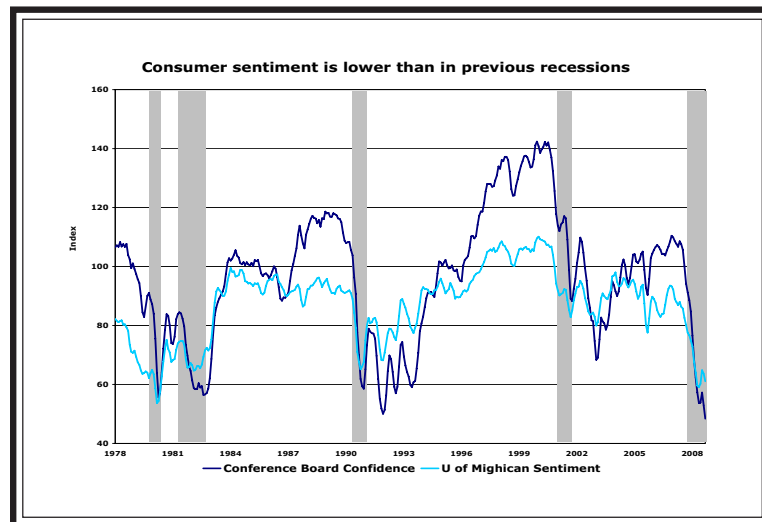


Washington Economic and Revenue Forecast



November 2008
Volume XXXI, No. 4

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Explanation of the Cover Graph

The cover chart shows the University of Michigan's Index of Consumer Sentiment and the Conference Board's Consumer Confidence Index. Both indices are constructed using monthly surveys of consumers. While the two measures differ with regard to survey questions, techniques, and sample size, they are highly correlated. Both are widely regarded as reliable indicators of current consumer attitudes, although there is some debate about their reliability as predictors of future consumer behavior.

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Washington Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

November 2008
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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.

Copies on Compact Disc are available to Washington State businesses and residents for \$2.50 per copy, and to those out-of-state for \$5.00 per copy. You may contact our office for more subscription information at (360) 570-6100 or by writing the Office of the Forecast Council, Post Office Box 40912, Olympia, WA 98504-0912.

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November 2008

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Executive Summary

U.S. Economic Forecast

The November 2008 economic and revenue forecast incorporated the advance GDP estimate for the third quarter of 2008. According to the advance estimate, real GDP declined at a 0.3 percent rate in the third quarter. Real final sales were even weaker, declining at a 0.8 percent rate. Real consumer spending plummeted at a 3.1 percent rate. This was the first decline since 1992 and the largest since 1980. Nearly half the decline in real consumer spending was due to a 14.1 percent drop in durable goods, mostly motor vehicles and parts. Real fixed investment fell at a 5.6 percent rate in the third quarter due mainly to a 19.1 percent decline in residential fixed investment. Cushioning the decline were foreign trade and government spending. Foreign trade added 1.1 percentage points to GDP growth in the third quarter as exports rose 5.9 percent and imports fell 1.9 percent. Government purchases rose at a 5.8 percent rate in the third quarter, mainly as a result of an 18.1 percent jump in defense spending.

Payroll employment declined at a 0.7 percent rate in the third quarter of 2008 compared to a 0.6 percent decline in the second quarter while the unemployment rate rose from 5.3 percent to 6.0 percent. The Consumer Price Index rose 6.7 percent in the third quarter following a 5.0 percent rise in the second quarter. The high headline inflation was mainly due to energy costs which rose at a 28.1 percent rate in the second quarter and at a 31.0 percent rate in the third quarter. Core CPI inflation, which excludes food and energy, rose at a more modest 3.2 percent rate in the third quarter. Housing starts declined at a 45.8 percent rate in the third quarter to 0.879 million units from 1.025 million units in the second quarter and the mortgage rate increased to 6.31 percent from 6.09 percent.

We have been hit by the worst financial crisis in our lifetimes, and its effects have spilled over to the real economy. Our baseline U.S. economic forecast assumes a national recession that will last four quarters, into the middle of 2009, with the current quarter being the weakest. We expect a modest recovery in the second half of 2009, and continued modest growth in 2010, gathering some momentum as the year progresses and into 2011. September's credit crunch knocked the wind out of an already weakening economy. Tight credit, declining household net worth, job losses, poor consumer and business confidence, and a global slowdown have contributed to a sharp retrenchment in consumer spending nationwide. We assume that a second fiscal-stimulus package worth \$200 billion will be implemented in the first quarter of 2009. We assume that it includes \$65 billion in funding for infrastructure spending, \$45 billion in other transfers to the states to support Medicaid and other current spending, \$30 billion in targeted transfer payments to the personal sector, and \$60 billion in tax rebates to the personal sector. Oil prices have fallen back to around \$60 per barrel, after nearing \$150 in mid-July. We have lowered our projected fourth-quarter 2008 average price to \$66 per barrel and assume that oil troughs at \$50 per barrel in the second quarter of 2009. Our baseline assumes that the Fed will cut the federal funds rate from 1.00 percent to

0.50 percent at its December 2008 meeting, and hold there throughout 2009. The Fed is assumed to begin a tightening cycle late in the first quarter of 2010. A flight from risk has sent the dollar higher against most currencies except the Japanese yen and Chinese renminbi. We do not see a further surge from current levels. The recession is quickly becoming global. We project GDP in the United States' major-currency trading partners to decline 0.4 percent in 2009, after growing just 0.9 percent in 2008. Growth for other important trading partners is projected to slow to just 2.0 percent in 2009, down from 4.7 percent in 2008.

Annual GDP growth slowed to 2.0 percent in 2007 from 2.8 percent in 2006. The forecast expects GDP growth to slow down to 1.3 percent this year and to decline 1.0 percent in 2009 before recovering to 1.7 percent in 2010 and 3.1 percent in 2011. Nonfarm payroll employment growth slowed to 1.1 percent in 2007 from 1.8 percent in 2006. Employment is expected to decline 0.1 percent this year and 1.5 percent next year. Employment is expected to grow just 0.1 percent in 2010, improving to 1.4 percent in 2011 as the economy recovers. The unemployment rate edged up to 4.64 percent in 2007 from 4.61 percent in 2006. The forecast expects the unemployment rate to rise to 5.68 percent in 2008, 7.72 percent in 2009, and 8.20 percent in 2010 before recovering somewhat to 7.76 percent in 2011. Inflation, as measured by the implicit price deflator for personal consumption expenditures, eased slightly to 2.6 percent in 2007 from 2.8 percent in 2006. Energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, was only 2.2 percent in 2007. Rising energy costs will add to inflation again in 2008 but falling prices will lead to deflation in 2009. The overall implicit price deflator is expected to rise 3.4 percent in 2008 and then to fall 0.1 percent in 2009 before rising 1.9 percent and 2.4 percent in 2010 and 2011.

Washington State Economic Forecast

Washington nonfarm payroll employment fell at a 0.5 percent annual rate in the third quarter of 2008 following a 0.7 percent decline in the second quarter. (Though the Boeing Machinist's strike began in September, it did not affect reported employment in the third quarter). Manufacturing employment fell at a 1.5 percent rate in the second quarter in spite of a 5.1 percent increase in aerospace employment. Manufacturing employment other than aerospace declined at a 4.1 percent rate. Construction employment declined at a 9.4 percent rate in the third quarter following an 8.4 percent decline in the second quarter. Residential building and related special trades employment fell at a 10.9 percent rate and heavy and civil engineering fell at a 16.0 percent rate. For the first time in this cycle, nonresidential building and related special trades employment also fell in the third quarter, declining at a 5.9 percent rate. Natural resources (logging) and mining employment, while small, fell at a 7.9 percent rate in the third quarter due mainly to a 9.9 percent decline in logging employment. Among the private services-producing sectors, education and health services employment remained strong with a 4.3 percent growth rate. Information employment grew at a 2.8 percent rate thanks to a 13.5 percent jump in software employment. Information employment other than software declined at a 6.3 percent rate. Employment in "other services" declined at a modest 0.3 percent rate in the third quarter as did leisure and hospitality (down 0.7 percent) and trade, transportation, and utilities (down 0.8 percent). Professional and business services employment declined at a 2.5 percent rate, due mostly to an 11.9 percent drop in employment services, and financial activities employment fell at a 2.6 percent rate. In the public sector, state and local government employment rose at a 2.5 percent rate in the third quarter and federal government employment increased at a 1.3 percent rate.

Washington's personal income in the second quarter of 2008 was \$0.3 billion (0.1 percent) lower than the estimate made in September. This relatively small revision to total personal income masks a large, \$3.2 billion (2.1 percent), reduction in the estimate for wage and salary disbursements. The current software

wage estimate is \$0.2 billion (3.1 percent) lower than expected in September. Second quarter wages in sectors other than software were \$3.0 billion (2.0 percent) lower than expected in the September forecast. Non-wage personal income in the second quarter was \$2.8 billion (2.3 percent) above the September forecast. The large upward revision to non-wage income is the result of the annual revision to the national income and product accounts. In particular, the estimate for dividends, interest, and rent was increased substantially to reflect newly available IRS data for 2006. The forecast assumes that personal income growth improved to 4.6 percent in the third quarter of 2008 in spite of a reduction in income related to the stimulus package, most of which was received in the second quarter. The forecast assumes that wage and salary disbursements grew at an 8.6 percent rate in the third quarter, bouncing back from a 4.7 percent decline in the second quarter. The strong growth was largely due to software stock awards and bonuses in the third quarter. Wages outside of the software sector rose at a 3.2 percent rate, up from -3.2 percent in the first quarter. The forecast assumes that income from sources other than wages declined at a 0.1 percent rate in the third quarter after a 9.3 percent jump in the second quarter. Again, the swing in nonwage income growth was driven by the stimulus package.

The forecast also incorporates Seattle consumer price data through August 2008. After trailing the national average during 2002, 2003, and 2004, December-December Seattle inflation moved ahead of the national average in 2005, 2006, and 2007. Seattle inflation during the first eight months of this year averaged 4.5 percent compared to the U.S. rate of 5.1 percent and core inflation in Seattle averaged 3.2 percent versus 2.5 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 third quarter of 2008 to 26,500 from 31,700 in the second quarter. Single-family permits fell to 16,700 units from 18,300 in the prior quarter while multi-family permits fell to 9,800 from 13,400.

The weaker national outlook since September is reflected in the state forecast. Recently available employment, wage, and housing data all indicate the state's economy is weaker than assumed in September. This forecast assumes that the housing sector will not show any significant improvement until the second half of 2009. It also assumes that construction employment will decline by about 24,800 (11.9 percent) from its peak in the fourth quarter of 2007 through the first quarter of 2010. This is larger than the 12,500 peak-to-trough decline expected in the September forecast. The software employment forecast is also weaker than the September assumption. Software employment is expected to rise just 600 (1.2 percent) from the fourth quarter of 2008 to the fourth quarter of 2009 compared to 2,600 (5.0 percent) in the September forecast. Software employment growth during 2010 and 2011 is now expected to average 2,400 (4.4 percent) per year compared to 2,900 (5.4 percent) per year in the September forecast. The Washington aerospace forecast incorporates the impact of the Boeing strike on both wages and employment. Aerospace employment is expected to continue to rise through the end of 2008, reaching 86,200 in December which is 900 lower than assumed in September. The forecast assumes no further changes in aerospace employment through 2011.

Propelled by continued strength in construction, aerospace, and software, Washington nonfarm payroll employment grew 2.5 percent in 2007 following a 3.0 percent increase in 2006. But construction employment peaked in 2007 and is expected to decline in 2009, 2010, and 2011. Aerospace employment growth has already slowed and is expected to level off beginning in early 2009. The forecast also expects much slower growth in the software sector. The national recession is expected to produce job losses in a wide range of industries including manufacturing other than aerospace, financial services, trade, and business services (especially temporary help services). The forecast calls for employment to grow 0.9 percent this year and

to decline 0.7 percent in 2009. Employment growth is expected to improve to 0.7 percent and 1.8 percent in 2010 and 2011 as the national economy recovers from the recession. Washington personal income growth slowed from 8.5 percent in 2006 to a still strong 8.0 percent in 2007. Income growth is expected to slow to 4.0 percent in 2008 and 3.0 percent in 2009 before recovering to 3.3 percent and 5.1 percent in 2010 and 2011. After four years of uninterrupted growth, the number of housing units authorized by building permit fell 3,000 in 2006 to 50,000 and another 2,600 in 2007 to 47,400. Tighter lending standards, plunging consumer confidence, and mounting job losses are expected to depress the single-family market despite lower mortgage interest rates, but continued net migration into Washington should support multi-family activity. The forecast expects total housing permits to decline to 29,100 in 2008 and 28,900 in 2009 before recovering to 36,900 in 2010 and 41,800 in 2011. Inflation, as measured by the Seattle CPI, increased to 3.9 percent in 2007 from 3.7 percent in 2006. Core inflation (excluding food and energy) was slightly more moderate but also increased to 3.5 percent in 2007 from 3.3 percent in 2006. Energy costs will add to inflation again in 2008 raising headline inflation to 4.1 percent compared to core inflation of 3.4 percent. Declining energy costs in 2009 should produce the first decline (-0.5 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 2.9 percent per year growth in the Seattle CPI in 2010 and 2011.

Washington State Revenue Forecast

Economic conditions in both the nation and the state have deteriorated sharply since the last Revenue Forecast in September. The credit crunch has knocked the wind out of an already weakening national economy. Consumer and business spending have stalled as access to credit has been choked off, and confidence has worsened. Our baseline U.S. economic forecast assumes a national recession that will last four quarters, into the middle of 2009, with the current quarter being the weakest. Very weak revenue collections since the September forecast confirm that Washington's economy is not immune to these headwinds. The downturn will be more muted – both in duration and depth - in our state, than for the nation, as a result of our aerospace and software publishing industries. However, unlike in the previous downturn in 2001, we expect a sharp decline in consumer spending this time, so the impact on state revenues will be more severe.

The November 2008 forecast for the 2007-09 biennium is \$28.6 billion, which is \$0.5 billion lower than expected in the September forecast. Of the \$0.5 billion reduction, \$0.1 billion is due to collection experience since the September forecast and \$0.4 billion is due to a weaker forecast for the remainder of the biennium. The forecast for the 2009-11 biennium is \$30.1 billion, which is \$1.4 billion lower than expected in the September forecast.

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 \$320 million (1.1 percent) more revenue in the 2007-09 biennium and \$2,283 million (7.6 percent) more revenue in the 2009-11 biennium than did the baseline. The pessimistic alternative was \$308 million (1.1 percent) lower in 2007-09 and \$1,929 million (6.4 percent) lower in 2009-11. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$49 million (0.2 percent) less revenue in the 2007-09 biennium and \$73 million (0.2 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 November 2008 economic and revenue forecast incorporated the advance GDP estimate for the third quarter of 2008. According to the advance estimate, real GDP declined at a 0.3 percent rate in the third quarter. Real final sales were even weaker, declining at a 0.8 percent rate. Real consumer spending plummeted at a 3.1 percent rate. This was the first decline since 1992 and the largest since 1980. Nearly half the decline in real consumer spending was due to a 14.1 percent drop in durable goods, mostly motor vehicles and parts. Consumer purchases of non-durable goods fell 6.4 percent and spending on services inched up 0.6 percent. Real fixed investment fell at a 5.6 percent rate in the third quarter due mainly to a 19.1 percent decline in residential fixed investment. Business spending on equipment and software fell 5.5 percent but nonresidential construction rose 7.9 percent. Cushioning the decline were foreign trade and government spending. Foreign trade added 1.1 percentage points to GDP growth in the third quarter as exports rose 5.9 percent and imports fell 1.9 percent. Government purchases rose at a 5.8 percent rate in the third quarter, mainly as a result of an 18.1 percent jump in defense spending. Nondefense federal spending rose 4.8 percent and state and local government spending rose 1.4 percent.

Payroll employment declined at a 0.7 percent rate in the third quarter of 2008 compared to a 0.6 percent decline in the second quarter while the unemployment rate rose from 5.3 percent to 6.0 percent. The Consumer Price Index rose 6.7 percent in the third quarter following a 5.0 percent rise in the second quarter. The high headline inflation was mainly due to energy costs which rose at a 28.1 percent rate in the second quarter and at a 31.0 percent rate in the third quarter. Core CPI inflation, which excludes food and energy, rose at a more modest 3.2 percent rate in the third quarter. Housing starts declined at a 45.8 percent rate in the third quarter to 0.879 million units from 1.025 million units in the second quarter and the mortgage rate increased to 6.31 percent from 6.09 percent.

U.S. Forecast Highlights

We have been hit by the worst financial crisis in our lifetimes, and its effects have spilled over to the real economy. Our baseline U.S. economic forecast assumes a national recession that will last four quarters, into the middle of 2009, with the current quarter being the weakest. We expect a modest recovery in the second half of 2009, and continued modest growth in 2010, gathering some momentum as the year progresses and into 2011. September's credit crunch knocked the wind out of an already weakening economy. Tight credit, declining household net worth, job losses, poor con-

sumer and business confidence, and a global slowdown have contributed to a sharp retrenchment in consumer spending nationwide. We assume that a second fiscal-stimulus package worth \$200 billion will be implemented in the first quarter of 2009. We assume that it includes \$65 billion in funding for infrastructure spending, \$45 billion in other transfers to the states to support Medicaid and other current spending, \$30 billion in targeted transfer payments to the personal sector, and \$60 billion in tax rebates to the personal sector. Oil prices have fallen back to around \$60 per barrel, after nearing \$150 in mid-July. We have lowered our projected fourth-quarter 2008 average price to \$66 per barrel and assume that oil troughs at \$50 per barrel in the second quarter of 2009. Our baseline assumes that the Fed will cut the federal funds rate from 1.00 percent to 0.50 percent at its December 2008 meeting, and hold there throughout 2009. The Fed is assumed to begin a tightening cycle late in the first quarter of 2010. A flight from risk has sent the dollar higher against most currencies except the Japanese yen and Chinese renminbi. We do not see a further surge from current levels. The recession is quickly becoming global. We project GDP in the United States' major-currency trading partners to decline 0.4 percent in 2009, after growing just 0.9 percent in 2008. Growth for other important trading partners is projected to slow to just 2.0 percent in 2009, down from 4.7 percent in 2008.

Annual GDP growth slowed to 2.0 percent in 2007 from 2.8 percent in 2006. The forecast expects GDP growth to slow down to 1.3 percent this year and to decline 1.0 percent in 2009 before recovering to 1.7 percent in 2010 and 3.1 percent in 2011. Nonfarm payroll employment growth slowed to 1.1 percent in 2007 from 1.8 percent in 2006. Employment is expected to decline 0.1 percent this year and 1.5 percent next year. Employment is expected to grow just 0.1 percent in 2010, improving to 1.4 percent in 2011 as the economy recovers. The unemployment rate edged up to 4.64 percent in 2007 from 4.61 percent in 2006. The forecast expects the unemployment rate to rise to 5.68 percent in 2008, 7.72 percent in 2009, and 8.20 percent in 2010 before recovering somewhat to 7.76 percent in 2011. Inflation, as measured by the implicit price deflator for personal consumption expenditures, eased slightly to 2.6 percent in 2007 from 2.8 percent in 2006. Energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, was only 2.2 percent in 2007. Rising energy costs will add to inflation again in 2008 but falling prices will lead to deflation in 2009. The overall implicit price deflator is expected to rise 3.4 percent in 2008 and then to fall 0.1 percent in 2009 before rising 1.9 percent and 2.4 percent in 2010 and 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 trend will continue to worsen in 2009 with housing continuing to decline and consumer spending growth turning negative. Net exports will continue to add to growth in 2009, though. The forecast assumes that fiscal 2009 is the bottom for housing and consumption but nonresidential construction will contract sharply in 2010. Overall, the GDP forecast calls for a 0.4 percent decline in 2009 followed by growth rates of 0.1 percent and 2.6 percent in 2010 and 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 appears to be a

severe recession and oil prices plummet. The forecast assumes that the weak economy will reduce core inflation to 2.0 percent in 2009 and 1.2 percent in 2010 and that lower energy prices will further reduce headline inflation to 1.8 percent in 2009 and just 0.4 percent 2010. Rebounding energy prices in 2011 are expected to push overall inflation up to 2.4 percent but core inflation should remain within the Fed's comfort range at 1.8 percent.

3. The Fed cut its target for the federal funds rate twice in October by a total of 100 basis points. The forecast assumes one more 50 basis-point cut in December bringing the target rate down to just 0.50 percent where it will remain throughout 2009. The Fed is assumed to begin a tightening cycle late in the first quarter of 2010. 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 0.89 percent in 2009 before rising again to 1.17 percent and 2.93 percent in 2010 and 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. The forecast expects the mortgage rate to decline further to 5.91 percent in 2009 and 5.54 percent in 2010, rising to 6.13 percent in 2011.
4. Housing remains the biggest drag on growth in the U.S. economy. 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 34.5 percent reduction in starts in 2009 to 0.741 million units. The housing sector is expected to recover in 2010 and 2011, rising 16.1 percent to 0.861 million units and 47.9 percent to 1.273 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 forecast calls for the unemployment rate to rise to 6.81 percent this year and 8.15 percent in 2010 before recovering slightly to 8.03 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 \$362.8 billion in fiscal 2008 from cyclical low of \$202.0 billion in 2007. The stimulus package both reduced receipts and boosted outlays in fiscal 2008. (True rebates are subtracted from taxes but checks to those who paid no taxes or in excess of taxes paid are treated as transfer payments.) Revenues were already slowing due to the weak economy and defense spending also rose rapidly in fiscal 2008. The rapidly deteriorating economy and a new stimulus package will push the deficit further into the red. The forecast expects the deficit to soar to \$676.6 billion in 2009 and 712.6 billion in 2010, improving to \$634.4 billion in 2011 as economic growth revives.
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 \$412.4 billion in fiscal 2009 and \$315.4 billion in fiscal 2010, rising to \$456.0 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 September 2008. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. Washington nonfarm payroll employment fell at a 0.5 percent annual rate in the third quarter of 2008 following a 0.7 percent decline in the second quarter. (Though the Boeing Machinist's strike began in September, it did not affect reported employment in the third quarter). Manufacturing employment fell at a 1.5 percent rate in the second quarter in spite of a 5.1 percent increase in aerospace employment. Manufacturing employment other than aerospace declined at a 4.1 percent rate. Construction employment declined at a 9.4 percent rate in the third quarter following an 8.4 percent decline in the second quarter. Residential building and related special trades employment fell at a 10.9 percent rate and heavy and civil engineering fell at a 16.0 percent rate. For the first time in this cycle, nonresidential building and related special trades employment also fell in the third quarter, declining at a 5.9 percent rate. Natural resources (logging) and mining employment, while small, fell at a 7.9 percent rate in the third quarter due mainly to a 9.9 percent decline in logging employment. Among the private services-producing sectors, education and health services employment remained strong with a 4.3 percent growth rate. Information employment grew at a 2.8 percent rate thanks to a 13.5 percent jump in software employment. Information employment other than software declined at a 6.3 percent rate. Employment in "other services" declined at a modest 0.3 percent rate in the third quarter as did leisure and hospitality (down 0.7 percent) and trade, transportation, and utilities (down 0.8 percent). Professional and business services employment declined at a 2.5 percent rate, due mostly to an 11.9 percent drop in employment services, and financial activities employment fell at a 2.6 percent rate. In the public sector, state and local government employment rose at a 2.5 percent rate in the third quarter and federal government employment increased at a 1.3 percent rate.

In September 2008 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the first quarter of 2008 and released preliminary estimates for the second 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 second quarter of 2008 was \$0.3 billion (0.1 percent) lower than the estimate made in September. This relatively small revision to total personal income masks a large, \$3.2 billion (2.1 percent), reduction in the estimate for wage and salary disbursements. The current software wage estimate is \$0.2 billion (3.1 percent) lower than expected in September. Second quarter wages in sectors other than software were \$3.0 billion (2.0 percent) lower than expected in the September forecast. Non-wage personal income in the second quarter was \$2.8 billion (2.3 percent) above the September forecast. The large upward revision to non-wage income is the result of the annual revision to the national income and product accounts. In particular, the estimate for dividends, interest, and rent was increased substantially to reflect newly available IRS data for 2006. The forecast assumes that personal income growth improved to 4.6 percent in the third quarter of 2008 in spite of a reduction in income related to the stimulus package, most of which was received in the second quarter. The forecast assumes that wage and salary disbursements grew at an 8.6 percent rate in the third quarter, bouncing back from a 4.7 percent decline in the second quarter. The strong growth was largely due to software stock awards and bonuses in the third quarter. Wages outside of the software sector rose at a 3.2 percent rate, up from -3.2 percent in the first quarter. The forecast assumes that income from sources other than wages declined at a 0.1 percent rate in the third quarter

after a 9.3 percent jump in the second quarter. Again, the swing in nonwage income growth was driven by the stimulus package.

The forecast also incorporates Seattle consumer price data through August 2008. After trailing the national average during 2002, 2003, and 2004, December-December Seattle inflation moved ahead of the national average in 2005, 2006, and 2007. Seattle inflation during the first eight months of this year averaged 4.5 percent compared to the U.S. rate of 5.1 percent and core inflation in Seattle averaged 3.2 percent versus 2.5 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 third quarter of 2008 to 26,500 from 31,700 in the second quarter. Single-family permits fell to 16,700 units from 18,300 in the prior quarter while multi-family permits fell to 9,800 from 13,400.

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. The alternative employment estimate incorporated the covered employment and payrolls data through the second quarter of 2008 which subtracted 1,000 (0.0 percent) from the BLS Current Employment Statistics (CES) estimate for June 2008. By September 2008 the difference had grown to 9,500 (0.3 percent).

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 second 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 second 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 decreased the second quarter wage estimate by \$2.381 billion (1.6 percent), subtracting 0.9 percent from total personal income in that quarter.

Washington State Forecast Highlights

The weaker national outlook since September is reflected in the state forecast. Recently available employment, wage, and housing data all indicate the state's economy is weaker than assumed in September. This forecast assumes that the housing sector will not show any significant improvement until the second half of 2009. It also assumes that construction employment will decline by about 24,800 (11.9 percent) from its peak in the fourth quarter of 2007 through the first quarter of 2010. This is larger than the 12,500 peak-to-trough decline expected in the September forecast. The software employment forecast is also weaker than the September assumption. Software employment is expected to rise just 600 (1.2 percent) from the fourth quarter of 2008 to the fourth quarter of 2009 compared to 2,600 (5.0 percent) in the September forecast. Software employment growth during 2010 and 2011 is now expected to average 2,400 (4.4 percent) per year compared to 2,900 (5.4 percent) per year in the September forecast. The Washington aerospace forecast incorporates the impact of the Boeing strike on both wages and employment. Aerospace employment is expected to continue to rise through the end of 2008, reaching 86,200 in December which is 900 lower than assumed in September. The forecast assumes no further changes in aerospace employment through 2011.

Propelled by continued strength in construction, aerospace, and software, Washington nonfarm payroll employment grew 2.5 percent in 2007 following a 3.0 percent increase in 2006. But construction employment peaked in 2007 and is expected to decline in 2009, 2010, and 2011. Aerospace employment growth has already slowed and is expected to level off beginning in early 2009. The forecast also expects much slower growth in the software sector. The national recession is expected to produce job losses in a wide range of industries including manufacturing other than aerospace, financial services, trade, and business services (especially temporary help services). The forecast calls for employment to grow 0.9 percent this year and to decline 0.7 percent in 2009. Employment growth is expected to improve to 0.7 percent and 1.8 percent in 2010 and 2011 as the national economy recovers from the recession. Washington personal income growth slowed from 8.5 percent in 2006 to a still strong 8.0 percent in 2007. Income growth is expected to slow to 4.0 percent in 2008 and 3.0 percent in 2009 before recovering to 3.3 percent and 5.1 percent in 2010 and 2011. After four years of uninterrupted growth, the number of housing units authorized by building permit fell 3,000 in 2006 to 50,000 and another 2,600 in 2007 to 47,400. Tighter lending standards, plunging consumer confidence, and mounting job losses are expected to depress the single-family market despite lower mortgage interest rates, but continued net migration into Washington should support multi-family activity. The forecast expects total housing permits to decline to 29,100 in 2008 and 28,900 in 2009 before recovering to 36,900 in 2010 and 41,800 in 2011. Inflation, as measured by the Seattle CPI, increased to 3.9 percent in 2007 from 3.7 percent in 2006. Core inflation (excluding food and energy) was slightly more moderate but also increased to 3.5 percent in 2007 from 3.3 percent in 2006. Energy costs will add to inflation again in 2008 raising headline inflation to 4.1 percent compared to core inflation of 3.4 percent. Declining energy costs in 2009 should produce the first decline (-0.5 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 2.9 percent per year growth in the Seattle CPI in 2010 and 2011.

1. Nominal personal income growth slowed to 6.8 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 2.9 percent in 2009 as employment declines 0.4 percent. 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 remain weak in fiscal 2010 at 2.8 percent, improving to 4.3 percent in 2011 as job growth recovers.
2. Washington real personal income growth slowed to 3.5 percent in fiscal 2008 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 1.0 percent. Real personal income growth is expected to improve to 2.4 percent in 2010 as a result of a sharp decline in inflation. Even though the economy is expected to be recovering in 2011, real personal income growth will slow to 1.8 percent as inflation picks up again.
3. Washington nonfarm payroll employment growth slowed to 2.1 percent in fiscal 2008 from 2.7 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 3.9 percent in 2008, down from 9.2 percent in 2007 and 9.1 percent in 2006. Slower growth is expected during the next three years due to the recession in the U.S. economy, slower software employment growth, a

leveling off of aerospace employment, and declining construction employment. The forecast calls for an employment to decline 0.4 percent in 2009, remain flat in 2010, and rise 1.3 percent in 2011.

- ◆ As of September 2008, the aerospace recovery has added 24,800 jobs since the trough of the last downturn in May 2004. (While the Machinist's strike began in September, it did not affect employment in that month). Boeing Commercial Airplanes recorded yet another record in 2007, booking 1,423 gross orders. Boeing's current backlog is nearly eight years worth of current revenue. Boeing delivered 441 planes in 2007, an 11 percent increase over the 398 planes delivered in 2006. Boeing expects to increase deliveries to between 475 and 480 planes in 2008 and between 500 and 505 planes in 2009 of which 25 will be Dreamliners. The company expects to deliver more planes in 2010 than in 2009. Though production is still increasing, the forecast assumes only another 600 net aerospace jobs will be added between September and December 2008. No further increases are expected in 2009, 2010, and 2011. The new employment peak of 86,200 will be 26,900 (23.8 percent) lower than the previous peak in June 1998.
- ◆ After more than a decade of robust and sustained growth, employment by Washington's software publishers flattened in mid-2001. Microsoft continued to grow, albeit at a reduced rate, but other Washington software publishers suffered absolute declines. Since mid-2003, however, growth has picked up to an average annual rate of 7.0 percent. We expect another slowdown, similar to the slowdown earlier in this decade, due to weak business and consumer information technology spending. The forecast assumes software employment growth will average 2.2 percent per year through mid-2010, rebounding to 5.2 percent per year through the end of 2011.
- ◆ Booming construction employment growth has been a major driving force during the current expansion in Washington. Bolstered initially by a hot housing market and more recently by upturns in nonresidential building and heavy and civil engineering construction, Washington's construction employment grew at an average rate of 6.8 percent per year from mid-2003 through the end of 2007, adding 53,400 jobs. It now appears that construction employment peaked in the fourth quarter of 2007. Employment declined at a in each of the first three quarters of 2008. By the third quarter of 2008, residential building, nonresidential building, and heavy construction employment were all in decline. The forecast expects construction employment to decline through the first quarter of 2010, a nine-quarter peak-to-trough drop of 11.9 percent. Though the forecast expects housing construction to rebound, nonresidential construction is expected to continue to decline. As a result, the forecast expects overall construction employment growth to average only 1.2 percent per year during the final seven quarters of the forecast.
- ◆ Financial activities employment has been in decline for two and one-half years. As of the third quarter of 2008, employment is down 4,300 (2.7 percent) since the first quarter of 2006. Unsurprisingly, credit intermediation and related activities, a victim of the meltdown in the financial markets, more than accounted for the decline since the first quarter of 2006, falling by 4,900 (8.7 percent). Other financial activities employment actually grew 600 (0.6 percent). Normally the recent steep interest rate cuts would boost home sales and set off a wave of mortgage refinancing which, in turn, would boost employment in the financial activities sector. However, this is not likely in the current environment of

excessive inventories of unsold homes and dysfunctional credit markets. The forecast also 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 2009 with a total peak-to-trough decline of 6,700 (4.2 percent). Weak but positive growth is expected to resume during the remainder of the forecast, averaging 1.1 percent per year.

