

Washington State Economic Outlook & Revenue Collection Experience

Presented to
Premera Blue Cross Officer & Director Meeting

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January 14, 2014
Mountlake Terrace, Washington



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL



Current economic & policy events of note

Positives:

- Federal budget agreement
- Improving consumer confidence

Negatives:

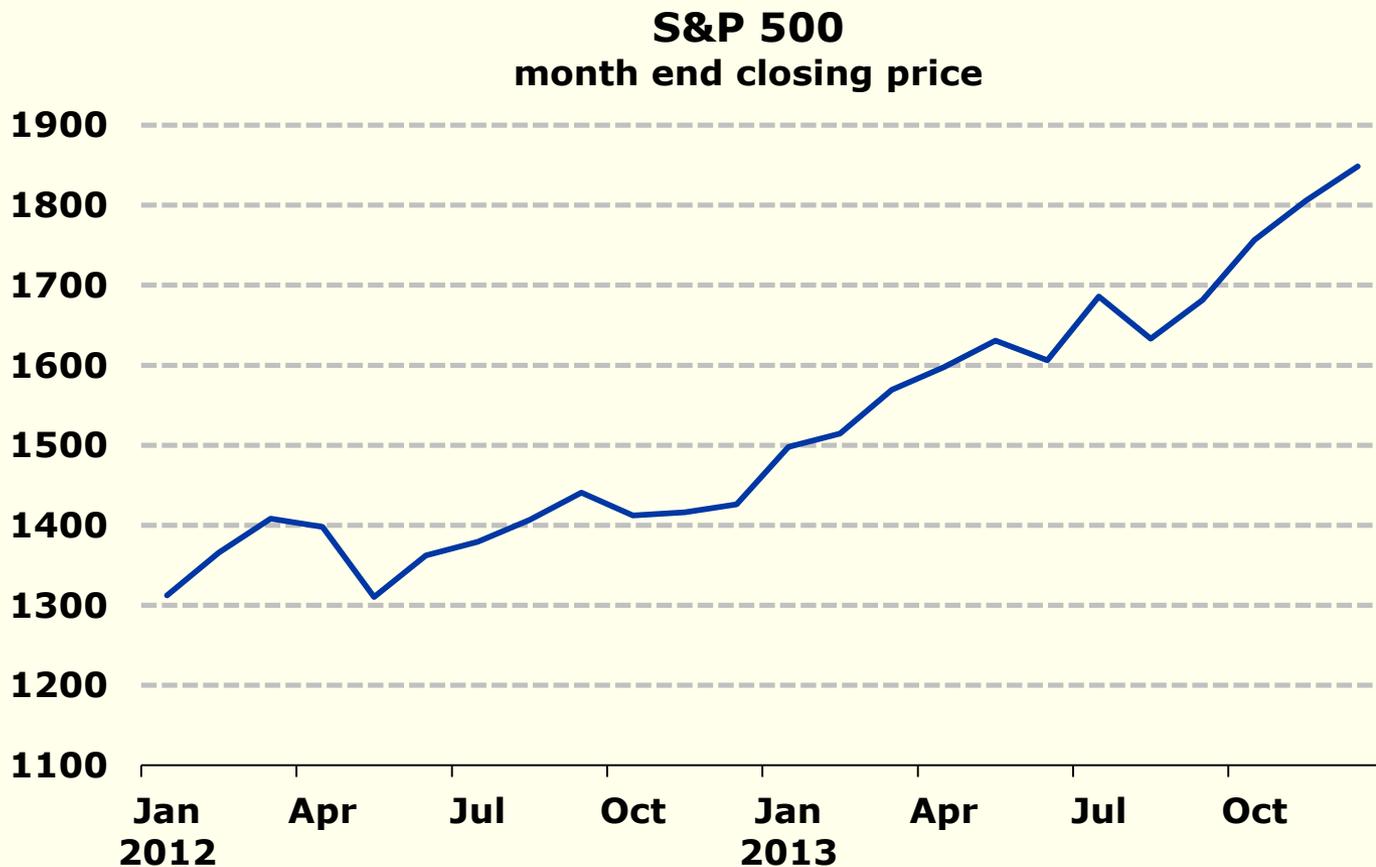
- Weaker home sales nationally
- Chinese economic growth slowing

TBD:

- Debt ceiling increase



Stock market anticipates stronger economic growth

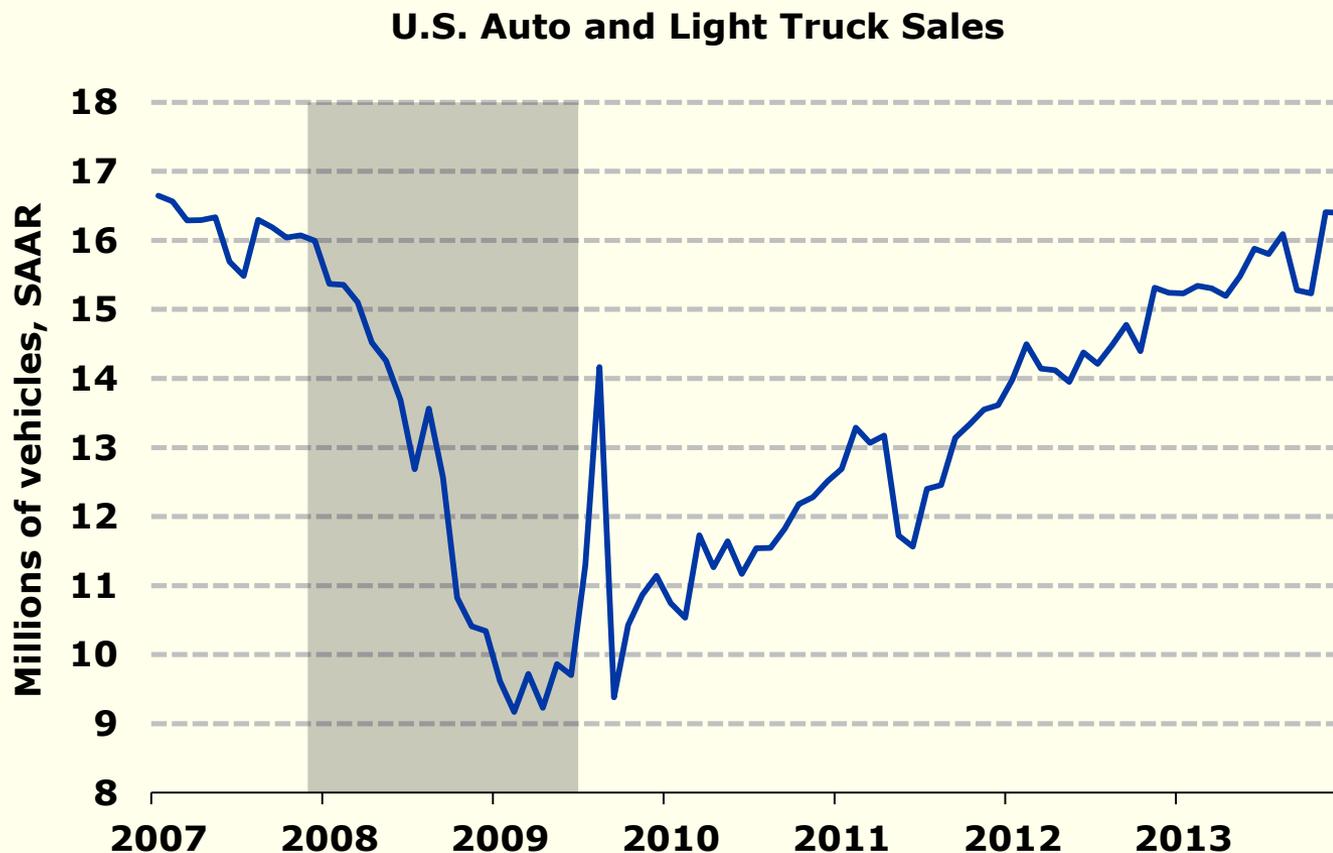


Source: Yahoo! Finance; data through December 2013



Auto and light truck sales have improved

2013 auto & light truck sales were 7.6% above 2012

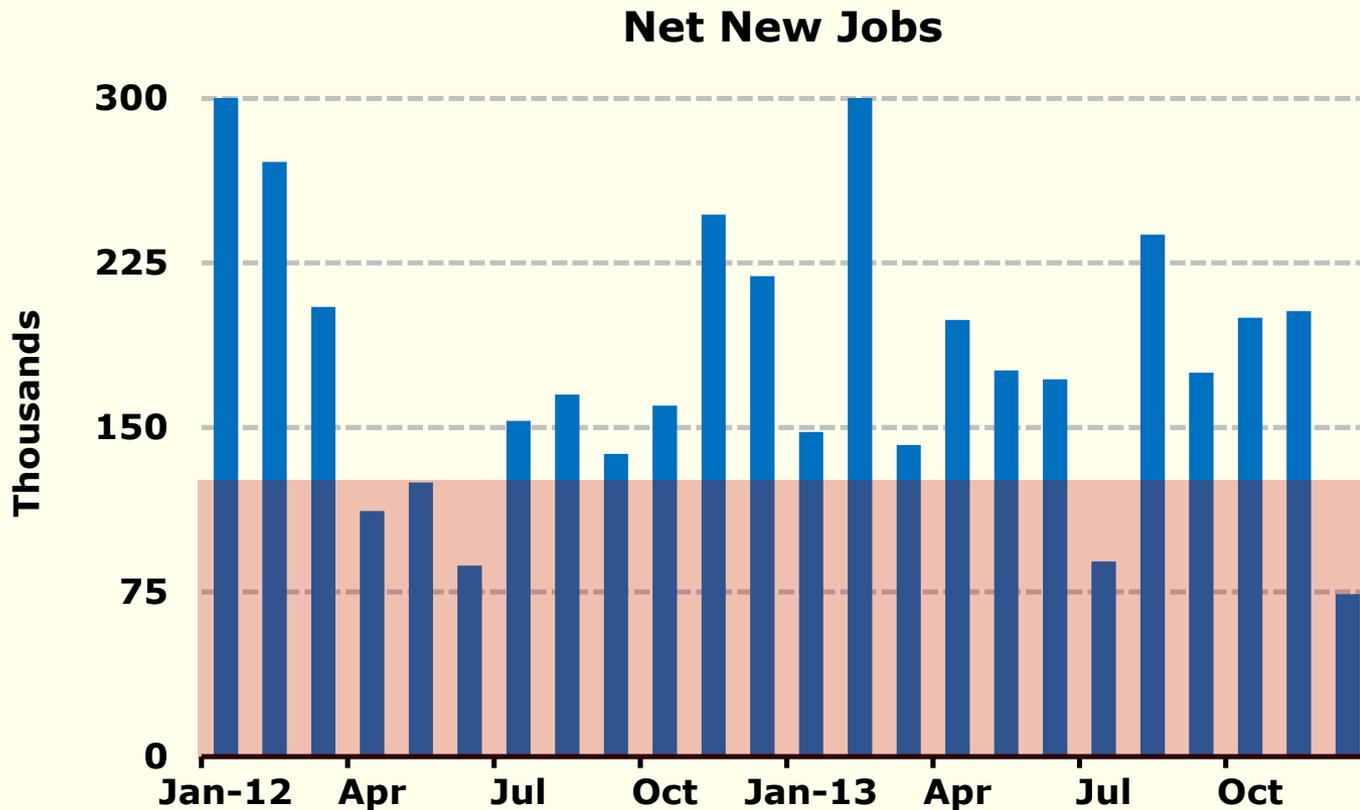


Source: Autodata Corporation; data through December 2013



Job growth improved in August through November but was weak in December

The economy needs to add roughly 125K jobs each month just to keep up with growth in the labor force

