

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

September 2013
Volume XXXVI, No. 3



Economic and Revenue Forecast Council Members

Representative Ross Hunter, Chair
Representative Terry Nealey
Treasurer Jim McIntire
David Schumacher, Director, OFM

Senator Andy Hill
Senator Jim Hargrove
Carol Nelson, Director, DOR

Forecast Council Staff

Dr. Steve Lerch, Executive Director, Chief Economist
Mr. Bret Bertolin, Senior Economist
Mr. Eric Swenson, Senior Economist
Mr. Lance Carey, Senior Economist
Ms. desirée Monroy, Operations Manager
Mr. Grant Loyle, Research Analyst

This Publication is available on the Internet at <http://www.erfc.wa.gov>

Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

September 2013
Volume XXXVI, No. 3

This page left intentionally blank.

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 September 30, 2013

This page left intentionally blank.

Table of Contents

Preface	iii
List of Tables	vi
List of Figures	vii
Executive Summary	1
U.S. Economic Forecast.....	1
Washington Economic Forecast	3
Revenue Forecast.....	3
Chapter 1: U.S. Economy – Current Conditions and Forecast	5
Current Conditions	5
Forecast.....	12
Risks to the Forecast	19
Chapter 2: Washington Economy – Current Conditions and Forecast	25
Current Conditions	25
Washington State Forecast	30
Washington Payroll Employment	30
Washington Personal Income	33
Washington Building Permits	34
Seattle Consumer Price Index	34
Alternative Scenarios	35
Chapter 3: Washington State Revenue Forecast Summary	49
Overview.....	49
Recent Collection Experience	51
Legislative and Budget-Driven Revenue Changes	53
Revenue Forecasts by Source	54
Department of Revenue	54
Department of Licensing	57
The Office of Financial Management (Other Agencies)	58
State Treasurer.....	58
Insurance Commissioner	58
Liquor Control Board.....	59
Lottery Commission.....	59
Administrative Office of the Courts	60
Track Record for the 2011-13 Biennium	60
Track Record for the 2013-15 Biennium	60
The Relationship between the Cash and GAAP GF-S Revenue Forecasts	61
Budgetary Balance Sheet for the 2011-13 and 2013-15 Biennia	61
Alternative Forecasts for the 2013-15 Biennium	61
Near General Fund Forecasts for the 2011-13 - 2015-17 Biennia.....	62
Chapter 4: Comparing Employment by Occupation in Washington and the U.S. .	77
Introduction	77
Location Quotients	77
Manufacturing Occupations: U.S. vs. Washington	79
Conclusion	80
Appendix	83
Glossary	119

List of Tables

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

Table 1.1	U.S. Economic Forecast Summary	21
Table 1.2	Forecast Analysis	22
Table 1.3	Forecast Comparison	23

Chapter 2: Washington Economy – Current Conditions and Forecast

Table 2.1	Washington Economic Forecast Summary.....	39
Table 2.2	Comparison of Alternative Forecasts	40
Table 2.3	Governor’s Council of Economic Advisor’s Forecast	41
Table 2.3	Forecast Analysis	42
Table 2.4	Forecast Comparison	43

Chapter 3: Washington State Revenue Forecast Summary

Table 3.1	Revisions to the General Fund-State Forecast	50
Table 3.2	Collection Variance of Major General Fund-State Taxes by Agency.....	51
Table 3.3	General Fund-State Collections	63
Table 3.4	Taxable Retail Sales	64
Table 3.5	General Fund-State forecast by agency, 2011-13 biennium, Cash	65
Table 3.6	General Fund-State forecast by agency, 2011-13 biennium, GAAP.....	66
Table 3.7	General Fund-State forecast by agency, 2013-15 biennium, Cash	67
Table 3.8	General Fund-State forecast by agency, 2013-15 biennium, GAAP.....	68
Table 3.9	September 2013 General Fund-State Forecast	69
Table 3.10	Track Record for the 2011-13 General Fund-State Cash Forecast	70
Table 3.11	Track Record for the 2013-15 General Fund-State Cash Forecast	71
Table 3.12	Budget Balance Sheet.....	72
Table 3.13	Legislation affecting General Fund-State revenue	73
Table 3.14	Alternative Forecasts Compared to the Baseline Forecast, 2013-15	74
Table 3.15	Lottery Transfers by Fund, Cash.....	75
Table 3.16	Lottery Transfers by Fund, GAAP.....	75
Table 3.17	General Fund-State: History and Forecast of Components	76

Chapter 4: Washington State Revenue Forecast Summary

Table 4.1	Washington Employment by Occupational Category	81
Table 4.2	Manufacturing Employment by Occupation, U.S. and Washington	82

Appendix: Detail Components of the State Economic and Revenue Forecast

Table A1.1	U.S. Economic Forecast Summary, Annual	84
Table A1.2	U.S. Economic Forecast Summary, Quarterly	85
Table A1.3	Washington Economic Forecast Summary, Annual	88
Table A1.4	Washington Economic Forecast Summary, Quarterly	89
Table A2.1	U.S. Nonagricultural Employment by Industry, Annual	92
Table A2.2	U.S. Nonagricultural Employment by Industry, Quarterly.....	93
Table A2.3	Washington Nonagricultural Employment by Industry, Annual.....	96
Table A2.4	Washington Nonagricultural Employment by Industry, Quarterly	97
Table A3.1	U.S. Personal Income by Component, Annual	100
Table A3.2	U.S. Personal Income by Component, Quarterly	101
Table A3.3	Washington Personal Income by Component, Annual	104
Table A3.4	Washington Personal Income by Component, Quarterly	105
Table A4.1	Selected Inflation Indicators	108
Table A4.2	Chain-Weighted Price Indices.....	109
Table A5.1	Washington Resident Population and Components of Change	110

Table A5.2	Washington Population.....	111
Table A6.1	Summary of National and State Indicators	112
Table A6.2	Washington Business Indicators	113

List of Figures

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

Figure 1.1	Contributions to Percent Change in Real GDP.....	6
Figure 1.2	Full-Time versus Part-Time Employment	9
Figure 1.3	Housing Affordability	12
Figure 1.4	Refiners Acquisition Price of Crude Oil.....	15
Figure 1.5	Housing starts	16
Figure 1.6	U.S. and Eurozone GDP.....	17

Chapter 2: Washington Economy – Current Conditions and Forecast

Figure 2.1	Washington Employment.....	26
Figure 2.2	Construction Contract Square Footage	28
Figure 2.3	Washington Real Personal Income	29
Figure 2.4	Washington Employment.....	31
Figure 2.5	Washington Software Employment	32
Figure 2.6	Seattle CPI	35
Figure 2.7	Comparison of Washington and U.S. Economic Forecasts	44
Figure 2.8	Comparison of Alternative U.S. Economic Forecasts.....	47
Figure 2.9	Comparison of Alternative Washington Economic Forecasts	48

Chapter 3: Washington State Revenue Forecast Summary

Figure 3.1	GF-S Revenue as Percentage of State Personal Income.....	50
Figure 3.2	Revenue Act Collections	52
Figure 3.3	Taxable Real Estate Excise Activity	53
Figure 3.4	Taxable Sales as a Percentage of State Personal Income.....	54

Appendix:

Detail Components of the Washington State Economic and Revenue Forecast

Figure A7.1	Washington State Economic Indicators.....	114
Figure A7.2	Washington State Leading Indicators	115
Figure A7.3	Other State Economic Indicators	116
Figure A7.4	Other Economic Indicators	117

This page left intentionally blank.



Executive Summary

- **The national economy continues to move forward at a modest pace. There remain several significant threats to economic growth keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on the recovery. The federal government shutdown and impending debt ceiling negotiations are likely to weigh on the recovery.**
- **The sovereign debt crisis and weak growth in Europe remain significant threats to the U.S. economy. If this leads to a financial crisis, the U.S. economy could enter a new recession as well. Slowing Asian growth also poses a risk to the U.S. economic recovery.**
- **The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.6% in 2013, down from 1.9% from the previous forecast. Real GDP growth is expected to be 2.6% in 2014, 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from June.**
- **As expected in the June forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment and income grew slightly faster than expected.**
- **Washington housing permits have weakened however home prices continue to rise.**
- **Revenue collections for the 2013-15 biennium were \$138 million above the June forecast.**
- **The preliminary final tally of revenue for the 2011-13 biennium was \$24 million more than forecasted in June.**
- **The forecast for the 2013-15 biennium was increased by \$345 million, but \$123 million of the increase was the result of new legislation rather than increased economic activity.**
- **The forecast for the 2015-17 biennium was increased by \$342 million, with \$249 million of that amount coming from legislative changes.**

U.S. Economic Forecast

The national economy continues to advance at the same modest pace since the recovery began four years ago. There continue to be significant threats to economic growth keeping uncertainty elevated. Political discord in the nation's capital, violence in the

The economic recovery remains modest

Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Despite the uncertainty, economic activity since the June forecast has generally been in line with the baseline scenario with weak growth and high unemployment. Recent data suggest third quarter growth will remain subdued. Real consumer spending and core capital goods orders were weak, although consumer confidence is improving and the housing recovery is gathering momentum.

Federal fiscal policy remains a drag on the recovery

Federal fiscal policy remains a drag on economic growth both in terms of austerity measures enacted and uncertainty concerning future policy. As the federal stimulus winds down, government spending has been trending downward. Uncertainty regarding future fiscal policy continues to take a toll on consumer and business confidence as well. The government shutdown on October 1 has highlighted political discord and no budget deal appears imminent. Political wrangling surrounding the federal debt ceiling also has the potential to put a halt to recent gains in confidence. While monetary policy remains accommodative, there is emerging concern that missteps might be made here as well. While the current monetary policy stance is to continue monetary expansion until the labor market outlook improves substantially, it is likely that the Federal Reserve will begin tapering off its bond purchases later this year.

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

In addition to the threat of policy miscalculations domestically, the sovereign debt crisis in Europe remains a significant threat to the U.S. economy. Europe has just emerged from another prolonged recession, and real economic output remains below where it was five years ago. A slowdown of growth in China also remains a threat to the U.S. recovery due to international trade ties. Chinese GDP growth again slowed in the second quarter growing 7.5% on an annual basis compared to 7.7% in the first quarter and 7.9% in the fourth quarter of 2012. The leadership in China has indicated an increased emphasis on stable growth and they recently signaled a variety of near and medium-term projects that will ensure a steady demand for industrial products. The transition to a more consumer based economy away from the corporate and government sectors will probably limit the possibility of double-digit growth in the foreseeable future.

We expect moderate GDP growth throughout the forecast

With the continued uncertainty surrounding the U.S. economic recovery, growth remains modest. The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.6% in 2013, down from 1.9% from the previous forecast. Real GDP growth is expected to be 2.6% in 2014, 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from June. Since the June forecast, first quarter 2013 growth was revised down sharply, from 2.4% to 1.1% SAAR. Second quarter GDP growth was higher than expected, with 2.5% annualized growth compared to 1.8% expected in the June

forecast. We expect weaker growth for the remainder of 2013 with growth of 2.0% and 2.6% in the remaining two quarters compared to growth of 2.4% and 2.7% in the previous forecast.

Washington Economic Forecast

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

Since the June forecast was released, the state's economy has performed about as expected. Employment and income growth have been close to the forecast and historical estimates were revised up indicating a slightly stronger local economy. On the downside, housing permits have weakened and mortgage rates have jumped, threatening to slow down the housing recovery. Finally, it should be noted that the risks to the state economy, which come mainly from outside our borders, remain high. Chief among these are the ongoing budget impasse and weak Asian and European economies.

The Seattle area is leading the rest of the state in job growth

The recovery in jobs since the recession has been concentrated in the Seattle area. While employment in the Seattle Metropolitan Division (defined as King and Snohomish counties) fell more than in the rest of Washington, the recovery has been much stronger. As of August 2013, employment in the Seattle area was slightly higher than at its pre-recession peak while employment in the rest of Washington is still 48,800 (3.3%) lower.

Oil prices and mortgage rates are higher than assumed in June

The Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in June. The main forecast revisions in September are the assumption of higher oil prices in the near-term as Middle East tensions have risen yet again, and higher long-term interest rates. The U.S. forecast still expects moderate growth this year with growth accelerating in 2014 and 2015.

The Washington forecast is similar to the June assumption

Our September economic forecast for Washington is very similar to the forecast adopted in June. The housing recovery is a little weaker than assumed in June and Seattle area inflation is higher in the near-term. As in June, we expect Washington job and income growth to gradually improve throughout the forecast. We continue to expect the state of Washington to outperform the U.S. economy, however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

Revenue Forecast

The effects of the September economic forecast on revenue were mixed

Changes in the September economic forecast for Washington as compared to June's forecast were mixed. Forecasted employment was little changed but forecasted personal income was slightly higher. The forecasts of construction activity and housing permits were slightly lower but still represented strong growth. Revenue collections came in stronger than forecasted in

June and preliminary data indicated taxable activity in the second quarter was also stronger than expected. The net result of the forecast changes plus the revenue collection experience was a moderate increase in forecasted revenue, with most of the forecast increase related to economic activity concentrated in the near term and smaller increases in the future.

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

*11-13: \$24
13-15: \$345
15-17: \$342*

The preliminary estimate of GF-S revenue for the 2011-13 biennium, which ended on June 30, 2013, is \$30,670.0 million. This is \$23.5 million higher than forecasted on June 18th. As of September 18th, revenue collections for the 2013-15 biennium were \$137.6 million ahead of the June forecast. For the remainder of the biennium, changes to the economic forecast have increased forecasted revenue by \$84.4 million. In addition, legislation passed in the June 2013 second special session subsequent to the June forecast is expected to generate an additional \$123.0 million. The sum of these changes for the 2013-15 biennium is a forecast increase of \$345.0 million, with total biennial revenue of \$33,007.2 million. For the 2015-17 biennium, changes to the economic forecast added \$84.4 million and new legislation added \$249.1 million, for a total forecast increase of \$342.3 million. 2015-17 GF-S revenue is now forecasted to total \$35,699.4 million.



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

- **The national economy continues to move forward at a modest pace. There remain several significant threats to economic growth keeping uncertainty elevated.**
- **Federal fiscal policy remains a drag on the recovery. The federal government shutdown and impending debt ceiling negotiations are likely to weigh on the recovery.**
- **The sovereign debt crisis and weak growth in Europe remain significant threats to the U.S. economy. If this leads to a financial crisis, the U.S. economy could enter a new recession as well. Slowing Asian growth also poses a risk to the U.S. economic recovery.**
- **The U.S. economy grew at a 2.5% annualized rate (SAAR) in the second quarter of 2013. However, payroll employment has been slightly weaker than expected.**
- **The housing market recovery has hit a soft patch. Home prices continue to appreciate, but construction activity has slowed. Rising interest rates have led to a drop in affordability.**
- **The manufacturing sector is again expanding. Fears of a contraction in the sector have diminished.**
- **The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.6% in 2013, down from 1.9% from the previous forecast. Real GDP growth is expected to be 2.6% in 2014, 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from June.**
- **A robust recovery in housing remains the most significant upside risk, although this has been reduced since the previous forecast. Policy missteps at the federal level, a European financial meltdown, and a slowdown in Chinese growth are the major downside risks. Despite the relatively small change in the economic forecast, downside uncertainty remains high.**

Current Conditions

The economic recovery remains modest

The national economy continues to advance at the same modest pace since the recovery began four years ago. There continue to be significant threats to economic growth keeping uncertainty elevated. Political discord in the nation's capital, violence in the Middle East, declining housing affordability, and reduced economic growth overseas all threaten to derail the recovery. Despite the uncertainty, economic activity since the June

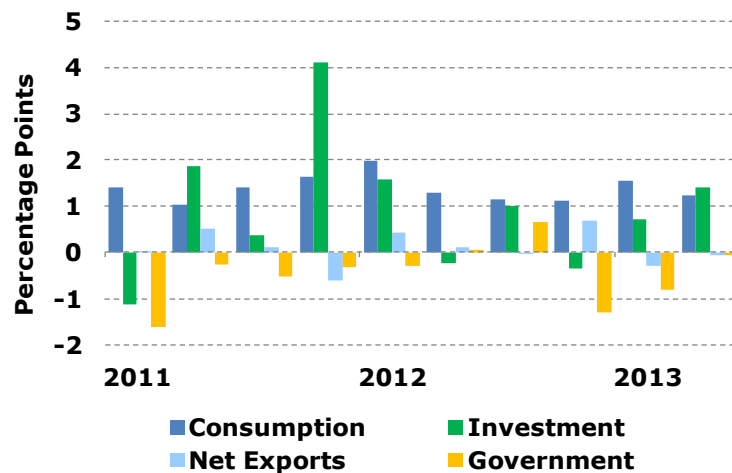
forecast has generally been in line with the baseline scenario with weak growth and high unemployment. Recent data suggest third quarter growth will remain subdued. Real consumer spending and core capital goods orders were weak, although consumer confidence is improving and the housing recovery is gathering momentum.

Federal fiscal policy remains a drag on the recovery

Federal fiscal policy remains a drag on economic growth both in terms of austerity measures enacted and uncertainty concerning future policy. As the federal stimulus winds down, government spending has been trending downward. Real government expenditures have declined in 12 of the past 15 quarters since the end of 2009 (see Figure 1.1). The automatic sequester spending cuts which further lowered government spending, are still in effect. Uncertainty regarding future fiscal policy continues to take a toll on consumer and business confidence as well. The government shutdown on October 1 has highlighted political discord and no budget deal appears imminent. Political wrangling surrounding the federal debt ceiling also has the potential to put a halt to recent gains in confidence. The debt ceiling became binding on May 19, but "extraordinary measures" will delay the need to raise the borrowing limit until October 17th. In August 2011, the inability of policymakers to raise the debt ceiling before the very last minute caused private sector confidence to plummet and contributed to the downgrading of U.S. sovereign debt.

Figure 1.1: Contributions to Percent Change in Real GDP

Government cutbacks have reduced GDP growth



Source: U.S. Bureau of Economic Analysis; data through 2013Q2

Monetary policy will likely remain accommodative

While monetary policy remains accommodative, there is emerging concern that missteps might be made here as well. Comments at the June Federal Open Market Committee meeting suggesting that the Fed could start trimming its stimulus policies later this year caused markets to react, driving the 10-year Treasury rate higher. This caused investors to immediately begin

to demand higher interest rates on mortgage loans and other financial products; a trend that the Fed now says is threatening to slow the economy. While the current monetary policy stance is to continue monetary expansion until the labor market outlook improves substantially, it is likely that the Federal Reserve will begin tapering off its bond purchases later this year. While inflation remains well below the Fed's target rate of 2%, and job growth remains modest, the Federal Open Market Committee will remain on a taper footing barring some unforeseen shock to the economy.

The crisis in Europe remains a significant threat to the recovery

In addition to the threat of policy miscalculations domestically, the sovereign debt crisis in Europe remains a significant threat to the U.S. economy. Europe has just emerged from another prolonged recession, and real economic output remains below where it was five years ago. Eurozone GDP grew at a meager 0.3% annualized rate, with Germany and France leading the way. Countries in the southern periphery remain in recession. The Euro area unemployment rate has continued to increase for the past two and a half years, matching a record-high 12.1% in July. The youth unemployment situation has been even worse. The unemployment rate of those under the age of 25 is now at 24.0%. Consumer confidence in the Eurozone has been increasing recently, however. Since the end of last year, confidence has slowly trended upward, and is now at a two year high. The financial condition of the Eurozone countries has also improved over the past year and a half, although the risk of a European financial crisis remains.

Slower growth in China remains a risk to the recovery

A slowdown of growth in China also remains a threat to the U.S. recovery due to international trade ties. Chinese GDP growth again slowed in the second quarter growing 7.5% on an annual basis compared to 7.7% in the first quarter and 7.9% in the fourth quarter of 2012. The leadership in China has indicated an increased emphasis on stable growth and they recently signaled a variety of near and medium-term projects that will ensure a steady demand for industrial products. A slowdown in housing may be a concern for near term growth however. Chinese leadership is in the process of cooling the real estate market to temper price growth. China has many structural risks in the economy that need to be resolved going forward. Senior leaders have emphasized that the existing growth pattern is unstable and unsustainable. The transition to a more consumer based economy away from the corporate and government sectors will probably limit the possibility of double-digit growth in the foreseeable future.

GDP growth in the second quarter was modest

With the continued uncertainty surrounding the U.S. economic recovery, growth remains modest. The U.S. economy grew at a 2.5% annualized rate (SAAR) in the second quarter of 2013 according to the Bureau of Economic Analysis. This was up from the dismal 1.1% growth in the first quarter and 0.1% in the

fourth quarter of 2012. Consumer spending slowed, growing 1.8% (SAAR), compared with a 2.3% (SAAR) increase in the first quarter. Nonresidential fixed investment rebounded from the first quarter, growing 4.7% (SAAR) compared to a 4.6% (SAAR) decline in the first quarter. Residential fixed investment again was strong, growing 14.2% (SAAR) in the second quarter. Growth has been above 10% (SAAR) in 5 of the past 7 quarters as the housing recovery has taken hold. Net exports remained a slight drag on growth, but less so than the first quarter. Government spending was also less of a drag compared to the first quarter, although it still reduced overall growth by 0.1 percentage points.

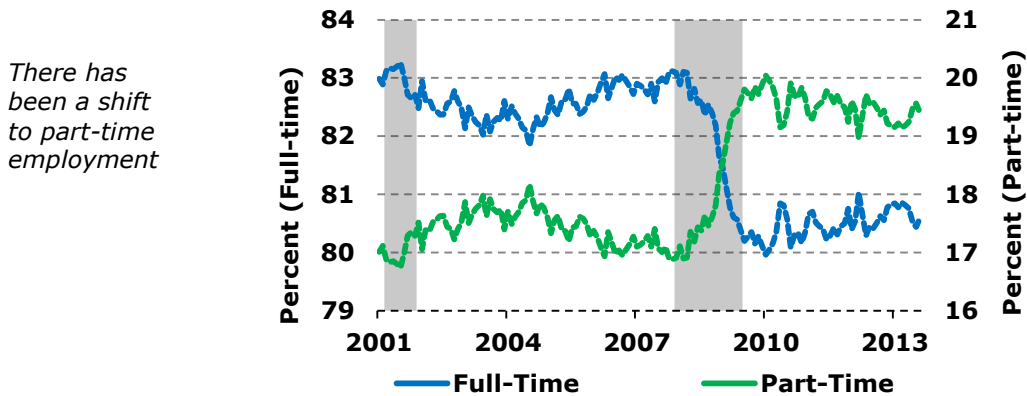
Personal income and consumption are growing

Rising personal income is a key for confidence to continue to rise and personal consumption expenditures to improve. Personal income growth increased 0.4% in August, the fastest increase since February. Wage growth was also 0.4% in August, equal to its strongest growth of the year. Real disposable personal income (income after taxes) growth was 0.3%, just outpacing real consumption which grew 0.2%. The savings rate increased slightly to 4.6% from 4.5%. Real spending growth was led by durable goods, which increased 0.8% in August. Auto sales have been particularly strong as the recovery has unfolded. U.S. light vehicle sales totaled 16.1 million (SAAR) in August, a post recession high. Sales have been helped by historically low interest rates and pent-up demand.

Employment growth has been worse than anticipated

Employment growth has been slightly worse than expected in the June forecast. Nonfarm payroll employment increased by 169,000 in August, up from a 104,000 job gain in July. Private sector payrolls added 152,000 while government payrolls gained 17,000. The government gain was the largest since last year, but it is likely due to a seasonal adjustment issue with teachers and will probably be reversed in the coming months. So far this year, the economy has added an average of 180,000 jobs per month, slightly less than the 183,000 average job gain in 2012. While job gains have continued to trend upward, much of the growth has skewed away from full-time employment. In the decade prior to the recession, 17.4% of the people employed were in part-time work. As the recession came to a close and businesses started hiring again, much of the new jobs were in part-time positions, causing this ratio to rise to 20.0% (see Figure 1.2). The ratio of part-time workers has fallen in recent months to 19.4% in July, but there does appear to be a structural change in the relationship between full-time and part-time employment. In addition, many of the jobs are in low paying industries such as retail trade, leisure and hospitality, and temporary help services. In fact, despite accounting for just 22% of total employment prior to the recession, these sectors have accounted for 42% of the total job growth since the employment trough in February 2010.

Figure 1.2: Full-Time versus Part-Time Employment



There has been a shift to part-time employment

Source: U.S. Bureau of Labor Statistics, data through August 2013

The unemployment rate is declining, although labor markets remain weak

The recent level of job growth is slowly starting to absorb some unemployed workers and reduce the unemployment rate. The unemployment rate fell in August to 7.3%, a post-recession low. The drop in August, however, was due to a 312,000 reduction to the labor force. This further reduced the labor-force participation rate to 63.2%, the lowest rate in 30 years. Joblessness remains high with 11.3 million people unemployed by the traditional measure. The most comprehensive measure of underemployment, which includes those marginally attached to the labor force plus total employed part-time for economic reasons, remains elevated at 13.7%. The number of seasonally adjusted new unemployment insurance claims points to a slowly recovering labor market as well. Initial claims remain on a downward trend and are now back to pre-recession levels. For the week ending September 21st, the four week moving average of initial claims increased by 7,000 to 308,000. The latest reading is down 17.9% from a year ago and down 53.2% since the peak in 2009.

Consumer confidence is improving but has shown some recent weakness

After years of pessimism following the 2007-09 recession, consumers finally started feeling optimistic in the second half of last year, pushing confidence measures to levels not seen since before the recession. The labor market recovery has continued and equity markets are hitting all-time highs. The housing market recovery has accelerated and people are feeling more confident about the value of their homes, typically their largest asset. The most recent reading of consumer sentiment from the University of Michigan shows that confidence slipped 4.6 points to 77.5 in September after remaining above 80 in each of the past four months. The Conference Board reading fell as well, dropping 2.1 points to 79.7 in September after remaining above 80 for three months. While the trend for both readings remains positive, consumer attitudes are likely being weighed down by

uncertainty from the nation's capital. The pending fight in Congress to raise the debt ceiling and the Fed's decision to taper its asset purchases have caused consumers again to be hesitant.

Small business confidence has improved

Small business confidence has been trending upward as well. The National Federation of Independent Business (NFIB) small business optimism remained essentially flat in August, dropping 0.1 points to 94.0. Like consumer confidence, small business confidence is approaching pre-recession levels after years of being depressed. While the latest reading of the index was little changed, components of the index seemed to indicate diverging views. On the plus side, the largest percentage of businesses since 2007 sees sales improving over the next few months. This lead to bullish hiring intentions expressed in the survey. Weighed down the index were weak sales and earnings, which have dropped over the past several months. Also, August saw an increase in the percentage of respondents who expect the economy will slow as we move toward the end of the year. The differing views likely reflect increased uncertainty regarding the durability of the economic recovery. This will probably persist as policy changes regarding federal and monetary policy get resolved.

Oil prices increased on recent Middle Eastern turmoil

Turmoil in the Middle East is once again affected energy prices. After falling to just over \$98 per barrel in April, oil prices have slowly trended upward before spiking in early September at \$116 per barrel. Prices have come down slightly, and are now at \$110 per barrel. While the tensions in Egypt, Syria, and Libya are not expected to permanently lift oil prices, the uncertainty is likely to drag on in the near term. Surprisingly, gasoline prices did not follow the sharp increase in oil, increasing just \$0.05 to \$3.68 in early September before falling to \$3.57 in the latest reading. Gas prices are now lower than they were a year ago. U.S. and Canadian oil production has risen, making up the lost supply from Middle Eastern countries. Demand remains relatively low as well. Consumers have changed their behavior as a result of the recession, using public transportation more, and finding other alternatives to driving alone. High youth unemployment and restrictions on teenage drivers have reduced driver's license registrations among this group and kept demand low even during the recovery.

Inflation remains low

Headline inflation has remained modest even as prices have been relatively volatile. Energy prices decreased 0.3% in August after increasing 0.2% in July. Energy prices are now down 0.1% year-over-year. Food prices moved up slightly, increasing another 0.1%, and are now up just 1.4% year-over-year. Overall, the consumer price index (CPI) increased 0.1% and is now up 1.5% year-over-year in August, a sharp drop from the 2.0% year-over-year increase in July. Core inflation, which excludes food and energy, rose 0.1% due to rising shelter costs, although it remains up just 1.8% year-over-year in May.

The recovery in housing has hit a soft patch

The recovery in housing has been disappointing in recent months. While the long-term trend remains positive, activity has been essentially flat since the end of last year. In addition, despite the strong growth prior to 2013, the level of activity remains well below normal. Housing starts increased 0.9% in August to 891,000 units (SAAR). The gain was led by single family construction which increased 7.0% while multi-family construction declined 11.1%. Housing starts are now down 92,000 since the end of last year. Housing permits dropped 2.9% in August due to a 13.3% drop in multi-family permits. Single family permits increased 3.0% to a post-recession high of 627,000 (SAAR) units. There remains a considerable level of underlying demographic demand as people have put off forming new households due to weakness in the economy. Overbuilding during the boom years also contributed to the depressed level of new starts. Now that these issues are diminishing, new homes will have to be built to meet the ever increasing demand from population growth.

Home sales continue to increase

Unlike housing construction, homes sales continue to increase. Sales of existing homes were up 1.7% in May to 5.48 million (SAAR), the highest level in six-and-a-half years. However, the recent increase may prove to be a temporary peak. Rising interest rates likely caused buyers to close deals as soon as possible. Inventories increased 0.4% to 2.25 million in August, but remain tight with just 4.9 months of supply on the market. Banks have continued to release more distressed homes on the market, but the negative effect on prices is diminishing. Distressed homes accounted for 12% of August sales, the lowest share since tracking began in October 2008. Rising house prices are enabling previously underwater homeowners to sell their home and trade up for more expensive homes. Tight supply and increasing demand have driven the median price up 14.7% since last year. New home sales have also benefitted from the rebound in the housing market. Sales of new homes increased 7.9% in August after dropping 14.1% in July after buyers pulled back from higher mortgage rates. New home sales are now 12.6% higher than a year ago.

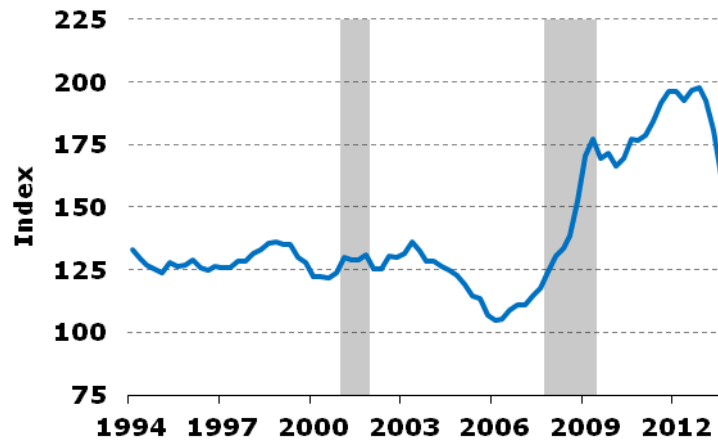
Home price appreciation has accelerated

Home price appreciation has accelerated in recent months after years of decline surrounding the 2007-09 recession. This had been a major hurdle to housing market recovery. Potential buyers were reluctant to enter the market when home values were declining. Banks are also less willing to lend against depreciating collateral. The seasonally adjusted Case-Shiller 20-city home price index increased 0.6% in July from the previous month, the eighteenth consecutive monthly increase. The index is now 12.3% above the year-ago level. While the recent increase in home prices has been generally positive to the overall housing market, affordability is starting to emerge as a concern (see Figure 1.3). Tight supply in some areas has led to multiple bidding; 17% of August sales occurred above the asking price. Mortgage rates have also increased. Rates spiked recently on

comments at the June Federal Open Market Committee meeting suggesting that the Fed could start trimming its stimulus policies later this. The average rate on a 30-year fixed loan rose to 4.46%, up sharply from 3.93% the previous week. Mortgage rates have since come down, averaging 4.32% in the latest report by Freddie Mac.

Housing affordability is declining

Figure 1.3: Housing Affordability



Source: National Association of Realtors; data through 2013Q3 estimated

The manufacturing sector is growing

The manufacturing sector, which had lost momentum through the middle of the year, is growing again. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector was again strong in August a surprise rebound in July. The ISM index improved to 55.7 from 55.4 the month before. Details from the report were mostly positive. New orders and production both had readings over 60, indicating robust growth, and the employment component remained above 50. The Federal Reserve's latest G-17 report, which measures manufacturing output growth, indicated growth as well. Output increased 0.7% (SA) in August and is now 2.6% above its year-ago level. Orders for core capital goods (nondefense capital goods excluding aircraft) increased 1.5% in August and is now up 4.0% since last year. While multiple headwinds remain for the manufacturing sector, output is growing again. Export markets remain weak, and government missteps are a major concern. However, fears of a decline in manufacturing activity earlier in the year are unlikely to materialize.

Forecast

This forecast is based on the latest Blue Chip Consensus forecast

The September 2013 economic forecast was based on a modified version of Global Insight's September 2013 Control forecast for the U.S. economy. As in June, the U.S. real GDP forecast was adjusted to match the Blue Chip Consensus GDP forecasts for

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

The latest forecast incorporates the latest BEA revisions

The September U.S. forecast incorporates the results of the 14th comprehensive revision of the National Income and Product Accounts. In addition to updating the reference year for prices and quantities from 2005 to 2009, there were two significant conceptual changes. Research and development (R&D) spending and the production of entertainment, literary, and artistic originals are included in a new intellectual properties products category of gross private domestic investment along with software which was previously included in equipment and software investment. Government R&D spending is also now included in government investment. The new categories of investment added 3.1% to the level of GDP in 2012. On the income side, the value of defined benefit pension benefits are now based on expected benefits earned rather than the contributions made to pension plans.

Real GDP growth is down from the previous forecast in 2013

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.6% in 2013, down from 1.9% from the previous forecast. Real GDP growth is expected to be 2.6% in 2014, 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017, which is unchanged from June. Since the June forecast, first quarter 2013 growth was revised down sharply, from 2.4% to 1.1% SAAR. Second quarter GDP growth was higher than expected, with 2.5% annualized growth compared to 1.8% expected in the June forecast. We expect weaker growth for the remainder of 2013 with growth of 2.0% and 2.6% in the remaining two quarters compared to growth of 2.4% and 2.7% in the previous forecast.

Uncertainty surrounds fiscal policy

Uncertainty regarding federal fiscal policy has continued as policymakers are set to embark on another round of political brinkmanship. With no deal in sight between the House, Senate, and White House, the federal government shut down on October 1. This was not included in our baseline forecast which assumed a short-term continuing resolution to fund the government for two or three months. We then expected policymakers to negotiate a longer-term budget deal, although it could also set up another threat of a shutdown near the end of the year. This is essentially unchanged from June where we expected the sequester to remain in place until December 31st. It was then assumed to be replaced by an agreement on a combination of increases in income taxes and spending cuts that fall on Medicare, Medicaid, and Social Security, as well as discretionary spending.

The debt ceiling will be reached soon

In addition to the threat of a government shutdown over a failure to agree on the budget deal, Congress will begin negotiations regarding the federal debt ceiling which is expected to be reached on October 17th. While the impacts of a government shutdown are large, the failure to raise the debt ceiling would have a much greater negative impact on the national economy. Although it is assumed that a deal will be reached, there remains a great deal of uncertainty over how a compromise can be made. Both political parties remain very far apart on how this will eventually be resolved. Even if a deal is reached at the last minute, the political brinkmanship and media coverage will have a damaging effect on consumer and business confidence much like it did with the debt ceiling fight of 2011.

Policymakers are focusing on deficit reduction

With policymakers focusing on deficit reduction, and federal fiscal tightening as stimulus spending winds down, the forecast calls for a \$55 billion reduction in the federal deficit between 2013 and 2014. After dropping sharply in 2013, we expect real defense spending to level off in 2014 and then fall gradually through the remainder of the forecast. Declining federal support is also affecting state and local governments. State and local administrations appear to have relied more on spending cuts than tax increases to close budget gaps. The pace of budget tightening has eased, however, as revenue from tax collections has started to improve. We expect total real government purchases to decline another 0.6% this year, reaching a trough after four years of cuts. We then expect low growth for the remainder of the forecast, gradually increasing to 1.1% in 2017. The decline in government spending will reduce overall GDP growth by 0.4 percentage points this year.

Consumer spending will not be a strong driver of GDP growth

The forecast for consumer spending growth is unchanged since June, although weakness earlier in the year caused growth for all of 2013 to be reduced from 2.3% to 2.0%. Consumer confidence continues to trend upward as the labor market slowly improves and home values rise. However, much like the recovery so far, personal income growth will remain modest and consumer spending will not be a strong driver of growth in the recovery as is usually the case. We expect real consumer spending growth of 2.5% in 2014 and 2.7% in 2015 and 2016 before moderating to 2.6% in 2017.

Personal income growth will continue

Real disposable personal income growth is expected to be weak for the remainder of the year with growth of just 0.5% in 2013. We do expect growth in real disposable personal income to pick up to 3.3% from 2014 through 2016, slightly less than expected in June. Growth is expected to reach 3.5% in 2017 compared to 3.4% in the previous forecast. Definitional changes mentioned above raised the level of disposable personal income, and with the minimal change to consumer spending, raised the personal saving rate throughout the forecast. The personal saving rate is

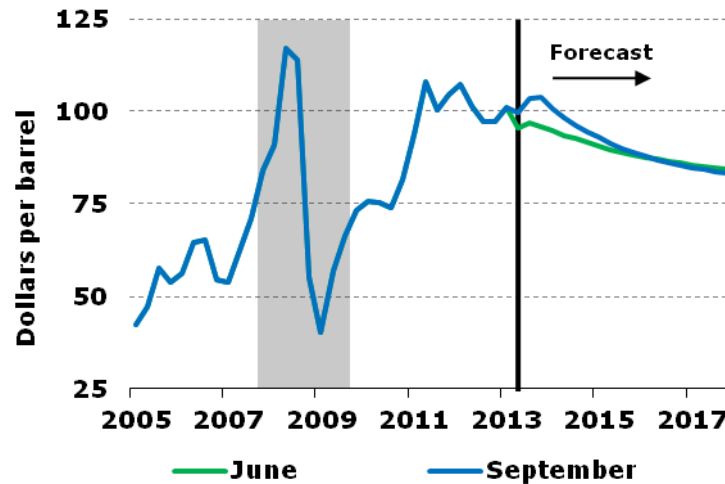
expected to increase gradually throughout the forecast, reaching 6.5% in 2017 compared to 4.9% expected in the June forecast.

Oil prices are higher in the near term, but fall faster throughout the forecast

The forecast for oil prices has moved sharply higher in the near-term as a result of increased turmoil in Egypt, Syria, and Libya. As of early September, Libya was producing at less than 10% of capacity due to a lengthy port strike and other production disruptions. Since June, Middle East turmoil is estimated to have raised Brent prices about \$12.50 per barrel. While oil prices are higher in the third and fourth quarters of this year as these disturbances unfold, they also fall faster in 2014-17 than expected in June (see Figure 1.4). We expect declining prices throughout the forecast, falling from about \$102 per barrel this year to \$84 per barrel in 2017. Oil prices are expected to remain under downward pressure for the next couple of years due to rising non-OPEC production, particularly in the U.S. Slower growth in Asia and weakness in Europe will continue to limit demand and put modest downward pressure on prices. In addition to declining oil prices, the weak economy will keep inflation subdued. We expect low headline inflation throughout the forecast ranging from 1.5% to 1.6%.

