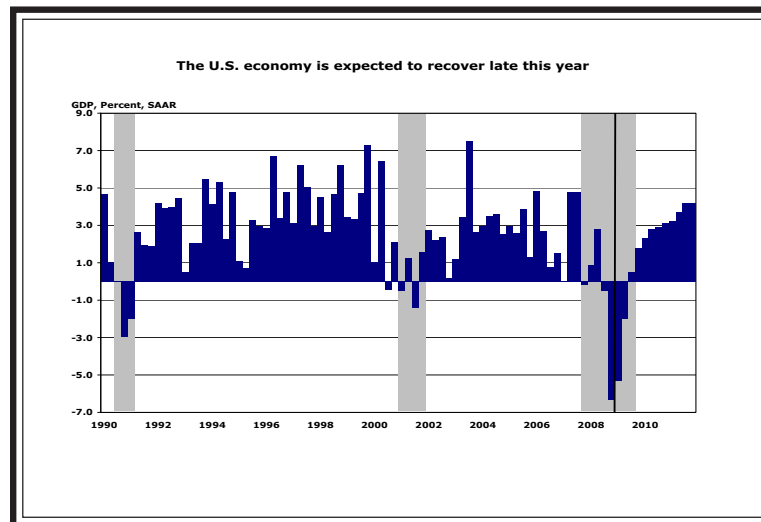


Washington Economic and Revenue Forecast



March 2009
Volume XXXII, No. 1

Economic and Revenue Forecast Council Members

Senator Craig Pridemore, Chair
Senator Joseph Zarelli
Representative Ed Orcutt

Cindi Holmstrom, Director, DOR
Victor Moore, Director, OFM
Representative Ross Hunter

Governor's Council of Economic Advisors

Mr. Rick Bender
Mr. Frank Brod
Dr. Richard Conway
Dr. Grant Forsyth
Mr. John Griffiths
Mr. William Longbrake
Dr. Shelly J. Lundberg

Mr. David Nierenberg
Dr. Desmond O'Rourke
Dr. Kriss Sjoblom
Dr. Paul Sommers
Mr. Daniel Thomas
Dr. Andy Turner
Mr. Jeff Chapman

Explanation of the Cover Graph

The cover chart shows the seasonally adjusted annualized growth rate of U.S. real GDP since the first quarter of 1990. The gray bars show the current and last two national recessions. The last actual observation is the fourth quarter of 2008, beyond which is our latest forecast for U.S. real GDP growth. The current recession is both deeper and longer than the prior two. Indeed, it is the worst post-war recession. We expect the recession to last into the third quarter of 2009, followed by a slow recovery characterized initially by modest growth. Essential to a recovery in the national economy is a restoration of some semblance of normalcy to the financial services sector, so that credit to businesses and consumers begins to flow freely again.

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

Washington Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

March 2009
Volume XXXII, No.1

This page left intentionally blank.

Preface

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.

This page left intentionally blank.

Table of Contents

Preface	iii
List of Tables	vii
List of Charts	ix
Executive Summary	1
Chapter 1	
Washington State and U.S. Economic Forecasts	
Recent U.S. Economic Activity	5
U.S. Forecast Highlights	5
Recent Economic Activity in Washington	8
Adjustments to Economic Data	9
Washington State Forecast Highlights	9
Alternative Forecasts	13
Governor's Council of Economic Advisors Scenario	26
Chapter 2	
Washington Business Indicators	
The National Economy	27
The State Economy and Indicators	28
Chapter 3	
Washington State Revenue Forecast Summary	
Introduction	37
Background and Assumptions	37
March 2009 Forecast Assumptions	38
Recent Collection Experience	38
The General Fund-State Forecast for the 2007-09 and the 2009-11 Biennia	39
Department of Revenue	39
Department of Licensing	44
Office of Financial Management: Other Agencies	44
State Treasurer	44
Insurance Commissioner	47
Liquor Control Board	47
Lottery Commission	47
Forecast Change for the 2007-09 and the 2009-11 Biennia	47
Track Record for the 2007-09 Biennium	48
Track Record for the 2009-11 Biennium	48
The Relationship Between Cash and GAAP General Fund-State Revenue Forecasts	48
Alternative Forecast for the 2007-09 and the 2009-11 Biennia	49
Related Fund and General Fund Forecast for the 2007-09 and the 2009-11 Biennia	49

Chapter 4: Special Report	
Washington Exports, 2003-2007	67
Appendices	
Detail Components of the Washington Economic Forecast	81
Glossary	111

List of Tables

Chapter 1

Washington State and U.S. Economic Forecasts

Table 1.1	U.S. Economic Forecast Summary	15
Table 1.2	Washington Economic Forecast Summary	16
Table 1.3	Comparison of Alternative Forecasts	17
Table 1.4	Forecast Analysis	18
Table 1.5	Forecast Comparison	19
Table 1.6	Long Range Economic Outlook	20

Chapter 2

Washington Business Indicators

Table 2.1	Summary of National & State Indicators	30
Table 2.2	Washington Business Indicators	36

Chapter 3

Washington State Revenue Forecast Summary

Table 3.1	Revision to the General Fund-State Forecast	37
Table 3.2	Economic and Revenue Forecast Flow Chart	40
Table 3.3	Collection Variance, November 11, 2008-March 10, 2009	41
Table 3.4	General Fund-State Collections	43
Table 3.5	Taxable Retail Sales	44
Table 3.6	Summary of Changes to General Fund-State Forecast	50
Table 3.7	Comparison of the General Fund-State Forecast by Agency, 2007-09 Biennium; Cash	51
Table 3.8	Comparison of the General Fund-State Forecast by Agency; 2007-09 Biennium; GAAP ...	52
Table 3.9	Comparison of the General Fund-State Forecast by Agency, 2009-11 Biennium; Cash	53
Table 3.10	Comparison of the General Fund-State Forecast by Agency, 2009-11 Biennium; GAAP ..	54
Table 3.11	March General Fund-State Forecast 2007-09 & 2009-11 Biennia; Cash Basis	55
Table 3.12	General Fund - State Cash Receipts, March 2009	56
Table 3.13	Track Record for the 2007-09 General Fund-State Cash Forecast	57
Table 3.14	Track Record for the 2009-11 General Fund-State Cash Forecast	58
Table 3.15	March 2009 Baseline Forecast by Agency	59
Table 3.16	2007-09 Enacted Budget Balance Sheet Including 2008 Supplemental	60
Table 3.17	March 2009 Alternative Forecasts Compared to the Baseline Forecast, 2007-09	61
Table 3.18	March 2009 Alternative Forecasts Compared to the Baseline Forecast, 2009-11	62
Table 3.19	Impact of Initiative 728 and the State Property Tax and Lottery Revenue	63
Table 3.20	General Fund-State, Related Fund, and Near General Fund	64
Table 3.21	General Fund-State and Related Fund, by Fiscal Year	65

Chapter 4

Washington Exports, 2003-2007

Table 4.1	U.S. Exports by Industry, All Industries	71
Table 4.2	U.S. Exports by Country	72

Chapter 4

Washington Exports, 2003-2007

Table 4.3	U.S. Exports to Non-Middle-Eastern Asia, by Industry	73
Table 4.4	Washington Exports by Industry, All Industries	74
Table 4.5	Washington Exports by Industry, Top Twenty Industries	75
Table 4.6	Washington Exports by Country, All Industries	76
Table 4.7	Washington Exports by Country, Transportation Equipment	77
Table 4.8	Washington Exports by Country, All Industries Excluding Transportation Equipment	78
Table 4.9	Washington Exports to Non-Middle-Eastern Asia, by Industry	79

Appendices

Detail Components of the Washington Economic Forecast

Table A1.1	U.S. Economic Forecast Summary; Annual	82
Table A1.2	U.S. Economic Forecast Summary; Quarterly	83
Table A1.3	Washington Economic Forecast Summary; Annual	86
Table A1.4	Washington Economic Forecast Summary; Quarterly	87
Table A2.1	U.S. Nonagricultural Employment by Industry; Annual	90
Table A2.2	U.S. Nonagricultural Employment by Industry; Quarterly	91
Table A2.3	Washington Nonagricultural Employment by Industry; Annual	94
Table A2.4	Washington Nonagricultural Employment by Industry; Quarterly	95
Table A3.1	U.S. Personal Income by Component; Annual	98
Table A3.2	U.S. Personal Income by Component; Quarterly	99
Table A3.3	Washington Personal Income by Component; Annual	102
Table A3.4	Washington Personal Income by Component; Quarterly	103
Table A4.1	Selected Inflation Indicators	106
Table A4.2	Chain-Weighted Price Indices	107
Table A5.1	Washington Resident Population and Components of Changes	108
Table A5.2	Washington Population	109

List of Charts

Chapter 1

Washington State and U.S. Economic Forecast

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1	Total Nonfarm Payroll Employment	21
Chart 1.2	Manufacturing Employment	21
Chart 1.3	Durable Manufacturing	21
Chart 1.4	Non-Durable Manufacturing	21
Chart 1.5	Construction Employment	22
Chart 1.6	Information Employment	22
Chart 1.7	Other Private Employment	22
Chart 1.8	Government Employment	22
Chart 1.9	Real Personal Income	23
Chart 1.10	Consumer Price Indices	23
Chart 1.11	Population	23
Chart 1.12	Per Capita Housing Units	23

Comparison of Alternative U.S. Forecasts

Chart 1.13	Real GDP	24
Chart 1.14	Implicit Price Deflator	24
Chart 1.15	Mortgage Rate	24
Chart 1.16	Three Month T-Bill Rate	24

Comparison of Alternative Washington Forecasts

Chart 1.17	Personal Income	25
Chart 1.18	Real Personal Income	25
Chart 1.19	Total Nonfarm Payroll Employment	25
Chart 1.20	Housing Permits	25

Chapter 2

Washington Business Indicators

Washington Economic Indicators

Chart 2.1	Year-over-Year Employment Growth	31
Chart 2.2	Washington Aircraft and Parts Employment	31
Chart 2.3	Unemployment Rate	31
Chart 2.4	Washington Business Cycle Indicator	31

Washington State Leading Indicators

Chart 2.5	The Washington and U.S. Indexes of Leading Indicators	32
Chart 2.6	Washington Initial Claims for Unemployment Insurance	32
Chart 2.7	Washington State Help Wanted Index	32
Chart 2.8	Housing Units Authorized in Washington State	32

Other State Economic Indicators

Chart 2.9	Average Weekly Hours in Manufacturing	33
Chart 2.10	Washington Driver's License Migration	33
Chart 2.11	New Car and Truck Registrations in Washington	33
Chart 2.12	Institute for Supply Management Index	33

Other Economic Indicators

Chart 2.13	Quarterly U.S. Real GDP Growth	34
Chart 2.14	Washington State Export Composition	34
Chart 2.15	U.S. Economic Indicators	34
Chart 2.16	National Stock Indexes	34

Other Economic Indicators

Chart 2.17	Federal Funds Target Rate	35
Chart 2.18	Consumer Confidence	35
Chart 2.19	Seattle vs U.S. CPI (All Urban Consumers)	35
Chart 2.20	Monster Employment Index	35

Chapter 3

Washington State Revenue Forecast

Chart 3.1	General Fund-State Revenue	45
Chart 3.2	General Fund-State Revenue; Percent Change	45
Chart 3.3	Composition of General Fund-State Revenue	46
Chart 3.4	Taxable Sales as a Percent of Personal Income	46

Chapter 4

Washington Exports, 2003-2007

Chart 4.1	Exports as a Percentage of GDP	69
Chart 4.2	Export Destinations, 2008	70

Executive Summary

U.S. Economic Forecast

The March 2009 economic and revenue forecast incorporated the preliminary GDP estimate for the fourth quarter of 2008. According to the preliminary estimate, real GDP plummeted at a 6.2 percent annual rate in the fourth quarter. Real final sales were even weaker, declining at a 6.4 percent rate. Real consumer spending fell at a 4.3 percent rate in the fourth quarter following a 3.8 percent drop in the third quarter. More than half the decline in real consumer spending was due to a 22.1 percent drop in durable goods, mostly motor vehicles and parts. Real fixed investment plunged at a 21.3 percent rate in the fourth quarter due mainly to a 28.8 percent decline in business spending on equipment and software. Even foreign trade was a drag on growth in the fourth quarter as a 23.6 percent drop in exports outweighed a 16.0 percent decline in imports. Government purchases rose at a 1.6 percent rate in the fourth quarter, mainly as a result of a 15.1 percent jump in federal nondefense spending.

Payroll employment declined at a 3.7 percent rate in the fourth quarter of 2008. This was the fourth consecutive decline and steepest so far in this cycle. The unemployment rate climbed to 6.87 percent in the fourth quarter from 6.07 percent in the third quarter. The Consumer Price Index fell at an 8.3 percent rate in the fourth quarter, following a 6.2 percent increase in the third quarter. The deflation in the headline CPI was mainly due to energy costs which fell at a 62.3 percent rate in the fourth quarter. Core CPI inflation, which excludes food and energy, was weak but still positive in the fourth quarter, at 0.6 percent. Housing starts declined at a 67.6 percent rate in the fourth quarter to 0.661 million units from 0.876 million units in the third quarter while the mortgage rate fell to 5.87 percent from 6.31 percent.

The new national forecast assumes a much more severe recession than did the forecast adopted in November. The recession is still expected to last six quarters but with a greater peak-to-trough decline in real GDP of 3.5 percent, and a slower recovery. The unemployment rate, which has already risen from a cyclical low of 4.4 percent in December 2006 to 7.6 percent in January 2008, is expected to climb to 9.6 percent by mid-2010. Payroll employment, housing starts, and personal income are also much lower in the new forecast. One piece of good news since the November forecast is the adoption of much larger stimulus package than assumed in November. The federal government's stimulus package has a face value of around \$787 billion over ten years. We assume that \$561 billion of stimulus is injected during the first two calendar years. The \$561 billion breaks down into \$143 billion in tax cuts for the personal sector, \$97 billion in targeted transfer payments to the personal sector, \$88 billion in corporate tax cuts, \$149 billion in transfers to the states, and \$82 billion for infrastructure and other spending. The Fed has cut its federal funds target to a range of 0.0-0.25 percent. We assume that this range stays in place for all of 2009, and that the Fed begins to tighten only in the fourth quarter of 2010. A flight from risk has sent the dollar sharply higher against most currencies since mid-2008. Some of these gains were retraced in December, but the

dollar has moved up again this year. We assume no major dollar shift during 2009. The recession is global. We project GDP in the United States' major-currency trading partners to decline 3.0 percent in 2009, before rising 0.9 percent in 2010. GDP for other important trading partners is also projected to decline in 2009, by 1.1 percent, before rebounding 2.8 percent in 2010. Spending for the wars in Iraq and Afghanistan continues to climb. Real federal defense purchases rose 7.1 percent in calendar 2008, but we expect a smaller 5.7 percent increase in 2009 and a 0.7 percent decline in 2010 as the new administration scales back defense commitments.

Annual GDP growth slowed to 1.1 percent in 2008 from 2.0 percent in 2007 and 2.8 percent in 2006. The forecast expects a 2.6 percent decline in real GDP this year before recovering to 1.9 percent in 2010 and 3.4 percent in 2011. On an annual average basis, nonfarm payroll employment declined 0.4 percent in 2008 and is expected to fall 3.1 percent in 2009 and another 0.2 percent in 2010. The forecast assumes a 1.6 percent increase in employment in 2011 as the economy recovers. On a fourth quarter to fourth quarter basis, which provides a better idea of employment growth during the year, the growth rates are respectively: -2.7 percent, 0.8 percent, and 2.1 percent for 2009, 2010, and 2011. The unemployment rate rose to 5.81 percent in 2008 from 4.63 percent in 2007. The forecast expects the unemployment rate to rise to 8.82 percent this year, peaking at 9.53 percent in 2010 before recovering somewhat to 8.89 percent in 2011. Inflation, as measured by the implicit price deflator for personal consumption expenditures, rose to 3.3 percent in 2008 from 2.6 percent in 2007. Energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, was only 2.2 percent in 2008, the same as in 2007. Sharply declining energy costs should produce a 0.5 percent decline in the implicit price deflator for personal consumption expenditures in 2009. The overall implicit price deflator is expected to rise 1.3 percent in 2010 and 1.8 percent in 2011.

Washington State Economic Forecast

The pace of job loss in Washington accelerated sharply in the fourth quarter of 2008. Washington nonfarm payroll employment fell at a 4.4 percent annual rate in the fourth quarter of 2008 following a 0.1 percent decline in the third quarter and a 1.0 percent decline in the second quarter. The Boeing Machinist's strike exaggerated the fourth quarter job loss, but even without the strike, nonfarm payroll employment would have fallen at a 3.3 percent annual rate. Excluding the temporary impact of the Machinists' strike, manufacturing employment fell at a 7.1 percent rate in the fourth quarter with aerospace declining at a 2.5 percent rate and all other manufacturing employment falling at a 9.0 percent rate. Construction employment declined at a 10.3 percent rate in the fourth quarter. Residential building and related special trades employment fell at a 13.8 percent rate, nonresidential and related special trades employment fell at a 5.7 percent rate, and heavy and civil engineering employment fell at a 13.8 percent rate. Natural resources (logging) and mining employment, while small, fell at a 12.9 percent rate in the fourth quarter. Among the private services-producing sectors, only education and health services employment remained strong with a 1.5 percent growth rate. Information employment grew at a 0.6 percent rate thanks to a 5.9 percent increase in software employment. Information employment other than software declined at a 4.2 percent rate. Leisure and hospitality and "other services" also managed positive growth in the fourth quarter with rates of 0.2 percent and 0.1 percent. All other private sector industries registered sharp declines in the fourth quarter. Employment in trade, transportation, and utilities fell at a 7.3 percent rate led by a 9.0 percent decline in retail trade. Financial activities employment fell at a 5.0 percent rate and professional and business services employment fell at a 4.2 percent rate. In the public sector, state and local government employment was flat while federal government employment rose at a 1.6 percent rate.

Washington's personal income in the third quarter of 2008 was \$1.3 billion (0.5 percent) higher than the estimate made in November. Wage and salary disbursements were \$0.8 billion (0.5 percent) higher than assumed in November. The current software wage estimate is \$0.3 billion (3.0 percent) lower than expected in November but wages in sectors other than software wages were \$1.1 billion (0.7 percent) higher. Non-wage personal income in the third quarter was \$0.5 billion (0.4 percent) above the November forecast. The forecast assumes that personal income fell at a 3.4 percent rate in the fourth quarter of 2008. To a large extent this is due to a problem with the seasonal adjustment of software wages that accounts inadequately for a third quarter spike, but even after excluding software wages, personal income fell at a 0.4 percent rate. The forecast assumes that wage and salary disbursements (excluding software) inched up 0.8 percent. The weak wage growth was due to the sharp decline in employment in the quarter. The forecast assumes that income from sources other than wages declined at a 1.8 percent rate in the fourth quarter as a result of sharp declines in proprietor's income and property income (dividends, interest, and rent).

The forecast also incorporates Seattle consumer price data through December 2008. After trailing the national average during 2002, 2003, and 2004, December-December Seattle inflation moved ahead of the national average in 2005, 2006, 2007, and again in 2008. Seattle inflation during the twelve months ending in December 2008 was 1.7 percent compared to the U.S. rate of -0.1 percent and core inflation in Seattle averaged 3.6 percent versus 1.7 percent for the U.S. city average. The stronger core inflation in Seattle compared to the U.S. city average during the last few years is mostly due to shelter costs, in particular, rent and owners' equivalent rent.

The number of housing units authorized by building permit plummeted in the fourth quarter of 2008 to an annualized rate of 20,982 from 25,907 in the third quarter. Single-family permits fell to 12,168 units from 16,298 in the prior quarter while multi-family permits fell to 8,815 from 9,609.

The rate of decline of the state's economy accelerated in the four months since the last forecast, particularly in employment and housing. Payroll employment declined at a 4.2 percent annual rate from September to January, nearly as fast as the 4.6 percent decline in U.S. payroll employment. The number of housing units authorized by building permit in Washington has fallen to levels not seen since the early 1980s. We do not expect any significant improvement in housing permits until late this year. The construction forecast is also bleaker than assumed in November, in part because of the lower housing activity, but also as a result of a downturn in nonresidential construction. We expect construction employment to decline by about 45,000 (21.5 percent) from its peak in the fourth quarter of 2007 through the third quarter of 2010. The construction forecast would have been significantly worse without the infrastructure funding in the stimulus legislation. The software employment forecast is also weaker than the November assumption. Software employment is expected to decline by 1,600 (3.1 percent) from the fourth quarter of 2008 to the fourth quarter of 2009 compared to an increase of 600 in the November forecast. We expect software employment to begin rising again in 2010. We expect to see a decline of 4,600 aerospace jobs (5.4 percent) between the cyclical peak in the third quarter of 2008 and the end of 2011. We assume an additional 1,200 aerospace related contract jobs will also be lost.

On an annual average basis, Washington nonfarm payroll employment managed to grow 0.9 percent in 2008 despite declines in each of the last three quarters of the year. Washington's relatively strong employment growth in recent years was largely driven by strong growth in construction, aerospace, and software. But construction is already in decline and both aerospace and software have peaked. The primary reason for the gloomy outlook for the Washington economy is the severe downturn in the national economy which is producing job losses in a wide range of industries including manufacturing, financial services, trade, and business services (especially temporary help services). The forecast calls for nonfarm payroll employment

to fall 2.5 percent this year. Employment is expected to grow 0.7 percent and 2.4 percent in 2010 and 2011 as the national economy recovers from the recession. The fourth quarter to fourth quarter growth rates for nonfarm payroll employment are respectively: -2.0 percent, 1.8 percent, and 2.9 percent. Washington personal income growth fell from 8.0 percent in 2007 to 4.2 percent in 2008. Income growth is expected to slow to just 1.1 percent in 2009 before recovering to 3.5 percent and 5.2 percent in 2010 and 2011. The housing market is in freefall. After three years in excess of 50,000 per year, the number of housing units authorized by building permit fell to 47,400 in 2007 and 27,300 in 2008. The forecast assumes permits will fall again this year to a cyclical low of 20,100 units before recovering to 30,200 in 2010 and 40,300 in 2011. Inflation, as measured by the Seattle CPI, increased to 4.2 percent in 2008 from 3.9 percent in 2007. Core inflation (excluding food and energy) declined slightly to 3.4 percent in 2008 from 3.5 percent in 2007. Rising energy costs have boosted inflation in recent years but not this year. Lower energy prices in 2009 should produce the first decline (-0.1 percent) in the Seattle CPI since 1949. Positive inflation is expected to resume in 2010 and 2011 as the economy recovers and energy prices move up again. The forecast expects a Seattle CPI inflation rate of 1.9 percent in 2010 and 2.3 percent in 2011.

Washington State Revenue Forecast

Since our last official revenue forecast in November, the state economy has weakened considerably. The weakness in housing activity and auto sales has spread to other sectors of the state economy – non-residential construction, manufacturing, aerospace, software publishing and retail sales. Our new baseline forecast assumes that the U.S. and Washington economies will be in recession for most of this year, flattening out sometime late in the third quarter. Growth will remain flat in the first half of 2010, and improve only in the second half of the year. Job losses will continue even after the economy is in recovery.

The March 2009 forecast for the 2007-09 biennium is \$27.9 billion, which is \$0.7 billion lower than expected in the November forecast. Of the \$0.7 billion reduction, \$0.2 billion is due to collection experience since the November forecast and \$0.5 billion is due to a weaker forecast for the remainder of the biennium. The forecast for the 2009-11 biennium is \$27.9 billion, which is \$2.1 billion less than expected in the November forecast. Compared to the unofficial “early guidance” forecast presented in February, the forecast for the current biennium is down \$15 million and the forecast for the next biennium is down \$538 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2007-09 and 2009-11 biennia. The forecast based on more optimistic economic assumptions netted \$74 million (0.3 percent) more revenue in the 2007-09 biennium and \$1,519 million (5.4 percent) more revenue in the 2009-11 biennium than did the baseline. The pessimistic alternative was \$92 million (0.3 percent) lower in 2007-09 and \$1,926 million (6.9 percent) lower in 2009-11. An alternative forecast based on the average view of the Governor’s Council of Economic Advisors yielded \$13 million (0.0 percent) less revenue in the 2007-09 biennium and \$253 million (0.9 percent) less revenue in the 2009-11 biennium than did the baseline forecast.

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

Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

The March 2009 economic and revenue forecast incorporated the preliminary GDP estimate for the fourth quarter of 2008. According to the preliminary estimate, real GDP plummeted at a 6.2 percent annual rate in the fourth quarter. Real final sales were even weaker, declining at a 6.4 percent rate. Real consumer spending fell at a 4.3 percent rate in the fourth quarter following a 3.8 percent drop in the third quarter. More than half the decline in real consumer spending was due to a 22.1 percent drop in durable goods, mostly motor vehicles and parts. Purchases of nondurable goods declined at a 9.2 percent rate but consumer spending on services rose at a 1.4 percent rate. Real fixed investment plunged at a 21.3 percent rate in the fourth quarter due mainly to a 28.8 percent decline in business spending on equipment and software. Residential fixed investment fell at a 22.2 percent rate and nonresidential construction declined at a 5.9 percent rate. Even foreign trade was a drag on growth in the fourth quarter as a 23.6 percent drop in exports outweighed a 16.0 percent decline in imports. Government purchases rose at a 1.6 percent rate in the fourth quarter, mainly as a result of a 15.1 percent jump in federal nondefense spending. National defense spending rose at a 3.1 percent rate but state and local government spending fell at a 1.4 percent rate.

Payroll employment declined at a 3.7 percent rate in the fourth quarter of 2008. This was the fourth consecutive decline and steepest so far in this cycle. The unemployment rate climbed to 6.87 percent in the fourth quarter from 6.07 percent in the third quarter. The Consumer Price Index fell at an 8.3 percent rate in the fourth quarter, following a 6.2 percent increase in the third quarter. The deflation in the headline CPI was mainly due to energy costs which fell at a 62.3 percent rate in the fourth quarter. Core CPI inflation, which excludes food and energy, was weak but still positive in the fourth quarter, at 0.6 percent. Housing starts declined at a 67.6 percent rate in the fourth quarter to 0.661 million units from 0.876 million units in the third quarter while the mortgage rate fell to 5.87 percent from 6.31 percent.

U.S. Forecast Highlights

The new national forecast assumes a much more severe recession than did the forecast adopted in November. The recession is still expected to last six quarters but with a greater peak-to-trough decline in real GDP of 3.5 percent, and a slower recovery. The unemployment rate, which has already risen from a cyclical low of 4.4 percent in December 2006 to 7.6 percent in January 2008, is expected to

climb to 9.6 percent by mid- 2010. Payroll employment, housing starts, and personal income are also much lower in the new forecast. One piece of good news since the November forecast is the adoption of much larger stimulus package than assumed in November. The federal government's stimulus package has a face value of around \$787 billion over ten years. We assume that \$561 billion of stimulus is injected during the first two calendar years. The \$561 billion breaks down into \$143 billion in tax cuts for the personal sector, \$97 billion in targeted transfer payments to the personal sector, \$88 billion in corporate tax cuts, \$149 billion in transfers to the states, and \$82 billion for infrastructure and other spending. The Fed has cut its federal funds target to a range of 0.0-0.25 percent. We assume that this range stays in place for all of 2009, and that the Fed begins to tighten only in the fourth quarter of 2010. A flight from risk has sent the dollar sharply higher against most currencies since mid-2008. Some of these gains were retraced in December, but the dollar has moved up again this year. We assume no major dollar shift during 2009. The recession is global. We project GDP in the United States' major-currency trading partners to decline 3.0 percent in 2009, before rising 0.9 percent in 2010. GDP for other important trading partners is also projected to decline in 2009, by 1.1 percent, before rebounding 2.8 percent in 2010. Spending for the wars in Iraq and Afghanistan continues to climb. Real federal defense purchases rose 7.1 percent in calendar 2008, but we expect a smaller 5.7 percent increase in 2009 and a 0.7 percent decline in 2010 as the new administration scales back defense commitments.

Annual GDP growth slowed to 1.1 percent in 2008 from 2.0 percent in 2007 and 2.8 percent in 2006. The forecast expects a 2.6 percent decline in real GDP this year before recovering to 1.9 percent in 2010 and 3.4 percent in 2011. On an annual average basis, nonfarm payroll employment declined 0.4 percent in 2008 and is expected to fall 3.1 percent in 2009 and another 0.2 percent in 2010. The forecast assumes a 1.6 percent increase in employment in 2011 as the economy recovers. On a fourth quarter to fourth quarter basis, which provides a better idea of employment growth during the year, the growth rates are respectively: -2.7 percent, 0.8 percent, and 2.1 percent for 2009, 2010, and 2011. The unemployment rate rose to 5.81 percent in 2008 from 4.63 percent in 2007. The forecast expects the unemployment rate to rise to 8.82 percent this year, peaking at 9.53 percent in 2010 before recovering somewhat to 8.89 percent in 2011. Inflation, as measured by the implicit price deflator for personal consumption expenditures, rose to 3.3 percent in 2008 from 2.6 percent in 2007. Energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, was only 2.2 percent in 2008, the same as in 2007. Sharply declining energy costs should produce a 0.5 percent decline in the implicit price deflator for personal consumption expenditures in 2009. The overall implicit price deflator is expected to rise 1.3 percent in 2010 and 1.8 percent in 2011.

1. Real GDP growth improved to 2.4 percent in fiscal 2008 from 2.0 percent in 2007. The apparent improvement did not come from domestic demand, however, as real final sales to domestic purchasers fell to 1.4 percent from 1.9 percent. The housing decline subtracted 1.0 percentage point from real GDP growth, the same as in 2007, and consumer spending growth slowed to 1.9 percent in 2008 from 3.0 percent in 2007. But net exports added 1.2 percentage points to GDP growth, up from 0.2 percentage points in 2007 as exports jumped 10.4 percent while imports inched up only 0.1 percent. The forecast for 2009 to 2011 is much bleaker. Nonresidential fixed investment has also turned down. Even worse, consumer spending growth has turned sharply negative as the recession has spread from housing, construction, and finance to the economy as a whole. Net exports will continue to add to growth in 2009 but will detract from growth in 2010. The forecast assumes that fiscal 2009 is the bottom for consump-

tion but the drag from residential and nonresidential fixed investment will keep GDP growth negative in 2010 as well. The GDP forecast calls for a 1.5 percent decline in 2009 and a 0.6 percent decline in 2010, followed by a 2.9 percent rebound in 2011.

2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, rose to 3.2 percent in fiscal 2008 from 2.4 percent in 2007. The increase was entirely due to rising food and energy costs. Core inflation actually decreased slightly to 2.2 percent from 2.3 percent. Fear of deflation has replaced inflation as the economy enters what is turning out to be a very severe recession. The forecast assumes that the weak economy will reduce core inflation to 1.7 percent in 2009 and 0.8 percent in 2010 and that lower energy prices will further reduce headline inflation to 1.5 percent in 2009 and 0.0 percent 2010. Rebounding energy prices in 2011 are expected to help push overall inflation up to 1.8 percent while core inflation remains tame at 1.5 percent.
3. The Fed cut its target for the federal funds rate to 0-0.25 percent in December 2008 and reaffirmed this range in January. The forecast assumes that the Fed will hold its target rate in this range until late in 2010. The Fed also indicated it would continue to support mortgage markets by purchasing large quantities of agency debt and mortgage-backed securities. They also expressed a willingness to purchase longer term Treasury securities. As a result of the Fed easing, the three-month Treasury bill rate fell to 2.89 percent in fiscal 2008 from 4.89 percent in fiscal 2007. The forecast expects the T-bill rate to decline further to 0.59 percent in 2009 and 0.43 percent in 2010 before edging up to 1.40 percent in 2011. Mortgage rates have fallen much less than might be expected given the monetary easing. The 30-year fixed mortgage rate declined from 6.35 percent in fiscal 2007 to 6.18 percent in 2008. Mortgage rates have been falling during fiscal 2009 and should average 5.54 percent this year and 4.95 percent in fiscal 2010, rising to 5.39 percent in 2011.
4. Housing has been a drag on U.S. GDP growth since the boom ended in fiscal 2006. Housing starts fell 26.8 percent in fiscal 2008 to 1.132 million units following a 24.0 percent drop in fiscal 2007. Rising foreclosures, high inventories of unsold homes, higher spreads for jumbo and other non-conventional loans, and tighter lending standards are expected to further depress housing activity. The forecast calls for another 46.0 percent reduction in starts in 2009 to 0.612 million units. The housing sector is expected to remain very weak in 2010, rising 6.6 percent to 0.652 million units. The forecast expects housing starts to jump 61.7 percent in 2011 to a still relatively low 1.054 million units.
5. The slowdown in the U.S. economy is being felt in the nation's labor market. The U.S. unemployment rate rose from a six-year-low 4.53 percent in 2007 to 4.95 percent in fiscal 2008. The unemployment rate has been rising rapidly during the current fiscal year. The forecast calls for the unemployment rate to rise to 7.40 in 2009 and 9.45 percent in 2010 before recovering slightly to 9.31 percent in 2011. Previously, the nation's unemployment rate had not exceeded 8 percent since the recessions of the early 1980's.
6. The federal deficit (national income and product accounts basis) increased to \$365.2 billion in fiscal 2008 from a cyclical low of \$202.0 billion in 2007. The first stimulus package both reduced receipts and boosted outlays in fiscal 2008. Revenues were already slowing due to the weak economy and defense spending also rose rapidly in fiscal 2008. The rapidly deteriorating economy and the massive new stimulus package will push the deficit much further into the red. The forecast expects the deficit to soar to \$802.2 billion in 2009 and \$1,142.9

billion in 2010, before improving slightly to \$965.0 billion in 2011 as economic growth re-
vives.

7. On a more positive note, the trade deficit (national income and product accounts basis) declined in fiscal 2008 to \$700.8 billion from \$735.6 billion in 2007 and an all-time record \$760.4 billion in 2006. Weak growth at home is reflected in declining imports. The low value of the dollar and continued, albeit slower, foreign economic growth are also restraining imports and boosting exports. The forecast expects the deficit to decline to \$497.7 billion in fiscal 2009. Not much improvement is expected going forward as the dollar has given up some of its earlier declines and foreign economies are also slowing or declining. The forecast expects the trade deficit to contract slightly to \$476.5 billion in fiscal 2010, rising to \$577.0 billion in 2011.

Table 1.1 provides a fiscal year summary of the U.S. economic indicators.

Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through January 2009. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. The pace of job loss in Washington accelerated sharply in the fourth quarter of 2008. Washington nonfarm payroll employment fell at a 4.4 percent annual rate in the fourth quarter of 2008 following a 0.1 percent decline in the third quarter and a 1.0 percent decline in the second quarter. The Boeing Machinist's strike exaggerated the fourth quarter job loss, but even without the strike, nonfarm payroll employment would have fallen at a 3.3 percent annual rate. Excluding the temporary impact of the Machinists' strike, manufacturing employment fell at a 7.1 percent rate in the fourth quarter with aerospace declining at a 2.5 percent rate and all other manufacturing employment falling at a 9.0 percent rate. Construction employment declined at a 10.3 percent rate in the fourth quarter. Residential building and related special trades employment fell at a 13.8 percent rate, non-residential and related special trades employment fell at a 5.7 percent rate, and heavy and civil engineering employment fell at a 13.8 percent rate. Natural resources (logging) and mining employment, while small, fell at a 12.9 percent rate in the fourth quarter. Among the private services-producing sectors, only education and health services employment remained strong with a 1.5 percent growth rate. Information employment grew at a 0.6 percent rate thanks to a 5.9 percent increase in software employment. Information employment other than software declined at a 4.2 percent rate. Leisure and hospitality and "other services" also managed positive growth in the fourth quarter with rates of 0.2 percent and 0.1 percent. All other private sector industries registered sharp declines in the fourth quarter. Employment in trade, transportation, and utilities fell at a 7.3 percent rate led by a 9.0 percent decline in retail trade. Financial activities employment fell at a 5.0 percent rate and professional and business services employment fell at a 4.2 percent rate. In the public sector, state and local government employment was flat while federal government employment rose at a 1.6 percent rate.

In December 2008 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the second quarter of 2008 and released preliminary estimates for the third quarter. This forecast is based on adjusted personal income estimates as described in **Adjustments to Economic Data**. According to the adjusted estimates, Washington's personal income in the third quarter of 2008 was \$1.3 billion (0.5 percent) higher than the estimate made in November. Wage and salary disbursements were \$0.8 billion (0.5 percent) higher than assumed in November. The current software wage estimate is \$0.3 billion (3.0 percent)

lower than expected in November but wages in sectors other than software wages were \$1.1 billion (0.7 percent) higher. Non-wage personal income in the third quarter was \$0.5 billion (0.4 percent) above the November forecast. The forecast assumes that personal income fell at a 3.4 percent rate in the fourth quarter of 2008. To a large extent this is due to a problem with the seasonal adjustment of software wages that accounts inadequately for a third quarter spike, but even after excluding software wages, personal income fell at a 0.4 percent rate. The forecast assumes that wage and salary disbursements (excluding software) inched up 0.8 percent. The weak wage growth was due to the sharp decline in employment in the quarter. The forecast assumes that income from sources other than wages declined at a 1.8 percent rate in the fourth quarter as a result of sharp declines in proprietor's income and property income (dividends, interest, and rent).

The forecast also incorporates Seattle consumer price data through December 2008. After trailing the national average during 2002, 2003, and 2004, December-December Seattle inflation moved ahead of the national average in 2005, 2006, 2007, and again in 2008. Seattle inflation during the twelve months ending in December 2008 was 1.7 percent compared to the U.S. rate of -0.1 percent and core inflation in Seattle averaged 3.6 percent versus 1.7 percent for the U.S. city average. The stronger core inflation in Seattle compared to the U.S. city average during the last few years is mostly due to shelter costs, in particular, rent and owners' equivalent rent.

The number of housing units authorized by building permit plummeted in the fourth quarter of 2008 to an annualized rate of 20,982 from 25,907 in the third quarter. Single-family permits fell to 12,168 units from 16,298 in the prior quarter while multi-family permits fell to 8,815 from 9,609.

Adjustments to Economic Data

This forecast utilized an alternative employment estimate produced by the Department of Employment Security which incorporated more recent covered employment and payrolls data than does the Bureau of Labor Statistics (BLS) estimate. Because the BLS estimate has recently gone through its annual benchmark revision, the difference in September was small. The alternative employment estimate, which incorporated the covered employment and payrolls data through the third quarter of 2008, was just 300 (0.0 percent) higher than the BLS Current Employment Statistics (CES) estimate for September 2008. By January 2009 the alternative estimate was 100 (0.0 percent) lower.

The BEA benchmarks its estimates for wage and salary disbursements to the Quarterly Census of Employment and Wages (QCEW) data for all sectors except agriculture and federal government. We have more up-to-date QCEW data for wages for the third quarter of 2008 than were available to the Bureau of Economic Analysis (BEA) at the time of their latest state personal income release. We derived third quarter 2008 wage estimates for these sectors based on the QCEW data. Unadjusted BEA estimates were used for farm, federal civilian, and military wages as well as for all nonwage components of personal income. Our adjustments increased the third quarter wage estimate by \$1.064 billion (0.7 percent), adding 0.4 percent to total personal income in that quarter.

Washington State Forecast Highlights

The rate of decline of the state's economy accelerated in the four months since the last forecast, particularly in employment and housing. Payroll employment declined at a 4.2 percent annual rate from September to January, nearly as fast as the 4.6 percent decline in U.S. payroll employment. The number of housing units authorized by building permit in Washington has fallen to levels not seen since the early 1980s. We do not expect any significant improvement in housing permits until late this year. The construction forecast is also bleaker than assumed in November, in part because of the

lower housing activity, but also as a result of a downturn in nonresidential construction. We expect construction employment to decline by about 45,000 (21.5 percent) from its peak in the fourth quarter of 2007 through the third quarter of 2010. The construction forecast would have been significantly worse without the infrastructure funding in the stimulus legislation. The software employment forecast is also weaker than the November assumption. Software employment is expected to decline by 1,600 (3.1 percent) from the fourth quarter of 2008 to the fourth quarter of 2009 compared to an increase of 600 in the November forecast. We expect software employment to begin rising again in 2010. We expect to see a decline of 4,600 aerospace jobs (5.4 percent) between the cyclical peak in the third quarter of 2008 and the end of 2011. We assume an additional 1,200 aerospace related contract jobs will also be lost.

On an annual average basis, Washington nonfarm payroll employment managed to grow 0.9 percent in 2008 despite declines in each of the last three quarters of the year. Washington's relatively strong employment growth in recent years was largely driven by strong growth in construction, aerospace, and software. But construction is already in decline and both aerospace and software have peaked. The primary reason for the gloomy outlook for the Washington economy is the severe downturn in the national economy which is producing job losses in a wide range of industries including manufacturing, financial services, trade, and business services (especially temporary help services). The forecast calls for nonfarm payroll employment to fall 2.5 percent this year. Employment is expected to grow 0.7 percent and 2.4 percent in 2010 and 2011 as the national economy recovers from the recession. The fourth quarter to fourth quarter growth rates for nonfarm payroll employment are respectively: -2.0 percent, 1.8 percent, and 2.9 percent. Washington personal income growth fell from 8.0 percent in 2007 to 4.2 percent in 2008. Income growth is expected to slow to just 1.1 percent in 2009 before recovering to 3.5 percent and 5.2 percent in 2010 and 2011. The housing market is in freefall. After three years in excess of 50,000 per year, the number of housing units authorized by building permit fell to 47,400 in 2007 and 27,300 in 2008. The forecast assumes permits will fall again this year to a cyclical low of 20,100 units before recovering to 30,200 in 2010 and 40,300 in 2011. Inflation, as measured by the Seattle CPI, increased to 4.2 percent in 2008 from 3.9 percent in 2007. Core inflation (excluding food and energy) declined slightly to 3.4 percent in 2008 from 3.5 percent in 2007. Rising energy costs have boosted inflation in recent years but not this year. Lower energy prices in 2009 should produce the first decline (-0.1 percent) in the Seattle CPI since 1949. Positive inflation is expected to resume in 2010 and 2011 as the economy recovers and energy prices move up again. The forecast expects a Seattle CPI inflation rate of 1.9 percent in 2010 and 2.3 percent in 2011.

1. Nominal personal income growth slowed to 6.9 percent in fiscal 2008 from 8.0 percent in 2007. Fiscal 2008 growth would have been even weaker without the fiscal stimulus checks, most of which were received in May and June of 2008. The forecast expects growth to slow down to 2.0 percent in 2009 and 1.7 percent in 2010 as employment growth turns negative. Average wage growth is also expected to slow down as labor markets weaken and interest income is expected to decline as interest rates fall. Personal income growth is expected to improve to 4.6 percent in 2011 as the economy begins to recover.
2. Washington real personal income growth slowed to 3.6 percent in fiscal 2008 from 5.5 percent in 2007 due to both slower nominal income growth and rising inflation. The slowing trend is expected to continue in fiscal 2009 resulting in a growth rate of just 0.5 percent, in spite of moderating inflation, as the real economy collapses. Real personal income growth is

expected to improve to 1.8 percent in 2010, not because the economy is strong, but because inflation falls to zero. Real personal income growth should improve to 2.7 percent in 2011 as the economic recovery picks up steam.

3. Washington nonfarm payroll employment growth slowed to 1.4 percent during fiscal 2008 (from the end of fiscal 2007 to the end fiscal 2008) from 2.6 percent in 2007 and 3.0 percent in 2006. Booming construction employment growth coupled with strong growth in both aerospace and software were the keys to overall job growth during the recent expansion. Together these sectors grew 0.9 percent during 2008, down from 8.2 percent during 2007 and 10.1 percent during 2006. Fiscal 2009 should see a sharp 2.7 percent contraction in Washington payroll employment. Construction employment is already declining rapidly and aerospace and software have peaked. But the main reason for the sharp local downturn is the collapse in spending brought on by the freezing-up of credit markets and a collapse in confidence. The forecast expects the pace of job loss to first moderate and then turn slightly positive during fiscal 2010. The forecast calls for a 0.5 percent growth rate during fiscal 2010, rebounding to 2.2 percent during fiscal 2011.

- ◆ In January Boeing announced company-wide employment reductions 10,000 of which more than half are expected to be in Washington State. This is in spite a Boeing Commercial Airplanes contractual backlog of approximately eight times annual revenues. Boeing intends to maintain jet production at current levels so the reductions are not expected to affect those directly building airplanes. Not all the reductions will result in layoffs. Some of the cuts will be through attrition and some will be contract employees. Boeing expects to deliver 480 to 485 planes this year compared to 375 in 2008 but the strike reduced 2008 deliveries by about 105 planes so the production rate will be about the same. Boeing has moved back the first deliveries of the 787 until early in 2010. The forecast calls for a decline of about 4,000 aerospace employees from the first quarter of this year through mid-2011 with the vast majority of the reductions occurring by the end of this year. The 4,000 reduction does not include an additional reduction of 1,200 contract workers. While these cuts are significant, they pale in comparison to the last aerospace downturn during which Washington lost a total of 52,000 aerospace jobs.
- ◆ Microsoft also announced layoffs in January amounting to about 5,000 company-wide. This is Microsoft's first mass layoff. During the last recession software employment leveled off but did not decline as continued hiring at Microsoft offset cuts at other software firms. The upcoming Microsoft layoffs will not all be in Washington State and they will continue to hire in some positions so the net loss for Washington software employment will be much less than the 5,000 announcement. The forecast assumes a net reduction in Washington software job loss of about 1,600 from the end of 2008 to the end of 2009. Positive growth will return in 2010, accelerating during the year. By 2010 we expect a strong recovery in software employment.
- ◆ Booming construction employment growth was a major driving force during the expansion in Washington. Washington's housing and construction cycle has lagged the U.S. as we were initially slow to recover from the last recession. The peak in Washington construction employment in the fourth quarter of 2007 was more than a year later than the peak in U.S. construction employment. Washington construction employment is now falling at a rate that is similar to the national decline. The residential building and related

special trades were hit first but by the second quarter of 2008 residential building, nonresidential building, and heavy construction employment were all in decline. The forecast expects construction employment to decline through the third quarter of 2010, an eleven quarter peak-to-trough drop of 45,000 or 21.5 percent. An initially modest recovery is expected to pick up steam during 2011 as both housing and nonresidential construction revive.

