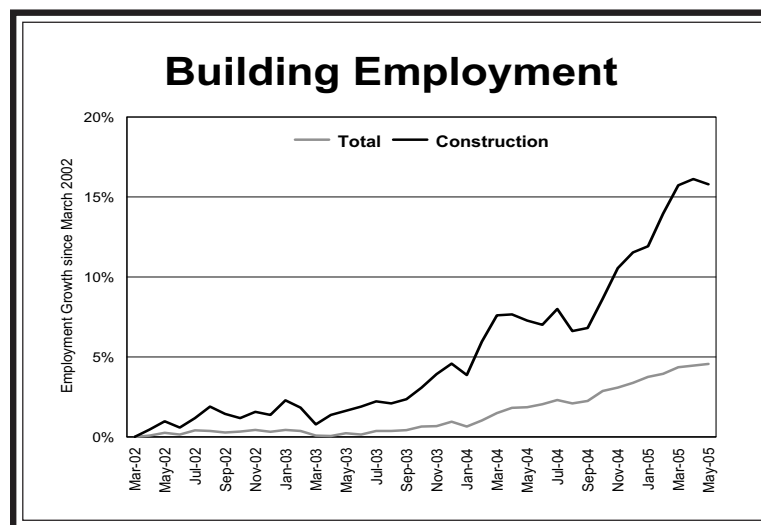


# Washington Economic and Revenue Forecast



June 2005  
Volume XXVIII, No. 2

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### Explanation of the Cover Graph

*Propelled by mortgage rates that have been historically low since 2003, the current housing boom has in turn boosted construction employment. The cover chart shows the cumulative percent gain in Washington construction employment as compared to the gain in total employment since the state's March 2002 employment trough. Although construction employment represented only 5.8 percent of total employment in March 2002, by May 2005 it had accounted for 20.0 percent of the gain in total employment since that time.*

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# Washington Economic and Revenue Forecast

Prepared by the  
Economic and Revenue Forecast Council

June 2005  
Volume XXVIII, No. 2

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# Preface

The Economic and Revenue Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year.

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

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*June 2005*

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#### Washington Economic Indicators

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# Executive Summary

## U.S. Economic Forecast

The June 2005 economic and revenue forecast incorporated the advance GDP estimate for the first quarter of 2005. According to the advance estimate, real GDP grew at a 3.1 percent rate in the first quarter of 2005, down from 3.8 percent in the fourth quarter. The decline in final sales was even sharper, from 3.4 percent to 1.9 percent. Consumers, whose spending increased at a 3.5 percent rate, more than accounted for all the growth in final sales. Fixed investment growth slowed to 5.0 percent in the first quarter from 10.5 percent in the fourth quarter due primarily to a slowdown in the growth rate of business spending on equipment and software from 18.4 percent to 6.9 percent. Net exports subtracted nearly 1.5 percentage points from GDP growth in the first quarter as the 7.0 percent increase in exports in the first quarter was overwhelmed by the 14.7 percent increase in imports. Government spending edged up just 0.6 percent in the first quarter.

Payroll employment growth slowed to 1.4 percent in the first quarter from 1.7 percent in the fourth quarter but the unemployment rate declined from 5.43 percent to 5.27 percent. Inflation, as measured by the Consumer Price Index, slowed to 2.4 percent in the first quarter of 2005 from 3.6 percent in the fourth quarter. For once, core inflation in the first quarter was slightly higher at 2.6 percent as both food and energy inflation moderated. Housing starts surged at a 21.4 percent annual rate from 1.975 million units in the fourth quarter to 2.085 million units in the first quarter while the mortgage rate edged up from 5.73 percent to 5.75 percent. Housing starts have not been this strong since 1978. On May 3rd the Federal Open Market Committee raised its target for the federal funds rate by 25 basis points to 3.00 percent. The new national forecast indicates slightly weaker GDP and employment growth than the forecast adopted in March but the personal income forecast is stronger due to higher inflation.

We believe that the underlying trend is for slower growth, but that the economy has dipped earlier than anticipated under the weight of high oil prices. Assuming that oil prices hold in the region of \$50/barrel, we expect that growth will stabilize in the second quarter and most likely improve in the third. The strong employment report for April (released after the forecast was completed) suggests that the improvement may come through even more quickly, in the second quarter. But we still believe that the underlying trend as we head into 2006 will again be towards softer growth. The key reasons to anticipate weaker growth next year are an easing of spending growth by a stretched consumer and a softer housing market. GDP growth is expected to slow to 3.4 percent this year from 4.4 percent in 2004. Slower growth is expected in the next two years as the recovery matures. The forecast calls for growth rates of 2.9 percent per year in 2006 and 2007. Nonfarm payroll employment rose 1.1 percent in 2004 which was the first significant increase in four years. The forecast assumes employment growth will improve to 1.6 percent this year,

slowing to 1.4 percent in 2006 and 0.9 percent in 2007. The unemployment rate also improved in 2004 for the first time in four years, declining to 5.53 percent from 5.99 percent in 2003. The unemployment rate is expected to decline again this year to 5.18 percent. Unemployment is expected to be little changed during the next two years with rates of 5.19 percent and 5.26 percent in 2006 and 2007. Inflation, as measured by the implicit price deflator for personal consumption expenditures, accelerated to 2.2 percent in 2004 from 1.9 percent in 2003 and 1.4 percent in 2002. Rising energy costs continue to boost overall inflation. Excluding food and energy, inflation inched up to 1.5 percent in 2004 from 1.3 percent in 2003. Energy will add to inflation again this year but will help restrain inflation in 2006 and 2007 as energy prices finally decline. The forecast expects inflation rates of 2.3 percent in 2005, declining to 2.0 percent per year in 2006 and 2007. The forecast assumes 25-basis-point increases in the federal funds at each meeting through November, pushing the funds rate to 4.00 percent by year-end.

## **Washington State Economic Forecast**

The state's employment growth rate improved to 3.7 percent in the first quarter from an also strong 3.4 in the fourth quarter. Washington has not experienced such an employment spurt since 1997 in the middle of the last aerospace upturn. Manufacturing employment rose 2.8 percent in the first quarter following a 3.6 percent surge in the fourth quarter. The strong manufacturing employment growth in the first quarter was mostly due to aerospace employment which rose at an 11.4 percent rate, the second consecutive double-digit increase. Manufacturing employment other than aerospace rose only 0.2 percent rate, though. Every nonmanufacturing sector expanded in the first quarter led by the red hot construction sector which grew 14.0 percent following an 11.9 percent increase in the fourth quarter. Trade, transportation, and utilities employment growth was also strong with a 5.0 percent growth rate as was information, up 4.2 percent, led by an 8.2 percent increase in software employment. Professional and business services employment grew 4.1 percent and education and health services employment increased 3.5 percent. Financial activities employment and leisure and hospitality employment both grew 1.5 percent and other services employment rose 1.4 percent. In the public sector, federal government employment jumped 7.2 percent but state and local government employment inched up at a 0.6 percent rate.

Washington's personal income in the fourth quarter of 2004 was \$6.115 billion (2.5 percent) lower than the estimate made in March of which \$0.987 billion was due to an error in the non-recurring Microsoft dividend estimate. The revision to total personal income in the fourth quarter excluding the dividend error was a reduction of \$5.128 billion (2.3 percent). Nonwage personal income, excluding the special dividend, was \$1.072 billion (1.1 percent) below the March estimate while total wages were \$4.056 billion (3.3 percent) lower. Software wages were \$0.108 (2.3 percent) billion higher than expected. Non-software wages, however, were \$4,164 (3.6 percent) billion lower.

The number of housing units authorized by building permit declined by 6,000 from 57,800 in the fourth quarter of 2004 to a still strong 51,700 in the first quarter of 2005. Housing has not been this strong in Washington since 1990. The strength recently has been mostly in the single family market where permits rose 400 from 39,100 to 39,500. Multi-family permits fell 6,400 though, from 18,700 to 12,200.

The forecast also reflects Seattle consumer price data through April. After trailing the national average during 2002, 2003, and 2004, Seattle inflation jumped out ahead in the first four months of this year, rising at an annual rate of 7.2 percent compared to 4.8 percent for the U.S. city average.

The Washington aerospace employment forecast is essentially unchanged since March except to recognize slightly stronger growth through May which adds about 400 jobs. That difference is maintained

through the end of 2007. The forecast now expects an increase of 14,100 from the first quarter of 2004 through the fourth quarter of 2007. The software wage forecast is virtually identical to the assumption made in March. Microsoft stock options are expected to decline but income from stock grants will grow. Software employment is expected to increase 3,900 from the first quarter of 2005 to the fourth quarter of 2007 compared to 4,400 in the March forecast. As in March, the forecast reflects the AT&T Wireless-Cingular merger. The forecast assumes a total reduction of 2,500 during the last three quarters of 2005. Also as in March, the forecast for Washington personal income includes the special \$3.00 Microsoft dividend which was paid in December. In March we assumed Washington's share of the \$99.400 billion U.S. total would be \$23.446 billion. The actual BEA estimate for Washington was \$22.459 billion, a difference of about \$1 billion. Since the dividend was non-recurring, the discrepancy only affected fourth quarter 2004 personal income.

Washington nonfarm payroll employment increased 1.7 percent in 2004 following a 0.1 percent rise in 2003 and declines in 2001 and 2002. The forecast continues to expect a relatively weak recovery due to the sluggish U.S. economy and only a modest upturn in aerospace. The forecast expects employment growth to improve to 2.8 percent this year. Employment growth is expected to retreat to 2.1 percent in 2006 and 1.8 percent in 2007. Washington personal income growth, excluding the special Microsoft dividend, improved to 4.3 percent in 2004 from 2.8 percent in 2003. Personal income growth, again excluding the Microsoft dividend, is expected to continue to improve to 5.3 percent this year and 6.7 percent next year, slowing slightly to 6.2 percent in 2007. Housing activity remains very strong. Housing permits increased 7,300 in 2004 to 50,100 which is the highest annual total since 1979. The strength in housing has been mostly in the single family market which continues to benefit from low mortgage rates. Higher mortgage rates are expected to depress the single family market during the next three years. Partially offsetting this will be stronger population growth which should boost multi-family activity. The forecast expects housing permits to decline to 48,300 in 2005, 46,800 in 2006, and 46,300 in 2007. The weak Washington economy has slowed inflation in the area in spite of soaring energy costs. Inflation, as measured by the Seattle consumer price index declined in 2004 to 1.2 percent from 1.6 percent in 2003. The strengthening local economy should result in higher inflation in the next three years. The forecast expects inflation rates of 3.4 percent in 2005, 2.5 percent in 2006, and 2.2 percent in 2007.

## **Washington State Revenue Forecast**

The strength in real estate and construction continues to exceed our expectations. Construction related forecast changes again account for most of the forecast revision. In addition, newly available employment data show that Washington job growth has been stronger in recent months than previously believed. As a result of these factors, the revenue forecast revision in June, excluding non-economic changes, is an increase of \$450.1 million.

The June 2005 General Fund-State revenue estimate for the 2003-05 biennium is \$23,546.7 million and the forecast for the 2005-07 biennium is \$25,384.8 million. The total forecast revision for the two biennia is \$815.3 million of which \$365.2 million is due to legislation and other non-economic changes. Excluding these non-economic changes, the forecast is \$450.1 million higher than expected in March of which collection experience, excluding special factors, accounts for \$44.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 and 2005-07 biennia. The forecast based on more optimistic economic assumptions netted \$58 million (0.2 percent) more revenue in the current biennium and \$1,080 million (4.3 percent) more revenue in the



next biennium than did the baseline while the pessimistic alternative was \$63 million (0.3 percent) lower this biennium and \$931 million (3.7 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$4 million (0.0 percent) more revenue this biennium and \$45 million (0.2 percent) less revenue next biennium than did the baseline forecast.

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



# Washington State and U.S. Economic Forecasts

## Recent U.S. Economic Activity

The June 2005 economic and revenue forecast incorporated the advance GDP estimate for the first quarter of 2005. According to the advance estimate, real GDP grew at a 3.1 percent rate in the first quarter of 2005, down from 3.8 percent in the fourth quarter. The decline in final sales was even sharper, from 3.4 percent to 1.9 percent. Consumers, whose spending increased at a 3.5 percent rate, more than accounted for all the growth in final sales in the first quarter. Consumer purchases of durable goods were unchanged but purchases of nondurables and services rose 4.9 percent and 3.6 percent. Fixed investment growth slowed to 5.0 percent in the first quarter from 10.5 percent in the fourth quarter due primarily to a slowdown in the growth rate of business spending on equipment and software from 18.4 percent to 6.9 percent. Residential fixed investment rose 5.7 percent but nonresidential construction fell 2.6 percent. Net exports subtracted nearly 1.5 percentage points from GDP growth in the first quarter as the 7.0 percent increase in exports in the first quarter was overwhelmed by the 14.7 percent increase in imports. Government spending edged up just 0.6 percent in the first quarter. National defense spending rose 0.2 percent in the first quarter, nondefense federal spending rose 1.3 percent, and state and local government spending rose 0.5 percent.

Payroll employment growth slowed to 1.4 percent in the first quarter from 1.7 percent in the fourth quarter but the unemployment rate declined from 5.43 percent to 5.27 percent. Inflation, as measured by the Consumer Price Index, slowed to 2.4 percent in the first quarter of 2005 from 3.6 percent in the fourth quarter. For once, core inflation in the first quarter was slightly higher at 2.6 percent as both food and energy inflation moderated. Housing starts surged at a 21.4 percent annual rate from 1.975 million units in the fourth quarter to 2.085 million units in the first quarter while the mortgage rate edged up from 5.73 percent to 5.75 percent. Housing starts have not been this strong since 1978. On May 3rd the Federal Open Market Committee raised its target for the federal funds rate by 25 basis points to 3.00 percent. The new national forecast indicates slightly weaker GDP and employment growth than the forecast adopted in March but the personal income forecast is stronger due to higher inflation.

## U.S. Forecast Highlights

We believe that the underlying trend is for slower growth, but that the economy has dipped earlier than anticipated under the weight of high oil prices. Assuming that oil prices hold in the region of \$50/barrel, we expect that growth will stabilize in the second quarter and most likely improve in the third. The strong employment report for April (released after the forecast was completed) suggests that the improvement

may come through even more quickly, in the second quarter. But we still believe that the underlying trend as we head into 2006 will again be towards softer growth. The key reasons to anticipate weaker growth next year are an easing of spending growth by a stretched consumer and a softer housing market. GDP growth is expected to slow to 3.4 percent this year from 4.4 percent in 2004. Slower growth is expected in the next two years as the recovery matures. The forecast calls for growth rates of 2.9 percent per year in 2006 and 2007. Nonfarm payroll employment rose 1.1 percent in 2004 which was the first significant increase in four years. The forecast assumes employment growth will improve to 1.6 percent this year, slowing to 1.4 percent in 2006 and 0.9 percent in 2007. The unemployment rate also improved in 2004 for the first time in four years, declining to 5.53 percent from 5.99 percent in 2003. The unemployment rate is expected to decline again this year to 5.18 percent. Unemployment is expected to be little changed during the next two years with rates of 5.19 percent and 5.26 percent in 2006 and 2007. Inflation, as measured by the implicit price deflator for personal consumption expenditures, accelerated to 2.2 percent in 2004 from 1.9 percent in 2003 and 1.4 percent in 2002. Rising energy costs continue to boost overall inflation. Excluding food and energy, inflation inched up to 1.5 percent in 2004 from 1.3 percent in 2003. Energy will add to inflation again this year but will help restrain inflation in 2006 and 2007 as prices finally decline. The forecast expects inflation rates of 2.3 percent in 2005, declining to 2.0 percent per year in 2006 and 2007. The forecast assumes 25-basis-point increases in the federal funds at each meeting through November, pushing the funds rate to 4.00 percent by year-end.

1. Real GDP growth accelerated to 4.4 percent in fiscal 2004 from 2.3 percent in 2003 and just 0.8 percent in 2002. Growth in 2004 was finally strong enough to result in a net gain in jobs which is considered a necessary condition for the recovery to be self-sustaining. Consumer spending and business spending on equipment and software are expected to be the main contributors to GDP growth in the next three years. The level of defense spending will remain high but the growth rate will slow down. Federal civilian spending and state and local government spending will also add little to growth. Net exports will continue to be a drag on growth this year but will add to growth in 2006 and 2007. GDP growth is expected to slow during the next three years as the recovery matures. The forecast calls for GDP growth rates of 3.7 percent in 2005, 3.2 percent in 2006, 2.8 percent in 2007.
2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, held steady at 1.9 percent in fiscal 2004. Surging energy costs are masking the favorable underlying trend in core inflation, which reached a 39-year-low 1.3 percent in 2004. Core inflation is expected to rise to 1.6 percent this year and the addition of food and energy will raise the overall inflation rate to 2.4 percent. During the last two years of the forecast, falling energy prices will help keep inflation in check. The forecast expects inflation rates of 2.2 percent in 2006 and 1.9 percent in 2007.
3. The Federal Reserve began raising its target interest rate last June. So far there have been eight consecutive 25-basis-point increases bringing the federal funds rate up to 3.00 percent as of May 3, 2005. The Fed has made it clear that it intends to raise rates very gradually and the forecast reflects that assumption. The fed funds rate is expected to continue to rise gradually through the rest of this year, reaching 4.00 in November. As a result of the past Fed easing, the three-month Treasury bill rate fell to 0.96 percent in fiscal 2004 from 1.30 percent in 2003. The forecast expects the T-bill rate to increase to 2.24 percent in 2005, 3.80 percent in 2006, and 3.98 percent in 2007 as the Fed tightens. Mortgage rates declined slightly in fiscal 2004 to 5.92 percent from 5.93 percent in 2003. Not much change is expected this year with the mortgage rate dropping

back to an average of 5.85 percent but the forecast expects the mortgage rate to rise to 6.74 percent and 6.78 percent in 2006 and 2007.

4. Supported by record-low mortgage interest rates, housing activity held up well during the recession and has accelerated in the last three years in spite of the lackluster recovery. Housing starts increased 12.5 percent in fiscal 2004 to 1.945 million units. This was the highest level of permits since 1978. Not surprising, given the low mortgage rates, the strength has been primarily in the single family market. The 1.586 million single family starts in 2004 was the highest ever. Housing starts are expected to rise 5.4 percent this year to 2.050 million units after which rising mortgage rates will dampen housing activity. The forecast calls for a 5.2 percent reduction in 2006 to 1.943 million units and an 8.6 percent reduction in 2007 to 1.775 million units.
5. The nation's unemployment rate finally fell in fiscal 2004 for the first time since 2000. The improvement was small, though, from 5.89 percent in 2003 to 5.81 percent in 2004. The forecast expects a larger decline this year to 5.32 percent. Little change is expected during the final two years of the forecast as the recovery matures. The forecast calls for unemployment rates of 5.15 percent in 2006 and 5.25 percent in 2007.
6. From fiscal 2001 to fiscal 2004 the federal budget went from a record \$161.0 billion surplus (national income and product accounts basis) to a record \$395.8 billion deficit. Revenues are down due to the weak economy and tax cuts while Iraq war as well as other military and homeland security spending are boosting spending. While fiscal policy provided a much-needed boost to the economy, the result was a ballooning deficit. Economic growth should result in smaller deficits in the future, but large structural deficits remain. The deficit is expected to improve slightly during the next three years to \$364.5 billion in 2005, \$330.1 billion in 2006, and \$332.6 billion in 2007.
7. The trade deficit has been a huge drag on GDP growth in recent years. The trade deficit (national income and product accounts basis) increased in fiscal 2004 to an all-time record \$532.4 billion from \$477.1 billion in 2003. The declining dollar should help restrain imports and boost exports but, with the U.S. economy leading the global recovery, the trade balance will continue to deteriorate for a while. The forecast expects the deficit to grow to \$681.9 billion in 2005 and \$715.1 billion in 2006 before declining to \$686.3 billion in 2007.

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

## **Recent Economic Activity in Washington**

The Employment Security Department has released preliminary employment estimates through April 2005. This forecast is based on adjusted employment estimates as described in Adjustments to Economic Data. The state's employment growth rate improved to 3.7 percent in the first quarter from an also strong 3.4 in the fourth quarter. Washington has not experienced such an employment spurt since 1997 in the middle of the last aerospace upturn. Manufacturing employment rose 2.8 percent in the first quarter following a 3.6 percent surge in the fourth quarter. The strong manufacturing employment growth in the first quarter was mostly due to aerospace employment which rose at an 11.4 percent rate, the second consecutive double-digit increase. Manufacturing employment other than aerospace rose only 0.2 percent rate, though. Every nonmanufacturing sector expanded in the first quarter led by the red hot construction sector which grew 14.0 percent following an 11.9 percent increase in the fourth quarter. Trade, transportation, and utilities employment growth was also strong with a 5.0 percent growth rate as was information, up 4.2 percent, led by an 8.2 percent increase in software employment. Professional and business services em-

ployment grew 4.1 percent and education and health services employment increased 3.5 percent. Financial activities employment and leisure and hospitality employment both grew 1.5 percent and other services employment rose 1.4 percent. In the public sector, federal government employment jumped 7.2 percent but state and local government employment inched up at a 0.6 percent rate.

In March 2005 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the third quarter of 2004 and released preliminary estimates for the fourth quarter. In addition, the wage estimates for the fourth quarter of 2004 have been adjusted to reflect the Covered Employment and Payrolls data produced by the Department of Employment Security (see Adjustments to Economic Data). According to the adjusted estimates, Washington's personal income in the fourth quarter of 2004 was \$6.115 billion (2.5 percent) lower than the estimate made in March of which \$0.987 billion was due to an error in the non-recurring Microsoft dividend estimate. The revision to total personal income in the fourth quarter excluding the dividend error was a reduction of \$5.128 billion (2.3 percent). Nonwage personal income, excluding the special dividend, was \$1.072 billion (1.1 percent) below the March estimate while total wages were \$4.056 billion (3.3 percent) lower. Software wages were \$0.108 (2.3 percent) billion higher than expected. Non-software wages, however, were \$4,164 (3.6 percent) billion lower.

The number of housing units authorized by building permit declined by 6,000 from 57,800 in the fourth quarter of 2004 to a still strong 51,700 in the first quarter of 2005. Housing has not been this strong in Washington since 1990. The strength recently has been mostly in the single family market where permits rose 400 from 39,100 to 39,500. Multi-family permits fell 6,400 though, from 18,700 to 12,200.

The forecast also reflects Seattle consumer price data through April. After trailing the national average during 2002, 2003, and 2004, Seattle inflation jumped out ahead in the first four months of this year, rising at an annual rate of 7.2 percent compared to 4.8 percent for the U.S. city average.

## **Adjustments to Economic Data**

This forecast utilized an alternative employment estimate developed by the Department of Employment Security which incorporates more recent covered employment and payrolls data than does the Bureau of Labor Statistics (BLS) estimate. The alternative employment estimate incorporated the covered employment and payrolls data through the fourth quarter of 2004 which added 17,200 (0.6 percent) to the BLS Current Employment Statistics (CES) estimate for December 2004. By April 2005 the difference had narrowed to 15,400 (0.6 percent).

The BEA benchmarks its estimates for wage and salary disbursements to the covered employment and payrolls (ES202) data for all sectors except agriculture and federal government. Since we have one more quarter of ES202 data than was available to the BEA at the time of its most recent release, we derived wage estimates for these sectors for the fourth quarter of 2004 based on the ES202 data. Unadjusted BEA estimates were used for farm, federal civilian, and military wages as well as for all nonwage components of personal income. Our adjustments decreased the fourth quarter wage estimate by \$2.788 billion (2.3 percent), subtracting 1.2 percent from total personal income in that quarter.

## **Washington State Forecast Highlights**

The Washington aerospace employment forecast is essentially unchanged since March except to recognize slightly stronger growth through May which adds about 400 jobs. That difference is maintained through the end of 2007. The forecast now expects an increase of 14,100 from the first quarter of 2004 through the fourth quarter of 2007. The software wage forecast is virtually identical to the assumption

made in March. Microsoft stock options are expected to continue to decline but income from stock grants will grow. Software employment is expected to increase 3,900 from the first quarter of 2005 to the fourth quarter of 2007 compared to 4,400 in the March forecast. As in March, the forecast reflects the AT&T Wireless-Cingular merger. The forecast assumes a total reduction of 2,500 during the last three quarters of 2005. Also as in March, the forecast for Washington personal income includes the special \$3.00 Microsoft dividend which was paid in December. In March we assumed Washington's share of the \$99.400 billion U.S. total would be \$23.446 billion. The actual BEA estimate for Washington was \$22.459 billion, a difference of about \$1 billion. Since the dividend was non-recurring, the discrepancy only affected fourth quarter 2004 personal income.

Washington nonfarm payroll employment increased 1.7 percent in 2004 following a 0.1 percent rise in 2003 and declines in 2001 and 2002. The forecast continues to expect a relatively weak recovery due to the sluggish U.S. economy and only a modest upturn in aerospace. The forecast expects employment growth to improve to 2.8 percent this year. Employment growth is expected to retreat to 2.1 percent in 2006 and 1.8 percent in 2007. Washington personal income growth, excluding the special Microsoft dividend, improved to 4.3 percent in 2004 from 2.8 percent in 2003. Personal income growth, again excluding the Microsoft dividend, is expected to continue to improve to 5.3 percent this year and 6.7 percent next year, slowing slightly to 6.2 percent in 2007. Housing activity remains very strong. Housing permits increased 7,300 in 2004 to 50,100 which is the highest annual total since 1979. The strength in housing has been mostly in the single family market which continues to benefit from low mortgage rates. Higher mortgage rates are expected to depress the single family market during the next three years. Partially offsetting this will be stronger population growth which should boost multi-family activity. The forecast expects housing permits to decline to 48,300 in 2005, 46,800 in 2006, and 46,300 in 2007. The weak Washington economy has slowed inflation in the area in spite of soaring energy costs. Inflation, as measured by the Seattle consumer price index declined in 2004 to 1.2 percent from 1.6 percent in 2003. The strengthening local economy should result in higher inflation in the next three years. The forecast expects inflation rates of 3.4 percent in 2005, 2.5 percent in 2006, and 2.2 percent in 2007.

1. Nominal personal income growth improved in fiscal 2004 to 3.9 percent from 2.4 percent in 2003. The improvement was due to the turnaround in payroll employment, stronger average wage growth, and faster nonwage personal income growth. Software stock based compensation was a slight negative in 2004. Personal income, excluding software, grew 4.3 percent in 2004 compared to 2.5 percent in 2003. Personal income is expected to jump 7.1 percent this year in spite of another decline in software wages. The strong growth is due largely to the one-time special dividend paid by Microsoft in December 2004. Without this nonrecurring payment, the personal income growth forecast for 2005 would have been 4.4 percent. The opposite holds true for 2006 when the forecast expects only 3.7 percent growth. Without the dividend impact, the growth rate forecast would have been a healthy 6.4 percent. The forecast calls for a 6.4 percent personal income growth rate in 2007 as well.
2. Washington real personal income growth rebounded somewhat in fiscal 2004 to 2.0 percent from a thirty-two-year-low 0.5 percent in 2003. While improved, real income growth remained weak in 2004 due to the lack of meaningful job growth and rising energy costs. Growth is expected to improve during the next three years as job growth accelerates while inflation remains in check. The forecast calls for real personal income growth rates of 4.6 percent in 2005 (2.0 percent excluding the Microsoft special dividend), 1.4 percent in 2006 (4.1 percent excluding the Microsoft special dividend), and 4.4 percent in 2007.



3. Total payroll employment in Washington rose in fiscal 2004 for the first time since the recession. The 0.7 percent gain in 2004 followed declines of 0.4 percent in 2003 and 1.9 percent in 2002. The areas that suffered the most in the recession in Washington were information technology, aerospace, and construction. Construction employment has now moved well beyond its previous peak and continues to grow rapidly. The aerospace sector has begun a modest recovery and, with the exception of telecommunications, the employment declines related to the bursting of the IT bubble appear to be over. As the U.S. employment recovery picks up steam, Washington payroll employment growth is expected to increase to 2.4 percent in 2005 and 2006, slowing to 2.0 percent in 2007.

- ◆ The six-year aerospace employment contraction is finally over. As of August 2004, 27,400 aerospace jobs had been lost since the September 11 terrorist attacks. Measured from the June 1998 peak, the cumulative job loss was 52,400. During the next eight months, the aerospace sector added 4,400 jobs. Boeing has indicated that it plans to increase production in 2005, 2006, and 2007 but the upturn in employment is expected to be more gradual than in past cycles. The forecast assumes fourth quarter to fourth quarter increases of 5,800, 5,000, and 5,000 in 2005, 2006, and 2007.
- ◆ After more than a decade of robust and sustained growth, employment by Washington's software publishers flattened in mid-2001. From the beginning of 1990 through the second quarter of 2001, the software employment growth rate averaged more than 16 percent per year. During the next two years the average annual growth rate slowed to just 1.0 percent. Microsoft continued to grow, albeit at a reduced rate, but other Washington software publishers suffered absolute declines. During last seven quarters, however, growth has picked up to an average rate of 5.6 percent and the monthly data through April indicate that growth in the second quarter of 2005 will be at a strong 7.2 percent rate. The forecast assumes that Microsoft employment will continue to grow, though not nearly as fast as in the 1990s, and that non-Microsoft software will begin to grow again. Microsoft has announced that it expects to hire about 3,000 during the current fiscal year but that total includes people hired to fill vacated positions so the net increase will be less. The forecast assumes software employment will grow at an average rate of 3.0 percent per year during the remainder of the forecast.
- ◆ Bolstered by a hot housing market, strong growth in Washington's construction employment during the last seven quarters has now erased the significant losses experienced during the recession. Since the middle of 2003 growth has averaged 6.7 percent. Employment is now 10,600 (6.5 percent) higher than at the previous peak in the first quarter of 2001 and 20,300 (13.2 percent) higher than at the trough in the first quarter of 2002. Housing held up pretty well during the recession but nonresidential building in the Puget Sound area fell sharply. We believe the commercial side has now stabilized and the recent strength in housing permits should support construction employment in the near term. Higher interest rates are expected to depress single family activity in the future but stronger migration into Washington should boost multi-family activity. In addition, nonresidential construction is expected to recover. As a result, the forecast expects fairly moderate construction employment growth averaging 1.3 percent per year through 2007.
- ◆ Financial activities employment grew rapidly right through the recession. From the end of 2000 through the third quarter of 2003 growth averaged 2.8 percent per year. The growth was concentrated in credit intermediation and related activities, which clearly benefited by a

- refinancing boom brought on by the decline in mortgage interest rates during this period. Employment in this sector plateaued when mortgage rates stopped falling in early 2003 but picked up again in the fourth quarter of 2004. Year-over-year growth is expected to peak at 2.8 percent in the third quarter of this year. After the third quarter, however, higher mortgage rates will slow the growth to an average rate of just 0.3 percent per year.
- ◆ Washington retail trade employment fell faster during the recession than did U.S. retail trade employment but the recovery here was also earlier and stronger. By the end of 2002 Washington retail trade employment had fallen 3.7 percent since its pre-recession peak. Most of the decline was in the miscellaneous “other retail trade” category which includes e-tailing, a clear casualty of the Dot-Com implosion. Since then, however, Washington retail trade employment growth has generally been positive but weak, averaging 1.7 percent. In the first quarter of 2005, employment finally surpassed its pre-recession peak by 0.1 percent. The forecast expects trade employment growth to improve to remain moderate at an average annual rate of 1.8 percent per year.
  - ◆ Employment in the professional and business services sector plunged 6.4 percent from the end of 2000 through the first quarter of 2002. The 19,800 jobs lost during the recession can be attributed to employment services (mainly temporary help agencies), which fell 13,700 (25.6 percent) and computer systems design and related services, which fell 6,100 (20.1 percent). These areas of weakness have turned around. During the last two years, employment in computer systems design and related services has increased 6.7 percent while employment services employment has soared 29.1 percent. As a result, overall professional and business services employment growth has averaged 4.2 percent since April 2003. The forecast expects fairly strong growth averaging 4.0 percent per year throughout the forecast.
  - ◆ State and local government employment grew throughout the recession but the protracted slowdown in the state’s economy put pressure on state and local governments’ budgets with a lag. From the end of 2000 through the second quarter of 2003, employment grew at an average rate of 3.3 percent per year. Since then the growth rate has slowed to just 0.6 percent and just 0.3 percent excluding the rapidly expanding tribal government sector. The forecast expects some improvement as state and local government budgets recover and tribal government employment should continue to grow rapidly but growth will be restrained by slow school age population growth. The forecast expects an average growth rate of 1.8 percent per year from now through the end of 2007.
4. The number of housing units authorized by building permit in Washington rose 3.4 percent in fiscal 2004 to 44,200 units following a 14.9 percent increase in 2003. So far, the strength in housing has been entirely in the single family market which has benefited from record low mortgage interest rates. Single family permits increased 4.9 percent in 2004 to a 25 year high 34,400 units. Multi-family permits, however, slumped 1.5 percent to 9,800. In addition to continued growth in the single family market, multi-family housing is expected to recover in 2005 due to higher net immigration. The forecast expects one more very strong year in 2005 with overall permits rising 17.9 percent to 52,100 units. Rising mortgage rates will depress the single family market in 2006 and 2007, however. As a result, the forecast expects a 10.5 percent reduction in 2006 to 46,700 units followed by a slight 0.1 percent increase in 2007 to 46,700 units.
  5. In spite of rising energy costs, inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, declined in fiscal 2004 to 1.3 percent from 1.8 percent

in 2003. Core inflation in Seattle was only 0.4 percent in 2004. Seattle inflation trailed the national average in both 2003 and 2004 reflecting the more severe local recession. During the previous 13 years Seattle inflation had exceeded the U.S. city average. Seattle inflation is expected to remain well below U.S. inflation this year at 2.1 percent compared to 3.0 percent for the U.S. Because the local recovery is expected to be stronger than the national recovery, however, the Seattle inflation rate is expected to move past the U.S. city average again in the next biennium. The forecast calls for Seattle inflation rates of 3.3 percent and 2.2 percent in 2006 and 2007 compared to national rates of 2.5 percent and 1.9 percent.

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

## Alternative Forecasts

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

**Optimistic Forecast:** Six assumptions distinguish the optimistic scenario from the baseline forecast. First, productivity is stronger. Underlying this assumption is the view that the information-driven technology boom, which appears to have accelerated in recent years, continues. Second, foreign economic growth is stronger. A stronger world economy boosts U.S. exports and strengthens domestic manufacturing. Third, business investment is stronger. Fourth, the federal government budget deficit is lower. Fifth, housing starts are stronger. And finally, the optimistic scenario assumes that oil prices run about \$5/barrel lower than in the baseline. These assumptions produce a rosier outlook, with the economy growing 0.3 percentage point faster than in the baseline during 2005 and 1.1 percentage points faster during 2006. Although economic growth and labor markets are stronger, inflation is lower because of the stronger dollar and the higher productivity gains. The lower inflation rate allows the Federal Reserve to keep the federal funds rate below the baseline value. Since productivity growth is higher, potential GDP is higher and remains so throughout the forecast period. Job growth is also stronger. Nonfarm employment is 503,000 higher than in the baseline at the end of 2005 and 1,549,000 higher at the end of 2006. Because job growth is strong, the unemployment rate stays below its baseline rate over the forecast period. For Washington, the optimistic forecast assumes a more typical, vigorous aerospace employment expansion than the modest growth assumed in the baseline. Washington's wages also grow faster than in the baseline. The strong economy raises Seattle CPI inflation above the baseline forecast in the optimistic scenario in spite of strong productivity growth. The initial level of Washington personal income is also higher in the optimistic scenario and population growth and construction employment growth are stronger. By the end of the 2005-07 biennium, Washington nonagricultural employment is higher by 67,500 jobs than in the baseline forecast and Washington personal income is \$12.9 billion higher. The optimistic scenario generated \$58 million (0.2 percent) more revenue in the current biennium and \$1,080 million (4.3 percent) more revenue in the next biennium than did the baseline forecast.

**Pessimistic Forecast:** The pessimistic alternative assumes that there is less spare capacity than thought, both globally and in the U.S. economy. It also assumes that the dollar weakens rapidly as foreign investors take fright at the spiraling trade deficit, and thus lose confidence in the dollar. Interest rates rise as foreign investors diversify away from the dollar, and the federal deficit widens relative to the baseline. The falling dollar adds to the upward pressure on inflation. The Fed responds by accelerating the pace of tightening. Despite the more aggressive tightening, the stock and bond markets both slip on signs that the Fed may have let inflation build up an unstoppable momentum. The Fed cannot permit this acceleration to continue,



and so raises rates further in 2006. Between the higher interest rates and persistently high energy prices, consumer confidence begins to waver. Consumers rein in discretionary spending and the US economy slows. At the same time, hiring lags, causing the unemployment rate to climb. The economy does not sink into recession in the pessimistic alternative, but merely fails to come as close to its potential as in the baseline, with GDP growth coming in 0.3 percentage point below the baseline rate in 2005 and 1.4 percentage points lower in 2006. At the state level, the recovery in aerospace employment is much slower than in the baseline. Data revisions show that the initial level of Washington personal income is lower than was assumed in the baseline. Population growth is also slower in this scenario. Construction employment begins to decline again in the second half of 2005 rather than continuing to rise as in the baseline. Because of the weak economy, Washington wage growth and Seattle inflation are weaker than in the baseline forecast in spite of the higher inflation assumption in the national pessimistic forecast. By the end of the 2005-07 biennium, Washington nonagricultural employment is 72,600 lower than the baseline forecast and Washington personal income is \$11.4 billion lower. The pessimistic scenario produced \$63 million (0.3 percent) less revenue in the 2003-05 biennium and \$931 million (3.7 percent) less revenue in the 2005-07 biennium than did the baseline forecast.

## **Governor's Council of Economic Advisors Scenario**

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. With the biennium nearly over, there was virtually no difference between the two scenarios for 2005. The Council members' real GDP growth forecast was very similar to the baseline forecast. Their inflation forecast was slightly lower in 2006 but slightly higher in 2007. Their interest rate forecasts, both long term and short term, were lower in both years than in the baseline forecast. The GCEA forecast for Washington State was also similar to the baseline forecast. Their personal income growth forecasts, both real and nominal, were stronger in 2006 but weaker in 2007. Conversely, the Council members expected slightly weaker employment growth in 2006 but stronger employment growth in 2007 than assumed in the baseline forecast. Their housing permit forecast was higher in both years. At the end of the 2005-07 biennium Washington nonagricultural employment was 2,800 lower in the GCEA forecast than in the baseline forecast and their Washington personal income forecast was \$10.1 billion lower. The Governor's Council scenario generated \$4 million (0.0 percent) less revenue this biennium and \$45 million (0.2 percent) less revenue next biennium than did the baseline forecast.

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

Table 1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2005 to 2007

Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	9,679.2	9,876.5	9,956.8	10,181.3	10,633.9	11,031.7	11,380.7	11,693.9
% Ch	4.5	2.0	0.8	2.3	4.4	3.7	3.2	2.8
Real Consumption	6,599.5	6,829.1	7,016.8	7,224.5	7,496.0	7,773.4	7,990.3	8,206.1
% Ch	5.0	3.5	2.7	3.0	3.8	3.7	2.8	2.7
Real Nonresidential Fixed Investment	1,186.8	1,229.4	1,117.4	1,070.4	1,168.3	1,291.0	1,400.2	1,478.6
% Ch	9.4	3.6	-9.1	-4.2	9.1	10.5	8.5	5.6
Real Residential Fixed Investment	449.8	444.2	457.0	484.3	541.4	576.3	578.2	544.0
% Ch	3.5	-1.2	2.9	6.0	11.8	6.4	0.3	-5.9
Real Personal Income	8,209.2	8,524.6	8,566.3	8,583.7	8,815.5	9,124.8	9,421.1	9,746.3
% Ch	4.2	3.8	0.5	0.2	2.7	3.5	3.2	3.5
Real Per Capita Income (\$/Person)	29,181	29,988	29,831	29,596	30,112	30,884	31,599	32,399
% Ch	3.0	2.8	-0.5	-0.8	1.7	2.6	2.3	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	0.988	1.011	1.027	1.046	1.066	1.091	1.115	1.137
% Ch	2.3	2.3	1.5	1.9	1.9	2.4	2.2	1.9
U.S. Consumer Price Index (1982-84=1.0)	1.693	1.751	1.782	1.821	1.861	1.917	1.964	2.001
% Ch	2.9	3.4	1.8	2.2	2.2	3.0	2.5	1.9
Employment Cost Index (June 1989=1.0)	1.431	1.488	1.543	1.587	1.633	1.671	1.723	1.786
% Ch	3.7	3.9	3.7	2.8	2.9	2.3	3.1	3.7
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	9,571.3	9,991.5	10,286.3	10,698.2	11,379.4	12,089.7	12,772.7	13,388.3
% Ch	6.4	4.4	3.0	4.0	6.4	6.2	5.6	4.8
Personal Income	8,115.3	8,622.2	8,797.1	8,980.7	9,394.3	9,952.9	10,506.6	11,079.6
% Ch	6.6	6.2	2.0	2.1	4.6	5.9	5.6	5.5
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	142.0	143.2	144.4	145.9	146.8	148.1	150.0	152.1
Total U.S. Employment	135.4	137.2	136.4	137.1	138.3	140.2	142.2	144.1
Unemployment Rate (%)	4.07	4.13	5.47	5.89	5.81	5.32	5.15	5.25
Nonfarm Payroll Employment	130.60	132.25	130.88	130.12	130.48	132.51	134.54	136.02
% Ch	2.5	1.3	-1.0	-0.6	0.3	1.6	1.5	1.1
Manufacturing	17.29	17.04	15.74	14.88	14.33	14.33	14.31	14.36
% Ch	-0.8	-1.4	-7.7	-5.4	-3.7	0.0	-0.2	0.3
Durable Manufacturing	10.85	10.75	9.83	9.21	8.88	8.96	8.97	9.05
% Ch	-0.1	-0.9	-8.6	-6.2	-3.6	0.9	0.1	0.9
Nondurable Manufacturing	6.44	6.29	5.91	5.67	5.45	5.38	5.34	5.31
% Ch	-1.9	-2.4	-6.0	-4.1	-3.8	-1.4	-0.6	-0.5
Construction	6.70	6.82	6.77	6.69	6.84	7.08	7.21	7.22
% Ch	5.4	1.8	-0.7	-1.2	2.2	3.6	1.7	0.2
Producing	106.01	107.78	107.78	107.97	108.74	110.49	112.37	113.81
% Ch	2.9	1.7	-0.0	0.2	0.7	1.6	1.7	1.3
<b>Miscellaneous Indicators</b>								
Credit Outstanding/Disp. Income	22.4	23.4	24.1	24.4	24.1	23.9	23.7	23.0
Auto Sales (Millions)	9.0	8.5	8.2	7.9	7.5	7.5	7.4	7.4
% Ch	7.7	-5.0	-4.2	-3.8	-4.5	-0.9	-0.9	-0.1
Housing Starts (Millions)	1.638	1.571	1.646	1.730	1.945	2.050	1.943	1.775
% Ch	-1.3	-4.1	4.8	5.1	12.5	5.4	-5.2	-8.6
Federal Budget Surplus (Billions)	156.2	161.0	-138.3	-300.9	-395.8	-364.5	-330.1	-332.6
Net Exports (Billions)	-323.9	-389.8	-376.3	-477.1	-532.4	-681.9	-715.1	-686.3
3-Month Treasury Bill Rate (%)	5.23	5.14	2.15	1.30	0.96	2.24	3.80	3.98
30-Year U.S. Govt. Bond Rate (%)	6.14	5.66	5.55	5.02	5.21	4.90	5.50	5.73
Bond Index of 20 G.O. Munis. (%)	5.82	5.35	5.14	4.77	4.79	4.54	5.05	5.27
Mortgage Rate (%)	8.05	7.45	6.88	5.93	5.92	5.85	6.74	6.78

Table 1.2

Fiscal Years

**Washington Economic Forecast Summary**

Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	185.815	188.591	190.458	191.498	195.333	204.354	207.278	216.442
% Ch	6.3	1.5	1.0	0.5	2.0	4.6	1.4	4.4
Real Wage and Salary Disb.	110.278	108.885	107.514	107.359	108.872	110.214	114.081	119.569
% Ch	8.4	-1.3	-1.3	-0.1	1.4	1.2	3.5	4.8
Real Nonwage Income	75.536	79.706	82.943	84.139	86.461	94.141	93.196	96.873
% Ch	3.4	5.5	4.1	1.4	2.8	8.9	-1.0	3.9
Real Per Capita Income (\$/Person)	31,561	31,621	31,570	31,434	31,708	32,716	32,648	33,521
% Ch	5.1	0.2	-0.2	-0.4	0.9	3.2	-0.2	2.7
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	0.988	1.011	1.027	1.046	1.066	1.091	1.115	1.137
% Ch	2.3	2.3	1.5	1.9	1.9	2.4	2.2	1.9
Seattle Cons. Price Index (1982-84=1.0)	1.757	1.828	1.876	1.910	1.935	1.976	2.040	2.084
% Ch	3.2	4.0	2.7	1.8	1.3	2.1	3.3	2.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	16.42	17.30	18.34	17.88	18.15	18.58	19.11	19.49
% Ch	2.8	5.4	6.0	-2.5	1.5	2.3	2.9	2.0
<b>Current Dollar Income (Billions of Dollars)</b>								
Nonfarm Personal Income	183.265	190.420	195.306	200.140	207.974	222.572	230.689	245.518
% Ch	8.9	3.9	2.6	2.5	3.9	7.0	3.6	6.4
Personal Income	183.670	190.757	195.586	200.344	208.145	222.866	231.158	246.044
% Ch	8.8	3.9	2.5	2.4	3.9	7.1	3.7	6.4
Disposable Personal Income	157.042	162.472	170.815	177.235	186.056	198.691	204.746	217.363
% Ch	8.1	3.5	5.1	3.8	5.0	6.8	3.0	6.2
Per Capita Income (\$/Person)	31,196	31,983	32,420	32,886	33,787	35,679	36,408	38,105
% Ch	7.5	2.5	1.4	1.4	2.7	5.6	2.0	4.7
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,059.4	3,050.0	3,072.0	3,133.2	3,198.3	3,257.5	3,328.9	3,393.5
Total Washington Employment	2,912.1	2,884.0	2,855.5	2,903.7	2,978.1	3,071.0	3,135.7	3,194.7
Unemployment Rate (%)	4.81	5.44	7.05	7.32	6.89	5.72	5.80	5.86
Nonfarm Payroll Employment	2,684.5	2,717.5	2,665.4	2,654.9	2,674.5	2,739.8	2,806.3	2,861.7
% Ch	2.4	1.2	-1.9	-0.4	0.7	2.4	2.4	2.0
Manufacturing	336.3	326.4	300.1	274.8	263.2	266.1	271.5	278.7
% Ch	-4.8	-2.9	-8.1	-8.4	-4.2	1.1	2.0	2.6
Durable Manufacturing	239.7	232.9	212.0	190.5	181.0	185.4	190.9	196.9
% Ch	-6.4	-2.8	-9.0	-10.2	-5.0	2.4	3.0	3.1
Aerospace	89.6	86.8	82.9	70.1	62.1	63.2	68.8	73.8
% Ch	-16.5	-3.1	-4.5	-15.5	-11.4	1.8	8.8	7.3
Nondurable Manufacturing	96.5	93.5	88.1	84.3	82.3	80.7	80.6	81.8
% Ch	-0.3	-3.2	-5.7	-4.3	-2.5	-1.9	-0.2	1.5
Construction	158.3	161.3	154.8	155.0	160.0	170.7	177.0	178.7
% Ch	6.5	1.9	-4.1	0.1	3.2	6.7	3.7	1.0
Service-Producing	2,179.4	2,220.0	2,200.9	2,216.1	2,242.5	2,293.7	2,348.5	2,395.1
% Ch	3.3	1.9	-0.9	0.7	1.2	2.3	2.4	2.0
Software Publishers	29.6	34.5	36.0	36.5	38.5	40.1	41.7	42.7
% Ch	14.0	16.9	4.1	1.6	5.5	4.1	3.9	2.4
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	39.065	40.384	37.216	42.753	44.193	52.107	46.662	46.698
% Ch	-13.1	3.4	-7.8	14.9	3.4	17.9	-10.5	0.1
Single-Family	26.372	26.761	26.856	32.802	34.396	37.093	30.467	29.274
% Ch	-6.7	1.5	0.4	22.1	4.9	7.8	-17.9	-3.9
Multi-Family	12.693	13.623	10.360	9.951	9.797	15.014	16.194	17.424
% Ch	-24.0	7.3	-24.0	-4.0	-1.5	53.2	7.9	7.6
Mortgage Rate (%)	8.05	7.45	6.88	5.93	5.92	5.85	6.74	6.78

Table 1.3  
**Comparison of Alternative Forecasts**

	Fiscal Year 2005				Fiscal Year 2006				Fiscal Year 2007			
	O	B	P	G	O	B	P	G	O	B	P	G
<b>U.S.</b>												
Real GDP	11034.0	11031.7	11028.3	11032.6	11472.6	11380.7	11276.9	11388.3	11896.0	11693.9	11417.1	11720.8
%Ch	3.8	3.7	3.7	3.7	4.0	3.2	2.3	3.2	3.7	2.8	1.2	2.9
Implicit Price Deflator	1.091	1.091	1.091	1.090	1.111	1.115	1.125	1.113	1.128	1.137	1.160	1.136
%Ch	2.4	2.4	2.4	2.3	1.9	2.2	3.1	2.0	1.5	1.9	3.1	2.1
Mortgage Rate	5.85	5.85	5.88	5.84	6.44	6.74	8.10	6.10	6.32	6.78	9.03	6.23
3 Month T-Bill Rate	2.25	2.24	2.24	2.24	3.46	3.80	4.49	2.85	3.55	3.98	5.68	2.93
<b>Washington</b>												
Real Personal Income	205.078	204.354	203.627	204.348	213.486	207.278	200.388	208.269	227.997	216.442	203.489	213.891
%Ch	5.0	4.6	4.2	4.6	4.1	1.4	-1.6	1.9	6.8	4.4	1.5	2.7
Personal Income	223.651	222.866	222.063	222.822	237.233	231.158	225.363	231.717	257.259	246.044	235.969	242.958
%Ch	7.4	7.1	6.7	7.1	6.1	3.7	1.5	4.0	8.4	6.4	4.7	4.9
Employment	2741.8	2739.8	2737.9	2739.7	2833.2	2806.3	2782.1	2799.0	2919.7	2861.7	2802.4	2859.8
%Ch	2.5	2.4	2.4	2.4	3.3	2.4	1.6	2.2	3.1	2.0	0.7	2.2
Housing Permits	52.345	52.107	51.702	52.348	51.890	46.662	38.341	47.112	54.031	46.698	34.393	48.868
%Ch	18.4	17.9	17.0	18.5	-0.9	-10.5	-25.8	-10.0	4.1	0.1	-10.3	3.7

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

Table 1.4  
**Forecast Analysis**  
 Comparison of Forecasts for 2003-05

Forecast Date	2002				2003				2004				2005	
	Feb.	June	Sept.	Nov.	Mar.	June	Sept.	Nov.	Feb.	June	Sept.	Nov.	Mar.	June
<b>U.S.</b>														
Percent Growth, 2003:2-2005:2														
Real GDP	7.1	7.2	6.4	7.7	8.9	7.8	7.8	8.5	9.7	9.4	8.8	8.6	8.6	8.5
Implicit Price Deflator	4.6	4.9	5.1	5.6	3.5	3.3	3.5	3.2	2.5	3.6	4.1	3.9	3.8	4.7
Average Rate, 2003:3 to 2005:2														
3 Month T-Bill Rate	4.52	4.90	3.48	3.16	2.92	1.57	1.15	1.12	1.34	1.26	1.45	1.49	1.58	1.60
Mortgage Rate	7.49	7.64	7.86	6.62	7.21	6.46	6.39	6.32	6.45	6.15	6.13	5.96	5.90	5.88
<b>Washington</b>														
Percent Growth, 2003:2-2005:2														
Employment	4.6	5.0	4.4	4.6	4.6	3.3	2.7	3.0	4.0	4.3	4.2	3.8	3.7	4.5
Personal Income	11.5	12.5	10.9	11.9	10.6	8.6	9.1	9.1	9.7	9.8	10.3	9.4	10.3	8.7
Real Personal Income	6.6	7.2	5.5	6.0	6.8	5.1	5.5	5.6	7.0	6.0	6.0	5.3	6.3	3.8
Total (Thousands of units), 2003:3 to 2005:2														
Housing Units Authorized	77.4	77.1	76.0	80.1	79.8	78.1	81.3	82.7	83.1	87.4	88.8	90.8	95.1	96.3

Table 1.5

Fiscal Years

**Forecast Comparison**

Forecast 2005 to 2007

	2003	2004	2005	2006	2007
<b>U.S.</b>					
<b>Real GDP</b>					
June Baseline	10181.3	10633.9	11031.7	11380.7	11693.9
% Ch	2.3	4.4	3.7	3.2	2.8
March Baseline	10181.3	10633.9	11029.3	11386.8	11751.0
% Ch	2.3	4.4	3.7	3.2	3.2
<b>Implicit Price Deflator</b>					
June Baseline	1.046	1.066	1.091	1.115	1.137
% Ch	1.9	1.9	2.4	2.2	1.9
March Baseline	1.046	1.066	1.087	1.103	1.124
% Ch	1.9	1.9	2.0	1.4	1.9
<b>U.S. Unemployment Rate</b>					
June Baseline	5.89	5.81	5.32	5.15	5.25
March Baseline	5.89	5.81	5.33	5.19	5.20
<b>Mortgage Rate</b>					
June Baseline	5.93	5.92	5.85	6.74	6.78
March Baseline	5.93	5.92	5.87	6.33	6.59
<b>3 Month T-Bill Rate</b>					
June Baseline	1.30	0.96	2.24	3.80	3.98
March Baseline	1.30	0.96	2.21	3.29	3.55
<b>Washington</b>					
<b>Real Personal Income</b>					
June Baseline	191.498	195.333	204.354	207.278	216.442
% Ch	0.5	2.0	4.6	1.4	4.4
March Baseline	191.483	195.496	208.188	211.866	220.724
% Ch	0.3	2.1	6.5	1.8	4.2
<b>Personal Income</b>					
June Baseline	200.344	208.145	222.866	231.158	246.044
% Ch	2.4	3.9	7.1	3.7	6.4
March Baseline	200.329	208.319	226.368	233.665	247.993
% Ch	2.2	4.0	8.7	3.2	6.1
<b>Employment</b>					
June Baseline	2654.9	2674.5	2739.8	2806.3	2861.7
% Ch	-0.4	0.7	2.4	2.4	2.0
March Baseline	2654.9	2674.4	2725.2	2779.5	2829.4
% Ch	-0.4	0.7	1.9	2.0	1.8
<b>Housing Permits</b>					
June Baseline	42.753	44.193	52.107	46.662	46.698
% Ch	14.9	3.4	17.9	-10.5	0.1
March Baseline	42.753	43.777	51.367	45.549	44.116
% Ch	14.9	2.4	17.3	-11.3	-3.1

Table 1.6

**Long Range Economic Outlook**

Forecast 2005 to 2015

Calendar Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>U.S.</b>											
Real GDP, %Ch	3.4	2.9	2.9	3.1	3.0	3.0	2.9	2.9	3.0	3.2	3.3
Implicit Price Deflator, %Ch	2.3	2.0	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.6	2.6
3 Month T-Bill Rate	3.19	3.96	4.11	4.35	4.66	4.91	4.93	4.94	4.95	4.96	4.96
Mortgage Rate	6.30	6.76	6.88	7.15	7.50	7.71	7.74	7.76	7.78	7.79	7.81
<b>State*</b>											
Real Personal Income, %Ch	0.2	4.6	4.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Personal Income, %Ch	2.5	6.7	6.2	4.8	5.0	5.0	5.1	5.2	5.2	5.1	5.1
Employment, %Ch	2.8	2.1	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

\* June 2005 Baseline (2005-2007) judgmentally extended through 2015.

