

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 frame. The sky is a clear, bright blue.

# **Washington State Economic and Revenue Forecast**

June 2014  
Volume XXXVII, No. 2



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# **Washington State Economic and Revenue Forecast**

Prepared by the  
Economic and Revenue Forecast Council

June 2014  
Volume XXXVII, No. 2

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# Preface

## **ERFC forecasting structure and schedule**

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

## **Forecast Procedure**

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

Data in this publication are accurate through June 30, 2014

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## Executive Summary

- **The national economy continues to advance at a moderate pace. Uncertainty remains elevated, although downside risks and upside risks are now balanced.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **The Blue Chip Consensus GDP forecast, now calls for real GDP growth of 2.2% in 2014, down from 2.9% in the previous forecast. The lower forecast for this year is due to weaker than expected growth in the first quarter of this year and fourth quarter of 2013.**
- **As expected in the February forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth has been slightly less than expected in February but historical estimates were revised higher.**
- **Overall housing construction is on track but single-family permits are weak. Home prices continue to rise.**
- **Seattle area inflation has edged up and now slightly exceeds the national average.**
- **Revenue collections since February have come in \$122 million over the forecasted amount, but most of the variance was due to non-economic events.**
- **Changes to the economic forecast and taxable activity since the June forecast were small and mixed but the net result was slightly positive. They resulted in increases in expected revenue of less than one percent for each of the forecasted biennia.**
- **The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$157 million and the forecast for the 2015-17 biennium was increased by \$238 million. The forecast for the 2019-19 biennium was increased by \$313 million.**

## U.S. Economic Forecast

*U.S.  
economic  
growth  
remains  
moderate*

The national economy continues to advance at a moderate pace despite a first quarter contraction. Uncertainty remains elevated, although downside risks and upside risks are now balanced.

Weak economic growth in the first quarter was almost entirely due to severe winter weather throughout major parts of the country. Political discord in the nation's capital has eased, and is no longer a burden on consumer and business confidence. The housing recovery is poised to continue, although affordability is starting to become an issue. Violence in the Middle East has once again returned to the forefront, threatening energy markets. Overall, economic activity has generally been in line with the February baseline forecast of moderate growth and slowly declining unemployment. Despite a pause in activity in the first quarter, recent data suggest that the economy's underlying fundamentals remain firm.

*Federal fiscal policy remains a drag on the recovery, while monetary policy is accommodative*

Federal fiscal policy remains a drag on economic growth through contractionary spending. Real government expenditures have declined in 14 of the past 18 quarters since the end of 2009. Monetary policy remains accommodative, although the Federal Reserve remains on a "taper" footing, meaning the amount of economic support is slowly being reduced. The Fed has clearly signaled that its decisions are data-dependent. Chair Yellen has stated that the pace of asset purchases is open to modification should there be a significant change in the economic outlook.

*The European and Chinese economies are weak*

The European economy remains stuck in what is being termed a "recession pause". Despite the positive growth in the past two quarters, the Euro area business cycle dating committee decided in June not to call an end to the recession that started in the third quarter of 2011. Economic activity in China has continued to weaken. Recently, the government has introduced some stimulus measures to prevent growth from declining further. Weak economic growth in Europe and China will continue to threaten the U.S. recovery due to international trade ties.

*Real GDP growth will remain modest throughout the forecast*

U.S. economic growth is expected to remain moderate. The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.2% in 2014, down from 2.9% from the previous forecast. The lower forecast for this year is entirely due to weakness in the first quarter. Real GDP contracted 1.0% (SAAR) in the first quarter, largely due to severe winter conditions impacting economic activity. For the remainder of 2014, real GDP growth is expected to be higher than in the February forecast. GDP growth is expected to rebound in the second quarter, growing 3.8% (SAAR), before moderating to 3.2% in the final two quarters. The February forecast expected growth of 2.7% in the second quarter and reaching 3.1% by the fourth quarter. Real GDP growth is expected to increase to 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017. This is an increase of 0.1 percentage point in each year compared to the previous forecast. As in February, real GDP growth is expected to moderate to 2.6% in 2018 and 2.5% in 2019.

## Washington Economic Forecast

*Washington's recovery is progressing about as expected*

Since the February forecast was released, the state's economy has performed about as expected. Employment grew slightly less than expected but revisions to historical data left current levels higher. As anticipated, Washington personal income growth was strong in the first quarter, largely due to aerospace bonuses. Single-family housing construction was once again weaker than expected in the first quarter of 2014 according to the building permit data but overall construction was close to the forecast thanks to strong multi-family construction. Seattle area inflation has edged up and now slightly exceeds the national average.

*The June forecast reflects slightly stronger U.S. growth after a weaker 2014*

The June Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in February. The main U.S. forecast development since February is the reduction in expected real GDP growth for 2014 from 2.9% to 2.2%. However, the lower growth in 2014 is due to weaker performance in the first quarter, and, to lesser extent, to weaker than expected growth in the fourth quarter of 2013. Expected growth during the remainder of 2014 is actually slightly higher than expected in the February forecast. The other major U.S. forecast development is higher oil prices, likely due to increased turmoil in the Middle East. As in February, prices are expected to decline over the course of the forecast. These national forecast revisions feed through to the state economic forecast.

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

Our June economic forecast for Washington housing construction is very similar to the forecast adopted in February. Overall housing permits were close to the forecast in the first quarter of 2014 but only because the volatile multi-family segment was much stronger than expected. Single family permits were once again disappointing. As a result, we have slightly lowered our housing outlook from mid-2014 through mid-2016. Our outlook for employment growth is stronger this year due mainly to an upward revision to the historical data but our forecast for growth in 2015 through 2019 is slightly weaker due to slower national growth. The level of personal income is initially lower than in the February forecast but the growth after 2014 is slightly higher. 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

*Changes to the revenue forecast in June were very slight but positive*

Revenue collections since the February 2014 forecast came in over \$100 million higher than the expected total. The surplus, however, was due mainly to several large audit payments that came in during that time as well as some early payments of property taxes that merely subtracted from expected payments

in coming months. Underlying taxable economic activity has therefore not been as much above expectations as the large collection variance would seem to indicate. Underlying taxable activity, however, was slightly higher than forecasted. Changes to the economic forecast were also slight. While forecast changes both added to and subtracted from expected collections, the overall result was slightly positive. The end result was an increase in expected revenue of less than one percent for each of the forecasted biennia.

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

*13-15: +\$157  
15-17: +\$238  
17-19: +\$313*

As of June 10<sup>th</sup>, revenue collections for the 2013-15 biennium were \$122.2 million ahead of the February forecast. For the remainder of the biennium, changes to the economic forecast have increased forecasted revenue by \$33.4 million. In addition, legislative changes from the 2014 legislative session added \$1.1 million to the forecast. The sum of these changes for the 2013-15 biennium is a forecast increase of \$156.6 million, with total biennial revenue of \$33,169.4 million. For the 2015-17 biennium, changes to the economic forecast added \$233.3 million and legislative changes added \$5.1 million, for a total forecast increase of \$238.3 million. 2015-17 GF-S revenue is now forecasted to total \$35,935.2 million. For the 2017-19 biennium, changes to the economic forecast added \$314.6 million and legislative changes subtracted \$1.3 million, for a total forecast increase of \$313.4 million. GF-S revenue for the 2017-19 biennium is now forecasted at \$39,023.4 million.



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

- **The national economy continues to advance at a moderate pace. Uncertainty remains elevated, although downside risks and upside risks are now balanced.**
- **Federal fiscal policy remains a drag on economic growth through contractionary spending and tax policies. Monetary policy remains accommodative.**
- **Weak growth in Europe and slowing Asian growth remain significant threats to the U.S. economy.**
- **U.S. GDP plunged 2.9% (SAAR) in the first quarter of 2014. Severe weather conditions contributed to the decline.**
- **After almost six and a half years, total nonfarm payroll employment finally surpassed its previous peak in January 2008.**
- **The housing market appears to have rebounded after struggling to gain traction early in the year. Home prices continue to appreciate and construction activity and home sales data are generally positive. Rising interest rates and prices, have led to a drop in affordability.**
- **The Blue Chip Consensus GDP forecast, now calls for real GDP growth of 2.2% in 2014, down from 2.9% in the previous forecast. The lower forecast for this year is due to weaker than expected growth in the first quarter of this year and fourth quarter of 2013.**
- **A more robust recovery in housing remains the most significant upside risk. A slowdown in Chinese or European growth are the major downside risks.**

### Current Conditions

*The economic recovery remains moderate*

The national economy continues to advance at a moderate pace despite a first quarter contraction. Uncertainty remains elevated, although downside risks and upside risks are now balanced. Weak economic growth in the first quarter was mostly due to severe winter weather throughout major parts of the country. Political discord in the nation's capital has eased, and is no longer a burden on consumer and business confidence. The housing recovery is poised to continue, although affordability is starting to become an issue. Violence in the Middle East has once again returned to the forefront, threatening energy markets. Overall, economic activity has generally been in line with the

February baseline forecast of moderate growth and slowly declining unemployment. Despite a pause in activity in the first quarter, recent data suggest that the economy's underlying fundamentals remain firm.

*Federal fiscal policy remains a drag on the recovery*

Although uncertainty surrounding federal fiscal policy has receded, it still remains a drag on economic growth through contractionary spending. Real government expenditures have declined in 14 of the past 18 quarters since the end of 2009. In 2013, reductions in government spending are estimated to have reduced overall GDP growth by 0.4 percentage points. In addition to the deficit reducing measures currently underway, there may be additional fiscal drag due to a lack of funding for highway projects. About one-quarter of the \$200 billion spent on highways and mass transit comes from the Federal Highway Trust Fund which is set to run out of money in the next few months. Without additional revenue or more budget transfers, highway and transit spending could slow substantially.

*Monetary policy will likely remain accommodative, although the Fed remains on a "taper" footing*

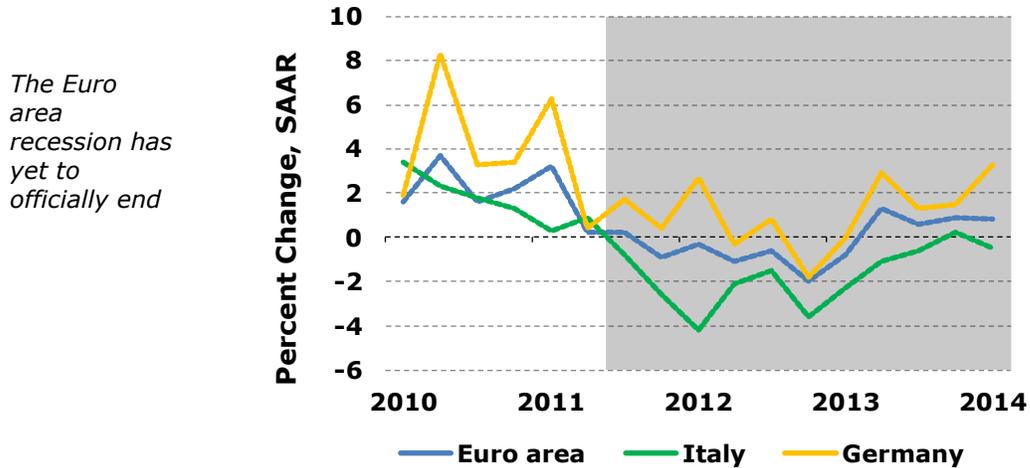
Monetary policy remains accommodative, although the Federal Reserve remains on a "taper" footing, meaning the amount of economic support is slowly being reduced. In June, the Fed announced another \$10 billion reduction in the monthly pace of asset purchases, bringing it to \$35 billion per month, down from the original \$85 billion per month when the program started in December 2012. Most Fed members agree that the labor market is improving and that inflation will return to the 2% target. However, there remains some disagreement about how much slack is left in the labor market. Fed chair Janet Yellen believes the decline in the unemployment rate understates the degree of slack and believes the Fed can and should help bolster the U.S. labor market. The Fed has clearly signaled that its decisions are data-dependent. Chairwoman Yellen has stated that the pace of asset purchases is open to modification should there be a significant change in the economic outlook.

*Weakness in European economies remains a significant threat to the recovery*

The European economy remains stuck in what is being termed a "recession pause". Real GDP in the Eurozone increased at a 0.7% annualized rate in the first quarter of 2014, down from a 1.0% rate the previous quarter (see Figure 1.1). Despite the positive growth, the Euro area business cycle dating committee decided in June not to call an end to the recession that started in the third quarter of 2011. The weakness in European economies remains a threat to the U.S. economic recovery. Risks of a financial crisis remain and weak growth abroad limits U.S. export potential. Some member countries continue to experience very weak or negative growth, including France and Italy. Job gains in the Euro area have been weak and unemployment elevated. Consumer confidence in the Eurozone, while improved from the depths of the latest recession, declined in June. Poor economic conditions across the European Union will continue to put

financial pressure on member countries and keep the threat of a European financial crisis alive.

**Figure 1.1: Eurozone GDP Growth, SAAR**



Source: Eurostat, Centre for Economic Policy Research; data through 2014Q1

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

Economic activity in China has continued to weaken, threatening the U.S. recovery through international trade ties. Chinese GDP growth slowed to 7.4% (Y-O-Y) in the first quarter from 7.7% in the previous quarter. For China, growth below 8% is considered poor. The last time Chinese growth was above 8% was the first quarter of 2012. The construction sector has been particularly weak. Construction starts contracted 22% (Y-O-Y) through April while sales declined 7% (Y-O-Y). China has struggled to transition to a more consumer based economy and lower its reliance on exports. The government has stated they will focus on maintaining economic expansion in a "reasonable range." Chinese premier Li Keqiang said his bottom line for expansion was 7%. Recently, the government has introduced some stimulus measures to prevent growth from declining further. In addition, improvement in the U.S. and Eurozone economies should help China's exports to continue their rebound.

*U.S. Real GDP plunged in the first quarter*

U.S. Real GDP plunged in the first quarter by 2.9% (SAAR). This was the biggest decline since the first quarter of 2009 when the country was in the depths of the recession. Although the drop in activity was severe, this is less an indication of the health of the economy and more a series of temporary and one-time events. Severe winter weather in many parts of the country had a huge impact on activity in the first quarter. Some estimates attributed this to almost half of the decline. Weak growth overseas, particularly in emerging markets, affected exports which declined 8.9% (SAAR). Net exports reduced overall GDP by 1.5 percentage points. Slower inventory accumulation was the other big driver of the decline, lowering growth by 1.7 percentage points. Going forward, this will be positive for growth as the

inventory cycle turns. The expiration of emergency unemployment benefits contributed to lower consumer spending. Although consumption was positive, growing 1.0% (SAAR), the contribution to overall growth was just 0.7 percentage points, much lower than average. Government spending again was negative, contracting 0.8%, and reducing overall GDP by 0.1 percentage points. Nonresidential fixed investment declined 1.2% (SAAR) while residential fixed investment declined 4.2% (SAAR). Each reduced overall growth by 0.1 percentage points in the first quarter. Real final sales plunged 1.6% (SAAR) in the first quarter, down from 2.7% (SAAR) growth (SAAR) in the fourth quarter.

*Personal income is rising, but consumption remains weak*

Rising personal income is essential for consumer spending to improve and overall economic growth to accelerate. Real personal income was up 0.2% in May, from 0.1% in April, with overall growth remaining fairly steady this year. Real disposable personal income (income after taxes and adjusted for inflation) growth was 0.2%, unchanged from April. Despite the steady increase in income, real consumption was again weak, contracting 0.1% after a 0.2% drop in April. The personal saving rate increased from 4.5% to 4.8%. Real spending on both nondurable goods and services declined in May by 0.3% and 0.1% respectively. Real spending on durable goods rose 1.0%. The weak spending to start the second quarter doesn't bode well for a sharp rebound in overall GDP after the decline in the first quarter. However, continued increases in incomes should spur spending increases going forward.

*Total nonfarm employment has now reached its previous peak*

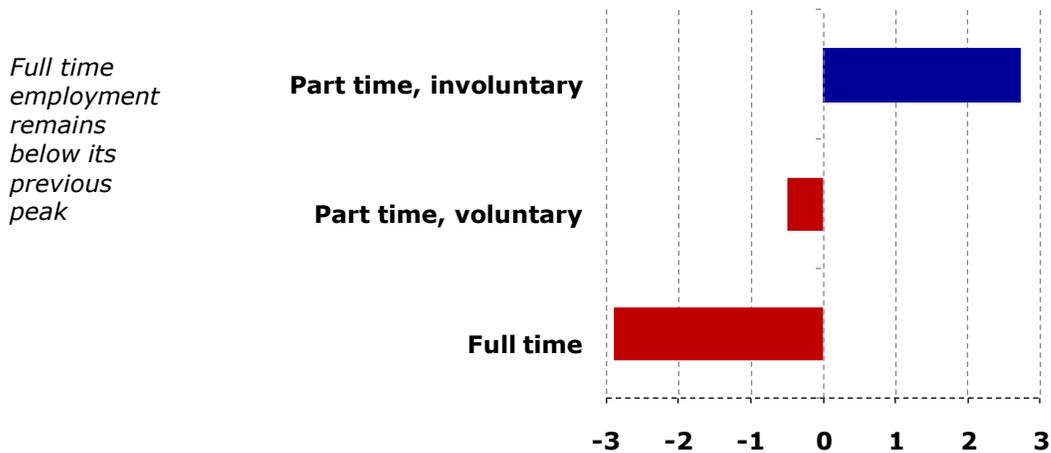
After almost six and a half years, total nonfarm payroll employment finally surpassed its previous peak in January 2008. After the recession officially ended in June 2009, it took the economy almost five years to fully recover in terms of jobs, making this the slowest jobs recovery since World War II. In May, nonfarm payroll employment increased by 217,000 after a robust 282,000 gain in April. Employment growth has been strong the past few months following the disappointing gains during the winter. Job growth has now been above 200,000 for each of the past four months. Although job growth has been strong enough to make up all of the jobs lost during the recession, the job mix has changed. Professional and business services, education and health, and leisure and hospitality account for more than two-thirds of the jobs that have been created since the recovery began and are well above their previous peaks. Manufacturing, construction, and government all remain well below their previous highs.

*There was a shift towards part-time work*

Using an alternate measure of employment, which separates employment into full and part time, shows the labor market recovery as somewhat weaker. The number of full-time jobs remains below its previous peak. More than 7 million Americans are in part-time positions because they can't secure full-time

work. Much of the shift towards increasing part-time employment occurred when workers' hours were cut during the recession. Since the recovery began, however, this reallocation of workers to part-time positions has slowly reversed itself. Over the past year, part-time employment is down 500,000 jobs and full-time employment is up 2.4 million. While this trend is encouraging, job recovery still has significant ground to regain before full-time employment is back to its pre-recession levels. Since the start of the 2007-09 recession, full-time employment is down 2.9 million while involuntary part-time employment is up 2.7 million (see figure).

**Figure 1.2: Change in employment by hours worked, December 2007 – May 2014**



Source: U.S. Bureau of Labor Statistics; data through May 2014

*The labor market is improving*

The recent level of job growth is absorbing not only unemployed workers, but some new entrants into the labor force as well. Despite the unemployment rate staying at 6.3% in May, it remains on a downward trend. Part of the reason for the rate not declining was that the number of new entrants and re-entrants rose in May. Also, previously discouraged workers are now coming off the sidelines and re-entering the labor force now that they believe they have a chance at employment. Joblessness, while still elevated at 9.8 million people, has dropped by a third since the recovery began. The most comprehensive measure of underemployment, which includes those marginally attached to the labor force plus total employed part time for economic reasons, has declined from 16.5% to 12.2% since the start of the recovery. Initial claims for unemployment insurance remain on a downward trend and are now back to pre-recession levels. For the week ending June 21<sup>st</sup>, the four week moving average of initial claims increased by 2,000 to 314,250. The latest reading is down 9.0% from a year ago and down 52.3% since the peak in 2009.

*Consumer confidence continues to trend upward*

Consumer attitudes have fluctuated but generally are improving following the 2007-09 recession. An improving economy and stronger labor market conditions have enabled consumers to feel more confident as the recovery has unfolded. Rising home prices and equity markets have also improved consumer's financial position. The most recent reading of consumer confidence from the Conference Board shows that confidence jumped 3.0 points in June to 85.2. This puts confidence at the highest level since January 2008. The present conditions component hit a six year high and future expectations increased as well. Respondents believe there will be more jobs in the next six months, although they don't believe they will benefit in terms of income gains. This is consistent with the slack that still exists in the labor market and the number of unemployed workers. The University of Michigan reading of consumer sentiment showed a slight increase in June, gaining 0.6 points. Consumers indicated they were more confident in their current conditions, but also more pessimistic towards the future. Both measures should continue to trend upward as the economic recovery continues.

*Small business confidence is improving*

Small business confidence has been increasing as well. The National Federation of Independent Business (NFIB) small business optimism index increased for the third month in a row in May to 96.6. The 1.4 point increase this month pushed the index to the highest level since September 2007. The improvement in optimism was broad based. Respondents indicated that sales and earnings are improving. This led to an increased share stating that they plan to hire more workers and raise employee compensation over the next few months. No longer are poor sales or other economic factors the largest problems for small businesses. As the recovery solidified and demand increased, taxes and government regulation has reemerged as the most important problems cited by small businesses.

*Oil prices have reacted to the turmoil in Iraq*

Oil prices climbed to their highest levels of the year as conflict in Iraq has intensified. Brent oil prices jumped to over \$115 per barrel and West Texas crude hit \$108 per barrel in the third week of June. Although Islamic militants have expanded their grip in North and Western Iraq, their actions have had very little impact on the country's production and exports since major oil operations are in the south. In addition to the turmoil in Iraq, Russia's intervention into Ukraine is likely to keep oil markets rattled in the near term, as Russia is one of the world's biggest oil producers. U.S. oil production has continued to rise, making up the lost supply from Middle Eastern countries. Domestic production now averages over 8 million barrels per day, the highest in decades.

*Inflation has accelerated in recent months*

Headline inflation accelerated for the third consecutive month in May. Rising energy and food prices drove the overall increase. Energy prices increased 0.9% in May led by a 2.3% increase in

electricity costs and a 0.7% increase in gas prices. Energy prices are now up 3.3% year-over-year. Food prices moved up, increasing another 0.5% in May, and are now up 2.5% year-over-year. Overall, the consumer price index (CPI) increased 0.4% in May and is now up 2.1% over the year. Core inflation, which excludes food and energy, also rose 0.3% due to rising shelter costs. Core inflation is now up 2.0% year-over-year.

*The housing market has rebounded*

The housing market appears to have rebounded after struggling to gain traction early in the year. Recent data have generally been positive and indicate that activity is set to accelerate. Sales of new homes soared in May to 504,000 units (SAAR), an increase of 18.6% over April and 16.9% higher than a year ago. While the sharp increase is unquestionably a positive sign for the housing market, it reflects more of a catch up from a so far lackluster 2014. Despite the increase, the inventory of unsold homes remained unchanged at 189,000. This inventory corresponds to a 4.5 months' supply of new homes at the current sales pace. Mortgage rates have trended down slightly since the beginning of the year, spurring potential buyers to take advantage of the low rates. Sales of existing homes, which is a much larger segment than new homes, also rebounded. Completed sales in May increased 4.9% from April to 4.89 million units (SAAR). Sales are still 5.0% lower than a year ago. The market for existing homes remains tight, but has loosened somewhat in recent months. Total inventory increased to 2.28 million homes, up 6 percent from a year ago and representing a 5.6 month supply.

*New construction has been modest*

Home construction remains modest and well below levels seen before the recession. Severe winter weather limited housing market activity earlier in the year, but the downward drag has now been alleviated. In May, housing permits decreased to 991,000 units (SAAR), a 6.4% decline from the previous month and 1.9% lower than a year ago. The decline was a result of a sharp drop in multi-family permits which fell 19.5% to 372,000 units (SAAR). The less volatile single family permits increased 3.7% to 619,000 units (SAAR), although they remain 0.8% lower than in May 2013. Both segments remain at about the average for the past year. Housing starts have fared slightly better than permits so far this year. Total housing starts declined 6.5% in May to 1.001 million units (SAAR), but remain 9.4% above year-ago levels. Both single-family and multi-family starts declined in May, 5.9% and 7.6% respectively. However, both segments are above year-ago levels. Even with the sluggish growth in housing activity, there remains considerable 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 the excess supply has largely been depleted, new homes will have to be built to meet the ever increasing demand from population growth.

*Home price appreciation has continued*

Home price appreciation has continued despite the weakness in new construction. However, price appreciation is starting to decelerate. The seasonally adjusted Case-Shiller 20-city home price index increased 0.2% in April and is now 10.8% above the year-ago level (see Figure 1.3). While the year-over-year growth is certainly strong, this was the slowest monthly gain in home prices since the recovery in home prices began in early 2012. While prices still remain 16.9% below their peak in 2006, this is an early indication that the rate of price gains is slowing and returning to more sustainable rates. The rise in home prices has been positive for the overall housing market. Rising prices have typically incentivized new construction and are enabling previously underwater homeowners to sell their homes and trade up for more expensive houses. Affordability issues are starting to emerge however, especially among first time home buyers as prices increase. Although homes remain affordable by historic standards, affordability is down sharply from the past two years.

**Figure 1.3: S&P/Case-Shiller Home Price Index, Year-over-year percent change**

*Home prices are accelerating at a decreasing rate*



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

*The manufacturing sector continues to improve*

The manufacturing sector continues to improve. The Institute of Supply Management (ISM) Report on Business indicated that activity in the manufacturing sector expanded again in May. The ISM index improved to 55.4 from 54.9 the month before (index levels above 50 indicate expansion). Details from the report were generally positive. New orders increased 1.8 points to 56.9 and production rose 5.0 points to 61.0. The employment component fell 1.9 points but remains positive at 52.8. The latest G-17 report from the Federal Reserve, which measures manufacturing output, indicated continued expansion as well. Output increased 0.6% (SA) in May and is now 3.6% above last year. The production of durable goods increased 0.9% with widespread gains in all industry groups except primary metals. Nondurable goods output increased as well, gaining 0.6%. New orders for

core capital goods (nondefense capital goods excluding aircraft) increased by 0.7%, after declining 1.1% in April. Shipments increased 0.4%, indicating positive near-term business activity.

## Forecast

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

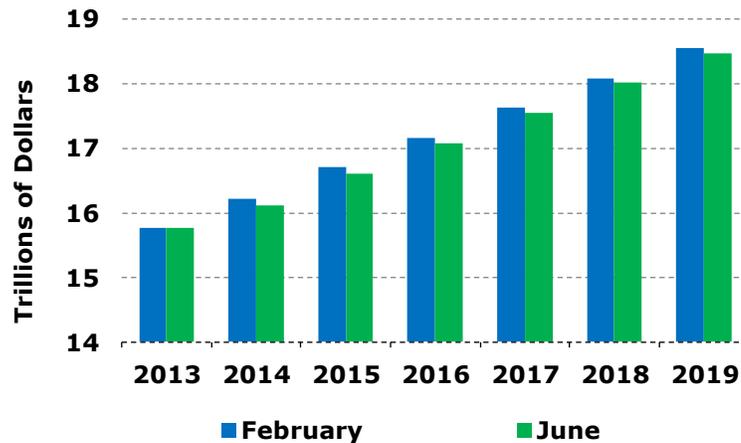
The June 2014 economic forecast was based on a modified version of Global Insight's June 2013 Control forecast for the U.S. economy. Consistent with our standard practice, the U.S. real GDP forecast was adjusted to match the Blue Chip Consensus GDP forecasts for 2014 and 2015. We also incorporated the latest long term Blue Chip GDP forecast for 2016 through 2019. Our oil price forecast was adjusted to incorporate futures prices for both Brent crude oil and for West Texas Intermediate crude.

*Real GDP growth is down from the previous forecast*

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.2% in 2014, down from 2.9% from the previous forecast. The lower forecast for this year is entirely due to weakness in the first quarter of 2014 and, to a lesser extent, fourth quarter of 2013. Real GDP contracted in the first quarter, largely due to severe winter conditions impacting economic activity. For the remainder of 2014, Real GDP growth is expected to be higher than in the February forecast. GDP growth is expected to rebound in the second quarter, growing 3.8% (SAAR), before moderating to 3.2% in the final two quarters. The February forecast expected growth of 2.7% in the second quarter and reaching 3.1% by the fourth quarter. Real GDP growth is expected to increase to 3.1% in 2015, 2.9% in 2016, and 2.8% in 2017. This is an increase of 0.1 percentage point in each year compared to the previous

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

*The forecast calls for lower Real GDP*



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

forecast. As in February, real GDP growth is expected to moderate to 2.6% in 2018 and 2.5% in 2019 (see Figure 1.4).

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

The forecast for consumer spending growth is up slightly from the February forecast. Consumers still remain somewhat cautious as confidence continues to slowly trend upward. The recovery in the labor market has continued at a modest pace. Home values and equity markets continue to increase as well. Federal fiscal policy has not experienced the missteps that kept confidence suppressed in previous years. 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 2.8% in 2014 and 2015 before slowly moderating to 2.4% by 2019. The forecast calls for consumer spending to contribute 1.9 percentage points to GDP growth this year and then rise to 2.0 percentage points in 2015. From 2016 through 2019, consumer spending will contribute 1.8 percentage points to overall GDP growth.

*Personal income growth will remain weak*

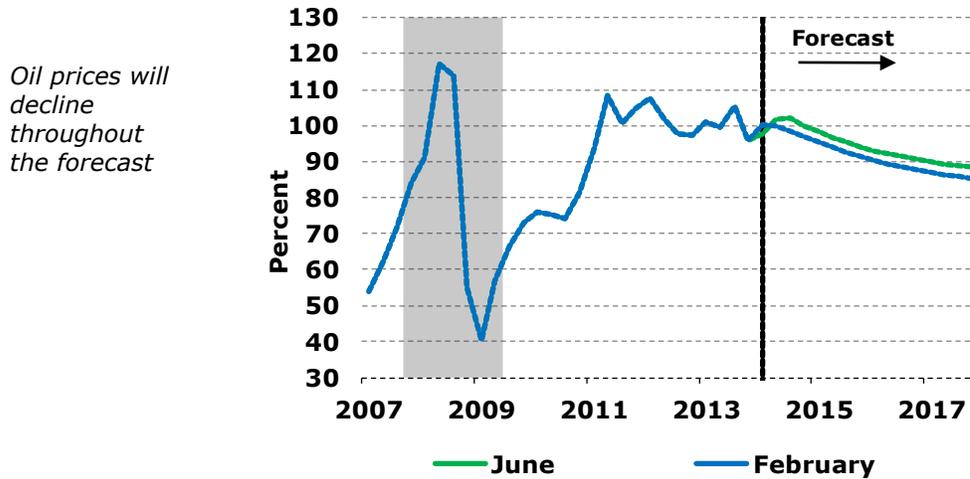
Real disposable personal income growth is expected to increase to 1.8% this year after only growing 0.7% in 2013. This is somewhat less than the 2.7% growth we expected in February. We then expect growth in real disposable personal income to pick up to 3.2% in 2015 and reach 4.0% in 2016 and 2017. Growth is then expected to moderate, growing 3.5% in 2018 and 3.2% in 2019. Despite the weaker growth over the next two years, higher growth from 2016 onward results in \$14 billion more in real disposable income in 2019. As personal income grows, the saving rate will grow as well. The personal saving rate is expected to increase gradually throughout the forecast, reaching 7.2% in 2019.

*Oil prices are expected to decline on increased production*

The forecast for oil prices is slightly higher than in February. Turmoil in oil producing countries has continued. Libya's oil production has fallen to less than 300,000 barrels a day due to continued protests at oil ports and fields. Production remains far below the pre-revolution capacity of 1.6 million barrels per day. Since the forecast was released, Iraqi oil has increasing been at risk. Militants recently attacked Iraq's largest oil refinery as sectarian violence has spread. U.S. production, averaging over 8 million barrels per day, continues to expand and offset the loss in turmoil-engulfed countries. We expect declining prices throughout the forecast, falling from about \$100 per barrel this year to \$87 per barrel in 2019, up from the \$83 forecasted in February (see Figure 1.5). 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 also put modest downward pressure on prices. In addition to declining oil prices, the modest recovery will keep inflation subdued. We expect low

headline inflation throughout the forecast ranging from 1.9% to 1.3%.

**Figure 1.5: Average Price of Crude Oil**



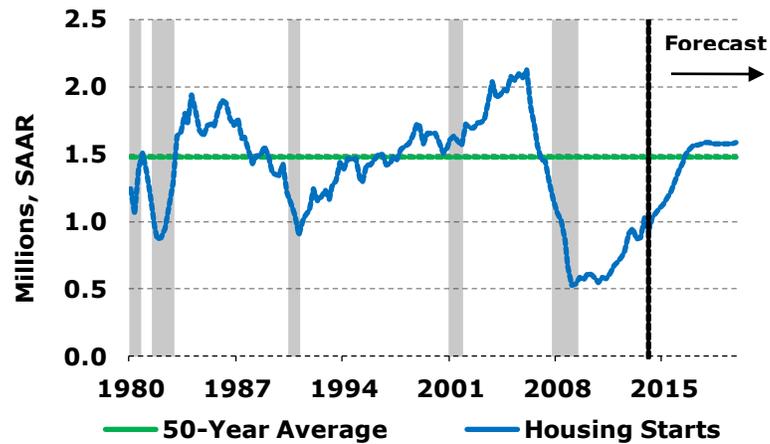
Source: DOE, ERFC June 2014 forecast; historical data through 2014Q1

*The recovery in housing is expected accelerate*

The housing recovery has shaken off the effects of the harsh winter and returned to tepid growth. Home prices continue to increase, with growth reaching double digits in some areas. Affordability is again becoming an issue as rising home prices combine with rising mortgage rates. We expect growth in housing starts to continue in the second half of the year, with growth of 10.5% for 2014, down from the 18.6% growth in 2013. Mortgage rates will continue to rise from 4.4% this year to 6.6% in 2018 and 2019 for a conventional 30-year fixed rate mortgage. Distressed properties continue to weigh on select markets throughout the country, although this effect is diminishing. Continued improvement in the housing market remains dependent on job growth and access to financing. The forecast expects robust growth in housing starts to continue in the near term. Growth in single-family starts is expected to be 7.5% this year, weighed down from the weak first quarter. Growth will further increase to 28.4% in 2015 and 27.3% in 2016, reaching 1.0 million units early in the year. Growth will remain strong in 2017 at 9.3% before flattening in 2018 and 2019. Growth in the multi-family segment is expected to moderate from the robust growth the past three years. The forecast calls for 16.4% growth this year before slipping 2.4% in 2016. Going forward, we expect the multi-family segment to slowly increase to about 380,000 units annually. 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 employment continues to increase at a modest pace. The forecast calls for total housing starts to reach 1.58 million in 2019, up from 1.03 million in 2014 (see Figure 1.6).

**Figure 1.6: U.S. Housing Starts**

*Housing starts will surpass their long term average*



Source: U.S. Census Bureau, ERFC June 2014 forecast; historical data through 2013Q4

*Business investment is improving*

Business investment has improved since last year. Vacancy rates for office buildings are still high but remain on a slow downward trend. Demand for office space has been growing as businesses slowly expand. Companies have a high level of cash on hand, profits are strong, and borrowing rates remain low. We expect nonresidential construction to grow 1.4% this year, up from 1.3% in 2013. Part of the weak growth can be attributed to the harsh winter weather which suppressed construction in much of the country. The forecast calls for growth to accelerate to 4.5% in 2015, 5.9% in 2016, and reach 10.4% in 2017. The forecast then calls for growth to moderate through 2019. Equipment investment is expected to have strong growth throughout the forecast as businesses improve productivity as they expand. Although we do not expect to see double-digit growth experienced 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 4.9% this year followed by growth of 9.0% in 2015 and 7.2% in 2016. The forecast then calls for growth of 6.7% in 2017, 4.8% in 2018, and 3.6% in 2019. We expect overall real nonresidential fixed investment to grow 3.9% this year, 6.7% in 2015, 5.9% in 2016, and reach 6.8% in 2017. Growth will moderate from there at 5.3% in 2018 and 3.0% in 2019.

*Export growth is expected to pick up*

Export growth is expected to pick up after experiencing weak growth in 2013. Exports will be helped by a gradually improving global economy. Weak foreign demand for U.S. goods and services in the near term will limit the upside of export growth. Europe has just emerged from a prolonged recession and growth remains low. With severe structural imbalances in member countries and strict austerity measures still in effect, we expect the slow growth to continue. The latest Blue Chip forecast calls

for 1.1% growth this year for the Eurozone followed by 1.5% growth in 2015. The weak economic growth has led to painfully high unemployment with rates for the Eurozone as a whole at or above 11% for two years. This has had an adverse effect on consumer spending and reduced the exports of U.S. firms to Europe. The weakness in Europe has contributed to a slowdown in growth in other important U.S. trading partners as well. China, which is our largest export market outside of North America, in particular has slowed. Chinese growth remains well below their recent history and has prompted the government to introduce new stimulus measures. The latest Blue Chip forecast calls for growth of 7.3% in 2014 and 7.2% in 2015 for China. This is far below the Chinese growth seen from 2005 through 2011 of 11% and not enough to generate strong U.S. export growth.

*Growth in U.S. export markets is set to increase*

Despite the continued weakness in Europe and China, GDP growth in major U.S. export markets is forecasted to increase to 2.8% this year after growing 2.3% in 2013. GDP growth for these countries is expected to increase further reaching 3.5% in 2017 before gradually slowing to 3.3% in 2019. This growth will fuel demand for U.S. exports. We expect real U.S. export growth to improve to 3.2% this year, up from 2.7% in 2013. The forecast calls for export growth of 5.2% in 2015, improving to 5.9% by 2019 as global economic conditions firm. Export growth is offset by increased imports starting this year, however. Net exports are expected to reduce overall GDP growth by 0.1 percentage points in 2014. Going forward, net exports are expected to reduce GDP growth by 0.2 percentage points each year through 2019 as the U.S. economy recovers and import growth picks up.

*Policymakers remained focused on deficit reduction*

While uncertainty surrounding fiscal policy has faded, policymakers remain focused on deficit reduction. The forecast calls for a \$107 billion reduction in the federal deficit between 2013 and 2015. After dropping sharply in 2013 by \$54 billion, we expect real defense spending to decline another \$24 billion 2014 and then fall gradually through the remainder of the forecast by an average of \$4 billion per year. Real nondefense purchases will decline as well throughout the forecast. We expect a 0.9% decline this year followed by a 0.5% reduction on average through 2019. The forecast calls for 2014 to be the trough in total real government purchases. We expect low growth for the remainder of the forecast, gradually increasing to 0.7% in 2017 through 2019.

*The outlook for employment growth has improved*

Payroll employment growth is expected to be slightly higher this year than anticipated in the February forecast. Going forward, however, the forecast has been reduced slightly in terms of growth. Growth in payrolls is expected to be 1.9% this year, up from the 1.7% growth forecasted in February and up from the 1.7% growth in 2013. We then expect employment growth to moderate to 1.8% in 2015 and continue to trend down to 0.6%

in 2019. The forecast calls for the U.S. economy to add about 224,000 jobs per month through the end of this year as private sector gains continue and public sector hiring turns positive. We expect employment growth to average 205,000 jobs per month for 2015 and 2016. The forecast calls for job growth to slow through the end of the forecast, averaging just 57,000 jobs per month in 2019 as labor force growth slows due to retiring baby boomers. As a result of the steady job growth, we expect the unemployment rate to drop over a full percentage point in 2014 to 6.3%, then to gradually fall to 5.6% in 2019.