Figure 1.4: Refiners Acquisition Price of Crude Oil

Oil prices are expected to decline



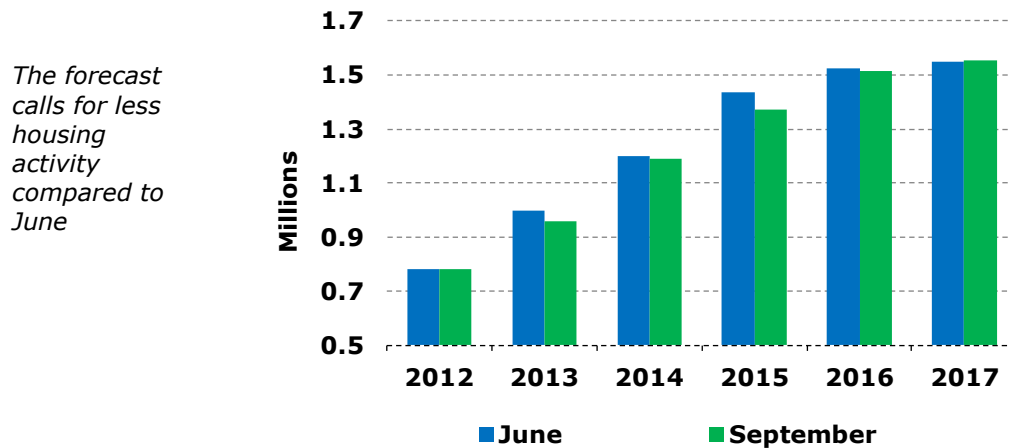
Source: DOE, ERFC September 2013 forecast; historical data through 2013 Q2

The recovery in housing has lost some momentum

The momentum in the housing sector appears to be waning. Growth has continued, but it is no longer accelerating, and activity remains at a very low base. Home prices are increasing again, with growth reaching double-digits in some areas. However, combined with rapidly rising interest rates, affordability is again becoming an issue. Housing starts hit a soft patch in the second quarter, and although we don't expect this to continue, we do expect slightly lower activity through 2015 (see Figure 1.5). Mortgage rates have risen sharply as markets reacted to comments by the Federal Reserve regarding scaling back its

purchases of mortgage backed securities. However, we expect rates to continue to rise slowly in the near-term, gradually reaching the path expected in the June forecast as the Fed tapering takes hold. Distressed properties continue to weigh on select markets throughout the country, depressing new construction and prices. Continued improvement remains dependent on job growth and access to financing. Pent-up demand for housing should spur growth going forward. The forecast expects robust growth in housing starts this year for both single and multi-family homes. Growth in multi-family starts is expected to be 19.4% this year before moderating to 13.5% in 2014 and 11.3% in 2015 before flattening out. The forecast calls for growth in single family starts of 23.6% this year, 29.1% in 2014 and 17.1% in 2015. The single-family segment is expected to reach 1.0 million units in 2015 from just 537 thousand in 2012. The housing market will continue to improve, particularly while interest rates remain low by historical standards and inventories are lean. Population remains on an upward trend and people will need a place to live. The forecast calls for total housing starts to reach 1.56 million in 2017, up from 783 thousand in 2012.

Figure 1.5: Housing Starts



Source: U.S. Census Bureau, ERFC September 2013 forecast; historical data through 2012

Business investment remains slow

Business investment remains slow as companies continue to face multiple headwinds. Vacancy rates for office buildings are still high and well above pre-recession levels. Demand for office space has been growing as businesses slowly expand, but it has not been enough to reduce the vacancy rate. Overbuilding prior to the recession and sharp job losses during the downturn has left an abundance of supply. Increasing borrowing costs due to rising interest rates will further limit demand for new structures. We do not expect any growth from nonresidential construction this year. Going forward, nonresidential construction is expected

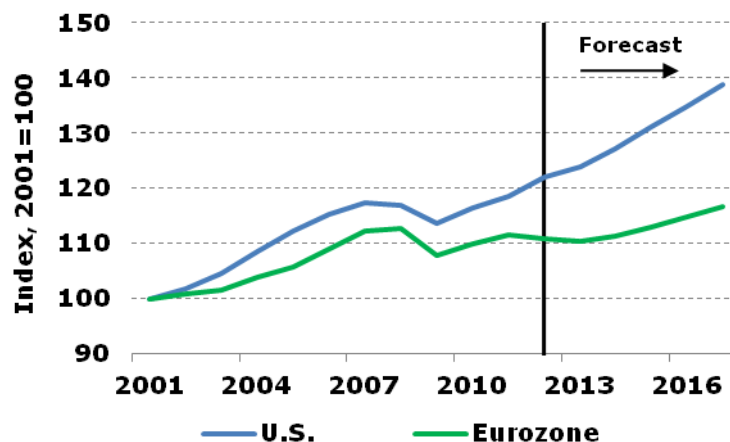
to improve and become a modest contributor to overall growth. Corporate profit margins are double the average since World War II and businesses have high cash balances. As the recovery continues to unfold and uncertainty regard federal fiscal and monetary policy eases, businesses will feel more confident to expand. The forecast calls for growth in 2014 of 3.7% followed by 4.6%, 9.7% and 7.0% in 2015 through 2017. The forecast also calls for an increase in equipment investment as businesses improve productivity by addressing replacement needs neglected during the recession. Although we do not expect to see a continuation of the robust growth early in the recovery, we do expect capital equipment to remain an important driver of GDP growth going forward. Investment in equipment and software is expected to grow 3.3% this year followed by growth of 8.5% in 2014 and 8.2 % in 2015. The forecast then calls for growth to moderate to 6.1% in 2016 and 5.8% in 2017. We expect overall real nonresidential fixed investment to grow 2.5% this year, 6.0% in 2014 as nonresidential construction picks up, 6.2% in 2015 and 2016, and then moderate to 5.6% in 2017.

Export growth remains weak

Export growth remains weak but should be helped by a gradually improving global economy as the forecast unfolds. We expect weak foreign demand for U.S. goods and services in the near term as economic growth in major U.S. trading partners remains slow. The crisis in Europe is far from over and the Eurozone has just recently emerged from a prolonged recession. Since emerging from the 2007-09 recession, the U.S. economy and Eurozone economy has taken a vastly different path (see Figure 1.6). While growth in the U.S. has been disappointingly slow, the Eurozone quickly fell into another recession. With severe

Figure 1.6: U.S. and Eurozone GDP

Austerity measures in Europe have resulted in a stagnant economy



Source: BEA, Eurostat, Blue Chip, IMF, ERFC September 2013 forecast; historical data through 2012

structural imbalances in member countries, un-accommodative monetary policy, and strict austerity measures still in effect, we expect this divergence to continue. The nonexistent economic growth has led to painfully high unemployment throughout the region with rates for the Eurozone as a whole hovering around 12% since the beginning of the year. This has had an adverse effect on consumer spending and reduced the exports of U.S. firms to Europe.

Growth in China has slowed

The weakness in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. China, which is our largest export market outside of North America, in particular has slowed. The Blue Chip Consensus Forecast expects real GDP growth in China of 7.5% for 2013 and 7.4% for 2014, down from 2012's 7.8% rate and not enough to generate strong export growth. GDP growth in major U.S. export markets is forecasted to grow 2.3% this year after growing 2.4% in 2012. GDP growth for these countries is expected to increase beginning in 2014 as sovereign debt problems are resolved and Europe ceases to be a significant drag. The forecast calls for growth in these countries to improve to 3.1% in 2014, 3.6% in 2015 and 2016 before moderating to 3.4% in 2017. We expect real U.S. export growth to slow to 2.4% this year, down from 3.5% in 2012. The forecast calls for export growth of 4.8% in 2014, gradually improving to 6.0% by 2016 and then 5.9% in 2017 as global economic conditions firm. Export growth is largely offset by increased imports through 2015, however. Net exports are expected to reduce GDP by 0.4 percentage points in 2014 and not contribute to real GDP growth until 2016 when they are expected to add 0.1 percentage points to growth and another 0.2 percentage points in 2017.

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

The outlook for payroll employment is only minimally changed compared to the June forecast. We do expect slightly higher growth this year and in 2014 compared to the previous forecast, but then slightly weaker growth through 2017. Growth in payrolls is expected to be 1.7% this year, up from the 1.6% growth anticipated in June and equal to the growth in 2012. We expect growth pick up to 1.8% in 2014 then moderate to 1.6% in 2015 and 2016 before falling to 1.3% in 2017. The forecast calls for the U.S. economy to add about 200,000 jobs per month through the end of this year and 2014 as private sector gains continue and job losses in the public sector begin to wind down. We expect employment growth to average 190,000 jobs per month in 2015 and 2016 as the recovery continues before slowing to 140,000 jobs per month in 2017. By the second quarter of 2014 we expect to have gained 8.8 million jobs since the recession trough in 2010, making up all of the job losses since the beginning of the Great Recession. As a result of the steady job growth, we expect an unemployment rate of 7.5% for 2013, gradually falling to 6.0% in 2017.

Private sector hiring will continue to outpace public sector hiring

Employment growth in nonfarm payrolls has been led by private sector hiring throughout the recovery as the public sector continued to be weighed down by budget concerns. Going forward, we expect this to continue even as government employment growth turns positive. Federal government employment will continue to decline throughout the forecast, but this will be offset by modest gains in state and local government employment. While the public sector is not expected to subtract from payrolls going forward, it will remain a drag on overall employment growth. The forecast calls for total government employment to decline another 0.3% this year after declining in each of the past three years. We expect government employment growth to turn positive in 2014 with growth of 0.4%. The forecast calls for public sector growth of 0.4%, 0.6% and 0.8% in 2015, 2016, and 2017. We expect private sector job growth of 2.1% this year and in 2014, down slightly from the 2.2% growth in 2012. Going forward, we expect private sector job growth to moderate and grow 1.9% in 2015, 1.8% in 2016 and 1.4% 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

The level of uncertainty remains high

Our view of the risks to the forecast has changed modestly since the June forecast. We have lowered the upside risks by 5% and raised the probability of the baseline scenario by 5%. The lower upside risk reflects, in part, a less likely scenario of a robust housing market expansion, although the chance does still remain. The higher baseline probability reflects the fact that some of the strength in housing has already occurred and is likely to continue. However, the level of uncertainty in the baseline still remains high. Downside risks remain elevated and higher than upside risks.

Downside Risks (30% Probability)

Fiscal tightening contributes to stall in growth

Fiscal tightening contributes to a stall in U.S. economic growth. The sequester spending cuts end up causing more damage to the recovery. Political gridlock settles in, with policymakers unable to agree to a plan to fund the government and the raise the debt ceiling. Facing a weak economy, policymakers decide on austerity and cut discretionary spending in 2014, further reducing growth. Private sector confidence plummets, lowering stock prices and economic activity.

Sovereign debt contagion

Sovereign debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal-tightening programs. Europe returns to recession territory and continued austerity measures increase the financial strains in Eurozone countries. Funding for Greece dries up and they leave

the Eurozone in 2014. The Greek exit puts intensifying pressure on Spain and Italy. Spain must eventually restructure its debt, triggering a European banking crisis which in turn would affect U.S. banks. Credit would tighten and economic activity would shrink, pushing the U.S. toward recession.

Slow Chinese growth

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

Turmoil in oil-producing countries

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

Unexpected events

Unexpected events – natural disasters, political upheaval, etc.

Upside Risks (15% Probability)

Housing improves faster than expected

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

Pent up demand is unleashed

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

Jobs

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

European banking crisis averted

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

Fiscal policy becomes supportive

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

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

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	14,569.6	14,921.8	15,278.4	15,584.6	15,916.6	16,379.5	16,882.4	17,356.7
% Ch	0.1	2.4	2.4	2.0	2.1	2.9	3.1	2.8
Real Consumption	9,909.3	10,178.2	10,407.4	10,615.1	10,851.6	11,142.3	11,443.3	11,744.3
% Ch	0.3	2.7	2.3	2.0	2.2	2.7	2.7	2.6
Real Nonresidential Fixed Investment	1,621.5	1,727.6	1,885.3	1,954.4	2,034.0	2,160.4	2,295.7	2,435.4
% Ch	-8.3	6.5	9.1	3.7	4.1	6.2	6.3	6.1
Real Residential Fixed Investment	394.4	374.8	405.3	462.9	539.5	619.6	676.5	696.1
% Ch	-7.9	-5.0	8.2	14.2	16.5	14.8	9.2	2.9
Real Personal Income	12,072.9	12,496.8	12,786.9	13,069.6	13,359.4	13,819.1	14,258.1	14,735.1
% Ch	-1.5	3.5	2.3	2.2	2.2	3.4	3.2	3.3
Real Per Capita Income (\$/Person)	39,090	40,157	40,793	41,387	41,979	43,090	44,117	45,244
% Ch	-2.3	2.7	1.6	1.5	1.4	2.6	2.4	2.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.010	1.027	1.052	1.067	1.080	1.096	1.112	1.129
% Ch	1.0	1.7	2.4	1.4	1.3	1.5	1.5	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.168	2.211	2.276	2.314	2.349	2.386	2.423	2.461
% Ch	1.0	2.0	2.9	1.7	1.5	1.5	1.6	1.6
Employment Cost Index (Dec. 2005=1.0)	1.112	1.130	1.150	1.171	1.195	1.222	1.251	1.281
% Ch	1.4	1.7	1.7	1.8	2.1	2.2	2.4	2.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,625.1	15,246.6	15,908.1	16,494.9	17,098.1	17,902.2	18,739.8	19,561.5
% Ch	0.7	4.2	4.3	3.7	3.7	4.7	4.7	4.4
Personal Income	12,189.9	12,837.6	13,446.8	13,940.3	14,434.9	15,148.6	15,861.7	16,636.5
% Ch	-0.5	5.3	4.7	3.7	3.5	4.9	4.7	4.9
Employment (Millions)								
U.S. Civilian Labor Force	153.9	153.6	154.3	155.3	156.9	158.5	159.7	160.9
Total U.S. Employment	138.9	139.4	141.2	143.2	145.3	147.7	149.6	151.1
Unemployment Rate (%)	9.76	9.27	8.53	7.79	7.32	6.82	6.34	6.07
Nonfarm Payroll Employment	129.73	130.56	132.65	134.80	137.22	139.55	141.84	143.99
% Ch	-3.2	0.6	1.6	1.6	1.8	1.7	1.6	1.5
Manufacturing	11.53	11.62	11.83	11.96	12.10	12.33	12.49	12.53
% Ch	-8.9	0.8	1.8	1.1	1.2	1.9	1.3	0.4
Durable Manufacturing	7.04	7.16	7.38	7.50	7.62	7.86	8.05	8.12
% Ch	-10.9	1.7	3.0	1.5	1.7	3.2	2.4	0.9
Nondurable Manufacturing	4.48	4.46	4.45	4.46	4.47	4.46	4.44	4.41
% Ch	-5.7	-0.5	-0.2	0.3	0.3	-0.3	-0.6	-0.6
Construction	5.66	5.49	5.60	5.72	5.93	6.39	6.95	7.43
% Ch	-14.5	-2.9	2.0	2.1	3.7	7.7	8.8	6.9
Service-Providing	111.87	112.70	114.38	116.26	118.30	119.93	121.49	123.10
% Ch	-1.8	0.7	1.5	1.6	1.8	1.4	1.3	1.3
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	75.2	89.4	95.0	92.3	103.3	92.6	86.4	83.3
Personal Saving/Disposable Income (%)	5.6	5.8	5.4	5.0	4.6	5.2	5.6	6.2
Auto Sales (Millions)	5.8	5.9	6.6	7.4	7.7	7.9	8.3	8.7
% Ch	6.7	2.9	11.6	12.0	4.4	2.2	4.9	5.4
Housing Starts (Millions)	0.594	0.570	0.687	0.877	1.071	1.284	1.457	1.541
% Ch	-8.1	-4.1	20.5	27.7	22.1	19.9	13.5	5.7
Federal Budget Surplus (Billions)	-1,328.6	-1,296.0	-1,168.9	-926.8	-781.2	-730.6	-702.9	-749.6
Net Exports (Billions)	-467.2	-544.0	-574.2	-517.4	-524.7	-543.1	-523.7	-510.4
3-Month Treasury Bill Rate (%)	0.12	0.12	0.05	0.08	0.08	0.10	1.18	3.08
10-Year Treasury Note Yield (%)	3.55	3.08	2.08	1.82	2.80	3.05	3.47	4.08
Bond Index of 20 G.O. Munis. (%)	4.37	4.56	3.96	3.75	4.74	4.82	5.06	5.51
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.53	4.53	4.74	5.24	6.08

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							
Implicit Price Deflator	4.3	4.4	3.8	3.4	3.4	3.1	3.1							
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							
Mortgage Rate	5.17	4.97	4.45	4.16	3.99	4.15	4.63							

Table 1.3

Fiscal Years

Forecast Comparison

Forecast 2014 to 2017

	2011	2012	2013	2014	2015	2016	2017
U.S.							
Real GDP							
September Baseline	14921.8	15278.4	15584.6	15916.6	16379.5	16882.4	17356.7
% Ch	2.4	2.4	2.0	2.1	2.9	3.1	2.8
June Baseline	13183.3	13450.7	13718.3	14030.9	14434.6	14880.1	15299.4
% Ch	2.2	2.0	2.0	2.3	2.9	3.1	2.8
Implicit Price Deflator							
September Baseline	1.027	1.052	1.067	1.080	1.096	1.112	1.129
% Ch	1.7	2.4	1.4	1.3	1.5	1.5	1.5
June Baseline	1.123	1.149	1.164	1.178	1.196	1.213	1.231
% Ch	1.9	2.3	1.3	1.2	1.5	1.4	1.5
Unemployment Rate							
September Baseline	9.27	8.53	7.79	7.32	6.82	6.34	6.07
June Baseline	9.27	8.53	7.78	7.40	7.00	6.49	6.14
Mortgage Rate							
September Baseline	4.59	4.01	3.53	4.53	4.74	5.24	6.08
June Baseline	4.59	4.01	3.49	3.91	4.39	5.24	6.03
3 Month T-Bill Rate							
September Baseline	0.12	0.05	0.08	0.08	0.10	1.18	3.08
June Baseline	0.12	0.05	0.08	0.09	0.08	1.01	2.94

This page left intentionally blank.



Chapter 2: Washington Economy – Current Conditions and Forecast

- **As expected in the June forecast, the Washington economy continues to expand at a moderate pace.**
- **Employment and income grew slightly faster than expected.**
- **The recovery in jobs since the recession has mostly occurred in the Seattle area.**
- **Washington personal income was revised generally higher as a result of the 14th comprehensive revision to the National Income and Product Accounts.**
- **Washington housing permits have weakened however home prices continue to rise.**
- **Washington aerospace employment declined less than expected in the June forecast.**
- **Inflation in the Seattle area remains low and close to the national rate.**
- **We expect the Washington economy to continue to outperform the U.S. economy by a narrow margin.**

Current Conditions

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

Since the June forecast was released, the state's economy has performed about as expected. Employment and income growth have been close to the forecast and historical estimates were revised up indicating a slightly stronger local economy. On the downside, housing permits have weakened and mortgage rates have jumped, threatening to slow down the housing recovery. Finally, it should be noted that the risks to the state economy, which come mainly from outside our borders, remain high. Chief among these are the ongoing budget impasse and weak Asian and European economies.

Job growth has been about strong as expected...

In the three months since the June forecast was adopted, the Washington economy added 11,400 jobs, 200 more than the 11,200 expected in the June forecast. The vast majority of the new jobs (9,200) were in private, service-providing sectors including 3,900 in trade, transportation, and utilities. The construction sector added 2,200 net new jobs in the last three

months. Construction has become Washington’s fastest growing industry with employment growth of 10,400 (7.5%) over the last year. The manufacturing sector shed 400 jobs in the last three months of which 200 were in aerospace. Government employment increased by 500 as hiring at the state and local level outweighed continued declines in federal employment.

But new data show higher historical employment

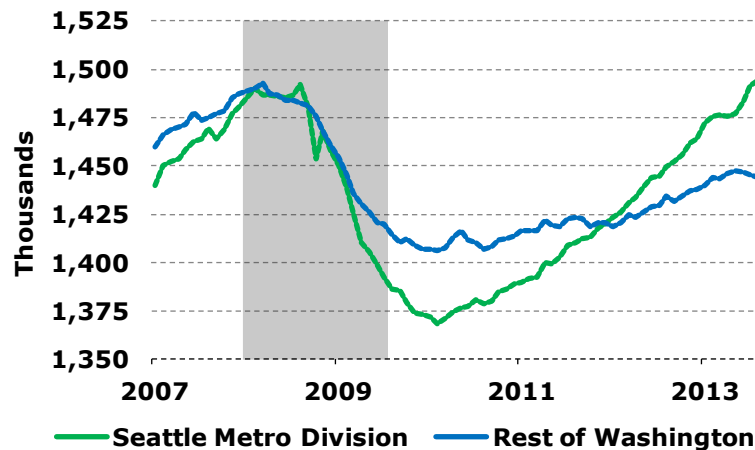
In addition to the three months of new employment data, we also have another quarter of Quarterly Census of Payrolls and Employment (QCEW) data. The new QCEW data and other revisions raised the level of total employment in May 2013 by 5,000. As a result of the upward revisions to history and stronger than expected growth, the total effect is 5,100 (0.2%) more jobs in August 2013 than expected in the June forecast.

The Seattle area is leading the rest of the state in job growth

The recovery in jobs since the recession has been concentrated in the Seattle area. While employment in the Seattle Metropolitan Division (defined as King and Snohomish counties) fell more than in the rest of Washington, the recovery has been much stronger. As of August 2013, employment in the Seattle area was slightly higher than at its pre-recession peak while employment in the rest of Washington is still 48,800 (3.3%) lower (see Figure 2.1).

Seattle has regained all the jobs lost in the recession

Figure 2.1: Washington Employment



Source: Washington State Employment Security Department; data through August, 2013

Weekly earnings growth has been slow

While the payroll data show continued growth in the number of jobs, the hours and earnings data have been disappointing. The twelve month moving average of average weekly hours worked in the private sector did increase from a recessionary low of 34.1 to 34.6 in September 2012 but has slipped back to 34.4 hours as of August 2013. Average weekly hours are still 2.4% lower than they were in 2007. Private sector average hourly earnings growth has also been disappointing. The twelve month moving

stopped growing in mid-2011 and remained flat through 2012. Early this year positive, but still modest earnings growth has resumed. As of September, the 12-month moving average was up 0.9% over the previous year. The average paycheck is determined by both average weekly hours and average hourly earnings. Average weekly earnings in the year ending in August 2013 were up a scant 0.5% over the previous year.

Unemployment insurance claims are at pre-recession levels

Washington's initial claims for unemployment insurance have moved sharply lower in recent weeks. The four-week moving average of initial claims declined to 8,455 in the week ending September 21 from 8,574 the previous week. Claims are as low now as they were in late 2007, before the beginning of the recession. The four-week moving average is now 49% below the peak reached in March 2009 but still 17% above the pre-recession minimum.

Housing permits weakened in the second quarter

Housing construction dropped sharply in the second quarter of 2013 after rising rapidly throughout 2012 and early 2013. The number of housing units authorized by building permits fell from 36,000 (SAAR) in the first quarter of 2013 to 27,700 in the second quarter. Preliminary data for the third quarter suggest little change. In July and August there were an average of 27,000 units authorized by building permits (SAAR) consisting of 18,300 single family units and 8,700 multi-family units.

Seattle area home prices are rising at double digit rates

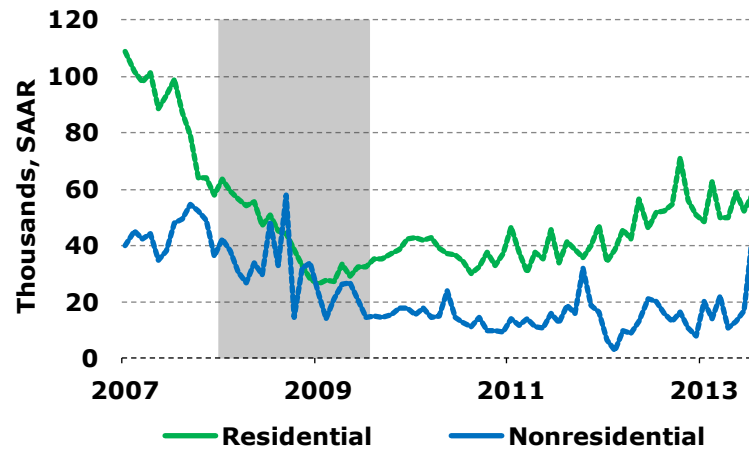
Regional home prices continue to rise. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices have risen in each of the last 17 months and, as of July, are now 12.4% higher than in the previous July. Though prices and mortgage rates have risen, homes are still relatively affordable. Even with the recent gains, Seattle area home prices are 18.1% lower than their 2007 peak.

Residential square footage has flattened but nonresidential has picked up

Contract data for new construction projects give an indication of the level of activity roughly six months in the future. Residential contracts trended higher throughout 2012, but, consistent with the housing permit data, have weakened in recent months. As of August 2013, the three-month moving average of residential contract square footage was more than double the March 2009 trough. This growth, however, is off a depressed level and square footage under contract is still down 52% since the height of the housing boom in late 2005. Nonresidential construction is a different story. Nonresidential construction remained at or near its all-time lows throughout 2012. However, nonresidential contracts jumped in July and August 2013, signaling that this sector may be finally turning around. Contract data averaged 32,300 square feet (SAAR) in June, July, and August which was the strongest three month moving average since November 2008.

Nonresidential construction may be finally growing

Figure 2.2: Construction Contract Square Footage



Source: Dodge/McGraw-Hill Construction; data through August 2013

Manufacturing may be slowing

The Institute of Supply Management - Western Washington Index (ISM-WW) continues to indicate positive but possibly slowing growth in the broader manufacturing sector. The index declined to 53.8 in August from 60.3 in July and 61.0 in June. Index values above 50 indicate positive growth while values below 50 indicate contractions. The last time the Western Washington index was below 50 was in July 2009.

Aerospace employment is declining

Aerospace employment, which had been responsible for much of the strength in manufacturing during the recovery, is now in decline. While aerospace employment held up better than we expected in that last three months, we have not changed our expectation of a downward trend over the next few years. As of August 2013, aerospace has lost 1,100 jobs since the peak in November 2012. We continue to believe that this downturn will be relatively mild due to the hefty backlog of orders. The current reductions are due to improvements in productivity. The steep cuts in the past have been associated with production cuts which we do not expect over the next few years.

Car sales are strong

After a slump in April and May, Washington new light vehicle registrations rebounded in June, July, and August. Vehicle registrations reached a new post-recession high of 279,800 vehicles (SAAR).

Exports are up on transportation equipment

Washington exports grew 15.0% from the second quarter of 2012 to the second quarter of 2013. Exports of transportation equipment (mostly Boeing planes) increased 42.4% over the year but exports of agricultural products fell 49.9%. Exports from all other Washington industries rose 6.7% over the year.

Personal income growth was slightly stronger than expected in the second quarter

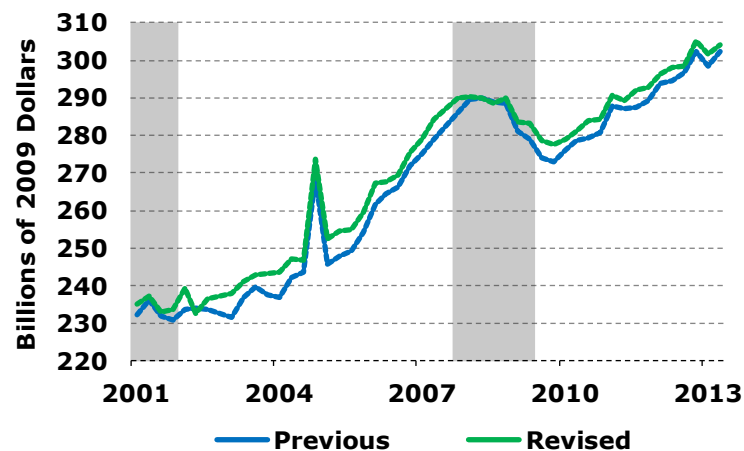
In late September, after our forecast adoption, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released preliminary state personal income estimates for the second quarter of 2013 and revised estimates from the first quarter of 2001 through the fourth quarter of 2012. According to these estimates, Washington personal income rose 0.9% (seasonally adjusted but not annualized) in the second quarter of 2013 which was the 30th best performance among the 50 states plus the District of Columbia and was slightly lower than the 1.0% increase for the U.S. as a whole. Washington personal income in the second quarter of 2013 was 3.2% higher than in the previous year which was 7th best among the states plus DC and exceeded the 2.7% year-over-year growth rate for the nation. The June forecast had expected 0.8% growth in the second quarter and 2.5% growth over the year.

Washington personal income now reflects the comprehensive revision of the NIPAs

Also in the September release, the BEA applied the results of the 14th comprehensive revision of the national income and product accounts (NIPAs) to the state personal income data. Comprehensive revisions occur about once every five years. They incorporate newly available data, update the reference year for prices and quantities, and allow for major changes in concepts, methods, and tables. In the revised estimates for personal income, defined benefit pension plans are now on an accrual basis rather than on a cash basis. In addition, the reference year for prices and quantities has been updated to 2009 from 2005. Initially the revisions were made to the data from 2001 to the present but eventually they will be carried back to 1929. The revised data show a generally higher level of income (see Figure 2.3). The revision raised the estimate for personal income in calendar year 2012 by \$2.9 billion (0.9%).

Figure 2.3: Washington Real Personal Income

The comprehensive revision raised the estimated level of Washington personal income in most years



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; data through 2013Q2

Seattle inflation remains moderate

Inflation in the Seattle area remains low and in line with national trends. In August 2013, the Seattle all items CPI was 1.1% higher than in the previous August which was slightly weaker than the 1.5% increase for the U.S. city average. The core index, which excludes food and energy, increased 1.3% over the year compared to 1.8% for the nation.

Washington State Forecast

Oil prices and mortgage rates are higher than assumed in June

The Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in June. The main forecast revisions in September are the assumption of higher oil prices in the near-term as Middle East tensions have risen yet again, and higher long-term interest rates. The U.S. forecast still expects moderate growth this year with growth accelerating in 2014 and 2015.

The Washington forecast is similar to the June assumption

Our September economic forecast for Washington is very similar to the forecast adopted in June. The housing recovery is a little weaker than assumed in June and Seattle area inflation is higher in the near-term. As in June, we expect Washington job and income growth to gradually improve throughout the forecast. We continue to expect the state of Washington to outperform the U.S. economy, however the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

Washington Payroll Employment

Employment is a little higher due to a data revision

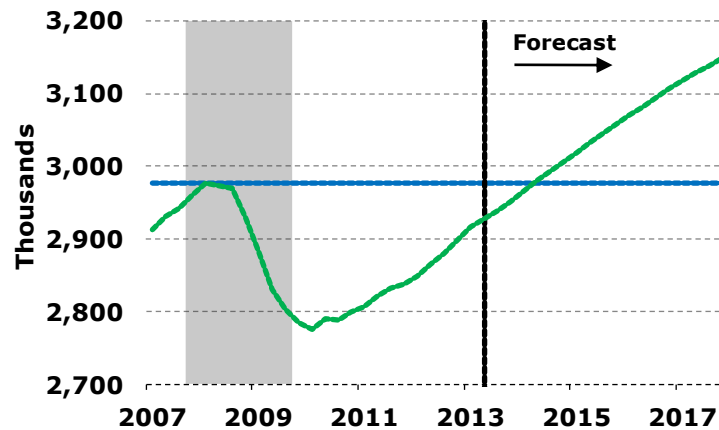
Overall, our September forecast of Washington employment is slightly higher in 2013 due to historical data revisions. Growth is generally slightly weaker during the remainder of the forecast in response to slightly weaker national growth. Over the entire period from 2013 through 2017, the new Washington employment growth forecast averages 1.8% per year, the same rate as in the June forecast.

The jobs recovery remains slow

Employment in the state has grown at an average annual rate of 1.6% since the employment trough in the first quarter of 2010 through the first quarter of 2013 compared to 1.5% for the nation. The 150,600 jobs gained over this period represent 75% of the 200,900 jobs lost in the downturn. We don't expect to get back to our pre-recession peak until the second quarter of 2014. This represents more than six years of lost employment growth (See Figure 2.4).

Washington will not regain all the jobs lost in the recession until the second quarter of 2014

Figure 2.4: Washington Employment



Source: WA State Employment Security Department, ERFC September 2013 forecast; historical data through 2013 Q2

We expect a gradual decline in aerospace employment

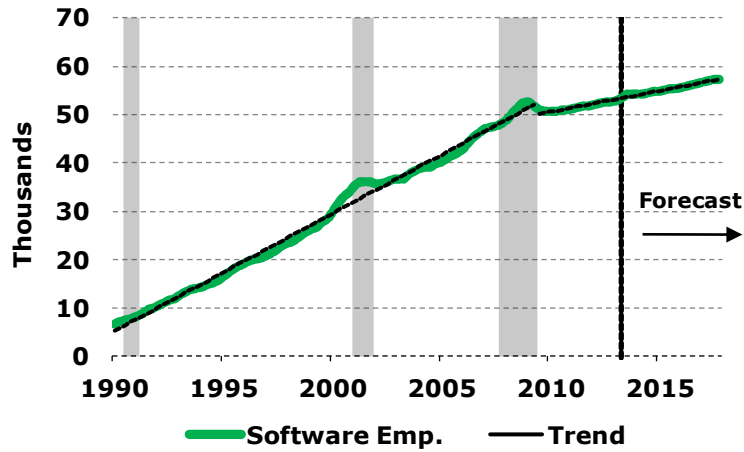
Despite rising production, aerospace employment has begun to decline once again. Aerospace employment usually peaks before production as developers and testers are laid off and productivity improves. Aerospace employment held up better than we expected in that last three months but we have not changed our expectation of a downward trend over the next few years. However, we believe that this downturn will be relatively mild due to the large backlog of orders. The current reductions are due to improvements in productivity whereas the steep cuts in the past have been associated with production cuts, which we do not expect over the next few years. On an annual average basis, we expect aerospace employment to grow 2.3% in 2013 before declining 2.0% per year in 2014 through 2017.

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

The software sector is growing again and has recovered all of the jobs lost in the recession. Growth since the recession has been positive but slower than the rapid growth in previous years. We expect the more moderate growth to continue (see Figure 2.5). The software sector will continue to have an outsized impact on the overall economy due to the high wages in this industry. Software employment rose 1.5% in 2011 and 1.4% in 2012 following an unprecedented 1.1% decline in 2010. This year is shaping up as the best year for software employment growth since before the great recession. We expect software employment to grow 2.5% in 2013. We expect growth rates of 1.4% per year in 2014 and 2015 and 1.7% per year in 2016 and 2017.

Figure 2.5: Washington Software Employment

Software employment growth has slowed since the recession



Source: WA State Employment Security Department, ERFC September 2013 forecast; historical data through 2013 Q2

We expect strong growth in construction employment

Construction employment finally stopped falling in early 2011 but remained essentially flat for a year. Employment growth finally turned positive a year ago. Construction employment has grown at a solid 8.9% annual rate from the first quarter of 2012 to the second quarter of 2013. Residential construction employment led the increase with a 9.8% growth rate but nonresidential construction also grew at a healthy 4.9%. On a calendar year basis, we expect residential construction employment to grow 9.8% this year and nonresidential employment will grow 5.4%. Total construction employment will grow 7.3% in 2013. We expect both residential and nonresidential construction to continue to grow throughout the forecast. Overall construction employment will grow of 5.4% in 2014 and 5.6% in 2015 before slowing to 5.1% and 4.4% in 2016 and 2017. Even with these impressive growth rates, construction employment will still be 25,600 below its previous peak at the end of 2017.

Financial activities employment will decline due to productivity growth and outsourcing

The slump in financial activities employment was even more protracted, though not as deep, as construction. Financial activities employment fell 19,400 jobs (12.2%) from a peak in the first quarter of 2006 to the trough in the first quarter of 2011. Employment in credit intermediation and related activities accounts for most of the decline, followed by real estate and rental and leasing. On a calendar year basis, financial activities employment grew 0.2% in 2011 and 1.6% in 2012. We expect a solid 2.1% growth rate this year based on monthly data through July. Going forward, we expect a declining trend in financial activities employment due to productivity growth and outsourcing. Employment will decline 0.2% in 2014, 1.0% in 2015, 1.3% in 2016, and 1.9% in 2017.

Retail trade employment has rebounded

Retail trade is another highly cyclical sector that declined early and sharply but has now turned around. Retail trade employment grew 1.5% in 2011 and 2.1% in 2012 following declines of 0.2%, 5.5%, and 0.4% in 2008, 2009, and 2010. We expect retail trade employment to 2.9% in 2013 based on fairly strong growth in recent quarters. The forecast assumes much weaker growth in the next four years as labor markets remain weak and households continue to repair their balance sheets. We expect growth to slow to 1.4%, 0.4%, 0.8%, and 0.6% in 2014 through 2017.

We expect strong growth in professional and business services employment

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. During a recovery, growth in this sector is boosted by gains in employment services, mainly temporary help services. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Employment growth in professional and business services rebounded to 4.0% in 2011 from just 0.6% in 2010 and a 6.9% decline in 2009. Growth slowed to 2.9% in 2012 due to a slowdown in employment services and big cuts in waste management (Hanford) and accounting services. We expect growth to remain very strong in this sector throughout the forecast with growth rates of 2.8%, 3.9%, 4.1%, 3.1%, and 2.7% in 2013 through 2017. Professional and business services employment surpassed its previous peak in the fourth quarter of 2012.

State and local government employment will grow moderately in 2014-2017

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around but we believe we have finally passed the trough. State and local government employment peaked in the fourth quarter of 2008 and declined almost continuously through the first quarter of 2012. Since then, employment levels have risen slightly. We expect essentially flat employment over the next two quarters with sustained but modest growth beginning in 2014. Still, we don't expect employment in the state and local government sector to regain its previous peak until the end of 2015. On an average annual basis, we expect state and local government employment to rise 0.6% this year, following a 0.3% decline last year. We expect employment growth to improve gradually in 2014 through 2017 with growth rates of 0.7%, 1.1%, 1.3%, and 1.2%.

Washington Personal Income

The comprehensive revision of the NIPAs is not reflected in the state personal income forecast

At the time the forecast was adopted, the changes made in the comprehensive revision of the National Income and Product Accounts (NIPAs) had not yet been extended to the BEA's state personal income estimates. The BEA released state estimates in late September that are consistent with the new national estimates and we will reflect those changes in the November

forecast. Our current estimate of Washington personal income in the first quarter of 2013 is \$0.6 billion (0.2%) higher than we expected in the June forecast.

Personal income growth will be faster than expected in June

Our new forecast for real personal income growth is slightly stronger than we expected in June. We now expect real personal income to grow at an average annual rate of 3.3% per year in calendar 2013, 2014, 2015, 2016, and 2017, up from 3.2% per year in the June forecast. Our new forecast for nominal personal income growth over the next 5 years averages 4.8% per year, up from 4.6% in the June forecast.

Washington Building Permits

Housing construction was weaker than expected in the second quarter

Housing construction was weaker than expected in the second quarter. The number of housing units authorized by building permits totaled 27,700 in the second quarter compared to 30,600 in the June forecast. We had anticipated a decline in the second quarter since the multi-family segment had been unusually strong in the first quarter, but the multi-family correction was even stronger than we had assumed. The number of multi-family units fell from 17,200 in the first quarter to 8,500 in the second quarter. We had expected multi-family units to decline to 11,300 units. On the other hand, the number of single-family units rose from 18,900 to 19,200 which was almost exactly the 19,300 units expected in the June forecast. In spite of the setback in the second quarter, we believe the outlook for housing construction in Washington remains positive.

The housing construction forecast is lower than in June

In addition to disappointing permit data in the second quarter, mortgage interest rates have risen more rapidly than expected in the June forecast. As a result, we have slightly lowered our housing forecast for 2013 through 2017. Multi-family construction, which is benefiting from rising rents and low vacancy rates, is back in the normal range for Washington, but single-family, which is still competing with a stream of distressed sales, remains relatively depressed. We believe the combination of low inventories and record affordability shift the mix towards of the single-family market. . We expect the total number of units to increase 12.5% this year to 31,600 units. Multi-family permits will grow 3.6% to 12,000 units while single-family construction will increase 18.7% to 19,600 units. We expect total housing units to rise 9.5% to 34,600 in 2014, 11.0% to 38,400 in 2015, 6.5% to 40,900 in 2016, and 0.4% to 41,100 in 2017.

Seattle Consumer Price Index

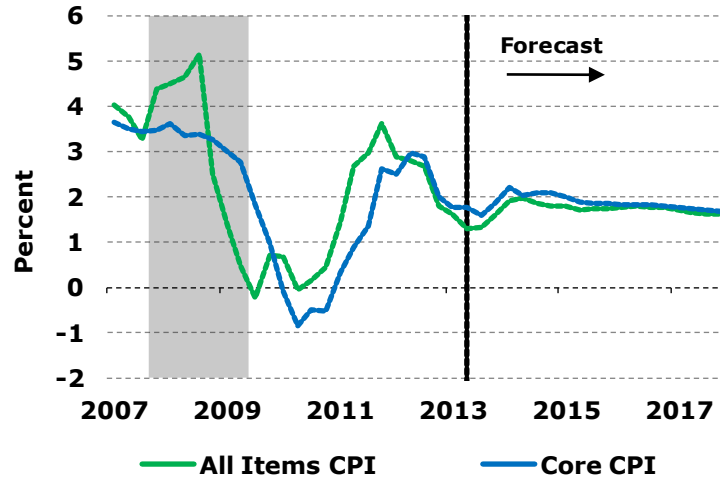
Seattle area inflation will slow as energy costs decline

Inflation, as measured by the Seattle Consumer Price Index, has increased sharply from less than one percent per year in 2009 and 2010. Declining shelter costs, which are measured by rents in the CPI, were responsible for much of the low inflation. Rents are now rising, however, and energy costs have risen sharply,

causing inflation to jump to 2.7% in 2011 and 2.5% in 2012. We expect declining oil prices during the remainder of the forecast which should help restrain inflation (see Figure 2.6). We expect Seattle area inflation to decline to 1.5% in 2013, 1.9% in 2014, 1.7% in 2015, 1.8% in 2016, and 1.7% in 2017.

