

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

Washington State Economic and Revenue Forecast

September 2011
Volume XXXIV, No. 3



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Washington State Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

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Preface

ERFC forecasting structure and schedule

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

Forecast Procedure

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

Data in this publication are accurate through September 20, 2011.

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Executive Summary

- **We are in the fragile aftermath of the Great Recession where a return to normalcy seems like a mirage in the desert – the closer we get to it, the further it moves away. Fear and uncertainty have overwhelmed consumer and business behavior. The risk of a recession has increased significantly.**
- **Revisions to U.S. real Gross Domestic Product show a much deeper recession than previously estimated, and a U.S. economy close to stall speed in the first half of this year.**
- **Our previous forecast prior to these data revisions had expected growth regaining momentum in the second half of 2011 as oil prices stabilized, and supply chains were restored with Japan rebuilding. Now that it turns out that there was no growth momentum in the first half of the year, a second half return to momentum seems unlikely.**
- **The likelihood of a full-blown European debt crisis, and the consequent ripples across the global economy have increased.**
- **Washington's economy is not immune to national and global economic developments. Like the nation, the outlook for the Washington economy has weakened since June.**
- **The employment recovery in Washington this recession has been the weakest of any post-war recovery. Labor market conditions since the June forecast have been worse than anticipated.**
- **The recovery in state housing and construction will be later than previously expected. New construction faces headwinds from rising foreclosures and falling home prices.**
- **Washington is still expected to outperform the nation in employment and personal income growth, although the outlook for both has been lowered substantially.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$1.4 billion less than forecasted in June.**
- **The preliminary General Fund-State total for the 2009-11 biennium came in \$24.9 million below the June forecast**
- **The downside risks to the outlook have risen and exceed the upside risks by a wide margin.**

U.S. Economic Forecast

The outlook weakened over the summer

At the time of the June revenue forecast, the economy was experiencing a slowdown after moderately strong growth in the spring. The forecast assumed the slowdown would continue through June, with improvement beginning in July and then accelerating. Our guarded optimism about the second half has given way to pessimism. The national economic outlook has weakened significantly since our last forecast. Instead of growth momentum in the first half of the year, restrained by temporary factors, data revisions show an U.S. economy on the verge of stalling. The European economy is in no better shape as its sovereign debt problems have now spread beyond Greece to Italy and Spain. The countries in the periphery need a real devaluation to become competitive but since they are stuck with the Euro, the only way to achieve this is through painful deflation. Congress was able to lift the federal debt ceiling in time to avoid a default on U.S. Bonds but that was not enough to prevent a debt rating downgrade by Standard & Poor's (S&P). Bond, equity and commodity markets are now all pointing to an economic slowdown ahead. Consumer confidence is in the tank, and employment growth has slowed to a crawl. The risk of the national economy slipping back into recession has increased significantly.

A recovery in the second half of the year is no longer likely

In June our view was that temporary factors such as the spike in energy prices and natural disasters in Japan were holding back growth and that activity would bounce back in the second half of the year. This no longer appears likely. The GDP revisions showed that growth in the first half of the year was already much weaker than we thought at the time. Growth in the first two quarters of the year was revised down sharply to 0.4% and 1.0% (SAAR). After strong growth earlier this year, job growth has slowed to an average of only 40,000 per month during the last four months including zero net new jobs in August. Consumer confidence plummeted in July and August to the lowest level since late 2008 and early 2009. The Institute for Supply Management's purchasing manager indexes are also signaling slow growth for the third quarter. The manufacturing index fell in August to 50.6, barely staying above the 50 level that indicates growth. The business activity index for services, which tends to lag in downturns, also fell to 55.6.

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

The September 2011 economic forecast was based on a modified version of Global Insight's September 2011 Control forecast for the U.S. economy. As in June, the U.S. forecast was adjusted in two ways. We adjusted real GDP to match the Blue Chip "Consensus" GDP forecasts for 2011 through 2013. We also adjusted our oil price forecast to match the New York Mercantile Exchange (NYMEX) futures prices for West Texas Intermediate crude. We modified the Global Insight forecast in one additional way. We removed their assumption that the 2% payroll tax cut

would be extended by another year. As per current law, the payroll tax cut is due to expire at the end of this year. That had been our assumption in the June forecast as well.

The Blue Chip panel has become more pessimistic since June

The Blue Chip Consensus real GDP growth forecasts, our objective starting point each forecast cycle, are now down to 1.6% and 2.2%, for 2011 and 2012, respectively. At the time of the revenue forecast in June those forecasts were: 2.6% real GDP growth this year, and 3.1% in the next. The Blue Chip forecast for 2013 is unchanged at 3.2% only because the 2013 forecast has not been revised since last March. We expect a lower Blue Chip forecast for 2013 when the long-term forecast is updated in October. It appears that we are at best in for an extended period of muddle-through – slow economic and job growth, high unemployment, and weak confidence. The risk of a double-dip recession too has increased.

Washington Economic Forecast

The aftermath of the Great Recession has been worse than expected

In normal times, it would be hard to find a reason to explain the distress in Washington's economy; given all that it has going for it. Aerospace manufacturing and software publishing are in good health; as are the state's farming and export sectors. But these are not normal times. We are in the fragile aftermath of the Great Recession where a return to normalcy seems like a mirage in the desert – the closer we get to it, the further it moves away. Fear and uncertainty have overwhelmed consumer and business behavior. Political gridlock in the nation's capital gives little hope that the full toolkit of policy options will be acted on. In an increasingly interconnected world we are not immune to Europe's problems either, as they struggle with fiscally imprudent states on the periphery, trapped in a structurally dysfunctional union. Every time our state has looked like it would break out of the malaise, it has been sucked right back in.

Labor market conditions have been worse than anticipated

Washington employment grew less than expected in the three months since the June forecast was released. The economy added 8,300 net new jobs from June through August. Over the three months, we had expected 13,600 jobs in our June forecast. This expansion has been characterized by the slowest jobs recovery in recent memory. Other labor market indicators have been weak in recent months. Both the average weekly hours worked and average hourly earnings in the private sector have flattened out and are beginning to decline.

The construction sector remains weak

With excess inventory, and depressed home prices, single-family housing continues to languish. We believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies, but multi-family permits are likely to retreat from the very high level reached in the second quarter. Single-family construction in Washington is in competition with a stream of foreclosures so it will likely stay weak for some time. Housing

prices are in double-dip mode. It appears both Seattle and the nation have further to drop before home prices stabilize. We are unlikely to see a strong recovery in housing construction until home prices begin rising again.

Washington job growth will gradually improve in 2012

We expect job growth to remain anemic through the remainder of this year before gradually improving in the beginning of 2012. Boeing and Microsoft are expanding, but these two sectors alone are not enough to counteract the drag from the weakening national and global economies. Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been substantially lowered. The state's trade intensity should help boost activity, although there is an increasing threat of a global economic slowdown.

Revenue Forecast

The slowdown in taxable activity forecasted in June is now expected to be more prolonged

National economic forecasts were revised sharply downward in August and September, with the Washington forecast following suit. The June forecast had recognized the slowdown that had occurred in the spring and summer, but had followed the national consensus that the slowdown was due largely to temporary factors which would begin to be resolved in the fall. Lack of progress in the European debt crisis, continued uncertainty in the fiscal policies of the U.S., low job growth and other problems, however, have caused the consensus outlook to switch to a more prolonged period of slow growth. As a result, forecasted revenue has been reduced considerably for the remainder of the current biennium.

GF-S forecast changes (\$millions):

2009-11: - \$24.9

2011-13: - \$1,413

The preliminary total of General Fund-State (GF-S) revenue for the 2009-11 biennium was \$24.9 million below the June forecast. By the time of the September forecast, revenue for the 2011-13 biennium was \$26.3 million below its forecasted value. Weaker forecasted revenue growth subtracted \$1,400.5 million in collections for the remainder of the biennium. Non-economic factors added \$13.6 million in revenue to current biennium. The net forecast change for GF-S revenue in the current biennium is a reduction of \$1,413.2 million.



