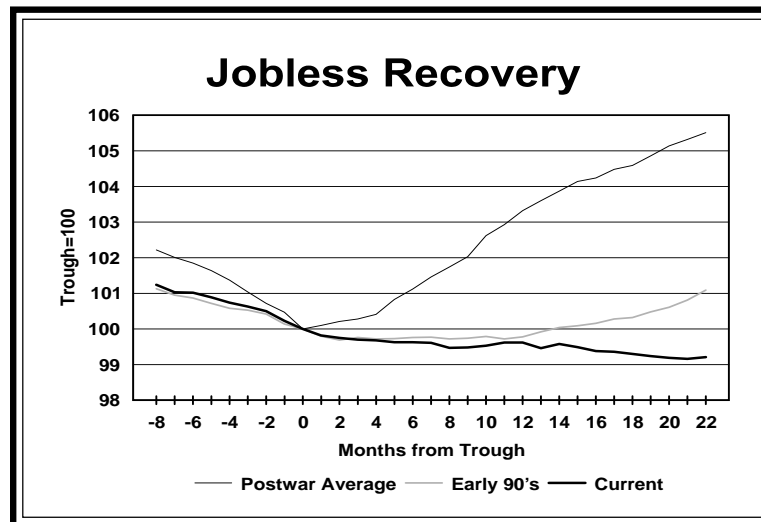


Washington Economic and Revenue Forecast



September 2003
Volume XXVI, No. 3

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Explanation of the Cover Graph

According to the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER), the latest recession ended in November 2001 but by one important measure, payroll employment, the recession continues. The cover chart shows the pattern of U.S. payroll employment growth during recoveries. The lines are indices of payroll employment set equal to 100 at the official NBER trough. Employment has declined by a million jobs (0.8 percent) since the recovery officially began nearly two years ago. In contrast, during the original "jobless recovery" following the 1990-91 recession, employment had managed to eke out a 1.1 percent gain at this point. Both these recoveries trail the post-war average 5.5 percent increase by a wide margin.

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Washington Economic and Revenue Forecast

Prepared by the
Office of the Forecast Council

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Preface

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

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

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Executive Summary

U.S. Economic Forecast

The September 2003 economic and revenue forecast incorporated the advance GDP estimate for the second quarter of 2003. According to the advance estimate, real GDP growth improved to 2.4 percent in the second quarter of 2003 from 1.4 percent in both the first quarter of 2003 and fourth quarter of 2002. The stronger growth came in spite of a big drop in inventories, which subtracted 0.8 percentage points from GDP growth. Final sales increased at a 3.2 percent rate in the second quarter, up from 2.3 percent in the first quarter. Consumer spending growth accelerated in the second quarter to 3.3 percent from 2.0 percent in the first quarter mainly due to a 22.6 percent jump in durable goods purchases. GDP growth got a huge boost from government spending in the second quarter. Overall government purchases increased 7.5 percent as a result of a 44.1 percent surge in military purchases. Fixed investment grew at a strong 6.6 percent rate in the second quarter led by a 7.5 percent increase in purchases of business equipment. The foreign sector was a drag on growth in the second quarter due both to a 9.2 percent increase in imports and a 3.1 percent decline in exports.

U.S. Employment continued to decline in the second quarter of 2003, falling at a 0.7 percent rate after a 0.3 percent decline in the first quarter. At the same time, the unemployment rate increased from 5.77 percent in the first quarter to 6.17 percent in the second quarter. Inflation, as measured by the Consumer Price Index, inched up only 0.6 percent in the second quarter, down from 3.9 percent in the first quarter. The improvement was mainly due to energy prices, which fell 6.5 percent in the second quarter following a 42.9 percent jump in the first quarter. Core inflation (excluding food and energy) declined slightly from 1.3 percent to 0.8 percent. Housing starts were down 3.2 percent in the second quarter to 1.723 million units even though the mortgage rate fell to 5.51 percent from 5.83 percent. As expected, the Federal Open Market Committee left its target interest rate unchanged at 1.00 percent at its August 12th and September 16th meetings.

Economic activity throughout most of the first half of 2003 was hampered by consumer concerns over jobs and incomes, plus business reluctance to commit to non-essential spending. The start of serious cutbacks in state and local government spending only aggravated the softness. Toward the end of the second quarter, however, the log-jam appeared to start breaking up. Consumers stepped up their spending and orders for business equipment turned up. The early indications from July are that the increase in activity is continuing. With tax cuts and investment incentives encouraging both consumers and businesses to spend, the baseline forecast calls for an acceleration of GDP growth in the second half that carries into 2004. Barring another major shock, the economy can maintain a growth rate between 3.5% and 4.5% over the next couple of years. The driving forces will be low interest rates, fiscal stimulus, a weaker dollar,

likely expiration of the bonus depreciation provision of the 2003 tax bill, and gradual improvements in the jobs outlook and in the prospects for rest-of-world growth. GDP growth is expected to slow from 2.4 percent in calendar 2002 to 2.3 percent in 2003 before rebounding to 3.8 percent and 3.7 percent in 2004 and 2005. Though the economy is growing again, it is not creating enough jobs to keep up with labor force growth. The unemployment rate, which has already increased from 4.00 percent in 2000 to 5.78 percent in 2002, is expected to reach 6.07 percent this year before edging down to 5.99 percent and 5.76 percent during the next two years. Inflation, as measured by the implicit price deflator for personal consumption expenditures, decelerated to 1.4 percent in 2002 from 2.0 percent in 2001. The improvement in 2002 was mainly the result of lower energy costs. Rising energy costs will boost inflation in 2003 but the slumping economy should keep inflation moderate for the next few years. The forecast expects inflation rates of 1.8 percent in 2003, 1.4 percent in 2004, and 2.1 percent in 2005. The forecast assumes that there will be no further cuts in the federal funds rate during this cycle. However, the Fed will not begin tightening until late next summer.

Washington State Economic Forecast

Washington's payroll employment fell 0.5 percent in the second quarter of 2003 following a 1.2 percent increase in the first quarter. To date, Washington's recovery has been "jobless" though not so much so as the nation's. Washington payroll employment is now 0.2 percent lower than it was when the recession officially ended in the fourth quarter of 2001 while U.S. employment is 0.7 percent lower. Manufacturing employment fell at a 9.8 percent annual rate in the second quarter, the twentieth consecutive decline in overall manufacturing employment excluding the impact of the February 2000 aerospace labor dispute. Aerospace employment fell at a 17.7 percent annual rate in the second quarter following an 11.5 percent reduction in the first quarter. Washington aerospace employment is down 24.9 percent since September 11 and 41.5 percent since the 1998 peak. The pace of non-aerospace manufacturing job losses also accelerated in the second quarter of 2003 to 7.0 percent from 3.4 percent in the first quarter. Nonmanufacturing employment growth edged up 0.6 percent in the second quarter following a 2.1 percent increase in the first quarter. Nonmanufacturing employment growth was mixed in the first quarter. Financial activities employment, benefiting from refinancing activity, increased at a 3.6 percent rate in the second quarter and education and health services rose 2.4 percent. However, professional and business services employment posted its first decline in a year, falling at a 1.7 percent rate. Washington information employment declined at a 2.1 percent rate in spite of a 3.7 percent increase in software publishing and trade, transportation, and utilities employment fell at a 0.7 percent rate due to a 6.8 percent drop in transportation, warehousing, and utilities.

Washington's personal income in the first quarter of 2003 was \$0.557 billion (0.3 percent) below the estimate made in June. The difference was more than accounted for by wage and salary disbursements which were \$1.248 billion (1.1 percent) lower than expected. The software wage estimate was right on target but non-software wages were \$1.248 billion (1.2 percent) lower than expected in June. Nonwage personal income was \$0.691 billion (0.8 percent) higher than expected in June, though.

Housing has been a rare source of strength in Washington as well as nationally but the number of housing units authorized by building permit in Washington slipped 700 in the second quarter to 42,800 from 43,600 in the first quarter. Single family permits fell 2,200 to a still high 33,000. Single family activity has not been this strong since the late 1970s. The number of housing units authorized by multi-family permit rose 1,400 to an annual rate of 9,800 units.

The Washington State forecast reflects both the weaker employment and stronger income growth in the new U.S. forecast. The Washington aerospace employment forecast has not changed since June except

to reflect actual data through July. As in June and February, the forecast expects a decline of 2,600 during 2004 before a modest recovery begins in 2005. The software wage assumption is also virtually identical to the assumption made in June. The forecast still assumes there will be no major fluctuations in Microsoft stock option activity in the future. The software employment forecast assumes a resumption of double digit growth in the fourth quarter of this year.

Washington nonfarm payroll employment fell 1.6 percent in 2002 following a 0.5 percent decline in 2001. When it comes, the recovery in Washington is expected to be unusually slow. The forecast expects only a weak national recovery and no Boeing upturn until 2005. Population growth has slowed to a crawl and both wage growth and price growth have been dampened by the prolonged contraction. The forecast calls for employment growth rates of just 0.4 percent in 2003, 1.0 percent in 2004, and 1.8 percent in 2005. Washington personal income growth improved from 2.6 percent in 2001 to 3.4 percent in 2002. Declining software wages remain a drag on income growth in Washington. Excluding this volatile sector, income growth was 3.3 percent in 2001 and 4.1 percent in 2002. Personal income growth is expected to remain slow at 3.2 percent in 2003 due to the weak national economy and continued Boeing layoffs but should improve in the next two years to 4.5 percent and 5.0 percent as the U.S. recovery gains momentum and the aerospace cutbacks diminish. On the downside, the housing frenzy is expected to subside. Housing permits increased 1,900 in 2002 to 40,200 and, based on activity so far in 2003, should increase another 2,200 this year to 42,400. The current pace of housing activity is unsustainable, given the weak population growth, and mortgage interest rates will eventually rise. Higher population growth is expected to boost multi-family activity but higher mortgage rates will dampen the single family market. As a result, housing is expected to decline during the next two years. The forecast expects housing permits to total 40,500 in 2004 and 39,500 in 2005.

Washington State Revenue Forecast

There are increasing signs that the recovery will accelerate in the second half of this year but there has still been no sustained improvement in either the U.S. or Washington job market since the recession officially ended in November 2001. Though revenue collections since the June forecast have been higher than expected, the difference was mostly due to non-recurring items. The overall revenue forecast is essentially unchanged since June. The September 2003 General Fund-State revenue estimate for the 2001-03 biennium is \$21,141.5 million, which is \$20.4 million (0.1 percent) less than expected in June but the forecast for the 2003-05 biennium of \$22,755.7 million is \$14.7 million (0.1 percent) higher. The net change for the two biennia combined is a reduction of \$5.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$736 million (3.2 percent) more revenue than did the baseline while the pessimistic alternative was \$909 million (4.0 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded just \$7 million (0.0 percent) more revenue than did the baseline forecast.

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Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

The September 2003 economic and revenue forecast incorporated the advance GDP estimate for the second quarter of 2003. According to the advance estimate, real GDP growth improved to 2.4 percent in the second quarter of 2003 from 1.4 percent in both the first quarter of 2003 and fourth quarter of 2002. The stronger growth came in spite of a big drop in inventories, which subtracted 0.8 percentage points from GDP growth. Final sales increased at a 3.2 percent rate in the second quarter, up from 2.3 percent in the first quarter. Consumer spending growth accelerated in the second quarter to 3.3 percent from 2.0 percent in the first quarter mainly due to a 22.6 percent jump in durable goods purchases. Consumer services rose at a 1.5 percent rate in the second quarter while nondurable goods inched up 0.1 percent. GDP growth got a huge boost from government spending in the second quarter. Overall government purchases increased 7.5 percent as a result of a 44.1 percent surge in military purchases. Federal nondefense spending fell 4.1 percent and state and local government spending declined 1.5 percent. Fixed investment grew at a strong 6.6 percent rate in the second quarter led by a 7.5 percent increase in purchases of business equipment. Residential fixed investment continued to post strong growth rising at a 6.0 percent rate and nonresidential construction growth finally turned positive rising at a 4.8 percent rate. The foreign sector was a drag on growth in the second quarter due both to a 9.2 percent increase in imports and a 3.1 percent decline in exports.

U.S. Employment continued to decline in the second quarter of 2003, falling at a 0.7 percent rate after a 0.3 percent decline in the first quarter. At the same time, the unemployment rate increased from 5.77 percent in the first quarter to 6.17 percent in the second quarter. Inflation, as measured by the Consumer Price Index, inched up only 0.6 percent in the second quarter, down from 3.9 percent in the first quarter. The improvement was mainly due to energy prices, which fell 6.5 percent in the second quarter following a 42.9 percent jump in the first quarter. Core inflation (excluding food and energy) declined slightly from 1.3 percent to 0.8 percent. Housing starts were down 3.2 percent in the second quarter to 1.723 million units even though the mortgage rate fell to 5.51 percent from 5.83 percent. As expected, the Federal Open Market Committee left its target interest rate unchanged at 1.00 percent at its August 12th and September 16th meetings.

U.S. Forecast Highlights

Economic activity throughout most of the first half of 2003 was hampered by consumer con-

cerns over jobs and incomes, plus business reluctance to commit to non-essential spending. The start of serious cutbacks in state and local government spending only aggravated the softness. Toward the end of the second quarter, however, the logjam appeared to start breaking up. Consumers stepped up their spending and orders for business equipment turned up. The early indications from July are that the increase in activity is continuing. With tax cuts and investment incentives encouraging both consumers and businesses to spend, the baseline forecast calls for an acceleration of GDP growth in the second half that carries into 2004. Barring another major shock, the economy can maintain a growth rate between 3.5% and 4.5% over the next couple of years. The driving forces will be low interest rates, fiscal stimulus, a weaker dollar, likely expiration of the bonus depreciation provision of the 2003 tax bill, and gradual improvements in the jobs outlook and in the prospects for rest-of-world growth. GDP growth is expected to slow from 2.4 percent in calendar 2002 to 2.3 percent in 2003 before rebounding to 3.8 percent and 3.7 percent in 2004 and 2005. Though the economy is growing again, it is not creating enough jobs to keep up with labor force growth. The unemployment rate, which has already increased from 4.00 percent in 2000 to 5.78 percent in 2002, is expected to reach 6.07 percent this year before edging down to 5.99 percent and 5.76 percent during the next two years. Inflation, as measured by the implicit price deflator for personal consumption expenditures, decelerated to 1.4 percent in 2002 from 2.0 percent in 2001. The improvement in 2002 was mainly the result of lower energy costs. Rising energy costs will boost inflation in 2003 but the slumping economy should keep inflation moderate for the next few years. The forecast expects inflation rates of 1.8 percent in 2003, 1.4 percent in 2004, and 2.1 percent in 2005. The forecast assumes that there will be no further cuts in the federal funds rate during this cycle. However, the Fed will not begin tightening until late next summer

1. With the successful conclusion of the war in Iraq, oil prices have fallen, while consumer sentiment and the stock market have rebounded and both fiscal and monetary policies are very stimulative. Still, the recovery is expected to be weaker than most. Low interest rates supported consumer spending and housing activity during the recession so not much of a rebound is expected from the household sector. Business investment continues to suffer from excess capacity, the trade imbalance continues to grow, and state and local governments are already suffering from large operating deficits. Real GDP grew 2.6 percent in fiscal 2003, up from only 0.8 percent in 2002 but still too weak to stem the loss of jobs. Real GDP growth is expected to improve to 3.0 percent in 2004 and 4.0 percent in 2005.
2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, increased to 1.9 percent in fiscal 2003 from 1.3 percent in 2002. Most of the increase was due to a swing in energy costs, which reduced inflation in 2002 but fueled inflation in 2003. Benefits costs have also begun to accelerate again, putting upward pressure on prices. Still, the slack created by the recession and weak recovery should help keep inflation in check during the next two years. The forecast assumes that inflation will increase moderately to 1.4 percent in 2004 and 1.8 percent in 2005.
3. The Federal Reserve lowered its target interest rate 25 basis points to 1.00 percent at its June meeting. The Fed took no further action on interest rates in either of its next two meetings. The Federal Reserve is expected to keep the federal funds rate at its current 1.00 percent level until late next summer. High unemployment and low capacity utilization suggest that there will be little buildup of inflationary pressures before 2005, and hence little need to raise interest rates until the second half of 2004. As a result of the aggressive Fed easing, the

three-month Treasury bill rate fell to 1.30 percent in fiscal 2003 from 2.15 percent in 2002 and 5.14 percent in 2001. The T-bill rate is expected to decline even further to 1.00 percent in 2004. The forecast expects a slight increase in the T-bill rate to 1.29 percent in 2005 as the Fed begins tightening again. Mortgage rates also continued to decline in fiscal 2003 to 5.93 percent from 6.88 percent in 2002 and 7.45 percent in 2001 as a result of the easier monetary policy as well as the weak economy. The forecast expects the mortgage rate to rise to 6.28 percent and 6.51 percent in 2004 and 2005.

4. Propelled by record-low mortgage interest rates, housing activity has remained very strong in spite of the recession. Housing starts increased 4.6 percent in fiscal 2002 to 1.642 million units and another 5.1 percent this year to a seventeen-year-high 1.726 million units. The resilient housing market has helped stabilize the economy during the recession. Since there was no housing slump during the recession, however, there is little pent-up demand and therefore no reason to expect the usual rebound during the recovery. The forecast expects a 3.2 percent decline to 1.672 million units in fiscal 2004 followed by a 3.0 percent reduction to 1.622 million units in 2005.
5. Though the recession was relatively mild in terms of the decline in GDP, the rise in unemployment has been much more typical. On a quarterly basis the unemployment rate has already risen from 3.93 percent in the fourth quarter of 2000 to 6.17 percent in the second quarter of 2003. Though the forecast assumes the recession is over, the unemployment rate is expected to continue to rise as labor force growth continues to exceed job growth. By the third quarter of this year it is expected to reach a peak of 6.20 percent. Because the starting rate was so low, this peak is among the lowest in postwar history. On a fiscal year basis, the unemployment rate rose to 5.90 percent in 2003 from 5.47 percent in 2002. The forecast expects the unemployment rate to climb to 6.12 percent in 2004 before finally declining to 5.84 percent in 2005.
6. From fiscal 2001 to fiscal 2003 the federal budget went from a record \$181.3 billion surplus (national income and product accounts basis) to a \$276.0 billion deficit. Tax cuts and the recession cut sharply into revenue while the war with Iraq and its aftermath as well as other military and homeland security spending are boosting spending. While fiscal policy is providing a much needed boost to the economy in the near term, the result is a ballooning deficit. The deficit is expected to swell to \$487.7 billion in 2004 before an expanding economy trims the deficit slightly to \$429.0 billion in 2005.
7. The trade deficit has been a huge drag on GDP growth. The trade deficit (national income and product accounts basis) increased in fiscal 2003 to \$476.8 billion from \$360.7 billion in 2002. The declining dollar should help restrain imports and boost exports but, with the U.S. economy leading the global recovery, imports will rise and exports will lag. The forecast expects the deficit to grow to \$538.2 billion in 2004 and \$565.9 billion in 2005.

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

Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through July 2003. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. Washington's payroll employment fell 0.5 percent in the second quarter of

2003 following a 1.2 percent increase in the first quarter. To date, Washington's recovery has been "jobless" though not so much so as the nation's. Washington payroll employment is now 0.2 percent lower than it was when the recession officially ended in the fourth quarter of 2001 while U.S. employment is 0.7 percent lower. Manufacturing employment fell at a 9.8 percent annual rate in the second quarter, the twentieth consecutive decline in overall manufacturing employment excluding the impact of the February 2000 aerospace labor dispute. Aerospace employment fell at a 17.7 percent annual rate in the second quarter following an 11.5 percent reduction in the first quarter. Washington aerospace employment is down 24.9 percent since September 11 and 41.5 percent since the 1998 peak. The pace of non-aerospace manufacturing job losses also accelerated in the second quarter of 2003 to 7.0 percent from 3.4 percent in the first quarter. Nonmanufacturing employment growth edged up 0.6 percent in the second quarter following a 2.1 percent increase in the first quarter. Nonmanufacturing employment growth was mixed in the first quarter. Financial activities employment, benefiting from refinancing activity, increased at a 3.6 percent rate in the second quarter and education and health services rose 2.4 percent. However, professional and business services employment posted its first decline in a year, falling at a 1.7 percent rate. Washington information employment declined at a 2.1 percent rate in spite of a 3.7 percent increase in software publishing and trade, transportation, and utilities employment fell at a 0.7 percent rate due to a 6.8 percent drop in transportation, warehousing, and utilities.

In July 2003 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the fourth quarter of 2002 and released preliminary estimates for the first quarter of 2003. In addition, the wage estimates for the first quarter of 2003 have been adjusted to reflect the Covered Employment and Payrolls data produced by the Department of Employment Security (see **Adjustments to Economic Data**). According to the adjusted estimates, Washington's personal income in the first quarter of 2003 was \$0.557 billion (0.3 percent) below the estimate made in June. The difference was more than accounted for by wage and salary disbursements which were \$1.248 billion (1.1 percent) lower than expected. The software wage estimate was right on target but non-software wages were \$1.248 billion (1.2 percent) lower than expected in June. Nonwage personal income was \$0.691 billion (0.8 percent) higher than expected in June, though.

Housing has been a rare source of strength in Washington as well as nationally but the number of housing units authorized by building permit in Washington slipped 700 in the second quarter to 42,800 from 43,600 in the first quarter. Single family permits fell 2,200 to a still high 33,000. Single family activity has not been this strong since the late 1970s. The number of housing units authorized by multi-family permit rose 1,400 to an annual rate of 9,800 units.

Adjustments to Economic Data

This forecast utilized an alternative employment estimate developed by the Department of Employment Security which incorporates more recent covered employment and payrolls data than does the Bureau of Labor Statistics (BLS) estimate. The alternative employment estimate incorporated the covered employment and payrolls data through the first quarter of 2003 which added 2,400 (0.1 percent) to the BLS Current Employment Statistics (CES) estimate for March 2003. By July the difference grew slightly to 2,900 (0.1 percent).

The BEA benchmarks its estimates for wage and salary disbursements to the covered employment and payrolls (ES202) data for all sectors except agriculture and federal government. Since we

have one more quarter of ES202 data than was available to the BEA at the time of its most recent release, we derived wage estimates for these sectors for the first quarter of 2003 based on the ES202 data. Unadjusted BEA estimates were used for farm, federal civilian, and military wages as well as for all nonwage components of personal income. Our adjustments reduced the first quarter wage estimate by \$0.835 billion (0.7 percent) subtracting 0.4 percent from total personal income in that quarter.

Washington State Forecast Highlights

The Washington State forecast reflects both the weaker employment and stronger income growth in the new U.S. forecast. The Washington aerospace employment forecast has not changed since June except to reflect actual data through July. As in June and February, the forecast expects a decline of 2,600 during 2004 before a modest recovery begins in 2005. The software wage assumption is also virtually identical to the assumption made in June. The forecast still assumes there will be no major fluctuations in Microsoft stock option activity in the future. The software employment forecast assumes a resumption of double digit growth in the fourth quarter of this year.

Washington nonfarm payroll employment fell 1.6 percent in 2002 following a 0.5 percent decline in 2001. When it comes, the recovery in Washington is expected to be unusually slow. The forecast expects only a weak national recovery and no Boeing upturn until 2005. Population growth has slowed to a crawl and both wage growth and price growth have been dampened by the prolonged contraction. The forecast calls for employment growth rates of just 0.4 percent in 2003, 1.0 percent in 2004, and 1.8 percent in 2005. Washington personal income growth improved from 2.6 percent in 2001 to 3.4 percent in 2002. Declining software wages remain a drag on income growth in Washington. Excluding this volatile sector, income growth was 4.1 percent in 2002. Personal income growth is expected to remain slow at 3.2 percent in 2003 due to the weak national economy and continued Boeing layoffs but should improve in the next two years to 4.5 percent and 5.0 percent as the U.S. recovery gains momentum and the aerospace cutbacks diminish. On the downside, the housing frenzy is expected to subside. Housing permits increased 1,900 in 2002 to 40,200 and, based on activity so far in 2003, should increase another 2,200 this year to 42,400. The current pace of housing activity is unsustainable, given the weak population growth, and mortgage interest rates will eventually rise. Higher population growth is expected to boost multi-family activity but higher mortgage rates will dampen the single family market. As a result, housing is expected to decline during the next two years. The forecast expects housing permits to total 40,500 in 2004 and 39,500 in 2005.

1. Nominal personal income growth improved in fiscal 2003 to 3.9 percent from 2.3 percent in 2002. The improvement was largely due to a reduction in the pace of employment declines but nonwage income growth also improved to 6.2 percent from 5.6 percent in 2002. Software stock options were not a major factor in income growth in 2003, as they have been in recent years, and the forecast assumes that changes in software stock option income will not be a major factor in personal income growth during the remainder of the forecast. Income growth should improve during the next two years due to an eventual resumption of positive employment growth but wage growth will remain weak due to a slack labor market and weak inflation. Washington personal income growth is expected to improve to 3.8 percent in 2004 and 4.8 percent in 2005.
2. Washington real personal income growth fell to just 1.0 percent in fiscal 2002 from 1.6

percent in 2001 and 5.8 percent in 2000. Real income growth improved to 2.0 percent in 2003 in spite an up tick in inflation as employment stabilized. Real income growth is expected to improve to 2.3 percent in 2004 and 2.9 percent in 2005 as positive job growth resumes and inflation remains moderate.

3. The recession has had a disproportionate impact on Washington employment growth. Total payroll employment in Washington fell 1.9 percent in fiscal 2002 and 0.2 percent in fiscal 2003 compared to 1.0 percent and 0.5 percent for the nation as a whole. The events of September 11 have been particularly hard on Washington employment growth due to the devastating impact on air transportation. The IT collapse and correction in the construction sector were also exceptionally severe in Washington. While we believe the construction and IT related corrections are largely complete, the weak national recovery combined with the continuing drag from aerospace sector means that the recovery in Washington employment will be slow. The forecast expects employment growth rates of 0.5 percent in fiscal 2004 and 1.6 percent in 2005.

- ◆ Soon after the September 11 attacks, Boeing announced that it intended to cut 20,000 to 30,000 jobs company-wide and subsequently added 5,000 to the predicted cut by the end of 2003. As of July 2003, the cumulative reduction stands at 39,200 (including contract employees), already well above the high end of the range. Of these, 23,600 have been in Washington State, the home of the commercial airplane unit. The forecast assumes a loss of an additional 7,100 Washington aerospace jobs during the second half of 2003 through 2004. On a quarterly basis, the forecast expects a total reduction since September 11 of 29,000 excluding counting contract employees. Thousands more contract positions have also been eliminated since September 11. Measured from the second quarter of 1998 peak, the overall decline will reach 53,900. A gradual upturn in the final year of the forecast is expected to add 1,400 aerospace employees in Washington by the end of 2005.
- ◆ Under the North American Industrial Classification System (NAICS) software publishers fall into the brand new information sector. After more than a decade of robust and sustained growth, employment by Washington's software publishers hit a brick wall in mid-2001. From the beginning of 1990 through the second quarter of 2001, the software employment growth rate averaged more than 16 percent per year. In the two years since then, it has grown at only a 1.3 percent growth rate. Microsoft has continued to grow, albeit at a reduced rate, but other Washington software publishers have suffered absolute declines. The forecast assumes a 1.8 percent growth rate in the third quarter of this year based on employment data through July. The forecast assumes stronger employment growth through the remainder of the forecast. Microsoft has announced plans to increase employment significantly in the next year while employment at other software publishers is expected to stabilize. Employment growth is expected to average 10.5 percent per year through the end of 2005.
- ◆ Washington's construction industry has staged a bit of a comeback during the last five quarters, growing at an average rate of 1.4 percent after a precipitous 5.9 percent decline during the previous year. Housing held up pretty well during the recession but nonresidential building in the Puget Sound area fell sharply. We believe the commercial side has now stabilized but the housing market will be constrained by rising interest rates

and slow population growth. As a result, we expect to see virtually no change in the level of construction employment through the end of 2004. Construction employment will finally begin to grow in 2005 as nonresidential construction finally stages a recovery. The forecast expects an average growth rate of 1.2 percent per year during the final year of the forecast.

- ◆ The financial activities sector has been a rare bright spot in Washington's economy. Employment in this sector continued to grow during the recent recession and growth has accelerated to an average rate of 4.3 percent in the last five quarters. The growth was mostly in credit intermediation and related activities, which has clearly benefited by a refinancing boom brought on by low mortgage interest rates. With mortgage rates heading up again, this source of stimulus has probably pretty much played itself out. The forecast assumes a slight decline in employment during the second half of this year. Employment growth is expected to be weak but positive, averaging 1.1 percent per year during 2004 and 2005.
- ◆ Washington retail trade employment has grown at a modest 0.5 percent average rate since the beginning of 2002 after a 3.4 percent decline during the previous year. The decline in consumer confidence, slow population growth, and weak economy have been particularly hard on retail trade employment. In addition, many struggling e-tailing firms are classified as retailers. The forecast expects essentially no growth in retail trade employment in the second half of this year. After that, the sector rebounds a little with an average growth rate of 0.5 percent.
- ◆ The professional and business services sector appears to have turned the corner. Employment declined at a 1.7 percent rate in the second quarter but has been rising at a 2.1 percent average rate since its trough in the first quarter of 2002. Previously employment had plunged at a 5.3 percent rate since a cyclical peak at the end of 2000. The 20,100 jobs lost during the recession were more than accounted for by employment services (mainly temporary help agencies) which fell 14,000 (26.2 percent) and computer systems design and related services which fell 6,300 (20.4 percent). These areas of weakness appear to be bottoming out. Employment services growth has turned slightly positive while the rate of decline in computer systems design has slowed considerably. The forecast assumes that the shakeout in these sectors is nearly complete. Without these negative cyclical factors, professional and business services employment is expected to resume its above average trend growth rate. Growth is expected to average 3.7 percent per year through the end of 2005.
- ◆ State and local government employment increased at a 2.6 percent annual rate in the second quarter and the monthly data through July suggest another 1.5 percent increase in the third quarter. State and local government employment grew throughout the recession but the protracted slowdown in the state's economy is putting pressure on state and local governments' budgets and is expected to affect employment in this sector with a lag. The forecast assumes that state and local government employment will decline at an average rate of 0.4 percent through the end of 2004. Only during 2005 will there be a significant upturn in employment growth. Even then, the weak nature of the recovery coupled with essentially no growth in the school age population is expected to restrain state and local government year-end to year-end employment growth to just 1.5 percent.

4. Housing units authorized by building permit shot up 14.4 percent in fiscal 2003 to 42,700 units. Single family permits, spurred by record low interest rates, surged 22.9 percent to 33,100 but multi-family permits slumped 7.8 percent to 9,500. Housing activity should be subdued in this biennium. The beneficial impacts of an improving economy and higher population growth will be offset by rising mortgage rates. The recent strength also means there is little pent-up demand to be satisfied. The forecast expects a 3.7 percent reduction in fiscal 2004 to 41,100 followed by a 2.3 percent reduction to 40,100 in 2005.
5. At 1.8 percent in fiscal 2003, inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, trailed the national average of 2.2 percent for the first time since 1989. Seattle inflation is expected to remain below U.S. inflation in during the remainder of the forecast due to the weaker local economy. The forecast expects inflation rates of 1.0 percent and 1.2 percent in Seattle compared to 1.5 percent and 1.6 percent for the U.S. city average.

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

Alternative Forecasts

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

Pessimistic Forecast: The baseline forecast assumes that consumers spend enough of their tax cuts to start businesses hiring and investing. The pessimistic scenario takes a gloomier view. Consumers concerned about the weak job market, low returns on savings, and rising state fees and taxes—decide not only to save most of their tax cut windfall, but to bump up their saving generally. Rather than accelerating, growth of consumer spending drifts lower over the next several quarters. With demand growth sluggish, businesses continue laying off workers right through the end of the year. Consumer spending grows at only a 2.6% rate through next summer, compared with 3.9% in the baseline. At the state level, aerospace production and employment cuts are even more severe and protracted than assumed in the baseline forecast. Data revisions show that the initial level of Washington personal income is lower than was assumed in the baseline. Population growth is also slower in this scenario and construction employment begins to drop sharply again towards the end of the year. Because of the weak economy, both Seattle inflation and Washington wage growth are substantially less than in the baseline. By the end of the 2003-05 biennium, Washington nonagricultural employment is lower by 64,500 jobs than the baseline forecast and Washington personal income is \$11.3 billion lower. The pessimistic scenario produced \$909 million (4.0 percent) less General Fund-State revenue in the 2003-05 biennium than did the baseline forecast.

Optimistic Forecast: In the optimistic scenario, businesses and consumers pick up their spending on information technologies. Business investment in information equipment grows 12.0% in 2003 and 16.1% in 2004, compared with 10.4% and 9.3% in the baseline (spending afterward reverts to lower growth rates, averting another high-tech bubble). Consumer spending on computers and software grows 24.4% and 28.9%, compared with 22.5% and 21.1% in the baseline. The boost in high-tech spending raises GDP growth to 4.4% in 2004, compared with 3.8% in the baseline. Nonfarm employment is about 400,000 higher in 2004 and 300,000 higher in 2005, while the unemployment rate drops 0.25 percentage point below the baseline rate in 2004 and 0.4 percentage

point below in 2005. Locally, Washington aerospace employment declines much less in 2004 and expands much more vigorously in 2005 than in the baseline forecast. Washington's wages grow faster than in the baseline and so does the Seattle CPI. The initial level of Washington personal income is also higher in the optimistic scenario and population growth is stronger. While the baseline forecast expects construction employment to be flat through the end of 2004 and then to grow slowly in 2005, the optimistic forecast expects strong growth throughout. By the end of the 2003-05 biennium, Washington nonagricultural employment is higher by 45,100 jobs than in the baseline forecast and Washington personal income is \$7.4 billion higher. The optimistic scenario generated 736 million (3.2 percent) more revenue in the 2003-05 biennium than did the baseline forecast.

Governor's Council of Economic Advisors Scenario

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. Nationally, the Governor's Council members expected higher GDP growth in 2004 but lower growth in 2005 than did the baseline forecast. For the two years combined, the growth was almost identical. The GCEA inflation forecast was also almost identical to the baseline forecast but their interest rate forecasts were slightly lower. The GCEA forecast for Washington State was also very similar to the baseline forecast. Employment growth was slightly weaker than in the baseline in 2004 and about the same in 2005. Personal income and housing were stronger in 2004 and weaker in 2005. All were very close on balance during the biennium. At the end of the 2003-05 biennium, Washington nonagricultural employment was 600 lower in the GCEA forecast than in the baseline forecast and their Washington personal income forecast was \$0.3 billion lower. The Governor's Council scenario generated just \$7 million (0.0 percent) more revenue than did the baseline forecast in the 2003-05 biennium.

Table 1.1
U.S. Economic Forecast Summary
 Forecast 2004 to 2005

Fiscal Years

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|---------|----------|----------|----------|----------|
| Real National Income Accounts (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Gross Domestic Product | 8,332.2 | 8,676.3 | 9,057.5 | 9,221.4 | 9,297.7 | 9,541.0 | 9,827.8 | 10,221.0 |
| % Ch | 4.4 | 4.1 | 4.4 | 1.8 | 0.8 | 2.6 | 3.0 | 4.0 |
| Real Consumption | 5551.4 | 5820.7 | 6105.9 | 6304.9 | 6472.8 | 6661.2 | 6882.7 | 7158.3 |
| % Ch | 4.4 | 4.9 | 4.9 | 3.3 | 2.7 | 2.9 | 3.3 | 4.0 |
| Real Nonresidential Fixed Investment | 1,078.9 | 1,182.5 | 1,280.5 | 1,310.8 | 1,204.4 | 1,181.9 | 1,234.1 | 1,343.3 |
| % Ch | 13.5 | 9.6 | 8.3 | 2.4 | -8.1 | -1.9 | 4.4 | 8.9 |
| Real Residential Fixed Investment | 329.7 | 359.9 | 374.0 | 370.7 | 378.8 | 400.0 | 406.3 | 402.7 |
| % Ch | 4.3 | 9.2 | 3.9 | -0.9 | 2.2 | 5.6 | 1.6 | -0.9 |
| Real Personal Income | 7,004.5 | 7,335.6 | 7,619.4 | 7,912.9 | 7,973.8 | 8,040.5 | 8,316.8 | 8,599.8 |
| % Ch | 5.1 | 4.7 | 3.9 | 3.9 | 0.8 | 0.8 | 3.4 | 3.4 |
| Real Per Capita Income (\$/Person) | 25,478 | 26,377 | 27,089 | 27,826 | 27,740 | 27,693 | 28,387 | 29,102 |
| % Ch | 3.9 | 3.5 | 2.7 | 2.7 | -0.3 | -0.2 | 2.5 | 2.5 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.025 | 1.037 | 1.061 | 1.087 | 1.101 | 1.122 | 1.138 | 1.159 |
| % Ch | 1.4 | 1.2 | 2.2 | 2.5 | 1.3 | 1.9 | 1.4 | 1.8 |
| U.S. Consumer Price Index (1982-84=1.0) | 1.618 | 1.645 | 1.693 | 1.751 | 1.782 | 1.821 | 1.848 | 1.877 |
| % Ch | 1.8 | 1.7 | 2.9 | 3.4 | 1.8 | 2.2 | 1.5 | 1.6 |
| Employment Cost Index (June 1989=1.0) | 1.330 | 1.380 | 1.432 | 1.487 | 1.541 | 1.585 | 1.630 | 1.675 |
| % Ch | 3.9 | 3.8 | 3.8 | 3.9 | 3.6 | 2.9 | 2.8 | 2.7 |
| Current Dollar National Income (Billions of Dollars) | | | | | | | | |
| Gross Domestic Product | 8,548.6 | 9,016.4 | 9,575.8 | 9,976.6 | 10,235.2 | 10,640.2 | 11,116.0 | 11,767.3 |
| % Ch | 6.0 | 5.5 | 6.2 | 4.2 | 2.6 | 4.0 | 4.5 | 5.9 |
| Personal Income | 7,178.5 | 7,611.1 | 8,082.4 | 8,599.7 | 8,781.1 | 9,020.0 | 9,462.1 | 9,965.3 |
| % Ch | 6.6 | 6.0 | 6.2 | 6.4 | 2.1 | 2.7 | 4.9 | 5.3 |
| Employment (Millions) | | | | | | | | |
| U.S. Civilian Labor Force | 138.3 | 140.1 | 142.0 | 143.2 | 144.4 | 145.9 | 147.4 | 149.1 |
| Total U.S. Employment | 131.9 | 134.0 | 136.2 | 137.3 | 136.5 | 137.3 | 138.3 | 140.4 |
| Unemployment Rate (%) | 4.64 | 4.38 | 4.08 | 4.16 | 5.47 | 5.90 | 6.12 | 5.84 |
| Nonfarm Payroll Employment | 124.38 | 127.43 | 130.60 | 132.26 | 130.89 | 130.20 | 130.56 | 132.91 |
| % Ch | 2.6 | 2.4 | 2.5 | 1.3 | -1.0 | -0.5 | 0.3 | 1.8 |
| Manufacturing | 17.56 | 17.43 | 17.29 | 17.04 | 15.74 | 15.00 | 14.45 | 14.46 |
| % Ch | 1.5 | -0.7 | -0.8 | -1.4 | -7.6 | -4.7 | -3.6 | 0.0 |
| Durable Manufacturing | 10.86 | 10.86 | 10.85 | 10.75 | 9.83 | 9.30 | 8.96 | 9.04 |
| % Ch | 2.8 | -0.0 | -0.1 | -0.9 | -8.6 | -5.4 | -3.6 | 1.0 |
| Nondurable Manufacturing | 6.70 | 6.57 | 6.44 | 6.29 | 5.91 | 5.70 | 5.49 | 5.41 |
| % Ch | -0.5 | -1.9 | -1.9 | -2.4 | -6.0 | -3.5 | -3.7 | -1.5 |
| Construction | 5.96 | 6.36 | 6.70 | 6.82 | 6.78 | 6.74 | 6.82 | 7.02 |
| % Ch | 4.7 | 6.7 | 5.5 | 1.8 | -0.7 | -0.6 | 1.3 | 3.0 |
| Producing | 100.21 | 103.02 | 106.02 | 107.79 | 107.77 | 107.89 | 108.72 | 110.89 |
| % Ch | 2.7 | 2.8 | 2.9 | 1.7 | -0.0 | 0.1 | 0.8 | 2.0 |
| Miscellaneous Indicators | | | | | | | | |
| Credit Outstanding/Disp. Income | 20.3 | 20.5 | 20.9 | 21.6 | 22.1 | 21.8 | 21.3 | 20.7 |
| Auto Sales (Millions) | 8.2 | 8.3 | 9.0 | 8.5 | 8.2 | 7.9 | 7.8 | 7.9 |
| % Ch | -2.1 | 2.0 | 8.0 | -5.0 | -4.4 | -3.5 | -1.6 | 1.3 |
| Housing Starts (Millions) | 1.530 | 1.659 | 1.638 | 1.571 | 1.642 | 1.726 | 1.672 | 1.622 |
| % Ch | 5.0 | 8.4 | -1.3 | -4.1 | 4.6 | 5.1 | -3.2 | -3.0 |
| Federal Budget Surplus (Billions) | -1.5 | 81.1 | 166.6 | 181.3 | -93.0 | -276.0 | -487.7 | -429.0 |
| Net Exports (Billions) | -117.7 | -191.9 | -311.3 | -379.1 | -360.7 | -476.8 | -538.2 | -565.9 |
| 3-Month Treasury Bill Rate (%) | 5.04 | 4.49 | 5.23 | 5.14 | 2.15 | 1.30 | 1.00 | 1.29 |
| 30-Year U.S. Govt. Bond Rate (%) | 6.10 | 5.44 | 6.14 | 5.66 | 5.55 | 4.99 | 5.52 | 5.74 |
| Bond Index of 20 G.O. Munis. (%) | 5.24 | 5.08 | 5.82 | 5.35 | 5.14 | 4.77 | 5.09 | 5.10 |
| Mortgage Rate (%) | 7.20 | 6.93 | 8.05 | 7.45 | 6.88 | 5.93 | 6.28 | 6.51 |

Table 1.2
Washington Economic Forecast Summary
 Forecast 2004 to 2005

Fiscal Years

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Real Income (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Personal Income | 152.625 | 162.218 | 171.650 | 174.399 | 176.108 | 179.563 | 183.735 | 189.135 |
| % Ch | 6.4 | 6.3 | 5.8 | 1.6 | 1.0 | 2.0 | 2.3 | 2.9 |
| Real Wage and Salary Disb. | 87.471 | 95.148 | 102.673 | 101.403 | 100.011 | 100.224 | 102.238 | 105.621 |
| % Ch | 8.5 | 8.8 | 7.9 | -1.2 | -1.4 | 0.2 | 2.0 | 3.3 |
| Real Nonwage Income | 65.154 | 67.070 | 68.977 | 72.997 | 76.096 | 79.339 | 81.497 | 83.513 |
| % Ch | 3.6 | 2.9 | 2.8 | 5.8 | 4.2 | 4.3 | 2.7 | 2.5 |
| Real Per Capita Income (\$/Person) | 26,593 | 27,874 | 29,155 | 29,242 | 29,192 | 29,475 | 29,842 | 30,363 |
| % Ch | 4.8 | 4.8 | 4.6 | 0.3 | -0.2 | 1.0 | 1.2 | 1.7 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.025 | 1.037 | 1.061 | 1.087 | 1.101 | 1.122 | 1.138 | 1.159 |
| % Ch | 1.4 | 1.2 | 2.2 | 2.5 | 1.3 | 1.9 | 1.4 | 1.8 |
| Seattle Cons. Price Index (1982-84=1.0) | 1.654 | 1.702 | 1.757 | 1.828 | 1.876 | 1.910 | 1.929 | 1.952 |
| % Ch | 2.9 | 2.9 | 3.2 | 4.0 | 2.7 | 1.8 | 1.0 | 1.2 |
| Avg. Hourly Earnings-Mfg. (\$/Hour) | 15.43 | 15.97 | 16.42 | 17.32 | 18.35 | 17.88 | 18.00 | 18.17 |
| % Ch | 3.1 | 3.5 | 2.8 | 5.5 | 5.9 | -2.5 | 0.6 | 1.0 |
| Current Dollar Income (Billions of Dollars) | | | | | | | | |
| Nonfarm Personal Income | 155.940 | 167.990 | 181.894 | 189.392 | 193.837 | 201.113 | 208.504 | 218.522 |
| % Ch | 8.0 | 7.7 | 8.3 | 4.1 | 2.3 | 3.8 | 3.7 | 4.8 |
| Personal Income | 156.415 | 168.300 | 182.065 | 189.538 | 193.939 | 201.428 | 209.029 | 219.156 |
| % Ch | 7.9 | 7.6 | 8.2 | 4.1 | 2.3 | 3.9 | 3.8 | 4.8 |
| Disposable Personal Income | 134.218 | 143.646 | 154.480 | 160.373 | 167.718 | 178.012 | 186.885 | 195.118 |
| % Ch | 7.1 | 7.0 | 7.5 | 3.8 | 4.6 | 6.1 | 5.0 | 4.4 |
| Per Capita Income (\$/Person) | 27,253 | 28,918 | 30,923 | 31,779 | 32,147 | 33,064 | 33,950 | 35,181 |
| % Ch | 6.2 | 6.1 | 6.9 | 2.8 | 1.2 | 2.9 | 2.7 | 3.6 |
| Employment (Thousands) | | | | | | | | |
| Washington Civilian Labor Force | 3,016.4 | 3,063.2 | 3,069.0 | 3,025.9 | 3,046.1 | 3,116.1 | 3,128.4 | 3,171.4 |
| Total Washington Employment | 2,877.5 | 2,916.4 | 2,919.9 | 2,853.4 | 2,828.8 | 2,892.6 | 2,895.5 | 2,940.0 |
| Unemployment Rate (%) | 4.60 | 4.79 | 4.86 | 5.70 | 7.13 | 7.17 | 7.45 | 7.30 |
| Nonfarm Payroll Employment | 2,558.3 | 2,621.8 | 2,684.5 | 2,717.3 | 2,665.4 | 2,661.1 | 2,673.7 | 2,715.6 |
| % Ch | 3.8 | 2.5 | 2.4 | 1.2 | -1.9 | -0.2 | 0.5 | 1.6 |
| Manufacturing | 359.8 | 353.2 | 336.3 | 326.4 | 300.2 | 275.4 | 260.6 | 261.2 |
| % Ch | 6.7 | -1.8 | -4.8 | -2.9 | -8.0 | -8.2 | -5.4 | 0.2 |
| Durable Manufacturing | 260.7 | 256.3 | 239.8 | 232.9 | 212.0 | 190.6 | 178.5 | 180.2 |
| % Ch | 9.6 | -1.7 | -6.5 | -2.9 | -9.0 | -10.1 | -6.3 | 1.0 |
| Aerospace | 111.1 | 107.4 | 89.7 | 86.8 | 82.9 | 70.1 | 61.6 | 59.2 |
| % Ch | 16.1 | -3.3 | -16.5 | -3.2 | -4.5 | -15.5 | -12.1 | -3.9 |
| Nondurable Manufacturing | 99.2 | 96.9 | 96.5 | 93.5 | 88.1 | 84.9 | 82.1 | 80.9 |
| % Ch | -0.2 | -2.3 | -0.3 | -3.2 | -5.7 | -3.7 | -3.3 | -1.4 |
| Construction | 139.8 | 148.6 | 158.3 | 161.3 | 154.9 | 155.9 | 156.4 | 156.8 |
| % Ch | 5.3 | 6.3 | 6.5 | 1.9 | -4.0 | 0.6 | 0.3 | 0.2 |
| Service-Producing | 2,048.2 | 2,109.5 | 2,179.4 | 2,219.8 | 2,200.8 | 2,220.6 | 2,247.8 | 2,288.7 |
| % Ch | 3.2 | 3.0 | 3.3 | 1.9 | -0.9 | 0.9 | 1.2 | 1.8 |
| Software Publishers | 23.2 | 25.9 | 29.5 | 34.5 | 35.9 | 36.4 | 38.5 | 42.9 |
| % Ch | 11.7 | 11.9 | 14.0 | 16.9 | 4.1 | 1.4 | 5.5 | 11.5 |
| Housing Indicators (Thousands) | | | | | | | | |
| Housing Units Authorized by Bldg. Permit | 45.127 | 44.954 | 39.065 | 40.384 | 37.329 | 42.689 | 41.108 | 40.150 |
| % Ch | 18.6 | -0.4 | -13.1 | 3.4 | -7.6 | 14.4 | -3.7 | -2.3 |
| Single-Family | 29.346 | 28.252 | 26.372 | 26.761 | 26.978 | 33.144 | 29.674 | 27.507 |
| % Ch | 12.8 | -3.7 | -6.7 | 1.5 | 0.8 | 22.9 | -10.5 | -7.3 |
| Multi-Family | 15.780 | 16.702 | 12.693 | 13.623 | 10.351 | 9.544 | 11.434 | 12.643 |
| % Ch | 31.1 | 5.8 | -24.0 | 7.3 | -24.0 | -7.8 | 19.8 | 10.6 |
| Mortgage Rate (%) | 7.20 | 6.93 | 8.05 | 7.45 | 6.88 | 5.93 | 6.28 | 6.51 |

Table 1.3
Comparison of Alternative Forecasts

| | Fiscal Year 2003 | | | | Fiscal Year 2004 | | | | Fiscal Year 2005 | | | |
|-------------------------|------------------|---------|---------|---------|------------------|---------|---------|---------|------------------|---------|---------|---------|
| | O | B | P | G | O | B | P | G | O | B | P | G |
| U.S. | | | | | | | | | | | | |
| Real GDP | 9541.0 | 9541.0 | 9541.0 | 9541.0 | 9865.1 | 9827.8 | 9758.0 | 9873.0 | 10314.3 | 10221.0 | 10021.7 | 10216.2 |
| %Ch | 2.6 | 2.6 | 2.6 | 2.6 | 3.4 | 3.0 | 2.3 | 3.5 | 4.6 | 4.0 | 2.7 | 3.5 |
| Implicit Price Deflator | 1.122 | 1.122 | 1.122 | 1.122 | 1.138 | 1.138 | 1.137 | 1.138 | 1.158 | 1.159 | 1.153 | 1.159 |
| %Ch | 1.9 | 1.9 | 1.9 | 1.9 | 1.4 | 1.4 | 1.3 | 1.4 | 1.8 | 1.8 | 1.4 | 1.9 |
| Mortgage Rate | 5.93 | 5.93 | 5.93 | 5.93 | 6.34 | 6.28 | 6.00 | 6.21 | 6.63 | 6.51 | 5.93 | 6.43 |
| 3 Month T-Bill Rate | 1.30 | 1.30 | 1.30 | 1.30 | 1.14 | 1.00 | 0.50 | 0.89 | 1.55 | 1.29 | 0.23 | 1.17 |
| Washington | | | | | | | | | | | | |
| Real Personal Income | 179.563 | 179.563 | 179.563 | 179.563 | 186.938 | 183.735 | 180.128 | 183.931 | 194.785 | 189.135 | 181.824 | 188.976 |
| %Ch | 2.0 | 2.0 | 2.0 | 2.0 | 4.1 | 2.3 | 0.3 | 2.4 | 4.2 | 2.9 | 0.9 | 2.7 |
| Personal Income | 201.428 | 201.428 | 201.428 | 201.428 | 212.688 | 209.029 | 204.741 | 209.233 | 225.659 | 219.156 | 209.655 | 219.050 |
| %Ch | 3.9 | 3.9 | 3.9 | 3.9 | 5.6 | 3.8 | 1.6 | 3.9 | 6.1 | 4.8 | 2.4 | 4.7 |
| Employment | 2661.1 | 2661.1 | 2661.1 | 2661.1 | 2688.5 | 2673.7 | 2654.5 | 2672.1 | 2753.0 | 2715.6 | 2661.3 | 2714.9 |
| %Ch | -0.2 | -0.2 | -0.2 | -0.2 | 1.0 | 0.5 | -0.2 | 0.4 | 2.4 | 1.6 | 0.3 | 1.6 |
| Housing Permits | 42.689 | 42.689 | 42.689 | 42.689 | 44.765 | 41.108 | 35.746 | 41.622 | 47.025 | 40.150 | 31.885 | 39.832 |
| %Ch | 14.4 | 14.4 | 14.4 | 14.4 | 4.9 | -3.7 | -16.3 | -2.5 | 5.0 | -2.3 | -10.8 | -4.3 |

