

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

Washington State Economic and Revenue Forecast

November 2011
Volume XXXIV, No. 4



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Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

November 2011
Volume XXXIV, No. 4

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Preface

ERFC forecasting structure and schedule

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

Forecast Procedure

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

Data in this publication are accurate through November 29, 2011.

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Table of Contents

Preface	iii
List of Tables	vi
List of Figures	vii
Executive Summary	1
U.S. Economic Forecast.....	2
Washington Economic Forecast	3
Revenue Forecast.....	4
Chapter 1: U.S. Economy – Current Conditions and Forecast	7
Current Conditions	7
Forecast.....	15
Forecast by Fiscal Year.....	19
Risks to the Forecast	21
Chapter 2: Washington Economy – Current Conditions and Forecast	27
Current Conditions	27
Washington State Forecast	32
Washington Payroll Employment	34
Washington Personal Income	36
Washington Building Permits	37
Seattle Consumer Price Index	38
Forecast by Fiscal Year.....	39
Alternative Scenarios	40
Chapter 3: Washington State Revenue Forecast Summary	53
Overview.....	53
Recent Collection Experience	55
Recent EFT Payments by Industry	57
Non-Economic Forecast Changes.....	58
Department of Revenue	59
Department of Licensing	63
The Office of Financial Management (Other Agencies)	63
State Treasurer.....	64
Insurance Commissioner	64
Liquor Control Board.....	64
Lottery Commission.....	65
Administrative Office of the Courts	65
Track Record for the 2009-11 Biennium	65
Track Record for the 2011-13 Biennium	66
The Relationship between the Cash and GAAP GF-S Revenue Forecasts	66
Budgetary Balance Sheets for the 2009-11 Biennium.....	66
Alternative Forecasts for the 2011-13 Biennia.....	67
Near GF-S Forecasts for the 2009-11 and 2011-13 Biennia	67
Appendix	81
Glossary	117

List of Tables

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

Table 1.1	U.S. Economic Forecast Summary	23
Table 1.2	Forecast Analysis	24
Table 1.3	Forecast Comparison	25

Chapter 2: Washington Economy – Current Conditions and Forecast

Table 2.1	Washington Economic Forecast Summary	43
Table 2.2	Comparison of Alternative Forecasts	44
Table 2.3	Forecast Analysis	45
Table 2.4	Forecast Comparison	46

Chapter 3: Washington State Revenue Forecast Summary

Table 3.1	Revisions to the General Fund-State Forecast	54
Table 3.2	Collection Variance of Major General Fund-State Taxes by Agency	55
Table 3.3	General Fund-State Collections	69
Table 3.4	Taxable Retail Sales	70
Table 3.5	General Fund-State forecast by agency, 2009-11 biennium, Cash	71
Table 3.6	General Fund-State forecast by agency, 2009-11 biennium, GAAP	72
Table 3.7	General Fund-State forecast by agency, 2011-13 biennium, Cash	73
Table 3.8	General Fund-State forecast by agency, 2011-13 biennium, GAAP	74
Table 3.9	November 2011 General Fund-State Forecast, 2009-11 & 2011-13	75
Table 3.10	Track Record for the 2009-11 General Fund-State Cash Forecast	76
Table 3.11	Track Record for the 2011-13 General Fund-State Cash Forecast	76
Table 3.12	2009-11 & 2011-13 Enacted Budget Balance Sheet	77
Table 3.13	Alternative Forecasts Compared to the Baseline Forecast, 2011-13	78
Table 3.14	Lottery Transfers by Fund, Cash	79
Table 3.15	Lottery Transfers by Fund, GAAP	79
Table 3.16	General Fund-State: History and Forecast of Components	80

Appendix: Detail Components of the State Economic and Revenue Forecast

Table A1.1	U.S. Economic Forecast Summary, Annual	82
Table A1.2	U.S. Economic Forecast Summary, Quarterly	83
Table A1.3	Washington Economic Forecast Summary, Annual	86
Table A1.4	Washington Economic Forecast Summary, Quarterly	87
Table A2.1	U.S. Nonagricultural Employment by Industry, Annual	90
Table A2.2	U.S. Nonagricultural Employment by Industry, Quarterly	91
Table A2.3	Washington Nonagricultural Employment by Industry, Annual	94
Table A2.4	Washington Nonagricultural Employment by Industry, Quarterly	95
Table A3.1	U.S. Personal Income by Component, Annual	98
Table A3.2	U.S. Personal Income by Component, Quarterly	99
Table A3.3	Washington Personal Income by Component, Annual	102
Table A3.4	Washington Personal Income by Component, Quarterly	103
Table A4.1	Selected Inflation Indicators	106
Table A4.2	Chain-Weighted Price Indices	107
Table A5.1	Washington Resident Population and Components of Change	108
Table A5.2	Washington Population	109
Table A6.1	Summary of National and State Indicators	110
Table A6.2	Washington Business Indicators	111

List of Figures

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

Figure 1.1	Gasoline Price	10
Figure 1.2	Real GDP and Payroll Employment.....	10
Figure 1.3	Consumer Confidence	12
Figure 1.4	Housing Starts	14
Figure 1.5	Blue Chip Real GDP Forecast Revision	15
Figure 1.6	Relative Age of the Car Fleet	16
Figure 1.7	Business Fixed Investment	17
Figure 1.8	Disposable Personal Income	19

Chapter 2: Washington Economy – Current Conditions and Forecast

Figure 2.1	Washington Aerospace Employment	30
Figure 2.2	Washington Exports.....	31
Figure 2.3	Real Personal Income and Employment after Business Cycle Peak	32
Figure 2.4	Washington Unemployment Rate.....	33
Figure 2.5	Private Employment vs. State and Local Government Employment	34
Figure 2.6	U.S. and Washington Personal Income	37
Figure 2.7	Comparison of Washington and U.S. Economic Forecasts	47
Figure 2.8	Comparison of Alternative U.S. Economic Forecasts	50
Figure 2.9	Comparison of Alternative Washington Economic Forecasts	51

Chapter 3: Washington State Revenue Forecast Summary

Figure 3.1	GF-S Revenue as Percentage of State Personal Income.....	54
Figure 3.2	Revenue Act Collections	56
Figure 3.3	Taxable Real Estate Excise Activity	57
Figure 3.4	Taxable Sales as a Percentage of State Personal Income.....	60

Appendix:

Detail Components of the Washington State Economic and Revenue Forecast

Figure A7.1	Washington State Economic Indicators.....	112
Figure A7.2	Washington State Leading Indicators	113
Figure A7.3	Other State Economic Indicators	114

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Executive Summary

- **The economy is performing as expected. In the two months since the September forecast there have been no unpleasant surprises, despite the high level of uncertainty in the baseline. Our current economic forecast is, therefore, very similar to that September forecast.**
- **The biggest threat to the U.S. economy remains the sovereign debt crisis in Europe. The likelihood of a full-blown European debt crisis, and the consequent ripples across the global economy have increased. A secondary risk to the recovery is the political gridlock in Washington D.C.**
- **Real GDP is now back to its pre-recession peak, but it is being produced with 6.6 million fewer jobs. Growth in jobs has been excruciatingly slow in this recovery. The unemployment rate dipped slightly to 9.0% from 9.1%, but is still elevated.**
- **Construction shows no indication of recovering anytime soon. Housing prices are going through a double-dip and do not appear to have hit bottom yet. A meaningful recovery will not happen until 2013, and only after home prices start to rise again.**
- **The manufacturing sector has led the recovery so far but manufacturing growth shows signs of slowing. The ISM manufacturing index remained barely in expansion mode (above 50) for the fourth consecutive month in October.**
- **Like the nation, the recovery in Washington has continued to muddle along. The biggest threat to the state economy remains the sovereign debt crisis in southern Europe.**
- **The Washington economy is in for an extended period of weakness. However, we continue to expect that Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been lowered.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$122 million less than forecasted in September.**
- **The final General Fund-State revenue total for the 2009-11 biennium came in \$24.5 million higher than the September forecast.**
- **The downside risks to the outlook have risen and exceed the upside risks by a wide margin.**

U.S. Economic Forecast

There have been no major surprises since September

The economy is performing as expected in our September forecast. In the two months since that forecast there have been no unpleasant surprises, despite the high level of uncertainty in the baseline. The biggest threat to the U.S. economy remains the sovereign debt crisis in southern Europe. If the contagion spreads from Greece to Italy or any of the other countries at risk, and from there to European banks, then U.S. banks are not immune to the peril from the unwinding of losses; nor is the U.S. economy. This is reflected in the increased recent volatility in equity markets. A secondary risk to the recovery is the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence. Our current economic forecast is very similar to our September forecast, with the same muddle-through conditions expected for the rest of the biennium, along with a high degree of downside risk.

The "Super Committee" failure increases the risk due to a lack of fiscal policy

Political gridlock in the nation's capital has shown no signs of improvement. The failure of the bipartisan US Congress Joint Select Committee on Deficit Reduction (Super Committee) to reach an agreement to cut at least \$1.2 trillion of debt over the next ten years was not a great surprise. Under current law, the lack of an agreement triggers automatic cuts in both military and non-military spending beginning on Jan 1, 2013. Of course the law can be changed before these cuts go into effect but president Obama has threatened to veto any agreement that repeals the automatic cuts without providing an alternative plan to reduce the deficit by at least \$1.2 trillion. The failure to reach an agreement also reduces the likelihood that the payroll tax cut and emergency unemployment benefits will be extended into 2012. What is certain is that for the next year at least, the path of fiscal policy is very uncertain.

Job growth has been slow

Real GDP is now back to its pre-recession peak, but it is being produced with 6.6 million fewer jobs. Growth in jobs has been excruciatingly slow in this recovery. The economy added just 80,000 net new jobs in October, although the previous two months were revised up a combined 102,000. Cutbacks in the public sector continue to weigh down the employment recovery with cuts of 24,000 across all levels of government. The private sector added 104,000 jobs in October. Growth in the last six months has been about 90,000 per month, about half the rate of the first four months of the year. While this rate of job creation would be respectable in normal times, it is far too weak to lower the unemployment rate appreciably.

Washington Economic Forecast

The November forecast is based on the latest Blue Chip Consensus GDP forecast

The November 2011 economic forecast was based on a modified version of Global Insight's November 2011 Control forecast for the U.S. economy. As in September, the U.S. forecast was adjusted in two ways. We adjusted real GDP to match the Blue Chip "Consensus" GDP forecasts for 2011 through 2013. We also adjusted our oil price forecast to match the New York Mercantile Exchange (NYMEX) futures prices for West Texas Intermediate crude. In addition, this forecast discounts the possibility of any significant fiscal policy action prior to the next general election. Therefore, as we did in September, we have removed from our forecast Global Insight's assumption that the current payroll tax cut and emergency unemployment compensation will be extended into next year.

The Blue Chip outlook is weaker than in September

The Blue Chip Consensus real GDP growth forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.8% in 2011, up from the 1.6% expected in the September forecast mainly due to an upward revision to actual growth in the first three quarters of the year. In spite of the slightly stronger growth in real growth, the Blue Chip members have become more pessimistic in their outlook for the next two years. The Blue Chip forecast for 2012 is now 2.1% compared to 2.2% expected in September. The forecast for 2013, which had not been revised since March, was revised down to 2.8% from 3.2%. The Blue Chip forecast tells us we can expect an extended period of muddle-through – slow economic and job growth and high unemployment.

Washington's economy has performed as expected

In the two months since the September forecast, events have unfolded as expected in the baseline scenario. Like the nation, Washington has experienced a muddle-through economy, with low growth, high unemployment and weak confidence. The biggest threat to the Washington economy remains the sovereign debt crisis in southern Europe. It seems that for every step forward that Europe takes in resolving its financial mess it takes half a step backward, adding to global financial volatility and nervousness. The key for the U.S. and consequently Washington economies is whether the European policy authorities can be successful in containing a sovereign debt crisis in southern Europe from turning into a full blown European banking crisis. The former would do some damage, but the latter would create a renewed credit crunch that would drag the U.S. and Washington back into recession. A secondary risk to the recovery is the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence. The state of Washington is therefore being buffeted by national and international events beyond our control.

<i>Labor market conditions remain weak</i>	Employment growth in the state has been slow, as private sector job gains have been partly offset by government job losses. We estimate that the Washington economy gained just 500 jobs in the past two months, compared to our expectation of a 3,600 job gain. Other labor market indicators have shown signs of life in recent months. Both the average weekly hours worked and average hourly earnings in the private sector have flattened out and are beginning to increase. The number of people filing for unemployment insurance compensation has been drifting down in recent months after trending upward in the first half of the year. The unemployment rate is now down to 9.0% in October after peaking at 10.0% in February 2010, although this has been primarily due to a decline in the labor force.
<i>Construction remains depressed</i>	With excess inventory, and depressed home prices, single-family housing continues to languish. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative. Regional home prices are experiencing a double-dip. Foreclosures continue to put downward pressure on prices. It appears both Seattle and the nation have further to drop before home prices stabilize. We are unlikely to see a strong recovery in housing construction until home prices begin rising again.
<i>Washington job growth will gradually improve in 2012</i>	We expect job growth to remain anemic through the remainder of this year before gradually improving in the beginning of 2012. Boeing and Microsoft are expanding and the state's farming and export sectors are also doing well. But these alone are not enough to counteract the drag from the weakening national and global economies. Construction employment is bottoming out so that sector will cease to be a drag on growth after the first part of next year. However, state and local governments will continue to cut back. These factors will keep the unemployment rate elevated throughout the forecast horizon of 2013. We do not expect the unemployment rate to drop below 9.0% until early 2013 and only come down gradually to 8.5% by the fourth quarter. We continue to expect that Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been lowered. The state's trade intensity should help boost activity, although there is an increasing threat of a global economic slowdown.

Revenue Forecast

<i>The State economic forecast has changed little since September; the revenue...</i>	As outlined in Chapters 1 and 2, there was little overall change in the national and state economic forecasts from September to November. Revenue collections have also come in close to their forecasted values. As a result, forecasted revenue for the current biennium has been changed only slightly, a reduction of less than 1%. As in September, however, there remain considerable downside risks to forecast. The European debt
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*...forecast
change is
similarly
small*

crisis could deteriorate further and the failure of the U.S. debt Super Committee could result in additional contractionary fiscal policies. Either of these outcomes could have swift and large negative repercussions on revenue collections.

*GF-S forecast
changes
(\$millions):*

2009-11: +\$24.5

2011-13: -\$122

The final tally of General Fund-State (GF-S) revenue for the 2009-11 biennium was \$24.5 million above the September forecast. By the time of the November forecast, revenue for the 2011-13 biennium was \$11.8 million below its forecasted value. Weaker forecasted revenue growth subtracted \$148.1 million in collections for the remainder of the biennium. Non-economic factors added \$37.8 million in revenue to the current biennium. The resulting net forecast change for GF-S revenue in the current biennium is a reduction of \$122.2 million.

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

- **The economy is performing as expected. In the two months since the September forecast there have been no unpleasant surprises, despite the high level of uncertainty in the baseline. Our current economic forecast is, therefore, very similar to that September forecast.**
- **The biggest threat to the U.S. economy remains the sovereign debt crisis in Europe. The likelihood of a full-blown European debt crisis, and the consequent ripples across the global economy have increased. A secondary risk to the recovery is the political gridlock in Washington D.C.**
- **Real GDP is now back to its pre-recession peak, but it is being produced with 6.6 million fewer jobs. Growth in jobs has been excruciatingly slow in this recovery. The unemployment rate dipped slightly to 9.0% from 9.1%, but is still elevated.**
- **Consumer attitudes have improved slightly since plunging during the summer to levels not seen since the worst of the recession in late 2008 and early 2009, but consumer confidence remains deep in recessionary territory.**
- **Consumer spending has shown some signs of life, but slow income growth and falling personal saving raise questions about the sustainability of consumer spending growth going forward.**
- **Construction shows no indication of recovering anytime soon. Housing prices are going through a double-dip and do not appear to have hit bottom yet. A meaningful recovery will not happen until 2013, and only after home prices start to rise again.**
- **The manufacturing sector has led the recovery so far but manufacturing growth shows signs of slowing. The ISM manufacturing index remained barely in expansion mode (above 50) for the fourth consecutive month in October.**
- **The downside risks to the outlook have risen and exceed the upside risks by a wide margin.**

Current Conditions

There have been no major surprises since September

The economy is performing as expected in our September forecast. In the two months since that forecast there have been no unpleasant surprises, despite the high level of uncertainty in the baseline. The biggest threat to the U.S. economy remains the sovereign debt crisis in southern Europe. If the contagion spreads from Greece to Italy or any of the other countries at risk, and from there to European banks, then U.S. banks are not

immune to the peril from the unwinding of losses; nor is the U.S. economy. This is reflected in the increased recent volatility in equity markets. A secondary risk to the recovery is the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence. Our current economic forecast is very similar to our September forecast, with the same muddle-through conditions expected for the rest of the biennium, along with a high degree of downside risk.

The "Super Committee" failure increases the risk due to a lack of fiscal policy

Political gridlock in the nation's capital has shown no signs of improvement. The failure of the bipartisan Congressional Super Committee to reach an agreement to cut at least \$1.2 trillion of debt over the next ten years was not a great surprise. Under current law, the lack of an agreement triggers automatic cuts in both military and non-military spending beginning on Jan 1, 2013. Of course the law can be changed before these cuts go into effect but president Obama has threatened to veto any agreement that repeals the automatic cuts without providing an alternative plan to reduce the deficit by at least \$1.2 trillion. The failure to reach an agreement also reduces the likelihood that the payroll tax cut and emergency unemployment benefits will be extended into 2012. What is certain is that for the next year at least, the path of fiscal policy is very uncertain.

Monetary policy will remain accommodative

Unlike the discordant notes from fiscal policy, the stance of monetary policy has been quite clear. At their meeting on November 2, the Federal Open Market Committee reiterated yet again its intention to continue its easy money policy. However, it looks increasingly as if the economy is caught in a classic "Liquidity Trap" where monetary policy playing a lone hand has lost its effectiveness. In such conditions, for macroeconomic policy to be effective, both monetary and fiscal policies need to be working in tandem. That does not appear likely right now.

The third quarter GDP revision was a mixed bag

Our November 2011 economic and revenue forecast was produced prior to the November 22nd GDP release. This "second estimate" of third quarter GDP contained both positive and negative surprises. While GDP growth for the quarter was revised down from 2.5% to 2.0% (SAAR), the entire revision was in inventories. Real final sales growth was unrevised at 3.6%. Lean inventories are good news for fourth-quarter GDP growth prospects. On the negative side, wage and salary income was revised sharply lower based on new data for the second quarter which also affected the estimate for the third quarter. As a result of the revisions, real disposable income is now estimated to have declined 0.5% (SAAR) in the second quarter of 2011 and 2.1% in the third quarter. Consumer spending growth was maintained at the expense of personal saving which fell from 5.0% in the first quarter to 4.8% in the second quarter and 3.8% in the third quarter. This does not bode well for consumer spending growth going forward.

The European debt crisis and political dysfunction in Washington DC are threats to the recovery

There are several threats to the continued economic recovery. The European sovereign debt situation is not improving. Government bond spreads over the German Bund are rising not only in the peripheral countries but also Italy and even France. Apart from potentially causing financial markets to seize up, the European sovereign debt problems threaten U.S. exports in two ways - by weakening European growth, and strengthening the dollar via a "flight to safety." The failure of the Congressional Super Committee to agree upon a deficit reduction deal increases the likelihood of steep across the board spending cuts in 2013 and reduces the odds of an extension of the payroll tax cut and emergency unemployment benefits. Meanwhile cutbacks at the state and local level as well as the winding down of federal stimulus measures are creating a substantial fiscal drag. Growth must now rely on private demand that is only slowly recovering. Nonresidential construction has probably bottomed out but will not add to growth any time soon. On the residential side, it is clear that the federal homebuyer tax credits of late 2009 and early 2010 only temporarily propped up activity. Housing stumbled after this support ended. The financial system remains at risk due to falling home prices.

But, there is some upside potential as well

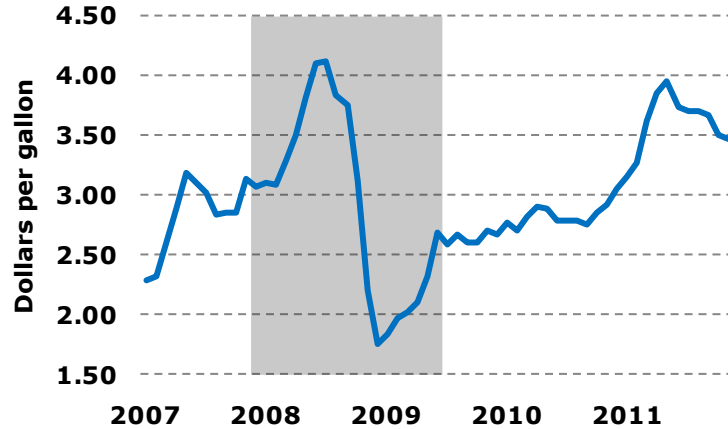
While downside risks to the recovery predominate, there are some upside risks as well. The sustained growth in payroll employment, while weak, has been a positive. We have assumed in our baseline forecast the expiration of the payroll tax cut and emergency unemployment benefits at the end of this year. These may be extended in 2012. Growth in business spending on equipment and software remains strong as businesses address replacement needs neglected during the recession. Exports are also contributing to growth. The U.S. dollar remains relatively weak which helps U.S. products be more competitive in world markets.

Headline inflation is high, but core inflation remains benign

Oil prices have retreated since the spring but remain elevated. After peaking at over \$110 per barrel in late April and early May, the price of West Texas Intermediate fell below \$90 per barrel before creeping back up to nearly \$100. Gasoline prices have also retreated from just over \$4 per gallon to \$3.43 in late November but still remain 17% higher than a year ago (see Figure 1.1). Higher food and energy prices have led to a strengthening of headline inflation. The consumer price index (CPI) was up 3.5% in October from a year ago. This was fueled primarily by energy costs which were up 14.2%. Food prices also rose 4.7% year-over-year in October. The headline consumer price index declined 0.1% in October after three months of strong growth averaging 0.4% per month (not annualized). These large increases were driven primarily by energy cost increases. Core inflation, which excludes food and energy, rose 0.2 % in each of July and August and just 0.1% in September and October. The core CPI is up 2.1% over the year.

Gas prices are easing

Figure 1.1: Gasoline Price



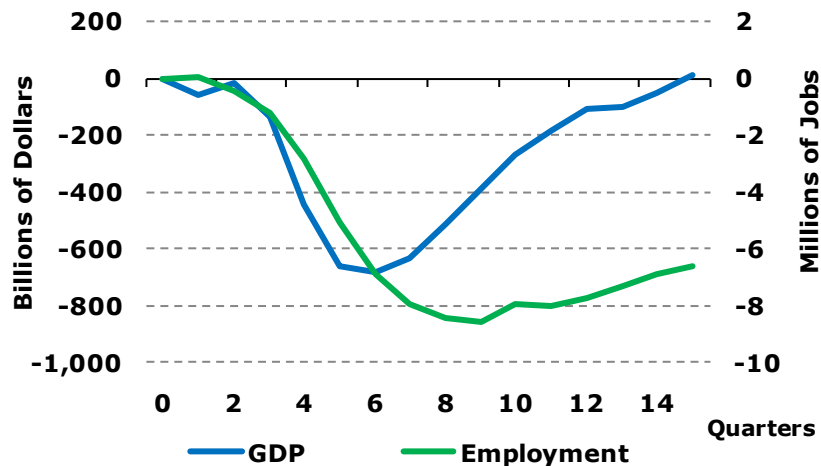
Source: U.S. Dept of Energy; data through November 2011 estimated

Job growth has been slow

Real GDP is now back to its pre-recession peak, but it is being produced with 6.6 million fewer jobs (see Figure 1.2). Growth in jobs has been excruciatingly slow in this recovery. The economy added just 80,000 net new jobs in October, although the previous two months were revised up a combined 102,000. Cutbacks in the public sector continue to weigh down the employment recovery with cuts of 24,000 across all levels of government. The private sector added 104,000 jobs in October. Growth in the last six months has been about 90,000 per month, about half the rate of the first four months of the year. While this rate of job creation would be respectable in normal times, it is far too weak to lower the unemployment rate appreciably.

Figure 1.2: Real GDP and Payroll Employment

Real GDP is back to its pre-recession peak but employment is still 6.6 million lower



Source: U.S. Bureau of Economic Analysis; data through 2011 Q3

Un-employment remains high

In spite of the slow October payroll employment growth, the unemployment rate dipped slightly to 9.0% from 9.1. The decline in the unemployment rate came from household employment growth outpacing labor-force growth, not from people dropping out of the job market. Household survey employment has far outpaced payroll survey employment growth for the past three months now, suggesting that the job market may be a bit stronger than the payroll survey implies. Still, joblessness remains high with nearly 14 million people unemployed by the traditional measure. The most comprehensive measure of underemployment, which includes workers who would like a job but are not currently looking plus those working part time that would rather work full time, fell from 16.5% to 16.2% largely because of fewer people working part time for economic reasons. The number of new unemployment insurance claims for the week ending November 19 rose by 2,000, to 393,000, the first increase since the week ending October 22. The four-week moving average, a more stable measure, decreased to 394,250 which was the lowest since the week ending April 2 of this year.

Consumer spending growth has improved as auto supply constraints have eased

Consumer spending growth recovered to 2.4% in the third quarter of 2011 from just 0.7% growth in the second quarter. Consumer spending growth in the second quarter was held back by the supply-constrained vehicles sector which was roughly neutral in the third quarter. Consumers have also been squeezed by the commodity-price-driven increase in prices which largely offset the benefit of the payroll tax cut. Gasoline prices are now off their peak, but still high, while the budget debates and lack of growth in equity wealth have undermined consumer sentiment. Nominal consumer spending rose 0.1% in October, following a robust 0.7% advance in September. In real terms (adjusting for inflation) consumer spending rose 0.1% after a 0.5% increase in September. Light-vehicle sales rose to a seasonally adjusted 13.2-million units (SAAR) in October, matching the level reached in February before the earthquake and tsumani disrupted supply chains. Retail sales were up a healthy 0.5% in October. Retail sales excluding motor vehicles and gasoline increased 0.7%. October retail sales were driven by the release of Apple's iPhone 4S. Sales at electronics stores were up a huge 3.7% (non-annualized) in October.

Real disposable income growth is positive for the first time in four months

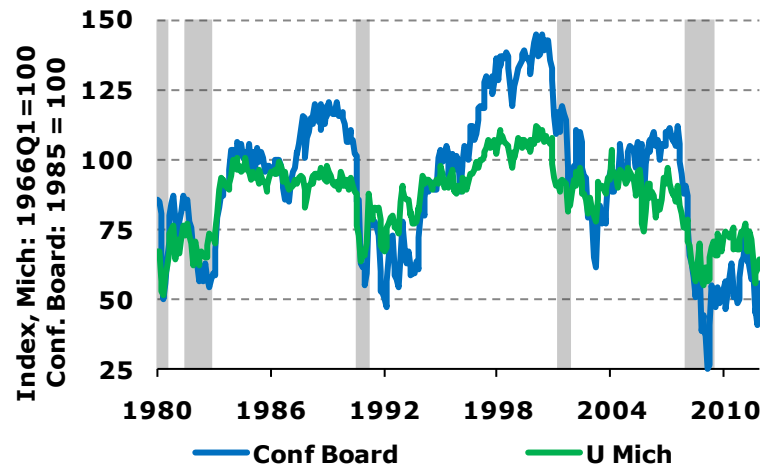
In order for personal consumption expenditures to continue to improve, disposable personal income needs to rise and the personal saving rate needs to moderate. Disposable income (income after taxes) was up 0.3% in October, following a 0.1% rise in September. Wage and salary disbursements were up 0.5% and interest income and government transfers (mostly Medicaid) grew in October after declining for three months in a row. Disposable income adjusted for inflation also increased 0.3% in October, after being in negative territory for three months. The personal saving rate rose from 3.3% in September to 3.5% in October but is still down from 5.3% a year earlier.

Consumers are becoming slightly less apprehensive

Consumer attitudes improved in November just in time for Black Friday shopping. Consumers became much more pessimistic over the summer with the major indicators falling to levels not seen since the worst of the recession in late 2008 and early 2009. The turmoil during the last half of the summer over raising the debt ceiling, the S&P downgrade, the stock market decline, and the weak job market combined to undermine consumer confidence. While consumer attitudes improved in November, they remain deep in recessionary territory (see Figure 1.3). The Reuters/University of Michigan consumer sentiment index inched up 3.2 points to a still depressed 64.1 in November. The current conditions and expectations components both improved in October. The buying conditions component of the index, which explains attitudes toward purchases of durable goods, increased significantly in November. It now stands at 120, up from 116 in October. The Conference Board's consumer confidence index surged 15.1 points to 56.0 in November; the highest level since July. The present conditions index increased 11.2 points to 38.3 and the expectations index spiked 17.8 points, reaching 67.8.

Figure 1.3: Consumer Confidence

Consumer confidence improved in November but remains in recessionary territory



Source: University of Michigan; Conference Board, data through November 2011

Lending standards are returning to normal at large banks

Credit market conditions have improved since the meltdown that followed the collapse of Lehman Brothers in September 2008. The Federal Reserve Board's survey of senior loan officers shows that banks are no longer tightening standards on loans. In the October survey, standards for commercial real estate loans eased slightly. Prior to April, standards had tightened in every quarterly survey since the fourth quarter of 2005. Demand for commercial real estate loans increased as well. Loan officers also continue to report easier standards for commercial and industrial (C&I) loans however demand for C&I loans declined for the first time in a year. At the household level, standards for residential mortgage loans were essentially unchanged. The banks have not reported any significant loosening in mortgage lending standards

since before the credit crisis. The banks also report a loosening of standards for credit card, auto, and other consumer loans.

Credit conditions for small businesses are improving, but remain tight

While large national banks are returning to profitability and their lending standards appear to be easing, regional and local banks across the country have lagged behind. The latter saw a rapid deterioration in their asset quality, because of their disproportionately high exposure to commercial real estate. This has limited their ability to lend, as they divert cash to reserves. The asset quality of regional and local banks is improving, but the overall quality is still poor. Small businesses, which get a major portion of their loans from local and regional banks, are disproportionately hurt when these banks are unable to lend. The National Federation of Independent Business, which reports on small business activity across the country, indicates that loans still remain somewhat hard to get. However, the proportion saying conditions are getting worse has declined in recent months and is now closer to a level considered normal.

The global economic expansion is in jeopardy

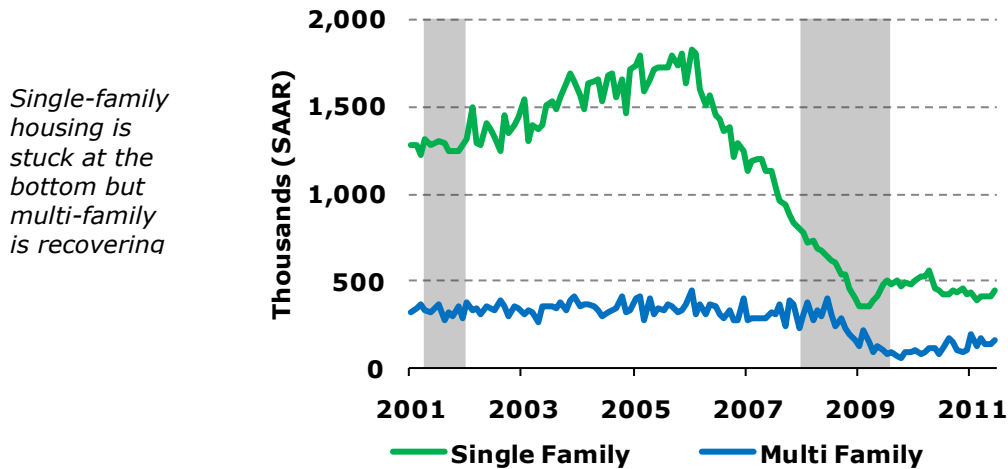
One of the few drivers of the current recovery is exports but the global recovery is in jeopardy. At the very least, the fiscal austerity measures being undertaken in Europe will act as a drag on global growth. At the worst, the European sovereign debt crisis could lead to another credit meltdown that would affect the global economy, including the United States. Credit tightening and fears of inflation in China will also slow global growth. The global recovery that started in the second quarter of 2009 has already slowed. Real trade-weighted foreign GDP rose at an estimated 2.5% rate (SAAR) in the third quarter of 2011, up from 1.6% in the second quarter but still well short of the average rate of 4.4% during the previous two years. The trade-weighted dollar declined 1.3% in the third quarter of 2011. We expect the dollar to drift lower throughout the forecast however a worsening of the European debt crisis could drive the dollar higher via a flight to safety. This would reduce the competitiveness of U.S. produced goods and services around the world.

Housing remains depressed, especially in the single-family market

This will be the worst year on record for the single-family housing market. New home sales, single-family housing starts, and single-family permits will all set record lows in 2011. Housing starts fell 0.3% in October to a 628,000 (SAAR). Single-family housing starts rose 3.9% to 439,000 which was their best showing since July. Single-family starts are still down 0.9% from a year ago. Multi-family starts, in contrast, were down 8.3% in the month but are up 88.6% over the year. While multi-family construction is still low by historical standards, it is recovering as vacancy rates have fallen and rents have risen. Single-family starts show no sign of an upturn as new construction is in competition with foreclosures and other distressed sales (see Figure 1.4). Building permits were up 10.9% to a still very depressed 653,000 units. Single-family and multi-family permits

were up 5.1% and 24.4%, respectively. New home sales increased 1.3% in October, to a 307,000-unit annual rate which is still one of the lowest readings on record. Existing home sales rose 1.4% in October, to a seasonally adjusted annual rate of 4.97-million units. The months' supply inched down 0.3 to 8.0 months. Distressed homes accounted for 28% of sales in October.

Figure 1.4: Housing Starts



Source: Bureau of the Census; data through October 2011

Home prices must stabilize for housing to recover

Housing activity will not start to recover until there is a recovery in home prices. Potential buyers are reluctant to enter the market when home values are declining. Banks are also less willing to lend against depreciating collateral. Unfortunately, home prices are experiencing a double-dip decline after increasing in the early part of last year. The seasonally adjusted Case-Shiller 10-city home price index declined 0.4% in September which was the fourth consecutive decline after gains in April and May. The index is down 3.3% from the year-ago level. We believe prices have not hit bottom quite yet. Prices will continue to be weighed down as foreclosed properties are put back on the market. Longer-term equilibrium will also depend on how the federal government unwinds its ownership of Fannie Mae and Freddie Mac, the largest players in the secondary mortgage market.

The manufacturing recovery is slowing

The manufacturing sector continues to grow but at a slower rate than earlier in the recovery. According to the Federal Reserve's latest G-17 report, manufacturing output rose 0.5% (SA) in October following a 0.3% increase in September. However, durable goods orders fell 0.7% in October, and September was revised sharply lower. Core capital goods (nondefense capital goods excluding aircraft) orders fell 1.8% in October, and shipments of those products fell 1.1%, after a 1.0% September drop. The Institute of Supply Management (ISM) Purchasing

Managers Index for manufacturing is flashing yellow. The ISM manufacturing index eased back to 50.8 in October from 51.6 in September. The index remains barely in expansion mode (readings above 50 indicate expansion, below 50 indicate contraction) for the fourth consecutive month.

Forecast

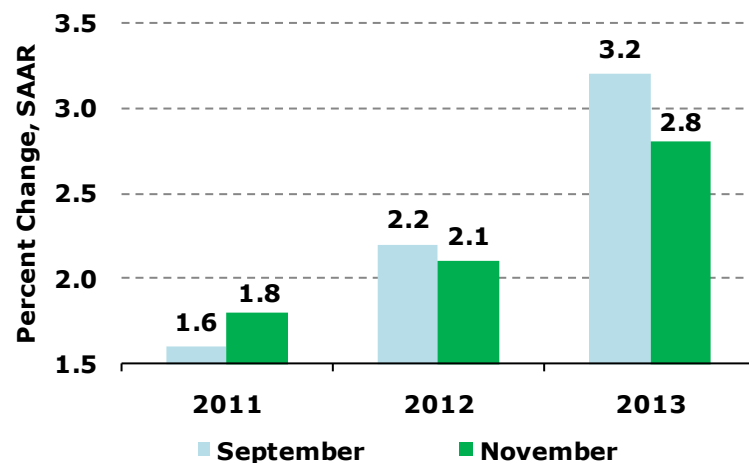
Our national economic forecast was produced in early November when some of the data referred to in the current conditions section above were not available to us. This includes the second estimate of third quarter 2011 Gross Domestic Products released on November 22, 2011.

The November forecast is based on the latest Blue Chip Consensus GDP forecast

The November 2011 economic forecast was based on a modified version of Global Insight's November 2011 Control forecast for the U.S. economy. As in September, the U.S. forecast was adjusted in two ways. We adjusted real GDP to match the Blue Chip "Consensus" GDP forecasts for 2011 through 2013. We also adjusted our oil price forecast to match the New York Mercantile Exchange (NYMEX) futures prices for West Texas Intermediate crude. In addition, this forecast discounts the possibility of any significant fiscal policy action prior to the next general election. Therefore, as we did in September, we have removed from our forecast Global Insight's assumption that the current payroll tax cut and emergency unemployment compensation will be extended into next year.

Figure 1.5: Blue Chip Real GDP Forecast Revision

The forecast for GDP growth is lower than in September



Source: November 2011 and September 2011 Blue Chip Economic Indicators

The Blue Chip outlook is weaker than in September

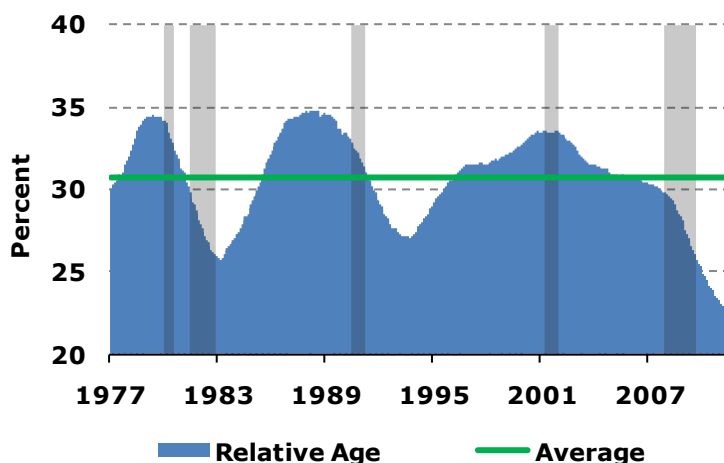
The Blue Chip Consensus real GDP growth forecast, our starting point each forecast cycle, now calls for real GDP growth of 1.8% in 2011, up from the 1.6% expected in the September forecast mainly due to an upward revision to actual growth in the first three quarters of the year. In spite of the slightly stronger growth in real growth, the Blue Chip members have become more pessimistic in their outlook for the next two years (see Figure 1.5). The Blue Chip forecast for 2012 is now 2.1% compared to 2.2% expected in September. The forecast for 2013, which had not been revised since March, was revised down to 2.8% from 3.2%. The Blue Chip forecast tells us we can expect an extended period of muddle-through – slow economic and job growth and high unemployment.

Consumer spending will not drive the recovery

Consumer spending growth bounced back in the third quarter of 2011 to 2.3% from just 0.7% in the second quarter. The improvement was due in part to the motor vehicles sector where the supply disruptions related to the Japanese disasters are now easing. Consumer spending on motor vehicles and parts was a slight contributor to growth in the third quarter and should contribute more positively to growth beginning in the fourth quarter. Even without the tragedy in Japan, the pent up demand for vehicles has been building. The age of the fleet is indicated by the number of vehicles sold within the last three years divided

Figure 1.6: Relative Age of the Car Fleet

The cars on the road have never been older



Source: Autodata Corporation, ERFC; data through October 2011

by the number of vehicles sold within the last ten years. A low ratio indicates an old fleet. By this measure, the fleet age was oldest on record in June 2011 (see Figure 1.6). This ratio has improved over the last four months but is still well below normal, indicating considerable pent-up demand. Even with a recovery in car sales, consumer spending growth will not be a strong driver of growth in the recovery as is usually the case. Consumers have been squeezed by the commodity-price-driven inflation creep,

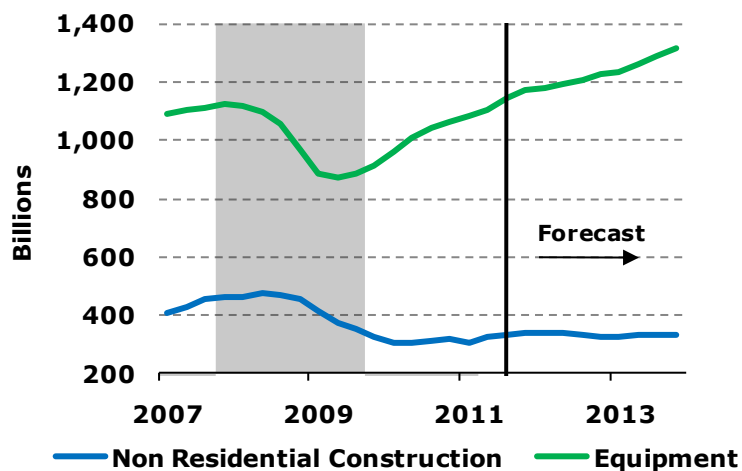
which has partly wiped out the benefit of the payroll tax cut. Gasoline prices are now off their peak (but still high), while the ongoing budget crises, high unemployment, and the lack of growth in equity wealth have undermined consumer confidence. The expiration of the payroll tax cut in January 2012 will reduce personal income by nearly a percentage point, further reducing the spending power of consumers. Overall, we expect consumer spending growth of 2.3% this year and 2.2% per year in 2012 and 2013.

