

The background of the cover is a photograph of the Washington State Capitol building. The building is a large, classical-style structure with a prominent central dome and a portico supported by several columns. The scene is framed by the branches of cherry blossom trees in full bloom, with white and light pink flowers scattered across the image. The sky is a clear, pale blue.

# **Washington State Economic and Revenue Forecast**

February 2012  
Volume XXXV, No. 1



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# **Washington State Economic and Revenue Forecast**

Prepared by the  
Economic and Revenue Forecast Council

February 2012  
Volume XXXV, No. 1

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# Preface

## **ERFC forecasting structure and schedule**

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

## **Forecast Procedure**

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

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## Executive Summary

- **The U.S. economy has performed in line with our last forecast in November, although with somewhat higher growth in employment than anticipated. Despite the relatively small change in the economic forecast, the high level of downside uncertainty in the baseline remains the same as before.**
- **Factors outside the state are a large part of the high downside risk. The biggest threat to the U.S. and Washington economies remains the sovereign debt crisis in Europe. If the sovereign debt crisis leads to a financial crisis, the U.S. economy is likely to enter a new recession as well.**
- **Consumer spending has shown some signs of life, with fourth quarter 2011 consumption more than 4% above the same period in 2010. However, slow income growth and high unemployment raise questions about the sustainability of consumer spending growth going forward.**
- **Housing remains weak, although the worst is now behind us. Housing starts fell in December, to the second-highest monthly reading since April 2010. More importantly for the future, however, housing permits are improving. Single-family permits climbed to their highest level in 12 months, and a clear upward trend is discernable for multi-family permits.**
- **Like the national economy, the Washington economy has performed about as expected in the November forecast. As expected, the recovery has continued but at a moderate rate.**
- **The outlook for the state's aerospace and software sectors remains positive, however, the employment recovery has been weighed down by public sector job cuts and a construction sector that is not yet contributing to growth.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$96 million more than forecasted in November.**
- **The initial General Fund-State revenue forecast for the 2013-15 biennium is 7.1% higher than the forecast for the 2011-13 biennium.**
- **The downside risks to the outlook remain high and exceed the upside risks by a wide margin.**

## U.S. Economic Forecast

*There have been no major surprises...*

The U.S. economy has performed in line with with our last forecast in November, although with somewhat higher growth in employment than anticipated. Despite the relatively small change in the economic forecast, the high level of downside

*...since  
November*

uncertainty in the baseline remains the same as before. Factors outside the state are a large part of the high downside risk. The biggest threat to the U.S. and Washington economies remains the sovereign debt crisis in Europe. Although recent news suggests an agreement for a second bailout of Greece, questions remain regarding the finances of several Eurozone countries. Recently six European countries had their debt ratings downgraded, with two more receiving negative outlooks. It is likely that Europe will enter another recession or is already in one. If the sovereign debt crisis leads to a financial crisis, the U.S. economy is likely to enter a new recession as well.

*Job growth  
has been  
slow*

Real GDP is now back to its pre-recession peak, but it is being produced with 5.9 million fewer jobs. Growth in jobs has been excruciatingly slow in this recovery, although job growth in December and January was reasonably strong. Cutbacks in the public sector continue to weigh down the employment recovery with cuts of 14,000 across all levels of government in January. The private sector added 257,000 jobs in January, well above the average monthly increase of 174,000 for 2011. While this rate of job creation would be respectable in normal times, it is still too weak to lower the unemployment rate to pre-recession levels any time soon..

*The Blue  
Chip outlook  
is close to  
November  
estimates*

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.2% in 2012 and 2.6% in 2013. This is very close to the 2.1% for 2012 and 2.8% in 2013 expected in the November forecast. The similarity in forecasts tells us we can expect a continuation of the slow growth and high unemployment scenario anticipated in November.

## **Washington Economic Forecast**

*Washington's  
economy has  
performed as  
expected*

In the three months since the November forecast, events have unfolded as expected in the baseline scenario, although downside risks remain high. There have been no major developments since November that have altered the outlook significantly. The single greatest risk to continued growth in Washington remains the European sovereign debt crisis followed by political gridlock in the other Washington. Mideast tensions are once again threatening to raise oil prices and growth in Asia is slowing dramatically. If we can avoid the fallout from these pitfalls, we can expect a modest recovery to continue with Washington narrowly outperforming the U.S. in growth. The key for the U.S. and consequently Washington economies is whether the European policy authorities can be successful in containing a sovereign debt crisis in southern Europe from turning into a full-blown European banking crisis. The former would do some damage, but the latter would be devastating. It appears that we are at best in for an extended period of muddle-through – slow

economic and job growth, high unemployment, and weak confidence.

*Job growth has been a little better than expected*

Employment growth in the state has been moderate, although above what was expected in November. Private sector job gains continue to be partly offset by government job losses. We estimate that the Washington economy gained 12,100 jobs in the past three months, compared to our expectation of a 6,200 job gain. The loss of 2,900 government jobs the past three months, half coming in state and local education, continued to weigh down overall job recovery. The private sector gained 14,900 jobs in November through January. Manufacturing employment increased 4,900 in the past three months and continues to lead the recovery due mainly to strong aerospace manufacturing growth. Construction employment appears to have reached a trough in January 2011, but growth has averaged just 100 jobs per month since then. Private service-providing industries were up 9,900 jobs in November through January. The increase was led by professional and business services, which increased 3,100 jobs, and leisure and hospitality, up 2,500 jobs. Despite the recent increases, this expansion has been characterized by the slowest jobs recovery in recent memory. The 81,700 jobs gained since the trough in February 2010, still only makes up less than 40% of the 208,900 jobs lost during the recession.

*Multi-family housing construction is improving but the single-family segment continues to languish*

With excess inventory and depressed home prices, single-family housing continues to languish. Total housing permits came in at 21,400 units (SAAR) in the fourth quarter of 2011 which was slightly better than the 19,400 we had expected but down from recent high of 25,900 units in the second quarter. As expected, multi-family permits continued to trend upward in the fourth quarter to 7,600 units from 7,000 units in the third quarter. Single-family permits edged up from 13,300 units in the third quarter to a still weak 13,800 units in the fourth quarter. Single-family permits have been trending down since the expiration of the temporary homebuyer tax credits. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The near-term outlook for single-family construction is flat to negative.

*Washington State will recover faster than the U.S.*

We expect job growth to gradually improve throughout the forecast. Boeing and Microsoft are expanding and the state's export sector is also doing well. Construction employment is bottoming out so that sector will cease to be a drag on growth going forward. However, state and local governments will continue to cut back. These factors will keep the unemployment rate elevated throughout the forecast horizon of 2015. We do not expect the unemployment rate to drop below 8.0% until middle of 2014 and only come down gradually to 7.3% by the fourth quarter of 2015. We continue to expect that the state of Washington will outperform the U.S. economy in both

employment and personal income growth, although the outlook for both remains weak.

## Revenue Forecast

*The state economic forecast has changed little since November; the revenue forecast change is similarly small*

As outlined in Chapters 1 and 2, there was little overall change in the national and state economic forecasts from November 2011 to February 2012. Revenue collections have come in just above their forecasted values. As a result, forecasted revenue for the current biennium has been changed only slightly, an increase of less than 1%. As in November, however, there remain considerable downside risks to the forecast. The European debt crisis is not yet solved, and Iran has threatened to block oil exports from passage through the Strait of Hormuz. The fragile recovery could be derailed by trouble on either of these fronts, with negative repercussions for revenue.

*The GF-S forecast for the 2011-13 biennium has been increased by \$96 million*

New legislation from the December 2011 emergency legislative session and two other smaller non-economic factors added \$63.5 million in revenue to the current biennium. A positive variance in collections coupled with a small increase in forecasted revenue due to economic factors increased the forecast by \$32.2 million. The resulting total forecast change for GF-S revenue in the current biennium is an increase of \$95.7 million. The February 2012 forecast also includes the initial forecast of GF-S revenue for the 2013-15 biennium. GF-S revenue for the 2013-15 biennium is forecasted to total \$32,428.3 million, an increase of 7.1% from the forecasted revenue of the current biennium.

*Forecasted 2013-15 revenue is \$32.4 billion*



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

- **The U.S. economy has performed in line with our last forecast in November, although with somewhat higher growth in employment than anticipated. Despite the relatively small change in the economic forecast, the high level of downside uncertainty in the baseline remains the same as before.**
- **Factors outside the state are a large part of the high downside risk. The biggest threat to the U.S. and Washington economies remains the sovereign debt crisis in Europe. If the sovereign debt crisis leads to a financial crisis, the U.S. economy is likely to enter a new recession as well.**
- **Slowing Asian economies, political gridlock in Washington D.C., and threats to world oil supplies also pose risks to U.S. economic recovery.**
- **Real GDP is now above its pre-recession peak, but it is being produced with 5.9 million fewer jobs. Growth in jobs has been excruciatingly slow in this recovery.**
- **Consumer attitudes have improved slightly since plunging during the summer to levels not seen since the worst of the recession in late 2008 and early 2009, but consumer confidence remains deep in recessionary territory.**
- **Consumer spending has shown some signs of life, with fourth quarter 2011 consumption more than 4% above the same period in 2010. However, slow income growth and high unemployment raise questions about the sustainability of consumer spending growth going forward.**
- **Housing remains weak, although the worst is now behind us. Housing starts fell in December, to the second-highest monthly reading since April 2010. More importantly for the future, however, housing permits are improving. Single-family permits climbed to their highest level in 12 months, and a clear upward trend is discernable for multi-family permits.**
- **The downside risks to the outlook remain high and exceed the upside risks by a wide margin.**

### Current Conditions

*There have been no major surprises since November*

The U.S. economy has performed in line with our last forecast in November, although with somewhat higher growth in employment than anticipated. Despite the relatively small change in the economic forecast, the high level of downside uncertainty in the baseline remains the same as before. Factors outside the state are a large part of the high downside risk. The biggest threat to the U.S. and Washington economies remains

the sovereign debt crisis in Europe. Although recent news suggests an agreement for a second bailout of Greece, questions remain regarding the finances of several Eurozone countries. Recently six European countries had their debt ratings downgraded, with two more receiving negative outlooks. It is likely that Europe will enter another recession or is already in one. If the sovereign debt crisis leads to a financial crisis, the U.S. economy is likely to enter a new recession as well.

*The payroll tax cut extension occurred after the release of the forecast*

The extension of the payroll tax cut and emergency unemployment benefits was passed by both houses of Congress on February 17. Because this forecast was approved on February 16, it does not reflect this Congressional action. This means that one of the upside risks to the forecast was realized almost immediately. As a result, both U.S. and Washington personal income are likely to be somewhat higher than in our forecast. While the extension of the payroll tax cut and emergency unemployment benefits does reflect a bipartisan effort to address economic issues, political gridlock in the nation's capital has shown few other signs of improvement. What is certain is that for the next year at least, the path of fiscal policy is very uncertain.

*Monetary policy will remain accommodative*

In contrast to uncertainty regarding fiscal policy, the stance of monetary policy has been clear and consistent. At their meeting on January 24-25, the Federal Open Market Committee reiterated yet again its intention to continue its easy money policy through late 2014. However, it looks increasingly as if the economy is caught in a classic "Liquidity Trap" where monetary policy playing a lone hand has lost its effectiveness. In such conditions, for macroeconomic policy to be effective, both monetary and fiscal policies need to be working in tandem. That does not appear likely right now.

*The fourth quarter GDP release was positive but may not be sustainable*

Our February economic and revenue forecast incorporates the GDP release for the fourth quarter of 2011. The seasonally adjusted 2.8% annualized growth rate is the best performance since mid-2010. Real consumer spending grew 2.0% in the fourth quarter. Still, the sustainability is questionable since real final sales increased at just a 0.8% rate. Most of the growth in GDP for the quarter came from inventories which contributed 1.9 percentage points to the total 2.8% rate.

*The European debt crisis and slower growth in Asia are threats to the recovery*

There are several threats to the continued economic recovery. Although it appears that an agreement has been reached to provide Greece with the funds needed to avoid a March default, the European sovereign debt situation remains critical. On February 13, Moody's Investors Services downgraded the bond outlook or bond rating for nine European countries (Austria, France, Italy, Malta, Portugal, Slovakia, Slovenia, Spain, and the United Kingdom). This suggests that European debt issues will remain even if the problems in Greece are addressed. Apart



from potentially causing financial markets to seize up, the European sovereign debt problems threaten U.S. exports in three ways - by weakening European growth, by strengthening the dollar via a "flight to safety" and by negatively affecting Asian economies.

*But, there is some upside potential as well*

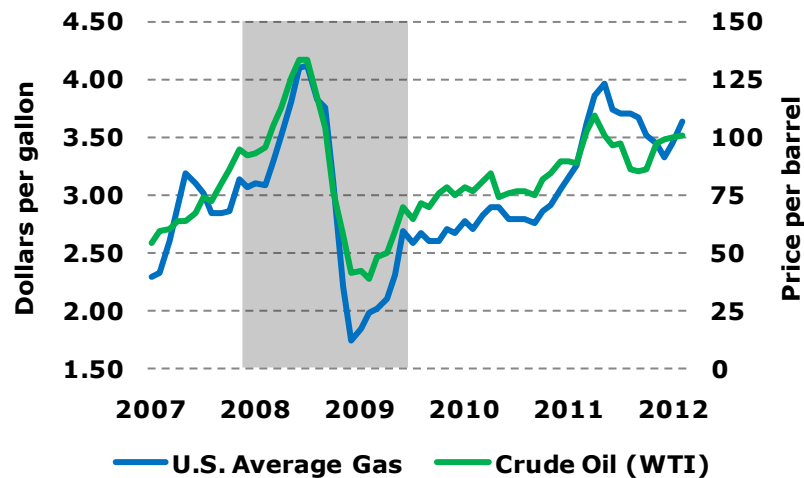
While downside risks to the recovery predominate, there are some upside risks as well. The January employment data showed an increase of 243,000 jobs and a reduction in the unemployment rate from 8.5% to 8.3%, well above expectations. This comes on the heels of a gain of 200,000 jobs in December. Growth in business spending on equipment and software remains strong as businesses address replacement needs neglected during the recession. Exports are also contributing to growth. The U.S. dollar remains relatively weak which helps U.S. products be more competitive in world markets.

*Headline inflation slows, while core inflation is up slightly*

After peaking at over \$110 per barrel in late April and early May, oil prices fell below \$90 per barrel for West Texas Intermediate before creeping back up just over \$100 in January. Gasoline prices have also retreated from just over \$4 per gallon to \$3.58 in mid-February but still remain 12% higher than a year ago (see

**Figure 1.1: U.S. Average Gas and Crude Oil Prices**

*Uncertainty in oil producing countries is likely to increase gas price volatility*



Source: U.S. Dept of Energy; data through February 2012 estimated

Figure 1.1). Uncertainty regarding Iran's response to economic sanctions as well as political turmoil in several oil-producing countries is likely to keep oil and gasoline prices volatile for the near future. While still rising, food and energy price increases have slowed somewhat, resulting in slightly lower headline inflation. The consumer price index (CPI) was up 2.9% in January from a year ago, the first time that year-over-year prices have increased by less than 3% since April 2011. Core

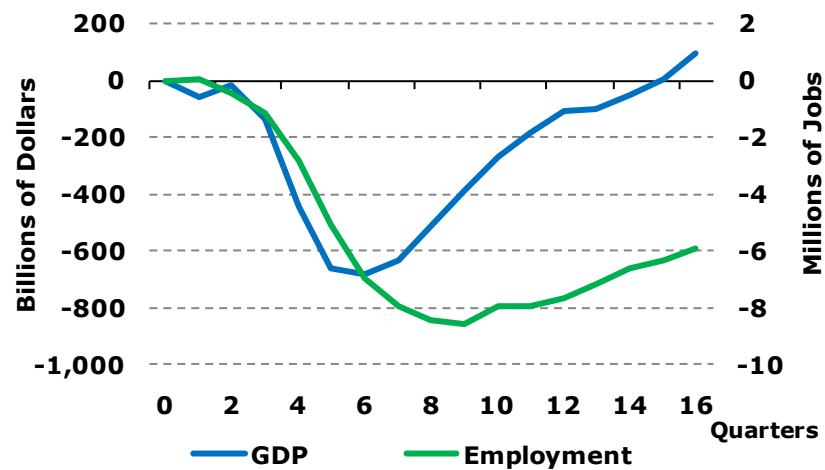
inflation, which excludes food and energy, rose 2.3% in January over the year, compared to a 2.2% for November and December.

*Job growth has been slow*

Real GDP is now back to its pre-recession peak, but it is being produced with 5.9 million fewer jobs (see Figure 1.2). Growth in jobs has been excruciatingly slow in this recovery, although job growth in December and January was reasonably strong. Cutbacks in the public sector continue to weigh down the employment recovery with cuts of 14,000 across all levels of government in January. The private sector added 257,000 jobs in January, well above the average monthly increase of 174,000 for 2011. While this rate of job creation would be respectable in normal times, it is still too weak to lower the unemployment rate to pre-recession levels any time soon.

**Figure 1.2: Real GDP and Payroll Employment**

*Real GDP is back to its pre-recession peak but employment is still 5.9 million lower*



Source: U.S. Bureau of Economic Analysis; data through 2011 Q4

*The unemployment rate has declined but remains high*

January's better than expected payroll employment growth resulted in the unemployment rate declining from 8.5% to 8.3%. The decline in the unemployment rate came from household employment growth outpacing labor-force growth, not from people dropping out of the job market. Household survey employment has outpaced payroll survey employment growth for five of the last six months, suggesting that the job market may be a bit stronger than the payroll survey implies. Still, joblessness remains high with nearly 12.8 million people unemployed by the traditional measure. The most comprehensive measure of underemployment, which includes workers who would like a job but are not currently looking plus those working part-time that would rather work full-time, fell from 15.2% in December to 15.1% in January even with an increase in the number of people working part time for economic reasons. The number of seasonally adjusted new unemployment insurance claims for the week ending February 18 was

unchanged at 351,000.. The four-week moving average, a more stable measure, decreased 7,000 to 359,000.

*It appears that consumers are starting to make up for postponed shopping*

Consumer spending growth was 2.0% in the fourth quarter of 2011, up from 1.7% in the third quarter and just 0.7% growth in the second quarter. Despite the restraining impacts of high unemployment, rising food and energy prices, and low consumer sentiment, it appears that consumers are starting to make up for postponed shopping. Holiday sales in 2011 were up 4.1%, with retailers using price discounting to generate traffic and sales. January retail sales grew at the fastest pace since October, with general merchandise, department, gasoline, and grocery sales posting strong gains. Light-vehicle sales rose to a seasonally adjusted 14.2-million units (SAAR) in January from 13.6 million in December.

*Disposable income rose in December after shrinking in November*

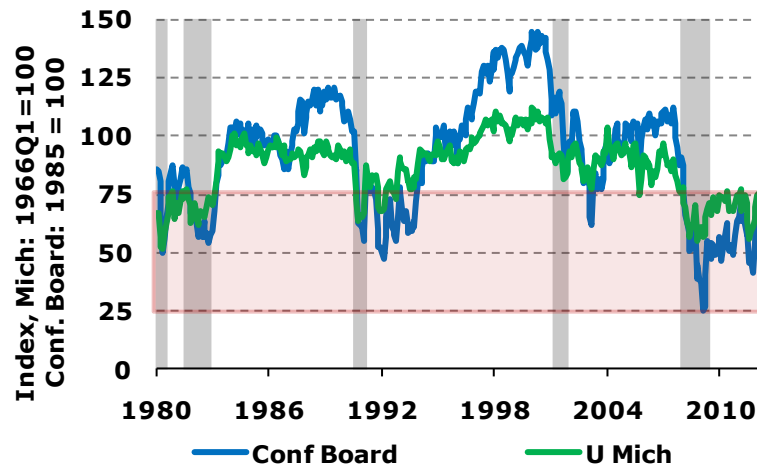
Rising personal income is a key for personal consumption expenditures to continue to improve. Disposable personal income (income after taxes) was up at an annualized rate of 1.6% in December, following a 0.1% decline in November. Wage and salary disbursements and government transfers (mostly Social Security) followed a similar pattern but interest income declined in each of the last five months of 2011.

*Consumer confidence remains weak*

Consumer attitudes improved in February after showing mixed results the month before. The Conference Board's consumer confidence index increased to 70.8 from its January level of 61.5 and the University of Michigan consumer sentiment index increased to 75.3 from its January reading of 75.0. Although the less volatile three month moving average has been rising for both measures recently, consumer confidence remains deep in recessionary territory (see Figure 1.3). The weak job market

**Figure 1.3: Consumer Confidence and Sentiment**

*Consumer confidence remains in recessionary territory*



Source: University of Michigan; Conference Board, data through February 2012

and the continued decline in house prices undoubtedly contribute to the pessimism. Other factors serving to undermine consumer confidence include rising gas prices, stock market volatility, and political gridlock in Washington D.C.

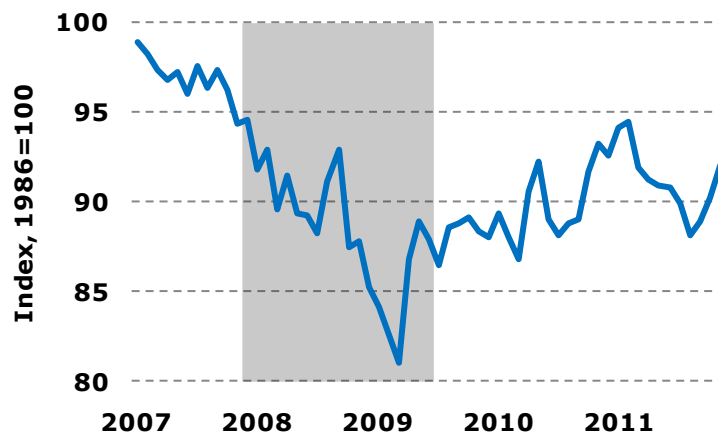
*Lending standards have not changed substantially since late 2011*

Credit market conditions have improved since the meltdown that followed the collapse of Lehman Brothers in September 2008. The Federal Reserve Board's January survey of senior loan officers shows fairly small changes in loan standards compared to the October survey. In January, standards for commercial real estate loans eased slightly for the fourth straight quarter. Prior to April, standards had tightened in every quarterly survey since the fourth quarter of 2005. Demand for commercial real estate loans continues to increase as well. After an extended period of easing standards for commercial and industrial (C&I) loans, the January survey of loan officers showed a small net tightening along with an uptick in demand for C&I loans. At the household level, standards for residential mortgage loans eased slightly for prime mortgages (i.e., traditional mortgages to borrowers with high credit standards) but became tighter for non-traditional mortgages such as "Alt-A" products with limited income verification. The banks also report a loosening of standards for credit card, auto, and other consumer loans.

*Small businesses expect below-normal growth*

The National Federation of Independent Business (NFIB) small business optimism index was at 93.9 in January after five straight months of increased readings. While this is certainly a positive trend, it represents regaining lost ground. The January 2011 index was at 94.1, but business pessimism dropped the measure to a low of 88.1 in August 2011 before it turned back up. The recent positive trend must also be viewed in context –

**Figure 1.4 Small Business Optimism**



Source: National Federation of Independent Business; data through January 2012

the January index is just below its December 2007 value as the economy headed into recession (see Figure 1.4). Therefore, the index likely reflects a small business expectation of continued below-normal growth.

*The global economic expansion is at risk of stalling*

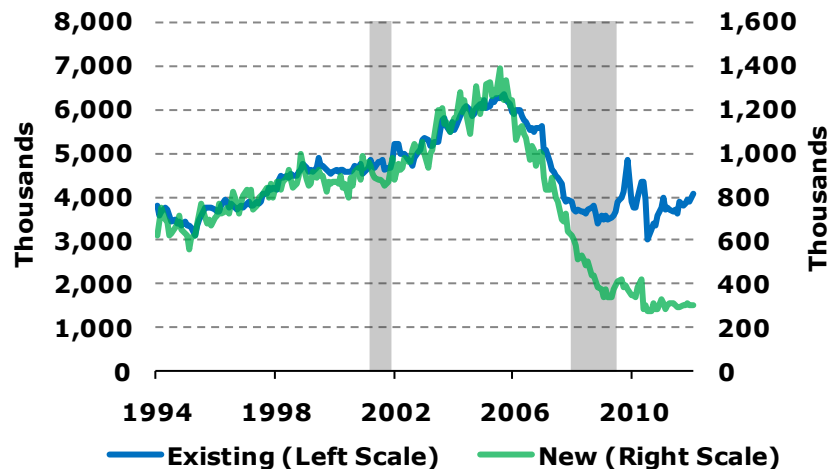
In January, the International Monetary Fund revised its forecast of 2012 global economic growth to 3.25%, down from its September forecast of nearly 4%. The change is largely due to an expected euro area recession attributable to higher sovereign bond yields, bank deleveraging to meet higher capital requirements, and fiscal austerity measures. Emerging and developing economies are also expected to slow. At the worst, the European sovereign debt crisis could lead to another credit meltdown that would affect the global economy, including the United States. We expect the dollar to drift slightly lower starting later this year but a worsening of the European debt crisis could drive the dollar higher via a "flight to safety." This would reduce the competitiveness of U.S. produced goods and services around the world, resulting in a negative impact on exports.

*Housing remains depressed, especially in the single-family market*

Continuing a trend started in 2008, new home sales, single-family housing starts, and single-family permits in 2011 were well below the levels recorded prior to the financial crisis and recession. For example, 2011 housing starts were 39% of the average value for 1959 through 2007. Housing starts fell by 28,000 in December to 657,000 (SA). Single-family housing starts rose by 20,000 to 470,000, their best showing since early 2010. Multi-family starts, in contrast, were down by 48,000 in

**Figure 1.5: New and Existing Home Sales, SAAR**

*Single-family housing is stuck at the bottom but multi-family is recovering*



Source: Bureau of the Census, NAR; data through January 2012

the month but are up 78% over the year. While multi-family construction is still low by historical standards, it is recovering as

vacancy rates have fallen and rents have risen. Despite the increase in December, single-family starts show no sign of an upturn as new construction is in competition with foreclosures. Existing homes sales of 4.3 million units were 1.7% higher in 2011 over 2010 but the trend has flattened as the seasonally adjusted annual rate of 4.6 million units sold in January 2012 only 0.7% higher than a year ago. In 2011, 304,000 new homes were sold, down 5.9% from 2010. Existing home sales, while weak, have been supported by sales of distressed properties. New home sales, which reached an all-time low in 2011, have had to compete with a stream of distressed sales. This has led to a breakdown of the historical relationship between the two (see Figure 1.5). Total housing supply in January fell 0.3 months from December to 6.1 months. Distressed homes accounted for 35% of sales in January.

*Home prices must stabilize for housing to recover*

Housing activity will not start to recover to pre-recession levels until there is a recovery in home prices. Although most of the housing price decline in 2011 was due to distressed sales, data from CoreLogic indicates that even the price of non-distressed houses fell by 0.9% over the year. Potential buyers are reluctant to enter the market when home values are declining. Banks are also less willing to lend against depreciating collateral. Unfortunately, home prices are experiencing a double-dip decline after increasing in the early part of last year. The seasonally adjusted Case-Shiller 20-city home price index declined by 0.5% in December, which was the seventh consecutive decline after gains in April and May. The index is down 4.0% from the year-ago level. We believe prices have not hit bottom quite yet. Prices will continue to be weighed down as foreclosed properties are put back on the market. Longer-term equilibrium will also depend on how the federal government unwinds its ownership of Fannie Mae and Freddie Mac, the largest players in the secondary mortgage market.

*The manufacturing recovery is continuing*

The manufacturing sector continues to grow but at a slower rate than earlier in the recovery. According to the Federal Reserve's latest G-17 report, manufacturing output rose 0.7% (SA) in January following a 1.5% increase in December. Durable goods output rose 1.8% in January. Core capital goods (nondefense capital goods excluding aircraft) orders and shipments both increased by 3.1% in December after decreasing in November. The Institute of Supply Management (ISM) Purchasing Managers Index for manufacturing increased to 54.1 in January from 53.1 in December, the third consecutive monthly increase. The ISM indicated that of the 18 manufacturing industries, nine reported growth in January.

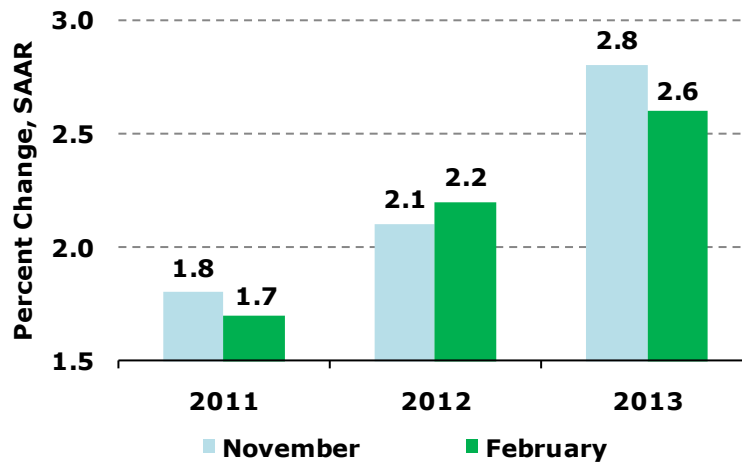
## U.S. Forecast

*Because of its timing, the February forecast does not reflect the extension of the payroll tax cut and emergency unemployment insurance*

The February 2012 economic forecast was based on a modified version of Global Insight's February 2012 Control forecast for the U.S. economy. As in November, the U.S. forecast was adjusted in three ways. We adjusted real GDP to match the Blue Chip "Consensus" GDP forecasts for 2012 and 2013. We also adjusted our oil price forecast to match the New York Mercantile Exchange (NYMEX) futures prices for West Texas Intermediate crude. Because of uncertainty regarding Congressional action on the extension of the payroll tax cut and emergency unemployment compensation beyond February, we removed from our forecast Global Insight's assumption that the current payroll tax cut and emergency unemployment compensation would be extended for the rest of this year. Following the release of this forecast, the payroll tax cut and emergency unemployment compensation were extended, so that one of the upside risks has subsequently been realized.

**Figure 1.6: Blue Chip Real GDP Forecast**

*The forecast for GDP growth is similar to November*



Source: February 2012 and November 2011 Blue Chip Economic Indicators

*The Blue Chip outlook is close to November estimates*

The Blue Chip Consensus GDP forecast, our starting point each forecast cycle, now calls for real GDP growth of 2.2% in 2012 and 2.6% in 2013. This is very close to the 2.1% for 2012 and 2.8% in 2013 expected in the November forecast (see Figure 1.6). The similarity in forecasts tells us we can expect a continuation of the slow growth and high unemployment scenario anticipated in November.

*Consumer spending will not drive the recovery*

Consumer spending growth is expected to continue the relatively slow growth forecast in November. One bright spot is an expectation of continued recovery in auto sales, as households

replace aging vehicles. Even with a recovery in car sales, consumer spending growth will not be a strong driver of growth in the recovery as is usually the case. While the extension of the payroll tax cut should help consumers for the remainder of this year, gasoline prices have started to rise with fears of greater increases to come due to instability in Iran and other oil-producing countries. High unemployment, housing price declines, and the volatility in financial markets have undermined consumer confidence. Overall, we expect real consumer spending growth of 2.3% in 2013 and 2.7% in both 2014 and 2015. As noted above, this forecast does not include the impact of the payroll tax cut extension, so our forecast of 1.8% growth in real consumer spending for 2012 may be underestimated.

*Housing is still deeply depressed*

Single-family housing remains weak, as distressed sales push home prices down and housing starts remain at very low levels. Improvement is dependent on stronger job growth, access to financing, and a firming of home prices. Multi-family starts, while also low, are already improving due to declining apartment vacancies and rising rents. Still, overall housing construction will show no significant improvement until the larger single-family segment improves which we do not expect to see until 2014. The forecast does expect growth, although from a very low current base. Total housing starts this year are forecast to rise 13% to 685,000 units followed by a 30.2% increase in 2013 to 892,000 units. The forecast does not anticipate a return to more typical levels of housing starts until 2014, when we expect 1.2 million starts. It should be noted that even with the large percentage increase in 2012 and 2013, starts will still be well below one million units for the sixth consecutive year. Prior to 2008, starts had never been below one million units in the post-war era.

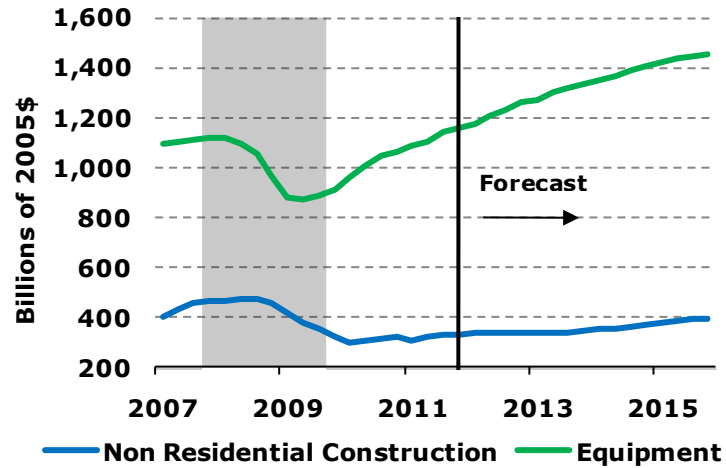
*Businesses investment in equipment and software is driving the recovery*

Business fixed investment remains an important source of growth in the current recovery. While nonresidential construction continues to lag, businesses investment in equipment and software is growing (see Figure 1.7). Business profits remain high, providing an opportunity to address replacement needs neglected during the recession. But slow growth in demand and weak consumer and business confidence means slower growth going forward. We expect equipment and software spending to grow in real terms by 8.3% in this year, then slowing to 7.2% in 2013, 5.6% in 2014, and 4.6% in 2015. Investment in nonresidential structures, which declined during 2008 through 2010, turned up in 2011 and we expect continued growth throughout the forecast period. We expect real spending on overall nonresidential fixed investment to grow 7.4% this year, 5.6% in 2013 and 2014, and 5.3% in 2015.



**Figure 1.7: Business Fixed Investment, SAAR**

*Investment in equipment and software is growing; nonresidential construction will start to improve in 2013*



Source: Bureau of Economic Analysis; data through 2011 Q4, ERFC forecast

*Export growth will support the recovery*

Export growth has returned due to the global recovery that is now under way. While global GDP growth is predicted to slow from last year, exports will continue to contribute to U.S. GDP growth. A combination of growth in emerging markets and a weak dollar should mean that export growth will continue to support GDP growth, at 6.1% this year, 10.1% in 2013, 7.8% in 2014 and 7.3% in 2015. Imports are also expected to rise in the forecast but not as quickly, so trade will continue to be an important net contributor to GDP growth. Deterioration of the situation in Europe remains a significant risk and would adversely affect trade in two ways. First, weaker demand in Europe would directly hurt our exports. Second, a stronger dollar would make U.S. produced goods and services less competitive, further hurting exports and boosting imports.

*Government purchases will slow*

Federal fiscal policy is tightening as the temporary stimulus spending runs out and the focus shifts to deficit reduction. The forecast calls for a \$288 billion reduction in the federal deficit between 2012 and 2013. Declining federal support is also affecting state and local governments. State and local administrations appear to be relying more on spending cuts than tax increases to close budget gaps for fiscal years 2012 and 2013. We expect total government purchases to decline 0.1% this year followed by increases of 0.1% in 2013, 1.2% in 2014 and 1.9% in 2015. Federal government purchases are expected to decline throughout the forecast period.

*Unemployment rate will remain above 8% until late 2013*

The huge drop in employment during the recession coupled with one of the weakest jobs recoveries in memory have left a huge hole to fill in the number of unemployed workers. We are more than two years into the recovery and are still 5.9 million jobs

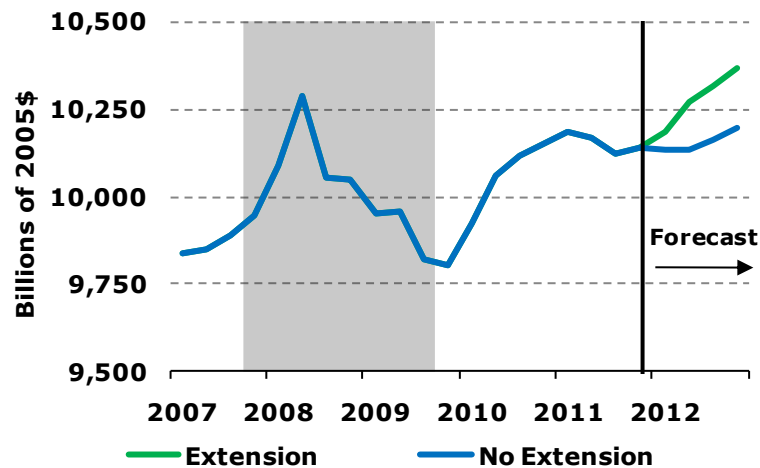
below the pre-recession peak. After better than expected employment growth in December and January, we have increased our employment forecasts compared to the November forecast. However, unemployment remains high. Our current forecast expects job growth of 1.5% this year, 1.7% in 2013, and 1.5% in both 2014 and 2015. As a result, we expect an unemployment rate of 8.2% for 2012, gradually falling to 7.0% by 2015.

*Disposable personal income growth will slow in 2012*

Disposable personal income is slightly lower than in the November forecast. However, the extension of the payroll tax cut and emergency unemployment insurance passed after the forecast release. As a result, we now expect 2012 disposable personal income growth to be almost \$128 billion higher than in our forecast (see Figure 1.8).

**Figure 1.8: Real Disposable Personal Income, SAAR**

*Extension of the payroll tax break and emergency unemployment compensation will boost income*



Source: Bureau of Economic Analysis; data through 2011 Q4, ERFC forecast

*Geopolitical tensions have led to rising oil prices*

Oil prices headed back up in the last part of 2011 and remain high. Based on updated NYMEX data, this forecast has higher oil prices than predicted in November. We expect oil prices to peak at \$102 a barrel for West Texas Intermediate (WTI) late this year and early in 2013 before gradually declining to \$93 a barrel in late 2015. Although higher oil prices will impact the price level, we expect headline inflation to remain below 2.5% for most of the forecast period.

## Forecast by Fiscal Year

*2011 GDP growth ended on an up note*

U.S. economic growth for the fourth quarter of 2011 was a fairly strong 2.8%. Because much of the fourth quarter 2011 growth was accounted for by inventories, we do not expect the economy to continue to grow at that rate. Real GDP is forecast to grow

1.8% in FY 2012, rising to 2.4% in FY 2013, 2.8% in FY 2014 and 3.0% in FY 2015.

*Consumer spending growth will remain modest*

Consumer spending is not expected to be a strong driver in this recovery and the weakness in consumer confidence suggests some downside risk in this area. The forecast expects real consumer spending growth of 1.8% per year in FY 2012, rising to 2.0% in FY 2013, 2.6% in FY 2014 and 2.7% in FY 2015.

*Housing will begin to recover in FY 2012*

The forecast calls for an increase in housing starts in FY 2012 to 654,000 units, the first such increase since 2006. Housing starts are expected to increase in each year of the forecast period, rising to 1.3 million units by FY 2015.

*The business investment trend is positive*

Business investment started an upswing in FY 2011 that we expect to continue through the forecast period. On a fiscal year basis, real nonresidential fixed investment will increase by 8.3% this fiscal year, followed by increases of 6.3% in FY 2013, 5.3% in FY 2014 and 5.8% in FY 2015. Business investment growth has been led by investment in equipment and software, although we also expect to see growth in business construction spending starting in FY 2013.

*Exports will help to reduce the trade deficit*

Export growth throughout the forecast period will help to shrink the trade deficit from an expected \$588 billion in FY 2012 to \$508 billion by FY 2015.

*Employment growth will be weak*

After two years of shrinking payroll employment, FY 2011 saw employment increase but only by 0.7%. Growth in FY 2012 will increase to 1.3%, followed by an increase of 1.6% in both FY 2013 and FY 2014 and 1.5% in FY 2015. With employment growing this weakly, the unemployment rate will still be over 8% in FY 2013, eventually dropping to 7.26% in FY 2015.

*Inflation remains below 3%*

High unemployment and excess capacity in the economy are helping to keep inflation relatively subdued. The consumer price index is expected to rise by 2.9% in FY 2012 before slowing to a 2.0% increase in FY 2013, then 2.1% in FY 2014 and 2.2% in FY 2015. Given geopolitical tensions in several oil-producing countries, one risk to our inflation forecast is a spike in oil prices caused by supply interruptions.

## Risks to the Forecast

The level of uncertainty in the baseline is high. Downside risks are still elevated, and considerably higher than upside risks.