Figure 2.6: Seattle CPI

Core inflation will remain higher than headline inflation in the forecast



Source: U.S. Bureau of Labor Statistics, ERFC September 2013 Forecast; historical data through 2013 Q2

Core inflation will remain moderate

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

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

Alternative Scenarios

Alternate forecasts are prepared in accordance with state law

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

Optimistic

In the optimistic scenario, the private- sector recovery continues and policymakers avoid imposing excessive fiscal restraint on the economy. This scenario is driven partly by a stronger recovery in residential construction. On the policy front, the sequester

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

spending cuts remain in place through the end of September, but then Congress agrees upon a credible long-term deficit-reduction plan, replacing the automatic cuts, passing a budget, and raising the debt ceiling. Across the Atlantic, European policymakers develop a credible pro-growth plan to tackle sovereign-debt issues and prevent a financial meltdown. In the rest of the world, favorable news from the United States and Europe leads to stronger emerging-market growth. With a stronger outlook and less fiscal uncertainty, consumer and business confidence rise sharply. The labor market continues to pick up steam, and by early 2014 the economy is adding about 300,000 jobs per month. The unemployment rate drops below 7.0% in late 2013 and reaches the Federal Reserve's critical 6.5% threshold in the second quarter of 2014.

The optimistic scenario also assumes a much stronger Washington economy

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that after declining in the first three quarters of 2013, aerospace employment resumes an upward trend through 2017 rather than continuing to fall as in the baseline. Software employment growth is also much stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due to the stronger regional economy as is average wage growth. The strong local economy also drives population growth higher. The recovery in construction employment is much stronger than in the baseline forecast with employment in the sector exceeding the previous peak in the first quarter of 2017. By the end of 2017, Washington nonagricultural employment is higher by 178,100 jobs than in the baseline forecast and Washington personal income is \$46.2 billion higher.

Pessimistic

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

In the pessimistic scenario, the combination of unwarranted fiscal tightening and a bleak global outlook combine to stall US economic growth. The sequester spending cuts are much more damaging to the economy than assumed in the baseline. Policymakers misinterpret weak growth and depressed private-sector confidence as a sign that further fiscal tightening is warranted. They therefore decide to impose further cuts on discretionary spending in 2014, taking yet another chunk out of economic growth. Private sector confidence sinks, stock prices plunge, and the US economy takes another tumble. Simultaneously, the global outlook deteriorates, reducing the appetite for US exports. As sovereign debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal-tightening programs, Europe returns to recession territory. Political instability exacerbates the financial strains and Greece eventually exits the Eurozone in 2014, as funding from the "troika" dries up. Spain and Italy, in particular, face severe economic contractions and a renewed rise in interest rates to finance their debts; Spain must eventually

restructure its debt. In addition, global growth is restrained by a harder landing in China and weaker growth in other emerging economies. Businesses cut payrolls. In turn, this leads to depressed wages, low profits, and declining employment, with the unemployment rate rising back over 8%.

This scenario also assumes a weaker local economy

At the state level, aerospace employment declines much more rapidly in 2013 through 2017 than assumed in the baseline forecast. Software employment also begins to decline in the fourth quarter of 2013. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment is essentially flat in the pessimistic alternative rather than rising as in the baseline. The Seattle CPI is lower than in the baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2017, Washington non-agricultural employment is 171,100 lower than in the baseline forecast and Washington personal income is \$40.0 billion lower.

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

Governor's Council of Economic Advisors (GCEA)

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

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

At the national level, the GCEA outlook for real GDP growth is slightly higher than the baseline forecast in calendar years 2013 but weaker in 2015 through 2017. Overall, the two GDP forecasts were very similar. Real consumer spending growth in the Governor's Council scenario was the same as the baseline forecast this year, slightly lower in 2014 and 2015, and the same in 2016 and 2017. Overall, the GCEA consumer spending forecast is a little weaker than the baseline forecast. The GCEA members do expect higher inflation in every year. As a result, nominal consumption is higher in the Governor's Council scenario than in the baseline forecast. The GCEA expects slightly higher oil prices in each year of the forecast. The Council members' mortgage rate forecast is the same as the baseline forecast in 2013 but lower in 2014 through 2017.

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

The GCEA scenario for Washington is also similar to the baseline forecast. Their real personal income forecast averages 3.1% per year compared to the baseline forecast of 3.3% but, because they expect higher inflation, their nominal personal income forecast is slightly higher (4.9% versus 4.8%). The council members' forecast for total employment is very close to the baseline forecast in each year. Overall, their forecast expects and average employment growth rate of 1.8% per year, the same average rate as in the baseline forecast. The GCEA forecast for manufacturing employment is lower than the baseline forecast.

The GCEA construction employment forecast is slightly lower than the baseline forecast even though their housing permit forecast is higher. At the end of 2017, the GCEA forecast for Washington nonfarm employment is 10,200 higher than in the baseline forecast and Washington personal income is \$2.4 billion higher.

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

Table 2.1
Washington Economic Forecast Summary
 Forecast 2014 to 2017

Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	275.451	283.766	291.307	299.918	308.610	320.315	331.279	342.891
% Ch	-3.1	3.0	2.7	3.0	2.9	3.8	3.4	3.5
Real Wage and Salary Disb.	145.593	147.982	151.875	156.711	160.866	166.503	171.922	176.824
% Ch	-2.4	1.6	2.6	3.2	2.7	3.5	3.3	2.9
Real Nonwage Income	129.858	135.784	139.432	143.207	147.744	153.812	159.357	166.067
% Ch	-3.9	4.6	2.7	2.7	3.2	4.1	3.6	4.2
Real Per Capita Income (\$/Person)	40,992	41,770	42,406	43,194	43,979	45,162	46,195	47,281
% Ch	-4.0	1.9	1.5	1.9	1.8	2.7	2.3	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.010	1.027	1.052	1.067	1.080	1.096	1.112	1.129
% Ch	1.0	1.7	2.4	1.4	1.3	1.5	1.5	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.264	2.290	2.360	2.404	2.445	2.488	2.532	2.576
% Ch	0.3	1.2	3.1	1.8	1.7	1.8	1.8	1.7
Average Nonfarm Annual Wage	50,383	51,892	53,759	55,145	56,349	58,156	59,983	61,668
% Ch	2.5	3.0	3.6	2.6	2.2	3.2	3.1	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.53	23.75	24.04	24.19	24.23	24.67	25.15	25.65
% Ch	6.8	0.9	1.2	0.6	0.1	1.8	2.0	2.0
Current Dollar Income (Billions of Dollars)								
Personal Income	278.117	291.496	306.336	319.892	333.457	351.133	368.539	387.137
% Ch	-2.2	4.8	5.1	4.4	4.2	5.3	5.0	5.0
Disposable Personal Income	252.036	261.816	273.401	283.503	294.306	309.954	325.512	342.152
% Ch	-0.8	3.9	4.4	3.7	3.8	5.3	5.0	5.1
Per Capita Income (\$/Person)	41,389	42,906	44,593	46,071	47,519	49,506	51,390	53,381
% Ch	-3.0	3.7	3.9	3.3	3.1	4.2	3.8	3.9
Employment (Thousands)								
Washington Civilian Labor Force	3,520.8	3,494.4	3,485.6	3,477.4	3,506.0	3,551.6	3,592.8	3,634.1
Total Washington Employment	3,169.6	3,159.8	3,181.7	3,215.7	3,265.5	3,323.0	3,374.9	3,419.7
Unemployment Rate (%)	9.97	9.57	8.72	7.53	6.86	6.44	6.07	5.90
Nonfarm Payroll Employment	2,788.8	2,804.3	2,846.1	2,905.4	2,959.2	3,012.5	3,063.1	3,111.7
% Ch	-3.9	0.6	1.5	2.1	1.9	1.8	1.7	1.6
Manufacturing	258.4	262.0	274.8	285.3	289.5	295.0	298.2	299.0
% Ch	-7.4	1.4	4.8	3.8	1.5	1.9	1.1	0.3
Durable Manufacturing	184.5	187.5	199.2	209.0	211.8	216.4	219.1	219.3
% Ch	-8.4	1.6	6.2	4.9	1.3	2.2	1.3	0.1
Aerospace	81.1	82.5	90.8	96.6	95.5	93.5	91.7	89.8
% Ch	-2.2	1.7	10.0	6.4	-1.2	-2.0	-2.0	-2.0
Nondurable Manufacturing	73.9	74.5	75.6	76.3	77.8	78.6	79.1	79.7
% Ch	-4.6	0.9	1.5	0.9	2.0	1.1	0.6	0.7
Construction	146.4	138.1	136.6	144.1	153.0	161.5	170.2	178.5
% Ch	-19.2	-5.7	-1.1	5.5	6.2	5.6	5.4	4.9
Service-Providing	2,378.1	2,398.3	2,428.8	2,470.1	2,510.5	2,549.0	2,587.0	2,626.2
% Ch	-2.4	0.8	1.3	1.7	1.6	1.5	1.5	1.5
Software Publishers	50.8	51.2	52.0	52.9	54.2	54.9	55.7	56.6
% Ch	-2.6	0.9	1.6	1.7	2.4	1.2	1.5	1.8
Nonfarm Payroll Employment, EOP*	2,790.1	2,821.5	2,866.0	2,926.9	2,980.8	3,030.9	3,081.8	3,128.1
% Ch*	-1.4	1.1	1.6	2.1	1.8	1.7	1.7	1.5
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	19.272	20.731	23.916	30.672	32.553	36.510	40.078	41.136
% Ch	-2.5	7.6	15.4	28.3	6.1	12.2	9.8	2.6
Single-Family	15.234	13.473	14.120	18.511	20.940	23.633	26.600	28.300
% Ch	17.1	-11.6	4.8	31.1	13.1	12.9	12.6	6.4
Multi-Family	4.038	7.258	9.796	12.161	11.613	12.877	13.478	12.836
% Ch	-40.1	79.7	35.0	24.1	-4.5	10.9	4.7	-4.8
30-Year Fixed Mortgage Rate (%)	5.00	4.59	4.01	3.53	4.53	4.74	5.24	6.08

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

Table 2.2
Comparison of Alternative Forecasts

Fiscal Years

	2012	2013	2014	2015	2016	2017
U.S.						
Real GDP, Percent Change						
Optimistic	2.4	2.0	3.0	4.6	3.7	3.5
Baseline	2.4	2.0	2.1	2.9	3.1	2.8
Pessimistic	2.4	2.0	0.9	0.8	2.4	2.5
Implicit Price Deflator, Percent Change						
Optimistic	2.4	1.4	1.7	1.7	1.2	1.4
Baseline	2.4	1.4	1.3	1.5	1.5	1.5
Pessimistic	2.4	1.4	0.7	1.2	2.1	2.5
Mortgage Rate, Percent						
Optimistic	4.01	3.53	4.81	6.13	6.65	6.74
Baseline	4.01	3.53	4.53	4.74	5.24	6.08
Pessimistic	4.01	3.53	4.25	4.15	4.76	5.59
3 Month T-Bill Rate, Percent						
Optimistic	0.05	0.08	0.24	1.71	3.61	3.87
Baseline	0.05	0.08	0.08	0.10	1.18	3.08
Pessimistic	0.05	0.08	0.04	0.06	0.06	0.07
Washington						
Real Personal Income, Percent Change						
Optimistic	2.7	3.0	4.8	6.7	6.5	5.3
Baseline	2.7	3.0	2.9	3.8	3.4	3.5
Pessimistic	2.7	3.0	0.7	0.4	0.6	1.1
Personal Income, Percent Change						
Optimistic	5.1	4.4	6.6	8.5	7.8	6.8
Baseline	5.1	4.4	4.2	5.3	5.0	5.0
Pessimistic	5.1	4.4	1.4	1.6	2.7	3.6
Employment, Percent Change						
Optimistic	1.5	2.1	2.6	3.3	3.0	2.7
Baseline	1.5	2.1	1.9	1.8	1.7	1.6
Pessimistic	1.5	2.1	1.0	0.0	0.2	0.6
Housing Permits, Thousands of Authorized Units						
Optimistic	23.9	30.7	35.8	44.0	49.4	51.4
Baseline	23.9	30.7	32.6	36.5	40.1	41.1
Pessimistic	23.9	30.7	28.6	29.8	31.7	31.7

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

Calendar Years

	2013	2014	2015	2016	2017
U.S.					
Real GDP					
<i>Growth</i>					
ERFC	1.6	2.6	3.1	2.9	2.8
GCEA Average	1.7	2.6	2.9	2.7	2.7
Real Consumption					
<i>Growth</i>					
ERFC	2.0	2.5	2.7	2.7	2.6
GCEA Average	2.0	2.2	2.5	2.7	2.6
Implicit Price Deflator, PCE					
<i>Growth</i>					
ERFC	1.2	1.5	1.4	1.5	1.4
GCEA Average	1.3	1.7	1.8	1.8	1.7
Mortgage Rate					
<i>Percent</i>					
ERFC	4.0	4.6	4.9	5.6	6.4
GCEA Average	4.1	4.6	5.1	5.7	5.8
Oil Price (Brent)					
<i>Dollars per barrel</i>					
ERFC	108.9	104.2	98.1	93.6	90.8
GCEA Average	109.0	105.4	100.4	96.7	96.2
Washington State					
Real Personal Income					
<i>Growth</i>					
ERFC	2.1	3.8	3.6	3.5	3.6
GCEA Average	2.2	3.4	3.5	3.3	3.4
Wage and Salary Employment					
<i>Growth</i>					
ERFC	2.1	1.8	1.7	1.7	1.5
GCEA Average	2.2	1.9	1.8	1.7	1.6
Manufacturing Employment					
<i>Growth</i>					
ERFC	2.6	1.8	1.4	0.6	0.2
GCEA Average	2.4	1.3	0.9	0.7	0.4
Construction Employment					
<i>Growth</i>					
ERFC	7.3	5.4	5.6	5.1	4.4
GCEA Average	6.2	5.7	5.9	5.3	4.2
Housing Permits					
<i>Thousands of authorized units</i>					
ERFC	31.6	34.6	38.4	40.9	41.1
GCEA Average	31.8	36.0	41.5	42.2	41.7
Washington Average Annual Wage					
<i>Growth</i>					
ERFC	1.8	2.8	3.2	3.0	2.9
GCEA Average	1.9	2.8	3.1	3.0	3.0

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							
Personal Income	11.5	11.4	11.5	11.0	11.0	10.6	10.7							
Real Personal Income	6.9	6.7	7.4	7.3	7.3	7.3	7.4							
Total (Thousands of units), 2013:3 to 2015:2														
Housing Units Authorized	64.2	61.8	63.6	64.4	70.1	72.6	69.1							

Table 2.5
Forecast Comparison
 Forecast 2014 to 2017

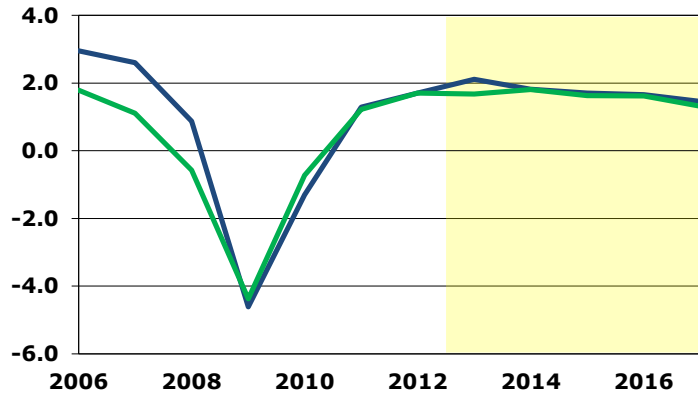
Fiscal Years

	2011	2012	2013	2014	2015	2016	2017
Washington							
Real Personal Income							
September Baseline	283.766	291.307	299.918	308.610	320.315	331.279	342.891
% Ch	3.0	2.7	3.0	2.9	3.8	3.4	3.5
June Baseline	259.564	266.465	274.414	282.163	292.155	301.902	312.364
% Ch	2.9	2.7	3.0	2.8	3.5	3.3	3.5
Personal Income							
September Baseline	291.496	306.336	319.892	333.457	351.133	368.539	387.137
% Ch	4.8	5.1	4.4	4.2	5.3	5.0	5.0
June Baseline	291.496	306.229	319.498	332.375	349.469	366.200	384.491
% Ch	4.8	5.1	4.3	4.0	5.1	4.8	5.0
Employment							
September Baseline	2804.3	2846.1	2905.4	2959.2	3012.5	3063.1	3111.7
% Ch	0.6	1.5	2.1	1.9	1.8	1.7	1.6
June Baseline	2804.3	2846.1	2902.8	2951.2	3007.0	3064.7	3114.6
% Ch	0.6	1.5	2.0	1.7	1.9	1.9	1.6
Housing Permits							
September Baseline	20.731	23.916	30.672	32.553	36.510	40.078	41.136
% Ch	7.6	15.4	28.3	6.1	12.2	9.8	2.6
June Baseline	20.731	23.916	31.403	33.997	38.574	42.140	42.331
% Ch	7.6	15.4	31.3	8.3	13.5	9.2	0.5

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

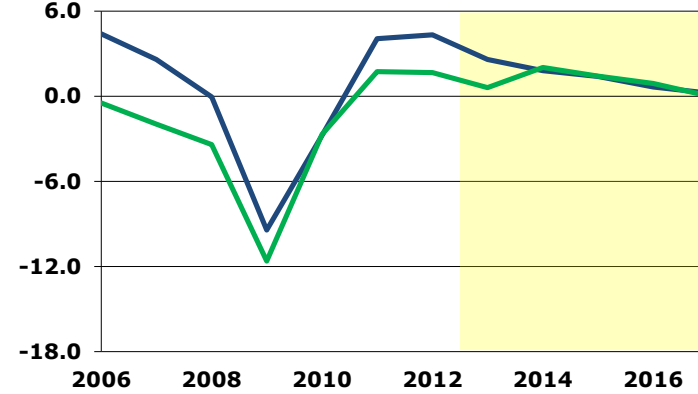
Forecast

Total nonfarm payroll employment



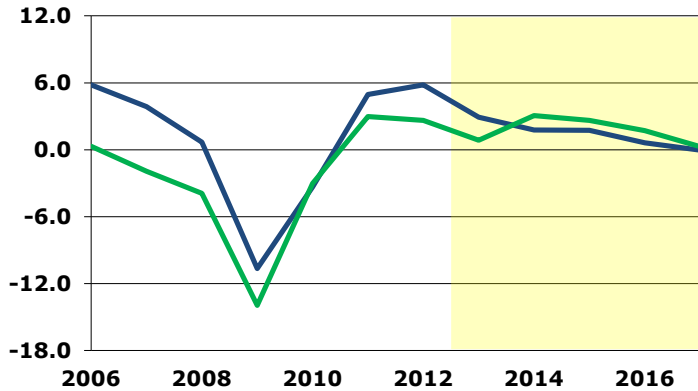
Source: WA State Employment Security Dept. 2012, ERFC 2017

Manufacturing employment



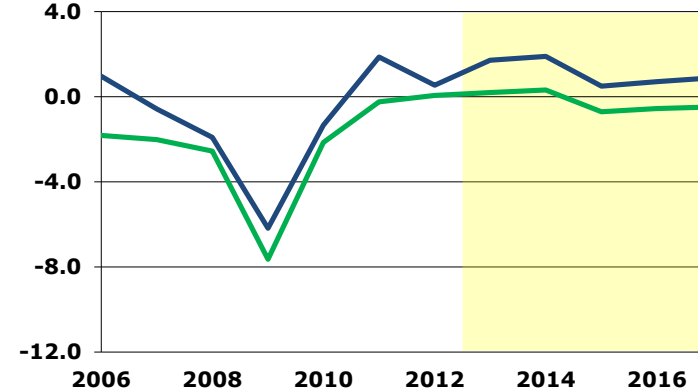
Source: WA State Employment Security Dept. 2012, ERFC 2017

Durable manufacturing employment



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

Nondurable manufacturing employment



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

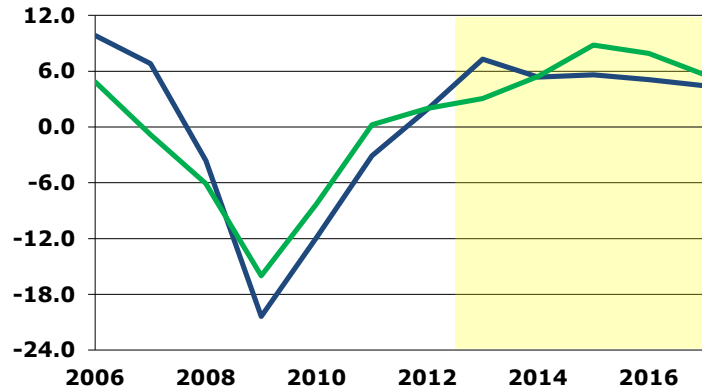
Washington

U.S.

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

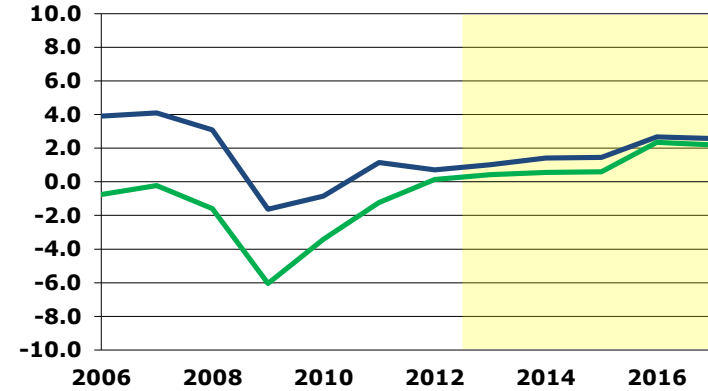
Forecast

Construction employment



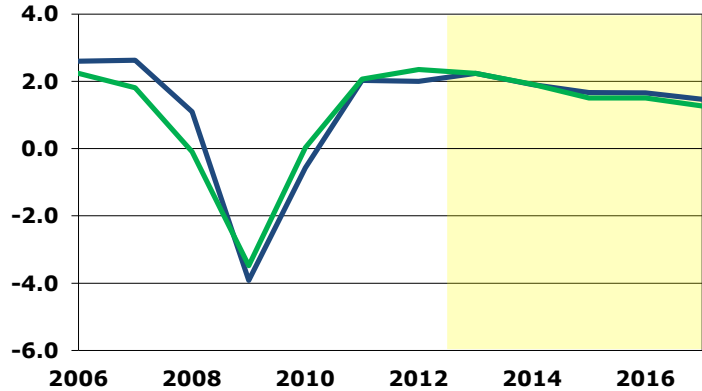
Source: WA State Employment Security Dept. 2012, ERFC 2017

Information employment



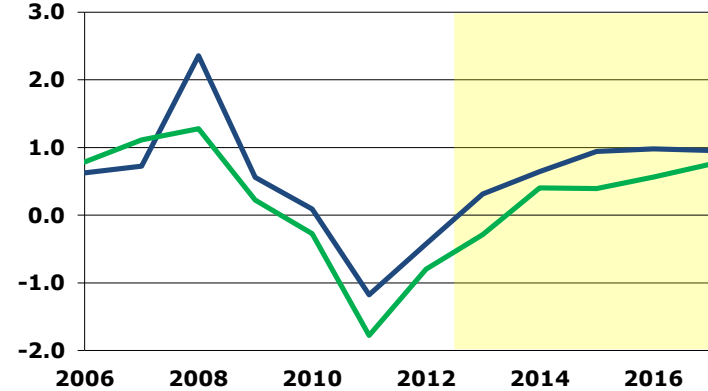
Source: WA State Employment Security Dept. 2012, ERFC 2017

Other private employment



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

Government employment



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

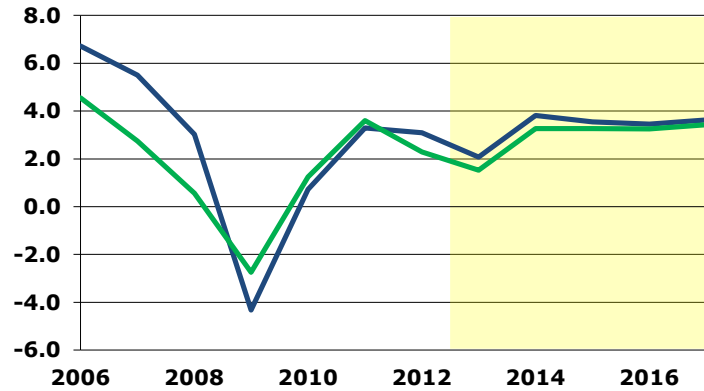
Washington

U.S.

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

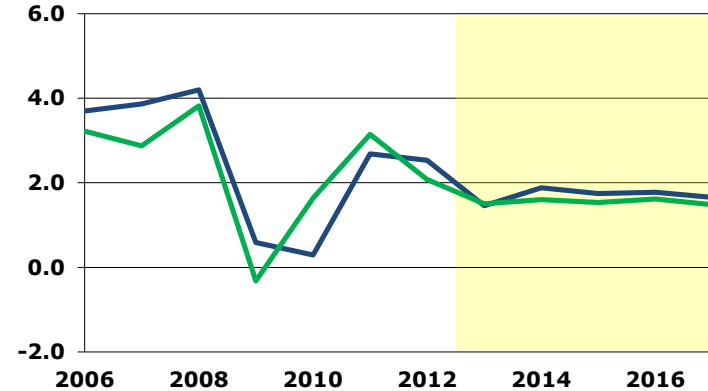
Forecast

Real personal income



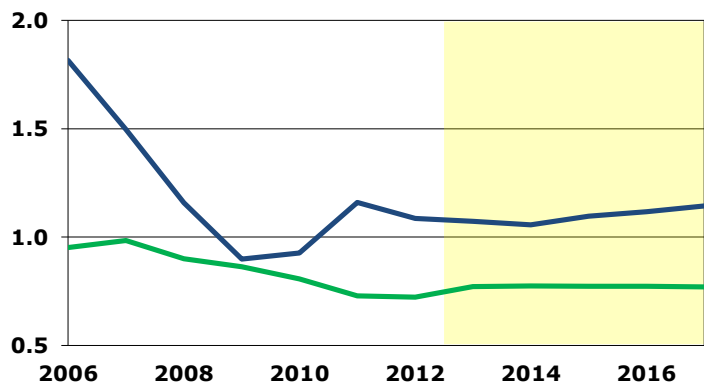
Source: Bureau of Economic Analysis 2011, ERFC 2017

Consumer price indices



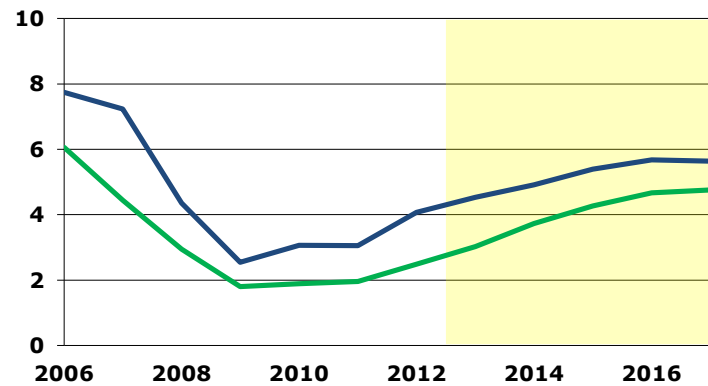
Source: Bureau of Labor Statistics 2012, ERFC 2017

Population



Source: Office of Financial Management 2010, ERFC 2017

New Housing Units Per 1,000 population (level)



Source: Census Bureau 2012, ERFC 2017

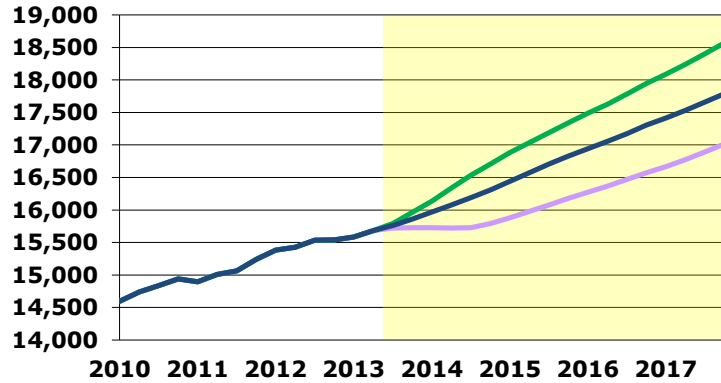
Washington

U.S.

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

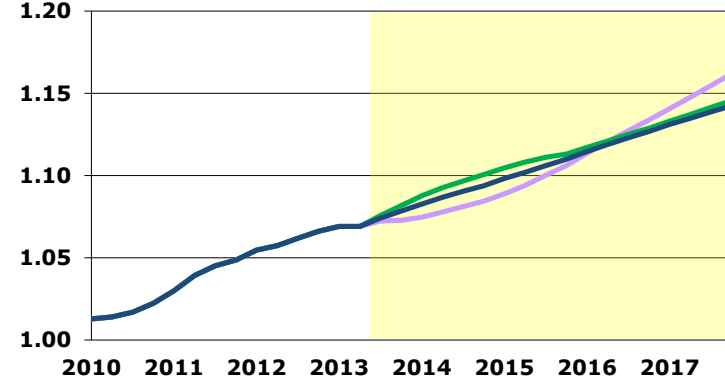
Forecast

Real GDP, billions of chained 2009 dollars



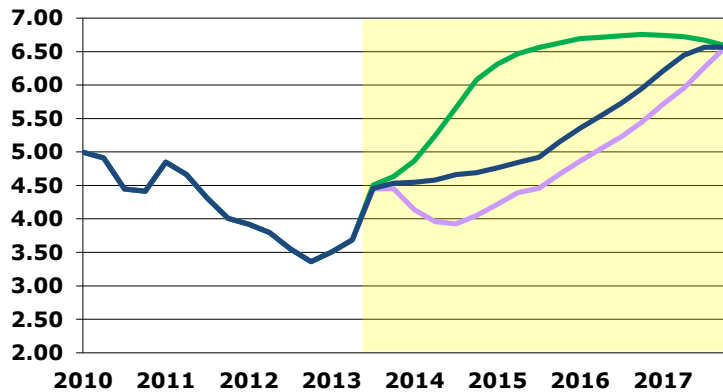
Source: Bureau of Economic Analysis 2013 Q2, ERFC 2017

Implicit price deflator, index 2009 = 1.0



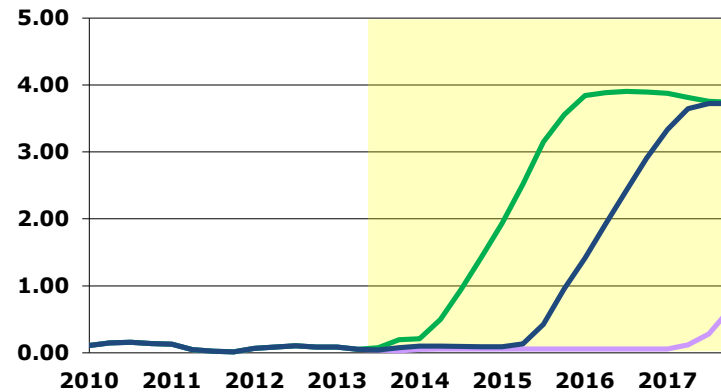
Source: Bureau of Economic Analysis 2013 Q2, ERFC 2017

Mortgage rate, percent



Source: Freddie Mac 2013 Q2, ERFC 2017

Three month T-bill rate, percent



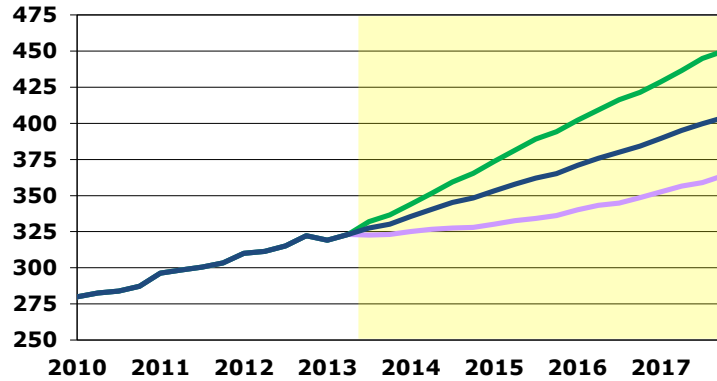
Source: Federal Reserve Board 2013 Q2, ERFC 2017

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

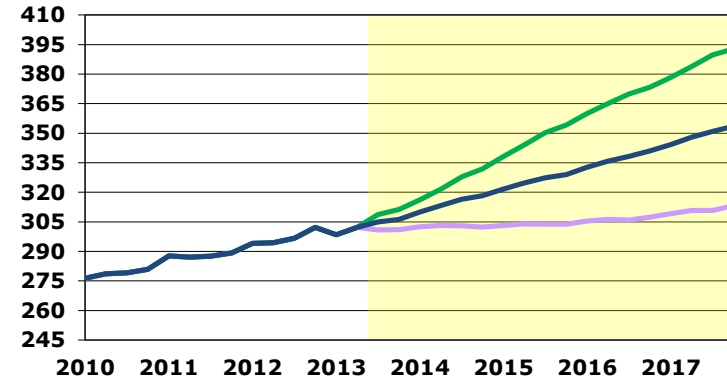
Forecast

Personal income, billions of dollars



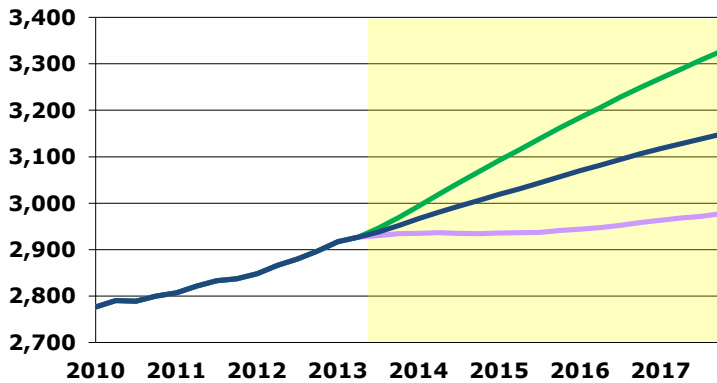
Source: Bureau of Economic Analysis 2011 Q4, ERFC 2017

Real personal income, billions of chained 2009 dollars



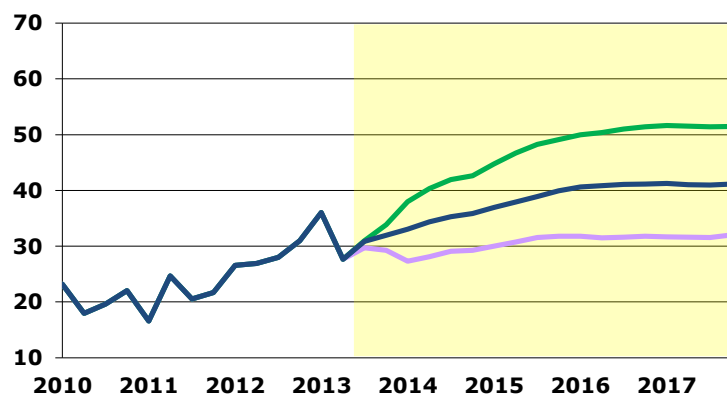
Source: Bureau of Economic Analysis 2011 Q4, ERFC 2017

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2013 Q2, ERFC 2017

Housing permits, thousands



Source: Census Bureau 2013 Q2, ERFC 2017

■ Baseline ■ Optimistic ■ Pessimistic



Chapter 3: Washington State Revenue Forecast Summary

- **Changes in the September state economic forecast relative to June's were small and mixed, with lower construction activity and higher personal income.**
- **Revenue collections for the 2013-15 biennium were \$138 million above the June forecast.**
- **The preliminary final tally of revenue for the 2011-13 biennium was \$24 million more than forecasted in June.**
- **The forecast for the 2013-15 biennium was increased by \$345 million, but \$123 million of the increase was the result of new legislation rather than increased economic activity.**
- **The forecast for the 2015-17 biennium was increased by \$342 million, with \$249 million of that amount coming from legislative changes.**

Overview

The September economic forecast had lower housing activity than June's but slightly higher personal income

Changes in the September economic forecast for Washington as compared to June's forecast were mixed. Forecasted employment was little changed but forecasted personal income was slightly higher. The forecasts of construction activity and housing permits were lower but still represented strong growth. Revenue collections came in stronger than forecasted in June and preliminary data indicated taxable activity in the second quarter was also stronger than expected. The net result of the forecast changes plus the revenue collection experience was a moderate increase in revenue, with most of the increase related to economic activity concentrated in the near term and smaller increases in the future.

GF-S forecast change by biennium (millions):

*11-13: \$24
13-15: \$345
15-17: \$342*

Table 3.1 summarizes the changes to the forecasts of General Fund-State (GF-S) revenue for the 2011-13 through 2015-17 biennia. The preliminary estimate of GF-S revenue for the 2011-13 biennium, which ended on June 30, 2013, is \$30,670.0 million. This is \$23.5 million higher than forecasted on June 18th. As of September 18th, revenue collections for the 2013-15 biennium were \$137.6 million ahead of the June forecast. For the remainder of the biennium, changes to the economic forecast

increased forecasted revenue by \$84.4 million. In addition, legislation passed in the June 2013 second special session subsequent to the June forecast is expected to generate an additional \$123.0 million. The sum of these changes for the 2013-15 biennium is an increase of \$345.0 million. 2013-15 revenue is now forecasted to total \$33,007.2 million. For the 2015-17 biennium, changes to the economic forecast added \$84.4 million and new legislation added \$249.1 million, for a total forecast increase of \$342.3 million. 2015-17 GF-S revenue is now forecasted to total \$35,699.4 million.

GF-S forecast (\$millions):

2011-13:
\$30,670

2013-15:
\$33,007

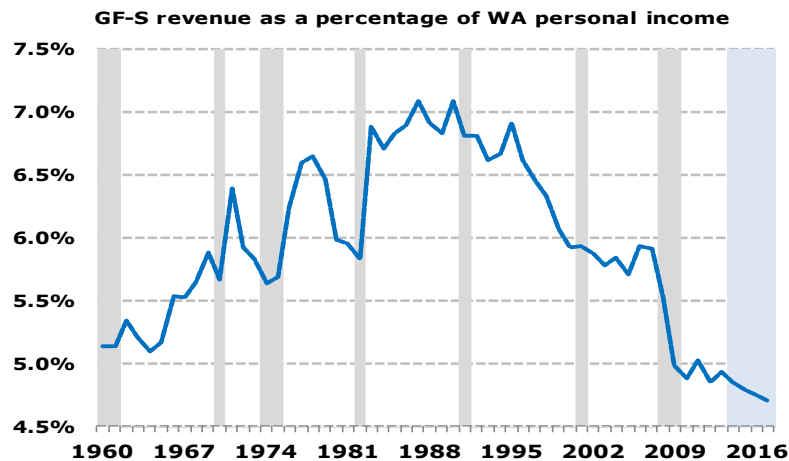
2015-17:
\$35,699

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

	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium
Collection Experience	\$23.5	\$137.6	NA
Non-Economic Change	\$0.0	\$123.0	\$249.1
Forecast Change	\$0.0	\$84.4	\$93.2
Total Change	\$23.5	\$345.0	\$342.3

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 2013

The ratio of collections to income is at historical lows

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

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

Forecast details are at the end of the chapter

The history of nominal and real GF-S revenue by biennium can be found in Table 3.3. GF-S revenue by agency and major revenue classification for the 2011-13 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). GF-S revenue by agency and major revenue classification for the 2013-15 biennium can be found in Table 3.7 (cash) and Table 3.8 (GAAP). The GF-S forecast by fiscal year and major source category can be found in Table 3.9.