Housing is still deeply depressed

Single-family housing is still mired in a deep depression with no sign of an imminent upturn. Improvement is dependent on stronger job growth, access to financing, and a firming of home prices. Hopes have faded as the outlook for employment has worsened. Multi-family starts, while also low, are already improving due to declining apartment vacancies and rising rents. Still, overall housing construction will show no significant improvement until the larger single-family segment improves which we do not expect to see until 2013. The forecast expects a 0.7% increase in total housing starts this year to 589,000 units followed by a 6.3% increase in 2012 to 626,000 units. Only in 2013 will there be a significant improvement in new home construction with housing starts rising 40.9% to 883,000 units. It should be noted that even with the large percentage increase in 2013, starts will still be well below one million units for the sixth consecutive year. Prior to 2008, starts had never been below one million units in the post-war era.

Figure 1.7: Business Fixed Investment

Investment in equipment and software is growing but nonresidential construction is flat



Source: Bureau of Economic Analysis; data through 2011 Q3, ERFC forecast

Businesses investment in equipment...

Business fixed investment remains an important source of growth in the current recovery. While nonresidential construction continues to lag, businesses investment in equipment and software is growing (see Figure 1.7). Businesses remain flush

... and software is driving the recovery

with cash and will want to address replacement needs neglected during the recession. But slow growth in end-markets means slower growth going forward. We expect equipment and software spending to slow down from a 14.6% growth rate in 2010 to 10.6%, 6.6%, and 4.1% in 2011, 2012, and 2013. Investment in nonresidential structures, which fell 15.8% last year, has probably bottomed out but we do not expect much improvement in the forecast. We expect overall nonresidential fixed investment to grow 9.0% this year, 5.7% next year, and 4.1% in 2013.

Export growth will support the recovery

Export growth has returned due to the global recovery that is now under way. Real exports rebounded 11.3% in 2010 after falling 9.4% in 2009. While global GDP growth is predicted to slow from last year, exports will continue to contribute to U.S. GDP growth. A combination of growth in emerging markets and a weak dollar should mean that export growth will continue to support GDP growth, at 6.6% this year, 4.7% in 2012, and 8.1% in 2012 and next year and 9.9% in 2013. Imports are also expected to rise in the forecast but not as fast so trade will continue to be an important net contributor to GDP growth. A deterioration in the situation in Europe would adversely affect trade in two ways. First, weaker demand in Europe would directly hurt our exports. Second, a stronger dollar would make U.S. produced goods and services less competitive, further hurting exports and boosting imports.

Government is a drag

Federal fiscal policy is tightening as the temporary stimulus spending runs out and the focus shifts to deficit reduction. Declining federal support is also affecting state and local governments. State and local administrations are relying more on spending cuts than tax increases to close budget gaps for fiscal 2012, which began July 1. We expect government purchases to decline 2.0% this year, 2.2% in 2012, and 1.0% in 2013. These declines in government purchases will subtract 0.4 percentage points from overall GDP growth in the next year and another 0.2 percentage points in 2013.

The loss of jobs will take years to make up

The huge drop in employment during the recession coupled with one of the weakest jobs recoveries in memory have left a huge hole to fill in the number of unemployed workers. We are more than two years into the recovery we are still over six million jobs below the pre-recession peak. After strong growth earlier this year, job growth has slowed to an average of only 90,000 per month during the last six months, about half the rate of the first four months of the year. Our current forecast expects slightly slower job growth for the remainder of this year through 2013 than did our September forecast. We now expect job growth of only 1.0% this year and 1.1% in 2012 which is barely enough to keep up with labor force growth. As a result, we expect an unemployment rate of 8.8% at the end of 2012, barely lower than the current 9.0% rate. Finally in 2013 we get an above

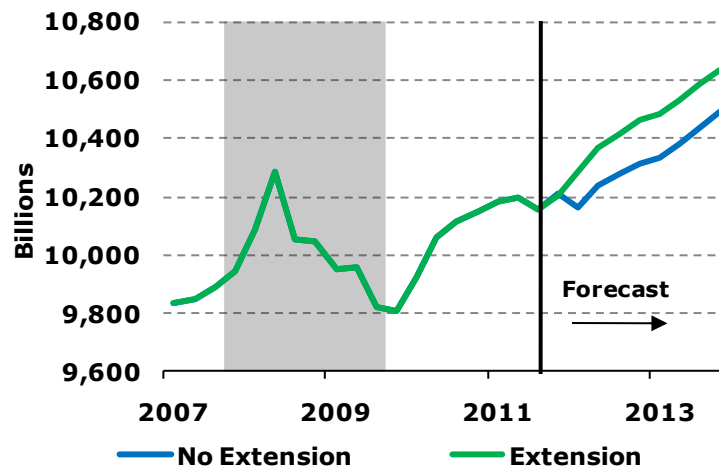
average growth rate of 1.6% which lowers the unemployment rate to 8.3% by the end of the year.

Disposable personal income growth will slow in 2012

Disposable personal income is lower than in the September forecast due to weaker than expected growth in the third quarter of 2011. The forecast for growth going forward is very similar to what was assumed in September. Disposable income growth this year should come in at about 3.8% which is slightly lower than expected in September. In 2012 we expect only 2.1% growth. The slowdown is mostly due to the assumed expiration of the payroll tax credit and emergency unemployment insurance benefits. An extension of these measures through 2013 would add 1.4 percentage points to disposable income growth in 2012, raising it to 3.5% (see Figure 1.8). The forecast expects disposable personal income growth of 3.4% in 2013.

Figure 1.8: Disposable Personal Income

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



Source: Bureau of

Economic Analysis; data through 2011 Q3, ERFC forecast

Headline inflation will come down

Oil prices have come down from their peaks but remain high. This, combined with rising food prices, has sent headline inflation higher. However core inflation remains tame and wage inflation is low. We expect the CPI to rise 3.2% this year, up from 1.6% in 2010 but core inflation will remain moderate at 1.7% compared to 1.0% in 2010. We don't believe the rise in headline inflation will pass through to the core given the considerable slack in the economy. We expect headline inflation to fall to 1.7% in 2012 and 1.6% in 2013 as energy prices decline and core inflation remains tame.

Forecast by Fiscal Year

GDP growth improved FY 2011

U.S. economic growth improved to a moderate 2.6% in fiscal 2011 from an anemic 0.3% in 2010 and a 3.4% decline in 2009. Much of the recovery in GDP was due to the inventory cycle and

federal stimulus spending. The inventory cycle is now complete and federal fiscal policy as well as state and local government fiscal policy is now contractionary. With consumer spending growth slowing again, private spending will not improve enough to pick up the slack. We expect real GDP to grow 1.9% in FY 2012, improving to 2.4% in FY 2013.

Consumer spending growth will be modest

Consumer spending also improved to 2.3% in fiscal 2011 from 2.0% in fiscal 2010 and a 1.9% decline in 2009. Consumer spending was never expected to be a strong driver in this recovery but the recent weakness in consumer confidence portends an even weaker outlook. Consumers are also rebuilding wealth lost in the housing and stock markets, which has raised savings rates at the expense of consumption. The forecast expects consumer spending growth to slow to 2.2% per year in FY 2012 and 2013.

Housing will begin to recover in FY 2012

Housing starts fell 4.0% to just 569,000 in FY 2011 which was the fifth consecutive decline since the peak of 2.036 million in 2006. The forecast calls for a slight 4.9% increase in FY 2012 to 597,000 units followed by a 20.1% increase to 0.718 million units in FY 2013. While the percentage increase in 2013 is large, it is off a very low base. The FY 2013 level is still only less than half it's the long-run trend.

Businesses investment is mixed

Business investment has been a bright spot in the U.S. recovery to date. On a fiscal year basis, real nonresidential fixed investment turned around in FY 2011, rising 9.2% following declines of 12.3% in FY 2009 and 9.2% in FY 2010. Business investment growth has been led by investment in equipment and software while business construction spending continues to decline. Business equipment spending surged 14.0% in FY 2011 while investment in structures fell 2.4%. Growth in equipment spending will moderate but remain strong in FY 2012 and FY 2013 however nonresidential construction will continue to bounce along the bottom. We expect total nonresidential fixed investment to rise 8.7% in FY 2012, slowing to 3.1% in 2013.

Export growth will continue

Real exports returned to growth in FY 2010 with a 2.7% increase following a rare 5.8% decline in FY 2009. Export growth accelerated to a strong 9.3% in FY 2011 as global trade rebounded. Though we expect some slowdown in growth, exports will continue to be a source of growth in the next two years. We expect export growth to slow to 4.5% in FY 2012 on weaker global economic growth, improving to 6.8% in FY 2013

FY 2012 job growth will be weak

Payroll employment turned positive in FY 2011 for the first time in three years but the increase was only 0.6% following declines of 2.8% and 3.1% in the previous two years. Growth this year will be only slightly better at 1.1% but this is still too weak to reduce unemployment much. We now expect employment growth to improve to 1.3% in FY 2013.

*Inflation is
not a threat*

With unemployment stubbornly high and so much excess capacity in the economy, inflation is expected to remain subdued for some time. The consumer price index rose 2.0% in FY 2011, up from 1.0% in FY 2010 on higher energy costs. The core CPI rose only 1.0% in FY 2011, down from 1.4% in FY 2010. The inflation rate is expected to rise to 2.4% this year, again on higher energy costs, before moderating to 1.3% in FY 2013.

Risks to the Forecast

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

Downside Risks (40% Probability)

*Sovereign
debt
contagion...*

Sovereign debt default contagion in Europe. The damage from a voluntary restructuring of Greek debt, it appears can be contained at the moment. The focus of the fears has now shifted to Italian sovereign debt. Italy is too big to bail out, but can make good on its debt with a little help from the rest of Europe and a strict austerity program for itself. The next steps taken by the new Italian government and the European Central Bank under its new leadership will be crucial in determining the outcome. If Italy fails, our baseline forecast will be invalidated.

*...results in a
banking crisis*

A series of sovereign debt defaults would trigger a European banking crisis which in turn would affect U.S. banks. Credit would tighten and economic activity would shrink, pushing the U.S. back into another recession.

Gridlock

The failure by the Congressional Super Committee to agree upon a deficit reduction deal leads to renewed pessimism among taxpayers and consumers concerning the ability of the federal government to address the nation's economic problems.

Inflation

Inflationary pressures from rising wages in India and China. The chances of a hard landing in China (growth < 5%), however, appear to be receding.

Surprises

Unexpected events – natural disasters, political upheaval, etc.

Upside Risks (10% Probability)

*Pent-up
demand*

Pent-up demand could boost consumer spending after years of economizing.

Jobs

Hiring could pick up, triggering a virtuous cycle of jobs, income spending and yet more jobs.

*Euro
contagion is
contained*

European governments are able to build a firewall around their banks, so the sovereign debt crisis does not turn into a banking crisis.

*A Christmas
miracle*

Political gridlock in the nation's capital eases.

Table 1.1
U.S. Economic Forecast Summary
 Forecast 2012 to 2013

Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,812.8	13,054.6	13,293.3	12,843.7	12,876.1	13,213.9	13,459.0	13,784.4
% Ch	3.0	1.9	1.8	-3.4	0.3	2.6	1.9	2.4
Real Consumption	8,928.4	9,171.5	9,293.2	9,077.9	9,104.6	9,336.2	9,531.9	9,753.1
% Ch	3.0	2.7	1.3	-2.3	0.3	2.5	2.1	2.3
Real Nonresidential Fixed Investment	1,401.7	1,494.7	1,583.2	1,388.0	1,260.9	1,376.9	1,496.5	1,542.5
% Ch	6.7	6.6	5.9	-12.3	-9.2	9.2	8.7	3.1
Real Residential Fixed Investment	770.5	650.1	509.6	380.7	343.0	322.4	321.6	340.4
% Ch	2.2	-15.6	-21.6	-25.3	-9.9	-6.0	-0.3	5.8
Real Personal Income	10,719.8	11,152.6	11,427.6	11,189.2	10,936.1	11,323.3	11,442.7	11,690.3
% Ch	3.3	4.0	2.5	-2.1	-2.3	3.5	1.1	2.2
Real Per Capita Income (\$/Person)	35,975	37,062	37,614	36,508	35,354	36,253	36,285	36,714
% Ch	2.4	3.0	1.5	-2.9	-3.2	2.5	0.1	1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.015	1.040	1.074	1.089	1.104	1.123	1.149	1.164
% Ch	3.2	2.4	3.2	1.5	1.3	1.8	2.3	1.3
U.S. Consumer Price Index (1982-84=1.0)	1.989	2.041	2.117	2.146	2.168	2.211	2.276	2.304
% Ch	3.8	2.6	3.7	1.4	1.0	2.0	2.9	1.3
Employment Cost Index (Dec. 2005=1.0)	1.005	1.038	1.072	1.096	1.112	1.130	1.150	1.175
% Ch	2.5	3.3	3.2	2.3	1.4	1.7	1.8	2.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	13,030.5	13,688.1	14,267.2	14,056.2	14,188.4	14,810.3	15,387.8	15,977.8
% Ch	6.5	5.0	4.2	-1.5	0.9	4.4	3.9	3.8
Personal Income	10,887.3	11,598.8	12,270.8	12,190.5	12,068.9	12,717.6	13,146.9	13,607.0
% Ch	6.6	6.5	5.8	-0.7	-1.0	5.4	3.4	3.5
Employment (Millions)								
U.S. Civilian Labor Force	150.4	152.4	153.7	154.6	153.9	153.7	154.0	154.8
Total U.S. Employment	143.1	145.5	146.1	142.8	138.9	139.4	140.1	141.3
Unemployment Rate (%)	4.83	4.52	4.93	7.60	9.74	9.30	9.02	8.75
Nonfarm Payroll Employment	135.01	136.97	137.72	133.88	129.67	130.39	131.79	133.56
% Ch	1.9	1.4	0.6	-2.8	-3.1	0.6	1.1	1.3
Manufacturing	14.20	14.03	13.71	12.66	11.53	11.62	11.83	11.97
% Ch	-0.6	-1.2	-2.3	-7.7	-8.9	0.8	1.8	1.2
Durable Manufacturing	8.98	8.91	8.69	7.90	7.05	7.17	7.38	7.55
% Ch	0.2	-0.8	-2.5	-9.0	-10.9	1.8	2.8	2.4
Nondurable Manufacturing	5.23	5.12	5.02	4.75	4.48	4.45	4.45	4.42
% Ch	-2.0	-2.1	-1.9	-5.4	-5.7	-0.8	0.1	-0.6
Construction	7.56	7.69	7.46	6.61	5.66	5.51	5.46	5.32
% Ch	6.0	1.7	-2.9	-11.4	-14.5	-2.6	-0.9	-2.6
Service-Providing	112.59	114.54	115.81	113.86	111.80	112.52	113.70	115.50
% Ch	1.9	1.7	1.1	-1.7	-1.8	0.6	1.0	1.6
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	64.2	63.4	97.0	69.8	75.2	89.4	92.3	93.0
Personal Saving/Disposable Income (%)	2.0	2.6	3.8	5.8	4.8	5.2	3.6	2.6
Auto Sales (Millions)	7.8	7.7	7.6	5.4	5.8	6.0	6.4	7.2
% Ch	2.3	-1.1	-1.7	-28.3	7.0	3.8	6.0	12.9
Housing Starts (Millions)	2.036	1.546	1.132	0.646	0.593	0.569	0.597	0.718
% Ch	1.0	-24.1	-26.8	-42.9	-8.2	-4.0	4.9	20.1
Federal Budget Surplus (Billions)	-248.0	-204.4	-423.8	-899.4	-1,281.2	-1,252.8	-1,045.5	-748.3
Net Exports (Billions)	-770.1	-743.7	-721.5	-518.1	-467.8	-552.2	-561.1	-446.8
3-Month Treasury Bill Rate (%)	4.07	4.88	2.84	0.54	0.12	0.12	0.06	0.09
10-Year Treasury Note Yield (%)	4.59	4.76	4.14	3.29	3.55	3.08	2.51	3.31
Bond Index of 20 G.O. Munis. (%)	4.45	4.30	4.56	4.97	4.37	4.56	4.32	4.88
30-Year Fixed Mortgage Rate (%)	6.21	6.35	6.19	5.57	5.00	4.59	4.24	4.87

Table 1.2
Forecast Analysis
 Comparison of Forecasts for 2011-13

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

Table 1.3

Fiscal Years

Forecast Comparison

Forecast 2012 to 2013

	2009	2010	2011	2012	2013
U.S.					
Real GDP					
November Baseline	12843.7	12876.1	13213.9	13459.0	13784.4
% Ch	-3.4	0.3	2.6	1.9	2.4
September Baseline	12843.7	12876.1	13211.0	13430.0	13791.2
% Ch	-3.4	0.3	2.6	1.7	2.7
Implicit Price Deflator					
November Baseline	1.089	1.104	1.123	1.149	1.164
% Ch	1.5	1.3	1.8	2.3	1.3
September Baseline	1.089	1.104	1.123	1.144	1.158
% Ch	1.5	1.3	1.8	1.9	1.2
U.S. Unemployment Rate					
November Baseline	7.60	9.74	9.30	9.02	8.75
September Baseline	7.60	9.74	9.30	9.12	8.74
Mortgage Rate					
November Baseline	5.57	5.00	4.59	4.24	4.87
September Baseline	5.57	5.00	4.59	4.28	4.94
3 Month T-Bill Rate					
November Baseline	0.54	0.12	0.12	0.06	0.09
September Baseline	0.54	0.12	0.12	0.06	0.08

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Chapter 2: Washington Economy – Current Conditions and Forecast

- **Events have unfolded as expected since the September forecast. Like the nation, the recovery in Washington has continued to muddle along. The biggest threat to the state economy remains the sovereign debt crisis in southern Europe.**
- **The employment recovery in Washington has been slow. Private sector job gains have been offset by cutbacks in the public sector. Employment in the state is not expected to regain its pre-recession peak until after 2013.**
- **Housing in Washington remains depressed. Prices are experiencing a double-dip as foreclosures continue to put downward pressure on prices. Construction activity continues to decline, although there are signs of a bottoming out.**
- **The outlook for the state’s aerospace and software sectors remains positive. Boeing’s order book is full and aerospace employment is now above its previous peak. Microsoft experienced record revenue last year and its balance sheet remains healthy.**
- **The Washington economy is in for an extended period of weakness. We continue to expect that Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been lowered.**

Current Conditions

Washington’s economy has performed as expected

In the two months since the September forecast, events have unfolded as expected in the baseline scenario. Like the nation, Washington has experienced a muddle-through economy, with low growth, high unemployment and weak confidence. The biggest threat to the Washington economy remains the sovereign debt crisis in southern Europe. It seems that for every step forward that Europe takes in resolving its financial mess it takes half a step backward, adding to global financial volatility and nervousness. The key for the U.S. and consequently Washington economies is whether the European policy authorities can be successful in containing a sovereign debt crisis in southern Europe from turning into a full blown European banking crisis. The former would do some damage, but the latter would create a renewed credit crunch that would drag the U.S. and Washington back into recession. A secondary risk to the recovery is the

political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence. The state of Washington is therefore being buffeted by national and international events beyond our control.

Employment growth in Washington has been slow

Employment growth in the state has been slow, as private sector job gains have been partly offset by government job losses. We estimate that the Washington economy gained just 500 jobs in the past two months, compared to our expectation of a 3,600 job gain. The loss of 5,100 government jobs the past two months, due to losses in state and local education, continued to weigh down overall job recovery. The private sector gained 5,600 jobs in September and October. The results by industry were mixed. Manufacturing employment grew by 2,200, boosted by 1,300 net new aerospace jobs, but construction employment was up by just 100. Private service-providing industries were up 3,300 jobs in September and October. We had expected an increase of 5,800 jobs. This expansion has been characterized by the slowest jobs recovery in recent memory.

Hours and earnings data appear to be stabilizing

Other labor market indicators have shown signs of life in recent months. Both the average weekly hours worked and average hourly earnings in the private sector have flattened out and are beginning to increase. In the most recent three months (August, September, and October) private sector average hours are up to their highest level since the beginning of the year. Private sector average hourly earnings are up slightly over the year and have increased in each of the last two months. The combination of increased hours worked and higher hourly earnings pushed the average weekly paycheck to 3.7% higher in October than in October of last year.

Initial claims for unemployment insurance have been trending downward

The number of people filing for unemployment insurance compensation has been drifting down in recent months after trending upward in the first half of the year. As of November 12, the four-week moving average of initial claims was 10,900. Excluding a one-week spike in October, the average has remained below 11,000 since July. This level of claims tends to be the level where job growth picks up. Initial claims are now 34% below the peak reached in March 2009. While claims have come down, job growth has been slow, keeping the unemployment rate elevated. During 2010 Washington's unemployment rate fell nearly a full percentage point from a 10.0% rate in February 2010 to 9.1% in February 2011. Since then however, it has remained elevated. While the rate is now down to 9.0% in October, this has been primarily due to a decline in the labor force.

Single-family housing continues to languish

With excess inventory, and depressed home prices, single-family housing continues to languish. Total housing permits came in at 21,200 units (SAAR) in the third quarter of 2011 which was slightly better than the 20,100 we had expected but down from 25,900 units in the second quarter. As expected, multi-family permits dropped sharply in the third quarter to 7,800 units from an unusually strong 13,400 units in the second quarter. Single-family permits edged up from 12,600 units in the second quarter to a still weak 13,400 units in the third quarter. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative.

Home prices are experiencing a double-dip

Regional home prices are experiencing a double-dip. According to the S&P/Case-Shiller Home Price Indices through September 2011, Seattle home prices have declined in each of the last four months and are down 6.5% from the previous September. Prior to that, it appeared prices were stabilizing and had increased for three months. Foreclosures continue to put downward pressure on prices. It appears both Seattle and the nation have further to drop before home prices stabilize. We are unlikely to see a strong recovery in housing construction until home prices begin rising again.

Contract data signals a bottoming out in construction

Contract data for new construction projects, which gives an indication of the level of activity roughly six months in the future, does appear to have stabilized, although at very low levels. Residential contract square footage reached a trough in January 2009 and is up 44% since then. This growth, however, is off a depressed level and square footage under contract is still down 72% since the height of the housing boom in 2005. The recovery in nonresidential contract square footage appears to have finally started. The three-month moving average has been trending upward since May. Square footage is now at the highest level since January 2010, although it is still at a historically depressed level. Despite recently reaching a trough, we still do not expect to see any significant improvement in nonresidential construction until 2012. This sector is considered a "late cycle" industry and growth does not typically return until at least two to three years after a recession has ended.

Manufacturing is still growing

The recovery in Washington, as in the nation, has been driven largely by the manufacturing sector. The Institute of Supply Management - Western Washington Index (ISM-WW), which measures strength in the manufacturing sector, has now indicated growth since August 2009 (index readings above 50 indicate expansion). Even while the overall economy continues to languish, manufacturing has been gaining momentum. The index has increased in each of the last three months. Production, orders, employment, and deliveries have all been strong, with each coming in at 70 or above in October. The forecast portion of the survey, which gauges activity 90 days in the future, has also

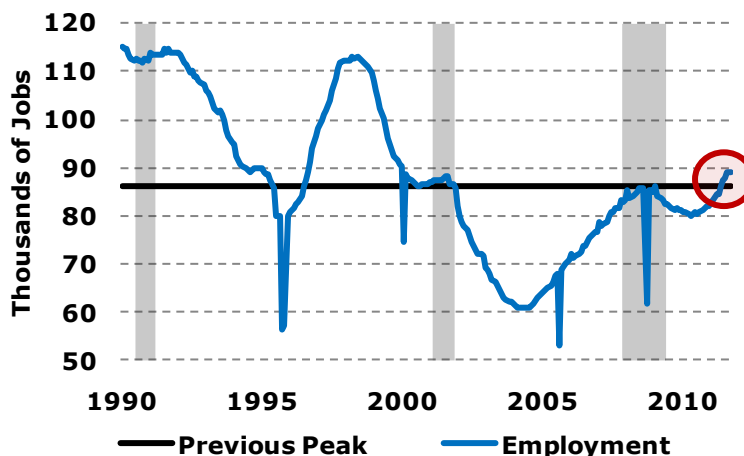
been strong, particularly in the production and orders components.

Aerospace is leading the manufacturing recovery

Manufacturing employment has been rising for more than a year now – the trough was March 2010 – and has accelerated in the first three quarters of this year. This was because the upturn in aerospace employment lagged the upturn in other manufacturing by six months. Over the last year, the aerospace sector has been responsible for 8,200 of the 13,800 net new manufacturing jobs in Washington. Since reaching a trough in May 2010, the aerospace sector has added 9,100 jobs, which is 3,100 more than the number lost during the recession (see figure 2.1). Boeing built up a huge backlog of orders in 2005, 2006, and 2007. This enabled Boeing to ride out the recession with only minimal production and job cuts. We believe the outlook for Boeing remains positive. Worldwide air traffic, both passenger and cargo, recovered surprisingly quickly from the recession. As a result, Boeing was able to add to its backlog in 2010 and so far in 2011. The current backlog of over 3,500 planes represents more than eight years of production at current rates. Over the next couple of years, Boeing plans to continue significant production increases in all five models of commercial aircraft.

Figure 2.1: Washington Aerospace Employment

Aerospace employment is now above the previous peak



Source: WA State ERFC, data through October 2011

New vehicle purchases are faltering

Purchases of new vehicles in Washington are again faltering after recovering in the first four months of 2011. Washington new car registrations declined in October to 15,900, their lowest level in almost a year. Some of the decline, particularly in the summer months was due to the tragedy in Japan which disrupted automotive supply chains and production schedules. Now, much of the weakness is being sustained by depressed consumer confidence. Future growth in motor vehicle sales is likely to continue, driven by replacement demand, and not so much a

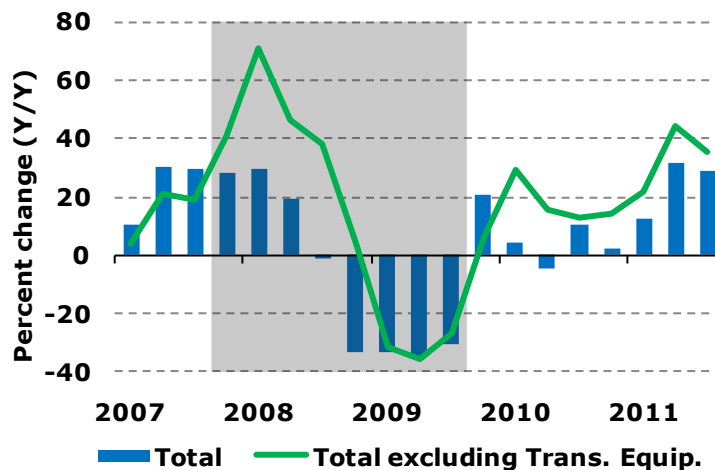
return of confidence. The October data does give an indication that replacement demand may finally be taking hold. The longer new car sales remains depressed, the greater the pent-up demand for vehicles in the future.

Strong export growth has continued

One of our state’s advantages in the current recovery is our exports and in particular those to the growing economies in the Pacific Rim. The recently ratified free-trade agreements with South Korea, Panama and Colombia will also benefit Washington exports. Although the volume of trade to these three countries make up less than 6% of our state’s exports, that share is likely to grow. In most cases there is a significant lowering of duties immediately, with the rest being phased out on a gradual schedule. Transportation equipment, manufacturing and agriculture are all expected to benefit. Economic weakness in Europe, however, remains a headwind and it appears likely that they will go into recession, further weakening the global economy. Overall, Washington State exports rose 29% in the third quarter of 2011 compared to the third quarter of 2010 (see figure 2.2). Exports of transportation equipment (mostly Boeing planes) were up 22% compared to the previous year. Transportation equipment exports normally account for about 50% of our exports. Excluding transportation equipment, exports were up 35% over the year. Exports of manufactured products other than transportation equipment were up 40% and exports of agricultural products, second only to transportation equipment in value, were up 27%.

Figure 2.2: Washington Exports

Export growth has been robust



Source: WISER; data through 2011 Q3

Real personal income has almost regained its pre-recession peak

The peak-to-trough decline in Washington real personal income during the recession was actually 5.1% which was much worse than the previous BEA estimate of a 1.6% drop. Our estimate for third quarter growth is 1.4% (SAAR), up from -2.1% (SAAR) in the second quarter. This corresponds to total real personal

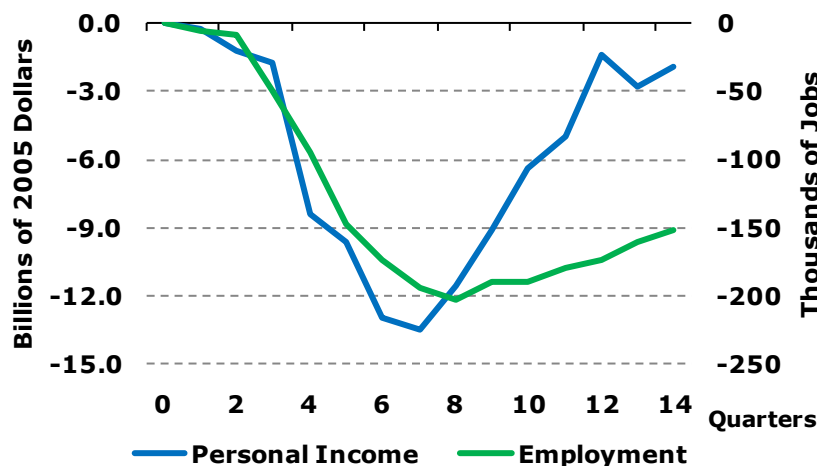
income of \$264.5 billion for the third quarter, which is just \$1.9 billion, or 0.7% below the pre recession peak. However, this level of income is being produced with 152,000 fewer jobs (see figure 2.3). Growth in jobs has been excruciatingly slow in this recovery due to remarkable gains in productivity. Nominal personal income grew an estimated 3.7% (SAAR) in the third quarter, up from 1.1% (SAAR) in the second quarter. Growth in wages and salaries increased from -1.5% (SAAR) in the second quarter to 6.7% (SAAR) in the third. This outpaced overall personal income growth due to weakness in nonwage personal income (0.7% SAAR), particularly a reduction in transfer payments (-0.9% SAAR) and weak dividends, interest and rent (0.3% SAAR).

Inflation has been increasing

Inflation in Seattle has been steadily increasing since briefly turning negative in the middle of 2010. As measured by the Consumer Price Index for Seattle, year-over-year inflation in October of 3.8% was the highest since August 2008. This increase has been driven by rising energy costs, which increased 16.5% in October. Core inflation, which does not include volatile energy and food prices, has also been increasing slowly, although it remains a moderate 2.5%. With energy costs easing, we expect more moderate Seattle headline inflation going forward.

Figure 2.3: Real Personal Income and Employment after Business Cycle Peak

Job growth has lagged growth in personal income



Source: BEA, BLS, ERFC; data through 2011 Q3

Washington State Forecast

It appears the economy is in...

The Washington State forecast is based on a new national forecast that is slightly weaker than the forecast adopted in September. This is reflected in the forecasts for employment and

...for an extended period of weakness

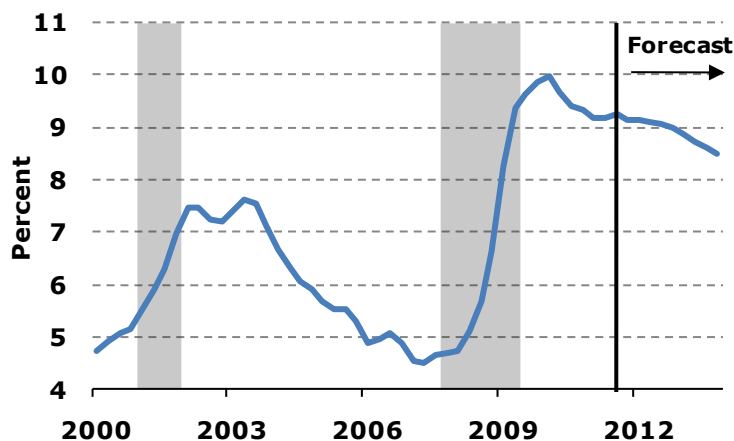
real personal income as well as GDP. The main threats to Washington’s economy today lie well outside our region. The sovereign debt crisis in southern Europe and the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines remain outside our control. It seems that for every step forward that Europe takes in resolving its financial mess it takes half a step backward, adding to global financial volatility and nervousness. The key for the U.S. and consequently Washington economies is whether the European policy authorities can be successful in containing a sovereign debt crisis in southern Europe from turning into a full blown European banking crisis. The former would do some damage, but the latter would be devastating. It appears that we are at best in for an extended period of muddle-through – slow economic and job growth, high unemployment, and weak confidence.

Washington job growth will gradually improve in 2012

We expect job growth to remain anemic through the remainder of this year before gradually improving in the beginning of 2012. Boeing and Microsoft are expanding and the state’s farming and export sectors are also doing well. But these alone are not enough to counteract the drag from the weakening national and global economies. Construction employment is bottoming out so that sector will cease to be a drag on growth after the first part of next year. However, state and local governments will continue to cut back. These factors will keep the unemployment rate elevated throughout the forecast horizon of 2013 (see figure 2.4). We do not expect the unemployment rate to drop below 9.0% until early 2013 and only come down gradually to 8.5% by the fourth quarter. We continue to expect that Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been lowered. The state’s trade intensity should help boost activity, although there is an increasing threat of a global economic slowdown.

Figure 2.4: Washington Unemployment Rate

Washington’s unemployment will remain elevated throughout the forecast



Source: ERFC November 2011 forecast, WA ESD; actual through 2011 Q3

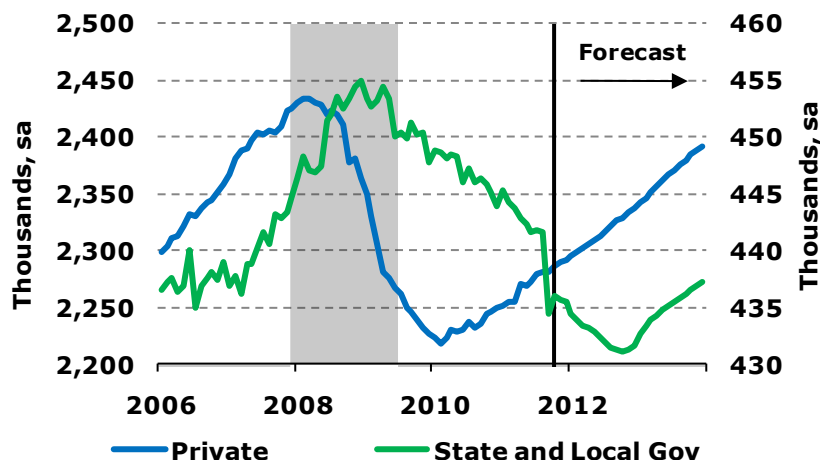
Washington Payroll Employment

We have lowered our employment growth forecast in 2012 and 2013

The Washington labor market has been in recovery for more than a year now but the improvement has been uneven and weak. Employment in the state has grown at an average annual rate of 1.2% since the employment trough in February 2010. The 57,500 jobs gained over this period represent just over one-fourth of the jobs lost in the downturn. We have increased the job growth forecast for 2011 to 1.2% from the 1.1% rate expected in the September forecast based on an upward revision to the employment data for the first half of the year. We have lowered our forecasts for 2012 and 2013 due to the deteriorating national economic outlook to 1.2% and 1.9% respectively compared to 1.4% and 2.1% in the September forecast. Washington employment is expected to be 45,300 lower than the previous peak at the end of our forecast horizon in 2013. Private sector job growth has also been reduced, although it will do better than state and local government employment which is expected to decline through most of 2012 (see Figure 2.5). We expect private job growth of 1.8% this year, improving to 1.9% in 2012, and 2.3% in 2013. State and local government is expected to contract 1.5% this year and 1.8% in 2012, before finally increasing in 2013 by 0.6%.

Figure 2.5: Private Employment vs. State and Local Government Employment

State and local government employment will lag the private sector



Source: ERFC November 2011 forecast, WA ESD; actual through October 2011

Boeing is growing again and will lead the state in the recovery over the next couple of years as Boeing plans significant production increases in all five models of commercial aircraft. Boeing’s order book remains full and it will take several years to work through the backlog. We expect aerospace employment growth to improve to 6.8% this year after declining 2.5% in

2010. Job growth will slow as production nears its peak. We expect aerospace employment to grow 5.6% in 2012 and 1.8% in 2013.

Microsoft has enhanced employee compensation

After unprecedented layoffs in 2009, Washington software employment is growing again. The software sector has recovered over three-fourths of the jobs lost in the recession. We expect job growth to continue with software employment reaching its pre-recession peak in early 2012. In April, Microsoft announced a plan to increase and restructure employee compensation. Microsoft called it "the most significant investment in overall compensation we have ever made." The higher wages will help Microsoft attract and retain top talent and the spending out of those higher wages will have a positive impact on the Washington economy. Microsoft also recently released a preview of its next generation operating system, Windows 8, which should be available in late 2012. Early indications suggest that this latest version of Windows will be successful. It is expected to make inroads in the expanding tablet and touch screen market due to its ability to run on these as well traditional desktop and non-touch devices. Microsoft has also begun to expand its retail strategy, opening its 14th retail store and the first on the East Coast this month. Microsoft's balance sheet remains healthy as well. According to Microsoft's latest quarterly report, the company reported record revenue for the quarter ended in September, a 7% increase over a year ago. We expect Microsoft's strong performance to translate into robust job gains. Software employment is forecasted to grow 2.1% this year, improving to 3.0% in 2012 and remaining strong at 3.6% in 2013.

Construction employment is leveling off

Construction employment finally reached a trough in early 2011 after huge declines over the previous three years. We expect overall construction employment to remain flat this year. Despite historically low interest rates, with the stream of foreclosures becoming available and continued price declines, there is little incentive to buy a new home in today's market. Therefore, we expect residential construction employment to remain flat in 2012 and finally show improvement on an annual basis in 2013. Nonresidential construction employment will remain flat through the rest of this year before starting to recover in early 2012. Though nonresidential construction lagged residential construction in the downturn, we think it will return to growth sooner. In spite of a recovery in 2012 and 2013, construction employment at the end of 2013 will still be 62,900 below its previous peak.

Financial activities employment will begin to grow in 2012

Employment in financial activities continues to decline. We expect the first quarter of 2012 will be the trough in employment, one quarter later than in the September forecast. This will put the contraction in this sector at more than six years long. Next to construction, the financial activities sector experienced the most

severe employment reductions during the recession, declining by almost 25,000 from the peak. Employment in credit intermediation and related activities, a victim of the meltdown in financial markets, accounts for most of the decline.

Weak consumer confidence is weighing down retail trade employment

Retail trade employment grew rapidly during the first half of the year but faltered in the third quarter when consumer confidence sank in response to renewed fears of an European debt crisis. Consumer confidence is also suffering due to gridlock in Washington DC and continued fears of an economic slowdown. These hindrances have weighed on the recovery in retail trade employment in Washington. The forecast assumes growth will stall in the first quarter of 2012 before resuming again in mid 2012. However, this could again be undermined by a new slump in consumer confidence and spending. On a calendar year basis, the forecast calls for growth rates of 1.6%, 1.3%, and 1.8% in 2011, 2012, and 2013.

We expect continued growth in professional and business services employment

As is typical during recoveries, professional and business services will be one of Washington's fastest growing sectors. This sector was helped early on in the recovery from growth in employment services, which is largely temporary help, and the federal stimulus. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. Professional and business services also benefitted from the federal stimulus which included additional funding for the Hanford cleanup. We expect growth to continue throughout the forecast, picking up in the second quarter of 2012. As the overall economic recovery unfolds, we expect growth to pick up in this highly pro-cyclical industry in 2013. The forecast expects an annual average growth rate of 3.7% this year, slowing to 2.3% in 2012, before picking up to 4.4% in 2013.

Tight budgets are forcing cutbacks in state and local government employment

State and local Government employment continues to be a drag on the overall jobs recovery. Private sector employment growth has turned positive but state and local government employment continues to decline. To-date there have been 19,000 jobs lost in this sector. We expect another 5,000 job losses in state and local government over the next year. This includes the reduction of approximately 900 employees of the Liquor Control Board resulting from the passage of Initiative 1183. Some of these losses, however, may be offset by hiring in private sector businesses now able to sell liquor. We do not expect government employment to reach the previous peak until after the forecast horizon of 2013.

Washington Personal Income

The outlook for personal income growth has been lowered

Washington personal income growth is expected to outperform the nation in the recovery (see Figure 2.6), although the outlook for both has been lowered. One of the primary reasons for the

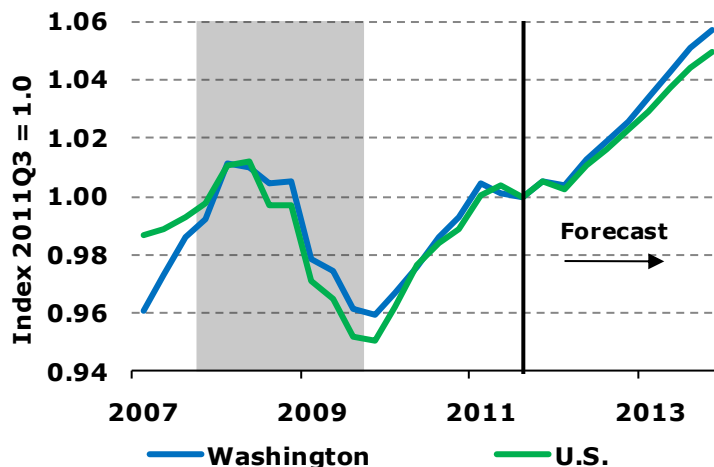
state’s outperformance is growth in our high-wage industries, aerospace and software. These jobs pay significantly more than the statewide average and will continue to put upward pressure on personal income. Our state’s export intensity will also be major factor contributing to our outperformance of the nation. In particular, exports to the growing economies in the Pacific Rim, which are experiencing a resurgence of growth. Mitigating this somewhat will be weaker global growth outside this area.