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

Employment growth in nonfarm payrolls has been led by private sector hiring throughout the recovery as the public sector has been weighed down by budget concerns. We expect this to continue even as government employment turns positive. Private sector employment is estimated to have reached 116.7 million in the second quarter of this year, making up all of the jobs lost during the recession. We don't expect the job losses in the public sector to be made up until the first half of 2019. Federal government employment will continue to decline throughout the forecast, but this will be offset by modest gains in state and local government employment. 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 increase 0.1% this year after declining in each of the previous four years. Government employment will accelerate in 2015 with growth of 0.4%. The forecast calls for public sector growth of 0.6% in 2016 and then an average of 1.1% through 2019. We expect private sector job growth of 2.2% this year, up from the 2.1% in 2013. The forecast calls for private sector job growth to gradually moderate throughout the remainder of the forecast to just 0.5% in 2019.

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

## Risks to the Forecast

*Downside risks are now balanced with upside risks*

Our view of the risks to the forecast has changed since the February forecast. The probability of the optimistic scenario has been raised while the probabilities of the pessimistic and baseline scenarios have been reduced. The largest change since the last forecast has been a lowered threat of a stall in the housing recovery. The level of uncertainty in the baseline remains high. However, downside risks are now balanced with upside risks.

### Downside Risks (25% Probability)

*Fiscal tightening*

Policymakers misinterpret weak growth and depressed confidence, decide on austerity, and cut discretionary spending, further reducing growth. Private sector confidence plummets, lowering stock prices and economic activity.

<i>Sovereign debt contagion</i>	Sovereign debt worries reemerge in the southern periphery of the European Union and the EU Commission re-imposes fiscal-tightening programs. Europe returns to recession and continued austerity measures increase the financial strains in Eurozone countries.
<i>Slow Chinese growth</i>	Global growth is restrained by a hard landing (growth <5%) in China. This leads to weaker growth in emerging economies in particular.
<i>Crisis in Ukraine escalates</i>	Tensions in Ukraine escalate, destabilizing the region. Oil shipments and financial linkages to Europe are stressed.
<i>Iraq collapses</i>	The sectarian conflict in Iraq escalates, bringing the nation to the brink of collapse. Major oil infrastructure is compromised, reducing supply globally. The likelihood of U.S. military intervention increases.
<i>Turmoil in oil-producing countries</i>	Tensions in Egypt, Syria, and Libya erupt and spread to major oil producing nations, disrupting supply.
<i>Housing sector relapse</i>	The pause in housing activity turns out to be the start of another prolonged decline fueled by depressed employment and weak wage gains. Declining affordability and tight supply remove the option for homeownership for many potential buyers.
<b>Upside Risks (25% Probability)</b>	
<i>The housing recovery accelerates</i>	The housing sector improves faster than anticipated. Home prices continue to increase and buyers move off the fence. Affordability is not a major issue as interest rates remain low. Homebuilders respond and housing starts increase, leading to more hiring.
<i>Confidence improves, boosting spending</i>	Pent-up demand, fueled by a rebound in confidence, boosts consumer spending after years of economizing. Stock market gains reduce the desire for excess savings, further boosting spending.
<i>Business confidence improves</i>	The recent trend of solid payroll gains continues, and the labor market recovery gathers steam. This triggers a virtuous cycle of jobs, income, spending, and yet more jobs.
<i>Fiscal policy becomes supportive</i>	Government policymakers avoid imposing excessive fiscal restraint on the economy. Business confidence picks up as a result of the government's ability to avoid dysfunction.
<i>Emerging economies stabilize</i>	The European Central Bank expands its monetary base, successfully leading the Eurozone away from deflation. They also develop a credible pro-growth plan to tackle sovereign debt issues.

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

Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	15,278.4	15,584.3	15,933.8	16,364.0	16,832.1	17,327.8	17,790.0	18,244.3
% Ch	2.4	2.0	2.2	2.7	2.9	2.9	2.7	2.6
Real Consumption	10,407.4	10,615.4	10,870.6	11,187.5	11,493.8	11,799.5	12,103.8	12,397.3
% Ch	2.3	2.0	2.4	2.9	2.7	2.7	2.6	2.4
Real Nonresidential Fixed Investment	1,885.3	1,954.7	2,019.1	2,131.0	2,261.5	2,409.5	2,560.1	2,667.7
% Ch	9.1	3.7	3.3	5.5	6.1	6.5	6.2	4.2
Real Residential Fixed Investment	405.3	463.3	491.9	538.9	615.6	674.9	685.9	691.8
% Ch	8.2	14.3	6.2	9.6	14.2	9.6	1.6	0.9
Real Personal Income	12,786.9	13,076.8	13,321.8	13,663.7	14,177.0	14,735.2	15,268.6	15,756.9
% Ch	2.3	2.3	1.9	2.6	3.8	3.9	3.6	3.2
Real Per Capita Income (\$/Person)	40,793	41,410	41,861	42,605	43,866	45,244	46,525	47,647
% Ch	1.6	1.5	1.1	1.8	3.0	3.1	2.8	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.066	1.079	1.097	1.112	1.127	1.144	1.161
% Ch	2.4	1.4	1.2	1.7	1.4	1.4	1.5	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.276	2.314	2.349	2.398	2.431	2.466	2.509	2.549
% Ch	2.9	1.7	1.5	2.1	1.4	1.5	1.7	1.6
Employment Cost Index (Dec. 2005=1.0)	1.150	1.171	1.192	1.216	1.246	1.277	1.310	1.343
% Ch	1.7	1.8	1.8	2.0	2.4	2.5	2.5	2.6
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	15,908.1	16,493.2	17,103.5	17,891.2	18,736.4	19,633.9	20,503.0	21,348.7
% Ch	4.3	3.7	3.7	4.6	4.7	4.8	4.4	4.1
Personal Income	13,446.8	13,946.7	14,378.5	14,992.5	15,765.8	16,612.8	17,474.9	18,298.8
% Ch	4.7	3.7	3.1	4.3	5.2	5.4	5.2	4.7
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	154.3	155.3	155.5	157.4	159.8	161.9	163.5	164.7
Total U.S. Employment	141.2	143.3	145.0	147.9	150.5	152.7	154.3	155.5
Unemployment Rate (%)	8.52	7.77	6.79	6.08	5.83	5.67	5.60	5.57
Nonfarm Payroll Employment	133.00	135.17	137.55	140.22	142.63	145.02	146.70	147.81
% Ch	1.6	1.6	1.8	1.9	1.7	1.7	1.2	0.8
Manufacturing	11.83	11.98	12.06	12.27	12.47	12.55	12.53	12.50
% Ch	1.8	1.2	0.7	1.7	1.7	0.6	-0.2	-0.3
Durable Manufacturing	7.38	7.51	7.59	7.78	7.99	8.09	8.09	8.07
% Ch	3.1	1.7	1.1	2.5	2.7	1.3	0.0	-0.2
Nondurable Manufacturing	4.45	4.47	4.47	4.49	4.49	4.46	4.45	4.42
% Ch	-0.2	0.3	0.1	0.5	-0.1	-0.5	-0.4	-0.5
Construction	5.60	5.73	5.92	6.19	6.66	7.30	7.78	8.04
% Ch	2.0	2.4	3.3	4.6	7.6	9.5	6.7	3.4
Service-Providing	114.74	116.61	118.68	120.80	122.52	124.19	125.38	126.25
% Ch	1.5	1.6	1.8	1.8	1.4	1.4	1.0	0.7
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	95.0	92.3	101.2	99.1	91.2	87.4	85.5	84.4
Personal Saving/Disposable Income (%)	5.4	5.1	4.2	3.5	4.3	5.5	6.4	6.9
Auto Sales (Millions)	6.6	7.4	7.5	7.7	7.9	8.1	8.3	8.3
% Ch	11.6	12.0	1.6	2.8	2.3	2.6	1.8	0.3
Housing Starts (Millions)	0.684	0.875	0.966	1.113	1.337	1.543	1.577	1.573
% Ch	20.1	27.8	10.5	15.1	20.2	15.4	2.2	-0.2
Federal Budget Surplus (Billions)	-1,168.9	-926.0	-737.4	-651.4	-648.4	-698.2	-768.9	-819.1
Net Exports (Billions)	-574.2	-518.1	-500.0	-479.1	-462.2	-475.4	-485.9	-453.8
3-Month Treasury Bill Rate (%)	0.05	0.08	0.05	0.09	1.17	3.09	3.74	3.73
10-Year Treasury Note Yield (%)	2.08	1.82	2.71	3.02	3.58	4.19	4.56	4.55
Bond Index of 20 G.O. Munis. (%)	3.97	3.75	4.55	4.74	5.14	5.60	5.85	5.87
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.33	4.63	5.37	6.18	6.63	6.62

Table 1.2

**Forecast Analysis**

Comparison of Forecasts for 2013-15

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

Table 1.3

Fiscal Years

**Forecast Comparison**

Forecast 2014 to 2017

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>U.S.</b>							
<b>Real GDP</b>							
June Baseline	15584.3	15933.8	16364.0	16832.1	17327.8	17790.0	18244.3
% Ch	2.0	2.2	2.7	2.9	2.9	2.7	2.6
February Baseline	15584.3	16002.2	16460.7	16934.7	17404.1	17866.1	18319.2
% Ch	2.0	2.7	2.9	2.9	2.8	2.7	2.5
<b>Implicit Price Deflator</b>							
June Baseline	1.066	1.079	1.097	1.112	1.127	1.144	1.161
% Ch	1.4	1.2	1.7	1.4	1.4	1.5	1.5
February Baseline	1.066	1.077	1.092	1.106	1.121	1.136	1.150
% Ch	1.4	1.0	1.3	1.3	1.3	1.4	1.3
<b>Unemployment Rate</b>							
June Baseline	7.77	6.79	6.08	5.83	5.67	5.60	5.57
February Baseline	7.77	6.82	6.18	5.83	5.63	5.51	5.45
<b>Mortgage Rate</b>							
June Baseline	3.53	4.33	4.63	5.37	6.18	6.63	6.62
February Baseline	3.53	4.41	4.82	5.34	6.16	6.58	6.56
<b>3 Month T-Bill Rate</b>							
June Baseline	0.08	0.05	0.09	1.17	3.09	3.74	3.73
February Baseline	0.08	0.06	0.07	1.17	3.08	3.73	3.72



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

- **As expected in the February forecast, the Washington economy continues to expand at a moderate pace.**
- **Washington employment growth has been slightly less than expected in February but historical estimates were revised higher.**
- **Washington is outperforming the nation in GDP growth.**
- **Overall housing construction is on track but single-family permits are weak. Home prices continue to rise.**
- **The level of personal income is initially lower than assumed in February but also grows a little faster.**
- **Washington per capita income is closer to the national average when relative prices are taken into account.**
- **Seattle area inflation has edged up and now slightly exceeds the national average.**
- **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*

Since the February forecast was released, the state's economy has performed about as expected. Employment grew slightly less than expected but revisions to historical data left current levels higher. As anticipated, Washington personal income growth was strong in the first quarter, largely due to aerospace bonuses. Single-family housing construction was once again weaker than expected in the first quarter of 2014 according to the building permit data but overall construction was close to the forecast thanks to strong multi-family construction. Seattle area inflation has edged up and now slightly exceeds the national average.

*Job growth has been slightly weaker than expected*

We have five months of new employment data since the February forecast was adopted. From December 2013 through May 2014 the Washington economy added 22,000 jobs, 2,100 fewer than the 24,100 expected in the February forecast. Despite

the fact that aerospace employment held up better than expected, the manufacturing sector added only 400 net new jobs, 2,100 fewer than expected in the forecast. The construction sector added 5,200 jobs, 1,600 more than expected. Private services-providing sectors added 13,800 net new jobs, 2,500 short of the February forecast but government payrolls grew by 2,500 jobs which was 800 more than expected. Hiring by state and local governments more than offset continued losses in federal government employment.

*A major non-economic revision raised the level of nonfarm payroll employment*

The current employment statistics were also affected by a reclassification of approximately 45,300 Washington employees involved in providing services for the elderly and disabled. According to the BLS, these employees had been incorrectly coded as being employed by private households which are out of the scope of the current employment statistics. They are now coded as being employed in social services which is in the scope of the current employment statistics.

*Historical employment data were revised up*

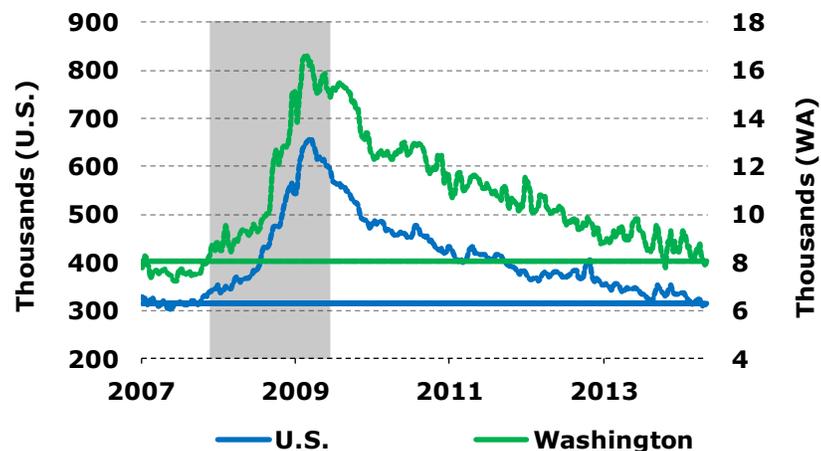
Apart from the non-economic revision discussed in the previous paragraph, we also have another quarter of Quarterly Census of Payrolls and Employment (QCEW) data. The new QCEW data and other revisions raised the estimated level of total employment in December 2013 by 13,400. As a result of the upward revisions to history and slightly stronger than expected growth, the net effect is 11,300 (0.4%) more jobs in May 2014 than expected in the February forecast.

*Initial claims continue to trend lower*

In another sign of labor market healing, initial claims for unemployment insurance continue to trend lower and are now at pre-recession levels. The 4-week moving average of Washington initial claims for unemployment insurance edged up to 8,061 in the week ending June 21st from 7,823 in the previous week but is still lower than at the onset of the recession (see Figure 2.1).

*Claims have declined to pre-recession levels*

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



Source: WA State Employment Security Department; data through June 21, 2014

*Hourly earnings growth is improving*

Growth in average hourly earnings has picked up, but average weekly hours continue to trend down. Private sector average hourly earnings in the twelve months ending in May 2014 were up 1.7% over the previous twelve month period. A year ago the comparable rate of increase was 0.7%. However, average weekly hours declined 0.2% over the same period, the same rate of decline as in the previous year. As a result of the improvement in average hourly earnings, average weekly earnings growth improved to 1.6% compared to 0.5% a year ago.

*Washington is outperforming the nation in GDP growth*

According to the U.S. Department of Commerce, Bureau of Economic Analysis (BEA), Washington gross domestic product rose to \$381.0 billion in 2013 from \$371.2 billion in 2012. The 2.7% increase in Washington GDP was the 15th largest among the states and District of Columbia, and substantially exceeded the 1.8% increase for the U.S. as a whole. Washington's above average performance in 2013 was mainly due to stronger growth in durable goods manufacturing and retail trade. The above average growth in Washington retail trade in recent years is due to very strong growth in the electronic shopping industry.

*Export growth is strong*

Washington exports increased 10.0% in the first quarter of 2014 compared to the first quarter of 2013. Exports of transportation equipment (mostly Boeing planes) increased 13.3% over the year and exports of agricultural products rose 3.4% over the year. Exports of all other Washington commodities rose 8.7% over the year.

*Overall housing is on track but single-family permits are weak*

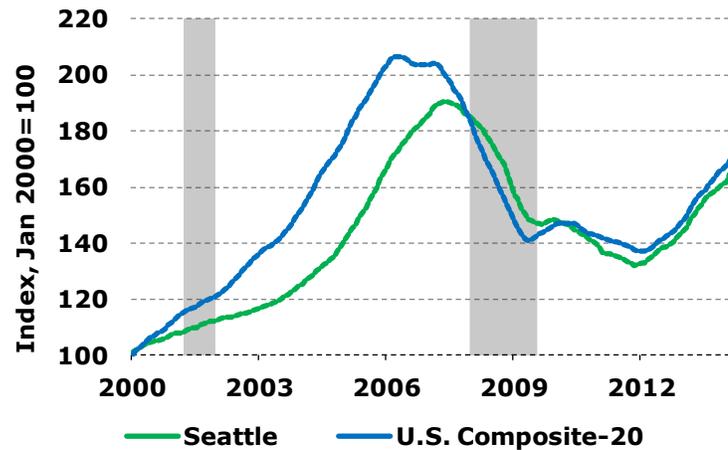
Single-family housing construction was once again weaker than expected in the first quarter of 2014 according to the building permit data but overall construction was close to the forecast thanks to strong multi-family construction. Total housing units authorized by building permits averaged 31,200 (SAAR) in January, February, and March. The February forecast had assumed 31,400 units. Single-family units averaged 17,100, 1,700 less than expected but multi-family units averaged 14,100, 1,500 more than expected.

*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 29 months and, as of April, are 11.2% higher than in the previous April (see Figure 2.2). Rising mortgage rates and home prices have started to decrease affordability, although homes remain relatively affordable by historical standards. Even with the recent gains, Seattle area home prices are 12.2% lower than their 2007 peak.

*Home prices are still below the previous peak*

**Figure 2.2: Case-Shiller Home Price Indices**



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

*Aerospace employment is declining*

Aerospace employment, which had been responsible for much of the strength in manufacturing during the recovery, is now in decline. As of May 2014, aerospace has lost 3,600 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.

*Manufacturing continues to expand*

The Institute of Supply Management - Western Washington Index (ISM-WW) rebounded to a strong 59.6 in May from 53.7 in April (index values above 50 indicate positive growth while values below 50 indicate contractions). The production, orders, inventory, and deliveries components all improved in May but the employment index declined slightly from 54.5 to 53.6. The last time the Western Washington index was below 50 was in July 2009.

*Car sales have been volatile*

Washington car sales have been extremely volatile in recent months. After reaching a post-recession high of 280,800 vehicles (SAAR) in January, Washington new car and light truck registrations plummeted to 253,800 in February and 248,400 in March before rebounding to a new post-recession high of 287,700 vehicles in April. New vehicle registrations declined slightly in May to 276,500.

*First quarter personal income exploded thanks largely to aerospace bonuses*

In late June, the Bureau of Economic Analysis released [estimates of state personal income](#) through the first quarter of 2014. Washington personal income grew at a 5.8% rate (SAAR) in the first quarter which was best among the states (including the District of Columbia) and was nearly double the 3.2% rate for the nation as a whole. However, most of the above average

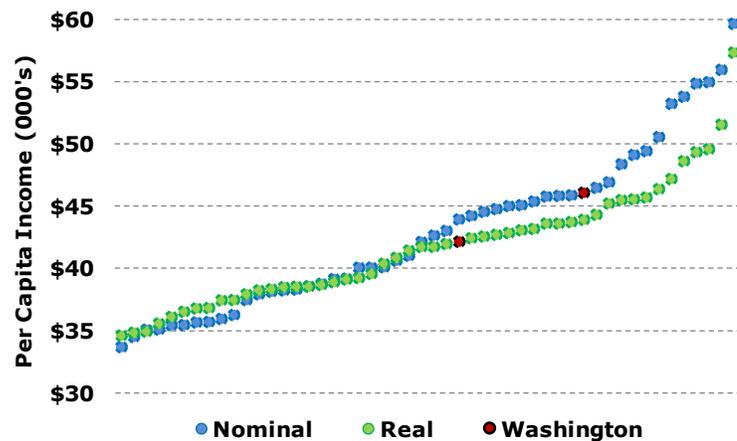
Washington growth was due to strong earnings growth in durable manufacturing which we believe was due to unusually large bonus payments to Boeing employees. If so, we should see relatively weak Washington income growth in the second quarter.

*Washington per capita income is closer to average when relative prices are taken into account*

We have always known that there is a considerable range in per capita income among the states. In 2012 per capita income ranged from \$33,700 (23% below the national average of \$43,700) in Mississippi to \$59,700 in Connecticut (36% above the national average). What we have not known is the extent to which this variation reflects differences in real incomes or just prices. The Bureau of Economic Analysis has recently released [estimates of regional prices](#) which enable us to answer this question. Among the states, prices range from 17% above the national average (Hawaii) to 14% below the national average (Mississippi). After adjusting for prices, real per capita personal income ranges from \$34,600 in Utah (16% below the national average of \$41,300) to \$57,400 in North Dakota (39% above the national average). Washington's per capita income of \$46,000 in 2012 was 5.3% above the national average but, after accounting for the 3.2% higher than average cost of living in Washington, the differential relative to the U.S. average shrinks to 2.1% (see Figure 2.3). The higher than average price level in Washington is mainly due to the cost of housing.

*Nominal Washington per capita personal income is 5.3% above average; real per capita personal income is 2.1% above average*

**Figure 2.3: State Personal Income**



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

Seattle area inflation has edged up and now slightly exceeds the national average. In April 2014, the Seattle all items CPI was 2.4% higher than in the previous April; this was slightly higher than the 2.0% increase for the U.S. city average. Core inflation in Seattle was 2.3% compared to 1.8% for the nation. The

higher than average inflation rate in Seattle is entirely due to more rapidly rising shelter costs.

## Washington State Forecast

*The June forecast reflects slightly stronger U.S. growth after a weaker 2014*

The June Washington State forecast is based on a new national forecast that is very similar to the forecast adopted in February. The main U.S. forecast development since February is the reduction in expected real GDP growth for 2014 from 2.9% to 2.2%. However, the lower growth in 2014 is due to weaker performance in the first quarter, and, to a lesser extent, to weaker than expected growth in the fourth quarter of 2013. Expected growth during the remainder of 2014 is actually slightly higher than expected in the February forecast. The other major U.S forecast development is higher oil prices, likely due to increased turmoil in the Middle East. As in February, prices are expected to decline over the course of the forecast. These national forecast revisions feed through to the state economic forecast.

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

Our June economic forecast for Washington housing construction is very similar to the forecast adopted in February. Overall housing permits were close to the forecast in the first quarter of 2014 but only because the volatile multi-family segment was much stronger than expected. Single family permits were once again disappointing. As a result, we have slightly lowered our housing outlook from mid-2014 through mid-2016. Our outlook for employment growth is stronger this year due mainly to an upward revision to the historical data but our forecast for growth in 2015 through 2019 is slightly weaker due to slower national growth. The level of personal income is initially lower than in the February forecast but the growth after 2014 is slightly higher. We continue to expect the state of Washington to outperform the U.S. economy. However, the recovery will continue to be slow by historical standards and unemployment will decline only gradually.

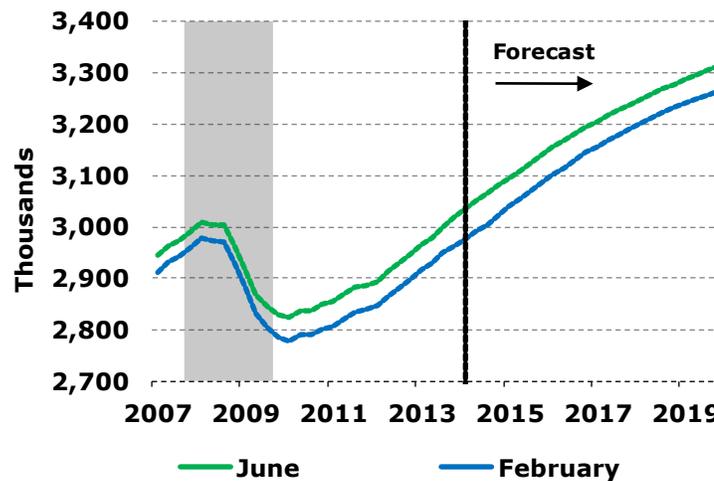
## Washington Payroll Employment

*Employment growth forecast is stronger in 2014 but weaker in 2015-19*

Our June 2014 forecast of Washington employment is higher than assumed in February due largely to a noneconomic data reclassification but growth is slightly weaker (see Figure 2.4). Washington employment growth is expected to grow 2.3% this year compared to 2.0% assumed in the February forecast. The upward revision to growth in 2014 is mostly due to higher historical employment data through May. The June forecast for average annual employment growth from 2015 through 2019 is 1.5% per year compared to 1.6% per year in the February forecast.

*Washington employment is higher due mainly to a noneconomic data reclassification*

**Figure 2.4: Washington Nonfarm Payroll Employment**



Source: WA Department of Employment Security, ERFC June forecast; historical data through 2014 Q1

*Aerospace employment is slowly declining*

Despite rising production, aerospace employment continues to decline. Aerospace employment usually peaks before production as developers and testers are laid off and productivity improves. Aerospace employment has performed about as expected during the last three months and 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 decline 3.2% in 2014, 2.4% in 2015, 2.5% per year in 2016 and 2017, 2.2% in 2018, and 2.0% in 2019.

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

The software sector is growing again and has recovered all of the jobs lost in the recession. Growth since the recession has been positive but slower than the rapid growth in previous years. We expect the more moderate growth to continue. The software sector will continue to have an outsized impact on the overall economy due to the high wages in this industry. Software employment rose 2.9% in 2013 which was the highest growth rate since 2008. We expect growth rates of 2.9% in 2014, 1.1% in 2015, 1.4% per year in 2016 through 2018, and 1.2% in 2019.

*Construction employment is growing faster than we believed in February*

Construction employment began 2014 in much better shape than we believed in our February forecast. Revised data show that employment did not decline in the fourth quarter as previously thought and strong growth continued into the first quarter of 2014. As a result, the construction sector began the year with 4,900 more employees than expected in the February forecast. Most of the growth this year will be in residential construction

with nonresidential construction employment growth picking up in 2015-2019. Overall construction employment will grow by 6.3% in 2014, 5.0% in 2015, 5.8% in 2016, 5.0% in 2017, 4.6% in 2018, and 2.9% in 2019. Even with these impressive growth rates, construction employment will still be 10,300 below its previous peak at the end of 2019.

*Financial activities employment will decline in 2016-19*

Financial activities employment fell 19,400 jobs (12.2%) from a peak in the first quarter of 2006 to the trough in the second quarter of 2010. Employment in credit intermediation and related activities accounts for most of the decline, followed by real estate and rental and leasing. On a calendar year basis, financial activities employment grew 0.2% in 2011, 2.4% in 2012, and 4.2% in 2013. Going forward, we expect a declining trend in financial activities employment due to productivity growth and outsourcing. Employment will grow only 1.6% in 2014 and 0.8% in 2015 then decline 1.0% in 2016, 1.7% in 2017, 1.4% in 2018, and 0.5% in 2019.

*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, 2.1% in 2012, and 3.2% in 2013 following declines of 0.2%, 5.5%, and 0.4% in 2008, 2009, and 2010. Retail trade employment surpassed its previous peak in the fourth quarter of 2013. 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 2.8%, 0.9%, 0.2%, 0.2%, and 0.1% in 2014 through 2018, with no growth in 2019.

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

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. During a recovery, growth in this sector is boosted by gains in employment services, mainly temporary help services. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Employment growth in professional and business services rebounded to 4.0% in 2011 from just 0.6% in 2010 and a 6.9% decline in 2009. Growth slowed to 3.1% in 2012 and 3.2% in 2013 due to a slowdown in employment services and big cuts in waste management (Hanford) and accounting services. We expect growth to remain very strong in this sector throughout the forecast with growth rates of 3.1%, 4.9%, 3.8%, 2.7%, 1.9%, and 2.3% in 2014 through 2019. Professional and business services employment surpassed its previous peak in the fourth quarter of 2012.

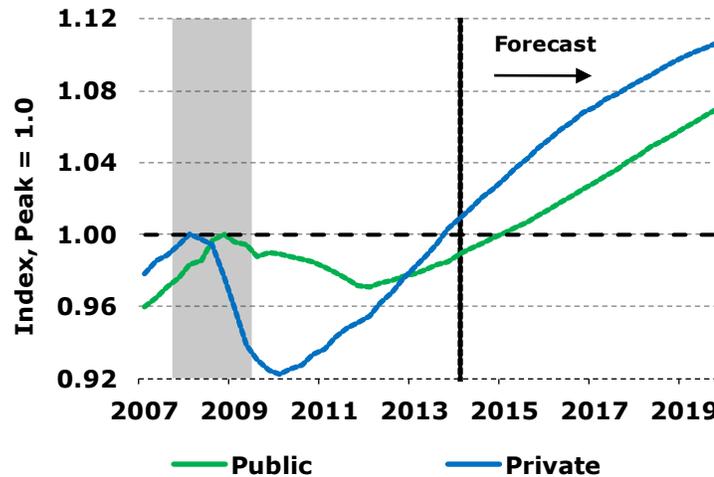
*State and local government employment is growing again*

State and local government employment was a drag on the overall jobs recovery long after most other sectors turned around but has finally passed its trough (see Figure 2.5). 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. On an annual average basis, state and local government employment rose 0.8% in calendar 2013 following three years of decline. While we expect growth to improve, employment in the state and local government sector will not regain its previous peak until the first quarter of 2015. We expect moderate employment growth in 2014 through 2019 with growth rates of 1.2%, 1.2%, 1.4%, 1.5%, 1.5%, and 1.4%.

**Figure 2.5: Washington Employment Indices**

*State and local government employment fell later and less than private employment but also recovered later and more slowly*



Source: WA State Employment Security Department, ERFC June 2014 forecast; historical data through 2014 Q1

## Washington Personal Income

*The current level of personal income is slightly lower than expected*

In late March, the Bureau of Economic Analysis released estimates for state personal income through the fourth quarter of 2013. We have incorporated the new BEA estimates as well as additional Washington QCEW wage data through the fourth quarter. Our estimate of Washington personal income in the fourth quarter of 2013 is \$332.6 billion which is \$1.137 billion (0.3%) higher than assumed in February. However, monthly U.S. personal income growth, a key driver of the Washington personal income estimates, has been slow so far in 2014. As a result, our estimate for personal income in the current quarter is \$0.297 billion (0.1%) less than expected in February.

*After this year, personal income growth is higher than in February*

Our June forecast for nominal personal income growth this year of 4.4% is less than the February forecast of 4.7%. However, our new forecast for nominal personal income growth from 2015 through 2019 averages 5.4% per year compared to 5.1% per year in the February forecast. The higher nominal income growth forecast in 2015-19 partly reflects higher inflation, but real income growth is also higher at 3.9% per year compared to 3.7% in February.

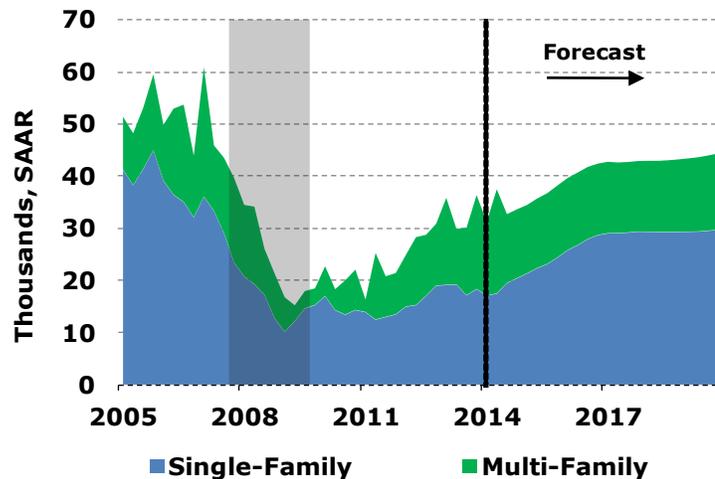
## Washington Building Permits

*The housing construction forecast is similar to the February assumption*

Our June economic forecast for Washington housing construction is very similar to the forecast adopted in February. Overall housing permits were close to the forecast in the first quarter of 2014 but only because the volatile multi-family segment was much stronger than expected. Single family permits were once again disappointing (see Figure 2.6). As a result, we have slightly lowered our housing outlook from mid-2014 through mid-2016. The number of housing units authorized in 2013 came in at 33,000, revised up from the preliminary estimate of 31,700 used in the February forecast. We expect total housing units to rise 2.2% to 33,700 units in 2014, 7.5% to 36,200 units in 2015, 13.4% to 41,000 units in 2016, and 4.0% to 42,700 units in 2017. Housing permits are expected to level off in the last two years, rising only 0.7% to 43,000 in 2018 and 1.9% to 43,800 in 2019.

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

*Single-family construction is expected to pick up*



Source: U.S. Department of Commerce, Bureau of the Census, ERFC June 2014 Forecast; historical data through 2014 Q1

## Seattle Consumer Price Index

*Inflation will remain moderate throughout the forecast*

Core inflation (excluding food and energy) in Seattle slowed to 1.5% in 2013 from 2.6% in 2012. As the economic recovery continues, Seattle core inflation will increase but remain in a moderate range. We expect the core Seattle CPI to rise 2.2 % per year in 2014 and 2015, slowing to 1.8% per year in 2016 through 2018, and 1.7% in 2019. We expect declining oil prices during the remainder of the forecast which should further restrain headline inflation. We expect all-items Seattle area inflation rates

of 2.2% in 2014, 2.1% in 2015, 1.6% in 2016, 1.8% in 2017, 1.8% in 2018, and 1.6% in 2019.

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

## Alternative Scenarios

*Alternate forecasts are prepared in accordance with state law*

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

### Optimistic

*A low dollar and improved confidence boost growth*

In the optimistic scenario, the dollar depreciates relative to other currencies, reducing domestic import growth. The atmosphere of excessive caution dissolves, and the pace of technology adoption accelerates. The associated jump in productivity kick-starts equities markets. The recent trend of solid payroll gains continues, and the labor-market recovery gathers steam throughout the rest of the year. As business confidence firms, investment in equipment accelerates in the second quarter, growing 6.9% in 2014 and 12.3% in 2015. Nonfarm productivity growth jumps above the baseline in the same quarter, lifting wage and salary growth with it; both remain elevated throughout the forecast period. By 2015, the labor market is consistently adding about 300,000 jobs per month. The unemployment rate falls below the Fed's 6.5% threshold in the second quarter of 2014. As wage and employment growth expand together, home affordability improves, opening the floodgates of underlying demand for housing. Sales of new single-family homes improve sharply in the second quarter, and sustain this newfound momentum through the end of 2015. Builders, empowered by improved access to credit and inspired by the simultaneous revival in sales and continued price growth, ramp up single-family housing starts to a 777,000 annual rate in the third quarter. The European Central Bank expands its monetary base, successfully steering the Eurozone away from deflation. Global growth picks up and the dollar depreciates, cutting into domestic consumers' purchasing power abroad and constraining spending on imports, while export growth accelerates.

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

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that aerospace employment, after declining for a year, resumes an upward trend in the second quarter of 2014 through 2016 rather than continuing to fall as in the baseline. Software employment growth is also much stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due to the stronger regional economy as is average wage growth.

The strong local economy also drives population growth higher. The recovery in construction employment is much stronger than in the baseline forecast with employment in the sector exceeding the previous peak in the second quarter of 2017. By the end of 2019, Washington nonfarm payroll employment is higher by 244,800 jobs than in the baseline forecast and Washington personal income is \$56.4 billion higher.

### **Pessimistic**

*Depressed employment and weak wage gains produce a housing sector relapse*

In the pessimistic scenario, depressed employment and weak wage gains produce a housing-sector relapse. Declining affordability, tight credit, a scarcity of developed lots, and rising construction costs restrain the recovery of the housing market and remove the option of homeownership for current renters. Housing starts weaken again, and average less than 950,000 in 2014. Consumption does not contribute to second quarter growth. Real GDP grows 1.0% in the second quarter of 2014, and then just 0.1% in the third quarter, before recovering slightly in the fourth quarter. Fiscal policy is of no great help in the pessimistic scenario. Federal government spending contracts by nearly 12.7% (annualized rate) in the second quarter. Without a credible stimulus plan on the horizon, private-sector confidence sinks, stock prices plunge. This decline in the stock market leads to a much weaker confidence and consumer spending increases only 2.0% in 2014. With businesses unwilling to expand further in such a weak environment, nonresidential fixed investment growth slows down. Light-vehicle sales turn down again, falling back to 15.3-million units (annualized) in the third quarter. With the possible scenario of a banking crisis in China, a new recession in the Eurozone, and weaker growth in emerging economies, US export growth declines. The double squeeze from weak domestic sales and slow exports weakens businesses and puts them in the undesirable position of having to cut payrolls. In turn, this leads to depressed wages, low profits, and declining employment, with the unemployment rate rising back to 7.3% by the end of 2014.

*This scenario also assumes a weaker local economy*

In addition to reflecting the impact of the weaker U.S. forecast on the state economy, aerospace employment declines much more rapidly in 2013 through 2019 than assumed in the baseline forecast. Software employment also begins to decline in the second quarter of 2014. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment is essentially flat in the pessimistic alternative rather than rising as in the baseline. The Seattle CPI is lower than in the baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2019, Washington nonfarm payroll employment is 201,500 lower than in the baseline forecast and Washington personal income is \$38.3 billion lower.

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

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

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

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

At the national level, the GCEA outlook for real GDP growth is above the baseline forecast in every year except 2014 however real consumer spending growth in the Governor’s Council scenario was the same as the baseline forecast throughout the forecast. Despite the slower real GDP growth, the Governor’s Council members expected consistently higher inflation than predicted in the baseline forecast. As a result of the higher inflation assumption, nominal consumption is higher in the Governor’s Council scenario than in the baseline forecast. Compared to the baseline, the GCEA expects slightly lower oil prices in 2014, 2015, and higher prices in 2017 through 2019. Their oil price forecast for 2016 is the same as in the baseline forecast. The Council members’ mortgage rate forecast is very close to the baseline forecast in 2014, 2015, and 2016 but lower in 2017 through 2019.

*In Washington, the GCEA members expect weaker real income growth but stronger nominal income growth due to higher inflation*

The GCEA scenario for Washington is also similar to the baseline forecast. Their real personal income growth forecast averages 3.4% per year in 2014 through 2019 compared to the baseline forecast of 3.7% but, because they expect higher inflation, their nominal personal income growth forecast is higher (5.4% versus 5.2%). The council members’ forecast for total employment growth is weaker than the baseline forecast in the near term but stronger later on. Overall, their forecast expects the same 1.7% average rate through 2019 as in the baseline forecast. The GCEA forecast for manufacturing employment is lower than the baseline forecast. The GCEA construction employment forecast is also lower than the baseline forecast but their housing permit forecast is higher. At the end of 2019, the GCEA forecast for Washington nonfarm payroll employment is 200 lower than in the baseline forecast but Washington personal income is \$5.6 billion higher.