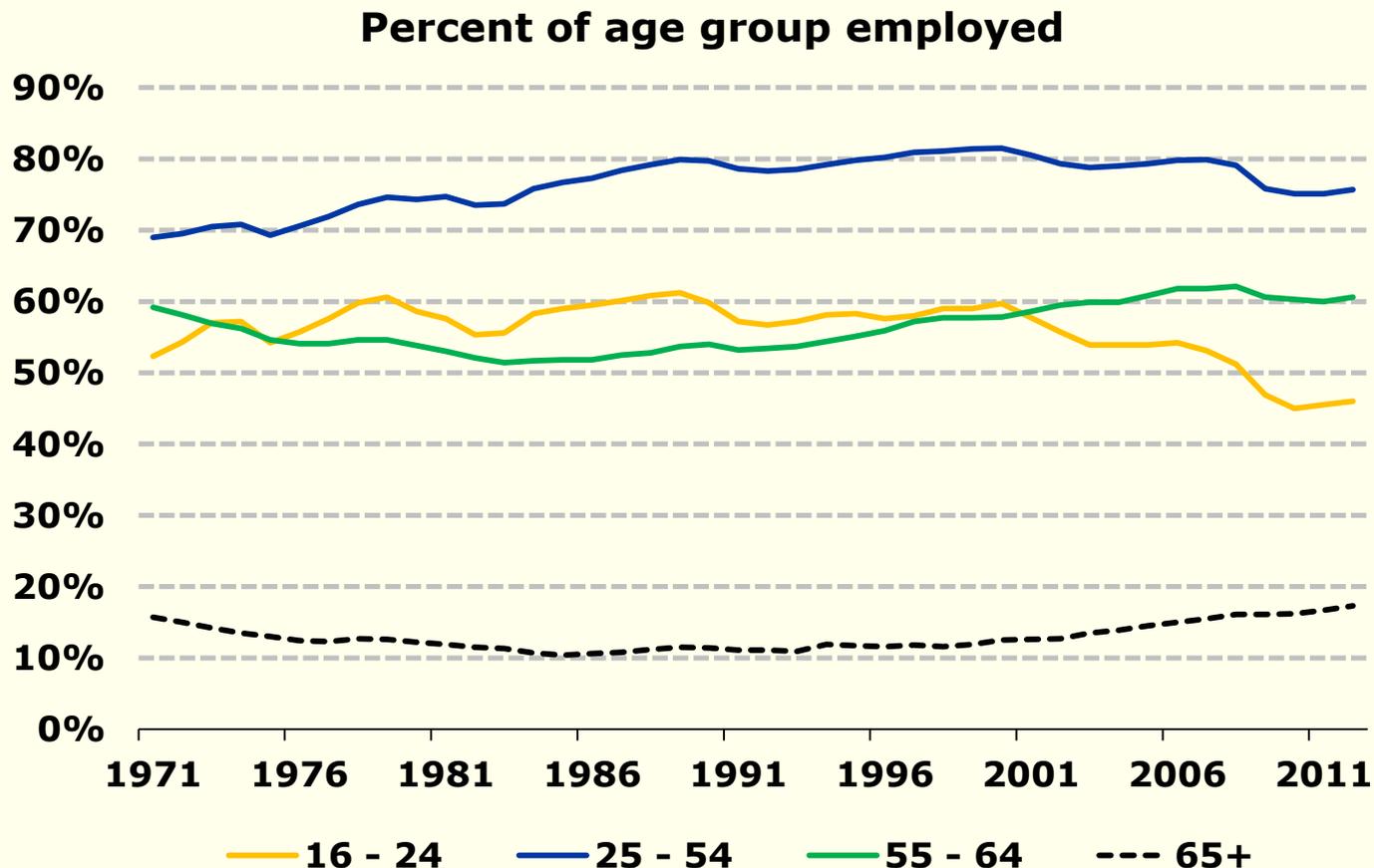


Source: Bureau of Labor Statistics, data through December 2013



Share of youth working has declined; share of seniors working has risen

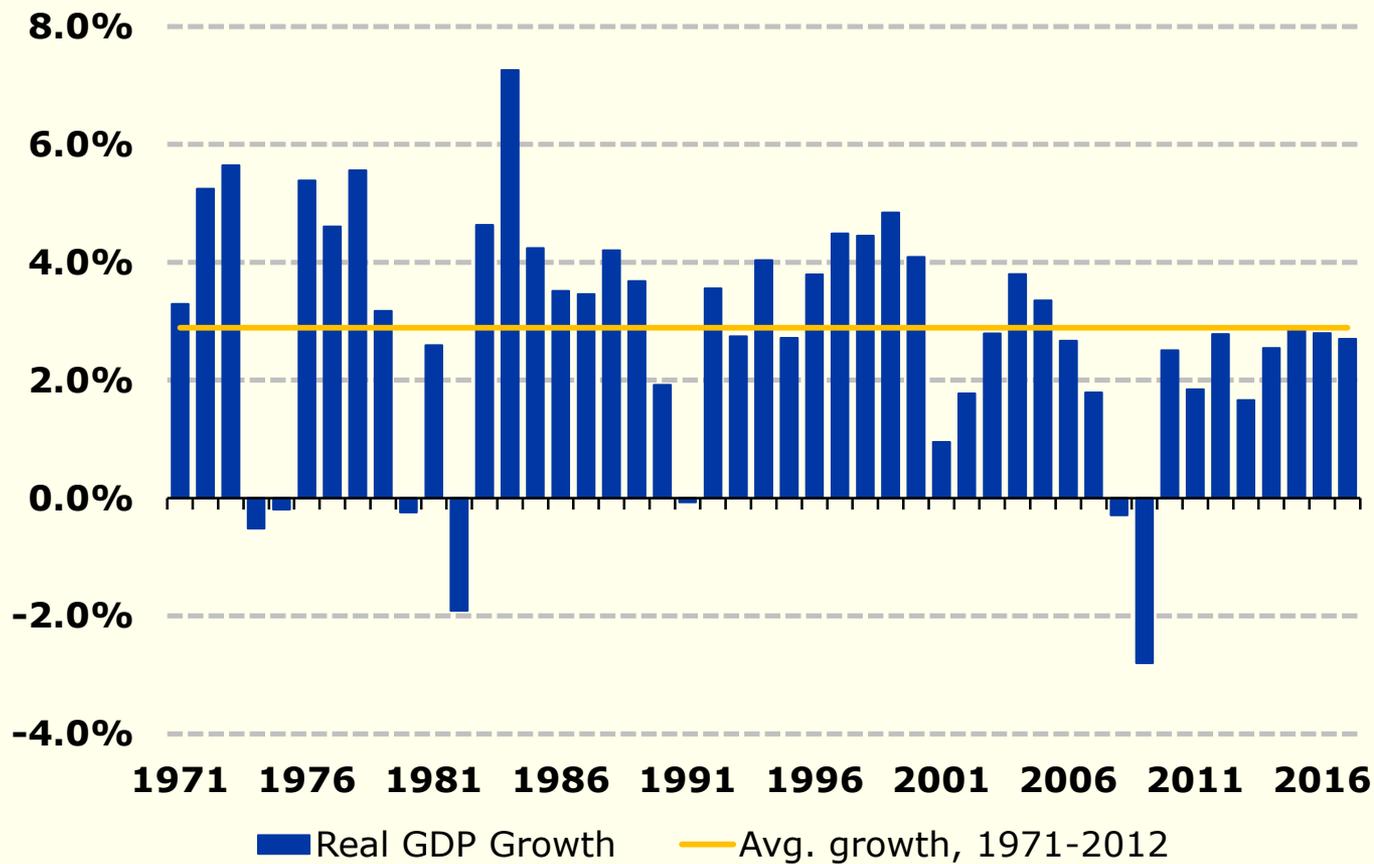
58.6% of all persons aged 16 and over were employed in 2012



Source: BLS, data through 2012



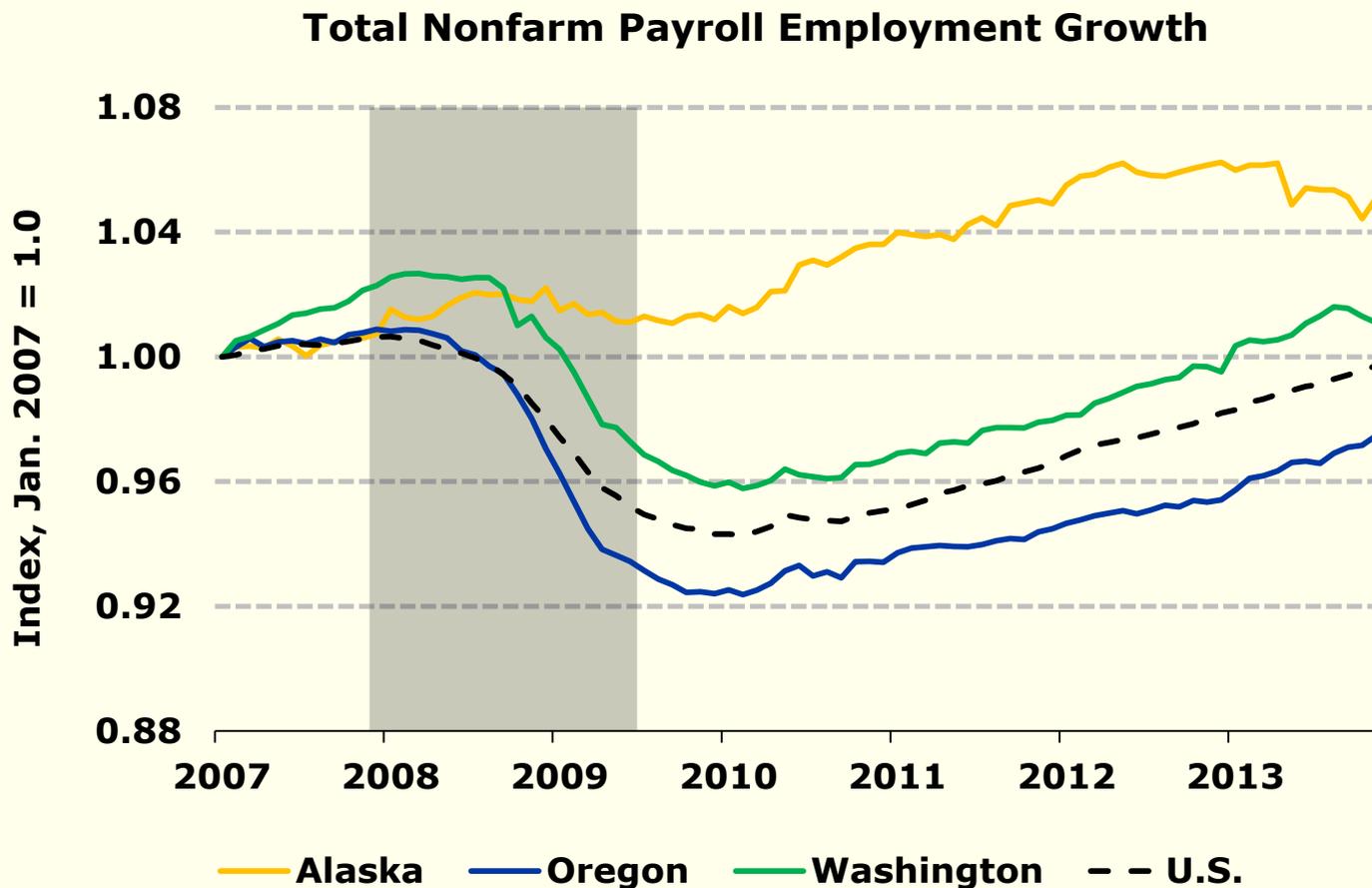
U.S. economic growth has been slower than in past recoveries