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

Table 1.4
Forecast Analysis
 Comparison of Forecasts for 2003-05

| Forecast Date | 2002 | | | | 2003 | | | | 2004 | | | | 2005 | |
|--|-------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | <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, 2001:2-2003:2 | | | | | | | | | | | | | | |
| Real GDP | 7.1 | 7.2 | 6.4 | 7.7 | 8.9 | 7.8 | 7.8 | | | | | | | |
| Implicit Price Deflator | 4.6 | 4.9 | 5.1 | 5.6 | 3.5 | 3.3 | 3.5 | | | | | | | |
| Average Rate, 2001:3 to 2003:2 | | | | | | | | | | | | | | |
| 3 Month T-Bill Rate | 4.52 | 4.90 | 3.48 | 3.16 | 2.92 | 1.57 | 1.15 | | | | | | | |
| Mortgage Rate | 7.49 | 7.64 | 7.86 | 6.62 | 7.21 | 6.46 | 6.39 | | | | | | | |
| Washington | | | | | | | | | | | | | | |
| Percent Growth, 2001:2-2003:2 | | | | | | | | | | | | | | |
| Employment | 4.6 | 5.0 | 4.4 | 4.6 | 4.6 | 3.3 | 2.7 | | | | | | | |
| Personal Income | 11.5 | 12.5 | 10.9 | 11.9 | 10.6 | 8.6 | 9.1 | | | | | | | |
| Real Personal Income | 6.6 | 7.2 | 5.5 | 6.0 | 6.8 | 5.1 | 5.5 | | | | | | | |
| Total (Thousands of units), 2001:3 to 2003:2 | | | | | | | | | | | | | | |
| Housing Units Authorized | 77.4 | 77.1 | 76.0 | 80.1 | 79.8 | 78.1 | 81.3 | | | | | | | |

Table 1.5

Fiscal Years

Forecast Comparison

Forecast 2003 to 2005

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------------|---------|---------|---------|---------|---------|
| U.S. | | | | | |
| Real GDP | | | | | |
| September Baseline | 9221.4 | 9297.7 | 9541.0 | 9827.8 | 10221.0 |
| % Ch | 1.8 | 0.8 | 2.6 | 3.0 | 4.0 |
| June Baseline | 9221.4 | 9297.7 | 9553.6 | 9948.2 | 10364.4 |
| % Ch | 1.8 | 0.8 | 2.8 | 4.1 | 4.2 |
| Implicit Price Deflator | | | | | |
| September Baseline | 1.087 | 1.101 | 1.122 | 1.138 | 1.159 |
| % Ch | 2.5 | 1.3 | 1.9 | 1.4 | 1.8 |
| June Baseline | 1.087 | 1.101 | 1.123 | 1.142 | 1.164 |
| % Ch | 2.5 | 1.3 | 1.9 | 1.7 | 1.9 |
| U.S. Unemployment Rate | | | | | |
| September Baseline | 4.16 | 5.47 | 5.90 | 6.12 | 5.84 |
| June Baseline | 4.19 | 5.48 | 6.01 | 5.69 | 5.06 |
| Mortgage Rate | | | | | |
| September Baseline | 7.45 | 6.88 | 5.93 | 6.28 | 6.51 |
| June Baseline | 7.45 | 6.88 | 6.09 | 6.77 | 7.66 |
| 3 Month T-Bill Rate | | | | | |
| September Baseline | 5.14 | 2.15 | 1.30 | 1.00 | 1.29 |
| June Baseline | 5.14 | 2.15 | 1.35 | 2.31 | 3.54 |
| Washington | | | | | |
| Real Personal Income | | | | | |
| September Baseline | 174.399 | 176.108 | 179.563 | 183.735 | 189.135 |
| % Ch | 1.6 | 1.0 | 2.0 | 2.3 | 2.9 |
| June Baseline | 174.399 | 176.207 | 179.214 | 182.951 | 187.549 |
| % Ch | 1.6 | 1.0 | 1.7 | 2.1 | 2.5 |
| Personal Income | | | | | |
| September Baseline | 189.538 | 193.939 | 201.428 | 209.029 | 219.156 |
| % Ch | 4.1 | 2.3 | 3.9 | 3.8 | 4.8 |
| June Baseline | 189.538 | 194.047 | 201.127 | 208.390 | 217.524 |
| % Ch | 4.1 | 2.4 | 3.6 | 3.6 | 4.4 |
| Employment | | | | | |
| September Baseline | 2717.3 | 2665.4 | 2661.1 | 2673.7 | 2715.6 |
| % Ch | 1.2 | -1.9 | -0.2 | 0.5 | 1.6 |
| June Baseline | 2716.9 | 2664.7 | 2652.5 | 2659.6 | 2709.5 |
| % Ch | 1.2 | -1.9 | -0.5 | 0.3 | 1.9 |
| Housing Permits | | | | | |
| September Baseline | 40.384 | 37.329 | 42.689 | 41.108 | 40.150 |
| % Ch | 3.4 | -7.6 | 14.4 | -3.7 | -2.3 |
| June Baseline | 40.384 | 37.329 | 42.765 | 39.432 | 38.687 |
| % Ch | 3.4 | -7.6 | 14.6 | -7.8 | -1.9 |

Table 1.6

Calendar Years

Long Range Economic Outlook
Forecast 2002 to 2011

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| U.S. | | | | | | | | | | | |
| Real GDP, %Ch | 2.3 | 3.8 | 3.7 | 3.5 | 3.4 | 3.3 | 3.0 | 3.0 | 2.9 | 2.9 | 3.2 |
| Implicit Price Deflator, %Ch | 1.8 | 1.4 | 2.1 | 2.1 | 2.2 | 2.3 | 2.5 | 2.7 | 2.9 | 2.9 | 3.1 |
| 3 Month T-Bill Rate | 1.04 | 1.06 | 1.73 | 2.10 | 2.39 | 3.16 | 4.13 | 5.05 | 5.13 | 5.16 | 5.19 |
| Mortgage Rate | 5.94 | 6.38 | 6.70 | 6.73 | 6.77 | 7.14 | 7.58 | 8.06 | 8.02 | 7.98 | 8.01 |
| State* | | | | | | | | | | | |
| Real Personal Income, %Ch | 1.4 | 3.0 | 2.8 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Personal Income, %Ch | 3.2 | 4.5 | 5.0 | 4.7 | 4.8 | 4.9 | 5.1 | 5.2 | 5.5 | 5.5 | 5.6 |
| Employment, %Ch | 0.4 | 1.0 | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |

* September 2003 Baseline (2003-2005) judgmentally extended through 2013.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonfarm Payroll Employment

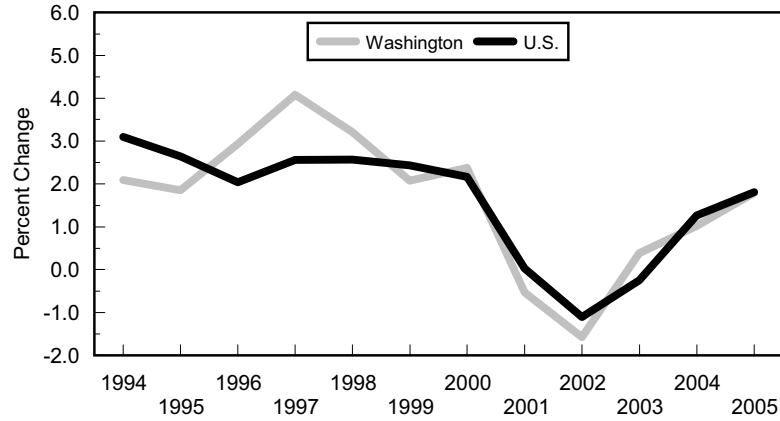


Chart 1.2
Manufacturing Employment

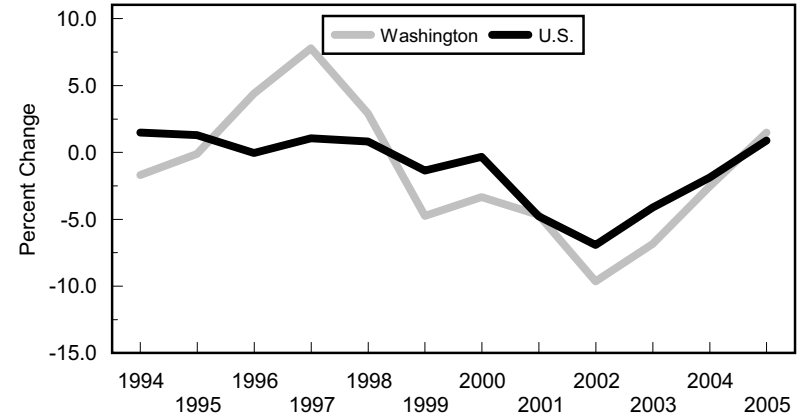


Chart 1.3
Aerospace Employment

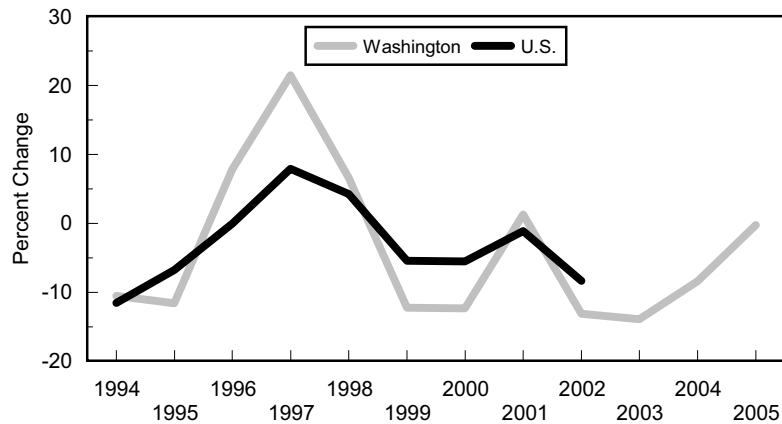
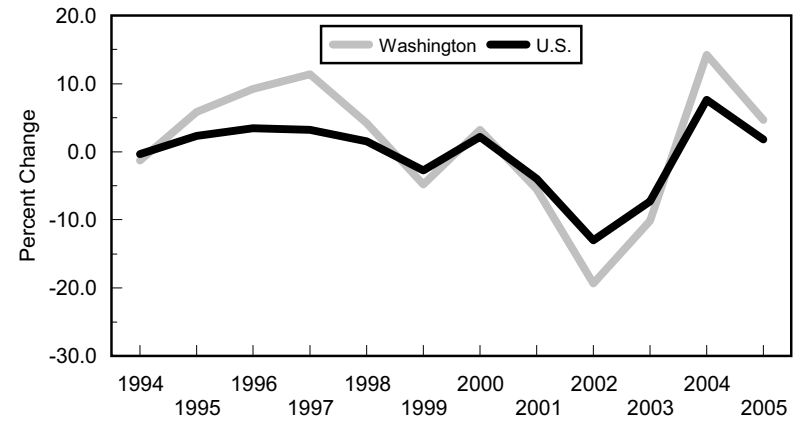


Chart 1.4
Computers and Electronics Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.5
Construction Employment

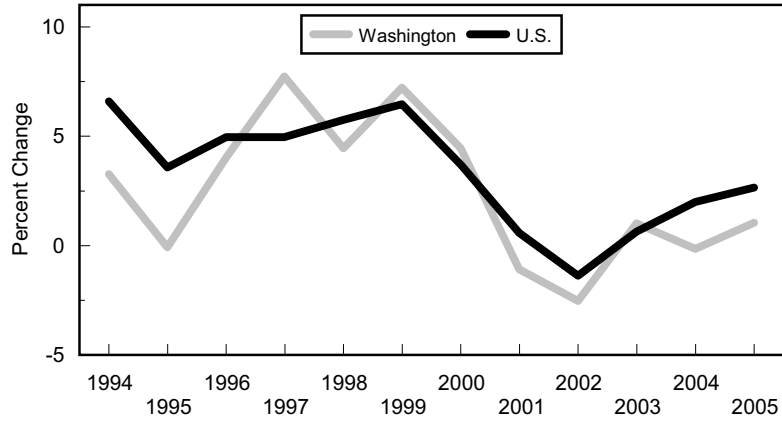


Chart 1.6
Information Employment

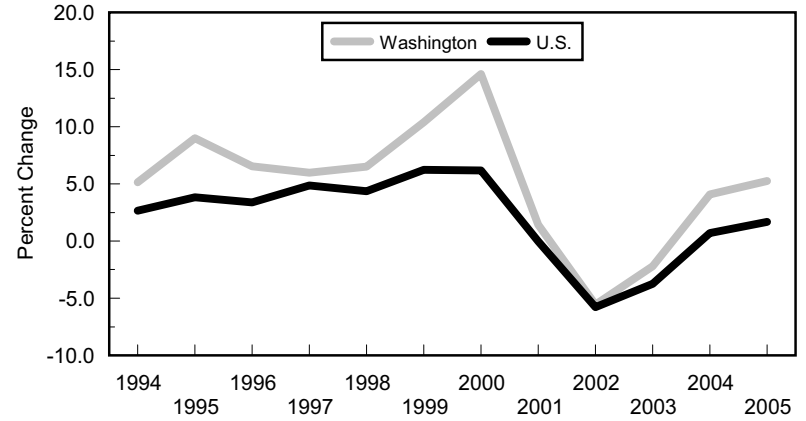


Chart 1.7
Other Private Employment

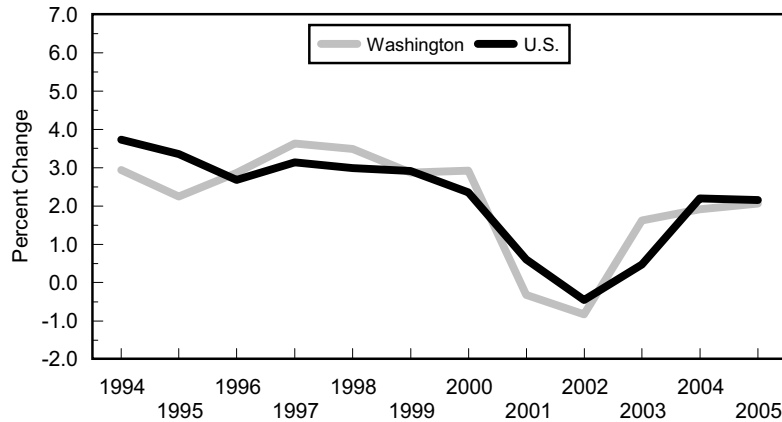
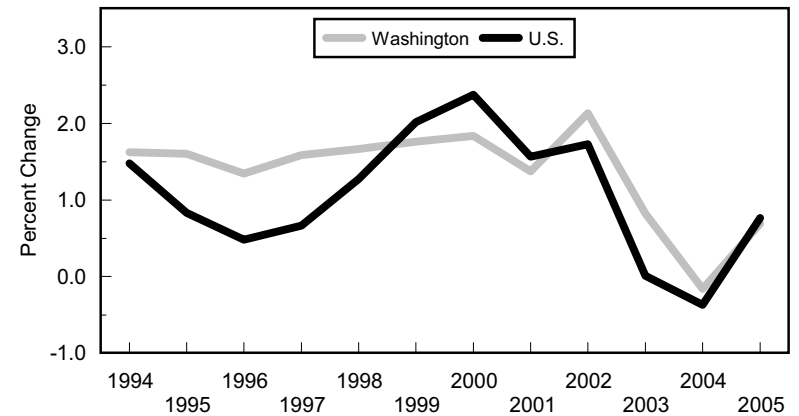


Chart 1.8
Government Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.9
Real Personal Income

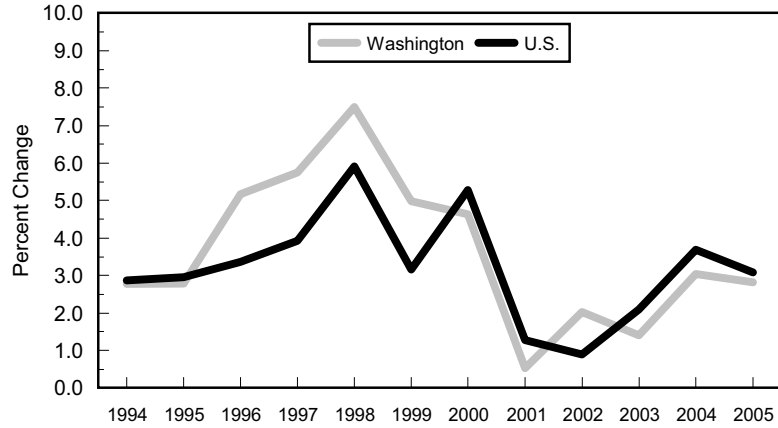


Chart 1.10
Consumer Price Indices

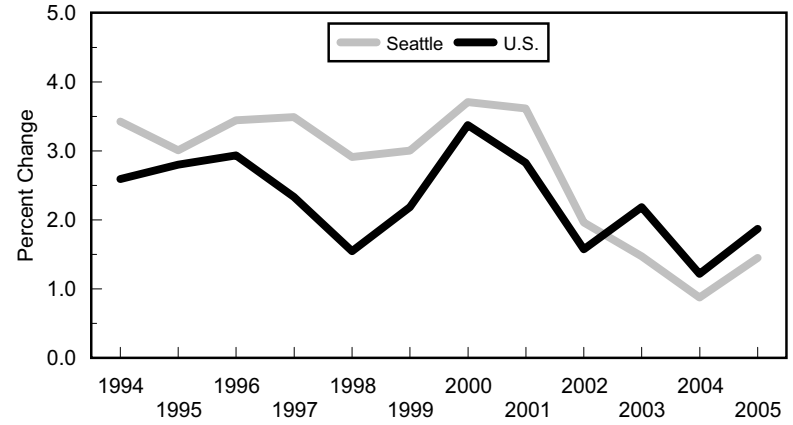


Chart 1.11
Population

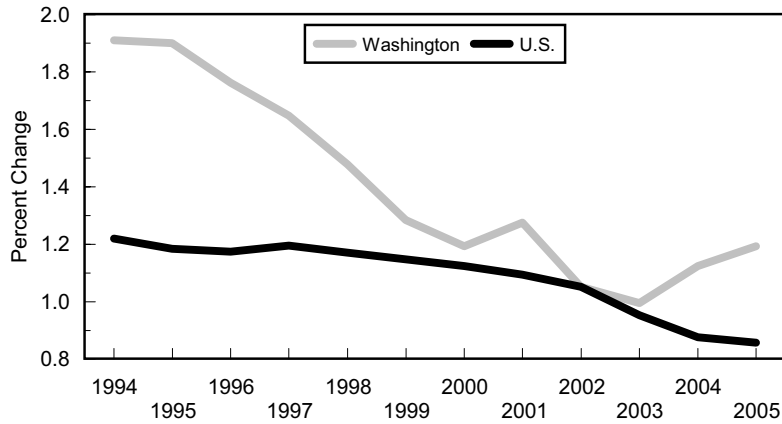
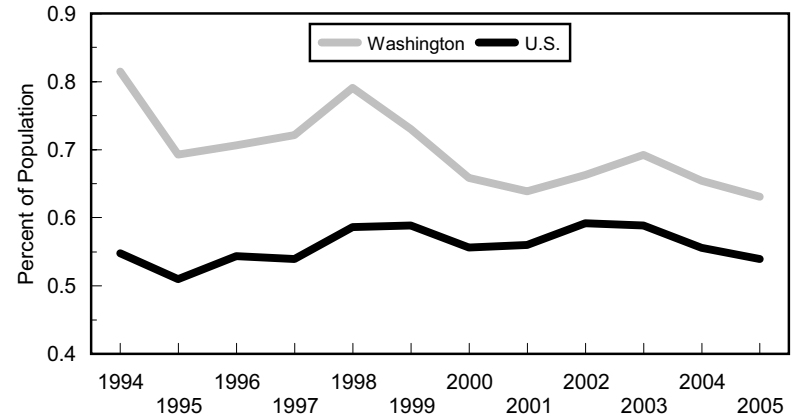


Chart 1.12
Per Capita Housing Units



Comparison of Alternative U.S. Forecasts

Chart 1.13
Real GDP

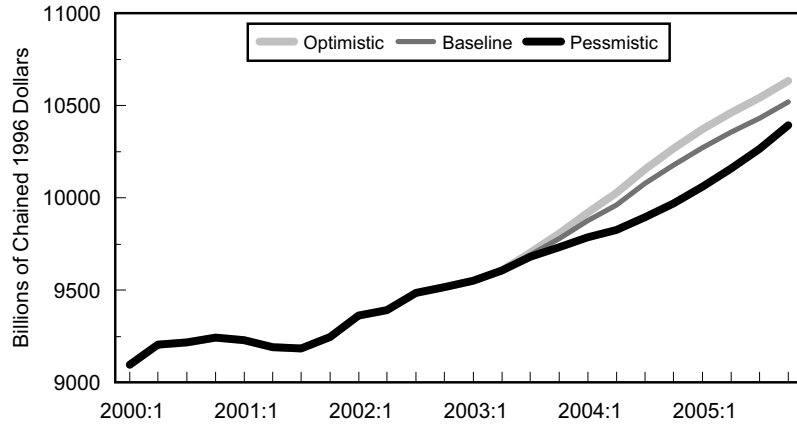


Chart 1.14
Implicit Price Deflator

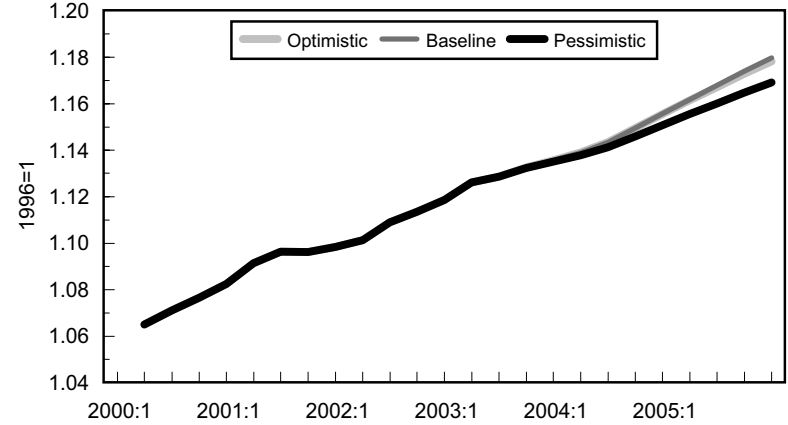


Chart 1.15
Mortgage Rate

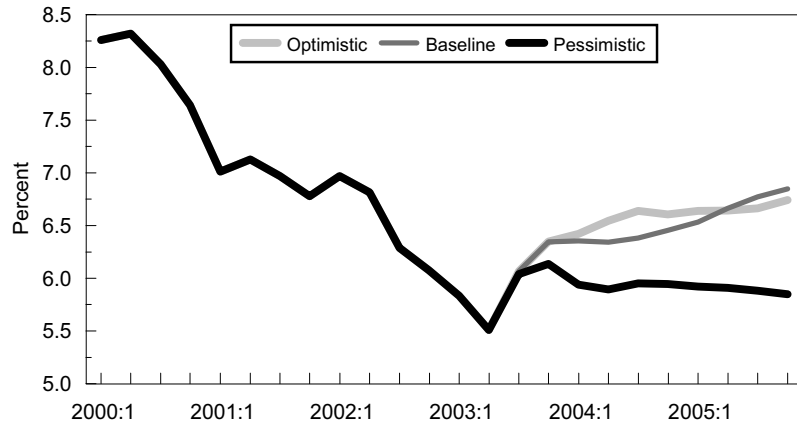
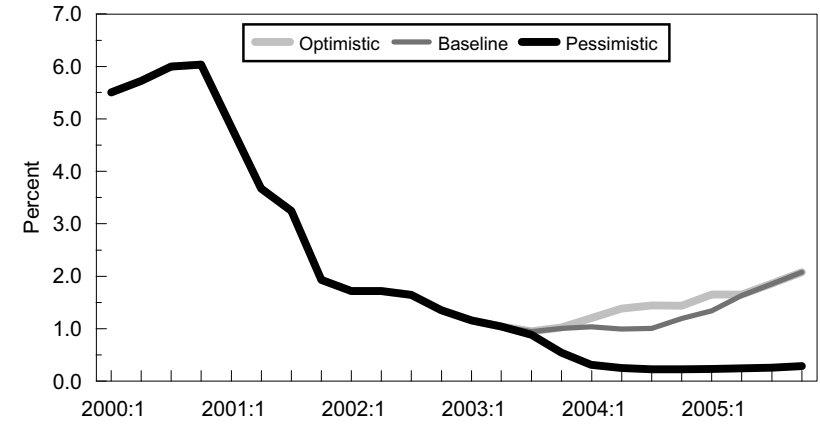


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

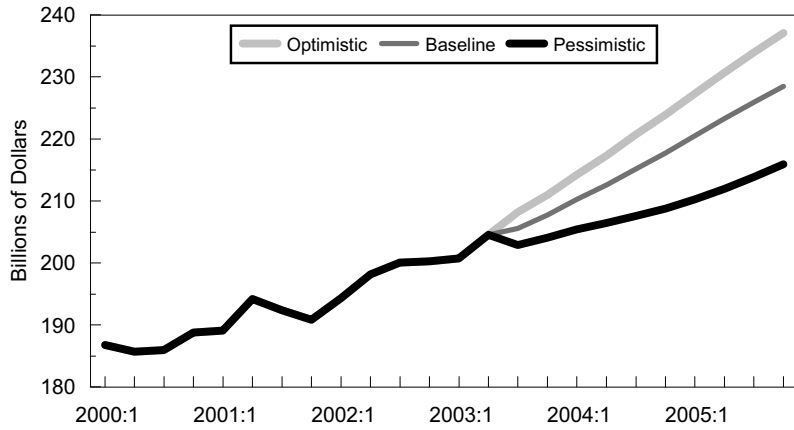


Chart 1.18
Real Personal Income

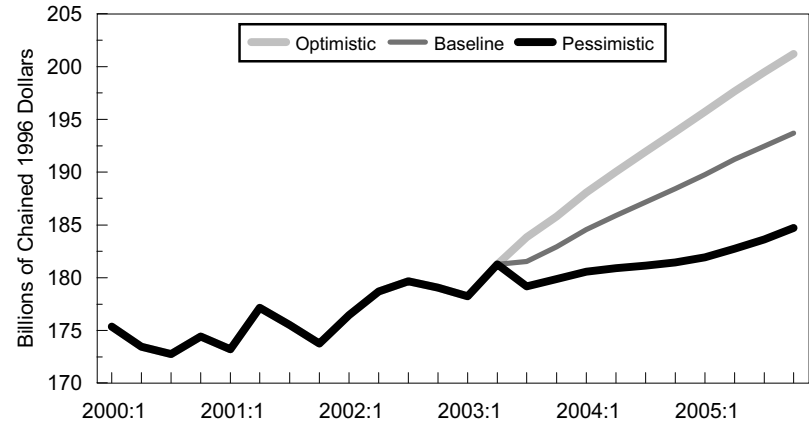


Chart 1.19
Total Nonfarm Payroll Employment

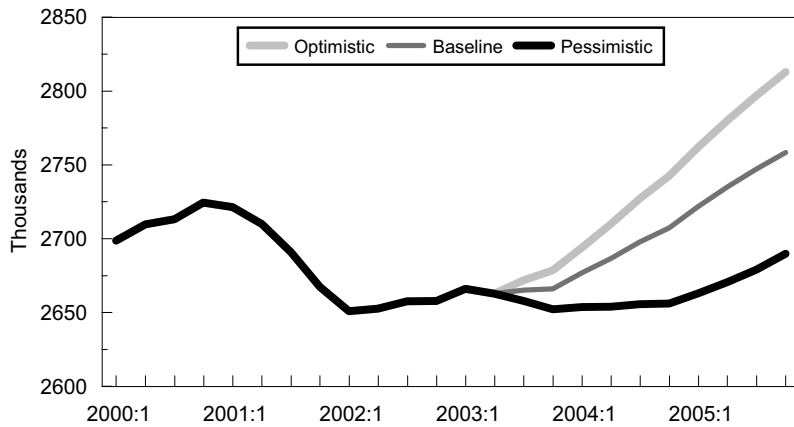
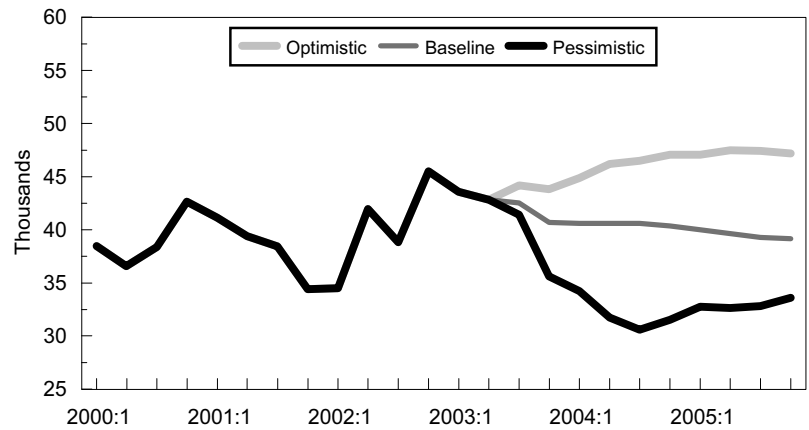


Chart 1.20
Housing Permits



Washington Business Indicators

The National Economy

The Bureau of Economic Analysis reported that real gross domestic product (GDP), the broadest measure of economic activity, increased at a 3.3* percent annual rate in the second quarter of 2003. This is more than double the 1.4 percent real GDP increase in the first quarter. The biggest contributions to the increase were consumer spending, federal defense spending and nonresidential fixed investment. Consumer spending increased at a 3.8 percent annual rate in the second quarter. This was nearly double last quarter's 2.0 percent increase and was due to a huge, 24.3 percent increase in spending on durable goods, especially motor vehicles. Spending on both non-durable goods and services were lackluster in the second quarter, with real spending for both sectors up at a rate of only 1.4 percent.

The output of the manufacturing sector is improving. The Institute for Supply Management (ISM) reported that its index of manufacturing activity rose 5.5 percent in August 2003. It has now increased for four consecutive months and has been above 50 the last two months. The August index level is 54.7. An index above 50 indicates that output of the manufacturing sector is growing; below 50 indicates the sector is contracting. While manufacturing output has been increasing, it has come via higher productivity not more jobs.

The job market continues to weaken despite higher production and an acceleration of consumer spending. Non farm payroll employment fell at a 0.7 percent annual rate in the second quarter of 2003. It declined at a 0.3 percent annual rate last quarter. Non farm payroll employment has now declined eight of the last nine quarters, despite a rise in real GDP seven of the last nine quarters. The job picture has deteriorated further in the first two months of the third quarter. The Bureau of Labor Statistics reported that the U.S. economy lost a total of 142,000 jobs in July and August of 2003. The August 2003 U.S. unemployment rate is 6.1 percent, the same as in May. This is down from 6.4 percent in June and 6.2 percent in July but up from 5.8 percent a year-ago. Aside from May, June and July, the August unemployment rate is the highest since early 1994.

Productivity growth accelerated in the second quarter of 2003, increasing at a 6.8 percent annual rate. This is up sharply from a 2.1 increase in the first quarter of 2003. Prices have remained relatively stable with the Consumer Price Index (CPI) up 0.3 percent in August and 0.2 percent in June and July. The August 2003 All Items Index is 2.2 percent above the year-ago level. The core CPI (all items except food and energy) rose 0.2 percent in August 2003 and 0.1 percent in July. The August 2003 core CPI is only 1.3 percent above the year-ago level, the weakest year-over-year increase since 1966.

The Conference Board reported that its Index of Consumer Confidence fell sharply in September 2003, roughly offsetting an increase in August. The decline in September is its third in four months. The drop in confidence reflects consumer's lower expectations for jobs and general business conditions. The index now stands at 76.8 (1996=100). While this is well below last September's 93.7 level, it is still above its cyclical low of 61.4 reached last March.

On the positive side, the Conference Board also reported that U.S. Index of Leading Indicators rose 0.4 percent in August. The index has increased or remained unchanged for five consecutive months and nine of the last twelve months. The leading index supports the likelihood of a sustained recovery. The August index level is 113.3 (1996=100). Four of the ten components of the index increased in August. The interest rate spread was the largest positive contributor in August.

The Federal Open Market Committee (FOMC) met twice since the June forecast. Both times it voted to leave its target rate for federal funds unchanged at 1.0 percent and stated that it believes that an accommodative policy can be maintained for a considerable period. The FOMC issued virtually the same statement at the end of both meetings. The FOMC continues to believe that "spending is firming although the labor market has been weakening". The FOMC assessment is that "the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome fall in inflation exceeds that of a rise in inflation..."

The State Economy and Indicators

Revised data indicates that after four quarters of employment gains, the Washington economy again lost jobs in the second quarter of 2003. Wage and salary employment declined at a 0.5 percent annual rate in the second quarter of 2003, the first decline since the first quarter of 2002. The state has had a net job loss of 8,700 jobs since the official end of the U.S. recession in November 2001. Continued weakness in manufacturing again led the decline in the second quarter. Manufacturing employment fell at a 17.7 percent annual rate in the second quarter following declines of 5.6 and 7.2 percent in the first quarter of 2003 and fourth quarter of 2002. Washington manufacturing employment has been falling since the third quarter of 1998 (twenty consecutive quarters after adjusting for the impact of the Boeing strike in the first quarter of 2000.) Aerospace employment declined at a 10.3 percent annual rate in the second quarter of 2003. Aerospace employment has now declined for seven consecutive quarters and it is still expected to decline further. Air travel remains weak. This has put most airlines in financial straits and has reduced or eliminated the need to purchase more aircraft.

Washington's seasonally adjusted unemployment rate is 7.5 percent in August 2003, unchanged from July 2003, but down from 7.8 percent in June. The state's August 2003 unemployment rate is more than a percent above the U.S. August 2003 unemployment rate and is other than in June, 2003, the highest it has been since August 1993,

Other state economic indicators are mixed. The Seattle Times Index of Help-Wanted Advertising fell in August 2003 after increasing in June and July. The index has risen three of the last five months after hitting a cycle low of 56.7 in March. The August 2003 index is 59.1 (1987=100). This is 8.7 percent below the year-ago level. Washington's average weekly hours in manufacturing (seasonally adjusted) rose to 40.9 in August 2003, the third increase in four months. Average weekly hours in manufacturing are now 2.0 percent above the year-ago level. The Washington Purchasing Management Index declined in August 2003, the third decline in four months. It, however, remains

above 50, at 54.7 and has been above 50 since April. (A reading above 50 indicates expansion, below 50 indicates contraction.)

The Washington Index of Leading Indicators rose in August to 96.2 from 96.0 in July (1996=100). The August increase is a small but positive sign that the economy will start to improve. The index has now increased in three of the past four months, although for the past year the index has increased six months and has declined six months. The index level is a little (0.4 percent) below the year-ago level. While only two of the seven components of the index were up in August, their increase outweighed the components that declined. The two components of the index that pushed the index up in August were the U.S. leading index and average weekly hours in manufacturing. The component that pushed the index down in August were: a higher exchange rate, a decrease in building permits, higher initial claims for unemployment insurance, a decline in the Seattle help wanted index and a decline in aerospace employment.

**This is based on the most recent data from the Bureau of Economic Analysis (the final GDP estimates for the second quarter of 2003 released September 26, 2003.) The September 2003 economic forecast was completed prior to the final GDP release, and shows a 2.4 percent increase in real GDP for the second quarter of 2003.*

Washington State Economic Indicators

Chart 2.1
Year-over-Year Employment Growth
 January 1980 to August 2003

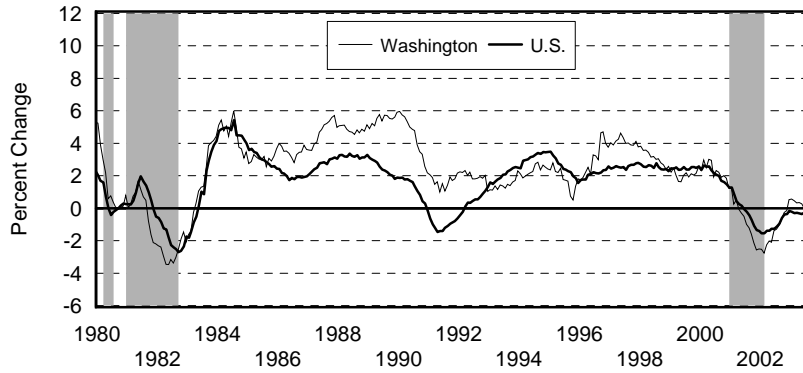


Chart 2.2
Washington Aircraft and Parts Employment
 January 1958 to August 2003

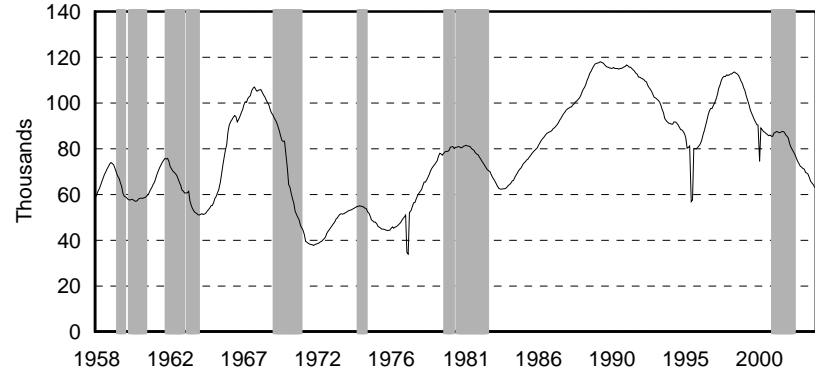


Chart 2.3
Unemployment Rate, S.A.
 January 1980 to August 2003

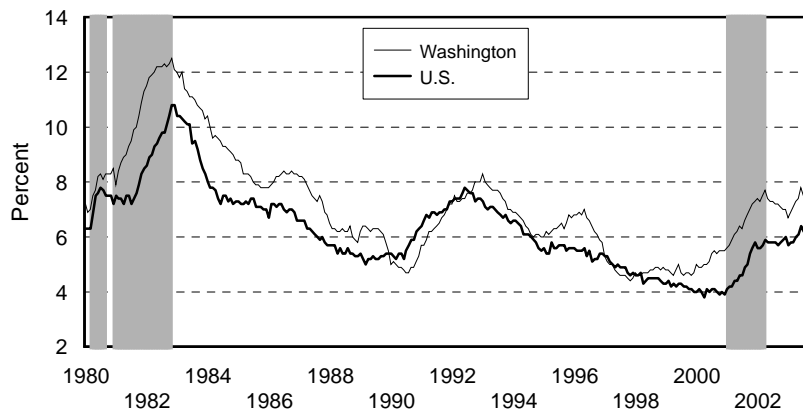
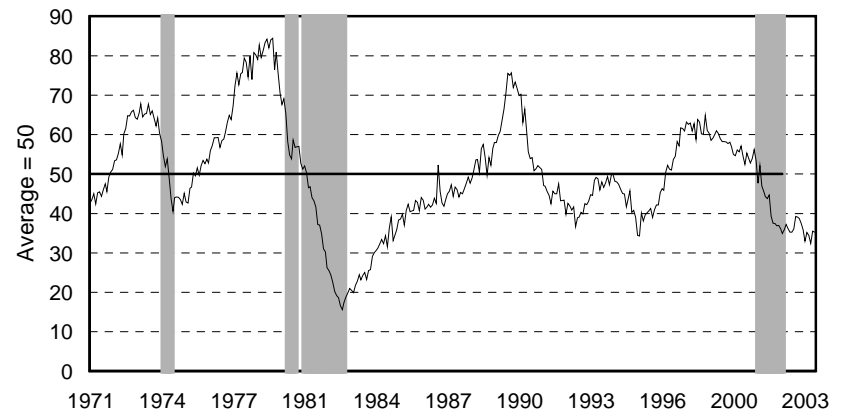


Chart 2.4
Washington Boom Monitor Composite Index
 July 1971 to August 2003



* Shaded areas correspond with Washington employment downturns.

Washington State Leading Indicators

Chart 2.5
The Washington and U.S. Indexes of Leading Indicators
January 1970 to August 2003

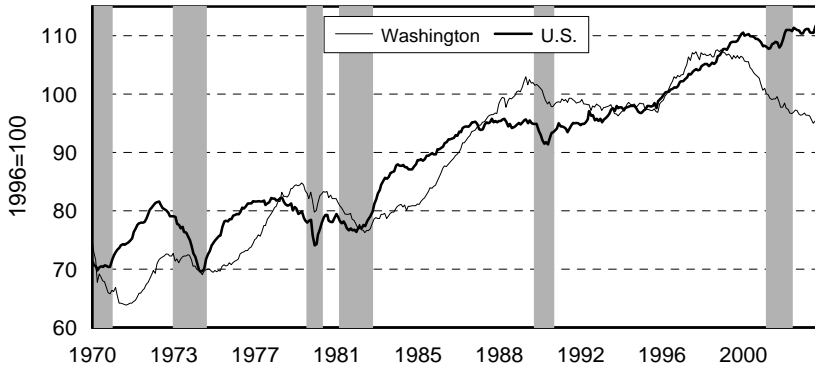


Chart 2.6
Washington Initial Claims for Unemployment Insurance
January 1970 to August 2003

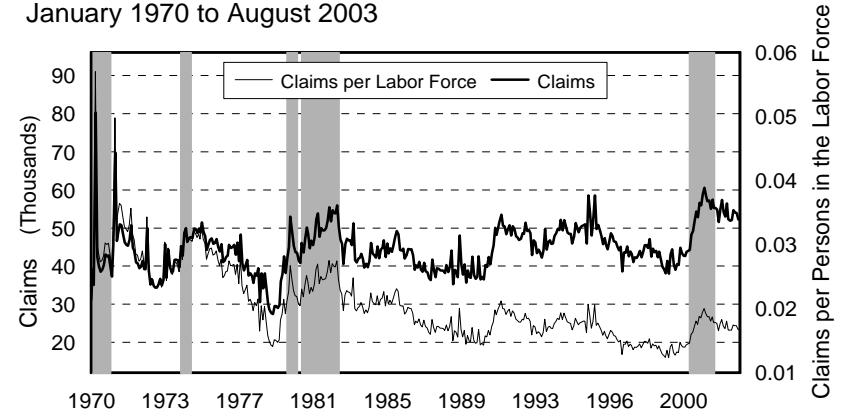


Chart 2.7
Seattle Times and U.S. Help-Wanted Advertising Indexes
January 1970 to August 2003

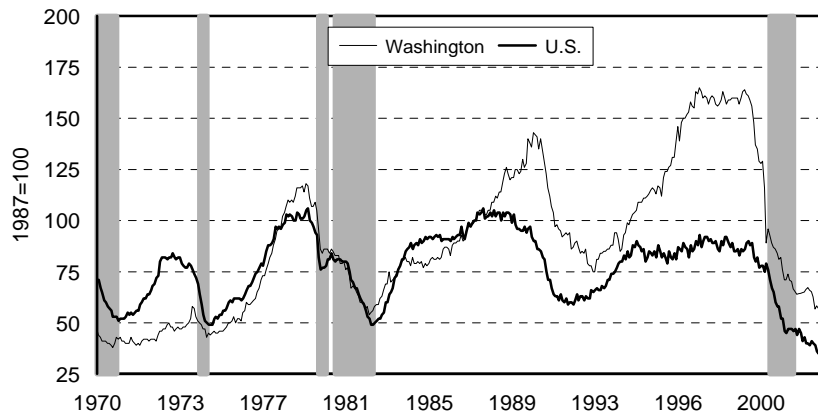
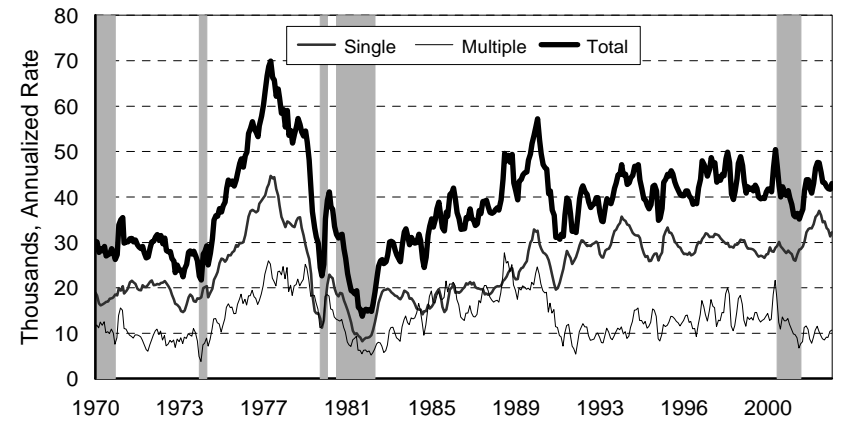


Chart 2.8
Housing Units Authorized in Washington State
January 1970 to August 2003, 3-Month Moving Average



Shaded areas in all charts correspond with Washington employment downturns.

Other State Economic Indicators

Chart 2.9
Average Weekly Hours in Manufacturing
 Jan. 1970 to August 2003, 3-Month Moving Average, SA

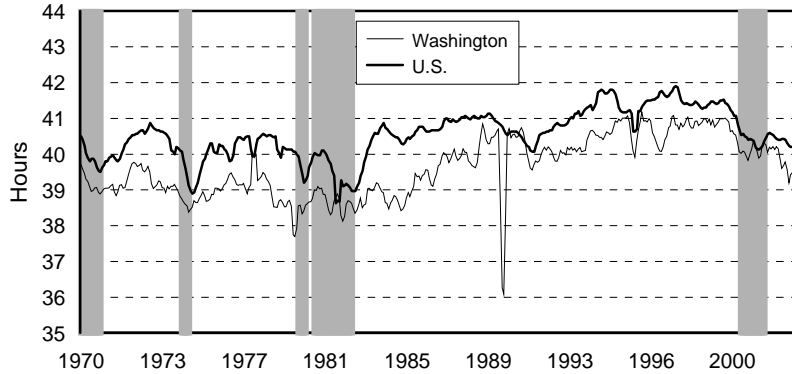


Chart 2.10
Washington Driver's License Migration
 September 1983 to August 2003, 12-Month Moving Average

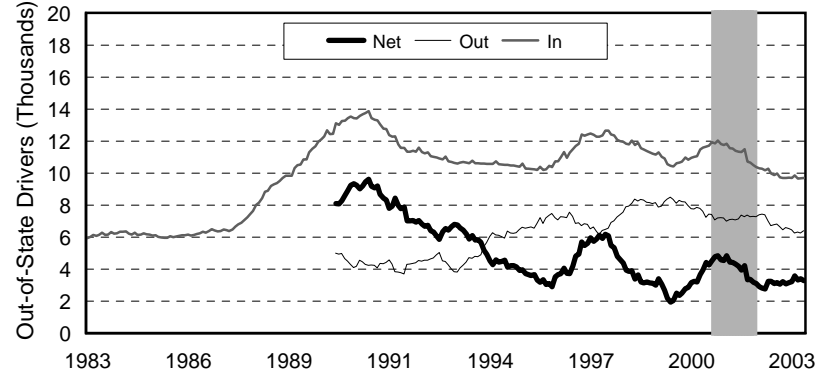


Chart 2.11
New Car and Truck Registrations in Washington
 January 1977 to August 2003, 6-Month Moving Average

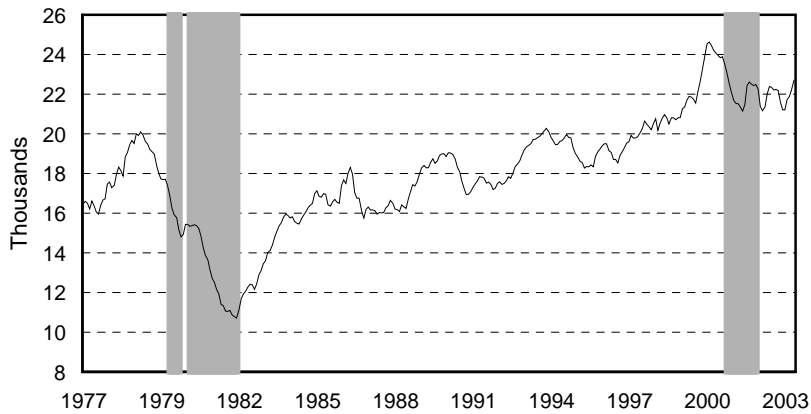
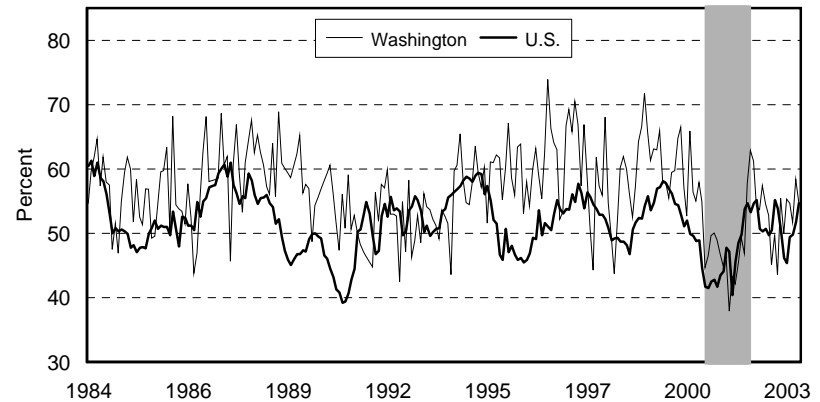


Chart 2.12
Institute for Supply Management Index
 January 1984 to August 2003



* Shaded areas correspond with Washington employment downturns.

