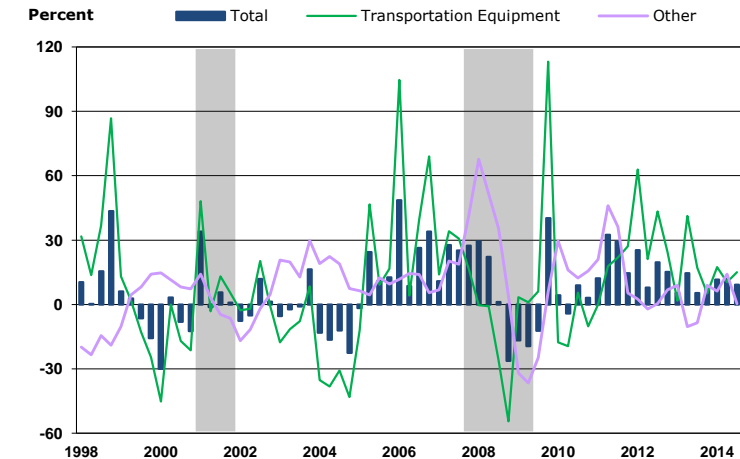
1970Q1 to 2014Q3, SAAR



* Source: Bureau of Economic Analysis

Washington State Export Composition

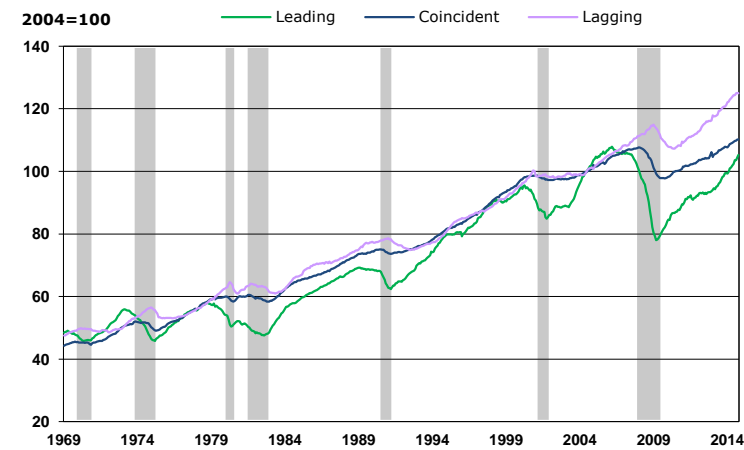
1998Q1 to 2014Q3, Year-over-year percent change