Washington personal income got a boost from the payroll tax cut

The payroll tax cut enacted in December 2010 adds nearly 1% to disposable personal income in 2011. The tax cut was only for one year, and we have removed from our forecast Global Insight’s assumption that the current payroll tax cuts and unemployment benefits will be extended into next year. This will act as a drag on growth in 2012. Going forward, we expect wage growth to pick up as employment growth improves and average wage growth strengthens. Our personal income growth forecast for 2011 is unchanged from at 4.9%. We have lowered our forecast for personal income growth in 2012 to 2.8% from 3.0% expected in the September forecast but raised our forecast in 2013 to 4.7% from 4.5%. Even though the new forecast for personal income growth is similar to the September forecast, the level is lower throughout the forecast due to a downward revision to the historical data.

Figure 2.6: U.S. and Washington Personal Income

Washington will outperform the nation in personal income growth



Source: ERFC November 2011 forecast, BEA; actual through 2011 Q3

Washington Building Permits

Growth in housing has been sporadic

Growth in housing construction has been sporadic at best. Total housing permits came in at 21,200 units (SAAR) in the third quarter of 2011 which was slightly better than the 20,100 we had expected but down from 25,900 units in the second quarter. As expected, multi-family permits dropped sharply in the third quarter to 7,800 units from an unusually strong 13,400 units in

the second quarter. Single-family permits edged up from 12,600 units in the second quarter to a still weak 13,400 units in the third quarter. We continue to believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative. We will not see a recovery in single-family construction until home prices start to rise. That will get fence sitters back into the market, as well as give banks confidence to lend against appreciating collateral. Unfortunately, home prices are headed downward again, both nationally and in Seattle. We expect prices will remain soft this year as more foreclosures are dumped back on the market.

Housing will remain weak through 2012

We have pushed out the recovery in housing construction. We now expect the total number of units to increase 0.9% this year to 20,900 units. In 2012, total housing permits are forecasted to decline 1.6% to 20,500 units. Single-family construction will decline 12.1% in 2011 and another 14.8% in 2012 reaching a trough of 11,000 units. This will be offset by growth in the multi-family segment of 32.7% this year and 19.9% in 2012. Combined, overall housing units will pick up in 2013, increasing 27.6% to 26,200 units. Both single-family and multi-family construction are expected to have solid growth in 2013, with single-family increasing 35.1% to 14,900 units and multi-family increasing 18.9% to 11,300 units. Even with the strong growth, housing units in 2013 will still be 51% below the previous peak in 2005.

Seattle Consumer Price Index

Inflation is expected to moderate

Inflation, as measured by the Seattle Consumer Price Index, has been less than one percent per year for each of the last two years. This has been due to declining shelter costs, which are measured by rents in the CPI. Rents have been firming recently and energy costs have risen sharply. Inflation in Seattle will be about 2.6% this year based on consumer price data now available through October 2011. This compares favorably to the 3.2% inflation rate expected for the U.S. city average in 2011. Headline inflation in Seattle, as in the nation, has been amplified by rising food and energy costs. Now that these are easing we expect more moderate inflation in the future. The forecast expects Seattle consumer prices to rise 1.8% in 2012 and 1.6% in 2013.

Core inflation is expected to remain low

Core inflation (excluding food and energy) in Seattle came in at a negative 0.5% in 2010. Falling shelter costs were the main reason for the decline but rents have since turned around. As the slow economic recovery continues, Seattle core inflation will remain low but will gradually increase. We expect the core Seattle CPI to rise 1.2% this year, 2.1% in 2012, and 2.2% in 2013.

Forecast by Fiscal Year

Personal income growth will slow in FY 2012

Nominal personal income grew by an estimated 4.9% in FY 2011, up from -1.3% in FY 2010. The growth in FY 2011 was still low by historical standards and much lower than the 7.5% average growth rate from 2006 through 2008. The slowdown in growth is mostly due to declining employment but average wage growth has also slowed as has income from non-wage sources such as dividends, interest, and rent. The forecast expects a slowdown in FY 2012 with nominal personal income growth of 3.3%. Growth is expected to increase slightly to 3.8% in FY 2013 as the economy continues its tepid recovery.

Job growth is expected to be weak

Washington non-farm payroll employment rose 0.5% in FY 2011 after falling 4.0% in FY 2010. We expect nonfarm employment to increase slowly in FY 2012 with just 1.2% growth. Manufacturing is expected to grow 4.3% due to a strong aerospace sector. Construction will remain flat as the housing market remains depressed. The service-providing sector should continue its slow recovery with 0.9% growth in FY 2012. As the economic recovery continues, we expect overall employment growth to improve to 1.5% in FY 2013. On an end-of-period basis (second calendar quarter of 2010 to second calendar quarter of 2011) employment increased 1.1% during FY 2011. Employment is expected to increase by another 1.1% this fiscal year on an end-of-period basis, and then grow 1.9% during FY 2013.

Single family housing will remain weak in FY 2012

The number of housing units authorized by building permits in Washington increased 12.3% to 21,500 in FY 2011 after declining 3.2% in FY 2010. Single-family permits decreased 10.2% in FY 2011 to 13,700 units while multi-family units doubled to 7,800 units, although this was coming off the lowest multi-family count in at least 40 years (our data begin in FY 1969). We expect multi-family permits to increase 8.4% this fiscal year to 8,400 units. Single-family construction will experience continued weakness in FY 2012, falling 15.2% to 11,600 units. Overall permits are expected to drop 6.6% this fiscal year to 20,000 units. Housing construction should improve in FY 2013 with the forecast calling for an increase of 13.4% to 22,700 units.

Seattle inflation will remain low due to slack in the labor market

Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased to 1.2% in FY 2011 from 0.3% in FY 2010. Energy costs, which increased just 2.1% in FY 2010, increased 12.2% in FY 2011. Core inflation (excluding food and energy) decreased from 0.5% in FY 2010 to 0.0% in FY 2011. Inflation will remain low given the slack that has built up throughout the economy. The recent rise in energy costs will show up mostly in FY 2012 when the Seattle CPI is expected to increase 2.0%. Seattle inflation will moderate to 1.8% in FY 2013.

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

Alternative Scenarios

Alternate forecasts are prepared in accordance with state law

In accordance with state law, the Washington State Economic and Revenue Forecast Council also prepared an optimistic and a pessimistic forecast in November 2011. In addition to the official optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor’s Council of Economic Advisors (GCEA).

Optimistic

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

In the optimistic scenario, economic recovery is sparked by increases in business and consumer confidence which leads to more spending and investment. Better news from Europe calms equity markets. This scenario also assumes a stronger rate for global GDP, as Europe moves toward a longer-term solution to its sovereign debt issues. Although Greek debt restructuring is unavoidable, the Eurozone provides sufficient support to prevent any contagion. Gridlock in Washington DC eases and Congress extends the payroll tax cut into 2012 with a further reduction of the employee portion of the Social Security tax to 3.1%. Domestic consumer spending growth is boosted and U.S. businesses continue to take advantage of growing demand in emerging markets resulting in higher exports. The optimistic scenario also sees a quicker, sustained recovery in residential construction. Real GDP picks up significantly, averaging 4.0% (SAAR) in 2012 and 2013. More demand translates into more jobs and the unemployment rate falls to 7.0% by the fourth quarter of 2013. In short, the optimistic scenario sees an immediate rebound in consumer spending and confidence and stronger, more stable growth than the baseline.

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

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that the recovery in aerospace employment is stronger than assumed in the baseline forecast. Software employment growth is also stronger than in the baseline forecast. Seattle inflation is higher than in the baseline forecast due to the stronger regional economy and higher oil prices. Wage growth is also faster than in the baseline forecast. Both Washington personal income and population growth are stronger throughout the forecast. Finally, construction employment returns to growth in the fourth quarter of 2011, one quarter earlier than in the baseline forecast and the subsequent recovery is much stronger. By the end of 2013, Washington nonagricultural employment is higher by 116,900 jobs than in the baseline forecast and Washington personal income is \$20.2 billion higher.

Pessimistic

In the pessimistic scenario, the economy falls back into recession

In the pessimistic scenario, the U.S. economy falls back into recession due to an external shock and poor policymaking. In Europe, the sovereign-debt crisis explodes into a banking crisis. The shock ripples through global financial markets leading to a renewed credit crunch and lower equity prices. With the federal government unable to provide significant support for growth, households and business are left to fend for themselves. In this scenario, consumers have no incentive to spend as incomes and wealth remain depressed. Weak job prospects put downward pressure on incomes, while stock market losses and declining housing prices reduce household net worth. In this scenario, real GDP growth flattens in the fourth quarter before turning negative in the first quarter of 2012. The ensuing recovery is weak, with growth not surpassing 2.0% (SAAR) until the third quarter of 2013. The unemployment rate rises above 10% in the third quarter of 2012 and remains there through the end of the forecast.

This scenario also assumes lower growth in key Washington industries

At the state level, the aerospace employment recovery is short-lived and employment begins to decline again midway through 2012. Software employment declines immediately, although employment stabilizes in the middle of 2012. The recovery in personal income is also weaker than was assumed in the baseline. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment continues to fall throughout the forecast. The Seattle CPI is lower than in the baseline forecast, as are Washington wages. By the end of 2013, Washington non-agricultural employment is 143,500 lower than in the baseline forecast and Washington personal income is \$27.7 billion lower.

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

Governor's Council of Economic Advisors (GCEA)

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

The GCEA scenario expects less real growth and higher inflation

At the national level, the GCEA outlook for the real economy was weaker than the baseline forecast. On an annual basis, the Governor's Council members expect less real GDP growth throughout the forecast than does the baseline. Consumer spending is also lower due to weaker growth in 2011 and 2012. However, they expect more inflation in 2012 and 2013, making the scenario's nominal forecast slightly stronger. The Council members predicted lower mortgage rates and oil prices than the baseline in both 2012 and 2013.

For Washington, the GCEA scenario is slightly weaker

The GCEA scenario for Washington is also weaker than the baseline forecast. On balance, the council members forecast for real personal income is lower than the baseline. They expect higher growth in 2012 but lower growth in 2013. The GCEA employment forecast is similar, with just slightly less growth in 2013. Their forecast for manufacturing employment calls for marginally less growth for the rest of this year and in 2012. The council members forecast for construction employment is significantly weaker in 2012 and 2013, although their housing permit forecast is similar to the baseline. Like the GCEA scenario at the national level, their nominal forecast is higher due to a higher inflation forecast. By the end of 2013, the GCEA forecast for Washington nonfarm employment is 7,000 lower than in the baseline forecast but personal income in the state is \$1.5 billion higher.

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

Table 2.1
Washington Economic Forecast Summary
 Forecast 2012 to 2013

Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	237.489	251.569	264.000	261.166	254.615	262.531	265.208	271.684
% Ch	2.3	5.9	4.9	-1.1	-2.5	3.1	1.0	2.4
Real Wage and Salary Disb.	127.971	134.582	139.365	136.783	133.132	135.338	136.682	140.547
% Ch	3.6	5.2	3.6	-1.9	-2.7	1.7	1.0	2.8
Real Nonwage Income	109.519	116.987	124.635	124.382	121.483	127.193	128.526	131.137
% Ch	0.7	6.8	6.5	-0.2	-2.3	4.7	1.0	2.0
Real Per Capita Income (\$/Person)	37,336	38,861	40,158	39,233	37,859	38,644	38,631	39,132
% Ch	0.4	4.1	3.3	-2.3	-3.5	2.1	0.0	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.015	1.040	1.074	1.089	1.104	1.123	1.149	1.164
% Ch	3.2	2.4	3.2	1.5	1.3	1.8	2.3	1.3
Seattle Cons. Price Index (1982-84=1.0)	2.035	2.116	2.205	2.257	2.263	2.290	2.352	2.384
% Ch	3.2	4.0	4.2	2.4	0.3	1.2	2.7	1.3
Average Nonfarm Annual Wage	44,150	46,424	48,523	49,172	50,406	51,933	53,063	54,528
% Ch	3.7	5.2	4.5	1.3	2.5	3.0	2.2	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.32	20.22	20.90	22.03	23.53	23.75	24.05	24.30
% Ch	4.0	4.7	3.4	5.4	6.8	0.9	1.2	1.1
Current Dollar Income (Billions of Dollars)								
Personal Income	241.199	261.634	283.481	284.539	280.978	294.844	304.704	316.231
% Ch	5.5	8.5	8.4	0.4	-1.3	4.9	3.3	3.8
Disposable Personal Income	212.731	229.558	249.386	254.353	254.386	264.587	271.382	279.370
% Ch	4.6	7.9	8.6	2.0	0.0	4.0	2.6	2.9
Per Capita Income (\$/Person)	37,918	40,415	43,119	42,745	41,778	43,400	44,383	45,547
% Ch	3.6	6.6	6.7	-0.9	-2.3	3.9	2.3	2.6
Employment (Thousands)								
Washington Civilian Labor Force	3,290.2	3,352.2	3,436.3	3,521.2	3,531.6	3,511.9	3,479.3	3,514.9
Total Washington Employment	3,120.0	3,193.0	3,271.3	3,257.3	3,185.7	3,185.9	3,160.5	3,201.4
Unemployment Rate (%)	5.17	4.75	4.80	7.49	9.79	9.28	9.16	8.92
Nonfarm Payroll Employment	2,820.6	2,896.7	2,960.1	2,899.8	2,784.6	2,799.2	2,832.6	2,876.4
% Ch	3.0	2.7	2.2	-2.0	-4.0	0.5	1.2	1.5
Manufacturing	279.2	289.7	295.5	278.9	258.4	261.6	272.9	278.5
% Ch	4.3	3.8	2.0	-5.6	-7.4	1.2	4.3	2.1
Durable Manufacturing	197.6	208.1	214.5	201.5	184.5	187.4	198.5	204.5
% Ch	5.8	5.3	3.1	-6.1	-8.4	1.5	5.9	3.1
Aerospace	69.0	76.7	83.1	82.9	81.1	82.5	89.7	92.3
% Ch	8.8	11.1	8.3	-0.2	-2.2	1.7	8.7	3.0
Nondurable Manufacturing	81.6	81.6	81.0	77.4	73.8	74.2	74.4	74.0
% Ch	0.7	0.0	-0.7	-4.5	-4.7	0.5	0.3	-0.5
Construction	186.6	202.8	207.8	181.2	146.5	138.7	138.7	141.5
% Ch	9.7	8.7	2.5	-12.8	-19.1	-5.3	0.0	2.0
Service-Providing	2,346.0	2,395.7	2,449.0	2,432.9	2,373.9	2,393.0	2,415.1	2,450.5
% Ch	2.4	2.1	2.2	-0.7	-2.4	0.8	0.9	1.5
Software Publishers	42.8	46.5	48.8	52.1	50.8	51.3	52.8	54.6
% Ch	6.7	8.8	4.9	6.8	-2.6	1.0	2.9	3.4
Nonfarm Payroll Employment, EOP*	2,852.8	2,928.8	2,969.6	2,826.9	2,784.9	2,814.8	2,845.1	2,899.1
% Ch*	3.1	2.7	1.4	-4.8	-1.5	1.1	1.1	1.9
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	53.834	50.628	38.102	19.749	19.117	21.466	20.043	22.729
% Ch	3.9	-6.0	-24.7	-48.2	-3.2	12.3	-6.6	13.4
Single-Family	40.408	34.072	23.059	13.016	15.230	13.682	11.603	12.257
% Ch	5.1	-15.7	-32.3	-43.6	17.0	-10.2	-15.2	5.6
Multi-Family	13.425	16.557	15.043	6.734	3.888	7.785	8.439	10.472
% Ch	0.4	23.3	-9.1	-55.2	-42.3	100.2	8.4	24.1
30-Year Fixed Mortgage Rate (%)	6.21	6.35	6.19	5.57	5.00	4.59	4.24	4.87

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

Table 2.2
Comparison of Alternative Forecasts

	Fiscal Year 2011			Fiscal Year 2012			Fiscal Year 2013		
	O	B	P	O	B	P	O	B	P
U.S.									
Real GDP	13,214	13,214	13,214	13,545	13,459	13,311	14,096	13,784	13,255
%Ch	2.6	2.6	2.6	2.5	1.9	0.7	4.1	2.4	-0.4
Implicit Price Deflator	1.123	1.123	1.123	1.152	1.149	1.142	1.170	1.164	1.149
%Ch	1.8	1.8	1.8	2.6	2.3	1.7	1.5	1.3	0.6
Mortgage Rate	4.59	4.59	4.59	4.31	4.24	3.79	5.24	4.87	3.66
3 Month T-Bill Rate	0.12	0.12	0.12	0.13	0.06	0.04	0.45	0.09	0.05
Washington									
Real Personal Income	262.531	262.531	262.531	269.538	265.208	261.610	283.359	271.684	259.415
%Ch	3.1	3.1	3.1	2.7	1.0	-0.4	5.1	2.4	-0.8
Personal Income	294.844	294.844	294.844	310.643	304.704	298.804	331.599	316.231	298.117
%Ch	4.9	4.9	4.9	5.4	3.3	1.3	6.7	3.8	-0.2
Employment	2799.2	2799.2	2799.2	2849.5	2832.6	2812.0	2947.3	2876.4	2788.4
%Ch	0.5	0.5	0.5	1.8	1.2	0.5	3.4	1.5	-0.8
Housing Permits	21.466	21.466	21.466	22.951	20.043	18.483	33.558	22.729	16.543
%Ch	12.3	12.3	12.3	6.9	-6.6	-13.9	46.2	13.4	-10.5

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

Table 2.3
Forecast Analysis
 Comparison of Forecasts for 2011-13

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

Table 2.4

Fiscal Years

Forecast Comparison

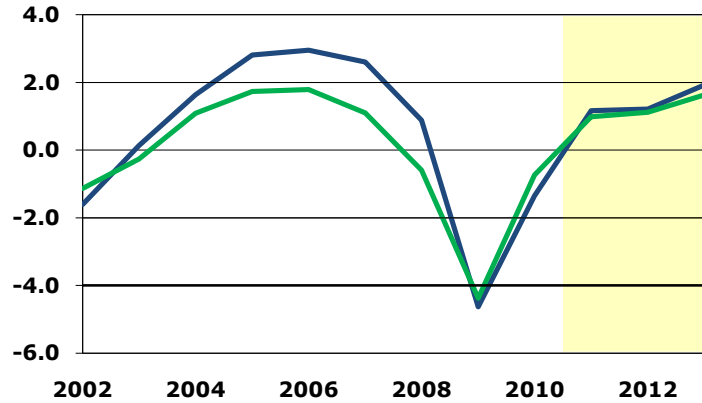
Forecast 2012 to 2013

	2009	2010	2011	2012	2013
Washington					
Real Personal Income					
November Baseline	261.166	254.615	262.531	265.208	271.684
% Ch	-1.1	-2.5	3.1	1.0	2.4
September Baseline	262.071	256.380	263.804	268.146	275.017
% Ch	-0.6	-2.2	2.9	1.6	2.6
Personal Income					
November Baseline	284.539	280.978	294.844	304.704	316.231
% Ch	0.4	-1.3	4.9	3.3	3.8
September Baseline	285.521	282.922	296.255	306.879	318.371
% Ch	0.8	-0.9	4.7	3.6	3.7
Employment					
November Baseline	2899.8	2784.6	2799.2	2832.6	2876.4
% Ch	-2.0	-4.0	0.5	1.2	1.5
September Baseline	2899.8	2784.6	2798.0	2831.9	2882.5
% Ch	-2.0	-4.0	0.5	1.2	1.8
Housing Permits					
November Baseline	19.749	19.117	21.466	20.043	22.729
% Ch	-48.2	-3.2	12.3	-6.6	13.4
September Baseline	19.749	19.117	21.466	20.116	23.707
% Ch	-48.2	-3.2	12.3	-6.3	17.9

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

Forecast

Total nonfarm payroll employment



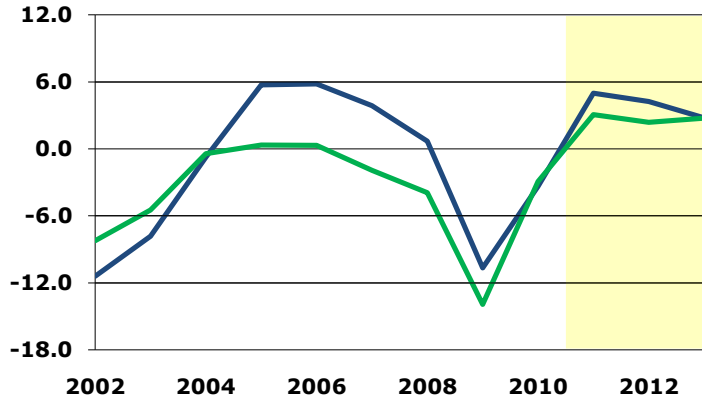
Source: WA State Employment Security Dept. 2010, ERFC 2013

Manufacturing employment



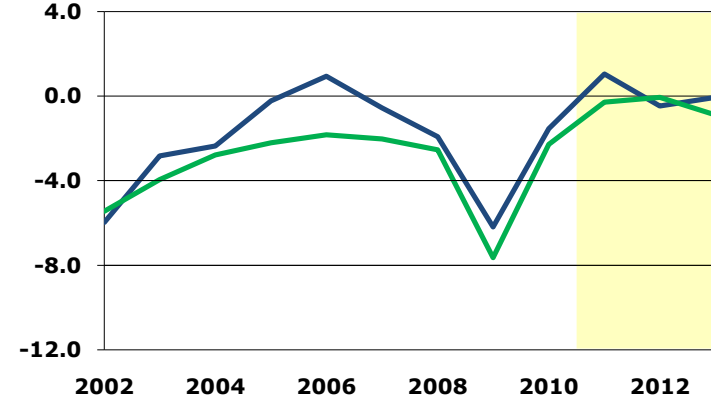
Source: WA State Employment Security Dept. 2010, ERFC 2013

Durable manufacturing employment



Source: WA State Employment Security Dept. 2010, ERFC 2013

Nondurable manufacturing employment



Source: WA State Employment Security Dept. 2010, ERFC 2013

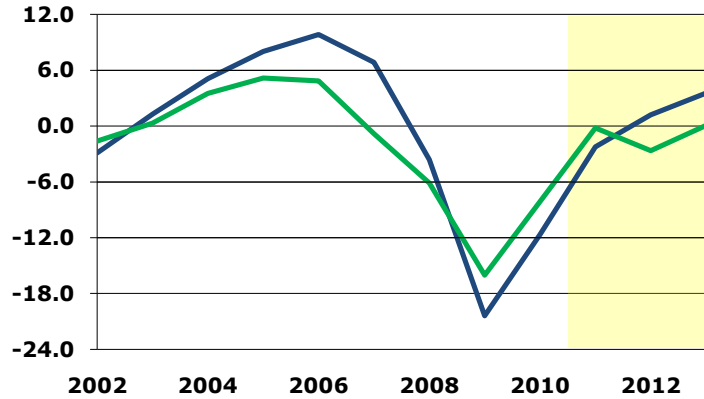
Washington

U.S.

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

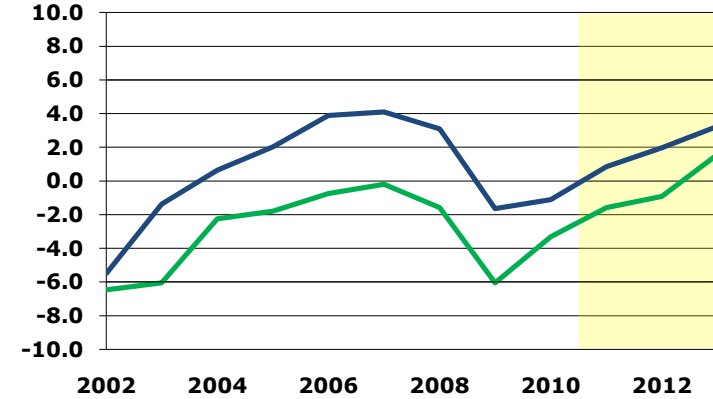
Forecast

Construction employment



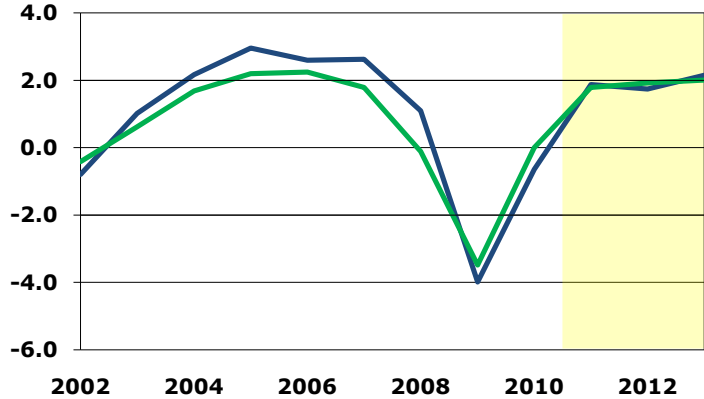
Source: WA State Employment Security Dept. 2010, ERFC 2013

Information employment



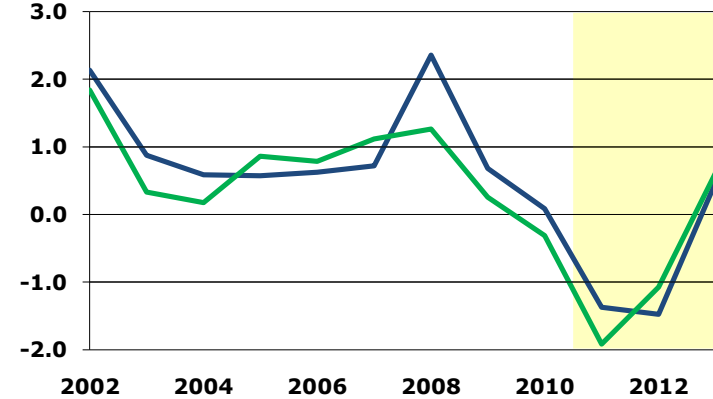
Source: WA State Employment Security Dept. 2010, ERFC 2013

Other private employment



Source: WA State Employment Security Dept. 2010, ERFC 2013

Government employment



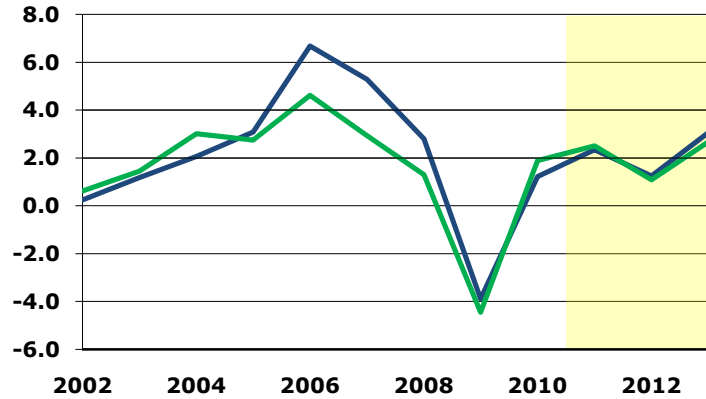
Source: WA State Employment Security Dept. 2010, ERFC 2013

Washington

U.S.

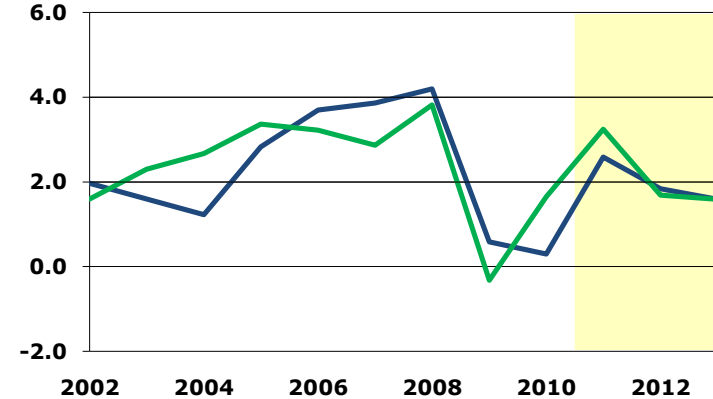
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)

Real personal income



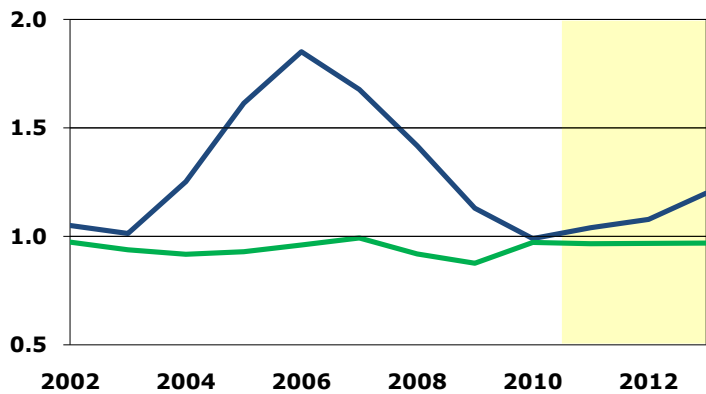
Source: Bureau of Economic Analysis 2009, ERFC 2013

Consumer price indices



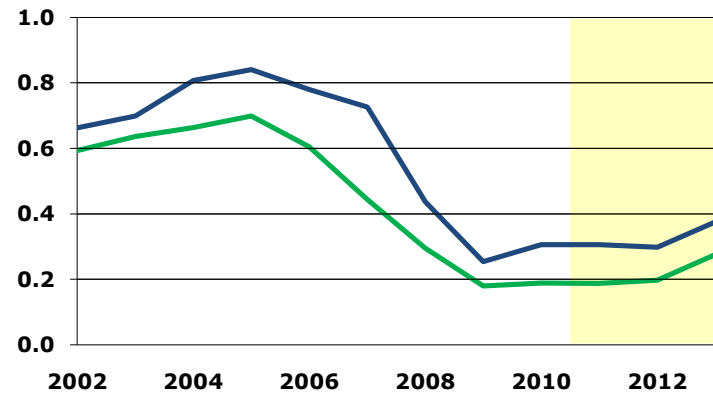
Source: Bureau of Labor Statistics 2010, ERFC 2013

Population



Source: Office of Financial Management 2010, ERFC 2013

Per capita housing units



Source: Census Bureau 2010, ERFC 2013

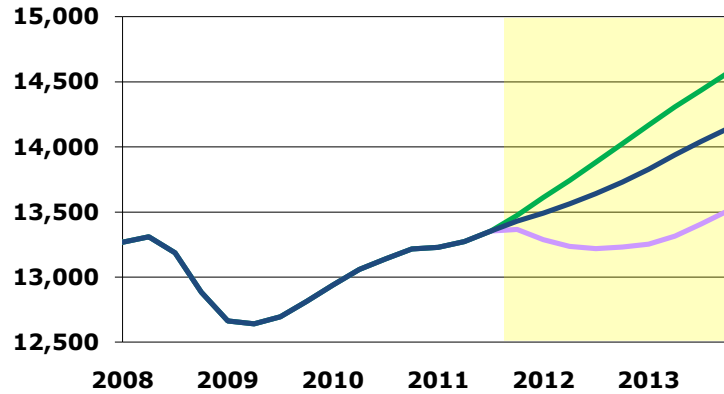
■ Washington

■ U.S.

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

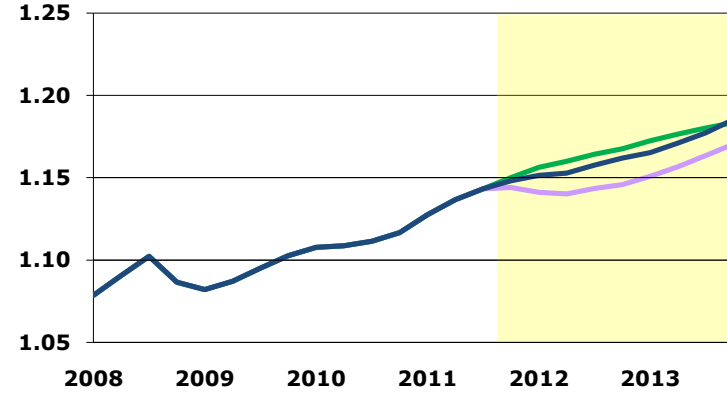
Forecast

Real GDP, billions of chained 2005 dollars



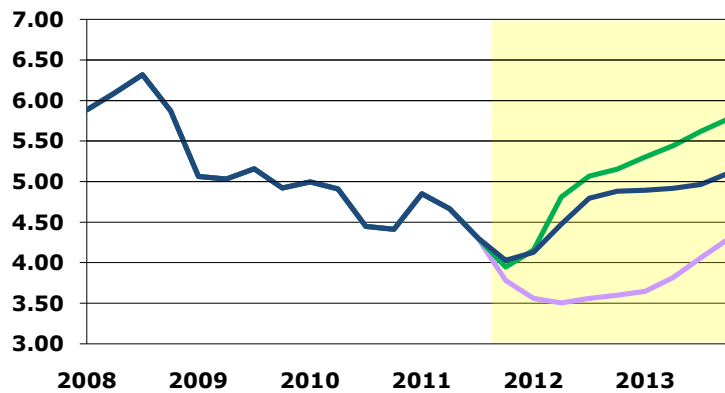
Source: Bureau of Economic Analysis 2011 Q2, ERFC 2013

Implicit price deflator, index 2005 = 1.0



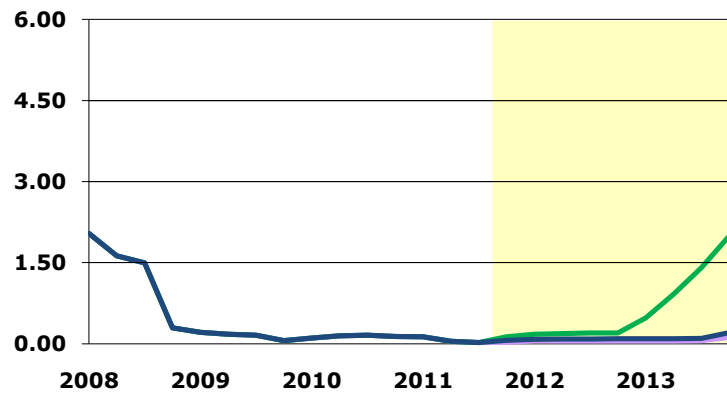
Source: Bureau of Economic Analysis 2011 Q2, ERFC 2013

Mortgage rate, percent



Source: Freddie Mac 2011 Q2, ERFC 2013

Three month T-bill rate, percent



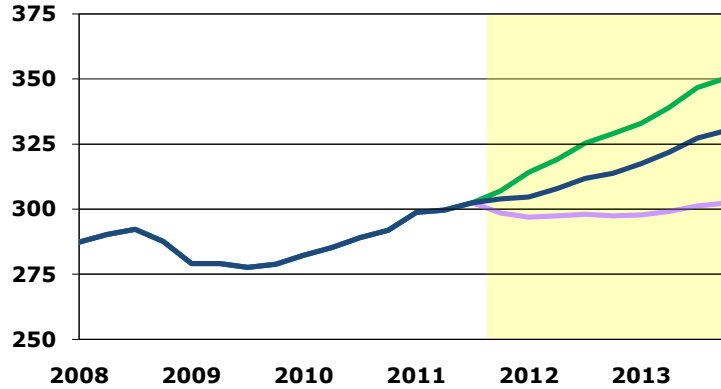
Source: Federal Reserve Board 2011 Q2, ERFC 2013

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

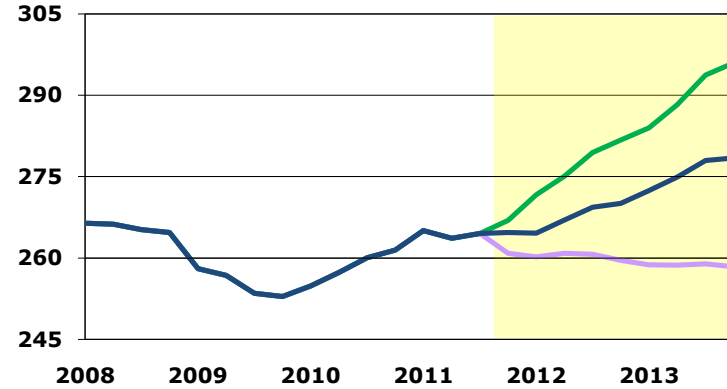
Forecast

Personal income, billions of dollars



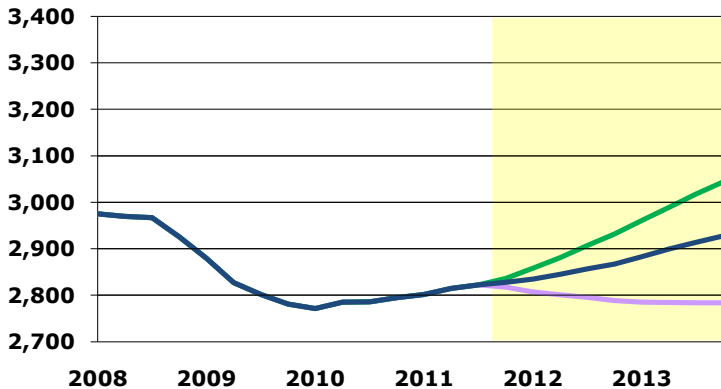
Source: Bureau of Economic Analysis 2009 Q4, ERFC 2013

Real personal income, billions of chained 2005 dollars



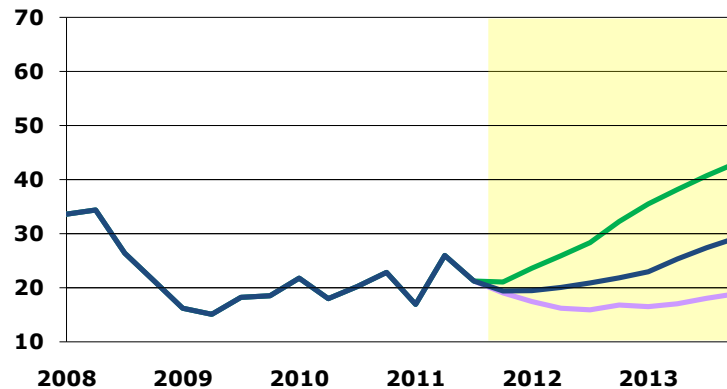
Source: Bureau of Economic Analysis 2009 Q4, ERFC 2013

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2011 Q2, ERFC 2013

Housing permits, thousands



Source: Census Bureau 2011 Q2, ERFC 2013

■ Baseline ■ Optimistic ■ Pessimistic

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Chapter 3: Washington State Revenue Forecast Summary

- **General Fund-State revenue collections since September were close to their forecasted value, and changes to the state economic forecast for November were small.**
- **The passage of Initiative 1183 will add \$57 million in revenue to the 2011-13 biennium but there were other offsetting forecast reductions.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$122 million less than forecasted in September.**
- **The final General Fund-State revenue total for the 2009-11 biennium came in \$24.5 million higher than the September forecast.**
- **There remain considerable downside risks to the forecast.**

Overview

The State economic forecast has changed little since September; the revenue forecast change is similarly small

As outlined in Chapters 1 and 2, there was little overall change in the national and state economic forecasts from September to November. Revenue collections have also come in close to their forecasted values. As a result, forecasted revenue for the current biennium has been changed only slightly, a reduction of less than 1%. As in September, however, there remain considerable downside risks to the forecast. The European debt crisis could deteriorate further and the failure of the U.S. debt Super Committee could result in additional contractionary fiscal policies. Either of these outcomes could have swift and large negative repercussions on revenue collections.

GF-S forecast changes (\$millions):

2009-11: +\$24.5

2011-13: -\$122

Table 3.1 summarizes the final revision to total revenue for the 2009-11 biennium and the forecast for the 2011-13 biennium. The final tally (pending audit) of General Fund-State (GF-S) revenue for the 2009-11 biennium was \$24.5 million above the September forecast. By the time of the November forecast, revenue for the 2011-13 biennium was \$11.8 million below its forecasted value. Weaker forecasted revenue growth subtracted \$148.1 million in collections for the remainder of the biennium. Non-economic factors added \$37.8 million in revenue to the

current biennium. The resulting net forecast change for GF-S revenue in the current biennium is a reduction of \$122.2 million.