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

- **We are in the fragile aftermath of the Great Recession where a return to normalcy seems like a mirage in the desert – the closer we get to it, the further it moves away. Fear and uncertainty have overwhelmed consumer and business behavior. The risk of a recession has increased significantly.**
- **Revisions to U.S. real Gross Domestic Product show a much deeper recession than previously estimated, and a U.S. economy close to stall speed in the first half of this year.**
- **Our previous forecast prior to these data revisions had expected growth regaining momentum in the second half of 2011 as oil prices stabilized, and supply chains were restored with Japan rebuilding. Now that it turns out that there was no growth momentum in the first half of the year, a second half *return* to momentum seems unlikely.**
- **We have now had two full years of GDP growth since the recession ended in June 2009. However, real GDP is yet to get past its previous peak.**
- **After modest job gains early this year – private sector gains, offset partly by public sector job losses, job growth slowed around May. There were zero net new jobs in August.**
- **Construction remains a significant drag on the economy. Housing prices are going through a double-dip and do not appear to have hit bottom yet. A meaningful recovery will not happen until 2013, and only after home prices start to rise again.**
- **GDP growth will have to rely on private demand that is starting to falter again. Strain on state and local government budgets and the winding down of federal stimulus will act as a drag on the recovery.**
- **The likelihood of a full-blown European debt crisis, and the consequent ripples across the global economy have increased.**
- **The downside risks to the outlook have risen and exceed the upside risks by a wide margin.**

Current Conditions

The outlook weakened over the summer

At the time of the June revenue forecast, the economy was experiencing a slowdown after moderately strong growth in the spring. The forecast assumed the slowdown would continue through June, with improvement beginning in July and then

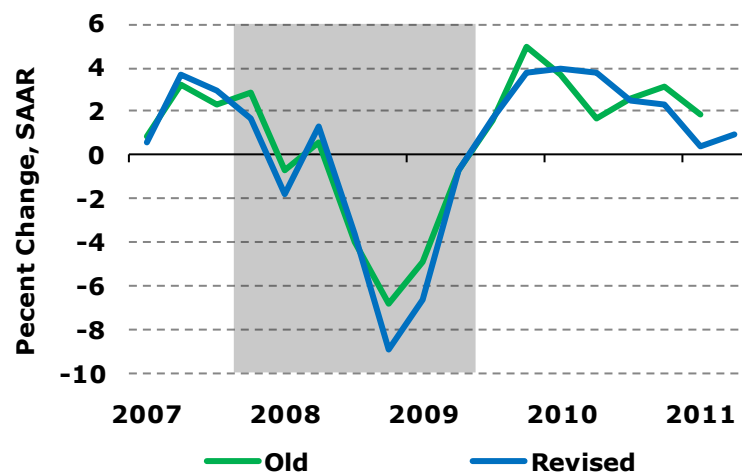
accelerating. Our guarded optimism about the second half has given way to pessimism. The national economic outlook has weakened significantly since our last forecast. Instead of growth momentum in the first half of the year, restrained by temporary factors, data revisions show an U.S. economy on the verge of stalling. The European economy is in no better shape as its sovereign debt problems have now spread beyond Greece to Italy and Spain. The countries in the periphery need a real devaluation to become competitive but since they are stuck with the Euro, the only way to achieve this is through painful deflation. Congress was able to lift the federal debt ceiling in time to avoid a default on U.S. Bonds but that was not enough to prevent a debt rating downgrade by Standard & Poor's (S&P). Bond, equity and commodity markets are now all pointing to an economic slowdown ahead. Consumer confidence is in the tank, and employment growth has slowed to a crawl. The risk of the national economy slipping back into recession has increased significantly.

GDP revisions show a much deeper recession

Revisions to U.S. real Gross Domestic Product (GDP) by the Bureau of Economic Analysis (BEA) show a much deeper recession than previously estimated, and a U.S. economy close to stall speed in the first half of this year (see Figure 1.1). The BEA revised real GDP estimates back to 2003, but the largest revisions were 2008 onward. The peak to trough change in real GDP was revised from minus 4.1% to minus 5.1%, indicating a deeper recession than previously measured. The fourth quarter of 2008, right after the Lehman failure, now shows an 8.9% (SAAR) decline in GDP (revised from a 6.8% decline). Personal income estimates were revised as well and also show a more severe decline. The peak to trough change in personal income was revised to minus 6.1% from the minus 3.8% that was previously reported.

Figure 1.1: Real GDP Growth

GDP growth is dangerously close to stall speed



Source: Bureau of Economic Analysis; data through 2011 Q2

Several factors are slowing the recovery – weak construction, the European debt crisis, and political dysfunction in Washington DC

There are several factors slowing down the economic recovery. Construction remains a significant drag. It is clear that nonresidential construction will continue to decline for some more time. On the residential side, the federal homebuyer tax credits of late 2009 and early 2010 only temporarily propped up activity. Housing stumbled after this support ended. The financial system remains at risk due to falling home prices. Fear of European sovereign debt contagion is still simmering a year after first appearing on the radar. Apart from potentially causing financial markets to seize up, the sovereign debt problems also threaten U.S. exports in two ways - by weakening European growth, and strengthening the dollar via a "flight to safety." Although the federal debt ceiling was finally raised, the political brinkmanship leading up to it damaged business and consumer confidence and led to a downgrade of U.S. sovereign debt. Failure by the Congressional Super Committee to agree upon a deficit reduction deal that can pass both houses of Congress would be another blow to an already weak economy. Meanwhile cutbacks at the state and local level as well as the winding down of federal stimulus measures are creating a substantial fiscal drag. Growth must now rely on private demand that is only slowly recovering.

But, there are some upside risks as well

While downside risks to the recovery predominate, there are some upside risks as well. The sustained growth in payroll employment, while weak, has been a positive. Personal income is also showing modest growth. The payroll tax cut may be extended beyond the end of this year and expanded to employers. The U.S. dollar remains relatively weak and is helping U.S. products be more competitive in overseas markets.

Headline inflation is higher, but core inflation remains benign

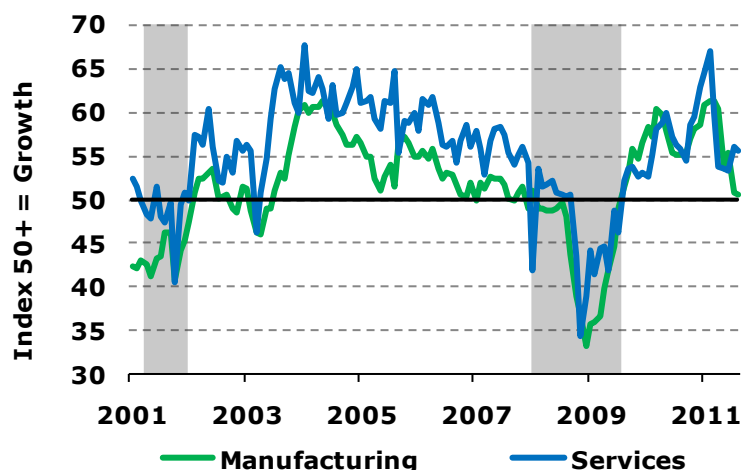
Oil prices have retreated since the spring but remain elevated. After peaking at over \$110 per barrel in late April and early May, the price of West Texas Intermediate has fallen to below \$90 per barrel. Gasoline prices have also retreated from just over \$4 per gallon to \$3.66 in late September but still remain 32% higher than a year ago. Higher food and energy prices have led to a strengthening of headline inflation. The consumer price index (CPI) was up 3.8% in August from a year ago. This was fueled primarily by energy price inflation, which was up 18.4%. Food prices also rose 4.6% year-over-year in August. Headline inflation has accelerated in recent months. After declining 0.2% in June, the CPI rose 0.5% in July and 0.4% in August. These large increases were driven primarily by energy cost increases. Core inflation, which excludes food and energy, rose 0.2 % in each of July and August, down from 0.3% per months in May and June. The core CPI is up 2.0% over the year, about half the headline rate of 3.8%.

In June our view was that temporary factors such as the spike in energy prices and natural disasters in Japan were holding back growth and that activity would bounce back in the second half of

A recovery in the second half of the year is no longer likely

the year. This no longer appears likely. The GDP revisions showed that growth in the first half of the year was already much weaker than we thought at the time. Growth in the first two quarters of the year was revised down sharply to 0.4% and 1.0% (SAAR). After strong growth earlier this year, job growth has slowed to an average of only 40,000 per month during the last four months including zero net new jobs in August. Consumer confidence plummeted in July and August to the lowest level since late 2008 and early 2009. The Institute for Supply Management’s purchasing manager indexes are also signaling slow growth for the third quarter. The manufacturing index fell in August to 50.6, barely staying above the 50 level that indicates growth. The business activity index for services, which tends to lag in downturns, also fell to 55.6 (see Figure 1.2).