- ◆ Financial activities employment has been in decline for nearly three years. As of the fourth quarter of 2008, employment is down 7,000 (4.5 percent) since the first quarter of 2006. Unsurprisingly, credit intermediation and related activities, a victim of the melt-down in the financial markets, accounts for the entire decline, falling by 7,000 (12.4 percent). Only in the last year has real estate and rental and leasing employment also been declining. The forecast assumes most of Washington Mutual's headquarters staff will be laid off during 2009 as a result of their purchase by JPMorgan. Financial activities employment is expected to decline through the second quarter of 2010 with a total peak-to-trough decline of 12,100 (7.7 percent). Healthy growth is expected to resume in the second half of 2010 through 2011.
- ◆ Employment in retail trade peaked in the first quarter of 2008. The decline since then has been precipitous. Initially the weakest retail trade sectors were those most closely connected to the housing market: furniture and home furnishings, and building materials and garden supplies. These turned down more than a year ago. The freezing-up of credit and collapse of consumer confidence have affected the entire spectrum of consumer spending. By the fourth quarter of 2008, every retail trade sector was sharply negative, with the largest declines being experienced in motor vehicle dealers, furniture and home furnishings stores, and general merchandise stores. Retail trade employment is expected to continue to decline through the second quarter of 2009. The forecast expects a peak to trough decline of 20,600 jobs overall, about 6.2 percent. The rebound should also be strong as pent-up demand is released. The forecast assumes a 4.3 percent jump retail trade employment during the first year of the recovery.
- ◆ Professional and business services has been one of Washington's strongest sectors in recent years but has also finally succumbed to the national recession. Employment in professional and business services peaked in the second quarter of 2008 and fell nearly 5,000 during the second half of last year. More than half the overall decline was in employment services (largely temporary help) which shed 3,000 jobs. Employers prefer to cut temporary help before their own staff. In fact, employment services peaked in early 2007. The other area with substantial cuts is management of companies and enterprises, which lost 1,300 jobs in the second half of the year. The forecast expects employment in professional and business services to continue to decline through the end of 2009. The peak to trough decline is expected to reach 17,400 (5.0 percent). Strong growth is expected to resume in this highly pro-cyclical industry once the recovery takes hold in 2010 and 2011. Professional and business services will also benefit greatly from the recently enacted stimulus. The additional \$2 billion going to the Hanford cleanup effort will mostly affect employment in waste management and remediation services, a component of professional and business services.
- ◆ State and local government employment tends to be more stable than other sectors of the economy. It also tends to lag other sectors through the business cycle. Employment grew

throughout the last recession but the protracted slowdown in the state's economy continued to put pressure on state and local governments' budgets long after the recession ended. State and local government is one of the two sectors (the other being construction) that stands to benefit disproportionately from the federal stimulus package. Without the stimulus payments, state and local governments would have had to make far more severe cuts in spending. No doubt there will be job cuts in certain areas, but the forecast assumes that there will be offsetting gains in other areas. Overall the forecast assumes a fairly flat employment outlook. As was the case in the last recession, the downward pressure on state and local budgets will persist long after the recession is officially over. We do not expect any rebound in state and local government employment growth within the forecast period.

4. The number of housing units authorized by building permit in Washington plunged 26.9 percent in fiscal 2008 to 36,900 units following a 6.1 percent decline in 2007. Single family permits fell 33.9 percent in 2008 to 22,500 units and multi-family units declined 12.2 percent to 14,400 units. Even though population growth is expected to remain strong and mortgage interest rates are low, tighter lending standards, wider spreads for jumbo and other non-conventional lending products, and economic anxiety will further restrict housing activity this year. The forecast for total housing units authorized by building permits is for a 42.4 percent decrease in 2009 to 21,300 units. Housing permits are expected to grow 14.5 percent in 2010 to 24,400 units and 44.8 percent in 2011 to 35,300 units.
5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, rose to 4.2 percent in fiscal 2008 from 4.0 percent in 2007. Rising food and energy costs continue to add to local inflation but Seattle's core inflation was also high at 3.5 percent in 2008. Seattle inflation trailed the national average in 2003, 2004, 2005, and 2006, reflecting the impact of a more severe local recession. Since then the relatively stronger local economy has resulted in higher than average inflation. A slowdown in the U.S. economy and declining energy costs should help restrain inflation but the relatively healthier local economy should cause Seattle inflation to remain above the U.S. rate. The forecast calls for Seattle inflation to slow to 2.0 percent in 2009 and 0.4 percent in 2010 before rebounding to 2.4 percent in 2011.

Table 1.2 provides a fiscal year summary of the state economic indicators.

Alternative Forecasts

As required by statute, the Forecast Council has also adopted two alternatives to the baseline forecast. One of these was based on more optimistic economic assumptions than the baseline and one was based on more pessimistic assumptions. These alternatives are summarized in Table 1.3.

Pessimistic Forecast: The pessimistic scenario is more than a recession, but not quite a depression. The simulation assumes that the financial crisis worsens, sending the economy into a downturn nearly twice as deep as any other since the Great Depression. Credit markets remain clogged, both domestically and across the world. Without access to credit, domestic spending contracts and the housing market falls into an even deeper hole. The pessimistic scenario assumes that the downward spiral in financial markets continues into 2010. Oil prices are lower in the short run because world demand is falling. As a result, bottom-line inflation is lower. Core inflation is also lower because demand is so weak. Housing starts drop even further than in the baseline and home prices fall further. The weakness in housing undermines consumer confidence. This, along with the drop in wealth associated

with falling home prices and a slowdown in job growth, causes consumers to retrench sharply. Capital spending is also weaker, as firms respond to a bleaker outlook by scuttling long-term projects. Foreign economic growth is lower, which cuts into export growth. In this scenario, real GDP contracts 4.7 percent in 2009 and 0.6 percent in 2010 (compared with a 2.6 percent drop and a 1.9 percent gain, respectively, in the baseline). Employment drops for eleven straight quarters (the economy loses 9.2 million jobs), manufacturing output falls for eleven straight quarters, and the recession lasts two quarters longer than in the baseline. Unlike the previous two recessions, those of 1991 and 2001, this one takes a heavy toll. Peak to trough, real GDP drops 6.6 percent, which is nearly twice as large as the losses during the 1973-75 and 1981-82 recessions. At the state level, the decline in aerospace employment is much more severe than in the baseline. Software employment declines through the end of 2010 rather than turning positive early in the year. Data revisions show that the initial level of Washington personal income is lower than was assumed in the baseline. Population growth is also slower in this scenario. Construction employment falls much more rapidly than in the baseline, and, rather than turning positive late in 2009, continues to decline through mid-2011. Seattle inflation is lower than in the baseline forecast and the weak economy also depresses Washington wage growth below the rate of growth in the baseline forecast. By the end of the 2009-11 biennium, Washington nonagricultural employment is 151,100 lower than in the baseline forecast and Washington personal income is \$25.6 billion lower. The pessimistic scenario produces \$92 million (0.3 percent) less revenue in 2007-09 and \$1,926 million (6.9 percent) less in 2009-11 than does the baseline forecast.

Optimistic Forecast: In the optimistic scenario, the rapid response of the Federal Reserve to the crisis in financial markets, coupled with the Treasury's "rescue" plan, Congress' stimulus package and help from central banks abroad, prevents the United States from entering an even deeper downturn. In addition, the standard optimistic scenario assumption of stronger total factor productivity growth is also in place. The stronger sales pace during 2009 in the optimistic scenario requires less of an inventory reduction than in the baseline, with demand recovery trimming inventories back to desirable levels. With credit again flowing late this year, business fixed investment rebounds 5.6 percent in 2010, after suffering a severe 16.2 percent contraction in 2009. This compares with a steeper 18.1 percent decline during 2009 in the baseline forecast and a 0.1 percent increase during 2010. The downturn in residential investment is also less severe in the optimistic scenario, with housing starts beginning to recover during the second half of 2009 and averaging 570,000 units for the year, compared with a much weaker baseline of 509,000 units. The optimistic scenario also assumes faster growth in the rest of the world and a weaker dollar. Finally, we assume slightly higher energy prices in the near term due to stronger global demand. On net, these assumptions produce a much brighter economic outlook than the dismal pictures painted by the baseline and pessimistic scenarios. Real GDP falls 5.0 percent in the first quarter and 3.0 percent in the second, but then rebounds smartly, gaining 2.8 percent in the final quarter of 2009—and it does even better in 2010. The unemployment rate peaks at 9.4 percent in late 2009. For Washington, the optimistic forecast assumes aerospace employment growth remains slightly positive, but weak, through 2011 rather than declining as in the baseline. Software employment also declines much less and recovers sooner and stronger in the optimistic forecast. Washington's wages grow faster than in the baseline and the strong regional economy raises Seattle CPI inflation above the baseline forecast in the optimistic scenario in spite of stronger productivity growth. The initial level of Washington personal income is higher in the optimistic scenario and population growth is stronger. Finally, construction employment declines much less during 2009 and recovers more sharply in 2010 and 2011 than in the baseline. By the end of the 2009-11 biennium, Washington nonagricultural employment is higher by 106,500 jobs

Table 1.1
U.S. Economic Forecast Summary
 Forecast 2009 to 2011

Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	10,510.9	10,836.8	11,161.3	11,379.9	11,655.0	11,479.6	11,416.2	11,743.4
% Ch	3.7	3.1	3.0	2.0	2.4	-1.5	-0.6	2.9
Real Consumption	7,435.7	7,678.4	7,913.1	8,150.2	8,308.5	8,204.7	8,363.0	8,547.2
% Ch	3.6	3.3	3.1	3.0	1.9	-1.2	1.9	2.2
Real Nonresidential Fixed Investment	1,108.0	1,192.5	1,274.0	1,344.1	1,418.1	1,289.6	1,118.1	1,221.3
% Ch	4.4	7.6	6.8	5.5	5.5	-9.1	-13.3	9.2
Real Residential Fixed Investment	539.8	579.1	592.6	500.8	402.4	313.3	271.0	334.6
% Ch	11.8	7.3	2.3	-15.5	-19.7	-22.1	-13.5	23.5
Real Personal Income	8,809.5	9,110.9	9,383.8	9,767.6	9,960.9	10,018.4	10,152.1	10,312.9
% Ch	2.6	3.4	3.0	4.1	2.0	0.6	1.3	1.6
Real Per Capita Income (\$/Person)	30,103	30,847	31,476	32,449	32,779	32,648	32,763	32,962
% Ch	1.6	2.5	2.0	3.1	1.0	-0.4	0.4	0.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.069	1.098	1.133	1.160	1.197	1.216	1.215	1.237
% Ch	2.2	2.8	3.2	2.4	3.2	1.5	-0.0	1.8
U.S. Consumer Price Index (1982-84=1.0)	1.861	1.917	1.990	2.041	2.117	2.143	2.137	2.183
% Ch	2.2	3.0	3.8	2.6	3.7	1.2	-0.3	2.2
Employment Cost Index (June 1989=1.0)	0.955	0.980	1.005	1.038	1.071	1.098	1.115	1.131
% Ch	2.9	2.6	2.5	3.3	3.2	2.5	1.6	1.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	11,330.3	12,045.2	12,832.1	13,467.0	14,106.8	14,171.2	14,188.8	14,816.9
% Ch	6.2	6.3	6.5	4.9	4.8	0.5	0.1	4.4
Personal Income	9,414.3	10,006.3	10,636.2	11,332.8	11,928.8	12,178.8	12,337.4	12,760.2
% Ch	4.8	6.3	6.3	6.5	5.3	2.1	1.3	3.4
Employment (Millions)								
U.S. Civilian Labor Force	146.8	148.2	150.4	152.4	153.7	154.3	154.0	155.0
Total U.S. Employment	138.3	140.4	143.1	145.5	146.1	142.9	139.5	140.6
Unemployment Rate (%)	5.82	5.32	4.83	4.53	4.95	7.40	9.45	9.31
Nonfarm Payroll Employment, E-O-P*	131.28	133.38	135.90	137.56	137.51	132.97	132.45	134.32
% Ch	1.1	1.6	1.9	1.2	-0.0	-3.3	-0.4	1.4
Manufacturing	14.33	14.24	14.21	13.91	13.55	11.97	11.09	11.29
% Ch	-1.5	-0.6	-0.2	-2.1	-2.6	-11.6	-7.3	1.8
Durable Manufacturing	8.92	8.96	9.02	8.84	8.56	7.34	6.70	6.98
% Ch	-0.7	0.4	0.7	-2.0	-3.1	-14.3	-8.7	4.1
Nondurable Manufacturing	5.41	5.29	5.19	5.08	4.99	4.63	4.39	4.31
% Ch	-2.9	-2.3	-1.8	-2.2	-1.8	-7.1	-5.3	-1.8
Construction	6.94	7.29	7.71	7.68	7.29	6.44	5.94	5.90
% Ch	3.4	5.1	5.7	-0.4	-5.1	-11.7	-7.7	-0.6
Service-Producing	109.43	111.23	113.31	115.25	115.91	113.83	114.74	116.43
% Ch	1.3	1.6	1.9	1.7	0.6	-1.8	0.8	1.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	33.8	48.8	64.3	63.4	96.8	66.9	51.8	56.5
Personal Saving/Disposable Income (%)	2.2	1.4	0.4	0.7	0.9	3.9	4.3	2.9
Auto Sales (Millions)	7.5	7.6	7.8	7.7	7.5	5.4	5.7	7.0
% Ch	-4.3	0.3	2.7	-1.3	-1.6	-28.5	6.2	22.9
Housing Starts (Millions)	1.945	2.016	2.036	1.547	1.132	0.612	0.652	1.054
% Ch	12.5	3.7	1.0	-24.0	-26.8	-46.0	6.6	61.7
Federal Budget Surplus (Billions)	-404.5	-311.4	-262.9	-202.0	-365.2	-802.2	-1,142.9	-965.0
Net Exports (Billions)	-535.8	-666.7	-760.4	-735.6	-700.8	-497.7	-476.5	-577.0
3-Month Treasury Bill Rate (%)	0.96	2.21	4.06	4.89	2.89	0.59	0.43	1.40
10-Year Treasury Note Yield (%)	4.29	4.23	4.59	4.76	4.13	3.20	2.94	3.37
Bond Index of 20 G.O. Munis. (%)	4.79	4.50	4.45	4.30	4.56	5.04	5.08	5.24
30-Year Fixed Mortgage Rate (%)	5.92	5.78	6.20	6.35	6.18	5.54	4.95	5.39
<i>*End of period</i>								

Table 1.2
Washington Economic Forecast Summary
 Forecast 2009 to 2011

Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	193.770	204.945	208.562	219.994	227.958	229.055	233.088	239.419
% Ch	1.7	5.8	1.8	5.5	3.6	0.5	1.8	2.7
Real Wage and Salary Disb.	108.686	111.661	115.750	121.635	125.889	125.474	126.552	130.018
% Ch	1.4	2.7	3.7	5.1	3.5	-0.3	0.9	2.7
Real Nonwage Income	85.084	93.283	92.812	98.360	102.068	103.581	106.536	109.401
% Ch	2.2	9.6	-0.5	6.0	3.8	1.5	2.9	2.7
Real Per Capita Income (\$/Person)	31,455	32,807	32,789	33,984	34,670	34,313	34,447	34,946
% Ch	0.6	4.3	-0.1	3.6	2.0	-1.0	0.4	1.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.069	1.098	1.133	1.160	1.197	1.216	1.215	1.237
% Ch	2.2	2.8	3.2	2.4	3.2	1.5	-0.0	1.8
Seattle Cons. Price Index (1982-84=1.0)	1.935	1.973	2.035	2.116	2.205	2.250	2.260	2.315
% Ch	1.3	1.9	3.2	4.0	4.2	2.0	0.4	2.4
Average Nonfarm Annual Wage	41,571	42,802	44,447	46,670	48,835	49,900	50,905	52,358
% Ch	2.7	3.0	3.8	5.0	4.6	2.2	2.0	2.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.15	18.57	19.32	20.22	20.90	22.02	23.00	23.02
% Ch	1.6	2.3	4.0	4.7	3.4	5.4	4.4	0.1
Current Dollar Income (Billions of Dollars)								
Personal Income	207.051	225.057	236.387	255.243	272.974	278.446	283.266	296.235
% Ch	3.9	8.7	5.0	8.0	6.9	2.0	1.7	4.6
Disposable Personal Income	185.114	199.722	207.873	223.120	239.195	246.599	253.290	262.640
% Ch	5.0	7.9	4.1	7.3	7.2	3.1	2.7	3.7
Per Capita Income (\$/Person)	33,610	36,025	37,162	39,428	41,515	41,713	41,862	43,239
% Ch	2.8	7.2	3.2	6.1	5.3	0.5	0.4	3.3
Employment (Thousands)								
Washington Civilian Labor Force	3,175.3	3,224.1	3,294.8	3,348.6	3,433.4	3,525.0	3,583.5	3,642.5
Total Washington Employment	2,956.0	3,036.6	3,125.7	3,191.4	3,270.4	3,269.7	3,229.1	3,283.8
Unemployment Rate (%)	6.91	5.82	5.13	4.69	4.74	7.23	9.89	9.85
Nonfarm Payroll Employment, E-O-P*	2,694.3	2,767.6	2,851.4	2,926.5	2,966.8	2,885.6	2,899.1	2,964.0
% Ch	1.7	2.7	3.0	2.6	1.4	-2.7	0.5	2.2
Manufacturing	263.1	272.6	284.6	291.9	294.4	271.3	263.2	271.7
% Ch	-1.8	3.6	4.4	2.5	0.9	-7.8	-3.0	3.2
Durable Manufacturing	181.4	191.3	202.7	210.8	214.4	198.1	192.3	200.3
% Ch	-1.7	5.4	6.0	4.0	1.7	-7.6	-2.9	4.2
Aerospace	60.9	65.8	72.2	78.9	84.5	84.2	82.1	81.2
% Ch	-8.0	8.0	9.7	9.4	7.1	-0.4	-2.4	-1.1
Nondurable Manufacturing	81.7	81.3	81.9	81.1	80.0	73.2	70.9	71.4
% Ch	-2.0	-0.4	0.7	-1.0	-1.4	-8.5	-3.1	0.6
Construction	163.0	174.8	193.5	209.1	203.8	179.7	164.9	168.1
% Ch	5.4	7.2	10.7	8.1	-2.5	-11.9	-8.2	1.9
Service-Producing	2,259.1	2,311.2	2,364.5	2,417.2	2,461.1	2,427.8	2,464.4	2,517.4
% Ch	1.8	2.3	2.3	2.2	1.8	-1.4	1.5	2.1
Software Publishers	39.1	41.0	44.4	47.5	50.3	51.2	51.1	55.0
% Ch	6.6	4.8	8.2	7.1	5.8	1.8	-0.2	7.5
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	44.250	51.780	53.755	50.484	36.927	21.287	24.369	35.296
% Ch	3.7	17.0	3.8	-6.1	-26.9	-42.4	14.5	44.8
Single-Family	34.353	38.422	40.400	34.075	22.520	12.364	13.588	22.906
% Ch	5.2	11.8	5.1	-15.7	-33.9	-45.1	9.9	68.6
Multi-Family	9.897	13.357	13.355	16.408	14.407	8.923	10.782	12.389
% Ch	-1.0	35.0	-0.0	22.9	-12.2	-38.1	20.8	14.9
30-Year Fixed Mortgage Rate (%)	5.92	5.78	6.20	6.35	6.18	5.54	4.95	5.39

*End of period

Table 1.3
Comparison of Alternative Forecasts

	Fiscal Year 2009				Fiscal Year 2010				Fiscal Year 2011			
	O	B	P	G	O	B	P	G	O	B	P	G
U.S.												
Real GDP	11477.4	11479.6	11420.2	11494.2	11445.2	11416.2	10989.0	11433.1	11845.4	11743.4	11191.0	11668.5
%Ch	-1.5	-1.5	-2.0	-1.4	-0.3	-0.6	-3.8	-0.5	3.5	2.9	1.8	2.1
Implicit Price Deflator	1.215	1.216	1.212	1.216	1.218	1.215	1.198	1.214	1.241	1.237	1.224	1.232
%Ch	1.5	1.5	1.2	1.6	0.2	-0.0	-1.2	-0.2	1.9	1.8	2.2	1.4
Mortgage Rate	5.54	5.54	5.61	5.58	4.97	4.95	4.89	5.07	5.36	5.39	5.39	5.46
3 Month T-Bill Rate	0.59	0.59	0.57	0.60	0.48	0.43	0.29	0.46	1.27	1.40	1.15	1.35
Washington												
Real Personal Income	230.769	229.055	227.441	228.483	239.081	233.088	225.158	230.657	250.832	239.419	223.092	235.867
%Ch	1.2	0.5	-0.2	0.2	3.6	1.8	-1.0	1.0	4.9	2.7	-0.9	2.3
Personal Income	280.459	278.446	275.742	277.889	291.200	283.266	269.716	280.038	311.225	296.235	273.111	290.480
%Ch	2.7	2.0	1.0	1.8	3.8	1.7	-2.2	0.8	6.9	4.6	1.3	3.7
Employment, E-O-P*	2898.3	2885.6	2862.8	2885.6	2966.2	2899.1	2803.9	2889.1	3070.5	2964.0	2812.9	2947.7
%Ch	-2.3	-2.7	-3.5	-2.7	2.3	0.5	-2.1	0.1	3.5	2.2	0.3	2.0
Housing Permits	21.869	21.287	20.838	20.799	30.280	24.369	20.822	21.509	44.999	35.296	27.240	31.843
%Ch	-40.8	-42.4	-43.6	-43.7	38.5	14.5	-0.1	3.4	48.6	44.8	30.8	48.0

(O) Optimistic; (B) Baseline; (P) Pessimistic; (G) Governor's Council of Economic Advisors

* End of period

Table 1.4
Forecast Analysis
 Comparison of Forecasts for 2007-09

Forecast Date	2006				2007				2008				2009	
	Feb.	June	Sept.	Nov.	Mar.	June	Sept.	Nov.	Feb.	June	Sept.	Nov.	Mar.	June
U.S.														
Percent Growth, 2007:2-2009:2														
Real GDP	6.1	6.6	6.3	6.7	6.2	6.1	4.6	4.9	3.6	2.6	2.8	0.5	-1.6	
Implicit Price Deflator	4.1	3.3	3.7	3.9	4.2	3.6	3.4	3.4	4.2	6.3	6.3	3.4	3.0	
Average Rate, 2007:3 to 2009:2														
3 Month T-Bill Rate	4.68	4.62	4.72	4.44	4.91	4.89	4.23	3.95	2.35	2.39	2.36	1.89	1.74	
Mortgage Rate	6.86	6.83	6.99	6.56	6.57	6.56	6.38	6.44	5.44	5.94	6.16	6.05	5.86	
Washington														
Percent Growth, 2007:2-2009:2														
Employment	3.4	3.9	4.2	4.3	4.4	4.1	4.2	3.8	2.6	2.4	2.3	0.4	-1.4	
Personal Income	13.1	13.5	14.1	14.0	14.1	13.9	12.5	12.6	10.9	10.3	10.6	7.6	6.6	
Real Personal Income	8.7	9.8	10.0	9.7	9.5	10.0	8.7	8.9	6.5	3.8	4.0	4.1	3.5	
Total (Thousands of units), 2007:3 to 2009:2														
Housing Units Authorized	95.0	98.1	97.5	99.9	97.8	97.8	91.1	87.6	80.0	75.0	67.5	63.9	58.2	

Table 1.5

Fiscal Years

Forecast Comparison

Forecast 2009 to 2011

	2007	2008	2009	2010	2011
U.S.					
Real GDP					
March Baseline	11379.9	11655.0	11479.6	11416.2	11743.4
% Ch	2.0	2.4	-1.5	-0.6	2.9
November Baseline	11379.9	11655.0	11612.1	11626.5	11931.1
% Ch	2.0	2.4	-0.4	0.1	2.6
Implicit Price Deflator					
March Baseline	1.160	1.197	1.216	1.215	1.237
% Ch	2.4	3.2	1.5	-0.0	1.8
November Baseline	1.160	1.197	1.219	1.224	1.254
% Ch	2.4	3.2	1.8	0.4	2.4
U.S. Unemployment Rate					
March Baseline	4.53	4.95	7.40	9.45	9.31
November Baseline	4.53	4.95	6.81	8.15	8.03
Mortgage Rate					
March Baseline	6.35	6.18	5.54	4.95	5.39
November Baseline	6.35	6.18	5.91	5.54	6.13
3 Month T-Bill Rate					
March Baseline	4.89	2.89	0.59	0.43	1.40
November Baseline	4.89	2.89	0.89	1.17	2.93
Washington					
Real Personal Income					
March Baseline	219.994	227.958	229.055	233.088	239.419
% Ch	5.5	3.6	0.5	1.8	2.7
November Baseline	219.995	227.639	230.015	235.518	239.765
% Ch	5.5	3.5	1.0	2.4	1.8
Personal Income					
March Baseline	255.243	272.974	278.446	283.266	296.235
% Ch	8.0	6.9	2.0	1.7	4.6
November Baseline	255.244	272.586	280.430	288.335	300.679
% Ch	8.0	6.8	2.9	2.8	4.3
Employment, E-0-P*					
March Baseline	2926.5	2966.8	2885.6	2899.1	2964.0
% Ch	2.6	1.4	-2.7	0.5	2.2
November Baseline	2924.1	2965.0	2935.7	2953.4	3004.1
% Ch	2.6	1.4	-1.0	0.6	1.7
Housing Permits					
March Baseline	50.484	36.927	21.287	24.369	35.296
% Ch	-6.1	-26.9	-42.4	14.5	44.8
November Baseline	50.514	36.979	26.931	32.657	39.980
% Ch	-6.1	-26.8	-27.2	21.3	22.4

*End of period

Table 1.6
Long Range Economic Outlook
 Forecast 2009 to 2019

Calendar Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
U.S.											
Real GDP, %Ch	-2.6	1.9	3.4	4.2	3.4	2.8	2.7	2.8	2.8	2.9	3.0
Implicit Price Deflator, %Ch	-0.5	1.3	1.8	1.7	1.9	1.9	1.9	2.0	2.0	2.0	1.9
3 Month T-Bill Rate	0.3	0.7	2.4	3.4	3.7	4.6	4.6	4.6	4.6	4.6	4.6
Mortgage Rate	5.0	5.0	5.8	6.2	6.5	7.1	7.1	7.1	7.1	7.1	7.1
State*											
Real Personal Income, %Ch	1.6	2.1	3.3	4.0	4.1	4.1	3.8	3.7	3.6	3.7	3.9
Personal Income, %Ch	1.1	3.5	5.2	5.8	6.1	6.1	5.8	5.7	5.7	5.7	5.9
Employment (E-O-P), %Ch	-2.0	1.8	2.9	3.2	2.5	1.8	1.6	1.5	1.5	1.5	1.5

*End of period

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonfarm Payroll Employment, E-O-P

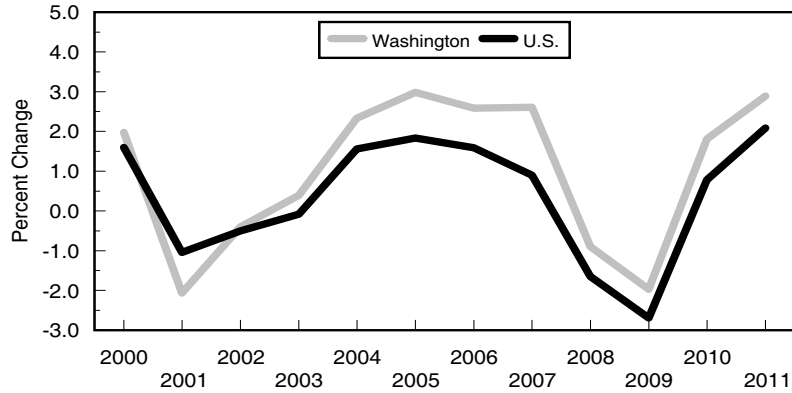


Chart 1.2
Manufacturing Employment, E-O-P

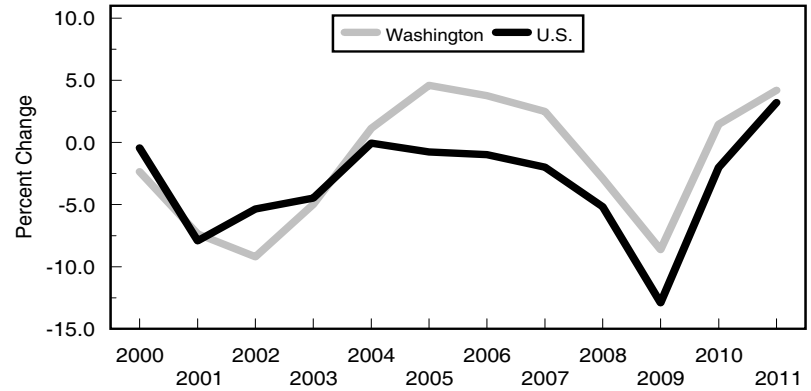


Chart 1.3
Durable Manufacturing Employment, E-O-P

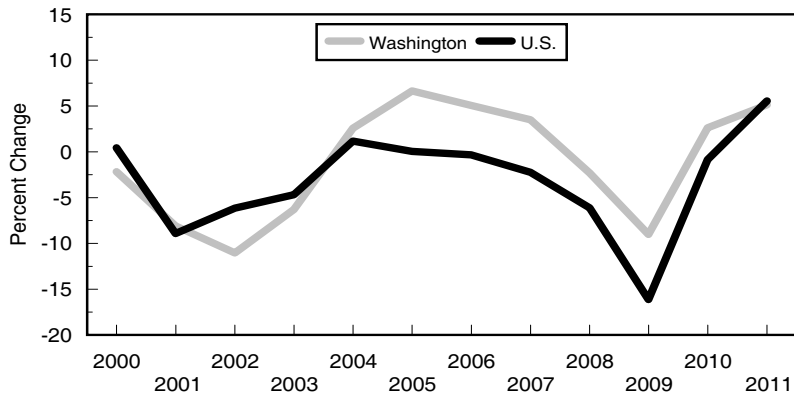
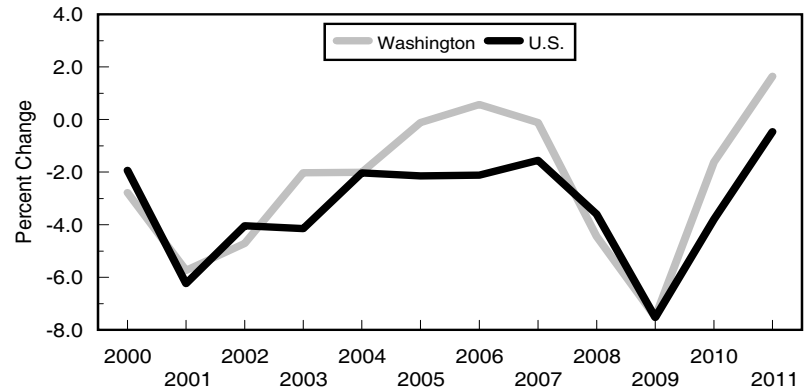


Chart 1.4
Nondurable Manufacturing Employment, E-O-P



Adjustments have been made for the Boeing strike in 2008, the Microsoft special dividend in 2004, and the tribal government ownership code change in 2001.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.5
Construction Employment, E-O-P

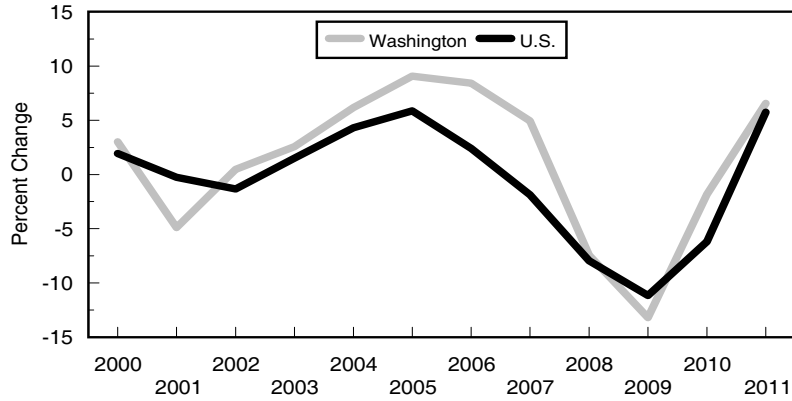


Chart 1.6
Information Employment, E-O-P

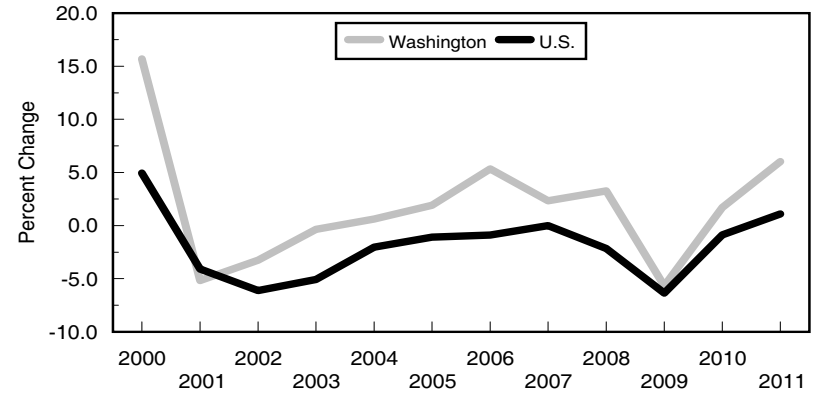


Chart 1.7
Other Private Employment, E-O-P

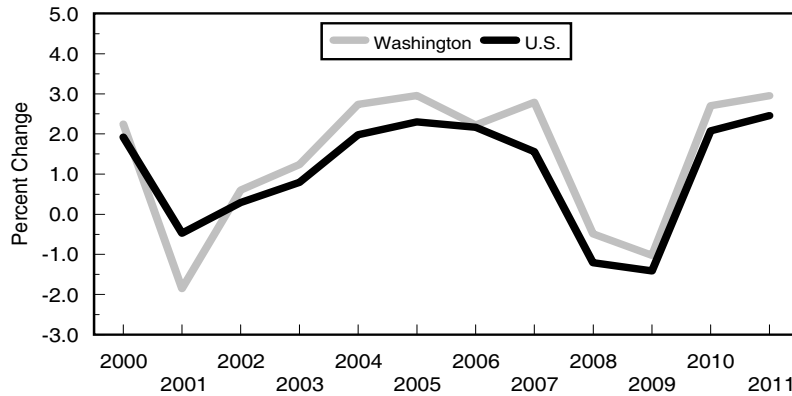
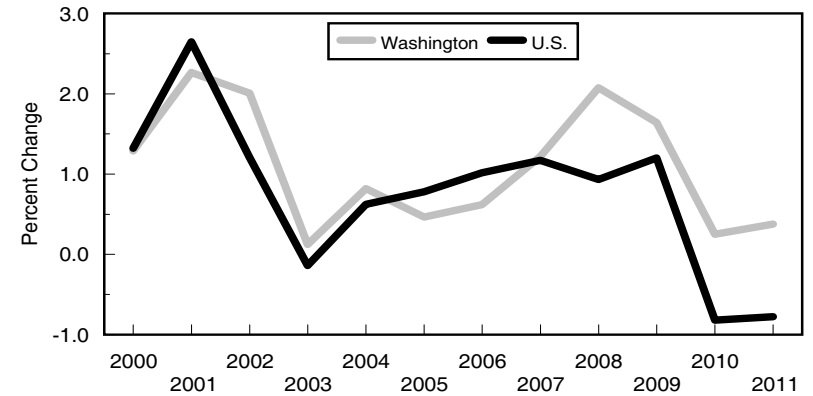


Chart 1.8
Government Employment, E-O-P



Adjustments have been made for the Boeing strike in 2008, the Microsoft special dividend in 2004, and the tribal government ownership code change in 2001.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.9
Real Personal Income

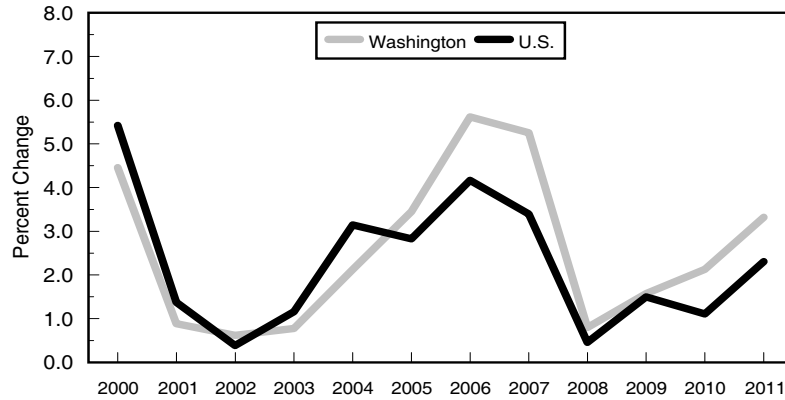


Chart 1.10
Consumer Price Indices

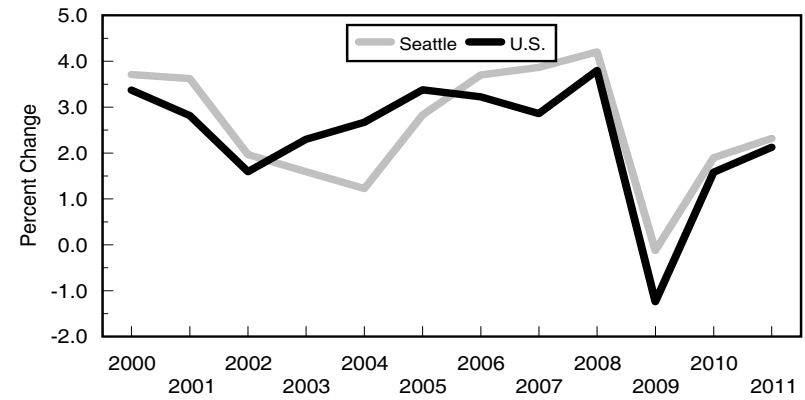


Chart 1.11
Population

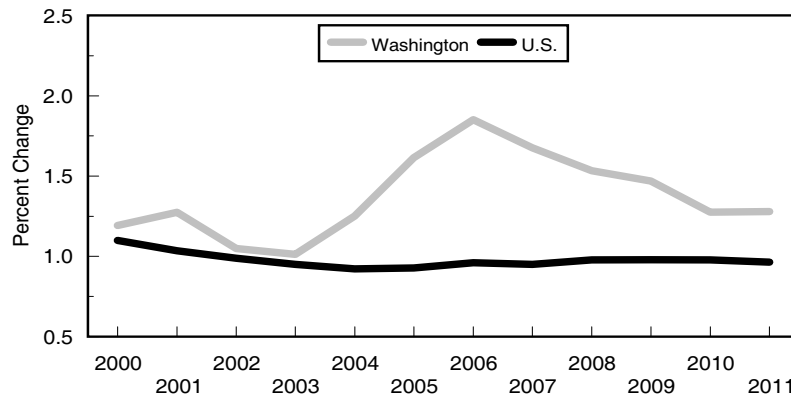
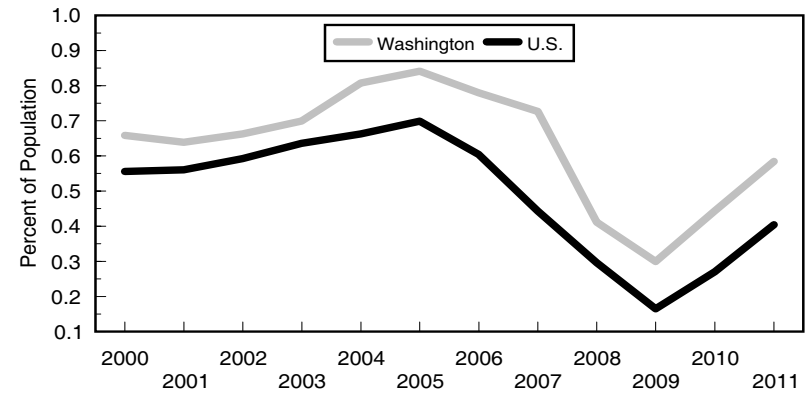


Chart 1.12
Per Capita Housing Units



Adjustments have been made for the Boeing strike in 2008, the Microsoft special dividend in 2004, and the tribal government ownership code change in 2001.

Comparison of Alternative U.S. Forecasts

Chart 1.13
Real GDP

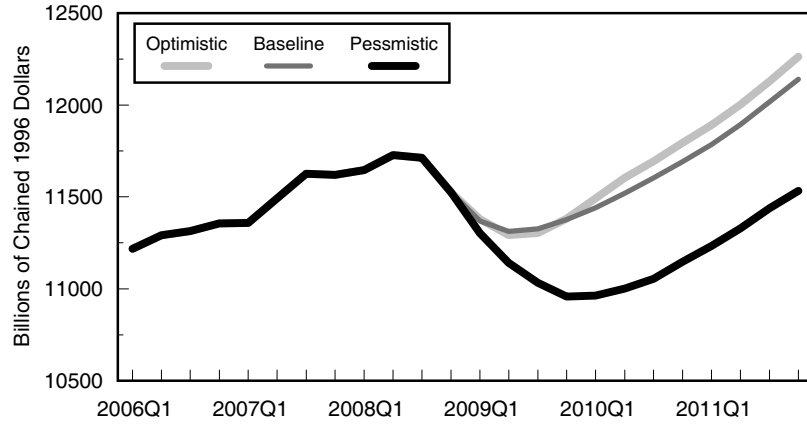


Chart 1.14
Implicit Price Deflator

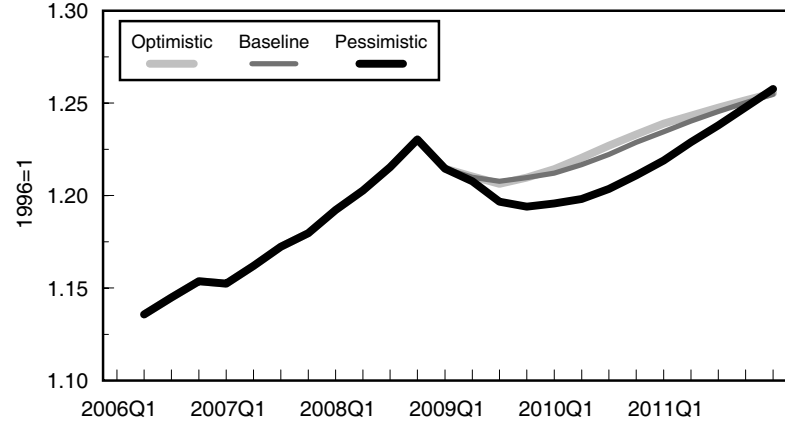


Chart 1.15
Mortgage Rate

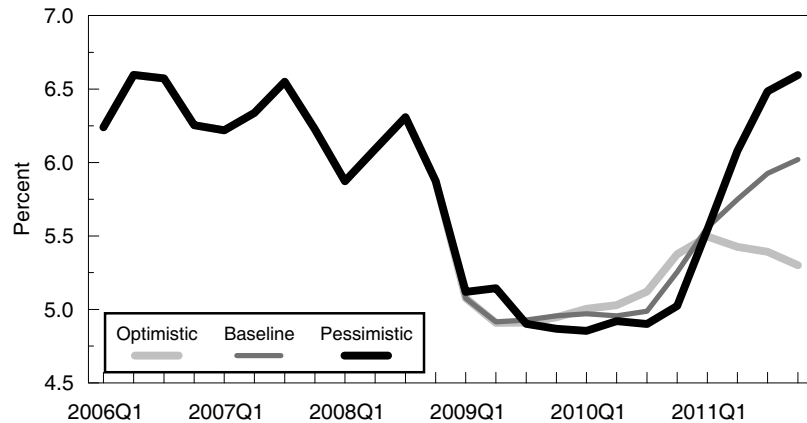
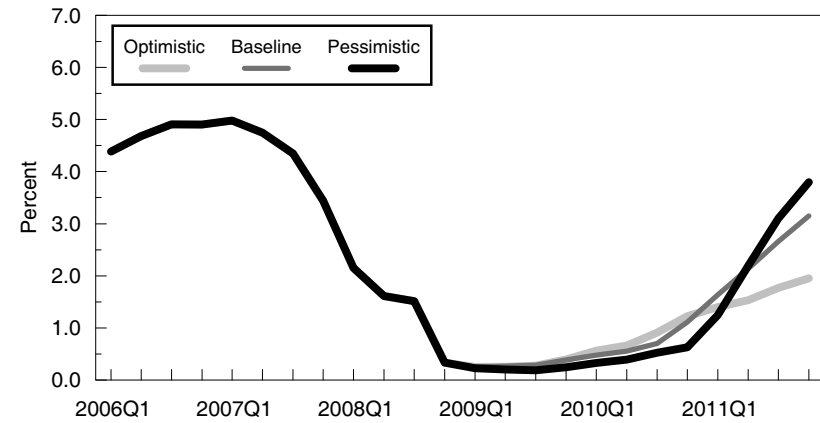


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

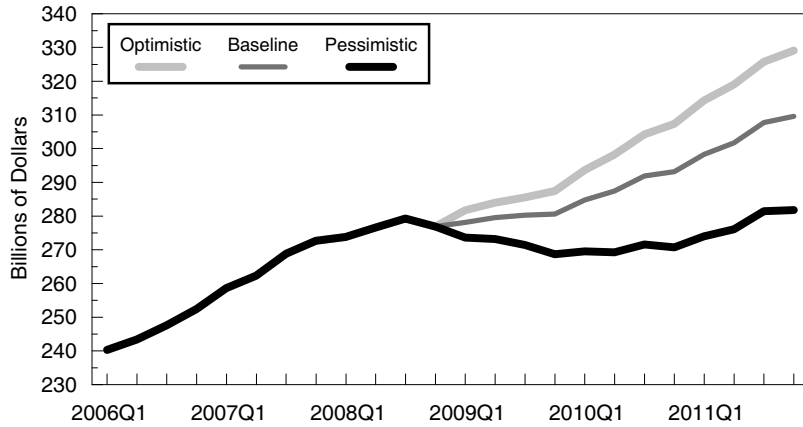


Chart 1.18
Real Personal Income

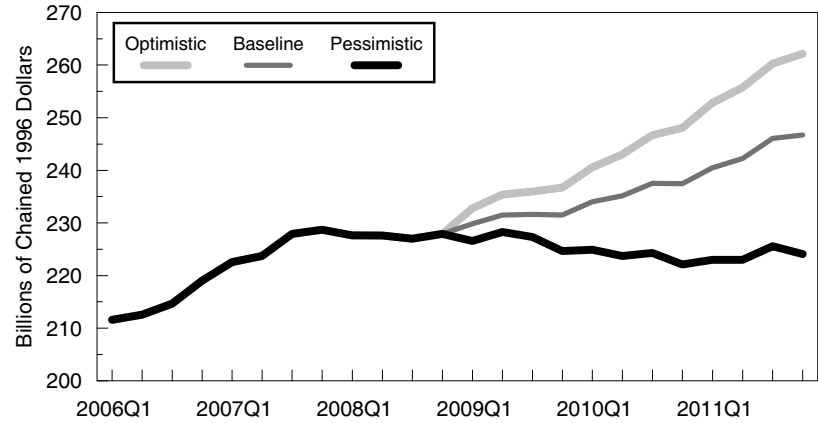


Chart 1.19
Total Nonfarm Payroll Employment

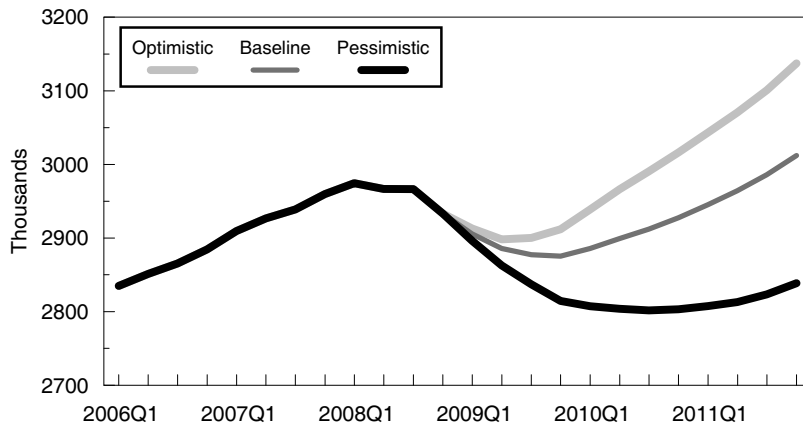
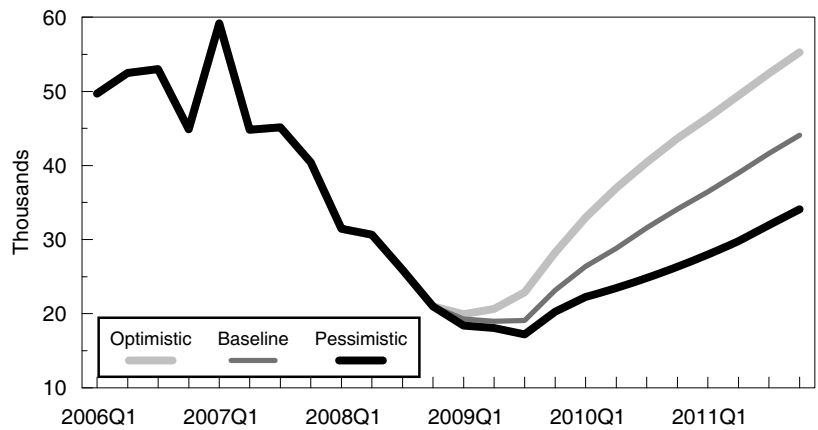


Chart 1.20
Housing Permits



than in the baseline forecast and Washington personal income is \$17.3 billion higher. The optimistic scenario generates \$74 million (0.3 percent) more revenue in the 2007-09 biennium and \$1,519 million (5.4 percent) more revenue in the 2009-11 biennium than does the baseline forecast.