*Sovereign debt contagion...*

### **Downside Risks (40% Probability)**

Risks associated with the sovereign debt crisis in Europe remain high. Despite an apparent agreement on a second bailout for Greece and a voluntary restructuring of Greek debt, the potential

<i>...results in a banking crisis</i>	for a Greek default remains. Other, larger European economies such as Italy and Spain continue to have debt problems. A series of sovereign debt defaults would trigger a European banking crisis which in turn would affect U.S. banks. Credit would tighten and economic activity would shrink, pushing the U.S. back into another recession.
<i>Slowdown in Asia</i>	Although the chances of a hard landing in China (growth < 5%), appear to be receding, slowing economies in the Eurozone could lead to slower growth in China and other Asian countries. In turn, this could reduce U.S. exports and GDP growth.
<i>Surprises</i>	Unexpected events – natural disasters, political upheaval, etc.
	<b>Upside Risks (10% Probability)</b>
<i>Payroll tax, UI extension</i>	Given the timing of the forecast (the payroll tax cut and emergency unemployment insurance extension was passed the day after the forecast release), this upside risk has come to pass. As a result, the forecast understates personal income growth in 2012.
<i>Pent-up demand</i>	Pent-up demand could boost consumer spending after years of economizing.
<i>Jobs</i>	Hiring could pick up, triggering a virtuous cycle of jobs, income spending and yet more jobs.
<i>Euro contagion is contained</i>	European governments are able to build a firewall around their banks, so the sovereign debt crisis does not turn into a banking crisis. This in turn leads to rising stock markets in the U.S. and internationally, boosting consumer confidence and consumption.

Table 1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2012 to 2015

Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	13,293.3	12,843.7	12,876.1	13,213.9	13,453.1	13,778.1	14,160.6	14,582.9
% Ch	1.8	-3.4	0.3	2.6	1.8	2.4	2.8	3.0
Real Consumption	9,293.2	9,077.9	9,104.6	9,336.2	9,500.9	9,689.0	9,940.2	10,209.6
% Ch	1.3	-2.3	0.3	2.5	1.8	2.0	2.6	2.7
Real Nonresidential Fixed Investment	1,583.2	1,388.0	1,260.9	1,376.9	1,490.8	1,584.3	1,668.4	1,765.5
% Ch	5.9	-12.3	-9.2	9.2	8.3	6.3	5.3	5.8
Real Residential Fixed Investment	509.6	380.7	343.0	322.4	337.1	362.2	431.5	502.2
% Ch	-21.6	-25.3	-9.9	-6.0	4.6	7.5	19.1	16.4
Real Personal Income	11,427.6	11,189.2	10,936.1	11,315.1	11,402.2	11,599.5	11,949.7	12,321.9
% Ch	2.5	-2.1	-2.3	3.5	0.8	1.7	3.0	3.1
Real Per Capita Income (\$/Person)	37,614	36,510	35,381	36,274	36,204	36,476	37,216	38,008
% Ch	1.5	-2.9	-3.1	2.5	-0.2	0.8	2.0	2.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.074	1.089	1.104	1.123	1.148	1.167	1.189	1.214
% Ch	3.2	1.5	1.3	1.8	2.2	1.6	1.9	2.1
U.S. Consumer Price Index (1982-84=1.0)	2.117	2.146	2.168	2.211	2.274	2.319	2.368	2.420
% Ch	3.7	1.4	1.0	2.0	2.9	2.0	2.1	2.2
Employment Cost Index (Dec. 2005=1.0)	1.072	1.096	1.112	1.130	1.149	1.172	1.199	1.228
% Ch	3.2	2.3	1.4	1.7	1.7	1.9	2.4	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,267.2	14,056.2	14,188.4	14,810.3	15,357.2	15,950.9	16,675.1	17,510.6
% Ch	4.2	-1.5	0.9	4.4	3.7	3.9	4.5	5.0
Personal Income	12,270.8	12,190.5	12,068.9	12,708.3	13,091.1	13,536.0	14,207.9	14,963.6
% Ch	5.8	-0.7	-1.0	5.3	3.0	3.4	5.0	5.3
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.7	154.6	153.9	153.6	154.2	155.5	156.9	158.2
Total U.S. Employment	146.1	142.8	138.9	139.4	141.0	142.9	144.7	146.7
Unemployment Rate (%)	4.95	7.60	9.74	9.28	8.59	8.11	7.76	7.26
Nonfarm Payroll Employment	137.73	133.89	129.67	130.52	132.27	134.40	136.55	138.64
% Ch	0.6	-2.8	-3.2	0.7	1.3	1.6	1.6	1.5
Manufacturing	13.71	12.66	11.53	11.63	11.86	12.15	12.35	12.48
% Ch	-2.3	-7.7	-8.9	0.9	2.0	2.5	1.7	1.0
Durable Manufacturing	8.69	7.90	7.04	7.17	7.40	7.69	7.92	8.07
% Ch	-2.5	-9.0	-10.9	1.7	3.2	3.9	3.0	1.9
Nondurable Manufacturing	5.02	4.75	4.48	4.46	4.46	4.46	4.44	4.41
% Ch	-1.9	-5.4	-5.7	-0.5	0.0	0.1	-0.6	-0.7
Construction	7.46	6.61	5.66	5.49	5.53	5.52	5.74	6.28
% Ch	-2.9	-11.4	-14.5	-2.9	0.7	0.0	3.9	9.4
Service-Providing	115.81	113.87	111.81	112.66	114.06	115.90	117.66	119.11
% Ch	1.1	-1.7	-1.8	0.8	1.2	1.6	1.5	1.2
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	97.0	69.8	75.2	89.4	95.7	101.8	99.3	95.8
Personal Saving/Disposable Income (%)	3.8	5.8	4.8	5.2	3.4	2.3	2.1	2.6
Auto Sales (Millions)	7.6	5.4	5.8	6.0	6.4	6.9	7.6	8.1
% Ch	-1.7	-28.3	7.0	3.8	6.5	7.6	10.4	6.3
Housing Starts (Millions)	1.132	0.646	0.593	0.569	0.654	0.740	1.074	1.337
% Ch	-26.8	-42.9	-8.2	-4.0	14.9	13.1	45.1	24.5
Federal Budget Surplus (Billions)	-423.8	-899.4	-1,281.2	-1,255.4	-1,033.5	-700.8	-573.2	-594.2
Net Exports (Billions)	-721.5	-518.1	-467.8	-552.2	-588.1	-543.2	-516.2	-508.1
3-Month Treasury Bill Rate (%)	2.84	0.54	0.12	0.12	0.03	0.08	0.07	0.47
10-Year Treasury Note Yield (%)	4.14	3.29	3.55	3.08	2.18	2.76	3.41	3.95
Bond Index of 20 G.O. Munis. (%)	4.56	4.97	4.37	4.56	4.06	4.43	4.85	5.22
30-Year Fixed Mortgage Rate (%)	6.19	5.57	5.00	4.59	4.07	4.37	4.90	5.45

Table 1.2  
**Forecast Analysis**  
 Comparison of Forecasts for 2011-13

Forecast Date	<b>2010</b>				<b>2011</b>				<b>2012</b>				<b>2013</b>	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
<b>U.S.</b>														
Percent Growth, 2011:2-2013:2														
Real GDP	6.9	6.8	6.8	6.4	6.6	6.5	5.3	5.0	4.8					
Implicit Price Deflator	3.7	3.7	3.1	3.3	3.6	3.2	2.4	3.0	3.3					
Average Rate, 2011:3 to 2013:2														
3 Month T-Bill Rate	3.57	2.90	1.62	1.66	1.69	1.26	0.07	0.08	0.06					
Mortgage Rate	6.26	5.82	4.88	5.13	5.53	5.13	4.61	4.55	4.22					

Table 1.3

Fiscal Years

**Forecast Comparison**

Forecast 2012 to 2015

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>U.S.</b>							
<b>Real GDP</b>							
February Baseline	12843.7	12876.1	13213.9	13453.1	13778.1	14160.6	14582.9
% Ch	-3.4	0.3	2.6	1.8	2.4	2.8	3.0
November Baseline	12843.7	12876.1	13213.9	13459.0	13784.4	---	---
% Ch	-3.4	0.3	2.6	1.9	2.4	---	---
<b>Implicit Price Deflator</b>							
February Baseline	1.089	1.104	1.123	1.148	1.167	1.189	1.214
% Ch	1.5	1.3	1.8	2.2	1.6	1.9	2.1
November Baseline	1.089	1.104	1.123	1.149	1.164	---	---
% Ch	1.5	1.3	1.8	2.3	1.3	---	---
<b>Unemployment Rate</b>							
February Baseline	7.60	9.74	9.28	8.59	8.11	7.76	7.26
November Baseline	7.60	9.74	9.30	9.02	8.75	---	---
<b>Mortgage Rate</b>							
February Baseline	5.57	5.00	4.59	4.07	4.37	4.90	5.45
November Baseline	5.57	5.00	4.59	4.24	4.87	---	---
<b>3 Month T-Bill Rate</b>							
February Baseline	0.54	0.12	0.12	0.03	0.08	0.07	0.47
November Baseline	0.54	0.12	0.12	0.06	0.09	---	---

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

- **Like the national economy, the Washington economy has performed about as expected in the November forecast. As expected, the recovery has continued but at a moderate rate.**
- **The high downside risks come from factors outside the state. The greatest threat to the recovery remains the sovereign debt crisis in Europe, followed by political gridlock and rising energy prices.**
- **The outlook for the state’s aerospace and software sectors remains positive. Boeing’s order book is full and aerospace employment is now above its previous peak.**
- **However, the employment recovery has been weighed down by public sector job cuts and a construction sector that is not yet contributing to growth. Employment in the state is not expected to regain its pre-recession peak until mid-2013.**
- **Home prices are experiencing a double-dip as foreclosures continue to put downward pressure on prices but rents are rising. Multi-family housing construction has improved somewhat thanks to investment in apartments but single-family construction remains weak.**
- **We expect the Washington economy to continue to outperform the U.S. economy in the recovery although neither will fully recover for several years.**

### Current Conditions

*Washington’s economy has performed as expected*

In the three months since the November forecast, events have unfolded as expected in the baseline scenario, although downside risks remain high. There have been no major developments since November that have altered the outlook significantly. The single greatest risk to continued growth in Washington remains the European sovereign debt crisis followed by political gridlock in the other Washington. Mideast tensions are once again threatening to raise oil prices and growth in Asia is slowing dramatically. If we can avoid the fallout from these pitfalls, we can expect a modest recovery to continue with Washington narrowly outperforming the U.S. in growth. The key for the U.S. and consequently Washington economies is whether the European policy authorities can be successful in containing a sovereign debt crisis in southern

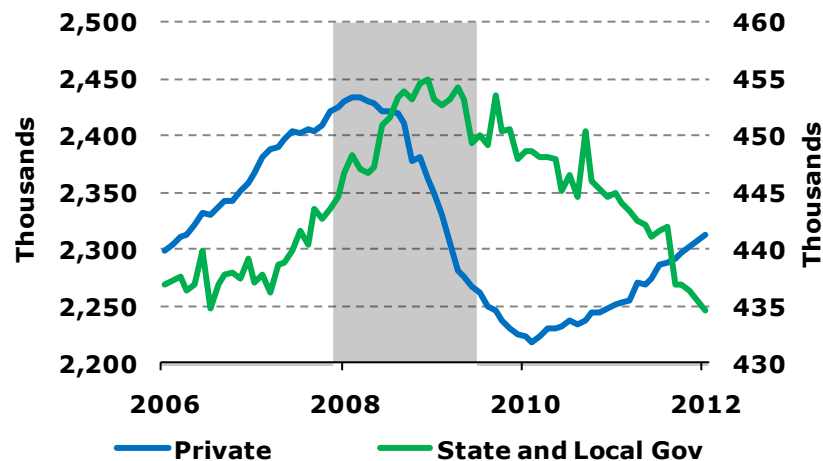
Europe from turning into a full-blown European banking crisis. The former would do some damage, but the latter would be devastating. It appears that we are at best in for an extended period of muddle-through – slow economic and job growth, high unemployment, and weak confidence.

*Job growth has been a little better than expected*

Employment growth in the state has been moderate, although above what was expected in November. Private sector job gains continue to be partly offset by government job losses (see Figure 2.1). We estimate that the Washington economy gained 12,100 jobs in the past three months, compared to our expectation of a 6,200 job gain. The loss of 2,900 government jobs the past three months, half coming in state and local education, continued to weigh down overall job recovery. The private sector gained 14,900 jobs in November through January. Manufacturing employment increased 4,900 in the past three months and continues to lead the recovery due mainly to strong aerospace manufacturing growth. Construction employment appears to have reached a trough in January 2011, but growth has averaged just 100 jobs per month since then. Private service-providing industries were up 9,900 jobs in November through January. The increase was led by professional and business services, which increased 3,100 jobs, and leisure and hospitality, up 2,500 jobs. Despite the recent increases, this expansion has been characterized by the slowest jobs recovery in recent memory. The 81,700 jobs gained since the trough in February 2010, still only makes up less than 40% of the 208,900 jobs lost during the recession.

**Figure 2.1: Washington Private and State and Local Government Employment, SA**

*Public sector cuts are partially offsetting private sector gains*



Source: WA State ERFC, data through January 2012

*Hours and earnings data appear to be stabilizing*

Other labor market indicators have been mixed in recent months. The average weekly hours worked has been trending upward since reaching a trough in the second quarter of 2010. In the

most recent three months (October, November, and December) private sector average hours are up to their highest level since the second quarter of 2008. Private sector average hourly earnings, however, appear to be leveling off and even declining. Since reaching a peak in February 2011, seasonally adjusted hourly earnings are down 0.6%. The combination of increased hours worked and slightly lower hourly earnings kept the average weekly paycheck flat in 2011.

*Initial claims for unemployment insurance are trending downward*

While the number of people filing for unemployment insurance compensation spiked in recent weeks, it was probably due to bad weather in late January 2012. After steadily drifting down since the middle of 2011, the four-week moving average of initial claims jumped to 12,500 as of January 28 from 9,500 as of the December 24, 2011 report. The average has since moved down to 11,400 for the week of February 18. Excluding the two weeks affected by the weather, the average would be close to 10,000. It is likely that the number of initial claims have merely leveled off. This level of claims tends to be associated with increased job growth. Excluding the weather related spike, initial claims are now 40% below the peak reached in March 2009. While claims have come down, job growth has been relatively slow. Washington's unemployment rate peaked in January 2010 at 10.0%. Since then, it has declined, but remains elevated. While the rate is now down to 8.3% in January, this has been due to both employment gains and a decline in the labor force.

*Multi-family housing construction is improving but the single-family segment continues to languish*

With excess inventory and depressed home prices, single-family housing continues to languish. Total housing permits came in at 21,400 units (SAAR) in the fourth quarter of 2011 which was slightly better than the 19,400 we had expected but down from recent high of 25,900 units in the second quarter. As expected, multi-family permits continued to trend upward in the fourth quarter to 7,600 units from 7,000 units in the third quarter. Single-family permits edged up from 13,300 units in the third quarter to a still weak 13,800 units in the fourth quarter. Single-family permits have been trending down since the expiration of the temporary homebuyer tax credits. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The near-term outlook for single-family construction is flat to negative.

*Home prices are experiencing a double-dip*

Regional home prices are experiencing a double-dip. According to the S&P/Case-Shiller Home Price Indices through December 2011, Seattle home prices have declined in each of the last seven months. Home prices are down 5.6% from the previous year and 31.1% below the peak in May 2007. Prior to the recent decline, it appeared prices were stabilizing and had increased for three months. Foreclosures continue to put downward pressure on prices. It appears both Seattle and the nation have further to drop before home prices stabilize. We are unlikely to see a

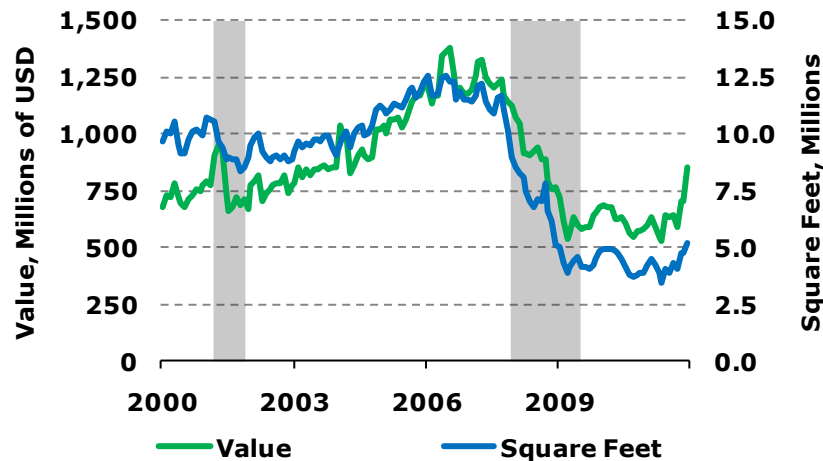
strong recovery in housing construction until home prices begin rising again.

*Contract data signal a bottoming out in construction*

Contract data for new construction projects, which gives an indication of the level of activity roughly six months in the future, have stabilized and even begun to increase (see Figure 2.2). The three-month moving average of residential contract square footage reached a trough in March 2009 and is up 67% since then. This growth, however, is off a depressed level and square footage under contract is still down 63% since the height of the housing boom in 2005. The recovery in nonresidential contract square footage appears to have started as well. The three-month moving average has been trending upward since May. Square footage is now at the highest level since June 2009, although it is still at a historically depressed level. This sector is considered a "late cycle" industry and growth does not typically return until at least two to three years after a recession has ended. Total square footage under contract is up 34% since last year. The value under contract has also been increasing. Adjusting for a large one-time spike, the value of total building construction under contract is up 85% over-the-year, although it remains at just over half the total value of the peak reached in 2006.

**Figure 2.2: Building Construction Contracts in Washington, SA, 3MMA**

*Construction contracts have turned around*



Source: McGraw-Hill Construction, ERFC, data through December 2011

*Manufacturing is still growing*

The recovery in Washington, as in the nation, has been driven largely by the manufacturing sector. The Institute of Supply Management - Western Washington Index (ISM-WW), which measures strength in the manufacturing sector, has now indicated growth since August 2009 (index readings above 50 indicate expansion). Even while the overall economy remains sluggish, manufacturing has been gaining momentum. The index is now at the second highest level (68.5) since the recovery began. The production and orders components have been

particularly strong with both coming in at 70 or above in January. The forecast portion of the survey, which gauges activity 90 days in the future, has also been strong, particularly in the production and orders components as well.

*Aerospace is leading the manufacturing recovery*

Manufacturing employment has been rising for almost two years now – the trough was March 2010 – and accelerated in the past year. Over the last year, the aerospace sector has been responsible for 9,600 of the 16,900 net new manufacturing jobs in Washington. Since reaching a trough in May 2010, the aerospace sector has added 11,700 jobs, which is almost double the number lost during the recession. Boeing built up a huge backlog of orders in 2005, 2006, and 2007. This enabled Boeing to ride out the recession with only minimal production and job cuts. We believe the outlook for Boeing remains positive. Worldwide air traffic, both passenger and cargo, recovered surprisingly quickly from the recession. As a result, Boeing was able to add to its backlog in 2010, 2011, and so far in 2012. The current backlog of 3,900 planes represents more than seven years of production at current rates. Over the next couple of years, Boeing plans to continue significant production increases in all five models of commercial aircraft.

*New vehicle purchases are recovering*

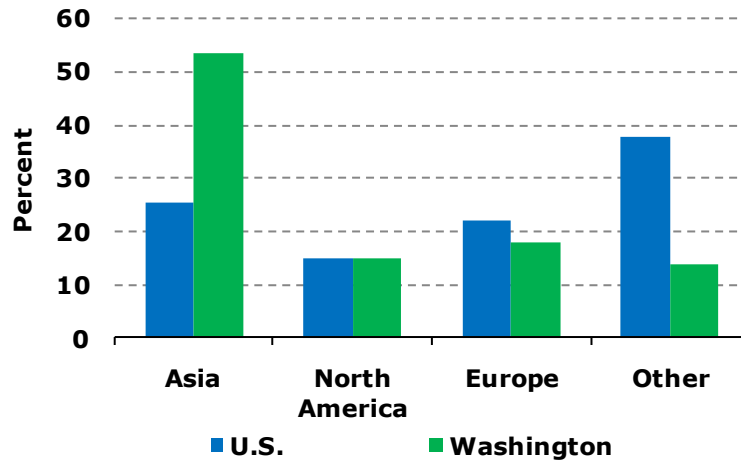
Purchases of new vehicles in Washington are again recovering after faltering in the middle part of 2011. Washington new car registrations declined in January to 17,900, but the trend remains positive. The three-month moving average is now the highest since September 2008. Some of the decline in the summer months was due to the tragedy in Japan which disrupted automotive supply chains and production schedules. Recent growth in motor vehicle sales has been driven by replacement demand, and not so much a return of confidence. The relative age of the vehicles on the road in Washington finally reached a trough in September 2011. Since then sales have picked up, and the relative age has decreased in each of the last four months. The longer new car sales remains depressed, the greater the pent-up demand for vehicles in the future.

*Washington's export exposure is a plus*

One of our state's advantages in the current recovery is our exports and in particular those to the growing economies in the Pacific Rim. The recently ratified free-trade agreements with South Korea, Panama and Colombia will also benefit Washington exports. Although the volume of trade to these three countries make up less than 6% of our state's exports, that share is likely to grow. Economic weakness in Europe, however, remains a headwind and it appears likely that they will go into recession, further weakening the global economy. A European recession could negatively affect Washington trade by causing a slowdown in Asia. In the past we have noted our below-average exposure to Europe as a relative advantage to Washington. However, we are much more vulnerable to the slowdown in Asian growth than the average state (see Figure 2.3).

**Figure 2.3: Washington and U.S. Exports**

*More than half of Washington exports are to Asia*



Source: WISER; data through 2011

Total Washington State exports slowed in the fourth quarter of 2011, increasing 15% over the previous year. In the prior two quarters, total export growth had averaged 30% year-over-year. Exports of transportation equipment (mostly Boeing planes) were up 27% compared to the previous year. Transportation equipment exports normally account for close to 50% of our exports. Excluding transportation equipment, exports were up just 5% over the year. Contributing to this slowdown was a decrease of 6% in Agricultural products since last year. This is Washington second largest export category and makes us almost 20% of total exports. Exports of manufactured products other than transportation equipment were up 18%.

*Real personal income has regained its pre-recession peak*

Washington real personal income is estimated to have declined at a 0.8% (SAAR) rate in the fourth quarter after increasing at a 4.7% (SAAR) rate the third quarter. This corresponds to total real personal income of \$266.4 billion for the fourth quarter, which is equal to the pre recession peak in the first quarter of 2008. Nominal personal income declined an estimated 0.1% (SAAR) in the fourth quarter following a strong 7.1% increase in the third quarter. Wages and salaries decreased at a 1.7% (SAAR) rate in the fourth quarter after growing 14.3% (SAAR) in the third quarter. The strong income growth in the third quarter and weak growth in the fourth quarter were caused by temporary spike in aerospace and software wages in the third quarter. Over the year Washington personal income grew 4.5% through the fourth quarter of 2011 and Washington wages grew 4.9%. Nonwage personal income grew an estimated 1.8% (SAAR) rate in the fourth quarter, boosted particularly by dividends, interest and rent, which grew 3.3% (SAAR).

*Seattle inflation has been increasing*

Inflation in Seattle has been trending upward since briefly turning negative in the middle of 2010. As measured by the Consumer Price Index for Seattle, year-over-year inflation in December was 3.5%. This was down from the 3.8% increase in October, which was the highest inflation since 2008. The recent increases have been driven by rising energy costs. Energy costs have come down since spiking in 2011 and should cease to put upward pressure on headline inflation. Core inflation, which does not include volatile energy and food prices, has also been increasing slowly, although it remains more moderate at 2.8%.

## Washington State Forecast

*The February forecast revision was minimal*

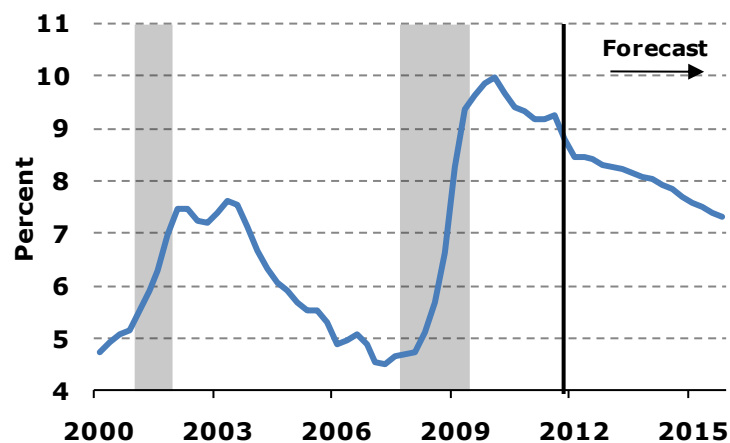
The Washington State forecast is based on a new national forecast that is quite similar to the forecast adopted in November. The February revision to our Washington economic outlook was minimal, since events unfolded as anticipated in November. The main differences are a higher starting point for employment and personal income, and a lower rate of unemployment. The forecast for housing permits is just slightly lower. As in November, we believe the state's economy will continue to outperform the nation in the recovery.

*Washington State will recover faster than the U.S.*

We expect job growth to gradually improve throughout the forecast. Boeing and Microsoft are expanding and the state's export sector is also doing well. Construction employment is bottoming out so that sector will cease to be a drag on growth going forward. However, state and local governments will continue to cut back. These factors will keep the unemployment rate elevated throughout the forecast horizon of 2015 (see Figure 2.4). We do not expect the unemployment rate to drop below 8.0% until middle of 2014 and only come down gradually to

**Figure 2.4: Washington Unemployment Rate, SA**

*Washington's unemployment rate will gradually decline*



Source: ERFC February 2012 forecast, WA ESD; actual through 2011 Q4

7.3% by the fourth quarter of 2015. We continue to expect that the state of Washington will outperform the U.S. economy in both employment and personal income growth, although the outlook for both remains weak.

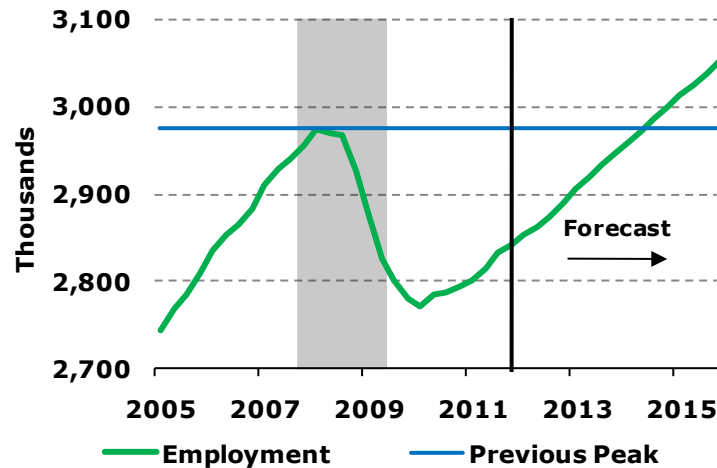
## Washington Payroll Employment

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

Washington added jobs at a faster rate than the nation in 2011, although the recovery for both has been uneven and weak. Employment in the state has grown at an average annual rate of 1.5% since the employment trough in the first quarter of 2010 compared to 1.2% for the nation. The 70,800 jobs gained over this period represent 35% of the jobs lost in the downturn. Still, we don't expect to get back to our pre-recession peak until the third quarter of 2014 (see Figure 2.5). This is one quarter sooner than the U.S, but still represents four-and-a-half years of lost employment growth. Washington employment is expected to be 77,600 higher than the previous peak at the end of our forecast horizon in 2015.

**Figure 2.5: Washington Total Nonfarm Payroll Employment, SA**

*Employment will regain to its previous peak in mid-2014.*



Source: February 2012 forecast, WA ESD, ERFC; actual through 2011 Q4

*Government cutbacks will continue*

Employment growth for 2011 is estimated to be 1.4% compared to the November forecast of 1.2% due mainly to an upward revision to the employment data in the third quarter. We have increased the job growth forecast for 2012 to 1.7% from the 1.2% rate expected in the November forecast. We have also increased our forecasts for 2013, albeit slightly, to 2.0% from 1.9%. Employment in Washington is then expected to grow 1.8% rate in 2014 and 2015. We expect private sector employment to continue to do better than government employment. Private employment increased of 2.0% in 2011, and growth is forecasted to improve to 2.4% in 2012 and 2013 before slowing modestly to



2.0% in 2014 and 2015. State and local government job losses will continue to be a drag on the overall labor market recovery. After declining 1.3% in 2011, we expect another 1.3% decline in 2012 before leveling off in 2013 to 0.1% growth. The state and local government employment forecast for 2014 and 2015 is 0.6% and 0.8%. By the end of our forecast horizon in 2015, private sector employment will be 73,200 jobs higher than the previous peak. State and local government employment, which reached a high two years after overall employment, will still be 7,800 jobs below its previous peak at the end of 2015.

*Boeing is expanding*

Boeing is growing again and will continue to lead the state in the recovery. Boeing's order book remains full and it will take several years to work through the backlog. The company posted a \$1.39-billion fourth-quarter profit, a 20% increase from a year ago. The strong fourth quarter was helped by quicker deliveries of commercial airplanes. Boeing forecasts that demand from the African continent will spur tremendous growth, especially for its twin-aisle and single-aisle airplanes that are produced in Everett and Renton, respectively. It has planned on boosting production at these sites already. The company does expect a slowdown in the defense division due to a slowdown in military spending in the U.S. and Europe. Aerospace employment grew 7.2% in 2011 and we expect robust growth this year as well of 7.5%. Job growth in aerospace manufacturing is then expected to slow to 1.8% in 2013 before flattening out in 2014 and 2015.

*Microsoft has enhanced employee compensation*

The software sector is growing again and has recovered over three-fourths of the jobs lost in the recession. We expect job growth to continue with software employment reaching its pre-recession peak in the second quarter of 2012. Microsoft recently restructured employee compensation, calling it "the most significant investment in overall compensation we have ever made." The higher wages will help Microsoft attract and retain top talent and the spending out of those higher wages will have a positive impact on the Washington economy. Microsoft also released a preview of its next generation operating system, Windows 8, which should be available commercially by the end of the year. It is expected to make inroads in the expanding tablet and touch screen market due to its ability to run on these as well traditional desktop and non-touch devices. Microsoft has also begun to expand its retail strategy and plans to open 75 more retail stores in the next two to three years. Microsoft's balance sheet remains healthy as well. According to Microsoft's latest quarterly report, the company again reported record revenue for the quarter ended in December, a 5% increase over a year ago. We expect Microsoft's strong performance to translate into steady job gains. Software employment is forecasted to grow 2.1% this year, improving to 2.5% in 2013 and then moderating to 2.3% and 2.4% in 2014 and 2015.

*Construction employment has reached a trough*

Construction employment finally reached a trough in early 2011 after huge declines over the previous three years. We expect overall construction employment to remain flat this year, growing just 0.8%. Despite historically low interest rates, with continued price declines, there is little incentive to buy a new home. Consumer finances also remain shaky and lending standards are much stricter than a few years ago. Therefore, we expect residential construction employment to grow just 0.8% in this year as well. We do expect employment to pick up through, reaching 8.9% in 2015. Nonresidential construction employment will also be weak this year with just 0.9% growth. Employment will pick up here as well, reaching 4.5% in 2015. In spite of a recovery in construction employment, at the end of 2015 will still be 35,700 below its previous peak.

*Financial activities employment will begin to grow in 2012*

Employment in financial activities continues to decline. We expect the third quarter of 2012 will be the trough in employment, two quarters later than in the November forecast. This will put the contraction in this sector at six and a half years long. Going forward, we expect this sector to remain flat, with growth averaging just 0.1% from 2013 through 2015. Next to construction, the financial activities sector experienced the most severe employment reductions during the recession, and we expect a total of 24,500 job losses from the peak. Employment in credit intermediation and related activities accounts for most of the decline.

*Weak consumer confidence is weighing down retail trade employment*

Retail trade employment has been hampered by weak consumer confidence during the recovery. Fears of a European debt crisis, political gridlock in Washington DC, and continued fears of an economic slowdown continue to keep confidence at recessionary levels. The forecast assumes strong growth through the end of 2013 as consumers release pent-up demand. However, this could again be undermined by a new slump in consumer confidence. On a calendar year basis, the forecast calls for growth rates of 1.9% and 2.1% this year and next year. From there, we expect growth to moderate to 0.5% and 0.3% in 2014 and 2015.

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

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. This sector was helped early on in the recovery from growth in employment services, which is largely temporary help. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Professional and business services also benefitted from the federal stimulus, which included additional funding for the Hanford cleanup, but that is not operating in reverse. We expect growth to continue throughout the forecast, picking up in the first quarter of 2012. As the overall economic recovery unfolds, we expect growth to pick up in this highly pro-cyclical industry. The forecast expects an annual average growth rate of 3.3% this

year, increasing to 3.8% in 2013, 3.9% in 2014, and 4.1% in 2015.

*Tight budgets are forcing cutbacks in state and local government employment*

State and local Government employment continues to be a drag on the overall jobs recovery. Private sector employment growth has turned positive but state and local government employment continues to decline. To-date there have been 14,900 jobs lost in this sector. We expect another 3,500 job losses in state and local government over the next two quarters. This includes the reduction of approximately 900 employees of the Liquor Control Board resulting from the passage of Initiative 1183. Some of these losses, however, may be offset by hiring in private sector businesses now able to sell liquor. We do not expect government employment to reach the previous peak until after the forecast horizon of 2015.

## Washington Personal Income

*The outlook for personal income growth has been lowered*

Washington personal income growth is expected to outperform the nation in the recovery, although the outlook for both has been lowered slightly. One of the primary reasons for the state's outperformance is growth in our high-wage industries, aerospace and software. These jobs pay significantly more than the statewide average and will continue to put upward pressure on personal income. Our state's export intensity will also be a major factor contributing to our outperformance of the nation. In particular, exports to the growing economies in the Pacific Rim, which are experiencing a resurgence of growth. Mitigating this somewhat will be weaker global growth outside this area.

*Washington personal income got a boost from the payroll tax cut*

The payroll tax cut enacted in December 2010 added nearly 1% to disposable personal income in 2011. The tax cut was initially only for one year, and at the time of the forecast, had been extended only through February 2012. We removed from our forecast Global Insight's assumption that the current payroll tax cuts and unemployment benefits would be extended for the remainder of the year. Going forward, we expect wage growth to pick up as employment improves and average wage growth strengthens. Our personal income growth forecast for 2012 is down slightly from 2.8% in November to 2.7%. We have lowered our forecast for personal income growth in 2013 to 4.6% from 4.7% expected in the November forecast. Even though the new forecast for personal income growth is just under November forecast, the level is higher throughout the forecast due to an upward revision to the historical data. Personal income growth in Washington is forecasted to pick up in 2014 to 5.7% before moderating slightly to 5.5% in 2015.

## Washington Building Permits

*Growth in housing has been sporadic*

Growth in housing construction has been sporadic at best. Total housing permits came in at 21,400 units (SAAR) in the fourth

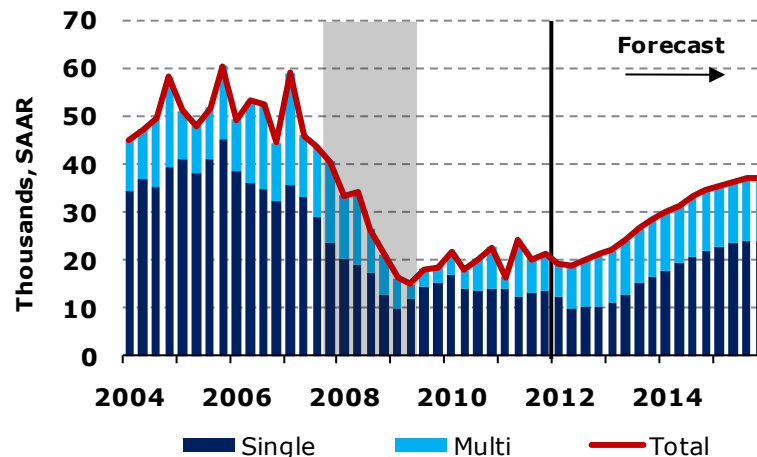
quarter of 2011 which was better than the 19,400 we had expected but still not to the level reached in the second quarter of 24,300. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative. We will not see a recovery in single-family construction until home prices start to rise. That will get fence sitters back into the market, as well as give banks confidence to lend against appreciating collateral. Unfortunately, home prices are headed downward again, both nationally and in Seattle. We expect prices will remain soft this year as more foreclosures are dumped back on the market.

*Housing will remain weak through 2012*

We have lowered the recovery in housing construction since November. We now expect the total number of units to decrease 3.0% this year to 20,000 units. Single-family construction will decrease another 20.1% in 2012, reaching a trough of 10,500 units. This will be offset by growth in the multi-family segment of 28.9% this year. Overall housing construction will pick up in 2013, increasing 27.2% to 28,500 units. Both single-family and multi-family construction are expected to have solid growth in 2013, with single-family increasing 30.3% to 14,000 units and multi-family increasing 23.7% to 11,700 units. Growth in the multi-family segment is expected to moderate in 2014 and 2015 with 7.0% and 6.0% growth. Single-family permits are expected to pick up steam in 2014, growing 43.8% before moderating somewhat to 17.8% in 2015. Overall building permit growth in Washington is forecasted to be 27.2% in 2014 and 13.4% in 2015, reaching 36,700 units for the year. Even with the strong growth, housing units in 2015 will still be 31% below the previous peak in 2005 (see Figure 2.6).

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

*No housing upturn expected until 2013*



Source: ERFC February 2012 Forecast, U.S. Census; actual through 2011 Q4

## Seattle Consumer Price Index

*Inflation is expected to moderate*

Inflation, as measured by the Seattle Consumer Price Index, has increased slightly since being less than one percent per year for 2009 and 2010. Declining shelter costs, which are measured by rents in the CPI, were responsible for much of the low inflation. Rents have been firming recently, however, and energy costs have risen sharply, causing inflation to rise to 2.7% in 2011. This still compares favorably to the 3.1% inflation rate for the U.S. city average in 2011. As Washington outperforms the nation in the recovery, we expect inflation to be higher here as well. The forecast expects inflation to increase to 3.1% in 2012, compared to 2.1% for the nation. Seattle inflation is then expected to moderate to 2.1% in 2013 and 2.2% per year in 2014 and 2015.

*Core inflation will be contained*

Core inflation (excluding food and energy) in Seattle came in at 1.3% in 2011 after a negative 0.5% in 2010. Falling shelter costs were the main reason for the decline but rents have since turned around. As the economic recovery continues, Seattle core inflation will remain low but will gradually increase. We expect the core Seattle CPI to rise 3.0% this year, then 2.2% in 2013 and 2.4% in 2014 and 2015.

## Forecast by Fiscal Year

*Personal income growth will slow in FY 2012*

Nominal personal income grew by an estimated 5.0% in FY 2011 following a 1.3% decline in FY 2010. The growth in FY 2011 was still low by historical standards and much lower than the 7.5% average growth rate from 2006 through 2008. The slowdown in growth is mostly due to lower employment growth but average wage growth has also slowed as has income from non-wage sources such as dividends, interest and rent. The forecast expects a slowdown in FY 2012 with nominal personal income growth of 3.9%. Growth is expected to decrease slightly to 3.4% in FY 2013 before picking up to 5.3% and 5.7% in FY 2014 and FY 2015.

*Job growth is expected to be moderate*

Washington non-farm payroll employment rose 0.5% in FY 2011 after falling 4.0% in FY 2010. We expect nonfarm employment to increase moderately in FY 2012 with 1.7% growth. Manufacturing is expected to grow 5.5% due largely to a strong aerospace sector. Construction employment will decline 0.4% as the housing market remains depressed. The service-providing sector should continue its modest recovery with 1.4% growth in FY 2012. As the economic recovery continues, we expect overall employment growth to improve to 1.8% in FY 2013 and 1.9% in FY 2014. In FY 2015, employment is expected to growth 1.8% as manufacturing employment moderates but construction employment begins to pick up.

*Single family housing ...*

The number of housing units authorized by building permits in Washington increased 9.6% to 21,500 in FY 2011 after declining

*...will remain weak in FY 2012*

3.2% in FY 2010. Single-family permits decreased 10.6% in FY 2011 to 13,600 units while multi-family units almost doubled to 7,300 units, although this was coming off the lowest multi-family count in at least 40 years (our data begin in FY 1969). We expect multi-family permits to increase 5.4% this fiscal year to 7,700 units. Single-family construction will experience continued weakness in FY 2012, falling 9.6% to 12,300 units. Overall permits are expected to drop 4.5% this fiscal year to 20,000 units. Housing construction should improve in FY 2013 with the forecast calling for an increase of 9.7% to 22,000 units. The forecast expects growth to accelerate in FY 2014, with units growing 33.0%, before slowing slightly to 19.8% in FY 2015, reaching 35,000 units.