Figure 1.2: Institute of Supply Management Indexes



Source: Institute of Supply Management; data through August 2011

Job growth has slowed to a crawl

What appeared to be a sustainable level of job growth stalled abruptly in May. Growth in the first four months of the year averaged nearly 180,000 net new jobs per month, enough to start making a dent in the unemployment rate. Then growth slowed in the in the next four months to an average of only 40,000 per month including exactly zero net new jobs in August. About 45,000 workers in the telecommunications industry were not counted as employed in August due to a labor dispute while government employment growth included 22,000 workers returning to work following a partial government shutdown in Minnesota. Excluding these transitory impacts, payroll employment would have been up a still anemic 23,000 in August. Including the telecommunications workers, the private sector added 62,000 jobs in August, the weakest showing since May 2010. Government employment, excluding the impact of the Minnesota government shutdown, fell 39,000 in August.

Un-employment remains elevated

In spite of the slow payroll employment growth, the unemployment rate remained steady at 9.1% in August as both the number of employed and unemployed rose. The labor force increased by 366,000, and the participation rate inched up to 64.0% from 63.9% in July which was the lowest participation rate in nearly 30 years. The U-6 measure of unemployment, which counts discouraged workers and those compelled to work part time, ticked up to 16.2% in August from 16.1% in July. The number of new unemployment insurance applicants increased by 11,000 (seasonally adjusted), to 428,000, in the week ended September 10th. The four-week moving average of initial claims, a more stable measure, increased 4,000 to 419,500. While this is down slightly from the spike in May, it is not below the 400,000 level that is typically consistent with job creation.

Consumer spending has weakened along with overall GDP

Consumer spending growth almost came to a halt in the second quarter (just 0.4% SAAR). The slowdown was most severe in the supply-constrained vehicles sector, but even excluding new vehicles, spending growth slowed to 1.1% from 1.8% in the first quarter. Consumers have been squeezed by the commodity-price-driven increase in inflation, which has reduced the benefit of the payroll tax cut. Gasoline prices are now off their peak (but still high), while the debt-ceiling debacle and steep losses in equity wealth have undermined consumer sentiment. Nominal consumer spending increased 0.8% in July after a slight decline in June due to more spending on autos and electricity as well as higher food and gasoline prices. In real terms (adjusting for inflation) consumer spending was up 0.5%. Light-vehicle sales improved to a 12.2-million unit seasonally adjusted annual rate (SAAR) in July, as the supply-chain disruptions emanating from the mid-March earthquake in Japan have started to ease. However, August light vehicle sales were sluggish at 12.1 million units, and are still below their February peak. Retail sales were unchanged in August after increasing 0.3% in July. Real retail sales were revised down for July and stayed flat in August, leaving them basically unchanged for 4 months.

Personal income growth is positive but slow

In order for personal consumption expenditures to continue to improve, disposable personal income needs to rise and the personal saving rate needs to moderate. Both personal income and disposable personal income have grown 0.2% to 0.3% per month for the last three months ending in July. These rates correspond to average annual growth rates of only 3.3% for personal income and 2.8% for disposable personal income. After adjusting for inflation, disposable personal income growth is even weaker at just 1.2% on an annual basis. While the savings rate declined to 5.0% in July from 5.5%; this was more likely due to higher prices and the improvement in auto sales than to consumers easing up.

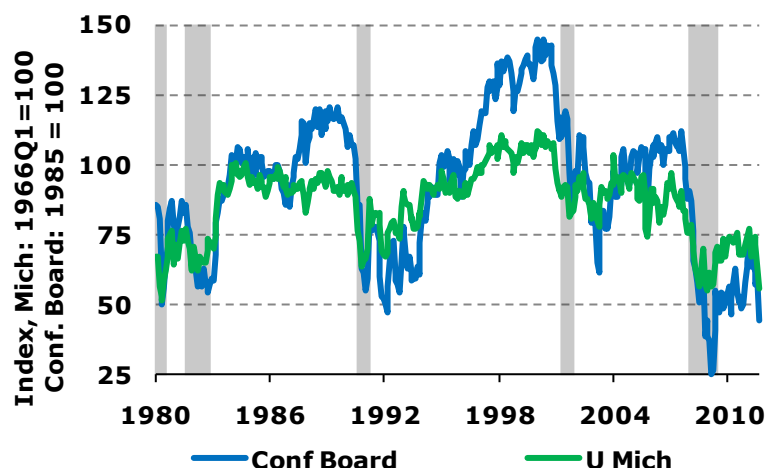
Consumer confidence, which never really got out of recessionary territory, has plummeted in recent months to levels not seen

Low consumer confidence signals weak growth in the third quarter

since the worst of the recession in late 2008 and early 2009. The Conference Board's consumer confidence index dropped 14.7 points (down 24.8%) in August to reach 44.5, the lowest level since April 2009 while the University of Michigan's sentiment index fell 8 points (12.8%) to 55.7 which was the lowest level since November 2008 though the preliminary reading for September was up slightly. The turmoil during the last half of the summer over raising the debt ceiling, the S&P downgrade, the stock market decline, and the weak job market are all combining to undermine consumer confidence. The recent drop means consumer spending growth in the third quarter will likely be weak.

Figure 1.3: Consumer Confidence

Consumer confidence collapsed over the summer



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

Lending standards are returning to normal at large banks

Credit market conditions have improved since the meltdown that followed the collapse of Lehman Brothers in September 2008. The Federal Reserve Board's survey of senior loan officers shows that banks are no longer tightening standards on loans. In the July survey, as in April, standards on commercial real estate loans eased slightly. Prior to April, standards had tightened in every quarterly survey since the fourth quarter of 2005. Demand for commercial real estate loans increased as well. Loan officers also continue to report expanding demand and easier standards for commercial and industrial loans. At the household level, the banks report a loosening of standards for credit card loans and other consumer loans as well as strengthening demand. Standards for residential mortgage loans were essentially unchanged in the July survey while the demand for loans continues to decline.

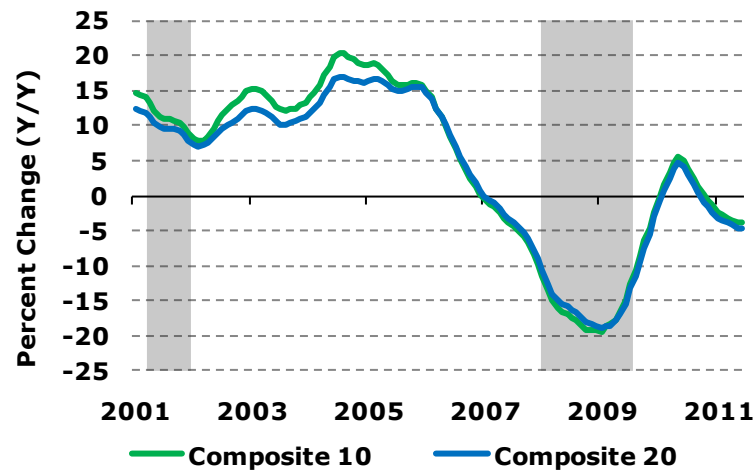
Credit conditions for small businesses...