Source: BEA, ERFC; historical data through 2012

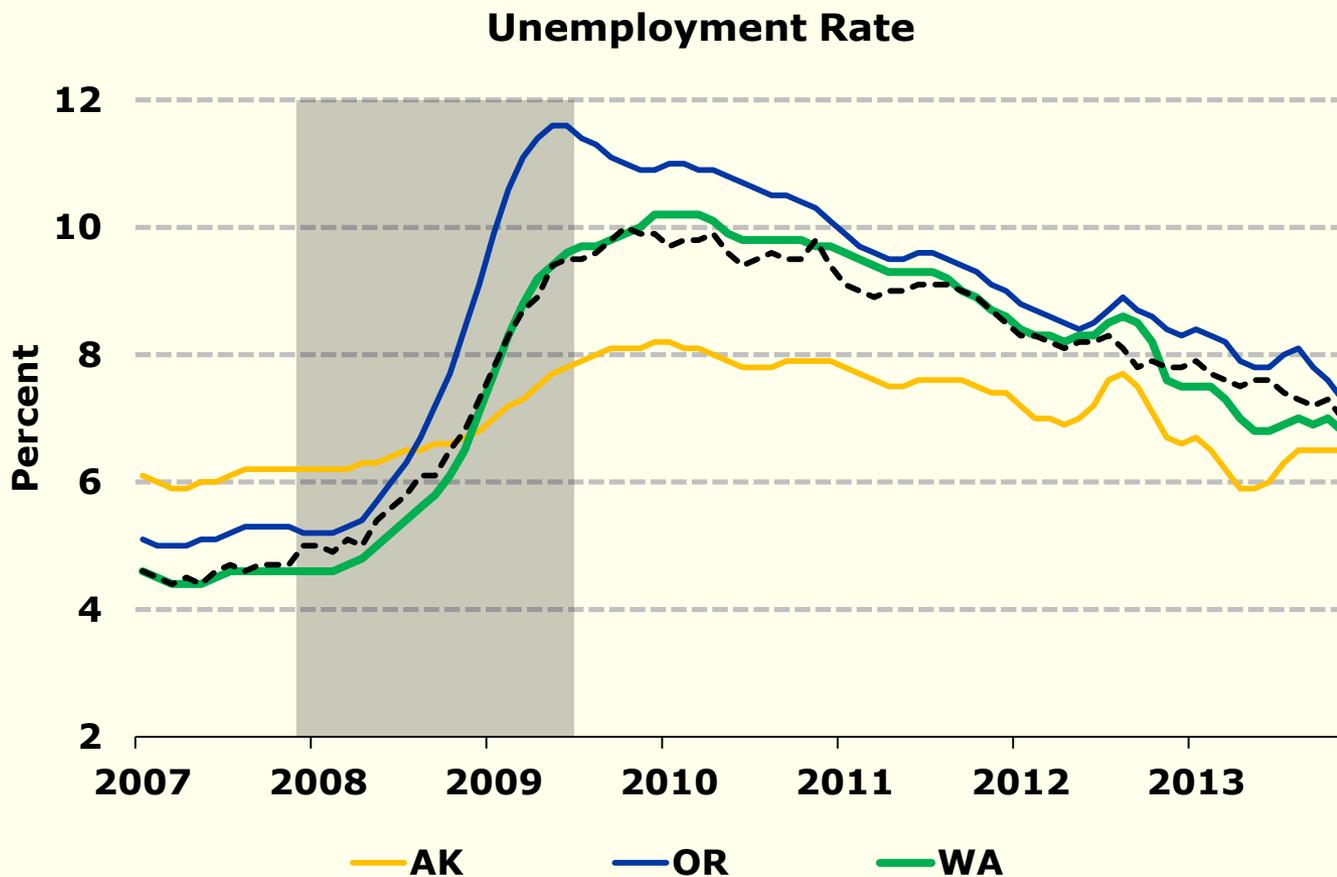


Employment growth since 2007





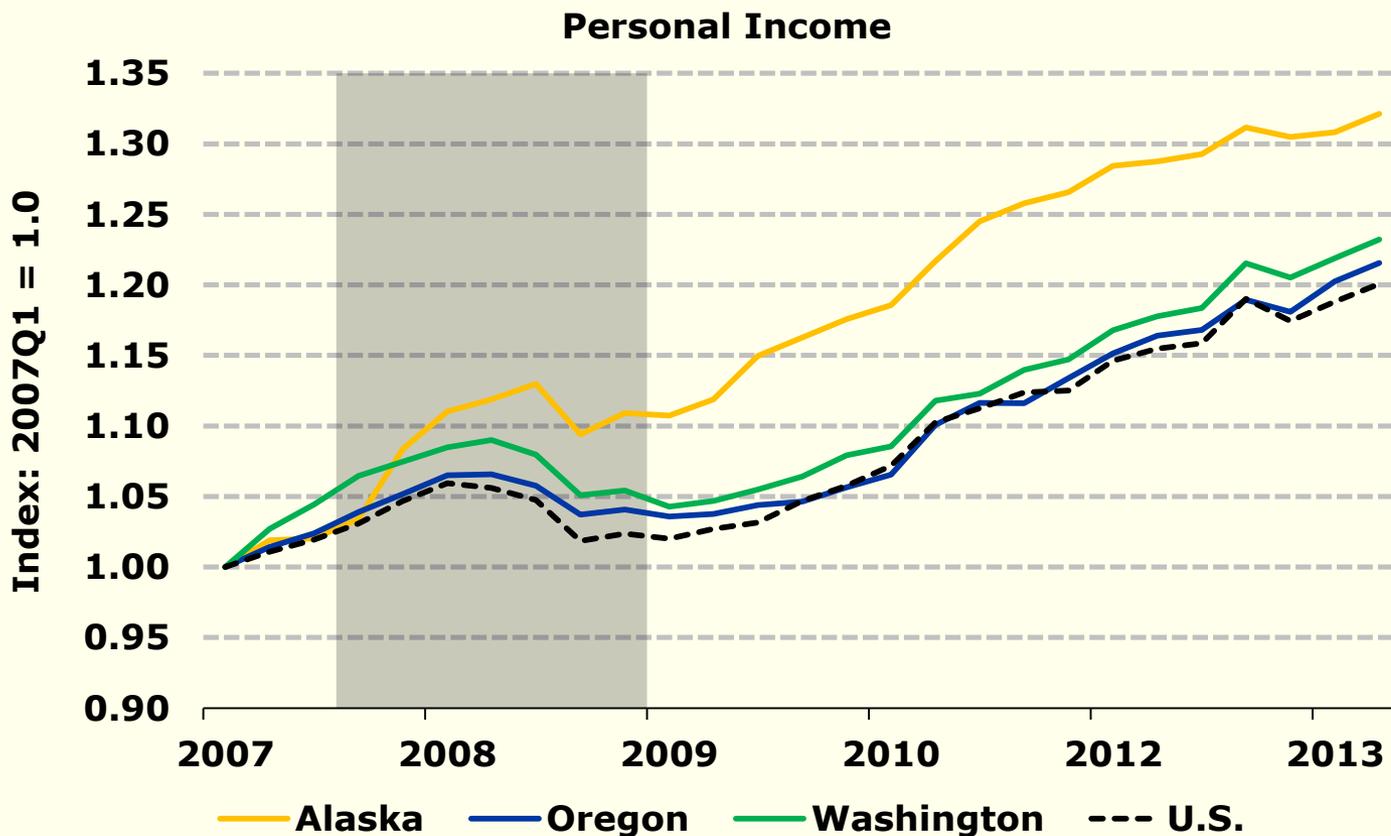
State and U.S. unemployment rates



Source: BLS; data through November 2013



Personal income growth since 2007

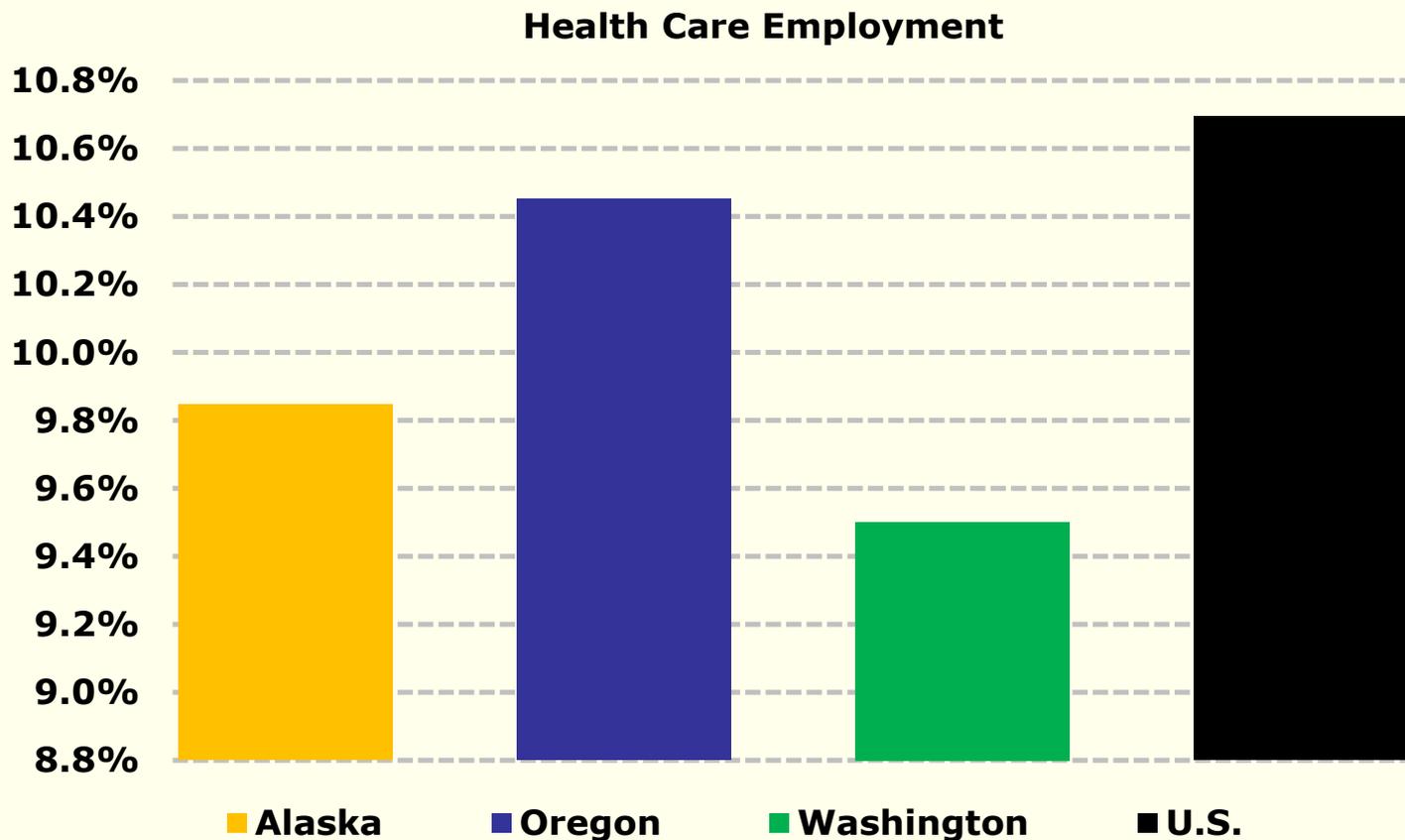