*Seattle inflation will ease due to slack in the labor market*

Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased to 1.2% in FY 2011 from 0.3% in FY 2010. Energy costs, which increased just 2.1% in FY 2010, increased 12.2% in FY 2011. Core inflation (excluding food and energy) decreased from 0.5% in FY 2010 to 0.0% in FY 2011. Inflation will remain contained given the slack that still exists up throughout the economy. The recent rise in energy costs will show up mostly in FY 2012 when the Seattle CPI is expected to increase 3.3%. Seattle inflation will moderate to 2.5%, 2.1%, and 2.2% in FY 2013 through FY 2015.

Table 2.1 provides a fiscal year summary of the state economic indicators.

## Alternative Scenarios

*Alternate forecasts are prepared in accordance with state law*

In accordance with state law, the Washington State Economic and Revenue Forecast Council also prepared an optimistic and a pessimistic forecast in February 2012. In addition to the official optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA).

### Optimistic

*In the optimistic scenario, a return in confidence leads to strong growth*

In the optimistic scenario, the economic recovery accelerates as fears of a double-dip recession evaporate. Congress reaches an agreement to extend the payroll tax cut through 2012. Europe moves toward a longer-term solution to its sovereign debt issues and policymakers prevent a financial meltdown. U.S. equity markets respond favorably. Domestic consumer spending growth is boosted and U.S. businesses continue to take advantage of growing demand in emerging markets resulting in higher exports. The optimistic scenario also sees a quicker, sustained recovery in residential construction. Real GDP picks up significantly, averaging 3.3% (SAAR) in 2012 and 4.2% 2013 compared to 2.2% and 4.2% in the baseline forecast. By the end of 2015 real GDP is 4.3% higher in the optimistic forecast than in the

baseline. More GDP growth translates into more jobs and the unemployment rate falls to 4.8% by the fourth quarter of 2015 compared to 6.8% in the baseline forecast.

*This scenario also assumes growth Washington's key industries is more robust than the baseline*

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that aerospace employment grows faster than assumed in the baseline forecast and continues to expand through 2015 rather than leveling off in 2013. Software employment growth is also stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due mainly to the stronger regional economy. Average wage growth is also faster than in the baseline forecast, further boosting income growth. Population growth is also stronger which, along with higher consumer confidence, leads to higher housing construction. The recovery in construction employment is much stronger than in the baseline forecast. By the end of 2015, Washington nonagricultural employment is higher by 231,200 jobs than in the baseline forecast and Washington personal income is \$35.7 billion higher.

### **Pessimistic**

*In the pessimistic scenario, the economy falls back into recession*

In the pessimistic scenario, the U.S. economy falls back into recession due to policy mistakes in the U.S. and abroad. In Europe, the never-ending austerity proves too much for Greece, which exits the Eurozone. The sovereign-debt crisis erupts and credit markets tighten worldwide and equity prices turn lower. U.S. real GDP growth turns negative as the inventory cycle turns and recession sets in. The housing situation suffers as foreclosures flood the market. Weak domestic demand pushes inflation lower. When the U.S. economy eventually starts to recover, skilled labor becomes a constraint as many unemployed individuals have been out of the labor market for an extended period. In this scenario, real GDP growth slows down in the first in the first quarter of 2012 and turns negative in the second, third, and fourth quarters. The ensuing recovery is weak, with growth not surpassing 2.0% (SAAR) until the fourth quarter of 2013. By the end of 2015 real GDP is 4.5% below the baseline forecast. The unemployment rate begins rising again, reaching 9.6% in the fourth quarter of 2013 before beginning to decline again. At the end of 2015 unemployment is still at 8.6% compared to 6.8% in the baseline.

*This scenario also assumes lower growth in key Washington industries*

At the state level, the aerospace employment recovery is short-lived and employment begins to decline again at the end of 2012. Software employment begins to decline immediately and the reductions accelerate in 2013. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Slower population growth and the generally poor economy lead to another downturn in housing construction. Construction employment also goes into a renewed slump, declining through the first quarter of 2015. The Seattle CPI is lower than in the

baseline forecast, as are Washington wage rates, further depressing personal income. By the end of 2015, Washington non-agricultural employment is 215,000 lower than in the baseline forecast and Washington personal income is \$38.4 billion lower.

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

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

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

*The GCEA scenario expects less real growth and higher inflation*

At the national level, the GCEA outlook for the real economy was stronger than the baseline forecast. On an annual basis, the Governor's Council members expect slightly less real GDP growth throughout the forecast than does the baseline. Real consumer spending is also uniformly weaker. However, they expect more inflation in 2012 and 2013, making their scenario's nominal forecast slightly stronger. The GCEA outlook for oil prices was generally similar to the baseline forecast with slightly lower prices in 2012 and 2013 and higher prices in 2013 and 2014. The Council members predicted higher mortgage rates than the baseline this year, the same next year, but lower rates in 2014 and 2015 than.

*For Washington, the GCEA scenario is slightly weaker*

The GCEA scenario for Washington was also generally weaker than the baseline forecast. On balance, the council members forecast for real personal income is lower than the baseline. They expect higher growth in 2012 but lower growth in 2013, 2014, and 2015. The GCEA employment forecast is similar to the baseline forecast, with slightly less growth in 2012 and 2013 and the same growth in 2014 and 2015. Their forecast for manufacturing employment was also similar to the baseline with slightly less growth in year and next year but more growth in 2014 and 2015. The most significant differences at the state level came in the area of housing and construction. The Governor's Council forecasts for both construction employment growth and housing permits were similar to the baseline in 2012 and 2013 but significantly weaker in 2014 and 2015. The GCEA forecast for average wage growth was lower than the baseline forecast in all four years. By the end of 2015, the GCEA forecast for Washington nonfarm employment is 18,200 lower than in the baseline forecast and personal income in the state is \$6.1 billion lower.

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



Table 2.1  
**Washington Economic Forecast Summary**  
 Forecast 2012 to 2015

Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	264.000	261.166	254.615	262.659	266.999	271.585	280.789	290.467
% Ch	4.9	-1.1	-2.5	3.2	1.7	1.7	3.4	3.4
Real Wage and Salary Disb.	139.365	136.783	133.132	135.398	139.016	141.983	146.279	150.405
% Ch	3.6	-1.9	-2.7	1.7	2.7	2.1	3.0	2.8
Real Nonwage Income	124.635	124.382	121.484	127.261	127.983	129.602	134.510	140.062
% Ch	6.5	-0.2	-2.3	4.8	0.6	1.3	3.8	4.1
Real Per Capita Income (\$/Person)	40,020	39,195	37,893	38,641	38,790	38,971	39,791	40,642
% Ch	3.6	-2.1	-3.3	2.0	0.4	0.5	2.1	2.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.074	1.089	1.104	1.123	1.148	1.167	1.189	1.214
% Ch	3.2	1.5	1.3	1.8	2.2	1.6	1.9	2.1
Seattle Cons. Price Index (1982-84=1.0)	2.205	2.257	2.263	2.290	2.366	2.425	2.476	2.531
% Ch	4.2	2.4	0.3	1.2	3.3	2.5	2.1	2.2
Average Nonfarm Annual Wage	48,523	49,172	50,406	51,955	53,670	54,849	56,617	58,498
% Ch	4.5	1.3	2.5	3.1	3.3	2.2	3.2	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.90	22.03	23.53	23.75	24.09	24.29	24.61	24.95
% Ch	3.4	5.4	6.8	0.9	1.4	0.8	1.3	1.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	283.481	284.539	280.979	294.989	306.541	316.928	333.851	352.740
% Ch	8.4	0.4	-1.3	5.0	3.9	3.4	5.3	5.7
Disposable Personal Income	249.386	254.353	254.387	264.722	272.424	279.153	292.333	309.435
% Ch	8.6	2.0	0.0	4.1	2.9	2.5	4.7	5.9
Per Capita Income (\$/Person)	42,971	42,704	41,816	43,396	44,534	45,476	47,309	49,355
% Ch	6.9	-0.6	-2.1	3.8	2.6	2.1	4.0	4.3
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,436.3	3,521.2	3,531.6	3,511.9	3,484.1	3,526.7	3,573.4	3,620.5
Total Washington Employment	3,271.3	3,257.3	3,185.7	3,185.9	3,179.8	3,233.7	3,285.6	3,343.1
Unemployment Rate (%)	4.80	7.49	9.79	9.28	8.74	8.31	8.05	7.66
Nonfarm Payroll Employment	2,960.1	2,899.8	2,784.6	2,799.3	2,847.3	2,897.8	2,952.5	3,005.3
% Ch	2.2	-2.0	-4.0	0.5	1.7	1.8	1.9	1.8
Manufacturing	295.5	278.9	258.3	261.6	275.9	284.5	289.8	294.2
% Ch	2.0	-5.6	-7.4	1.2	5.5	3.1	1.9	1.5
Durable Manufacturing	214.5	201.5	184.5	187.4	200.2	208.6	213.6	217.5
% Ch	3.1	-6.1	-8.4	1.5	6.9	4.2	2.4	1.8
Aerospace	83.1	82.9	81.1	82.5	90.9	94.2	94.9	94.9
% Ch	8.3	-0.2	-2.2	1.7	10.2	3.7	0.7	0.0
Nondurable Manufacturing	81.0	77.4	73.8	74.2	75.7	75.9	76.2	76.7
% Ch	-0.7	-4.5	-4.7	0.5	2.0	0.3	0.4	0.6
Construction	207.8	181.2	146.5	138.7	138.2	140.9	149.4	162.1
% Ch	2.5	-12.8	-19.1	-5.3	-0.4	2.0	6.0	8.5
Service-Providing	2,449.0	2,432.9	2,373.9	2,393.0	2,427.3	2,466.3	2,507.1	2,542.6
% Ch	2.2	-0.7	-2.4	0.8	1.4	1.6	1.7	1.4
Software Publishers	48.8	52.1	50.8	51.3	52.4	53.6	54.9	56.2
% Ch	4.9	6.8	-2.6	1.0	2.1	2.3	2.4	2.3
Nonfarm Payroll Employment, EOP*	2,969.7	2,827.1	2,785.2	2,815.6	2,861.8	2,920.2	2,971.6	3,025.2
% Ch*	1.4	-4.8	-1.5	1.1	1.6	2.0	1.8	1.8
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	38.102	19.749	19.117	20.948	20.010	21.951	29.197	34.991
% Ch	-24.7	-48.2	-3.2	9.6	-4.5	9.7	33.0	19.8
Single-Family	23.059	13.016	15.230	13.613	12.301	11.126	17.365	22.313
% Ch	-32.3	-43.6	17.0	-10.6	-9.6	-9.5	56.1	28.5
Multi-Family	15.043	6.734	3.888	7.335	7.709	10.824	11.832	12.679
% Ch	-9.1	-55.2	-42.3	88.7	5.1	40.4	9.3	7.2
30-Year Fixed Mortgage Rate (%)	6.19	5.57	5.00	4.59	4.07	4.37	4.90	5.45

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

Table 2.2  
**Comparison of Alternative Forecasts**

	Fiscal Year 2012			Fiscal Year 2013			Fiscal Year 2014			Fiscal Year 2015		
	O	B	P	O	B	P	O	B	P	O	B	P
<b>U.S.</b>												
Real GDP	13,495	13,453	13,405	14,053	13,778	13,349	14,622	14,161	13,560	15,179	14,583	13,939
%Ch	2.1	1.8	1.4	4.1	2.4	-0.4	4.0	2.8	1.6	3.8	3.0	2.8
Implicit Price Deflator	1.150	1.148	1.146	1.173	1.167	1.154	1.193	1.189	1.172	1.211	1.214	1.197
%Ch	2.4	2.2	2.0	2.0	1.6	0.7	1.7	1.9	1.6	1.5	2.1	2.1
Mortgage Rate	4.11	4.07	3.95	4.87	4.37	3.59	5.69	4.90	4.08	6.10	5.45	4.50
3 Month T-Bill Rate	0.07	0.03	0.02	0.18	0.08	0.03	1.17	0.07	0.03	3.16	0.47	0.03
<b>Washington</b>												
Real Personal Income	269.799	266.999	265.249	282.408	271.585	263.328	298.281	280.789	264.458	316.707	290.467	267.866
%Ch	2.7	1.7	1.0	4.7	1.7	-0.7	5.6	3.4	0.4	6.2	3.4	1.3
Personal Income	310.255	306.541	303.966	331.314	316.928	303.887	355.836	333.851	309.973	383.570	352.740	320.673
%Ch	5.2	3.9	3.0	6.8	3.4	0.0	7.4	5.3	2.0	7.8	5.7	3.5
Employment	2855.0	2847.3	2838.9	2955.8	2897.8	2827.5	3071.1	2952.5	2818.0	3190.0	3005.3	2823.2
%Ch	2.0	1.7	1.4	3.5	1.8	-0.4	3.9	1.9	-0.3	3.9	1.8	0.2
Housing Permits	21.553	20.010	19.432	32.554	21.951	17.228	43.204	29.197	19.644	50.283	34.991	25.233
%Ch	2.9	-4.5	-7.2	51.0	9.7	-11.3	32.7	33.0	14.0	16.4	19.8	28.4

(O) Optimistic; (B) Baseline; (P) Pessimistic

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

Calendar Years

	2012	2013	2014	2015
<b><u>U.S.</u></b>				
<b>Real GDP</b>				
<i>Growth</i>				
ERFC	2.2	2.6	2.9	2.9
GCEA Average	2.0	2.4	2.6	2.7
<b>Real Consumption</b>				
<i>Growth</i>				
ERFC	1.8	2.3	2.7	2.7
GCEA Average	2.0	2.0	2.3	2.4
<b>Implicit Price Deflator, PCE</b>				
<i>Growth</i>				
ERFC	1.7	1.7	2.1	2.2
GCEA Average	1.9	2.0	2.1	2.2
<b>Mortgage Rate</b>				
<i>Percent</i>				
ERFC	4.1	4.6	5.2	5.8
GCEA Average	4.3	4.6	5.1	5.4
<b>Oil Price (WTI)</b>				
<i>USD per barrel</i>				
ERFC	100.6	101.1	97.5	94.3
GCEA Average	93.9	97.1	98.8	97.7
<b><u>Washington State</u></b>				
<b>Real Personal Income</b>				
<i>Growth</i>				
ERFC	1.1	2.8	3.6	3.3
GCEA Average	1.4	2.0	2.6	2.7
<b>Wage and Salary Employment</b>				
<i>Growth</i>				
ERFC	1.7	2.0	1.8	1.8
GCEA Average	1.4	1.7	1.8	1.8
<b>Manufacturing Employment</b>				
<i>Growth</i>				
ERFC	4.5	2.6	1.4	1.5
GCEA Average	3.5	2.4	1.5	1.7
<b>Construction Employment</b>				
<i>Growth</i>				
ERFC	0.8	4.0	7.5	8.9
GCEA Average	0.7	2.6	4.4	5.2
<b>Housing Permits</b>				
<i>Thousands of authorized units</i>				
ERFC	20.0	25.4	32.3	36.7
GCEA Average	20.9	25.3	28.6	32.1
<b>Washington Average Annual Wage</b>				
<i>Growth</i>				
ERFC	2.4	2.8	3.3	3.3
GCEA Average	2.2	2.4	2.8	2.9

Table 2.4  
**Forecast Analysis**  
 Comparison of Forecasts for 2011-13

Forecast Date	<b>2010</b>				<b>2011</b>				<b>2012</b>				<b>2013</b>	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
<b>Washington</b>														
Percent Growth, 2011:2-2013:2														
Employment	5.6	6.2	6.1	5.5	5.3	4.5	3.4	3.0	3.7					
Personal Income	12.5	12.0	11.1	10.9	10.8	10.0	7.4	7.4	7.6					
Real Personal Income	8.4	8.0	7.8	7.4	7.0	6.6	4.9	4.3	4.2					
Total (Thousands of units), 2011:3 to 2013:2														
Housing Units Authorized	86.7	85.3	69.5	66.8	55.8	50.9	43.8	42.8	42.0					

Table 2.5  
**Forecast Comparison**  
 Forecast 2012 to 2015

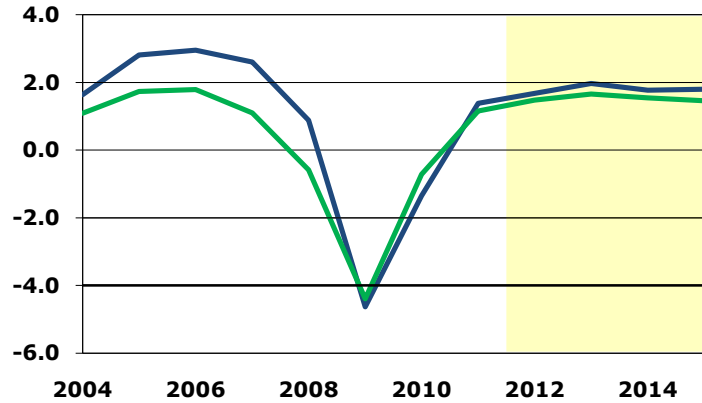
Fiscal Years

	2009	2010	2011	2012	2013	2014	2015
<b>Washington</b>							
<b>Real Personal Income</b>							
February Baseline	261.166	254.615	262.659	266.999	271.585	280.789	290.467
% Ch	-1.1	-2.5	3.2	1.7	1.7	3.4	3.4
November Baseline	261.166	254.615	262.531	265.208	271.684	---	---
% Ch	-1.1	-2.5	3.1	1.0	2.4	---	---
<b>Personal Income</b>							
February Baseline	284.539	280.979	294.989	306.541	316.928	333.851	352.740
% Ch	0.4	-1.3	5.0	3.9	3.4	5.3	5.7
November Baseline	284.539	280.978	294.844	304.704	316.231	---	---
% Ch	0.4	-1.3	4.9	3.3	3.8	---	---
<b>Employment</b>							
February Baseline	2899.8	2784.6	2799.3	2847.3	2897.8	2952.5	3005.3
% Ch	-2.0	-4.0	0.5	1.7	1.8	1.9	1.8
November Baseline	2899.8	2784.6	2799.2	2832.6	2876.4	---	---
% Ch	-2.0	-4.0	0.5	1.2	1.5	---	---
<b>Housing Permits</b>							
February Baseline	19.749	19.117	20.948	20.010	21.951	29.197	34.991
% Ch	-48.2	-3.2	9.6	-4.5	9.7	33.0	19.8
November Baseline	19.749	19.117	21.466	20.043	22.729	---	---
% Ch	-48.2	-3.2	12.3	-6.6	13.4	---	---

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

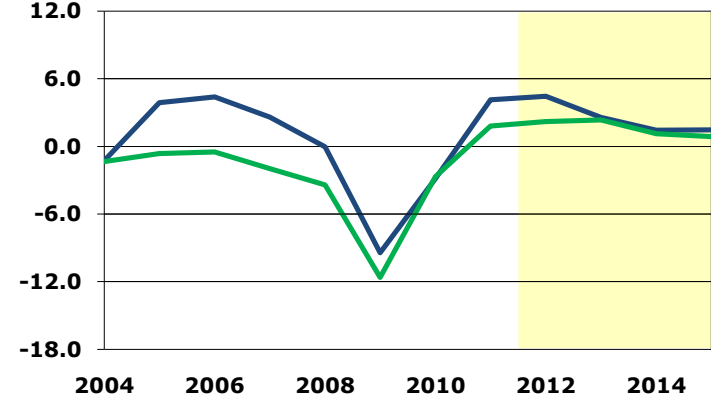
Forecast

Total nonfarm payroll employment



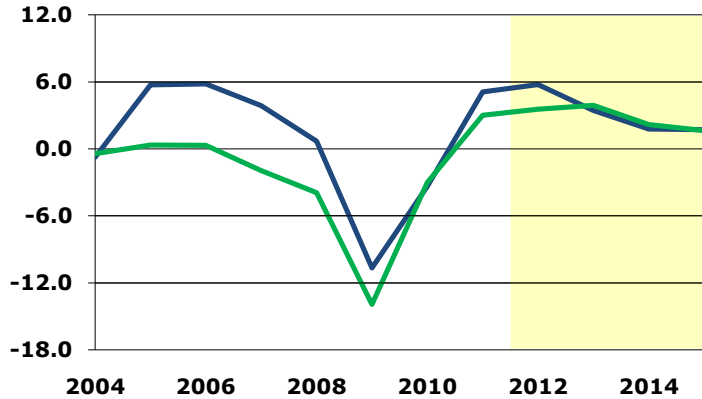
Source: WA State Employment Security Dept. 2011, ERFC 2015

Manufacturing employment



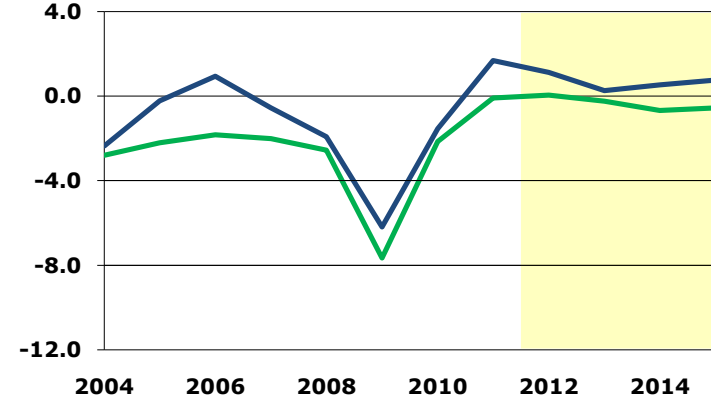
Source: WA State Employment Security Dept. 2011, ERFC 2015

Durable manufacturing employment



Source: WA State Employment Security Dept. 2011, ERFC 2015

Nondurable manufacturing employment



Source: WA State Employment Security Dept. 2011, ERFC 2015

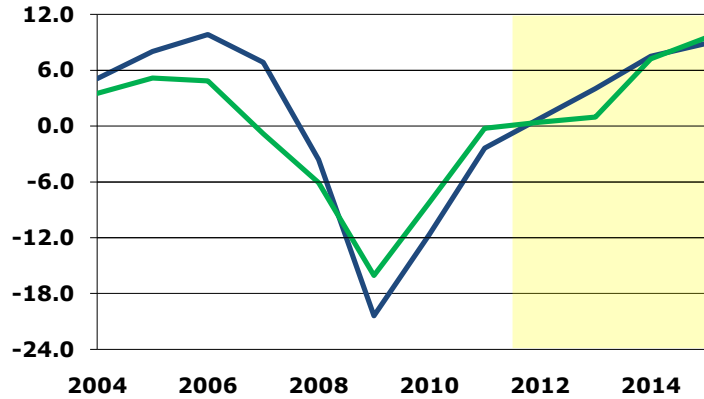
Washington

U.S.

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

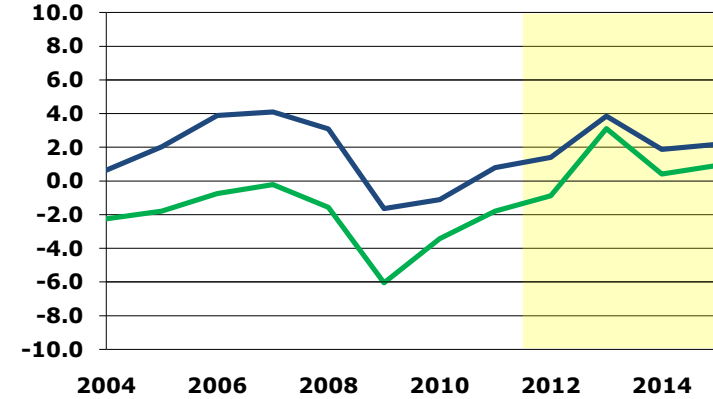
Forecast

Construction employment



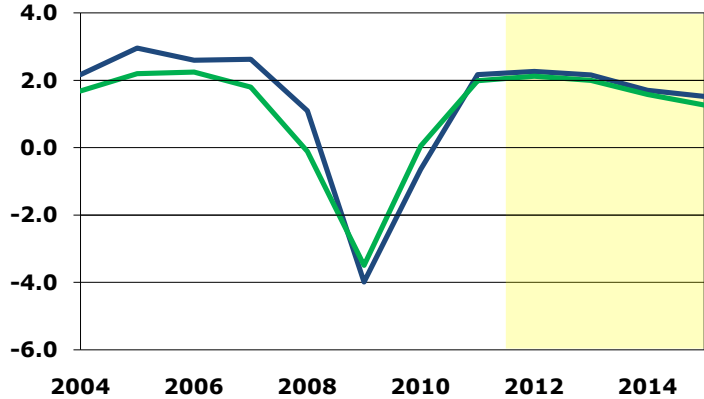
Source: WA State Employment Security Dept. 2011, ERFC 2015

Information employment



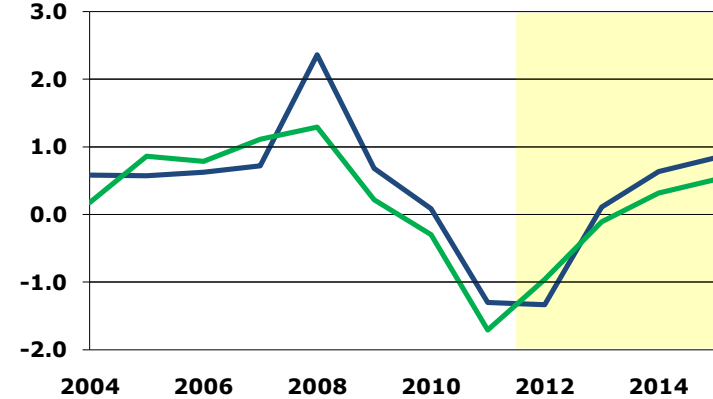
Source: WA State Employment Security Dept. 2011, ERFC 2015

Other private employment



Source: WA State Employment Security Dept. 2011, ERFC 2015

Government employment



Source: WA State Employment Security Dept. 2011, ERFC 2015

Washington

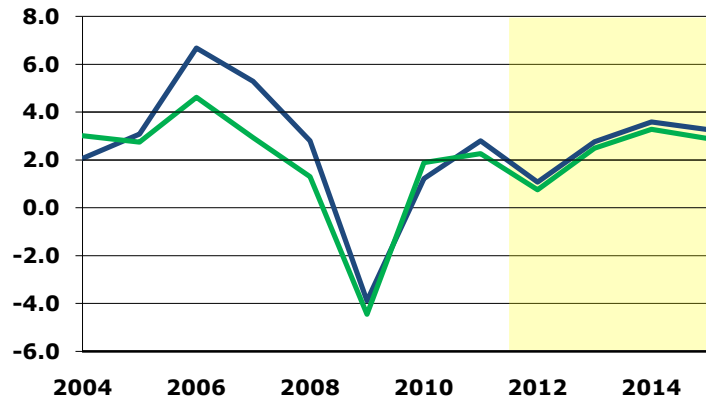
U.S.

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

(Percent change)

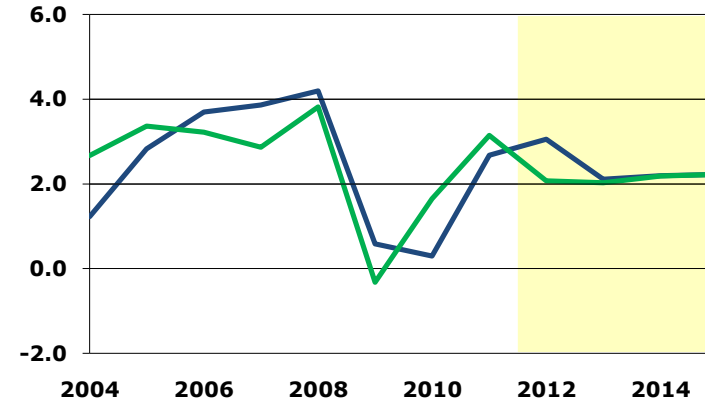
Forecast

Real personal income



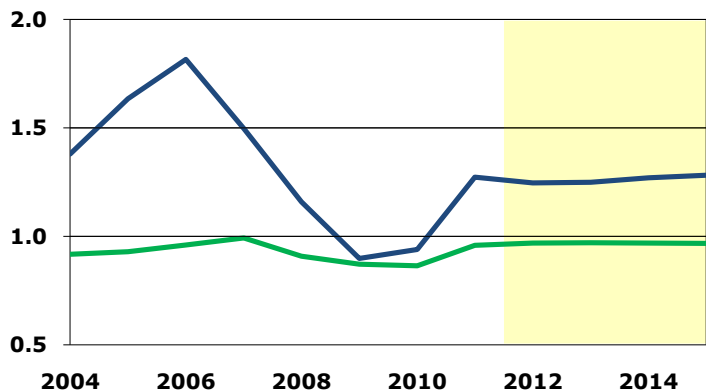
Source: Bureau of Economic Analysis 2010, ERFC 2015

Consumer price indices



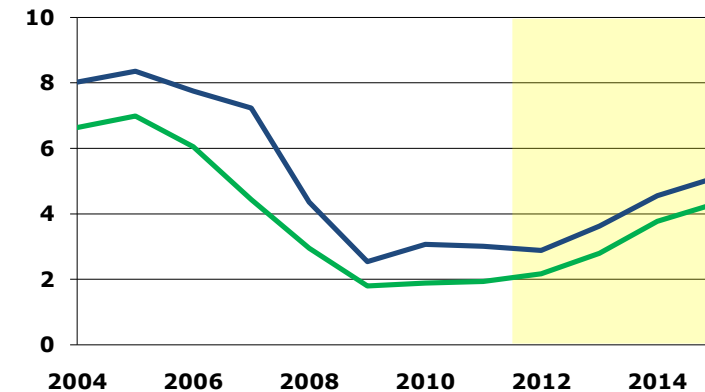
Source: Bureau of Labor Statistics 2011, ERFC 2015

Population



Source: Office of Financial Management 2010, ERFC 2015

New Housing Units Per 1,000 population (level)



Source: Census Bureau 2011, ERFC 2015

Washington

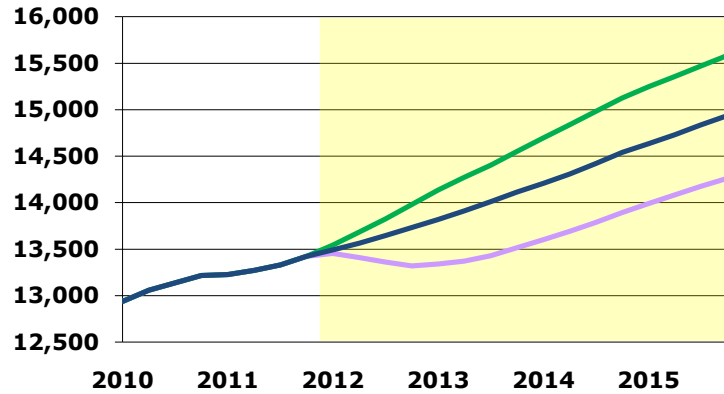
U.S.



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

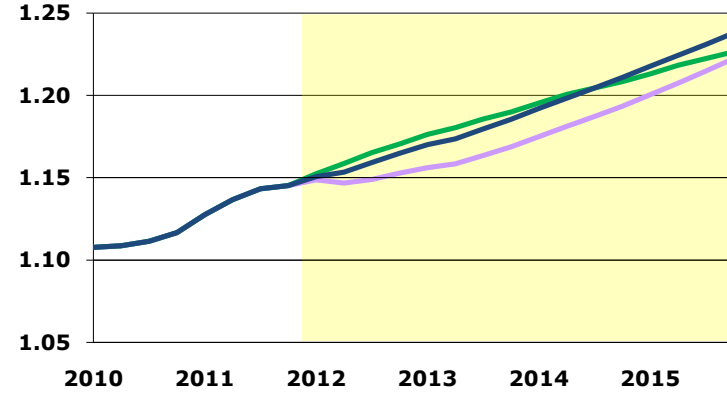
Forecast

Real GDP, billions of chained 2005 dollars



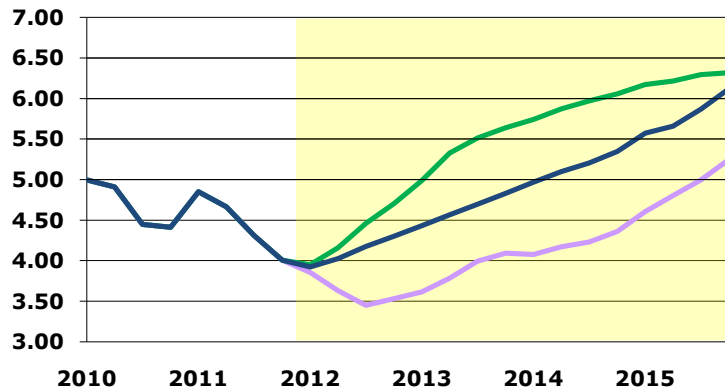
Source: Bureau of Economic Analysis 2011 Q4, ERFC 2015

Implicit price deflator, index 2005 = 1.0



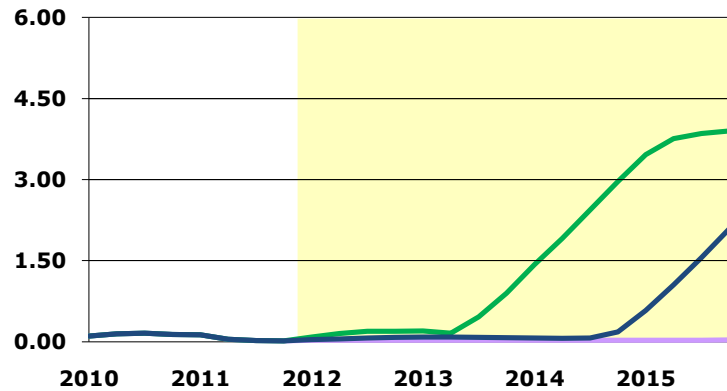
Source: Bureau of Economic Analysis 2011 Q4, ERFC 2015

Mortgage rate, percent



Source: Freddie Mac 2011 Q4, ERFC 2015

Three month T-bill rate, percent



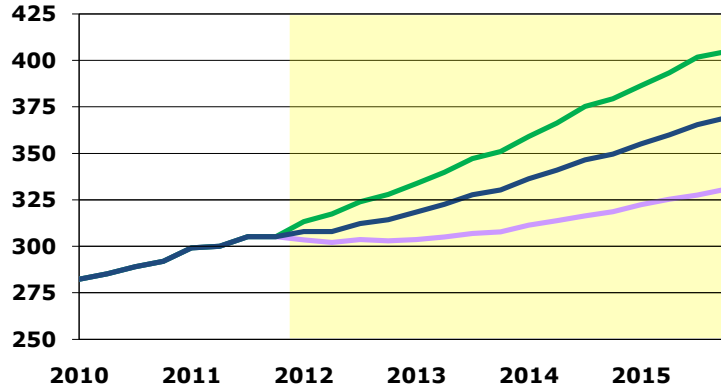
Source: Federal Reserve Board 2011 Q4, ERFC 2015

■ Baseline      ■ Optimistic      ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

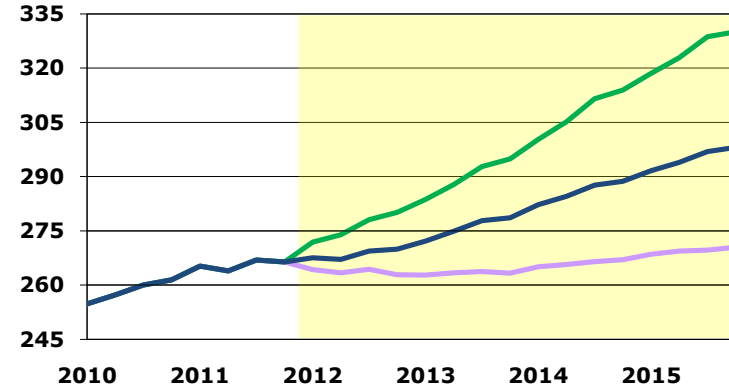
Forecast

Personal income, billions of dollars



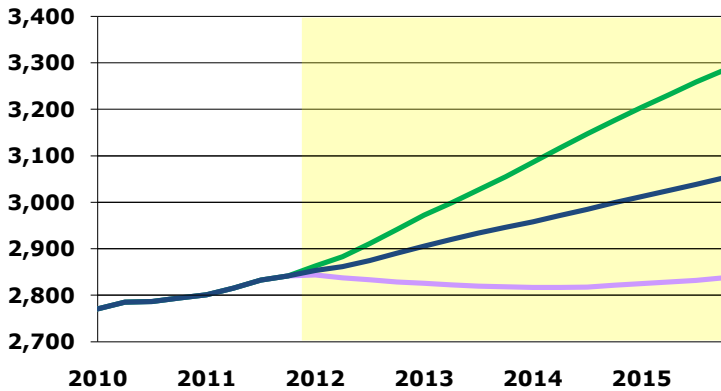
Source: Bureau of Economic Analysis 2010 Q4, ERFC 2015

Real personal income, billions of chained 2005 dollars



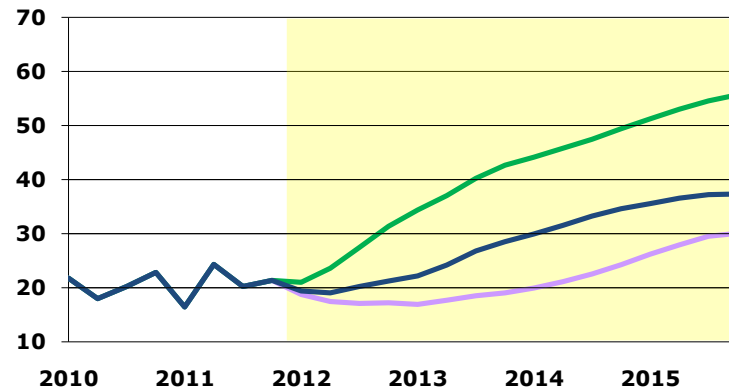
Source: Bureau of Economic Analysis 2010 Q4, ERFC 2015

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2011 Q4, ERFC 2015

Housing permits, thousands



Source: Census Bureau 2011 Q4, ERFC 2015

■ Baseline      ■ Optimistic      ■ Pessimistic



## Chapter 3: Washington State Revenue Forecast Summary

- **General Fund-State revenue collections since November were just above their forecasted value, and changes to the state economic forecast for February were small.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$96 million more than forecasted in November.**
- **Non-economic changes including legislation from the December 2011 emergency legislative session are responsible for \$64 million of the forecasted 2011-13 increase.**
- **The initial General Fund-State revenue forecast for the 2013-15 biennium is 7.1% higher than the forecast for the 2011-13 biennium.**
- **There remain considerable downside risks to the forecast.**

### Overview

*The state economic forecast has changed little since November; the revenue forecast change is similarly small*

As outlined in Chapters 1 and 2, there was little overall change in the national and state economic forecasts from November 2011 to February 2012. Revenue collections have come in just above their forecasted values. As a result, forecasted revenue for the current biennium has been changed only slightly, an increase of less than 1%. As in November, however, there remain considerable downside risks to the forecast. The European debt crisis is not yet solved, and Iran has threatened to block oil exports from passage through the Strait of Hormuz. The fragile recovery could be derailed by trouble on either of these fronts, with negative repercussions for revenue.

*The GF-S forecast for the 2011-13 biennium has been increased by \$96 million*

Table 3.1 summarizes the changes to the forecast of General Fund-State (GF-S) revenue for the 2011-13 biennium. New legislation from the December 2011 emergency legislative session and two other smaller non-economic factors added \$63.5 million in revenue to the current biennium. A positive variance in collections coupled with a small increase in forecasted revenue due to economic factors increased the forecast by \$32.2 million. The resulting total forecast change for GF-S revenue in the current biennium is an increase of \$95.7 million.

GF-S forecast (\$millions):

2011-13: \$30,284

2013-15: \$32,428

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

	<b>2011-13 Biennium</b>
Non-Economic Change	\$63.5
Forecast Change	<u>\$32.2</u>
<b>Total Change</b>	<b>\$95.7</b>

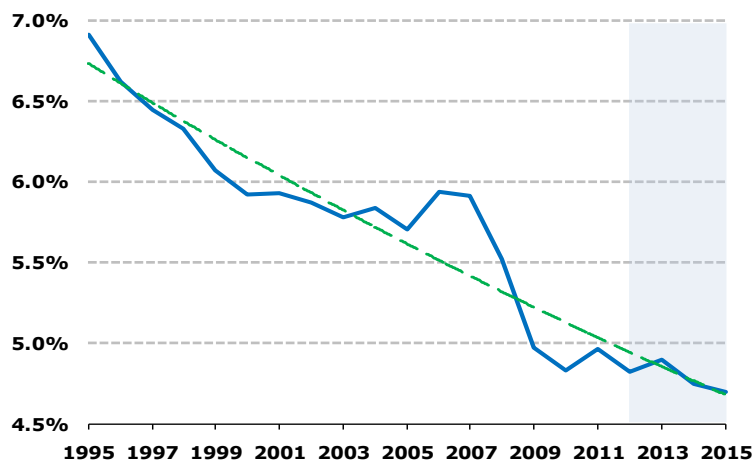
With the revisions above, GF-S revenue for the 2011-13 biennium is forecasted to total \$30,284.0 million. The February 2012 forecast also includes the initial forecast of GF-S revenue for the 2013-15 biennium. GF-S revenue for the 2013-15 biennium is forecasted to total \$32,428.3 million, an increase of 7.1% from the forecasted revenue of the current biennium.