Recent Collection Experience

Cumulative receipts from major sources that are tracked monthly were \$138 million (6.1%) more than the June forecast

Revenue collections from the Department of Revenue (DOR), Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. In the period since the June forecast, total revenue from the above sources came in \$137.6 million (6.1%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$93.1 million (4.7%) above the forecast. Revenue from other DOR tax sources from June through August was \$45.0 million (17.8%) higher than expected. Most of this positive variance was due to real estate excise tax (REET) receipts, which came in \$41.9 million (44.4%) above the forecast. Liquor tax receipts were \$3.8 million (9.5%) higher than forecasted while cigarette tax receipts came in \$0.3.

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

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$93.1	4.7%
Non Revenue Act	\$45.0	17.8%
Subtotal	\$138.1	6.2%
Department of Licensing	\$0.3	6.5%
Administrative Office of the Courts	(\$0.9)	-5.7%
Total*	\$137.6	6.1%

* Detail may not add to total due to rounding.
Source: ERFC; Period: July 1 - September 10, 2013

million (0.4%) lower than forecasted. Property tax receipts were \$0.8 million (4.1%) lower than forecasted. The sum of the variances of other DOR sources was \$0.4 million. Revenue from the Department of Licensing was \$0.3 million (6.5%) higher than forecasted and revenue from the Administrative Office of the Courts was \$0.9 million (5.7%) lower than forecasted.

\$29 million in Revenue Act refunds had been expected but will occur later

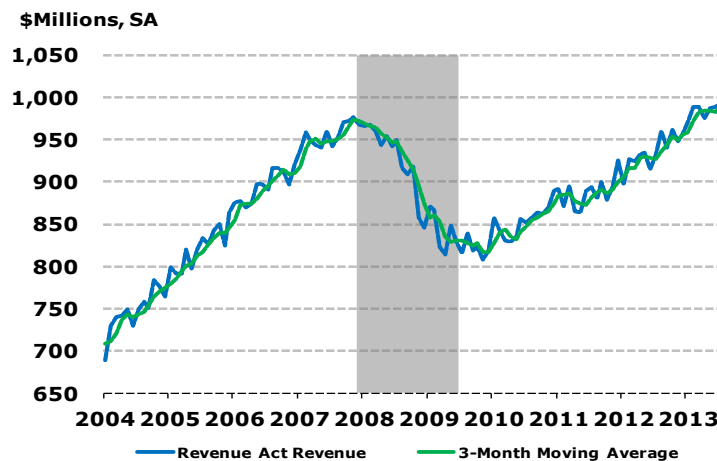
One reason that collections from Revenue Act sources came in higher than forecasted was that the forecast had assumed two large one-time refunds totaling \$29.3 million would occur during July and August. The September forecast still assumes these refunds will occur, but at a later date. Had the refunds occurred as expected, Revenue Act collections would have been \$63.8 million (3.2%) higher than forecasted.

Adjusted Revenue Act collections were up 8.1% year-over-year in the most recent collection period and up 6.8% in the previous period

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments. It is also adjusted for recent changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. Collections slowed in mid-2011 but have since resumed their upward course. Recent growth has been strong, with year-over-year growth of 8.1% in the August 11 - September 10 collection period and 6.8% in the previous month.

Figure 3.2: Revenue Act Collections*

Seasonally adjusted Revenue Act collections remain on an upward trend



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

Second-quarter Revenue Act collections grew 6.1% Y-O-Y

Adjusted Revenue Act collections from May 11 – August 10, which primarily reflected second quarter 2013 activity, were up 6.1% year-over-year. While this was slower than the 7.1% year-over-year growth in first quarter activity (February 11 – May 10

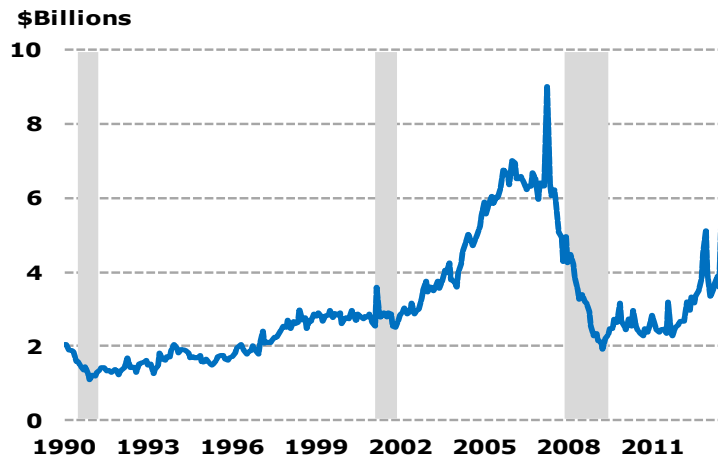
adjusted collections), much of the increase in year-over-year growth in the first quarter was due to weak activity in the first quarter of 2012 resulting from January 2012's severe winter storms. Collections that represented fourth quarter 2012 activity grew at 5.0% year-over-year.

Large commercial sales in July and August generated \$35 million in REET payments

The large positive variance in REET collections was due to several large sales of commercial property in July and August. July saw the transfer of controlling interest of several parcels of commercial real estate with a cumulative value of over \$1.6 billion, which generated \$20 million in REET. In the same month, sales of other properties valued at \$20 million or higher totaled \$850 million, generating an additional \$10 million in REET. The unusual activity created a large spike in the chart of taxable activity (see Figure 3.3). The following month saw \$360 million in large commercial sales, generating \$4.6 million in REET. Residential sales during the period were also slightly stronger than forecasted.

Figure 3.3: Taxable Real Estate Excise Activity, SA

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



Source: ERFC; data through August 2013

Legislative and Budget-Driven Revenue Changes

Legislative changes increased the forecast by \$123 million in the 2013-15 biennium and \$249 million in the 2015-17 biennium

During the second special legislative session in June 2013, several bills were passed that affected GF-S revenue. In addition, the initial budget for the 2013-15 biennium, which was passed during the session, also affected forecasted revenue. The bills and sections of the budget that affected revenue are summarized in Table 3.13. The bill that had the largest impact in the current biennium was 2E2SHB 1971. The main effect of the bill was to remove the retail sales tax exemption on wired home telephone service in order to achieve parity with wireless service, which is

currently taxed. This bill adds \$110.0 million in forecasted retail sales tax for in the current biennium and \$123.4 million in the 2015-17 biennium. The total forecast increase from the changes arising from new legislation, including the budget, is \$123.0 million for the 2013-15 biennium and \$249.1 million for the 2015-17 biennium.

Revenue Forecasts by Source

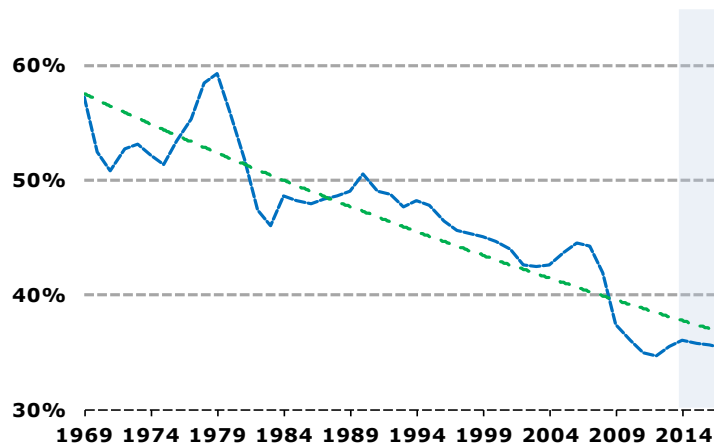
Department of Revenue

Taxes collected by DOR are most of GF-S taxes

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

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

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



*Past tax base adjusted to represent current law. Shaded area indicates forecast
Source: ERFC; forecast through FY 2017

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.4% of GF-S revenue in FY 2013. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income has been declining. Their share fell sharply during the recession and continued to fall through FY 2012. In that year, an estimated 34.6% of personal income was spent on taxable items, the lowest percentage on record. The taxable sales share of personal income grew to 35.4% in FY 2013 and is

forecasted to increase to 36.0% in FY 2014 before declining through FY 2017. The ratio will decline at a slower rate than its historical average during those years, due mainly to forecasted growth in residential construction. The historical relationship between taxable sales and income is illustrated in Figure 3.4.

Retail sales tax receipt growth forecast:

*FY14: 6.2%
FY15: 5.3%
FY16: 4.5%
FY17: 4.5%*

After declines of 10.4% in FY 2009 and 6.0% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections up to 3.2% for the fiscal year. The growth rate of taxable activity improved from 4.1% in FY 2012 to 6.7% in FY 2013, due mainly to increasing construction activity. Continued growth in construction, along with the newly-revoked sales tax exemption on wired home phone lines, are forecasted to bring growth in taxable activity to 6.0% in FY 2014. Growth then slows to 4.6%, 4.4% and 4.4% in FY 2015, 2016 and 2017 respectively. Taxable activity is not forecasted to regain its fourth quarter, 2007 peak until the third quarter of 2014. Due to the lag between taxable activity and collections and the presence of tax deferrals, credits and refunds, the growth in actual collections differs from the growth in taxable activity. Growth in collections for FY 2013 was 6.3%. Forecasted FY 2014 growth is 6.2%. Growth then slows to 5.3% in FY2015 and then to 4.5% in FY 2016 and FY 2017.

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

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

*B&O tax growth forecast:
FY14: -2.3%
FY15: 5.4%
FY16: 4.8%
FY17: 4.8%*

In FY 2013, B&O tax receipts grew by 5.8%. The expiration of the temporary increase in the B&O service tax rate, in addition to a pending \$22.5 million refund expected in October 2013, is forecasted to cause receipts to shrink by 2.3% in FY 2014. Growth is then forecasted to rebound to 5.4% in FY 2015 before slowing to 4.8% in FY 2016 and FY 2017.

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

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.2% of total revenue in FY 2012. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred

monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073.

GF-S property tax growth forecast:

FY14: 1.7%
FY15: 2.3%
FY16: 2.4%
FY17: 2.6%

By law, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. Collections can also grow faster or slower than the rate of assessment growth due to the payment of past due taxes or nonpayment of current taxes. Property tax receipts grew by 2.1% in FY 2013 and are forecasted to grow by 1.7% in FY 2014, 2.3% in FY 2015, 2.4% in FY 2016 and 2.6% in FY 2017.

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

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

REET growth forecast:

FY14: 2.3%
FY15: -0.8%
FY16: 10.7%
FY17: 6.0%

Due to a high number of large sales of commercial property, REET receipts grew by 34.0% in FY 2013. FY 2014 receipts were also boosted by large commercial sales in July and August, resulting in forecasted further growth of 2.3%. Despite forecasted further strengthening in residential sales, FY 2015 receipts are forecasted to fall by 0.8% due to lower commercial sales. Continued improvement in the housing market is then forecasted to increase REET collections by 10.7% in FY 2016 before slowing to 6.0% growth in FY 2017.

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

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

Use tax growth forecast:

FY14: 4.6%
FY15: 3.5%
FY16: 4.7%
FY17: 4.3%

Use tax receipts grew by 7.8% in FY 2013, boosted by growing sales of used vehicles. Growth is forecasted to slow to 4.6% in FY 2014 and then slow further to 3.5% in FY 2015. Growth is then forecasted to increase to 4.7% in FY 2016, slowing slightly to 4.3% growth in FY 2017.

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

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

Cigarette tax growth forecast:

*FY14: -0.8%
FY15: -0.7%
FY16: -0.5%
FY17: -1.7%*

While the increase in the 2010 tax rate increased the total revenue brought in by the tax, the total number of taxed cigarettes has been on a downward trend, due to both a continuing decline in the number of smokers and an increase in tax avoidance by various means. Cigarette tax receipts declined by 4.2% in FY 2013. Receipts are forecasted to decrease by 0.8% in FY 2014 and 0.7% in FY 2015. Receipts are forecasted to decrease by 0.5% in FY 2016 and 1.7% in FY 2017.

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

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

Growth forecast:

*FY14: 3.7%
FY15: 5.2%
FY16: 5.2%
FY17: 5.3%*

Public utility tax receipts grew by a scant 0.1% in FY 2013 due to stable or declining prices for natural gas and electricity. Forecasted increases in the prices of natural gas and electricity are expected to increase receipts by 3.7% in FY 2014. Further increases in utility prices coupled with increased housing construction are forecasted to produce growth rates of 5.2% in FY 2015 and FY 2016 and 5.3% in FY 2017.

Department of Licensing

Forecast change by biennium (millions):

*11-13: \$0.5
13-15: -\$0.4
15-17: -\$0.7*

The majority of GF-S revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The department's preliminary tally of revenue for the 2011-13 biennium is \$35.0 million, which is \$0.5 million more than forecasted in June. The forecast of GF-S revenue for the 2013-15 biennium has been decreased \$0.4 million to \$34.6 million and the forecast for the 2015-17 biennium has been decreased \$0.7 million to \$35.6 million.

The Office of Financial Management (Other Agencies)

*Forecast
change by
biennium
(millions):*

11-13: *-\$0.1*
13-15: *\$4.7*
15-17: *\$208.9*

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 preliminary tally of revenue for the 2011-13 biennium is \$215.4 million, which is \$0.1 million less than forecasted in June. The forecast for the 2013-15 biennium was increased \$4.7 million to \$207.8 million. \$3 million of the increase was due to legislation from the June 2013 second special session that transferred non-GF-S funds into the GF-S. The forecast for the 2015-17 biennium was increased \$208.9 million to \$196.3 million. \$204 million of the increase was due to the legislated elimination of a \$102 million per year transfer of GF-S revenue to the Education Construction Account and an additional \$1.5 million came from the legislated transfer of some non-GF-S funds into the GF-S.

State Treasurer

*Forecast
change by
biennium
(millions):*

11-13: *\$0.0*
13-15: *\$2.7*
15-17: *\$0.2*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's preliminary tally of revenue for the 2011-13 biennium is negative \$19.4 million, the same as forecasted in June. The forecast for the 2013-15 biennium has been increased \$2.7 million to negative \$8.9 million due to increases in forecasted average GF-S daily balances. The forecast for the 2015-17 biennium has been increased \$0.2 million to negative \$8.5 million. The forecasted revenues for each biennium are negative because the average daily balance for each biennium is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office.

Insurance Commissioner

*Forecast
change by
biennium
(millions):*

11-13: *\$0.3*
13-15: *-\$20.8*
15-17: *-\$68.3*

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 initial tally of revenue for the 2011-13 biennium is \$847.3 million, which is \$0.3 million more than forecasted in June. The office's forecast of GF-S revenue for the 2013-15 biennium has been decreased \$20.8 million to \$943.9 million and the forecast for the 2015-17 biennium has been decreased \$68.3 million to \$1,008.0 million. Forecast decreases for both biennia were due to June 2013 legislation that transfers certain health insurance premium taxes into the fund that supports the new Washington Health Insurance Exchange.

Liquor Control Board

*Forecast
change by
biennium
(millions):*

11-13: \$7.2
13-15: \$1.2
15-17: -\$4.9

Historically, the Liquor Control Board generated GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. Under Initiative 1183, however, which was passed in November 2011, the Liquor Control Board no longer operates liquor stores as of June 1, 2012. The board will still collect new distributors' and retailers' fees created by the initiative, a portion of which will be passed on to the GF-S. The preliminary tally of revenue for the 2011-13 biennium, including the beer and wine surtax, is \$351.9 million, which is \$7.2 million more than forecasted in June. The forecast of total revenue for the 2013-15 biennium has been increased \$1.2 million to \$228.2 million. The forecast would have decreased slightly without new legislation that added \$3.5 million to forecasted revenue. The legislation offsets a reduction in retailing fees from sales by former state liquor stores to restaurants with an increase in distributor fees for the current biennium only. The forecast of revenue for the 2015-17 biennium has been decreased \$4.9 million to \$199.7 million. \$4.1 million of the decrease stemmed from new legislation which exempts sales of spirits to restaurants and bars from former state liquor stores from the retailing fee. Forecasted revenue for the 2013-15 and 2015-17 biennia is lower than that of the 2011-13 biennium due to the reduction of the distributor's fee and the expiration of a temporary surtax on beer.

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

While Initiative 502, passed in November 2012, charges the Liquor Control Board with collecting fees from the growth, processing, and sale of cannabis and cannabis products, the forecast does not yet include any revenue from this source due to continued uncertainty over the rules and structure of the market and the federal government's enforcement of rules on depositing cannabis-sourced revenues in banks.

Lottery Commission

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

11-13: -\$0.1
13-15: \$9.2
15-17: \$5.2

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 entirely to the Washington Opportunity Pathways Account, with no transfers to the GF-S. Total transfers to the Opportunity Pathways Account for the 2011-13 biennium were \$244.0 million, \$0.1 million less than forecasted in June. The

forecast of transfers for the 2013-15 biennium has been increased \$9.2 million to \$236.9 million, and the forecast for the 2015-17 biennium has been increased \$5.2 million to \$232.7 million. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.15 on a cash basis and Table 3.16 on a GAAP basis.

Administrative Office of the Courts

*Forecast
change by
biennium
(millions):*

*11-13: \$0.7
13-15: -\$3.5
15-17: -\$4.0*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties and transfers this revenue to the GF-S on a monthly basis. The total transfer for the 2011-13 biennium was \$186.6 million, which is \$0.7 million more than forecasted in June. The forecast of transfers to the GF-S for the 2013-15 biennium has been decreased \$3.5 million to \$175.9 million and the forecast for the 2015-17 biennium has been decreased \$4.0 million to \$187.2 million.

Track Record for the 2011-13 Biennium

*The
preliminary
final total is
\$1.2 billion
(3.9%) lower
than the March
2011 forecast
on which the
initial 2011-13
budget was
based*

Table 3.10 summarizes the historical changes to the GF-S revenue forecast for the 2011-13 biennium. The February 2010 forecast was the initial forecast for the biennium. The September 2013 forecast for the biennium is \$1.55 billion (4.8%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.7 billion (5.4%). Excluding non-economic changes, the current forecast is \$3.3 billion (10.2%) lower than the initial forecast. The preliminary tally of total revenue is \$1.24 billion (3.9%) lower than the March 2011 forecast, which was the basis for the initial 2011-13 budget passed in the 2011 legislative session.

Track Record for the 2013-15 Biennium

*The September
forecast is
\$579 million
(1.8%) higher
than the initial
February 2012
forecast*

Table 3.11 summarizes the historical changes to the GF-S revenue forecast for the 2013-15 biennium. The February 2012 forecast was the initial forecast for the biennium. The September forecast for the biennium is \$578.9 million (1.8%) higher than the initial forecast. Non-economic changes have increased the forecast by \$398.2 million (1.2%). Excluding non-economic changes, the current forecast is \$180.6 million (0.6%) higher than the initial forecast.

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

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

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

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

The forecast implies total GF-S reserves of \$382 million at the end of the 2011-13 biennium

Table 3.12 shows the budgetary balance sheet for the 2011-13 and 2013-15 biennia as prepared by the Office of Financial Management and the House and Senate fiscal committees. The preliminary final tally of GF-S spending and revenue indicates total reserves stood at \$382.0 million at the end of the 2011-13 biennium. Total reserves are comprised of a projected GF-S ending balance of \$112.4 million and a projected balance of \$269.7 million in the Budget Stabilization Account. Total reserves are forecasted at \$862.7 million at the end of the 2013-15 biennium. Estimated reserves are comprised of a projected GF-S ending balance of \$283.9 million and a projected balance of \$578.8 million in the Budget Stabilization Account.

Alternative Forecasts for the 2013-15 Biennium

*Optimistic scenario:
+\$2.3 billion*

*Pessimistic scenario:
-\$2.2 billion*

Chapter 2 outlines optimistic and pessimistic scenarios alternative to the baseline forecast. The forecast assigns a probability of 55% to the baseline forecast, 15% to a scenario based on the upside risks and 30% to a scenario based on the downside risks. The revenue implications of these alternative scenarios for the 2013-15 biennium are shown in Table 3.13. For the biennium, the optimistic forecast generates \$35,266 million in revenue, \$2,258 million more than the baseline scenario, while

the pessimistic forecast produces \$30,804 million in revenue, \$2,203 million less than the baseline.

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

Near General Fund Forecast:

*2011-13:
\$30,885.3 million*

*2013-15:
\$33,370.9 million*

*2015-17:
\$36,112.5 million*

“Near General Fund” accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The preliminary final tally of Near General Fund revenue for the 2011-13 biennium is \$30,885.3 million, an increase of \$14.1 million from the June forecast. The increase above the June forecast is less than that of the GF-S due to a \$9.3 million shortfall in estate tax receipts for the Education Legacy Trust Account. The Near General Fund forecast for the 2013-15 biennium is \$33,370.9 million, \$451.9 million more than the June forecast, and the forecast for the 2015-17 biennium is \$36,112.5 million, \$492.8 million more than the June forecast. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.17.

Legislative changes are expected to increase Education Legacy Trust Account receipts by \$98 million in the 2013-15 biennium and \$151 million in the 2015-17 biennium

Much of the increase in the Near General Fund forecast for the 2013-15 and 2015-17 biennia was due to increases in the Education Legacy Trust Account forecast. These increases mostly stemmed from legislation passed in the second special legislative session that transferred funds from some non-Near GF-S accounts into the Education Legacy Trust Account. In the 2013-15 biennium, \$37.4 million in public utility taxes and \$48.2 million in real estate excise taxes that were formerly deposited into the Public Works Assistance Account will instead be deposited into the Education Legacy Trust Account. In addition, the Lottery Commission was directed to transfer \$12.1 million to the account during the biennium. Coupled with a \$9.2 million increase in forecasted estate tax receipts, the total forecast increase for the Education Legacy Trust Account for the biennium was \$106.8 million. In the 2015-17 biennium, the public utility tax and the real estate excise tax are expected to add \$47.3 million and \$62.6 million respectively to the Education Legacy Trust Account. In addition, during the biennium \$40.6 million in refuse taxes that were scheduled to be transferred to the Public Works Assistance Account will instead be transferred to the Education Legacy Trust Account. As the forecast of estate tax receipts was not changed, the legislative changes were responsible for all of the \$150.5 million increase in the forecast for the account.

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%	7,767.4	16.7%
1971-73	1,922.1	10.9%	7,971.9	2.6%
1973-75	2,372.4	23.4%	8,500.3	6.6%
1975-77	3,395.0	43.1%	10,581.0	24.5%
1977-79	4,490.0	32.3%	12,284.6	16.1%
1979-81	5,356.4	19.3%	12,197.5	-0.7%
1981-83	6,801.4	27.0%	13,492.9	10.6%
1983-85	8,202.4	20.6%	15,008.6	11.2%
1985-87	9,574.6	16.7%	16,528.5	10.1%
1987-89	10,934.1	14.2%	17,618.8	6.6%
1989-91	13,309.0	21.7%	19,773.1	12.2%
1991-93	14,862.2	11.7%	20,789.3	5.1%
1993-95	16,564.6	11.5%	22,140.6	6.5%
1995-97	17,637.7	6.5%	22,630.2	2.2%
1997-99	19,620.1	11.2%	24,520.7	8.4%
1999-01	21,262.1	8.4%	25,588.4	4.4%
2001-03	21,140.7	-0.6%	24,595.8	-3.9%
2003-05	23,388.5	10.6%	26,077.6	6.0%
2005-07	27,772.0	18.7%	29,316.5	12.4%
2007-09	27,703.0	-0.2%	27,888.8	-4.9%
2009-11	28,218.1	1.9%	27,708.4	-0.6%
2011-13 ^E	30,670.0	8.7%	28,959.5	4.5%
2013-15 ^F	33,007.2	7.6%	30,328.7	4.7%
2015-17 ^F	35,699.4	8.2%	31,854.3	5.0%

^E September 2013 Preliminary Estimate.

^F September 2013 Forecast.

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

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

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal		Percent
Year	Amount	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 ^P	113,176	6.7%
2014 ^F	119,914	6.0%
2015 ^F	125,486	4.6%
2016 ^F	131,060	4.4%
2017 ^F	136,772	4.4%

^P Preliminary

^F Forecast

Source: ERFC

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

Table 3.5

Comparison of the General Fund-State forecast by agency

2011-13 biennium; cash basis

(millions of dollars)

Forecast by Agency	June 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2013 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$13,878.0	\$0.0	\$35.7	\$13,913.7	\$35.7
Business & Occupation Use	6,448.5	0.0	(16.1)	6,432.4	(16.1)
Public Utility	1,003.6	0.0	(5.4)	998.2	(5.4)
Liquor Sales/Liter	756.2	0.0	1.1	757.3	1.1
Cigarette	479.6	0.0	0.6	480.2	0.6
Property (State Levy)	831.4	0.0	0.3	831.7	0.3
Real Estate Excise	3,799.8	0.0	0.3	3,800.1	0.3
Timber Excise	932.2	0.0	1.4	933.6	1.4
Other	6.6	0.0	0.0	6.6	0.0
Subtotal	902.4	0.0	(3.0)	899.4	(3.0)
	29,038.3	0.0	14.9	29,053.2	14.9
Department of Licensing					
Boat excise, licenses, fees & other	34.5	0.0	0.5	35.0	0.5
Insurance Commissioner					
Insurance Premiums	846.9	0.0	0.4	847.3	0.4
Liquor Control Board					
Liquor Profits and Fees	191.1	0.0	15.2	206.3	15.2
Beer & Wine Surtax	153.6	0.0	(8.0)	145.6	(8.0)
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(19.4)	0.0	0.0	(19.4)	0.0
Office of Financial Management					
Other Agencies	215.5	0.0	(0.1)	215.4	(0.1)
Administrative Office of the Courts					
Fines and Forfeitures	185.9	0.0	0.7	186.6	0.7
Total General Fund-State *	\$30,646.6	\$0.0	\$23.5	\$30,670.0	\$23.5

¹ Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council June 2013.² Forecast for the 2011-13 biennium, adopted September 18, 2013.

*Detail may not add to totals because of rounding.

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

Table 3.6

Comparison of the General Fund-State forecast by agency

2011-13 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	June 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2013 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$13,945.2	\$0.0	(\$31.9)	\$13,913.3	(\$31.9)
Business & Occupation Use	6,459.0	0.0	175.0	6,634.1	175.0
Public Utility	992.5	0.0	(4.0)	988.6	(4.0)
Liquor Sales/Liter	763.2	0.0	(4.5)	758.7	(4.5)
Cigarette	483.0	0.0	0.8	483.8	0.8
Property (State Levy)	825.9	0.0	4.8	830.6	4.8
Real Estate Excise	3,782.2	0.0	20.4	3,802.7	20.4
Timber Excise	928.0	0.0	7.9	935.9	7.9
Other	6.3	0.0	(0.1)	6.2	(0.1)
Subtotal	900.6	0.0	(1.0)	899.6	(1.0)
	29,085.9	0.0	167.4	29,253.3	167.4
Department of Licensing					
Boat excise, licenses, fees & other	34.5	0.0	0.5	35.0	0.5
Insurance Commissioner					
Insurance Premiums	846.9	0.0	0.3	847.3	0.3
Liquor Control Board					
Liquor Profits and Fees	191.1	0.0	15.2	206.3	15.2
Beer & Wine Surtax	153.6	0.0	(8.0)	145.6	(8.0)
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(19.8)	0.0	0.1	(19.7)	0.1
Office of Financial Management					
Other	215.5	0.0	(0.1)	215.4	(0.1)
Administrative Office of the Courts					
Fines and Forfeitures	185.9	0.0	0.7	186.6	0.7
Total General Fund-State *	\$30,693.7	\$0.0	\$176.1	\$30,869.8	\$176.1

¹ Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council June 2013.² Forecast for the 2011-13 biennium, adopted September 18, 2013.

*Detail may not add to totals because of rounding.

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

Table 3.7

Comparison of the General Fund-State forecast by agency

2013-15 biennium; cash basis

(millions of dollars)

Forecast by Agency	June 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2013 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,345.7	\$99.9	\$177.4	\$15,623.0	\$277.3
Business & Occupation	6,614.7	(4.7)	22.8	6,632.8	18.1
Use	1,100.3	0.0	1.9	1,102.2	1.9
Public Utility	831.3	0.0	(25.2)	806.0	(25.2)
Liquor Sales/Liter	481.3	34.0	13.5	528.8	47.5
Cigarette	806.9	0.0	(2.4)	804.6	(2.4)
Property (State Levy)	3,950.3	0.0	(0.2)	3,950.1	(0.2)
Real Estate Excise	1,033.7	0.0	55.3	1,089.1	55.3
Timber Excise	5.9	0.0	(0.2)	5.8	(0.2)
Other	894.3	8.1	(19.0)	883.3	(10.9)
Subtotal	31,064.5	137.2	223.9	31,425.7	361.2
Department of Licensing					
Boat excise, licenses, fees & other	35.0	0.0	(0.4)	34.6	(0.4)
Insurance Commissioner					
Insurance Premiums	964.8	(20.8)	(0.0)	943.9	(20.8)
Liquor Control Board					
Liquor Profits and Fees	173.4	3.5	0.2	177.1	3.7
Beer & Wine Surtax	53.6	0.0	(2.5)	51.1	(2.5)
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(11.6)	0.0	2.7	(8.9)	2.7
Office of Financial Management					
Other	203.1	3.0	1.6	207.8	4.7
Administrative Office of the Courts					
Fines and Forfeitures	179.4	0.0	(3.5)	175.8	(3.5)
Total General Fund-State *	\$32,662.2	\$123.0	\$222.0	\$33,007.2	\$345.0

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council June 2013.² Forecast for the 2013-15 biennium, adopted September 18, 2013.

*Detail may not add to totals because of rounding.

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

Table 3.8

Comparison of the General Fund-State forecast by agency

2013-15 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	June 2013 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2013 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,345.7	\$99.9	\$237.4	\$15,683.1	\$337.3
Business & Occupation	6,614.7	(4.7)	48.7	6,658.7	44.0
Use	1,100.3	0.0	5.1	1,105.4	5.1
Public Utility	831.3	0.0	(26.1)	805.1	(26.1)
Liquor Sales/Liter	481.3	34.0	13.5	528.8	47.5
Cigarette	806.9	0.0	(3.6)	803.3	(3.6)
Property (State Levy)	3,950.3	0.0	(2.8)	3,947.5	(2.8)
Real Estate Excise	1,033.7	0.0	52.8	1,086.5	52.8
Timber Excise	6.1	0.0	(0.2)	5.9	(0.2)
Other	894.3	8.1	(19.4)	882.9	(11.3)
Subtotal	31,064.7	137.2	305.3	31,507.3	442.5
Department of Licensing					
Boat excise, licenses, fees & other	35.0	0.0	(0.4)	34.6	(0.4)
Insurance Commissioner					
Insurance Premiums	964.8	(20.8)	(0.0)	943.9	(20.8)
Liquor Control Board					
Liquor Profits and Fees	173.4	3.5	0.2	177.1	3.7
Beer & Wine Surtax	53.6	0.0	(2.5)	51.1	(2.5)
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(11.3)	0.0	2.0	(9.3)	2.0
Office of Financial Management					
Other	203.1	3.0	1.6	207.8	4.7
Administrative Office of the Courts					
Fines and Forfeitures	179.4	0.0	(3.5)	175.8	(3.5)
Total General Fund-State *	\$32,662.8	\$123.0	\$302.6	\$33,088.4	\$425.6

¹ Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council June 2013.² Forecast for the 2013-15 biennium, adopted September 18, 2013.

*Detail may not add to totals because of rounding.

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

Table 3.9

**September 2013 General Fund-State forecast
2011-13 to 2015-17 biennia; cash basis**

(Millions of Dollars)

Forecast by Source	Fiscal 2012	Fiscal 2013	2011-13 Biennium	Fiscal 2014	Fiscal 2015	2013-15 Biennium	Fiscal 2016	Fiscal 2017	2015-17 Biennium
State Taxes									
Retail sales**	\$6,744.7	\$7,169.1	\$13,913.7	\$7,611.4	\$8,011.6	\$15,623.0	\$8,372.5	\$8,745.1	\$17,117.5
Business & occupation Use**	3,125.6	3,306.8	6,432.4	3,229.4	3,403.4	6,632.8	3,565.9	3,738.0	7,303.8
Public Utility	480.4	517.8	998.2	541.6	560.6	1,102.2	587.0	612.3	1,199.3
Liquor sales/liter	378.5	378.8	757.3	392.8	413.2	806.0	434.9	457.8	892.6
Beer & wine surtax	215.0	265.2	480.2	262.0	266.8	528.8	251.5	257.4	508.9
Cigarette	77.3	68.3	145.6	25.5	25.6	51.1	25.8	26.0	51.8
Tobacco products	432.4	415.1	847.5	412.1	409.2	821.3	407.2	400.4	807.6
Property (state school levy)	46.6	43.3	89.9	45.7	45.6	91.3	46.1	46.4	92.5
Leasehold Excise Tax	1,879.4	1,920.7	3,800.1	1,953.1	1,997.1	3,950.1	2,044.1	2,096.7	4,140.7
Public utility district	27.6	27.4	54.9	27.8	28.3	56.1	28.9	29.5	58.5
Brokered Natural Gas	44.8	47.8	92.6	48.6	49.1	97.7	49.5	49.8	99.3
Real estate excise	23.2	22.0	45.2	22.6	22.7	45.3	22.7	22.8	45.5
Timber excise	399.1	534.6	933.6	546.8	542.3	1,089.1	600.5	636.2	1,236.7
Estate/inheritance	3.8	2.9	6.6	2.7	3.1	5.8	3.5	3.5	7.0
Boat excise	0.7	3.4	4.0	0.1	0.1	0.2	0.0	0.0	0.0
Insurance premiums	12.4	12.5	24.9	12.4	12.4	24.8	12.5	12.6	25.1
Penalties and interest	420.9	426.4	847.3	458.9	485.0	943.9	496.3	511.7	1,008.0
Other	114.1	116.7	230.8	125.5	130.4	255.9	137.4	144.5	281.9
Total Taxes	65.5	70.4	135.9	71.2	72.8	144.0	54.7	55.9	110.6
State Non-Tax Sources									
Licenses, permits, fees	115.3	123.7	239.1	119.5	119.8	239.3	120.3	121.6	242.0
Liquor profits & fees***	56.8	149.6	206.3	104.9	72.2	177.1	73.0	75.0	148.0
Earnings on investments	(9.5)	(9.9)	(19.4)	(4.4)	(4.5)	(8.9)	(5.3)	(3.2)	(8.5)
Administrative Office of the Courts	95.8	90.8	186.6	86.9	89.0	175.8	92.0	95.2	187.2
Transfers of unclaimed property	109.3	70.1	179.4	61.7	61.5	123.2	61.9	62.5	124.4
Other revenue & transfers	14.8	22.5	37.2	15.8	15.4	31.2	10.7	8.2	18.8
Total Non-Tax	382.4	446.8	829.2	384.4	353.4	737.7	352.6	359.3	711.9
Total General Fund-State *	\$14,874.2	\$15,795.8	\$30,670.0	\$16,174.5	\$16,832.7	\$33,007.2	\$17,493.7	\$18,205.7	\$35,699.4

a - Actual

* Detail may not add to totals due to rounding

**GFS portion after Initiative 900 transfer

***Does not include profits after FY 2013

Table 3.10

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

February 2010 through September 2013

Cash Basis - Millions of Dollars

Date of Forecast	Department of Revenue*	Other Agencies	Subtotal*	Non-Economic Changes**	Total Change	Total General Fund-State Cash Basis#
February 2010###	\$30,658	\$1,566				\$32,224
Changes to Forecast						
June 2010	219	(21)	197	1,661 #1	1,858	34,083
September 2010	(610)	(48)	(659)	(10) #2	(669)	33,414
November 2010	(584)	(7)	(591)	(218) #3	(809)	32,605
March 2011	(640)	(29)	(668)	(30) #4	(698)	31,907
June 2011	(217)	(6)	(223)	40 #5	(183)	31,724
September 2011	(1,403)	(24)	(1,427)	14 #6	(1,413)	30,311
November 2011	(159)	(1)	(160)	38 #7	(122)	30,188
February 2012	27	6	32	63 #8	96	30,284
June 2012	(27)	11	(16)	172 #9	156	30,440
September 2012	44	(15)	29	0	29	30,469
November 2012	29	(21)	8	0	8	30,477
March 2013	73	(14)	59	0	59	30,536
June 2013	113	(3)	110	0	110	30,647
September 2013	15	9	23	0	23	30,670
Total change***:						
From February 2008	(3,122)	(163)	(3,285)	1,730	(1,554)	
Percent change	(10.2)	(10.4)	(10.2)	5.4	(4.8)	

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

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

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

New definition of General Fund-State per ESSB 5073

First official forecast for the 2009-11 biennium.

First official forecast for the 2011-13 biennium.

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

#2 Reversal of DOR RTA administrative fee

#3 Effects of initiative 1107

#4 Effects of legislation from December 2010 session

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

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

#7 Effects of initiative 1183 minus large expected DOR refund

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

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

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

February 2012 through September 2013

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis#</u>
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
Total change***:						
From February 2008	148	33	181	398	579	
Percent change	0.5	2.5	0.6	1.2	1.8	

* 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

Table 3.12

2011-13 with Enacted Supplementals and 2013-15 Enacted Budget Balance Sheet

General Fund-State (and Budget Stabilization Account)

Dollars in Millions

	2011-13	2013-15
RESOURCES		
Beginning Fund Balance	(92.0)	112.4
June 2013 Forecast	30,646.6	32,662.2
September 2013 Update		
Legislative Changes and Budget Driven Revenue (Non-Economic Changes)		123.0
Revenue Update (Economic Changes)	23.5	222.0
Current Revenue Totals	30,670.0	33,007.2
Transfer to Budget Stabilization Account	(268.7)	(308.5)
Previously Enacted Fund Transfers	378.8	(6.5)
Alignment to the Comprehensive Financial Statements	1.5	
Adjustment to Working Capital (HB 2822)	238.0	
Newly Enacted Fund Transfers	1.8	134.8
Total Resources (including beginning fund balance)	30,929.4	32,939.5
EXPENDITURES		
Enacted Budgets		
Enacted 2011-13 Budget (including 2012 supplemental)	30,796.4	
Enacted 2013-15 Budget/2013 Supplemental/SB 5912 - Impaired Driv	186.5	32,796.1
Governor Vetoes	-	(0.6)
Reversions		
Actual Reversions in Fiscal Year 2012	(105.9)	
Assumed Reversions in Fiscal Years 2013-2015	(60.0)	(140.0)
Total Expenditures	30,817.0	32,655.5
RESERVES		
Projected General Fund Ending Balance	112.4	283.9
Budget Stabilization Account Beginning Balance	0.6	269.7
Transfer from General Fund and Interest Earnings	269.1	309.2
Projected Budget Stabilization Account Ending Balance	269.7	578.8
Total Reserves (General Fund plus Budget Stabilization)	382.0	862.7

Table 3.13

**Legislation affecting General Fund-State revenue
passed in the 2013 second special legislative session subsequent to the June 2013 forecast**
(Revenue change in millions of dollars)

Bill ID	Revenue Impact	2013-15 Biennium	2015-17 Biennium
ESHB 1947	Directs some insurance premium taxes to health insurance exchange account	-22.4	-65.5
2E2SHB 1971	Applies retail sales tax on telephone land line plus other changes	110.0	123.4
ESHB 2051	Eliminates GF-S transfer to school construction account	0.0	204.0
Sec 1003 of budget bill	Re-directs some liquor taxes from local governments to GF-S	34.0	0
Various	Other legislative and budget-driven impacts	1.5	-12.8
Total GF-S Revenue Impact		123.0	249.1

Table 3.14

**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	\$16,918.3	\$15,623.0	\$14,358.5
Business & Occupation Use	7,148.0	6,632.8	6,146.7
Public Utility	1,194.5	1,102.2	1,008.2
Property (school levy)	856.7	806.0	751.2
Real Estate Excise	3,965.4	3,950.1	3,932.7
Other	1,304.8	1,089.1	952.0
Subtotal	2,232.0	2,222.4	2,124.1
	33,619.8	31,425.7	29,273.4
Department of Licensing			
	35.3	34.6	34.0
Insurance Commissioner¹			
	967.5	943.9	920.3
Lottery Commission			
	0.0	0.0	0.0
State Treasurer - Interest earnings			
	2.7	(8.9)	(6.0)
Liquor Surtaxes & Fees²			
	239.6	228.2	216.8
Office of Financial Management			
Other agencies	218.2	207.8	197.4
Administrative Office of the Courts			
Fines and Forfeitures	182.6	175.8	168.0
Total General Fund - State*	\$35,265.7	\$33,007.2	\$30,804.0
Difference from September 2013 Baseline	\$2,258.4		(\$2,203.3)

1 Insurance premiums, General Fund-State portion.

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

* Detail may not add to total due to rounding.