While large national banks are returning to profitability and their lending standards appear to be easing, regional and local banks across the country have lagged behind. The latter saw a rapid deterioration in their asset quality, because of their

...are improving, but remain tight	<p>disproportionately high exposure to commercial real estate. This has limited their ability to lend, as they divert cash to reserves. The asset quality of regional and local banks is improving, but the overall quality is still poor. Small businesses, which get a major portion of their loans from local and regional banks, are disproportionately hurt when these banks are unable to lend. The National Federation of Independent Business, which reports on small business activity across the country, indicates that loans still remain somewhat hard to get. However, the proportion saying conditions are getting worse has declined in recent months and is now closer to a level considered normal.</p>
<i>The global recovery is sputtering</i>	<p>The global recovery is sputtering. The fiscal austerity measures being undertaken in Europe will act as a drag on global growth. Credit tightening and fears of inflation in China will also slow global growth. The global recovery that started in the second quarter of 2009 has slowed in the second quarter of 2011. Real trade-weighted foreign GDP rose at an estimated 1.8% rate (SAAR) in the second quarter of 2011, down from 5.0% in the first quarter. The trade-weighted dollar inched up 0.1% in the second quarter of 2011 and appears headed for another small increase in the third quarter of this year.</p>
<i>Housing remains depressed, especially in the single-family market</i>	<p>Recent single family housing data have remained in neutral at depressed levels. Single-family housing starts in August fell 1.4% to 417,000 units (SAAR). Total housing starts fell 5.0% to 571,000 units as multi-family starts reversed a gain in July. Building permits were up 3.2% to a still very depressed 620,000 units. Single-family and multi-family permits were up 2.5% and 4.5%, respectively. Existing home sales jumped 7.7% in August, to a seasonally adjusted annual rate of 5.03-million units, the best reading in five months. The supply of homes available fell a full month, from 9.5 months to 8.5 months. Sales to investors accounted for most of the increase in August but sales to non-investors were also up.</p>
<i>Home prices must stabilize for housing to recover</i>	<p>Housing activity will not start to recover until there is a recovery in home prices. Potential buyers are reluctant to enter the market when home values are declining. Banks are also less willing to lend against depreciating collateral. Unfortunately, home prices are experiencing a double-dip decline after increasing in the early part of last year. The Case-Shiller 10-city home price index was essentially unchanged in May and June after increasing 0.3% in April. The index is still down 3.9% from the year-ago level (see Figure 1.4). It remains to be seen whether the recent flattening is a turning point or merely a pause in the downturn. We believe prices have not hit bottom quite yet. Prices will continue to be weighed down as foreclosed properties are put back on the market. Longer-term equilibrium will also depend on how the federal government unwinds its ownership of Fannie Mae and Freddie Mac, the largest players in the secondary mortgage market.</p>

Figure 1.4: Case-Shiller Home Price Indexes

Home prices are falling again



Source: S&P/Case-Shiller; data through June 2011

The manufacturing recovery is slowing

The manufacturing sector continues to grow but at a slower pace. According to the Federal Reserve’s latest G-17 report, manufacturing output rose 0.4% (SA) in each of July and August. Durable goods orders rose 4.0% in July, with aircraft, primary metals, and motor vehicle orders improving. Almost everything else was flat. There was a whopping 100-unit 737 order late in July to bloat aircraft orders that month. Core capital goods orders fell 1.5%. Inventories rose 0.8%. Shipments firmed by 2.5%, but most of the gain was because motor vehicles operated more than normal in a month when it is traditionally on vacation half of the time. The Institute of Supply Management (ISM) Purchasing Managers Index for manufacturing is flashing yellow. The overall index declined to 50.6 in August, just barely above the 50 mark that signals expansion. Even more worrisome, the new orders and production components have both dropped below 50. The employment component remained barely above 50 but it is hard to see how or why manufactures would continue to hire in the face of slowing demand for their products. More likely, employment is lagging the other components.

Forecast

Our national economic forecast was made in early September when some of the data referred to in the current conditions section above were not available to us.

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

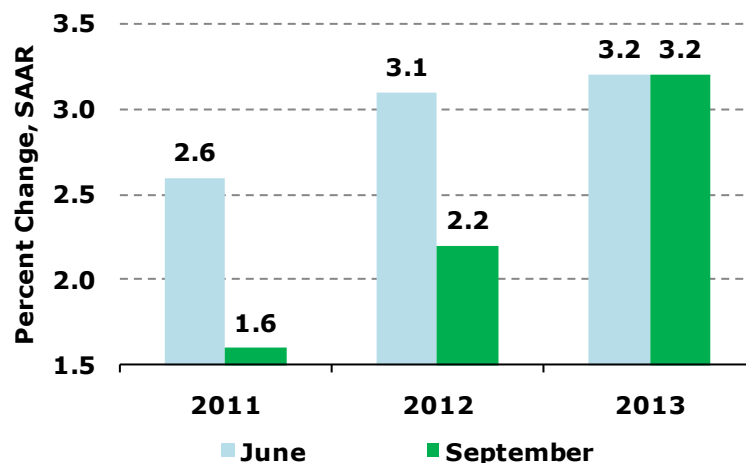
The September 2011 economic forecast was based on a modified version of Global Insight's September 2011 Control forecast for the U.S. economy. As in June, the U.S. forecast was adjusted in two ways. We adjusted real GDP to match the Blue Chip “Consensus” GDP forecasts for 2011 through 2013. We also adjusted our oil price forecast to match the New York Mercantile Exchange (NYMEX) futures prices for West Texas Intermediate

crude. We modified the Global Insight forecast in one additional way. We removed their assumption that the 2% payroll tax cut would be extended by another year. As per current law, the payroll tax cut is due to expire at the end of this year. That had been our assumption in the June forecast as well.

The Blue Chip panel has become more pessimistic since June

The Blue Chip Consensus real GDP growth forecasts, our objective starting point each forecast cycle, are now down to 1.6% and 2.2%, for 2011 and 2012, respectively. At the time of the revenue forecast in June those forecasts were: 2.6% real GDP growth this year, and 3.1% in the next (see Figure 1.5). The Blue Chip forecast for 2013 is unchanged at 3.2% only because the 2013 forecast has not been revised since last March. We expect a lower Blue Chip forecast for 2013 when the long-term forecast is updated in October. It appears that we are at best in for an extended period of middle-through – slow economic and job growth, high unemployment, and weak confidence. The risk of a double-dip recession too has increased.

Figure 1.5: Blue Chip Real GDP Forecast Revision



The forecast for GDP growth is lower than in June

Source: September 2011 and June 2011 Blue Chip Economic Indicators

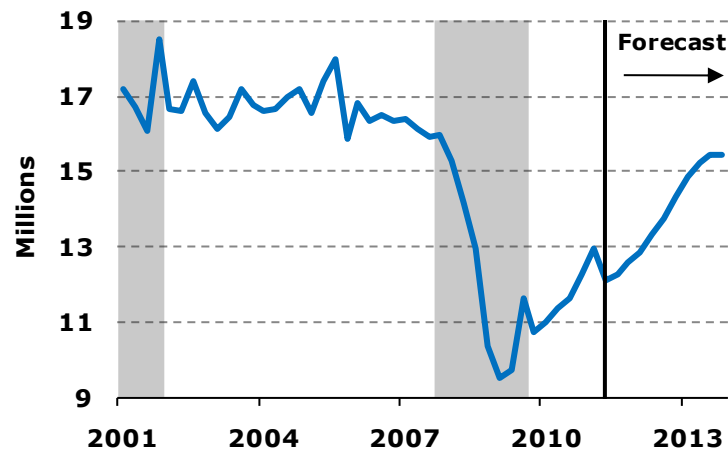
Consumer spending will not drive the recovery

Consumer spending growth came almost to a halt in the second quarter (just 0.4%). The slowdown was most severe in the supply-constrained vehicles sector, but even excluding new vehicles, spending growth slowed to 1.1%, from 1.8% in the first quarter. Consumers have been squeezed by the commodity-price-driven inflation creep, which has partly wiped out the benefit of the payroll tax cut. Gasoline prices are now off their peak (but still high), while the debt-ceiling debate debacle and steep losses in equity wealth have undermined consumer confidence. The expiration of the payroll tax cut in January 2012 will reduce personal income by nearly a percentage point, further reducing the spending power of consumers. Overall, we expect consumer spending growth of 2.1% in 2011 and 2012, up slightly from 1.7% in 2010, but still not a powerful driver of the

recovery. Consumer spending growth is expected to improve to 2.5% in 2013. Our light-vehicle sales forecast for 2011 is 12.5 million units, rising to 13.6 million in 2012 and 15.2 million in 2013 (see Figure 1.6).