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

GF-S forecast (\$millions):	2009-11 Biennium	2011-13 Biennium	Total*
2009-11: \$28,218	Collections & Revisions \$24.5	(\$11.8)	\$12.7
	Non-Economic Change \$0.0	\$37.8	\$37.8
	Forecast Change \$0.0	(\$148.1)	(\$148.1)
2011-13: \$30,188	Total Change \$24.5	(\$122.2)	(\$97.7)

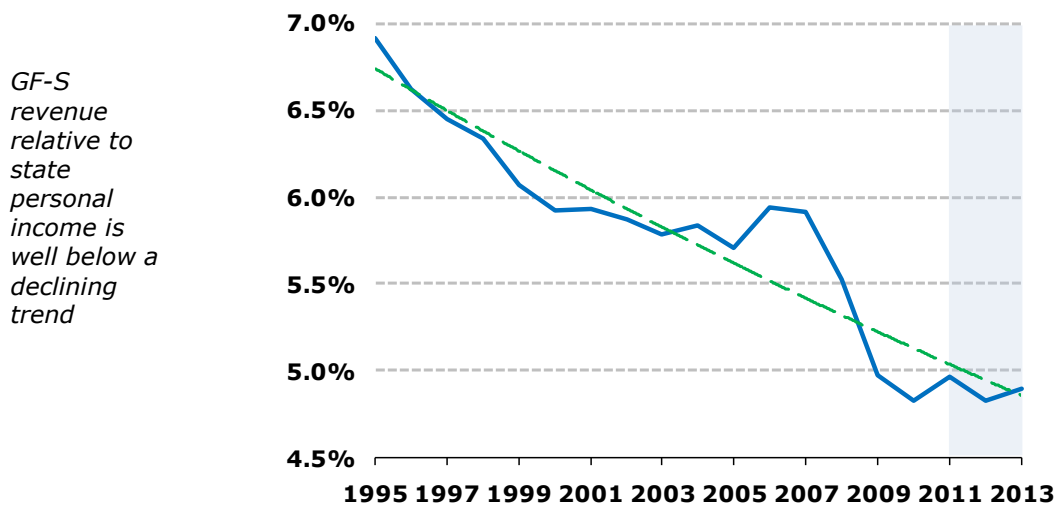
Source: ERFC, November 2011
 *Totals might not add due to rounding

With the revisions above, GF-S revenue for the 2009-11 biennium totaled \$28,218.1 million and GF-S revenue for the 2011-13 biennium is forecasted to total \$30,188.3 million.

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

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income has been on a persistent downward trend since 1995 (the first year that a series fully consistent with the current definition of GF-S revenue can be created). The increase in real estate excise taxes and retail sales taxes on construction materials during the housing

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



GF-S revenue relative to state personal income is well below a declining trend

Source: ERFC, data through fiscal year 2011

boom from 2005 to mid-2008 caused collections to rise above this trend, while the subsequent housing market collapse caused collections to fall below the trend. Collections for FY 2011 were boosted by one-time transfers of funds from non-GF-S sources into the GF-S, causing the ratio of collections to income to spike in that year. The November forecast, as shown in the light blue shaded area, has the ratio increasing due to the forecasted moderate economic recovery and increases in GF-S revenue from legislation passed in 2010 and 2011. Nevertheless, the ratio is still far lower than the ratios for fiscal years 1995 through 2008.

Forecast details are at the end of the chapter

The history of nominal and real GF-S revenue by biennium can be found in Table 3.3. GF-S revenue by agency and major revenue classification for the 2009-11 biennium can be found in Table 3.5 (cash) and Table 3.6 (GAAP). The GF-S forecast by agency and major revenue classification for the 2011-13 biennium can be found in Table 3.7 (cash) and Table 3.8 (GAAP).

Recent Collection Experience

Cumulative receipts from major sources that are tracked monthly were \$11.8 million (0.5%) less than the September forecast

Revenue collections from the Department of Revenue, Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. Cumulatively, Revenue Act collections reported by the Department of Revenue from September 11 through November 10, 2011 were \$9.2 million (0.5%) below the September forecast (see Table 3.2). Revenue from other Department of Revenue tax sources from September through October was \$3.4 million (1.3%) lower than expected. Real estate excise tax collections, described below, were responsible for much of the shortfall in non-Revenue Act receipts, coming in \$6.4 million (10.4%) lower than forecasted.

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

<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	(\$9.2)	-0.5%
Non Revenue Act	(\$3.4)	-1.3%
Subtotal	(\$12.6)	-0.6%
Department of Licensing	\$0.1	7.9%
Lottery	\$0.0	0.0%
Administrative Office of the Courts	\$0.7	4.2%
Total*	(\$11.8)	-0.5%

* Detail may not add to total due to rounding.
Source: ERFC; Period: September 11 - November 10, 2011

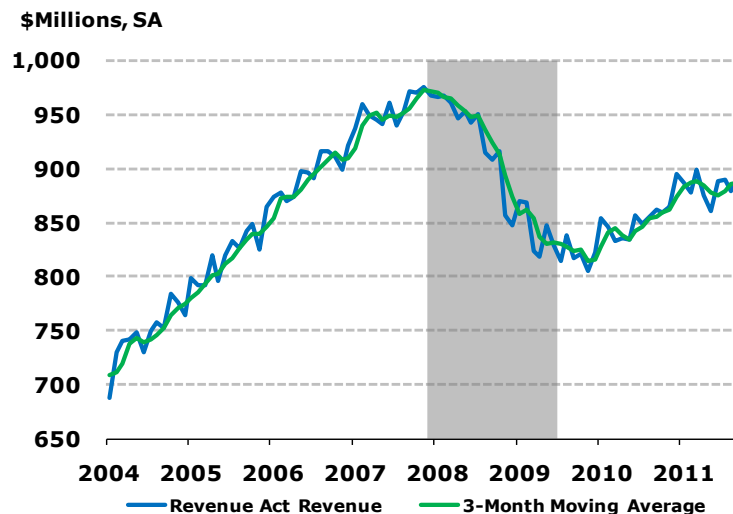
Cigarette tax receipts were also short of the forecast, by \$2.3 million (3.0%). Property tax collections offset much of the shortfall in other categories, coming in \$6.8 million (15.9%) above the forecast, and liquor tax receipts came in \$1.4 million (4.3%) above the forecast. The sum of the other taxes collected by the department was \$3.0 million (5.8%) lower. Revenue from the Department of Licensing was \$59,000 (7.9%) higher than forecasted and revenue from the Administrative Office of the Courts was \$672,000 (4.2%) higher than forecasted. The cumulative total variance of all the sources listed above was - \$11.8 million (-0.5%).

Seasonally adjusted Revenue Act collections were up 3.6% year-over-year in the most recent collection period

Figure 3.2 shows seasonally adjusted Revenue Act receipts excluding payments received under the tax amnesty program in early 2011 and other large payments and adjusted for recent changes in payment patterns. As shown in the figure, collections have been on an upward trend since November 2009. Growth was subsequently aided by a temporary increase in the business and occupation tax rate paid by service industries that took effect in May 2010. After over a year of relatively non-interrupted growth, however, adjusted collections declined for two months beginning with collections that reflected taxable activity in April 2011. Growth resumed with receipts reflecting June activity but progress has been uneven. As of the most recent collection period, adjusted receipts are just below the recent peaks of the early spring and are up 3.6% year-over-year. The November forecast assumes growth will continue at this diminished pace through the end of the current fiscal year before accelerating somewhat in fiscal year 2013.

Figure 3.2: Revenue Act Collections*

Seasonally adjusted Revenue Act collections are once again growing after declining in the spring



Source: ERFC; Data through November 10, 2011 preliminary allocation
 *Adjusted for large payments/refunds and payment pattern change

Quarterly Revenue Act growth is positive year-over-year but slowing

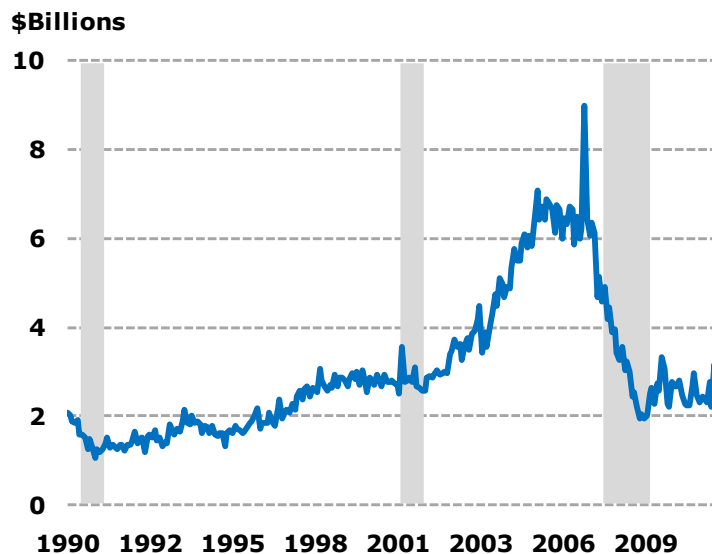
Adjusted Revenue Act collections from August 11 – November 10, 2011, which primarily reflected third quarter 2011 activity, were up 3.9% year-over-year. This was a slight improvement from the 3.3% year-over-year growth in second quarter activity (May 11 – August 10, 2011 adjusted collections), but still below the 5.4% year-over-year growth in collections that represented first quarter activity.

In general, the number of taxable real estate transactions is improving while the value per transaction is dropping

After a large spike in August from several large sales of commercial property, seasonally adjusted taxable real estate activity declined in September and October, falling close to levels last seen in the spring of 2009 (see Figure 3.3). In recent months, the number of transactions has generally been increasing year-over-year while the value per transaction has generally been declining. In October, the number of transactions increased 0.7% year-over-year while the average value per transaction decreased 11.2% year-over-year, resulting in a 10.5% year-over-year decrease in taxable activity.

Figure 3.3: Taxable Real Estate Excise Activity, SA

October activity fell close to levels last seen in the recessionary trough



Source: ERFC; data through October 2011

Recent EFT Payments by Industry

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

Detailed information on tax payments by type and industry is compiled by the Department of Revenue on a quarterly basis. While detailed data on third quarter activity will not be complete until January 2012, a preliminary indication of recent activity by industry sector can be inferred by looking at payments by taxpayers who file their tax returns electronically. Payments from

the most recent collection period can be compared to the year-ago payments by the same taxpayers.

Year-over-year growth in payments from electronic filers for the most recent period was slowed by last year's short-lived taxes on candy, bottled water and carbonated beverages as well as the shift of a large number of taxpayers from quarterly to monthly filing status

Electronic tax returns from the October 11 – November 10, 2011 period mainly represent the September taxable activity of monthly taxpayers and the third quarter activity of quarterly taxpayers. Due to the shift of 32,600 filers from quarterly to monthly EFT status beginning with the October 2010 reporting period, the year-over-year growth rates of EFT payments in the current period understate actual year-over-year growth in activity. This is because the current reporting period contains some payments from taxpayers who reported quarterly activity in the October-November 2010 collection period but only monthly activity in the current period. Because of the shift in payment patterns, total payments were up only 0.9% year-over-year despite the adjusted growth of 3.6% year-over-year in total Revenue Act receipts for the same period. Total tax payments from businesses in the retail trade sector were up 1.4% year-over-year. Year-over-year growth in the retail trade sector was not only negatively affected by the shift in taxpayer filing status but was also negatively affected by last year's short-lived application of the retail sales tax to candy and bottled water, which added an estimated \$5-\$6 million to last year's payments. Despite these negative effects, nine out of the twelve major retail trade sectors showed year-over-year growth in payments. The largest year-over-year increases in tax payments from the sector were gas stations and convenience stores (+8.2%), electronics and appliances (+7.4%), non-store retailers (+5.4%), furniture and home furnishings (+5.3%) and motor vehicles and parts (+4.9%). Food and beverage stores showed a large 11.5% decline, but payments from this sector were hit particularly hard by the negative factors outlined above. Miscellaneous retailers and general merchandise stores also showed year-over-year declines (-4.9% and -0.9% respectively). Total payments from sectors other than retail trade increased 0.6%. Tax payments in the construction sector were down 4.7% year-over-year while payments in the manufacturing sector were up 3.9%. Excluding both the manufacturing and construction sectors, payments from non-retail trade sectors were up 1.6%. The number of increasing non-retail sectors outnumbered declining sectors ten to six.

Non-Economic Forecast Changes

A planned refund of \$19 million and the recent passage of...

There were two changes for the 2011-13 biennium that were unrelated to the change in the economic forecast. The first was a \$19 million refund of business and occupation taxes that the Department of Revenue plans to pay to an individual business in December 2011. While a certain amount of refunds are forecasted to occur each month, unusually large one-time refunds and payments are accounted for separately. The other,

...Initiative 1183 will affect revenue in the current biennium

more significant non-economic change was the passage of Initiative 1183 in the November 8, 2011 election. Under the initiative, private stores that meet certain criteria will be allowed to sell liquor beginning June 1, 2012 and private distributors may begin to sell to the stores beginning March 1, 2012. The state will not be allowed to sell liquor after June 1, 2012. The Office of Financial Management created two scenarios in determining the fiscal impact of the initiative, one with high price markups by retailers and one with lower markups. We have chosen the low-markup scenario as our baseline forecast. Details of this scenario can be found at www.ofm.wa.gov/initiatives/2011/1183.pdf.

The passage of Initiative 1183 will add \$56.8 million in GF-S revenue to the 2011-13 biennium

Initiative 1183 retains all current liquor liter and sales taxes. Due to the increased availability of liquor under the initiative, liquor sales are expected to increase. As a result, liquor sales and liter taxes are forecasted to increase by \$9.5 million in the current biennium. The distribution and sales of liquor by private companies will also generate additional business and occupation taxes, adding an estimated \$6.3 million in revenue. In addition, the initiative raises revenue in the form of licensing fees paid by distributors and retailers. These fees are expected to bring in \$40.9 million over and above the profits the state would have received selling liquor in its own stores from June 1, 2012 through the end of the biennium. The expected total impact of the initiative is therefore an additional \$56.8 million in GF-S revenue for the current biennium. Subtracting the \$19 million planned refund mentioned above, the total non-economic change for the current forecast is an additional \$37.8 million.

Department of Revenue

Taxes collected by DOR are most of GF-S taxes

The Department of Revenue (DOR) collects and administers the majority of Washington’s GF-S revenue, accounting for 95% of total GF-S revenue in the 2009-11 biennium. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, and real estate excise tax. The revenue forecasts discussed below can be found in Tables 3.5-3.9.

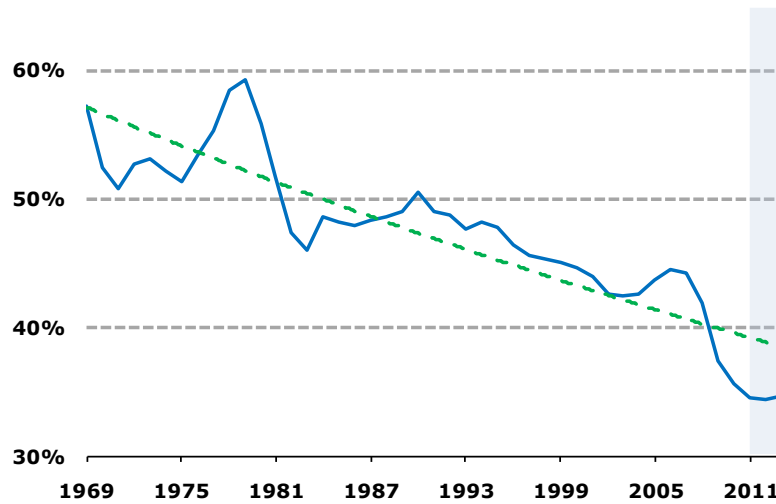
Retail sales taxes are the largest source of GF-S revenue

The retail sales tax is the largest source of GF-S revenue, accounting for 45.3% of GF-S revenue in FY 2011. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income have been declining. Their share fell sharply during the recession and is forecasted to continue to fall through FY 2012. In that year, it is estimated that 34.4% of personal income will be spent on taxable items, the lowest percentage on record. While the taxable sales share of personal income is forecasted to increase slightly in FY 2013, the ratio will still

remain far below its pre-recession trend. This relationship is illustrated in Figure 3.4.

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

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



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

Source: ERFC; forecast through FY 2013

Much of the decline in retail sales over the last biennium was due to the collapse in construction and auto sales

As both construction materials and labor are subject to the retail sales tax, the construction sector has historically made up a large portion of total retail sales tax receipts. From FY 2007 through FY 2009, the sector represented an average of 20% of total taxable sales activity. The end of the housing boom took a huge toll on retail sales in FY 2009 and FY 2010 and continues to dampen sales in FY 2011. Taxable sales in the construction sector declined by 15% in FY 2009, 20% in FY 2010 and by 8% in FY 2011. By FY 2011, the construction sector only accounted for 15% of taxable sales. Sales tax receipts from the sector in the 2009-11 biennium were \$890 million lower than the receipts in the 2007-09 biennium and \$760 million lower than those of the 2005-07 biennium. Another large contributor to the retail sales tax is motor vehicle and parts sales, which represented an average of 10.6% of taxable sales activity in FY 2007 and FY 2008. Taxable activity in this sector declined by 23% in FY 2009 before growing at 0.3% in FY 2010 and 5.8% in FY 2011. Sales tax receipts from the sector in the 2009-11 biennium were \$140 million lower than the receipts in the 2007-09 biennium and \$390 million lower than those of the 2005-07 biennium.

The auto and construction sectors caused 76% of the decline in taxable activity from the 2007-09 to 2009-11 biennium

Taxable retail sales fell by 10.3% from the 2007-09 biennium to the 2009-11 biennium. This represented a decrease of \$1.35 billion in tax revenue. The decrease in taxes due on activity in the construction sector alone, not counting decreases in related sectors such as building materials and appliances, accounted for 66% of the decline, and the decrease in activity in the motor vehicle sector was responsible for 10% of the decline. Together, the two sectors accounted for 76% of the decline in taxable activity from the 2007-09 biennium to the 2009-11 biennium.

Retail sales tax receipt growth forecast:

*FY12: 1.2%
FY13: 4.8%*

After declines of 10.6% in FY 2009 and 5.8% in FY 2010, taxable retail sales managed an increase of 1.8% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections to 3.2% for the fiscal year. Taxable activity is forecasted to grow at 2.8% in FY 2012 and 4.7% in FY 2013. Despite forecasted growth of 0.1% in FY 2012 and 5.2% in FY 2013, total taxable activity in the construction sector for the 2011-13 biennium is forecasted to be 1.7% below the activity of the previous biennium. Taxable activity in the motor vehicle sector is expected to grow at 4.2% in FY 2012 before accelerating to 11.6% in FY 2013. Despite the increase, total activity in the sector for the biennium would still be 13.1% below the activity in the 2005-07 biennium. Taking into account the lag between taxable activity and collections and factoring in tax deferrals, credits, refunds, and the other non-economic factors outlined above, actual retail sales tax collections are forecasted to grow by 1.2% in FY 2012 and 4.8% in FY 2013.

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

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

B&O tax growth forecast:

*FY12: 4.7%
FY13: 7.5%*

Due mainly to new revenue from an increase of the B&O services tax from 1.5% to 1.8%, B&O tax collections grew by 16.9% in FY 2011. Receipts for the fiscal year were also increased by the tax penalty amnesty program and other legislative changes described in the [June 2010 Washington State Economic and Revenue Forecast](#) publication. Due to the weak economic recovery outlined in Chapter 1 and Chapter 2 and the absence of any tax rate changes, receipts are forecasted to grow at only 4.7% in FY 2012, improving to 7.5% in FY 2013.

<p><i>State property taxes are the third largest source of GF-S</i></p>	<p>The state property tax levy is the third largest source of GF-S revenue, accounting for 12.6% of total revenue in FY 2011. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073. This added approximately \$260 million to FY 2010 GF-S revenue, inflating the growth rate to 19.4%. Absent the transfer, growth would have been 2.1%.</p>
<p><i>GF-S property tax growth forecast:</i></p> <p><i>FY12: 0.8%</i> <i>FY13: 2.4%</i></p>	<p>Under Initiative 747, approved by voters in November 2001, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in June of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. In practice, since the rate of inflation is typically more than 1%, the total levy on existing property has grown by only 1%, but in June 2009 the rate of inflation was -0.85%. This caused the levy on existing property to decrease by that amount for calendar year 2010, affecting receipts for both FY 2010 and FY 2011. Property tax receipts grew by 1.8% in FY 2011 and are forecasted to grow at 0.8% in FY 2012 and 2.4% in FY 2013.</p>
<p><i>Use tax was the fourth largest GF-S source in FY 2010</i></p>	<p>The state use tax was the fourth largest GF-S revenue source in FY 2011 at 3.7% of total receipts. The state portion of the tax is 6.5% of the purchase price for items used in the state that were not subject to the state retail sales tax. Examples of items subject to the state use tax are goods purchased out-of-state; online and mail-order purchases, where sales tax was not collected; or purchases of used vehicles from private individuals.</p>
<p><i>Use tax growth forecast:</i></p> <p><i>FY12: -8.6%</i> <i>FY13: 7.9%</i></p>	<p>The tax penalty amnesty program brought in a large amount of past-due use taxes. As a result, FY 2011 collections increased 26.2% year-over-year. FY 2011 collections have also been supported by an increase of sales of used or out-of-state vehicles, which can account for over one-third of use taxes depending upon the time of year. Used vehicle sales exhibit sharp declines during economic downturns and increases during recoveries. This pattern was responsible for much of the 10.0% decline in FY 2009 taxes as well as the 8.0% decrease in FY 2010. Because of the high FY 2011 collections, use tax receipts are forecasted to decline by 8.6% in FY 2012 even though used vehicle sales are expected to be stronger during that period. FY 2013 use tax collections are forecasted to grow by 7.9%.</p>

REET was the seventh largest source of GF-S revenue in FY 2011

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

REET is 1.28% of real estate sales price

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

REET growth forecast:

FY12: -5.5%
FY13: 13.0%

Since peaking in FY 2007 in the final days of the real estate boom, REET collections have declined precipitously. Receipts dropped 38.0% year-over-year in FY 2008 and 41.3% in FY 2009. A federal tax credit for homebuyers slowed the rate of decline to 2.4% in FY 2010, but the decline reaccelerated in FY 2011, with a drop of 7.8%. Receipts are forecasted to fall by another 5.5% in FY 2012 before growing at 13.0% in FY 2013. Receipts for FY 2011 and forecasted FY 2012 and FY 2013 receipts are all below levels last seen in FY 1999.

Department of Licensing

Forecast change by biennium (millions):

09-11: -\$0.1
11-13: -\$1.3

The majority of General Fund-State revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The department’s preliminary tally for the 2009-11 biennium is \$34.7 million, \$87,000 less than estimated in September. The department’s forecast for the 2011-13 biennium has been decreased \$1.3 million to \$34.1 million, due primarily to lower forecasted watercraft excise taxes.

The Office of Financial Management (Other Agencies)

Forecast change by biennium (millions):

09-11: \$24.6
11-13: \$0.0

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office’s final tally for the 2009-11 biennium was \$231.2 million, \$24.6 million more than estimated in September.

The increase was mainly due to revisions to net payments from the Department of Social and Health Services. The office’s forecast for the 2011-13 biennium is unchanged at \$227.4 million.

State Treasurer

*Forecast
change by
biennium
(millions):*

09-11: \$0.0
11-13: -\$7.4

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's final tally for the 2009-11 biennium was unchanged at negative \$10.3 million. The office's forecast for the 2011-13 biennium has been reduced \$7.4 million to negative \$26.2 million due to a decrease in the forecasted average daily balance. The actual and forecasted earnings for each biennium are negative because the actual average daily balance of the GF-S for the 2009-11 biennium was negative and the average balance for the current biennium is forecasted to be negative as well. When this occurs, the GF-S effectively pays interest to the other funds managed by the office.

Insurance Commissioner

*Forecast
change by
biennium
(millions):*

09-11: \$0.0
11-13: \$0.0

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's final tally for the 2009-11 biennium was unchanged at \$800.2 million and its forecast for the 2011-13 biennium is unchanged at \$861.5 million.

Liquor Control Board

*Forecast
change by
biennium
(millions):*

09-11: -\$0.0
11-13: \$49.0

The Liquor Control Board forecasts GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The board's final tally of excess funds and fees for the 2009-11 biennium was unchanged at \$74.0 million and its tally for beer and wine surtaxes was unchanged at \$113.9 million. The board's forecast of beer and wine surtaxes for the 2011-13 biennium was unchanged at \$160.2 million.

*Initiative
1183 added
\$40.9 million
to forecasted
excess funds
and fees for
the 2011-13
biennium*

The Liquor Control Board's forecast of excess funds and fees for the 2011-13 biennium was affected by the passage of Initiative 1183 in November. Under the initiative, the board will no longer operate liquor stores after June 1, 2012, so it will no longer generate excess funds after that time. Under the initiative, however, distributors will be charged licensing fees which will be paid to the Liquor Control Board and passed on to the GF-S. The projected fees are \$40.9 million more than the projected excess funds that would have been generated over the same period. In addition, the board has forecasted an increase of \$8.1 million in projected excess funds and fees, for a total increase of \$49.0 million for the 2011-13 biennium.

Lottery Commission

As of FY 2011, most Lottery proceeds go to the Washington Opportunity Pathways Account

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and the Stadium, Exhibition Center, Problem Gambling and Economic Development accounts received their allotments was transferred to the GF-S. Under the new legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts will be maintained, but the remaining revenue, which represents the bulk of the proceeds, will be transferred entirely to the Washington Opportunity Pathways Account, with no transfers to the GF-S. Budget legislation from the 2008 legislative sessions did, however, authorize separate transfers of unclaimed prize revenue to the GF-S for the 2009-11 biennium. The total of these transfers was \$21.5 million. There will be no revenue transfers to the GF-S in the 2011-13 biennium. The School Construction Account received \$105.0 million during the 2009-11 biennium, representing FY 2010 proceeds, and the Opportunity Pathways Account received \$99.5 million, representing FY 2011 proceeds. The Opportunity Pathways Account is forecasted to receive \$204.2 million in the 2011-13 biennium. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.14 on a cash basis and Table 3.15 on a GAAP basis.

GF-S Forecast change by biennium (millions):

*09-11: \$0.0
11-13: \$0.0*

Administrative Office of the Courts

Forecast change by biennium (millions):

*09-11:- \$0.03
11-13: -\$0.2*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties to fund the Public Safety and Education Account (PSEA) and the Equal Justice sub account. Under ESSB 5073, the revenue and activities of these accounts have been consolidated into the GF-S starting July 1, 2009. The final tally of these funds for the 2009-11 biennium is \$197.3 million, \$33,000 less than estimated in September. The forecast for the 2011-13 biennium has been decreased \$241,000 to \$192.8 million.

Track Record for the 2009-11 Biennium

The total revenue for the biennium was \$1.91 billion (6.3%) lower than the forecast...

Table 3.10 summarizes the changes to the GF-S revenue forecast for the 2009-11 biennium. The values of the previous forecasts have been adjusted to reflect the new definition of GF-S under ESSB 5073 (these values were previously classified as "GF-S and Related Funds"). The initial forecast for the biennium was released in February 2008. The final total for the 2009-11 biennium is \$5.94 billion (17.4%) lower than the initial forecast. Non-economic changes (excluding the classification changes from

... in March 2009 – the basis for the initial 2009-11 budget

ESSB 5073) have increased the forecast by \$951 million (2.8%). Excluding non-economic changes, the current forecast is \$6.89 billion (20.2%) lower than the initial forecast. The final tally was \$1.91 billion (6.3%) lower than the March 2009 forecast, which was the basis for the initial 2009-11 budget.

Track Record for the 2011-13 Biennium

The November forecast is \$1.7 billion (5.4%) lower than the March 2011 forecast on which the 2011-13 budget is based

Table 3.11 summarizes the changes to the GF-S revenue forecast for the 2011-13 biennium. The February 2010 forecast was the initial forecast for the biennium. The November forecast for the 2011-13 biennium is \$2.04 billion (6.3%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.5 billion (4.6%). Excluding non-economic changes, the current forecast is \$3.53 billion (11.0%) lower than the initial forecast. The current forecast is \$1.72 billion (5.4%) lower than the March 2011 forecast, which was the basis for the 2011-13 budget.

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

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

Legislation enacted in 1987 requires that the state’s biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GF-S revenue forecast on both a cash and GAAP basis. The GAAP forecasts of GF-S revenue for the 2009-11 and 2011-13 biennia are presented in Tables 3.6 and 3.8 respectively. The primary difference between the cash and GAAP forecasts is the timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state’s budgetary balance sheet, which is the principal tool for assessing the General Fund’s current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.6 and 3.8 are on a cash basis.

Budgetary Balance Sheets for the 2009-11 Biennium

The forecast implies a GF-S deficit...

Table 3.12 shows the budgetary balance sheet for the 2009-11 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. According to the November 2011 final tally of 2009-11 revenue (pending audit),

...of \$1.38 billion at the end of the 2011-13 biennium

the GF-S had a \$91.4 million deficit at the end of the 2009-11 biennium. Based on the spending level of \$31,721.0 million in the 2011-13 biennium as currently enacted by the legislature, the GF-S is projected to have a deficit of \$1.380 billion at the end of the 2011-13 biennium. The total ending balance is comprised of a projected GF-S deficit of \$1.646 billion and a projected balance of \$266.3 million in the Budget Stabilization Account. The legislature will be meeting in a special session beginning on November 28 in order to address the negative ending balance.

Alternative Forecasts for the 2011-13 Biennium

Optimistic scenario: +\$2.0 billion

Pessimistic scenario: -\$2.0 billion

GCEA scenario: -\$61 million

Chapter 2 outlines optimistic and pessimistic alternatives to the baseline Washington economic forecast. The forecast assigns a probability of 50% to the baseline forecast, 10% to the optimistic forecast and 40% to the pessimistic forecast. The revenue implications of these alternative scenarios for the 2011-13 biennium are shown in Table 3.13. The optimistic forecast generates \$32,204 million in revenue, \$2.016 billion more than the baseline scenario, while the pessimistic forecast produces \$28,208 million in revenue, \$1.980 billion less than the baseline.

In addition to the official optimistic and pessimistic alternatives, the Economic and Revenue Forecast Council routinely prepares a third alternative forecast. This is prepared by using a scenario developed by averaging the forecasts for several key economic indicators made by members of the Governor’s Council of Economic Advisors (GCEA) as described in Chapter 2. The GCEA alternative revenue forecast was \$61 million less than the baseline scenario.

Near General Fund Forecasts for the 2009-11 and 2011-13 Biennia

Near General Fund:

2009-11 (actual): \$28,487.0 million

2011-13 (forecast): \$30,367.3 million

“Near General Fund” accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S for fiscal years 2011 through 2013. The final Near General Fund total (pending audit) for the 2009-11 biennium is \$28,487.0 million, an increase of \$24.6 million from September’s preliminary tally. The Near General Fund forecast for the 2011-13 biennium is \$30,367.3 million, a decrease of \$130.1 million from the September forecast. The forecasted decrease is greater than that of the GF-S due to a \$7.9 million decrease in forecasted estate tax receipts for the Education Legacy Trust

Account. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.16.

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

Biennium	Current Dollars	Percent Change	2005 Chained Dollars	Percent Change
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,321.2	10.0%
1971-73	1,922.1	10.9%	7,514.0	2.6%
1973-75	2,372.4	23.4%	8,011.9	6.6%
1975-77	3,395.0	43.1%	9,972.5	24.5%
1977-79	4,490.0	32.3%	11,578.1	16.1%
1979-81	5,356.4	19.3%	11,495.6	-0.7%
1981-83	6,801.4	27.0%	12,716.3	10.6%
1983-85	8,202.4	20.6%	14,151.3	11.3%
1985-87	9,574.6	16.7%	15,570.1	10.0%
1987-89	10,934.1	14.2%	16,506.2	6.0%
1989-91	13,309.0	21.7%	18,473.5	11.9%
1991-93	14,862.2	11.7%	19,325.8	4.6%
1993-95	16,564.6	11.5%	20,621.0	6.7%
1995-97	17,637.7	6.5%	21,038.1	2.0%
1997-99	19,620.1	11.2%	22,726.8	8.0%
1999-01	21,262.1	8.4%	23,682.0	4.2%
2001-03	21,140.7	-0.6%	22,766.8	-3.9%
2003-05	23,388.5	10.6%	24,088.7	5.8%
2005-07	27,772.0	18.7%	27,024.1	12.2%
2007-09	27,703.0	-0.2%	25,614.1	-5.2%
2009-11	28,218.1	1.9%	25,347.0	-1.0%
2011-13 ^F	30,188.3	7.0%	26,105.0	3.0%

^F November 2011 Forecast.

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

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

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal Year	Amount	Percent Change
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011	101,825	1.8%
2012 ^F	104,725	2.8%
2013 ^F	109,649	4.7%

^F Forecast

Source: ERFC

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

Table 3.5

Comparison of the General Fund-State forecast by agency

2009-11 biennium; cash basis

(millions of dollars)

Forecast by Agency	Sept. 2011 Preliminary¹	Non-Economic Changes	Collection Revision	Nov. 2011 Final²	Total Change
Department of Revenue					
Retail Sales	\$13,036.2	\$0.0	\$0.0	\$13,036.2	\$0.0
Business & Occupation	5,583.7	0.0	0.0	5,583.7	0.0
Use	957.3	0.0	0.0	957.3	0.0
Public Utility	743.6	0.0	0.0	743.6	0.0
Liquor Sales/Liter	398.9	0.0	0.0	398.9	0.0
Cigarette	742.1	0.0	0.0	742.1	0.0
Property (State Levy)	3,647.5	0.0	0.0	3,647.5	0.0
Real Estate Excise	729.5	0.0	0.0	729.5	0.0
Timber Excise	7.5	0.0	0.0	7.5	0.0
Other	909.2	0.0	0.0	909.2	0.0
Subtotal	26,755.5	0.0	0.0	26,755.5	0.0
Department of Licensing					
Boat excise, licenses, fees & other	34.8	0.0	(0.1)	34.7	(0.1)
Insurance Commissioner					
Insurance Premiums	800.2	0.0	0.0	800.2	0.0
Liquor Control Board					
Liquor Profits and Fees	74.0	0.0	0.0	74.0	0.0
Beer & Wine Surtax	113.9	0.0	0.0	113.9	0.0
Lottery Commission					
Lottery Revenue	21.5	0.0	0.0	21.5	0.0
State Treasurer					
Interest Earnings	(10.3)	0.0	0.0	(10.3)	0.0
Office of Financial Management					
Other	206.5	0.0	24.6	231.2	24.6
Administrative Office of the Courts					
Fines and Forfeitures	197.4	0.0	(0.0)	197.3	(0.0)
Total General Fund-State *	\$28,193.6	\$0.0	\$24.5	\$28,218.1	\$24.5

¹ Estimate for the 2009-11 biennium adopted by the Economic and Revenue Forecast Council September 2011.

² Final total for the 2009-11 biennium as of November 2011 pending audit.

*Detail may not add to totals because of rounding.

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

Table 3.6

Comparison of the General Fund-State forecast by agency

2009-11 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Sept. 2011 Preliminary¹	Non- Economic Changes	Collection Revision	Nov. 2011 Final²	Total Change
Department of Revenue					
Retail Sales	\$13,055.1	\$0.0	\$21.1	\$13,076.2	\$21.1
Business & Occupation	5,712.9	0.0	(19.3)	5,693.6	(19.3)
Use	974.6	0.0	(3.2)	971.4	(3.2)
Public Utility	746.6	0.0	(0.4)	746.3	(0.4)
Liquor Sales/Liter	399.9	0.0	0.0	399.9	0.0
Cigarette	753.9	0.0	0.0	753.9	0.0
Property (State Levy)	3,647.8	0.0	0.0	3,647.8	0.0
Real Estate Excise	729.4	0.0	0.0	729.4	0.0
Timber Excise	7.9	0.0	(0.6)	7.3	(0.6)
Other	907.6	0.0	(1.7)	906.0	(1.7)
Subtotal	26,935.8	0.0	(4.1)	26,931.7	(4.1)
Department of Licensing					
Boat excise, licenses, fees & other	34.8	0.0	(0.1)	34.7	(0.1)
Insurance Commissioner					
Insurance Premiums	800.2	0.0	0.0	800.2	0.0
Liquor Control Board					
Liquor Profits and Fees	74.0	0.0	0.0	74.0	0.0
Beer & Wine Surtax	113.9	0.0	0.0	113.9	0.0
Lottery Commission					
Lottery Revenue	19.9	0.0	0.0	19.9	0.0
State Treasurer					
Interest Earnings	(12.7)	0.0	0.0	(12.7)	0.0
Office of Financial Management					
Other	206.5	0.0	24.6	231.2	24.6
Administrative Office of the Courts					
Fines and Forfeitures	197.4	0.0	(0.0)	197.3	(0.0)
Total General Fund-State*	\$28,369.9	\$0.0	\$20.4	\$28,390.3	\$20.4

¹ Estimate for the 2009-11 biennium adopted by the Economic and Revenue Forecast Council September 2011.² Final total for the 2009-11 biennium as of November 2011 pending audit.

*Detail may not add to totals because of rounding.

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

Table 3.7

Comparison of the General Fund-State forecast by agency

2011-13 biennium; cash basis

(millions of dollars)

Forecast by Agency	Sept. 2011 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2011 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$13,802.5	\$0.0	(\$82.1)	\$13,720.4	(\$82.1)
Business & Occupation	6,548.9	(12.7)	4.7	6,540.9	(8.0)
Use	1,038.0	0.0	(22.7)	1,015.2	(22.7)
Public Utility	811.7	0.0	(6.7)	805.1	(6.7)
Liquor Sales/Liter	419.9	9.5	1.9	431.3	11.4
Cigarette	854.3	0.0	0.9	855.2	0.9
Property (State Levy)	3,753.9	0.0	(0.4)	3,753.4	(0.4)
Real Estate Excise	737.9	0.0	(33.9)	703.9	(33.9)
Timber Excise	5.4	0.0	0.0	5.5	0.0
Other	794.6	0.0	(20.8)	773.8	(20.8)
Subtotal	28,767.0	(3.2)	(159.1)	28,604.7	(162.3)
Department of Licensing					
Boat excise, licenses, fees & other	35.4	0.0	(1.3)	34.1	(1.3)
Insurance Commissioner					
Insurance Premiums	861.5	0.0	0.0	861.5	0.0
Liquor Control Board					
Liquor Profits and Fees	84.8	40.9	8.1	133.8	49.0
Beer & Wine Surtax	160.2	0.0	0.0	160.2	0.0
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(18.8)	0.0	(7.4)	(26.2)	(7.4)
Office of Financial Management					
Other	227.4	0.0	0.0	227.4	0.0
Administrative Office of the Courts					
Fines and Forfeitures	193.0	0.0	(0.2)	192.8	(0.2)
Total General Fund-State *	\$30,310.5	\$37.8	(\$160.0)	\$30,188.3	(\$122.2)

¹ Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council September 2011.² Forecast for the 2011-13 biennium, adopted November 2011.

*Detail may not add to totals because of rounding.

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

Table 3.8

Comparison of the General Fund-State forecast by agency

2011-13 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	Sept. 2011 Forecast¹	Non- Economic Changes	Forecast Revision	Nov. 2011 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$13,779.3	\$0.0	(\$76.8)	\$13,702.5	(\$76.8)
Business & Occupation Use	6,530.9	(12.7)	11.1	6,529.3	(1.6)
Public Utility	1,017.9	0.0	(13.7)	1,004.2	(13.7)
Liquor Sales/Liter	812.0	0.0	(3.3)	808.7	(3.3)
Cigarette	419.9	9.5	1.9	431.3	11.4
Property (State Levy)	854.3	0.0	2.1	856.4	2.1
Real Estate Excise	3,755.4	0.0	(3.5)	3,751.8	(3.5)
Timber Excise	737.9	0.0	(33.5)	704.4	(33.5)
Other	4.6	0.0	0.2	4.8	0.2
Subtotal	794.9	0.0	(20.3)	774.6	(20.3)
	28,707.0	(3.2)	(135.8)	28,568.0	(139.0)
Department of Licensing					
Boat excise, licenses, fees & other	35.4	0.0	(1.3)	34.1	(1.3)
Insurance Commissioner					
Insurance Premiums	861.5	0.0	0.0	861.5	0.0
Liquor Control Board					
Liquor Profits and Fees	84.8	40.9	8.1	133.8	49.0
Beer & Wine Surtax	160.2	0.0	0.0	160.2	0.0
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(19.2)	0.0	(7.8)	(27.0)	(7.8)
Office of Financial Management					
Other	227.4	0.0	0.0	227.4	0.0
Administrative Office of the Courts					
Fines and Forfeitures	193.0	(0.8)	0.5	192.8	(0.2)
Total General Fund-State *	\$30,250.2	\$37.0	(\$136.4)	\$30,150.8	(\$99.3)

¹ Forecast for the 2011-13 biennium adopted by the Economic and Revenue Forecast Council September 2011.² Forecast for the 2011-13 biennium, adopted November 2011.

*Detail may not add to totals because of rounding.