# Comparison of Washington and U.S. Economic Forecasts

Chart 1.1  
Total Nonfarm Payroll Employment

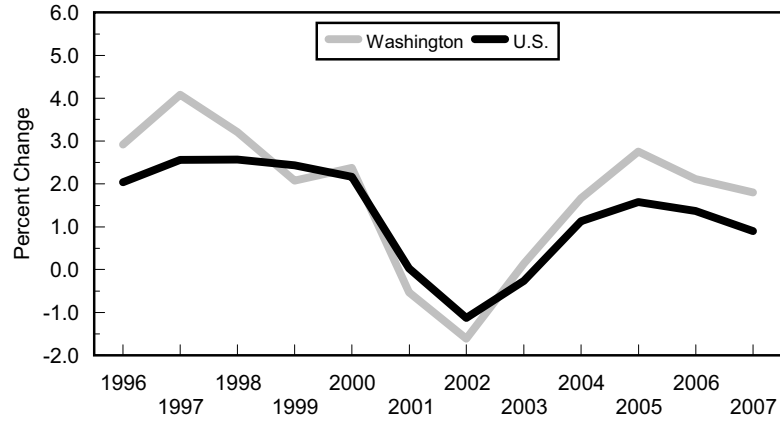


Chart 1.2  
Manufacturing Employment

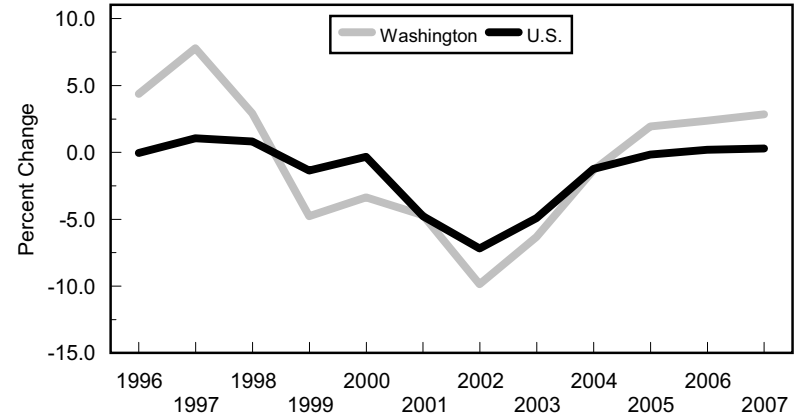


Chart 1.3  
Aerospace Employment

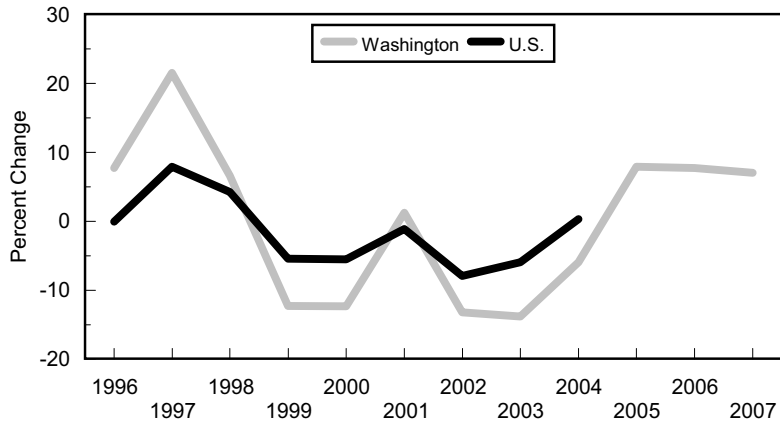
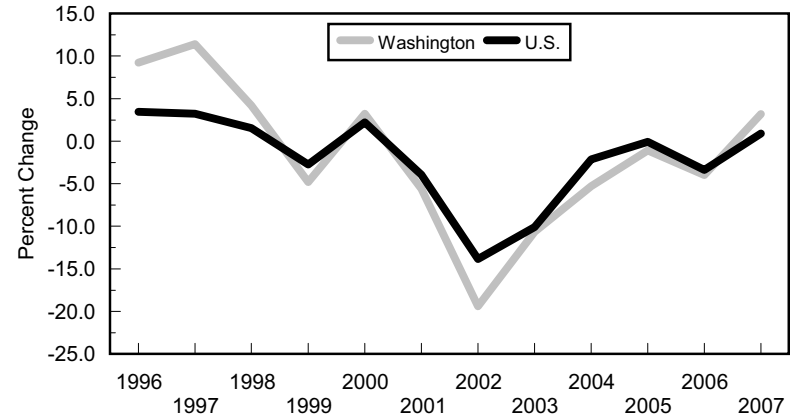


Chart 1.4  
Computers and Electronics Employment





# Comparison of Washington and U.S. Economic Forecasts

Chart 1.5  
Construction Employment

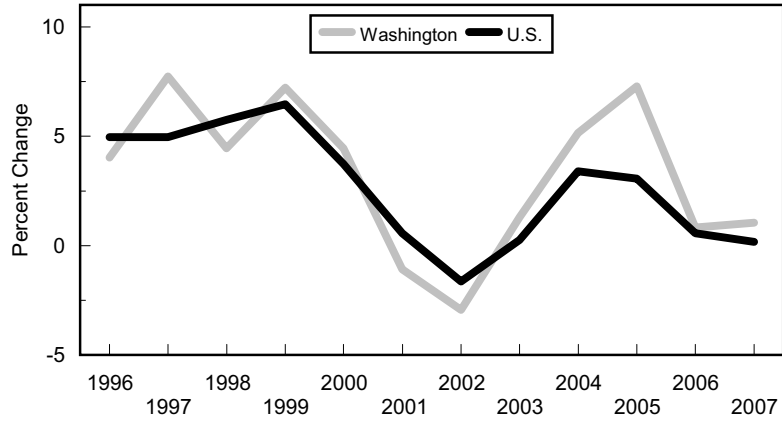


Chart 1.6  
Information Employment

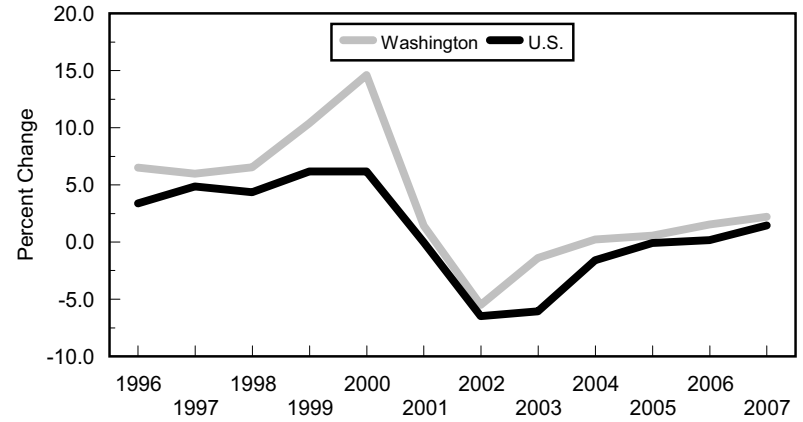


Chart 1.7  
Other Private Employment

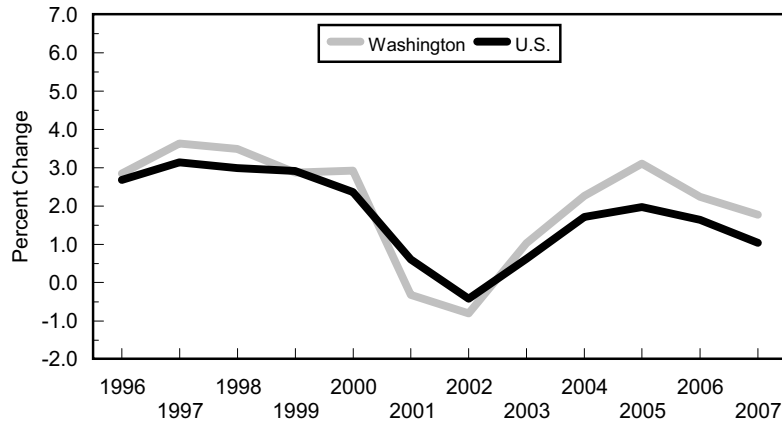
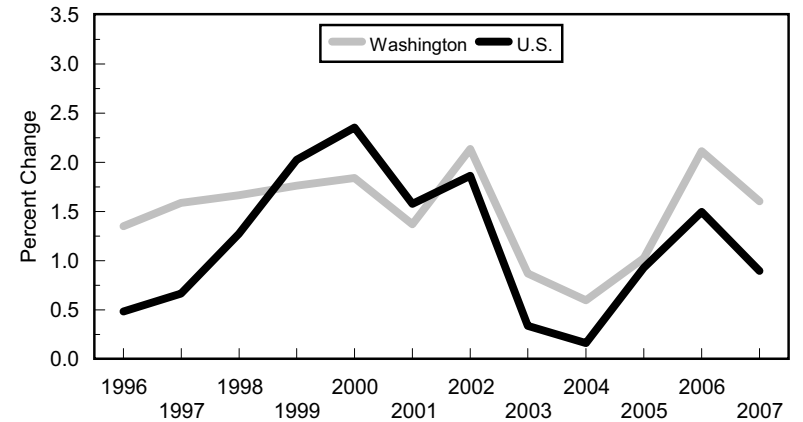


Chart 1.8  
Government Employment



# Comparison of Washington and U.S. Economic Forecasts

Chart 1.9  
Real Personal Income

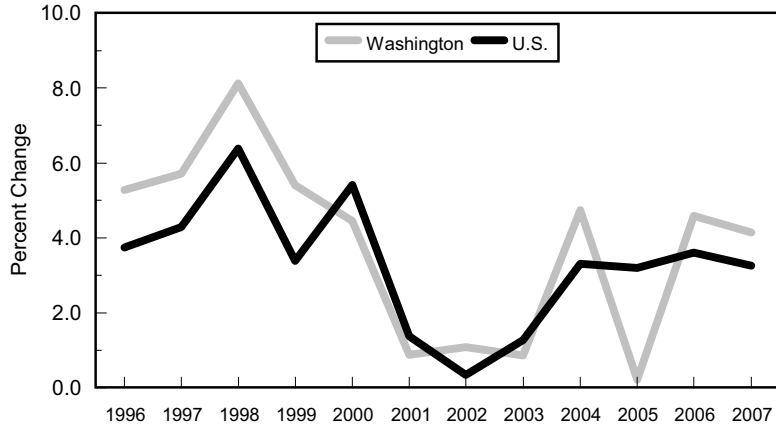


Chart 1.10  
Consumer Price Indices

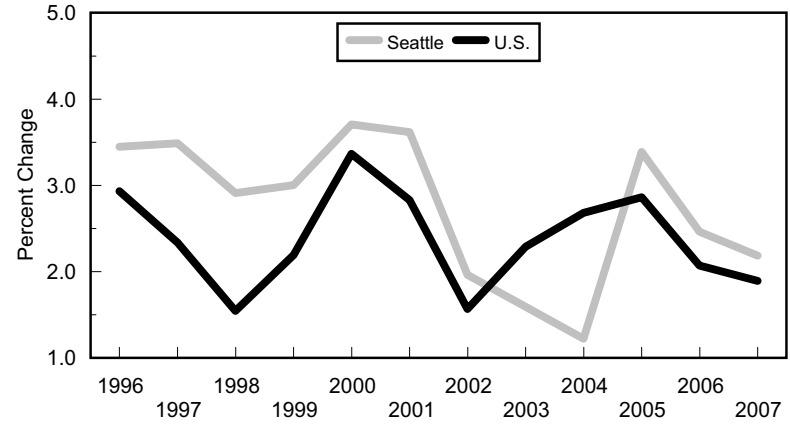


Chart 1.11  
Population

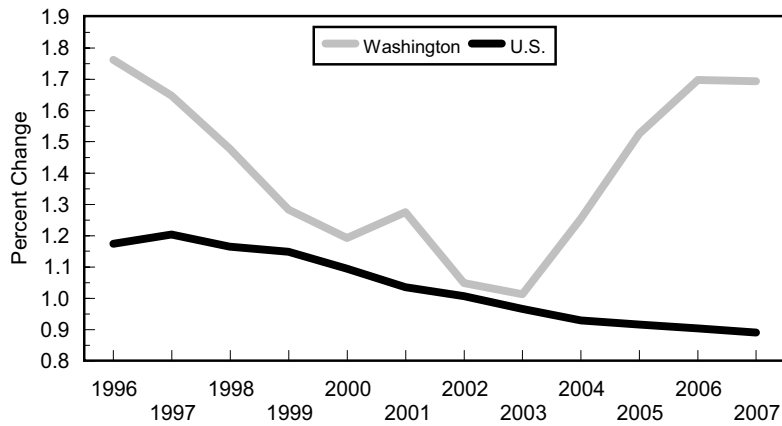
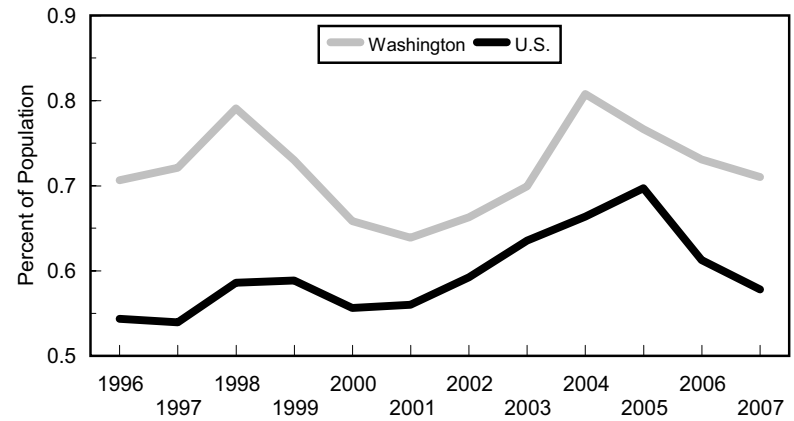


Chart 1.12  
Per Capita Housing Units



# Comparison of Alternative U.S. Forecasts

Chart 1.13  
Real GDP

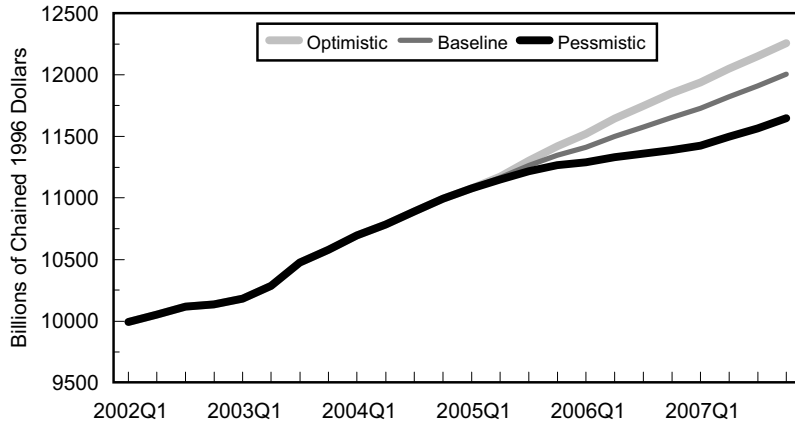


Chart 1.14  
Implicit Price Deflator

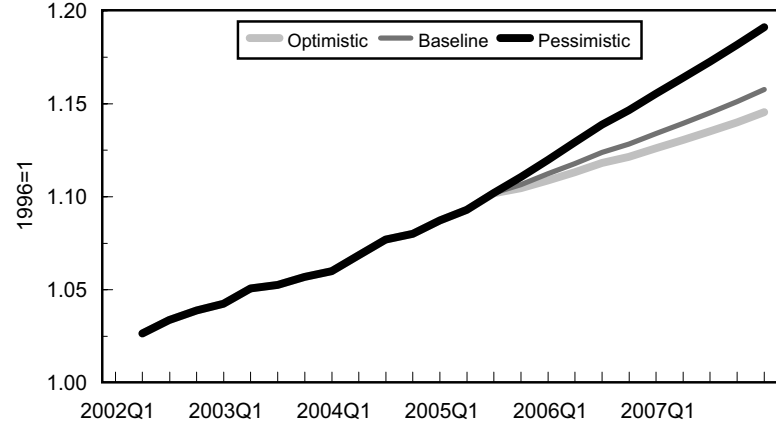


Chart 1.15  
Mortgage Rate

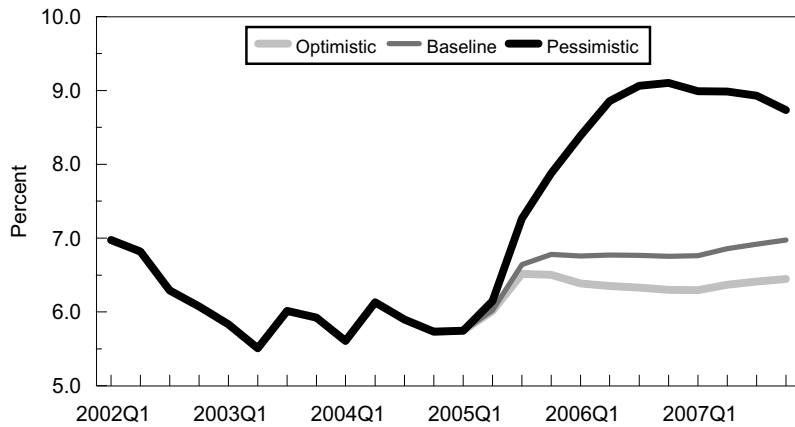
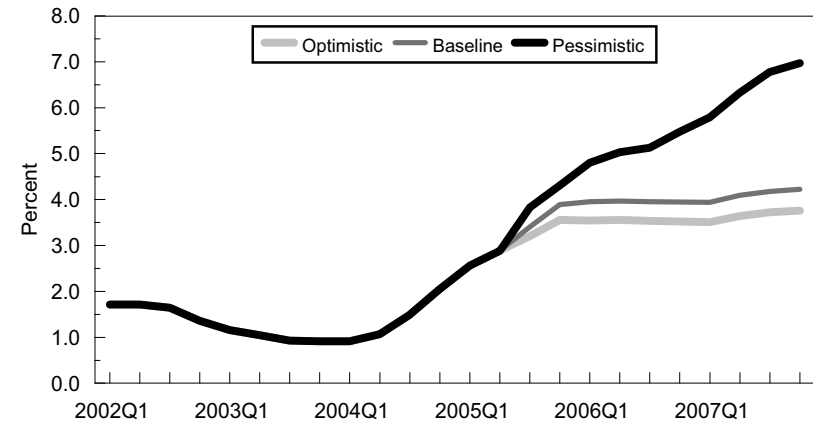


Chart 1.16  
Three Month T-Bill Rate



# Comparison of Alternative Washington Forecasts

Chart 1.17  
**Personal Income**

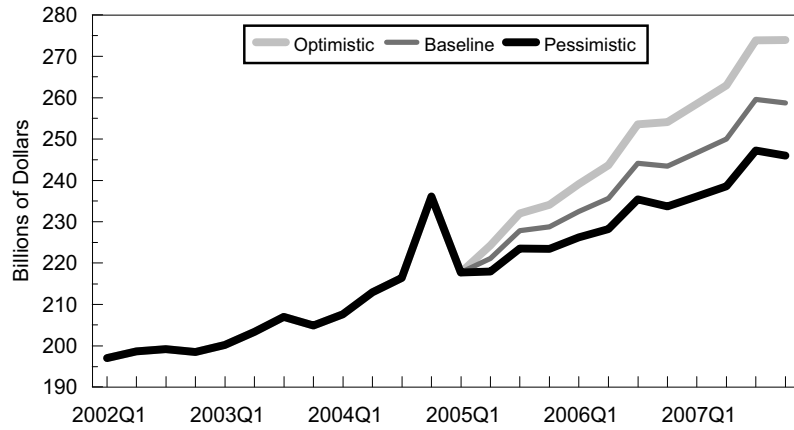


Chart 1.18  
**Real Personal Income**

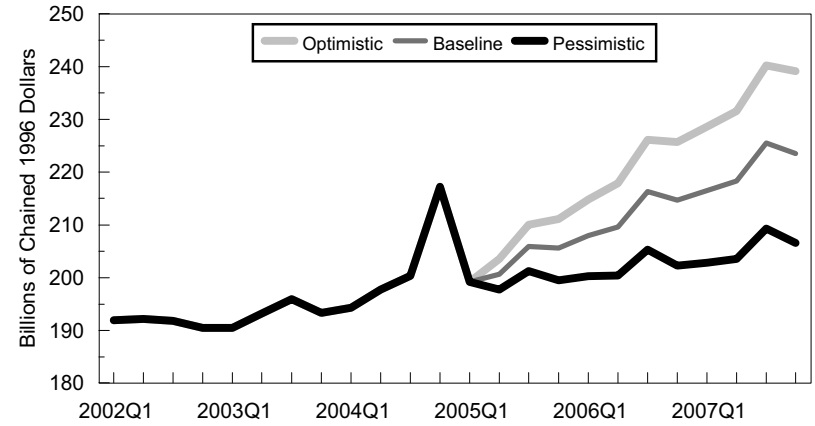


Chart 1.19  
**Total Nonfarm Payroll Employment**

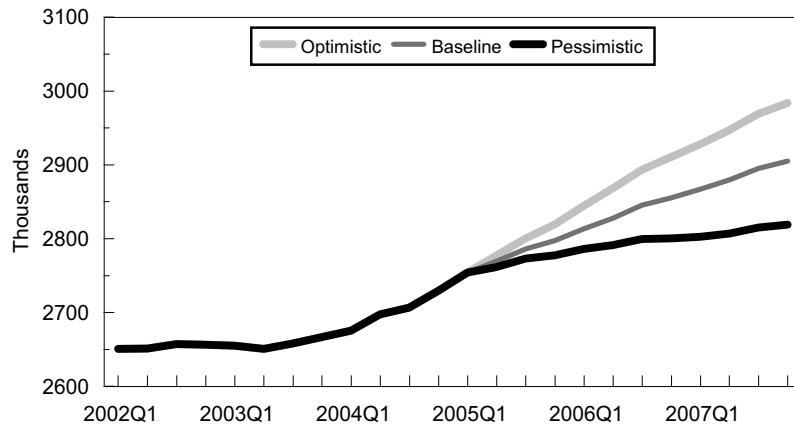
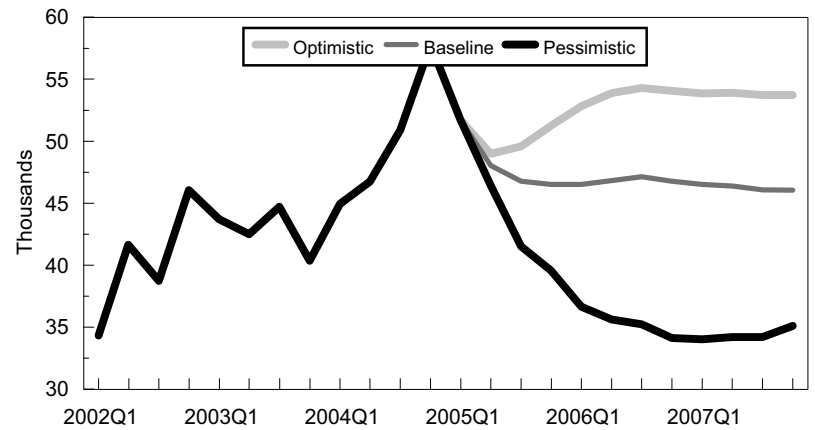


Chart 1.20  
**Housing Permits**



# Washington Business Indicators

## The National Economy

**T**he Bureau of Economic Analysis reported that real gross domestic product (GDP), the broadest measure of economic activity, grew at a 3.8\* percent annual rate in the first quarter of 2005, identical to the rate of the fourth quarter of 2004. While still providing the bulk of the growth, the growth rate of real consumer spending declined to an annual rate of 3.6 percent from a rate of 4.2 percent in the previous quarter. The decline in the growth rate of real consumer spending was due mainly to the decline in the rate of growth of real durable goods consumption, which increased at a rate of 1.8 percent after growing at a rate of 3.9 percent in the previous quarter. Real nondurable goods consumption increased at a rate of 5.5 percent and real services consumption increased at a rate of 3.3 percent, down slightly from their previous growth rates of 5.9 and 3.4 percent respectively. Real gross private domestic investment grew at a rate of 10.9 percent, down from its rate of 13.3 percent in the previous quarter. The growth rate of real investment was buoyed by strong growth in real fixed residential investment, which grew at a rate of 11.5 percent. The growth rate of real fixed nonresidential investment slowed to 4.1 percent from its previous pace of 14.5 percent as the growth rate of real investment in equipment and software slowed to 6.1 percent from its previous rate of 18.4 percent. The growth rate of real government spending slowed to 0.2 percent after increasing at a rate of 0.9 percent in the previous quarter. While trade continued to detract from headline GDP growth, its impact was less negative than it was in the previous quarter as the growth rate of real exports at 8.9 percent neared real imports' rate of 9.6 percent, while their previous rates were 3.2 and 11.4 respectively.

The Institute for Supply Management (ISM) reported that its index of manufacturing activity decreased in May to 51.4 from its April value of 53.3. Despite six months of decreases, the fact that the index value remains above 50 indicates that manufacturing sector output is still increasing. The index has now been above 50 points for the past twenty-five months. The employment component of the index, however, dipped below 50 in May with a value of 48.8 after being above 50 for the previous eighteen months. A value of less than 50 indicates that more of the manufacturers surveyed have been decreasing employment than increasing it during that period.

On a seasonally adjusted basis, the U.S. economy has added jobs for twenty-four straight months beginning in June 2003, with positive year-over-year growth for the last eighteen months. May's seasonally adjusted payroll employment grew by 78,000, down sharply from April's increase of 274,000. Despite the small size of the increase, the U.S. unemployment rate managed to decrease to 5.1 percent from April's value of 5.2 percent.

Productivity growth accelerated in the first quarter of 2005, increasing at a 2.9 percent annual rate after growing at 2.3 percent in the fourth quarter of 2004. Inflation moderated in May with a 0.1 percent monthly decrease in the seasonally adjusted Consumer Price Index (CPI) after a 0.5 percent increase in January, aided by a 2.0 percent decrease in the index's energy component. Year-over-year growth also decreased to 2.8 percent from April's level of 3.5 percent. The seasonally-adjusted index excluding food and energy increased at a monthly rate of 0.1 percent in May, resulting in year-over year growth of only 2.2 percent.

The Conference Board reported that its Index of Consumer Confidence increased to 105.8 in June from May's reading of 103.1, reaching a three-year high. Improvement occurred in both the expectations component of the index and the present situation component. The University of Michigan Consumer Sentiment Survey also showed increases in both the expectations and present conditions components in its preliminary estimate for June, increasing the composite survey to 94.8 from May's value of 86.9.

The Conference Board's U.S. Index of Leading Indicators decreased 0.5 percent in May after remaining constant in April and declining by 0.6 percent in March. The index has been below its year-ago levels since the March decline. Nine of the ten index components declined in May. While the component is not totally responsible for the index's decline, concern about unduly large negative effects on the index from the interest rate spread between ten-year Treasury bonds and the federal funds rate has led The Conference Board to announce that it will change the method by which it calculates the spread's contribution to the index beginning with its June release. The entire index will be comprehensively revised at that time to incorporate the changes retroactively.

The Federal Open Market Committee (FOMC) voted to increase its target rate for federal funds from 3.00 to 3.25 percent at its June 30, 2005 meeting. This was the FOMC's ninth 25 basis point increase since its meeting of June 30, 2004. The Committee's statement reaffirmed its continued tightening policy, retaining the declaration from both the March and May meetings that it "... believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability."

The non-seasonally adjusted Monster Employment Index, which measures internet employment advertising, increased to 134 in May, a year-over-year increase of 27.6 percent. This followed a 27.2 percent year-over-year increase in April. The Conference Board's Help Wanted Index, however, which measures newspaper employment advertising, declined to 37 in May from April's value of 39, down 5.1 percent year-over-year.

## **The State Economy and Indicators**

Washington wage and salary employment rose at a strong 3.7 percent annual rate in the first quarter of 2005, following another large growth rate of 3.4 percent in the previous quarter. This was the seventh consecutive quarterly increase. Aerospace employment also had two strong quarters of growth, growing at an annual rate of 11.4 percent in the first quarter of 2005 and 10.0 percent in the previous quarter. The increase in aerospace employment helped propel durable goods manufacturing to a 4.1 percent annualized growth rate in the first quarter of 2005 and 4.8 percent in the previous quarter. Coupled with a 0.3 percent annualized decline in nondurable goods employment, the total annualized growth rate for manufacturing in the first quarter of 2005 was 2.8 percent, following a growth rate of 3.6 percent in the previous quarter. This was the fourth consecutive quarterly increase in manufacturing employment.

Washington's seasonally adjusted unemployment rate increased in May to 5.7 percent from April's value of 5.5 percent. The non-seasonally adjusted Washington Purchasing Management Index increased

in May to a value of 66.3 from April's value of 64.5. As with the national ISM index, values greater than 50 indicate expansion. The index has been greater than 50 the last twenty-six months and greater than 60 for sixteen of those months. The employment component of the index decreased to 64.3 from April's value of 70.0. The employment component has now been at or above 50 for the last twenty-one months. Washington's seasonally adjusted initial claims for unemployment insurance dropped in May to 37,800 from April's count of 39,000. May's Seattle Times Index of Help-Wanted Advertising also showed strong improvement, increasing to 57.9 from January's level of 54.3. Washington's seasonally adjusted average weekly hours in manufacturing, however, decreased in May from 39.7 to 39.4. April year-over-year growth in the Seattle CPI increased sharply to 3.6 percent from February's value of 2.1 percent. April's index excluding food and energy, however, was up only 2.3 percent year-over-year.

The Boom Monitor Composite Index decreased in April to a value of 50.3 from March's value of 52.0. The index has been above 50 for four of the past five months, dipping to 48.0 only in January. Boom Monitor levels near 50 indicate that growth in the index's components is near their historic growth rates. The Washington Index of Leading Indicators increased by 0.1 index points in May, reaching a level of 100.6 (1996=100). Since bottoming out in April 2003 at 95.9 points, the index has increased or remained constant nineteen of the twenty-five intervening months. Three of the seven index components were positive in February. The largest positive contributors were the abovementioned decrease in unemployment claims increase in the Seattle Times Help Wanted Index. While the authorized housing permits component declined to an annualized level of 44,900 units from April's level of 48,600 units, the May level is still historically strong. Below is a summary of what various national and state indicators are indicating as of the publication date of the March 2005 economic and revenue forecast.

*\*This is based on the most recent data from the Bureau of Economic Analysis (the final GDP estimates for the first quarter of 2005 released June 29, 2005). The June economic forecast is based upon the May Global Insight forecast, which incorporated the BEA's advance estimate of 3.1 percent for first quarter real GDP growth.*

Table 2.1

**Summary of National and State Indicators**

<u>Indicator</u>	<u>Latest Data</u>	<u>Most Recent Indication<sup>1</sup></u>
U.S. Leading Index	May 2005	-
U.S. Real GDP Growth	2005, quarter 1	+
U.S. ISM Index	May 2005	+
U.S. Employment y-o-y %ch	May 2005	+
U.S. Unemployment Rate	May 2005	+
U.S. Help Wanted Index	May 2005	-
U.S. Fed Funds Target	June 30, 2005	credit tightening
U.S. Consumer Confidence	June 2005	+
U.S. CPI	May 2005	+
U.S. Monster Employment Index	May 2005	+
S&P 500 Index	Week of June 20, 2005	-
WA Leading Index	May 2005	+
WA ISM Index	May 2005	+
WA Help Wanted Index	May 2005	+
WA Employment y-o-y %ch	May 2005	+
WAAerospace Empl. Growth	May 2005	+
WA Unemployment Rate	May 2005	slight -
WA Boom Monitor	April 2005	+
WA Initial Unemploy. Claims	May 2005	+
WA Housing Permits	May 2005	slight -, still strong
WA Weekly Hours in Mfg.	May 2005	-
WA New Car/Truck Registration	May 2005	slight -
WA Migration (DOL data)	May 2005	+
WA Exports-Total	2005 qtr 1	-
WA Exports- w/o Trans. Equip.	2005 qtr 1	+
Seattle CPI	April 2005	-
NW Regional Stock Index	Week of June 20, 2005	-

<sup>1</sup> + sign: good for the economy; - sign : Indicates weakness



# Washington State Economic Indicators

Chart 2.1  
**Year-over-Year Employment Growth**  
January 1980 to May 2005

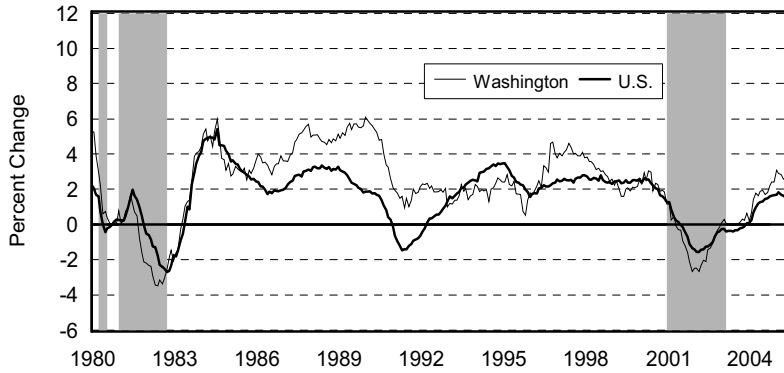


Chart 2.2  
**Washington Aircraft and Parts Employment**  
January 1958 to May 2005

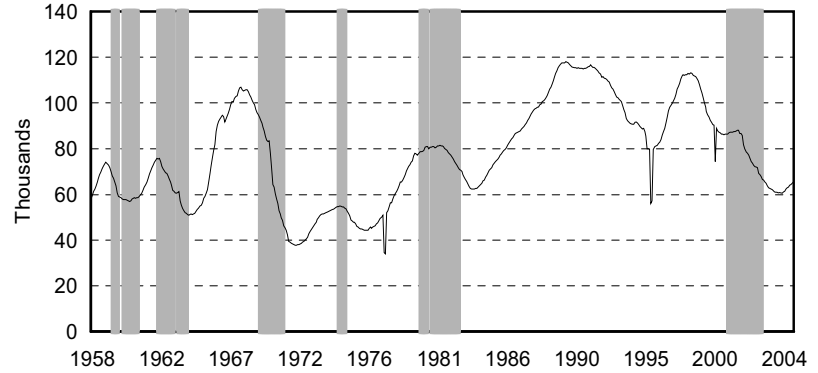


Chart 2.3  
**Unemployment Rate, S.A.**  
January 1980 to May 2005

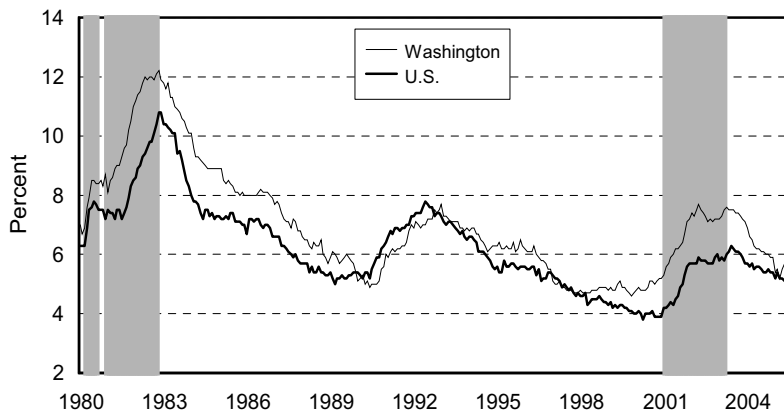
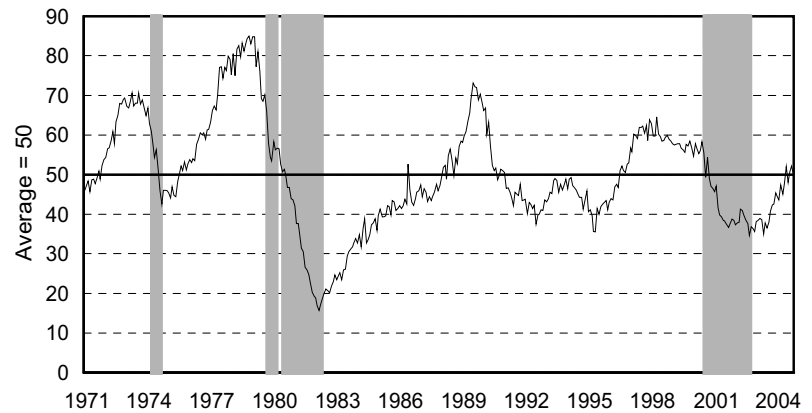


Chart 2.4  
**Washington Boom Monitor Composite Index**  
July 1971 to April 2005



\* Shaded areas correspond with Washington employment downturns.

# Washington State Leading Indicators

Chart 2.5  
**The Washington and U.S. Indexes of Leading Indicators**  
January 1970 to May 2005

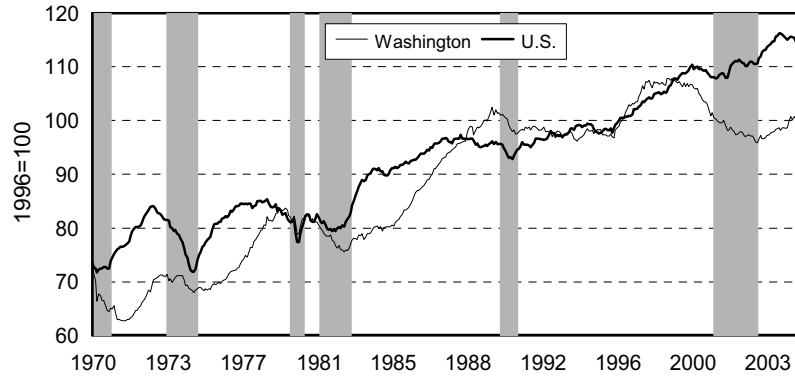


Chart 2.6  
**Washington Initial Claims for Unemployment Insurance**  
January 1970 to May 2005

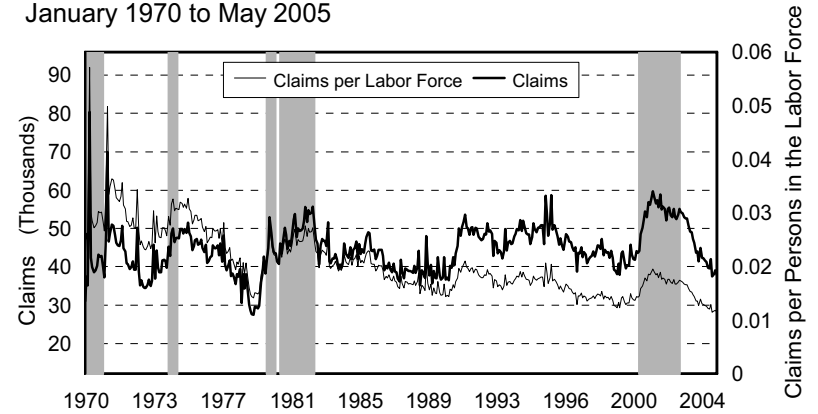


Chart 2.7  
**Seattle Times and U.S. Help-Wanted Advertising Indexes**  
January 1970 to May 2005 (US to 4/05)

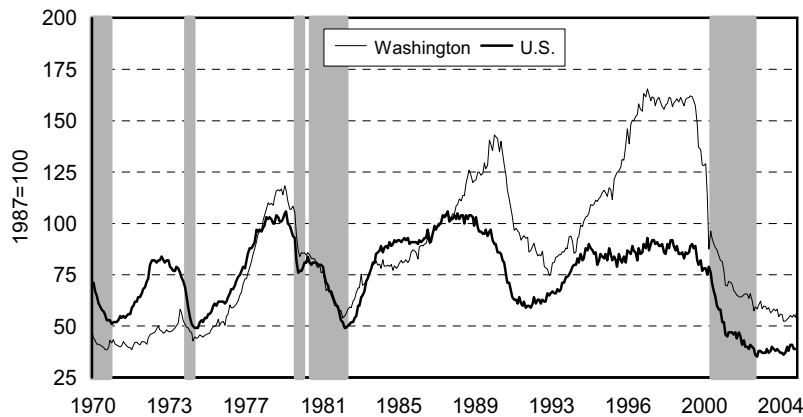
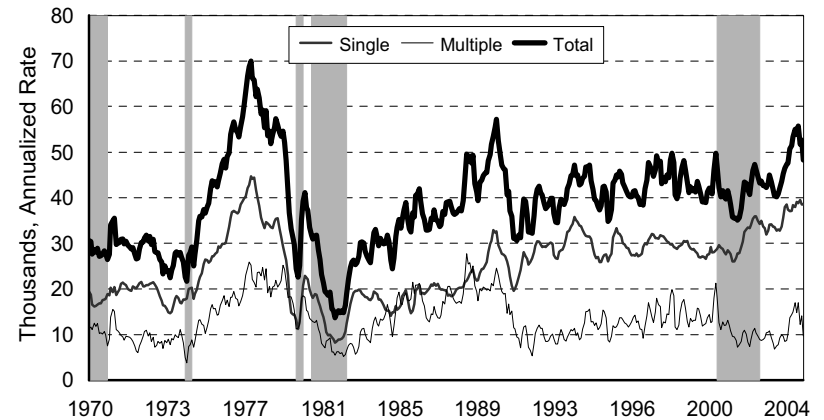


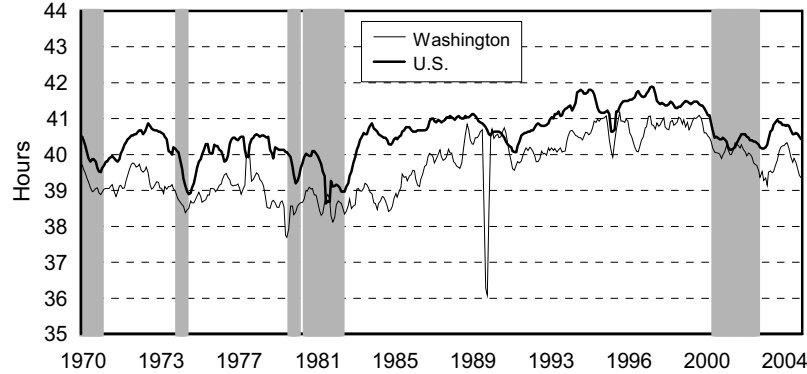
Chart 2.8  
**Housing Units Authorized in Washington State**  
January 1970 to May 2005, 3-Month Moving Average



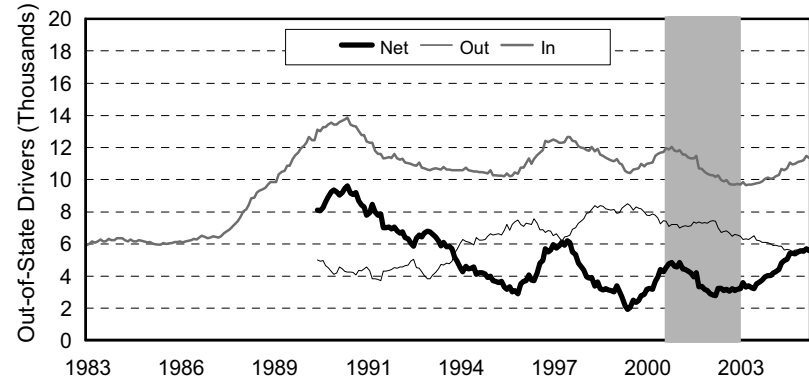
Shaded areas in all charts correspond with Washington employment downturns.

# Other State Economic Indicators

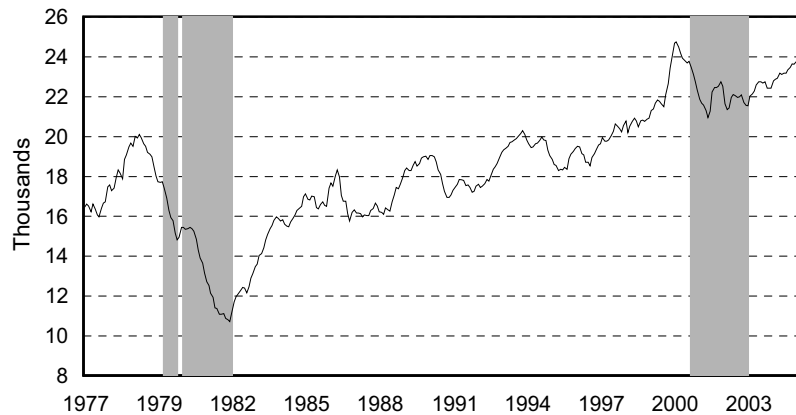
**Chart 2.9**  
**Average Weekly Hours in Manufacturing**  
 Jan. 1970 to May 2005, 3-Mo. Moving Average, SA



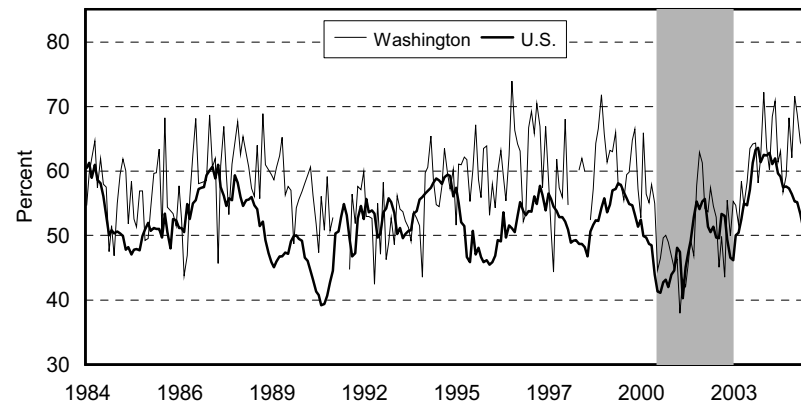
**Chart 2.10**  
**Washington Driver's License Migration**  
 September 1983 to May 2005 12-Month Moving Average



**Chart 2.11**  
**New Car and Truck Registrations in Washington**  
 January 1977 to May 2005, 6-Month Moving Average



**Chart 2.12**  
**Institute for Supply Management Index**  
 January 1984 to May 2005



\* Shaded areas correspond with Washington employment downturns.

# Other Economic Indicators

Chart 2.13  
**Quarterly U.S. Real GDP Growth**  
 1970 Q1 to 2005 Q1

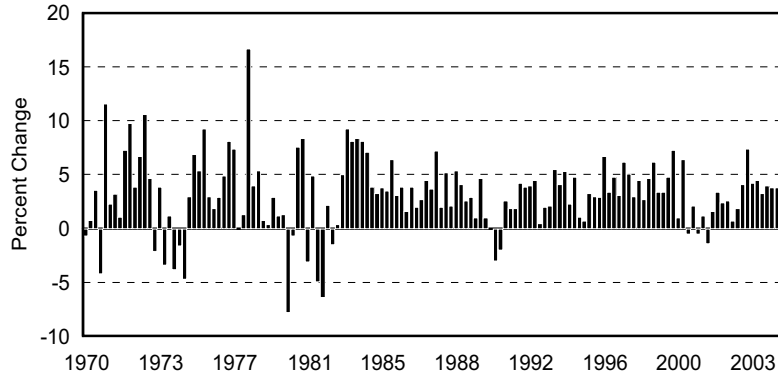


Chart 2.14  
**Washington State Export Composition**  
 Change from Same Quarter Year Ago, 1998Q1 to 2005Q1

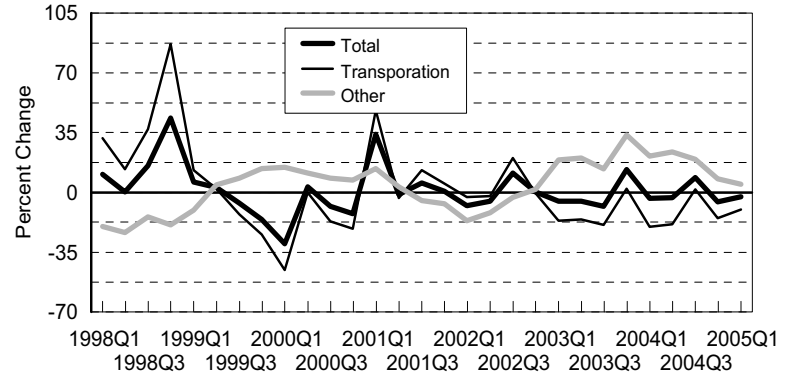


Chart 2.15  
**U.S. Economic Indicators\***  
 January 1970 to May 2005

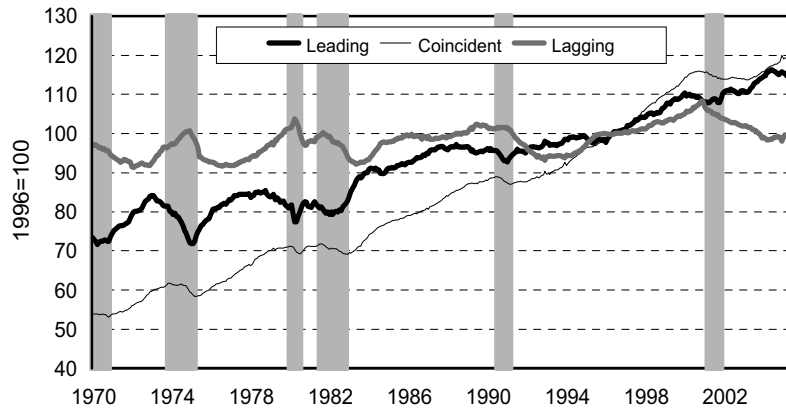
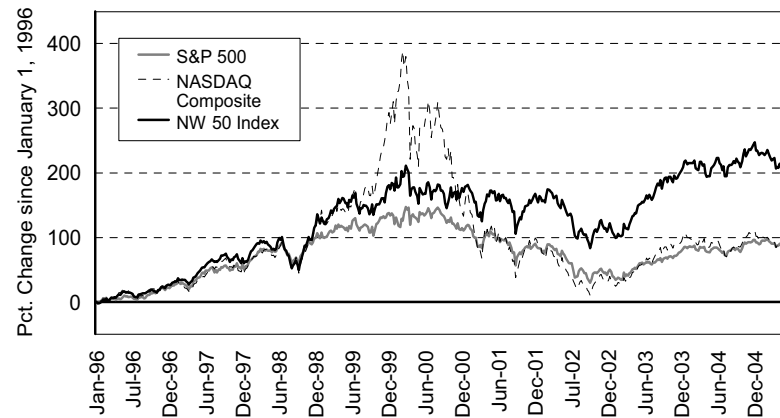


Chart 2.16  
**Northwest 50 Regional Stock Index vs. National Indices**  
 January 1, 1996 to June 24, 2005



\* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

# Other Economic Indicators

Chart 2.17  
**Federal Funds Target Rate**  
 October 1, 1990 to June 30, 2005

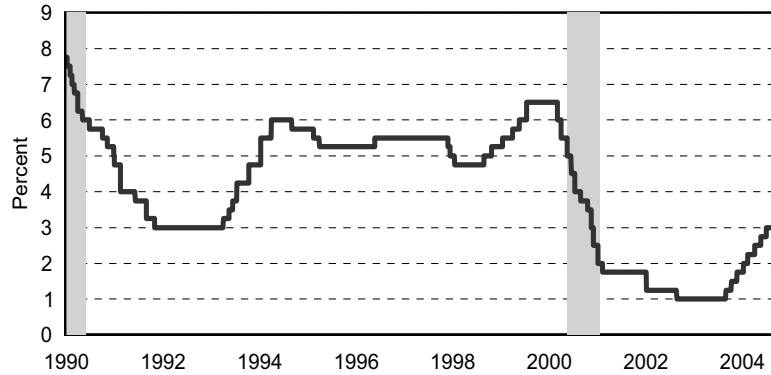


Chart 2.18  
**Consumer Confidence**  
 January 1978 to June 2005

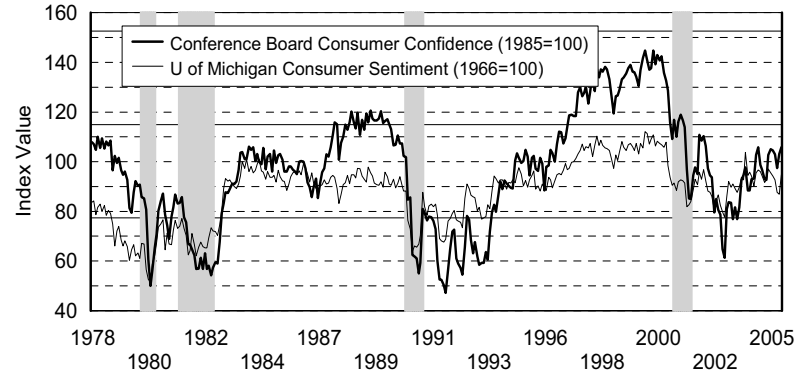


Chart 2.19  
**Seattle vs U.S. CPI (All Urban Consumers)**  
 December 1998 to May 2005 (Seattle to 4/05)

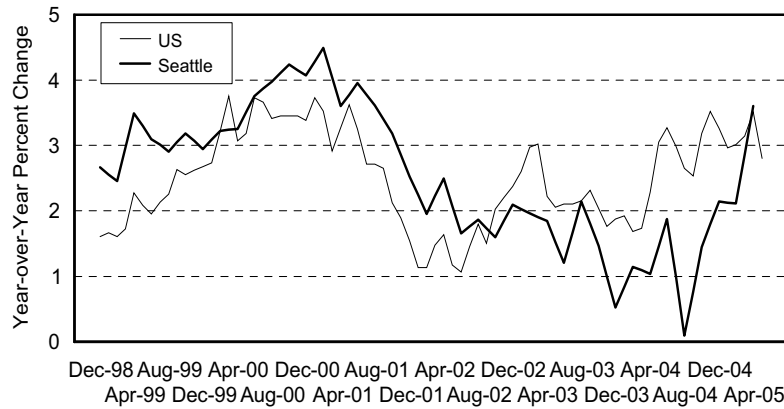
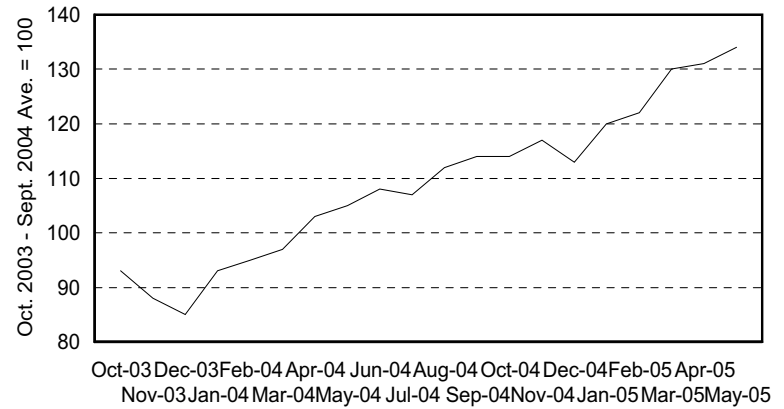


Chart 2.20  
**Monster Employment Index**  
 October 2003 to May 2005



\* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Table 2.2  
**Washington Business Indicators**  
 Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising	Washington Purchasing Management Index	U.S. Purchasing Management Index
2003:5	96.5	111.6	58	35	54.7	50.0
2003:6	97.2	112.0	60	38	51.7	50.4
2003:7	96.7	112.7	62	38	58.4	52.6
2003:8	96.6	113.1	59	37	54.7	55.0
2003:9	96.9	113.2	60	37	58.3	54.7
2003:10	97.2	113.7	60	37	63.5	57.1
2003:11	97.3	114.0	58	39	64.2	61.3
2003:12	97.7	114.3	59	37	64.3	63.3
2004:1	97.8	114.7	57	38	58.2	63.6
2004:2	98.0	114.8	57	40	62.1	61.4
2004:3	98.4	115.7	58	39	72.2	62.5
2004:4	98.5	115.8	58	38	63.6	62.4
2004:5	98.7	116.3	58	39	60.2	62.8
2004:6	98.2	116.2	55	38	68.4	61.1
2004:7	98.7	116.0	56	37	70.9	62.0
2004:8	98.7	115.7	56	37	61.3	59.6
2004:9	98.6	115.4	52	36	63.1	59.1
2004:10	98.7	115.1	52	37	56.7	57.5
2004:11	100.0	115.4	53	40	59.3	57.6
2004:12	100.8	115.7	54	38	68.3	57.3
2005:1	100.2	115.5	55	41	62.1	56.4
2005:2	100.7	115.4	54	41	71.6	55.3
2005:3	100.4	114.7	56	39	68.9	55.2
2005:4	100.4	114.7	54	39	64.5	53.3
2005:5	100.6	114.1	58	37	66.3	51.4

# Washington State Revenue Forecast Summary

## Introduction

The Washington State Economic and Revenue Forecast Council approved a \$450.1 million increase to the General Fund-State revenue forecast at its June 16, 2005 meeting. In addition, legislation enacted during the 2005 legislative session added \$365.2 million to the forecast of GFS revenue. The strength of the real estate market continues to exceed expectations. Low mortgage interest rates and rapidly rising housing prices have resulted in a housing and construction boom, accounting for a large portion of the increase to the forecast. In addition, new employment data shows the state is creating more jobs than assumed in the March forecast. The June forecast expects \$109.3 million additional revenue for the 2003-05 biennium due to the better economic outlook. This change includes \$44.8 million of higher than expected collections in the three months since the March forecast. In addition, non-economic changes (2005 legislation and a delay in the issuance of some large refunds) add an additional \$206.5 million to the 2003-05 GFS forecast. The better economic outlook adds \$340.7 million to GFS revenue forecast for the 2005-07 biennium in June. Non-economic factors (2005 legislation and a change in timing of issuance of some large refunds) also add a net \$158.8 million to the 2005-07 GFS revenue forecast.

The June 2005 GFS revenue forecast expects \$23,546.7 million in the 2003-05 biennium, which ends June 2005. This includes the impact (+\$195.0 million) of delaying refunds associated with two recent State Supreme Court decisions from fiscal 2005 to fiscal 2006. Revenue growth which has steadily improved throughout the course of the biennium, accelerated since the March forecast. Mortgage rates have been falling rather than rising as assumed

Table 3.1 Cash Basis  
**Revision to the General Fund-State Forecast**  
**2003-05 & 2005-07 Biennia**

June 2005  
(Millions of dollars)

	<b>2003-05 Biennium</b>	<b>2005-07 Biennium</b>	<b>Both Biennia</b>
2005 legislation <sup>1</sup>	\$11.5	\$353.8	\$365.2
Other non-economic changes <sup>2</sup>	<u>\$195.0</u>	<u>(\$195.0)</u>	<u>\$0.0</u>
Subtotal: non economic changes	\$206.5	\$158.8	\$365.2
Forecast Change	<u>109.3</u>	<u>340.7</u>	<u>450.1</u>
<b>Total Change*</b>	<b>\$315.8</b>	<b>\$499.5</b>	<b>\$815.3</b>

\*Detail may not add to totals due to rounding

<sup>1</sup> The GFS impact of 2005 legislation and budget driven revenue.