Governor's Council of Economic Advisors Scenario

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. At the national level, the Governor's Council scenario is very similar to the baseline forecast. The Governor's Council members' real GDP forecast shows a shallower downturn but weaker recovery than does the baseline forecast. Overall their forecast is slightly lower. The GCEA members also expect slightly less inflation overall than does the baseline forecast. The Council members' interest forecasts are not significantly different from the baseline forecast. The GCEA scenario for Washington is more pessimistic than the baseline forecast. Employment is only slightly (0.3 percent on average) lower than the baseline forecast, but the average level of personal income is 1.5 percent lower. The number of housing units authorized by building permit is also lower in the Governor's Council scenario than in the baseline forecast. By the end of the 2009-11 biennium Washington nonagricultural employment is 16,300 lower in the GCEA forecast than in the baseline forecast and Washington personal income is \$6.5 billion lower. The Governor's Council scenario yields \$13 million (0.0 percent) less revenue in the 2007-09 biennium and \$253 million (0.9 percent) less revenue in the 2009-11 biennium than does the baseline forecast.

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

Washington Business Indicators

The National Economy

The Bureau of Economic Analysis reported that real gross domestic product (GDP), the broadest measure of economic activity, fell at a 6.3* percent annual rate in the fourth quarter of 2008, down from a 0.5 percent decline in the previous quarter. Driving the decrease from the third quarter were a decline in consumer spending, negative private investment, lower exports, and a decline in state and local government spending. Partially offsetting these factors were growth in federal government spending and a large decline in imports. Real consumer spending, the largest component of GDP, decreased at a 4.3 percent annual rate in the fourth quarter, the largest decline since the second quarter of 1980. The durable goods component of consumption shrank at a 22.1 percent rate, the fourth straight quarter of declines and the largest since the first quarter of 1987. Consumption of non-durable goods also declined, contracting at a rate of 9.4 percent, the largest decline since the BEA started keeping quarterly data in 1947. Services consumption rebounded to a 1.5 percent annual growth rate, up from a revised drop of 0.1 percent in the third quarter. Real gross private domestic investment plummeted in the fourth quarter contracting at a 23.0 percent rate, the worst drop since 1982. The decrease came from both residential and non-residential fixed investment, which declined 22.8 and 21.7 percent respectively. Residential fixed investment has now contracted for twelve straight quarters, the most on record. Government spending increased at a rate of 1.3 percent in the fourth quarter, down from the five year high of 5.8 percent in the third quarter. National defense spending slowed to a 3.4 percent rate while non-defense spending increased to a rate of 15.3 percent. State and local government spending declined at a 2.0 percent rate. Exports plummeted in the fourth quarter declining at a 23.6 percent rate, the largest decline since the fourth quarter of 1971. Most of the decline was due to a large drop in goods exports which shrank at a 32.0 percent rate. Imports declined at a 17.5 percent rate as consumers cut back on spending in the fourth quarter. The reduction of imports mitigated most of the loss in exports but the net effect was still negative for the quarter.

The Institute for Supply Management (ISM) reported that its index of manufacturing activity increased slightly to 35.8 in February from the previous month's value of 35.6. This is the second consecutive month of improvement in the index, although the reading is still near lows last reached in the early 1980's. Index values below 50 indicate that manufacturing sector output is declining. In addition, index values below 41.1 over a period of time indicate a contraction of the overall economy. Employment, the weakest component of the index for February, reached a new all-time low dropping another 3.8 points to 26.1. Deliveries remained the strongest component of the index increasing 1.4

points to 46.7 while production had the largest monthly gain with a 4.2 point increase to 36.3. As with the composite index, component values less than 50 reflect negative economic activity.

U.S. seasonally-adjusted payroll employment continued to contract in February, losing another 651,000 jobs. In the last four months alone, employment losses have totaled over 2.5 million driving the year-over-year change to negative 3.0 percent. Since the beginning of 2008, employment has declined in fourteen consecutive months totaling almost 4.4 million job losses. During this time, the U.S. seasonally adjusted unemployment rate has jumped from 4.9 percent to 8.1 percent, the highest level since 1983.

Nonfarm business productivity declined in the fourth quarter contracting at a 0.4 percent rate after growing at an upwardly revised 2.2 percent rate in the third quarter. The seasonally adjusted Consumer Price Index (CPI) increased by 0.4 percent in February after a modest 0.3 percent gain the prior month, ending three monthly decrease in a row. Inflation, measured by year-over-year CPI growth, remained very low increasing to 0.1 percent in February after two months of declines. Energy continues to put downward pressure on the index with prices down 19.1 percent since last year. Core CPI growth remained relatively low as well, posting a 1.8 percent year-over year growth rate in February, up just slightly from the previous month's value of 1.7 percent. National seasonally adjusted average weekly hours in manufacturing declined for the seventh straight month to 39.6 in February. This was the third consecutive month average weekly hours have been below 40.0, the first time this has occurred since 1983.

The Conference Board's Index of Consumer Confidence increased slightly to 26.0 in March, up from February's all-time low value of 25.3. The index has reached a new low four times in the last six months and now stands at a quarter of the value it was two years ago. Both the present conditions and expectations components of the index increased slightly, although both remain at historically low levels. The University of Michigan Consumer Sentiment Index increased in March as well, gaining one point to 57.3. The index continues to stay at levels experienced in the 1980's and has yet to reach an all-time low. The Conference Board's U.S. Index of Leading Indicators declined 0.3 points in February after a 0.1 point gain in January. The index has been trending downward for over a year and a half and is down 5.8 percent from its peak in July 2007.

The Federal Open Market Committee (FOMC) announced that it will keep the federal funds target rate in the 0.00 to 0.25 percent range and expects to keep it there "for an extended period". The Fed has also moved to purchasing long-term treasuries (quantitative easing) to restart economic growth by bringing down interest rates. In addition, the Fed will buy mortgage backed securities and debt from Fannie Mae and Freddie Mac to drive down mortgage rates.

The seasonally adjusted Monster Employment Index, which measures internet employment advertising, declined another 4 points in February to 125. The index is down 25.9 percent from a year ago, the largest annual drop since the creation of the index in October 2003. U.S. job openings, measured by The Job Opening and Labor Turnover Survey (JOLTS), declined 7.2 percent in January after a 2.6 percent decline in December. On a year-over-year basis, there have been 17 straight months where the number of job openings has decreased.

The State Economy and Indicators

Washington State wage and salary employment had one of the worst months on record, declining by 1.0 percent in February on a seasonally adjusted basis. After months of recording positive job growth while the national employment picture was weakening, Washington is now contracting at a

faster rate than the nation. Year-over-year the state is down 3.1 percent compared to a 3.0 percent drop for the United States. Job losses over the past six months have totaled over ninety-three thousand according to preliminary data. The decline in employment over the past year has been evenly split between the goods producing and the service providing sectors with each losing over forty-five thousand jobs. On a percentage basis however, the losses have been much more dramatic in the goods producing part of the economy. Overall, this sector has contracted by 8.8 percent compared to a decline of 1.9 percent on the services side. Losses in construction were the most severe with a reduction of over twenty-four thousand from payrolls while manufacturing lost over twenty thousand jobs since last February. Professional and business services employment also dropped over twenty thousand and retail trade has shed over seventeen thousand jobs with large declines in motor vehicle and construction related sales.

The Washington State Help Wanted Index, which incorporates the previous Seattle Times Help Wanted Index and the Monster Employment Index for Seattle, dropped another 5.7 points to 86.9 in February. The index has been declining for the past twelve months and is now down 27.5 percent since last year. Washington's seasonally adjusted unemployment rate again increased sharply in February, rising to 8.4 percent from the previous month's value of 7.8 percent. This was on top of January's 1.2 percentage point increase over December and has pushed the total number of unemployed to almost three hundred thousand in the state. Washington's unemployment rate is now higher than the nation's and is also the highest in the state since 1985. Seasonally adjusted initial claims for unemployment insurance in Washington increased 22.3 percent in February to over seventy-six thousand; the second highest month on record going back to 1969. The number of initial claims has doubled since January of last year and the year-over-year increase is the highest since 1970. Adjusting for the size of the state's labor force, claims are the highest since 1985 and have reached 2 percent of the labor force for the first time since 1996.

Inflation in Seattle, as measured bimonthly in the year-over-year growth in the Seattle CPI, decreased to 1.4 percent in February. This was the lowest level in over four years and has been declining steadily since its peak in June of 2008. Core inflation, the year-over-year growth in Seattle's price index excluding food and energy, decreased to 2.7 percent for the same period. Washington's seasonally adjusted average weekly hours in manufacturing increased to 44.1 from January's value of 43.4. The number of hours is very strong historically and down just slightly from December's record high of 45.0. The Washington Purchasing Management Index fell 4.7 points in February to a value of 48.1. As with the national ISM index, values lower than 50 indicate contraction. The employment component of the index remained weak decreasing from 45.5 to 45.0.

The Washington State Business Cycle Indicator, previously The Boom Monitor Composite Index, plummeted to a new low in February. The index dropped over 50 percent from its previous low of 12.7 in January to 6.3. Driving the weakness in February were a drop new car sales, dismal housing permits, and low real estate excise tax collections. Index levels above 50 indicate that the weighted average growth in the index's components is above their historic average. The Washington Index of Leading Indicators decreased another 2.0 points in February to 107.7. This series has been comprehensively revised to include the new Washington State Help Wanted Index and is not directly comparable to previous releases. Leading the decline were a spike in initial unemployment insurance claims and a drop in housing starts. In addition, all components of the index except for average weekly hours in manufacturing had a negative effect in February.

Authorized housing permits plunged to the second lowest level ever in February coming in at 12,100 units on an annualized basis. Single family units actually increased slightly to 10,700 units but

still remained at historically low levels. Permits for multiple family units experienced the worst month ever falling 85 percent to just 1,400 units. Total permits are now down over 63 percent from a year ago and down 83 percent since the peak in November 2005.

Fourth quarter exports of goods originating in Washington totaled \$12.9 billion, a 33.6 percent decrease over same quarter in 2007. The drop was due to a reduction in transportation equipment exports which totaled \$5.3 billion and were down 56.0 percent year-over-year; exports excluding transportation equipment came in at \$7.5 billion, a 3.8 percent increase over the previous year.

On the following pages are a summary of what various national and state measures are indicating as of the date of this publication.

** Data is based on the most recent release as of the date of this publication. The March economic forecast is based upon a modified version of the national March Global Insight forecast, which incorporates prior data releases.*

Table 2.1
Summary of National and State Indicators

<u>Indicator</u>	<u>Latest Data</u>	<u>Indication¹</u>
U.S. Leading Index	February 2009	-
U.S. Real GDP Growth	4th quarter 2008	-
U.S. ISM Index	February 2009	+
U.S. Employment YoY%?	February 2009	-
U.S. Unemployment Rate	February 2009	-
U.S. Job Openings	January 2009	-
U.S. Fed Funds Target	April 1, 2009	neutral
U.S. Consumer Confidence	March 2009	+
U.S. CPI	February 2009	+
U.S. Monster Employment Index	February 2009	-
S&P 500 Index	Week of March 23, 2009	+
WA Leading Index	February 2009	-
WA ISM Index	February 2009	-
WA Help Wanted Index	February 2009	-
WA Employment YoY%?	February 2009	-
WA Aerospace Empl. YoY%?	February 2009	-
WA Unemployment Rate	February 2009	-
WA Business Cycle Indicator	February 2009	-
WA Initial Unemploy. Claims	February 2009	-
WA Housing Permits	February 2009	-
WA Weekly Hours in Mfg.	February 2009	+
WA New Vehicle Registration	February 2009	-
WA Migration (DOL data)	February 2009	+
WA Exports-Total	4th quarter 2008	-
WA Exports- w/o Trans. Equip.	4th quarter 2008	-
Seattle CPI	October 2008	neutral
Seattle Monster Employment Index	February 2009	-

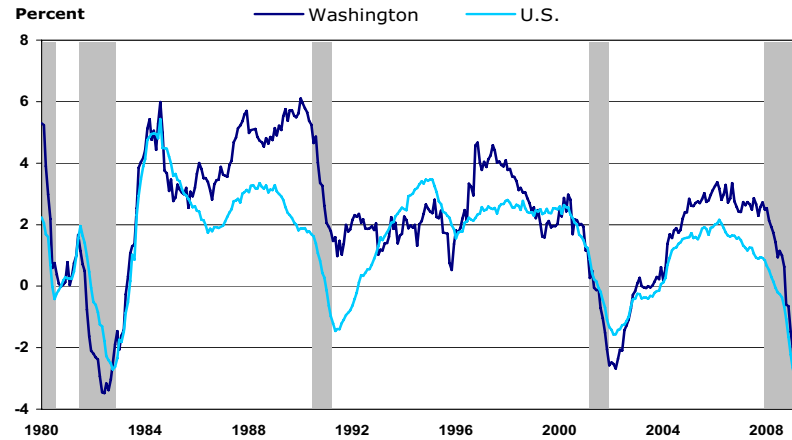
¹ + sign: good for the economy; - sign : Indicates weakness

* Striking Boeing workers have been removed from data

Washington State Economic Indicators

Year-over-Year Employment Growth

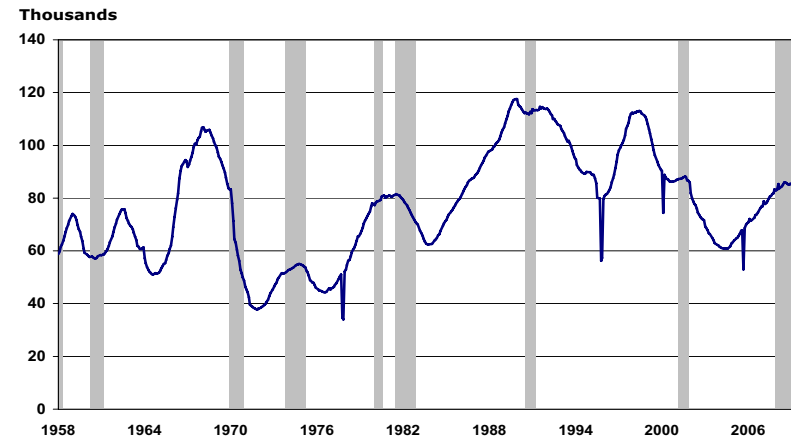
January 1980 to February 2009



* Bureau of Labor Statistics, WA State Employment Security

Washington Aircraft and Parts Employment

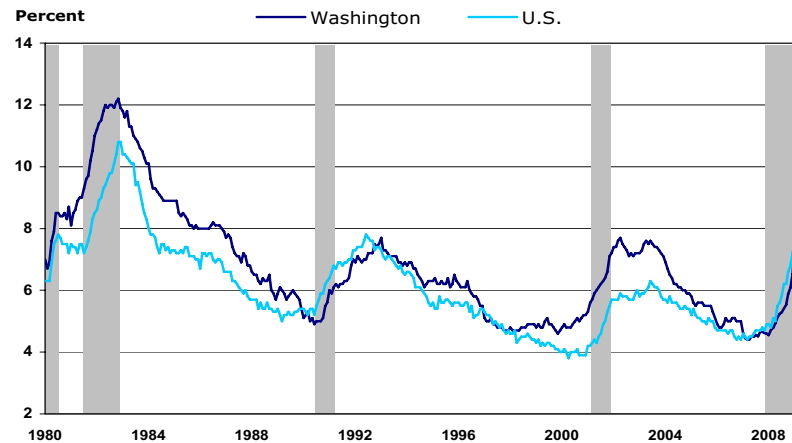
January 1958 to February 2009



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

January 1980 to February 2009

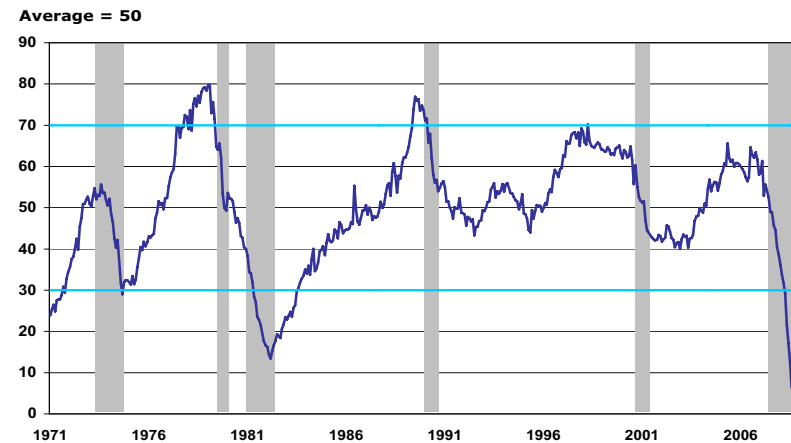


* Source: Bureau of Labor Statistics

* Shaded areas correspond with national recessions.

Washington Business Cycle Indicator

July 1971 to February 2009

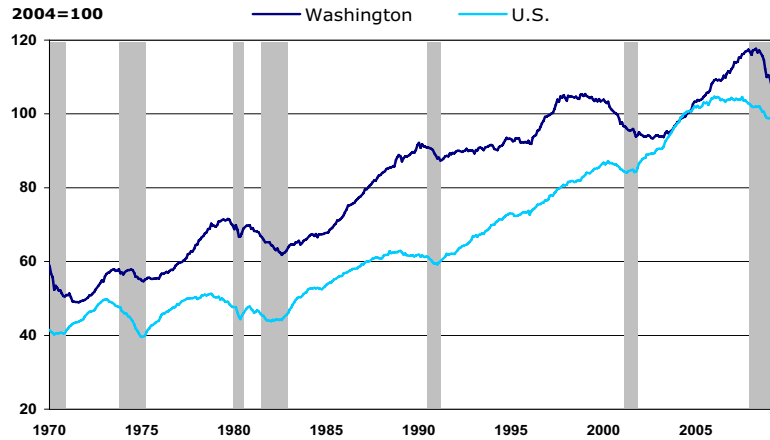


* Source: ERFC

Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

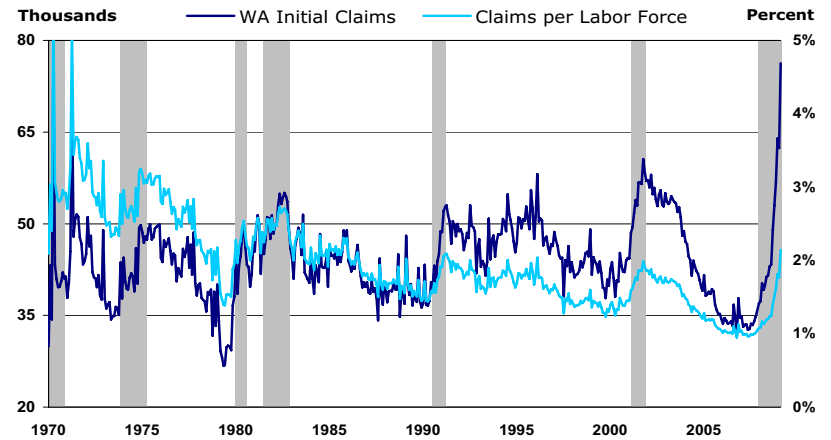
January 1970 to February 2009



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

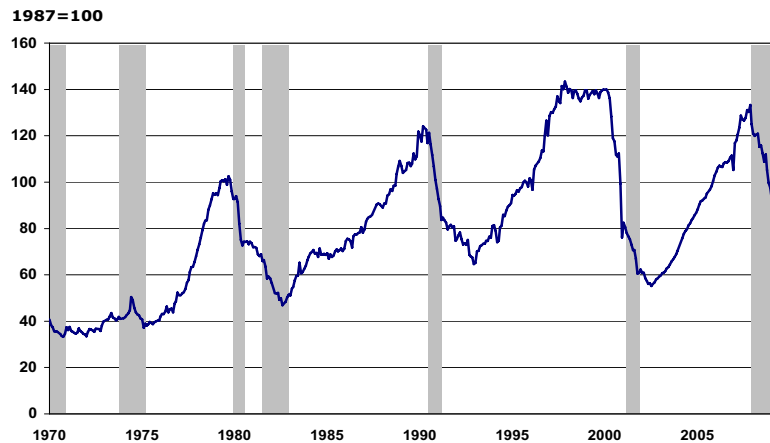
January 1970 to February 2009, S.A.



* Source: WA State Employment Security, ERFC

WA State Help Wanted Index

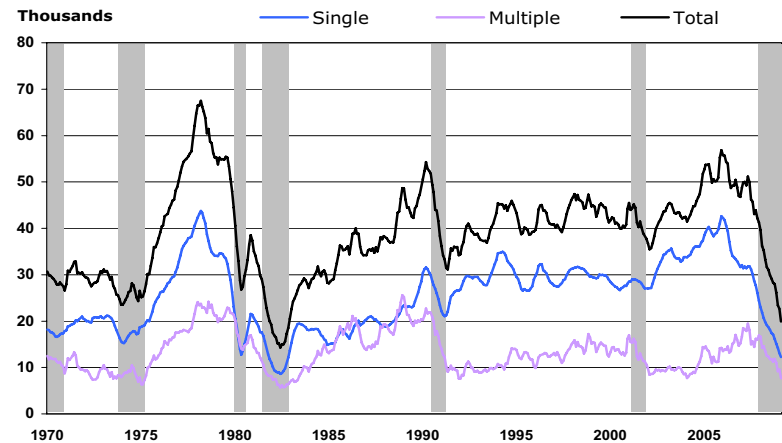
January 1970 to February 2009



* Source: ERFC

Housing Units Authorized in Washington State

January 1970 to February 2009, 6 Month Moving Average, S.A.



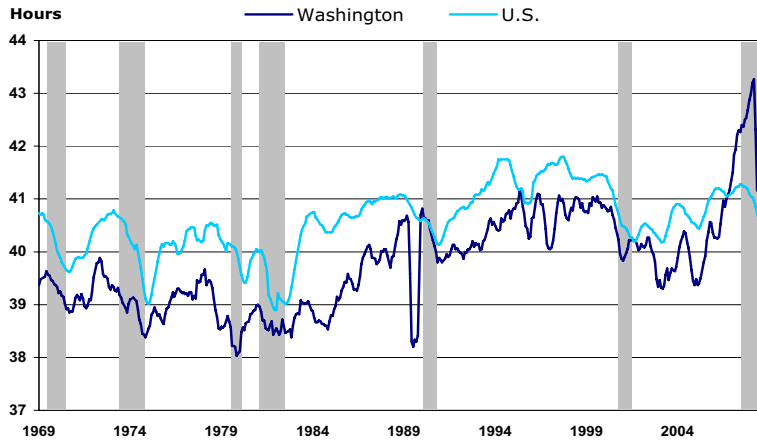
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Other State Economic Indicators

Average Weekly Hours in Manufacturing

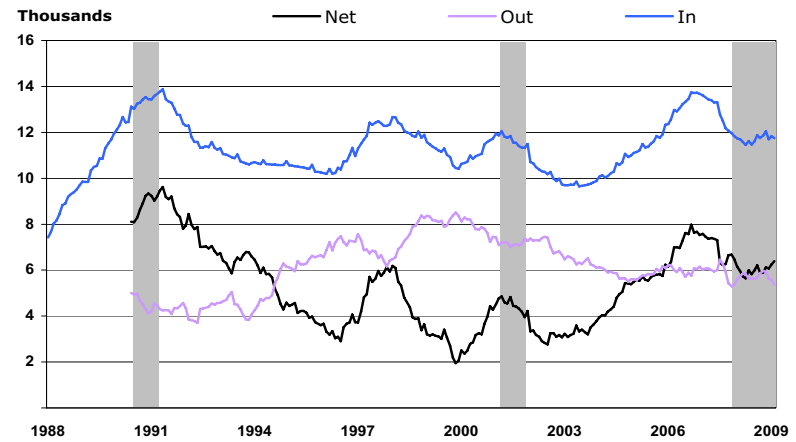
June 1969 to February 2009, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License Migration

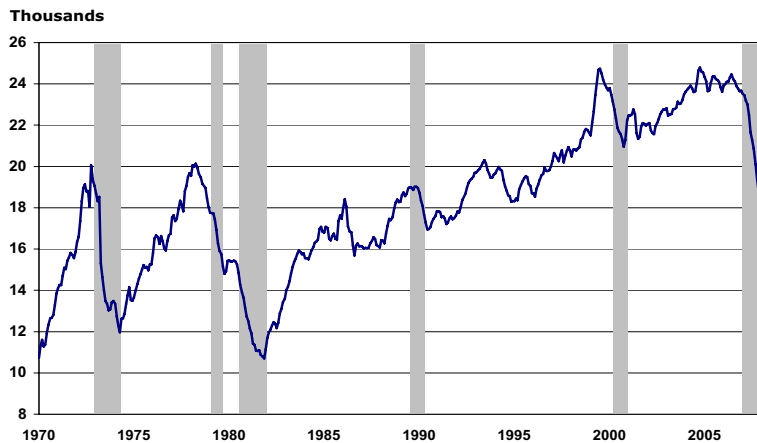
January 1988 to January 2009, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

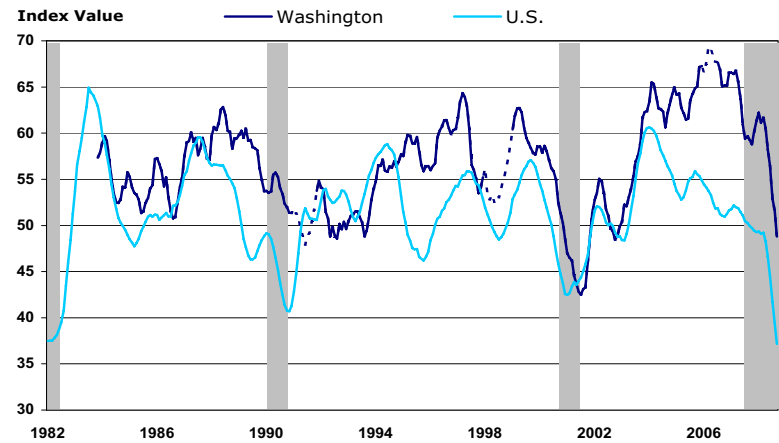
December 1970 to February 2009, 6-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

June 1982 to February 2009, 6-Mo. Moving Average



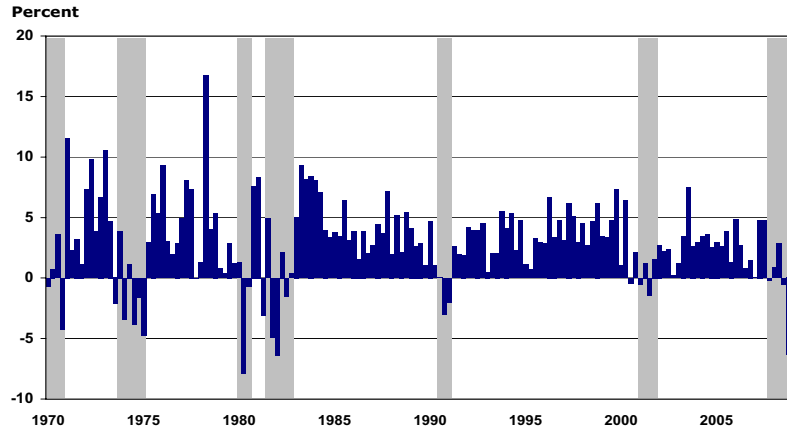
* Source: Institute for Supply Management, NAPM-WW

* Shaded areas correspond with national recessions.

Other Economic Indicators

Quarterly U.S. Real GDP Growth

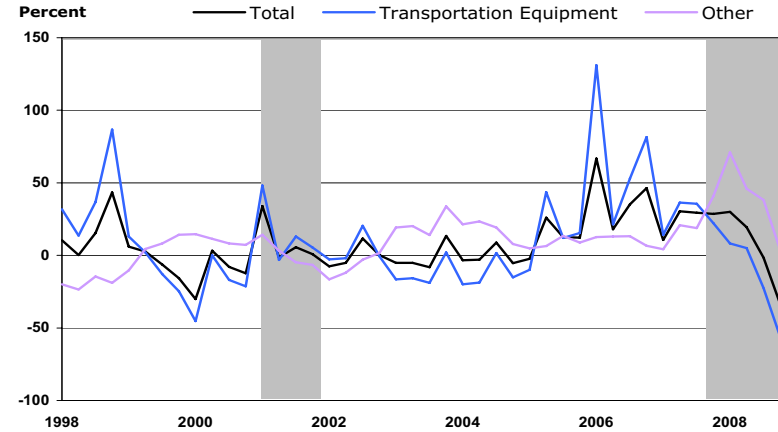
1970Q1 to 2008Q4



* Source: Bureau of Economic Analysis

Washington State Export Composition

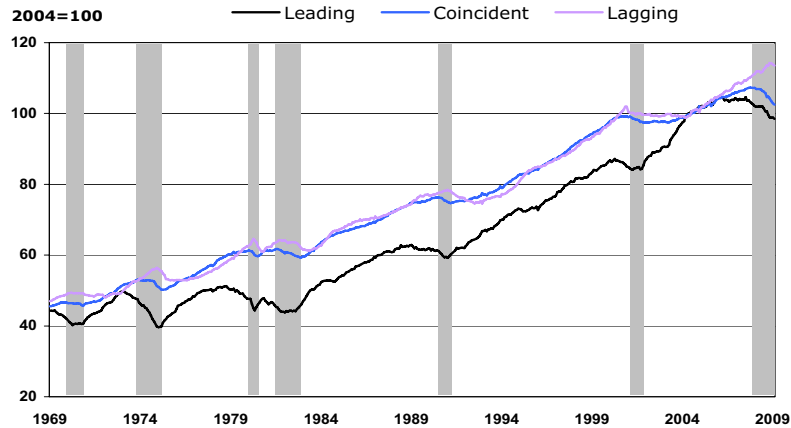
1998Q1 to 2008Q4, Change from Same Quarter Year Ago



* Source: WISER

U.S. Economic Indicators

January 1969 to February 2009

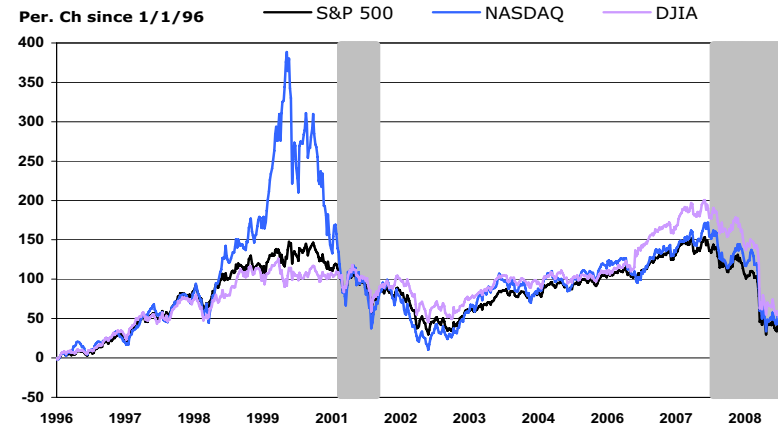


* Source: The Conference Board

* Shaded areas correspond with national recessions.

National Stock Indexes

January 1, 1996 to March 27, 2009

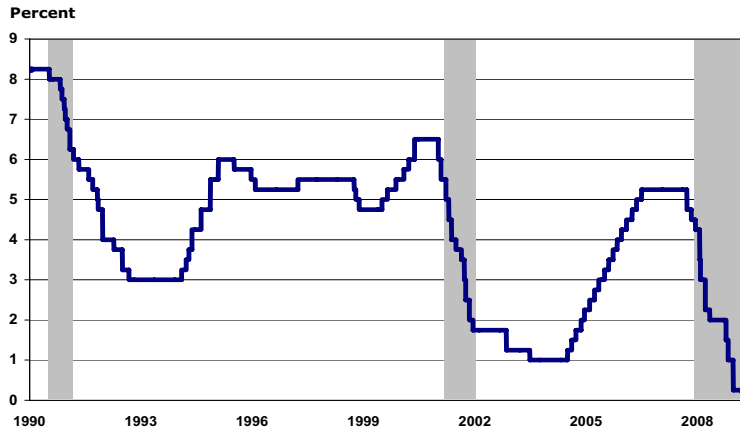


* Source: ERFC

Other Economic Indicators

Federal Funds Target Rate

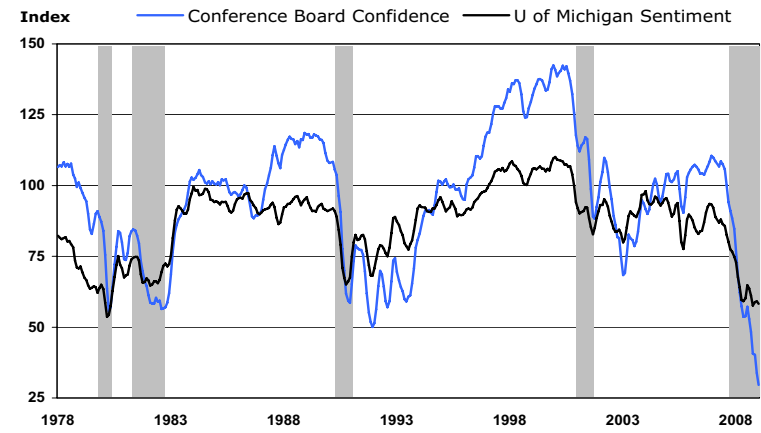
January 1, 1990 to April 1, 2009



* Federal Reserve

Consumer Confidence

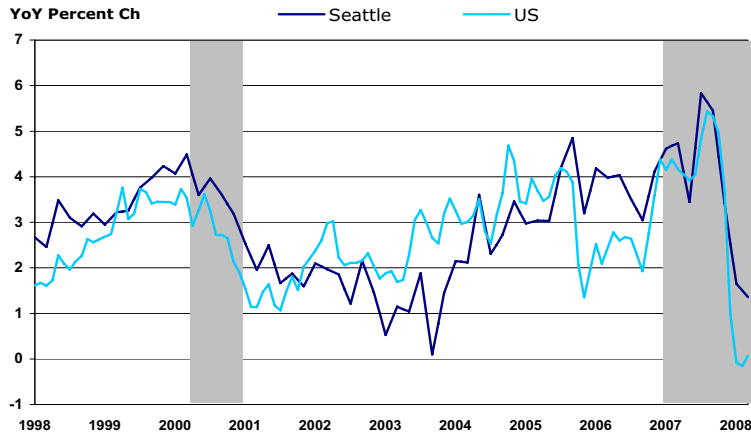
March 1978 to March 2009, 3-Mo. Moving Average



* Source: The Conference Board, University of Michigan

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

December 1998 to February 2009

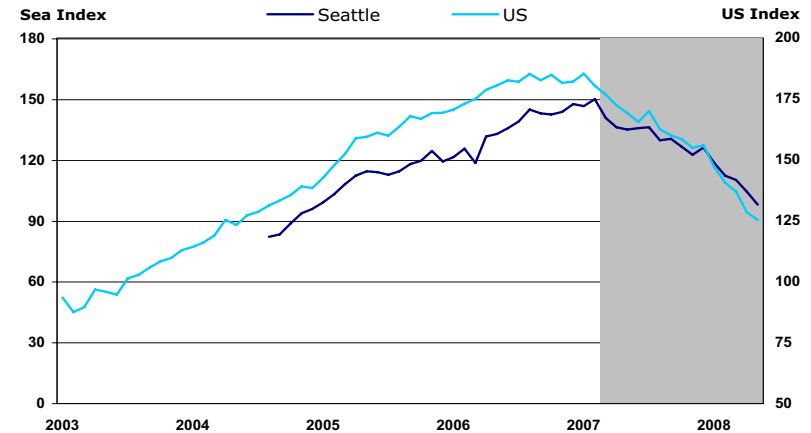


* Source: Bureau of Labor Statistics

* Shaded areas correspond with national recessions.

Monster Employment Index

October 2003 to February 2009, SA



* Source: Monster Worldwide, ERFC

Table 2.2

Washington Business Indicators
 Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Help-Wanted Index	Washington Purchasing Management Index	U.S. Purchasing Management Index
2006:08	109.8	103.3	108.4	73.3	53.0
2006:09	110.9	103.7	109.1	64.1	51.8
2006:10	111.5	103.9	110.6	68.8	51.0
2006:11	111.2	103.8	111.5	61.1	50.0
2006:12	112.2	104.4	105.3	67.5	52.2
2007:01	112.7	104.0	116.8	66.4	49.4
2007:02	114.0	103.7	118.0	62.3	51.9
2007:03	113.9	104.1	120.5	64.9	51.1
2007:04	114.2	103.9	123.5	68.4	52.8
2007:05	115.3	104.0	128.7	69.6	52.5
2007:06	115.2	103.9	127.0	67.8	52.9
2007:07	116.1	104.6	126.5	65.4	51.9
2007:08	116.3	103.6	127.6	64.3	50.6
2007:09	116.9	103.7	131.1	58.1	50.5
2007:10	117.1	103.2	130.2	56.8	50.2
2007:11	117.4	102.8	133.3	53.0	50.4
2007:12	116.8	102.6	125.0	58.7	49.1
2008:01	116.0	102.1	120.9	66.7	50.8
2008:02	117.2	101.9	119.9	62.3	48.8
2008:03	117.4	101.9	120.5	55.2	49.0
2008:04	117.7	102.0	120.9	65.0	48.6
2008:05	116.6	101.9	115.2	60.3	49.3
2008:06	117.2	102.1	115.9	63.8	49.5
2008:07	116.5	101.4	112.4	60.2	49.5
2008:08	115.7	100.6	108.8	65.3	49.3
2008:09	114.6	100.6	112.0	48.6	43.4
2008:10	112.2	99.6	105.2	50.9	38.7
2008:11	110.0	98.9	99.7	50.0	36.6
2008:12	110.6	98.8	97.7	42.3	32.9
2009:01	109.8	98.9	92.7	52.8	35.6
2009:02	107.7	98.5	86.9	48.1	35.8

Washington State Revenue Forecast Summary

Introduction

Worsening worldwide economic conditions continued to take their toll on General Fund-State (GFS) revenue after the November 2008 forecast. Despite a forecast reduction of \$1.93 billion in November, the Washington State Economic and Revenue Forecast Council unanimously approved a further \$2.86 billion reduction to the GFS revenue forecast at its March 19, 2009 meeting. The forecast for the 2007-09 biennium was reduced \$735.6 million from November's value, and the forecast for the 2009-11 biennium was reduced by \$2,125.1 million. The revisions to the November forecast are summarized in Table 3.1.

The March 2009 GFS revenue forecast for the 2007-09 budget period is \$27,891.0 million. This is \$119 million (0.4 percent) higher than what was collected in the 2005-07 biennium. This forecasted growth rate is the lowest since that of the 2001-03 biennium, which saw a biennial decline of 0.6 percent due to the 2001 recession. The GFS revenue forecast for the 2009-11 biennium is \$27,945.3 million. This is only \$54 million (0.2 percent) higher than what is expected to be collected in the current budget period. As can be seen in Table 3.4, back-to-back biennial growth rates of such a low level are unprecedented. The November 2008 forecast had projected GFS revenue growth of 3.1 percent in the 2007-09 biennium and 5.0 percent growth in the 2009-11 biennium.

Background and Assumptions

The Washington State GFS revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue

	<u>2007-09 Biennium</u>	<u>2009-11 Biennium</u>	Total
Non economic change	(\$65.5)	(\$61.2)	(\$126.7)
Forecast Change	<u>(\$670.1)</u>	<u>(\$2,063.9)</u>	<u>(\$2,734.0)</u>
Total Change*	(\$735.6)	(\$2,125.1)	(\$2,860.7)

*Detail may not add to totals due to rounding.

Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both the executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature 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 GFS revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting the revenue it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's GFS sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of GFS 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 GFS revenue.

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. The Global Insight national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Economic Advisors, the economic forecast is used to prepare a baseline revenue forecast for GFS and related funds. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare revenue forecasts. The revenue forecasts for most major General Fund and related funds' sources are prepared using econometric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all GFS and related fund sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GFS and related fund revenue. An outline of the forecast process, including a summary of the March 2009 baseline forecast for the 2007-09 biennium, is shown in Table 3.2.

March 2009 Forecast Assumptions

- The March 2009 GFS revenue forecast is based in part on the economic forecast for the U.S. and the Washington State economies presented in Chapter 1 of this publication.
- The GFS revenue forecast is based on current law and administrative practices.
- Any impact of legal challenges affecting GFS receipts will not be incorporated into the forecast until the issues have been completely resolved.

Recent Collection Experience

Revenue collected in the four months since the November 2008 forecast was \$239.8 million (5.2 percent) less than expected. The variance was lessened by a non-forecasted, nonrecurring audit payment of \$3.5 million in March. Excluding this payment, collections were \$243.3 million (5.3 percent) below the forecast. Revenue Act (retail sales, business and occupation, use and public utility tax) receipts fell short of the November forecast by \$207.1 million (5.2 percent). Real estate excise tax collections fell far short of the forecast, coming in \$36.5 million (24.5 percent) less than expected since November. Revenue from other Department of Revenue tax sources was \$3.8 million (0.5 percent) higher than expected. Revenue

from the Department of Licensing was \$15 thousand (1.7 percent) lower than the November forecast. The collection variances from the November forecast are summarized in Table 3.3.