- ◆ Employment in retail trade peaked in the first quarter of 2008 and declined in the second and third quarters of 2008. Until recently, 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. During the last two quarters nearly all sectors were negative, except clothing and general merchandise, with the largest declines being experienced in the motor vehicle dealers sector. Retail trade employment is expected to continue to decline through the first quarter of 2009 and remain essentially flat in the second quarter. The forecast expects a peak to trough decline of 7,000 jobs overall, about 2.1 percent, followed by a vigorous 3.6 percent cyclical rebound from mid-2009 through mid-2010. Employment will be essentially flat averaging -0.3 percent per year during the final year and one-half of the forecast.
 - ◆ 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 declined at a 2.5 percent rate in the third quarter of 2008 after a five-year expansion that averaged more than 4 percent per year. The main reason for the decline is employment services, which includes temporary help services, which has been declining since the beginning of 2007. Professional and business services, excluding employment services, fell only 0.3 percent in the second quarter. Temporary jobs tend to get cut first in a downturn. The forecast expects employment in professional and business services to continue to decline through the third quarter of 2009. The peak to trough decline is expected to reach 7,400 (2.1 percent). Strong growth is expected to resume once the recovery takes hold. Growth is expected to average 5.0 percent per year from the third quarter of 2009 through the fourth quarter of 2011.
 - ◆ State and local government employment grew throughout the recession but the protracted slowdown in the state's economy put pressure on state and local governments' budgets with a lag. Employment growth was only 0.6 percent per year (0.3 percent per year excluding the small but rapidly expanding tribal government sector) from the end of 2002 through the first quarter of 2007. Growth has picked up during the most recent six quarters to an average annual rate of 2.2 percent (2.0 percent excluding tribal employment) but fresh budget concerns brought on by the weakening economy coupled with slow school age population growth will restrain future increases. The forecast expects employment to decline at an average rate of 0.7 percent per year through the end of 2009 (1.1 percent excluding tribal employment), recovering to a modest rate of 0.8 percent per year in 2010 and 2011 (0.4 percent per year excluding tribal employment).
4. The number of housing units authorized by building permit in Washington plunged 26.8 percent in fiscal 2008 to 37,000 units following a 6.1 percent decline in 2007. Single family permits fell 34.0 percent in 2008 to 22,500 units and multi-family units declined 11.9 percent to 14,500 units. Even though population growth is expected to remain strong, tighter lending

standards and wider spreads for jumbo and other non-conventional lending products will further restrict housing activity this year. The forecast for total housing units authorized by building permits is for a 27.2 percent decrease in 2009 to 26,900 units. Housing permits are expected to grow 21.3 percent in 2010 to 32,700 units and 22.4 percent in 2011 to 40,000 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. However, the local economy is now stronger than the U.S. economy. A slowdown in the U.S. economy and declining energy costs should help restrain inflation but the relatively strong local economy should cause Seattle inflation to remain above the U.S. rate. The forecast calls for Seattle inflation to slow to 1.6 percent in 2009 and 0.9 percent in 2010 before rebounding to 3.3 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 assumes that the financial crisis worsens, sending the economy into a tailspin. 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. 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. The low inflation readings give the Federal Reserve leeway to bring interest rates down to 0.0 percent by early next year. With the economy in recession, the Fed keeps the federal funds rate at zero throughout 2009. Housing starts drop to 915,000 units in 2008 (compared with 927,000 in the baseline) and 666,000 in 2009 (compared with 715,000 in the baseline). The median price of existing homes falls nearly 15 percent below the baseline in 2010. Home sales are also much lower. 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. Business fixed investment drops over eight straight quarters. Foreign economic growth is lower, which cuts into export growth. In this scenario, real GDP contracts 2.4 percent in 2009 and rebounds only 0.3 percent in 2010 (compared with a 1.0 percent drop and a 1.7 percent gain, respectively, in the baseline). Employment drops for 10 straight quarters (the economy loses 4.8 million jobs) and real GDP drops for six quarters. Unlike the previous two recessions, those of 1991 and 2001, this one takes a heavy toll. Peak to trough, real GDP drops 3.3 percent, which is worse than the losses during the 1973-75 and 1981-82 recessions. At the state level, aerospace employment declines through 2011 rather than remaining constant as in the baseline and software employment declines through 2010 rather than continuing to grow as in the baseline. 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 and construction employment falls much more rapidly than in the baseline through 2009 and continues to decline in 2010 and 2011 rather than recovering as in the baseline. Due to the relatively

weak local economy, Seattle inflation is lower than in the baseline forecast. 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 114,200 lower than in the baseline forecast and Washington personal income is \$23.9 billion lower. The pessimistic scenario produces \$308 million (1.1 percent) less revenue in 2007-09 and \$1,929 million (6.4 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 and help from central banks abroad, help the United States avert a severe downturn. In addition, the standard optimistic scenario assumption of stronger total factor productivity growth is also in place. With credit again flowing late this year, business fixed investment recovers by 2010 and grows 4.8 percent after suffering only a modest 6.7 percent contraction in 2009. This compares with a steeper 11.0 percent decline during 2009 in the baseline forecast and a modest 0.5 percent dip during 2010. The downturn in residential investment is also less severe in the optimistic scenario, with housing starts beginning to recover during the second quarter of 2009 and averaging 862,000 units for that year, compared with a much weaker baseline of 715,000 units. The optimistic scenario also assumes faster growth in the rest of the world, and a dollar that is initially weaker than the baseline. Finally, we assume slightly higher energy prices in the near term due to stronger global demand, but lower prices in the longer term due to a more optimistic assumption about supply. These assumptions produce a much brighter economic outlook compared to the dismal pictures painted by the baseline and pessimistic scenarios. Real GDP manages a milder 1 percent drop in the fourth quarter and opens a wider growth gap over the next few quarters, as the recession does not "feed" on itself as badly as it does in the baseline. The unemployment rate never rises above the low-7 percent range and falls back to the mid-6 percent range by late 2011. For Washington, the optimistic forecast assumes aerospace employment growth remains positive through 2011 rather than leveling off as in the baseline. Software employment also grows faster 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 130,400 jobs than in the baseline forecast and Washington personal income is \$26.6 billion higher. The optimistic scenario generates \$320 million (1.1 percent) more revenue in the 2007-09 biennium and \$2,283 million (7.6 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. The Governor's Council members real GDP forecast shows a shallower downturn and stronger recovery than does the baseline forecast. The GCEA members also expect significantly more inflation in 2009 and 2010 though somewhat less in 2011. The Council members expect a higher mortgage rate in 2010 but a lower rate in 2011 than does the baseline forecast. Their 3 month T-Bill forecast is lower throughout. Though the Council members national forecast is more optimistic than the baseline forecast, their Washington State forecast is more pessimistic. Employment and real

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	11,612.1	11,626.5	11,931.1
% Ch	3.7	3.1	3.0	2.0	2.4	-0.4	0.1	2.6
Real Consumption	7,435.7	7,678.4	7,913.1	8,150.2	8,308.5	8,246.6	8,389.0	8,525.2
% Ch	3.6	3.3	3.1	3.0	1.9	-0.7	1.7	1.6
Real Nonresidential Fixed Investment	1,108.0	1,192.5	1,274.0	1,344.1	1,418.1	1,357.9	1,228.2	1,312.1
% Ch	4.4	7.6	6.8	5.5	5.5	-4.2	-9.6	6.8
Real Residential Fixed Investment	539.8	579.1	592.6	500.8	402.4	317.3	314.3	390.7
% Ch	11.8	7.3	2.3	-15.5	-19.7	-21.1	-0.9	24.3
Real Personal Income	8,809.5	9,110.9	9,383.8	9,767.6	9,968.4	10,098.8	10,224.8	10,345.9
% Ch	2.6	3.4	3.0	4.1	2.1	1.3	1.2	1.2
Real Per Capita Income (\$/Person)	30,103	30,847	31,476	32,449	32,804	32,910	32,998	33,067
% Ch	1.6	2.5	2.0	3.1	1.1	0.3	0.3	0.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.069	1.098	1.133	1.160	1.197	1.219	1.224	1.254
% Ch	2.2	2.8	3.2	2.4	3.2	1.8	0.4	2.4
U.S. Consumer Price Index (1982-84=1.0)	1.861	1.917	1.990	2.041	2.117	2.150	2.155	2.221
% Ch	2.2	3.0	3.8	2.6	3.7	1.6	0.2	3.1
Employment Cost Index (June 1989=1.0)	0.955	0.980	1.005	1.038	1.071	1.098	1.116	1.134
% Ch	2.9	2.6	2.5	3.3	3.2	2.5	1.6	1.6
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	14,414.0	14,607.1	15,229.2
% Ch	6.2	6.3	6.5	4.9	4.8	2.2	1.3	4.3
Personal Income	9,414.3	10,006.3	10,636.2	11,332.8	11,938.0	12,312.5	12,517.8	12,974.4
% Ch	4.8	6.3	6.3	6.5	5.3	3.1	1.7	3.6
Employment (Millions)								
U.S. Civilian Labor Force	146.8	148.2	150.4	152.4	153.7	154.9	155.5	156.7
Total U.S. Employment	138.3	140.4	143.1	145.5	146.1	144.4	142.8	144.1
Unemployment Rate (%)	5.82	5.30	4.83	4.53	4.95	6.81	8.15	8.03
Nonfarm Payroll Employment	130.46	132.47	135.00	136.96	137.85	136.48	135.22	136.42
% Ch	0.3	1.5	1.9	1.4	0.7	-1.0	-0.9	0.9
Manufacturing	14.33	14.29	14.20	14.03	13.72	13.07	12.18	12.04
% Ch	-3.7	-0.3	-0.6	-1.2	-2.2	-4.8	-6.8	-1.1
Durable Manufacturing	8.88	8.96	8.98	8.91	8.71	8.23	7.58	7.54
% Ch	-3.6	0.9	0.2	-0.7	-2.3	-5.5	-7.8	-0.6
Nondurable Manufacturing	5.45	5.33	5.23	5.12	5.02	4.84	4.59	4.50
% Ch	-3.8	-2.1	-2.0	-2.1	-1.9	-3.5	-5.2	-2.0
Construction	6.84	7.13	7.57	7.69	7.44	7.00	6.56	6.53
% Ch	2.1	4.3	6.1	1.6	-3.2	-5.8	-6.4	-0.4
Service-Producing	108.72	110.44	112.58	114.54	115.95	115.62	115.76	117.12
% Ch	0.7	1.6	1.9	1.7	1.2	-0.3	0.1	1.2
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	33.8	48.8	64.3	63.4	96.8	72.5	55.5	73.3
Personal Saving/Disposable Income (%)	2.2	1.4	0.4	0.7	0.9	3.8	3.4	2.8
Auto Sales (Millions)	7.5	7.6	7.8	7.7	7.5	6.2	7.4	7.7
% Ch	-4.3	0.3	2.7	-1.3	-1.6	-17.9	19.0	5.1
Housing Starts (Millions)	1.945	2.016	2.036	1.547	1.132	0.741	0.861	1.273
% Ch	12.5	3.7	1.0	-24.0	-26.8	-34.5	16.1	47.9
Federal Budget Surplus (Billions)	-404.5	-311.4	-262.9	-202.0	-362.8	-676.6	-712.6	-634.4
Net Exports (Billions)	-535.8	-666.7	-760.4	-735.6	-700.8	-412.4	-315.4	-456.0
3-Month Treasury Bill Rate (%)	0.96	2.21	4.06	4.89	2.89	0.89	1.17	2.93
10-Year Treasury Note Yield (%)	4.29	4.23	4.59	4.76	4.13	3.72	3.69	4.44
Bond Index of 20 G.O. Munis. (%)	4.79	4.50	4.45	4.30	4.56	4.98	4.87	5.03
30-Year Fixed Mortgage Rate (%)	5.92	5.78	6.20	6.35	6.18	5.91	5.54	6.13

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	219.995	227.639	230.015	235.518	239.765
% Ch	1.7	5.8	1.8	5.5	3.5	1.0	2.4	1.8
Real Wage and Salary Disb.	108.686	111.661	115.750	121.635	125.634	125.777	128.535	130.920
% Ch	1.4	2.7	3.7	5.1	3.3	0.1	2.2	1.9
Real Nonwage Income	85.084	93.283	92.812	98.360	102.005	104.238	106.983	108.845
% Ch	2.2	9.6	-0.5	6.0	3.7	2.2	2.6	1.7
Real Per Capita Income (\$/Person)	31,455	32,807	32,789	33,984	34,622	34,455	34,759	34,870
% Ch	0.6	4.3	-0.1	3.6	1.9	-0.5	0.9	0.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.069	1.098	1.133	1.160	1.197	1.219	1.224	1.254
% Ch	2.2	2.8	3.2	2.4	3.2	1.8	0.4	2.4
Seattle Cons. Price Index (1982-84=1.0)	1.935	1.973	2.035	2.116	2.205	2.241	2.261	2.335
% Ch	1.3	1.9	3.2	4.0	4.2	1.6	0.9	3.3
Average Nonfarm Annual Wage	41,571	42,803	44,447	46,680	48,764	49,874	51,183	52,735
% Ch	2.7	3.0	3.8	5.0	4.5	2.3	2.6	3.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.15	18.57	19.32	20.22	20.90	21.56	21.63	21.71
% Ch	1.6	2.3	4.0	4.7	3.4	3.2	0.3	0.4
Current Dollar Income (Billions of Dollars)								
Personal Income	207.051	225.057	236.387	255.244	272.586	280.430	288.335	300.679
% Ch	3.9	8.7	5.0	8.0	6.8	2.9	2.8	4.3
Disposable Personal Income	185.114	199.722	207.873	223.120	238.828	247.789	254.748	265.201
% Ch	5.0	7.9	4.1	7.3	7.0	3.8	2.8	4.1
Per Capita Income (\$/Person)	33,610	36,025	37,162	39,428	41,456	42,008	42,552	43,728
% Ch	2.8	7.2	3.2	6.1	5.1	1.3	1.3	2.8
Employment (Thousands)								
Washington Civilian Labor Force	3,179.5	3,234.7	3,307.7	3,364.1	3,445.3	3,510.6	3,565.1	3,627.0
Total Washington Employment	2,960.0	3,046.8	3,138.2	3,206.0	3,282.8	3,277.6	3,280.8	3,321.4
Unemployment Rate (%)	6.91	5.81	5.13	4.70	4.72	6.63	7.97	8.43
Nonfarm Payroll Employment	2,673.4	2,737.4	2,820.4	2,895.9	2,957.6	2,944.9	2,944.1	2,983.4
% Ch	0.7	2.4	3.0	2.7	2.1	-0.4	-0.0	1.3
Manufacturing	263.2	267.8	279.2	289.7	295.3	287.3	278.6	278.2
% Ch	-4.2	1.7	4.3	3.7	1.9	-2.7	-3.0	-0.2
Durable Manufacturing	181.0	186.8	197.6	208.0	214.0	209.5	204.3	204.3
% Ch	-5.0	3.2	5.8	5.3	2.9	-2.1	-2.5	0.0
Aerospace	62.1	63.4	69.0	76.7	83.1	84.0	86.2	86.2
% Ch	-11.4	2.1	8.8	11.1	8.3	1.1	2.7	0.0
Nondurable Manufacturing	82.2	81.0	81.6	81.6	81.3	77.8	74.3	73.8
% Ch	-2.5	-1.5	0.7	0.1	-0.4	-4.3	-4.5	-0.7
Construction	159.8	170.0	186.6	202.4	206.2	191.7	184.1	185.3
% Ch	3.2	6.4	9.7	8.5	1.9	-7.1	-3.9	0.6
Service-Producing	2,241.7	2,290.4	2,345.9	2,395.3	2,448.2	2,458.9	2,475.0	2,513.6
% Ch	1.2	2.2	2.4	2.1	2.2	0.4	0.7	1.6
Software Publishers	38.5	40.1	42.8	46.6	49.1	53.0	53.8	55.7
% Ch	5.5	4.1	6.7	8.8	5.4	7.9	1.6	3.5
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	44.302	51.850	53.820	50.514	36.979	26.931	32.657	39.980
% Ch	3.8	17.0	3.8	-6.1	-26.8	-27.2	21.3	22.4
Single-Family	34.366	38.426	40.404	34.071	22.490	15.806	20.719	27.380
% Ch	5.2	11.8	5.1	-15.7	-34.0	-29.7	31.1	32.1
Multi-Family	9.936	13.425	13.417	16.443	14.489	11.125	11.938	12.600
% Ch	-0.7	35.1	-0.1	22.6	-11.9	-23.2	7.3	5.5
30-Year Fixed Mortgage Rate (%)	5.92	5.78	6.20	6.35	6.18	5.91	5.54	6.13

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	11675.5	11612.1	11546.7	11625.6	11890.2	11626.5	11355.3	11681.5	12243.9	11931.1	11583.9	11969.9
%Ch	0.2	-0.4	-0.9	-0.3	1.8	0.1	-1.7	0.5	3.0	2.6	2.0	2.5
Implicit Price Deflator	1.223	1.219	1.213	1.229	1.238	1.224	1.208	1.241	1.269	1.254	1.244	1.263
%Ch	2.1	1.8	1.3	2.7	1.2	0.4	-0.4	0.9	2.5	2.4	2.9	1.8
Mortgage Rate	6.00	5.91	5.76	5.91	5.87	5.54	5.32	5.71	6.07	6.13	6.54	6.03
3 Month T-Bill Rate	1.04	0.89	0.70	0.72	1.61	1.17	0.92	0.81	2.80	2.93	3.61	2.56
Washington												
Real Personal Income	233.089	230.015	227.394	226.991	245.151	235.518	226.777	230.086	255.885	239.765	224.028	236.167
%Ch	2.4	1.0	-0.1	-0.3	5.2	2.4	-0.3	1.4	4.4	1.8	-1.2	2.6
Personal Income	284.993	280.430	275.869	279.066	303.510	288.335	273.996	285.561	324.708	300.679	278.609	298.254
%Ch	4.6	2.9	1.2	2.4	6.5	2.8	-0.7	2.3	7.0	4.3	1.7	4.4
Employment	2962.9	2944.9	2930.4	2934.8	3022.6	2944.1	2884.9	2920.7	3102.0	2983.4	2881.7	2969.8
%Ch	0.2	-0.4	-0.9	-0.8	2.0	-0.0	-1.6	-0.5	2.6	1.3	-0.1	1.7
Housing Permits	28.604	26.931	25.564	26.517	39.004	32.657	27.940	28.667	48.892	39.980	31.592	35.949
%Ch	-22.6	-27.2	-30.9	-28.3	36.4	21.3	9.3	8.1	25.4	22.4	13.1	25.4

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

Table 1.4

Forecast Analysis

Comparison of Forecasts for 2007-09

Forecast Date	2006				2007				2008				2009	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
U.S.														
Percent Growth, 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		
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		
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		
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		
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		
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		
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		
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		

Table 1.5

Fiscal Years

Forecast Comparison

Forecast 2009 to 2011

	2007	2008	2009	2010	2011
U.S.					
Real GDP					
November Baseline	11379.9	11655.0	11612.1	11626.5	11931.1
% Ch	2.0	2.4	-0.4	0.1	2.6
September Baseline	11379.9	11658.2	11782.3	12005.5	12374.8
% Ch	2.0	2.4	1.1	1.9	3.1
Implicit Price Deflator					
November Baseline	1.160	1.197	1.219	1.224	1.254
% Ch	2.4	3.2	1.8	0.4	2.4
September Baseline	1.160	1.197	1.240	1.262	1.287
% Ch	2.4	3.2	3.6	1.7	2.0
U.S. Unemployment Rate					
November Baseline	4.53	4.95	6.81	8.15	8.03
September Baseline	4.53	4.95	5.92	6.11	5.75
Mortgage Rate					
November Baseline	6.35	6.18	5.91	5.54	6.13
September Baseline	6.35	6.18	6.13	6.40	7.11
3 Month T-Bill Rate					
November Baseline	4.89	2.89	0.89	1.17	2.93
September Baseline	4.89	2.89	1.83	3.37	4.57
Washington					
Real Personal Income					
November Baseline	219.995	227.639	230.015	235.518	239.765
% Ch	5.5	3.5	1.0	2.4	1.8
September Baseline	217.409	225.713	227.907	235.407	244.484
% Ch	5.2	3.8	1.0	3.3	3.9
Personal Income					
November Baseline	255.244	272.586	280.430	288.335	300.679
% Ch	8.0	6.8	2.9	2.8	4.3
September Baseline	252.244	270.285	282.644	296.986	314.640
% Ch	7.7	7.2	4.6	5.1	5.9
Employment					
November Baseline	2895.9	2957.6	2944.9	2944.1	2983.4
% Ch	2.7	2.1	-0.4	-0.0	1.3
September Baseline	2895.9	2961.0	2979.9	3018.6	3077.1
% Ch	2.7	2.2	0.6	1.3	1.9
Housing Permits					
November Baseline	50.514	36.979	26.931	32.657	39.980
% Ch	-6.1	-26.8	-27.2	21.3	22.4
September Baseline	50.514	36.979	30.523	39.525	46.047
% Ch	-6.1	-26.8	-17.5	29.5	16.5

Table 1.6

Calendar Years

Long Range Economic Outlook

Forecast 2008 to 2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
U.S.											
Real GDP, %Ch	1.3	-1.0	1.7	3.1	3.5	3.1	3.0	3.1	2.9	2.7	2.8
Implicit Price Deflator, %Ch	3.4	-0.1	1.9	2.4	2.1	2.2	2.1	1.8	1.9	1.9	1.9
3 Month T-Bill Rate	1.46	0.87	1.83	4.04	4.59	4.59	4.59	4.59	4.59	4.59	4.59
Mortgage Rate	6.08	5.61	5.62	6.81	7.12	7.12	7.12	7.12	7.12	7.12	7.12
State*											
Real Personal Income, %Ch	0.5	3.1	1.4	2.6	4.0	4.2	4.1	4.2	3.9	3.6	3.7
Personal Income, %Ch	4.0	3.0	3.3	5.1	6.2	6.4	6.3	6.1	5.8	5.6	5.7
Employment, %Ch	0.9	-0.7	0.7	1.8	2.4	2.3	1.9	1.8	1.7	1.5	1.4

* Baseline forecast through 2011, judgmentally extended to 2018.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonfarm Payroll Employment

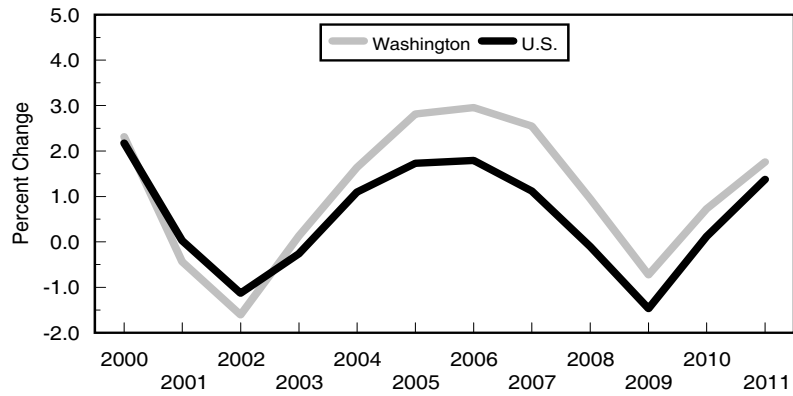


Chart 1.2
Manufacturing Employment

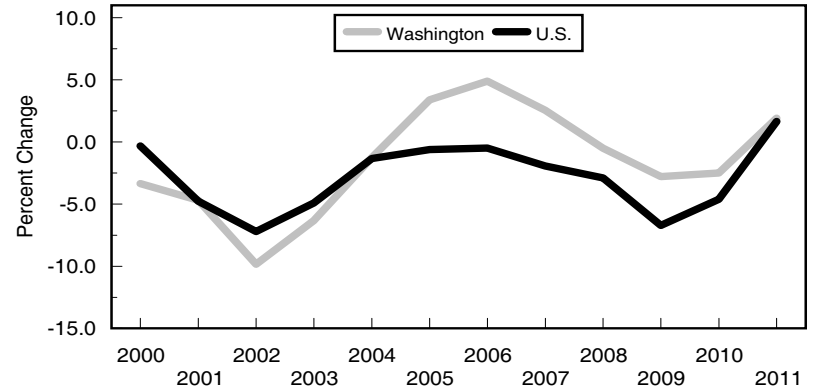


Chart 1.3
Aerospace Employment

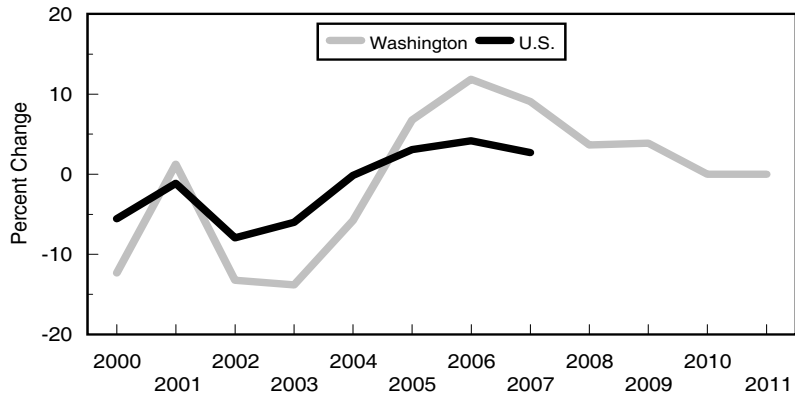
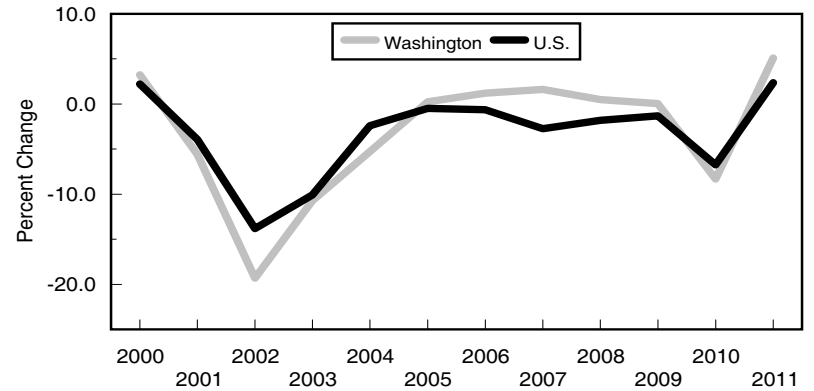


Chart 1.4
Computers and Electronics Employment



Adjustments have been made for 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

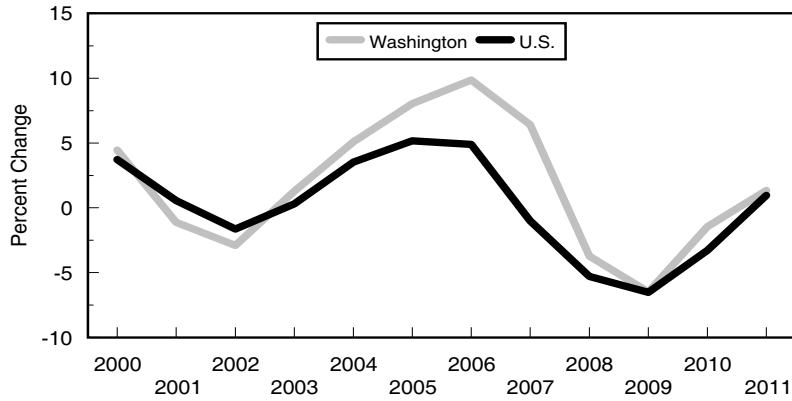


Chart 1.6
Information Employment

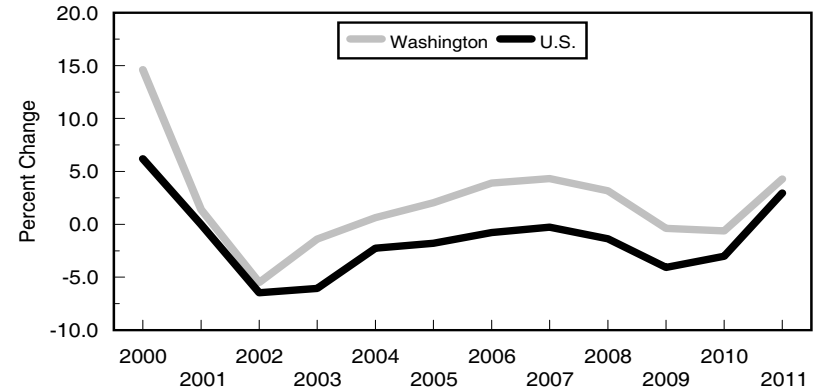


Chart 1.7
Other Private Employment

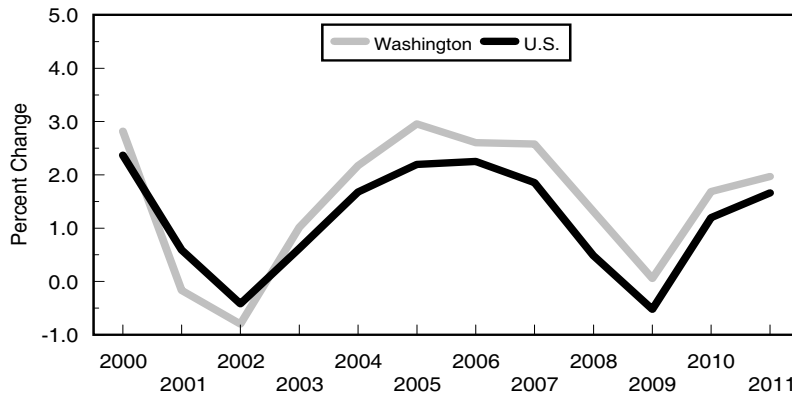
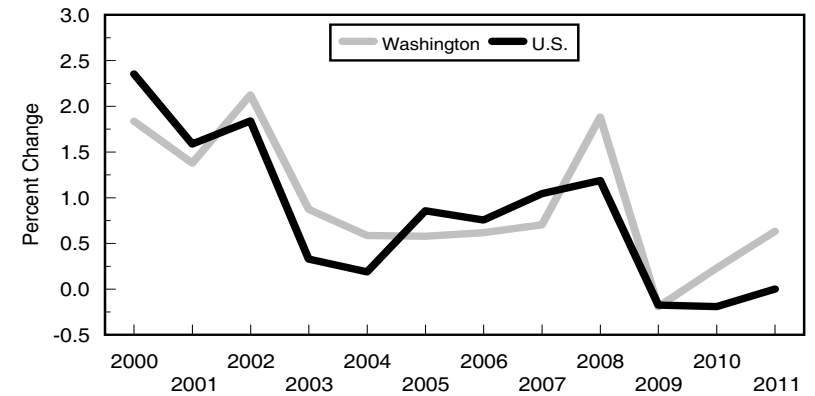


Chart 1.8
Government Employment



Adjustments have been made for 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

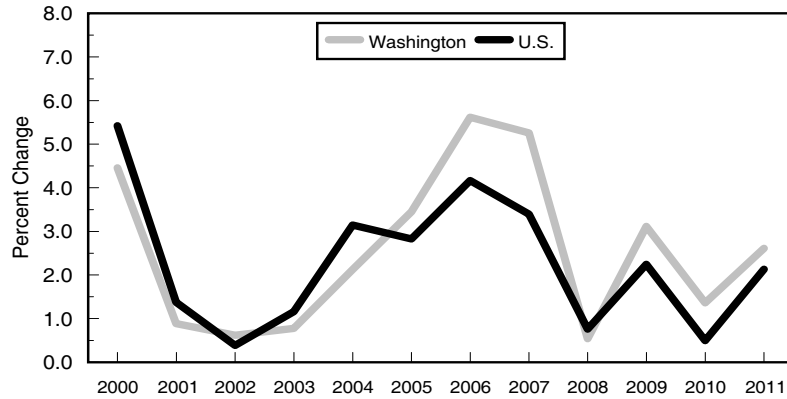


Chart 1.10
Consumer Price Indices

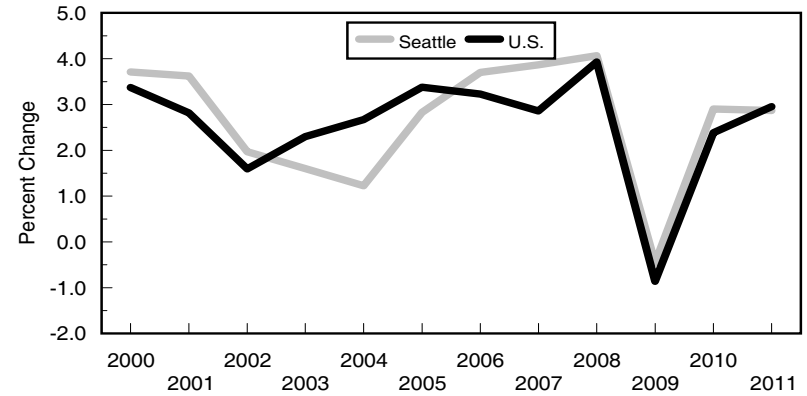


Chart 1.11
Population

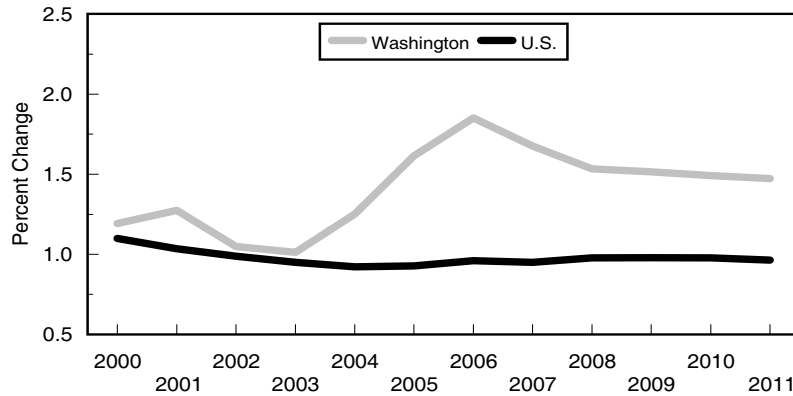
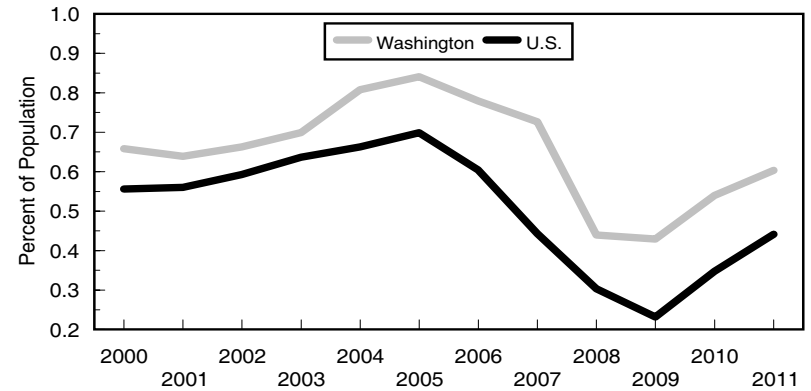


Chart 1.12
Per Capita Housing Units



Adjustments have been made for the 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

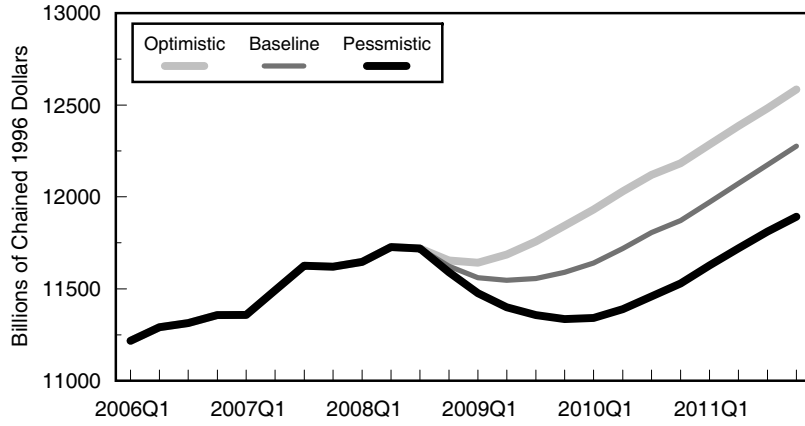


Chart 1.14
Implicit Price Deflator

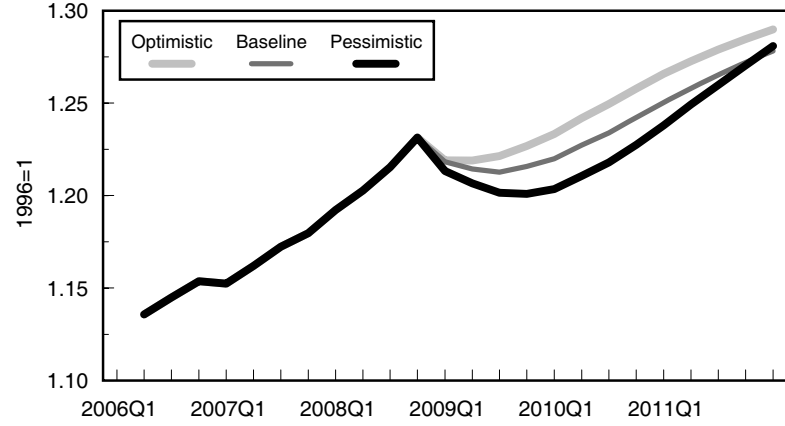


Chart 1.15
Mortgage Rate

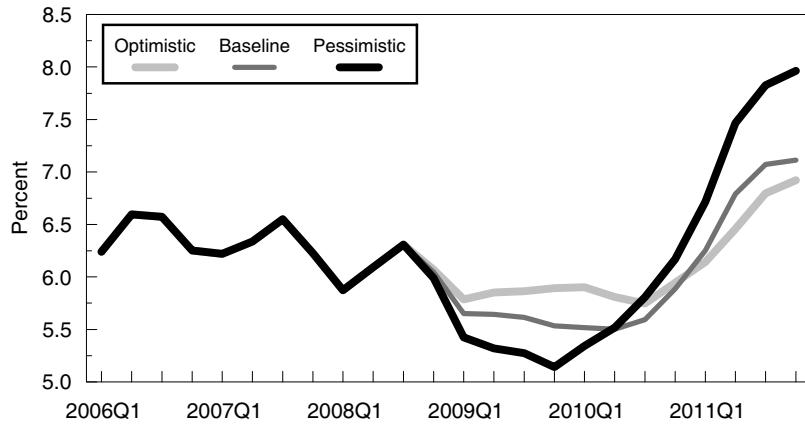
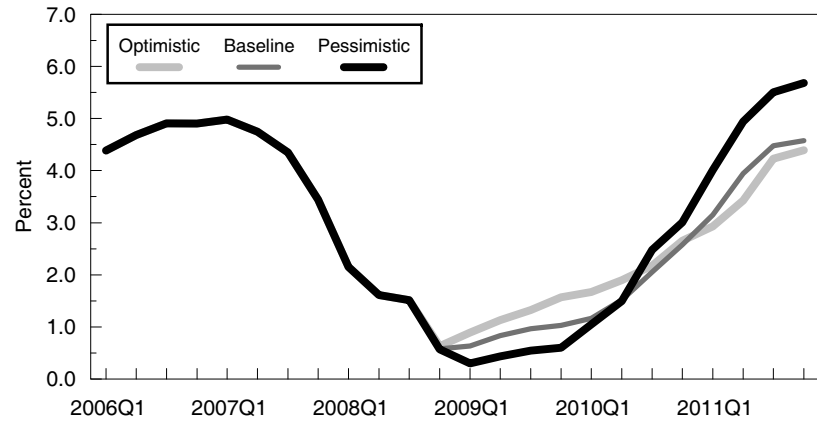


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

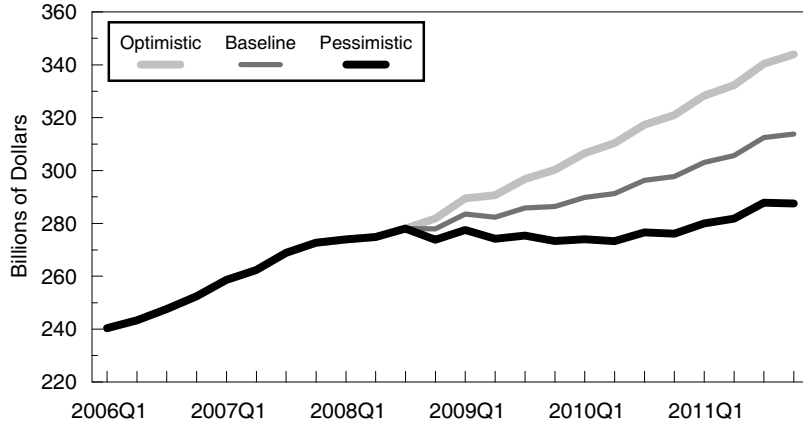


Chart 1.18
Real Personal Income

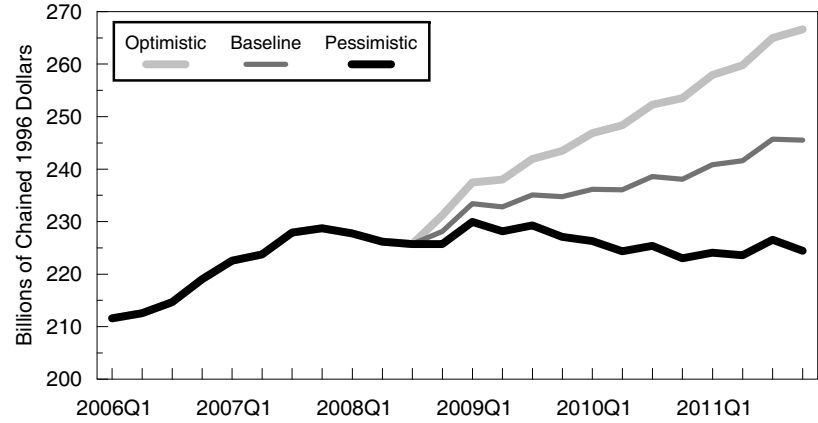


Chart 1.19
Total Nonfarm Payroll Employment

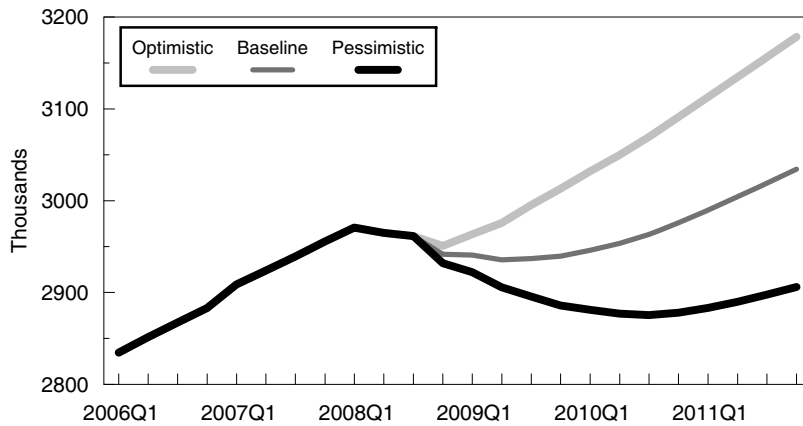
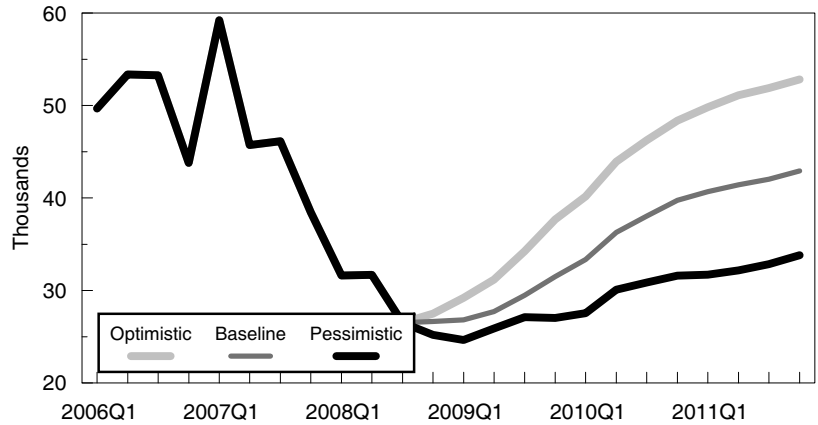


Chart 1.20
Housing Permits



personal income growth are much lower in 2009 and 2010 than in the baseline forecast. Nominal income growth is more similar to the baseline forecast, due to the higher inflation assumption, but is also weaker in 2009 and 2010. The slightly higher growth in the GCEA income and employment forecasts for 2011 doesn't nearly offset the weaker growth in the earlier years. The Governor's Council members also expect fewer housing units authorized by building permit in each year of the forecast than does the baseline forecast. By the end of the 2009-11 biennium Washington nonagricultural employment is 11,700 lower in the GCEA forecast than in the baseline forecast and Washington personal income is \$2.9 billion lower. The Governor's Council scenario yields \$49 million (0.2 percent) less revenue in the 2007-09 biennium and \$73 million (0.2 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 0.5* percent annual rate in the third quarter of 2008, down from a growth rate of 2.8 percent in the previous quarter. Driving the decrease from the second quarter were a decline in consumer spending, negative private investment outside of structures, a lower growth rate in net exports, and slower growth in state and local government spending. Partially offsetting these factors were larger increases in inventory investment and stronger growth in federal government spending. Real consumer spending, the largest component of GDP, decreased at a 3.7 percent annual rate, the first drop since the fourth quarter of 1991 and the largest decline since the second quarter of 1980. The durable goods component of consumption shrank at a 15.2 percent rate, the third 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 6.9 percent; the largest decline since the fourth quarter of 1950 and the second largest quarterly decline on record. Services consumption was flat which marked its lowest rate since the first quarter of 1991. Real gross private domestic investment ended its three quarter decline and grew at a 0.4 percent annualized rate in the third quarter. The increase came from nonresidential structures which grew at a 6.6 percent rate; all other components in this category contracted in the third quarter. Real fixed investment declined at a 5.6 percent rate, fifth straight quarter of decline and the ninth in the last ten quarters. Non-residential investment decreased at a 1.5 percent rate in the third quarter, only the third decline in this category in the last five years. Real residential investment also contracted this quarter coming in at a rate of negative 17.6 percent. There has been ongoing weakness in this component as the declines have now occurred for eleven straight quarters. Government spending increased at a rate of 5.4 percent in the third quarter, the highest rate in the last five years, after growing at a 3.9 percent rate in the second quarter. Both non-defense and state and local growth slowed while federal defense spending grew at a robust 18.0 percent rate after a 7.3 percent rate the previous quarter. Real net exports slowed from the previous quarter due to both a slowdown in exports and lower declines in imports. Real exports remained in positive territory for the quarter but slowed substantially from second quarter's growth of 12.3 percent, coming in at a 3.4 percent rate. Imports remained weak at negative 3.2 percent but actually picked up from the second quarter rate of negative 7.3 percent.