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

Table 3.15

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

	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
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0
2014	139.5	0.0	0.0	10.8	0.0	0.0	0.3	3.5	118.8	0.0	6.1
2015	139.1	0.0	0.0	11.2	0.0	0.0	0.3	3.5	118.0	0.0	6.1
2013-15 Biennium	278.6	0.0	0.0	22.0	0.0	0.0	0.6	7.0	236.9	0.0	12.1
2016	132.7	0.0	0.0	11.7	0.0	0.0	0.3	3.5	117.3	0.0	0.0
2017	131.4	0.0	0.0	12.2	0.0	0.0	0.3	3.5	115.4	0.0	0.0
2015-17 Biennium	264.1	0.0	0.0	23.8	0.0	0.0	0.6	6.9	232.7	0.0	0.0

Table 3.16

Lottery transfers by fund
(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
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0
2013	134.9	0.0	0.0	10.4	0.0	0.0	0.3	3.6	120.6	0.0	0.0
2011-13 Biennium	273.0	0.0	2.7	20.4	0.0	0.0	0.6	6.6	242.5	0.2	0.0
2014	139.4	0.0	0.0	10.8	0.0	0.0	0.3	3.5	118.7	0.0	6.1
2015	139.0	0.0	0.0	11.2	0.0	0.0	0.3	3.5	118.0	0.0	6.1
2013-15 Biennium	278.4	0.0	0.0	22.0	0.0	0.0	0.6	6.9	236.7	0.0	12.1
2016	132.7	0.0	0.0	11.7	0.0	0.0	0.3	3.5	117.2	0.0	0.0
2017	131.4	0.0	0.0	12.2	0.0	0.0	0.3	3.5	115.5	0.0	0.0
2015-17 Biennium	264.1	0.0	0.0	23.8	0.0	0.0	0.6	6.9	232.7	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: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

September 2013 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
FY 2012	\$14,874	1.5%	\$0	0.0%	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%
FY 2013	\$15,796	6.2%	\$0	0.0%	\$15,796	6.2%	\$101	-11.5%	\$15,897	6.1%
Forecast:										
FY 2014	\$16,175	2.4%	\$0	0.0%	\$16,175	2.4%	\$184	81.8%	\$16,358	2.9%
FY 2015	\$16,833	4.1%	\$0	0.0%	\$16,833	4.1%	\$180	-2.1%	\$17,013	4.0%
FY 2016	\$17,494	3.9%	\$0	0.0%	\$17,494	3.9%	\$204	13.2%	\$17,697	4.0%
FY 2017	\$18,206	4.1%	\$0	0.0%	\$18,206	4.1%	\$209	2.9%	\$18,415	4.1%
Biennial Totals										
03-05 Biennium	\$23,389	10.6%	\$2,006	-9.3%	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$27,772	18.7%	\$2,013	0.3%	\$29,785	17.3%	\$381	NA	\$30,166	18.8%
07-09 Biennium	\$27,703	-0.2%	\$2,114	5.0%	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%
09-11 Biennium	\$28,218	1.9%	\$0	-100.0%	\$28,218	-5.4%	\$269	-38.5%	\$28,487	-5.8%
11-13 Biennium	\$30,670	8.7%	\$0	0.0%	\$30,670	8.7%	\$215	-19.9%	\$30,885	8.4%
13-15 Biennium	\$33,007	7.6%	\$0	0.0%	\$33,007	7.6%	\$364	68.9%	\$33,371	8.0%
15-17 Biennium	\$35,699	8.2%	\$0	0.0%	\$35,699	8.2%	\$413	13.6%	\$36,113	8.2%

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



Chapter 4: Comparing Employment by Occupation in Washington and the U.S.

Introduction

Examining employment data by occupation can provide a way to look at labor market information

Detailed employment data is generally presented at an industry level, such as the number of jobs in manufacturing or health care. However, individuals are hired to perform certain activities or tasks requiring particular skills, education and experience. In some cases, a specific type of job may occur across many industries (e.g., both manufacturing and health care businesses are likely to have accountants). In other cases, a job may be fairly specific to an industry; most aerospace engineers are likely to work for aerospace manufacturing businesses. For these reasons, examining employment data by occupation can provide an alternative, and useful, way to look at labor market information.

Each May the BLS produces estimates by occupation

Based on survey data, the U.S. Department of Labor's Bureau of Labor Statistics produces estimates of national and state employment by occupation known as the Occupational Employment Statistics (OES) each May. The data provide employment and wage information for 773 occupations, which are also grouped into 22 major occupational categories. Because the data are only available on an annual basis, they cannot be used as part of our quarterly forecasting process. However, these data allow us to examine differences and similarities in employment by occupation between Washington and the U.S.

Location Quotients

LQs indicate how common an occupation is in each state as compared to the national average

One way to identify how the Washington labor market differs for the U.S. as a whole is to calculate location quotients for major occupational categories or for individual occupations. A location quotient (LQ) is a ratio - the percentage of Washington employment accounted for an occupation divided by the percentage of total U.S. employment accounted for by the same

occupation. For example, if an occupation accounted for 20% of Washington employment but 10% of U.S. employment, the Washington LQ for that occupation would be 2.

Occupational category is measured with sampling error

Table 4.1 gives Washington LQs for the major occupational categories for 2012. Given that the OES data are based on surveys, the number of persons in each occupation or occupational category is measured with sampling error and so too are their location quotients. Therefore, we will focus on the categories with the five highest and five lowest LQs as being areas where Washington is significantly different from the U.S. in terms of occupational mix.

WA has the somewhat unusual combo of a large agricultural sector, strong presence of aerospace, nuclear facilities, and IT talent

The three categories with the highest LQs for Washington are Farming, Fishing and Forestry occupations; Computer and Mathematical occupations; and Architecture and Engineering occupations. Washington has the somewhat unusual combination of a large agricultural sector plus both forestry and fishing industries, so it is not surprising that the state has an above-average share of employment in the Farming, Fishing and Forestry category. A large software and technology presence in the state also explains above-average employment shares in the Computer and Mathematical category. The large location quotient for Architecture and Engineering is explained by above-average employment shares in several engineering occupations such as aerospace, electrical, industrial and nuclear engineering consistent with the state's significant aerospace presence and the nuclear facilities in the Tri-Cities. However, the state also has above-average employment shares in architecture occupations and civil engineering which are harder to link to specific industries with a notable presence in the state.

Life, physical, and social science occupations have the fourth highest LQ

Life, Physical and Social Science occupations have the fourth-highest LQ, 1.51, among the 22 occupational categories. Specific occupations in this category with high Washington location quotients include Zoologists and Wildlife Biologists, Medical Scientists and Environmental Scientists. Among social science occupations in this category, Urban and Regional Planners had a high (3.46) location quotient, while Economists are relatively under-represented in Washington with a location quotient of 0.79. Occupations in this category would typically be employed in the scientific research and development sector as well as in universities, colleges and government.

Business and Financial operations are likely to be in a variety of non-financial industries

Two occupational categories tied for the fifth-highest LQ: Business and Financial Operations and Arts, Design, Entertainment, Sports and Media. The Business and Financial Operations category includes occupations such as Logisticians, Budget Analysts, Fundraisers, and Wholesale and Retail Buyers that have high Washington location quotients. Given that Washington has a slightly smaller-than-average financial sector (in 2012, it accounted for 6% of private state employment

versus 7% for the U.S. as a whole), the jobs in this occupational category are likely to be in a variety of non-financial industries.

There is a broad range of occupations in this category...

The Arts, Design, Entertainment, Sports and Media category includes a varied mix of occupations with high LQs such as Multimedia Artists and Animators, Coaches and Scouts, Technical Writers and Merchandise Displayers and Window Trimmers. Occupations in this category work in industries ranging from radio and television broadcasting to K-12 education.

It is less obvious why WA might have proportionately fewer employees in categories such as Protective Services

The categories with low Washington LQs include Protective Services; Production; Office and Administrative Support; Building and Grounds Cleaning and Maintenance; and Healthcare Practitioners and Technical. Unlike some of the high LQ categories, it is less obvious why Washington might have proportionately fewer employees in low LQ categories such as Protective Services (public safety occupations such as police and firefighters), Building and Grounds Cleaning and Maintenance (occupations such as janitors, pest control workers and landscapers), or Office and Administrative Support (e.g., clerks, administrative assistants, and postal service workers).

A low LQ for Production seems unusual for WA

A low LQ for Production occupations, primarily manufacturing occupations, seems unusual given that Washington has an above-average share of its employment in manufacturing. Part of the explanation may be related to the aerospace industry, which includes both Production occupations (such as aircraft structure, surfaces, rigging and systems assemblers) and occupations like aerospace engineer that would be included in the Architecture and Engineering category.

Location quotients do not indicate importance in the state's economy

High or low location quotients indicate the relative importance of an occupation or occupational category but not its absolute importance to the state's economy. For example, while the Farming, Fishing, and Forestry category has the highest location quotient, it accounted for 0.6% of Washington jobs in 2012. The Office and Administrative Support category had a fairly low location quotient of 0.89, but with 402,530 jobs in 2012, it made up 14.6% of Washington jobs.

Manufacturing Occupations: U.S. vs. Washington

Table 4.2 displays the occupational breakdown of manufacturing jobs in WA and the U.S.

Washington's above-average share of employment in manufacturing (NAICS sectors 31, 32, 33) would imply an above-average share of employment in occupations in the Production category. However, as noted above, Washington has a low LQ for Production occupations. To investigate this seeming inconsistency, Table 4.2 displays the occupational breakdown of manufacturing jobs in Washington and the U.S.

WA has more architecture and engineering occupations compared to the U.S.

As would be expected, the largest occupational category in the manufacturing sector in both the U.S. and Washington is the Production category. However, while 51.0% of U.S. manufacturing jobs are in the Production category only 42.1% of Washington manufacturing employment is in Production occupations. This difference is largely accounted for by the Washington manufacturing sector having a greater percentage of jobs in the Business and Financial Operations, Computer and Mathematical, and Architecture and Engineering occupations compared to the U.S. as a whole.

Average hourly wage for WA manuf. Jobs is higher than U.S.

Not surprisingly, given the state's tilt towards higher wage occupations within manufacturing, the average hourly wage for Washington manufacturing jobs is \$27.73 compared to \$22.71 for the U.S. The larger share of Washington manufacturing jobs in one of those high wage categories, Architecture and Engineering (11.3% in Washington, 6.4% in the U.S.), is consistent with the state's large aerospace manufacturing industry.

Conclusion

Just another way to examine labor markets...

Occupational employment data provide another way to examine national and state labor markets. An interesting example is the manufacturing sector, which has a considerably different occupational make-up in Washington than in the U.S. as a whole.

Data is not sufficient to be incorporated into the forecast

The occupational data is not available with sufficient regularity to be incorporated into the quarterly ERFEC economic forecasting process. However, it does have the potential to explain differences between the state and national economies that can then inform the forecasting process.

Table 4.1
Washington Employment by Occupational Category

<u>Occupational Category</u>	<u>Employment</u>	<u>Location Quotient</u>
Farming, Fishing, and Forestry Occupations	16,750	1.85
Computer and Mathematical Occupations	131,130	1.73
Architecture and Engineering Occupations	75,980	1.52
Life, Physical, and Social Science Occupations	35,270	1.51
Business and Financial Operations Occupations	153,060	1.14
Arts, Design, Entertainment, Sports, and Media Occupations	42,240	1.14
Community and Social Service Occupations	44,810	1.12
Construction and Extraction Occupations	110,660	1.05
Personal Care and Service Occupations	83,710	1.04
Installation, Maintenance, and Repair Occupations	110,600	1.03
Sales and Related Occupations	298,340	1.01
Management Occupations	132,330	0.97
Food Preparation and Serving Related Occupations	238,060	0.97
Education, Training, and Library Occupations	171,160	0.96
Legal Occupations	20,510	0.95
Transportation and Material Moving Occupations	175,650	0.94
Healthcare Support Occupations	77,010	0.93
Healthcare Practitioners and Technical Occupations	149,560	0.92
Building and Grounds Cleaning and Maintenance Occupations	80,450	0.89
Office and Administrative Support Occupations	402,530	0.89
Production Occupations	160,020	0.88
Protective Service Occupations	54,260	0.8
All Occupations, Total	2,764,080	n/a

Source: Bureau of Labor Statistics, ERFC; May 2012 Occupational Employment Statistics data

Table 4.2

Manufacturing Employment by Occupation, U.S. and Washington

<u>Occupational Category</u>	<u>U.S.</u> <u>Employment</u>	<u>%</u>	<u>WA</u> <u>Employment</u>	<u>%</u>
Manufacturing (NAICS 31 - 33), Total	11,866,540		273,250	
Production Occupations	6,050,830	51.0%	115,010	42.1%
Architecture and Engineering Occupations	765,200	6.4%	30,900	11.3%
Office and Administrative Support Occupations	1,126,560	9.5%	22,310	8.2%
Transportation and Material Moving Occupations	993,250	8.4%	22,310	8.2%
Business and Financial Operations Occupations	441,720	3.7%	19,410	7.1%
Management Occupations	678,580	5.7%	13,890	5.1%
Installation, Maintenance, and Repair Occupations	592,900	5.0%	13,670	5.0%
Computer and Mathematical Occupations	284,050	2.4%	13,420	4.9%
Sales and Related Occupations	377,280	3.2%	7,760	2.8%
Construction and Extraction Occupations	191,280	1.6%	5,630	2.1%
Arts, Design, Entertainment, Sports, and Media Occupations	75,190	0.6%	2,000	0.7%
Food Preparation and Serving Related Occupations	36,460	0.3%	1,680	0.6%
Life, Physical, and Social Science Occupations	111,100	0.9%	1,490	0.5%
Building and Grounds Cleaning and Maintenance Occupations	69,130	0.6%	1,160	0.4%
Farming, Fishing, and Forestry Occupations	27,520	0.2%	1,080	0.4%
Protective Service Occupations	15,790	0.1%	730	0.3%
Healthcare Practitioners and Technical Occupations	20,690	0.2%	460	0.2%
Legal Occupations	6,020	0.1%	180	0.1%
Education, Training, and Library Occupations	840	0.0%	120	0.0%
Community and Social Service Occupations	150	0.0%	0	0.0%
Healthcare Support Occupations	930	0.0%	0	0.0%
Personal Care and Service Occupations	1,060	0.0%	0	0.0%

Source: Bureau of Labor Statistics, ERFC; May 2012 Occupational Employment Statistics data



Detail Components of the Washington State Economic and Revenue Forecast

Calendar Years

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

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

	2010	2011	2012	2013	2014	2015	2016	2017
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	14,779.4	15,052.4	15,470.7	15,721.4	16,137.0	16,637.2	17,119.7	17,599.0
% Ch	2.5	1.8	2.8	1.6	2.6	3.1	2.9	2.8
Real Consumption	10,035.9	10,291.3	10,517.6	10,724.9	10,994.4	11,291.3	11,596.1	11,897.6
% Ch	2.0	2.5	2.2	2.0	2.5	2.7	2.7	2.6
Real Nonresidential Fixed Investment	1,673.8	1,800.4	1,931.8	1,979.3	2,098.0	2,228.5	2,365.6	2,498.6
% Ch	2.5	7.6	7.3	2.5	6.0	6.2	6.2	5.6
Real Residential Fixed Investment	382.4	384.3	433.8	496.0	584.7	650.2	691.7	695.4
% Ch	-2.5	0.5	12.9	14.3	17.9	11.2	6.4	0.5
Real Personal Income	12,232.4	12,673.4	12,964.2	13,162.2	13,591.8	14,036.2	14,492.1	14,988.5
% Ch	1.2	3.6	2.3	1.5	3.3	3.3	3.2	3.4
Real Per Capita Income (\$/Person)	39,450	40,578	41,210	41,519	42,545	43,599	44,669	45,846
% Ch	0.4	2.9	1.6	0.7	2.5	2.5	2.5	2.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.017	1.041	1.060	1.073	1.088	1.104	1.121	1.137
% Ch	1.7	2.4	1.8	1.2	1.5	1.4	1.5	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.181	2.249	2.296	2.330	2.368	2.404	2.443	2.479
% Ch	1.6	3.1	2.1	1.5	1.6	1.5	1.6	1.5
Employment Cost Index (Dec. 2005=1.0)	1.121	1.140	1.160	1.183	1.208	1.236	1.266	1.296
% Ch	1.6	1.7	1.8	1.9	2.2	2.3	2.4	2.3
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,958.3	15,533.8	16,244.6	16,747.8	17,496.6	18,323.1	19,152.5	19,972.6
% Ch	3.7	3.8	4.6	3.1	4.5	4.7	4.5	4.3
Personal Income	12,435.2	13,191.3	13,743.8	14,119.1	14,794.2	15,497.7	16,244.7	17,040.1
% Ch	2.9	6.1	4.2	2.7	4.8	4.8	4.8	4.9
Employment (Millions)								
U.S. Civilian Labor Force	153.9	153.6	155.0	155.9	157.8	159.1	160.3	161.4
Total U.S. Employment	139.1	139.9	142.5	144.1	146.6	148.7	150.4	151.8
Unemployment Rate (%)	9.63	8.93	8.08	7.54	7.09	6.55	6.20	5.96
Nonfarm Payroll Employment	129.91	131.50	133.74	135.98	138.44	140.69	142.98	144.85
% Ch	-0.7	1.2	1.7	1.7	1.8	1.6	1.6	1.3
Manufacturing	11.53	11.73	11.92	11.99	12.24	12.41	12.52	12.52
% Ch	-2.7	1.7	1.7	0.6	2.0	1.4	0.9	0.0
Durable Manufacturing	7.06	7.27	7.46	7.53	7.76	7.96	8.10	8.12
% Ch	-3.0	3.0	2.6	0.9	3.1	2.6	1.7	0.3
Nondurable Manufacturing	4.46	4.45	4.46	4.47	4.48	4.45	4.42	4.40
% Ch	-2.2	-0.2	0.1	0.2	0.3	-0.7	-0.6	-0.5
Construction	5.52	5.53	5.64	5.82	6.13	6.67	7.20	7.61
% Ch	-8.3	0.3	2.0	3.1	5.4	8.8	7.9	5.6
Service-Providing	112.16	113.45	115.32	117.30	119.17	120.70	122.32	123.79
% Ch	-0.1	1.2	1.6	1.7	1.6	1.3	1.3	1.2
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	79.4	95.1	94.2	100.3	97.4	89.0	84.5	82.5
Personal Saving/Disposable Income (%)	5.6	5.7	5.6	4.3	4.9	5.4	5.9	6.5
Auto Sales (Millions)	5.6	6.1	7.2	7.6	7.8	8.0	8.6	8.8
% Ch	4.3	8.1	19.0	5.2	2.2	3.2	6.8	2.3
Housing Starts (Millions)	0.586	0.612	0.783	0.957	1.190	1.374	1.513	1.556
% Ch	5.7	4.5	28.0	22.3	24.3	15.4	10.1	2.8
Federal Budget Surplus (Billions)	-1,329.5	-1,248.3	-1,109.7	-790.6	-736.0	-708.7	-723.7	-786.5
Net Exports (Billions)	-518.5	-568.8	-547.2	-514.4	-540.3	-534.4	-518.4	-498.2
3-Month Treasury Bill Rate (%)	0.14	0.05	0.09	0.06	0.10	0.40	2.17	3.61
10-Year Treasury Note Yield (%)	3.21	2.79	1.80	2.36	2.92	3.21	3.76	4.39
Bond Index of 20 G.O. Munis. (%)	4.29	4.50	3.73	4.29	4.77	4.91	5.26	5.72
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	4.04	4.62	4.92	5.65	6.45

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

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,381.6	15,427.7	15,534.0	15,539.6	15,583.9	15,681.0	15,759.9	15,860.6
% Ch , Annual Rate	3.7	1.2	2.8	0.1	1.1	2.5	2.0	2.6
Real Consumption	10,447.8	10,496.8	10,541.0	10,584.8	10,644.0	10,690.6	10,748.9	10,816.2
% Ch , Annual Rate	2.9	1.9	1.7	1.7	2.3	1.8	2.2	2.5
Real Nonresidential Fixed Investment	1,903.8	1,925.0	1,926.4	1,971.9	1,949.0	1,970.1	1,985.3	2,012.9
% Ch , Annual Rate	5.8	4.5	0.3	9.8	-4.6	4.4	3.1	5.7
Real Residential Fixed Investment	417.2	423.0	437.3	457.5	471.2	485.7	500.7	526.3
% Ch , Annual Rate	22.9	5.7	14.2	19.8	12.5	12.9	12.9	22.1
Real Personal Income	12,845.8	12,909.5	12,902.5	13,199.1	13,025.9	13,150.8	13,198.0	13,273.9
% Ch , Annual Rate	5.2	2.0	-0.2	9.5	-5.1	3.9	1.4	2.3
Real Per Capita Income (\$/Person)	40,950	41,078	40,977	41,838	41,209	41,524	41,593	41,752
% Ch , Annual Rate	4.5	1.3	-1.0	8.7	-5.9	3.1	0.7	1.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.055	1.057	1.062	1.066	1.069	1.069	1.074	1.078
% Ch , Annual Rate	2.3	1.1	1.7	1.6	1.1	0.0	1.9	1.6
U.S. Consumer Price Index (1982-84=1.0)	2.283	2.288	2.300	2.313	2.321	2.321	2.335	2.345
% Ch , Annual Rate	2.3	1.0	2.1	2.2	1.4	0.0	2.5	1.6
Employment Cost Index (Dec. 2005=1.0)	1.153	1.158	1.163	1.167	1.173	1.180	1.185	1.192
% Ch , Annual Rate	2.1	1.7	1.7	1.4	2.1	2.4	1.8	2.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	16,041.6	16,160.4	16,356.0	16,420.3	16,535.3	16,667.9	16,800.4	16,987.5
% Ch , Annual Rate	5.8	3.0	4.9	1.6	2.8	3.2	3.2	4.5
Personal Income	13,548.6	13,651.8	13,701.6	14,073.1	13,925.9	14,060.4	14,175.6	14,314.5
% Ch , Annual Rate	7.6	3.1	1.5	11.3	-4.1	3.9	3.3	4.0
Employment (Millions)								
U.S. Civilian Labor Force	154.6	154.9	154.9	155.5	155.4	155.6	156.1	156.6
Total U.S. Employment	141.9	142.2	142.5	143.3	143.4	143.8	144.4	145.0
Unemployment Rate (%)	8.27	8.17	8.03	7.83	7.73	7.57	7.45	7.41
Nonfarm Payroll Employment	133.06	133.51	133.92	134.46	135.11	135.69	136.22	136.90
% Ch , Annual Rate	2.4	1.4	1.2	1.6	1.9	1.7	1.6	2.0
Manufacturing	11.87	11.93	11.94	11.94	11.98	11.97	11.98	12.04
% Ch , Annual Rate	3.3	1.8	0.5	-0.1	1.3	-0.2	0.3	2.0
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.51	7.53	7.57
% Ch , Annual Rate	4.8	2.3	0.7	0.0	1.4	0.2	0.8	2.2
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.46	4.46	4.47
% Ch , Annual Rate	0.8	1.1	0.1	-0.1	1.1	-1.0	-0.4	1.6
Construction	5.64	5.62	5.63	5.68	5.77	5.79	5.81	5.88
% Ch , Annual Rate	3.6	-0.9	0.4	3.4	6.8	1.5	1.2	5.0
Service-Providing	114.70	115.10	115.50	115.99	116.49	117.06	117.55	118.09
% Ch , Annual Rate	2.1	1.4	1.4	1.7	1.7	2.0	1.7	1.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	102.9	93.5	92.3	88.2	94.3	94.2	106.3	106.3
Personal Saving/Disposable Income (%)	5.4	5.5	4.9	6.6	4.1	4.5	4.4	4.3
Auto Sales (Millions)	7.2	7.1	7.2	7.5	7.5	7.5	7.8	7.7
% Ch , Annual Rate	71.7	-8.0	4.8	19.0	3.2	-4.7	17.4	-1.7
Housing Starts (Millions)	0.714	0.741	0.781	0.896	0.957	0.872	0.952	1.048
% Ch , Annual Rate	27.9	15.6	23.8	73.2	30.1	-31.1	42.1	46.5
Federal Budget Surplus (Billions)	-1,094.0	-1,146.9	-1,119.3	-1,078.5	-853.1	-656.4	-833.1	-819.7
Net Exports (Billions)	-590.8	-557.9	-524.4	-515.8	-523.1	-506.1	-508.1	-520.4
3-Month Treasury Bill Rate (%)	0.07	0.09	0.10	0.09	0.09	0.05	0.04	0.07
10-Year Treasury Note Yield (%)	2.04	1.82	1.64	1.71	1.95	2.00	2.69	2.78
Bond Index of 20 G.O. Munis. (%)	3.75	3.88	3.75	3.54	3.74	3.97	4.72	4.73
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.69	4.45	4.53

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	15,967.8	16,078.3	16,192.2	16,309.6	16,443.4	16,573.0	16,704.6	16,828.0
% Ch , Annual Rate	2.7	2.8	2.9	2.9	3.3	3.2	3.2	3.0
Real Consumption	10,884.7	10,956.8	11,029.8	11,106.4	11,179.3	11,253.6	11,330.3	11,401.8
% Ch , Annual Rate	2.6	2.7	2.7	2.8	2.7	2.7	2.8	2.5
Real Nonresidential Fixed Investment	2,051.6	2,086.1	2,114.7	2,139.6	2,176.2	2,211.2	2,246.5	2,280.0
% Ch , Annual Rate	7.9	6.9	5.6	4.8	7.0	6.6	6.5	6.1
Real Residential Fixed Investment	555.8	575.3	596.3	611.6	626.8	643.7	658.4	671.9
% Ch , Annual Rate	24.4	14.8	15.4	10.7	10.3	11.2	9.4	8.5
Real Personal Income	13,429.7	13,535.9	13,647.5	13,754.0	13,887.0	13,987.7	14,083.5	14,186.5
% Ch , Annual Rate	4.8	3.2	3.3	3.2	3.9	2.9	2.8	3.0
Real Per Capita Income (\$/Person)	42,160	42,412	42,679	42,929	43,261	43,491	43,704	43,939
% Ch , Annual Rate	4.0	2.4	2.5	2.4	3.1	2.1	2.0	2.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.083	1.087	1.090	1.094	1.098	1.102	1.106	1.110
% Ch , Annual Rate	1.6	1.5	1.4	1.3	1.6	1.4	1.5	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.354	2.364	2.373	2.381	2.391	2.399	2.409	2.417
% Ch , Annual Rate	1.6	1.7	1.5	1.4	1.7	1.5	1.6	1.4
Employment Cost Index (Dec. 2005=1.0)	1.199	1.205	1.212	1.218	1.225	1.232	1.240	1.247
% Ch , Annual Rate	2.3	2.2	2.3	2.1	2.3	2.2	2.4	2.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	17,201.5	17,402.8	17,596.1	17,785.8	18,010.2	18,216.7	18,431.6	18,633.8
% Ch , Annual Rate	5.1	4.8	4.5	4.4	5.1	4.7	4.8	4.5
Personal Income	14,539.4	14,710.2	14,881.7	15,045.6	15,251.6	15,415.3	15,577.9	15,745.8
% Ch , Annual Rate	6.4	4.8	4.7	4.5	5.6	4.4	4.3	4.4
Employment (Millions)								
U.S. Civilian Labor Force	157.2	157.6	158.0	158.3	158.6	158.9	159.3	159.6
Total U.S. Employment	145.7	146.3	146.9	147.4	147.9	148.4	148.9	149.4
Unemployment Rate (%)	7.28	7.16	7.02	6.90	6.74	6.61	6.48	6.37
Nonfarm Payroll Employment	137.58	138.17	138.74	139.26	139.84	140.37	140.96	141.58
% Ch , Annual Rate	2.0	1.7	1.6	1.5	1.7	1.5	1.7	1.8
Manufacturing	12.13	12.23	12.29	12.30	12.34	12.38	12.44	12.48
% Ch , Annual Rate	3.0	3.4	1.8	0.4	1.3	1.4	1.8	1.5
Durable Manufacturing	7.64	7.75	7.81	7.83	7.88	7.93	7.99	8.04
% Ch , Annual Rate	4.2	5.4	3.2	1.3	2.4	2.7	3.1	2.6
Nondurable Manufacturing	4.48	4.49	4.48	4.47	4.46	4.45	4.44	4.44
% Ch , Annual Rate	1.0	0.2	-0.5	-1.2	-0.7	-0.9	-0.6	-0.3
Construction	5.97	6.06	6.18	6.31	6.45	6.60	6.75	6.88
% Ch , Annual Rate	6.1	6.2	8.4	8.5	9.3	9.6	9.2	8.2
Service-Providing	118.58	118.98	119.36	119.75	120.15	120.48	120.86	121.30
% Ch , Annual Rate	1.7	1.3	1.3	1.3	1.3	1.1	1.3	1.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	102.0	98.4	95.7	93.6	91.5	89.6	88.0	86.9
Personal Saving/Disposable Income (%)	4.8	4.9	5.0	5.1	5.3	5.4	5.4	5.5
Auto Sales (Millions)	7.7	7.8	7.9	7.8	7.9	8.1	8.0	8.2
% Ch , Annual Rate	-1.3	3.6	5.8	-3.1	2.7	10.1	-1.0	8.0
Housing Starts (Millions)	1.106	1.177	1.223	1.256	1.310	1.348	1.395	1.443
% Ch , Annual Rate	23.9	28.5	16.6	11.1	18.3	12.3	14.5	14.7
Federal Budget Surplus (Billions)	-759.2	-712.8	-743.3	-728.8	-728.9	-721.5	-702.3	-682.0
Net Exports (Billions)	-533.0	-537.5	-543.2	-547.5	-541.3	-540.3	-531.0	-524.9
3-Month Treasury Bill Rate (%)	0.10	0.10	0.10	0.09	0.09	0.13	0.42	0.95
10-Year Treasury Note Yield (%)	2.82	2.88	2.98	2.99	3.06	3.17	3.24	3.40
Bond Index of 20 G.O. Munis. (%)	4.74	4.75	4.79	4.81	4.84	4.87	4.93	5.02
30-Year Fixed Mortgage Rate (%)	4.55	4.58	4.66	4.69	4.76	4.84	4.92	5.15

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real National Income Accounts (Billions of Chained 2009 Dollars)								
Real Gross Domestic Product	16,941.5	17,055.7	17,176.1	17,305.5	17,413.5	17,531.6	17,659.6	17,791.4
% Ch , Annual Rate	2.7	2.7	2.9	3.0	2.5	2.7	3.0	3.0
Real Consumption	11,483.6	11,557.4	11,630.9	11,712.6	11,778.4	11,855.3	11,935.9	12,021.0
% Ch , Annual Rate	2.9	2.6	2.6	2.8	2.3	2.6	2.7	2.9
Real Nonresidential Fixed Investment	2,308.8	2,347.4	2,385.0	2,421.3	2,452.3	2,483.2	2,514.6	2,544.3
% Ch , Annual Rate	5.2	6.9	6.6	6.2	5.2	5.1	5.2	4.8
Real Residential Fixed Investment	684.3	691.3	694.2	696.8	697.6	695.8	693.3	695.0
% Ch , Annual Rate	7.6	4.1	1.7	1.5	0.5	-1.0	-1.4	1.0
Real Personal Income	14,328.2	14,433.9	14,541.6	14,664.4	14,804.4	14,930.0	15,049.6	15,170.0
% Ch , Annual Rate	4.1	3.0	3.0	3.4	3.9	3.4	3.2	3.2
Real Per Capita Income (\$/Person)	44,293	44,534	44,780	45,071	45,414	45,712	45,990	46,269
% Ch , Annual Rate	3.3	2.2	2.2	2.6	3.1	2.6	2.5	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.115	1.119	1.123	1.127	1.131	1.135	1.139	1.143
% Ch , Annual Rate	1.7	1.6	1.5	1.4	1.5	1.4	1.4	1.3
U.S. Consumer Price Index (1982-84=1.0)	2.429	2.439	2.448	2.456	2.466	2.475	2.484	2.492
% Ch , Annual Rate	1.9	1.7	1.5	1.4	1.5	1.4	1.4	1.4
Employment Cost Index (Dec. 2005=1.0)	1.255	1.262	1.270	1.277	1.285	1.292	1.299	1.307
% Ch , Annual Rate	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	18,846.9	19,047.0	19,251.5	19,464.5	19,665.5	19,864.5	20,073.5	20,286.8
% Ch , Annual Rate	4.7	4.3	4.4	4.5	4.2	4.1	4.3	4.3
Personal Income	15,971.4	16,151.5	16,330.8	16,525.1	16,745.1	16,944.9	17,138.3	17,332.2
% Ch , Annual Rate	5.9	4.6	4.5	4.8	5.4	4.9	4.6	4.6
Employment (Millions)								
U.S. Civilian Labor Force	159.9	160.2	160.5	160.8	161.1	161.3	161.6	161.8
Total U.S. Employment	149.8	150.2	150.6	151.0	151.3	151.6	152.0	152.3
Unemployment Rate (%)	6.29	6.23	6.17	6.09	6.04	6.00	5.94	5.87
Nonfarm Payroll Employment	142.13	142.70	143.25	143.82	144.24	144.67	145.06	145.45
% Ch, Annual Rate	1.6	1.6	1.6	1.6	1.2	1.2	1.1	1.1
Manufacturing	12.51	12.52	12.53	12.53	12.53	12.53	12.52	12.51
% Ch, Annual Rate	0.9	0.2	0.4	0.1	0.1	-0.1	-0.4	-0.4
Durable Manufacturing	8.08	8.09	8.11	8.12	8.13	8.13	8.12	8.11
% Ch, Annual Rate	1.6	0.6	1.1	0.6	0.3	-0.1	-0.3	-0.4
Nondurable Manufacturing	4.43	4.43	4.42	4.41	4.41	4.40	4.40	4.39
% Ch, Annual Rate	-0.4	-0.6	-0.8	-0.9	-0.2	-0.2	-0.5	-0.2
Construction	7.01	7.14	7.27	7.38	7.48	7.58	7.65	7.72
% Ch, Annual Rate	7.8	7.7	6.9	6.3	5.8	5.1	4.1	3.6
Service-Providing	121.68	122.11	122.52	122.97	123.29	123.62	123.95	124.29
% Ch, Annual Rate	1.3	1.4	1.4	1.5	1.0	1.1	1.1	1.1
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	85.8	84.7	83.9	83.5	83.1	82.7	82.2	81.9
Personal Saving/Disposable Income (%)	5.7	5.8	5.9	6.1	6.3	6.5	6.6	6.8
Auto Sales (Millions)	8.3	8.6	8.7	8.7	8.7	8.9	8.8	8.7
% Ch, Annual Rate	6.7	14.5	3.8	-0.1	1.4	5.7	-1.5	-3.9
Housing Starts (Millions)	1.487	1.504	1.526	1.536	1.554	1.547	1.553	1.570
% Ch, Annual Rate	12.5	4.8	6.0	2.7	4.6	-1.6	1.3	4.6
Federal Budget Surplus (Billions)	-709.6	-717.8	-724.4	-743.0	-750.4	-780.6	-795.3	-819.7
Net Exports (Billions)	-517.6	-521.2	-518.8	-515.9	-505.3	-501.7	-495.3	-490.7
3-Month Treasury Bill Rate (%)	1.41	1.92	2.42	2.91	3.34	3.65	3.72	3.72
10-Year Treasury Note Yield (%)	3.57	3.68	3.82	3.95	4.18	4.38	4.51	4.50
Bond Index of 20 G.O. Munis. (%)	5.10	5.19	5.30	5.43	5.59	5.73	5.78	5.78
30-Year Fixed Mortgage Rate (%)	5.35	5.54	5.73	5.95	6.21	6.45	6.56	6.57

Table A1.3

Washington Economic Forecast Summary

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	278.760	287.929	296.841	302.990	314.535	325.703	336.970	349.187
% Ch	0.7	3.3	3.1	2.1	3.8	3.6	3.5	3.6
Real Wage and Salary Disb.	146.270	149.563	154.653	158.732	163.650	169.239	174.351	179.396
% Ch	-0.4	2.3	3.4	2.6	3.1	3.4	3.0	2.9
Real Nonwage Income	132.490	138.367	142.188	144.258	150.885	156.464	162.619	169.791
% Ch	2.0	4.4	2.8	1.5	4.6	3.7	3.9	4.4
Real Per Capita Income (\$/Person)	41,274	42,144	42,980	43,405	44,587	45,670	46,728	47,874
% Ch	-0.2	2.1	2.0	1.0	2.7	2.4	2.3	2.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.017	1.041	1.060	1.073	1.088	1.104	1.121	1.137
% Ch	1.7	2.4	1.8	1.2	1.5	1.4	1.5	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.267	2.328	2.386	2.421	2.467	2.510	2.554	2.597
% Ch	0.3	2.7	2.5	1.5	1.9	1.7	1.8	1.7
Average Nonfarm Annual Wage	51,004	52,783	54,688	55,666	57,222	59,070	60,815	62,581
% Ch	2.6	3.5	3.6	1.8	2.8	3.2	3.0	2.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.49	23.98	24.14	24.13	24.45	24.90	25.41	25.90
% Ch	0.4	2.1	0.7	0.0	1.3	1.9	2.0	1.9
Current Dollar Income (Billions of Dollars)								
Personal Income	283.368	299.685	314.686	325.019	342.363	359.617	377.723	396.985
% Ch	2.4	5.8	5.0	3.3	5.3	5.0	5.0	5.1
Disposable Personal Income	256.220	267.790	280.386	286.796	302.225	317.545	333.789	351.050
% Ch	2.3	4.5	4.7	2.3	5.4	5.1	5.1	5.2
Per Capita Income (\$/Person)	41,956	43,863	45,563	46,560	48,532	50,425	52,378	54,426
% Ch	1.5	4.5	3.9	2.2	4.2	3.9	3.9	3.9
Employment (Thousands)								
Washington Civilian Labor Force	3,515.1	3,482.4	3,481.8	3,487.2	3,530.0	3,572.2	3,613.4	3,654.9
Total Washington Employment	3,166.5	3,161.9	3,197.6	3,241.5	3,294.6	3,350.1	3,397.7	3,442.0
Unemployment Rate (%)	9.92	9.21	8.16	7.05	6.67	6.22	5.97	5.82
Nonfarm Payroll Employment	2,788.8	2,824.8	2,872.8	2,933.4	2,986.7	3,037.8	3,088.1	3,133.2
% Ch	-1.3	1.3	1.7	2.1	1.8	1.7	1.7	1.5
Manufacturing	258.2	268.6	280.3	287.5	292.7	296.8	298.7	299.3
% Ch	-2.8	4.1	4.3	2.6	1.8	1.4	0.6	0.2
Durable Manufacturing	184.2	193.4	204.6	210.6	214.3	218.0	219.3	219.3
% Ch	-3.3	4.9	5.8	2.9	1.8	1.7	0.6	0.0
Aerospace	80.8	86.6	94.3	96.5	94.5	92.6	90.8	88.9
% Ch	-2.5	7.1	8.9	2.3	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	73.9	75.3	75.7	77.0	78.4	78.8	79.4	80.1
% Ch	-1.3	1.9	0.5	1.7	1.9	0.5	0.7	0.9
Construction	140.7	136.4	139.0	149.1	157.1	165.9	174.4	182.1
% Ch	-11.9	-3.1	1.9	7.3	5.4	5.6	5.1	4.4
Service-Providing	2,384.0	2,413.8	2,447.7	2,490.7	2,530.4	2,567.6	2,607.1	2,644.0
% Ch	-0.4	1.2	1.4	1.8	1.6	1.5	1.5	1.4
Software Publishers	50.9	51.7	52.4	53.7	54.5	55.2	56.1	57.1
% Ch	-1.1	1.5	1.4	2.5	1.4	1.4	1.7	1.7
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	20.691	20.864	28.118	31.624	34.637	38.432	40.937	41.098
% Ch	21.6	0.8	34.8	12.5	9.5	11.0	6.5	0.4
Single-Family	14.702	13.159	16.508	19.593	22.325	25.083	27.762	28.628
% Ch	13.2	-10.5	25.5	18.7	13.9	12.4	10.7	3.1
Multi-Family	5.989	7.705	11.610	12.032	12.311	13.350	13.174	12.470
% Ch	49.0	28.7	50.7	3.6	2.3	8.4	-1.3	-5.3
30-Year Fixed Mortgage Rate (%)	4.69	4.46	3.66	4.04	4.62	4.92	5.65	6.45