Other Economic Indicators

Chart 2.13
Quarterly U.S. Real GDP Growth
 1970 Q1 to 2003 Q2

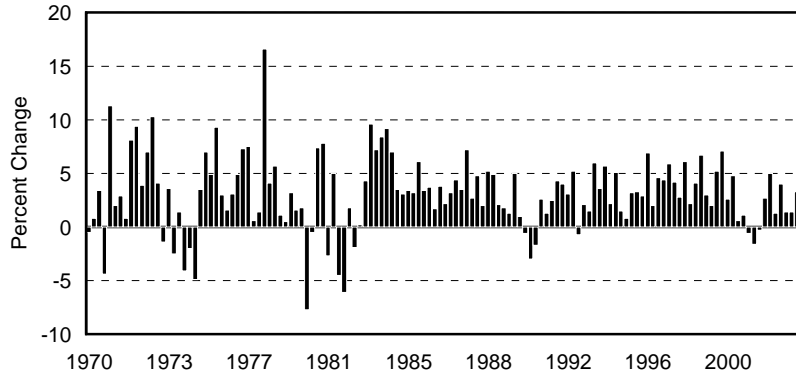


Chart 2.14
Washington State Export Composition
 Change from Same Quarter Year Ago, 1998Q1 to 2003Q2

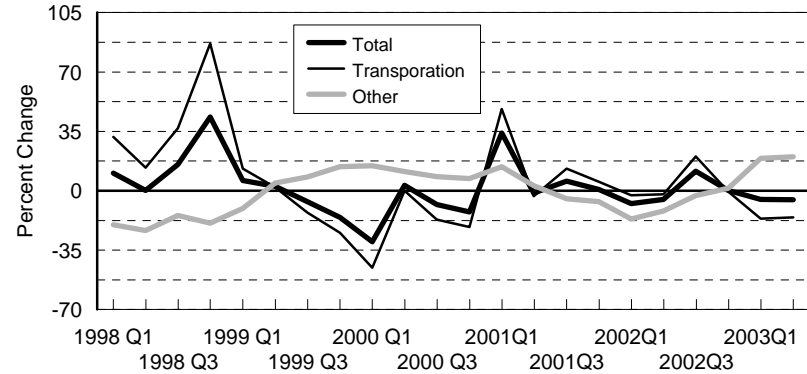


Chart 2.15
U.S. Economic Indicators*
 January 1970 to August 2003

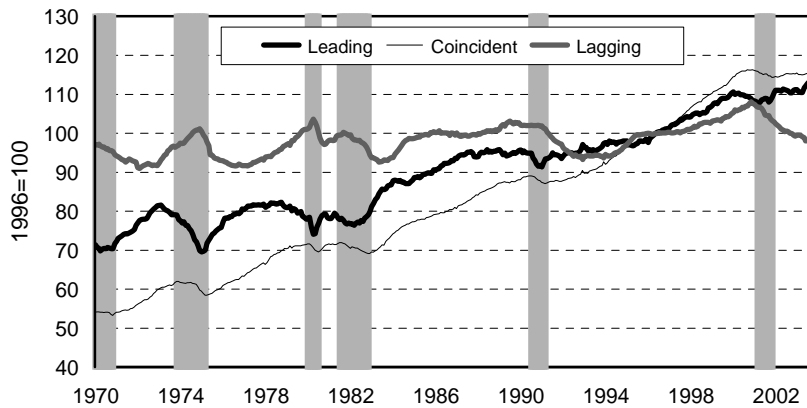
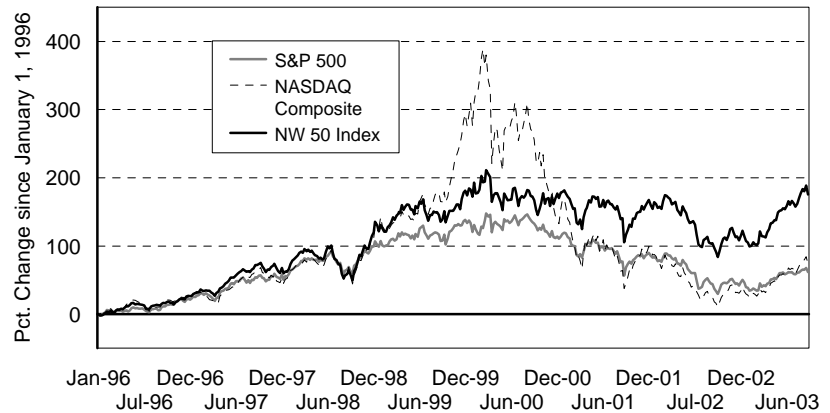


Chart 2.16
Northwest 50 Regional Stock Index vs. National Indices
 January 1, 1996 to September 26, 2003



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

Other Economic Indicators

Chart 2.17
Federal Funds Target Rate
 October 1, 1990 to September 26, 2003

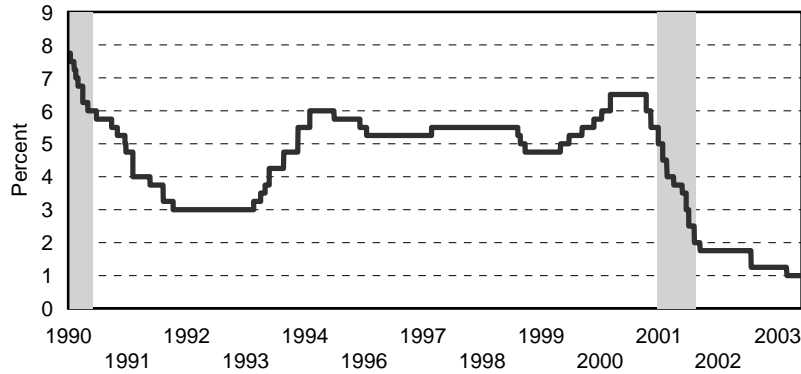


Chart 2.18
Consumer Confidence
 January 1978 to September 2003

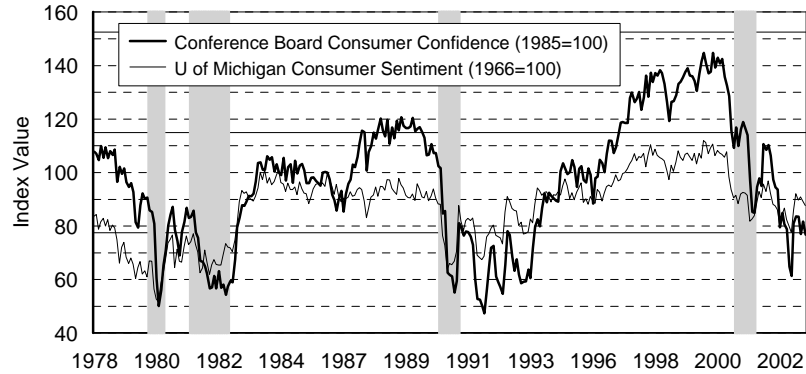
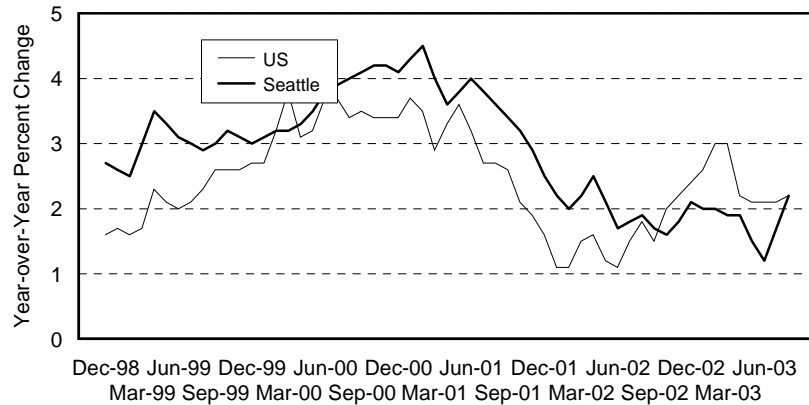


Chart 2.19
Seattle vs U.S. CPI (All Urban Consumers)
 December 1998 to August 2003



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

Table 2.1
Washington Business Indicators
 Historical Data

| | Washington Index of Leading Indicators | U.S. Index of Leading Indicators | Seattle Index of Help-Wanted Advertising | U.S. Index of Help-Wanted Advertising | Washington Purchasing Management Index | U.S. Purchasing Management Index |
|---------|--|--|--|---|--|--|
| 2001:6 | 99.1 | 108.7 | 84 | 58 | 46.8 | 43.5 |
| 2001:7 | 99.1 | 109.0 | 81 | 58 | 44.9 | 44.1 |
| 2001:8 | 99.5 | 108.9 | 82 | 52 | 46.4 | 47.8 |
| 2001:9 | 98.6 | 108.0 | 76 | 52 | 37.9 | 47.1 |
| 2001:10 | 97.6 | 108.4 | 71 | 46 | 43.3 | 40.4 |
| 2001:11 | 97.7 | 109.3 | 71 | 45 | 42.1 | 45.7 |
| 2001:12 | 98.2 | 110.5 | 74 | 47 | 45.5 | 48.5 |
| 2002:1 | 97.6 | 111.0 | 71 | 47 | 49.4 | 49.8 |
| 2002:2 | 97.4 | 111.0 | 70 | 47 | 46.9 | 53.8 |
| 2002:3 | 96.8 | 111.0 | 67 | 46 | 57.7 | 54.7 |
| 2002:4 | 96.7 | 110.8 | 65 | 47 | 62.9 | 53.3 |
| 2002:5 | 96.9 | 111.4 | 64 | 44 | 61.3 | 54.7 |
| 2002:6 | 97.3 | 111.2 | 64 | 47 | 54.2 | 55.1 |
| 2002:7 | 97.2 | 111.0 | 64 | 45 | 53.7 | 50.7 |
| 2002:8 | 96.6 | 110.9 | 65 | 41 | 57.4 | 50.3 |
| 2002:9 | 96.4 | 110.4 | 65 | 43 | 54.6 | 50.7 |
| 2002:10 | 96.5 | 110.4 | 66 | 40 | 52.8 | 49.7 |
| 2002:11 | 96.8 | 111.0 | 67 | 40 | 45.1 | 50.5 |
| 2002:12 | 96.4 | 111.2 | 66 | 39 | 49.8 | 55.2 |
| 2003:1 | 96.4 | 111.2 | 65 | 41 | 43.5 | 53.9 |
| 2003:2 | 96.3 | 110.6 | 63 | 40 | 55.5 | 50.5 |
| 2003:3 | 95.6 | 110.5 | 57 | 39 | 50.0 | 46.2 |
| 2003:4 | 95.0 | 110.5 | 58 | 36 | 55.3 | 45.4 |
| 2003:5 | 95.4 | 111.7 | 57 | 35 | 54.7 | 49.4 |
| 2003:6 | 96.4 | 112.1 | 60 | 38 | 51.7 | 49.8 |
| 2003:7 | 96.0 | 112.8 | 62 | 38 | 58.4 | 51.8 |
| 2003:8 | 96.2 | 113.3 | 59 | 37 | 54.7 | 54.7 |

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Washington State Revenue Forecast Summary

Introduction

The Economic and Revenue Forecast Council approved a \$5.8 million reduction to Washington’s General Fund-State (GFS) revenue forecast at its September 18, 2003 meeting. Although the national economy is showing some signs of recovery, there still has been no sustained improvement in either the U.S. or Washington job market since the recession officially ended in November 2001. Revenue collections have been a little higher than expected in the three months since the June forecast, however, most of this was due to non-recurring items. The change to the revenue forecast in September is very small and essentially is a “no-change” forecast. It encompasses two biennia and includes \$20.4 million less than expected revenue in the 2001-03 biennium and a \$14.7 million increase to the forecast for the 2003-05 biennium.

General Fund-State revenue in 2001-03 biennium which ended on June 30, 2003 totaled \$21,141.5 million. This was \$120.6 million, 0.6 percent, less than what was collected the 1999-01 biennium. While this decline reflects tax law changes (e.g. Initiatives 728, 747 and 773, and legislative changes) as well as a weaker economy, revenue growth, excluding law changes, was the weakest since the recession-plagued 1981-83 biennium.

The September 2003 GFS revenue forecast expects \$22,755.7 million in the 2003-05 biennium, which spans the period July 2003 through June 2005. The September 2003 outlook for the 2003-05 budget period while a little higher than in June is fundamentally the same as recent forecasts.

| Table 3.1 | | Cash Basis | | |
|--|------------------------|------------------------|------------------------|--|
| Revision to the General Fund-State Forecast | | | | |
| September 2003 | | | | |
| (Millions of dollars) | | | | |
| | <u>2001-03</u> | <u>2003-05</u> | <u>Both</u> | |
| | <u>Biennium</u> | <u>Biennium</u> | <u>Biennium</u> | |
| Non Economic Changes | \$0.0 | \$0.0 | \$0.0 | |
| Forecast Change | <u>(20.4)</u> | <u>14.7</u> | <u>(5.8)</u> | |
| Total Change* | (\$20.4) | \$14.7 | (\$5.8) | |

*Detail may not add to totals due to rounding

The economy is expected to improve over the course of the biennium but growth will be weaker than in a typical recovery. The September forecast expects \$1.6 billion, 7.6 percent more GFS revenue in the 2003-05 biennium than in the 2001-03 budget period. However, much of the increase will be due to tax law changes, not a robust economy. Excluding law changes, GFS revenue is expected to increase only 5.8 percent in the 2003-05 biennium.

Although GFS revenue in the 2001-03 biennium was a little less than expected in June, the preliminary GFS unrestricted ending balance for the 2001-03 biennium is \$415.8 million, up \$117.5 million from the June outlook. The higher balance is primarily due to \$137.9 million of Federal fiscal relief for the 2001-03 biennium, part of the nearly \$400 million the state will receive from the federal government. The Emergency Reserve Fund ended the with a \$57.6 million balance on June 30, 2003.

The GFS unrestricted ending balance for the 2003-05 biennium is projected to be \$482.0 million. This is \$363.8 million more than assumed in June and is primarily due to expectations of additional federal fiscal relief (\$252.6 million), a higher GFS revenue forecast (\$14.7 million), a higher beginning balance (\$117.5 million), a revision to the amount expected to be transferred from the Emergency Reserve Fund to the General Fund (\$-1.3 million), and changes to appropriations (-\$19.7 million).

Background and Assumptions

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

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

becomes the official forecast of GFS revenue. An outline of the forecast process, including a summary of the September 2003 baseline forecast for the 2003-05 biennium is shown in Table 3.2.

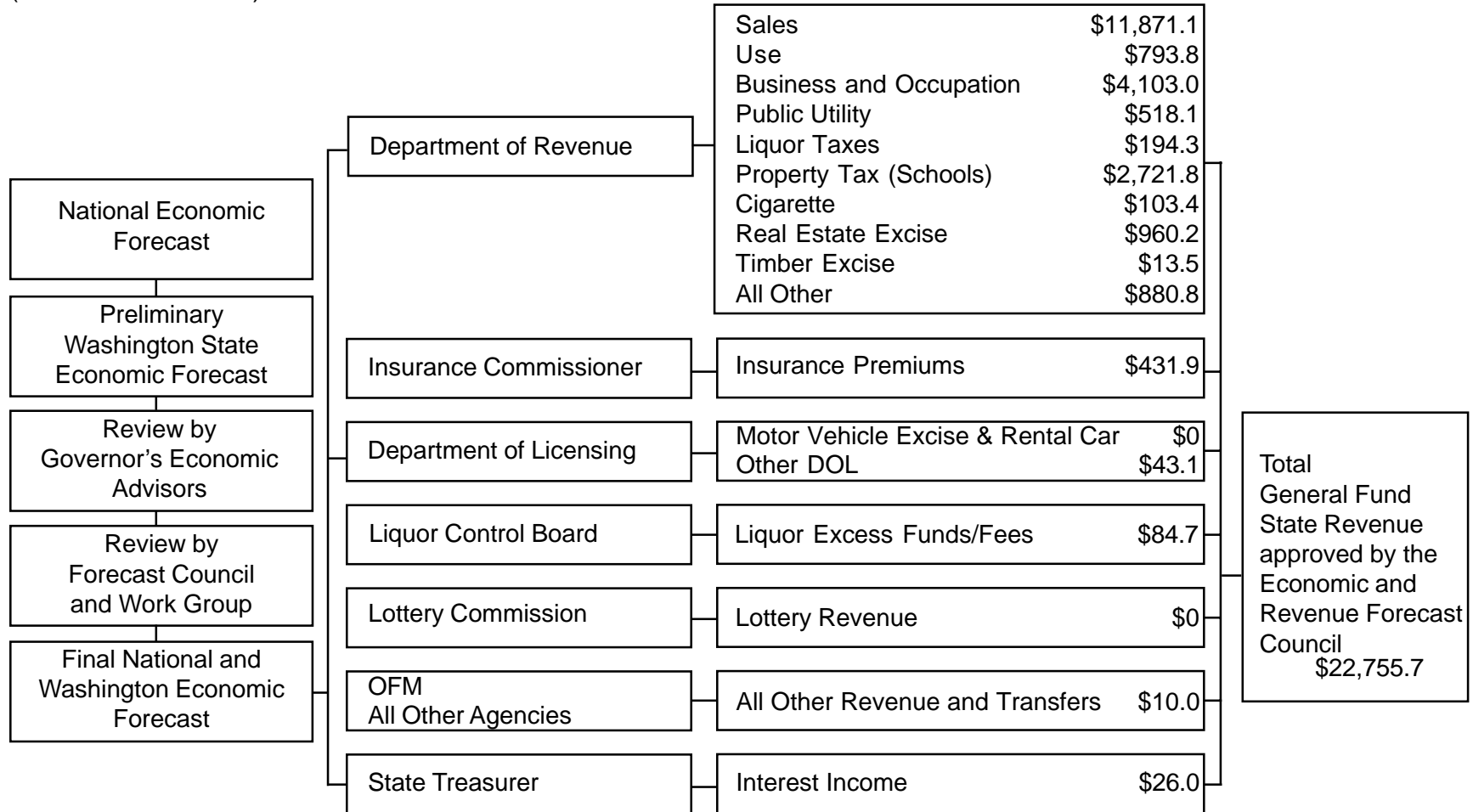
September 2003 Forecast Assumptions

1. The September 2003 GFS revenue forecast is based in part on the economic forecast for the U.S. and the Washington State economies presented in Chapter 1 of this publication. The economic outlook for the state is in part based on the Global Insight Inc. August 2003 baseline forecast for the U.S. economy.
2. The GFS revenue forecast is based on current law and administrative practices. There were no new non-economic impacts to the GFS forecast in September. The impact of 2003 legislation on General Fund-State revenue enacted during the 2003 legislative sessions was included in the forecast in June.
3. Under provisions of Initiative 728, passed by the voters in November 2000, lottery revenue was dedicated to a newly created Student Achievement Account and to the School Construction Account. Prior to Initiative 728, lottery revenue went into the General Fund. Under provisions of E2SSB 6560, enacted during the 2002 legislative session, the state is participating in a multi-state lottery game. Proceeds from this new game go the General Fund, after the first \$102 million per year of uncommitted lottery earnings are transferred to the Student Achievement Account and the School Construction Account. Part II of Table 3.18 summarizes lottery distributions by fund.
4. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either have not yet been ruled on by the courts or are on appeal. Any impact on GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.
5. There have been several legislative and other non-economic changes affecting actual GFS receipts for the last few biennia as well as the forecast for the 2003-05 biennium. Receipts for the 1997-99 biennium were reduced by \$549 million as a result of legislation enacted during the 1996, 1997 and 1998 legislative sessions. New legislation and other non-economic changes (e.g. referendum 49) reduced GFS revenue for the 1999-01 biennium by \$568 million. New legislation and other non-economic changes have reduced the forecast of GFS revenue for the 2001-03 biennium by \$399 million. As of September 2003, new tax law changes have increased GFS revenue for the 2003-05 biennium by \$758 million. In addition, the effect of Initiative 728, which transfers a portion of revenue from the General Fund to the Student Achievement account, accelerates in the 2003-05 biennium, although due to legislation enacted during the 2003 session, the acceleration is much less than it was before. Still the I-728 transfers from the General Fund to the Student Achievement Account have a disproportional effect on GFS revenue for the 2003-05 biennium relative to the 2001-03 biennium. I-728 property tax transfers grow from \$267.0 million in the 2001-03 biennium to \$329.3 million in the 2003-05 biennium (See part I of Table 3.18.)

Recent Collection Experience

Revenue collections in the three months since the June forecast were \$44.1 million, 1.7 percent, above the forecast. However, excluding some large, non-recurring transactions, collections were only \$13.6 million (0.5 percent) above the estimate. Higher than expected real estate excise tax payments accounted

Table 3.2
Economic and Revenue Forecast Flow Chart*
 General Fund-State
 2003-05 Biennium
 (Amounts in millions)



* Cash Basis

for more (\$16.2) than the total variance excluding non-recurring transactions. Revenue Act taxes (Washington's major excise taxes: sales, use, business and occupation and public utility taxes) were \$16.9 million more than expected in the last three months. This variance includes some large audit payments and a one-time transfer. Excluding these non-recurring transactions Revenue Act collections were \$11.5 million less than expected. Other GFS revenue was \$26.6 million higher than projected in June. Most of this was due to much higher than expected real estate excise tax (\$16.2 million), estate tax (\$3.2 million), unclaimed property transfers (\$2.0 million), nursing home fees (\$2.1 million), and cigarette tax payments (\$1.0 million). The variance in the nursing home fees was solely due to timing. Although total revenue was higher than expected in the last three months, with the exception of the real estate excise tax, revenue sources that are most closely tied to the economy (Revenue Act taxes: retail sales, use, business and occupation and public utility taxes) were less than expected.

The rate of increase of Revenue Act tax receipts has improved but still remains very weak. In the most recent month (reflecting July business activity) Revenue Act receipts were 3.1 percent above the year-ago level. Along with low interest rates and refinancing activity, consumer spending in July was likely boosted by tax rebate checks. Revenue act tax payments increased 2.4 percent the prior month after adjusting for special factors and new legislation. A weak April held Revenue Act growth to only 1.6 percent in the second quarter of 2003. It declined 0.1 percent in the first quarter.

Preliminary data of 8,000 large taxpayers who filed their returns and payments electronically for the most recent month (August 11 – September 10, 2003) show tax payments up 8.0 percent for firms in the retailing sector. Outside retailing, tax payments were up but only 2.2 percent. Within retailing, all major sectors reported an increase. The sector reporting the largest year-over-year increase in tax payments at the three-digit NAICS level was electronic and appliance stores (22.4 percent). Building equipment and garden equipment retailers also reported a double-digit increase in tax payments (11.2 percent). The smallest gains in the retail trade sector were reported by non-store retailers (1.0 percent) and food & beverage stores (1.8 percent). For non-retailers, gains were reported by several sectors including the manufacturing, construction,

Table 3.3
Collection Variance of Major General Fund-State Taxes by Agency

June 11 - September 10, 2003

Based on the June 2003 Forecast (Millions of Dollars)

| <u>Agency/Source</u> | <u>Collection Variance*</u> | <u>Percent of Estimate</u> | <u>Adjusted Variance**</u> | <u>Percent of Estimate</u> |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| Department of Revenue | | | | |
| Revenue Act ¹ | \$16.9 | 0.8% | (\$11.5) | -0.5% |
| Non Revenue Act ² | \$26.6 | 6.5% | 24.5 | 6.0% |
| Subtotal | <u>\$43.5</u> | <u>1.7%</u> | <u>13.0</u> | <u>0.5%</u> |
| Department of Licensing ² | \$0.7 | 7.2% | 0.7 | 7.2% |
| Other | na | na | na | na |
| Total*** | \$44.1 | 1.7% | \$13.6 | 0.5% |

¹ Revenue Act taxes consist of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections June 11, 2002 through September 10, 2003.

² Variance based on June 2003 through August 2003 collections. Major Non Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.

* Collection variance: actual tax payments compared to monthly estimates based on the June 2003 forecast.

** Variance adjusted for several large, non-recurring refunds, audit payments and transfers.

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

wholesale trade as well as several service sectors. Declines were reported by utilities, the information sector and some service sectors.

Real estate activity is still doing better than expected. Low mortgage rates continue to fuel the residential housing market, contributing to strong growth in real estate activity. Real estate activity, as measured by real estate sales subject to the state's real estate excise tax, was 23.9 percent above the year-ago level in the three months since the June forecast and was 22.2 percent above the year-ago level for the first seven months of calendar 2003. The number of real estate transactions increased 14.9 percent in the last three months and 12.1 percent for the calendar year-to-date. The average price per transactions was up 7.9 the last three months and 8.9 for the year-ago-date.

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were \$697,000 (7.2 percent) above the estimate in the three months since the June forecast. During this period, Department of Licensing General Fund collections were 3.6 percent above the year-ago level.

The General Fund-State Forecast for the 2003-05 Biennium

Both economic and revenue growth in the 2001-03 biennium were very weak, in fact, the weakest since the 1981-83 biennium. Wage and salary employment, which increased 4.3 percent in the 1999-01 biennium, declined 1.4 percent in the 2001-03 budget period. Wage and salary employment fell 2.1 percent in the 1981-83 biennium. Similarly, real personal income grew only 2.8 percent in the 2001-03 biennium after having increased 9.9 percent in the 1999-01 period. Real income growth was only slightly better than the 2.4 percent increase in the 1981-83 biennium. The weak economy took a big bite out of GFS revenue in the 2001-03 budget period. Preliminary data show the state collected \$22,141.5 million in the 2001-03 biennium which ended June 30, 2003. This is \$121 million (0.6 percent less than what was collected in the 1999-01 biennium. In fiscal 2003, the second year of the biennium, revenue increased 2.3 percent after a terrible fiscal 2002, which saw a 3.5 percent decline in GFS revenue. Although GFS revenue in the current biennium has been significantly reduced by various tax law changes, including the passage of Initiative 728, as well as initiatives 747 and 773, much of the weakness in GFS revenue growth is due to the weak economy. GFS revenue in the 2001-03 biennium after adjusting for the impact of major tax law changes is expected to be only 1.9 percent above the 1999-01 biennium. Inflation adjusted growth of the retail sales adjusted tax base declined 1.6 percent for the biennium. This is the first decline since it fell 9.1 percent in the 1981-83 biennium. It grew 8.7 percent in the 1999-01 biennium. Inflation adjusted growth of the business and occupation adjusted tax base did even worse, dropping, 4.6 percent in the 2001-03 biennium. This is also the worst showing since the 1981-83 biennium.

The economy is showing signs of a recovery but economic signals are mixed. Total output as measured by Gross Domestic Product (GDP) is up as is consumer spending. Even business investment spending is showing signs of improvement. However, there is yet no job growth. Although the U.S. recession ended in November 2001, the state and the nation continue to loose jobs. Nationally, the U.S economy has lost 1.1 million jobs since November 2001 and the state has lost 8,700. Currently consumers and business spending has accelerated boosted by a heavy dose of fiscal stimulus. While there is still some question as to whether the economy has enough strength to grow beyond the initial phase of the fiscal stimulus, the forecast remains optimistic. The September 2003 forecast for the 2003-05 biennium (July 1, 2003 to June 30, 2005) continues to assume a moderate recovery for both the U.S. and the Washington economies. While personal income and employment growth are expected to be well above the depressed levels experienced in the 2001-03 biennium, growth is forecast to be weaker than past recovery periods. Air travel remains down and it is not expected to return to pre September 11th levels until 2004 at the

earliest. This continues to affect airline profitability and their ability to purchase aircraft. Consequently, aircraft manufacturing, the state's largest manufacturing sector, is not expected to recover until 2005. Even then, its recovery will be very weak. Many of the aerospace jobs lost during this downturn will not return in the 2003-05 biennium. The combination of a weak U.S. recovery and a depressed aerospace sector will contribute to less than average employment and income growth for the state in the 2003-05 biennium. State nominal personal income is expected to increase only 8.3 percent in the 2003-05 biennium, up from the 6.4 percent increase during the 2001-03 biennium but less than half its long run average. Similarly wage and salary employment growth is expected to increase only 1.2 percent in the 2003-05 biennium, well below its long run average. While the forecast assumes GFS revenue will improve in the 2003-05 biennium, revenue growth, like the economy, is expected to be relatively weak. GFS revenue in the 2003-05 biennium is expected to total \$22,755.7 million. This is \$1.6 billion (7.6 percent) more than in the 2001-03 biennium. Adjusting for major legislative changes, GFS revenue is expected to grow only 5.8 percent.

Washington has no personal or corporate income tax. Three taxes: sales and use, business and occupation and the property tax (state school levy) comprise the majority of Washington's GFS revenue. These three taxes accounted for 85.2 percent of the \$21.3 billion total GFS cash receipts in the 1999-01 biennium and 85.9 percent of total GFS revenue in the 2001-03 biennium. These taxes are expected to account for 85.7 percent of GFS revenue in the 2003-05 biennium. The increase in these three taxes share of GFS revenue that occurred in the 2001-03 biennium is primarily due to a change in the disposition of lottery proceeds. Prior to the 2001-03 biennium, the majority of Lottery proceeds were deposited into the General Fund. Due to Initiative 728, beginning in fiscal 2002, most lottery proceeds were deposited in the Student Achievement Account and the School Construction Account instead of the General Fund. The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 80 percent in the 1991-93 biennium and from 75 percent twenty years ago. The retail sales and use tax, the state's largest revenue source generated \$11.7 billion, 55.0 percent of total GFS revenue in the 1999-01 biennium and \$11.8 billion, 55.6 percent of the total in the 2001-03 biennium. Sales and use taxes are

| <u>Biennium</u> | <u>Current Dollars</u> | <u>Percent Change</u> | <u>1996</u> | |
|----------------------|------------------------|-----------------------|------------------------|-----------------------|
| | | | <u>Chained Dollars</u> | <u>Percent Change</u> |
| 1961-63 | \$817.1 | | \$3,362.6 | |
| 1963-65 | 866.2 | 6.0% | 3,478.7 | 3.5% |
| 1965-67 | 1,128.6 | 30.3% | 4,357.5 | 25.3% |
| 1967-69 | 1,440.5 | 27.6% | 5,200.4 | 19.3% |
| 1969-71 | 1,732.7 | 20.3% | 6,188.5 | 19.0% |
| 1971-73 | 1,922.1 | 10.9% | 6,345.8 | 2.5% |
| 1973-75 | 2,372.4 | 23.4% | 6,772.5 | 6.7% |
| 1975-77 | 3,395.0 | 43.1% | 8,445.1 | 24.7% |
| 1977-79 | 4,490.0 | 32.3% | 9,785.8 | 15.9% |
| 1979-81 | 5,356.4 | 19.3% | 9,716.5 | -0.7% |
| 1981-83 | 6,801.4 | 27.0% | 10,729.6 | 10.4% |
| 1983-85 | 8,202.4 | 20.6% | 11,952.7 | 11.4% |
| 1985-87 | 9,574.6 | 16.7% | 13,127.7 | 9.8% |
| 1987-89 | 10,934.1 | 14.2% | 13,919.4 | 6.0% |
| 1989-91 | 13,309.0 | 21.7% | 15,561.1 | 11.8% |
| 1991-93 | 14,862.2 | 11.7% | 16,237.3 | 4.3% |
| 1993-95 | 16,564.6 | 11.5% | 17,296.7 | 6.5% |
| 1995-97 | 17,637.7 | 6.5% | 17,638.8 | 2.0% |
| 1997-99 | 19,620.1 | 11.2% | 19,028.0 | 7.9% |
| 1999-01 | 21,262.1 | 8.4% | 19,803.6 | 4.1% |
| 2001-03 ^F | 21,141.5 | -0.6% | 19,021.0 | -4.0% |
| 2003-05 ^F | 22,755.7 | 7.6% | 19,819.4 | 4.2% |

^F: September 2003 Forecast
*Total General Fund-State revenue and transfers. Cash basis; includes rate base and administrative changes. Modified cash basis: 1985-87 and prior; pure cash basis: 1987-89 and after. May not be comparable because the collection totals include the impact of rate, base and administrative changes.
Source: Department of Revenue, the Office of Financial Management and the Office of the Forecast Council 's September 2003 forecast.

expected to produce \$12.7 billion, 55.6 percent of total GFS revenue in the 2003-05 biennium. The business and occupation tax totaled \$3.8 billion in the 1999-01 biennium, 17.7 percent of total GFS revenue and \$3.8 billion, 17.9 percent of the total, in the 2001-03 biennium. This tax is expected to produce \$4.1 billion, 18.1 percent of the total in the 2003-05 biennium. The state share of the property tax totaled \$2.7 billion, 12.5 percent of total GFS revenue in the 1999-01 biennium and \$2.6 million, 12.4 percent of the total in the 2001-03 biennium. It is forecast to produce \$2.7 billion in the 2003-05 biennium, 12.0 percent of total GFS revenue. The reduction in the property tax share of total GFS receipts reflects the impact of I-728, which transfers a portion of the state property tax levy from the General Fund to the Student Achievement Account beginning in the 2001-03 biennium. (See Part 1, Table 3.18.)

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$19.2 billion in the first quarter of 2003, the most recent quarter available. This was 1.0 percent higher than a year-ago. Taxable sales were 1.4 percent higher than the year-ago level in the fourth quarter of 2002. Taxable sales have now increased on a year-over-year basis for three consecutive quarters after having fallen or remained unchanged for five straight quarters. Even with the improvement the last couple of quarters, Washington taxable retail sales remain quite weak. Taxable sales are growing slower than state personal income and retail sales nationally. U.S. retail and food service sales increased 4.3 percent in the first quarter of 2003 following a 1.9 percent increase in the fourth quarter of 2002. Preliminary data indicate U.S. retail and food service sales increased 5.0 percent in the second quarter of 2003. The September 2003 forecast assumes that taxable sales in Washington increased 3.1 percent in the second quarter of 2003.

Analysis of the growth of taxable sales in the first quarter of 2003 by sector is difficult this quarter due to a large number of industry reclassifications. Industry comparison is still on a Standard Industrial Classification (SIC) basis. The Department of Revenue is in the process of converting to the North American Industry Classification System (NAICS). Taxable sales data including history will be available on a NAICS basis in early 2004. The retail trade sector, which accounts for about half of all taxable sales, was 3.6 percent above the year-ago level. This is based on data that is not adjusted for changes in industry classifications that occurred between the first quarter of 2003 and a year ago and distorts the year-over-year comparison by sector. The gain after adjusting for SIC changes shows a 1.4 percent increase. Within retailing, for the fifth consecutive quarter building materials/hardware stores reported the biggest gain, 21.6 percent. General merchandise retailers also reported a large increase, 17.9 percent. This follows only a 1.2 percent increase last quarter. Declines were reported by two sectors: food stores reported a 24.4 percent decline from a year-ago while miscellaneous retailers reported a 2.0 percent decline. However, the picture changes after accounting for SIC changes. The building materials and hardware sector still showed the largest increase but it was only 5.2 percent. The general merchandise sector increased only 2.4 percent and while taxable sales reported by food stores was down from a year-ago, the decline was only 2.0 percent.

Taxable sales reported by non-retailing sectors declined 1.3 percent in the first quarter of 2003. However, after adjusting for SIC changes, taxable sales reported by non-retail sectors increase 0.5 percent in the first quarter. The year-over-year change varied widely among sectors on an adjusted basis. Taxable sales reported by the contract construction sector, which accounted for about 14 percent of all taxable sales in the first quarter of 2003, increased 1.6 percent. This follows a 4.6 percent increase last quarter and a 0.7 percent decline in the third quarter of 2002. Taxable sales reported by the service sector were only 0.2 percent above the year-ago level in the first quarter of 2003. This follows a 1.2 percent increase last quarter. Within services, hotel/motel establishments reported a 2.3 percent increase in taxable sales in the first quarter, after having increased 7.5 percent last quarter. Taxable sales reported by the manufacturing sector were up 10.6 percent in the first quarter but the wholesale trade sector reported a 0.7 percent drop. This is the tenth consecutive quarterly decline for wholesaling, a relative large sector

Chart 3.1
General Fund-State Revenue

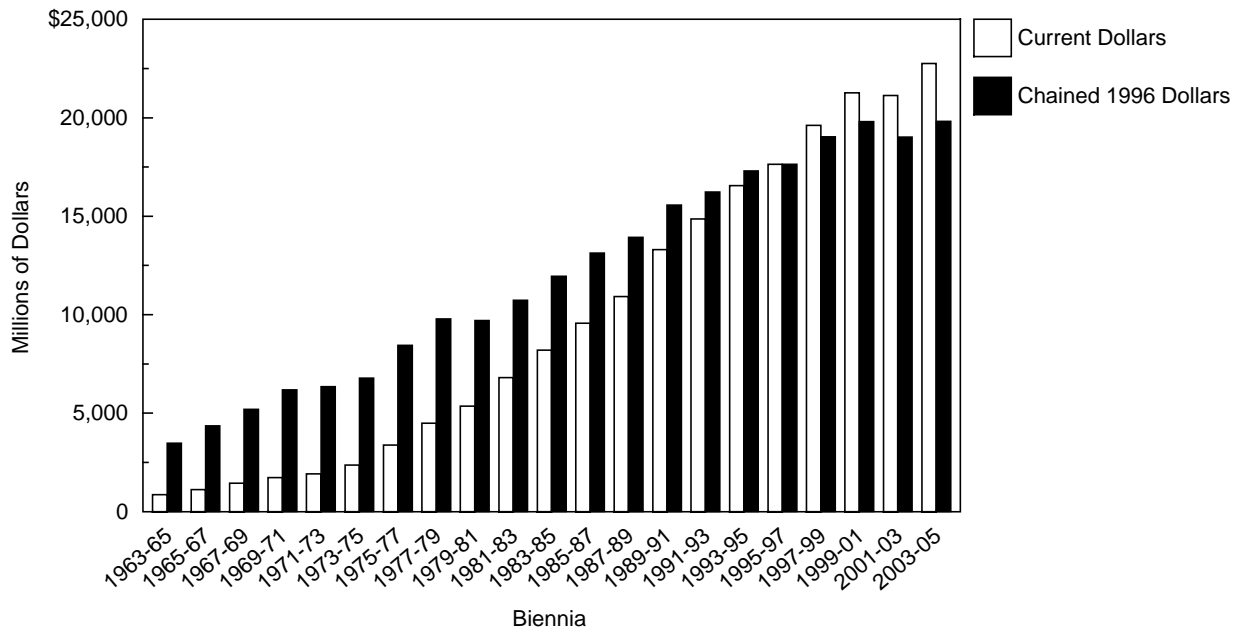


Chart 3.2
General Fund-State Revenue - Percent Change

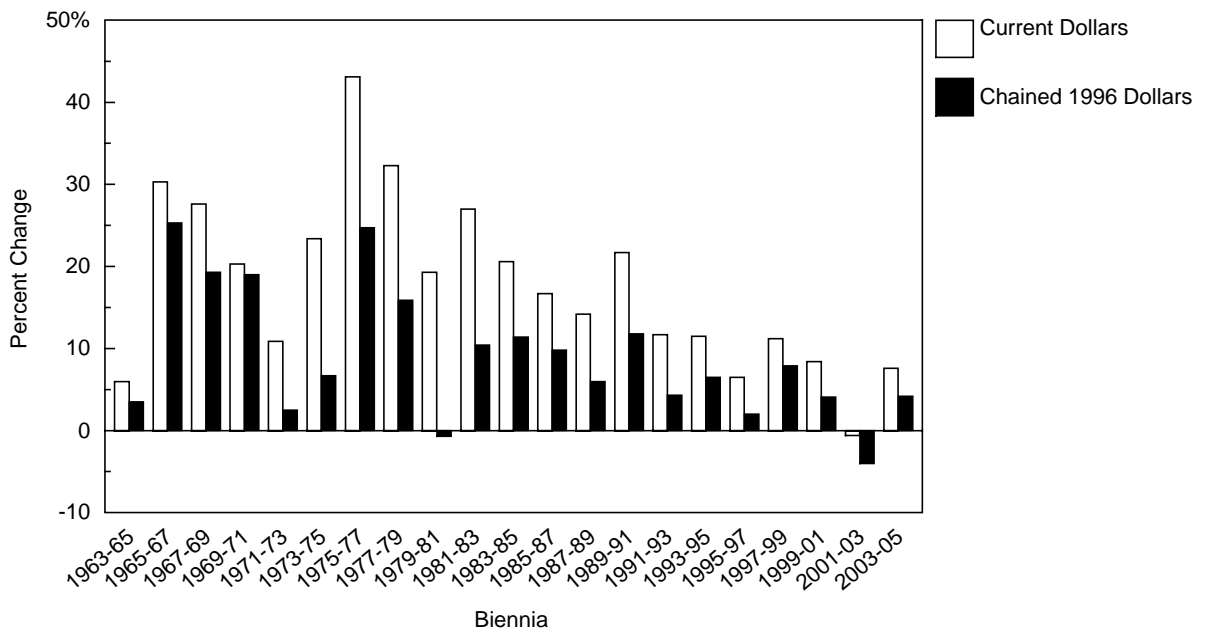


Chart 3.3
Composition of General Fund-State Revenue

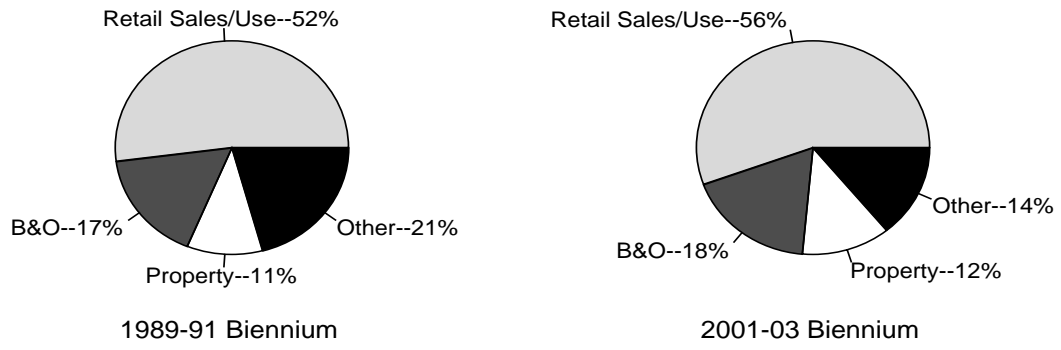
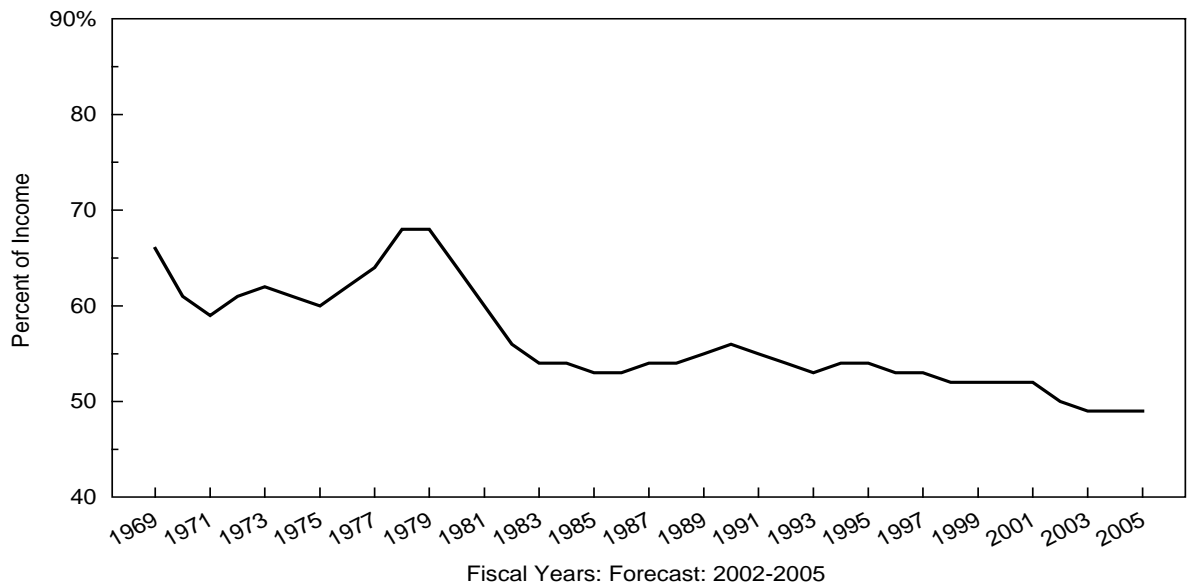


Chart 3.4
Taxable Sales* as a Percent of Personal Income



* Adjusted Base

which accounts for about 9.0 percent of all taxable sales. Taxable sales reported by the transportation, communications and utility sector declined 6.6 percent but the finance, insurance and real estate sector reported a 20.1 percent increase in taxable sales in the first quarter.

Taxable sales in the state's three largest counties (King, Snohomish and Pierce) were 0.1 percent higher than a year ago in the first quarter of 2003. Taxable sales increased 2.3 percent in the rest of the state. Taxable sales in King County declined 1.7 percent in the first quarter of 2003. King County taxable sales have now declined in seven of the last eight quarters. Taxable sales in Snohomish County increased 2.4 percent in the first quarter of 2003. Pierce County reported a strong 5.4 percent increase. Taxable sales in Spokane County were 3.6 percent above the year-ago level. Eastern Washington counties as a whole reported a 3.7 percent increase in taxable sales in the first quarter while west of the Cascades taxable sales were up only 0.6 percent. Taxable sales were up 1.6 percent in metropolitan counties in the first quarter and declined 3.4 percent in non-metropolitan counties.

Statewide taxable sales are still expected to increase 2.2 percent in fiscal 2003 after declining 1.4 percent in fiscal 2002. The drop in fiscal 2002 was the first fiscal year decline since fiscal 1984 when food was removed from the sales tax base. It could have been a lot worse. Low interest rates boosted consumer spending. This was particularly true of auto sales where low interest rates along with unprecedented dealer and manufacturers' incentives contributed to near record sales despite the recession. Taxable sales of auto/gas dealers were up 4.2 percent in fiscal 2002 despite the overall decline. With one more quarter to go in fiscal 2003, the 2.2 percent increase in taxable sales expected for fiscal 2003 looks achievable. This is the same rate of increase as assumed in the June forecast and is the weakest growth, aside from fiscal 2002, since 1996. The September forecast continues to expect modest improvement in taxable sales growth next biennium. Taxable sales are expected to increase 3.8 percent in fiscal 2004 and 5.4 percent in fiscal 2005. Part of the improvement in fiscal 2005 is a result of the expiration of the sales tax deferral/exemption program. This adds about a percent to taxable sales growth in fiscal 2005.

Table 3.5
Taxable Retail Sales*
September 2003 Forecast
(Millions of Dollars)

| <u>Fiscal Year</u> | <u>Amount</u> | <u>Percent Change</u> |
|--------------------|---------------|-----------------------|
| 1974 | 11,877 | |
| 1975 | 13,380 | 12.7% |
| 1976 | 15,493 | 15.8% |
| 1977 | 17,626 | 13.8% |
| 1978 | 21,121 | 19.8% |
| 1979 | 22,309 | 5.6% |
| 1980 | 24,057 | 7.8% |
| 1981 | 25,197 | 4.7% |
| 1982 | 26,097 | 3.6% |
| 1983 | 29,368 | 12.5% |
| 1984 | 29,156 | -0.7% |
| 1985 | 30,687 | 5.3% |
| 1986 | 32,158 | 4.8% |
| 1987 | 34,647 | 7.7% |
| 1988 | 37,452 | 8.1% |
| 1989 | 41,429 | 10.6% |
| 1990 | 47,183 | 13.9% |
| 1991 | 49,812 | 5.6% |
| 1992 | 53,189 | 6.8% |
| 1993 | 55,319 | 4.0% |
| 1994 | 59,010 | 6.7% |
| 1995 | 61,929 | 4.9% |
| 1996 | 62,817 | 1.4% |
| 1997 | 66,748 | 6.3% |
| 1998 | 72,059 | 8.0% |
| 1999 | 77,197 | 7.1% |
| 2000 | 83,385 | 8.0% |
| 2001 | 85,633 | 2.7% |
| 2002 | 84,418 | -1.4% |
| 2003 ^F | 86,197 | 2.2% |
| 2004 ^F | 89,178 | 3.8% |
| 2005 ^F | 94,396 | 5.4% |

^F Forecast.

* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984). Base extended to some personal services effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment) effective fiscal 1997. Changes in reporting, effective 1997. Additional exemptions effective fiscal 1999, 2000, 2001 and 2002. Additions to the tax base due to increased compliance efforts effective fy 2003. Fiscal 2005 affected by the expiration of the sales tax deferral/exemption program.

Forecast Change for the 2001-03 and the 2003-05 Biennia

The September forecast lowers total GFS revenue by only \$5.8 million. This is a very small, essentially, no change forecast, given that GFS revenue for the 2003-05 biennium is nearly \$23 billion. The forecast change in September is the smallest quarterly change to GFS revenue since March 1997. The \$5.8 million reduction encompasses two biennia. GFS revenue in the 2001-03 biennium, which ended June 30, 2003, end-up \$20.4 million less than what was expected in the June forecast. This reduction was partially offset by a \$14.7 million increase to forecast for the 2003-05 budget period.

Table 3.6 summarizes the changes to the September 2003 cash forecast for the 2001-03 and 2003-05 biennia by type of change. Tables 3.7 and 3.8 summarize revisions to the GFS revenue forecast for the 2001-03 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Table 3.9 and 3.10 summarize the change to the GFS revenue forecast for the 2003-05 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides the fiscal year forecast by major revenue source (cash basis). Table 3.12 a fiscal year summary of GFS cash receipts. Below is a brief summary of the changes to the forecast by agency.

Department of Revenue

The Department of Revenue collects and administers the majority of Washington's GFS revenue, accounting for more than 97 percent of total GFS revenue for the 2001-03 and 2005-05 biennia. The September forecast of GFS revenue sources administered and collected by the Department of Revenue is \$2.9 million lower than in June. The 2001-03 biennium, which ended June 30, 2003 ended with \$20.3 million less cash than expected in the June 2003 forecast. The forecast for the 2003-05 budget period is \$17.4 million higher than expected in June. Both changes are small. The September forecast is a fine tuning of the June outlook and is essentially a no-change forecast. It reflects lower receipts in the 2001-03 biennium and optimism for the 2003-05 budget period. The national economy continues to show signs of improvement in most areas: production, productivity, and even investment. The only missing element is jobs. This is also true for the state. While revenue growth has been sluggish, it too has shown some improvement. The small increase to the Department of Revenue GFS sources reflects this improvement. Still, the optimism is tempered with the possibility that unless job growth does occur as assumed in the forecast, revenue growth may again slow.

Far and away the largest change to the Department of Revenue GFS sources in September was a \$37.7 million increase to the real estate excise tax forecast. Of this total, \$3.8 million reflects higher collections in the 2001-03 biennium and \$34.0 million is due to an increase to the forecast for the 2003-05 biennium. The real estate market has maintained its strength longer than expected and has generated much more revenue than forecasted in June. Other increases to the Department of Revenue Forecast in September includes a \$4.6 million increase to the public utility tax forecast, a \$3.8 million increase to unclaimed property transfers to the General Fund and a \$1.8 million increase to the cigarette tax forecast. These changes reflect a combination of higher actual revenue in the 2001-03 biennium and expectations of higher revenue in the 2003-05 budget period. The largest reduction to the Department of Revenue GFS forecast in September was a \$21.3 million reduction to the business and occupation tax forecast. Business and Occupation tax revenue was \$0.7 million less than expected in 2001-03 biennium while the outlook for the 2003-05 biennium was reduced \$20.6 million. Business and Occupation tax revenue growth has been very weak and slow to recover this cycle compared to the recession of the early 1980's. Part of the 2003-05 reduction reflects this weakness but part is due to an unusually large refund that disproportionately reduced business and occupation tax receipts. Other reductions to the Department of Revenue forecast in

Table 3.6

Summary of Changes to the General Fund-State Forecast
 September 2003 Cash Forecast
 (Millions of Dollars)

| | | September 2003 |
|---|--------|-----------------------|
| | | <u>Change</u> |
| <u>I. 2001-03 Biennium</u> | | |
| <i>Collection Experience</i> | | (\$20.4) |
| Department of Revenue | | |
| Major Excise ¹ | (24.3) | |
| Other ² | 4.0 | |
| Department of Licensing ² | 0.1 | |
| Other GFS ³ | (0.2) | |
| Total Change for 2001-03 Biennium:* | | (\$20.4) |
| <u>II. 2003-05 Biennium</u> | | |
| <i>Collection Experience in the 2003-05 Biennium</i> | | \$64.6 |
| Department of Revenue ³ | 63.8 | |
| Other agencies ⁴ | 0.8 | |
| <i>Forecast Change for the 2003-05 Biennium</i> | | (\$49.9) |
| Department of Revenue | (46.4) | |
| Other agencies | (3.5) | |
| Total Change: 2003-05 Biennium | | \$14.7 |
| <u>Total Change: Both Biennia:*</u> | | (\$5.8) |

¹ Variance based on collections June 11 - June 30, 2003; retail sales, b&o, use & public utility taxes.

² Variance based on collections in June 2003.

³ Variance based on collections July 1- September 10, 2003. Includes some large, non-recurring transactions.

⁴ Variance based on collections in July & August 2003.

** Detail may not add due to rounding.

September include a \$7.0 million reduction to the use tax forecast and a \$5.4 million reduction to the newly enacted fee on some nursing homes. The forecast for the retail sales tax, the state's largest revenue source, was virtually unchanged in September. Although, it ended the 2001-03 biennium \$11.2 million less than expected in June, the forecast for the 2003-05 biennium was increased by virtually the same amount, \$11.3 million.