The Institute for Supply Management (ISM) reported that its index of manufacturing activity declined to 36.2 in November from its previous month's value of 38.9. This month's reading was the lowest value since May of 1982. 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. The employment component of the index dropped 0.4 points to 34.2 in November, the lowest value since March of 1991. Values below 50 indicate that more of the manufacturers surveyed had been decreasing employment than increasing it during that period. New orders were particularly weak this month dropping 4.3 percentage points to 27.9, the lowest reading since June 1980. The ISM price index for November dropped 11.5 points to 25.5, the lowest reading since May 1949.

U.S. seasonally-adjusted payroll employment job losses accelerated in November losing 560,000 jobs after shrinking by 293,000† in October and 403,000 in September. Employment is down 1.4 percent year-over-year in November, which equates to a decrease of 1,870,000 jobs. Employment has decreased in each of the eleven months so far in 2008. The U.S. seasonally adjusted unemployment rate jumped to 6.7 percent in November from last month's value of 6.5 percent. The unemployment rate is up 2.0 percentage points since November of last year and is at its highest level since October 1993.

Nonfarm business productivity growth slowed in the third quarter, growing at a 1.3 percent annual rate after growing at a 3.6 percent rate in the previous quarter. The seasonally adjusted Consumer Price Index (CPI) decreased by 1.0 percent in October after a 0.1 percent drop in September; this was the third monthly decrease in a row. Year-over-year CPI growth dropped to 3.7 percent in October from Septembers' value of 4.9 percent. The decline was mainly due to a large drop in the price of energy, which decreased 8.6 percent in October and has been on the decline for three straight months. The index excluding food and energy increased 2.2 percent year-over year in October; the smallest increase in twelve months.

The Conference Board's Index of Consumer Confidence increased to 44.9 in November from October's historically low value of 38.8. Other than October, the reading in November is still the second lowest ever recorded, higher only than the 43.2 reading in December of 1974. The present conditions component of the index again declined while expectations rebounded from the previous month low. The University of Michigan Consumer Sentiment Index declined in November to 55.3 from the October value of 57.6, with decreases in both the present conditions and expectations components. The Conference Board's U.S. Index of Leading Indicators declined 0.8 percent in October after a 0.1 percent gain in September. The index has been generally falling for over a year now and is down 4.8 percent from its peak in July 2007.

The Federal Open Market Committee (FOMC) voted unanimously to lower its target rate for federal funds 50 basis points to 1.00 percent on October 29, 2008. This reduction follows an emergency 50 basis point cut from 2.00 percent on October 8, 2008. The Committee's policy statement indicated members were very pessimistic about the prospects for the economy, stating that economic activity has "slowed markedly" and "downside risks to growth remain", suggesting that rates may be cut further in December.

The seasonally adjusted Monster Employment Index, which measures internet employment advertising, declined again in November to 142. The index is down 21.9 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 3.6 percent in September after a 3.4 percent decline in August. On a year-over-year basis, there have been 13 straight months where the number of job openings has decreased.

The State Economy and Indicators

Washington wage and salary employment growth has been in a steady decline since November of last year and came in at just 0.1 percent year-over-year in October. Despite the slowdown, the state continues to perform much better than the nation which has been in negative territory in terms of year-over-year growth since July. Since last October, employment has increased by 2,800[†] jobs. The service providing sectors added enough jobs to offset the deep loses throughout the goods producing industries. Over the past year, government added 9,500 workers, followed by health services (+9,200) and software publishers (+4,700). Aerospace was the lone bright spot in goods producing adding 3,500 jobs while the rest of manufacturing lost 5,000 workers and construction dropped by 13,600 over the past year.

The Seattle Times Index of Help-Wanted Advertising dropped to a value of 10.2 in November from October's value of 11.5, a one-month decline of 10.7 percent and a year-over-year decline of 62.3 percent. While newspaper help-wanted advertising has been declining for over a decade due to a shift to Internet-based advertising, the rate of decrease has been accelerating the past few years. The index has been less than half of previous year levels for ten consecutive months. The Monster Employment Index for Seattle also declined in November by 6.1 percent following 6.0 percent decrease in October. These account for the two largest monthly declines in the short history of the index. Washington's seasonally adjusted unemployment rate spiked in October, rising to 6.3 percent from September's value of 5.7 percent; this is the highest rate since April of 2004. Seasonally adjusted initial claims for unemployment insurance in Washington increased 11.1 percent in October to 53,200[†]. This was a 53.1 percent increase since last year, the largest year-over-year increase since May 1980.

October year-over-year growth in the Seattle CPI, measured bimonthly, decreased to 3.4 percent from the figure in August of 5.4 percent. The growth in Seattle's price index excluding food and energy decreased to 3.0 percent from the August value of 3.4 percent. Washington's seasonally adjusted average weekly hours in manufacturing dropped to 35.6 hours in October from September's 37.6 value, primarily due to effects of the recent Boeing strike. The last two months have been particularly weak as the weekly hours in manufacturing had been averaging over 43.0 throughout the year. The non-seasonally adjusted Washington Purchasing Management Index increased in October to a value of 50.9 from September's trough of 48.6. As with the national ISM index, values greater than 50 indicate expansion. The employment component of the index decreased from 51.5 to 47.0.

The Boom Monitor Composite Index dropped in October to a value of 19.1[†] from September's value of 21.5, the lowest level the index has been since March 1983. Driving the decline in October were weak real estate excise tax activity followed by a low number of housing permits and help wanted advertising. Boom Monitor 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 by 2.9 points in October following a 3.9 point drop in September, reaching a value of 97.8[†]. Besides Aerospace employment, five of the remaining six index components were negative in October, led by the sharp increase in initial claims and a large drop in help-wanted advertising.

Authorized housing permits increased to an annualized level of 29,300 units in October from September's value of 24,800 units. Despite the recent increases, the number of permits are still at remarkably low levels similar to those in 1984. All of the increase in October came from a rebound in multiple family units while single family structures hit a low not seen since November 1985. Year-

over-year, total permits were down 31.4 percent, Single-family permits were down 47.6percent while multiple-family permits were down 10.9percent.

Third quarter exports of goods originating in Washington totaled \$16.4 billion, a 1.5 percent decrease over the same quarter in 2007. The drop was due to a reduction in Transportation equipment exports which totaled \$8.4 billion and were down 22.4percent year-over-year; exports excluding transportation equipment came in at \$7.9 billion, a 38.2 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.

† Striking Boeing workers removed from the data.

* Data is based on the most recent release as of the date of this publication. The November economic forecast is based upon the November 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	October 2008	-
U.S. Real GDP Growth	3rd quarter 2008	-
U.S. ISM Index	November 2008	-
U.S. Employment	November 2008	-
U.S. Unemployment Rate	November 2008	-
U.S. Job Openings	September 2008	-
U.S. Fed Funds Target	December 1, 2008	-
U.S. Consumer Confidence	November 2008	+
U.S. CPI	October 2008	-
U.S. Monster Employment Index	November 2008	-
S&P 500 Index	Week of December 1, 2008	-
WA Leading Index	October 2008	-
WA ISM Index	October 2008	+
WA Help Wanted Index	November 2008	-
WA Employment*	October 2008	+ but slowing
WA Aerospace Empl.*	October 2008	+
WA Unemployment Rate	October 2008	-
WA Boom Monitor	October 2008	-
WA Initial Unemploy. Claims	October 2008	-
WA Housing Permits	October 2008	+
WA Weekly Hours in Mfg.	October 2008	-
WA New Car/Truck Registration	October 2008	-
WA Migration	October 2008	+
WA Exports-Total	3rd quarter 2008	-
WA Exports- w/o Trans. Equip.	3rd quarter 2008	+
Seattle CPI	October 2008	-
Seattle Monster Employment Index	November 2008	-

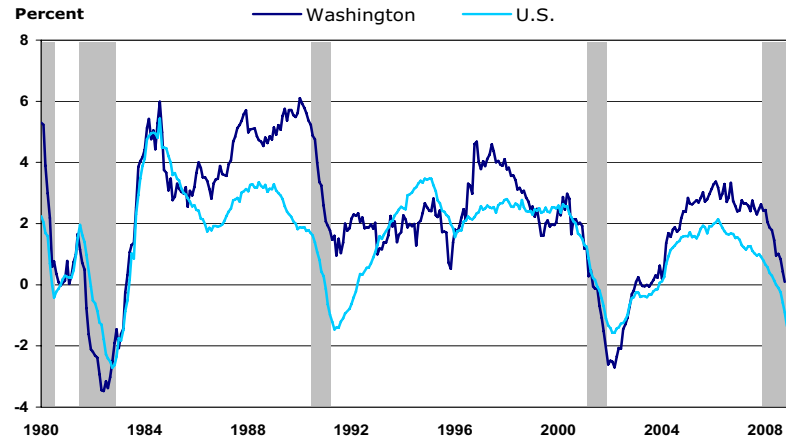
¹ + sign: good for the economy; - sign : Indicates weakness

* Striking Boeing workers have been removed from data

Washington State Economic Indicators

Year-over-Year Employment Growth

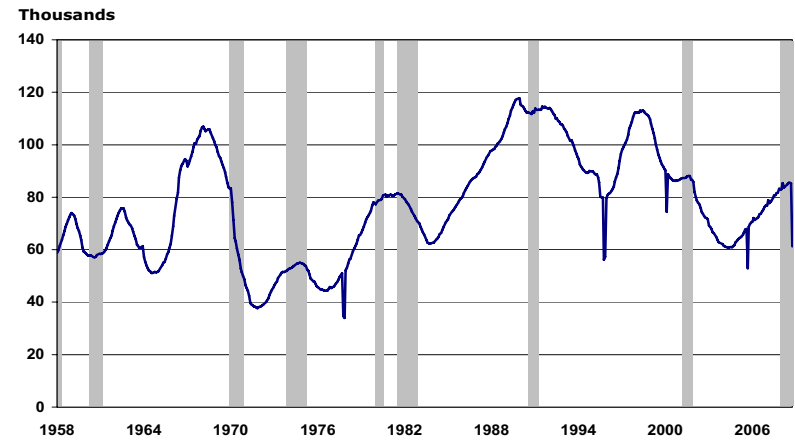
January 1980 to October 2008



* Bureau of Labor Statistics, ERFC

Washington Aircraft and Parts Employment

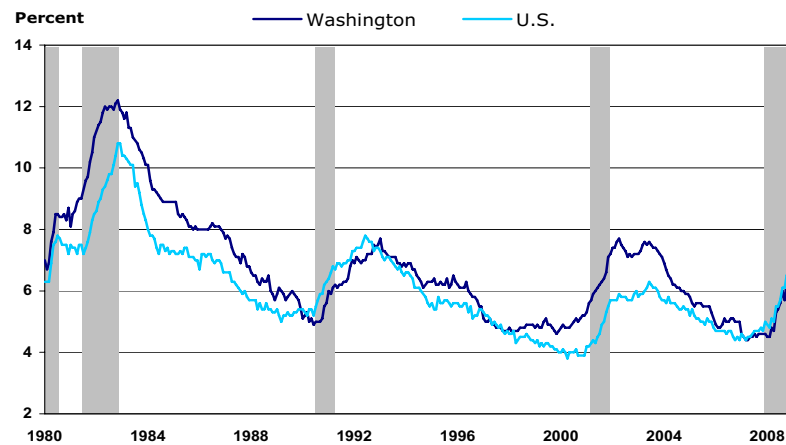
January 1958 to October 2008



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

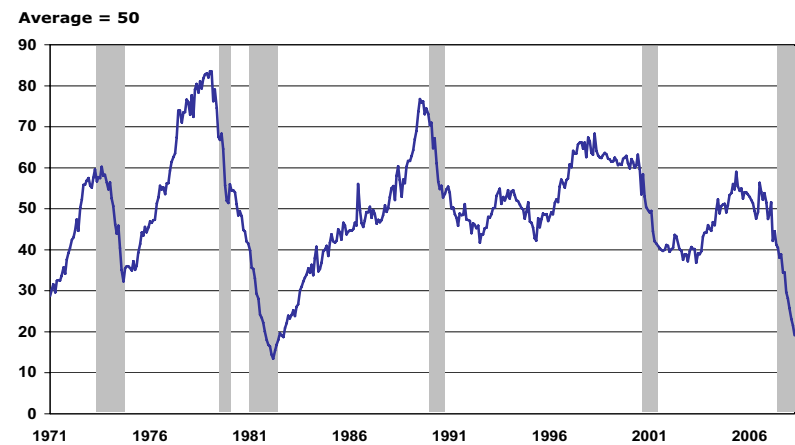
January 1980 to November 2008



* Source: Bureau of Labor Statistics

Washington Boom Monitor Composite Index

July 1971 to October 2008



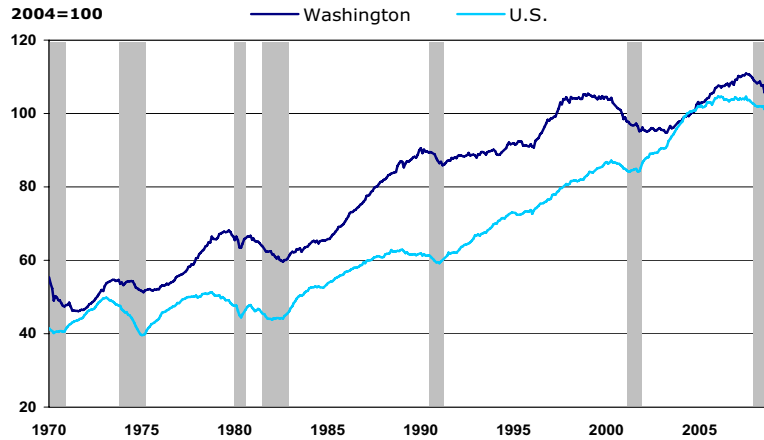
* Source: ERFC

* Shaded areas correspond with national recessions.

Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

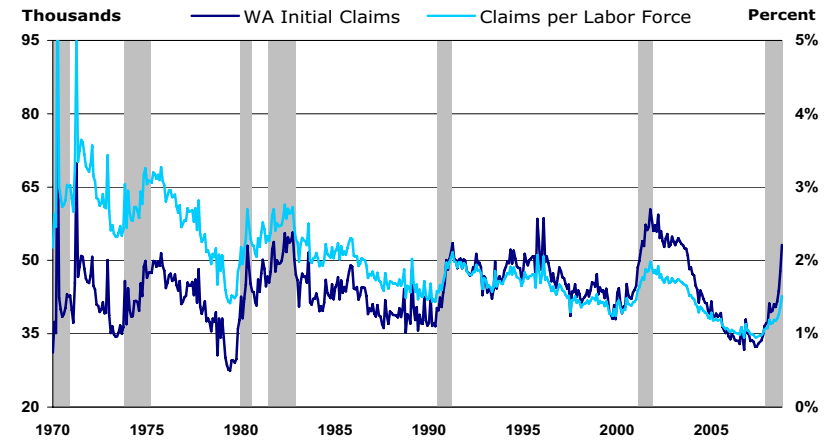
January 1970 to October 2008



* The Conference Board, ERFC

Washington Initial Claims for Unemployment Insurance

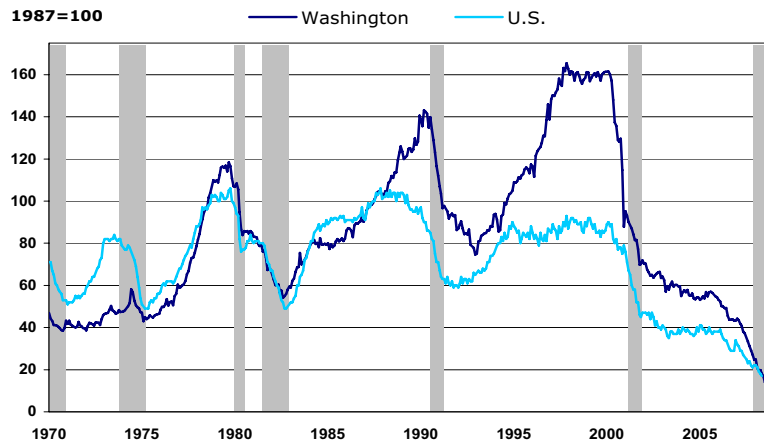
January 1970 to October 2008, S.A.



* Source: WA State Employment Security, ERFC

Seattle Times and U.S. Help-Wanted Advertising Indexes

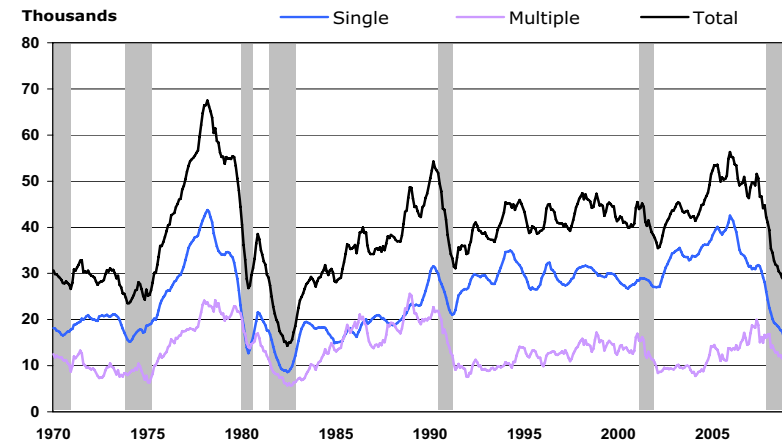
January 1970 to November 2008



* Source: ERFC

Housing Units Authorized in Washington State

January 1970 to October 2008, 6 Month Moving Average, S.A.



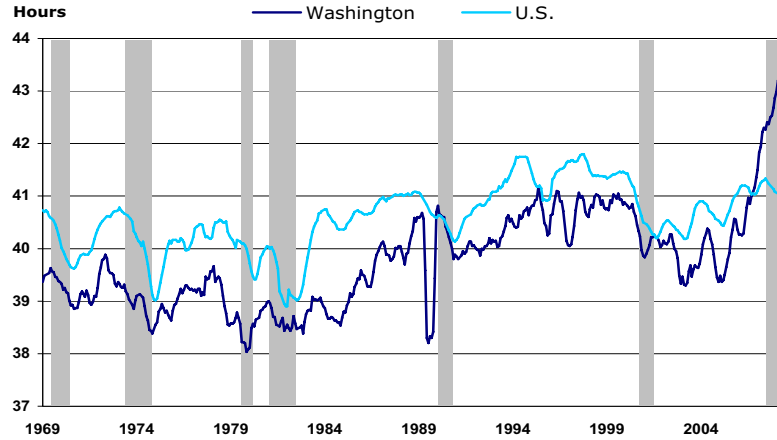
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Other State Economic Indicators

Average Weekly Hours in Manufacturing

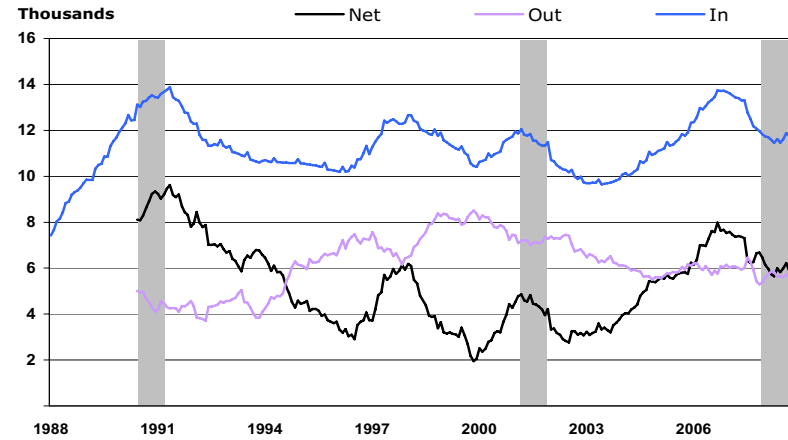
June 1969 to October 2008, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License Migration

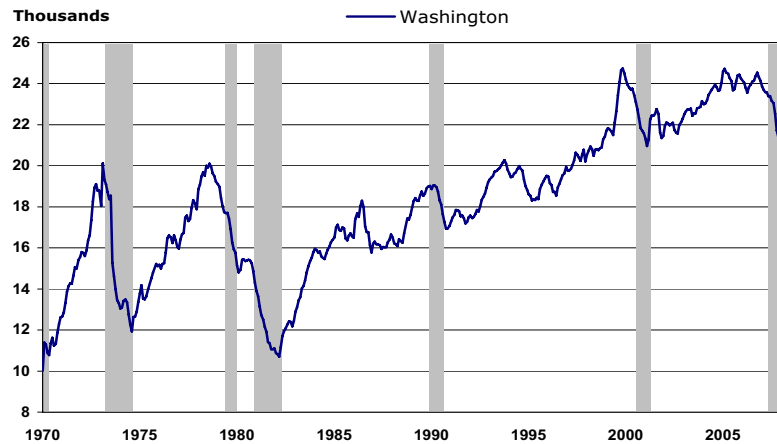
January 1988 to October 2008, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

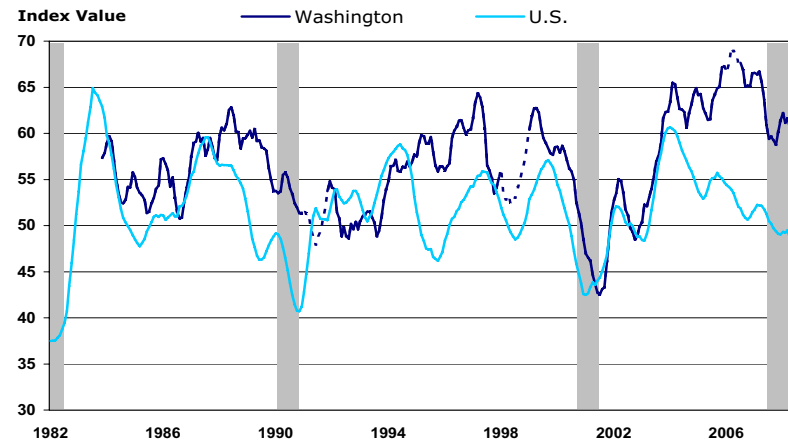
August 1970 to October 2008, 6-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

June 1982 to November 2008, 6-Mo. Moving Average



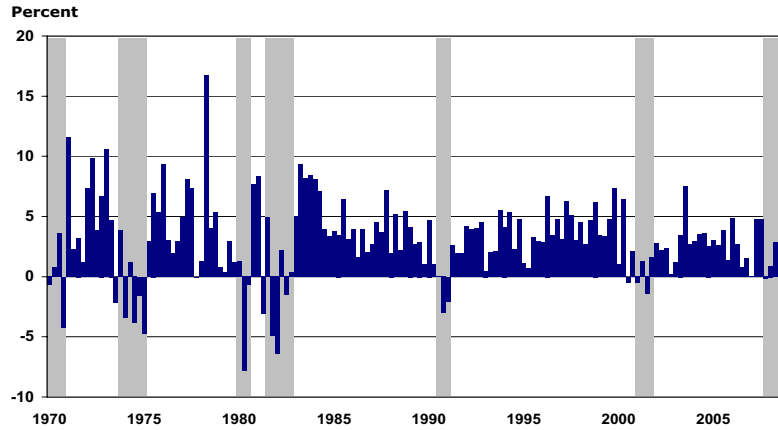
* Source: Institute for Supply Management, NAPM-WW

* Shaded areas correspond with national recessions.

Other Economic Indicators

Quarterly U.S. Real GDP Growth

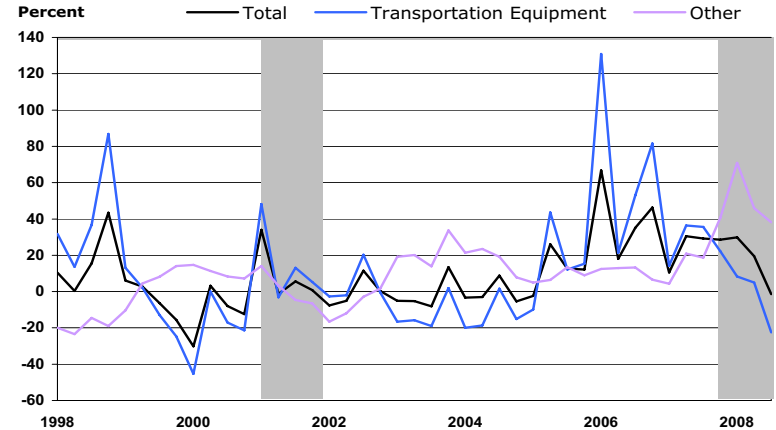
1970Q1 to 2008Q3



* Source: Bureau of Economic Analysis

Washington State Export Composition

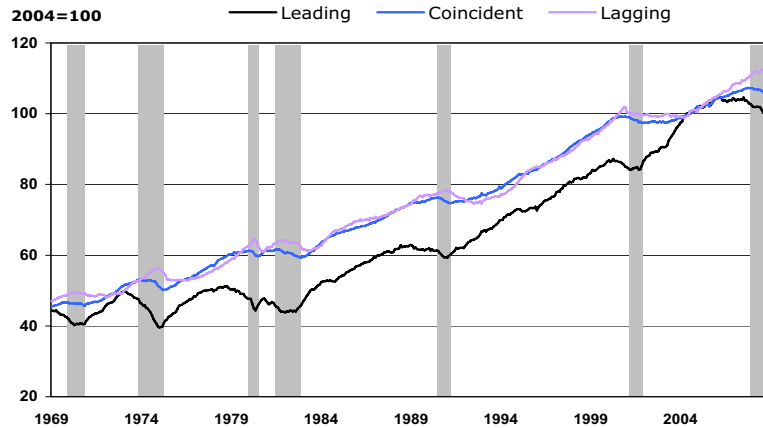
1998Q1 to 2008Q3, Change from Same Quarter Year Ago



* Source: WISER

U.S. Economic Indicators

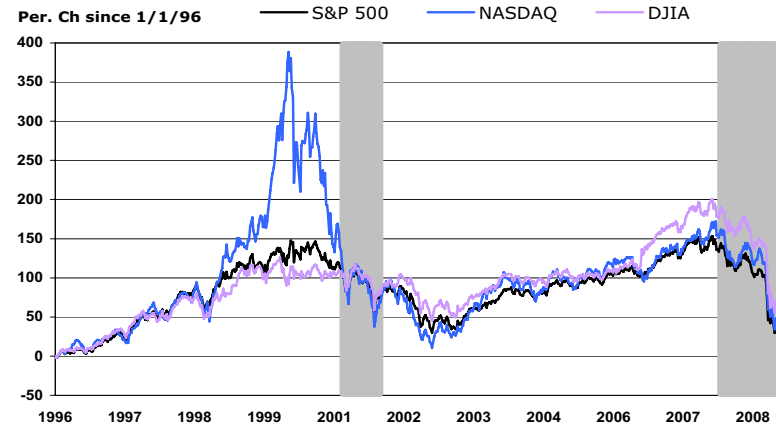
January 1969 to October 2008



* Source: The Conference Board

National Stock Indexes

January 1, 1996 to November 30, 2008



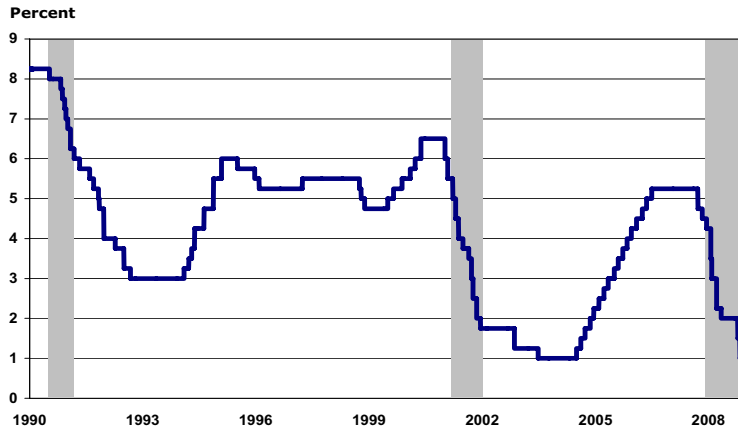
* Source: ERFC

* Shaded areas correspond with national recessions.

Other Economic Indicators

Federal Funds Target Rate

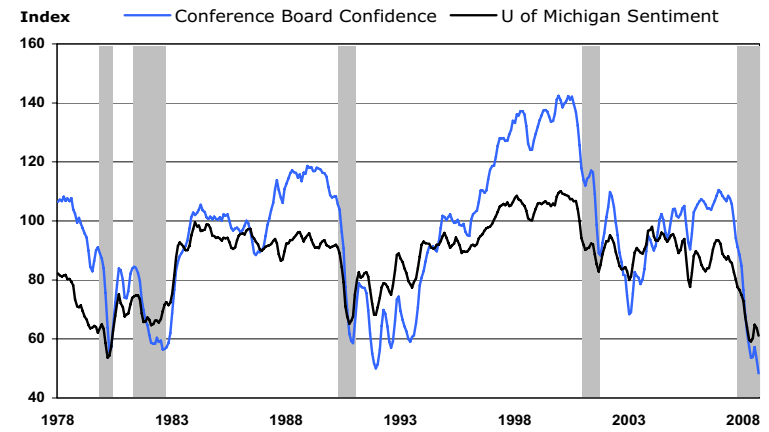
January 1, 1990 to December 1, 2008



* Federal Reserve

Consumer Confidence

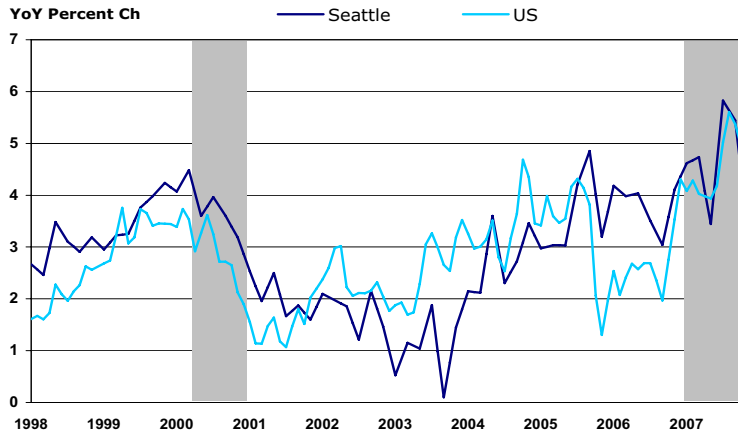
March 1978 to November 2008, 3-Mo. Moving Average



* Source: The Conference Board, University of Michigan

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

December 1998 to October 2008

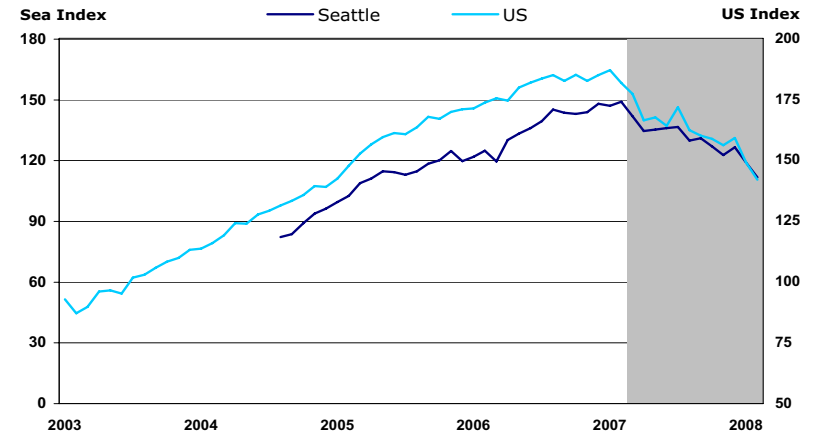


* Source: Bureau of Labor Statistics

* Shaded areas correspond with national recessions.