*The ratio of collections to income is predicted to stay below its 1995-2008 levels*

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income has been on a persistent downward trend since 1995 (the first year that a series fully consistent with the current definition of GF-S revenue can be created). The increase in real estate excise taxes and retail sales taxes on construction materials during the housing boom from 2005 to mid-2008 caused collections to rise above this trend, while the subsequent housing market collapse caused collections to fall below the trend. Collections for FY 2011 were boosted by one-time transfers of funds from non-GF-S sources

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

*GF-S revenue relative to state personal income is on a declining trend*



Source: ERFRC, data through fiscal year 2011

into the GF-S, causing the ratio of collections to income to spike in that year. The February forecast, as shown in the light blue shaded area, has the ratio increasing in FY 2013 due to the continued economic recovery and increases in GF-S revenue from legislation passed in 2010 and 2011. In FY 2014 and 2015, however, the ratio is forecasted to resume its downward trend, aided by the FY 2014 expiration of several temporary increases of taxes and transfers of revenue to the GF-S.

*Forecast details are at the end of the chapter*

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

## Recent Collection Experience

*Cumulative receipts from major sources that are tracked monthly were \$44.8 million (1.1%) more than the November forecast*

Revenue collections from the Department of Revenue (DOR), Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. In the period since the November forecast, total revenue from the above sources came in \$44.8 million (1.1%) higher than expected (see Table 3.2). Revenue Act collections reported by the DOR were \$20.9 million (0.7%) below the November forecast. Revenue from other DOR tax sources from November through January, however, was \$65.9 million (6.0%) higher than expected. Most of the positive variance was due to the effects of SHB 2169, discussed in the “Non-Economic Forecast Changes” section below. The law allows securities turned in to the state as unclaimed property to be sold earlier than previously allowed, bringing in an extra \$24.7 million in January. Real Estate Excise tax (REET) receipts were also

**Table 3.2: Pre-Forecast Collection Variance of Major General Fund-State Taxes by Agency (based on November 2011 forecast, cash basis, millions of dollars)**

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	(\$20.9)	-0.7%
Non Revenue Act	\$65.9	6.0%
Subtotal	\$44.9	1.1%
Department of Licensing	\$0.1	17.4%
Administrative Office of the Courts	(\$0.2)	-1.0%
<b>Total*</b>	<b>\$44.8</b>	<b>1.1%</b>

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

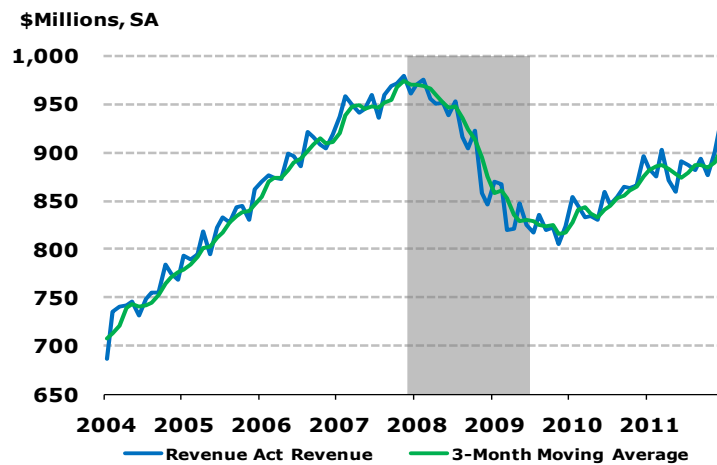
Source: ERFC; Period: November 11, 2011 - February 10, 2012

higher than expected, coming in \$19.6 million (23.4%) above the forecast, as were property tax receipts, which were \$10.1 million (1.3%) more than forecasted. Liquor tax receipts came in \$1.2 million (2.6%) higher than forecasted, but cigarette tax receipts fell short of the forecast by \$4.8 million (13.1%). The sum of the variances of other DOR sources was \$15.3 million. Revenue from the Department of Licensing was \$98,000 (17.4%) higher than forecasted while revenue from the Administrative Office of the Courts was \$256,000 (3.3%) lower than forecasted.

*Seasonally adjusted Revenue Act collections were up 6.2% year-over-year in the most recent collection period*

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments. It is also adjusted for recent changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was subsequently aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. Collections slowed in mid-2011 but have since resumed their upward course. The three-month moving average of collections, shown by the green line, more accurately represents the trend growth of collections than the blue line, which shows considerable variability from month-to-month due to variations in the timing of payments not accounted for by the seasonal adjustment factors.

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



*Seasonally adjusted Revenue Act collections are once again growing after a mid-2011 slowdown*

Source: ERFC; Data through February 10, 2012 preliminary allocation  
 \*Adjusted for large payments/refunds and payment pattern change

Quarterly year-over-year Revenue Act growth is moderate

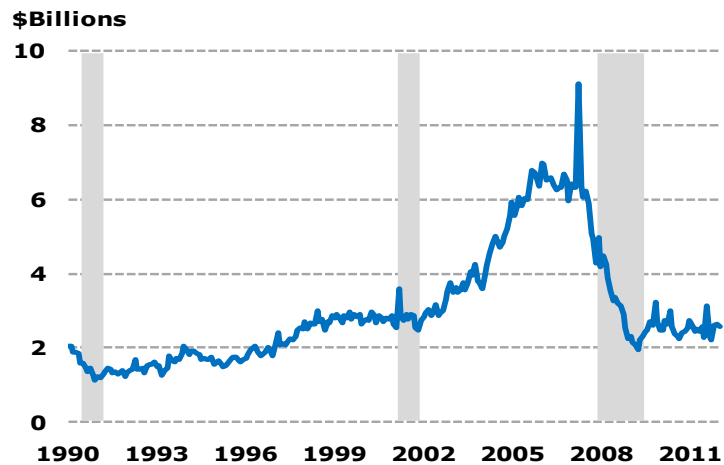
Adjusted Revenue Act collections from November 11, 2011 – February 10, 2012, which primarily reflected fourth quarter 2011 activity, were up 3.6% year-over-year. This was slightly slower than the 3.9% year-over-year growth in third quarter activity (August 11 – November 10, 2011 adjusted collections), but slightly better than the 3.3% year-over-year growth in collections that represented second quarter activity.

Recent REET collections have been boosted by a smaller number of larger transactions

After a large spike in August from several large sales of commercial property, seasonally adjusted taxable real estate activity declined in September and October, falling close to levels last seen in the spring of 2009 (see Figure 3.3). The November forecast predicted activity would improve only slightly from that level, but instead activity in November 2011 through January 2012 rebounded to the levels of early 2011. In a reversal of the trend in recent months, however, the number of transactions decreased year-over-year in December and January, while the average value per transaction increased. Because housing prices have been flat to declining year-over-year, the likely cause of the increased value per transaction is an increased number of commercial sales. Sustained increases in REET activity will only be likely when the number of transactions per month once again begins to increase.

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

Activity in November 2011 through January 2012 rebounded to levels last seen in early 2011



Source: ERFC; data through January 2012

## Recent EFT Payments by Industry

*Tax payments by electronic filers provide an estimate of activity by industry*

Detailed information on tax payments by type and industry is compiled by the Department of Revenue on a quarterly basis. While detailed data on fourth quarter activity will not be complete until April 2012, a preliminary indication of recent activity by industry sector can be inferred by looking at payments by taxpayers who file their tax returns electronically. Payments from the most recent collection period can be compared to the year-ago payments by the same taxpayers.

*Tax payments from electronic filers who paid both this year and last increased by 4.8% year-over-year*

Electronic tax returns from the January 11 – February 10, 2012 period mainly represent the December 2011 taxable activity of monthly taxpayers. Total payments increased by 4.8% year-over-year. Payments from the retail trade sector increased 3.6% year-over-year. The largest year-over-year increases in tax payments from the retail trade sector were in non-store retailers (+13.0%), electronics and appliances (+7.8%), motor vehicles and parts (+7.7%) and miscellaneous retailers (+7.4%). Only one retail trade sector, food and beverage stores, had a year-over-year decline in payments (-6.4%). Total payments from sectors other than retail trade increased 5.7%. Tax payments in the construction sector were up year-over-year for only the second time since July 2008, increasing 5.1% for two months in a row. Payments from the manufacturing sector were up 20.4%, with strong growth in payments from petroleum refiners and the transportation equipment sector. Excluding both the manufacturing and construction sectors, payments from non-retail trade sectors were up 4.6%.

## Non-Economic Forecast Changes

*SHB 2169 increased revenue by \$50.6 million. Other changes added \$12.9 million more, for a total non-economic forecast increase of \$63.5 million*

There were three changes for the 2011-13 biennial forecast that were unrelated to the change in the economic forecast. The first and largest was the passage of SHB 2169 in the December 2011 emergency legislative session. Under the bill, stocks, bonds, and other securities turned in to the state as unclaimed property may now be sold as soon as practicable. Prior to the new law, securities were required to be held for one to three years before being sold. In January, \$24.7 million of securities were sold, and an additional \$25.9 million of securities are projected to be sold under the new rules in the remainder of the biennium, for a total forecast increase of \$50.6 million. In addition, a \$7.8 million payment of back taxes stemming from an audit assessment which is scheduled to be received in February 2012 was added to the forecast. There was also an administrative change in the application of leasehold excise taxes which will add \$5.0 million per year to projected collections. The total non-economic addition to the forecast from these three factors was \$63.5 million (the detailed amounts do not add to the total due to rounding).



## Department of Revenue

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

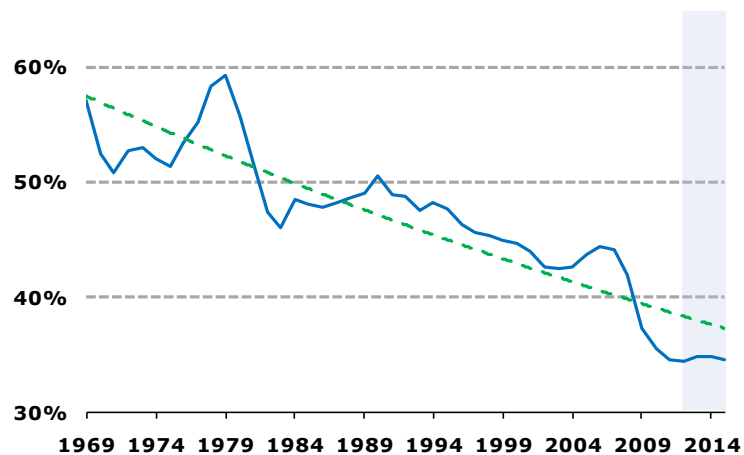
The Department of Revenue (DOR) collects and administers the majority of Washington’s GF-S revenue, accounting for 95% of total GF-S revenue in the 2009-11 biennium. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, and real estate excise tax. The revenue forecasts discussed below can be found in Tables 3.5-3.7.

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.3% of GF-S revenue in FY 2011. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income have been declining. Their share fell sharply during the recession and is forecasted to continue to fall through FY 2012. In that year, it is estimated that 34.4% of personal income will be spent on taxable items, the lowest percentage on record. The taxable sales share of personal income is forecasted to increase slightly in FY 2013 and level off in FY 2014 before continuing its long-time downward trend in FY 2015. Despite the FY 2013 increase, the ratio will still remain far below its pre-recession trend through FY 2015. This relationship is illustrated in Figure 3.4.

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

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



\*Past tax base adjusted to represent current base. Shaded area indicates forecast

Source: ERFC; forecast through FY 2015

*Retail sales tax receipt growth forecast:*

*FY12: 2.1%  
FY13: 4.9%  
FY14: 5.5%  
FY15: 5.1%*

After declines of 10.4% in FY 2009 and 6.0% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections to 3.2% for the fiscal year. The growth rate of taxable activity is forecasted to improve from 3.6% in FY 2012 to 5.3% in FY 2014 before slowing to 4.8% in FY 2015. Taxable activity is not forecasted to regain its fourth quarter, 2007 peak until the third quarter of 2014. Taking into account the lag between taxable activity and collections and factoring in tax deferrals, credits and refunds, actual retail sales tax collections are forecasted to grow by 2.1% in FY 2012, 4.9% in FY 2013, 5.5% in FY 2014 and 5.1% in FY2015.

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

The business and occupation (B&O) tax is the second largest source of GF-S revenue, accounting for 20.6% of GF-S revenue in FY 2011. It is a tax on the gross receipts of all businesses operating in Washington. The state portion of the tax applies ten different rates according to various classifications of business activities. In FY 2011, the largest contributor to total state B&O tax was the services sector, which had a gross tax rate of 1.8% (the rate will revert to 1.5% in July 2013) and represented an estimated 45% of B&O taxes due. The next largest sector was retailing, which is taxed at 0.471% and represented an estimated 22% of taxes due, followed by the wholesaling sector, which is taxed at 0.484% and represented an estimated 18% of taxes due.

*B&O tax growth forecast:*

*FY12: 2.7%  
FY13: 8.4%  
FY14: -1.4%  
FY15: 4.7%*

Due mainly to new revenue from the temporary increase of the B&O services tax from 1.5% to 1.8%, B&O tax collections grew by 16.9% in FY 2011. Receipts for the fiscal year were also increased by the tax penalty amnesty program and other legislative changes described in the [June 2010 Washington State Economic and Revenue Forecast](#) publication. Due to the moderate economic recovery, lowered expected audit payments in the wake of the 2011 tax amnesty program and several large tax refunds, receipts are forecasted to grow only 2.7% in FY 2012. The refunds in FY 2012, coupled with an improving economy, increased the forecasted FY 2013 growth rate to 8.4%. Expiration of the temporary increase in the B&O service tax rate will cause receipts to shrink by 1.4% in FY 2014 before growing by 4.7% in FY 2015.

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

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.6% of total revenue in FY 2011. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073. This added approximately \$260 million to FY 2010 GF-S revenue, inflating

the growth rate to 19.4%. Absent the transfer, growth would have been 2.1%.

*GF-S property tax growth forecast:*

*FY12: 1.5%*  
*FY13: 1.8%*  
*FY14: 2.0%*  
*FY15: 2.0%*

Under Initiative 747, approved by voters in November 2001, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in July of the year preceding the levy, unless a greater increase is approved by the voters (I-747 was ruled unconstitutional in 2007, but the legislature adopted a similar limit in a special session that year). The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. Property tax receipts grew by 1.8% in FY 2011 and are forecasted to grow by 1.5% in FY 2012, 1.8% in FY 2013, and 2.0% in FY 2014 and FY 2015.

*Use tax was the fourth largest GF-S source in FY 2011*

The state use tax was the fourth largest GF-S revenue source in FY 2011 at 3.7% of total receipts. The state portion of the tax is 6.5% of the purchase price for items used in the state that were not subject to the state retail sales tax. Examples of items subject to the state use tax are goods purchased out-of-state; online and mail-order purchases, where sales tax was not collected; or purchases of used vehicles from private individuals.

*Use tax growth forecast:*

*FY12: -11.3%*  
*FY13: 7.5%*  
*FY14: 5.8%*  
*FY15: 4.9%*

The tax penalty amnesty program brought in a large amount of past-due use taxes. As a result, FY 2011 collections increased 26.2% year-over-year. FY 2011 collections have also been supported by an increase of sales of used or out-of-state vehicles, which can account for over one-third of use taxes depending upon the time of year. Used vehicle sales exhibit sharp declines during economic downturns and increases during recoveries. This pattern was responsible for much of the 10.0% decline in FY 2009 taxes as well as the 8.0% decrease in FY 2010. Because of the high FY 2011 collections, use tax receipts are forecasted to decline by 11.3% in FY 2012 even though used vehicle sales are expected to be stronger during that period. FY 2013 use tax collections are forecasted to grow by 7.5%, also boosted by used vehicle sales, before slowing to a 5.8% rate in FY 2014 and 4.9% in FY 2015.

*REET made up 2.4% of GF-S revenue in FY 2011*

While real estate excise tax (REET) was the fifth largest DOR source of GF-S revenue in FY 2010, it was the seventh largest in FY 2011, accounting for 2.4% of total revenues. In FY 2011, cigarette tax receipts were the fifth largest source at 3.0% of total revenues due to a one-time boost from the transfer of cigarette taxes from other accounts into the GF-S. Public utility tax was in sixth place at 2.6% of total receipts.

*REET is  
1.28% of  
real estate  
sales price*

The state portion of REET is 1.28% of the sales price. The tax is divided between the GF-S (92.3%), a fund for local public works (6.1%) and a fund for assistance of cities and counties (1.6%). The tax is applied to both residential and commercial real estate, including purchases of vacant land.

*REET growth  
forecast:*

*FY12: 0.9%  
FY13: 5.7%  
FY14: 19.4%  
FY15: 12.5%*

Since peaking in FY 2007 in the final days of the real estate boom, REET collections have declined precipitously. Receipts dropped 38.0% year-over-year in FY 2008 and 41.3% in FY 2009. A federal tax credit for homebuyers slowed the rate of decline to 2.4% in FY 2010, but the decline reaccelerated in FY 2011, with a drop of 7.8%. Receipts are now forecasted to flatten in FY 2012, growing at 0.9%, before picking up slightly to grow by 5.7% in FY 2013. At that growth rate, FY 2013 receipts will still be below levels of FY 1999. Because forecasted FY 2013 activity is at such a low level, the forecasted slow recovery in housing prices starting in mid-2013 coupled with transactions moving closer to their historical per capita level are forecasted to increased REET collections by 19.4% in FY 2014 and 12.5% in FY 2015.

## **Department of Licensing**

*Forecast  
change for  
2011-13  
biennium:*

*-\$0.9 million*

The majority of GF-S revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The department's forecast for the 2011-13 biennium has been decreased \$0.9 million to \$33.2 million, due primarily to lower forecasted watercraft excise taxes. The department's initial forecast of GF-S revenue for the 2013-15 biennium is \$33.1 million.

## **The Office of Financial Management (Other Agencies)**

*Forecast  
change for  
2011-13  
biennium:*

*+\$4.0 million*

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's forecast for the 2011-13 biennium was increased \$4.0 million to \$231.4 million. The office's initial forecast of GF-S revenue for the 2013-15 biennium is \$11.8 million. Forecasted revenue for the 2013-15 biennium is lower than that of the current biennium because of a one-time transfer of \$204 million from the Education Construction Account to the GF-S that occurred in the current biennium but is not expected to occur in the next biennium.

## State Treasurer

*Forecast  
change for  
2011-13  
biennium:*

*-\$0.7 million*

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's forecast for the 2011-13 biennium has been reduced \$0.7 million to negative \$26.9 million due to a decrease in the forecasted average daily balance. The office's initial forecast of GF-S revenue for the 2013-15 biennium is negative \$19.3 million. The forecasted earnings for each biennium are negative because the average daily balance for each biennium is forecasted to be negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office.

## Insurance Commissioner

*Forecast  
change for  
2011-13  
biennium:*

*\$0.1 million*

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's forecast for the 2011-13 biennium has been increased \$0.1 million to \$861.6 million. The office's initial forecast of GF-S revenue for the 2013-15 biennium is \$930.5 million.

## Liquor Control Board

*Forecast  
change for  
2011-13  
biennium:*

*+\$4.5million*

Historically, the Liquor Control Board generated GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. Under Initiative 1183, however, which was passed in November 2011, the Liquor Control Board will no longer operate liquor stores after June 1, 2012. After this time it will collect new distributors' and retailers' fees created by the initiative, a portion of which will be passed on to the GF-S. The projected sum of these fees, along with the profits collected before closure of the stores and other fees collected by the board, has been increased \$5.0 million to \$138.8 million for the 2011-13 biennium. The forecast of beer and wine surtaxes for the 2011-13 biennium was decreased \$0.5 million to \$159.8 million. The initial forecast of revenue from fees for the 2013-15 biennium is \$106.4 million. Fee revenue will decrease in the next biennium due to a scheduled decrease in the fee charged to distributors. The initial forecast of revenue from beer and wine surtaxes for the 2013-15 biennium is \$58.0 million. Forecasted beer and wine surtaxes for the 2013-15 biennium are lower than those of the current biennium due to the expiration of a temporary surtax on beer.

## Lottery Commission

*Forecasted Washington Opportunities Pathways Account transfers are up \$3.5 million for the 2011-13 biennium*

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and several smaller accounts received their allotments was transferred to the GF-S. Under the new legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts will be maintained, but the remaining revenue, which represents the bulk of the proceeds, will be transferred entirely to the Washington Opportunity Pathways Account, with no transfers to the GF-S. The forecast of transfers to the Opportunity Pathways Account for the 2011-13 biennium has been increased \$3.5 million to \$207.7 million. The initial forecast of transfers for the 2013-15 biennium is \$209.3 million. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.13 on a cash basis and Table 3.14 on a GAAP basis.

## Administrative Office of the Courts

*Forecast change for 2011-13 biennium: -\$1.4 million*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties and transfers this revenue to the GF-S on a monthly basis. The forecasted total transfer for the 2011-13 biennium has been decreased \$1.4 million to \$191.4 million. The initial forecast of transfers to the GF-S for the 2013-15 biennium is \$198.2 million.

## Track Record for the 2011-13 Biennium

*The February forecast is \$1.6 billion (5.0%) lower than the March 2011 forecast on which the initial 2011-13 budget was based*

Table 3.9 summarizes the historical changes to the GF-S revenue forecast for the 2011-13 biennium. The February 2010 forecast was the initial forecast for the biennium. The February 2012 forecast for the biennium is \$1.94 billion (6.0%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.6 billion (4.8%). Excluding non-economic changes, the current forecast is \$3.50 billion (10.9%) lower than the initial forecast. The current forecast is \$1.62 billion (5.0%) lower than the March 2011 forecast, which was the basis for the initial 2011-13 budget passed in the 2011 legislative session.

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

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

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GF-S revenue forecast on both a cash and GAAP basis. The GAAP forecasts of GF-S revenue for the 2011-13 and 2013-15 biennia are presented in Tables 3.6 and 3.7 respectively, and the GAAP forecast of Lottery revenue transfers for both biennia is in Table 3.14. The primary difference between the cash and GAAP forecasts is the timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, figures from revenue tables other than Tables 3.6, 3.7 and 3.14 are projected on a cash basis.

## Budgetary Balance Sheet for the 2011-13 Biennium

*The forecast implies a GF-S deficit of \$855 million at the end of the 2011-13 biennium*

Table 3.10 shows the budgetary balance sheet for the 2011-13 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. By the final tally of 2009-11 revenue, the GF-S had a \$92.0 million deficit at the end of the 2009-11 biennium. Based on the spending level of \$31,398.1 million in the 2011-13 biennium enacted by the legislature in the December 2011 emergency legislative session, the GF-S is projected to have a deficit of \$855.3 million at the end of the 2011-13 biennium. The total ending balance is comprised of a projected GF-S deficit of \$1,120.6 million and a projected balance of \$265.3 million in the Budget Stabilization Account. Budgetary adjustments by the legislature are expected to create a positive projected ending balance by the end of the current legislative session on March 8, 2012.

## Alternative Forecasts for the 2011-13 and 2013-15 Biennia

*Optimistic scenario:*

*2011-13:  
+\$1.7 billion*

*2013-15:  
+\$4.2 billion*

Chapter 2 outlines optimistic and pessimistic alternatives to the baseline Washington economic forecast. The forecast assigns a probability of 50% to the baseline forecast, 10% to the optimistic forecast and 40% to the pessimistic forecast. The revenue implications of these alternative scenarios for the 2011-13 and 2013-15 biennia are shown in Tables 3.11 and 3.12 respectively.

*Pessimistic scenario:*

*2011-13:  
-\$1.5 billion*

*2013-15:  
-\$3.8 billion*

For the 2011-13 biennium, the optimistic forecast generates \$32,025 million in revenue, \$1,741 million more than the baseline scenario, while the pessimistic forecast produces \$28,749 million in revenue, \$1,535 million less than the baseline. For the 2013-15 biennium, the optimistic forecast generates \$36,610 million in revenue, \$4,182 million more than the baseline scenario, while the pessimistic forecast produces \$28,590 million in revenue, \$3,838 million less than the baseline.

*GCEA scenario:  
2011-13:  
-\$23 million*

*2013-15:  
-\$528 million*

In addition to the official optimistic and pessimistic alternatives, the Economic and Revenue Forecast Council routinely prepares a third alternative forecast. This is prepared by using a scenario developed by averaging the forecasts for several key economic indicators made by members of the Governor's Council of Economic Advisors (GCEA) as described in Chapter 2. The GCEA alternative revenue forecast was \$23 million less than the baseline scenario in the 2011-13 biennium and \$528 million less than the baseline scenario for the 2013-15 biennium.

## **Near General Fund Forecasts for the 2011-13 and 2013-15 Biennia**

*Near General Fund Forecast:*

*2011-13:  
\$30,498.5 million*

*2013-15:  
\$32,631.5 million*

"Near General Fund" accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S. The Near General Fund forecast for the 2011-13 biennium is \$30,498.5 million, an increase of \$131.2 million from the November forecast. The forecasted increase is greater than that of the GF-S due to a \$35.5 million increase in actual and forecasted estate tax receipts for the Education Legacy Trust Account. The initial Near General Fund forecast for the 2013-15 biennium is \$32,631.5 million. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.15.



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

<b>Biennium</b>	<b>Current Dollars</b>	<b>Percent Change</b>	<b>2005 Chained Dollars</b>	<b>Percent Change</b>
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,321.2	10.0%
1971-73	1,922.1	10.9%	7,514.0	2.6%
1973-75	2,372.4	23.4%	8,011.9	6.6%
1975-77	3,395.0	43.1%	9,972.5	24.5%
1977-79	4,490.0	32.3%	11,578.1	16.1%
1979-81	5,356.4	19.3%	11,495.6	-0.7%
1981-83	6,801.4	27.0%	12,716.3	10.6%
1983-85	8,202.4	20.6%	14,151.3	11.3%
1985-87	9,574.6	16.7%	15,570.1	10.0%
1987-89	10,934.1	14.2%	16,506.2	6.0%
1989-91	13,309.0	21.7%	18,473.5	11.9%
1991-93	14,862.2	11.7%	19,325.8	4.6%
1993-95	16,564.6	11.5%	20,621.0	6.7%
1995-97	17,637.7	6.5%	21,038.1	2.0%
1997-99	19,620.1	11.2%	22,726.8	8.0%
1999-01	21,262.1	8.4%	23,682.0	4.2%
2001-03	21,140.7	-0.6%	22,766.8	-3.9%
2003-05	23,388.5	10.6%	24,088.7	5.8%
2005-07	27,772.0	18.7%	27,024.1	12.2%
2007-09	27,703.0	-0.2%	25,614.1	-5.2%
2009-11	28,218.1	1.9%	25,347.0	-1.0%
2011-13 <sup>F</sup>	30,284.0	7.3%	26,163.2	3.2%
2013-15 <sup>F</sup>	32,428.3	7.1%	26,987.3	3.1%

<sup>F</sup> February 2012 Forecast.

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

Source: Department of Revenue, the Office of Financial Management and the Economic and Revenue Forecast Council 's November 2011 forecast.

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

<b>Fiscal Year</b>	<b>Amount</b>	<b>Percent Change</b>
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012 <sup>F</sup>	105,508	3.6%
2013 <sup>F</sup>	110,523	4.8%
2014 <sup>F</sup>	116,338	5.3%
2015 <sup>F</sup>	121,922	4.8%

<sup>F</sup> Forecast  
Source: ERFC

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

Table 3.5

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

2011-13 biennium; cash basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Nov. 2011 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Feb. 2012 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,720.4	\$0.0	\$128.6	\$13,848.9	\$128.6
Business & Occupation Use	6,540.9	7.9	(104.8)	6,444.0	(97.0)
Public Utility	1,015.2	0.0	(31.9)	983.4	(31.9)
Liquor Sales/Liter	805.1	0.0	2.8	807.8	2.8
Cigarette	431.3	0.0	3.8	435.1	3.8
Property (State Levy)	855.2	0.0	(31.5)	823.7	(31.5)
Real Estate Excise	3,753.4	0.0	14.8	3,768.2	14.8
Timber Excise	703.9	0.0	22.3	726.2	22.3
Other	5.5	0.0	0.5	6.0	0.5
Subtotal	773.8	55.6	22.0	851.5	77.7
	28,604.7	63.5	26.6	28,694.8	90.1
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	34.1	0.0	(0.9)	33.2	(0.9)
<b>Insurance Commissioner</b>					
Insurance Premiums	861.5	0.0	0.1	861.6	0.1
<b>Liquor Control Board</b>					
Liquor Profits and Fees	133.8	0.0	5.0	138.8	5.0
Beer & Wine Surtax	160.2	0.0	(0.5)	159.8	(0.5)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(26.2)	0.0	(0.7)	(26.9)	(0.7)
<b>Office of Financial Management</b>					
Other	227.4	0.0	4.0	231.4	4.0
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	192.8	0.0	(1.4)	191.4	(1.4)
<b>Total General Fund-State *</b>	<b>\$30,188.3</b>	<b>\$63.5</b>	<b>\$32.2</b>	<b>\$30,284.0</b>	<b>\$95.7</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council November 2011.<sup>2</sup> Forecast for the 2011-13 biennium, adopted February 2012.

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

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

Table 3.6

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

2011-13 biennium; GAAP basis

(millions of dollars)

<b>Forecast by Agency</b>	<b>Nov. 2011 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>Feb. 2012 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$13,702.5	\$0.0	\$128.8	\$13,831.3	\$128.8
Business & Occupation	6,529.3	7.9	(104.7)	6,432.4	(96.9)
Use	1,004.2	0.0	(31.8)	972.4	(31.8)
Public Utility	808.7	0.0	2.4	811.1	2.4
Liquor Sales/Liter	431.3	0.0	3.8	435.1	3.8
Cigarette	856.4	0.0	(31.5)	824.9	(31.5)
Property (State Levy)	3,751.8	0.0	15.5	3,767.3	15.5
Real Estate Excise	704.4	0.0	22.0	726.4	22.0
Timber Excise	4.8	0.0	0.7	5.5	0.7
Other	774.6	55.6	21.6	851.8	77.2
Subtotal	28,568.0	63.5	26.8	28,658.2	90.2
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	34.1	0.0	(0.9)	33.2	(0.9)
<b>Insurance Commissioner</b>					
Insurance Premiums	861.5	0.0	0.1	861.6	0.1
<b>Liquor Control Board</b>					
Liquor Profits and Fees	133.8	0.0	5.0	138.8	5.0
Beer & Wine Surtax	160.2	0.0	(0.5)	159.8	(0.5)
<b>Lottery Commission</b>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<b>State Treasurer</b>					
Interest Earnings	(27.0)	0.0	(0.9)	(27.9)	(0.9)
<b>Office of Financial Management</b>					
Other	227.4	0.0	4.0	231.4	4.0
<b>Administrative Office of the Courts</b>					
Fines and Forfeitures	192.8	0.0	5.4	198.2	5.4
<b>Total General Fund-State *</b>	<b>\$30,150.8</b>	<b>\$63.5</b>	<b>\$38.9</b>	<b>\$30,253.2</b>	<b>\$102.4</b>

<sup>1</sup> Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council November 2011.<sup>2</sup> Forecast for the 2011-13 biennium, adopted February 2012.

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

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

Table 3.7

**Initial General Fund-State forecast by agency**

2013-15 biennium

(millions of dollars)

<b><u>Forecast by Agency</u></b>	<b><u>Cash Forecast<sup>1</sup></u></b>	<b><u>GAAP Forecast<sup>1</sup></u></b>
<b><i>Department of Revenue</i></b>		
Retail Sales	\$15,339.5	\$15,339.5
Business & Occupation Use	6,769.3	6,769.3
Public Utility	1,104.2	1,104.2
Liquor Sales/Liter	888.5	888.5
Cigarette	475.8	475.8
Property (State Levy)	789.9	789.9
Real Estate Excise	3,917.7	3,917.7
Timber Excise	947.1	947.1
Other	5.6	6.5
Subtotal	872.3	872.3
	31,109.8	31,110.7
<b><i>Department of Licensing</i></b>		
Boat excise, licenses, fees & other	33.1	33.1
<b><i>Insurance Commissioner</i></b>		
Insurance Premiums	930.5	930.5
<b><i>Liquor Control Board</i></b>		
Liquor Profits and Fees	106.4	106.4
Beer & Wine Surtax	58.0	58.0
<b><i>Lottery Commission</i></b>		
Lottery Revenue	0.0	0.0
<b><i>State Treasurer</i></b>		
Interest Earnings	(19.3)	(18.5)
<b><i>Office of Financial Management</i></b>		
Other	11.8	11.8
<b><i>Administrative Office of the Courts</i></b>		
Fines and Forfeitures	198.2	198.2
<b><u>Total General Fund-State *</u></b>	<b>\$32,428.3</b>	<b>\$32,430.1</b>

<sup>1</sup> Estimate for the 2013-15 biennium adopted by the Economic and Revenue Forecast Council February 2012.

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

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

Table 3.8  
**February 2012 General Fund-State Forecast**  
**2009-11 to 2013-15 Biennia; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Source</b>	<b>Fiscal 2011<sup>a</sup></b>	<b>2009-11 Biennium<sup>a</sup></b>	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>	<b>2011-13 Biennium</b>	<b>Fiscal 2014</b>	<b>Fiscal 2015</b>	<b>2013-15 Biennium</b>
<b>State Taxes</b>								
Retail sales**	\$6,619.6	\$13,036.2	\$6,760.5	\$7,088.5	\$13,848.9	\$7,478.6	\$7,860.9	\$15,339.5
Business & occupation Use**	3,009.9	5,583.7	3,091.9	3,352.1	6,444.0	3,306.4	3,462.9	6,769.3
Public Utility	385.2	743.6	397.8	410.0	807.8	432.7	455.8	888.5
Liquor sales/liter	201.3	398.9	210.5	224.7	435.1	234.9	240.9	475.8
Beer & wine surtax	78.9	113.9	79.5	80.3	159.8	28.8	29.2	58.0
Cigarette	432.8	742.1	417.3	406.4	823.7	397.0	392.8	789.9
Tobacco products	46.4	79.8	49.9	51.7	101.6	53.2	54.5	107.7
Property (state school levy)	1,840.1	3,647.5	1,867.6	1,900.6	3,768.2	1,939.2	1,978.5	3,917.7
Public utility district	39.7	78.9	40.0	40.4	80.4	40.7	41.1	81.8
Real estate excise	349.9	729.5	353.0	373.2	726.2	445.6	501.5	947.1
Timber excise	3.7	7.5	3.1	2.8	6.0	2.8	2.8	5.6
Estate/inheritance	1.3	1.5	0.7	0.3	1.1	0.2	0.1	0.3
Boat excise	13.6	26.1	12.3	12.3	24.6	12.3	12.3	24.7
Insurance premiums	403.6	800.2	422.5	439.1	861.6	456.2	474.4	930.5
Other	353.3	601.4	216.6	247.5	464.1	262.0	275.4	537.4
<b>Total Taxes</b>	<b>14,313.4</b>	<b>27,548.1</b>	<b>14,397.0</b>	<b>15,139.5</b>	<b>29,536.4</b>	<b>15,629.7</b>	<b>16,348.3</b>	<b>31,978.0</b>
<b>State Non-Tax Sources</b>								
Licenses, permits, fees	88.3	173.9	90.0	92.8	182.8	94.7	95.6	190.3
Liquor profits & fees***	38.4	74.0	42.9	95.9	138.8	56.5	49.8	106.4
Earnings on investments	(12.1)	(10.3)	(10.8)	(16.1)	(26.9)	(13.2)	(6.2)	(19.3)
Lottery transfers	8.6	21.5	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue & transfers	211.1	411.0	252.9	200.0	452.9	86.1	86.9	173.1
<b>Total Non-Tax</b>	<b>334.2</b>	<b>670.0</b>	<b>375.0</b>	<b>372.6</b>	<b>747.6</b>	<b>224.2</b>	<b>226.1</b>	<b>450.3</b>
<b>Total General Fund-State *</b>	<b>\$14,647.6</b>	<b>\$28,218.1</b>	<b>\$14,771.9</b>	<b>\$15,512.1</b>	<b>\$30,284.0</b>	<b>\$15,853.9</b>	<b>\$16,574.5</b>	<b>\$32,428.3</b>

a - Actual

\* Detail may not add to totals due to rounding

\*\*GFS portion after Initiative 900 transfer

\*\*\*Does not include profits after FY 2013

Table 3.9

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

February 2010 through February 2012

Cash Basis - Millions of Dollars

<b><u>Date of Forecast</u></b>	<b><u>Department of Revenue*</u></b>	<b><u>Other Agencies</u></b>	<b><u>Subtotal*</u></b>	<b><u>Non-Economic Changes**</u></b>	<b><u>Total Change</u></b>	<b><u>Total General Fund-State Cash Basis#</u></b>
<b>February 2010***</b>	\$30,658	\$1,566				\$32,224
<b>Changes to Forecast</b>						
June 2010	219	(21)	197	1,661 #1	1,858	34,083
September 2010	(610)	(48)	(659)	(10) #2	(669)	33,414
November 2010	(584)	(7)	(591)	(218) #3	(809)	32,605
March 2011	(640)	(29)	(668)	(30) #4	(698)	31,907
June 2011	(217)	(6)	(223)	40 #5	(183)	31,724
September 2011	(1,403)	(24)	(1,427)	14 #6	(1,413)	30,311
November 2011	(159)	(1)	(160)	38 #7	(122)	30,188
February 2012	27	6	32	63 #8	96	30,284
<b>Total change***:</b>						
From February 2008	(3,369)	(130)	(3,499)	1,558	(1,940)	
Percent change	(11.0)	(8.3)	(10.9)	4.8	(6.0)	

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

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

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

# New definition of General Fund-State per ESSB 5073

# First official forecast for the 2009-11 biennium.

### First official forecast for the 2011-13 biennium.

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

#2 Reversal of DOR RTA administrative fee

#3 Effects of initiative 1107

#4 Effects of legislation from December 2010 session

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

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

#7 Effects of initiative 1183 minus large expected DOR refund

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

Table 3.10

**2011-13 Enacted Budget Balance Sheet**  
**Including December 2011 Legislative Session**  
**General Fund-State (and Budget Stabilization Account)**  
Dollars in Millions

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>(92.0)</b>
November 2011 Forecast	30,188.3
SHB 2169 - Modifying the Uniform Unclaimed Property Act	50.6
February 2012 Update (excluding SHB 2169)	45.1
<b>Total February 2012 Update</b>	<b>95.7</b>
<b>Current Revenue Totals</b>	<b>30,284.0</b>
Transfer to Budget Stabilization Account	(264.8)
Pre December 2011 Enacted Fund Transfers	244.1
December 2011 Enacted Fund Transfers (SHB 2058)	106.2
<b>Total Resources (including beginning fund balance)</b>	<b>30,277.5</b>
<b>EXPENDITURES</b>	
<b>2009-11 and 2011-13 Enacted Budgets</b>	<b>31,721.0</b>
December 2011 Legislation (SHB 2058)	(322.9)
<b>Total Expenditures</b>	<b>31,398.1</b>
<b>RESERVES</b>	
<b>Projected General Fund Ending Balance</b>	<b>(1,120.6)</b>
Budget Stabilization Account Beginning Balance	0.6
Transfer from General Fund and Interest Earnings	264.8
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>265.3</b>
<b>Total Reserves (General Fund plus Budget Stabilization)</b>	<b>(855.3)</b>

Source: House and Senate Fiscal Committees and the Office of Financial Management  
February 2012



Table 3.11

**Alternative forecasts compared to the baseline forecast  
2011-13 biennium**

(cash basis, millions of dollars)

<b>Forecast by Source</b>	<b>Optimistic Forecast</b>	<b>Baseline Forecast</b>	<b>Pessimistic Forecast</b>
<b>Department of Revenue</b>			
Retail Sales	\$14,816.0	\$13,848.9	\$12,988.5
Business & Occupation Use	6,841.2	6,444.0	6,064.0
Public Utility	1,057.2	983.4	911.0
Property (school levy)	848.7	807.8	768.4
Real Estate Excise	3,783.9	3,768.2	3,747.9
Other	915.0	726.2	677.1
Subtotal	2,109.5	2,116.3	2,056.7
	30,371.4	28,694.8	27,213.6
<b>Department of Licensing</b>			
	34.2	33.2	32.2
<b>Insurance Commissioner<sup>1</sup></b>			
	883.1	861.6	840.0
<b>Lottery Commission</b>			
	0.0	0.0	0.0
<b>State Treasurer - Interest earnings</b>			
	(13.7)	(26.9)	(29.9)
<b>Liquor Profits &amp; Fees<sup>2</sup></b>			
	313.5	298.5	283.6
<b>Office of Financial Management</b>			
Other agencies	239.6	231.4	223.3
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	196.9	191.4	186.6
<b>Total General Fund - State*</b>	<b>\$32,024.9</b>	<b>\$30,284.0</b>	<b>\$28,749.5</b>
<b>Difference from February 2012 Baseline</b>	<b>\$1,741.0</b>		<b>(\$1,534.5)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