Department of Licensing

The majority of General Fund-State revenue collected by the Department of Licensing is from professional licenses, boat excise tax, and boat registration. The Department's General Fund-State estimate for the 2001-03 biennium has been increased \$0.1 million to \$42.6 million and its forecast for the 2003-05 biennium has been decreased \$0.9 million to \$43.1 million.

The Office of Financial Management (Other Agencies)

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, and the State Treasurer. The office's estimate for the 2001-03 biennium has been decreased \$1.0 million and now stands at negative \$4.7 million. The negative forecast indicates that General Fund revenue and transfers from the General Fund to the agencies overseen by the OFM are expected to exceed the revenue and transfers to the General Fund by those agencies. The OFM's forecast for the 2003-05 biennium has been increased \$2.5 million to \$10.0 million. This increase was due mainly to a forecast of increased fines and fees related to financial activities by the Department of Financial Institutions.

State Treasurer

The forecast and actual experience of the Office of the State Treasurer is based primarily on rate conditions and average daily balances for the funds within the Treasurer's control. The office's General Fund-State estimate for the 2001-03 biennium was decreased \$0.03 million to \$58.2 million. The office's forecast for the 2003-05 biennium has been decreased \$4.9 million to \$26.0 million due to a reduction in forecasted interest rates.

Insurance Commissioner

The forecast for the Office of the Insurance Commissioner is based on projections for premium volume of insurance companies in the State of Washington. The office's General Fund-State estimate for the 2001-03 biennium was increased \$0.3 million to \$389.6 million while its forecast for the 2003-05 biennium was unchanged at \$431.9 million.

Liquor Control Board

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The agency's estimate of excess funds and fees for the 2001-03 biennium was increased \$0.3 million to \$60.0 million and its forecast for the 2003-05 biennium was increased \$0.2 million to \$80.8 million. The agency's estimate of revenue from beer and wine surtaxes for the 2001-03 biennium was increased \$0.2 million to \$3.6 million and its forecast for the 2003-05 biennium was increased \$0.4 million to \$3.9 million.

Lottery Commission

Under Engrossed Second Substitute Senate Bill 6560, starting in fiscal 2003 the Lottery Commission transfers the unallocated portion of collections from sales of Lottery products to the General Fund. Under the bill, funds are not transferred unless there is lottery revenue remaining after the School Construction, Student Achievement, and stadium/exhibition center accounts receive their allotments. As in the June forecast, the Commission's current forecast does not predict having any post-allotment revenue to transfer to the General Fund for the 2003-05 biennium, nor did the General Fund receive lottery revenues in the 2001-03 biennium. Revenues transferred to the School Construction and Student Achievement Funds for the 2001-03 biennium came in \$1.4 million above the June forecast for a biennial total of \$165.2 million, while the forecast of transfers to these accounts for the 2003-05 biennium was unchanged at \$188.9 million.

Track Record for the 2001-03 Biennium

Preliminary data show GFS receipts in the 2001-03 biennium totaled \$21,141.5 million. This is \$20.4 million less than the June 2003 forecast. Actual 2001-03 GFS receipts are \$1.4 billion below the February 2000 forecast, which was the initial forecast for the biennium. This variance reflects both forecast error and non-economic changes. Excluding the impact of non-economic factors, primarily the impact of Initiative 728 and legislative changes, actual 2001-2003 revenue is \$994 million (4.4 percent) lower than the February 2000 forecast. There have been fourteen revisions to the forecast for the 2001-03 biennium since February 2000. Excluding non-economic changes, there have been six increases to the forecast and eight reductions, including the September 2003 revision. Table 3.13 summarizes the changes to the GFS forecast for the 2001-03 biennium since February 2000.

Track Record for the 2003-05 Biennium

The September 2003 GFS cash receipts forecast for the 2003-05 biennium totals \$22,755.7 million. This is \$14.7 million more than the June 2003 forecast. The September 2003 forecast is only \$34 million below the February 2002 forecast, which was the initial forecast for the biennium. Again, legislative changes distort the variance. Excluding the impact of non-economic factors, primarily the impact of 2002 and 2003 legislative changes, the September 2003 forecast is \$792 million (3.5 percent) lower than the February 2002 forecast. There have been six revisions to the forecast for the 2003-05 biennium since February 2002; five, have lowered expected revenue (excluding tax law changes), only one, the current forecast has increased the forecast. Table 3.14 summarizes the changes to the GFS forecast for the 2003-05 biennium since February 2002.

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

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GFS revenue forecast on both a cash and GAAP basis. Thus, there are two related but distinct GFS forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is prima-

Table 3.7

**Comparison of the General Fund-State Forecast by Agency
2001-03 Biennium; Cash Basis**
(Millions of dollars)

| Forecast by Agency | June 2003 Forecast¹ | Non- Economic Changes | Forecast Revision | September 2003 Forecast | Total Change |
|---------------------------------------|---|--------------------------------------|------------------------------|--|-------------------------|
| Department of Revenue | | | | | |
| Retail Sales | \$10,998.2 | | (\$11.2) | \$10,987.0 | (\$11.2) |
| Business & Occupation Use | 3,791.4 | | (0.8) | 3,790.6 | (0.8) |
| Public Utility | 757.5 | | (4.4) | 753.1 | (4.4) |
| Liquor Sales/Liter | 520.5 | | 3.6 | 524.1 | 3.6 |
| Cigarette | 183.3 | | 0.1 | 183.4 | 0.1 |
| Property (State Levy) | 116.0 | | (0.2) | 115.8 | (0.2) |
| Real Estate Excise | 2,612.9 | | 0.5 | 2,613.5 | 0.5 |
| Timber Excise | 869.3 | | 3.8 | 873.1 | 3.8 |
| Other | 18.4 | | 0.0 | 18.4 | 0.0 |
| Subtotal | 745.1 | | (11.7) | 733.4 | (11.7) |
| | 20,612.6 | | (20.3) | 20,592.3 | (20.3) |
| Department of Licensing | | | | | |
| Boat excise, licenses, fees & other | 42.5 | | 0.1 | 42.6 | 0.1 |
| Insurance Commissioner | | | | | |
| Insurance Premiums | 389.2 | | 0.3 | 389.6 | 0.3 |
| Liquor Control Board | | | | | |
| Liquor Profits and Fees | 59.7 | | 0.3 | 60.0 | 0.3 |
| Beer & Wine Surtax | 3.4 | | 0.2 | 3.6 | 0.2 |
| Lottery Commission | | | | | |
| Lottery Revenue | 0.0 | | 0.0 | 0.0 | 0.0 |
| State Treasurer | | | | | |
| Interest Earnings | 58.3 | | (0.0) | 58.2 | (0.0) |
| Office of Financial Management | | | | | |
| Other | (3.7) | | (1.0) | (4.7) | (1.0) |
| Total General Fund-State * | \$21,162.0 | \$0.0 | (\$20.4) | \$21,141.5 | (\$20.4) |

¹ Forecast for the 2001-03 biennium adopted in June 2003.

*Detail may not add to totals because of rounding.

Table 3.8

**Comparison of the General Fund-State Forecast by Agency
2001-03 Biennium; GAAP Basis**
(Millions of Dollars)

| Forecast by Agency | June 2003 Forecast¹ | Non- Economic Changes | Forecast Revision | September 2003 Forecast | Total Change |
|---------------------------------------|---|--------------------------------------|------------------------------|--|-------------------------|
| Department of Revenue | | | | | |
| Retail Sales | \$11,055.5 | | (\$56.3) | \$10,999.2 | (\$56.3) |
| Business & Occupation Use | 3,774.7 | | (24.8) | 3,750.0 | (24.8) |
| Public Utility | 758.6 | | (13.8) | 744.7 | (13.8) |
| Liquor Sales/Liter | 521.9 | | (1.9) | 520.0 | (1.9) |
| Cigarette | 184.7 | | (1.1) | 183.6 | (1.1) |
| Property (State Levy) | 115.7 | | 0.3 | 116.0 | 0.3 |
| Real Estate Excise | 2,608.3 | | 0.2 | 2,608.4 | 0.2 |
| Timber Excise | 872.2 | | 10.1 | 882.3 | 10.1 |
| Other | 18.4 | | 0.0 | 18.4 | 0.0 |
| Subtotal | 738.4 | | 0.3 | 738.7 | 0.3 |
| | 20,648.3 | | (87.0) | 20,561.3 | (87.0) |
| Department of Licensing | | | | | |
| Boat excise, licenses, fees & other | 44.0 | | 0.1 | 44.1 | 0.1 |
| Insurance Commissioner | | | | | |
| Insurance Premiums | 389.2 | | 0.0 | 389.3 | 0.0 |
| Liquor Control Board | | | | | |
| Liquor Profits and Fees | 59.7 | | 0.3 | 60.0 | 0.3 |
| Beer & Wine Surtax | 3.4 | | 0.2 | 3.6 | 0.2 |
| Lottery Commission | | | | | |
| Lottery Revenue | 0.0 | | 0.0 | 0.0 | 0.0 |
| State Treasurer | | | | | |
| Interest Earnings | 54.3 | | 1.6 | 55.9 | 1.6 |
| Office of Financial Management | | | | | |
| Other | (5.2) | | (2.5) | (7.8) | (2.5) |
| Total General Fund-State * | \$21,193.7 | \$0.0 | (\$87.4) | \$21,106.3 | (\$87.4) |

¹ General Fund-State forecast for the 2001-03 biennium adopted June 2003.

*Detail may not add to totals because of rounding.

Table 3.9

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

| Forecast by Agency | June 2003 Forecast¹ | Non- Economic Changes | Forecast Revision | September 2003 Forecast | Total Change |
|---------------------------------------|---|--------------------------------------|------------------------------|--|-------------------------|
| Department of Revenue | | | | | |
| Retail Sales | \$11,859.9 | | \$11.3 | \$11,871.1 | \$11.3 |
| Business & Occupation Use | 4,123.6 | | (20.6) | 4,103.0 | (20.6) |
| Public Utility | 796.4 | | (2.6) | 793.8 | (2.6) |
| Liquor Sales/Liter | 517.0 | | 1.1 | 518.1 | 1.1 |
| Cigarette | 194.3 | | 0.0 | 194.3 | 0.0 |
| Property (State Levy) | 101.4 | | 2.0 | 103.4 | 2.0 |
| Real Estate Excise | 2,721.5 | | 0.3 | 2,721.8 | 0.3 |
| Timber Excise | 926.2 | | 34.0 | 960.2 | 34.0 |
| Other | 13.7 | | (0.2) | 13.5 | (0.2) |
| Subtotal | 888.7 | | (7.9) | 880.8 | (7.9) |
| | 22,142.6 | | 17.4 | 22,160.0 | 17.4 |
| Department of Licensing | | | | | |
| Boat excise, licenses, fees & other | 44.0 | | (0.9) | 43.1 | (0.9) |
| Insurance Commissioner | | | | | |
| Insurance Premiums | 431.9 | | 0.0 | 431.9 | 0.0 |
| Liquor Control Board | | | | | |
| Liquor Profits and Fees | 80.6 | | 0.2 | 80.8 | 0.2 |
| Beer & Wine Surtax | 3.5 | | 0.4 | 3.9 | 0.4 |
| Lottery Commission | | | | | |
| Lottery Revenue | 0.0 | | 0.0 | 0.0 | 0.0 |
| State Treasurer | | | | | |
| Interest Earnings | 30.9 | | (4.9) | 26.0 | (4.9) |
| Office of Financial Management | | | | | |
| Other | 7.5 | | 2.5 | 10.0 | 2.5 |
| Total General Fund-State * | \$22,741.0 | \$0.0 | \$14.7 | \$22,755.7 | \$14.7 |

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

*Detail may not add to totals because of rounding.

Table 3.10

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

| Forecast by Agency | June 2003 Forecast¹ | Non - Economic Changes | Forecast Revision | September 2003 Forecast | Total Change |
|--|---|---------------------------------------|------------------------------|--|-------------------------|
| <i>Department of Revenue</i> | | | | | |
| Retail Sales | \$11,906.4 | | \$8.7 | \$11,915.2 | \$8.7 |
| Business & Occupation Use | 4,136.4 | | (19.0) | 4,117.5 | (19.0) |
| Public Utility | 797.1 | | (2.9) | 794.2 | (2.9) |
| Liquor Sales/Liter | 519.4 | | 1.3 | 520.7 | 1.3 |
| Cigarette | 195.4 | | (0.1) | 195.4 | (0.1) |
| Property (State Levy) | 101.2 | | 2.1 | 103.2 | 2.1 |
| Real Estate Excise | 2,721.5 | | 0.9 | 2,722.4 | 0.9 |
| Timber Excise | 929.3 | | 33.7 | 963.0 | 33.7 |
| Other | 13.7 | | (0.2) | 13.5 | (0.2) |
| Subtotal | 889.8 | | (7.5) | 882.3 | (7.5) |
| | 22,210.3 | | 17.1 | 22,227.4 | 17.1 |
| <i>Department of Licensing</i> | | | | | |
| Boat excise, licenses, fees & other | 45.5 | | (0.4) | 45.1 | (0.4) |
| <i>Insurance Commissioner</i> | | | | | |
| Insurance Premiums | 431.9 | | 0.0 | 431.9 | 0.0 |
| <i>Liquor Control Board</i> | | | | | |
| Liquor Profits and Fees | 80.6 | | 0.2 | 80.8 | 0.2 |
| Beer & Wine Surtax | 3.5 | | 0.4 | 3.9 | 0.4 |
| <i>Lottery Commission</i> | | | | | |
| Lottery Revenue | 0.0 | | 0.0 | 0.0 | 0.0 |
| <i>State Treasurer</i> | | | | | |
| Interest Earnings | 31.0 | | (6.9) | 24.1 | (6.9) |
| <i>Office of Financial Management</i> | | | | | |
| Other | 7.6 | | 2.5 | 10.1 | 2.5 |
| <u>Total General Fund-State *</u> | \$22,810.3 | \$0.0 | \$12.9 | \$22,823.2 | \$12.9 |

¹ General Fund-State Forecast for the 2003-05 biennium adopted June 2003

*Detail may not add to totals because of rounding.

Table 3.11
September 2003 General Fund-State Forecast
2001-03 & 2003-05 Biennia; Cash Basis
(Millions of Dollars)

| Forecast by Source | Fiscal 2001^a | Fiscal 2002^a | Fiscal 2003^a | 2001-03 Biennium | Fiscal 2004 | Fiscal 2005 | 2003-05 Biennium |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| State Taxes | | | | | | | |
| Retail sales | \$5,503.1 | \$5,435.1 | \$5,551.9 | \$10,987.0 | \$5,777.0 | \$6,094.2 | \$11,871.1 |
| Business & occupation | 1,961.6 | 1,913.8 | 1,876.8 | 3,790.6 | 1,987.5 | 2,115.5 | 4,103.0 |
| Use | 399.8 | 376.5 | 376.6 | 753.1 | 383.3 | 410.5 | 793.8 |
| Public Utility | 259.1 | 264.8 | 259.3 | 524.1 | 261.5 | 256.6 | 518.1 |
| Liquor sales/liter | 87.2 | 90.4 | 93.0 | 183.4 | 95.6 | 98.7 | 194.3 |
| Beer & wine surtax | 1.6 | 1.7 | 1.9 | 3.6 | 1.9 | 2.0 | 3.9 |
| Cigarette | 68.2 | 62.6 | 53.2 | 115.8 | 53.2 | 50.2 | 103.4 |
| Tobacco products | 16.7 | 16.1 | 8.8 | 24.8 | 10.4 | 10.6 | 20.9 |
| Property (state school levy)** | 1,349.9 | 1,281.8 | 1,331.6 | 2,613.5 | 1,369.9 | 1,351.9 | 2,721.8 |
| Public utility district | 29.9 | 31.5 | 37.0 | 68.5 | 35.2 | 36.6 | 71.8 |
| Real estate excise | 400.4 | 399.1 | 474.0 | 873.1 | 483.8 | 476.3 | 960.2 |
| Timber excise | 15.2 | 10.0 | 8.3 | 18.4 | 6.9 | 6.7 | 13.5 |
| Estate/inheritance | 107.1 | 114.5 | 122.5 | 237.0 | 113.4 | 113.4 | 226.8 |
| Motor vehicle excise & Rental car | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 |
| Boat excise | 11.4 | 11.4 | 12.1 | 23.5 | 12.3 | 12.7 | 25.0 |
| Insurance premiums | 179.5 | 184.3 | 205.3 | 389.6 | 210.3 | 221.6 | 431.9 |
| Other | 136.5 | 131.0 | 140.7 | 271.6 | 190.3 | 204.9 | 395.2 |
| Total Taxes | 10,527.3 | 10,324.5 | 10,552.9 | 20,877.4 | 10,992.4 | 11,462.3 | 22,454.7 |
| State Non-Tax Sources | | | | | | | |
| Licenses, permits, fees | 75.5 | 75.3 | 74.6 | 150.0 | 76.5 | 83.7 | 160.1 |
| Liquor profits & fees | 29.1 | 29.0 | 30.9 | 60.0 | 38.1 | 42.6 | 80.8 |
| Earnings on investments | 77.1 | 32.7 | 25.6 | 58.2 | 13.5 | 12.6 | 26.0 |
| Lottery transfers | 110.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenue & transfers | 9.9 | (10.9) | 6.8 | (4.0) | (1.2) | 35.2 | 34.0 |
| Total Non-Tax | 301.6 | 126.2 | 137.9 | 264.1 | 126.9 | 174.1 | 301.0 |
| Total General Fund-State * | \$10,828.9 | \$10,450.7 | \$10,690.8 | \$21,141.5 | \$11,119.3 | \$11,636.4 | \$22,755.7 |

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.

rily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GFS forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.8 and 3.10 are on a cash basis.

Table 3.15 compares the cash receipts forecast and the GAAP revenue forecast by agency. GFS revenue for the 1999-01 biennium totaled \$21,287.8 million on a GAAP basis, \$25.8 million higher than the \$21,262.1 million cash receipts total. The preliminary GAAP total for the 2001-03 biennium is \$21,106.3 million, \$35.2 million less than the \$21,141.5 million cash receipts total. The GFS forecast for the 2003-05 biennium is \$22,823.2 million on a GAAP basis, \$67.5 million more than the \$22,755.7 million cash forecast.

Table 3.16 presents the budgetary balance sheet for the 2001-03 and 2003-05 biennia. The GFS ending balance is higher in June despite a slightly lower revenue forecast due to the inclusion of nearly \$400 million of Federal fiscal relief. Some of this relief is in the form of grants and some is in the form of reduced GFS expenditures. Some has already been received and thus impacts the ending balance for the 2001-03 biennium.

The preliminary unrestricted GFS balance on June 30, 2003, the end of the 2001-03 budget period, is \$415.8 million. This is higher than the \$298.3 million expected in June. Although GFS revenue for the 2001-03 biennium was \$20.4 million less than expected the ending balance is higher as a result of \$137.9 million of federal fiscal relief for the 2001-03 biennium. In addition, the preliminary Emergency Reserve Fund (which requires a two-thirds vote of the legislature for appropriation) balance at the end of the 2001-03 biennium was \$57.6 million.

The September 2003 projected GFS unrestricted ending balance for the 2003-05 biennium is \$482.0 million. This is up from \$118.2 million assumed in June 2003. The change to the ending balance estimate is due to a higher beginning balance, additional federal fiscal relief and small adjustment to the expenditure assumptions (primarily the incorporation of the impact of the Governor's vetoes on the level of appropriations). The Emergency Reserve Balance is zero at the end of the 2003-05 biennium as the entire Emergency Reserve Balance is transferred to the General Fund in the 2003-05 biennium.

Alternative Forecast for the 2003-05 Biennium

The September 2003 baseline forecast assumes the recovery will continue but it will be slow by historical standards. Stimulus from Federal tax cuts, low interest rates, and an improving global outlook is expected to provide the ammunition needed for sustained albeit modest economic growth for the remainder of the 2003-05 biennium. The September 2003 alternative forecasts for the 2003-05 biennium address the GFS revenue ramification of stronger as well as weaker growth than assumed in the baseline forecast.

The primary driver in the optimistic scenario is a higher rate of spending by consumers and business, especially on high tech goods. This provides more growth in productivity than is in the baseline forecast and results in a more typical recovery. Washington's economy benefits from stronger growth nationally. In the optimistic scenario state personal income is 1.7 percent higher than the baseline by the end of fiscal 2004 and is 2.9 percent higher by the end of the 2003-05 biennium. State wage and salary employment is 14,800 greater than the baseline by the second quarter of 2004 and is 37,400 higher by the last quarter of the 2003-05 biennium.

The pessimistic scenario assumes the weak job market hurts consumer spending. This in turn weakens business investment spending and produces slower economic growth than assumed in the baseline

forecast. In this scenario, Washington State is hit disproportionately harder as the weak economy slows the growth in air traffic hurting airline profitability and their need and ability to buy additional planes. This keeps the state's aerospace sector weak and produces fewer jobs than assumed in the baseline forecast. In the pessimistic scenario, state personal income is 2.1 percent below the baseline estimate at the end of fiscal year 200 and 4.5 percent less than the baseline by the end of the 2003-05 biennium. Wage and salary employment is 19,300 lower than the baseline by the second quarter of 2004 and is 54,300 less by the last quarter of the 2003-2005 biennium

Table 3.17 shows the revenue implications of these alternative scenarios for the 2003-05 biennium. The optimistic scenario generates \$23.5 billion, \$736.0 million more than the baseline. The pessimistic alternative produces only \$21,846.5 million GFS revenue in the 2003-05 biennium, \$909.1 million less than the baseline forecast.

In addition to the official optimistic and pessimistic alternatives, we routinely prepare a third alternative forecast. This is developed by averaging the forecasts for several key economic variables made by members of the Governor's Council of Economic Advisors (GCEA). The September 2003 GCEA scenario was based on the forecasts of eight members of the Governor's Council of Economic Advisors. The GCEA alternative was close to the September 2003 baseline forecast. It produced \$7 million more GFS revenue than the baseline forecast for the 2003-05 biennium.

Table 3.12

General Fund - State Cash Receipts
September 2003 Forecast by Fiscal Year
(Millions of Dollars)

| | <u>General Fund - State</u> | <u>Percent Change</u> |
|---------------------|-----------------------------|-----------------------|
| Fiscal Years | | |
| 1986 | \$4,566.2 | |
| 1987 | 5,008.4 | 9.7% |
| 1988 | 5,248.1 | 4.8% |
| 1989 | 5,686.0 | 8.3% |
| 1990 | 6,505.4 | 14.4% |
| 1991 | 6,801.9 | 4.6% |
| 1992 | 7,297.6 | 7.3% |
| 1993 | 7,564.6 | 3.7% |
| 1994 | 8,013.4 | 5.9% |
| 1995 | 8,551.3 | 6.7% |
| 1996 | 8,581.2 | 0.3% |
| 1997 | 9,056.6 | 5.5% |
| 1998 | 9,640.9 | 6.5% |
| 1999 | 9,979.2 | 3.5% |
| 2000 | 10,433.2 | 4.5% |
| 2001 | 10,828.9 | 3.8% |
| 2002 | 10,450.7 | -3.5% |
| 2003 | 10,690.8 | 2.3% |
| Forecast | | |
| 2004 | 11,119.3 | 4.0% |
| 2005 | 11,636.4 | 4.7% |

Table 3.13

Track Record for the 2001-03 General Fund-State Cash Forecast

February 2000 through September 2003

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 2000**** | \$21,728 | \$805 | | | | \$22,534 |
| Changes to Forecast | | | | | | |
| June 2000 | 99 | (25) | 74 | (3) #1 | 71 | 22,604 |
| September 2000 | 158 | (1) | 157 | 5 #2 | 162 | 22,766 |
| November 2000 | 32 | 12 | 43 | (482) #3 | (439) | 22,327 |
| March 2001 | (126) | 2 | (124) | 12 #4 | (112) | 22,216 |
| June 2001 | (61) | (29) | (89) | (27) #5 | (116) | 22,099 |
| September 2001 | (101) | 6 | (96) | 18 #6 | (77) | 22,022 |
| November 2001 | (698) | (81) | (779) | (34) #7 | (813) | 21,209 |
| February 2002 | (269) | 3 | (266) | 19 #8 | (247) | 20,962 |
| June 2002 | 54 | 31 | 85 | 93 #9 | 178 | 21,140 |
| September 2002 | (30) | (4) | (34) | | (34) | 21,106 |
| November 2002 | 21 | (1) | 20 | | 20 | 21,126 |
| March 2003 | 27 | 9 | 36 | | 36 | 21,163 |
| June 2003 | (\$8) | \$7 | (\$1) | | (\$1) | 21,162 |
| September 2003 | (\$20) | (\$0) | (\$20) | | (\$20) | 21,141 |
| Total change*** | | | | | | |
| From February 2000 | (\$922) | (\$72) | (\$994) | (\$399) | (\$1,393) | |
| Percent change | -4.2% | -8.9% | -4.4% | -1.8% | -6.2% | |

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

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

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

**** First official forecast for the 2001-03 biennium.

#1 Change to the forecast due to 2000 legislation. (This Excludes the impact of the telepage court case (extending the sales tax to paging services). This impact is included as a Department of Revenue forecast change.

#2 Revised impact of the salmon recovery timber tax credit.

#3 Estimated impact of I-722 and I-728. Estimate based on OFM analysis of I-728, subject to continuing review.

#4 Adjustments to impact of I-722 and I-728. Court decision nullifying I-722. Revised estimate to portion of I-728 that transfers some property tax revenue to the Student Achievement Account; Changes the accounting of this transfers.

#5 Impact of 2001 legislation (Regular Session) and impact of the phase-out of the Federal estate tax.

#6 Impact of 2001 legislation (Special Session). Major item was an increase of \$27.8 million due to additional audit recovery (Dept. of Revenue).

#7 Impact of I-747 and I-773 on GFS revenue.

#8 Revision to estate tax based on new legal interpretation of the effect of the phase-out of the Federal estate tax. on Washington's estate tax revenue.

#9 General Fund-State impact of 2002 legislation.

Table 3.14
Track Record for the 2003-05 General Fund-State Cash Forecast
 February 2002 through September 2003
 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 2002**** | \$22,225 | \$565 | | | | \$22,790 |
| Changes to Forecast | | | | | | |
| June 2002 | (53) | 23 | (30) | 205 #1 | 175 | 22,965 |
| September 2002 | (317) | (29) | (346) | 80 #2 | (265) | 22,700 |
| November 2002 | (31) | 21 | (10) | | (10) | 22,690 |
| March 2003 | (216) | (49) | (265) | 27 #3 | (238) | 22,452 |
| June 2003 | (148) | (9) | (156) | 446 #4 | 290 | 22,741 |
| September 2003 | 17 | (3) | 15 | | 15 | 22,756 |
| November 2003 | | | | | | |
| February 2004 | | | | | | |
| June 2004 | | | | | | |
| Total change***: | | | | | | |
| From February 2002 | (746) | (46) | (792) | 758 | (34) | |
| Percent change | -3.4% | -8.1% | -3.5% | 3.3% | -0.2% | |

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

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

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

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

#1 Change to the forecast due to 2002 legislation.

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

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

#4 Impact of 2003 legislation (as passed the legislature) on GFS revenue.

Table 3.15
September 2003 Baseline Forecast by Agency
Comparison of Cash and GAAP Basis
(Millions of dollars)

| Agency | 1999-01 Biennium | | | 2001-03 Biennium | | | 2003-05 Biennium | | |
|---|-------------------------|-------------------------|---------------|-------------------------|-------------------------|-----------------|-------------------------|-------------------------|---------------|
| | Cash Basis ¹ | GAAP Basis ² | Diff. | Cash Basis ¹ | GAAP Basis ² | Diff. | Cash Basis ¹ | GAAP Basis ² | Diff. |
| General Fund - State Cash/Revenue Sources | | | | | | | | | |
| Department of Revenue ³ | \$20,342.3 | \$20,355.3 | \$12.9 | \$20,516.6 | \$20,485.1 | (\$31.5) | \$22,053.4 | \$22,120.8 | \$67.4 |
| Department of Licensing | 42.6 | 42.4 | (0.2) | 42.6 | 44.1 | 1.6 | 43.1 | 45.1 | 2.0 |
| Insurance Commissioner ⁴ | 360.4 | 360.5 | 0.1 | 397.3 | 397.0 | (0.3) | 440.4 | 440.4 | 0.0 |
| State Treasurer | 148.3 | 148.1 | (0.2) | 58.2 | 55.9 | (2.4) | 26.0 | 24.1 | (1.9) |
| Office of Financial Management | | | | | | | | | |
| Tuition | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Agencies | 175.0 | 175.1 | 0.0 | 161.6 | 158.8 | (2.8) | 161.6 | 161.6 | 0.1 |
| Subtotal: General Fund-State Cash/Revenue* | 21,068.6 | 21,081.4 | 12.8 | 21,176.3 | 21,140.9 | (35.4) | 22,724.5 | 22,792.0 | 67.5 |
| General Fund State - Other Financing Sources⁵ | | | | | | | | | |
| Department of Revenue ⁶ | 81.6 | 84.2 | 2.6 | 75.7 | 76.2 | (6.4) | 106.6 | 106.6 | 0.0 |
| Lottery Commission | 203.3 | 212.6 | 9.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Insurance Commissioner ⁷ | (6.2) | (6.2) | 0.0 | (7.7) | (7.7) | 0.0 | (8.6) | (8.6) | 0.0 |
| Liquor Control Board | 57.9 | 57.9 | 0.0 | 63.5 | 63.5 | 0.0 | 84.6 | 84.6 | 0.0 |
| Office of Financial Management | | | | | | | | | |
| Other Agencies ⁸ | (143.1) | (142.0) | 1.1 | (166.3) | (166.6) | (1.8) | (151.5) | (151.6) | (0.0) |
| Subtotal: GFS Other Financing Sources | 193.5 | 206.5 | 13.0 | (34.8) | (34.6) | (8.2) | 31.2 | 31.1 | (0.0) |
| Total Available Receipts/Resources | | | | | | | | | |
| General Fund-State * | \$21,262.1 | \$21,287.8 | \$25.8 | \$21,141.5 | \$21,106.3 | (\$35.2) | \$22,755.7 | \$22,823.2 | \$67.5 |

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

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

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

4 Total insurance premiums tax.

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

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

7 Forty percent of fire insurance premiums.

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

Table 3.16

2001-03 and 2003-05 Biennial Balance Sheet**General Fund-State and Emergency Reserve Fund**

Dollars in Millions

| | 2001-03 | 2003-05 |
|---|-----------------|-----------------|
| RESOURCES | | |
| Beginning Fund Balance | 599.1 | 415.8 |
| June 2003 Forecast Update | 21,162.0 | 22,741.0 |
| September 2003 Forecast Update | (20.4) | 14.7 |
| Current Revenue Totals | 21,141.5 | 22,755.7 |
| Fund Transfers to General Fund | 289.0 | 81.2 |
| Tobacco Securitization | 450.0 | |
| Transfer from Emergency Reserve Fund | 325.0 | 58.1 |
| Changes in Reserves and Other Adjustments | 55.7 | |
| Federal Fiscal Relief - Grant * | 100.2 | 90.2 |
| Total Resources (Includes Fund Balance) | 22,960.5 | 23,401.0 |
| APPROPRIATIONS AND SPENDING ESTIMATES | | |
| Biennial Appropriation | 22,451.5 | 23,060.7 |
| 2003 Supplemental and Adjustments to FY 2003 in 2003-05 Budget | 130.9 | |
| Governor's Vetoes | | 23.3 |
| Null and Voids | | (2.6) |
| Federal Fiscal Relief - FMAP * | (37.7) | (162.4) |
| Spending Level | 22,544.7 | 22,919.0 |
| UNRESTRICTED GENERAL FUND BALANCE | | |
| Projected Ending Fund Balance | 415.8 | 482.0 |
| EMERGENCY RESERVE FUND | | |
| Beginning Fund Balance | 462.1 | 57.6 |
| Actual/Estimated Interest Earnings | 15.5 | 0.5 |
| Transfers and Appropriations | (420.0) | (58.1) |
| Projected Ending Fund Balance | 57.6 | 0.0 |
| TOTAL RESERVES | | |
| Combined General and Emergency Reserve Projected Ending Fund Balance | 473.4 | 482.0 |

* Federal Fiscal Relief - Grant is considered a resource and includes \$10M designated for Local Government assistance. Federal Fiscal Relief - FMAP is treated as an expected reduction in State expenditures based on a temporary increase in Federal Medicaid reimbursement rates. Total Federal Fiscal Relief is approximately \$400M.

Table 3.17

**September 2003 Alternative Forecasts Compared to the Baseline Forecast
2003-05 Biennium**

(Millions of dollars)

| <u>Forecast by Source</u> | <u>Optimistic Forecast</u> | <u>Baseline Forecast</u> | <u>Pessimistic Forecast</u> |
|---|---------------------------------------|-------------------------------------|--|
| <i>Department of Revenue</i> | | | |
| Retail Sales | \$12,192.2 | \$11,871.1 | \$11,432.6 |
| Business & Occupation Use | 4,193.3 | 4,103.0 | 3,978.0 |
| Public Utility | 813.3 | 793.8 | 763.8 |
| Property (school levy) | 523.0 | 518.1 | 510.6 |
| Real Estate Excise | 2,857.8 | 2,721.8 | 2,585.7 |
| Other | 1,020.7 | 960.2 | 881.2 |
| Subtotal | 1,250.3 | 1,192.0 | 1,132.4 |
| | 22,850.6 | 22,160.0 | 21,284.2 |
| <i>Department of Licensing</i> | | | |
| | 44.4 | 43.1 | 41.8 |
| <i>Insurance Commissioner¹</i> | | | |
| | 442.7 | 431.9 | 421.1 |
| <i>Lottery Commission</i> | | | |
| | 5.0 | 0.0 | 0.0 |
| <i>State Treasurer - Interest earnings</i> | | | |
| | 49.6 | 26.0 | 8.5 |
| <i>Liquor Profits & Fees²</i> | | | |
| | 86.3 | 84.6 | 83.0 |
| <i>Office of Financial Management</i> | | | |
| Other agencies | 13.0 | 10.0 | 8.0 |
| Total General Fund - State* | \$23,491.7 | \$22,755.7 | \$21,846.6 |
| Difference from A12September 2003 Baseline | \$736.0 | | (\$909.1) |

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Table 3.18
**Impact of Initiative 728 on the State Property Tax and Lottery Revenue
 September 2003 Forecast; Millions of Dollars**

I. Disposition of the State portion of the Property Tax

| | State Levy: <u>Total Receipts</u> | To the <u>General Fund</u> | To the <u>Student Achievement Account¹</u> |
|------------------|--------------------------------------|-------------------------------|--|
| 2000 | \$1,302.0 | 1,302.0 | |
| 2001 | 1,349.9 | 1,349.9 | |
| 1999-01 Biennium | 2,652.0 | 2,652.0 | |
| 2002 | 1,415.0 | 1,281.8 | 133.1 |
| 2003 | 1,465.5 | 1,331.6 | 133.9 |
| 2001-03 Biennium | 2,880.5 | 2,613.5 | 267.0 |
| 2004 | 1,504.1 | 1,369.9 | 134.2 |
| 2005 | 1,546.9 | 1,351.9 | 195.0 |
| 2003-05 Biennium | 3,051.0 | 2,721.8 | 329.3 |

II. Lottery Transfers by Fund*

| | Lottery: <u>Total Transfers:*</u> | <u>General Fund</u> | <u>Mariners Stadium</u> | <u>Exhibition Center & Stadium</u> | <u>Student Achievement Account¹</u> | <u>School Construction Account¹</u> | <u>Transfer to VERDE²</u> |
|------------------|--------------------------------------|---------------------|-----------------------------|--|--|--|--|
| 1998 | 117.8 | 114.6 | 3.2 | | | | |
| 1999 | 118.6 | 107.5 | 3.3 | 7.8 | | | |
| 1999-01 Biennium | 236.3 | 222.0 | 6.5 | 7.8 | | | |
| 2000 | 101.1 | 93.3 | 3.4 | 4.4 | | | |
| 2001 | 120.1 | 110.0 | 3.6 | 6.5 | | | |
| 1999-01 Biennium | 221.3 | 203.3 | 7.0 | 10.9 | | | |
| 2002 | 90.2 | 0.0 | 3.7 | 6.7 | 39.9 | 39.9 | 0.0 |
| 2003 | 96.8 | 0.0 | 3.9 | 7.0 | 64.0 | 21.4 | 0.5 |
| 2001-03 Biennium | 187.0 | 0.0 | 7.6 | 13.8 | 103.9 | 61.3 | 0.5 |
| 2004 | 103.0 | 0.0 | 4.0 | 7.3 | 68.8 | 22.9 | 0.0 |
| 2005 | 109.0 | 0.0 | 4.2 | 7.6 | 0.0 | 97.2 | 0.0 |
| 2003-05 Biennium | 212.0 | 0.0 | 8.2 | 14.9 | 68.8 | 120.2 | 0.0 |

* Cash Basis

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

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

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

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Washington Gross State Product by Industry, 2001

The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) periodically revises and updates its estimates for gross state product (GSP). In May 2003, GSP estimates for the years 1999-2000 were revised and new estimates for 2001 were released. Data from this release for years not included in this report are available through the BEA (www.bea.gov) or the [Office of the Forecast Council](#).

Gross State Product is derived as the sum of gross state product originating in all industries in the State. In concept, an industry's GSP, referred to as its "value added," is equivalent to the value of its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus the value of its intermediate inputs (consumption of goods and services purchased from other industries or imported). As such, it is often referred to as the State counterpart of the nation's gross domestic product (GDP). In practice, GSP estimates are measured as the sum of distributions by industry of the components of gross domestic income. The difference between GDP and gross domestic income is the statistical discrepancy.

Chart 4.1 shows 2001 GSP by state (including the District of Columbia), with California leading all states with \$1.359 trillion and North Dakota with the lowest GSP at \$19 billion. Washington ranked 14th with \$223 billion, the same rank it has held since 1990.

Chart 4.2 represents the industrial composition of Washington gross state product in 1977 (the first year of BEA GSP estimates) versus 2001. During this period, the chart shows declines in agriculture and related fields, manufacturing, construction, government, and trade as a percentage of Washington gross state product, and no change in mining. The remaining three categories: services, transportation and utilities, and finance, insurance, and real estate, grew in relative importance, with most of the growth occurring in the category of services.

Chart 4.3 details GSP by component and shows only slight changes in the proportion of indirect business taxes, compensation, and other GSP from 1977 to 2001. Table 4.1 shows Washington GSP and U.S. gross domestic product from 1977 to 2001, and Washington State GSP as a percentage of U.S. total gross domestic product. During this time, Washington's average growth rate of GSP was higher than that of the U.S. GDP, which increased Washington's contribution to the U.S. gross product from 1.8 percent in 1977 to 2.2 percent in 2001. Table 4.2 shows Washington GSP by industry from 1992 to 2001, Table 4.3 details real Washington GSP estimates by industry from 1992 to 2001, and Table 4.4 details the components of GSP by industry in 2001.

Chart 4.1
2001 Gross State Product
 Billions of Dollars

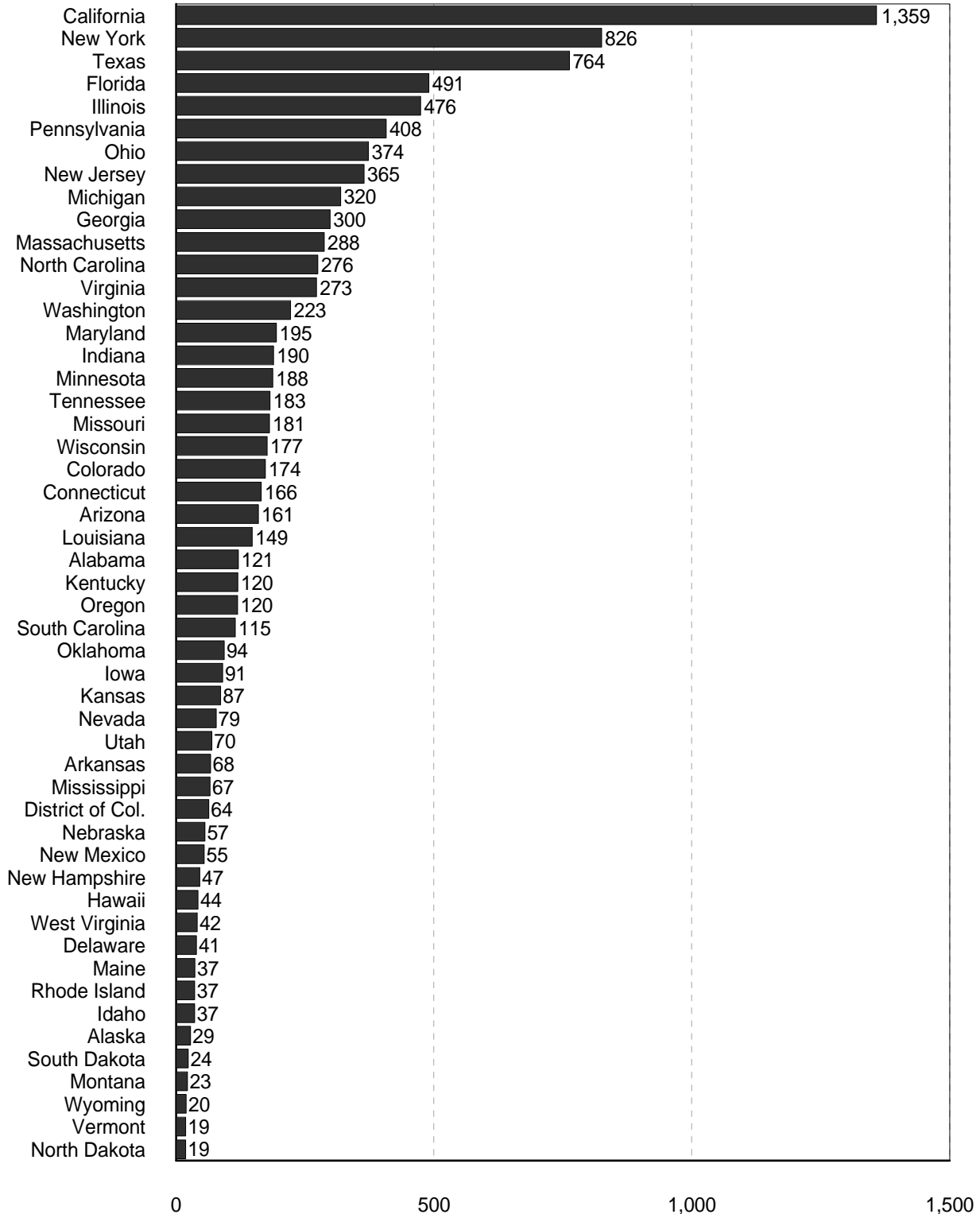


Chart 4.2
Washington GSP by Industry
 1977 vs. 2001

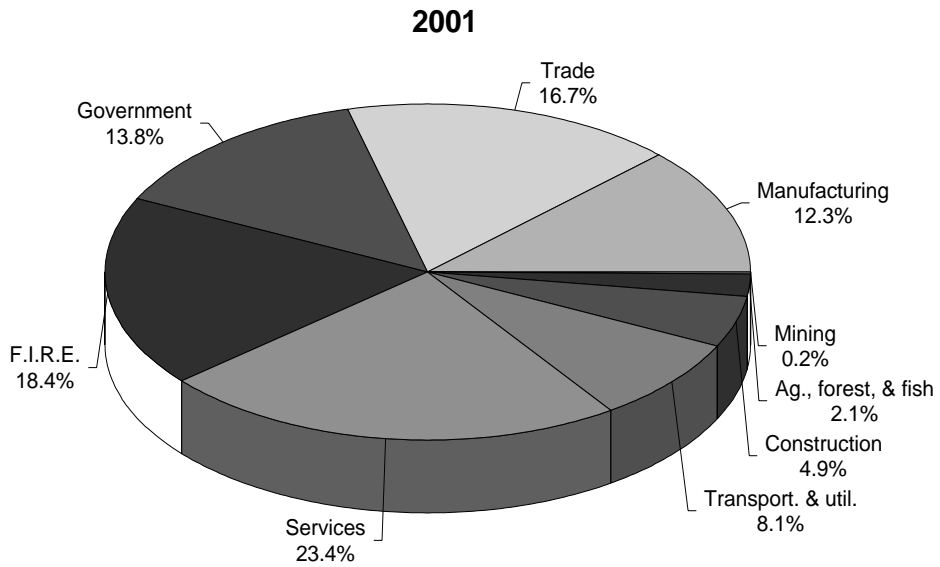
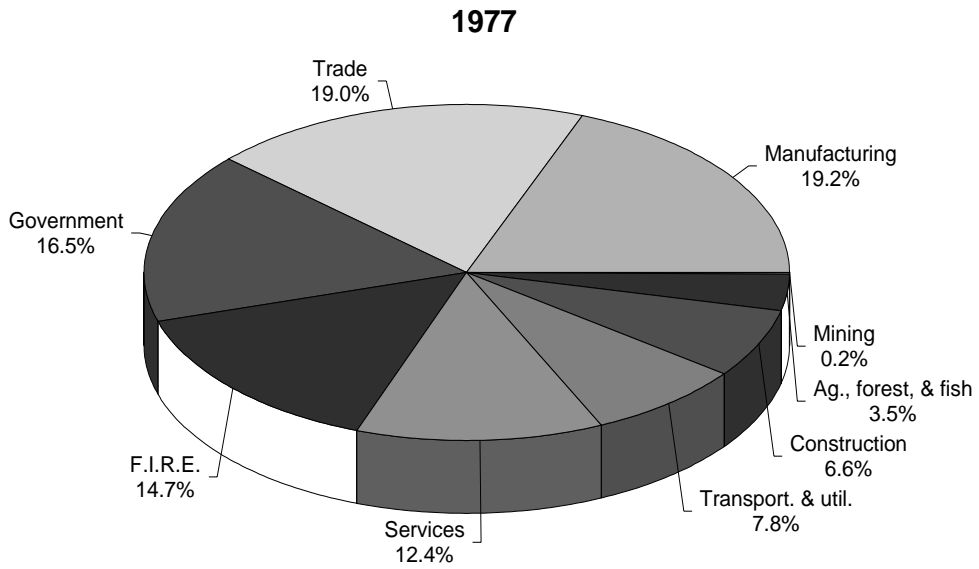


Chart 4.3
Washington GSP by Component
1977 vs. 2001

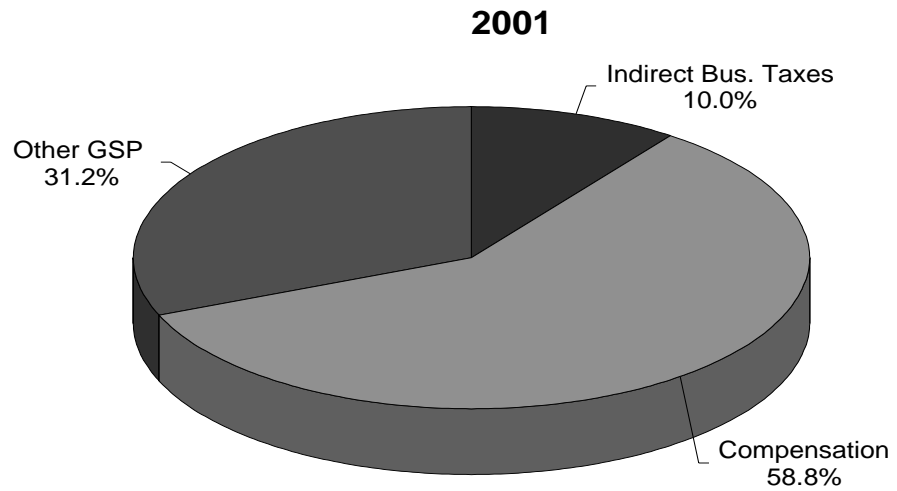
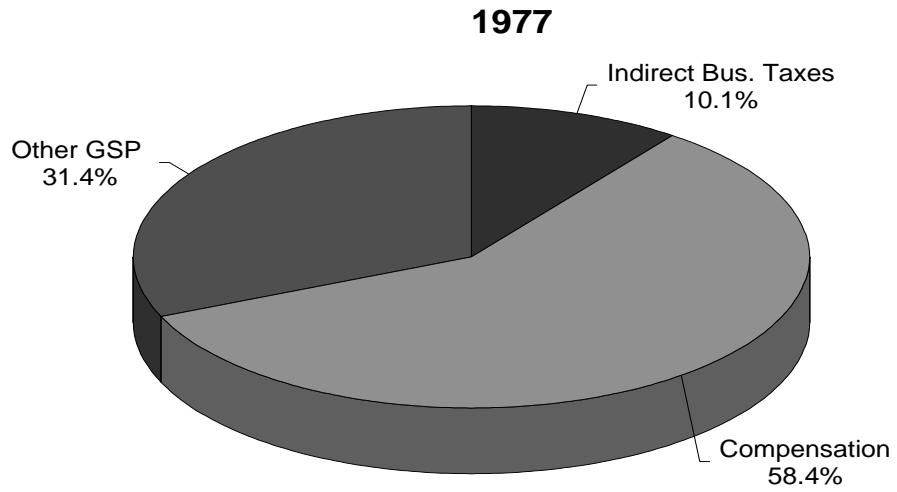


Table 4.1

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

1977 through 2001

| | Washington | U.S. | Percent of U.S. Economy |
|-------------|-------------------|--------------|--------------------------------|
| 1977 | \$35,970 | \$1,985,693 | 1.81% |
| 1978 | \$42,027 | \$2,249,045 | 1.87% |
| 1979 | \$48,217 | \$2,503,867 | 1.93% |
| 1980 | \$51,990 | \$2,731,618 | 1.90% |
| 1981 | \$57,724 | \$3,069,751 | 1.88% |
| 1982 | \$60,755 | \$3,217,626 | 1.89% |
| 1983 | \$65,402 | \$3,446,583 | 1.90% |
| 1984 | \$71,132 | \$3,866,334 | 1.84% |
| 1985 | \$74,532 | \$4,151,449 | 1.80% |
| 1986 | \$80,491 | \$4,355,877 | 1.85% |
| 1987 | \$86,860 | \$4,683,245 | 1.85% |
| 1988 | \$95,583 | \$5,092,174 | 1.88% |
| 1989 | \$104,655 | \$5,411,353 | 1.93% |
| 1990 | \$115,482 | \$5,706,658 | 2.02% |
| 1991 | \$122,453 | \$5,895,430 | 2.08% |
| 1992 | \$130,620 | \$6,209,096 | 2.10% |
| 1993 | \$138,225 | \$6,513,026 | 2.12% |
| 1994 | \$146,308 | \$6,930,791 | 2.11% |
| 1995 | \$151,265 | \$7,309,516 | 2.07% |
| 1996 | \$161,779 | \$7,715,901 | 2.10% |
| 1997 | \$175,242 | \$8,224,960 | 2.13% |
| 1998 | \$192,031 | \$8,750,174 | 2.19% |
| 1999 | \$208,470 | \$9,251,541 | 2.25% |
| 2000 | \$218,095 | \$9,891,187 | 2.20% |
| 2001 | \$222,950 | \$10,137,190 | 2.20% |

Table 4.2

Washington Gross State Product by Industry
(Millions of Dollars)

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|--|---------|---------|---------|---------|---------|
| Total gross state product | 130,620 | 138,225 | 146,308 | 151,265 | 161,779 |
| Agriculture, forestry, and fishing | 3,889 | 4,055 | 3,972 | 4,064 | 4,610 |
| Farms | 2,338 | 2,444 | 2,316 | 2,322 | 2,954 |
| Agricultural services, forestry, and fishing | 1,551 | 1,611 | 1,656 | 1,742 | 1,657 |
| Mining | 297 | 281 | 386 | 397 | 392 |
| Metal mining | 78 | 60 | 153 | 166 | 155 |
| Coal mining | 75 | 65 | 67 | 66 | 68 |
| Oil and gas extraction | 3 | 3 | 5 | 4 | 10 |
| Nonmetallic minerals, except fuels | 141 | 152 | 161 | 161 | 159 |
| Construction | 6,533 | 6,634 | 7,093 | 7,055 | 7,707 |
| Manufacturing | 19,344 | 20,080 | 20,927 | 19,974 | 21,260 |
| Durable goods | 14,044 | 14,076 | 14,464 | 13,206 | 14,382 |
| Lumber and wood products | 2,198 | 2,417 | 2,388 | 2,415 | 2,130 |
| Furniture and fixtures | 146 | 143 | 141 | 149 | 176 |
| Stone, clay, and glass products | 409 | 371 | 463 | 496 | 497 |
| Primary metal industries | 778 | 609 | 665 | 949 | 823 |
| Fabricated metal products | 544 | 535 | 668 | 945 | 822 |
| Industrial machinery and equipment | 959 | 1,055 | 960 | 1,012 | 1,267 |
| Electronic and other electric equip. | 503 | 608 | 684 | 819 | 932 |
| Motor vehicles and equipment | 343 | 505 | 550 | 672 | 634 |
| Other transportation equipment | 7,263 | 6,962 | 7,026 | 4,637 | 5,963 |
| Instruments and related products | 619 | 533 | 525 | 655 | 621 |
| Miscellaneous manufacturing industries | 282 | 339 | 393 | 457 | 516 |
| Electronic equipment and instruments | 1,122 | 1,141 | 1,209 | 1,474 | 1,552 |
| Nondurable goods | 5,300 | 6,004 | 6,463 | 6,767 | 6,878 |
| Food and kindred products | 1,979 | 2,129 | 2,383 | 2,538 | 2,590 |
| Tobacco products | (L) | (L) | 0 | 0 | 0 |
| Textile mill products | 56 | 59 | 60 | 55 | 62 |
| Apparel and other textile products | 184 | 242 | 242 | 219 | 205 |
| Paper and allied products | 1,126 | 1,268 | 1,348 | 1,624 | 1,345 |
| Printing and publishing | 948 | 1,114 | 1,074 | 1,065 | 1,171 |
| Chemicals and allied products | 413 | 465 | 446 | 514 | 534 |
| Petroleum and coal products | 299 | 435 | 580 | 374 | 537 |
| Rubber and misc. plastics products | 280 | 278 | 315 | 362 | 421 |
| Leather and leather products | 15 | 14 | 14 | 15 | 13 |
| Transportation and public utilities | 10,265 | 11,200 | 11,955 | 13,024 | 14,166 |
| Transportation | 4,388 | 4,610 | 4,990 | 5,138 | 5,485 |
| Railroad transportation | 392 | 418 | 445 | 350 | 444 |
| Local and interurban passenger transit | 134 | 147 | 150 | 159 | 172 |
| Trucking and warehousing | 1,466 | 1,519 | 1,635 | 1,728 | 1,790 |
| Water transportation | 720 | 732 | 757 | 835 | 892 |
| Transportation by air | 1,100 | 1,203 | 1,340 | 1,391 | 1,545 |
| Pipelines, except natural gas | 22 | 21 | 21 | 24 | 28 |
| Transportation services | 555 | 570 | 641 | 651 | 614 |
| Communications | 3,566 | 4,174 | 4,355 | 4,937 | 5,385 |

Table 4.2 (cont'd.)