Figure 1.6: Light Vehicle Sales

Auto sales will grow again after the Japanese supply disruptions pass



Source: Bureau of Economic Analysis; data through 2011 Q2, ERFC forecast

Housing is still deeply depressed

There is still no sign yet of a pickup in housing. Improvement is dependent on stronger job growth, access to financing, and a firming of home prices. Hopes have faded as the outlook for employment has worsened. We anticipate gradual improvement beginning in the fourth quarter of this year as the market sheds excess inventory, some of which is still on the sidelines. A meaningful recovery will not happen until 2013. The forecast expects a 2.5% decline in housing starts this year to 570,000 units. We see a modest improvement in 2012 to 632,000 units followed by a larger increase in 2013 to 922,000 units. In the near term the growth will be concentrated in the multi-family segment, since rental demand, unlike homeownership demand, is starting to move higher.

Businesses investment in equipment and software is expected to slow

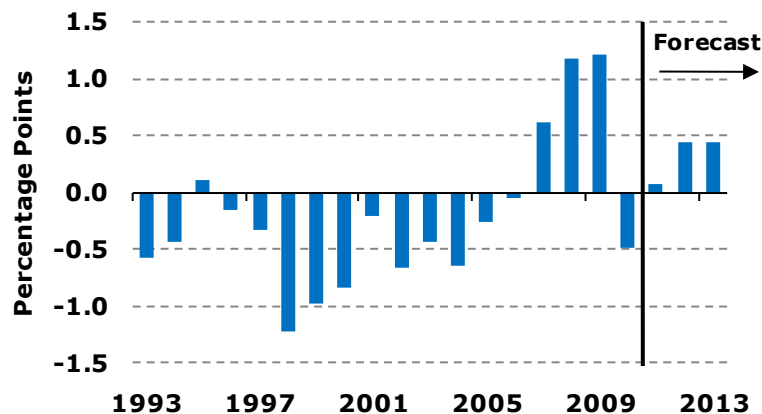
Capital equipment remains an important driver of GDP growth. Business equipment and software spending growth eased to 7.9% in the second quarter, from 8.7% in the first. Businesses remain flush with cash and will want to address replacement needs neglected during the recession. But slow growth in end-markets means slower growth going forward. We expect equipment and software spending to slow down from a blistering 14.6% growth rate in 2010 to 9.8%, 7.8%, and 8.0% in 2011, 2012, and 2013. Investment in nonresidential structures grew at an 11.3% annual rate in the second quarter. We do not believe that this marks the beginning of a revival. The architects' billings index, a useful leading indicator, has fallen back below the breakeven mark in recent months. We do not expect sustained improvement nonresidential structures before 2013.

Export growth will continue

Export growth has returned due to the global recovery that is now under way. Real exports rebounded 11.3% in 2010 after falling 9.4% in 2009. While global GDP growth is predicted to slow from last year, exports will continue to contribute to U.S. GDP growth. A combination of growth in emerging markets and a weak dollar should mean that export growth will continue to support GDP growth, at 6.9% this year and next year and 9.9% in 2013. Even though these gains have been scaled back from previous forecasts on a more cautious global outlook, trade will be an important net contributor to GDP growth (see Figure 1.7).

Figure 1.7: Contribution of trade to GDP growth

Trade will add about 0.4 percentage points to growth in 2012 and 2013



Source: Bureau of Economic Analysis; data through 2010, ERFC forecast

Real government purchases are declining

Federal fiscal policy is tightening as the temporary stimulus spending runs out and the focus shifts to deficit reduction. Declining federal support is also affecting state and local governments. State and local administrations are relying more on spending cuts than tax increases to close budget gaps for fiscal 2012, which began July 1. We expect government purchases to decline 2.4% this year, 2.5% in 2012, and 1.1% in 2013. These declines in government purchases will subtract 0.5 percentage points from overall GDP growth in each of the next two years and another 0.2 percentage points in 2013.

The loss of jobs will take years to make up

The sharp drop in employment during the recession coupled with one of the weakest jobs recoveries in memory have left a huge hole to fill in the number of unemployed workers. More than two years into the recovery we are still over six million jobs below the pre-recession peak. After strong growth earlier this year, job growth has slowed to an average of only 40,000 per month during the last four months including zero net new jobs in August. Our current forecast expects significantly slower job growth for the remainder of this year through 2012 than did our June forecast. We now expect job growth of only 1.0% this year and 1.2% in 2012 which is barely enough to keep up with labor

force growth. As a result, we expect an unemployment rate of 8.9% at the end of 2012, barely lower than the current 9.1% rate. Finally in 2013 we get an above average growth rate of 1.8% which lowers the unemployment rate to 8.0% by the end of the year.

Personal income growth will slow in 2012

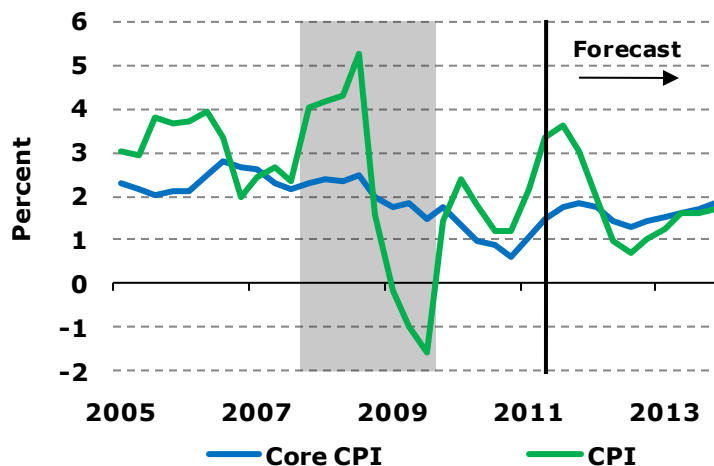
The outlook for personal income growth has also weakened since June. Income growth this year should come in slightly higher than expected in June (5.3% vs. 4.9%) but this is due entirely to an upward revision to the data for the first half of the year. The growth going forward is universally slower. In 2012 we expect only 2.9% growth. The slowdown is largely due to the expiration of the payroll tax credit. Since the employees' portion of payroll taxes is a deduction from personal income, an increase in the rate reduces personal income growth. The expiration of the payroll tax cut reduces personal income growth by about 0.9 percentage points in 2012. If the payroll tax cut is extended, personal income growth will be stronger in 2012. The forecast expects personal income growth of 4.1% in 2013.

Headline inflation will come down

Oil prices have come down from their peaks but remain high. This, combined with rising food prices, has sent headline inflation higher. However core inflation remains tame (see Figure 1.8) and wage inflation is low. We expect the CPI to rise 3.0% this year, up from 1.6% in 2010 but core inflation will remain moderate at 1.5% compared to 1.0% in 2010. We don't believe the rise in headline inflation will pass through to the core given the considerable slack in the economy. We expect headline inflation to fall to 1.2% in 2012 on lower energy prices while the core remains at 1.5%. Both headline and core inflation will edge up in 2013 to 1.5% and 1.7% respectively as economic growth revives.