Source: BEA; data through 2013Q3

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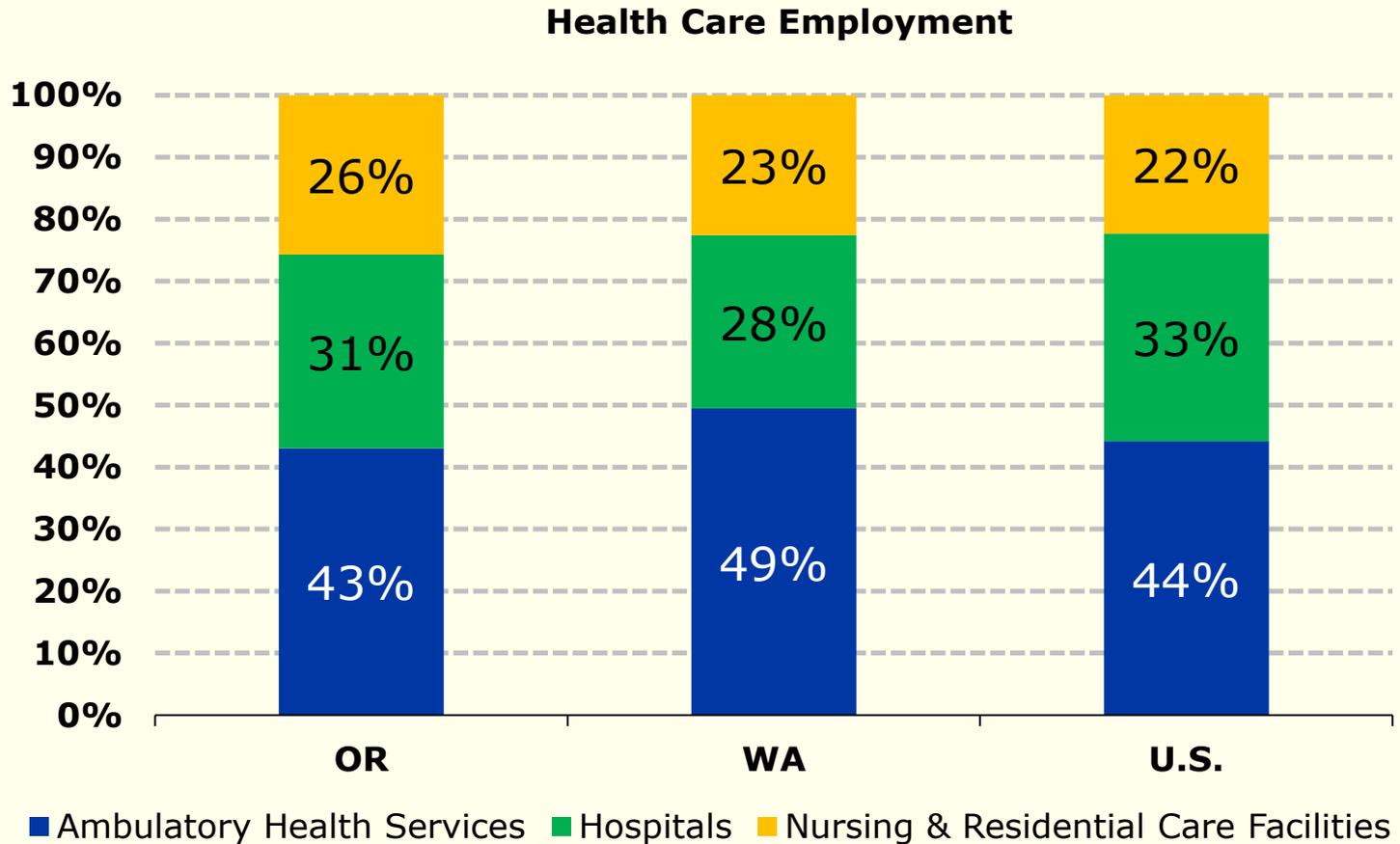
Health care employment share of total nonfarm employment, 2012



Source: BLS; 2012 data



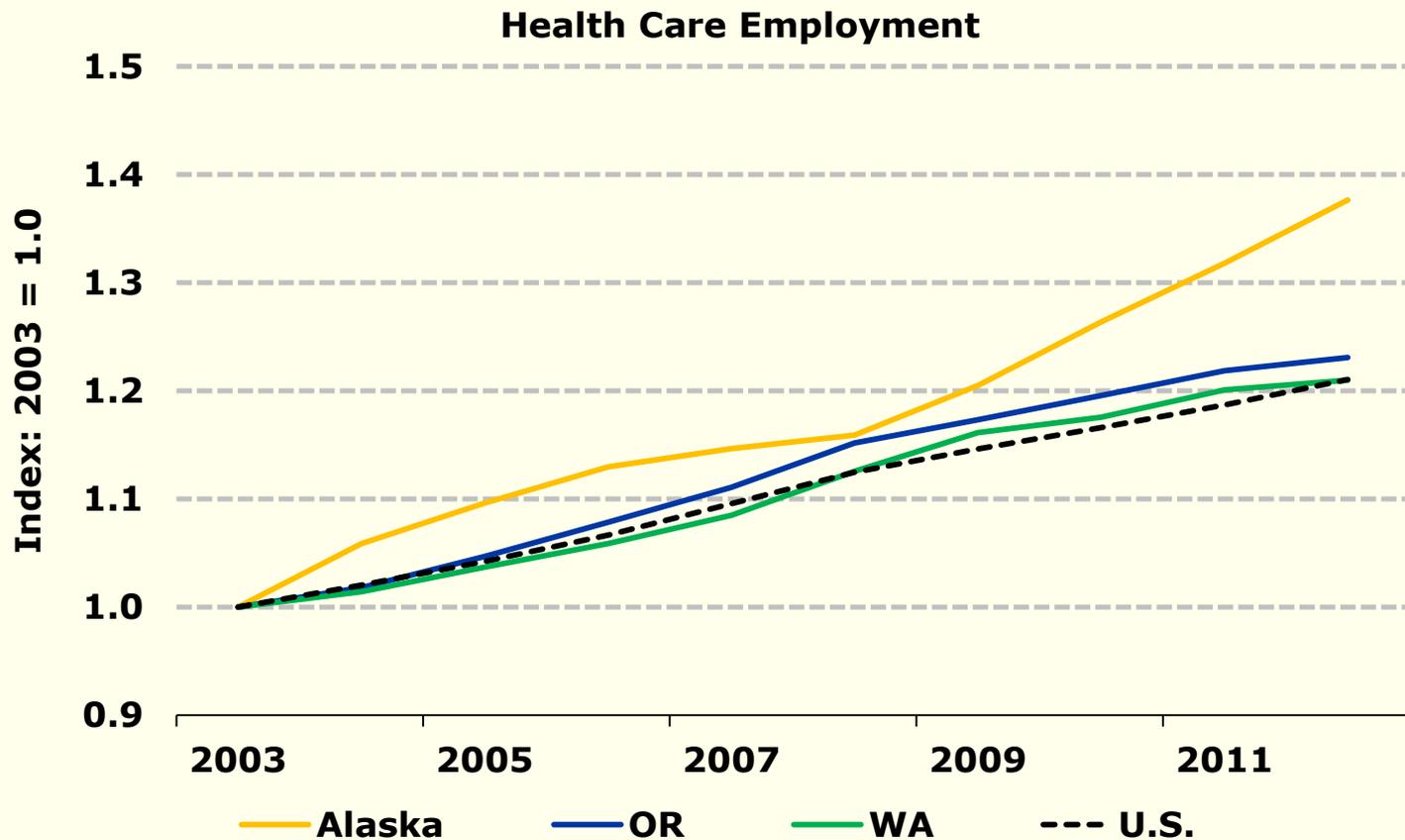
Health care employment by subsector, 2012