Table A1.4

Washington Economic Forecast Summary

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	293.989	294.458	296.714	302.204	298.486	302.268	305.027	306.178
% Ch, Annual Rate	6.8	0.6	3.1	7.6	-4.8	5.2	3.7	1.5
Real Wage and Salary Disb.	154.335	152.960	154.887	156.431	157.002	158.524	159.594	159.809
% Ch, Annual Rate	10.0	-3.5	5.1	4.0	1.5	3.9	2.7	0.5
Real Nonwage Income	139.654	141.498	141.828	145.773	141.484	143.744	145.433	146.369
% Ch, Annual Rate	3.4	5.4	0.9	11.6	-11.3	6.5	4.8	2.6
Real Per Capita Income (\$/Person)	42,740	42,694	42,905	43,582	42,930	43,360	43,639	43,691
% Ch, Annual Rate	5.6	-0.4	2.0	6.5	-5.8	4.1	2.6	0.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.055	1.057	1.062	1.066	1.069	1.069	1.074	1.078
% Ch, Annual Rate	2.3	1.1	1.7	1.6	1.1	0.0	1.9	1.6
Seattle Cons. Price Index (1982-84=1.0)	2.366	2.383	2.396	2.401	2.404	2.414	2.428	2.439
% Ch, Annual Rate	1.2	2.9	2.2	0.8	0.6	1.7	2.3	1.8
Average Nonfarm Annual Wage	54,742	54,085	54,740	55,185	55,141	55,513	55,975	56,036
% Ch, Annual Rate	10.7	-4.7	4.9	3.3	-0.3	2.7	3.4	0.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.02	24.06	24.12	24.37	24.11	24.18	24.07	24.17
% Ch, Annual Rate	-1.4	0.6	1.0	4.2	-4.2	1.2	-1.9	1.8
Current Dollar Income (Billions of Dollars)								
Personal Income	310.064	311.383	315.085	322.209	319.103	323.171	327.620	330.181
% Ch, Annual Rate	9.2	1.7	4.8	9.4	-3.8	5.2	5.6	3.2
Disposable Personal Income	276.585	277.628	280.672	286.660	281.775	284.906	289.133	291.368
% Ch, Annual Rate	8.6	1.5	4.5	8.8	-6.6	4.5	6.1	3.1
Per Capita Income (\$/Person)	45,077	45,148	45,562	46,467	45,896	46,359	46,871	47,116
% Ch, Annual Rate	8.1	0.6	3.7	8.2	-4.8	4.1	4.5	2.1
Employment (Thousands)								
Washington Civilian Labor Force	3,490.9	3,488.9	3,476.8	3,470.6	3,469.3	3,492.9	3,486.7	3,500.0
Total Washington Employment	3,195.7	3,196.4	3,193.1	3,205.4	3,211.0	3,253.5	3,244.4	3,257.1
Unemployment Rate (%)	8.46	8.39	8.16	7.64	7.45	6.85	6.95	6.94
Nonfarm Payroll Employment	2,848.0	2,866.0	2,880.0	2,897.4	2,917.1	2,926.9	2,938.0	2,951.6
% Ch, Annual Rate	1.5	2.6	2.0	2.4	2.7	1.4	1.5	1.9
Manufacturing	275.7	278.9	282.6	284.0	286.6	287.9	287.4	288.3
% Ch, Annual Rate	3.5	4.7	5.4	2.1	3.7	1.7	-0.7	1.3
Durable Manufacturing	200.2	203.2	206.4	208.5	210.2	210.8	210.5	210.8
% Ch, Annual Rate	5.7	6.0	6.6	4.1	3.3	1.2	-0.7	0.6
Aerospace	91.5	93.1	95.6	96.8	97.2	96.7	96.2	95.7
% Ch, Annual Rate	5.9	7.1	11.3	5.1	1.6	-1.9	-2.2	-2.1
Nondurable Manufacturing	75.4	75.7	76.1	75.5	76.4	77.0	76.9	77.6
% Ch, Annual Rate	-1.9	1.4	2.2	-3.3	5.1	3.2	-0.8	3.5
Construction	135.9	138.1	139.1	142.7	146.4	148.0	150.1	151.9
% Ch, Annual Rate	-0.3	6.7	3.0	10.7	10.9	4.3	5.9	4.8
Service-Providing	2,430.4	2,443.1	2,452.4	2,464.8	2,478.0	2,485.0	2,494.5	2,505.2
% Ch, Annual Rate	1.4	2.1	1.5	2.0	2.2	1.1	1.5	1.7
Software Publishers	52.1	52.2	52.6	52.7	52.9	53.5	54.1	54.2
% Ch, Annual Rate	1.4	0.8	2.9	0.5	2.0	4.6	4.7	0.2
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	26.575	26.901	28.024	30.972	36.029	27.663	30.852	31.953
% Ch, Annual Rate	126.0	5.0	17.8	49.2	83.1	-65.2	54.7	15.1
Single-Family	14.808	15.255	16.976	18.993	18.876	19.200	19.993	20.302
% Ch, Annual Rate	45.6	12.7	53.3	56.7	-2.4	7.1	17.6	6.3
Multi-Family	11.767	11.646	11.048	11.979	17.153	8.463	10.859	11.651
% Ch, Annual Rate	325.2	-4.1	-19.0	38.2	320.4	-94.1	171.1	32.5
30-Year Fixed Mortgage Rate (%)	3.92	3.80	3.55	3.36	3.50	3.69	4.45	4.53

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	309.966	313.270	316.557	318.345	321.618	324.741	327.401	329.055
% Ch, Annual Rate	5.0	4.3	4.3	2.3	4.2	3.9	3.3	2.0
Real Wage and Salary Disb.	161.017	163.045	165.004	165.534	166.703	168.773	170.479	171.001
% Ch, Annual Rate	3.1	5.1	4.9	1.3	2.9	5.1	4.1	1.2
Real Nonwage Income	148.949	150.225	151.554	152.811	154.914	155.968	156.922	158.053
% Ch, Annual Rate	7.2	3.5	3.6	3.4	5.6	2.7	2.5	2.9
Real Per Capita Income (\$/Person)	44,117	44,469	44,816	44,947	45,285	45,599	45,846	45,950
% Ch, Annual Rate	4.0	3.2	3.2	1.2	3.0	2.8	2.2	0.9
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.083	1.087	1.090	1.094	1.098	1.102	1.106	1.110
% Ch, Annual Rate	1.6	1.5	1.4	1.3	1.6	1.4	1.5	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.450	2.462	2.473	2.483	2.494	2.504	2.515	2.526
% Ch, Annual Rate	1.9	2.0	1.7	1.6	1.9	1.7	1.8	1.6
Average Nonfarm Annual Wage	56,358	57,026	57,676	57,828	58,195	58,924	59,512	59,650
% Ch, Annual Rate	2.3	4.8	4.6	1.1	2.6	5.1	4.0	0.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.28	24.39	24.50	24.61	24.72	24.84	24.96	25.09
% Ch, Annual Rate	1.9	1.8	1.9	1.7	1.9	1.8	2.0	2.1
Current Dollar Income (Billions of Dollars)								
Personal Income	335.579	340.447	345.186	348.240	353.221	357.884	362.141	365.223
% Ch, Annual Rate	6.7	5.9	5.7	3.6	5.8	5.4	4.8	3.4
Disposable Personal Income	296.126	300.597	304.658	307.517	311.709	315.933	319.916	322.623
% Ch, Annual Rate	6.7	6.2	5.5	3.8	5.6	5.5	5.1	3.4
Per Capita Income (\$/Person)	47,762	48,327	48,869	49,168	49,735	50,253	50,710	51,001
% Ch, Annual Rate	5.6	4.8	4.6	2.5	4.7	4.2	3.7	2.3
Employment (Thousands)								
Washington Civilian Labor Force	3,512.6	3,524.8	3,536.0	3,546.5	3,556.9	3,567.1	3,577.4	3,587.6
Total Washington Employment	3,272.6	3,287.9	3,302.3	3,315.8	3,330.4	3,343.7	3,356.9	3,369.4
Unemployment Rate (%)	6.83	6.72	6.61	6.51	6.37	6.26	6.16	6.08
Nonfarm Payroll Employment	2,966.5	2,980.8	2,993.8	3,005.8	3,019.2	3,030.9	3,043.8	3,057.2
% Ch, Annual Rate	2.0	1.9	1.8	1.6	1.8	1.6	1.7	1.8
Manufacturing	290.2	292.3	293.9	294.4	295.3	296.3	297.4	298.2
% Ch, Annual Rate	2.6	2.9	2.3	0.7	1.3	1.2	1.5	1.1
Durable Manufacturing	212.0	213.8	215.3	215.9	216.7	217.5	218.5	219.1
% Ch, Annual Rate	2.4	3.4	2.9	1.0	1.5	1.6	1.8	1.1
Aerospace	95.2	94.7	94.3	93.8	93.3	92.8	92.4	91.9
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	78.1	78.5	78.6	78.5	78.7	78.7	78.9	79.1
% Ch, Annual Rate	3.0	1.8	0.6	-0.2	0.6	0.3	0.7	1.0
Construction	153.8	156.2	158.2	160.3	162.8	164.9	167.0	169.1
% Ch, Annual Rate	5.1	6.5	5.1	5.4	6.4	5.3	5.2	5.2
Service-Providing	2,516.4	2,525.9	2,535.1	2,544.4	2,554.1	2,562.5	2,571.8	2,582.1
% Ch, Annual Rate	1.8	1.5	1.5	1.5	1.5	1.3	1.5	1.6
Software Publishers	54.2	54.3	54.6	54.8	54.9	55.1	55.3	55.5
% Ch, Annual Rate	-0.2	1.4	1.9	1.2	1.3	1.1	1.4	1.7
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	33.024	34.381	35.282	35.859	36.966	37.932	38.904	39.927
% Ch, Annual Rate	14.1	17.5	10.9	6.7	12.9	10.9	10.6	10.9
Single-Family	21.339	22.125	22.646	23.192	23.980	24.714	25.366	26.272
% Ch, Annual Rate	22.0	15.6	9.8	10.0	14.3	12.8	11.0	15.1
Multi-Family	11.685	12.257	12.636	12.667	12.986	13.218	13.538	13.656
% Ch, Annual Rate	1.2	21.1	13.0	1.0	10.5	7.3	10.0	3.5
30-Year Fixed Mortgage Rate (%)	4.55	4.58	4.66	4.69	4.76	4.84	4.92	5.15

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Real Income (Billions of Chained 2009 Dollars)								
Real Personal Income	332.779	335.881	338.297	340.923	344.333	348.011	350.917	353.489
% Ch, Annual Rate	4.6	3.8	2.9	3.1	4.1	4.3	3.4	3.0
Real Wage and Salary Disb.	172.215	173.995	175.110	176.084	177.105	178.998	180.286	181.197
% Ch, Annual Rate	2.9	4.2	2.6	2.2	2.3	4.3	2.9	2.0
Real Nonwage Income	160.564	161.887	163.187	164.839	167.228	169.013	170.631	172.293
% Ch, Annual Rate	6.5	3.3	3.3	4.1	5.9	4.3	3.9	4.0
Real Per Capita Income (\$/Person)	46,342	46,644	46,847	47,078	47,414	47,783	48,043	48,255
% Ch, Annual Rate	3.5	2.6	1.8	2.0	2.9	3.2	2.2	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.115	1.119	1.123	1.127	1.131	1.135	1.139	1.143
% Ch, Annual Rate	1.7	1.6	1.5	1.4	1.5	1.4	1.4	1.3
Seattle Cons. Price Index (1982-84=1.0)	2.538	2.549	2.560	2.570	2.581	2.592	2.602	2.612
% Ch, Annual Rate	2.0	1.8	1.7	1.6	1.7	1.6	1.6	1.6
Average Nonfarm Annual Wage	60,064	60,708	61,087	61,402	61,748	62,436	62,906	63,233
% Ch, Annual Rate	2.8	4.4	2.5	2.1	2.3	4.5	3.0	2.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.22	25.34	25.47	25.59	25.72	25.84	25.96	26.07
% Ch, Annual Rate	2.1	2.0	2.0	2.0	1.9	1.9	1.9	1.8
Current Dollar Income (Billions of Dollars)								
Personal Income	370.943	375.849	379.921	384.180	389.472	394.977	399.618	403.874
% Ch, Annual Rate	6.4	5.4	4.4	4.6	5.6	5.8	4.8	4.3
Disposable Personal Income	327.593	331.916	335.833	339.817	343.918	349.040	353.557	357.684
% Ch, Annual Rate	6.3	5.4	4.8	4.8	4.9	6.1	5.3	4.8
Per Capita Income (\$/Person)	51,656	52,194	52,612	53,051	53,629	54,232	54,711	55,133
% Ch, Annual Rate	5.2	4.2	3.2	3.4	4.4	4.6	3.6	3.1
Employment (Thousands)								
Washington Civilian Labor Force	3,598.0	3,608.2	3,618.5	3,628.8	3,639.3	3,649.7	3,660.0	3,670.4
Total Washington Employment	3,381.3	3,392.0	3,403.0	3,414.4	3,425.4	3,436.1	3,447.4	3,459.1
Unemployment Rate (%)	6.02	5.99	5.96	5.91	5.88	5.85	5.81	5.76
Nonfarm Payroll Employment	3,069.8	3,081.8	3,094.1	3,106.8	3,117.7	3,128.1	3,138.3	3,148.9
% Ch, Annual Rate	1.7	1.6	1.6	1.6	1.4	1.3	1.3	1.3
Manufacturing	298.6	298.6	298.8	298.8	299.1	299.3	299.4	299.7
% Ch, Annual Rate	0.5	0.1	0.2	0.0	0.3	0.3	0.2	0.3
Durable Manufacturing	219.4	219.3	219.3	219.3	219.3	219.3	219.2	219.2
% Ch, Annual Rate	0.4	-0.2	0.1	-0.1	0.1	-0.1	-0.1	0.0
Aerospace	91.4	91.0	90.5	90.1	89.6	89.2	88.7	88.3
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	79.2	79.4	79.4	79.5	79.7	80.0	80.2	80.4
% Ch, Annual Rate	0.8	0.7	0.5	0.3	1.1	1.3	0.9	1.3
Construction	171.4	173.3	175.4	177.6	179.6	181.5	183.1	184.4
% Ch, Annual Rate	5.4	4.5	5.1	5.0	4.7	4.2	3.6	3.0
Service-Providing	2,592.0	2,602.0	2,611.9	2,622.4	2,631.0	2,639.6	2,648.2	2,657.2
% Ch, Annual Rate	1.5	1.6	1.5	1.6	1.3	1.3	1.3	1.4
Software Publishers	55.8	56.0	56.3	56.5	56.7	57.0	57.2	57.4
% Ch, Annual Rate	1.9	1.8	1.8	1.6	1.8	1.7	1.5	1.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	40.639	40.842	41.105	41.161	41.274	41.005	40.963	41.152
% Ch, Annual Rate	7.3	2.0	2.6	0.5	1.1	-2.6	-0.4	1.9
Single-Family	27.177	27.587	28.030	28.256	28.450	28.465	28.649	28.948
% Ch, Annual Rate	14.5	6.2	6.6	3.3	2.8	0.2	2.6	4.2
Multi-Family	13.462	13.255	13.076	12.905	12.824	12.540	12.314	12.204
% Ch, Annual Rate	-5.5	-6.0	-5.3	-5.1	-2.5	-8.6	-7.0	-3.5
30-Year Fixed Mortgage Rate (%)	5.35	5.54	5.73	5.95	6.21	6.45	6.56	6.57

Table A2.1

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Nonfarm Payroll Employment	129.91	131.50	133.74	135.98	138.44	140.69	142.98	144.85
% Ch	-0.7	1.2	1.7	1.7	1.8	1.6	1.6	1.3
Manufacturing	11.53	11.73	11.92	11.99	12.24	12.41	12.52	12.52
% Ch	-2.7	1.7	1.7	0.6	2.0	1.4	0.9	0.0
Durable Manufacturing	7.06	7.27	7.46	7.53	7.76	7.96	8.10	8.12
% Ch	-3.0	3.0	2.6	0.9	3.1	2.6	1.7	0.3
Wood Products	0.34	0.34	0.34	0.35	0.41	0.51	0.55	0.53
% Ch	-5.0	-1.5	0.4	2.6	19.4	23.0	7.6	-2.8
Primary and Fabricated Metals	1.64	1.74	1.81	1.83	1.88	1.94	1.99	2.01
% Ch	-1.8	5.6	4.5	0.9	3.0	2.9	2.8	1.1
Computer and Electronic Products	1.09	1.10	1.09	1.09	1.09	1.08	1.05	1.05
% Ch	-3.7	0.8	-0.9	-0.8	0.6	-1.5	-2.6	0.4
Machinery and Electrical Equipment	1.36	1.42	1.47	1.47	1.50	1.52	1.54	1.55
% Ch	-3.3	4.9	3.3	0.0	2.3	1.3	1.3	0.8
Transportation Equipment	1.33	1.38	1.46	1.50	1.53	1.55	1.59	1.59
% Ch	-1.1	3.6	5.4	2.8	2.0	1.8	2.4	0.2
Other Durables	1.29	1.29	1.29	1.30	1.34	1.36	1.38	1.37
% Ch	-5.0	-0.1	0.1	0.6	2.9	1.7	1.0	-0.2
Nondurable Manufacturing	4.46	4.45	4.46	4.47	4.48	4.45	4.42	4.40
% Ch	-2.2	-0.2	0.1	0.2	0.3	-0.7	-0.6	-0.5
Food Manufacturing	1.45	1.46	1.47	1.47	1.50	1.51	1.51	1.53
% Ch	-0.4	0.5	0.7	0.3	1.8	0.4	0.6	0.8
Paper and Paper Products	0.39	0.39	0.38	0.38	0.38	0.38	0.38	0.38
% Ch	-3.0	-1.8	-2.1	-0.5	-0.1	-0.4	-0.1	0.0
Other Nondurables	2.62	2.61	2.61	2.62	2.60	2.57	2.53	2.50
% Ch	-3.0	-0.4	0.0	0.2	-0.5	-1.4	-1.3	-1.3
Natural Resources and Mining	0.70	0.79	0.85	0.88	0.90	0.91	0.93	0.94
% Ch	1.5	11.8	8.0	3.0	2.9	1.1	2.4	0.7
Construction	5.52	5.53	5.64	5.82	6.13	6.67	7.20	7.61
% Ch	-8.3	0.3	2.0	3.1	5.4	8.8	7.9	5.6
Trade, Transportation, and Utilities	24.64	25.07	25.51	25.98	26.36	26.62	26.99	27.29
% Ch	-1.1	1.7	1.8	1.8	1.4	1.0	1.4	1.1
Wholesale Trade	5.45	5.54	5.67	5.77	5.86	5.97	6.10	6.22
% Ch	-2.4	1.7	2.4	1.6	1.7	1.8	2.2	1.9
Retail Trade	14.44	14.67	14.87	15.19	15.37	15.38	15.44	15.47
% Ch	-0.5	1.6	1.4	2.1	1.2	0.0	0.4	0.2
Trans., Warehousing, and Utilities	4.74	4.85	4.97	5.03	5.13	5.28	5.45	5.60
% Ch	-1.1	2.3	2.4	1.2	1.9	3.0	3.2	2.8
Information	2.71	2.67	2.68	2.69	2.70	2.72	2.78	2.85
% Ch	-3.4	-1.2	0.1	0.4	0.6	0.6	2.3	2.2
Publishing Industries	0.76	0.75	0.74	0.72	0.70	0.69	0.69	0.69
% Ch	-4.7	-1.4	-1.5	-1.8	-3.1	-1.2	-0.4	-0.4
Other Information	1.95	1.93	1.94	1.96	2.00	2.03	2.09	2.16
% Ch	-2.9	-1.2	0.8	1.3	1.9	1.2	3.3	3.1
Financial Activities	7.70	7.70	7.79	7.90	7.92	7.90	7.85	7.74
% Ch	-1.8	0.0	1.2	1.4	0.3	-0.3	-0.7	-1.4
Professional and Business Services	16.72	17.33	17.93	18.55	19.30	20.06	20.61	21.10
% Ch	0.9	3.6	3.5	3.5	4.1	3.9	2.8	2.3
Education and Health Services	19.53	19.89	20.32	20.66	21.00	21.24	21.67	22.05
% Ch	1.8	1.8	2.2	1.7	1.6	1.1	2.1	1.7
Leisure and Hospitality	13.04	13.35	13.75	14.18	14.45	14.66	14.80	14.98
% Ch	-0.2	2.4	3.0	3.2	1.9	1.5	1.0	1.2
Other Services	5.33	5.36	5.44	5.48	5.49	5.47	5.46	5.47
% Ch	-0.7	0.6	1.4	0.8	0.2	-0.3	-0.2	0.2
Federal Government	2.98	2.86	2.82	2.75	2.76	2.74	2.69	2.66
% Ch	5.2	-3.9	-1.5	-2.2	0.2	-0.6	-1.9	-1.2
State and Local Government	19.51	19.23	19.10	19.10	19.18	19.28	19.46	19.66
% Ch	-1.1	-1.4	-0.7	0.0	0.4	0.5	0.9	1.0

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	133.06	133.51	133.92	134.46	135.11	135.69	136.22	136.90
% Ch, Annual Rate	2.4	1.4	1.2	1.6	1.9	1.7	1.6	2.0
Manufacturing	11.87	11.93	11.94	11.94	11.98	11.97	11.98	12.04
% Ch, Annual Rate	3.3	1.8	0.5	-0.1	1.3	-0.2	0.3	2.0
Durable Manufacturing	7.43	7.47	7.48	7.48	7.51	7.51	7.53	7.57
% Ch, Annual Rate	4.8	2.3	0.7	0.0	1.4	0.2	0.8	2.2
Wood Products	0.34	0.34	0.34	0.34	0.35	0.34	0.35	0.35
% Ch, Annual Rate	4.0	-2.4	-0.9	7.8	4.5	-1.3	2.6	3.3
Primary and Fabricated Metals	1.80	1.81	1.82	1.82	1.83	1.83	1.83	1.83
% Ch, Annual Rate	7.4	4.3	1.5	-0.1	1.3	0.6	-0.1	0.1
Computer and Electronic Products	1.10	1.10	1.09	1.09	1.09	1.08	1.08	1.09
% Ch, Annual Rate	-1.2	-0.3	-1.9	-2.0	-0.6	-0.3	-0.4	2.6
Machinery and Electrical Equipment	1.46	1.47	1.47	1.47	1.47	1.47	1.46	1.47
% Ch, Annual Rate	5.6	2.9	-0.4	-0.7	0.4	-1.0	-0.5	1.8
Transportation Equipment	1.43	1.45	1.47	1.47	1.48	1.49	1.50	1.51
% Ch, Annual Rate	7.4	4.9	4.9	0.7	3.2	1.9	2.7	3.9
Other Durables	1.30	1.30	1.29	1.29	1.30	1.30	1.30	1.31
% Ch, Annual Rate	3.0	-0.6	-1.2	-0.1	1.7	0.0	1.7	3.1
Nondurable Manufacturing	4.45	4.46	4.46	4.46	4.47	4.46	4.46	4.47
% Ch, Annual Rate	0.8	1.1	0.1	-0.1	1.1	-1.0	-0.4	1.6
Food Manufacturing	1.46	1.47	1.48	1.47	1.47	1.47	1.47	1.48
% Ch, Annual Rate	1.5	3.0	1.5	-1.5	0.9	-0.3	-1.2	2.7
Paper and Paper Products	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
% Ch, Annual Rate	-2.6	-0.8	-2.3	-0.9	0.5	-0.7	1.2	-1.2
Other Nondurables	2.61	2.61	2.61	2.61	2.62	2.61	2.61	2.62
% Ch, Annual Rate	0.9	0.3	-0.3	0.7	1.3	-1.4	-0.2	1.3
Natural Resources and Mining	0.85	0.85	0.85	0.85	0.87	0.87	0.88	0.89
% Ch, Annual Rate	12.2	2.1	-1.9	0.9	7.2	0.9	4.7	6.3
Construction	5.64	5.62	5.63	5.68	5.77	5.79	5.81	5.88
% Ch, Annual Rate	3.6	-0.9	0.4	3.4	6.8	1.5	1.2	5.0
Trade, Transportation, and Utilities	25.38	25.45	25.52	25.70	25.80	25.88	26.04	26.21
% Ch, Annual Rate	2.1	1.1	1.1	2.9	1.5	1.2	2.5	2.7
Wholesale Trade	5.63	5.67	5.69	5.71	5.73	5.75	5.78	5.80
% Ch, Annual Rate	3.2	2.3	1.7	1.3	1.8	1.0	2.0	1.9
Retail Trade	14.81	14.83	14.86	14.98	15.04	15.11	15.23	15.36
% Ch, Annual Rate	1.4	0.6	0.5	3.3	1.8	1.7	3.4	3.4
Trans., Warehousing, and Utilities	4.93	4.95	4.97	5.02	5.02	5.02	5.03	5.05
% Ch, Annual Rate	3.3	1.1	2.2	3.8	0.2	0.0	0.4	1.5
Information	2.68	2.68	2.68	2.68	2.69	2.69	2.69	2.68
% Ch, Annual Rate	-0.3	0.2	0.0	-0.2	2.4	0.0	-0.1	-2.2
Publishing Industries	0.74	0.74	0.74	0.73	0.73	0.73	0.72	0.71
% Ch, Annual Rate	-2.8	-0.9	-0.3	-2.9	-1.7	-0.4	-3.5	-4.4
Other Information	1.94	1.94	1.94	1.94	1.96	1.96	1.97	1.96
% Ch, Annual Rate	0.7	0.7	0.2	0.8	3.9	0.1	1.2	-1.4
Financial Activities	7.74	7.78	7.80	7.82	7.85	7.88	7.92	7.94
% Ch, Annual Rate	1.3	1.8	0.9	1.4	1.4	1.6	1.8	1.1
Professional and Business Services	17.74	17.88	17.99	18.11	18.28	18.49	18.62	18.81
% Ch, Annual Rate	4.8	3.1	2.5	2.7	3.8	4.6	3.0	4.0
Education and Health Services	20.17	20.28	20.37	20.47	20.55	20.64	20.71	20.76
% Ch, Annual Rate	2.3	2.2	1.8	2.0	1.6	1.9	1.2	1.0
Leisure and Hospitality	13.63	13.71	13.78	13.87	13.98	14.13	14.25	14.36
% Ch, Annual Rate	3.9	2.1	2.3	2.5	3.4	4.3	3.2	3.4
Other Services	5.42	5.42	5.44	5.46	5.47	5.48	5.48	5.48
% Ch, Annual Rate	1.8	0.6	1.4	1.6	0.8	0.5	0.1	0.0
Federal Government	2.83	2.82	2.81	2.80	2.79	2.76	2.74	2.73
% Ch, Annual Rate	-1.5	-1.4	-2.0	-1.0	-2.1	-3.7	-3.1	-1.0
State and Local Government	19.11	19.10	19.11	19.10	19.08	19.10	19.11	19.11
% Ch, Annual Rate	-0.4	-0.3	0.3	-0.7	-0.1	0.5	0.1	0.1

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	137.58	138.17	138.74	139.26	139.84	140.37	140.96	141.58
% Ch, Annual Rate	2.0	1.7	1.6	1.5	1.7	1.5	1.7	1.8
Manufacturing	12.13	12.23	12.29	12.30	12.34	12.38	12.44	12.48
% Ch, Annual Rate	3.0	3.4	1.8	0.4	1.3	1.4	1.8	1.5
Durable Manufacturing	7.64	7.75	7.81	7.83	7.88	7.93	7.99	8.04
% Ch, Annual Rate	4.2	5.4	3.2	1.3	2.4	2.7	3.1	2.6
Wood Products	0.37	0.40	0.43	0.45	0.47	0.50	0.52	0.54
% Ch, Annual Rate	31.8	34.2	26.1	23.5	23.3	22.8	19.8	13.9
Primary and Fabricated Metals	1.85	1.88	1.89	1.90	1.92	1.93	1.94	1.96
% Ch, Annual Rate	5.5	6.3	2.2	2.4	2.8	2.7	3.0	3.4
Computer and Electronic Products	1.08	1.08	1.11	1.09	1.09	1.08	1.07	1.07
% Ch, Annual Rate	-1.8	-0.9	8.9	-3.8	-3.5	-3.1	-1.4	-2.0
Machinery and Electrical Equipment	1.48	1.51	1.51	1.51	1.51	1.52	1.53	1.53
% Ch, Annual Rate	3.9	5.9	0.6	-0.1	1.3	1.3	1.8	1.0
Transportation Equipment	1.52	1.53	1.53	1.53	1.54	1.55	1.56	1.57
% Ch, Annual Rate	1.4	2.5	-0.1	0.1	1.9	2.8	3.6	3.4
Other Durables	1.33	1.34	1.34	1.35	1.35	1.36	1.37	1.37
% Ch, Annual Rate	4.4	4.8	0.6	0.5	1.9	2.1	2.2	1.6
Nondurable Manufacturing	4.48	4.49	4.48	4.47	4.46	4.45	4.44	4.44
% Ch, Annual Rate	1.0	0.2	-0.5	-1.2	-0.7	-0.9	-0.6	-0.3
Food Manufacturing	1.49	1.50	1.50	1.50	1.50	1.50	1.51	1.51
% Ch, Annual Rate	4.3	2.0	0.7	-0.6	0.6	0.1	0.6	0.8
Paper and Paper Products	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
% Ch, Annual Rate	1.1	-0.5	-0.7	-0.5	-0.4	-0.4	0.0	0.3
Other Nondurables	2.61	2.61	2.60	2.59	2.58	2.57	2.56	2.55
% Ch, Annual Rate	-0.9	-0.8	-1.2	-1.6	-1.5	-1.5	-1.4	-1.1
Natural Resources and Mining	0.90	0.90	0.90	0.90	0.91	0.91	0.91	0.92
% Ch, Annual Rate	2.7	1.7	0.6	0.1	1.3	1.7	1.1	2.0
Construction	5.97	6.06	6.18	6.31	6.45	6.60	6.75	6.88
% Ch, Annual Rate	6.1	6.2	8.4	8.5	9.3	9.6	9.2	8.2
Trade, Transportation, and Utilities	26.26	26.31	26.40	26.46	26.52	26.57	26.65	26.75
% Ch, Annual Rate	0.7	0.9	1.3	1.0	0.8	0.8	1.2	1.5
Wholesale Trade	5.83	5.85	5.87	5.89	5.92	5.95	5.98	6.02
% Ch, Annual Rate	1.8	1.5	1.3	1.4	2.2	1.8	2.1	2.4
Retail Trade	15.35	15.35	15.38	15.40	15.38	15.36	15.37	15.39
% Ch, Annual Rate	-0.3	0.1	0.8	0.3	-0.5	-0.3	0.3	0.4
Trans., Warehousing, and Utilities	5.07	5.11	5.14	5.18	5.22	5.26	5.30	5.34
% Ch, Annual Rate	2.3	2.7	2.6	2.9	3.1	2.9	3.1	3.5
Information	2.72	2.70	2.69	2.71	2.70	2.71	2.73	2.74
% Ch, Annual Rate	6.0	-2.1	-2.1	3.0	-1.1	1.3	3.6	0.5
Publishing Industries	0.70	0.70	0.70	0.70	0.70	0.69	0.69	0.69
% Ch, Annual Rate	-5.5	-1.4	-0.2	-1.8	-1.2	-1.8	-1.0	-0.3
Other Information	2.01	2.00	1.99	2.01	2.00	2.02	2.04	2.05
% Ch, Annual Rate	10.5	-2.4	-2.8	4.7	-1.0	2.3	5.2	0.8
Financial Activities	7.93	7.92	7.93	7.93	7.92	7.90	7.90	7.89
% Ch, Annual Rate	-0.6	-0.3	0.3	-0.1	-0.3	-0.8	-0.4	-0.3
Professional and Business Services	19.05	19.23	19.37	19.55	19.79	19.98	20.15	20.31
% Ch, Annual Rate	5.3	3.7	3.1	3.8	4.9	4.0	3.4	3.3
Education and Health Services	20.91	20.99	21.03	21.08	21.15	21.20	21.25	21.36
% Ch, Annual Rate	3.0	1.5	0.7	1.0	1.3	1.0	1.1	2.0
Leisure and Hospitality	14.35	14.41	14.48	14.55	14.60	14.64	14.67	14.72
% Ch, Annual Rate	-0.3	1.5	1.9	2.0	1.4	1.1	1.0	1.3
Other Services	5.48	5.49	5.50	5.49	5.48	5.47	5.47	5.46
% Ch, Annual Rate	0.0	0.6	0.6	-0.9	-0.3	-0.7	-0.5	-0.3
Federal Government	2.74	2.76	2.78	2.76	2.76	2.75	2.74	2.73
% Ch, Annual Rate	1.4	3.1	2.0	-2.5	0.5	-1.7	-1.8	-1.6
State and Local Government	19.14	19.17	19.20	19.22	19.23	19.26	19.30	19.34
% Ch, Annual Rate	0.6	0.6	0.7	0.5	0.2	0.5	0.8	0.9

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	142.13	142.70	143.25	143.82	144.24	144.67	145.06	145.45
% Ch, Annual Rate	1.6	1.6	1.6	1.6	1.2	1.2	1.1	1.1
Manufacturing	12.51	12.52	12.53	12.53	12.53	12.53	12.52	12.51
% Ch, Annual Rate	0.9	0.2	0.4	0.1	0.1	-0.1	-0.4	-0.4
Durable Manufacturing	8.08	8.09	8.11	8.12	8.13	8.13	8.12	8.11
% Ch, Annual Rate	1.6	0.6	1.1	0.6	0.3	-0.1	-0.3	-0.4
Wood Products	0.55	0.55	0.55	0.54	0.54	0.53	0.53	0.53
% Ch, Annual Rate	7.1	1.0	-2.0	-3.1	-3.3	-3.6	-3.4	-2.1
Primary and Fabricated Metals	1.98	1.99	2.00	2.01	2.01	2.02	2.02	2.01
% Ch, Annual Rate	2.9	2.1	2.9	2.3	0.5	0.3	0.0	-0.5
Computer and Electronic Products	1.06	1.05	1.04	1.04	1.04	1.05	1.06	1.06
% Ch, Annual Rate	-3.0	-3.4	-2.4	-1.8	1.8	2.0	2.4	2.5
Machinery and Electrical Equipment	1.53	1.54	1.55	1.55	1.56	1.56	1.55	1.55
% Ch, Annual Rate	0.8	1.2	2.3	1.9	0.8	0.1	-0.5	-0.8
Transportation Equipment	1.58	1.59	1.59	1.60	1.60	1.60	1.59	1.59
% Ch, Annual Rate	2.8	0.9	1.4	0.8	0.3	-0.5	-0.8	-0.9
Other Durables	1.37	1.38	1.38	1.38	1.38	1.37	1.37	1.37
% Ch, Annual Rate	0.8	0.2	0.7	0.0	-0.2	-0.7	-0.7	-0.8
Nondurable Manufacturing	4.43	4.43	4.42	4.41	4.41	4.40	4.40	4.39
% Ch, Annual Rate	-0.4	-0.6	-0.8	-0.9	-0.2	-0.2	-0.5	-0.2
Food Manufacturing	1.51	1.51	1.52	1.52	1.52	1.52	1.53	1.53
% Ch, Annual Rate	0.7	0.7	0.4	0.3	0.9	1.1	0.8	1.2
Paper and Paper Products	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
% Ch, Annual Rate	-0.1	-0.2	-0.4	-0.4	0.3	0.2	-0.2	0.1
Other Nondurables	2.55	2.54	2.53	2.52	2.51	2.50	2.49	2.49
% Ch, Annual Rate	-1.2	-1.3	-1.6	-1.7	-1.0	-1.1	-1.4	-1.1
Natural Resources and Mining	0.92	0.93	0.94	0.94	0.94	0.94	0.94	0.94
% Ch, Annual Rate	3.1	3.1	2.6	1.7	0.8	-0.2	-1.3	-1.0
Construction	7.01	7.14	7.27	7.38	7.48	7.58	7.65	7.72
% Ch, Annual Rate	7.8	7.7	6.9	6.3	5.8	5.1	4.1	3.6
Trade, Transportation, and Utilities	26.84	26.95	27.04	27.13	27.19	27.27	27.32	27.36
% Ch, Annual Rate	1.4	1.6	1.4	1.3	1.0	1.1	0.8	0.6
Wholesale Trade	6.05	6.08	6.12	6.15	6.18	6.21	6.23	6.26
% Ch, Annual Rate	2.3	2.2	2.2	2.2	1.9	1.8	1.7	1.5
Retail Trade	15.40	15.43	15.45	15.47	15.47	15.47	15.47	15.46
% Ch, Annual Rate	0.3	0.8	0.5	0.4	-0.1	0.2	-0.1	-0.2
Trans., Warehousing, and Utilities	5.39	5.43	5.47	5.51	5.55	5.59	5.62	5.65
% Ch, Annual Rate	3.3	3.2	3.0	3.0	3.0	2.6	2.4	2.2
Information	2.75	2.77	2.80	2.82	2.83	2.84	2.85	2.86
% Ch, Annual Rate	1.8	3.3	3.9	2.6	2.1	1.5	1.3	0.9
Publishing Industries	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69
% Ch, Annual Rate	0.0	-0.2	-0.3	-0.6	-0.1	-0.4	-0.8	-1.0
Other Information	2.06	2.08	2.11	2.13	2.14	2.15	2.16	2.17
% Ch, Annual Rate	2.5	4.5	5.3	3.7	2.8	2.1	2.0	1.6
Financial Activities	7.88	7.87	7.84	7.82	7.79	7.76	7.72	7.69
% Ch, Annual Rate	-0.4	-0.9	-1.3	-1.1	-1.2	-1.9	-1.8	-1.5
Professional and Business Services	20.43	20.53	20.67	20.83	20.94	21.02	21.15	21.28
% Ch, Annual Rate	2.2	2.0	2.8	3.1	2.1	1.7	2.4	2.6
Education and Health Services	21.49	21.64	21.73	21.84	21.90	22.01	22.10	22.19
% Ch, Annual Rate	2.6	2.7	1.7	2.1	1.1	2.1	1.6	1.7
Leisure and Hospitality	14.74	14.77	14.82	14.87	14.92	14.96	15.00	15.04
% Ch, Annual Rate	0.4	0.9	1.3	1.5	1.3	1.0	1.2	1.0
Other Services	5.46	5.46	5.46	5.46	5.46	5.47	5.47	5.48
% Ch, Annual Rate	0.0	-0.1	0.0	0.0	0.3	0.4	0.4	0.2
Federal Government	2.71	2.70	2.69	2.68	2.67	2.66	2.65	2.65
% Ch, Annual Rate	-3.0	-1.5	-1.4	-1.4	-0.8	-1.3	-1.3	-1.2
State and Local Government	19.39	19.44	19.48	19.53	19.58	19.63	19.68	19.74
% Ch, Annual Rate	0.9	1.0	1.0	1.1	0.9	1.1	1.0	1.3