Revenue Act collections have declined on a year-over-year basis in every collection period except one since the June 11-July 10, 2008 collection period. Collections in the most recent monthly collection period (February 11-March 10, 2009) were down 10.1 percent year-over-year after adjustment for special factors. Adjusted collections fell 10.4 percent year-over-year in the January 11 – February 10 collection period. Adjusted Revenue Act tax payments in the December 11, 2008 – February 10, 2009 period, which primarily reflected fourth quarter 2008 business activity, declined 9.5 percent year-over-year. Adjusted payments reflecting third quarter 2008 activity (October 11-December 10, 2008 collections) were down 2.7 percent year-over-year, while adjusted payments reflecting second quarter activity showed a 0.8 percent decline.

Industry detail for the most recent month (January 2009 activity, reflecting excise tax payments of taxpayers who filed electronically in the February 11- March 10, 2009 period) shows considerable weakness across-the-board. Tax payments by businesses in the retail trade sector were 5.8 percent below the year-ago level. In the prior collection period the decline was 12.7 percent. This is the fourteenth straight month the retail trade sector as a whole has declined or remained unchanged on a year-over-year basis. Nine out of twelve three digit NAICS retail sectors showed year-over-year declines. The largest declines were in building materials/garden equipment retailers (-22.3 percent), gas stations and convenience stores (-16.7 percent), nonstore retailers (-11.4%) and autos (-9.6 percent). The retail trade sectors showing gains were electronics and appliances (+9.4 percent), drug and health stores (+4.9 percent) and general merchandise stores (+3.7 percent).

Based on the preliminary industry data, year-over-year tax payments reported by non-retailing sectors decreased by 10.9 percent in the February 11- March 10 collection period. In the prior period, payments by non-retailers decreased by 9.0 percent. Payments from the construction sector showed a 19.4 percent year-over-year decrease in the most recent collection period after declining by 10.5 percent in the previous period. Payments from the manufacturing sector were down 37.5 percent after declining by 20.6 percent in the previous period.

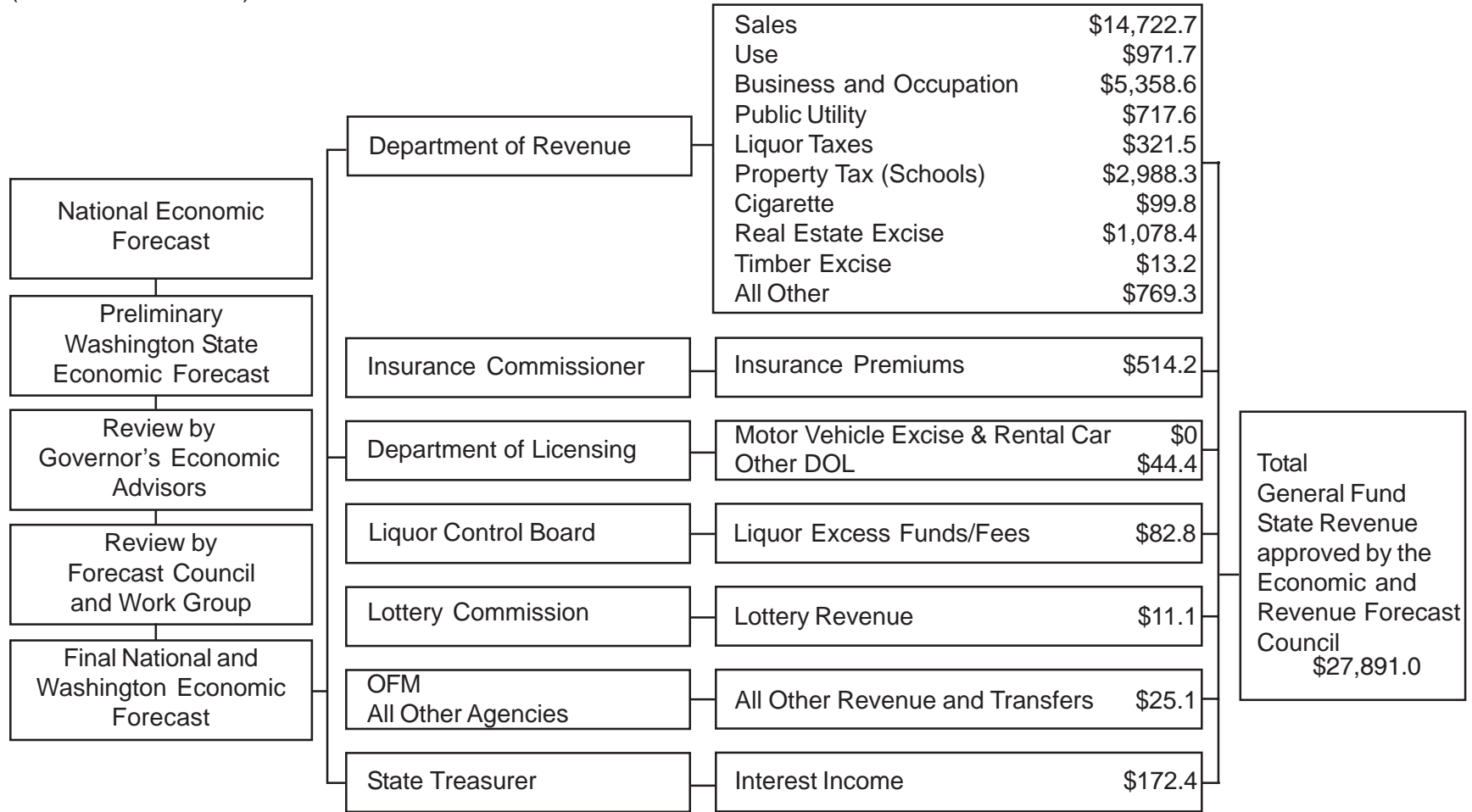
Real estate activity has been weak for almost three years. After peaking in the first quarter of 2006, on a seasonally adjusted basis, taxable real estate activity has fallen for eleven consecutive quarters. Conditions in the local real estate market have declined even further since the November forecast. Taxable real estate activity in February was 56.4 percent below the year-ago level. Activity has declined on a year-over-year basis for nineteen consecutive months and twenty-seven of the last thirty months. At first, the primary source of weakness was the volume of activity, but recently declines in the average value per transaction have surpassed the declines in activity. The number of real estate transactions has declined on a year-over-year basis in every month except one since December 2005 and was down 22.9 percent in February. The average value per real estate transaction has been consistently negative only since September 2007 but has shown fairly steady declines since, with February's value down 43.5 percent year-over-year.

The General Fund-State Forecast for the 2007-09 and 2009-11 Biennia

Department of Revenue

The Department of Revenue collects and administers the majority of Washington's GFS revenue, accounting for a forecasted 97 percent of total GFS revenue in the 2007-09 and 2009-11 biennia. The

Table 3.2
Economic and Revenue Forecast Flow Chart*
 General Fund-State
 2007-09 Biennium
 (Amounts in millions)



* Cash Basis

March forecast of GFS revenue sources administered and collected by the Department of Revenue is \$724.1 million lower than in November. This is about 98 percent of the total GFS forecast change in March.

As discussed in Chapter 1 of this publication, the March economic forecast for Washington is weaker than November's. The forecast for revenue growth, however, is weaker still. This is because for the last several quarters, both in the state and nationally, consumers have sharply curtailed their spending due to economic uncertainty and a shortage of consumer credit due to the national financial sector crisis. The decrease in spending is especially evident in automobile sales, which account for about ten percent of total state retail sales. February registrations of new vehicles in Washington were down 37.2 percent year-over-year. Construction and related sectors, which account for almost thirty percent of taxable sales, are also forecasted to be weaker than forecasted in November. Consumer spending is not expected to begin a recovery toward a more historically normal rate of growth until late 2009.

Washington's tax structure is different from most states. Washington has no personal or corporate income tax. The majority of Washington's GFS revenue comes from three taxes: retail sales and use, business and occupation, and the property tax (state school levy). These three taxes account for 86.2 percent of the \$27.9 billion GFS forecast of receipts for the 2007-09 biennium. This is up from 83.0 percent in the 2005-07 biennium. These taxes are expected to account for 87.0 percent of GFS revenue in the 2009-11 biennium.

The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 79.7 percent in the 1991-93 biennium and from 75 percent twenty-five years ago. The increase in the General Fund's reliance on these three taxes between the 2005-07 and the 2007-09 biennia is partly due to a plunge in real estate excise tax payments expected this biennium. The tax is the General Fund-State's fourth largest revenue source. Real estate excise tax receipts increased 50.9 percent in the 2005-07 biennium compared to an 18.7 percent increase for total GFS revenue. Revenue from the tax accounted for 7.2 percent of GFS revenue in the 2005-07 biennium, up from 5.7 percent in the 2003-

Table 3.3
Collection Variance of Major General Fund-State Taxes by Agency
 November 11, 2008 - March 10, 2009
 Based on the November 2008 Forecast (Millions of Dollars)

<u>Agency/Source</u>	<u>Collection Variance*</u>	<u>Adjusted</u>		
		<u>Percent of Estimate</u>	<u>Collection Variance**</u>	<u>Percent of Estimate</u>
Department of Revenue				
Revenue Act ¹	(\$207.1)	-5.7%	(\$210.6)	-5.8%
Non Revenue Act ²	(\$32.7)	-3.3%	(\$32.7)	-3.3%
Subtotal	<u>(\$239.8)</u>	<u>-5.2%</u>	<u>(\$243.3)</u>	<u>-5.3%</u>
Department of Licensing ²	\$0.0	1.7%	\$0.0	1.7%
Other	na	na	na	na
Total***	(\$239.8)	-5.2%	(\$243.3)	-5.3%

¹ Revenue Act taxes consist of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections November 11, 2008 through March 10, 2009.
² Variance based on November 2008 through February 2009 collections. Major Non-Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.
 * Collection variance: actual tax payments compared to monthly estimates based on the November 2008 forecast.
 ** Variance adjusted for special factors: primarily unusually large audit payment.
 *** Detail may not add to total due to rounding.

05 biennium and 4.1 percent in the 2001-03 biennium. This biennium the real estate excise taxes are expected to decline by \$924 million compared to 2005-07 and are expected to account for only 3.9 percent of total GFS revenue.

The retail sales and use tax, the state's largest revenue source, generated \$15.2 billion (54.7 percent) of total GFS revenue in the 2005-07 biennium. Sales and use taxes are expected to produce \$15.7 billion (56.3 percent) of the total in the 2007-09 budget period and \$15.6 billion (55.8 percent) of GFS revenue in the 2009-11 biennium. The business and occupation tax totaled \$5.0 billion, 18.2 percent of the total in the 2005-07 biennium. The business and occupation tax is expected to produce \$5.4 billion (19.2 percent) of the total this biennium and \$5.6 billion (20.2 percent) of the total next biennium. The General Fund-State's share of the property tax totaled \$2.8 billion, 10.0 percent of total GFS revenue in the 2005-07 biennium. The property tax is expected to produce \$3.0 billion (10.7 percent) of the total in the 2007-09 biennium and \$3.1 billion (11.0 percent) of total GFS revenue in the 2009-11 period. Historically, the property tax had a bigger share of total General Fund-State revenue. The reduction in the property tax share of total GFS receipts reflects the impact of I-728, which transfers a portion of the state property tax levy from the General Fund to the Student Achievement/School Construction Account beginning in the 2001-03 biennium. (See Table 3.19, part 1.) It should also be noted that the forecasted growth in property tax for the 2009-11 biennium was limited by a forecast of deflation in the national implicit price deflator (IPD) for consumption expenditures. Under RCW 84.55, the total state property tax levy for a given calendar year, excluding new construction and changes in the valuation of state assessed property, is allowed to increase by the lesser of either one percent per year or the year-over-year rate of inflation as measured by the monthly IPD in September of the preceding calendar year. As the March forecast of IPD inflation in September 2009 is negative 1.7 percent, the state levy for calendar 2010, excluding changes in new construction and state-assessed property, is forecasted to decrease by that amount.

Preliminary data indicate taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$27.8 billion in the fourth quarter of 2008. This was 11.3 percent lower than the year-ago level. Taxable sales decreased 4.1 percent year-over-year in the third quarter and 2.3 percent in the second quarter. The decline in the second quarter was the first year-over-year decline in taxable sales since the first quarter of 2002, the early recovery period from the last recession. Taxable sales in the fourth quarter of 2008 grew slower than state personal income for the sixth straight quarter. In the fourth quarter of 2008, U.S. retail sales decreased 8.0 percent (adjusted) on a year-over-year basis after growing at 0.6 percent in the third quarter.

Washington charges sales tax on both construction materials and construction labor. As a result, increases and decreases in construction activity have a large effect on total taxable sales. During the recent construction boom, construction sector taxable sales grew relative to sales in other sectors, growing from an average of 15.2 percent of total taxable sales in the 1990s to a peak of 21.6 percent of sales in the third quarter of 2007. In the fourth quarter of 2008, taxable sales in the construction sector accounted for 20.4 percent of taxable sales. Taxable sales in construction are forecasted to decline through the second quarter of 2010, with a deeper decline than forecasted in November due to the lowered forecast of housing permits and construction employment.

Taxable sales of firms in the retail trade sector declined by 12.1 percent year-over-year in the fourth quarter of 2008. Sales at automotive dealers, which accounted for 7.7 percent of total taxable sales and 17.5 percent of sales in the retail trade sector, declined by 27.3 percent. Without this decline, retail trade would have reported an 8.0 percent decrease. Taxable sales in the retail trade sector declined 6.1 percent year-over-year in the third quarter, again led by a 19.2 percent decline in sales at auto dealers. Forecasted sales at auto dealers were lowered sharply in the March forecast.

In the fourth quarter, the retail trade sector also saw large declines in two sectors closely related to housing construction: furniture and home furnishings stores declined by 26.0 percent year-over-year and building materials and garden supply stores decreased by 14.0 percent. The forecast of taxable sales from these two sectors was also lowered from the November forecast.

Taxable sales reported by the service sector, which accounted for 18.0 percent of all taxable sales in the fourth quarter, were 6.1 percent lower than a year ago while taxable sales reported by the wholesale trade sector decreased 15.9 percent. Taxable sales in manufacturing decreased by 20.5 percent year-over-year and the information sector reported a 2.6 percent decline.

Statewide taxable sales increased 2.7 percent in fiscal 2008. This is down from 7.9 percent in fiscal 2007. The March forecast assumes taxable sales will decrease by 7.8 percent in fiscal 2009. Taxable sales growth is expected to turn positive in the next biennium, although the forecast assumes growth will be constrained by weaker than average employment and construction activity. The forecast assumes taxable sales will grow 1.7 percent in fiscal 2010 and 6.1 percent in fiscal 2011. Taking into account the lag between taxable activity and collections and factoring in updated forecasts of tax deferrals, credits, and refunds, actual retail sales tax collections are forecasted to decline by 8.9 percent in fiscal 2009, then increase by 1.0 percent in fiscal 2010 and 6.0 percent in fiscal 2011. Retail sales tax collections increased by 4.3 percent in fiscal 2008.

The housing outlook is weaker than assumed in the November forecast, resulting in a lower real estate excise tax forecast. The March real estate excise tax forecast is \$96.8 million less than the November forecast for the 2007-09 biennium and is \$258.9 million lower in the 2009-11 biennium.

Business and occupation tax receipts are expected to decline by 7.7 percent in fiscal 2009, down from 5.5 percent growth in fiscal 2008. Part of the decline is due to \$55 million in refunds that occurred in March 2009. Absent these refunds, tax receipts would have declined by 5.7 percent. Growth is expected to increase to 5.2 percent in fiscal 2010 and 8.3 percent in fiscal 2011. Public utility taxes are forecasted to decrease by 4.9 percent in fiscal 2009 after 4.2 percent growth in fiscal 2008. Receipts are forecasted to decline by 0.2 percent in fiscal

<u>Biennium</u>	<u>Current Dollars</u>	<u>Percent Change</u>	<u>2000</u>	
			<u>Chained Dollars</u>	<u>Percent Change</u>
1961-63	\$817.1		\$3,362.6	
1963-65	866.2	6.0%	3,478.7	3.5%
1965-67	1,128.6	30.3%	4,357.5	25.3%
1967-69	1,440.5	27.6%	5,200.4	19.3%
1969-71	1,732.7	20.3%	6,552.5	26.0%
1971-73	1,922.1	10.9%	6,721.8	2.6%
1973-75	2,372.4	23.4%	7,168.5	6.6%
1975-77	3,395.0	43.1%	8,922.0	24.5%
1977-79	4,490.0	32.3%	10,358.6	16.1%
1979-81	5,356.4	19.3%	10,292.1	-0.6%
1981-83	6,801.4	27.0%	11,378.5	10.6%
1983-85	8,202.4	20.6%	12,662.4	11.3%
1985-87	9,574.6	16.7%	13,936.5	10.1%
1987-89	10,934.1	14.2%	14,805.5	6.2%
1989-91	13,309.0	21.7%	16,560.9	11.9%
1991-93	14,862.2	11.7%	17,331.1	4.7%
1993-95	16,564.6	11.5%	18,474.0	6.6%
1995-97	17,637.7	6.5%	18,866.9	2.1%
1997-99	19,620.1	11.2%	20,420.8	8.2%
1999-01	21,262.1	8.4%	21,264.8	4.1%
2001-03	21,140.7	-0.6%	20,397.2	-4.1%
2003-05	23,388.5	10.6%	21,589.5	5.8%
2005-07	27,772.0	18.7%	24,219.1	12.2%
2007-09 ^F	27,891.0	0.4%	23,115.6	-4.6%
2009-11 ^F	27,945.3	0.2%	22,789.2	-1.4%

^F March 2009 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.

Table 3.5
Taxable Retail Sales*
 March 2009
 (Millions of Dollars)

Fiscal Year	Amount	Percent Change
1978	21,121	
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 ^F	109,419	-7.8%
2010 ^F	111,290	1.7%
2011 ^F	118,121	6.1%

^F Forecast.

* 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).

2010 before growing at 8.9 percent in fiscal 2011. Much of the forecasted decrease was due to the sharp decline in energy prices that occurred after the November forecast.

The March forecast expects the property tax (state tax levy) to increase 6.4 percent in the 2007-09 biennium and 3.9 percent in the 2009-11 biennium. The General Fund-State portion of the levy is expected to increase 7.2 percent in the 2007-09 biennium and 3.2 percent in 2009-11. The portion of the levy diverted to the Student Achievement Account as a result of Initiative 728 is projected to increase 2.4 percent in the 2007-09 biennium and 7.8 percent next biennium.

Department of Licensing

The majority of General Fund-State revenue collected by the Department of Licensing is from firearm and event licenses, boat excise tax, and boat registration fees. The department's General Fund-State forecast for the 2007-09 biennium has been decreased \$0.3 million to \$44.4 million. The department's forecast for the 2009-11 biennium has been decreased \$0.2 million to \$45.9 million.

The Office of Financial Management (Other Agencies)

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, and the State Treasurer. The office's forecast for the 2007-09 biennium has been decreased \$1.4 million to \$25.1 million and the office's forecast for the 2009-11 biennium has been decreased \$2.0 million to negative \$37.6 million. The office's negative forecast for the 2009-11 biennium indicates that General Fund revenue and transfers from the General Fund to the agencies overseen by the OFM are expected to exceed the revenue and transfers to the General Fund by those agencies.

State Treasurer

The Office of the State Treasurer generates General Fund-State revenue by investing state short-term cash reserves. The office's forecast for the 2007-09 biennium has been increased \$8.3 million to \$172.4

Chart 3.1
General Fund-State Revenue

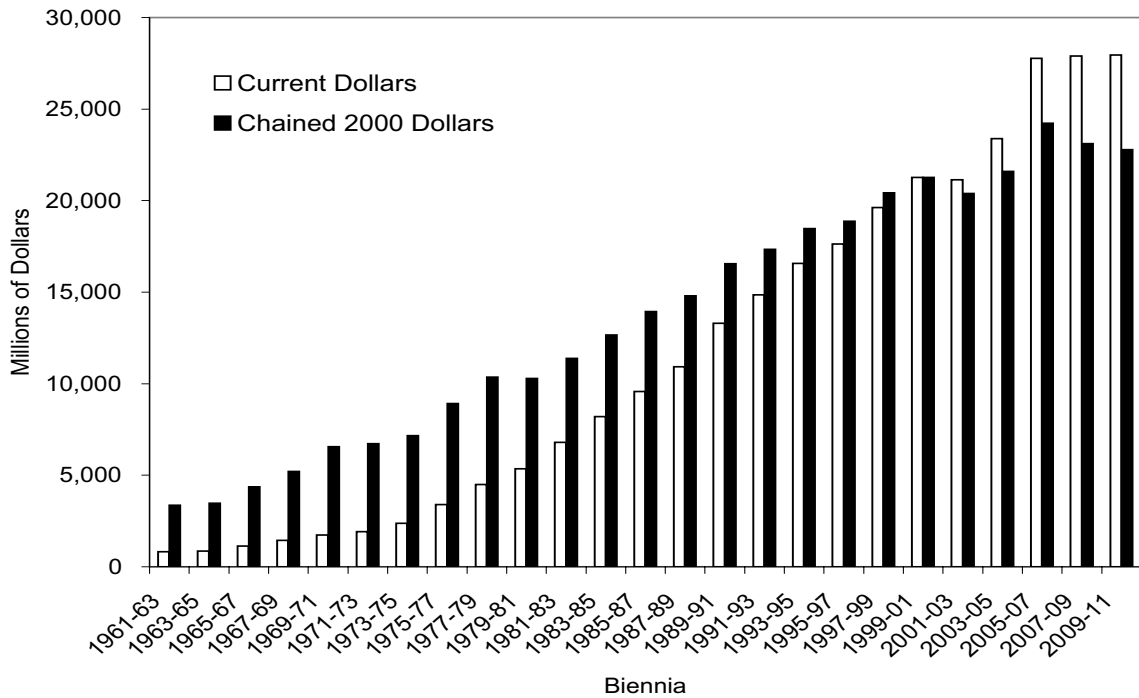


Chart 3.2
General Fund-State Revenue - Percent Change

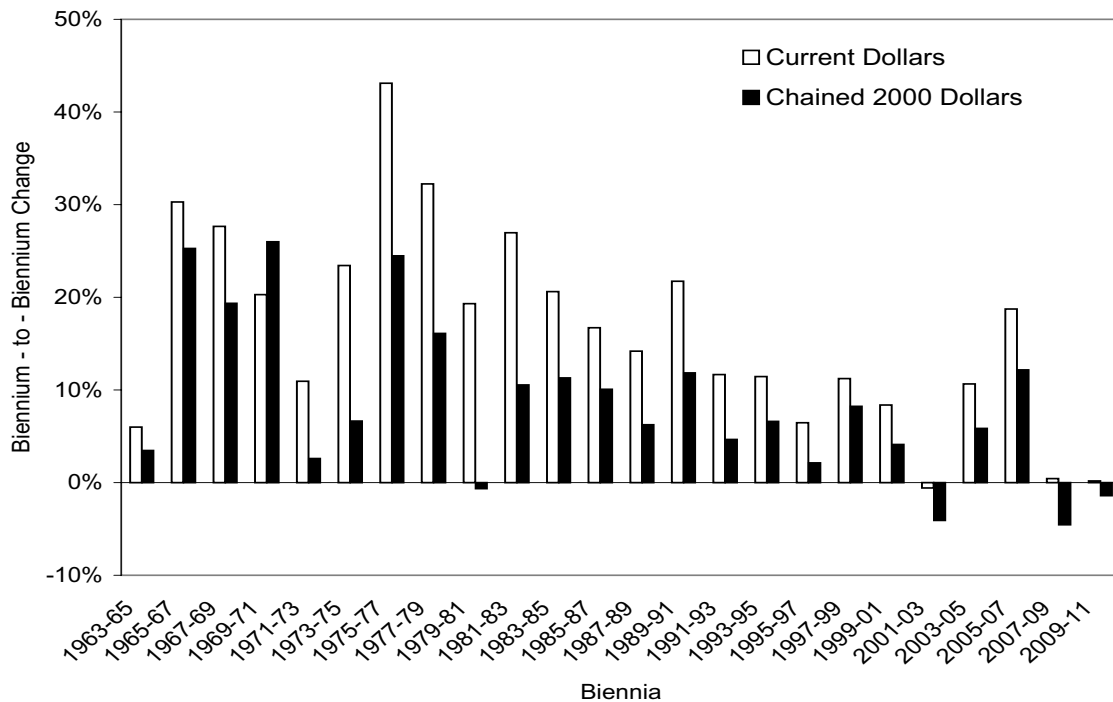


Chart 3.3
Composition of General Fund-State Revenue

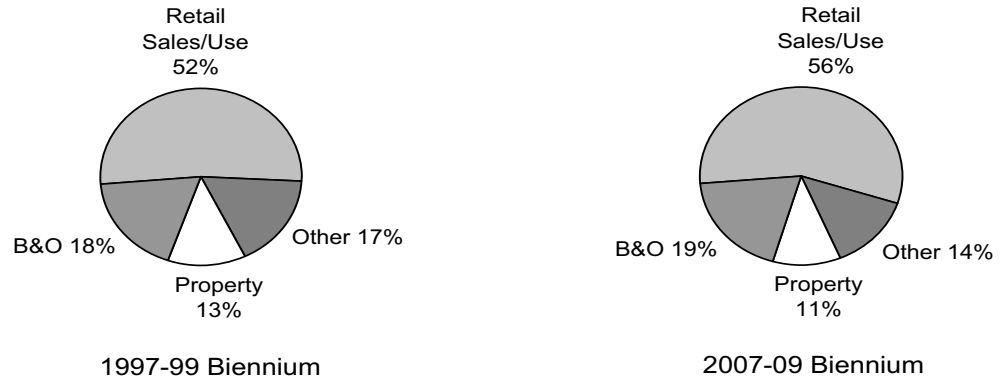


Chart 3.4
Taxable Sales* as Percentage of Personal Income



*Adjusted Base

million and the office's forecast for the 2009-11 biennium has been reduced \$19.1 million to \$12.4 million. Forecast reductions to the 2009-11 biennium were due mainly to a forecasted decline in average fund balances but also due to a forecasted decline in interest rates.

Insurance Commissioner

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the General Fund-State, the health services account, and various accounts in support of fire services. The office's forecast for the 2007-09 biennium has been decreased 18.0 million to \$514.2 million due to refunds of pre-paid taxes and a forecasted reduction in premium volume. The office's forecast for the 2009-11 biennium has been reduced \$54.3 million to \$532.3 million due to a forecasted reduction in premium volume growth.

Liquor Control Board

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The board's forecast of excess funds and fees for the 2007-09 biennium is unchanged at \$78.4 million and its forecast for the 2009-11 biennium is unchanged at \$85.4 million. The board's forecast of beer and wine surtaxes for the 2007-09 biennium is unchanged at \$4.4 million and its forecast for the 2009-11 biennium is unchanged at \$4.9 million.

Lottery Commission

The Lottery Commission transfers the unallocated portion of collections from sales of Lottery products to the General Fund. Funds are not transferred unless there is lottery revenue remaining after the School Construction and stadium/exhibition center accounts receive their allotments. The Commission's forecast of General Fund cash transfers for the 2007-09 biennium is unchanged at \$11.1 million and its forecast for the 2009-11 biennium has been reduced \$1.1 million to zero dollars. The Commission's forecast of revenues for the School Construction Account has been increased \$3.1 million to \$200.1 million for the 2007-09 biennium. The Commission's forecast for the 2009-11 biennium has been reduced \$35.7 million to \$178.1 million due to forecasted declines in the sales of Lottery products.

Forecast Change for the 2007-09 & 2009-11 Biennia

The March 2009 GFS revenue forecast for the 2007-09 biennium is \$735.6 million (2.6 percent) less than in November 2008 and the forecast for the 2009-11 biennium is \$2,125.1 million (7.1 percent) less.

The forecast for the 2007-09 biennium includes a \$65.5 million reduction due to non-economic changes. Most of the change is due to refunds of sales, use, and B&O taxes which were scheduled to occur prior to the end of the biennium but had not occurred by the time of the forecast. \$1.8 million of the reduction is due to the net effects of reduced expectations for voluntary sales tax collections by internet vendors and a forecasted reduction in transfers of mitigation funds from the GFS to local governments under the Streamlined Sales Tax (SST) agreement. The forecast for the 2009-11 biennium includes a \$61.2 million reduction due to non-economic changes. This is the net effect of a \$78.5 million reduction in expected voluntary internet sales tax collections and a \$17.3 million reduction in forecasted SST mitigation fund transfers.

Table 3.6 summarizes the changes to the GFS cash forecast for the 2007-09 biennium by type of change. Tables 3.7 and 3.8 summarize data revisions to GFS revenue for the 2007-09 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Tables 3.9 and 3.10 summarize the changes to the GFS revenue forecast for the 2009-11 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides the fiscal year forecast by major revenue source.

Track Record for the 2007-09 Biennium

Table 3.13 summarizes the changes to the GFS revenue forecast for the 2007-09 biennium. The March 2009 forecast for the 2007-09 biennium is \$1.137 billion (3.9 percent) lower than the initial forecast for the 2007-09 biennium that was released in February 2006. Excluding non-economic changes, the current forecast for the 2007-09 biennium is \$886 million (3.1 percent) lower than the initial forecast. There have been twelve quarterly updates to the GFS forecast for the 2007-09 biennium: five have increased the forecast and seven, including the March 2009 update, have reduced the forecast.

Track Record for the 2009-11 Biennium

Table 3.14 summarizes the changes to the GFS revenue forecast for the 2009-11 biennium. The initial forecast for the biennium was released in February 2008. The March 2009 forecast for the 2009-11 biennium is \$3.973 billion (12.4 percent) lower than the initial forecast. Non-economic changes account for \$72 million (0.2 percent) of the total reduction. All forecasts subsequent to the initial forecast have reduced the forecast for the biennium.

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

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GFS revenue forecast on both a cash and GAAP basis. Thus, there are two related but distinct GFS forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GFS forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.8 and 3.10 are on a cash basis.

Table 3.15 compares the cash receipts forecast and the GAAP revenue forecast by agency. GFS revenue for the 2005-07 biennium totaled \$27,769.9 million on a GAAP basis, \$2.1 million less than the \$27,772.0 million cash receipts total. The November 2008 GFS forecast for the 2007-09 biennium is \$27,945.5 million on a GAAP basis, \$54.5 million more than the \$27,891.0 million cash forecast. For the 2009-11 biennium, the GAAP forecast totals \$28,026.5 million, \$81.2 million higher than the \$27,945.3 million cash forecast.

Table 3.16 shows the budgetary balance sheet the 2007-09 biennium which ends June 30, 2009. With adoption of the March 2009 GFS forecast, the projected total ending balance for the 2007-09 biennium is negative \$48.7 million. This is based on an enacted 2007-09 appropriations level of \$29,258.1 million. The total ending balance for the 2007-09 biennium is comprised of a projected ending GFS balance of negative \$479.5 million and a \$430.9 million balance in the Budget Stabilization Account.

Alternative Forecasts for the 2007-09 and 2009-11 Biennia

Chapter 1 outlines optimistic and pessimistic alternatives to the baseline economic forecast. The revenue implications of these alternative scenarios are shown in Table 3.17 for the 2007-09 biennium and Table 3.18 for the 2009-11 biennium. The optimistic scenario for the 2007-09 biennium generates \$27,965 million, \$74 million more than the baseline forecast. The pessimistic alternative produces \$27,799 million GFS revenue in the 2007-09 biennium, \$92 million less than the baseline forecast. For the 2009-11 biennium the range is much wider. The optimistic forecast generates \$29,465 million, \$1,519 million more than the baseline while the pessimist forecast produces \$26,019 million, \$1,926 million less than the baseline.

In addition to the official optimistic and pessimistic alternatives, the Economic and Revenue Forecast Council routinely prepares a third alternative forecast. This is developed by averaging the forecasts for several key economic indicators made by members of the Governor's Council of Economic Advisors (GCEA). The GCEA alternative was \$13 million lower than the March 2009 baseline forecast for the 2007-09 biennium and \$253 million less than the baseline for the 2009-11 budget period.

Related Fund and Near General Fund Forecast for the 2007-09 and 2009-11 Biennia

The March 2009 economic and revenue forecast includes a "related fund" forecast as well as the General Fund-State forecast for the 2007-09 and 2009-11 biennia. Related fund is defined in RCW 43.135.025 and consists of six funds: the public safety and education account, the water quality account, the violence reduction and drug enforcement account, the student achievement account, and the health services account. Tables 3.20 and 3.21 summarize the related fund forecast.

The related fund forecast for the 2007-09 biennium is \$2,109.9 million, \$18.7 million less than expected in November. The combined GFS and related fund forecast for the 2007-09 biennium totals \$30,000.9 million, \$754.3 million less than the November forecast.

The related fund forecast for the 2009-11 is \$2,185.4 million. This is \$60.3 million less than the November 2008 forecast and is 3.6 percent higher than the forecast for the 2007-09 biennium. The combined GFS and related fund forecast for the 2009-11 biennium is \$30,130.7 million, a reduction of \$2,185.4 million from the November forecast. The forecast of combined GFS and related funds for the 2009-11 biennium are \$129.8 million (0.4 percent) more than the forecast for the 2007-09 biennium.

ESHB 2687, passed in the 2008 legislative session, charged the Economic and Revenue Forecast Council with forecasting "near general fund" revenues as defined by the Legislative Evaluation and Accountability Program (LEAP) Committee. The Committee has defined near general fund accounts as those included in "related funds" plus the Education Legacy Trust Account and the Pension Funding Stabilization Account. These forecasts are included in Table 3.20. The forecast for the Education Legacy Trust Account for the 2007-09 biennium has been decreased \$21.1 million and the forecast for the 2009-11 biennium has been decreased \$76.7 million. The forecast of new revenue to the Pension Funding Stabilization Account, which consists mainly of interest earnings, was decreased \$1.1 million for the 2007-09 biennium. The account is expected to be expended by the 2009-11 biennium, resulting in a forecast of zero interest earnings for that period. The near general fund forecast for the 2007-09 biennium is \$2,546.4 million. The combined GFS and near general fund forecast for 2007-09 totals \$30,437.4 million. The near general fund forecast for the 2009-11 is \$2,558.1 million. This is 0.5 percent higher than the forecast for the 2007-09 biennium. The combined GFS and near general fund forecast for the 2009-11 biennium is \$30,503.4 million. This is \$66.1 million (0.2 percent) more than the forecast for the 2007-09 biennium.

Table 3.6
Summary of Changes to the General Fund-State Forecast
 March 2009 Cash Forecast
 (Millions of Dollars)

	<u>March 2009 Change</u>
<u>2007-09 Biennium</u>	
<i>Collection Experience in the 2007-09 Biennium</i>	(\$239.8)
Department of Revenue ¹	(239.8)
Department of Licensing ²	0.0
<i>Non Economic Adjustments to the Forecast</i>	(\$65.5)
<i>Forecast Change for the 2007-09 Biennium</i>	(\$430.3)
Department of Revenue	(\$410.2)
Other agencies	(\$20.1)
Total Change: 2007-09 Biennium*	<u>(\$735.6)</u>
 <u>2009-11 Biennium</u>	
<i>Non Economic Adjustments to the Forecast</i>	(\$61.2)
<i>Forecast Change for the 2009-11 Biennium</i>	(\$2,063.9)
Department of Revenue	(\$1,969.9)
Other agencies	(\$94.0)
Total Change: 2009-11 Biennium*	<u>(\$2,125.1)</u>

¹ Variance base on collections November 11, 2008 - March 10, 2009

² Variance base on collections November 2008 - February 2009.

* Detail may not add due to rounding.

Table 3.7
Comparison of the General Fund-State Forecast by Agency
 2007-09 Biennium; Cash Basis
 (Millions of Dollars)

Forecast by Agency	Nov. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Mar. 2009 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,016.4	(30.9)	(\$262.8)	\$14,722.7	(\$293.7)
Business & Occupation Use	5,592.6	(45.1)	(188.8)	5,358.6	(233.9)
Public Utility	997.0	1.9	(27.2)	971.7	(25.3)
Liquor Sales/Liter	753.4	0.0	(35.8)	717.6	(35.8)
Cigarette	321.5	0.0	0.0	321.5	0.0
Property (State Levy)	101.4	0.0	(1.7)	99.8	(1.7)
Real Estate Excise	2,989.8	0.0	(1.5)	2,988.3	(1.5)
Timber Excise	1,175.2	0.0	(96.8)	1,078.4	(96.8)
Other	13.8	0.0	(0.6)	13.2	(0.6)
Subtotal	804.1	0.0	(34.8)	769.3	(34.8)
	27,765.1	(74.1)	(650.0)	27,041.0	(724.1)
Department of Licensing					
Boat excise, licenses, fees & other	44.7	0.0	(0.3)	44.4	(0.3)
Insurance Commissioner					
Insurance Premiums	532.2	0.0	(18.0)	514.2	(18.0)
Liquor Control Board					
Liquor Profits and Fees	78.4	0.0	0.0	78.4	0.0
Beer & Wine Surtax	4.4	0.0	0.0	4.4	0.0
Lottery Commission					
Lottery Revenue	11.1	0.0	0.0	11.1	0.0
State Treasurer					
Interest Earnings	164.1	0.0	8.3	172.4	8.3
Office of Financial Management					
Other	26.5	8.6	(10.0)	25.1	(1.4)
Total General Fund-State *	\$28,626.6	(\$65.5)	(\$670.1)	\$27,891.0	(\$735.6)

1 General Fund-State forecast for the 2007-09 biennium adopted by the Economic and Revenue Forecast Council in November 2008.

2 General Fund-State forecast for the 2007-09 biennium, adopted March 2009;

*Detail may not add to totals because of rounding.

Table 3.8
Comparison of the General Fund-State Forecast by Agency
 2007-09 Biennium; GAAP Basis
 (Millions of Dollars)

Forecast by Agency	Nov. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Mar. 2009 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,105.4	(30.9)	(\$280.4)	\$14,794.1	(\$311.3)
Business & Occupation Use	5,580.7	(45.1)	(190.7)	5,344.9	(235.8)
Public Utility	999.5	1.9	(28.2)	973.2	(26.3)
Liquor Sales/Liter Cigarette	756.7	0.0	(36.4)	720.3	(36.4)
Property (State Levy)	321.4	0.0	0.4	321.8	0.4
Real Estate Excise	100.8	0.0	(1.8)	99.0	(1.8)
Timber Excise	2,948.0	0.0	40.7	2,988.7	40.7
Other	1,179.3	0.0	(97.5)	1,081.9	(97.5)
Subtotal	12.6	0.0	(0.9)	11.7	(0.9)
	806.4	0.0	(34.9)	771.6	(34.9)
	27,810.9	(\$74.1)	(629.7)	27,107.1	(703.8)
Department of Licensing					
Boat excise, licenses, fees & other	45.0	0.0	(0.2)	44.7	(0.2)
Insurance Commissioner					
Insurance Premiums	532.2	0.0	(18.0)	514.2	(18.0)
Liquor Control Board					
Liquor Profits and Fees	78.4	0.0	0.0	78.4	0.0
Beer & Wine Surtax	4.4	0.0	0.0	4.4	0.0
Lottery Commission					
Lottery Revenue	11.1	0.0	0.0	11.1	0.0
State Treasurer					
Interest Earnings	153.8	0.0	6.6	160.4	6.6
Office of Financial Management					
Other	26.5	8.6	(10.0)	25.1	(1.4)
Total General Fund-State *	\$28,662.3	(\$65.5)	(\$651.3)	\$27,945.5	(\$716.9)

1 Forecast for the 2007-09 biennium adopted November 2008.

2 March 2009 Forecast

*Detail may not add to totals because of rounding.

Table 3.9

Comparison of the General Fund-State Forecast by Agency

2009-11 Biennium; Cash Basis

(Millions of Dollars)

<u>Forecast by Agency</u>	<u>Nov. 2008 Forecast</u>	<u>Non- Economic Changes</u>	<u>Forecast Revision</u>	<u>Mar. 2009 Forecast¹</u>	<u>Total Change</u>
Department of Revenue					
Retail Sales	\$15,587.0	(\$78.5)	(\$904.0)	\$14,604.6	(\$982.5)
Business & Occupation Use	6,108.1	0.0	(472.6)	5,635.5	(472.6)
Public Utility	1,086.8	0.0	(96.8)	990.0	(96.8)
Liquor Sales/Liter	836.4	0.0	(107.5)	728.9	(107.5)
Cigarette	340.7	0.0	0.0	340.7	0.0
Property (State Levy)	98.3	0.0	(6.2)	92.1	(6.2)
Real Estate Excise	3,102.9	0.0	(17.7)	3,085.3	(17.7)
Timber Excise	1,329.8	0.0	(258.9)	1,070.9	(258.9)
Other	10.7	0.0	(2.4)	8.3	(2.4)
Subtotal	849.5	0.0	(103.8)	745.7	(103.8)
	29,350.3	(78.5)	(1,969.9)	27,301.9	(2,048.4)
Department of Licensing					
Boat excise, licenses, fees & other	46.1	0.0	(0.2)	45.9	(0.2)
Insurance Commissioner					
Insurance Premiums	586.7	0.0	(54.3)	532.3	(54.3)
Liquor Control Board					
Liquor Profits and Fees	85.4	0.0	0.0	85.4	0.0
Beer & Wine Surtax	4.9	0.0	0.0	4.9	0.0
Lottery Commission					
Lottery Revenue	1.1	0.0	(1.1)	0.0	(1.1)
State Treasurer					
Interest Earnings	31.5	0.0	(19.1)	12.4	(19.1)
Office of Financial Management					
Other	(35.6)	17.3	(19.3)	(37.6)	(2.0)
<u>Total General Fund-State *</u>	\$30,070.4	(\$61.2)	(2,063.9)	\$27,945.3	(2,125.1)

1 Forecast for the 2009-11 biennium adopted November 2008.

2 March 2009 Forecast

*Detail may not add to totals because of rounding.

Table 3.10

Comparison of the General Fund-State Forecast by Agency

2009-11 Biennium; GAAP Basis

(Millions of Dollars)

Forecast by Agency	Nov. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Mar. 2009 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,647.0	(78.5)	(\$904.0)	\$14,664.6	(\$982.5)
Business & Occupation Use	6,128.1	0.0	(472.6)	5,655.5	(472.6)
Public Utility	1,090.6	0.0	(99.2)	991.4	(99.2)
Liquor Sales/Liter	838.4	0.0	(109.0)	729.5	(109.0)
Cigarette	341.4	0.0	0.0	341.4	0.0
Property (State Levy)	98.3	0.0	(6.2)	92.1	(6.2)
Real Estate Excise	3,102.9	0.0	(17.7)	3,085.3	(17.7)
Timber Excise	1,329.8	0.0	(258.9)	1,070.9	(258.9)
Other	10.2	0.0	(2.4)	7.8	(2.4)
Subtotal	850.9	0.0	(103.4)	747.5	(103.4)
	29,437.7	(78.5)	(1,973.2)	27,386.0	(2,051.7)
Department of Licensing					
Boat excise, licenses, fees & other	46.8	0	(0.2)	46.6	(0.2)
Insurance Commissioner					
Insurance Premiums	586.7	0	(54.3)	532.3	(54.3)
Liquor Control Board					
Liquor Profits and Fees	85.4	0	0.0	85.4	0.0
Beer & Wine Surtax	4.9	0	0.0	4.9	0.0
Lottery Commission					
Lottery Revenue	10.2	0	(10.2)	0.0	(10.2)
State Treasurer					
Interest Earnings	29.8	0	(20.9)	8.9	(20.9)
Office of Financial Management					
Other	(35.6)	17.3	(19.3)	(37.6)	(2.0)
Total General Fund-State *	\$30,165.8	(\$61.2)	(2,078.1)	\$28,026.5	(2,139.3)

1 Forecast for the 2009-11 biennium adopted November 2008.

2 March 2009 Forecast

*Detail may not add to totals because of rounding.

Table 3.11
March 2009 General Fund-State Forecast
2007-09 & 2009-11 Biennia; Cash Basis
(Millions of Dollars)

Forecast by Source	Fiscal 2007^a	Fiscal 2008^a	Fiscal 2009	2007-09 Biennium	Fiscal 2010	Fiscal 2011	2009-11 Biennium
State Taxes							
Retail sales***	\$7,388.0	\$7,705.2	\$7,017.5	\$14,722.7	\$7,088.4	\$7,516.1	\$14,604.6
Business & occupation Use***	2,640.9	2,786.2	2,572.4	5,358.6	2,705.1	2,930.4	5,635.5
Public Utility	504.4	511.2	460.4	971.7	462.2	527.9	990.0
Liquor sales/liter	352.9	367.9	349.7	717.6	349.0	379.9	728.9
Beer & wine surtax	147.7	157.2	164.3	321.5	168.3	172.4	340.7
Cigarette	2.2	2.2	2.3	4.4	2.4	2.5	4.9
Tobacco products	50.5	51.3	48.4	99.8	46.4	45.7	92.1
Property (state school levy)**	6.8	(9.3)	11.1	1.8	10.9	11.2	22.2
Public utility district	1,423.1	1,473.6	1,514.7	2,988.3	1,531.7	1,553.6	3,085.3
Real estate excise	39.8	41.7	42.5	84.2	43.2	45.0	88.2
Timber excise	1,069.6	663.3	415.1	1,078.4	493.6	577.4	1,070.9
Estate/inheritance	8.0	7.3	5.9	13.2	4.4	3.8	8.3
Motor vehicle excise & Rental car	5.3	4.1	0.9	5.0	0.7	0.5	1.2
Boat excise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	15.8	17.7	17.0	34.7	17.8	18.2	36.0
Other	249.0	260.6	253.6	514.2	262.9	269.4	532.3
Total Taxes	275.9	260.3	234.6	494.9	239.7	261.9	501.6
	14,180.0	14,300.5	13,110.4	27,410.9	13,426.6	14,316.1	27,742.7
State Non-Tax Sources							
Licenses, permits, fees	91.8	97.5	91.2	188.7	92.5	95.6	188.1
Liquor profits & fees	49.0	38.9	39.5	78.4	41.0	44.3	85.4
Earnings on investments	100.9	116.6	55.8	172.4	6.8	5.6	12.4
Lottery transfers	7.6	0.0	11.1	11.1	0.0	0.0	0.0
Other revenue & transfers	13.9	60.4	(30.9)	29.5	(43.0)	(40.3)	(83.3)
Total Non-Tax	263.1	313.4	166.7	480.1	97.4	105.2	202.6
Total General Fund-State *	\$14,443.2	\$14,613.9	\$13,277.1	\$27,891.0	\$13,524.0	\$14,421.3	\$27,945.3

a - Actual;

* Detail may not add to totals due to rounding.