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

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

Table 3.12

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

(cash basis, millions of dollars)

<b>Forecast by Source</b>	<b>Optimistic Forecast</b>	<b>Baseline Forecast</b>	<b>Pessimistic Forecast</b>
<b>Department of Revenue</b>			
Retail Sales	\$17,719.9	\$15,339.5	\$13,140.5
Business & Occupation Use	7,656.8	6,769.3	5,900.3
Public Utility	1,266.1	1,104.2	949.0
Property (school levy)	971.7	888.5	804.2
Real Estate Excise	3,956.2	3,917.7	3,865.7
Other	1,388.1	947.1	729.4
Subtotal	2,261.1	2,143.5	1,944.9
	35,219.8	31,109.8	27,334.1
<b>Department of Licensing</b>			
	34.1	33.1	32.1
<b>Insurance Commissioner<sup>1</sup></b>			
	953.8	930.5	907.3
<b>Lottery Commission</b>			
	0.0	0.0	0.0
<b>State Treasurer - Interest earnings</b>			
	4.2	(19.3)	(32.9)
<b>Liquor Surtaxes &amp; Fees<sup>2</sup></b>			
	172.6	164.4	156.2
<b>Office of Financial Management</b>			
Other agencies	12.4	11.8	11.2
<b>Administrative Office of the Courts</b>			
Fines and Forfeitures	213.4	198.2	182.1
<b>Total General Fund - State*</b>	<b>\$36,610.2</b>	<b>\$32,428.3</b>	<b>\$28,589.9</b>
<b>Difference from February 2012 Baseline</b>	<b>\$4,181.9</b>		<b>(\$3,838.4)</b>

1 Insurance premiums, General Fund-State portion.

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

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

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

Table 3.13

**Lottery transfers by fund**  
(Cash basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0
2012	120.0	0.0	2.7	10.0	0.0	0.0	0.3	2.5	104.2	0.3
2013	117.6	0.0	0.0	10.4	0.0	0.0	0.3	3.3	103.4	0.3
2011-13 Biennium	237.7	0.0	2.7	20.4	0.0	0.0	0.6	5.9	207.7	0.5
2014	119.3	0.0	0.0	10.8	0.0	0.0	0.3	3.5	104.4	0.4
2015	120.2	0.0	0.0	11.2	0.0	0.0	0.3	3.5	104.8	0.4
2013-15 Biennium	239.5	0.0	0.0	22.0	0.0	0.0	0.5	6.9	209.3	0.7

Table 3.14

**Lottery transfers by fund**  
(GAAP basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0
2012	116.6	0.0	2.7	10.0	0.0	0.0	0.3	2.4	101.0	0.3
2013	118.1	0.0	0.0	10.4	0.0	0.0	0.3	3.5	103.7	0.3
2011-13 Biennium	234.7	0.0	2.7	20.4	0.0	0.0	0.5	5.9	204.7	0.5
2014	119.4	0.0	0.0	10.8	0.0	0.0	0.3	3.5	104.5	0.4
2015	120.1	0.0	0.0	11.2	0.0	0.0	0.3	3.5	104.8	0.4
2013-15 Biennium	239.5	0.0	0.0	22.0	0.0	0.0	0.5	6.9	209.3	0.7

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

Source: Lottery Commission

Table 3.15

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

History and Forecast by Fiscal Year (Cash basis)

February 2012 - Millions of Dollars

History:	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
Forecast:										
FY 2012	\$14,772	0.8%	\$0	0.0%	\$14,772	0.8%	\$118	5.6%	\$14,890	0.9%
FY 2013	\$15,512	5.0%	\$0	0.0%	\$15,512	5.0%	\$97	-18.0%	\$15,609	4.8%
FY 2014	\$15,854	2.2%	\$0	0.0%	\$15,854	7.3%	\$100	-15.6%	\$15,953	7.1%
FY 2015	\$16,574	4.5%	\$0	0.0%	\$16,574	4.5%	\$104	4.0%	\$16,678	4.5%
<b>Biennial Totals</b>										
<b>03-05 Biennium</b>	<b>\$23,389</b>	<b>10.6%</b>	<b>\$2,006</b>	<b>-9.3%</b>	<b>\$25,395</b>	<b>8.7%</b>	<b>\$0</b>	<b>NA</b>	<b>\$25,395</b>	<b>8.7%</b>
<b>05-07 Biennium</b>	<b>\$27,772</b>	<b>18.7%</b>	<b>\$2,013</b>	<b>0.3%</b>	<b>\$29,785</b>	<b>17.3%</b>	<b>\$381</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>
<b>07-09 Biennium</b>	<b>\$27,703</b>	<b>-0.2%</b>	<b>\$2,114</b>	<b>5.0%</b>	<b>\$29,817</b>	<b>0.1%</b>	<b>\$437</b>	<b>14.8%</b>	<b>\$30,254</b>	<b>0.3%</b>
<b>09-11 Biennium</b>	<b>\$28,218</b>	<b>1.9%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$28,218</b>	<b>-5.4%</b>	<b>\$269</b>	<b>-38.5%</b>	<b>\$28,487</b>	<b>-5.8%</b>
<b>11-13 Biennium</b>	<b>\$30,284</b>	<b>7.3%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$30,284</b>	<b>7.3%</b>	<b>\$215</b>	<b>-20.2%</b>	<b>\$30,498</b>	<b>7.1%</b>
<b>13-15 Biennium</b>	<b>\$32,428</b>	<b>7.1%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$32,428</b>	<b>7.1%</b>	<b>\$203</b>	<b>-5.3%</b>	<b>\$32,631</b>	<b>7.0%</b>

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



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

Calendar Years

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

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Table A1.1  
**U.S. Economic Forecast Summary**  
Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	13,161.9	12,703.1	13,088.0	13,313.4	13,609.8	13,964.6	14,369.6	14,786.3
% Ch	-0.3	-3.5	3.0	1.7	2.2	2.6	2.9	2.9
Real Consumption	9,211.7	9,037.5	9,220.9	9,421.1	9,590.4	9,809.0	10,075.9	10,343.8
% Ch	-0.6	-1.9	2.0	2.2	1.8	2.3	2.7	2.7
Real Nonresidential Fixed Investment	1,537.7	1,263.2	1,319.2	1,432.4	1,539.0	1,624.6	1,716.4	1,807.7
% Ch	-0.8	-17.9	4.4	8.6	7.4	5.6	5.6	5.3
Real Residential Fixed Investment	444.4	345.6	330.8	326.2	349.9	389.3	470.7	523.9
% Ch	-23.9	-22.2	-4.3	-1.4	7.3	11.3	20.9	11.3
Real Personal Income	11,437.7	10,928.9	11,135.8	11,387.8	11,473.6	11,758.9	12,144.2	12,495.2
% Ch	1.3	-4.4	1.9	2.3	0.8	2.5	3.3	2.9
Real Per Capita Income (\$/Person)	37,484	35,508	35,868	36,333	36,255	36,799	37,640	38,357
% Ch	0.4	-5.3	1.0	1.3	-0.2	1.5	2.3	1.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.089	1.092	1.111	1.138	1.157	1.177	1.201	1.228
% Ch	3.3	0.2	1.8	2.4	1.7	1.7	2.1	2.2
U.S. Consumer Price Index (1982-84=1.0)	2.153	2.145	2.181	2.249	2.296	2.342	2.394	2.447
% Ch	3.8	-0.3	1.6	3.1	2.1	2.0	2.2	2.2
Employment Cost Index (Dec. 2005=1.0)	1.086	1.103	1.121	1.140	1.159	1.185	1.213	1.242
% Ch	3.0	1.6	1.6	1.7	1.7	2.2	2.4	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,291.6	13,938.9	14,526.6	15,087.8	15,636.0	16,290.7	17,089.9	17,932.8
% Ch	1.9	-2.5	4.2	3.9	3.6	4.2	4.9	4.9
Personal Income	12,460.2	11,930.2	12,373.5	12,961.0	13,275.0	13,843.5	14,591.1	15,341.2
% Ch	4.6	-4.3	3.7	4.7	2.4	4.3	5.4	5.1
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	154.3	154.2	153.9	153.6	154.9	156.2	157.5	158.8
Total U.S. Employment	145.4	139.9	139.1	139.9	142.1	143.8	145.7	147.7
Unemployment Rate (%)	5.80	9.28	9.63	8.95	8.25	7.95	7.53	7.00
Nonfarm Payroll Employment	136.79	130.79	129.86	131.36	133.30	135.51	137.60	139.62
% Ch	-0.6	-4.4	-0.7	1.2	1.5	1.7	1.5	1.5
Manufacturing	13.40	11.84	11.53	11.74	12.00	12.28	12.42	12.52
% Ch	-3.4	-11.6	-2.7	1.8	2.2	2.4	1.1	0.9
Durable Manufacturing	8.46	7.28	7.06	7.28	7.53	7.83	8.00	8.13
% Ch	-3.9	-13.9	-3.0	3.0	3.5	3.9	2.2	1.6
Nondurable Manufacturing	4.94	4.56	4.46	4.46	4.46	4.45	4.42	4.40
% Ch	-2.6	-7.7	-2.2	-0.1	0.0	-0.2	-0.7	-0.6
Construction	7.16	6.01	5.52	5.50	5.53	5.58	5.98	6.55
% Ch	-6.1	-16.0	-8.2	-0.2	0.4	1.0	7.2	9.5
Service-Providing	115.46	112.23	112.11	113.33	114.94	116.84	118.42	119.78
% Ch	0.1	-2.8	-0.1	1.1	1.4	1.7	1.3	1.2
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	99.6	61.7	79.4	95.1	100.6	101.1	97.5	94.3
Personal Saving/Disposable Income (%)	5.4	5.2	5.3	4.4	2.8	2.0	2.5	2.7
Auto Sales (Millions)	6.8	5.5	5.7	6.2	6.7	7.4	7.9	8.3
% Ch	-10.6	-19.9	5.0	8.3	7.6	10.3	7.9	4.7
Housing Starts (Millions)	0.900	0.554	0.585	0.607	0.685	0.892	1.218	1.402
% Ch	-32.9	-38.4	5.6	3.7	13.0	30.2	36.4	15.2
Federal Budget Surplus (Billions)	-613.5	-1,217.9	-1,273.7	-1,186.9	-860.8	-588.6	-587.1	-605.9
Net Exports (Billions)	-709.8	-391.5	-516.9	-578.2	-589.0	-513.6	-514.1	-499.2
3-Month Treasury Bill Rate (%)	1.37	0.15	0.14	0.05	0.06	0.08	0.10	1.32
10-Year Treasury Note Yield (%)	3.67	3.26	3.21	2.79	2.34	3.13	3.65	4.34
Bond Index of 20 G.O. Munis. (%)	4.86	4.62	4.29	4.50	4.15	4.66	5.00	5.53
30-Year Fixed Mortgage Rate (%)	6.04	5.04	4.69	4.46	4.11	4.63	5.16	5.80

Table A1.2  
**U.S. Economic Forecast Summary**  
Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	12,937.7	13,058.5	13,139.6	13,216.1	13,227.9	13,271.8	13,331.6	13,422.4
% Ch , Annual Rate	3.9	3.8	2.5	2.3	0.4	1.3	1.8	2.8
Real Consumption	9,121.2	9,186.9	9,247.1	9,328.4	9,376.7	9,392.7	9,433.5	9,481.3
% Ch , Annual Rate	2.7	2.9	2.6	3.6	2.1	0.7	1.7	2.0
Real Nonresidential Fixed Investment	1,253.3	1,308.0	1,343.6	1,371.9	1,378.9	1,413.2	1,465.6	1,471.9
% Ch , Annual Rate	6.0	18.6	11.3	8.7	2.1	10.3	15.7	1.7
Real Residential Fixed Investment	330.8	348.2	321.1	323.1	321.1	324.4	325.4	333.9
% Ch , Annual Rate	-15.3	22.8	-27.7	2.5	-2.5	4.2	1.2	10.9
Real Personal Income	10,957.2	11,117.8	11,205.4	11,262.9	11,394.4	11,397.7	11,353.3	11,405.6
% Ch , Annual Rate	4.9	6.0	3.2	2.1	4.8	0.1	-1.5	1.9
Real Per Capita Income (\$/Person)	35,413	35,858	36,053	36,151	36,485	36,408	36,179	36,259
% Ch , Annual Rate	4.0	5.1	2.2	1.1	3.8	-0.8	-2.5	0.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.137	1.143	1.145
% Ch , Annual Rate	1.9	0.3	1.0	1.9	3.9	3.3	2.3	0.7
U.S. Consumer Price Index (1982-84=1.0)	2.175	2.173	2.180	2.195	2.223	2.245	2.262	2.267
% Ch , Annual Rate	1.3	-0.5	1.4	2.6	5.2	4.1	3.1	0.9
Employment Cost Index (Dec. 2005=1.0)	1.114	1.119	1.123	1.128	1.132	1.138	1.142	1.147
% Ch , Annual Rate	1.8	1.8	1.4	1.8	1.4	2.1	1.4	1.8
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,277.9	14,467.8	14,605.5	14,755.0	14,867.8	15,012.8	15,176.1	15,294.3
% Ch , Annual Rate	5.5	5.4	3.9	4.2	3.1	4.0	4.4	3.2
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,955.3	12,979.6	13,062.2
% Ch , Annual Rate	6.9	6.3	4.2	4.1	8.8	3.4	0.8	2.6
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.7	154.1	153.9	153.8	153.3	153.5	153.7	154.0
Total U.S. Employment	138.7	139.3	139.3	139.1	139.5	139.6	139.8	140.6
Unemployment Rate (%)	9.77	9.63	9.53	9.57	9.00	9.03	9.07	8.70
Nonfarm Payroll Employment	129.32	129.96	129.92	130.23	130.68	131.24	131.53	131.98
% Ch , Annual Rate	-0.4	2.0	-0.1	0.9	1.4	1.7	0.9	1.4
Manufacturing	11.46	11.53	11.56	11.56	11.66	11.73	11.77	11.79
% Ch , Annual Rate	-1.2	2.3	1.0	0.2	3.4	2.3	1.4	0.7
Durable Manufacturing	7.00	7.06	7.09	7.11	7.20	7.26	7.30	7.34
% Ch , Annual Rate	-0.9	3.4	2.0	0.9	5.4	3.5	2.2	1.9
Nondurable Manufacturing	4.47	4.47	4.46	4.46	4.46	4.46	4.47	4.45
% Ch , Annual Rate	-1.6	0.5	-0.6	-0.8	0.4	0.4	0.2	-1.3
Construction	5.56	5.53	5.50	5.49	5.48	5.50	5.51	5.53
% Ch , Annual Rate	-8.7	-2.1	-2.2	-0.7	-0.6	1.1	1.1	1.4
Service-Providing	111.62	112.21	112.15	112.44	112.80	113.24	113.45	113.84
% Ch , Annual Rate	0.1	2.1	-0.2	1.0	1.3	1.6	0.8	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	78.6	77.9	76.1	85.0	94.0	102.6	89.7	94.0
Personal Saving/Disposable Income (%)	4.9	5.6	5.6	5.2	5.0	4.8	3.9	3.7
Auto Sales (Millions)	5.7	5.6	5.7	5.9	6.5	6.0	5.8	6.5
% Ch , Annual Rate	1.2	-5.4	10.2	14.8	47.4	-28.3	-13.8	57.6
Housing Starts (Millions)	0.615	0.602	0.584	0.539	0.582	0.572	0.615	0.657
% Ch , Annual Rate	37.5	-8.0	-11.2	-27.8	36.6	-6.7	33.6	29.7
Federal Budget Surplus (Billions)	-1,271.8	-1,278.0	-1,257.7	-1,287.3	-1,201.1	-1,275.4	-1,172.4	-1,098.6
Net Exports (Billions)	-495.8	-531.2	-540.3	-500.2	-571.3	-597.1	-562.3	-582.1
3-Month Treasury Bill Rate (%)	0.11	0.15	0.16	0.14	0.13	0.05	0.02	0.01
10-Year Treasury Note Yield (%)	3.72	3.49	2.79	2.86	3.46	3.21	2.43	2.05
Bond Index of 20 G.O. Munis. (%)	4.34	4.35	4.07	4.39	5.11	4.67	4.19	4.04
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.31	4.01



Table A1.2 (continued)  
**U.S. Economic Forecast Summary**  
 Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	13,492.3	13,565.9	13,646.6	13,734.5	13,819.5	13,911.8	14,011.6	14,115.6
% Ch , Annual Rate	2.1	2.2	2.4	2.6	2.5	2.7	2.9	3.0
Real Consumption	9,528.7	9,560.3	9,609.5	9,663.0	9,717.8	9,765.5	9,843.5	9,909.1
% Ch , Annual Rate	2.0	1.3	2.1	2.2	2.3	2.0	3.2	2.7
Real Nonresidential Fixed Investment	1,494.6	1,531.0	1,551.9	1,578.5	1,588.1	1,618.7	1,635.2	1,656.4
% Ch , Annual Rate	6.3	10.1	5.6	7.0	2.5	7.9	4.1	5.3
Real Residential Fixed Investment	341.7	347.5	353.4	357.0	362.5	376.1	396.4	422.0
% Ch , Annual Rate	9.7	6.8	7.0	4.2	6.3	15.8	23.5	28.4
Real Personal Income	11,417.5	11,432.2	11,490.0	11,554.6	11,626.7	11,726.6	11,801.8	11,880.6
% Ch , Annual Rate	0.4	0.5	2.0	2.3	2.5	3.5	2.6	2.7
Real Per Capita Income (\$/Person)	36,209	36,168	36,263	36,379	36,518	36,743	36,890	37,047
% Ch , Annual Rate	-0.5	-0.4	1.1	1.3	1.5	2.5	1.6	1.7
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.151	1.153	1.159	1.165	1.170	1.174	1.180	1.186
% Ch , Annual Rate	1.9	0.9	2.1	2.0	1.8	1.3	2.1	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.282	2.286	2.301	2.315	2.327	2.334	2.348	2.361
% Ch , Annual Rate	2.6	0.7	2.6	2.4	2.2	1.2	2.4	2.2
Employment Cost Index (Dec. 2005=1.0)	1.152	1.157	1.162	1.167	1.175	1.182	1.189	1.196
% Ch , Annual Rate	1.7	1.7	1.8	2.0	2.7	2.3	2.3	2.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	15,417.5	15,540.9	15,709.6	15,876.1	16,032.7	16,185.1	16,372.9	16,572.1
% Ch , Annual Rate	3.3	3.2	4.4	4.3	4.0	3.9	4.7	5.0
Personal Income	13,137.7	13,184.7	13,318.9	13,458.9	13,603.3	13,763.1	13,922.8	14,084.7
% Ch , Annual Rate	2.3	1.4	4.1	4.3	4.4	4.8	4.7	4.7
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	154.5	154.8	155.0	155.3	155.7	156.0	156.4	156.7
Total U.S. Employment	141.7	141.9	142.2	142.7	143.1	143.5	144.0	144.5
Unemployment Rate (%)	8.31	8.30	8.25	8.13	8.08	8.01	7.91	7.81
Nonfarm Payroll Employment	132.56	133.02	133.48	134.14	134.71	135.25	135.78	136.30
% Ch , Annual Rate	1.8	1.4	1.4	2.0	1.7	1.6	1.6	1.6
Manufacturing	11.89	11.97	12.01	12.11	12.19	12.28	12.31	12.33
% Ch , Annual Rate	3.6	2.7	1.3	3.2	2.8	3.1	0.7	1.0
Durable Manufacturing	7.44	7.51	7.55	7.64	7.73	7.83	7.86	7.90
% Ch , Annual Rate	5.6	4.0	1.8	5.0	4.8	5.1	1.6	2.0
Nondurable Manufacturing	4.46	4.46	4.46	4.47	4.46	4.46	4.45	4.44
% Ch , Annual Rate	0.3	0.4	0.3	0.3	-0.5	-0.4	-0.8	-0.8
Construction	5.54	5.53	5.52	5.52	5.52	5.54	5.59	5.68
% Ch , Annual Rate	0.7	-1.0	-0.2	-0.4	-0.1	1.4	3.7	6.6
Service-Providing	114.28	114.68	115.11	115.69	116.18	116.62	117.08	117.49
% Ch , Annual Rate	1.6	1.4	1.5	2.0	1.7	1.5	1.6	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	99.3	99.7	101.4	102.1	102.2	101.6	100.6	99.9
Personal Saving/Disposable Income (%)	3.2	2.9	2.7	2.4	2.1	2.1	1.8	1.9
Auto Sales (Millions)	6.8	6.7	6.7	6.5	7.1	7.4	7.6	7.3
% Ch , Annual Rate	19.3	-4.5	2.3	-15.0	46.3	16.0	12.1	-13.6
Housing Starts (Millions)	0.673	0.671	0.693	0.705	0.736	0.826	0.962	1.045
% Ch , Annual Rate	10.2	-0.8	13.4	7.0	18.9	59.0	83.7	39.2
Federal Budget Surplus (Billions)	-979.6	-883.5	-823.5	-756.5	-632.0	-591.1	-566.1	-565.2
Net Exports (Billions)	-599.5	-608.6	-592.1	-555.8	-518.1	-507.0	-514.3	-515.1
3-Month Treasury Bill Rate (%)	0.04	0.05	0.07	0.08	0.09	0.08	0.08	0.08
10-Year Treasury Note Yield (%)	1.98	2.27	2.47	2.64	2.87	3.07	3.23	3.35
Bond Index of 20 G.O. Munis. (%)	3.84	4.17	4.26	4.35	4.48	4.62	4.73	4.81
30-Year Fixed Mortgage Rate (%)	3.92	4.03	4.18	4.30	4.43	4.57	4.70	4.83

Table A1.2 (continued)  
**U.S. Economic Forecast Summary**  
 Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real National Income Accounts (Billions of Chained 2005 Dollars)</b>								
Real Gross Domestic Product	14,207.6	14,307.8	14,422.0	14,541.1	14,635.8	14,732.9	14,837.9	14,938.7
% Ch, Annual Rate	2.6	2.9	3.2	3.3	2.6	2.7	2.9	2.7
Real Consumption	9,971.8	10,036.2	10,109.4	10,186.1	10,237.3	10,305.9	10,376.8	10,455.2
% Ch, Annual Rate	2.6	2.6	2.9	3.1	2.0	2.7	2.8	3.1
Real Nonresidential Fixed Investment	1,678.9	1,703.1	1,729.5	1,753.9	1,779.7	1,798.9	1,817.9	1,834.5
% Ch, Annual Rate	5.6	5.9	6.3	5.8	6.0	4.4	4.3	3.7
Real Residential Fixed Investment	445.3	462.4	478.7	496.6	511.4	522.2	530.1	532.0
% Ch, Annual Rate	23.9	16.2	14.9	15.8	12.4	8.8	6.1	1.5
Real Personal Income	12,017.6	12,098.8	12,188.3	12,272.0	12,374.0	12,453.5	12,534.1	12,619.1
% Ch, Annual Rate	4.7	2.7	3.0	2.8	3.4	2.6	2.6	2.7
Real Per Capita Income (\$/Person)	37,383	37,545	37,732	37,900	38,123	38,276	38,431	38,599
% Ch, Annual Rate	3.7	1.7	2.0	1.8	2.4	1.6	1.6	1.8
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.192	1.198	1.204	1.211	1.218	1.224	1.231	1.238
% Ch, Annual Rate	2.2	2.1	2.1	2.1	2.3	2.2	2.2	2.3
U.S. Consumer Price Index (1982-84=1.0)	2.374	2.387	2.400	2.413	2.427	2.440	2.453	2.467
% Ch, Annual Rate	2.3	2.2	2.1	2.2	2.3	2.2	2.2	2.3
Employment Cost Index (Dec. 2005=1.0)	1.203	1.210	1.217	1.224	1.231	1.239	1.246	1.254
% Ch, Annual Rate	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	16,777.8	16,977.5	17,190.9	17,413.2	17,616.9	17,821.3	18,036.4	18,256.7
% Ch, Annual Rate	5.1	4.8	5.1	5.3	4.8	4.7	4.9	5.0
Personal Income	14,325.3	14,498.6	14,680.8	14,859.6	15,067.5	15,246.7	15,429.7	15,621.1
% Ch, Annual Rate	7.0	4.9	5.1	5.0	5.7	4.8	4.9	5.1
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	157.0	157.4	157.7	158.0	158.3	158.7	159.0	159.3
Total U.S. Employment	144.9	145.4	145.9	146.5	147.0	147.5	148.0	148.4
Unemployment Rate (%)	7.72	7.61	7.47	7.31	7.18	7.06	6.94	6.82
Nonfarm Payroll Employment	136.81	137.32	137.86	138.42	138.90	139.37	139.84	140.35
% Ch, Annual Rate	1.5	1.5	1.6	1.6	1.4	1.3	1.4	1.5
Manufacturing	12.37	12.40	12.44	12.46	12.49	12.52	12.53	12.56
% Ch, Annual Rate	1.1	1.2	1.1	0.8	0.8	0.9	0.6	0.9
Durable Manufacturing	7.93	7.98	8.02	8.05	8.08	8.12	8.14	8.17
% Ch, Annual Rate	1.9	2.3	2.2	1.6	1.3	1.7	1.3	1.4
Nondurable Manufacturing	4.43	4.43	4.42	4.41	4.41	4.40	4.39	4.39
% Ch, Annual Rate	-0.5	-0.7	-0.9	-0.8	-0.2	-0.7	-0.6	-0.2
Construction	5.78	5.90	6.04	6.20	6.36	6.50	6.62	6.73
% Ch, Annual Rate	7.5	8.6	9.9	10.9	10.5	9.1	7.7	6.7
Service-Providing	117.86	118.22	118.60	118.98	119.29	119.59	119.94	120.31
% Ch, Annual Rate	1.3	1.2	1.3	1.3	1.0	1.0	1.2	1.3
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	98.9	97.9	97.0	96.2	95.4	94.6	93.9	93.3
Personal Saving/Disposable Income (%)	2.3	2.4	2.5	2.6	2.6	2.7	2.8	2.7
Auto Sales (Millions)	7.7	8.0	8.2	7.9	8.1	8.3	8.6	8.3
% Ch, Annual Rate	21.7	14.6	12.0	-13.9	11.7	10.8	11.6	-13.5
Housing Starts (Millions)	1.109	1.180	1.261	1.320	1.364	1.403	1.424	1.418
% Ch, Annual Rate	26.8	28.2	30.2	20.3	13.8	12.0	6.2	-1.5
Federal Budget Surplus (Billions)	-571.9	-589.7	-593.1	-593.5	-583.1	-607.0	-616.2	-617.2
Net Exports (Billions)	-518.5	-516.9	-512.5	-508.6	-506.2	-505.0	-497.6	-488.1
3-Month Treasury Bill Rate (%)	0.07	0.07	0.07	0.18	0.58	1.05	1.56	2.09
10-Year Treasury Note Yield (%)	3.47	3.58	3.70	3.84	4.08	4.20	4.43	4.66
Bond Index of 20 G.O. Munis. (%)	4.89	4.97	5.05	5.10	5.28	5.46	5.63	5.76
30-Year Fixed Mortgage Rate (%)	4.97	5.10	5.21	5.35	5.57	5.66	5.87	6.12

Table A1.3

**Washington Economic Forecast Summary**

Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	265.623	255.278	258.399	265.632	268.477	275.874	285.775	295.118
% Ch	2.8	-3.9	1.2	2.8	1.1	2.8	3.6	3.3
Real Wage and Salary Disb.	138.330	134.514	133.913	137.168	140.295	144.217	148.296	152.452
% Ch	0.1	-2.8	-0.4	2.4	2.3	2.8	2.8	2.8
Real Nonwage Income	127.293	120.764	124.486	128.465	128.182	131.657	137.479	142.665
% Ch	5.9	-5.1	3.1	3.2	-0.2	2.7	4.4	3.8
Real Per Capita Income (\$/Person)	40,051	38,149	38,254	38,832	38,765	39,341	40,241	41,031
% Ch	1.6	-4.7	0.3	1.5	-0.2	1.5	2.3	2.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.089	1.092	1.111	1.138	1.157	1.177	1.201	1.228
% Ch	3.3	0.2	1.8	2.4	1.7	1.7	2.1	2.2
Seattle Cons. Price Index (1982-84=1.0)	2.247	2.260	2.267	2.328	2.399	2.449	2.503	2.559
% Ch	4.2	0.6	0.3	2.7	3.1	2.1	2.2	2.2
Average Nonfarm Annual Wage	48,783	49,735	51,083	52,926	54,198	55,710	57,542	59,451
% Ch	2.1	2.0	2.7	3.6	2.4	2.8	3.3	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	21.01	23.40	23.49	23.98	24.17	24.45	24.78	25.12
% Ch	2.4	11.4	0.4	2.1	0.8	1.2	1.3	1.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	289.380	278.665	287.113	302.326	310.630	324.781	343.358	362.340
% Ch	6.1	-3.7	3.0	5.3	2.7	4.6	5.7	5.5
Disposable Personal Income	256.037	252.005	259.411	269.558	275.019	284.783	301.031	317.985
% Ch	7.3	-1.6	2.9	3.9	2.0	3.6	5.7	5.6
Per Capita Income (\$/Person)	43,633	41,643	42,504	44,195	44,850	46,314	48,349	50,376
% Ch	4.9	-4.6	2.1	4.0	1.5	3.3	4.4	4.2
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,479.2	3,534.7	3,531.2	3,485.1	3,504.7	3,550.1	3,596.6	3,644.9
Total Washington Employment	3,286.4	3,206.4	3,192.0	3,167.7	3,210.2	3,259.5	3,313.3	3,373.3
Unemployment Rate (%)	5.54	9.29	9.60	9.11	8.40	8.19	7.88	7.45
Nonfarm Payroll Employment	2,959.3	2,822.3	2,784.2	2,822.7	2,870.1	2,926.5	2,978.5	3,032.1
% Ch	0.9	-4.6	-1.3	1.4	1.7	2.0	1.8	1.8
Manufacturing	291.2	265.5	257.9	268.6	280.6	287.8	292.0	296.3
% Ch	-0.7	-8.8	-2.8	4.1	4.5	2.6	1.4	1.5
Durable Manufacturing	211.3	190.6	184.2	193.6	204.7	211.8	215.5	219.2
% Ch	-0.3	-9.8	-3.4	5.1	5.7	3.4	1.8	1.7
Aerospace	83.0	82.9	80.8	86.6	93.1	94.8	94.9	94.9
% Ch	3.6	-0.1	-2.5	7.2	7.5	1.8	0.1	0.0
Nondurable Manufacturing	79.9	74.9	73.8	75.0	75.8	76.0	76.4	77.0
% Ch	-1.9	-6.2	-1.5	1.7	1.1	0.3	0.5	0.8
Construction	200.6	159.7	141.1	137.7	138.9	144.5	155.3	169.1
% Ch	-3.6	-20.4	-11.6	-2.4	0.8	4.0	7.5	8.9
Service-Providing	2,460.0	2,391.0	2,379.3	2,410.4	2,444.6	2,488.1	2,524.8	2,560.2
% Ch	1.5	-2.8	-0.5	1.3	1.4	1.8	1.5	1.4
Software Publishers	50.9	51.5	50.9	51.8	52.9	54.3	55.5	56.8
% Ch	7.0	1.1	-1.0	1.8	2.1	2.5	2.3	2.4
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	28.919	17.011	20.691	20.588	19.976	25.416	32.336	36.653
% Ch	-39.0	-41.2	21.6	-0.5	-3.0	27.2	27.2	13.4
Single-Family	17.440	12.991	14.702	13.408	10.718	13.961	20.080	23.659
% Ch	-42.6	-25.5	13.2	-8.8	-20.1	30.3	43.8	17.8
Multi-Family	11.479	4.020	5.989	7.180	9.258	11.455	12.255	12.994
% Ch	-32.5	-65.0	49.0	19.9	28.9	23.7	7.0	6.0
30-Year Fixed Mortgage Rate (%)	6.04	5.04	4.69	4.46	4.11	4.63	5.16	5.80

Table A1.4

**Washington Economic Forecast Summary**

Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	254.832	257.296	260.043	261.425	265.279	263.890	266.933	266.427
% Ch, Annual Rate	3.1	3.9	4.3	2.1	6.0	-2.1	4.7	-0.8
Real Wage and Salary Disb.	132.680	133.237	134.817	134.919	136.825	135.031	138.826	137.987
% Ch, Annual Rate	-0.5	1.7	4.8	0.3	5.8	-5.1	11.7	-2.4
Real Nonwage Income	122.153	124.059	125.226	126.506	128.454	128.859	128.107	128.440
% Ch, Annual Rate	7.3	6.4	3.8	4.2	6.3	1.3	-2.3	1.0
Real Per Capita Income (\$/Person)	37,896	38,158	38,441	38,521	38,964	38,637	38,956	38,770
% Ch, Annual Rate	2.3	2.8	3.0	0.8	4.7	-3.3	3.3	-1.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.137	1.143	1.145
% Ch, Annual Rate	1.9	0.3	1.0	1.9	3.9	3.3	2.3	0.7
Seattle Cons. Price Index (1982-84=1.0)	2.266	2.256	2.265	2.279	2.299	2.316	2.332	2.363
% Ch, Annual Rate	-0.3	-1.7	1.6	2.5	3.5	3.0	2.8	5.3
Average Nonfarm Annual Wage	50,666	50,679	51,408	51,581	52,690	52,140	53,647	53,226
% Ch, Annual Rate	2.5	0.1	5.9	1.4	8.9	-4.1	12.1	-3.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.58	23.20	23.44	23.71	23.80	24.05	23.94	24.15
% Ch, Annual Rate	-3.2	-6.3	4.2	4.7	1.4	4.3	-1.8	3.6
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	282.281	285.243	288.994	291.935	299.085	299.944	305.160	305.114
% Ch, Annual Rate	5.1	4.3	5.4	4.1	10.2	1.2	7.1	-0.1
Disposable Personal Income	255.620	258.042	260.849	263.133	267.286	267.621	272.045	271.281
% Ch, Annual Rate	5.0	3.8	4.4	3.5	6.5	0.5	6.8	-1.1
Per Capita Income (\$/Person)	41,978	42,302	42,721	43,017	43,930	43,915	44,535	44,399
% Ch, Annual Rate	4.2	3.1	4.0	2.8	8.8	-0.1	5.8	-1.2
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,532.9	3,536.8	3,526.5	3,528.4	3,508.7	3,483.8	3,465.2	3,482.5
Total Washington Employment	3,179.8	3,195.2	3,194.1	3,199.0	3,187.0	3,163.6	3,143.8	3,176.6
Unemployment Rate (%)	10.00	9.66	9.43	9.34	9.17	9.19	9.27	8.78
Nonfarm Payroll Employment	2,771.0	2,785.2	2,786.6	2,794.0	2,801.0	2,815.6	2,832.5	2,841.8
% Ch, Annual Rate	-1.3	2.1	0.2	1.1	1.0	2.1	2.4	1.3
Manufacturing	256.7	257.5	258.2	259.4	262.4	266.3	271.1	274.7
% Ch, Annual Rate	-1.2	1.3	1.1	1.7	4.7	6.1	7.4	5.4
Durable Manufacturing	183.5	183.5	184.3	185.5	188.0	191.7	195.8	198.9
% Ch, Annual Rate	-1.6	0.2	1.7	2.6	5.5	8.3	8.7	6.6
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.3	90.5
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.3	16.4	10.2
Nondurable Manufacturing	73.2	74.0	73.9	73.9	74.4	74.5	75.3	75.8
% Ch, Annual Rate	-0.3	4.3	-0.3	-0.2	2.8	0.7	4.1	2.6
Construction	143.1	141.1	140.9	139.1	136.9	137.9	137.9	138.1
% Ch, Annual Rate	-11.7	-5.6	-0.5	-4.9	-6.2	2.9	0.1	0.4
Service-Providing	2,365.4	2,380.6	2,381.5	2,389.6	2,395.7	2,405.3	2,417.5	2,423.1
% Ch, Annual Rate	-0.7	2.6	0.1	1.4	1.0	1.6	2.0	0.9
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.6	52.0	52.3
% Ch, Annual Rate	0.2	1.2	1.6	0.6	1.8	2.0	3.4	2.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	21.766	17.966	20.225	22.806	16.453	24.308	20.216	21.375
% Ch, Annual Rate	90.3	-53.6	60.6	61.7	-72.9	376.5	-52.2	25.0
Single-Family	16.869	14.081	13.543	14.314	14.134	12.459	13.253	13.785
% Ch, Annual Rate	49.5	-51.5	-14.4	24.8	-4.9	-39.6	28.0	17.1
Multi-Family	4.896	3.885	6.682	8.492	2.319	11.849	6.963	7.590
% Ch, Annual Rate	399.2	-60.3	774.8	160.9	-99.4	68,102.7	-88.1	41.2
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.31	4.01

Table A1.4 (continued)

**Washington Economic Forecast Summary**

Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	267.572	267.066	269.378	269.892	272.167	274.904	277.783	278.641
% Ch, Annual Rate	1.7	-0.8	3.5	0.8	3.4	4.1	4.3	1.2
Real Wage and Salary Disb.	139.573	139.677	141.117	140.812	142.276	143.730	145.540	145.322
% Ch, Annual Rate	4.7	0.3	4.2	-0.9	4.2	4.2	5.1	-0.6
Real Nonwage Income	127.998	127.388	128.261	129.080	129.892	131.175	132.243	133.319
% Ch, Annual Rate	-1.4	-1.9	2.8	2.6	2.5	4.0	3.3	3.3
Real Per Capita Income (\$/Person)	38,814	38,621	38,835	38,789	38,995	39,265	39,553	39,550
% Ch, Annual Rate	0.5	-2.0	2.2	-0.5	2.1	2.8	3.0	0.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.151	1.153	1.159	1.165	1.170	1.174	1.180	1.186
% Ch, Annual Rate	1.9	0.9	2.1	2.0	1.8	1.3	2.1	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.382	2.389	2.405	2.420	2.433	2.441	2.455	2.469
% Ch, Annual Rate	3.3	1.1	2.8	2.5	2.2	1.2	2.4	2.2
Average Nonfarm Annual Wage	53,890	53,919	54,553	54,429	54,958	55,456	56,226	56,199
% Ch, Annual Rate	5.1	0.2	4.8	-0.9	3.9	3.7	5.7	-0.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.12	24.14	24.18	24.23	24.33	24.41	24.49	24.57
% Ch, Annual Rate	-0.6	0.5	0.6	0.8	1.7	1.3	1.3	1.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	307.886	308.005	312.256	314.371	318.438	322.645	327.706	330.334
% Ch, Annual Rate	3.7	0.2	5.6	2.7	5.3	5.4	6.4	3.2
Disposable Personal Income	273.325	273.043	276.250	277.460	280.085	282.819	286.872	289.356
% Ch, Annual Rate	3.0	-0.4	4.8	1.8	3.8	4.0	5.9	3.5
Per Capita Income (\$/Person)	44,662	44,541	45,016	45,181	45,624	46,084	46,661	46,887
% Ch, Annual Rate	2.4	-1.1	4.3	1.5	4.0	4.1	5.1	2.0
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,490.2	3,498.6	3,509.6	3,520.3	3,532.4	3,544.4	3,556.2	3,567.6
Total Washington Employment	3,195.4	3,203.1	3,214.7	3,227.6	3,240.0	3,252.7	3,266.1	3,279.0
Unemployment Rate (%)	8.45	8.45	8.40	8.32	8.28	8.23	8.16	8.09
Nonfarm Payroll Employment	2,853.3	2,861.8	2,874.8	2,890.4	2,905.7	2,920.2	2,933.9	2,946.3
% Ch, Annual Rate	1.6	1.2	1.8	2.2	2.1	2.0	1.9	1.7
Manufacturing	278.3	279.6	281.0	283.4	285.7	287.8	288.5	289.3
% Ch, Annual Rate	5.3	2.0	2.0	3.5	3.3	3.0	0.9	1.2
Durable Manufacturing	202.2	203.9	205.2	207.5	209.8	211.8	212.4	213.2
% Ch, Annual Rate	6.9	3.4	2.5	4.6	4.4	3.9	1.1	1.5
Aerospace	92.1	92.8	93.5	94.2	94.5	94.9	94.9	94.9
% Ch, Annual Rate	7.4	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Nondurable Manufacturing	76.0	75.7	75.8	75.9	75.9	76.0	76.1	76.2
% Ch, Annual Rate	1.3	-1.8	0.7	0.4	0.2	0.4	0.4	0.5
Construction	138.4	138.2	139.1	139.8	141.5	143.2	145.4	147.9
% Ch, Annual Rate	0.9	-0.5	2.4	2.3	4.9	4.8	6.4	6.9
Service-Providing	2,430.6	2,438.1	2,448.8	2,461.0	2,472.4	2,483.1	2,493.9	2,502.9
% Ch, Annual Rate	1.3	1.2	1.8	2.0	1.9	1.7	1.8	1.5
Software Publishers	52.4	52.8	53.1	53.5	53.8	54.1	54.4	54.7
% Ch, Annual Rate	1.0	2.7	2.1	3.1	2.5	2.4	2.1	2.3
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	19.404	19.044	20.228	21.227	22.170	24.177	26.783	28.534
% Ch, Annual Rate	-32.1	-7.2	27.3	21.3	19.0	41.5	50.6	28.8
Single-Family	12.268	9.896	10.175	10.532	11.070	12.728	15.227	16.820
% Ch, Annual Rate	-37.3	-57.6	11.8	14.8	22.0	74.8	104.8	48.9
Multi-Family	7.136	9.148	10.053	10.694	11.100	11.449	11.556	11.714
% Ch, Annual Rate	-21.8	170.0	45.9	28.1	16.1	13.2	3.8	5.6
30-Year Fixed Mortgage Rate (%)	3.92	4.03	4.18	4.30	4.43	4.57	4.70	4.83