Monster Employment Index

October 2003 to November 2008, SA



* Source: Monster Worldwide, ERFC

Table 2.2
Washington Business Indicators
 Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising*	Washington Purchasing Management Index	U.S. Purchasing Management Index
2006:8	107.4	103.3	44	30	73.3	53.5
2006:9	108.2	103.7	44	29	64.1	51.9
2006:10	108.6	103.9	44	29	68.8	51.1
2006:11	107.9	103.8	43	29	61.1	49.7
2006:12	109.2	104.4	43	34	67.5	51.5
2007:1	109.2	104.0	44	32	66.4	49.3
2007:2	110.3	103.7	43	31	62.3	51.5
2007:3	109.9	104.1	42	29	64.9	50.7
2007:4	110.1	103.9	41	29	68.4	52.8
2007:5	110.5	104.0	38	27	69.6	52.8
2007:6	110.4	103.9	37	26	67.8	53.4
2007:7	110.9	104.6	35	25	65.4	52.3
2007:8	110.7	103.6	33	23	64.3	51.2
2007:9	110.6	103.7	31	24	58.1	50.5
2007:10	110.3	103.2	29	22	56.8	50.4
2007:11	109.8	102.8	27	21	53.0	50.0
2007:12	109.0	102.6	25	22	58.7	48.4
2008:1	108.7	102.1	25	22	66.7	50.7
2008:2	108.3	101.9	21	21	62.3	48.3
2008:3	108.4	101.9	20	19	55.2	48.6
2008:4	108.7	102.0	20	18	65.0	48.6
2008:5	107.6	101.9	18	17	60.3	49.6
2008:6	107.7	101.9	17		63.8	50.2
2008:7	105.8	101.2	14		60.2	50.0
2008:8	104.6	100.3	13		65.3	49.9
2008:9	100.7	100.4	13		48.6	43.5
2008:10	91.6	99.6	11		50.9	38.9
2008:11			10			36.2

*Indicator has been discontinued

Washington State Revenue Forecast Summary

Introduction

While some weakening of the state and national economy was evident at the time of the September forecast of the Washington State Economic and Revenue Forecast Council, conditions took a marked downturn almost immediately thereafter. Because of the accelerated downturn, the Council unanimously approved a \$1.93 billion reduction to the General Fund-State (GFS) revenue forecast at its November 19, 2008 meeting. The forecast for the 2007-09 biennium was reduced \$502.7 million from September's value, and the forecast for the 2009-11 biennium was reduced by \$1,427.9 million. The revisions to the September forecast are summarized in Table 3.1.

The November 2008 GFS revenue forecast for the 2007-09 budget period is \$28,626.6 million. This is \$855 million (3.1 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 November 2008 forecast projects total GFS reserves to total only \$23.2 million at the end of the 2007-09 budget period. This is based on the November 2008 GFS revenue forecast and a 2007-09 spending level of \$29,838.2 million, the amount of the most recently enacted budget. At that spending level, the GFS ending balance would be negative \$413.4 million, offset by a projected Budget Stabilization Account ending balance of \$436.6 million.

The November 2008 GFS revenue forecast for the 2009-11 biennium is \$30,070.4 million. This is \$1.4 billion (5.0 percent) higher than what is expected to be collection in the current budget period. Projected revenue growth for the next biennium is down significantly from the 8.1 percent growth that was expected in the September 2008 forecast.

Table 3.1
**Revision to the General Fund-State Forecast
2007-09 Biennium**

Cash Basis			
November 2008 (Millions of dollars)			
	<u>2007-09 Biennium</u>	<u>2009-11 Biennium</u>	<u>Total</u>
Non economic change	\$0.0	\$35.8	\$35.8
Forecast Change	(\$502.7)	(\$1,463.6)	(\$1,966.3)
Total Change*	(\$502.7)	(\$1,427.9)	(\$1,930.5)

*Detail may not add to totals due to rounding.

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 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 November 2008 baseline forecast for the 2007-09 biennium, is shown in Table 3.2.

November 2008 Forecast Assumptions

1. The November 2008 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 economic outlook for the U.S and for the state is based on the Global Insight, Inc. November 2008 baseline forecast.
2. The GFS revenue forecast is based on current law and administrative practices. The impact of tax law changes enacted during the 2008 legislative session was incorporated into the June 2008 forecast.
3. Under provisions of Initiative 728, passed by the voters in November 2000, lottery revenue is dedicated to a newly created Student Achievement Account and to the School Construction Account. Prior to Initiative 728, most lottery revenue went into the General Fund. Under provisions of E2SSB 6560, enacted during the 2002 legislative session, the state is participating in a

multi-state lottery game. Proceeds from this new game go the General Fund after the first \$102 million per year of uncommitted lottery earnings are transferred to the Student Achievement Account. Part II of Table 3.19 summarizes lottery distributions by fund.

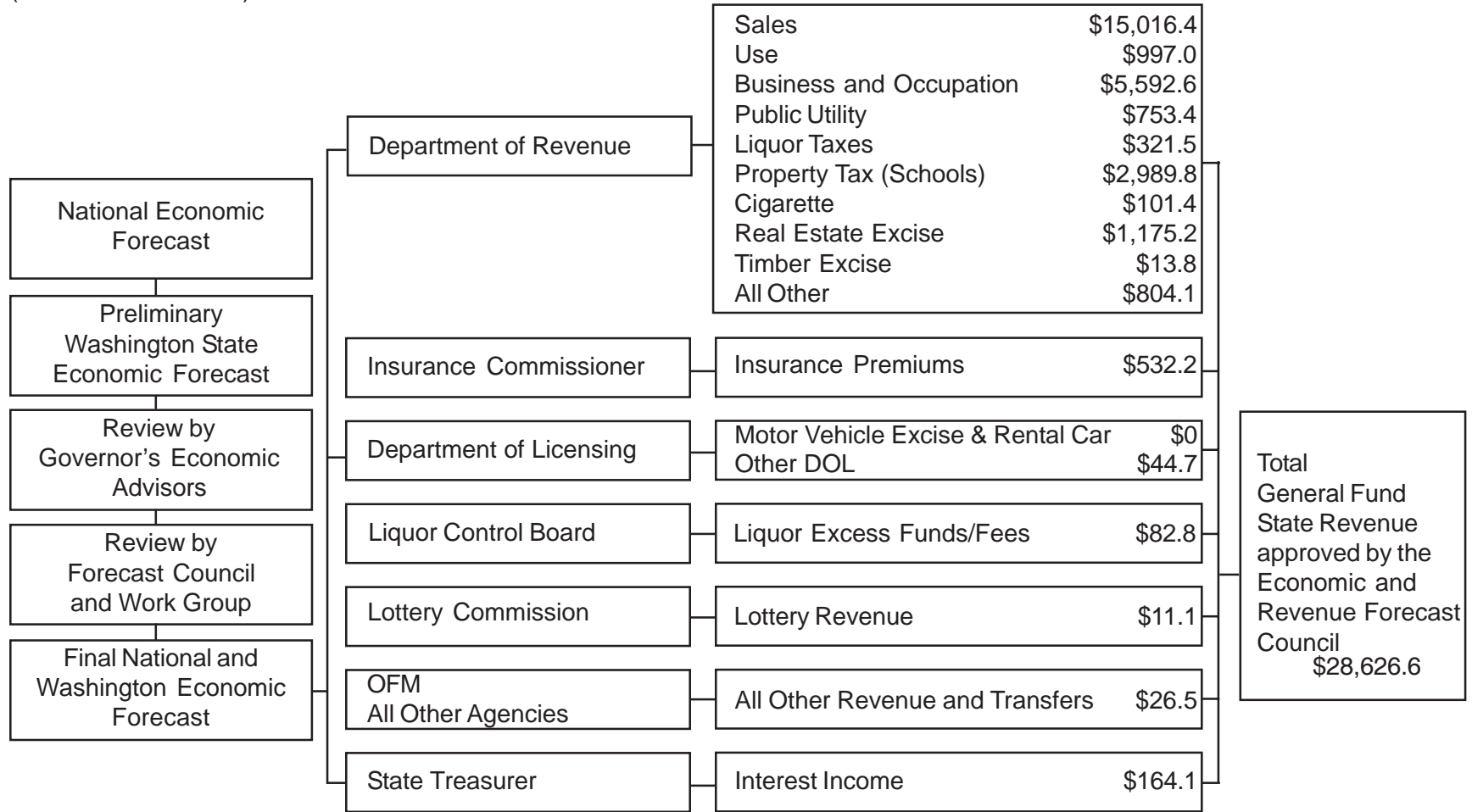
4. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either have not yet been ruled on by the courts or are on appeal. Any impact of legal challenge affecting GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.
5. There have been several legislative and other non-economic changes which have affected GFS receipts in past biennia as well as the GFS forecast for the 2007-09 biennium. New tax law changes and other non-economic factors reduced GFS revenue for the 2005-07 biennium by an estimated \$474 million. As of November 2008, tax law changes have reduced the forecast for GFS for the 2007-09 biennium by \$185.0 million.
7. Initiative 728, which transfers a portion of the state property tax levy from the general fund to the student achievement account, has had a disproportional impact on GFS revenue over time. The I-728 property tax transfers grew from \$267.0 million in the 2001-03 biennium to \$329.8 million in the 2003-05 biennium. They increased to \$491.8 million in the 2005-07 biennium and are expected to total \$503.4 million in the 2007-09 biennium and \$542.0 million in the 2009-11 biennium. (See part I of Table 3.19.)
8. Since the September 2007 forecast publication, we have included a "related fund" forecast as well as a forecast for GFS revenue. The related fund is defined in RCW 43.135.025 to include: the health services account, violence reduction and drug enforcement account, public safety and education account, and the student achievement fund. The November 2008 GFS and related fund revenue forecast is shown in Table 3.20.
9. 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 Economic and Revenue Forecast Council has produced forecasts of the Education Legacy Trust Account since 2007 but has not previously forecasted Pension Funding Stabilization Account revenues.

Recent Collection Experience

Revenue collected in the two months since the September 2008 forecast was \$101.4 million (4.6 percent) less than expected. The variance was lessened by a non-forecasted, nonrecurring audit payment of \$6.5 million in October. Excluding this payment, collections were \$107.9 million (4.9 percent) below the forecast. Revenue Act (retail sales, business and occupation, use and public utility tax) receipts fell short of the September forecast by \$103.9 million (5.1 percent). Real estate excise tax collections continued to under-perform the forecast, coming in \$6.6 million (7.5 percent) less than expected since September. Revenue from other Department of Revenue tax sources was \$9.2 million (8.0 percent) higher than expected due mainly to larger-than-expected transfers of unclaimed property to the GFS. Revenue from the Department of Licensing was \$0.1 million (11.2 percent) lower than the September forecast. The collection variances from the September 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

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



* Cash Basis

period (October 11-November 10, 2008) were down 5.6 percent year-over-year after adjustments for special factors, the same percentage decline shown in the September 11-October 10 period. Adjusted Revenue Act tax payments were 2.7 percent below the year-ago level in the three months prior to the November 2008 forecast, which primarily reflected third quarter 2008 business activity. Adjusted payments reflecting second quarter 2008 activity (June 11-August 10 collections) were down 0.8 percent year-over-year, while adjusted payments reflecting first quarter activity showed 2.3 percent growth.

Industry detail for the most recent month (September 2008 activity, reflecting excise tax payments of taxpayers who filed electronically in the October 11- November 10, 2008 period) shows considerable weakness across-the-board. The retail trade sector remains especially weak. Tax payments by retail businesses were 8.6 percent below the year-ago level. In the prior collection period the decline was 7.3 percent. This is the tenth straight month the retail trade sector as a whole has declined or remained unchanged on a year-over-year basis. Eight out of twelve three digit NAICS retail sectors showed year-over-year declines in the October 11 - November 10, 2008 payment period. The largest declines were in autos (-20.7 percent) , building materials/garden equipment retailers (-12.0 percent), furniture (-11.8 percent) and apparel and accessories stores (-9.4 percent). General merchandise stores, the second largest retail trade sector after auto sales, decreased by 5.0 percent. The retail trade sectors showing gains were non-store retailers (+5.6 percent), gas stations and convenience stores (+4.7 percent), drug and health stores (+3.7 percent) and food and beverage stores (+0.4 percent).

Based on the preliminary industry data, year-over-year tax payments reported by non-retailing sectors decreased by 1.2 percent in the October 11-November 10 collection period. In the prior period payments by non-retailers decreased by 3.7 percent. Payments from the construction sector showed a 5.0 percent year-over-year decrease in the most recent collection period after declining by 8.8 percent in the previous period. Payments from the manufacturing sector were down 11.7 percent but were negatively impacted by the Boeing strike that began in September. Excluding manufacturing, non-retail trade increased 0.1 percent year-over-year.

Table 3.3
Collection Variance of Major General Fund-State Taxes by Agency
 September 11 - November 10, 2008
 Based on the September 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	(\$103.9)	-5.1%	(\$110.4)	-5.5%
Non Revenue Act ²	\$2.6	1.6%	\$2.6	1.6%
Subtotal	<u>(\$101.3)</u>	<u>4.6%</u>	<u>(\$107.8)</u>	<u>-4.9%</u>
Department of Licensing ²	(\$0.1)	-11.2%	(\$0.1)	-11.2%
Other	na	na	na	na
Total***	(\$101.4)	-4.6%	(\$107.9)	-4.9%

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 September 11, 2008 through November 10, 2008.

² Variance based on September 2008 through October 2008 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 September 2008 forecast.

** Variance adjusted for special factors: primarily unusually large refund.

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

Real estate activity has been weak for more than two years. After peaking in the first quarter of 2006, on a seasonally adjusted basis, taxable real estate activity has fallen for ten consecutive quarters. Conditions in the local real estate market have not improved markedly since the September forecast. Taxable real estate activity in October 2008 was 40.8 percent below the year-ago level. Activity has declined on a year-over-year basis for fifteen consecutive months and twenty-three of the last twenty-six months. Until recently, the primary source of weakness was the volume of activity, but the percent decline in the average value per transaction has surpassed declines in activity since September 2008. 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 21.1 percent in October. The average value per real estate transaction did not show negative year-over-year growth until September 2007 but has shown fairly steady downward growth since then, with October's value down 25.0 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 96 percent of total GFS revenue in the 2007-09 biennium and 98 percent in the 2009-11 biennium. The November forecast of GFS revenue sources administered and collected by the Department of Revenue is \$515.9 million lower than in September. This is about 96 percent of the total GFS forecast change in November.

As discussed in Chapter 1 of this publication, the November economic forecast for Washington is weaker than September'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. Taxable sales of automobiles were down 22.4 percent in October. Construction and related sectors, which account for almost thirty percent of taxable sales, are also forecasted to be weaker than forecasted in September. Consumer spending is not expected to begin a recovery toward a more historically normal rate of growth until mid-to-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 85.9 percent of the \$28.6 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 86.1 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 real estate excise 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 18.7 percent for total GFS revenue. Revenue from the real estate excise tax accounted for 7.2 percent of GFS revenue in the 2005-07 biennium, up from 5.7 percent in the 2003-05 biennium and 4.1 percent in the 2001-03 biennium. This biennium the real estate excise taxes are expected to decline by \$827 million compared to 2005-07 and are expected to account for only 4.1 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 \$16.0 billion (55.9 percent) of the total in the 2007-09 budget period and \$16.7 billion (55.4 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 \$5.6 billion (19.5 percent) of the total this biennium and \$6.1 billion (20.3 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 (10.4 percent) of the total in the 2007-09 biennium and \$3.1 billion (10.3 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 part of the reduction in the property tax forecast for the 2009-11 biennium was due to 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 November forecast of IPD inflation in September 2009 is negative 1.3 percent, the state levy for calendar 2010, excluding changes in new construction and state-assessed property, is forecasted to decrease by that amount.

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$29.3 billion in the second quarter of 2008, the most recent quarter available. This was 2.3 percent lower than the year-ago level. Taxable sales increased 1.5 percent in the first quarter of 2008 and 5.7 percent in the fourth quarter of 2007. 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 re-

<u>Biennium</u>	<u>Current Dollars</u>	<u>Percent Change</u>	<u>2000 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	28,626.6	3.1%	23,557.5	-2.7%
2009-11 ^F	30,070.4	5.0%	23,783.1	1.0%

^F: November 2008 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*
 'November 2008
 (Millions of Dollars)

<u>Fiscal Year</u>	<u>Amount</u>	<u>Percent Change</u>
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	114,707	-3.3%
2010 ^F	119,146	3.9%
2011 ^F	127,163	6.7%

^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).

cession. Taxable sales in the second quarter of 2008 grew slower than state personal income for the fourth straight quarter. In the second quarter of 2008, U.S. retail sales increased 2.6 percent (adjusted) on a year-over-year basis after growing at 3.0 percent in the first 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 second quarter of 2008, taxable sales in the construction sector accounted for 20.2 percent of taxable sales. Taxable sales in construction are forecasted to decline through the fourth quarter of 2009, with a deeper decline than forecasted in September due to the lowered forecast of housing permits and construction employment.

Taxable sales of firms in the retail trade sector declined by 3.4 percent year-over-year in the second quarter of 2008. This decline was due entirely to the decline in sales in the auto sector, the largest retail trade category. Sales at automotive dealers, which accounted for 10.1 percent of total taxable sales and 23.7 percent of sales in the retail trade sector, declined by 13.4 percent. Without this decline, retail trade would have reported a 0.2 percent increase. Taxable sales in the retail trade sector declined 1.8 percent year-over-year in the first quarter, again led by a 9.2 percent decline in sales at auto dealers. Forecasted sales at auto dealers were lowered slightly in the November forecast following a steep forecast reduction in September.

In the second quarter, the retail trade sector also saw large declines in two sectors closely related to housing construction: furniture and home furnishings stores declined by 9.7 percent year-over-year and building materials and garden supply

stores decreased by 8.7 percent. The forecast of taxable sales from these two sectors was also lowered from the September forecast.

Taxable sales reported by the service sector, which accounted for 18.5 percent of all taxable sales in the second quarter, were 2.6 percent higher than a year ago while taxable sales reported by the wholesale

Chart 3.1
General Fund-State Revenue

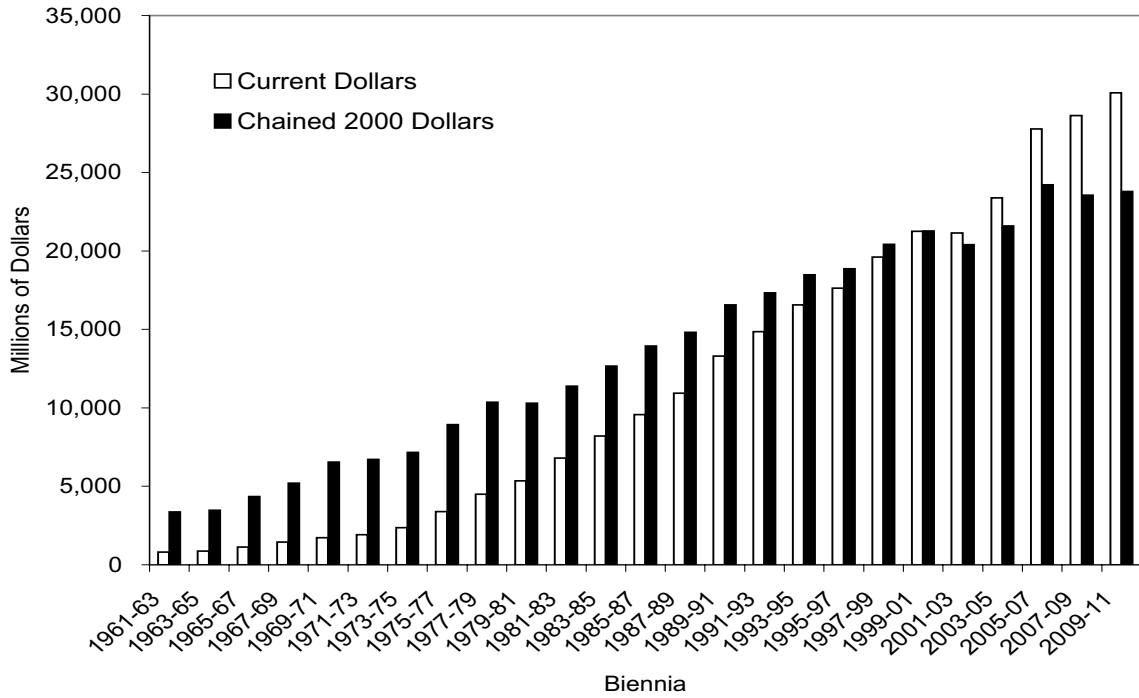


Chart 3.2
General Fund-State Revenue - Percent Change

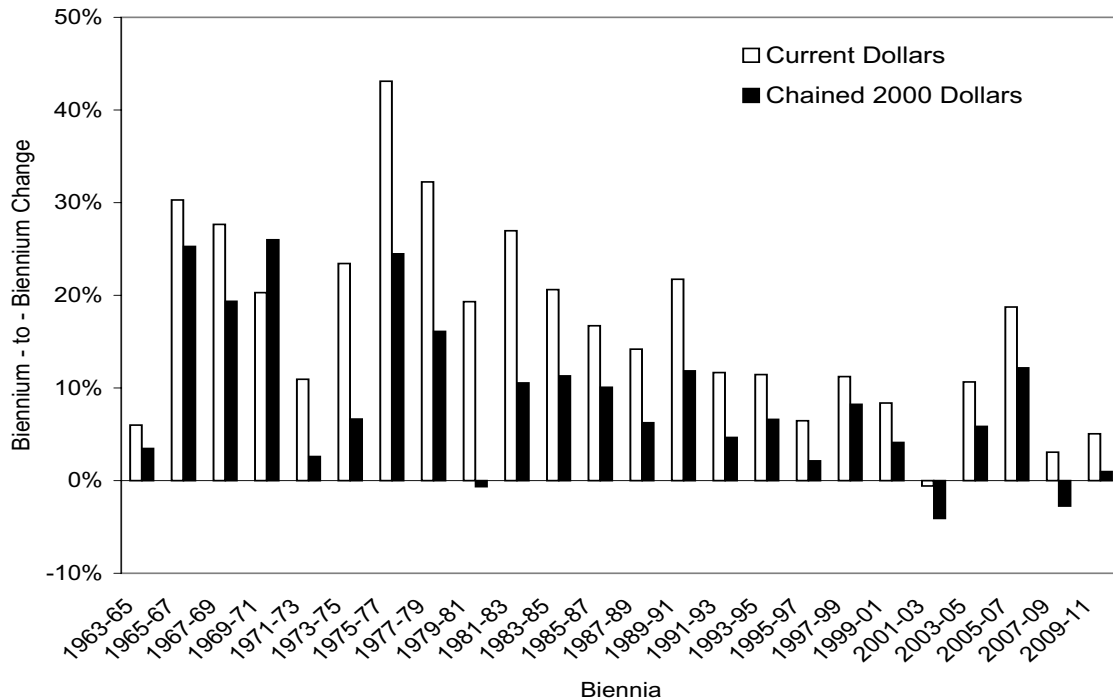


Chart 3.3
Composition of General Fund-State Revenue

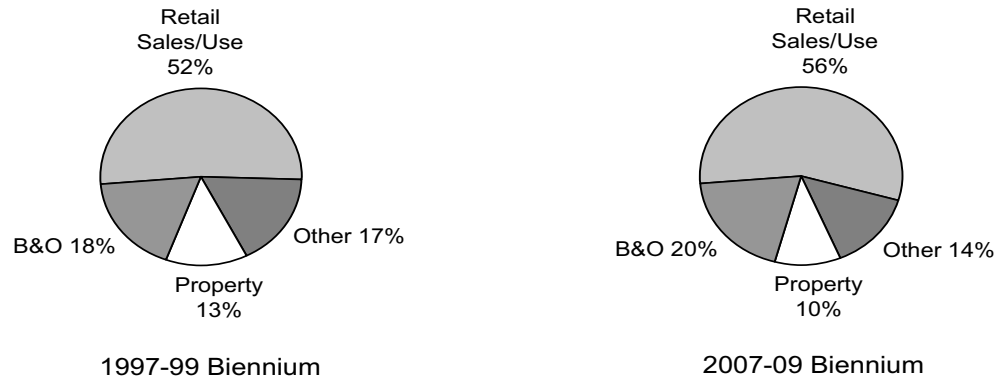


Chart 3.4
Taxable Sales* as Percentage of Personal Income



*Adjusted Base

trade sector decreased 2.0 percent. Taxable sales in manufacturing decreased by 11.7 percent year-over-year and the information sector reported a 0.3 percent decline.

Statewide taxable sales increased 2.7 percent in fiscal 2008. This is down from 7.9 percent in fiscal 2007. The November 2008 forecast assumes taxable sales will decrease by 3.3 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 3.9 percent in fiscal 2010 and 6.7 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 5.1 percent in fiscal 2009, then increase by 3.1 percent in fiscal 2010 and 6.8 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 September forecast, resulting in a lower real estate excise tax forecast. The November 2008 real estate excise tax forecast is \$29.3 million less than the September forecast for the 2007-09 biennium and is \$108.1 million lower in the 2009-11 biennium.

Business and occupation tax growth is expected to slow to 0.7 percent in fiscal 2009, down from 5.5 percent growth in fiscal 2008. Growth is expected to increase to 5.0 percent in fiscal 2010 and 7.2 percent in fiscal 2011. Public utility taxes are forecasted to increase by 4.8 percent in fiscal 2009, up from 4.2 percent growth in fiscal 2008. Growth is forecasted at 6.1 percent in fiscal 2010 and 4.5 percent in fiscal 2011.

The November 2008 forecast expects the property tax (state tax levy) to increase 6.5 percent in the 2007-09 biennium and 4.3 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 3.8 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 7.7 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 \$0.2 million to \$44.7 million. The department's forecast for the 2009-11 biennium has been decreased \$0.2 million to \$46.1 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 increased \$6.9 million to \$26.5 million. The primary forecast increases were in increased prior period recoveries for fiscal 2008. The office's forecast for the 2009-11 biennium has been decreased \$1.3 million to negative \$35.6 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 decreased \$3.8 million to \$164.1 million and the office's forecast for the 2009-11 biennium has been reduced \$75.6 million to \$31.5 million.

Forecast reductions were due mainly to a forecasted decline in interest rates but also due to a forecasted decline in average fund balances.

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 is unchanged at \$532.2 million and its forecast for the 2009-11 biennium is unchanged at \$586.7 million.

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 is unchanged at \$1.1 million. The Commission's forecast of revenues for the School Construction Account is also unchanged at \$196.9 million for the 2007-09 biennium and \$213.8 million for the 2009-11.

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

The November 2008 GFS revenue forecast for the 2007-09 biennium is \$502.7 million (1.7 percent) less than in September and the forecast for the 2009-11 biennium is \$1,427.9 million (4.5 percent) less.

The forecast for the 2009-11 biennium includes \$35.8 million in non-economic changes. This extra revenue is due to the expiration of a sales tax exemption on equipment used to generate electricity from wind, solar, or biomass. Under RCW 82.08.02567, the exemption expires on June 30, 2009. This expiration was not taken into account in prior forecasts for the biennium.

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 November 2008 forecast for the 2007-09 biennium is \$401 million (1.4 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 \$216 million (0.7 percent) lower than the initial forecast. There have been eleven quarterly updates to the GFS forecast for the 2007-09 biennium: five have increased the forecast and six, including the November 2008 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 November 2008 forecast for the 2007-09 biennium is \$1.847 billion (5.8 percent) lower than the initial forecast. Non-economic changes, the results of legislation and budgetary changes from the 2008 legislative session, account for \$10 million (0.03 percent) of the total reductions. 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 \$28,662.3 million on a GAAP basis, \$35.7 million more than the \$28,626.6 million cash forecast. For the 2009-11 biennium, the GAAP forecast totals \$30,165.8 million, \$95.4 million higher than the \$30,070.4 million cash forecast.

Table 3.16 shows the budgetary balance sheet the 2007-09 biennium which ends June 30, 2009. With adoption of the November 2008 GFS forecast, the projected total ending balance for the 2007-09 biennium is \$23.2 million. This is based on an enacted 2007-09 appropriations level of \$29,838.2 million including the 2008 supplemental budget. This is \$505.8 million less than projected after adoption of the September 2008 revenue forecast and is 0.1 percent of 2007-09 enacted appropriations. The total ending balance for the 2007-09 biennium is comprised of a projected ending GFS balance of negative \$413.4 million and a \$436.6 million balance in the Budget Stabilization Account. The 2007 Legislature enacted joint resolutions creating a new Budget Stabilization Account which was ratified by voters in the November 2007 general election.

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

Chapter 1 outlines optimistic and pessimistic alternatives to the baseline 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 \$28,946 million, \$320 million more than the baseline forecast. The pessimistic alternative produces \$28,319 million GFS revenue in the 2007-09 biennium, \$308 million less than the baseline forecast. For the 2009-11 biennium the range

Table 3.6

Summary of Changes to the General Fund-State Forecast

November 2008 Cash Forecast

(Millions of Dollars)

	<u>November 2008 Change</u>
<u>2007-09 Biennium</u>	
<i>Collection Experience in the 2007-09 Biennium</i>	(\$101.4)
Department of Revenue ¹	(101.3)
Department of Licensing ²	(0.1)
<i>Non Economic Adjustments to the Forecast</i>	\$0.0
<i>Forecast Change for the 2007-09 Biennium</i>	(\$401.3)
Department of Revenue	(\$404.3)
Other agencies	\$3.0
Total Change: 2007-09 Biennium*	<u>(\$502.7)</u>
<u>2009-11 Biennium</u>	
<i>Non Economic Adjustments to the Forecast</i>	\$35.8
<i>Forecast Change for the 2009-11 Biennium</i>	(\$1,463.6)
Department of Revenue	(\$1,386.5)
Other agencies	(\$77.2)
Total Change: 2009-11 Biennium*	<u>(\$1,427.9)</u>

is much wider. The optimistic forecast generates \$32,354 million, \$2,283 million more than the baseline while the pessimist forecast produces \$28,141 million, \$1,929 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 November 2008 GCEA scenario was based on the forecast of seven members of the GCEA. The GCEA alternative was \$49 million lower than the November 2008 baseline forecast for the 2007-09 biennium and \$73 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 November 2008 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 \$2,128.6 million, \$11.5 million more than expected in September. The combined GFS and related fund forecast for the 2007-09 totals \$30,755.2 million, \$491.2 million less than the September forecast.

The related fund forecast for the 2009-11 is \$2,245.7 million. This is \$10.8 million more than the September 2008 forecast and is 5.5 percent higher than the forecast for the 2007-09 biennium. The combined GFS and related fund forecast for the 2009-11 biennium is \$32,316.1 million, a reduction of \$1,417.1 million from the September forecast. The forecast of combined GFS and related funds for the 2009-11 biennium are \$1,560.9 million (5.1 percent) more than the forecast of 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 \$14.5 million and the forecast for the 2009-11 biennium has been decreased \$11.1 million. The forecast of new revenue to the Pension Funding Stabilization Account, which consists mainly of interest earnings, was decreased \$0.7 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 \$2,587.2 million. The combined GFS and near general fund forecast for 2007-09 totals \$31,213.8 million. The near general fund forecast for the 2009-11 is \$2,695.0 million. This is 4.2 percent higher than the forecast for the 2007-09 biennium. The combined GFS and near general fund forecast for the 2009-11 biennium is \$32,765.5 million. This is \$1,551.7 million (5.0 percent) more than the forecast for the 2007-09 biennium.

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

Forecast by Agency	Sept. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2008 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,375.3	0.0	(\$358.8)	\$15,016.4	(\$358.8)
Business & Occupation Use	5,671.8	0.0	(79.2)	5,592.6	(79.2)
Public Utility	1,009.0	0.0	(12.0)	997.0	(12.0)
Liquor Sales/Liter	771.2	0.0	(17.8)	753.4	(17.8)
Cigarette	321.5	0.0	0.0	321.5	0.0
Property (State Levy)	101.3	0.0	0.1	101.4	0.1
Real Estate Excise	2,993.6	0.0	(3.8)	2,989.8	(3.8)
Timber Excise	1,204.5	0.0	(29.3)	1,175.2	(29.3)
Other	13.8	0.0	(0.1)	13.8	(0.1)
Subtotal	808.7	0.0	(4.6)	804.1	(4.6)
	28,270.7	0.0	(505.6)	27,765.1	(505.6)
Department of Licensing					
Boat excise, licenses, fees & other	44.9	0.0	(0.2)	44.7	(0.2)
Insurance Commissioner					
Insurance Premiums	532.2	0.0	0.0	532.2	0.0
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	167.9	0.0	(3.8)	164.1	(3.8)
Office of Financial Management					
Other	19.7	0.0	6.9	26.5	6.9
Total General Fund-State *	\$29,129.3	\$0.0	(\$502.7)	\$28,626.6	(\$502.7)

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

2 General Fund-State forecast for the 2007-09 biennium, adopted November 2008;

*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	Sept. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2008 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$15,462.7	0.0	(\$357.3)	\$15,105.4	(\$357.3)
Business & Occupation Use	5,656.7	0.0	(75.9)	5,580.7	(75.9)
Public Utility	1,012.6	0.0	(13.1)	999.5	(13.1)
Liquor Sales/Liter Cigarette	774.1	0.0	(17.3)	756.7	(17.3)
Property (State Levy)	321.4	0.0	0.0	321.4	0.0
Real Estate Excise	101.0	0.0	(0.2)	100.8	(0.2)
Timber Excise	2,994.0	0.0	(46.0)	2,948.0	(46.0)
Other	1,210.6	0.0	(31.2)	1,179.3	(31.2)
Subtotal	12.7	0.0	(0.1)	12.6	(0.1)
	809.7	0.0	(3.3)	806.4	(3.3)
	28,355.4	\$0.0	(544.5)	27,810.9	(544.5)
Department of Licensing					
Boat excise, licenses, fees & other	45.1	0.0	(0.2)	45.0	(0.2)
Insurance Commissioner					
Insurance Premiums	532.2	0.0	0.0	532.2	0.0
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	158.9	0.0	(5.1)	153.8	(5.1)
Office of Financial Management					
Other	19.7	0.0	6.9	26.5	6.9
Total General Fund-State *	\$29,205.2	\$0.0	(\$542.9)	\$28,662.3	(\$542.9)

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

2 November 2008 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>Sept. 2008 Forecast</u>	<u>Non-Economic Changes</u>	<u>Forecast Revision</u>	<u>Nov. 2008 Forecast¹</u>	<u>Total Change</u>
<i>Department of Revenue</i>					
Retail Sales	\$16,443.0	\$35.8	(\$891.7)	\$15,587.0	(\$856.0)
Business & Occupation Use	6,253.3	0.0	(145.2)	6,108.1	(145.2)
Public Utility	1,168.9	0.0	(82.0)	1,086.8	(82.0)
Liquor Sales/Liter	879.8	0.0	(43.4)	836.4	(43.4)
Cigarette	340.7	0.0	0.0	340.7	0.0
Property (State Levy)	99.2		(0.9)	98.3	(0.9)
Real Estate Excise	3,186.3		(83.4)	3,102.9	(83.4)
Timber Excise	1,437.9	0.0	(108.1)	1,329.8	(108.1)
Other	10.9	0.0	(0.2)	10.7	(0.2)
Subtotal	881.0	0.0	(31.4)	849.5	(31.4)
	30,701.0	35.8	(1,386.5)	29,350.3	(1,350.7)
<i>Department of Licensing</i>					
Boat excise, licenses, fees & other	46.3	0.0	(0.2)	46.1	(0.2)
<i>Insurance Commissioner</i>					
Insurance Premiums	586.7	0.0	0.0	586.7	0.0
<i>Liquor Control Board</i>					
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
<i>Lottery Commission</i>					
Lottery Revenue	1.1	0.0	0.0	1.1	0.0
<i>State Treasurer</i>					
Interest Earnings	107.2	0.0	(75.6)	31.5	(75.6)
<i>Office of Financial Management</i>					
Other	(34.3)	0.0	(1.3)	(35.6)	(1.3)
<u>Total General Fund-State *</u>	\$31,498.3	\$35.8	(1,463.6)	\$30,070.4	(1,427.9)

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

² November 2008 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	Sept. 2008 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2008 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$16,503.0	35.8	(\$891.7)	\$15,647.0	(\$856.0)
Business & Occupation Use	6,273.3	0.0	(145.2)	6,128.1	(145.2)
Public Utility	1,172.7	0.0	(82.0)	1,090.6	(82.0)
Liquor Sales/Liter	881.8	0.0	(43.4)	838.4	(43.4)
Cigarette	341.4	0.0	0.0	341.4	0.0
Property (State Levy)	99.2	0.0	(0.9)	98.3	(0.9)
Real Estate Excise	3,186.3	0.0	(83.4)	3,102.9	(83.4)
Timber Excise	1,437.9	0.0	(108.1)	1,329.8	(108.1)
Other	10.3	0.0	(0.2)	10.2	(0.2)
Subtotal	882.4	0.0	(31.4)	850.9	(31.4)
	30,788.4	35.8	(1,386.4)	29,437.7	(1,350.7)
Department of Licensing					
Boat excise, licenses, fees & other	47.0	0	(0.2)	46.8	(0.2)
Insurance Commissioner					
Insurance Premiums	586.7	0	0.0	586.7	0.0
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	0.0	10.2	0.0
State Treasurer					
Interest Earnings	108.6	0	(78.8)	29.8	(78.8)
Office of Financial Management					
Other	(34.3)	0	(1.3)	(35.6)	(1.3)
Total General Fund-State *	\$31,596.8	\$35.8	(1,466.7)	\$30,165.8	(1,431.0)

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

2 Forecast for the 2009-11 biennium adopted in September 2008.

*Detail may not add to totals because of rounding.