**General Fund-State portion of the state levy AFTER transfers to the Student Achievement Account.

***GFS portion after Initiative 900 transfer.

Table 3.12

General Fund - State Cash Receipts

March 2009 Forecast by Fiscal Year

(Millions of Dollars)

	<u>General Fund - State</u>	<u>Percent Change</u>
Fiscal Years		
1986	\$4,566.2	
1987	5,008.4	9.7%
1988	5,248.1	4.8%
1989	5,686.0	8.3%
1990	6,505.4	14.4%
1991	6,803.5	4.6%
1992	7,297.6	7.3%
1993	7,564.6	3.7%
1994	8,013.4	5.9%
1995	8,551.3	6.7%
1996	8,581.2	0.3%
1997	9,056.6	5.5%
1998	9,640.9	6.5%
1999	9,979.2	3.5%
2000	10,433.2	4.5%
2001	10,828.9	3.8%
2002	10,450.7	-3.5%
2003	10,689.9	2.3%
2004	11,321.2	5.9%
2005	12,067.3	6.6%
2006	13,328.8	10.5%
2007	14,443.2	8.4%
2008	14,613.9	1.2%
Forecast		
2009	13,277.1	-9.1%
2010	13,524.0	1.9%
2011	14,421.3	6.6%

Table 3.13

Track Record for the 2007-09 General Fund-State Cash Forecast

February 2006 through March 2009

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non- Economic Changes**</u>	<u>Total Fund-State Change</u>	<u>General Cash Basis</u>
February 2006****	\$28,180	\$848				\$29,028
Changes to Forecast						
June 2006	531	17	547	(112) #1	436	29,463
September 2006	76	(13)	62		62	29,526
November 2006	4	3	8		8	29,533
March 2007	(30)	12	(18)		(18)	29,516
June 2007	313	19	331	(43) #2	289	29,804
September 2007	204	8.9	213		213	30,017
November 2007	(145)	34	(111)	(20) #3	(130)	29,886
February 2008	(405)	(19)	(423)		(423)	29,463
June 2008	(36)	(14)	(50)	(11) #4	(61)	29,402
September 2008	(288)	15	(273)		(273)	29,129
November 2008	(506)	3	(503)		(503)	28,627
March 2009	(650)	(20)	(670)	(66) #5	(736)	27,891
Total change***:						
From February 2006	(931)	46	(886)	(251)	(1,137)	
Percent change	-3.3%	5.4%	-3.1%	-0.9%	-3.9%	

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

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

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

**** First official forecast for the 2007-09 biennium.

#1 Change to the forecast due to 2006 legislation.

#2 Change to the forecast due to 2007 legislation/budget driven revenue and the tobacco product tax settlement

#3 Change to the forecast due to change in federal law regarding taxation of internet access.

#4 Impact of 2008 legislation and budget driven revenue.

#5 Expected refunds, large audit payments, and adjustment of prior estimates of SST mitigation payments and voluntary taxes on internet sales.

Table 3.14

Track Record for the 2009-11 General Fund-State Cash Forecast

February through March 2009

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non- Economic Changes**</u>	<u>Total Fund-State Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2008****	\$31,051	\$867				\$31,918
Changes to Forecast						
June 2008	(90)	(28)	(117)	(46) #1	(163)	31,754
September 2008	(228)	(29)	(256)	0	(256)	31,498
November 2008	(1,386)	(77)	(1,464)	36 #2	(1,428)	30,070
March 2009	(1,970)	(94)	(2,064)	(61) #3	(2,125)	27,945
Total change***:						
From February 2008	(3,674)	(227)	(3,901)	(72)	(3,973)	
Percent change	-11.8%	-26.2%	-12.2%	-0.2%	-12.4%	

* 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 2009-11 biennium.

#1 Impact of 2008 legislation and budget driven revenue.

#2 Expiration of Sales Tax Exemption on Renewable Energy Equipment.

#3 Adjustment of prior estimates of SST mitigation payments and voluntary taxes on internet sales.

Table 3.15

March 2009 Baseline Forecast by Agency
Comparison of Cash and GAAP Basis
(Millions of dollars)

Agency	2005-07 Biennium			2007-09 Biennium			2009-11 Biennium		
	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue ³	\$26,792.2	\$26,783.5	(\$8.7)	\$26,881.1	\$26,948.8	\$67.6	\$27,197.9	\$27,282.4	\$84.5
Department of Licensing	41.3	42.0	0.7	44.4	44.7	0.3	45.9	46.6	0.7
Insurance Commissioner ⁴	506.9	506.9	0.0	532.2	532.2	0.0	552.2	552.2	0.0
State Treasurer	167.3	175.3	8.0	172.4	160.4	(12.0)	12.4	8.9	(3.5)
Office of Financial Management									
Other Agencies	248.4	248.4	0.0	285.0	285.0	0.0	274.0	274.0	0.0
Subtotal: General Fund-State Cash/Revenue*	27,756.1	27,756.1	(0.0)	27,915.1	27,971.1	55.9	28,082.5	28,164.1	81.6
General Fund State - Other Financing Sources⁵									
Department of Revenue ⁶	117.5	117.3	(0.2)	159.8	158.4	(1.5)	104.0	103.6	(0.4)
Lottery Commission	9.5	7.6	(1.9)	11.1	11.1	0.0	0.0	0.0	0.0
Insurance Commissioner ⁷	(16.3)	(16.3)	0.0	(18.0)	(18.0)	0.0	(19.8)	(19.8)	0.0
Liquor Control Board	102.4	102.4	0.0	82.8	82.8	0.0	90.3	90.3	0.0
Office of Financial Management									
Other Agencies ⁸	-197.1	(197.1)	(0.0)	(259.9)	(259.9)	0.0	(311.6)	(311.6)	0.0
Subtotal: GFS Other Financing Sources	15.9	13.9	(2.0)	(24.1)	(25.6)	(1.5)	(137.2)	(137.6)	(0.4)
Total Available Receipts/Resources									
General Fund-State *	\$27,772.0	\$27,769.9	(\$2.1)	\$27,891.0	\$27,945.5	\$54.5	\$27,945.3	\$28,026.5	\$81.2

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Portion of fire insurance premiums transferred out of the General Fund

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.

Table 3.16

2007-09 Enacted Budget Balance Sheet General Fund-State

Dollars in Millions

RESOURCES	
Beginning Fund Balance	780.5
November 2008 Forecast	28,626.6
March 2009 Update	(735.6)
Current Revenue Totals	27,891.0
Legislatively Enacted Fund Transfers (2007/2008 sessions)	147.0
2008: Prior Period Adjustments	(6.9)
Transfer to Budget Stabilization Account	(124.3)
2009 Session: ESHB 1694	91.3
Total Resources (including beginning fund balance)	28,778.6
EXPENDITURES	
2007-09 Enacted Budget (Including 2008 Supplemental)	29,838.2
2009 Session: ESHB 1694	(580.1)
	29,258.1
RESERVES	
Projected General Fund Ending Balance	(479.5)
Budget Stabilization Account Beginning Balance	0.0
Transfer To Budget Stabilization Account (From Emergency Reserve Account)	303.2
Transfer from General Fund and Interest Earnings	127.7
Projected Budget Stabilization Account Ending Balance	430.9
Total Reserves (General Fund plus Budget Stabilization)	(48.7)

House and Senate Fiscal Committees and Office of Financial Management

Table 3.17
March 2009 Alternative Forecasts Compared to the Baseline Forecast
2007-09 Biennium
(Millions of dollars)

<u>Forecast by Source</u>	<u>Optimistic Forecast</u>	<u>Baseline Forecast</u>	<u>Pessimistic Forecast</u>
<i>Department of Revenue</i>			
Retail Sales	\$14,752.0	\$14,722.7	\$14,688.0
Business & Occupation Use	5,370.9	5,358.6	5,333.3
Public Utility	974.8	971.7	967.6
Property (school levy)	718.3	717.6	716.6
Real Estate Excise	2,988.2	2,988.3	2,988.3
Other	1,083.1	1,078.4	1,075.1
Subtotal	1,211.0	1,203.7	1,196.0
	27,098.3	27,041.0	26,964.9
<i>Department of Licensing</i>			
	45.1	44.4	43.7
<i>Insurance Commissioner¹</i>			
	520.5	514.2	507.9
<i>Lottery Commission</i>			
	11.1	11.1	11.1
<i>State Treasurer - Interest earnings</i>			
	176.3	172.4	169.8
<i>Liquor Profits & Fees²</i>			
	83.6	82.8	82.0
<i>Office of Financial Management</i>			
Other agencies	30.1	25.1	20.1
Total General Fund - State*	\$27,965.1	\$27,891.0	\$27,799.4
Difference from November 2008 Baseline	\$74.1		(\$91.6)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Table 3.18
March 2009 Alternative Forecasts Compared to the Baseline Forecast
2009-11 Biennium
(Millions of dollars)

<u>Forecast by Source</u>	<u>Optimistic Forecast</u>	<u>Baseline Forecast</u>	<u>Pessimistic Forecast</u>
<i>Department of Revenue</i>			
Retail Sales	\$15,438.4	\$14,604.6	\$13,583.8
Business & Occupation Use	5,962.5	5,635.5	5,135.5
Public Utility	1,050.6	990.0	909.9
Property (school levy)	736.3	728.9	690.5
Real Estate Excise	3,087.9	3,085.3	3,059.6
Other	1,262.6	1,070.9	929.3
Subtotal	1,229.4	1,186.7	1,120.3
	28,767.8	27,301.9	25,429.0
<i>Department of Licensing</i>			
	47.3	45.9	44.6
<i>Insurance Commissioner¹</i>			
	545.7	532.3	519.0
<i>Lottery Commission</i>			
	2.0	0.0	0.0
<i>State Treasurer - Interest earnings</i>			
	37.3	12.4	(14.6)
<i>Liquor Profits & Fees²</i>			
	92.1	90.3	88.5
<i>Office of Financial Management</i>			
Other agencies	(27.6)	(37.6)	(47.6)
Total General Fund - State*	\$29,464.6	\$27,945.3	\$26,018.9
Difference from November 2008 Baseline	\$1,519.3		(\$1,926.4)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Table 3.19

**Impact of Initiative 728 on the State Property Tax and Lottery Revenue
March 2009 Cash Forecast; Millions of Dollars**

I. Disposition of the State portion of the Property Tax

	<u>State Levy: Total Receipts</u>	<u>To the General Fund</u>	<u>To the Student Achievement Account¹</u>
2004	1,504.7	1,370.5	134.2
2005	1,568.1	1,372.6	195.5
2003-05 Biennium	3,072.8	2,743.1	329.8
2006	1,610.7	1,365.5	245.2
2007	1,669.7	1,423.1	246.6
2005-07 Biennium	3,280.4	2,788.6	491.8
2008	1,720.8	1,473.6	247.2
2009	1,770.8	1,514.7	256.2
200-09 Biennium	3,491.7	2,988.3	503.4
2010	1,800.7	1,531.7	269.0
2011	1,827.3	1,553.6	273.7
2010-11 Biennium	3,628.0	3,085.3	542.7

II. Lottery Transfers by Fund*

	<u>Lottery: Total Transfers:**</u>	<u>General Fund</u>	<u>Mariners Stadium</u>	<u>Exhibition Center & Stadium</u>	<u>Student Achievement Account¹</u>	<u>School Construction Account¹</u>	<u>Transfer to VRDE²</u>	<u>Problem Gambling Account</u>	<u>Economic Development Account</u>
2004	113.3	0.0	4.0	7.3	76.5	25.5	0.0		
2005	112.2	4.3	4.2	7.6	0.0	96.2	0.0		
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7	0.0		
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.0	0.2	3.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.0	0.3	3.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.0	0.4	6.0
2008	123.6	0.0	4.7	8.5	0.0	106.9	0.0	0.3	3.2
2009	121.1	11.1	4.9	8.9	0.0	93.1	0.0	0.2	2.9
2007-09 Biennium	244.8	11.1	9.6	17.4	0.0	200.1	0.0	0.5	6.1
2010	107.5	0.0	5.1	9.2	0.0	90.1	0.0	0.2	2.8
2011	106.0	0.0	5.3	9.6	0.0	88.0	0.0	0.2	2.9
2009-11 Biennium	213.5	0.0	10.4	18.8	0.0	178.1	0.0	0.5	5.7

* Cash Basis

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

¹ Initiative 728 directs a portion of the state levy to the Student Achievement Account and lottery revenue to the Student Achievement Account and the School Construction Fund. Prior to Initiative 728 this revenue went into the General Fund.

² Transfer to the Violence Reduction and Drug Education Account required by 2002 legislation (SSB 6560).

Table 3.20

General Fund-State, Related Fund*, and Near General Fund*

March 2009 and November 2008 Cash Forecasts

2007-09 & 2009-11 Biennia

Millions of dollars

	2007-09 Biennium			2009-11 Biennium			Change From 2007-09	
	<u>Nov. 2008 Forecast</u>	<u>Mar. 2009 Forecast</u>	<u>Difference</u>	<u>Nov. 2008 Forecast</u>	<u>Mar. 2009 Forecast</u>	<u>Difference</u>	<u>Amount</u>	<u>Percent</u>
General Fund-State	\$28,626.6	\$27,891.0	\$(735.6)	\$30,070.4	\$27,945.3	\$(2,125.1)	\$54.3	0.2%
Related Fund*								
Health Services Account	\$1,252.1	\$1,239.3	\$(12.8)	\$1,297.0	\$1,246.7	\$(50.3)	\$7.4	0.6%
Violence Reduction and Drug Enforcement Acct.	94.2	92.8	(1.4)	104.5	100.0	(4.5)	7.2	7.8%
Water Quality Account	72.0	71.7	(0.3)	90.5	89.8	(0.7)	18.1	25.2%
Student Achievement Account	503.4	503.4	(0.1)	542.0	542.7	0.7	39.3	7.8%
Public Safety and Education Account	206.9	202.7	(4.1)	211.6	206.2	(5.4)	3.5	1.7%
Total Related Fund	\$2,128.6	\$2,109.9	(18.7)	\$2,245.7	\$2,185.4	\$(60.3)	\$75.5	3.6%
Total General Fund and Related Fund	\$30,755.2	\$30,000.9	\$(754.3)	\$32,316.1	\$30,130.7	\$(2,185.4)	\$129.8	0.4%
Near General Fund Not in Related Funds**								
Education Legacy Trust Account	\$434.9	\$413.8	\$(21.1)	\$449.3	\$372.7	\$(76.7)	\$(41.1)	-9.9%
Pension Funding Stabilization Account	23.7	22.6	(1.1)	0.0	0.0	-	-22.6	-100.0%
Total Near General Fund	\$2,587.2	\$2,546.4	\$(40.9)	\$2,695.0	\$2,558.1	\$(136.9)	\$11.8	0.5%
Total General Fund and Near General Fund	\$31,213.8	\$30,437.4	\$(776.5)	\$32,765.5	\$30,503.4	\$(2,262.0)	\$66.1	0.2%

*As defined in RCW 43.135.025; Cash forecast; state sources.

**Near General Fund includes all Related Funds plus the Education Legacy Trust and Pension Funding Stabilization Accounts

Table 3.21

General Fund-State and Related Fund *
 History/Forecast by Fiscal Year (Cash basis)
 March 2009 - Millions of Dollars

	General Fund-State		Related Fund*		Combined General Fund-State and Related Fund	
	Level	% Change	Level	Change	Level	% Change
fiscal 1995	8,551.3		247.8		8,799.0	
fiscal 1996	8,581.2	0.3%	353.2	42.6%	8,934.4	1.5%
fiscal 1997	9,056.6	5.5%	392.3	11.1%	9,448.9	5.8%
fiscal 1998	9,640.9	6.5%	416.1	6.1%	10,057.0	6.4%
fiscal 1999	9,979.2	3.5%	434.9	4.5%	10,414.1	3.6%
fiscal 2000	10,433.2	4.5%	634.4	45.9%	11,067.5	6.3%
fiscal 2001	10,828.9	3.8%	731.1	15.2%	11,560.0	4.4%
fiscal 2002	10,450.7	-3.5%	1,181.7	61.6%	11,632.4	0.6%
fiscal 2003	10,689.9	2.3%	1,031.3	-12.7%	11,721.2	0.8%
fiscal 2004	11,321.2	5.9%	1,037.2	0.6%	12,358.4	5.4%
fiscal 2005	12,067.3	6.6%	969.0	-6.6%	13,036.3	5.5%
fiscal 2006	13,328.8	10.5%	988.8	2.0%	14,317.6	9.8%
fiscal 2007	14,443.2	8.4%	1,024.2	3.6%	15,467.4	8.0%
fiscal 2008	14,613.9	1.2%	1,045.0	2.0%	15,658.9	1.2%
fiscal 2009	13,277.1	-9.1%	1,064.9	1.9%	14,342.0	-8.4%
fiscal 2010	13,524.0	1.9%	1,085.1	1.9%	14,609.1	1.9%
fiscal 2011	14,421.3	6.6%	1,100.3	1.4%	15,521.6	6.2%

*As defined in RCW 43.135.025; Cash forecast; state sources.

This page left intentionally blank.

Washington Exports 2003 to 2007

Relative to the size of its economy, Washington exports are quite large compared to those of a typical state. As shown in Chart 4.1, exports from Washington averaged 16.0 percent of the state's Gross Domestic Product (GDP) in the ten years from 1997 through 2006 (the most recent year for which state GDP numbers are available). In contrast, exports from the United States as a whole accounted for an average of only 7.5 percent of the country's total GDP over the same period.

Washington's high concentration of exports is the result of a number of different factors. Chief among these is the presence in Washington of two large producers of transportation equipment, Boeing Commercial Airplanes and PACCAR, which produces Kenworth trucks. Exports of transportation equipment averaged 62.8 percent of Washington's total exports during the period shown in Chart 4.1, with the bulk of those exports being aircraft. If exports of transportation equipment are excluded from the statistics, the remaining exports from Washington averaged only 5.9 percent of GDP over that period. This number was still higher, however, than national non-transportation exports as a percent of GDP, which averaged 5.7 percent during that time.

Another factor which may inflate the magnitude of Washington's exports is the way they are measured. The export data for this report was compiled by the World Institute for Strategic Economic Research (WISER), located at Holyoke Community College in Massachusetts. WISER processes data provided by the Census Bureau's Foreign Trade Division in the form of Shippers Export Declarations (SEDs) which require information regarding "the state where the product began its journey to the point of export." Unfortunately, however, the state referred to in SEDs is not necessarily the state of manufacture, production, or extraction. It may, instead, be the location of the broker or wholesaler of the product, or the state of consolidation of shipments. As a result some of the shipments list the state the goods were shipped from, rather than the state from which the exports originated. This may result in some inflation of exports for major port states such as Washington and understatement of exports for other states. According to WISER, this problem is most acute for agricultural shipments. As agricultural products are one of the state's largest exports (see Table 4.4), there exists significant potential for overstatement of the amount of these shipments actually produced in the state. This problem may also affect measurement of Washington's exports to Mexico (reported in Tables 4.6 and 4.8), which may be understated due to attribution of products produced in Washington (such as apples) to ports in California and Texas.

One other thing to note about the export statistics presented here is that most Microsoft software exports are considered as exports of services and are therefore not included in the WISER data, which only measures exports of goods. The only software exports that are measured are those of pre-packaged software, and exports of that software are attributed to the state where the software is reproduced for

distribution, not where it is developed. As such, the billions of dollars of Microsoft software exports that are transmitted electronically or are reproduced and distributed from other locations are not reflected in Washington's export statistics. WISER began reporting prepackaged software exports in 2003.

Table 4.1 lists U.S. exports classified according to the North American Industry Classification System (NAICS) for the years 2003 through 2007. The table shows that the recovery in U.S. exports that began in 2003 has continued through 2007. This improvement is likely the result of both improvement in the world economy and the continuing decline of the trade-weighted value of the U.S. dollar, which has fallen twenty-nine percent from the first quarter of 2002 to the fourth quarter of 2007 according to the Federal Reserve Bank of Atlanta.

Table 4.2 lists U.S. exports by continent and the top fifteen countries (ranked by 2007 exports) for 2003 through 2007. While exports to mainland China were the fastest growing over this period, the country still only represented 5.6 percent of total U.S. exports in 2007. Canada and Mexico were by far the largest recipients of U.S. exports in 2007, adding up to 33.1 percent of the total. Table 4.3 lists U.S. exports to non-Middle-Eastern Asia by industry for 2003 through 2007.

Table 4.4 lists Washington's exports by industry for 2003 through 2007. Total exports grew by 24.8 percent in 2007, aided by transportation equipment exports that grew at a rate of 26.7 percent. Excluding transportation equipment, exports grew at a still-healthy rate of 21.6 percent, with the majority of non-transportation industries showing improvement.

Table 4.5 indicates the amount of Washington's top twenty exports for 2007 that are sent to non-Middle-Eastern Asia versus the rest of the world. As can be seen from the table, Asia is the destination for the bulk of the state's food, forestry and agricultural products, accounting for 83 percent of agricultural products and 97 percent of forestry products. Asia received 53.3 percent of Washington's 2007 total exports. This relationship can also be seen in Chart 4.2 (which differs slightly in percentage as it includes the Middle East in Asia's portion), which shows Washington and US exports distributed by continent. As illustrated in the chart, exports to Asia make up a much larger proportion of Washington's total exports than they do in relation to total U.S. exports. This is the result both of the state's proximity to Asia and its relative abundance of agricultural, wood and other products that are in demand there.

Table 4.6 lists Washington exports by continent and the top fifteen destination countries (ranked by 2007 exports) for 2003 through 2007. Table 4.7 lists Washington exports of transportation equipment by continent and the top fifteen countries for 2003 through 2007. Table 4.8 lists Washington exports excluding transportation equipment by continent and the top fifteen countries for 2003 through 2007. Mainland China tops the lists for total and transportation exports while Canada tops the list of non-transportation exports. Table 4.9 lists Washington exports to non-Middle-Eastern Asia for 2003 through 2007. As can be seen in the table, exports to the region have grown sharply since 2005.

Chart 4.1
Exports as a percentage of GDP

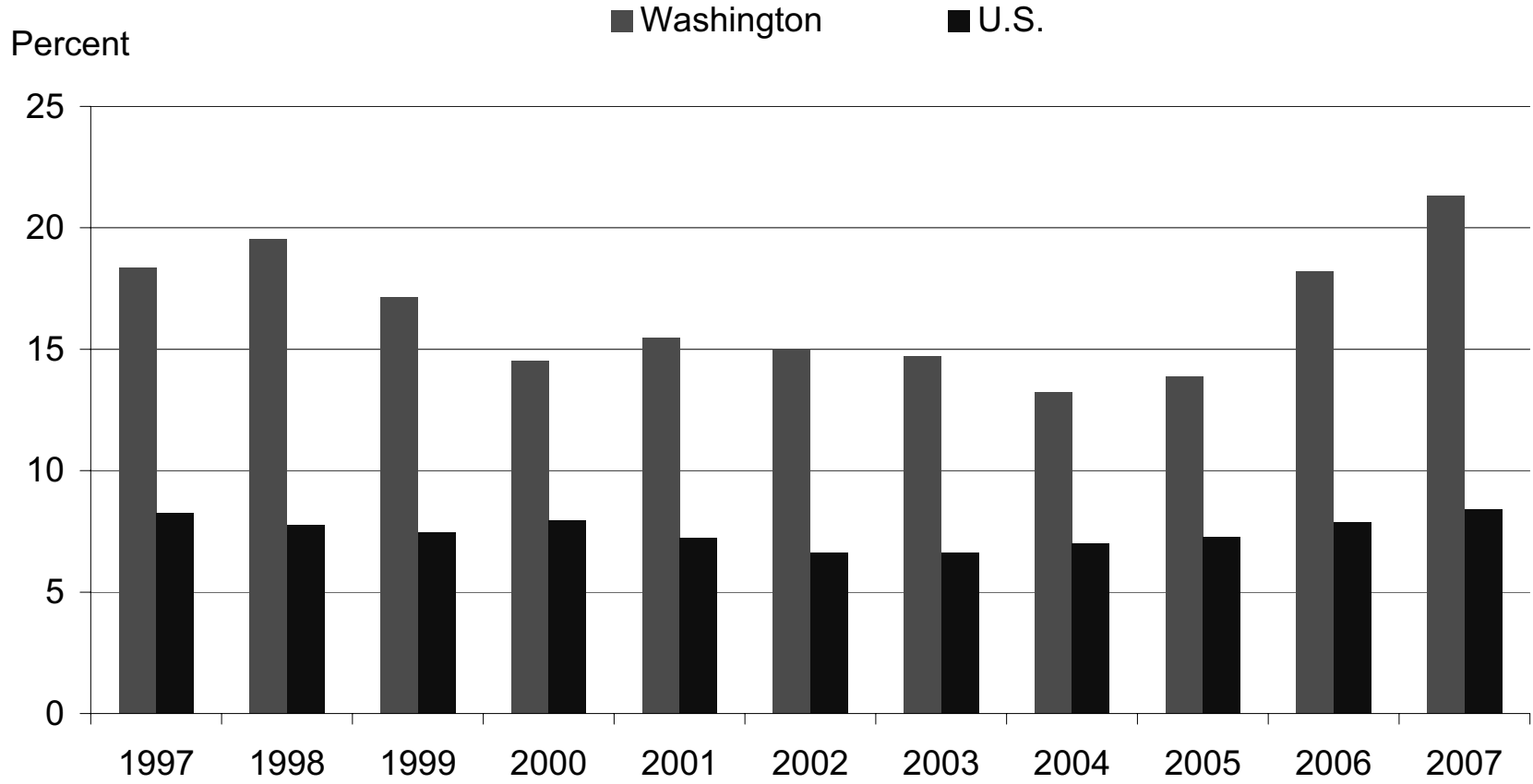


Chart 4.2
Export Destinations, 2008

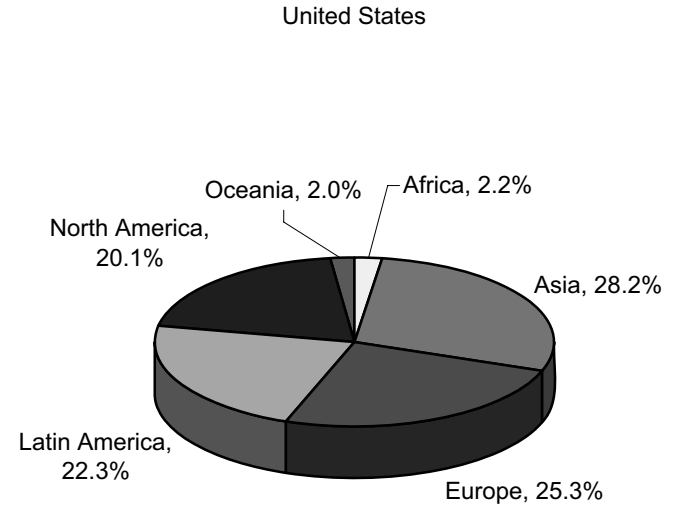
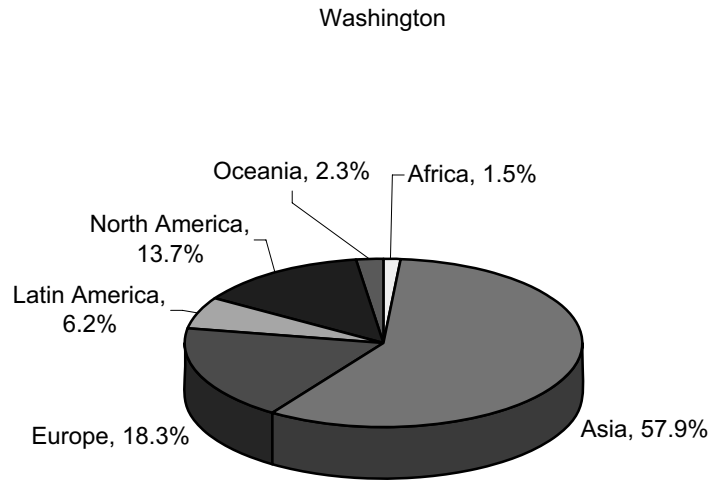


Table 4.1
U.S. Exports by Industry
 All Industries, Sorted by 2008 Exports
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 %Chg	2005-06 %Chg	2006-07 %Chg	2007-08 %Chg
Total All Industries	818,775	905,978	1,036,635	1,162,479	1,300,136	10.7	14.4	12.1	11.8
Transportation Equipment	141,096	161,656	188,680	215,933	215,484	14.6	16.7	14.4	(0.2)
Computer And Electronic Products	164,647	170,234	187,478	188,885	192,112	3.4	10.1	0.8	1.7
Chemicals	108,722	118,633	133,328	151,682	171,064	9.1	12.4	13.8	12.8
Machinery, Except Electrical	92,928	104,468	117,716	131,486	143,972	12.4	12.7	11.7	9.5
Agricultural Products	33,239	31,921	36,183	48,098	63,093	(4.0)	13.4	32.9	31.2
Miscellaneous Manufactured Commodities	34,273	39,698	45,132	52,439	59,895	15.8	13.7	16.2	14.2
Petroleum And Coal Products	12,844	18,069	26,037	31,279	58,880	40.7	44.1	20.1	88.2
Primary Metal Manufacturing	22,854	29,803	40,678	48,239	58,840	30.4	36.5	18.6	22.0
Food And Kindred Products	26,688	29,662	32,849	39,473	49,417	11.1	10.7	20.2	25.2
Special Classification Provisions, Nesoi	25,693	28,459	31,348	35,513	42,086	10.8	10.1	13.3	18.5
Electrical Equipment, Appliances, And Comp.	26,899	30,453	35,560	38,382	39,759	13.2	16.8	7.9	3.6
Fabricated Metal Products, Nesoi	22,668	25,364	29,482	32,300	35,203	11.9	16.2	9.6	9.0
Waste And Scrap	8,803	10,558	15,963	22,273	29,189	19.9	51.2	39.5	31.0
Plastics And Rubber Products	18,395	19,955	21,819	23,328	24,772	8.5	9.3	6.9	6.2
Paper	15,784	17,191	18,581	20,343	22,277	8.9	8.1	9.5	9.5
Minerals And Ores	5,781	8,133	9,812	11,398	16,207	40.7	20.6	16.2	42.2
Used Or Second-Hand Merchandise	4,373	5,244	6,782	8,626	10,171	19.9	29.3	27.2	17.9
Nonmetallic Mineral Products	6,957	7,311	8,199	9,037	9,611	5.1	12.2	10.2	6.4
Oil And Gas	3,151	4,602	4,240	5,826	8,548	46.0	(7.9)	37.4	46.7
Textiles And Fabrics	8,651	8,768	8,778	8,489	8,471	1.4	0.1	(3.3)	(0.2)
Printing, Publishing And Similar Products	5,258	5,826	6,131	6,655	6,842	10.8	5.2	8.6	2.8
Wood Products	4,508	4,734	5,181	5,260	5,306	5.0	9.4	1.5	0.9
Beverages And Tobacco Products	3,763	3,547	4,018	4,449	5,084	(5.7)	13.3	10.7	14.3
Furniture And Fixtures	2,884	3,173	3,506	3,964	4,512	10.0	10.5	13.0	13.8
Apparel And Accessories	4,974	4,907	4,785	4,198	4,291	(1.4)	(2.5)	(12.3)	2.2
Fish, Fresh, Chilled, Or Frozen And Other Marine	3,464	3,845	4,000	4,045	4,001	11.0	4.0	1.1	(1.1)
Leather And Allied Products	2,939	3,097	3,311	3,336	3,206	5.4	6.9	0.7	(3.9)
Textile Mill Products	2,257	2,548	2,797	2,898	2,873	12.9	9.8	3.6	(0.8)
Forestry Products, Nesoi	1,709	1,741	1,781	1,994	1,966	1.9	2.3	12.0	(1.4)
Livestock And Livestock Products	981	1,150	1,312	1,413	1,565	17.2	14.1	7.7	10.7
Prepackaged Software	751	998	963	960	848	32.9	(3.5)	(0.3)	(11.7)
Goods Returned To Canada (Exports Only); U.S.	841	229	205	276	590	(72.8)	(10.7)	35.0	113.5

Table 4.2
U.S. Exports by Country
 All Industries
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Top 15 Countries, 2007									
Canada	189,880	211,899	230,656	248,888	260,914	11.6	8.9	7.9	4.8
Mexico	110,835	120,365	133,979	136,092	151,539	8.6	11.3	1.6	11.4
China (Mainland)	34,744	41,925	55,186	65,236	71,457	20.7	31.6	18.2	9.5
Japan	54,243	55,484	59,613	62,703	66,579	2.3	7.4	5.2	6.2
Germany	31,416	34,184	41,319	49,651	54,732	8.8	20.9	20.2	10.2
United Kingdom	36,000	38,588	45,410	50,229	53,775	7.2	17.7	10.6	7.1
Netherlands	24,289	26,485	31,129	32,963	40,223	9.0	17.5	5.9	22.0
Korea, Republic Of	26,412	27,765	32,442	34,645	34,807	5.1	16.8	6.8	0.5
Brazil	13,897	15,372	19,231	24,626	32,910	10.6	25.1	28.1	33.6
France	21,263	22,410	24,217	27,413	29,187	5.4	8.1	13.2	6.5
Belgium	16,871	18,691	21,340	25,290	29,026	10.8	14.2	18.5	14.8
Singapore	19,608	20,642	24,684	26,284	28,810	5.3	19.6	6.5	9.6
China (Taiwan)	21,744	22,069	23,047	26,309	25,279	1.5	4.4	14.2	(3.9)
Australia	14,225	15,828	17,779	19,212	22,457	11.3	12.3	8.1	16.9
Switzerland	9,280	10,720	14,375	17,039	22,023	15.5	34.1	18.5	29.3
Other Countries	194,065	223,551	262,228	315,900	376,416	15.2	17.3	20.5	19.2
Total All Countries*	818,775	905,978	1,036,635	1,162,479	1,300,136	10.7	14.4	12.1	11.8
Africa	13,328	15,547	19,035	23,657	28,639	16.6	22.4	24.3	21.1
Asia (includes Middle East)	233,147	255,325	297,235	337,012	367,049	9.5	16.4	13.4	8.9
Europe	193,253	211,254	245,536	286,397	328,287	9.3	16.2	16.6	14.6
Latin America	172,299	192,778	222,948	243,563	289,383	11.9	15.7	9.2	18.8
North America	189,884	211,905	230,659	248,893	260,950	11.6	8.9	7.9	4.8
Oceania	16,639	18,953	21,097	22,516	25,645	13.9	11.3	6.7	13.9

*Total includes exports to unidentified countries and international organizations.

Table 4.3
U.S. Exports to Non-Middle-Eastern Asia by Industry
 All Industries, Sorted by 2008 Exports
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Total All Industries	187,029	209,627	223,427	258,674	290,693	12.1	6.6	15.8	12.4
Computer And Electronic Products	63,633	64,291	71,952	70,771	70,153	1.0	11.9	(1.6)	(0.9)
Chemicals	26,149	27,997	30,093	34,665	40,189	7.1	7.5	15.2	15.9
Transportation Equipment	22,242	27,180	35,485	42,992	36,272	22.2	30.6	21.2	(15.6)
Machinery, Except Electrical	25,247	25,329	29,349	32,576	31,752	0.3	15.9	11.0	(2.5)
Agricultural Products	14,796	13,486	15,503	19,721	28,651	(8.9)	15.0	27.2	45.3
Waste And Scrap	4,658	6,074	9,287	13,008	15,380	30.4	52.9	40.1	18.2
Food And Kindred Products	7,750	8,406	9,423	11,674	14,592	8.5	12.1	23.9	25.0
Miscellaneous Manufactured Commodities	7,368	8,479	9,609	11,506	13,527	15.1	13.3	19.7	17.6
Primary Metal Manufacturing	3,592	5,286	6,760	8,787	10,289	47.2	27.9	30.0	17.1
Electrical Equipment, Appliances, And Comp.	4,970	5,807	7,001	7,487	7,690	16.9	20.5	6.9	2.7
Special Classification Provisions, Nesoi	4,959	5,424	5,429	6,026	6,467	9.4	0.1	11.0	7.3
Fabricated Metal Products, Nesoi	3,677	4,082	4,871	5,486	6,062	11.0	19.3	12.6	10.5
Petroleum And Coal Products	2,466	2,436	3,079	3,617	5,513	(1.2)	26.4	17.5	52.4
Paper	3,276	3,432	3,620	4,105	4,562	4.8	5.5	13.4	11.2
Plastics And Rubber Products	2,380	2,440	2,652	2,867	3,104	2.5	8.7	8.1	8.3
Minerals And Ores	1,470	1,651	1,775	2,385	2,850	12.4	7.5	34.4	19.5
Nonmetallic Mineral Products	1,497	1,554	1,925	2,090	2,271	3.8	23.9	8.6	8.7
Fish, Fresh, Chilled, Or Frozen And Other Marine	1,846	2,032	1,967	1,883	1,801	10.1	(3.2)	(4.3)	(4.4)
Beverages And Tobacco Products	1,411	1,371	1,480	1,348	1,344	(2.8)	7.9	(9.0)	(0.3)
Forestry Products, Nesoi	909	932	941	1,053	1,063	2.6	0.9	11.9	1.0
Textiles And Fabrics	784	856	982	948	989	9.2	14.8	(3.5)	4.4
Leather And Allied Products	989	973	1,122	1,088	986	(1.6)	15.4	(3.0)	(9.4)
Wood Products	937	934	1,023	984	948	(0.4)	9.5	(3.8)	(3.7)
Printing, Publishing And Similar Products	633	673	703	839	896	6.4	4.3	19.5	6.8
Used Or Second-Hand Merchandise	368	446	687	888	842	21.1	53.9	29.3	(5.2)
Apparel And Accessories	464	567	500	492	535	22.1	(11.7)	(1.7)	8.8
Oil And Gas	221	186	208	155	377	(15.8)	11.8	(25.5)	143.5
Livestock And Livestock Products	214	264	323	344	362	22.9	22.4	6.7	5.2
Furniture And Fixtures	261	280	317	394	360	7.6	13.1	24.1	(8.6)
Textile Mill Products	255	276	318	325	332	8.1	15.5	2.2	1.9
Prepackaged Software	208	281	291	191	115	35.1	3.5	(34.2)	(39.9)

Table 4.4
Washington Exports By Industry
 All Industries, Sorted by 2008 Exports
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Total All Industries	33,491	37,952	53,058	66,370	66,885	13.3	39.8	25.1	0.8
Total Excluding Transportation Equip.	16,133	17,451	19,366	23,657	32,158	8.2	11.0	22.2	35.9
Transportation Equipment	17,357	20,501	33,692	42,713	34,727	18.1	64.3	26.8	(18.7)
Agricultural Products	4,183	4,189	4,537	6,562	11,411	0.2	8.3	44.6	73.9
Computer And Electronic Products	2,753	2,850	3,101	3,349	3,316	3.5	8.8	8.0	(1.0)
Food And Kindred Products	1,588	1,602	1,562	2,112	2,707	0.9	(2.5)	35.2	28.2
Petroleum And Coal Products	949	1,121	1,244	1,187	2,602	18.1	10.9	(4.6)	119.2
Machinery, Except Electrical	1,033	1,544	1,939	2,101	2,217	49.4	25.6	8.4	5.5
Primary Metal Manufacturing	568	732	930	1,124	1,376	28.9	27.1	20.8	22.5
Paper	865	971	884	913	1,059	12.2	(8.9)	3.2	16.1
Miscellaneous Manufactured Commodities	376	388	499	891	1,017	3.2	28.6	78.4	14.1
Waste And Scrap	297	402	526	685	1,005	35.0	31.0	30.2	46.7
Chemicals	634	605	683	790	962	(4.5)	12.7	15.8	21.7
Fish, Fresh, Chilled, Or Frozen And Other Marine	563	556	608	641	743	(1.2)	9.4	5.4	15.8
Electrical Equipment, Appliances, And Compone	375	466	580	643	677	24.3	24.5	10.9	5.4
Forestry Products, Nesoi	461	440	432	441	528	(4.7)	(1.8)	2.2	19.6
Wood Products	351	381	378	421	463	8.6	(0.7)	11.4	9.8
Fabricated Metal Products, Nesoi	266	265	310	436	398	(0.4)	17.2	40.5	(8.6)
Minerals And Ores	47	72	137	240	347	55.0	89.5	75.4	44.7
Plastics And Rubber Products	168	190	246	266	294	13.2	29.6	7.8	10.8
Nonmetallic Mineral Products	97	107	173	149	189	9.6	62.0	(14.0)	27.2
Livestock And Livestock Products	111	116	131	144	188	4.9	12.3	10.3	30.3
Special Classification Provisions, Nesoi	145	130	124	173	161	(10.6)	(4.6)	39.9	(6.8)
Furniture And Fixtures	22	25	27	52	94	13.2	8.2	93.0	80.8
Textile Mill Products	70	78	70	67	80	11.5	(10.4)	(3.8)	19.2
Oil And Gas	11	41	53	51	77	269.8	30.4	(5.5)	51.7
Used Or Second-Hand Merchandise	29	34	40	54	56	19.2	17.8	34.4	4.9
Beverages And Tobacco Products	19	28	30	33	48	46.7	8.8	9.2	46.3
Printing, Publishing And Similar Products	33	40	41	41	40	20.9	2.9	(0.7)	(1.4)
Apparel And Accessories	38	29	30	27	36	(23.0)	3.7	(10.1)	32.9
Textiles And Fabrics	20	22	26	31	30	12.3	20.5	16.0	(0.8)
Leather And Allied Products	15	16	14	13	16	6.1	(9.2)	(9.5)	22.2
Goods Returned To Canada (Exports Only); U.S.	36	4	4	9	13	(89.5)	(6.1)	140.6	47.0
Prepackaged Software	12	9	6	12	5	(20.9)	(34.5)	87.7	(53.2)

Table 4.5
Washington Exports By Industry
 Top Twenty Industries, 2008
 (Millions)

	All Countries		Asia		Percent of Exports per Industry
	Export Valuation	Percent of Total	Export Valuation	Percent of Exports to Asia	
Total All Industries	66,885	100.0	33,592	100.0	50.2
Transportation Equipment	34,727	51.9	15,384	45.8	44.3
Agricultural Products	11,411	17.1	10,124	30.1	88.7
Food And Kindred Products	3,316	5.0	1,660	4.9	50.0
Computer And Electronic Products	2,707	4.0	1,290	3.8	47.6
Waste And Scrap	2,602	3.9	960	2.9	36.9
Paper	2,217	3.3	571	1.7	25.8
Primary Metal Manufacturing	1,376	2.1	528	1.6	38.4
Forestry Products, Nesoi	1,059	1.6	511	1.5	48.2
Machinery, Except Electrical	1,017	1.5	445	1.3	43.8
Chemicals	1,005	1.5	416	1.2	41.4
Fish, Fresh, Chilled, Or Frozen And Other Marine P	962	1.4	300	0.9	31.2
Petroleum And Coal Products	743	1.1	235	0.7	31.6
Minerals And Ores	677	1.0	207	0.6	30.6
Electrical Equipment, Appliances, And Component	528	0.8	198	0.6	37.5
Miscellaneous Manufactured Commodities	463	0.7	167	0.5	36.0
Livestock And Livestock Products	398	0.6	153	0.5	38.5
Wood Products	347	0.5	133	0.4	38.2
Fabricated Metal Products, Nesoi	294	0.4	102	0.3	34.5
Oil And Gas	189	0.3	48	0.1	25.4
Plastics And Rubber Products	188	0.3	33	0.1	17.7
Other Exports	658	1.0	129	0.4	19.6

Table 4.6
Washington Exports by Country
 All Industries
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Top 15 Countries, 2008									
China (Mainland)	3,100	5,022	6,795	9,610	9,929	62.0	35.3	41.4	3.3
Canada	4,075	5,233	6,239	7,673	9,184	28.4	19.2	23.0	19.7
Japan	6,143	6,382	6,696	7,740	8,971	3.9	4.9	15.6	15.9
United Arab Emirates	113	1,520	3,986	2,934	3,487	1,242.4	162.2	(26.4)	18.8
Korea, Republic Of	2,061	1,799	2,494	2,991	3,383	(12.7)	38.6	19.9	13.1
Singapore	1,482	1,238	2,361	1,941	2,562	(16.5)	90.8	(17.8)	32.0
India	307	425	1,061	5,776	2,351	38.4	149.7	444.4	(59.3)
China (Taiwan)	2,138	3,119	2,425	2,840	2,195	45.9	(22.3)	17.1	(22.7)
Ireland	1,500	1,846	1,740	2,388	2,111	23.0	(5.7)	37.3	(11.6)
Netherlands	952	651	1,271	1,272	1,806	(31.6)	95.2	0.1	42.0
Brazil	290	91	919	1,186	1,614	(68.6)	909.9	29.1	36.0
United Kingdom	1,090	887	987	1,912	1,459	(18.6)	11.2	93.8	(23.7)
Germany	463	552	987	1,377	1,275	19.3	78.9	39.4	(7.4)
Turkey	34	101	1,147	376	1,236	197.4	1,034.0	(67.2)	228.4
Australia	998	964	1,181	776	1,231	(3.4)	22.5	(34.3)	58.7
Other Countries	8,745	8,123	12,769	15,577	14,090	(7.1)	57.2	22.0	(9.5)
Total All Countries	33,491	37,952	53,058	66,370	66,885	13.3	39.8	25.1	0.8
Africa	710	1,239	1,642	953	1,011	74.6	32.5	(42.0)	6.2
Asia (includes Middle East)	18,340	21,358	29,975	39,795	38,752	16.5	40.3	32.8	(2.6)
Europe	7,508	7,134	9,980	13,148	12,246	(5.0)	39.9	31.7	(6.9)
Latin America	1,715	1,682	3,513	3,477	4,166	(1.9)	108.8	(1.0)	19.8
North America	4,076	5,233	6,239	7,673	9,184	28.4	19.2	23.0	19.7
Oceania	1,142	1,305	1,710	1,324	1,524	14.4	31.0	(22.6)	15.1