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

Table 2.1  
**Washington Economic Forecast Summary**  
 Forecast 2014 to 2019

Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	294.874	302.398	310.483	319.258	332.682	346.746	360.584	374.086
% Ch	2.7	2.6	2.7	2.8	4.2	4.2	4.0	3.7
Real Wage and Salary Disb.	151.402	156.214	161.331	165.940	172.369	178.202	183.623	189.481
% Ch	2.7	3.2	3.3	2.9	3.9	3.4	3.0	3.2
Real Nonwage Income	143.472	146.184	149.151	153.318	160.313	168.544	176.961	184.606
% Ch	2.8	1.9	2.0	2.8	4.6	5.1	5.0	4.3
Real Per Capita Income (\$/Person)	42,936	43,555	44,227	44,947	46,291	47,702	49,052	50,310
% Ch	1.6	1.4	1.5	1.6	3.0	3.0	2.8	2.6
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.052	1.066	1.079	1.097	1.112	1.127	1.144	1.161
% Ch	2.4	1.4	1.2	1.7	1.4	1.4	1.5	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.360	2.404	2.437	2.498	2.539	2.581	2.629	2.675
% Ch	3.1	1.8	1.4	2.5	1.6	1.7	1.8	1.7
Average Nonfarm Annual Wage	52,772	54,063	55,282	56,680	58,604	60,444	62,429	64,608
% Ch	3.7	2.4	2.3	2.5	3.4	3.1	3.3	3.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.04	24.19	24.71	25.27	25.78	26.34	26.90	27.49
% Ch	1.2	0.6	2.2	2.2	2.0	2.2	2.1	2.2
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	310.085	322.509	335.110	350.305	369.966	390.932	412.690	434.439
% Ch	5.2	4.0	3.9	4.5	5.6	5.7	5.6	5.3
Disposable Personal Income	276.747	285.816	295.645	308.006	325.152	344.015	363.852	383.427
% Ch	4.5	3.3	3.4	4.2	5.6	5.8	5.8	5.4
Per Capita Income (\$/Person)	45,150	46,451	47,735	49,317	51,478	53,780	56,140	58,426
% Ch	4.0	2.9	2.8	3.3	4.4	4.5	4.4	4.1
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,482.2	3,470.8	3,462.1	3,518.1	3,581.5	3,637.0	3,686.6	3,733.8
Total Washington Employment	3,180.0	3,211.5	3,235.4	3,310.3	3,375.6	3,429.7	3,476.2	3,521.0
Unemployment Rate (%)	8.68	7.47	6.55	5.91	5.75	5.70	5.71	5.70
Nonfarm Payroll Employment	2,894.1	2,955.5	3,025.5	3,087.8	3,147.0	3,200.1	3,242.5	3,282.2
% Ch	1.4	2.1	2.4	2.1	1.9	1.7	1.3	1.2
Manufacturing	274.8	284.9	287.2	290.2	294.3	296.3	297.3	298.7
% Ch	4.9	3.7	0.8	1.0	1.4	0.7	0.3	0.5
Durable Manufacturing	199.1	208.6	209.5	211.3	214.3	215.6	215.9	216.8
% Ch	6.2	4.7	0.4	0.9	1.4	0.6	0.1	0.4
Aerospace	90.8	96.4	94.5	91.9	89.6	87.4	85.3	83.6
% Ch	10.0	6.2	-1.9	-2.7	-2.5	-2.5	-2.4	-2.0
Nondurable Manufacturing	75.6	76.4	77.7	78.9	79.9	80.7	81.4	81.9
% Ch	1.5	1.0	1.8	1.5	1.3	0.9	0.8	0.7
Construction	136.6	144.0	153.7	161.9	170.9	180.3	188.9	196.4
% Ch	-1.1	5.4	6.7	5.3	5.6	5.5	4.8	3.9
Service-Providing	2,476.8	2,520.6	2,578.3	2,629.0	2,674.8	2,716.2	2,748.9	2,779.6
% Ch	1.2	1.8	2.3	2.0	1.7	1.5	1.2	1.1
Software Publishers	52.1	52.9	54.9	55.8	56.4	57.2	58.1	58.8
% Ch	1.7	1.6	3.7	1.7	1.1	1.4	1.4	1.3
Nonfarm Payroll Employment, EOP*	2,914.6	2,979.1	3,049.4	3,110.1	3,168.9	3,217.0	3,257.9	3,295.8
% Ch*	1.6	2.2	2.4	2.0	1.9	1.5	1.3	1.2
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	23.763	31.259	33.711	34.056	38.736	42.307	42.796	43.249
% Ch	14.1	31.5	7.8	1.0	13.7	9.2	1.2	1.1
Single-Family	14.120	18.533	17.459	20.852	24.959	28.623	29.233	29.263
% Ch	4.8	31.3	-5.8	19.4	19.7	14.7	2.1	0.1
Multi-Family	9.643	12.725	16.252	13.204	13.777	13.684	13.563	13.986
% Ch	31.1	32.0	27.7	-18.8	4.3	-0.7	-0.9	3.1
30-Year Fixed Mortgage Rate (%)	4.01	3.53	4.33	4.63	5.37	6.18	6.63	6.62

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

Table 2.2  
**Comparison of Alternative Forecasts**

Fiscal Years

	2014	2015	2016	2017	2018	2019
<b>U.S.</b>						
<b>Real GDP, Percent Change</b>						
Optimistic	2.3	4.1	3.9	4.0	3.5	3.2
Baseline	2.2	2.7	2.9	2.9	2.7	2.6
Pessimistic	2.1	0.5	2.0	2.6	2.3	2.2
<b>Implicit Price Deflator, Percent Change</b>						
Optimistic	1.2	2.2	1.1	1.0	1.4	1.5
Baseline	1.2	1.7	1.4	1.4	1.5	1.5
Pessimistic	1.1	1.3	1.8	2.2	2.4	2.5
<b>Mortgage Rate, Percent</b>						
Optimistic	4.33	5.62	6.75	6.80	6.60	6.42
Baseline	4.33	4.63	5.37	6.18	6.63	6.62
Pessimistic	4.31	4.33	4.85	5.67	6.74	7.64
<b>3 Month T-Bill Rate, Percent</b>						
Optimistic	0.07	0.75	3.25	3.89	3.75	3.73
Baseline	0.05	0.09	1.17	3.09	3.74	3.73
Pessimistic	0.04	0.06	0.08	0.09	0.91	2.87
<b>Washington</b>						
<b>Real Personal Income, Percent Change</b>						
Optimistic	3.0	5.3	7.5	6.5	5.6	5.1
Baseline	2.7	2.8	4.2	4.2	4.0	3.7
Pessimistic	2.2	-0.5	1.3	1.7	2.2	2.5
<b>Personal Income, Percent Change</b>						
Optimistic	4.3	7.6	8.6	7.6	7.2	6.7
Baseline	3.9	4.5	5.6	5.7	5.6	5.3
Pessimistic	3.4	0.7	3.1	4.0	4.6	5.1
<b>Employment, Percent Change</b>						
Optimistic	2.4	2.9	3.4	3.1	2.6	2.4
Baseline	2.4	2.1	1.9	1.7	1.3	1.2
Pessimistic	2.3	0.7	0.7	0.5	0.4	0.4
<b>Housing Permits, Thousands of Authorized Units</b>						
Optimistic	34.3	39.0	47.2	51.6	51.8	52.3
Baseline	33.7	34.1	38.7	42.3	42.8	43.2
Pessimistic	33.6	29.4	31.5	32.8	32.8	33.3

Table 2.3

Calendar Years

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

	2014	2015	2016	2017	2018	2019
<b>U.S.</b>						
<b>Real GDP</b>						
<i>Growth</i>						
ERFC	2.2	3.1	2.9	2.8	2.6	2.5
GCEA Average	2.4	2.9	2.8	2.6	2.5	2.4
<b>Real Consumption</b>						
<i>Growth</i>						
ERFC	2.8	2.8	2.7	2.6	2.5	2.4
GCEA Average	2.8	2.8	2.7	2.6	2.5	2.4
<b>Implicit Price Deflator, PCE</b>						
<i>Growth</i>						
ERFC	1.5	1.6	1.3	1.5	1.5	1.4
GCEA Average	1.7	2.0	2.0	2.1	2.1	2.2
<b>Mortgage Rate</b>						
<i>Percent</i>						
ERFC	4.4	5.0	5.8	6.5	6.6	6.6
GCEA Average	4.5	5.1	5.7	6.2	6.3	6.3
<b>Oil Price (Brent)</b>						
<i>Dollars per barrel</i>						
ERFC	108.2	104.1	100.0	97.3	95.7	94.6
GCEA Average	105.8	102.0	98.7	97.3	96.4	95.9
<b>Washington State</b>						
<b>Real Personal Income</b>						
<i>Growth</i>						
ERFC	2.8	3.6	4.3	4.1	3.8	3.7
GCEA Average	3.1	3.6	3.6	3.5	3.3	3.2
<b>Wage and Salary Employment</b>						
<i>Growth</i>						
ERFC	2.3	2.0	1.9	1.5	1.3	1.1
GCEA Average	2.2	1.9	1.8	1.5	1.3	1.2
<b>Manufacturing Employment</b>						
<i>Growth</i>						
ERFC	0.6	1.5	1.0	0.5	0.4	0.2
GCEA Average	0.7	1.0	0.5	0.2	0.1	0.2
<b>Construction Employment</b>						
<i>Growth</i>						
ERFC	6.3	5.0	5.8	5.0	4.6	2.9
GCEA Average	4.7	4.6	4.9	3.9	2.8	2.1
<b>Housing Permits</b>						
<i>Thousands of authorized units</i>						
ERFC	33.7	36.2	41.0	42.7	43.0	43.8
GCEA Average	33.3	38.6	43.3	42.9	43.2	43.7
<b>Washington Average Annual Wage</b>						
<i>Growth</i>						
ERFC	2.8	2.9	3.3	3.2	3.4	3.5
GCEA Average	2.6	2.9	3.1	3.1	3.3	3.3

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

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

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

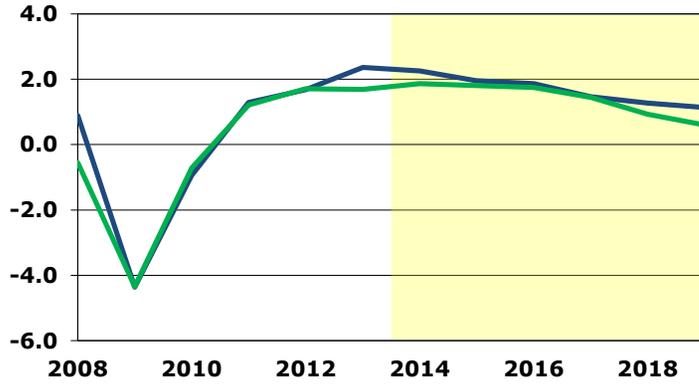
Fiscal Years

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Washington</b>							
<b>Real Personal Income</b>							
June Baseline	302.398	310.483	319.258	332.682	346.746	360.584	374.086
% Ch	2.6	2.7	2.8	4.2	4.2	4.0	3.7
February Baseline	302.495	310.359	322.341	334.615	347.590	360.840	373.524
% Ch	2.6	2.6	3.9	3.8	3.9	3.8	3.5
<b>Personal Income</b>							
June Baseline	322.509	335.110	350.305	369.966	390.932	412.690	434.439
% Ch	4.0	3.9	4.5	5.6	5.7	5.6	5.3
February Baseline	322.612	334.330	351.881	370.173	389.581	409.925	429.719
% Ch	4.0	3.6	5.2	5.2	5.2	5.2	4.8
<b>Employment</b>							
June Baseline	2955.5	3025.5	3087.8	3147.0	3200.1	3242.5	3282.2
% Ch	2.1	2.4	2.1	1.9	1.7	1.3	1.2
February Baseline	2906.2	2970.1	3030.0	3093.6	3150.0	3196.5	3235.7
% Ch	2.1	2.2	2.0	2.1	1.8	1.5	1.2
<b>Housing Permits</b>							
June Baseline	31.259	33.711	34.056	38.736	42.307	42.796	43.249
% Ch	31.5	7.8	1.0	13.7	9.2	1.2	1.1
February Baseline	30.786	31.626	35.405	39.903	41.636	42.080	42.884
% Ch	28.7	2.7	11.9	12.7	4.3	1.1	1.9

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

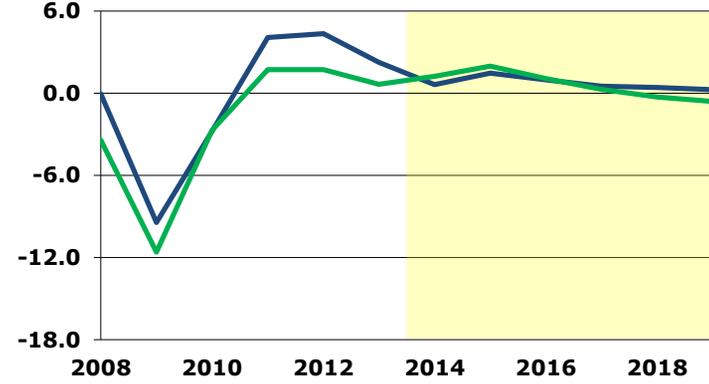
Forecast

Total nonfarm payroll employment



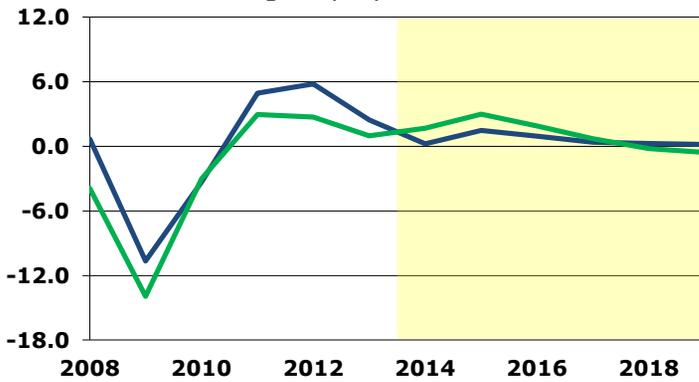
Source: WA State Employment Security Dept. 2013, ERFC 2019

Manufacturing employment



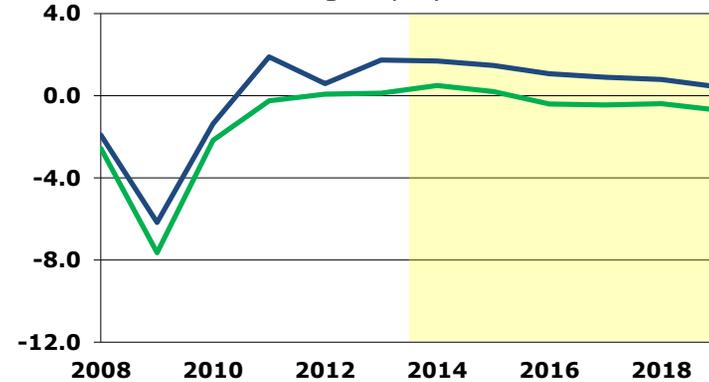
Source: WA State Employment Security Dept. 2013, ERFC 2019

Durable manufacturing employment



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

Nondurable manufacturing employment



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

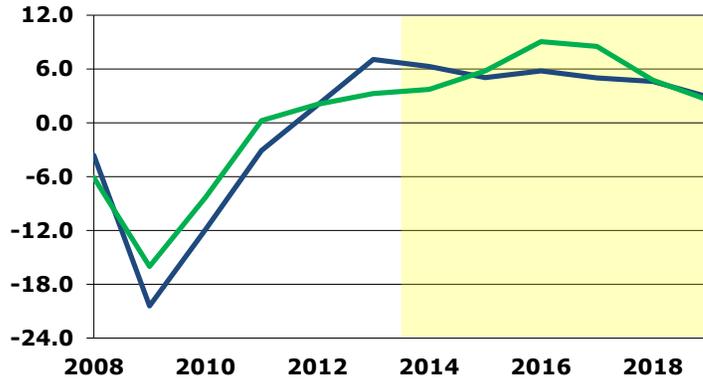
Washington

U.S.

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

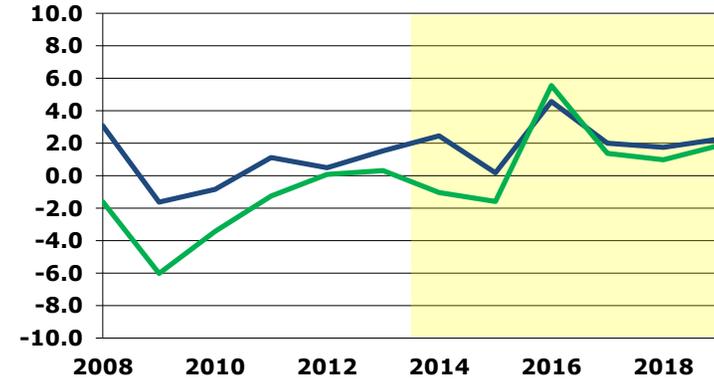
Forecast

Construction employment



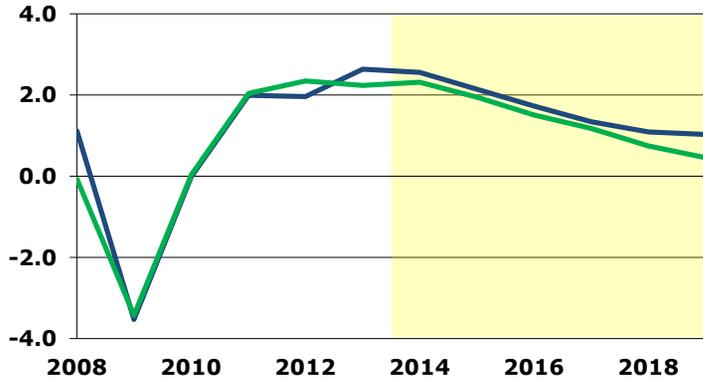
Source: WA State Employment Security Dept. 2013, ERFC 2019

Information employment



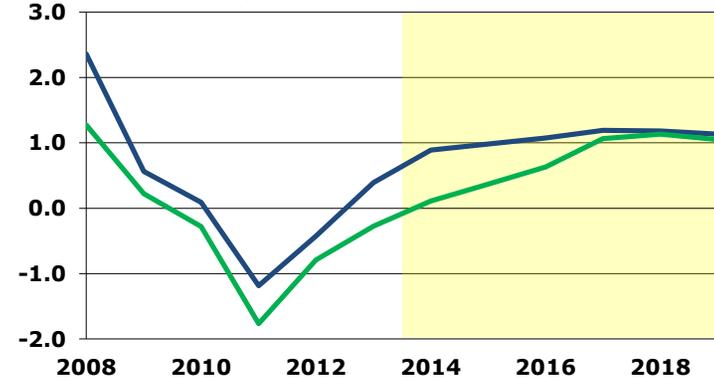
Source: WA State Employment Security Dept. 2013, ERFC 2019

Other private employment



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

Government employment

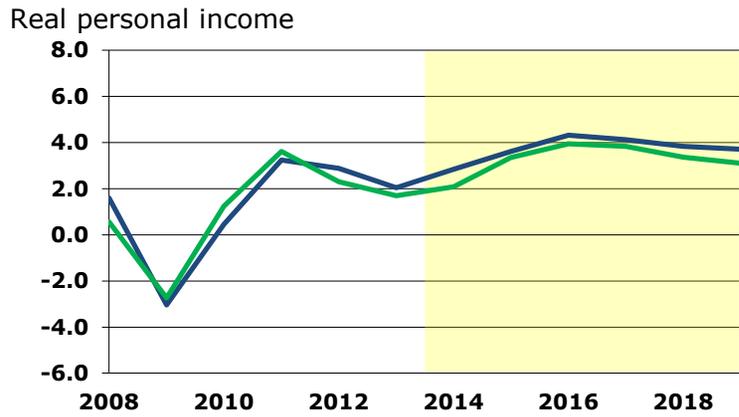


Source: WA State Employment Security Dept. 2013, ERFC 2019

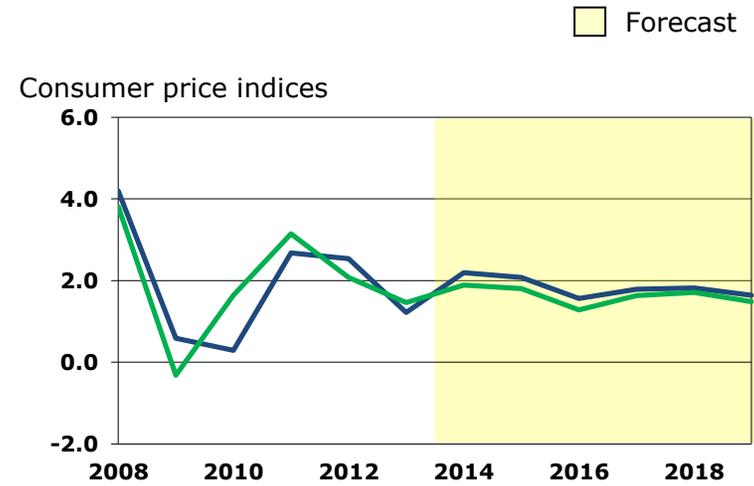
Washington

U.S.

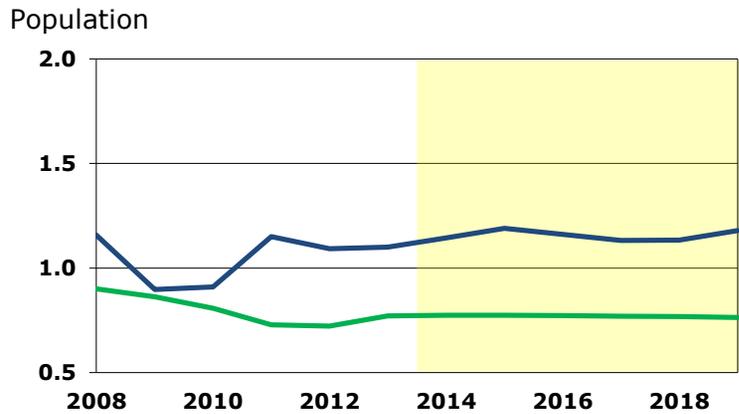
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)  
(Percent change)



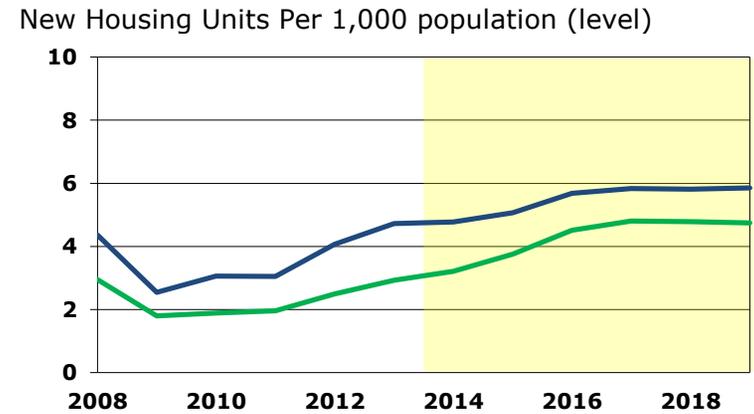
Source: Bureau of Economic Analysis 2012, ERFC 2019



Source: Bureau of Labor Statistics 2013, ERFC 2019



Source: Office of Financial Management 2010, ERFC 2019



Source: Census Bureau 2013, ERFC 2019

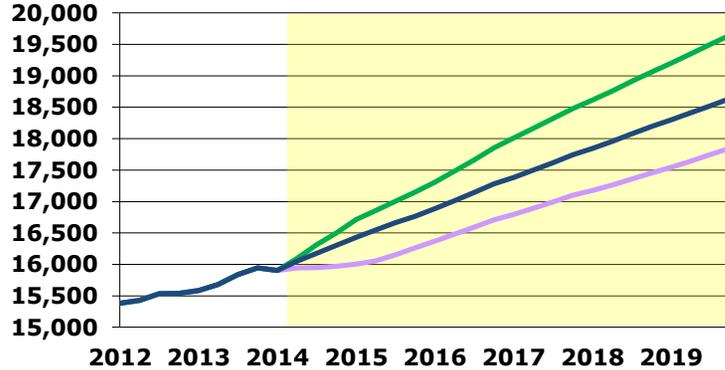
■ Washington

■ U.S.

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

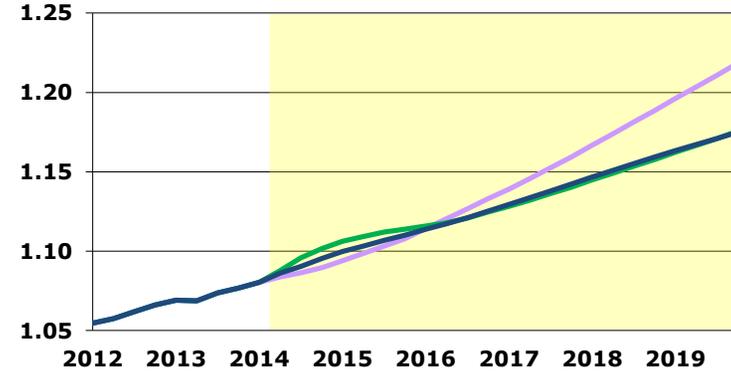
Forecast

Real GDP, billions of chained 2009 dollars



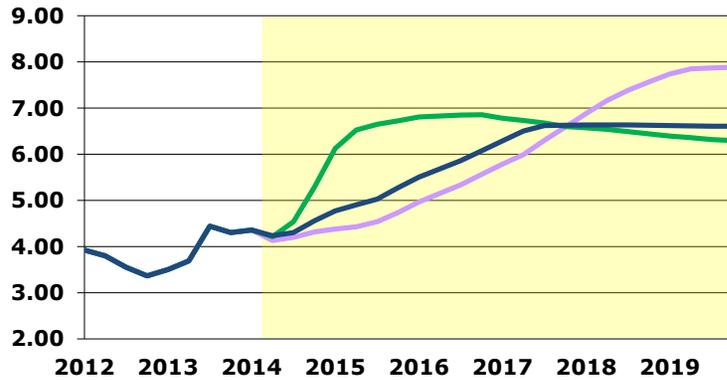
Source: Bureau of Economic Analysis 2014 Q1, ERFC 2019

Implicit price deflator, index 2009 = 1.0



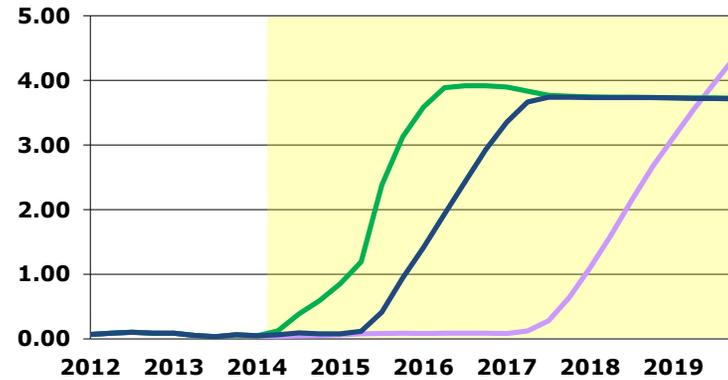
Source: Bureau of Economic Analysis 2014 Q1, ERFC 2019

Mortgage rate, percent



Source: Freddie Mac 2014 Q1, ERFC 2019

Three month T-bill rate, percent



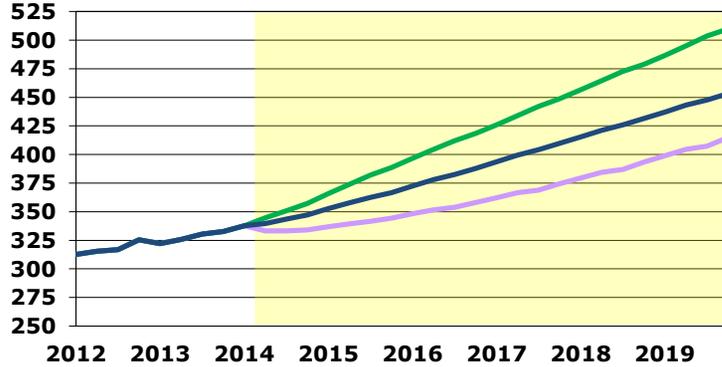
Source: Federal Reserve Board 2014 Q1, ERFC 2019

■ Baseline      ■ Optimistic      ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

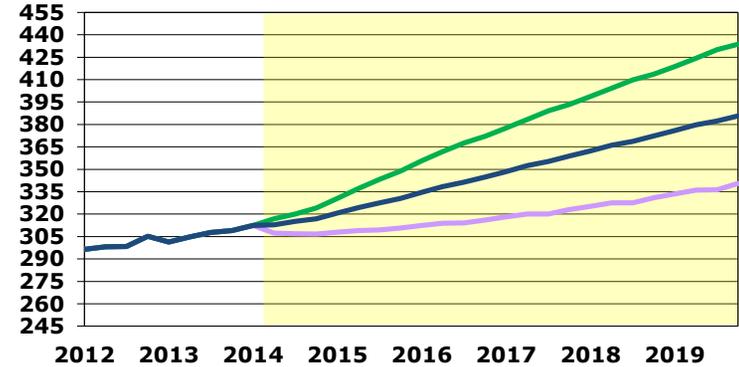
Forecast

Personal income, billions of dollars



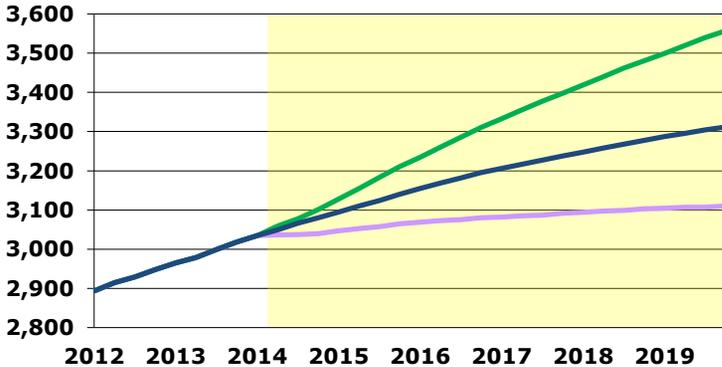
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Real personal income, billions of chained 2009 dollars



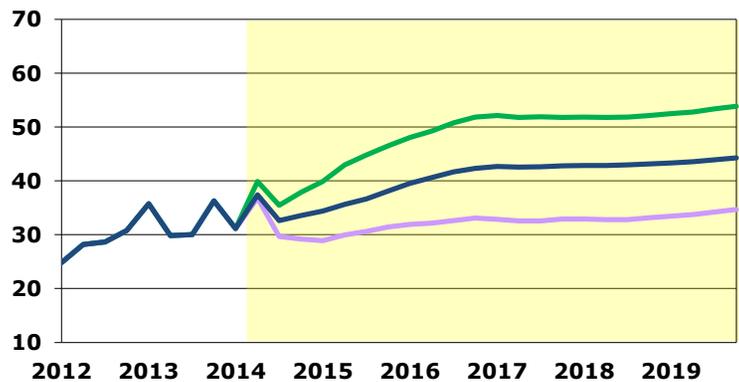
Source: Bureau of Economic Analysis 2012 Q4, ERFC 2019

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2014 Q1, ERFC 2019

Housing permits, thousands



Source: Census Bureau 2014 Q1, ERFC 2019

■ Baseline      ■ Optimistic      ■ Pessimistic

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## Chapter 3: Washington State Revenue Forecast Summary

- **Revenue collections since February have come in \$122 million over the forecasted amount, but most of the variance was due to non-economic events.**
- **Changes to the economic forecast and taxable activity since the June forecast were small and mixed but the net result was slightly positive. They resulted in increases in expected revenue of less than one percent for each of the forecasted biennia.**
- **The forecast of General Fund-State (GF-S) revenue for the 2013-15 biennium was increased by \$157 million and the forecast for the 2015-17 biennium was increased by \$238 million. The forecast for the 2019-19 biennium was increased by \$313 million.**

### Overview

*Changes to the revenue forecast in June were very slight but positive*

Revenue collections since the February 2014 forecast came in over \$100 million higher than the expected total. The surplus, however, was due mainly to several large audit payments that came in during that time as well as some early payments of property taxes that merely subtracted from expected payments in coming months. Underlying taxable economic activity has therefore not been as much above expectations as the large collection variance would seem to indicate. Underlying taxable activity, however, was slightly higher than forecasted. Changes to the economic forecast were also slight. While forecast changes both added to and subtracted from expected collections, the overall result was slightly positive. The end result was an increase in expected revenue of less than one percent for each of the forecasted biennia.

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

*13-15: +\$157  
15-17: +\$238  
17-19: +\$313*

Table 3.1 summarizes the changes to the forecasts of GF-S revenue for the 2013-15 and 2015-17 biennia. As of June 10<sup>th</sup>, revenue collections for the 2013-15 biennium were \$122.2 million ahead of the February forecast. For the remainder of the biennium, changes to the economic forecast have increased forecasted revenue by \$33.4 million. In addition, legislative changes from the 2014 legislative session added \$1.1 million to the forecast. The sum of these changes for the 2013-15

biennium is a forecast increase of \$156.6 million, with total biennial revenue of \$33,169.4 million. For the 2015-17 biennium, changes to the economic forecast added \$233.3 million and legislative changes added \$5.1 million, for a total forecast increase of \$238.3 million. 2015-17 GF-S revenue is now forecasted to total \$35,935.2 million. For the 2017-19 biennium, changes to the economic forecast added \$314.6 million and legislative changes subtracted \$1.3 million, for a total forecast increase of \$313.4 million. GF-S revenue for the 2017-19 biennium is now forecasted at \$39,023.4 million.

GF-S forecast  
(\$millions):

2013-15:  
\$33,169

2015-17:  
\$35,935

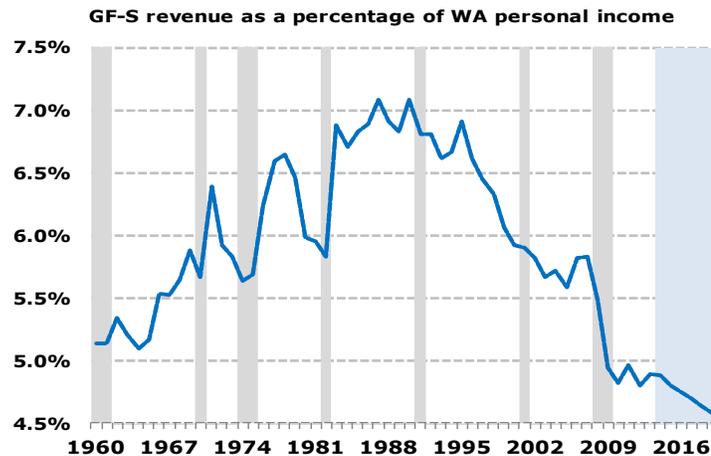
2017-19:  
\$39,023

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

	<b>2013-15 Biennium</b>	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>
Collection Experience	\$122.2	NA	NA
Non-Economic Change	\$1.1	\$5.1	(\$1.3)
Forecast Change	\$33.4	\$233.3	\$314.6
<b>Total Change</b>	<b>\$156.6</b>	<b>\$238.3</b>	<b>\$313.4</b>

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

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



Source: ERFC, data through fiscal year 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 in fiscal years 2011 and 2013. The June forecast, as shown in the light blue shaded area, has the ratio decreasing slightly in FY 2014 and a sharper decline in FY 2015. The ratio then continues to trend downward at a more gradual pace through FY 2019.

*Forecast details are at the end of the chapter*

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

## Recent Collection Experience

*Cumulative receipts from major sources that are tracked monthly were \$122 million (2.4%) more than the February 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 February forecast, total revenue from the above sources came in \$122.2 million (2.4%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$60.2 million (1.6%) above the forecast. Revenue from other DOR tax sources from February through May was \$62.7 million (5.0%) above the forecast.

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

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	\$60.2	1.6%
Non Revenue Act	\$62.7	5.0%
Subtotal	\$122.9	2.4%
Department of Licensing	(\$1.0)	-14.4%
Administrative Office of the Courts	\$0.3	1.0%
<b>Total*</b>	<b>\$122.2</b>	<b>2.4%</b>

\* Detail may not add to total due to rounding.  
Source: ERFC; Period: February 11 - June 10, 2014

While Revenue Act collections were well above the February forecast, most of the surplus was due to large one-time payments of past-due taxes. These payments totaled \$47.2

*Most of the positive variance in collections came from non-economic factors*

million. In addition, most of the in surplus in other DOR payments was due to earlier-than-expected payments of property taxes. While property tax collections came in \$32.0 million ahead of the forecast, most of the variance came from payments that were expected to arrive in June but instead arrived in April and May. Forecasted June collections were subsequently lowered by a similar amount. Thus, over half of the positive variance in collections came from non-economic factors rather than increased economic activity.

*Positive collection variances in 6 categories outweighed negative variances in 4 categories*

Real estate excise tax (REET) receipts came in \$19.8 million (12.8%) above the forecast. Liquor sales and liter tax receipts were \$1.2 million (1.6%) lower than forecasted, but the shortfall was due to post-forecast legislation that required the transfer of \$3.6 million in tax receipts into the Liquor Excise Tax Account for distribution to local governments. Cigarette tax receipts came in \$5.2 million (4.3%) lower than forecasted. Revenue from other DOR sources came in \$17.3 million (29.2%) higher than forecasted, due mainly to higher-than-expected transfers of unclaimed property into the GF-S. Revenue from the Department of Licensing was \$1.0 million (14.4%) lower than forecasted and revenue from the Administrative Office of the Courts was \$0.3 million (1.0%) higher than forecasted.

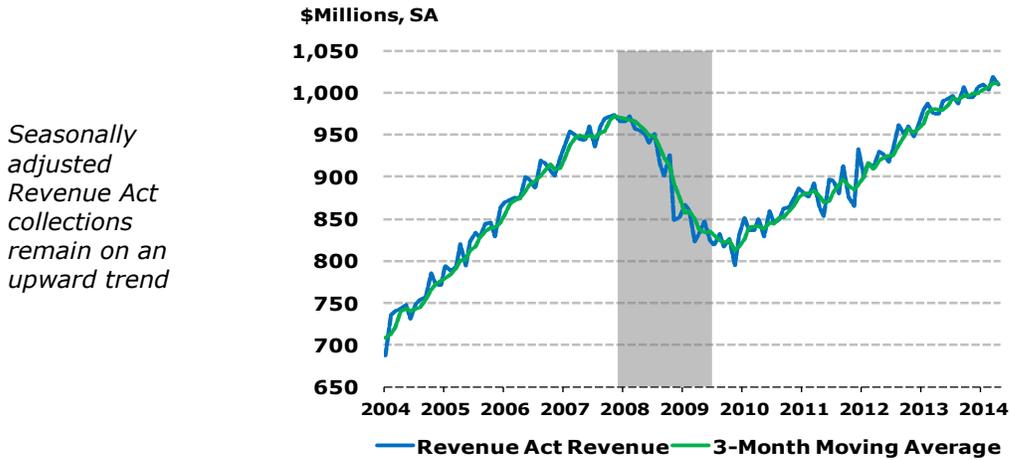
*Adjusted Revenue Act collections were up 4.6% year over year in the most recent collection period and up 3.1% in the previous period*

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments. It is also adjusted for some changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. This temporary increase expired on July 1, 2013, which has decreased year-over-year growth in recent months. Adjusted for large one-time payments and refunds, receipts grew 4.6% year over year in the May 11 - June 10 collection period and 3.1% in the previous period.