Table A2.3

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Nonfarm Payroll Employment	2,788.8	2,824.8	2,872.8	2,933.4	2,986.7	3,037.8	3,088.1	3,133.2
% Ch	-1.3	1.3	1.7	2.1	1.8	1.7	1.7	1.5
Manufacturing	258.2	268.6	280.3	287.5	292.7	296.8	298.7	299.3
% Ch	-2.8	4.1	4.3	2.6	1.8	1.4	0.6	0.2
Durable Manufacturing	184.2	193.4	204.6	210.6	214.3	218.0	219.3	219.3
% Ch	-3.3	4.9	5.8	2.9	1.8	1.7	0.6	0.0
Wood Products	12.9	12.6	12.4	13.1	15.2	18.1	19.2	18.5
% Ch	-2.9	-2.4	-1.4	5.1	16.0	19.4	5.8	-3.5
Primary and Fabricated Metals	21.4	22.9	24.3	25.2	26.2	27.2	28.4	29.2
% Ch	-2.4	7.0	6.1	3.7	4.0	4.1	4.5	2.7
Computer and Electronic Products	19.1	19.7	20.2	20.2	20.8	20.7	20.3	20.8
% Ch	-4.8	3.2	2.3	0.1	3.1	-0.5	-2.0	2.4
Machinery and Electrical Equipment	15.7	17.3	18.4	19.4	20.8	22.0	23.3	24.4
% Ch	-3.7	10.3	6.2	5.7	7.2	5.7	5.7	5.0
Aerospace	80.8	86.6	94.3	96.5	94.5	92.6	90.8	88.9
% Ch	-2.5	7.1	8.9	2.3	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	8.9	9.2	10.0	10.1	9.9	9.8	9.3	8.9
% Ch	-8.3	4.3	8.5	1.0	-2.2	-1.4	-4.9	-4.5
Other Durables	25.5	25.0	25.0	26.1	26.9	27.5	28.1	28.5
% Ch	-3.6	-1.7	0.0	4.3	3.0	2.4	2.0	1.5
Nondurable Manufacturing	73.9	75.3	75.7	77.0	78.4	78.8	79.4	80.1
% Ch	-1.3	1.9	0.5	1.7	1.9	0.5	0.7	0.9
Food Manufacturing	33.6	34.7	34.8	36.2	37.3	37.5	37.7	38.0
% Ch	-1.0	3.2	0.5	3.9	3.2	0.3	0.6	0.8
Paper and Paper Products	9.3	9.0	8.2	8.1	8.1	8.1	8.1	8.1
% Ch	-3.8	-3.9	-8.7	-0.8	-0.3	-0.4	-0.1	0.0
Other Nondurables	31.0	31.6	32.7	32.7	33.0	33.3	33.6	34.0
% Ch	-1.0	2.2	3.3	0.0	1.0	0.9	1.0	1.2
Natural Resources and Mining	5.9	6.0	5.9	6.0	6.5	7.4	8.0	7.8
% Ch	-2.7	1.5	-1.3	2.5	7.2	14.6	7.6	-2.9
Construction	140.7	136.4	139.0	149.1	157.1	165.9	174.4	182.1
% Ch	-11.9	-3.1	1.9	7.3	5.4	5.6	5.1	4.4
Trade, Transportation, and Utilities	516.9	525.1	536.1	549.5	557.9	563.3	570.6	577.2
% Ch	-1.1	1.6	2.1	2.5	1.5	1.0	1.3	1.1
Wholesale Trade	120.2	121.7	124.1	126.6	128.4	130.2	132.6	135.0
% Ch	-2.1	1.3	1.9	2.0	1.4	1.4	1.8	1.9
Retail Trade	308.1	312.7	319.3	328.7	333.3	334.7	337.4	339.3
% Ch	-0.4	1.5	2.1	2.9	1.4	0.4	0.8	0.6
Trans., Warehousing, and Utilities	88.6	90.7	92.7	94.3	96.2	98.4	100.7	102.9
% Ch	-2.1	2.3	2.2	1.7	2.1	2.2	2.4	2.1
Information	103.0	104.2	104.9	106.0	107.5	109.1	112.0	114.8
% Ch	-0.9	1.1	0.7	1.0	1.4	1.5	2.7	2.6
Software Publishers	50.9	51.7	52.4	53.7	54.5	55.2	56.1	57.1
% Ch	-1.1	1.5	1.4	2.5	1.4	1.4	1.7	1.7
Other Publishing Industries	8.2	7.8	7.5	7.0	6.5	6.2	6.0	5.8
% Ch	-6.3	-4.6	-4.3	-6.9	-6.0	-4.5	-3.4	-3.5
Other Information	43.9	44.7	45.0	45.3	46.5	47.6	49.8	51.9
% Ch	0.5	1.8	0.8	0.6	2.5	2.4	4.6	4.3
Financial Activities	140.5	140.8	143.0	146.0	145.7	144.2	142.3	139.6
% Ch	-3.5	0.2	1.6	2.1	-0.2	-1.0	-1.3	-1.9
Professional and Business Services	326.3	339.5	349.3	358.9	372.8	388.0	400.0	410.9
% Ch	0.6	4.0	2.9	2.8	3.9	4.1	3.1	2.7
Education and Health Services	375.4	381.4	385.5	390.9	398.5	405.1	414.9	424.0
% Ch	0.8	1.6	1.1	1.4	1.9	1.7	2.4	2.2
Leisure and Hospitality	266.5	270.8	277.2	286.0	290.6	294.6	297.9	301.7
% Ch	-1.2	1.6	2.4	3.2	1.6	1.4	1.1	1.3
Other Services	105.5	108.5	110.5	110.5	111.2	111.8	112.5	113.4
% Ch	-0.7	2.9	1.9	0.0	0.6	0.5	0.6	0.9
Federal Government	75.6	74.0	73.1	72.1	72.2	72.0	71.1	70.5
% Ch	3.9	-2.2	-1.1	-1.5	0.2	-0.2	-1.4	-0.7
State and Local Government	474.4	469.5	468.0	470.8	474.2	479.5	485.9	491.7
% Ch	-0.5	-1.0	-0.3	0.6	0.7	1.1	1.3	1.2

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	2,848.0	2,866.0	2,880.0	2,897.4	2,917.1	2,926.9	2,938.0	2,951.6
% Ch, Annual Rate	1.5	2.6	2.0	2.4	2.7	1.4	1.5	1.9
Manufacturing	275.7	278.9	282.6	284.0	286.6	287.9	287.4	288.3
% Ch, Annual Rate	3.5	4.7	5.4	2.1	3.7	1.7	-0.7	1.3
Durable Manufacturing	200.2	203.2	206.4	208.5	210.2	210.8	210.5	210.8
% Ch, Annual Rate	5.7	6.0	6.6	4.1	3.3	1.2	-0.7	0.6
Wood Products	12.3	12.3	12.4	12.8	13.0	13.1	13.0	13.1
% Ch, Annual Rate	-2.6	0.4	5.5	10.3	8.4	3.2	-2.3	2.0
Primary and Fabricated Metals	23.8	24.2	24.5	24.6	24.9	25.3	25.2	25.2
% Ch, Annual Rate	8.8	7.1	4.4	1.9	5.8	6.9	-3.0	0.8
Computer and Electronic Products	20.0	20.2	20.3	20.2	20.0	20.0	20.3	20.5
% Ch, Annual Rate	1.6	4.8	1.2	-2.4	-2.9	-1.0	5.7	5.6
Machinery and Electrical Equipment	18.0	18.3	18.5	18.9	19.2	19.3	19.5	19.8
% Ch, Annual Rate	5.0	7.0	5.2	8.6	7.4	1.7	3.6	6.4
Aerospace	91.5	93.1	95.6	96.8	97.2	96.7	96.2	95.7
% Ch, Annual Rate	5.9	7.1	11.3	5.1	1.6	-1.9	-2.2	-2.1
Other Transportation Equip.	9.8	10.1	10.0	10.1	10.1	10.2	10.1	10.1
% Ch, Annual Rate	23.4	13.1	-4.4	4.4	-1.3	5.6	-3.9	-2.9
Other Durables	24.9	24.9	25.1	25.2	25.7	26.1	26.2	26.4
% Ch, Annual Rate	3.8	0.9	2.3	1.2	8.6	6.7	1.7	2.6
Nondurable Manufacturing	75.4	75.7	76.1	75.5	76.4	77.0	76.9	77.6
% Ch, Annual Rate	-1.9	1.4	2.2	-3.3	5.1	3.2	-0.8	3.5
Food Manufacturing	34.7	34.8	35.3	34.4	35.5	36.3	36.3	36.6
% Ch, Annual Rate	-4.7	1.8	5.3	-9.5	13.2	8.6	1.0	3.5
Paper and Paper Products	8.5	8.2	8.1	8.1	8.2	8.1	8.1	8.1
% Ch, Annual Rate	-13.9	-13.2	-3.9	1.6	3.0	-2.0	0.0	-1.3
Other Nondurables	32.3	32.7	32.8	33.0	32.8	32.7	32.4	32.8
% Ch, Annual Rate	4.9	5.0	0.6	2.6	-2.4	-1.2	-2.8	4.9
Natural Resources and Mining	5.9	5.8	5.9	5.9	6.0	6.1	6.0	6.1
% Ch, Annual Rate	-4.7	-6.8	2.4	3.4	5.1	4.1	-4.9	11.2
Construction	135.9	138.1	139.1	142.7	146.4	148.0	150.1	151.9
% Ch, Annual Rate	-0.3	6.7	3.0	10.7	10.9	4.3	5.9	4.8
Trade, Transportation, and Utilities	530.4	535.0	538.7	540.3	545.4	547.3	550.9	554.6
% Ch, Annual Rate	2.2	3.5	2.8	1.2	3.8	1.4	2.7	2.7
Wholesale Trade	123.0	123.7	124.5	125.2	126.4	126.3	126.6	127.2
% Ch, Annual Rate	1.9	2.4	2.8	2.1	3.8	-0.2	1.0	1.8
Retail Trade	315.8	318.3	320.9	322.2	325.5	327.4	329.5	332.4
% Ch, Annual Rate	1.8	3.3	3.3	1.6	4.1	2.3	2.6	3.6
Trans., Warehousing, and Utilities	91.7	93.0	93.2	92.9	93.5	93.6	94.8	95.0
% Ch, Annual Rate	3.9	5.6	1.1	-1.4	2.8	0.4	5.1	1.0
Information	104.9	104.9	104.7	105.2	105.5	105.8	106.4	106.2
% Ch, Annual Rate	1.8	0.2	-1.0	2.0	1.2	1.2	2.2	-0.6
Software Publishers	52.1	52.2	52.6	52.7	52.9	53.5	54.1	54.2
% Ch, Annual Rate	1.4	0.8	2.9	0.5	2.0	4.6	4.7	0.2
Other Publishing Industries	7.6	7.6	7.5	7.2	7.1	7.0	7.0	6.8
% Ch, Annual Rate	-3.2	-0.7	-5.3	-12.0	-9.5	-6.2	1.7	-8.6
Other Information	45.2	45.1	44.6	45.3	45.5	45.3	45.3	45.2
% Ch, Annual Rate	3.1	-0.4	-4.7	6.2	2.1	-1.4	-0.8	-0.4
Financial Activities	141.9	142.5	143.4	144.1	145.4	146.1	146.0	146.3
% Ch, Annual Rate	2.0	1.8	2.4	2.1	3.7	1.8	-0.3	1.0
Professional and Business Services	344.4	348.3	350.1	354.3	355.8	357.2	359.5	363.1
% Ch, Annual Rate	2.1	4.6	2.0	4.8	1.7	1.7	2.5	4.1
Education and Health Services	384.0	384.9	385.9	387.4	389.2	390.1	391.4	393.0
% Ch, Annual Rate	0.3	1.0	1.0	1.6	1.9	0.9	1.4	1.6
Leisure and Hospitality	274.8	276.3	277.7	280.0	283.2	285.3	286.9	288.7
% Ch, Annual Rate	3.2	2.2	2.1	3.4	4.6	3.0	2.3	2.4
Other Services	110.0	110.6	110.7	110.8	110.3	110.3	110.5	110.7
% Ch, Annual Rate	2.2	2.3	0.2	0.5	-1.7	-0.3	1.0	0.6
Federal Government	73.4	73.1	72.9	73.2	73.1	72.1	71.6	71.5
% Ch, Annual Rate	-0.8	-1.9	-1.3	1.9	-0.4	-5.7	-2.5	-0.6
State and Local Government	466.6	467.5	468.5	469.5	470.0	470.8	471.2	471.1
% Ch, Annual Rate	-0.2	0.8	0.9	0.9	0.5	0.7	0.3	-0.1

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	2,966.5	2,980.8	2,993.8	3,005.8	3,019.2	3,030.9	3,043.8	3,057.2
% Ch, Annual Rate	2.0	1.9	1.8	1.6	1.8	1.6	1.7	1.8
Manufacturing	290.2	292.3	293.9	294.4	295.3	296.3	297.4	298.2
% Ch, Annual Rate	2.6	2.9	2.3	0.7	1.3	1.2	1.5	1.1
Durable Manufacturing	212.0	213.8	215.3	215.9	216.7	217.5	218.5	219.1
% Ch, Annual Rate	2.4	3.4	2.9	1.0	1.5	1.6	1.8	1.1
Wood Products	13.9	14.8	15.6	16.3	17.1	17.8	18.5	19.0
% Ch, Annual Rate	27.0	29.1	22.1	19.8	19.6	19.2	16.6	11.4
Primary and Fabricated Metals	25.6	26.2	26.3	26.5	26.8	27.1	27.3	27.7
% Ch, Annual Rate	6.9	8.6	2.6	3.2	4.0	3.8	4.5	5.1
Computer and Electronic Products	20.5	20.5	21.2	21.0	20.9	20.7	20.7	20.6
% Ch, Annual Rate	-0.9	0.4	15.3	-3.9	-3.4	-2.9	-0.4	-1.2
Machinery and Electrical Equipment	20.2	20.8	21.1	21.3	21.6	21.9	22.2	22.5
% Ch, Annual Rate	9.3	12.2	4.8	3.8	5.7	5.7	6.4	5.3
Aerospace	95.2	94.7	94.3	93.8	93.3	92.8	92.4	91.9
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	10.0	9.9	9.9	9.9	9.8	9.8	9.8	9.6
% Ch, Annual Rate	-3.5	-1.9	-1.5	-1.1	-0.5	-0.6	-2.0	-5.5
Other Durables	26.6	26.8	27.0	27.1	27.3	27.4	27.6	27.8
% Ch, Annual Rate	3.2	3.6	2.2	1.9	2.6	2.6	2.6	2.2
Nondurable Manufacturing	78.1	78.5	78.6	78.5	78.7	78.7	78.9	79.1
% Ch, Annual Rate	3.0	1.8	0.6	-0.2	0.6	0.3	0.7	1.0
Food Manufacturing	37.2	37.4	37.5	37.4	37.4	37.4	37.5	37.6
% Ch, Annual Rate	5.7	2.6	0.8	-1.0	0.6	-0.1	0.6	0.9
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
% Ch, Annual Rate	1.2	-0.5	-0.7	-0.6	-0.5	-0.5	0.0	0.4
Other Nondurables	32.8	33.0	33.0	33.1	33.2	33.2	33.3	33.4
% Ch, Annual Rate	0.4	1.5	0.7	0.8	0.9	0.9	1.0	1.3
Natural Resources and Mining	6.2	6.3	6.6	6.8	7.0	7.3	7.6	7.8
% Ch, Annual Rate	4.5	8.0	16.6	13.9	14.8	17.6	14.0	10.4
Construction	153.8	156.2	158.2	160.3	162.8	164.9	167.0	169.1
% Ch, Annual Rate	5.1	6.5	5.1	5.4	6.4	5.3	5.2	5.2
Trade, Transportation, and Utilities	555.7	557.0	558.8	560.1	561.3	562.3	563.8	565.7
% Ch, Annual Rate	0.8	1.0	1.3	1.0	0.8	0.7	1.1	1.3
Wholesale Trade	127.7	128.2	128.5	128.9	129.5	129.9	130.4	131.0
% Ch, Annual Rate	1.7	1.6	1.0	1.1	1.8	1.3	1.5	1.9
Retail Trade	332.5	332.8	333.8	334.3	334.3	334.3	334.8	335.5
% Ch, Annual Rate	0.1	0.4	1.1	0.6	0.0	0.1	0.6	0.8
Trans., Warehousing, and Utilities	95.5	96.0	96.4	97.0	97.6	98.1	98.6	99.2
% Ch, Annual Rate	1.8	2.1	2.0	2.2	2.4	2.1	2.3	2.5
Information	107.3	107.3	107.3	108.0	108.1	108.6	109.5	109.9
% Ch, Annual Rate	4.3	-0.2	0.0	2.9	0.4	1.8	3.3	1.5
Software Publishers	54.2	54.3	54.6	54.8	54.9	55.1	55.3	55.5
% Ch, Annual Rate	-0.2	1.4	1.9	1.2	1.3	1.1	1.4	1.7
Other Publishing Industries	6.6	6.6	6.5	6.4	6.4	6.3	6.2	6.2
% Ch, Annual Rate	-10.4	-4.6	-2.9	-5.3	-4.5	-5.3	-4.3	-3.2
Other Information	46.5	46.4	46.2	46.8	46.8	47.3	48.0	48.3
% Ch, Annual Rate	12.3	-1.5	-1.9	6.1	0.0	3.6	6.7	1.9
Financial Activities	145.9	145.7	145.6	145.3	145.0	144.4	143.9	143.6
% Ch, Annual Rate	-1.1	-0.6	-0.3	-0.7	-0.9	-1.7	-1.2	-1.0
Professional and Business Services	367.8	371.3	374.3	377.9	382.6	386.4	389.9	393.3
% Ch, Annual Rate	5.3	3.8	3.3	3.9	5.0	4.1	3.6	3.5
Education and Health Services	396.0	397.9	399.2	400.7	402.5	404.1	405.8	408.1
% Ch, Annual Rate	3.1	1.9	1.3	1.5	1.8	1.6	1.7	2.3
Leisure and Hospitality	288.9	289.9	291.1	292.3	293.4	294.2	295.0	295.9
% Ch, Annual Rate	0.4	1.4	1.6	1.7	1.5	1.1	1.1	1.2
Other Services	110.8	111.1	111.3	111.4	111.6	111.7	111.8	112.0
% Ch, Annual Rate	0.6	0.8	0.9	0.3	0.6	0.4	0.5	0.6
Federal Government	71.7	72.2	72.6	72.2	72.4	72.1	71.9	71.7
% Ch, Annual Rate	1.4	2.9	1.9	-1.9	0.7	-1.2	-1.2	-1.1
State and Local Government	472.1	473.4	474.9	476.2	477.2	478.6	480.2	481.9
% Ch, Annual Rate	0.8	1.2	1.3	1.1	0.9	1.1	1.3	1.4

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	3,069.8	3,081.8	3,094.1	3,106.8	3,117.7	3,128.1	3,138.3	3,148.9
% Ch, Annual Rate	1.7	1.6	1.6	1.6	1.4	1.3	1.3	1.3
Manufacturing	298.6	298.6	298.8	298.8	299.1	299.3	299.4	299.7
% Ch, Annual Rate	0.5	0.1	0.2	0.0	0.3	0.3	0.2	0.3
Durable Manufacturing	219.4	219.3	219.3	219.3	219.3	219.3	219.2	219.2
% Ch, Annual Rate	0.4	-0.2	0.1	-0.1	0.1	-0.1	-0.1	0.0
Wood Products	19.3	19.3	19.1	19.0	18.8	18.6	18.4	18.3
% Ch, Annual Rate	5.4	-0.1	-2.7	-3.7	-3.9	-4.2	-4.0	-2.8
Primary and Fabricated Metals	28.0	28.3	28.6	28.9	29.0	29.2	29.3	29.3
% Ch, Annual Rate	4.7	3.7	5.0	4.0	2.1	1.8	1.4	0.8
Computer and Electronic Products	20.5	20.3	20.2	20.2	20.4	20.6	20.9	21.2
% Ch, Annual Rate	-2.7	-3.2	-1.9	-1.0	4.5	4.8	5.4	5.5
Machinery and Electrical Equipment	22.8	23.1	23.5	23.8	24.1	24.4	24.6	24.7
% Ch, Annual Rate	5.0	5.5	7.0	6.4	4.9	4.1	3.2	2.7
Aerospace	91.4	91.0	90.5	90.1	89.6	89.2	88.7	88.3
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.5	9.3	9.2	9.1	9.0	8.9	8.8	8.8
% Ch, Annual Rate	-6.5	-5.9	-4.7	-4.5	-4.7	-5.2	-3.0	-2.1
Other Durables	27.9	28.0	28.1	28.3	28.4	28.5	28.6	28.7
% Ch, Annual Rate	2.0	1.7	1.8	1.5	1.7	1.4	1.5	1.3
Nondurable Manufacturing	79.2	79.4	79.4	79.5	79.7	80.0	80.2	80.4
% Ch, Annual Rate	0.8	0.7	0.5	0.3	1.1	1.3	0.9	1.3
Food Manufacturing	37.6	37.7	37.7	37.7	37.8	38.0	38.1	38.2
% Ch, Annual Rate	0.7	0.7	0.4	0.2	1.1	1.3	0.9	1.4
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
% Ch, Annual Rate	-0.1	-0.2	-0.4	-0.4	0.3	0.2	-0.2	0.1
Other Nondurables	33.5	33.6	33.7	33.7	33.8	34.0	34.1	34.2
% Ch, Annual Rate	1.1	1.0	0.7	0.7	1.4	1.5	1.3	1.6
Natural Resources and Mining	7.9	8.0	8.0	8.0	8.0	7.8	7.7	7.6
% Ch, Annual Rate	7.5	4.5	2.4	-0.9	-3.3	-6.2	-7.2	-5.9
Construction	171.4	173.3	175.4	177.6	179.6	181.5	183.1	184.4
% Ch, Annual Rate	5.4	4.5	5.1	5.0	4.7	4.2	3.6	3.0
Trade, Transportation, and Utilities	567.7	569.7	571.7	573.5	575.1	576.6	578.0	579.1
% Ch, Annual Rate	1.4	1.5	1.4	1.3	1.1	1.1	0.9	0.8
Wholesale Trade	131.6	132.2	132.9	133.5	134.1	134.7	135.3	135.9
% Ch, Annual Rate	2.0	1.7	2.0	2.0	1.9	1.8	1.8	1.6
Retail Trade	336.1	337.1	337.8	338.4	338.8	339.3	339.5	339.7
% Ch, Annual Rate	0.8	1.1	0.9	0.7	0.4	0.6	0.3	0.2
Trans., Warehousing, and Utilities	99.9	100.4	101.0	101.5	102.1	102.6	103.1	103.5
% Ch, Annual Rate	2.6	2.3	2.2	2.1	2.4	2.0	1.8	1.7
Information	110.6	111.5	112.5	113.3	114.0	114.6	115.2	115.6
% Ch, Annual Rate	2.4	3.3	3.7	2.8	2.5	2.2	2.0	1.7
Software Publishers	55.8	56.0	56.3	56.5	56.7	57.0	57.2	57.4
% Ch, Annual Rate	1.9	1.8	1.8	1.6	1.8	1.7	1.5	1.4
Other Publishing Industries	6.1	6.1	6.0	6.0	5.9	5.9	5.8	5.7
% Ch, Annual Rate	-2.7	-3.0	-3.2	-3.8	-3.0	-3.5	-4.1	-4.6
Other Information	48.7	49.4	50.2	50.8	51.3	51.8	52.2	52.5
% Ch, Annual Rate	3.7	5.9	6.7	5.0	4.0	3.4	3.2	2.8
Financial Activities	143.2	142.7	142.0	141.4	140.8	140.0	139.2	138.5
% Ch, Annual Rate	-1.0	-1.6	-1.9	-1.6	-1.6	-2.4	-2.2	-1.9
Professional and Business Services	395.9	398.2	401.2	404.6	407.1	409.3	412.1	415.2
% Ch, Annual Rate	2.7	2.3	3.1	3.4	2.6	2.2	2.8	3.0
Education and Health Services	411.0	413.9	416.1	418.6	420.4	423.0	425.2	427.5
% Ch, Annual Rate	2.9	2.9	2.1	2.4	1.7	2.5	2.1	2.2
Leisure and Hospitality	296.6	297.3	298.3	299.3	300.4	301.2	302.2	303.0
% Ch, Annual Rate	0.9	1.0	1.3	1.4	1.4	1.1	1.3	1.2
Other Services	112.2	112.4	112.6	112.8	113.0	113.3	113.6	113.8
% Ch, Annual Rate	0.7	0.7	0.7	0.8	0.9	1.0	1.0	0.9
Federal Government	71.3	71.1	71.0	70.8	70.7	70.6	70.5	70.3
% Ch, Annual Rate	-2.3	-1.0	-0.9	-0.9	-0.4	-0.8	-0.8	-0.7
State and Local Government	483.5	485.1	486.6	488.1	489.5	490.9	492.3	494.0
% Ch, Annual Rate	1.4	1.3	1.2	1.3	1.1	1.2	1.2	1.4

Table A3.1

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

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Personal Income	12,435.2	13,191.3	13,743.8	14,119.1	14,794.2	15,497.7	16,244.7	17,040.1
% Ch	2.9	6.1	4.2	2.7	4.8	4.8	4.8	4.9
Total Wage and Salary Disbursements	6,377.5	6,638.7	6,926.8	7,115.0	7,426.8	7,790.4	8,155.1	8,507.3
% Ch	2.0	4.1	4.3	2.7	4.4	4.9	4.7	4.3
Nonwage Personal Income	6,057.7	6,552.6	6,817.0	7,004.1	7,367.4	7,707.2	8,089.6	8,532.8
% Ch	3.9	8.2	4.0	2.7	5.2	4.6	5.0	5.5
Supplements to Wages and Salaries	1,589.8	1,639.8	1,684.9	1,720.1	1,787.9	1,873.9	1,967.6	2,062.8
% Ch	3.5	3.1	2.7	2.1	3.9	4.8	5.0	4.8
Proprietor's Income	1,032.7	1,155.2	1,224.9	1,335.2	1,384.3	1,454.9	1,520.3	1,571.1
% Ch	6.1	11.9	6.0	9.0	3.7	5.1	4.5	3.3
Farm	46.0	72.6	75.4	115.9	98.4	98.1	94.6	95.3
% Ch	...	...	...	...	...	...	...	...
Nonfarm	986.7	1,082.6	1,149.6	1,219.3	1,285.8	1,356.8	1,425.7	1,475.8
% Ch	5.2	9.7	6.2	6.1	5.5	5.5	5.1	3.5
Less: Contribution For Govt. Soc. Ins.	984.1	918.2	950.7	1,103.8	1,165.9	1,239.7	1,315.5	1,380.9
% Ch	2.0	-6.7	3.5	16.1	5.6	6.3	6.1	5.0
Dividends/Int./Rent	2,142.4	2,369.0	2,499.7	2,608.8	2,784.3	2,929.7	3,097.7	3,349.4
% Ch	-0.1	10.6	5.5	4.4	6.7	5.2	5.7	8.1
Transfer Payments	2,276.9	2,306.9	2,358.3	2,443.8	2,576.8	2,688.5	2,819.5	2,930.5
% Ch	6.4	1.3	2.2	3.6	5.4	4.3	4.9	3.9

Table A3.2

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

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	13,548.6	13,651.8	13,701.6	14,073.1	13,925.9	14,060.4	14,175.6	14,314.5
% Ch, Annual Rate	7.6	3.1	1.5	11.3	-4.1	3.9	3.3	4.0
Total Wage and Salary Disbursements	6,842.2	6,873.5	6,904.7	7,086.6	7,040.4	7,095.4	7,122.1	7,202.0
% Ch, Annual Rate	11.5	1.8	1.8	11.0	-2.6	3.2	1.5	4.6
Nonwage Personal Income	6,706.4	6,778.3	6,796.9	6,986.5	6,885.5	6,965.0	7,053.6	7,112.5
% Ch, Annual Rate	3.7	4.4	1.1	11.6	-5.7	4.7	5.2	3.4
Supplements to Wages and Salaries	1,672.1	1,680.3	1,686.3	1,700.8	1,707.9	1,716.3	1,721.6	1,734.8
% Ch, Annual Rate	5.8	2.0	1.4	3.5	1.7	2.0	1.2	3.1
Proprietor's Income	1,214.3	1,217.8	1,220.0	1,247.5	1,334.6	1,333.3	1,332.6	1,340.2
% Ch, Annual Rate	9.2	1.2	0.7	9.3	31.0	-0.4	-0.2	2.3
Farm	74.6	77.0	75.3	74.5	137.0	119.7	107.1	99.9
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,139.7	1,140.8	1,144.7	1,173.0	1,197.6	1,213.6	1,225.6	1,240.4
% Ch, Annual Rate	10.7	0.4	1.4	10.3	8.7	5.5	4.0	4.9
Less: Contribution For Govt. Soc. Ins.	942.5	945.1	947.4	967.9	1,093.7	1,100.2	1,104.4	1,116.8
% Ch, Annual Rate	10.6	1.1	1.0	8.9	63.0	2.4	1.5	4.5
Dividends/Int./Rent	2,433.9	2,473.1	2,473.6	2,618.1	2,510.7	2,586.3	2,654.4	2,683.9
% Ch, Annual Rate	2.5	6.6	0.1	25.5	-15.4	12.6	11.0	4.5
Transfer Payments	2,328.5	2,352.2	2,364.4	2,388.0	2,426.0	2,429.4	2,449.3	2,470.4
% Ch, Annual Rate	3.5	4.1	2.1	4.1	6.5	0.6	3.3	3.5

Table A3.2 (continued)

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

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,539.4	14,710.2	14,881.7	15,045.6	15,251.6	15,415.3	15,577.9	15,745.8
% Ch, Annual Rate	6.4	4.8	4.7	4.5	5.6	4.4	4.3	4.4
Total Wage and Salary Disbursements	7,293.6	7,382.5	7,472.4	7,558.7	7,652.7	7,744.4	7,836.2	7,928.4
% Ch, Annual Rate	5.2	5.0	5.0	4.7	5.1	4.9	4.8	4.8
Nonwage Personal Income	7,245.8	7,327.7	7,409.2	7,486.9	7,598.9	7,670.9	7,741.8	7,817.4
% Ch, Annual Rate	7.7	4.6	4.5	4.3	6.1	3.8	3.7	4.0
Supplements to Wages and Salaries	1,759.3	1,778.3	1,797.4	1,816.6	1,842.8	1,863.6	1,883.8	1,905.3
% Ch, Annual Rate	5.8	4.4	4.4	4.3	5.9	4.6	4.4	4.6
Proprietor's Income	1,359.7	1,378.7	1,391.6	1,407.0	1,424.2	1,445.9	1,465.5	1,484.0
% Ch, Annual Rate	5.9	5.7	3.8	4.5	5.0	6.2	5.5	5.2
Farm	99.0	98.7	98.3	97.7	97.3	97.0	98.7	99.6
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,260.6	1,280.0	1,293.4	1,309.3	1,326.9	1,348.9	1,366.7	1,384.4
% Ch, Annual Rate	6.7	6.3	4.2	5.0	5.5	6.8	5.4	5.3
Less: Contribution For Govt. Soc. Ins.	1,145.6	1,159.1	1,172.8	1,185.9	1,219.8	1,233.0	1,245.7	1,260.5
% Ch, Annual Rate	10.7	4.8	4.8	4.6	11.9	4.4	4.2	4.8
Dividends/Int./Rent	2,720.7	2,759.3	2,807.7	2,849.6	2,885.4	2,913.5	2,943.1	2,976.9
% Ch, Annual Rate	5.6	5.8	7.2	6.1	5.1	4.0	4.1	4.7
Transfer Payments	2,551.7	2,570.5	2,585.4	2,599.7	2,666.3	2,681.0	2,695.2	2,711.7
% Ch, Annual Rate	13.8	3.0	2.3	2.2	10.6	2.2	2.1	2.5

Table A3.2 (continued)

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

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	15,971.4	16,151.5	16,330.8	16,525.1	16,745.1	16,944.9	17,138.3	17,332.2
% Ch, Annual Rate	5.9	4.6	4.5	4.8	5.4	4.9	4.6	4.6
Total Wage and Salary Disbursements	8,022.8	8,110.9	8,198.7	8,288.0	8,378.7	8,464.0	8,549.8	8,636.9
% Ch, Annual Rate	4.8	4.5	4.4	4.4	4.5	4.1	4.1	4.1
Nonwage Personal Income	7,948.6	8,040.6	8,132.1	8,237.1	8,366.4	8,480.9	8,588.5	8,695.3
% Ch, Annual Rate	6.9	4.7	4.6	5.3	6.4	5.6	5.2	5.1
Supplements to Wages and Salaries	1,935.4	1,956.6	1,977.9	2,000.4	2,030.3	2,051.9	2,073.2	2,095.5
% Ch, Annual Rate	6.5	4.5	4.4	4.6	6.1	4.3	4.2	4.4
Proprietor's Income	1,496.6	1,515.5	1,528.2	1,540.8	1,550.4	1,565.9	1,576.1	1,591.8
% Ch, Annual Rate	3.4	5.1	3.4	3.3	2.5	4.1	2.6	4.0
Farm	94.5	93.7	95.1	95.1	94.4	94.2	95.8	96.8
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,402.1	1,421.7	1,433.1	1,445.7	1,455.9	1,471.8	1,480.3	1,495.0
% Ch, Annual Rate	5.2	5.7	3.2	3.6	2.9	4.4	2.3	4.1
Less: Contribution For Govt. Soc. Ins.	1,296.9	1,309.2	1,321.0	1,334.7	1,363.5	1,375.0	1,386.0	1,399.0
% Ch, Annual Rate	12.1	3.9	3.7	4.2	8.9	3.4	3.3	3.8
Dividends/Int./Rent	3,018.8	3,067.1	3,119.8	3,185.3	3,252.9	3,318.8	3,383.9	3,441.9
% Ch, Annual Rate	5.8	6.5	7.1	8.7	8.8	8.4	8.1	7.0
Transfer Payments	2,794.7	2,810.7	2,827.1	2,845.3	2,896.4	2,919.2	2,941.3	2,965.0
% Ch, Annual Rate	12.8	2.3	2.4	2.6	7.4	3.2	3.1	3.3

Table A3.3

Washington Personal Income by Component (Billions of Dollars)

Forecast 2013 to 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Personal Income	283.368	299.685	314.686	325.019	342.363	359.617	377.723	396.985
% Ch	2.4	5.8	5.0	3.3	5.3	5.0	5.0	5.1
Total Wage and Salary Disbursements	148.687	155.671	163.947	170.271	178.129	186.862	195.436	203.952
% Ch	1.2	4.7	5.3	3.9	4.6	4.9	4.6	4.4
Manufacturing	16.837	18.399	19.565	20.792	21.524	22.423	23.146	23.781
% Ch	0.6	9.3	6.3	6.3	3.5	4.2	3.2	2.7
Durable Manufacturing	13.247	14.624	15.736	16.861	17.405	18.150	18.713	19.179
% Ch	0.8	10.4	7.6	7.1	3.2	4.3	3.1	2.5
Nondurable Manufacturing	3.590	3.775	3.829	3.931	4.118	4.273	4.433	4.602
% Ch	-0.2	5.2	1.4	2.7	4.8	3.8	3.7	3.8
Nonmanufacturing	125.403	130.703	137.549	142.503	149.391	157.027	164.667	172.306
% Ch	1.4	4.2	5.2	3.6	4.8	5.1	4.9	4.6
Other Private Wages	0.887	0.986	1.041	1.124	1.167	1.217	1.265	1.312
% Ch	0.8	11.2	5.5	8.0	3.9	4.3	4.0	3.7
Farm Wages	1.248	1.220	1.316	1.308	1.375	1.452	1.527	1.601
% Ch	-9.0	-2.2	7.8	-0.6	5.1	5.6	5.2	4.8
Military Wages	4.313	4.363	4.478	4.544	4.672	4.742	4.831	4.952
% Ch	2.5	1.2	2.6	1.5	2.8	1.5	1.9	2.5
Nonwage Personal Income	134.681	144.015	150.738	154.748	164.234	172.756	182.287	193.034
% Ch	3.7	6.9	4.7	2.7	6.1	5.2	5.5	5.9
Supplements to Wages and Salaries	38.328	40.174	41.943	43.530	45.830	48.466	51.202	53.763
% Ch	1.9	4.8	4.4	3.8	5.3	5.8	5.6	5.0
Proprietor's Income	22.879	24.282	25.382	26.689	28.006	29.548	31.019	32.106
% Ch	9.8	6.1	4.5	5.1	4.9	5.5	5.0	3.5
Farm	1.072	1.715	1.618	1.539	1.386	1.364	1.331	1.330
% Ch	...	...	...	...	...	...	...	...
Nonfarm	21.808	22.566	23.764	25.150	26.620	28.185	29.688	30.776
% Ch	8.5	3.5	5.3	5.8	5.8	5.9	5.3	3.7
Less: Contribution For Govt. Soc. Ins.	25.499	23.820	24.710	28.732	30.325	32.210	34.113	35.784
% Ch	2.8	-6.6	3.7	16.3	5.5	6.2	5.9	4.9
Plus: Residence Adjustment	2.768	3.192	3.335	3.303	3.471	3.668	3.867	4.058
% Ch	0.2	15.3	4.5	-1.0	5.1	5.7	5.4	4.9
Dividends/Int./Rent	47.240	51.035	54.385	57.930	62.240	65.701	69.712	75.663
% Ch	-2.3	8.0	6.6	6.5	7.4	5.6	6.1	8.5
Transfer Payments	48.964	49.153	50.403	52.027	55.013	57.584	60.600	63.227
% Ch	8.6	0.4	2.5	3.2	5.7	4.7	5.2	4.3
State U.I. Benefits	4.222	3.118	2.303	1.783	1.590	1.358	1.222	1.134
% Ch	14.4	-26.2	-26.1	-22.5	-10.9	-14.6	-10.0	-7.2
Other Transfers	44.742	46.034	48.100	50.243	53.423	56.226	59.378	62.093
% Ch	8.1	2.9	4.5	4.5	6.3	5.2	5.6	4.6

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2013 to 2017

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	310.064	311.383	315.085	322.209	319.103	323.171	327.620	330.181
% Ch, Annual Rate	9.2	1.7	4.8	9.4	-3.8	5.2	5.6	3.2
Total Wage and Salary Disbursements	162.774	161.752	164.476	166.786	167.847	169.486	171.415	172.337
% Ch, Annual Rate	12.5	-2.5	6.9	5.7	2.6	4.0	4.6	2.2
Manufacturing	19.885	19.167	19.647	19.560	20.885	20.663	20.719	20.901
% Ch, Annual Rate	22.6	-13.7	10.4	-1.8	30.0	-4.2	1.1	3.6
Durable Manufacturing	16.061	15.342	15.812	15.729	17.014	16.741	16.784	16.904
% Ch, Annual Rate	30.3	-16.7	12.8	-2.1	36.9	-6.3	1.0	2.9
Nondurable Manufacturing	3.824	3.825	3.834	3.831	3.871	3.922	3.935	3.997
% Ch, Annual Rate	-4.4	0.1	1.0	-0.4	4.3	5.4	1.3	6.5
Nonmanufacturing	136.017	135.839	138.003	140.335	139.967	141.820	143.732	144.492
% Ch, Annual Rate	10.9	-0.5	6.5	6.9	-1.0	5.4	5.5	2.1
Other Private Wages	0.966	1.013	1.067	1.119	1.115	1.119	1.126	1.136
% Ch, Annual Rate	-15.4	21.0	23.1	21.0	-1.2	1.4	2.3	3.6
Farm Wages	1.442	1.263	1.273	1.284	1.294	1.301	1.311	1.327
% Ch, Annual Rate	94.5	-41.1	3.2	3.5	3.2	2.1	3.2	4.8
Military Wages	4.464	4.470	4.487	4.489	4.585	4.584	4.527	4.482
% Ch, Annual Rate	6.2	0.5	1.5	0.2	8.8	-0.1	-4.9	-4.0
Nonwage Personal Income	147.290	149.631	150.609	155.423	151.256	153.685	156.205	157.844
% Ch, Annual Rate	5.8	6.5	2.6	13.4	-10.3	6.6	6.7	4.3
Supplements to Wages and Salaries	41.304	41.648	42.285	42.536	43.225	43.397	43.525	43.974
% Ch, Annual Rate	4.1	3.4	6.3	2.4	6.6	1.6	1.2	4.2
Proprietor's Income	24.706	25.209	25.664	25.949	26.373	26.593	26.764	27.025
% Ch, Annual Rate	2.8	8.4	7.4	4.5	6.7	3.4	2.6	4.0
Farm	1.377	1.550	1.828	1.716	1.696	1.569	1.474	1.417
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	23.329	23.659	23.836	24.233	24.677	25.024	25.290	25.609
% Ch, Annual Rate	8.2	5.8	3.0	6.8	7.5	5.7	4.3	5.1
Less: Contribution For Govt. Soc. Ins.	24.364	24.478	24.812	25.184	28.498	28.641	28.746	29.041
% Ch, Annual Rate	7.4	1.9	5.6	6.1	64.0	2.0	1.5	4.2
Plus: Residence Adjustment	3.316	3.355	3.329	3.341	3.261	3.296	3.305	3.350
% Ch, Annual Rate	16.8	4.8	-3.1	1.4	-9.2	4.4	1.2	5.5
Dividends/Int./Rent	52.396	53.614	53.540	57.989	55.302	57.338	59.191	59.888
% Ch, Annual Rate	6.1	9.6	-0.6	37.6	-17.3	15.6	13.6	4.8
Transfer Payments	49.932	50.283	50.603	50.792	51.593	51.702	52.165	52.648
% Ch, Annual Rate	8.4	2.8	2.6	1.5	6.5	0.8	3.6	3.8
State U.I. Benefits	2.761	2.476	2.071	1.903	1.850	1.830	1.730	1.724
% Ch, Annual Rate	-10.9	-35.3	-51.1	-28.7	-10.7	-4.3	-20.1	-1.4
Other Transfers	47.171	47.807	48.532	48.889	49.743	49.872	50.435	50.924
% Ch, Annual Rate	9.7	5.5	6.2	3.0	7.2	1.0	4.6	3.9