Table 3.11
November 2008 General Fund-State Forecast
2007-09 & 2009-11 Biennia; Cash Basis
(Millions of Dollars)

Forecast by Source	Fiscal 2007^a	Fiscal 2008	Fiscal 2009	2007-09 Biennium	Fiscal 2010	Fiscal 2011	2009-11 Biennium
State Taxes							
Retail sales***	\$7,388.0	\$7,705.2	\$7,311.2	\$15,016.4	\$7,536.6	\$8,050.4	\$15,587.0
Business & occupation Use***	2,640.9	2,786.2	2,806.3	5,592.6	2,947.4	3,160.7	6,108.1
Public Utility	504.4	511.2	485.8	997.0	519.9	566.9	1,086.8
Liquor sales/liter	352.9	367.9	385.5	753.4	409.0	427.4	836.4
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	50.1	101.4	49.4	48.9	98.3
Property (state school levy)**	6.8	(9.3)	10.2	0.9	10.4	10.7	21.0
Public utility district	1,423.1	1,473.6	1,516.2	2,989.8	1,536.2	1,566.8	3,102.9
Real estate excise	39.8	41.7	43.0	84.7	44.7	46.7	91.4
Timber excise	1,069.6	663.3	511.9	1,175.2	612.0	717.8	1,329.8
Estate/inheritance	8.0	7.3	6.5	13.8	5.6	5.1	10.7
Motor vehicle excise & Rental car	5.3	4.1	1.5	5.6	1.0	0.5	1.5
Boat excise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	15.8	17.7	17.3	35.0	18.0	18.7	36.6
Other	249.0	260.6	271.7	532.2	286.4	300.3	586.7
Total Taxes	275.9	260.3	260.2	520.6	282.9	302.5	585.4
	14,180.0	14,300.5	13,843.9	28,144.4	14,430.0	15,398.3	29,828.3
State Non-Tax Sources							
Licenses, permits, fees	91.8	97.5	91.9	189.4	94.1	96.8	190.8
Liquor profits & fees	49.0	38.9	39.5	78.4	41.0	44.3	85.4
Earnings on investments	100.9	116.6	47.5	164.1	11.9	19.7	31.5
Lottery transfers	7.6	0.0	11.1	11.1	0.0	1.1	1.1
Other revenue & transfers	13.9	60.4	(21.2)	39.2	(35.7)	(31.1)	(66.7)
Total Non-Tax	263.1	313.4	168.8	482.2	111.3	130.8	242.1
Total General Fund-State *	\$14,443.2	\$14,613.9	\$14,012.7	\$28,626.6	\$14,541.3	\$15,529.1	\$30,070.4

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
 November 2008 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	14,012.7	-4.1%
2010	14,541.3	3.8%
2011	15,529.1	6.8%

Table 3.13

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

February 2006 through November 2008

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 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
Total change***:						
From February 2006	(281)	66	(216)	(185)	(401)	
Percent change	-1.0%	7.8%	-0.7%	-0.6%	-1.4%	

* 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 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.

Table 3.14

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

February through November 2008

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
Total change***:						
From February 2008	(1,704)	(133)	(1,837)	(10)	(1,847)	
Percent change	-5.5%	-15.4%	-5.8%	-0.0%	-5.8%	

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

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

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

**** First official forecast for the 2009-11 biennium.

#1 Impact of 2008 legislation and budget driven revenue.

#2 Expiration of Sales Tax Exemption on Renewable Energy Equipment

Table 3.15

November 2008 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)	\$27,597.7	\$27,644.6	\$47.0	\$29,230.4	\$29,318.3	\$87.9
Department of Licensing	41.3	42.0	0.7	44.7	45.0	0.2	46.1	46.8	0.7
Insurance Commissioner ⁴	506.9	506.9	0.0	550.2	550.2	0.0	606.5	606.5	0.0
State Treasurer	167.3	175.3	8.0	164.1	153.8	(10.3)	31.5	29.8	(1.8)
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	248.4	248.4	0.0	285.9	285.9	0.0	278.8	278.8	0.0
Subtotal: General Fund-State Cash/Reve	27,756.1	27,756.1	(0.0)	28,642.6	28,679.5	36.9	30,193.4	30,280.2	86.8
General Fund State - Other Financing Sources⁵									
Department of Revenue ⁶	117.5	117.3	(0.2)	167.5	166.3	(1.1)	119.9	119.4	(0.5)
Lottery Commission	9.5	7.6	(1.9)	11.1	11.1	0.0	1.1	10.2	9.0
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)	(259.4)	(259.4)	0.0	(314.4)	(314.4)	0.0
Subtotal: GFS Other Financing Sources	15.9	13.9	(2.0)	(16.0)	(17.1)	(1.1)	(122.9)	(114.4)	8.5
Total Available Receipts/Resources									
General Fund-State *	\$27,772.0	\$27,769.9	(\$2.1)	\$28,626.6	\$28,662.3	\$35.7	\$30,070.4	\$30,165.8	\$95.4

* 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 Including 2008 Supplemental General Fund-State

Dollars in Millions

RESOURCES	
Beginning Fund Balance	780.5
September 2008 Forecast	29,129.3
November 2008 Update	(502.7)
Current Revenue Totals	28,626.6
Legislatively Enacted Fund Transfers	147.0
Transfer to Budget Stabilization Account	(129.4)
Total Resources (including beginning fund balance)	29,424.8
EXPENDITURES	
2007-09 Enacted Budget (Including 2008 Supplemental)	29,838.2
RESERVES	
Projected General Fund Ending Balance	(413.4)
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	133.4
Projected Budget Stabilization Account Ending Balance	436.6
Total Reserves (General Fund plus Budget Stabilization)	23.2

House and Senate Fiscal Committees and Office of Financial Management

Table 3.17
November 2008 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	\$15,125.6	\$15,016.4	\$14,925.4
Business & Occupation Use	5,643.8	5,592.6	5,535.3
Public Utility	1,009.3	997.0	986.4
Property (school levy)	756.7	753.4	750.2
Real Estate Excise	3,065.6	2,989.8	2,914.0
Other	1,184.8	1,175.2	1,165.9
Subtotal	1,274.4	1,240.8	1,210.1
	28,060.3	27,765.1	27,487.3
<i>Department of Licensing</i>			
	45.4	44.7	44.0
<i>Insurance Commissioner¹</i>			
	539.0	532.2	525.4
<i>Lottery Commission</i>			
	11.1	11.1	11.1
<i>State Treasurer - Interest earnings</i>			
	175.4	164.1	147.5
<i>Liquor Profits & Fees²</i>			
	83.6	82.8	82.0
<i>Office of Financial Management</i>			
Other agencies	31.5	26.5	21.5
Total General Fund - State*	\$28,946.4	\$28,626.6	\$28,318.9
Difference from November 2008 Baseline	\$319.8		(\$307.7)

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
November 2008 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	\$16,772.9	\$15,587.0	\$14,645.0
Business & Occupation Use	6,639.9	6,108.1	5,641.3
Public Utility	1,186.2	1,086.8	1,018.2
Property (school levy)	865.9	836.4	801.9
Real Estate Excise	3,258.1	3,102.9	2,947.8
Other	1,485.7	1,329.8	1,186.6
Subtotal	1,369.0	1,299.2	1,234.8
	31,577.7	29,350.3	27,475.6
<i>Department of Licensing</i>			
	47.5	46.1	44.8
<i>Insurance Commissioner¹</i>			
	601.4	586.7	572.0
<i>Lottery Commission</i>			
	1.1	1.1	0.0
<i>State Treasurer - Interest earnings</i>			
	59.5	31.5	6.0
<i>Liquor Profits & Fees²</i>			
	92.1	90.3	88.5
<i>Office of Financial Management</i>			
Other agencies	(25.6)	(35.6)	(45.6)
Total General Fund - State*	\$32,353.7	\$30,070.4	\$28,141.2
Difference from November 2008 Baseline	\$2,283.2		(\$1,929.3)

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
November 2008 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	1,772.4	1,516.2	256.3
200-09 Biennium	3,493.3	2,989.8	503.4
2010	1,804.9	1,536.2	268.8
2011	1,840.0	1,566.8	273.3
2010-11 Biennium	3,645.0	3,102.9	542.0

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	118.2	11.1	4.9	8.9	0.0	90.0	0.0	0.3	3.1
2007-09 Biennium	241.9	11.1	9.6	17.4	0.0	196.9	0.0	0.5	6.3
2010	129.8	0.0	5.1	9.2	0.0	111.8	0.0	0.3	3.4
2011	121.7	1.1	5.3	9.6	0.0	102.0	0.0	0.3	3.4
2009-11 Biennium	251.5	1.1	10.4	18.8	0.0	213.8	0.0	0.6	6.8

* 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*

November 2008 and September 2008 Cash Forecasts

2007-09 & 2009-11 Biennia

Millions of dollars

	2007-09 Biennium			2009-11 Biennium			Change From 2007-08	
	Sept. 2008 Forecast	Nov. 2008 Forecast	Difference	Sept. 2008 Forecast	Nov. 2008 Forecast	Difference	Amount	Percent
General Fund-State	\$29,129.3	\$28,626.6	\$(502.7)	\$31,498.3	\$30,070.4	\$(1,427.9)	\$1,443.8	5.0%
Related Fund*								
Health Services Account	\$1,242.6	\$1,252.1	\$9.6	\$1,284.4	\$1,297.0	\$12.6	\$44.9	3.6%
Violence Reduction and Drug Enforcement Acct.	94.1	94.2	0.0	106.3	104.5	(1.7)	10.3	11.0%
Water Quality Account	71.8	72.0	0.2	90.9	90.5	(0.4)	18.5	25.7%
Student Achievement Account	503.4	503.4	(0.0)	539.0	542.0	3.1	38.6	7.7%
Public Safety and Education Account	205.1	206.9	1.8	214.4	211.6	(2.7)	4.8	2.3%
Total Related Fund	\$2,117.1	\$2,128.6	11.5	\$2,234.9	\$2,245.7	\$10.8	\$117.1	5.5%
Total General Fund and Related Fund	\$31,246.4	\$30,755.2	\$(491.2)	\$33,733.2	\$32,316.1	\$(1,417.1)	\$1,560.9	5.1%
Near General Fund Not in Related Funds**								
Education Legacy Trust Account	\$449.4	\$434.9	\$(14.5)	\$460.5	\$449.3	\$(11.1)	\$14.4	3.3%
Pension Funding Stabilization Account	24.4	23.7	(0.7)	0.0	0.0	0.0	-23.7	-100.0%
Total Near General Fund	\$2,590.9	\$2,587.2	\$(3.7)	\$2,695.4	\$2,695.0	\$(0.3)	\$107.8	4.2%
Total General Fund and Near General Fund	\$31,720.2	\$31,213.8	\$(506.4)	\$34,193.6	\$32,765.5	\$(1,428.2)	\$1,551.7	5.0%

*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)
 November 2008 - 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%	1,046.0	2.1%	15,659.9	1.2%
fiscal 2009	14,012.7	-4.1%	1,082.6	3.5%	15,095.3	-3.6%
fiscal 2010	14,541.3	3.8%	1,112.6	2.8%	15,653.9	3.7%
fiscal 2011	15,529.1	6.8%	1,133.1	1.8%	16,662.2	6.4%

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

Washington Gross Domestic Product by Industry, 2003-2007

In June 2008, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released new estimates of 2007 Gross Domestic Product (GDP) by state for major industrial sectors. The release also included revised estimates for 2004-2006 GDP as well as the industrial detail for 2006 GDP that was not included in last year's release. Estimates for the years 2003-2007 are presented in this chapter. Estimates for years not included in this report are available through the BEA (www.bea.gov) or the Economic and Revenue Forecast Council.

The estimate of GDP for each state is derived as the sum of the GDP from all industries in the state. In concept, an industry's GDP, or its value added, is equal to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported). The GDP accounts provide data by industry and by state that are consistent with gross domestic product (GDP) in the national income and product accounts and with the GDP-by-industry accounts.

For each industry, GDP can be broken down into three components: taxes on production and imports, gross operating surplus and compensation of employees. "Taxes on production and imports" is the sum of Federal excise taxes and customs duties and state and local government sales taxes, property taxes (including residential real estate taxes), motor vehicle licenses, severance taxes, other taxes and special assessments. It is presented here minus the value of government subsidies. "Gross operating surplus" is defined as the sum of corporate profits, proprietors' income, rental income of persons, net interest, capital consumption allowances, business transfer payments, nontax payments and the current surplus of government enterprises. The third component, compensation of employees, is the sum of wage and salary accruals, employer contributions for government social insurance and employer contributions for employee pension and insurance funds. A more detailed description of the components can be found in the January 2006 *Survey of Current Business*, available at the BEA website. The three components less subsidies (which are removed from the tax component in the accompanying tables and charts) sum to total GDP. The most recent year for which these components are currently available is 2006.

Chart 4.1 shows 2007 GDP for each of the fifty states. California once again had the highest GDP of all the states with \$1.813 trillion while Vermont had the lowest at \$25 billion. Washington ranked 14th with a GDP of \$311 billion, the same rank it has held since 1990. Chart 4.2 represents the industrial composition of Washington gross state product in 2007. Once again financial activities

made of the largest percentage at almost 20% while government and trade were the next two largest components at 13.7% and 13.2% respectively. Chart 4.3 compares the component shares of Washington GDP in 1980 and 2006. During this period, the GDP share of compensation shrank while those of gross operating surplus and taxes grew.

Table 4.1 shows Washington and U.S. gross domestic product from 1976 to 2007, and Washington State GDP as a percentage of the U.S. total. During most of this time, Washington's average growth rate of GDP was higher than that of the U.S., which is reflected in its growing share of the total. Washington's share of U.S. GDP peaked at 2.33% in 1999 fueled by average annual growth of almost 10% from 1997-1999. The state's share of U.S. GDP then declined steadily until rebounding in 2005 due to strong growth in manufacturing and construction; and now has continued to increase its share in each of the last three years, reaching 2.26% in 2007. Table 4.2 shows Washington GDP by industry from 2003 to 2007, Table 4.3 details real Washington GDP estimates by industry from 2003 to 2007, and Table 4.4 details the components of GDP by industry in 2006.

Chart 4.1
2007 Gross Domestic Product by State
Billions of Dollars

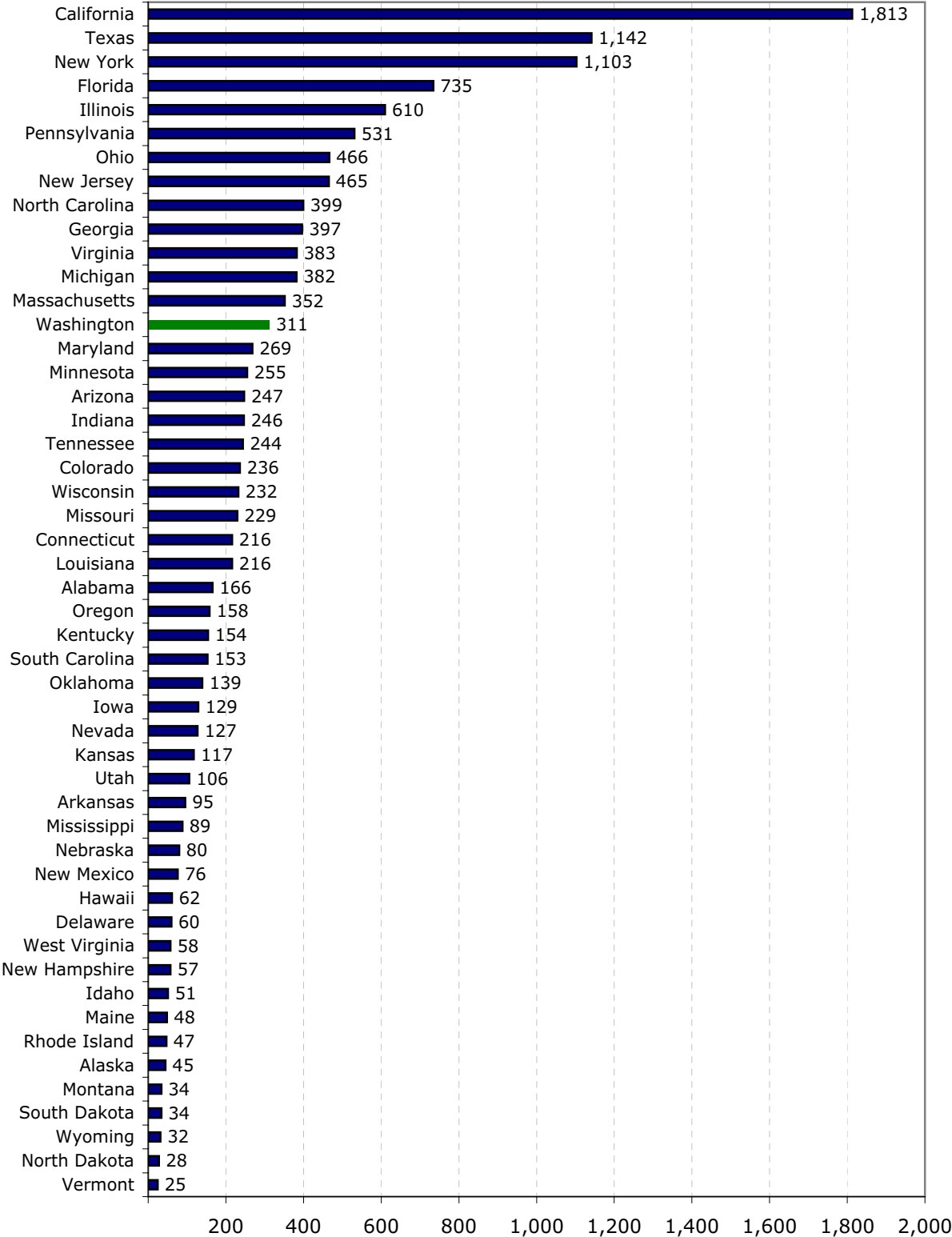


Chart 4.2
Washington GDP by Industry, 2007

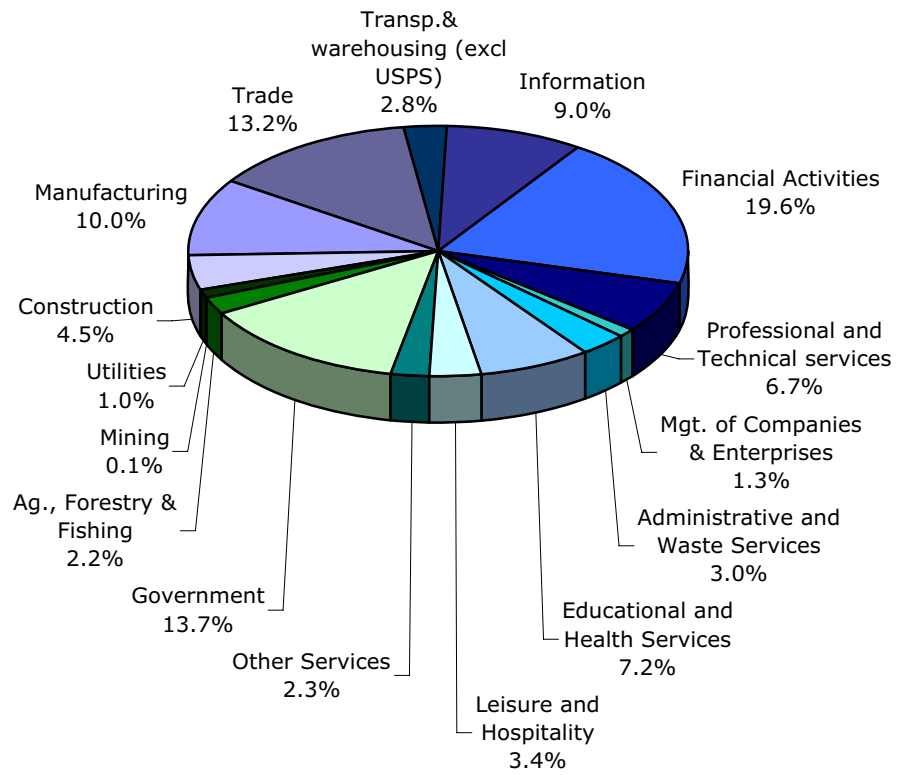


Chart 4.3
Washington GDP by Component
1980 vs. 2006

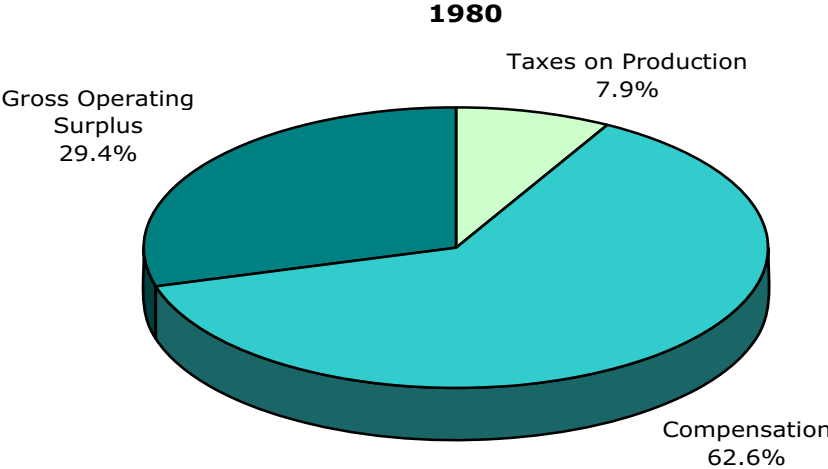
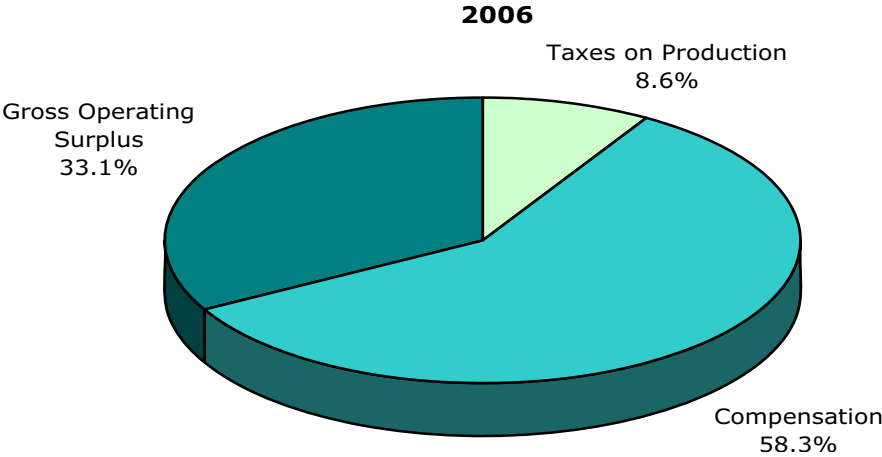


Table 4.1

Washington and U.S. Gross Domestic Product (millions of current dollars)

1976 through 2007

	Washington	U.S.	% of U.S. Economy
1976	\$31,679	\$1,779,570	1.78%
1977	\$36,276	\$1,986,138	1.83%
1978	\$42,229	\$2,243,638	1.88%
1979	\$48,389	\$2,491,428	1.94%
1980	\$52,158	\$2,719,134	1.92%
1981	\$58,003	\$3,064,552	1.89%
1982	\$61,572	\$3,217,617	1.91%
1983	\$66,765	\$3,451,340	1.93%
1984	\$72,596	\$3,872,847	1.87%
1985	\$75,870	\$4,155,029	1.83%
1986	\$81,932	\$4,364,279	1.88%
1987	\$87,712	\$4,663,282	1.88%
1988	\$96,240	\$5,067,453	1.90%
1989	\$105,057	\$5,385,776	1.95%
1990	\$115,650	\$5,674,013	2.04%
1991	\$122,657	\$5,857,335	2.09%
1992	\$131,148	\$6,174,369	2.12%
1993	\$138,834	\$6,453,455	2.15%
1994	\$146,726	\$6,865,513	2.14%
1995	\$151,338	\$7,232,722	2.09%
1996	\$161,760	\$7,659,651	2.11%
1997*	\$178,334	\$8,237,994	2.16%
1998	\$195,794	\$8,679,657	2.26%
1999	\$214,375	\$9,201,138	2.33%
2000	\$221,961	\$9,749,103	2.28%
2001	\$225,765	\$10,058,168	2.24%
2002	\$231,463	\$10,398,402	2.23%
2003	\$240,813	\$10,886,172	2.21%
2004	\$253,247	\$11,607,041	2.18%
2005	\$273,257	\$12,346,871	2.21%
2006	\$291,298	\$13,119,938	2.22%
2007	\$311,270	\$13,743,021	2.26%

*Classification codes changed in 1997 from SIC to NAICS

Table 4.2

Washington Gross Domestic Product by Industry

(Millions of Dollars)

	2003	2004	2005	2006	2007
All industry total	240,813	253,247	273,257	291,298	311,270
Private industries	206,115	216,845	235,002	250,468	268,494
Agriculture, forestry, fishing, and hunting	5,175	5,672	5,290	5,739	6,880
Crop and animal production (Farms)	3,074	3,453	3,039	3,261	n/a
Forestry, fishing, and related activities	2,101	2,219	2,251	2,478	n/a
Mining	256	246	339	414	393
Oil and gas extraction	(L)	0	0	0	n/a
Mining, except oil and gas	231	221	307	360	n/a
Support activities for mining	25	24	32	54	n/a
Utilities	2,274	2,465	2,604	2,861	3,182
Construction	10,473	11,407	13,248	14,348	13,990
Manufacturing	24,033	23,986	29,934	29,037	31,076
Durable goods	17,079	17,385	21,022	20,857	22,529
Wood product manufacturing	1,307	1,581	1,609	1,470	n/a
Nonmetallic mineral product manufacturing	797	873	944	1,093	n/a
Primary metal manufacturing	355	487	573	800	n/a
Fabricated metal product manufacturing	1,091	1,272	1,450	1,664	n/a
Machinery manufacturing	838	990	1,149	1,604	n/a
Computer and electronic product manufacturing	1,345	1,449	2,099	1,754	n/a
Electrical equipment and appliance manuf.	533	414	503	467	n/a
Motor vehicle, body, trailer, and parts manuf.	667	516	641	709	n/a
Other transportation equipment manufacturing	8,904	8,627	10,844	9,956	n/a
Furniture and related product manufacturing	446	402	425	468	n/a
Miscellaneous manufacturing	796	774	785	870	n/a
Nondurable goods	6,954	6,600	8,911	8,181	8,548
Food product manufacturing	2,325	2,204	2,414	2,558	n/a
Textile and textile product mills	132	110	96	100	n/a
Apparel manufacturing	103	120	114	123	n/a
Paper manufacturing	1,519	1,482	1,520	1,439	n/a
Printing and related support activities	538	577	532	607	n/a
Petroleum and coal products manufacturing	978	863	2,826	1,820	n/a
Chemical manufacturing	697	580	663	658	n/a
Plastics and rubber products manufacturing	661	663	747	876	n/a
Wholesale trade	14,233	15,929	16,779	17,760	18,537
Retail trade	17,643	18,442	19,713	20,921	22,455
Transportation and warehousing, excl. Postal Serv.	6,833	7,616	7,861	8,383	8,676
Air transportation	1,249	1,237	1,163	1,224	n/a
Rail transportation	526	563	643	716	n/a
Water transportation	528	608	552	552	n/a
Truck transportation	1,726	1,988	2,164	2,302	n/a
Transit and ground passenger transportation	239	266	254	272	n/a
Pipeline transportation	29	30	34	33	n/a
Other transportation and support activities	2,120	2,365	2,415	2,607	n/a
Warehousing and storage	416	560	636	677	n/a

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Table 4.2 (cont'd.)	2003	2004	2005	2006	2007
Information	20,242	20,282	21,382	23,478	28,004
Publishing including software	13,771	11,920	12,811	14,716	n/a
Motion picture and sound recording industries	186	199	231	238	n/a
Broadcasting and telecommunications	5,834	7,567	7,501	7,472	n/a
Information and data processing services	450	596	839	1,051	n/a
Finance and insurance	14,397	14,792	15,666	17,386	16,961
Federal Reserve banks, credit inter. and related	8,576	8,438	9,533	10,824	n/a
Securities, commodity contracts, investments	1,513	1,846	1,720	1,949	n/a
Insurance carriers and related activities	4,165	4,345	4,237	4,440	n/a
Funds, trusts, and other financial vehicles	142	163	177	174	n/a
Real estate and rental and leasing	34,030	36,453	38,815	41,761	44,010
Real estate	32,167	34,566	36,863	39,903	n/a
Rental and leasing serv. and lessors of int. assets	1,863	1,887	1,952	1,858	n/a
Professional and technical services	14,763	15,411	16,525	17,847	20,759
Legal services	2,676	2,832	2,899	3,045	n/a
Computer systems design and related services	2,414	2,516	2,683	3,037	n/a
Other professional, scientific and tech. services	9,673	10,064	10,943	11,766	n/a
Management of companies and enterprises	3,409	3,181	3,468	3,849	4,014
Administrative and waste services	6,931	7,431	8,017	8,653	9,395
Administrative and support services	5,435	5,812	6,359	6,981	n/a
Waste management and remediation services	1,496	1,619	1,658	1,672	n/a
Educational services	1,300	1,440	1,476	1,563	1,706
Health care and social assistance	16,088	17,149	18,013	19,273	20,620
Ambulatory health care services	8,887	9,417	9,923	10,698	n/a
Hospitals and nursing and resid. care facilities	5,586	6,058	6,297	6,662	n/a
Social assistance	1,616	1,675	1,792	1,913	n/a
Arts, entertainment, and recreation	1,970	2,255	2,419	2,573	2,655
Performing arts, museums, and related activities	819	964	1,066	1,154	n/a
Amusement, gambling, and recreation	1,151	1,291	1,353	1,419	n/a
Accommodation and food services	6,153	6,601	7,010	7,829	7,909
Accommodation	1,577	1,726	1,808	2,000	n/a
Food services and drinking places	4,576	4,875	5,202	5,829	n/a
Other services, except government	5,911	6,087	6,444	6,792	7,272
Government	34,699	36,402	38,255	40,829	42,775
Federal civilian	6,367	6,517	6,278	7,060	n/a
Federal military	4,939	5,345	6,085	6,486	n/a
State and local	23,393	24,541	25,892	27,283	n/a

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Table 4.3

Washington Gross Domestic Product by Industry

(Millions of Chained 2000 Dollars)

	2003	2004	2005	2006	2007
All industry total	224,962	230,007	241,836	250,367	261,069
Private industries	194,688	199,834	211,816	219,829	230,011
Agriculture, forestry, fishing, and hunting	4,899	4,740	4,931	5,426	5,453
Crop and animal production (Farms)	2,646	2,473	2,620	2,983	n/a
Forestry, fishing, and related activities	2,251	2,295	2,324	2,444	n/a
Mining	209	183	218	232	208
Oil and gas extraction	(L)	0	0	0	n/a
Mining, except oil and gas	203	175	213	220	n/a
Support activities for mining	9	9	9	12	n/a
Utilities	2,074	2,177	2,164	2,121	2,296
Construction	8,850	8,892	9,408	9,239	8,865
Manufacturing	23,374	23,054	27,635	26,168	27,503
Durable goods	16,907	16,912	20,228	19,878	21,347
Wood product manufacturing	1,239	1,295	1,341	1,286	n/a
Nonmetallic mineral product manufacturing	799	854	858	881	n/a
Primary metal manufacturing	392	435	448	520	n/a
Fabricated metal product manufacturing	1,073	1,219	1,325	1,511	n/a
Machinery manufacturing	814	991	1,127	1,558	n/a
Computer and electronic product manufacturing	2,327	2,875	4,765	4,595	n/a
Electrical equipment and appliance manuf.	547	423	502	438	n/a
Motor vehicle, body, trailer, and parts manuf.	736	606	840	1,055	n/a
Other transportation equipment manufacturing	7,919	7,467	9,106	8,097	n/a
Furniture and related product manufacturing	419	393	401	432	n/a
Miscellaneous manufacturing	748	742	759	849	n/a
Nondurable goods	6,448	6,135	7,388	6,392	6,353
Food product manufacturing	2,097	2,045	2,209	2,438	n/a
Textile and textile product mills	134	111	97	98	n/a
Apparel manufacturing	104	124	119	129	n/a
Paper manufacturing	1,573	1,579	1,606	1,438	n/a
Printing and related support activities	517	564	522	588	n/a
Petroleum and coal products manufacturing	767	605	1,235	674	n/a
Chemical manufacturing	659	533	567	532	n/a
Plastics and rubber products manufacturing	650	673	745	780	n/a
Wholesale trade	14,593	15,457	15,726	16,075	16,154
Retail trade	17,661	18,324	19,868	21,216	22,856
Transportation and warehousing, excl. Postal Serv.	6,486	7,290	7,542	7,893	8,052
Air transportation	1,622	1,902	2,050	2,020	n/a
Rail transportation	481	492	499	629	n/a
Water transportation	324	387	365	362	n/a
Truck transportation	1,559	1,737	1,849	1,910	n/a
Transit and ground passenger transportation	213	232	218	227	n/a
Pipeline transportation	27	29	41	33	n/a
Other transportation and support activities	1,976	2,145	2,145	2,256	n/a
Warehousing and storage	396	509	578	605	n/a

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Table 4.2 (cont'd.)	2003	2004	2005	2006	2007
Information	20,616	21,409	23,121	25,563	30,655
Publishing including software	13,802	12,422	13,383	15,210	n/a
Motion picture and sound recording industries	176	182	206	208	n/a
Broadcasting and telecommunications	6,179	8,268	8,713	8,981	n/a
Information and data processing services	424	583	842	1,112	n/a
Finance and insurance	13,287	13,133	13,611	14,770	14,142
Federal Reserve banks, credit inter. and related	7,684	7,362	8,131	8,863	n/a
Securities, commodity contracts, investments	1,848	2,223	2,103	2,477	n/a
Insurance carriers and related activities	3,666	3,557	3,347	3,471	n/a
Funds, trusts, and other financial vehicles	107	117	127	138	n/a
Real estate and rental and leasing	30,881	32,320	33,623	35,214	36,059
Real estate	29,081	30,543	31,866	33,565	n/a
Rental and leasing serv. and lessors of int. assets	1,793	1,761	1,738	1,623	n/a
Professional and technical services	14,089	14,701	15,326	16,178	18,325
Legal services	2,344	2,339	2,254	2,232	n/a
Computer systems design and related services	2,471	2,642	2,819	3,138	n/a
Other professional, scientific and tech. services	9,215	9,676	10,247	10,853	n/a
Management of companies and enterprises	3,323	2,745	2,687	2,822	2,748
Administrative and waste services	6,370	6,559	6,899	7,095	7,573
Administrative and support services	5,028	5,214	5,477	5,762	n/a
Waste management and remediation services	1,343	1,348	1,424	1,337	n/a
Educational services	1,091	1,140	1,107	1,117	1,177
Health care and social assistance	14,478	14,987	15,343	16,058	16,668
Ambulatory health care services	8,272	8,571	8,860	9,448	n/a
Hospitals and nursing and resid. care facilities	4,694	4,851	4,835	4,909	n/a
Social assistance	1,526	1,581	1,687	1,769	n/a
Arts, entertainment, and recreation	1,776	1,975	2,052	2,110	2,117
Performing arts, museums, and related activities	726	821	866	902	n/a
Amusement, gambling, and recreation	1,050	1,153	1,184	1,206	n/a
Accommodation and food services	5,631	5,857	6,008	6,451	6,294
Accommodation	1,515	1,572	1,569	1,689	n/a
Food services and drinking places	4,116	4,285	4,438	4,761	n/a
Other services, except government	5,137	5,131	5,135	5,162	5,369
Government	30,289	30,255	30,294	30,892	31,521
Federal civilian	5,531	5,279	4,881	5,275	n/a
Federal military	4,031	4,096	4,298	4,333	n/a
State and local	20,714	20,869	21,100	21,262	n/a

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Table 4.4

Washington Gross Domestic Product by Component, 2006

(Millions of Current Dollars)

	Total	Compensation	Taxes on Production and Imports less Subsidies	Gross Operating Surplus
Total Gross State Product	291,298	169,797	25,015	96,486
Private industries	250,468	134,129	25,399	90,941
Agriculture, forestry, fishing, and hunting	5,739	2,801	(181)	3,120
Crop and animal production (Farms)	3,261	1,329	(297)	2,228
Forestry, fishing, and related activities	2,478	1,471	115	891
Mining	414	252	33	129
Oil and gas extraction	0	0	0	0
Mining, except oil and gas	360	226	32	102
Support activities for mining	54	25	2	27
Utilities	2,861	454	1,103	1,304
Construction	14,348	11,407	479	2,462
Manufacturing	29,037	22,720	795	5,523
Durable goods	20,857	17,654	414	2,788
Wood product manufacturing	1,470	1,075	32	362
Nonmetallic mineral product manufacturing	1,093	602	23	469
Primary metal manufacturing	800	392	30	378
Fabricated metal product manufacturing	1,664	1,043	26	596
Machinery manufacturing	1,604	979	23	601
Computer and electronic product manufacturing	1,754	1,985	63	(295)
Electrical equipment and appliance manuf.	467	332	12	123
Motor vehicle, body, trailer, and parts manuf.	709	(D)	15	(D)
Other transportation equipment manufacturing	9,956	(D)	163	(D)
Furniture and related product manufacturing	468	422	6	40
Miscellaneous manufacturing	870	723	19	128
Nondurable goods	8,181	5,066	381	2,735
Food product manufacturing	2,558	1,963	158	437
Textile and textile product mills	100	124	6	(30)
Apparel manufacturing	123	121	4	(2)
Paper manufacturing	1,439	966	64	408
Printing and related support activities	607	436	8	162
Petroleum and coal products manufacturing	1,820	372	67	1,381
Chemical manufacturing	658	521	50	87
Plastics and rubber products manufacturing	876	561	23	292
Wholesale trade	17,760	8,770	5,349	3,641
Retail trade	20,921	11,626	5,194	4,100
Transportation and warehousing, excl. Postal Serv.	8,383	5,373	583	2,427
Air transportation	1,224	888	154	181
Rail transportation	716	(D)	22	(D)
Water transportation	552	278	35	239
Truck transportation	2,302	1,383	94	825
Transit and ground passenger transportation	272	196	17	58
Pipeline transportation	33	18	9	6

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Table 4.4 (cont'd.)