*First quarter Revenue Act collections grew 2.5% year over year*

Adjusted Revenue Act collections from February 11 – May 10, 2014, which primarily reflected first quarter 2014 taxable activity, were up 2.5% year over year. Revenue Act collections from fourth quarter 2013 activity (November 11, 2013 – February 10, 2014 adjusted collections) were up 4.8% year over year, while third quarter 2013 growth was 5.2% year over year. Year-over-year growth rates from the third quarter of 2013 onwards have been lowered by about 2 percentage points due to the expiration of the temporary business and occupation tax surcharge on July 1, 2013.

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

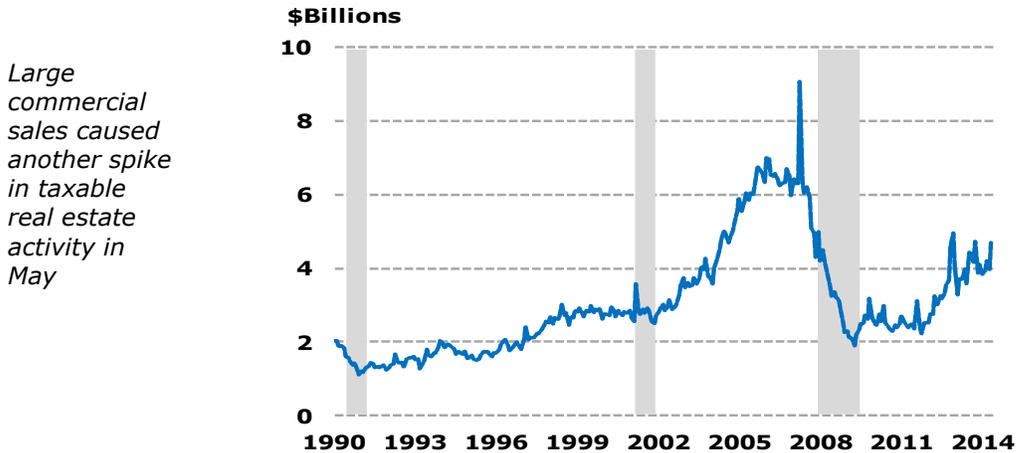


Source: ERFC; Data through June 10, 2014 preliminary allocation  
 \*Adjusted for large payments/refunds and payment pattern change

Both large commercial sales and residential sales were higher than forecasted

Much of the large positive variance in REET collections was due to strong sales of commercial property in March and May. May sales of properties valued at \$10 million or higher totaled \$720 million. The sales created another spike in the chart of taxable activity, similar to the spikes created by other large commercial property sales over the last two years (see Figure 3.3). Residential sales during the period were slightly stronger than forecasted as well.

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



Source: ERFC; data through May 2014

## Revenue Forecasts by Source

### Department of Revenue

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

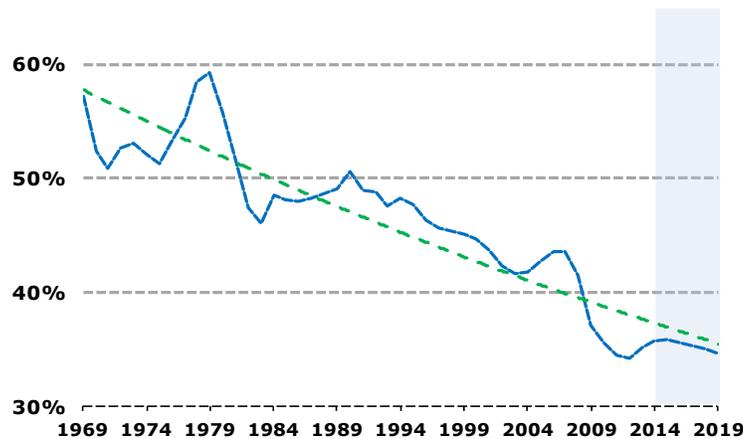
The Department of Revenue (DOR) collects and administers the majority of Washington’s GF-S revenue, accounting for 95% of total GF-S revenue in the 2011-13 biennium. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, cigarette tax and real estate excise tax. The revenue forecasts discussed below can be found in Tables 3.5-3.8.

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.4% 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 have been declining. Their share fell sharply during the recession and continued to fall through FY 2012. In that year, an estimated 34.2% of personal income was spent on taxable items, the lowest percentage on record. The taxable sales share of personal income grew to 35.1% in FY 2013 and is forecasted to increase to 35.8% in FY 2014, due largely to the elimination of the sales tax exemption for wired phone lines that took effect on July 1, 2013. The share is then forecasted to increase slightly to 35.9% in FY 2015 before declining through FY 2019. The historical and forecasted relationship between taxable sales and income is illustrated in Figure 3.4.

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

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



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

*Retail sales tax receipt growth forecast:*

*FY14: 6.6%  
FY15: 4.9%  
FY16: 4.9%  
FY17: 4.9%*

After declines of 10.4% in FY 2009 and 6.0% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections up to 3.2% for the fiscal year. The growth rate of taxable activity improved from 4.1% in FY 2012 to 6.7% in FY 2013, due mainly to increasing construction activity. Continued growth in construction, along with the newly-revoked sales tax exemption on wired home phone lines, are forecasted to bring growth in taxable activity to 5.8% in FY 2014. Growth then slows to 4.9%, 4.7% and 4.8% in FY 2015, 2016 and 2017. Growth in FY 2018 and 2019 is forecasted at 4.7% and 4.1%. Due to the lag between taxable activity and collections and the presence of tax deferrals, credits, refunds, and payments of past due taxes, the growth in actual collections differs from the growth in taxable activity. Growth in collections for FY 2013 was 6.3%. Forecasted FY 2014 growth is 6.6%. Growth then slows to 4.9% in FY 2015, where it remains through FY 2017. FY 2018 growth is forecasted at 4.7% and FY 2019 at 4.1%.

*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: -1.6%  
FY15: 3.7%  
FY16: 6.1%  
FY17: 5.5%*

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 several large refunds, is forecasted to cause receipts to shrink by 1.6% in FY 2014. Growth is then forecasted to rebound to 3.7% in FY 2015, 6.1% in 2016 and 5.5% in FY 2017. Growth in FY 2018 and 2019 is forecasted at 4.9% and 4.6%.

*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.

*GF-S property tax growth forecast:*

*FY14: 2.1%  
FY15: 2.2%  
FY16: 2.3%  
FY17: 2.3%*

By law, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. Collections can also grow faster or slower than the rate of assessment growth due to the payment of past due taxes or nonpayment of current taxes. Property tax receipts grew by 2.1% in FY 2013 and are forecasted to grow by 2.1% in FY 2014, 2.2% in FY 2015 and 2.3% in FY 2016 and FY 2017. Growth in FY 2018 and 2019 is forecasted at 2.3% and 2.4%.

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

*REET growth forecast:*

*FY14: 13.4%  
FY15: -6.3%  
FY16: 6.4%  
FY17: 5.6%*

Due to a high number of large sales of commercial property, REET receipts grew by 34.0% in FY 2013. FY 2014 receipts have also been boosted by large commercial sales, resulting in forecasted growth of 13.4%. Despite forecasted further strengthening in residential sales, FY 2015 receipts are forecasted to fall by 6.3% due to lower commercial sales. Continued improvement in the housing market is then forecasted to increase REET collections by 6.4% in FY 2016 and 5.6% in FY 2017. Growth in FY 2018 and 2019 is forecasted at 2.5% and 4.7%.

*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: 8.8%  
FY15: -0.7%  
FY16: 5.6%  
FY17: 4.9%*

Use tax receipts grew by 7.8% in FY 2013, boosted by growing sales of used vehicles. Continuing growth in used vehicle sales coupled with a temporary spike in payments from the manufacturing sector in the 4<sup>th</sup> quarter of 2013 is forecasted to boost FY 2014 growth to 8.8%. The absence of the large payments from the manufacturing sector is forecasted to cause receipts to decrease by 0.7% in FY 2015. Growth is then forecasted to increase to 5.6% in FY 2016 before slowing slightly

to 4.9% growth in FY 2017. Growth in FY 2018 and 2019 is forecasted at 4.2% and 4.0%.

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

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

*Cigarette tax growth forecast:*

*FY14: -3.9%  
FY15: -1.7%  
FY16: -1.9%  
FY17: -3.1%*

The total number of taxed cigarettes has been on a downward trend due to a continuing decline in the number of smokers. Recently, the rate of decline has been increasing further due to increased consumption of e-cigarettes, which are not subject to the cigarette tax but are subject to retail sales taxes. Due to a January 1<sup>st</sup>, 2014 increase in Oregon's cigarette tax, the forecast includes a slight decrease in the number of cigarettes purchased in Oregon by Washington residents to avoid Washington's higher cigarette tax. Even with the lower estimate of bootleg sales, FY 2014 receipts are still forecasted to decrease by 3.9%. Receipts are then forecasted to decline by 1.7% in FY 2015, 1.9% in FY 2016 and 3.1% in FY 2017. Collections in FY 2018 and 2019 are forecasted to decrease by 2.9% and 2.7%.

*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: 5.6%  
FY15: 2.9%  
FY16: 4.3%  
FY17: 5.1%*

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 5.6% in FY 2014. Further increases in utility prices coupled with increased housing construction are forecasted to produce growth rates of 2.9% in FY 2015, 4.3% in FY 2016 and 5.1% in FY 2017. Growth in FY 2018 and 2019 is forecasted at 6.1% and 4.8%.

## **Forecasted Revenue from Cannabis-Related Sales**

*Forecasted revenue from cannabis-related sales is unchanged from February's forecast*

Initiative 502, approved by voters in the November 2012 election, legalized the sale and use of recreational cannabis and cannabis products in Washington. Revenue from sales of cannabis and cannabis products was included in the ERF's forecast in the February 2014 forecast. Details of the

assumptions behind the forecast can be found in the ERFC's February publication. Forecasted revenue has not been changed since the June forecast.

*GF-S forecast of cannabis-related revenue by biennium (millions):*

13-15: \$0.0  
15-17: \$51.2  
17-19: \$138.5

I-502 establishes a cannabis excise tax of 25% to be levied at each stage of growing, processing, and selling cannabis products. These taxes, along with annual license fees, will be collected by the Liquor Control Board and placed into a dedicated fund from which revenue will be distributed quarterly after required allotments are satisfied. Details of the forecasted distributions from the account can be found in Table 3.17. Distributions to the GF-S, which amount to 18.7% of the distributed funds, are forecasted to total \$22.9 million in the 2015-17 biennium and \$63.0 million in the 2017-19 biennium. In addition to this revenue, growers, processors and sellers will pay business and occupation (B&O) taxes and sellers will collect and remit retail sales taxes. These taxes, detailed in Table 3.18, are expected to total \$28.3 million in the 2015-17 biennium and \$75.4 million in the 2017-19 biennium. The total forecasted GF-S impact of cannabis-related sales is therefore \$51.2 million in the 2015-17 biennium and \$138.5 million in the 2017-19 biennium.

## Department of Licensing

*Forecast change by biennium (millions):*

13-15: -\$1.3  
15-17: -\$1.0  
17-19: -\$1.5

The majority of GF-S revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The forecast of GF-S revenue for the 2013-15 biennium has been decreased \$1.3 million to \$34.7 million and the forecast for the 2015-17 biennium has been decreased \$1.0 million to \$35.2 million. The department's forecast of revenue for the 2017-19 biennium has been decreased \$1.5 million to \$35.8 million. Most of the forecast changes came from decreases in forecasted firearms permit purchases.

## The Office of Financial Management (Other Agencies)

*Forecast change by biennium (millions):*

13-15: -\$4.4  
15-17: -\$8.7  
17-19: -\$11.7

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's forecast for the 2013-15 biennium was decreased \$4.4 million to \$187.3 million and the forecast for the 2015-17 biennium was decreased \$8.7 million to \$160.4 million. The office's forecast of revenue for the 2017-19 biennium was reduced \$11.7 million to \$169.3 million. Most of the forecast decreases were due to decreases in the forecasts of permit and fee revenue from the Department of Financial Institutions and

decreases in expected payments from tobacco companies under the Master Settlement Agreement.

## State Treasurer

*Forecast  
change by  
biennium  
(millions):*

13-15: \$1.5  
15-17: \$4.8  
17-19: \$12.2

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's forecast for the 2013-15 biennium has been increased \$1.5 million to negative \$5.2 million. The forecasted revenue is negative because the average daily balance of accounts that earn interest that goes into the GF-S is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office. The forecast for the 2015-17 biennium has been increased \$4.8 million to \$12.0 million and the forecast of revenue for the 2017-19 biennium has been increased \$12.2 million to \$45.2 million. Forecast increases in the 2015-17 and 2017-19 biennia were mainly due to increases in forecasted average fund balances.

## Insurance Commissioner

*Forecast  
change by  
biennium  
(millions):*

13-15: \$4.8  
15-17: \$40.7  
17-19: \$47.2

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's forecast of GF-S revenue for the 2013-15 biennium has been increased \$4.8 million to \$943.3 million and its forecast for the 2015-17 biennium has been increased \$40.7 million to \$1,041.4 million. The forecast of revenue for the 2017-19 biennium has been increased \$47.2 million to \$1,127.9 million. The forecast increases were due to changes in the forecast of the amount of health insurance tax revenue that would be transferred to the Health Benefit Exchange.

## Liquor Control Board

*Forecast  
change by  
biennium  
(millions):*

13-15: \$3.3  
15-17: \$4.0  
17-19: \$4.0

The Liquor Control Board (LCB) collects fees from distributors and retailers on sales of spirits and surtaxes on sales of beer and wine (sales and liter taxes on spirits are collected by the DOR). The LCB is also responsible for the collection of excise taxes and fees associated with the legalized sale and use of recreational cannabis. The forecast of total GF-S revenue collected by the LCB for the 2013-15 biennium has been increased \$3.3 million to \$249.9 million. This increase was entirely due to the supplemental budget bill from the 2014 legislative session. The bill decreased the amount of revenue the board could retain for operations by \$7.9 million, increasing the amount available for distribution to the GF-S. The forecast of LCB GF-S revenue for the 2015-17 biennium has been increased \$4.0 million to \$234.8

million and the forecast of revenue for the 2017-19 biennium has been increased \$4.0 million to \$293.6 million.

## Lottery Commission

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

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and several smaller accounts received their allotments was transferred to the GF-S. Under the 2010 legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts were maintained, but the remaining revenue, which represents the bulk of the proceeds, are transferred almost entirely to the Washington Opportunity Pathways Account (OPA). The exception is that when total profits from all Washington-only games plus the Powerball game exceed \$102 million per year, the amount above \$102 million gets transferred to the GF-S. In FY 2013, large Powerball jackpots pushed sales above the threshold, resulting in a \$9.3 million payment to the GF-S in FY 2014. Profits are not forecasted to exceed the threshold again in FY 2014, but are forecasted to do so in future years. GF-S transfers totaling \$3.3 million are forecasted for the 2015-17 biennium and \$7.3 million for the 2017-19 biennium.

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

13-15: \$1.1  
15-17: \$2.0  
17-19: \$1.8

The OPA receives all profits (excluding statutory transfers) from Washington-only lottery games plus all profits from the Mega Millions game. The forecast of transfers for the 2013-15 biennium has been increased \$1.1 million to \$227.1 million, and the forecast for the 2015-17 biennium has been increased \$2.0 million to \$238.0 million. The forecast for the 2017-19 biennium has been increased \$1.8 million to \$238.2 million. In addition to the transfers described above, legislation from the 2013 second special session and 2014 regular session also require the transfer of \$16.1 million in Lottery proceeds to the Education Legacy Trust Account in the 2013-15 biennium. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.14 on a cash basis and Table 3.15 on a GAAP basis.

## Administrative Office of the Courts

*Forecast change by biennium (millions):*

13-15: \$0.0  
15-17: -\$0.7  
17-19: -\$1.0

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 forecast of transfers to the GF-S for the 2013-15 biennium is unchanged at \$172.2 million. The forecast for the 2015-17 biennium has been decreased \$0.7 million to \$182.0 million and the forecast of

transfers for the 2017-19 biennium has been decreased \$1.0 million to \$193.3 million.

## Track Record for the 2013-15 Biennium

*The June 2014 forecast is \$741 million (2.3%) higher than the initial February 2012 forecast*

Table 3.10 summarizes the historical changes to the GF-S revenue forecast for the 2013-15 biennium. The February 2012 forecast was the initial forecast for the biennium. The June 2014 forecast for the biennium is \$741 million (2.3%) higher than the initial forecast. Non-economic changes have increased the forecast by \$369 million (1.1%). Excluding non-economic changes, the current forecast is \$372 million (1.1%) higher than the initial forecast. The current forecast is \$384 million (1.2%) higher than the sum of the June 2013 forecast and the \$123 million in legislated revenue increases from the June 2013 second special session that were the basis of the initial budget for the 2013-15 biennium.

## Track Record for the 2015-17 Biennium

*The June forecast is \$417 million (1.2%) higher than the initial September 2012 forecast*

Table 3.11 summarizes the historical changes to the GF-S revenue forecast for the 2015-17 biennium. The September 2012 forecast was the initial forecast for the biennium. The June 2014 forecast for the biennium is \$417 million (1.2%) higher than the initial forecast. Non-economic changes have increased the forecast by \$257 million (0.7%). Excluding non-economic changes, the current forecast is \$160 million (0.5%) higher than the initial forecast.

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

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

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

text of this chapter refer to the cash forecast unless otherwise noted. Likewise, figures from revenue tables other than Tables 3.6, 3.8 and 3.15 are projected on a cash basis.

## **Budgetary Balance Sheet for the 2013-15 Biennium**

*The forecast implies GF-S reserves of \$1.05 billion at the end of the 2013-15 biennium and \$1.02 billion in reserves for GF-S, ELTA and OPA*

Table 3.12 shows the budgetary balance sheet for the 2013-15 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. The balance sheet shows not only projected GF-S spending and resources but also total projected spending and resources for the GF-S plus the other main non-transportation state-funded accounts: the Education Legacy Trust Account (ELTA) and the Washington Opportunity Pathways Account (OPA). As shown the table, there was a beginning fund balance of \$167.5 million for the GF-S at the end of the 2011-13 biennium and the total balance for GF-S, ELTA and OPA stood at \$156.4 million. Based on the June 2014 revenue forecast and currently enacted budgets, total GF-S reserves are projected to be \$1,053.6 million at the end of the 2013-15 biennium. The projected total GF-S reserves are comprised of a GF-S ending balance of \$471.1 million and a balance of \$582.5 million in the Budget Stabilization Account. Projected combined reserves for the ELTA and OPA are -\$29.5 million, for total projected reserves of \$1,024.1 million for GF-S, ELTA and OPA at the end of the 2013-15 biennium.

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

*Optimistic scenarios (billions):*

*13-15: +\$1.3  
15-17: +\$3.7*

*Pessimistic scenario:*

*13-15: -\$1.4  
15-17: -\$3.6*

Chapter 2 outlines optimistic and pessimistic economic scenarios relative to the baseline economic forecast. The forecast assigns a probability of 50% to the baseline forecast, 25% to a scenario based on the upside risks and 25% to a scenario based on the downside risks. The revenue implications of these alternative scenarios for the 2013-15 biennium are shown in Table 3.13. For the biennium, the optimistic forecast generates \$34,513.1 million in GF-S revenue, \$1,343.7 million (4.1%) more than the baseline scenario, while the pessimistic forecast produces \$31,757.4 million in revenue, \$1,412.0 million (4.3%) less than the baseline. For the 2015-17 biennium, the optimistic forecast generates \$39,592.7 million in GF-S revenue, \$3,657.5 million (10.2%) more than the baseline scenario, while the pessimistic forecast produces \$32,334.2 million in revenue, \$3,601.0 million (10.0%) less than the baseline.

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

“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

*Near General  
Fund  
Forecast  
(millions):*

*2013-15:  
\$33,556.0*

*2015-17:  
\$36,332.6*

*2017-19:  
\$39,405.2*

on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The Near General Fund forecast for the 2013-15 biennium is \$33,556.0 million, \$145.3 million more than the February forecast, and the forecast for the 2015-17 biennium is \$36,332.6 million, \$239.7 million more than the February forecast. The forecast of Near General Fund revenue for the 2017-19 biennium is \$39,405.2 million, \$315.1 million more than the February forecast. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.16.

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

<b>Biennium</b>	<b>Current Dollars</b>	<b>Percent Change</b>	<b>2009 Chained Dollars</b>	<b>Percent Change</b>
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,767.4	16.7%
1971-73	1,922.1	10.9%	7,971.9	2.6%
1973-75	2,372.4	23.4%	8,500.3	6.6%
1975-77	3,395.0	43.1%	10,581.0	24.5%
1977-79	4,490.0	32.3%	12,284.6	16.1%
1979-81	5,356.4	19.3%	12,197.5	-0.7%
1981-83	6,801.4	27.0%	13,492.9	10.6%
1983-85	8,202.4	20.6%	15,008.6	11.2%
1985-87	9,574.6	16.7%	16,528.5	10.1%
1987-89	10,934.1	14.2%	17,618.8	6.6%
1989-91	13,309.0	21.7%	19,773.1	12.2%
1991-93	14,862.2	11.7%	20,789.3	5.1%
1993-95	16,564.6	11.5%	22,140.6	6.5%
1995-97	17,637.7	6.5%	22,630.2	2.2%
1997-99	19,620.1	11.2%	24,520.7	8.4%
1999-01	21,262.1	8.4%	25,588.4	4.4%
2001-03	21,140.7	-0.6%	24,595.8	-3.9%
2003-05	23,388.5	10.6%	26,077.6	6.0%
2005-07	27,772.0	18.7%	29,316.5	12.4%
2007-09	27,703.0	-0.2%	27,888.8	-4.9%
2009-11	28,218.1	1.9%	27,708.4	-0.6%
2011-13	30,657.0	8.6%	28,948.6	4.5%
2013-15 <sup>F</sup>	33,169.7	8.2%	30,480.0	5.3%
2015-17 <sup>F</sup>	35,932.2	8.3%	32,090.9	5.3%
2017-19 <sup>F</sup>	39,020.6	9.3%	33,846.5	5.8%

<sup>F</sup> June 2014 Forecast.

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

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

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

<b>Fiscal Year</b>	<b>Amount</b>	<b>Percent Change</b>
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012	106,036	4.1%
2013	113,173	6.7%
2014 <sup>F</sup>	119,747	5.8%
2015 <sup>F</sup>	125,575	4.9%
2016 <sup>F</sup>	131,536	4.7%
2017 <sup>F</sup>	137,882	4.8%
2018 <sup>F</sup>	144,296	4.7%
2019 <sup>F</sup>	150,147	4.1%

<sup>F</sup> June 2014 forecast  
Source: ERFC

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

Table 3.5

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

2013-15 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Feb. 2014 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2014 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,583.6	\$0.0	\$75.0	\$15,658.6	\$75.0
Business & Occupation Use	6,650.8	2.7	(26.6)	6,627.0	(23.8)
Public Utility	1,106.9	0.0	15.2	1,122.1	15.2
Liquor Sales/Liter	800.1	0.0	11.4	811.5	11.4
Cigarette	506.3	(9.4)	8.2	505.1	(1.3)
Property (State Levy)	793.6	0.0	(18.2)	775.4	(18.2)
Real Estate Excise	3,949.1	0.0	13.4	3,962.5	13.4
Timber Excise	1,127.9	0.0	46.8	1,174.7	46.8
Other	5.6	0.0	0.0	5.6	0.0
Subtotal	900.1	0.0	35.2	935.2	35.2
	31,424.1	(6.7)	160.4	31,577.8	153.7
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	35.9	0.0	(1.3)	34.7	(1.3)
<b>Insurance Commissioner</b>					
Insurance Premiums	938.5	0.0	4.8	943.3	4.8
<b>Liquor Control Board</b>					
Liquor Profits and Fees	193.4	7.9	(4.9)	196.3	3.0
Beer & Wine Surtax	53.2	0.0	0.3	53.6	0.3
<b>Lottery Commission</b>					
Lottery Revenue	10.4	0.0	(1.1)	9.3	(1.1)
<b>State Treasurer</b>					
Interest Earnings	(6.7)	0.0	1.5	(5.2)	1.5
<b>Office of Financial Management</b>					
Other	191.7	(0.2)	(4.2)	187.3	(4.4)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	172.2	0.0	0.0	172.2	0.0
<b>Total General Fund-State *</b>	<b>\$33,012.8</b>	<b>\$1.1</b>	<b>\$155.6</b>	<b>\$33,169.4</b>	<b>\$156.6</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council February 2014.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 17, 2014.

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

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

Table 3.6

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

2013-15 biennium; GAAP basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Feb. 2014 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2014 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,558.2	\$0.0	\$76.3	\$15,634.5	\$76.3
Business & Occupation Use	6,644.8	2.7	(21.6)	6,625.9	(18.9)
Public Utility	1,105.0	0.0	17.1	1,122.1	17.1
Liquor Sales/Liter	799.2	0.0	13.5	812.7	13.5
Cigarette	506.3	(9.4)	8.2	505.1	(1.3)
Property (State Levy)	793.8	0.0	(17.8)	776.0	(17.8)
Real Estate Excise	3,929.0	0.0	23.4	3,952.3	23.4
Timber Excise	1,127.0	0.0	45.8	1,172.8	45.8
Other	5.7	0.0	0.1	5.8	0.1
Subtotal	899.6	0.0	35.6	935.2	35.6
	31,368.7	(6.7)	180.4	31,542.5	173.8
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	35.9	0.0	(1.3)	34.6	(1.3)
<b>Insurance Commissioner</b>					
Insurance Premiums	938.5	0.0	4.8	943.3	4.8
<b>Liquor Control Board</b>					
Liquor Profits and Fees	193.4	7.9	(4.9)	196.3	3.0
Beer & Wine Surtax	53.2	0.0	0.3	53.6	0.3
<b>Lottery Commission</b>					
Lottery Revenue	3.6	0.0	(1.3)	2.3	(1.3)
<b>State Treasurer</b>					
Interest Earnings	(7.1)	0.0	1.9	(5.2)	1.9
<b>Office of Financial Management</b>					
Other	191.7	(0.2)	(4.2)	187.3	(4.4)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	172.2	0.0	0.0	172.2	0.0
<b>Total General Fund-State *</b>	<b>\$32,950.1</b>	<b>\$1.1</b>	<b>\$175.8</b>	<b>\$33,126.9</b>	<b>\$176.8</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council February 2014.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 17, 2014.

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

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

Table 3.7

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

2015-17 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Feb. 2014 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2014 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$17,140.8	\$0.0	\$99.8	\$17,240.6	\$99.8
Business & Occupation	7,287.2	5.5	68.3	7,361.0	73.8
Use	1,201.6	0.0	8.1	1,209.7	8.1
Public Utility	894.3	0.0	(14.2)	880.1	(14.2)
Liquor Sales/Liter	503.9	0.0	2.9	506.8	2.9
Cigarette	765.7	0.0	(23.2)	742.5	(23.2)
Property (State Levy)	4,137.1	0.0	10.6	4,147.8	10.6
Real Estate Excise	1,233.1	0.0	10.6	1,243.7	10.6
Timber Excise	6.8	0.0	0.0	6.9	0.0
Other	896.8	(0.4)	30.5	927.0	30.2
Subtotal	34,067.4	5.1	193.6	34,266.0	198.7
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	36.2	0.0	(1.0)	35.2	(1.0)
<b>Insurance Commissioner</b>					
Insurance Premiums	1,000.7	0.0	40.7	1,041.4	40.7
<b>Liquor Control Board</b>					
Liquor Profits and Fees	178.0	0.0	3.9	181.9	3.9
Beer & Wine Surtax	52.9	0.0	0.1	52.9	0.1
<b>Lottery Commission</b>					
Lottery Revenue	2.7	0.0	0.6	3.3	0.6
<b>State Treasurer</b>					
Interest Earnings	7.2	0.0	4.8	12.0	4.8
<b>Office of Financial Management</b>					
Other Agencies	169.1	(0.0)	(8.7)	160.4	(8.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	182.6	0.0	(0.7)	182.0	(0.7)
<b>Total General Fund-State *</b>	<b>\$35,696.8</b>	<b>\$5.1</b>	<b>\$233.3</b>	<b>\$35,935.2</b>	<b>\$238.3</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council February 2014.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 17, 2014.

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

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

Table 3.8

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

2015-17 biennium; GAAP basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Feb. 2014 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2014 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$17,140.8	\$0.0	\$99.8	\$17,240.6	\$99.8
Business & Occupation Use	7,287.2	5.5	68.3	7,361.0	73.8
Public Utility	1,201.6	0.0	8.1	1,209.7	8.1
Liquor Sales/Liter	894.3	0.0	(14.2)	880.1	(14.2)
Cigarette	503.9	0.0	2.9	506.8	2.9
Property (State Levy)	765.7	0.0	(23.2)	742.5	(23.2)
Real Estate Excise	4,137.1	0.0	10.6	4,147.8	10.6
Timber Excise	1,233.1	0.0	10.6	1,243.7	10.6
Other	6.9	0.0	0.0	7.0	0.0
Subtotal	896.8	(0.4)	30.5	927.0	30.2
	34,067.4	5.1	193.6	34,266.1	198.7
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	36.2	0.0	(1.0)	35.2	(1.0)
<b>Insurance Commissioner</b>					
Insurance Premiums	1,000.7	0.0	40.7	1,041.4	40.7
<b>Liquor Control Board</b>					
Liquor Profits and Fees	178.0	0.0	3.9	181.9	3.9
Beer & Wine Surtax	52.9	0.0	0.1	52.9	0.1
<b>Lottery Commission</b>					
Lottery Revenue	1.5	0.0	1.3	2.8	1.3
<b>State Treasurer</b>					
Interest Earnings	8.5	0.0	5.0	13.5	5.0
<b>Office of Financial Management</b>					
Other	169.1	(0.0)	(8.7)	160.4	(8.7)
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	182.6	0.0	(0.7)	182.0	(0.7)
<b>Total General Fund-State *</b>	<b>\$35,696.9</b>	<b>\$5.1</b>	<b>\$234.2</b>	<b>\$35,936.1</b>	<b>\$239.2</b>

<sup>1</sup> Forecast for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council February 2014.<sup>2</sup> Forecast for the 2013-15 biennium, adopted June 17, 2014.

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

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

Table 3.9

**June 2014 General Fund-State forecast  
2013-15 to 2017-19 biennia; cash basis**  
(Millions of Dollars)

<b>Forecast by Source</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>2013-15 Biennium</b>	<b>Fiscal 2016</b>	<b>Fiscal 2017</b>	<b>2015-17 Biennium</b>	<b>Fiscal 2018</b>	<b>Fiscal 2019</b>	<b>2017-19 Biennium</b>
<b>State Taxes</b>									
Retail sales**	\$7,641.6	\$8,017.0	\$15,658.6	\$8,413.0	\$8,827.6	\$17,240.6	\$9,241.6	\$9,620.1	\$18,861.7
Business & occupation	3,252.7	3,374.3	6,627.0	3,581.3	3,779.7	7,361.0	3,966.4	4,148.2	8,114.7
Use**	563.2	559.0	1,122.1	590.3	619.4	1,209.7	645.4	671.6	1,317.0
Public Utility	400.0	411.5	811.5	429.0	451.1	880.1	478.6	501.7	980.2
Liquor sales/liter	251.1	254.0	505.1	249.7	257.1	506.8	264.4	271.8	536.1
Beer & wine surtax	27.2	26.3	53.6	26.5	26.4	52.9	26.4	26.4	52.9
Cigarette	399.1	392.7	791.9	385.5	373.7	759.1	363.0	353.6	716.5
Tobacco products	47.7	48.2	95.9	48.7	49.1	97.8	49.5	50.0	99.5
Cannabis Excise Taxes	0.0	0.0	0.0	5.2	16.8	22.0	27.7	34.5	62.2
Property (state school levy)	1,959.2	2,003.3	3,962.5	2,050.0	2,097.7	4,147.8	2,146.7	2,199.1	4,345.8
Leasehold Excise Tax	27.3	27.4	54.6	27.9	28.6	56.4	29.3	30.1	59.4
Public utility district	49.3	50.7	100.1	51.9	53.2	105.1	54.3	55.5	109.8
Brokered Natural Gas	34.2	35.2	69.4	36.0	36.9	72.9	37.7	38.5	76.2
Real estate excise***	606.3	568.4	1,174.7	604.8	638.9	1,243.7	654.9	685.9	1,340.8
Timber excise	2.7	3.0	5.6	3.3	3.5	6.9	3.6	3.7	7.3
Estate/inheritance	0.3	0.1	0.5	0.1	0.0	0.1	0.0	0.0	0.0
Boat excise	12.5	12.7	25.2	12.7	12.7	25.4	12.7	12.7	25.4
Insurance premiums	456.4	486.9	943.3	511.6	529.8	1,041.4	551.4	576.5	1,127.9
Penalties and interest on past due taxes	136.6	135.8	272.4	140.7	145.7	286.3	150.8	156.1	306.9
Other	72.4	73.1	145.5	55.7	57.1	112.7	58.5	37.4	95.8
<b>Total Taxes</b>	<b>15,940.0</b>	<b>16,479.5</b>	<b>32,419.5</b>	<b>17,223.8</b>	<b>18,004.9</b>	<b>35,228.7</b>	<b>18,763.0</b>	<b>19,473.2</b>	<b>38,236.2</b>
<b>State Non-Tax Sources</b>									
Licenses, permits, fees	126.6	124.9	251.5	126.5	127.8	254.3	129.2	130.0	259.1
Liquor profits & fees***	122.6	73.7	196.3	78.6	81.3	159.9	86.6	91.9	178.5
Earnings on investments	(2.6)	(2.6)	(5.2)	(1.6)	13.6	12.0	21.4	23.8	45.2
Administrative Office of the Courts	85.8	86.4	172.2	89.4	92.5	182.0	95.3	98.1	193.4
Transfers of unclaimed property	63.5	59.8	123.4	59.7	59.9	119.6	60.2	60.8	121.0
Other revenue & transfers	17.1	(5.4)	11.6	(7.9)	(13.6)	(21.4)	(15.7)	5.6	(10.0)
<b>Total Non-Tax</b>	<b>413.0</b>	<b>336.9</b>	<b>749.9</b>	<b>344.9</b>	<b>361.6</b>	<b>706.4</b>	<b>377.0</b>	<b>410.2</b>	<b>787.2</b>
<b>Total General Fund-State *</b>	<b>\$16,353.0</b>	<b>\$16,816.4</b>	<b>\$33,169.4</b>	<b>\$17,568.7</b>	<b>\$18,366.5</b>	<b>\$35,935.2</b>	<b>\$19,140.0</b>	<b>\$19,883.4</b>	<b>\$39,023.4</b>

a - Actual

\* Detail may not add to totals due to rounding

\*\*GFS portion after Initiative 900 transfer

\*\*\*Includes cannabis license fees after FY 2015

Table 3.10

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

February 2012 through June 2014

Cash Basis - Millions of Dollars

<b><u>Date of Forecast</u></b>	<b><u>Department of Revenue*</u></b>	<b><u>Other Agencies</u></b>	<b><u>Subtotal*</u></b>	<b><u>Non-Economic Changes**</u></b>	<b><u>Total Change</u></b>	<b><u>Total General Fund-State Cash Basis#</u></b>
<b>February 2012 #</b>	\$31,110	\$1,319				\$32,428
<b>Changes to Forecast</b>						
June 2010	(120)	(13)	(133)	330 #1	197	32,626
September 2012	39	(15)	23	0	23	32,649
November 2012	(113)	25	(88)	0	(88)	32,561
March 2013	(38)	18	(19)	0	(19)	32,541
June 2013	156	20	176	(55) #2	121	32,662
September 2013	224	(2)	222	123 #3	345	33,007
November 2013	(22)	27	6	(30) #4	(25)	32,982
February 2014	21	10	30	0	30	33,013
June 2014	160	(5)	156	1 #5	157	33,169
<b>Total change***:</b>						
From February 2012	307	65	372	369	741	
Percent change	1.0	4.9	1.1	1.1	2.3	

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

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

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

# First official forecast for the 2011-13 biennium.

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

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

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

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

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

Table 3.11

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

September 2012 through June 2014

Cash Basis - Millions of Dollars

<b><u>Date of Forecast</u></b>	<b><u>Department of Revenue*</u></b>	<b><u>Other Agencies</u></b>	<b><u>Subtotal*</u></b>	<b><u>Non-Economic Changes**</u></b>	<b><u>Total Change</u></b>	<b><u>Total General Fund-State Cash Basis</u></b>
<b>September 2012<sup>#</sup></b>	\$34,102	\$1,416				\$35,518
<b>Changes to Forecast</b>						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) <sup>#1</sup>	51	35,357
September 2013	95	(2)	93	249 <sup>#2</sup>	342	35,699
November 2013	(47)	3	(44)	(41) <sup>#3</sup>	(85)	35,615
February 2014	5	26	31	51 <sup>#4</sup>	82	35,697
June 2014	194	40	233	5 <sup>#5</sup>	238	35,935
<b>Total change***:</b>						
From September 2012	15	145	160	257	417	
Percent change	0.0	10.2	0.5	0.7	1.2	

\* 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.

<sup>#</sup> First official forecast for the 2015-17 biennium.