Table A1.4 (continued)

**Washington Economic Forecast Summary**

Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
<b>Real Income (Billions of Chained 2005 Dollars)</b>								
Real Personal Income	282.219	284.515	287.678	288.690	291.583	293.916	296.901	298.070
% Ch, Annual Rate	5.2	3.3	4.5	1.4	4.1	3.2	4.1	1.6
Real Wage and Salary Disb.	146.568	147.686	149.529	149.402	150.773	151.916	153.662	153.459
% Ch, Annual Rate	3.5	3.1	5.1	-0.3	3.7	3.1	4.7	-0.5
Real Nonwage Income	135.651	136.829	138.149	139.288	140.810	142.000	143.239	144.611
% Ch, Annual Rate	7.2	3.5	3.9	3.3	4.4	3.4	3.5	3.9
Real Per Capita Income (\$/Person)	39,931	40,129	40,446	40,459	40,734	40,930	41,214	41,246
% Ch, Annual Rate	3.9	2.0	3.2	0.1	2.7	1.9	2.8	0.3
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.192	1.198	1.204	1.211	1.218	1.224	1.231	1.238
% Ch, Annual Rate	2.2	2.1	2.1	2.1	2.3	2.2	2.2	2.3
Seattle Cons. Price Index (1982-84=1.0)	2.483	2.497	2.510	2.523	2.538	2.552	2.566	2.580
% Ch, Annual Rate	2.3	2.2	2.1	2.2	2.3	2.2	2.2	2.3
Average Nonfarm Annual Wage	56,766	57,278	58,064	58,061	58,666	59,200	59,974	59,964
% Ch, Annual Rate	4.1	3.7	5.6	0.0	4.2	3.7	5.3	-0.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.66	24.74	24.82	24.90	24.99	25.07	25.16	25.25
% Ch, Annual Rate	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.5
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	336.414	340.949	346.506	349.562	355.054	359.838	365.491	368.977
% Ch, Annual Rate	7.6	5.5	6.7	3.6	6.4	5.5	6.4	3.9
Disposable Personal Income	294.329	298.775	304.001	307.018	311.042	315.679	321.042	324.177
% Ch, Annual Rate	7.1	6.2	7.2	4.0	5.3	6.1	7.0	4.0
Per Capita Income (\$/Person)	47,599	48,088	48,717	48,990	49,601	50,110	50,736	51,058
% Ch, Annual Rate	6.2	4.2	5.3	2.3	5.1	4.2	5.1	2.6
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,578.9	3,590.8	3,602.4	3,614.4	3,626.4	3,638.7	3,651.1	3,663.3
Total Washington Employment	3,291.7	3,305.6	3,320.2	3,335.8	3,350.8	3,365.8	3,380.9	3,395.6
Unemployment Rate (%)	8.03	7.94	7.84	7.71	7.60	7.50	7.40	7.31
Nonfarm Payroll Employment	2,958.3	2,971.6	2,985.0	2,999.0	3,012.0	3,025.2	3,038.7	3,052.6
% Ch, Annual Rate	1.6	1.8	1.8	1.9	1.7	1.8	1.8	1.8
Manufacturing	290.2	291.4	292.6	293.6	294.7	295.8	296.7	297.7
% Ch, Annual Rate	1.2	1.7	1.7	1.4	1.5	1.5	1.2	1.4
Durable Manufacturing	213.9	215.0	216.1	217.0	217.9	218.9	219.7	220.5
% Ch, Annual Rate	1.4	2.1	2.2	1.7	1.6	1.8	1.4	1.5
Aerospace	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nondurable Manufacturing	76.3	76.4	76.5	76.6	76.8	76.9	77.1	77.3
% Ch, Annual Rate	0.7	0.5	0.4	0.6	1.2	0.6	0.6	1.1
Construction	150.5	153.8	156.8	160.3	163.8	167.4	171.0	174.4
% Ch, Annual Rate	7.3	9.1	8.2	9.1	8.9	9.2	8.9	8.1
Service-Providing	2,511.3	2,520.1	2,529.2	2,538.6	2,547.0	2,555.4	2,564.4	2,573.8
% Ch, Annual Rate	1.3	1.4	1.5	1.5	1.3	1.3	1.4	1.5
Software Publishers	55.0	55.4	55.7	56.0	56.3	56.6	57.0	57.3
% Ch, Annual Rate	2.3	2.4	2.4	2.2	2.4	2.5	2.5	2.4
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	29.945	31.526	33.262	34.610	35.550	36.544	37.192	37.328
% Ch, Annual Rate	21.3	22.9	23.9	17.2	11.3	11.7	7.3	1.5
Single-Family	18.018	19.395	20.921	21.987	22.752	23.591	24.126	24.168
% Ch, Annual Rate	31.7	34.3	35.4	22.0	14.7	15.6	9.4	0.7
Multi-Family	11.927	12.130	12.340	12.624	12.798	12.953	13.065	13.160
% Ch, Annual Rate	7.5	7.0	7.1	9.5	5.6	4.9	3.5	2.9
30-Year Fixed Mortgage Rate (%)	4.97	5.10	5.21	5.35	5.57	5.66	5.87	6.12

Table A2.1

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

Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
Nonfarm Payroll Employment	136.79	130.79	129.86	131.36	133.30	135.51	137.60	139.62
% Ch	-0.6	-4.4	-0.7	1.2	1.5	1.7	1.5	1.5
Manufacturing	13.40	11.84	11.53	11.74	12.00	12.28	12.42	12.52
% Ch	-3.4	-11.6	-2.7	1.8	2.2	2.4	1.1	0.9
Durable Manufacturing	8.46	7.28	7.06	7.28	7.53	7.83	8.00	8.13
% Ch	-3.9	-13.9	-3.0	3.0	3.5	3.9	2.2	1.6
Wood Products	0.46	0.36	0.34	0.34	0.34	0.37	0.41	0.44
% Ch	-11.5	-21.3	-5.0	-2.1	1.0	8.6	11.1	7.1
Primary and Fabricated Metals	1.97	1.67	1.64	1.73	1.80	1.86	1.91	1.95
% Ch	-2.4	-15.0	-1.8	5.5	4.0	3.3	2.4	2.0
Computer and Electronic Products	1.24	1.14	1.09	1.11	1.11	1.16	1.15	1.16
% Ch	-2.2	-8.6	-3.7	1.1	0.2	5.0	-1.3	1.0
Machinery and Electrical Equipment	1.61	1.40	1.36	1.42	1.50	1.51	1.51	1.51
% Ch	-0.3	-13.0	-3.3	5.0	5.2	0.8	0.0	0.0
Transportation Equipment	1.61	1.35	1.33	1.38	1.47	1.57	1.65	1.69
% Ch	-6.1	-16.2	-1.1	3.7	6.3	7.0	4.9	2.7
Other Durables	1.57	1.36	1.29	1.29	1.31	1.35	1.37	1.38
% Ch	-6.0	-13.4	-5.0	-0.1	1.6	2.6	1.7	0.5
Nondurable Manufacturing	4.94	4.56	4.46	4.46	4.46	4.45	4.42	4.40
% Ch	-2.6	-7.7	-2.2	-0.1	0.0	-0.2	-0.7	-0.6
Food Manufacturing	1.48	1.46	1.45	1.46	1.45	1.47	1.48	1.50
% Ch	-0.2	-1.6	-0.4	0.4	-0.4	1.0	1.2	1.3
Paper and Paper Products	0.44	0.41	0.39	0.39	0.39	0.39	0.39	0.39
% Ch	-2.9	-8.5	-3.0	-0.9	0.3	-0.3	-0.2	-0.4
Other Nondurables	3.02	2.70	2.62	2.61	2.62	2.59	2.55	2.51
% Ch	-3.6	-10.5	-3.0	-0.2	0.3	-0.9	-1.8	-1.7
Natural Resources and Mining	0.77	0.69	0.70	0.78	0.84	0.81	0.79	0.76
% Ch	5.8	-9.3	1.5	11.3	6.8	-3.2	-2.9	-3.7
Construction	7.16	6.01	5.52	5.50	5.53	5.58	5.98	6.55
% Ch	-6.1	-16.0	-8.2	-0.2	0.4	1.0	7.2	9.5
Trade, Transportation, and Utilities	26.30	24.91	24.64	25.02	25.42	26.00	26.28	26.50
% Ch	-1.2	-5.3	-1.1	1.5	1.6	2.3	1.1	0.8
Wholesale Trade	5.94	5.59	5.45	5.53	5.64	5.78	5.89	5.98
% Ch	-1.2	-6.0	-2.4	1.4	2.0	2.6	1.8	1.5
Retail Trade	15.29	14.52	14.44	14.64	14.81	15.08	15.11	15.11
% Ch	-1.5	-5.0	-0.5	1.4	1.1	1.8	0.2	0.0
Trans., Warehousing, and Utilities	5.07	4.80	4.74	4.85	4.97	5.14	5.29	5.41
% Ch	-0.5	-5.3	-1.2	2.2	2.5	3.5	2.8	2.4
Information	2.98	2.80	2.71	2.66	2.63	2.72	2.73	2.75
% Ch	-1.6	-6.0	-3.4	-1.8	-0.9	3.1	0.4	0.9
Publishing Industries	0.88	0.80	0.76	0.75	0.75	0.74	0.73	0.73
% Ch	-2.3	-9.5	-4.7	-1.4	-0.5	-0.9	-0.8	-0.3
Other Information	2.10	2.01	1.95	1.91	1.89	1.98	1.99	2.02
% Ch	-1.3	-4.6	-2.9	-2.0	-1.0	4.7	0.8	1.3
Financial Activities	8.14	7.77	7.65	7.68	7.67	7.74	7.75	7.78
% Ch	-1.9	-4.6	-1.5	0.4	-0.1	0.8	0.2	0.4
Professional and Business Services	17.74	16.57	16.72	17.33	17.97	18.62	19.29	20.03
% Ch	-1.2	-6.6	0.9	3.6	3.7	3.6	3.6	3.8
Education and Health Services	18.84	19.19	19.53	19.88	20.33	20.59	20.94	21.26
% Ch	2.8	1.9	1.8	1.8	2.2	1.3	1.7	1.5
Leisure and Hospitality	13.44	13.07	13.04	13.32	13.64	13.87	13.99	13.96
% Ch	0.1	-2.7	-0.2	2.1	2.4	1.7	0.8	-0.2
Other Services	5.51	5.37	5.33	5.34	5.38	5.44	5.49	5.45
% Ch	0.4	-2.7	-0.7	0.2	0.8	1.0	0.9	-0.7
Federal Government	2.76	2.83	2.98	2.86	2.79	2.72	2.65	2.59
% Ch	1.0	2.5	5.1	-4.0	-2.2	-2.8	-2.6	-2.0
State and Local Government	19.74	19.72	19.51	19.25	19.10	19.15	19.29	19.46
% Ch	1.3	-0.1	-1.1	-1.4	-0.8	0.3	0.7	0.9

Table A2.2

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

Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	129.32	129.96	129.92	130.23	130.68	131.24	131.53	131.98
% Ch, Annual Rate	-0.4	2.0	-0.1	0.9	1.4	1.7	0.9	1.4
Manufacturing	11.46	11.53	11.56	11.56	11.66	11.73	11.77	11.79
% Ch, Annual Rate	-1.2	2.3	1.0	0.2	3.4	2.3	1.4	0.7
Durable Manufacturing	7.00	7.06	7.09	7.11	7.20	7.26	7.30	7.34
% Ch, Annual Rate	-0.9	3.4	2.0	0.9	5.4	3.5	2.2	1.9
Wood Products	0.34	0.35	0.34	0.34	0.34	0.34	0.33	0.33
% Ch, Annual Rate	-4.8	4.0	-5.6	-4.6	4.9	-5.6	-7.4	1.7
Primary and Fabricated Metals	1.61	1.64	1.66	1.67	1.70	1.73	1.75	1.76
% Ch, Annual Rate	1.1	6.9	5.4	3.0	7.6	7.6	3.0	2.9
Computer and Electronic Products	1.09	1.09	1.09	1.10	1.10	1.11	1.11	1.11
% Ch, Annual Rate	-1.9	-0.2	0.4	0.2	2.2	1.9	1.7	-1.0
Machinery and Electrical Equipment	1.33	1.35	1.36	1.38	1.40	1.42	1.43	1.44
% Ch, Annual Rate	-1.4	5.5	3.6	4.1	7.0	5.5	3.9	3.8
Transportation Equipment	1.32	1.33	1.34	1.34	1.36	1.37	1.39	1.41
% Ch, Annual Rate	1.7	4.1	3.4	-1.5	7.1	3.7	3.9	5.9
Other Durables	1.30	1.30	1.29	1.29	1.30	1.30	1.30	1.29
% Ch, Annual Rate	-3.5	-0.9	-2.0	-0.5	2.0	0.0	0.4	-2.9
Nondurable Manufacturing	4.47	4.47	4.46	4.46	4.46	4.46	4.47	4.45
% Ch, Annual Rate	-1.6	0.5	-0.6	-0.8	0.4	0.4	0.2	-1.3
Food Manufacturing	1.45	1.45	1.45	1.45	1.46	1.46	1.46	1.45
% Ch, Annual Rate	-2.4	1.9	0.5	-1.0	2.5	0.4	-1.2	-2.4
Paper and Paper Products	0.40	0.40	0.39	0.39	0.39	0.39	0.39	0.39
% Ch, Annual Rate	-1.3	-0.3	-2.9	-1.3	-1.2	-0.3	1.1	0.1
Other Nondurables	2.62	2.62	2.62	2.61	2.61	2.61	2.62	2.61
% Ch, Annual Rate	-1.2	-0.1	-0.9	-0.7	-0.5	0.5	1.0	-0.9
Natural Resources and Mining	0.68	0.70	0.71	0.73	0.75	0.78	0.80	0.82
% Ch, Annual Rate	8.3	12.6	11.2	10.3	7.3	18.3	11.8	8.4
Construction	5.56	5.53	5.50	5.49	5.48	5.50	5.51	5.53
% Ch, Annual Rate	-8.7	-2.1	-2.2	-0.7	-0.6	1.1	1.1	1.4
Trade, Transportation, and Utilities	24.55	24.59	24.65	24.75	24.86	25.00	25.06	25.15
% Ch, Annual Rate	-0.7	0.7	0.9	1.7	1.8	2.3	1.0	1.3
Wholesale Trade	5.45	5.44	5.45	5.47	5.50	5.52	5.54	5.56
% Ch, Annual Rate	-3.1	-0.4	0.6	1.4	2.1	2.0	0.8	1.5
Retail Trade	14.40	14.43	14.45	14.50	14.56	14.63	14.67	14.72
% Ch, Annual Rate	0.7	0.7	0.6	1.6	1.5	2.1	1.0	1.2
Trans., Warehousing, and Utilities	4.70	4.73	4.75	4.78	4.81	4.84	4.86	4.87
% Ch, Annual Rate	-2.2	1.8	2.5	2.3	2.2	3.0	1.1	1.5
Information	2.73	2.71	2.70	2.69	2.67	2.67	2.64	2.65
% Ch, Annual Rate	-3.3	-3.4	-1.0	-1.6	-2.2	-0.6	-4.0	0.3
Publishing Industries	0.77	0.76	0.76	0.75	0.75	0.75	0.75	0.75
% Ch, Annual Rate	-2.6	-2.7	-1.5	-2.4	-1.3	-0.7	-0.5	-0.9
Other Information	1.96	1.95	1.94	1.94	1.92	1.92	1.89	1.90
% Ch, Annual Rate	-3.5	-3.6	-0.9	-1.3	-2.6	-0.6	-5.4	0.8
Financial Activities	7.66	7.65	7.64	7.66	7.67	7.68	7.68	7.69
% Ch, Annual Rate	-1.5	-0.5	-0.2	0.9	0.6	0.6	-0.3	0.6
Professional and Business Services	16.53	16.66	16.76	16.93	17.12	17.28	17.39	17.53
% Ch, Annual Rate	2.2	3.2	2.4	4.0	4.5	3.9	2.5	3.3
Education and Health Services	19.41	19.49	19.56	19.66	19.72	19.83	19.94	20.05
% Ch, Annual Rate	1.9	1.8	1.3	2.1	1.3	2.1	2.3	2.2
Leisure and Hospitality	12.93	13.01	13.09	13.13	13.20	13.30	13.35	13.43
% Ch, Annual Rate	-1.3	2.5	2.4	1.2	2.0	3.0	1.5	2.5
Other Services	5.32	5.33	5.33	5.35	5.33	5.34	5.34	5.35
% Ch, Annual Rate	-0.1	0.2	0.0	1.6	-1.0	0.3	0.6	0.6
Federal Government	2.89	3.20	2.95	2.87	2.88	2.87	2.85	2.84
% Ch, Annual Rate	6.8	50.6	-27.3	-11.3	1.4	-1.3	-2.7	-1.1
State and Local Government	19.60	19.57	19.47	19.41	19.34	19.28	19.20	19.17
% Ch, Annual Rate	-1.4	-0.7	-2.0	-1.2	-1.4	-1.4	-1.5	-0.8



Table A2.2 (continued)

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

Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	132.56	133.02	133.48	134.14	134.71	135.25	135.78	136.30
% Ch, Annual Rate	1.8	1.4	1.4	2.0	1.7	1.6	1.6	1.6
Manufacturing	11.89	11.97	12.01	12.11	12.19	12.28	12.31	12.33
% Ch, Annual Rate	3.6	2.7	1.3	3.2	2.8	3.1	0.7	1.0
Durable Manufacturing	7.44	7.51	7.55	7.64	7.73	7.83	7.86	7.90
% Ch, Annual Rate	5.6	4.0	1.8	5.0	4.8	5.1	1.6	2.0
Wood Products	0.33	0.34	0.34	0.35	0.35	0.36	0.37	0.38
% Ch, Annual Rate	2.6	3.2	1.2	11.1	10.1	9.8	9.2	11.1
Primary and Fabricated Metals	1.79	1.80	1.80	1.83	1.84	1.86	1.88	1.89
% Ch, Annual Rate	6.8	2.9	1.0	4.9	2.3	5.6	3.0	2.3
Computer and Electronic Products	1.11	1.11	1.11	1.12	1.15	1.17	1.17	1.16
% Ch, Annual Rate	-0.8	-0.2	0.1	3.9	13.8	7.2	-2.0	-2.1
Machinery and Electrical Equipment	1.47	1.50	1.51	1.52	1.52	1.52	1.50	1.50
% Ch, Annual Rate	7.3	7.2	2.4	3.9	0.2	-1.0	-3.2	-1.1
Transportation Equipment	1.44	1.46	1.48	1.50	1.53	1.56	1.59	1.61
% Ch, Annual Rate	8.5	6.7	5.9	6.4	7.1	9.4	5.9	5.5
Other Durables	1.30	1.31	1.31	1.33	1.33	1.35	1.35	1.36
% Ch, Annual Rate	5.2	3.0	-0.4	4.5	2.6	3.8	1.3	1.9
Nondurable Manufacturing	4.46	4.46	4.46	4.47	4.46	4.46	4.45	4.44
% Ch, Annual Rate	0.3	0.4	0.3	0.3	-0.5	-0.4	-0.8	-0.8
Food Manufacturing	1.44	1.45	1.45	1.46	1.46	1.46	1.47	1.47
% Ch, Annual Rate	-1.3	0.9	2.1	0.9	0.7	0.6	1.1	1.4
Paper and Paper Products	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
% Ch, Annual Rate	0.4	0.6	-0.2	0.4	-0.8	-0.1	-0.9	-0.7
Other Nondurables	2.62	2.62	2.62	2.62	2.61	2.60	2.59	2.58
% Ch, Annual Rate	1.3	0.2	-0.5	-0.2	-1.1	-1.1	-1.9	-2.1
Natural Resources and Mining	0.84	0.85	0.84	0.83	0.82	0.81	0.81	0.80
% Ch, Annual Rate	11.7	3.8	-3.9	-3.8	-4.2	-3.6	-2.8	-2.4
Construction	5.54	5.53	5.52	5.52	5.52	5.54	5.59	5.68
% Ch, Annual Rate	0.7	-1.0	-0.2	-0.4	-0.1	1.4	3.7	6.6
Trade, Transportation, and Utilities	25.25	25.30	25.46	25.66	25.82	25.94	26.08	26.18
% Ch, Annual Rate	1.6	0.9	2.5	3.3	2.4	1.9	2.3	1.5
Wholesale Trade	5.59	5.61	5.66	5.70	5.73	5.77	5.80	5.83
% Ch, Annual Rate	2.2	1.7	3.3	3.2	2.3	2.3	2.4	2.1
Retail Trade	14.75	14.75	14.81	14.92	15.00	15.05	15.12	15.14
% Ch, Annual Rate	1.1	-0.2	1.7	3.1	2.1	1.2	1.9	0.7
Trans., Warehousing, and Utilities	4.90	4.94	4.99	5.04	5.08	5.12	5.16	5.20
% Ch, Annual Rate	2.5	3.0	4.2	3.7	3.5	3.4	3.3	3.1
Information	2.63	2.64	2.63	2.64	2.65	2.71	2.76	2.76
% Ch, Annual Rate	-2.1	1.5	-1.5	0.8	1.7	9.1	7.6	0.4
Publishing Industries	0.75	0.74	0.74	0.75	0.74	0.74	0.74	0.74
% Ch, Annual Rate	-0.3	-1.1	-0.4	2.3	-3.2	-0.6	-1.4	-1.0
Other Information	1.88	1.90	1.89	1.89	1.91	1.97	2.02	2.02
% Ch, Annual Rate	-2.8	2.6	-1.9	0.2	3.7	13.1	11.2	0.8
Financial Activities	7.69	7.67	7.67	7.68	7.70	7.73	7.76	7.77
% Ch, Annual Rate	0.1	-1.2	-0.1	0.5	1.4	1.2	1.6	0.5
Professional and Business Services	17.69	17.88	18.04	18.25	18.42	18.56	18.68	18.81
% Ch, Annual Rate	3.8	4.4	3.5	4.7	3.7	3.2	2.5	2.9
Education and Health Services	20.17	20.30	20.39	20.47	20.51	20.56	20.62	20.68
% Ch, Annual Rate	2.4	2.6	1.8	1.5	0.8	1.0	1.2	1.3
Leisure and Hospitality	13.53	13.62	13.68	13.74	13.81	13.85	13.88	13.95
% Ch, Annual Rate	3.2	2.5	1.7	1.8	2.1	1.3	0.8	1.8
Other Services	5.37	5.37	5.39	5.40	5.42	5.42	5.44	5.46
% Ch, Annual Rate	1.3	0.0	1.5	1.1	1.5	-0.1	1.4	1.4
Federal Government	2.82	2.80	2.78	2.77	2.75	2.73	2.71	2.69
% Ch, Annual Rate	-2.3	-2.7	-2.7	-2.7	-2.8	-2.8	-2.8	-2.8
State and Local Government	19.13	19.10	19.07	19.09	19.12	19.13	19.16	19.20
% Ch, Annual Rate	-0.7	-0.7	-0.5	0.4	0.6	0.3	0.5	0.8

Table A2.2 (continued)

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

Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	136.81	137.32	137.86	138.42	138.90	139.37	139.84	140.35
% Ch, Annual Rate	1.5	1.5	1.6	1.6	1.4	1.3	1.4	1.5
Manufacturing	12.37	12.40	12.44	12.46	12.49	12.52	12.53	12.56
% Ch, Annual Rate	1.1	1.2	1.1	0.8	0.8	0.9	0.6	0.9
Durable Manufacturing	7.93	7.98	8.02	8.05	8.08	8.12	8.14	8.17
% Ch, Annual Rate	1.9	2.3	2.2	1.6	1.3	1.7	1.3	1.4
Wood Products	0.39	0.40	0.42	0.42	0.43	0.44	0.44	0.45
% Ch, Annual Rate	11.9	11.7	13.8	6.5	6.2	5.6	5.0	4.9
Primary and Fabricated Metals	1.90	1.90	1.91	1.92	1.93	1.94	1.95	1.97
% Ch, Annual Rate	2.2	1.9	1.8	2.0	1.8	2.1	2.0	3.0
Computer and Electronic Products	1.15	1.15	1.15	1.15	1.16	1.16	1.16	1.16
% Ch, Annual Rate	-4.9	0.0	1.0	1.1	1.5	1.9	-0.2	0.1
Machinery and Electrical Equipment	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
% Ch, Annual Rate	1.4	1.2	0.7	-0.1	-0.7	-0.2	0.2	0.8
Transportation Equipment	1.63	1.64	1.66	1.67	1.68	1.69	1.70	1.71
% Ch, Annual Rate	4.8	3.9	3.3	3.0	2.2	3.2	2.4	1.0
Other Durables	1.36	1.37	1.37	1.37	1.38	1.38	1.38	1.38
% Ch, Annual Rate	2.1	1.3	1.0	0.4	0.3	0.3	0.3	0.5
Nondurable Manufacturing	4.43	4.43	4.42	4.41	4.41	4.40	4.39	4.39
% Ch, Annual Rate	-0.5	-0.7	-0.9	-0.8	-0.2	-0.7	-0.6	-0.2
Food Manufacturing	1.48	1.48	1.48	1.49	1.50	1.50	1.50	1.51
% Ch, Annual Rate	1.3	1.0	0.9	1.3	1.9	1.1	1.0	1.5
Paper and Paper Products	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
% Ch, Annual Rate	0.1	0.2	-0.3	-0.5	-0.3	-0.6	-0.6	0.0
Other Nondurables	2.57	2.56	2.54	2.53	2.52	2.51	2.50	2.49
% Ch, Annual Rate	-1.5	-1.7	-2.0	-2.0	-1.4	-1.7	-1.6	-1.2
Natural Resources and Mining	0.80	0.79	0.78	0.78	0.77	0.76	0.75	0.75
% Ch, Annual Rate	-2.1	-2.8	-4.3	-4.2	-3.2	-4.0	-3.9	-3.3
Construction	5.78	5.90	6.04	6.20	6.36	6.50	6.62	6.73
% Ch, Annual Rate	7.5	8.6	9.9	10.9	10.5	9.1	7.7	6.7
Trade, Transportation, and Utilities	26.20	26.25	26.32	26.38	26.42	26.47	26.52	26.58
% Ch, Annual Rate	0.3	0.8	1.1	0.9	0.6	0.8	0.7	1.0
Wholesale Trade	5.85	5.87	5.90	5.93	5.95	5.96	5.99	6.00
% Ch, Annual Rate	1.4	1.5	1.8	1.8	1.4	1.2	1.5	1.2
Retail Trade	15.11	15.10	15.11	15.12	15.10	15.11	15.10	15.12
% Ch, Annual Rate	-0.9	-0.1	0.3	0.0	-0.3	0.1	-0.1	0.5
Trans., Warehousing, and Utilities	5.24	5.27	5.30	5.34	5.37	5.40	5.43	5.45
% Ch, Annual Rate	2.5	2.5	2.6	2.6	2.6	2.1	2.1	2.0
Information	2.74	2.73	2.72	2.72	2.75	2.75	2.75	2.76
% Ch, Annual Rate	-1.9	-2.4	-1.7	0.7	3.9	0.8	0.2	0.3
Publishing Industries	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
% Ch, Annual Rate	-0.9	-0.3	-0.3	-0.8	-0.3	0.1	0.1	-0.1
Other Information	2.01	1.99	1.98	1.99	2.02	2.02	2.02	2.02
% Ch, Annual Rate	-2.3	-3.2	-2.2	1.2	5.5	1.0	0.3	0.5
Financial Activities	7.75	7.74	7.75	7.76	7.77	7.78	7.80	7.79
% Ch, Annual Rate	-0.9	-0.2	0.5	0.5	0.1	0.7	1.0	-0.6
Professional and Business Services	18.98	19.18	19.39	19.61	19.78	19.93	20.10	20.30
% Ch, Annual Rate	3.6	4.3	4.5	4.6	3.5	3.2	3.5	3.9
Education and Health Services	20.82	20.91	20.98	21.06	21.12	21.21	21.30	21.41
% Ch, Annual Rate	2.7	1.8	1.3	1.5	1.1	1.7	1.8	2.1
Leisure and Hospitality	14.00	14.00	13.98	13.98	13.99	13.96	13.95	13.95
% Ch, Annual Rate	1.5	0.0	-0.6	-0.1	0.2	-0.7	-0.3	0.0
Other Services	5.47	5.49	5.50	5.49	5.47	5.46	5.44	5.42
% Ch, Annual Rate	1.0	1.0	0.9	-1.0	-1.1	-1.2	-1.2	-1.4
Federal Government	2.67	2.65	2.64	2.62	2.61	2.60	2.59	2.58
% Ch, Annual Rate	-2.8	-2.5	-2.3	-2.1	-2.1	-1.8	-1.6	-1.6
State and Local Government	19.23	19.27	19.31	19.36	19.39	19.44	19.48	19.53
% Ch, Annual Rate	0.7	0.8	0.9	0.8	0.8	0.9	1.0	0.9

Table A2.3

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

Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
Nonfarm Payroll Employment	2,959.3	2,822.3	2,784.2	2,822.7	2,870.1	2,926.5	2,978.5	3,032.1
% Ch	0.9	-4.6	-1.3	1.4	1.7	2.0	1.8	1.8
Manufacturing	291.2	265.5	257.9	268.6	280.6	287.8	292.0	296.3
% Ch	-0.7	-8.8	-2.8	4.1	4.5	2.6	1.4	1.5
Durable Manufacturing	211.3	190.6	184.2	193.6	204.7	211.8	215.5	219.2
% Ch	-0.3	-9.8	-3.4	5.1	5.7	3.4	1.8	1.7
Wood Products	17.0	13.3	12.9	12.8	13.0	13.9	15.1	15.9
% Ch	-11.3	-21.6	-2.9	-1.5	2.1	6.7	8.9	5.4
Primary and Fabricated Metals	26.3	21.9	21.4	22.9	24.2	25.3	26.2	27.1
% Ch	1.5	-16.8	-2.2	6.9	5.9	4.4	3.7	3.4
Computer and Electronic Products	22.5	20.1	19.1	19.7	20.0	21.8	21.7	22.4
% Ch	-0.8	-10.9	-4.8	2.9	1.6	9.1	-0.3	3.2
Machinery and Electrical Equipment	19.9	16.3	15.7	17.1	19.3	20.6	21.7	22.7
% Ch	1.2	-17.9	-3.8	9.2	12.5	7.1	5.2	4.8
Aerospace	83.0	82.9	80.8	86.6	93.1	94.8	94.9	94.9
% Ch	3.6	-0.1	-2.5	7.2	7.5	1.8	0.1	0.0
Other Transportation Equip.	12.2	9.7	8.9	9.2	9.2	9.2	9.1	8.8
% Ch	-6.5	-20.8	-8.3	3.6	0.2	-0.2	-1.4	-2.3
Other Durables	30.5	26.4	25.4	25.4	25.9	26.2	26.9	27.4
% Ch	-2.8	-13.3	-3.9	0.0	2.2	1.2	2.3	1.9
Nondurable Manufacturing	79.9	74.9	73.8	75.0	75.8	76.0	76.4	77.0
% Ch	-1.9	-6.2	-1.5	1.7	1.1	0.3	0.5	0.8
Food Manufacturing	34.3	33.9	33.6	34.5	34.8	34.3	34.2	34.5
% Ch	0.5	-0.9	-1.1	2.8	0.9	-1.6	-0.1	0.8
Paper and Paper Products	10.5	9.7	9.4	9.0	8.2	8.4	8.6	8.7
% Ch	-6.5	-7.1	-3.8	-4.2	-8.8	3.0	2.5	1.3
Other Nondurables	35.1	31.3	30.8	31.5	32.8	33.3	33.6	33.8
% Ch	-2.8	-11.0	-1.3	2.2	4.2	1.5	0.7	0.5
Natural Resources and Mining	7.5	6.0	5.9	6.0	6.0	6.2	6.4	6.6
% Ch	-7.6	-19.8	-2.5	1.3	0.5	2.5	3.5	3.0
Construction	200.6	159.7	141.1	137.7	138.9	144.5	155.3	169.1
% Ch	-3.6	-20.4	-11.6	-2.4	0.8	4.0	7.5	8.9
Trade, Transportation, and Utilities	553.4	522.5	517.5	528.2	540.8	552.9	558.8	563.7
% Ch	0.0	-5.6	-1.0	2.1	2.4	2.2	1.1	0.9
Wholesale Trade	130.1	122.7	120.8	124.1	127.9	130.2	131.8	133.2
% Ch	0.6	-5.7	-1.6	2.8	3.1	1.8	1.2	1.1
Retail Trade	327.4	309.3	308.1	312.8	318.8	325.4	327.1	328.3
% Ch	-0.2	-5.5	-0.4	1.5	1.9	2.1	0.5	0.3
Trans., Warehousing, and Utilities	95.9	90.5	88.6	91.3	94.1	97.3	99.9	102.2
% Ch	-0.2	-5.6	-2.1	3.0	3.1	3.4	2.7	2.4
Information	105.6	103.9	102.7	103.6	105.0	109.0	111.1	113.5
% Ch	3.1	-1.6	-1.1	0.8	1.4	3.8	1.9	2.2
Software Publishers	50.9	51.5	50.9	51.8	52.9	54.3	55.5	56.8
% Ch	7.0	1.1	-1.0	1.8	2.1	2.5	2.3	2.4
Other Publishing Industries	10.4	8.7	8.1	7.6	7.3	7.2	7.0	6.9
% Ch	-4.4	-15.6	-7.5	-6.4	-4.1	-1.1	-2.2	-2.1
Other Information	44.3	43.7	43.7	44.2	44.8	47.6	48.6	49.8
% Ch	0.7	-1.5	0.1	1.0	1.5	6.2	2.0	2.6
Financial Activities	152.4	141.7	134.6	133.3	132.6	133.2	132.9	132.9
% Ch	-2.0	-7.0	-5.0	-1.0	-0.5	0.5	-0.2	0.0
Professional and Business Services	348.7	324.5	326.5	340.0	351.2	364.7	378.9	394.4
% Ch	1.2	-6.9	0.6	4.1	3.3	3.8	3.9	4.1
Education and Health Services	362.1	372.4	375.5	382.1	390.3	395.6	402.7	409.4
% Ch	4.0	2.8	0.8	1.8	2.1	1.4	1.8	1.7
Leisure and Hospitality	283.6	269.6	266.3	271.7	280.4	287.3	291.0	292.3
% Ch	1.1	-4.9	-1.2	2.0	3.2	2.5	1.3	0.4
Other Services	107.7	106.3	105.5	108.2	108.2	108.6	109.3	109.2
% Ch	2.3	-1.4	-0.7	2.5	0.0	0.4	0.6	-0.1
Federal Government	70.0	72.8	75.6	73.8	72.4	71.1	69.8	68.9
% Ch	1.9	4.0	3.8	-2.4	-1.8	-1.9	-1.8	-1.3
State and Local Government	476.4	477.4	475.0	469.7	463.8	465.7	470.4	475.8
% Ch	2.4	0.2	-0.5	-1.1	-1.3	0.4	1.0	1.2

Table A2.4

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

Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	2,771.0	2,785.2	2,786.6	2,794.0	2,801.0	2,815.6	2,832.5	2,841.8
% Ch, Annual Rate	-1.3	2.1	0.2	1.1	1.0	2.1	2.4	1.3
Manufacturing	256.7	257.5	258.2	259.4	262.4	266.3	271.1	274.7
% Ch, Annual Rate	-1.2	1.3	1.1	1.7	4.7	6.1	7.4	5.4
Durable Manufacturing	183.5	183.5	184.3	185.5	188.0	191.7	195.8	198.9
% Ch, Annual Rate	-1.6	0.2	1.7	2.6	5.5	8.3	8.7	6.6
Wood Products	12.9	13.1	12.9	12.8	12.8	12.8	12.6	12.8
% Ch, Annual Rate	4.5	5.8	-5.8	-4.9	0.8	-1.3	-4.1	6.1
Primary and Fabricated Metals	21.2	21.2	21.4	21.8	22.2	22.8	23.2	23.4
% Ch, Annual Rate	2.5	1.3	3.9	6.7	7.8	11.2	6.3	4.5
Computer and Electronic Products	18.9	19.1	19.2	19.3	19.4	19.6	19.9	19.8
% Ch, Annual Rate	-4.2	3.9	2.9	1.6	1.9	5.1	5.2	-1.1
Machinery and Electrical Equipment	15.4	15.5	15.8	16.1	16.6	17.0	17.3	17.6
% Ch, Annual Rate	1.3	1.7	8.0	9.3	11.8	9.9	8.7	6.8
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.3	90.5
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.3	16.4	10.2
Other Transportation Equip.	8.7	8.8	9.0	8.9	9.1	9.3	9.2	9.2
% Ch, Annual Rate	-14.8	5.5	7.1	-3.4	9.1	8.0	-4.8	0.0
Other Durables	25.5	25.5	25.3	25.1	25.2	25.3	25.3	25.6
% Ch, Annual Rate	-1.3	0.6	-3.6	-2.5	0.2	2.5	0.4	4.6
Nondurable Manufacturing	73.2	74.0	73.9	73.9	74.4	74.5	75.3	75.8
% Ch, Annual Rate	-0.3	4.3	-0.3	-0.2	2.8	0.7	4.1	2.6
Food Manufacturing	33.2	33.7	33.6	33.6	34.1	34.2	34.8	35.0
% Ch, Annual Rate	-2.7	6.4	-1.2	-0.1	5.9	0.3	7.4	3.1
Paper and Paper Products	9.4	9.4	9.3	9.3	9.2	9.1	8.9	8.7
% Ch, Annual Rate	-3.2	-2.2	-0.5	-3.1	-3.6	-5.0	-9.2	-6.2
Other Nondurables	30.6	30.9	30.9	31.0	31.1	31.3	31.7	32.0
% Ch, Annual Rate	3.2	4.1	0.7	0.4	1.5	2.9	4.6	4.6
Natural Resources and Mining	5.8	6.0	6.0	5.9	6.0	6.0	6.0	5.9
% Ch, Annual Rate	4.8	11.8	-0.2	-5.8	8.3	1.6	-3.8	-0.8
Construction	143.1	141.1	140.9	139.1	136.9	137.9	137.9	138.1
% Ch, Annual Rate	-11.7	-5.6	-0.5	-4.9	-6.2	2.9	0.1	0.4
Trade, Transportation, and Utilities	514.6	518.7	517.4	519.5	521.1	525.8	531.1	534.6
% Ch, Annual Rate	-0.2	3.2	-1.0	1.6	1.3	3.6	4.1	2.6
Wholesale Trade	119.8	121.0	120.9	121.3	122.3	123.4	124.7	125.9
% Ch, Annual Rate	-2.3	4.2	-0.6	1.6	3.2	3.8	4.1	4.1
Retail Trade	306.9	308.9	307.6	309.2	309.9	312.0	313.9	315.4
% Ch, Annual Rate	1.7	2.6	-1.8	2.1	0.9	2.8	2.4	1.9
Trans., Warehousing, and Utilities	87.8	88.7	89.0	89.0	89.0	90.3	92.6	93.3
% Ch, Annual Rate	-3.4	4.0	1.2	0.0	0.1	6.3	10.2	3.1
Information	102.9	102.6	102.6	102.9	103.1	103.3	103.7	104.1
% Ch, Annual Rate	1.5	-1.3	0.0	1.2	1.0	0.8	1.4	1.4
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.6	52.0	52.3
% Ch, Annual Rate	0.2	1.2	1.6	0.6	1.8	2.0	3.4	2.0
Other Publishing Industries	8.3	8.2	8.0	7.9	7.8	7.6	7.5	7.4
% Ch, Annual Rate	-3.7	-5.2	-7.1	-5.0	-6.9	-7.2	-5.5	-7.0
Other Information	44.0	43.6	43.5	43.9	44.0	44.1	44.1	44.4
% Ch, Annual Rate	4.1	-3.5	-0.6	3.1	1.5	0.9	0.2	2.1
Financial Activities	135.6	134.5	134.2	133.9	133.0	132.9	133.6	133.5
% Ch, Annual Rate	-5.8	-3.0	-0.9	-1.0	-2.6	-0.3	1.8	0.0
Professional and Business Services	320.8	324.5	328.2	332.6	335.7	339.7	341.7	342.7
% Ch, Annual Rate	-0.6	4.7	4.7	5.5	3.8	4.9	2.3	1.2
Education and Health Services	373.0	374.5	376.2	378.1	379.4	380.0	383.6	385.4
% Ch, Annual Rate	-0.3	1.6	1.7	2.0	1.4	0.6	3.9	1.9
Leisure and Hospitality	264.7	266.6	266.3	267.6	268.7	271.2	272.2	274.8
% Ch, Annual Rate	-1.7	2.9	-0.4	2.0	1.7	3.6	1.5	3.9
Other Services	104.5	104.9	105.8	106.9	107.3	108.3	108.6	108.6
% Ch, Annual Rate	-2.9	1.6	3.5	3.9	1.7	3.6	1.2	-0.1
Federal Government	73.7	79.4	75.1	74.2	74.5	73.3	73.9	73.5
% Ch, Annual Rate	2.6	35.0	-20.1	-4.5	1.5	-6.0	3.3	-2.2
State and Local Government	475.6	474.9	475.7	474.0	472.8	470.8	469.2	465.9
% Ch, Annual Rate	0.0	-0.6	0.7	-1.4	-1.0	-1.7	-1.4	-2.8