Figure 1.8: Inflation

Core inflation will remain below 2%



Source: Bureau of Labor Statistics; data through Quarter 2, 2011; ERFC forecast

Forecast by Fiscal Year

<i>GDP growth improved FY 2011</i>	U.S. economic growth improved to a moderate 2.6% in fiscal 2011 from an anemic 0.3% in 2010 and a 3.4% decline in 2009. Much of the recovery in GDP was due to the inventory cycle and federal stimulus spending. The inventory cycle is now complete and federal fiscal policy as well as state and local government fiscal policy is now contractionary. With consumer spending growth slowing again, private spending will not improve enough to pick up the slack. We expect real GDP to grow 1.7% in FY 2012, improving to 2.7% in FY 2013.
<i>Consumer spending growth will be modest</i>	Consumer spending also improved by 2.6% in fiscal 2011 from an anemic 0.3% in fiscal 2010 and a 2.3% decline in 2009. Consumer spending was never expected to be a strong driver in this recovery but the recent decline in consumer confidence portends an even weaker outlook. Consumers are also rebuilding wealth lost in the housing and stock markets, which has raised savings rates at the expense of consumption. The forecast expects consumer spending growth to slow to 1.8% in FY 2012, improving to 2.6% in FY 2013.
<i>Housing will begin to recover in FY 2012</i>	Housing starts fell 4.0% to just 569,000 in FY 2011 which was the fifth consecutive decline since the peak of 2.036 million in 2006. The forecast calls for a slight 2.4% increase in FY 2012 to 583,000 units followed by a 26.5% increase to 0.738 million units in FY 2013. While the percentage increase in 2013 is large, it is off a very low base. The FY 2013 level is still only about half it's the long-run trend.
<i>Businesses investment is mixed</i>	Businesses are willing to invest again, at least in equipment and software. On a fiscal year basis, real business spending on equipment and software turned around in FY 2011, rising 14.1%. Growth in equipment spending will moderate but remain strong in FY 2012 and FY 2013 at 7.9% per year. However, the correction in real nonresidential construction still has a long way to go. Real nonresidential investment in structures fell 2.8% in FY 2011 after declines of 7.4% and 25.1% in FY 2009 and FY 2010. We expect slight growth of 3.1% in FY 2012 before again declining 4.2% in FY 2013.
<i>Export growth will continue</i>	Real exports returned to growth in FY 2010 with a 2.7% increase following a rare 6.0% decline in FY 2009. Export growth accelerated to a strong 9.3% in FY 2011 as global trade rebounded. Export growth will slow to 5.9% in FY 2012 on weaker global economic growth, improving to 8.9% in FY 2013
<i>FY 2012 job growth will be weak</i>	Payroll employment turned positive in FY 2011 for the first time in three years but the increase was only 0.6% following declines of 2.8% and 3.1% in the previous two years. Recent experience indicates that the growth in FY 2012 will be weaker than we had

previously expected. We now expect 1.0% growth in FY 2012 improving to 1.5% in FY 2013.

Inflation is not a threat

With unemployment stubbornly high and so much excess capacity in the economy, inflation is expected to remain subdued for some time. The consumer price index rose 2.0% in FY 2011, up from 1.0% in FY 2010 on higher energy costs. The core CPI rose only 1.0% in FY 2011, down from 1.4% in FY 2010. The inflation rate is expected to rise next fiscal year to 2.4% on higher energy costs before moderating to 1.1% in FY 2013.

Risks to the Forecast

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

Downside Risks (40% Probability)

Gridlock in Washington

The Congressional Super Committee could fail to agree upon a deficit reduction deal that can pass both houses of Congress.

European sovereign debt fears

The peripheral countries that are presently over-leveraged are looking at years of painful deflationary structural adjustment in their economies. Germany and France are reluctant to pay the price for other countries' lack of fiscal discipline. Yet the alternative – dismantling the Euro, or a sovereign debt default by one of the countries at risk, seems even more dire.

Blue Chip revisions

Consensus Blue Chip GDP forecasts are revised further downward, especially 2013.

Inflation

Inflationary pressures from rising wages in India and China.

Surprises

Unexpected events – natural disasters, political upheaval, etc

Upside Risks (10% Probability)

Pent-up demand

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

Jobs

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

Payroll Taxes

The baseline forecast assumes the 2% payroll tax cut expires at the end of 2011. It is possible that it may be extended and expanded in 2013.

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

	2006	2007	2008	2009	2010	2011	2012	2013
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,812.8	13,054.6	13,293.3	12,843.7	12,876.1	13,211.0	13,430.0	13,791.2
% Ch	3.0	1.9	1.8	-3.4	0.3	2.6	1.7	2.7
Real Consumption	8,928.4	9,171.5	9,293.2	9,077.9	9,104.6	9,334.7	9,505.0	9,750.8
% Ch	3.0	2.7	1.3	-2.3	0.3	2.5	1.8	2.6
Real Nonresidential Fixed Investment	1,401.7	1,494.7	1,583.2	1,388.0	1,260.9	1,376.5	1,467.8	1,537.5
% Ch	6.7	6.6	5.9	-12.3	-9.2	9.2	6.6	4.7
Real Residential Fixed Investment	770.5	650.1	509.6	380.7	343.0	322.3	329.6	363.8
% Ch	2.2	-15.6	-21.6	-25.3	-9.9	-6.0	2.3	10.4
Real Personal Income	10,719.8	11,152.6	11,427.6	11,189.2	10,936.1	11,324.4	11,537.9	11,799.7
% Ch	3.3	4.0	2.5	-2.1	-2.3	3.6	1.9	2.3
Real Per Capita Income (\$/Person)	35,975	37,062	37,614	36,508	35,354	36,257	36,587	37,058
% Ch	2.4	3.0	1.5	-2.9	-3.2	2.6	0.9	1.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.015	1.040	1.074	1.089	1.104	1.123	1.144	1.158
% Ch	3.2	2.4	3.2	1.5	1.3	1.8	1.9	1.2
U.S. Consumer Price Index (1982-84=1.0)	1.989	2.041	2.117	2.146	2.168	2.211	2.263	2.289
% Ch	3.8	2.6	3.7	1.4	1.0	2.0	2.4	1.1
Employment Cost Index (Dec. 2005=1.0)	1.005	1.038	1.072	1.096	1.112	1.130	1.151	1.173
% Ch	2.5	3.3	3.2	2.3	1.4	1.7	1.8	1.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	13,030.5	13,688.1	14,267.2	14,056.2	14,188.4	14,806.3	15,303.1	15,890.4
% Ch	6.5	5.0	4.2	-1.5	0.9	4.4	3.4	3.8
Personal Income	10,887.3	11,598.8	12,270.8	12,190.5	12,068.9	12,718.2	13,204.5	13,659.8
% Ch	6.6	6.5	5.8	-0.7	-1.0	5.4	3.8	3.4
Employment (Millions)								
U.S. Civilian Labor Force	150.4	152.4	153.7	154.6	153.9	153.7	153.6	154.5
Total U.S. Employment	143.1	145.5	146.1	142.8	138.9	139.4	139.6	141.0
Unemployment Rate (%)	4.83	4.52	4.93	7.60	9.74	9.30	9.12	8.74
Nonfarm Payroll Employment	135.01	136.97	137.72	133.88	129.67	130.39	131.75	133.72
% Ch	1.9	1.4	0.6	-2.8	-3.1	0.6	1.0	1.5
Manufacturing	14.20	14.03	13.71	12.66	11.53	11.62	11.84	12.06
% Ch	-0.6	-1.2	-2.3	-7.7	-8.9	0.8	1.9	1.9
Durable Manufacturing	8.98	8.91	8.69	7.90	7.05	7.17	7.39	7.63
% Ch	0.2	-0.8	-2.5	-9.0	-10.9	1.8	3.0	3.2
Nondurable Manufacturing	5.23	5.12	5.02	4.75	4.48	4.45	4.45	4.43
% Ch	-2.0	-2.1	-1.9	-5.4	-5.7	-0.8	0.1	-0.4
Construction	7.56	7.69	7.46	6.61	5.66	5.51	5.38	5.20
% Ch	6.0	1.7	-2.9	-11.4	-14.5	-2.6	-2.5	-3.3
Service-Providing	112.59	114.54	115.81	113.86	111.80	112.52	113.75	115.73
% Ch	1.9	1.7	1.1	-1.7	-1.8	0.6	1.1	1.7
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	64.2	63.4	97.0	69.8	75.2	89.4	90.5	92.0
Personal Saving/Disposable Income (%)	2.0	2.6	3.8	5.8	4.8	5.3	4.8	3.7
Auto Sales (Millions)	7.8	7.7	7.6	5.4	5.8	6.0	6.5	7.7
% Ch	2.3	-1.1	-1.7	-28.3	7.0	3.7	7.2	18.8
Housing Starts (Millions)	2.036	1.546	1.132	0.646	0.593	0.569	0.583	0.738
% Ch	1.0	-24.1	-26.8	-42.9	-8.2	-4.0	2.4	26.5
Federal Budget Surplus (Billions)	-248.0	-204.4	-423.8	-899.4	-1,281.2	-1,252.6	-1,079.8	-783.8
Net Exports (Billions)	-770.1	-743.7	-721.5	-518.1	-467.8	-554.0	-563.7	-504.4
3-Month Treasury Bill Rate (%)	4.07	4.88	2.84	0.54	0.12	0.12	0.06	0.08
10-Year Treasury Note Yield (%)	4.59	4.76	4.14	3.29	3.55	3.08	2.60	3.42
Bond Index of 20 G.O. Munis. (%)	4.45	4.30	4.56	4.97	4.37	4.56	4.36	4.96
30-Year Fixed Mortgage Rate (%)	6.21	6.35	6.19	5.57	5.00	4.59	4.28	4.94