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

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

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

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

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

Table 3.12

**2013-15 Enacted Budget Balance Sheet**  
**Including 2014 Supplemental Budget**  
**General Fund-State (GFS), Education Legacy Trust Account (ELTA),**  
**Washington Opportunity Pathways Account (OPA) and Budget Stabilization Account**  
**Dollars in Millions**

	GFS	ELTA and OPA	TOTAL
<b>RESOURCES</b>			
<b>Beginning Fund Balance</b>	<b>167.5</b>	<b>(11.1)</b>	<b>156.4</b>
February 2014 Forecast	33,012.8	624.0	33,636.8
June 2014 Update			
2014 Revenue Legislation	2.7	-	2.7
Budget Driven Revenue and Technical Corrections	(1.7)	-	(1.7)
June Revenue Update (Economic Change)	155.6	(10.2)	145.4
<b>Total June 2014 Update</b>	<b>156.6</b>	<b>(10.2)</b>	<b>146.4</b>
<b>Current Revenue Totals</b>	<b>33,169.4</b>	<b>613.8</b>	<b>33,783.2</b>
Transfer to Budget Stabilization Account	(312.2)	-	(312.2)
Previously Enacted Fund Transfers	131.5	289.3	420.8
Prior Period Adjustments	40.8	-	40.8
<b>2014 Supplemental</b>			
New Fund Transfers	3.7	24.0	27.7
Governor Vetoes of New Fund Transfers	(1.0)	(20.0)	(21.0)
<b>Total Resources (including beginning fund balance)</b>	<b>33,199.7</b>	<b>896.0</b>	<b>34,095.7</b>
<b>EXPENDITURES</b>			
<b>2013-15 Enacted Budgets</b>			
Enacted 2013-15 Budget	32,795.5	835.8	33,631.3
EHB 2088 - (Aerospace Appropriations)	10.5	-	10.5
ESSB 6002 - 2014 Supplemental	60.2	89.8	149.9
Governor's Vetoes of ESSB 6002 - 2014 Supplemental	(2.7)	-	(2.7)
SSB 6129 & SB 6523 (Paraeducator Development & Real Hope)	5.2	-	5.2
Assumed Reversions	(140.0)	-	(140.0)
<b>Total Expenditures</b>	<b>32,728.6</b>	<b>925.5</b>	<b>33,654.1</b>
<b>RESERVES</b>			
<b>Projected Ending GFS, ELTA &amp; OPA Balances</b>	<b>471.1</b>	<b>(29.5)</b>	<b>441.6</b>
<b>Budget Stabilization Account</b>			
Budget Stabilization Account Beginning Balance	269.7	-	269.7
Transfer from General Fund and Interest Earnings	312.9	-	312.9
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>582.5</b>	<b>-</b>	<b>582.5</b>
<b>Total Reserves (Including Budget Stabilization)</b>	<b>1,053.6</b>	<b>(29.5)</b>	<b>1,024.1</b>

Table 3.13

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

(cash basis, millions of dollars)

<b>Forecast by Source</b>	<b>Optimistic Forecast</b>	<b>Baseline Forecast</b>	<b>Pessimistic Forecast</b>
<b>Department of Revenue</b>			
Retail Sales	\$16,453.2	\$15,658.6	\$14,838.0
Business & Occupation Use	6,941.5	6,627.0	6,295.4
Public Utility	1,178.6	1,122.1	1,062.3
Property (school levy)	847.1	811.5	774.8
Real Estate Excise	3,982.0	3,962.5	3,940.8
Other	1,296.0	1,174.7	1,110.9
Subtotal	2,180.4	2,221.4	2,179.1
	32,878.8	31,577.8	30,201.3
<b>Department of Licensing</b>			
	35.4	34.7	34.0
<b>Insurance Commissioner<sup>1</sup></b>			
	955.5	943.3	931.2
<b>Lottery Commission</b>			
	9.8	9.3	8.9
<b>State Treasurer - Interest earnings</b>			
	3.2	(5.2)	(5.6)
<b>Liquor Surtaxes &amp; Fees<sup>2</sup></b>			
	262.4	249.9	237.4
<b>Office of Financial Management</b>			
Other agencies	192.6	187.3	182.0
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	175.4	172.2	168.2
<b>Total General Fund - State*</b>	<b>\$34,513.1</b>	<b>\$33,169.4</b>	<b>\$31,757.4</b>
<b>Difference from February 2014 Baseline</b>	<b>\$1,343.7</b>		<b>(\$1,412.0)</b>

1 Insurance premiums, General Fund-State portion.

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

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

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

Table 3.14

**Lottery transfers by fund**

June 2014 Forecast

(cash basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>	<b>Education Legacy Trust Account</b>
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	142.7	9.3	0.0	10.8	0.0	0.0	0.3	3.4	108.8	0.0	10.1
2015	139.4	0.0	0.0	11.2	0.0	0.0	0.3	3.5	118.3	0.0	6.1
2013-15 Biennium	282.1	9.3	0.0	22.0	0.0	0.0	0.6	6.9	227.1	0.0	16.1
2016	136.8	2.3	0.0	11.7	0.0	0.0	0.3	3.5	119.0	0.0	0.0
2017	135.9	1.0	0.0	12.2	0.0	0.0	0.3	3.5	119.0	0.0	0.0
2015-17 Biennium	272.7	3.3	0.0	23.8	0.0	0.0	0.6	6.9	238.0	0.0	0.0
2018	136.3	1.7	0.0	11.7	0.0	0.0	0.3	3.5	119.1	0.0	0.0
2019	140.6	5.5	0.0	12.2	0.0	0.0	0.3	3.5	119.1	0.0	0.0
2017-19 Biennium	276.9	7.3	0.0	23.8	0.0	0.0	0.7	6.9	238.2	0.0	0.0

Table 3.15

**Lottery transfers by fund**

June 2014 Forecast

(GAAP basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>	<b>Education Legacy Trust Account</b>
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0
2014	146.3	0.0	0.0	10.8	0.0	0.0	0.3	3.8	121.4	0.0	10.1
2015	142.8	2.3	0.0	11.2	0.0	0.0	0.3	3.5	119.4	0.0	6.1
2013-15 Biennium	289.1	2.3	0.0	22.0	0.0	0.0	0.6	7.3	240.8	0.0	16.1
2016	135.5	1.0	0.0	11.7	0.0	0.0	0.3	3.5	119.0	0.0	0.0
2017	136.7	1.7	0.0	12.2	0.0	0.0	0.3	3.5	119.0	0.0	0.0
2015-17 Biennium	272.2	2.8	0.0	23.8	0.0	0.0	0.6	6.9	238.0	0.0	0.0
2018	140.1	5.5	0.0	11.7	0.0	0.0	0.3	3.5	119.1	0.0	0.0
2019	142.0	7.0	0.0	12.2	0.0	0.0	0.3	3.5	119.1	0.0	0.0
2017-19 Biennium	282.1	12.5	0.0	23.8	0.0	0.0	0.7	6.9	238.2	0.0	0.0

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

Source: Lottery Commission, ERFC

Table 3.16

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

History and Forecast by Fiscal Year (Cash basis)

June 2014 - Millions of Dollars

History:	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.
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
FY 2012	\$14,874	1.5%	\$0	0.0%	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%
FY 2013	\$15,783	6.1%	\$0	0.0%	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%
Forecast:										
FY 2014	\$16,353	3.6%	\$0	0.0%	\$16,353	3.6%	\$212	110.1%	\$16,565	4.3%
FY 2015	\$16,816	2.8%	\$0	0.0%	\$16,816	2.8%	\$174	-18.0%	\$16,991	2.6%
FY 2016	\$17,569	4.5%	\$0	0.0%	\$17,569	4.5%	\$199	14.3%	\$17,768	4.6%
FY 2017	\$18,366	4.5%	\$0	0.0%	\$18,366	4.5%	\$198	-0.5%	\$18,565	4.5%
FY 2018	\$19,140	4.2%	\$0	0.0%	\$19,140	4.2%	\$201	1.3%	\$19,341	4.2%
FY 2019	\$19,883	3.9%	\$0	0.0%	\$19,883	3.9%	\$181	-9.9%	\$20,064	3.7%
<b>Biennial Totals</b>										
<b>03-05 Biennium</b>	<b>\$23,389</b>	<b>10.6%</b>	<b>\$2,006</b>	<b>-9.3%</b>	<b>\$25,395</b>	<b>8.7%</b>	<b>\$0</b>	<b>NA</b>	<b>\$25,395</b>	<b>8.7%</b>
<b>05-07 Biennium</b>	<b>\$27,772</b>	<b>18.7%</b>	<b>\$2,013</b>	<b>0.3%</b>	<b>\$29,785</b>	<b>17.3%</b>	<b>\$381</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>
<b>07-09 Biennium</b>	<b>\$27,703</b>	<b>-0.2%</b>	<b>\$2,114</b>	<b>5.0%</b>	<b>\$29,817</b>	<b>0.1%</b>	<b>\$437</b>	<b>14.8%</b>	<b>\$30,254</b>	<b>0.3%</b>
<b>09-11 Biennium</b>	<b>\$28,218</b>	<b>1.9%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$28,218</b>	<b>-5.4%</b>	<b>\$269</b>	<b>-38.5%</b>	<b>\$28,487</b>	<b>-5.8%</b>
<b>11-13 Biennium</b>	<b>\$30,657</b>	<b>8.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$30,657</b>	<b>8.6%</b>	<b>\$215</b>	<b>-19.9%</b>	<b>\$30,872</b>	<b>8.4%</b>
<b>13-15 Biennium</b>	<b>\$33,169</b>	<b>8.2%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$33,169</b>	<b>8.2%</b>	<b>\$387</b>	<b>79.6%</b>	<b>\$33,556</b>	<b>8.7%</b>
<b>15-17 Biennium</b>	<b>\$35,935</b>	<b>8.3%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$35,935</b>	<b>8.3%</b>	<b>\$397</b>	<b>2.8%</b>	<b>\$36,333</b>	<b>8.3%</b>
<b>17-19 Biennium</b>	<b>\$39,023</b>	<b>8.6%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$39,023</b>	<b>8.6%</b>	<b>\$382</b>	<b>-3.9%</b>	<b>\$39,405</b>	<b>8.5%</b>

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

Table 3.17

**Forecasted Distribution of Excise Tax and License Fees from Cannabis Sales**

Thousands of Dollars

Biennium	Total of Cannabis Excise Taxes plus License Fees	Pre-distribution Allotments				Distribution of Remaining Funds						
		DSHS State Healthy Youth Survey	Washington State Institute for Public Policy Study	UW Alcohol and Drug Abuse Institute	LCB for Administration	DSHS Substance Abuse Program (15%)	Dept. of Health Cannabis Education Program (10%)	UW/WSU Research (1%)	Basic Health Plan Trust Account (50%)	Health Care Authority Community Health Centers (5%)	OSPI Dropout Prevention (0.3%)	General Fund-State (18.7%)
2015-17	<b>\$133,679</b>	\$1,000	\$400	\$40	\$10,000	\$18,336	\$12,224	\$1,222	\$61,119	\$6,112	\$367	<b>\$22,859</b>
2017-19	<b>\$348,567</b>	\$1,000	\$400	\$40	\$10,000	\$50,569	\$33,713	\$3,371	\$168,564	\$16,856	\$1,011	<b>\$63,043</b>

Table 3.18

**Forecasted Retail Sales and B&O Taxes from Cannabis Sales**

Thousands of Dollars

	Retail Sales Tax from Cannabis Sales	B&O Tax from Cannabis Sales	Total GF-S B&O and Retail Sales Tax
2015-17	\$25,771	\$2,529	<b>\$28,300</b>
2017-19	\$68,675	\$6,739	<b>\$75,413</b>

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

Calendar Years

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

Table A1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	15,470.7	15,761.3	16,108.6	16,600.8	17,082.3	17,560.6	18,017.1	18,467.6
% Ch	2.8	1.9	2.2	3.1	2.9	2.8	2.6	2.5
Real Consumption	10,517.6	10,727.9	11,029.9	11,342.7	11,649.0	11,951.8	12,250.5	12,544.3
% Ch	2.2	2.0	2.8	2.8	2.7	2.6	2.5	2.4
Real Nonresidential Fixed Investment	1,931.8	1,984.4	2,061.5	2,200.6	2,330.0	2,488.0	2,621.0	2,700.3
% Ch	7.3	2.7	3.9	6.7	5.9	6.8	5.3	3.0
Real Residential Fixed Investment	433.8	486.6	504.7	577.1	651.4	683.6	689.0	695.6
% Ch	12.9	12.2	3.7	14.3	12.9	5.0	0.8	1.0
Real Personal Income	12,964.2	13,183.7	13,457.9	13,909.3	14,457.3	15,010.2	15,514.1	15,995.8
% Ch	2.3	1.7	2.1	3.4	3.9	3.8	3.4	3.1
Real Per Capita Income (\$/Person)	41,210	41,587	42,126	43,204	44,562	45,913	47,092	48,186
% Ch	1.6	0.9	1.3	2.6	3.1	3.0	2.6	2.3
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.060	1.072	1.088	1.105	1.119	1.136	1.153	1.169
% Ch	1.8	1.1	1.5	1.6	1.3	1.5	1.5	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.296	2.330	2.374	2.416	2.447	2.487	2.530	2.567
% Ch	2.1	1.5	1.9	1.8	1.3	1.6	1.7	1.5
Employment Cost Index (Dec. 2005=1.0)	1.161	1.182	1.202	1.230	1.261	1.293	1.326	1.360
% Ch	1.8	1.9	1.7	2.3	2.5	2.6	2.6	2.5
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	16,244.6	16,799.7	17,431.2	18,325.4	19,180.6	20,073.8	20,926.2	21,765.0
% Ch	4.6	3.4	3.8	5.1	4.7	4.7	4.2	4.0
Personal Income	13,743.8	14,134.7	14,643.9	15,370.2	16,184.1	17,049.8	17,889.0	18,702.1
% Ch	4.2	2.8	3.6	5.0	5.3	5.3	4.9	4.5
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	155.0	155.4	156.3	158.7	160.9	162.8	164.1	165.1
Total U.S. Employment	142.5	143.9	146.4	149.3	151.6	153.6	155.0	155.9
Unemployment Rate (%)	8.08	7.35	6.33	5.93	5.74	5.63	5.58	5.57
Nonfarm Payroll Employment	134.10	136.36	138.90	141.40	143.88	145.95	147.31	148.18
% Ch	1.7	1.7	1.9	1.8	1.7	1.4	0.9	0.6
Manufacturing	11.93	12.00	12.15	12.39	12.52	12.56	12.52	12.44
% Ch	1.7	0.7	1.2	2.0	1.1	0.3	-0.3	-0.6
Durable Manufacturing	7.47	7.54	7.67	7.90	8.05	8.10	8.08	8.04
% Ch	2.7	1.0	1.7	3.0	1.9	0.7	-0.2	-0.6
Nondurable Manufacturing	4.46	4.46	4.48	4.49	4.47	4.45	4.44	4.41
% Ch	0.1	0.1	0.5	0.2	-0.4	-0.4	-0.4	-0.7
Construction	5.65	5.83	6.05	6.40	6.98	7.57	7.93	8.13
% Ch	2.1	3.3	3.7	5.8	9.0	8.5	4.8	2.5
Service-Providing	115.68	117.66	119.77	121.65	123.41	124.83	125.85	126.60
% Ch	1.6	1.7	1.8	1.6	1.4	1.2	0.8	0.6
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	94.2	98.0	101.3	94.4	89.0	86.3	85.0	84.0
Personal Saving/Disposable Income (%)	5.6	4.5	3.6	3.8	4.9	6.0	6.7	7.2
Auto Sales (Millions)	7.2	7.6	7.5	7.9	8.0	8.2	8.3	8.4
% Ch	19.0	4.6	-0.7	4.6	1.8	2.8	0.5	1.2
Housing Starts (Millions)	0.784	0.930	1.027	1.208	1.464	1.571	1.576	1.576
% Ch	28.1	18.6	10.5	17.6	21.2	7.3	0.3	0.0
Federal Budget Surplus (Billions)	-1,109.7	-752.3	-683.1	-645.5	-674.8	-735.7	-794.5	-830.6
Net Exports (Billions)	-547.2	-497.3	-506.9	-463.0	-466.6	-484.4	-475.4	-428.7
3-Month Treasury Bill Rate (%)	0.09	0.06	0.07	0.39	2.18	3.62	3.73	3.72
10-Year Treasury Note Yield (%)	1.80	2.35	2.77	3.30	3.89	4.46	4.55	4.53
Bond Index of 20 G.O. Munis. (%)	3.73	4.26	4.52	4.95	5.36	5.79	5.86	5.86
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.36	4.99	5.78	6.51	6.63	6.61

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	15,902.9	16,050.9	16,176.9	16,303.9	16,428.0	16,547.2	16,661.5	16,766.7
% Ch , Annual Rate	-1.0	3.8	3.2	3.2	3.1	2.9	2.8	2.6
Real Consumption	10,914.4	10,992.5	11,065.6	11,147.1	11,228.9	11,308.5	11,383.2	11,450.3
% Ch , Annual Rate	3.1	2.9	2.7	3.0	3.0	2.9	2.7	2.4
Real Nonresidential Fixed Investment	2,014.5	2,044.8	2,072.6	2,114.3	2,152.2	2,185.0	2,217.8	2,247.3
% Ch , Annual Rate	-1.6	6.1	5.6	8.3	7.4	6.2	6.1	5.4
Real Residential Fixed Investment	482.7	496.7	510.3	529.3	549.1	567.0	586.2	606.1
% Ch , Annual Rate	-5.1	12.2	11.4	15.7	15.8	13.7	14.2	14.3
Real Personal Income	13,343.9	13,413.9	13,492.5	13,581.2	13,732.3	13,848.9	13,963.4	14,092.7
% Ch , Annual Rate	1.9	2.1	2.4	2.7	4.5	3.4	3.3	3.8
Real Per Capita Income (\$/Person)	41,891	42,029	42,194	42,390	42,779	43,059	43,331	43,649
% Ch , Annual Rate	1.1	1.3	1.6	1.9	3.7	2.6	2.6	3.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.080	1.086	1.090	1.095	1.100	1.103	1.107	1.110
% Ch , Annual Rate	1.4	2.2	1.6	1.8	1.6	1.3	1.3	1.1
U.S. Consumer Price Index (1982-84=1.0)	2.352	2.369	2.379	2.394	2.405	2.413	2.421	2.426
% Ch , Annual Rate	1.9	2.8	1.7	2.5	1.9	1.3	1.2	0.9
Employment Cost Index (Dec. 2005=1.0)	1.193	1.199	1.206	1.212	1.219	1.227	1.234	1.242
% Ch , Annual Rate	0.7	2.1	2.2	2.1	2.4	2.5	2.5	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	17,101.3	17,310.3	17,532.4	17,780.9	18,020.6	18,231.1	18,431.5	18,618.4
% Ch , Annual Rate	0.3	5.0	5.2	5.8	5.5	4.8	4.5	4.1
Personal Income	14,417.3	14,570.1	14,712.2	14,875.8	15,102.3	15,279.4	15,455.9	15,643.1
% Ch , Annual Rate	3.3	4.3	4.0	4.5	6.2	4.8	4.7	4.9
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	155.8	155.9	156.4	157.0	157.8	158.5	159.1	159.5
Total U.S. Employment	145.4	146.1	146.7	147.4	148.3	149.1	149.8	150.2
Unemployment Rate (%)	6.67	6.31	6.22	6.12	6.02	5.94	5.89	5.86
Nonfarm Payroll Employment	137.75	138.57	139.36	139.91	140.50	141.10	141.67	142.34
% Ch , Annual Rate	1.5	2.4	2.3	1.6	1.7	1.7	1.6	1.9
Manufacturing	12.08	12.13	12.20	12.20	12.29	12.38	12.42	12.47
% Ch , Annual Rate	1.3	1.9	2.1	0.2	3.0	2.8	1.2	1.7
Durable Manufacturing	7.60	7.65	7.71	7.72	7.80	7.88	7.93	7.98
% Ch , Annual Rate	1.2	2.8	3.0	0.7	4.3	4.2	2.4	2.6
Nondurable Manufacturing	4.48	4.48	4.49	4.48	4.49	4.50	4.49	4.49
% Ch , Annual Rate	1.5	0.4	0.7	-0.6	0.8	0.5	-0.7	0.1
Construction	5.95	6.02	6.07	6.15	6.23	6.32	6.45	6.59
% Ch , Annual Rate	4.8	4.6	4.0	5.2	5.3	6.0	8.4	8.6
Service-Providing	118.84	119.51	120.15	120.60	121.01	121.43	121.84	122.32
% Ch , Annual Rate	1.3	2.3	2.2	1.5	1.4	1.4	1.4	1.6
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	98.7	102.8	103.4	100.4	97.6	95.2	93.2	91.8
Personal Saving/Disposable Income (%)	4.0	3.7	3.4	3.3	3.6	3.7	3.9	4.1
Auto Sales (Millions)	7.2	7.6	7.6	7.7	7.9	7.8	7.9	7.9
% Ch , Annual Rate	-18.2	19.6	2.6	2.3	11.1	-1.9	1.7	3.1
Housing Starts (Millions)	0.924	1.035	1.053	1.097	1.125	1.176	1.227	1.304
% Ch , Annual Rate	-34.0	57.3	7.2	17.7	10.7	19.4	18.5	27.8
Federal Budget Surplus (Billions)	-728.9	-717.8	-654.9	-630.8	-663.5	-656.4	-639.7	-622.3
Net Exports (Billions)	-501.8	-541.1	-501.1	-483.5	-470.8	-461.1	-458.3	-461.8
3-Month Treasury Bill Rate (%)	0.05	0.06	0.09	0.07	0.08	0.12	0.41	0.94
10-Year Treasury Note Yield (%)	2.76	2.63	2.71	2.96	3.18	3.21	3.31	3.50
Bond Index of 20 G.O. Munis. (%)	4.49	4.34	4.49	4.74	4.85	4.88	4.98	5.09
30-Year Fixed Mortgage Rate (%)	4.36	4.23	4.30	4.56	4.77	4.90	5.02	5.28

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	16,886.8	17,013.5	17,145.3	17,283.4	17,383.2	17,499.2	17,617.9	17,742.0
% Ch , Annual Rate	2.9	3.0	3.1	3.3	2.3	2.7	2.7	2.8
Real Consumption	11,533.9	11,607.7	11,685.3	11,769.0	11,833.1	11,910.6	11,989.2	12,074.4
% Ch , Annual Rate	3.0	2.6	2.7	2.9	2.2	2.6	2.7	2.9
Real Nonresidential Fixed Investment	2,270.6	2,310.4	2,348.7	2,390.4	2,429.7	2,469.0	2,507.9	2,545.4
% Ch , Annual Rate	4.2	7.2	6.8	7.3	6.7	6.6	6.5	6.1
Real Residential Fixed Investment	624.9	645.4	661.4	673.9	681.6	682.9	684.0	686.0
% Ch , Annual Rate	13.0	13.8	10.3	7.8	4.7	0.8	0.6	1.2
Real Personal Income	14,260.7	14,391.2	14,519.8	14,657.5	14,814.2	14,949.2	15,075.1	15,202.2
% Ch , Annual Rate	4.9	3.7	3.6	3.8	4.3	3.7	3.4	3.4
Real Per Capita Income (\$/Person)	44,084	44,402	44,713	45,050	45,444	45,771	46,068	46,367
% Ch , Annual Rate	4.1	2.9	2.8	3.1	3.5	2.9	2.6	2.6
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.114	1.117	1.121	1.125	1.129	1.134	1.138	1.142
% Ch , Annual Rate	1.4	1.2	1.3	1.5	1.5	1.5	1.5	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.435	2.442	2.451	2.462	2.471	2.482	2.493	2.504
% Ch , Annual Rate	1.5	1.2	1.4	1.7	1.6	1.7	1.8	1.7
Employment Cost Index (Dec. 2005=1.0)	1.249	1.257	1.265	1.273	1.281	1.289	1.297	1.305
% Ch , Annual Rate	2.5	2.5	2.6	2.6	2.6	2.5	2.5	2.5
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	18,838.6	19,057.0	19,289.4	19,537.6	19,745.7	19,962.9	20,182.7	20,403.8
% Ch , Annual Rate	4.8	4.7	5.0	5.2	4.3	4.5	4.5	4.5
Personal Income	15,884.6	16,079.7	16,277.6	16,494.5	16,731.8	16,947.3	17,155.3	17,364.7
% Ch , Annual Rate	6.3	5.0	5.0	5.4	5.9	5.3	5.0	5.0
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	160.0	160.6	161.1	161.7	162.1	162.6	163.0	163.3
Total U.S. Employment	150.7	151.3	151.9	152.5	153.0	153.4	153.8	154.2
Unemployment Rate (%)	5.81	5.77	5.72	5.67	5.65	5.64	5.62	5.59
Nonfarm Payroll Employment	142.93	143.56	144.18	144.83	145.30	145.76	146.17	146.57
% Ch , Annual Rate	1.7	1.8	1.8	1.8	1.3	1.3	1.1	1.1
Manufacturing	12.50	12.51	12.53	12.54	12.57	12.57	12.55	12.54
% Ch , Annual Rate	1.1	0.1	0.9	0.4	0.8	-0.1	-0.4	-0.6
Durable Manufacturing	8.02	8.03	8.06	8.08	8.11	8.11	8.10	8.09
% Ch , Annual Rate	1.9	0.5	1.7	1.1	1.2	0.1	-0.2	-0.7
Nondurable Manufacturing	4.49	4.48	4.47	4.46	4.46	4.46	4.45	4.45
% Ch , Annual Rate	-0.5	-0.6	-0.7	-0.8	0.1	-0.4	-0.7	-0.4
Construction	6.73	6.89	7.06	7.23	7.38	7.52	7.64	7.75
% Ch , Annual Rate	9.1	9.9	10.0	9.8	8.9	7.7	6.6	5.8
Service-Providing	122.74	123.19	123.62	124.09	124.37	124.69	124.98	125.29
% Ch , Annual Rate	1.4	1.5	1.4	1.5	0.9	1.0	0.9	1.0
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	90.5	89.3	88.4	87.7	87.1	86.5	85.9	85.7
Personal Saving/Disposable Income (%)	4.5	4.8	5.1	5.3	5.6	5.9	6.1	6.3
Auto Sales (Millions)	7.9	8.0	8.0	8.1	8.2	8.2	8.3	8.3
% Ch , Annual Rate	-0.2	4.0	2.0	2.8	2.9	4.4	0.8	1.6
Housing Starts (Millions)	1.379	1.439	1.500	1.539	1.568	1.565	1.571	1.581
% Ch , Annual Rate	24.9	18.4	18.1	11.0	7.6	-0.8	1.6	2.5
Federal Budget Surplus (Billions)	-662.2	-669.5	-672.4	-695.1	-696.5	-728.8	-743.7	-773.8
Net Exports (Billions)	-461.7	-466.8	-467.8	-469.9	-480.1	-483.6	-484.7	-489.1
3-Month Treasury Bill Rate (%)	1.41	1.93	2.43	2.93	3.35	3.66	3.74	3.74
10-Year Treasury Note Yield (%)	3.70	3.81	3.95	4.09	4.27	4.44	4.56	4.56
Bond Index of 20 G.O. Munis. (%)	5.20	5.29	5.41	5.54	5.67	5.79	5.84	5.85
30-Year Fixed Mortgage Rate (%)	5.50	5.68	5.86	6.08	6.29	6.50	6.62	6.63

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

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
<b>Real National Income Accounts (Billions of Chained 2009 Dollars)</b>								
Real Gross Domestic Product	17,843.1	17,957.1	18,076.9	18,191.5	18,299.7	18,409.0	18,524.4	18,637.2
% Ch , Annual Rate	2.3	2.6	2.7	2.6	2.4	2.4	2.5	2.5
Real Consumption	12,137.1	12,214.6	12,289.7	12,360.5	12,432.3	12,506.7	12,581.0	12,657.3
% Ch , Annual Rate	2.1	2.6	2.5	2.3	2.3	2.4	2.4	2.4
Real Nonresidential Fixed Investment	2,579.2	2,607.7	2,636.0	2,661.0	2,680.0	2,693.7	2,707.5	2,720.2
% Ch , Annual Rate	5.4	4.5	4.4	3.9	2.9	2.1	2.1	1.9
Real Residential Fixed Investment	686.4	687.2	690.0	692.3	692.2	692.6	697.2	700.2
% Ch , Annual Rate	0.2	0.5	1.6	1.3	-0.1	0.3	2.7	1.7
Real Personal Income	15,339.6	15,457.5	15,571.9	15,687.6	15,826.1	15,942.0	16,053.7	16,161.5
% Ch , Annual Rate	3.7	3.1	3.0	3.0	3.6	3.0	2.8	2.7
Real Per Capita Income (\$/Person)	46,697	46,966	47,223	47,484	47,812	48,070	48,316	48,548
% Ch , Annual Rate	2.9	2.3	2.2	2.2	2.8	2.2	2.1	1.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.147	1.151	1.155	1.159	1.163	1.167	1.171	1.175
% Ch , Annual Rate	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.3
U.S. Consumer Price Index (1982-84=1.0)	2.515	2.525	2.535	2.545	2.554	2.563	2.571	2.581
% Ch , Annual Rate	1.8	1.6	1.7	1.5	1.5	1.3	1.4	1.4
Employment Cost Index (Dec. 2005=1.0)	1.314	1.322	1.331	1.339	1.347	1.356	1.364	1.372
% Ch , Annual Rate	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	20,608.6	20,816.7	21,034.4	21,245.1	21,456.9	21,658.4	21,868.6	22,076.3
% Ch , Annual Rate	4.1	4.1	4.2	4.1	4.0	3.8	3.9	3.9
Personal Income	17,589.4	17,790.1	17,988.9	18,187.4	18,411.5	18,607.6	18,799.9	18,989.4
% Ch , Annual Rate	5.3	4.6	4.5	4.5	5.0	4.3	4.2	4.1
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	163.6	164.0	164.3	164.6	164.8	165.0	165.2	165.4
Total U.S. Employment	154.5	154.8	155.1	155.4	155.6	155.8	156.0	156.2
Unemployment Rate (%)	5.59	5.58	5.57	5.57	5.57	5.57	5.57	5.57
Nonfarm Payroll Employment	146.87	147.18	147.47	147.72	147.93	148.11	148.28	148.41
% Ch, Annual Rate	0.8	0.8	0.8	0.7	0.6	0.5	0.5	0.4
Manufacturing	12.52	12.52	12.52	12.52	12.49	12.46	12.43	12.40
% Ch, Annual Rate	-0.6	0.2	0.0	-0.1	-1.0	-0.8	-1.1	-1.0
Durable Manufacturing	8.07	8.08	8.09	8.09	8.07	8.05	8.03	8.00
% Ch, Annual Rate	-0.7	0.4	0.3	0.0	-1.0	-0.8	-1.2	-1.1
Nondurable Manufacturing	4.44	4.44	4.44	4.43	4.42	4.41	4.40	4.39
% Ch, Annual Rate	-0.3	-0.3	-0.4	-0.4	-0.8	-0.9	-1.0	-0.8
Construction	7.83	7.91	7.97	8.02	8.07	8.11	8.15	8.19
% Ch, Annual Rate	4.6	3.7	3.2	2.8	2.4	2.0	2.1	1.9
Service-Providing	125.51	125.74	125.97	126.16	126.36	126.53	126.69	126.82
% Ch, Annual Rate	0.7	0.7	0.7	0.6	0.6	0.6	0.5	0.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	85.4	85.1	84.8	84.5	84.3	84.1	83.9	83.7
Personal Saving/Disposable Income (%)	6.5	6.6	6.7	6.9	7.1	7.1	7.2	7.2
Auto Sales (Millions)	8.3	8.3	8.3	8.3	8.3	8.3	8.4	8.4
% Ch, Annual Rate	-0.2	-0.5	-0.2	0.5	1.5	1.7	3.1	0.9
Housing Starts (Millions)	1.581	1.575	1.574	1.574	1.573	1.572	1.576	1.582
% Ch, Annual Rate	0.1	-1.4	-0.4	0.1	-0.3	-0.2	1.0	1.5
Federal Budget Surplus (Billions)	-764.5	-793.6	-802.9	-817.0	-823.3	-833.3	-829.5	-836.4
Net Exports (Billions)	-486.2	-483.5	-472.2	-459.8	-446.9	-436.3	-422.3	-409.1
3-Month Treasury Bill Rate (%)	3.73	3.73	3.74	3.73	3.73	3.72	3.72	3.71
10-Year Treasury Note Yield (%)	4.55	4.56	4.56	4.55	4.55	4.53	4.54	4.52
Bond Index of 20 G.O. Munis. (%)	5.85	5.86	5.87	5.87	5.87	5.86	5.86	5.86
30-Year Fixed Mortgage Rate (%)	6.63	6.63	6.63	6.63	6.62	6.61	6.61	6.61

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

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	299.567	305.664	314.346	325.692	339.728	353.743	367.294	380.894
% Ch	2.9	2.0	2.8	3.6	4.3	4.1	3.8	3.7
Real Wage and Salary Disb.	154.311	158.385	163.757	169.025	175.357	180.883	186.479	192.460
% Ch	3.6	2.6	3.4	3.2	3.7	3.2	3.1	3.2
Real Nonwage Income	145.256	147.278	150.589	156.668	164.371	172.860	180.814	188.434
% Ch	2.1	1.4	2.2	4.0	4.9	5.2	4.6	4.2
Real Per Capita Income (\$/Person)	43,383	43,784	44,519	45,583	47,002	48,393	49,683	50,922
% Ch	1.8	0.9	1.7	2.4	3.1	3.0	2.7	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.060	1.072	1.088	1.105	1.119	1.136	1.153	1.169
% Ch	1.8	1.1	1.5	1.6	1.3	1.5	1.5	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.386	2.416	2.469	2.520	2.559	2.605	2.652	2.696
% Ch	2.5	1.2	2.2	2.1	1.6	1.8	1.8	1.6
Average Nonfarm Annual Wage	53,696	54,494	55,998	57,621	59,501	61,411	63,493	65,732
% Ch	3.8	1.5	2.8	2.9	3.3	3.2	3.4	3.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.14	24.34	25.02	25.52	26.05	26.62	27.20	27.77
% Ch	0.7	0.8	2.8	2.0	2.1	2.2	2.2	2.1
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	317.575	327.709	342.045	359.901	380.307	401.812	423.520	445.339
% Ch	4.8	3.2	4.4	5.2	5.7	5.7	5.4	5.2
Disposable Personal Income	282.961	289.258	301.153	316.369	334.486	353.905	373.571	393.064
% Ch	4.5	2.2	4.1	5.1	5.7	5.8	5.6	5.2
Per Capita Income (\$/Person)	45,991	46,942	48,441	50,370	52,615	54,968	57,288	59,537
% Ch	3.6	2.1	3.2	4.0	4.5	4.5	4.2	3.9
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,483.8	3,461.4	3,484.6	3,551.8	3,609.7	3,662.4	3,710.4	3,756.8
Total Washington Employment	3,202.1	3,219.0	3,272.0	3,345.8	3,403.5	3,453.4	3,498.8	3,542.5
Unemployment Rate (%)	8.08	7.00	6.10	5.80	5.71	5.71	5.70	5.71
Nonfarm Payroll Employment	2,921.6	2,990.4	3,057.7	3,117.4	3,175.3	3,221.9	3,262.9	3,299.7
% Ch	1.7	2.4	2.3	2.0	1.9	1.5	1.3	1.1
Manufacturing	280.3	286.6	288.4	292.6	295.4	296.9	298.1	298.8
% Ch	4.3	2.2	0.6	1.5	1.0	0.5	0.4	0.2
Durable Manufacturing	204.5	209.5	210.0	213.1	215.1	215.8	216.4	216.8
% Ch	5.8	2.4	0.2	1.5	0.9	0.4	0.3	0.2
Aerospace	94.2	96.1	93.0	90.8	88.5	86.3	84.4	82.7
% Ch	8.8	2.0	-3.2	-2.4	-2.5	-2.5	-2.2	-2.0
Nondurable Manufacturing	75.7	77.0	78.3	79.5	80.3	81.1	81.7	82.0
% Ch	0.6	1.7	1.7	1.5	1.1	0.9	0.8	0.4
Construction	139.0	148.8	158.2	166.1	175.8	184.6	193.0	198.6
% Ch	1.9	7.1	6.3	5.0	5.8	5.0	4.6	2.9
Service-Providing	2,496.4	2,548.9	2,604.7	2,651.7	2,697.0	2,733.0	2,764.3	2,794.8
% Ch	1.4	2.1	2.2	1.8	1.7	1.3	1.1	1.1
Software Publishers	52.4	53.9	55.5	56.1	56.8	57.6	58.5	59.1
% Ch	1.4	2.9	2.9	1.1	1.4	1.4	1.4	1.2
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	28.118	32.962	33.690	36.205	41.043	42.668	42.957	43.777
% Ch	34.8	17.2	2.2	7.5	13.4	4.0	0.7	1.9
Single-Family	16.508	18.396	18.573	22.748	27.233	29.106	29.237	29.430
% Ch	25.5	11.4	1.0	22.5	19.7	6.9	0.5	0.7
Multi-Family	11.610	14.566	15.117	13.456	13.811	13.562	13.720	14.347
% Ch	50.7	25.5	3.8	-11.0	2.6	-1.8	1.2	4.6
30-Year Fixed Mortgage Rate (%)	3.66	3.98	4.36	4.99	5.78	6.51	6.63	6.61

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

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	312.495	312.754	315.161	316.973	320.640	324.259	327.441	330.429
% Ch, Annual Rate	4.7	0.3	3.1	2.3	4.7	4.6	4.0	3.7
Real Wage and Salary Disb.	163.187	162.587	164.356	164.900	166.191	168.315	170.098	171.495
% Ch, Annual Rate	6.7	-1.5	4.4	1.3	3.2	5.2	4.3	3.3
Real Nonwage Income	149.308	150.168	150.805	152.073	154.449	155.944	157.343	158.934
% Ch, Annual Rate	2.5	2.3	1.7	3.4	6.4	3.9	3.6	4.1
Real Per Capita Income (\$/Person)	44,454	44,359	44,569	44,693	45,076	45,449	45,761	46,045
% Ch, Annual Rate	3.5	-0.9	1.9	1.1	3.5	3.4	2.8	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.080	1.086	1.090	1.095	1.100	1.103	1.107	1.110
% Ch, Annual Rate	1.4	2.2	1.6	1.8	1.6	1.3	1.3	1.1
Seattle Cons. Price Index (1982-84=1.0)	2.440	2.465	2.477	2.492	2.505	2.515	2.525	2.533
% Ch, Annual Rate	2.6	4.3	1.9	2.5	2.1	1.6	1.5	1.3
Average Nonfarm Annual Wage	55,811	55,641	56,172	56,370	56,759	57,417	57,973	58,335
% Ch, Annual Rate	5.9	-1.2	3.9	1.4	2.8	4.7	3.9	2.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.81	24.99	25.09	25.20	25.32	25.45	25.58	25.71
% Ch, Annual Rate	0.3	2.8	1.7	1.6	2.0	2.1	2.1	2.0
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	337.626	339.712	343.652	347.188	352.628	357.754	362.441	366.780
% Ch, Annual Rate	6.1	2.5	4.7	4.2	6.4	5.9	5.3	4.9
Disposable Personal Income	297.855	299.171	302.224	305.364	309.979	314.459	318.707	322.333
% Ch, Annual Rate	5.9	1.8	4.1	4.2	6.2	5.9	5.5	4.6
Per Capita Income (\$/Person)	48,029	48,183	48,598	48,953	49,573	50,144	50,653	51,111
% Ch, Annual Rate	4.9	1.3	3.5	3.0	5.2	4.7	4.1	3.7
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,459.0	3,478.9	3,492.2	3,508.1	3,527.2	3,545.0	3,561.5	3,573.5
Total Washington Employment	3,238.8	3,267.7	3,281.8	3,299.6	3,320.4	3,339.3	3,356.0	3,367.6
Unemployment Rate (%)	6.37	6.07	6.03	5.94	5.86	5.80	5.77	5.76
Nonfarm Payroll Employment	3,035.1	3,049.4	3,066.3	3,080.1	3,094.8	3,110.1	3,124.3	3,140.2
% Ch, Annual Rate	2.2	1.9	2.2	1.8	1.9	2.0	1.8	2.1
Manufacturing	287.5	288.1	288.8	289.0	290.7	292.3	293.1	294.1
% Ch, Annual Rate	1.2	0.9	1.0	0.2	2.4	2.3	1.0	1.4
Durable Manufacturing	209.3	210.0	210.3	210.4	211.6	212.9	213.5	214.3
% Ch, Annual Rate	0.3	1.4	0.6	0.2	2.4	2.3	1.3	1.4
Aerospace	93.7	93.4	92.8	92.2	91.7	91.1	90.5	89.9
% Ch, Annual Rate	-4.6	-1.1	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Nondurable Manufacturing	78.2	78.1	78.5	78.6	79.1	79.5	79.6	79.9
% Ch, Annual Rate	3.8	-0.3	1.9	0.4	2.5	2.1	0.5	1.6
Construction	155.2	157.9	159.1	160.5	162.8	165.0	167.2	169.5
% Ch, Annual Rate	8.7	7.1	3.2	3.3	6.0	5.6	5.4	5.6
Service-Providing	2,586.1	2,597.0	2,611.8	2,623.9	2,634.5	2,645.8	2,657.1	2,669.6
% Ch, Annual Rate	2.0	1.7	2.3	1.9	1.6	1.7	1.7	1.9
Software Publishers	55.1	55.3	55.7	55.8	55.9	55.9	56.1	56.3
% Ch, Annual Rate	2.0	1.8	2.5	1.2	0.4	0.5	1.1	1.7
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	31.174	37.399	32.629	33.558	34.400	35.635	36.663	38.121
% Ch, Annual Rate	-45.4	107.1	-42.1	11.9	10.4	15.2	12.0	16.9
Single-Family	17.051	17.423	19.451	20.366	21.288	22.302	23.083	24.320
% Ch, Annual Rate	-24.3	9.0	55.3	20.2	19.4	20.4	14.8	23.2
Multi-Family	14.123	19.975	13.178	13.193	13.111	13.334	13.580	13.800
% Ch, Annual Rate	-62.0	300.1	-81.1	0.4	-2.4	7.0	7.6	6.7
30-Year Fixed Mortgage Rate (%)	4.36	4.23	4.30	4.56	4.77	4.90	5.02	5.28