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

Table 3.9
November 2011 General Fund-State Forecast
2009-11 & 2011-13 Biennia; Cash Basis
 (Millions of Dollars)

Forecast by Source	Fiscal 2009	2007-09 Biennium	Fiscal 2010	Fiscal 2011	2009-11 Biennium	Fiscal 2012	Fiscal 2013	2011-13 Biennium
State Taxes								
Retail sales***	\$6,870.2	\$14,575.4	\$6,416.7	\$6,619.6	\$13,036.2	\$6,700.7	\$7,019.7	\$13,720.4
Business & occupation #	2,558.2	5,344.5	2,573.7	3,009.9	5,583.7	3,151.5	3,389.4	6,540.9
Use***	460.0	971.2	423.2	534.1	957.3	488.3	526.9	1,015.2
Public Utility	373.7	741.5	358.4	385.2	743.6	395.6	409.5	805.1
Liquor sales/liter##	162.5	319.8	197.6	201.3	398.9	207.3	224.0	431.3
Beer & wine surtax##	2.4	4.5	35.1	78.9	113.9	79.7	80.5	160.2
Cigarette##	47.8	99.2	309.4	432.8	742.1	431.8	423.4	855.2
Tobacco products##	11.1	1.8	33.4	46.4	79.8	52.2	51.9	104.1
Property (state school levy)**	1,513.8	2,987.5	1,807.3	1,840.1	3,647.5	1,854.6	1,898.8	3,753.4
Public utility district	42.2	83.9	39.1	39.7	78.9	40.1	40.1	80.2
Real estate excise	389.1	1,052.4	379.6	349.9	729.5	330.5	373.5	703.9
Timber excise	5.4	12.7	3.8	3.7	7.5	2.9	2.6	5.5
Estate/inheritance	0.6	4.7	0.2	1.3	1.5	0.5	0.4	0.9
Boat excise	17.2	34.8	12.5	13.6	26.1	12.8	12.9	25.7
Insurance premiums##	252.7	513.2	396.6	403.6	800.2	422.6	439.0	861.5
Other##	221.4	481.8	247.9	353.3	601.3	211.0	235.2	446.2
Total Taxes	12,928.3	27,228.8	13,234.6	14,313.4	27,548.0	14,382.2	15,127.5	29,509.7
State Non-Tax Sources								
Licenses, permits, fees##	95.1	192.6	85.6	88.3	173.9	88.8	92.1	180.9
Liquor profits & fees	40.8	79.7	35.5	38.4	74.0	45.3	88.5	133.8
Earnings on investments##	58.8	175.4	1.8	(12.1)	(10.3)	(12.1)	(14.1)	(26.2)
Lottery transfers	11.1	11.1	12.9	8.6	21.5	0.0	0.0	0.0
Other revenue & transfers###	(45.0)	15.4	199.9	211.1	411.0	192.9	197.3	390.1
Total Non-Tax	160.8	474.1	335.8	334.2	670.0	314.8	363.8	678.6
Total General Fund-State *	\$13,089.1	\$27,703.0	\$13,570.5	\$14,647.6	\$28,218.1	\$14,697.0	\$15,491.3	\$30,188.3

a - Actual;

* Detail may not add to totals due to rounding

**General Fund-State portion of the state levy AFTER transfers to the Student Achievement Account prior to FY10

***GFS portion after Initiative 900 transfer

#Includes Hospital B&O for FY10-13

FY10-13 Amounts include revenue that went into "related Funds" prior to FY10

FY10-13 Amounts include funds that previously went into the PSEA and Equal Justice Subaccount

Table 3.10
Track Record for the 2009-11 General Fund-State Cash Forecast
 February 2008 through November 2011
 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>
February 2008**	\$32,443	\$1,715				\$34,158
Changes to Forecast						
June 2008	(85)	(28)	(112)	(46) #1	(158)	34,000
September 2008	(238)	(29)	(267)	0	(267)	33,733
November 2008	(1,376)	(77)	(1,453)	36 #2	(1,417)	32,316
March 2009	(2,030)	(94)	(2,124)	(61) #3	(2,185)	30,131
June 2009	(509)	(15)	(523)	226 #4	(297)	29,834
September 2009	(177)	(8)	(185)	(46) #5	(231)	29,603
November 2009	(752)	(8)	(760)	0	(760)	28,843
February 2010	9	23	32	(150) #6	(118)	28,725
June 2010	(192)	(52)	(245)	802 #7	558	29,282
September 2010	(742)	(23)	(765)	(5) #8	(770)	28,512
November 2010	(316)	(6)	(322)	(63) #9	(385)	28,127
March 2011	(185)	(5)	(191)	111 #10	(80)	28,047
June 2011	20	3	24	147 #11	171	28,218
September 2011	(14)	(11)	(25)	0	(25)	28,194
November 2011	0	25	25	0	25	28,218
Total change***:						
From February 2008	(6,585)	(306)	(6,891)	951	(5,940)	
Percent change	(20.3)	(17.9)	(20.2)	2.8	(17.4)	

Table 3.11
Track Record for the 2011-13 General Fund-State Cash Forecast
 February 2010 through November 2011
 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>
February 2010***	\$30,658	\$1,566				\$32,224
Changes to Forecast						
June 2010	219	(21)	197	1,661 #12	1,858	34,083
September 2010	(610)	(48)	(659)	(10) #8	(669)	33,414
November 2010	(584)	(7)	(591)	(218) #9	(809)	32,605
March 2011	(640)	(29)	(668)	(30) #13	(698)	31,907
June 2011	(217)	(6)	(223)	40 #14	(183)	31,724
September 2011	(1,403)	(24)	(1,427)	14 #15	(1,413)	30,311
November 2011	(159)	(1)	(160)	38 #16	(122)	30,188
Total change***:						
From February 2008	(3,395)	(136)	(3,531)	1,495	(2,036)	
Percent change	(11.1)	(8.7)	(11.0)	4.6	(6.3)	

* 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.
 # New definition of General Fund-State per ESSB 5073
 ** First official forecast for the 2009-11 biennium.
 *** First official forecast for the 2011-13 biennium.
 #1 Impact of 2008 legislation and budget driven revenue.
 #2 Expiration of Sales Tax Exemption on Renewable Energy Equipment
 #3 Adjustment of prior estimates of 551 mitigation payments and voluntary taxes on internet sales
 #4 Sum of 2009 legislation and budget-driven revenue
 #5 Effects of Supreme Court decision on B&O taxes on interest earnings
 #6 Effects of Supreme Court decision on B&O tax exemption for certain direct sellers minus expected assessment payments
 #7 Sum of 2010 legislation and budget-driven revenue plus expected assessment payments, DOR fee change and DOL non-economic changes
 #8 Reversal of DOR RTA administrative fee
 #9 Effects of initiative 1107
 #10 Effects of legislation from December 2010 session, shift of taxpayers from quarterly to monthly reporting, large expected refund
 #11 Effects of 2011 legislative and budget-driven revenue change plus DOR fee change
 #12 Impact of 2010 legislation (regular session) and budget driven revenue.
 #13 Effects of legislation from December 2010 session
 #14 Effects of 2011 legislative and budget-driven revenue change, DOR fee change, and reduced future revenue due to 2011 amnesty program
 #15 Expiration of local sales and use tax credit upon retirement of Safeco Field bonds
 #16 Effects of initiative 1183 minus large expected DOR refund

Table 3.12

**2009-11 and 2011-13 Enacted Budget Balance Sheet
General Fund-State (and Budget Stabilization Account)
Dollars in Millions**

	2009-11	2011-13
RESOURCES		
Beginning Fund Balance	189.3	(92.0)
September 2011 Forecast	28,193.6	30,310.5
November 2011 Update	24.5	(122.2)
Current Revenue Totals	28,218.1	30,188.3
Transfer to Budget Stabilization Account	(247.4)	(265.7)
Transfer from Budget Stabilization Account	268.3	-
Enacted Fund Transfers	1,326.7	244.1
Alignment to the Comprehensive Financial Statements	11.7	-
Total Resources (including beginning fund balance)	29,766.7	30,074.7
EXPENDITURES		
2009-11 and 2011-13 Enacted Budgets	29,858.7	31,721.0
RESERVES		
Projected General Fund Ending Balance	(92.0)	(1,646.3)
Budget Stabilization Account Beginning Balance	21.4	0.6
Transfer from General Fund and Interest Earnings	247.5	265.7
Transfer to General Fund	(268.3)	-
Projected Budget Stabilization Account Ending Balance	0.6	266.3
Total Reserves (General Fund plus Budget Stabilization)	(91.4)	(1,380.0)

This document is not created by ERFC but is added as a courtesy to the OFM and the House Senate Fiscal Committees.

Source: House and Senate Fiscal Committees and the Office of Financial Management
November 2011

Table 3.13
Alternative forecasts compared to the baseline forecast
2011-13 biennium
 (cash basis, millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$14,836.9	\$13,720.4	\$12,606.0
Business & Occupation Use	6,995.7	6,540.9	6,048.7
Public Utility	1,101.8	1,015.2	926.4
Property (school levy)	854.0	805.1	752.5
Real Estate Excise	3,773.5	3,753.4	3,723.8
Other	922.0	703.9	643.1
Subtotal	2,071.0	2,065.8	1,976.2
	30,554.9	28,604.7	26,676.6
Department of Licensing			
	35.1	34.1	33.1
Insurance Commissioner¹			
	883.1	861.5	840.0
Lottery Commission			
	0.0	0.0	0.0
State Treasurer - Interest earnings			
	(7.1)	(26.2)	(31.2)
Liquor Profits & Fees²			
	299.9	294.0	288.1
Office of Financial Management			
Other agencies	238.8	227.4	216.0
Administrative Office of the Courts			
Fines and Forfeitures	199.3	192.8	185.4
Total General Fund - State*	\$32,204.0	\$30,188.3	\$28,208.0
Difference from September 2011 Baseline	\$2,015.7		(\$1,980.3)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

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

Table 3.14
Lottery transfers by fund
 (cash basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0
2012	117.7	0.0	2.7	10.0	0.0	0.0	0.3	3.2	101.0	0.4
2013	117.5	0.0	0.0	10.4	0.0	0.0	0.3	3.2	103.2	0.4
2011-13 Biennium	235.2	0.0	2.7	20.4	0.0	0.0	0.6	6.4	204.2	0.9

Table 3.15
Lottery transfers by fund
 (GAAP basis, millions of dollars)

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0
2012	114.1	0.0	2.7	10.0	0.0	0.0	0.3	3.2	97.5	0.4
2013	118.2	0.0	0.0	10.4	0.0	0.0	0.3	3.2	103.9	0.4
2011-13 Biennium	232.3	0.0	2.7	20.4	0.0	0.0	0.5	6.4	201.4	0.9

* Total Transfers are equal to total sales less total expenses (prizes, cost of sales, administration etc.)
 Source: Lottery Commission

Table 3.16

General Fund-State: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

November 2011 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$0	0.0%	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%
Forecast:										
FY 2012	\$14,697	0.3%	\$0	0.0%	\$14,697	0.3%	\$95	-14.8%	\$14,792	0.2%
FY 2013	\$15,491	5.4%	\$0	0.0%	\$15,491	5.4%	\$84	-11.7%	\$15,575	5.3%
Biennial Totals										
03-05 Biennium	\$23,389	10.6%	\$2,006	-9.3%	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$27,772	18.7%	\$2,013	0.3%	\$29,785	17.3%	\$381	NA	\$30,166	18.8%
07-09 Biennium	\$27,703	-0.2%	\$2,114	5.0%	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%
09-11 Biennium	\$28,218	1.9%	\$0	-100.0%	\$28,218	-5.4%	\$269	-38.5%	\$28,487	-5.8%
11-13 Biennium	\$30,188	7.0%	\$0	0.0%	\$30,188	7.0%	\$179	-33.4%	\$30,367	6.6%

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



Detail Components of the Washington State Economic and Revenue Forecast

Calendar Years

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

Table A1.1
U.S. Economic Forecast Summary
 Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,958.5	13,206.4	13,161.9	12,703.1	13,088.0	13,320.4	13,606.4	13,987.4
% Ch	2.7	1.9	-0.3	-3.5	3.0	1.8	2.1	2.8
Real Consumption	9,054.5	9,262.9	9,211.7	9,037.5	9,220.9	9,432.3	9,641.5	9,856.9
% Ch	2.9	2.3	-0.6	-1.9	2.0	2.3	2.2	2.2
Real Nonresidential Fixed Investment	1,455.5	1,549.9	1,537.7	1,263.2	1,319.2	1,438.5	1,521.0	1,583.2
% Ch	8.0	6.5	-0.8	-17.9	4.4	9.0	5.7	4.1
Real Residential Fixed Investment	718.2	584.2	444.4	345.6	330.8	323.3	324.9	375.2
% Ch	-7.3	-18.7	-23.9	-22.2	-4.3	-2.3	0.5	15.5
Real Personal Income	10,968.8	11,290.9	11,437.7	10,928.9	11,135.8	11,415.2	11,540.0	11,847.5
% Ch	4.6	2.9	1.3	-4.4	1.9	2.5	1.1	2.7
Real Per Capita Income (\$/Person)	36,633	37,338	37,481	35,503	35,825	36,373	36,418	37,029
% Ch	3.6	1.9	0.4	-5.3	0.9	1.5	0.1	1.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.027	1.055	1.089	1.092	1.111	1.139	1.156	1.175
% Ch	2.7	2.7	3.3	0.2	1.8	2.5	1.5	1.6
U.S. Consumer Price Index (1982-84=1.0)	2.016	2.073	2.153	2.145	2.181	2.252	2.290	2.326
% Ch	3.2	2.9	3.8	-0.3	1.6	3.2	1.7	1.6
Employment Cost Index (Dec. 2005=1.0)	1.021	1.055	1.086	1.103	1.121	1.140	1.162	1.189
% Ch	2.9	3.4	3.0	1.6	1.6	1.7	2.0	2.3
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	13,377.2	14,028.7	14,291.6	13,938.9	14,526.6	15,100.4	15,652.4	16,379.3
% Ch	6.0	4.9	1.9	-2.5	4.2	4.0	3.7	4.6
Personal Income	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	13,000.8	13,339.9	13,918.3
% Ch	7.5	5.7	4.6	-4.3	3.7	5.1	2.6	4.3
Employment (Millions)								
U.S. Civilian Labor Force	151.4	153.1	154.3	154.2	153.9	153.6	154.3	155.5
Total U.S. Employment	144.4	146.0	145.4	139.9	139.1	139.7	140.5	142.3
Unemployment Rate (%)	4.61	4.62	5.80	9.28	9.63	9.03	8.92	8.49
Nonfarm Payroll Employment	136.09	137.59	136.78	130.79	129.82	131.11	132.58	134.74
% Ch	1.8	1.1	-0.6	-4.4	-0.7	1.0	1.1	1.6
Manufacturing	14.16	13.88	13.40	11.85	11.53	11.73	11.90	12.07
% Ch	-0.5	-2.0	-3.4	-11.6	-2.7	1.8	1.4	1.4
Durable Manufacturing	8.98	8.81	8.46	7.28	7.07	7.29	7.46	7.66
% Ch	0.3	-1.9	-3.9	-13.9	-2.9	3.1	2.4	2.8
Nondurable Manufacturing	5.17	5.07	4.94	4.56	4.46	4.45	4.44	4.40
% Ch	-1.8	-2.0	-2.5	-7.6	-2.3	-0.3	-0.1	-0.9
Construction	7.69	7.63	7.16	6.01	5.53	5.52	5.37	5.37
% Ch	4.9	-0.8	-6.1	-16.0	-8.1	-0.2	-2.7	0.1
Service-Providing	113.56	115.36	115.45	112.24	112.06	113.08	114.52	116.55
% Ch	1.8	1.6	0.1	-2.8	-0.2	0.9	1.3	1.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	66.1	72.3	99.6	61.7	79.4	94.5	93.7	92.1
Personal Saving/Disposable Income (%)	2.6	2.4	5.4	5.2	5.3	4.5	3.0	2.3
Auto Sales (Millions)	7.8	7.6	6.8	5.5	5.7	6.2	6.8	7.8
% Ch	1.3	-2.6	-10.6	-19.9	5.0	8.0	10.0	14.1
Housing Starts (Millions)	1.812	1.342	0.900	0.554	0.585	0.589	0.626	0.883
% Ch	-12.6	-25.9	-32.9	-38.4	5.6	0.7	6.3	40.9
Federal Budget Surplus (Billions)	-203.8	-245.2	-613.5	-1,217.9	-1,273.7	-1,194.2	-896.0	-605.2
Net Exports (Billions)	-769.3	-713.1	-709.8	-391.5	-516.9	-582.3	-516.1	-401.6
3-Month Treasury Bill Rate (%)	4.73	4.35	1.37	0.15	0.14	0.07	0.09	0.12
10-Year Treasury Note Yield (%)	4.79	4.63	3.67	3.26	3.21	2.83	2.96	3.46
Bond Index of 20 G.O. Munis. (%)	4.40	4.39	4.86	4.62	4.29	4.54	4.63	5.05
30-Year Fixed Mortgage Rate (%)	6.41	6.34	6.04	5.04	4.69	4.46	4.57	4.97

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	13,266.8	13,310.5	13,186.9	12,883.5	12,663.2	12,641.3	12,694.5	12,813.5
% Ch , Annual Rate	-1.8	1.3	-3.7	-8.9	-6.7	-0.7	1.7	3.8
Real Consumption	9,289.1	9,285.8	9,196.0	9,076.0	9,040.9	8,998.5	9,050.3	9,060.2
% Ch , Annual Rate	-1.0	-0.1	-3.8	-5.1	-1.5	-1.9	2.3	0.4
Real Nonresidential Fixed Investment	1,589.1	1,580.0	1,539.2	1,442.3	1,312.9	1,257.6	1,247.0	1,235.2
% Ch , Annual Rate	-0.8	-2.3	-9.9	-22.9	-31.3	-15.8	-3.3	-3.7
Real Residential Fixed Investment	481.3	462.8	437.8	395.8	354.9	334.3	348.2	344.8
% Ch , Annual Rate	-28.5	-14.5	-19.9	-33.2	-35.4	-21.3	17.7	-3.8
Real Personal Income	11,511.7	11,528.2	11,353.2	11,357.6	11,058.3	10,987.8	10,842.6	10,826.8
% Ch , Annual Rate	5.3	0.6	-5.9	0.2	-10.1	-2.5	-5.2	-0.6
Real Per Capita Income (\$/Person)	37,853	37,822	37,156	37,091	36,045	35,740	35,181	35,044
% Ch , Annual Rate	4.4	-0.3	-6.9	-0.7	-10.8	-3.3	-6.1	-1.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.079	1.091	1.102	1.087	1.082	1.087	1.095	1.103
% Ch , Annual Rate	3.9	4.5	4.3	-5.6	-1.7	1.9	3.0	2.8
U.S. Consumer Price Index (1982-84=1.0)	2.128	2.156	2.189	2.138	2.125	2.135	2.154	2.169
% Ch , Annual Rate	4.5	5.3	6.4	-9.1	-2.4	1.9	3.7	2.7
Employment Cost Index (Dec. 2005=1.0)	1.076	1.084	1.090	1.095	1.098	1.101	1.105	1.109
% Ch , Annual Rate	3.4	3.0	2.2	1.8	1.1	1.1	1.5	1.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,273.9	14,415.5	14,395.1	14,081.7	13,893.7	13,854.1	13,920.5	14,087.4
% Ch , Annual Rate	0.6	4.0	-0.6	-8.4	-5.2	-1.1	1.9	4.9
Personal Income	12,415.6	12,571.7	12,513.3	12,340.0	11,964.4	11,944.1	11,874.1	11,938.2
% Ch , Annual Rate	9.3	5.1	-1.8	-5.4	-11.6	-0.7	-2.3	2.2
Employment (Millions)								
U.S. Civilian Labor Force	153.9	154.1	154.6	154.7	154.2	154.7	154.3	153.7
Total U.S. Employment	146.2	145.9	145.2	144.1	141.6	140.3	139.3	138.3
Unemployment Rate (%)	4.97	5.30	6.03	6.90	8.20	9.27	9.67	9.97
Nonfarm Payroll Employment	137.92	137.44	136.69	135.06	132.81	130.96	129.96	129.43
% Ch , Annual Rate	0.1	-1.4	-2.2	-4.7	-6.5	-5.5	-3.0	-1.6
Manufacturing	13.69	13.56	13.36	13.00	12.39	11.88	11.63	11.49
% Ch , Annual Rate	-1.6	-3.8	-5.8	-10.3	-17.6	-15.4	-8.2	-4.7
Durable Manufacturing	8.67	8.58	8.43	8.17	7.71	7.30	7.11	7.01
% Ch , Annual Rate	-1.9	-4.4	-6.5	-12.0	-20.7	-19.4	-10.1	-5.8
Nondurable Manufacturing	5.02	4.98	4.92	4.83	4.68	4.58	4.51	4.48
% Ch , Annual Rate	-1.1	-2.9	-4.7	-7.3	-12.0	-8.6	-5.2	-2.8
Construction	7.44	7.28	7.10	6.83	6.43	6.09	5.85	5.69
% Ch , Annual Rate	-4.8	-8.3	-9.1	-14.8	-21.1	-20.0	-14.6	-10.7
Service-Providing	116.04	115.85	115.45	114.46	113.25	112.30	111.81	111.59
% Ch , Annual Rate	0.6	-0.7	-1.4	-3.4	-4.2	-3.3	-1.7	-0.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	98.0	124.0	118.0	58.5	43.0	59.5	68.2	76.1
Personal Saving/Disposable Income (%)	4.2	6.2	4.9	6.2	5.7	6.2	4.4	4.3
Auto Sales (Millions)	7.5	7.7	6.7	5.3	4.8	5.0	6.4	5.7
% Ch , Annual Rate	-10.2	8.1	-42.4	-59.7	-33.9	12.3	182.0	-39.8
Housing Starts (Millions)	1.064	1.011	0.862	0.663	0.526	0.534	0.588	0.568
% Ch , Annual Rate	-30.7	-18.6	-47.0	-65.1	-60.5	6.8	47.0	-13.3
Federal Budget Surplus (Billions)	-388.8	-764.4	-639.1	-661.7	-993.9	-1,303.0	-1,305.4	-1,269.4
Net Exports (Billions)	-742.3	-746.1	-756.9	-593.7	-383.5	-338.3	-406.7	-437.6
3-Month Treasury Bill Rate (%)	2.04	1.63	1.49	0.30	0.21	0.17	0.16	0.06
10-Year Treasury Note Yield (%)	3.66	3.89	3.86	3.25	2.74	3.31	3.52	3.46
Bond Index of 20 G.O. Munis. (%)	4.59	4.66	4.74	5.44	4.99	4.73	4.52	4.26
30-Year Fixed Mortgage Rate (%)	5.88	6.09	6.32	5.87	5.06	5.03	5.16	4.92

Table A1.2 (continued)
U.S. Economic Forecast Summary
 Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,937.7	13,058.5	13,139.6	13,216.1	13,227.9	13,271.8	13,352.8	13,428.9
% Ch , Annual Rate	3.9	3.8	2.5	2.3	0.4	1.3	2.5	2.3
Real Consumption	9,121.2	9,186.9	9,247.1	9,328.4	9,376.7	9,392.7	9,449.5	9,510.2
% Ch , Annual Rate	2.7	2.9	2.6	3.6	2.1	0.7	2.4	2.6
Real Nonresidential Fixed Investment	1,253.3	1,308.0	1,343.6	1,371.9	1,378.9	1,413.2	1,467.5	1,494.2
% Ch , Annual Rate	6.0	18.6	11.3	8.7	2.1	10.3	16.3	7.5
Real Residential Fixed Investment	330.8	348.2	321.1	323.1	321.1	324.4	326.3	321.2
% Ch , Annual Rate	-15.3	22.8	-27.7	2.5	-2.5	4.2	2.4	-6.1
Real Personal Income	10,957.2	11,117.8	11,205.4	11,262.9	11,394.4	11,430.5	11,389.8	11,446.0
% Ch , Annual Rate	4.9	6.0	3.2	2.1	4.8	1.3	-1.4	2.0
Real Per Capita Income (\$/Person)	35,379	35,811	36,006	36,104	36,438	36,466	36,249	36,340
% Ch , Annual Rate	3.9	5.0	2.2	1.1	3.8	0.3	-2.4	1.0
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.137	1.143	1.148
% Ch , Annual Rate	1.9	0.3	1.0	1.9	3.9	3.3	2.4	1.7
U.S. Consumer Price Index (1982-84=1.0)	2.175	2.173	2.180	2.195	2.223	2.245	2.262	2.276
% Ch , Annual Rate	1.3	-0.5	1.4	2.6	5.2	4.1	3.1	2.5
Employment Cost Index (Dec. 2005=1.0)	1.114	1.119	1.123	1.128	1.132	1.138	1.142	1.148
% Ch , Annual Rate	1.8	1.8	1.4	1.8	1.4	2.1	1.4	2.0
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,277.9	14,467.8	14,605.5	14,755.0	14,867.8	15,012.8	15,198.6	15,322.3
% Ch , Annual Rate	5.5	5.4	3.9	4.2	3.1	4.0	5.0	3.3
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,992.6	13,022.1	13,141.4
% Ch , Annual Rate	6.9	6.3	4.2	4.1	8.8	4.6	0.9	3.7
Employment (Millions)								
U.S. Civilian Labor Force	153.6	154.1	154.0	153.9	153.3	153.5	153.6	154.0
Total U.S. Employment	138.7	139.3	139.2	139.1	139.6	139.6	139.6	140.1
Unemployment Rate (%)	9.70	9.63	9.57	9.63	8.90	9.10	9.10	9.00
Nonfarm Payroll Employment	129.32	129.96	129.88	130.13	130.55	131.02	131.25	131.62
% Ch , Annual Rate	-0.3	2.0	-0.2	0.8	1.3	1.4	0.7	1.1
Manufacturing	11.47	11.53	11.56	11.55	11.65	11.71	11.75	11.81
% Ch , Annual Rate	-0.8	2.3	1.0	-0.2	3.4	2.2	1.3	2.0
Durable Manufacturing	7.00	7.06	7.10	7.11	7.21	7.27	7.31	7.36
% Ch , Annual Rate	-0.3	3.5	2.2	0.7	5.5	3.5	1.9	2.8
Nondurable Manufacturing	4.47	4.47	4.46	4.44	4.44	4.44	4.45	4.45
% Ch , Annual Rate	-1.6	0.4	-1.0	-1.6	0.0	0.1	0.4	0.7
Construction	5.56	5.54	5.51	5.50	5.51	5.53	5.54	5.50
% Ch , Annual Rate	-8.9	-1.5	-1.7	-0.5	0.1	1.5	0.8	-2.8
Service-Providing	111.63	112.19	112.09	112.34	112.65	113.00	113.16	113.50
% Ch , Annual Rate	0.1	2.0	-0.4	0.9	1.1	1.3	0.6	1.2
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	78.6	77.9	76.1	85.0	94.0	102.6	89.7	91.6
Personal Saving/Disposable Income (%)	4.9	5.6	5.6	5.2	5.0	5.1	4.1	4.0
Auto Sales (Millions)	5.7	5.6	5.7	5.9	6.5	6.0	5.8	6.4
% Ch , Annual Rate	1.2	-5.4	10.2	14.8	47.4	-28.3	-13.8	50.1
Housing Starts (Millions)	0.615	0.602	0.584	0.539	0.582	0.572	0.615	0.587
% Ch , Annual Rate	37.5	-8.0	-11.2	-27.8	36.6	-6.7	33.3	-17.3
Federal Budget Surplus (Billions)	-1,271.8	-1,278.0	-1,257.7	-1,287.3	-1,201.1	-1,265.1	-1,149.2	-1,161.6
Net Exports (Billions)	-495.8	-531.2	-540.3	-500.2	-571.3	-597.1	-572.8	-587.8
3-Month Treasury Bill Rate (%)	0.11	0.15	0.16	0.14	0.13	0.05	0.02	0.06
10-Year Treasury Note Yield (%)	3.72	3.49	2.79	2.86	3.46	3.21	2.43	2.24
Bond Index of 20 G.O. Munis. (%)	4.34	4.35	4.07	4.39	5.11	4.67	4.19	4.19
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.31	4.03

Table A1.2 (continued)
U.S. Economic Forecast Summary
 Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	13,490.9	13,563.2	13,642.5	13,729.0	13,827.8	13,938.4	14,042.6	14,140.7
% Ch , Annual Rate	1.9	2.2	2.4	2.6	2.9	3.2	3.0	2.8
Real Consumption	9,554.4	9,613.6	9,671.5	9,726.5	9,782.1	9,832.5	9,886.3	9,926.5
% Ch , Annual Rate	1.9	2.5	2.4	2.3	2.3	2.1	2.2	1.6
Real Nonresidential Fixed Investment	1,506.1	1,518.2	1,522.0	1,537.8	1,541.2	1,568.9	1,596.6	1,626.1
% Ch , Annual Rate	3.2	3.2	1.0	4.2	0.9	7.4	7.3	7.6
Real Residential Fixed Investment	318.4	320.6	327.8	332.7	341.5	359.5	386.1	413.5
% Ch , Annual Rate	-3.5	2.8	9.3	6.1	11.0	22.7	33.1	31.5
Real Personal Income	11,420.7	11,514.2	11,577.0	11,648.3	11,722.7	11,813.1	11,896.3	11,957.8
% Ch , Annual Rate	-0.9	3.3	2.2	2.5	2.6	3.1	2.8	2.1
Real Per Capita Income (\$/Person)	36,172	36,380	36,491	36,627	36,773	36,967	37,138	37,240
% Ch , Annual Rate	-1.8	2.3	1.2	1.5	1.6	2.1	1.9	1.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.151	1.153	1.158	1.162	1.165	1.171	1.177	1.186
% Ch , Annual Rate	1.2	0.5	1.7	1.5	1.2	2.0	2.1	2.9
U.S. Consumer Price Index (1982-84=1.0)	2.282	2.283	2.293	2.301	2.306	2.318	2.331	2.349
% Ch , Annual Rate	1.0	0.1	1.8	1.5	0.9	2.1	2.2	3.2
Employment Cost Index (Dec. 2005=1.0)	1.153	1.159	1.165	1.171	1.178	1.185	1.193	1.200
% Ch , Annual Rate	2.0	2.1	2.1	2.2	2.3	2.4	2.5	2.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	15,454.1	15,576.3	15,716.7	15,862.4	16,056.0	16,276.3	16,485.2	16,699.8
% Ch , Annual Rate	3.5	3.2	3.7	3.8	5.0	5.6	5.2	5.3
Personal Income	13,150.0	13,274.0	13,401.6	13,534.1	13,659.7	13,832.8	14,004.3	14,176.3
% Ch , Annual Rate	0.3	3.8	3.9	4.0	3.8	5.2	5.1	5.0
Employment (Millions)								
U.S. Civilian Labor Force	154.0	154.2	154.4	154.6	155.0	155.3	155.6	156.0
Total U.S. Employment	140.2	140.4	140.7	141.0	141.5	142.0	142.5	143.1
Unemployment Rate (%)	9.01	8.95	8.89	8.82	8.72	8.57	8.42	8.27
Nonfarm Payroll Employment	131.93	132.36	132.82	133.21	133.78	134.43	135.07	135.69
% Ch , Annual Rate	1.0	1.3	1.4	1.2	1.7	2.0	1.9	1.8
Manufacturing	11.84	11.90	11.91	11.95	11.98	12.05	12.08	12.16
% Ch , Annual Rate	1.0	2.2	0.3	1.2	1.1	2.2	1.3	2.5
Durable Manufacturing	7.39	7.45	7.47	7.52	7.57	7.64	7.68	7.76
% Ch , Annual Rate	1.7	3.7	0.8	2.8	2.6	4.0	2.3	3.8
Nondurable Manufacturing	4.45	4.45	4.44	4.43	4.41	4.40	4.40	4.40
% Ch , Annual Rate	-0.1	-0.4	-0.5	-1.5	-1.4	-0.8	-0.5	0.1
Construction	5.43	5.38	5.35	5.32	5.30	5.32	5.39	5.50
% Ch , Annual Rate	-4.5	-4.0	-2.2	-2.3	-1.7	1.6	5.5	8.4
Service-Providing	113.85	114.28	114.77	115.17	115.73	116.31	116.85	117.29
% Ch , Annual Rate	1.2	1.5	1.7	1.4	2.0	2.0	1.9	1.5
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	94.1	93.9	93.6	93.3	92.9	92.3	91.8	91.5
Personal Saving/Disposable Income (%)	3.1	3.2	3.0	2.8	2.4	2.3	2.2	2.3
Auto Sales (Millions)	6.7	6.8	6.8	7.0	7.4	7.8	7.9	8.0
% Ch , Annual Rate	19.4	3.5	1.6	12.0	29.1	18.0	7.7	3.2
Housing Starts (Millions)	0.582	0.606	0.656	0.662	0.710	0.842	0.943	1.035
% Ch , Annual Rate	-3.2	17.6	37.7	3.3	32.8	97.7	57.4	44.9
Federal Budget Surplus (Billions)	-945.3	-925.7	-881.5	-831.4	-667.5	-613.0	-578.1	-562.4
Net Exports (Billions)	-556.3	-527.3	-504.2	-476.7	-414.5	-391.9	-396.6	-403.3
3-Month Treasury Bill Rate (%)	0.08	0.09	0.09	0.09	0.09	0.09	0.10	0.20
10-Year Treasury Note Yield (%)	2.48	2.87	3.23	3.26	3.34	3.41	3.47	3.62
Bond Index of 20 G.O. Munis. (%)	4.34	4.57	4.80	4.81	4.92	5.01	5.08	5.19
30-Year Fixed Mortgage Rate (%)	4.13	4.48	4.79	4.88	4.89	4.92	4.97	5.11

Table A1.3
Washington Economic Forecast Summary
 Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	245.403	258.391	265.623	255.278	258.397	264.471	267.764	275.929
% Ch	6.7	5.3	2.8	-3.9	1.2	2.4	1.2	3.0
Real Wage and Salary Disb.	131.536	138.212	138.330	134.514	133.912	135.912	138.373	142.949
% Ch	5.5	5.1	0.1	-2.8	-0.4	1.5	1.8	3.3
Real Nonwage Income	113.867	120.179	127.293	120.764	124.485	128.559	129.391	132.979
% Ch	8.1	5.5	5.9	-5.1	3.1	3.3	0.6	2.8
Real Per Capita Income (\$/Person)	38,237	39,596	40,138	38,144	38,230	38,728	38,791	39,500
% Ch	4.7	3.6	1.4	-5.0	0.2	1.3	0.2	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.027	1.055	1.089	1.092	1.111	1.139	1.156	1.175
% Ch	2.7	2.7	3.3	0.2	1.8	2.5	1.5	1.6
Seattle Cons. Price Index (1982-84=1.0)	2.076	2.157	2.247	2.260	2.267	2.326	2.368	2.406
% Ch	3.7	3.9	4.2	0.6	0.3	2.6	1.8	1.6
Average Nonfarm Annual Wage	45,346	47,779	48,783	49,736	51,084	52,576	53,745	55,465
% Ch	5.4	5.4	2.1	2.0	2.7	2.9	2.2	3.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.91	20.51	21.01	23.40	23.49	23.95	24.17	24.47
% Ch	5.8	3.0	2.4	11.4	0.4	2.0	0.9	1.3
Current Dollar Income (Billions of Dollars)								
Personal Income	252.091	272.625	289.380	278.665	287.111	301.196	309.526	324.160
% Ch	9.6	8.1	6.1	-3.7	3.0	4.9	2.8	4.7
Disposable Personal Income	221.834	238.554	256.037	252.005	259.409	268.749	274.901	284.858
% Ch	9.0	7.5	7.3	-1.6	2.9	3.6	2.3	3.6
Per Capita Income (\$/Person)	39,278	41,776	43,728	41,638	42,478	44,105	44,840	46,404
% Ch	7.6	6.4	4.7	-4.8	2.0	3.8	1.7	3.5
Employment (Thousands)								
Washington Civilian Labor Force	3,319.0	3,392.9	3,479.2	3,534.7	3,531.2	3,483.9	3,495.4	3,537.3
Total Washington Employment	3,154.7	3,236.6	3,286.4	3,206.4	3,192.0	3,163.7	3,178.2	3,230.4
Unemployment Rate (%)	4.95	4.61	5.54	9.29	9.60	9.19	9.08	8.68
Nonfarm Payroll Employment	2,859.0	2,933.5	2,959.3	2,822.2	2,784.1	2,816.7	2,850.9	2,905.9
% Ch	3.0	2.6	0.9	-4.6	-1.4	1.2	1.2	1.9
Manufacturing	285.9	293.3	291.2	265.5	257.9	267.9	275.7	281.2
% Ch	4.9	2.6	-0.7	-8.8	-2.8	3.8	2.9	2.0
Durable Manufacturing	204.0	211.9	211.3	190.6	184.2	193.3	201.5	207.1
% Ch	6.6	3.9	-0.3	-9.8	-3.4	5.0	4.2	2.8
Aerospace	73.4	80.1	83.0	82.9	80.8	86.3	91.2	92.8
% Ch	11.9	9.1	3.6	-0.1	-2.5	6.8	5.6	1.8
Nondurable Manufacturing	81.9	81.4	79.9	74.9	73.8	74.5	74.2	74.1
% Ch	0.9	-0.6	-1.9	-6.2	-1.5	1.0	-0.5	-0.1
Construction	194.8	208.1	200.6	159.7	141.1	137.9	139.6	144.5
% Ch	9.8	6.8	-3.6	-20.4	-11.6	-2.2	1.2	3.5
Service-Providing	2,369.6	2,423.9	2,460.0	2,391.0	2,379.2	2,404.9	2,429.8	2,474.2
% Ch	2.2	2.3	1.5	-2.8	-0.5	1.1	1.0	1.8
Software Publishers	44.7	47.6	50.9	51.5	50.9	52.0	53.6	55.5
% Ch	8.4	6.4	7.0	1.1	-1.0	2.1	3.0	3.6
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	50.033	47.397	28.919	17.011	20.691	20.873	20.543	26.204
% Ch	-5.6	-5.3	-39.0	-41.2	21.6	0.9	-1.6	27.6
Single-Family	35.611	30.390	17.440	12.991	14.702	12.928	11.019	14.883
% Ch	-14.0	-14.7	-42.6	-25.5	13.2	-12.1	-14.8	35.1
Multi-Family	14.422	17.007	11.479	4.020	5.989	7.944	9.523	11.321
% Ch	24.5	17.9	-32.5	-65.0	49.0	32.7	19.9	18.9
30-Year Fixed Mortgage Rate (%)	6.41	6.34	6.04	5.04	4.69	4.46	4.57	4.97

Table A1.4
Washington Economic Forecast Summary
 Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	266.410	266.202	265.206	264.675	257.999	256.783	253.462	252.869
% Ch, Annual Rate	4.8	-0.3	-1.5	-0.8	-9.7	-1.9	-5.1	-0.9
Real Wage and Salary Disb.	139.883	137.751	137.858	137.829	135.950	135.496	133.764	132.845
% Ch, Annual Rate	-2.4	-6.0	0.3	-0.1	-5.3	-1.3	-5.0	-2.7
Real Nonwage Income	126.526	128.451	127.347	126.846	122.049	121.285	119.698	120.025
% Ch, Annual Rate	13.6	6.2	-3.4	-1.6	-14.3	-2.5	-5.1	1.1
Real Per Capita Income (\$/Person)	40,441	40,286	40,014	39,812	38,691	38,415	37,826	37,646
% Ch, Annual Rate	3.2	-1.5	-2.7	-2.0	-10.8	-2.8	-6.0	-1.9
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.079	1.091	1.102	1.087	1.082	1.087	1.095	1.103
% Ch, Annual Rate	3.9	4.5	4.3	-5.6	-1.7	1.9	3.0	2.8
Seattle Cons. Price Index (1982-84=1.0)	2.221	2.248	2.268	2.251	2.252	2.258	2.263	2.268
% Ch, Annual Rate	4.7	5.0	3.7	-3.0	0.1	1.2	0.8	1.0
Average Nonfarm Annual Wage	48,628	48,478	49,046	48,981	48,846	49,816	49,939	50,342
% Ch, Annual Rate	-2.2	-1.2	4.8	-0.5	-1.1	8.2	1.0	3.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.91	21.28	20.97	20.86	22.88	23.40	23.56	23.78
% Ch, Annual Rate	2.8	7.2	-5.7	-2.0	44.6	9.5	2.7	3.8
Current Dollar Income (Billions of Dollars)								
Personal Income	287.330	290.303	292.310	287.575	279.140	279.129	277.569	278.821
% Ch, Annual Rate	8.9	4.2	2.8	-6.3	-11.2	0.0	-2.2	1.8
Disposable Personal Income	251.783	259.090	258.856	254.420	251.187	252.948	251.374	252.511
% Ch, Annual Rate	9.5	12.1	-0.4	-6.7	-5.0	2.8	-2.5	1.8
Per Capita Income (\$/Person)	43,617	43,934	44,103	43,257	41,861	41,758	41,424	41,510
% Ch, Annual Rate	7.2	2.9	1.5	-7.5	-12.3	-1.0	-3.2	0.8
Employment (Thousands)								
Washington Civilian Labor Force	3,451.5	3,462.7	3,486.6	3,516.0	3,537.9	3,544.5	3,534.7	3,521.9
Total Washington Employment	3,288.7	3,285.4	3,288.9	3,282.6	3,244.7	3,212.8	3,193.8	3,174.1
Unemployment Rate (%)	4.72	5.12	5.67	6.64	8.29	9.36	9.64	9.88
Nonfarm Payroll Employment	2,974.9	2,969.6	2,966.9	2,925.7	2,879.6	2,826.9	2,801.4	2,781.0
% Ch, Annual Rate	2.5	-0.7	-0.4	-5.4	-6.1	-7.1	-3.6	-2.9
Manufacturing	297.2	294.7	292.9	279.9	276.6	266.2	261.7	257.4
% Ch, Annual Rate	1.7	-3.3	-2.4	-16.6	-4.6	-14.2	-6.6	-6.3
Durable Manufacturing	215.9	214.6	214.0	200.8	200.0	191.2	187.0	184.1
% Ch, Annual Rate	2.5	-2.3	-1.2	-22.5	-1.5	-16.6	-8.5	-5.9
Aerospace	84.1	84.5	85.8	77.5	85.2	83.2	82.1	81.3
% Ch, Annual Rate	7.0	2.1	6.2	-33.4	45.7	-9.1	-5.1	-4.0
Nondurable Manufacturing	81.3	80.1	78.9	79.1	76.6	75.0	74.7	73.3
% Ch, Annual Rate	-0.3	-6.0	-5.5	1.0	-12.3	-7.7	-1.6	-7.5
Construction	209.4	205.0	199.0	189.0	174.6	162.1	154.1	147.9
% Ch, Annual Rate	1.9	-8.1	-11.2	-18.6	-27.2	-25.6	-18.5	-15.2
Service-Providing	2,460.6	2,462.4	2,467.5	2,449.4	2,421.9	2,392.6	2,379.7	2,369.9
% Ch, Annual Rate	2.7	0.3	0.8	-2.9	-4.4	-4.7	-2.1	-1.6
Software Publishers	49.1	50.3	51.7	52.6	52.6	51.7	51.0	50.7
% Ch, Annual Rate	7.8	10.3	11.6	7.4	-0.5	-6.4	-5.6	-2.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	33.584	34.401	26.399	21.291	16.208	15.098	18.207	18.531
% Ch, Annual Rate	-53.1	10.1	-65.3	-57.7	-66.4	-24.7	111.5	7.3
Single-Family	20.547	19.146	17.313	12.754	10.002	11.993	14.714	15.255
% Ch, Annual Rate	-41.5	-24.6	-33.1	-70.5	-62.2	106.7	126.6	15.5
Multi-Family	13.037	15.255	9.087	8.537	6.206	3.105	3.493	3.276
% Ch, Annual Rate	-66.1	87.5	-87.4	-22.1	-72.1	-93.7	60.1	-22.7
30-Year Fixed Mortgage Rate (%)	5.88	6.09	6.32	5.87	5.06	5.03	5.16	4.92