Table 1.2

Forecast Analysis

Comparison of Forecasts for 2011-13

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

Table 1.3

Fiscal Years

Forecast Comparison

Forecast 2012 to 2013

	2009	2010	2011	2012	2013
U.S.					
Real GDP					
September Baseline	12843.7	12876.1	13211.0	13430.0	13791.2
% Ch	-3.4	0.3	2.6	1.7	2.7
June Baseline	12965.0	13053.4	13407.4	13801.2	14233.5
% Ch	-2.8	0.7	2.7	2.9	3.1
Implicit Price Deflator					
September Baseline	1.089	1.104	1.123	1.144	1.158
% Ch	1.5	1.3	1.8	1.9	1.2
June Baseline	1.091	1.104	1.122	1.146	1.164
% Ch	1.5	1.3	1.6	2.1	1.6
U.S. Unemployment Rate					
September Baseline	7.60	9.74	9.30	9.12	8.74
June Baseline	7.60	9.74	9.26	8.49	7.83
Mortgage Rate					
September Baseline	5.57	5.00	4.59	4.28	4.94
June Baseline	5.57	4.99	4.61	4.88	5.37
3 Month T-Bill Rate					
September Baseline	0.54	0.12	0.12	0.06	0.08
June Baseline	0.56	0.12	0.13	0.39	2.14

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Chapter 2: Washington Economy – Current Conditions and Forecast

- **Washington’s economy is not immune to national and global economic developments. Like the nation, the outlook for the Washington economy has weakened since June.**
- **The employment recovery in Washington this recession has been the weakest of any post-war recovery. Reduction in government jobs has offset much of the meager private sector gains. Employment in the state is not expected to regain its pre-recession peak until after 2013.**
- **The recently released national income and product accounts (NIPAs) showed a much more severe recession than was previously believed. According to our current estimates, the peak-to-trough decline in Washington real personal income during the recession was actually 4.0% rather than the 1.6% we had in the June forecast.**
- **The outlook for the state’s aerospace and software sectors remains positive. Boeing’s order book is full and the current backlog of over 3,500 planes represents more than eight years of production at current rates. Microsoft experienced record revenue last year and its balance sheet remains healthy.**
- **The recovery in housing and construction will be later than previously expected. New construction faces headwinds from rising foreclosures and falling home prices.**

Current Conditions

The aftermath of the Great Recession has been worse than expected

In normal times, it would be hard to find a reason to explain the distress in Washington’s economy; given all that it has going for it. Aerospace manufacturing and software publishing are in good health; as are the state’s farming and export sectors. But these are not normal times. We are in the fragile aftermath of the Great Recession where a return to normalcy seems like a mirage in the desert – the closer we get to it, the further it moves away. Fear and uncertainty have overwhelmed consumer and business behavior. Political gridlock in the nation’s capital gives little hope that the full toolkit of policy options will be acted on. In an increasingly interconnected world we are not immune to Europe’s problems either, as they struggle with fiscally imprudent states on the periphery, trapped in a structurally dysfunctional union.

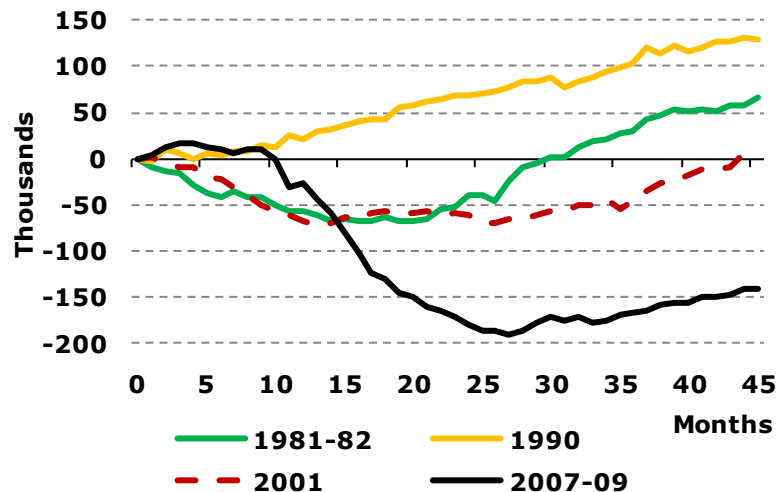
Every time our state has looked like it would break out of the malaise, it has been sucked right back in.

Employment in Washington grew less than expected in the June forecast

Washington employment grew less than expected in the three months since the June forecast was released. The economy added 8,300 net new jobs from June through August. Over the three months, we had expected 13,600 jobs in our June forecast. This expansion has been characterized by the slowest jobs recovery in recent memory (see Figure 2.1). 45 months after the recession started, and over 2 years since it ended, there are still over 140,000 fewer jobs in the state than there were at the start of the recession. Weighing down the recovery in jobs are cutbacks due to budget concerns in the public sector. While the private sector added 8,600 jobs in June, July, and August, state and local government employment declined by 1,600 jobs. Federal government employment made up some of the losses, increasing by 1,300 since May. Construction employment continues to bump along the bottom and is up 600 over the last three months. The manufacturing sector, which has been the bright spot in the employment recovery, added 4,200 of which 3,500 were in the aerospace sector. Private service-providing industries, which account for two out of three jobs in Washington, have been weak adding just 3,800 jobs.

Figure 2.1: Washington Employment after Business Cycle Peak

The recovery in jobs has been the slowest since the Great Depression



Source: WA State ERFC Kalman Filtered Data; data through August 2011

Hours and earnings data show further labor market weakness

Other labor market indicators have been weak in recent months. Both the average weekly hours worked and average hourly earnings in the private sector have flattened out and are beginning to decline. In the most recent three months (June, July, and August) private sector average hours are down to their lowest level since the end of last year. In addition, private sector average hourly earnings are flat over-the-year and have declined in each of the last three months on a seasonally adjusted basis.

The combination of fewer hours worked and lower hourly earnings means that the average weekly paycheck was 2.0% lower in August than the same period last year.

Initial claims for unemployment insurance have been trending downward

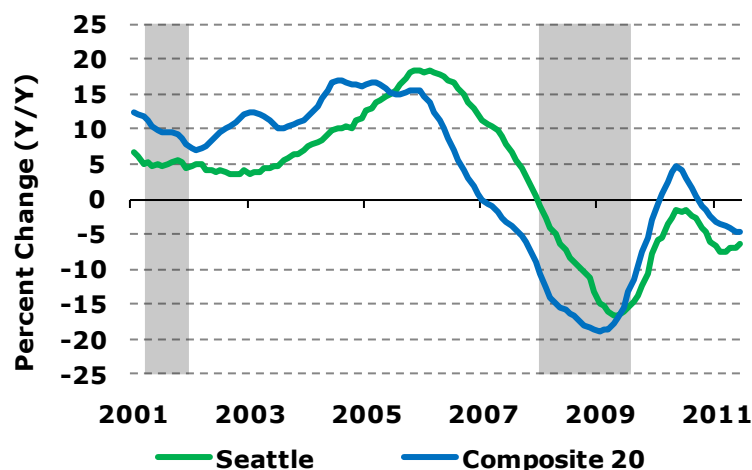
The number of people filing for unemployment insurance compensation has been drifting down in recent months after trending upward in the first half of the year. As of September 3, the four-week moving average of initial claims was 10,700. This was the seventh consecutive week the average has been below 11,000 in the state, the longest period since 2008. This also tends to be the level where job growth picks up. Initial claims are now 35% below the peak reached in March 2009. While claims have come down, job growth has been slow, keeping the unemployment rate elevated. During the previous year Washington's unemployment rate fell nearly a full percentage point from a 10.0% rate in February 2010 to 9.1% in February 2011 and again in May 2011. Since then however, it was crept back up to 9.3% in each of the last three months.

Single-family housing continues to languish

With excess inventory, and depressed home prices, single-family housing continues to languish. The 12,600 seasonally adjusted annualized single-family permits in the second quarter of 2011 were the fewest since the second quarter of 2009. However multi-family permits came in at a relatively strong 13,400 units in the quarter. We believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies, but multi-family permits are likely to retreat from the very high level reached in the second quarter. Single-family construction in Washington is in competition with a stream of foreclosures so it will likely stay weak for some time.