Table A2.4 (continued)

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

Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	2,853.3	2,861.8	2,874.8	2,890.4	2,905.7	2,920.2	2,933.9	2,946.3
% Ch, Annual Rate	1.6	1.2	1.8	2.2	2.1	2.0	1.9	1.7
Manufacturing	278.3	279.6	281.0	283.4	285.7	287.8	288.5	289.3
% Ch, Annual Rate	5.3	2.0	2.0	3.5	3.3	3.0	0.9	1.2
Durable Manufacturing	202.2	203.9	205.2	207.5	209.8	211.8	212.4	213.2
% Ch, Annual Rate	6.9	3.4	2.5	4.6	4.4	3.9	1.1	1.5
Wood Products	12.9	13.0	13.0	13.2	13.5	13.8	14.0	14.3
% Ch, Annual Rate	2.7	1.8	0.0	8.9	8.0	7.7	7.2	8.9
Primary and Fabricated Metals	24.0	24.2	24.3	24.6	24.8	25.2	25.5	25.7
% Ch, Annual Rate	9.6	3.5	1.7	5.9	3.1	7.0	4.2	3.5
Computer and Electronic Products	19.8	19.8	19.9	20.3	21.4	22.0	21.9	21.8
% Ch, Annual Rate	-0.1	1.1	1.7	7.3	22.9	12.5	-1.5	-1.6
Machinery and Electrical Equipment	18.3	19.1	19.5	20.1	20.4	20.6	20.6	20.8
% Ch, Annual Rate	16.5	18.1	10.2	12.0	6.0	4.0	0.8	3.7
Aerospace	92.1	92.8	93.5	94.2	94.5	94.9	94.9	94.9
% Ch, Annual Rate	7.4	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Other Transportation Equip.	9.3	9.2	9.2	9.2	9.2	9.2	9.2	9.2
% Ch, Annual Rate	5.0	-4.2	-0.7	-0.4	0.6	0.6	0.6	-1.0
Other Durables	25.9	25.9	25.9	26.0	26.0	26.2	26.3	26.5
% Ch, Annual Rate	4.5	0.5	-0.8	1.3	1.0	2.2	2.0	2.6
Nondurable Manufacturing	76.0	75.7	75.8	75.9	75.9	76.0	76.1	76.2
% Ch, Annual Rate	1.3	-1.8	0.7	0.4	0.2	0.4	0.4	0.5
Food Manufacturing	35.1	34.9	34.8	34.6	34.4	34.3	34.2	34.2
% Ch, Annual Rate	1.4	-3.3	-1.1	-2.1	-1.9	-1.7	-0.7	0.0
Paper and Paper Products	8.3	8.0	8.1	8.3	8.3	8.4	8.4	8.5
% Ch, Annual Rate	-19.1	-11.0	5.6	5.6	3.4	3.8	2.4	2.3
Other Nondurables	32.6	32.8	32.9	33.1	33.2	33.3	33.4	33.5
% Ch, Annual Rate	7.4	2.2	1.4	1.9	1.6	1.7	1.0	0.6
Natural Resources and Mining	6.0	6.0	6.0	6.1	6.1	6.1	6.2	6.2
% Ch, Annual Rate	1.8	-0.7	2.6	6.4	1.9	1.5	1.1	3.2
Construction	138.4	138.2	139.1	139.8	141.5	143.2	145.4	147.9
% Ch, Annual Rate	0.9	-0.5	2.4	2.3	4.9	4.8	6.4	6.9
Trade, Transportation, and Utilities	537.7	538.0	541.6	545.7	549.0	551.6	554.6	556.5
% Ch, Annual Rate	2.4	0.2	2.7	3.0	2.4	1.9	2.2	1.4
Wholesale Trade	127.3	127.4	128.1	128.8	129.4	130.0	130.6	131.0
% Ch, Annual Rate	4.4	0.3	2.3	2.1	1.9	1.8	1.8	1.3
Retail Trade	317.4	317.1	319.0	321.6	323.4	324.6	326.3	327.1
% Ch, Annual Rate	2.6	-0.4	2.4	3.3	2.3	1.5	2.1	1.0
Trans., Warehousing, and Utilities	93.0	93.6	94.5	95.3	96.2	97.0	97.7	98.4
% Ch, Annual Rate	-1.1	2.2	4.1	3.5	3.5	3.3	3.2	2.8
Information	104.2	105.0	105.1	105.8	106.6	108.5	110.3	110.8
% Ch, Annual Rate	0.5	3.0	0.6	2.4	3.1	7.6	6.6	1.9
Software Publishers	52.4	52.8	53.1	53.5	53.8	54.1	54.4	54.7
% Ch, Annual Rate	1.0	2.7	2.1	3.1	2.5	2.4	2.1	2.3
Other Publishing Industries	7.2	7.2	7.3	7.3	7.2	7.2	7.2	7.1
% Ch, Annual Rate	-7.4	0.0	0.4	3.8	-4.6	-1.1	-2.7	-2.3
Other Information	44.5	44.9	44.8	45.0	45.5	47.2	48.7	49.0
% Ch, Annual Rate	1.2	3.9	-1.0	1.3	5.1	15.5	13.4	2.0
Financial Activities	133.1	132.5	132.3	132.3	132.7	133.0	133.5	133.5
% Ch, Annual Rate	-1.2	-1.9	-0.6	0.1	1.2	0.9	1.3	0.1
Professional and Business Services	345.9	349.4	352.7	356.9	360.4	363.4	366.0	368.9
% Ch, Annual Rate	3.7	4.2	3.8	4.8	4.0	3.4	2.9	3.2
Education and Health Services	387.4	389.6	391.3	392.8	393.7	394.8	396.2	397.6
% Ch, Annual Rate	2.0	2.3	1.8	1.5	1.0	1.1	1.4	1.4
Leisure and Hospitality	277.1	279.5	281.5	283.4	285.3	286.7	287.8	289.2
% Ch, Annual Rate	3.4	3.5	3.0	2.7	2.7	2.0	1.5	2.1
Other Services	108.2	108.1	108.2	108.3	108.5	108.5	108.7	108.9
% Ch, Annual Rate	-1.4	-0.3	0.5	0.4	0.6	-0.1	0.7	0.8
Federal Government	73.0	72.6	72.3	71.9	71.6	71.2	70.9	70.6
% Ch, Annual Rate	-2.8	-1.9	-1.8	-1.9	-1.9	-1.9	-1.9	-1.9
State and Local Government	464.1	463.4	463.7	463.9	464.6	465.3	466.0	466.9
% Ch, Annual Rate	-1.5	-0.7	0.3	0.1	0.6	0.5	0.7	0.8

Table A2.4 (continued)

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

Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Nonfarm Payroll Employment	2,958.3	2,971.6	2,985.0	2,999.0	3,012.0	3,025.2	3,038.7	3,052.6
% Ch, Annual Rate	1.6	1.8	1.8	1.9	1.7	1.8	1.8	1.8
Manufacturing	290.2	291.4	292.6	293.6	294.7	295.8	296.7	297.7
% Ch, Annual Rate	1.2	1.7	1.7	1.4	1.5	1.5	1.2	1.4
Durable Manufacturing	213.9	215.0	216.1	217.0	217.9	218.9	219.7	220.5
% Ch, Annual Rate	1.4	2.1	2.2	1.7	1.6	1.8	1.4	1.5
Wood Products	14.6	15.0	15.4	15.5	15.7	15.9	16.0	16.1
% Ch, Annual Rate	9.6	9.4	11.2	4.8	4.5	4.0	3.5	3.3
Primary and Fabricated Metals	25.9	26.1	26.3	26.6	26.8	27.0	27.2	27.5
% Ch, Annual Rate	3.4	3.3	3.1	3.5	3.2	3.4	3.3	4.5
Computer and Electronic Products	21.5	21.6	21.8	21.9	22.1	22.4	22.5	22.6
% Ch, Annual Rate	-5.7	1.7	3.1	3.2	3.8	4.5	1.4	1.7
Machinery and Electrical Equipment	21.2	21.5	21.9	22.1	22.3	22.6	22.8	23.2
% Ch, Annual Rate	7.3	6.8	6.0	4.7	3.8	4.5	4.9	5.7
Aerospace	94.9	94.9	94.9	94.9	94.9	94.9	94.9	94.9
% Ch, Annual Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Transportation Equip.	9.1	9.1	9.0	9.0	8.9	8.9	8.9	8.7
% Ch, Annual Rate	-2.0	-2.1	-2.7	-2.1	-1.9	-1.4	-2.4	-7.1
Other Durables	26.6	26.8	26.9	27.1	27.2	27.3	27.4	27.6
% Ch, Annual Rate	2.6	2.4	2.1	1.8	1.7	1.9	1.9	1.8
Nondurable Manufacturing	76.3	76.4	76.5	76.6	76.8	76.9	77.1	77.3
% Ch, Annual Rate	0.7	0.5	0.4	0.6	1.2	0.6	0.6	1.1
Food Manufacturing	34.2	34.2	34.2	34.3	34.4	34.5	34.5	34.6
% Ch, Annual Rate	0.1	-0.1	0.0	0.7	1.7	0.7	0.6	1.4
Paper and Paper Products	8.6	8.6	8.7	8.7	8.7	8.7	8.7	8.8
% Ch, Annual Rate	2.9	2.6	1.8	1.4	1.4	0.8	0.7	1.2
Other Nondurables	33.5	33.6	33.6	33.6	33.7	33.7	33.8	33.9
% Ch, Annual Rate	0.8	0.6	0.4	0.4	0.6	0.5	0.6	0.8
Natural Resources and Mining	6.3	6.3	6.4	6.5	6.5	6.6	6.6	6.6
% Ch, Annual Rate	5.0	4.3	3.4	3.4	3.4	2.8	2.1	1.5
Construction	150.5	153.8	156.8	160.3	163.8	167.4	171.0	174.4
% Ch, Annual Rate	7.3	9.1	8.2	9.1	8.9	9.2	8.9	8.1
Trade, Transportation, and Utilities	556.9	558.1	559.5	560.8	561.7	563.0	564.2	565.8
% Ch, Annual Rate	0.3	0.8	1.0	0.9	0.7	0.9	0.9	1.1
Wholesale Trade	131.3	131.6	132.0	132.3	132.6	132.9	133.4	133.8
% Ch, Annual Rate	0.8	1.1	1.0	1.1	0.9	1.0	1.4	1.2
Retail Trade	326.7	326.8	327.3	327.7	327.7	328.1	328.3	329.0
% Ch, Annual Rate	-0.6	0.2	0.6	0.4	0.0	0.5	0.3	0.8
Trans., Warehousing, and Utilities	99.0	99.6	100.2	100.8	101.4	102.0	102.5	103.1
% Ch, Annual Rate	2.4	2.5	2.5	2.5	2.5	2.2	2.2	2.1
Information	110.9	110.9	111.0	111.6	112.7	113.3	113.8	114.3
% Ch, Annual Rate	0.3	0.0	0.5	1.9	4.1	2.1	1.7	1.7
Software Publishers	55.0	55.4	55.7	56.0	56.3	56.6	57.0	57.3
% Ch, Annual Rate	2.3	2.4	2.4	2.2	2.4	2.5	2.5	2.4
Other Publishing Industries	7.1	7.0	7.0	7.0	6.9	6.9	6.9	6.8
% Ch, Annual Rate	-2.4	-1.8	-1.9	-2.8	-2.1	-1.7	-1.8	-2.2
Other Information	48.8	48.5	48.3	48.6	49.5	49.7	49.9	50.1
% Ch, Annual Rate	-1.4	-2.4	-1.3	2.4	7.2	2.2	1.4	1.6
Financial Activities	133.0	132.8	132.8	132.9	132.8	132.9	133.1	132.7
% Ch, Annual Rate	-1.5	-0.7	0.2	0.1	-0.4	0.3	0.7	-1.1
Professional and Business Services	372.4	376.6	381.0	385.5	389.1	392.4	396.1	400.2
% Ch, Annual Rate	3.9	4.5	4.8	4.8	3.8	3.5	3.8	4.2
Education and Health Services	400.1	402.0	403.5	405.1	406.5	408.4	410.3	412.5
% Ch, Annual Rate	2.6	1.9	1.5	1.6	1.3	1.9	1.9	2.2
Leisure and Hospitality	290.5	291.0	291.2	291.6	292.1	292.1	292.4	292.8
% Ch, Annual Rate	1.7	0.7	0.2	0.5	0.7	0.1	0.3	0.5
Other Services	109.0	109.2	109.4	109.3	109.3	109.2	109.2	109.1
% Ch, Annual Rate	0.6	0.7	0.7	-0.2	-0.2	-0.3	-0.2	-0.3
Federal Government	70.2	69.9	69.7	69.4	69.2	69.0	68.8	68.7
% Ch, Annual Rate	-1.9	-1.7	-1.5	-1.4	-1.4	-1.1	-1.0	-1.0
State and Local Government	468.3	469.6	471.1	472.5	473.8	475.1	476.5	477.8
% Ch, Annual Rate	1.1	1.2	1.2	1.2	1.1	1.1	1.2	1.1

Table A3.1

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

Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income	12,460.2	11,930.2	12,373.5	12,961.0	13,275.0	13,843.5	14,591.1	15,341.2
% Ch	4.6	-4.3	3.7	4.7	2.4	4.3	5.4	5.1
Total Wage and Salary Disbursements	6,550.9	6,270.4	6,408.2	6,636.3	6,874.8	7,179.6	7,507.2	7,849.6
% Ch	2.0	-4.3	2.2	3.6	3.6	4.4	4.6	4.6
Nonwage Personal Income	5,909.3	5,659.9	5,965.3	6,324.7	6,400.2	6,663.9	7,083.8	7,491.6
% Ch	7.6	-4.2	5.4	6.0	1.2	4.1	6.3	5.8
Supplements to Wages and Salaries	1,522.5	1,531.1	1,563.1	1,606.1	1,671.0	1,741.0	1,838.3	1,950.1
% Ch	5.7	0.6	2.1	2.8	4.0	4.2	5.6	6.1
Proprietor's Income	1,097.9	941.2	1,036.4	1,107.8	1,153.8	1,227.3	1,310.9	1,391.7
% Ch	0.7	-14.3	10.1	6.9	4.2	6.4	6.8	6.2
Farm	51.8	39.2	52.2	64.9	63.8	71.6	73.1	73.3
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,046.1	902.1	984.2	1,042.9	1,090.0	1,155.8	1,237.8	1,318.4
% Ch	-0.6	-13.8	9.1	6.0	4.5	6.0	7.1	6.5
Less: Contribution For Govt. Soc. Ins.	987.3	964.1	986.8	920.1	1,082.8	1,162.4	1,209.4	1,293.8
% Ch	2.9	-2.3	2.4	-6.8	17.7	7.4	4.0	7.0
Dividends/Int./Rent	2,397.0	2,013.6	2,071.4	2,194.9	2,296.2	2,411.2	2,522.6	2,646.3
% Ch	8.9	-16.0	2.9	6.0	4.6	5.0	4.6	4.9
Transfer Payments	1,879.2	2,138.1	2,281.2	2,336.0	2,362.0	2,446.9	2,621.4	2,797.3
% Ch	9.4	13.8	6.7	2.4	1.1	3.6	7.1	6.7

Table A3.2

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

Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,955.3	12,979.6	13,062.2
% Ch, Annual Rate	6.9	6.3	4.2	4.1	8.8	3.4	0.8	2.6
Total Wage and Salary Disbursements	6,301.6	6,399.8	6,454.5	6,477.0	6,578.2	6,617.1	6,641.9	6,708.0
% Ch, Annual Rate	1.9	6.4	3.5	1.4	6.4	2.4	1.5	4.0
Nonwage Personal Income	5,836.1	5,925.8	5,998.7	6,100.6	6,268.7	6,338.2	6,337.7	6,354.2
% Ch, Annual Rate	12.5	6.3	5.0	7.0	11.5	4.5	0.0	1.0
Supplements to Wages and Salaries	1,550.9	1,560.2	1,567.7	1,573.7	1,594.4	1,602.7	1,608.1	1,619.4
% Ch, Annual Rate	4.7	2.4	1.9	1.5	5.4	2.1	1.3	2.9
Proprietor's Income	981.7	1,025.5	1,057.0	1,081.5	1,095.6	1,106.5	1,113.7	1,115.5
% Ch, Annual Rate	14.8	19.1	12.9	9.6	5.3	4.0	2.6	0.6
Farm	44.6	45.8	58.3	60.1	66.1	67.3	67.5	58.7
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	937.1	979.7	998.7	1,021.4	1,029.5	1,039.2	1,046.2	1,056.8
% Ch, Annual Rate	14.0	19.5	8.0	9.4	3.2	3.8	2.7	4.1
Less: Contribution For Govt. Soc. Ins.	976.0	985.7	991.5	994.1	911.5	917.4	921.2	930.2
% Ch, Annual Rate	6.2	4.0	2.4	1.1	-29.3	2.6	1.7	4.0
Dividends/Int./Rent	2,037.4	2,073.6	2,076.1	2,098.3	2,162.2	2,199.2	2,200.5	2,217.7
% Ch, Annual Rate	16.3	7.3	0.5	4.3	12.7	7.0	0.2	3.2
Transfer Payments	2,242.1	2,252.1	2,289.4	2,341.2	2,328.1	2,347.3	2,336.6	2,331.9
% Ch, Annual Rate	10.9	1.8	6.8	9.4	-2.2	3.3	-1.8	-0.8



Table A3.2 (continued)

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

Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	13,137.7	13,184.7	13,318.9	13,458.9	13,603.3	13,763.1	13,922.8	14,084.7
% Ch, Annual Rate	2.3	1.4	4.1	4.3	4.4	4.8	4.7	4.7
Total Wage and Salary Disbursements	6,773.2	6,839.3	6,905.7	6,981.1	7,061.4	7,141.1	7,218.1	7,297.7
% Ch, Annual Rate	3.9	4.0	3.9	4.4	4.7	4.6	4.4	4.5
Nonwage Personal Income	6,364.5	6,345.4	6,413.2	6,477.8	6,541.9	6,622.0	6,704.8	6,787.0
% Ch, Annual Rate	0.7	-1.2	4.3	4.1	4.0	5.0	5.1	5.0
Supplements to Wages and Salaries	1,644.5	1,662.0	1,678.7	1,698.9	1,710.2	1,731.3	1,749.9	1,772.5
% Ch, Annual Rate	6.3	4.3	4.1	4.9	2.7	5.0	4.4	5.3
Proprietor's Income	1,123.8	1,143.8	1,164.6	1,183.1	1,197.6	1,218.0	1,237.2	1,256.5
% Ch, Annual Rate	3.0	7.3	7.5	6.5	5.0	7.0	6.5	6.4
Farm	58.4	62.1	66.5	68.4	68.1	71.6	73.3	73.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,065.4	1,081.7	1,098.1	1,114.8	1,129.5	1,146.4	1,163.9	1,183.2
% Ch, Annual Rate	3.3	6.3	6.2	6.2	5.4	6.1	6.3	6.8
Less: Contribution For Govt. Soc. Ins.	997.8	1,094.0	1,110.6	1,128.8	1,147.9	1,158.7	1,165.5	1,177.6
% Ch, Annual Rate	32.4	44.5	6.2	6.7	6.9	3.8	2.3	4.2
Dividends/Int./Rent	2,247.1	2,277.1	2,313.4	2,347.1	2,373.5	2,397.7	2,423.4	2,450.0
% Ch, Annual Rate	5.4	5.4	6.5	6.0	4.6	4.1	4.3	4.5
Transfer Payments	2,347.0	2,356.5	2,367.1	2,377.5	2,408.4	2,433.7	2,459.7	2,485.6
% Ch, Annual Rate	2.6	1.6	1.8	1.8	5.3	4.3	4.3	4.3

Table A3.2 (continued)

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

Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	14,325.3	14,498.6	14,680.8	14,859.6	15,067.5	15,246.7	15,429.7	15,621.1
% Ch, Annual Rate	7.0	4.9	5.1	5.0	5.7	4.8	4.9	5.1
Total Wage and Salary Disbursements	7,382.0	7,463.6	7,548.1	7,635.3	7,723.6	7,807.0	7,891.5	7,976.5
% Ch, Annual Rate	4.7	4.5	4.6	4.7	4.7	4.4	4.4	4.4
Nonwage Personal Income	6,943.3	7,035.0	7,132.7	7,224.3	7,343.8	7,439.7	7,538.2	7,644.6
% Ch, Annual Rate	9.5	5.4	5.7	5.2	6.8	5.3	5.4	5.8
Supplements to Wages and Salaries	1,801.5	1,825.4	1,850.0	1,876.5	1,910.1	1,936.6	1,963.1	1,990.6
% Ch, Annual Rate	6.7	5.4	5.5	5.9	7.4	5.7	5.6	5.7
Proprietor's Income	1,276.7	1,300.7	1,321.7	1,344.5	1,363.0	1,384.8	1,401.3	1,417.7
% Ch, Annual Rate	6.6	7.8	6.6	7.1	5.6	6.5	4.9	4.8
Farm	73.4	72.6	72.9	73.6	73.4	73.5	73.2	73.2
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,203.2	1,228.1	1,248.8	1,270.9	1,289.6	1,311.3	1,328.1	1,344.5
% Ch, Annual Rate	6.9	8.5	6.9	7.3	6.0	6.9	5.2	5.0
Less: Contribution For Govt. Soc. Ins.	1,192.7	1,203.7	1,214.3	1,226.8	1,276.5	1,288.0	1,298.8	1,312.0
% Ch, Annual Rate	5.2	3.7	3.6	4.2	17.2	3.6	3.4	4.1
Dividends/Int./Rent	2,478.2	2,505.7	2,540.9	2,565.7	2,594.4	2,624.4	2,661.0	2,705.4
% Ch, Annual Rate	4.7	4.5	5.7	4.0	4.5	4.7	5.7	6.8
Transfer Payments	2,579.7	2,606.8	2,634.5	2,664.5	2,752.9	2,781.9	2,811.6	2,842.9
% Ch, Annual Rate	16.0	4.3	4.3	4.6	14.0	4.3	4.3	4.5

Table A3.3

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

Forecast 2012 to 2015

	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income	289.380	278.665	287.113	302.326	310.630	324.781	343.358	362.340
% Ch	6.1	-3.7	3.0	5.3	2.7	4.6	5.7	5.5
Total Wage and Salary Disbursements	150.698	146.836	148.793	156.118	162.322	169.783	178.176	187.177
% Ch	3.3	-2.6	1.3	4.9	4.0	4.6	4.9	5.1
Manufacturing	17.922	16.738	16.837	18.356	19.196	20.002	20.903	21.835
% Ch	1.7	-6.6	0.6	9.0	4.6	4.2	4.5	4.5
Durable Manufacturing	14.079	13.143	13.246	14.662	15.445	16.124	16.879	17.653
% Ch	2.2	-6.6	0.8	10.7	5.3	4.4	4.7	4.6
Nondurable Manufacturing	3.844	3.596	3.591	3.695	3.751	3.878	4.024	4.182
% Ch	-0.4	-6.5	-0.1	2.9	1.5	3.4	3.8	3.9
Nonmanufacturing	126.438	123.608	125.391	131.043	136.359	143.042	150.493	158.435
% Ch	3.2	-2.2	1.4	4.5	4.1	4.9	5.2	5.3
Other Private Wages	0.906	0.841	0.845	0.913	0.953	0.979	1.008	1.039
% Ch	3.0	-7.2	0.4	8.1	4.4	2.7	3.0	3.0
Farm Wages	1.400	1.435	1.386	1.417	1.447	1.514	1.589	1.670
% Ch	24.3	2.5	-3.4	2.2	2.2	4.6	4.9	5.1
Military Wages	4.032	4.215	4.335	4.389	4.367	4.246	4.183	4.198
% Ch	10.6	4.5	2.8	1.2	-0.5	-2.8	-1.5	0.4
Nonwage Personal Income	138.682	131.829	138.321	146.207	148.308	154.998	165.182	175.163
% Ch	9.4	-4.9	4.9	5.7	1.4	4.5	6.6	6.0
Supplements to Wages and Salaries	36.292	37.417	38.568	39.956	41.603	43.535	46.205	49.281
% Ch	6.4	3.1	3.1	3.6	4.1	4.6	6.1	6.7
Proprietor's Income	23.150	20.187	20.760	21.449	22.542	24.122	25.869	27.543
% Ch	-2.1	-12.8	2.8	3.3	5.1	7.0	7.2	6.5
Farm	1.094	0.453	1.244	0.976	1.075	1.328	1.411	1.441
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.056	19.734	19.516	20.473	21.468	22.795	24.458	26.102
% Ch	-2.1	-10.5	-1.1	4.9	4.9	6.2	7.3	6.7
Less: Contribution For Govt. Soc. Ins.	25.060	24.985	25.733	24.438	28.522	30.543	31.870	34.148
% Ch	2.4	-0.3	3.0	-5.0	16.7	7.1	4.3	7.1
Plus: Residence Adjustment	3.052	2.570	2.693	2.895	3.039	3.192	3.348	3.503
% Ch	0.8	-15.8	4.8	7.5	5.0	5.0	4.9	4.6
Dividends/Int./Rent	62.903	51.421	53.016	56.558	59.214	62.304	65.338	68.725
% Ch	12.8	-18.3	3.1	6.7	4.7	5.2	4.9	5.2
Transfer Payments	38.346	45.219	49.017	49.787	50.431	52.388	56.292	60.258
% Ch	10.4	17.9	8.4	1.6	1.3	3.9	7.5	7.0
State U.I. Benefits	1.192	3.675	4.216	3.240	2.880	2.780	2.628	2.409
% Ch	61.4	208.3	14.7	-23.1	-11.1	-3.5	-5.5	-8.3
Other Transfers	37.154	41.544	44.801	46.546	47.551	49.608	53.664	57.849
% Ch	9.3	11.8	7.8	3.9	2.2	4.3	8.2	7.8

Table A3.4

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

Forecast 2012 to 2015

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	282.281	285.243	288.994	291.935	299.085	299.944	305.160	305.114
% Ch, Annual Rate	5.1	4.3	5.4	4.1	10.2	1.2	7.1	-0.1
Total Wage and Salary Disbursements	146.971	147.709	149.826	150.665	154.262	153.480	158.707	158.024
% Ch, Annual Rate	1.4	2.0	5.9	2.3	9.9	-2.0	14.3	-1.7
Manufacturing	16.679	16.730	17.029	16.909	18.065	17.652	19.001	18.708
% Ch, Annual Rate	-4.2	1.2	7.3	-2.8	30.3	-8.8	34.2	-6.0
Durable Manufacturing	13.164	13.142	13.382	13.297	14.353	13.916	15.357	15.022
% Ch, Annual Rate	-3.1	-0.7	7.5	-2.5	35.8	-11.6	48.3	-8.5
Nondurable Manufacturing	3.515	3.588	3.647	3.612	3.712	3.736	3.644	3.687
% Ch, Annual Rate	-8.2	8.6	6.7	-3.8	11.5	2.6	-9.5	4.8
Nonmanufacturing	123.715	124.420	126.221	127.206	129.523	129.150	132.951	132.549
% Ch, Annual Rate	1.9	2.3	5.9	3.2	7.5	-1.1	12.3	-1.2
Other Private Wages	0.818	0.831	0.854	0.876	0.864	0.902	0.943	0.943
% Ch, Annual Rate	8.8	6.5	11.5	10.7	-5.3	18.7	19.7	-0.3
Farm Wages	1.386	1.386	1.386	1.386	1.442	1.400	1.410	1.415
% Ch, Annual Rate	-15.6	0.0	0.0	0.0	17.2	-11.2	2.9	1.3
Military Wages	4.373	4.342	4.336	4.288	4.368	4.376	4.402	4.410
% Ch, Annual Rate	13.9	-2.8	-0.6	-4.4	7.7	0.7	2.4	0.7
Nonwage Personal Income	135.310	137.534	139.168	141.270	144.823	146.464	146.453	147.090
% Ch, Annual Rate	9.3	6.7	4.8	6.2	10.4	4.6	0.0	1.8
Supplements to Wages and Salaries	38.233	38.250	38.771	39.018	39.562	39.682	40.151	40.430
% Ch, Annual Rate	6.5	0.2	5.6	2.6	5.7	1.2	4.8	2.8
Proprietor's Income	19.796	20.598	21.248	21.397	21.169	21.424	21.528	21.675
% Ch, Annual Rate	-17.1	17.2	13.2	2.8	-4.2	4.9	2.0	2.8
Farm	0.939	1.073	1.515	1.448	1.017	1.049	0.970	0.867
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	18.857	19.525	19.733	19.949	20.152	20.375	20.558	20.808
% Ch, Annual Rate	-23.8	14.9	4.3	4.5	4.1	4.5	3.6	5.0
Less: Contribution For Govt. Soc. Ins.	25.430	25.525	25.901	26.077	24.174	24.254	24.544	24.780
% Ch, Annual Rate	7.5	1.5	6.0	2.7	-26.1	1.3	4.9	3.9
Plus: Residence Adjustment	2.647	2.698	2.709	2.718	2.861	2.900	2.878	2.943
% Ch, Annual Rate	15.6	7.9	1.6	1.3	22.8	5.6	-3.0	9.3
Dividends/Int./Rent	51.981	53.080	53.156	53.848	55.688	56.759	56.664	57.122
% Ch, Annual Rate	19.0	8.7	0.6	5.3	14.4	7.9	-0.7	3.3
Transfer Payments	48.083	48.433	49.185	50.366	49.717	49.953	49.776	49.700
% Ch, Annual Rate	13.2	2.9	6.4	10.0	-5.1	1.9	-1.4	-0.6
State U.I. Benefits	4.587	4.300	4.102	3.876	3.521	3.154	3.153	3.134
% Ch, Annual Rate	17.9	-22.8	-17.2	-20.3	-31.9	-35.6	-0.1	-2.4
Other Transfers	43.496	44.133	45.083	46.490	46.196	46.799	46.623	46.567
% Ch, Annual Rate	12.7	6.0	8.9	13.1	-2.5	5.3	-1.5	-0.5

Table A3.4 (continued)

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

Forecast 2012 to 2015

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	307.886	308.005	312.256	314.371	318.438	322.645	327.706	330.334
% Ch, Annual Rate	3.7	0.2	5.6	2.7	5.3	5.4	6.4	3.2
Total Wage and Salary Disbursements	160.602	161.089	163.579	164.018	166.464	168.690	171.697	172.282
% Ch, Annual Rate	6.7	1.2	6.3	1.1	6.1	5.5	7.3	1.4
Manufacturing	19.659	18.781	19.023	19.320	19.624	19.925	20.122	20.338
% Ch, Annual Rate	21.9	-16.7	5.3	6.4	6.4	6.3	4.0	4.4
Durable Manufacturing	15.941	15.052	15.260	15.527	15.798	16.064	16.228	16.407
% Ch, Annual Rate	26.8	-20.5	5.7	7.2	7.2	6.9	4.1	4.5
Nondurable Manufacturing	3.719	3.729	3.763	3.793	3.825	3.861	3.895	3.931
% Ch, Annual Rate	3.5	1.1	3.7	3.3	3.4	3.8	3.6	3.8
Nonmanufacturing	134.102	135.528	137.808	137.999	140.069	142.016	144.840	145.243
% Ch, Annual Rate	4.8	4.3	6.9	0.6	6.1	5.7	8.2	1.1
Other Private Wages	0.951	0.949	0.954	0.960	0.968	0.976	0.983	0.989
% Ch, Annual Rate	3.6	-0.9	2.4	2.6	3.3	3.2	3.0	2.7
Farm Wages	1.434	1.436	1.451	1.468	1.487	1.505	1.524	1.541
% Ch, Annual Rate	5.6	0.7	4.3	4.5	5.3	5.1	4.9	4.7
Military Wages	4.457	4.396	4.343	4.271	4.316	4.268	4.228	4.170
% Ch, Annual Rate	4.3	-5.3	-4.8	-6.4	4.3	-4.3	-3.8	-5.4
Nonwage Personal Income	147.284	146.916	148.677	150.353	151.975	153.955	156.010	158.052
% Ch, Annual Rate	0.5	-1.0	4.9	4.6	4.4	5.3	5.4	5.3
Supplements to Wages and Salaries	41.044	41.264	41.772	42.333	42.670	43.266	43.798	44.404
% Ch, Annual Rate	6.2	2.2	5.0	5.5	3.2	5.7	5.0	5.7
Proprietor's Income	21.888	22.325	22.779	23.177	23.496	23.926	24.332	24.735
% Ch, Annual Rate	4.0	8.2	8.4	7.2	5.6	7.5	7.0	6.8
Farm	0.914	1.027	1.145	1.213	1.233	1.320	1.371	1.386
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	20.975	21.298	21.634	21.964	22.263	22.605	22.961	23.349
% Ch, Annual Rate	3.2	6.3	6.5	6.3	5.6	6.3	6.4	6.9
Less: Contribution For Govt. Soc. Ins.	26.573	28.708	29.164	29.643	30.122	30.437	30.644	30.970
% Ch, Annual Rate	32.2	36.2	6.5	6.7	6.6	4.2	2.7	4.3
Plus: Residence Adjustment	2.960	3.032	3.063	3.103	3.138	3.174	3.209	3.248
% Ch, Annual Rate	2.3	10.1	4.2	5.3	4.7	4.7	4.4	5.0
Dividends/Int./Rent	57.908	58.707	59.672	60.571	61.282	61.939	62.635	63.360
% Ch, Annual Rate	5.6	5.6	6.7	6.2	4.8	4.4	4.6	4.7
Transfer Payments	50.058	50.296	50.556	50.813	51.510	52.087	52.680	53.274
% Ch, Annual Rate	2.9	1.9	2.1	2.1	5.6	4.6	4.6	4.6
State U.I. Benefits	2.900	2.900	2.880	2.840	2.823	2.799	2.766	2.732
% Ch, Annual Rate	-26.6	0.0	-2.7	-5.4	-2.4	-3.3	-4.7	-4.7
Other Transfers	47.158	47.396	47.676	47.973	48.687	49.288	49.914	50.542
% Ch, Annual Rate	5.2	2.0	2.4	2.5	6.1	5.0	5.2	5.1

Table A3.4 (continued)

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

Forecast 2012 to 2015

	2014:1	2014:2	2014:3	2014:4	2015:1	2015:2	2015:3	2015:4
Personal Income	336.414	340.949	346.506	349.562	355.054	359.838	365.491	368.977
% Ch, Annual Rate	7.6	5.5	6.7	3.6	6.4	5.5	6.4	3.9
Total Wage and Salary Disbursements	174.714	176.980	180.106	180.905	183.593	185.989	189.161	189.965
% Ch, Annual Rate	5.8	5.3	7.3	1.8	6.1	5.3	7.0	1.7
Manufacturing	20.550	20.784	21.023	21.253	21.490	21.726	21.950	22.176
% Ch, Annual Rate	4.2	4.6	4.7	4.4	4.5	4.5	4.2	4.2
Durable Manufacturing	16.581	16.778	16.982	17.174	17.366	17.564	17.749	17.933
% Ch, Annual Rate	4.3	4.8	5.0	4.6	4.5	4.6	4.3	4.2
Nondurable Manufacturing	3.970	4.006	4.041	4.079	4.123	4.162	4.200	4.243
% Ch, Annual Rate	3.9	3.7	3.5	3.9	4.4	3.8	3.7	4.1
Nonmanufacturing	147.380	149.421	152.300	152.872	155.212	157.364	160.293	160.869
% Ch, Annual Rate	6.0	5.7	7.9	1.5	6.3	5.7	7.7	1.4
Other Private Wages	0.997	1.004	1.012	1.019	1.028	1.035	1.042	1.050
% Ch, Annual Rate	3.0	2.9	3.0	3.1	3.3	2.9	2.9	2.8
Farm Wages	1.560	1.579	1.599	1.618	1.640	1.660	1.680	1.700
% Ch, Annual Rate	5.0	4.9	5.0	5.1	5.4	5.0	5.0	4.8
Military Wages	4.226	4.192	4.173	4.142	4.223	4.204	4.196	4.170
% Ch, Annual Rate	5.6	-3.2	-1.7	-3.0	8.1	-1.8	-0.7	-2.5
Nonwage Personal Income	161.700	163.969	166.400	168.657	171.461	173.849	176.330	179.013
% Ch, Annual Rate	9.6	5.7	6.1	5.5	6.8	5.7	5.8	6.2
Supplements to Wages and Salaries	45.202	45.859	46.523	47.236	48.176	48.911	49.645	50.395
% Ch, Annual Rate	7.4	5.9	5.9	6.3	8.2	6.2	6.1	6.2
Proprietor's Income	25.153	25.661	26.095	26.566	26.949	27.403	27.743	28.078
% Ch, Annual Rate	6.9	8.3	6.9	7.4	5.9	6.9	5.1	4.9
Farm	1.402	1.397	1.412	1.432	1.435	1.442	1.441	1.445
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	23.751	24.264	24.683	25.134	25.514	25.961	26.302	26.633
% Ch, Annual Rate	7.1	8.9	7.1	7.5	6.2	7.2	5.4	5.1
Less: Contribution For Govt. Soc. Ins.	31.403	31.713	32.010	32.355	33.648	33.982	34.298	34.664
% Ch, Annual Rate	5.7	4.0	3.8	4.4	17.0	4.0	3.8	4.3
Plus: Residence Adjustment	3.289	3.327	3.367	3.409	3.447	3.484	3.521	3.561
% Ch, Annual Rate	5.1	4.7	4.9	5.0	4.6	4.3	4.4	4.6
Dividends/Int./Rent	64.127	64.878	65.831	66.518	67.306	68.131	69.130	70.333
% Ch, Annual Rate	4.9	4.8	6.0	4.2	4.8	5.0	6.0	7.1
Transfer Payments	55.332	55.957	56.594	57.284	59.232	59.902	60.589	61.310
% Ch, Annual Rate	16.4	4.6	4.6	5.0	14.3	4.6	4.7	4.8
State U.I. Benefits	2.702	2.660	2.607	2.542	2.487	2.435	2.382	2.333
% Ch, Annual Rate	-4.4	-6.0	-7.8	-9.6	-8.5	-8.0	-8.4	-8.0
Other Transfers	52.630	53.296	53.987	54.742	56.745	57.467	58.207	58.977
% Ch, Annual Rate	17.6	5.2	5.3	5.7	15.5	5.2	5.2	5.4