Table A1.4 (continued)
Washington Economic Forecast Summary
 Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	254.832	257.295	260.042	261.420	265.045	263.616	264.504	264.718
% Ch, Annual Rate	3.1	3.9	4.3	2.1	5.7	-2.1	1.4	0.3
Real Wage and Salary Disb.	132.680	133.237	134.817	134.915	136.625	134.996	136.406	135.620
% Ch, Annual Rate	-0.5	1.7	4.8	0.3	5.2	-4.7	4.2	-2.3
Real Nonwage Income	122.153	124.058	125.225	126.505	128.420	128.620	128.097	129.098
% Ch, Annual Rate	7.3	6.4	3.8	4.2	6.2	0.6	-1.6	3.2
Real Per Capita Income (\$/Person)	37,847	38,116	38,426	38,533	38,969	38,650	38,681	38,610
% Ch, Annual Rate	2.1	2.9	3.3	1.1	4.6	-3.2	0.3	-0.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.137	1.143	1.148
% Ch, Annual Rate	1.9	0.3	1.0	1.9	3.9	3.3	2.4	1.7
Seattle Cons. Price Index (1982-84=1.0)	2.266	2.256	2.265	2.279	2.299	2.316	2.332	2.355
% Ch, Annual Rate	-0.3	-1.7	1.6	2.5	3.5	3.0	2.8	3.9
Average Nonfarm Annual Wage	50,662	50,683	51,424	51,567	52,601	52,140	52,869	52,693
% Ch, Annual Rate	2.6	0.2	6.0	1.1	8.3	-3.5	5.7	-1.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.58	23.20	23.44	23.71	23.80	24.05	23.95	24.03
% Ch, Annual Rate	-3.2	-6.3	4.2	4.7	1.4	4.3	-1.6	1.3
Current Dollar Income (Billions of Dollars)								
Personal Income	282.281	285.242	288.993	291.929	298.821	299.633	302.402	303.928
% Ch, Annual Rate	5.1	4.3	5.4	4.1	9.8	1.1	3.7	2.0
Disposable Personal Income	255.620	258.041	260.848	263.127	267.050	267.321	269.575	271.051
% Ch, Annual Rate	5.0	3.8	4.4	3.5	6.1	0.4	3.4	2.2
Per Capita Income (\$/Person)	41,923	42,256	42,704	43,030	43,935	43,931	44,223	44,329
% Ch, Annual Rate	4.0	3.2	4.3	3.1	8.7	0.0	2.7	1.0
Employment (Thousands)								
Washington Civilian Labor Force	3,532.9	3,536.8	3,526.5	3,528.4	3,508.7	3,483.8	3,464.9	3,478.3
Total Washington Employment	3,179.8	3,195.2	3,194.1	3,199.0	3,187.0	3,163.6	3,144.0	3,160.3
Unemployment Rate (%)	10.00	9.66	9.43	9.34	9.17	9.19	9.26	9.14
Nonfarm Payroll Employment	2,771.2	2,784.9	2,785.7	2,794.6	2,801.6	2,814.8	2,822.6	2,827.9
% Ch, Annual Rate	-1.4	2.0	0.1	1.3	1.0	1.9	1.1	0.7
Manufacturing	256.8	257.5	258.2	259.3	262.5	266.3	270.0	272.7
% Ch, Annual Rate	-1.1	1.2	1.1	1.7	5.0	5.9	5.8	4.0
Durable Manufacturing	183.4	183.7	184.3	185.4	187.9	191.9	195.6	198.0
% Ch, Annual Rate	-1.6	0.5	1.4	2.5	5.6	8.6	8.0	4.9
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.0	89.5
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.1	15.2	7.0
Nondurable Manufacturing	73.3	73.8	73.9	73.9	74.5	74.4	74.4	74.7
% Ch, Annual Rate	0.2	2.8	0.5	-0.1	3.4	-0.8	0.2	1.6
Construction	143.1	141.0	140.9	139.4	136.8	137.7	138.5	138.6
% Ch, Annual Rate	-12.4	-5.8	-0.2	-4.3	-7.1	2.6	2.3	0.3
Service-Providing	2,365.6	2,380.5	2,380.6	2,390.1	2,396.3	2,404.8	2,408.0	2,410.6
% Ch, Annual Rate	-0.7	2.6	0.0	1.6	1.0	1.4	0.5	0.4
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.6	52.5	52.5
% Ch, Annual Rate	0.3	1.2	1.8	0.2	2.0	2.2	7.1	0.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	21.766	17.966	20.225	22.806	16.893	25.940	21.237	19.421
% Ch, Annual Rate	90.3	-53.6	60.6	61.7	-69.9	455.9	-55.1	-30.1
Single-Family	16.869	14.081	13.543	14.314	14.281	12.588	13.390	11.454
% Ch, Annual Rate	49.5	-51.5	-14.4	24.8	-0.9	-39.6	28.0	-46.5
Multi-Family	4.896	3.885	6.682	8.492	2.613	13.352	7.846	7.967
% Ch, Annual Rate	399.2	-60.3	774.8	160.9	-99.1	68,102.7	-88.1	6.3
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.31	4.03

Table A1.4 (continued)
Washington Economic Forecast Summary
 Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	264.597	267.014	269.366	270.078	272.405	274.887	277.982	278.440
% Ch, Annual Rate	-0.2	3.7	3.6	1.1	3.5	3.7	4.6	0.7
Real Wage and Salary Disb.	136.731	137.972	139.491	139.296	141.055	142.344	144.370	144.028
% Ch, Annual Rate	3.3	3.7	4.5	-0.6	5.1	3.7	5.8	-0.9
Real Nonwage Income	127.866	129.042	129.875	130.782	131.349	132.543	133.612	134.411
% Ch, Annual Rate	-3.8	3.7	2.6	2.8	1.7	3.7	3.3	2.4
Real Per Capita Income (\$/Person)	38,492	38,739	38,971	38,961	39,179	39,415	39,734	39,673
% Ch, Annual Rate	-1.2	2.6	2.4	-0.1	2.3	2.4	3.3	-0.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.151	1.153	1.158	1.162	1.165	1.171	1.177	1.186
% Ch, Annual Rate	1.2	0.5	1.7	1.5	1.2	2.0	2.1	2.9
Seattle Cons. Price Index (1982-84=1.0)	2.361	2.361	2.371	2.380	2.385	2.398	2.411	2.430
% Ch, Annual Rate	1.0	0.1	1.8	1.5	0.9	2.1	2.2	3.2
Average Nonfarm Annual Wage	53,154	53,538	54,175	54,112	54,664	55,160	56,004	56,033
% Ch, Annual Rate	3.5	2.9	4.8	-0.5	4.1	3.7	6.3	0.2
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.08	24.13	24.19	24.26	24.34	24.42	24.52	24.62
% Ch, Annual Rate	0.9	0.9	1.0	1.2	1.3	1.4	1.6	1.7
Current Dollar Income (Billions of Dollars)								
Personal Income	304.662	307.823	311.818	313.803	317.417	321.886	327.240	330.097
% Ch, Annual Rate	1.0	4.2	5.3	2.6	4.7	5.8	6.8	3.5
Disposable Personal Income	271.136	273.767	276.771	277.929	279.868	282.913	287.080	289.570
% Ch, Annual Rate	0.1	3.9	4.5	1.7	2.8	4.4	6.0	3.5
Per Capita Income (\$/Person)	44,321	44,660	45,113	45,269	45,653	46,154	46,775	47,033
% Ch, Annual Rate	-0.1	3.1	4.1	1.4	3.4	4.5	5.5	2.2
Employment (Thousands)								
Washington Civilian Labor Force	3,483.5	3,490.6	3,499.0	3,508.7	3,520.1	3,531.6	3,543.0	3,554.4
Total Washington Employment	3,165.4	3,172.2	3,181.7	3,193.3	3,207.5	3,222.8	3,238.3	3,253.0
Unemployment Rate (%)	9.13	9.12	9.07	8.99	8.88	8.74	8.60	8.48
Nonfarm Payroll Employment	2,834.8	2,845.1	2,856.5	2,867.3	2,882.8	2,899.1	2,914.0	2,927.5
% Ch, Annual Rate	1.0	1.5	1.6	1.5	2.2	2.3	2.1	1.9
Manufacturing	273.7	275.1	276.2	277.7	279.3	281.0	281.6	283.1
% Ch, Annual Rate	1.5	2.2	1.6	2.2	2.2	2.5	1.0	2.1
Durable Manufacturing	199.3	201.0	202.0	203.7	205.4	207.0	207.5	208.6
% Ch, Annual Rate	2.7	3.6	2.0	3.4	3.3	3.2	1.0	2.1
Aerospace	90.2	90.9	91.5	92.2	92.6	92.9	92.9	92.9
% Ch, Annual Rate	3.0	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Nondurable Manufacturing	74.4	74.1	74.2	74.0	73.9	74.0	74.2	74.5
% Ch, Annual Rate	-1.7	-1.6	0.5	-1.1	-0.6	0.4	1.0	2.0
Construction	138.5	139.2	140.0	140.6	142.0	143.4	145.3	147.4
% Ch, Annual Rate	-0.3	2.0	2.2	1.7	4.1	4.0	5.4	6.1
Service-Providing	2,416.7	2,425.0	2,434.5	2,443.1	2,455.7	2,468.9	2,481.2	2,490.9
% Ch, Annual Rate	1.0	1.4	1.6	1.4	2.1	2.2	2.0	1.6
Software Publishers	52.8	53.3	53.8	54.4	54.8	55.3	55.7	56.2
% Ch, Annual Rate	2.4	3.5	4.0	4.2	3.4	3.3	3.4	3.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	19.457	20.056	20.853	21.804	22.928	25.332	27.375	29.181
% Ch, Annual Rate	0.7	12.9	16.9	19.5	22.3	49.0	36.4	29.1
Single-Family	10.813	10.756	11.011	11.498	12.372	14.147	15.822	17.189
% Ch, Annual Rate	-20.6	-2.1	9.8	18.9	34.0	71.0	56.4	39.3
Multi-Family	8.644	9.301	9.842	10.306	10.557	11.185	11.553	11.992
% Ch, Annual Rate	38.6	34.0	25.4	20.2	10.1	26.0	13.9	16.1
30-Year Fixed Mortgage Rate (%)	4.13	4.48	4.79	4.88	4.89	4.92	4.97	5.11

Table A2.1

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Nonfarm Payroll Employment	136.09	137.59	136.78	130.79	129.82	131.11	132.58	134.74
% Ch	1.8	1.1	-0.6	-4.4	-0.7	1.0	1.1	1.6
Manufacturing	14.16	13.88	13.40	11.85	11.53	11.73	11.90	12.07
% Ch	-0.5	-2.0	-3.4	-11.6	-2.7	1.8	1.4	1.4
Durable Manufacturing	8.98	8.81	8.46	7.28	7.07	7.29	7.46	7.66
% Ch	0.3	-1.9	-3.9	-13.9	-2.9	3.1	2.4	2.8
Wood Products	0.56	0.52	0.46	0.36	0.34	0.33	0.33	0.35
% Ch	0.0	-7.8	-11.5	-21.3	-4.8	-2.2	-1.8	7.3
Primary and Fabricated Metals	2.02	2.02	1.97	1.67	1.65	1.74	1.78	1.81
% Ch	1.4	0.1	-2.4	-15.0	-1.7	5.5	2.5	1.9
Computer and Electronic Products	1.31	1.27	1.24	1.14	1.10	1.13	1.15	1.18
% Ch	-0.7	-2.7	-2.2	-8.6	-3.2	2.5	1.8	3.1
Machinery and Electrical Equipment	1.62	1.62	1.61	1.40	1.35	1.42	1.46	1.45
% Ch	1.1	0.0	-0.3	-13.0	-3.5	4.6	3.0	-0.5
Transportation Equipment	1.77	1.71	1.61	1.35	1.33	1.37	1.45	1.56
% Ch	-0.2	-3.2	-6.1	-16.2	-1.3	3.1	5.3	7.7
Other Durables	1.71	1.67	1.57	1.36	1.30	1.30	1.30	1.31
% Ch	-0.4	-2.3	-6.0	-13.4	-4.9	0.2	0.0	0.6
Nondurable Manufacturing	5.17	5.07	4.94	4.56	4.46	4.45	4.44	4.40
% Ch	-1.8	-2.0	-2.5	-7.6	-2.3	-0.3	-0.1	-0.9
Food Manufacturing	1.48	1.48	1.48	1.46	1.45	1.45	1.46	1.46
% Ch	0.1	0.3	-0.2	-1.6	-0.6	0.1	0.6	0.1
Paper and Paper Products	0.47	0.46	0.44	0.41	0.40	0.40	0.39	0.39
% Ch	-2.8	-2.6	-2.9	-8.5	-2.5	0.2	-1.0	-0.5
Other Nondurables	3.22	3.13	3.02	2.70	2.61	2.60	2.59	2.55
% Ch	-2.5	-3.0	-3.6	-10.5	-3.2	-0.6	-0.3	-1.5
Natural Resources and Mining	0.68	0.72	0.77	0.69	0.71	0.78	0.79	0.76
% Ch	9.1	5.7	5.8	-9.4	1.6	11.1	1.0	-4.6
Construction	7.69	7.63	7.16	6.01	5.53	5.52	5.37	5.37
% Ch	4.9	-0.8	-6.1	-16.0	-8.1	-0.2	-2.7	0.1
Trade, Transportation, and Utilities	26.28	26.63	26.29	24.90	24.61	24.93	25.40	25.96
% Ch	1.2	1.3	-1.2	-5.3	-1.2	1.3	1.9	2.2
Wholesale Trade	5.90	6.02	5.94	5.59	5.46	5.54	5.66	5.80
% Ch	2.5	1.9	-1.2	-6.0	-2.3	1.5	2.3	2.5
Retail Trade	15.36	15.52	15.28	14.52	14.42	14.57	14.78	15.03
% Ch	0.5	1.0	-1.5	-5.0	-0.7	1.0	1.4	1.7
Trans., Warehousing, and Utilities	5.02	5.09	5.07	4.80	4.73	4.82	4.96	5.12
% Ch	2.0	1.5	-0.6	-5.3	-1.3	1.8	2.9	3.4
Information	3.04	3.03	2.98	2.80	2.71	2.67	2.64	2.68
% Ch	-0.8	-0.2	-1.6	-6.0	-3.3	-1.6	-0.9	1.6
Publishing Industries	0.90	0.90	0.88	0.80	0.76	0.75	0.74	0.73
% Ch	-0.2	-0.1	-2.3	-9.5	-4.4	-1.0	-2.2	-0.5
Other Information	2.14	2.13	2.10	2.01	1.95	1.91	1.91	1.95
% Ch	-1.0	-0.2	-1.3	-4.6	-2.9	-1.8	-0.4	2.4
Financial Activities	8.33	8.30	8.14	7.77	7.63	7.60	7.58	7.64
% Ch	2.1	-0.3	-1.9	-4.6	-1.8	-0.4	-0.3	0.8
Professional and Business Services	17.57	17.95	17.74	16.57	16.68	17.18	17.65	18.44
% Ch	3.7	2.1	-1.1	-6.6	0.7	3.0	2.7	4.5
Education and Health Services	17.82	18.32	18.84	19.19	19.56	19.99	20.48	20.73
% Ch	2.6	2.8	2.8	1.9	1.9	2.2	2.4	1.3
Leisure and Hospitality	13.11	13.43	13.44	13.07	13.02	13.20	13.47	13.63
% Ch	2.3	2.4	0.1	-2.7	-0.4	1.4	2.0	1.2
Other Services	5.44	5.49	5.51	5.37	5.36	5.45	5.48	5.51
% Ch	0.8	1.0	0.4	-2.7	0.0	1.6	0.6	0.5
Federal Government	2.73	2.73	2.76	2.83	2.97	2.83	2.80	2.75
% Ch	0.0	0.1	1.0	2.5	4.8	-4.6	-1.3	-1.7
State and Local Government	19.24	19.49	19.74	19.73	19.52	19.22	19.02	19.20
% Ch	0.9	1.3	1.3	-0.1	-1.0	-1.5	-1.0	0.9

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	137.92	137.44	136.69	135.06	132.81	130.96	129.96	129.43
% Ch, Annual Rate	0.1	-1.4	-2.2	-4.7	-6.5	-5.5	-3.0	-1.6
Manufacturing	13.69	13.56	13.36	13.00	12.39	11.88	11.63	11.49
% Ch, Annual Rate	-1.6	-3.8	-5.8	-10.3	-17.6	-15.4	-8.2	-4.7
Durable Manufacturing	8.67	8.58	8.43	8.17	7.71	7.30	7.11	7.01
% Ch, Annual Rate	-1.9	-4.4	-6.5	-12.0	-20.7	-19.4	-10.1	-5.8
Wood Products	0.49	0.47	0.45	0.42	0.38	0.36	0.35	0.35
% Ch, Annual Rate	-9.7	-14.1	-16.2	-21.9	-32.4	-20.7	-12.8	-3.3
Primary and Fabricated Metals	2.01	1.99	1.97	1.91	1.79	1.68	1.62	1.60
% Ch, Annual Rate	0.3	-2.8	-5.4	-11.8	-22.3	-22.4	-12.9	-4.6
Computer and Electronic Products	1.26	1.25	1.24	1.22	1.19	1.15	1.11	1.10
% Ch, Annual Rate	-0.4	-1.3	-2.6	-6.1	-11.3	-13.7	-10.4	-5.3
Machinery and Electrical Equipment	1.62	1.63	1.62	1.58	1.50	1.41	1.36	1.34
% Ch, Annual Rate	1.4	2.2	-2.3	-8.2	-18.8	-23.0	-11.8	-7.9
Transportation Equipment	1.67	1.64	1.59	1.52	1.42	1.34	1.33	1.31
% Ch, Annual Rate	-3.5	-7.8	-10.4	-16.8	-25.2	-20.8	-3.1	-4.3
Other Durables	1.63	1.59	1.56	1.51	1.43	1.37	1.34	1.31
% Ch, Annual Rate	-5.0	-8.2	-7.9	-12.5	-19.8	-14.4	-10.3	-7.8
Nondurable Manufacturing	5.02	4.98	4.92	4.83	4.68	4.58	4.51	4.48
% Ch, Annual Rate	-1.1	-2.9	-4.7	-7.3	-12.0	-8.6	-5.2	-2.8
Food Manufacturing	1.49	1.48	1.47	1.48	1.46	1.46	1.46	1.45
% Ch, Annual Rate	1.2	-2.5	-1.9	0.4	-4.5	-0.3	-0.3	-0.6
Paper and Paper Products	0.45	0.45	0.44	0.43	0.42	0.41	0.40	0.40
% Ch, Annual Rate	-1.9	-1.1	-5.7	-7.6	-13.1	-10.8	-5.1	-4.7
Other Nondurables	3.08	3.05	3.01	2.92	2.80	2.71	2.66	2.63
% Ch, Annual Rate	-2.0	-3.4	-6.0	-10.9	-15.5	-12.4	-7.7	-3.7
Natural Resources and Mining	0.75	0.76	0.78	0.78	0.75	0.70	0.67	0.66
% Ch, Annual Rate	8.4	5.8	9.8	-1.5	-14.4	-23.8	-13.3	-6.0
Construction	7.44	7.28	7.10	6.83	6.43	6.09	5.85	5.69
% Ch, Annual Rate	-4.8	-8.3	-9.1	-14.8	-21.1	-20.0	-14.6	-10.7
Trade, Transportation, and Utilities	26.67	26.47	26.23	25.81	25.32	24.96	24.75	24.58
% Ch, Annual Rate	-0.6	-3.0	-3.6	-6.2	-7.5	-5.6	-3.2	-2.7
Wholesale Trade	6.02	5.98	5.93	5.84	5.72	5.60	5.54	5.49
% Ch, Annual Rate	-0.9	-2.8	-3.3	-6.2	-8.0	-7.7	-4.7	-3.6
Retail Trade	15.53	15.39	15.23	14.99	14.70	14.55	14.47	14.37
% Ch, Annual Rate	-0.6	-3.8	-3.9	-6.3	-7.5	-4.0	-2.3	-2.8
Trans., Warehousing, and Utilities	5.11	5.10	5.06	4.99	4.90	4.80	4.75	4.73
% Ch, Annual Rate	0.0	-0.5	-3.0	-5.9	-6.8	-7.7	-4.5	-1.5
Information	3.02	3.01	2.98	2.93	2.87	2.81	2.77	2.75
% Ch, Annual Rate	-0.6	-1.9	-4.1	-5.8	-7.5	-8.4	-5.6	-2.7
Publishing Industries	0.90	0.89	0.88	0.86	0.83	0.80	0.78	0.77
% Ch, Annual Rate	-1.1	-2.4	-5.5	-7.8	-13.1	-12.7	-9.3	-5.9
Other Information	2.13	2.12	2.10	2.07	2.04	2.01	1.99	1.98
% Ch, Annual Rate	-0.4	-1.7	-3.6	-5.0	-5.0	-6.5	-4.1	-1.5
Financial Activities	8.21	8.19	8.14	8.04	7.90	7.78	7.72	7.69
% Ch, Annual Rate	-1.4	-1.1	-2.5	-4.9	-6.7	-6.0	-2.9	-1.7
Professional and Business Services	18.00	17.89	17.70	17.36	16.91	16.54	16.40	16.44
% Ch, Annual Rate	-0.4	-2.4	-4.2	-7.5	-10.0	-8.6	-3.4	1.2
Education and Health Services	18.65	18.79	18.92	18.99	19.08	19.14	19.23	19.32
% Ch, Annual Rate	2.8	3.2	2.7	1.5	2.0	1.1	1.9	1.9
Leisure and Hospitality	13.54	13.49	13.41	13.30	13.18	13.09	13.06	12.97
% Ch, Annual Rate	0.5	-1.3	-2.4	-3.4	-3.5	-2.8	-0.9	-2.7
Other Services	5.53	5.53	5.52	5.48	5.41	5.37	5.36	5.32
% Ch, Annual Rate	1.9	0.3	-1.3	-2.8	-4.9	-2.7	-0.8	-2.7
Federal Government	2.74	2.76	2.77	2.78	2.80	2.87	2.82	2.84
% Ch, Annual Rate	0.0	1.8	1.5	1.4	2.7	10.5	-5.6	2.2
State and Local Government	19.68	19.71	19.79	19.78	19.78	19.75	19.70	19.67
% Ch, Annual Rate	1.7	0.6	1.7	-0.3	0.0	-0.5	-1.1	-0.6

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	129.32	129.96	129.88	130.13	130.55	131.02	131.25	131.62
% Ch, Annual Rate	-0.3	2.0	-0.2	0.8	1.3	1.4	0.7	1.1
Manufacturing	11.47	11.53	11.56	11.55	11.65	11.71	11.75	11.81
% Ch, Annual Rate	-0.8	2.3	1.0	-0.2	3.4	2.2	1.3	2.0
Durable Manufacturing	7.00	7.06	7.10	7.11	7.21	7.27	7.31	7.36
% Ch, Annual Rate	-0.3	3.5	2.2	0.7	5.5	3.5	1.9	2.8
Wood Products	0.34	0.35	0.34	0.34	0.34	0.34	0.33	0.33
% Ch, Annual Rate	-2.3	3.7	-6.8	-3.6	6.3	-6.6	-8.1	-1.1
Primary and Fabricated Metals	1.61	1.64	1.66	1.67	1.70	1.74	1.75	1.75
% Ch, Annual Rate	1.0	8.4	5.5	2.6	7.7	8.1	2.6	1.1
Computer and Electronic Products	1.09	1.10	1.10	1.11	1.12	1.12	1.13	1.14
% Ch, Annual Rate	-1.8	1.2	2.0	1.6	3.9	2.3	2.0	2.8
Machinery and Electrical Equipment	1.33	1.35	1.36	1.37	1.39	1.41	1.42	1.44
% Ch, Annual Rate	-1.0	5.5	3.1	3.3	6.4	5.3	3.8	3.4
Transportation Equipment	1.32	1.33	1.34	1.33	1.35	1.36	1.38	1.40
% Ch, Annual Rate	3.4	1.5	3.8	-2.4	6.9	2.3	3.9	6.9
Other Durables	1.30	1.30	1.29	1.29	1.30	1.30	1.30	1.30
% Ch, Annual Rate	-3.1	-0.5	-1.5	-0.9	1.8	0.7	-0.6	1.2
Nondurable Manufacturing	4.47	4.47	4.46	4.44	4.44	4.44	4.45	4.45
% Ch, Annual Rate	-1.6	0.4	-1.0	-1.6	0.0	0.1	0.4	0.7
Food Manufacturing	1.45	1.45	1.45	1.44	1.45	1.45	1.44	1.45
% Ch, Annual Rate	-1.9	1.3	-0.8	-1.7	2.0	-0.2	-1.3	1.6
Paper and Paper Products	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
% Ch, Annual Rate	-1.0	1.0	-0.9	-0.1	0.6	0.4	1.5	-1.9
Other Nondurables	2.62	2.62	2.61	2.60	2.59	2.60	2.60	2.61
% Ch, Annual Rate	-1.4	-0.1	-1.2	-1.7	-1.2	0.2	1.2	0.7
Natural Resources and Mining	0.67	0.70	0.72	0.73	0.75	0.78	0.80	0.81
% Ch, Annual Rate	6.8	14.6	13.2	9.2	7.3	18.5	11.4	3.7
Construction	5.56	5.54	5.51	5.50	5.51	5.53	5.54	5.50
% Ch, Annual Rate	-8.9	-1.5	-1.7	-0.5	0.1	1.5	0.8	-2.8
Trade, Transportation, and Utilities	24.54	24.58	24.61	24.70	24.77	24.89	24.95	25.10
% Ch, Annual Rate	-0.7	0.7	0.5	1.4	1.1	2.0	0.8	2.6
Wholesale Trade	5.45	5.45	5.45	5.47	5.51	5.54	5.54	5.57
% Ch, Annual Rate	-2.9	0.1	0.6	1.4	2.5	2.1	0.4	1.6
Retail Trade	14.39	14.42	14.42	14.45	14.48	14.54	14.58	14.68
% Ch, Annual Rate	0.7	0.7	0.1	0.8	0.8	1.8	1.1	2.7
Trans., Warehousing, and Utilities	4.70	4.72	4.74	4.78	4.79	4.82	4.82	4.86
% Ch, Annual Rate	-2.3	1.5	1.5	3.5	0.6	2.5	0.4	3.2
Information	2.73	2.71	2.71	2.70	2.68	2.68	2.65	2.65
% Ch, Annual Rate	-3.5	-2.6	-0.7	-1.4	-1.8	-0.2	-4.3	-0.9
Publishing Industries	0.77	0.76	0.76	0.76	0.76	0.76	0.75	0.75
% Ch, Annual Rate	-2.8	-2.2	-0.6	-1.4	-0.5	-0.4	-0.5	-3.5
Other Information	1.96	1.95	1.95	1.94	1.93	1.93	1.90	1.90
% Ch, Annual Rate	-3.8	-2.8	-0.7	-1.4	-2.2	-0.1	-5.7	0.1
Financial Activities	7.66	7.64	7.62	7.62	7.61	7.62	7.61	7.57
% Ch, Annual Rate	-1.6	-0.9	-1.1	0.0	-0.5	0.4	-0.5	-1.8
Professional and Business Services	16.53	16.65	16.70	16.84	17.00	17.14	17.24	17.34
% Ch, Annual Rate	2.2	2.7	1.4	3.2	4.1	3.3	2.2	2.4
Education and Health Services	19.41	19.51	19.60	19.73	19.83	19.93	20.04	20.18
% Ch, Annual Rate	1.9	2.1	2.0	2.6	2.0	2.0	2.3	2.8
Leisure and Hospitality	12.94	13.00	13.06	13.07	13.12	13.19	13.22	13.27
% Ch, Annual Rate	-0.9	1.9	1.6	0.4	1.7	2.2	0.9	1.6
Other Services	5.32	5.34	5.37	5.42	5.43	5.45	5.45	5.47
% Ch, Annual Rate	0.0	1.6	2.2	3.3	1.0	1.1	0.5	1.2
Federal Government	2.89	3.19	2.94	2.85	2.85	2.84	2.82	2.81
% Ch, Annual Rate	6.9	49.6	-28.3	-11.9	0.6	-1.7	-2.6	-1.4
State and Local Government	19.61	19.56	19.48	19.43	19.35	19.26	19.18	19.11
% Ch, Annual Rate	-1.3	-0.9	-1.6	-1.2	-1.6	-1.8	-1.7	-1.5

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	131.93	132.36	132.82	133.21	133.78	134.43	135.07	135.69
% Ch, Annual Rate	1.0	1.3	1.4	1.2	1.7	2.0	1.9	1.8
Manufacturing	11.84	11.90	11.91	11.95	11.98	12.05	12.08	12.16
% Ch, Annual Rate	1.0	2.2	0.3	1.2	1.1	2.2	1.3	2.5
Durable Manufacturing	7.39	7.45	7.47	7.52	7.57	7.64	7.68	7.76
% Ch, Annual Rate	1.7	3.7	0.8	2.8	2.6	4.0	2.3	3.8
Wood Products	0.32	0.33	0.33	0.34	0.34	0.35	0.35	0.37
% Ch, Annual Rate	-6.5	3.6	3.4	8.7	6.0	7.7	9.2	15.1
Primary and Fabricated Metals	1.76	1.78	1.78	1.79	1.79	1.80	1.82	1.84
% Ch, Annual Rate	2.2	4.4	-0.2	1.9	-0.7	4.0	3.7	4.6
Computer and Electronic Products	1.15	1.14	1.14	1.15	1.18	1.20	1.18	1.17
% Ch, Annual Rate	4.7	-1.9	-0.7	2.2	12.2	5.0	-5.6	-3.8
Machinery and Electrical Equipment	1.44	1.47	1.46	1.47	1.46	1.45	1.45	1.45
% Ch, Annual Rate	1.9	6.5	-1.5	1.5	-1.6	-3.0	-0.8	0.9
Transportation Equipment	1.41	1.43	1.46	1.48	1.50	1.54	1.58	1.61
% Ch, Annual Rate	4.4	5.8	6.9	5.4	5.8	11.8	9.7	9.4
Other Durables	1.29	1.30	1.30	1.30	1.30	1.30	1.31	1.32
% Ch, Annual Rate	-2.5	2.5	-1.2	1.5	-0.8	1.2	1.0	3.5
Nondurable Manufacturing	4.45	4.45	4.44	4.43	4.41	4.40	4.40	4.40
% Ch, Annual Rate	-0.1	-0.4	-0.5	-1.5	-1.4	-0.8	-0.5	0.1
Food Manufacturing	1.45	1.46	1.46	1.46	1.45	1.45	1.46	1.47
% Ch, Annual Rate	0.5	1.3	1.3	-1.3	-0.8	0.4	0.9	2.1
Paper and Paper Products	0.40	0.39	0.39	0.39	0.39	0.39	0.39	0.39
% Ch, Annual Rate	-1.6	-1.0	-1.1	-1.1	-1.2	0.1	0.6	1.2
Other Nondurables	2.61	2.60	2.59	2.58	2.57	2.56	2.55	2.54
% Ch, Annual Rate	-0.2	-1.2	-1.4	-1.6	-1.7	-1.5	-1.4	-1.1
Natural Resources and Mining	0.81	0.80	0.79	0.78	0.77	0.76	0.75	0.74
% Ch, Annual Rate	-0.3	-5.6	-5.2	-4.1	-4.9	-4.2	-4.7	-3.6
Construction	5.43	5.38	5.35	5.32	5.30	5.32	5.39	5.50
% Ch, Annual Rate	-4.5	-4.0	-2.2	-2.3	-1.7	1.6	5.5	8.4
Trade, Transportation, and Utilities	25.19	25.32	25.48	25.62	25.75	25.89	26.05	26.15
% Ch, Annual Rate	1.4	2.0	2.5	2.2	2.2	2.1	2.5	1.4
Wholesale Trade	5.60	5.64	5.69	5.72	5.75	5.78	5.82	5.85
% Ch, Annual Rate	2.6	3.1	3.1	2.2	2.0	2.5	2.8	2.0
Retail Trade	14.70	14.74	14.81	14.88	14.95	15.01	15.08	15.10
% Ch, Annual Rate	0.4	1.3	1.8	1.9	1.9	1.6	2.0	0.6
Trans., Warehousing, and Utilities	4.90	4.93	4.98	5.02	5.06	5.10	5.15	5.19
% Ch, Annual Rate	3.3	3.0	3.9	3.0	3.2	3.4	3.8	3.2
Information	2.68	2.66	2.62	2.62	2.64	2.69	2.72	2.69
% Ch, Annual Rate	4.6	-3.2	-5.4	-0.2	3.4	7.7	4.3	-4.0
Publishing Industries	0.74	0.74	0.74	0.74	0.74	0.73	0.73	0.73
% Ch, Annual Rate	-4.8	-1.7	-0.1	1.0	-1.0	-0.9	-0.6	-0.4
Other Information	1.94	1.92	1.88	1.88	1.90	1.96	1.99	1.96
% Ch, Annual Rate	8.5	-3.8	-7.4	-0.7	5.2	11.2	6.2	-5.3
Financial Activities	7.55	7.57	7.59	7.60	7.63	7.64	7.65	7.66
% Ch, Annual Rate	-0.9	0.9	1.1	0.3	1.5	0.5	0.6	0.5
Professional and Business Services	17.41	17.57	17.74	17.88	18.06	18.32	18.57	18.82
% Ch, Annual Rate	1.7	3.6	4.1	3.2	4.2	5.7	5.6	5.6
Education and Health Services	20.32	20.44	20.54	20.60	20.65	20.73	20.76	20.80
% Ch, Annual Rate	2.8	2.5	2.0	1.1	0.9	1.5	0.7	0.7
Leisure and Hospitality	13.36	13.43	13.52	13.57	13.61	13.62	13.62	13.66
% Ch, Annual Rate	2.6	2.2	2.6	1.5	1.2	0.3	0.2	1.1
Other Services	5.48	5.47	5.48	5.49	5.51	5.50	5.50	5.51
% Ch, Annual Rate	0.8	-1.0	1.1	0.8	1.0	-0.6	0.5	0.6
Federal Government	2.80	2.80	2.79	2.79	2.78	2.76	2.74	2.72
% Ch, Annual Rate	-1.2	-0.8	-0.7	-0.8	-1.8	-2.2	-2.9	-3.3
State and Local Government	19.06	19.03	19.01	19.00	19.11	19.18	19.24	19.29
% Ch, Annual Rate	-1.1	-0.6	-0.5	0.0	2.3	1.5	1.1	1.1

Table A2.3
Washington Nonagricultural Employment by Industry (Thousands)
 Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Nonfarm Payroll Employment	2,859.0	2,933.5	2,959.3	2,822.2	2,784.1	2,816.7	2,850.9	2,905.9
% Ch	3.0	2.6	0.9	-4.6	-1.4	1.2	1.2	1.9
Manufacturing	285.9	293.3	291.2	265.5	257.9	267.9	275.7	281.2
% Ch	4.9	2.6	-0.7	-8.8	-2.8	3.8	2.9	2.0
Durable Manufacturing	204.0	211.9	211.3	190.6	184.2	193.3	201.5	207.1
% Ch	6.6	3.9	-0.3	-9.8	-3.4	5.0	4.2	2.8
Wood Products	20.3	19.2	17.0	13.3	12.9	12.7	12.7	13.4
% Ch	1.1	-5.4	-11.3	-21.6	-2.9	-1.6	-0.3	5.5
Primary and Fabricated Metals	24.3	25.9	26.3	21.9	21.4	22.8	23.4	24.1
% Ch	4.9	6.8	1.5	-16.8	-2.2	6.4	3.0	2.7
Computer and Electronic Products	22.5	22.7	22.5	20.1	19.1	19.7	20.5	22.0
% Ch	1.2	1.1	-0.8	-10.9	-4.8	3.1	4.2	7.3
Machinery and Electrical Equipment	19.0	19.6	19.9	16.3	15.7	17.2	18.8	19.7
% Ch	6.5	3.4	1.2	-17.9	-3.8	9.4	9.7	4.9
Aerospace	73.4	80.1	83.0	82.9	80.8	86.3	91.2	92.8
% Ch	11.9	9.1	3.6	-0.1	-2.5	6.8	5.6	1.8
Other Transportation Equip.	13.7	13.1	12.2	9.7	8.9	9.3	9.2	9.3
% Ch	4.1	-4.9	-6.5	-20.8	-8.3	4.4	-0.9	1.6
Other Durables	30.9	31.3	30.5	26.4	25.4	25.4	25.7	25.7
% Ch	4.9	1.4	-2.8	-13.3	-3.9	0.1	1.0	0.3
Nondurable Manufacturing	81.9	81.4	79.9	74.9	73.8	74.5	74.2	74.1
% Ch	0.9	-0.6	-1.9	-6.2	-1.5	1.0	-0.5	-0.1
Food Manufacturing	33.9	34.1	34.3	33.9	33.6	34.1	33.9	33.5
% Ch	0.3	0.7	0.5	-0.9	-1.1	1.6	-0.6	-1.3
Paper and Paper Products	11.9	11.2	10.5	9.7	9.4	9.1	8.3	8.4
% Ch	-2.1	-6.3	-6.5	-7.1	-3.8	-3.2	-7.8	0.3
Other Nondurables	36.1	36.1	35.1	31.3	30.8	31.4	31.9	32.3
% Ch	2.7	0.2	-2.8	-11.0	-1.3	1.8	1.8	1.1
Natural Resources and Mining	8.7	8.2	7.5	6.0	5.9	6.0	5.8	5.9
% Ch	-3.0	-6.1	-7.6	-19.8	-2.5	1.8	-2.8	1.6
Construction	194.8	208.1	200.6	159.7	141.1	137.9	139.6	144.5
% Ch	9.8	6.8	-3.6	-20.4	-11.6	-2.2	1.2	3.5
Trade, Transportation, and Utilities	541.6	553.4	553.5	522.5	517.5	526.6	536.2	548.1
% Ch	2.1	2.2	0.0	-5.6	-1.0	1.8	1.8	2.2
Wholesale Trade	126.6	129.3	130.1	122.7	120.8	123.8	127.2	129.7
% Ch	3.6	2.2	0.6	-5.7	-1.6	2.5	2.7	2.0
Retail Trade	321.1	328.0	327.5	309.3	308.2	313.0	317.2	322.9
% Ch	1.6	2.1	-0.2	-5.5	-0.4	1.6	1.3	1.8
Trans., Warehousing, and Utilities	94.0	96.1	95.9	90.5	88.6	89.8	91.9	95.5
% Ch	2.0	2.2	-0.2	-5.6	-2.1	1.3	2.3	3.9
Information	98.4	102.5	105.6	103.9	102.8	103.6	105.6	109.1
% Ch	3.9	4.1	3.1	-1.6	-1.1	0.8	2.0	3.2
Software Publishers	44.7	47.6	50.9	51.5	50.9	52.0	53.6	55.5
% Ch	8.4	6.4	7.0	1.1	-1.0	2.1	3.0	3.6
Other Publishing Industries	11.0	10.8	10.4	8.7	8.1	7.6	7.4	7.2
% Ch	-2.0	-1.7	-4.4	-15.6	-7.5	-5.5	-3.4	-2.2
Other Information	42.7	44.0	44.3	43.7	43.7	44.0	44.7	46.3
% Ch	1.1	3.1	0.7	-1.5	0.1	0.5	1.6	3.7
Financial Activities	156.2	155.5	152.4	141.7	134.6	132.7	131.8	132.4
% Ch	1.1	-0.5	-2.0	-7.0	-5.0	-1.4	-0.7	0.4
Professional and Business Services	330.5	344.7	348.7	324.5	326.5	338.7	346.5	361.7
% Ch	4.6	4.3	1.2	-6.9	0.6	3.7	2.3	4.4
Education and Health Services	337.2	348.3	362.1	372.4	375.4	381.2	389.5	395.4
% Ch	2.4	3.3	4.0	2.8	0.8	1.5	2.2	1.5
Leisure and Hospitality	271.6	280.5	283.7	269.6	266.3	270.9	277.1	282.0
% Ch	3.1	3.3	1.1	-4.9	-1.2	1.7	2.3	1.8
Other Services	104.0	105.3	107.7	106.3	105.5	108.2	108.2	108.1
% Ch	1.2	1.3	2.3	-1.4	-0.7	2.5	0.0	-0.1
Federal Government	69.3	68.7	70.0	72.8	75.6	73.7	73.0	71.9
% Ch	-0.4	-0.9	2.0	4.0	3.8	-2.5	-1.0	-1.4
State and Local Government	460.7	465.1	476.4	477.3	475.0	469.3	462.0	465.6
% Ch	0.8	1.0	2.4	0.2	-0.5	-1.2	-1.5	0.8