<sup>2</sup> Refunds associated with two recent court cases moved from fiscal 2005 to fiscal 2006.

in March and steady job and income growth along with a still red-hot real estate market has continued to produce more revenue than expected. The June 2005 forecast expects \$2.4 billion (11.4 percent) more GFS revenue in the 2003-05 biennium than in the 2001-03 budget period. Most of this gain is due to strong economic growth, although some of the increase is due to tax law changes and other non-economic factors. Excluding tax law changes and other special factors, GFS revenue is expected to increase 11.2 percent in the 2003-05 biennium.

The GFS unrestricted ending balance for the 2003-05 biennium is now projected to be \$976.7 million, about 4.1 percent of the biennial budget. This ending balance number reflects the revised 2003-05 spending level (including the 2005 supplemental budget). Although the General Fund is expected to end the biennium with a large positive balance, GFS revenue (\$23,546.7 million) for the biennium is expected to be more than a hundred million less than spending (\$23,671.7 million). The large ending balance is because of a large beginning balance and several one-time transfers and other adjustments.

The June 2005 GFS forecast for the 2005-07 biennium, which spans the period July 2005 through June 2007, is \$24,384.8 million. This includes the impact (-\$195.0 million) of the refunds associated with two recent court decisions being issued in the 2005-07 biennium instead of the 2003-05 biennium. The strong revenue growth seen in the last half of the 2003-05 biennium is expected to moderate in the 2005-07 budget period, but the improving economy will generate solid revenue growth next biennium. GFS revenue in the 2005-07 budget period is projected to be \$1.8 billion (7.8 percent) higher than in the current biennium. The growth of GFS revenue next biennium is weaker than for the current biennium in part due to a larger amount of property tax revenue being transferred from the General Fund to the Student Achievement Account and due to an unusually large amount of refunds expected to be issued early in the biennium. Adjusting for these factors and other tax law changes GFS revenue is expected to increase 10 percent in the 2005-07 biennium.

The GFS unrestricted ending balance is projected to total \$628.0 million at the end of the 2005-07 biennium. This is 2.4 percent of the 2005-07 budget. The 2005-07 biennium is expected to end with a positive ending balance because of a large beginning balance and some one-time transfers and adjustments and despite the fact that projected revenue for the biennium (\$25,384.8 million) is less than the budgeted spending level (\$25,952.4 million).

## **Background and Assumptions**

The Washington State GFS revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The GFS revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting the revenue it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's GFS sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of GFS revenue. These are the Department of Licensing, the Office of the Insurance Commissioner, the Lottery Commission, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of



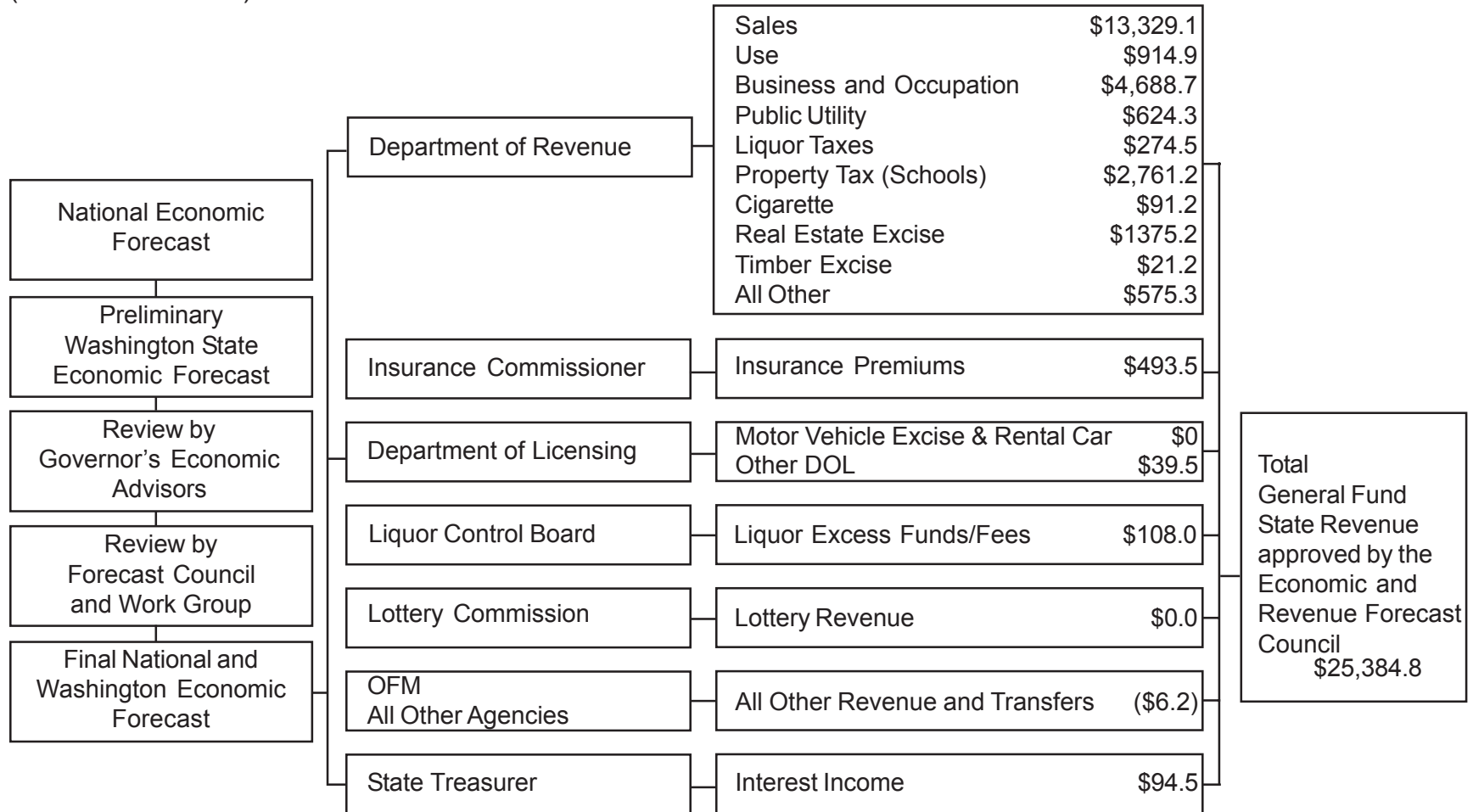
Financial Management is responsible for summarizing the forecasts of all other state agencies that collect relatively smaller amounts of GFS revenue.

For each quarterly update, the staff of the Economic and Revenue Forecast Council, under the direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Global Insight Inc. A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. The Global Insight national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Economic Advisors, the economic forecast is used to prepare a baseline forecast of GFS revenue. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare a GFS revenue forecast. The revenue forecasts for most major General Fund sources are prepared using econometric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all GFS sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GFS revenue. An outline of the forecast process, including a summary of the June 2005 baseline forecast for the 2005-07 biennium is shown in Table 3.2.

## June 2005 Forecast Assumptions

1. The June 2005 GFS revenue forecast is based in part on the economic forecast for the U.S. and the Washington State economies presented in Chapter 1 of this publication. The economic outlook for the state is in part based on the Global Insight Inc. May 2005 baseline forecast for the U.S. economy.
2. The GFS revenue forecast is based on current law and administrative practices. The June 2005 GFS revenue forecast includes the impact of legislation enacted during the 2005 legislative session and signed into law by the Governor. Legislation added \$365.2 million to the GFS forecast. Tax law changes increased the 2003-05 GFS forecast by \$11.5 million and added \$353.8 million to the 2005-07 budget period. Table 3.15 details the impact of specific legislation on GFS revenue.
3. The March 2005 forecast assumed that an estimated \$195.0 million of refunds associated with two recent State Supreme Court decisions (*Agrilink Foods vs. State of Washington Department of Revenue* and *Estate of Wylie Hemphill vs. Washington State Department of Revenue*) would be issued by the end of the 2003-05 biennium. The issuance of these refunds has been delayed. They are now expected to be issued early in the 2005-07 biennium. This increases revenue in the 2003-05 biennium by \$195.0 million and reduces revenue in the 2005-07 biennium by a like amount.
4. Under provisions of Initiative 728, passed by the voters in November 2000, lottery revenue was dedicated to a newly created Student Achievement Account and to the School Construction Account. Prior to Initiative 728, most lottery revenue went into the General Fund. Under provisions of E2SSB 6560, enacted during the 2002 legislative session, the state is participating in a multi-state lottery game. Proceeds from this new game go the General Fund, after the first \$102 million per year of uncommitted lottery earnings are transferred to the Student Achievement Account and the School Construction Account. Part II of Table 3.20 summarizes lottery distributions by fund.
5. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either have not yet been ruled on by the courts or are

Table 3.2  
**Economic and Revenue Forecast Flow Chart\***  
 General Fund-State  
 2005-07 Biennium  
 (Amounts in millions)



\* Cash Basis

on appeal. Any impact on GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.

6. There have been several legislative and other non-economic changes affecting actual GFS receipts for the last few biennia as well as the forecast for the 2003-05 and 2005-07 biennia. As of June 2005, new tax law changes and other non-economic factors has increased GFS revenue for the 2003-05 biennium by an estimated \$624 million. The GFS forecast for the 2005-07 biennium is also affected by legislation and other non-economic factors. The impact of legislation and other non-economic changes has reduced the GFS forecast for the 2005-07 biennium by \$403 million.
7. Initiative 728, which transfers a portion of revenue from the General Fund to the Student Achievement account, has a disproportional impact on GFS revenue over time. The I-728 property tax transfers grow from \$267.0 million in the 2001-03 biennium to \$329.8 million in the 2003-05 biennium. They are expected to grow to \$491.6 million in the 2005-07 biennium. (See part I of Table 3.20.)

## Recent Collection Experience

Revenue collected in the three months since the March forecast was \$152.7 million, 5.3 percent, more than expected. Most of this variance (\$107.9 million), however, was due to special factors that are unrelated to the strength of the economy. Excluding special factors, the economy generated \$44.8 million, 1.6 percent, more revenue than expected in the last three months. Most of the positive revenue variance since March was due to higher than expected Revenue Act (retail sales, business and occupation, use and public utility tax) receipts and real estate excise tax collections. Revenue Act tax payments (excluding special factors) exceeded the March forecast by \$23.9 million and the GFS share of real estate excise tax collections were \$15.5 million more than expected. The special factors this period were a change in the timing of refunds associated with two recent court cases

Table 3.3  
**Collection Variance of Major General Fund-State Taxes by Agency**  
 March 11 - June 10, 2005  
 Based on the March 2005 Forecast (Millions of Dollars)

Agency/Source	Collection Variance*	Adjusted	
		Percent of Estimate	Collection Variance** Percent of Estimate
Department of Revenue			
Revenue Act <sup>1</sup>	\$59.1	2.7%	\$23.9 1.1%
Non Revenue Act <sup>2</sup>	\$92.0	13.9%	\$19.3 2.9%
Subtotal	<u>\$151.1</u>	<u>5.3%</u>	<u>\$43.2 1.5%</u>
Department of Licensing <sup>2</sup>	\$1.6	21.2%	\$1.6 21.2%
Other	na	na	na na
<b>Total***</b>	<b>\$152.7</b>	<b>5.3%</b>	<b>\$44.8 1.6%</b>

<sup>1</sup> Revenue Act taxes consist of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections March 11, 2005 through June 10, 2005.

<sup>2</sup> Variance based on March 2005 through May 2005 collections. Major Non Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.

\* Collection variance: actual tax payments compared to monthly estimates based on the March 2005 forecast.

\*\* Variance adjusted for special factors (e.g. unusually large refunds & audit payments). Refunds associated with two recent court cases assumed to be issued during this period were not issued.

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

(+\$101.4 million) and an unusually large audit payment (\$6.5 million). In March a large portion of the refunds associated with two recent court decisions were expected to be issued in the March 11 through June 10, 2005 collection period. These refunds were delayed resulting in a very large variance.

Lower than expected mortgage rates, along with better than expected employment and income growth, has kept the housing market much stronger than expected and revenue growth very strong. Revenue Act taxes were 8.4 percent above the year-ago level in the three months since the March 2005 forecast (February 2005 through April 2005 business activity). Growth was similar to the 8.3 percent increase in the fourth quarter and higher than the 6.2 percent gain in the third quarter. Revenue growth has significantly outpaced income growth for more than a year. It has increased nearly twice as fast as income in the last two quarters. Although unsustainable in the long run, strong revenue growth may continue as long as the conditions that have helped foster it continue: low long-term mortgage rates, a strong housing market and a steadily improving labor market.

Industry detail for the most recent month (April activity, paid in the May 11-June 10, 2005 period) based on preliminary data of tax payments of more than 12,000 taxpayers who filed electronically show an overall increase of 7.8 percent. The increase is across-the-board, with all two-digit NAICS sectors reporting an increase in tax payments. This is the first month since the recession all two-digit NAICS sectors reported an increase in tax payments.

The preliminary April data show that tax payments of businesses in the retail trade and food services sector were up 6.1 percent from the year-ago level. Non-retailers reported an even better, 9.1 percent, increase. Last month tax payments by retailers increased 7.1 percent while non-retailers reported an 8.4 percent gain. For the current month three of twelve three-digit retail NAICS sectors reported double-digit gains with the strongest growth reported by furniture and home furnishing retailers (+11.6 percent), Electronics and appliance stores (17.4 percent) and non-store retailers (+10.5 percent). Tax payments of firms in the building materials/hardware sector increased only 2.9 percent, the weakest increase since February 2004. Growth in other retail trade sectors ranged from an 9.5 percent increase reported by gas stations and convenience stores to a 0.2 percent decline reported by food stores. The year-over-year changes in tax payments reported by business in non-retail NAICS sectors ranged from a 23.8 percent increase by firms in the information sector to a 0.3 percent increase in "other" services (services excluding professional, technical, scientific, educational, management, health, recreation, accommodation and food services).

Mortgage rates near all-time lows and rising housing prices continue to produce a very strong real estate market. Real estate activity based on closings in April 2005 was up 27.7 percent from a year-ago. The month before activity was up 35.6 percent and it was up 38.1 percent two months before. While the majority of the increase continues to reflect higher prices, the increase in the number of transactions remains healthy. For the first four months of calendar 2005 transactions are 9.1 percent higher than a year-ago; this is well above the 3.7 percent increase reported in calendar 2004. The value per transaction, however, is the real story. It increased 27.5 percent in April and has increased 26.4 percent for the calendar year-to-date. This is on top of a 22.2 percent increase in calendar 2004 (the largest calendar year increase since 1989.)

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were \$1.6 million (21.2 percent) above the estimate in the three months since the March forecast. During this period, Department of Licensing General Fund collections were 7.5 percent above the year-ago level.

## The General Fund-State Forecast for the 2003-05 and 2005-07 Biennia

Revenue growth in the 2003-05 biennium has been phenomenal. After a slow start, General Fund-State revenue growth has accelerated throughout the biennium. Revenue growth increased 5.9 percent in fiscal 2004, more than double the 2.3 percent increase in fiscal 2003 and much faster than state personal income. With only one month to go, GFS revenue growth is expected to accelerate to 8.0 percent in fiscal 2005, again well above income growth. Spending and revenue growth has been especially strong the last six months or so. The strong housing market and improving job market have been the primary reasons for the acceleration of spending. Although high gas prices have not yet had a noticeable affect on spending, the price of oil has hit an all-time high in June and eventually higher fuel prices and rising interest rates are expected to slow revenue growth a bit. For the biennium as a whole, the 2003-05 budget period will clearly outperform last biennium. State nominal personal income is expected to increase 7.4 percent in the 2003-05 biennium (adjusted for the special Microsoft dividend to corporate insiders), up from 5.7 percent in the 2001-03 biennium. Wage and salary employment growth is expected to increase 1.8 percent in the 2003-05 biennium. Though much better than the 1.5 percent decline experienced in the 2001-03 biennium, this is still the weakest biennial employment growth since the 81-83 biennium. The June forecast expects GFS revenue to improve along with the economy. GFS revenue in the 2003-05 biennium is expected to total \$23,546.7 million. This is \$2.4 billion (11.4 percent) more than in the 2001-03 biennium. Adjusting for major legislative changes and other non-economic factors, GFS revenue is expected to grow 11.2 percent. This is a vast improvement from the 2001-03 biennium in which GFS revenue fell \$121 million (0.6 percent.)

The outlook for the 2005-07 biennium continues to improve. The June 2005 forecast for the 2005-07 biennium expects modest economic and revenue growth in the 2005-07 budget period. Both will be little better than assumed in March, although revenue growth is not expected to be as strong as it is forecasted to be in the

Table 3.4  
**General Fund-State Collections\***  
(Millions of Dollars)

<u>Biennium</u>	<u>Current Dollars</u>	<u>Percent Change</u>	Cash Basis	
			<u>2000 Chained Dollars</u>	<u>Percent Change</u>
1961-63	\$817.1		\$3,362.6	
1963-65	866.2	6.0%	3,478.7	3.5%
1965-67	1,128.6	30.3%	4,357.5	25.3%
1967-69	1,440.5	27.6%	5,200.4	19.3%
1969-71	1,732.7	20.3%	6,552.5	26.0%
1971-73	1,922.1	10.9%	6,721.8	2.6%
1973-75	2,372.4	23.4%	7,168.5	6.6%
1975-77	3,395.0	43.1%	8,922.0	24.5%
1977-79	4,490.0	32.3%	10,358.6	16.1%
1979-81	5,356.4	19.3%	10,292.1	-0.6%
1981-83	6,801.4	27.0%	11,378.5	10.6%
1983-85	8,202.4	20.6%	12,662.4	11.3%
1985-87	9,574.6	16.7%	13,936.5	10.1%
1987-89	10,934.1	14.2%	14,805.5	6.2%
1989-91	13,309.0	21.7%	16,560.9	11.9%
1991-93	14,862.2	11.7%	17,331.1	4.7%
1993-95	16,564.6	11.5%	18,474.0	6.6%
1995-97	17,637.7	6.5%	18,866.9	2.1%
1997-99	19,620.1	11.2%	20,420.8	8.2%
1999-01	21,262.1	8.4%	21,264.8	4.1%
2001-03	21,140.7	-0.6%	20,395.4	-4.1%
2003-05 <sup>F</sup>	23,546.7	11.4%	21,840.9	7.1%
2005-07 <sup>F</sup>	25,384.8	7.8%	22,545.2	3.2%

<sup>F</sup>: June 2005 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 Office of the Forecast Council's June 2005 forecast.



Table 3.5  
**Taxable Retail Sales\***  
 June 2005  
 (Millions of Dollars)

<b>Fiscal Year</b>	<b>Amount</b>	<b>Percent Change</b>
1974	11,877	
1975	13,380	12.7%
1976	15,493	15.8%
1977	17,626	13.8%
1978	21,121	19.8%
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 <sup>F</sup>	96,841	7.4%
2006 <sup>F</sup>	101,814	5.1%
2007 <sup>F</sup>	107,024	5.1%

<sup>F</sup> Forecast.

\* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. 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). Base extended to some personal services effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment) effective fiscal 1997. Changes in reporting, effective 1997. Additional exemptions effective fiscal 1999, 2000, 2001, 2002 and 2004. Additions to the tax base due to increased compliance efforts effective fy 2003. Fiscal 2005, 2006 and 2007 affected by 2004 and 2005 legislative changes.

2003-05 biennium. Real personal income in Washington is expected to increase 7.4 percent in the 2005-07 biennium, up from 3.3 percent in the 2003-05 period. Employment growth is also expected to improve, increasing 4.7 percent compared to 1.8 percent in the current biennium. Improving employment and income growth will produce a modest increase in GFS revenue in the 2005-07 biennium. The state is expected to collect \$25,384.8 million in GFS receipts in the 2005-07 budget period. This is \$1.8 billion (7.8 percent) more than in the 2003-05 biennium. Adjusting for tax law changes and other non-economic factors, revenue is expected to increase 10.0 percent, stronger than assumed in March but due in part to the slowing of the real estate market in fiscal 2006, not quite as strong as the March outlook for the 2003-05 budget period.

Washington has no personal or corporate income tax. Three taxes: sales and use, business and occupation and the property tax (state school levy) comprise the majority of Washington's GFS revenue. These three taxes accounted for 85.8 percent of the \$21.1 billion total GFS cash receipts in the 2001-03 biennium. These taxes are expected to account for 83.7 percent of GFS revenue in the 2003-05 biennium and 85.5 percent in the 2005-07 biennium. The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 79.7 percent in the 1991-93 biennium and from 75 percent twenty-five years ago. The small reduction in the General Fund's reliance on these three taxes between the 2001-03 and the 2003-05 biennia is primarily due to a surge in real estate excise tax revenue. The real estate excise tax is the General Fund-State's fourth largest revenue source. Real estate excise tax is expected to increase 52.4 percent this biennium compared to 11.4 percent for total GFS revenue. Real estate tax revenue accounted for 4.1 percent of GFS revenue in the 2001-03 biennium (up from just 2.7 percent in the 1991-93 biennium) and it is expected to account for 5.6 percent of GFS revenue in the current biennium.

The retail sales and use tax, the state's largest revenue source, generated \$11.7 billion (55.5 percent) of total GFS revenue in the 2001-03 biennium.

Chart 3.1  
General Fund-State Revenue

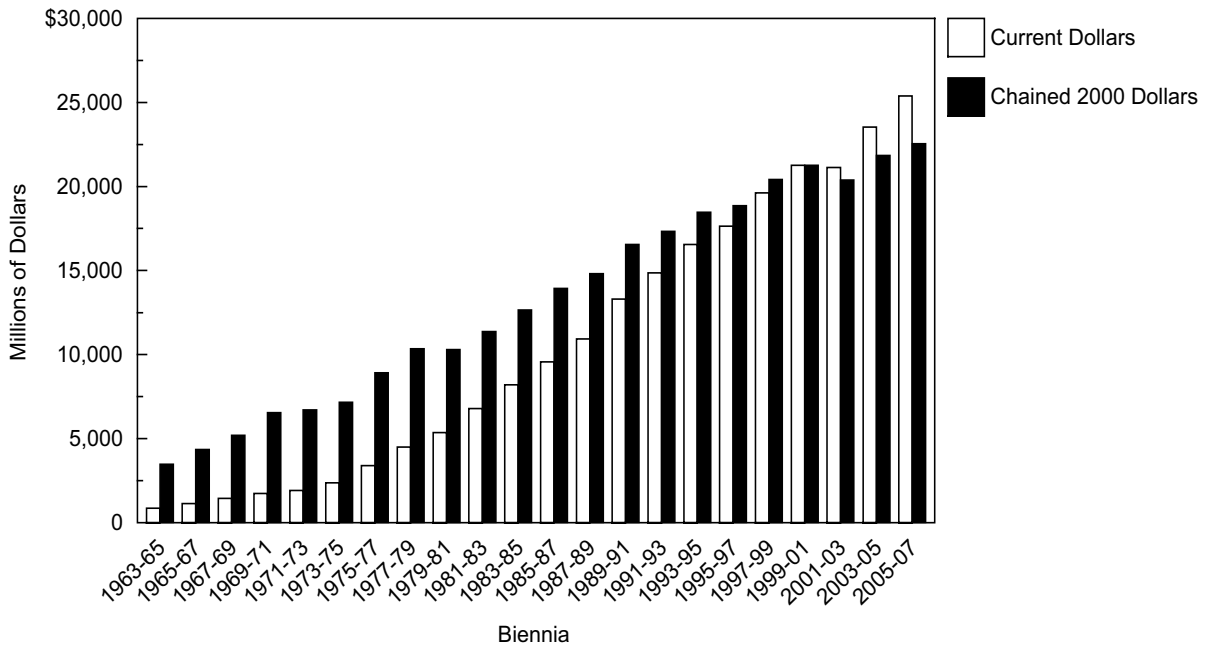


Chart 3.2  
General Fund-State Revenue - Percent Change

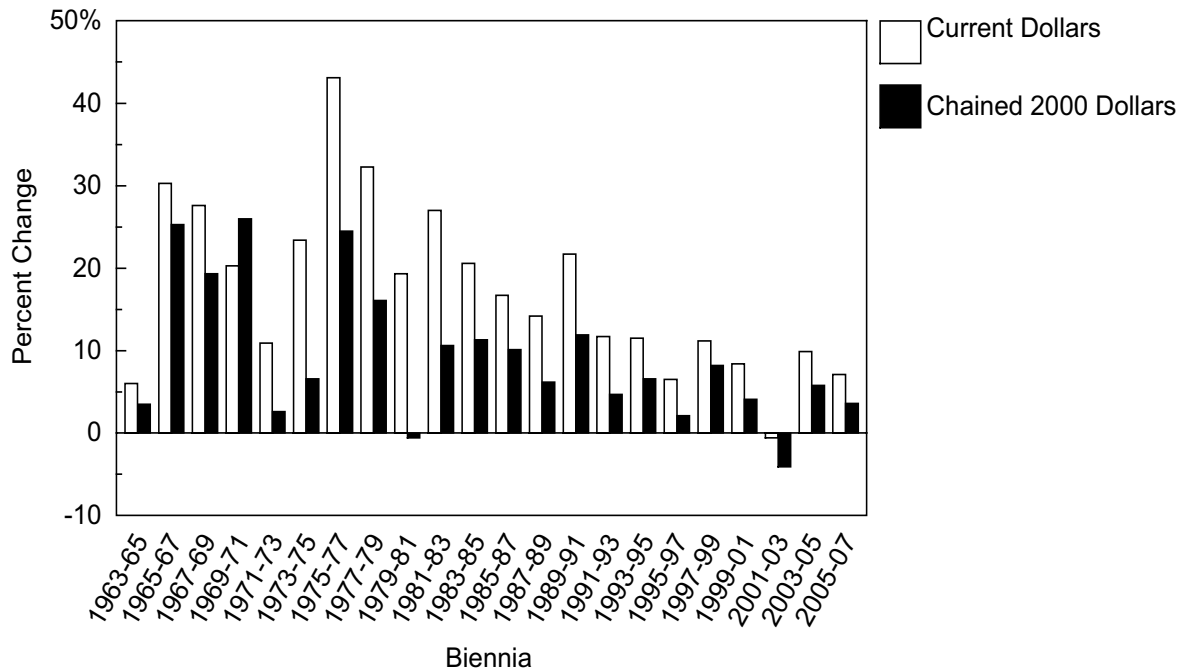


Chart 3.3  
Composition of General Fund-State Revenue

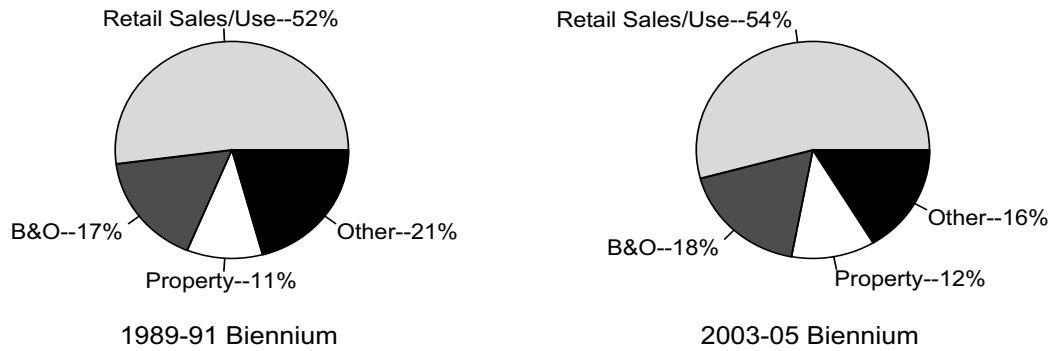
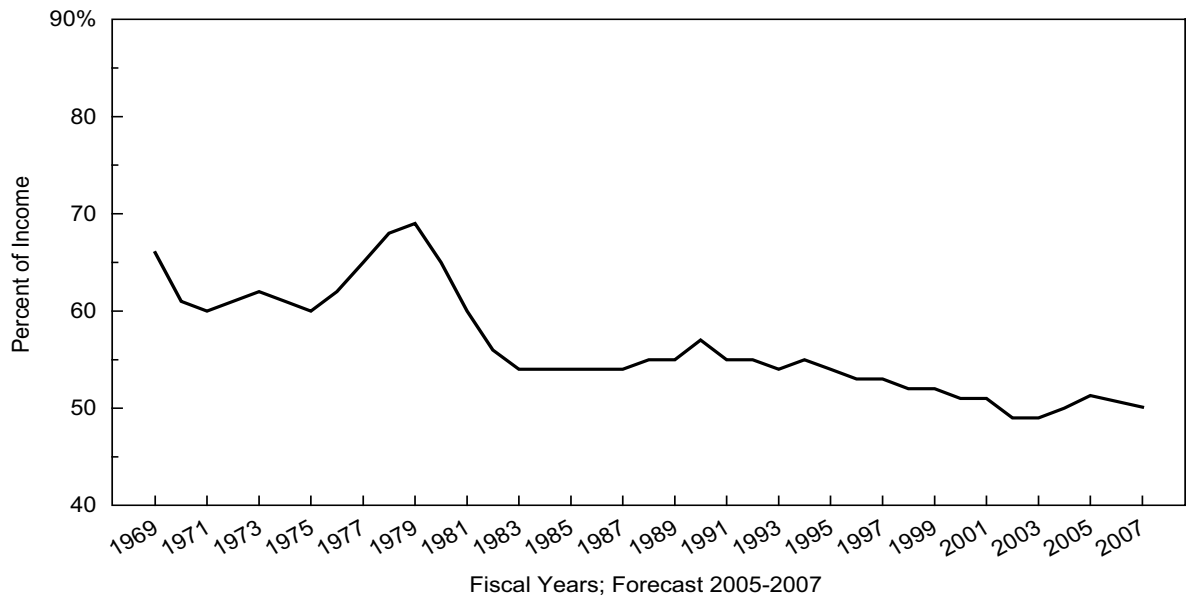


Chart 3.4  
Taxable Sales\* as a Percent of Personal Income



\* Adjusted Base



niun. Sales and use taxes are expected to produce \$12.8 billion (54.2 percent) of total GFS revenue in the 2003-05 biennium and \$14.2 billion (56.1 percent) of the total in the 2005-07 budget period. The business and occupation tax totaled \$3.8 billion in the 2001-03 biennium, 17.9 percent of total GFS revenue. This tax is expected to produce \$4.2 billion, 17.8 percent of the total in the 2003-05 biennium and \$4.7 billion, 18.5 percent of the total in the 2005-07 biennium. The state share of the property tax totaled \$2.6 billion, 12.4 percent of total GFS revenue in the 2001-03 biennium. The June forecast expects property tax to produce \$2.7 billion in the 2003-05 biennium, 11.6 percent of total GFS revenue and \$2.8 billion, 10.9 percent of the total in the 2005-07 biennium. The reduction in the property tax share of total GFS receipts reflects the growing impact of I-728, which transfers a portion of the state property tax levy from the General Fund to the Student Achievement/School Construction Account beginning in the 2001-03 biennium. (See Table 3.20, part 1.)

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$25,227.1 million in the fourth quarter of 2004, the most recent quarter available. This was 8.2 percent higher than a year-ago. Taxable sales increase 5.9 percent in the third quarter of 2004 and 6.0 percent in the second quarter. Taxable sales have now increased on a year-over-year basis for ten consecutive quarters after having fallen or remained unchanged for five straight quarters during the recession. The increase in the fourth quarter of 2004 was again better than personal income and close to the growth of retail sales nationally. This is the first quarter since the first quarter of 2001 that Washington taxable sales growth has been as strong as U.S. retail sales growth. U.S. retail and food service sales have been strong for some time. In the fourth quarter of 2004, U.S. retail sales were 8.3 percent above the year ago level, a little better than the 6.3 percent increase in the third quarter and the 7.8 percent in the second quarter. The Global Insight forecast assumes that consumer spending slowed a bit in the first quarter. The year-over-year increase of U.S. retail sales in the first quarter of 2005 are assumed to have increased 7.3 percent. The June 2005 forecast assumes that taxable sales in Washington accelerated in the first quarter of 2005. First quarter taxable sales are assumed to have increased 8.9 percent.

The Department of Revenue has converted the classification of taxpayers from the Standard Industrial Classification (SIC) basis to the North American Industry Classification System (NAICS) making historical comparisons by sector easier and more meaningful. Preliminary analysis of the growth of taxable sales in the fourth quarter of 2004 by NAICS sector shows the retail trade sector, which accounted for about 47 percent of all taxable sales in the fourth quarter, was 6.8 percent above the year-ago level. Third quarter taxable sales in the retail trade sector increased 5.2 percent. Within retailing, Electronics and appliance stores reported the largest year-over-year gain in the fourth quarter, 20.7 percent. Building materials and garden supply retailers (+14.0 percent) and furniture and home furnishing stores (+11.4 percent) also reported strong gains. Only food and beverage stores reported a decline (-11.1 percent) in taxable sales in the fourth quarter. Taxable sales of auto dealers, the largest retail trade sector accounting for 11.0 percent of taxable sales in the fourth quarter were 6.6 percent above the year-ago level. This follows a 1.5 percent increase last quarter.

Taxable sales reported by non-retailing sectors were 9.5 percent higher than a year-ago in the fourth quarter of 2004. This follows a 6.5 percent increase last quarter and was the best year-over-year increase since the first quarter of 2000. The year-over-year change in the fourth quarter varied widely among non-retail trade sectors. Taxable sales reported by the construction sector, which accounted for 17.5 percent of all taxable sales, was very strong, 17.0 percent higher than a year ago. Last quarter this sector was up 13.4 percent. Taxable sales reported by the service sector, which accounted for 16.7 percent of all taxable sales in the fourth quarter, were 6.5 percent higher than a year-ago. Last quarter this sector reported a 3.4 percent increase. Taxable sales of the manufacturing sector increased 15.9 percent. The wholesale trade

sector reported a 6.0 percent year-over-year increase in the fourth quarter. No major non-retail trade sectors reported a decline of taxable sales in the fourth quarter.

Taxable sales in the state's three largest counties (King, Snohomish and Pierce) were 7.1 percent higher than a year ago in the fourth quarter of 2004. Taxable sales increased 9.9 percent in the rest of the state. Taxable sales in King County were 6.3 percent higher than a year-ago for the quarter. This is the sixth straight quarterly increase in King County. Prior to the third quarter of 2003, King County taxable sales had declined or remained unchanged eight of the previous nine quarters. Taxable sales growth in King County, while improving, continues to lag the statewide average. King County taxable sales growth has been below the statewide average for sixteen consecutive quarters. Taxable sales in Snohomish County increased 8.5 percent in the fourth quarter of 2004 and Pierce County reported an 8.9 percent increase. Taxable sales in Spokane County were 5.9 percent above the year-ago level.

Statewide taxable sales increased 4.6 percent in fiscal 2004, a significant improvement over the prior three years. Taxable sales increased only 2.8 percent in fiscal 2001, declined 1.4 percent in fiscal 2002 and grew only 2.1 percent in fiscal 2003. The June 2005 forecast expects significant improvement in fiscal 2005 with taxable sales expected to increase 7.4 percent. This is up from 6.6 percent assumed in March. Taxable sales are expected to grow moderately in the 2005-07 biennium. The forecast assumes taxable sales will increase 5.1 percent in both fiscal 2006 and fiscal 2007.

## **Forecast Change for the 2003-05 and the 2005-07 Biennia**

The June 2005 forecast is \$815.3 million higher than in March. This includes \$450.1 million more revenue due to better economic conditions and \$365.2 million addition revenue due to the impact of 2005 legislation. The June 2005 forecast of GFS revenue for the two year budget cycle ending June 30, 2005 is \$315.8 million higher than in March. The change includes \$109.3 million more revenue due to stronger than expected economic activity, including \$44.8 million of higher than expected collections in the last three months, and \$206.5 million due to non-economic factors. This includes \$11.5 million of 2005 legislation and \$195.0 million due to a delay in the issuance of refunds associated with the State Supreme Court rulings that invalidate the estate tax and lowers the B&O tax rate on certain meat products.

The June 2005 forecast for the 2005-07 biennium is \$499.5 million (2.0 percent) higher than in March. The change to the forecast in June 2005 includes a \$340.7 million (1.6 percent) increase due to a better economic outlook and a \$158.8 million increase due to non-economic factors. The non-economic adjustments include a \$353.8 million increase due to 2005 legislation and a \$195.0 million reduction due to the delay in the issuance of refunds associated with two recent court cases.

Table 3.6 summarizes the changes to the June 2005 cash forecast by type of change. Tables 3.7 and 3.8 summarize June 2005 changes to GFS revenue for the 2003-05 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Table 3.9 and 3.10 summarize the changes to GFS revenue forecast for the 2005-07 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides the fiscal year forecast by major revenue source (cash basis). Table 3.12 provides a fiscal year summary of GFS cash receipts. Below is a summary of non-economic changes in June and the change to the forecast by agency.

### **Non-Economic Changes**

There were two major non-economic changes to the GFS revenue forecast in June. The first was the incorporation of the impact of tax law changes enacted during the 2005 legislative session on GFS revenue. 2005 legislation added \$365.2 million to the GFS forecast, \$11.5 million in the 2003-05 biennium and \$353.8 million in the 2005-07 biennium. The other non-economic adjustment in June was a change to

the assumption of when refunds associated with two recent Washington State Supreme Court decisions would be issued. The March forecast assumed the refunds would be made prior to the end of the 2003-05 biennium. The June forecast assumes that the refunds will not be made until early in the 2005-07 biennium. This increases the 2003-05 biennium by \$195.0 million and reduces the 2005-07 biennium by the same \$195.0 million.

Table 3.15 details the impact of 2005 legislation on the GFS forecast for the remainder of the 2003-05 biennium and the 2005-07 biennium. Below is a brief description of 2005 legislation with largest GFS impact. Note, Table 3.15 and the summary below includes only 2005 legislation with General Fund impact. 2005 legislation that affects revenue for other funds (e.g. the new estate tax and the increase in the cigarette tax) is not included in the table or the description below).

Section 1104 of ESHB 2314 reduces the amount of property tax transferred from the General Fund to the Student Achievement Account. Initiative 728 requires that for the 2004-05 school year, the amount of property tax transferred be equal to \$254 per student, this increased to \$300 per student for the 2005-06 school year and to \$375 per student for the 2006-07 school year. This legislation capped the amount of the transfer at \$254 per student. Less property tax revenue is transferred out of the GFS; this increases the GFS forecast by \$138.2 million in the 2005-07 biennium.

ESSB 2314, the Omnibus tax bill, has several other provisions; some increase and some reduce GFS revenue. In total, this legislation (other than section 1104) increases GFS revenue by \$10.0 million in the 2003-05 biennium and \$87.7 million in the 205-07 biennium. Provisions in the bill with large GFS impact include: a change to the High Technology credit, a reduction to Quality Maintenance Fee for Nursing Homes, an increase the liter tax on liquor and a broadening of the retail sales tax base to include extended warranties. The change to the High Technology credit increases GFS revenue by \$10.0 million in the 2003-05 biennium and by \$21.5 million in the 2005-07 biennium. The reduction of the nursing home fee reduces GFS revenue by \$12.6 million in the 205-07 biennium. The increase in the liquor liter tax is expected to increase GFS revenue in the 2005-07 biennium by \$42.2 million. Extending the sales tax to extended warranties is expected to add \$37.4 million to the GFS forecast in the 2005-07 biennium.

SB 5794 authorizes the Governor to enter into a cigarette tax agreement with the Puyallup Indian Tribe. Pursuant to the agreement, the tribe will impose a cigarette tax of at least \$11.75 per carton of cigarettes. Thirty percent of this tax is to be shared with the state and deposited into the General Fund. This legislation is expected to add \$17.3 million to the GFS revenue in the 2005-7 biennium.

## **Department of Revenue**

The Department of Revenue collects and administers the majority of Washington's GFS revenue, accounting for more than 97 percent of total GFS revenue in the 2003-05 and nearly 98 percent of the total in the 2005-07 biennia. The June 2005 forecast of GFS revenue sources administered and collected by the Department of Revenue is \$775.9 million higher than in March. The forecast for the 2003-05 biennium is \$307.9 million higher and the forecast for the 2005-07 biennium is \$468.1 million higher. The change is comprised of a \$429.7 million increase due to a stronger economy and a \$346.3 million increase due to tax law changes enacted during the 2005 legislative session. The increase to the forecast for the 2003-05 biennium is comprised of a \$102.5 million change due to stronger than expected economic and revenue growth, and a \$205.4 million increase due to two non-economic factors. The first is a change in the timing of refunds. Refunds of taxes due to two recent court decision that were expected to be issued in April, May and June (fiscal 2005) are not expected to be issued until the start of the 2005-07 biennium. This increases the forecast of 2003-05 GFS revenue by \$195.0 million (and reduces the GFS forecast for

Table 3.6

**Summary of Changes to the General Fund-State Forecast**

June 2005 Cash Forecast

(Millions of Dollars)

	<b>March 2005</b>
<b><u>2003-05 Biennium</u></b>	
<b><i>Collection Experience (excl. special Factor) in the 2003-05 Biennium</i></b>	<b>\$44.8</b>
Department of Revenue <sup>1</sup>	43.2
Other agencies <sup>2</sup>	1.6
<b><i>Forecast Change for the 2003-05 Biennium</i></b>	<b>\$58.1</b>
Department of Revenue	52.8
Other agencies	5.3
<b><i>Non-Economic and other Changes for the 2003-05 Biennium</i></b>	<b>\$213.0</b>
Department of Revenue	
Special factors <sup>3</sup>	201.5
2005 legislation	10.4
Other agencies	
2005 legislation	1.1
<b>Total Change: 2003-05 Biennium*</b>	<b>\$315.8</b>
<b><u>2005-07 Biennium</u></b>	
<b><i>Forecast Change for the 2005-07 Biennium</i></b>	<b>340.7</b>
Department of Revenue	327.2
Other agencies	13.5
<b><i>Non-Economic Change for the 2005-07 Biennium</i></b>	<b>158.8</b>
<b><i>2005 legislation</i></b>	
Department of Revenue	335.9
Other agencies	17.9
<b><i>Other</i></b>	<b>(195.0)</b>
<b>Total Change: 2005-07 Biennium</b>	<b>\$499.5</b>
<b>Total Change: Both Biennia*</b>	<b>\$815.3</b>

<sup>1</sup> Variance based on collections March 11 - June 10, 2005, excluding special factors; retail sales, b&o, use & public utility taxes.

<sup>2</sup> Variance based on collections in March through May 2005.

<sup>3</sup> Refunds associated with two state Supreme Court decisions: invalidating the estate tax and reducing the b&O rate on certain meat products assumed to be issued in fiscal 2005 have been delayed until fiscal 2006 (\$195.0 million); and an unusually large audit payment (\$6.5 million).

\* Detail may not add due to rounding.

the 2005-07 biennium by \$195.0 million). The second non-economic factor is the impact of tax law changes enacted during the 2005 legislative session. This adds \$10.4 million to the Department of Revenue GFS forecast for the current biennium.

While job and income performance in the last two quarters of the biennium has been better than assumed in the March forecast, much of the economic related increase to the 2003-05 GFS revenue reflects the continuing strength of the housing market. The \$102.5 million forecast change for the 2003-05 biennium includes \$44.8 million more revenue than expected in the three months since the March forecast (excluding special factors). The strong housing market accounts for about a quarter of the change directly in the form of higher than expected real estate excise tax payments. In addition, the strong housing market has contributed to the strong growth of Revenue Act (sales, use, business and occupation and public utility taxes) receipts over the last few months. During the last year, the increase of Revenue Act tax payments from housing related sectors of the economy (construction, building materials/hardware, furniture, and electronics and home appliance sectors) has been twice, and in some months three times, as fast as in the other sectors of the economy.

The change to the Department of Revenue forecast for the 2005-07 biennium is comprised of a \$327.2 million increase due to a better economy and a \$140.9 million increase due to non-economic factors. The June economic forecast expects both income and job growth be a little stronger than what was assumed in March which will, along with a higher base, produce more revenue in the 2005-07 biennium. While the June forecast is higher than assumed in March, the forecast assumes spending and revenue growth will decelerate a little from the very strong growth experienced in the last couple of quarters.

Major changes to the Department of Revenue GFS forecast in June 2005 include a \$188.2 million increase to the retail sales tax forecast, a \$188.1 million increase to the real estate excise tax forecast, a \$105.8 million increase to the business and occupation tax forecast, a \$137.7 million increase to the state portion of the property tax, a \$64.8 million increase to the liquor tax forecast, and a \$27.3 million increase to the estate tax forecast. These increases to the forecast are the combined total for the 2003-05 and the 2005-07 biennia and reflect a combination of actual collection experience, an improvement in the economic outlook as well as 2005 legislation. In the case of the liquor tax, nearly all of the increase reflects 2005 legislation. Similarly, the property tax increase primarily reflects the impact of 2005 legislation which reduces the amount of property tax transferred from the General Fund to the Student Achievement Account. The higher estate tax forecast reflects higher than expected collections and is due in part to either less of an ongoing loss than assumed when the estate tax was effectively abolished by the State Supreme Court in January 2005 or refunds, yet to be issued, will be higher than assumed.

Most major tax sources are expected to experience modest growth in the 2003-05 and the 2005-07 biennium. The major exceptions are the portion of the state property tax levy that goes to the General Fund, the GFS portion of the real estate excise tax and, of course, the estate tax. While overall the state levy is expected to increase 6.3 percent in the 2003-05 biennium and 6.2 percent in the 2005-07 biennium, the General Fund portion of the property tax is expected to increase only 4.6 percent in the 2003-05 biennium and increase only 1.0 percent in the 2005-07 biennium. This is due to the impact of Initiative 728 which diverts a portion of the state levy from the General Fund to the Student Achievement Account (SAA). The forecast assumes that the share of the state levy going to the SAA (instead of the General Fund) grows from \$267.0 million in the 2001-03 biennium to \$329.8 million in the 2003-05 biennium and to \$491.6 million in the 2005-07 biennium. While the June forecast does not expect a real estate “crash”, it does, like the March forecast, assume there will be a correction during the 2005-07 biennium. The correction is assumed to be triggered by an increase in the mortgage rate and is assumed to be similar in magnitude and duration as the 1995 correction which lasted for six quarters and saw a peak to trough decline in taxable activity of about twenty percent.



Table 3.7  
**Comparison of the General Fund-State Forecast by Agency**  
**2003-05 Biennium; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2005 Forecast<sup>1</sup></b>	<b>Non- Economic Changes<sup>2</sup></b>	<b>Legis- lative Changes<sup>3</sup></b>	<b>Forecast Revision</b>	<b>June 2005 Forecast<sup>4</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>						
Retail Sales	\$11,920.2	0.0		\$25.1	\$11,945.3	\$25.1
Business & Occupation Use	4,136.4	38.6	10.4	11.9	4,197.3	60.9
Public Utility	812.4	0.0		11.5	823.9	11.5
Liquor Sales/Liter	574.5	0.0		(1.3)	573.2	(1.3)
Cigarette	202.7	0.0		3.8	206.5	3.8
Property (State Levy)	104.8			0.8	105.7	0.8
Real Estate Excise	2,732.5			(0.0)	2,732.5	(0.0)
Timber Excise	1,298.7			21.8	1,320.5	21.8
Other	17.7			0.3	18.0	0.3
Subtotal	773.5	156.4		28.6	958.6	185.0
	22,573.5	\$195.0	\$10.4	102.5	22,881.3	307.9
<b>Department of Licensing</b>						
Boat excise, licenses, fees & other	43.8			0.9	44.7	0.9
<b>Insurance Commissioner</b>						
Insurance Premiums	443.8			1.8	445.5	1.8
<b>Liquor Control Board</b>						
Liquor Profits and Fees	89.0		1.1	(0.5)	89.6	0.5
Beer & Wine Surtax	3.7			0.0	3.7	0.0
<b>Lottery Commission</b>						
Lottery Revenue	4.3			0.0	4.3	0.0
<b>State Treasurer</b>						
Interest Earnings	49.7			1.1	50.7	1.1
<b>Office of Financial Management</b>						
Other	23.2			3.7	26.9	3.7
<b>Total General Fund-State *</b>	<b>\$23,230.9</b>	<b>\$195.0</b>	<b>\$11.5</b>	<b>\$109.3</b>	<b>\$23,546.7</b>	<b>\$315.8</b>

1 General Fund-State forecast for the 2003-05 biennium, adopted March 2005.

2 Refunds associated with two State Supreme Court decisions: invalidation of the estate tax and reduction in b&O tax for meat products, moved from the 2003-05 to the 2005-07 biennium.

3 GFS impact of 2005 legislation and budget driven revenue.

4 Revised General Fund-State forecast for the 2003-05 biennium, adopted June 2005.

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

Table 3.8  
**Comparison of the General Fund-State Forecast by Agency**  
**2003-05 Biennium; GAAP Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2005 Forecast<sup>1</sup></b>	<b>Non - Economic Changes<sup>2</sup></b>	<b>Legis- lative Changes<sup>3</sup></b>	<b>Forecast Revision</b>	<b>June 2005 Forecast<sup>4</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>						
Retail Sales	\$11,970.1	\$0.0		25.1	\$11,995.1	\$25.1
Business & Occupation Use	4,148.6	38.6	10.4	10.0	4,207.6	59.0
Public Utility	817.7	0.0		11.1	828.8	11.1
Liquor Sales/Liter	574.7	0.0		(1.5)	573.1	(1.5)
Cigarette	203.7	0.0		5.7	209.4	5.7
Property (State Levy)	103.0			0.3	103.3	0.3
Real Estate Excise	2,735.6			0.0	2,735.6	0.0
Timber Excise	1,316.5			22.0	1,338.5	22.0
Other	18.9			0.5	19.4	0.5
Subtotal	780.2	156.4		26.7	963.3	183.1
	22,669.0	195.0	10.4	99.9	22,974.2	305.3
<b>Department of Licensing</b>						
Boat excise, licenses, fees & other	45.4	0.0		0.9	46.3	0.9
<b>Insurance Commissioner</b>						
Insurance Premiums	443.8			1.8	445.5	1.8
<b>Liquor Control Board</b>						
Liquor Profits and Fees	89.0		1.1	(0.5)	89.6	0.5
Beer & Wine Surtax	3.7			0.0	3.7	0.0
<b>Lottery Commission</b>						
Lottery Revenue	4.3			0.0	4.3	0.0
<b>State Treasurer</b>						
Interest Earnings	49.4			2.0	51.4	2.0
<b>Office of Financial Management</b>						
Other	23.3	0.0		3.7	27.0	3.7
<b>Total General Fund-State *</b>	<b>\$23,327.8</b>	<b>\$195.0</b>	<b>\$11.5</b>	<b>\$107.7</b>	<b>\$23,642.0</b>	<b>\$314.2</b>

1 General Fund-State forecast for the 2003-05 biennium, adopted March 2005.

2 Refunds associated with two State Supreme Court decisions: invalidation of the estate tax and reduction in b&O tax for meat products, moved from the 2003-05 to the 2005-07 biennium.

3 GFS impact of 2005 legislation and budget driven revenue.

4 Revised General Fund-State forecast for the 2003-05 biennium, adopted June 2005.

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

Table 3.9  
**Comparison of the General Fund-State Forecast by Agency**  
**2005-07 Biennium; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2005 Forecast<sup>1</sup></b>	<b>Non- Economic Changes<sup>2</sup></b>	<b>Legis- lative Changes<sup>3</sup></b>	<b>Forecast Revision</b>	<b>June 2005 Forecast<sup>4</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>						
Retail Sales	\$13,165.9		\$44.7	\$118.5	\$13,329.1	\$163.2
Business & Occupation Use	4,643.7	(38.6)	16.4	67.2	4,688.7	45.0
Public Utility	894.2		5.7	15.0	914.9	20.7
Liquor Sales/Liter	613.7		0.9	9.7	624.3	10.5
Cigarette	213.4		57.7	3.4	274.5	61.1
Property (State Levy)	96.8		(5.1)	(0.5)	91.2	(5.6)
Real Estate Excise	2,623.4		138.2	(0.5)	2,761.2	137.7
Timber Excise	1,208.9		58.6	107.7	1,375.2	166.3
Other	21.3		-	(0.1)	21.2	(0.1)
Subtotal	706.1	(156.4)	18.8	6.8	575.3	(130.8)
	24,187.5	(195.0)	335.9	327.2	24,655.5	468.1
<b>Department of Licensing</b>						
Boat excise, licenses, fees & other	46.2		(7.7)	1.0	39.5	(6.6)
<b>Insurance Commissioner</b>						
Insurance Premiums	490.0			3.5	493.5	3.5
<b>Liquor Control Board</b>						
Liquor Profits and Fees	86.1		27.1	(9.0)	104.1	18.0
Beer & Wine Surtax	3.9			0.0	3.9	0.0
<b>Lottery Commission</b>						
Lottery Revenue	0.0			0.0	0.0	0.0
<b>State Treasurer</b>						
Interest Earnings	83.6		(0.0)	10.9	94.5	10.9
<b>Office of Financial Management</b>						
Other	(11.8)		(1.5)	7.1	(6.2)	5.6
<b>Total General Fund-State *</b>	<b>\$24,885.3</b>	<b>(\$195.0)</b>	<b>\$353.8</b>	<b>\$340.7</b>	<b>\$25,384.8</b>	<b>\$499.5</b>

1 General Fund-State forecast for the 2003-05 biennium, adopted March 2005.

2 Refunds associated with two State Supreme Court decisions: invalidation of the estate tax and reduction in b&O tax for meat products, moved from the 2003-05 to the 2005-07 biennium.

3 GFS impact of 2005 legislation and budget driven revenue.

4 Revised General Fund-State forecast for the 2003-05 biennium, adopted June 2005.

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



Table 3.10

**Comparison of the General Fund-State Forecast by Agency  
2005-07 Biennium; GAAP Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2005 Forecast<sup>1</sup></b>	<b>Non- Economic Changes<sup>2</sup></b>	<b>Legis- lative Changes<sup>3</sup></b>	<b>Forecast Revision</b>	<b>June 2005 Forecast<sup>4</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>						
Retail Sales	\$13,220.8		44.7023	\$118.7	\$13,384.2	\$163.4
Business & Occupation Use	4,653.3	(38.6)	16.3895	67.2	4,698.3	45.0
Public Utility	895.1		5.7445	15.1	915.9	20.8
Liquor Sales/Liter	615.2		0.8556	9.7	625.8	10.6
Cigarette	213.7		57.684	4.0	275.4	61.7
Property (State Levy)	96.8		-5.086	(0.5)	91.2	(5.6)
Real Estate Excise	2,624.7		138.192	(0.4)	2,762.5	137.8
Timber Excise	1,212.4		58.609	107.7	1,378.7	166.3
Other	21.3		0	(0.3)	20.9	(0.3)
Subtotal	706.4	(156.4)	18.777	6.9	575.7	(130.7)
	24,259.8	(\$195.0)	\$335.9	328.1	24,728.7	468.9
<b>Department of Licensing</b>						
Boat excise, licenses, fees & other	47.8		-7.685	1.1	41.2	(6.6)
<b>Insurance Commissioner</b>						
Insurance Premiums	490.0			3.5	493.5	3.5
<b>Liquor Control Board</b>						
Liquor Profits and Fees	86.1		27.089235	(9.0)	104.1	18.0
Beer & Wine Surtax	3.9			0.0	3.9	0.0
<b>Lottery Commission</b>						
Lottery Revenue	0.0			0.0	0.0	0.0
<b>State Treasurer</b>						
Interest Earnings	84.4		-0.0274	10.3	94.7	10.3
<b>Office of Financial Management</b>						
Other	(11.6)		-1.4899	7.2	(5.9)	5.7
<b>Total General Fund-State *</b>	<b>\$24,960.3</b>	<b>(\$195.0)</b>	<b>\$353.8</b>	<b>\$341.2</b>	<b>\$25,460.2</b>	<b>\$499.9</b>

1 General Fund-State forecast for the 2003-05 biennium, adopted March 2005.

2 Refunds associated with two State Supreme Court decisions: invalidation of the estate tax and reduction in b&O tax for meat products, moved from the 2003-05 to the 2005-07 biennium.