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

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	334.495	338.361	341.319	344.737	348.484	352.444	355.286	358.759
% Ch, Annual Rate	5.0	4.7	3.5	4.1	4.4	4.6	3.3	4.0
Real Wage and Salary Disb.	172.939	174.943	176.091	177.456	178.727	180.533	181.381	182.890
% Ch, Annual Rate	3.4	4.7	2.7	3.1	2.9	4.1	1.9	3.4
Real Nonwage Income	161.557	163.418	165.228	167.281	169.758	171.911	173.905	175.868
% Ch, Annual Rate	6.8	4.7	4.5	5.1	6.1	5.2	4.7	4.6
Real Per Capita Income (\$/Person)	46,478	46,880	47,155	47,493	47,875	48,284	48,537	48,874
% Ch, Annual Rate	3.8	3.5	2.4	2.9	3.3	3.5	2.1	2.8
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.114	1.117	1.121	1.125	1.129	1.134	1.138	1.142
% Ch, Annual Rate	1.4	1.2	1.3	1.5	1.5	1.5	1.5	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.544	2.553	2.564	2.576	2.587	2.599	2.611	2.623
% Ch, Annual Rate	1.7	1.5	1.7	1.9	1.8	1.8	1.9	1.8
Average Nonfarm Annual Wage	58,743	59,366	59,719	60,177	60,614	61,265	61,605	62,162
% Ch, Annual Rate	2.8	4.3	2.4	3.1	2.9	4.4	2.2	3.7
Avg. Hourly Earnings-Mfg. (\$/Hour)	25.85	25.98	26.12	26.27	26.41	26.55	26.69	26.83
% Ch, Annual Rate	2.1	2.1	2.2	2.2	2.2	2.1	2.1	2.1
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	372.583	378.061	382.640	387.943	393.594	399.550	404.311	409.792
% Ch, Annual Rate	6.5	6.0	4.9	5.7	6.0	6.2	4.9	5.5
Disposable Personal Income	327.331	332.235	336.673	341.703	346.027	351.658	356.323	361.611
% Ch, Annual Rate	6.3	6.1	5.5	6.1	5.2	6.7	5.4	6.1
Per Capita Income (\$/Person)	51,770	52,381	52,864	53,445	54,072	54,737	55,235	55,827
% Ch, Annual Rate	5.3	4.8	3.7	4.5	4.8	5.0	3.7	4.4
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,588.1	3,602.7	3,616.9	3,631.0	3,643.5	3,656.6	3,668.6	3,680.8
Total Washington Employment	3,382.3	3,396.6	3,410.5	3,424.6	3,435.8	3,447.8	3,459.0	3,471.0
Unemployment Rate (%)	5.73	5.72	5.71	5.68	5.70	5.71	5.71	5.70
Nonfarm Payroll Employment	3,154.7	3,168.9	3,182.1	3,195.6	3,205.9	3,217.0	3,226.9	3,237.8
% Ch, Annual Rate	1.9	1.8	1.7	1.7	1.3	1.4	1.2	1.4
Manufacturing	294.8	295.1	295.6	296.0	296.7	296.9	297.0	297.0
% Ch, Annual Rate	0.9	0.3	0.8	0.5	0.9	0.3	0.0	0.1
Durable Manufacturing	214.7	214.8	215.2	215.5	215.9	215.9	215.8	215.7
% Ch, Annual Rate	0.9	0.1	0.8	0.6	0.7	0.1	-0.1	-0.2
Aerospace	89.4	88.8	88.2	87.7	87.1	86.6	86.0	85.5
% Ch, Annual Rate	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Nondurable Manufacturing	80.1	80.3	80.4	80.5	80.8	81.0	81.1	81.3
% Ch, Annual Rate	1.1	0.9	0.8	0.4	1.4	1.0	0.5	0.8
Construction	172.2	174.7	177.0	179.3	181.2	183.6	185.6	187.9
% Ch, Annual Rate	6.5	5.9	5.3	5.4	4.3	5.3	4.5	5.1
Service-Providing	2,680.6	2,692.0	2,702.3	2,712.9	2,720.6	2,729.1	2,736.9	2,745.4
% Ch, Annual Rate	1.7	1.7	1.5	1.6	1.1	1.2	1.2	1.2
Software Publishers	56.5	56.7	56.9	57.1	57.3	57.5	57.7	57.9
% Ch, Annual Rate	1.5	1.4	1.4	1.3	1.6	1.5	1.4	1.3
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	39.552	40.607	41.686	42.329	42.672	42.540	42.637	42.820
% Ch, Annual Rate	15.9	11.1	11.1	6.3	3.3	-1.2	0.9	1.7
Single-Family	25.727	26.704	27.855	28.646	28.979	29.013	29.124	29.306
% Ch, Annual Rate	25.2	16.1	18.4	11.9	4.7	0.5	1.5	2.5
Multi-Family	13.825	13.903	13.832	13.683	13.693	13.528	13.514	13.515
% Ch, Annual Rate	0.7	2.3	-2.0	-4.2	0.3	-4.7	-0.4	0.0
30-Year Fixed Mortgage Rate (%)	5.50	5.68	5.86	6.08	6.29	6.50	6.62	6.63

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

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
<b>Real Income (Billions of Chained 2009 Dollars)</b>								
Real Personal Income	362.285	366.005	368.694	372.191	375.821	379.639	382.341	385.774
% Ch, Annual Rate	4.0	4.2	3.0	3.8	4.0	4.1	2.9	3.6
Real Wage and Salary Disb.	184.178	186.041	186.980	188.719	190.137	192.087	192.976	194.640
% Ch, Annual Rate	2.8	4.1	2.0	3.8	3.0	4.2	1.9	3.5
Real Nonwage Income	178.108	179.963	181.715	183.472	185.684	187.552	189.365	191.133
% Ch, Annual Rate	5.2	4.2	4.0	3.9	4.9	4.1	3.9	3.8
Real Per Capita Income (\$/Person)	49,216	49,581	49,804	50,131	50,472	50,833	51,041	51,342
% Ch, Annual Rate	2.8	3.0	1.8	2.7	2.7	2.9	1.6	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2009=1.0)	1.147	1.151	1.155	1.159	1.163	1.167	1.171	1.175
% Ch, Annual Rate	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.3
Seattle Cons. Price Index (1982-84=1.0)	2.635	2.647	2.658	2.669	2.680	2.691	2.701	2.712
% Ch, Annual Rate	1.9	1.8	1.8	1.7	1.6	1.5	1.6	1.6
Average Nonfarm Annual Wage	62,633	63,318	63,682	64,339	64,843	65,568	65,928	66,588
% Ch, Annual Rate	3.1	4.4	2.3	4.2	3.2	4.5	2.2	4.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	26.97	27.12	27.27	27.42	27.56	27.70	27.84	27.98
% Ch, Annual Rate	2.2	2.2	2.2	2.2	2.1	2.0	2.0	2.0
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	415.422	421.236	425.923	431.500	437.216	443.117	447.745	453.276
% Ch, Annual Rate	5.6	5.7	4.5	5.3	5.4	5.5	4.2	5.0
Disposable Personal Income	366.004	371.469	375.850	380.963	385.835	391.061	395.188	400.172
% Ch, Annual Rate	4.9	6.1	4.8	5.6	5.2	5.5	4.3	5.1
Per Capita Income (\$/Person)	56,435	57,063	57,534	58,119	58,717	59,333	59,772	60,326
% Ch, Annual Rate	4.4	4.5	3.3	4.1	4.2	4.3	3.0	3.8
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,692.4	3,704.5	3,716.5	3,728.1	3,739.8	3,751.0	3,762.8	3,773.8
Total Washington Employment	3,481.7	3,493.1	3,504.6	3,515.6	3,526.6	3,537.0	3,548.1	3,558.2
Unemployment Rate (%)	5.70	5.71	5.70	5.70	5.70	5.71	5.71	5.71
Nonfarm Payroll Employment	3,247.6	3,257.9	3,268.2	3,277.8	3,287.0	3,295.8	3,304.2	3,311.8
% Ch, Annual Rate	1.2	1.3	1.3	1.2	1.1	1.1	1.0	0.9
Manufacturing	297.2	297.9	298.4	298.8	298.8	298.9	298.8	298.8
% Ch, Annual Rate	0.3	0.9	0.7	0.6	-0.1	0.1	-0.1	0.0
Durable Manufacturing	215.8	216.3	216.6	216.9	216.8	216.9	216.8	216.7
% Ch, Annual Rate	0.1	0.9	0.6	0.5	-0.1	0.0	-0.2	-0.1
Aerospace	85.1	84.6	84.2	83.8	83.4	82.9	82.5	82.1
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Nondurable Manufacturing	81.4	81.6	81.8	81.9	82.0	82.0	82.0	82.1
% Ch, Annual Rate	0.8	0.9	0.7	0.8	0.2	0.3	0.1	0.4
Construction	190.1	192.2	194.1	195.8	197.2	198.3	199.1	199.7
% Ch, Annual Rate	4.8	4.5	4.0	3.5	2.9	2.3	1.7	1.1
Service-Providing	2,752.8	2,760.4	2,768.2	2,775.7	2,783.5	2,791.2	2,798.7	2,805.7
% Ch, Annual Rate	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0
Software Publishers	58.2	58.4	58.6	58.7	58.9	59.1	59.2	59.4
% Ch, Annual Rate	1.6	1.3	1.4	1.3	1.3	0.9	1.0	1.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	42.864	42.862	42.967	43.137	43.333	43.561	43.916	44.300
% Ch, Annual Rate	0.4	0.0	1.0	1.6	1.8	2.1	3.3	3.5
Single-Family	29.277	29.225	29.219	29.230	29.285	29.320	29.495	29.622
% Ch, Annual Rate	-0.4	-0.7	-0.1	0.2	0.8	0.5	2.4	1.7
Multi-Family	13.587	13.637	13.749	13.907	14.047	14.241	14.422	14.678
% Ch, Annual Rate	2.2	1.5	3.3	4.7	4.1	5.6	5.2	7.3
30-Year Fixed Mortgage Rate (%)	6.63	6.63	6.63	6.63	6.62	6.61	6.61	6.61

Table A2.1

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

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	134.10	136.36	138.90	141.40	143.88	145.95	147.31	148.18
% Ch	1.7	1.7	1.9	1.8	1.7	1.4	0.9	0.6
Manufacturing	11.93	12.00	12.15	12.39	12.52	12.56	12.52	12.44
% Ch	1.7	0.7	1.2	2.0	1.1	0.3	-0.3	-0.6
Durable Manufacturing	7.47	7.54	7.67	7.90	8.05	8.10	8.08	8.04
% Ch	2.7	1.0	1.7	3.0	1.9	0.7	-0.2	-0.6
Wood Products	0.34	0.35	0.37	0.40	0.44	0.46	0.47	0.47
% Ch	0.7	3.8	4.2	9.9	9.8	4.6	0.7	1.6
Primary and Fabricated Metals	1.81	1.83	1.85	1.90	1.97	2.00	2.00	2.00
% Ch	4.4	0.9	1.2	2.9	3.3	1.6	0.2	-0.2
Computer and Electronic Products	1.09	1.07	1.06	1.06	1.06	1.05	1.07	1.08
% Ch	-1.3	-1.9	-1.2	0.7	-0.2	-0.8	1.4	1.3
Machinery and Electrical Equipment	1.47	1.48	1.51	1.56	1.58	1.60	1.60	1.59
% Ch	3.5	0.5	2.2	3.5	1.0	1.4	-0.3	-0.6
Transportation Equipment	1.46	1.50	1.55	1.59	1.61	1.60	1.57	1.53
% Ch	5.8	3.0	3.2	2.7	0.9	-0.5	-1.9	-2.4
Other Durables	1.30	1.31	1.33	1.37	1.39	1.39	1.38	1.37
% Ch	0.3	1.2	1.6	2.6	1.4	0.0	-0.3	-1.1
Nondurable Manufacturing	4.46	4.46	4.48	4.49	4.47	4.45	4.44	4.41
% Ch	0.1	0.1	0.5	0.2	-0.4	-0.4	-0.4	-0.7
Food Manufacturing	1.47	1.47	1.49	1.51	1.52	1.53	1.54	1.54
% Ch	0.7	0.3	1.2	1.2	1.0	0.8	0.5	0.0
Paper and Paper Products	0.38	0.38	0.38	0.37	0.37	0.37	0.37	0.37
% Ch	-1.9	-0.3	-0.9	-0.7	-0.1	-0.2	-0.2	-0.4
Other Nondurables	2.61	2.61	2.62	2.61	2.58	2.55	2.52	2.49
% Ch	0.0	0.1	0.3	-0.2	-1.2	-1.2	-1.0	-1.1
Natural Resources and Mining	0.85	0.87	0.93	0.96	0.97	0.99	1.01	1.01
% Ch	7.5	2.4	6.8	3.9	0.6	2.4	2.1	-0.3
Construction	5.65	5.83	6.05	6.40	6.98	7.57	7.93	8.13
% Ch	2.1	3.3	3.7	5.8	9.0	8.5	4.8	2.5
Trade, Transportation, and Utilities	25.47	25.86	26.43	26.72	26.96	27.21	27.35	27.34
% Ch	1.6	1.5	2.2	1.1	0.9	0.9	0.5	-0.1
Wholesale Trade	5.67	5.75	5.86	5.96	6.08	6.20	6.29	6.34
% Ch	2.2	1.4	2.0	1.6	2.0	2.1	1.5	0.8
Retail Trade	14.84	15.07	15.41	15.48	15.43	15.40	15.33	15.24
% Ch	1.1	1.6	2.3	0.5	-0.3	-0.2	-0.4	-0.6
Trans., Warehousing, and Utilities	4.97	5.04	5.15	5.28	5.44	5.61	5.72	5.75
% Ch	2.3	1.5	2.2	2.5	3.0	3.0	2.0	0.4
Information	2.68	2.68	2.66	2.62	2.76	2.80	2.83	2.88
% Ch	0.1	0.3	-1.0	-1.6	5.5	1.4	1.0	1.9
Publishing Industries	0.74	0.73	0.73	0.70	0.70	0.69	0.69	0.68
% Ch	-1.3	-0.8	-0.6	-3.3	-0.8	-1.0	-1.0	-1.4
Other Information	1.94	1.95	1.93	1.91	2.06	2.11	2.14	2.20
% Ch	0.6	0.8	-1.2	-0.9	7.9	2.2	1.6	2.9
Financial Activities	7.78	7.88	7.94	8.02	7.99	7.92	7.83	7.80
% Ch	1.1	1.2	0.8	0.9	-0.3	-1.0	-1.1	-0.4
Professional and Business Services	17.93	18.57	19.27	20.18	20.87	21.34	21.64	22.00
% Ch	3.5	3.5	3.8	4.7	3.4	2.3	1.4	1.7
Education and Health Services	20.70	21.10	21.44	21.83	22.31	22.67	22.95	23.12
% Ch	2.3	2.0	1.6	1.9	2.2	1.6	1.2	0.7
Leisure and Hospitality	13.77	14.24	14.64	14.84	14.98	15.08	15.16	15.16
% Ch	3.2	3.4	2.8	1.4	0.9	0.7	0.5	0.0
Other Services	5.43	5.46	5.51	5.47	5.44	5.47	5.50	5.47
% Ch	1.3	0.6	0.8	-0.7	-0.6	0.5	0.4	-0.4
Federal Government	2.82	2.77	2.70	2.67	2.63	2.59	2.55	2.52
% Ch	-1.3	-2.0	-2.2	-1.4	-1.5	-1.5	-1.6	-1.2
State and Local Government	19.10	19.09	19.18	19.30	19.47	19.75	20.04	20.31
% Ch	-0.7	0.0	0.4	0.6	0.9	1.4	1.5	1.3

Table A2.2

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

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	137.75	138.57	139.36	139.91	140.50	141.10	141.67	142.34
% Ch, Annual Rate	1.5	2.4	2.3	1.6	1.7	1.7	1.6	1.9
Manufacturing	12.08	12.13	12.20	12.20	12.29	12.38	12.42	12.47
% Ch, Annual Rate	1.3	1.9	2.1	0.2	3.0	2.8	1.2	1.7
Durable Manufacturing	7.60	7.65	7.71	7.72	7.80	7.88	7.93	7.98
% Ch, Annual Rate	1.2	2.8	3.0	0.7	4.3	4.2	2.4	2.6
Wood Products	0.36	0.36	0.37	0.37	0.39	0.40	0.41	0.42
% Ch, Annual Rate	5.6	2.3	1.1	9.7	12.9	13.5	11.0	11.1
Primary and Fabricated Metals	1.84	1.85	1.85	1.86	1.88	1.90	1.91	1.93
% Ch, Annual Rate	1.2	1.5	0.1	0.9	4.7	4.3	3.2	4.3
Computer and Electronic Products	1.06	1.06	1.06	1.05	1.06	1.06	1.06	1.07
% Ch, Annual Rate	-1.8	-0.2	0.1	-2.9	2.7	1.8	1.3	1.6
Machinery and Electrical Equipment	1.49	1.50	1.52	1.53	1.55	1.57	1.57	1.57
% Ch, Annual Rate	2.3	3.9	4.1	2.1	5.0	5.3	1.2	0.2
Transportation Equipment	1.52	1.54	1.57	1.57	1.58	1.59	1.60	1.60
% Ch, Annual Rate	1.6	6.4	7.2	0.3	3.0	2.5	0.7	1.8
Other Durables	1.32	1.33	1.34	1.34	1.35	1.37	1.38	1.38
% Ch, Annual Rate	1.0	1.7	3.9	-0.2	3.4	4.0	2.8	2.4
Nondurable Manufacturing	4.48	4.48	4.49	4.48	4.49	4.50	4.49	4.49
% Ch, Annual Rate	1.5	0.4	0.7	-0.6	0.8	0.5	-0.7	0.1
Food Manufacturing	1.49	1.49	1.49	1.49	1.50	1.51	1.51	1.52
% Ch, Annual Rate	3.2	-0.6	1.7	0.0	2.2	1.8	0.4	1.7
Paper and Paper Products	0.38	0.38	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	-0.4	-0.4	-1.9	-0.8	-0.3	-0.1	-1.5	0.0
Other Nondurables	2.61	2.62	2.62	2.62	2.62	2.62	2.61	2.60
% Ch, Annual Rate	0.7	1.1	0.5	-0.9	0.1	-0.2	-1.2	-0.7
Natural Resources and Mining	0.89	0.91	0.95	0.95	0.96	0.96	0.96	0.96
% Ch, Annual Rate	4.9	10.5	13.9	3.9	3.0	1.5	-1.1	0.8
Construction	5.95	6.02	6.07	6.15	6.23	6.32	6.45	6.59
% Ch, Annual Rate	4.8	4.6	4.0	5.2	5.3	6.0	8.4	8.6
Trade, Transportation, and Utilities	26.18	26.37	26.53	26.63	26.66	26.69	26.74	26.80
% Ch, Annual Rate	1.5	2.8	2.5	1.4	0.5	0.4	0.7	0.9
Wholesale Trade	5.83	5.86	5.87	5.90	5.92	5.94	5.97	6.00
% Ch, Annual Rate	3.0	2.0	1.2	2.0	1.1	1.7	1.6	2.0
Retail Trade	15.24	15.37	15.50	15.53	15.51	15.49	15.47	15.46
% Ch, Annual Rate	0.7	3.4	3.4	0.7	-0.4	-0.6	-0.3	-0.3
Trans., Warehousing, and Utilities	5.11	5.14	5.16	5.20	5.23	5.26	5.30	5.34
% Ch, Annual Rate	2.3	2.1	1.6	3.1	2.7	2.1	2.7	3.3
Information	2.66	2.66	2.66	2.65	2.59	2.56	2.62	2.69
% Ch, Annual Rate	-3.0	-0.6	0.1	-2.1	-8.5	-3.9	9.0	11.9
Publishing Industries	0.73	0.73	0.73	0.72	0.71	0.70	0.70	0.70
% Ch, Annual Rate	-0.7	0.1	1.7	-5.2	-7.1	-2.9	-1.5	0.2
Other Information	1.93	1.93	1.93	1.92	1.88	1.86	1.92	1.99
% Ch, Annual Rate	-3.8	-0.9	-0.5	-0.8	-9.1	-4.3	13.2	16.5
Financial Activities	7.91	7.92	7.95	8.00	8.02	8.02	8.02	8.01
% Ch, Annual Rate	0.3	0.7	1.2	2.9	0.9	0.1	-0.3	-0.4
Professional and Business Services	18.96	19.17	19.36	19.60	19.87	20.11	20.29	20.46
% Ch, Annual Rate	3.4	4.4	4.1	5.1	5.6	4.9	3.6	3.4
Education and Health Services	21.29	21.40	21.50	21.55	21.63	21.80	21.90	22.01
% Ch, Annual Rate	1.2	2.1	1.9	0.9	1.4	3.3	1.7	2.1
Leisure and Hospitality	14.49	14.60	14.71	14.75	14.81	14.81	14.85	14.90
% Ch, Annual Rate	2.4	3.0	3.1	0.9	1.7	0.1	0.9	1.4
Other Services	5.49	5.51	5.53	5.51	5.50	5.48	5.46	5.45
% Ch, Annual Rate	0.8	1.9	1.2	-1.1	-0.9	-1.6	-1.1	-1.0
Federal Government	2.72	2.71	2.70	2.69	2.68	2.67	2.66	2.65
% Ch, Annual Rate	-2.7	-1.7	-0.1	-1.7	-1.8	-1.8	-1.0	-1.4
State and Local Government	19.13	19.17	19.19	19.22	19.25	19.28	19.31	19.35
% Ch, Annual Rate	0.2	0.8	0.5	0.5	0.7	0.6	0.6	0.9

Table A2.2 (continued)

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

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	142.93	143.56	144.18	144.83	145.30	145.76	146.17	146.57
% Ch, Annual Rate	1.7	1.8	1.8	1.8	1.3	1.3	1.1	1.1
Manufacturing	12.50	12.51	12.53	12.54	12.57	12.57	12.55	12.54
% Ch, Annual Rate	1.1	0.1	0.9	0.4	0.8	-0.1	-0.4	-0.6
Durable Manufacturing	8.02	8.03	8.06	8.08	8.11	8.11	8.10	8.09
% Ch, Annual Rate	1.9	0.5	1.7	1.1	1.2	0.1	-0.2	-0.7
Wood Products	0.43	0.44	0.45	0.45	0.46	0.46	0.46	0.46
% Ch, Annual Rate	10.4	8.2	8.0	5.7	5.9	2.8	0.5	-0.4
Primary and Fabricated Metals	1.95	1.96	1.97	1.99	1.99	2.00	2.00	2.00
% Ch, Annual Rate	3.5	2.1	3.4	2.3	1.5	0.8	0.5	-0.1
Computer and Electronic Products	1.07	1.06	1.06	1.05	1.05	1.05	1.05	1.05
% Ch, Annual Rate	0.6	-2.7	-2.4	-1.4	-0.5	-0.1	0.2	1.0
Machinery and Electrical Equipment	1.57	1.57	1.58	1.59	1.60	1.60	1.60	1.60
% Ch, Annual Rate	-0.2	0.2	2.8	2.7	2.1	0.5	-0.2	-1.1
Transportation Equipment	1.61	1.61	1.61	1.61	1.61	1.60	1.60	1.59
% Ch, Annual Rate	1.4	-0.6	0.7	-0.4	0.1	-1.1	-1.4	-2.3
Other Durables	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.38
% Ch, Annual Rate	1.4	-0.2	0.5	-0.3	0.6	-0.6	-0.3	-0.8
Nondurable Manufacturing	4.49	4.48	4.47	4.46	4.46	4.46	4.45	4.45
% Ch, Annual Rate	-0.5	-0.6	-0.7	-0.8	0.1	-0.4	-0.7	-0.4
Food Manufacturing	1.52	1.52	1.53	1.53	1.53	1.53	1.54	1.54
% Ch, Annual Rate	1.1	0.7	0.7	0.2	1.4	0.9	0.3	0.6
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	0.2	0.3	0.0	-0.4	0.2	-0.3	-0.6	-0.4
Other Nondurables	2.59	2.58	2.57	2.56	2.56	2.55	2.54	2.54
% Ch, Annual Rate	-1.5	-1.5	-1.6	-1.5	-0.7	-1.2	-1.3	-1.0
Natural Resources and Mining	0.96	0.97	0.97	0.98	0.98	0.99	0.99	1.00
% Ch, Annual Rate	-0.8	1.2	2.7	1.8	3.5	1.7	2.4	2.3
Construction	6.73	6.89	7.06	7.23	7.38	7.52	7.64	7.75
% Ch, Annual Rate	9.1	9.9	10.0	9.8	8.9	7.7	6.6	5.8
Trade, Transportation, and Utilities	26.85	26.92	26.99	27.06	27.13	27.19	27.24	27.29
% Ch, Annual Rate	0.8	1.1	1.1	1.1	0.9	0.9	0.8	0.7
Wholesale Trade	6.02	6.06	6.10	6.13	6.16	6.19	6.22	6.24
% Ch, Annual Rate	1.7	2.6	2.4	2.4	2.0	1.8	1.8	1.6
Retail Trade	15.45	15.44	15.43	15.42	15.41	15.41	15.39	15.39
% Ch, Annual Rate	-0.3	-0.4	-0.2	-0.2	-0.3	-0.1	-0.3	-0.3
Trans., Warehousing, and Utilities	5.38	5.42	5.47	5.51	5.56	5.59	5.63	5.66
% Ch, Annual Rate	2.7	3.5	3.3	3.4	3.3	2.6	2.5	2.3
Information	2.73	2.76	2.77	2.78	2.79	2.80	2.80	2.80
% Ch, Annual Rate	5.8	3.6	2.8	0.8	1.2	1.5	0.7	0.0
Publishing Industries	0.70	0.70	0.70	0.70	0.70	0.69	0.69	0.69
% Ch, Annual Rate	-0.4	-0.8	-1.0	-1.3	-0.7	-0.9	-1.2	-1.3
Other Information	2.03	2.06	2.08	2.08	2.09	2.11	2.11	2.11
% Ch, Annual Rate	8.1	5.2	4.1	1.5	1.8	2.3	1.3	0.4
Financial Activities	8.00	8.00	8.00	7.97	7.96	7.93	7.90	7.87
% Ch, Annual Rate	-0.5	0.2	-0.4	-1.0	-0.8	-1.2	-1.5	-1.5
Professional and Business Services	20.62	20.78	20.95	21.13	21.23	21.29	21.38	21.47
% Ch, Annual Rate	3.2	3.2	3.2	3.4	2.0	1.2	1.6	1.6
Education and Health Services	22.13	22.28	22.36	22.48	22.53	22.63	22.71	22.82
% Ch, Annual Rate	2.1	2.7	1.5	2.2	0.9	1.8	1.4	1.9
Leisure and Hospitality	14.94	14.94	14.99	15.03	15.04	15.06	15.10	15.13
% Ch, Annual Rate	1.0	0.2	1.2	1.2	0.1	0.7	0.9	0.8
Other Services	5.44	5.44	5.44	5.45	5.46	5.47	5.48	5.49
% Ch, Annual Rate	-0.5	-0.2	0.0	0.5	0.7	0.8	0.7	0.6
Federal Government	2.64	2.63	2.62	2.61	2.60	2.60	2.58	2.57
% Ch, Annual Rate	-1.3	-1.9	-1.4	-1.5	-1.2	-1.4	-1.7	-1.8
State and Local Government	19.39	19.44	19.50	19.57	19.64	19.71	19.78	19.86
% Ch, Annual Rate	0.8	1.1	1.2	1.4	1.4	1.5	1.4	1.6

Table A2.2 (continued)

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

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	146.87	147.18	147.47	147.72	147.93	148.11	148.28	148.41
% Ch, Annual Rate	0.8	0.8	0.8	0.7	0.6	0.5	0.5	0.4
Manufacturing	12.52	12.52	12.52	12.52	12.49	12.46	12.43	12.40
% Ch, Annual Rate	-0.6	0.2	0.0	-0.1	-1.0	-0.8	-1.1	-1.0
Durable Manufacturing	8.07	8.08	8.09	8.09	8.07	8.05	8.03	8.00
% Ch, Annual Rate	-0.7	0.4	0.3	0.0	-1.0	-0.8	-1.2	-1.1
Wood Products	0.46	0.46	0.47	0.47	0.47	0.47	0.47	0.48
% Ch, Annual Rate	-0.5	1.6	1.8	2.2	0.8	1.3	1.8	2.7
Primary and Fabricated Metals	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
% Ch, Annual Rate	-0.2	0.8	0.1	-0.3	-0.4	-0.2	-0.4	-0.6
Computer and Electronic Products	1.06	1.06	1.07	1.08	1.08	1.08	1.08	1.08
% Ch, Annual Rate	1.1	2.4	2.2	3.0	0.5	0.6	0.3	0.7
Machinery and Electrical Equipment	1.60	1.60	1.60	1.60	1.59	1.59	1.59	1.58
% Ch, Annual Rate	-0.5	0.5	0.0	-0.2	-0.9	-0.6	-1.0	-1.1
Transportation Equipment	1.58	1.57	1.57	1.56	1.55	1.54	1.53	1.51
% Ch, Annual Rate	-2.9	-1.8	-0.6	-1.5	-3.1	-2.9	-3.6	-3.6
Other Durables	1.38	1.38	1.38	1.38	1.38	1.37	1.36	1.36
% Ch, Annual Rate	-0.7	0.6	0.0	-0.6	-1.6	-1.5	-2.0	-1.8
Nondurable Manufacturing	4.44	4.44	4.44	4.43	4.42	4.41	4.40	4.39
% Ch, Annual Rate	-0.3	-0.3	-0.4	-0.4	-0.8	-0.9	-1.0	-0.8
Food Manufacturing	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54
% Ch, Annual Rate	0.4	0.6	0.4	0.4	-0.5	-0.2	-0.3	0.0
Paper and Paper Products	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
% Ch, Annual Rate	-0.1	0.0	-0.1	0.0	-0.7	-0.5	-0.6	-0.3
Other Nondurables	2.53	2.53	2.52	2.52	2.51	2.50	2.49	2.48
% Ch, Annual Rate	-0.7	-0.9	-0.9	-0.9	-1.1	-1.3	-1.5	-1.4
Natural Resources and Mining	1.01	1.01	1.01	1.02	1.02	1.01	1.01	1.00
% Ch, Annual Rate	2.9	1.8	1.2	0.5	0.0	-1.8	-1.5	-1.6
Construction	7.83	7.91	7.97	8.02	8.07	8.11	8.15	8.19
% Ch, Annual Rate	4.6	3.7	3.2	2.8	2.4	2.0	2.1	1.9
Trade, Transportation, and Utilities	27.32	27.35	27.36	27.36	27.36	27.35	27.33	27.30
% Ch, Annual Rate	0.5	0.4	0.2	0.0	0.0	-0.2	-0.2	-0.5
Wholesale Trade	6.27	6.28	6.30	6.32	6.33	6.34	6.35	6.35
% Ch, Annual Rate	1.6	1.1	1.3	1.0	0.9	0.4	0.5	0.3
Retail Trade	15.36	15.34	15.33	15.30	15.28	15.26	15.24	15.20
% Ch, Annual Rate	-0.6	-0.5	-0.4	-0.6	-0.6	-0.5	-0.6	-0.9
Trans., Warehousing, and Utilities	5.70	5.72	5.73	5.74	5.75	5.75	5.75	5.74
% Ch, Annual Rate	2.6	1.8	0.7	0.5	0.6	0.0	-0.1	-0.2
Information	2.81	2.82	2.83	2.84	2.86	2.87	2.89	2.90
% Ch, Annual Rate	1.4	0.8	1.6	2.0	2.4	1.8	1.8	1.3
Publishing Industries	0.69	0.69	0.68	0.68	0.68	0.68	0.67	0.67
% Ch, Annual Rate	-0.5	-1.2	-0.9	-1.1	-1.1	-2.1	-1.8	-2.0
Other Information	2.12	2.13	2.14	2.16	2.18	2.20	2.21	2.22
% Ch, Annual Rate	2.0	1.4	2.4	3.1	3.5	3.0	2.9	2.3
Financial Activities	7.86	7.84	7.83	7.81	7.80	7.80	7.81	7.81
% Ch, Annual Rate	-0.7	-1.0	-0.7	-0.9	-0.2	0.0	0.1	0.0
Professional and Business Services	21.54	21.59	21.67	21.76	21.87	21.95	22.05	22.14
% Ch, Annual Rate	1.5	0.8	1.5	1.8	2.0	1.4	1.8	1.6
Education and Health Services	22.84	22.94	23.00	23.04	23.07	23.12	23.14	23.16
% Ch, Annual Rate	0.4	1.8	1.0	0.7	0.5	0.9	0.4	0.3
Leisure and Hospitality	15.14	15.15	15.16	15.18	15.16	15.16	15.15	15.15
% Ch, Annual Rate	0.3	0.3	0.4	0.4	-0.5	-0.1	-0.1	-0.1
Other Services	5.50	5.50	5.50	5.49	5.49	5.48	5.47	5.45
% Ch, Annual Rate	0.8	0.0	-0.1	-0.3	-0.2	-0.8	-0.8	-1.0
Federal Government	2.56	2.55	2.54	2.53	2.53	2.52	2.52	2.51
% Ch, Annual Rate	-1.6	-1.5	-1.4	-1.5	-1.0	-1.0	-0.8	-0.8
State and Local Government	19.94	20.01	20.08	20.14	20.21	20.28	20.34	20.41
% Ch, Annual Rate	1.6	1.5	1.4	1.3	1.3	1.4	1.3	1.3

Table A2.3

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

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Nonfarm Payroll Employment	2,921.6	2,990.4	3,057.7	3,117.4	3,175.3	3,221.9	3,262.9	3,299.7
% Ch	1.7	2.4	2.3	2.0	1.9	1.5	1.3	1.1
Manufacturing	280.3	286.6	288.4	292.6	295.4	296.9	298.1	298.8
% Ch	4.3	2.2	0.6	1.5	1.0	0.5	0.4	0.2
Durable Manufacturing	204.5	209.5	210.0	213.1	215.1	215.8	216.4	216.8
% Ch	5.8	2.4	0.2	1.5	0.9	0.4	0.3	0.2
Wood Products	12.4	13.0	13.7	14.8	15.9	16.4	16.4	16.5
% Ch	-1.4	4.8	4.9	8.2	7.7	3.1	-0.3	0.5
Primary and Fabricated Metals	24.2	24.9	25.3	26.5	27.8	28.6	29.1	29.4
% Ch	5.9	2.9	1.7	4.6	5.0	2.9	1.5	0.9
Computer and Electronic Products	20.2	20.2	20.1	20.6	20.9	21.0	21.8	22.6
% Ch	2.5	0.0	-0.5	2.6	1.4	0.6	3.8	3.7
Machinery and Electrical Equipment	18.4	19.8	21.0	22.9	24.1	25.5	26.4	27.2
% Ch	6.6	7.6	6.1	8.7	5.3	5.8	3.6	3.1
Aerospace	94.2	96.1	93.0	90.8	88.5	86.3	84.4	82.7
% Ch	8.8	2.0	-3.2	-2.4	-2.5	-2.5	-2.2	-2.0
Other Transportation Equip.	10.0	9.7	10.0	9.9	9.6	9.3	9.1	8.9
% Ch	8.4	-3.1	2.3	-0.6	-2.9	-3.3	-1.5	-2.7
Other Durables	25.0	25.7	26.9	27.6	28.2	28.7	29.2	29.6
% Ch	0.1	2.8	4.5	2.7	2.1	1.8	1.7	1.2
Nondurable Manufacturing	75.7	77.0	78.3	79.5	80.3	81.1	81.7	82.0
% Ch	0.6	1.7	1.7	1.5	1.1	0.9	0.8	0.4
Food Manufacturing	34.8	35.7	35.7	36.1	36.5	36.8	37.0	36.9
% Ch	0.5	2.5	-0.2	1.2	1.2	0.9	0.5	-0.3
Paper and Paper Products	8.2	8.2	8.2	8.1	8.1	8.1	8.1	8.1
% Ch	-8.8	-0.5	0.3	-0.6	-0.1	-0.2	-0.2	-0.4
Other Nondurables	32.7	33.2	34.5	35.3	35.7	36.1	36.6	37.1
% Ch	3.3	1.4	4.0	2.2	1.2	1.2	1.3	1.3
Natural Resources and Mining	5.9	6.1	6.5	6.9	7.2	7.4	7.5	7.5
% Ch	-1.2	3.5	6.8	5.8	3.9	3.3	0.5	0.3
Construction	139.0	148.8	158.2	166.1	175.8	184.6	193.0	198.6
% Ch	1.9	7.1	6.3	5.0	5.8	5.0	4.6	2.9
Trade, Transportation, and Utilities	536.0	550.6	564.8	571.8	576.9	582.0	586.3	588.7
% Ch	2.1	2.7	2.6	1.2	0.9	0.9	0.7	0.4
Wholesale Trade	124.0	127.2	130.0	132.1	134.3	136.5	138.8	140.5
% Ch	1.9	2.6	2.2	1.6	1.7	1.6	1.6	1.3
Retail Trade	319.3	329.5	338.7	341.6	342.2	342.8	343.0	343.0
% Ch	2.1	3.2	2.8	0.9	0.2	0.2	0.1	0.0
Trans., Warehousing, and Utilities	92.7	94.0	96.1	98.0	100.4	102.7	104.5	105.2
% Ch	2.2	1.4	2.3	2.0	2.4	2.3	1.8	0.7
Information	104.7	106.3	108.9	109.1	114.1	116.4	118.5	121.2
% Ch	0.5	1.5	2.5	0.2	4.6	2.0	1.8	2.3
Software Publishers	52.4	53.9	55.5	56.1	56.8	57.6	58.5	59.1
% Ch	1.4	2.9	2.9	1.1	1.4	1.4	1.4	1.2
Other Publishing Industries	7.5	6.9	6.6	6.1	5.8	5.6	5.3	5.0
% Ch	-4.4	-7.1	-5.1	-7.7	-4.1	-4.6	-4.8	-5.8
Other Information	44.8	45.5	46.9	47.0	51.5	53.2	54.7	57.0
% Ch	0.3	1.3	3.1	0.3	9.5	3.4	2.8	4.2
Financial Activities	144.1	150.2	152.6	153.8	152.3	149.6	147.6	146.9
% Ch	2.4	4.2	1.6	0.8	-1.0	-1.7	-1.4	-0.5
Professional and Business Services	350.0	361.0	372.2	390.4	405.1	416.0	424.1	433.8
% Ch	3.1	3.2	3.1	4.9	3.8	2.7	1.9	2.3
Education and Health Services	432.4	438.7	449.5	459.7	471.5	481.1	489.4	496.2
% Ch	0.5	1.5	2.4	2.3	2.6	2.0	1.7	1.4
Leisure and Hospitality	277.2	287.3	295.9	300.4	303.8	306.8	309.7	312.0
% Ch	2.4	3.6	3.0	1.5	1.2	1.0	0.9	0.7
Other Services	110.9	111.4	112.5	113.1	113.8	114.9	115.9	116.7
% Ch	2.2	0.5	1.0	0.5	0.6	1.0	0.9	0.7
Federal Government	73.1	71.6	70.7	70.2	69.5	68.9	68.1	67.7
% Ch	-1.1	-2.1	-1.3	-0.8	-0.9	-0.9	-1.1	-0.6
State and Local Government	468.0	471.7	477.4	483.4	489.9	497.3	504.7	511.6
% Ch	-0.3	0.8	1.2	1.2	1.4	1.5	1.5	1.4