Table A2.4
Washington Nonagricultural Employment by Industry (Thousands)
 Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	2,974.9	2,969.6	2,966.9	2,925.7	2,879.6	2,826.9	2,801.4	2,781.0
% Ch, Annual Rate	2.5	-0.7	-0.4	-5.4	-6.1	-7.1	-3.6	-2.9
Manufacturing	297.2	294.7	292.9	279.9	276.6	266.2	261.7	257.4
% Ch, Annual Rate	1.7	-3.3	-2.4	-16.6	-4.6	-14.2	-6.6	-6.3
Durable Manufacturing	215.9	214.6	214.0	200.8	200.0	191.2	187.0	184.1
% Ch, Annual Rate	2.5	-2.3	-1.2	-22.5	-1.5	-16.6	-8.5	-5.9
Wood Products	18.2	17.4	16.6	15.7	14.1	13.3	13.1	12.8
% Ch, Annual Rate	-11.6	-16.4	-17.6	-21.2	-34.0	-20.8	-6.6	-8.5
Primary and Fabricated Metals	26.4	26.7	26.7	25.4	23.4	21.8	21.3	21.0
% Ch, Annual Rate	5.8	3.3	0.6	-17.8	-27.8	-24.5	-10.5	-4.4
Computer and Electronic Products	22.6	22.6	22.7	22.2	21.5	20.2	19.5	19.1
% Ch, Annual Rate	-1.2	-1.3	1.5	-8.0	-12.4	-21.4	-13.3	-8.4
Machinery and Electrical Equipment	20.1	20.1	20.0	19.2	17.6	16.6	15.7	15.3
% Ch, Annual Rate	3.6	-1.4	-2.4	-13.6	-30.2	-21.2	-18.7	-10.2
Aerospace	84.1	84.5	85.8	77.5	85.2	83.2	82.1	81.3
% Ch, Annual Rate	7.0	2.1	6.2	-33.4	45.7	-9.1	-5.1	-4.0
Other Transportation Equip.	12.9	12.4	11.9	11.6	10.6	9.7	9.3	9.1
% Ch, Annual Rate	-2.6	-14.1	-13.4	-9.7	-31.2	-31.0	-13.5	-9.9
Other Durables	31.4	31.0	30.3	29.1	27.7	26.4	26.0	25.6
% Ch, Annual Rate	1.2	-6.0	-8.1	-15.0	-18.3	-17.1	-6.5	-5.6
Nondurable Manufacturing	81.3	80.1	78.9	79.1	76.6	75.0	74.7	73.3
% Ch, Annual Rate	-0.3	-6.0	-5.5	1.0	-12.3	-7.7	-1.6	-7.5
Food Manufacturing	34.7	34.1	33.7	34.6	34.0	34.0	34.4	33.4
% Ch, Annual Rate	5.4	-7.4	-4.6	11.8	-7.3	0.4	4.3	-10.3
Paper and Paper Products	10.7	10.5	10.4	10.2	10.0	9.8	9.6	9.5
% Ch, Annual Rate	-8.4	-5.4	-6.7	-4.7	-8.2	-10.1	-7.4	-3.3
Other Nondurables	35.9	35.5	34.9	34.3	32.6	31.3	30.8	30.4
% Ch, Annual Rate	-3.0	-4.7	-6.1	-7.1	-18.3	-14.9	-5.9	-5.7
Natural Resources and Mining	7.8	7.6	7.5	7.3	6.6	5.9	6.0	5.7
% Ch, Annual Rate	-7.6	-10.8	-2.8	-8.7	-35.7	-33.3	1.6	-14.2
Construction	209.4	205.0	199.0	189.0	174.6	162.1	154.1	147.9
% Ch, Annual Rate	1.9	-8.1	-11.2	-18.6	-27.2	-25.6	-18.5	-15.2
Trade, Transportation, and Utilities	559.1	556.4	553.8	544.6	532.9	522.5	519.6	515.2
% Ch, Annual Rate	1.4	-1.9	-1.8	-6.5	-8.3	-7.6	-2.2	-3.4
Wholesale Trade	130.9	130.6	130.2	128.7	126.1	122.8	121.4	120.5
% Ch, Annual Rate	1.5	-0.9	-1.4	-4.5	-7.8	-10.0	-4.6	-2.8
Retail Trade	331.8	329.2	327.4	321.5	313.8	309.1	308.2	306.1
% Ch, Annual Rate	2.0	-3.1	-2.1	-7.1	-9.2	-5.9	-1.2	-2.8
Trans., Warehousing, and Utilities	96.4	96.5	96.2	94.4	93.0	90.5	90.0	88.6
% Ch, Annual Rate	-0.5	0.8	-1.3	-7.4	-5.9	-10.0	-2.3	-6.3
Information	104.2	105.1	106.3	106.8	105.8	104.2	103.0	102.6
% Ch, Annual Rate	5.1	3.5	4.5	1.9	-3.8	-5.7	-4.5	-1.7
Software Publishers	49.1	50.3	51.7	52.6	52.6	51.7	51.0	50.7
% Ch, Annual Rate	7.8	10.3	11.6	7.4	-0.5	-6.4	-5.6	-2.4
Other Publishing Industries	10.8	10.6	10.2	9.8	9.3	8.8	8.5	8.3
% Ch, Annual Rate	-1.4	-6.7	-12.4	-15.3	-20.6	-18.3	-12.1	-8.7
Other Information	44.4	44.3	44.4	44.4	43.9	43.7	43.5	43.6
% Ch, Annual Rate	3.9	-1.2	1.1	-0.1	-3.8	-2.1	-1.6	0.5
Financial Activities	154.7	153.6	151.6	149.5	145.9	142.9	140.3	137.7
% Ch, Annual Rate	-0.2	-2.6	-5.1	-5.6	-9.2	-7.9	-7.1	-7.3
Professional and Business Services	350.2	352.0	350.4	342.1	333.0	323.2	320.5	321.3
% Ch, Annual Rate	2.5	2.1	-1.8	-9.1	-10.3	-11.2	-3.2	0.9
Education and Health Services	356.8	359.6	364.1	367.9	371.9	371.7	372.8	373.3
% Ch, Annual Rate	3.1	3.1	5.1	4.3	4.4	-0.2	1.2	0.5
Leisure and Hospitality	286.2	284.9	283.9	279.6	274.0	269.6	268.9	266.0
% Ch, Annual Rate	3.3	-1.8	-1.4	-5.8	-7.9	-6.2	-1.2	-4.2
Other Services	107.3	107.8	108.3	107.4	107.5	106.6	105.7	105.3
% Ch, Annual Rate	4.1	1.8	1.9	-3.3	0.3	-3.5	-3.1	-1.7
Federal Government	69.4	69.1	70.3	71.3	71.8	73.3	72.7	73.2
% Ch, Annual Rate	4.1	-1.9	7.1	6.3	2.7	8.8	-3.4	2.9
State and Local Government	472.7	473.9	478.7	480.1	479.2	478.6	476.1	475.4
% Ch, Annual Rate	3.4	1.1	4.1	1.2	-0.8	-0.5	-2.0	-0.6

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	2,771.2	2,784.9	2,785.7	2,794.6	2,801.6	2,814.8	2,822.6	2,827.9
% Ch, Annual Rate	-1.4	2.0	0.1	1.3	1.0	1.9	1.1	0.7
Manufacturing	256.8	257.5	258.2	259.3	262.5	266.3	270.0	272.7
% Ch, Annual Rate	-1.1	1.2	1.1	1.7	5.0	5.9	5.8	4.0
Durable Manufacturing	183.4	183.7	184.3	185.4	187.9	191.9	195.6	198.0
% Ch, Annual Rate	-1.6	0.5	1.4	2.5	5.6	8.6	8.0	4.9
Wood Products	13.0	13.2	12.9	12.8	12.8	12.8	12.6	12.8
% Ch, Annual Rate	4.7	6.7	-7.7	-3.9	1.2	-0.9	-6.4	7.1
Primary and Fabricated Metals	21.2	21.3	21.4	21.8	22.2	22.9	23.0	23.0
% Ch, Annual Rate	2.6	2.4	3.1	6.0	8.2	12.9	1.8	1.0
Computer and Electronic Products	18.9	19.1	19.2	19.3	19.4	19.6	19.9	19.9
% Ch, Annual Rate	-4.2	3.9	2.9	1.6	1.9	5.2	6.8	-1.0
Machinery and Electrical Equipment	15.4	15.5	15.8	16.1	16.6	17.0	17.4	17.7
% Ch, Annual Rate	2.3	2.0	7.2	8.6	13.2	10.5	8.5	7.1
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.0	89.5
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.1	15.2	7.0
Other Transportation Equip.	8.7	8.8	9.0	8.9	9.1	9.3	9.3	9.3
% Ch, Annual Rate	-14.8	5.5	7.1	-3.4	9.1	8.0	1.9	-1.6
Other Durables	25.5	25.5	25.3	25.2	25.1	25.3	25.4	25.8
% Ch, Annual Rate	-2.0	1.4	-3.6	-2.5	-0.6	3.5	0.8	6.1
Nondurable Manufacturing	73.3	73.8	73.9	73.9	74.5	74.4	74.4	74.7
% Ch, Annual Rate	0.2	2.8	0.5	-0.1	3.4	-0.8	0.2	1.6
Food Manufacturing	33.3	33.6	33.7	33.6	34.2	34.0	34.0	34.1
% Ch, Annual Rate	-1.5	3.7	0.9	-0.8	7.4	-2.6	-0.3	1.7
Paper and Paper Products	9.4	9.4	9.3	9.3	9.2	9.1	9.0	8.9
% Ch, Annual Rate	-3.3	-2.6	-1.0	-1.8	-4.0	-5.5	-2.8	-2.9
Other Nondurables	30.6	30.9	30.9	31.0	31.1	31.3	31.5	31.7
% Ch, Annual Rate	3.2	3.5	0.4	1.3	1.5	2.8	1.5	2.7
Natural Resources and Mining	5.8	6.0	6.0	5.9	6.0	6.0	6.0	6.0
% Ch, Annual Rate	4.4	11.9	-0.3	-5.5	7.9	2.7	0.6	-4.0
Construction	143.1	141.0	140.9	139.4	136.8	137.7	138.5	138.6
% Ch, Annual Rate	-12.4	-5.8	-0.2	-4.3	-7.1	2.6	2.3	0.3
Trade, Transportation, and Utilities	514.3	518.4	517.4	520.0	521.5	526.3	528.4	530.3
% Ch, Annual Rate	-0.7	3.2	-0.8	2.1	1.1	3.7	1.6	1.5
Wholesale Trade	119.8	121.1	120.8	121.4	122.3	123.5	124.1	125.5
% Ch, Annual Rate	-2.4	4.3	-0.9	2.0	3.1	3.9	1.9	4.6
Retail Trade	306.6	308.7	307.6	309.7	310.1	312.4	314.3	315.2
% Ch, Annual Rate	0.7	2.7	-1.3	2.7	0.5	3.0	2.4	1.2
Trans., Warehousing, and Utilities	87.9	88.7	88.9	88.9	89.1	90.4	90.0	89.6
% Ch, Annual Rate	-3.0	3.6	1.1	0.0	0.6	6.0	-1.5	-1.8
Information	102.9	102.6	102.6	102.9	103.1	103.3	103.7	104.4
% Ch, Annual Rate	1.3	-1.3	0.3	1.1	0.7	0.8	1.6	2.5
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.6	52.5	52.5
% Ch, Annual Rate	0.3	1.2	1.8	0.2	2.0	2.2	7.1	0.0
Other Publishing Industries	8.3	8.2	8.0	7.9	7.8	7.6	7.6	7.6
% Ch, Annual Rate	-3.0	-6.1	-6.9	-5.1	-6.1	-8.2	-2.6	1.4
Other Information	43.9	43.6	43.6	43.9	44.0	44.1	43.6	44.2
% Ch, Annual Rate	3.2	-3.4	0.0	3.3	0.4	0.9	-3.9	5.9
Financial Activities	135.6	134.4	134.2	134.0	133.1	132.9	132.7	132.2
% Ch, Annual Rate	-6.0	-3.2	-0.7	-0.6	-2.9	-0.6	-0.4	-1.6
Professional and Business Services	320.8	324.5	328.2	332.6	335.2	338.9	340.1	340.8
% Ch, Annual Rate	-0.6	4.7	4.6	5.4	3.2	4.5	1.4	0.8
Education and Health Services	373.2	374.4	376.1	378.0	379.7	379.8	381.6	383.7
% Ch, Annual Rate	-0.1	1.3	1.8	2.0	1.8	0.2	1.8	2.3
Leisure and Hospitality	264.7	266.6	266.1	267.8	268.7	271.1	271.5	272.3
% Ch, Annual Rate	-2.0	3.0	-0.8	2.6	1.3	3.6	0.6	1.2
Other Services	104.5	104.9	105.8	106.8	107.4	108.3	108.5	108.6
% Ch, Annual Rate	-2.7	1.5	3.5	3.8	2.0	3.5	0.8	0.4
Federal Government	73.7	79.2	75.1	74.3	74.5	73.1	73.8	73.4
% Ch, Annual Rate	2.6	33.2	-19.1	-4.4	1.4	-7.3	3.7	-2.1
State and Local Government	475.8	475.4	475.0	473.7	473.2	471.2	467.8	464.9
% Ch, Annual Rate	0.4	-0.4	-0.3	-1.2	-0.3	-1.7	-2.8	-2.4

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	2,834.8	2,845.1	2,856.5	2,867.3	2,882.8	2,899.1	2,914.0	2,927.5
% Ch, Annual Rate	1.0	1.5	1.6	1.5	2.2	2.3	2.1	1.9
Manufacturing	273.7	275.1	276.2	277.7	279.3	281.0	281.6	283.1
% Ch, Annual Rate	1.5	2.2	1.6	2.2	2.2	2.5	1.0	2.1
Durable Manufacturing	199.3	201.0	202.0	203.7	205.4	207.0	207.5	208.6
% Ch, Annual Rate	2.7	3.6	2.0	3.4	3.3	3.2	1.0	2.1
Wood Products	12.6	12.6	12.7	12.9	13.0	13.2	13.5	13.9
% Ch, Annual Rate	-6.9	2.1	2.0	6.8	4.3	5.8	7.2	12.4
Primary and Fabricated Metals	23.2	23.5	23.5	23.6	23.6	23.9	24.2	24.5
% Ch, Annual Rate	2.7	5.0	0.3	2.5	-0.2	5.1	4.8	5.9
Computer and Electronic Products	20.4	20.4	20.5	20.8	21.9	22.4	22.0	21.9
% Ch, Annual Rate	10.9	0.2	1.8	6.2	21.8	10.2	-6.2	-3.5
Machinery and Electrical Equipment	18.1	18.8	19.0	19.4	19.5	19.6	19.8	20.1
% Ch, Annual Rate	10.2	16.7	4.1	8.2	3.2	0.9	4.1	6.4
Aerospace	90.2	90.9	91.5	92.2	92.6	92.9	92.9	92.9
% Ch, Annual Rate	3.0	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Other Transportation Equip.	9.1	9.1	9.2	9.2	9.2	9.3	9.4	9.4
% Ch, Annual Rate	-6.2	-0.2	2.9	-0.5	0.4	5.8	0.6	1.1
Other Durables	25.7	25.7	25.6	25.6	25.6	25.6	25.8	26.0
% Ch, Annual Rate	-1.1	0.3	-1.5	-0.3	-0.7	1.3	2.1	3.3
Nondurable Manufacturing	74.4	74.1	74.2	74.0	73.9	74.0	74.2	74.5
% Ch, Annual Rate	-1.7	-1.6	0.5	-1.1	-0.6	0.4	1.0	2.0
Food Manufacturing	34.0	33.9	34.0	33.7	33.5	33.4	33.4	33.6
% Ch, Annual Rate	-1.7	-0.3	0.1	-3.3	-2.5	-0.7	0.2	1.9
Paper and Paper Products	8.6	8.2	8.3	8.3	8.3	8.3	8.4	8.5
% Ch, Annual Rate	-14.9	-15.1	1.3	1.0	0.7	2.0	2.4	2.9
Other Nondurables	31.8	31.9	32.0	32.0	32.1	32.2	32.3	32.5
% Ch, Annual Rate	2.4	0.9	0.7	0.8	1.1	1.3	1.5	1.7
Natural Resources and Mining	5.8	5.8	5.8	5.9	5.9	5.9	5.9	6.0
% Ch, Annual Rate	-8.6	-2.6	1.9	2.5	0.4	1.6	2.8	5.5
Construction	138.5	139.2	140.0	140.6	142.0	143.4	145.3	147.4
% Ch, Annual Rate	-0.3	2.0	2.2	1.7	4.1	4.0	5.4	6.1
Trade, Transportation, and Utilities	531.9	534.3	537.9	540.8	543.9	546.7	550.0	551.8
% Ch, Annual Rate	1.2	1.9	2.7	2.2	2.3	2.1	2.4	1.3
Wholesale Trade	126.0	126.8	127.6	128.2	128.8	129.5	130.1	130.5
% Ch, Annual Rate	1.7	2.5	2.6	1.8	2.0	2.0	2.0	1.1
Retail Trade	315.3	316.2	317.9	319.4	320.9	322.2	323.9	324.6
% Ch, Annual Rate	0.1	1.1	2.2	1.9	1.9	1.7	2.1	0.8
Trans., Warehousing, and Utilities	90.5	91.4	92.4	93.2	94.1	95.0	96.0	96.8
% Ch, Annual Rate	4.1	3.8	4.4	3.7	3.9	3.9	4.0	3.3
Information	105.6	105.7	105.4	105.9	107.1	108.9	110.2	110.1
% Ch, Annual Rate	5.0	0.1	-1.2	2.3	4.3	7.0	4.9	-0.5
Software Publishers	52.8	53.3	53.8	54.4	54.8	55.3	55.7	56.2
% Ch, Annual Rate	2.4	3.5	4.0	4.2	3.4	3.3	3.4	3.4
Other Publishing Industries	7.4	7.4	7.4	7.4	7.3	7.2	7.2	7.1
% Ch, Annual Rate	-7.6	-3.6	-1.4	-0.1	-2.9	-3.0	-2.7	-2.5
Other Information	45.4	45.0	44.2	44.2	45.0	46.4	47.3	46.7
% Ch, Annual Rate	10.4	-3.1	-7.0	0.3	6.8	13.4	7.9	-4.7
Financial Activities	131.6	131.7	132.0	131.9	132.3	132.3	132.4	132.5
% Ch, Annual Rate	-1.8	0.4	0.7	-0.3	1.3	0.1	0.2	0.2
Professional and Business Services	342.1	344.9	348.1	350.8	354.4	359.2	364.1	369.1
% Ch, Annual Rate	1.5	3.3	3.8	3.1	4.2	5.6	5.6	5.5
Education and Health Services	386.3	388.7	390.7	392.1	393.3	395.0	396.1	397.3
% Ch, Annual Rate	2.7	2.5	2.1	1.4	1.2	1.8	1.1	1.2
Leisure and Hospitality	274.4	276.2	278.2	279.6	280.8	281.5	282.2	283.3
% Ch, Annual Rate	3.1	2.7	2.8	2.0	1.8	1.1	0.9	1.5
Other Services	108.4	108.1	108.1	108.1	108.1	108.0	108.0	108.1
% Ch, Annual Rate	-0.6	-1.2	-0.1	-0.1	0.2	-0.5	0.2	0.3
Federal Government	73.2	73.0	72.9	72.8	72.5	72.2	71.8	71.3
% Ch, Annual Rate	-1.2	-0.8	-0.7	-0.7	-1.5	-1.8	-2.2	-2.5
State and Local Government	463.3	462.3	461.3	461.3	463.4	465.0	466.3	467.5
% Ch, Annual Rate	-1.4	-0.8	-0.9	0.0	1.9	1.4	1.1	1.1

Table A3.1

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

Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Personal Income	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	13,000.8	13,339.9	13,918.3
% Ch	7.5	5.7	4.6	-4.3	3.7	5.1	2.6	4.3
Total Wage and Salary Disbursements	6,068.9	6,421.7	6,550.9	6,270.4	6,408.2	6,665.8	6,893.4	7,208.9
% Ch	6.5	5.8	2.0	-4.3	2.2	4.0	3.4	4.6
Nonwage Personal Income	5,199.2	5,490.6	5,909.3	5,659.9	5,965.3	6,335.0	6,446.5	6,709.4
% Ch	8.7	5.6	7.6	-4.2	5.4	6.2	1.8	4.1
Supplements to Wages and Salaries	1,406.9	1,440.4	1,522.5	1,531.1	1,563.1	1,607.8	1,668.8	1,753.4
% Ch	3.5	2.4	5.7	0.6	2.1	2.9	3.8	5.1
Proprietor's Income	1,133.0	1,090.4	1,097.9	941.2	1,036.4	1,111.7	1,168.4	1,243.0
% Ch	5.9	-3.8	0.7	-14.3	10.1	7.3	5.1	6.4
Farm	29.4	37.8	51.8	39.2	52.2	66.2	70.8	75.0
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,103.6	1,052.6	1,046.1	902.1	984.2	1,045.5	1,097.5	1,168.0
% Ch	7.6	-4.6	-0.6	-13.8	9.1	6.2	5.0	6.4
Less: Contribution For Govt. Soc. Ins.	921.8	959.5	987.3	964.1	986.8	923.9	1,086.4	1,169.9
% Ch	5.6	4.1	2.9	-2.3	2.4	-6.4	17.6	7.7
Dividends/Int./Rent	1,976.2	2,200.7	2,397.0	2,013.6	2,071.4	2,199.1	2,312.1	2,402.3
% Ch	14.9	11.4	8.9	-16.0	2.9	6.2	5.1	3.9
Transfer Payments	1,605.0	1,718.5	1,879.2	2,138.1	2,281.2	2,340.4	2,383.6	2,480.6
% Ch	6.4	7.1	9.4	13.8	6.7	2.6	1.8	4.1

Table A3.2

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

Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	12,415.6	12,571.7	12,513.3	12,340.0	11,964.4	11,944.1	11,874.1	11,938.2
% Ch, Annual Rate	9.3	5.1	-1.8	-5.4	-11.6	-0.7	-2.3	2.2
Total Wage and Salary Disbursements	6,600.5	6,554.9	6,550.6	6,497.4	6,280.5	6,278.2	6,251.3	6,271.4
% Ch, Annual Rate	4.8	-2.7	-0.3	-3.2	-12.7	-0.1	-1.7	1.3
Nonwage Personal Income	5,815.1	6,016.8	5,962.7	5,842.6	5,683.9	5,665.9	5,622.8	5,666.8
% Ch, Annual Rate	14.8	14.6	-3.5	-7.8	-10.4	-1.3	-3.0	3.2
Supplements to Wages and Salaries	1,498.5	1,518.5	1,534.1	1,538.8	1,529.6	1,531.1	1,530.6	1,533.0
% Ch, Annual Rate	10.7	5.4	4.2	1.2	-2.4	0.4	-0.1	0.6
Proprietor's Income	1,113.6	1,127.2	1,104.0	1,046.7	960.2	926.9	929.4	948.4
% Ch, Annual Rate	9.3	5.0	-8.0	-19.2	-29.2	-13.2	1.1	8.4
Farm	60.5	55.3	46.6	44.6	37.1	38.7	39.5	41.4
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,053.1	1,071.9	1,057.4	1,002.1	923.1	888.2	889.9	907.0
% Ch, Annual Rate	3.8	7.3	-5.3	-19.3	-28.0	-14.3	0.8	7.9
Less: Contribution For Govt. Soc. Ins.	989.8	986.6	988.7	984.2	966.0	966.9	962.1	961.5
% Ch, Annual Rate	7.7	-1.3	0.9	-1.8	-7.2	0.4	-2.0	-0.3
Dividends/Int./Rent	2,393.8	2,421.6	2,441.0	2,331.7	2,130.3	2,007.2	1,955.0	1,961.9
% Ch, Annual Rate	20.3	4.7	3.2	-16.7	-30.3	-21.2	-10.0	1.4
Transfer Payments	1,798.9	1,936.1	1,872.2	1,909.7	2,029.8	2,167.7	2,170.1	2,184.9
% Ch, Annual Rate	10.7	34.2	-12.6	8.3	27.6	30.1	0.4	2.8

Table A3.2 (continued)

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

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,992.6	13,022.1	13,141.4
% Ch, Annual Rate	6.9	6.3	4.2	4.1	8.8	4.6	0.9	3.7
Total Wage and Salary Disbursements	6,301.6	6,399.8	6,454.5	6,477.0	6,578.2	6,656.9	6,690.4	6,737.6
% Ch, Annual Rate	1.9	6.4	3.5	1.4	6.4	4.9	2.0	2.9
Nonwage Personal Income	5,836.1	5,925.8	5,998.7	6,100.6	6,268.7	6,335.7	6,331.7	6,403.8
% Ch, Annual Rate	12.5	6.3	5.0	7.0	11.5	4.3	-0.3	4.6
Supplements to Wages and Salaries	1,550.9	1,560.2	1,567.7	1,573.7	1,594.4	1,605.6	1,611.6	1,619.5
% Ch, Annual Rate	4.7	2.4	1.9	1.5	5.4	2.8	1.5	2.0
Proprietor's Income	981.7	1,025.5	1,057.0	1,081.5	1,095.6	1,106.5	1,117.1	1,127.4
% Ch, Annual Rate	14.8	19.1	12.9	9.6	5.3	4.0	3.9	3.8
Farm	44.6	45.8	58.3	60.1	66.1	67.3	68.9	62.3
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	937.1	979.7	998.7	1,021.4	1,029.5	1,039.2	1,048.2	1,065.1
% Ch, Annual Rate	14.0	19.5	8.0	9.4	3.2	3.8	3.5	6.6
Less: Contribution For Govt. Soc. Ins.	976.0	985.7	991.5	994.1	911.5	922.8	927.8	933.3
% Ch, Annual Rate	6.2	4.0	2.4	1.1	-29.3	5.1	2.2	2.4
Dividends/Int./Rent	2,037.4	2,073.6	2,076.1	2,098.3	2,162.2	2,199.2	2,201.1	2,233.7
% Ch, Annual Rate	16.3	7.3	0.5	4.3	12.7	7.0	0.3	6.1
Transfer Payments	2,242.1	2,252.1	2,289.4	2,341.2	2,328.1	2,347.3	2,329.7	2,356.5
% Ch, Annual Rate	10.9	1.8	6.8	9.4	-2.2	3.3	-3.0	4.7

Table A3.2 (continued)
U.S. Personal Income by Component (Billions of Dollars)
 Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	13,150.0	13,274.0	13,401.6	13,534.1	13,659.7	13,832.8	14,004.3	14,176.3
% Ch, Annual Rate	0.3	3.8	3.9	4.0	3.8	5.2	5.1	5.0
Total Wage and Salary Disbursements	6,795.8	6,858.7	6,924.8	6,994.3	7,077.3	7,163.6	7,252.1	7,342.5
% Ch, Annual Rate	3.5	3.8	3.9	4.1	4.8	5.0	5.0	5.1
Nonwage Personal Income	6,354.2	6,415.2	6,476.7	6,539.8	6,582.4	6,669.2	6,752.1	6,833.7
% Ch, Annual Rate	-3.1	3.9	3.9	3.9	2.6	5.4	5.1	4.9
Supplements to Wages and Salaries	1,644.3	1,659.8	1,676.2	1,694.9	1,720.7	1,743.2	1,763.3	1,786.2
% Ch, Annual Rate	6.2	3.8	4.0	4.5	6.2	5.3	4.7	5.3
Proprietor's Income	1,142.2	1,161.7	1,176.5	1,193.1	1,212.5	1,235.6	1,253.6	1,270.3
% Ch, Annual Rate	5.3	7.0	5.2	5.8	6.7	7.9	5.9	5.5
Farm	66.4	70.4	72.0	74.5	76.3	77.1	75.4	71.0
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,075.8	1,091.3	1,104.5	1,118.6	1,136.1	1,158.6	1,178.1	1,199.3
% Ch, Annual Rate	4.1	5.9	4.9	5.2	6.4	8.1	6.9	7.4
Less: Contribution For Govt. Soc. Ins.	1,073.3	1,081.1	1,090.2	1,101.2	1,153.2	1,165.1	1,173.7	1,187.6
% Ch, Annual Rate	74.8	3.0	3.4	4.1	20.3	4.2	3.0	4.8
Dividends/Int./Rent	2,277.3	2,298.5	2,324.4	2,348.4	2,365.6	2,389.5	2,414.4	2,439.7
% Ch, Annual Rate	8.0	3.8	4.6	4.2	3.0	4.1	4.2	4.3
Transfer Payments	2,363.7	2,376.3	2,389.9	2,404.6	2,436.8	2,466.0	2,494.5	2,525.1
% Ch, Annual Rate	1.2	2.2	2.3	2.5	5.5	4.9	4.7	5.0

Table A3.3
Washington Personal Income by Component (Billions of Dollars)
 Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Personal Income	252.091	272.625	289.380	278.665	287.111	301.196	309.526	324.160
% Ch	9.6	8.1	6.1	-3.7	3.0	4.9	2.8	4.7
Total Wage and Salary Disbursements	135.118	145.824	150.698	146.836	148.792	154.784	159.954	167.936
% Ch	8.4	7.9	3.3	-2.6	1.3	4.0	3.3	5.0
Manufacturing	16.794	17.630	17.922	16.738	16.837	17.985	18.893	19.907
% Ch	11.3	5.0	1.7	-6.6	0.6	6.8	5.1	5.4
Durable Manufacturing	13.051	13.770	14.079	13.143	13.246	14.234	15.060	15.951
% Ch	13.4	5.5	2.2	-6.6	0.8	7.5	5.8	5.9
Nondurable Manufacturing	3.742	3.860	3.844	3.596	3.591	3.751	3.833	3.956
% Ch	4.4	3.1	-0.4	-6.5	-0.1	4.5	2.2	3.2
Nonmanufacturing	112.859	122.543	126.438	123.608	125.389	130.106	134.333	141.276
% Ch	8.2	8.6	3.2	-2.2	1.4	3.8	3.2	5.2
Other Private Wages	0.855	0.880	0.906	0.841	0.845	0.892	0.914	0.943
% Ch	6.9	2.8	3.0	-7.2	0.4	5.5	2.6	3.1
Farm Wages	1.133	1.126	1.400	1.435	1.386	1.417	1.451	1.522
% Ch	-4.1	-0.6	24.3	2.5	-3.4	2.2	2.4	4.9
Military Wages	3.478	3.646	4.032	4.215	4.335	4.384	4.362	4.288
% Ch	5.4	4.8	10.6	4.5	2.8	1.1	-0.5	-1.7
Nonwage Personal Income	116.974	126.800	138.682	131.829	138.320	146.412	149.572	156.223
% Ch	11.0	8.4	9.4	-4.9	4.9	5.9	2.2	4.4
Supplements to Wages and Salaries	32.606	34.110	36.292	37.417	38.568	39.735	41.261	43.622
% Ch	4.5	4.6	6.4	3.1	3.1	3.0	3.8	5.7
Proprietor's Income	23.469	23.635	23.150	20.187	20.760	21.456	22.814	24.516
% Ch	9.9	0.7	-2.1	-12.8	2.8	3.4	6.3	7.5
Farm	0.653	1.098	1.094	0.453	1.244	0.988	1.233	1.405
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.817	22.537	22.056	19.734	19.516	20.469	21.581	23.111
% Ch	9.6	-1.2	-2.1	-10.5	-1.1	4.9	5.4	7.1
Less: Contribution For Govt. Soc. Ins.	23.325	24.476	25.060	24.985	25.733	24.416	28.277	30.450
% Ch	6.2	4.9	2.4	-0.3	3.0	-5.1	15.8	7.7
Plus: Residence Adjustment	2.864	3.027	3.052	2.570	2.693	2.892	3.011	3.164
% Ch	6.7	5.7	0.8	-15.8	4.8	7.4	4.1	5.1
Dividends/Int./Rent	49.329	55.770	62.903	51.421	53.016	56.754	59.711	62.120
% Ch	16.7	13.1	12.8	-18.3	3.1	7.0	5.2	4.0
Transfer Payments	32.030	34.735	38.346	45.219	49.016	49.992	51.052	53.250
% Ch	7.5	8.4	10.4	17.9	8.4	2.0	2.1	4.3
State U.I. Benefits	0.733	0.739	1.192	3.675	4.216	3.146	2.863	2.670
% Ch	-6.2	0.7	61.4	208.3	14.7	-25.4	-9.0	-6.7
Other Transfers	31.297	33.996	37.154	41.544	44.801	46.846	48.189	50.580
% Ch	7.8	8.6	9.3	11.8	7.8	4.6	2.9	5.0

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	287.330	290.303	292.310	287.575	279.140	279.129	277.569	278.821
% Ch, Annual Rate	8.9	4.2	2.8	-6.3	-11.2	0.0	-2.2	1.8
Total Wage and Salary Disbursements	150.868	150.222	151.947	149.754	147.090	147.288	146.487	146.479
% Ch, Annual Rate	1.4	-1.7	4.7	-5.6	-6.9	0.5	-2.2	0.0
Manufacturing	18.309	17.785	17.883	17.712	16.520	16.830	16.742	16.860
% Ch, Annual Rate	9.5	-11.0	2.2	-3.8	-24.3	7.7	-2.1	2.8
Durable Manufacturing	14.384	13.943	14.082	13.905	12.980	13.182	13.139	13.269
% Ch, Annual Rate	11.7	-11.7	4.0	-4.9	-24.1	6.4	-1.3	4.0
Nondurable Manufacturing	3.925	3.842	3.801	3.807	3.540	3.648	3.603	3.591
% Ch, Annual Rate	1.8	-8.2	-4.2	0.6	-25.2	12.8	-4.8	-1.3
Nonmanufacturing	126.355	126.177	127.632	125.588	124.139	123.996	123.157	123.139
% Ch, Annual Rate	-1.0	-0.6	4.7	-6.3	-4.5	-0.5	-2.7	-0.1
Other Private Wages	0.883	0.894	0.897	0.951	0.835	0.825	0.903	0.801
% Ch, Annual Rate	8.1	5.1	1.3	26.3	-40.6	-4.7	43.5	-38.1
Farm Wages	1.390	1.392	1.401	1.415	1.418	1.432	1.442	1.446
% Ch, Annual Rate	106.9	0.6	2.6	4.1	0.9	4.0	2.8	1.1
Military Wages	3.931	3.974	4.134	4.088	4.178	4.205	4.243	4.233
% Ch, Annual Rate	19.6	4.4	17.1	-4.4	9.1	2.6	3.7	-0.9
Nonwage Personal Income	136.462	140.081	140.362	137.821	132.050	131.840	131.083	132.343
% Ch, Annual Rate	18.0	11.0	0.8	-7.0	-15.7	-0.6	-2.3	3.9
Supplements to Wages and Salaries	35.513	35.988	36.848	36.819	37.131	37.394	37.508	37.635
% Ch, Annual Rate	5.2	5.5	9.9	-0.3	3.4	2.9	1.2	1.4
Proprietor's Income	23.750	23.345	22.982	22.522	19.940	19.770	20.293	20.746
% Ch, Annual Rate	3.0	-6.6	-6.1	-7.8	-38.6	-3.4	11.0	9.2
Farm	1.531	1.113	0.845	0.888	0.333	0.346	0.570	0.564
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	22.219	22.233	22.136	21.634	19.607	19.424	19.723	20.182
% Ch, Annual Rate	0.9	0.3	-1.7	-8.8	-32.5	-3.7	6.3	9.6
Less: Contribution For Govt. Soc. Ins.	24.972	24.933	25.286	25.050	24.941	25.048	24.973	24.976
% Ch, Annual Rate	-1.4	-0.6	5.8	-3.7	-1.7	1.7	-1.2	0.0
Plus: Residence Adjustment	3.091	3.087	3.034	2.996	2.609	2.573	2.543	2.553
% Ch, Annual Rate	3.8	-0.5	-6.7	-4.9	-42.5	-5.4	-4.6	1.6
Dividends/Int./Rent	62.324	63.600	64.455	61.231	55.021	51.271	49.621	49.772
% Ch, Annual Rate	27.4	8.4	5.5	-18.6	-34.8	-24.6	-12.3	1.2
Transfer Payments	36.756	38.993	38.330	39.303	42.290	45.880	46.091	46.613
% Ch, Annual Rate	13.3	26.7	-6.6	10.5	34.0	38.5	1.9	4.6
State U.I. Benefits	0.878	0.938	1.270	1.681	2.553	3.592	4.151	4.402
% Ch, Annual Rate	34.7	30.3	236.0	206.9	432.0	291.9	78.3	26.5
Other Transfers	35.878	38.055	37.061	37.622	39.737	42.288	41.940	42.211
% Ch, Annual Rate	12.8	26.6	-10.0	6.2	24.5	28.3	-3.3	2.6

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	282.281	285.242	288.993	291.929	298.821	299.633	302.402	303.928
% Ch, Annual Rate	5.1	4.3	5.4	4.1	9.8	1.1	3.7	2.0
Total Wage and Salary Disbursements	146.971	147.709	149.826	150.660	154.036	153.440	155.951	155.708
% Ch, Annual Rate	1.4	2.0	5.9	2.2	9.3	-1.5	6.7	-0.6
Manufacturing	16.679	16.730	17.029	16.909	17.928	17.638	18.042	18.331
% Ch, Annual Rate	-4.2	1.2	7.3	-2.8	26.4	-6.3	9.5	6.6
Durable Manufacturing	13.164	13.142	13.382	13.297	14.224	13.896	14.280	14.536
% Ch, Annual Rate	-3.1	-0.7	7.5	-2.5	30.9	-8.9	11.5	7.4
Nondurable Manufacturing	3.515	3.588	3.647	3.612	3.704	3.742	3.762	3.795
% Ch, Annual Rate	-8.2	8.6	6.7	-3.8	10.5	4.2	2.1	3.5
Nonmanufacturing	123.715	124.420	126.221	127.201	129.436	129.127	131.186	130.677
% Ch, Annual Rate	1.9	2.3	5.9	3.1	7.2	-1.0	6.5	-1.5
Other Private Wages	0.818	0.831	0.854	0.876	0.863	0.899	0.901	0.903
% Ch, Annual Rate	8.8	6.5	11.5	10.7	-5.9	18.0	0.9	0.8
Farm Wages	1.386	1.386	1.386	1.386	1.442	1.400	1.409	1.418
% Ch, Annual Rate	-15.6	0.0	0.0	0.0	17.2	-11.2	2.6	2.5
Military Wages	4.373	4.342	4.336	4.288	4.368	4.376	4.412	4.379
% Ch, Annual Rate	13.9	-2.8	-0.6	-4.4	7.7	0.7	3.3	-2.9
Nonwage Personal Income	135.310	137.533	139.167	141.269	144.785	146.193	146.451	148.220
% Ch, Annual Rate	9.3	6.7	4.8	6.2	10.3	3.9	0.7	4.9
Supplements to Wages and Salaries	38.233	38.250	38.771	39.018	39.665	39.579	39.769	39.926
% Ch, Annual Rate	6.5	0.2	5.6	2.6	6.8	-0.9	1.9	1.6
Proprietor's Income	19.796	20.599	21.248	21.396	21.111	21.289	21.570	21.856
% Ch, Annual Rate	-17.1	17.2	13.2	2.8	-5.2	3.4	5.4	5.4
Farm	0.939	1.073	1.515	1.448	0.975	0.952	1.046	0.977
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	18.857	19.525	19.733	19.949	20.136	20.337	20.523	20.879
% Ch, Annual Rate	-23.8	14.9	4.3	4.5	3.8	4.1	3.7	7.1
Less: Contribution For Govt. Soc. Ins.	25.430	25.525	25.901	26.077	24.243	24.330	24.485	24.608
% Ch, Annual Rate	7.5	1.5	6.0	2.7	-25.3	1.4	2.6	2.0
Plus: Residence Adjustment	2.647	2.698	2.709	2.718	2.848	2.889	2.900	2.930
% Ch, Annual Rate	15.6	7.9	1.6	1.3	20.5	5.9	1.6	4.1
Dividends/Int./Rent	51.981	53.080	53.156	53.848	55.688	56.798	56.846	57.683
% Ch, Annual Rate	19.0	8.7	0.6	5.3	14.4	8.2	0.3	6.0
Transfer Payments	48.083	48.432	49.184	50.365	49.716	49.968	49.851	50.433
% Ch, Annual Rate	13.2	2.9	6.4	10.0	-5.1	2.0	-0.9	4.7
State U.I. Benefits	4.587	4.300	4.102	3.876	3.521	3.154	3.008	2.900
% Ch, Annual Rate	17.9	-22.8	-17.2	-20.3	-31.9	-35.6	-17.2	-13.7
Other Transfers	43.496	44.133	45.083	46.490	46.195	46.814	46.843	47.533
% Ch, Annual Rate	12.7	6.0	8.9	13.1	-2.5	5.5	0.2	6.0