Table A4.1  
**Selected Inflation Indicators**  
 (Deflator 2005=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.247	4.2	0.405	4.2	0.382	2.1
1972	0.255	3.4	0.418	3.3	0.393	2.9
1973	0.269	5.4	0.444	6.3	0.418	6.4
1974	0.297	10.4	0.493	11.0	0.464	11.0
1975	0.322	8.3	0.538	9.1	0.511	10.2
1976	0.339	5.5	0.569	5.8	0.540	5.5
1977	0.361	6.5	0.606	6.5	0.583	8.0
1978	0.387	7.0	0.652	7.6	0.640	9.9
1979	0.421	8.9	0.726	11.3	0.709	10.8
1980	0.466	10.8	0.824	13.5	0.827	16.7
1981	0.508	8.8	0.909	10.4	0.916	10.8
1982	0.536	5.5	0.965	6.2	0.978	6.7
1983	0.559	4.3	0.996	3.2	0.993	1.5
1984	0.580	3.8	1.039	4.4	1.030	3.8
1985	0.599	3.3	1.076	3.5	1.056	2.5
1986	0.613	2.4	1.097	1.9	1.066	1.0
1987	0.636	3.7	1.136	3.6	1.092	2.4
1988	0.661	4.0	1.183	4.1	1.128	3.3
1989	0.690	4.4	1.239	4.8	1.181	4.7
1990	0.722	4.6	1.307	5.4	1.268	7.3
1991	0.748	3.6	1.362	4.2	1.341	5.8
1992	0.770	2.9	1.403	3.0	1.390	3.7
1993	0.787	2.2	1.445	3.0	1.429	2.8
1994	0.803	2.1	1.482	2.6	1.478	3.4
1995	0.821	2.2	1.524	2.8	1.522	3.0
1996	0.839	2.2	1.569	2.9	1.575	3.4
1997	0.854	1.9	1.605	2.3	1.630	3.5
1998	0.862	0.9	1.630	1.5	1.677	2.9
1999	0.876	1.6	1.666	2.2	1.728	3.0
2000	0.898	2.5	1.722	3.4	1.792	3.7
2001	0.915	1.9	1.770	2.8	1.857	3.6
2002	0.928	1.4	1.799	1.6	1.893	2.0
2003	0.947	2.0	1.840	2.3	1.924	1.6
2004	0.971	2.6	1.889	2.7	1.947	1.2
2005	1.000	3.0	1.953	3.4	2.002	2.8
2006	1.027	2.7	2.016	3.2	2.076	3.7
2007	1.055	2.7	2.073	2.9	2.157	3.9
2008	1.089	3.3	2.153	3.8	2.247	4.2
2009	1.092	0.2	2.145	-0.3	2.260	0.6
2010	1.111	1.8	2.181	1.6	2.267	0.3
2011	1.138	2.4	2.249	3.1	2.328	2.7
Forecast						
2012	1.157	1.7	2.296	2.1	2.399	3.1
2013	1.177	1.7	2.342	2.0	2.449	2.1
2014	1.201	2.1	2.394	2.2	2.503	2.2
2015	1.228	2.2	2.447	2.2	2.559	2.2

\* 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**  
(2005=100)

	<b>Services</b>		<b>Food</b>		<b>Fuels</b>		<b>Gasoline</b>	
	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>	<u>Index</u>	<u>Percent Change</u>
1971	19.284	5.5	25.847	2.3	8.320	6.4	14.588	0.7
1972	20.102	4.2	27.079	4.8	8.372	0.6	14.777	1.3
1973	21.077	4.9	30.506	12.7	9.596	14.6	16.190	9.6
1974	22.866	8.5	35.145	15.2	15.249	58.9	21.871	35.1
1975	24.834	8.6	37.788	7.5	16.546	8.5	23.339	6.7
1976	26.556	6.9	38.490	1.9	17.748	7.3	24.331	4.2
1977	28.558	7.5	40.757	5.9	20.082	13.2	25.740	5.8
1978	30.778	7.8	44.657	9.6	21.234	5.7	26.858	4.3
1979	33.350	8.4	49.043	9.8	29.275	37.9	35.994	34.0
1980	36.802	10.3	53.166	8.4	41.107	40.4	49.955	38.8
1981	40.555	10.2	56.954	7.1	50.292	22.3	55.584	11.3
1982	43.709	7.8	58.452	2.6	49.320	-1.9	52.773	-5.1
1983	46.430	6.2	59.124	1.1	45.470	-7.8	51.047	-3.3
1984	48.847	5.2	60.900	3.0	46.482	2.2	50.283	-1.5
1985	51.049	4.5	61.563	1.1	44.670	-3.9	50.689	0.8
1986	53.375	4.6	63.012	2.4	34.976	-21.7	39.810	-21.5
1987	55.409	3.8	65.000	3.2	35.885	2.6	41.340	3.8
1988	58.123	4.9	66.939	3.0	35.869	0.0	41.691	0.8
1989	60.840	4.7	70.469	5.3	38.004	6.0	45.539	9.2
1990	63.808	4.9	73.911	4.9	45.768	20.4	51.843	13.8
1991	66.581	4.3	76.232	3.1	43.574	-4.8	51.162	-1.3
1992	69.236	4.0	76.817	0.8	41.800	-4.1	50.963	-0.4
1993	71.294	3.0	77.891	1.4	41.512	-0.7	50.446	-1.0
1994	73.200	2.7	79.195	1.7	40.757	-1.8	50.685	0.5
1995	75.365	3.0	80.912	2.2	40.377	-0.9	51.491	1.6
1996	77.473	2.8	83.380	3.1	45.763	13.3	54.646	6.1
1997	79.812	3.0	84.969	1.9	45.838	0.2	54.634	0.0
1998	81.689	2.4	86.037	1.3	40.620	-11.4	47.556	-13.0
1999	83.509	2.2	87.446	1.6	41.316	1.7	51.789	8.9
2000	85.818	2.8	89.499	2.3	60.575	46.6	66.170	27.8
2001	88.422	3.0	92.130	2.9	59.392	-2.0	63.776	-3.6
2002	90.801	2.7	93.542	1.5	52.949	-10.8	59.916	-6.1
2003	93.686	3.2	95.296	1.9	64.078	21.0	69.783	16.5
2004	96.688	3.2	98.255	3.1	74.588	16.4	82.086	17.6
2005	100.000	3.4	100.000	1.8	100.000	34.1	100.000	21.8
2006	103.415	3.4	101.688	1.7	114.203	14.2	112.842	12.8
2007	106.981	3.4	105.647	3.9	123.490	8.1	123.921	9.8
2008	110.584	3.4	112.066	6.1	168.372	36.3	144.927	17.0
2009	112.353	1.6	113.494	1.3	114.129	-32.2	106.069	-26.8
2010	114.464	1.9	113.853	0.3	133.927	17.3	125.441	18.3
2011	116.493	1.8	118.352	4.0	171.763	28.3	157.919	25.9
Forecast								
2012	118.699	1.9	121.698	2.8	175.258	2.0	161.074	2.0
2013	121.175	2.1	123.334	1.3	177.737	1.4	163.214	1.3
2014	124.270	2.6	125.733	1.9	178.208	0.3	160.271	-1.8
2015	127.615	2.7	128.641	2.3	178.806	0.3	157.806	-1.5



Table A5.1

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

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.7	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5970.3	76.2	1.3	80.7	43.9	39.4
2002	6059.3	89.0	1.5	79.3	44.9	54.6
2003	6126.9	67.6	1.1	79.1	44.7	33.2
2004	6208.5	81.6	1.3	81.0	46.0	46.7
2005	6298.8	90.3	1.5	81.8	45.6	54.1
2006	6420.3	121.4	1.9	83.2	45.3	83.5
2007	6525.1	104.8	1.6	87.8	46.2	63.2
2008	6608.2	83.2	1.3	89.6	47.9	41.5
2009	6672.2	63.9	1.0	89.8	48.1	22.2
2010	6724.5	52.4	0.8	88.4	47.7	11.6
2011	6767.9	43.4	0.6	86.5	48.0	4.8
<b>Forecast</b>						
2012	6816.6	48.7	0.7	87.5	48.9	10.1
2013	6875.9	59.3	0.9	88.7	49.9	20.5
2014	6944.7	68.8	1.0	90.0	51.5	30.3
2015	7022.2	77.5	1.1	91.3	53.0	39.2

\* As of April 1 of Each Year

Source: Office of Financial Management

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

	<b>Actual</b>		<b>2012</b>	<b>Forecast</b>		
	<b>2010</b>	<b>2011</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>
Total Population	6724.5	6767.9	6816.6	6875.9	6944.7	7022.2
Percent Change	0.8	0.6	0.7	0.9	1.0	1.1
Age 17 and Under	1581.4	1574.7	1573.4	1577.8	1587.4	1600.5
Percent of Total	23.5	23.3	23.1	22.9	22.9	22.8
Age 6-18	1149.6	1142.4	1136.9	1138.9	1145.1	1152.8
Percent of Total	17.1	16.9	16.7	16.6	16.5	16.4
Age 18 and Over	5143.2	5193.2	5243.2	5298.1	5357.3	5421.7
Percent of Total	76.5	76.7	76.9	77.1	77.1	77.2
Age 21 and Over	4860.6	4910.7	4963.6	5022.9	5086.9	5152.9
Percent of Total	72.3	72.6	72.8	73.1	73.2	73.4
Age 20-34	1395.3	1403.2	1412.1	1422.8	1434.2	1439.8
Percent of Total	20.7	20.7	20.7	20.7	20.7	20.5
Age 18-64	4315.5	4341.2	4348.9	4360.4	4379.1	4401.1
Percent of Total	64.2	64.1	63.8	63.4	63.1	62.7
Age 65 and Over	827.7	852.0	894.4	937.6	978.2	1020.6
Percent of Total	12.3	12.6	13.1	13.6	14.1	14.5

\* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1

**Summary of National and State Indicators**

<b>Indicator</b>	<b>Latest Data</b>	<b>Indication*</b>
U.S. Leading Index	January 2012	+
U.S. Real GDP Growth	4th quarter 2011	+
U.S. ISM Index	January 2012	+
U.S. Employment YoY%Δ	January 2012	+
U.S. Unemployment Rate	January 2012	+
U.S. Job Openings	November 2011	+
U.S. Fed Funds Target	February 2012	unchanged
U.S. Consumer Confidence	February 2012	+
U.S. Light Vehicle Sales	January 2012	+
U.S. CPI	January 2012	+
U.S. Monster Employment Index	January 2012	+
S&P 500 Index	February 2012	+
WA Leading Index	December 2011	+
WA ISM-WW Index	January 2012	+
WA Help Wanted Index	January 2012	-
WA Employment YoY%Δ	January 2012	+
WA Aerospace Empl. YoY%Δ	January 2012	-
WA Unemployment Rate	January 2012	+
WA Business Cycle Indicator	December 2011	+
WA Initial Unemploy. Claims	January 2012	-
WA Housing Permits	January 2012	-
WA Weekly Hours in Mfg.	December 2011	-
WA New Vehicle Registration	January 2012	+
WA In-Migration	January 2012	-
WA Exports-Total YoY%Δ	4th quarter 2011	-
WA Exports- w/o Trans. Equip. YoY%Δ	4th quarter 2011	-
Seattle CPI	December 2011	+
Seattle Monster Employment Index	January 2012	-

\*Change from the previous reading

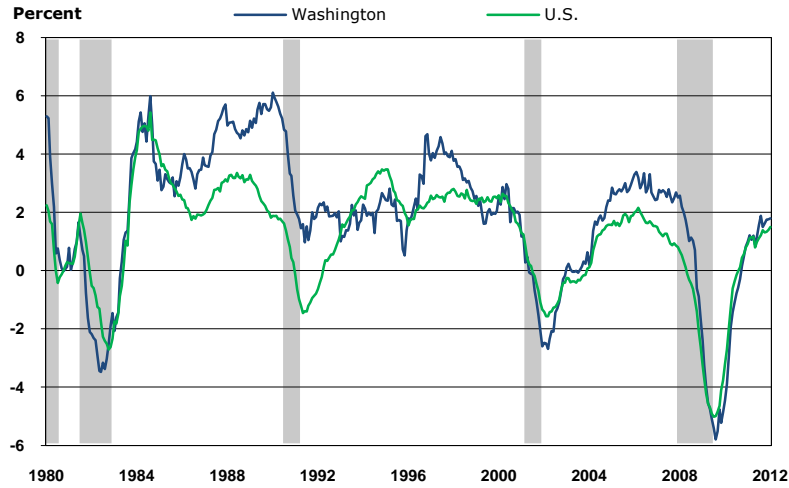
Table A6.2  
**Washington Business Indicators**  
 Historical Data

	<b>WA Index of Leading Indicators</b>	<b>U.S. Index of Leading Indicators</b>	<b>WA State Help-Wanted Index</b>	<b>WA Purchasing Management Index</b>	<b>U.S. Purchasing Management Index</b>
<b>2008:01</b>	114.6	101.9	119.1	66.7	50.3
<b>2008:02</b>	115.5	101.0	116.0	62.3	47.6
<b>2008:03</b>	115.6	99.5	123.2	55.2	48.3
<b>2008:04</b>	115.8	99.0	121.3	65.0	48.8
<b>2008:05</b>	114.6	98.1	118.5	60.3	48.8
<b>2008:06</b>	114.7	97.5	117.1	63.8	49.8
<b>2008:07</b>	113.1	95.4	111.2	60.2	50.0
<b>2008:08</b>	112.0	94.1	110.0	65.3	49.2
<b>2008:09</b>	110.3	92.0	110.2	48.6	44.8
<b>2008:10</b>	107.2	89.2	105.8	50.9	38.9
<b>2008:11</b>	104.1	86.8	99.8	50.0	36.5
<b>2008:12</b>	103.1	84.5	96.7	42.3	33.1
<b>2009:01</b>	101.9	82.9	91.8	52.8	34.9
<b>2009:02</b>	99.3	81.8	87.6	48.1	35.6
<b>2009:03</b>	97.2	80.4	78.7	40.9	36.0
<b>2009:04</b>	97.7	80.7	77.6	46.7	39.8
<b>2009:05</b>	98.3	81.1	77.1	48.5	42.0
<b>2009:06</b>	98.8	81.7	76.0	50.2	45.8
<b>2009:07</b>	99.2	82.4	77.9	46.7	49.2
<b>2009:08</b>	99.9	83.1	78.3	53.2	53.5
<b>2009:09</b>	100.1	83.7	77.6	52.9	54.2
<b>2009:10</b>	100.8	84.3	78.3	59.5	55.9
<b>2009:11</b>	101.9	85.2	81.5	54.8	54.3
<b>2009:12</b>	102.3	86.3	83.0	61.4	55.8
<b>2010:01</b>	103.0	86.8	83.8	63.0	56.7
<b>2010:02</b>	102.4	86.9	85.9	56.0	55.8
<b>2010:03</b>	103.6	88.4	88.3	56.1	59.3
<b>2010:04</b>	104.0	88.9	91.5	63.2	59.0
<b>2010:05</b>	103.8	89.0	92.4	62.4	58.8
<b>2010:06</b>	103.9	88.9	94.9	63.0	56.0
<b>2010:07</b>	104.5	89.1	94.2	55.9	55.7
<b>2010:08</b>	104.8	89.2	92.1	58.6	57.4
<b>2010:09</b>	105.2	89.7	93.4	60.3	56.4
<b>2010:10</b>	106.1	89.8	94.4	65.8	57.0
<b>2010:11</b>	106.8	90.5	94.6	60.4	58.0
<b>2010:12</b>	107.4	91.7	95.5	61.0	57.3
<b>2011:01</b>	107.8	91.8	99.9	68.0	59.9
<b>2011:02</b>	107.8	92.7	99.7	70.5	59.8
<b>2011:03</b>	109.1	93.7	100.3	65.5	59.7
<b>2011:04</b>	111.0	93.7	102.8	68.2	59.7
<b>2011:05</b>	111.2	94.2	102.1	64.7	54.2
<b>2011:06</b>	110.9	94.2	102.2	58.5	55.8
<b>2011:07</b>	112.5	94.4	107.0	56.1	51.4
<b>2011:08</b>	112.1	93.7	108.5	57.8	52.5
<b>2011:09</b>	111.7	93.2	107.3	61.3	52.5
<b>2011:10</b>	111.6	93.7	108.0	67.4	51.8
<b>2011:11</b>	112.7	94.0	108.8	67.0	52.2
<b>2011:12</b>	113.2	94.5	108.9	65.0	53.1
<b>2012:01</b>		94.9	107.7	68.5	54.1

# Figure A7.1: Washington State Economic Indicators

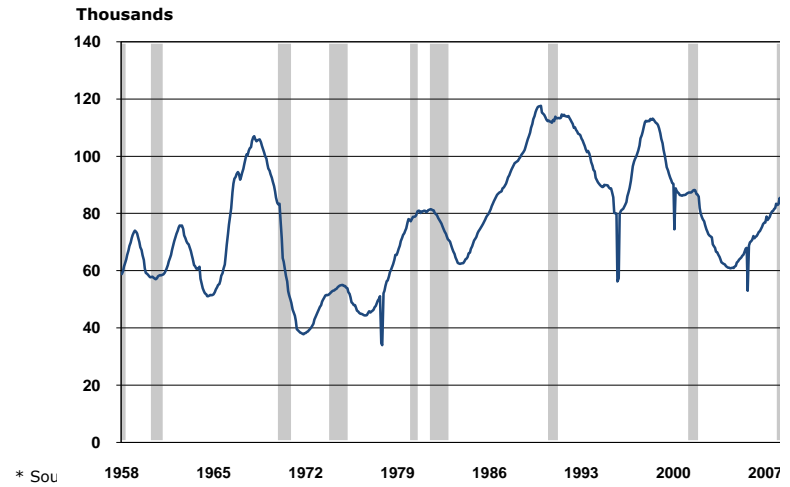
## Year-over-Year Employment Growth

January 1980 to January 2012



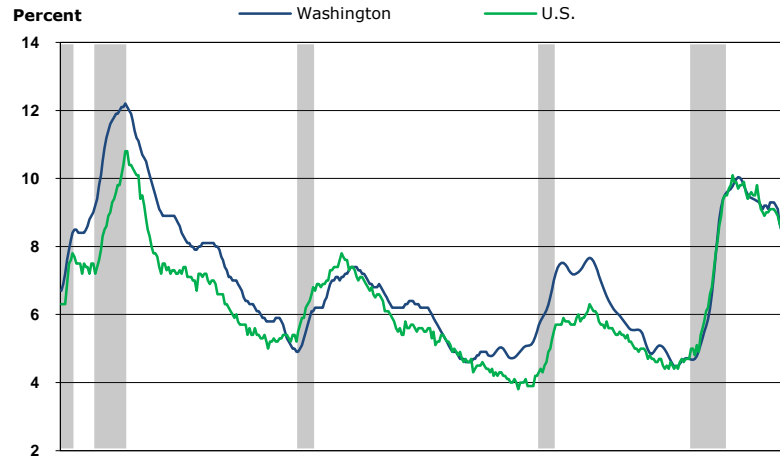
## Washington Aircraft and Parts Employment

January 1958 to January 2012



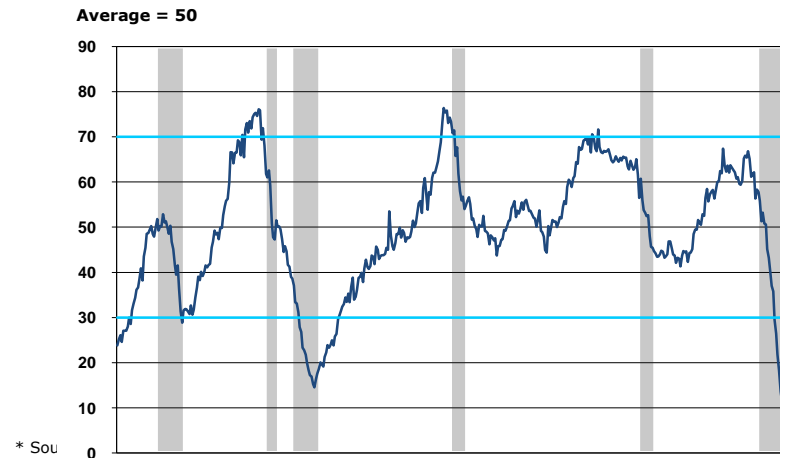
## Unemployment Rate, S.A.

January 1980 to January 2012



## Washington Business Cycle Indicator

July 1971 to December 2011, SA

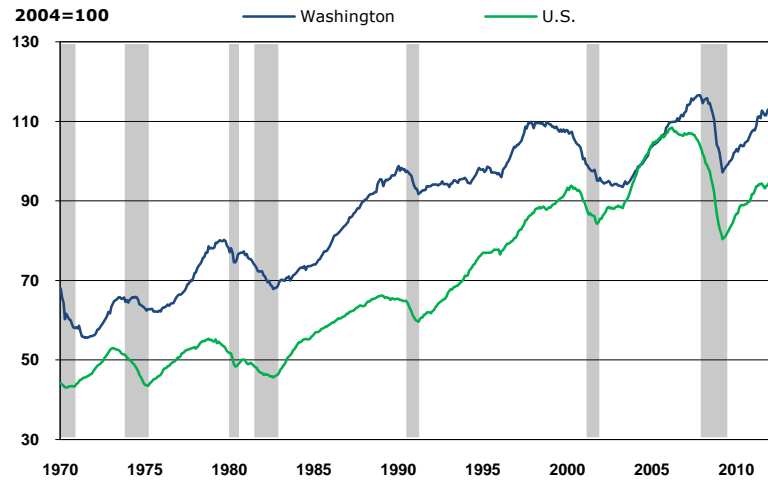


\* Shaded areas correspond with national recessions.

# Figure A7.2: Washington State Leading Indicators

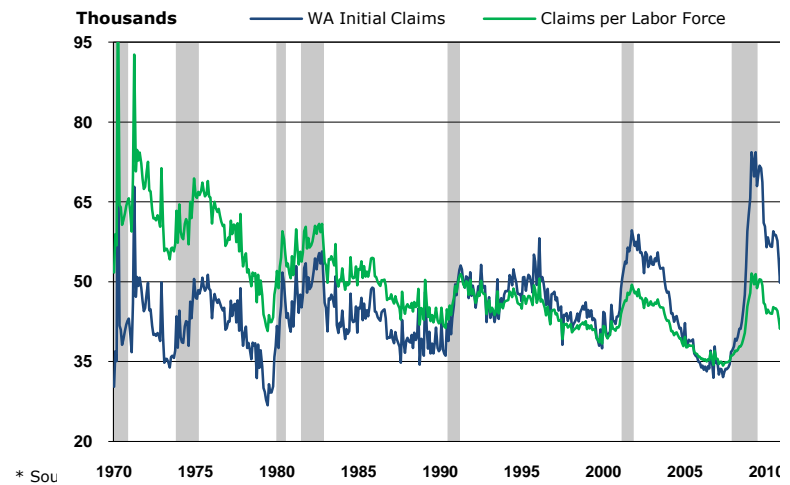
## The Washington and U.S. Indexes of Leading Indicators

January 1970 to January 2012



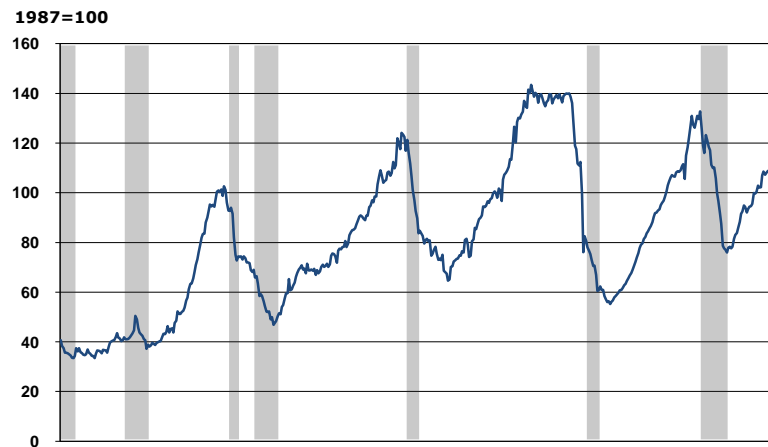
## Washington Initial Claims for Unemployment Insurance

January 1970 to January 2012, S.A.



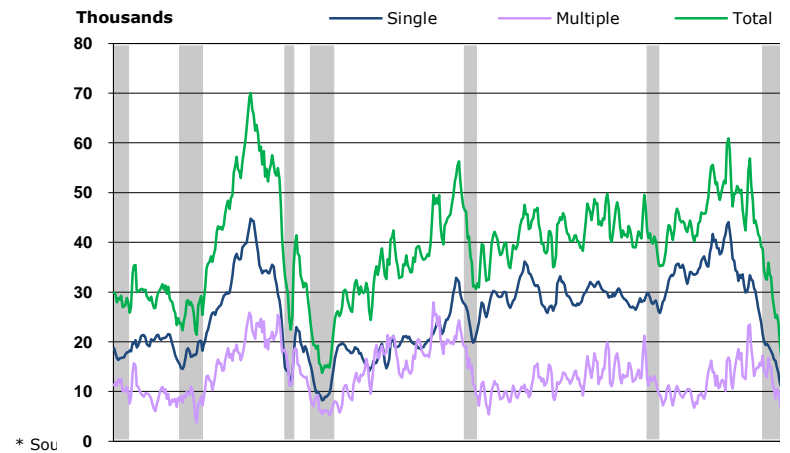
## WA State Help Wanted Index

January 1970 to January 2012



## Housing Units Authorized in Washington State

January 1970 to January 2012, 3mma, SAAR

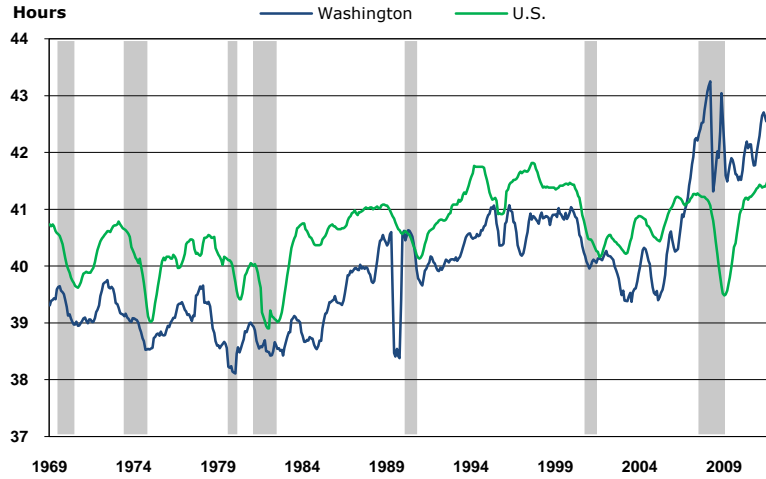


\* Shaded areas correspond with national recessions.

# Figure A7.3: Other State Economic Indicators

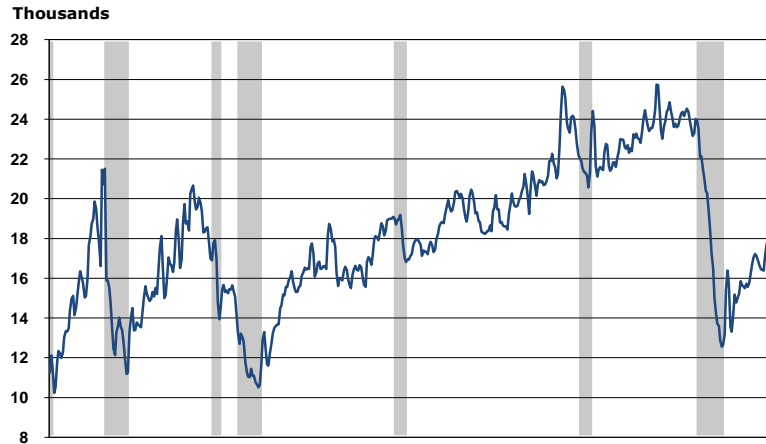
## Average Weekly Hours in Manufacturing

June 1969 to January 2012, 6-Mo. Moving Average, S.A.



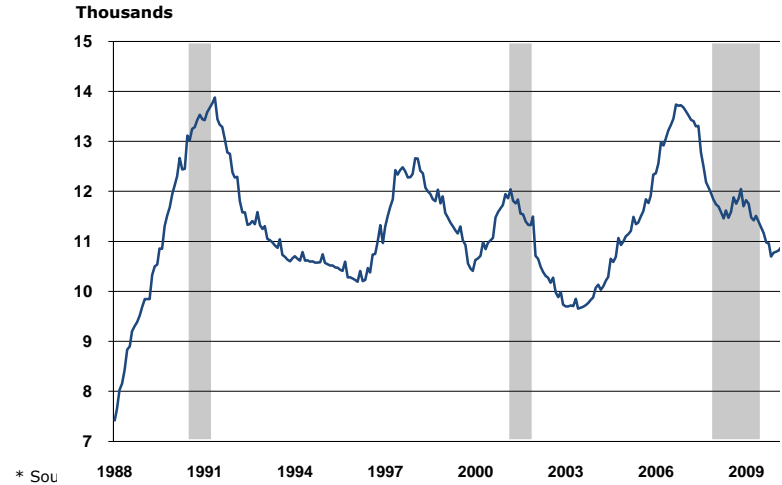
## New Car and Truck Registrations in Washington

September 1970 to January 2012, 3-Month Moving Average, S.A.



## Washington Driver's License In-Migration

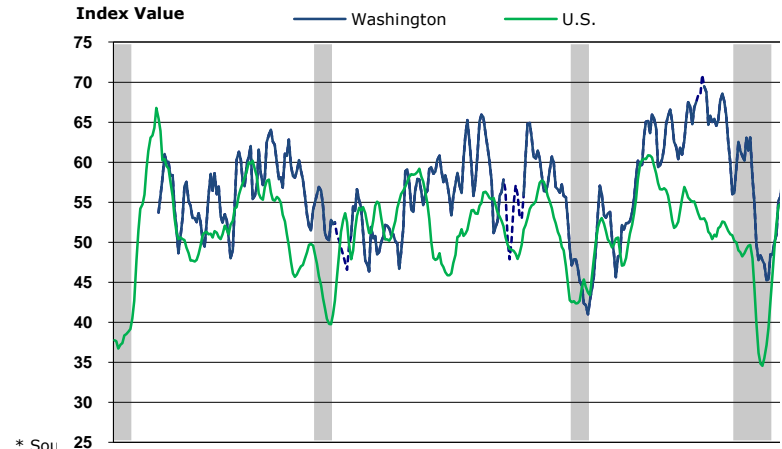
January 1988 to January 2012, 12-Month Moving Average



\* Sou

## Institute for Supply Management Index

March 1982 to January 2012, 3-Month Moving Average, S.A.



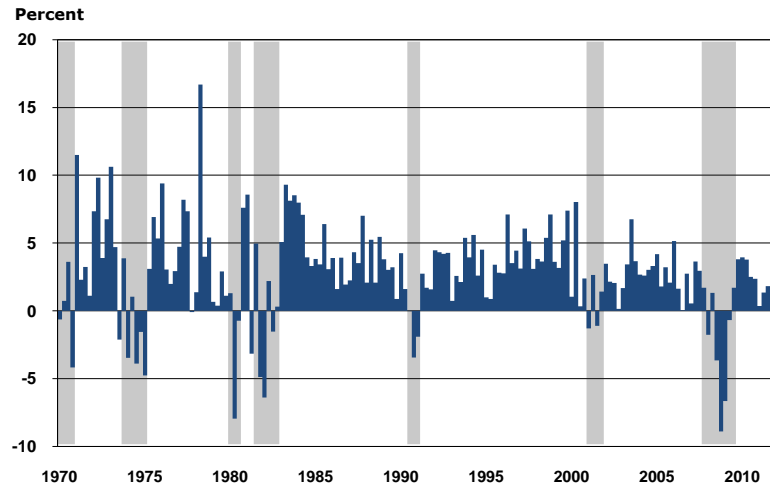
\* Sou

\* Shaded areas correspond with national recessions.

# Figure A7.4: Other Economic Indicators

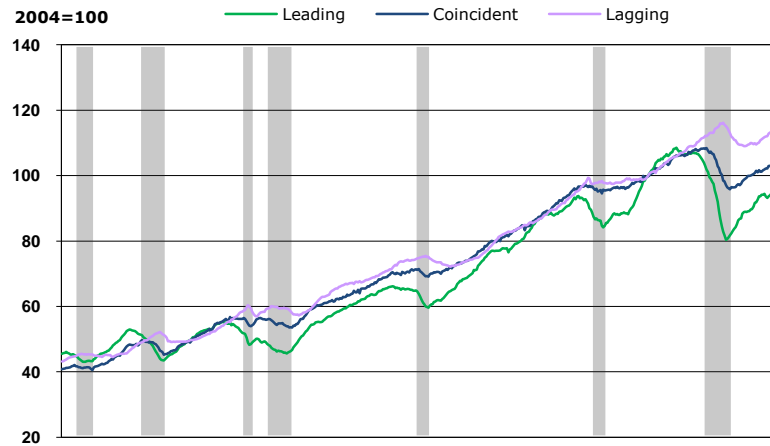
## Quarterly U.S. Real GDP Growth

1970Q1 to 2011Q4



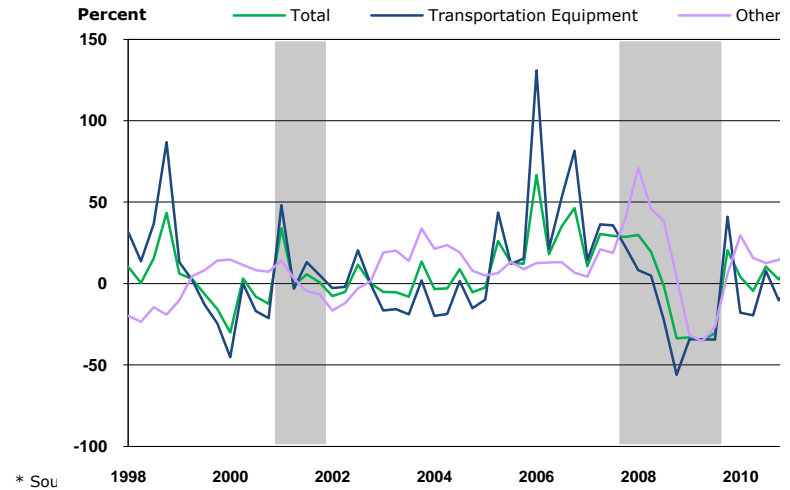
## U.S. Economic Indicators

January 1969 to January 2012



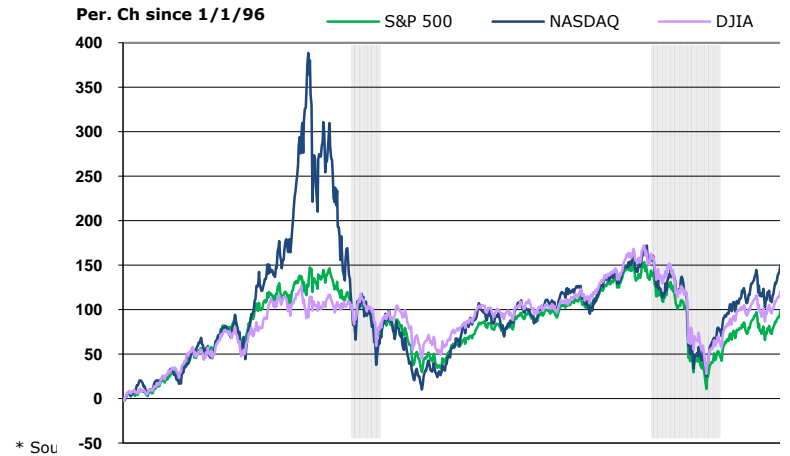
## Washington State Export Composition

1998Q1 to 2011Q4, Change from Same Quarter Year Ago



## National Stock Indexes

January 1, 1996 to February 24, 2012



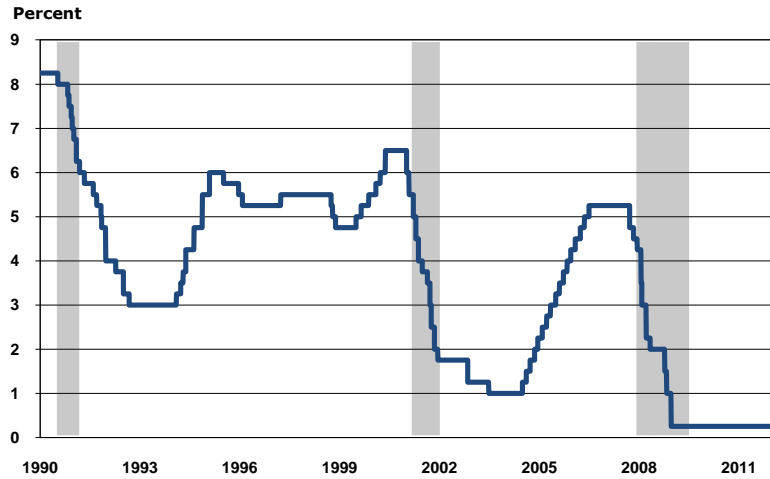
\* Shaded areas correspond with national recessions.



# Figure A7.4: Other Economic Indicators

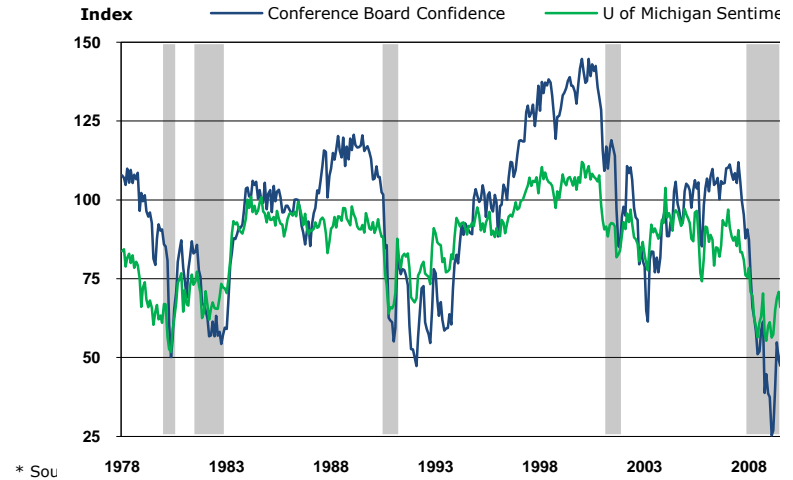
## Federal Funds Target Rate

January 1, 1990 to February 29, 2012



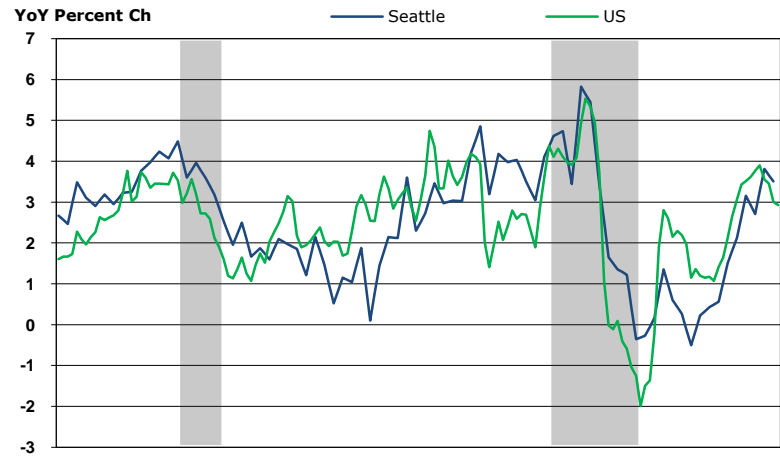
## Consumer Confidence

March 1978 to February 2012



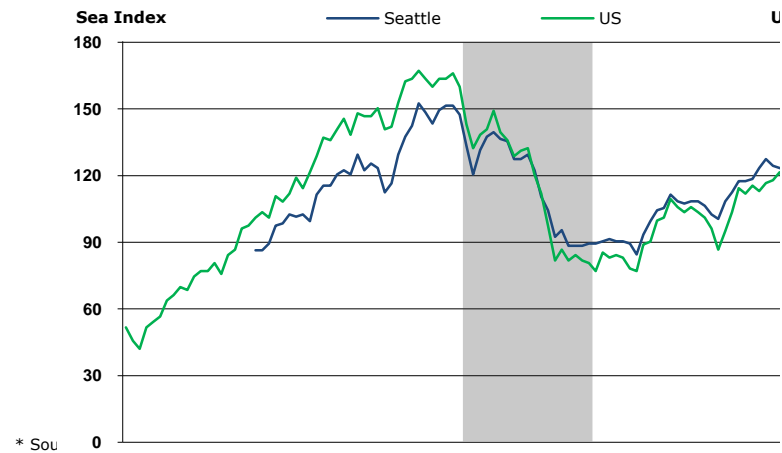
## Seattle vs U.S. CPI (All Urban Consumers)

December 1998 to January 2012



## Monster Employment Index

October 2003 to January 2012, SA



\* Shaded areas correspond with national recessions.

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## Glossary

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

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

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

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

**Fiscal Year:** The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 2012, for example, ran from July 1, 2011 through June 30, 2012.

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

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

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

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

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

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

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

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

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

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

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

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