Washington Gross State Product by Industry

(Millions of Dollars)

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|--------|--------|--------|--------|--------|
| Transportation and public utilities (cont.) | | | | | |
| Electric, gas, and sanitary services | 2,311 | 2,415 | 2,610 | 2,949 | 3,296 |
| Wholesale trade | 9,675 | 10,166 | 11,280 | 11,543 | 12,266 |
| Retail trade | 12,756 | 13,452 | 14,404 | 14,693 | 15,553 |
| Finance, insurance, and real estate | 23,139 | 24,831 | 25,870 | 27,492 | 29,035 |
| Depository institutions | 3,583 | 3,687 | 3,488 | 3,843 | 3,835 |
| Nondepository institutions | 484 | 660 | 552 | 559 | 648 |
| Security and commodity brokers | 509 | 643 | 729 | 689 | 895 |
| Insurance carriers | 1,326 | 1,629 | 1,703 | 2,043 | 2,151 |
| Insurance agents, brokers, and service | 769 | 833 | 901 | 920 | 915 |
| Real estate | 16,291 | 17,115 | 18,308 | 19,260 | 20,466 |
| Holding and other investment offices | 176 | 264 | 188 | 177 | 125 |
| Depository and nondepository institutions | 4,067 | 4,347 | 4,041 | 4,402 | 4,482 |
| Services | 24,551 | 26,260 | 28,398 | 30,214 | 33,357 |
| Hotels and other lodging places | 867 | 913 | 964 | 1,061 | 1,151 |
| Personal services | 874 | 963 | 989 | 978 | 986 |
| Business services | 5,086 | 5,361 | 6,335 | 7,445 | 9,676 |
| Auto repair, services, and parking | 1,219 | 1,322 | 1,441 | 1,566 | 1,654 |
| Miscellaneous repair services | 425 | 447 | 502 | 454 | 484 |
| Motion pictures | 161 | 179 | 184 | 192 | 211 |
| Amusement and recreation services | 787 | 829 | 909 | 1,007 | 1,157 |
| Health services | 7,350 | 7,876 | 8,223 | 8,621 | 9,071 |
| Legal services | 1,461 | 1,479 | 1,539 | 1,661 | 1,609 |
| Educational services | 535 | 584 | 638 | 701 | 760 |
| Social services | 768 | 862 | 931 | 986 | 1,042 |
| Membership organizations | 3,999 | 4,344 | 4,530 | 4,315 | 4,267 |
| Other services | 873 | 943 | 1,049 | 1,052 | 1,109 |
| Private households | 146 | 156 | 163 | 176 | 179 |
| Business services and other services | 9,084 | 9,706 | 10,865 | 11,760 | 13,942 |
| Government | 20,170 | 21,267 | 22,024 | 22,810 | 23,435 |
| Federal civilian government | 3,944 | 4,194 | 4,521 | 4,364 | 3,959 |
| Federal military government | 2,893 | 2,903 | 2,980 | 3,115 | 3,414 |
| State and local government | 13,333 | 14,170 | 14,523 | 15,331 | 16,062 |

Table 4.2 (cont'd.)

Washington Gross State Product by Industry
 (Millions of Dollars)

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|---------|---------|---------|---------|---------|
| Total gross state product | 175,242 | 192,031 | 208,470 | 218,095 | 222,950 |
| Agriculture, forestry, and fishing | 4,228 | 4,326 | 4,475 | 4,835 | 4,757 |
| Farms | 2,535 | 2,481 | 2,343 | 2,607 | 2,428 |
| Agricultural services, forestry, and fishing | 1,693 | 1,845 | 2,131 | 2,228 | 2,329 |
| Mining | 333 | 419 | 488 | 453 | 405 |
| Metal mining | 53 | 136 | 211 | 178 | 112 |
| Coal mining | 63 | 65 | 64 | 66 | 75 |
| Oil and gas extraction | 5 | 4 | 4 | 4 | 7 |
| Nonmetallic minerals, except fuels | 212 | 215 | 209 | 205 | 210 |
| Construction | 8,370 | 9,213 | 10,259 | 11,067 | 11,024 |
| Manufacturing | 22,232 | 25,248 | 26,418 | 26,776 | 27,387 |
| Durable goods | 15,053 | 17,869 | 18,460 | 18,416 | 19,752 |
| Lumber and wood products | 2,186 | 2,141 | 2,441 | 2,312 | 2,272 |
| Furniture and fixtures | 187 | 219 | 225 | 236 | 242 |
| Stone, clay, and glass products | 585 | 755 | 620 | 647 | 609 |
| Primary metal industries | 788 | 881 | 719 | 783 | 734 |
| Fabricated metal products | 856 | 870 | 864 | 926 | 884 |
| Industrial machinery and equipment | 1,433 | 1,646 | 1,515 | 2,182 | 1,879 |
| Electronic and other electric equip. | 1,116 | 1,165 | 1,436 | 1,552 | 1,618 |
| Motor vehicles and equipment | 737 | 942 | 1,036 | 940 | 843 |
| Other transportation equipment | 6,029 | 7,960 | 8,177 | 7,265 | 9,129 |
| Instruments and related products | 584 | 730 | 625 | 820 | 868 |
| Miscellaneous manufacturing industries | 552 | 560 | 799 | 753 | 674 |
| Electronic equipment and instruments | 1,700 | 1,895 | 2,061 | 2,372 | 2,486 |
| Nondurable goods | 7,179 | 7,379 | 7,958 | 8,361 | 7,635 |
| Food and kindred products | 2,565 | 2,586 | 2,675 | 2,560 | 2,570 |
| Tobacco products | 0 | 0 | 0 | 0 | 0 |
| Textile mill products | 64 | 70 | 66 | 70 | 71 |
| Apparel and other textile products | 235 | 230 | 214 | 222 | 227 |
| Paper and allied products | 1,515 | 1,440 | 1,359 | 1,463 | 1,283 |
| Printing and publishing | 1,051 | 1,049 | 1,257 | 1,231 | 1,175 |
| Chemicals and allied products | 608 | 755 | 827 | 899 | 931 |
| Petroleum and coal products | 718 | 777 | 1,056 | 1,380 | 827 |
| Rubber and misc. plastics products | 411 | 462 | 496 | 525 | 534 |
| Leather and leather products | 13 | 12 | 8 | 9 | 15 |
| Transportation and public utilities | 14,550 | 15,412 | 16,087 | 18,212 | 18,111 |
| Transportation | 5,857 | 6,309 | 6,518 | 6,753 | 6,614 |
| Railroad transportation | 438 | 466 | 431 | 446 | 455 |
| Local and interurban passenger transit | 208 | 241 | 266 | 275 | 295 |
| Trucking and warehousing | 1,910 | 2,153 | 2,205 | 2,260 | 2,357 |
| Water transportation | 901 | 902 | 911 | 961 | 962 |
| Transportation by air | 1,698 | 1,831 | 1,957 | 1,947 | 1,594 |
| Pipelines, except natural gas | 29 | 30 | 34 | 49 | 41 |
| Transportation services | 673 | 686 | 715 | 817 | 911 |
| Communications | 4,830 | 5,197 | 5,610 | 7,276 | 7,211 |

Table 4.2 (cont'd.)

Washington Gross State Product by Industry

(Millions of Dollars)

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|--------|--------|--------|--------|--------|
| Transportation and public utilities (cont.) | | | | | |
| Electric, gas, and sanitary services | 3,863 | 3,906 | 3,959 | 4,183 | 4,286 |
| Wholesale trade | 13,054 | 13,884 | 14,487 | 15,713 | 15,202 |
| Retail trade | 16,964 | 18,327 | 19,854 | 21,650 | 22,086 |
| Finance, insurance, and real estate | 31,769 | 34,483 | 36,663 | 39,235 | 41,034 |
| Depository institutions | 3,792 | 4,047 | 4,459 | 4,924 | 5,074 |
| Nondepository institutions | 806 | 940 | 958 | 1,014 | 1,294 |
| Security and commodity brokers | 1,045 | 1,247 | 1,160 | 1,358 | 1,536 |
| Insurance carriers | 2,686 | 2,731 | 2,668 | 3,178 | 3,003 |
| Insurance agents, brokers, and service | 989 | 1,074 | 1,133 | 1,120 | 1,212 |
| Real estate | 22,293 | 24,180 | 26,022 | 27,296 | 28,456 |
| Holding and other investment offices | 159 | 262 | 262 | 343 | 458 |
| Depository and nondepository institutions | 4,598 | 4,988 | 5,417 | 5,938 | 6,369 |
| Services | 38,303 | 44,155 | 52,192 | 51,477 | 52,128 |
| Hotels and other lodging places | 1,208 | 1,235 | 1,310 | 1,400 | 1,454 |
| Personal services | 1,066 | 1,136 | 1,190 | 1,184 | 1,269 |
| Business services | 13,313 | 17,194 | 23,162 | 20,328 | 19,122 |
| Auto repair, services, and parking | 1,818 | 1,997 | 2,135 | 2,244 | 2,359 |
| Miscellaneous repair services | 486 | 519 | 535 | 584 | 576 |
| Motion pictures | 212 | 211 | 219 | 225 | 239 |
| Amusement and recreation services | 1,279 | 1,334 | 1,453 | 1,623 | 1,513 |
| Health services | 9,434 | 10,026 | 10,731 | 11,454 | 12,350 |
| Legal services | 1,876 | 1,984 | 2,145 | 2,357 | 2,529 |
| Educational services | 789 | 910 | 974 | 1,057 | 1,124 |
| Social services | 1,120 | 1,225 | 1,313 | 1,447 | 1,561 |
| Membership organizations | 4,360 | 4,969 | 5,521 | 5,907 | 6,494 |
| Other services | 1,160 | 1,206 | 1,311 | 1,461 | 1,359 |
| Private households | 181 | 211 | 192 | 205 | 180 |
| Business services and other services | 17,673 | 22,163 | 28,683 | 26,236 | 25,616 |
| Government | 25,439 | 26,563 | 27,550 | 28,677 | 30,817 |
| Federal civilian government | 4,969 | 5,025 | 5,306 | 5,642 | 5,698 |
| Federal military government | 3,539 | 3,429 | 3,513 | 3,708 | 3,937 |
| State and local government | 16,931 | 18,109 | 18,731 | 19,327 | 21,182 |

Table 4.3

Washington Gross State Product by Industry
 (Millions of Chained 1996 Dollars)

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|--|---------|---------|---------|---------|---------|
| Total gross state product | 144,389 | 148,188 | 152,882 | 153,987 | 161,779 |
| Agriculture, forestry, and fishing | 4,541 | 4,553 | 4,495 | 4,510 | 4,610 |
| Farms | 2,779 | 2,850 | 2,779 | 2,712 | 2,954 |
| Agricultural services, forestry, and fishing | 1,760 | 1,706 | 1,715 | 1,787 | 1,657 |
| Mining | 288 | 295 | 384 | 368 | 392 |
| Metal mining | 83 | 73 | 156 | 140 | 155 |
| Coal mining | 53 | 52 | 57 | 62 | 68 |
| Oil and gas extraction | 4 | 3 | 7 | 6 | 10 |
| Nonmetallic minerals, except fuels | 144 | 161 | 164 | 161 | 159 |
| Construction | 7,573 | 7,440 | 7,656 | 7,281 | 7,707 |
| Manufacturing | 20,869 | 21,028 | 21,388 | 20,189 | 21,260 |
| Durable goods | 15,063 | 14,479 | 14,545 | 13,277 | 14,382 |
| Lumber and wood products | 2,691 | 2,498 | 2,332 | 2,374 | 2,130 |
| Furniture and fixtures | 163 | 159 | 150 | 158 | 176 |
| Stone, clay, and glass products | 461 | 408 | 487 | 502 | 497 |
| Primary metal industries | 859 | 686 | 706 | 889 | 823 |
| Fabricated metal products | 565 | 553 | 694 | 985 | 822 |
| Industrial machinery and equipment | 779 | 898 | 847 | 950 | 1,267 |
| Electronic and other electric equip. | 343 | 427 | 507 | 717 | 932 |
| Motor vehicles and equipment | 401 | 551 | 572 | 706 | 634 |
| Other transportation equipment | 8,037 | 7,489 | 7,393 | 4,808 | 5,963 |
| Instruments and related products | 764 | 630 | 603 | 730 | 621 |
| Miscellaneous manufacturing industries | 297 | 347 | 400 | 470 | 516 |
| Electronic equipment and instruments | 995 | 1,004 | 1,082 | 1,430 | 1,552 |
| Nondurable goods | 5,760 | 6,528 | 6,830 | 6,915 | 6,878 |
| Food and kindred products | 2,083 | 2,267 | 2,435 | 2,793 | 2,590 |
| Tobacco products | (L) | (L) | 0 | 0 | 0 |
| Textile mill products | 56 | 60 | 63 | 58 | 62 |
| Apparel and other textile products | 186 | 241 | 241 | 225 | 205 |
| Paper and allied products | 1,363 | 1,640 | 1,650 | 1,438 | 1,345 |
| Printing and publishing | 1,160 | 1,284 | 1,192 | 1,175 | 1,171 |
| Chemicals and allied products | 461 | 501 | 468 | 505 | 534 |
| Petroleum and coal products | 223 | 303 | 435 | 347 | 537 |
| Rubber and misc. plastics products | 276 | 275 | 315 | 369 | 421 |
| Leather and leather products | 15 | 15 | 15 | 15 | 13 |
| Transportation and public utilities | 10,513 | 11,214 | 11,844 | 12,847 | 14,166 |
| Transportation | 4,357 | 4,481 | 4,877 | 4,955 | 5,485 |
| Railroad transportation | 377 | 399 | 422 | 337 | 444 |
| Local and interurban passenger transit | 153 | 164 | 166 | 169 | 172 |
| Trucking and warehousing | 1,489 | 1,517 | 1,614 | 1,682 | 1,790 |
| Water transportation | 698 | 717 | 748 | 810 | 892 |
| Transportation by air | 1,075 | 1,107 | 1,279 | 1,294 | 1,545 |
| Pipelines, except natural gas | 24 | 23 | 21 | 22 | 28 |
| Transportation services | 547 | 561 | 628 | 647 | 614 |
| Communications | 3,683 | 4,256 | 4,358 | 4,938 | 5,385 |
| Electric, gas, and sanitary services | 2,464 | 2,474 | 2,600 | 2,954 | 3,296 |

Table 4.3 (cont'd.)

Washington Gross State Product by Industry

(Millions of Chained 1996 Dollars)

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|-------------|-------------|-------------|-------------|-------------|
| Wholesale trade | 10,383 | 10,634 | 11,337 | 11,137 | 12,266 |
| Retail trade | 13,173 | 13,541 | 14,326 | 14,570 | 15,553 |
| Finance, insurance, and real estate | 26,295 | 27,360 | 27,733 | 28,424 | 29,035 |
| Depository institutions | 4,095 | 4,291 | 3,961 | 4,096 | 3,835 |
| Nondepository institutions | 522 | 699 | 561 | 547 | 648 |
| Security and commodity brokers | 475 | 600 | 711 | 678 | 895 |
| Insurance carriers | 1,988 | 2,146 | 2,085 | 2,209 | 2,151 |
| Insurance agents, brokers, and service | 1,103 | 1,014 | 1,025 | 973 | 915 |
| Real estate | 17,956 | 18,343 | 19,146 | 19,727 | 20,466 |
| Holding and other investment offices | 259 | 376 | 272 | 218 | 125 |
| Depository and nondepository institutions | 4,613 | 4,996 | 4,519 | 4,638 | 4,482 |
| Services | 27,994 | 28,915 | 30,355 | 31,205 | 33,357 |
| Hotels and other lodging places | 947 | 967 | 994 | 1,077 | 1,151 |
| Personal services | 983 | 1,045 | 1,037 | 1,006 | 986 |
| Business services | 5,645 | 5,841 | 6,840 | 7,741 | 9,676 |
| Auto repair, services, and parking | 1,371 | 1,429 | 1,510 | 1,584 | 1,654 |
| Miscellaneous repair services | 523 | 504 | 556 | 493 | 484 |
| Motion pictures | 181 | 201 | 199 | 203 | 211 |
| Amusement and recreation services | 898 | 918 | 971 | 1,045 | 1,157 |
| Health services | 8,609 | 8,731 | 8,705 | 8,843 | 9,071 |
| Legal services | 1,707 | 1,646 | 1,653 | 1,726 | 1,609 |
| Educational services | 615 | 653 | 688 | 736 | 760 |
| Social services | 861 | 947 | 996 | 1,025 | 1,042 |
| Membership organizations | 4,502 | 4,811 | 4,874 | 4,437 | 4,267 |
| Other services | 990 | 1,047 | 1,153 | 1,102 | 1,109 |
| Private households | 162 | 169 | 174 | 181 | 179 |
| Business services and other services | 10,153 | 10,657 | 11,722 | 12,182 | 13,942 |
| Government | 22,898 | 23,318 | 23,405 | 23,499 | 23,435 |
| Federal civilian government | 4,672 | 4,740 | 4,927 | 4,491 | 3,959 |
| Federal military government | 3,155 | 3,166 | 3,223 | 3,305 | 3,414 |
| State and local government | 15,070 | 15,412 | 15,261 | 15,702 | 16,062 |

Table 4.3 (cont'd.)

Washington Gross State Product by Industry
 (Millions of Chained 1996 Dollars)

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|---------|---------|---------|---------|---------|
| Total gross state product | 172,216 | 185,474 | 198,264 | 202,812 | 202,470 |
| Agriculture, forestry, and fishing | 4,607 | 4,819 | 5,243 | 5,777 | 5,350 |
| Farms | 2,975 | 3,088 | 3,368 | 4,037 | 3,444 |
| Agricultural services, forestry, and fishing | 1,634 | 1,728 | 1,874 | 1,877 | 1,904 |
| Mining | 339 | 460 | 563 | 525 | 483 |
| Metal mining | 60 | 195 | 341 | 272 | 190 |
| Coal mining | 66 | 72 | 80 | 85 | 100 |
| Oil and gas extraction | 5 | 5 | 4 | 2 | 5 |
| Nonmetallic minerals, except fuels | 203 | 206 | 197 | 206 | 207 |
| Construction | 8,034 | 8,441 | 8,869 | 9,068 | 8,541 |
| Manufacturing | 22,044 | 24,817 | 26,157 | 26,218 | 26,373 |
| Durable goods | 15,046 | 18,017 | 18,634 | 18,943 | 20,248 |
| Lumber and wood products | 2,099 | 2,049 | 2,264 | 2,296 | 2,259 |
| Furniture and fixtures | 182 | 207 | 207 | 218 | 216 |
| Stone, clay, and glass products | 576 | 714 | 560 | 593 | 562 |
| Primary metal industries | 789 | 903 | 812 | 875 | 870 |
| Fabricated metal products | 843 | 826 | 790 | 868 | 810 |
| Industrial machinery and equipment | 1,585 | 2,033 | 2,056 | 3,140 | 2,820 |
| Electronic and other electric equip. | 1,226 | 1,543 | 2,220 | 2,988 | 3,790 |
| Motor vehicles and equipment | 741 | 943 | 998 | 916 | 821 |
| Other transportation equipment | 5,950 | 7,727 | 7,757 | 6,636 | 7,929 |
| Instruments and related products | 542 | 622 | 512 | 658 | 648 |
| Miscellaneous manufacturing industries | 544 | 539 | 757 | 725 | 636 |
| Electronic equipment and instruments | 1,754 | 2,135 | 2,533 | 3,359 | 3,902 |
| Nondurable goods | 7,000 | 6,858 | 7,557 | 7,336 | 6,389 |
| Food and kindred products | 2,459 | 2,379 | 2,359 | 2,241 | 2,214 |
| Tobacco products | 0 | 0 | 0 | 0 | 0 |
| Textile mill products | 62 | 65 | 61 | 69 | 67 |
| Apparel and other textile products | 234 | 223 | 199 | 209 | 218 |
| Paper and allied products | 1,640 | 1,451 | 1,343 | 1,292 | 1,141 |
| Printing and publishing | 996 | 939 | 1,079 | 1,042 | 948 |
| Chemicals and allied products | 606 | 711 | 794 | 866 | 899 |
| Petroleum and coal products | 585 | 624 | 1,223 | 1,072 | 501 |
| Rubber and misc. plastics products | 420 | 452 | 486 | 543 | 538 |
| Leather and leather products | 13 | 11 | 8 | 9 | 15 |
| Transportation and public utilities | 14,157 | 14,419 | 15,274 | 17,577 | 17,371 |
| Transportation | 5,599 | 5,686 | 5,808 | 6,080 | 5,841 |
| Railroad transportation | 434 | 438 | 416 | 450 | 442 |
| Local and interurban passenger transit | 205 | 222 | 250 | 259 | 266 |
| Trucking and warehousing | 1,739 | 1,802 | 1,821 | 1,895 | 1,859 |
| Water transportation | 911 | 871 | 816 | 857 | 815 |
| Transportation by air | 1,625 | 1,640 | 1,755 | 1,797 | 1,556 |
| Pipelines, except natural gas | 31 | 31 | 36 | 49 | 38 |
| Transportation services | 657 | 681 | 713 | 776 | 865 |
| Communications | 4,764 | 5,039 | 5,568 | 7,473 | 7,965 |
| Electric, gas, and sanitary services | 3,790 | 3,694 | 3,918 | 4,133 | 3,753 |

Table 4.3 (cont'd.)

Washington Gross State Product by Industry

(Millions of Chained 1996 Dollars)

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|-------------|-------------|-------------|-------------|-------------|
| Wholesale trade | 13,452 | 15,150 | 15,906 | 16,916 | 16,720 |
| Retail trade | 17,074 | 18,550 | 20,200 | 22,186 | 22,548 |
| Finance, insurance, and real estate | 30,792 | 32,691 | 34,035 | 35,143 | 35,826 |
| Depository institutions | 3,407 | 3,460 | 3,711 | 3,919 | 4,096 |
| Nondepository institutions | 866 | 1,021 | 1,085 | 1,152 | 1,340 |
| Security and commodity brokers | 1,111 | 1,414 | 1,582 | 1,952 | 2,151 |
| Insurance carriers | 2,491 | 2,455 | 2,308 | 2,544 | 2,494 |
| Insurance agents, brokers, and service | 942 | 986 | 1,005 | 944 | 974 |
| Real estate | 21,897 | 23,276 | 24,330 | 24,696 | 24,821 |
| Holding and other investment offices | 120 | 172 | 156 | 170 | 231 |
| Depository and nondepository institutions | 4,251 | 4,436 | 4,751 | 5,022 | 5,354 |
| Services | 36,992 | 41,027 | 46,708 | 44,398 | 43,305 |
| Hotels and other lodging places | 1,110 | 1,063 | 1,056 | 1,096 | 1,079 |
| Personal services | 1,028 | 1,071 | 1,090 | 1,056 | 1,079 |
| Business services | 12,928 | 16,060 | 20,786 | 17,501 | 16,146 |
| Auto repair, services, and parking | 1,744 | 1,850 | 1,958 | 2,004 | 2,073 |
| Miscellaneous repair services | 461 | 459 | 429 | 441 | 379 |
| Motion pictures | 207 | 205 | 200 | 194 | 199 |
| Amusement and recreation services | 1,240 | 1,237 | 1,273 | 1,348 | 1,195 |
| Health services | 9,181 | 9,410 | 9,800 | 10,190 | 10,495 |
| Legal services | 1,794 | 1,825 | 1,926 | 2,048 | 2,087 |
| Educational services | 757 | 823 | 841 | 870 | 885 |
| Social services | 1,076 | 1,112 | 1,144 | 1,198 | 1,220 |
| Membership organizations | 4,199 | 4,659 | 5,004 | 5,191 | 5,408 |
| Other services | 1,101 | 1,086 | 1,087 | 1,138 | 1,004 |
| Private households | 176 | 200 | 177 | 181 | 154 |
| Business services and other services | 17,123 | 20,712 | 25,788 | 22,678 | 21,539 |
| Government | 24,719 | 25,176 | 25,319 | 25,549 | 26,504 |
| Federal civilian government | 4,843 | 4,811 | 4,905 | 5,079 | 4,962 |
| Federal military government | 3,467 | 3,317 | 3,288 | 3,347 | 3,441 |
| State and local government | 16,409 | 17,043 | 17,121 | 17,120 | 18,093 |

Table 4.4

Washington Gross State Product by Component, 2001

(Millions of Current Dollars)

| | Total | Compensation | Indirect Business Taxes | Other |
|--|--------------|---------------------|--|--------------|
| Total gross state product | 222,950 | 131,005 | 22,366 | 69,579 |
| Agriculture, forestry, and fishing | 4,757 | 2,313 | 318 | 2,126 |
| Farms | 2,428 | 1,197 | 140 | 1,091 |
| Agricultural services, forestry, and fishing | 2,329 | 1,117 | 177 | 1,035 |
| Mining | 405 | 194 | 33 | 178 |
| Metal mining | 112 | (D) | 5 | (D) |
| Coal mining | 75 | (D) | 17 | (D) |
| Oil and gas extraction | 7 | (D) | (L) | (D) |
| Nonmetallic minerals, except fuels | 210 | (D) | 11 | (D) |
| Construction | 11,024 | 7,556 | 1,371 | 2,097 |
| Manufacturing | 27,387 | 19,399 | 1,239 | 6,749 |
| Durable goods | 19,752 | 14,533 | 801 | 4,418 |
| Lumber and wood products | 2,272 | (D) | 92 | (D) |
| Furniture and fixtures | 242 | (D) | 7 | (D) |
| Stone, clay, and glass products | 609 | (D) | 25 | (D) |
| Primary metal industries | 734 | (D) | 45 | (D) |
| Fabricated metal products | 884 | (D) | 32 | (D) |
| Industrial machinery and equipment | 1,879 | (D) | 66 | (D) |
| Electronic and other electric equip. | 1,618 | (D) | 50 | (D) |
| Motor vehicles and equipment | 843 | (D) | 15 | (D) |
| Other transportation equipment | 9,129 | (D) | 404 | (D) |
| Instruments and related products | 868 | (D) | 41 | (D) |
| Miscellaneous manufacturing industries | 674 | (D) | 24 | (D) |
| Electronic equipment and instruments | 2,486 | (D) | 91 | (D) |
| Nondurable goods | 7,635 | 4,866 | 438 | 2,331 |
| Food and kindred products | 2,570 | (D) | 184 | (D) |
| Tobacco products | 0 | (D) | 0 | (D) |
| Textile mill products | 71 | (D) | 4 | (D) |
| Apparel and other textile products | 227 | (D) | 5 | (D) |
| Paper and allied products | 1,283 | (D) | 80 | (D) |
| Printing and publishing | 1,175 | (D) | 46 | (D) |
| Chemicals and allied products | 931 | (D) | 53 | (D) |
| Petroleum and coal products | 827 | (D) | 45 | (D) |
| Rubber and misc. plastics products | 534 | (D) | 19 | (D) |
| Leather and leather products | 15 | (D) | 1 | (D) |
| Transportation and public utilities | 18,111 | 8,500 | 2,273 | 7,338 |
| Transportation | 6,614 | (D) | 691 | (D) |
| Railroad transportation | 455 | (D) | 19 | (D) |
| Local and interurban passenger transit | 295 | (D) | 17 | (D) |
| Trucking and warehousing | 2,357 | (D) | 151 | (D) |
| Water transportation | 962 | (D) | 118 | (D) |
| Transportation by air | 1,594 | (D) | 318 | (D) |
| Pipelines, except natural gas | 41 | (D) | 6 | (D) |
| Transportation services | 911 | (D) | 62 | (D) |
| Communications | 7,211 | (D) | 496 | (D) |
| Electric, gas, and sanitary services | 4,286 | (D) | 1,087 | (D) |

Table 4.4 (cont'd.)

| | Total | Comp. | IBT | Other |
|---|--------------|--------------|------------|--------------|
| Wholesale trade | 15,202 | 7,926 | 4,070 | 3,206 |
| Retail trade | 22,086 | 12,544 | 4,325 | 5,217 |
| Finance, insurance, and real estate | 41,034 | 8,090 | 6,196 | 26,748 |
| Depository institutions | 5,074 | (D) | 267 | (D) |
| Nondepository institutions | 1,294 | (D) | 105 | (D) |
| Security and commodity brokers | 1,536 | (D) | 153 | (D) |
| Insurance carriers | 3,003 | (D) | 404 | (D) |
| Insurance agents, brokers, and service | 1,212 | (D) | 40 | (D) |
| Real estate | 28,456 | (D) | 5,190 | (D) |
| Holding and other investment offices | 458 | (D) | 36 | (D) |
| Depository and nondepository institutions | 6,369 | (D) | 373 | (D) |
| Services | 52,128 | 38,226 | 2,540 | 11,362 |
| Hotels and other lodging places | 1,454 | (D) | 294 | (D) |
| Personal services | 1,269 | (D) | 80 | (D) |
| Business services | 19,122 | (D) | 724 | (D) |
| Auto repair, services, and parking | 2,359 | (D) | 392 | (D) |
| Miscellaneous repair services | 576 | (D) | 18 | (D) |
| Motion pictures | 239 | (D) | 14 | (D) |
| Amusement and recreation services | 1,513 | (D) | 80 | (D) |
| Health services | 12,350 | (D) | 499 | (D) |
| Legal services | 2,529 | (D) | 86 | (D) |
| Educational services | 1,124 | (D) | 23 | (D) |
| Social services | 1,561 | (D) | 27 | (D) |
| Membership organizations | 6,494 | (D) | 284 | (D) |
| Other services | 1,359 | (D) | 19 | (D) |
| Private households | 180 | (D) | 0 | (D) |
| Business services and other services | 25,616 | (D) | 1,008 | (D) |
| Government | 30,817 | 26,257 | 0 | 4,560 |
| Federal civilian government | 5,698 | 4,781 | 0 | 917 |
| Federal military government | 3,937 | 3,310 | 0 | 627 |
| State and local government | 21,182 | 18,166 | 0 | 3,016 |

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

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

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Detail Components of the Washington Economic Forecast

Calendar Years

Table A1.1
U.S. Economic Forecast Summary
 Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|----------|----------|----------|----------|----------|
| Real National Income Accounts (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Gross Domestic Product | 8,508.9 | 8,858.9 | 9,191.4 | 9,214.5 | 9,439.9 | 9,658.4 | 10,023.4 | 10,395.5 |
| % Ch | 4.3 | 4.1 | 3.8 | 0.3 | 2.4 | 2.3 | 3.8 | 3.7 |
| Real Consumption | 5683.7 | 5964.5 | 6223.9 | 6377.2 | 6576.0 | 6755.0 | 7028.1 | 7262.6 |
| % Ch | 4.8 | 4.9 | 4.3 | 2.5 | 3.1 | 2.7 | 4.0 | 3.3 |
| Real Nonresidential Fixed Investment | 1,135.9 | 1,228.4 | 1,324.2 | 1,255.1 | 1,183.4 | 1,198.3 | 1,281.7 | 1,401.8 |
| % Ch | 12.5 | 8.1 | 7.8 | -5.2 | -5.7 | 1.3 | 7.0 | 9.4 |
| Real Residential Fixed Investment | 345.1 | 368.3 | 372.4 | 373.5 | 388.2 | 409.1 | 402.8 | 402.4 |
| % Ch | 8.0 | 6.7 | 1.1 | 0.3 | 3.9 | 5.4 | -1.5 | -0.1 |
| Real Personal Income | 7,207.2 | 7,434.6 | 7,827.7 | 7,927.3 | 7,998.4 | 8,166.2 | 8,467.7 | 8,729.0 |
| % Ch | 5.9 | 3.2 | 5.3 | 1.3 | 0.9 | 2.1 | 3.7 | 3.1 |
| Real Per Capita Income (\$/Person) | 26,064 | 26,582 | 27,676 | 27,726 | 27,683 | 27,996 | 28,778 | 29,414 |
| % Ch | 4.7 | 2.0 | 4.1 | 0.2 | -0.2 | 1.1 | 2.8 | 2.2 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.030 | 1.047 | 1.074 | 1.096 | 1.111 | 1.131 | 1.147 | 1.171 |
| % Ch | 1.1 | 1.6 | 2.5 | 2.0 | 1.4 | 1.8 | 1.4 | 2.1 |
| U.S. Consumer Price Index (1982-84=1.0) | 1.630 | 1.666 | 1.722 | 1.771 | 1.799 | 1.838 | 1.860 | 1.895 |
| % Ch | 1.5 | 2.2 | 3.4 | 2.8 | 1.6 | 2.2 | 1.2 | 1.9 |
| Employment Cost Index (June 1989=1.0) | 1.357 | 1.403 | 1.460 | 1.514 | 1.564 | 1.609 | 1.652 | 1.698 |
| % Ch | 4.0 | 3.4 | 4.1 | 3.7 | 3.3 | 2.8 | 2.7 | 2.8 |
| Current Dollar National Income (Billions of Dollars) | | | | | | | | |
| Gross Domestic Product | 8,781.5 | 9,274.3 | 9,824.6 | 10,082.2 | 10,446.3 | 10,852.4 | 11,429.5 | 12,089.3 |
| % Ch | 5.6 | 5.6 | 5.9 | 2.6 | 3.6 | 3.9 | 5.3 | 5.8 |
| Personal Income | 7,426.0 | 7,786.5 | 8,406.6 | 8,685.3 | 8,883.3 | 9,234.3 | 9,712.4 | 10,220.4 |
| % Ch | 7.0 | 4.9 | 8.0 | 3.3 | 2.3 | 4.0 | 5.2 | 5.2 |
| Employment (Millions) | | | | | | | | |
| U.S. Civilian Labor Force | 139.1 | 141.0 | 142.6 | 143.9 | 145.1 | 146.6 | 148.2 | 150.1 |
| Total U.S. Employment | 132.8 | 135.1 | 136.9 | 137.1 | 136.7 | 137.7 | 139.3 | 141.4 |
| Unemployment Rate (%) | 4.50 | 4.22 | 4.00 | 4.77 | 5.78 | 6.07 | 5.99 | 5.76 |
| Nonfarm Payroll Employment | 125.92 | 128.99 | 131.79 | 131.83 | 130.38 | 130.06 | 131.71 | 134.09 |
| % Ch | 2.6 | 2.4 | 2.2 | 0.0 | -1.1 | -0.2 | 1.3 | 1.8 |
| Manufacturing | 17.56 | 17.32 | 17.27 | 16.44 | 15.30 | 14.67 | 14.40 | 14.53 |
| % Ch | 0.8 | -1.4 | -0.3 | -4.8 | -6.9 | -4.1 | -1.9 | 0.9 |
| Durable Manufacturing | 10.91 | 10.83 | 10.88 | 10.33 | 9.52 | 9.07 | 8.97 | 9.10 |
| % Ch | 1.9 | -0.7 | 0.4 | -5.0 | -7.9 | -4.6 | -1.2 | 1.5 |
| Nondurable Manufacturing | 6.65 | 6.49 | 6.39 | 6.11 | 5.79 | 5.60 | 5.43 | 5.43 |
| % Ch | -1.0 | -2.4 | -1.6 | -4.4 | -5.2 | -3.3 | -3.1 | -0.0 |
| Construction | 6.15 | 6.55 | 6.79 | 6.83 | 6.73 | 6.78 | 6.91 | 7.10 |
| % Ch | 5.8 | 6.5 | 3.7 | 0.6 | -1.4 | 0.6 | 2.0 | 2.7 |
| Service-Producing | 101.57 | 104.53 | 107.14 | 107.96 | 107.76 | 108.04 | 109.84 | 111.93 |
| % Ch | 2.7 | 2.9 | 2.5 | 0.8 | -0.2 | 0.3 | 1.7 | 1.9 |
| Miscellaneous Indicators | | | | | | | | |
| Credit Outstanding/Disp. Income | 20.3 | 20.8 | 21.1 | 22.0 | 21.9 | 21.7 | 21.0 | 20.5 |
| Auto Sales (Millions) | 8.1 | 8.7 | 8.9 | 8.4 | 8.1 | 7.7 | 7.8 | 7.8 |
| % Ch | -1.6 | 6.8 | 1.8 | -4.9 | -4.0 | -5.3 | 2.0 | 0.1 |
| Housing Starts (Millions) | 1.621 | 1.647 | 1.573 | 1.601 | 1.711 | 1.717 | 1.636 | 1.600 |
| % Ch | 9.9 | 1.6 | -4.5 | 1.8 | 6.9 | 0.4 | -4.7 | -2.2 |
| Federal Budget Surplus (Billions) | 43.8 | 112.0 | 206.8 | 72.0 | -202.1 | -392.4 | -490.8 | -365.8 |
| Net Exports (Billions) | -151.7 | -249.9 | -365.5 | -348.9 | -423.6 | -514.0 | -554.4 | -569.2 |
| 3-Month Treasury Bill Rate (%) | 4.79 | 4.63 | 5.81 | 3.43 | 1.61 | 1.04 | 1.06 | 1.73 |
| 30-Year U.S. Govt. Bond Rate (%) | 5.58 | 5.87 | 5.94 | 5.49 | 5.42 | 5.13 | 5.63 | 5.86 |
| Bond Index of 20 G.O. Munis. (%) | 5.09 | 5.43 | 5.70 | 5.15 | 5.03 | 4.85 | 5.11 | 5.20 |
| Mortgage Rate (%) | 6.94 | 7.43 | 8.06 | 6.97 | 6.54 | 5.94 | 6.38 | 6.70 |

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|---|---------|---------|---------|---------|----------|----------|----------|----------|
| Real National Income Accounts (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Gross Domestic Product | 9,097.4 | 9,205.7 | 9,218.7 | 9,243.8 | 9,229.9 | 9,193.1 | 9,186.4 | 9,248.8 |
| % Ch | 2.6 | 4.8 | 0.6 | 1.1 | -0.6 | -1.6 | -0.3 | 2.7 |
| Real Consumption | 6,151.9 | 6,198.2 | 6,256.8 | 6,288.8 | 6,326.0 | 6,348.0 | 6,370.9 | 6,464.0 |
| % Ch | 5.3 | 3.0 | 3.8 | 2.1 | 2.4 | 1.4 | 1.5 | 6.0 |
| Real Nonresidential Fixed Investment | 1,297.1 | 1,329.1 | 1,340.7 | 1,329.9 | 1,311.4 | 1,261.0 | 1,241.7 | 1,206.4 |
| % Ch | 15.0 | 10.2 | 3.5 | -3.2 | -5.4 | -14.5 | -6.0 | -10.9 |
| Real Residential Fixed Investment | 379.1 | 376.2 | 367.2 | 367.2 | 374.5 | 374.0 | 374.3 | 371.0 |
| % Ch | 8.3 | -3.0 | -9.3 | 0.0 | 8.2 | -0.5 | 0.4 | -3.5 |
| Real Personal Income | 7,709.3 | 7,795.7 | 7,883.6 | 7,922.3 | 7,932.3 | 7,913.3 | 7,942.1 | 7,921.4 |
| % Ch | 9.5 | 4.6 | 4.6 | 2.0 | 0.5 | -1.0 | 1.5 | -1.0 |
| Real Per Capita Income (\$/Person) | 27,370 | 27,602 | 27,837 | 27,897 | 27,856 | 27,713 | 27,740 | 27,594 |
| % Ch | 8.2 | 3.4 | 3.4 | 0.9 | -0.6 | -2.0 | 0.4 | -2.1 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.065 | 1.071 | 1.077 | 1.083 | 1.091 | 1.096 | 1.096 | 1.098 |
| % Ch | 3.4 | 2.3 | 2.1 | 2.2 | 3.3 | 1.8 | -0.1 | 0.8 |
| U.S. Consumer Price Index (1982-84=1.0) | 1.701 | 1.715 | 1.730 | 1.742 | 1.759 | 1.773 | 1.777 | 1.774 |
| % Ch | 3.9 | 3.3 | 3.6 | 2.9 | 3.8 | 3.2 | 1.0 | -0.6 |
| Employment Cost Index (June 1989=1.0) | 1.439 | 1.454 | 1.467 | 1.479 | 1.494 | 1.508 | 1.520 | 1.534 |
| % Ch | 4.3 | 4.2 | 3.6 | 3.3 | 4.1 | 3.8 | 3.2 | 3.7 |
| Current Dollar National Income (Billions of Dollars) | | | | | | | | |
| Gross Domestic Product | 9,649.5 | 9,820.7 | 9,874.8 | 9,953.6 | 10,028.1 | 10,049.9 | 10,097.7 | 10,152.9 |
| % Ch | 5.7 | 7.3 | 2.2 | 3.2 | 3.0 | 0.9 | 1.9 | 2.2 |
| Personal Income | 8,211.6 | 8,350.2 | 8,487.8 | 8,576.6 | 8,658.1 | 8,676.2 | 8,706.2 | 8,700.9 |
| % Ch | 13.2 | 6.9 | 6.8 | 4.2 | 3.9 | 0.8 | 1.4 | -0.2 |
| Employment (Millions) | | | | | | | | |
| U.S. Civilian Labor Force | 142.4 | 142.6 | 142.4 | 143.0 | 143.9 | 143.5 | 143.8 | 144.5 |
| Total U.S. Employment | 136.6 | 137.0 | 136.7 | 137.4 | 137.9 | 137.1 | 136.8 | 136.4 |
| Unemployment Rate (%) | 4.03 | 3.97 | 4.07 | 3.93 | 4.17 | 4.47 | 4.83 | 5.60 |
| Nonfarm Payroll Employment | 131.01 | 131.82 | 132.03 | 132.31 | 132.51 | 132.18 | 131.71 | 130.92 |
| % Ch | 2.4 | 2.5 | 0.6 | 0.9 | 0.6 | -1.0 | -1.4 | -2.4 |
| Manufacturing | 17.29 | 17.29 | 17.28 | 17.20 | 17.03 | 16.66 | 16.24 | 15.83 |
| % Ch | 0.3 | 0.1 | -0.4 | -1.8 | -3.9 | -8.3 | -9.6 | -9.7 |
| Durable Manufacturing | 10.85 | 10.88 | 10.90 | 10.87 | 10.75 | 10.49 | 10.19 | 9.90 |
| % Ch | 1.2 | 1.0 | 0.8 | -1.2 | -4.1 | -9.5 | -10.8 | -11.1 |
| Nondurable Manufacturing | 6.44 | 6.41 | 6.38 | 6.33 | 6.27 | 6.17 | 6.05 | 5.93 |
| % Ch | -1.2 | -1.4 | -2.3 | -2.8 | -3.6 | -6.2 | -7.7 | -7.4 |
| Construction | 6.76 | 6.78 | 6.80 | 6.81 | 6.84 | 6.85 | 6.83 | 6.79 |
| % Ch | 5.2 | 0.9 | 1.0 | 1.0 | 1.5 | 0.5 | -0.9 | -2.3 |
| Service-Producing | 106.36 | 107.15 | 107.35 | 107.69 | 108.04 | 108.06 | 108.03 | 107.69 |
| % Ch | 2.6 | 3.0 | 0.8 | 1.3 | 1.3 | 0.1 | -0.1 | -1.2 |
| Miscellaneous Indicators | | | | | | | | |
| Credit Outstanding/Disp. Income | 20.8 | 21.0 | 21.2 | 21.5 | 21.8 | 22.0 | 21.7 | 22.6 |
| Auto Sales (Millions) | 9.4 | 8.8 | 8.9 | 8.4 | 8.7 | 8.3 | 8.0 | 8.7 |
| % Ch | 21.1 | -20.9 | 1.5 | -21.2 | 15.6 | -14.6 | -16.1 | 45.0 |
| Housing Starts (Millions) | 1.659 | 1.587 | 1.504 | 1.544 | 1.605 | 1.630 | 1.600 | 1.570 |
| % Ch | 1.1 | -16.3 | -19.3 | 11.2 | 16.8 | 6.4 | -7.2 | -7.2 |
| Federal Budget Surplus (Billions) | 223.2 | 197.2 | 213.2 | 193.8 | 173.8 | 144.4 | -51.7 | 21.3 |
| Net Exports (Billions) | -330.6 | -353.2 | -384.9 | -393.2 | -372.7 | -365.7 | -312.6 | -344.5 |
| 3-Month Treasury Bill Rate (%) | 5.50 | 5.72 | 6.00 | 6.03 | 4.85 | 3.67 | 3.24 | 1.93 |
| 30-Year U.S. Govt. Bond Rate (%) | 6.30 | 5.98 | 5.80 | 5.69 | 5.44 | 5.70 | 5.52 | 5.30 |
| Bond Index of 20 G.O. Munis. (%) | 5.96 | 5.85 | 5.56 | 5.45 | 5.14 | 5.26 | 5.10 | 5.11 |
| Mortgage Rate (%) | 8.26 | 8.32 | 8.03 | 7.64 | 7.01 | 7.13 | 6.96 | 6.78 |

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Real National Income Accounts (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Gross Domestic Product | 9,363.2 | 9,392.4 | 9,485.6 | 9,518.2 | 9,552.0 | 9,608.1 | 9,692.5 | 9,781.2 |
| % Ch | 5.0 | 1.3 | 4.0 | 1.4 | 1.4 | 2.4 | 3.6 | 3.7 |
| Real Consumption | 6,513.8 | 6,542.4 | 6,609.9 | 6,637.9 | 6,670.9 | 6,726.0 | 6,785.4 | 6,837.6 |
| % Ch | 3.1 | 1.8 | 4.2 | 1.7 | 2.0 | 3.3 | 3.6 | 3.1 |
| Real Nonresidential Fixed Investment | 1,188.4 | 1,181.1 | 1,178.7 | 1,185.3 | 1,172.1 | 1,191.7 | 1,205.1 | 1,224.3 |
| % Ch | -5.8 | -2.4 | -0.8 | 2.3 | -4.4 | 6.9 | 4.6 | 6.5 |
| Real Residential Fixed Investment | 383.6 | 386.1 | 387.1 | 395.9 | 405.5 | 411.5 | 410.0 | 409.4 |
| % Ch | 14.2 | 2.7 | 1.1 | 9.4 | 10.1 | 6.0 | -1.4 | -0.6 |
| Real Personal Income | 7,993.0 | 8,038.8 | 7,905.3 | 8,056.6 | 8,075.9 | 8,124.1 | 8,193.4 | 8,271.5 |
| % Ch | 3.7 | 2.3 | -6.5 | 7.9 | 1.0 | 2.4 | 3.5 | 3.9 |
| Real Per Capita Income (\$/Person) | 27,769 | 27,854 | 27,326 | 27,783 | 27,782 | 27,881 | 28,058 | 28,264 |
| % Ch | 2.6 | 1.2 | -7.4 | 6.8 | -0.0 | 1.4 | 2.6 | 3.0 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.101 | 1.109 | 1.114 | 1.119 | 1.126 | 1.129 | 1.133 | 1.136 |
| % Ch | 1.1 | 2.7 | 1.7 | 1.8 | 2.7 | 0.9 | 1.4 | 1.1 |
| U.S. Consumer Price Index (1982-84=1.0) | 1.780 | 1.795 | 1.805 | 1.814 | 1.831 | 1.834 | 1.841 | 1.845 |
| % Ch | 1.3 | 3.5 | 2.2 | 2.0 | 3.9 | 0.6 | 1.5 | 1.0 |
| Employment Cost Index (June 1989=1.0) | 1.548 | 1.562 | 1.569 | 1.577 | 1.593 | 1.603 | 1.614 | 1.625 |
| % Ch | 3.7 | 3.7 | 1.8 | 2.1 | 4.1 | 2.5 | 2.7 | 2.7 |
| Current Dollar National Income (Billions of Dollars) | | | | | | | | |
| Gross Domestic Product | 10,313.1 | 10,376.9 | 10,506.2 | 10,588.8 | 10,688.4 | 10,777.3 | 10,906.5 | 11,037.6 |
| % Ch | 6.5 | 2.5 | 5.1 | 3.2 | 3.8 | 3.4 | 4.9 | 4.9 |
| Personal Income | 8,803.4 | 8,914.0 | 8,803.4 | 9,012.5 | 9,094.8 | 9,169.2 | 9,279.7 | 9,393.4 |
| % Ch | 4.8 | 5.1 | -4.9 | 9.8 | 3.7 | 3.3 | 4.9 | 5.0 |
| Employment (Millions) | | | | | | | | |
| U.S. Civilian Labor Force | 144.4 | 145.1 | 145.5 | 145.5 | 145.8 | 146.7 | 146.8 | 147.2 |
| Total U.S. Employment | 136.3 | 136.6 | 137.1 | 136.9 | 137.4 | 137.6 | 137.7 | 138.1 |
| Unemployment Rate (%) | 5.63 | 5.83 | 5.77 | 5.90 | 5.77 | 6.17 | 6.20 | 6.16 |
| Nonfarm Payroll Employment | 130.52 | 130.40 | 130.24 | 130.34 | 130.22 | 129.99 | 129.91 | 130.11 |
| % Ch | -1.2 | -0.4 | -0.5 | 0.3 | -0.3 | -0.7 | -0.2 | 0.6 |
| Manufacturing | 15.52 | 15.37 | 15.25 | 15.08 | 14.93 | 14.74 | 14.57 | 14.46 |
| % Ch | -7.7 | -3.8 | -3.2 | -4.2 | -4.1 | -4.9 | -4.6 | -3.0 |
| Durable Manufacturing | 9.66 | 9.57 | 9.47 | 9.36 | 9.24 | 9.11 | 9.00 | 8.94 |
| % Ch | -9.2 | -4.0 | -3.8 | -4.8 | -5.0 | -5.4 | -4.9 | -2.4 |
| Nondurable Manufacturing | 5.85 | 5.80 | 5.77 | 5.73 | 5.69 | 5.63 | 5.57 | 5.51 |
| % Ch | -5.3 | -3.4 | -2.1 | -3.2 | -2.7 | -3.9 | -4.1 | -4.0 |
| Construction | 6.77 | 6.72 | 6.72 | 6.73 | 6.72 | 6.78 | 6.80 | 6.81 |
| % Ch | -1.4 | -2.8 | -0.2 | 0.9 | -0.8 | 3.7 | 1.1 | 0.4 |
| Service-Producing | 107.64 | 107.73 | 107.70 | 107.95 | 108.01 | 107.90 | 107.98 | 108.27 |
| % Ch | -0.2 | 0.3 | -0.1 | 0.9 | 0.2 | -0.4 | 0.3 | 1.1 |
| Miscellaneous Indicators | | | | | | | | |
| Credit Outstanding/Disp. Income | 22.0 | 21.9 | 22.0 | 21.8 | 21.8 | 21.9 | 21.6 | 21.5 |
| Auto Sales (Millions) | 7.9 | 8.1 | 8.5 | 7.9 | 7.7 | 7.4 | 7.9 | 7.5 |
| % Ch | -33.0 | 8.7 | 21.7 | -25.8 | -6.5 | -14.2 | 27.1 | -17.5 |
| Housing Starts (Millions) | 1.716 | 1.683 | 1.702 | 1.743 | 1.737 | 1.723 | 1.731 | 1.679 |
| % Ch | 42.8 | -7.6 | 4.7 | 9.9 | -1.4 | -3.2 | 1.9 | -11.4 |
| Federal Budget Surplus (Billions) | -145.8 | -195.6 | -210.5 | -256.6 | -275.3 | -361.7 | -478.9 | -453.9 |
| Net Exports (Billions) | -360.1 | -425.6 | -432.9 | -476.0 | -487.2 | -511.0 | -525.7 | -532.1 |
| 3-Month Treasury Bill Rate (%) | 1.72 | 1.72 | 1.65 | 1.35 | 1.16 | 1.04 | 0.95 | 1.01 |
| 30-Year U.S. Govt. Bond Rate (%) | 5.60 | 5.76 | 5.23 | 5.07 | 4.97 | 4.69 | 5.32 | 5.56 |
| Bond Index of 20 G.O. Munis. (%) | 5.18 | 5.16 | 4.89 | 4.90 | 4.83 | 4.47 | 4.95 | 5.14 |
| Mortgage Rate (%) | 6.97 | 6.81 | 6.29 | 6.08 | 5.83 | 5.51 | 6.07 | 6.35 |