* Source: WISER

U.S. Economic Indicators

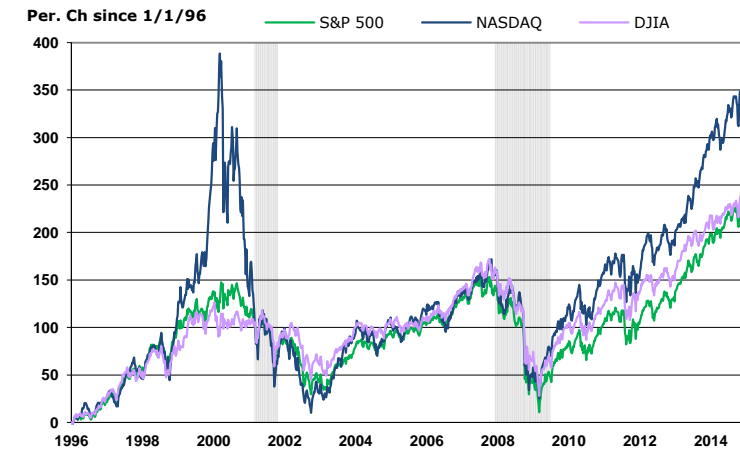
January 1969 to October 2014



* Source: The Conference Board

National Stock Indexes

January 1, 1996 to December 5, 2014



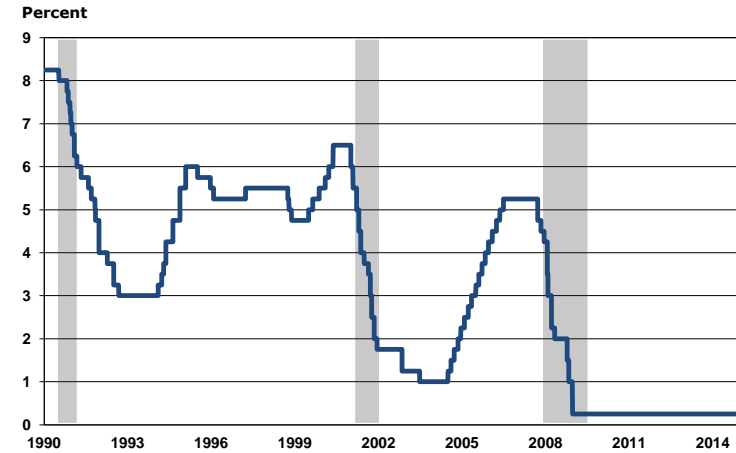
* Source: ERFC

* Shaded areas correspond with national recessions.
Appendix

Figure A7.4: Other Economic Indicators

Federal Funds Target Rate

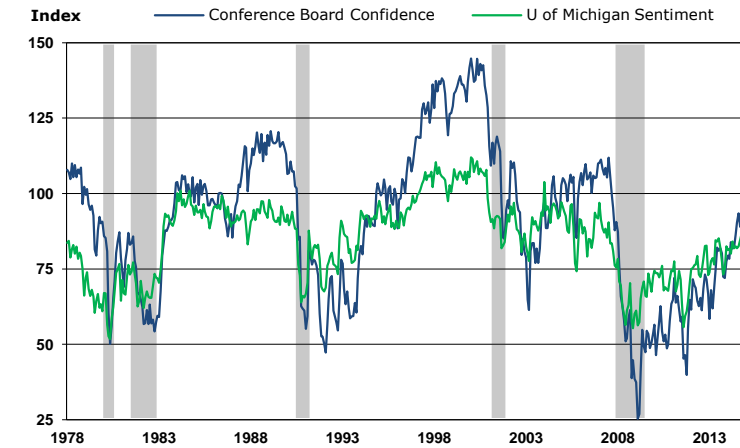
January 1, 1990 to December 5, 2014



* Federal Reserve

Consumer Confidence

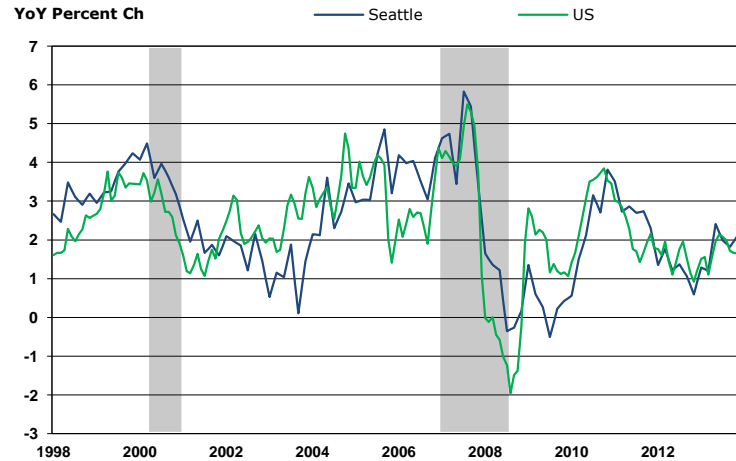
March 1978 to November 2014



* Source: The Conference Board, University of Michigan

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

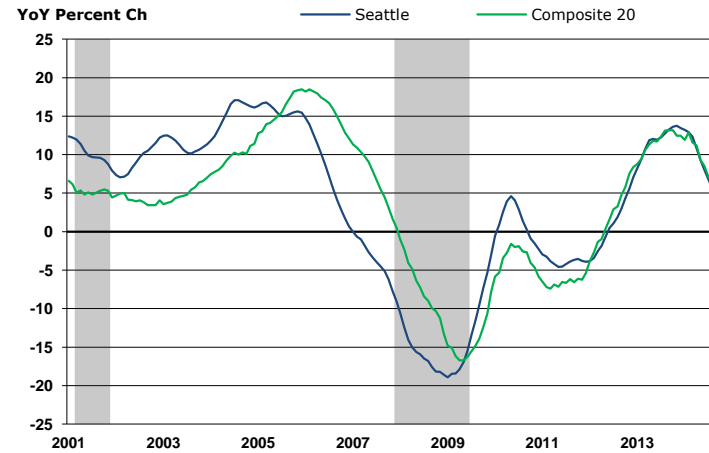
December 1998 to October 2014



* Source: Bureau of Labor Statistics

Case Shiller Home Price Index

January 2001 to September 2014, SA



* Source: Case Shiller, ERFC

* Shaded areas correspond with national recessions.
Appendix



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.