Table A2.4

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

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	3,035.1	3,049.4	3,066.3	3,080.1	3,094.8	3,110.1	3,124.3	3,140.2
% Ch, Annual Rate	2.2	1.9	2.2	1.8	1.9	2.0	1.8	2.1
Manufacturing	287.5	288.1	288.8	289.0	290.7	292.3	293.1	294.1
% Ch, Annual Rate	1.2	0.9	1.0	0.2	2.4	2.3	1.0	1.4
Durable Manufacturing	209.3	210.0	210.3	210.4	211.6	212.9	213.5	214.3
% Ch, Annual Rate	0.3	1.4	0.6	0.2	2.4	2.3	1.3	1.4
Wood Products	13.5	13.7	13.7	13.9	14.3	14.6	15.0	15.3
% Ch, Annual Rate	7.2	6.1	0.1	7.7	10.5	11.0	8.8	8.9
Primary and Fabricated Metals	25.1	25.3	25.4	25.5	26.0	26.4	26.7	27.1
% Ch, Annual Rate	1.1	2.3	2.2	1.6	7.0	6.4	4.7	6.3
Computer and Electronic Products	20.1	20.0	20.1	20.0	20.3	20.5	20.7	20.9
% Ch, Annual Rate	-0.6	-1.9	1.8	-2.5	5.7	4.4	3.7	4.0
Machinery and Electrical Equipment	20.4	20.8	21.3	21.6	22.2	22.8	23.1	23.4
% Ch, Annual Rate	2.9	7.5	9.5	6.9	10.9	11.2	5.5	4.1
Aerospace	93.7	93.4	92.8	92.2	91.7	91.1	90.5	89.9
% Ch, Annual Rate	-4.6	-1.1	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Other Transportation Equip.	9.9	10.0	10.0	10.0	9.9	9.9	9.9	9.8
% Ch, Annual Rate	13.0	3.5	-1.0	0.0	-0.9	-0.9	-1.5	-1.9
Other Durables	26.6	26.8	27.0	27.1	27.3	27.6	27.7	27.9
% Ch, Annual Rate	8.4	3.9	3.3	1.4	2.9	3.3	2.5	2.4
Nondurable Manufacturing	78.2	78.1	78.5	78.6	79.1	79.5	79.6	79.9
% Ch, Annual Rate	3.8	-0.3	1.9	0.4	2.5	2.1	0.5	1.6
Food Manufacturing	35.9	35.4	35.6	35.6	35.9	36.1	36.1	36.3
% Ch, Annual Rate	1.7	-5.5	2.2	-0.2	2.9	2.4	0.3	2.2
Paper and Paper Products	8.2	8.2	8.2	8.2	8.2	8.2	8.1	8.1
% Ch, Annual Rate	2.1	2.1	-2.1	-0.9	-0.3	-0.1	-1.6	0.1
Other Nondurables	34.0	34.5	34.7	34.8	35.0	35.2	35.3	35.5
% Ch, Annual Rate	6.6	5.0	2.6	1.4	2.7	2.2	1.1	1.5
Natural Resources and Mining	6.4	6.4	6.6	6.7	6.9	6.9	6.9	7.0
% Ch, Annual Rate	8.5	3.1	11.1	10.1	6.4	0.5	3.5	4.9
Construction	155.2	157.9	159.1	160.5	162.8	165.0	167.2	169.5
% Ch, Annual Rate	8.7	7.1	3.2	3.3	6.0	5.6	5.4	5.6
Trade, Transportation, and Utilities	560.4	563.1	566.8	569.0	570.1	571.1	572.2	573.6
% Ch, Annual Rate	1.9	1.9	2.7	1.6	0.8	0.7	0.8	0.9
Wholesale Trade	129.2	129.8	130.2	130.8	131.3	131.9	132.3	132.9
% Ch, Annual Rate	2.0	1.6	1.3	1.9	1.6	1.8	1.4	1.7
Retail Trade	335.6	337.4	340.4	341.4	341.5	341.5	341.6	341.8
% Ch, Annual Rate	2.0	2.1	3.6	1.2	0.1	-0.1	0.2	0.2
Trans., Warehousing, and Utilities	95.5	95.9	96.2	96.8	97.3	97.7	98.3	98.9
% Ch, Annual Rate	1.4	1.6	1.1	2.5	2.2	1.8	2.2	2.6
Information	108.3	108.9	109.3	109.3	108.1	107.6	109.3	111.6
% Ch, Annual Rate	3.0	2.1	1.5	0.0	-4.4	-1.7	6.5	8.6
Software Publishers	55.1	55.3	55.7	55.8	55.9	55.9	56.1	56.3
% Ch, Annual Rate	2.0	1.8	2.5	1.2	0.4	0.5	1.1	1.7
Other Publishing Industries	6.7	6.6	6.6	6.4	6.2	6.1	6.0	6.0
% Ch, Annual Rate	-10.7	-1.5	0.0	-10.5	-13.5	-7.3	-5.2	-2.5
Other Information	46.6	46.9	47.0	47.0	46.0	45.6	47.2	49.3
% Ch, Annual Rate	6.4	2.8	0.6	0.2	-8.6	-3.5	15.3	18.7
Financial Activities	152.0	152.2	152.6	153.7	154.1	154.0	153.7	153.3
% Ch, Annual Rate	0.9	0.4	1.1	2.8	1.0	0.0	-1.0	-1.0
Professional and Business Services	366.8	369.7	373.8	378.6	384.0	388.8	392.7	396.3
% Ch, Annual Rate	2.3	3.2	4.4	5.3	5.8	5.1	4.0	3.7
Education and Health Services	446.6	448.1	450.7	452.4	454.6	458.7	461.2	464.1
% Ch, Annual Rate	2.3	1.4	2.4	1.5	2.0	3.6	2.2	2.5
Leisure and Hospitality	293.6	295.2	297.0	297.9	299.2	299.8	300.7	301.8
% Ch, Annual Rate	3.5	2.1	2.4	1.3	1.7	0.8	1.2	1.5
Other Services	112.4	112.3	112.7	112.8	113.0	113.0	113.1	113.2
% Ch, Annual Rate	-0.7	-0.1	1.3	0.4	0.5	0.2	0.4	0.4
Federal Government	70.7	70.7	70.8	70.6	70.4	70.2	70.1	69.9
% Ch, Annual Rate	-1.4	0.5	0.3	-1.1	-1.2	-1.2	-0.5	-0.8
State and Local Government	475.3	476.8	478.1	479.5	481.1	482.6	484.0	485.7
% Ch, Annual Rate	1.8	1.2	1.2	1.2	1.3	1.2	1.2	1.4

Table A2.4 (continued)

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

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Nonfarm Payroll Employment	3,154.7	3,168.9	3,182.1	3,195.6	3,205.9	3,217.0	3,226.9	3,237.8
% Ch, Annual Rate	1.9	1.8	1.7	1.7	1.3	1.4	1.2	1.4
Manufacturing	294.8	295.1	295.6	296.0	296.7	296.9	297.0	297.0
% Ch, Annual Rate	0.9	0.3	0.8	0.5	0.9	0.3	0.0	0.1
Durable Manufacturing	214.7	214.8	215.2	215.5	215.9	215.9	215.8	215.7
% Ch, Annual Rate	0.9	0.1	0.8	0.6	0.7	0.1	-0.1	-0.2
Wood Products	15.6	15.8	16.1	16.2	16.4	16.5	16.5	16.4
% Ch, Annual Rate	8.3	6.3	6.1	4.1	4.4	1.5	-0.4	-1.3
Primary and Fabricated Metals	27.4	27.7	28.0	28.3	28.5	28.6	28.7	28.8
% Ch, Annual Rate	5.3	3.3	5.1	3.5	3.0	2.1	1.7	1.1
Computer and Electronic Products	21.0	20.9	20.8	20.8	20.8	20.9	21.0	21.2
% Ch, Annual Rate	2.6	-2.2	-1.8	-0.3	1.0	1.6	2.0	3.3
Machinery and Electrical Equipment	23.6	23.8	24.3	24.7	25.1	25.4	25.6	25.8
% Ch, Annual Rate	3.6	4.2	7.7	7.5	6.8	4.6	3.6	2.5
Aerospace	89.4	88.8	88.2	87.7	87.1	86.6	86.0	85.5
% Ch, Annual Rate	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5
Other Transportation Equip.	9.7	9.6	9.6	9.5	9.4	9.3	9.2	9.2
% Ch, Annual Rate	-4.4	-3.3	-3.2	-3.2	-3.3	-4.0	-3.5	-1.8
Other Durables	28.0	28.1	28.3	28.4	28.5	28.6	28.8	28.9
% Ch, Annual Rate	2.1	1.5	1.8	1.5	2.2	1.7	1.9	1.7
Nondurable Manufacturing	80.1	80.3	80.4	80.5	80.8	81.0	81.1	81.3
% Ch, Annual Rate	1.1	0.9	0.8	0.4	1.4	1.0	0.5	0.8
Food Manufacturing	36.4	36.5	36.6	36.6	36.7	36.8	36.9	36.9
% Ch, Annual Rate	1.3	0.8	0.8	0.1	1.7	1.1	0.3	0.6
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1
% Ch, Annual Rate	0.2	0.3	0.0	-0.4	0.2	-0.3	-0.7	-0.4
Other Nondurables	35.5	35.6	35.7	35.8	36.0	36.1	36.1	36.3
% Ch, Annual Rate	1.1	1.1	1.0	1.0	1.4	1.2	1.0	1.4
Natural Resources and Mining	7.1	7.1	7.2	7.3	7.4	7.4	7.4	7.4
% Ch, Annual Rate	4.3	3.9	3.6	4.0	5.3	2.0	1.0	0.6
Construction	172.2	174.7	177.0	179.3	181.2	183.6	185.6	187.9
% Ch, Annual Rate	6.5	5.9	5.3	5.4	4.3	5.3	4.5	5.1
Trade, Transportation, and Utilities	574.8	576.2	577.5	578.9	580.1	581.5	582.6	583.9
% Ch, Annual Rate	0.8	1.0	0.9	0.9	0.8	0.9	0.8	0.8
Wholesale Trade	133.4	134.1	134.6	135.2	135.7	136.2	136.8	137.4
% Ch, Annual Rate	1.5	2.0	1.7	1.8	1.4	1.6	1.6	1.7
Retail Trade	342.0	342.1	342.2	342.4	342.5	342.8	343.0	343.1
% Ch, Annual Rate	0.2	0.1	0.2	0.2	0.1	0.4	0.2	0.2
Trans., Warehousing, and Utilities	99.4	100.1	100.7	101.3	101.9	102.4	102.9	103.4
% Ch, Annual Rate	2.1	2.7	2.4	2.4	2.5	2.0	2.0	1.9
Information	112.9	113.9	114.7	115.1	115.7	116.3	116.7	117.0
% Ch, Annual Rate	4.8	3.4	2.9	1.6	1.9	2.1	1.5	1.1
Software Publishers	56.5	56.7	56.9	57.1	57.3	57.5	57.7	57.9
% Ch, Annual Rate	1.5	1.4	1.4	1.3	1.6	1.5	1.4	1.3
Other Publishing Industries	5.9	5.9	5.8	5.7	5.7	5.6	5.5	5.5
% Ch, Annual Rate	-3.5	-4.1	-4.6	-5.1	-4.1	-4.5	-5.1	-5.2
Other Information	50.4	51.3	51.9	52.3	52.7	53.1	53.5	53.7
% Ch, Annual Rate	9.7	6.6	5.5	2.6	3.0	3.6	2.4	1.5
Financial Activities	152.9	152.7	152.2	151.4	150.8	150.0	149.2	148.5
% Ch, Annual Rate	-1.1	-0.5	-1.2	-2.0	-1.8	-1.9	-2.2	-2.0
Professional and Business Services	399.8	403.3	406.9	410.6	413.1	414.8	417.0	419.1
% Ch, Annual Rate	3.6	3.6	3.6	3.7	2.4	1.7	2.1	2.1
Education and Health Services	467.0	470.5	472.7	475.7	477.4	480.0	482.1	484.8
% Ch, Annual Rate	2.5	3.0	1.9	2.5	1.4	2.2	1.8	2.3
Leisure and Hospitality	302.7	303.3	304.2	305.2	305.7	306.4	307.3	308.1
% Ch, Annual Rate	1.2	0.7	1.3	1.3	0.6	1.0	1.1	1.0
Other Services	113.4	113.6	113.9	114.1	114.4	114.7	115.0	115.3
% Ch, Annual Rate	0.6	0.7	0.8	1.0	1.0	1.1	1.0	1.0
Federal Government	69.8	69.6	69.4	69.3	69.1	69.0	68.8	68.6
% Ch, Annual Rate	-0.8	-1.3	-0.9	-1.0	-0.7	-0.9	-1.1	-1.3
State and Local Government	487.3	489.0	490.8	492.7	494.5	496.3	498.2	500.1
% Ch, Annual Rate	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.6

Table A2.4 (continued)

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

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Nonfarm Payroll Employment	3,247.6	3,257.9	3,268.2	3,277.8	3,287.0	3,295.8	3,304.2	3,311.8
% Ch, Annual Rate	1.2	1.3	1.3	1.2	1.1	1.1	1.0	0.9
Manufacturing	297.2	297.9	298.4	298.8	298.8	298.9	298.8	298.8
% Ch, Annual Rate	0.3	0.9	0.7	0.6	-0.1	0.1	-0.1	0.0
Durable Manufacturing	215.8	216.3	216.6	216.9	216.8	216.9	216.8	216.7
% Ch, Annual Rate	0.1	0.9	0.6	0.5	-0.1	0.0	-0.2	-0.1
Wood Products	16.3	16.4	16.4	16.4	16.4	16.4	16.5	16.5
% Ch, Annual Rate	-1.4	0.5	0.7	1.0	-0.2	0.2	0.7	1.5
Primary and Fabricated Metals	28.9	29.1	29.2	29.2	29.3	29.4	29.4	29.4
% Ch, Annual Rate	1.0	2.5	1.6	1.0	0.6	0.9	0.4	0.0
Computer and Electronic Products	21.4	21.7	21.9	22.3	22.4	22.5	22.7	22.8
% Ch, Annual Rate	3.4	5.3	4.9	6.3	2.5	2.7	2.2	2.8
Machinery and Electrical Equipment	26.0	26.3	26.5	26.7	26.9	27.1	27.3	27.5
% Ch, Annual Rate	3.2	4.6	3.9	3.6	2.7	3.1	2.6	2.4
Aerospace	85.1	84.6	84.2	83.8	83.4	82.9	82.5	82.1
% Ch, Annual Rate	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Other Transportation Equip.	9.2	9.2	9.1	9.1	9.0	8.9	8.8	8.8
% Ch, Annual Rate	-0.9	0.1	-0.8	-3.2	-3.4	-2.8	-3.8	-2.8
Other Durables	29.0	29.2	29.3	29.4	29.5	29.5	29.6	29.6
% Ch, Annual Rate	1.6	2.1	1.7	1.4	1.0	1.1	0.7	0.7
Nondurable Manufacturing	81.4	81.6	81.8	81.9	82.0	82.0	82.0	82.1
% Ch, Annual Rate	0.8	0.9	0.7	0.8	0.2	0.3	0.1	0.4
Food Manufacturing	37.0	37.0	37.0	37.1	37.0	36.9	36.9	36.8
% Ch, Annual Rate	0.4	0.6	0.3	0.3	-0.9	-0.5	-0.7	-0.2
Paper and Paper Products	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.0
% Ch, Annual Rate	-0.1	0.0	-0.1	0.0	-0.7	-0.5	-0.7	-0.3
Other Nondurables	36.4	36.5	36.6	36.8	36.9	37.0	37.1	37.2
% Ch, Annual Rate	1.4	1.4	1.3	1.4	1.4	1.2	1.1	1.2
Natural Resources and Mining	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
% Ch, Annual Rate	0.6	0.1	-0.2	-0.2	0.3	0.2	1.6	1.2
Construction	190.1	192.2	194.1	195.8	197.2	198.3	199.1	199.7
% Ch, Annual Rate	4.8	4.5	4.0	3.5	2.9	2.3	1.7	1.1
Trade, Transportation, and Utilities	584.9	585.9	586.8	587.4	588.1	588.6	589.0	589.1
% Ch, Annual Rate	0.7	0.7	0.6	0.4	0.5	0.3	0.3	0.0
Wholesale Trade	138.0	138.5	139.1	139.6	140.0	140.4	140.7	140.9
% Ch, Annual Rate	1.8	1.5	1.7	1.5	1.4	0.9	0.9	0.7
Retail Trade	343.0	343.0	343.1	343.0	343.0	343.1	343.1	342.9
% Ch, Annual Rate	-0.1	0.0	0.1	-0.1	0.0	0.0	0.0	-0.3
Trans., Warehousing, and Utilities	104.0	104.4	104.6	104.8	105.0	105.1	105.2	105.3
% Ch, Annual Rate	2.3	1.7	0.8	0.7	0.8	0.4	0.3	0.3
Information	117.6	118.1	118.7	119.4	120.2	120.9	121.5	122.1
% Ch, Annual Rate	2.1	1.6	2.1	2.4	2.6	2.1	2.2	1.8
Software Publishers	58.2	58.4	58.6	58.7	58.9	59.1	59.2	59.4
% Ch, Annual Rate	1.6	1.3	1.4	1.3	1.3	0.9	1.0	1.0
Other Publishing Industries	5.4	5.3	5.3	5.2	5.1	5.0	4.9	4.9
% Ch, Annual Rate	-4.0	-5.2	-4.7	-5.1	-5.3	-7.1	-6.6	-7.1
Other Information	54.1	54.4	54.9	55.5	56.2	56.8	57.3	57.8
% Ch, Annual Rate	3.2	2.6	3.6	4.3	4.9	4.3	4.2	3.5
Financial Activities	148.2	147.7	147.4	147.1	147.0	146.9	146.9	146.8
% Ch, Annual Rate	-0.9	-1.1	-0.8	-1.0	-0.3	-0.1	0.0	-0.2
Professional and Business Services	421.3	422.7	424.9	427.4	430.1	432.4	435.0	437.6
% Ch, Annual Rate	2.0	1.4	2.1	2.3	2.6	2.1	2.5	2.4
Education and Health Services	486.0	488.7	490.6	492.2	493.7	495.6	497.1	498.5
% Ch, Annual Rate	1.0	2.2	1.6	1.3	1.2	1.6	1.2	1.1
Leisure and Hospitality	308.7	309.3	310.0	310.8	311.1	311.6	312.2	312.8
% Ch, Annual Rate	0.8	0.8	0.9	0.9	0.5	0.7	0.7	0.8
Other Services	115.6	115.8	116.1	116.3	116.5	116.6	116.8	117.0
% Ch, Annual Rate	1.1	0.8	0.8	0.7	0.8	0.6	0.6	0.6
Federal Government	68.4	68.2	68.1	67.9	67.8	67.7	67.7	67.6
% Ch, Annual Rate	-1.1	-1.0	-0.9	-0.9	-0.5	-0.5	-0.4	-0.3
State and Local Government	502.1	503.9	505.6	507.3	509.0	510.8	512.5	514.3
% Ch, Annual Rate	1.6	1.5	1.4	1.3	1.3	1.4	1.4	1.4

Table A3.1

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

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	13,743.8	14,134.7	14,643.9	15,370.2	16,184.1	17,049.8	17,889.0	18,702.1
% Ch	4.2	2.8	3.6	5.0	5.3	5.3	4.9	4.5
Total Wage and Salary Disbursements	6,926.8	7,137.5	7,419.7	7,784.6	8,168.4	8,549.8	8,916.6	9,273.3
% Ch	4.3	3.0	4.0	4.9	4.9	4.7	4.3	4.0
Nonwage Personal Income	6,817.0	6,997.2	7,224.1	7,585.6	8,015.7	8,499.9	8,972.4	9,428.8
% Ch	4.0	2.6	3.2	5.0	5.7	6.0	5.6	5.1
Supplements to Wages and Salaries	1,684.9	1,721.8	1,769.7	1,847.7	1,947.9	2,056.6	2,161.3	2,253.4
% Ch	2.7	2.2	2.8	4.4	5.4	5.6	5.1	4.3
Proprietor's Income	1,224.9	1,348.8	1,394.5	1,473.2	1,542.0	1,593.8	1,648.5	1,717.2
% Ch	6.0	10.1	3.4	5.6	4.7	3.4	3.4	4.2
Farm	75.4	127.7	106.1	106.6	106.0	104.6	104.1	106.7
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,149.6	1,221.2	1,288.4	1,366.6	1,436.0	1,489.1	1,544.5	1,610.5
% Ch	6.2	6.2	5.5	6.1	5.1	3.7	3.7	4.3
Less: Contribution For Govt. Soc. Ins.	950.7	1,106.0	1,150.7	1,223.3	1,301.3	1,370.7	1,439.5	1,505.8
% Ch	3.5	16.3	4.0	6.3	6.4	5.3	5.0	4.6
Dividends/Int./Rent	2,499.7	2,588.3	2,685.7	2,840.6	3,041.0	3,313.4	3,565.3	3,777.4
% Ch	5.5	3.5	3.8	5.8	7.1	9.0	7.6	5.9
Transfer Payments	2,358.3	2,444.3	2,525.0	2,647.4	2,786.1	2,906.9	3,036.7	3,186.7
% Ch	2.2	3.6	3.3	4.8	5.2	4.3	4.5	4.9

Table A3.2

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

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,417.3	14,570.1	14,712.2	14,875.8	15,102.3	15,279.4	15,455.9	15,643.1
% Ch, Annual Rate	3.3	4.3	4.0	4.5	6.2	4.8	4.7	4.9
Total Wage and Salary Disbursements	7,292.0	7,373.3	7,464.9	7,548.7	7,641.6	7,735.7	7,831.0	7,929.9
% Ch, Annual Rate	3.5	4.5	5.1	4.6	5.0	5.0	5.0	5.1
Nonwage Personal Income	7,125.3	7,196.8	7,247.4	7,327.1	7,460.7	7,543.7	7,624.9	7,713.2
% Ch, Annual Rate	3.0	4.1	2.8	4.5	7.5	4.5	4.4	4.7
Supplements to Wages and Salaries	1,748.2	1,759.8	1,777.3	1,793.5	1,818.3	1,835.9	1,856.6	1,879.9
% Ch, Annual Rate	2.8	2.7	4.0	3.7	5.6	3.9	4.6	5.1
Proprietor's Income	1,366.5	1,383.2	1,403.7	1,424.6	1,443.4	1,465.5	1,482.7	1,501.3
% Ch, Annual Rate	2.4	5.0	6.1	6.1	5.4	6.3	4.8	5.1
Farm	99.6	108.6	109.6	106.7	105.8	104.9	106.7	109.1
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,266.9	1,274.6	1,294.1	1,317.9	1,337.6	1,360.5	1,376.0	1,392.2
% Ch, Annual Rate	7.0	2.4	6.3	7.6	6.1	7.0	4.6	4.8
Less: Contribution For Govt. Soc. Ins.	1,134.0	1,143.0	1,156.7	1,169.3	1,202.8	1,216.2	1,229.3	1,244.9
% Ch, Annual Rate	5.8	3.2	4.9	4.4	12.0	4.5	4.4	5.2
Dividends/Int./Rent	2,641.2	2,683.2	2,690.1	2,728.2	2,779.2	2,819.6	2,859.7	2,903.9
% Ch, Annual Rate	1.2	6.5	1.0	5.8	7.7	5.9	5.8	6.3
Transfer Payments	2,503.4	2,513.7	2,533.0	2,550.1	2,622.6	2,638.9	2,655.2	2,673.0
% Ch, Annual Rate	6.8	1.7	3.1	2.7	11.9	2.5	2.5	2.7

Table A3.2 (continued)

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

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	15,884.6	16,079.7	16,277.6	16,494.5	16,731.8	16,947.3	17,155.3	17,364.7
% Ch, Annual Rate	6.3	5.0	5.0	5.4	5.9	5.3	5.0	5.0
Total Wage and Salary Disbursements	8,026.6	8,119.3	8,214.3	8,313.5	8,411.8	8,504.1	8,595.5	8,687.9
% Ch, Annual Rate	5.0	4.7	4.8	4.9	4.8	4.5	4.4	4.4
Nonwage Personal Income	7,858.0	7,960.4	8,063.3	8,181.0	8,320.1	8,443.1	8,559.8	8,676.8
% Ch, Annual Rate	7.7	5.3	5.3	6.0	7.0	6.0	5.6	5.6
Supplements to Wages and Salaries	1,912.2	1,935.4	1,959.2	1,984.9	2,018.6	2,043.9	2,069.0	2,094.8
% Ch, Annual Rate	7.1	4.9	5.0	5.4	7.0	5.1	5.0	5.1
Proprietor's Income	1,516.0	1,536.1	1,550.6	1,565.4	1,574.5	1,589.9	1,597.7	1,612.9
% Ch, Annual Rate	4.0	5.4	3.8	3.9	2.4	4.0	2.0	3.9
Farm	106.0	105.2	106.6	106.1	105.4	104.3	104.0	104.8
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,410.0	1,430.9	1,444.0	1,459.3	1,469.1	1,485.6	1,493.7	1,508.1
% Ch, Annual Rate	5.2	6.1	3.7	4.3	2.7	4.5	2.2	3.9
Less: Contribution For Govt. Soc. Ins.	1,281.5	1,294.4	1,307.2	1,322.2	1,352.1	1,364.5	1,376.3	1,389.9
% Ch, Annual Rate	12.3	4.1	4.0	4.7	9.4	3.7	3.5	4.0
Dividends/Int./Rent	2,951.7	3,007.5	3,068.0	3,136.6	3,209.6	3,280.5	3,350.2	3,413.4
% Ch, Annual Rate	6.7	7.8	8.3	9.2	9.6	9.1	8.8	7.8
Transfer Payments	2,759.5	2,775.7	2,792.7	2,816.4	2,869.5	2,893.4	2,919.1	2,945.6
% Ch, Annual Rate	13.6	2.4	2.5	3.4	7.8	3.4	3.6	3.7

Table A3.2 (continued)

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

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	17,589.4	17,790.1	17,988.9	18,187.4	18,411.5	18,607.6	18,799.9	18,989.4
% Ch, Annual Rate	5.3	4.6	4.5	4.5	5.0	4.3	4.2	4.1
Total Wage and Salary Disbursements	8,781.0	8,870.1	8,962.1	9,053.2	9,146.2	9,231.3	9,316.0	9,399.6
% Ch, Annual Rate	4.4	4.1	4.2	4.1	4.2	3.8	3.7	3.6
Nonwage Personal Income	8,808.4	8,919.9	9,026.9	9,134.2	9,265.2	9,376.3	9,483.9	9,589.8
% Ch, Annual Rate	6.2	5.2	4.9	4.8	5.9	4.9	4.7	4.5
Supplements to Wages and Salaries	2,127.5	2,150.5	2,172.4	2,194.9	2,224.5	2,244.2	2,262.8	2,282.0
% Ch, Annual Rate	6.4	4.4	4.1	4.2	5.5	3.6	3.3	3.4
Proprietor's Income	1,622.5	1,640.5	1,656.1	1,675.1	1,692.3	1,710.8	1,725.3	1,740.2
% Ch, Annual Rate	2.4	4.5	3.9	4.7	4.2	4.4	3.4	3.5
Farm	104.2	103.7	103.7	104.7	105.5	106.6	107.2	107.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,518.3	1,536.8	1,552.5	1,570.4	1,586.8	1,604.2	1,618.1	1,632.9
% Ch, Annual Rate	2.7	5.0	4.2	4.7	4.2	4.5	3.5	3.7
Less: Contribution For Govt. Soc. Ins.	1,421.3	1,433.1	1,445.0	1,458.4	1,489.1	1,500.3	1,510.9	1,523.1
% Ch, Annual Rate	9.4	3.4	3.3	3.8	8.7	3.0	2.9	3.3
Dividends/Int./Rent	3,481.1	3,538.3	3,594.4	3,647.4	3,700.0	3,751.7	3,803.7	3,854.0
% Ch, Annual Rate	8.2	6.7	6.5	6.0	5.9	5.7	5.7	5.4
Transfer Payments	2,998.7	3,023.9	3,048.9	3,075.3	3,137.5	3,169.8	3,202.9	3,236.7
% Ch, Annual Rate	7.4	3.4	3.4	3.5	8.3	4.2	4.2	4.3

Table A3.3

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

Forecast 2014 to 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income	317.575	327.709	342.045	359.901	380.307	401.812	423.520	445.339
% Ch	4.8	3.2	4.4	5.2	5.7	5.7	5.4	5.2
Total Wage and Salary Disbursements	163.586	169.809	178.186	186.778	196.302	205.460	215.025	225.022
% Ch	5.6	3.8	4.9	4.8	5.1	4.7	4.7	4.6
Manufacturing	19.579	20.537	21.136	21.509	22.295	23.025	23.806	24.609
% Ch	6.3	4.9	2.9	1.8	3.7	3.3	3.4	3.4
Durable Manufacturing	15.718	16.610	17.115	17.292	17.894	18.438	19.024	19.639
% Ch	7.5	5.7	3.0	1.0	3.5	3.0	3.2	3.2
Nondurable Manufacturing	3.861	3.927	4.022	4.216	4.401	4.587	4.781	4.970
% Ch	1.9	1.7	2.4	4.8	4.4	4.2	4.2	3.9
Nonmanufacturing	137.306	142.432	150.096	158.127	166.649	174.842	183.369	192.291
% Ch	5.4	3.7	5.4	5.4	5.4	4.9	4.9	4.9
Other Private Wages	1.011	1.021	0.993	1.032	1.074	1.113	1.152	1.192
% Ch	9.4	1.0	-2.7	3.8	4.1	3.6	3.5	3.5
Farm Wages	1.290	1.322	1.387	1.461	1.544	1.623	1.705	1.790
% Ch	15.4	2.5	4.9	5.4	5.7	5.1	5.0	5.0
Military Wages	4.400	4.497	4.574	4.650	4.740	4.857	4.994	5.140
% Ch	3.3	2.2	1.7	1.7	1.9	2.5	2.8	2.9
Nonwage Personal Income	153.989	157.900	163.859	173.123	184.005	196.351	208.495	220.317
% Ch	4.0	2.5	3.8	5.7	6.3	6.7	6.2	5.7
Supplements to Wages and Salaries	39.458	40.615	41.781	44.001	46.705	49.502	52.364	55.124
% Ch	2.2	2.9	2.9	5.3	6.1	6.0	5.8	5.3
Proprietor's Income	23.552	25.550	26.466	28.135	29.567	30.622	31.762	33.161
% Ch	4.0	8.5	3.6	6.3	5.1	3.6	3.7	4.4
Farm	1.208	1.609	1.223	1.312	1.351	1.363	1.370	1.392
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.344	23.941	25.243	26.823	28.216	29.259	30.392	31.769
% Ch	7.6	7.1	5.4	6.3	5.2	3.7	3.9	4.5
Less: Contribution For Govt. Soc. Ins.	24.522	28.401	29.570	31.460	33.488	35.248	37.099	38.994
% Ch	2.8	15.8	4.1	6.4	6.4	5.3	5.3	5.1
Plus: Residence Adjustment	3.336	3.459	3.615	3.812	4.016	4.221	4.413	4.596
% Ch	13.7	3.7	4.5	5.4	5.3	5.1	4.6	4.1
Dividends/Int./Rent	62.038	64.650	67.548	71.763	77.123	84.339	91.086	96.910
% Ch	5.8	4.2	4.5	6.2	7.5	9.4	8.0	6.4
Transfer Payments	50.126	52.027	54.019	56.870	60.081	62.915	65.968	69.520
% Ch	2.0	3.8	3.8	5.3	5.6	4.7	4.9	5.4
State U.I. Benefits	2.389	1.842	1.044	0.860	0.811	0.807	0.802	0.802
% Ch	-23.1	-22.9	-43.3	-17.6	-5.7	-0.5	-0.6	0.1
Other Transfers	47.736	50.185	52.974	56.010	59.270	62.109	65.167	68.718
% Ch	3.7	5.1	5.6	5.7	5.8	4.8	4.9	5.4

Table A3.4

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

Forecast 2014 to 2019

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	337.626	339.712	343.652	347.188	352.628	357.754	362.441	366.780
% Ch, Annual Rate	6.1	2.5	4.7	4.2	6.4	5.9	5.3	4.9
Total Wage and Salary Disbursements	176.310	176.601	179.214	180.619	182.770	185.701	188.280	190.361
% Ch, Annual Rate	8.2	0.7	6.1	3.2	4.9	6.6	5.7	4.5
Manufacturing	22.329	20.579	20.743	20.894	21.151	21.412	21.626	21.847
% Ch, Annual Rate	46.9	-27.9	3.2	2.9	5.0	5.0	4.1	4.1
Durable Manufacturing	18.358	16.584	16.701	16.816	17.012	17.215	17.388	17.555
% Ch, Annual Rate	58.1	-33.4	2.8	2.8	4.8	4.9	4.1	3.9
Nondurable Manufacturing	3.971	3.994	4.042	4.079	4.139	4.196	4.239	4.291
% Ch, Annual Rate	6.3	2.3	4.9	3.6	6.0	5.7	4.1	5.1
Nonmanufacturing	147.063	149.095	151.499	152.728	154.510	157.159	159.499	161.338
% Ch, Annual Rate	3.6	5.6	6.6	3.3	4.8	7.0	6.1	4.7
Other Private Wages	0.989	0.986	0.995	1.004	1.015	1.026	1.037	1.048
% Ch, Annual Rate	8.7	-1.4	3.8	3.8	4.4	4.4	4.4	4.3
Farm Wages	1.374	1.373	1.391	1.409	1.430	1.451	1.472	1.493
% Ch, Annual Rate	10.7	-0.3	5.4	5.4	6.0	5.9	6.0	5.9
Military Wages	4.556	4.569	4.586	4.583	4.664	4.654	4.645	4.635
% Ch, Annual Rate	4.9	1.2	1.5	-0.2	7.3	-0.9	-0.8	-0.8
Nonwage Personal Income	161.316	163.111	164.438	166.569	169.857	172.053	174.161	176.419
% Ch, Annual Rate	3.9	4.5	3.3	5.3	8.1	5.3	5.0	5.3
Supplements to Wages and Salaries	41.252	41.476	41.957	42.438	43.161	43.685	44.265	44.894
% Ch, Annual Rate	3.5	2.2	4.7	4.7	7.0	4.9	5.4	5.8
Proprietor's Income	25.967	26.187	26.610	27.101	27.518	27.998	28.337	28.689
% Ch, Annual Rate	6.7	3.4	6.6	7.6	6.3	7.2	4.9	5.1
Farm	1.135	1.227	1.263	1.269	1.284	1.295	1.321	1.348
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	24.832	24.960	25.348	25.833	26.234	26.703	27.016	27.341
% Ch, Annual Rate	7.8	2.1	6.4	7.9	6.4	7.3	4.8	4.9
Less: Contribution For Govt. Soc. Ins.	29.169	29.365	29.704	30.040	30.914	31.272	31.624	32.030
% Ch, Annual Rate	6.6	2.7	4.7	4.6	12.1	4.7	4.6	5.2
Plus: Residence Adjustment	3.535	3.594	3.644	3.688	3.737	3.786	3.836	3.889
% Ch, Annual Rate	1.8	6.8	5.7	5.0	5.4	5.4	5.4	5.6
Dividends/Int./Rent	66.260	67.472	67.715	68.744	70.104	71.197	72.281	73.472
% Ch, Annual Rate	1.7	7.5	1.5	6.2	8.1	6.4	6.2	6.8
Transfer Payments	53.472	53.748	54.216	54.638	56.251	56.659	57.066	57.505
% Ch, Annual Rate	7.2	2.1	3.5	3.2	12.3	2.9	2.9	3.1
State U.I. Benefits	1.265	1.000	0.977	0.935	0.894	0.862	0.845	0.840
% Ch, Annual Rate	-56.3	-60.9	-9.1	-15.9	-16.6	-13.3	-7.8	-2.1
Other Transfers	52.207	52.748	53.239	53.703	55.358	55.797	56.221	56.664
% Ch, Annual Rate	9.9	4.2	3.8	3.5	12.9	3.2	3.1	3.2

Table A3.4 (continued)