3 GFS impact of 2005 legislation and budget driven revenue.

4 Revised General Fund-State forecast for the 2003-05 biennium, adopted June 2005.

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

Table 3.11  
**June 2005 General Fund-State Forecast**  
**2003-05 & 2005-07 Biennia; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Source</b>	<b>Fiscal 2003</b>	<b>Fiscal 2004<sup>a</sup></b>	<b>Fiscal 2005</b>	<b>2003-05 Biennium</b>	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>	<b>2005-07 Biennium</b>
<b>State Taxes</b>							
Retail sales	\$5,551.9	\$5,765.3	\$6,179.9	\$11,945.3	\$6,485.8	\$6,843.3	\$13,329.1
Business & occupation	1,876.8	2,006.6	2,190.7	4,197.3	2,273.2	2,415.5	4,688.7
Use	376.6	385.8	438.1	823.9	449.4	465.5	914.9
Public Utility	259.3	281.2	292.0	573.2	310.1	314.1	624.3
Liquor sales/liter	93.0	99.4	107.1	206.5	134.2	140.3	274.5
Beer & wine surtax	1.9	1.8	1.9	3.7	1.9	1.9	3.9
Cigarette	53.2	54.2	51.5	105.7	46.4	44.8	91.2
Tobacco products	8.8	9.4	10.1	19.5	10.7	11.2	21.9
Property (state school levy)**	1,331.6	1,370.5	1,362.0	2,732.5	1,357.4	1,403.8	2,761.2
Public utility district	37.0	36.6	38.0	74.7	39.0	41.7	80.7
Real estate excise	474.0	567.8	752.7	1,320.5	667.2	708.0	1,375.2
Timber excise	8.3	7.9	10.1	18.0	10.0	11.2	21.2
Estate/inheritance	122.5	139.9	111.0	250.8	(149.5)	0.0	(149.5)
Motor vehicle excise & Rental car	(0.0)	(0.1)	0.0	(0.1)	0.0	0.0	0.0
Boat excise	12.1	13.0	14.3	27.3	14.9	15.6	30.5
Insurance premiums	203.2	217.6	227.9	445.5	240.2	253.3	493.5
Other	140.6	189.0	207.4	396.4	212.4	218.2	430.6
<b>Total Taxes</b>	<b>10,550.8</b>	<b>11,145.7</b>	<b>11,994.9</b>	<b>23,140.5</b>	<b>12,103.3</b>	<b>12,888.5</b>	<b>24,991.8</b>
<b>State Non-Tax Sources</b>							
Licenses, permits, fees	74.7	75.5	76.6	152.1	75.2	76.9	152.1
Liquor profits & fees	30.9	42.8	46.8	89.6	50.1	54.0	104.1
Earnings on investments	25.6	21.9	28.9	50.7	47.2	47.3	94.5
Lottery transfers	0.0	0.0	4.3	4.3	0.0	0.0	0.0
Other revenue & transfers	7.9	35.4	74.1	109.5	20.4	21.8	42.3
<b>Total Non-Tax</b>	<b>139.1</b>	<b>175.5</b>	<b>230.6</b>	<b>406.2</b>	<b>193.0</b>	<b>199.9</b>	<b>393.0</b>
<b>Total General Fund-State *</b>	<b>\$10,689.9</b>	<b>\$11,321.2</b>	<b>\$12,225.5</b>	<b>\$23,546.7</b>	<b>\$12,296.3</b>	<b>\$13,088.5</b>	<b>\$25,384.8</b>

a - Actual;

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

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

## **Department of Licensing**

The majority of General Fund-State revenue collected by the Department of Licensing is from professional licenses, boat excise tax, and boat registration fees. The Department's General Fund-State forecast for the current biennium has been increased \$0.9 million to \$44.7 million. Due mainly to legislative changes, however, its forecast for the 2005-07 biennium has been decreased to \$39.5 million. The new legislation, SHB 1394, moved most of the business and professional license and fee revenues out of the General Fund and into a dedicated fund. The move reduced General Fund revenue by \$7.7 million, while the forecast of Department revenues that remain in the General Fund increased by \$1.0 million for a net forecast decrease of \$6.6 million.

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

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, and the State Treasurer. The office's forecast for the current biennium has been increased \$3.7 million to \$26.9 million due mainly to an increase in received and expected revenues from the Department of Financial Institutions as well as increased fines and forfeit revenue from the Department of Social and Health Services. Those two sources are also responsible for most of the \$5.6 million increase in the office's forecast for the 2005-07 biennium, which now stands at negative \$6.2 million. This increase is net of the effects of legislative changes that lowered the office's forecast by a total of \$1.5 million. The office's negative forecast for the 2005-07 biennium indicates that General Fund revenue and transfers from the General Fund to the agencies overseen by the OFM are expected to exceed the revenue and transfers to the General Fund by those agencies.

## **State Treasurer**

The Office of the State Treasurer generates General Fund-State revenue by investing state short-term cash reserves. The office's General Fund-State forecast for the current biennium has been increased \$1.1 million to \$50.7 million and its forecast for the 2005-07 biennium has been increased \$10.9 million to \$94.5 million. Forecast changes were due to an increase in the forecast of short-term interest rates as well as increases in both forecasted and actual fund balances.

## **Insurance Commissioner**

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the General Fund-State, the health services account, and various accounts in support of fire services. The office's forecast of General Fund-State revenue for the current biennium has been increased \$1.8 million to \$445.5 million and its forecast for the 2005-07 biennium has been increased \$3.5 million to \$493.5million.

## **Liquor Control Board**

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The agency's estimate of excess funds and fees for the current biennium has been increased \$0.5 million to \$89.6 million and its forecast of beer and wine surtaxes is unchanged at \$3.7 million. The increase in excess funds and fees is net of the effects of legislation that increased the forecast by \$1.1 million through the extension of a 42 cent per liter surcharge which was otherwise set to expire before the end of the biennium. Legislative changes also increased the agency's

Table 3.12

**General Fund - State Cash Receipts**

June 2005 Forecast by Fiscal Year

(Millions of Dollars)

	<u>General Fund - State</u>	<u>Percent Change</u>
<b>Fiscal Years</b>		
1986	\$4,566.2	
1987	5,008.4	9.7%
1988	5,248.1	4.8%
1989	5,686.0	8.3%
1990	6,505.4	14.4%
1991	6,801.9	4.6%
1992	7,297.6	7.3%
1993	7,564.6	3.7%
1994	8,013.4	5.9%
1995	8,551.3	6.7%
1996	8,581.2	0.3%
1997	9,056.6	5.5%
1998	9,640.9	6.5%
1999	9,979.2	3.5%
2000	10,433.2	4.5%
2001	10,828.9	3.8%
2002	10,450.7	-3.5%
2003	10,689.9	2.3%
2004	11,321.2	5.9%
<b>Forecast</b>		
2005	12,225.5	8.0%
2006	12,296.3	0.6%
2007	13,088.5	6.4%

Table 3.13

**Track Record for the 2003-05 General Fund-State Cash Forecast**

February 2002 through June 2005

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non - Economic Changes**</u>	<u>Total Fund-State Change</u>	<u>Total General Fund-State Cash Basis</u>
<b>February 2002****</b>	<b>\$22,225</b>	<b>\$565</b>				<b>\$22,790</b>
<b>Changes to Forecast</b>						
June 2002	(53)	23	(30)	205 #1	175	22,965
September 2002	(317)	(29)	(346)	80 #2	(265)	22,700
November 2002	(31)	21	(10)		(10)	22,690
March 2003	(216)	(49)	(265)	27 #3	(238)	22,452
June 2003	(148)	(9)	(156)	446 #4	290	22,741
September 2003	17	(3)	15		15	22,756
November 2003	70	(4)	65		65	22,821
February 2004	63	14	76		76	22,897
June 2004	154	31	185	(86) #5	99	22,996
September 2004	104	13	117	(10) #6	106	23,103
November 2004	65	5	70	0	70	23,173
March 2005	299	2	301	(243) #7	58	23,231
June 2005	102	7	109	206 #8	316	23,547
<b>Total change***:</b>						
From February 2002	110	22	132	624	757	
Percent change	0.5%	4.0%	0.6%	2.7%	3.3%	

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

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

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

\*\*\*\* First official forecast for the 2003-05 biennium.

#1 Change to the forecast due to 2002 legislation.

#2 Adjustment to the forecast to account for the expiration of two tax incentives and for 2002 legislation (SHB 2512) not previously included in the GFS forecast.

#3 Includes an \$86.6 million adjustment to the November forecast for SSB 6835 and a Dec. 2002 court case. Also the impact of 2003 legislation (hb 1977) enacted prior to the March 2003 forecast (-\$60.0 million).

#4 Impact of 2003 legislation on GFS revenue.

#5 Impact of 2004 legislation on GFS revenue.

#6 Revision to fiscal note for High tech incentives.

#7 Impact of the State Supreme Court decision invalidating the estate tax and reducing the b&amp;O tax rate on certain meat products.

#8 Shift refunds associated with two recent court cases from fy 05 to fy 06. (+\$195.0 million) and 2005 legislation (+\$11.1 million).

Table 3.14

**Track Record for the 2005-07 General Fund-State Cash Forecast**

February 2004 through June 2005

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
<b>February 2004****</b>	<b>\$24,293</b>	<b>\$660</b>				<b>\$24,953</b>
<b>Changes to Forecast</b>						
June 2004	57	4	62	(265) #1	(203)	24,750
September 2004	32	16	48	(22) #2	26	24,776
November 2004	(57)	3	(54)	0	(54)	24,722
March 2005	424	14	438	(275) #3	164	24,885
June 2005	327	14	341	159 #4	499	25,385
September 2005						
November 2005						
February 2006						
June 2006						
<b>Total change***:</b>						
From February 2004	784	51	835	(403)	431	
Percent change	3.2%	7.7%	3.3%	-1.6%	1.7%	

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

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

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

\*\*\*\* First official forecast for the 2005-07 biennium.

#1 Change to the forecast due to 2004 legislation.

#2 Revision to fiscal note for high tech tax incentives

#3 Impact of the state Supreme Court decision invalidating the estate tax and lowering the b&O rate on certain meat products

#4 Impact of 2005 legislation, budget driven revenue on the GFS forecast (+\$353.8 million) and shift refunds associated with the two recent court decisions from fy 2005 to fy 2006 (-\$195.0 million)

Table 3.15

**GFS Impact of 2005 Legislation & Budget Driven Revenue by Agency**

2005-07 Biennium

Millions of Dollars

<u>Agency/Bill No.</u>	<u>Legislation</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>2005-07 Biennium</u>
<b>Department of Revenue</b>					
2SHB 1240	Automated processing, real estate excise tax; one time advance		-	51,571	51,571
EHB 1241	Driver's license required to transfer vehicle title; tax compliance		704	1,407	2,111
HB 1315	Real estate excise tax; collection of tax on controlling interests		2,769	2,769	5,538
HB 1407	Ban on American beef		-	-	-
HB 1502	Property tax exemption; property damaged by disasters		(15)	(31)	(46)
ESHB 2221	B&O tax exemption for fruit & vegetable processors		(3,345)	(3,750)	(7,095)
ESHB 2314	Omnibus tax bill; aggregate GF impact	10,400	42,620	45,070	87,690
ESHB 2314	Section 1104: reduce property tax trans. to SAA		35,541	102,697	138,238
SSB 5101	PUT credit for customer-generate power via renewable resources		-	(127)	(127)
2SSB 5154	Leasehold tax exemption; Ft. Vancouver		(11)	(15)	(26)
E2SSB 5111	B&O rate reduction for solar energy systems		(24)	(48)	(72)
SSB 5623	Sales tax exemption for R.T.A. maintenance contracts		(428)	(677)	(1,105)
2SSB 5663	Sales tax exemption for ag. field burning equipment		667	(2,000)	(1,333)
SB 5794	Cigarette tax agreement; Puyallup tribe - GF total		7,974	9,278	17,252
SB 5857	B&O tax deduction; govt. grants for community health centers		(109)	(133)	(242)
2SSB 5916	Alternative fuel vehicles		-	-	-
ESSB 6090	Budget (Sec. 138); revenue enhancement for DOR - 14 FTEs		6,100	9,100	15,200
ESSB 6090	Budget; LCB increase capacity, additional liquor taxes		1,802	3,744	5,546
SB 5948	Unclaimed property; sale of investments with auto. reinvestment		13,222	1,066	14,288
SB 6003	Commuter Trip reduction, b&o and public utility tax credits		-	(500)	(500)
SSB 5999	B&O exemption; local parking & business improvement areas		(68)	(77)	(145)
SB 6097	Tobacco product tax; rate reduction/enforcement provisions		1,958	2,214	4,172
SHB 1379	Sunday Sales of liquor-additional liquor taxes		1,827	3,126	4,953
	Subtotal: DOR	10,400	111,184	224,684	335,868
<b>Department of Licensing</b>					
SHB 1394	Business and professional accounts		(3,759)	(3,926)	(7,685)
<b>Treasurer</b>					
2ESSB 5782	Linked Deposit program		(176)	(407)	(583)
ESSB 5396	Habitat conservation prgrms		-	-	-
SSB 5058	Vehicle fuel tx payment date		264	292	556
	Subtotal:OST		88	(115)	(27)
<b>Liquor Control Board</b>					
SB 6097	Tobacco product tax; rate reduction/enforcement provisions		888	629	1,517
ESSB 6090	Budget driven revenue:Expand capacity; extend surcharge, etc.	1,068	12,056	13,474	25,530
SHB 1379	Sunday sales of liquor-additional excess fees		16	27	43
	Subtotal: LCB	1,068	12,960	14,130	27,089
<b>OFM-other agencies</b>					
HB 1457	Military department accounts		-	(878)	(878)
SB 5039	Milk and milk products		(1)	(1)	(2)
ESHB 2309	Water right fees		70	70	140
SB 6003	Commuter Trip reduction, b&o and public utility tax credits		(1,250)	500	(750)
	Subtotal: OFM -other agency		(1,181)	(309)	(1,490)
<b>Total GFS-Impact</b>		<b>\$11,468</b>	<b>\$119,291</b>	<b>\$234,464</b>	<b>\$353,755</b>

**Table 3.16**  
**2003-05 and 2005-07 Biennial Balance Sheet Including 2004 and 2005 Supplemental Budgets**  
**General Fund-State**  
**Dollars in Millions**

	2003-05	2005-07
<b>RESOURCES</b>		
<b>Beginning Fund Balance</b>	<b>404.6</b>	<b>976.7</b>
March 2005 Forecast	23,230.9	24,885.3
June 2005 Forecast Update	109.3	340.7
Non-Economic Change (Estate and Agrilink)	195.0	(195.0)
2005 Legislative Changes	11.5	353.8
<b>Current Revenue Totals</b>	<b>23,546.7</b>	<b>25,384.8</b>
2003-04 Fund Transfers, Grants and Other Adjustments	291.7	
2005 Fund Transfers and Other Adjustments	405.4	219.0
<b>Total Resources (Includes Fund Balance)</b>	<b>24,648.4</b>	<b>26,580.4</b>
<b>APPROPRIATIONS AND SPENDING ESTIMATES</b>		
2003-05 Appropriations w/2004 Supplemental Budget	23,246.2	0.0
2005 Supplemental Appropriations	408.8	0.0
2005-07 Appropriations		25,953.8
2005 Governor's Vetoes, and Lapsed Appropriations	16.8	(1.4)
<b>Spending Level</b>	<b>23,671.7</b>	<b>25,952.4</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>		
<b>Projected Ending Fund Balance</b>	<b>976.7</b>	<b>628.0</b>



Table 3.17

**June 2005 Baseline Forecast by Agency  
Comparison of Cash and GAAP Basis**  
(Millions of dollars)

Agency	2001-03 Biennium			2003-05 Biennium			2005-07 Biennium		
	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.
<b>General Fund - State Cash/Revenue Sources</b>									
Department of Revenue <sup>3</sup>	\$20,516.6	\$20,570.8	\$54.2	\$22,734.5	\$22,821.4	\$86.9	\$24,541.9	\$24,615.4	\$73.5
Department of Licensing	42.6	44.1	1.6	44.7	46.3	1.6	39.5	41.2	1.7
Insurance Commissioner <sup>4</sup>	397.3	397.0	(0.3)	459.8	459.8	0.0	509.3	509.3	0.0
State Treasurer	58.2	55.9	(2.4)	50.7	51.4	0.7	94.5	94.7	0.3
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	160.9	161.5	0.5	208.2	208.3	0.1	195.6	195.9	0.3
<b>Subtotal: General Fund-State Cash/Revenue*</b>	<b>21,175.6</b>	<b>21,229.3</b>	<b>53.6</b>	<b>23,497.9</b>	<b>23,587.2</b>	<b>89.3</b>	<b>25,380.8</b>	<b>25,456.5</b>	<b>75.7</b>
<b>General Fund State - Other Financing Sources<sup>5</sup></b>									
Department of Revenue <sup>6</sup>	75.7	75.5	(6.4)	146.9	152.8	6.0	113.6	113.3	(0.3)
Lottery Commission	0.0	0.0	0.0	4.3	4.3	0.0	0.0	0.0	0.0
Insurance Commissioner <sup>7</sup>	(9.8)	(9.8)	0.0	(14.3)	(14.3)	0.0	(15.7)	(15.7)	0.0
Liquor Control Board	63.5	63.5	0.0	93.3	93.3	0.0	108.0	108.0	0.0
Office of Financial Management									
Other Agencies <sup>8</sup>	(164.5)	(166.3)	(1.8)	(181.3)	(181.3)	0.0	(201.9)	(201.9)	0.0
<b>Subtotal: GFS Other Financing Sources</b>	<b>(35.0)</b>	<b>(37.0)</b>	<b>(8.2)</b>	<b>48.8</b>	<b>54.7</b>	<b>6.0</b>	<b>4.0</b>	<b>3.7</b>	<b>(0.3)</b>
<b>Total Available Receipts/Resources</b>									
<b>General Fund-State *</b>	<b>\$21,140.7</b>	<b>\$21,192.3</b>	<b>\$51.6</b>	<b>\$23,546.7</b>	<b>\$23,642.0</b>	<b>\$95.3</b>	<b>\$25,384.8</b>	<b>\$25,460.2</b>	<b>\$75.4</b>

\* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

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

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

4 Total insurance premiums tax.

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

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

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

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

Table 3.18  
**June 2005 Alternative Forecasts Compared to the Baseline Forecast**  
**2003-05 Biennium**  
(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	\$11,968.7	\$11,945.3	\$11,921.5
Business & Occupation Use	4,202.3	4,197.3	4,192.5
Public Utility	825.0	823.9	822.3
Property (school levy)	573.6	573.2	572.7
Real Estate Excise	2,736.6	2,732.5	2,725.7
Other	1,324.8	1,320.5	1,320.1
Subtotal	1,293.3	1,288.7	1,277.7
	22,924.4	22,881.3	22,832.5
<b>Department of Licensing</b>			
	45.4	44.7	44.0
<b>Insurance Commissioner<sup>1</sup></b>			
	451.2	445.5	439.8
<b>Lottery Commission</b>			
	4.3	4.3	4.3
<b>State Treasurer - Interest earnings</b>			
	53.2	50.7	49.2
<b>Liquor Profits &amp; Fees<sup>2</sup></b>			
	94.3	93.3	92.4
<b>Office of Financial Management</b>			
Other agencies	32.4	26.9	21.4
<b>Total General Fund - State*</b>	<b>\$23,605.0</b>	<b>\$23,546.7</b>	<b>\$23,483.5</b>
<b>Difference from June 2005 Baseline</b>	<b>\$58.4</b>		<b>(\$63.2)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

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

Table 3.19  
**June 2005 Alternative Forecasts Compared to the Baseline Forecast**  
**2005-07 Biennium**  
(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	\$13,865.2	\$13,329.1	\$12,771.3
Business & Occupation Use	4,856.4	4,688.7	4,627.1
Public Utility	926.9	914.9	880.1
Property (school levy)	643.4	624.3	619.8
Real Estate Excise	2,816.4	2,761.2	303.8
Other	1,504.9	1,375.2	1,303.8
Subtotal	1,040.7	962.2	3,289.5
	25,654.0	24,655.5	23,795.3
<b>Department of Licensing</b>			
	40.7	39.5	38.3
<b>Insurance Commissioner<sup>1</sup></b>			
	505.8	493.5	481.2
<b>Lottery Commission</b>			
	1.0	0.0	0.0
<b>State Treasurer - Interest earnings</b>			
	147.2	94.5	51.7
<b>Liquor Profits &amp; Fees<sup>2</sup></b>			
	110.1	108.0	105.8
<b>Office of Financial Management</b>			
Other agencies	6.3	(6.2)	(18.7)
<b>Total General Fund - State*</b>	<b>\$26,465.2</b>	<b>\$25,384.8</b>	<b>\$24,453.6</b>
<b>Difference from June 2005 Baseline</b>	<b>\$1,080.4</b>		<b>(\$931.2)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

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

Table 3.20

**Impact of Initiative 728 on the State Property Tax and Lottery Revenue  
June 2005 Forecast; Millions of Dollars**

**I. Disposition of the State portion of the Property Tax**

	State Levy: <u>Total Receipts</u>	To the <u>General Fund</u>	To the <u>Student Achievement Account</u> <sup>1</sup>
2000	\$1,302.0	1,302.0	
2001	1,349.9	1,349.9	
1999-01 Biennium	2,652.0	2,652.0	
2002	1,415.0	1,281.8	133.1
2003	1,465.5	1,331.6	133.9
2001-03 Biennium	2,880.5	2,613.5	267.0
2004	1,504.7	1,370.5	134.2
2005	1,557.5	1,362.0	195.5
2003-05 Biennium	3,062.3	2,732.5	329.8
2006	1,602.6	1,357.4	245.2
2007	1,650.2	1,403.8	246.4
2005-07 Biennium	3,252.8	2,761.2	491.6

**II. Lottery Transfers by Fund\***

	Lottery: <u>Total Transfers</u> **	<u>General Fund</u>	<u>Mariners Stadium</u>	<u>Exhibition Center &amp; Stadium</u>	<u>Student Achievement Account</u> <sup>1</sup>	<u>School Construction Account</u> <sup>1</sup>	<u>Transfer to VERDE</u> <sup>2</sup>
1998	117.8	114.6	3.2				
1999	118.6	107.5	3.3	7.8			
1999-01 Biennium	236.3	222.0	6.5	7.8			
2000	101.1	93.3	3.4	4.4			
2001	120.1	110.0	3.6	6.5			
1999-01 Biennium	221.3	203.3	7.0	10.9			
2002	90.2	0.0	3.7	6.7	39.9	39.9	0.0
2003	96.8	0.0	3.9	7.0	64.0	21.4	0.5
2001-03 Biennium	187.0	0.0	7.6	13.8	103.9	61.3	0.5
2004	113.3	0.0	4.0	7.3	76.5	25.5	0.0
2005	111.5	4.3	4.2	7.6	0.0	95.4	0.0
2003-05 Biennium	224.8	4.3	8.2	14.9	76.5	120.9	0.0
2006	105.9	0.0	4.4	7.9	0.0	93.7	0.0
2007	102.9	0.0	4.5	8.2	0.0	90.2	0.0
2005-07 Biennium	208.8	0.0	8.9	16.1	0.0	183.8	0.0

\* Cash Basis

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

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

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

estimate of excess funds and fees for the 2005-07 biennium. Changes included further extension of the 42 cent per liter surcharge, increases in warehouse shipping capacity and allowing some liquor stores to open on Sundays, which together with other changes added \$27.1 million to the forecast. The legislative increases were offset somewhat by \$9.0 million in forecast change related to economic factors, the net result being a forecast increase of \$18.1 million for a total forecast of \$104.1 million. The forecast of beer and wine surtaxes for the 2005-07 biennium is unchanged at \$3.9 million.

### **Lottery Commission**

The Lottery Commission transfers the unallocated portion of collections from sales of Lottery products to the General Fund. Under the bill, funds are not transferred unless there is lottery revenue remaining after the School Construction, Student Achievement, and stadium/exhibition center accounts receive their allotments. The Commission's General Fund cash forecasts for the current and 2005-07 biennia are unchanged at \$4.3 million and zero dollars respectively. The Commission's forecast of revenues for the School Construction and Student Achievement Funds for the current biennium is unchanged at \$197.4 million. The Commission's forecast of revenues for the School Construction Account for the 2005-07 biennium has been increased \$3.8 million to \$183.8 million. The forecast increase is net of the effects of legislation that reduced the forecast by \$4.4 million due to transfers of unclaimed prize money to the Economic Development and Strategic Reserve Account and the transfer of other Lottery funds to the Problem Gambling Account.

### **Track Record for the 2003-05 Biennium**

The June 2005 GFS cash receipts forecast for the 2003-05 biennium totals \$23,546.7 million. This is \$315.8 million more than the previous forecast released in March 2005. It is \$757 million (3.3 percent) higher than the February 2002 forecast which was the initial forecast for the biennium. However, legislative changes greatly distort this variance. Excluding the impact of non-economic factors, primarily the impact of 2002, 2003, 2004 and 2005 legislation and two recent State Supreme Court decisions, the June 2005 forecast is \$132 million (0.6 percent) higher than the February 2002 forecast. While the total change to the 2003-05 forecast (excluding non-economic changes) over the last three years is small, the path has not been random. There have been thirteen revisions to the forecast for the 2003-05 biennium since February 2002. The first five, made in the aftermath of the last recession, lowered expected revenue (excluding tax law changes). The last eight revisions, including the June 2005 update, have increased the forecast. Since June 2003 the forecast, excluding legislation, has been raised \$938 million, 4.1 percent. Table 3.13 summarizes the changes to the GFS forecast for the 2003-05 biennium since February 2002.

### **Track Record for the 2005-07 Biennium**

The June 2005 GFS cash receipts forecast for the 2005-07 biennium totals \$25,384.8 million. This is \$499.5 million more than the previous forecast released in March 2005. The June 2005 updated is the fifth revision to the GFS revenue forecast for the 2005-07 biennium since the initial forecast in February 2004. Four of the five revisions, including the June 2005 update, have increased the forecast for the 2005-07 biennium excluding legislation and other non-economic factors. The June 2005 forecast for the 2005-07 budget period is now \$431 million more than the initial estimate for the biennium. Non-economic changes, including 2005 and 2004 legislation along with the impact of the two recent State Supreme Court decisions, have reduced the forecast by \$403 million. Excluding non-economic changes, the current GFS forecast for the 2005-07 biennium is \$835 million (3.3 percent) higher than the initial February 2004 forecast. Table 3.14 summarizes the changes to the GFS revenue forecast for the 2005-07 biennium.

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

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

Table 3.17 compares the cash receipts forecast and the GAAP revenue forecast by agency. GFS revenue for the 2001-03 biennium totaled \$21,192.3 million on a GAAP basis, \$51.6 million higher than the \$21,140.7 million cash receipts total. The forecast on a GAAP basis for the 2003-05 biennium is \$23,642.0 million, \$95.3 million more than the \$23,546.7 million cash receipts total. The GFS forecast for the 2005-07 biennium is \$25,460.2 million on a GAAP basis, \$75.4 million more than the \$25,384.8 million cash forecast.

Table 3.16 shows the budgetary balance sheet for the 2003-05 and 2005-07 biennia. As of the date of the June 2005 forecast, the projected GFS unrestricted ending balance for the 2003-05 biennium is \$976.7 million. This is \$141.1 million more than at the time of the March forecast. The change is due to the higher GFS revenue forecast for the 2003-05 biennium as well as to changes to the 2003-05 spending level as a result of the 2005 supplemental appropriation. There were also some small changes to reserves and other adjustments since March. The projected ending balance is about 4.1 percent of the 2003-05 spending level. The initial balance sheet for the 2005-07 biennium is shows a projected ending balance of \$628.0 million. Although GFS revenue in the 2005-07 biennium (\$25,384.8 million) is less than the spending level (\$25,952.4 million), there is projected balance of \$628.0 million (2.4 percent of the budget) due to the large beginning balance and \$219.0 million of one-time transfers and other adjustments.

### Alternative Forecast for the 2003-05 Biennium

The June 2005 baseline forecast expects economic growth will continue for the remainder of the 2003-05 biennium and throughout the 2005-07 biennium. After a very slow start, economic and revenue growth has been improving. Growth was good in fiscal 2004 and is even better in fiscal 2005. The baseline forecast expects some slowing in the 2005-07 biennium in response to an expected rise in interest rates, still high oil prices and a weaker housing market and slower housing related spending. The assumed housing correction and slower spending assumed in the baseline forecast may not occur or may be postponed. On the other hand, the slowdown expected in housing may be worse than assumed in the baseline. The revenue implications of stronger as well as weaker economic growth assumptions are contained in two alternative forecasts.

The June 2005 optimistic scenario again assumes that the productivity boom that emerged during the 1990's economic expansion will continue and that productivity will increase faster than assumed in the

baseline forecast. In addition, foreign economic growth is stronger which is expected to boost U.S. exports and strength manufacturing. In the optimistic scenario, investment spending is also stronger than in the baseline and perhaps most importantly, housing remains healthy. Washington's economy benefits from stronger growth nationally. In the optimistic scenario state personal income is 0.4 percent higher than the baseline by the end of the 2003-05 biennium and is 4.6 percent higher by the end of the 2005-07 biennium. State wage and salary employment is about 2,000 higher by the last quarter of the 2003-05 biennium and is more than 57,900 higher by the end of the 2005-07 budget period.

The June pessimistic scenario is similar to the March forecast. Capacity restraints, higher energy prices, a weak dollar and more than two years of very accommodative monetary policy lead to higher inflation than in the baseline forecast. Although real GDP growth never declines in the pessimistic scenario, economic growth is much weaker than in the baseline forecast. Higher prices result in cost pressures on businesses to boost productivity. There is less capital spending and weaker job and income growth. Consumers also turn cautions and consumption growth slows. The weak national economy results in weaker job and income growth in the state. In the pessimistic scenario, state personal income is 0.4 percent less than the baseline by the end of the 2003-05 biennium and is 4.1 percent less by the end of the 2005-07 biennium. Wage and salary employment is 1,900 less by the last quarter of the 2003-2005 biennium and is 59,400 less than the baseline by the end of the 2005-07 budget period.

Table 3.18 shows the revenue implications of these alternative scenarios for the 2003-05 biennium. The optimistic scenario generates \$23,605 billion, \$58.4 million more than the baseline. The pessimistic alternative produces only \$23,483.5 million GFS revenue in the 2003-05 biennium, \$63.2 million less than the baseline forecast. Table 3.19 summarizes the impact of the alternatives on GFS revenue for the 2005-07 biennium. The optimistic alternative generates \$26,465.2 million for the 2005-07 budget period, \$1,080.4 million more than the baseline. The pessimistic alternative generates \$24,453.6 million next biennium, \$931.2 million less than the baseline.

In addition to the official optimistic and pessimistic alternatives, we routinely prepare a third alternative forecast. This is developed by averaging the forecasts for several key economic indicators made by members of the Governor's Council of Economic Advisors (GCEA). The June 2005 GCEA scenario was based on the forecasts of five members of the Governor's Council of Economic Advisors. The GCEA alternative was close to the June 2005 baseline forecast, producing only \$4 million more GFS revenue than the baseline forecast for the 2003-05 biennium and \$45 million less for the 2005-07 biennium.

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## County Personal Income and Employment, 1999 to 2003

“Personal Income” is a measure of the total income received by individuals. It includes not only income earned from working, but also income derived from dividends, rent, interest and transfer payments (such as Social Security). Personal contributions to social insurance programs such as Social Security, however, are not included in personal income because to do so would count this income twice, as these contributions end up as transfer payments for someone else. When the total personal income of a region is divided by the population of that region, the result is the “per capita personal income” of that region.

The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) publishes annual estimates of personal income on a county-by-county basis broken down by source and by industry. In April of this year, the bureau released new estimates for 2003 personal income, comprehensively revised personal income estimates from 2001 to 2002, and new estimates of population and per capita income for 2000. This report presents details of the income data from 1999 to 2003. Data prior to 1999 is available through the BEA or the Washington State Economic and Revenue Forecast Council.

In 2003 per capita personal income in Washington’s counties ranged from \$45,334 in King County to \$18,955 in Ferry County. **Chart 4.1** illustrates both the level of per capita personal income in each county and its sources. The chart orders the counties according to population density, with the most densely populated counties presented first. The counties are also classified as rural or urban as per state law, which defines urban counties as those with a population density greater than one hundred people per square mile. The length of the black bar in the chart indicates the total amount of per capita earnings generated from work within a particular county. Where the bar extends below zero, it indicates that non-residents working in that county removed more earnings from the county than county residents working elsewhere brought into the county. This is indicated by a negative “residence adjustment” in the personal income tables. In counties where residents working outside the county brought in more earnings than non-residents took out, these earnings are indicated by a white bar, which indicates a positive residence adjustment. The total amount of per capita income that was derived from earnings by county residents is thus indicated by the top of the black bar, and the proportion of that income that was earned within the county is indicated by the relative lengths of the white and black bars.

From the chart, one can see that in general, the most densely populated counties tend to have the highest per capita personal income. This translates to a difference in per capita personal income between urban and rural counties of \$10,756 in 2003. The chart also indicates a large variation in income derivation

between counties. One example of this variation is the difference between King and San Juan counties, which were the two counties with the highest per capita personal income in the state. King County's above average per capita personal income stemmed from a high level of per capita earnings. San Juan County's high per capita personal income, however, was the result of high levels of income from dividends, interest, and rent.

Commuting, as reflected by "residence adjustments" in Chart 4.1, also has a large effect on county earnings. For example, in 2000 (the most recent year for which data is available) approximately four times as many people commuted from other counties to work in King County than the reverse<sup>1</sup>. In 2003, this resulted in a net earnings outflow from King County into other areas of 10 billion dollars. This outflow resulted in a positive residence adjustment for many of the surrounding counties. Counties in southwest Washington that border on the Portland metropolitan area such as Clark and Skamania experienced similar large earnings inflows. Skamania County, in fact, had a higher level of per capita earnings from outside of the county (\$8,181) than within (\$6,529).

The amount of income that county residents can earn within their own county is a function of job availability, labor force participation, and average wage per job. The job availability within counties can be compared by using a "job ratio," which is calculated by dividing the number of jobs in a county by the county's population. **Table 4.1** lists 2003 county job ratios, reported as the number of jobs per 100 residents.

The BEA does not publish county data on labor force participation, nor can it be determined by total employment, since there is no way of counting how many workers have more than one job. As a substitute, unemployment rates and per capita residence adjustments are also included in Table 4.1. While these figures do not indicate what portion of the population participates in the labor force, they can provide an indication of overall labor market behavior. For example, Asotin County had a job ratio of 39.7, well below the state average of 58.1. It also, however, had a large positive per capita residence adjustment of \$5,564, indicating that a large amount of the labor force worked in other counties or states (in this case, Lewiston, Idaho). The county's unemployment rate of 6.0 percent, well below the state average of 7.6 percent, further indicates that county residents as a whole could find work more easily than the job ratio would seem to indicate. Stevens County, on the other hand, had a similar job ratio of 39.1 but also had a lower (\$2,791) per capita residence adjustment. Coupled with the county's 2003 unemployment rate of 9.6 percent, this indicates that jobs for residents of the county were relatively hard to find<sup>2</sup>.

**Chart 4.2** indicates 2003 county average earnings per job. The chart orders the counties according to population density, with the most densely populated counties presented first. From the chart, one can see that the difference in average earnings per job between urban and rural counties was even more pronounced than the difference in per capita personal income, reaching a level of almost sixteen thousand dollars.

The components of county earnings are detailed in tables 4.2 and 4.3. **Table 4.2** indicates the number of people in each county employed in either full-time or part-time jobs per major industry classification and the average earnings per job. **Table 4.3** lists the sources of 2003 income for each county, population and per capita personal income, and earnings broken down by major industry. These tables provide an indication of how much of the difference in per capita earnings between counties is the result of differences in industry mix. For example, according to Table 4.2, farm employment and farm proprietors employment were among the lowest paying industries in Washington. Total farm employment represented 32 percent of jobs<sup>3</sup> in Lincoln County, which ranked last in county earnings per job. In Snohomish County, however, manufacturing, which was on average the fifth-highest paying industry in the state, represented 16 percent of jobs. This helped the county to rank third in wages per job.

**Table 4.4** lists the per capita personal income of Washington's counties and metropolitan areas from 1999 to 2003 and the amount of growth during that period. From 1999 to 2003, the state's urban counties experienced a total increase in per capita personal income of 9.8 percent, while that of rural counties grew 14.5 percent. This reversal of the usual pattern of faster growth in urban than rural areas is due to the fact that the state's employment downturn that began in December 2000 affected the Seattle area considerably more than the rest of the state. The Seattle area downturn continued through mid-2003 with the layoff of over 23,000 aerospace employees from December 2001 through December 2003 while the rest of the state's employment began to recover in the beginning of 2002. Also partially due to the slowdown in the Seattle area, growth in U.S. per capita personal income outpaced that of the state from 1999-2003, growing by 12.6 percent while the state's grew by 10.7 percent.

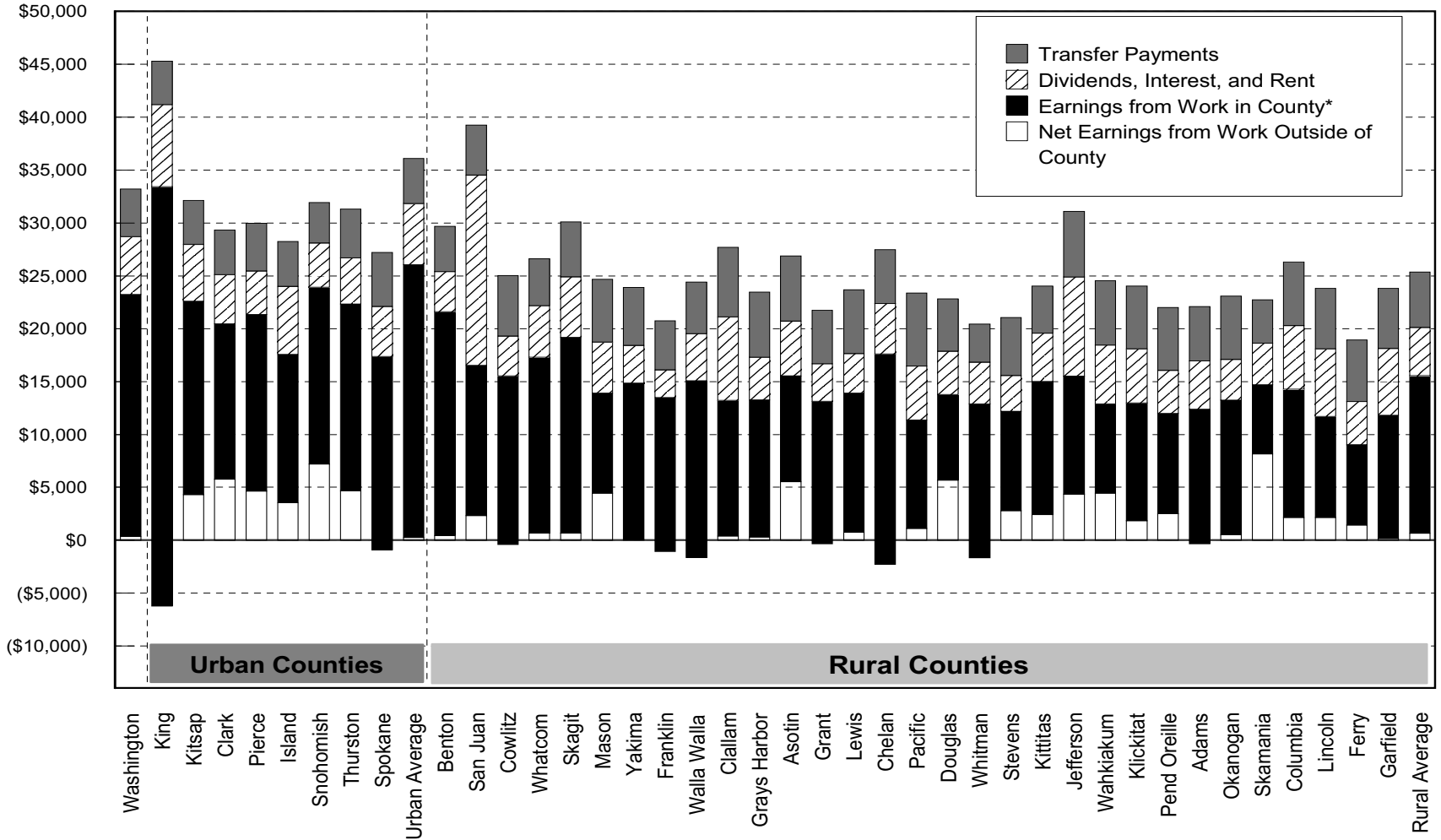
While there is a wide variation in per capita personal income between rural and urban counties, there is also variation in the counties' cost of living. While neither the federal nor the state government provides a measure of the relative cost of living between counties, the median home price can provide a good indication. **Table 4.5** shows the relationship of 2003 median home prices to per capita personal income. For example, King County had the highest per capita personal income level, which was 36 percent higher than the state average, and the highest median home price, which was 44 percent higher than the state average. Alternatively, Ferry County had the lowest per capita personal income, which was 43 percent lower than the state average, and was tied for the lowest median home price, which was 52 percent lower than the state average. This relationship suggests that the difference in per capita personal income between urban and rural communities may be offset somewhat by their differences in cost of living.

<sup>1</sup> 2000 Journey To Work Statistics, US Census Bureau

<sup>2</sup> Care, however, must be taken when comparing unemployment rates between Washington counties. This is because the yearly average unemployment rate of counties with high levels of farm employment is inflated by high off-season unemployment. These counties' rates will therefore be higher on the average than non-farm counties even though their residents may experience similar degrees of employment.

<sup>3</sup> Recall, however, that "jobs" includes both full-time and part-time positions and represents the number of jobs rather than the amount of time spent in employment.

**Chart 4.1**  
**2003 County Per Capita Personal Income by Source**  
 (Counties Ordered by Population Density)



\*Sections of in-county earnings that extend below zero indicate per capita in-county earnings of out-of-county residents

**Chart 4.2**  
**2003 Earnings per Job**  
 (Counties Ordered by Population Density)

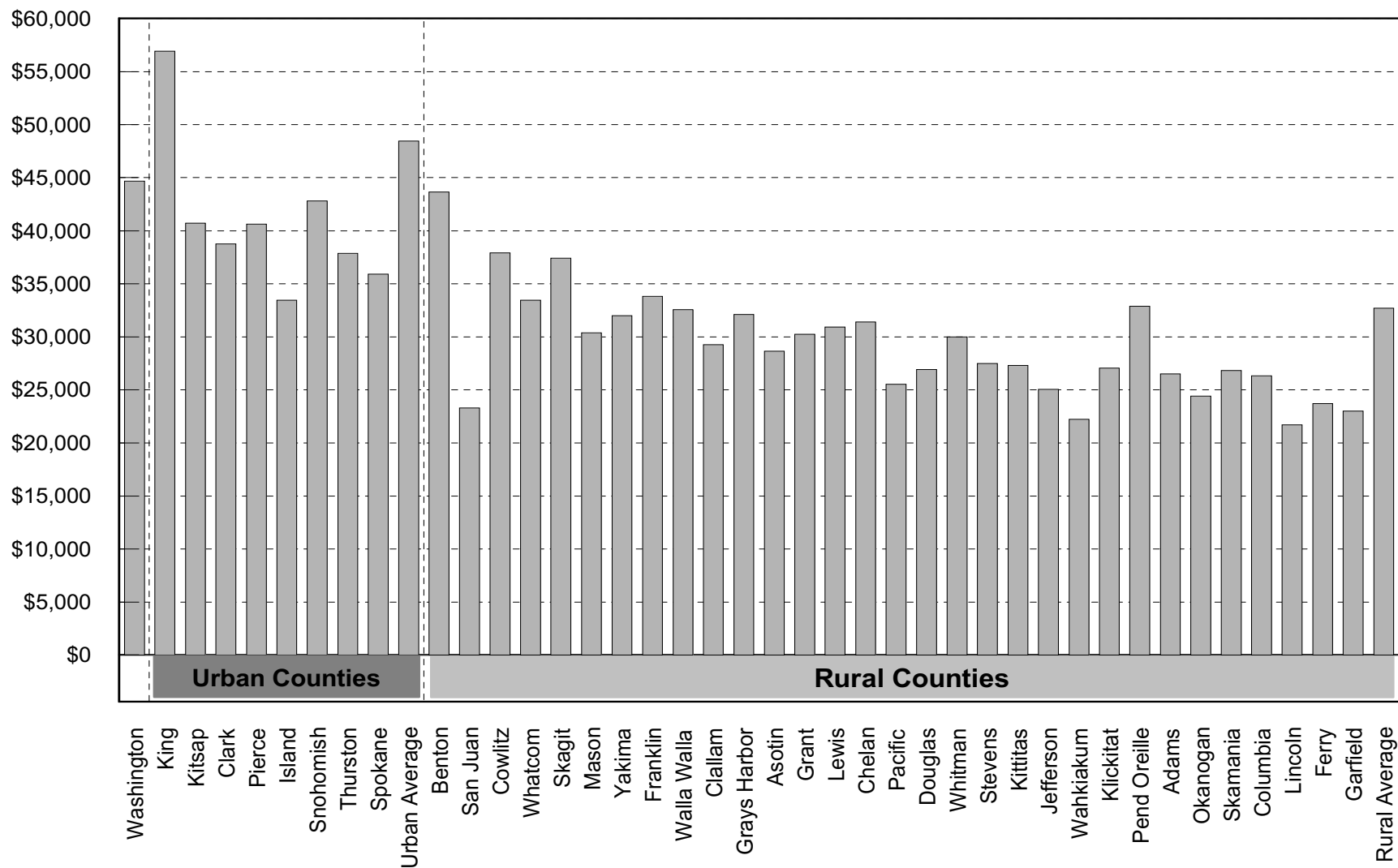


Table 4.1

**2003 Job Ratio, Unemployment, and Per Capita Residence Adjustment**

	<b>Total Full and Part-Time Employment</b>	<b>Population</b>	<b>Job Ratio</b>	<b>Per Capita Residence Adjustment</b>	<b>Unemployment Rate</b>
Washington	3,562,494	6,131,298	58.1	\$382	7.6%
King*	1,390,742	1,764,750	78.8	-\$6,216	6.8%
Chelan	49,000	67,985	72.1	-\$2,283	9.1%
San Juan	10,254	14,835	69.1	\$2,341	4.5%
Okanogan	23,025	39,102	58.9	\$559	9.9%
Garfield	1,396	2,371	58.9	\$171	4.6%
Walla Walla	33,251	56,743	58.6	-\$1,631	6.1%
Spokane*	251,512	431,219	58.3	-\$906	6.5%
Whatcom#	99,891	176,546	56.6	\$710	6.1%
Skagit	61,067	109,244	55.9	\$707	7.7%
Whitman	22,293	39,991	55.7	-\$1,657	2.7%
Benton#	85,178	153,872	55.4	\$471	7.2%
Adams	9,136	16,627	54.9	-\$344	9.7%
Thurston*	117,982	220,968	53.4	\$4,706	5.7%
Columbia	2,183	4,142	52.7	\$2,170	10.2%
Yakima#	119,166	226,859	52.5	\$52	10.6%
Kittitas	18,437	35,108	52.5	\$2,442	7.2%
Jefferson	14,129	27,670	51.1	\$4,377	6.2%
Lincoln	5,205	10,233	50.9	\$2,156	5.6%
Grant	39,959	78,840	50.7	-\$328	9.6%
Kitsap*	120,987	239,752	50.5	\$4,326	6.4%
Clallam	33,448	66,826	50.1	\$428	7.5%
Franklin#	27,667	56,339	49.1	-\$1,050	9.4%
Lewis	34,598	70,669	49.0	\$785	9.0%
Cowlitz	46,024	95,149	48.4	-\$408	10.3%
Klickitat	9,273	19,668	47.1	\$1,850	15.0%
Pierce*	345,357	740,472	46.6	\$4,664	7.8%
Island*	35,728	76,643	46.6	\$3,581	6.8%
Grays Harbor	32,263	69,430	46.5	\$315	9.7%
Pacific	9,719	21,128	46.0	\$1,128	8.9%
Snohomish*	283,910	636,931	44.6	\$7,214	5.4%
Wahkiakum	1,623	3,717	43.7	\$4,453	7.9%
Clark*	163,768	379,985	43.1	\$5,788	9.9%
Asotin	8,173	20,571	39.7	\$5,564	6.0%
Stevens	16,007	40,938	39.1	\$2,791	9.6%
Ferry	2,720	7,425	36.6	\$1,453	16.6%
Mason	18,775	52,288	35.9	\$4,448	8.2%
Douglas	11,714	33,755	34.7	\$5,721	8.2%
Pend Oreille	4,058	12,233	33.2	\$2,510	10.4%
Skamania	2,876	10,274	28.0	\$8,181	11.0%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Table 4.2

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Washington		Adams		Asotin	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	3,562,494	\$44,714	9,136	\$26,545	8,173	\$28,651
Wage & salary employment	2,913,381	\$39,181	6,891	\$27,027	5,872	\$25,027
Proprietors employment	649,113	\$27,628	2,245	\$6,471	2,301	\$23,288
Farm proprietors employment	34,853	\$3,223	659	-\$22,181	185	-\$32,519
Nonfarm proprietors employment <sup>3</sup>	614,260	\$29,013	1,586	\$18,376	2,116	\$28,167
Farm employment	78,947	\$18,701	1,743	\$15,264	278	-\$14,317
Nonfarm employment	3,483,547	\$45,303	7,393	\$29,204	7,895	\$30,164
Private employment	2,889,769	\$44,210	5,846	\$27,391	6,711	\$29,072
Forestry, fish, related act., & other <sup>4</sup>	53,722	\$35,563	543	\$21,562	(D)	(D)
Mining	4,777	\$54,800	(L)	(L)	(D)	(D)
Utilities	4,569	\$124,629	(D)	(D)	(D)	(D)
Construction	212,418	\$48,579	244	\$23,898	712	\$37,719
Manufacturing	284,002	\$67,816	892	\$40,497	584	\$51,279
Wholesale trade	127,288	\$59,090	657	\$39,038	97	\$36,134
Retail Trade	390,391	\$28,342	849	\$19,124	1,000	\$23,406
Transportation & warehousing	101,428	\$49,165	(D)	(D)	(D)	(D)
Information	99,317	\$125,662	36	\$20,778	62	\$31,726
Finance & insurance	145,205	\$61,893	182	\$25,495	295	\$36,902
Real estate & rental & leasing	138,001	\$26,931	194	\$10,278	319	\$19,301
Professional & technical svcs	232,001	\$57,917	150	\$22,347	378	\$24,553
Mgt of companies & enterprises	34,425	\$80,428	0	\$0	67	\$13,851
Administrative & waste svcs	166,160	\$31,765	76	\$10,474	222	\$14,712
Educational svcs	57,920	\$20,865	(D)	(D)	73	\$10,493
Health care & social assistance	334,529	\$41,634	(D)	(D)	1,044	\$31,148
Arts, entertainment, & rec	81,112	\$18,409	(D)	(D)	245	\$13,980
Accommodation & food svcs	223,660	\$17,886	419	\$12,444	592	\$14,066
Other svcs, except public admin	198,844	\$22,960	397	\$18,700	776	\$32,343
Government & govt. enterprises	593,778	\$50,625	1,547	\$36,057	1,184	\$36,355
Federal, civilian	68,654	\$80,019	50	\$54,480	62	\$63,774
Military	79,901	\$52,091	59	\$32,136	74	\$31,851
State & local	445,223	\$45,830	1,438	\$35,577	1,048	\$35,051
State government	141,950	\$45,792	66	\$37,712	162	\$32,994
Local government	303,273	\$45,847	1,372	\$35,474	886	\$35,427

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)  
**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Benton		Chelan		Clallam	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	85,178	\$43,673	49,000	\$31,407	33,448	\$29,268
Wage & salary employment	72,148	\$39,989	38,451	\$28,621	23,395	\$27,496
Proprietors employment	13,030	\$18,342	10,549	\$19,839	10,053	\$18,300
Farm proprietors employment	1,308	\$2,287	1,294	\$10,184	357	-\$2,235
Nonfarm proprietors employment <sup>3</sup>	11,722	\$20,133	9,255	\$21,189	9,696	\$19,056
Farm employment	4,049	\$22,316	4,482	\$21,089	439	\$3,547
Nonfarm employment	81,129	\$44,739	44,518	\$32,446	33,009	\$29,610
Private employment	69,646	\$43,165	38,053	\$29,755	25,993	\$25,604
Forestry, fish, related act., & other <sup>4</sup>	(D)	(D)	(D)	(D)	1,188	\$50,189
Mining	37	\$1,568	(D)	(D)	58	\$12,052
Utilities	(D)	(D)	45	\$34,289	22	\$28,773
Construction	4,783	\$44,138	3,023	\$40,071	2,360	\$33,470
Manufacturing	4,134	\$52,904	2,068	\$51,678	1,627	\$48,001
Wholesale trade	1,205	\$36,213	1,313	\$39,914	476	\$39,412
Retail Trade	10,058	\$23,410	5,658	\$22,786	4,636	\$22,161
Transportation & warehousing	(D)	(D)	996	\$38,021	812	\$31,268
Information	917	\$41,706	607	\$38,303	420	\$30,710
Finance & insurance	2,210	\$43,133	1,221	\$34,101	1,006	\$30,590
Real estate & rental & leasing	2,531	\$22,651	1,622	\$15,409	1,482	\$12,364
Professional & technical svcs	11,855	\$72,818	1,725	\$36,140	1,672	\$23,304
Mgt of companies & enterprises	436	\$61,349	104	\$42,654	201	\$51,458
Administrative & waste svcs	9,789	\$68,714	1,175	\$14,961	1,037	\$10,365
Educational svcs	624	\$14,127	366	\$12,779	306	\$11,369
Health care & social assistance	7,307	\$37,932	5,595	\$45,510	3,049	\$30,653
Arts, entertainment, & rec	1,770	\$13,312	875	\$9,045	615	\$7,216
Accommodation & food svcs	5,164	\$16,136	3,704	\$15,463	2,566	\$13,018
Other svcs, except public admin	4,032	\$20,811	2,411	\$23,526	2,460	\$17,787
Government & govt. enterprises	11,483	\$54,284	6,465	\$48,283	7,016	\$44,451
Federal, civilian	845	\$104,507	744	\$69,184	463	\$65,011
Military	565	\$32,685	244	\$32,004	556	\$48,432
State & local	10,073	\$51,282	5,477	\$46,169	5,997	\$42,494
State government	1,101	\$42,481	1,223	\$44,878	1,311	\$43,301
Local government	8,972	\$52,362	4,254	\$46,540	4,686	\$42,269

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Clark		Columbia		Cowlitz	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	163,768	\$38,795	2,183	\$26,343	46,024	\$37,930
Wage & salary employment	125,737	\$34,743	1,609	\$25,640	38,952	\$32,465
Proprietors employment	38,031	\$25,285	574	\$9,537	7,072	\$25,027
Farm proprietors employment	1,456	\$1,599	250	\$7,212	427	\$3,913
Nonfarm proprietors employment <sup>3</sup>	36,575	\$26,228	324	\$11,330	6,645	\$26,383
Farm employment	1,793	\$6,471	343	\$14,898	674	\$13,191
Nonfarm employment	161,975	\$39,153	1,840	\$28,476	45,350	\$38,298
Private employment	139,475	\$37,553	1,330	\$23,788	39,298	\$37,656
Forestry, fish, related act., & other <sup>4</sup>	671	\$22,301	(D)	(D)	1,680	\$40,926
Mining	394	\$127,086	(D)	(D)	147	\$49,374
Utilities	114	\$72,974	(D)	(D)	(D)	(D)
Construction	13,925	\$52,052	(D)	(D)	2,880	\$64,486
Manufacturing	13,389	\$57,482	(D)	(D)	7,353	\$61,886
Wholesale trade	5,370	\$53,253	64	\$37,578	(D)	(D)
Retail Trade	19,113	\$23,671	162	\$14,080	5,839	\$23,545
Transportation & warehousing	4,823	\$40,942	(D)	(D)	1,741	\$41,703
Information	3,344	\$51,361	15	\$13,333	454	\$37,903
Finance & insurance	6,212	\$44,295	36	\$25,806	1,378	\$41,478
Real estate & rental & leasing	7,848	\$24,855	28	\$12,643	1,166	\$11,637
Professional & technical svcs	11,132	\$54,891	51	\$18,686	1,441	\$30,571
Mgt of companies & enterprises	960	\$59,064	(D)	(D)	50	\$46,540
Administrative & waste svcs	8,548	\$21,154	(D)	(D)	1,396	\$15,660
Educational svcs	1,906	\$15,248	(D)	(D)	377	\$17,976
Health care & social assistance	17,275	\$43,869	(D)	(D)	5,340	\$37,274
Arts, entertainment, & rec	4,116	\$14,556	(D)	(D)	851	\$13,431
Accommodation & food svcs	10,508	\$18,155	(D)	(D)	3,018	\$14,097
Other svcs, except public admin	9,827	\$20,960	165	\$20,097	2,922	\$18,106
Government & govt. enterprises	22,500	\$49,068	510	\$40,702	6,052	\$42,468
Federal, civilian	2,628	\$94,556	65	\$80,262	254	\$71,362
Military	1,367	\$32,170	15	\$31,267	340	\$32,053
State & local	18,505	\$43,857	430	\$35,051	5,458	\$41,772
State government	3,450	\$40,104	38	\$42,868	1,162	\$38,202
Local government	15,055	\$44,717	392	\$34,293	4,296	\$42,738

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Douglas		Ferry		Franklin	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	11,714	\$26,926	2,720	\$23,746	27,667	\$33,813
Wage & salary employment	9,696	\$25,551	1,756	\$24,753	23,537	\$28,984
Proprietors employment	2,018	\$6,509	964	\$8,763	4,130	\$23,409
Farm proprietors employment	966	-\$12,762	213	\$213	980	\$19,146
Nonfarm proprietors employment <sup>3</sup>	1,052	\$24,205	751	\$11,297	3,150	\$24,735
Farm employment	2,600	\$9,870	215	\$215	4,328	\$28,682
Nonfarm employment	9,114	\$31,792	2,505	\$25,785	23,339	\$34,764
Private employment	6,957	\$27,419	1,565	\$18,649	18,561	\$32,281
Forestry, fish, related act., & other <sup>4</sup>	642	\$31,405	(D)	(D)	1,324	\$33,324
Mining	(L)	(L)	(D)	(D)	41	\$40,829
Utilities	(L)	(L)	0	\$0	46	\$61,370
Construction	654	\$33,976	132	\$18,189	1,430	\$38,265
Manufacturing	238	\$55,571	66	\$32,303	1,936	\$46,623
Wholesale trade	306	\$43,402	(D)	(D)	1,247	\$41,334
Retail Trade	1,260	\$25,305	275	\$14,240	2,551	\$27,882
Transportation & warehousing	367	\$38,444	(D)	(D)	1,193	\$50,701
Information	51	\$39,784	12	\$15,917	172	\$31,820
Finance & insurance	208	\$29,591	31	\$16,452	375	\$29,293
Real estate & rental & leasing	179	\$12,324	114	\$4,763	694	\$20,441
Professional & technical svcs	(D)	(D)	75	\$11,467	580	\$28,488
Mgt of companies & enterprises	(D)	(D)	(D)	(D)	0	\$0
Administrative & waste svcs	291	\$14,306	(D)	(D)	881	\$22,544
Educational svcs	107	\$13,318	(L)	(L)	319	\$20,480
Health care & social assistance	553	\$38,166	109	\$12,138	2,516	\$35,089
Arts, entertainment, & rec	339	\$19,926	(D)	(D)	375	\$18,323
Accommodation & food svcs	787	\$13,187	(D)	(D)	1,419	\$13,619
Other svcs, except public admin	648	\$18,923	(D)	(D)	1,462	\$23,514
Government & govt. enterprises	2,157	\$45,897	940	\$37,665	4,778	\$44,411
Federal, civilian	195	\$86,631	149	\$62,691	544	\$82,114
Military	128	\$33,438	27	\$31,407	201	\$31,900
State & local	1,834	\$42,435	764	\$33,005	4,033	\$39,948
State government	76	\$42,105	31	\$37,032	1,134	\$38,069
Local government	1,758	\$42,449	733	\$32,835	2,899	\$40,684