	Total	Compensation	Taxes on Production and Imports less Subsidies	Gross Operating Surplus
Other transportation and support activities	2,607	(D)	241	(D)
Warehousing and storage	677	488	11	178
Information	23,478	11,525	932	11,020
Publishing including software	14,716	8,335	173	6,208
Motion picture and sound recording industries	238	142	19	78
Broadcasting and telecommunications	7,472	2,535	706	4,232
Information and data processing services	1,051	514	35	502
Finance and insurance	17,386	8,983	1,139	7,264
Federal Reserve banks, credit inter. and related	10,824	(D)	422	(D)
Securities, commodity contracts, investments	1,949	1,574	172	203
Insurance carriers and related activities	4,440	3,244	532	664
Funds, trusts, and other financial vehicles	174	(D)	13	(D)
Real estate and rental and leasing	41,761	2,279	6,147	33,335
Real estate	39,903	1,732	5,820	32,351
Rental and leasing serv. and lessors of int. assets	1,858	547	327	984
Professional and technical services	17,847	11,882	589	5,376
Legal services	3,045	1,785	140	1,120
Computer systems design and related services	3,037	2,408	98	530
Other professional, scientific and tech. services	11,766	7,689	351	3,726
Management of companies and enterprises	3,849	3,489	77	283
Administrative and waste services	8,653	6,100	437	2,117
Administrative and support services	6,981	5,055	266	1,659
Waste management and remediation services	1,672	1,045	170	458
Educational services	1,563	1,327	36	200
Health care and social assistance	19,273	14,197	618	4,459
Ambulatory health care services	10,698	6,829	239	3,630
Hospitals and nursing and resid. care facilities	6,662	5,793	342	528
Social assistance	1,913	1,575	37	301
Arts, entertainment, and recreation	2,573	1,605	214	755
Performing arts, museums, and related activities	1,154	734	77	342
Amusement, gambling, and recreation	1,419	871	136	412
Accommodation and food services	7,829	4,834	1,157	1,838
Accommodation	2,000	857	429	714
Food services and drinking places	5,829	3,977	728	1,124
Other services, except government	6,792	4,506	698	1,588
Government	40,829	35,668	(384)	5,545
Federal civilian	7,060	6,281	0	779
Federal military	6,486	5,889	0	596
State and local	27,283	23,497	(384)	4,170

(L) Less than \$500,000 in nominal or real GDP

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

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 2008 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	11,678.9	11,563.1	11,759.7	12,124.1
% Ch	3.6	2.9	2.8	2.0	1.3	-1.0	1.7	3.1
Real Consumption	7,561.3	7,791.7	8,029.0	8,252.8	8,286.5	8,305.1	8,451.0	8,625.1
% Ch	3.6	3.0	3.0	2.8	0.4	0.2	1.8	2.1
Real Nonresidential Fixed Investment	1,144.3	1,226.2	1,318.2	1,383.0	1,419.7	1,263.5	1,256.8	1,377.5
% Ch	5.8	7.2	7.5	4.9	2.7	-11.0	-0.5	9.6
Real Residential Fixed Investment	560.1	595.4	552.9	453.8	356.9	297.8	352.6	411.7
% Ch	10.0	6.3	-7.1	-17.9	-21.4	-16.6	18.4	16.7
Real Personal Income	8,973.3	9,203.1	9,586.6	9,912.4	9,987.5	10,211.5	10,262.5	10,481.5
% Ch	3.4	2.6	4.2	3.4	0.8	2.2	0.5	2.1
Real Per Capita Income (\$/Person)	30,522	31,016	32,001	32,778	32,707	33,116	32,959	33,340
% Ch	2.5	1.6	3.2	2.4	-0.2	1.3	-0.5	1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.084	1.116	1.147	1.177	1.217	1.216	1.238	1.268
% Ch	2.6	2.9	2.8	2.6	3.4	-0.1	1.9	2.4
U.S. Consumer Price Index (1982-84=1.0)	1.889	1.953	2.016	2.073	2.155	2.136	2.187	2.252
% Ch	2.7	3.4	3.2	2.9	3.9	-0.9	2.4	3.0
Employment Cost Index (June 1989=1.0)	0.968	0.992	1.021	1.055	1.086	1.108	1.124	1.145
% Ch	2.7	2.5	2.9	3.4	3.0	1.9	1.5	1.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	11,685.9	12,421.9	13,178.4	13,807.5	14,322.5	14,445.2	14,889.2	15,603.4
% Ch	6.6	6.3	6.1	4.8	3.7	0.9	3.1	4.8
Personal Income	9,727.2	10,269.8	10,993.9	11,663.3	12,155.1	12,414.6	12,709.5	13,295.3
% Ch	6.2	5.6	7.1	6.1	4.2	2.1	2.4	4.6
Employment (Millions)								
U.S. Civilian Labor Force	147.4	149.3	151.4	153.1	154.4	155.2	156.0	157.4
Total U.S. Employment	139.2	141.7	144.4	146.0	145.6	143.2	143.2	145.2
Unemployment Rate (%)	5.54	5.07	4.61	4.64	5.68	7.72	8.20	7.76
Nonfarm Payroll Employment	131.42	133.69	136.09	137.62	137.48	135.46	135.62	137.49
% Ch	1.1	1.7	1.8	1.1	-0.1	-1.5	0.1	1.4
Manufacturing	14.32	14.23	14.16	13.88	13.48	12.57	11.99	12.19
% Ch	-1.3	-0.6	-0.5	-1.9	-2.9	-6.7	-4.6	1.6
Durable Manufacturing	8.92	8.96	8.98	8.82	8.53	7.87	7.46	7.69
% Ch	-0.4	0.3	0.3	-1.9	-3.3	-7.7	-5.2	3.1
Nondurable Manufacturing	5.39	5.27	5.17	5.07	4.95	4.70	4.53	4.49
% Ch	-2.8	-2.2	-1.8	-2.1	-2.2	-5.1	-3.7	-0.8
Construction	6.97	7.33	7.69	7.62	7.21	6.74	6.52	6.59
% Ch	3.5	5.2	4.9	-1.0	-5.3	-6.5	-3.3	1.0
Service-Producing	109.54	111.51	113.56	115.40	116.01	115.39	116.39	117.98
% Ch	1.3	1.8	1.8	1.6	0.5	-0.5	0.9	1.4
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	41.5	56.6	66.1	72.2	101.4	52.8	63.3	80.4
Personal Saving/Disposable Income (%)	2.1	0.3	0.7	0.6	1.8	4.6	2.9	2.8
Auto Sales (Millions)	7.5	7.7	7.8	7.6	6.8	6.8	7.5	8.2
% Ch	-1.4	2.2	1.5	-2.5	-10.1	0.2	9.1	9.7
Housing Starts (Millions)	1.950	2.073	1.812	1.341	0.927	0.715	1.082	1.388
% Ch	5.2	6.3	-12.6	-26.0	-30.9	-22.9	51.4	28.2
Federal Budget Surplus (Billions)	-370.6	-291.7	-201.1	-229.3	-519.4	-767.7	-668.3	-613.4
Net Exports (Billions)	-615.4	-713.6	-757.3	-707.8	-646.1	-255.9	-399.4	-479.2
3-Month Treasury Bill Rate (%)	1.36	3.13	4.72	4.38	1.46	0.87	1.83	4.04
10-Year Treasury Note Yield (%)	4.27	4.29	4.79	4.63	3.80	3.63	3.88	5.13
Bond Index of 20 G.O. Munis. (%)	4.68	4.40	4.40	4.39	4.82	4.93	4.82	5.43
30-Year Fixed Mortgage Rate (%)	5.84	5.86	6.42	6.33	6.08	5.61	5.62	6.81

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2008 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)	1.994	2.013	2.032	2.024	2.043	2.066	2.080	2.106
% Ch , Annual Rate	1.8	3.7	3.9	-1.5	3.7	4.6	2.8	5.0
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	150.4	151.1	151.7	152.4	152.9	152.8	153.2	153.7
Total U.S. Employment	143.4	144.1	144.6	145.6	146.0	145.9	146.0	146.3
Unemployment Rate (%)	4.70	4.67	4.63	4.43	4.50	4.53	4.70	4.83
Nonfarm Payroll Employment	135.38	135.84	136.35	136.79	137.18	137.50	137.76	138.03
% Ch , Annual Rate	2.2	1.4	1.5	1.3	1.2	0.9	0.8	0.8
Manufacturing	14.21	14.20	14.16	14.06	13.99	13.91	13.85	13.79
% Ch , Annual Rate	0.3	-0.2	-1.2	-2.8	-2.1	-2.2	-1.6	-1.8
Durable Manufacturing	8.99	9.01	8.99	8.94	8.88	8.83	8.80	8.75
% Ch , Annual Rate	1.0	1.0	-0.9	-2.4	-2.5	-2.2	-1.6	-1.9
Nondurable Manufacturing	5.22	5.19	5.17	5.12	5.10	5.08	5.05	5.03
% Ch , Annual Rate	-1.0	-2.3	-1.8	-3.4	-1.3	-2.2	-1.7	-1.7
Construction	7.66	7.70	7.72	7.70	7.68	7.65	7.61	7.52
% Ch , Annual Rate	7.3	2.0	1.1	-1.0	-0.9	-1.5	-2.3	-4.5
Service-Producing	112.85	113.26	113.79	114.33	114.81	115.22	115.57	115.99
% Ch , Annual Rate	2.0	1.5	1.9	1.9	1.7	1.4	1.2	1.4
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 2008 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	11,720.0	11,622.2	11,560.3	11,546.0	11,556.2	11,590.0
% Ch , Annual Rate	0.9	2.8	-0.3	-3.3	-2.1	-0.5	0.4	1.2
Real Consumption	8,316.1	8,341.3	8,275.2	8,213.3	8,229.0	8,268.8	8,338.1	8,384.3
% Ch , Annual Rate	0.9	1.2	-3.1	-3.0	0.8	1.9	3.4	2.2
Real Nonresidential Fixed Investment	1,423.1	1,431.8	1,428.3	1,395.4	1,331.7	1,276.3	1,224.1	1,222.0
% Ch , Annual Rate	2.4	2.5	-1.0	-8.9	-17.1	-15.6	-15.4	-0.7
Real Residential Fixed Investment	383.0	369.6	350.5	324.3	302.0	292.4	293.8	302.9
% Ch , Annual Rate	-25.0	-13.3	-19.1	-26.7	-24.8	-12.1	2.0	13.0
Real Personal Income	9,943.6	10,028.4	9,922.6	10,055.4	10,223.3	10,193.9	10,207.9	10,220.8
% Ch , Annual Rate	-0.6	3.5	-4.2	5.5	6.9	-1.1	0.6	0.5
Real Per Capita Income (\$/Person)	32,682	32,881	32,455	32,809	33,276	33,099	33,064	33,025
% Ch , Annual Rate	-1.5	2.4	-5.1	4.4	5.8	-2.1	-0.4	-0.5
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.203	1.215	1.231	1.218	1.214	1.213	1.216	1.220
% Ch , Annual Rate	3.6	4.3	5.4	-4.2	-1.3	-0.6	1.0	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.128	2.154	2.190	2.148	2.135	2.128	2.135	2.146
% Ch , Annual Rate	4.3	5.0	6.7	-7.5	-2.3	-1.4	1.4	2.0
Employment Cost Index (June 1989=1.0)	1.076	1.084	1.090	1.096	1.101	1.106	1.110	1.114
% Ch , Annual Rate	3.4	3.0	2.2	2.2	2.0	1.6	1.6	1.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,150.8	14,294.5	14,429.2	14,415.3	14,410.1	14,401.3	14,446.7	14,522.6
% Ch , Annual Rate	3.5	4.1	3.8	-0.4	-0.1	-0.2	1.3	2.1
Personal Income	11,960.5	12,188.9	12,219.9	12,251.2	12,416.1	12,362.8	12,409.9	12,469.7
% Ch , Annual Rate	3.0	7.9	1.0	1.0	5.5	-1.7	1.5	1.9
Employment (Millions)								
U.S. Civilian Labor Force	153.7	154.3	154.7	154.9	155.0	155.1	155.2	155.3
Total U.S. Employment	146.1	146.1	145.5	144.8	144.0	143.2	142.9	142.7
Unemployment Rate (%)	4.93	5.33	5.97	6.50	7.12	7.65	7.95	8.14
Nonfarm Payroll Employment	137.92	137.70	137.45	136.85	136.12	135.50	135.16	135.08
% Ch , Annual Rate	-0.3	-0.6	-0.7	-1.7	-2.1	-1.8	-1.0	-0.2
Manufacturing	13.69	13.56	13.43	13.23	12.97	12.65	12.43	12.24
% Ch , Annual Rate	-2.8	-3.7	-3.8	-5.9	-7.7	-9.6	-6.7	-5.9
Durable Manufacturing	8.69	8.59	8.49	8.34	8.15	7.92	7.77	7.63
% Ch , Annual Rate	-3.1	-4.4	-4.3	-7.3	-8.5	-10.7	-7.5	-6.8
Nondurable Manufacturing	5.01	4.97	4.94	4.90	4.82	4.72	4.66	4.61
% Ch , Annual Rate	-2.2	-2.4	-2.9	-3.5	-6.2	-7.7	-5.3	-4.2
Construction	7.38	7.24	7.15	7.07	6.98	6.81	6.63	6.55
% Ch , Annual Rate	-7.1	-7.5	-4.8	-4.3	-5.2	-9.4	-10.1	-4.9
Service-Producing	116.10	116.13	116.08	115.75	115.38	115.27	115.36	115.57
% Ch , Annual Rate	0.4	0.1	-0.2	-1.1	-1.3	-0.4	0.3	0.7
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	97.9	123.8	118.3	65.5	56.0	50.0	51.0	54.0
Personal Saving/Disposable Income (%)	0.2	2.7	1.3	3.1	6.4	4.4	3.9	3.5
Auto Sales (Millions)	7.4	7.6	6.6	5.6	6.1	6.5	7.2	7.5
% Ch , Annual Rate	-14.5	11.8	-43.1	-48.7	40.3	24.7	59.1	16.9
Housing Starts (Millions)	1.053	1.025	0.879	0.750	0.677	0.658	0.716	0.808
% Ch , Annual Rate	-30.0	-10.2	-45.8	-47.0	-33.6	-10.9	40.3	61.5
Federal Budget Surplus (Billions)	-330.7	-640.0	-526.4	-580.3	-881.2	-718.5	-736.7	-734.2
Net Exports (Billions)	-705.7	-718.2	-706.7	-453.9	-268.7	-220.2	-241.4	-293.1
3-Month Treasury Bill Rate (%)	2.15	1.61	1.51	0.58	0.64	0.84	0.96	1.03
10-Year Treasury Note Yield (%)	3.66	3.89	3.86	3.79	3.60	3.62	3.64	3.67
Bond Index of 20 G.O. Munis. (%)	4.59	4.66	4.74	5.28	4.95	4.95	4.93	4.90
30-Year Fixed Mortgage Rate (%)	5.87	6.09	6.31	6.05	5.65	5.64	5.61	5.53

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2008 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	11,639.8	11,720.0	11,806.8	11,872.1	11,972.0	12,073.6	12,174.0	12,276.7
% Ch , Annual Rate	1.7	2.8	3.0	2.2	3.4	3.4	3.4	3.4
Real Consumption	8,405.0	8,428.6	8,469.7	8,500.7	8,539.7	8,590.8	8,652.0	8,717.9
% Ch , Annual Rate	1.0	1.1	2.0	1.5	1.8	2.4	2.9	3.1
Real Nonresidential Fixed Investment	1,224.7	1,241.9	1,266.7	1,293.8	1,327.6	1,360.3	1,394.6	1,427.7
% Ch , Annual Rate	0.9	5.7	8.2	8.8	10.9	10.2	10.5	9.9
Real Residential Fixed Investment	318.4	342.1	365.2	384.8	401.7	411.0	414.6	419.5
% Ch , Annual Rate	22.1	33.3	29.8	23.3	18.7	9.5	3.6	4.9
Real Personal Income	10,222.9	10,247.8	10,275.3	10,304.1	10,368.6	10,435.7	10,518.4	10,603.3
% Ch , Annual Rate	0.1	1.0	1.1	1.1	2.5	2.6	3.2	3.3
Real Per Capita Income (\$/Person)	32,951	32,951	32,960	32,973	33,100	33,235	33,418	33,607
% Ch , Annual Rate	-0.9	0.0	0.1	0.2	1.6	1.6	2.2	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.227	1.234	1.242	1.250	1.258	1.265	1.272	1.278
% Ch , Annual Rate	2.4	2.2	2.7	2.7	2.6	2.3	2.1	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.162	2.177	2.195	2.214	2.231	2.246	2.259	2.272
% Ch , Annual Rate	3.0	2.7	3.4	3.4	3.1	2.7	2.3	2.4
Employment Cost Index (June 1989=1.0)	1.118	1.122	1.126	1.131	1.136	1.142	1.148	1.155
% Ch , Annual Rate	1.4	1.5	1.5	1.7	1.9	2.1	2.2	2.4
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,651.3	14,807.9	14,978.5	15,119.2	15,313.7	15,505.3	15,697.5	15,896.9
% Ch , Annual Rate	3.6	4.3	4.7	3.8	5.2	5.1	5.1	5.2
Personal Income	12,546.1	12,645.3	12,762.7	12,883.8	13,046.6	13,204.5	13,376.9	13,553.0
% Ch , Annual Rate	2.5	3.2	3.8	3.8	5.2	4.9	5.3	5.4
Employment (Millions)								
U.S. Civilian Labor Force	155.5	155.8	156.1	156.5	156.8	157.2	157.6	158.0
Total U.S. Employment	142.7	142.9	143.3	143.8	144.3	144.9	145.5	146.1
Unemployment Rate (%)	8.24	8.25	8.19	8.11	7.98	7.84	7.68	7.52
Nonfarm Payroll Employment	135.19	135.43	135.76	136.11	136.62	137.17	137.77	138.41
% Ch, Annual Rate	0.3	0.7	1.0	1.1	1.5	1.6	1.8	1.9
Manufacturing	12.07	11.95	11.94	12.00	12.06	12.15	12.23	12.32
% Ch, Annual Rate	-5.4	-3.9	-0.4	1.8	2.0	2.9	2.9	2.9
Durable Manufacturing	7.50	7.42	7.44	7.50	7.56	7.65	7.74	7.83
% Ch, Annual Rate	-6.8	-4.5	1.0	3.2	3.6	4.8	4.6	4.6
Nondurable Manufacturing	4.57	4.54	4.51	4.50	4.50	4.49	4.49	4.50
% Ch, Annual Rate	-3.1	-2.9	-2.6	-0.5	-0.6	-0.2	0.0	0.2
Construction	6.51	6.54	6.54	6.51	6.52	6.55	6.60	6.66
% Ch, Annual Rate	-2.5	2.0	-0.1	-2.0	1.2	1.8	3.0	3.8
Service-Producing	115.90	116.22	116.56	116.88	117.31	117.74	118.20	118.69
% Ch, Annual Rate	1.2	1.1	1.1	1.1	1.5	1.5	1.6	1.7
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	57.0	60.0	65.0	71.0	77.0	80.0	81.5	83.0
Personal Saving/Disposable Income (%)	3.0	3.0	2.9	2.7	2.8	2.8	2.8	2.8
Auto Sales (Millions)	7.3	7.5	7.5	7.6	7.7	8.2	8.3	8.6
% Ch, Annual Rate	-13.2	10.2	4.5	2.6	4.1	33.1	2.6	14.6
Housing Starts (Millions)	0.883	1.037	1.154	1.256	1.317	1.366	1.406	1.463
% Ch, Annual Rate	42.6	90.8	53.0	40.5	20.9	15.8	12.1	17.3
Federal Budget Surplus (Billions)	-695.6	-683.6	-666.0	-628.1	-623.8	-619.5	-609.0	-601.4
Net Exports (Billions)	-347.9	-379.2	-421.0	-449.4	-478.1	-475.6	-479.8	-483.4
3-Month Treasury Bill Rate (%)	1.17	1.51	2.05	2.58	3.15	3.94	4.48	4.58
10-Year Treasury Note Yield (%)	3.70	3.75	3.88	4.20	4.57	5.11	5.39	5.43
Bond Index of 20 G.O. Munis. (%)	4.86	4.80	4.77	4.85	5.03	5.45	5.61	5.62
30-Year Fixed Mortgage Rate (%)	5.52	5.50	5.59	5.89	6.25	6.79	7.07	7.11

Table A1.3
Washington Economic Forecast Summary
 Forecast 2008 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	225.731	226.947	234.022	237.218	243.408
% Ch	4.8	0.8	5.6	5.3	0.5	3.1	1.4	2.6
Real Wage and Salary Disb.	109.983	112.861	118.909	124.835	124.742	127.542	129.572	132.744
% Ch	1.8	2.6	5.4	5.0	-0.1	2.2	1.6	2.4
Real Nonwage Income	91.479	90.191	95.545	100.896	102.205	106.480	107.646	110.663
% Ch	8.7	-1.4	5.9	5.6	1.3	4.2	1.1	2.8
Real Per Capita Income (\$/Person)	32,483	32,224	33,414	34,592	34,255	34,795	34,752	35,141
% Ch	3.5	-0.8	3.7	3.5	-1.0	1.6	-0.1	1.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.084	1.116	1.147	1.177	1.217	1.216	1.238	1.268
% Ch	2.6	2.9	2.8	2.6	3.4	-0.1	1.9	2.4
Seattle Cons. Price Index (1982-84=1.0)	1.947	2.002	2.076	2.157	2.244	2.234	2.299	2.365
% Ch	1.2	2.8	3.7	3.9	4.1	-0.5	2.9	2.9
Average Nonfarm Annual Wage	42,234	43,287	45,614	48,036	49,150	50,533	51,934	53,594
% Ch	2.7	2.5	5.4	5.3	2.3	2.8	2.8	3.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.28	18.81	19.91	20.51	21.32	21.61	21.65	21.81
% Ch	1.4	2.9	5.8	3.0	4.0	1.3	0.2	0.7
Current Dollar Income (Billions of Dollars)								
Personal Income	218.432	226.577	245.930	265.609	276.189	284.514	293.783	308.750
% Ch	7.6	3.7	8.5	8.0	4.0	3.0	3.3	5.1
Disposable Personal Income	194.929	199.929	215.658	231.613	242.771	252.366	259.294	271.900
% Ch	7.8	2.6	7.9	7.4	4.8	4.0	2.7	4.9
Per Capita Income (\$/Person)	35,218	35,955	38,318	40,701	41,686	42,302	43,038	44,573
% Ch	6.3	2.1	6.6	6.2	2.4	1.5	1.7	3.6
Employment (Thousands)								
Washington Civilian Labor Force	3,208.3	3,270.9	3,333.6	3,408.2	3,476.1	3,539.4	3,594.5	3,659.4
Total Washington Employment	3,008.2	3,091.1	3,170.5	3,253.5	3,285.6	3,274.8	3,297.0	3,350.9
Unemployment Rate (%)	6.24	5.50	4.89	4.54	5.48	7.47	8.28	8.43
Nonfarm Payroll Employment	2,701.0	2,777.0	2,859.1	2,932.0	2,959.7	2,938.3	2,959.7	3,011.8
% Ch	1.6	2.8	3.0	2.5	0.9	-0.7	0.7	1.8
Manufacturing	263.7	272.6	285.9	293.2	291.7	283.6	276.5	281.8
% Ch	-1.3	3.4	4.9	2.6	-0.5	-2.8	-2.5	1.9
Durable Manufacturing	182.4	191.5	204.0	211.7	211.9	207.8	202.8	207.3
% Ch	-0.7	5.0	6.6	3.7	0.1	-1.9	-2.4	2.2
Aerospace	61.5	65.6	73.4	80.1	83.0	86.2	86.2	86.2
% Ch	-5.8	6.8	11.9	9.1	3.6	3.9	0.0	0.0
Nondurable Manufacturing	81.3	81.1	81.9	81.6	79.8	75.8	73.7	74.5
% Ch	-2.4	-0.2	0.9	-0.4	-2.1	-5.1	-2.7	1.0
Construction	164.2	177.4	194.9	207.4	199.6	186.7	184.0	186.5
% Ch	5.1	8.0	9.9	6.4	-3.7	-6.5	-1.4	1.3
Service-Producing	2,264.0	2,318.0	2,369.6	2,423.2	2,460.9	2,461.3	2,493.0	2,537.0
% Ch	1.7	2.4	2.2	2.3	1.6	0.0	1.3	1.8
Software Publishers	39.3	41.3	44.7	47.8	51.3	53.5	54.5	57.2
% Ch	5.1	5.1	8.4	6.8	7.4	4.4	1.8	5.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	50.089	52.988	50.033	47.397	29.122	28.887	36.860	41.770
% Ch	17.0	5.8	-5.6	-5.3	-38.6	-0.8	27.6	13.3
Single-Family	36.489	41.407	35.611	30.390	17.336	17.140	24.575	28.872
% Ch	10.3	13.5	-14.0	-14.7	-43.0	-1.1	43.4	17.5
Multi-Family	13.600	11.581	14.422	17.007	11.787	11.746	12.285	12.898
% Ch	39.7	-14.8	24.5	17.9	-30.7	-0.3	4.6	5.0
30-Year Fixed Mortgage Rate (%)	5.84	5.86	6.42	6.33	6.08	5.61	5.62	6.81

Table A1.4
Washington Economic Forecast Summary
 Forecast 2008 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	223.721	227.906	228.706
% 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	123.381	126.086	126.823
% Ch, Annual Rate	12.7	-3.3	4.0	11.6	4.5	1.1	9.1	2.4
Real Nonwage Income	93.343	95.277	96.218	97.340	99.541	100.340	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	34,849
% 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	2.068	2.091	2.104	2.125	2.145	2.160	2.196
% Ch, Annual Rate	2.9	5.0	4.6	2.4	4.2	3.8	2.9	6.7
Average Nonfarm Annual Wage	45,284	45,003	45,571	46,599	47,118	47,430	48,521	49,076
% Ch, Annual Rate	10.8	-2.5	5.1	9.3	4.5	2.7	9.5	4.7
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	262.293	268.846	272.653
% 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	228.548	234.431	237.731
% Ch, Annual Rate	9.3	4.7	7.4	6.9	9.0	5.1	10.7	5.8
Per Capita Income (\$/Person)	37,695	38,001	38,502	39,073	39,865	40,273	41,122	41,546
% 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	3,315.7	3,330.3	3,336.9	3,351.5	3,371.3	3,396.8	3,422.1	3,442.5
Total Washington Employment	3,155.9	3,165.8	3,171.3	3,188.8	3,219.7	3,244.1	3,265.9	3,284.3
Unemployment Rate (%)	4.82	4.94	4.96	4.86	4.50	4.50	4.57	4.60
Nonfarm Payroll Employment	2,834.8	2,851.3	2,867.1	2,883.2	2,908.9	2,924.1	2,939.2	2,955.7
% Ch, Annual Rate	3.4	2.4	2.2	2.3	3.6	2.1	2.1	2.3
Manufacturing	283.0	284.6	287.0	289.1	290.8	291.7	294.3	296.1
% Ch, Annual Rate	6.5	2.2	3.5	2.9	2.4	1.3	3.6	2.4
Durable Manufacturing	200.9	202.7	205.0	207.5	209.1	210.7	212.7	214.2
% Ch, Annual Rate	7.2	3.6	4.5	5.0	3.1	3.1	4.0	2.8
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	8.3
Nondurable Manufacturing	82.1	81.9	82.0	81.6	81.8	81.1	81.6	81.8
% Ch, Annual Rate	4.9	-1.0	0.9	-2.1	0.8	-3.3	2.4	1.4
Construction	189.8	193.6	196.5	199.5	205.5	208.1	207.6	208.2
% Ch, Annual Rate	13.2	8.2	6.2	6.2	12.5	5.2	-1.0	1.1
Service-Producing	2,353.1	2,364.4	2,375.0	2,386.0	2,404.3	2,416.0	2,429.1	2,443.4
% Ch, Annual Rate	2.3	1.9	1.8	1.9	3.1	2.0	2.2	2.4
Software Publishers	43.0	44.3	45.4	46.1	47.1	47.5	47.8	48.5
% Ch, Annual Rate	8.3	12.7	10.0	6.5	9.1	3.5	2.3	5.9
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	49.680	53.377	53.276	43.800	59.237	45.744	46.160	38.446
% Ch, Annual Rate	-52.2	33.3	-0.8	-54.3	234.6	-64.4	3.7	-51.9
Single-Family	38.459	36.656	35.501	31.829	35.289	33.667	29.616	22.988
% Ch, Annual Rate	-46.0	-17.5	-12.0	-35.4	51.1	-17.2	-40.1	-63.7
Multi-Family	11.221	16.720	17.775	11.971	23.948	12.077	16.545	15.457
% Ch, Annual Rate	-67.8	392.9	27.7	-79.4	1,501.8	-93.5	252.2	-23.8
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 2008 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	227.783	226.160	225.743	228.101	233.430	232.786	235.118	234.754
% Ch, Annual Rate	-1.6	-2.8	-0.7	4.2	9.7	-1.1	4.1	-0.6
Real Wage and Salary Disb.	126.221	123.404	124.345	124.998	126.995	126.768	128.587	127.817
% Ch, Annual Rate	-1.9	-8.6	3.1	2.1	6.5	-0.7	5.9	-2.4
Real Nonwage Income	101.562	102.756	101.398	103.103	106.435	106.018	106.531	106.936
% Ch, Annual Rate	-1.3	4.8	-5.2	6.9	13.6	-1.6	1.9	1.5
Real Per Capita Income (\$/Person)	34,578	34,201	34,008	34,233	34,901	34,676	34,894	34,710
% Ch, Annual Rate	-3.1	-4.3	-2.2	2.7	8.0	-2.6	2.5	-2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.203	1.215	1.231	1.218	1.214	1.213	1.216	1.220
% Ch, Annual Rate	3.6	4.3	5.4	-4.2	-1.3	-0.6	1.0	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.221	2.244	2.275	2.237	2.227	2.223	2.235	2.250
% Ch, Annual Rate	4.7	4.2	5.7	-6.6	-1.7	-0.7	2.1	2.7
Average Nonfarm Annual Wage	48,995	48,465	49,541	49,600	50,223	50,132	50,977	50,800
% Ch, Annual Rate	-0.7	-4.3	9.2	0.5	5.1	-0.7	6.9	-1.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.95	21.29	21.53	21.54	21.58	21.60	21.62	21.62
% Ch, Annual Rate	5.6	6.6	4.6	0.2	0.8	0.4	0.3	0.1
Current Dollar Income (Billions of Dollars)								
Personal Income	273.972	274.874	277.997	277.912	283.498	282.315	285.838	286.407
% Ch, Annual Rate	1.9	1.3	4.6	-0.1	8.3	-1.7	5.1	0.8
Disposable Personal Income	238.810	244.338	244.157	243.781	253.720	249.500	252.813	253.430
% Ch, Annual Rate	1.8	9.6	-0.3	-0.6	17.3	-6.5	5.4	1.0
Per Capita Income (\$/Person)	41,589	41,567	41,880	41,709	42,387	42,054	42,421	42,347
% Ch, Annual Rate	0.4	-0.2	3.0	-1.6	6.7	-3.1	3.5	-0.7
Employment (Thousands)								
Washington Civilian Labor Force	3,460.8	3,455.9	3,476.5	3,511.0	3,521.4	3,533.5	3,545.2	3,557.4
Total Washington Employment	3,302.1	3,279.0	3,274.4	3,286.8	3,277.3	3,272.1	3,273.6	3,276.2
Unemployment Rate (%)	4.58	5.12	5.81	6.39	6.93	7.40	7.66	7.91
Nonfarm Payroll Employment	2,970.6	2,965.0	2,961.5	2,941.7	2,940.7	2,935.7	2,937.1	2,939.6
% Ch, Annual Rate	2.0	-0.7	-0.5	-2.6	-0.1	-0.7	0.2	0.3
Manufacturing	296.5	294.2	293.1	283.1	288.6	284.3	282.1	279.4
% Ch, Annual Rate	0.5	-3.0	-1.5	-12.9	7.9	-5.7	-3.1	-3.8
Durable Manufacturing	214.9	214.1	213.9	204.6	211.0	208.3	207.0	205.0
% Ch, Annual Rate	1.3	-1.5	-0.3	-16.4	13.1	-5.0	-2.5	-3.9
Aerospace	84.0	84.5	85.5	77.9	86.2	86.2	86.2	86.2
% Ch, Annual Rate	6.9	2.1	5.1	-31.1	49.9	0.0	0.0	0.0
Nondurable Manufacturing	81.5	80.1	79.1	78.5	77.6	76.0	75.1	74.4
% Ch, Annual Rate	-1.5	-6.8	-4.8	-3.1	-4.9	-7.7	-4.6	-3.6
Construction	206.8	202.4	197.4	191.9	189.8	187.6	185.6	183.9
% Ch, Annual Rate	-2.6	-8.4	-9.4	-10.7	-4.4	-4.6	-4.1	-3.6
Service-Producing	2,459.5	2,460.9	2,463.6	2,459.5	2,455.4	2,457.0	2,462.8	2,469.8
% Ch, Annual Rate	2.7	0.2	0.4	-0.7	-0.7	0.3	0.9	1.2
Software Publishers	49.5	50.5	52.1	53.0	53.3	53.4	53.7	53.6
% Ch, Annual Rate	8.3	8.3	13.5	6.9	2.6	0.8	1.8	-0.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	31.613	31.697	26.513	26.666	26.836	27.709	29.483	31.519
% Ch, Annual Rate	-54.3	1.1	-51.0	2.3	2.6	13.7	28.2	30.6
Single-Family	19.037	18.321	16.672	15.313	15.295	15.944	17.598	19.725
% Ch, Annual Rate	-53.0	-14.2	-31.4	-28.8	-0.5	18.1	48.4	57.8
Multi-Family	12.576	13.376	9.842	11.353	11.542	11.765	11.885	11.794
% Ch, Annual Rate	-56.2	28.0	-70.7	77.1	6.8	8.0	4.1	-3.0
30-Year Fixed Mortgage Rate (%)	5.87	6.09	6.31	6.05	5.65	5.64	5.61	5.53