Table 4.7
Washington Exports by Country
 Transportation Equipment
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Top 15 Countries, 2008									
China (Mainland)	1,448	3,149	4,818	6,397	4,237	117.5	53.0	32.8	(33.8)
Japan	2,868	3,304	3,768	4,333	3,680	15.2	14.0	15.0	(15.1)
United Arab Emirates	71	1,464	3,919	2,834	3,357	1,951.2	167.7	(27.7)	18.5
Canada	766	1,159	1,366	2,215	2,212	51.4	17.8	62.2	(0.1)
India	231	313	943	5,635	2,141	35.7	201.3	497.8	(62.0)
Singapore	1,228	950	1,969	1,593	2,109	(22.6)	107.3	(19.1)	32.4
Ireland	1,443	1,768	1,681	2,330	2,067	22.5	(4.9)	38.6	(11.3)
Brazil	204	12	804	1,065	1,410	(94.0)	6,426.1	32.5	32.4
Turkey	16	81	1,112	293	1,163	399.4	1,265.6	(73.6)	296.4
Netherlands	580	141	708	692	1,148	(75.8)	403.6	(2.2)	65.8
China (Taiwan)	905	1,735	1,147	1,380	901	91.8	(33.9)	20.3	(34.7)
Qatar	1	1	1	546	882	(29.8)	15	62,068	61.6
France	991	746	1,564	2,048	882	(24.8)	109.7	30.9	(56.9)
Korea, Republic Of	1,144	957	1,350	1,484	801	(16.4)	41.0	10.0	(46.1)
Germany	101	172	524	878	741	70.4	204.4	67.5	(15.6)
Other	5,359	4,549	8,019	8,988	6,996	(15.1)	76.3	12.1	(22.2)
Total All Continents	17,357	20,501	33,692	42,713	34,727	18.1	64.3	26.8	(18.7)
Africa	528	1,101	1,513	792	791	108.4	37.4	(47.6)	(0.1)
Asia (includes Middle East)	9,313	12,197	20,300	27,130	19,983	31.0	66.4	33.6	(26.3)
Europe	5,234	4,484	6,980	9,636	8,562	(14.3)	55.7	38.1	(11.2)
Latin America	754	673	2,342	2,137	2,450	(10.8)	248.2	(8.8)	14.6
North America	766	1,159	1,366	2,215	2,212	51.4	17.8	62.2	(0.1)
Oceania	762	887	1,191	802	730	16.4	34.3	(32.6)	(9.1)

Table 4.8
Washington Exports by Country
 All Industries Excluding Transportation Equipment
 (Millions of Dollars)

	2004	2005	2006	2007	2008	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg	2007-08 % Chg
Top 15 Countries, 2008									
Canada	3,310	4,073	4,873	5,458	6,972	23.1	19.6	12.0	27.7
China (Mainland)	1,652	1,873	1,977	3,214	5,692	13.3	5.6	62.6	77.1
Japan	3,275	3,078	2,928	3,407	5,292	(6.0)	(4.8)	16.4	55.3
Korea, Republic Of	917	842	1,145	1,506	2,582	(8.1)	36.0	31.6	71.4
China (Taiwan)	1,233	1,384	1,278	1,460	1,295	12.2	(7.7)	14.3	(11.3)
Mexico	530	619	585	753	828	16.8	(5.4)	28.7	9.9
United Kingdom	521	564	673	787	763	8.1	19.3	17.1	(3.1)
Philippines	501	371	372	399	725	(26.0)	0.5	7.1	81.9
Indonesia	183	200	314	478	715	9.5	56.8	52.6	49.5
Netherlands	372	510	562	579	658	37.1	10.3	3.0	13.5
Australia	299	333	435	427	655	11.3	30.7	(1.9)	53.4
Germany	362	380	464	499	534	5.0	22.0	7.7	7.0
Singapore	254	288	392	348	453	13.3	36.2	(11.2)	30.2
Hong Kong	327	328	346	514	421	0.1	5.5	48.8	(18.1)
Thailand	203	211	188	259	337	3.9	(10.9)	37.7	29.8
Other	2,194	2,398	2,835	3,568	4,237	9.3	18.2	25.9	18.7
Total All Continents	16,133	17,451	19,366	23,657	32,158	8.2	11.0	22.2	35.9
Africa	181	138	128	160	220	(23.8)	(7.1)	25.1	37.2
Asia (includes Middle East)	9,028	9,161	9,674	12,665	18,770	1.5	5.6	30.9	48.2
Europe	2,274	2,650	3,000	3,512	3,685	16.5	13.2	17.0	4.9
Latin America	961	1,010	1,171	1,340	1,717	5.1	16.0	14.5	28.1
North America	3,310	4,074	4,873	5,458	6,972	23.1	19.6	12.0	27.7
Oceania	380	419	519	522	794	10.2	24.0	0.5	52.3

Table 4.9
Washington Exports to Non-Middle-Eastern Asia by Industry
 All Industries, Sorted by 2007 Exports
 (Millions of Dollars)

	2003	2004	2005	2006	2007	2003-04 % Chg	2004-05 % Chg	2005-06 % Chg	2006-07 % Chg
Total All Industries	17,146	18,213	19,558	25,775	35,315	6.2	7.4	31.8	37.0
Total Excluding Transportation Equipment	7,626	8,833	8,975	9,425	12,228	15.8	1.6	5.0	29.7
Transportation Equipment	9,520	9,380	10,583	16,351	23,087	(1.5)	12.8	54.5	41.2
Agricultural Products	2,835	3,593	3,538	3,683	5,418	26.7	(1.5)	4.1	47.1
Computer and Electronic Products	1,055	1,327	1,195	1,242	1,346	25.7	(9.9)	3.9	8.4
Food and Kindred Products	1,032	902	909	862	1,219	(12.6)	0.8	(5.1)	41.3
Waste and Scrap	178	264	370	491	642	48.0	40.1	32.8	30.7
Paper	524	526	603	513	492	0.2	14.7	(14.9)	(4.2)
Forestry Products	350	456	431	423	428	30.3	(5.6)	(1.9)	1.4
Chemicals	407	413	332	330	408	1.5	(19.6)	(0.6)	23.8
Machinery, except Electrical	160	206	292	340	386	28.5	42.2	16.2	13.7
Primary Metal Manufacturing	152	215	274	318	353	41.6	27.4	16.2	11.1
Miscellaneous Manufactured Commodities	57	72	87	99	231	26.4	20.7	13.2	133.3
Fish & Other Marine Products	290	252	207	205	221	(13.1)	(17.8)	(0.7)	7.8
Electrical Equip., Appliances, & Componen	81	103	128	196	214	27.6	24.7	52.3	9.4
Fabricated Metal Products	56	61	62	75	161	7.9	2.2	20.6	115.4
Petroleum and Coal Products	66	81	129	189	148	22.2	59.2	46.9	(21.9)
Minerals and Ores	11	17	18	57	142	53.0	11.6	207.5	150.1
Wood Products	147	115	140	113	119	(21.8)	21.4	(19.0)	4.7
Livestock and Livestock Products	61	85	93	109	116	39.3	9.9	17.5	6.4
Special Classification Provisions	39	40	31	30	40	0.7	(20.8)	(5.6)	35
Plastics and Rubber Products	22	28	28	29	35	29.8	(2.9)	4.0	20.9
Nonmetallic Mineral Products	31	32	24	66	30	4.1	(24.9)	176.9	(55.3)
Oil and Gas	11	0	30	0	25	(99.9)	244,044.4	(100.0)	255,539.8
Beverages and Tobacco Products	21	10	12	12	9	(51.7)	16.3	3.2	(25.1)
Textile Mill Products	5	5	6	8	9	(10.2)	32.2	22.1	17.9
Textiles and Fabrics	4	4	5	5	8	(3.6)	48.3	(11.3)	65.0
Furniture and Fixtures	3	3	6	6	6	(13.0)	88.9	(2.9)	0.7
Used or Second-Hand Merchandise	7	9	9	7	5	28.6	(0.1)	(23.8)	(20.8)
Printing, Publishing and Similar Products	10	4	4	4	5	(59.9)	8.9	0.3	1.6
Apparel and Accessories	5	5	7	6	4	9.2	25.8	(15.9)	(25.2)
Prepackaged Software	1	1	2	2	4	28.9	39.8	3.0	114.9
Leather and Allied Products	4	7	3	5	3	81.9	(49.8)	51.4	(37.7)

This page intentionally left blank.

Detail Components of the Washington Economic Forecast

Calendar Years

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

Table A1.1
U.S. Economic Forecast Summary
 Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	10,675.7	10,989.5	11,294.9	11,523.9	11,652.7	11,345.9	11,564.5	11,958.8
% Ch	3.6	2.9	2.8	2.0	1.1	-2.6	1.9	3.4
Real Consumption	7,561.3	7,791.7	8,029.0	8,252.8	8,272.0	8,254.7	8,459.9	8,643.9
% Ch	3.6	3.0	3.0	2.8	0.2	-0.2	2.5	2.2
Real Nonresidential Fixed Investment	1,144.3	1,226.2	1,318.2	1,383.0	1,406.1	1,152.2	1,153.2	1,304.4
% Ch	5.8	7.2	7.5	4.9	1.7	-18.1	0.1	13.1
Real Residential Fixed Investment	560.1	595.4	552.9	453.8	359.6	272.4	296.1	380.3
% Ch	10.0	6.3	-7.1	-17.9	-20.7	-24.2	8.7	28.4
Real Personal Income	8,973.3	9,203.1	9,586.6	9,912.4	9,957.8	10,107.0	10,219.0	10,454.4
% Ch	3.4	2.6	4.2	3.4	0.5	1.5	1.1	2.3
Real Per Capita Income (\$/Person)	30,522	31,016	32,001	32,778	32,609	32,777	32,819	33,254
% Ch	2.5	1.6	3.2	2.4	-0.5	0.5	0.1	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.084	1.116	1.147	1.177	1.216	1.210	1.226	1.248
% Ch	2.6	2.9	2.8	2.6	3.3	-0.5	1.3	1.8
U.S. Consumer Price Index (1982-84=1.0)	1.889	1.953	2.016	2.073	2.152	2.126	2.159	2.205
% Ch	2.7	3.4	3.2	2.9	3.8	-1.2	1.6	2.1
Employment Cost Index (June 1989=1.0)	0.968	0.992	1.021	1.055	1.087	1.107	1.123	1.139
% Ch	2.7	2.5	2.9	3.4	3.0	1.9	1.4	1.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	11,685.9	12,421.9	13,178.4	13,807.5	14,264.6	14,050.4	14,475.8	15,197.6
% Ch	6.6	6.3	6.1	4.8	3.3	-1.5	3.0	5.0
Personal Income	9,727.2	10,269.8	10,993.9	11,663.3	12,106.9	12,228.6	12,524.4	13,045.1
% Ch	6.2	5.6	7.1	6.1	3.8	1.0	2.4	4.2
Employment (Millions)								
U.S. Civilian Labor Force	147.4	149.3	151.4	153.1	154.3	153.9	154.4	155.8
Total U.S. Employment	139.2	141.7	144.4	146.0	145.4	140.4	139.7	141.9
Unemployment Rate (%)	5.54	5.08	4.62	4.63	5.81	8.82	9.53	8.89
Nonfarm Payroll Employment, E-O-P*	132.21	134.63	136.77	138.00	135.73	132.07	133.10	135.88
% Ch	1.6	1.8	1.6	0.9	-1.6	-2.7	0.8	2.1
Manufacturing	14.31	14.20	14.06	13.78	13.06	11.37	11.15	11.51
% Ch	-0.1	-0.8	-1.0	-2.0	-5.2	-12.9	-2.0	3.2
Durable Manufacturing	8.96	8.96	8.93	8.73	8.20	6.88	6.82	7.20
% Ch	1.2	0.0	-0.3	-2.2	-6.1	-16.1	-0.8	5.6
Nondurable Manufacturing	5.35	5.23	5.12	5.04	4.86	4.50	4.33	4.31
% Ch	-2.0	-2.1	-2.1	-1.6	-3.6	-7.5	-3.8	-0.5
Construction	7.09	7.51	7.69	7.55	6.95	6.17	5.79	6.13
% Ch	4.3	5.9	2.4	-1.9	-7.9	-11.1	-6.2	5.8
Service-Producing	110.21	112.27	114.32	115.94	114.92	113.85	115.48	117.57
% Ch	1.6	1.9	1.8	1.4	-0.9	-0.9	1.4	1.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	41.5	56.6	66.1	72.2	99.8	47.9	54.2	58.6
Personal Saving/Disposable Income (%)	2.1	0.3	0.7	0.6	1.8	5.2	3.4	2.7
Auto Sales (Millions)	7.5	7.7	7.8	7.6	6.7	5.1	6.4	7.7
% Ch	-1.4	2.2	1.5	-2.5	-11.3	-23.8	24.1	21.1
Housing Starts (Millions)	1.950	2.073	1.812	1.341	0.904	0.509	0.843	1.272
% Ch	5.2	6.3	-12.6	-26.0	-32.6	-43.7	65.8	50.9
Federal Budget Surplus (Billions)	-370.6	-291.7	-201.1	-229.3	-522.3	-1,123.6	-1,074.3	-843.7
Net Exports (Billions)	-615.4	-713.6	-757.3	-707.8	-670.8	-401.9	-541.4	-583.7
3-Month Treasury Bill Rate (%)	1.36	3.13	4.72	4.38	1.40	0.30	0.71	2.40
10-Year Treasury Note Yield (%)	4.27	4.29	4.79	4.63	3.67	2.89	3.01	3.88
Bond Index of 20 G.O. Munis. (%)	4.68	4.40	4.40	4.39	4.86	5.03	5.09	5.49
30-Year Fixed Mortgage Rate (%)	5.84	5.86	6.42	6.33	6.04	4.97	5.04	5.81

* E-O-P: End-of-Period

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	11,217.3	11,291.7	11,314.1	11,356.4	11,357.8	11,491.4	11,625.7	11,620.7
% Ch , Annual Rate	4.8	2.7	0.8	1.5	0.0	4.8	4.8	-0.2
Real Consumption	7,947.4	8,002.1	8,046.3	8,119.9	8,197.2	8,237.3	8,278.5	8,298.2
% Ch , Annual Rate	4.3	2.8	2.2	3.7	3.9	2.0	2.0	1.0
Real Nonresidential Fixed Investment	1,295.2	1,315.4	1,332.7	1,329.3	1,340.4	1,373.8	1,402.9	1,414.7
% Ch , Annual Rate	15.9	6.4	5.4	-1.0	3.4	10.3	8.7	3.4
Real Residential Fixed Investment	596.5	570.1	536.7	508.4	486.4	471.7	445.3	411.6
% Ch , Annual Rate	-3.6	-16.6	-21.5	-19.5	-16.2	-11.6	-20.6	-27.0
Real Personal Income	9,492.4	9,531.3	9,582.3	9,740.4	9,873.3	9,874.5	9,943.6	9,958.1
% Ch , Annual Rate	6.8	1.6	2.2	6.8	5.6	0.0	2.8	0.6
Real Per Capita Income (\$/Person)	31,809	31,860	31,942	32,392	32,768	32,692	32,842	32,810
% Ch , Annual Rate	5.9	0.6	1.0	5.8	4.7	-0.9	1.8	-0.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.136	1.145	1.154	1.152	1.162	1.172	1.180	1.192
% Ch , Annual Rate	1.8	3.3	3.1	-0.5	3.4	3.6	2.5	4.3
U.S. Consumer Price Index (1982-84=1.0)	1.996	2.012	2.030	2.025	2.044	2.065	2.077	2.107
% Ch , Annual Rate	1.9	3.4	3.6	-1.0	3.9	4.2	2.4	5.8
Employment Cost Index (June 1989=1.0)	1.008	1.016	1.025	1.033	1.043	1.051	1.059	1.067
% Ch , Annual Rate	2.8	3.2	3.6	3.2	3.9	3.1	3.1	3.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	12,959.6	13,134.1	13,249.6	13,370.1	13,510.9	13,737.5	13,950.6	14,031.2
% Ch , Annual Rate	8.6	5.5	3.6	3.7	4.3	6.9	6.4	2.3
Personal Income	10,781.6	10,913.2	11,056.1	11,224.7	11,473.0	11,577.5	11,730.4	11,872.1
% Ch , Annual Rate	8.6	5.0	5.3	6.2	9.1	3.7	5.4	4.9
Employment (Millions)								
U.S. Civilian Labor Force	150.5	151.1	151.6	152.4	153.0	152.8	153.1	153.6
Total U.S. Employment	143.4	144.1	144.6	145.6	146.1	145.9	146.0	146.3
Unemployment Rate (%)	4.73	4.67	4.63	4.43	4.50	4.53	4.70	4.80
Nonfarm Payroll Employment	135.43	135.90	136.29	136.77	137.27	137.56	137.59	138.00
% Ch , Annual Rate	2.4	1.4	1.1	1.4	1.5	0.9	0.1	1.2
Manufacturing	14.22	14.21	14.15	14.06	13.99	13.91	13.83	13.78
% Ch , Annual Rate	0.5	-0.2	-1.6	-2.7	-1.8	-2.3	-2.3	-1.6
Durable Manufacturing	8.99	9.02	8.99	8.93	8.89	8.84	8.78	8.73
% Ch , Annual Rate	1.3	1.0	-1.3	-2.4	-2.1	-2.3	-2.6	-2.0
Nondurable Manufacturing	5.22	5.19	5.16	5.12	5.11	5.08	5.05	5.04
% Ch , Annual Rate	-0.8	-2.4	-2.0	-3.2	-1.2	-2.3	-1.8	-0.9
Construction	7.66	7.71	7.71	7.69	7.69	7.68	7.61	7.55
% Ch , Annual Rate	8.2	2.4	0.2	-0.9	0.1	-1.0	-3.5	-3.1
Service-Producing	112.89	113.31	113.74	114.32	114.86	115.25	115.43	115.94
% Ch , Annual Rate	2.2	1.5	1.5	2.1	1.9	1.3	0.6	1.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	63.4	70.6	70.5	60.1	58.1	65.0	75.2	90.5
Personal Saving/Disposable Income (%)	1.0	0.6	0.5	0.9	1.1	0.3	0.4	0.4
Auto Sales (Millions)	7.9	7.8	7.8	7.6	7.6	7.6	7.4	7.7
% Ch , Annual Rate	20.3	-2.5	1.8	-10.7	-2.4	3.8	-11.8	17.7
Housing Starts (Millions)	2.120	1.855	1.702	1.570	1.453	1.460	1.298	1.151
% Ch , Annual Rate	10.4	-41.4	-29.1	-27.7	-26.6	1.9	-37.6	-38.0
Federal Budget Surplus (Billions)	-207.9	-225.0	-218.4	-153.2	-225.2	-211.4	-244.3	-236.3
Net Exports (Billions)	-761.7	-777.2	-792.7	-697.7	-728.8	-723.1	-682.6	-696.7
3-Month Treasury Bill Rate (%)	4.38	4.68	4.91	4.91	4.98	4.75	4.35	3.44
10-Year Treasury Note Yield (%)	4.57	5.07	4.90	4.63	4.68	4.85	4.73	4.26
Bond Index of 20 G.O. Munis. (%)	4.42	4.59	4.44	4.18	4.20	4.37	4.58	4.43
30-Year Fixed Mortgage Rate (%)	6.24	6.60	6.57	6.25	6.22	6.34	6.55	6.23

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	11,646.0	11,727.4	11,712.4	11,525.0	11,369.2	11,311.9	11,326.0	11,376.6
% Ch , Annual Rate	0.9	2.8	-0.5	-6.2	-5.3	-2.0	0.5	1.8
Real Consumption	8,316.1	8,341.3	8,260.6	8,169.9	8,181.4	8,207.1	8,278.1	8,352.4
% Ch , Annual Rate	0.9	1.2	-3.8	-4.3	0.6	1.3	3.5	3.6
Real Nonresidential Fixed Investment	1,423.1	1,431.8	1,425.7	1,343.9	1,228.1	1,160.5	1,116.2	1,104.0
% Ch , Annual Rate	2.4	2.5	-1.7	-21.0	-30.3	-20.3	-14.4	-4.3
Real Residential Fixed Investment	383.0	369.6	353.7	332.2	298.2	269.0	257.9	264.6
% Ch , Annual Rate	-25.0	-13.3	-16.1	-22.2	-35.1	-33.7	-15.5	10.7
Real Personal Income	9,943.6	9,998.2	9,891.3	9,997.9	10,031.0	10,153.4	10,110.6	10,132.9
% Ch , Annual Rate	-0.6	2.2	-4.2	4.4	1.3	5.0	-1.7	0.9
Real Per Capita Income (\$/Person)	32,682	32,782	32,352	32,621	32,650	32,968	32,749	32,741
% Ch , Annual Rate	-1.5	1.2	-5.1	3.4	0.4	4.0	-2.6	-0.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.203	1.215	1.230	1.215	1.210	1.208	1.210	1.212
% Ch , Annual Rate	3.6	4.3	5.0	-5.0	-1.5	-0.7	0.7	0.8
U.S. Consumer Price Index (1982-84=1.0)	2.130	2.154	2.186	2.139	2.127	2.120	2.125	2.131
% Ch , Annual Rate	4.5	4.5	6.2	-8.3	-2.3	-1.2	0.8	1.1
Employment Cost Index (June 1989=1.0)	1.076	1.084	1.090	1.096	1.101	1.105	1.110	1.113
% Ch , Annual Rate	3.4	3.0	2.2	2.2	1.9	1.5	1.6	1.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,150.8	14,294.5	14,412.8	14,200.3	14,077.5	13,994.2	14,027.7	14,102.1
% Ch , Annual Rate	3.5	4.1	3.4	-5.8	-3.4	-2.3	1.0	2.1
Personal Income	11,960.5	12,152.2	12,170.4	12,144.4	12,137.6	12,262.8	12,231.4	12,282.8
% Ch , Annual Rate	3.0	6.6	0.6	-0.9	-0.2	4.2	-1.0	1.7
Employment (Millions)								
U.S. Civilian Labor Force	153.7	154.3	154.7	154.6	154.0	153.9	153.9	153.9
Total U.S. Employment	146.1	146.0	145.3	144.0	141.7	140.6	139.8	139.4
Unemployment Rate (%)	4.93	5.37	6.07	6.87	7.98	8.68	9.17	9.46
Nonfarm Payroll Employment	137.94	137.51	137.00	135.73	133.96	132.97	132.36	132.07
% Ch , Annual Rate	-0.2	-1.3	-1.5	-3.7	-5.1	-2.9	-1.8	-0.9
Manufacturing	13.69	13.55	13.39	13.06	12.44	11.97	11.59	11.37
% Ch , Annual Rate	-2.4	-4.1	-4.7	-9.4	-17.7	-14.3	-12.1	-7.3
Durable Manufacturing	8.67	8.56	8.44	8.20	7.72	7.34	7.03	6.88
% Ch , Annual Rate	-2.7	-5.0	-5.4	-11.1	-21.4	-18.3	-16.0	-8.2
Nondurable Manufacturing	5.02	4.99	4.94	4.86	4.72	4.63	4.57	4.50
% Ch , Annual Rate	-1.9	-2.6	-3.4	-6.4	-11.1	-7.4	-5.5	-6.0
Construction	7.45	7.29	7.17	6.95	6.64	6.44	6.27	6.17
% Ch , Annual Rate	-5.4	-8.2	-6.3	-11.8	-16.5	-11.8	-10.1	-5.9
Service-Producing	116.05	115.91	115.66	114.92	114.09	113.83	113.80	113.85
% Ch , Annual Rate	0.4	-0.5	-0.9	-2.5	-2.9	-0.9	-0.1	0.1
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	97.9	123.8	118.3	59.1	42.4	48.0	49.9	51.3
Personal Saving/Disposable Income (%)	0.2	2.4	1.3	3.2	4.8	6.4	5.2	4.6
Auto Sales (Millions)	7.4	7.6	6.6	5.2	4.9	4.8	5.2	5.6
% Ch , Annual Rate	-14.6	11.8	-43.1	-60.8	-25.9	-1.7	35.7	30.4
Housing Starts (Millions)	1.053	1.025	0.876	0.661	0.466	0.444	0.502	0.622
% Ch , Annual Rate	-30.0	-10.2	-46.7	-67.6	-75.2	-17.6	63.8	135.3
Federal Budget Surplus (Billions)	-330.7	-649.6	-544.0	-565.0	-900.3	-1,199.5	-1,194.6	-1,200.1
Net Exports (Billions)	-705.7	-718.2	-707.7	-551.5	-366.6	-364.9	-411.5	-464.8
3-Month Treasury Bill Rate (%)	2.15	1.61	1.51	0.33	0.25	0.26	0.29	0.39
10-Year Treasury Note Yield (%)	3.66	3.89	3.86	3.25	2.79	2.88	2.91	2.96
Bond Index of 20 G.O. Munis. (%)	4.59	4.66	4.74	5.44	4.98	4.99	5.04	5.10
30-Year Fixed Mortgage Rate (%)	5.87	6.09	6.31	5.87	5.08	4.92	4.93	4.96

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	11,441.5	11,520.7	11,603.4	11,692.3	11,785.1	11,892.7	12,016.2	12,141.0
% Ch , Annual Rate	2.3	2.8	2.9	3.1	3.2	3.7	4.2	4.2
Real Consumption	8,392.6	8,428.9	8,486.9	8,531.3	8,564.8	8,605.9	8,670.0	8,735.1
% Ch , Annual Rate	1.9	1.7	2.8	2.1	1.6	1.9	3.0	3.0
Real Nonresidential Fixed Investment	1,117.3	1,135.0	1,162.3	1,197.9	1,241.7	1,283.3	1,324.2	1,368.5
% Ch , Annual Rate	4.9	6.5	10.0	12.8	15.4	14.1	13.4	14.1
Real Residential Fixed Investment	274.6	286.8	300.3	322.7	347.2	368.2	390.4	415.6
% Ch , Annual Rate	16.1	19.0	20.2	33.4	34.0	26.5	26.4	28.4
Real Personal Income	10,165.6	10,199.2	10,237.4	10,273.9	10,336.9	10,403.7	10,493.0	10,584.1
% Ch , Annual Rate	1.3	1.3	1.5	1.4	2.5	2.6	3.5	3.5
Real Per Capita Income (\$/Person)	32,767	32,795	32,838	32,876	32,999	33,133	33,337	33,546
% Ch , Annual Rate	0.3	0.3	0.5	0.5	1.5	1.6	2.5	2.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.217	1.222	1.229	1.234	1.240	1.245	1.250	1.255
% Ch , Annual Rate	1.5	1.8	2.1	1.9	1.9	1.7	1.6	1.5
U.S. Consumer Price Index (1982-84=1.0)	2.141	2.152	2.166	2.178	2.189	2.200	2.210	2.221
% Ch , Annual Rate	1.9	2.2	2.5	2.2	2.2	1.9	1.9	1.9
Employment Cost Index (June 1989=1.0)	1.117	1.121	1.125	1.129	1.133	1.137	1.141	1.146
% Ch , Annual Rate	1.4	1.3	1.3	1.4	1.5	1.5	1.6	1.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,234.6	14,390.7	14,556.1	14,721.9	14,902.0	15,087.8	15,296.0	15,504.9
% Ch , Annual Rate	3.8	4.5	4.7	4.6	5.0	5.1	5.6	5.6
Personal Income	12,369.2	12,466.3	12,579.3	12,683.0	12,821.3	12,957.1	13,119.9	13,282.1
% Ch , Annual Rate	2.8	3.2	3.7	3.3	4.4	4.3	5.1	5.0
Employment (Millions)								
U.S. Civilian Labor Force	154.0	154.2	154.5	154.8	155.2	155.6	156.0	156.4
Total U.S. Employment	139.3	139.4	139.7	140.2	140.8	141.5	142.3	143.1
Unemployment Rate (%)	9.57	9.59	9.54	9.41	9.24	9.04	8.78	8.50
Nonfarm Payroll Employment	132.21	132.45	132.72	133.10	133.67	134.32	135.08	135.88
% Ch, Annual Rate	0.4	0.7	0.8	1.2	1.7	2.0	2.3	2.4
Manufacturing	11.24	11.09	11.12	11.15	11.22	11.29	11.39	11.51
% Ch, Annual Rate	-4.8	-5.0	1.0	0.9	2.7	2.6	3.7	4.0
Durable Manufacturing	6.80	6.70	6.77	6.82	6.90	6.98	7.09	7.20
% Ch, Annual Rate	-4.8	-5.2	4.3	2.7	5.0	4.6	6.2	6.4
Nondurable Manufacturing	4.44	4.39	4.35	4.33	4.32	4.31	4.31	4.31
% Ch, Annual Rate	-4.9	-4.6	-3.7	-1.9	-0.9	-0.6	-0.3	-0.0
Construction	6.07	5.94	5.80	5.79	5.83	5.90	6.01	6.13
% Ch, Annual Rate	-6.6	-8.2	-9.1	-0.5	2.8	4.9	7.2	8.2
Service-Producing	114.23	114.74	115.11	115.48	115.92	116.43	116.99	117.57
% Ch, Annual Rate	1.4	1.8	1.3	1.3	1.6	1.8	1.9	2.0
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	52.4	53.5	54.8	56.0	57.2	58.2	59.1	59.9
Personal Saving/Disposable Income (%)	3.7	3.6	3.3	3.0	2.5	2.7	2.7	2.8
Auto Sales (Millions)	5.9	6.2	6.5	6.8	7.2	7.6	7.8	8.2
% Ch, Annual Rate	22.0	26.8	19.8	21.7	20.3	27.7	12.4	18.7
Housing Starts (Millions)	0.709	0.773	0.891	0.999	1.106	1.219	1.332	1.431
% Ch, Annual Rate	69.2	40.7	76.4	58.6	50.2	47.4	42.4	33.3
Federal Budget Surplus (Billions)	-1,089.3	-1,087.5	-1,077.8	-1,042.5	-882.2	-857.7	-831.0	-803.9
Net Exports (Billions)	-501.6	-528.2	-558.8	-577.1	-591.1	-581.1	-579.7	-583.0
3-Month Treasury Bill Rate (%)	0.48	0.56	0.70	1.11	1.64	2.14	2.66	3.15
10-Year Treasury Note Yield (%)	2.96	2.92	2.95	3.22	3.54	3.79	4.02	4.17
Bond Index of 20 G.O. Munis. (%)	5.12	5.06	5.04	5.13	5.33	5.46	5.57	5.61
30-Year Fixed Mortgage Rate (%)	4.97	4.96	4.99	5.25	5.56	5.75	5.93	6.02

Table A1.3
Washington Economic Forecast Summary
 Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	201.462	203.053	214.454	225.728	227.531	231.117	236.045	243.877
% Ch	4.8	0.8	5.6	5.3	0.8	1.6	2.1	3.3
Real Wage and Salary Disb.	109.983	112.861	118.909	124.832	125.243	125.801	128.022	132.763
% Ch	1.8	2.6	5.4	5.0	0.3	0.4	1.8	3.7
Real Nonwage Income	91.479	90.191	95.545	100.896	102.288	105.316	108.023	111.114
% Ch	8.7	-1.4	5.9	5.6	1.4	3.0	2.6	2.9
Real Per Capita Income (\$/Person)	32,483	32,224	33,414	34,591	34,343	34,378	34,669	35,366
% Ch	3.5	-0.8	3.7	3.5	-0.7	0.1	0.8	2.0
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.084	1.116	1.147	1.177	1.216	1.210	1.226	1.248
% Ch	2.6	2.9	2.8	2.6	3.3	-0.5	1.3	1.8
Seattle Cons. Price Index (1982-84=1.0)	1.947	2.002	2.076	2.157	2.247	2.244	2.287	2.340
% Ch	1.2	2.8	3.7	3.9	4.2	-0.1	1.9	2.3
Average Nonfarm Annual Wage	42,234	43,287	45,615	48,009	49,269	50,368	51,570	53,251
% Ch	2.7	2.5	5.4	5.2	2.6	2.2	2.4	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.28	18.81	19.91	20.51	21.10	22.98	23.00	23.05
% Ch	1.4	2.9	5.8	3.0	2.9	8.9	0.1	0.2
Current Dollar Income (Billions of Dollars)								
Personal Income	218.432	226.577	245.930	265.605	276.628	279.633	289.300	304.313
% Ch	7.6	3.7	8.5	8.0	4.2	1.1	3.5	5.2
Disposable Personal Income	194.929	199.929	215.658	231.610	243.241	250.384	257.597	268.598
% Ch	7.8	2.6	7.9	7.4	5.0	2.9	2.9	4.3
Per Capita Income (\$/Person)	35,218	35,955	38,318	40,701	41,753	41,595	42,490	44,130
% Ch	6.3	2.1	6.6	6.2	2.6	-0.4	2.2	3.9
Employment (Thousands)								
Washington Civilian Labor Force	3,199.2	3,258.8	3,319.6	3,391.2	3,476.8	3,558.3	3,612.9	3,675.0
Total Washington Employment	2,999.5	3,079.5	3,157.0	3,237.4	3,291.0	3,230.6	3,251.6	3,324.7
Unemployment Rate (%)	6.24	5.50	4.90	4.54	5.34	9.21	10.00	9.53
Nonfarm Payroll Employment, E-O-P*	2,730.6	2,811.9	2,884.7	2,959.8	2,933.3	2,875.4	2,927.6	3,012.1
% Ch	2.3	3.0	2.6	2.6	-0.9	-2.0	1.8	2.9
Manufacturing	266.3	278.5	289.0	296.2	279.6	262.8	266.7	277.9
% Ch	1.1	4.6	3.8	2.5	-5.6	-6.0	1.5	4.2
Durable Manufacturing	185.1	197.5	207.5	214.8	201.8	190.9	195.9	205.9
% Ch	2.6	6.7	5.1	3.5	-6.0	-5.4	2.6	5.1
Aerospace	62.6	69.7	76.1	82.7	77.3	82.1	81.7	81.2
% Ch	0.4	11.3	9.3	8.6	-6.6	6.3	-0.6	-0.6
Nondurable Manufacturing	81.1	81.0	81.5	81.4	77.8	72.0	70.8	72.0
% Ch	-2.0	-0.1	0.6	-0.1	-4.4	-7.5	-1.6	1.6
Construction	168.9	184.2	199.7	209.6	194.0	168.4	165.4	176.2
% Ch	6.2	9.1	8.4	4.9	-7.4	-13.2	-1.8	6.6
Service-Producing	2,286.1	2,340.4	2,387.4	2,446.1	2,452.4	2,437.5	2,489.0	2,551.0
% Ch	2.2	2.4	2.0	2.5	0.3	-0.6	2.1	2.5
Software Publishers	39.8	42.2	46.1	48.2	52.3	50.7	52.4	57.8
% Ch	3.5	6.0	9.3	4.4	8.5	-3.1	3.4	10.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	50.089	52.988	50.033	47.397	27.258	20.131	30.237	40.294
% Ch	17.0	5.8	-5.6	-5.3	-42.5	-26.1	50.2	33.3
Single-Family	36.489	41.407	35.611	30.390	16.470	10.914	18.214	27.465
% Ch	10.3	13.5	-14.0	-14.7	-45.8	-33.7	66.9	50.8
Multi-Family	13.600	11.581	14.422	17.007	10.787	9.217	12.023	12.830
% Ch	39.7	-14.8	24.5	17.9	-36.6	-14.6	30.4	6.7
30-Year Fixed Mortgage Rate (%)	5.84	5.86	6.42	6.33	6.04	4.97	5.04	5.81

* E-O-P: End-of-Period

Table A1.4
Washington Economic Forecast Summary
 Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	211.605	212.542	214.632	219.036	222.591	223.718	227.907	228.697
% Ch, Annual Rate	9.1	1.8	4.0	8.5	6.7	2.0	7.7	1.4
Real Wage and Salary Disb.	118.261	117.265	118.415	121.696	123.049	123.379	126.085	126.813
% Ch, Annual Rate	12.7	-3.3	4.0	11.6	4.5	1.1	9.1	2.3
Real Nonwage Income	93.343	95.277	96.218	97.340	99.541	100.339	101.820	101.883
% Ch, Annual Rate	4.8	8.5	4.0	4.7	9.4	3.2	6.0	0.2
Real Per Capita Income (\$/Person)	33,190	33,190	33,371	33,907	34,308	34,350	34,860	34,848
% Ch, Annual Rate	7.1	0.0	2.2	6.6	4.8	0.5	6.1	-0.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.136	1.145	1.154	1.152	1.162	1.172	1.180	1.192
% Ch, Annual Rate	1.8	3.3	3.1	-0.5	3.4	3.6	2.5	4.3
Seattle Cons. Price Index (1982-84=1.0)	2.043	2.069	2.089	2.104	2.126	2.147	2.157	2.197
% Ch, Annual Rate	2.9	5.2	3.9	2.9	4.2	4.0	2.0	7.5
Average Nonfarm Annual Wage	45,283	45,002	45,599	46,576	47,112	47,392	48,529	49,003
% Ch, Annual Rate	10.9	-2.5	5.4	8.8	4.7	2.4	9.9	4.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.57	19.86	20.23	19.97	20.20	20.46	20.69	20.66
% Ch, Annual Rate	2.1	6.0	7.6	-5.0	4.8	5.2	4.6	-0.6
Current Dollar Income (Billions of Dollars)								
Personal Income	240.331	243.346	247.637	252.405	258.643	262.289	268.847	272.642
% Ch, Annual Rate	11.1	5.1	7.2	7.9	10.3	5.8	10.4	5.8
Disposable Personal Income	210.996	213.442	217.261	220.933	225.741	228.544	234.432	237.722
% Ch, Annual Rate	9.3	4.7	7.4	6.9	9.0	5.1	10.7	5.7
Per Capita Income (\$/Person)	37,695	38,001	38,502	39,073	39,865	40,272	41,122	41,544
% Ch, Annual Rate	9.0	3.3	5.4	6.1	8.4	4.2	8.7	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,302.5	3,317.0	3,321.9	3,337.1	3,354.0	3,381.3	3,401.9	3,427.8
Total Washington Employment	3,143.0	3,152.9	3,156.5	3,175.5	3,203.7	3,230.1	3,246.3	3,269.3
Unemployment Rate (%)	4.83	4.95	4.98	4.84	4.48	4.47	4.57	4.62
Nonfarm Payroll Employment	2,834.8	2,851.4	2,865.4	2,884.7	2,909.3	2,926.5	2,938.7	2,959.8
% Ch, Annual Rate	3.3	2.4	2.0	2.7	3.5	2.4	1.7	2.9
Manufacturing	283.1	284.6	286.9	289.0	291.0	291.9	294.3	296.2
% Ch, Annual Rate	6.7	2.2	3.2	3.0	2.8	1.2	3.3	2.6
Durable Manufacturing	201.0	202.7	204.9	207.5	209.2	210.8	212.9	214.8
% Ch, Annual Rate	7.4	3.4	4.3	5.2	3.3	3.1	4.1	3.5
Aerospace	71.4	72.2	74.0	76.1	77.8	78.9	81.0	82.7
% Ch, Annual Rate	10.3	4.4	10.5	12.0	9.0	5.9	11.2	8.4
Nondurable Manufacturing	82.1	81.9	82.0	81.5	81.8	81.1	81.4	81.4
% Ch, Annual Rate	5.2	-0.7	0.6	-2.6	1.4	-3.3	1.4	0.1
Construction	189.8	193.5	196.4	199.7	205.5	209.1	208.6	209.6
% Ch, Annual Rate	12.7	8.0	6.2	6.9	12.0	7.3	-1.1	2.0
Service-Producing	2,353.1	2,364.5	2,373.4	2,387.4	2,404.5	2,417.2	2,427.7	2,446.1
% Ch, Annual Rate	2.2	2.0	1.5	2.4	2.9	2.1	1.7	3.1
Software Publishers	43.0	44.4	45.4	46.1	47.1	47.5	47.6	48.2
% Ch, Annual Rate	8.2	12.8	9.6	6.8	9.1	3.0	0.7	5.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	49,719	52,501	53,021	44,892	59,179	44,844	45,135	40,431
% Ch, Annual Rate	-55.2	24.3	4.0	-48.6	202.0	-67.0	2.6	-35.6
Single-Family	38,849	36,189	35,013	32,392	35,899	32,998	29,018	23,646
% Ch, Annual Rate	-46.1	-24.7	-12.4	-26.7	50.9	-28.6	-40.2	-55.9
Multi-Family	10,869	16,311	18,008	12,500	23,280	11,846	16,117	16,785
% Ch, Annual Rate	-75.4	407.2	48.6	-76.8	1,103.2	-93.3	242.6	17.6
30-Year Fixed Mortgage Rate (%)	6.24	6.60	6.57	6.25	6.22	6.34	6.55	6.23

Table A1.4
Washington Economic Forecast Summary
 Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	227.630	227.597	226.975	227.923	229.824	231.496	231.639	231.507
% Ch, Annual Rate	-1.9	-0.1	-1.1	1.7	3.4	2.9	0.2	-0.2
Real Wage and Salary Disb.	126.074	124.582	125.110	125.207	125.812	125.768	126.229	125.394
% Ch, Annual Rate	-2.3	-4.7	1.7	0.3	1.9	-0.1	1.5	-2.6
Real Nonwage Income	101.554	103.016	101.866	102.716	104.013	105.728	105.410	106.113
% Ch, Annual Rate	-1.3	5.9	-4.4	3.4	5.1	6.8	-1.2	2.7
Real Per Capita Income (\$/Person)	34,554	34,418	34,194	34,207	34,362	34,490	34,396	34,266
% Ch, Annual Rate	-3.3	-1.6	-2.6	0.2	1.8	1.5	-1.1	-1.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.203	1.215	1.230	1.215	1.210	1.208	1.210	1.212
% Ch, Annual Rate	3.6	4.3	5.0	-5.0	-1.5	-0.7	0.7	0.8
Seattle Cons. Price Index (1982-84=1.0)	2.222	2.246	2.268	2.253	2.242	2.238	2.244	2.252
% Ch, Annual Rate	4.7	4.3	4.1	-2.7	-1.8	-0.8	1.2	1.4
Average Nonfarm Annual Wage	48,885	48,921	49,679	49,590	50,060	50,270	50,684	50,459
% Ch, Annual Rate	-1.0	0.3	6.3	-0.7	3.8	1.7	3.3	-1.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.95	21.29	21.04	21.11	22.96	22.97	22.99	23.00
% Ch, Annual Rate	5.6	6.6	-4.5	1.3	39.9	0.2	0.4	0.1
Current Dollar Income (Billions of Dollars)								
Personal Income	273.787	276.620	279.260	276.846	278.088	279.588	280.227	280.628
% Ch, Annual Rate	1.7	4.2	3.9	-3.4	1.8	2.2	0.9	0.6
Disposable Personal Income	238.649	245.977	245.514	242.825	247.354	250.704	251.462	252.016
% Ch, Annual Rate	1.6	12.9	-0.7	-4.3	7.7	5.5	1.2	0.9
Per Capita Income (\$/Person)	41,561	41,831	42,070	41,549	41,578	41,655	41,610	41,537
% Ch, Annual Rate	0.2	2.6	2.3	-4.9	0.3	0.7	-0.4	-0.7
Employment (Thousands)								
Washington Civilian Labor Force	3,444.9	3,458.9	3,489.0	3,514.2	3,545.3	3,551.7	3,562.2	3,574.1
Total Washington Employment	3,283.4	3,282.7	3,300.2	3,297.6	3,250.8	3,230.3	3,221.7	3,219.8
Unemployment Rate (%)	4.69	5.10	5.41	6.16	8.31	9.05	9.56	9.91
Nonfarm Payroll Employment	2,974.3	2,966.8	2,966.4	2,933.3	2,905.4	2,885.6	2,877.3	2,875.4
% Ch, Annual Rate	2.0	-1.0	-0.1	-4.4	-3.8	-2.7	-1.1	-0.3
Manufacturing	297.2	294.4	293.0	279.6	278.0	271.3	265.8	262.8
% Ch, Annual Rate	1.4	-3.7	-1.9	-17.0	-2.3	-9.3	-7.8	-4.4
Durable Manufacturing	215.9	214.4	214.0	201.8	203.9	198.1	193.0	190.9
% Ch, Annual Rate	2.2	-2.8	-0.8	-20.9	4.1	-10.9	-9.8	-4.3
Aerospace	84.1	84.5	85.8	77.3	85.2	84.2	83.2	82.1
% Ch, Annual Rate	7.0	2.1	6.2	-34.2	47.8	-4.7	-4.8	-4.8
Nondurable Manufacturing	81.3	80.0	79.0	77.8	74.1	73.2	72.8	72.0
% Ch, Annual Rate	-0.6	-6.3	-4.9	-5.8	-17.6	-4.9	-2.1	-4.6
Construction	208.8	203.8	199.4	194.0	187.4	179.7	172.8	168.4
% Ch, Annual Rate	-1.5	-9.2	-8.5	-10.3	-13.0	-15.5	-14.3	-9.9
Service-Producing	2,460.5	2,461.1	2,466.5	2,452.4	2,432.8	2,427.8	2,431.9	2,437.5
% Ch, Annual Rate	2.4	0.1	0.9	-2.3	-3.1	-0.8	0.7	0.9
Software Publishers	49.2	50.3	51.5	52.3	52.1	51.2	50.9	50.7
% Ch, Annual Rate	9.0	8.7	10.6	5.9	-1.8	-6.5	-2.5	-1.7
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	31.463	30.679	25.907	20.982	19.266	18.995	19.100	23.164
% Ch, Annual Rate	-63.3	-9.6	-49.2	-57.0	-28.9	-5.5	2.2	116.3
Single-Family	19.527	17.889	16.298	12.168	10.920	10.071	10.212	12.454
% Ch, Annual Rate	-53.5	-29.6	-31.1	-68.9	-35.1	-27.7	5.7	121.2
Multi-Family	11.936	12.790	9.609	8.815	8.346	8.924	8.888	10.710
% Ch, Annual Rate	-74.4	31.9	-68.1	-29.2	-19.6	30.7	-1.6	110.8
30-Year Fixed Mortgage Rate (%)	5.87	6.09	6.31	5.87	5.08	4.92	4.93	4.96