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Garfield		Grant		Grays Harbor	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	1,396	\$23,005	39,959	\$30,242	32,263	\$32,132
Wage & salary employment	938	\$28,344	32,691	\$26,799	25,429	\$30,046
Proprietors employment	458	-\$5,212	7,268	\$17,287	6,834	\$13,676
Farm proprietors employment	226	-\$17,611	1,975	\$19,016	479	\$8,958
Nonfarm proprietors employment <sup>3</sup>	232	\$6,866	5,293	\$16,642	6,355	\$14,032
Farm employment	288	-\$8,403	6,769	\$28,320	583	\$12,269
Nonfarm employment	1,108	\$31,169	33,190	\$30,634	31,680	\$32,497
Private employment	609	\$19,713	25,825	\$26,733	25,082	\$30,313
Forestry, fish, related act., & other <sup>4</sup> (D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining (L)	(L)	(L)	(D)	(D)	(D)	(D)
Utilities (D)	(D)	(D)	19	\$20,053	16	\$78,563
Construction (D)	(D)	(D)	1,428	\$29,340	1,711	\$36,647
Manufacturing (D)	(D)	(D)	4,383	\$42,269	3,786	\$50,715
Wholesale trade	144	\$34,347	1,228	\$40,143	655	\$39,376
Retail Trade	139	\$17,698	3,973	\$22,054	4,025	\$22,999
Transportation & warehousing (D)	(D)	(D)	1,021	\$38,045	971	\$34,808
Information (D)	(D)	(D)	254	\$28,409	216	\$28,389
Finance & insurance	36	\$23,333	728	\$31,780	979	\$33,890
Real estate & rental & leasing	17	\$4,471	931	\$11,492	955	\$10,239
Professional & technical svcs (D)	(D)	(D)	(D)	(D)	1,051	\$36,012
Mgt of companies & enterprises	0	\$0	(D)	(D)	35	\$72,171
Administrative & waste svcs	10	\$5,500	1,278	\$13,639	726	\$13,937
Educational svcs	0	\$0	178	\$14,843	137	\$9,124
Health care & social assistance (D)	(D)	(D)	2,976	\$28,630	2,557	\$35,700
Arts, entertainment, & rec (L)	(L)	(L)	475	\$13,383	493	\$10,892
Accommodation & food svcs	22	\$4,955	1,916	\$12,829	2,474	\$14,303
Other svcs, except public admin (D)	(D)	(D)	1,815	\$18,661	2,138	\$17,027
Government & govt. enterprises	499	\$45,150	7,365	\$44,312	6,598	\$40,799
Federal, civilian	132	\$72,985	628	\$70,861	203	\$63,143
Military (L)	(L)	(L)	282	\$31,986	301	\$34,917
State & local	359	\$35,167	6,455	\$42,268	6,094	\$40,345
State government (D)	(D)	(D)	790	\$39,189	1,285	\$42,928
Local government (D)	(D)	(D)	5,665	\$42,697	4,809	\$39,655

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)  
**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Island		Jefferson		King	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	35,728	\$33,476	14,129	\$25,085	1,390,742	\$56,961
Wage & salary employment	25,416	\$29,980	9,685	\$25,744	1,165,603	\$48,705
Proprietors employment	10,312	\$12,664	4,444	\$10,764	225,139	\$42,819
Farm proprietors employment	317	\$317	167	\$10,012	1,298	\$1,619
Nonfarm proprietors employment <sup>3</sup>	9,995	\$13,066	4,277	\$10,794	223,841	\$43,058
Farm employment	419	\$7,728	204	\$17,113	2,052	\$18,795
Nonfarm employment	35,309	\$33,782	13,925	\$25,202	1,388,690	\$57,017
Private employment	21,783	\$21,851	11,755	\$21,981	1,218,742	\$57,497
Forestry, fish, related act., & other <sup>4</sup> (D)	(D)	(D)	357	\$17,434	5,428	\$106,178
Mining (D)	(D)	(D)	68	\$30,750	1,206	\$40,661
Utilities	77	\$45,208	65	\$70,923	1,153	\$258,834
Construction	2,329	\$29,720	1,170	\$27,391	72,927	\$59,676
Manufacturing	1,173	\$27,198	756	\$49,022	113,959	\$79,364
Wholesale trade	305	\$28,698	191	\$36,513	67,514	\$71,361
Retail Trade	3,617	\$22,646	1,447	\$19,698	137,930	\$33,609
Transportation & warehousing	302	\$24,152	173	\$31,168	51,111	\$58,511
Information	371	\$42,019	194	\$24,814	71,954	\$156,739
Finance & insurance	873	\$29,595	340	\$30,276	71,360	\$76,449
Real estate & rental & leasing	1,770	\$12,967	832	\$13,596	61,097	\$36,089
Professional & technical svcs	1,617	\$23,595	982	\$21,261	124,760	\$69,192
Mgt of companies & enterprises	315	\$50,933	0	\$0	23,627	\$91,014
Administrative & waste svcs	1,335	\$15,960	963	\$24,377	74,608	\$38,475
Educational svcs	583	\$17,575	275	\$11,480	27,393	\$21,633
Health care & social assistance	2,021	\$25,518	1,124	\$22,926	117,591	\$46,225
Arts, entertainment, & rec	855	\$9,477	511	\$7,176	37,699	\$24,514
Accommodation & food svcs	1,927	\$12,871	1,255	\$12,610	86,889	\$21,605
Other svcs, except public admin	1,933	\$17,098	1,052	\$15,490	70,536	\$26,771
Government & govt. enterprises	13,526	\$52,996	2,170	\$42,651	169,948	\$53,577
Federal, civilian	1,422	\$53,961	151	\$76,225	22,237	\$84,155
Military	9,034	\$56,737	109	\$34,679	7,720	\$39,788
State & local	3,070	\$41,540	1,910	\$40,451	139,991	\$49,481
State government	383	\$35,885	316	\$46,199	53,625	\$46,249
Local government	2,687	\$42,346	1,594	\$39,312	86,366	\$51,487

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>

	Kitsap		Kittitas		Klickitat	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	120,987	\$40,712	18,437	\$27,332	9,273	\$27,067
Wage & salary employment	97,482	\$34,546	13,892	\$25,131	6,404	\$28,011
Proprietors employment	23,505	\$18,639	4,545	\$15,626	2,869	\$11,152
Farm proprietors employment	426	\$13,235	941	\$1,757	640	\$2,106
Nonfarm proprietors employment <sup>3</sup>	23,079	\$18,739	3,604	\$19,247	2,229	\$13,749
Farm employment	497	\$16,811	1,428	\$12,221	1,383	\$18,792
Nonfarm employment	120,490	\$40,810	17,009	\$28,601	7,890	\$28,517
Private employment	78,517	\$28,943	12,504	\$24,649	6,124	\$25,222
Forestry, fish, related act., & other <sup>4</sup>	661	\$48,582	(D)	(D)	871	\$30,968
Mining	98	\$27,929	(D)	(D)	26	\$17,692
Utilities	133	\$74,466	27	\$66,778	13	\$55,769
Construction	6,754	\$36,942	1,247	\$32,621	593	\$24,563
Manufacturing	1,762	\$42,294	802	\$35,108	531	\$40,582
Wholesale trade	1,601	\$37,546	627	\$41,493	147	\$26,932
Retail Trade	14,252	\$26,731	2,343	\$21,373	672	\$17,324
Transportation & warehousing	1,341	\$30,977	483	\$37,106	230	\$49,170
Information	2,304	\$34,400	232	\$76,444	74	\$28,216
Finance & insurance	3,441	\$45,172	307	\$30,300	188	\$22,777
Real estate & rental & leasing	4,400	\$16,191	491	\$12,766	363	\$11,003
Professional & technical svcs	7,332	\$37,179	(D)	(D)	395	\$28,162
Mgt of companies & enterprises	189	\$54,524	(D)	(D)	22	\$75,955
Administrative & waste svcs	4,669	\$23,443	415	\$14,875	363	\$36,507
Educational svcs	1,495	\$14,535	179	\$9,905	39	\$10,256
Health care & social assistance	11,702	\$35,616	1,118	\$28,184	401	\$22,436
Arts, entertainment, & rec	2,788	\$11,829	382	\$7,691	175	\$7,731
Accommodation & food svcs	6,704	\$16,888	1,802	\$13,324	422	\$13,107
Other svcs, except public admin	6,891	\$20,045	1,104	\$17,548	599	\$17,673
Government & govt. enterprises	41,973	\$63,009	4,505	\$39,570	1,766	\$39,942
Federal, civilian	14,539	\$90,827	173	\$70,416	106	\$58,877
Military	14,377	\$53,498	138	\$38,804	70	\$31,914
State & local	13,057	\$42,507	4,194	\$38,323	1,590	\$39,033
State government	2,169	\$42,307	2,311	\$39,926	188	\$44,229
Local government	10,888	\$42,547	1,883	\$36,356	1,402	\$38,337

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Lewis		Lincoln		Mason	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	34,598	\$30,956	5,205	\$21,736	18,775	\$30,403
Wage & salary employment	26,817	\$29,380	3,347	\$25,297	13,937	\$27,927
Proprietors employment	7,781	\$12,424	1,858	\$4,112	4,838	\$19,266
Farm proprietors employment	1,392	\$5,896	692	-\$9,400	260	\$10,765
Nonfarm proprietors employment <sup>3</sup>	6,389	\$13,846	1,166	\$12,131	4,578	\$19,749
Farm employment	1,731	\$11,399	992	\$610	449	\$24,463
Nonfarm employment	32,867	\$31,986	4,213	\$26,710	18,326	\$30,548
Private employment	27,606	\$30,443	2,733	\$21,906	13,701	\$26,879
Forestry, fish, related act., & other <sup>4</sup>	1,870	\$32,476	141	\$30,113	(D)	(D)
Mining	678	\$86,171	(L)	(L)	(D)	(D)
Utilities	287	\$94,551	(D)	(D)	18	\$28,722
Construction	1,678	\$31,548	227	\$24,101	1,305	\$31,192
Manufacturing	3,196	\$47,193	136	\$30,684	1,660	\$54,748
Wholesale trade	781	\$36,758	232	\$36,754	552	\$28,415
Retail Trade	4,743	\$22,571	520	\$19,260	2,207	\$21,521
Transportation & warehousing	1,513	\$38,208	(D)	(D)	339	\$37,080
Information	343	\$34,627	23	\$15,826	122	\$29,262
Finance & insurance	725	\$31,505	202	\$26,639	586	\$29,710
Real estate & rental & leasing	784	\$11,902	95	\$4,421	756	\$10,425
Professional & technical svcs	903	\$28,824	195	\$27,051	630	\$20,259
Mgt of companies & enterprises	80	\$51,488	0	\$0	(D)	(D)
Administrative & waste svcs	1,373	\$16,894	65	\$4,569	(D)	(D)
Educational svcs	270	\$12,878	(D)	(D)	215	\$19,270
Health care & social assistance	3,378	\$35,610	(D)	(D)	1,302	\$29,058
Arts, entertainment, & rec	491	\$9,446	89	\$7,247	374	\$13,973
Accommodation & food svcs	2,292	\$13,614	175	\$7,600	1,021	\$12,291
Other svcs, except public admin	2,221	\$17,914	319	\$12,530	1,315	\$18,752
Government & govt. enterprises	5,261	\$40,081	1,480	\$35,582	4,625	\$41,416
Federal, civilian	258	\$63,229	80	\$51,013	88	\$62,773
Military	252	\$31,921	36	\$32,389	187	\$31,856
State & local	4,751	\$39,256	1,364	\$34,762	4,350	\$41,395
State government	1,231	\$41,158	81	\$43,370	960	\$46,919
Local government	3,520	\$38,591	1,283	\$34,218	3,390	\$39,830

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Okanogan		Pacific		Pend Oreille	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	23,025	\$24,440	9,719	\$25,545	4,058	\$32,912
Wage & salary employment	17,041	\$22,895	7,042	\$23,952	2,974	\$29,600
Proprietors employment	5,984	\$13,664	2,677	\$15,344	1,084	\$20,468
Farm proprietors employment	1,549	\$2,095	296	\$29,936	288	\$288
Nonfarm proprietors employment <sup>3</sup>	4,435	\$17,705	2,381	\$13,530	796	\$27,832
Farm employment	4,692	\$13,739	395	\$30,063	296	\$476
Nonfarm employment	18,333	\$27,179	9,324	\$25,354	3,762	\$35,464
Private employment	12,879	\$21,596	7,316	\$20,917	2,457	\$32,686
Forestry, fish, related act., & other <sup>4</sup>	1,709	\$20,809	1,166	\$22,949	(D)	(D)
Mining	74	\$36,986	44	\$33,568	(D)	(D)
Utilities	35	\$72,543	(D)	(D)	0	\$0
Construction	1,006	\$24,539	385	\$19,384	249	\$24,036
Manufacturing	406	\$11,808	938	\$34,610	405	\$100,323
Wholesale trade	351	\$44,023	76	\$14,737	16	\$21,375
Retail Trade	2,273	\$24,520	998	\$18,227	332	\$17,729
Transportation & warehousing	293	\$30,686	(D)	(D)	86	\$25,860
Information	160	\$33,888	69	\$17,507	58	\$30,690
Finance & insurance	410	\$30,751	255	\$54,824	106	\$32,547
Real estate & rental & leasing	649	\$8,544	301	\$6,542	89	\$6,247
Professional & technical svcs	658	\$22,954	279	\$20,154	96	\$24,938
Mgt of companies & enterprises	(D)	(D)	(D)	(D)	0	\$0
Administrative & waste svcs	(D)	(D)	(D)	(D)	88	\$12,375
Educational svcs	111	\$13,910	29	\$3,034	(D)	(D)
Health care & social assistance	1,475	\$28,862	614	\$20,865	(D)	(D)
Arts, entertainment, & rec	340	\$7,447	201	\$10,104	(D)	(D)
Accommodation & food svcs	1,324	\$13,113	1,022	\$11,927	(D)	(D)
Other svcs, except public admin	1,118	\$15,943	666	\$15,835	257	\$17,642
Government & govt. enterprises	5,454	\$40,362	2,008	\$41,517	1,305	\$40,696
Federal, civilian	508	\$70,154	67	\$52,552	115	\$63,391
Military	140	\$31,943	183	\$44,852	44	\$31,795
State & local	4,806	\$37,458	1,758	\$40,750	1,146	\$38,760
State government	332	\$41,127	323	\$41,876	23	\$43,696
Local government	4,474	\$37,186	1,435	\$40,496	1,123	\$38,659

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Pierce		San Juan		Skagit	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	345,357	\$40,628	10,254	\$23,322	61,067	\$37,411
Wage & salary employment	287,876	\$34,651	5,888	\$25,144	47,930	\$31,021
Proprietors employment	57,481	\$24,226	4,366	\$13,333	13,137	\$31,076
Farm proprietors employment	1,203	\$6,246	206	-\$1,782	857	\$17,774
Nonfarm proprietors employment <sup>3</sup>	56,278	\$24,610	4,160	\$14,081	12,280	\$32,004
Farm employment	1,997	\$18,910	236	\$2,805	2,930	\$32,998
Nonfarm employment	343,360	\$40,754	10,018	\$23,805	58,137	\$37,634
Private employment	263,418	\$36,943	8,964	\$22,097	47,889	\$36,845
Forestry, fish, related act., & other <sup>4</sup>	1,933	\$28,999	(D)	(D)	1,933	\$37,541
Mining	306	\$52,592	(D)	(D)	78	\$27,256
Utilities	601	\$75,925	66	\$79,061	153	\$74,725
Construction	23,538	\$47,345	1,390	\$31,679	4,563	\$44,292
Manufacturing	19,038	\$59,926	(D)	(D)	5,823	\$76,622
Wholesale trade	10,397	\$50,576	117	\$24,368	1,191	\$39,717
Retail Trade	38,372	\$27,682	975	\$22,071	8,524	\$27,180
Transportation & warehousing	10,800	\$45,788	166	\$16,699	1,326	\$40,474
Information	3,366	\$46,487	116	\$29,147	586	\$35,058
Finance & insurance	12,914	\$58,371	226	\$28,314	1,772	\$48,021
Real estate & rental & leasing	13,663	\$23,653	845	\$15,899	2,171	\$23,504
Professional & technical svcs	14,137	\$42,516	(D)	(D)	2,721	\$46,095
Mgt of companies & enterprises	1,571	\$65,356	(D)	(D)	202	\$43,955
Administrative & waste svcs	16,137	\$27,675	464	\$12,108	1,695	\$16,595
Educational svcs	6,341	\$23,534	133	\$13,128	597	\$16,137
Health care & social assistance	39,679	\$45,237	472	\$21,729	5,467	\$36,999
Arts, entertainment, & rec	7,031	\$14,866	564	\$7,968	1,270	\$15,144
Accommodation & food svcs	22,066	\$15,991	1,279	\$19,033	4,198	\$15,366
Other svcs, except public admin	21,528	\$22,788	680	\$16,204	3,619	\$22,842
Government & govt. enterprises	79,942	\$53,311	1,054	\$38,336	10,248	\$41,321
Federal, civilian	9,544	\$64,187	65	\$55,646	417	\$62,799
Military	27,069	\$59,266	53	\$31,830	391	\$31,923
State & local	43,329	\$47,195	936	\$37,502	9,440	\$40,761
State government	11,340	\$43,765	148	\$25,696	1,481	\$42,849
Local government	31,989	\$48,411	788	\$39,720	7,959	\$40,373

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Skamania		Snohomish		Spokane	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	2,876	\$26,823	283,910	\$42,834	251,512	\$35,920
Wage & salary employment	2,127	\$26,550	231,838	\$38,452	209,794	\$31,747
Proprietors employment	749	\$7,271	52,072	\$17,842	41,718	\$18,587
Farm proprietors employment	79	-\$8,430	1,370	-\$4,326	2,003	-\$1,844
Nonfarm proprietors employment <sup>3</sup>	670	\$9,122	50,702	\$18,441	39,715	\$19,617
Farm employment	102	-\$2,980	2,012	\$8,983	2,325	\$2,738
Nonfarm employment	2,774	\$27,919	281,898	\$43,075	249,187	\$36,230
Private employment	1,975	\$21,716	238,240	\$42,042	210,573	\$33,961
Forestry, fish, related act., & other <sup>4</sup>	(D)	(D)	1,873	\$36,655	611	\$14,409
Mining	(D)	(D)	350	\$58,671	279	\$49,918
Utilities	0	\$0	95	\$65,463	557	\$86,228
Construction	141	\$18,191	22,638	\$46,787	14,770	\$38,311
Manufacturing	209	\$42,689	45,576	\$75,577	17,276	\$51,542
Wholesale trade	28	\$41,893	7,211	\$49,382	10,761	\$43,971
Retail Trade	201	\$12,891	34,587	\$27,345	31,479	\$27,156
Transportation & warehousing	53	\$28,868	4,253	\$37,633	6,511	\$41,507
Information	16	\$27,250	3,923	\$53,079	3,336	\$46,138
Finance & insurance	(D)	(D)	12,200	\$53,482	13,373	\$48,725
Real estate & rental & leasing	(D)	(D)	10,733	\$19,958	8,588	\$21,734
Professional & technical svcs	120	\$33,933	13,890	\$56,191	13,556	\$40,852
Mgt of companies & enterprises	(D)	(D)	1,638	\$63,169	2,907	\$55,700
Administrative & waste svcs	(D)	(D)	12,375	\$20,435	11,993	\$21,609
Educational svcs	(D)	(D)	3,552	\$19,468	5,330	\$23,579
Health care & social assistance	(D)	(D)	23,773	\$39,559	32,683	\$39,815
Arts, entertainment, & rec	63	\$3,952	5,332	\$15,086	4,980	\$10,665
Accommodation & food svcs	574	\$21,516	17,138	\$16,072	16,534	\$16,527
Other svcs, except public admin	161	\$15,807	17,103	\$22,094	15,049	\$20,304
Government & govt. enterprises	799	\$43,252	43,658	\$48,714	38,614	\$48,606
Federal, civilian	170	\$57,812	2,131	\$68,453	4,596	\$74,712
Military	37	\$31,757	7,727	\$47,679	5,240	\$56,838
State & local	592	\$39,789	33,800	\$47,706	28,778	\$42,938
State government	51	\$37,980	5,810	\$43,660	9,832	\$42,882
Local government	541	\$39,959	27,990	\$48,546	18,946	\$42,967

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)  
**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Stevens		Thurston		Wahkiakum	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	16,007	\$27,503	117,982	\$37,873	1,623	\$22,230
Wage & salary employment	10,925	\$27,062	95,995	\$34,583	947	\$26,982
Proprietors employment	5,082	\$13,958	21,987	\$20,017	676	\$7,568
Farm proprietors employment	1,253	\$913	995	\$3,061	147	-\$3,395
Nonfarm proprietors employment <sup>3</sup>	3,829	\$18,227	20,992	\$20,820	529	\$10,614
Farm employment	1,307	\$1,986	1,741	\$19,471	148	-\$2,986
Nonfarm employment	14,700	\$29,771	116,241	\$38,149	1,475	\$24,761
Private employment	11,606	\$26,968	80,085	\$32,488	1,212	\$22,318
Forestry, fish, related act., & other <sup>4</sup>	862	\$29,823	1,426	\$35,076	409	\$31,672
Mining	77	\$33,792	109	\$44,706	0	\$0
Utilities	(D)	(D)	151	\$90,861	0	\$0
Construction	836	\$23,443	6,397	\$42,673	96	\$19,792
Manufacturing	1,605	\$49,888	3,487	\$52,226	59	\$38,712
Wholesale trade	(D)	(D)	2,147	\$42,201	(L)	(L)
Retail Trade	1,754	\$18,790	14,105	\$28,973	116	\$13,250
Transportation & warehousing	405	\$32,084	2,137	\$31,806	32	\$15,625
Information	177	\$18,486	1,410	\$50,589	(D)	(D)
Finance & insurance	403	\$31,352	3,515	\$52,623	(D)	(D)
Real estate & rental & leasing	516	\$7,428	4,131	\$20,951	(D)	(D)
Professional & technical svcs	430	\$23,012	5,521	\$35,552	(D)	(D)
Mgt of companies & enterprises	(D)	(D)	466	\$52,833	0	\$0
Administrative & waste svcs	(D)	(D)	4,373	\$20,868	36	\$10,000
Educational svcs	124	\$11,613	2,286	\$22,691	(D)	(D)
Health care & social assistance	1,807	\$29,847	12,299	\$39,264	(D)	(D)
Arts, entertainment, & rec	251	\$12,131	2,253	\$21,063	33	\$5,667
Accommodation & food svcs	712	\$10,777	6,635	\$15,945	78	\$9,321
Other svcs, except public admin	1,033	\$24,946	7,237	\$23,186	80	\$17,475
Government & govt. enterprises	3,094	\$40,289	36,156	\$50,689	263	\$36,015
Federal, civilian	389	\$68,090	976	\$79,334	14	\$49,571
Military	146	\$31,911	830	\$36,223	13	\$33,000
State & local	2,559	\$36,541	34,350	\$50,224	236	\$35,377
State government	339	\$47,711	23,280	\$54,638	(D)	(D)
Local government	2,220	\$34,835	11,070	\$40,943	(D)	(D)

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)

**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	Walla Walla		Whatcom		Whitman	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time & part-time employment	33,251	\$32,563	99,891	\$33,459	22,293	\$30,001
Wage & salary employment	27,248	\$28,831	78,963	\$29,820	17,933	\$28,444
Proprietors employment	6,003	\$17,924	20,928	\$18,215	4,360	\$5,574
Farm proprietors employment	927	-\$9,682	1,510	\$6,993	1,135	-\$16,036
Nonfarm proprietors employment <sup>3</sup>	5,076	\$22,966	19,418	\$19,087	3,225	\$13,180
Farm employment	3,059	\$18,088	3,313	\$22,292	1,521	-\$4,320
Nonfarm employment	30,192	\$34,030	96,578	\$33,842	20,772	\$32,514
Private employment	24,940	\$30,854	81,743	\$32,352	11,437	\$25,603
Forestry, fish, related act., & other <sup>4</sup> (D)	(D)	(D)	1,938	\$27,713	(D)	(D)
Mining (D)	(D)	(D)	167	\$38,222	(D)	(D)
Utilities	103	\$86,612	198	\$81,354	(D)	(D)
Construction	1,408	\$31,423	8,390	\$44,566	579	\$35,076
Manufacturing	4,112	\$51,975	8,522	\$59,751	962	\$56,483
Wholesale trade	851	\$34,237	3,111	\$44,803	683	\$38,050
Retail Trade	3,231	\$21,660	12,208	\$22,848	1,659	\$18,555
Transportation & warehousing	483	\$41,882	2,118	\$36,139	(D)	(D)
Information	435	\$37,664	1,824	\$39,159	228	\$20,075
Finance & insurance	1,040	\$46,026	2,755	\$49,069	529	\$37,106
Real estate & rental & leasing	814	\$15,657	3,569	\$20,299	525	\$12,646
Professional & technical svcs	(D)	(D)	5,407	\$35,669	995	\$23,305
Mgt of companies & enterprises	(D)	(D)	530	\$55,206	15	\$38,467
Administrative & waste svcs	677	\$15,947	4,137	\$18,161	232	\$10,534
Educational svcs	(D)	(D)	1,069	\$12,684	165	\$7,673
Health care & social assistance	(D)	(D)	9,616	\$36,048	1,406	\$28,612
Arts, entertainment, & rec	482	\$10,220	2,578	\$10,544	235	\$6,370
Accommodation & food svcs	1,692	\$13,198	7,592	\$14,084	1,400	\$11,071
Other svcs, except public admin	1,926	\$17,415	6,014	\$19,922	1,107	\$15,691
Government & govt. enterprises	5,252	\$49,112	14,835	\$42,049	9,335	\$40,982
Federal, civilian	935	\$90,309	1,054	\$86,491	299	\$68,244
Military	206	\$33,417	678	\$33,869	160	\$39,481
State & local	4,111	\$40,529	13,103	\$38,898	8,876	\$40,091
State government	1,722	\$43,564	4,240	\$38,159	(D)	(D)
Local government	2,389	\$38,341	8,863	\$39,251	(D)	(D)

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2 (cont'd)  
**2003 Full-Time & Part-Time Employees<sup>1</sup> & Earnings by Major Industry<sup>2</sup>**

	<b>Yakima</b>	
	<b>Employment</b>	<b>Earnings/Job</b>
Total full-time & part-time employment	119,166	\$32,014
Wage & salary employment	99,175	\$27,764
Proprietors employment	19,991	\$22,709
Farm proprietors employment	4,127	\$9,521
Nonfarm proprietors employment <sup>3</sup>	15,864	\$26,140
Farm employment	15,134	\$24,626
Nonfarm employment	104,032	\$33,088
Private employment	86,619	\$31,051
Forestry, fish, related act., & other <sup>4</sup>	9,429	\$22,456
Mining	33	\$11,182
Utilities	206	\$78,422
Construction	4,422	\$36,288
Manufacturing	10,319	\$50,422
Wholesale trade	4,189	\$41,343
Retail Trade	12,308	\$24,483
Transportation & warehousing	2,956	\$37,930
Information	1,392	\$42,947
Finance & insurance	2,716	\$39,900
Real estate & rental & leasing	2,622	\$16,527
Professional & technical svcs	3,727	\$32,246
Mgt of companies & enterprises	594	\$55,609
Administrative & waste svcs	3,265	\$17,927
Educational svcs	1,649	\$20,204
Health care & social assistance	13,143	\$38,421
Arts, entertainment, & rec	1,759	\$12,068
Accommodation & food svcs	5,878	\$14,946
Other svcs, except public admin	6,012	\$20,514
Government & govt. enterprises	17,413	\$43,224
Federal, civilian	1,358	\$69,485
Military	894	\$35,050
State & local	15,161	\$41,353
State government	2,959	\$44,816
Local government	12,202	\$40,514

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.3

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	203,889,681	367,438	553,472	4,568,266	1,869,042
Nonfarm personal income	202,413,301	340,832	557,452	4,477,910	1,774,519
Farm income <sup>5</sup>	1,476,380	26,606	-3,980	90,356	94,523
Population (persons) <sup>6</sup>	6,131,298	16,627	20,571	153,872	67,985
Per capita personal income (dollars)	33,254	22,099	26,905	29,689	27,492
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	159,292,801	242,513	234,168	3,719,978	1,538,957
less: Personal contributions for social insurance <sup>7</sup>	19,038,863	30,818	28,878	464,914	184,948
plus: Adjustment for residence <sup>8</sup>	2,339,757	-5,724	114,460	72,497	-155,177
equals: Net earnings by place of residence	142,593,695	205,971	319,750	3,327,561	1,198,832
plus: Dividends, interest, and rent <sup>9</sup>	33,452,302	76,061	106,792	583,492	323,438
plus: Transfer payments	27,843,684	85,406	126,930	657,213	346,772
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	114,149,779	186,245	146,959	2,885,096	1,100,492
Other labor income	27,209,212	41,741	33,623	595,891	229,179
Proprietors' income <sup>10</sup>	17,933,810	14,527	53,586	238,991	209,286
Farm proprietors' income	112,318	-14,617	-6,016	2,992	13,178
Nonfarm proprietors' income	17,821,492	29,144	59,602	235,999	196,108
<b>Earnings by Industry</b>					
Farm earnings	1,476,380	26,606	-3,980	90,356	94,523
Nonfarm earnings	157,816,421	215,907	238,148	3,629,622	1,444,434
Private earnings	127,756,225	160,127	195,104	3,006,280	1,132,284
Forestry, fishing, related activities, and other <sup>4</sup>	1,910,506	11,708	(D)	(D)	(D)
Forestry and logging	549,810	0	607	828	3,609
Fishing, hunting, and trapping	669,008	0	972	1,686	1,797
Agriculture and forestry support activities	691,688	11,708	(D)	(D)	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	261,780	(L)	(D)	58	(D)
Oil and gas extraction	(D)	(L)	56	0	(L)
Mining (except oil and gas)	225,346	0	(D)	58	(D)
Support activities for mining	(D)	0	0	0	0
Utilities	569,431	(D)	(D)	(D)	1,543
Construction	10,319,147	5,831	26,856	211,111	121,134
Construction of buildings	3,344,393	(D)	6,510	88,043	58,412
Heavy and civil engineering construction	1,490,562	(D)	11,672	30,726	21,037
Specialty trade contractors	5,484,192	2,434	8,674	92,342	41,685
Manufacturing	19,259,778	36,123	29,947	218,704	106,871
Durable goods manufacturing	14,137,888	557	28,421	51,189	73,553
Wood product manufacturing	877,167	(D)	8,334	(L)	6,440
Nonmetallic mineral product manufacturing	457,997	(D)	(D)	1,156	5,895
Primary metal manufacturing	355,947	0	0	12,534	37,331
Fabricated metal product manufacturing	872,221	(L)	(D)	6,517	1,752
Machinery manufacturing	746,290	(D)	2,775	2,183	3,368
Computer and electronic product manufacturing	1,950,691	0	(D)	13,748	(D)
Electrical equipment and appliance manufacturing	291,803	0	0	(D)	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
Motor vehicle manufacturing	(D)	(D)	160	(D)	131
Transportation equipment mfg. excl. motor vehicles	(D)	0	(D)	(D)	7,350
Furniture and related product manufacturing	335,919	0	1,143	1,046	(D)
Miscellaneous manufacturing	657,319	(L)	(D)	5,540	2,001
Nondurable goods manufacturing	5,121,890	35,566	1,526	167,515	33,318
Food manufacturing	1,616,391	34,886	(D)	66,314	14,022
Beverage and tobacco product manufacturing	257,482	0	0	15,923	1,135
Textile mills	31,415	0	0	0	(D)
Textile product mills	106,962	0	(D)	(D)	(D)
Apparel manufacturing	94,262	0	51	(D)	(L)
Leather and allied product manufacturing	24,137	0	0	(D)	(L)
Paper manufacturing	1,004,205	0	0	0	(D)
Printing and related support activities	472,497	0	309	2,362	1,751
Petroleum and coal products manufacturing	393,149	0	0	0	0
Chemical manufacturing	680,594	(D)	0	(D)	(D)
Plastics and rubber products manufacturing	440,796	(D)	(D)	748	8,943
Wholesale trade	7,521,410	25,648	3,505	43,637	52,407
Retail Trade	11,064,484	16,236	23,406	235,458	128,926
Motor vehicle and parts dealers	2,147,383	2,651	2,272	37,396	31,351
Furniture and home furnishings stores	457,674	946	(D)	6,371	4,014
Electronics and appliance stores	510,952	(D)	(L)	6,578	1,821
Building material and garden supply stores	948,520	1,200	1,766	20,717	14,853
Food and beverage stores	1,973,575	2,722	4,560	29,772	26,239
Health and personal care stores	564,986	(D)	3,468	10,148	3,824
Gasoline stations	485,562	1,825	2,391	21,910	11,164
Clothing and clothing accessories stores	594,352	79	561	11,599	2,635
Sporting goods, hobby, book and music stores	401,337	140	752	8,933	4,780
General merchandise stores	1,529,201	(D)	(D)	58,256	14,849
Miscellaneous store retailers	728,339	428	863	17,686	11,228
Nonstore retailers	722,603	203	(D)	6,092	2,168
Transportation and warehousing	4,986,747	(D)	(D)	(D)	37,869
Air transportation	890,529	0	0	(D)	1,243
Rail transportation	(D)	566	0	331	6,278
Water transportation	239,991	0	0	343	(D)
Truck transportation	1,287,646	8,076	2,336	7,974	8,165
Transit and ground passenger transportation	166,900	0	(L)	1,527	575
Pipeline transportation	22,620	0	0	0	0
Scenic and sightseeing transportation	40,119	0	505	(D)	(D)
Support activities for transportation	1,133,784	11,157	614	5,346	8,738
Couriers and messengers	(D)	(D)	(D)	(D)	4,242
Warehousing and storage	318,102	(D)	0	8,952	7,120
Information	12,480,419	748	1,967	38,244	23,250
Publishing industries, except Internet	8,612,500	(D)	(D)	15,341	7,519
Motion picture and sound recording industries	127,950	(D)	(L)	(D)	673
Broadcasting, except Internet	1,497,257	0	0	5,432	5,436

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
Internet publishing and broadcasts	107,706	0	0	0	0
Telecommunications	1,885,902	(D)	(D)	16,142	9,085
ISPs, search portals, and data processing	221,228	(D)	(D)	(D)	533
Other information services	27,876	0	(L)	(L)	(L)
Finance and insurance	8,987,162	4,640	10,886	95,324	41,637
Monetary authorities - central bank	(D)	0	0	0	0
Credit intermediation and related activities	4,245,921	2,564	5,580	59,164	23,531
Securities, commodity contracts, investments	1,527,267	(D)	694	14,062	4,717
Insurance carriers and related activities	2,905,620	(D)	4,612	22,098	13,389
Funds, trusts, and other financial vehicles	(D)	0	0	0	0
Real estate and rental and leasing	3,716,469	1,994	6,157	57,330	24,993
Real estate	3,096,323	569	581	40,610	15,439
Rental and leasing services	589,909	1,425	5,576	15,832	9,554
Lessors of nonfinancial intangible assets	30,237	0	0	888	0
Professional and technical services	13,436,713	3,352	9,281	863,252	62,341
Management of companies and enterprises	2,768,719	0	928	26,748	4,436
Administrative and waste services	5,278,090	796	3,266	672,638	17,579
Administrative and support services	4,381,502	(D)	(D)	65,846	14,781
Waste management and remediation services	896,588	(D)	(D)	606,792	2,798
Educational services	1,208,493	(D)	766	8,815	4,677
Health care and social assistance	13,927,875	(D)	32,518	277,172	254,626
Ambulatory health care services	7,550,761	11,686	12,112	173,892	126,340
Hospitals	3,407,991	0	(D)	(D)	(D)
Nursing and residential care facilities	1,611,234	2,467	5,544	27,714	29,847
Social assistance	1,357,889	(D)	(D)	(D)	(D)
Arts, entertainment, and recreation	1,493,183	(D)	3,425	23,563	7,914
Performing arts and spectator sports	620,660	0	(D)	3,114	470
Museums, historical sites, zoos, and parks	82,926	0	(D)	1,380	160
Amusement, gambling, and recreation	789,597	(D)	3,080	19,069	7,284
Accommodation and food services	4,000,272	5,214	8,327	83,324	57,274
Accommodation	802,269	1,223	1,926	14,637	21,726
Food services and drinking places	3,198,003	3,991	6,401	68,687	35,548
Other services, except public administration	4,565,547	7,424	25,098	83,911	56,721
Repair and maintenance	1,423,861	1,722	(D)	23,874	15,244
Personal and laundry services	891,678	1,777	7,347	18,184	6,124
Membership associations and organizations	1,768,475	(D)	4,880	(D)	19,120
Private households	481,533	(D)	(D)	(D)	16,233
Government and government enterprises	30,060,196	55,780	43,044	623,342	312,150
Federal, civilian	5,493,646	2,724	3,954	88,308	51,473
Military	4,162,120	1,896	2,357	18,467	7,809
State and local	20,404,430	51,160	36,733	516,567	252,868
State government	6,500,196	2,489	5,345	46,772	54,886
Local government	13,904,234	48,671	31,388	469,795	197,982

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Clallam	Clark	Columbia	Cowlitz	Douglas
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	1,853,541	11,155,169	109,017	2,382,440	770,755
Nonfarm personal income	1,851,984	11,143,566	103,907	2,373,549	745,092
Farm income <sup>5</sup>	1,557	11,603	5,110	8,891	25,663
Population (persons) <sup>6</sup>	66,826	379,985	4,142	95,149	33,755
Per capita personal income (dollars)	27,737	29,357	26,320	25,039	22,834
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	978,945	6,353,404	57,506	1,745,700	315,416
less: Personal contributions for social insurance <sup>7</sup>	122,618	772,945	7,310	227,059	43,179
plus: Adjustment for residence <sup>8</sup>	28,583	2,199,499	8,987	-38,853	193,101
equals: Net earnings by place of residence	884,910	7,779,958	59,183	1,479,788	465,338
plus: Dividends, interest, and rent <sup>9</sup>	527,797	1,764,096	24,992	359,716	138,495
plus: Transfer payments	440,834	1,611,115	24,842	542,936	166,922
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	643,258	4,368,523	41,255	1,264,570	247,738
Other labor income	151,715	1,023,276	10,777	304,141	54,542
Proprietors' income <sup>10</sup>	183,972	961,605	5,474	176,989	13,136
Farm proprietors' income	-798	2,328	1,803	1,671	-12,328
Nonfarm proprietors' income	184,770	959,277	3,671	175,318	25,464
<b>Earnings by Industry</b>					
Farm earnings	1,557	11,603	5,110	8,891	25,663
Nonfarm earnings	977,388	6,341,801	52,396	1,736,809	289,753
Private earnings	665,522	5,237,766	31,638	1,479,792	190,754
Forestry, fishing, related activities, and other <sup>4</sup>	59,624	14,964	(D)	68,756	20,162
Forestry and logging	50,928	8,755	(D)	55,826	(D)
Fishing, hunting, and trapping	4,976	3,532	(D)	(D)	(D)
Agriculture and forestry support activities	3,720	2,677	(D)	(D)	13,644
Other <sup>4</sup>	0	0	0	0	0
Mining	699	50,072	(D)	7,258	54
Oil and gas extraction	0	15,369	0	0	0
Mining (except oil and gas)	697	(D)	(D)	(D)	52
Support activities for mining	(L)	(D)	0	(D)	(L)
Utilities	633	8,319	(D)	(D)	284
Construction	78,989	724,827	(D)	185,720	22,220
Construction of buildings	30,428	217,058	(D)	86,494	7,436
Heavy and civil engineering construction	14,021	123,149	1,761	26,674	5,674
Specialty trade contractors	34,540	384,620	1,645	72,552	9,110
Manufacturing	78,098	769,631	(D)	455,051	13,226
Durable goods manufacturing	43,112	465,329	(D)	142,262	(D)
Wood product manufacturing	19,609	30,846	(D)	65,580	139
Nonmetallic mineral product manufacturing	2,466	16,484	(D)	3,785	(D)
Primary metal manufacturing	214	5,070	0	(D)	0
Fabricated metal product manufacturing	1,509	54,918	(D)	8,797	(D)
Machinery manufacturing	(D)	72,828	0	19,541	(D)
Computer and electronic product manufacturing	151	209,369	0	(D)	0
Electrical equipment and appliance manufacturing	(D)	7,605	0	0	0



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Clallam	Clark	Columbia	Cowlitz	Douglas
Motor vehicle manufacturing	(D)	(D)	0	(D)	0
Transportation equipment mfg. excl. motor vehicles	(D)	(D)	(D)	(D)	(D)
Furniture and related product manufacturing	1,203	15,444	(L)	3,065	(D)
Miscellaneous manufacturing	3,517	19,788	0	7,955	(D)
Nondurable goods manufacturing	34,986	304,302	(D)	312,789	(D)
Food manufacturing	2,368	60,665	(D)	34,828	(D)
Beverage and tobacco product manufacturing	(D)	(D)	(D)	(D)	(D)
Textile mills	0	(D)	0	0	0
Textile product mills	(D)	1,486	0	(D)	0
Apparel manufacturing	58	1,765	0	(D)	(D)
Leather and allied product manufacturing	56	(D)	0	(L)	0
Paper manufacturing	(D)	156,734	0	250,137	0
Printing and related support activities	2,113	4,522	0	2,611	(D)
Petroleum and coal products manufacturing	2,774	(L)	0	(D)	0
Chemical manufacturing	(D)	25,568	0	21,339	0
Plastics and rubber products manufacturing	(D)	29,285	0	(D)	0
Wholesale trade	18,760	285,967	2,405	(D)	13,281
Retail Trade	102,739	452,430	2,281	137,478	31,884
Motor vehicle and parts dealers	16,657	92,546	(D)	35,433	(D)
Furniture and home furnishings stores	4,124	14,310	(D)	2,662	(D)
Electronics and appliance stores	(D)	11,916	0	1,958	1,899
Building material and garden supply stores	9,784	35,806	(D)	10,702	(D)
Food and beverage stores	22,420	79,034	(D)	25,688	5,272
Health and personal care stores	8,341	32,650	(D)	6,348	1,184
Gasoline stations	3,757	24,000	407	10,247	913
Clothing and clothing accessories stores	2,498	16,999	0	2,232	1,477
Sporting goods, hobby, book and music stores	2,291	8,577	(L)	2,767	544
General merchandise stores	22,120	87,853	(D)	26,261	14,985
Miscellaneous store retailers	6,038	21,817	154	7,157	1,317
Nonstore retailers	(D)	26,922	(L)	6,023	263
Transportation and warehousing	25,390	197,463	(D)	72,605	14,109
Air transportation	(D)	855	0	164	(D)
Rail transportation	0	39,153	0	9,213	0
Water transportation	(D)	(D)	0	58	0
Truck transportation	14,066	88,188	(D)	28,328	2,508
Transit and ground passenger transportation	1,581	4,101	0	651	(L)
Pipeline transportation	0	0	0	(D)	0
Scenic and sightseeing transportation	(D)	702	0	594	0
Support activities for transportation	1,991	28,334	0	27,629	(D)
Couriers and messengers	(D)	(D)	0	3,999	(D)
Warehousing and storage	(D)	12,529	0	(D)	(D)
Information	12,898	171,752	200	17,208	2,029
Publishing industries, except Internet	6,816	35,692	(D)	6,672	(D)
Motion picture and sound recording industries	(D)	4,596	(D)	(D)	(D)
Broadcasting, except Internet	(D)	10,536	0	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	<b>Clallam</b>	<b>Clark</b>	<b>Columbia</b>	<b>Cowlitz</b>	<b>Douglas</b>
Internet publishing and broadcasts	0	360	0	(D)	0
Telecommunications	2,609	115,962	(D)	5,397	(D)
ISPs, search portals, and data processing	(D)	4,554	0	(D)	(D)
Other information services	(L)	52	(L)	(L)	0
Finance and insurance	30,774	275,163	929	57,156	6,155
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	17,753	138,001	(D)	43,685	4,416
Securities, commodity contracts, investments	5,434	(D)	99	3,681	(D)
Insurance carriers and related activities	7,587	110,556	(D)	9,790	(D)
Funds, trusts, and other financial vehicles	0	(D)	0	0	0
Real estate and rental and leasing	18,323	195,059	354	13,569	2,206
Real estate	9,475	173,566	136	9,300	1,162
Rental and leasing services	(D)	19,754	218	4,075	1,044
Lessors of nonfinancial intangible assets	(D)	1,739	0	194	0
Professional and technical services	38,965	611,043	953	44,053	(D)
Management of companies and enterprises	10,343	56,701	(D)	2,327	(D)
Administrative and waste services	10,749	180,828	(D)	21,862	4,163
Administrative and support services	8,309	160,946	(D)	18,275	(D)
Waste management and remediation services	2,440	19,882	(D)	3,587	(D)
Educational services	3,479	29,063	(D)	6,777	1,425
Health care and social assistance	93,461	757,830	(D)	199,045	21,106
Ambulatory health care services	64,956	429,929	535	94,790	10,828
Hospitals	0	(D)	0	(D)	0
Nursing and residential care facilities	14,692	113,981	120	23,024	9,582
Social assistance	13,813	(D)	(D)	(D)	696
Arts, entertainment, and recreation	4,438	59,912	(D)	11,430	6,755
Performing arts and spectator sports	182	4,930	0	(D)	200
Museums, historical sites, zoos, and parks	65	1,426	(D)	(D)	0
Amusement, gambling, and recreation	4,191	53,556	(D)	10,990	6,555
Accommodation and food services	33,404	190,771	(D)	42,545	10,378
Accommodation	9,495	28,090	(D)	4,958	(D)
Food services and drinking places	23,909	162,681	530	37,587	(D)
Other services, except public administration	43,756	205,971	3,316	52,907	12,262
Repair and maintenance	16,765	74,576	879	16,864	1,738
Personal and laundry services	6,517	29,054	(D)	(D)	2,351
Membership associations and organizations	15,696	85,614	(D)	23,957	(D)
Private households	4,778	16,727	1,490	(D)	(D)
Government and government enterprises	311,866	1,104,035	20,758	257,017	98,999
Federal, civilian	30,100	248,492	5,217	18,126	16,893
Military	26,928	43,976	469	10,898	4,280
State and local	254,838	811,567	15,072	227,993	77,826
State government	56,767	138,358	1,629	44,391	3,200
Local government	198,071	673,209	13,443	183,602	74,626

Table 4.3

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	140,741	1,169,431	56,505	1,715,275	1,629,329
Nonfarm personal income	140,741	1,045,296	58,925	1,523,577	1,622,176
Farm income <sup>5</sup>	(L)	124,135	-2,420	191,698	7,153
Population (persons) <sup>6</sup>	7,425	56,339	2,371	78,840	69,430
Per capita personal income (dollars)	18,955	20,757	23,832	21,756	23,467
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	64,588	935,502	32,115	1,208,443	1,036,661
less: Personal contributions for social insurance <sup>7</sup>	8,240	115,242	4,490	146,250	136,264
plus: Adjustment for residence <sup>8</sup>	10,786	-59,150	406	-25,842	21,880
equals: Net earnings by place of residence	67,134	761,110	28,031	1,036,351	922,277
plus: Dividends, interest, and rent <sup>9</sup>	30,371	147,826	15,015	279,818	279,480
plus: Transfer payments	43,236	260,495	13,459	399,106	427,572
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	43,466	682,206	26,587	876,086	764,052
Other labor income	12,674	156,617	7,915	206,714	179,147
Proprietors' income <sup>10</sup>	8,448	96,679	-2,387	125,643	93,462
Farm proprietors' income	(L)	18,763	-3,980	37,557	4,291
Nonfarm proprietors' income	8,484	77,916	1,593	88,086	89,171
<b>Earnings by Industry</b>					
Farm earnings	(L)	124,135	-2,420	191,698	7,153
Nonfarm earnings	64,591	811,367	34,535	1,016,745	1,029,508
Private earnings	29,186	599,173	12,005	690,386	760,316
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	44,121	(D)	(D)	(D)
Forestry and logging	4,872	3,627	(L)	813	59,925
Fishing, hunting, and trapping	424	7,394	(L)	(D)	17,025
Agriculture and forestry support activities	(D)	33,100	(D)	39,546	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	1,674	(L)	(D)	(D)
Oil and gas extraction	56	56	(L)	0	0
Mining (except oil and gas)	(D)	1,618	0	(D)	(D)
Support activities for mining	(D)	0	0	0	0
Utilities	(L)	2,823	(D)	381	1,257
Construction	2,401	54,719	(D)	41,898	62,703
Construction of buildings	(D)	8,546	(D)	9,418	23,265
Heavy and civil engineering construction	(D)	7,376	0	12,729	19,198
Specialty trade contractors	1,625	38,797	(D)	19,751	20,240
Manufacturing	2,132	90,262	(D)	185,267	192,007
Durable goods manufacturing	(D)	23,693	59	59,255	113,009
Wood product manufacturing	(D)	4,156	0	726	69,046
Nonmetallic mineral product manufacturing	217	(D)	0	(D)	(D)
Primary metal manufacturing	0	0	0	(D)	(D)
Fabricated metal product manufacturing	(D)	1,903	(L)	1,911	4,929
Machinery manufacturing	0	(D)	0	(D)	13,054
Computer and electronic product manufacturing	0	(D)	0	(D)	(L)
Electrical equipment and appliance manufacturing	0	(D)	0	872	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
Motor vehicle manufacturing	0	106	0	(D)	(D)
Transportation equipment mfg. excl. motor vehicles	0	5,975	0	0	(D)
Furniture and related product manufacturing	155	583	0	(D)	118
Miscellaneous manufacturing	239	372	(L)	969	260
Nondurable goods manufacturing	(D)	66,569	(D)	126,012	78,998
Food manufacturing	(D)	63,848	(D)	96,162	13,723
Beverage and tobacco product manufacturing	0	815	130	2,569	(D)
Textile mills	0	0	0	0	0
Textile product mills	0	(D)	0	0	0
Apparel manufacturing	88	(L)	0	(D)	(L)
Leather and allied product manufacturing	85	0	0	99	0
Paper manufacturing	0	0	0	(D)	57,005
Printing and related support activities	(D)	(D)	67	497	531
Petroleum and coal products manufacturing	0	0	0	0	0
Chemical manufacturing	0	0	0	20,028	(D)
Plastics and rubber products manufacturing	0	(D)	0	0	(D)
Wholesale trade	(D)	51,544	4,946	49,295	25,791
Retail Trade	3,916	71,127	2,460	87,622	92,570
Motor vehicle and parts dealers	(D)	35,315	(D)	13,812	18,076
Furniture and home furnishings stores	(D)	926	(D)	1,996	2,726
Electronics and appliance stores	0	1,309	0	1,647	1,186
Building material and garden supply stores	(D)	7,146	1,106	12,805	5,747
Food and beverage stores	1,165	12,283	(D)	16,442	23,160
Health and personal care stores	(D)	3,473	(D)	6,855	5,647
Gasoline stations	932	4,263	0	12,005	8,602
Clothing and clothing accessories stores	(D)	636	0	1,544	6,021
Sporting goods, hobby, book and music stores	(D)	(D)	(D)	1,112	1,231
General merchandise stores	(D)	1,829	(D)	(D)	14,562
Miscellaneous store retailers	150	3,448	(D)	3,119	3,831
Nonstore retailers	(D)	(D)	(L)	(D)	1,781
Transportation and warehousing	(D)	60,486	(D)	38,844	33,799
Air transportation	442	(D)	0	0	189
Rail transportation	0	27,397	0	2,219	1,459
Water transportation	0	0	0	59	(D)
Truck transportation	812	15,468	(D)	15,208	20,261
Transit and ground passenger transportation	0	(D)	0	(D)	577
Pipeline transportation	0	(D)	0	(D)	0
Scenic and sightseeing transportation	0	0	0	602	1,299
Support activities for transportation	0	3,789	(D)	1,781	6,845
Couriers and messengers	(D)	3,541	0	3,367	(D)
Warehousing and storage	0	1,508	0	13,234	(D)
Information	191	5,473	(D)	7,216	6,132
Publishing industries, except Internet	(D)	508	(D)	4,097	(D)
Motion picture and sound recording industries	0	(D)	0	(D)	(D)
Broadcasting, except Internet	70	1,305	0	960	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
Internet publishing and broadcasts	0	0	0	0	(D)
Telecommunications	(D)	(D)	0	(D)	2,030
ISPs, search portals, and data processing	(D)	(D)	0	(D)	(L)
Other information services	0	(L)	66	0	(L)
Finance and insurance	510	10,985	840	23,136	33,178
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	(D)	7,923	(D)	12,978	20,554
Securities, commodity contracts, investments	78	(D)	78	(D)	1,741
Insurance carriers and related activities	(D)	(D)	(D)	(D)	10,883
Funds, trusts, and other financial vehicles	0	0	0	0	0
Real estate and rental and leasing	543	14,186	76	10,699	9,778
Real estate	(D)	2,693	(L)	5,406	6,577
Rental and leasing services	(D)	11,493	72	5,293	3,201
Lessors of nonfinancial intangible assets	0	0	0	0	0
Professional and technical services	860	16,523	(D)	(D)	37,849
Management of companies and enterprises	(D)	0	0	(D)	2,526
Administrative and waste services	(D)	19,861	55	17,431	10,118
Administrative and support services	(D)	17,091	55	(D)	7,322
Waste management and remediation services	(D)	2,770	0	(D)	2,796
Educational services	54	6,533	0	2,642	1,250
Health care and social assistance	1,323	88,283	(D)	85,202	91,285
Ambulatory health care services	(D)	38,264	(D)	58,088	45,430
Hospitals	0	(D)	0	0	(D)
Nursing and residential care facilities	(D)	12,622	0	11,236	9,604
Social assistance	153	(D)	(D)	15,878	(D)
Arts, entertainment, and recreation	(D)	6,871	(L)	6,357	5,370
Performing arts and spectator sports	(L)	(D)	0	(D)	(D)
Museums, historical sites, zoos, and parks	(D)	(D)	0	(D)	(D)
Amusement, gambling, and recreation	89	6,104	(L)	6,210	4,788
Accommodation and food services	(D)	19,325	109	24,581	35,385
Accommodation	(D)	4,987	(D)	5,944	12,155
Food services and drinking places	910	14,338	(D)	18,637	23,230
Other services, except public administration	(D)	34,377	(D)	33,869	36,403
Repair and maintenance	(D)	13,682	(D)	10,048	9,987
Personal and laundry services	(D)	(D)	(D)	(D)	(D)
Membership associations and organizations	1,411	13,485	(D)	18,350	18,743
Private households	(D)	(D)	125	(D)	(D)
Government and government enterprises	35,405	212,194	22,530	326,359	269,192
Federal, civilian	9,341	44,670	9,634	44,501	12,818
Military	848	6,412	271	9,020	10,510
State and local	25,216	161,112	12,625	272,838	245,864
State government	1,148	43,170	(D)	30,959	55,163
Local government	24,068	117,942	(D)	241,879	190,701