Table A1.4
Washington Economic Forecast Summary
 Forecast 2008 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	236.152	236.049	238.574	238.096	240.817	241.572	245.700	245.541
% Ch, Annual Rate	2.4	-0.2	4.3	-0.8	4.7	1.3	7.0	-0.3
Real Wage and Salary Disb.	129.126	128.611	130.715	129.836	131.624	131.504	134.565	133.284
% Ch, Annual Rate	4.2	-1.6	6.7	-2.7	5.6	-0.4	9.6	-3.8
Real Nonwage Income	107.026	107.438	107.859	108.260	109.193	110.068	111.135	112.257
% Ch, Annual Rate	0.3	1.5	1.6	1.5	3.5	3.2	3.9	4.1
Real Per Capita Income (\$/Person)	34,787	34,644	34,887	34,691	34,960	34,942	35,408	35,253
% Ch, Annual Rate	0.9	-1.6	2.8	-2.2	3.1	-0.2	5.4	-1.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.227	1.234	1.242	1.250	1.258	1.265	1.272	1.278
% Ch, Annual Rate	2.4	2.2	2.7	2.7	2.6	2.3	2.1	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.270	2.288	2.308	2.328	2.345	2.360	2.371	2.382
% Ch, Annual Rate	3.6	3.2	3.6	3.5	3.0	2.4	2.0	1.9
Average Nonfarm Annual Wage	51,504	51,450	52,508	52,272	53,079	53,079	54,379	53,837
% Ch, Annual Rate	5.7	-0.4	8.5	-1.8	6.3	0.0	10.2	-3.9
Avg. Hourly Earnings-Mfg. (\$/Hour)	21.63	21.64	21.66	21.68	21.72	21.78	21.84	21.91
% Ch, Annual Rate	0.2	0.2	0.2	0.5	0.7	1.0	1.1	1.4
Current Dollar Income (Billions of Dollars)								
Personal Income	289.821	291.274	296.328	297.706	303.015	305.666	312.474	313.846
% Ch, Annual Rate	4.9	2.0	7.1	1.9	7.3	3.5	9.2	1.8
Disposable Personal Income	255.645	257.103	261.791	262.635	267.112	269.265	275.090	276.132
% Ch, Annual Rate	3.5	2.3	7.5	1.3	7.0	3.3	8.9	1.5
Per Capita Income (\$/Person)	42,692	42,749	43,333	43,376	43,990	44,213	45,030	45,060
% Ch, Annual Rate	3.3	0.5	5.6	0.4	5.8	2.0	7.6	0.3
Employment (Thousands)								
Washington Civilian Labor Force	3,571.6	3,586.1	3,601.7	3,618.7	3,636.3	3,651.4	3,667.0	3,683.0
Total Washington Employment	3,282.9	3,290.5	3,300.8	3,313.8	3,328.3	3,342.9	3,358.2	3,374.2
Unemployment Rate (%)	8.08	8.24	8.36	8.42	8.47	8.45	8.42	8.39
Nonfarm Payroll Employment	2,946.1	2,953.4	2,963.4	2,976.0	2,990.0	3,004.1	3,018.9	3,034.3
% Ch, Annual Rate	0.9	1.0	1.4	1.7	1.9	1.9	2.0	2.1
Manufacturing	277.2	275.7	275.8	277.2	278.8	280.8	282.8	284.7
% Ch, Annual Rate	-3.1	-2.2	0.2	2.0	2.4	2.9	2.9	2.7
Durable Manufacturing	203.1	202.0	202.4	203.5	204.9	206.5	208.2	209.7
% Ch, Annual Rate	-3.5	-2.3	1.0	2.1	2.7	3.2	3.2	3.0
Aerospace	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nondurable Manufacturing	74.1	73.7	73.4	73.7	74.0	74.3	74.7	75.0
% Ch, Annual Rate	-1.8	-2.0	-1.8	1.8	1.5	1.9	2.0	1.9
Construction	183.4	183.6	184.2	184.9	185.7	186.3	186.8	187.2
% Ch, Annual Rate	-1.1	0.3	1.4	1.6	1.8	1.2	1.1	0.9
Service-Producing	2,479.2	2,488.0	2,497.2	2,507.6	2,519.0	2,530.5	2,542.7	2,555.7
% Ch, Annual Rate	1.5	1.4	1.5	1.7	1.8	1.8	1.9	2.1
Software Publishers	53.8	54.1	54.7	55.3	56.0	56.8	57.6	58.4
% Ch, Annual Rate	1.2	2.7	4.1	4.5	5.3	5.7	5.8	5.8
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	33.339	36.286	38.053	39.762	40.675	41.429	42.036	42.940
% Ch, Annual Rate	25.2	40.3	21.0	19.2	9.5	7.6	6.0	8.9
Single-Family	21.502	24.051	25.536	27.209	28.112	28.661	29.046	29.667
% Ch, Annual Rate	41.2	56.5	27.1	28.9	13.9	8.0	5.5	8.8
Multi-Family	11.837	12.235	12.517	12.553	12.563	12.768	12.990	13.273
% Ch, Annual Rate	1.5	14.1	9.5	1.2	0.3	6.7	7.1	9.0
30-Year Fixed Mortgage Rate (%)	5.52	5.50	5.59	5.89	6.25	6.79	7.07	7.11

Table A2.1
U.S. Nonagricultural Employment by Industry (Millions)
 Forecast 2008 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Nonfarm Payroll Employment	131.42	133.69	136.09	137.62	137.48	135.46	135.62	137.49
% Ch	1.1	1.7	1.8	1.1	-0.1	-1.5	0.1	1.4
Manufacturing	14.32	14.23	14.16	13.88	13.48	12.57	11.99	12.19
% Ch	-1.3	-0.6	-0.5	-1.9	-2.9	-6.7	-4.6	1.6
Durable Manufacturing	8.92	8.96	8.98	8.82	8.53	7.87	7.46	7.69
% Ch	-0.4	0.3	0.3	-1.9	-3.3	-7.7	-5.2	3.1
Wood Products	0.55	0.56	0.56	0.52	0.48	0.43	0.43	0.48
% Ch	2.3	1.7	-0.0	-7.0	-8.0	-11.0	0.8	12.8
Primary and Fabricated Metals	1.96	1.99	2.02	2.02	1.98	1.85	1.66	1.66
% Ch	0.4	1.2	1.5	0.1	-1.7	-7.0	-9.9	-0.2
Computer and Electronic Products	1.32	1.32	1.31	1.27	1.25	1.23	1.15	1.18
% Ch	-2.4	-0.5	-0.6	-2.7	-1.8	-1.3	-6.7	2.4
Machinery and Electrical Equipment	1.59	1.60	1.62	1.62	1.61	1.48	1.41	1.43
% Ch	-1.3	0.5	1.1	-0.1	-0.6	-7.5	-5.3	1.8
Transportation Equipment	1.77	1.77	1.77	1.71	1.61	1.42	1.39	1.47
% Ch	-0.5	0.3	-0.2	-3.3	-6.1	-11.9	-2.0	6.0
Other Durables	1.73	1.72	1.71	1.68	1.60	1.47	1.43	1.47
% Ch	0.2	-0.6	-0.4	-2.1	-4.6	-8.4	-2.7	3.1
Nondurable Manufacturing	5.39	5.27	5.17	5.07	4.95	4.70	4.53	4.49
% Ch	-2.8	-2.2	-1.8	-2.1	-2.2	-5.1	-3.7	-0.8
Food Manufacturing	1.49	1.48	1.48	1.48	1.47	1.46	1.45	1.46
% Ch	-1.5	-1.1	0.1	0.1	-0.4	-1.1	-0.7	0.8
Paper and Paper Products	0.50	0.48	0.47	0.46	0.45	0.43	0.41	0.41
% Ch	-4.0	-2.3	-2.8	-2.1	-1.5	-5.9	-4.1	-0.6
Other Nondurables	3.40	3.31	3.22	3.13	3.03	2.82	2.67	2.63
% Ch	-3.2	-2.7	-2.6	-3.1	-3.2	-6.9	-5.1	-1.7
Natural Resources and Mining	0.59	0.63	0.68	0.72	0.77	0.76	0.72	0.74
% Ch	3.3	6.2	9.1	5.6	7.1	-2.3	-4.9	2.3
Construction	6.97	7.33	7.69	7.62	7.21	6.74	6.52	6.59
% Ch	3.5	5.2	4.9	-1.0	-5.3	-6.5	-3.3	1.0
Trade, Transportation, and Utilities	25.53	25.96	26.28	26.60	26.38	25.87	26.11	26.15
% Ch	1.0	1.7	1.2	1.2	-0.8	-1.9	0.9	0.1
Wholesale Trade	5.66	5.76	5.90	6.03	6.02	5.81	5.76	5.84
% Ch	1.0	1.8	2.5	2.1	-0.2	-3.4	-0.9	1.4
Retail Trade	15.06	15.28	15.36	15.49	15.29	15.11	15.40	15.22
% Ch	0.9	1.5	0.5	0.9	-1.3	-1.2	1.9	-1.2
Trans., Warehousing, and Utilities	4.81	4.92	5.02	5.09	5.07	4.95	4.95	5.09
% Ch	1.1	2.2	2.1	1.4	-0.4	-2.4	0.0	2.7
Information	3.12	3.06	3.04	3.03	2.99	2.87	2.78	2.86
% Ch	-2.3	-1.8	-0.8	-0.3	-1.4	-4.1	-3.0	3.0
Publishing Industries	0.91	0.90	0.90	0.90	0.88	0.85	0.80	0.80
% Ch	-1.7	-0.6	-0.2	-0.4	-2.5	-3.5	-5.7	-0.1
Other Information	2.21	2.16	2.14	2.13	2.11	2.02	1.98	2.07
% Ch	-2.5	-2.3	-1.0	-0.2	-0.9	-4.3	-1.9	4.2
Financial Activities	8.03	8.15	8.33	8.31	8.20	8.16	8.24	8.29
% Ch	0.7	1.5	2.2	-0.2	-1.3	-0.6	1.0	0.6
Professional and Business Services	16.39	16.95	17.57	17.97	17.91	17.41	17.73	18.84
% Ch	2.5	3.4	3.7	2.2	-0.3	-2.8	1.9	6.3
Education and Health Services	16.95	17.37	17.83	18.33	18.89	19.38	19.90	20.36
% Ch	2.2	2.5	2.6	2.8	3.1	2.6	2.7	2.3
Leisure and Hospitality	12.49	12.81	13.11	13.47	13.65	13.60	13.53	13.49
% Ch	2.6	2.6	2.3	2.8	1.3	-0.3	-0.6	-0.3
Other Services	5.41	5.39	5.44	5.49	5.53	5.69	5.72	5.61
% Ch	0.2	-0.3	0.8	1.0	0.8	2.8	0.5	-1.9
Federal Government	2.73	2.73	2.73	2.73	2.74	2.75	2.79	2.73
% Ch	-1.1	0.0	-0.0	-0.2	0.5	0.4	1.5	-2.4
State and Local Government	18.89	19.07	19.24	19.47	19.72	19.68	19.59	19.66
% Ch	0.4	1.0	0.9	1.2	1.3	-0.2	-0.4	0.3

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2008 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	135.38	135.84	136.35	136.79	137.18	137.50	137.76	138.03
% Ch, Annual Rate	2.2	1.4	1.5	1.3	1.2	0.9	0.8	0.8
Manufacturing	14.21	14.20	14.16	14.06	13.99	13.91	13.85	13.79
% Ch, Annual Rate	0.3	-0.2	-1.2	-2.8	-2.1	-2.2	-1.6	-1.8
Durable Manufacturing	8.99	9.01	8.99	8.94	8.88	8.83	8.80	8.75
% Ch, Annual Rate	1.0	1.0	-0.9	-2.4	-2.5	-2.2	-1.6	-1.9
Wood Products	0.57	0.57	0.56	0.54	0.53	0.52	0.52	0.51
% Ch, Annual Rate	4.6	-3.6	-6.8	-11.3	-7.6	-5.7	-2.8	-6.8
Primary and Fabricated Metals	2.00	2.01	2.03	2.02	2.02	2.02	2.02	2.02
% Ch, Annual Rate	1.7	2.1	2.7	-1.0	-0.1	-0.7	-0.3	-0.0
Computer and Electronic Products	1.31	1.31	1.31	1.30	1.29	1.27	1.26	1.26
% Ch, Annual Rate	-1.7	1.7	-1.7	-2.3	-3.1	-4.9	-3.0	-2.1
Machinery and Electrical Equipment	1.61	1.62	1.62	1.62	1.62	1.61	1.62	1.62
% Ch, Annual Rate	1.1	2.0	1.6	-0.5	-1.2	-0.2	0.2	0.1
Transportation Equipment	1.77	1.78	1.77	1.75	1.73	1.72	1.71	1.69
% Ch, Annual Rate	0.6	2.1	-3.3	-3.4	-4.9	-2.9	-2.8	-3.8
Other Durables	1.72	1.72	1.71	1.70	1.69	1.68	1.67	1.66
% Ch, Annual Rate	1.3	-1.2	-2.1	-1.8	-2.2	-2.0	-2.4	-2.3
Nondurable Manufacturing	5.22	5.19	5.17	5.12	5.10	5.08	5.05	5.03
% Ch, Annual Rate	-1.0	-2.3	-1.8	-3.4	-1.3	-2.2	-1.7	-1.7
Food Manufacturing	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
% Ch, Annual Rate	1.2	0.4	0.3	-0.7	0.5	0.1	0.5	-0.2
Paper and Paper Products	0.48	0.47	0.47	0.47	0.46	0.46	0.46	0.46
% Ch, Annual Rate	-1.7	-3.2	-2.6	-3.0	-1.7	-2.2	-1.4	0.1
Other Nondurables	3.27	3.24	3.22	3.18	3.16	3.13	3.11	3.09
% Ch, Annual Rate	-1.9	-3.4	-2.6	-4.7	-2.1	-3.3	-2.7	-2.6
Natural Resources and Mining	0.66	0.68	0.69	0.70	0.71	0.72	0.73	0.73
% Ch, Annual Rate	10.1	12.0	6.2	6.3	5.0	5.0	4.1	3.9
Construction	7.66	7.70	7.72	7.70	7.68	7.65	7.61	7.52
% Ch, Annual Rate	7.3	2.0	1.1	-1.0	-0.9	-1.5	-2.3	-4.5
Trade, Transportation, and Utilities	26.19	26.22	26.29	26.41	26.53	26.59	26.64	26.66
% Ch, Annual Rate	1.3	0.5	1.1	1.8	1.8	0.9	0.7	0.4
Wholesale Trade	5.86	5.89	5.92	5.95	5.98	6.01	6.05	6.07
% Ch, Annual Rate	3.2	2.4	1.9	2.1	1.9	2.5	2.3	1.6
Retail Trade	15.36	15.32	15.34	15.40	15.48	15.49	15.49	15.49
% Ch, Annual Rate	0.3	-0.9	0.4	1.5	2.0	0.4	0.1	-0.1
Trans., Warehousing, and Utilities	4.97	5.00	5.03	5.06	5.08	5.08	5.09	5.10
% Ch, Annual Rate	2.3	2.4	2.2	2.5	1.2	0.5	0.8	0.6
Information	3.05	3.04	3.03	3.03	3.03	3.03	3.03	3.02
% Ch, Annual Rate	-0.3	-1.9	-1.4	0.0	0.4	0.4	-1.0	-0.7
Publishing Industries	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.89
% Ch, Annual Rate	-0.3	-0.1	-1.2	0.5	0.7	-1.2	-1.8	-1.9
Other Information	2.15	2.14	2.13	2.13	2.13	2.13	2.13	2.13
% Ch, Annual Rate	-0.3	-2.7	-1.5	-0.2	0.3	1.1	-0.6	-0.1
Financial Activities	8.29	8.33	8.34	8.35	8.34	8.32	8.31	8.27
% Ch, Annual Rate	2.7	1.8	0.4	0.7	-0.5	-1.2	-0.3	-2.3
Professional and Business Services	17.37	17.51	17.65	17.76	17.87	17.93	17.98	18.09
% Ch, Annual Rate	3.6	3.3	3.2	2.5	2.4	1.4	1.2	2.6
Education and Health Services	17.67	17.76	17.87	18.00	18.11	18.26	18.41	18.53
% Ch, Annual Rate	3.1	2.1	2.4	2.9	2.6	3.2	3.4	2.5
Leisure and Hospitality	12.98	13.05	13.15	13.25	13.33	13.42	13.51	13.62
% Ch, Annual Rate	3.0	2.3	3.0	2.9	2.6	2.8	2.6	3.4
Other Services	5.42	5.43	5.44	5.46	5.47	5.49	5.50	5.50
% Ch, Annual Rate	2.1	0.5	0.7	1.7	0.6	1.6	0.4	0.4
Federal Government	2.73	2.73	2.74	2.73	2.73	2.73	2.72	2.73
% Ch, Annual Rate	-1.0	0.6	0.7	-1.4	0.1	-0.5	-0.2	0.7
State and Local Government	19.15	19.18	19.28	19.34	19.40	19.46	19.48	19.56
% Ch, Annual Rate	0.5	0.7	2.1	1.3	1.1	1.3	0.4	1.7

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2008 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	137.92	137.70	137.45	136.85	136.12	135.50	135.16	135.08
% Ch, Annual Rate	-0.3	-0.6	-0.7	-1.7	-2.1	-1.8	-1.0	-0.2
Manufacturing	13.69	13.56	13.43	13.23	12.97	12.65	12.43	12.24
% Ch, Annual Rate	-2.8	-3.7	-3.8	-5.9	-7.7	-9.6	-6.7	-5.9
Durable Manufacturing	8.69	8.59	8.49	8.34	8.15	7.92	7.77	7.63
% Ch, Annual Rate	-3.1	-4.4	-4.3	-7.3	-8.5	-10.7	-7.5	-6.8
Wood Products	0.50	0.48	0.47	0.46	0.45	0.43	0.41	0.41
% Ch, Annual Rate	-8.4	-11.4	-12.1	-3.8	-9.7	-19.5	-14.0	-1.0
Primary and Fabricated Metals	2.01	1.99	1.97	1.96	1.95	1.88	1.80	1.75
% Ch, Annual Rate	-1.5	-3.9	-3.1	-2.1	-3.6	-13.0	-15.3	-11.2
Computer and Electronic Products	1.25	1.25	1.25	1.24	1.24	1.23	1.25	1.21
% Ch, Annual Rate	-1.3	-1.2	-0.7	-1.3	-1.5	-3.0	7.5	-13.0
Machinery and Electrical Equipment	1.61	1.62	1.61	1.58	1.53	1.49	1.46	1.45
% Ch, Annual Rate	-0.4	0.4	-1.0	-7.6	-11.4	-10.4	-6.9	-4.3
Transportation Equipment	1.67	1.63	1.60	1.53	1.47	1.42	1.39	1.38
% Ch, Annual Rate	-5.1	-7.9	-8.7	-16.1	-13.9	-13.0	-8.4	-3.2
Other Durables	1.64	1.62	1.59	1.56	1.51	1.47	1.45	1.44
% Ch, Annual Rate	-5.4	-6.2	-5.0	-9.5	-11.2	-9.0	-7.0	-3.3
Nondurable Manufacturing	5.01	4.97	4.94	4.90	4.82	4.72	4.66	4.61
% Ch, Annual Rate	-2.2	-2.4	-2.9	-3.5	-6.2	-7.7	-5.3	-4.2
Food Manufacturing	1.48	1.47	1.47	1.47	1.47	1.46	1.45	1.45
% Ch, Annual Rate	0.0	-2.1	-0.2	-0.4	-0.9	-2.4	-1.3	-1.0
Paper and Paper Products	0.46	0.46	0.45	0.45	0.44	0.43	0.42	0.42
% Ch, Annual Rate	-1.0	-0.5	-4.7	-4.1	-7.4	-8.9	-5.7	-4.5
Other Nondurables	3.07	3.04	3.01	2.98	2.91	2.83	2.78	2.74
% Ch, Annual Rate	-3.4	-2.8	-3.9	-4.9	-8.5	-10.1	-7.3	-5.9
Natural Resources and Mining	0.75	0.76	0.79	0.80	0.79	0.77	0.74	0.72
% Ch, Annual Rate	6.9	7.7	15.6	6.8	-7.4	-6.2	-15.4	-9.2
Construction	7.38	7.24	7.15	7.07	6.98	6.81	6.63	6.55
% Ch, Annual Rate	-7.1	-7.5	-4.8	-4.3	-5.2	-9.4	-10.1	-4.9
Trade, Transportation, and Utilities	26.59	26.46	26.35	26.12	25.82	25.75	25.88	26.02
% Ch, Annual Rate	-1.2	-1.9	-1.7	-3.4	-4.6	-1.1	2.2	2.1
Wholesale Trade	6.06	6.04	6.01	5.96	5.86	5.82	5.80	5.78
% Ch, Annual Rate	-0.8	-1.4	-1.9	-3.4	-6.7	-2.5	-1.3	-1.7
Retail Trade	15.43	15.34	15.27	15.12	14.97	14.98	15.15	15.32
% Ch, Annual Rate	-1.4	-2.5	-1.7	-3.8	-4.0	0.2	4.8	4.4
Trans., Warehousing, and Utilities	5.09	5.08	5.07	5.04	4.99	4.95	4.93	4.93
% Ch, Annual Rate	-0.7	-0.8	-1.3	-2.0	-4.0	-3.3	-1.6	-0.4
Information	3.01	3.00	2.98	2.95	2.91	2.88	2.85	2.82
% Ch, Annual Rate	-1.1	-1.6	-2.4	-4.3	-5.6	-3.8	-4.2	-3.5
Publishing Industries	0.89	0.88	0.87	0.87	0.87	0.85	0.84	0.82
% Ch, Annual Rate	-2.6	-2.9	-4.0	-1.9	0.5	-6.7	-5.9	-8.8
Other Information	2.13	2.12	2.11	2.08	2.04	2.03	2.01	2.00
% Ch, Annual Rate	-0.4	-1.1	-1.7	-5.3	-8.1	-2.6	-3.4	-1.2
Financial Activities	8.24	8.22	8.20	8.15	8.12	8.12	8.17	8.21
% Ch, Annual Rate	-1.4	-0.6	-1.2	-2.2	-1.3	-0.4	2.7	2.0
Professional and Business Services	18.06	17.98	17.87	17.74	17.62	17.41	17.31	17.29
% Ch, Annual Rate	-0.7	-1.8	-2.5	-2.8	-2.6	-4.7	-2.3	-0.4
Education and Health Services	18.66	18.82	18.98	19.08	19.21	19.35	19.44	19.54
% Ch, Annual Rate	3.0	3.5	3.4	2.1	2.8	2.8	1.8	2.1
Leisure and Hospitality	13.66	13.68	13.64	13.61	13.59	13.65	13.59	13.58
% Ch, Annual Rate	1.1	0.7	-1.2	-1.0	-0.6	1.8	-1.8	-0.2
Other Services	5.52	5.53	5.53	5.56	5.62	5.67	5.72	5.74
% Ch, Annual Rate	0.9	0.7	0.2	2.4	4.2	4.1	3.2	1.4
Federal Government	2.72	2.74	2.75	2.75	2.75	2.75	2.75	2.75
% Ch, Annual Rate	-0.8	2.5	1.4	-0.1	0.0	0.0	0.2	0.3
State and Local Government	19.64	19.70	19.78	19.78	19.74	19.70	19.65	19.61
% Ch, Annual Rate	1.5	1.3	1.6	0.2	-0.9	-0.9	-1.0	-0.7

Table A2.2
U.S. Nonagricultural Employment by Industry (Millions)
 Forecast 2008 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	135.19	135.43	135.76	136.11	136.62	137.17	137.77	138.41
% Ch, Annual Rate	0.3	0.7	1.0	1.1	1.5	1.6	1.8	1.9
Manufacturing	12.07	11.95	11.94	12.00	12.06	12.15	12.23	12.32
% Ch, Annual Rate	-5.4	-3.9	-0.4	1.8	2.0	2.9	2.9	2.9
Durable Manufacturing	7.50	7.42	7.44	7.50	7.56	7.65	7.74	7.83
% Ch, Annual Rate	-6.8	-4.5	1.0	3.2	3.6	4.8	4.6	4.6
Wood Products	0.41	0.42	0.43	0.45	0.46	0.48	0.49	0.50
% Ch, Annual Rate	3.3	6.6	12.0	15.1	13.9	13.8	10.9	10.1
Primary and Fabricated Metals	1.70	1.66	1.65	1.65	1.64	1.65	1.66	1.68
% Ch, Annual Rate	-11.3	-8.9	-3.1	-0.3	-0.1	1.9	2.5	3.1
Computer and Electronic Products	1.17	1.14	1.14	1.14	1.16	1.17	1.19	1.19
% Ch, Annual Rate	-11.2	-10.3	-1.0	1.1	4.8	5.1	5.4	2.9
Machinery and Electrical Equipment	1.42	1.40	1.40	1.41	1.41	1.42	1.44	1.46
% Ch, Annual Rate	-7.9	-5.0	-0.4	1.6	1.9	3.6	3.9	4.8
Transportation Equipment	1.37	1.37	1.39	1.41	1.44	1.46	1.48	1.50
% Ch, Annual Rate	-2.1	0.6	4.8	6.8	6.6	7.0	6.2	6.1
Other Durables	1.42	1.42	1.43	1.44	1.45	1.47	1.48	1.49
% Ch, Annual Rate	-3.2	-1.3	2.1	3.8	2.8	4.2	3.7	4.0
Nondurable Manufacturing	4.57	4.54	4.51	4.50	4.50	4.49	4.49	4.50
% Ch, Annual Rate	-3.1	-2.9	-2.6	-0.5	-0.6	-0.2	0.0	0.2
Food Manufacturing	1.45	1.45	1.44	1.45	1.45	1.46	1.46	1.47
% Ch, Annual Rate	-0.2	-0.8	-0.9	1.3	1.1	1.3	1.4	1.2
Paper and Paper Products	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
% Ch, Annual Rate	-3.4	-3.4	-3.4	-0.6	0.0	0.4	0.7	0.9
Other Nondurables	2.71	2.68	2.66	2.65	2.64	2.63	2.62	2.62
% Ch, Annual Rate	-4.7	-3.9	-3.3	-1.5	-1.6	-1.1	-0.8	-0.5
Natural Resources and Mining	0.71	0.71	0.72	0.73	0.73	0.74	0.74	0.73
% Ch, Annual Rate	-5.8	0.8	3.3	4.0	3.3	1.9	0.0	-1.5
Construction	6.51	6.54	6.54	6.51	6.52	6.55	6.60	6.66
% Ch, Annual Rate	-2.5	2.0	-0.1	-2.0	1.2	1.8	3.0	3.8
Trade, Transportation, and Utilities	26.07	26.11	26.13	26.12	26.10	26.08	26.14	26.27
% Ch, Annual Rate	0.9	0.6	0.3	-0.1	-0.4	-0.4	1.0	2.1
Wholesale Trade	5.75	5.75	5.77	5.78	5.79	5.82	5.86	5.89
% Ch, Annual Rate	-2.0	0.4	1.3	0.5	0.8	2.2	2.7	2.1
Retail Trade	15.41	15.43	15.40	15.35	15.29	15.20	15.17	15.22
% Ch, Annual Rate	2.4	0.5	-0.8	-1.2	-1.6	-2.6	-0.7	1.5
Trans., Warehousing, and Utilities	4.92	4.93	4.96	4.99	5.02	5.06	5.11	5.16
% Ch, Annual Rate	-0.6	1.1	2.4	2.5	2.1	3.4	4.1	3.7
Information	2.80	2.77	2.76	2.79	2.83	2.87	2.88	2.87
% Ch, Annual Rate	-3.8	-3.9	-0.8	3.4	5.9	5.7	1.8	-0.8
Publishing Industries	0.80	0.80	0.79	0.79	0.79	0.80	0.80	0.80
% Ch, Annual Rate	-7.9	-3.7	-1.4	-0.2	0.5	0.9	0.6	0.2
Other Information	1.99	1.97	1.97	1.99	2.03	2.07	2.08	2.08
% Ch, Annual Rate	-2.1	-4.0	-0.5	4.9	8.0	7.6	2.2	-1.2
Financial Activities	8.21	8.22	8.25	8.27	8.28	8.27	8.28	8.32
% Ch, Annual Rate	-0.0	0.5	1.3	1.4	0.3	-0.5	0.6	1.8
Professional and Business Services	17.37	17.58	17.85	18.13	18.42	18.73	19.00	19.23
% Ch, Annual Rate	1.9	4.9	6.2	6.5	6.4	7.0	5.8	5.0
Education and Health Services	19.70	19.86	19.99	20.07	20.21	20.32	20.42	20.48
% Ch, Annual Rate	3.3	3.4	2.6	1.6	3.0	2.2	2.0	1.1
Leisure and Hospitality	13.57	13.55	13.52	13.47	13.46	13.48	13.49	13.53
% Ch, Annual Rate	-0.3	-0.7	-0.8	-1.5	-0.3	0.4	0.6	1.1
Other Services	5.74	5.73	5.71	5.69	5.66	5.63	5.59	5.55
% Ch, Annual Rate	0.0	-0.8	-1.2	-1.0	-2.4	-2.4	-2.3	-2.7
Federal Government	2.84	2.82	2.76	2.74	2.73	2.73	2.72	2.72
% Ch, Annual Rate	14.0	-2.9	-8.3	-3.2	-1.3	-0.7	-0.3	-0.3
State and Local Government	19.60	19.58	19.59	19.60	19.62	19.64	19.67	19.70
% Ch, Annual Rate	-0.3	-0.3	0.1	0.2	0.4	0.5	0.5	0.7

Table A2.3
Washington Nonagricultural Employment by Industry (Thousands)
 Forecast 2008 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Nonfarm Payroll Employment	2,701.0	2,777.0	2,859.1	2,932.0	2,959.7	2,938.3	2,959.7	3,011.8
% Ch	1.6	2.8	3.0	2.5	0.9	-0.7	0.7	1.8
Manufacturing	263.7	272.6	285.9	293.2	291.7	283.6	276.5	281.8
% Ch	-1.3	3.4	4.9	2.6	-0.5	-2.8	-2.5	1.9
Durable Manufacturing	182.4	191.5	204.0	211.7	211.9	207.8	202.8	207.3
% Ch	-0.7	5.0	6.6	3.7	0.1	-1.9	-2.4	2.2
Wood Products	18.8	20.0	20.3	19.1	17.1	15.2	15.2	16.5
% Ch	5.4	6.9	1.1	-5.8	-10.2	-11.1	-0.6	9.2
Primary and Fabricated Metals	22.3	23.1	24.3	25.9	26.4	24.9	22.8	23.1
% Ch	0.9	3.8	4.9	6.7	1.7	-5.6	-8.2	1.4
Computer and Electronic Products	22.1	22.2	22.4	22.8	22.9	22.9	21.0	22.1
% Ch	-5.3	0.2	1.2	1.6	0.5	0.0	-8.3	5.1
Machinery and Electrical Equipment	17.0	17.8	19.0	19.4	19.6	18.5	18.0	19.2
% Ch	4.4	4.8	6.6	2.4	0.8	-5.7	-2.5	6.5
Aerospace	61.5	65.6	73.4	80.1	83.0	86.2	86.2	86.2
% Ch	-5.8	6.8	11.9	9.1	3.6	3.9	0.0	0.0
Other Transportation Equip.	12.1	13.2	13.7	13.0	12.2	11.1	11.0	11.0
% Ch	9.2	8.7	4.1	-5.0	-6.5	-9.0	-1.2	0.2
Other Durables	28.6	29.5	30.9	31.3	30.7	29.0	28.6	29.1
% Ch	2.7	3.1	4.9	1.2	-2.0	-5.5	-1.4	2.0
Nondurable Manufacturing	81.3	81.1	81.9	81.6	79.8	75.8	73.7	74.5
% Ch	-2.4	-0.2	0.9	-0.4	-2.1	-5.1	-2.7	1.0
Food Manufacturing	34.1	33.8	33.9	34.1	33.7	32.3	31.6	32.3
% Ch	-2.0	-1.0	0.3	0.6	-1.1	-4.2	-2.1	2.3
Paper and Paper Products	12.7	12.2	11.9	11.2	10.4	9.5	9.0	8.9
% Ch	-4.6	-3.6	-2.1	-6.1	-7.2	-9.1	-4.9	-0.7
Other Nondurables	34.5	35.2	36.1	36.3	35.7	34.0	33.1	33.2
% Ch	-1.9	1.8	2.7	0.5	-1.5	-4.7	-2.7	0.3
Natural Resources and Mining	9.1	9.0	8.7	8.2	7.5	6.7	6.2	6.6
% Ch	5.7	-1.9	-3.0	-5.9	-8.8	-10.3	-6.8	5.8
Construction	164.2	177.4	194.9	207.4	199.6	186.7	184.0	186.5
% Ch	5.1	8.0	9.9	6.4	-3.7	-6.5	-1.4	1.3
Trade, Transportation, and Utilities	518.4	530.4	541.6	552.9	555.4	550.6	559.2	561.6
% Ch	1.7	2.3	2.1	2.1	0.4	-0.9	1.6	0.4
Wholesale Trade	119.3	122.2	126.6	129.2	129.9	127.1	126.8	128.7
% Ch	2.8	2.4	3.6	2.1	0.6	-2.2	-0.2	1.5
Retail Trade	309.4	316.1	321.0	327.7	329.5	328.8	337.1	335.4
% Ch	1.1	2.2	1.6	2.1	0.6	-0.2	2.5	-0.5
Trans., Warehousing, and Utilities	89.8	92.2	94.0	96.0	95.9	94.8	95.3	97.5
% Ch	2.1	2.7	2.0	2.2	-0.1	-1.2	0.6	2.3
Information	92.8	94.7	98.4	102.7	105.9	105.5	104.9	109.3
% Ch	0.6	2.0	3.9	4.3	3.2	-0.4	-0.6	4.3
Software Publishers	39.3	41.3	44.7	47.8	51.3	53.5	54.5	57.2
% Ch	5.1	5.1	8.4	6.8	7.4	4.4	1.8	5.0
Other Publishing Industries	11.3	11.2	11.0	10.8	10.3	9.4	8.7	8.5
% Ch	-6.7	-0.6	-2.0	-2.2	-4.8	-8.0	-7.8	-1.9
Other Information	42.3	42.2	42.7	44.1	44.4	42.5	41.7	43.6
% Ch	-1.2	-0.1	1.1	3.4	0.6	-4.2	-2.1	4.6
Financial Activities	151.8	154.5	156.2	155.1	152.8	150.7	152.0	153.5
% Ch	-0.1	1.8	1.1	-0.7	-1.5	-1.4	0.9	1.0
Professional and Business Services	301.7	316.1	330.5	345.3	350.7	346.0	355.0	376.9
% Ch	3.9	4.8	4.6	4.5	1.6	-1.3	2.6	6.2
Education and Health Services	319.7	329.3	337.2	348.0	360.8	371.5	381.9	391.5
% Ch	2.2	3.0	2.4	3.2	3.7	2.9	2.8	2.5
Leisure and Hospitality	255.6	263.5	271.7	280.1	283.8	284.5	285.2	286.2
% Ch	2.7	3.1	3.1	3.1	1.3	0.3	0.2	0.4
Other Services	100.3	102.7	104.0	105.4	107.7	109.7	110.8	110.6
% Ch	1.4	2.4	1.2	1.3	2.2	1.9	1.0	-0.2
Federal Government	69.8	69.6	69.3	68.6	69.6	69.8	70.5	69.8
% Ch	-0.6	-0.3	-0.4	-0.9	1.3	0.3	1.0	-0.9
State and Local Government	454.0	457.2	460.7	465.1	474.2	472.9	473.5	477.6
% Ch	0.8	0.7	0.8	0.9	2.0	-0.3	0.1	0.9

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2008 to 2011

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	2,834.8	2,851.3	2,867.1	2,883.2	2,908.9	2,924.1	2,939.2	2,955.7
% Ch, Annual Rate	3.4	2.4	2.2	2.3	3.6	2.1	2.1	2.3
Manufacturing	283.0	284.6	287.0	289.1	290.8	291.7	294.3	296.1
% Ch, Annual Rate	6.5	2.2	3.5	2.9	2.4	1.3	3.6	2.4
Durable Manufacturing	200.9	202.7	205.0	207.5	209.1	210.7	212.7	214.2
% Ch, Annual Rate	7.2	3.6	4.5	5.0	3.1	3.1	4.0	2.8
Wood Products	20.6	20.4	20.3	19.8	19.4	19.2	19.0	18.7
% Ch, Annual Rate	3.7	-2.9	-2.6	-8.6	-8.1	-3.4	-5.6	-4.6
Primary and Fabricated Metals	23.8	24.1	24.4	24.7	25.3	26.3	26.0	26.1
% Ch, Annual Rate	5.7	4.6	4.9	5.8	9.2	16.5	-4.7	1.7
Computer and Electronic Products	22.2	22.5	22.6	22.6	22.6	22.7	23.0	23.0
% Ch, Annual Rate	0.0	4.5	1.6	0.2	-0.1	2.9	5.3	-0.7
Machinery and Electrical Equipment	18.6	18.9	19.1	19.3	19.3	19.3	19.6	19.6
% Ch, Annual Rate	8.8	6.9	4.3	3.4	-0.2	0.1	6.7	0.4
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	8.3
Other Transportation Equip.	13.8	13.8	13.6	13.6	13.3	13.0	12.9	12.9
% Ch, Annual Rate	12.3	1.1	-5.8	0.4	-10.5	-6.5	-3.1	-1.5
Other Durables	30.6	30.8	31.0	31.3	31.5	31.2	31.2	31.3
% Ch, Annual Rate	6.1	3.8	2.3	3.8	2.2	-3.5	0.6	0.1
Nondurable Manufacturing	82.1	81.9	82.0	81.6	81.8	81.1	81.6	81.8
% Ch, Annual Rate	4.9	-1.0	0.9	-2.1	0.8	-3.3	2.4	1.4
Food Manufacturing	33.9	33.6	34.0	33.9	34.2	33.6	34.2	34.3
% Ch, Annual Rate	6.1	-3.4	3.8	-0.2	3.6	-7.1	6.8	1.9
Paper and Paper Products	12.1	12.1	11.9	11.6	11.6	11.3	11.0	11.0
% Ch, Annual Rate	2.9	-1.1	-6.4	-10.3	-1.3	-9.8	-8.4	1.1
Other Nondurables	36.0	36.1	36.2	36.1	36.0	36.2	36.4	36.5
% Ch, Annual Rate	4.4	1.4	0.7	-1.0	-1.2	2.6	2.0	1.0
Natural Resources and Mining	8.8	8.8	8.6	8.6	8.3	8.2	8.2	8.1
% Ch, Annual Rate	1.6	-2.9	-6.1	-2.1	-12.4	-4.1	-1.7	-5.4
Construction	189.8	193.6	196.5	199.5	205.5	208.1	207.6	208.2
% Ch, Annual Rate	13.2	8.2	6.2	6.2	12.5	5.2	-1.0	1.1
Trade, Transportation, and Utilities	538.7	540.8	542.7	544.3	549.8	552.2	553.6	555.9
% Ch, Annual Rate	2.8	1.6	1.4	1.2	4.1	1.7	1.0	1.7
Wholesale Trade	125.8	126.1	127.0	127.5	128.0	128.9	129.3	130.5
% Ch, Annual Rate	6.1	1.2	2.7	1.6	1.7	2.8	1.3	3.7
Retail Trade	319.7	320.6	321.2	322.6	326.5	327.1	327.9	329.2
% Ch, Annual Rate	1.4	1.1	0.8	1.7	4.9	0.7	1.0	1.5
Trans., Warehousing, and Utilities	93.2	94.0	94.5	94.2	95.3	96.2	96.3	96.2
% Ch, Annual Rate	3.3	3.7	2.0	-1.2	4.7	3.6	0.8	-0.4
Information	96.2	97.6	99.4	100.5	101.8	102.6	102.9	103.3
% Ch, Annual Rate	3.4	5.8	7.9	4.2	5.6	3.0	1.2	1.6
Software Publishers	43.0	44.3	45.4	46.1	47.1	47.5	47.8	48.5
% Ch, Annual Rate	8.3	12.7	10.0	6.5	9.1	3.5	2.3	5.9
Other Publishing Industries	11.1	11.0	11.0	11.0	10.9	10.8	10.7	10.7
% Ch, Annual Rate	-3.6	-1.6	0.9	-2.1	-3.7	-1.9	-3.1	-2.6
Other Information	42.1	42.2	43.0	43.4	43.8	44.2	44.3	44.1
% Ch, Annual Rate	0.6	1.0	7.7	3.4	4.4	3.6	1.1	-1.9
Financial Activities	156.8	156.6	156.1	155.5	155.8	155.8	154.8	154.0
% Ch, Annual Rate	0.5	-0.6	-1.3	-1.6	1.0	-0.1	-2.6	-1.9
Professional and Business Services	323.7	328.6	333.1	336.8	341.6	343.4	346.5	349.6
% Ch, Annual Rate	3.5	6.1	5.6	4.5	5.8	2.2	3.6	3.7
Education and Health Services	334.7	336.2	337.7	340.2	343.2	345.9	349.1	354.0
% Ch, Annual Rate	2.1	1.8	1.8	3.0	3.6	3.1	3.8	5.8
Leisure and Hospitality	269.9	270.7	272.3	273.8	277.1	279.2	281.0	283.3
% Ch, Annual Rate	3.1	1.2	2.5	2.1	4.9	3.0	2.7	3.3
Other Services	103.5	103.9	104.1	104.4	104.6	105.0	105.3	106.5
% Ch, Annual Rate	0.0	1.6	0.9	1.2	0.8	1.5	1.1	4.5
Federal Government	69.7	69.6	68.9	68.9	69.1	68.7	68.5	68.3
% Ch, Annual Rate	0.9	-0.7	-3.5	-0.1	1.2	-2.7	-1.0	-1.0
State and Local Government	460.0	460.6	460.5	461.7	461.2	463.3	467.4	468.4
% Ch, Annual Rate	1.8	0.5	-0.1	1.0	-0.4	1.9	3.5	0.9