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Real National Income Accounts (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Gross Domestic Product | 9,875.4 | 9,962.3 | 10,077.7 | 10,178.2 | 10,272.1 | 10,356.2 | 10,433.0 | 10,520.7 |
| % Ch | 3.9 | 3.6 | 4.7 | 4.0 | 3.7 | 3.3 | 3.0 | 3.4 |
| Real Consumption | 6,916.7 | 6,990.9 | 7,068.7 | 7,136.0 | 7,190.6 | 7,237.9 | 7,283.3 | 7,338.8 |
| % Ch | 4.7 | 4.4 | 4.5 | 3.9 | 3.1 | 2.7 | 2.5 | 3.1 |
| Real Nonresidential Fixed Investment | 1,244.5 | 1,262.4 | 1,292.8 | 1,327.1 | 1,360.8 | 1,392.6 | 1,414.6 | 1,439.2 |
| % Ch | 6.8 | 5.9 | 10.0 | 11.0 | 10.6 | 9.7 | 6.5 | 7.2 |
| Real Residential Fixed Investment | 403.8 | 402.1 | 402.3 | 402.9 | 402.7 | 402.7 | 401.5 | 402.8 |
| % Ch | -5.3 | -1.7 | 0.3 | 0.6 | -0.2 | -0.0 | -1.2 | 1.3 |
| Real Personal Income | 8,366.3 | 8,435.9 | 8,501.7 | 8,567.0 | 8,630.9 | 8,699.8 | 8,762.3 | 8,823.0 |
| % Ch | 4.7 | 3.4 | 3.2 | 3.1 | 3.0 | 3.2 | 2.9 | 2.8 |
| Real Per Capita Income (\$/Person) | 28,526 | 28,701 | 28,863 | 29,022 | 29,177 | 29,347 | 29,495 | 29,637 |
| % Ch | 3.8 | 2.5 | 2.3 | 2.2 | 2.1 | 2.4 | 2.0 | 1.9 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.139 | 1.143 | 1.150 | 1.156 | 1.162 | 1.168 | 1.174 | 1.180 |
| % Ch | 1.2 | 1.5 | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | 2.0 |
| U.S. Consumer Price Index (1982-84=1.0) | 1.849 | 1.855 | 1.864 | 1.873 | 1.882 | 1.891 | 1.900 | 1.908 |
| % Ch | 0.9 | 1.2 | 2.0 | 1.9 | 1.9 | 1.9 | 2.0 | 1.8 |
| Employment Cost Index (June 1989=1.0) | 1.635 | 1.646 | 1.657 | 1.669 | 1.681 | 1.692 | 1.704 | 1.715 |
| % Ch | 2.7 | 2.7 | 2.6 | 2.9 | 3.0 | 2.7 | 2.7 | 2.8 |
| Current Dollar National Income (Billions of Dollars) | | | | | | | | |
| Gross Domestic Product | 11,190.1 | 11,329.9 | 11,514.3 | 11,683.6 | 11,857.0 | 12,014.3 | 12,163.9 | 12,321.9 |
| % Ch | 5.6 | 5.1 | 6.7 | 6.0 | 6.1 | 5.4 | 5.1 | 5.3 |
| Personal Income | 9,529.8 | 9,645.7 | 9,773.3 | 9,900.9 | 10,027.2 | 10,159.6 | 10,286.5 | 10,408.3 |
| % Ch | 5.9 | 5.0 | 5.4 | 5.3 | 5.2 | 5.4 | 5.1 | 4.8 |
| Employment (Millions) | | | | | | | | |
| U.S. Civilian Labor Force | 147.5 | 148.0 | 148.4 | 148.8 | 149.3 | 149.8 | 150.3 | 150.9 |
| Total U.S. Employment | 138.6 | 139.0 | 139.6 | 140.1 | 140.6 | 141.2 | 141.7 | 142.2 |
| Unemployment Rate (%) | 6.09 | 6.03 | 5.95 | 5.87 | 5.80 | 5.75 | 5.74 | 5.74 |
| Nonfarm Payroll Employment | 130.84 | 131.39 | 132.02 | 132.59 | 133.22 | 133.82 | 134.38 | 134.93 |
| % Ch | 2.3 | 1.7 | 1.9 | 1.7 | 1.9 | 1.8 | 1.7 | 1.7 |
| Manufacturing | 14.38 | 14.40 | 14.39 | 14.43 | 14.51 | 14.51 | 14.54 | 14.55 |
| % Ch | -2.0 | 0.4 | -0.3 | 1.1 | 2.3 | 0.1 | 0.8 | 0.2 |
| Durable Manufacturing | 8.92 | 8.97 | 8.98 | 9.02 | 9.09 | 9.09 | 9.11 | 9.11 |
| % Ch | -1.1 | 2.0 | 0.4 | 1.9 | 3.5 | -0.3 | 0.8 | 0.3 |
| Nondurable Manufacturing | 5.46 | 5.43 | 5.41 | 5.41 | 5.42 | 5.42 | 5.43 | 5.43 |
| % Ch | -3.6 | -2.3 | -1.6 | -0.0 | 0.4 | 0.6 | 0.7 | 0.1 |
| Construction | 6.83 | 6.86 | 6.95 | 7.02 | 7.05 | 7.08 | 7.10 | 7.15 |
| % Ch | 1.1 | 1.9 | 5.4 | 3.9 | 2.1 | 1.5 | 1.2 | 2.9 |
| Service-Producing | 109.06 | 109.57 | 110.13 | 110.60 | 111.12 | 111.70 | 112.21 | 112.72 |
| % Ch | 3.0 | 1.9 | 2.1 | 1.7 | 1.9 | 2.1 | 1.8 | 1.8 |
| Miscellaneous Indicators | | | | | | | | |
| Credit Outstanding/Disp. Income | 21.2 | 21.0 | 20.9 | 20.8 | 20.7 | 20.6 | 20.4 | 20.3 |
| Auto Sales (Millions) | 7.8 | 7.8 | 7.7 | 7.9 | 7.9 | 7.9 | 7.7 | 7.7 |
| % Ch | 14.7 | -0.1 | -2.9 | 8.8 | 1.9 | -3.6 | -8.0 | 1.8 |
| Housing Starts (Millions) | 1.638 | 1.638 | 1.632 | 1.636 | 1.618 | 1.600 | 1.591 | 1.592 |
| % Ch | -9.3 | -0.2 | -1.4 | 0.9 | -4.2 | -4.3 | -2.3 | 0.3 |
| Federal Budget Surplus (Billions) | -520.8 | -497.3 | -471.3 | -473.9 | -397.1 | -373.9 | -352.2 | -340.0 |
| Net Exports (Billions) | -541.2 | -553.8 | -556.6 | -565.9 | -568.1 | -572.9 | -568.7 | -567.2 |
| 3-Month Treasury Bill Rate (%) | 1.04 | 1.00 | 1.01 | 1.19 | 1.34 | 1.63 | 1.85 | 2.08 |
| 30-Year U.S. Govt. Bond Rate (%) | 5.56 | 5.61 | 5.63 | 5.72 | 5.77 | 5.86 | 5.89 | 5.93 |
| Bond Index of 20 G.O. Munis. (%) | 5.17 | 5.11 | 5.06 | 5.09 | 5.05 | 5.18 | 5.24 | 5.32 |
| Mortgage Rate (%) | 6.35 | 6.34 | 6.38 | 6.45 | 6.53 | 6.66 | 6.77 | 6.85 |

Table A1.3
Washington Economic Forecast Summary
 Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Real Income (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Personal Income | 158.389 | 166.283 | 174.000 | 174.919 | 178.472 | 180.996 | 186.511 | 191.779 |
| % Ch | 7.5 | 5.0 | 4.6 | 0.5 | 2.0 | 1.4 | 3.0 | 2.8 |
| Real Wage and Salary Disb. | 91.544 | 99.113 | 102.496 | 101.096 | 100.046 | 100.760 | 103.871 | 107.389 |
| % Ch | 9.3 | 8.3 | 3.4 | -1.4 | -1.0 | 0.7 | 3.1 | 3.4 |
| Real Nonwage Income | 66.844 | 67.170 | 71.504 | 73.824 | 78.425 | 80.236 | 82.640 | 84.391 |
| % Ch | 5.1 | 0.5 | 6.5 | 3.2 | 6.2 | 2.3 | 3.0 | 2.1 |
| Real Per Capita Income (\$/Person) | 27,400 | 28,401 | 29,371 | 29,154 | 29,436 | 29,558 | 30,120 | 30,606 |
| % Ch | 5.9 | 3.7 | 3.4 | -0.7 | 1.0 | 0.4 | 1.9 | 1.6 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.030 | 1.047 | 1.074 | 1.096 | 1.111 | 1.131 | 1.147 | 1.171 |
| % Ch | 1.1 | 1.6 | 2.5 | 2.0 | 1.4 | 1.8 | 1.4 | 2.1 |
| Seattle Cons. Price Index (1982-84=1.0) | 1.678 | 1.728 | 1.792 | 1.857 | 1.893 | 1.921 | 1.938 | 1.966 |
| % Ch | 2.9 | 3.0 | 3.7 | 3.6 | 2.0 | 1.5 | 0.9 | 1.4 |
| Avg. Hourly Earnings-Mfg. (\$/Hour) | 15.75 | 16.14 | 16.75 | 17.97 | 18.15 | 17.94 | 18.08 | 18.27 |
| % Ch | 4.0 | 2.5 | 3.7 | 7.3 | 1.0 | -1.2 | 0.8 | 1.0 |
| Current Dollar Income (Billions of Dollars) | | | | | | | | |
| Nonfarm Personal Income | 162.673 | 174.064 | 186.582 | 191.633 | 198.025 | 204.198 | 213.327 | 223.898 |
| % Ch | 8.6 | 7.0 | 7.2 | 2.7 | 3.3 | 3.1 | 4.5 | 5.0 |
| Personal Income | 163.192 | 174.148 | 186.843 | 191.644 | 198.221 | 204.663 | 213.918 | 224.538 |
| % Ch | 8.6 | 6.7 | 7.3 | 2.6 | 3.4 | 3.2 | 4.5 | 5.0 |
| Disposable Personal Income | 139.668 | 148.221 | 158.252 | 163.135 | 174.296 | 181.620 | 191.078 | 199.441 |
| % Ch | 8.1 | 6.1 | 6.8 | 3.1 | 6.8 | 4.2 | 5.2 | 4.4 |
| Per Capita Income (\$/Person) | 28,231 | 29,744 | 31,538 | 31,941 | 32,693 | 33,422 | 34,545 | 35,833 |
| % Ch | 7.1 | 5.4 | 6.0 | 1.3 | 2.4 | 2.2 | 3.4 | 3.7 |
| Employment (Thousands) | | | | | | | | |
| Washington Civilian Labor Force | 3,037.9 | 3,074.7 | 3,050.7 | 3,015.2 | 3,096.9 | 3,116.1 | 3,148.5 | 3,195.2 |
| Total Washington Employment | 2,893.3 | 2,929.3 | 2,891.5 | 2,822.3 | 2,871.1 | 2,888.1 | 2,915.1 | 2,966.6 |
| Unemployment Rate (%) | 4.76 | 4.73 | 5.22 | 6.40 | 7.30 | 7.32 | 7.41 | 7.15 |
| Nonfarm Payroll Employment | 2,594.7 | 2,648.5 | 2,711.5 | 2,697.4 | 2,654.8 | 2,665.1 | 2,692.2 | 2,740.6 |
| % Ch | 3.2 | 2.1 | 2.4 | -0.5 | -1.6 | 0.4 | 1.0 | 1.8 |
| Manufacturing | 360.5 | 343.3 | 331.9 | 316.2 | 285.7 | 266.2 | 259.4 | 263.2 |
| % Ch | 2.9 | -4.7 | -3.3 | -4.7 | -9.6 | -6.8 | -2.5 | 1.5 |
| Durable Manufacturing | 262.2 | 246.9 | 236.4 | 225.0 | 199.6 | 182.7 | 178.5 | 181.5 |
| % Ch | 4.4 | -5.8 | -4.2 | -4.8 | -11.3 | -8.5 | -2.3 | 1.7 |
| Aerospace | 111.9 | 98.2 | 86.1 | 87.2 | 75.8 | 65.3 | 59.8 | 59.7 |
| % Ch | 6.6 | -12.2 | -12.3 | 1.3 | -13.1 | -13.9 | -8.4 | -0.2 |
| Nondurable Manufacturing | 98.2 | 96.4 | 95.4 | 91.1 | 86.1 | 83.5 | 80.9 | 81.7 |
| % Ch | -0.9 | -1.8 | -1.1 | -4.5 | -5.5 | -3.0 | -3.1 | 1.0 |
| Construction | 143.4 | 153.8 | 160.6 | 158.8 | 154.8 | 156.4 | 156.1 | 157.8 |
| % Ch | 4.5 | 7.2 | 4.4 | -1.1 | -2.5 | 1.0 | -0.1 | 1.0 |
| Service-Producing | 2,080.5 | 2,140.9 | 2,209.0 | 2,212.6 | 2,204.9 | 2,233.5 | 2,267.8 | 2,310.7 |
| % Ch | 3.2 | 2.9 | 3.2 | 0.2 | -0.3 | 1.3 | 1.5 | 1.9 |
| Software Publishers | 24.5 | 27.3 | 32.2 | 35.9 | 36.0 | 37.1 | 40.6 | 45.0 |
| % Ch | 11.5 | 11.6 | 17.8 | 11.3 | 0.2 | 3.1 | 9.5 | 10.9 |
| Housing Indicators (Thousands) | | | | | | | | |
| Housing Units Authorized by Bldg. Permit | 45.727 | 42.752 | 39.021 | 38.345 | 40.200 | 42.411 | 40.535 | 39.527 |
| % Ch | 11.3 | -6.5 | -8.7 | -1.7 | 4.8 | 5.5 | -4.4 | -2.5 |
| Single-Family | 28.644 | 28.111 | 25.471 | 26.736 | 30.239 | 32.639 | 27.926 | 26.990 |
| % Ch | 3.1 | -1.9 | -9.4 | 5.0 | 13.1 | 7.9 | -14.4 | -3.4 |
| Multi-Family | 17.083 | 14.641 | 13.550 | 11.609 | 9.961 | 9.772 | 12.609 | 12.537 |
| % Ch | 28.3 | -14.3 | -7.5 | -14.3 | -14.2 | -1.9 | 29.0 | -0.6 |
| Mortgage Rate (%) | 6.94 | 7.43 | 8.06 | 6.97 | 6.54 | 5.94 | 6.38 | 6.70 |

Table A1.4
Washington Economic Forecast Summary
 Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Real Income (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Personal Income | 175.358 | 173.427 | 172.783 | 174.432 | 173.225 | 177.157 | 175.524 | 173.771 |
| % Ch | 10.2 | -4.3 | -1.5 | 3.9 | -2.7 | 9.4 | -3.6 | -3.9 |
| Real Wage and Salary Disb. | 106.055 | 102.179 | 100.455 | 101.296 | 100.088 | 103.772 | 101.264 | 99.258 |
| % Ch | 12.6 | -13.8 | -6.6 | 3.4 | -4.7 | 15.6 | -9.3 | -7.7 |
| Real Nonwage Income | 69.303 | 71.248 | 72.327 | 73.137 | 73.138 | 73.385 | 74.261 | 74.511 |
| % Ch | 6.7 | 11.7 | 6.2 | 4.6 | 0.0 | 1.4 | 4.9 | 1.4 |
| Real Per Capita Income (\$/Person) | 29,751 | 29,323 | 29,115 | 29,293 | 28,992 | 29,568 | 29,214 | 28,842 |
| % Ch | 9.1 | -5.6 | -2.8 | 2.5 | -4.0 | 8.2 | -4.7 | -5.0 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.065 | 1.071 | 1.077 | 1.083 | 1.091 | 1.096 | 1.096 | 1.098 |
| % Ch | 3.4 | 2.3 | 2.1 | 2.2 | 3.3 | 1.8 | -0.1 | 0.8 |
| Seattle Cons. Price Index (1982-84=1.0) | 1.764 | 1.783 | 1.801 | 1.820 | 1.839 | 1.850 | 1.866 | 1.872 |
| % Ch | 3.7 | 4.4 | 4.1 | 4.3 | 4.2 | 2.5 | 3.4 | 1.4 |
| Avg. Hourly Earnings-Mfg. (\$/Hour) | 16.54 | 16.61 | 16.77 | 17.07 | 17.60 | 17.82 | 18.07 | 18.38 |
| % Ch | 6.2 | 1.8 | 3.8 | 7.5 | 13.0 | 5.0 | 5.7 | 7.1 |
| Current Dollar Income (Billions of Dollars) | | | | | | | | |
| Nonfarm Personal Income | 186.525 | 185.504 | 185.717 | 188.584 | 189.041 | 194.227 | 192.397 | 190.865 |
| % Ch | 13.8 | -2.2 | 0.5 | 6.3 | 1.0 | 11.4 | -3.7 | -3.1 |
| Personal Income | 186.768 | 185.753 | 186.018 | 188.832 | 189.070 | 194.232 | 192.407 | 190.868 |
| % Ch | 14.0 | -2.2 | 0.6 | 6.2 | 0.5 | 11.4 | -3.7 | -3.2 |
| Disposable Personal Income | 158.195 | 157.435 | 157.535 | 159.841 | 159.796 | 164.320 | 166.286 | 162.137 |
| % Ch | 12.9 | -1.9 | 0.3 | 6.0 | -0.1 | 11.8 | 4.9 | -9.6 |
| Per Capita Income (\$/Person) | 31,687 | 31,407 | 31,345 | 31,711 | 31,644 | 32,417 | 32,024 | 31,679 |
| % Ch | 12.8 | -3.5 | -0.8 | 4.8 | -0.8 | 10.1 | -4.8 | -4.2 |
| Employment (Thousands) | | | | | | | | |
| Washington Civilian Labor Force | 3,071.2 | 3,053.8 | 3,041.7 | 3,036.0 | 3,016.2 | 3,009.6 | 3,008.1 | 3,026.9 |
| Total Washington Employment | 2,919.5 | 2,899.4 | 2,878.2 | 2,869.0 | 2,843.3 | 2,823.0 | 2,812.0 | 2,810.8 |
| Unemployment Rate (%) | 4.94 | 5.06 | 5.38 | 5.50 | 5.73 | 6.20 | 6.52 | 7.14 |
| Nonfarm Payroll Employment | 2,698.5 | 2,709.7 | 2,713.3 | 2,724.5 | 2,721.4 | 2,710.0 | 2,690.8 | 2,667.4 |
| % Ch | 3.7 | 1.7 | 0.5 | 1.7 | -0.5 | -1.7 | -2.8 | -3.4 |
| Manufacturing | 333.3 | 334.3 | 330.7 | 329.1 | 325.9 | 320.0 | 314.2 | 304.6 |
| % Ch | -4.5 | 1.2 | -4.2 | -1.9 | -3.9 | -7.1 | -7.0 | -11.6 |
| Durable Manufacturing | 236.6 | 238.2 | 236.0 | 235.0 | 232.7 | 228.1 | 223.4 | 215.9 |
| % Ch | -6.3 | 2.8 | -3.7 | -1.6 | -4.0 | -7.7 | -8.0 | -12.7 |
| Aerospace | 84.8 | 87.6 | 86.2 | 85.8 | 87.7 | 87.7 | 87.9 | 85.7 |
| % Ch | -24.8 | 13.9 | -6.3 | -2.0 | 9.2 | -0.1 | 1.0 | -9.5 |
| Nondurable Manufacturing | 96.7 | 96.1 | 94.7 | 94.1 | 93.2 | 91.9 | 90.8 | 88.7 |
| % Ch | -0.1 | -2.6 | -5.6 | -2.8 | -3.7 | -5.6 | -4.5 | -9.0 |
| Construction | 160.1 | 160.3 | 159.9 | 162.1 | 163.2 | 160.1 | 158.0 | 154.1 |
| % Ch | 6.9 | 0.5 | -1.1 | 5.7 | 2.7 | -7.3 | -5.2 | -9.6 |
| Service-Producing | 2,194.6 | 2,204.8 | 2,212.9 | 2,223.7 | 2,222.3 | 2,220.4 | 2,208.8 | 2,199.0 |
| % Ch | 4.8 | 1.9 | 1.5 | 2.0 | -0.3 | -0.3 | -2.1 | -1.8 |
| Software Publishers | 30.2 | 31.7 | 33.0 | 34.0 | 35.2 | 35.9 | 36.0 | 36.3 |
| % Ch | 23.6 | 22.3 | 17.7 | 11.7 | 15.9 | 7.7 | 1.4 | 3.6 |
| Housing Indicators (Thousands) | | | | | | | | |
| Housing Units Authorized by Bldg. Permit | 38.475 | 36.594 | 38.387 | 42.627 | 41.104 | 39.417 | 38.453 | 34.406 |
| % Ch | -22.0 | -18.2 | 21.1 | 52.1 | -13.5 | -15.4 | -9.4 | -35.9 |
| Single-Family | 25.380 | 25.049 | 25.493 | 25.962 | 28.794 | 26.795 | 26.561 | 24.794 |
| % Ch | -24.0 | -5.1 | 7.3 | 7.6 | 51.3 | -25.0 | -3.5 | -24.1 |
| Multi-Family | 13.095 | 11.545 | 12.894 | 16.666 | 12.310 | 12.622 | 11.892 | 9.611 |
| % Ch | -18.0 | -39.6 | 55.6 | 179.1 | -70.2 | 10.5 | -21.2 | -57.3 |
| Mortgage Rate (%) | 8.26 | 8.32 | 8.03 | 7.64 | 7.01 | 7.13 | 6.96 | 6.78 |

Table A1.4
Washington Economic Forecast Summary
 Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Real Income (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Personal Income | 176.452 | 178.686 | 179.676 | 179.075 | 178.248 | 181.255 | 181.535 | 182.945 |
| % Ch | 6.3 | 5.2 | 2.2 | -1.3 | -1.8 | 6.9 | 0.6 | 3.1 |
| Real Wage and Salary Disb. | 99.241 | 100.281 | 100.791 | 99.874 | 98.949 | 101.284 | 100.981 | 101.824 |
| % Ch | -0.1 | 4.3 | 2.0 | -3.6 | -3.7 | 9.8 | -1.2 | 3.4 |
| Real Nonwage Income | 77.212 | 78.402 | 78.886 | 79.200 | 79.298 | 79.971 | 80.554 | 81.121 |
| % Ch | 15.3 | 6.3 | 2.5 | 1.6 | 0.5 | 3.4 | 3.0 | 2.8 |
| Real Per Capita Income (\$/Person) | 29,206 | 29,506 | 29,600 | 29,432 | 29,228 | 29,641 | 29,604 | 29,758 |
| % Ch | 5.1 | 4.2 | 1.3 | -2.3 | -2.7 | 5.8 | -0.5 | 2.1 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.101 | 1.109 | 1.114 | 1.119 | 1.126 | 1.129 | 1.133 | 1.136 |
| % Ch | 1.1 | 2.7 | 1.7 | 1.8 | 2.7 | 0.9 | 1.4 | 1.1 |
| Seattle Cons. Price Index (1982-84=1.0) | 1.878 | 1.889 | 1.899 | 1.907 | 1.916 | 1.918 | 1.924 | 1.927 |
| % Ch | 1.3 | 2.3 | 2.2 | 1.6 | 1.8 | 0.5 | 1.3 | 0.6 |
| Avg. Hourly Earnings-Mfg. (\$/Hour) | 18.47 | 18.47 | 18.12 | 17.55 | 17.87 | 17.98 | 17.93 | 17.97 |
| % Ch | 2.0 | 0.0 | -7.3 | -11.9 | 7.3 | 2.6 | -1.3 | 1.0 |
| Current Dollar Income (Billions of Dollars) | | | | | | | | |
| Nonfarm Personal Income | 194.142 | 197.944 | 199.895 | 200.120 | 200.324 | 204.111 | 205.101 | 207.254 |
| % Ch | 7.0 | 8.1 | 4.0 | 0.5 | 0.4 | 7.8 | 2.0 | 4.3 |
| Personal Income | 194.342 | 198.138 | 200.086 | 200.319 | 200.736 | 204.571 | 205.596 | 207.750 |
| % Ch | 7.5 | 8.0 | 4.0 | 0.5 | 0.8 | 7.9 | 2.0 | 4.3 |
| Disposable Personal Income | 169.248 | 173.202 | 178.642 | 176.092 | 176.961 | 180.352 | 184.123 | 185.045 |
| % Ch | 18.7 | 9.7 | 13.2 | -5.6 | 2.0 | 7.9 | 8.6 | 2.0 |
| Per Capita Income (\$/Person) | 32,167 | 32,718 | 32,962 | 32,924 | 32,915 | 33,453 | 33,528 | 33,793 |
| % Ch | 6.3 | 7.0 | 3.0 | -0.5 | -0.1 | 6.7 | 0.9 | 3.2 |
| Employment (Thousands) | | | | | | | | |
| Washington Civilian Labor Force | 3,057.9 | 3,091.7 | 3,112.1 | 3,126.1 | 3,118.6 | 3,107.6 | 3,116.6 | 3,121.6 |
| Total Washington Employment | 2,831.7 | 2,860.8 | 2,885.9 | 2,905.8 | 2,904.1 | 2,874.6 | 2,886.5 | 2,887.3 |
| Unemployment Rate (%) | 7.40 | 7.47 | 7.27 | 7.05 | 6.88 | 7.50 | 7.38 | 7.50 |
| Nonfarm Payroll Employment | 2,650.9 | 2,652.7 | 2,657.5 | 2,657.9 | 2,666.1 | 2,662.8 | 2,665.3 | 2,666.1 |
| % Ch | -2.4 | 0.3 | 0.7 | 0.1 | 1.2 | -0.5 | 0.4 | 0.1 |
| Manufacturing | 294.2 | 287.8 | 283.1 | 277.8 | 273.9 | 266.9 | 263.8 | 260.1 |
| % Ch | -13.1 | -8.4 | -6.3 | -7.2 | -5.6 | -9.8 | -4.7 | -5.4 |
| Durable Manufacturing | 206.6 | 202.3 | 197.1 | 192.5 | 188.9 | 183.8 | 180.4 | 177.6 |
| % Ch | -16.2 | -8.2 | -9.9 | -8.9 | -7.3 | -10.3 | -7.1 | -6.1 |
| Aerospace | 80.8 | 77.3 | 73.5 | 71.5 | 69.3 | 66.0 | 64.2 | 61.5 |
| % Ch | -20.9 | -16.5 | -17.9 | -10.7 | -11.5 | -17.7 | -10.9 | -15.6 |
| Nondurable Manufacturing | 87.5 | 85.5 | 86.0 | 85.3 | 85.0 | 83.1 | 83.3 | 82.5 |
| % Ch | -5.2 | -9.0 | 2.5 | -3.2 | -1.6 | -8.5 | 0.9 | -3.9 |
| Construction | 153.5 | 154.1 | 155.8 | 155.8 | 155.9 | 156.2 | 156.8 | 156.6 |
| % Ch | -1.5 | 1.7 | 4.6 | -0.2 | 0.4 | 0.6 | 1.8 | -0.7 |
| Service-Producing | 2,193.8 | 2,201.5 | 2,209.4 | 2,215.0 | 2,227.3 | 2,230.6 | 2,235.6 | 2,240.4 |
| % Ch | -1.0 | 1.4 | 1.4 | 1.0 | 2.2 | 0.6 | 0.9 | 0.9 |
| Software Publishers | 35.6 | 35.7 | 35.8 | 36.6 | 36.5 | 36.8 | 37.0 | 37.9 |
| % Ch | -7.5 | 1.2 | 0.9 | 9.1 | -1.2 | 3.7 | 1.8 | 10.2 |
| Housing Indicators (Thousands) | | | | | | | | |
| Housing Units Authorized by Bldg. Permit | 34.493 | 41.965 | 38.838 | 45.504 | 43.573 | 42.840 | 42.529 | 40.704 |
| % Ch | 1.0 | 119.1 | -26.6 | 88.4 | -15.9 | -6.6 | -2.9 | -16.1 |
| Single-Family | 26.558 | 29.999 | 30.801 | 33.599 | 35.169 | 33.009 | 32.840 | 29.538 |
| % Ch | 31.6 | 62.8 | 11.1 | 41.6 | 20.1 | -22.4 | -2.0 | -34.6 |
| Multi-Family | 7.935 | 11.966 | 8.038 | 11.905 | 8.403 | 9.831 | 9.689 | 11.166 |
| % Ch | -53.5 | 417.0 | -79.6 | 381.4 | -75.2 | 87.3 | -5.6 | 76.4 |
| Mortgage Rate (%) | 6.97 | 6.81 | 6.29 | 6.08 | 5.83 | 5.51 | 6.07 | 6.35 |

Table A1.4
Washington Economic Forecast Summary
 Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Real Income (Billions of Chained 1996 Dollars) | | | | | | | | |
| Real Personal Income | 184.568 | 185.892 | 187.155 | 188.429 | 189.769 | 191.185 | 192.463 | 193.700 |
| % Ch | 3.6 | 2.9 | 2.7 | 2.8 | 2.9 | 3.0 | 2.7 | 2.6 |
| Real Wage and Salary Disb. | 102.645 | 103.503 | 104.276 | 105.061 | 106.131 | 107.019 | 107.803 | 108.604 |
| % Ch | 3.3 | 3.4 | 3.0 | 3.0 | 4.1 | 3.4 | 3.0 | 3.0 |
| Real Nonwage Income | 81.923 | 82.389 | 82.879 | 83.368 | 83.638 | 84.167 | 84.660 | 85.097 |
| % Ch | 4.0 | 2.3 | 2.4 | 2.4 | 1.3 | 2.6 | 2.4 | 2.1 |
| Real Per Capita Income (\$/Person) | 29,939 | 30,066 | 30,180 | 30,295 | 30,420 | 30,556 | 30,671 | 30,777 |
| % Ch | 2.5 | 1.7 | 1.5 | 1.5 | 1.7 | 1.8 | 1.5 | 1.4 |
| Price and Wage Indexes | | | | | | | | |
| U.S. Implicit Price Deflator (1996=1.0) | 1.139 | 1.143 | 1.150 | 1.156 | 1.162 | 1.168 | 1.174 | 1.180 |
| % Ch | 1.2 | 1.5 | 2.2 | 2.1 | 2.1 | 2.1 | 2.1 | 2.0 |
| Seattle Cons. Price Index (1982-84=1.0) | 1.930 | 1.933 | 1.941 | 1.948 | 1.955 | 1.962 | 1.970 | 1.977 |
| % Ch | 0.5 | 0.8 | 1.6 | 1.5 | 1.4 | 1.5 | 1.6 | 1.5 |
| Avg. Hourly Earnings-Mfg. (\$/Hour) | 18.02 | 18.06 | 18.10 | 18.15 | 18.20 | 18.24 | 18.29 | 18.34 |
| % Ch | 1.0 | 1.0 | 0.9 | 1.0 | 1.1 | 1.0 | 1.0 | 1.1 |
| Current Dollar Income (Billions of Dollars) | | | | | | | | |
| Nonfarm Personal Income | 209.700 | 211.960 | 214.503 | 217.145 | 219.835 | 222.605 | 225.273 | 227.879 |
| % Ch | 4.8 | 4.4 | 4.9 | 5.0 | 5.0 | 5.1 | 4.9 | 4.7 |
| Personal Income | 210.226 | 212.544 | 215.142 | 217.761 | 220.460 | 223.260 | 225.935 | 228.495 |
| % Ch | 4.9 | 4.5 | 5.0 | 5.0 | 5.1 | 5.2 | 4.9 | 4.6 |
| Disposable Personal Income | 188.449 | 189.922 | 191.815 | 194.124 | 196.142 | 198.392 | 200.517 | 202.714 |
| % Ch | 7.6 | 3.2 | 4.0 | 4.9 | 4.2 | 4.7 | 4.4 | 4.5 |
| Per Capita Income (\$/Person) | 34,101 | 34,376 | 34,693 | 35,010 | 35,339 | 35,683 | 36,005 | 36,306 |
| % Ch | 3.7 | 3.3 | 3.7 | 3.7 | 3.8 | 3.9 | 3.7 | 3.4 |
| Employment (Thousands) | | | | | | | | |
| Washington Civilian Labor Force | 3,132.7 | 3,142.9 | 3,154.1 | 3,164.4 | 3,177.5 | 3,189.7 | 3,201.2 | 3,212.4 |
| Total Washington Employment | 2,898.9 | 2,909.2 | 2,921.1 | 2,931.3 | 2,946.7 | 2,960.7 | 2,973.5 | 2,985.4 |
| Unemployment Rate (%) | 7.46 | 7.44 | 7.39 | 7.37 | 7.26 | 7.18 | 7.11 | 7.06 |
| Nonfarm Payroll Employment | 2,676.9 | 2,686.7 | 2,697.8 | 2,707.4 | 2,721.9 | 2,735.0 | 2,747.1 | 2,758.3 |
| % Ch | 1.6 | 1.5 | 1.7 | 1.4 | 2.2 | 1.9 | 1.8 | 1.6 |
| Manufacturing | 259.0 | 259.4 | 259.5 | 259.7 | 262.6 | 262.9 | 263.6 | 263.8 |
| % Ch | -1.7 | 0.7 | 0.1 | 0.4 | 4.5 | 0.5 | 1.0 | 0.2 |
| Durable Manufacturing | 177.4 | 178.5 | 178.9 | 179.1 | 181.6 | 181.4 | 181.6 | 181.5 |
| % Ch | -0.4 | 2.5 | 0.8 | 0.4 | 5.7 | -0.3 | 0.4 | -0.3 |
| Aerospace | 60.7 | 60.1 | 59.5 | 58.9 | 59.0 | 59.4 | 59.9 | 60.3 |
| % Ch | -5.1 | -3.9 | -3.9 | -4.0 | 0.6 | 3.0 | 3.0 | 3.0 |
| Nondurable Manufacturing | 81.5 | 80.9 | 80.6 | 80.7 | 81.0 | 81.5 | 82.0 | 82.3 |
| % Ch | -4.5 | -3.1 | -1.6 | 0.4 | 1.8 | 2.3 | 2.5 | 1.4 |
| Construction | 156.2 | 156.0 | 156.0 | 156.4 | 157.1 | 157.7 | 158.0 | 158.3 |
| % Ch | -0.9 | -0.7 | 0.0 | 1.2 | 1.7 | 1.5 | 1.0 | 0.7 |
| Service-Producing | 2,252.8 | 2,262.4 | 2,273.6 | 2,282.4 | 2,293.4 | 2,305.6 | 2,316.6 | 2,327.4 |
| % Ch | 2.2 | 1.7 | 2.0 | 1.6 | 1.9 | 2.2 | 1.9 | 1.9 |
| Software Publishers | 38.9 | 40.0 | 41.2 | 42.2 | 43.5 | 44.6 | 45.5 | 46.4 |
| % Ch | 10.8 | 12.0 | 12.0 | 10.7 | 12.8 | 10.0 | 8.9 | 7.6 |
| Housing Indicators (Thousands) | | | | | | | | |
| Housing Units Authorized by Bldg. Permit | 40.598 | 40.600 | 40.579 | 40.362 | 40.005 | 39.653 | 39.279 | 39.172 |
| % Ch | -1.0 | 0.0 | -0.2 | -2.1 | -3.5 | -3.5 | -3.7 | -1.1 |
| Single-Family | 28.373 | 27.944 | 27.764 | 27.624 | 27.523 | 27.117 | 26.764 | 26.556 |
| % Ch | -14.9 | -5.9 | -2.6 | -2.0 | -1.5 | -5.8 | -5.1 | -3.1 |
| Multi-Family | 12.225 | 12.656 | 12.816 | 12.737 | 12.482 | 12.536 | 12.516 | 12.615 |
| % Ch | 43.7 | 14.9 | 5.1 | -2.4 | -7.8 | 1.7 | -0.6 | 3.2 |
| Mortgage Rate (%) | 6.35 | 6.34 | 6.38 | 6.45 | 6.53 | 6.66 | 6.77 | 6.85 |

Table A2.1

U.S. Nonagricultural Employment by Industry

Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nonfarm Payroll Employment | 125.92 | 128.99 | 131.79 | 131.83 | 130.38 | 130.06 | 131.71 | 134.09 |
| % Ch | 2.6 | 2.4 | 2.2 | 0.0 | -1.1 | -0.2 | 1.3 | 1.8 |
| Manufacturing | 17.56 | 17.32 | 17.27 | 16.44 | 15.30 | 14.67 | 14.40 | 14.53 |
| % Ch | 0.8 | -1.4 | -0.3 | -4.8 | -6.9 | -4.1 | -1.9 | 0.9 |
| Durable Manufacturing | 10.91 | 10.83 | 10.88 | 10.33 | 9.52 | 9.07 | 8.97 | 9.10 |
| % Ch | 1.9 | -0.7 | 0.4 | -5.0 | -7.9 | -4.6 | -1.2 | 1.5 |
| Wood Products | 0.61 | 0.62 | 0.61 | 0.57 | 0.56 | 0.54 | 0.51 | 0.50 |
| % Ch | 2.3 | 1.9 | -1.2 | -6.4 | -3.0 | -2.9 | -5.7 | -2.1 |
| Primary and Fabricated Metals | 2.38 | 2.35 | 2.37 | 2.25 | 2.06 | 1.96 | 1.91 | 1.97 |
| % Ch | 2.0 | -1.2 | 0.9 | -5.4 | -8.4 | -4.9 | -2.5 | 3.3 |
| Computer and Electronic Products | 1.83 | 1.78 | 1.82 | 1.75 | 1.52 | 1.41 | 1.52 | 1.55 |
| % Ch | 1.5 | -2.7 | 2.2 | -3.9 | -13.0 | -7.3 | 7.6 | 1.8 |
| Machinery and Electrical Equipment | 2.10 | 2.05 | 2.05 | 1.92 | 1.74 | 1.65 | 1.62 | 1.65 |
| % Ch | 1.2 | -2.4 | -0.4 | -5.9 | -9.8 | -5.0 | -2.0 | 2.3 |
| Transportation Equipment | 2.08 | 2.09 | 2.06 | 1.94 | 1.83 | 1.77 | 1.71 | 1.69 |
| % Ch | 2.5 | 0.5 | -1.5 | -5.7 | -5.6 | -3.4 | -3.0 | -1.1 |
| Other Durables | 1.91 | 1.93 | 1.97 | 1.90 | 1.82 | 1.75 | 1.70 | 1.74 |
| % Ch | 2.4 | 1.4 | 1.7 | -3.3 | -4.5 | -3.5 | -2.7 | 1.9 |
| Nondurable Manufacturing | 6.65 | 6.49 | 6.39 | 6.11 | 5.79 | 5.60 | 5.43 | 5.43 |
| % Ch | -1.0 | -2.4 | -1.6 | -4.4 | -5.2 | -3.3 | -3.1 | -0.0 |
| Food Manufacturing | 1.56 | 1.55 | 1.55 | 1.55 | 1.52 | 1.51 | 1.49 | 1.49 |
| % Ch | -0.1 | -0.3 | 0.2 | -0.2 | -1.7 | -0.9 | -1.4 | 0.1 |
| Paper and Paper Products | 0.62 | 0.62 | 0.60 | 0.58 | 0.55 | 0.53 | 0.52 | 0.52 |
| % Ch | -0.9 | -1.5 | -1.8 | -4.5 | -4.8 | -3.5 | -2.1 | 0.7 |
| Other Nondurables | 4.47 | 4.33 | 4.23 | 3.98 | 3.71 | 3.56 | 3.42 | 3.41 |
| % Ch | -1.3 | -3.2 | -2.2 | -5.9 | -6.6 | -4.2 | -3.9 | -0.2 |
| Natural Resources and Mining | 0.65 | 0.60 | 0.60 | 0.61 | 0.58 | 0.57 | 0.56 | 0.53 |
| % Ch | -1.3 | -7.2 | 0.1 | 1.2 | -4.1 | -2.1 | -1.8 | -4.8 |
| Construction | 6.15 | 6.55 | 6.79 | 6.83 | 6.73 | 6.78 | 6.91 | 7.10 |
| % Ch | 5.8 | 6.5 | 3.7 | 0.6 | -1.4 | 0.6 | 2.0 | 2.7 |
| Trade, Transportation, and Utilities | 25.19 | 25.77 | 26.22 | 25.99 | 25.50 | 25.26 | 25.55 | 25.86 |
| % Ch | 2.0 | 2.3 | 1.8 | -0.9 | -1.9 | -0.9 | 1.1 | 1.2 |
| Wholesale Trade | 5.80 | 5.89 | 5.93 | 5.77 | 5.64 | 5.59 | 5.74 | 5.85 |
| % Ch | 2.3 | 1.7 | 0.7 | -2.7 | -2.3 | -0.9 | 2.7 | 1.9 |
| Retail Trade | 14.61 | 14.97 | 15.28 | 15.24 | 15.05 | 14.95 | 14.95 | 14.97 |
| % Ch | 1.5 | 2.5 | 2.1 | -0.2 | -1.3 | -0.7 | 0.0 | 0.1 |
| Trans., Warehousing, and Utilities | 4.78 | 4.91 | 5.01 | 4.97 | 4.81 | 4.73 | 4.86 | 5.03 |
| % Ch | 2.9 | 2.7 | 2.1 | -0.8 | -3.4 | -1.7 | 2.8 | 3.6 |
| Information | 3.22 | 3.42 | 3.63 | 3.63 | 3.42 | 3.29 | 3.32 | 3.37 |
| % Ch | 4.4 | 6.2 | 6.2 | -0.0 | -5.8 | -3.7 | 0.7 | 1.7 |
| Publishing Industries | 0.98 | 1.00 | 1.03 | 1.02 | 0.97 | 0.95 | 0.96 | 1.01 |
| % Ch | 2.8 | 2.3 | 3.0 | -1.4 | -5.0 | -2.4 | 1.4 | 5.0 |
| Other Information | 2.24 | 2.41 | 2.60 | 2.61 | 2.45 | 2.35 | 2.36 | 2.36 |
| % Ch | 5.1 | 7.9 | 7.5 | 0.5 | -6.1 | -4.3 | 0.4 | 0.3 |
| Financial Activities | 7.46 | 7.65 | 7.69 | 7.81 | 7.84 | 7.96 | 8.03 | 8.12 |
| % Ch | 4.0 | 2.5 | 0.5 | 1.6 | 0.4 | 1.5 | 0.9 | 1.1 |
| Professional and Business Services | 15.14 | 15.95 | 16.67 | 16.48 | 16.01 | 16.12 | 16.91 | 17.77 |
| % Ch | 5.6 | 5.4 | 4.5 | -1.1 | -2.8 | 0.7 | 4.9 | 5.1 |
| Education and Health Services | 14.45 | 14.80 | 15.11 | 15.64 | 16.18 | 16.53 | 16.93 | 17.24 |
| % Ch | 2.5 | 2.4 | 2.1 | 3.5 | 3.5 | 2.2 | 2.4 | 1.8 |
| Leisure and Hospitality | 11.23 | 11.54 | 11.86 | 12.03 | 11.97 | 12.06 | 12.24 | 12.46 |
| % Ch | 2.0 | 2.8 | 2.7 | 1.5 | -0.5 | 0.7 | 1.5 | 1.8 |
| Other Services | 4.98 | 5.09 | 5.17 | 5.26 | 5.35 | 5.32 | 5.44 | 5.54 |
| % Ch | 3.1 | 2.2 | 1.6 | 1.7 | 1.7 | -0.5 | 2.3 | 1.7 |
| Federal Government | 2.77 | 2.77 | 2.86 | 2.76 | 2.77 | 2.76 | 2.73 | 2.75 |
| % Ch | -1.2 | -0.1 | 3.4 | -3.5 | 0.2 | -0.4 | -1.0 | 0.7 |
| State and Local Government | 17.14 | 17.54 | 17.93 | 18.35 | 18.71 | 18.73 | 18.67 | 18.82 |
| % Ch | 1.7 | 2.4 | 2.2 | 2.4 | 2.0 | 0.1 | -0.3 | 0.8 |

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nonfarm Payroll Employment | 131.01 | 131.82 | 132.03 | 132.31 | 132.51 | 132.18 | 131.71 | 130.92 |
| % Ch | 2.4 | 2.5 | 0.6 | 0.9 | 0.6 | -1.0 | -1.4 | -2.4 |
| Manufacturing | 17.29 | 17.29 | 17.28 | 17.20 | 17.03 | 16.66 | 16.24 | 15.83 |
| % Ch | 0.3 | 0.1 | -0.4 | -1.8 | -3.9 | -8.3 | -9.6 | -9.7 |
| Durable Manufacturing | 10.85 | 10.88 | 10.90 | 10.87 | 10.75 | 10.49 | 10.19 | 9.90 |
| % Ch | 1.2 | 1.0 | 0.8 | -1.2 | -4.1 | -9.5 | -10.8 | -11.1 |
| Wood Products | 0.62 | 0.62 | 0.61 | 0.60 | 0.59 | 0.58 | 0.57 | 0.56 |
| % Ch | -0.2 | -1.8 | -5.9 | -8.3 | -8.2 | -6.1 | -3.7 | -4.4 |
| Primary and Fabricated Metals | 2.36 | 2.38 | 2.38 | 2.38 | 2.35 | 2.28 | 2.21 | 2.14 |
| % Ch | 2.2 | 2.3 | 0.9 | -0.8 | -4.5 | -10.7 | -11.9 | -12.2 |
| Computer and Electronic Products | 1.78 | 1.79 | 1.84 | 1.86 | 1.86 | 1.79 | 1.71 | 1.63 |
| % Ch | 1.2 | 2.0 | 11.2 | 3.9 | 0.8 | -14.4 | -18.2 | -15.8 |
| Machinery and Electrical Equipment | 2.04 | 2.05 | 2.05 | 2.04 | 2.02 | 1.96 | 1.89 | 1.82 |
| % Ch | -0.0 | 0.9 | 1.5 | -2.1 | -4.4 | -11.0 | -13.0 | -14.1 |
| Transportation Equipment | 2.08 | 2.08 | 2.04 | 2.03 | 1.98 | 1.95 | 1.93 | 1.89 |
| % Ch | 0.4 | -0.2 | -6.6 | -3.2 | -8.1 | -5.9 | -4.9 | -8.5 |
| Other Durables | 1.96 | 1.97 | 1.97 | 1.97 | 1.95 | 1.92 | 1.88 | 1.85 |
| % Ch | 2.4 | 0.7 | 1.0 | -1.3 | -2.6 | -6.2 | -8.0 | -6.9 |
| Nondurable Manufacturing | 6.44 | 6.41 | 6.38 | 6.33 | 6.27 | 6.17 | 6.05 | 5.93 |
| % Ch | -1.2 | -1.4 | -2.3 | -2.8 | -3.6 | -6.2 | -7.7 | -7.4 |
| Food Manufacturing | 1.56 | 1.56 | 1.55 | 1.55 | 1.56 | 1.56 | 1.55 | 1.54 |
| % Ch | -0.8 | -0.5 | -0.5 | -0.7 | 1.5 | 0.3 | -2.2 | -1.6 |
| Paper and Paper Products | 0.61 | 0.61 | 0.60 | 0.60 | 0.59 | 0.58 | 0.57 | 0.56 |
| % Ch | -0.9 | -2.1 | -1.4 | -2.1 | -4.0 | -7.4 | -8.5 | -5.4 |
| Other Nondurables | 4.27 | 4.25 | 4.22 | 4.18 | 4.12 | 4.03 | 3.93 | 3.83 |
| % Ch | -1.3 | -1.7 | -3.1 | -3.7 | -5.4 | -8.5 | -9.6 | -9.9 |
| Natural Resources and Mining | 0.59 | 0.60 | 0.60 | 0.60 | 0.61 | 0.61 | 0.61 | 0.60 |
| % Ch | -0.2 | 3.2 | 3.4 | 1.3 | 1.6 | 2.2 | -0.9 | -5.8 |
| Construction | 6.76 | 6.78 | 6.80 | 6.81 | 6.84 | 6.85 | 6.83 | 6.79 |
| % Ch | 5.2 | 0.9 | 1.0 | 1.0 | 1.5 | 0.5 | -0.9 | -2.3 |
| Trade, Transportation, and Utilities | 26.14 | 26.23 | 26.23 | 26.29 | 26.25 | 26.07 | 25.92 | 25.70 |
| % Ch | 2.1 | 1.3 | 0.1 | 0.8 | -0.6 | -2.7 | -2.3 | -3.4 |
| Wholesale Trade | 5.96 | 5.95 | 5.92 | 5.90 | 5.84 | 5.79 | 5.75 | 5.71 |
| % Ch | 1.5 | -0.5 | -1.9 | -1.8 | -3.7 | -3.4 | -2.8 | -3.0 |
| Retail Trade | 15.19 | 15.28 | 15.30 | 15.34 | 15.36 | 15.26 | 15.20 | 15.13 |
| % Ch | 2.3 | 2.1 | 0.5 | 1.3 | 0.4 | -2.4 | -1.5 | -1.8 |
| Trans., Warehousing, and Utilities | 4.99 | 5.00 | 5.01 | 5.05 | 5.05 | 5.02 | 4.97 | 4.86 |
| % Ch | 2.3 | 0.8 | 1.2 | 2.5 | 0.2 | -2.4 | -3.9 | -8.6 |
| Information | 3.57 | 3.62 | 3.64 | 3.69 | 3.71 | 3.67 | 3.60 | 3.54 |
| % Ch | 6.5 | 6.1 | 1.6 | 5.8 | 2.6 | -5.0 | -7.1 | -6.6 |
| Publishing Industries | 1.02 | 1.03 | 1.04 | 1.04 | 1.04 | 1.03 | 1.01 | 1.00 |
| % Ch | 2.4 | 4.2 | 3.8 | 1.2 | -0.1 | -4.5 | -8.0 | -6.2 |
| Other Information | 2.55 | 2.59 | 2.60 | 2.64 | 2.67 | 2.63 | 2.59 | 2.54 |
| % Ch | 8.2 | 6.9 | 0.7 | 7.8 | 3.7 | -5.2 | -6.7 | -6.7 |
| Financial Activities | 7.67 | 7.67 | 7.68 | 7.73 | 7.77 | 7.81 | 7.82 | 7.83 |
| % Ch | 0.0 | -0.1 | 0.8 | 2.2 | 2.5 | 1.9 | 0.4 | 0.8 |
| Professional and Business Services | 16.47 | 16.62 | 16.75 | 16.84 | 16.80 | 16.59 | 16.40 | 16.14 |
| % Ch | 4.4 | 3.6 | 3.1 | 2.3 | -1.1 | -4.9 | -4.4 | -6.3 |
| Education and Health Services | 14.98 | 15.05 | 15.14 | 15.27 | 15.42 | 15.57 | 15.71 | 15.88 |
| % Ch | 1.8 | 2.0 | 2.4 | 3.4 | 4.0 | 4.1 | 3.7 | 4.2 |
| Leisure and Hospitality | 11.74 | 11.85 | 11.93 | 11.92 | 11.99 | 12.07 | 12.10 | 11.97 |
| % Ch | 2.4 | 3.7 | 2.6 | -0.1 | 2.3 | 2.6 | 1.0 | -4.2 |
| Other Services | 5.15 | 5.16 | 5.17 | 5.19 | 5.20 | 5.24 | 5.28 | 5.31 |
| % Ch | 2.0 | 0.5 | 0.9 | 1.5 | 0.7 | 3.0 | 3.3 | 2.5 |
| Federal Government | 2.82 | 3.05 | 2.85 | 2.74 | 2.75 | 2.77 | 2.78 | 2.75 |
| % Ch | 7.5 | 38.0 | -23.9 | -14.9 | 2.4 | 1.9 | 1.9 | -3.6 |
| State and Local Government | 17.82 | 17.90 | 17.96 | 18.03 | 18.15 | 18.28 | 18.42 | 18.57 |
| % Ch | 2.0 | 1.8 | 1.4 | 1.6 | 2.5 | 3.1 | 2.9 | 3.4 |