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	2,167,283	860,450	80,002,571	7,705,510	844,265
Nonfarm personal income	2,164,045	856,959	79,964,004	7,697,155	826,814
Farm income <sup>5</sup>	3,238	3,491	38,567	8,355	17,451
Population (persons) <sup>6</sup>	76,643	27,670	1,764,750	239,752	35,108
Per capita personal income (dollars)	28,278	31,097	45,334	32,140	24,048
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	1,196,043	354,432	79,217,597	4,925,564	503,921
less: Personal contributions for social insurance <sup>7</sup>	123,850	46,084	9,241,324	542,106	62,354
plus: Adjustment for residence <sup>8</sup>	274,421	121,102	-10,969,509	1,037,248	85,745
equals: Net earnings by place of residence	1,346,614	429,450	59,006,764	5,420,706	527,312
plus: Dividends, interest, and rent <sup>9</sup>	494,148	259,525	13,698,665	1,291,170	160,765
plus: Transfer payments	326,521	171,475	7,297,142	993,634	156,188
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	761,961	249,333	56,770,709	3,367,586	349,116
Other labor income	303,493	57,263	12,806,751	1,119,865	83,785
Proprietors' income <sup>10</sup>	130,589	47,836	9,640,137	438,113	71,020
Farm proprietors' income	(L)	1,672	2,102	5,638	1,653
Nonfarm proprietors' income	130,593	46,164	9,638,035	432,475	69,367
<b>Earnings by Industry</b>					
Farm earnings	3,238	3,491	38,567	8,355	17,451
Nonfarm earnings	1,192,805	350,941	79,179,030	4,917,209	486,470
Private earnings	475,985	258,389	70,073,660	2,272,529	308,207
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	6,224	576,334	32,113	(D)
Forestry and logging	1,117	3,297	72,221	9,505	4,478
Fishing, hunting, and trapping	(D)	2,409	479,241	17,483	1,210
Agriculture and forestry support activities	(D)	518	24,872	5,125	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	2,091	49,037	2,737	(D)
Oil and gas extraction	(L)	101	1,336	(L)	0
Mining (except oil and gas)	(D)	1,990	45,907	(D)	(D)
Support activities for mining	(L)	0	1,794	(D)	0
Utilities	3,481	4,610	298,436	9,904	1,803
Construction	69,217	32,047	4,351,993	249,503	40,678
Construction of buildings	33,802	16,403	1,433,691	86,881	11,250
Heavy and civil engineering construction	6,429	5,902	490,718	28,559	10,977
Specialty trade contractors	28,986	9,742	2,427,584	134,063	18,451
Manufacturing	31,903	37,061	9,044,230	74,522	28,157
Durable goods manufacturing	30,872	(D)	7,138,976	62,945	15,648
Wood product manufacturing	(D)	1,188	75,318	2,274	(D)
Nonmetallic mineral product manufacturing	1,050	(D)	176,095	8,058	(D)
Primary metal manufacturing	(L)	(D)	71,108	(L)	0
Fabricated metal product manufacturing	(D)	1,869	341,049	6,608	9,774
Machinery manufacturing	(D)	(D)	315,471	1,643	(D)
Computer and electronic product manufacturing	(D)	(D)	784,202	2,208	0
Electrical equipment and appliance manufacturing	(L)	0	163,138	885	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
Motor vehicle manufacturing	(L)	(L)	(D)	(D)	0
Transportation equipment mfg. excl. motor vehicles	(D)	2,967	(D)	(D)	(D)
Furniture and related product manufacturing	1,736	294	123,418	8,760	998
Miscellaneous manufacturing	(D)	1,208	413,815	21,278	(D)
Nondurable goods manufacturing	1,031	(D)	1,905,254	11,577	12,509
Food manufacturing	387	653	653,825	2,047	11,952
Beverage and tobacco product manufacturing	(D)	(D)	138,427	(D)	(D)
Textile mills	0	0	2,702	(D)	0
Textile product mills	(D)	(D)	70,272	(D)	(L)
Apparel manufacturing	(L)	(D)	53,447	(D)	(D)
Leather and allied product manufacturing	(L)	0	13,330	0	(L)
Paper manufacturing	(D)	(D)	129,273	(L)	0
Printing and related support activities	325	882	322,262	2,411	(D)
Petroleum and coal products manufacturing	0	0	20,855	0	0
Chemical manufacturing	(D)	52	358,875	(D)	(D)
Plastics and rubber products manufacturing	(L)	0	141,986	(D)	0
Wholesale trade	8,753	6,974	4,817,848	60,111	26,016
Retail Trade	81,910	28,503	4,635,648	380,967	50,078
Motor vehicle and parts dealers	13,613	3,509	730,733	81,183	10,424
Furniture and home furnishings stores	5,483	2,059	252,831	10,061	2,490
Electronics and appliance stores	1,326	646	263,757	9,526	1,125
Building material and garden supply stores	10,397	4,205	346,067	40,024	3,838
Food and beverage stores	16,600	10,566	801,936	71,675	11,231
Health and personal care stores	4,569	(D)	230,428	19,328	1,964
Gasoline stations	2,749	2,898	102,711	22,681	4,455
Clothing and clothing accessories stores	2,150	600	343,342	11,906	(D)
Sporting goods, hobby, book and music stores	2,048	748	190,251	13,328	1,102
General merchandise stores	9,907	(D)	500,444	63,377	7,297
Miscellaneous store retailers	8,937	1,503	345,107	25,370	3,782
Nonstore retailers	4,131	566	528,041	12,508	(D)
Transportation and warehousing	7,294	5,392	2,990,561	41,540	17,922
Air transportation	98	53	842,017	(D)	245
Rail transportation	0	320	(D)	0	354
Water transportation	(L)	(D)	215,681	(D)	0
Truck transportation	3,061	896	489,334	15,354	14,784
Transit and ground passenger transportation	(D)	0	89,688	4,928	(L)
Pipeline transportation	0	0	(D)	0	0
Scenic and sightseeing transportation	355	616	19,622	(D)	0
Support activities for transportation	3,484	(D)	702,271	10,178	(D)
Couriers and messengers	(D)	(D)	365,958	(D)	(D)
Warehousing and storage	0	(D)	140,717	1,600	0
Information	15,589	4,814	11,277,984	79,257	17,735
Publishing industries, except Internet	4,142	2,676	8,225,655	29,074	2,903
Motion picture and sound recording industries	346	487	91,714	2,224	(D)
Broadcasting, except Internet	(D)	565	1,326,906	(D)	(D)



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
Internet publishing and broadcasts	0	0	95,132	1,191	0
Telecommunications	(D)	(D)	1,314,909	38,333	4,569
ISPs, search portals, and data processing	0	(D)	197,233	2,439	(D)
Other information services	(D)	(L)	26,435	(D)	(L)
Finance and insurance	25,836	10,294	5,455,376	155,438	9,302
Monetary authorities - central bank	0	0	(D)	0	0
Credit intermediation and related activities	16,660	6,513	2,559,401	78,451	5,378
Securities, commodity contracts, investments	2,763	(D)	954,227	13,680	(D)
Insurance carriers and related activities	6,413	(D)	1,717,609	63,307	(D)
Funds, trusts, and other financial vehicles	0	0	(D)	0	0
Real estate and rental and leasing	22,952	11,312	2,204,944	71,242	6,268
Real estate	15,018	7,775	1,923,857	(D)	2,008
Rental and leasing services	7,934	3,537	263,214	(D)	4,260
Lessors of nonfinancial intangible assets	0	0	17,873	765	0
Professional and technical services	38,153	20,878	8,632,392	272,600	(D)
Management of companies and enterprises	16,044	0	2,150,388	10,305	(D)
Administrative and waste services	21,307	23,475	2,870,558	109,456	6,173
Administrative and support services	19,719	22,710	2,749,654	99,814	(D)
Waste management and remediation services	1,588	765	120,904	9,642	(D)
Educational services	10,246	3,157	592,601	21,730	1,773
Health care and social assistance	51,572	25,769	5,435,667	416,780	31,510
Amulatory health care services	36,371	13,769	2,837,658	227,122	18,111
Hospitals	0	0	1,495,737	(D)	0
Nursing and residential care facilities	5,418	4,194	549,084	70,028	10,092
Social assistance	9,783	7,806	553,188	(D)	3,307
Arts, entertainment, and recreation	8,103	3,667	924,165	32,980	2,938
Performing arts and spectator sports	1,164	327	547,406	6,479	(D)
Museums, historical sites, zoos, and parks	602	500	56,775	2,173	(D)
Amusement, gambling, and recreation	6,337	2,840	319,984	24,328	2,434
Accommodation and food services	24,803	15,825	1,877,205	113,214	24,010
Accommodation	4,359	3,081	418,383	18,433	3,873
Food services and drinking places	20,444	12,744	1,458,822	94,781	20,137
Other services, except public administration	33,050	16,296	1,888,293	138,130	19,373
Repair and maintenance	9,861	3,525	561,950	49,637	6,414
Personal and laundry services	4,096	(D)	444,469	24,778	2,416
Membership associations and organizations	14,177	8,361	682,992	48,153	8,017
Private households	4,916	(D)	198,882	15,562	2,526
Government and government enterprises	716,820	92,552	9,105,370	2,644,680	178,263
Federal, civilian	76,733	11,510	1,871,363	1,320,532	12,182
Military	512,560	3,780	307,160	769,137	5,355
State and local	127,527	77,262	6,926,847	555,011	160,726
State government	13,744	14,599	2,480,088	91,764	92,268
Local government	113,783	62,663	4,446,759	463,247	68,458



Table 4.3

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	472,941	1,674,443	243,722	1,290,939	903,079
Nonfarm personal income	446,952	1,654,712	243,117	1,279,955	838,617
Farm income <sup>5</sup>	25,989	19,731	605	10,984	64,462
Population (persons) <sup>6</sup>	19,668	70,669	10,233	52,288	39,102
Per capita personal income (dollars)	24,046	23,694	23,817	24,689	23,095
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	250,988	1,071,013	113,136	570,808	562,728
less: Personal contributions for social insurance <sup>7</sup>	31,769	142,953	15,418	75,083	66,467
plus: Adjustment for residence <sup>8</sup>	36,381	55,468	22,066	232,585	21,845
equals: Net earnings by place of residence	255,600	983,528	119,784	728,310	518,106
plus: Dividends, interest, and rent <sup>9</sup>	100,807	265,859	65,491	252,208	151,562
plus: Transfer payments	116,534	425,056	58,447	310,421	233,411
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	179,382	787,895	84,670	389,220	390,158
Other labor income	39,612	186,450	20,826	88,380	90,805
Proprietors' income <sup>10</sup>	31,994	96,668	7,640	93,208	81,765
Farm proprietors' income	1,348	8,207	-6,505	2,799	3,245
Nonfarm proprietors' income	30,646	88,461	14,145	90,409	78,520
<b>Earnings by Industry</b>					
Farm earnings	25,989	19,731	605	10,984	64,462
Nonfarm earnings	224,999	1,051,282	112,531	559,824	498,266
Private earnings	154,461	840,418	59,869	368,276	278,133
Forestry, fishing, related activities, and other <sup>4</sup>	26,973	60,731	4,246	(D)	35,562
Forestry and logging	9,942	40,482	(D)	16,230	4,591
Fishing, hunting, and trapping	(D)	(D)	511	5,942	2,028
Agriculture and forestry support activities	(D)	(D)	(D)	(D)	28,943
Other <sup>4</sup>	0	0	0	0	0
Mining	460	58,424	54	(D)	2,737
Oil and gas extraction	0	0	0	0	0
Mining (except oil and gas)	458	(D)	54	(D)	(D)
Support activities for mining	(L)	(D)	0	0	(D)
Utilities	725	27,136	(D)	517	2,539
Construction	14,566	52,938	5,471	40,705	24,686
Construction of buildings	6,240	17,855	(D)	15,920	7,882
Heavy and civil engineering construction	4,862	14,106	(D)	4,845	6,783
Specialty trade contractors	3,464	20,977	1,761	19,940	10,021
Manufacturing	21,549	150,830	4,173	90,881	4,794
Durable goods manufacturing	17,142	121,423	(D)	60,266	3,686
Wood product manufacturing	(D)	83,098	(D)	44,816	(D)
Nonmetallic mineral product manufacturing	(D)	1,696	89	(D)	1,207
Primary metal manufacturing	(D)	(D)	0	0	0
Fabricated metal product manufacturing	(D)	12,627	89	1,299	293
Machinery manufacturing	(D)	396	0	(D)	(D)
Computer and electronic product manufacturing	(D)	(D)	0	(D)	(D)
Electrical equipment and appliance manufacturing	0	(D)	0	0	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
Motor vehicle manufacturing	0	(D)	0	(D)	0
Transportation equipment mfg. excl. motor vehicles	0	(D)	0	(D)	(D)
Furniture and related product manufacturing	112	2,327	64	879	(D)
Miscellaneous manufacturing	177	1,711	98	5,109	(D)
Nondurable goods manufacturing	4,407	29,407	(D)	30,615	1,108
Food manufacturing	(D)	20,226	587	8,238	429
Beverage and tobacco product manufacturing	(D)	(D)	0	(D)	(D)
Textile mills	0	0	0	0	0
Textile product mills	0	(D)	(D)	(D)	0
Apparel manufacturing	(L)	1,783	(L)	(D)	(D)
Leather and allied product manufacturing	(L)	(L)	0	0	(L)
Paper manufacturing	0	(D)	0	9,909	86
Printing and related support activities	147	2,026	(D)	(D)	(D)
Petroleum and coal products manufacturing	0	(D)	0	0	0
Chemical manufacturing	1,630	(D)	0	9,743	85
Plastics and rubber products manufacturing	(D)	1,078	0	(D)	0
Wholesale trade	3,959	28,708	8,527	15,685	15,452
Retail Trade	11,642	107,056	10,015	47,497	55,734
Motor vehicle and parts dealers	1,762	22,347	970	6,298	6,516
Furniture and home furnishings stores	(D)	2,589	93	1,103	(D)
Electronics and appliance stores	185	1,823	(L)	(D)	491
Building material and garden supply stores	1,005	7,924	2,936	6,389	5,911
Food and beverage stores	3,741	20,364	2,162	6,717	11,484
Health and personal care stores	1,189	6,234	780	1,517	1,996
Gasoline stations	929	12,503	2,584	6,300	14,152
Clothing and clothing accessories stores	(D)	2,433	(D)	258	841
Sporting goods, hobby, book and music stores	(D)	1,350	(D)	366	678
General merchandise stores	(D)	18,425	0	(D)	(D)
Miscellaneous store retailers	(D)	9,354	165	2,123	2,447
Nonstore retailers	546	1,710	(D)	1,096	2,120
Transportation and warehousing	11,309	57,809	(D)	12,570	8,991
Air transportation	238	(D)	0	(D)	192
Rail transportation	6,119	4,388	912	311	(D)
Water transportation	0	0	0	(D)	68
Truck transportation	3,282	30,875	552	5,147	3,880
Transit and ground passenger transportation	(L)	(D)	(L)	(D)	(L)
Pipeline transportation	0	0	0	0	0
Scenic and sightseeing transportation	0	(D)	0	(D)	0
Support activities for transportation	(D)	5,477	(D)	2,212	2,361
Couriers and messengers	(D)	(D)	(L)	75	(D)
Warehousing and storage	(D)	(D)	0	(D)	91
Information	2,088	11,877	364	3,570	5,422
Publishing industries, except Internet	608	4,785	(D)	(D)	1,256
Motion picture and sound recording industries	(D)	(D)	0	(D)	213
Broadcasting, except Internet	(D)	(D)	0	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
Internet publishing and broadcasts	0	0	0	0	0
Telecommunications	(D)	3,554	(D)	2,199	1,055
ISPs, search portals, and data processing	(L)	1,292	0	0	(D)
Other information services	0	(L)	(L)	0	(L)
Finance and insurance	4,282	22,841	5,381	17,410	12,608
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	2,765	12,146	3,706	11,868	8,446
Securities, commodity contracts, investments	(D)	(D)	216	(D)	(D)
Insurance carriers and related activities	(D)	9,780	1,459	(D)	(D)
Funds, trusts, and other financial vehicles	0	(D)	0	0	0
Real estate and rental and leasing	3,994	9,331	420	7,881	5,545
Real estate	1,534	5,150	(D)	4,922	3,497
Rental and leasing services	2,460	4,181	(D)	2,959	1,758
Lessors of nonfinancial intangible assets	0	0	0	0	290
Professional and technical services	11,124	26,028	5,275	12,763	15,104
Management of companies and enterprises	1,671	4,119	0	(D)	(D)
Administrative and waste services	13,252	23,196	297	(D)	(D)
Administrative and support services	4,477	19,521	(D)	5,243	4,390
Waste management and remediation services	8,775	3,675	(D)	(D)	(D)
Educational services	400	3,477	(D)	4,143	1,544
Health care and social assistance	8,997	120,289	(D)	37,833	42,571
Amulatory health care services	6,270	63,514	2,013	17,758	32,892
Hospitals	0	(D)	0	0	0
Nursing and residential care facilities	1,240	19,282	(D)	14,830	5,215
Social assistance	1,487	(D)	646	5,245	4,464
Arts, entertainment, and recreation	1,353	4,638	645	5,226	2,532
Performing arts and spectator sports	312	(D)	(D)	(D)	(D)
Museums, historical sites, zoos, and parks	389	(D)	0	(D)	0
Amusement, gambling, and recreation	652	4,325	(D)	(D)	(D)
Accommodation and food services	5,531	31,204	1,330	12,549	17,361
Accommodation	806	4,323	213	2,093	8,548
Food services and drinking places	4,725	26,881	1,117	10,456	8,813
Other services, except public administration	10,586	39,786	3,997	24,659	17,824
Repair and maintenance	4,568	12,814	612	6,891	6,411
Personal and laundry services	(D)	4,660	(D)	(D)	(D)
Membership associations and organizations	4,382	(D)	1,992	11,170	7,915
Private households	(D)	(D)	(D)	(D)	(D)
Government and government enterprises	70,538	210,864	52,662	191,548	220,133
Federal, civilian	6,241	16,313	4,081	5,524	35,638
Military	2,234	8,044	1,166	5,957	4,472
State and local	62,063	186,507	47,415	180,067	180,023
State government	8,315	50,666	3,513	45,042	13,654
Local government	53,748	135,841	43,902	135,025	166,369

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	494,291	269,233	22,205,977	582,418	3,293,030
Nonfarm personal income	482,416	269,092	22,168,214	581,756	3,196,346
Farm income <sup>5</sup>	11,875	141	37,763	662	96,684
Population (persons) <sup>6</sup>	21,128	12,233	740,472	14,835	109,244
Per capita personal income (dollars)	23,395	22,009	29,989	39,260	30,144
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	248,274	133,558	14,031,117	239,144	2,284,604
less: Personal contributions for social insurance <sup>7</sup>	31,644	17,438	1,678,388	28,506	266,005
plus: Adjustment for residence <sup>8</sup>	23,832	30,701	3,453,253	34,726	77,204
equals: Net earnings by place of residence	240,462	146,821	15,805,982	245,364	2,095,803
plus: Dividends, interest, and rent <sup>9</sup>	107,471	49,980	3,052,222	267,053	626,503
plus: Transfer payments	146,358	72,432	3,347,773	70,001	570,724
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	168,670	88,031	9,975,248	148,048	1,486,817
Other labor income	38,528	23,340	2,663,339	32,886	389,546
Proprietors' income <sup>10</sup>	41,076	22,187	1,392,530	58,210	408,241
Farm proprietors' income	8,861	(L)	7,514	-367	15,232
Nonfarm proprietors' income	32,215	22,154	1,385,016	58,577	393,009
<b>Earnings by Industry</b>					
Farm earnings	11,875	141	37,763	662	96,684
Nonfarm earnings	236,399	133,417	13,993,354	238,482	2,187,920
Private earnings	153,032	80,309	9,731,576	198,076	1,764,463
Forestry, fishing, related activities, and other <sup>4</sup>	26,758	(D)	56,056	(D)	72,567
Forestry and logging	(D)	3,860	35,716	(D)	38,648
Fishing, hunting, and trapping	16,139	412	12,188	2,561	13,593
Agriculture and forestry support activities	(D)	(D)	8,152	(D)	20,326
Other <sup>4</sup>	0	0	0	0	0
Mining	1,477	(D)	16,093	(D)	2,126
Oil and gas extraction	0	(L)	287	0	(L)
Mining (except oil and gas)	1,477	(D)	15,668	(D)	(D)
Support activities for mining	0	55	138	0	(D)
Utilities	(D)	93	45,631	5,218	11,433
Construction	7,463	5,985	1,114,407	44,034	202,104
Construction of buildings	2,791	3,894	300,493	27,870	49,538
Heavy and civil engineering construction	1,155	966	241,513	2,970	45,691
Specialty trade contractors	3,517	1,125	572,401	13,194	106,875
Manufacturing	32,464	40,631	1,140,875	(D)	446,169
Durable goods manufacturing	17,745	(D)	(D)	(D)	199,342
Wood product manufacturing	14,977	(D)	122,246	730	25,095
Nonmetallic mineral product manufacturing	(D)	0	88,275	1,086	10,716
Primary metal manufacturing	0	0	(D)	0	(D)
Fabricated metal product manufacturing	(D)	(D)	103,234	1,990	19,520
Machinery manufacturing	0	3,096	35,207	(D)	29,375
Computer and electronic product manufacturing	334	0	171,186	(D)	4,508
Electrical equipment and appliance manufacturing	0	(D)	1,486	0	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
Motor vehicle manufacturing	0	0	8,008	0	(D)
Transportation equipment mfg. excl. motor vehicles	(D)	0	135,352	(D)	(D)
Furniture and related product manufacturing	228	480	51,467	463	4,207
Miscellaneous manufacturing	(D)	738	30,435	1,480	11,161
Nondurable goods manufacturing	14,719	(D)	(D)	(D)	246,827
Food manufacturing	13,711	(D)	88,859	928	40,720
Beverage and tobacco product manufacturing	0	0	(D)	(D)	(D)
Textile mills	(D)	0	(D)	1,337	(D)
Textile product mills	0	0	4,588	(D)	2,033
Apparel manufacturing	128	0	22,146	(L)	(D)
Leather and allied product manufacturing	0	266	652	(L)	282
Paper manufacturing	0	(D)	82,007	0	18,984
Printing and related support activities	(D)	(D)	28,608	230	5,431
Petroleum and coal products manufacturing	0	0	49,301	1,319	(D)
Chemical manufacturing	0	0	30,432	(D)	23,404
Plastics and rubber products manufacturing	(D)	(D)	67,674	121	4,303
Wholesale trade	1,120	342	525,835	2,851	47,303
Retail Trade	18,191	5,886	1,062,231	21,519	231,683
Motor vehicle and parts dealers	939	(D)	281,210	1,182	68,122
Furniture and home furnishings stores	(D)	(D)	37,600	(D)	5,707
Electronics and appliance stores	(L)	(D)	31,532	280	5,336
Building material and garden supply stores	1,032	(D)	90,429	4,925	22,270
Food and beverage stores	4,634	2,879	166,295	8,635	38,451
Health and personal care stores	1,453	(D)	60,935	(D)	9,170
Gasoline stations	3,030	1,120	49,148	1,208	10,396
Clothing and clothing accessories stores	198	(D)	53,505	520	8,727
Sporting goods, hobby, book and music stores	285	(L)	45,153	886	5,341
General merchandise stores	(D)	(D)	163,677	249	38,127
Miscellaneous store retailers	1,219	162	56,058	1,576	13,912
Nonstore retailers	(D)	(D)	26,689	(D)	6,124
Transportation and warehousing	(D)	2,224	494,507	2,772	53,669
Air transportation	82	(D)	(D)	(D)	(D)
Rail transportation	293	348	28,142	0	3,090
Water transportation	(L)	0	(D)	(L)	(D)
Truck transportation	973	508	198,025	(D)	27,752
Transit and ground passenger transportation	0	(L)	16,477	(D)	439
Pipeline transportation	0	0	0	0	0
Scenic and sightseeing transportation	166	213	973	463	542
Support activities for transportation	(D)	(D)	160,059	484	11,810
Couriers and messengers	(L)	(L)	35,002	(D)	5,875
Warehousing and storage	0	0	49,688	(L)	2,980
Information	1,208	1,780	156,476	3,381	20,544
Publishing industries, except Internet	(D)	(D)	51,058	(D)	9,967
Motion picture and sound recording industries	0	(D)	3,956	(D)	1,024
Broadcasting, except Internet	(L)	0	(D)	753	2,115

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
Internet publishing and broadcasts	0	0	(D)	0	(D)
Telecommunications	(D)	1,005	87,257	(D)	(D)
ISPs, search portals, and data processing	0	279	1,589	841	276
Other information services	0	(L)	(L)	(L)	(D)
Finance and insurance	13,980	3,450	753,803	6,399	85,094
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	9,654	2,536	271,198	4,102	48,345
Securities, commodity contracts, investments	2,403	(L)	274,779	801	11,592
Insurance carriers and related activities	1,923	881	202,613	1,496	25,157
Funds, trusts, and other financial vehicles	0	0	5,213	0	0
Real estate and rental and leasing	1,969	556	323,172	13,435	51,027
Real estate	384	(D)	268,530	7,117	24,009
Rental and leasing services	1,585	(D)	(D)	6,318	(D)
Lessors of nonfinancial intangible assets	0	0	(D)	0	(D)
Professional and technical services	5,623	2,394	601,052	(D)	125,424
Management of companies and enterprises	(D)	0	102,674	(D)	8,879
Administrative and waste services	(D)	1,089	446,587	5,618	28,129
Administrative and support services	1,102	(D)	414,489	4,972	23,579
Waste management and remediation services	(D)	(D)	32,098	646	4,550
Educational services	88	(D)	149,227	1,746	9,634
Health care and social assistance	12,811	(D)	1,794,978	10,256	202,274
Ambulatory health care services	5,383	908	1,016,481	5,982	144,492
Hospitals	0	0	425,055	0	0
Nursing and residential care facilities	4,951	(D)	174,574	2,823	35,791
Social assistance	2,477	1,315	178,868	1,451	21,991
Arts, entertainment, and recreation	2,031	(D)	104,525	4,494	19,233
Performing arts and spectator sports	(D)	(D)	7,610	(D)	991
Museums, historical sites, zoos, and parks	(D)	0	5,582	(D)	809
Amusement, gambling, and recreation	1,817	(D)	91,333	3,059	17,433
Accommodation and food services	12,189	(D)	352,858	24,343	64,505
Accommodation	4,732	(D)	34,687	15,934	15,932
Food services and drinking places	7,457	1,966	318,171	8,409	48,573
Other services, except public administration	10,546	4,534	490,589	11,019	82,666
Repair and maintenance	1,565	(D)	176,674	2,400	42,347
Personal and laundry services	(D)	581	95,235	938	8,855
Membership associations and organizations	5,748	2,379	(D)	3,731	26,277
Private households	(D)	(D)	(D)	3,950	5,187
Government and government enterprises	83,367	53,108	4,261,778	40,406	423,457
Federal, civilian	3,521	7,290	612,605	3,617	26,187
Military	8,208	1,399	1,604,265	1,687	12,482
State and local	71,638	44,419	2,044,908	35,102	384,788
State government	13,526	1,005	496,291	3,803	63,459
Local government	58,112	43,414	1,548,617	31,299	321,329

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	233,813	20,359,049	11,737,105	863,322	6,925,908
Nonfarm personal income	234,117	20,340,976	11,730,739	860,726	6,892,009
Farm income <sup>5</sup>	-304	18,073	6,366	2,596	33,899
Population (persons) <sup>6</sup>	10,274	636,931	431,219	40,938	220,968
Per capita personal income (dollars)	22,758	31,964	27,218	21,089	31,343
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	77,143	12,160,934	9,034,430	440,236	4,468,387
less: Personal contributions for social insurance <sup>7</sup>	10,069	1,515,712	1,134,680	54,925	568,703
plus: Adjustment for residence <sup>8</sup>	84,051	4,594,941	-390,723	114,262	1,039,769
equals: Net earnings by place of residence	151,125	15,240,163	7,509,027	499,573	4,939,453
plus: Dividends, interest, and rent <sup>9</sup>	40,431	2,671,648	2,034,669	138,581	963,399
plus: Transfer payments	42,257	2,447,238	2,193,409	225,168	1,023,056
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	56,472	8,914,728	6,660,347	295,656	3,319,816
Other labor income	15,225	2,317,113	1,598,669	73,643	708,464
Proprietors' income <sup>10</sup>	5,446	929,093	775,414	70,937	440,107
Farm proprietors' income	-666	-5,927	-3,693	1,144	3,046
Nonfarm proprietors' income	6,112	935,020	779,107	69,793	437,061
<b>Earnings by Industry</b>					
Farm earnings	-304	18,073	6,366	2,596	33,899
Nonfarm earnings	77,447	12,142,861	9,028,064	437,640	4,434,488
Private earnings	42,889	10,016,101	7,151,195	312,986	2,601,784
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	68,654	8,804	25,707	50,019
Forestry and logging	1,206	15,379	(D)	21,089	26,704
Fishing, hunting, and trapping	165	26,923	(D)	1,419	9,007
Agriculture and forestry support activities	(D)	26,352	2,917	3,199	14,308
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	20,535	13,927	2,602	4,873
Oil and gas extraction	0	(D)	(L)	0	0
Mining (except oil and gas)	(D)	18,733	1,522	2,597	(D)
Support activities for mining	0	(D)	12,404	(L)	(D)
Utilities	0	6,219	48,029	(D)	13,720
Construction	2,565	1,059,173	565,853	19,598	272,982
Construction of buildings	820	279,082	169,153	6,981	92,304
Heavy and civil engineering construction	623	169,929	55,444	5,278	26,756
Specialty trade contractors	1,122	610,162	341,256	7,339	153,922
Manufacturing	8,922	3,444,503	890,441	80,070	182,111
Durable goods manufacturing	8,529	3,189,618	711,841	(D)	76,520
Wood product manufacturing	(D)	99,825	15,261	44,061	13,163
Nonmetallic mineral product manufacturing	(D)	28,814	52,847	(D)	12,821
Primary metal manufacturing	0	4,625	92,084	(D)	(L)
Fabricated metal product manufacturing	(D)	129,996	78,797	1,517	17,855
Machinery manufacturing	(D)	36,875	78,119	18,551	3,994
Computer and electronic product manufacturing	(D)	490,641	224,310	(D)	184
Electrical equipment and appliance manufacturing	(D)	20,566	29,963	0	742



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
Motor vehicle manufacturing	(D)	(D)	40,356	(D)	(D)
Transportation equipment mfg. excl. motor vehicles	0	(D)	39,948	(D)	(D)
Furniture and related product manufacturing	0	59,801	32,690	1,053	10,944
Miscellaneous manufacturing	(D)	42,241	27,466	(D)	12,136
Nondurable goods manufacturing	393	254,885	178,600	(D)	105,591
Food manufacturing	(D)	54,281	54,840	2,374	5,553
Beverage and tobacco product manufacturing	(D)	16,550	4,262	(D)	29,745
Textile mills	0	(D)	(D)	0	(D)
Textile product mills	0	2,668	4,096	0	320
Apparel manufacturing	0	4,604	5,863	131	(D)
Leather and allied product manufacturing	0	1,499	(D)	129	0
Paper manufacturing	0	(D)	19,119	0	(D)
Printing and related support activities	0	42,140	21,220	1,051	6,395
Petroleum and coal products manufacturing	0	1,337	(D)	0	0
Chemical manufacturing	0	9,892	28,933	0	4,861
Plastics and rubber products manufacturing	0	35,999	34,411	0	33,913
Wholesale trade	1,173	356,091	473,168	(D)	90,605
Retail Trade	2,591	945,780	854,832	32,957	408,664
Motor vehicle and parts dealers	(D)	226,776	203,298	4,524	69,425
Furniture and home furnishings stores	0	32,261	33,226	(D)	7,622
Electronics and appliance stores	0	34,744	29,729	572	78,930
Building material and garden supply stores	287	96,540	59,634	1,961	43,072
Food and beverage stores	1,395	178,243	147,457	7,375	64,127
Health and personal care stores	(D)	50,731	45,880	1,640	13,526
Gasoline stations	439	39,223	37,090	5,558	16,632
Clothing and clothing accessories stores	0	43,103	40,070	(D)	13,000
Sporting goods, hobby, book and music stores	(L)	37,384	36,102	1,081	12,771
General merchandise stores	101	133,355	117,718	(D)	58,365
Miscellaneous store retailers	(D)	52,487	61,286	1,155	23,654
Nonstore retailers	(D)	20,933	43,342	1,854	7,540
Transportation and warehousing	1,530	160,053	270,253	12,994	67,970
Air transportation	0	4,723	15,187	647	(D)
Rail transportation	0	17,910	63,638	527	1,129
Water transportation	0	(D)	0	0	59
Truck transportation	1,100	45,896	102,812	5,172	26,185
Transit and ground passenger transportation	0	17,635	13,899	(D)	2,440
Pipeline transportation	0	2,188	(D)	0	0
Scenic and sightseeing transportation	180	(D)	(D)	0	(D)
Support activities for transportation	219	49,338	30,238	(D)	9,842
Couriers and messengers	0	17,270	(D)	(D)	(D)
Warehousing and storage	(L)	3,598	5,217	(D)	14,462
Information	436	208,228	153,916	3,272	71,331
Publishing industries, except Internet	(D)	66,637	57,008	(D)	15,040
Motion picture and sound recording industries	(L)	6,843	4,547	(D)	1,619
Broadcasting, except Internet	0	(D)	45,143	(D)	10,368



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
Internet publishing and broadcasts	(D)	(D)	480	0	(D)
Telecommunications	(D)	(D)	45,010	(D)	38,808
ISPs, search portals, and data processing	(D)	2,354	1,682	829	1,639
Other information services	(L)	(D)	(L)	0	(D)
Finance and insurance	(D)	652,483	651,596	12,635	184,971
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	(D)	268,972	315,635	10,236	86,690
Securities, commodity contracts, investments	(L)	(D)	117,177	(D)	12,642
Insurance carriers and related activities	(D)	314,220	206,637	(D)	59,514
Funds, trusts, and other financial vehicles	0	(D)	12,147	0	26,125
Real estate and rental and leasing	(D)	214,204	186,654	3,833	86,547
Real estate	(D)	189,480	147,551	(D)	75,186
Rental and leasing services	181	(D)	35,063	(D)	10,469
Lessors of nonfinancial intangible assets	0	(D)	4,040	0	892
Professional and technical services	4,072	780,487	553,789	9,895	196,281
Management of companies and enterprises	(D)	103,471	161,921	(D)	24,620
Administrative and waste services	(D)	252,878	259,153	(D)	91,257
Administrative and support services	242	230,877	245,962	1,927	82,539
Waste management and remediation services	(D)	22,001	13,191	(D)	8,718
Educational services	(D)	69,152	125,674	1,440	51,871
Health care and social assistance	(D)	940,433	1,301,263	53,933	482,912
Ambulatory health care services	(D)	583,102	654,365	26,145	264,199
Hospitals	0	(D)	391,564	(D)	(D)
Nursing and residential care facilities	(D)	117,050	145,078	(D)	(D)
Social assistance	478	(D)	110,256	6,519	44,048
Arts, entertainment, and recreation	249	80,437	53,111	3,045	47,456
Performing arts and spectator sports	0	14,298	(D)	(L)	12,563
Museums, historical sites, zoos, and parks	(D)	1,589	(D)	(D)	5,511
Amusement, gambling, and recreation	(D)	64,550	41,524	(D)	29,382
Accommodation and food services	12,350	275,446	273,254	7,673	105,795
Accommodation	11,283	19,171	72,149	1,625	11,642
Food services and drinking places	1,067	256,275	201,105	6,048	94,153
Other services, except public administration	2,545	377,874	305,557	25,769	167,799
Repair and maintenance	(D)	115,755	87,714	9,862	51,186
Personal and laundry services	(D)	75,979	66,722	3,507	17,687
Membership associations and organizations	2,028	148,341	114,529	(D)	85,652
Private households	(D)	37,799	36,592	(D)	13,274
Government and government enterprises	34,558	2,126,760	1,876,869	124,654	1,832,704
Federal, civilian	9,828	145,874	343,378	26,487	77,430
Military	1,175	368,414	297,832	4,659	30,065
State and local	23,555	1,612,472	1,235,659	93,508	1,725,209
State government	1,937	253,665	421,612	16,174	1,271,968
Local government	21,618	1,358,807	814,047	77,334	453,241

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	91,327	1,385,494	4,699,048	818,423	5,425,619
Nonfarm personal income	91,769	1,330,163	4,625,196	824,994	5,052,929
Farm income <sup>5</sup>	-442	55,331	73,852	-6,571	372,690
Population (persons) <sup>6</sup>	3,717	56,743	176,546	39,991	226,859
Per capita personal income (dollars)	24,570	24,417	26,617	20,465	23,916
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	36,080	1,082,763	3,342,245	668,818	3,814,942
less: Personal contributions for social insurance <sup>7</sup>	4,703	133,648	411,981	86,207	455,691
plus: Adjustment for residence <sup>8</sup>	16,553	-92,541	125,345	-66,259	11,838
equals: Net earnings by place of residence	47,930	856,574	3,055,609	516,352	3,371,089
plus: Dividends, interest, and rent <sup>9</sup>	20,675	252,314	861,419	157,203	811,145
plus: Transfer payments	22,722	276,606	782,020	144,868	1,243,385
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	25,552	785,580	2,354,645	510,083	2,753,523
Other labor income	5,412	189,584	606,405	134,431	607,445
Proprietors' income <sup>10</sup>	5,116	107,599	381,195	24,304	453,974
Farm proprietors' income	-499	-8,975	10,559	-18,201	39,294
Nonfarm proprietors' income	5,615	116,574	370,636	42,505	414,680
<b>Earnings by Industry</b>					
Farm earnings	-442	55,331	73,852	-6,571	372,690
Nonfarm earnings	36,522	1,027,432	3,268,393	675,389	3,442,252
Private earnings	27,050	769,496	2,644,589	292,820	2,689,599
Forestry, fishing, related activities, and other <sup>4</sup>	12,954	(D)	53,707	(D)	211,739
Forestry and logging	8,073	(D)	18,123	1,286	9,749
Fishing, hunting, and trapping	(D)	1,550	12,813	2,621	3,509
Agriculture and forestry support activities	(D)	17,351	22,771	(D)	198,481
Other <sup>4</sup>	0	0	0	0	0
Mining	0	(D)	6,383	(D)	369
Oil and gas extraction	0	0	(L)	0	0
Mining (except oil and gas)	0	(D)	6,328	(D)	369
Support activities for mining	0	0	(L)	0	0
Utilities	0	8,921	16,108	(D)	16,155
Construction	1,900	44,244	373,909	20,309	160,465
Construction of buildings	(D)	16,885	138,823	4,295	82,176
Heavy and civil engineering construction	(D)	4,086	67,611	2,436	13,325
Specialty trade contractors	(D)	23,273	167,475	13,578	64,964
Manufacturing	2,284	213,720	509,197	54,337	520,309
Durable goods manufacturing	2,154	(D)	241,586	(D)	(D)
Wood product manufacturing	(D)	1,650	50,890	(D)	51,533
Nonmetallic mineral product manufacturing	(D)	(D)	11,415	(D)	7,591
Primary metal manufacturing	0	(D)	(D)	0	(D)
Fabricated metal product manufacturing	(L)	3,451	15,548	(D)	39,707
Machinery manufacturing	(D)	(D)	19,024	(D)	28,558
Computer and electronic product manufacturing	0	(D)	7,733	6,029	(D)
Electrical equipment and appliance manufacturing	0	1,939	7,569	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
Motor vehicle manufacturing	0	0	(D)	0	(D)
Transportation equipment mfg. excl. motor vehicles	0	(D)	(D)	(D)	(D)
Furniture and related product manufacturing	0	558	5,565	(D)	4,150
Miscellaneous manufacturing	(L)	4,113	16,827	830	15,491
Nondurable goods manufacturing	130	(D)	267,611	(D)	(D)
Food manufacturing	130	(D)	59,149	(L)	123,889
Beverage and tobacco product manufacturing	0	11,474	(D)	0	16,001
Textile mills	0	(D)	(D)	0	0
Textile product mills	0	(D)	10,808	0	1,520
Apparel manufacturing	0	(D)	(D)	(L)	220
Leather and allied product manufacturing	0	218	(D)	(D)	0
Paper manufacturing	0	(D)	(D)	90	20,136
Printing and related support activities	0	5,275	4,237	310	9,560
Petroleum and coal products manufacturing	0	0	145,148	(D)	(D)
Chemical manufacturing	0	17,018	(D)	(D)	20,154
Plastics and rubber products manufacturing	0	2,176	9,622	0	62,253
Wholesale trade	(L)	29,136	139,381	25,988	173,184
Retail Trade	1,537	69,982	278,934	30,783	301,331
Motor vehicle and parts dealers	(D)	13,533	41,760	6,700	62,318
Furniture and home furnishings stores	132	1,906	10,281	(D)	9,210
Electronics and appliance stores	0	910	10,675	350	7,356
Building material and garden supply stores	(D)	5,292	32,330	5,817	33,355
Food and beverage stores	(D)	18,302	58,197	5,470	65,366
Health and personal care stores	(D)	2,630	13,583	2,017	9,814
Gasoline stations	183	2,219	16,663	3,704	24,571
Clothing and clothing accessories stores	(L)	4,841	14,108	190	6,716
Sporting goods, hobby, book and music stores	(L)	1,331	9,072	3,342	6,147
General merchandise stores	0	12,021	46,287	(D)	55,237
Miscellaneous store retailers	(D)	3,777	19,695	748	15,605
Nonstore retailers	(L)	3,220	6,283	(D)	5,636
Transportation and warehousing	500	20,229	76,543	(D)	112,121
Air transportation	0	(D)	(D)	(D)	(D)
Rail transportation	0	1,489	4,936	794	5,217
Water transportation	0	0	(D)	0	94
Truck transportation	(D)	8,923	28,932	2,391	58,981
Transit and ground passenger transportation	0	(D)	4,103	(D)	2,761
Pipeline transportation	0	(D)	(D)	(D)	0
Scenic and sightseeing transportation	0	1,645	(D)	0	(D)
Support activities for transportation	0	2,705	15,697	2,338	16,280
Couriers and messengers	(D)	(D)	(D)	(D)	(D)
Warehousing and storage	0	(D)	10,485	1,195	20,451
Information	(D)	16,384	71,426	4,577	59,782
Publishing industries, except Internet	(D)	10,763	27,879	475	19,124
Motion picture and sound recording industries	0	(L)	(D)	768	(D)
Broadcasting, except Internet	109	1,095	12,368	1,174	24,394

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2003**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
Internet publishing and broadcasts	0	0	(D)	0	0
Telecommunications	(D)	3,770	28,855	2,019	13,667
ISPs, search portals, and data processing	0	(D)	602	140	(D)
Other information services	0	(D)	(L)	(L)	(L)
Finance and insurance	(D)	47,867	135,185	19,629	108,368
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	(D)	29,884	79,820	14,905	59,879
Securities, commodity contracts, investments	(L)	2,444	(D)	816	(D)
Insurance carriers and related activities	(D)	15,539	31,175	3,908	33,800
Funds, trusts, and other financial vehicles	0	0	(D)	0	(D)
Real estate and rental and leasing	(D)	12,745	72,448	6,639	43,333
Real estate	(D)	5,114	(D)	4,343	(D)
Rental and leasing services	(D)	7,631	10,414	2,296	(D)
Lessors of nonfinancial intangible assets	0	0	(D)	0	0
Professional and technical services	(D)	(D)	192,861	23,188	120,180
Management of companies and enterprises	0	(D)	29,259	577	33,032
Administrative and waste services	360	10,796	75,131	2,444	58,531
Administrative and support services	(D)	(D)	64,078	(D)	52,348
Waste management and remediation services	(D)	(D)	11,053	(D)	6,183
Educational services	(D)	(D)	13,559	1,266	33,317
Health care and social assistance	(D)	(D)	346,637	40,228	504,972
Ambulatory health care services	(D)	54,744	182,701	21,939	265,994
Hospitals	0	(D)	(D)	(D)	131,542
Nursing and residential care facilities	(D)	24,830	43,305	7,396	57,914
Social assistance	(D)	8,182	(D)	(D)	49,522
Arts, entertainment, and recreation	187	4,926	27,182	1,497	21,228
Performing arts and spectator sports	(L)	(D)	3,039	(D)	3,735
Museums, historical sites, zoos, and parks	(D)	(D)	1,228	0	865
Amusement, gambling, and recreation	(D)	4,250	22,915	(D)	16,628
Accommodation and food services	727	22,331	106,926	15,499	87,853
Accommodation	(D)	2,964	21,894	3,562	15,420
Food services and drinking places	(D)	19,367	85,032	11,937	72,433
Other services, except public administration	1,398	33,541	119,813	17,370	123,330
Repair and maintenance	(D)	10,525	38,448	4,157	(D)
Personal and laundry services	(D)	3,066	(D)	1,773	20,667
Membership associations and organizations	(D)	14,147	51,957	8,349	61,798
Private households	(D)	5,803	(D)	3,091	(D)
Government and government enterprises	9,472	257,936	623,804	382,569	752,653
Federal, civilian	694	84,439	91,162	20,405	94,361
Military	429	6,884	22,963	6,317	31,335
State and local	8,349	166,613	509,679	355,847	626,957
State government	(D)	75,017	161,793	(D)	132,610
Local government	(D)	91,596	347,886	(D)	494,347

Table 4.4

**Per Capita Personal Income**

	1999	2000	2001	2002	2003	Change 1999-2003
U.S.	27,939	29,845	30,575	30,804	31,472	12.6%
Washington	30,037	31,779	32,289	32,696	33,254	10.7%
Bellingham, WA (MSA)	23,278	24,241	25,412	25,504	26,617	14.3%
Bremerton-Silverdale, WA (MSA)	27,159	29,493	30,588	31,425	32,140	18.3%
Kennewick-Richland-Pasco, WA (MSA)	23,445	24,681	26,290	26,859	27,295	16.4%
Olympia, WA (MSA)	26,672	29,250	30,515	30,733	31,343	17.5%
Portland-Vancouver-Beaverton, OR-WA (M	29,858	32,123	32,345	31,988	32,152	7.7%
Seattle-Tacoma-Bellevue, WA (MSA)	35,814	37,746	37,805	38,374	39,008	8.9%
Seattle-Bellevue-Everett, WA (MDiv)	38,714	40,794	40,522	41,118	41,788	7.9%
Spokane, WA (MSA)	24,107	26,010	26,203	26,593	27,218	12.9%
Tacoma, WA (MDiv)	26,071	27,580	28,818	29,405	29,989	15.0%
Yakima, WA (MSA)	20,875	22,070	23,062	23,416	23,916	14.6%
Washington (Urban Counties)*	32,914	34,864	35,111	35,559	36,132	9.8%
Washington (Rural Counties)	22,160	23,327	24,508	24,815	25,376	14.5%
Adams	19,867	20,467	21,403	21,940	22,099	11.2%
Asotin	22,544	23,716	25,504	26,188	26,905	19.3%
Benton#	25,152	26,559	28,264	28,937	29,689	18.0%
Chelan	23,823	25,101	26,332	26,849	27,492	15.4%
Clallam	23,436	24,617	26,555	27,018	27,737	18.4%
Clark*	26,924	28,890	29,533	29,131	29,357	9.0%
Columbia	24,031	27,591	27,501	26,264	26,320	9.5%
Cowlitz	22,580	23,665	24,943	24,733	25,039	10.9%
Douglas	19,783	21,509	22,328	22,597	22,834	15.4%
Ferry	16,933	17,265	18,444	18,885	18,955	11.9%
Franklin#	18,485	19,258	20,623	20,960	20,757	12.3%
Garfield	20,316	24,225	22,746	23,206	23,832	17.3%
Grant	19,408	20,173	20,949	21,378	21,756	12.1%
Grays Harbor	20,756	21,953	22,462	22,921	23,467	13.1%
Island*	26,331	26,567	27,893	28,366	28,278	7.4%
Jefferson	27,567	28,418	30,188	30,438	31,097	12.8%
King*	42,218	44,438	43,842	44,585	45,334	7.4%
Kitsap*	27,159	29,493	30,588	31,425	32,140	18.3%
Kittitas	21,880	23,028	23,480	23,794	24,048	9.9%
Klickitat	21,353	22,520	23,182	23,728	24,046	12.6%
Lewis	21,483	22,246	23,193	23,363	23,694	10.3%
Lincoln	21,133	22,376	23,163	23,241	23,817	12.7%
Mason	21,776	22,794	23,878	24,356	24,689	13.4%
Okanogan	19,780	20,609	21,886	22,157	23,095	16.8%
Pacific	20,310	21,175	22,885	23,024	23,395	15.2%
Pend Oreille	19,632	20,736	21,635	21,531	22,009	12.1%
Pierce*	26,071	27,580	28,818	29,405	29,989	15.0%
San Juan	36,977	37,620	38,259	38,849	39,260	6.2%
Skagit	25,970	27,283	29,360	29,755	30,144	16.1%
Skamania	21,822	22,445	22,461	22,446	22,758	4.3%
Snohomish*	28,580	30,393	31,175	31,473	31,964	11.8%
Spokane*	24,107	26,010	26,203	26,593	27,218	12.9%
Stevens	18,477	19,598	20,200	20,466	21,089	14.1%
Thurston*	26,672	29,250	30,515	30,733	31,343	17.5%
Wahkiakum	21,549	22,493	23,624	23,268	24,570	14.0%
Walla Walla	21,045	22,643	24,108	23,877	24,417	16.0%
Whatcom#	23,278	24,241	25,412	25,504	26,617	14.3%
Whitman	17,511	19,821	19,508	19,510	20,465	16.9%
Yakima#	20,875	22,070	23,062	23,416	23,916	14.6%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.5  
**2003 Per Capita Personal Income and Median Home Prices**  
 Ordered by 2003 Per Capita Personal Income Rank

	Per Capita Personal Income	Rank	Median Home Price	Rank
King*	\$45,334	1	\$292,400	1
San Juan	\$39,260	2	\$285,000	2
Kitsap*	\$32,140	3	\$184,000	6
Snohomish*	\$31,964	4	\$231,000	3
Thurston*	\$31,343	5	\$167,000	10
Jefferson	\$31,097	6	\$208,500	4
Skagit	\$30,144	7	\$175,000	9
Pierce*	\$29,989	8	\$178,500	7
Benton#	\$29,689	9	\$145,300	13
Clark*	\$29,357	10	\$165,500	11
Island*	\$28,278	11	\$190,000	5
Clallam	\$27,737	12	\$140,000	15
Chelan	\$27,492	13	\$137,100	16
Spokane*	\$27,218	14	\$119,500	22
Asotin	\$26,905	15	\$101,900	26
Whatcom#	\$26,617	16	\$176,700	8
Columbia	\$26,320	17	\$66,000	36
Cowlitz	\$25,039	18	\$118,000	23
Mason	\$24,689	19	\$126,000	21
Wahkiakum	\$24,570	20	\$128,000	20
Walla Walla	\$24,417	21	\$131,000	19
Kittitas	\$24,048	22	\$159,000	12
Klickitat	\$24,046	23	N/A	N/A
Yakima#	\$23,916	24	\$117,500	24
Garfield	\$23,832	25	\$101,900	26
Lincoln	\$23,817	26	N/A	N/A
Lewis	\$23,694	27	\$115,000	25
Grays Harbor	\$23,467	28	\$99,900	30
Pacific	\$23,395	29	\$85,000	34
Okanogan	\$23,095	30	\$74,700	35
Douglas	\$22,834	31	\$137,100	16
Skamania	\$22,758	32	N/A	N/A
Adams	\$22,099	33	\$100,000	28
Pend Oreille	\$22,009	34	\$99,100	31
Grant	\$21,756	35	\$100,000	28
Stevens	\$21,089	36	\$99,100	31
Franklin#	\$20,757	37	\$145,300	13
Whitman	\$20,465	38	\$132,000	18
Ferry	\$18,955	39	\$99,100	31
Washington	\$33,254		\$203,800	

Source: U.S. Department of Commerce, Bureau of Economic Analysis; Washington Center for Real Estate Research.

### Footnotes for Tables 4.1, 4.4 and 4.5

# Metropolitan area (Defined by the US Office of Management and Budget: The general concept of a metropolitan area is that of a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan areas comprise one or more entire counties, except in New England, where cities and towns are the basic geographic units.).

\* Urban area (Per RCW 43.160.020 and RCW43.168.020, counties with greater than 100 persons per square mile. All urban areas are also metropolitan areas.).

N/A Data not available for this year.

### Footnotes for Tables 4.2 and 4.3

1. The employment estimates used to compute the average wage are a job, not person, count. People holding more than one job are counted in the employment estimates for each job they hold.
  2. 2001-2003 estimates of employment and earnings by industry are based on the 2002 North American Industry Classification System (NAICS). Estimates for prior years are based on the 1987 Standard Industrial Classification (SIC).
  3. Excludes limited partners.
  4. "Other" consists of wage and salary disbursements to U.S. residents employed by international organizations and foreign embassies and consulates in the United States.
  5. Farm income consists of proprietors' income; the cash wages, pay-in-kind, and other labor income of hired farm workers; and the salaries of officers of corporate farms.
  6. Census Bureau midyear population estimates as of April 2005.
  7. Personal contributions for social insurance are included in earnings by type and industry but they are excluded from personal income.
  8. The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: Wage and salary disbursements to U.S. residents commuting to Canada less wage and salary disbursements to Canadian and Mexican residents commuting into the United States.
  9. Rental income of persons includes the capital consumption adjustment.
  10. Proprietors income includes the inventory valuation adjustment and capital consumption adjustment.
- (D) Not shown to avoid disclosure of confidential information, but estimates for this item are included in the totals.  
(L) Less than \$50,000, but the estimates for this item are included in the totals.  
(N) Data not available for this year.

All state and local area dollar estimates are in current dollars (not adjusted for inflation).