Source: BLS; 2012 annual data



Growth in health care employment

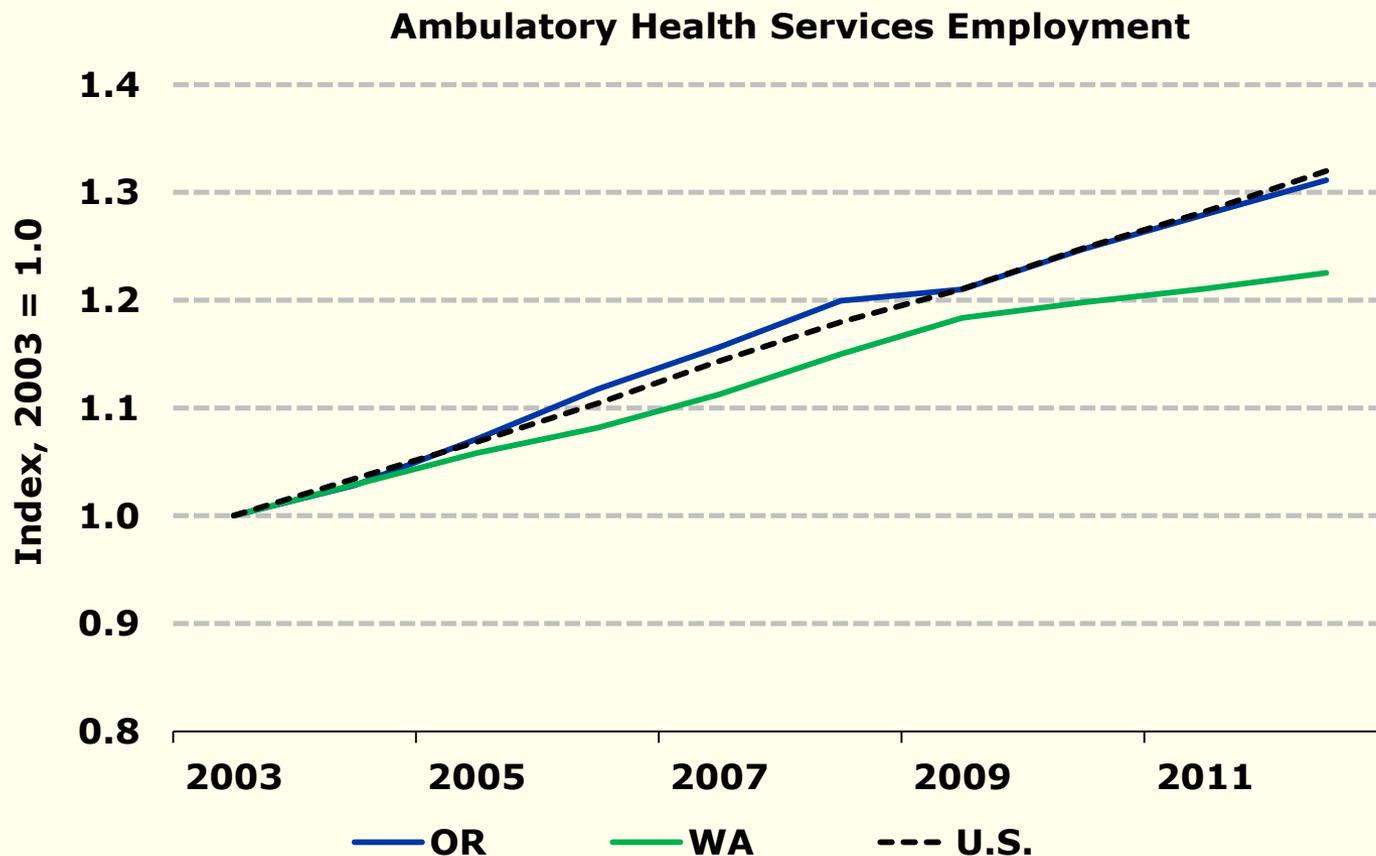


Source: BLS; annual data through 2012



Growth in ambulatory health services employment

Includes offices of health professionals, OP and ambulatory care centers, laboratories, etc.



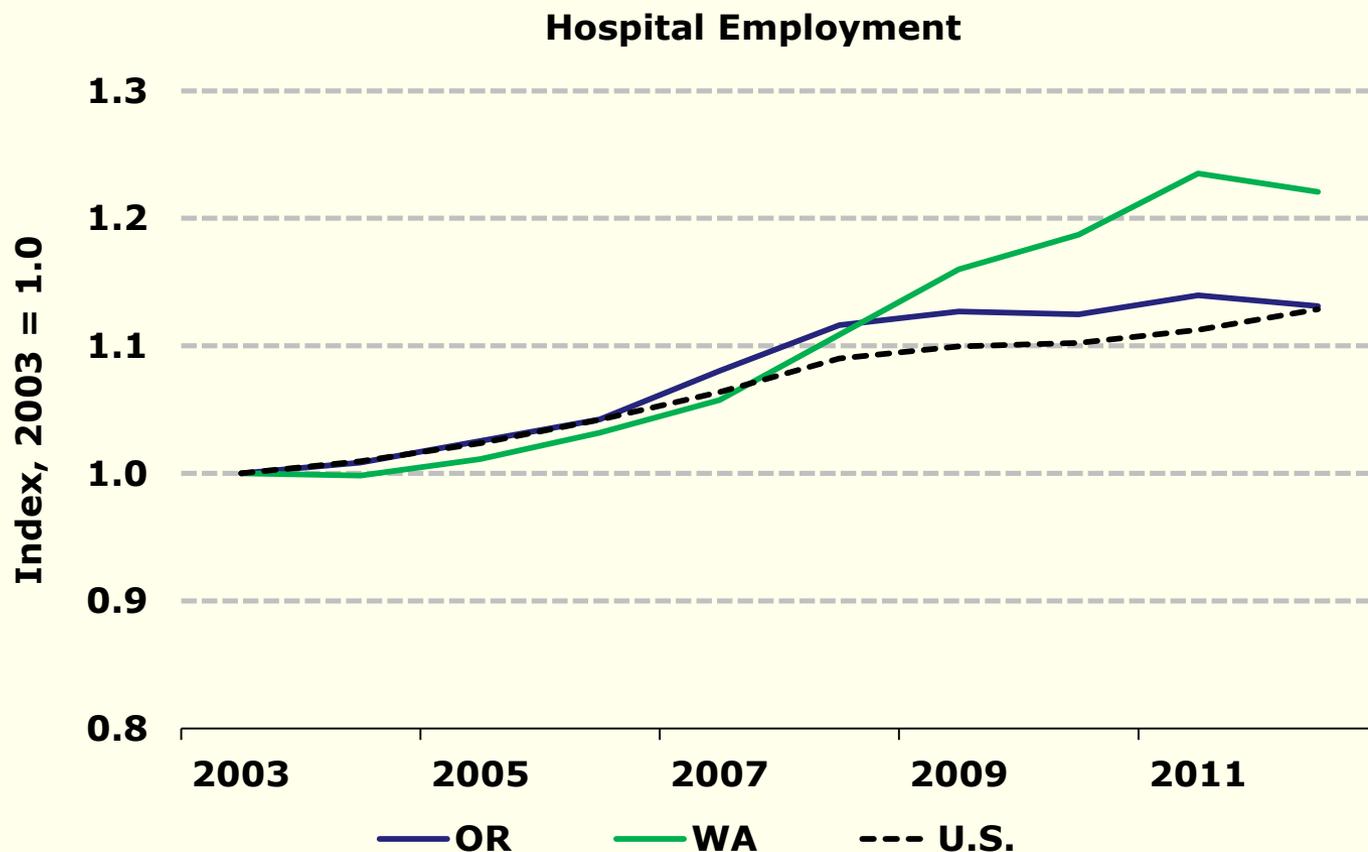
Source: BLS; annual data through 2012

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Growth in hospital employment