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nonfarm Payroll Employment | 130.52 | 130.40 | 130.24 | 130.34 | 130.22 | 129.99 | 129.91 | 130.11 |
| % Ch | -1.2 | -0.4 | -0.5 | 0.3 | -0.3 | -0.7 | -0.2 | 0.6 |
| Manufacturing | 15.52 | 15.37 | 15.25 | 15.08 | 14.93 | 14.74 | 14.57 | 14.46 |
| % Ch | -7.7 | -3.8 | -3.2 | -4.2 | -4.1 | -4.9 | -4.6 | -3.0 |
| Durable Manufacturing | 9.66 | 9.57 | 9.47 | 9.36 | 9.24 | 9.11 | 9.00 | 8.94 |
| % Ch | -9.2 | -4.0 | -3.8 | -4.8 | -5.0 | -5.4 | -4.9 | -2.4 |
| Wood Products | 0.56 | 0.56 | 0.56 | 0.55 | 0.55 | 0.54 | 0.54 | 0.53 |
| % Ch | -1.6 | -2.8 | -1.8 | -2.8 | -3.0 | -2.5 | -3.2 | -5.0 |
| Primary and Fabricated Metals | 2.09 | 2.07 | 2.05 | 2.03 | 2.00 | 1.97 | 1.94 | 1.92 |
| % Ch | -10.0 | -3.2 | -3.3 | -4.9 | -5.6 | -5.7 | -5.5 | -3.9 |
| Computer and Electronic Products | 1.57 | 1.54 | 1.50 | 1.47 | 1.44 | 1.41 | 1.39 | 1.40 |
| % Ch | -14.4 | -8.4 | -8.2 | -8.2 | -8.7 | -7.0 | -7.7 | 4.9 |
| Machinery and Electrical Equipment | 1.77 | 1.74 | 1.73 | 1.70 | 1.68 | 1.65 | 1.64 | 1.63 |
| % Ch | -11.1 | -5.7 | -4.4 | -5.0 | -5.1 | -6.6 | -3.9 | -2.1 |
| Transportation Equipment | 1.85 | 1.84 | 1.82 | 1.81 | 1.80 | 1.77 | 1.75 | 1.74 |
| % Ch | -8.5 | -2.1 | -2.6 | -3.0 | -2.1 | -5.6 | -4.8 | -3.5 |
| Other Durables | 1.83 | 1.82 | 1.81 | 1.80 | 1.78 | 1.76 | 1.74 | 1.72 |
| % Ch | -4.4 | -1.5 | -1.6 | -3.9 | -4.5 | -3.5 | -3.5 | -4.6 |
| Nondurable Manufacturing | 5.85 | 5.80 | 5.77 | 5.73 | 5.69 | 5.63 | 5.57 | 5.51 |
| % Ch | -5.3 | -3.4 | -2.1 | -3.2 | -2.7 | -3.9 | -4.1 | -4.0 |
| Food Manufacturing | 1.54 | 1.53 | 1.52 | 1.52 | 1.52 | 1.51 | 1.51 | 1.51 |
| % Ch | -1.6 | -2.6 | -2.1 | 0.5 | -1.2 | -0.7 | -0.5 | -1.3 |
| Paper and Paper Products | 0.55 | 0.55 | 0.55 | 0.54 | 0.54 | 0.53 | 0.53 | 0.52 |
| % Ch | -5.3 | -2.5 | -1.8 | -3.5 | -4.4 | -4.1 | -2.8 | -3.1 |
| Other Nondurables | 3.76 | 3.73 | 3.71 | 3.66 | 3.63 | 3.58 | 3.53 | 3.48 |
| % Ch | -6.8 | -3.9 | -2.2 | -4.6 | -3.2 | -5.2 | -5.7 | -5.3 |
| Natural Resources and Mining | 0.59 | 0.58 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 | 0.57 |
| % Ch | -3.7 | -6.4 | -6.2 | -1.6 | -3.4 | -0.9 | 1.4 | 4.2 |
| Construction | 6.77 | 6.72 | 6.72 | 6.73 | 6.72 | 6.78 | 6.80 | 6.81 |
| % Ch | -1.4 | -2.8 | -0.2 | 0.9 | -0.8 | 3.7 | 1.1 | 0.4 |
| Trade, Transportation, and Utilities | 25.57 | 25.54 | 25.47 | 25.41 | 25.35 | 25.28 | 25.19 | 25.23 |
| % Ch | -2.0 | -0.4 | -1.2 | -0.9 | -0.9 | -1.2 | -1.4 | 0.7 |
| Wholesale Trade | 5.67 | 5.65 | 5.63 | 5.61 | 5.60 | 5.58 | 5.57 | 5.61 |
| % Ch | -2.2 | -1.6 | -1.5 | -1.5 | -1.0 | -1.0 | -0.8 | 3.0 |
| Retail Trade | 15.07 | 15.07 | 15.04 | 15.01 | 15.00 | 14.98 | 14.92 | 14.89 |
| % Ch | -1.8 | 0.2 | -1.0 | -0.6 | -0.5 | -0.5 | -1.5 | -0.8 |
| Trans., Warehousing, and Utilities | 4.83 | 4.82 | 4.80 | 4.78 | 4.76 | 4.72 | 4.70 | 4.73 |
| % Ch | -2.6 | -0.8 | -1.4 | -1.3 | -1.9 | -3.5 | -2.0 | 2.9 |
| Information | 3.47 | 3.43 | 3.40 | 3.38 | 3.31 | 3.29 | 3.28 | 3.28 |
| % Ch | -7.3 | -4.3 | -4.1 | -2.6 | -7.1 | -2.3 | -2.0 | 0.5 |
| Publishing Industries | 0.98 | 0.97 | 0.97 | 0.96 | 0.95 | 0.95 | 0.94 | 0.94 |
| % Ch | -6.2 | -4.0 | -1.2 | -1.4 | -3.6 | -2.8 | -2.0 | -0.9 |
| Other Information | 2.49 | 2.46 | 2.43 | 2.41 | 2.36 | 2.35 | 2.34 | 2.34 |
| % Ch | -7.8 | -4.5 | -5.2 | -3.1 | -8.5 | -2.1 | -2.0 | 1.1 |
| Financial Activities | 7.83 | 7.83 | 7.84 | 7.88 | 7.92 | 7.97 | 7.99 | 7.97 |
| % Ch | -0.3 | -0.0 | 0.5 | 2.2 | 1.8 | 2.7 | 0.9 | -0.7 |
| Professional and Business Services | 16.01 | 16.03 | 16.00 | 16.01 | 16.01 | 16.00 | 16.14 | 16.34 |
| % Ch | -3.1 | 0.4 | -0.8 | 0.3 | 0.1 | -0.3 | 3.6 | 5.0 |
| Education and Health Services | 16.01 | 16.14 | 16.24 | 16.35 | 16.43 | 16.50 | 16.54 | 16.66 |
| % Ch | 3.5 | 3.1 | 2.5 | 2.8 | 2.0 | 1.7 | 1.0 | 2.9 |
| Leisure and Hospitality | 11.98 | 11.92 | 11.94 | 12.04 | 12.09 | 12.04 | 12.06 | 12.05 |
| % Ch | 0.3 | -2.0 | 0.9 | 3.2 | 1.6 | -1.6 | 0.6 | -0.2 |
| Other Services | 5.35 | 5.36 | 5.34 | 5.34 | 5.33 | 5.32 | 5.31 | 5.32 |
| % Ch | 3.1 | 0.3 | -1.4 | 0.4 | -1.1 | -0.5 | -0.6 | 0.7 |
| Federal Government | 2.76 | 2.77 | 2.77 | 2.78 | 2.79 | 2.76 | 2.75 | 2.73 |
| % Ch | 0.2 | 2.1 | -0.6 | 2.0 | 1.2 | -4.0 | -1.5 | -2.9 |
| State and Local Government | 18.66 | 18.71 | 18.72 | 18.77 | 18.78 | 18.74 | 18.72 | 18.68 |
| % Ch | 1.9 | 1.1 | 0.1 | 1.0 | 0.3 | -0.9 | -0.4 | -0.9 |

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nonfarm Payroll Employment | 130.84 | 131.39 | 132.02 | 132.59 | 133.22 | 133.82 | 134.38 | 134.93 |
| % Ch | 2.3 | 1.7 | 1.9 | 1.7 | 1.9 | 1.8 | 1.7 | 1.7 |
| Manufacturing | 14.38 | 14.40 | 14.39 | 14.43 | 14.51 | 14.51 | 14.54 | 14.55 |
| % Ch | -2.0 | 0.4 | -0.3 | 1.1 | 2.3 | 0.1 | 0.8 | 0.2 |
| Durable Manufacturing | 8.92 | 8.97 | 8.98 | 9.02 | 9.09 | 9.09 | 9.11 | 9.11 |
| % Ch | -1.1 | 2.0 | 0.4 | 1.9 | 3.5 | -0.3 | 0.8 | 0.3 |
| Wood Products | 0.52 | 0.51 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| % Ch | -6.9 | -6.9 | -7.7 | -3.1 | -2.4 | 0.6 | 2.3 | 2.8 |
| Primary and Fabricated Metals | 1.91 | 1.90 | 1.90 | 1.92 | 1.94 | 1.96 | 1.98 | 2.01 |
| % Ch | -3.4 | -0.8 | 0.1 | 4.7 | 2.8 | 3.9 | 5.4 | 5.8 |
| Computer and Electronic Products | 1.45 | 1.51 | 1.55 | 1.56 | 1.62 | 1.57 | 1.52 | 1.46 |
| % Ch | 13.1 | 19.7 | 11.6 | 1.3 | 17.8 | -11.8 | -12.3 | -15.5 |
| Machinery and Electrical Equipment | 1.62 | 1.62 | 1.61 | 1.62 | 1.63 | 1.64 | 1.66 | 1.68 |
| % Ch | -2.8 | 0.0 | -1.3 | 2.1 | 1.6 | 3.8 | 5.1 | 4.9 |
| Transportation Equipment | 1.72 | 1.72 | 1.71 | 1.71 | 1.70 | 1.69 | 1.69 | 1.69 |
| % Ch | -3.4 | -1.1 | -2.3 | 0.0 | -2.1 | -1.1 | -0.2 | -0.5 |
| Other Durables | 1.71 | 1.70 | 1.70 | 1.71 | 1.71 | 1.73 | 1.75 | 1.76 |
| % Ch | -3.6 | -1.0 | -1.7 | 2.4 | 1.2 | 3.4 | 4.6 | 4.6 |
| Nondurable Manufacturing | 5.46 | 5.43 | 5.41 | 5.41 | 5.42 | 5.42 | 5.43 | 5.43 |
| % Ch | -3.6 | -2.3 | -1.6 | -0.0 | 0.4 | 0.6 | 0.7 | 0.1 |
| Food Manufacturing | 1.50 | 1.49 | 1.49 | 1.48 | 1.49 | 1.49 | 1.49 | 1.50 |
| % Ch | -2.2 | -1.9 | -1.1 | -0.4 | 0.5 | 0.9 | 1.1 | 0.6 |
| Paper and Paper Products | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.53 |
| % Ch | -1.7 | -1.3 | -1.6 | -0.2 | 1.7 | 1.7 | 1.9 | 1.2 |
| Other Nondurables | 3.44 | 3.42 | 3.41 | 3.41 | 3.41 | 3.41 | 3.42 | 3.41 |
| % Ch | -4.5 | -2.6 | -1.8 | 0.1 | 0.2 | 0.3 | 0.3 | -0.3 |
| Natural Resources and Mining | 0.57 | 0.56 | 0.55 | 0.55 | 0.54 | 0.54 | 0.53 | 0.52 |
| % Ch | -2.7 | -4.1 | -7.3 | -3.9 | -4.3 | -4.3 | -4.9 | -5.8 |
| Construction | 6.83 | 6.86 | 6.95 | 7.02 | 7.05 | 7.08 | 7.10 | 7.15 |
| % Ch | 1.1 | 1.9 | 5.4 | 3.9 | 2.1 | 1.5 | 1.2 | 2.9 |
| Trade, Transportation, and Utilities | 25.38 | 25.49 | 25.63 | 25.71 | 25.76 | 25.83 | 25.88 | 25.96 |
| % Ch | 2.4 | 1.7 | 2.2 | 1.3 | 0.8 | 1.0 | 0.8 | 1.2 |
| Wholesale Trade | 5.68 | 5.72 | 5.76 | 5.79 | 5.82 | 5.84 | 5.86 | 5.88 |
| % Ch | 5.0 | 3.1 | 2.9 | 2.0 | 1.8 | 1.3 | 1.5 | 1.6 |
| Retail Trade | 14.91 | 14.93 | 14.98 | 14.99 | 14.97 | 14.97 | 14.97 | 14.99 |
| % Ch | 0.5 | 0.5 | 1.4 | 0.2 | -0.6 | 0.2 | -0.2 | 0.6 |
| Trans., Warehousing, and Utilities | 4.79 | 4.84 | 4.88 | 4.93 | 4.98 | 5.02 | 5.05 | 5.09 |
| % Ch | 5.4 | 3.8 | 3.8 | 3.9 | 4.1 | 3.3 | 2.9 | 2.5 |
| Information | 3.29 | 3.31 | 3.33 | 3.34 | 3.34 | 3.37 | 3.39 | 3.39 |
| % Ch | 0.9 | 2.0 | 2.8 | 1.0 | 0.5 | 3.1 | 2.1 | 0.8 |
| Publishing Industries | 0.94 | 0.95 | 0.96 | 0.98 | 0.99 | 1.00 | 1.01 | 1.03 |
| % Ch | 1.2 | 4.6 | 4.7 | 5.4 | 5.1 | 5.6 | 4.5 | 4.6 |
| Other Information | 2.35 | 2.35 | 2.36 | 2.36 | 2.35 | 2.36 | 2.37 | 2.37 |
| % Ch | 0.8 | 1.0 | 2.0 | -0.7 | -1.3 | 2.0 | 1.1 | -0.8 |
| Financial Activities | 7.99 | 8.01 | 8.05 | 8.09 | 8.10 | 8.12 | 8.13 | 8.15 |
| % Ch | 1.0 | 1.1 | 1.8 | 1.8 | 0.8 | 0.8 | 0.7 | 0.9 |
| Professional and Business Services | 16.61 | 16.77 | 17.00 | 17.28 | 17.51 | 17.71 | 17.86 | 18.01 |
| % Ch | 6.7 | 4.0 | 5.7 | 6.5 | 5.5 | 4.8 | 3.3 | 3.5 |
| Education and Health Services | 16.86 | 16.90 | 16.95 | 17.03 | 17.10 | 17.18 | 17.29 | 17.39 |
| % Ch | 4.8 | 1.0 | 1.2 | 2.0 | 1.7 | 1.8 | 2.6 | 2.4 |
| Leisure and Hospitality | 12.15 | 12.25 | 12.28 | 12.29 | 12.34 | 12.43 | 12.50 | 12.56 |
| % Ch | 3.3 | 3.5 | 0.8 | 0.5 | 1.7 | 2.9 | 2.4 | 1.6 |
| Other Services | 5.38 | 5.43 | 5.46 | 5.49 | 5.51 | 5.52 | 5.55 | 5.56 |
| % Ch | 4.5 | 4.0 | 2.3 | 2.0 | 1.2 | 1.2 | 1.6 | 1.3 |
| Federal Government | 2.73 | 2.73 | 2.73 | 2.74 | 2.74 | 2.75 | 2.75 | 2.75 |
| % Ch | -0.4 | -0.1 | 0.6 | 1.0 | 0.7 | 0.9 | 0.4 | 0.3 |
| State and Local Government | 18.67 | 18.68 | 18.71 | 18.64 | 18.70 | 18.78 | 18.86 | 18.94 |
| % Ch | -0.0 | 0.1 | 0.6 | -1.4 | 1.4 | 1.7 | 1.6 | 1.7 |

Table A2.3
Washington Nonagricultural Employment by Industry
 Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Nonfarm Payroll Employment | 2,594.7 | 2,648.5 | 2,711.5 | 2,697.4 | 2,654.8 | 2,665.1 | 2,692.2 | 2,740.6 |
| % Ch | 3.2 | 2.1 | 2.4 | -0.5 | -1.6 | 0.4 | 1.0 | 1.8 |
| Manufacturing | 360.5 | 343.3 | 331.9 | 316.2 | 285.7 | 266.2 | 259.4 | 263.2 |
| % Ch | 2.9 | -4.7 | -3.3 | -4.7 | -9.6 | -6.8 | -2.5 | 1.5 |
| Durable Manufacturing | 262.2 | 246.9 | 236.4 | 225.0 | 199.6 | 182.7 | 178.5 | 181.5 |
| % Ch | 4.4 | -5.8 | -4.2 | -4.8 | -11.3 | -8.5 | -2.3 | 1.7 |
| Wood Products | 21.9 | 21.2 | 21.9 | 18.9 | 18.0 | 17.6 | 16.2 | 15.5 |
| % Ch | -4.0 | -3.6 | 3.6 | -13.6 | -5.0 | -2.1 | -8.0 | -4.6 |
| Primary and Fabricated Metals | 31.4 | 30.0 | 29.8 | 27.0 | 23.6 | 21.8 | 20.7 | 21.6 |
| % Ch | 2.3 | -4.5 | -0.8 | -9.4 | -12.6 | -7.4 | -4.9 | 4.1 |
| Computer and Electronic Products | 34.9 | 33.3 | 34.3 | 32.4 | 26.2 | 23.5 | 26.9 | 28.1 |
| % Ch | 4.2 | -4.8 | 3.2 | -5.6 | -19.3 | -10.1 | 14.3 | 4.7 |
| Machinery and Electrical Equipment | 18.3 | 19.2 | 19.8 | 18.6 | 16.7 | 16.0 | 16.1 | 17.3 |
| % Ch | 3.3 | 4.8 | 3.0 | -6.3 | -9.9 | -4.4 | 1.1 | 7.3 |
| Aerospace | 111.9 | 98.2 | 86.1 | 87.2 | 75.8 | 65.3 | 59.8 | 59.7 |
| % Ch | 6.6 | -12.2 | -12.3 | 1.3 | -13.1 | -13.9 | -8.4 | -0.2 |
| Other Transportation Equip. | 13.7 | 14.3 | 13.4 | 11.3 | 11.0 | 10.8 | 11.2 | 11.4 |
| % Ch | 7.1 | 3.7 | -6.0 | -16.0 | -2.3 | -2.0 | 3.4 | 2.4 |
| Other Durables | 29.9 | 30.8 | 31.1 | 29.6 | 28.4 | 27.7 | 27.5 | 27.9 |
| % Ch | 5.3 | 2.9 | 1.0 | -4.8 | -4.3 | -2.3 | -0.6 | 1.4 |
| Nondurable Manufacturing | 98.2 | 96.4 | 95.4 | 91.1 | 86.1 | 83.5 | 80.9 | 81.7 |
| % Ch | -0.9 | -1.8 | -1.1 | -4.5 | -5.5 | -3.0 | -3.1 | 1.0 |
| Food Manufacturing | 38.3 | 38.6 | 38.9 | 37.2 | 35.5 | 34.7 | 33.7 | 33.8 |
| % Ch | -2.1 | 0.8 | 0.8 | -4.3 | -4.8 | -2.0 | -3.0 | 0.3 |
| Paper and Paper Products | 15.6 | 15.2 | 14.4 | 14.1 | 13.3 | 13.1 | 12.8 | 12.9 |
| % Ch | 0.2 | -2.5 | -5.5 | -2.0 | -6.1 | -1.0 | -2.6 | 0.8 |
| Other Nondurables | 44.3 | 42.6 | 42.1 | 39.8 | 37.4 | 35.6 | 34.4 | 35.0 |
| % Ch | -0.3 | -3.9 | -1.1 | -5.5 | -6.1 | -4.7 | -3.3 | 1.6 |
| Natural Resources and Mining | 10.3 | 10.6 | 10.0 | 9.8 | 9.3 | 9.1 | 8.9 | 8.9 |
| % Ch | -4.6 | 2.4 | -5.3 | -2.2 | -4.7 | -3.1 | -1.8 | -0.5 |
| Construction | 143.4 | 153.8 | 160.6 | 158.8 | 154.8 | 156.4 | 156.1 | 157.8 |
| % Ch | 4.5 | 7.2 | 4.4 | -1.1 | -2.5 | 1.0 | -0.1 | 1.0 |
| Trade, Transportation, and Utilities | 506.0 | 519.1 | 531.9 | 523.8 | 509.9 | 510.7 | 518.2 | 527.1 |
| % Ch | 3.1 | 2.6 | 2.5 | -1.5 | -2.7 | 0.1 | 1.5 | 1.7 |
| Wholesale Trade | 117.0 | 119.4 | 121.3 | 119.8 | 115.7 | 115.9 | 119.4 | 123.5 |
| % Ch | 1.2 | 2.1 | 1.6 | -1.2 | -3.3 | 0.1 | 3.0 | 3.5 |
| Retail Trade | 295.5 | 305.4 | 315.3 | 311.7 | 305.8 | 306.8 | 308.2 | 309.2 |
| % Ch | 3.7 | 3.4 | 3.2 | -1.1 | -1.9 | 0.3 | 0.5 | 0.3 |
| Trans., Warehousing, and Utilities | 93.5 | 94.3 | 95.4 | 92.4 | 88.4 | 88.0 | 90.6 | 94.3 |
| % Ch | 3.7 | 0.9 | 1.2 | -3.2 | -4.3 | -0.5 | 3.0 | 4.1 |
| Information | 77.2 | 85.2 | 97.6 | 99.0 | 93.5 | 91.5 | 95.2 | 100.2 |
| % Ch | 6.5 | 10.4 | 14.6 | 1.4 | -5.5 | -2.2 | 4.1 | 5.3 |
| Software Publishers | 24.5 | 27.3 | 32.2 | 35.9 | 36.0 | 37.1 | 40.6 | 45.0 |
| % Ch | 11.5 | 11.6 | 17.8 | 11.3 | 0.2 | 3.1 | 9.5 | 10.9 |
| Other Publishing Industries | 13.3 | 13.5 | 13.7 | 13.2 | 12.6 | 11.7 | 11.7 | 12.1 |
| % Ch | 2.6 | 1.2 | 1.5 | -3.5 | -4.5 | -7.2 | 0.0 | 3.6 |
| Other Information | 39.3 | 44.4 | 51.7 | 49.9 | 45.0 | 42.7 | 42.9 | 43.1 |
| % Ch | 5.0 | 12.8 | 16.7 | -3.5 | -10.0 | -5.0 | 0.6 | 0.4 |
| Financial Activities | 136.3 | 142.8 | 142.3 | 145.2 | 145.6 | 151.8 | 153.1 | 154.9 |
| % Ch | 6.1 | 4.8 | -0.3 | 2.0 | 0.2 | 4.3 | 0.8 | 1.2 |
| Professional and Business Services | 273.6 | 286.3 | 303.8 | 296.9 | 289.8 | 296.9 | 307.3 | 319.7 |
| % Ch | 4.8 | 4.7 | 6.1 | -2.3 | -2.4 | 2.4 | 3.5 | 4.0 |
| Education and Health Services | 278.3 | 281.5 | 291.9 | 298.3 | 306.9 | 311.7 | 318.3 | 324.6 |
| % Ch | 3.8 | 1.2 | 3.7 | 2.2 | 2.9 | 1.6 | 2.1 | 2.0 |
| Leisure and Hospitality | 240.3 | 247.1 | 251.8 | 247.1 | 245.1 | 250.4 | 254.9 | 258.6 |
| % Ch | 2.3 | 2.8 | 1.9 | -1.9 | -0.8 | 2.2 | 1.8 | 1.5 |
| Other Services | 103.0 | 104.5 | 106.2 | 96.9 | 97.8 | 100.0 | 101.1 | 102.3 |
| % Ch | 1.0 | 1.4 | 1.6 | -8.8 | 1.0 | 2.2 | 1.2 | 1.1 |
| Federal Government | 67.2 | 67.6 | 69.9 | 67.9 | 69.2 | 69.0 | 67.8 | 68.3 |
| % Ch | -0.9 | 0.6 | 3.4 | -2.8 | 2.0 | -0.4 | -1.7 | 0.7 |
| State and Local Government | 398.7 | 406.8 | 413.5 | 437.6 | 447.0 | 451.5 | 451.9 | 455.0 |
| % Ch | 2.2 | 2.0 | 1.7 | 5.8 | 2.2 | 1.0 | 0.1 | 0.7 |

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Nonfarm Payroll Employment | 2,698.5 | 2,709.7 | 2,713.3 | 2,724.5 | 2,721.4 | 2,710.0 | 2,690.8 | 2,667.4 |
| % Ch | 3.7 | 1.7 | 0.5 | 1.7 | -0.5 | -1.7 | -2.8 | -3.4 |
| Manufacturing | 333.3 | 334.3 | 330.7 | 329.1 | 325.9 | 320.0 | 314.2 | 304.6 |
| % Ch | -4.5 | 1.2 | -4.2 | -1.9 | -3.9 | -7.1 | -7.0 | -11.6 |
| Durable Manufacturing | 236.6 | 238.2 | 236.0 | 235.0 | 232.7 | 228.1 | 223.4 | 215.9 |
| % Ch | -6.3 | 2.8 | -3.7 | -1.6 | -4.0 | -7.7 | -8.0 | -12.7 |
| Wood Products | 22.4 | 22.2 | 21.8 | 21.2 | 19.5 | 19.1 | 18.8 | 18.4 |
| % Ch | 23.7 | -3.3 | -8.4 | -9.3 | -29.1 | -7.9 | -5.1 | -9.7 |
| Primary and Fabricated Metals | 29.9 | 29.8 | 29.5 | 29.8 | 28.4 | 27.7 | 26.4 | 25.3 |
| % Ch | 1.3 | -1.2 | -4.6 | 3.6 | -17.1 | -9.0 | -18.2 | -14.6 |
| Computer and Electronic Products | 33.6 | 34.0 | 34.6 | 35.3 | 35.1 | 33.5 | 31.7 | 29.4 |
| % Ch | 8.1 | 4.9 | 7.2 | 8.4 | -1.4 | -17.2 | -20.2 | -26.2 |
| Machinery and Electrical Equipment | 19.9 | 20.0 | 19.7 | 19.7 | 19.5 | 18.8 | 18.3 | 17.7 |
| % Ch | 3.3 | 2.5 | -5.5 | -0.8 | -3.0 | -14.1 | -10.3 | -12.9 |
| Aerospace | 84.8 | 87.6 | 86.2 | 85.8 | 87.7 | 87.7 | 87.9 | 85.7 |
| % Ch | -24.8 | 13.9 | -6.3 | -2.0 | 9.2 | -0.1 | 1.0 | -9.5 |
| Other Transportation Equip. | 14.5 | 13.4 | 13.1 | 12.6 | 12.0 | 11.3 | 11.0 | 10.7 |
| % Ch | 6.3 | -25.4 | -10.3 | -12.9 | -18.0 | -20.6 | -11.5 | -11.6 |
| Other Durables | 31.5 | 31.1 | 31.1 | 30.7 | 30.4 | 29.9 | 29.3 | 28.8 |
| % Ch | 1.4 | -5.0 | 0.7 | -5.4 | -3.5 | -6.3 | -8.4 | -6.7 |
| Nondurable Manufacturing | 96.7 | 96.1 | 94.7 | 94.1 | 93.2 | 91.9 | 90.8 | 88.7 |
| % Ch | -0.1 | -2.6 | -5.6 | -2.8 | -3.7 | -5.6 | -4.5 | -9.0 |
| Food Manufacturing | 39.2 | 39.4 | 38.8 | 38.3 | 37.9 | 37.6 | 37.3 | 36.2 |
| % Ch | 0.9 | 2.0 | -6.1 | -4.6 | -4.6 | -2.6 | -3.1 | -11.4 |
| Paper and Paper Products | 14.6 | 14.4 | 14.4 | 14.2 | 14.5 | 14.2 | 14.0 | 13.8 |
| % Ch | -16.3 | -4.2 | -2.7 | -4.5 | 9.6 | -9.0 | -5.9 | -5.1 |
| Other Nondurables | 43.0 | 42.3 | 41.6 | 41.6 | 40.8 | 40.1 | 39.5 | 38.7 |
| % Ch | 5.3 | -6.0 | -6.0 | -0.5 | -7.2 | -7.0 | -5.3 | -7.9 |
| Natural Resources and Mining | 10.5 | 10.2 | 9.8 | 9.6 | 10.1 | 9.6 | 9.9 | 9.6 |
| % Ch | 0.4 | -10.4 | -16.3 | -9.1 | 25.0 | -18.3 | 10.6 | -8.3 |
| Construction | 160.1 | 160.3 | 159.9 | 162.1 | 163.2 | 160.1 | 158.0 | 154.1 |
| % Ch | 6.9 | 0.5 | -1.1 | 5.7 | 2.7 | -7.3 | -5.2 | -9.6 |
| Trade, Transportation, and Utilities | 531.7 | 531.9 | 529.7 | 534.4 | 531.2 | 527.4 | 522.8 | 514.0 |
| % Ch | 5.1 | 0.2 | -1.7 | 3.6 | -2.4 | -2.8 | -3.5 | -6.6 |
| Wholesale Trade | 120.9 | 121.1 | 120.8 | 122.3 | 121.4 | 120.6 | 119.4 | 117.6 |
| % Ch | 5.6 | 0.5 | -1.0 | 5.2 | -2.9 | -2.5 | -4.1 | -6.0 |
| Retail Trade | 315.3 | 316.1 | 313.8 | 315.8 | 315.8 | 313.0 | 311.5 | 306.6 |
| % Ch | 6.5 | 1.0 | -3.0 | 2.6 | 0.0 | -3.5 | -1.9 | -6.1 |
| Trans., Warehousing, and Utilities | 95.4 | 94.7 | 95.2 | 96.4 | 94.0 | 93.8 | 91.9 | 89.8 |
| % Ch | 0.1 | -2.9 | 2.0 | 5.0 | -9.4 | -0.7 | -7.9 | -9.0 |
| Information | 92.3 | 96.4 | 100.2 | 101.8 | 101.8 | 100.0 | 97.7 | 96.6 |
| % Ch | 21.2 | 18.9 | 16.8 | 6.7 | -0.1 | -6.9 | -9.0 | -4.3 |
| Software Publishers | 30.2 | 31.7 | 33.0 | 34.0 | 35.2 | 35.9 | 36.0 | 36.3 |
| % Ch | 23.6 | 22.3 | 17.7 | 11.7 | 15.9 | 7.7 | 1.4 | 3.6 |
| Other Publishing Industries | 13.8 | 13.8 | 13.7 | 13.6 | 13.5 | 13.4 | 13.1 | 12.9 |
| % Ch | 5.5 | -0.4 | -2.9 | -2.4 | -2.9 | -2.6 | -7.8 | -7.9 |
| Other Information | 48.3 | 50.9 | 53.5 | 54.3 | 53.1 | 50.7 | 48.5 | 47.4 |
| % Ch | 24.6 | 22.6 | 22.0 | 6.1 | -8.5 | -16.6 | -16.1 | -8.9 |
| Financial Activities | 143.7 | 142.5 | 141.8 | 141.4 | 144.2 | 144.6 | 146.5 | 145.5 |
| % Ch | -5.4 | -3.3 | -1.8 | -1.3 | 8.3 | 1.1 | 5.3 | -2.7 |
| Professional and Business Services | 300.2 | 301.7 | 305.9 | 307.6 | 303.7 | 300.8 | 294.0 | 289.1 |
| % Ch | 8.6 | 2.1 | 5.6 | 2.3 | -4.9 | -3.8 | -8.7 | -6.6 |
| Education and Health Services | 289.0 | 289.7 | 294.4 | 294.6 | 295.5 | 297.8 | 297.1 | 302.6 |
| % Ch | 6.8 | 1.0 | 6.5 | 0.3 | 1.3 | 3.1 | -0.9 | 7.6 |
| Leisure and Hospitality | 251.9 | 251.8 | 249.9 | 253.4 | 248.0 | 248.4 | 247.7 | 244.1 |
| % Ch | 3.3 | -0.2 | -2.9 | 5.7 | -8.2 | 0.7 | -1.2 | -5.8 |
| Other Services | 106.2 | 106.1 | 106.2 | 106.3 | 97.4 | 97.5 | 96.6 | 96.0 |
| % Ch | 7.8 | -0.4 | 0.2 | 0.6 | -29.6 | 0.6 | -3.8 | -2.5 |
| Federal Government | 68.0 | 74.1 | 69.1 | 68.3 | 67.7 | 67.2 | 68.1 | 68.6 |
| % Ch | -0.2 | 40.8 | -24.1 | -4.7 | -3.6 | -2.8 | 5.2 | 3.3 |
| State and Local Government | 411.7 | 410.7 | 415.8 | 416.0 | 432.7 | 436.6 | 438.3 | 442.6 |
| % Ch | 2.0 | -1.0 | 5.0 | 0.2 | 17.1 | 3.6 | 1.6 | 4.0 |

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Nonfarm Payroll Employment | 2,650.9 | 2,652.7 | 2,657.5 | 2,657.9 | 2,666.1 | 2,662.8 | 2,665.3 | 2,666.1 |
| % Ch | -2.4 | 0.3 | 0.7 | 0.1 | 1.2 | -0.5 | 0.4 | 0.1 |
| Manufacturing | 294.2 | 287.8 | 283.1 | 277.8 | 273.9 | 266.9 | 263.8 | 260.1 |
| % Ch | -13.1 | -8.4 | -6.3 | -7.2 | -5.6 | -9.8 | -4.7 | -5.4 |
| Durable Manufacturing | 206.6 | 202.3 | 197.1 | 192.5 | 188.9 | 183.8 | 180.4 | 177.6 |
| % Ch | -16.2 | -8.2 | -9.9 | -8.9 | -7.3 | -10.3 | -7.1 | -6.1 |
| Wood Products | 17.9 | 18.0 | 18.1 | 18.1 | 18.0 | 17.8 | 17.5 | 17.2 |
| % Ch | -9.5 | 1.9 | 1.3 | -0.1 | -0.5 | -4.1 | -7.5 | -7.3 |
| Primary and Fabricated Metals | 24.5 | 23.6 | 23.3 | 22.9 | 22.6 | 22.1 | 21.5 | 21.1 |
| % Ch | -13.0 | -14.0 | -4.2 | -7.2 | -4.8 | -8.6 | -11.4 | -6.5 |
| Computer and Electronic Products | 27.3 | 26.6 | 25.9 | 24.8 | 24.3 | 23.5 | 22.9 | 23.4 |
| % Ch | -24.9 | -10.9 | -9.6 | -15.5 | -9.0 | -11.5 | -10.9 | 9.7 |
| Machinery and Electrical Equipment | 17.1 | 16.9 | 16.6 | 16.3 | 16.2 | 16.1 | 15.8 | 15.9 |
| % Ch | -12.8 | -3.3 | -6.8 | -7.9 | -3.2 | -2.4 | -5.7 | 1.5 |
| Aerospace | 80.8 | 77.3 | 73.5 | 71.5 | 69.3 | 66.0 | 64.2 | 61.5 |
| % Ch | -20.9 | -16.5 | -17.9 | -10.7 | -11.5 | -17.7 | -10.9 | -15.6 |
| Other Transportation Equip. | 10.6 | 11.4 | 11.2 | 10.8 | 10.8 | 10.6 | 10.9 | 10.9 |
| % Ch | -2.3 | 32.6 | -7.0 | -11.5 | -3.5 | -4.6 | 9.5 | 1.6 |
| Other Durables | 28.4 | 28.5 | 28.4 | 28.1 | 27.7 | 27.6 | 27.8 | 27.7 |
| % Ch | -5.8 | 2.4 | -1.9 | -4.4 | -4.8 | -2.0 | 2.5 | -1.7 |
| Nondurable Manufacturing | 87.5 | 85.5 | 86.0 | 85.3 | 85.0 | 83.1 | 83.3 | 82.5 |
| % Ch | -5.2 | -9.0 | 2.5 | -3.2 | -1.6 | -8.5 | 0.9 | -3.9 |
| Food Manufacturing | 36.0 | 34.8 | 35.8 | 35.3 | 35.3 | 33.9 | 35.1 | 34.7 |
| % Ch | -1.9 | -13.1 | 12.1 | -5.6 | 0.5 | -15.5 | 15.0 | -3.8 |
| Paper and Paper Products | 13.4 | 13.3 | 13.1 | 13.2 | 13.3 | 13.2 | 13.0 | 12.9 |
| % Ch | -10.5 | -4.0 | -4.6 | 3.2 | 3.8 | -4.1 | -5.5 | -3.4 |
| Other Nondurables | 38.1 | 37.4 | 37.1 | 36.8 | 36.3 | 36.0 | 35.2 | 34.8 |
| % Ch | -6.2 | -6.9 | -3.3 | -3.0 | -5.5 | -3.1 | -8.9 | -4.2 |
| Natural Resources and Mining | 9.5 | 9.4 | 9.2 | 9.3 | 9.0 | 9.1 | 9.1 | 9.0 |
| % Ch | -7.5 | -3.1 | -6.7 | 4.6 | -13.5 | 5.2 | -0.0 | -3.7 |
| Construction | 153.5 | 154.1 | 155.8 | 155.8 | 155.9 | 156.2 | 156.8 | 156.6 |
| % Ch | -1.5 | 1.7 | 4.6 | -0.2 | 0.4 | 0.6 | 1.8 | -0.7 |
| Trade, Transportation, and Utilities | 510.6 | 510.3 | 511.0 | 507.8 | 510.4 | 509.5 | 510.8 | 511.9 |
| % Ch | -2.6 | -0.2 | 0.5 | -2.5 | 2.1 | -0.7 | 1.0 | 0.8 |
| Wholesale Trade | 116.7 | 115.5 | 115.5 | 115.3 | 115.9 | 115.1 | 115.7 | 116.7 |
| % Ch | -2.8 | -4.1 | -0.1 | -0.8 | 2.2 | -2.8 | 2.2 | 3.7 |
| Retail Trade | 305.0 | 306.2 | 306.9 | 305.0 | 305.6 | 307.0 | 307.6 | 307.0 |
| % Ch | -2.1 | 1.5 | 0.9 | -2.4 | 0.8 | 1.9 | 0.9 | -0.9 |
| Trans., Warehousing, and Utilities | 88.9 | 88.6 | 88.7 | 87.5 | 89.0 | 87.4 | 87.5 | 88.2 |
| % Ch | -3.9 | -1.2 | 0.1 | -5.1 | 6.9 | -6.8 | 0.1 | 3.3 |
| Information | 94.2 | 93.6 | 92.9 | 93.5 | 91.6 | 91.1 | 91.1 | 92.1 |
| % Ch | -9.8 | -2.3 | -3.2 | 2.6 | -7.7 | -2.1 | -0.2 | 4.5 |
| Software Publishers | 35.6 | 35.7 | 35.8 | 36.6 | 36.5 | 36.8 | 37.0 | 37.9 |
| % Ch | -7.5 | 1.2 | 0.9 | 9.1 | -1.2 | 3.7 | 1.8 | 10.2 |
| Other Publishing Industries | 12.6 | 12.6 | 12.6 | 12.7 | 11.9 | 11.8 | 11.6 | 11.6 |
| % Ch | -7.5 | -1.6 | 2.2 | 2.1 | -22.7 | -4.7 | -4.6 | -1.8 |
| Other Information | 45.9 | 45.3 | 44.4 | 44.2 | 43.2 | 42.5 | 42.5 | 42.6 |
| % Ch | -12.0 | -5.2 | -7.7 | -2.4 | -8.3 | -6.1 | -0.6 | 1.4 |
| Financial Activities | 144.4 | 145.5 | 145.8 | 146.5 | 150.9 | 152.2 | 152.3 | 152.0 |
| % Ch | -2.8 | 3.0 | 0.7 | 1.9 | 12.6 | 3.6 | 0.1 | -0.7 |
| Professional and Business Services | 287.5 | 288.8 | 291.4 | 291.6 | 296.3 | 295.0 | 296.8 | 299.4 |
| % Ch | -2.1 | 1.7 | 3.7 | 0.2 | 6.6 | -1.7 | 2.5 | 3.5 |
| Education and Health Services | 304.7 | 306.9 | 305.7 | 310.3 | 310.3 | 312.1 | 311.3 | 313.3 |
| % Ch | 2.7 | 3.0 | -1.6 | 6.1 | 0.0 | 2.4 | -1.0 | 2.6 |
| Leisure and Hospitality | 243.0 | 244.6 | 246.9 | 245.9 | 248.2 | 249.6 | 252.0 | 251.9 |
| % Ch | -1.7 | 2.7 | 3.7 | -1.5 | 3.8 | 2.2 | 4.0 | -0.3 |
| Other Services | 97.3 | 98.1 | 98.1 | 97.8 | 100.0 | 100.1 | 99.8 | 99.9 |
| % Ch | 5.7 | 3.4 | -0.3 | -1.2 | 9.3 | 0.5 | -1.0 | 0.4 |
| Federal Government | 68.5 | 68.1 | 69.2 | 71.1 | 70.8 | 69.3 | 68.0 | 67.7 |
| % Ch | -0.6 | -2.2 | 6.2 | 11.9 | -1.7 | -8.6 | -6.8 | -2.0 |
| State and Local Government | 443.5 | 445.4 | 448.5 | 450.6 | 448.8 | 451.8 | 453.4 | 452.2 |
| % Ch | 0.8 | 1.8 | 2.8 | 1.9 | -1.6 | 2.6 | 1.5 | -1.1 |

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Nonfarm Payroll Employment | 2,676.9 | 2,686.7 | 2,697.8 | 2,707.4 | 2,721.9 | 2,735.0 | 2,747.1 | 2,758.3 |
| % Ch | 1.6 | 1.5 | 1.7 | 1.4 | 2.2 | 1.9 | 1.8 | 1.6 |
| Manufacturing | 259.0 | 259.4 | 259.5 | 259.7 | 262.6 | 262.9 | 263.6 | 263.8 |
| % Ch | -1.7 | 0.7 | 0.1 | 0.4 | 4.5 | 0.5 | 1.0 | 0.2 |
| Durable Manufacturing | 177.4 | 178.5 | 178.9 | 179.1 | 181.6 | 181.4 | 181.6 | 181.5 |
| % Ch | -0.4 | 2.5 | 0.8 | 0.4 | 5.7 | -0.3 | 0.4 | -0.3 |
| Wood Products | 16.8 | 16.4 | 16.0 | 15.7 | 15.6 | 15.5 | 15.4 | 15.4 |
| % Ch | -9.0 | -8.9 | -9.7 | -5.4 | -4.9 | -2.2 | -0.6 | -0.2 |
| Primary and Fabricated Metals | 20.8 | 20.7 | 20.6 | 20.9 | 21.1 | 21.4 | 21.7 | 22.2 |
| % Ch | -5.8 | -2.1 | -1.0 | 5.8 | 3.4 | 5.3 | 7.4 | 7.7 |
| Computer and Electronic Products | 24.7 | 26.6 | 28.0 | 28.2 | 30.3 | 28.9 | 27.5 | 25.9 |
| % Ch | 23.9 | 35.5 | 21.2 | 3.8 | 32.1 | -16.8 | -17.5 | -22.3 |
| Machinery and Electrical Equipment | 15.9 | 16.1 | 16.2 | 16.4 | 16.7 | 17.1 | 17.5 | 18.0 |
| % Ch | 0.6 | 4.3 | 2.6 | 7.0 | 6.4 | 9.4 | 11.1 | 10.7 |
| Aerospace | 60.7 | 60.1 | 59.5 | 58.9 | 59.0 | 59.4 | 59.9 | 60.3 |
| % Ch | -5.1 | -3.9 | -3.9 | -4.0 | 0.6 | 3.0 | 3.0 | 3.0 |
| Other Transportation Equip. | 11.0 | 11.1 | 11.2 | 11.3 | 11.3 | 11.4 | 11.5 | 11.5 |
| % Ch | 4.5 | 3.6 | 2.3 | 2.4 | 2.4 | 2.4 | 2.1 | 1.5 |
| Other Durables | 27.5 | 27.5 | 27.5 | 27.6 | 27.6 | 27.8 | 28.0 | 28.2 |
| % Ch | -1.6 | -0.4 | -0.6 | 1.4 | 1.1 | 2.3 | 2.9 | 2.9 |
| Nondurable Manufacturing | 81.5 | 80.9 | 80.6 | 80.7 | 81.0 | 81.5 | 82.0 | 82.3 |
| % Ch | -4.5 | -3.1 | -1.6 | 0.4 | 1.8 | 2.3 | 2.5 | 1.4 |
| Food Manufacturing | 34.2 | 33.8 | 33.5 | 33.4 | 33.5 | 33.7 | 34.0 | 34.1 |
| % Ch | -6.1 | -5.1 | -2.9 | -1.2 | 1.3 | 2.5 | 3.0 | 1.5 |
| Paper and Paper Products | 12.8 | 12.8 | 12.7 | 12.7 | 12.8 | 12.9 | 12.9 | 13.0 |
| % Ch | -1.9 | -1.4 | -1.7 | -0.2 | 1.8 | 1.9 | 2.0 | 1.3 |
| Other Nondurables | 34.5 | 34.4 | 34.3 | 34.5 | 34.7 | 34.9 | 35.1 | 35.2 |
| % Ch | -4.0 | -1.6 | -0.2 | 2.2 | 2.3 | 2.2 | 2.2 | 1.4 |
| Natural Resources and Mining | 9.0 | 8.9 | 8.9 | 8.9 | 8.9 | 8.9 | 8.9 | 8.9 |
| % Ch | -2.4 | -2.6 | -2.1 | -0.1 | -0.3 | -0.1 | 0.0 | 0.3 |
| Construction | 156.2 | 156.0 | 156.0 | 156.4 | 157.1 | 157.7 | 158.0 | 158.3 |
| % Ch | -0.9 | -0.7 | 0.0 | 1.2 | 1.7 | 1.5 | 1.0 | 0.7 |
| Trade, Transportation, and Utilities | 514.3 | 516.7 | 519.8 | 522.0 | 523.9 | 526.1 | 528.1 | 530.5 |
| % Ch | 1.9 | 1.9 | 2.4 | 1.7 | 1.4 | 1.7 | 1.5 | 1.8 |
| Wholesale Trade | 117.8 | 118.8 | 119.9 | 120.9 | 122.0 | 123.0 | 124.1 | 125.1 |
| % Ch | 3.6 | 3.6 | 3.6 | 3.5 | 3.5 | 3.5 | 3.4 | 3.4 |
| Retail Trade | 307.3 | 307.7 | 308.8 | 309.1 | 308.8 | 309.1 | 309.2 | 309.8 |
| % Ch | 0.4 | 0.5 | 1.5 | 0.3 | -0.3 | 0.4 | 0.1 | 0.8 |
| Trans., Warehousing, and Utilities | 89.2 | 90.2 | 91.1 | 92.0 | 93.1 | 94.0 | 94.8 | 95.6 |
| % Ch | 5.0 | 4.1 | 4.1 | 4.2 | 4.7 | 3.9 | 3.6 | 3.2 |
| Information | 93.2 | 94.5 | 96.1 | 97.1 | 98.4 | 99.8 | 101.0 | 101.8 |
| % Ch | 4.8 | 5.9 | 6.6 | 4.6 | 5.1 | 6.0 | 4.9 | 3.3 |
| Software Publishers | 38.9 | 40.0 | 41.2 | 42.2 | 43.5 | 44.6 | 45.5 | 46.4 |
| % Ch | 10.8 | 12.0 | 12.0 | 10.7 | 12.8 | 10.0 | 8.9 | 7.6 |
| Other Publishing Industries | 11.6 | 11.7 | 11.8 | 11.9 | 12.0 | 12.1 | 12.2 | 12.3 |
| % Ch | 0.1 | 3.1 | 3.2 | 3.9 | 3.6 | 4.1 | 3.2 | 3.3 |
| Other Information | 42.7 | 42.9 | 43.1 | 43.0 | 42.9 | 43.1 | 43.3 | 43.2 |
| % Ch | 1.0 | 1.3 | 2.6 | -0.9 | -1.6 | 2.6 | 1.4 | -1.0 |
| Financial Activities | 152.3 | 152.7 | 153.4 | 154.0 | 154.4 | 154.7 | 155.0 | 155.4 |
| % Ch | 0.8 | 1.0 | 1.7 | 1.8 | 0.9 | 0.9 | 0.8 | 1.0 |
| Professional and Business Services | 303.0 | 305.3 | 308.6 | 312.4 | 315.8 | 318.8 | 321.0 | 323.3 |
| % Ch | 4.8 | 3.0 | 4.4 | 5.1 | 4.5 | 3.8 | 2.7 | 2.9 |
| Education and Health Services | 316.6 | 317.6 | 318.7 | 320.4 | 321.9 | 323.5 | 325.5 | 327.5 |
| % Ch | 4.2 | 1.3 | 1.4 | 2.1 | 1.9 | 2.0 | 2.6 | 2.4 |
| Leisure and Hospitality | 253.3 | 255.0 | 255.4 | 255.7 | 256.7 | 258.2 | 259.4 | 260.3 |
| % Ch | 2.3 | 2.7 | 0.7 | 0.5 | 1.5 | 2.3 | 2.0 | 1.4 |
| Other Services | 100.5 | 101.0 | 101.3 | 101.7 | 101.9 | 102.1 | 102.4 | 102.6 |
| % Ch | 2.2 | 2.1 | 1.4 | 1.2 | 0.9 | 0.9 | 1.1 | 1.0 |
| Federal Government | 67.7 | 67.7 | 67.8 | 68.0 | 68.1 | 68.2 | 68.3 | 68.4 |
| % Ch | -0.1 | 0.1 | 0.6 | 1.0 | 0.8 | 0.9 | 0.6 | 0.5 |
| State and Local Government | 452.0 | 452.0 | 452.5 | 451.0 | 452.4 | 454.2 | 455.8 | 457.6 |
| % Ch | -0.1 | -0.0 | 0.5 | -1.3 | 1.2 | 1.6 | 1.5 | 1.5 |