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

Forecast 2014 to 2019

	2016:1	2016:2	2016:3	2016:4	2017:1	2017:2	2017:3	2017:4
Personal Income	372.583	378.061	382.640	387.943	393.594	399.550	404.311	409.792
% Ch, Annual Rate	6.5	6.0	4.9	5.7	6.0	6.2	4.9	5.5
Total Wage and Salary Disbursements	192.631	195.470	197.409	199.697	201.862	204.663	206.410	208.906
% Ch, Annual Rate	4.9	6.0	4.0	4.7	4.4	5.7	3.5	4.9
Manufacturing	22.039	22.197	22.382	22.561	22.766	22.944	23.110	23.279
% Ch, Annual Rate	3.6	2.9	3.4	3.2	3.7	3.2	2.9	3.0
Durable Manufacturing	17.702	17.817	17.959	18.097	18.249	18.378	18.502	18.623
% Ch, Annual Rate	3.4	2.6	3.2	3.1	3.4	2.9	2.7	2.6
Nondurable Manufacturing	4.338	4.380	4.423	4.463	4.517	4.565	4.609	4.656
% Ch, Annual Rate	4.4	4.0	4.0	3.7	4.9	4.3	3.8	4.2
Nonmanufacturing	163.277	165.928	167.649	169.740	171.555	174.142	175.683	177.988
% Ch, Annual Rate	4.9	6.7	4.2	5.1	4.3	6.2	3.6	5.4
Other Private Wages	1.059	1.069	1.079	1.089	1.099	1.108	1.117	1.126
% Ch, Annual Rate	4.4	3.8	3.6	3.6	3.8	3.4	3.3	3.3
Farm Wages	1.515	1.535	1.554	1.574	1.595	1.614	1.633	1.652
% Ch, Annual Rate	5.9	5.3	5.2	5.2	5.4	4.9	4.8	4.8
Military Wages	4.740	4.740	4.745	4.734	4.847	4.855	4.866	4.860
% Ch, Annual Rate	9.4	0.0	0.5	-1.0	10.0	0.6	0.9	-0.5
Nonwage Personal Income	179.953	182.592	185.230	188.246	191.732	194.887	197.901	200.885
% Ch, Annual Rate	8.3	6.0	5.9	6.7	7.6	6.7	6.3	6.2
Supplements to Wages and Salaries	45.785	46.393	46.999	47.644	48.531	49.176	49.816	50.483
% Ch, Annual Rate	8.2	5.4	5.3	5.6	7.7	5.4	5.3	5.5
Proprietor's Income	29.039	29.463	29.732	30.033	30.222	30.550	30.709	31.008
% Ch, Annual Rate	5.0	6.0	3.7	4.1	2.5	4.4	2.1	4.0
Farm	1.339	1.343	1.359	1.361	1.362	1.360	1.361	1.369
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	27.700	28.120	28.373	28.672	28.860	29.190	29.348	29.639
% Ch, Annual Rate	5.4	6.2	3.6	4.3	2.7	4.6	2.2	4.0
Less: Contribution For Govt. Soc. Ins.	32.989	33.321	33.638	34.003	34.775	35.090	35.388	35.738
% Ch, Annual Rate	12.5	4.1	3.9	4.4	9.4	3.7	3.4	4.0
Plus: Residence Adjustment	3.939	3.989	4.040	4.094	4.147	4.196	4.246	4.295
% Ch, Annual Rate	5.3	5.1	5.2	5.5	5.2	4.9	4.8	4.7
Dividends/Int./Rent	74.753	76.238	77.845	79.657	81.584	83.461	85.312	86.999
% Ch, Annual Rate	7.2	8.2	8.7	9.6	10.0	9.5	9.2	8.1
Transfer Payments	59.424	59.830	60.252	60.820	62.023	62.594	63.207	63.838
% Ch, Annual Rate	14.0	2.8	2.8	3.8	8.1	3.7	4.0	4.1
State U.I. Benefits	0.825	0.816	0.808	0.796	0.805	0.810	0.811	0.802
% Ch, Annual Rate	-7.1	-4.3	-3.8	-5.8	4.4	2.5	0.7	-4.2
Other Transfers	58.599	59.014	59.443	60.024	61.218	61.785	62.396	63.036
% Ch, Annual Rate	14.4	2.9	2.9	4.0	8.2	3.8	4.0	4.2

Table A3.4 (continued)

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

Forecast 2014 to 2019

	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Personal Income	415.422	421.236	425.923	431.500	437.216	443.117	447.745	453.276
% Ch, Annual Rate	5.6	5.7	4.5	5.3	5.4	5.5	4.2	5.0
Total Wage and Salary Disbursements	211.191	214.115	216.002	218.792	221.199	224.205	225.987	228.698
% Ch, Annual Rate	4.4	5.7	3.6	5.3	4.5	5.5	3.2	4.9
Manufacturing	23.473	23.695	23.916	24.139	24.327	24.518	24.699	24.892
% Ch, Annual Rate	3.4	3.8	3.8	3.8	3.1	3.2	3.0	3.2
Durable Manufacturing	18.768	18.940	19.110	19.281	19.424	19.571	19.709	19.854
% Ch, Annual Rate	3.1	3.7	3.6	3.6	3.0	3.0	2.9	3.0
Nondurable Manufacturing	4.706	4.755	4.806	4.858	4.902	4.947	4.990	5.038
% Ch, Annual Rate	4.3	4.3	4.3	4.4	3.7	3.7	3.5	3.9
Nonmanufacturing	179.929	182.589	184.210	186.748	188.811	191.583	193.139	195.632
% Ch, Annual Rate	4.4	6.0	3.6	5.6	4.5	6.0	3.3	5.3
Other Private Wages	1.137	1.147	1.157	1.167	1.178	1.187	1.197	1.206
% Ch, Annual Rate	3.8	3.4	3.6	3.5	3.8	3.3	3.2	3.1
Farm Wages	1.674	1.694	1.715	1.737	1.759	1.780	1.801	1.821
% Ch, Annual Rate	5.4	4.9	5.1	5.0	5.4	4.8	4.7	4.6
Military Wages	4.978	4.991	5.005	5.002	5.124	5.137	5.151	5.148
% Ch, Annual Rate	10.0	1.1	1.2	-0.2	10.1	1.0	1.1	-0.2
Nonwage Personal Income	204.231	207.120	209.920	212.708	216.018	218.912	221.758	224.578
% Ch, Annual Rate	6.8	5.8	5.5	5.4	6.4	5.5	5.3	5.2
Supplements to Wages and Salaries	51.405	52.045	52.675	53.329	54.226	54.834	55.417	56.019
% Ch, Annual Rate	7.5	5.1	4.9	5.1	6.9	4.6	4.3	4.4
Proprietor's Income	31.217	31.599	31.926	32.307	32.656	33.029	33.323	33.634
% Ch, Annual Rate	2.7	5.0	4.2	4.9	4.4	4.6	3.6	3.8
Farm	1.368	1.367	1.369	1.377	1.383	1.391	1.396	1.397
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	29.849	30.232	30.558	30.931	31.273	31.638	31.927	32.237
% Ch, Annual Rate	2.9	5.2	4.4	5.0	4.5	4.7	3.7	3.9
Less: Contribution For Govt. Soc. Ins.	36.588	36.918	37.254	37.635	38.490	38.826	39.148	39.511
% Ch, Annual Rate	9.9	3.7	3.7	4.2	9.4	3.5	3.4	3.8
Plus: Residence Adjustment	4.343	4.389	4.437	4.484	4.531	4.574	4.617	4.660
% Ch, Annual Rate	4.5	4.4	4.4	4.3	4.2	3.9	3.8	3.7
Dividends/Int./Rent	88.805	90.349	91.871	93.318	94.764	96.193	97.638	99.045
% Ch, Annual Rate	8.6	7.1	6.9	6.4	6.3	6.2	6.1	5.9
Transfer Payments	65.048	65.656	66.265	66.904	68.330	69.109	69.910	70.731
% Ch, Annual Rate	7.8	3.8	3.8	3.9	8.8	4.6	4.7	4.8
State U.I. Benefits	0.803	0.804	0.801	0.799	0.799	0.802	0.803	0.805
% Ch, Annual Rate	0.5	0.3	-1.6	-0.9	0.2	1.3	0.5	0.9
Other Transfers	64.245	64.852	65.464	66.105	67.531	68.307	69.107	69.927
% Ch, Annual Rate	7.9	3.8	3.8	4.0	8.9	4.7	4.8	4.8

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
2013	1.072	1.1	2.330	1.5	2.416	1.2
Forecast						
2014	1.088	1.5	2.374	1.9	2.469	2.2
2015	1.105	1.6	2.416	1.8	2.520	2.1
2016	1.119	1.3	2.447	1.3	2.559	1.6
2017	1.136	1.5	2.487	1.6	2.605	1.8
2018	1.153	1.5	2.530	1.7	2.652	1.8
2019	1.169	1.4	2.567	1.5	2.696	1.6

\* 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>						
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
2013	107.8	2.0	107.8	1.1	148.6	-1.3	150.2	-2.4

Forecast

2014	110.1	2.2	110.1	2.2	155.0	4.3	148.0	-1.5
2015	112.7	2.3	111.8	1.6	151.7	-2.1	142.7	-3.5
2016	115.0	2.0	112.3	0.4	149.2	-1.6	136.7	-4.2
2017	117.4	2.1	113.2	0.8	148.3	-0.6	132.9	-2.8
2018	119.9	2.1	114.3	1.0	148.8	0.3	131.4	-1.1
2019	122.2	1.9	115.7	1.2	149.4	0.4	130.5	-0.7

Table A5.1

**Washington Resident Population and Components of Change\***  
(Thousands)

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.7	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5970.3	76.2	1.3	80.7	43.9	39.4
2002	6059.3	89.0	1.5	79.3	44.9	54.6
2003	6126.9	67.6	1.1	79.1	44.7	33.2
2004	6208.5	81.6	1.3	81.0	46.0	46.7
2005	6298.8	90.3	1.5	81.8	45.6	54.1
2006	6420.3	121.4	1.9	83.2	45.3	83.5
2007	6525.1	104.8	1.6	87.8	46.2	63.2
2008	6608.2	83.2	1.3	89.6	47.9	41.5
2009	6672.2	63.9	1.0	89.8	48.1	22.2
2010	6724.5	52.4	0.8	88.4	47.7	11.6
2011	6767.9	43.4	0.6	86.4	48.8	5.8
2012	6817.8	49.9	0.7	87.1	49.2	12.0
2013	6882.4	64.6	0.9	87.5	50.4	27.5
<b>Forecast</b>						
2014	6951.8	69.4	1.0	87.9	51.5	33.0
2015	7024.0	72.2	1.0	88.8	53.0	36.4
2016	7096.9	72.9	1.0	89.3	55.5	39.2
2017	7173.3	76.4	1.1	90.7	56.4	42.0
2018	7250.2	77.0	1.1	92.2	57.3	42.0
2019	7327.3	77.1	1.1	93.3	58.2	42.0

\* As of April 1 of Each Year

Source: Office of Financial Management

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

	<b>2010</b>	<b>Actual</b>			<b>2014</b>	<b>Forecast</b>			<b>2017</b>	<b>2018</b>	<b>2019</b>
		<b>2011</b>	<b>2012</b>	<b>2013</b>		<b>2015</b>	<b>2016</b>	<b>2016</b>			
Total Population	6724.5	6767.9	6817.8	6882.4	6951.8	7024.0	7096.9	7173.3	7250.2	7327.3	
Percent Change	0.8	0.6	0.7	0.9	1.0	1.0	1.0	1.1	1.1	1.1	
Age 17 and Under	1581.4	1574.8	1573.6	1578.7	1586.8	1596.5	1606.9	1618.8	1631.3	1644.9	
Percent of Total	23.5	23.3	23.1	22.9	22.8	22.7	22.6	22.6	22.5	22.4	
Age 6-18	1149.6	1142.5	1137.4	1140.8	1147.5	1154.8	1162.4	1169.6	1177.4	1184.8	
Percent of Total	17.1	16.9	16.7	16.6	16.5	16.4	16.4	16.3	16.2	16.2	
Age 18 and Over	5143.2	5193.1	5244.2	5303.7	5364.9	5427.4	5490.0	5554.4	5619.0	5682.4	
Percent of Total	76.5	76.7	76.9	77.1	77.2	77.3	77.4	77.4	77.5	77.6	
Age 21 and Over	4860.6	4910.6	4964.3	5027.9	5093.8	5158.3	5220.9	5283.6	5345.9	5407.8	
Percent of Total	72.3	72.6	72.8	73.1	73.3	73.4	73.6	73.7	73.7	73.8	
Age 20-34	1395.3	1403.5	1413.2	1426.7	1439.1	1443.7	1448.7	1453.5	1458.3	1465.1	
Percent of Total	20.7	20.7	20.7	20.7	20.7	20.6	20.4	20.3	20.1	20.0	
Age 18-64	4315.5	4341.7	4350.5	4366.7	4387.2	4407.4	4429.1	4450.5	4468.0	4484.5	
Percent of Total	64.2	64.2	63.8	63.4	63.1	62.7	62.4	62.0	61.6	61.2	
Age 65 and Over	827.7	851.4	893.7	937.0	977.7	1020.0	1060.9	1104.0	1150.9	1197.9	
Percent of Total	12.3	12.6	13.1	13.6	14.1	14.5	14.9	15.4	15.9	16.3	

\* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

**Summary of National and State Indicators**

<b>Indicator</b>	<b>Latest Data</b>	<b>Indication*</b>
U.S. Leading Index	May 2014	+
U.S. Real GDP Growth	1st quarter 2014	-
U.S. ISM Index	May 2014	+
U.S. Employment YoY%Δ	May 2014	unchanged
U.S. Unemployment Rate	May 2014	unchanged
U.S. Fed Funds Target	June 2014	unchanged
U.S. Consumer Confidence	June 2014	+
U.S. Consumer Sentiment	June 2014	+
U.S. Light Vehicle Sales	May 2014	+
U.S. CPI	May 2014	-
U.S. Home Prices	April 2014	+
S&P 500 Index	June 2014	+
WA Leading Index	May 2014	-
WA ISM-WW Index	May 2014	+
WA Employment YoY%Δ	May 2014	-
WA Aerospace Empl. YoY%Δ	May 2014	-
WA Unemployment Rate	May 2014	unchanged
WA Business Cycle Indicator	May 2014	-
WA Initial Unemploy. Claims	May 2014	-
WA Housing Permits	May 2014	-
WA Weekly Hours in Mfg.	May 2014	+
WA New Vehicle Registration	May 2014	-
WA In-Migration	May 2014	+
WA Exports-Total YoY%Δ	1st quarter 2014	+
WA Exports- w/o Trans. Equip. YoY%Δ	1st quarter 2014	+
Seattle CPI	April 2014	-
Seattle Home Prices	April 2014	+
WA Residential Const. Contracts	May 2014	+
WA Non-Residential Const. Contracts	May 2014	-

\*Change from the previous reading

Table A6.2

**Washington Business Indicators**

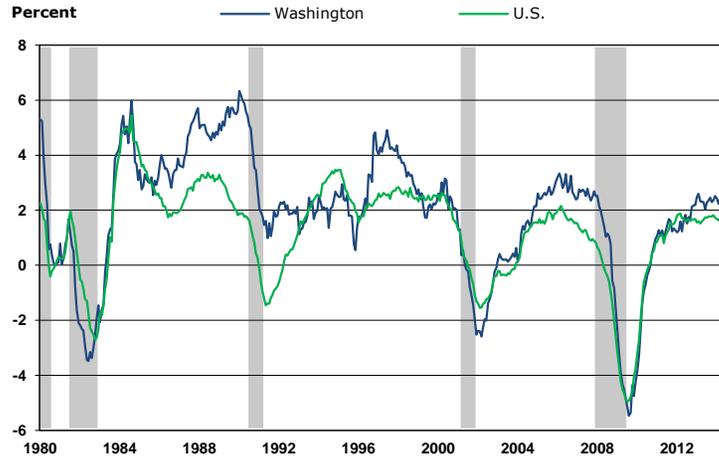
Historical Data

	<b>WA Index of Leading Indicators</b>	<b>U.S. Index of Leading Indicators</b>	<b>WA State Business Cycle Indicator</b>	<b>WA State Construction Index</b>	<b>WA State Help Wanted Index</b>	<b>WA Purchasing Management Index</b>	<b>U.S. Purchasing Management Index</b>
<b>2012:01</b>	108.7	92.2	19.4	81.3	107.0	68.5	53.7
<b>2012:02</b>	110.3	92.9	24.8	83.7	104.9	68.9	51.9
<b>2012:03</b>	111.4	93.1	29.9	90.7	110.0	62.9	53.3
<b>2012:04</b>	111.6	92.9	30.0	91.4	113.5	64.9	54.1
<b>2012:05</b>	111.4	93.3	26.3	91.0	111.2	58.5	52.5
<b>2012:06</b>	111.3	92.7	32.9	92.0	113.4	57.0	50.2
<b>2012:07</b>	111.7	93.1	31.3	91.2	114.8	58.8	50.5
<b>2012:08</b>	111.4	92.7	29.0	88.1	110.5	53.5	50.7
<b>2012:09</b>	112.8	93.2	32.0	92.8	116.6	56.0	51.6
<b>2012:10</b>	113.7	93.4	33.2	94.9	117.9	56.3	51.7
<b>2012:11</b>	113.2	93.4	39.5	90.9	120.6	60.1	49.9
<b>2012:12</b>	114.2	93.7	39.4	89.8	125.9	58.1	50.2
<b>2013:01</b>	115.0	94.1	40.4	94.2	128.7	60.2	53.1
<b>2013:02</b>	115.0	94.6	40.8	95.8	127.2	56.3	54.2
<b>2013:03</b>	114.4	94.3	39.1	95.5	118.8	65.4	51.3
<b>2013:04</b>	114.6	95.1	37.2	93.4	120.2	59.5	50.7
<b>2013:05</b>	114.6	95.3	40.2	92.8	120.0	53.7	49.0
<b>2013:06</b>	114.8	96.1	35.9	92.4	121.0	61.0	50.9
<b>2013:07</b>	114.9	96.5	41.4	94.5	118.6	60.3	55.4
<b>2013:08</b>	115.5	97.2	40.0	93.7	118.7	53.8	55.7
<b>2013:09</b>	115.9	98.2	44.4	92.9	116.6	52.7	56.2
<b>2013:10</b>	115.4	98.5	45.8	94.6	112.7	54.2	56.4
<b>2013:11</b>	117.4	99.4	45.9	98.2	118.2	61.1	57.3
<b>2013:12</b>	116.9	99.5	45.7	95.0	118.2	62.3	57.0
<b>2014:01</b>	116.8	99.4	40.1	95.4	118.2	63.5	51.3
<b>2014:02</b>	116.1	99.9	49.8	91.4	118.5	68.7	53.2
<b>2014:03</b>	117.1	100.9	47.1	94.1	118.6	63.6	53.7
<b>2014:04</b>	118.0	101.2	59.5	98.4	120.6	53.7	54.9
<b>2014:05</b>	117.8	101.7	48.6	94.4	118.7	59.6	55.4

# Figure A7.1: Washington State Economic Indicators

## Year-over-Year Employment Growth

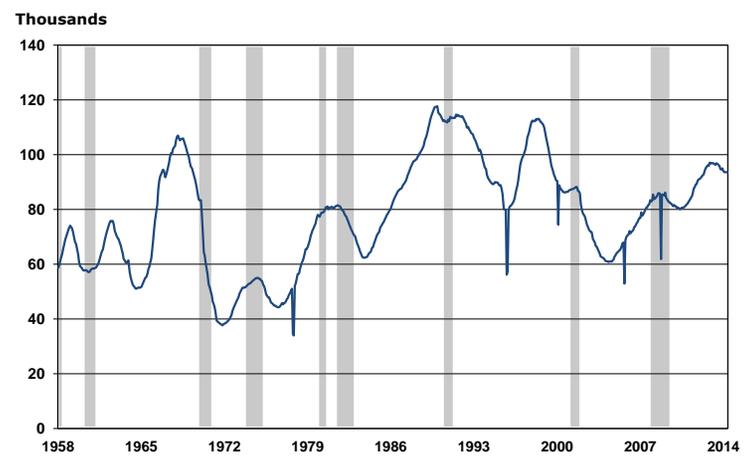
January 1980 to May 2014



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

## Washington Aircraft and Parts Employment

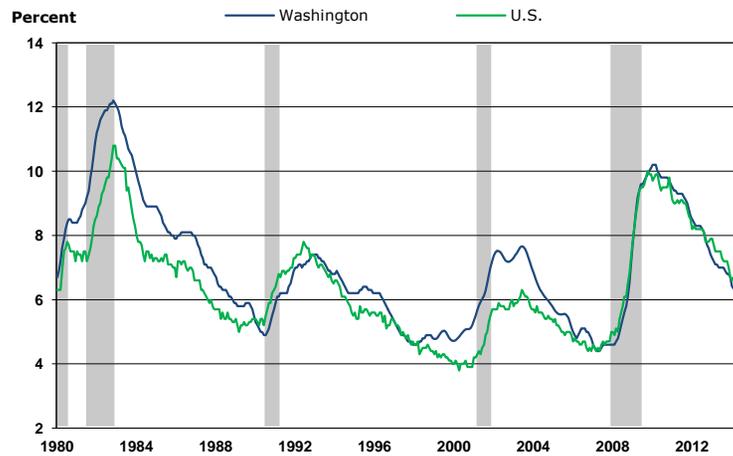
January 1958 to May 2014



\* Source: Bureau of Labor Statistics, ERFC

## Unemployment Rate, S.A.

January 1980 to May 2014



\* Source: Bureau of Labor Statistics

## Washington Business Cycle Indicator

July 1971 to May 2014



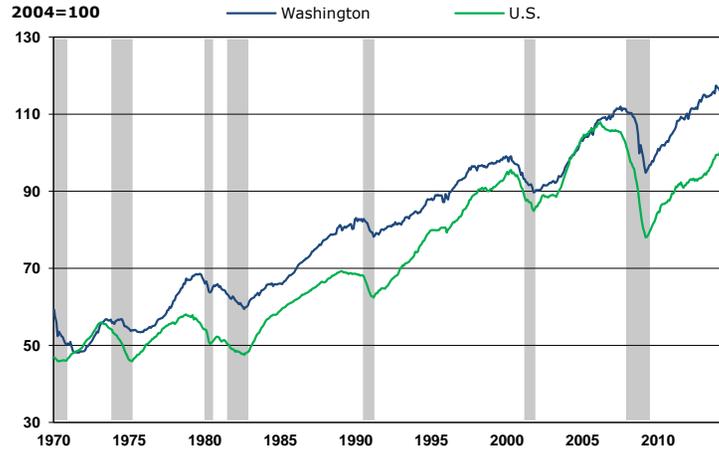
\* Source: ERFC

\* Shaded areas correspond with national recessions.  
Appendix

# Figure A7.2: Washington State Leading Indicators

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

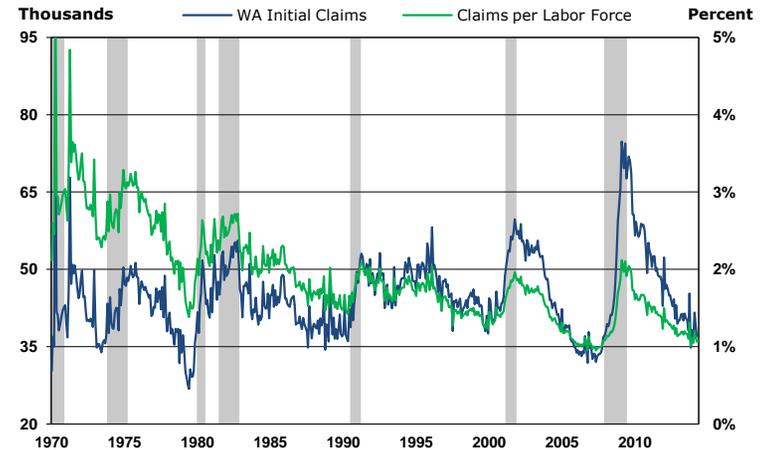
January 1970 to May 2014



\* The Conference Board, ERFC

## Washington Initial Claims for Unemployment Insurance

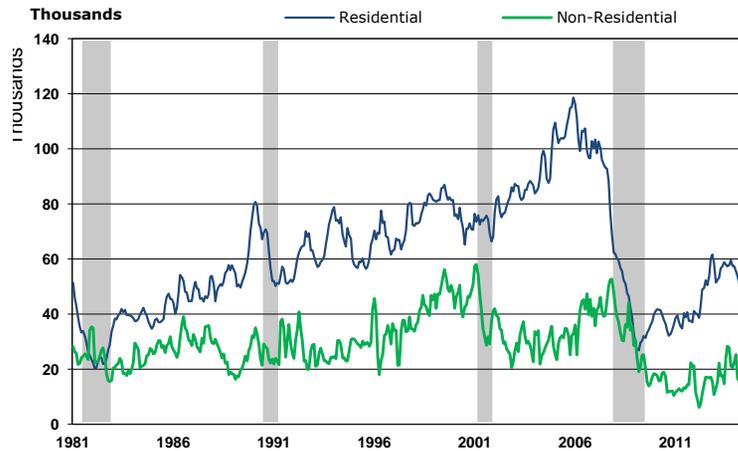
January 1970 to May 2014, S.A.



\* Source: WA State Employment Security, ERFC

## Square Footage of Construction Projects in WA State

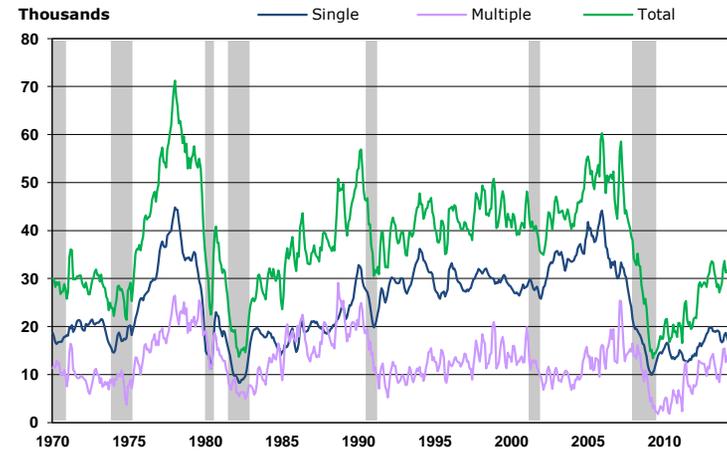
January 1981 to May 2014, 3mma, SAAR



\* Source: McGraw-Hill Construction, ERFC

## Housing Units Authorized in Washington State

January 1970 to May 2014, 3mma, SAAR



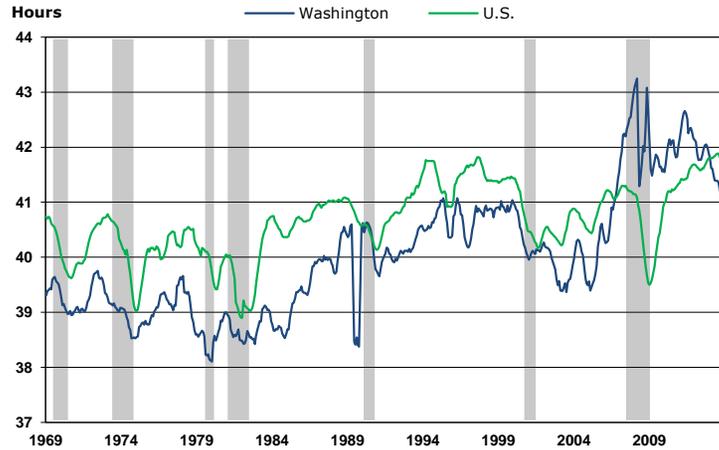
\* Source: Census Bureau, ERFC

\* Shaded areas correspond with national recessions.  
Appendix

# Figure A7.3: Other State Economic Indicators

## Average Weekly Hours in Manufacturing

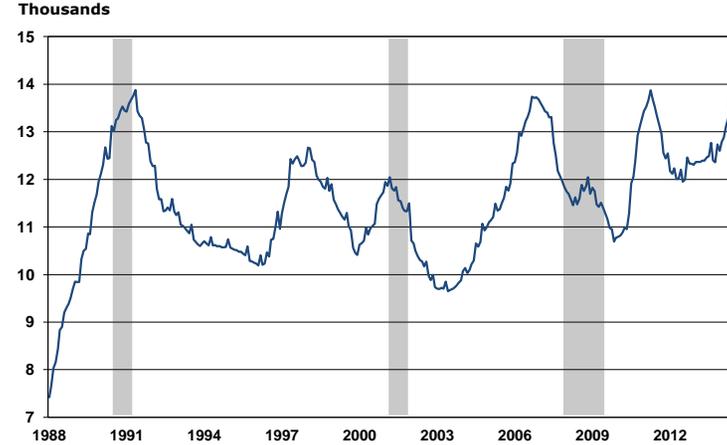
June 1969 to May 2014, 6-Mo. Moving Average, S.A.



\* Bureau of Labor Statistics, ERFC

## Washington Driver's License In-Migration

January 1988 to May 2014, 12-Month Moving Average



\* Source: WA State Department of Licensing, ERFC

## New Car and Truck Registrations in Washington

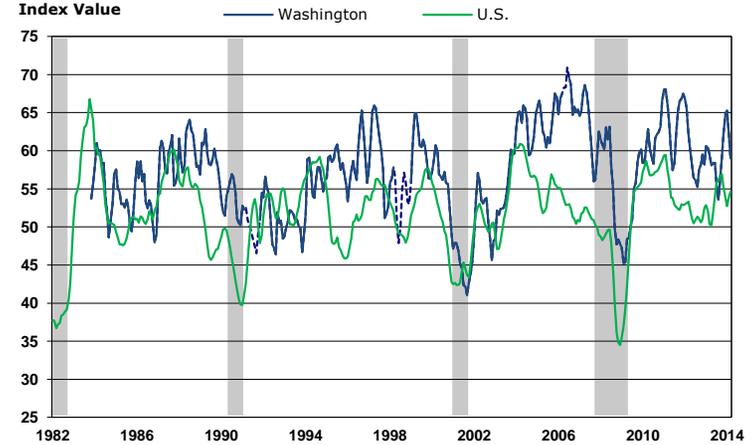
September 1970 to May 2014, 3-Month Moving Average, S.A.



\* Source: WA State Department of Licensing, ERFC

## Institute for Supply Management Index

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



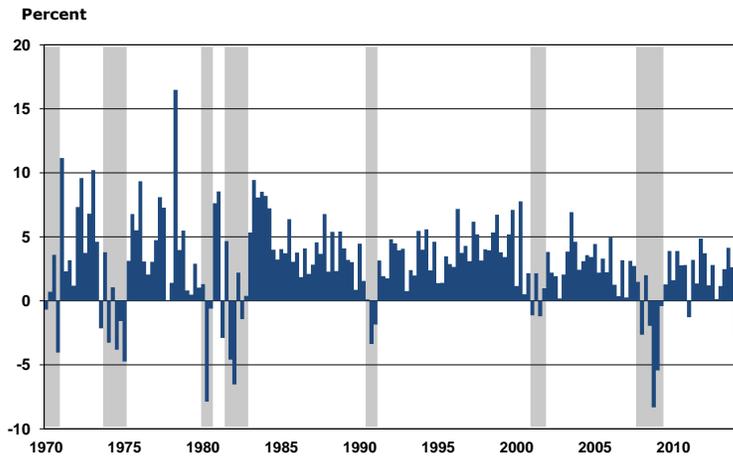
\* Source: Institute for Supply Management, ISM-WW, ERFC

\* Shaded areas correspond with national recessions.  
Appendix

# Figure A7.4: Other Economic Indicators

## Quarterly U.S. Real GDP Growth

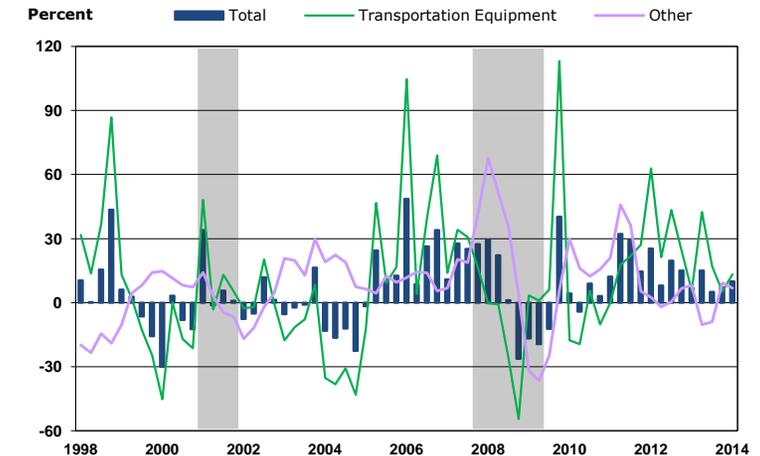
1970Q1 to 2014Q1, SAAR



\* Source: Bureau of Economic Analysis

## Washington State Export Composition

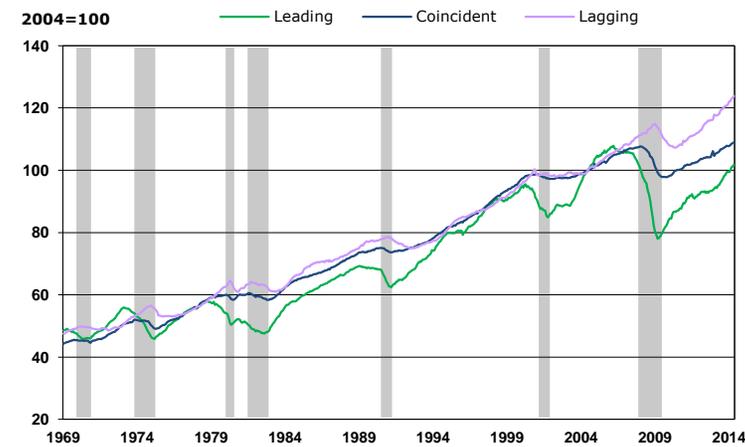
1998Q1 to 2014Q1, Year-over-year percent change



\* Source: WISER

## U.S. Economic Indicators

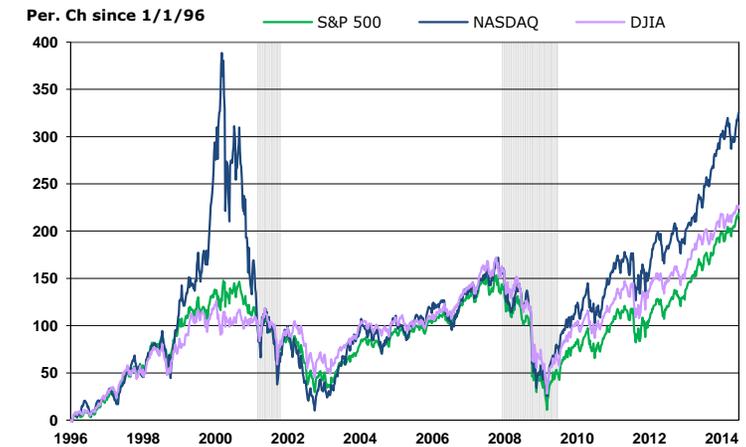
January 1969 to May 2014



\* Source: The Conference Board

## National Stock Indexes

January 1, 1996 to June 27, 2014



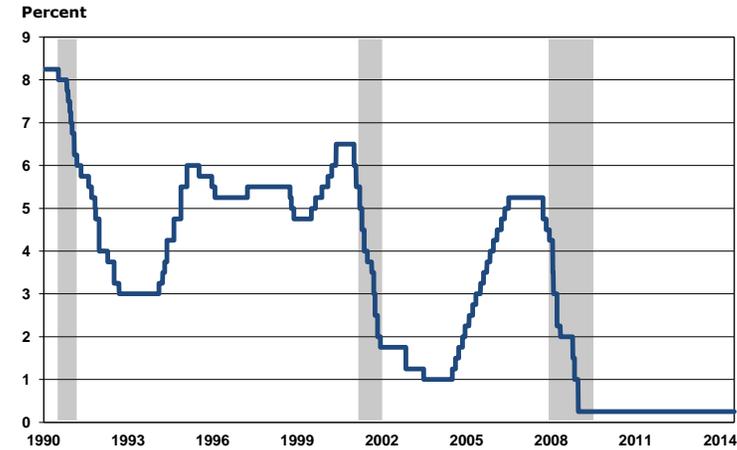
\* Source: ERFC

\* Shaded areas correspond with national recessions.  
Appendix

# Figure A7.4: Other Economic Indicators

## Federal Funds Target Rate

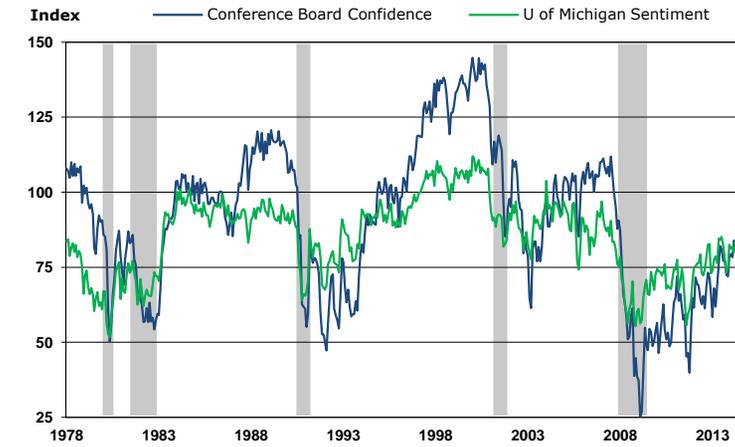
January 1, 1990 to June 30, 2014



\* Federal Reserve

## Consumer Confidence

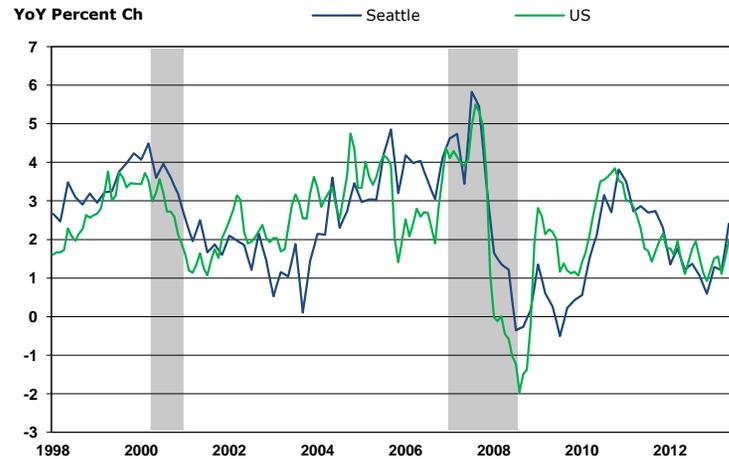
March 1978 to June 2014



\* Source: The Conference Board, University of Michigan

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

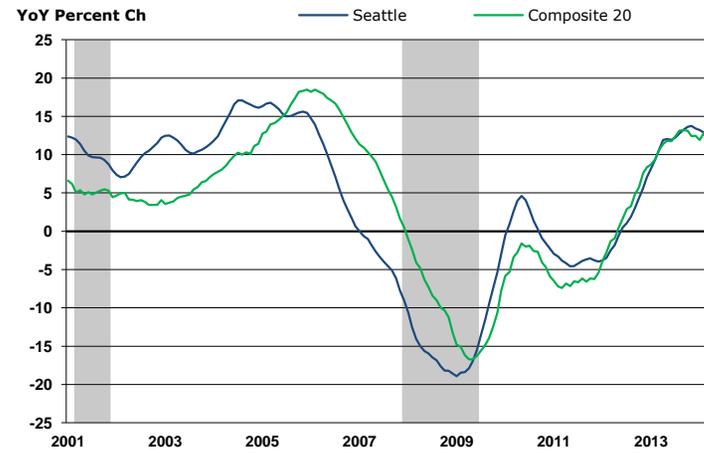
December 1998 to May 2014



\* Source: Bureau of Labor Statistics

## Case Shiller Home Price Index

January 2001 to April 2014, SA



\* Source: Case Shiller, ERFC

\* Shaded areas correspond with national recessions.  
Appendix



## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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