Table A1.4
Washington Economic Forecast Summary
 Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	234.040	235.164	237.523	237.450	240.463	242.239	246.085	246.719
% Ch, Annual Rate	4.4	1.9	4.1	-0.1	5.2	3.0	6.5	1.0
Real Wage and Salary Disb.	127.127	127.458	129.012	128.490	130.822	131.747	134.500	133.983
% Ch, Annual Rate	5.6	1.0	5.0	-1.6	7.5	2.9	8.6	-1.5
Real Nonwage Income	106.913	107.707	108.511	108.960	109.641	110.492	111.585	112.737
% Ch, Annual Rate	3.0	3.0	3.0	1.7	2.5	3.1	4.0	4.2
Real Per Capita Income (\$/Person)	34,533	34,593	34,833	34,715	35,046	35,191	35,630	35,599
% Ch, Annual Rate	3.2	0.7	2.8	-1.3	3.9	1.7	5.1	-0.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.217	1.222	1.229	1.234	1.240	1.245	1.250	1.255
% Ch, Annual Rate	1.5	1.8	2.1	1.9	1.9	1.7	1.6	1.5
Seattle Cons. Price Index (1982-84=1.0)	2.265	2.279	2.295	2.309	2.322	2.334	2.346	2.357
% Ch, Annual Rate	2.2	2.5	2.8	2.5	2.4	2.1	2.0	2.0
Average Nonfarm Annual Wage	51,166	51,311	52,021	51,785	52,671	52,955	53,932	53,444
% Ch, Annual Rate	5.7	1.1	5.7	-1.8	7.0	2.2	7.6	-3.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.00	23.00	23.00	23.01	23.02	23.03	23.05	23.08
% Ch, Annual Rate	0.0	0.0	-0.0	0.2	0.2	0.2	0.4	0.4
Current Dollar Income (Billions of Dollars)								
Personal Income	284.773	287.438	291.859	293.130	298.256	301.694	307.691	309.610
% Ch, Annual Rate	6.0	3.8	6.3	1.8	7.2	4.7	8.2	2.5
Disposable Personal Income	253.688	255.995	260.029	260.674	263.446	266.409	271.506	273.032
% Ch, Annual Rate	2.7	3.7	6.5	1.0	4.3	4.6	7.9	2.3
Per Capita Income (\$/Person)	42,019	42,282	42,802	42,856	43,468	43,828	44,550	44,673
% Ch, Annual Rate	4.7	2.5	5.0	0.5	5.8	3.3	6.8	1.1
Employment (Thousands)								
Washington Civilian Labor Force	3,591.0	3,606.6	3,620.1	3,634.0	3,650.4	3,665.5	3,682.4	3,701.6
Total Washington Employment	3,230.5	3,244.3	3,257.9	3,273.7	3,292.2	3,311.4	3,334.0	3,361.1
Unemployment Rate (%)	10.04	10.05	10.01	9.91	9.81	9.66	9.46	9.20
Nonfarm Payroll Employment	2,885.8	2,899.1	2,912.2	2,927.6	2,945.5	2,964.0	2,985.9	3,012.1
% Ch, Annual Rate	1.4	1.9	1.8	2.1	2.5	2.5	3.0	3.6
Manufacturing	263.0	263.2	264.8	266.7	269.4	271.7	274.7	277.9
% Ch, Annual Rate	0.2	0.4	2.3	2.9	4.1	3.5	4.5	4.7
Durable Manufacturing	191.5	192.3	194.2	195.9	198.3	200.3	203.0	205.9
% Ch, Annual Rate	1.4	1.7	4.0	3.5	5.0	4.2	5.5	5.8
Aerospace	82.1	82.1	81.9	81.7	81.4	81.2	81.2	81.2
% Ch, Annual Rate	0.0	0.0	-1.1	-1.1	-1.1	-1.1	0.0	0.0
Nondurable Manufacturing	71.4	70.9	70.6	70.8	71.1	71.4	71.7	72.0
% Ch, Annual Rate	-2.8	-2.9	-2.0	1.3	1.6	1.6	1.7	1.6
Construction	166.6	164.9	164.6	165.4	166.6	168.1	170.9	176.2
% Ch, Annual Rate	-4.2	-4.0	-0.9	1.9	3.1	3.7	6.8	12.9
Service-Producing	2,449.5	2,464.4	2,476.4	2,489.0	2,502.8	2,517.4	2,533.3	2,551.0
% Ch, Annual Rate	2.0	2.5	2.0	2.0	2.2	2.3	2.6	2.8
Software Publishers	50.7	51.1	51.6	52.4	53.7	55.0	56.3	57.8
% Ch, Annual Rate	0.6	2.9	4.3	5.8	10.1	10.0	10.3	10.6
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	26.397	28.816	31.608	34.126	36.450	38.998	41.618	44.110
% Ch, Annual Rate	68.6	42.0	44.8	35.9	30.1	31.0	29.7	26.2
Single-Family	14.975	16.710	19.335	21.835	24.010	26.444	28.761	30.642
% Ch, Annual Rate	109.1	55.0	79.3	62.7	46.2	47.2	39.9	28.8
Multi-Family	11.422	12.106	12.273	12.291	12.440	12.554	12.857	13.468
% Ch, Annual Rate	29.3	26.2	5.6	0.6	4.9	3.7	10.0	20.4
30-Year Fixed Mortgage Rate (%)	4.97	4.96	4.99	5.25	5.56	5.75	5.93	6.02

Table A2.1
U.S. Nonagricultural Employment by Industry (Millions)
 Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Nonfarm Payroll Employment, E-O-P*	132.21	134.63	136.77	138.00	135.73	132.07	133.10	135.88
% Ch	1.6	1.8	1.6	0.9	-1.6	-2.7	0.8	2.1
Manufacturing	14.31	14.20	14.06	13.78	13.06	11.37	11.15	11.51
% Ch	-0.1	-0.8	-1.0	-2.0	-5.2	-12.9	-2.0	3.2
Durable Manufacturing	8.96	8.96	8.93	8.73	8.20	6.88	6.82	7.20
% Ch	1.2	0.0	-0.3	-2.2	-6.1	-16.1	-0.8	5.6
Wood Products	0.56	0.57	0.54	0.50	0.43	0.34	0.37	0.43
% Ch	3.3	1.5	-4.4	-7.5	-14.3	-20.2	7.9	17.2
Primary and Fabricated Metals	1.98	1.99	2.02	2.01	1.91	1.45	1.29	1.35
% Ch	2.2	0.8	1.4	-0.4	-5.0	-24.3	-11.3	5.3
Computer and Electronic Products	1.32	1.31	1.30	1.26	1.23	1.09	1.29	1.37
% Ch	-0.1	-0.5	-1.1	-3.1	-2.1	-11.6	18.5	6.4
Machinery and Electrical Equipment	1.59	1.60	1.62	1.62	1.58	1.37	1.28	1.32
% Ch	0.7	0.5	1.0	-0.1	-2.2	-13.1	-6.8	3.1
Transportation Equipment	1.78	1.77	1.75	1.69	1.52	1.28	1.28	1.36
% Ch	0.7	-0.3	-1.0	-3.4	-10.0	-16.1	0.3	6.5
Other Durables	1.73	1.72	1.70	1.65	1.52	1.35	1.31	1.36
% Ch	1.3	-1.0	-0.9	-2.9	-7.8	-11.5	-2.5	3.2
Nondurable Manufacturing	5.35	5.23	5.12	5.04	4.86	4.50	4.33	4.31
% Ch	-2.0	-2.1	-2.1	-1.6	-3.6	-7.5	-3.8	-0.5
Food Manufacturing	1.49	1.47	1.48	1.49	1.48	1.45	1.43	1.44
% Ch	-1.7	-0.8	0.3	0.6	-0.2	-2.6	-1.0	0.5
Paper and Paper Products	0.49	0.48	0.47	0.45	0.44	0.40	0.38	0.38
% Ch	-2.9	-2.8	-2.6	-2.4	-3.9	-7.6	-6.4	1.4
Other Nondurables	3.37	3.28	3.18	3.10	2.94	2.65	2.52	2.49
% Ch	-2.0	-2.6	-3.1	-2.4	-5.2	-10.0	-4.9	-1.3
Natural Resources and Mining	0.60	0.65	0.70	0.74	0.79	0.68	0.69	0.68
% Ch	4.1	8.0	8.7	4.8	7.6	-14.1	1.0	-0.6
Construction	7.09	7.51	7.69	7.55	6.95	6.17	5.79	6.13
% Ch	4.3	5.9	2.4	-1.9	-7.9	-11.1	-6.2	5.8
Trade, Transportation, and Utilities	25.67	26.10	26.40	26.71	26.00	25.74	25.94	26.04
% Ch	1.5	1.7	1.1	1.2	-2.7	-1.0	0.8	0.4
Wholesale Trade	5.70	5.81	5.95	6.04	5.89	5.81	5.76	5.92
% Ch	1.8	1.9	2.4	1.6	-2.6	-1.3	-1.0	2.9
Retail Trade	15.13	15.34	15.39	15.56	15.13	15.02	15.25	14.98
% Ch	1.3	1.4	0.3	1.1	-2.8	-0.7	1.5	-1.8
Trans., Warehousing, and Utilities	4.85	4.95	5.06	5.11	4.99	4.90	4.93	5.14
% Ch	1.9	2.1	2.2	1.0	-2.4	-1.8	0.7	4.1
Information	3.09	3.06	3.03	3.03	2.96	2.77	2.75	2.78
% Ch	-2.0	-1.1	-0.9	0.0	-2.2	-6.4	-0.9	1.1
Publishing Industries	0.91	0.90	0.90	0.90	0.86	0.78	0.74	0.75
% Ch	-1.0	-0.2	-0.3	-0.3	-3.8	-10.0	-4.4	0.3
Other Information	2.18	2.15	2.13	2.13	2.10	2.00	2.01	2.03
% Ch	-2.5	-1.4	-1.2	0.1	-1.5	-4.8	0.5	1.4
Financial Activities	8.07	8.24	8.36	8.25	8.05	7.88	7.85	8.04
% Ch	1.0	2.2	1.4	-1.2	-2.5	-2.1	-0.4	2.4
Professional and Business Services	16.58	17.21	17.75	18.05	17.49	16.54	17.48	19.10
% Ch	3.0	3.8	3.1	1.7	-3.1	-5.4	5.7	9.2
Education and Health Services	17.11	17.54	18.00	18.53	19.04	19.58	20.31	20.65
% Ch	2.4	2.5	2.6	2.9	2.7	2.9	3.7	1.7
Leisure and Hospitality	12.61	12.88	13.25	13.53	13.35	13.12	13.16	13.23
% Ch	2.6	2.2	2.9	2.1	-1.4	-1.7	0.3	0.6
Other Services	5.40	5.39	5.46	5.51	5.51	5.41	5.37	5.28
% Ch	-0.1	-0.1	1.2	0.9	0.0	-1.8	-0.7	-1.7
Federal Government	2.73	2.73	2.73	2.74	2.78	2.83	2.81	2.77
% Ch	-0.4	0.3	-0.3	0.5	1.4	2.0	-0.9	-1.3
State and Local Government	18.95	19.11	19.35	19.59	19.76	19.97	19.81	19.67
% Ch	0.8	0.8	1.2	1.3	0.9	1.1	-0.8	-0.7

* E-O-P: End-of-Period

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	135.43	135.90	136.29	136.77	137.27	137.56	137.59	138.00
% Ch, Annual Rate	2.4	1.4	1.1	1.4	1.5	0.9	0.1	1.2
Manufacturing	14.22	14.21	14.15	14.06	13.99	13.91	13.83	13.78
% Ch, Annual Rate	0.5	-0.2	-1.6	-2.7	-1.8	-2.3	-2.3	-1.6
Durable Manufacturing	8.99	9.02	8.99	8.93	8.89	8.84	8.78	8.73
% Ch, Annual Rate	1.3	1.0	-1.3	-2.4	-2.1	-2.3	-2.6	-2.0
Wood Products	0.57	0.57	0.56	0.54	0.53	0.52	0.51	0.50
% Ch, Annual Rate	4.6	-3.2	-7.2	-11.3	-7.6	-6.8	-6.5	-9.1
Primary and Fabricated Metals	2.01	2.02	2.03	2.02	2.02	2.02	2.01	2.01
% Ch, Annual Rate	2.3	2.5	1.7	-1.0	0.6	-0.3	-1.6	-0.2
Computer and Electronic Products	1.31	1.31	1.31	1.30	1.29	1.28	1.27	1.26
% Ch, Annual Rate	-1.7	1.6	-1.7	-2.4	-2.8	-4.8	-3.0	-1.9
Machinery and Electrical Equipment	1.61	1.62	1.62	1.62	1.62	1.62	1.61	1.62
% Ch, Annual Rate	1.6	1.8	0.8	-0.1	-0.3	-0.3	-0.5	0.7
Transportation Equipment	1.77	1.78	1.77	1.75	1.73	1.72	1.71	1.69
% Ch, Annual Rate	1.0	1.4	-2.8	-3.5	-4.5	-3.6	-2.0	-3.6
Other Durables	1.72	1.72	1.71	1.70	1.69	1.68	1.67	1.65
% Ch, Annual Rate	1.7	-0.6	-2.9	-1.8	-1.9	-2.1	-4.6	-3.0
Nondurable Manufacturing	5.22	5.19	5.16	5.12	5.11	5.08	5.05	5.04
% Ch, Annual Rate	-0.8	-2.4	-2.0	-3.2	-1.2	-2.3	-1.8	-0.9
Food Manufacturing	1.48	1.48	1.48	1.48	1.48	1.48	1.49	1.49
% Ch, Annual Rate	1.1	0.8	0.2	-0.8	-0.0	1.2	1.2	0.1
Paper and Paper Products	0.48	0.47	0.47	0.47	0.46	0.46	0.46	0.45
% Ch, Annual Rate	-1.6	-3.9	-2.7	-2.2	-1.4	-4.4	-3.1	-0.8
Other Nondurables	3.27	3.24	3.21	3.18	3.16	3.14	3.11	3.10
% Ch, Annual Rate	-1.6	-3.7	-2.9	-4.4	-1.7	-3.6	-3.0	-1.4
Natural Resources and Mining	0.66	0.68	0.69	0.70	0.71	0.72	0.73	0.74
% Ch, Annual Rate	10.7	11.8	5.8	6.5	5.8	5.2	3.0	5.4
Construction	7.66	7.71	7.71	7.69	7.69	7.68	7.61	7.55
% Ch, Annual Rate	8.2	2.4	0.2	-0.9	0.1	-1.0	-3.5	-3.1
Trade, Transportation, and Utilities	26.20	26.23	26.28	26.40	26.54	26.62	26.64	26.71
% Ch, Annual Rate	1.4	0.5	0.8	1.8	2.2	1.1	0.3	1.2
Wholesale Trade	5.86	5.89	5.92	5.95	5.98	6.01	6.03	6.04
% Ch, Annual Rate	3.3	2.6	1.6	2.1	2.1	2.2	1.2	1.0
Retail Trade	15.36	15.33	15.33	15.39	15.48	15.52	15.51	15.56
% Ch, Annual Rate	0.5	-0.8	0.0	1.5	2.4	0.9	-0.2	1.2
Trans., Warehousing, and Utilities	4.98	5.00	5.03	5.06	5.08	5.08	5.10	5.11
% Ch, Annual Rate	2.1	2.1	2.2	2.2	1.8	0.2	0.9	1.2
Information	3.05	3.04	3.03	3.03	3.03	3.04	3.03	3.03
% Ch, Annual Rate	-0.2	-1.8	-1.4	-0.2	0.5	0.7	-0.7	-0.5
Publishing Industries	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
% Ch, Annual Rate	-0.2	-0.1	-1.4	0.5	1.0	-0.6	-1.0	-0.6
Other Information	2.15	2.14	2.13	2.13	2.13	2.13	2.13	2.13
% Ch, Annual Rate	-0.2	-2.5	-1.4	-0.5	0.3	1.3	-0.6	-0.4
Financial Activities	8.30	8.33	8.33	8.36	8.35	8.31	8.29	8.25
% Ch, Annual Rate	2.8	1.6	0.2	1.1	-0.4	-1.6	-0.9	-2.0
Professional and Business Services	17.38	17.52	17.65	17.75	17.88	17.93	17.94	18.05
% Ch, Annual Rate	3.9	3.4	2.9	2.3	3.0	1.1	0.2	2.6
Education and Health Services	17.68	17.76	17.85	18.00	18.12	18.25	18.39	18.53
% Ch, Annual Rate	3.1	2.0	2.1	3.4	2.6	3.0	3.0	3.1
Leisure and Hospitality	12.99	13.06	13.14	13.25	13.34	13.40	13.44	13.53
% Ch, Annual Rate	3.4	2.2	2.5	3.4	2.7	1.8	1.0	3.0
Other Services	5.43	5.43	5.44	5.46	5.48	5.50	5.50	5.51
% Ch, Annual Rate	2.4	0.3	0.5	1.7	1.2	1.4	0.1	0.8
Federal Government	2.73	2.73	2.74	2.73	2.73	2.73	2.73	2.74
% Ch, Annual Rate	-0.6	0.3	0.6	-1.6	0.7	-0.2	0.7	0.8
State and Local Government	19.15	19.20	19.28	19.35	19.40	19.48	19.48	19.59
% Ch, Annual Rate	0.7	1.1	1.6	1.5	1.1	1.7	0.0	2.3

Table A2.2
U.S. Nonagricultural Employment by Industry (Millions)
 Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	137.94	137.51	137.00	135.73	133.96	132.97	132.36	132.07
% Ch, Annual Rate	-0.2	-1.3	-1.5	-3.7	-5.1	-2.9	-1.8	-0.9
Manufacturing	13.69	13.55	13.39	13.06	12.44	11.97	11.59	11.37
% Ch, Annual Rate	-2.4	-4.1	-4.7	-9.4	-17.7	-14.3	-12.1	-7.3
Durable Manufacturing	8.67	8.56	8.44	8.20	7.72	7.34	7.03	6.88
% Ch, Annual Rate	-2.7	-5.0	-5.4	-11.1	-21.4	-18.3	-16.0	-8.2
Wood Products	0.49	0.47	0.45	0.43	0.39	0.36	0.34	0.34
% Ch, Annual Rate	-10.3	-13.1	-13.9	-19.6	-34.0	-23.0	-18.6	-1.9
Primary and Fabricated Metals	2.01	1.99	1.97	1.91	1.78	1.68	1.55	1.45
% Ch, Annual Rate	-0.7	-3.9	-4.3	-10.7	-25.3	-20.6	-27.6	-23.6
Computer and Electronic Products	1.26	1.25	1.25	1.23	1.20	1.13	1.08	1.09
% Ch, Annual Rate	-0.7	-1.5	-1.6	-4.8	-10.8	-19.9	-16.3	2.2
Machinery and Electrical Equipment	1.62	1.62	1.61	1.58	1.50	1.43	1.39	1.37
% Ch, Annual Rate	0.8	0.1	-1.9	-7.6	-18.9	-17.9	-9.8	-5.0
Transportation Equipment	1.67	1.63	1.59	1.52	1.41	1.35	1.30	1.28
% Ch, Annual Rate	-4.6	-8.8	-9.5	-17.0	-26.2	-16.4	-13.4	-7.3
Other Durables	1.63	1.60	1.57	1.52	1.45	1.39	1.36	1.35
% Ch, Annual Rate	-5.8	-7.6	-6.5	-11.2	-18.6	-14.9	-8.8	-2.7
Nondurable Manufacturing	5.02	4.99	4.94	4.86	4.72	4.63	4.57	4.50
% Ch, Annual Rate	-1.9	-2.6	-3.4	-6.4	-11.1	-7.4	-5.5	-6.0
Food Manufacturing	1.49	1.48	1.48	1.48	1.47	1.46	1.46	1.45
% Ch, Annual Rate	0.2	-1.5	-0.3	0.6	-3.9	-3.0	-0.7	-2.8
Paper and Paper Products	0.45	0.45	0.44	0.44	0.42	0.42	0.41	0.40
% Ch, Annual Rate	-2.9	-1.5	-4.3	-6.9	-12.1	-4.2	-6.7	-7.3
Other Nondurables	3.08	3.05	3.02	2.94	2.83	2.75	2.70	2.65
% Ch, Annual Rate	-2.7	-3.3	-4.8	-9.6	-14.4	-10.1	-7.8	-7.5
Natural Resources and Mining	0.75	0.76	0.79	0.79	0.78	0.74	0.69	0.68
% Ch, Annual Rate	8.6	6.4	12.6	3.1	-5.3	-20.5	-21.8	-7.6
Construction	7.45	7.29	7.17	6.95	6.64	6.44	6.27	6.17
% Ch, Annual Rate	-5.4	-8.2	-6.3	-11.8	-16.5	-11.8	-10.1	-5.9
Trade, Transportation, and Utilities	26.67	26.51	26.35	26.00	25.67	25.46	25.57	25.74
% Ch, Annual Rate	-0.7	-2.3	-2.5	-5.1	-5.1	-3.2	1.7	2.6
Wholesale Trade	6.02	5.99	5.96	5.89	5.80	5.75	5.80	5.81
% Ch, Annual Rate	-1.4	-2.2	-2.2	-4.6	-5.8	-3.1	3.1	1.0
Retail Trade	15.53	15.43	15.33	15.13	14.98	14.81	14.88	15.02
% Ch, Annual Rate	-0.6	-2.7	-2.5	-5.2	-3.9	-4.3	2.0	3.8
Trans., Warehousing, and Utilities	5.11	5.09	5.06	4.99	4.89	4.90	4.89	4.90
% Ch, Annual Rate	-0.1	-1.3	-2.8	-5.5	-7.6	0.5	-0.7	1.0
Information	3.02	3.01	2.99	2.96	2.90	2.86	2.84	2.77
% Ch, Annual Rate	-0.6	-1.5	-2.8	-3.7	-8.4	-5.3	-3.3	-8.4
Publishing Industries	0.90	0.89	0.88	0.86	0.84	0.82	0.80	0.78
% Ch, Annual Rate	-1.3	-2.4	-4.6	-6.6	-10.9	-9.0	-9.1	-11.1
Other Information	2.13	2.12	2.11	2.10	2.06	2.04	2.03	2.00
% Ch, Annual Rate	-0.3	-1.1	-2.1	-2.4	-7.3	-3.7	-0.9	-7.3
Financial Activities	8.21	8.18	8.14	8.05	7.93	7.87	7.85	7.88
% Ch, Annual Rate	-1.8	-1.8	-2.0	-4.3	-5.9	-2.8	-0.9	1.3
Professional and Business Services	18.01	17.89	17.73	17.49	17.09	16.87	16.71	16.54
% Ch, Annual Rate	-0.8	-2.8	-3.5	-5.4	-8.7	-5.0	-3.8	-3.9
Education and Health Services	18.66	18.80	18.93	19.04	19.19	19.38	19.51	19.58
% Ch, Annual Rate	2.8	3.1	2.9	2.2	3.3	4.0	2.6	1.5
Leisure and Hospitality	13.53	13.50	13.45	13.35	13.23	13.20	13.12	13.12
% Ch, Annual Rate	-0.1	-0.9	-1.4	-3.1	-3.3	-1.0	-2.4	-0.1
Other Services	5.53	5.54	5.53	5.51	5.43	5.38	5.38	5.41
% Ch, Annual Rate	1.8	0.6	-0.5	-1.8	-5.4	-3.5	0.1	1.8
Federal Government	2.74	2.76	2.77	2.78	2.80	2.81	2.82	2.83
% Ch, Annual Rate	0.8	2.6	1.4	1.0	3.5	1.6	1.0	2.0
State and Local Government	19.67	19.73	19.77	19.76	19.85	19.98	20.01	19.97
% Ch, Annual Rate	1.7	1.1	0.9	-0.2	1.8	2.7	0.5	-0.6

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	132.21	132.45	132.72	133.10	133.67	134.32	135.08	135.88
% Ch, Annual Rate	0.4	0.7	0.8	1.2	1.7	2.0	2.3	2.4
Manufacturing	11.24	11.09	11.12	11.15	11.22	11.29	11.39	11.51
% Ch, Annual Rate	-4.8	-5.0	1.0	0.9	2.7	2.6	3.7	4.0
Durable Manufacturing	6.80	6.70	6.77	6.82	6.90	6.98	7.09	7.20
% Ch, Annual Rate	-4.8	-5.2	4.3	2.7	5.0	4.6	6.2	6.4
Wood Products	0.34	0.35	0.36	0.37	0.38	0.40	0.42	0.43
% Ch, Annual Rate	2.9	1.9	14.4	13.2	16.2	17.7	18.1	16.8
Primary and Fabricated Metals	1.36	1.29	1.29	1.29	1.29	1.30	1.33	1.35
% Ch, Annual Rate	-22.1	-19.5	-0.0	-1.0	2.1	3.6	7.3	8.1
Computer and Electronic Products	1.16	1.23	1.26	1.29	1.33	1.34	1.36	1.37
% Ch, Annual Rate	28.7	27.2	10.4	9.1	11.8	4.8	4.5	4.6
Machinery and Electrical Equipment	1.33	1.28	1.28	1.28	1.28	1.29	1.30	1.32
% Ch, Annual Rate	-11.3	-13.8	-0.1	-1.3	0.8	2.1	4.3	5.5
Transportation Equipment	1.27	1.25	1.27	1.28	1.30	1.32	1.34	1.36
% Ch, Annual Rate	-3.0	-4.7	5.2	4.0	5.7	6.0	7.3	6.8
Other Durables	1.33	1.30	1.31	1.31	1.32	1.33	1.34	1.36
% Ch, Annual Rate	-5.5	-8.3	3.7	0.4	1.7	2.9	4.2	4.2
Nondurable Manufacturing	4.44	4.39	4.35	4.33	4.32	4.31	4.31	4.31
% Ch, Annual Rate	-4.9	-4.6	-3.7	-1.9	-0.9	-0.6	-0.3	-0.0
Food Manufacturing	1.44	1.43	1.43	1.43	1.43	1.43	1.44	1.44
% Ch, Annual Rate	-1.6	-1.8	-1.4	0.6	0.5	0.6	0.5	0.3
Paper and Paper Products	0.40	0.39	0.38	0.38	0.38	0.38	0.38	0.38
% Ch, Annual Rate	-6.7	-7.9	-8.1	-2.7	1.4	1.4	1.5	1.4
Other Nondurables	2.60	2.57	2.54	2.52	2.50	2.49	2.49	2.49
% Ch, Annual Rate	-6.4	-5.7	-4.3	-3.2	-2.1	-1.5	-1.1	-0.4
Natural Resources and Mining	0.67	0.68	0.68	0.69	0.69	0.69	0.69	0.68
% Ch, Annual Rate	-4.1	1.7	3.2	3.6	1.6	1.5	-2.0	-3.2
Construction	6.07	5.94	5.80	5.79	5.83	5.90	6.01	6.13
% Ch, Annual Rate	-6.6	-8.2	-9.1	-0.5	2.8	4.9	7.2	8.2
Trade, Transportation, and Utilities	25.87	25.99	25.99	25.94	25.89	25.85	25.89	26.04
% Ch, Annual Rate	2.2	1.9	-0.1	-0.7	-0.8	-0.7	0.7	2.4
Wholesale Trade	5.81	5.82	5.79	5.76	5.75	5.79	5.86	5.92
% Ch, Annual Rate	-0.2	0.4	-1.6	-2.5	-0.4	3.0	4.6	4.4
Retail Trade	15.15	15.24	15.26	15.25	15.19	15.05	14.96	14.98
% Ch, Annual Rate	3.4	2.5	0.4	-0.1	-1.6	-3.6	-2.3	0.6
Trans., Warehousing, and Utilities	4.92	4.94	4.94	4.93	4.95	5.00	5.07	5.14
% Ch, Annual Rate	1.3	1.7	0.2	-0.4	1.6	4.1	5.4	5.5
Information	2.72	2.69	2.71	2.75	2.77	2.79	2.79	2.78
% Ch, Annual Rate	-7.0	-4.3	2.5	5.8	3.6	2.1	-0.1	-1.2
Publishing Industries	0.76	0.74	0.74	0.74	0.75	0.75	0.75	0.75
% Ch, Annual Rate	-9.1	-7.6	-1.2	0.7	1.1	0.2	-0.0	-0.3
Other Information	1.96	1.95	1.97	2.01	2.03	2.04	2.04	2.03
% Ch, Annual Rate	-6.2	-2.9	3.9	7.8	4.6	2.8	-0.1	-1.5
Financial Activities	7.87	7.83	7.82	7.85	7.88	7.92	7.98	8.04
% Ch, Annual Rate	-0.5	-1.7	-0.8	1.5	1.6	2.1	3.0	2.9
Professional and Business Services	16.60	16.85	17.12	17.48	17.87	18.30	18.71	19.10
% Ch, Annual Rate	1.3	6.3	6.6	8.6	9.1	10.0	9.4	8.4
Education and Health Services	19.77	20.01	20.18	20.31	20.40	20.51	20.61	20.65
% Ch, Annual Rate	3.9	4.9	3.5	2.6	1.9	2.2	1.8	0.9
Leisure and Hospitality	13.09	13.14	13.16	13.16	13.16	13.18	13.20	13.23
% Ch, Annual Rate	-0.7	1.4	0.8	-0.2	-0.0	0.7	0.5	1.2
Other Services	5.40	5.39	5.38	5.37	5.35	5.33	5.31	5.28
% Ch, Annual Rate	-0.6	-1.0	-0.6	-0.8	-1.4	-1.5	-1.9	-2.0
Federal Government	2.93	2.90	2.84	2.81	2.79	2.78	2.78	2.77
% Ch, Annual Rate	13.5	-3.2	-8.4	-4.2	-2.2	-1.4	-0.9	-0.8
State and Local Government	19.98	19.94	19.91	19.81	19.81	19.77	19.73	19.67
% Ch, Annual Rate	0.1	-0.9	-0.6	-1.9	-0.1	-0.8	-0.7	-1.2

Table A2.3
Washington Nonagricultural Employment by Industry (Thousands)
 Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Nonfarm Payroll Employment, E-O-P*	2,730.6	2,811.9	2,884.7	2,959.8	2,933.3	2,875.4	2,927.6	3,012.1
% Ch	2.3	3.0	2.6	2.6	-0.9	-2.0	1.8	2.9
Manufacturing	266.3	278.5	289.0	296.2	279.6	262.8	266.7	277.9
% Ch	1.1	4.6	3.8	2.5	-5.6	-6.0	1.5	4.2
Durable Manufacturing	185.1	197.5	207.5	214.8	201.8	190.9	195.9	205.9
% Ch	2.6	6.7	5.1	3.5	-6.0	-5.4	2.6	5.1
Wood Products	19.3	20.3	19.8	18.8	16.0	13.7	14.8	17.4
% Ch	9.2	5.2	-2.7	-4.7	-15.1	-14.1	7.9	17.1
Primary and Fabricated Metals	22.6	23.5	24.8	26.1	26.1	21.0	19.5	21.5
% Ch	4.1	4.0	5.3	5.6	-0.2	-19.7	-7.1	10.4
Computer and Electronic Products	22.2	22.2	22.6	22.7	21.9	18.4	24.5	27.5
% Ch	-1.7	0.2	1.6	0.7	-3.5	-16.0	32.8	12.3
Machinery and Electrical Equipment	17.3	18.2	19.3	20.0	19.4	17.6	17.2	18.8
% Ch	5.1	5.3	5.9	3.8	-3.2	-8.9	-2.5	9.0
Aerospace	62.6	69.7	76.1	82.7	77.3	82.1	81.7	81.2
% Ch	0.4	11.3	9.3	8.6	-6.6	6.3	-0.6	-0.6
Other Transportation Equip.	12.3	13.4	13.6	12.9	11.9	11.1	11.4	11.9
% Ch	7.6	8.9	1.8	-5.1	-8.0	-6.7	2.2	4.9
Other Durables	28.8	30.1	31.3	31.4	29.3	26.9	26.9	27.7
% Ch	2.1	4.6	4.1	0.2	-6.8	-8.2	0.1	3.1
Nondurable Manufacturing	81.1	81.0	81.5	81.4	77.8	72.0	70.8	72.0
% Ch	-2.0	-0.1	0.6	-0.1	-4.4	-7.5	-1.6	1.6
Food Manufacturing	34.1	33.4	33.9	34.3	33.5	31.6	31.1	31.6
% Ch	-2.0	-1.9	1.5	1.1	-2.3	-5.6	-1.7	1.6
Paper and Paper Products	12.5	12.0	11.5	10.9	10.2	9.1	8.8	9.1
% Ch	-7.0	-3.6	-4.1	-5.5	-6.7	-10.6	-3.3	4.0
Other Nondurables	34.6	35.6	36.0	36.2	34.1	31.2	30.9	31.2
% Ch	-0.1	3.0	1.3	0.4	-5.8	-8.4	-1.0	1.1
Natural Resources and Mining	9.3	8.8	8.5	8.0	7.3	6.7	6.6	7.1
% Ch	8.8	-5.5	-2.6	-6.7	-8.0	-8.1	-2.3	7.4
Construction	168.9	184.2	199.7	209.6	194.0	168.4	165.4	176.2
% Ch	6.2	9.1	8.4	4.9	-7.4	-13.2	-1.8	6.6
Trade, Transportation, and Utilities	524.5	535.3	544.8	557.5	543.1	540.5	552.9	560.1
% Ch	2.5	2.1	1.8	2.3	-2.6	-0.5	2.3	1.3
Wholesale Trade	121.0	123.8	127.4	130.7	128.5	127.2	128.2	132.6
% Ch	3.5	2.3	2.9	2.6	-1.7	-1.0	0.8	3.4
Retail Trade	311.7	318.9	323.1	330.3	319.5	318.2	327.2	325.5
% Ch	1.7	2.3	1.3	2.2	-3.3	-0.4	2.8	-0.5
Trans., Warehousing, and Utilities	91.7	92.5	94.3	96.5	95.2	95.1	97.5	101.9
% Ch	4.2	0.9	2.0	2.3	-1.4	-0.0	2.5	4.5
Information	93.6	95.4	100.5	102.9	106.2	100.2	101.9	108.1
% Ch	0.6	1.9	5.3	2.3	3.3	-5.7	1.7	6.0
Software Publishers	39.8	42.2	46.1	48.2	52.3	50.7	52.4	57.8
% Ch	3.5	6.0	9.3	4.4	8.5	-3.1	3.4	10.3
Other Publishing Industries	11.3	11.2	11.0	10.8	9.9	8.9	8.5	8.4
% Ch	-2.6	-1.0	-1.5	-1.7	-8.8	-10.1	-4.6	-0.6
Other Information	42.5	42.1	43.4	43.9	44.1	40.7	41.1	41.9
% Ch	-1.1	-1.1	3.1	1.1	0.4	-7.7	1.0	2.0
Financial Activities	152.4	156.7	155.6	155.0	149.8	145.4	145.5	150.1
% Ch	0.0	2.8	-0.7	-0.4	-3.3	-2.9	0.0	3.2
Professional and Business Services	307.4	321.2	337.3	348.9	346.4	333.8	352.7	382.2
% Ch	4.9	4.5	5.0	3.4	-0.7	-3.6	5.7	8.3
Education and Health Services	323.1	332.7	339.9	354.1	365.4	374.0	388.5	397.5
% Ch	2.5	3.0	2.2	4.2	3.2	2.4	3.9	2.3
Leisure and Hospitality	258.6	267.9	273.8	283.9	284.9	278.8	281.4	285.2
% Ch	2.6	3.6	2.2	3.7	0.4	-2.2	0.9	1.3
Other Services	101.1	103.4	104.4	106.3	107.9	107.0	106.8	106.6
% Ch	2.1	2.3	0.9	1.8	1.5	-0.8	-0.1	-0.2
Federal Government	69.8	69.6	69.0	68.4	70.6	72.3	72.5	72.5
% Ch	-0.4	-0.3	-0.9	-0.9	3.2	2.5	0.3	-0.1
State and Local Government	455.6	458.2	462.1	469.2	478.2	485.5	486.6	488.8
% Ch	1.0	0.6	0.8	1.5	1.9	1.5	0.2	0.4

* E-O-P: End-of-Period

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	2,834.8	2,851.4	2,865.4	2,884.7	2,909.3	2,926.5	2,938.7	2,959.8
% Ch, Annual Rate	3.3	2.4	2.0	2.7	3.5	2.4	1.7	2.9
Manufacturing	283.1	284.6	286.9	289.0	291.0	291.9	294.3	296.2
% Ch, Annual Rate	6.7	2.2	3.2	3.0	2.8	1.2	3.3	2.6
Durable Manufacturing	201.0	202.7	204.9	207.5	209.2	210.8	212.9	214.8
% Ch, Annual Rate	7.4	3.4	4.3	5.2	3.3	3.1	4.1	3.5
Wood Products	20.6	20.4	20.3	19.8	19.5	19.3	19.1	18.8
% Ch, Annual Rate	4.9	-3.2	-2.8	-9.4	-6.5	-3.1	-4.7	-4.5
Primary and Fabricated Metals	23.9	24.1	24.4	24.8	25.3	26.3	25.9	26.1
% Ch, Annual Rate	5.8	4.2	4.5	6.6	9.7	15.6	-5.0	3.3
Computer and Electronic Products	22.2	22.5	22.6	22.6	22.6	22.7	22.9	22.7
% Ch, Annual Rate	0.0	4.5	1.6	0.2	-0.1	1.8	3.5	-2.4
Machinery and Electrical Equipment	18.6	18.9	19.0	19.3	19.3	19.4	19.7	20.0
% Ch, Annual Rate	9.5	6.0	3.0	5.1	0.9	1.0	8.0	5.7
Aerospace	71.4	72.2	74.0	76.1	77.8	78.9	81.0	82.7
% Ch, Annual Rate	10.3	4.4	10.5	12.0	9.0	5.9	11.2	8.4
Other Transportation Equip.	13.8	13.8	13.6	13.6	13.3	13.0	13.0	12.9
% Ch, Annual Rate	12.3	1.1	-5.8	0.4	-10.5	-6.6	-2.4	-0.7
Other Durables	30.5	30.8	31.0	31.3	31.5	31.2	31.3	31.4
% Ch, Annual Rate	5.7	3.8	2.3	4.4	1.7	-3.1	0.8	1.3
Nondurable Manufacturing	82.1	81.9	82.0	81.5	81.8	81.1	81.4	81.4
% Ch, Annual Rate	5.2	-0.7	0.6	-2.6	1.4	-3.3	1.4	0.1
Food Manufacturing	33.9	33.7	34.0	33.9	34.2	33.7	34.2	34.3
% Ch, Annual Rate	5.3	-2.4	3.5	-0.3	2.6	-5.5	6.3	1.4
Paper and Paper Products	12.2	12.1	11.9	11.5	11.6	11.3	11.0	10.9
% Ch, Annual Rate	5.1	-1.1	-6.7	-12.8	2.3	-10.6	-9.7	-3.5
Other Nondurables	36.0	36.1	36.1	36.0	36.0	36.2	36.2	36.2
% Ch, Annual Rate	5.1	1.0	0.4	-1.1	-0.0	1.2	0.6	0.0
Natural Resources and Mining	8.8	8.8	8.6	8.5	8.3	8.2	8.1	8.0
% Ch, Annual Rate	4.5	-3.0	-8.2	-3.4	-8.3	-4.8	-6.0	-7.5
Construction	189.8	193.5	196.4	199.7	205.5	209.1	208.6	209.6
% Ch, Annual Rate	12.7	8.0	6.2	6.9	12.0	7.3	-1.1	2.0
Trade, Transportation, and Utilities	538.6	540.7	542.3	544.8	549.8	552.4	553.7	557.5
% Ch, Annual Rate	2.5	1.5	1.2	1.8	3.8	1.9	0.9	2.8
Wholesale Trade	125.8	126.2	127.0	127.4	128.1	129.0	129.5	130.7
% Ch, Annual Rate	6.5	1.2	2.7	1.2	2.3	2.8	1.7	3.8
Retail Trade	319.7	320.5	320.9	323.1	326.5	327.2	327.8	330.3
% Ch, Annual Rate	1.0	1.1	0.4	2.7	4.3	0.9	0.7	3.0
Trans., Warehousing, and Utilities	93.1	94.0	94.4	94.3	95.3	96.2	96.4	96.5
% Ch, Annual Rate	2.7	3.7	1.9	-0.4	4.1	4.0	0.6	0.6
Information	96.2	97.6	99.4	100.5	101.9	102.5	102.5	102.9
% Ch, Annual Rate	3.3	5.8	7.6	4.7	5.6	2.6	-0.1	1.4
Software Publishers	43.0	44.4	45.4	46.1	47.1	47.5	47.6	48.2
% Ch, Annual Rate	8.2	12.8	9.6	6.8	9.1	3.0	0.7	5.1
Other Publishing Industries	11.1	11.0	11.0	11.0	10.9	10.8	10.8	10.8
% Ch, Annual Rate	-3.9	-2.9	1.9	-1.0	-4.3	-2.2	-0.3	0.2
Other Information	42.1	42.2	43.0	43.4	43.8	44.2	44.1	43.9
% Ch, Annual Rate	0.5	1.3	6.9	3.9	4.4	3.3	-0.8	-2.2
Financial Activities	156.8	156.5	156.1	155.6	155.8	156.0	155.3	155.0
% Ch, Annual Rate	0.2	-0.7	-1.1	-1.1	0.4	0.6	-1.8	-0.9
Professional and Business Services	323.7	328.3	332.9	337.3	341.5	342.9	345.4	348.9
% Ch, Annual Rate	3.1	5.9	5.7	5.4	5.1	1.6	3.0	4.1
Education and Health Services	334.7	336.4	337.7	339.9	343.3	346.3	349.3	354.1
% Ch, Annual Rate	2.4	2.0	1.5	2.7	4.0	3.6	3.5	5.6
Leisure and Hospitality	269.9	270.7	272.3	273.8	277.2	279.6	281.5	283.9
% Ch, Annual Rate	3.1	1.1	2.4	2.2	5.1	3.5	2.7	3.5
Other Services	103.4	103.9	104.2	104.4	104.6	105.0	105.4	106.3
% Ch, Annual Rate	0.1	1.6	1.3	0.7	1.0	1.5	1.3	3.6
Federal Government	69.6	69.5	69.0	69.0	69.0	68.6	68.6	68.4
% Ch, Annual Rate	0.3	-0.5	-3.0	-0.3	0.4	-2.3	-0.3	-1.3
State and Local Government	460.1	460.9	459.6	462.1	461.4	463.8	466.1	469.2
% Ch, Annual Rate	1.6	0.7	-1.2	2.2	-0.7	2.2	1.9	2.7