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# **Detail Components of the Washington Economic Forecast**

**Calendar Years**

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

Table A1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	9,817.0	9,890.6	10,074.8	10,381.3	10,841.9	11,213.5	11,534.5	11,866.4
% Ch	3.7	0.8	1.9	3.0	4.4	3.4	2.9	2.9
Real Consumption	6,739.4	6,910.4	7,123.4	7,355.5	7,632.5	7,891.4	8,095.2	8,317.1
% Ch	4.7	2.5	3.1	3.3	3.8	3.4	2.6	2.7
Real Nonresidential Fixed Investment	1,232.1	1,180.5	1,075.7	1,110.8	1,228.6	1,343.7	1,446.1	1,514.3
% Ch	8.7	-4.2	-8.9	3.3	10.6	9.4	7.6	4.7
Real Residential Fixed Investment	446.9	448.5	470.1	511.2	560.6	586.4	558.9	534.5
% Ch	0.8	0.4	4.8	8.8	9.7	4.6	-4.7	-4.4
Real Personal Income	8,429.3	8,545.2	8,574.8	8,683.0	8,970.3	9,257.2	9,591.3	9,903.8
% Ch	5.4	1.4	0.3	1.3	3.3	3.2	3.6	3.3
Real Per Capita Income (\$/Person)	29,807	29,908	29,712	29,798	30,500	31,190	32,026	32,778
% Ch	4.3	0.3	-0.7	0.3	2.4	2.3	2.7	2.3
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.000	1.021	1.035	1.055	1.078	1.103	1.126	1.148
% Ch	2.5	2.1	1.4	1.9	2.2	2.3	2.0	2.0
U.S. Consumer Price Index (1982-84=1.0)	1.722	1.771	1.798	1.840	1.889	1.943	1.983	2.021
% Ch	3.4	2.8	1.6	2.3	2.7	2.9	2.1	1.9
Employment Cost Index (June 1989=1.0)	1.460	1.515	1.566	1.611	1.652	1.694	1.754	1.820
% Ch	4.1	3.8	3.3	2.9	2.5	2.5	3.5	3.8
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	9,817.0	10,128.0	10,487.0	11,004.0	11,735.0	12,447.0	13,076.4	13,729.6
% Ch	5.9	3.2	3.5	4.9	6.6	6.1	5.1	5.0
Personal Income	8,429.7	8,724.1	8,878.9	9,161.8	9,673.0	10,215.8	10,800.8	11,373.9
% Ch	8.0	3.5	1.8	3.2	5.6	5.6	5.7	5.3
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	142.6	143.9	145.1	146.5	147.4	148.9	151.0	153.1
Total U.S. Employment	136.9	136.9	136.5	137.7	139.2	141.2	143.2	145.0
Unemployment Rate (%)	3.97	4.75	5.78	5.99	5.53	5.18	5.19	5.26
Nonfarm Payroll Employment	131.79	131.83	130.35	130.00	131.47	133.55	135.38	136.60
% Ch	2.2	0.0	-1.1	-0.3	1.1	1.6	1.4	0.9
Manufacturing	17.27	16.44	15.26	14.51	14.33	14.31	14.34	14.38
% Ch	-0.3	-4.8	-7.2	-4.9	-1.2	-0.2	0.2	0.3
Durable Manufacturing	10.88	10.33	9.48	8.96	8.92	8.96	9.01	9.07
% Ch	0.4	-5.0	-8.2	-5.5	-0.4	0.4	0.6	0.7
Nondurable Manufacturing	6.39	6.11	5.77	5.55	5.41	5.35	5.33	5.31
% Ch	-1.6	-4.4	-5.4	-4.0	-2.5	-1.0	-0.5	-0.4
Construction	6.79	6.83	6.71	6.73	6.96	7.17	7.21	7.23
% Ch	3.7	0.6	-1.6	0.3	3.4	3.1	0.6	0.2
Service-Producing	107.14	107.96	107.79	108.19	109.59	111.43	113.18	114.38
% Ch	2.5	0.8	-0.2	0.4	1.3	1.7	1.6	1.1
<b>Miscellaneous Indicators</b>								
Credit Outstanding/Disp. Income	22.7	23.9	24.3	24.3	24.0	23.9	23.4	22.8
Auto Sales (Millions)	8.9	8.4	8.1	7.6	7.5	7.4	7.4	7.4
% Ch	1.8	-4.9	-3.8	-6.0	-1.7	-1.4	0.4	-0.8
Housing Starts (Millions)	1.573	1.601	1.710	1.853	1.952	2.069	1.835	1.747
% Ch	-4.5	1.8	6.8	8.3	5.4	6.0	-11.3	-4.8
Federal Budget Surplus (Billions)	189.4	46.7	-254.5	-364.6	-375.6	-341.7	-342.6	-320.2
Net Exports (Billions)	-379.5	-367.0	-424.9	-498.1	-606.2	-716.7	-709.1	-658.0
3-Month Treasury Bill Rate (%)	5.81	3.43	1.61	1.01	1.38	3.19	3.96	4.11
30-Year U.S. Govt. Bond Rate (%)	5.95	5.50	5.42	5.05	5.12	5.07	5.64	5.87
Bond Index of 20 G.O. Munis. (%)	5.70	5.15	5.03	4.74	4.68	4.71	5.18	5.38
Mortgage Rate (%)	8.06	6.97	6.54	5.82	5.84	6.30	6.76	6.88

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	9,993.5	10,052.6	10,117.3	10,135.9	10,184.4	10,287.4	10,472.8	10,580.7
% Ch	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2
Real Consumption	7,049.7	7,099.3	7,149.9	7,194.6	7,242.2	7,311.4	7,401.7	7,466.8
% Ch	1.8	2.8	2.9	2.5	2.7	3.9	5.0	3.6
Real Nonresidential Fixed Investment	1,099.8	1,072.4	1,069.5	1,060.9	1,060.5	1,090.6	1,131.1	1,161.0
% Ch	-9.7	-9.6	-1.1	-3.2	-0.2	11.8	15.7	11.0
Real Residential Fixed Investment	457.8	470.3	473.6	478.5	487.3	497.9	523.8	535.9
% Ch	9.2	11.4	2.8	4.2	7.6	9.0	22.5	9.6
Real Personal Income	8,575.5	8,605.7	8,562.3	8,555.6	8,567.0	8,649.9	8,713.6	8,801.5
% Ch	1.4	1.4	-2.0	-0.3	0.5	3.9	3.0	4.1
Real Per Capita Income (\$/Person)	29,829	29,860	29,627	29,532	29,507	29,720	29,867	30,099
% Ch	0.4	0.4	-3.1	-1.3	-0.3	2.9	2.0	3.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.027	1.034	1.039	1.042	1.051	1.053	1.057	1.060
% Ch	0.9	2.9	2.0	1.4	3.2	0.7	1.6	1.2
U.S. Consumer Price Index (1982-84=1.0)	1.781	1.795	1.804	1.814	1.832	1.834	1.844	1.848
% Ch	1.4	3.3	2.1	2.1	4.2	0.4	2.2	0.9
Employment Cost Index (June 1989=1.0)	1.550	1.564	1.570	1.578	1.594	1.604	1.618	1.629
% Ch	3.2	3.7	1.5	2.1	4.1	2.5	3.5	2.7
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	10,338.2	10,445.7	10,546.5	10,617.5	10,744.6	10,884.0	11,116.7	11,270.9
% Ch	4.4	4.2	3.9	2.7	4.9	5.3	8.8	5.7
Personal Income	8,803.6	8,897.1	8,895.7	8,919.2	9,002.2	9,105.7	9,209.3	9,330.0
% Ch	2.2	4.3	-0.1	1.1	3.8	4.7	4.6	5.3
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	144.4	145.1	145.5	145.5	146.0	146.6	146.5	146.9
Total U.S. Employment	136.1	136.4	136.8	136.6	137.4	137.7	137.6	138.3
Unemployment Rate (%)	5.70	5.83	5.73	5.87	5.83	6.13	6.13	5.87
Nonfarm Payroll Employment	130.50	130.35	130.27	130.26	130.09	129.84	129.89	130.17
% Ch	-1.3	-0.5	-0.2	-0.0	-0.5	-0.8	0.1	0.9
Manufacturing	15.51	15.34	15.19	14.99	14.79	14.55	14.38	14.31
% Ch	-7.9	-4.3	-3.9	-5.2	-5.2	-6.1	-4.8	-1.8
Durable Manufacturing	9.66	9.54	9.44	9.29	9.14	8.98	8.87	8.85
% Ch	-9.4	-4.7	-4.5	-6.1	-6.4	-6.6	-4.9	-0.7
Nondurable Manufacturing	5.85	5.80	5.75	5.70	5.65	5.57	5.51	5.46
% Ch	-5.4	-3.8	-3.0	-3.7	-3.4	-5.3	-4.6	-3.4
Construction	6.77	6.70	6.69	6.69	6.68	6.70	6.75	6.80
% Ch	-1.0	-4.2	-0.4	0.2	-1.2	1.7	3.0	2.6
Service-Producing	107.62	107.72	107.82	108.00	108.06	108.02	108.19	108.48
% Ch	-0.3	0.4	0.4	0.7	0.2	-0.1	0.6	1.1
<b>Miscellaneous Indicators</b>								
Credit Outstanding/Disp. Income	24.2	24.1	24.4	24.4	24.4	24.4	24.2	24.2
Auto Sales (Millions)	8.0	8.2	8.4	7.9	7.8	7.5	7.7	7.5
% Ch	-32.2	10.4	10.1	-19.9	-7.7	-12.8	10.4	-8.1
Housing Starts (Millions)	1.723	1.691	1.697	1.730	1.747	1.745	1.883	2.035
% Ch	45.1	-7.2	1.5	7.8	4.1	-0.5	35.7	36.2
Federal Budget Surplus (Billions)	-208.5	-251.6	-255.1	-302.7	-281.6	-364.4	-433.0	-379.2
Net Exports (Billions)	-376.3	-415.4	-431.1	-476.6	-503.3	-497.6	-488.8	-502.8
3-Month Treasury Bill Rate (%)	1.72	1.72	1.65	1.35	1.16	1.04	0.93	0.92
30-Year U.S. Govt. Bond Rate (%)	5.59	5.75	5.24	5.11	5.01	4.74	5.24	5.22
Bond Index of 20 G.O. Munis. (%)	5.18	5.16	4.89	4.90	4.83	4.47	4.89	4.76
Mortgage Rate (%)	6.97	6.81	6.29	6.08	5.83	5.51	6.01	5.92

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	10,697.5	10,784.7	10,891.0	10,994.3	11,078.2	11,163.5	11,265.6	11,346.6
% Ch	4.5	3.3	4.0	3.8	3.1	3.1	3.7	2.9
Real Consumption	7,543.0	7,572.4	7,667.8	7,747.0	7,814.2	7,864.8	7,916.5	7,969.9
% Ch	4.1	1.6	5.1	4.2	3.5	2.6	2.7	2.7
Real Nonresidential Fixed Investment	1,173.0	1,207.9	1,245.3	1,288.3	1,303.0	1,327.4	1,355.4	1,389.0
% Ch	4.2	12.4	13.0	14.5	4.6	7.7	8.7	10.3
Real Residential Fixed Investment	542.5	563.6	565.9	570.6	578.6	590.3	593.8	583.1
% Ch	5.0	16.5	1.6	3.4	5.7	8.3	2.4	-7.0
Real Personal Income	8,838.7	8,908.3	8,980.1	9,154.3	9,159.8	9,204.9	9,298.2	9,366.0
% Ch	1.7	3.2	3.3	8.0	0.2	2.0	4.1	2.9
Real Per Capita Income (\$/Person)	30,157	30,325	30,499	31,020	30,968	31,050	31,293	31,450
% Ch	0.8	2.2	2.3	7.0	-0.7	1.1	3.2	2.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.069	1.077	1.080	1.087	1.093	1.102	1.106	1.112
% Ch	3.3	3.1	1.3	2.7	2.1	3.4	1.6	2.1
U.S. Consumer Price Index (1982-84=1.0)	1.866	1.886	1.894	1.910	1.922	1.942	1.949	1.959
% Ch	3.9	4.4	1.6	3.6	2.4	4.3	1.4	2.1
Employment Cost Index (June 1989=1.0)	1.638	1.647	1.659	1.664	1.674	1.686	1.700	1.715
% Ch	2.2	2.2	2.9	1.2	2.4	3.0	3.3	3.6
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	11,472.6	11,657.5	11,814.9	11,994.8	12,182.7	12,366.2	12,540.7	12,698.4
% Ch	7.4	6.6	5.5	6.2	6.4	6.2	5.8	5.1
Personal Income	9,445.0	9,592.7	9,700.4	9,953.8	10,012.5	10,144.7	10,288.3	10,417.9
% Ch	5.0	6.4	4.6	10.9	2.4	5.4	5.8	5.1
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	146.7	147.1	147.7	148.1	148.1	148.6	149.2	149.7
Total U.S. Employment	138.4	138.9	139.6	140.1	140.3	141.0	141.5	142.0
Unemployment Rate (%)	5.67	5.57	5.43	5.43	5.27	5.17	5.15	5.12
Nonfarm Payroll Employment	130.54	131.32	131.73	132.30	132.77	133.26	133.81	134.35
% Ch	1.2	2.4	1.2	1.7	1.4	1.5	1.7	1.6
Manufacturing	14.29	14.34	14.35	14.34	14.31	14.32	14.29	14.30
% Ch	-0.8	1.5	0.4	-0.4	-0.7	0.2	-0.9	0.4
Durable Manufacturing	8.86	8.92	8.95	8.96	8.96	8.96	8.94	8.96
% Ch	0.4	2.5	1.4	0.3	-0.0	0.3	-0.8	0.6
Nondurable Manufacturing	5.42	5.42	5.40	5.38	5.36	5.36	5.34	5.34
% Ch	-2.7	-0.2	-1.1	-1.6	-1.7	-0.0	-1.0	-0.1
Construction	6.86	6.94	6.98	7.06	7.12	7.17	7.19	7.22
% Ch	3.8	4.6	2.5	4.7	3.2	2.9	1.2	1.5
Service-Producing	108.82	109.46	109.80	110.30	110.72	111.14	111.68	112.18
% Ch	1.2	2.4	1.3	1.8	1.5	1.5	2.0	1.8
<b>Miscellaneous Indicators</b>								
Credit Outstanding/Disp. Income	24.2	24.0	24.1	23.7	23.9	23.9	23.8	23.8
Auto Sales (Millions)	7.4	7.5	7.3	7.7	7.5	7.3	7.3	7.4
% Ch	-4.2	1.4	-7.4	21.9	-10.7	-8.4	-1.0	6.6
Housing Starts (Millions)	1.943	1.920	1.969	1.975	2.085	2.169	2.053	1.968
% Ch	-16.8	-4.7	10.8	1.2	24.1	17.0	-19.6	-15.7
Federal Budget Surplus (Billions)	-391.0	-380.0	-375.0	-356.2	-374.8	-352.2	-333.1	-306.9
Net Exports (Billions)	-546.8	-591.3	-611.8	-674.8	-717.6	-723.4	-709.3	-716.6
3-Month Treasury Bill Rate (%)	0.92	1.07	1.48	2.05	2.56	2.89	3.41	3.89
30-Year U.S. Govt. Bond Rate (%)	4.98	5.40	5.15	4.94	4.70	4.80	5.23	5.53
Bond Index of 20 G.O. Munis. (%)	4.52	4.98	4.71	4.50	4.44	4.50	4.84	5.06
Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	6.02	6.64	6.78

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	11,410.8	11,499.7	11,574.5	11,653.0	11,724.9	11,822.9	11,911.3	12,006.5
% Ch	2.3	3.2	2.6	2.7	2.5	3.4	3.0	3.2
Real Consumption	8,006.9	8,067.7	8,124.2	8,181.9	8,229.7	8,288.9	8,344.5	8,405.5
% Ch	1.9	3.1	2.8	2.9	2.4	2.9	2.7	3.0
Real Nonresidential Fixed Investment	1,415.2	1,441.3	1,457.7	1,470.1	1,483.8	1,502.9	1,524.6	1,545.9
% Ch	7.8	7.6	4.6	3.4	3.8	5.2	5.9	5.7
Real Residential Fixed Investment	572.8	563.2	553.1	546.5	540.0	536.6	531.3	530.3
% Ch	-6.9	-6.5	-7.0	-4.7	-4.7	-2.5	-3.9	-0.8
Real Personal Income	9,470.9	9,549.1	9,640.0	9,705.3	9,779.2	9,860.8	9,945.8	10,029.5
% Ch	4.6	3.3	3.9	2.7	3.1	3.4	3.5	3.4
Real Per Capita Income (\$/Person)	31,731	31,921	32,153	32,299	32,473	32,672	32,881	33,085
% Ch	3.6	2.4	2.9	1.8	2.2	2.5	2.6	2.5
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.118	1.124	1.128	1.134	1.139	1.145	1.151	1.158
% Ch	2.0	2.2	1.6	2.0	1.9	2.0	2.1	2.3
U.S. Consumer Price Index (1982-84=1.0)	1.969	1.980	1.987	1.996	2.006	2.015	2.025	2.036
% Ch	2.1	2.3	1.3	2.0	1.9	1.9	2.0	2.2
Employment Cost Index (June 1989=1.0)	1.730	1.746	1.761	1.778	1.794	1.811	1.828	1.846
% Ch	3.5	3.7	3.7	3.7	3.7	3.8	3.8	4.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	12,840.4	13,011.3	13,150.3	13,303.5	13,459.0	13,640.6	13,815.0	14,003.9
% Ch	4.5	5.4	4.3	4.7	4.8	5.5	5.2	5.6
Personal Income	10,587.6	10,732.7	10,877.1	11,005.8	11,143.0	11,292.5	11,449.4	11,610.6
% Ch	6.7	5.6	5.5	4.8	5.1	5.5	5.7	5.8
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	150.2	150.7	151.3	151.8	152.3	152.9	153.3	153.8
Total U.S. Employment	142.5	143.0	143.4	143.8	144.3	144.8	145.3	145.7
Unemployment Rate (%)	5.15	5.16	5.20	5.24	5.29	5.27	5.26	5.23
Nonfarm Payroll Employment	134.77	135.24	135.61	135.89	136.12	136.47	136.75	137.04
% Ch	1.2	1.4	1.1	0.8	0.7	1.0	0.8	0.9
Manufacturing	14.32	14.33	14.34	14.35	14.36	14.38	14.38	14.39
% Ch	0.6	0.2	0.5	0.1	0.3	0.5	0.2	0.1
Durable Manufacturing	8.98	9.00	9.02	9.04	9.05	9.07	9.08	9.08
% Ch	0.8	1.0	1.2	0.7	0.6	0.8	0.3	0.3
Nondurable Manufacturing	5.35	5.33	5.32	5.31	5.31	5.31	5.30	5.30
% Ch	0.2	-1.2	-0.7	-0.8	-0.2	-0.1	-0.1	-0.2
Construction	7.20	7.22	7.22	7.22	7.21	7.23	7.22	7.24
% Ch	-0.7	0.8	-0.0	0.1	-0.4	0.9	-0.2	1.0
Service-Producing	112.59	113.04	113.40	113.68	113.92	114.24	114.53	114.81
% Ch	1.5	1.6	1.3	1.0	0.9	1.1	1.0	1.0
<b>Miscellaneous Indicators</b>								
Credit Outstanding/Disp. Income	23.7	23.5	23.3	23.1	23.0	22.9	22.8	22.7
Auto Sales (Millions)	7.4	7.4	7.4	7.4	7.4	7.3	7.4	7.4
% Ch	-0.1	-0.5	0.8	-1.3	-2.2	-0.6	0.4	0.6
Housing Starts (Millions)	1.906	1.845	1.807	1.783	1.761	1.750	1.743	1.734
% Ch	-12.1	-12.1	-8.0	-5.3	-4.8	-2.5	-1.8	-1.8
Federal Budget Surplus (Billions)	-341.3	-339.1	-350.8	-339.1	-320.5	-319.9	-319.6	-320.7
Net Exports (Billions)	-721.4	-713.0	-704.9	-697.1	-681.1	-662.1	-648.8	-640.0
3-Month Treasury Bill Rate (%)	3.95	3.96	3.95	3.95	3.94	4.09	4.18	4.22
30-Year U.S. Govt. Bond Rate (%)	5.61	5.63	5.65	5.67	5.74	5.86	5.92	5.97
Bond Index of 20 G.O. Munis. (%)	5.14	5.16	5.19	5.22	5.27	5.37	5.42	5.47
Mortgage Rate (%)	6.76	6.77	6.77	6.75	6.76	6.85	6.92	6.97

Table A1.3  
**Washington Economic Forecast Summary**  
 Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	187.867	189.533	191.586	193.245	202.408	202.845	212.149	220.953
% Ch	4.5	0.9	1.1	0.9	4.7	0.2	4.6	4.1
Real Wage and Salary Disb.	110.017	108.350	107.549	108.191	109.704	111.735	116.973	122.282
% Ch	3.5	-1.5	-0.7	0.6	1.4	1.9	4.7	4.5
Real Nonwage Income	77.850	81.182	84.037	85.054	92.704	91.110	95.176	98.671
% Ch	5.9	4.3	3.5	1.2	9.0	-1.7	4.5	3.7
Real Per Capita Income (\$/Person)	31,712	31,589	31,600	31,553	32,636	32,218	33,133	33,933
% Ch	3.2	-0.4	0.0	-0.1	3.4	-1.3	2.8	2.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.000	1.021	1.035	1.055	1.078	1.103	1.126	1.148
% Ch	2.5	2.1	1.4	1.9	2.2	2.3	2.0	2.0
Seattle Cons. Price Index (1982-84=1.0)	1.792	1.857	1.893	1.924	1.947	2.013	2.063	2.108
% Ch	3.7	3.6	2.0	1.6	1.2	3.4	2.5	2.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	16.75	17.97	18.15	18.02	18.28	18.88	19.30	19.69
% Ch	3.7	7.3	1.0	-0.7	1.4	3.3	2.2	2.0
<b>Current Dollar Income (Billions of Dollars)</b>								
Nonfarm Personal Income	187.409	193.284	198.022	203.778	218.092	223.435	238.408	253.212
% Ch	7.0	3.1	2.5	2.9	7.0	2.4	6.7	6.2
Personal Income	187.853	193.498	198.371	203.890	218.291	223.855	238.907	253.757
% Ch	7.0	3.0	2.5	2.8	7.1	2.5	6.7	6.2
Disposable Personal Income	160.318	166.051	174.884	181.596	194.844	198.903	211.381	223.920
% Ch	6.5	3.6	5.3	3.8	7.3	2.1	6.3	5.9
Per Capita Income (\$/Person)	31,709	32,250	32,719	33,291	35,195	35,554	37,311	38,970
% Ch	5.8	1.7	1.5	1.7	5.7	1.0	4.9	4.4
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,051.1	3,050.5	3,109.4	3,160.3	3,233.6	3,289.2	3,362.2	3,423.5
Total Washington Employment	2,899.2	2,861.4	2,881.4	2,926.8	3,032.3	3,104.3	3,166.8	3,221.2
Unemployment Rate (%)	4.98	6.20	7.33	7.39	6.23	5.62	5.81	5.91
Nonfarm Payroll Employment	2,711.6	2,697.4	2,654.0	2,657.8	2,702.2	2,776.8	2,835.5	2,886.7
% Ch	2.4	-0.5	-1.6	0.1	1.7	2.8	2.1	1.8
Manufacturing	331.9	316.2	285.0	267.0	263.5	268.6	275.0	282.7
% Ch	-3.4	-4.7	-9.8	-6.3	-1.3	1.9	2.4	2.8
Durable Manufacturing	236.5	225.0	199.3	183.8	182.2	188.3	193.8	200.1
% Ch	-4.2	-4.8	-11.4	-7.8	-0.9	3.4	2.9	3.2
Aerospace	86.2	87.3	75.7	65.3	61.4	66.2	71.3	76.3
% Ch	-12.3	1.3	-13.2	-13.8	-6.0	7.9	7.7	7.0
Nondurable Manufacturing	95.4	91.1	85.7	83.3	81.3	80.3	81.2	82.7
% Ch	-1.1	-4.5	-6.0	-2.8	-2.4	-1.2	1.1	1.9
Construction	160.6	158.8	154.2	156.2	164.3	176.2	177.6	179.5
% Ch	4.5	-1.1	-2.9	1.3	5.2	7.3	0.8	1.1
Service-Producing	2,209.0	2,212.6	2,205.4	2,225.9	2,265.3	2,322.6	2,373.5	2,415.3
% Ch	3.2	0.2	-0.3	0.9	1.8	2.5	2.2	1.8
Software Publishers	32.2	35.9	36.1	37.3	39.2	41.1	42.1	43.6
% Ch	17.8	11.4	0.7	3.4	5.1	4.8	2.4	3.4
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	39.021	38.345	40.200	42.825	50.089	48.268	46.812	46.251
% Ch	-8.7	-1.7	4.8	6.5	17.0	-3.6	-3.0	-1.2
Single-Family	25.471	26.736	30.239	33.091	36.489	33.986	29.762	28.602
% Ch	-9.4	5.0	13.1	9.4	10.3	-6.9	-12.4	-3.9
Multi-Family	13.550	11.609	9.961	9.734	13.600	14.282	17.050	17.649
% Ch	-7.5	-14.3	-14.2	-2.3	39.7	5.0	19.4	3.5
Mortgage Rate (%)	8.06	6.97	6.54	5.82	5.84	6.30	6.76	6.88

Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	191.922	192.168	191.788	190.467	190.494	193.241	195.903	193.341
% Ch	7.5	0.5	-0.8	-2.7	0.1	5.9	5.6	-5.1
Real Wage and Salary Disb.	108.207	107.545	107.744	106.701	106.420	108.569	110.630	107.143
% Ch	7.3	-2.4	0.7	-3.8	-1.0	8.3	7.8	-12.0
Real Nonwage Income	83.715	84.622	84.044	83.765	84.074	84.671	85.273	86.197
% Ch	7.8	4.4	-2.7	-1.3	1.5	2.9	2.9	4.4
Real Per Capita Income (\$/Person)	31,766	31,733	31,596	31,305	31,237	31,598	31,942	31,435
% Ch	6.3	-0.4	-1.7	-3.6	-0.9	4.7	4.4	-6.2
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.027	1.034	1.039	1.042	1.051	1.053	1.057	1.060
% Ch	0.9	2.9	2.0	1.4	3.2	0.7	1.6	1.2
Seattle Cons. Price Index (1982-84=1.0)	1.879	1.889	1.897	1.908	1.916	1.918	1.933	1.927
% Ch	1.3	2.2	1.7	2.2	1.8	0.4	3.1	-1.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.46	18.43	18.12	17.60	17.87	17.92	18.05	18.25
% Ch	0.7	-0.6	-6.5	-11.1	6.3	1.0	3.1	4.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Nonfarm Personal Income	196.661	198.292	198.911	198.222	200.128	203.299	206.909	204.775
% Ch	8.1	3.4	1.3	-1.4	3.9	6.5	7.3	-4.1
Personal Income	197.019	198.665	199.248	198.552	200.164	203.414	207.040	204.942
% Ch	8.4	3.4	1.2	-1.4	3.3	6.7	7.3	-4.0
Disposable Personal Income	173.167	175.172	175.804	175.391	177.358	180.389	185.869	182.767
% Ch	18.6	4.7	1.4	-0.9	4.6	7.0	12.7	-6.5
Per Capita Income (\$/Person)	32,610	32,805	32,825	32,634	32,823	33,261	33,758	33,322
% Ch	7.2	2.4	0.2	-2.3	2.3	5.4	6.1	-5.1
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,083.4	3,106.5	3,118.1	3,129.7	3,141.3	3,143.6	3,164.7	3,191.7
Total Washington Employment	2,854.5	2,873.2	2,893.3	2,904.8	2,910.8	2,905.8	2,928.7	2,962.1
Unemployment Rate (%)	7.43	7.51	7.21	7.19	7.34	7.57	7.46	7.19
Nonfarm Payroll Employment	2,651.0	2,651.1	2,657.2	2,656.6	2,655.2	2,650.8	2,658.1	2,666.9
% Ch	-2.5	0.0	0.9	-0.1	-0.2	-0.7	1.1	1.3
Manufacturing	293.3	287.5	282.4	277.0	272.1	267.8	264.9	263.3
% Ch	-14.7	-7.7	-6.9	-7.4	-6.8	-6.3	-4.2	-2.5
Durable Manufacturing	205.9	201.9	196.9	192.5	187.9	184.6	182.0	180.5
% Ch	-18.1	-7.6	-9.5	-8.6	-9.2	-6.9	-5.5	-3.4
Aerospace	80.2	77.0	73.7	71.9	68.6	66.2	63.9	62.4
% Ch	-25.8	-14.9	-16.4	-9.1	-17.4	-13.1	-13.4	-9.1
Nondurable Manufacturing	87.3	85.6	85.5	84.5	84.2	83.2	82.9	82.8
% Ch	-6.0	-7.8	-0.5	-4.6	-1.2	-4.9	-1.2	-0.4
Construction	153.5	153.6	154.9	154.7	155.1	155.1	156.0	158.5
% Ch	-1.5	0.3	3.2	-0.4	1.1	-0.0	2.4	6.6
Service-Producing	2,194.8	2,200.6	2,210.6	2,215.6	2,218.9	2,219.2	2,228.8	2,236.6
% Ch	-0.7	1.1	1.8	0.9	0.6	0.1	1.7	1.4
Software Publishers	35.7	36.0	36.1	36.7	36.6	36.7	37.7	38.3
% Ch	-4.4	3.3	1.3	7.0	-1.4	1.7	11.1	6.9
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	34.349	41.657	38.754	46.040	43.725	42.494	44.718	40.363
% Ch	-0.7	116.3	-25.1	99.2	-18.6	-10.8	22.6	-33.6
Single-Family	25.850	30.219	30.907	33.980	33.990	32.333	33.142	32.899
% Ch	18.1	86.8	9.4	46.1	0.1	-18.1	10.4	-2.9
Multi-Family	8.499	11.438	7.847	12.060	9.735	10.160	11.576	7.464
% Ch	-38.8	227.9	-77.8	457.8	-57.5	18.6	68.5	-82.7
Mortgage Rate (%)	6.97	6.81	6.29	6.08	5.83	5.51	6.01	5.92



Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	194.335	197.754	200.361	217.182	199.216	200.657	205.901	205.607
% Ch	2.1	7.2	5.4	38.1	-29.2	2.9	10.9	-0.6
Real Wage and Salary Disb.	107.473	110.242	112.709	108.392	109.626	110.127	114.063	113.125
% Ch	1.2	10.7	9.3	-14.5	4.6	1.8	15.1	-3.2
Real Nonwage Income	86.863	87.511	87.653	108.790	89.590	90.529	91.838	92.482
% Ch	3.1	3.0	0.6	137.3	-54.0	4.3	5.9	2.8
Real Per Capita Income (\$/Person)	31,508	31,947	32,252	34,835	31,840	31,939	32,638	32,454
% Ch	0.9	5.7	3.9	36.1	-30.2	1.3	9.0	-2.2
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.069	1.077	1.080	1.087	1.093	1.102	1.106	1.112
% Ch	3.3	3.1	1.3	2.7	2.1	3.4	1.6	2.1
Seattle Cons. Price Index (1982-84=1.0)	1.936	1.946	1.945	1.962	1.982	2.014	2.022	2.034
% Ch	1.9	2.1	-0.3	3.6	4.2	6.6	1.7	2.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.09	18.21	18.30	18.50	18.61	18.89	18.97	19.06
% Ch	-3.4	2.7	2.1	4.4	2.3	6.1	1.8	1.9
<b>Current Dollar Income (Billions of Dollars)</b>								
Nonfarm Personal Income	207.462	212.749	216.235	235.922	217.415	220.716	227.355	228.252
% Ch	5.4	10.6	6.7	41.7	-27.9	6.2	12.6	1.6
Personal Income	207.659	212.939	216.423	236.141	217.753	221.145	227.824	228.698
% Ch	5.4	10.6	6.7	41.7	-27.7	6.4	12.6	1.5
Disposable Personal Income	185.528	190.062	193.021	210.766	194.110	196.866	202.160	202.478
% Ch	6.2	10.1	6.4	42.2	-28.1	5.8	11.2	0.6
Per Capita Income (\$/Person)	33,668	34,400	34,838	37,876	34,802	35,200	36,113	36,099
% Ch	4.2	9.0	5.2	39.7	-28.7	4.7	10.8	-0.2
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,207.2	3,229.6	3,236.4	3,261.3	3,255.1	3,277.1	3,304.9	3,319.7
Total Washington Employment	2,993.7	3,027.9	3,040.2	3,067.4	3,080.3	3,096.3	3,114.5	3,126.2
Unemployment Rate (%)	6.66	6.25	6.06	5.95	5.37	5.52	5.76	5.83
Nonfarm Payroll Employment	2,675.4	2,697.5	2,706.6	2,729.3	2,754.0	2,769.3	2,786.4	2,797.4
% Ch	1.3	3.4	1.4	3.4	3.7	2.2	2.5	1.6
Manufacturing	261.9	262.9	263.4	265.8	267.6	267.5	268.7	270.6
% Ch	-2.1	1.5	0.8	3.6	2.8	-0.1	1.9	2.7
Durable Manufacturing	180.0	181.4	182.6	184.7	186.6	187.6	188.8	190.2
% Ch	-1.0	3.3	2.5	4.8	4.1	2.2	2.6	2.9
Aerospace	61.3	60.9	60.9	62.4	64.1	65.6	67.0	68.2
% Ch	-6.9	-2.4	0.0	10.0	11.4	10.2	8.2	7.7
Nondurable Manufacturing	81.9	81.4	80.8	81.0	81.0	79.9	79.9	80.4
% Ch	-4.4	-2.3	-2.8	1.0	-0.3	-5.2	0.1	2.2
Construction	161.5	163.8	163.5	168.2	173.8	177.2	177.3	176.6
% Ch	7.7	5.8	-0.7	11.9	14.0	8.0	0.2	-1.6
Service-Producing	2,243.0	2,261.7	2,270.4	2,286.1	2,303.2	2,315.2	2,331.0	2,340.8
% Ch	1.1	3.4	1.6	2.8	3.0	2.1	2.7	1.7
Software Publishers	38.9	39.2	39.3	39.6	40.4	41.1	41.4	41.6
% Ch	5.8	2.9	1.2	3.4	8.2	7.2	2.6	2.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	44.946	46.746	50.885	57.779	51.730	48.036	46.777	46.531
% Ch	53.8	17.0	40.4	66.2	-35.7	-25.6	-10.1	-2.1
Single-Family	34.349	37.194	35.324	39.090	39.480	34.479	31.536	30.449
% Ch	18.8	37.5	-18.6	50.0	4.0	-41.8	-30.0	-13.1
Multi-Family	10.597	9.552	15.562	18.689	12.250	13.557	15.241	16.082
% Ch	306.4	-34.0	604.3	108.0	-81.5	50.0	59.8	24.0
Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	6.02	6.64	6.78



Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	207.960	209.643	216.317	214.677	216.484	218.291	225.518	223.520
% Ch	4.7	3.3	13.4	-3.0	3.4	3.4	13.9	-3.5
Real Wage and Salary Disb.	114.166	114.972	120.503	118.250	119.327	120.195	126.255	123.351
% Ch	3.7	2.9	20.7	-7.3	3.7	2.9	21.7	-8.9
Real Nonwage Income	93.794	94.671	95.814	96.426	97.157	98.096	99.263	100.169
% Ch	5.8	3.8	4.9	2.6	3.1	3.9	4.8	3.7
Real Per Capita Income (\$/Person)	32,687	32,812	33,714	33,318	33,457	33,595	34,563	34,116
% Ch	2.9	1.5	11.5	-4.6	1.7	1.7	12.0	-5.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator (2000=1.0)	1.118	1.124	1.128	1.134	1.139	1.145	1.151	1.158
% Ch	2.0	2.2	1.6	2.0	1.9	2.0	2.1	2.3
Seattle Cons. Price Index (1982-84=1.0)	2.046	2.059	2.067	2.079	2.090	2.102	2.114	2.126
% Ch	2.3	2.5	1.6	2.3	2.2	2.2	2.3	2.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.15	19.25	19.34	19.44	19.54	19.64	19.74	19.85
% Ch	1.9	2.0	2.0	2.0	2.0	2.0	2.1	2.2
<b>Current Dollar Income (Billions of Dollars)</b>								
Nonfarm Personal Income	232.013	235.135	243.564	242.920	246.142	249.446	259.058	258.200
% Ch	6.8	5.5	15.1	-1.1	5.4	5.5	16.3	-1.3
Personal Income	232.481	235.627	244.076	243.444	246.673	249.985	259.611	258.758
% Ch	6.8	5.5	15.1	-1.0	5.4	5.5	16.3	-1.3
Disposable Personal Income	205.862	208.483	215.963	215.215	217.685	220.589	229.031	228.373
% Ch	6.9	5.2	15.1	-1.4	4.7	5.4	16.2	-1.1
Per Capita Income (\$/Person)	36,541	36,879	38,041	37,782	38,123	38,473	39,789	39,495
% Ch	5.0	3.8	13.2	-2.7	3.7	3.7	14.4	-2.9
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,337.4	3,353.7	3,371.8	3,385.8	3,400.7	3,415.6	3,432.3	3,445.5
Total Washington Employment	3,143.5	3,158.7	3,177.1	3,187.8	3,200.2	3,213.6	3,230.5	3,240.6
Unemployment Rate (%)	5.81	5.82	5.77	5.85	5.90	5.91	5.88	5.95
Nonfarm Payroll Employment	2,813.6	2,827.9	2,845.2	2,855.3	2,866.9	2,879.5	2,895.4	2,905.0
% Ch	2.3	2.1	2.5	1.4	1.6	1.8	2.2	1.3
Manufacturing	272.6	274.0	275.8	277.6	279.5	281.7	283.8	285.9
% Ch	3.1	2.0	2.8	2.5	2.9	3.1	3.0	2.9
Durable Manufacturing	191.7	193.0	194.6	196.0	197.6	199.2	200.9	202.5
% Ch	3.1	2.8	3.4	3.0	3.2	3.4	3.4	3.2
Aerospace	69.5	70.7	72.0	73.2	74.5	75.7	77.0	78.2
% Ch	7.5	7.4	7.3	7.1	7.0	6.9	6.8	6.7
Nondurable Manufacturing	80.9	81.0	81.3	81.5	82.0	82.5	82.9	83.4
% Ch	2.8	0.4	1.2	1.3	2.3	2.5	2.2	2.2
Construction	176.7	177.3	178.0	178.6	178.9	179.3	179.7	180.2
% Ch	0.3	1.5	1.5	1.3	0.8	0.9	0.9	1.0
Service-Producing	2,354.9	2,367.2	2,382.1	2,389.9	2,399.2	2,409.3	2,422.7	2,429.8
% Ch	2.4	2.1	2.5	1.3	1.6	1.7	2.2	1.2
Software Publishers	41.8	42.0	42.2	42.5	42.8	43.3	43.8	44.3
% Ch	2.1	2.0	2.1	2.4	3.3	4.2	4.8	5.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	46.502	46.837	47.126	46.781	46.495	46.389	46.091	46.028
% Ch	-0.2	2.9	2.5	-2.9	-2.4	-0.9	-2.5	-0.5
Single-Family	30.032	29.853	29.723	29.440	29.162	28.770	28.371	28.105
% Ch	-5.4	-2.4	-1.7	-3.8	-3.7	-5.3	-5.4	-3.7
Multi-Family	16.470	16.984	17.403	17.342	17.333	17.619	17.720	17.923
% Ch	10.0	13.1	10.2	-1.4	-0.2	6.8	2.3	4.7
Mortgage Rate (%)	6.76	6.77	6.77	6.75	6.76	6.85	6.92	6.97

Table A2.1

**U.S. Nonagricultural Employment by Industry**

Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Payroll Employment	131.79	131.83	130.35	130.00	131.47	133.55	135.38	136.60
% Ch	2.2	0.0	-1.1	-0.3	1.1	1.6	1.4	0.9
Manufacturing	17.27	16.44	15.26	14.51	14.33	14.31	14.34	14.38
% Ch	-0.3	-4.8	-7.2	-4.9	-1.2	-0.2	0.2	0.3
Durable Manufacturing	10.88	10.33	9.48	8.96	8.92	8.96	9.01	9.07
% Ch	0.4	-5.0	-8.2	-5.5	-0.4	0.4	0.6	0.7
Wood Products	0.61	0.57	0.55	0.54	0.55	0.55	0.54	0.52
% Ch	-1.2	-6.4	-3.3	-3.2	2.1	0.3	-2.7	-3.5
Primary and Fabricated Metals	2.37	2.25	2.06	1.96	1.96	1.98	2.01	2.06
% Ch	0.9	-5.4	-8.4	-4.9	0.4	0.9	1.6	2.5
Computer and Electronic Products	1.82	1.75	1.51	1.36	1.33	1.33	1.28	1.29
% Ch	2.2	-3.9	-13.8	-10.1	-2.1	-0.1	-3.4	0.9
Machinery and Electrical Equipment	2.05	1.92	1.73	1.61	1.59	1.59	1.64	1.66
% Ch	-0.4	-5.9	-10.3	-6.8	-1.3	0.3	3.2	1.3
Transportation Equipment	2.06	1.94	1.83	1.77	1.76	1.78	1.76	1.74
% Ch	-1.5	-5.7	-5.6	-3.0	-0.6	0.7	-0.8	-1.3
Other Durables	1.97	1.90	1.81	1.73	1.73	1.73	1.77	1.79
% Ch	1.7	-3.3	-4.9	-4.3	0.1	-0.2	2.6	1.1
Nondurable Manufacturing	6.39	6.11	5.77	5.55	5.41	5.35	5.33	5.31
% Ch	-1.6	-4.4	-5.4	-4.0	-2.5	-1.0	-0.5	-0.4
Food Manufacturing	1.55	1.55	1.53	1.52	1.50	1.50	1.51	1.53
% Ch	0.2	-0.2	-1.6	-0.5	-1.2	-0.1	0.8	1.1
Paper and Paper Products	0.60	0.58	0.55	0.52	0.50	0.50	0.51	0.51
% Ch	-1.8	-4.5	-5.4	-5.6	-3.3	1.1	0.9	0.6
Other Nondurables	4.23	3.98	3.70	3.51	3.41	3.35	3.31	3.27
% Ch	-2.2	-5.9	-6.9	-5.1	-3.0	-1.8	-1.2	-1.2
Natural Resources and Mining	0.60	0.61	0.58	0.57	0.59	0.63	0.65	0.62
% Ch	0.1	1.1	-3.9	-1.8	3.3	7.4	2.7	-5.3
Construction	6.79	6.83	6.71	6.73	6.96	7.17	7.21	7.23
% Ch	3.7	0.6	-1.6	0.3	3.4	3.1	0.6	0.2
Trade, Transportation, and Utilities	26.23	25.99	25.50	25.29	25.51	25.81	26.07	26.17
% Ch	1.8	-0.9	-1.9	-0.8	0.9	1.2	1.0	0.4
Wholesale Trade	5.93	5.77	5.65	5.61	5.65	5.72	5.75	5.71
% Ch	0.7	-2.7	-2.1	-0.8	0.8	1.1	0.6	-0.6
Retail Trade	15.28	15.24	15.02	14.92	15.04	15.17	15.32	15.41
% Ch	2.1	-0.3	-1.4	-0.7	0.8	0.8	1.0	0.6
Trans., Warehousing, and Utilities	5.01	4.97	4.82	4.76	4.82	4.93	5.00	5.05
% Ch	2.2	-0.8	-3.1	-1.2	1.2	2.3	1.5	0.9
Information	3.63	3.63	3.39	3.19	3.14	3.13	3.14	3.19
% Ch	6.2	-0.0	-6.5	-6.0	-1.6	-0.1	0.2	1.5
Publishing Industries	1.03	1.02	0.96	0.93	0.91	0.91	0.91	0.94
% Ch	3.0	-1.4	-5.5	-4.1	-1.7	0.2	0.4	2.5
Other Information	2.59	2.61	2.43	2.26	2.23	2.22	2.22	2.25
% Ch	7.5	0.5	-6.8	-6.8	-1.6	-0.2	0.1	1.0
Financial Activities	7.69	7.81	7.85	7.98	8.05	8.22	8.28	8.23
% Ch	0.5	1.6	0.5	1.6	0.9	2.1	0.7	-0.6
Professional and Business Services	16.67	16.48	15.98	15.98	16.41	16.90	17.41	17.94
% Ch	4.5	-1.1	-3.1	0.0	2.7	3.0	3.0	3.1
Education and Health Services	15.11	15.64	16.20	16.59	16.95	17.33	17.58	17.74
% Ch	2.1	3.5	3.6	2.4	2.2	2.3	1.4	0.9
Leisure and Hospitality	11.86	12.03	11.99	12.18	12.48	12.75	13.07	13.21
% Ch	2.7	1.5	-0.4	1.6	2.5	2.2	2.5	1.1
Other Services	5.17	5.26	5.37	5.40	5.43	5.46	5.48	5.55
% Ch	1.6	1.7	2.2	0.5	0.6	0.5	0.5	1.2
Federal Government	2.87	2.76	2.77	2.76	2.73	2.73	2.75	2.75
% Ch	3.4	-3.5	0.1	-0.2	-1.2	0.2	0.5	0.0
State and Local Government	17.93	18.36	18.74	18.82	18.89	19.09	19.40	19.60
% Ch	2.2	2.4	2.1	0.4	0.4	1.0	1.6	1.0

Table A2.2

**U.S. Nonagricultural Employment by Industry**

Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Nonfarm Payroll Employment	130.50	130.35	130.27	130.26	130.09	129.84	129.89	130.17
% Ch	-1.3	-0.5	-0.2	-0.0	-0.5	-0.8	0.1	0.9
Manufacturing	15.51	15.34	15.19	14.99	14.79	14.55	14.38	14.31
% Ch	-7.9	-4.3	-3.9	-5.2	-5.2	-6.1	-4.8	-1.8
Durable Manufacturing	9.66	9.54	9.44	9.29	9.14	8.98	8.87	8.85
% Ch	-9.4	-4.7	-4.5	-6.1	-6.4	-6.6	-4.9	-0.7
Wood Products	0.56	0.56	0.56	0.55	0.54	0.54	0.53	0.54
% Ch	-1.9	-3.2	-1.1	-5.8	-4.6	-3.2	-1.6	4.0
Primary and Fabricated Metals	2.09	2.07	2.05	2.03	1.99	1.96	1.94	1.93
% Ch	-10.1	-3.7	-2.7	-5.2	-6.1	-6.4	-5.1	-0.3
Computer and Electronic Products	1.57	1.53	1.48	1.44	1.40	1.36	1.33	1.32
% Ch	-14.7	-10.0	-11.3	-10.6	-11.6	-9.7	-8.3	-3.8
Machinery and Electrical Equipment	1.77	1.74	1.71	1.68	1.65	1.62	1.59	1.58
% Ch	-11.3	-6.6	-6.2	-7.1	-7.0	-8.4	-6.5	-1.6
Transportation Equipment	1.84	1.84	1.83	1.81	1.80	1.77	1.76	1.76
% Ch	-9.0	-1.4	-1.8	-3.7	-2.7	-5.0	-3.0	0.1
Other Durables	1.83	1.82	1.80	1.78	1.76	1.73	1.72	1.72
% Ch	-4.3	-2.9	-2.6	-4.8	-5.8	-5.5	-3.3	-0.3
Nondurable Manufacturing	5.85	5.80	5.75	5.70	5.65	5.57	5.51	5.46
% Ch	-5.4	-3.8	-3.0	-3.7	-3.4	-5.3	-4.6	-3.4
Food Manufacturing	1.54	1.53	1.51	1.52	1.52	1.52	1.52	1.51
% Ch	-0.9	-2.3	-3.6	1.3	0.7	-1.7	0.5	-1.6
Paper and Paper Products	0.55	0.55	0.55	0.54	0.53	0.52	0.51	0.51
% Ch	-5.5	-3.4	-3.4	-5.9	-6.4	-6.0	-6.7	-4.3
Other Nondurables	3.76	3.72	3.69	3.64	3.60	3.54	3.48	3.44
% Ch	-7.2	-4.5	-2.8	-5.5	-4.6	-6.7	-6.4	-4.0
Natural Resources and Mining	0.59	0.58	0.58	0.58	0.57	0.57	0.57	0.57
% Ch	-3.7	-6.6	-5.1	-0.5	-1.4	-2.5	0.0	3.1
Construction	6.77	6.70	6.69	6.69	6.68	6.70	6.75	6.80
% Ch	-1.0	-4.2	-0.4	0.2	-1.2	1.7	3.0	2.6
Trade, Transportation, and Utilities	25.55	25.53	25.49	25.43	25.35	25.28	25.25	25.28
% Ch	-2.4	-0.4	-0.7	-1.0	-1.2	-1.1	-0.4	0.5
Wholesale Trade	5.67	5.65	5.65	5.64	5.63	5.62	5.59	5.60
% Ch	-2.6	-1.3	-0.4	-0.8	-0.7	-0.7	-1.7	0.3
Retail Trade	15.06	15.05	15.01	14.98	14.93	14.90	14.92	14.93
% Ch	-2.0	-0.2	-1.1	-0.9	-1.2	-0.7	0.4	0.5
Trans., Warehousing, and Utilities	4.82	4.82	4.83	4.81	4.79	4.76	4.74	4.75
% Ch	-3.1	0.2	0.7	-1.4	-1.8	-2.6	-1.6	0.9
Information	3.47	3.42	3.37	3.32	3.24	3.19	3.17	3.15
% Ch	-6.9	-6.4	-5.8	-5.4	-9.1	-5.6	-3.3	-2.0
Publishing Industries	0.98	0.97	0.96	0.95	0.94	0.93	0.92	0.91
% Ch	-6.2	-5.1	-2.6	-3.4	-5.4	-4.5	-3.7	-1.7
Other Information	2.49	2.45	2.41	2.37	2.30	2.27	2.25	2.24
% Ch	-7.2	-6.9	-7.0	-6.2	-10.6	-6.0	-3.2	-2.1
Financial Activities	7.83	7.83	7.84	7.89	7.93	7.98	8.00	7.99
% Ch	-0.1	-0.5	0.7	2.7	2.1	2.4	1.0	-0.6
Professional and Business Services	16.02	16.01	15.96	15.92	15.91	15.91	16.01	16.10
% Ch	-2.8	-0.1	-1.2	-1.1	-0.1	-0.1	2.5	2.2
Education and Health Services	16.01	16.14	16.29	16.37	16.46	16.57	16.61	16.72
% Ch	3.6	3.4	3.6	2.0	2.2	2.7	1.0	2.6
Leisure and Hospitality	11.98	11.92	11.96	12.10	12.14	12.10	12.18	12.29
% Ch	-0.3	-1.9	1.4	4.6	1.4	-1.4	2.9	3.5
Other Services	5.35	5.37	5.37	5.40	5.40	5.40	5.40	5.40
% Ch	3.0	0.9	0.2	2.1	0.3	-0.1	0.0	0.1
Federal Government	2.75	2.77	2.76	2.78	2.79	2.77	2.75	2.74
% Ch	-0.3	2.2	-0.9	2.6	1.3	-2.9	-2.1	-2.8
State and Local Government	18.65	18.74	18.78	18.81	18.84	18.82	18.81	18.82
% Ch	1.9	2.0	0.9	0.5	0.7	-0.3	-0.2	0.1

Table A2.2

**U.S. Nonagricultural Employment by Industry**

Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	130.54	131.32	131.73	132.30	132.77	133.26	133.81	134.35
% Ch	1.2	2.4	1.2	1.7	1.4	1.5	1.7	1.6
Manufacturing	14.29	14.34	14.35	14.34	14.31	14.32	14.29	14.30
% Ch	-0.8	1.5	0.4	-0.4	-0.7	0.2	-0.9	0.4
Durable Manufacturing	8.86	8.92	8.95	8.96	8.96	8.96	8.94	8.96
% Ch	0.4	2.5	1.4	0.3	-0.0	0.3	-0.8	0.6
Wood Products	0.54	0.55	0.55	0.55	0.56	0.55	0.55	0.54
% Ch	2.5	3.6	2.5	2.7	0.9	-1.8	-3.9	-1.9
Primary and Fabricated Metals	1.94	1.96	1.97	1.98	1.98	1.98	1.98	1.99
% Ch	1.6	3.9	2.6	0.8	1.0	-0.5	-0.3	1.4
Computer and Electronic Products	1.32	1.33	1.33	1.33	1.33	1.33	1.33	1.31
% Ch	-1.0	2.2	2.3	-1.6	-0.1	1.4	-1.1	-4.4
Machinery and Electrical Equipment	1.58	1.59	1.60	1.59	1.59	1.59	1.59	1.60
% Ch	-1.1	2.4	2.4	-0.8	-0.3	-0.5	-0.6	4.1
Transportation Equipment	1.76	1.76	1.76	1.77	1.77	1.78	1.78	1.77
% Ch	-0.2	0.6	-1.0	2.5	0.8	2.3	-1.9	-0.6
Other Durables	1.72	1.74	1.74	1.73	1.73	1.72	1.73	1.74
% Ch	1.5	3.0	0.3	-0.5	-2.2	-0.0	0.7	2.6
Nondurable Manufacturing	5.42	5.42	5.40	5.38	5.36	5.36	5.34	5.34
% Ch	-2.7	-0.2	-1.1	-1.6	-1.7	-0.0	-1.0	-0.1
Food Manufacturing	1.50	1.50	1.50	1.50	1.49	1.50	1.50	1.50
% Ch	-3.3	0.4	-0.4	-0.9	-0.2	0.5	-0.1	1.1
Paper and Paper Products	0.50	0.50	0.50	0.50	0.50	0.50	0.51	0.51
% Ch	-3.9	-1.8	1.2	-1.0	2.3	2.7	0.6	1.7
Other Nondurables	3.42	3.42	3.41	3.39	3.36	3.36	3.34	3.33
% Ch	-2.4	-0.1	-1.7	-2.1	-3.0	-0.6	-1.7	-0.9
Natural Resources and Mining	0.58	0.59	0.60	0.60	0.61	0.63	0.64	0.65
% Ch	3.3	8.3	3.7	1.8	9.9	10.6	10.5	5.7
Construction	6.86	6.94	6.98	7.06	7.12	7.17	7.19	7.22
% Ch	3.8	4.6	2.5	4.7	3.2	2.9	1.2	1.5
Trade, Transportation, and Utilities	25.39	25.51	25.54	25.61	25.69	25.75	25.84	25.96
% Ch	1.6	2.0	0.5	1.0	1.3	0.9	1.5	1.9
Wholesale Trade	5.62	5.65	5.67	5.68	5.69	5.70	5.73	5.75
% Ch	1.7	2.2	1.0	1.0	0.7	0.6	2.1	1.5
Retail Trade	14.99	15.05	15.04	15.07	15.10	15.14	15.18	15.24
% Ch	1.4	1.7	-0.2	0.8	0.9	0.9	1.1	1.7
Trans., Warehousing, and Utilities	4.78	4.81	4.83	4.86	4.89	4.91	4.94	4.97
% Ch	2.1	2.6	2.2	1.8	3.2	1.5	2.0	2.9
Information	3.14	3.15	3.14	3.13	3.12	3.15	3.14	3.12
% Ch	-1.5	0.9	-1.4	-0.6	-0.8	2.9	-0.5	-2.2
Publishing Industries	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
% Ch	-1.9	0.4	-0.9	-0.8	-0.9	3.2	0.8	-1.3
Other Information	2.23	2.24	2.23	2.22	2.22	2.23	2.23	2.21
% Ch	-1.4	1.1	-1.6	-0.6	-0.8	2.8	-1.1	-2.6
Financial Activities	8.00	8.04	8.06	8.11	8.16	8.21	8.26	8.25
% Ch	0.4	2.0	1.3	2.4	2.4	2.6	2.6	-0.4
Professional and Business Services	16.16	16.37	16.48	16.63	16.75	16.80	16.95	17.11
% Ch	1.4	5.3	2.7	3.8	2.9	1.2	3.6	3.8
Education and Health Services	16.80	16.91	17.00	17.11	17.19	17.30	17.40	17.45
% Ch	1.9	2.7	2.2	2.7	1.9	2.5	2.3	1.1
Leisure and Hospitality	12.38	12.47	12.51	12.57	12.63	12.70	12.78	12.90
% Ch	2.9	3.0	1.3	1.9	1.9	2.2	2.6	4.0
Other Services	5.41	5.43	5.44	5.44	5.45	5.45	5.48	5.44
% Ch	0.6	1.9	0.2	0.2	0.7	-0.0	1.9	-2.3
Federal Government	2.73	2.73	2.73	2.72	2.72	2.73	2.74	2.75
% Ch	-0.8	0.7	-0.9	-1.4	0.0	1.9	1.3	1.0
State and Local Government	18.83	18.85	18.91	18.98	19.01	19.05	19.09	19.19
% Ch	0.2	0.6	1.2	1.6	0.7	0.8	0.9	1.9

Table A2.2

**U.S. Nonagricultural Employment by Industry**

Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	134.77	135.24	135.61	135.89	136.12	136.47	136.75	137.04
% Ch	1.2	1.4	1.1	0.8	0.7	1.0	0.8	0.9
Manufacturing	14.32	14.33	14.34	14.35	14.36	14.38	14.38	14.39
% Ch	0.6	0.2	0.5	0.1	0.3	0.5	0.2	0.1
Durable Manufacturing	8.98	9.00	9.02	9.04	9.05	9.07	9.08	9.08
% Ch	0.8	1.0	1.2	0.7	0.6	0.8	0.3	0.3
Wood Products	0.54	0.54	0.53	0.53	0.52	0.52	0.51	0.51
% Ch	-2.2	-2.6	-4.1	-3.8	-3.5	-3.0	-4.1	-2.8
Primary and Fabricated Metals	1.99	2.00	2.02	2.04	2.05	2.06	2.07	2.07
% Ch	1.0	2.7	3.2	3.5	2.9	1.9	1.3	1.4
Computer and Electronic Products	1.30	1.28	1.27	1.27	1.27	1.29	1.30	1.31
% Ch	-2.8	-7.0	-3.1	-0.9	1.7	4.2	4.4	2.9
Machinery and Electrical Equipment	1.62	1.64	1.65	1.66	1.67	1.67	1.67	1.66
% Ch	4.1	4.7	4.0	2.2	1.2	0.3	-1.0	-1.9
Transportation Equipment	1.77	1.77	1.76	1.75	1.74	1.74	1.74	1.74
% Ch	-1.1	-0.2	-0.9	-2.4	-2.3	-0.8	-0.3	0.8
Other Durables	1.75	1.77	1.78	1.79	1.80	1.80	1.79	1.79
% Ch	3.1	4.1	3.2	1.8	0.7	0.4	-0.5	-0.5
Nondurable Manufacturing	5.35	5.33	5.32	5.31	5.31	5.31	5.30	5.30
% Ch	0.2	-1.2	-0.7	-0.8	-0.2	-0.1	-0.1	-0.2
Food Manufacturing	1.51	1.51	1.51	1.51	1.52	1.52	1.53	1.53
% Ch	1.6	0.4	0.8	0.8	1.4	1.4	1.2	1.3
Paper and Paper Products	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
% Ch	1.8	-0.4	0.0	0.1	0.7	1.1	1.1	1.0
Other Nondurables	3.33	3.31	3.30	3.29	3.28	3.27	3.26	3.25
% Ch	-0.6	-2.0	-1.5	-1.7	-1.0	-1.0	-0.9	-1.1
Natural Resources and Mining	0.66	0.66	0.65	0.64	0.63	0.62	0.61	0.61
% Ch	2.3	-1.0	-1.7	-5.8	-7.2	-6.4	-5.7	-3.8
Construction	7.20	7.22	7.22	7.22	7.21	7.23	7.22	7.24
% Ch	-0.7	0.8	-0.0	0.1	-0.4	0.9	-0.2	1.0
Trade, Transportation, and Utilities	26.02	26.07	26.09	26.09	26.10	26.16	26.20	26.23
% Ch	0.9	0.8	0.2	0.1	0.1	0.9	0.7	0.4
Wholesale Trade	5.75	5.75	5.75	5.74	5.72	5.71	5.71	5.71
% Ch	0.2	0.1	0.0	-1.3	-1.1	-0.6	-0.3	0.3
Retail Trade	15.28	15.32	15.32	15.34	15.36	15.41	15.44	15.44
% Ch	0.9	1.1	-0.0	0.5	0.4	1.5	0.7	-0.0
Trans., Warehousing, and Utilities	4.99	5.00	5.01	5.02	5.02	5.03	5.05	5.08
% Ch	1.5	0.4	1.3	0.3	0.8	0.6	1.6	2.1
Information	3.12	3.13	3.15	3.16	3.16	3.18	3.19	3.20
% Ch	-0.9	1.1	3.7	0.4	0.8	2.2	1.5	1.1
Publishing Industries	0.91	0.91	0.92	0.92	0.93	0.94	0.94	0.95
% Ch	-1.3	1.1	2.5	2.6	3.3	2.1	2.3	2.6
Other Information	2.21	2.22	2.24	2.24	2.23	2.25	2.25	2.26
% Ch	-0.7	1.0	4.2	-0.5	-0.2	2.2	1.2	0.4
Financial Activities	8.29	8.30	8.27	8.25	8.24	8.24	8.22	8.22
% Ch	1.6	0.6	-1.2	-1.3	-0.4	-0.2	-0.8	-0.1
Professional and Business Services	17.22	17.34	17.47	17.59	17.70	17.85	18.02	18.20
% Ch	2.6	2.9	3.1	2.6	2.6	3.5	3.8	4.1
Education and Health Services	17.45	17.56	17.63	17.68	17.68	17.74	17.75	17.79
% Ch	0.0	2.6	1.7	1.0	0.0	1.3	0.4	0.9
Leisure and Hospitality	13.02	13.06	13.09	13.13	13.18	13.19	13.24	13.25
% Ch	3.7	1.3	0.7	1.2	1.6	0.4	1.4	0.2
Other Services	5.46	5.47	5.49	5.50	5.53	5.54	5.55	5.57
% Ch	1.2	0.8	1.3	1.1	1.6	0.7	1.3	1.4
Federal Government	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
% Ch	0.2	-0.1	-0.0	-0.0	-0.0	0.1	0.1	0.1
State and Local Government	19.26	19.35	19.45	19.54	19.59	19.60	19.60	19.60
% Ch	1.6	1.9	2.0	1.9	1.0	0.4	-0.1	-0.0