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	304.662	307.823	311.818	313.803	317.417	321.886	327.240	330.097
% Ch, Annual Rate	1.0	4.2	5.3	2.6	4.7	5.8	6.8	3.5
Total Wage and Salary Disbursements	157.435	159.059	161.474	161.848	164.364	166.681	169.952	170.749
% Ch, Annual Rate	4.5	4.2	6.2	0.9	6.4	5.8	8.1	1.9
Manufacturing	18.539	18.777	18.994	19.261	19.527	19.803	20.016	20.283
% Ch, Annual Rate	4.6	5.2	4.7	5.7	5.6	5.8	4.4	5.4
Durable Manufacturing	14.735	14.962	15.148	15.395	15.634	15.874	16.042	16.254
% Ch, Annual Rate	5.6	6.3	5.1	6.7	6.4	6.3	4.3	5.4
Nondurable Manufacturing	3.804	3.815	3.846	3.866	3.893	3.929	3.973	4.028
% Ch, Annual Rate	1.0	1.1	3.3	2.1	2.8	3.8	4.5	5.7
Nonmanufacturing	132.139	133.546	135.756	135.893	138.058	140.112	143.184	143.751
% Ch, Annual Rate	4.6	4.3	6.8	0.4	6.5	6.1	9.1	1.6
Other Private Wages	0.907	0.912	0.917	0.922	0.930	0.939	0.947	0.955
% Ch, Annual Rate	1.8	2.1	2.1	2.4	3.7	3.6	3.6	3.3
Farm Wages	1.430	1.444	1.457	1.473	1.492	1.512	1.532	1.551
% Ch, Annual Rate	3.6	3.8	3.9	4.2	5.5	5.4	5.4	5.1
Military Wages	4.420	4.381	4.350	4.299	4.355	4.314	4.273	4.209
% Ch, Annual Rate	3.7	-3.5	-2.8	-4.6	5.4	-3.7	-3.8	-5.8
Nonwage Personal Income	147.227	148.764	150.343	151.955	153.053	155.205	157.288	159.348
% Ch, Annual Rate	-2.7	4.2	4.3	4.4	2.9	5.7	5.5	5.3
Supplements to Wages and Salaries	40.591	41.020	41.461	41.973	42.721	43.347	43.906	44.515
% Ch, Annual Rate	6.8	4.3	4.4	5.0	7.3	6.0	5.3	5.7
Proprietor's Income	22.207	22.657	23.005	23.388	23.831	24.350	24.753	25.132
% Ch, Annual Rate	6.6	8.4	6.3	6.8	7.8	9.0	6.8	6.3
Farm	1.098	1.213	1.274	1.347	1.406	1.438	1.423	1.354
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	21.109	21.445	21.731	22.040	22.425	22.911	23.330	23.778
% Ch, Annual Rate	4.5	6.5	5.4	5.8	7.2	9.0	7.5	7.9
Less: Contribution For Govt. Soc. Ins.	27.929	28.140	28.372	28.665	29.980	30.320	30.567	30.931
% Ch, Annual Rate	65.9	3.0	3.3	4.2	19.7	4.6	3.3	4.8
Plus: Residence Adjustment	2.960	2.993	3.028	3.064	3.101	3.141	3.184	3.231
% Ch, Annual Rate	4.2	4.5	4.8	4.8	4.9	5.3	5.6	6.1
Dividends/Int./Rent	58.801	59.351	60.028	60.662	61.128	61.771	62.446	63.135
% Ch, Annual Rate	8.0	3.8	4.6	4.3	3.1	4.3	4.4	4.5
Transfer Payments	50.597	50.883	51.194	51.533	52.253	52.916	53.566	54.266
% Ch, Annual Rate	1.3	2.3	2.5	2.7	5.7	5.2	5.0	5.3
State U.I. Benefits	2.905	2.877	2.852	2.817	2.766	2.702	2.636	2.577
% Ch, Annual Rate	0.7	-3.8	-3.4	-4.8	-7.0	-8.9	-9.5	-8.6
Other Transfers	47.692	48.006	48.342	48.716	49.487	50.213	50.931	51.688
% Ch, Annual Rate	1.3	2.7	2.8	3.1	6.5	6.0	5.8	6.1

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

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.247	4.2	0.405	4.2	0.382	2.1
1972	0.255	3.4	0.418	3.3	0.393	2.9
1973	0.269	5.4	0.444	6.3	0.418	6.4
1974	0.297	10.4	0.493	11.0	0.464	11.0
1975	0.322	8.3	0.538	9.1	0.511	10.2
1976	0.339	5.5	0.569	5.8	0.540	5.5
1977	0.361	6.5	0.606	6.5	0.583	8.0
1978	0.387	7.0	0.652	7.6	0.640	9.9
1979	0.421	8.9	0.726	11.3	0.709	10.8
1980	0.466	10.8	0.824	13.5	0.827	16.7
1981	0.508	8.8	0.909	10.4	0.916	10.8
1982	0.536	5.5	0.965	6.2	0.978	6.7
1983	0.559	4.3	0.996	3.2	0.993	1.5
1984	0.580	3.8	1.039	4.4	1.030	3.8
1985	0.599	3.3	1.076	3.5	1.056	2.5
1986	0.613	2.4	1.097	1.9	1.066	1.0
1987	0.636	3.7	1.136	3.6	1.092	2.4
1988	0.661	4.0	1.183	4.1	1.128	3.3
1989	0.690	4.4	1.239	4.8	1.181	4.7
1990	0.722	4.6	1.307	5.4	1.268	7.3
1991	0.748	3.6	1.362	4.2	1.341	5.8
1992	0.770	2.9	1.403	3.0	1.390	3.7
1993	0.787	2.2	1.445	3.0	1.429	2.8
1994	0.803	2.1	1.482	2.6	1.478	3.4
1995	0.821	2.2	1.524	2.8	1.522	3.0
1996	0.839	2.2	1.569	2.9	1.575	3.4
1997	0.854	1.9	1.605	2.3	1.630	3.5
1998	0.862	0.9	1.630	1.5	1.677	2.9
1999	0.876	1.6	1.666	2.2	1.728	3.0
2000	0.898	2.5	1.722	3.4	1.792	3.7
2001	0.915	1.9	1.770	2.8	1.857	3.6
2002	0.928	1.4	1.799	1.6	1.893	2.0
2003	0.947	2.0	1.840	2.3	1.924	1.6
2004	0.971	2.6	1.889	2.7	1.947	1.2
2005	1.000	3.0	1.953	3.4	2.002	2.8
2006	1.027	2.7	2.016	3.2	2.076	3.7
2007	1.055	2.7	2.073	2.9	2.157	3.9
2008	1.089	3.3	2.153	3.8	2.247	4.2
2009	1.092	0.2	2.145	-0.3	2.260	0.6
2010	1.111	1.8	2.181	1.6	2.267	0.3
Forecast						
2011	1.139	2.5	2.252	3.2	2.326	2.6
2012	1.156	1.5	2.290	1.7	2.368	1.8
2013	1.175	1.6	2.326	1.6	2.406	1.6

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index for all Urban Consumers

+ Consumer Price Index for the Seattle-Tacoma-Bremerton, WA CMSA

Consumer Price Index and Implicit Price Deflator values shown here are annual averages of seasonally adjusted quarterly data and may differ slightly from the annual values published by the Bureau of Labor

Statistics and Bureau of Economic Analysis.

Table A4.2
Chain-Weighted Price Indices
 (2005=100)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	19.284	5.5	25.847	2.3	8.320	6.4	14.588	0.7
1972	20.102	4.2	27.079	4.8	8.372	0.6	14.777	1.3
1973	21.077	4.9	30.506	12.7	9.596	14.6	16.190	9.6
1974	22.866	8.5	35.145	15.2	15.249	58.9	21.871	35.1
1975	24.834	8.6	37.788	7.5	16.546	8.5	23.339	6.7
1976	26.556	6.9	38.490	1.9	17.748	7.3	24.331	4.2
1977	28.558	7.5	40.757	5.9	20.082	13.2	25.740	5.8
1978	30.778	7.8	44.657	9.6	21.234	5.7	26.858	4.3
1979	33.350	8.4	49.043	9.8	29.275	37.9	35.994	34.0
1980	36.802	10.3	53.166	8.4	41.107	40.4	49.955	38.8
1981	40.555	10.2	56.954	7.1	50.292	22.3	55.584	11.3
1982	43.709	7.8	58.452	2.6	49.320	-1.9	52.773	-5.1
1983	46.430	6.2	59.124	1.1	45.470	-7.8	51.047	-3.3
1984	48.847	5.2	60.900	3.0	46.482	2.2	50.283	-1.5
1985	51.049	4.5	61.563	1.1	44.670	-3.9	50.689	0.8
1986	53.375	4.6	63.012	2.4	34.976	-21.7	39.810	-21.5
1987	55.409	3.8	65.000	3.2	35.885	2.6	41.340	3.8
1988	58.123	4.9	66.939	3.0	35.869	0.0	41.691	0.8
1989	60.840	4.7	70.469	5.3	38.004	6.0	45.539	9.2
1990	63.808	4.9	73.911	4.9	45.768	20.4	51.843	13.8
1991	66.581	4.3	76.232	3.1	43.574	-4.8	51.162	-1.3
1992	69.236	4.0	76.817	0.8	41.800	-4.1	50.963	-0.4
1993	71.294	3.0	77.891	1.4	41.512	-0.7	50.446	-1.0
1994	73.200	2.7	79.195	1.7	40.757	-1.8	50.685	0.5
1995	75.365	3.0	80.912	2.2	40.377	-0.9	51.491	1.6
1996	77.473	2.8	83.380	3.1	45.763	13.3	54.646	6.1
1997	79.812	3.0	84.969	1.9	45.838	0.2	54.634	0.0
1998	81.689	2.4	86.037	1.3	40.620	-11.4	47.556	-13.0
1999	83.509	2.2	87.446	1.6	41.316	1.7	51.789	8.9
2000	85.818	2.8	89.499	2.3	60.575	46.6	66.170	27.8
2001	88.422	3.0	92.130	2.9	59.392	-2.0	63.776	-3.6
2002	90.801	2.7	93.542	1.5	52.949	-10.8	59.916	-6.1
2003	93.686	3.2	95.296	1.9	64.078	21.0	69.783	16.5
2004	96.688	3.2	98.255	3.1	74.588	16.4	82.086	17.6
2005	100.000	3.4	100.000	1.8	100.000	34.1	100.000	21.8
2006	103.415	3.4	101.688	1.7	114.203	14.2	112.842	12.8
2007	106.981	3.4	105.647	3.9	123.490	8.1	123.921	9.8
2008	110.584	3.4	112.066	6.1	168.372	36.3	144.927	17.0
2009	112.353	1.6	113.494	1.3	114.129	-32.2	106.069	-26.8
2010	114.464	1.9	113.853	0.3	133.927	17.3	125.441	18.3
Forecast								
2011	116.522	1.8	118.542	4.1	171.229	27.9	159.844	27.4
2012	118.877	2.0	123.216	3.9	163.899	-4.3	152.182	-4.8
2013	121.645	2.3	126.078	2.3	157.309	-4.0	139.727	-8.2

Table A5.1
Washington Resident Population and Components of Change*
 (Thousands)

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

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	<u>2008</u>	Actual			Forecast	
		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Population	6608.2	6672.2	6724.5	6767.9	6816.6	6875.9
Percent Change	1.3	1.0	0.8	0.6	0.7	0.9
Age 17 and Under	1577.3	1577.7	1581.4	1574.7	1573.4	1577.8
Percent of Total	23.9	23.6	23.5	23.3	23.1	22.9
Age 6-18	1156.5	1149.7	1149.6	1142.4	1136.9	1138.9
Percent of Total	17.5	17.2	17.1	16.9	16.7	16.6
Age 18 and Over	5031.0	5094.5	5143.2	5193.2	5243.2	5298.1
Percent of Total	76.1	76.4	76.5	76.7	76.9	77.1
Age 21 and Over	4749.9	4810.6	4860.6	4910.7	4963.6	5022.9
Percent of Total	71.9	72.1	72.3	72.6	72.8	73.1
Age 20-34	1378.0	1395.3	1395.3	1403.2	1412.1	1422.8
Percent of Total	20.9	20.9	20.7	20.7	20.7	20.7
Age 18-64	4254.8	4292.8	4315.5	4341.2	4348.9	4360.4
Percent of Total	64.4	64.3	64.2	64.1	63.8	63.4
Age 65 and Over	776.1	801.7	827.7	852.0	894.4	937.6
Percent of Total	11.7	12.0	12.3	12.6	13.1	13.6

* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1
Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	October 2011	+
U.S. Real GDP Growth	3rd quarter 2011	+
U.S. ISM Index	October 2011	-
U.S. Employment YoY%Δ	October 2011	-
U.S. Unemployment Rate	October 2011	+
U.S. Job Openings	September 2011	+
U.S. Fed Funds Target	November 2011	unchanged
U.S. Consumer Confidence	November 2011	+
U.S. Light Vehicle Sales	October 2011	+
U.S. CPI	October 2011	+
U.S. Monster Employment Index	October 2011	+
S&P 500 Index	November 2011	-
WA Leading Index	October 2011	-
WA ISM-WW Index	October 2011	+
WA Help Wanted Index	October 2011	+
WA Employment YoY%Δ	October 2011	-
WA Aerospace Empl. YoY%Δ	October 2011	+
WA Unemployment Rate	October 2011	+
WA Business Cycle Indicator	October 2011	-
WA Initial Unemploy. Claims	October 2011	+
WA Housing Permits	October 2011	-
WA Weekly Hours in Mfg.	October 2011	-
WA New Vehicle Registration	October 2011	-
WA In-Migration	October 2011	-
WA Exports-Total	3rd quarter 2011	+
WA Exports- w/o Trans. Equip.	3rd quarter 2011	+
Seattle CPI	October 2011	-
Seattle Monster Employment Index	October 2011	+

*Change from the previous reading

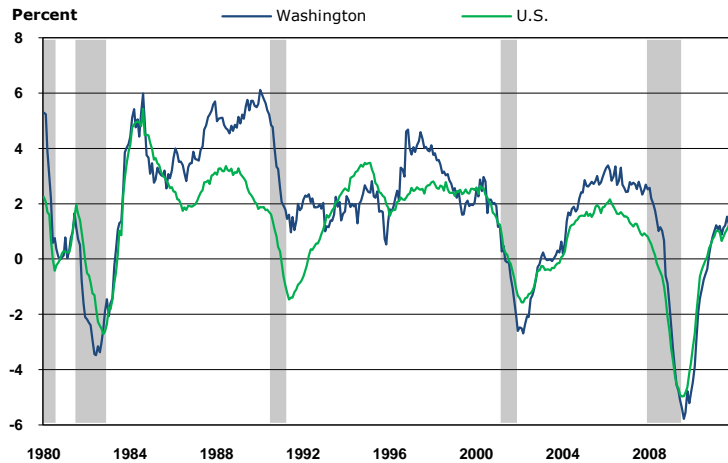
Table A6.2
Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Help-Wanted Index	WA Purchasing Management Index	U.S. Purchasing Management Index
2007:01	113.1	104.6	116.5	66.4	49.9
2007:02	114.7	104.3	119.8	62.3	52.0
2007:03	114.5	104.7	123.7	64.9	51.3
2007:04	115.0	104.5	127.1	68.4	52.6
2007:05	116.3	104.6	131.7	69.6	52.3
2007:06	115.9	104.4	129.7	67.8	52.4
2007:07	116.5	104.7	127.1	65.4	51.7
2007:08	116.7	104.1	129.1	64.3	50.2
2007:09	117.5	104.1	132.8	58.1	50.0
2007:10	117.7	103.8	131.5	56.8	50.9
2007:11	118.0	103.5	132.7	53.0	51.5
2007:12	117.5	103.4	127.0	58.7	49.0
2008:01	116.5	102.8	120.0	66.7	51.1
2008:02	117.7	102.4	117.4	62.3	48.9
2008:03	118.3	102.4	124.8	55.2	49.0
2008:04	118.8	102.3	123.4	65.0	48.8
2008:05	117.7	102.1	118.8	60.3	48.8
2008:06	118.1	102.2	118.2	63.8	49.0
2008:07	116.9	101.1	112.3	60.2	49.6
2008:08	116.0	100.3	111.2	65.3	48.0
2008:09	115.3	100.2	111.5	48.6	43.8
2008:10	112.9	99.2	106.5	50.9	39.0
2008:11	110.6	98.5	100.8	50.0	36.9
2008:12	110.5	98.2	98.0	42.3	33.3
2009:01	109.8	98.1	92.7	52.8	35.7
2009:02	107.3	97.7	88.2	48.1	36.0
2009:03	105.6	97.4	79.2	40.9	36.6
2009:04	106.5	98.6	78.3	46.7	39.9
2009:05	107.5	99.9	77.6	48.5	41.9
2009:06	108.1	100.6	77.1	50.2	44.7
2009:07	108.6	101.7	79.2	46.7	49.0
2009:08	109.3	102.5	78.8	53.2	51.4
2009:09	109.8	103.6	79.0	52.9	53.2
2009:10	110.4	104.0	78.7	59.5	55.8
2009:11	111.7	105.1	82.0	54.8	54.7
2009:12	112.2	106.2	83.5	61.4	56.4
2010:01	113.0	106.7	85.4	63.0	58.3
2010:02	112.5	107.2	86.4	56.0	57.1
2010:03	113.7	108.6	89.1	56.1	60.4
2010:04	114.0	108.6	92.2	63.2	59.6
2010:05	113.8	109.0	92.8	62.4	57.8
2010:06	113.9	108.8	96.1	63.0	55.3
2010:07	114.6	109.0	96.2	55.9	55.1
2010:08	115.0	109.1	93.0	58.6	55.2
2010:09	115.4	109.9	93.7	60.3	55.3
2010:10	116.5	110.1	95.4	65.8	56.9
2010:11	117.6	111.4	95.4	60.4	58.2
2010:12	118.2	112.3	96.3	61.0	58.5
2011:01	118.7	112.5	101.8	68.0	60.8
2011:02	118.6	113.5	100.3	70.5	61.4
2011:03	119.9	114.3	100.3	65.5	61.2
2011:04	122.1	114.0	104.8	68.2	60.4
2011:05	122.3	114.8	102.3	64.7	53.5

Figure A7.1: Washington State Economic Indicators

Year-over-Year Employment Growth

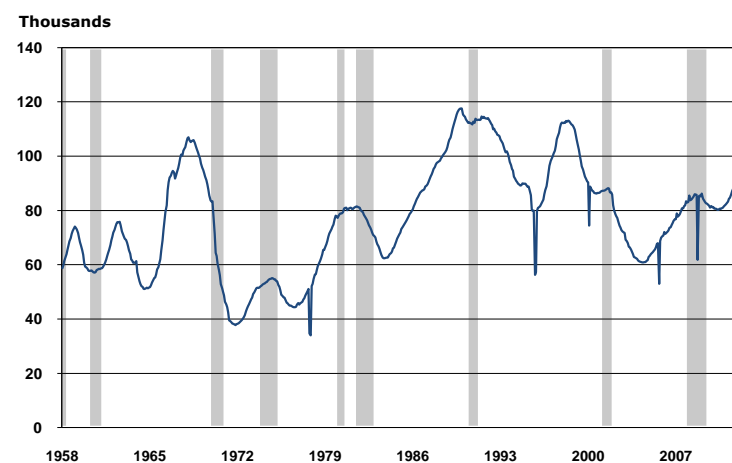
January 1980 to October 2011



* Bureau of Labor Statistics, WA State Employment Security, ERFC Kalman Filtered Data

Washington Aircraft and Parts Employment

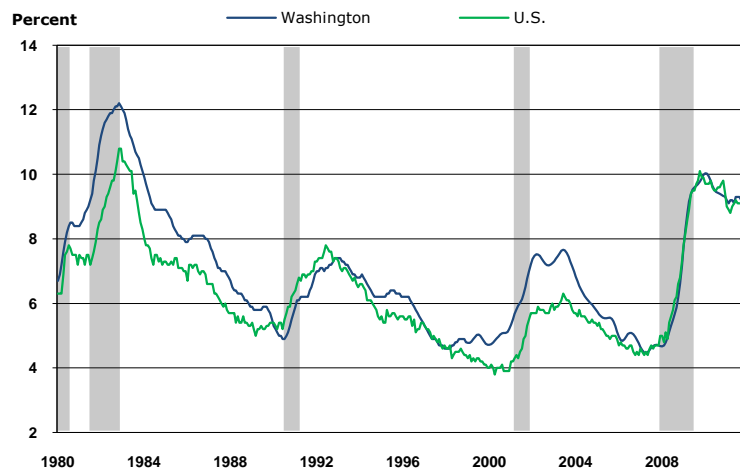
January 1958 to October 2011



* Source: Bureau of Labor Statistics, ERFC

Unemployment Rate, S.A.

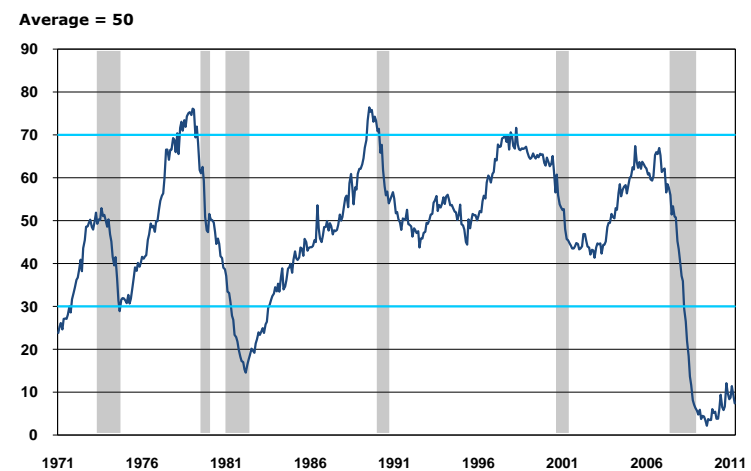
January 1980 to October 2011



* Source: Bureau of Labor Statistics

Washington Business Cycle Indicator

July 1971 to October 2011, SA



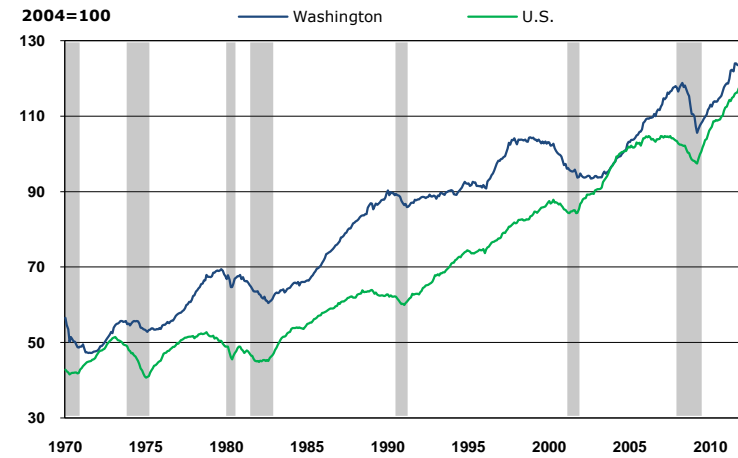
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.2: Washington State Leading Indicators

The Washington and U.S. Indexes of Leading Indicators

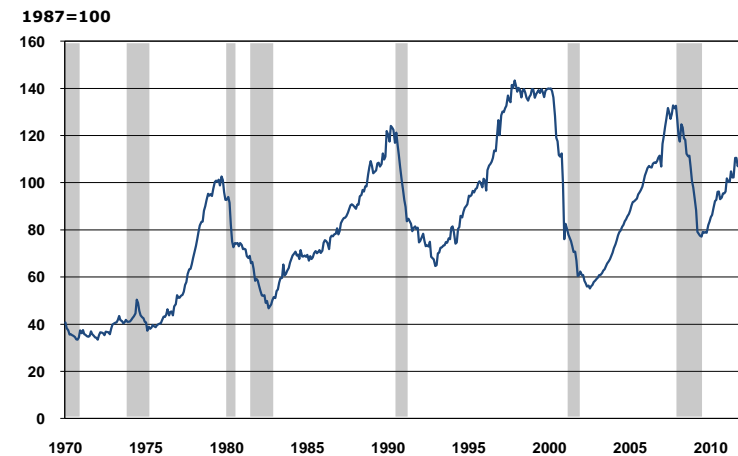
January 1970 to October 2011



* The Conference Board, ERFC

WA State Help Wanted Index

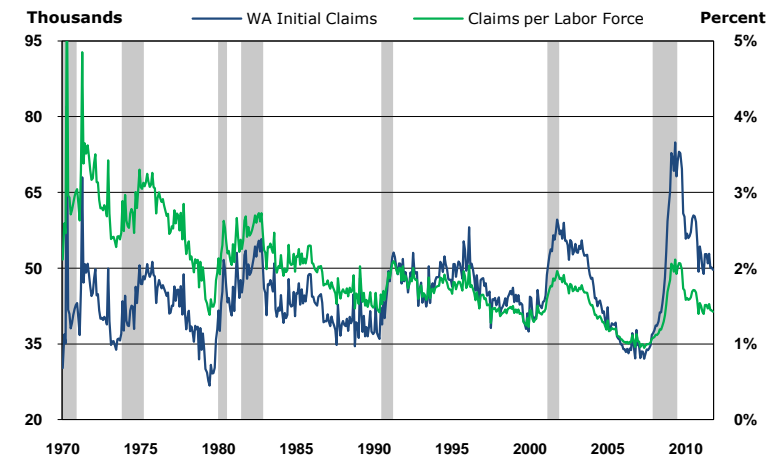
January 1970 to October 2011



* Source: ERFC

Washington Initial Claims for Unemployment Insurance

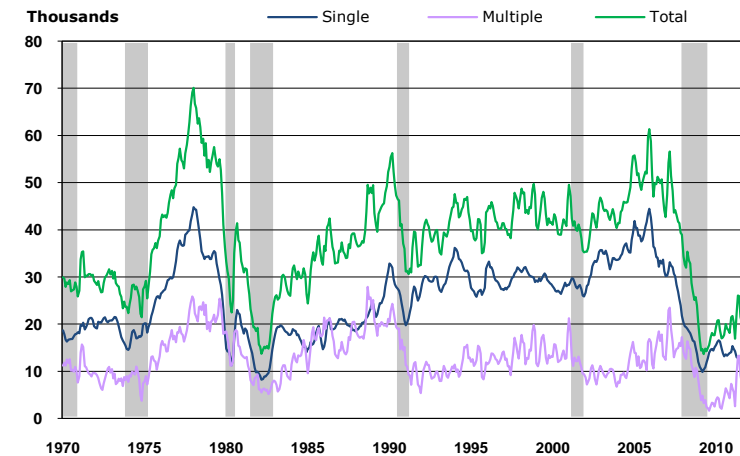
January 1970 to October 2011, S.A.



* Source: WA State Employment Security, ERFC

Housing Units Authorized in Washington State

January 1970 to October 2011, SA



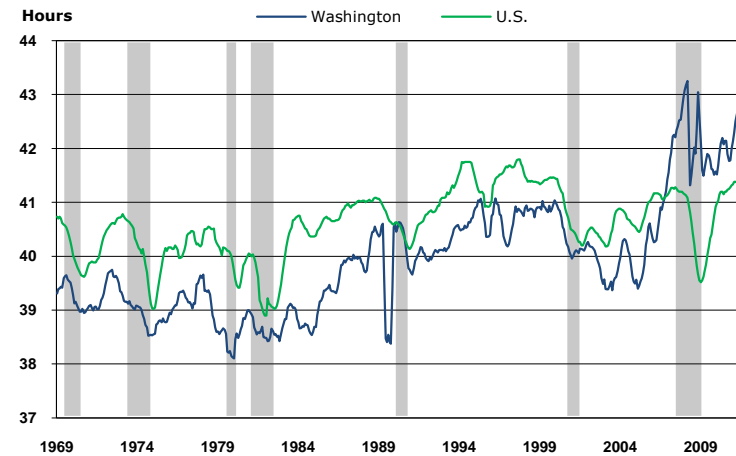
* Source: Census Bureau, ERFC

* Shaded areas correspond with national recessions.

Figure A7.3: Other State Economic Indicators

Average Weekly Hours in Manufacturing

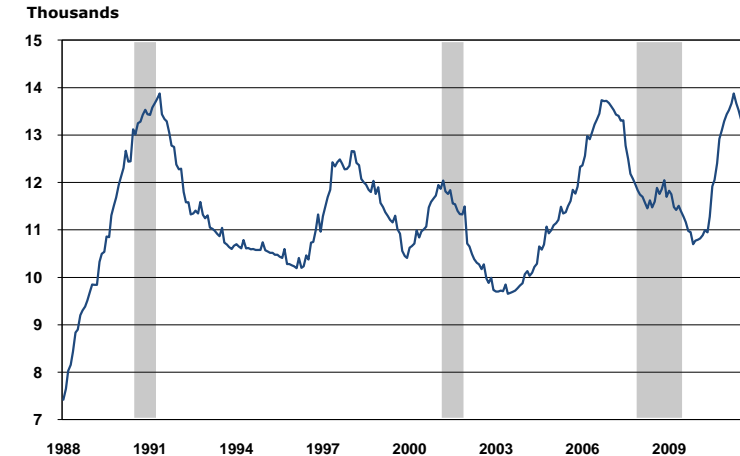
June 1969 to October 2011, 6-Mo. Moving Average, S.A.



* Bureau of Labor Statistics, ERFC

Washington Driver's License In-Migration

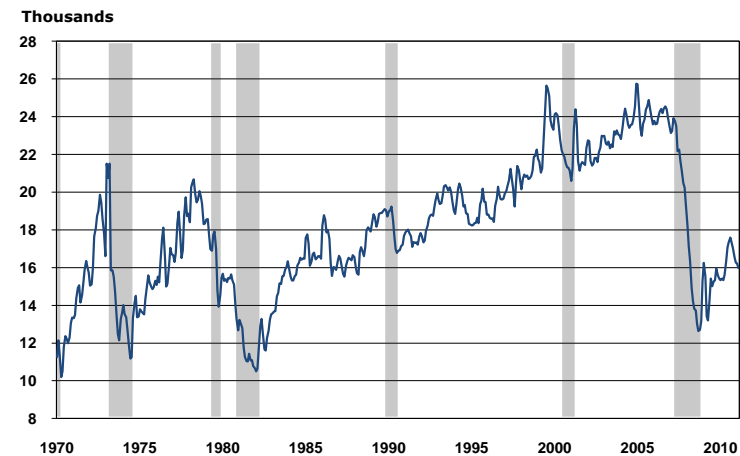
January 1988 to October 2011, 12-Month Moving Average



* Source: WA State Department of Licensing, ERFC

New Car and Truck Registrations in Washington

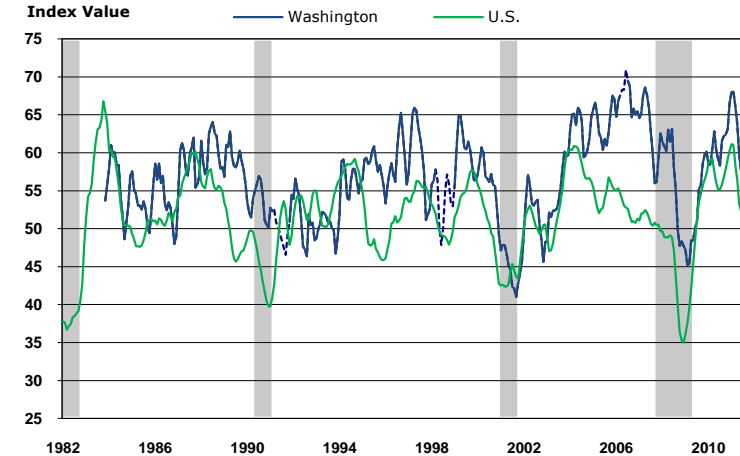
September 1970 to October 2011, 3-Month Moving Average, S.A.



* Source: WA State Department of Licensing, ERFC

Institute for Supply Management Index

October 2003 to October 2011, 3-Month Moving Average, S.A.



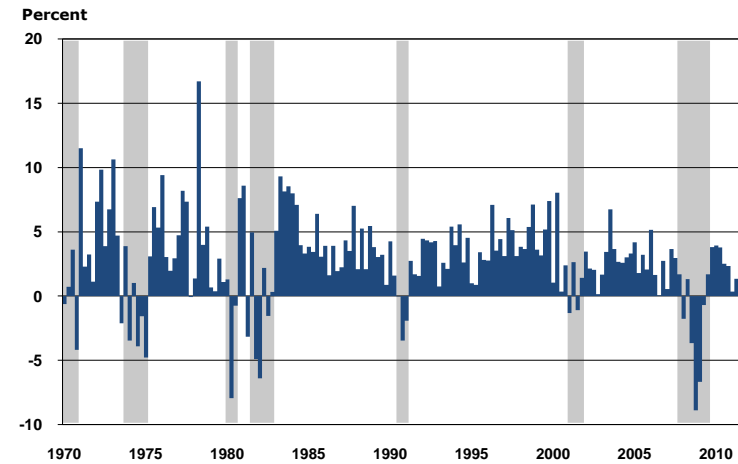
* Source: Institute for Supply Management, NAPM-WW

* Shaded areas correspond with national recessions.

Figure A7.3: Other Economic Indicators

Quarterly U.S. Real GDP Growth

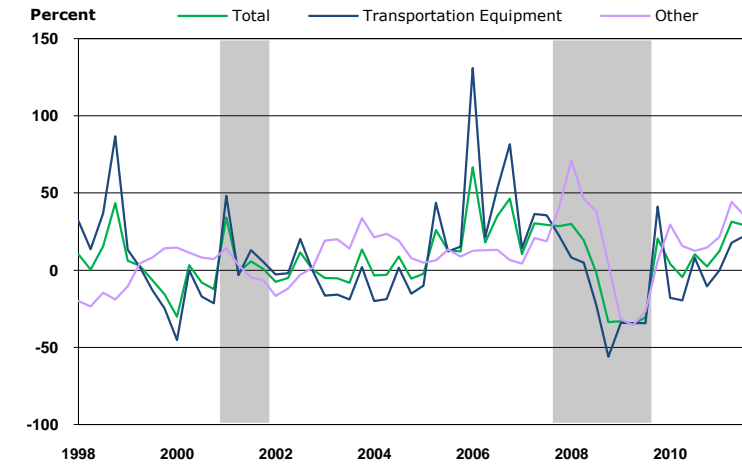
1970Q1 to 2011Q3



* Source: Bureau of Economic Analysis

Washington State Export Composition

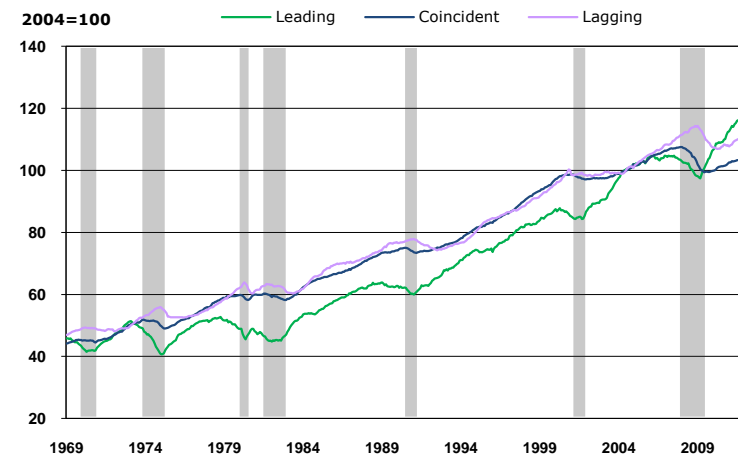
1998Q1 to 2011Q3, Change from Same Quarter Year Ago



* Source: WISER

U.S. Economic Indicators

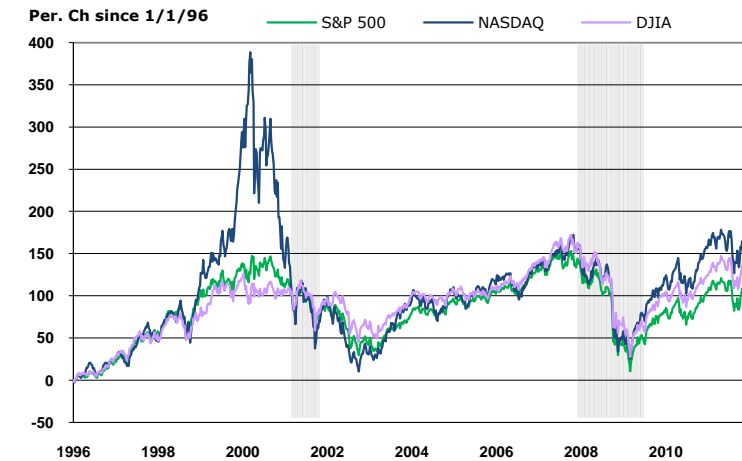
January 1969 to October 2011



* Source: The Conference Board

National Stock Indexes

January 1, 1996 to November 25, 2011



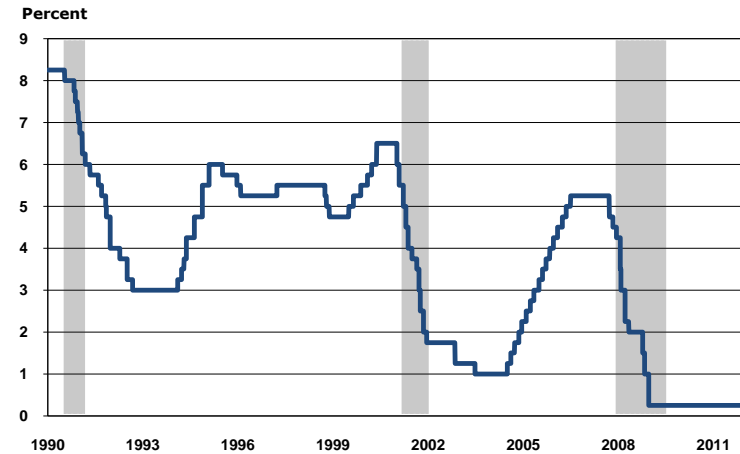
* Source: ERFC

* Shaded areas correspond with national recessions.

Figure A7.3: Other Economic Indicators

Federal Funds Target Rate

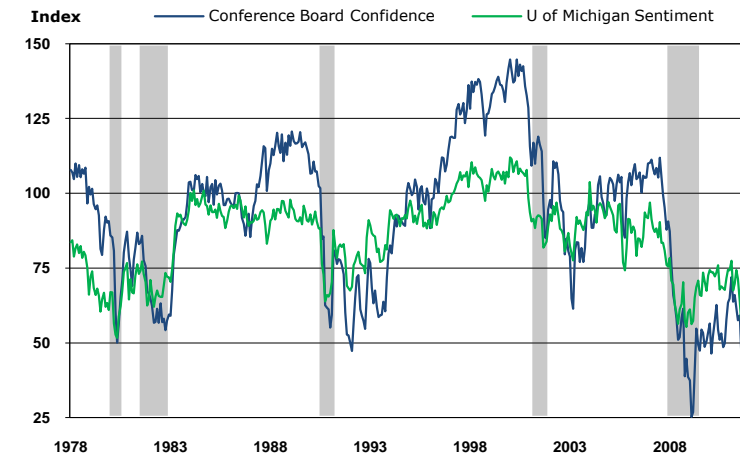
January 1, 1990 to November 30, 2011



* Federal Reserve

Consumer Confidence

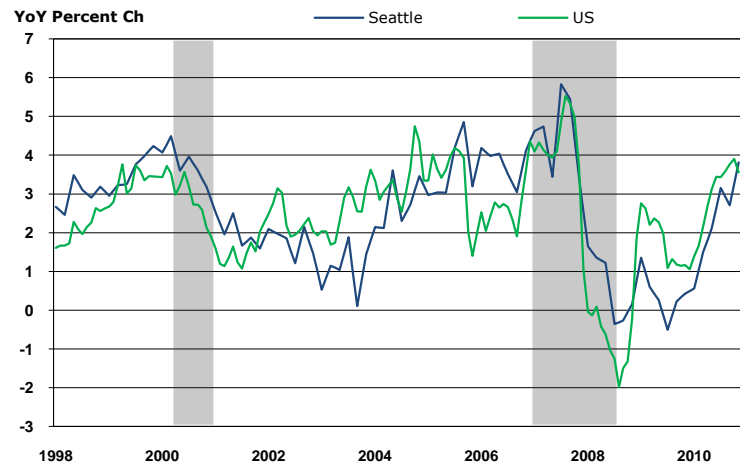
March 1978 to November 2011



* Source: The Conference Board, University of Michigan

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

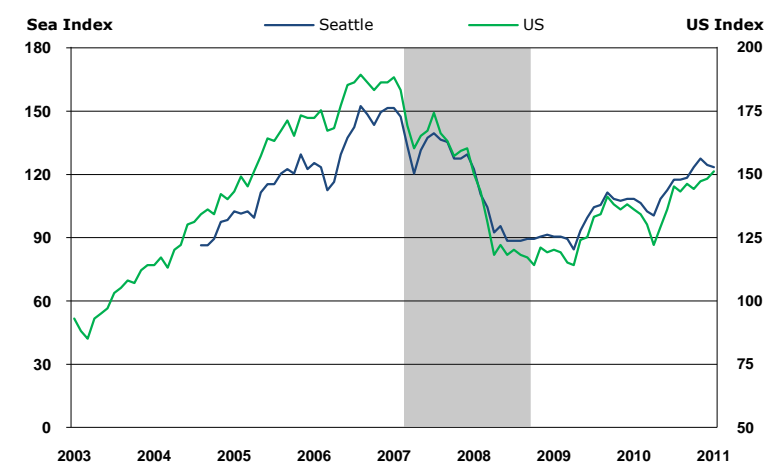
December 1998 to October 2011



* Source: Bureau of Labor Statistics

Monster Employment Index

October 2003 to October 2011, SA



* Source: Monster Worldwide, ERFEC

* Shaded areas correspond with national recessions.



Glossary

Biennium: The state's two years budget cycle.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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