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2008 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	2,970.6	2,965.0	2,961.5	2,941.7	2,940.7	2,935.7	2,937.1	2,939.6
% Ch, Annual Rate	2.0	-0.7	-0.5	-2.6	-0.1	-0.7	0.2	0.3
Manufacturing	296.5	294.2	293.1	283.1	288.6	284.3	282.1	279.4
% Ch, Annual Rate	0.5	-3.0	-1.5	-12.9	7.9	-5.7	-3.1	-3.8
Durable Manufacturing	214.9	214.1	213.9	204.6	211.0	208.3	207.0	205.0
% Ch, Annual Rate	1.3	-1.5	-0.3	-16.4	13.1	-5.0	-2.5	-3.9
Wood Products	18.0	17.3	16.7	16.5	16.1	15.3	14.8	14.7
% Ch, Annual Rate	-14.9	-14.3	-12.7	-6.0	-9.3	-17.6	-12.9	-2.1
Primary and Fabricated Metals	26.3	26.5	26.4	26.2	26.1	25.3	24.4	23.8
% Ch, Annual Rate	4.2	2.5	-2.2	-2.6	-1.9	-11.4	-13.6	-9.6
Computer and Electronic Products	22.8	22.8	23.0	23.0	23.0	22.8	23.5	22.4
% Ch, Annual Rate	-2.2	-0.8	4.4	-0.5	-0.7	-2.8	13.0	-17.3
Machinery and Electrical Equipment	19.6	19.6	19.6	19.4	18.9	18.5	18.3	18.2
% Ch, Annual Rate	0.5	0.3	-0.2	-3.9	-10.3	-8.9	-4.6	-1.3
Aerospace	84.0	84.5	85.5	77.9	86.2	86.2	86.2	86.2
% Ch, Annual Rate	6.9	2.1	5.1	-31.1	49.9	0.0	0.0	0.0
Other Transportation Equip.	12.8	12.5	12.0	11.5	11.2	11.1	11.0	11.0
% Ch, Annual Rate	-3.0	-9.5	-14.4	-17.0	-7.9	-4.8	-2.2	-1.3
Other Durables	31.2	30.8	30.6	30.1	29.5	29.1	28.8	28.6
% Ch, Annual Rate	-0.2	-5.0	-3.1	-6.8	-7.4	-5.5	-4.3	-2.3
Nondurable Manufacturing	81.5	80.1	79.1	78.5	77.6	76.0	75.1	74.4
% Ch, Annual Rate	-1.5	-6.8	-4.8	-3.1	-4.9	-7.7	-4.6	-3.6
Food Manufacturing	34.6	33.8	33.3	33.1	32.9	32.3	32.0	31.8
% Ch, Annual Rate	3.4	-9.3	-5.1	-3.1	-2.1	-6.6	-3.6	-2.8
Paper and Paper Products	10.8	10.6	10.2	10.0	9.8	9.5	9.4	9.2
% Ch, Annual Rate	-8.6	-6.5	-14.6	-8.0	-8.6	-10.4	-6.7	-5.3
Other Nondurables	36.1	35.7	35.6	35.4	34.9	34.2	33.7	33.4
% Ch, Annual Rate	-3.7	-4.5	-1.4	-1.7	-6.3	-7.9	-5.0	-3.9
Natural Resources and Mining	7.7	7.5	7.4	7.2	6.9	6.8	6.6	6.5
% Ch, Annual Rate	-15.1	-10.6	-7.9	-7.9	-15.8	-8.8	-6.7	-10.3
Construction	206.8	202.4	197.4	191.9	189.8	187.6	185.6	183.9
% Ch, Annual Rate	-2.6	-8.4	-9.4	-10.7	-4.4	-4.6	-4.1	-3.6
Trade, Transportation, and Utilities	558.7	555.9	554.7	552.2	547.3	547.6	552.0	555.6
% Ch, Annual Rate	2.0	-2.0	-0.8	-1.8	-3.5	0.2	3.2	2.7
Wholesale Trade	130.6	130.3	129.6	129.1	127.4	127.1	127.1	126.8
% Ch, Annual Rate	0.2	-0.9	-2.0	-1.5	-5.4	-1.0	0.2	-1.0
Retail Trade	331.9	329.8	328.9	327.5	325.0	325.9	330.2	334.1
% Ch, Annual Rate	3.4	-2.6	-1.0	-1.7	-3.1	1.1	5.4	4.9
Trans., Warehousing, and Utilities	96.2	95.8	96.2	95.5	95.0	94.7	94.7	94.7
% Ch, Annual Rate	-0.4	-1.4	1.4	-2.5	-2.2	-1.3	-0.1	0.2
Information	105.0	105.6	106.3	106.8	106.1	105.7	105.3	104.9
% Ch, Annual Rate	6.6	2.2	2.8	1.9	-2.6	-1.6	-1.3	-1.7
Software Publishers	49.5	50.5	52.1	53.0	53.3	53.4	53.7	53.6
% Ch, Annual Rate	8.3	8.3	13.5	6.9	2.6	0.8	1.8	-0.4
Other Publishing Industries	10.7	10.6	9.9	9.8	9.8	9.5	9.3	9.1
% Ch, Annual Rate	3.0	-5.8	-23.8	-4.1	-1.1	-8.7	-7.9	-11.1
Other Information	44.7	44.5	44.3	44.0	43.0	42.7	42.3	42.2
% Ch, Annual Rate	5.6	-2.2	-1.7	-2.5	-8.9	-2.8	-3.8	-1.3
Financial Activities	153.9	153.5	152.5	151.5	150.6	150.2	150.8	151.2
% Ch, Annual Rate	-0.4	-0.8	-2.6	-2.7	-2.2	-1.3	1.8	1.0
Professional and Business Services	351.5	352.3	350.1	348.9	348.0	345.6	344.9	345.5
% Ch, Annual Rate	2.1	0.9	-2.5	-1.3	-1.1	-2.8	-0.8	0.7
Education and Health Services	356.4	358.9	362.7	365.3	368.0	370.6	372.6	374.8
% Ch, Annual Rate	2.8	2.8	4.3	2.9	2.9	2.9	2.2	2.4
Leisure and Hospitality	284.7	283.8	283.4	283.4	283.5	285.1	284.6	285.0
% Ch, Annual Rate	1.9	-1.1	-0.7	-0.0	0.2	2.2	-0.7	0.5
Other Services	107.4	107.7	107.6	107.9	108.7	109.5	110.1	110.5
% Ch, Annual Rate	3.6	1.1	-0.3	1.1	2.9	2.8	2.4	1.5
Federal Government	69.4	69.6	69.8	69.5	69.6	69.7	69.8	69.9
% Ch, Annual Rate	6.4	1.1	1.3	-1.5	0.5	0.5	0.6	0.7
State and Local Government	472.7	473.6	476.5	474.0	473.5	473.1	472.7	472.5
% Ch, Annual Rate	3.7	0.8	2.5	-2.1	-0.4	-0.3	-0.4	-0.2

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2008 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	2,946.1	2,953.4	2,963.4	2,976.0	2,990.0	3,004.1	3,018.9	3,034.3
% Ch, Annual Rate	0.9	1.0	1.4	1.7	1.9	1.9	2.0	2.1
Manufacturing	277.2	275.7	275.8	277.2	278.8	280.8	282.8	284.7
% Ch, Annual Rate	-3.1	-2.2	0.2	2.0	2.4	2.9	2.9	2.7
Durable Manufacturing	203.1	202.0	202.4	203.5	204.9	206.5	208.2	209.7
% Ch, Annual Rate	-3.5	-2.3	1.0	2.1	2.7	3.2	3.2	3.0
Wood Products	14.8	14.9	15.2	15.6	16.0	16.4	16.7	17.0
% Ch, Annual Rate	1.4	4.1	8.5	11.0	10.1	10.0	7.7	7.0
Primary and Fabricated Metals	23.2	22.7	22.7	22.7	22.8	23.0	23.2	23.5
% Ch, Annual Rate	-9.6	-7.2	-1.6	1.3	1.5	3.4	4.1	4.7
Computer and Electronic Products	21.6	20.8	20.8	21.0	21.4	21.9	22.4	22.7
% Ch, Annual Rate	-14.7	-13.4	0.1	3.2	8.7	9.3	9.6	5.9
Machinery and Electrical Equipment	17.9	17.8	18.0	18.3	18.5	18.9	19.4	19.8
% Ch, Annual Rate	-6.0	-2.2	3.6	6.1	6.5	8.8	9.1	10.3
Aerospace	86.2	86.2	86.2	86.2	86.2	86.2	86.2	86.2
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Transportation Equip.	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
% Ch, Annual Rate	-1.0	-0.6	-0.2	0.1	0.3	0.4	0.4	0.4
Other Durables	28.5	28.5	28.6	28.7	28.9	29.1	29.2	29.4
% Ch, Annual Rate	-1.6	-0.1	1.6	2.3	2.0	2.5	2.3	2.3
Nondurable Manufacturing	74.1	73.7	73.4	73.7	74.0	74.3	74.7	75.0
% Ch, Annual Rate	-1.8	-2.0	-1.8	1.8	1.5	1.9	2.0	1.9
Food Manufacturing	31.8	31.6	31.4	31.7	31.9	32.2	32.5	32.8
% Ch, Annual Rate	-0.5	-2.3	-2.4	3.5	3.0	3.7	3.8	3.4
Paper and Paper Products	9.1	9.0	8.9	8.9	8.9	8.9	9.0	9.0
% Ch, Annual Rate	-4.1	-4.1	-4.1	-0.7	0.0	0.4	0.8	1.1
Other Nondurables	33.2	33.1	33.0	33.1	33.1	33.2	33.2	33.3
% Ch, Annual Rate	-2.4	-1.1	-0.7	0.8	0.4	0.5	0.5	0.7
Natural Resources and Mining	6.3	6.2	6.2	6.3	6.4	6.6	6.7	6.8
% Ch, Annual Rate	-11.6	-6.2	2.6	7.4	7.8	7.4	6.8	6.0
Construction	183.4	183.6	184.2	184.9	185.7	186.3	186.8	187.2
% Ch, Annual Rate	-1.1	0.3	1.4	1.6	1.8	1.2	1.1	0.9
Trade, Transportation, and Utilities	557.7	559.0	559.9	560.4	560.4	560.2	561.5	564.2
% Ch, Annual Rate	1.5	0.9	0.7	0.4	0.0	-0.2	0.9	2.0
Wholesale Trade	126.4	126.5	127.0	127.4	127.7	128.4	129.1	129.6
% Ch, Annual Rate	-1.3	0.3	1.7	1.3	1.1	2.1	2.2	1.5
Retail Trade	336.6	337.5	337.4	337.0	336.2	334.7	334.5	336.2
% Ch, Annual Rate	3.0	1.1	-0.1	-0.5	-0.9	-1.9	-0.2	2.0
Trans., Warehousing, and Utilities	94.7	95.0	95.5	96.0	96.5	97.1	97.9	98.5
% Ch, Annual Rate	0.1	1.1	2.1	2.4	1.8	2.7	3.1	2.7
Information	104.6	104.3	104.7	105.8	107.4	109.1	110.1	110.7
% Ch, Annual Rate	-1.2	-0.9	1.6	4.3	6.2	6.2	3.9	2.4
Software Publishers	53.8	54.1	54.7	55.3	56.0	56.8	57.6	58.4
% Ch, Annual Rate	1.2	2.7	4.1	4.5	5.3	5.7	5.8	5.8
Other Publishing Industries	8.8	8.7	8.6	8.6	8.6	8.5	8.5	8.5
% Ch, Annual Rate	-10.1	-5.7	-3.4	-2.0	-1.3	-0.9	-1.2	-1.6
Other Information	41.9	41.5	41.4	41.9	42.8	43.7	44.0	43.8
% Ch, Annual Rate	-2.3	-4.4	-0.6	5.4	8.9	8.4	2.4	-1.3
Financial Activities	151.3	151.7	152.3	152.9	153.2	153.1	153.5	154.3
% Ch, Annual Rate	0.4	0.9	1.6	1.7	0.7	-0.1	0.9	2.1
Professional and Business Services	347.8	352.1	357.3	362.9	368.5	374.6	379.9	384.7
% Ch, Annual Rate	2.7	5.0	6.1	6.4	6.3	6.8	5.8	5.2
Education and Health Services	377.8	381.0	383.5	385.4	388.2	390.6	392.7	394.3
% Ch, Annual Rate	3.3	3.4	2.7	1.9	3.0	2.4	2.3	1.6
Leisure and Hospitality	285.2	285.3	285.3	284.9	285.1	285.8	286.5	287.5
% Ch, Annual Rate	0.4	0.0	-0.0	-0.5	0.4	0.9	1.0	1.5
Other Services	110.7	110.8	110.8	110.9	110.8	110.6	110.5	110.3
% Ch, Annual Rate	0.8	0.3	0.1	0.2	-0.5	-0.5	-0.5	-0.6
Federal Government	71.3	70.9	69.7	70.0	69.8	69.8	69.8	69.9
% Ch, Annual Rate	8.3	-2.1	-6.9	1.6	-0.7	-0.2	0.1	0.2
State and Local Government	472.7	473.0	473.7	474.5	475.5	476.8	478.2	479.7
% Ch, Annual Rate	0.2	0.2	0.6	0.7	0.9	1.1	1.1	1.3

Table A3.1

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

Forecast 2008 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Personal Income	9,727.2	10,269.8	10,993.9	11,663.3	12,155.1	12,414.6	12,709.5	13,295.3
% Ch	6.2	5.6	7.1	6.1	4.2	2.1	2.4	4.6
Total Wage and Salary Disbursements	5,394.5	5,671.7	6,027.3	6,362.0	6,585.4	6,667.4	6,829.7	7,112.8
% Ch	5.5	5.1	6.3	5.6	3.5	1.2	2.4	4.1
Nonwage Personal Income	4,332.7	4,598.1	4,966.7	5,301.3	5,569.7	5,747.2	5,879.8	6,182.5
% Ch	7.0	6.1	8.0	6.7	5.1	3.2	2.3	5.1
Supplements to Wages and Salaries	1,276.9	1,354.1	1,405.3	1,456.6	1,506.4	1,560.0	1,627.1	1,693.2
% Ch	6.6	6.0	3.8	3.7	3.4	3.6	4.3	4.1
Proprietor's Income	911.7	959.8	1,014.7	1,056.3	1,075.4	1,101.2	1,145.2	1,193.9
% Ch	12.4	5.3	5.7	4.1	1.8	2.4	4.0	4.3
Farm	37.4	34.1	16.2	44.0	33.8	30.2	29.2	28.4
% Ch	27.8	-8.8	-52.6	172.6	-23.2	-10.7	-3.3	-2.8
Nonfarm	874.3	925.7	998.5	1,012.2	1,041.6	1,071.1	1,116.0	1,165.6
% Ch	11.8	5.9	7.9	1.4	2.9	2.8	4.2	4.4
Less: Contribution For Govt. Soc. Ins.	828.8	874.3	925.5	965.1	999.1	1,012.2	1,037.2	1,085.4
% Ch	6.4	5.5	5.9	4.3	3.5	1.3	2.5	4.7
Dividends/Int./Rent	1,550.5	1,637.7	1,869.1	2,040.2	2,121.8	2,101.9	2,089.7	2,219.0
% Ch	5.5	5.6	14.1	9.2	4.0	-0.9	-0.6	6.2
Transfer Payments	1,422.5	1,520.7	1,603.0	1,713.3	1,865.2	1,996.3	2,054.9	2,161.8
% Ch	5.3	6.9	5.4	6.9	8.9	7.0	2.9	5.2

Table A3.2

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

Forecast 2008 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	-84.8	-89.7	293.2	769.9	656.1	34.2	57.7	-2.5
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 2008 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	11,960.5	12,188.9	12,219.9	12,251.2	12,416.1	12,362.8	12,409.9	12,469.7
% Ch, Annual Rate	3.0	7.9	1.0	1.0	5.5	-1.7	1.5	1.9
Total Wage and Salary Disbursements	6,518.0	6,568.6	6,623.2	6,631.9	6,642.3	6,652.4	6,672.0	6,702.9
% Ch, Annual Rate	3.3	3.1	3.4	0.5	0.6	0.6	1.2	1.9
Nonwage Personal Income	5,442.5	5,620.3	5,596.7	5,619.3	5,773.8	5,710.3	5,737.9	5,766.9
% Ch, Annual Rate	2.7	13.7	-1.7	1.6	11.5	-4.3	1.9	2.0
Supplements to Wages and Salaries	1,491.7	1,503.1	1,512.3	1,518.3	1,539.1	1,552.2	1,567.7	1,580.9
% Ch, Annual Rate	4.5	3.1	2.5	1.6	5.6	3.4	4.1	3.4
Proprietor's Income	1,071.7	1,077.0	1,080.0	1,072.8	1,092.4	1,097.1	1,103.2	1,112.2
% Ch, Annual Rate	-0.8	2.0	1.1	-2.6	7.5	1.7	2.2	3.3
Farm	41.6	38.0	31.2	24.4	27.8	30.3	31.6	30.9
% Ch, Annual Rate	-39.1	-30.4	-54.6	-62.8	70.0	40.1	19.2	-8.5
Nonfarm	1,030.1	1,039.0	1,048.8	1,048.5	1,064.6	1,066.9	1,071.5	1,081.3
% Ch, Annual Rate	1.3	3.5	3.8	-0.1	6.3	0.9	1.8	3.7
Less: Contribution For Govt. Soc. Ins.	992.2	997.0	1,002.2	1,004.9	1,015.3	1,013.6	1,010.6	1,009.2
% Ch, Annual Rate	7.1	2.0	2.1	1.1	4.2	-0.7	-1.2	-0.5
Dividends/Int./Rent	2,093.2	2,110.9	2,134.9	2,148.2	2,131.1	2,110.8	2,089.7	2,075.9
% Ch, Annual Rate	-0.3	3.4	4.6	2.5	-3.2	-3.8	-3.9	-2.6
Transfer Payments	1,778.1	1,926.3	1,871.6	1,884.9	2,026.5	1,963.8	1,987.9	2,007.0
% Ch, Annual Rate	9.6	37.7	-10.9	2.9	33.6	-11.8	5.0	3.9

Table A3.2

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

Forecast 2008 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	12,546.1	12,645.3	12,762.7	12,883.8	13,046.6	13,204.5	13,376.9	13,553.0
% Ch, Annual Rate	2.5	3.2	3.8	3.8	5.2	4.9	5.3	5.4
Total Wage and Salary Disbursements	6,749.4	6,798.3	6,855.6	6,915.7	6,993.6	7,069.6	7,150.9	7,237.1
% Ch, Annual Rate	2.8	2.9	3.4	3.6	4.6	4.4	4.7	4.9
Nonwage Personal Income	5,796.8	5,847.0	5,907.2	5,968.1	6,053.0	6,134.9	6,226.0	6,315.9
% Ch, Annual Rate	2.1	3.5	4.2	4.2	5.8	5.5	6.1	5.9
Supplements to Wages and Salaries	1,603.6	1,618.7	1,637.2	1,648.8	1,668.5	1,683.9	1,701.8	1,718.7
% Ch, Annual Rate	5.9	3.8	4.6	2.9	4.9	3.7	4.3	4.0
Proprietor's Income	1,125.9	1,140.0	1,152.7	1,162.2	1,176.6	1,190.4	1,200.2	1,208.6
% Ch, Annual Rate	5.0	5.1	4.5	3.3	5.1	4.8	3.4	2.8
Farm	31.0	29.2	27.9	28.7	28.0	28.2	28.9	28.4
% Ch, Annual Rate	0.9	-21.7	-16.4	11.3	-9.3	2.8	10.9	-6.2
Nonfarm	1,094.9	1,110.8	1,124.8	1,133.5	1,148.6	1,162.2	1,171.3	1,180.2
% Ch, Annual Rate	5.1	5.9	5.1	3.1	5.4	4.8	3.2	3.1
Less: Contribution For Govt. Soc. Ins.	1,030.4	1,032.3	1,038.9	1,047.1	1,071.3	1,081.5	1,089.4	1,099.6
% Ch, Annual Rate	8.6	0.8	2.6	3.2	9.6	3.8	3.0	3.8
Dividends/Int./Rent	2,068.9	2,075.1	2,092.5	2,122.4	2,151.3	2,192.5	2,241.9	2,290.1
% Ch, Annual Rate	-1.4	1.2	3.4	5.8	5.6	7.9	9.3	8.9
Transfer Payments	2,028.8	2,045.5	2,063.7	2,081.8	2,127.9	2,149.6	2,171.5	2,198.2
% Ch, Annual Rate	4.4	3.4	3.6	3.6	9.2	4.1	4.1	5.0

Table A3.3
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2008 to 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Personal Income	218.432	226.577	245.930	265.609	276.189	284.514	293.783	308.750
% Ch	7.6	3.7	8.5	8.0	4.0	3.0	3.3	5.1
Total Wage and Salary Disbursements	119.217	125.934	136.359	146.890	151.806	155.060	160.468	168.378
% Ch	4.5	5.6	8.3	7.7	3.3	2.1	3.5	4.9
Manufacturing	13.903	15.158	16.859	17.745	17.915	17.848	17.896	18.754
% Ch	2.2	9.0	11.2	5.3	1.0	-0.4	0.3	4.8
Durable Manufacturing	10.410	11.551	13.096	13.815	14.031	14.065	14.111	14.824
% Ch	3.0	11.0	13.4	5.5	1.6	0.2	0.3	5.1
Nondurable Manufacturing	3.493	3.607	3.763	3.930	3.884	3.783	3.785	3.930
% Ch	-0.1	3.3	4.3	4.4	-1.2	-2.6	0.0	3.8
Nonmanufacturing	100.184	105.062	113.568	123.110	127.553	130.632	135.818	142.669
% Ch	4.8	4.9	8.1	8.4	3.6	2.4	4.0	5.0
Other Private Wages	1.183	1.236	1.336	1.369	1.363	1.390	1.437	1.513
% Ch	4.7	4.5	8.1	2.4	-0.4	2.0	3.4	5.3
Farm Wages	0.985	1.154	1.094	1.047	1.081	1.078	1.101	1.131
% Ch	3.8	17.3	-5.2	-4.3	3.2	-0.2	2.1	2.7
Military Wages	2.963	3.323	3.502	3.619	3.895	4.112	4.216	4.311
% Ch	6.1	12.2	5.4	3.4	7.6	5.6	2.5	2.3
Nonwage Personal Income	99.215	100.643	109.571	118.718	124.383	129.454	133.314	140.372
% Ch	11.7	1.4	8.9	8.3	4.8	4.1	3.0	5.3
Supplements to Wages and Salaries	29.208	31.142	32.816	34.434	35.817	37.313	39.240	41.096
% Ch	8.8	6.6	5.4	4.9	4.0	4.2	5.2	4.7
Proprietor's Income	17.812	18.071	19.505	20.561	20.738	21.499	22.565	23.637
% Ch	8.9	1.5	7.9	5.4	0.9	3.7	5.0	4.7
Farm	0.540	0.229	0.126	0.492	0.342	0.447	0.513	0.543
% Ch	-25.8	-57.6	-44.9	289.5	-30.4	30.5	14.8	5.7
Nonfarm	17.271	17.842	19.379	20.069	20.396	21.051	22.052	23.094
% Ch	10.5	3.3	8.6	3.6	1.6	3.2	4.8	4.7
Less: Contribution For Govt. Soc. Ins.	20.290	21.503	23.086	24.363	25.323	25.777	26.572	27.906
% Ch	7.1	6.0	7.4	5.5	3.9	1.8	3.1	5.0
Plus: Residence Adjustment	2.436	2.530	2.833	2.920	3.011	2.935	3.002	3.191
% Ch	1.4	3.9	11.9	3.1	3.1	-2.5	2.3	6.3
Dividends/Int./Rent	41.866	40.788	45.785	51.450	53.849	53.534	53.500	56.779
% Ch	22.2	-2.6	12.3	12.4	4.7	-0.6	-0.1	6.1
Transfer Payments	28.183	29.615	31.719	33.717	36.290	39.950	41.580	43.577
% Ch	0.9	5.1	7.1	6.3	7.6	10.1	4.1	4.8
State U.I. Benefits	1.183	0.782	0.734	0.739	1.220	2.746	2.813	2.098
% Ch	-47.1	-33.9	-6.3	0.7	65.1	125.2	2.4	-25.4
Other Transfers	27.000	28.832	30.985	32.978	35.070	37.204	38.768	41.480
% Ch	5.1	6.8	7.5	6.4	6.3	6.1	4.2	7.0

Table A3.4
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2008 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	262.293	268.846	272.653
% 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	144.653	148.736	151.193
% Ch, Annual Rate	14.7	-0.2	7.2	11.0	8.1	4.8	11.8	6.8
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	120.968	124.950	126.835
% Ch, Annual Rate	12.3	0.1	10.4	9.5	9.7	4.3	13.8	6.2
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	117.640	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	20.759	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	#####	28,647.3	707.5	4,077.9	415.3	-6.E+01	673.3	-41.2
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	33.431	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 2008 to 2011

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	273.972	274.874	277.997	277.912	283.498	282.315	285.838	286.407
% Ch, Annual Rate	1.9	1.3	4.6	-0.1	8.3	-1.7	5.1	0.8
Total Wage and Salary Disbursements	151.816	149.985	153.128	152.294	154.234	153.740	156.326	155.941
% Ch, Annual Rate	1.7	-4.7	8.6	-2.2	5.2	-1.3	6.9	-1.0
Manufacturing	18.419	17.770	17.488	17.983	17.953	17.834	17.827	17.778
% Ch, Annual Rate	4.5	-13.4	-6.2	11.8	-0.7	-2.6	-0.2	-1.1
Durable Manufacturing	14.427	13.925	13.638	14.134	14.123	14.051	14.062	14.021
% Ch, Annual Rate	6.7	-13.2	-8.0	15.3	-0.3	-2.0	0.3	-1.2
Nondurable Manufacturing	3.992	3.845	3.849	3.850	3.830	3.783	3.765	3.756
% Ch, Annual Rate	-3.1	-14.0	0.5	0.0	-2.1	-4.8	-1.9	-0.9
Nonmanufacturing	127.124	125.932	129.229	127.927	129.736	129.339	131.899	131.555
% Ch, Annual Rate	0.9	-3.7	10.9	-4.0	5.8	-1.2	8.2	-1.0
Other Private Wages	1.387	1.347	1.356	1.361	1.382	1.382	1.392	1.402
% Ch, Annual Rate	7.2	-11.1	2.9	1.3	6.5	-0.1	2.9	3.0
Farm Wages	1.069	1.078	1.094	1.081	1.077	1.075	1.078	1.083
% Ch, Annual Rate	4.2	3.4	6.1	-4.7	-1.4	-0.6	1.1	1.6
Military Wages	3.817	3.859	3.961	3.942	4.085	4.110	4.129	4.124
% Ch, Annual Rate	11.0	4.5	11.0	-1.9	15.3	2.4	1.9	-0.5
Nonwage Personal Income	122.156	124.889	124.869	125.618	129.264	128.575	129.512	130.466
% Ch, Annual Rate	2.3	9.3	-0.1	2.4	12.1	-2.1	2.9	3.0
Supplements to Wages and Salaries	35.564	35.688	35.930	36.086	36.687	37.084	37.558	37.924
% Ch, Annual Rate	3.3	1.4	2.7	1.7	6.8	4.4	5.2	4.0
Proprietor's Income	20.604	20.653	20.910	20.786	21.254	21.389	21.559	21.792
% Ch, Annual Rate	-4.0	1.0	5.1	-2.3	9.3	2.6	3.2	4.4
Farm	0.375	0.358	0.335	0.302	0.378	0.437	0.479	0.493
% Ch, Annual Rate	-76.0	-16.9	-23.7	-33.4	145.7	78.3	43.9	12.5
Nonfarm	20.229	20.295	20.575	20.484	20.875	20.952	21.080	21.299
% Ch, Annual Rate	-1.0	1.3	5.6	-1.8	7.9	1.5	2.5	4.2
Less: Contribution For Govt. Soc. Ins.	25.208	25.236	25.383	25.463	25.778	25.785	25.778	25.768
% Ch, Annual Rate	5.6	0.4	2.4	1.3	5.0	0.1	-0.1	-0.2
Plus: Residence Adjustment	3.000	3.020	3.037	2.986	2.955	2.930	2.925	2.931
% Ch, Annual Rate	7.0	2.7	2.3	-6.5	-4.1	-3.3	-0.8	0.8
Dividends/Int./Rent	53.211	53.453	54.283	54.450	54.119	53.711	53.283	53.025
% Ch, Annual Rate	0.9	1.8	6.4	1.2	-2.4	-3.0	-3.2	-1.9
Transfer Payments	34.985	37.311	36.092	36.773	40.028	39.245	39.965	40.562
% Ch, Annual Rate	9.5	29.4	-12.4	7.8	40.4	-7.6	7.5	6.1
State U.I. Benefits	0.916	1.032	1.326	1.605	2.117	2.763	2.969	3.136
% Ch, Annual Rate	67.6	61.1	172.6	114.5	202.9	190.3	33.3	24.6
Other Transfers	34.069	36.279	34.766	35.168	37.911	36.482	36.996	37.426
% Ch, Annual Rate	8.3	28.6	-15.7	4.7	35.0	-14.2	5.8	4.7

Table A3.4
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2008 to 2011

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	289.821	291.274	296.328	297.706	303.015	305.666	312.474	313.846
% Ch, Annual Rate	4.9	2.0	7.1	1.9	7.3	3.5	9.2	1.8
Total Wage and Salary Disbursements	158.472	158.700	162.359	162.342	165.620	166.394	171.136	170.362
% Ch, Annual Rate	6.7	0.6	9.5	-0.0	8.3	1.9	11.9	-1.8
Manufacturing	17.761	17.778	17.913	18.129	18.361	18.622	18.886	19.145
% Ch, Annual Rate	-0.4	0.4	3.1	4.9	5.2	5.8	5.8	5.6
Durable Manufacturing	13.995	14.007	14.134	14.307	14.499	14.716	14.934	15.147
% Ch, Annual Rate	-0.8	0.3	3.7	5.0	5.5	6.1	6.1	5.8
Nondurable Manufacturing	3.766	3.772	3.779	3.822	3.862	3.906	3.952	3.998
% Ch, Annual Rate	1.0	0.6	0.8	4.6	4.2	4.7	4.8	4.7
Nonmanufacturing	133.976	134.177	137.687	137.435	140.345	140.836	145.281	144.215
% Ch, Annual Rate	7.6	0.6	10.9	-0.7	8.7	1.4	13.2	-2.9
Other Private Wages	1.415	1.429	1.444	1.461	1.483	1.502	1.523	1.544
% Ch, Annual Rate	3.6	4.0	4.5	4.7	6.0	5.5	5.6	5.6
Farm Wages	1.090	1.097	1.105	1.113	1.121	1.128	1.134	1.141
% Ch, Annual Rate	2.7	2.5	3.0	3.0	2.9	2.5	2.3	2.3
Military Wages	4.231	4.220	4.209	4.204	4.311	4.306	4.311	4.317
% Ch, Annual Rate	10.7	-1.0	-1.0	-0.5	10.6	-0.5	0.5	0.5
Nonwage Personal Income	131.350	132.574	133.970	135.364	137.395	139.272	141.338	143.485
% Ch, Annual Rate	2.7	3.8	4.3	4.2	6.1	5.6	6.1	6.2
Supplements to Wages and Salaries	38.578	38.993	39.503	39.885	40.451	40.876	41.327	41.728
% Ch, Annual Rate	7.1	4.4	5.3	3.9	5.8	4.3	4.5	3.9
Proprietor's Income	22.117	22.452	22.745	22.948	23.269	23.569	23.767	23.942
% Ch, Annual Rate	6.1	6.2	5.3	3.6	5.7	5.3	3.4	3.0
Farm	0.513	0.508	0.507	0.526	0.528	0.538	0.552	0.553
% Ch, Annual Rate	16.7	-3.8	-0.9	16.3	1.2	7.8	11.5	0.2
Nonfarm	21.604	21.944	22.238	22.422	22.742	23.031	23.214	23.389
% Ch, Annual Rate	5.9	6.4	5.5	3.3	5.8	5.2	3.2	3.0
Less: Contribution For Govt. Soc. Ins.	26.350	26.426	26.627	26.887	27.537	27.816	28.017	28.257
% Ch, Annual Rate	9.3	1.2	3.1	4.0	10.0	4.1	2.9	3.5
Plus: Residence Adjustment	2.951	2.978	3.016	3.061	3.110	3.162	3.216	3.275
% Ch, Annual Rate	2.8	3.7	5.2	6.0	6.6	6.8	7.1	7.4
Dividends/Int./Rent	52.923	53.128	53.595	54.354	55.093	56.122	57.349	58.551
% Ch, Annual Rate	-0.8	1.6	3.6	5.8	5.6	7.7	9.0	8.7
Transfer Payments	41.131	41.449	41.737	42.004	43.008	43.358	43.696	44.246
% Ch, Annual Rate	5.7	3.1	2.8	2.6	9.9	3.3	3.2	5.1
State U.I. Benefits	3.176	2.972	2.697	2.407	2.423	2.186	1.926	1.856
% Ch, Annual Rate	5.1	-23.3	-32.2	-36.6	2.6	-33.7	-39.7	-13.7
Other Transfers	37.955	38.477	39.041	39.597	40.586	41.172	41.770	42.390
% Ch, Annual Rate	5.8	5.6	6.0	5.8	10.4	5.9	5.9	6.1

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
Forecast						
2008	1.217	3.4	2.155	3.9	2.244	4.1
2009	1.216	-0.1	2.136	-0.9	2.234	-0.5
2010	1.238	1.9	2.187	2.4	2.299	2.9
2011	1.268	2.4	2.252	3.0	2.365	2.9

* 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
Forecast								
2008	128.882	3.3	126.044	5.3	245.620	27.7	217.693	17.9
2009	131.665	2.2	127.461	1.1	170.843	-30.4	150.564	-30.8
2010	134.476	2.1	128.642	0.9	186.553	9.2	175.808	16.8
2011	137.604	2.3	131.598	2.3	207.462	11.2	201.090	14.4

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
Forecast						
2008	6587.6	99.6	1.5	89.3	47.5	57.8
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)

	Actual			Forecast		
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
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

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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.