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2013 to 2017

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	335.579	340.447	345.186	348.240	353.221	357.884	362.141	365.223
% Ch, Annual Rate	6.7	5.9	5.7	3.6	5.8	5.4	4.8	3.4
Total Wage and Salary Disbursements	174.323	177.190	179.926	181.079	183.084	185.998	188.568	189.797
% Ch, Annual Rate	4.7	6.7	6.3	2.6	4.5	6.5	5.6	2.6
Manufacturing	21.136	21.414	21.678	21.867	22.085	22.314	22.545	22.748
% Ch, Annual Rate	4.6	5.4	5.0	3.5	4.0	4.2	4.2	3.7
Durable Manufacturing	17.082	17.311	17.535	17.694	17.872	18.062	18.252	18.413
% Ch, Annual Rate	4.3	5.5	5.3	3.7	4.1	4.3	4.3	3.6
Nondurable Manufacturing	4.054	4.103	4.143	4.174	4.213	4.252	4.293	4.336
% Ch, Annual Rate	5.8	5.0	3.9	3.0	3.9	3.7	3.9	4.1
Nonmanufacturing	146.050	148.568	150.991	151.953	153.618	156.283	158.597	159.611
% Ch, Annual Rate	4.4	7.1	6.7	2.6	4.5	7.1	6.1	2.6
Other Private Wages	1.149	1.161	1.174	1.185	1.199	1.211	1.223	1.235
% Ch, Annual Rate	4.8	4.4	4.2	4.0	4.6	4.2	4.1	3.9
Farm Wages	1.347	1.366	1.385	1.403	1.423	1.443	1.462	1.480
% Ch, Annual Rate	6.3	5.8	5.6	5.3	6.0	5.5	5.4	5.2
Military Wages	4.641	4.680	4.698	4.670	4.759	4.748	4.741	4.722
% Ch, Annual Rate	15.0	3.5	1.5	-2.4	7.8	-0.9	-0.6	-1.6
Nonwage Personal Income	161.257	163.257	165.260	167.161	170.137	171.886	173.573	175.426
% Ch, Annual Rate	8.9	5.1	5.0	4.7	7.3	4.2	4.0	4.3
Supplements to Wages and Salaries	45.037	45.572	46.102	46.607	47.705	48.209	48.697	49.252
% Ch, Annual Rate	10.0	4.8	4.7	4.5	9.8	4.3	4.1	4.6
Proprietor's Income	27.460	27.884	28.169	28.511	28.893	29.372	29.770	30.157
% Ch, Annual Rate	6.6	6.3	4.1	5.0	5.5	6.8	5.5	5.3
Farm	1.401	1.391	1.381	1.371	1.364	1.358	1.365	1.368
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	26.059	26.494	26.788	27.140	27.529	28.015	28.405	28.789
% Ch, Annual Rate	7.2	6.8	4.5	5.4	5.9	7.2	5.7	5.5
Less: Contribution For Govt. Soc. Ins.	29.805	30.158	30.504	30.834	31.712	32.043	32.363	32.722
% Ch, Annual Rate	10.9	4.8	4.7	4.4	11.9	4.2	4.1	4.5
Plus: Residence Adjustment	3.398	3.446	3.495	3.542	3.592	3.642	3.692	3.743
% Ch, Annual Rate	5.9	5.7	5.8	5.5	5.8	5.7	5.6	5.6
Dividends/Int./Rent	60.750	61.656	62.783	63.770	64.624	65.308	66.027	66.843
% Ch, Annual Rate	5.9	6.1	7.5	6.4	5.5	4.3	4.5	5.0
Transfer Payments	54.416	54.856	55.215	55.564	57.035	57.397	57.750	58.153
% Ch, Annual Rate	14.1	3.3	2.6	2.6	11.0	2.6	2.5	2.8
State U.I. Benefits	1.673	1.617	1.561	1.507	1.437	1.381	1.328	1.284
% Ch, Annual Rate	-11.3	-12.7	-13.3	-13.1	-17.3	-14.6	-14.6	-12.5
Other Transfers	52.743	53.239	53.655	54.057	55.598	56.016	56.423	56.869
% Ch, Annual Rate	15.1	3.8	3.2	3.0	11.9	3.0	2.9	3.2

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2013 to 2017

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	370.943	375.849	379.921	384.180	389.472	394.977	399.618	403.874
% Ch, Annual Rate	6.4	5.4	4.4	4.6	5.6	5.8	4.8	4.3
Total Wage and Salary Disbursements	191.965	194.699	196.655	198.426	200.322	203.154	205.307	207.024
% Ch, Annual Rate	4.6	5.8	4.1	3.7	3.9	5.8	4.3	3.4
Manufacturing	22.925	23.070	23.222	23.365	23.534	23.696	23.860	24.033
% Ch, Annual Rate	3.1	2.6	2.7	2.5	2.9	2.8	2.8	2.9
Durable Manufacturing	18.548	18.654	18.771	18.879	19.002	19.117	19.236	19.359
% Ch, Annual Rate	3.0	2.3	2.5	2.3	2.6	2.4	2.5	2.6
Nondurable Manufacturing	4.377	4.416	4.452	4.486	4.532	4.579	4.623	4.673
% Ch, Annual Rate	3.9	3.6	3.3	3.1	4.1	4.2	3.9	4.4
Nonmanufacturing	161.459	164.020	165.790	167.399	168.975	171.612	173.560	175.079
% Ch, Annual Rate	4.7	6.5	4.4	3.9	3.8	6.4	4.6	3.5
Other Private Wages	1.248	1.259	1.271	1.282	1.295	1.306	1.318	1.330
% Ch, Annual Rate	4.3	3.6	3.7	3.7	4.0	3.5	3.6	3.6
Farm Wages	1.500	1.518	1.536	1.554	1.574	1.592	1.610	1.628
% Ch, Annual Rate	5.5	4.8	4.8	4.8	5.2	4.6	4.7	4.7
Military Wages	4.832	4.831	4.837	4.826	4.944	4.949	4.960	4.954
% Ch, Annual Rate	9.7	-0.1	0.5	-0.9	10.1	0.4	0.9	-0.5
Nonwage Personal Income	178.978	181.150	183.266	185.754	189.150	191.822	194.311	196.851
% Ch, Annual Rate	8.3	4.9	4.8	5.5	7.5	5.8	5.3	5.3
Supplements to Wages and Salaries	50.504	50.962	51.412	51.930	53.068	53.523	53.970	54.492
% Ch, Annual Rate	10.6	3.7	3.6	4.1	9.1	3.5	3.4	3.9
Proprietor's Income	30.512	30.931	31.181	31.450	31.667	32.013	32.206	32.538
% Ch, Annual Rate	4.8	5.6	3.3	3.5	2.8	4.4	2.4	4.2
Farm	1.333	1.326	1.333	1.331	1.326	1.323	1.333	1.338
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	29.179	29.606	29.849	30.119	30.341	30.690	30.873	31.200
% Ch, Annual Rate	5.5	6.0	3.3	3.7	3.0	4.7	2.4	4.3
Less: Contribution For Govt. Soc. Ins.	33.661	33.957	34.249	34.584	35.343	35.631	35.914	36.246
% Ch, Annual Rate	12.0	3.6	3.5	4.0	9.1	3.3	3.2	3.7
Plus: Residence Adjustment	3.794	3.843	3.891	3.940	3.989	4.035	4.081	4.129
% Ch, Annual Rate	5.5	5.2	5.1	5.2	5.0	4.7	4.7	4.7
Dividends/Int./Rent	67.843	68.988	70.239	71.778	73.371	74.932	76.478	77.869
% Ch, Annual Rate	6.1	6.9	7.5	9.1	9.2	8.8	8.5	7.5
Transfer Payments	59.985	60.383	60.791	61.239	62.398	62.950	63.490	64.069
% Ch, Annual Rate	13.2	2.7	2.7	3.0	7.8	3.6	3.5	3.7
State U.I. Benefits	1.254	1.235	1.213	1.186	1.168	1.150	1.125	1.094
% Ch, Annual Rate	-9.2	-6.0	-6.7	-8.6	-6.2	-5.8	-8.4	-10.7
Other Transfers	58.732	59.148	59.578	60.053	61.230	61.800	62.365	62.975
% Ch, Annual Rate	13.8	2.9	2.9	3.2	8.1	3.8	3.7	4.0

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

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.233	4.2	0.405	4.2	0.382	2.1
1972	0.241	3.4	0.418	3.3	0.393	2.9
1973	0.254	5.4	0.444	6.3	0.418	6.4
1974	0.280	10.4	0.493	11.0	0.464	11.0
1975	0.303	8.3	0.538	9.1	0.511	10.2
1976	0.320	5.5	0.569	5.8	0.540	5.5
1977	0.341	6.5	0.606	6.5	0.583	8.0
1978	0.365	7.0	0.652	7.6	0.640	9.9
1979	0.397	8.9	0.726	11.3	0.709	10.8
1980	0.440	10.7	0.824	13.5	0.827	16.7
1981	0.478	8.8	0.909	10.4	0.916	10.8
1982	0.505	5.5	0.965	6.2	0.978	6.7
1983	0.526	4.3	0.996	3.2	0.993	1.5
1984	0.546	3.8	1.039	4.4	1.030	3.8
1985	0.566	3.5	1.076	3.5	1.056	2.5
1986	0.578	2.2	1.097	1.9	1.066	1.0
1987	0.596	3.2	1.136	3.6	1.092	2.4
1988	0.620	3.9	1.183	4.1	1.128	3.3
1989	0.646	4.3	1.239	4.8	1.181	4.7
1990	0.674	4.3	1.307	5.4	1.268	7.3
1991	0.696	3.3	1.362	4.2	1.341	5.8
1992	0.715	2.6	1.403	3.0	1.390	3.7
1993	0.733	2.5	1.445	3.0	1.429	2.8
1994	0.748	2.1	1.482	2.6	1.478	3.4
1995	0.764	2.1	1.524	2.8	1.522	3.0
1996	0.780	2.1	1.569	2.9	1.575	3.4
1997	0.793	1.7	1.605	2.3	1.630	3.5
1998	0.799	0.8	1.630	1.5	1.677	2.9
1999	0.811	1.5	1.666	2.2	1.728	3.0
2000	0.831	2.5	1.722	3.4	1.792	3.7
2001	0.847	1.9	1.770	2.8	1.857	3.6
2002	0.859	1.3	1.799	1.6	1.893	2.0
2003	0.876	2.0	1.840	2.3	1.924	1.6
2004	0.897	2.4	1.889	2.7	1.947	1.2
2005	0.923	2.8	1.953	3.4	2.002	2.8
2006	0.947	2.7	2.016	3.2	2.076	3.7
2007	0.971	2.5	2.073	2.9	2.157	3.9
2008	1.001	3.1	2.153	3.8	2.247	4.2
2009	1.000	-0.1	2.146	-0.3	2.260	0.6
2010	1.017	1.7	2.181	1.6	2.267	0.3
2011	1.041	2.4	2.249	3.1	2.328	2.7
2012	1.060	1.8	2.296	2.1	2.386	2.5
Forecast						
2013	1.073	1.2	2.330	1.5	2.421	1.5
2014	1.088	1.5	2.368	1.6	2.467	1.9
2015	1.104	1.4	2.404	1.5	2.510	1.7
2016	1.121	1.5	2.443	1.6	2.554	1.8
2017	1.137	1.4	2.479	1.5	2.597	1.7

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index for all Urban Consumers

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

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

Table A4.2
Chain-Weighted Price Indices
(2009=100)

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

Forecast

2013	107.8	2.0	107.8	1.1	147.6	-2.0	149.7	-2.7
2014	110.3	2.3	108.7	0.8	143.8	-2.6	143.2	-4.3
2015	112.5	2.1	109.8	1.1	141.1	-1.9	137.4	-4.1
2016	114.9	2.1	111.2	1.3	139.5	-1.2	132.7	-3.4
2017	117.2	2.0	112.3	1.0	139.1	-0.2	130.3	-1.8

Table A5.1

Washington Resident Population and Components of Change*
(Thousands)

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

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

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

* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	August 2013	+
U.S. Real GDP Growth	2nd quarter 2013	+
U.S. ISM Index	September 2013	+
U.S. Employment YoY%Δ	August 2013	unchanged
U.S. Unemployment Rate	August 2013	+
U.S. Fed Funds Target	September 2013	unchanged
U.S. Consumer Confidence	September 2013	-
U.S. Consumer Sentiment	September 2013	-
U.S. Light Vehicle Sales	September 2013	-
U.S. CPI	August 2013	+
U.S. Home Prices	July 2013	+
S&P 500 Index	September 2013	+
WA Leading Index	August 2013	+
WA ISM-WW Index	September 2013	-
WA Employment YoY%Δ	August 2013	-
WA Aerospace Empl. YoY%Δ	August 2013	-
WA Unemployment Rate	August 2013	-
WA Business Cycle Indicator	August 2013	-
WA Initial Unemploy. Claims	August 2013	+
WA Housing Permits	August 2013	-
WA Weekly Hours in Mfg.	August 2013	+
WA New Vehicle Registration	September 2013	-
WA In-Migration	August 2013	+
WA Exports-Total YoY%Δ	2nd quarter 2013	+
WA Exports- w/o Trans. Equip. YoY%Δ	2nd quarter 2013	-
Seattle CPI	August 2013	+
Seattle Home Prices	July 2013	+
WA Residential Const. Contracts	August 2013	+
WA Non-Residential Const. Contracts	August 2013	-

*Change from the previous reading

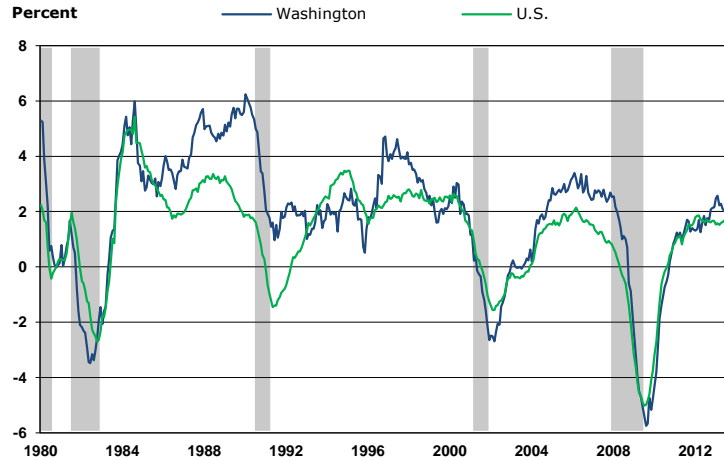
Table A6.2
Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Business Cycle Indicator	WA Purchasing Management Index	U.S. Purchasing Management Index
2009:07	96.8	80.1	11.5	46.7	49.9
2009:08	97.7	80.9	12.0	53.2	53.5
2009:09	97.7	81.6	13.5	52.9	54.4
2009:10	98.8	82.1	11.6	59.5	56.0
2009:11	99.3	82.9	11.0	54.8	54.4
2009:12	99.8	84.0	9.9	61.4	55.3
2010:01	101.1	84.6	15.4	63.0	56.6
2010:02	100.6	84.5	10.0	56.0	55.7
2010:03	101.5	86.0	9.8	56.1	59.3
2010:04	102.0	86.6	9.8	63.2	58.9
2010:05	101.9	86.7	11.9	62.4	57.8
2010:06	101.8	86.7	14.1	63.0	56.1
2010:07	102.6	87.0	13.0	55.9	56.4
2010:08	102.9	87.1	15.5	58.6	57.8
2010:09	102.8	87.7	11.5	60.3	56.5
2010:10	103.8	87.6	12.3	65.8	57.3
2010:11	104.6	88.4	13.4	60.4	58.2
2010:12	105.0	89.5	19.3	61.0	57.3
2011:01	105.5	89.4	12.8	68.0	59.2
2011:02	106.0	90.1	14.6	70.5	59.6
2011:03	106.8	91.2	15.2	65.5	59.3
2011:04	108.2	91.1	25.7	68.2	59.4
2011:05	108.2	91.8	22.2	64.7	53.5
2011:06	108.6	91.7	17.2	58.5	55.8
2011:07	109.3	92.3	18.8	56.1	52.3
2011:08	109.0	91.3	22.1	57.8	53.2
2011:09	108.9	90.9	18.5	61.3	53.2
2011:10	108.5	91.5	17.2	67.4	51.5
2011:11	109.8	91.6	22.0	67.0	52.3
2011:12	110.2	92.2	25.2	65.0	52.9
2012:01	108.9	92.2	19.8	68.5	53.7
2012:02	110.1	92.9	25.2	68.9	51.9
2012:03	111.5	93.1	33.1	62.9	53.3
2012:04	111.4	92.9	28.9	64.9	54.1
2012:05	111.4	93.3	26.0	58.5	52.5
2012:06	111.3	92.7	31.4	57.0	50.2
2012:07	111.6	93.1	30.7	58.8	50.5
2012:08	111.4	92.7	28.4	53.5	50.7
2012:09	112.7	93.2	31.9	56.0	51.6
2012:10	113.5	93.4	33.2	56.3	51.7
2012:11	113.5	93.4	39.8	60.1	49.9
2012:12	114.3	93.7	39.0	58.1	50.2
2013:01	115.1	94.1	41.9	60.2	53.1
2013:02	115.3	94.6	41.0	56.3	54.2
2013:03	114.4	94.3	41.5	65.4	51.3
2013:04	114.5	95.1	36.8	59.5	50.7
2013:05	114.7	95.4	40.7	53.7	49.0
2013:06	114.5	95.4	35.9	61.0	50.9
2013:07	114.7	95.9	41.5	60.3	55.4
2013:08	115.4	96.6	39.1	53.8	55.7
2013:09				52.7	56.2

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

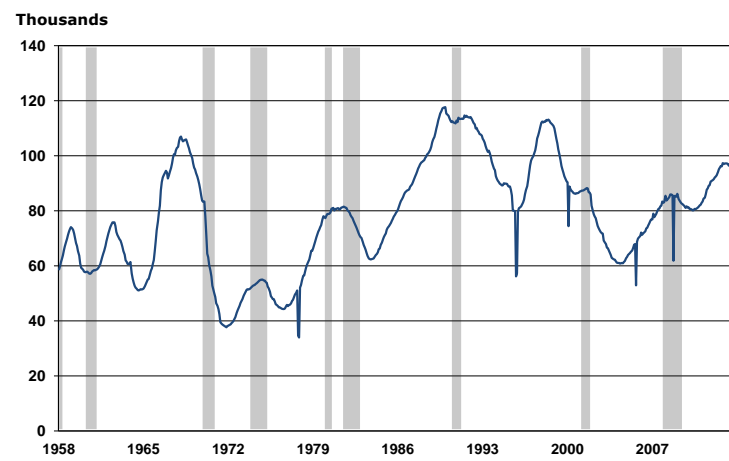
January 1980 to August 2013



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

Washington Aircraft and Parts Employment

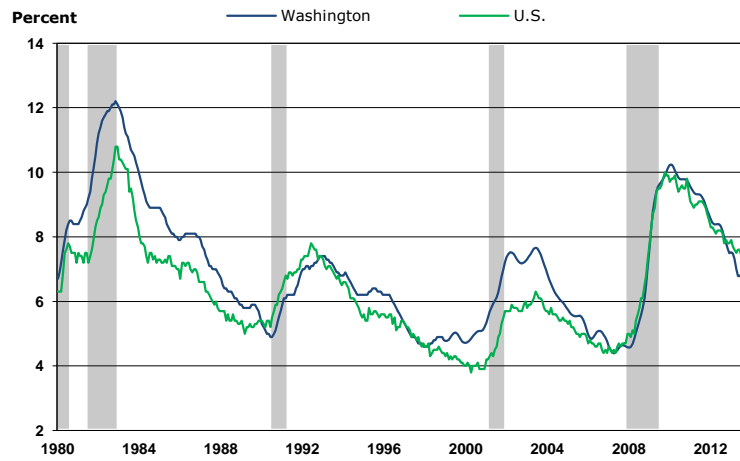
January 1958 to August 2013



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

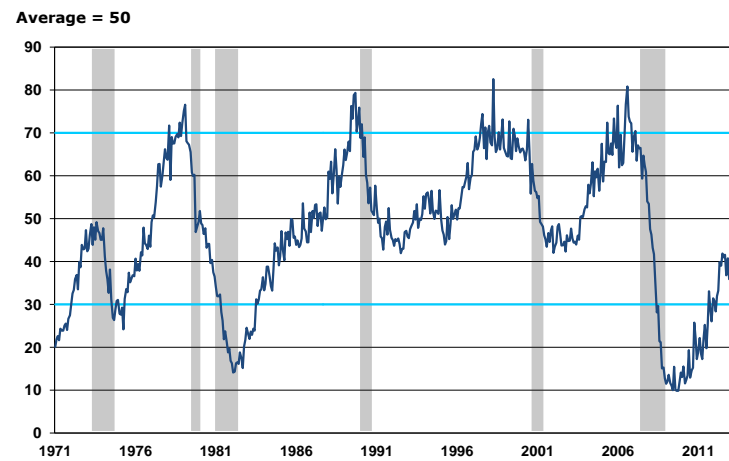
January 1980 to August 2013



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

July 1971 to May 2013



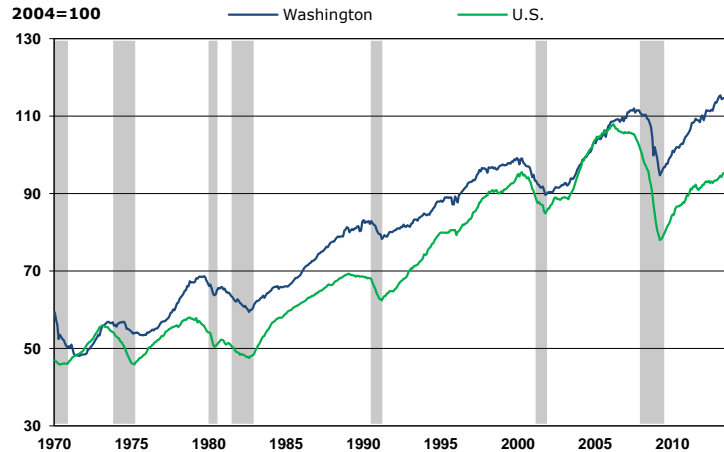
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

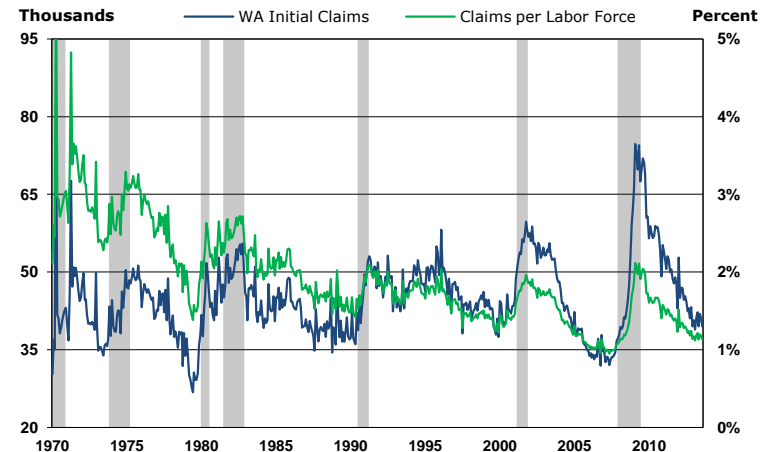
January 1970 to August 2013



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

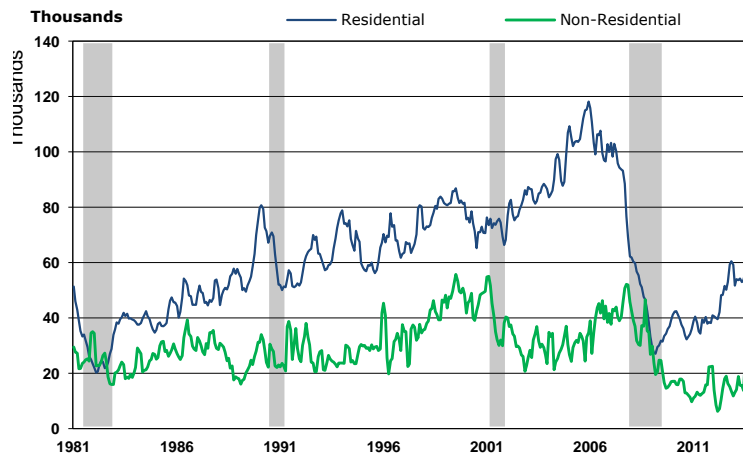
January 1970 to August 2013, S.A.



* Source: WA State Employment Security, ERFC

Square Footage of Construction Projects in WA State

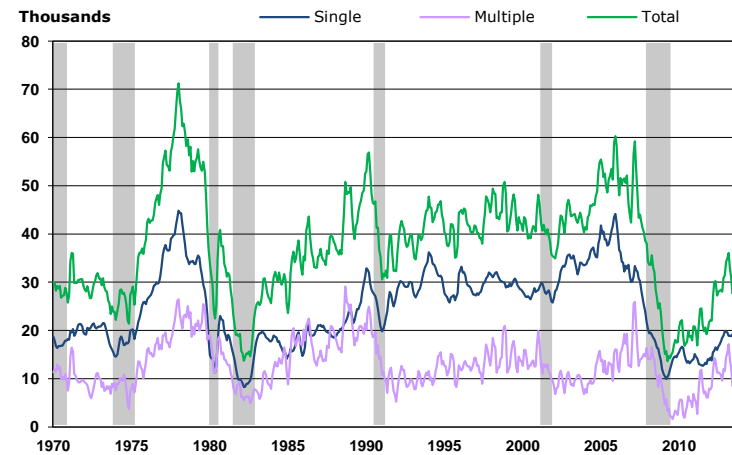
January 1981 to August 2013, 3mma, SAAR



* Source: McGraw-Hill Construction, ERFC

Housing Units Authorized in Washington State

January 1970 to August 2013, 3mma, SAAR



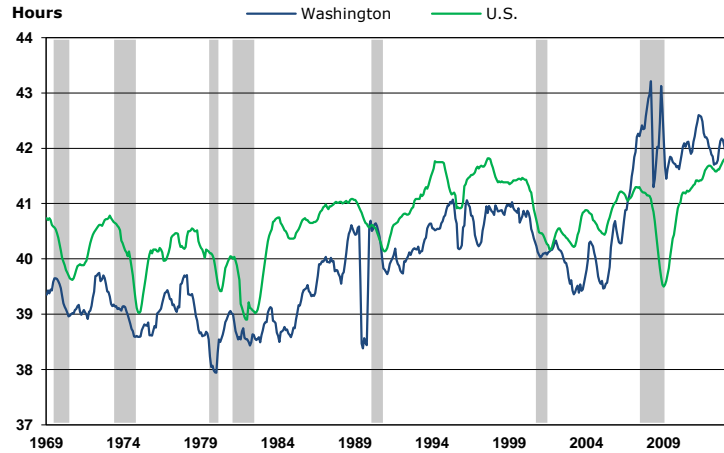
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

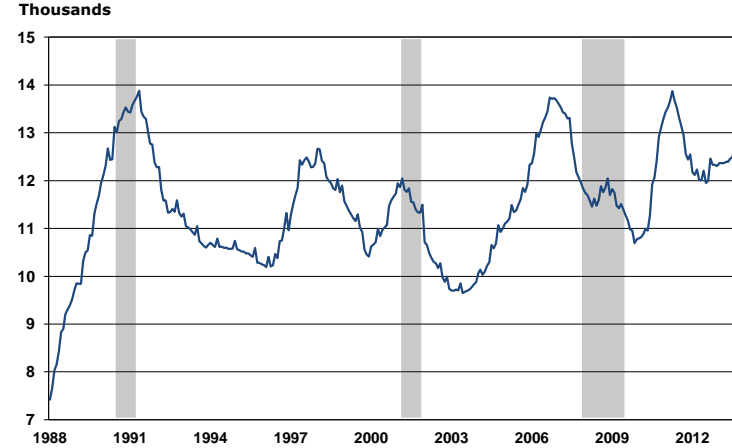
June 1969 to August 2013, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License In-Migration

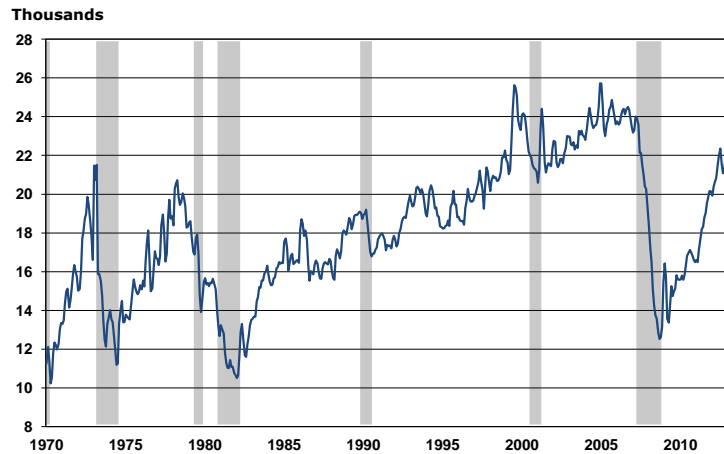
January 1988 to August 2013, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

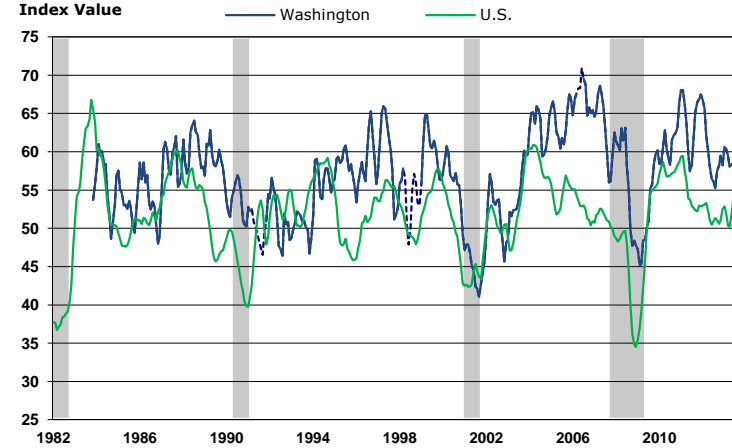
September 1970 to September 2013, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

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



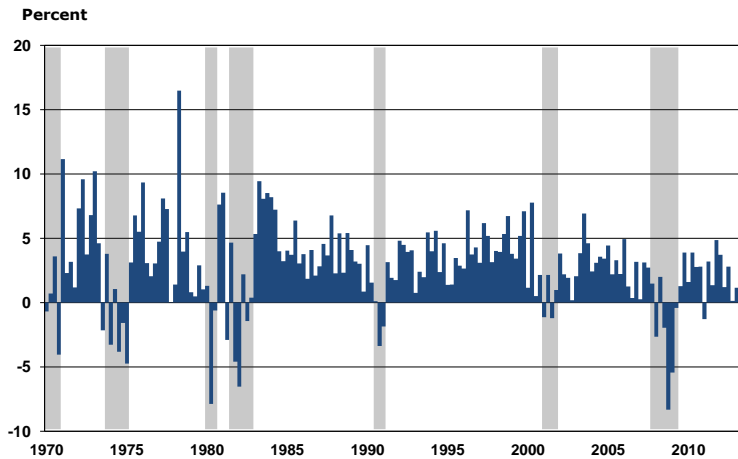
* Source: Institute for Supply Management, ISM-WW, ERFC

* Shaded areas correspond with national recessions.

Figure A7.4: Other Economic Indicators

Quarterly U.S. Real GDP Growth

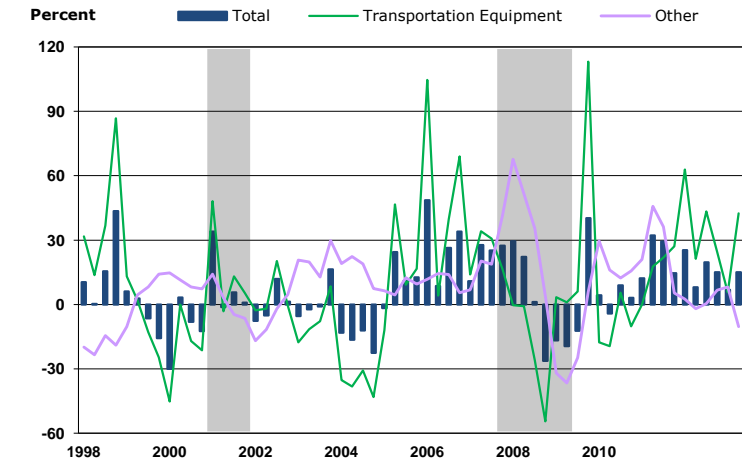
1970Q1 to 2013Q2, SAAR



* Source: Bureau of Economic Analysis

Washington State Export Composition

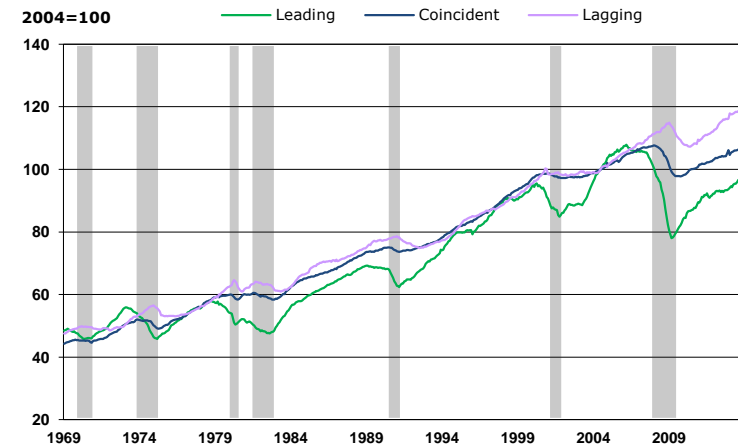
1998Q1 to 2013Q2, Year-over-year percent change



* Source: WISER

U.S. Economic Indicators

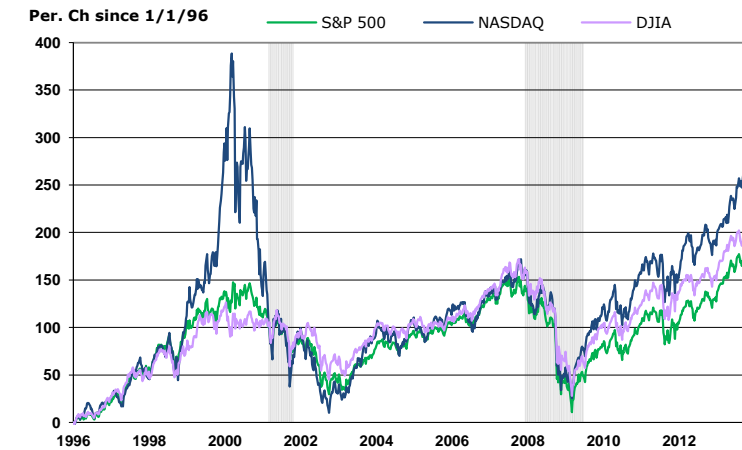
January 1969 to August 2013



* Source: The Conference Board

National Stock Indexes

January 1, 1996 to October 4, 2013



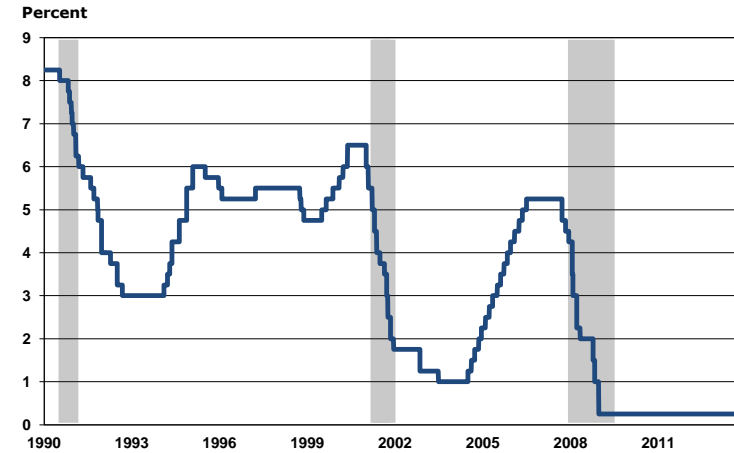
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.4: Other Economic Indicators

Federal Funds Target Rate

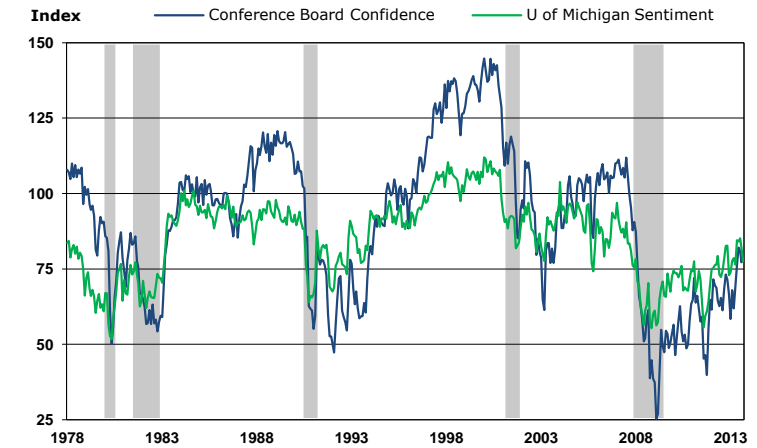
January 1, 1990 to September 30, 2013



* Federal Reserve

Consumer Confidence

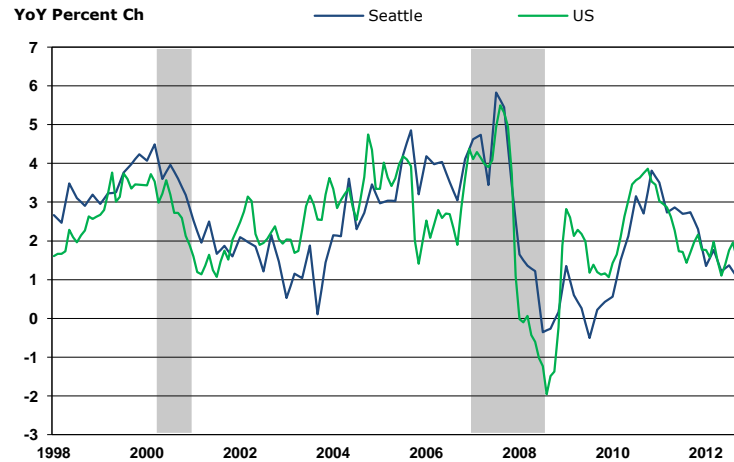
March 1978 to September 2013



* Source: The Conference Board, University of Michigan

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

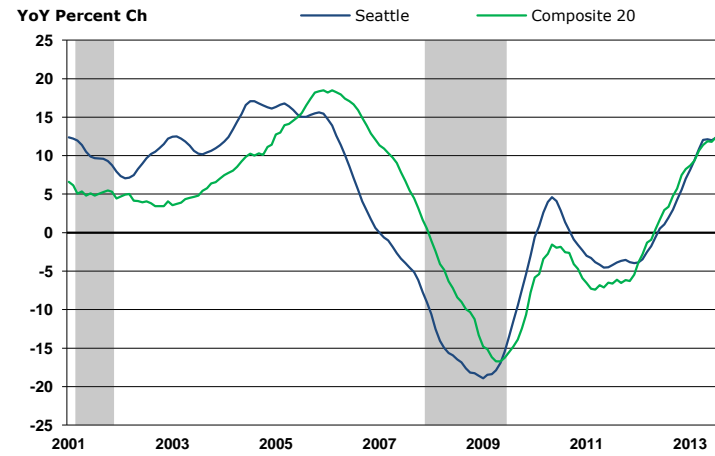
December 1998 to August 2013



* Source: Bureau of Labor Statistics

Case Shiller Home Price Index

January 2001 to July 2013, SA



* Source: Case Shiller, ERFC

* Shaded areas correspond with national recessions.



Glossary

Biennium: The state's two years budget cycle.

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

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

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

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

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

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

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

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

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

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

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

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

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.