Includes medical & surgical, psychiatric & substance abuse, and other hospitals

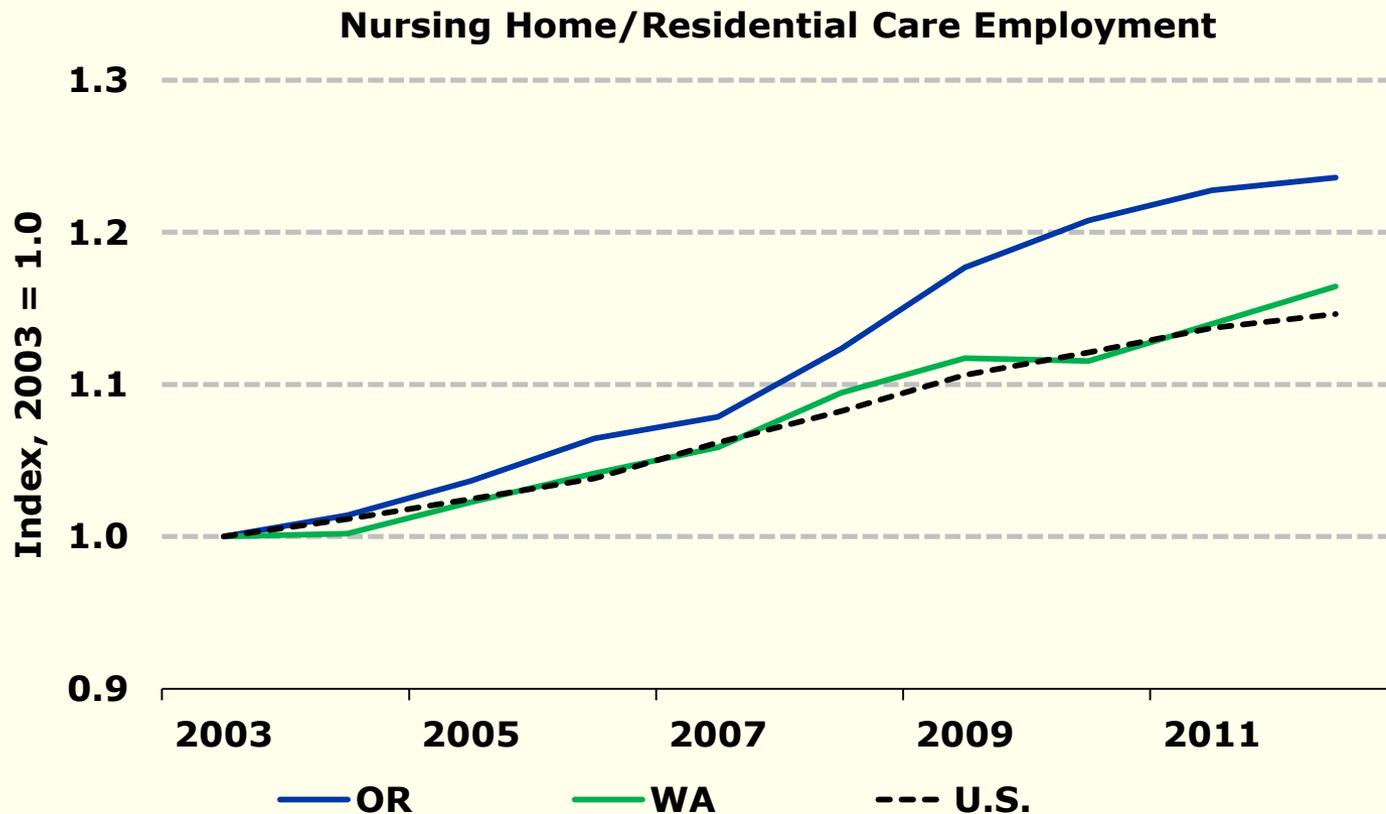


Source: BLS; annual data through 2012

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Growth in nursing home and residential care employment

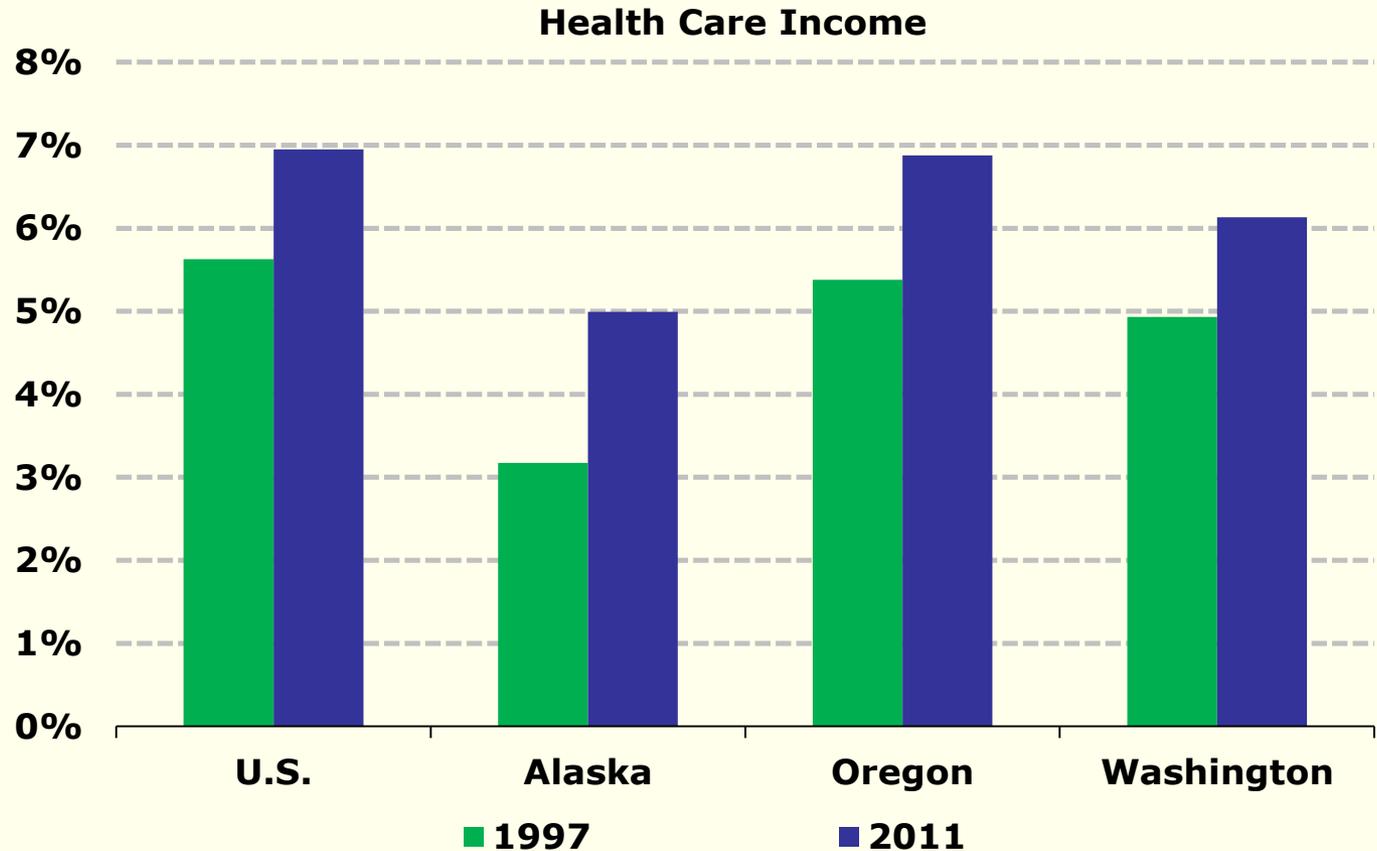


Source: BLS; annual data through 2012



Health care income as share of state GDP

State GDP measures wages, other labor income and business income across industries