Table A2.3  
**Washington Nonagricultural Employment by Industry**  
 Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Payroll Employment	2,711.6	2,697.4	2,654.0	2,657.8	2,702.2	2,776.8	2,835.5	2,886.7
% Ch	2.4	-0.5	-1.6	0.1	1.7	2.8	2.1	1.8
Manufacturing	331.9	316.2	285.0	267.0	263.5	268.6	275.0	282.7
% Ch	-3.4	-4.7	-9.8	-6.3	-1.3	1.9	2.4	2.8
Durable Manufacturing	236.5	225.0	199.3	183.8	182.2	188.3	193.8	200.1
% Ch	-4.2	-4.8	-11.4	-7.8	-0.9	3.4	2.9	3.2
Wood Products	21.9	18.9	18.0	17.8	18.7	18.5	17.4	16.5
% Ch	3.6	-13.6	-4.8	-1.4	4.9	-1.1	-5.4	-5.4
Primary and Fabricated Metals	29.8	27.0	23.5	22.1	22.3	22.9	23.3	23.9
% Ch	-0.8	-9.4	-12.7	-6.1	0.9	2.6	1.7	2.7
Computer and Electronic Products	34.4	32.4	26.2	23.4	22.1	21.9	21.0	21.7
% Ch	3.2	-5.6	-19.4	-10.7	-5.3	-1.1	-4.0	3.2
Machinery and Electrical Equipment	19.8	18.5	16.7	16.3	17.1	17.7	19.1	20.2
% Ch	3.0	-6.3	-9.9	-2.6	5.1	3.6	7.8	5.6
Aerospace	86.2	87.3	75.7	65.3	61.4	66.2	71.3	76.3
% Ch	-12.3	1.3	-13.2	-13.8	-6.0	7.9	7.7	7.0
Other Transportation Equip.	13.4	11.3	10.9	11.1	12.1	12.7	13.0	12.5
% Ch	-6.0	-16.0	-2.8	1.5	9.1	4.9	2.0	-3.6
Other Durables	31.1	29.6	28.2	27.9	28.5	28.4	28.7	29.0
% Ch	1.0	-4.8	-4.7	-1.3	2.3	-0.3	0.9	0.9
Nondurable Manufacturing	95.4	91.1	85.7	83.3	81.3	80.3	81.2	82.7
% Ch	-1.1	-4.5	-6.0	-2.8	-2.4	-1.2	1.1	1.9
Food Manufacturing	38.9	37.2	35.3	34.8	34.1	33.8	34.3	35.4
% Ch	0.8	-4.3	-5.3	-1.3	-2.0	-0.9	1.6	3.2
Paper and Paper Products	14.4	14.1	13.3	13.3	12.7	12.2	12.4	12.5
% Ch	-5.5	-2.0	-6.1	0.1	-4.3	-3.6	1.2	0.7
Other Nondurables	42.1	39.8	37.2	35.2	34.5	34.3	34.5	34.8
% Ch	-1.1	-5.5	-6.5	-5.3	-2.0	-0.7	0.5	1.0
Natural Resources and Mining	10.0	9.8	9.4	8.6	9.2	9.4	9.3	9.1
% Ch	-5.3	-2.2	-4.5	-7.8	6.3	2.5	-0.6	-2.1
Construction	160.6	158.8	154.2	156.2	164.3	176.2	177.6	179.5
% Ch	4.5	-1.1	-2.9	1.3	5.2	7.3	0.8	1.1
Trade, Transportation, and Utilities	531.9	523.8	509.3	509.8	519.4	535.6	544.1	550.2
% Ch	2.5	-1.5	-2.8	0.1	1.9	3.1	1.6	1.1
Wholesale Trade	121.3	119.8	115.7	116.0	119.5	122.7	123.7	123.5
% Ch	1.6	-1.2	-3.4	0.3	3.0	2.7	0.8	-0.1
Retail Trade	315.2	311.7	305.3	305.9	310.2	319.4	325.5	330.6
% Ch	3.2	-1.1	-2.0	0.2	1.4	3.0	1.9	1.6
Trans., Warehousing, and Utilities	95.4	92.4	88.3	87.9	89.8	93.6	94.9	96.1
% Ch	1.2	-3.2	-4.4	-0.5	2.2	4.2	1.4	1.2
Information	97.6	99.0	93.6	92.3	92.5	93.0	94.5	96.6
% Ch	14.6	1.4	-5.5	-1.4	0.2	0.6	1.6	2.2
Software Publishers	32.2	35.9	36.1	37.3	39.2	41.1	42.1	43.6
% Ch	17.8	11.4	0.7	3.4	5.1	4.8	2.4	3.4
Other Publishing Industries	13.7	13.2	12.6	12.1	11.4	11.3	11.2	11.4
% Ch	1.5	-3.5	-4.4	-4.0	-6.4	-0.4	-0.8	1.3
Other Information	51.7	49.9	44.8	42.8	41.9	40.6	41.1	41.6
% Ch	16.7	-3.5	-10.3	-4.5	-2.1	-3.1	1.3	1.3
Financial Activities	142.3	145.2	146.2	151.9	152.1	154.9	156.8	156.9
% Ch	-0.4	2.0	0.7	3.9	0.1	1.8	1.3	0.1
Professional and Business Services	303.8	296.9	290.2	290.5	302.4	316.0	328.3	341.1
% Ch	6.1	-2.3	-2.3	0.1	4.1	4.5	3.9	3.9
Education and Health Services	291.9	298.3	306.8	312.8	319.4	328.9	335.9	341.7
% Ch	3.7	2.2	2.9	1.9	2.1	3.0	2.1	1.7
Leisure and Hospitality	251.7	247.1	245.4	249.0	255.5	263.2	270.6	275.3
% Ch	1.9	-1.9	-0.7	1.5	2.6	3.0	2.8	1.7
Other Services	106.2	96.9	97.8	98.9	100.3	101.7	103.0	104.6
% Ch	1.6	-8.8	0.9	1.2	1.4	1.5	1.2	1.6
Federal Government	69.9	67.9	69.2	70.2	69.7	71.3	71.9	72.3
% Ch	3.4	-2.8	2.0	1.4	-0.7	2.3	0.9	0.6
State and Local Government	413.5	437.5	447.0	450.5	454.1	457.9	468.5	476.7
% Ch	1.7	5.8	2.2	0.8	0.8	0.8	2.3	1.8



Table A2.4  
**Washington Nonagricultural Employment by Industry**  
 Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Nonfarm Payroll Employment	2,651.0	2,651.1	2,657.2	2,656.6	2,655.2	2,650.8	2,658.1	2,666.9
% Ch	-2.5	0.0	0.9	-0.1	-0.2	-0.7	1.1	1.3
Manufacturing	293.3	287.5	282.4	277.0	272.1	267.8	264.9	263.3
% Ch	-14.7	-7.7	-6.9	-7.4	-6.8	-6.3	-4.2	-2.5
Durable Manufacturing	205.9	201.9	196.9	192.5	187.9	184.6	182.0	180.5
% Ch	-18.1	-7.6	-9.5	-8.6	-9.2	-6.9	-5.5	-3.4
Wood Products	17.9	18.1	18.1	18.1	18.0	17.8	17.6	17.7
% Ch	-9.1	3.0	-0.2	0.3	-0.7	-4.6	-5.3	1.5
Primary and Fabricated Metals	24.6	23.5	23.2	22.8	22.6	22.2	21.8	21.7
% Ch	-11.4	-16.0	-4.7	-6.8	-3.3	-6.9	-7.7	-1.6
Computer and Electronic Products	27.2	26.5	26.0	24.9	24.3	23.5	23.1	22.5
% Ch	-26.4	-10.3	-7.3	-16.3	-8.8	-13.0	-5.6	-10.0
Machinery and Electrical Equipment	17.0	16.9	16.7	16.3	16.2	16.2	16.2	16.5
% Ch	-12.9	-3.9	-4.7	-8.5	-3.2	1.7	0.0	5.9
Aerospace	80.2	77.0	73.7	71.9	68.6	66.2	63.9	62.4
% Ch	-25.8	-14.9	-16.4	-9.1	-17.4	-13.1	-13.4	-9.1
Other Transportation Equip.	10.5	11.5	11.1	10.7	10.6	10.9	11.4	11.5
% Ch	-3.7	43.9	-13.2	-14.7	-1.2	11.8	18.2	2.4
Other Durables	28.5	28.4	28.2	27.9	27.6	27.7	28.0	28.3
% Ch	-4.1	-0.9	-3.3	-4.4	-4.1	1.9	4.4	3.9
Nondurable Manufacturing	87.3	85.6	85.5	84.5	84.2	83.2	82.9	82.8
% Ch	-6.0	-7.8	-0.5	-4.6	-1.2	-4.9	-1.2	-0.4
Food Manufacturing	35.9	34.9	35.4	34.9	34.9	34.5	35.0	34.8
% Ch	-3.2	-10.8	6.3	-6.4	0.5	-4.4	6.1	-2.6
Paper and Paper Products	13.4	13.3	13.2	13.2	13.1	13.3	13.2	13.4
% Ch	-10.7	-3.7	-3.2	1.4	-1.6	3.5	-1.0	5.2
Other Nondurables	38.0	37.4	36.9	36.4	36.2	35.4	34.7	34.6
% Ch	-6.9	-6.3	-5.5	-4.9	-2.7	-8.4	-7.9	-0.3
Natural Resources and Mining	9.4	9.4	9.3	9.3	9.0	8.6	8.4	8.5
% Ch	-8.1	-1.4	-3.6	1.1	-12.4	-15.9	-11.3	4.5
Construction	153.5	153.6	154.9	154.7	155.1	155.1	156.0	158.5
% Ch	-1.5	0.3	3.2	-0.4	1.1	-0.0	2.4	6.6
Trade, Transportation, and Utilities	511.1	509.4	509.6	507.1	509.3	508.2	510.8	510.9
% Ch	-2.7	-1.3	0.1	-1.9	1.7	-0.8	2.1	0.1
Wholesale Trade	116.6	115.5	115.3	115.1	115.5	115.4	116.2	117.0
% Ch	-3.0	-3.7	-0.9	-0.5	1.2	-0.1	2.5	2.9
Retail Trade	305.7	305.5	305.7	304.3	305.5	305.4	306.6	306.1
% Ch	-1.5	-0.2	0.2	-1.8	1.5	-0.0	1.5	-0.7
Trans., Warehousing, and Utilities	88.7	88.4	88.6	87.6	88.3	87.3	88.0	87.9
% Ch	-6.1	-1.5	1.1	-4.2	3.0	-4.4	3.3	-0.8
Information	94.3	93.6	93.1	93.3	92.4	91.7	92.0	93.0
% Ch	-8.3	-3.3	-2.1	0.9	-3.7	-3.0	1.1	4.4
Software Publishers	35.7	36.0	36.1	36.7	36.6	36.7	37.7	38.3
% Ch	-4.4	3.3	1.3	7.0	-1.4	1.7	11.1	6.9
Other Publishing Industries	12.5	12.6	12.8	12.6	12.6	12.4	12.1	11.5
% Ch	-9.1	3.2	5.4	-4.1	-2.1	-6.2	-9.4	-17.5
Other Information	46.1	45.0	44.2	43.9	43.3	42.6	42.2	43.1
% Ch	-11.0	-9.8	-6.7	-2.4	-6.0	-5.9	-4.0	9.2
Financial Activities	144.7	145.7	146.4	147.8	150.3	152.0	152.9	152.3
% Ch	-2.7	2.6	2.0	4.0	6.7	4.8	2.4	-1.6
Professional and Business Services	287.7	289.1	291.6	292.2	289.9	288.7	290.5	293.0
% Ch	-1.8	1.9	3.6	0.8	-3.0	-1.7	2.5	3.5
Education and Health Services	304.8	306.3	306.4	309.9	310.5	312.0	313.1	315.6
% Ch	3.4	1.9	0.1	4.7	0.8	1.9	1.5	3.2
Leisure and Hospitality	243.1	244.7	247.0	246.7	247.7	247.1	248.8	252.3
% Ch	-1.9	2.8	3.7	-0.4	1.6	-1.1	2.8	5.7
Other Services	96.6	97.6	98.5	98.3	99.1	98.9	98.7	99.0
% Ch	-0.4	4.3	3.7	-0.8	3.4	-1.1	-0.9	1.2
Federal Government	68.4	68.5	69.3	70.7	70.5	70.2	70.0	70.1
% Ch	0.9	0.1	4.9	8.3	-1.2	-1.5	-1.0	0.3
State and Local Government	444.0	445.7	448.8	449.5	449.2	450.5	452.0	450.5
% Ch	2.2	1.6	2.8	0.6	-0.3	1.2	1.3	-1.3

Table A2.4  
**Washington Nonagricultural Employment by Industry**  
 Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	2,675.4	2,697.5	2,706.6	2,729.3	2,754.0	2,769.3	2,786.4	2,797.4
% Ch	1.3	3.4	1.4	3.4	3.7	2.2	2.5	1.6
Manufacturing	261.9	262.9	263.4	265.8	267.6	267.5	268.7	270.6
% Ch	-2.1	1.5	0.8	3.6	2.8	-0.1	1.9	2.7
Durable Manufacturing	180.0	181.4	182.6	184.7	186.6	187.6	188.8	190.2
% Ch	-1.0	3.3	2.5	4.8	4.1	2.2	2.6	2.9
Wood Products	18.2	18.6	18.8	19.1	19.2	18.5	18.2	18.0
% Ch	12.0	8.9	6.2	4.6	2.4	-14.0	-5.8	-4.1
Primary and Fabricated Metals	22.0	22.3	22.3	22.6	22.8	22.9	22.9	22.9
% Ch	5.2	5.2	0.3	6.7	2.2	2.7	-1.1	1.4
Computer and Electronic Products	22.0	22.1	22.2	22.2	21.9	22.0	22.0	21.7
% Ch	-9.7	2.5	2.4	-0.6	-4.7	0.7	-0.1	-5.4
Machinery and Electrical Equipment	16.6	17.0	17.3	17.6	17.6	17.5	17.7	18.1
% Ch	2.5	10.9	7.2	6.3	0.0	-0.5	3.2	9.2
Aerospace	61.3	60.9	60.9	62.4	64.1	65.6	67.0	68.2
% Ch	-6.9	-2.4	0.0	10.0	11.4	10.2	8.2	7.7
Other Transportation Equip.	11.8	12.1	12.4	12.2	12.4	12.7	12.8	12.9
% Ch	10.9	11.8	9.1	-4.2	5.6	11.2	2.4	2.2
Other Durables	28.3	28.5	28.6	28.7	28.7	28.3	28.4	28.4
% Ch	0.2	3.5	1.8	0.2	0.5	-5.2	0.6	0.8
Nondurable Manufacturing	81.9	81.4	80.8	81.0	81.0	79.9	79.9	80.4
% Ch	-4.4	-2.3	-2.8	1.0	-0.3	-5.2	0.1	2.2
Food Manufacturing	34.6	34.2	33.7	34.0	34.6	33.4	33.4	33.7
% Ch	-2.5	-4.6	-5.8	4.2	7.7	-13.4	-0.2	3.5
Paper and Paper Products	12.9	12.7	12.6	12.5	12.1	12.2	12.3	12.3
% Ch	-14.5	-4.9	-2.5	-4.5	-12.8	5.6	0.7	1.9
Other Nondurables	34.4	34.5	34.6	34.5	34.3	34.3	34.3	34.4
% Ch	-2.3	1.0	0.2	-0.1	-3.1	-0.2	0.1	1.1
Natural Resources and Mining	9.0	9.2	9.2	9.3	9.4	9.4	9.4	9.4
% Ch	26.4	8.5	1.8	3.8	4.6	-2.1	1.9	0.8
Construction	161.5	163.8	163.5	168.2	173.8	177.2	177.3	176.6
% Ch	7.7	5.8	-0.7	11.9	14.0	8.0	0.2	-1.6
Trade, Transportation, and Utilities	512.2	518.8	521.3	525.4	531.8	533.7	537.7	539.4
% Ch	1.0	5.2	1.9	3.2	5.0	1.4	3.0	1.2
Wholesale Trade	117.4	119.1	119.9	121.4	122.0	122.3	123.0	123.3
% Ch	1.5	6.0	2.5	5.3	2.0	0.9	2.4	0.7
Retail Trade	306.7	310.3	311.3	312.5	316.4	318.3	320.8	322.0
% Ch	0.8	4.9	1.2	1.6	5.1	2.5	3.2	1.5
Trans., Warehousing, and Utilities	88.2	89.3	90.1	91.5	93.4	93.0	93.8	94.1
% Ch	1.4	5.5	3.6	6.0	8.7	-1.5	3.4	1.0
Information	92.4	92.6	92.1	92.7	93.7	93.8	92.9	91.7
% Ch	-2.4	1.1	-2.1	2.6	4.2	0.3	-3.7	-5.0
Software Publishers	38.9	39.2	39.3	39.6	40.4	41.1	41.4	41.6
% Ch	5.8	2.9	1.2	3.4	8.2	7.2	2.6	2.0
Other Publishing Industries	11.3	11.4	11.4	11.3	11.3	11.3	11.3	11.2
% Ch	-5.7	1.2	1.2	-3.5	1.2	-0.6	-0.3	-2.1
Other Information	42.2	42.1	41.4	41.8	41.9	41.3	40.2	38.9
% Ch	-8.6	-0.6	-6.1	3.5	1.3	-5.7	-10.6	-12.6
Financial Activities	151.9	151.9	151.6	152.8	153.4	154.4	155.9	155.7
% Ch	-1.1	-0.1	-0.6	3.3	1.5	2.5	4.1	-0.5
Professional and Business Services	296.6	301.2	303.7	308.2	311.3	313.9	318.1	320.8
% Ch	4.9	6.4	3.5	6.0	4.1	3.4	5.5	3.4
Education and Health Services	316.0	319.3	319.6	322.6	325.4	328.1	330.4	331.9
% Ch	0.5	4.1	0.4	3.8	3.5	3.3	2.8	1.8
Leisure and Hospitality	253.2	255.0	254.8	258.9	259.8	261.9	264.6	266.4
% Ch	1.5	3.0	-0.4	6.5	1.5	3.2	4.2	2.7
Other Services	99.3	100.1	100.7	100.9	101.3	101.5	102.1	102.0
% Ch	1.4	3.5	2.1	1.0	1.4	1.0	2.4	-0.6
Federal Government	69.9	69.7	69.6	69.6	70.9	71.2	71.4	71.7
% Ch	-1.1	-1.0	-0.5	0.2	7.2	1.9	1.3	1.2
State and Local Government	451.5	453.1	457.0	454.9	455.6	456.8	457.9	461.4
% Ch	0.9	1.4	3.5	-1.8	0.6	1.0	0.9	3.1



Table A2.4  
**Washington Nonagricultural Employment by Industry**  
 Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	2,813.6	2,827.9	2,845.2	2,855.3	2,866.9	2,879.5	2,895.4	2,905.0
% Ch	2.3	2.1	2.5	1.4	1.6	1.8	2.2	1.3
Manufacturing	272.6	274.0	275.8	277.6	279.5	281.7	283.8	285.9
% Ch	3.1	2.0	2.8	2.5	2.9	3.1	3.0	2.9
Durable Manufacturing	191.7	193.0	194.6	196.0	197.6	199.2	200.9	202.5
% Ch	3.1	2.8	3.4	3.0	3.2	3.4	3.4	3.2
Wood Products	17.8	17.6	17.3	17.1	16.8	16.6	16.4	16.2
% Ch	-4.3	-4.6	-5.9	-5.6	-5.4	-5.0	-5.9	-4.7
Primary and Fabricated Metals	23.0	23.1	23.4	23.6	23.8	23.9	23.9	24.0
% Ch	0.7	2.9	3.8	3.9	3.1	1.8	0.9	1.0
Computer and Electronic Products	21.5	21.0	20.8	20.8	21.0	21.5	21.9	22.3
% Ch	-2.9	-9.6	-3.3	0.2	4.5	8.8	9.0	6.5
Machinery and Electrical Equipment	18.5	18.9	19.3	19.7	19.9	20.1	20.3	20.3
% Ch	9.1	9.9	9.0	6.8	5.5	4.4	2.7	1.6
Aerospace	69.5	70.7	72.0	73.2	74.5	75.7	77.0	78.2
% Ch	7.5	7.4	7.3	7.1	7.0	6.9	6.8	6.7
Other Transportation Equip.	12.9	13.0	13.0	12.8	12.6	12.4	12.4	12.5
% Ch	2.1	1.7	1.4	-6.0	-6.7	-5.5	-0.2	1.6
Other Durables	28.5	28.6	28.8	28.9	28.9	29.0	29.0	29.0
% Ch	1.2	2.0	2.0	1.3	0.8	0.4	0.0	0.1
Nondurable Manufacturing	80.9	81.0	81.3	81.5	82.0	82.5	82.9	83.4
% Ch	2.8	0.4	1.2	1.3	2.3	2.5	2.2	2.2
Food Manufacturing	34.1	34.2	34.4	34.6	35.0	35.3	35.6	35.9
% Ch	4.9	1.2	2.5	2.5	3.9	3.9	3.2	3.3
Paper and Paper Products	12.4	12.4	12.4	12.4	12.4	12.4	12.5	12.5
% Ch	2.0	-0.4	0.0	0.1	0.8	1.2	1.2	1.1
Other Nondurables	34.5	34.4	34.5	34.5	34.6	34.7	34.9	35.0
% Ch	1.2	-0.2	0.4	0.5	1.1	1.5	1.5	1.5
Natural Resources and Mining	9.4	9.4	9.3	9.3	9.2	9.2	9.1	9.1
% Ch	-1.0	-1.0	-2.1	-2.4	-2.3	-2.3	-2.3	-1.1
Construction	176.7	177.3	178.0	178.6	178.9	179.3	179.7	180.2
% Ch	0.3	1.5	1.5	1.3	0.8	0.9	0.9	1.0
Trade, Transportation, and Utilities	541.4	543.0	546.0	545.9	547.1	548.8	552.3	552.5
% Ch	1.5	1.2	2.2	-0.0	0.8	1.3	2.6	0.1
Wholesale Trade	123.5	123.6	123.9	123.6	123.5	123.4	123.6	123.7
% Ch	0.7	0.5	1.0	-0.9	-0.5	-0.3	0.7	0.2
Retail Trade	323.5	324.9	326.7	327.1	328.1	329.8	332.3	332.2
% Ch	1.8	1.7	2.3	0.4	1.3	2.1	3.0	-0.1
Trans., Warehousing, and Utilities	94.5	94.6	95.3	95.2	95.5	95.6	96.5	96.7
% Ch	1.8	0.4	3.3	-0.5	1.1	0.6	3.6	0.9
Information	93.8	94.1	94.9	95.1	95.5	96.2	96.9	97.6
% Ch	9.3	1.4	3.3	0.9	1.6	3.2	2.9	2.6
Software Publishers	41.8	42.0	42.2	42.5	42.8	43.3	43.8	44.3
% Ch	2.1	2.0	2.1	2.4	3.3	4.2	4.8	5.0
Other Publishing Industries	11.2	11.2	11.2	11.3	11.3	11.3	11.4	11.4
% Ch	-2.1	0.0	1.3	1.4	1.9	1.0	1.1	1.4
Other Information	40.8	40.9	41.4	41.4	41.3	41.6	41.8	41.8
% Ch	21.2	1.3	5.2	-0.6	-0.2	2.7	1.5	0.5
Financial Activities	156.6	156.9	157.1	156.6	156.7	156.8	157.2	157.1
% Ch	2.2	1.0	0.5	-1.3	0.2	0.3	0.9	-0.2
Professional and Business Services	323.6	326.4	330.5	332.7	335.5	338.7	343.5	346.6
% Ch	3.5	3.5	5.2	2.6	3.4	4.0	5.8	3.6
Education and Health Services	332.7	335.2	337.2	338.7	339.5	341.2	342.3	343.7
% Ch	1.0	3.1	2.3	1.8	1.0	2.0	1.3	1.7
Leisure and Hospitality	268.7	269.8	271.7	272.2	273.6	274.3	276.6	276.6
% Ch	3.6	1.6	2.8	0.8	2.0	0.9	3.4	0.0
Other Services	102.4	102.7	103.3	103.5	104.0	104.3	104.9	105.2
% Ch	1.5	1.3	2.2	1.1	1.7	1.2	2.2	1.2
Federal Government	71.8	71.9	72.0	72.1	72.2	72.3	72.4	72.5
% Ch	0.7	0.5	0.5	0.5	0.6	0.6	0.6	0.6
State and Local Government	464.0	467.2	469.5	473.1	475.2	476.7	476.7	478.2
% Ch	2.3	2.8	2.0	3.1	1.8	1.2	0.0	1.2

Table A3.1  
**U.S. Personal Income by Component**  
 Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Personal Income	8,429.7	8,724.1	8,878.9	9,161.8	9,673.0	10,215.8	10,800.8	11,373.9
% Ch	8.0	3.5	1.8	3.2	5.6	5.6	5.7	5.3
Total Wage and Salary Disbursements	4,829.2	4,942.8	4,976.3	5,103.5	5,355.7	5,644.7	5,966.8	6,293.9
% Ch	8.1	2.4	0.7	2.6	4.9	5.4	5.7	5.5
Nonwage Personal Income	3,600.4	3,781.3	3,902.7	4,058.3	4,317.3	4,571.2	4,834.0	5,080.0
% Ch	7.9	5.0	3.2	4.0	6.4	5.9	5.7	5.1
Supplements to Wages and Salaries	953.4	999.3	1,093.2	1,185.4	1,276.3	1,353.4	1,418.8	1,475.4
% Ch	7.6	4.8	9.4	8.4	7.7	6.0	4.8	4.0
Proprietor's Income	728.4	771.9	769.6	834.1	902.8	984.9	1,025.5	1,077.9
% Ch	7.4	6.0	-0.3	8.4	8.2	9.1	4.1	5.1
Farm	22.7	19.7	9.7	21.9	18.2	25.0	15.7	13.3
% Ch	-20.7	-13.1	-50.9	125.8	-16.7	37.3	-37.0	-15.4
Nonfarm	705.7	752.2	759.9	812.3	884.6	959.9	1,009.8	1,064.6
% Ch	8.6	6.6	1.0	6.9	8.9	8.5	5.2	5.4
Less: Contribution For Govt. Soc. Ins.	702.7	731.1	748.3	773.2	820.2	867.3	918.6	971.5
% Ch	6.2	4.0	2.3	3.3	6.1	5.7	5.9	5.8
Dividends/Int./Rent	1,537.3	1,547.4	1,505.5	1,476.6	1,552.4	1,601.8	1,699.8	1,791.2
% Ch	8.9	0.7	-2.7	-1.9	5.1	3.2	6.1	5.4
Transfer Payments	1,084.1	1,193.9	1,282.7	1,335.3	1,405.9	1,498.4	1,608.5	1,707.0
% Ch	6.1	10.1	7.4	4.1	5.3	6.6	7.3	6.1

Table A3.2

**U.S. Personal Income by Component**

Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	8,803.6	8,897.1	8,895.7	8,919.2	9,002.2	9,105.7	9,209.3	9,330.0
% Ch	2.2	4.3	-0.1	1.1	3.8	4.7	4.6	5.3
Total Wage and Salary Disbursements	4,956.2	4,980.3	4,981.2	4,987.3	5,023.3	5,073.3	5,128.6	5,188.9
% Ch	2.7	2.0	0.1	0.5	2.9	4.0	4.4	4.8
Nonwage Personal Income	3,847.4	3,916.8	3,914.5	3,931.9	3,978.9	4,032.4	4,080.7	4,141.1
% Ch	1.7	7.4	-0.2	1.8	4.9	5.5	4.9	6.1
Supplements to Wages and Salaries	1,054.0	1,088.0	1,104.8	1,126.0	1,154.3	1,173.6	1,196.1	1,217.8
% Ch	16.4	13.6	6.3	7.9	10.4	6.9	7.9	7.5
Proprietor's Income	762.2	769.0	770.4	776.7	794.0	825.7	852.0	864.7
% Ch	-6.0	3.6	0.7	3.3	9.2	17.0	13.4	6.1
Farm	10.8	10.4	8.7	8.8	13.8	24.1	24.8	24.7
% Ch	-91.5	-14.0	-51.0	4.7	504.8	830.1	12.1	-1.6
Nonfarm	751.4	758.6	761.7	767.9	780.2	801.6	827.2	840.0
% Ch	-1.4	3.9	1.6	3.3	6.6	11.4	13.4	6.3
Less: Contribution For Govt. Soc. Ins.	745.7	749.1	748.9	749.6	762.4	768.9	776.7	785.0
% Ch	7.7	1.8	-0.1	0.4	7.0	3.4	4.1	4.3
Dividends/Int./Rent	1,517.5	1,524.9	1,499.1	1,480.5	1,481.4	1,468.8	1,463.2	1,492.9
% Ch	-4.9	2.0	-6.6	-4.9	0.2	-3.4	-1.5	8.4
Transfer Payments	1,259.4	1,284.0	1,289.1	1,298.1	1,311.4	1,333.1	1,346.2	1,350.7
% Ch	7.2	8.0	1.6	2.8	4.2	6.8	4.0	1.3

Table A3.2

**U.S. Personal Income by Component**

Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	9,445.0	9,592.7	9,700.4	9,953.8	10,012.5	10,144.7	10,288.3	10,417.9
% Ch	5.0	6.4	4.6	10.9	2.4	5.4	5.8	5.1
Total Wage and Salary Disbursements	5,239.2	5,312.8	5,403.0	5,467.8	5,539.8	5,601.6	5,677.3	5,760.1
% Ch	3.9	5.7	7.0	4.9	5.4	4.5	5.5	6.0
Nonwage Personal Income	4,205.8	4,279.9	4,297.4	4,486.0	4,472.7	4,543.2	4,611.0	4,657.8
% Ch	6.4	7.2	1.6	18.7	-1.2	6.5	6.1	4.1
Supplements to Wages and Salaries	1,248.8	1,267.2	1,284.4	1,304.7	1,328.9	1,345.2	1,362.2	1,377.3
% Ch	10.6	6.0	5.5	6.5	7.6	5.0	5.2	4.5
Proprietor's Income	872.1	901.4	902.9	934.9	961.8	981.4	996.3	1,000.0
% Ch	3.5	14.1	0.7	14.9	12.0	8.4	6.2	1.5
Farm	17.9	18.9	13.6	22.4	26.5	27.5	27.2	18.7
% Ch	-72.4	24.3	-73.2	635.9	95.9	15.3	-3.1	-77.7
Nonfarm	854.2	882.5	889.3	912.5	935.3	953.9	969.1	981.3
% Ch	6.9	13.9	3.1	10.9	10.4	8.2	6.5	5.1
Less: Contribution For Govt. Soc. Ins.	803.9	814.0	826.9	835.7	855.4	863.4	871.7	878.6
% Ch	10.0	5.1	6.5	4.4	9.7	3.8	3.9	3.2
Dividends/Int./Rent	1,509.9	1,524.9	1,521.6	1,653.2	1,567.8	1,588.5	1,611.9	1,638.8
% Ch	4.6	4.0	-0.9	39.3	-19.1	5.4	6.0	6.8
Transfer Payments	1,379.0	1,400.4	1,415.4	1,428.9	1,469.6	1,491.5	1,512.2	1,520.4
% Ch	8.6	6.4	4.4	3.9	11.9	6.1	5.7	2.2

Table A3.2  
**U.S. Personal Income by Component**  
 Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	10,587.6	10,732.7	10,877.1	11,005.8	11,143.0	11,292.5	11,449.4	11,610.6
% Ch	6.7	5.6	5.5	4.8	5.1	5.5	5.7	5.8
Total Wage and Salary Disbursements	5,845.9	5,928.0	6,008.0	6,085.4	6,168.3	6,251.1	6,334.1	6,422.1
% Ch	6.1	5.7	5.5	5.3	5.6	5.5	5.4	5.7
Nonwage Personal Income	4,741.8	4,804.7	4,869.1	4,920.4	4,974.7	5,041.4	5,115.2	5,188.5
% Ch	7.4	5.4	5.5	4.3	4.5	5.5	6.0	5.9
Supplements to Wages and Salaries	1,397.4	1,412.2	1,426.0	1,439.7	1,453.1	1,468.3	1,482.2	1,497.8
% Ch	6.0	4.3	4.0	3.9	3.8	4.3	3.8	4.3
Proprietor's Income	1,007.8	1,020.0	1,031.2	1,043.0	1,055.1	1,070.6	1,085.2	1,100.6
% Ch	3.2	4.9	4.5	4.6	4.7	6.0	5.6	5.8
Farm	16.9	15.8	15.6	14.6	13.7	12.9	13.4	13.2
% Ch	-33.0	-24.1	-5.9	-21.9	-22.4	-21.4	14.3	-4.1
Nonfarm	990.9	1,004.2	1,015.7	1,028.4	1,041.4	1,057.7	1,071.9	1,087.4
% Ch	4.0	5.5	4.7	5.1	5.2	6.4	5.5	5.9
Less: Contribution For Govt. Soc. Ins.	902.2	912.5	924.1	935.6	957.6	966.1	975.0	987.2
% Ch	11.2	4.7	5.1	5.1	9.7	3.6	3.7	5.1
Dividends/Int./Rent	1,667.7	1,689.8	1,711.1	1,730.8	1,751.9	1,773.8	1,804.0	1,834.9
% Ch	7.2	5.4	5.1	4.7	5.0	5.1	7.0	7.0
Transfer Payments	1,571.1	1,595.3	1,624.9	1,642.5	1,672.2	1,694.6	1,718.8	1,742.4
% Ch	14.0	6.3	7.6	4.4	7.4	5.5	5.8	5.6

Table A3.3  
**Washington Personal Income by Component**  
 Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Personal Income	187.853	193.498	198.371	203.890	218.291	223.855	238.907	253.757
% Ch	7.0	3.0	2.5	2.8	7.1	2.5	6.7	6.2
Total Wage and Salary Disbursements	110.002	110.616	111.357	114.150	118.287	123.309	131.728	140.438
% Ch	6.0	0.6	0.7	2.5	3.6	4.2	6.8	6.6
Manufacturing	#N/A!	15.241	14.660	13.594	13.801	14.047	15.077	16.292
% Ch	#N/A!	#N/A!	-3.8	-7.3	1.5	1.8	7.3	8.1
Durable Manufacturing	#N/A!	11.615	10.772	10.100	10.251	10.342	11.153	12.093
% Ch	#N/A!	#N/A!	-7.3	-6.2	1.5	0.9	7.8	8.4
Nondurable Manufacturing	#N/A!	3.627	3.888	3.494	3.550	3.704	3.924	4.199
% Ch	#N/A!	#N/A!	7.2	-10.1	1.6	4.3	5.9	7.0
Nonmanufacturing	#N/A!	91.162	92.193	95.640	99.392	103.908	110.992	118.206
% Ch	#N/A!	#N/A!	1.1	3.7	3.9	4.5	6.8	6.5
Other Private Wages	#N/A!	1.032	1.081	1.136	1.174	1.223	1.315	1.411
% Ch	#N/A!	#N/A!	4.7	5.0	3.4	4.1	7.6	7.3
Farm Wages	1.004	1.007	0.967	1.178	1.223	1.276	1.338	1.402
% Ch	2.2	0.2	-3.9	21.8	3.9	4.3	4.9	4.7
Military Wages	2.001	2.173	2.455	2.603	2.696	2.856	3.005	3.127
% Ch	4.9	8.6	13.0	6.0	3.6	5.9	5.2	4.1
Nonwage Personal Income	77.852	82.882	87.014	89.740	100.004	100.546	107.179	113.319
% Ch	8.5	6.5	5.0	3.1	11.4	0.5	6.6	5.7
Supplements to Wages and Salaries	22.875	23.245	25.400	27.209	29.270	31.037	32.848	34.574
% Ch	7.5	1.6	9.3	7.1	7.6	6.0	5.8	5.3
Proprietor's Income	14.150	16.163	16.990	17.934	19.597	21.496	22.681	23.984
% Ch	7.6	14.2	5.1	5.6	9.3	9.7	5.5	5.7
Farm	0.444	0.214	0.350	0.112	0.198	0.421	0.499	0.545
% Ch	24.4	-51.9	63.5	-67.9	76.8	111.9	18.6	9.4
Nonfarm	13.705	15.948	16.641	17.821	19.398	21.075	22.183	23.439
% Ch	7.2	16.4	4.3	7.1	8.8	8.6	5.3	5.7
Less: Contribution For Govt. Soc. Ins.	18.189	17.820	18.364	19.039	20.116	21.352	22.790	24.339
% Ch	7.3	-2.0	3.1	3.7	5.7	6.1	6.7	6.8
Plus: Residence Adjustment	2.182	2.312	2.311	2.340	2.544	2.785	2.950	3.090
% Ch	12.5	6.0	-0.1	1.3	8.7	9.5	5.9	4.8
Dividends/Int./Rent	34.521	33.905	34.081	33.453	40.258	36.130	38.523	40.809
% Ch	10.1	-1.8	0.5	-1.8	20.3	-10.3	6.6	5.9
Transfer Payments	22.314	25.078	26.595	27.844	28.452	30.450	32.966	35.200
% Ch	6.4	12.4	6.0	4.7	2.2	7.0	8.3	6.8
State U.I. Benefits	0.923	1.374	2.386	2.238	1.134	1.047	0.894	0.822
% Ch	-2.5	48.8	73.6	-6.2	-49.3	-7.7	-14.6	-8.1
Other Transfers	21.390	23.704	24.209	25.606	27.318	29.403	32.071	34.378
% Ch	6.9	10.8	2.1	5.8	6.7	7.6	9.1	7.2

Table A3.4  
**Washington Personal Income by Component**  
 Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	197.019	198.665	199.248	198.552	200.164	203.414	207.040	204.942
% Ch	8.4	3.4	1.2	-1.4	3.3	6.7	7.3	-4.0
Total Wage and Salary Disbursements	111.081	111.181	111.935	111.230	111.822	114.285	116.919	113.572
% Ch	8.2	0.4	2.7	-2.5	2.1	9.1	9.5	-11.0
Manufacturing	15.271	14.407	14.627	14.336	13.964	13.555	13.434	13.423
% Ch	25.5	-20.8	6.2	-7.7	-10.0	-11.2	-3.5	-0.3
Durable Manufacturing	11.327	10.725	10.522	10.516	10.450	9.994	10.007	9.950
% Ch	17.2	-19.6	-7.4	-0.2	-2.5	-16.3	0.5	-2.3
Non-durable Manufacturing	3.944	3.682	4.105	3.820	3.514	3.561	3.427	3.473
% Ch	53.9	-24.0	54.5	-25.0	-28.4	5.5	-14.2	5.5
Nonmanufacturing	91.323	92.268	92.770	92.410	92.922	95.751	98.556	95.330
% Ch	5.2	4.2	2.2	-1.5	2.2	12.7	12.2	-12.5
Other Private Wages	1.090	1.070	1.095	1.070	1.187	1.152	1.143	1.060
% Ch	5.7	-7.1	9.7	-8.8	51.4	-11.3	-3.1	-26.0
Farm Wages	0.973	0.969	0.965	0.961	1.165	1.171	1.181	1.193
% Ch	-13.2	-1.6	-1.6	-1.6	116.0	2.1	3.5	4.1
Military Wages	2.424	2.467	2.478	2.453	2.584	2.656	2.605	2.566
% Ch	40.9	7.3	1.8	-4.0	23.1	11.6	-7.5	-5.9
Nonwage Personal Income	85.938	87.483	87.313	87.321	88.342	89.129	90.121	91.369
% Ch	8.7	7.4	-0.8	0.0	4.8	3.6	4.5	5.7
Supplements to Wages and Salaries	24.630	25.211	25.755	26.005	26.514	27.141	27.852	27.330
% Ch	22.9	9.8	8.9	3.9	8.1	9.8	10.9	-7.3
Proprietor's Income	16.765	16.982	17.044	17.171	17.199	17.706	18.259	18.571
% Ch	15.9	5.3	1.5	3.0	0.7	12.3	13.1	7.0
Farm	0.358	0.373	0.337	0.330	0.036	0.115	0.131	0.167
% Ch	1.E+03	17.8	-33.4	-8.1	-100.0	1.E+04	68.4	164.1
Nonfarm	16.407	16.609	16.707	16.841	17.163	17.591	18.128	18.403
% Ch	11.3	5.0	2.4	3.2	7.9	10.4	12.8	6.2
Less: Contribution For Govt. Soc. Ins.	18.293	18.320	18.456	18.388	18.707	19.038	19.429	18.981
% Ch	14.3	0.6	3.0	-1.5	7.1	7.3	8.5	-8.9
Plus: Residence Adjustment	2.274	2.316	2.304	2.349	2.308	2.300	2.316	2.435
% Ch	-4.1	7.6	-2.1	8.0	-6.8	-1.4	2.8	22.2
Dividends/Int./Rent	34.555	34.657	33.830	33.284	33.577	33.194	33.098	33.941
% Ch	10.2	1.2	-9.2	-6.3	3.6	-4.5	-1.2	10.6
Transfer Payments	26.007	26.637	26.836	26.900	27.451	27.826	28.025	28.074
% Ch	-4.0	10.0	3.0	1.0	8.4	5.6	2.9	0.7
State U.I. Benefits	2.049	2.543	2.568	2.383	2.286	2.308	2.228	2.130
% Ch	99.5	137.3	4.0	-25.8	-15.3	3.9	-13.2	-16.5
Other Transfers	23.959	24.094	24.268	24.517	25.165	25.518	25.797	25.944
% Ch	-9.3	2.3	2.9	4.2	11.0	5.7	4.4	2.3



Table A3.4  
**Washington Personal Income by Component**  
 Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	207.659	212.939	216.423	236.141	217.753	221.145	227.824	228.698
% Ch	5.4	10.6	6.7	41.7	-27.7	6.4	12.6	1.5
Total Wage and Salary Disbursements	114.841	118.707	121.744	117.854	119.827	121.372	126.208	125.829
% Ch	4.5	14.2	10.6	-12.2	6.9	5.3	16.9	-1.2
Manufacturing	13.267	13.815	14.615	13.509	13.781	13.904	14.118	14.382
% Ch	-4.6	17.6	25.3	-27.0	8.3	3.6	6.3	7.7
Durable Manufacturing	9.822	10.244	11.068	9.871	10.099	10.240	10.415	10.614
% Ch	-5.0	18.3	36.3	-36.7	9.6	5.7	7.0	7.9
Nondurable Manufacturing	3.445	3.571	3.547	3.638	3.682	3.664	3.703	3.768
% Ch	-3.2	15.5	-2.7	10.7	5.0	-1.9	4.3	7.2
Nonmanufacturing	96.504	99.789	102.032	99.242	100.787	102.154	106.686	106.005
% Ch	5.0	14.3	9.3	-10.5	6.4	5.5	19.0	-2.5
Other Private Wages	1.139	1.189	1.188	1.181	1.193	1.205	1.242	1.251
% Ch	33.3	18.7	-0.3	-2.3	4.0	4.0	13.0	2.9
Farm Wages	1.205	1.217	1.229	1.241	1.253	1.266	1.289	1.296
% Ch	4.1	4.0	4.0	4.0	4.0	4.0	7.7	2.2
Military Wages	2.726	2.697	2.680	2.681	2.812	2.843	2.872	2.896
% Ch	27.4	-4.2	-2.5	0.1	21.1	4.5	4.1	3.4
Nonwage Personal Income	92.818	94.231	94.679	118.287	97.926	99.773	101.617	102.869
% Ch	6.5	6.2	1.9	143.6	-53.0	7.8	7.6	5.0
Supplements to Wages and Salaries	28.317	29.237	29.908	29.616	30.329	30.760	31.468	31.592
% Ch	15.2	13.6	9.5	-3.8	10.0	5.8	9.5	1.6
Proprietor's Income	18.914	19.542	19.748	20.182	20.900	21.385	21.737	21.962
% Ch	7.6	14.0	4.3	9.1	15.0	9.6	6.8	4.2
Farm	0.197	0.190	0.188	0.219	0.338	0.429	0.469	0.446
% Ch	93.6	-13.5	-4.1	84.1	468.2	158.5	43.2	-17.9
Nonfarm	18.718	19.352	19.560	19.963	20.562	20.956	21.268	21.515
% Ch	7.0	14.3	4.4	8.5	12.6	7.9	6.1	4.7
Less: Contribution For Govt. Soc. Ins.	19.470	20.059	20.562	20.375	20.968	21.204	21.603	21.633
% Ch	10.7	12.7	10.4	-3.6	12.2	4.6	7.8	0.5
Plus: Residence Adjustment	2.491	2.522	2.534	2.629	2.701	2.768	2.813	2.858
% Ch	9.5	5.1	1.9	15.9	11.5	10.2	6.7	6.4
Dividends/Int./Rent	34.327	34.590	34.694	57.422	35.306	35.811	36.379	37.025
% Ch	4.6	3.1	1.2	650.4	-85.7	5.8	6.5	7.3
Transfer Payments	28.238	28.399	28.357	28.813	29.657	30.254	30.823	31.065
% Ch	2.4	2.3	-0.6	6.6	12.2	8.3	7.7	3.2
State U.I. Benefits	1.527	1.100	1.011	0.897	0.923	1.062	1.195	1.007
% Ch	-73.6	-73.1	-28.6	-38.0	12.3	75.1	60.3	-49.6
Other Transfers	26.712	27.299	27.346	27.916	28.734	29.192	29.628	30.058
% Ch	12.4	9.1	0.7	8.6	12.2	6.5	6.1	5.9

Table A3.4  
**Washington Personal Income by Component**  
 Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	232.481	235.627	244.076	243.444	246.673	249.985	259.611	258.758
% Ch	6.8	5.5	15.1	-1.0	5.4	5.5	16.3	-1.3
Total Wage and Salary Disbursements	127.628	129.222	135.966	134.096	135.968	137.646	145.342	142.797
% Ch	5.8	5.1	22.6	-5.4	5.7	5.0	24.3	-6.8
Manufacturing	14.670	14.924	15.215	15.500	15.806	16.124	16.451	16.787
% Ch	8.2	7.1	8.0	7.7	8.1	8.3	8.4	8.4
Durable Manufacturing	10.828	11.033	11.264	11.488	11.721	11.964	12.216	12.472
% Ch	8.3	7.8	8.6	8.2	8.4	8.6	8.7	8.7
Nondurable Manufacturing	3.841	3.891	3.951	4.012	4.085	4.160	4.236	4.314
% Ch	8.0	5.3	6.3	6.3	7.4	7.6	7.5	7.6
Nonmanufacturing	107.370	108.670	115.053	112.875	114.302	115.618	122.908	119.997
% Ch	5.3	4.9	25.6	-7.4	5.2	4.7	27.7	-9.1
Other Private Wages	1.277	1.297	1.338	1.347	1.369	1.391	1.435	1.448
% Ch	8.8	6.5	13.0	2.9	6.7	6.4	13.2	3.8
Farm Wages	1.314	1.327	1.353	1.360	1.375	1.389	1.417	1.427
% Ch	5.5	4.3	7.9	2.2	4.4	4.3	8.2	2.8
Military Wages	2.997	3.002	3.008	3.013	3.116	3.124	3.131	3.139
% Ch	14.7	0.7	0.7	0.7	14.4	1.0	0.9	1.0
Nonwage Personal Income	104.854	106.405	108.110	109.347	110.706	112.339	114.269	115.961
% Ch	7.9	6.0	6.6	4.7	5.1	6.0	7.1	6.1
Supplements to Wages and Salaries	32.174	32.529	33.254	33.436	33.865	34.242	34.986	35.203
% Ch	7.6	4.5	9.2	2.2	5.2	4.5	9.0	2.5
Proprietor's Income	22.213	22.537	22.842	23.134	23.442	23.815	24.171	24.510
% Ch	4.7	6.0	5.5	5.2	5.4	6.5	6.1	5.7
Farm	0.468	0.491	0.512	0.523	0.531	0.538	0.553	0.559
% Ch	21.1	21.4	17.9	9.0	6.2	5.7	11.5	4.0
Nonfarm	21.745	22.046	22.330	22.611	22.911	23.276	23.617	23.951
% Ch	4.3	5.6	5.3	5.1	5.4	6.5	6.0	5.8
Less: Contribution For Govt. Soc. Ins.	22.275	22.538	23.074	23.271	23.870	24.098	24.589	24.797
% Ch	12.4	4.8	9.9	3.5	10.7	3.9	8.4	3.4
Plus: Residence Adjustment	2.897	2.934	2.967	3.001	3.034	3.070	3.108	3.148
% Ch	5.6	5.3	4.5	4.7	4.5	4.8	5.0	5.3
Dividends/Int./Rent	37.718	38.268	38.802	39.305	39.838	40.392	41.126	41.880
% Ch	7.7	6.0	5.7	5.3	5.5	5.7	7.5	7.5
Transfer Payments	32.127	32.675	33.319	33.743	34.397	34.918	35.468	36.016
% Ch	14.4	7.0	8.1	5.2	8.0	6.2	6.4	6.3
State U.I. Benefits	0.960	0.919	0.869	0.830	0.787	0.813	0.830	0.857
% Ch	-17.4	-15.9	-20.4	-16.6	-19.3	14.1	8.7	13.5
Other Transfers	31.167	31.756	32.450	32.913	33.610	34.105	34.638	35.159
% Ch	15.6	7.8	9.0	5.8	8.8	6.0	6.4	6.2

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

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1967	0.232	2.5	0.334	2.8	0.328	2.9
1968	0.241	3.9	0.348	4.2	0.342	4.1
1969	0.253	4.6	0.367	5.4	0.358	4.8
1970	0.264	4.7	0.388	5.9	0.374	4.5
1971	0.276	4.2	0.405	4.2	0.382	2.1
1972	0.285	3.5	0.418	3.3	0.393	2.9
1973	0.301	5.5	0.444	6.3	0.418	6.4
1974	0.332	10.3	0.493	11.0	0.464	11.0
1975	0.359	8.3	0.538	9.1	0.511	10.2
1976	0.379	5.6	0.569	5.8	0.539	5.5
1977	0.404	6.5	0.606	6.5	0.583	8.0
1978	0.432	7.0	0.652	7.6	0.640	9.9
1979	0.471	8.8	0.726	11.3	0.709	10.8
1980	0.521	10.7	0.824	13.5	0.827	16.7
1981	0.567	8.9	0.909	10.4	0.916	10.8
1982	0.598	5.5	0.965	6.2	0.978	6.7
1983	0.624	4.3	0.996	3.2	0.993	1.5
1984	0.648	3.8	1.039	4.4	1.030	3.8
1985	0.669	3.3	1.076	3.5	1.056	2.5
1986	0.686	2.4	1.097	1.9	1.066	1.0
1987	0.709	3.5	1.136	3.6	1.092	2.4
1988	0.737	4.0	1.183	4.1	1.128	3.3
1989	0.770	4.4	1.239	4.8	1.181	4.7
1990	0.805	4.6	1.307	5.4	1.268	7.3
1991	0.834	3.6	1.362	4.2	1.341	5.8
1992	0.858	2.9	1.403	3.0	1.390	3.7
1993	0.878	2.3	1.445	3.0	1.429	2.8
1994	0.896	2.1	1.482	2.6	1.478	3.4
1995	0.916	2.1	1.524	2.8	1.522	3.0
1996	0.935	2.2	1.569	2.9	1.575	3.4
1997	0.951	1.7	1.605	2.3	1.630	3.5
1998	0.960	0.9	1.630	1.5	1.677	2.9
1999	0.976	1.7	1.666	2.2	1.728	3.0
2000	1.000	2.5	1.722	3.4	1.792	3.7
2001	1.021	2.1	1.771	2.8	1.857	3.6
2002	1.035	1.4	1.798	1.6	1.893	2.0
2003	1.055	1.9	1.840	2.3	1.924	1.6
2004	1.078	2.2	1.889	2.7	1.947	1.2
Forecast						
2005	1.103	2.3	1.943	2.9	2.013	3.4
2006	1.126	2.0	1.983	2.1	2.063	2.5
2007	1.148	2.0	2.021	1.9	2.108	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**  
 (2000=1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1967	18.349	3.0	23.023	1.6	12.295	3.2	20.700	3.3
1968	19.128	4.2	23.865	3.7	12.668	3.0	21.005	1.5
1969	20.106	5.1	25.031	4.9	12.959	2.3	21.696	3.3
1970	21.175	5.3	26.549	6.1	13.507	4.2	21.890	0.9
1971	22.340	5.5	27.384	3.1	14.417	6.7	22.050	0.7
1972	23.304	4.3	28.610	4.5	14.535	0.8	22.336	1.3
1973	24.381	4.6	31.742	10.9	16.633	14.4	24.473	9.6
1974	26.344	8.1	36.234	14.2	26.327	58.3	33.059	35.1
1975	28.596	8.5	39.106	7.9	28.862	9.6	35.279	6.7
1976	30.604	7.0	40.393	3.3	30.822	6.8	36.777	4.2
1977	32.933	7.6	42.920	6.3	34.781	12.8	38.907	5.8
1978	35.464	7.7	46.832	9.1	36.559	5.1	40.597	4.3
1979	38.316	8.0	51.496	10.0	48.977	34.0	54.406	34.0
1980	42.332	10.5	55.992	8.7	68.177	39.2	75.509	38.8
1981	46.746	10.4	60.254	7.6	82.998	21.7	84.017	11.3
1982	50.528	8.1	62.372	3.5	82.044	-1.1	79.768	-5.1
1983	53.799	6.5	63.699	2.1	77.109	-6.0	77.160	-3.3
1984	56.680	5.4	65.827	3.3	78.867	2.3	76.005	-1.5
1985	59.295	4.6	67.164	2.0	76.147	-3.4	76.619	0.8
1986	62.040	4.6	69.105	2.9	61.413	-19.3	60.175	-21.5
1987	64.299	3.6	71.395	3.3	61.478	0.1	62.488	3.8
1988	67.493	5.0	73.805	3.4	61.646	0.3	63.017	0.8
1989	70.708	4.8	77.477	5.0	64.403	4.5	68.837	9.2
1990	74.197	4.9	81.183	4.8	76.919	19.4	78.385	13.9
1991	77.497	4.4	83.938	3.4	74.496	-3.1	77.338	-1.3
1992	80.684	4.1	84.948	1.2	71.832	-3.6	77.040	-0.4
1993	83.345	3.3	86.249	1.5	71.587	-0.3	76.257	-1.0
1994	85.748	2.9	87.679	1.7	70.417	-1.6	76.614	0.5
1995	88.320	3.0	89.573	2.2	69.905	-0.7	77.826	1.6
1996	90.844	2.9	92.090	2.8	77.835	11.3	82.597	6.1
1997	93.305	2.7	94.197	2.3	78.644	1.0	82.579	-0.0
1998	95.319	2.2	95.868	1.8	71.779	-8.7	71.874	-13.0
1999	97.393	2.2	97.711	1.9	72.656	1.2	78.207	8.8
2000	100.000	2.7	100.000	2.3	100.000	37.6	100.000	27.9
2001	103.257	3.3	102.943	2.9	101.737	1.7	96.288	-3.7
2002	106.083	2.7	104.949	1.9	91.771	-9.8	90.404	-6.1
2003	109.237	3.0	106.979	1.9	109.634	19.5	105.154	16.3
2004	112.000	2.5	110.257	3.1	126.200	15.1	124.049	18.0
Forecast								
2005	114.981	2.7	112.552	2.1	146.437	16.0	138.232	11.4
2006	118.297	2.9	114.517	1.7	147.988	1.1	135.688	-1.8
2007	121.682	2.9	116.453	1.7	147.489	-0.3	132.343	-2.5

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	98.6	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5974.9	80.8	1.4	80.7	43.9	44.0
2002	6041.7	66.8	1.1	79.3	44.9	32.4
2003	6098.3	56.6	0.9	79.1	44.7	22.2
2004	6167.8	69.5	1.1	80.9	46.5	35.1
<b>Forecast</b>						
2005	6256.9	89.1	1.4	83.0	47.8	53.8
2006	6352.7	95.8	1.5	85.1	48.5	59.1
2007	6449.9	97.2	1.5	86.4	49.2	60.0

\* As of April 1 of Each Year

Source: Office of Financial Management

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

	<b>Actual</b>			<b>Forecast</b>		
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total Population	6041.7	6098.3	6167.8	6256.9	6352.7	6449.9
Percent Change	1.1	0.9	1.1	1.4	1.5	1.5
Age 17 and Under	1522.8	1520.1	1522.1	1533.1	1545.8	1558.7
Percent of Total	25.2	24.9	24.7	24.5	24.3	24.2
Age 6-18	1130.0	1128.1	1128.6	1132.7	1138.3	1144.9
Percent of Total	18.7	18.5	18.3	18.1	17.9	17.8
Age 18 and Over	4518.9	4578.2	4645.7	4723.8	4806.9	4891.1
Percent of Total	74.8	75.1	75.3	75.5	75.7	75.8
Age 21 and Over	4257.2	4314.1	4379.1	4454.6	4534.5	4616.4
Percent of Total	70.5	70.7	71.0	71.2	71.4	71.6
Age 20-34	1255.0	1263.3	1273.5	1284.2	1301.5	1323.9
Percent of Total	20.8	20.7	20.6	20.5	20.5	20.5
Age 18-64	3841.7	3891.3	3949.2	4015.1	4084.7	4152.2
Percent of Total	63.6	63.8	64.0	64.2	64.3	64.4
Age 65 and Over	677.2	686.9	696.6	708.7	722.2	738.9
Percent of Total	11.2	11.3	11.3	11.3	11.4	11.5

\* As of April 1 of Each Year

Source: Office of Financial Management

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# Glossary

**Biennium:** The state's two years budget cycle. The 1997-1999 biennium started on July 1, 1997 and ends June 30, 1999. The current 1999-2001 biennium started July 1, 1999 and ends June 30, 2001.

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

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

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

**Fiscal Year:** The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 1999, for example, ran from July 1, 1998 through June 30, 1999.

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

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

**General Fund-State Revenue:** Resources from state sources only, excludes federal monies.

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

**Mortgage Rate:** The average interest rate on 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

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

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

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

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

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