Table A3.1
U.S. Personal Income by Component
 Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|
| Personal Income | 7,426.0 | 7,786.5 | 8,406.6 | 8,685.3 | 8,883.3 | 9,234.3 | 9,712.4 | 10,220.4 |
| % Ch | 7.0 | 4.9 | 8.0 | 3.3 | 2.3 | 4.0 | 5.2 | 5.2 |
| Total Wage and Salary Disbursements | 4,192.8 | 4,470.4 | 4,836.3 | 4,950.6 | 4,996.4 | 5,134.0 | 5,397.2 | 5,704.0 |
| % Ch | 7.8 | 6.6 | 8.2 | 2.4 | 0.9 | 2.8 | 5.1 | 5.7 |
| Nonwage Personal Income | 3,233.2 | 3,316.1 | 3,570.2 | 3,734.7 | 3,886.9 | 4,100.3 | 4,315.2 | 4,516.4 |
| % Ch | 6.1 | 2.6 | 7.7 | 4.6 | 4.1 | 5.5 | 5.2 | 4.7 |
| Other Labor Income | 490.6 | 510.2 | 544.2 | 570.4 | 610.6 | 649.0 | 690.9 | 744.3 |
| % Ch | 3.2 | 4.0 | 6.7 | 4.8 | 7.1 | 6.3 | 6.5 | 7.7 |
| Proprietor's Income | 623.8 | 678.4 | 714.8 | 727.9 | 756.6 | 810.2 | 877.1 | 938.6 |
| % Ch | 7.3 | 8.8 | 5.4 | 1.8 | 3.9 | 7.1 | 8.3 | 7.0 |
| Farm | 25.6 | 27.7 | 22.6 | 19.0 | 12.9 | 15.2 | 22.1 | 25.3 |
| % Ch | -13.9 | 8.3 | -18.5 | -15.6 | -32.3 | 17.9 | 45.6 | 14.4 |
| Nonfarm | 598.2 | 650.7 | 692.2 | 708.8 | 743.7 | 795.0 | 855.0 | 913.3 |
| % Ch | 8.5 | 8.8 | 6.4 | 2.4 | 4.9 | 6.9 | 7.5 | 6.8 |
| Less: Pers Cont. For Social Ins. | 316.3 | 337.4 | 358.4 | 372.3 | 384.1 | 397.4 | 416.2 | 438.6 |
| % Ch | 6.2 | 6.7 | 6.2 | 3.9 | 3.2 | 3.5 | 4.7 | 5.4 |
| Dividends/Int./Rent | 1,451.4 | 1,446.4 | 1,599.3 | 1,638.3 | 1,654.6 | 1,667.7 | 1,720.0 | 1,788.2 |
| % Ch | 9.4 | -0.3 | 10.6 | 2.4 | 1.0 | 0.8 | 3.1 | 4.0 |
| Transfer Payments | 983.7 | 1,018.5 | 1,070.3 | 1,170.4 | 1,288.0 | 1,370.8 | 1,443.3 | 1,483.9 |
| % Ch | 2.2 | 3.5 | 5.1 | 9.4 | 10.0 | 6.4 | 5.3 | 2.8 |

Table A3.2
U.S. Personal Income by Component
 Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 8,211.6 | 8,350.2 | 8,487.8 | 8,576.6 | 8,658.1 | 8,676.2 | 8,706.2 | 8,700.9 |
| % Ch | 13.2 | 6.9 | 6.8 | 4.2 | 3.9 | 0.8 | 1.4 | -0.2 |
| Total Wage and Salary Disbursements | 4,757.4 | 4,790.8 | 4,879.3 | 4,917.8 | 4,960.4 | 4,956.9 | 4,953.7 | 4,931.4 |
| % Ch | 16.7 | 2.8 | 7.6 | 3.2 | 3.5 | -0.3 | -0.3 | -1.8 |
| Nonwage Personal Income | 3,454.2 | 3,559.4 | 3,608.5 | 3,658.8 | 3,697.7 | 3,719.3 | 3,752.4 | 3,769.5 |
| % Ch | 8.7 | 12.8 | 5.6 | 5.7 | 4.3 | 2.4 | 3.6 | 1.8 |
| Other Labor Income | 530.5 | 540.0 | 548.7 | 557.4 | 564.7 | 568.2 | 572.4 | 576.3 |
| % Ch | 9.8 | 7.4 | 6.6 | 6.4 | 5.4 | 2.5 | 3.0 | 2.8 |
| Proprietor's Income | 702.5 | 718.8 | 718.6 | 719.3 | 721.2 | 726.6 | 732.4 | 731.3 |
| % Ch | 3.0 | 9.6 | -0.1 | 0.4 | 1.0 | 3.0 | 3.3 | -0.6 |
| Farm | 22.3 | 25.0 | 21.7 | 21.2 | 19.3 | 18.4 | 19.3 | 19.2 |
| % Ch | -39.8 | 57.6 | -43.6 | -8.2 | -32.4 | -16.8 | 21.0 | -0.8 |
| Nonfarm | 680.2 | 693.8 | 696.9 | 698.1 | 701.9 | 708.2 | 713.1 | 712.1 |
| % Ch | 4.9 | 8.3 | 1.8 | 0.7 | 2.2 | 3.6 | 2.8 | -0.6 |
| Less: Pers Cont. For Social Ins. | 354.5 | 355.3 | 360.6 | 363.1 | 371.1 | 372.2 | 373.1 | 372.7 |
| % Ch | 13.4 | 0.9 | 6.1 | 2.8 | 9.2 | 1.1 | 1.0 | -0.4 |
| Dividends/Int./Rent | 1,530.9 | 1,590.3 | 1,625.1 | 1,651.0 | 1,648.0 | 1,637.6 | 1,638.2 | 1,629.5 |
| % Ch | 14.2 | 16.5 | 9.0 | 6.5 | -0.7 | -2.5 | 0.2 | -2.1 |
| Transfer Payments | 1,044.8 | 1,065.5 | 1,076.6 | 1,094.2 | 1,135.0 | 1,159.1 | 1,182.5 | 1,205.0 |
| % Ch | 6.0 | 8.2 | 4.2 | 6.7 | 15.8 | 8.8 | 8.3 | 7.8 |

Table A3.2
U.S. Personal Income by Component
 Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 8,803.4 | 8,914.0 | 8,803.4 | 9,012.5 | 9,094.8 | 9,169.2 | 9,279.7 | 9,393.4 |
| % Ch | 4.8 | 5.1 | -4.9 | 9.8 | 3.7 | 3.3 | 4.9 | 5.0 |
| Total Wage and Salary Disbursements | 4,957.8 | 4,997.3 | 5,007.4 | 5,023.1 | 5,069.5 | 5,093.9 | 5,154.5 | 5,218.0 |
| % Ch | 2.2 | 3.2 | 0.8 | 1.3 | 3.7 | 1.9 | 4.8 | 5.0 |
| Nonwage Personal Income | 3,845.7 | 3,916.7 | 3,796.0 | 3,989.4 | 4,025.3 | 4,075.3 | 4,125.2 | 4,175.3 |
| % Ch | 8.3 | 7.6 | -11.8 | 22.0 | 3.7 | 5.1 | 5.0 | 5.0 |
| Other Labor Income | 590.7 | 604.1 | 617.5 | 630.2 | 639.2 | 645.0 | 651.3 | 660.5 |
| % Ch | 10.4 | 9.3 | 9.2 | 8.4 | 5.8 | 3.7 | 4.0 | 5.8 |
| Proprietor's Income | 748.4 | 747.5 | 758.7 | 771.6 | 784.4 | 803.5 | 820.5 | 832.4 |
| % Ch | 9.6 | -0.5 | 6.1 | 7.0 | 6.8 | 10.1 | 8.7 | 5.9 |
| Farm | 21.7 | 7.5 | 10.7 | 11.7 | 14.2 | 15.2 | 15.7 | 15.8 |
| % Ch | 61.5 | -98.6 | 314.3 | 43.0 | 117.0 | 31.3 | 12.8 | 2.3 |
| Nonfarm | 726.7 | 740.0 | 748.0 | 759.9 | 770.2 | 788.3 | 804.8 | 816.6 |
| % Ch | 8.4 | 7.6 | 4.4 | 6.5 | 5.5 | 9.7 | 8.7 | 6.0 |
| Less: Pers Cont. For Social Ins. | 380.5 | 383.6 | 385.3 | 386.8 | 392.9 | 394.9 | 398.7 | 403.1 |
| % Ch | 8.7 | 3.3 | 1.8 | 1.6 | 6.5 | 2.1 | 3.9 | 4.4 |
| Dividends/Int./Rent | 1,634.9 | 1,666.1 | 1,662.1 | 1,655.3 | 1,653.9 | 1,657.0 | 1,672.4 | 1,687.5 |
| % Ch | 1.3 | 7.9 | -1.0 | -1.6 | -0.3 | 0.7 | 3.8 | 3.7 |
| Transfer Payments | 1,252.0 | 1,282.6 | 1,298.4 | 1,319.1 | 1,340.8 | 1,364.8 | 1,379.7 | 1,398.0 |
| % Ch | 16.5 | 10.1 | 5.0 | 6.5 | 6.7 | 7.4 | 4.4 | 5.4 |

Table A3.2
U.S. Personal Income by Component
 Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|-------------------------------------|---------|---------|---------|---------|----------|----------|----------|----------|
| Personal Income | 9,529.8 | 9,645.7 | 9,773.3 | 9,900.9 | 10,027.2 | 10,159.6 | 10,286.5 | 10,408.3 |
| % Ch | 5.9 | 5.0 | 5.4 | 5.3 | 5.2 | 5.4 | 5.1 | 4.8 |
| Total Wage and Salary Disbursements | 5,290.6 | 5,359.1 | 5,432.1 | 5,507.0 | 5,591.6 | 5,668.4 | 5,741.0 | 5,815.0 |
| % Ch | 5.7 | 5.3 | 5.6 | 5.6 | 6.3 | 5.6 | 5.2 | 5.3 |
| Nonwage Personal Income | 4,239.2 | 4,286.6 | 4,341.2 | 4,393.9 | 4,435.5 | 4,491.2 | 4,545.5 | 4,593.2 |
| % Ch | 6.3 | 4.5 | 5.2 | 4.9 | 3.8 | 5.1 | 4.9 | 4.3 |
| Other Labor Income | 670.2 | 682.0 | 697.1 | 714.2 | 725.8 | 737.4 | 750.5 | 763.3 |
| % Ch | 6.0 | 7.2 | 9.1 | 10.2 | 6.7 | 6.5 | 7.3 | 7.0 |
| Proprietor's Income | 850.7 | 867.9 | 888.1 | 901.9 | 918.3 | 935.1 | 946.6 | 954.5 |
| % Ch | 9.1 | 8.3 | 9.6 | 6.4 | 7.5 | 7.5 | 5.0 | 3.4 |
| Farm | 18.0 | 22.0 | 25.3 | 23.3 | 24.1 | 26.4 | 27.0 | 23.7 |
| % Ch | 71.5 | 119.8 | 75.2 | -27.5 | 14.4 | 44.1 | 9.5 | -40.5 |
| Nonfarm | 832.6 | 845.9 | 862.8 | 878.6 | 894.2 | 908.7 | 919.6 | 930.8 |
| % Ch | 8.1 | 6.5 | 8.2 | 7.5 | 7.3 | 6.6 | 4.9 | 5.0 |
| Less: Pers Cont. for Social Ins. | 408.4 | 413.4 | 418.7 | 424.2 | 430.4 | 436.0 | 441.3 | 446.7 |
| % Ch | 5.4 | 5.0 | 5.3 | 5.3 | 6.0 | 5.3 | 4.9 | 5.0 |
| Dividends/Int./Rent | 1,700.7 | 1,711.9 | 1,725.4 | 1,742.1 | 1,754.4 | 1,777.8 | 1,799.8 | 1,820.9 |
| % Ch | 3.2 | 2.7 | 3.2 | 3.9 | 2.9 | 5.4 | 5.0 | 4.8 |
| Transfer Payments | 1,426.0 | 1,438.1 | 1,449.3 | 1,459.9 | 1,467.4 | 1,476.9 | 1,489.9 | 1,501.2 |
| % Ch | 8.2 | 3.4 | 3.2 | 2.9 | 2.1 | 2.6 | 3.6 | 3.1 |

Table A3.3
Washington Personal Income by Component
 Forecast 2003 to 2005

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 163.192 | 174.148 | 186.843 | 191.644 | 198.221 | 204.663 | 213.918 | 224.538 |
| % Ch | 8.6 | 6.7 | 7.3 | 2.6 | 3.4 | 3.2 | 4.5 | 5.0 |
| Total Wage and Salary Disbursements | 94.322 | 103.805 | 110.051 | 110.761 | 111.116 | 113.935 | 119.135 | 125.733 |
| % Ch | 10.5 | 10.1 | 6.0 | 0.6 | 0.3 | 2.5 | 4.6 | 5.5 |
| Manufacturing | #N/A! | #N/A! | #N/A! | 15.241 | 14.674 | 13.981 | 14.122 | 14.836 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | -3.7 | -4.7 | 1.0 | 5.1 |
| Nondurable Manufacturing | #N/A! | #N/A! | #N/A! | 11.672 | 10.846 | 10.208 | 10.333 | 10.877 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | -7.1 | -5.9 | 1.2 | 5.3 |
| Durable Manufacturing | #N/A! | #N/A! | #N/A! | 3.569 | 3.828 | 3.773 | 3.789 | 3.959 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | 7.2 | -1.4 | 0.4 | 4.5 |
| Nonmanufacturing | #N/A! | #N/A! | #N/A! | 91.579 | 92.096 | 95.140 | 99.913 | 105.549 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | 0.6 | 3.3 | 5.0 | 5.6 |
| Other Private Wages | #N/A! | #N/A! | #N/A! | 0.752 | 0.807 | 0.877 | 0.936 | 1.003 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | 7.3 | 8.7 | 6.7 | 7.1 |
| Farm Wages | 0.876 | 0.988 | 0.967 | 1.047 | 1.117 | 1.162 | 1.208 | 1.254 |
| % Ch | 3.2 | 12.7 | -2.2 | 8.3 | 6.7 | 4.0 | 3.9 | 3.8 |
| Military Wages | 1.865 | 1.906 | 2.000 | 2.143 | 2.422 | 2.775 | 2.956 | 3.091 |
| % Ch | -3.8 | 2.2 | 4.9 | 7.2 | 13.0 | 14.6 | 6.5 | 4.6 |
| Nonwage Personal Income | 68.870 | 70.344 | 76.791 | 80.883 | 87.105 | 90.728 | 94.783 | 98.805 |
| % Ch | 6.3 | 2.1 | 9.2 | 5.3 | 7.7 | 4.2 | 4.5 | 4.2 |
| Other Labor Income | 10.549 | 11.057 | 11.643 | 12.165 | 13.122 | 13.953 | 14.721 | 15.742 |
| % Ch | 3.5 | 4.8 | 5.3 | 4.5 | 7.9 | 6.3 | 5.5 | 6.9 |
| Proprietor's Income | 12.505 | 13.274 | 14.208 | 14.273 | 15.365 | 16.700 | 17.897 | 19.088 |
| % Ch | 7.0 | 6.2 | 7.0 | 0.5 | 7.7 | 8.7 | 7.2 | 6.7 |
| Farm | 0.519 | 0.084 | 0.260 | 0.012 | 0.196 | 0.466 | 0.591 | 0.640 |
| % Ch | 11.0 | -83.8 | 209.8 | -95.5 | 1,568.1 | 137.5 | 27.0 | 8.2 |
| Nonfarm | 11.985 | 13.190 | 13.947 | 14.261 | 15.169 | 16.235 | 17.306 | 18.448 |
| % Ch | 6.8 | 10.1 | 5.7 | 2.3 | 6.4 | 7.0 | 6.6 | 6.6 |
| Less: Pers. Cont. for Social Ins. | 7.214 | 7.896 | 8.244 | 8.446 | 8.701 | 8.977 | 9.377 | 9.887 |
| % Ch | 8.7 | 9.5 | 4.4 | 2.4 | 3.0 | 3.2 | 4.5 | 5.4 |
| Plus: Residence Adjustment | 1.723 | 1.980 | 2.237 | 2.148 | 2.692 | 2.804 | 2.894 | 3.001 |
| % Ch | 4.8 | 14.9 | 13.0 | -4.0 | 25.3 | 4.2 | 3.2 | 3.7 |
| Dividends/Int./Rent | 31.714 | 31.372 | 35.299 | 36.503 | 36.921 | 37.155 | 38.358 | 39.938 |
| % Ch | 9.8 | -1.1 | 12.5 | 3.4 | 1.1 | 0.6 | 3.2 | 4.1 |
| Transfer Payments | 19.596 | 20.557 | 21.650 | 24.241 | 27.706 | 29.093 | 30.289 | 30.923 |
| % Ch | 2.9 | 4.9 | 5.3 | 12.0 | 14.3 | 5.0 | 4.1 | 2.1 |
| State U.I. Benefits | 0.816 | 0.945 | 0.936 | 1.381 | 2.825 | 2.496 | 2.148 | 1.401 |
| % Ch | 12.9 | 15.9 | -1.0 | 47.5 | 104.6 | -11.6 | -13.9 | -34.8 |
| Other Transfers | 18.780 | 19.611 | 20.714 | 22.860 | 24.882 | 26.597 | 28.141 | 29.522 |
| % Ch | 2.5 | 4.4 | 5.6 | 10.4 | 8.8 | 6.9 | 5.8 | 4.9 |

Table A3.4
Washington Personal Income by Component
 Forecast 2003 to 2005

| | 2000:1 | 2000:2 | 2000:3 | 2000:4 | 2001:1 | 2001:2 | 2001:3 | 2001:4 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 186.768 | 185.753 | 186.018 | 188.832 | 189.070 | 194.232 | 192.407 | 190.868 |
| % Ch | 14.0 | -2.2 | 0.6 | 6.2 | 0.5 | 11.4 | -3.7 | -3.2 |
| Total Wage and Salary Disbursements | 112.956 | 109.441 | 108.150 | 109.658 | 109.243 | 113.774 | 111.004 | 109.024 |
| % Ch | 16.5 | -11.9 | -4.6 | 5.7 | -1.5 | 17.7 | -9.4 | -6.9 |
| Manufacturing | #N/A! | #N/A! | #N/A! | #N/A! | 15.642 | 15.361 | 15.180 | 14.780 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | #N/A! | -7.0 | -4.6 | -10.1 |
| Nondurable Manufacturing | #N/A! | #N/A! | #N/A! | #N/A! | 12.169 | 11.668 | 11.654 | 11.195 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | #N/A! | -15.5 | -0.5 | -14.8 |
| Durable Manufacturing | #N/A! | #N/A! | #N/A! | #N/A! | 3.473 | 3.693 | 3.526 | 3.585 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | #N/A! | 27.8 | -16.9 | 6.9 |
| Nonmanufacturing | #N/A! | #N/A! | #N/A! | #N/A! | 89.736 | 94.468 | 91.837 | 90.274 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | #N/A! | 22.8 | -10.7 | -6.6 |
| Other Private Wages | #N/A! | #N/A! | #N/A! | #N/A! | 0.725 | 0.767 | 0.782 | 0.733 |
| % Ch | #N/A! | #N/A! | #N/A! | #N/A! | #N/A! | 25.3 | 8.1 | -22.8 |
| Farm Wages | 0.958 | 0.970 | 0.971 | 0.967 | 1.003 | 1.038 | 1.064 | 1.082 |
| % Ch | -4.1 | 5.1 | 0.4 | -1.6 | 15.7 | 14.7 | 10.4 | 6.9 |
| Military Wages | 1.961 | 1.965 | 2.031 | 2.043 | 2.137 | 2.140 | 2.141 | 2.155 |
| % Ch | 11.3 | 0.8 | 14.1 | 2.4 | 19.7 | 0.6 | 0.2 | 2.6 |
| Nonwage Personal Income | 73.812 | 76.312 | 77.867 | 79.175 | 79.828 | 80.458 | 81.404 | 81.842 |
| % Ch | 10.3 | 14.3 | 8.4 | 6.9 | 3.3 | 3.2 | 4.8 | 2.2 |
| Other Labor Income | 11.627 | 11.576 | 11.557 | 11.811 | 11.887 | 12.320 | 12.232 | 12.222 |
| % Ch | 8.8 | -1.7 | -0.7 | 9.1 | 2.6 | 15.4 | -2.8 | -0.3 |
| Proprietor's Income | 13.965 | 14.198 | 14.306 | 14.361 | 14.173 | 14.274 | 14.376 | 14.269 |
| % Ch | 5.1 | 6.8 | 3.1 | 1.5 | -5.1 | 2.9 | 2.9 | -2.9 |
| Farm | 0.243 | 0.249 | 0.301 | 0.248 | 0.029 | 0.005 | 0.010 | 0.003 |
| % Ch | 919.2 | 10.2 | 113.5 | -53.9 | -100.0 | -99.9 | 1,500.0 | -99.2 |
| Nonfarm | 13.721 | 13.949 | 14.005 | 14.113 | 14.144 | 14.269 | 14.365 | 14.266 |
| % Ch | 1.9 | 6.8 | 1.6 | 3.1 | 0.9 | 3.6 | 2.7 | -2.7 |
| Less: Pers. Cont. for Social Ins. | 8.497 | 8.200 | 8.084 | 8.197 | 8.283 | 8.662 | 8.480 | 8.360 |
| % Ch | 13.6 | -13.3 | -5.5 | 5.7 | 4.3 | 19.6 | -8.1 | -5.5 |
| Plus: Residence Adjustment | 2.132 | 2.224 | 2.308 | 2.283 | 2.197 | 2.112 | 2.137 | 2.144 |
| % Ch | 26.3 | 18.4 | 16.0 | -4.3 | -14.2 | -14.6 | 4.8 | 1.3 |
| Dividends/Int./Rent | 33.508 | 35.013 | 36.008 | 36.667 | 36.670 | 36.489 | 36.527 | 36.327 |
| % Ch | 16.3 | 19.2 | 11.9 | 7.5 | 0.0 | -2.0 | 0.4 | -2.2 |
| Transfer Payments | 21.078 | 21.501 | 21.772 | 22.250 | 23.184 | 23.925 | 24.613 | 25.240 |
| % Ch | 5.6 | 8.3 | 5.1 | 9.1 | 17.9 | 13.4 | 12.0 | 10.6 |
| State U.I. Benefits | 0.918 | 0.894 | 0.922 | 1.011 | 1.022 | 1.278 | 1.478 | 1.745 |
| % Ch | -8.7 | -10.1 | 13.1 | 44.6 | 4.4 | 144.5 | 78.9 | 94.3 |
| Other Transfers | 20.160 | 20.607 | 20.850 | 21.239 | 22.162 | 22.647 | 23.135 | 23.495 |
| % Ch | 6.3 | 9.2 | 4.8 | 7.7 | 18.5 | 9.0 | 8.9 | 6.4 |

Table A3.4
Washington Personal Income by Component
 Forecast 2003 to 2005

| | 2002:1 | 2002:2 | 2002:3 | 2002:4 | 2003:1 | 2003:2 | 2003:3 | 2003:4 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 194.342 | 198.138 | 200.086 | 200.319 | 200.736 | 204.571 | 205.596 | 207.750 |
| % Ch | 7.5 | 8.0 | 4.0 | 0.5 | 0.8 | 7.9 | 2.0 | 4.3 |
| Total Wage and Salary Disbursements | 109.302 | 111.198 | 112.240 | 111.722 | 111.433 | 114.313 | 114.365 | 115.631 |
| % Ch | 1.0 | 7.1 | 3.8 | -1.8 | -1.0 | 10.7 | 0.2 | 4.5 |
| Manufacturing | 15.181 | 14.474 | 14.609 | 14.430 | 14.199 | 13.919 | 13.927 | 13.879 |
| % Ch | 11.3 | -17.4 | 3.8 | -4.8 | -6.3 | -7.6 | 0.2 | -1.4 |
| Nondurable Manufacturing | 11.388 | 10.799 | 10.567 | 10.629 | 10.411 | 10.192 | 10.141 | 10.089 |
| % Ch | 7.1 | -19.1 | -8.3 | 2.4 | -8.0 | -8.1 | -2.0 | -2.0 |
| Durable Manufacturing | 3.793 | 3.675 | 4.042 | 3.801 | 3.788 | 3.727 | 3.786 | 3.789 |
| % Ch | 25.3 | -11.9 | 46.3 | -21.8 | -1.3 | -6.3 | 6.5 | 0.3 |
| Nonmanufacturing | 89.887 | 92.405 | 93.218 | 92.876 | 92.572 | 95.625 | 95.545 | 96.817 |
| % Ch | -1.7 | 11.7 | 3.6 | -1.5 | -1.3 | 13.9 | -0.3 | 5.4 |
| Other Private Wages | 0.773 | 0.785 | 0.836 | 0.833 | 0.858 | 0.870 | 0.883 | 0.897 |
| % Ch | 23.7 | 6.4 | 28.6 | -1.4 | 12.5 | 6.0 | 6.0 | 6.4 |
| Farm Wages | 1.103 | 1.109 | 1.123 | 1.134 | 1.139 | 1.156 | 1.173 | 1.182 |
| % Ch | 8.0 | 2.2 | 5.1 | 4.0 | 1.8 | 6.0 | 6.0 | 3.1 |
| Military Wages | 2.358 | 2.425 | 2.454 | 2.449 | 2.665 | 2.742 | 2.837 | 2.856 |
| % Ch | 43.3 | 11.9 | 4.9 | -0.8 | 40.2 | 12.1 | 14.5 | 2.7 |
| Nonwage Personal Income | 85.040 | 86.937 | 87.847 | 88.596 | 89.303 | 90.258 | 91.231 | 92.120 |
| % Ch | 16.6 | 9.2 | 4.3 | 3.5 | 3.2 | 4.3 | 4.4 | 4.0 |
| Other Labor Income | 12.590 | 12.971 | 13.357 | 13.569 | 13.736 | 13.869 | 14.025 | 14.182 |
| % Ch | 12.6 | 12.7 | 12.4 | 6.5 | 5.0 | 3.9 | 4.6 | 4.6 |
| Proprietor's Income | 14.995 | 15.280 | 15.464 | 15.722 | 16.164 | 16.581 | 16.955 | 17.100 |
| % Ch | 22.0 | 7.8 | 4.9 | 6.8 | 11.7 | 10.7 | 9.3 | 3.5 |
| Farm | 0.200 | 0.194 | 0.191 | 0.199 | 0.412 | 0.459 | 0.495 | 0.496 |
| % Ch | 2.E+09 | -11.5 | -6.0 | 17.8 | 1,737.3 | 54.5 | 35.0 | 0.6 |
| Nonfarm | 14.795 | 15.086 | 15.273 | 15.523 | 15.752 | 16.122 | 16.460 | 16.604 |
| % Ch | 15.7 | 8.1 | 5.1 | 6.7 | 6.0 | 9.7 | 8.7 | 3.5 |
| Less: Pers. Cont. for Social Ins. | 8.546 | 8.696 | 8.799 | 8.764 | 8.867 | 8.917 | 9.017 | 9.108 |
| % Ch | 9.2 | 7.2 | 4.8 | -1.6 | 4.8 | 2.3 | 4.5 | 4.1 |
| Plus: Residence Adjustment | 2.665 | 2.681 | 2.682 | 2.739 | 2.773 | 2.792 | 2.814 | 2.835 |
| % Ch | 138.7 | 2.4 | 0.1 | 8.8 | 5.1 | 2.8 | 3.2 | 3.0 |
| Dividends/Int./Rent | 36.451 | 37.231 | 37.103 | 36.900 | 36.840 | 36.916 | 37.265 | 37.599 |
| % Ch | 1.4 | 8.8 | -1.4 | -2.2 | -0.6 | 0.8 | 3.8 | 3.6 |
| Transfer Payments | 26.885 | 27.470 | 28.040 | 28.430 | 28.657 | 29.016 | 29.188 | 29.511 |
| % Ch | 28.7 | 9.0 | 8.6 | 5.7 | 3.2 | 5.1 | 2.4 | 4.5 |
| State U.I. Benefits | 2.580 | 2.813 | 3.031 | 2.875 | 2.560 | 2.564 | 2.445 | 2.414 |
| % Ch | 377.9 | 41.3 | 34.8 | -19.1 | -37.1 | 0.7 | -17.4 | -5.0 |
| Other Transfers | 24.305 | 24.657 | 25.009 | 25.555 | 26.097 | 26.452 | 26.743 | 27.098 |
| % Ch | 14.5 | 5.9 | 5.8 | 9.0 | 8.8 | 5.6 | 4.5 | 5.4 |

Table A3.4
Washington Personal Income by Component
 Forecast 2003 to 2005

| | 2004:1 | 2004:2 | 2004:3 | 2004:4 | 2005:1 | 2005:2 | 2005:3 | 2005:4 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Personal Income | 210.226 | 212.544 | 215.142 | 217.761 | 220.460 | 223.260 | 225.935 | 228.495 |
| % Ch | 4.9 | 4.5 | 5.0 | 5.0 | 5.1 | 5.2 | 4.9 | 4.6 |
| Total Wage and Salary Disbursements | 116.915 | 118.343 | 119.869 | 121.415 | 123.295 | 124.973 | 126.551 | 128.112 |
| % Ch | 4.5 | 5.0 | 5.3 | 5.3 | 6.3 | 5.6 | 5.1 | 5.0 |
| Manufacturing | 13.914 | 14.064 | 14.187 | 14.325 | 14.619 | 14.760 | 14.916 | 15.048 |
| % Ch | 1.0 | 4.4 | 3.5 | 3.9 | 8.5 | 3.9 | 4.3 | 3.6 |
| Nondurable Manufacturing | 10.144 | 10.292 | 10.399 | 10.499 | 10.742 | 10.828 | 10.927 | 11.010 |
| % Ch | 2.2 | 6.0 | 4.2 | 3.9 | 9.6 | 3.2 | 3.7 | 3.1 |
| Durable Manufacturing | 3.770 | 3.772 | 3.788 | 3.825 | 3.877 | 3.933 | 3.990 | 4.037 |
| % Ch | -2.0 | 0.2 | 1.7 | 4.0 | 5.5 | 5.9 | 5.9 | 4.9 |
| Nonmanufacturing | 97.969 | 99.204 | 100.562 | 101.918 | 103.402 | 104.885 | 106.261 | 107.647 |
| % Ch | 4.8 | 5.1 | 5.6 | 5.5 | 6.0 | 5.9 | 5.4 | 5.3 |
| Other Private Wages | 0.913 | 0.928 | 0.944 | 0.960 | 0.977 | 0.995 | 1.012 | 1.028 |
| % Ch | 7.3 | 6.6 | 7.2 | 7.1 | 7.2 | 7.4 | 6.9 | 6.5 |
| Farm Wages | 1.192 | 1.202 | 1.213 | 1.225 | 1.237 | 1.249 | 1.260 | 1.272 |
| % Ch | 3.6 | 3.4 | 3.8 | 3.8 | 3.9 | 4.0 | 3.8 | 3.6 |
| Military Wages | 2.927 | 2.945 | 2.963 | 2.987 | 3.060 | 3.084 | 3.102 | 3.119 |
| % Ch | 10.3 | 2.5 | 2.4 | 3.3 | 10.1 | 3.1 | 2.3 | 2.2 |
| Nonwage Personal Income | 93.312 | 94.201 | 95.273 | 96.346 | 97.165 | 98.287 | 99.384 | 100.383 |
| % Ch | 5.3 | 3.9 | 4.6 | 4.6 | 3.4 | 4.7 | 4.5 | 4.1 |
| Other Labor Income | 14.337 | 14.556 | 14.839 | 15.154 | 15.388 | 15.613 | 15.864 | 16.104 |
| % Ch | 4.4 | 6.3 | 8.0 | 8.8 | 6.3 | 6.0 | 6.6 | 6.2 |
| Proprietor's Income | 17.422 | 17.710 | 18.089 | 18.369 | 18.695 | 19.015 | 19.234 | 19.407 |
| % Ch | 7.7 | 6.8 | 8.8 | 6.4 | 7.3 | 7.0 | 4.7 | 3.6 |
| Farm | 0.527 | 0.584 | 0.638 | 0.616 | 0.626 | 0.655 | 0.662 | 0.616 |
| % Ch | 27.5 | 50.8 | 42.9 | -13.2 | 6.4 | 20.0 | 4.3 | -25.0 |
| Nonfarm | 16.895 | 17.127 | 17.450 | 17.753 | 18.069 | 18.360 | 18.572 | 18.791 |
| % Ch | 7.2 | 5.6 | 7.8 | 7.1 | 7.3 | 6.6 | 4.7 | 4.8 |
| Less: Pers. Cont. for Social Ins. | 9.206 | 9.316 | 9.433 | 9.552 | 9.699 | 9.828 | 9.950 | 10.070 |
| % Ch | 4.4 | 4.9 | 5.2 | 5.1 | 6.3 | 5.5 | 5.0 | 4.9 |
| Plus: Residence Adjustment | 2.856 | 2.880 | 2.907 | 2.934 | 2.961 | 2.988 | 3.015 | 3.042 |
| % Ch | 3.1 | 3.3 | 3.8 | 3.8 | 3.7 | 3.7 | 3.7 | 3.6 |
| Dividends/Int./Rent | 37.902 | 38.168 | 38.487 | 38.874 | 39.169 | 39.699 | 40.199 | 40.684 |
| % Ch | 3.3 | 2.8 | 3.4 | 4.1 | 3.1 | 5.5 | 5.1 | 4.9 |
| Transfer Payments | 30.000 | 30.202 | 30.385 | 30.568 | 30.652 | 30.801 | 31.022 | 31.217 |
| % Ch | 6.8 | 2.7 | 2.5 | 2.4 | 1.1 | 2.0 | 2.9 | 2.5 |
| State U.I. Benefits | 2.320 | 2.222 | 2.095 | 1.956 | 1.659 | 1.483 | 1.311 | 1.149 |
| % Ch | -14.6 | -15.8 | -21.1 | -24.0 | -48.2 | -36.0 | -39.0 | -41.1 |
| Other Transfers | 27.680 | 27.980 | 28.291 | 28.612 | 28.993 | 29.317 | 29.710 | 30.068 |
| % Ch | 8.9 | 4.4 | 4.5 | 4.6 | 5.4 | 4.6 | 5.5 | 4.9 |

Table A4.1
Selected Inflation Indicators
 (Deflator 1996=1.0; CPI 1982-84=1.0)

| | Price Deflator* | | U.S. CPI# | | Seattle CPI+ | |
|----------|-----------------|----------------|-----------|----------------|--------------|----------------|
| | Index | Percent Change | Index | Percent Change | Index | Percent Change |
| 1965 | 0.234 | 1.5 | 0.315 | 1.6 | 0.310 | 1.1 |
| 1966 | 0.240 | 2.6 | 0.325 | 3.0 | 0.319 | 3.0 |
| 1967 | 0.246 | 2.5 | 0.334 | 2.8 | 0.328 | 2.9 |
| 1968 | 0.256 | 3.9 | 0.348 | 4.2 | 0.342 | 4.1 |
| 1969 | 0.267 | 4.5 | 0.367 | 5.4 | 0.358 | 4.8 |
| 1970 | 0.280 | 4.7 | 0.388 | 5.9 | 0.374 | 4.5 |
| 1971 | 0.292 | 4.3 | 0.405 | 4.2 | 0.382 | 2.1 |
| 1972 | 0.302 | 3.5 | 0.418 | 3.3 | 0.393 | 2.9 |
| 1973 | 0.319 | 5.4 | 0.444 | 6.3 | 0.418 | 6.4 |
| 1974 | 0.351 | 10.3 | 0.493 | 11.0 | 0.464 | 11.0 |
| 1975 | 0.380 | 8.1 | 0.538 | 9.1 | 0.511 | 10.2 |
| 1976 | 0.401 | 5.5 | 0.569 | 5.8 | 0.539 | 5.5 |
| 1977 | 0.427 | 6.6 | 0.606 | 6.5 | 0.583 | 8.0 |
| 1978 | 0.458 | 7.1 | 0.652 | 7.6 | 0.640 | 9.9 |
| 1979 | 0.498 | 8.9 | 0.726 | 11.3 | 0.709 | 10.8 |
| 1980 | 0.552 | 10.8 | 0.824 | 13.5 | 0.827 | 16.7 |
| 1981 | 0.601 | 8.8 | 0.909 | 10.4 | 0.916 | 10.8 |
| 1982 | 0.635 | 5.6 | 0.965 | 6.2 | 0.978 | 6.7 |
| 1983 | 0.662 | 4.3 | 0.996 | 3.2 | 0.993 | 1.5 |
| 1984 | 0.686 | 3.7 | 1.039 | 4.4 | 1.030 | 3.8 |
| 1985 | 0.710 | 3.4 | 1.076 | 3.5 | 1.056 | 2.5 |
| 1986 | 0.727 | 2.4 | 1.097 | 1.9 | 1.066 | 1.0 |
| 1987 | 0.755 | 3.8 | 1.136 | 3.6 | 1.092 | 2.4 |
| 1988 | 0.784 | 3.9 | 1.183 | 4.1 | 1.128 | 3.3 |
| 1989 | 0.819 | 4.4 | 1.239 | 4.8 | 1.181 | 4.7 |
| 1990 | 0.856 | 4.6 | 1.307 | 5.4 | 1.268 | 7.3 |
| 1991 | 0.889 | 3.8 | 1.362 | 4.2 | 1.341 | 5.8 |
| 1992 | 0.916 | 3.0 | 1.403 | 3.0 | 1.390 | 3.7 |
| 1993 | 0.938 | 2.4 | 1.445 | 3.0 | 1.429 | 2.8 |
| 1994 | 0.957 | 2.0 | 1.482 | 2.6 | 1.478 | 3.4 |
| 1995 | 0.979 | 2.3 | 1.524 | 2.8 | 1.522 | 3.0 |
| 1996 | 1.000 | 2.1 | 1.569 | 2.9 | 1.575 | 3.4 |
| 1997 | 1.019 | 1.9 | 1.605 | 2.3 | 1.630 | 3.5 |
| 1998 | 1.030 | 1.1 | 1.630 | 1.5 | 1.678 | 2.9 |
| 1999 | 1.047 | 1.6 | 1.666 | 2.2 | 1.728 | 3.0 |
| 2000 | 1.074 | 2.5 | 1.722 | 3.4 | 1.792 | 3.7 |
| 2001 | 1.096 | 2.0 | 1.771 | 2.8 | 1.857 | 3.6 |
| 2002 | 1.111 | 1.4 | 1.799 | 1.6 | 1.893 | 2.0 |
| Forecast | | | | | | |
| 2003 | 1.131 | 1.8 | 1.838 | 2.2 | 1.921 | 1.5 |
| 2004 | 1.147 | 1.4 | 1.860 | 1.2 | 1.938 | 0.9 |
| 2005 | 1.171 | 2.1 | 1.895 | 1.9 | 1.966 | 1.4 |

* 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 values shown here are annual averages of seasonally adjusted data and may differ slightly from the annual values published by the Bureau of Labor Statistics.

Table A4.2
Chain-Weighted Price Indices
 (1996=1.0)

| | Services | | Food | | Fuels | | Gasoline | |
|----------|----------|----------------|-------|----------------|-------|----------------|----------|----------------|
| | Index | Percent Change | Index | Percent Change | Index | Percent Change | Index | Percent Change |
| 1965 | 0.188 | 2.0 | 0.236 | 2.0 | 0.149 | 2.3 | 0.237 | 3.8 |
| 1966 | 0.193 | 2.9 | 0.246 | 4.2 | 0.153 | 2.5 | 0.243 | 2.3 |
| 1967 | 0.199 | 3.0 | 0.250 | 1.6 | 0.158 | 3.2 | 0.251 | 3.3 |
| 1968 | 0.207 | 4.2 | 0.259 | 3.7 | 0.162 | 3.0 | 0.254 | 1.5 |
| 1969 | 0.217 | 5.0 | 0.272 | 4.9 | 0.166 | 2.3 | 0.263 | 3.3 |
| 1970 | 0.229 | 5.3 | 0.288 | 6.1 | 0.173 | 4.2 | 0.265 | 0.9 |
| 1971 | 0.242 | 5.6 | 0.297 | 3.1 | 0.185 | 6.7 | 0.267 | 0.7 |
| 1972 | 0.252 | 4.3 | 0.311 | 4.5 | 0.186 | 0.8 | 0.270 | 1.3 |
| 1973 | 0.264 | 4.6 | 0.345 | 10.9 | 0.213 | 14.4 | 0.296 | 9.6 |
| 1974 | 0.285 | 7.9 | 0.393 | 14.2 | 0.338 | 58.3 | 0.400 | 35.1 |
| 1975 | 0.308 | 8.2 | 0.425 | 7.9 | 0.370 | 9.6 | 0.427 | 6.7 |
| 1976 | 0.329 | 6.8 | 0.439 | 3.3 | 0.395 | 6.8 | 0.445 | 4.2 |
| 1977 | 0.355 | 7.9 | 0.466 | 6.3 | 0.446 | 12.8 | 0.471 | 5.8 |
| 1978 | 0.383 | 7.9 | 0.509 | 9.1 | 0.469 | 5.1 | 0.491 | 4.3 |
| 1979 | 0.414 | 8.2 | 0.559 | 10.0 | 0.628 | 34.0 | 0.659 | 34.0 |
| 1980 | 0.459 | 10.7 | 0.608 | 8.7 | 0.874 | 39.2 | 0.914 | 38.8 |
| 1981 | 0.506 | 10.2 | 0.654 | 7.6 | 1.064 | 21.7 | 1.017 | 11.3 |
| 1982 | 0.548 | 8.4 | 0.677 | 3.5 | 1.052 | -1.2 | 0.966 | -5.1 |
| 1983 | 0.583 | 6.4 | 0.692 | 2.1 | 0.989 | -6.0 | 0.934 | -3.3 |
| 1984 | 0.614 | 5.2 | 0.715 | 3.3 | 1.011 | 2.3 | 0.920 | -1.5 |
| 1985 | 0.644 | 4.9 | 0.729 | 2.0 | 0.976 | -3.4 | 0.928 | 0.8 |
| 1986 | 0.673 | 4.6 | 0.750 | 2.9 | 0.787 | -19.3 | 0.729 | -21.5 |
| 1987 | 0.702 | 4.3 | 0.775 | 3.3 | 0.788 | 0.1 | 0.756 | 3.8 |
| 1988 | 0.736 | 4.9 | 0.801 | 3.4 | 0.790 | 0.3 | 0.763 | 0.8 |
| 1989 | 0.771 | 4.8 | 0.841 | 5.0 | 0.826 | 4.5 | 0.833 | 9.2 |
| 1990 | 0.809 | 5.0 | 0.882 | 4.8 | 0.986 | 19.4 | 0.948 | 13.8 |
| 1991 | 0.848 | 4.8 | 0.912 | 3.4 | 0.955 | -3.2 | 0.936 | -1.3 |
| 1992 | 0.885 | 4.3 | 0.922 | 1.2 | 0.921 | -3.6 | 0.933 | -0.4 |
| 1993 | 0.916 | 3.5 | 0.937 | 1.5 | 0.918 | -0.3 | 0.923 | -1.0 |
| 1994 | 0.942 | 2.8 | 0.952 | 1.6 | 0.903 | -1.6 | 0.928 | 0.5 |
| 1995 | 0.973 | 3.3 | 0.973 | 2.2 | 0.896 | -0.8 | 0.942 | 1.6 |
| 1996 | 1.000 | 2.8 | 1.000 | 2.8 | 1.000 | 11.6 | 1.000 | 6.1 |
| 1997 | 1.031 | 3.1 | 1.022 | 2.2 | 1.008 | 0.8 | 1.000 | 0.0 |
| 1998 | 1.055 | 2.3 | 1.040 | 1.8 | 0.915 | -9.2 | 0.871 | -12.9 |
| 1999 | 1.078 | 2.2 | 1.061 | 2.0 | 0.927 | 1.2 | 0.948 | 8.8 |
| 2000 | 1.108 | 2.8 | 1.087 | 2.4 | 1.291 | 39.3 | 1.211 | 27.8 |
| 2001 | 1.143 | 3.1 | 1.119 | 3.0 | 1.307 | 1.3 | 1.168 | -3.6 |
| 2002 | 1.174 | 2.7 | 1.141 | 2.0 | 1.177 | -10.0 | 1.091 | -6.6 |
| Forecast | | | | | | | | |
| 2003 | 1.209 | 2.9 | 1.157 | 1.4 | 1.421 | 20.7 | 1.243 | 13.9 |
| 2004 | 1.240 | 2.6 | 1.173 | 1.4 | 1.341 | -5.6 | 1.107 | -11.0 |
| 2005 | 1.271 | 2.5 | 1.191 | 1.6 | 1.360 | 1.4 | 1.097 | -0.9 |

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

| | <u>Population</u> | <u>Change</u> | <u>Percent Change</u> | <u>Births</u> | <u>Deaths</u> | <u>Net Migration</u> |
|-----------------|-------------------|---------------|-----------------------|---------------|---------------|----------------------|
| 1970 | 3413.2 | 16.2 | 0.5 | 59.9 | 30.0 | -13.7 |
| 1971 | 3436.3 | 23.1 | 0.7 | 60.0 | 29.8 | -7.1 |
| 1972 | 3430.3 | -6.0 | -0.2 | 53.1 | 30.4 | -28.7 |
| 1973 | 3444.3 | 14.0 | 0.4 | 47.7 | 30.4 | -3.3 |
| 1974 | 3508.7 | 64.4 | 1.9 | 48.2 | 29.9 | 46.1 |
| 1975 | 3567.9 | 59.2 | 1.7 | 50.1 | 30.3 | 39.4 |
| 1976 | 3634.9 | 67.0 | 1.9 | 51.4 | 30.2 | 45.8 |
| 1977 | 3715.4 | 80.5 | 2.2 | 54.2 | 29.1 | 55.4 |
| 1978 | 3836.2 | 120.8 | 3.3 | 57.3 | 30.4 | 93.9 |
| 1979 | 3979.2 | 143.0 | 3.7 | 60.2 | 30.2 | 113.0 |
| 1980 | 4132.2 | 153.0 | 3.8 | 65.4 | 31.3 | 118.9 |
| 1981 | 4229.3 | 97.1 | 2.4 | 68.2 | 31.8 | 60.8 |
| 1982 | 4276.5 | 47.3 | 1.1 | 70.1 | 31.7 | 8.9 |
| 1983 | 4307.2 | 30.7 | 0.7 | 69.5 | 32.5 | -6.2 |
| 1984 | 4354.1 | 46.8 | 1.1 | 68.5 | 33.2 | 11.6 |
| 1985 | 4415.8 | 61.7 | 1.4 | 69.1 | 34.0 | 26.6 |
| 1986 | 4462.2 | 46.4 | 1.1 | 70.2 | 34.0 | 10.2 |
| 1987 | 4527.1 | 64.9 | 1.5 | 69.3 | 34.4 | 30.0 |
| 1988 | 4616.9 | 89.8 | 2.0 | 71.0 | 36.0 | 54.8 |
| 1989 | 4728.1 | 111.2 | 2.4 | 73.0 | 36.0 | 74.2 |
| 1990 | 4866.7 | 138.6 | 2.9 | 76.4 | 36.2 | 98.5 |
| 1991 | 5021.3 | 154.6 | 3.2 | 79.1 | 36.6 | 112.1 |
| 1992 | 5141.2 | 119.8 | 2.4 | 80.2 | 37.2 | 76.8 |
| 1993 | 5265.7 | 124.5 | 2.4 | 79.1 | 39.4 | 84.8 |
| 1994 | 5364.3 | 98.6 | 1.9 | 78.2 | 39.5 | 60.0 |
| 1995 | 5470.1 | 105.8 | 2.0 | 77.5 | 40.0 | 68.3 |
| 1996 | 5567.8 | 97.7 | 1.8 | 77.0 | 41.2 | 61.8 |
| 1997 | 5663.8 | 96.0 | 1.7 | 78.0 | 42.6 | 60.6 |
| 1998 | 5750.0 | 86.3 | 1.5 | 78.8 | 41.6 | 49.0 |
| 1999 | 5830.8 | 80.8 | 1.4 | 79.8 | 43.1 | 44.2 |
| 2000 | 5894.1 | 63.3 | 1.1 | 79.9 | 43.7 | 27.2 |
| 2001 | 5974.9 | 80.8 | 1.4 | 80.7 | 43.9 | 44.0 |
| 2002 | 6041.7 | 66.8 | 1.1 | 79.2 | 44.8 | 32.4 |
| Forecast | | | | | | |
| 2003 | 6098.6 | 56.9 | 0.9 | 82.0 | 46.2 | 21.1 |
| 2004 | 6157.9 | 59.3 | 1.0 | 82.6 | 46.9 | 23.6 |
| 2005 | 6230.0 | 72.1 | 1.2 | 83.4 | 47.6 | 36.3 |

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

| | Actual | | | Forecast | | |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
| Total Population | 5894.1 | 5974.9 | 6041.7 | 6098.6 | 6157.9 | 6230.0 |
| Percent Change | 1.1 | 1.4 | 1.1 | 0.9 | 1.0 | 1.2 |
| Age 17 and Under | 1513.8 | 1520.9 | 1522.6 | 1522.5 | 1522.6 | 1528.9 |
| Percent of Total | 25.7 | 25.5 | 25.2 | 25.0 | 24.7 | 24.5 |
| Age 6-18 | 1123.3 | 1129.4 | 1130.0 | 1127.8 | 1125.7 | 1125.8 |
| Percent of Total | 19.1 | 18.9 | 18.7 | 18.5 | 18.3 | 18.1 |
| Age 18 and Over | 4380.3 | 4454.0 | 4519.1 | 4576.1 | 4635.3 | 4701.1 |
| Percent of Total | 74.3 | 74.5 | 74.8 | 75.0 | 75.3 | 75.5 |
| Age 21 and Over | 4128.0 | 4195.5 | 4257.3 | 4312.1 | 4369.6 | 4433.9 |
| Percent of Total | 70.0 | 70.2 | 70.5 | 70.7 | 71.0 | 71.2 |
| Age 20-34 | 1231.3 | 1243.4 | 1255.0 | 1262.9 | 1268.8 | 1273.2 |
| Percent of Total | 20.9 | 20.8 | 20.8 | 20.7 | 20.6 | 20.4 |
| Age 18-64 | 3718.1 | 3784.3 | 3841.7 | 3890.2 | 3940.5 | 3994.9 |
| Percent of Total | 63.1 | 63.3 | 63.6 | 63.8 | 64.0 | 64.1 |
| Age 65 and Over | 662.1 | 669.7 | 677.3 | 685.8 | 694.8 | 706.2 |
| Percent of Total | 11.2 | 11.2 | 11.2 | 11.2 | 11.3 | 11.3 |

* As of April 1 of Each Year

Source: Office of Financial Management

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Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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