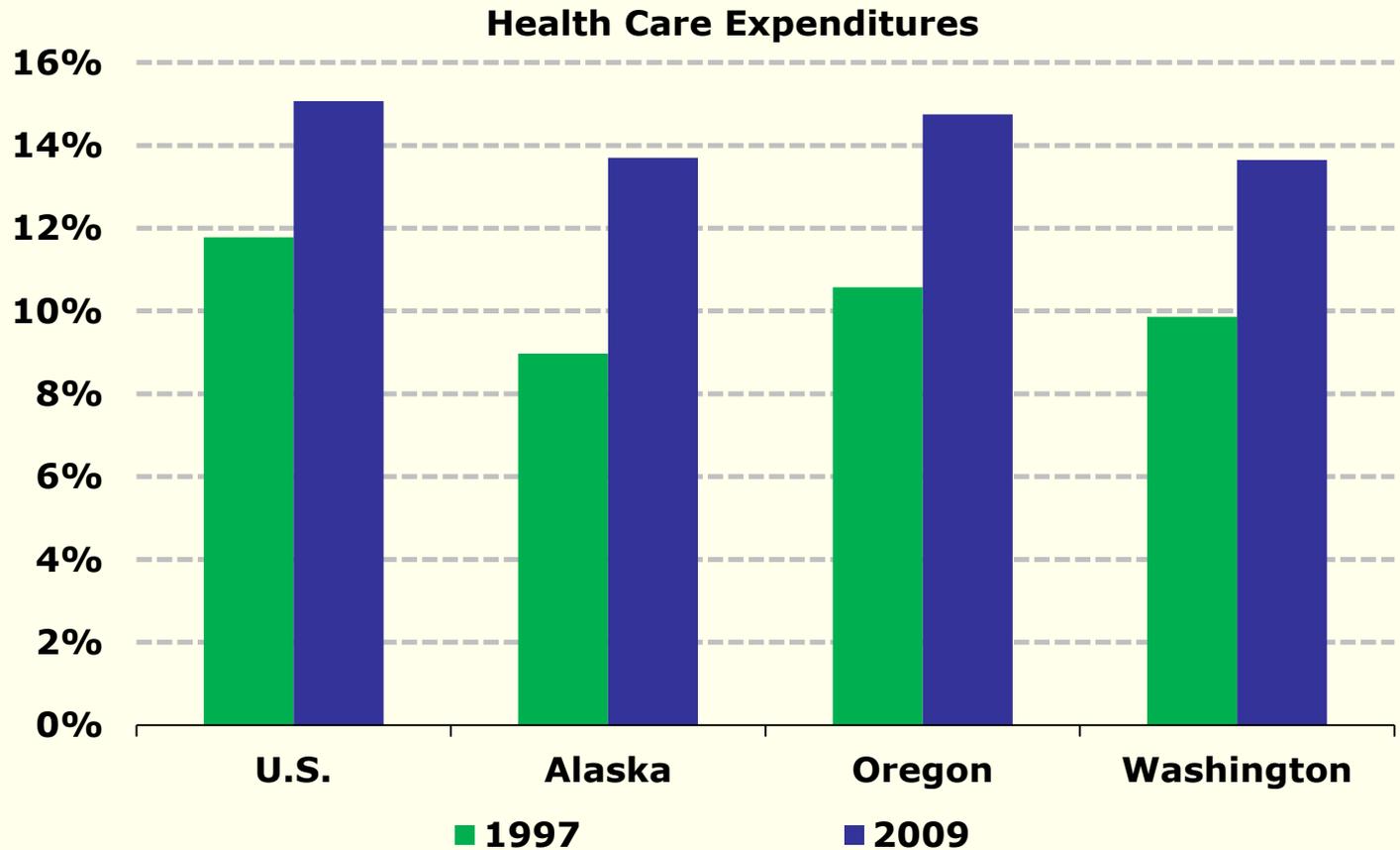


Source: BEA; 1997 and 2011 state GDP data

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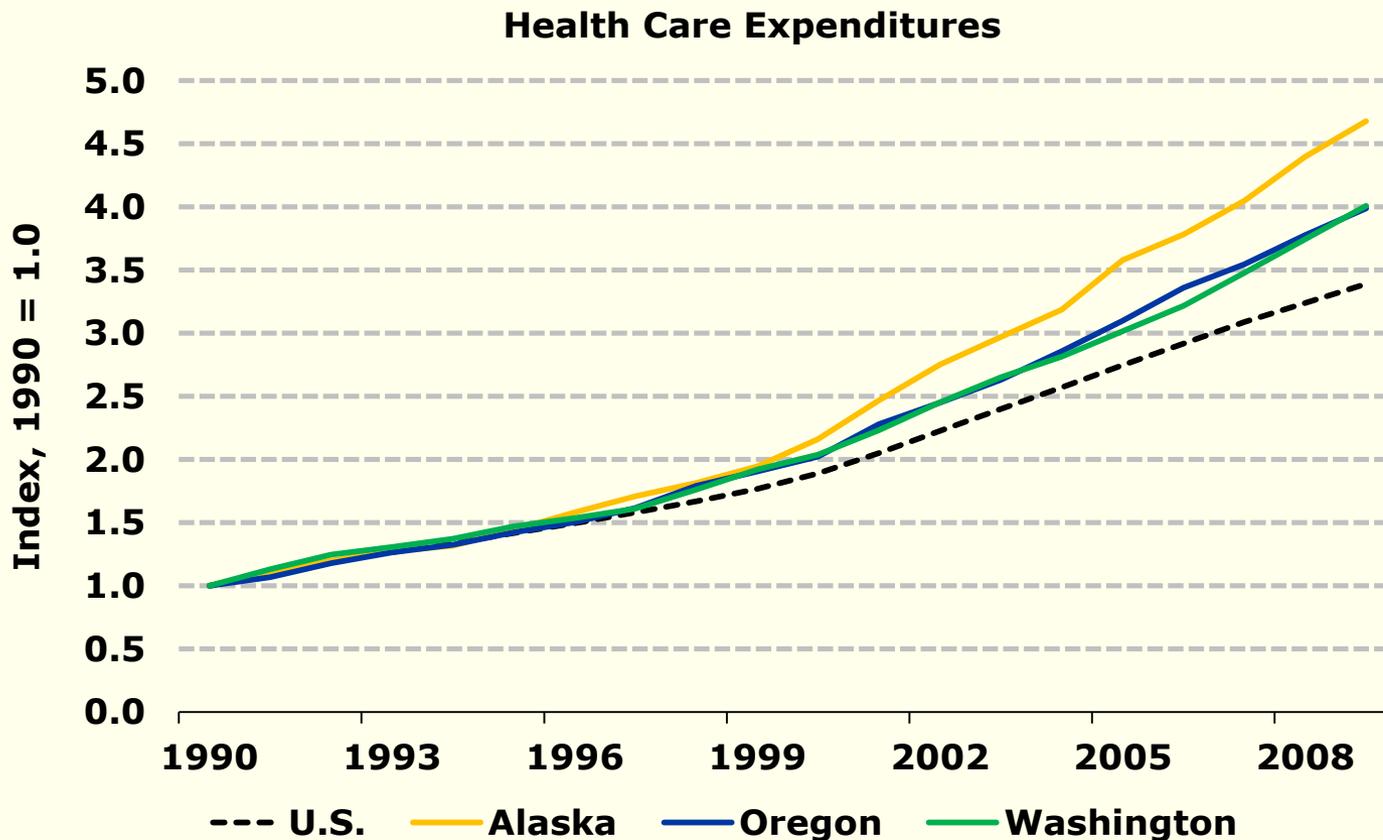
Health care expenditures as share of state GDP





Growth in health care expenditures, 1990 - 2009

Between 2007 and 2009, all three states saw expenditures grow faster than the national average of 9.7%



Source: CMS State Health Expenditure Accounts by Provider Location; data through 2009

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Conclusion

- The forecast for both the U.S. and the Northwest continues to be slow but steady economic and job growth
- Risks to the national and regional economies include: a slowing Chinese economy, uncertainty over Federal fiscal policy, the potential for a housing slowdown, and ongoing economic and debt problems in Europe
- Despite the risks, there are some positive signs including the recent Federal budget agreement, stronger employment, and improving consumer confidence
- Alaska has experienced stronger growth in both health care employment and health care spending compared to Oregon, Washington or the U.S. as a whole



Questions



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