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	2,974.3	2,966.8	2,966.4	2,933.3	2,905.4	2,885.6	2,877.3	2,875.4
% Ch, Annual Rate	2.0	-1.0	-0.1	-4.4	-3.8	-2.7	-1.1	-0.3
Manufacturing	297.2	294.4	293.0	279.6	278.0	271.3	265.8	262.8
% Ch, Annual Rate	1.4	-3.7	-1.9	-17.0	-2.3	-9.3	-7.8	-4.4
Durable Manufacturing	215.9	214.4	214.0	201.8	203.9	198.1	193.0	190.9
% Ch, Annual Rate	2.2	-2.8	-0.8	-20.9	4.1	-10.9	-9.8	-4.3
Wood Products	18.2	17.4	16.7	16.0	15.3	14.4	13.8	13.7
% Ch, Annual Rate	-13.4	-15.6	-16.1	-15.4	-16.6	-20.7	-16.4	-1.6
Primary and Fabricated Metals	26.5	26.6	26.7	26.1	25.0	23.8	22.2	21.0
% Ch, Annual Rate	5.3	1.2	2.0	-8.5	-16.2	-17.6	-24.5	-20.1
Computer and Electronic Products	22.6	22.6	22.7	21.9	20.7	19.2	18.1	18.4
% Ch, Annual Rate	-1.2	-1.3	1.4	-12.4	-20.6	-26.0	-20.8	7.0
Machinery and Electrical Equipment	20.1	20.0	19.9	19.4	18.4	17.8	17.6	17.6
% Ch, Annual Rate	2.5	-1.9	-2.2	-10.7	-17.9	-13.4	-4.2	1.1
Aerospace	84.1	84.5	85.8	77.3	85.2	84.2	83.2	82.1
% Ch, Annual Rate	7.0	2.1	6.2	-34.2	47.8	-4.7	-4.8	-4.8
Other Transportation Equip.	12.9	12.4	11.9	11.9	11.1	11.2	11.1	11.1
% Ch, Annual Rate	-2.6	-14.1	-13.4	-1.1	-24.4	2.9	-2.3	-0.1
Other Durables	31.5	30.9	30.3	29.3	28.2	27.5	27.1	26.9
% Ch, Annual Rate	1.3	-7.6	-7.4	-13.0	-13.8	-9.2	-6.5	-2.9
Nondurable Manufacturing	81.3	80.0	79.0	77.8	74.1	73.2	72.8	72.0
% Ch, Annual Rate	-0.6	-6.3	-4.9	-5.8	-17.6	-4.9	-2.1	-4.6
Food Manufacturing	34.6	34.0	33.8	33.5	32.6	32.1	32.1	31.6
% Ch, Annual Rate	3.2	-6.6	-2.1	-3.6	-10.2	-6.3	-0.1	-5.6
Paper and Paper Products	10.8	10.6	10.3	10.2	9.2	9.2	9.2	9.1
% Ch, Annual Rate	-4.6	-7.0	-9.0	-5.9	-33.0	1.1	-2.3	-3.5
Other Nondurables	35.9	35.4	34.8	34.1	32.3	31.9	31.6	31.2
% Ch, Annual Rate	-3.0	-5.7	-6.4	-7.9	-19.6	-5.2	-4.0	-3.9
Natural Resources and Mining	7.7	7.5	7.6	7.3	7.2	6.8	6.8	6.7
% Ch, Annual Rate	-10.4	-11.3	3.6	-12.9	-8.8	-16.9	-1.5	-4.5
Construction	208.8	203.8	199.4	194.0	187.4	179.7	172.8	168.4
% Ch, Annual Rate	-1.5	-9.2	-8.5	-10.3	-13.0	-15.5	-14.3	-9.9
Trade, Transportation, and Utilities	559.4	555.9	553.4	543.1	534.5	531.6	535.6	540.5
% Ch, Annual Rate	1.4	-2.5	-1.8	-7.3	-6.2	-2.1	3.1	3.7
Wholesale Trade	131.0	130.5	129.9	128.5	126.8	126.0	126.9	127.2
% Ch, Annual Rate	0.8	-1.6	-1.7	-4.3	-5.1	-2.6	2.8	1.0
Retail Trade	332.0	329.0	327.1	319.5	313.8	311.4	314.2	318.2
% Ch, Annual Rate	2.1	-3.6	-2.3	-9.0	-6.9	-3.0	3.6	5.2
Trans., Warehousing, and Utilities	96.4	96.4	96.4	95.2	93.8	94.2	94.5	95.1
% Ch, Annual Rate	-0.5	0.1	0.0	-5.2	-5.5	1.5	1.5	2.5
Information	104.6	105.1	106.1	106.2	103.5	102.1	101.5	100.2
% Ch, Annual Rate	6.7	2.1	3.7	0.6	-9.8	-5.4	-2.3	-5.1
Software Publishers	49.2	50.3	51.5	52.3	52.1	51.2	50.9	50.7
% Ch, Annual Rate	9.0	8.7	10.6	5.9	-1.8	-6.5	-2.5	-1.7
Other Publishing Industries	10.8	10.6	10.2	9.9	9.5	9.3	9.1	8.9
% Ch, Annual Rate	-1.2	-7.8	-12.6	-13.0	-14.9	-7.0	-7.8	-10.5
Other Information	44.5	44.3	44.3	44.1	42.0	41.6	41.5	40.7
% Ch, Annual Rate	6.3	-2.4	0.2	-2.1	-17.5	-3.8	-0.7	-7.9
Financial Activities	154.5	153.5	151.7	149.8	148.2	145.9	145.3	145.4
% Ch, Annual Rate	-1.1	-2.7	-4.5	-5.0	-4.2	-6.0	-1.7	0.4
Professional and Business Services	350.0	351.2	350.1	346.4	341.0	337.5	335.4	333.8
% Ch, Annual Rate	1.2	1.4	-1.2	-4.2	-6.0	-4.1	-2.4	-1.9
Education and Health Services	357.2	359.6	364.0	365.4	364.9	368.9	371.9	374.0
% Ch, Annual Rate	3.5	2.8	5.0	1.5	-0.5	4.5	3.3	2.3
Leisure and Hospitality	285.6	284.8	284.8	284.9	284.2	281.0	278.9	278.8
% Ch, Annual Rate	2.4	-1.1	-0.0	0.2	-1.0	-4.5	-2.9	-0.2
Other Services	107.3	107.5	107.8	107.9	107.1	106.6	106.7	107.0
% Ch, Annual Rate	3.8	0.8	1.3	0.1	-2.8	-1.7	0.1	1.1
Federal Government	69.3	69.6	70.3	70.6	70.8	71.3	71.7	72.3
% Ch, Annual Rate	5.4	2.0	3.9	1.6	1.6	2.9	2.3	3.1
State and Local Government	472.8	473.9	478.2	478.2	478.6	482.9	484.8	485.5
% Ch, Annual Rate	3.1	1.0	3.7	-0.0	0.3	3.7	1.6	0.5

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	2,885.8	2,899.1	2,912.2	2,927.6	2,945.5	2,964.0	2,985.9	3,012.1
% Ch, Annual Rate	1.4	1.9	1.8	2.1	2.5	2.5	3.0	3.6
Manufacturing	263.0	263.2	264.8	266.7	269.4	271.7	274.7	277.9
% Ch, Annual Rate	0.2	0.4	2.3	2.9	4.1	3.5	4.5	4.7
Durable Manufacturing	191.5	192.3	194.2	195.9	198.3	200.3	203.0	205.9
% Ch, Annual Rate	1.4	1.7	4.0	3.5	5.0	4.2	5.5	5.8
Wood Products	13.8	13.9	14.4	14.8	15.4	16.0	16.7	17.4
% Ch, Annual Rate	3.0	2.6	13.6	13.0	15.8	17.4	18.0	17.2
Primary and Fabricated Metals	20.0	19.1	19.3	19.5	19.8	20.2	20.8	21.5
% Ch, Annual Rate	-18.1	-15.4	4.0	3.4	6.8	8.6	12.5	13.6
Computer and Electronic Products	20.4	22.5	23.5	24.5	25.7	26.3	26.8	27.5
% Ch, Annual Rate	51.1	47.7	19.2	16.9	21.1	9.9	9.2	9.3
Machinery and Electrical Equipment	17.3	16.8	17.0	17.2	17.5	17.8	18.3	18.8
% Ch, Annual Rate	-7.7	-11.0	5.7	4.0	6.3	7.8	10.4	11.7
Aerospace	82.1	82.1	81.9	81.7	81.4	81.2	81.2	81.2
% Ch, Annual Rate	0.0	0.0	-1.1	-1.1	-1.1	-1.1	0.0	0.0
Other Transportation Equip.	11.1	11.2	11.3	11.4	11.5	11.6	11.8	11.9
% Ch, Annual Rate	1.0	2.1	2.7	3.2	4.4	4.8	4.9	5.4
Other Durables	26.7	26.6	26.8	26.9	27.0	27.2	27.4	27.7
% Ch, Annual Rate	-1.7	-1.9	2.2	1.7	2.4	2.7	3.3	4.0
Nondurable Manufacturing	71.4	70.9	70.6	70.8	71.1	71.4	71.7	72.0
% Ch, Annual Rate	-2.8	-2.9	-2.0	1.3	1.6	1.6	1.7	1.6
Food Manufacturing	31.4	31.1	30.9	31.1	31.2	31.4	31.5	31.6
% Ch, Annual Rate	-3.1	-3.3	-2.6	2.3	1.8	1.7	1.6	1.0
Paper and Paper Products	9.0	8.9	8.8	8.8	8.9	9.0	9.1	9.1
% Ch, Annual Rate	-3.2	-4.8	-5.4	0.3	4.4	4.1	3.9	3.6
Other Nondurables	31.1	30.9	30.9	30.9	31.0	31.0	31.1	31.2
% Ch, Annual Rate	-2.4	-1.8	-0.4	0.5	0.7	0.8	1.1	1.7
Natural Resources and Mining	6.7	6.5	6.5	6.6	6.7	6.8	6.9	7.1
% Ch, Annual Rate	-3.6	-7.6	-2.5	5.0	7.9	7.5	7.2	7.3
Construction	166.6	164.9	164.6	165.4	166.6	168.1	170.9	176.2
% Ch, Annual Rate	-4.2	-4.0	-0.9	1.9	3.1	3.7	6.8	12.9
Trade, Transportation, and Utilities	545.3	549.8	551.9	552.9	553.4	553.5	555.4	560.1
% Ch, Annual Rate	3.6	3.3	1.6	0.7	0.4	0.1	1.4	3.4
Wholesale Trade	127.6	128.2	128.5	128.2	128.4	129.4	130.9	132.6
% Ch, Annual Rate	1.2	2.0	0.9	-1.0	0.5	3.2	4.7	5.4
Retail Trade	321.9	324.9	326.3	327.2	326.9	324.9	324.0	325.5
% Ch, Annual Rate	4.8	3.8	1.7	1.1	-0.4	-2.4	-1.1	1.8
Trans., Warehousing, and Utilities	95.8	96.6	97.1	97.5	98.2	99.2	100.5	101.9
% Ch, Annual Rate	3.1	3.4	2.1	1.5	2.8	4.4	5.3	5.7
Information	99.4	99.3	100.3	101.9	103.8	105.4	106.8	108.1
% Ch, Annual Rate	-3.2	-0.4	4.0	6.7	7.5	6.5	5.3	4.9
Software Publishers	50.7	51.1	51.6	52.4	53.7	55.0	56.3	57.8
% Ch, Annual Rate	0.6	2.9	4.3	5.8	10.1	10.0	10.3	10.6
Other Publishing Industries	8.7	8.5	8.5	8.5	8.5	8.5	8.4	8.4
% Ch, Annual Rate	-9.0	-7.8	-1.4	0.2	0.5	-0.6	-1.0	-1.4
Other Information	40.0	39.7	40.2	41.1	41.6	42.0	42.0	41.9
% Ch, Annual Rate	-6.6	-2.9	4.9	9.3	5.6	3.5	0.2	-1.3
Financial Activities	145.0	144.6	144.7	145.5	146.3	147.4	148.8	150.1
% Ch, Annual Rate	-1.4	-0.8	0.1	2.2	2.4	2.9	3.7	3.7
Professional and Business Services	335.9	341.2	346.3	352.7	359.8	367.5	375.0	382.2
% Ch, Annual Rate	2.5	6.5	6.1	7.7	8.2	8.9	8.5	7.8
Education and Health Services	377.8	382.2	385.7	388.5	390.9	393.5	395.9	397.5
% Ch, Annual Rate	4.1	4.8	3.7	2.9	2.4	2.7	2.4	1.7
Leisure and Hospitality	278.7	279.9	280.9	281.4	282.0	283.0	283.8	285.2
% Ch, Annual Rate	-0.1	1.8	1.4	0.7	0.8	1.4	1.2	1.9
Other Services	106.9	106.9	106.9	106.8	106.8	106.7	106.7	106.6
% Ch, Annual Rate	-0.1	-0.3	-0.0	-0.0	-0.2	-0.2	-0.3	-0.3
Federal Government	73.8	73.5	72.3	72.5	72.4	72.3	72.4	72.5
% Ch, Annual Rate	8.7	-1.7	-6.4	1.2	-0.8	-0.2	0.3	0.4
State and Local Government	486.7	487.0	487.5	486.6	487.5	488.0	488.6	488.8
% Ch, Annual Rate	1.0	0.2	0.4	-0.7	0.8	0.4	0.5	0.2

Table A3.1

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

Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Personal Income	9,727.2	10,269.8	10,993.9	11,663.3	12,106.9	12,228.6	12,524.4	13,045.1
% Ch	6.2	5.6	7.1	6.1	3.8	1.0	2.4	4.2
Total Wage and Salary Disbursements	5,394.5	5,671.7	6,027.3	6,362.0	6,550.8	6,538.6	6,683.4	6,959.5
% Ch	5.5	5.1	6.3	5.6	3.0	-0.2	2.2	4.1
Nonwage Personal Income	4,332.7	4,598.1	4,966.7	5,301.3	5,556.1	5,690.0	5,841.0	6,085.6
% Ch	7.0	6.1	8.0	6.7	4.8	2.4	2.7	4.2
Supplements to Wages and Salaries	1,276.9	1,354.1	1,405.3	1,456.6	1,505.0	1,547.6	1,619.0	1,684.4
% Ch	6.6	6.0	3.8	3.7	3.3	2.8	4.6	4.0
Proprietor's Income	911.7	959.8	1,014.7	1,056.3	1,072.7	1,042.5	1,108.2	1,188.7
% Ch	12.4	5.3	5.7	4.1	1.6	-2.8	6.3	7.3
Farm	37.4	34.1	16.2	44.0	34.5	23.8	36.4	41.7
% Ch	...	...	...	...	...	...	...	...
Nonfarm	874.3	925.7	998.5	1,012.2	1,038.2	1,018.7	1,071.9	1,147.0
% Ch	11.8	5.9	7.9	1.4	2.6	-1.9	5.2	7.0
Less: Contribution For Govt. Soc. Ins.	828.8	874.3	925.5	965.1	996.1	991.6	1,014.0	1,060.7
% Ch	6.4	5.5	5.9	4.3	3.2	-0.4	2.3	4.6
Dividends/Int./Rent	1,550.5	1,637.7	1,869.1	2,040.2	2,104.3	2,011.2	1,985.7	2,047.7
% Ch	5.5	5.6	14.1	9.2	3.1	-4.4	-1.3	3.1
Transfer Payments	1,422.5	1,520.7	1,603.0	1,713.3	1,870.3	2,080.3	2,142.1	2,225.5
% Ch	5.3	6.9	5.4	6.9	9.2	11.2	3.0	3.9

Table A3.2

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

Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	10,781.6	10,913.2	11,056.1	11,224.7	11,473.0	11,577.5	11,730.4	11,872.1
% Ch, Annual Rate	8.6	5.0	5.3	6.2	9.1	3.7	5.4	4.9
Total Wage and Salary Disbursements	5,946.4	5,966.2	6,034.2	6,162.2	6,294.0	6,310.7	6,377.7	6,465.5
% Ch, Annual Rate	10.8	1.3	4.6	8.8	8.8	1.1	4.3	5.6
Nonwage Personal Income	4,835.2	4,947.0	5,021.9	5,062.5	5,179.0	5,266.8	5,352.7	5,406.6
% Ch, Annual Rate	6.1	9.6	6.2	3.3	9.5	7.0	6.7	4.1
Supplements to Wages and Salaries	1,391.6	1,398.0	1,407.7	1,423.9	1,439.9	1,449.4	1,461.6	1,475.5
% Ch, Annual Rate	5.1	1.9	2.8	4.7	4.6	2.7	3.4	3.8
Proprietor's Income	1,004.8	1,018.2	1,013.4	1,022.4	1,037.2	1,050.2	1,063.8	1,073.8
% Ch, Annual Rate	4.2	5.4	-1.9	3.6	5.9	5.1	5.3	3.8
Farm	17.3	9.8	13.8	23.7	39.3	42.3	47.4	47.1
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	987.5	1,008.4	999.6	998.7	997.9	1,007.9	1,016.4	1,026.7
% Ch, Annual Rate	8.9	8.7	-3.4	-0.4	-0.3	4.1	3.4	4.1
Less: Contribution For Govt. Soc. Ins.	917.1	918.9	925.5	940.4	959.8	959.1	966.0	975.3
% Ch, Annual Rate	13.0	0.8	2.9	6.6	8.5	-0.3	2.9	3.9
Dividends/Int./Rent	1,788.3	1,855.1	1,906.2	1,926.8	1,966.0	2,027.2	2,072.7	2,094.8
% Ch, Annual Rate	9.0	15.8	11.5	4.4	8.4	13.0	9.3	4.3
Transfer Payments	1,567.6	1,594.5	1,620.1	1,629.8	1,695.7	1,699.2	1,720.6	1,737.8
% Ch, Annual Rate	8.9	7.0	6.6	2.4	17.2	0.8	5.1	4.1

Table A3.2

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

Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	11,960.5	12,152.2	12,170.4	12,144.4	12,137.6	12,262.8	12,231.4	12,282.8
% Ch, Annual Rate	3.0	6.6	0.6	-0.9	-0.2	4.2	-1.0	1.7
Total Wage and Salary Disbursements	6,518.0	6,531.3	6,581.8	6,572.1	6,526.6	6,531.6	6,536.6	6,559.6
% Ch, Annual Rate	3.3	0.8	3.1	-0.6	-2.7	0.3	0.3	1.4
Nonwage Personal Income	5,442.5	5,620.9	5,588.6	5,572.3	5,611.0	5,731.2	5,694.8	5,723.2
% Ch, Annual Rate	2.7	13.8	-2.3	-1.2	2.8	8.9	-2.5	2.0
Supplements to Wages and Salaries	1,491.7	1,502.2	1,511.1	1,514.8	1,525.3	1,538.5	1,556.4	1,570.4
% Ch, Annual Rate	4.5	2.8	2.4	1.0	2.8	3.5	4.7	3.7
Proprietor's Income	1,071.7	1,077.0	1,080.6	1,061.5	1,034.3	1,032.8	1,042.1	1,060.9
% Ch, Annual Rate	-0.8	2.0	1.3	-6.9	-9.9	-0.6	3.6	7.4
Farm	41.6	38.0	32.4	26.2	23.8	18.8	23.1	29.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,030.1	1,039.0	1,048.2	1,035.3	1,010.5	1,014.0	1,019.0	1,031.5
% Ch, Annual Rate	1.3	3.5	3.6	-4.8	-9.2	1.4	2.0	5.0
Less: Contribution For Govt. Soc. Ins.	992.2	995.4	1,000.0	996.7	996.4	994.1	989.2	986.8
% Ch, Annual Rate	7.1	1.3	1.9	-1.3	-0.2	-0.9	-2.0	-1.0
Dividends/Int./Rent	2,093.2	2,110.9	2,124.2	2,088.7	2,051.9	2,022.3	1,991.5	1,979.0
% Ch, Annual Rate	-0.3	3.4	2.5	-6.5	-6.9	-5.6	-6.0	-2.5
Transfer Payments	1,778.1	1,926.3	1,872.7	1,903.9	1,995.8	2,131.7	2,094.0	2,099.8
% Ch, Annual Rate	9.6	37.7	-10.7	6.8	20.8	30.1	-6.9	1.1

Table A3.2

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

Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	12,369.2	12,466.3	12,579.3	12,683.0	12,821.3	12,957.1	13,119.9	13,282.1
% Ch, Annual Rate	2.8	3.2	3.7	3.3	4.4	4.3	5.1	5.0
Total Wage and Salary Disbursements	6,606.4	6,653.8	6,706.5	6,766.9	6,843.2	6,915.8	6,996.7	7,082.3
% Ch, Annual Rate	2.9	2.9	3.2	3.7	4.6	4.3	4.8	5.0
Nonwage Personal Income	5,762.8	5,812.5	5,872.8	5,916.1	5,978.1	6,041.3	6,123.2	6,199.8
% Ch, Annual Rate	2.8	3.5	4.2	3.0	4.3	4.3	5.5	5.1
Supplements to Wages and Salaries	1,593.4	1,610.2	1,630.0	1,642.3	1,661.5	1,674.9	1,691.8	1,709.4
% Ch, Annual Rate	6.0	4.3	5.0	3.1	4.8	3.3	4.1	4.2
Proprietor's Income	1,079.7	1,098.5	1,116.7	1,138.0	1,160.1	1,180.0	1,198.6	1,215.9
% Ch, Annual Rate	7.3	7.2	6.8	7.8	8.0	7.0	6.4	5.9
Farm	34.6	35.8	36.8	38.2	40.4	41.4	42.6	42.4
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,045.1	1,062.7	1,079.9	1,099.8	1,119.7	1,138.6	1,156.0	1,173.6
% Ch, Annual Rate	5.4	6.9	6.6	7.6	7.5	6.9	6.3	6.2
Less: Contribution For Govt. Soc. Ins.	1,007.7	1,009.4	1,015.3	1,023.4	1,047.1	1,056.6	1,064.4	1,074.5
% Ch, Annual Rate	8.7	0.7	2.3	3.2	9.6	3.7	3.0	3.8
Dividends/Int./Rent	1,974.3	1,981.0	1,993.8	1,993.6	2,007.3	2,029.1	2,060.0	2,094.5
% Ch, Annual Rate	-0.9	1.4	2.6	-0.0	2.8	4.4	6.2	6.9
Transfer Payments	2,123.1	2,132.2	2,147.6	2,165.6	2,196.3	2,214.0	2,237.2	2,254.5
% Ch, Annual Rate	4.5	1.7	2.9	3.4	5.8	3.3	4.3	3.1

Table A3.3
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2009 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Personal Income	218.432	226.577	245.930	265.605	276.628	279.633	289.300	304.313
% Ch	7.6	3.7	8.5	8.0	4.2	1.1	3.5	5.2
Total Wage and Salary Disbursements	119.217	125.934	136.359	146.887	152.267	152.209	156.905	165.664
% Ch	4.5	5.6	8.3	7.7	3.7	-0.0	3.1	5.6
Manufacturing	13.903	15.158	16.859	17.745	18.156	17.380	17.508	18.638
% Ch	2.2	9.0	11.2	5.3	2.3	-4.3	0.7	6.5
Durable Manufacturing	10.410	11.551	13.096	13.815	14.249	13.722	13.863	14.862
% Ch	3.0	11.0	13.4	5.5	3.1	-3.7	1.0	7.2
Nondurable Manufacturing	3.493	3.607	3.763	3.930	3.907	3.658	3.645	3.776
% Ch	-0.1	3.3	4.3	4.4	-0.6	-6.4	-0.4	3.6
Nonmanufacturing	100.184	105.062	113.568	123.107	127.684	127.977	132.369	139.891
% Ch	4.8	4.9	8.1	8.4	3.7	0.2	3.4	5.7
Other Private Wages	1.183	1.236	1.336	1.369	1.381	1.419	1.469	1.544
% Ch	4.7	4.5	8.1	2.4	0.9	2.8	3.5	5.1
Farm Wages	0.985	1.154	1.094	1.047	1.076	1.067	1.082	1.104
% Ch	3.8	17.3	-5.2	-4.3	2.8	-0.9	1.5	2.0
Military Wages	2.963	3.323	3.502	3.619	3.970	4.366	4.476	4.486
% Ch	6.1	12.2	5.4	3.4	9.7	10.0	2.5	0.2
Nonwage Personal Income	99.215	100.643	109.571	118.718	124.362	127.424	132.395	138.649
% Ch	11.7	1.4	8.9	8.3	4.8	2.5	3.9	4.7
Supplements to Wages and Salaries	29.208	31.142	32.816	34.434	35.778	36.913	38.878	40.947
% Ch	8.8	6.6	5.4	4.9	3.9	3.2	5.3	5.3
Proprietor's Income	17.812	18.071	19.505	20.561	20.550	19.885	21.388	23.258
% Ch	8.9	1.5	7.9	5.4	-0.1	-3.2	7.6	8.7
Farm	0.540	0.229	0.126	0.492	0.298	0.329	0.571	0.681
% Ch	...	...	...	...	...	...	...	...
Nonfarm	17.271	17.842	19.379	20.069	20.252	19.556	20.817	22.578
% Ch	10.5	3.3	8.6	3.6	0.9	-3.4	6.4	8.5
Less: Contribution For Govt. Soc. Ins.	20.290	21.503	23.086	24.363	25.222	25.147	25.829	27.291
% Ch	7.1	6.0	7.4	5.5	3.5	-0.3	2.7	5.7
Plus: Residence Adjustment	2.436	2.530	2.833	2.920	3.007	2.845	2.850	3.018
% Ch	1.4	3.9	11.9	3.1	3.0	-5.4	0.2	5.9
Dividends/Int./Rent	41.866	40.788	45.785	51.450	53.760	51.844	51.389	52.982
% Ch	22.2	-2.6	12.3	12.4	4.5	-3.6	-0.9	3.1
Transfer Payments	28.183	29.615	31.719	33.717	36.488	41.084	43.719	45.736
% Ch	0.9	5.1	7.1	6.3	8.2	12.6	6.4	4.6
State U.I. Benefits	1.183	0.782	0.734	0.739	1.210	3.481	3.943	3.663
% Ch	-47.1	-33.9	-6.3	0.7	63.8	187.6	13.3	-7.1
Other Transfers	27.000	28.832	30.985	32.978	35.278	37.603	39.776	42.073
% Ch	5.1	6.8	7.5	6.4	7.0	6.6	5.8	5.8

Table A3.4
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2009 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	240.331	243.346	247.637	252.405	258.643	262.289	268.847	272.642
% Ch, Annual Rate	11.1	5.1	7.2	7.9	10.3	5.8	10.4	5.8
Total Wage and Salary Disbursements	134.315	134.261	136.624	140.236	142.979	144.651	148.735	151.181
% Ch, Annual Rate	14.7	-0.2	7.2	11.0	8.1	4.8	11.8	6.7
Manufacturing	16.884	16.801	16.344	17.407	17.376	17.724	17.661	18.218
% Ch, Annual Rate	31.2	-2.0	-10.4	28.7	-0.7	8.3	-1.4	13.2
Durable Manufacturing	13.095	13.121	12.571	13.597	13.464	13.826	13.776	14.194
% Ch, Annual Rate	34.8	0.8	-15.7	36.9	-3.9	11.2	-1.4	12.7
Nondurable Manufacturing	3.789	3.680	3.773	3.810	3.912	3.898	3.885	4.024
% Ch, Annual Rate	19.8	-11.0	10.5	4.0	11.1	-1.4	-1.3	15.1
Nonmanufacturing	111.486	111.518	114.315	116.951	119.688	120.966	124.949	126.823
% Ch, Annual Rate	12.3	0.1	10.4	9.5	9.7	4.3	13.8	6.1
Other Private Wages	1.288	1.328	1.399	1.330	1.361	1.351	1.399	1.363
% Ch, Annual Rate	17.9	13.0	23.2	-18.3	9.7	-2.9	15.0	-9.9
Farm Wages	1.086	1.086	1.094	1.111	1.029	1.046	1.056	1.058
% Ch, Annual Rate	-22.4	0.0	3.0	6.4	-26.4	6.8	3.9	0.8
Military Wages	3.571	3.528	3.472	3.437	3.525	3.564	3.670	3.719
% Ch, Annual Rate	32.1	-4.7	-6.2	-4.0	10.6	4.5	12.4	5.4
Nonwage Personal Income	106.015	109.086	111.014	112.170	115.664	117.639	120.110	121.460
% Ch, Annual Rate	6.7	12.1	7.3	4.2	13.1	7.0	8.7	4.6
Supplements to Wages and Salaries	32.614	32.545	32.795	33.311	33.612	34.031	34.816	35.275
% Ch, Annual Rate	10.1	-0.8	3.1	6.4	3.7	5.1	9.6	5.4
Proprietor's Income	19.084	19.633	19.583	19.719	20.298	20.370	20.760	20.815
% Ch, Annual Rate	7.3	12.0	-1.0	2.8	12.3	1.4	7.9	1.1
Farm	0.017	0.070	0.118	0.300	0.452	0.367	0.612	0.536
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	19.066	19.564	19.465	19.420	19.846	20.003	20.147	20.279
% Ch, Annual Rate	9.3	10.9	-2.0	-0.9	9.1	3.2	2.9	2.6
Less: Contribution For Govt. Soc. Ins.	22.896	22.832	23.080	23.535	23.927	24.063	24.594	24.867
% Ch, Annual Rate	16.3	-1.1	4.4	8.1	6.8	2.3	9.1	4.5
Plus: Residence Adjustment	2.804	2.809	2.836	2.881	2.898	2.923	2.911	2.950
% Ch, Annual Rate	47.1	0.7	3.9	6.5	2.4	3.5	-1.6	5.5
Dividends/Int./Rent	43.350	45.346	46.888	47.554	49.410	50.948	52.355	53.086
% Ch, Annual Rate	0.2	19.7	14.3	5.8	16.5	13.0	11.5	5.7
Transfer Payments	31.060	31.584	31.992	32.239	33.373	33.430	33.863	34.201
% Ch, Annual Rate	16.4	6.9	5.3	3.1	14.8	0.7	5.3	4.1
State U.I. Benefits	0.748	0.750	0.683	0.753	0.702	0.694	0.754	0.805
% Ch, Annual Rate	-2.1	1.1	-31.2	47.7	-24.5	-4.5	39.3	29.9
Other Transfers	30.311	30.834	31.309	31.486	32.671	32.737	33.109	33.396
% Ch, Annual Rate	16.9	7.1	6.3	2.3	15.9	0.8	4.6	3.5

Table A3.4
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2009 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	273.787	276.620	279.260	276.846	278.088	279.588	280.227	280.628
% Ch, Annual Rate	1.7	4.2	3.9	-3.4	1.8	2.2	0.9	0.6
Total Wage and Salary Disbursements	151.639	151.416	153.929	152.083	152.232	151.896	152.707	152.000
% Ch, Annual Rate	1.2	-0.6	6.8	-4.7	0.4	-0.9	2.2	-1.8
Manufacturing	18.441	17.920	17.998	18.264	17.755	17.467	17.194	17.105
% Ch, Annual Rate	5.0	-10.8	1.7	6.1	-10.7	-6.3	-6.1	-2.0
Durable Manufacturing	14.440	13.995	14.134	14.426	14.083	13.808	13.533	13.465
% Ch, Annual Rate	7.1	-11.8	4.0	8.5	-9.2	-7.6	-7.7	-2.0
Nondurable Manufacturing	4.001	3.925	3.864	3.838	3.672	3.660	3.661	3.641
% Ch, Annual Rate	-2.3	-7.4	-6.1	-2.6	-16.2	-1.4	0.2	-2.2
Nonmanufacturing	126.954	127.216	129.367	127.199	127.688	127.592	128.640	127.987
% Ch, Annual Rate	0.4	0.8	6.9	-6.5	1.5	-0.3	3.3	-2.0
Other Private Wages	1.358	1.343	1.412	1.409	1.409	1.419	1.420	1.429
% Ch, Annual Rate	-1.5	-4.3	22.3	-0.8	-0.2	2.9	0.2	2.5
Farm Wages	1.069	1.078	1.087	1.071	1.067	1.064	1.066	1.069
% Ch, Annual Rate	4.2	3.4	3.4	-5.7	-1.7	-0.8	0.8	0.9
Military Wages	3.817	3.859	4.065	4.138	4.314	4.353	4.387	4.411
% Ch, Annual Rate	11.0	4.5	23.1	7.4	18.1	3.7	3.1	2.2
Nonwage Personal Income	122.147	125.205	125.331	124.764	125.856	127.692	127.520	128.628
% Ch, Annual Rate	2.3	10.4	0.4	-1.8	3.5	6.0	-0.5	3.5
Supplements to Wages and Salaries	35.540	35.593	35.978	36.002	36.379	36.696	37.123	37.453
% Ch, Annual Rate	3.0	0.6	4.4	0.3	4.3	3.5	4.7	3.6
Proprietor's Income	20.599	20.573	20.709	20.319	19.647	19.701	19.903	20.287
% Ch, Annual Rate	-4.1	-0.5	2.7	-7.3	-12.6	1.1	4.1	8.0
Farm	0.385	0.291	0.264	0.252	0.274	0.259	0.341	0.440
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	20.214	20.282	20.445	20.067	19.373	19.442	19.562	19.847
% Ch, Annual Rate	-1.3	1.4	3.3	-7.2	-13.1	1.4	2.5	6.0
Less: Contribution For Govt. Soc. Ins.	25.179	25.168	25.335	25.206	25.287	25.216	25.081	25.005
% Ch, Annual Rate	5.1	-0.2	2.7	-2.0	1.3	-1.1	-2.1	-1.2
Plus: Residence Adjustment	3.003	3.034	3.034	2.959	2.899	2.851	2.823	2.809
% Ch, Annual Rate	7.4	4.2	0.0	-9.5	-7.9	-6.4	-3.8	-1.9
Dividends/Int./Rent	53.211	53.878	54.442	53.509	52.720	52.086	51.413	51.156
% Ch, Annual Rate	0.9	5.1	4.3	-6.7	-5.8	-4.7	-5.1	-2.0
Transfer Payments	34.973	37.295	36.503	37.181	39.497	41.574	41.340	41.926
% Ch, Annual Rate	9.3	29.3	-8.2	7.6	27.3	22.8	-2.2	5.8
State U.I. Benefits	0.923	1.032	1.285	1.601	2.963	3.386	3.683	3.892
% Ch, Annual Rate	72.8	56.3	140.4	141.0	1,073.2	70.6	39.9	24.6
Other Transfers	34.050	36.262	35.218	35.580	36.534	38.188	37.657	38.034
% Ch, Annual Rate	8.1	28.6	-11.0	4.2	11.2	19.4	-5.4	4.1

Table A3.4
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2009 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	284.773	287.438	291.859	293.130	298.256	301.694	307.691	309.610
% Ch, Annual Rate	6.0	3.8	6.3	1.8	7.2	4.7	8.2	2.5
Total Wage and Salary Disbursements	154.685	155.789	158.525	158.620	162.264	164.082	168.172	168.136
% Ch, Annual Rate	7.3	2.9	7.2	0.2	9.5	4.6	10.3	-0.1
Manufacturing	17.229	17.361	17.591	17.851	18.163	18.450	18.789	19.151
% Ch, Annual Rate	2.9	3.1	5.4	6.0	7.2	6.5	7.6	7.9
Durable Manufacturing	13.593	13.730	13.953	14.176	14.448	14.695	14.993	15.313
% Ch, Annual Rate	3.9	4.1	6.7	6.5	7.9	7.0	8.3	8.8
Nondurable Manufacturing	3.637	3.632	3.637	3.675	3.715	3.755	3.796	3.838
% Ch, Annual Rate	-0.4	-0.6	0.6	4.2	4.5	4.3	4.5	4.5
Nonmanufacturing	130.422	131.396	133.907	133.753	136.977	138.511	142.247	141.828
% Ch, Annual Rate	7.8	3.0	7.9	-0.5	10.0	4.6	11.2	-1.2
Other Private Wages	1.444	1.460	1.478	1.494	1.513	1.532	1.554	1.578
% Ch, Annual Rate	4.4	4.6	4.9	4.4	5.3	5.2	5.8	6.1
Farm Wages	1.073	1.079	1.085	1.091	1.097	1.102	1.107	1.112
% Ch, Annual Rate	1.7	2.1	2.4	2.1	2.2	1.9	1.8	1.7
Military Wages	4.515	4.493	4.464	4.431	4.514	4.487	4.474	4.468
% Ch, Annual Rate	9.9	-1.9	-2.5	-3.0	7.7	-2.4	-1.1	-0.6
Nonwage Personal Income	130.088	131.648	133.334	134.510	135.992	137.611	139.519	141.474
% Ch, Annual Rate	4.6	4.9	5.2	3.6	4.5	4.8	5.7	5.7
Supplements to Wages and Salaries	38.116	38.610	39.182	39.604	40.218	40.656	41.171	41.741
% Ch, Annual Rate	7.3	5.3	6.1	4.4	6.3	4.4	5.2	5.7
Proprietor's Income	20.696	21.157	21.599	22.098	22.597	23.053	23.478	23.905
% Ch, Annual Rate	8.3	9.2	8.6	9.6	9.3	8.3	7.6	7.5
Farm	0.523	0.557	0.586	0.616	0.653	0.674	0.695	0.700
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	20.173	20.600	21.013	21.482	21.944	22.379	22.783	23.205
% Ch, Annual Rate	6.7	8.7	8.3	9.2	8.9	8.2	7.4	7.6
Less: Contribution For Govt. Soc. Ins.	25.581	25.682	25.889	26.164	26.841	27.148	27.413	27.761
% Ch, Annual Rate	9.5	1.6	3.3	4.3	10.8	4.7	4.0	5.2
Plus: Residence Adjustment	2.814	2.831	2.860	2.896	2.940	2.988	3.042	3.101
% Ch, Annual Rate	0.6	2.5	4.1	5.1	6.1	6.7	7.4	8.0
Dividends/Int./Rent	51.080	51.265	51.593	51.620	51.973	52.521	53.287	54.146
% Ch, Annual Rate	-0.6	1.5	2.6	0.2	2.8	4.3	6.0	6.6
Transfer Payments	42.963	43.467	43.990	44.457	45.106	45.541	45.954	46.342
% Ch, Annual Rate	10.3	4.8	4.9	4.3	6.0	3.9	3.7	3.4
State U.I. Benefits	3.959	3.969	3.949	3.896	3.834	3.744	3.618	3.455
% Ch, Annual Rate	7.1	1.0	-2.0	-5.3	-6.2	-9.1	-12.8	-16.9
Other Transfers	39.004	39.498	40.041	40.561	41.272	41.797	42.336	42.887
% Ch, Annual Rate	10.6	5.2	5.6	5.3	7.2	5.2	5.3	5.3

Table A4.1
Selected Inflation Indicators
 (Deflator 2000=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.276	4.2	0.405	4.2	0.382	2.1
1972	0.285	3.5	0.418	3.3	0.393	2.9
1973	0.301	5.5	0.444	6.3	0.418	6.4
1974	0.332	10.3	0.493	11.0	0.464	11.0
1975	0.359	8.3	0.538	9.1	0.511	10.2
1976	0.379	5.6	0.569	5.8	0.539	5.5
1977	0.404	6.5	0.606	6.5	0.583	8.0
1978	0.432	7.0	0.652	7.6	0.640	9.9
1979	0.471	8.8	0.726	11.3	0.709	10.8
1980	0.521	10.7	0.824	13.5	0.827	16.7
1981	0.567	8.9	0.909	10.4	0.916	10.8
1982	0.598	5.5	0.965	6.2	0.978	6.7
1983	0.624	4.3	0.996	3.2	0.993	1.5
1984	0.648	3.8	1.039	4.4	1.030	3.8
1985	0.669	3.3	1.076	3.5	1.056	2.5
1986	0.686	2.4	1.097	1.9	1.066	1.0
1987	0.709	3.5	1.136	3.6	1.092	2.4
1988	0.737	4.0	1.183	4.1	1.128	3.3
1989	0.770	4.4	1.239	4.8	1.181	4.7
1990	0.805	4.6	1.307	5.4	1.268	7.3
1991	0.834	3.6	1.362	4.2	1.341	5.8
1992	0.858	2.9	1.403	3.0	1.390	3.7
1993	0.878	2.3	1.445	3.0	1.429	2.8
1994	0.896	2.1	1.482	2.6	1.478	3.4
1995	0.916	2.1	1.524	2.8	1.522	3.0
1996	0.935	2.2	1.569	2.9	1.575	3.4
1997	0.951	1.7	1.605	2.3	1.630	3.5
1998	0.960	0.9	1.630	1.5	1.677	2.9
1999	0.976	1.7	1.666	2.2	1.728	3.0
2000	1.000	2.5	1.722	3.4	1.792	3.7
2001	1.021	2.1	1.770	2.8	1.857	3.6
2002	1.035	1.4	1.799	1.6	1.893	2.0
2003	1.056	2.0	1.840	2.3	1.924	1.6
2004	1.084	2.6	1.889	2.7	1.947	1.2
2005	1.116	2.9	1.953	3.4	2.002	2.8
2006	1.147	2.8	2.016	3.2	2.076	3.7
2007	1.177	2.6	2.073	2.9	2.157	3.9
2008	1.216	3.3	2.152	3.8	2.247	4.2
Forecast						
2009	1.210	-0.5	2.126	-1.2	2.244	-0.1
2010	1.226	1.3	2.159	1.6	2.287	1.9
2011	1.248	1.8	2.205	2.1	2.340	2.3

* 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
 (2000=1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	22.340	5.5	27.384	3.1	14.418	6.7	22.050	0.7
1972	23.304	4.3	28.610	4.5	14.535	0.8	22.336	1.3
1973	24.381	4.6	31.742	10.9	16.633	14.4	24.473	9.6
1974	26.344	8.1	36.234	14.2	26.327	58.3	33.059	35.1
1975	28.596	8.5	39.106	7.9	28.862	9.6	35.279	6.7
1976	30.604	7.0	40.393	3.3	30.822	6.8	36.777	4.2
1977	32.933	7.6	42.920	6.3	34.781	12.8	38.907	5.8
1978	35.464	7.7	46.832	9.1	36.559	5.1	40.597	4.3
1979	38.316	8.0	51.496	10.0	48.977	34.0	54.406	34.0
1980	42.332	10.5	55.992	8.7	68.177	39.2	75.509	38.8
1981	46.746	10.4	60.254	7.6	82.998	21.7	84.017	11.3
1982	50.528	8.1	62.372	3.5	82.043	-1.2	79.768	-5.1
1983	53.799	6.5	63.699	2.1	77.109	-6.0	77.160	-3.3
1984	56.680	5.4	65.827	3.3	78.867	2.3	76.005	-1.5
1985	59.295	4.6	67.164	2.0	76.147	-3.4	76.619	0.8
1986	62.040	4.6	69.105	2.9	61.413	-19.3	60.175	-21.5
1987	64.299	3.6	71.395	3.3	61.478	0.1	62.488	3.8
1988	67.493	5.0	73.805	3.4	61.646	0.3	63.017	0.8
1989	70.708	4.8	77.477	5.0	64.403	4.5	68.837	9.2
1990	74.197	4.9	81.183	4.8	76.919	19.4	78.385	13.9
1991	77.497	4.4	83.938	3.4	74.496	-3.2	77.338	-1.3
1992	80.684	4.1	84.948	1.2	71.832	-3.6	77.040	-0.4
1993	83.345	3.3	86.249	1.5	71.587	-0.3	76.257	-1.0
1994	85.748	2.9	87.679	1.7	70.417	-1.6	76.614	0.5
1995	88.320	3.0	89.573	2.2	69.905	-0.7	77.826	1.6
1996	90.844	2.9	92.090	2.8	77.835	11.3	82.597	6.1
1997	93.305	2.7	94.197	2.3	78.644	1.0	82.579	-0.0
1998	95.319	2.2	95.868	1.8	71.779	-8.7	71.874	-13.0
1999	97.393	2.2	97.711	1.9	72.656	1.2	78.207	8.8
2000	100.000	2.7	100.000	2.3	100.000	37.6	100.000	27.9
2001	103.257	3.3	102.943	2.9	101.737	1.7	96.288	-3.7
2002	106.018	2.7	104.951	2.0	91.688	-9.9	90.433	-6.1
2003	109.379	3.2	106.986	1.9	109.653	19.6	105.213	16.3
2004	112.929	3.2	110.269	3.1	125.389	14.4	123.991	17.8
2005	116.700	3.3	112.743	2.2	159.485	27.2	151.314	22.0
2006	120.751	3.5	115.344	2.3	180.338	13.1	170.343	12.6
2007	124.713	3.3	119.683	3.8	192.322	6.6	184.642	8.4
2008	128.736	3.2	126.182	5.4	252.618	31.4	215.081	16.5
Forecast								
2009	130.500	1.4	129.084	2.3	176.280	-30.2	140.003	-34.9
2010	133.060	2.0	130.243	0.9	175.508	-0.4	149.634	6.9
2011	135.860	2.1	133.035	2.1	184.319	5.0	156.707	4.7

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	98.6	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	5974.9	80.8	1.4	80.7	43.9	44.0
2002	6041.7	66.8	1.1	79.3	44.9	32.4
2003	6098.3	56.6	0.9	79.1	44.7	22.3
2004	6167.8	69.5	1.1	81.0	46.0	34.6
2005	6256.4	88.6	1.4	81.8	45.6	52.4
2006	6375.6	119.2	1.9	83.2	45.3	81.3
2007	6488.0	112.4	1.8	87.8	46.2	70.8
2008	6587.6	99.6	1.5	89.3	47.5	57.8
Forecast						
2009	6688.3	100.7	1.5	90.8	49.0	58.9
2010	6776.6	88.3	1.3	91.5	50.6	47.4
2011	6870.8	94.2	1.4	92.0	51.3	53.5

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	<u>2006</u>	Actual		Forecast		
			<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	2011
Total Population	6375.6	6488.0	6587.6	6688.3	6776.6	6870.8
Percent Change	1.9	1.8	1.5	1.5	1.3	1.4
Age 17 and Under	1549.0	1566.2	1576.8	1588.5	1597.7	1610.3
Percent of Total	24.3	24.1	23.9	23.8	23.6	23.4
Age 6-18	1142.9	1151.9	1155.9	1156.5	1156.4	1158.7
Percent of Total	17.9	17.8	17.5	17.3	17.1	16.9
Age 18 and Over	4826.6	4921.8	5010.8	5099.8	5178.9	5260.5
Percent of Total	75.7	75.9	76.1	76.2	76.4	76.6
Age 21 and Over	4552.8	4645.1	4727.2	4810.7	4886.3	4969.0
Percent of Total	71.4	71.6	71.8	71.9	72.1	72.3
Age 20-34	1309.0	1335.6	1365.0	1397.2	1424.4	1455.9
Percent of Total	20.5	20.6	20.7	20.9	21.0	21.2
Age 18-64	4099.3	4174.9	4238.5	4301.4	4355.6	4413.4
Percent of Total	64.3	64.3	64.3	64.3	64.3	64.2
Age 65 and Over	727.3	746.8	772.4	798.4	823.3	847.1
Percent of Total	11.4	11.5	11.7	11.9	12.1	12.3

* As of April 1 of Each Year

Source: Office of Financial Management

This page intentionally left blank.

Glossary

Biennium: The state's two years budget cycle. The 2001-2003 biennium started on July 1, 2003 and ends June 30, 2005. The current 2007-2009 biennium started July 1, 2007 and ends June 30, 2009.

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. The BLS also produces a bimonthly Seattle-Tacoma-Bremerton CPI.

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 1999, for example, ran from July 1, 1998 through June 30, 1999.

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 Revenue: Resources from state sources only, excludes federal monies.

Implicit Price Deflator for Personal Consumption Expenditures (IPD): The IPD 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 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

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

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

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

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

Wage and Salary Employment: Civilian nonfarm payroll employees. The self-employed, farm workers, members of the armed forces, private household employees, and workers on strike are excluded.