Figure 2.2: S&P/Case-Shiller Home Price Index, SA

Seattle and national home prices are in double-dip mode



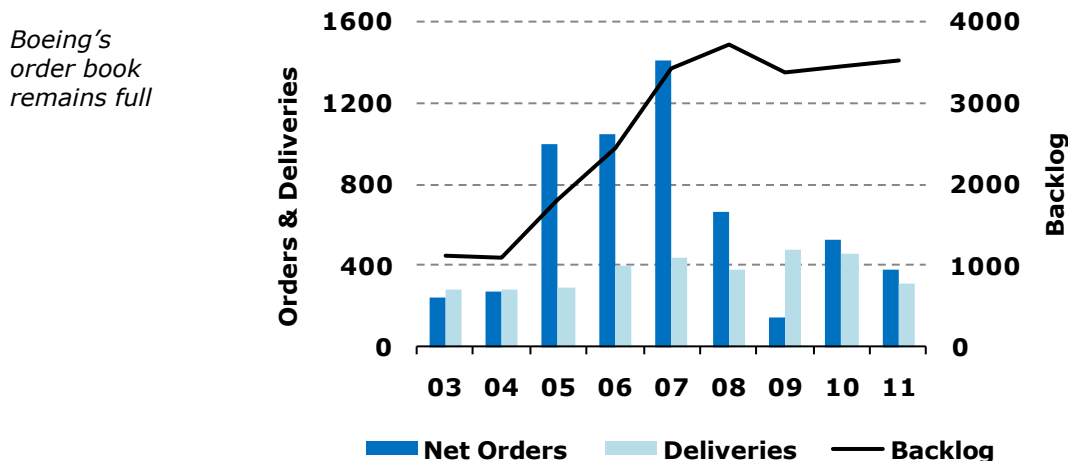
Source: S&P/Case-Shiller; data through June 2011

Housing prices are in double-dip mode. The Case-Shiller Home Price Index for Seattle declined 0.1% in June after posting small

<i>Home prices are again declining</i>	<p>increases in each of the last three months. Prior to that, prices had declined for ten consecutive months beginning in June 2010. On an annual basis, Seattle continues to underperform the nation in house prices (see Figure 2.2). Over the last year, Seattle area prices have fallen 6.4% compared to the 4.6% decline in the U.S. 20-city index. Foreclosures continue to put downward pressure on prices. It appears both Seattle and the nation have further to drop before home prices stabilize. We are unlikely to see a strong recovery in housing construction until home prices begin rising again.</p>
<i>Contract data signal continued weakness in nonresidential construction</i>	<p>Contract data for new construction projects, which gives an indication of the level of activity roughly six months in the future, does appear to have stabilized, although at very low levels. Residential contract square footage reached a trough in January 2009 and is up 42% since then. This growth, however, is off a depressed level and square footage under contract is still down 72% since the height of the housing boom in 2005. The recovery in nonresidential contract square footage has been even weaker, and is only now beginning to bottom out. We do not expect to see any improvement in nonresidential construction until 2012. This sector is considered a "late cycle" industry and growth does not typically return until at least two to three years after a recession has ended.</p>
<i>Manufacturing is still growing</i>	<p>Manufacturing, which has been the bright spot in the recovery, continues to expand in Washington according to local purchasing managers. The Institute of Supply Management - Western Washington Index, which measures strength in the manufacturing sector, has now indicated growth since August 2009 (index readings above 50 indicate expansion). While the index has declined from the 65.9 average in the first half of the year, the 57.8 August reading remains solidly in positive territory. The production component has been particularly strong coming in at 68.2 in August. The main reason for the recent decline in the composite index was the inventory component, which fell to 41.7.</p>
<i>Aerospace is leading the manufacturing recovery</i>	<p>Manufacturing employment has been rising for more than a year now – the trough was March 2010 – and has accelerated in the past ten months. This was because the upturn in aerospace employment lagged the upturn in other manufacturing by six months. Over the last year the aerospace sector has been responsible for 7,700 of the 12,800 net new manufacturing jobs in Washington. Boeing built up a huge backlog of orders in 2005, 2006, and 2007. This enabled Boeing to ride out the recession with only minimal production and job cuts. We believe the outlook for Boeing remains positive. Worldwide air traffic, both passenger and cargo, recovered surprisingly quickly from the recession. As a result, Boeing was able to add to its backlog in 2010. The current backlog of over 3,500 planes represents more than eight years of production at current rates (see Figure 2.3).</p>

This is higher than Boeing would like it, so production needs to grow.

Figure 2.3: Boeing Commercial Orders



Source: Boeing, data through September 2011

Car sales are affected by Japanese supply chain disruptions

Purchases of new vehicles in Washington began to recover in the first four months of 2011. Except for August 2008, which was boosted by "Cash for Clunkers, April's reading of 18,000 new vehicle registrations (SAAR) was the highest since July 2008. Washington new car registrations dipped in May to 16,800 and have continued to fall. The 15,900 new vehicle registrations in August were the lowest since November 2010. This was due to the tragedy in Japan which disrupted automotive supply chains and production schedules. The fleet of cars and trucks currently on the road is the oldest on record, with data going back to 1982. The tragedy in Japan has exacerbated this problem. As supply chains are restored in the second half of this year, we should see an improvement in car sales. The longer new car sales remains depressed, the greater the pent-up demand for vehicles in the future.

Strong export growth has continued

Washington State exports rose 31.5% in the second quarter of 2011 compared to the second quarter of 2010. Exports of transportation equipment (mostly Boeing planes) were up 17.8% compared to the previous year. Transportation equipment exports normally account for about 50% of our exports. Excluding transportation equipment, exports were up 44.2% over the year. Growth of over 50% was achieved in several major manufacturing sectors: petroleum and coal, machinery, forestry products, and printing products. The earthquake and tsunami in Japan occurred mid-March and we should see a boost to some Washington exports as reconstruction unfolds later this year.

This recession has been worse than originally thought

The recently released national income and product accounts (NIPAs) showed a much more severe national recession than was previously believed. We expect to see similar downward revisions at the state level and have therefore made adjustments to our historical personal income data in anticipation of the upcoming revision. According to our current estimates, the peak-to-trough decline in Washington real personal income during the recession was actually 4.0% rather than the 1.6% we had previously believed. As of the second quarter of 2011, our new estimate of Washington personal income is \$4.6 billion (1.5%) lower than we thought it was when we made the June forecast. Our estimate for second quarter growth is 3.6% (SAAR), down from 5.5% (SAAR) in the first quarter. Personal income growth was boosted in the first quarter by the temporary 2 percentage point reduction in the Social Security contribution rate for employees. Since employee contributions for government social insurance are a subtraction in the calculation of personal income, a reduction in contributions increases personal income. Growth in wages and salaries increased from 0.8% (SAAR) in the first quarter to 2.3% (SAAR) in the second. This trailed overall personal income growth which was boosted by strong growth in proprietors' income (5.8% SAAR) and income from dividends, interest and rent (6.8% SAAR).

Core Seattle inflation remains moderate

Inflation in Seattle has been steadily increasing since briefly turning negative in the middle of 2010. As measured by the Consumer Price Index for Seattle, year-over-year inflation in June of 3.2% was the highest since October 2008. This increase has been driven by rising energy costs. Overall inflation dropped to 2.7% in August as increases in energy prices moderated somewhat. Core inflation, which does not include volatile energy and food prices, has also been increasing slowly, although it remains a benign 1.2%. With energy costs easing since May, we expect more moderate Seattle headline inflation going forward.

Washington State Forecast

It appears the economy is in for an extended period of weakness

The Washington State forecast is based on a new national forecast that is weaker than the forecast adopted in June. This is reflected in the forecasts for employment and income as well as GDP. In the first half of 2011 the state's economic recovery was held back first by the turmoil in the Middle East and North Africa which raised energy costs and sapped consumer confidence and spending power, and then by the tragedy in Japan which disrupted global supply chains as well as economic activity in that country. Going forward, we had previously expected a rebound in growth as these impacts dissipated in the second half of 2011. Now, however, it appears that we are at best in for an extended period of middle-through – slow economic and job growth, high unemployment, and weak confidence.

Washington job growth will gradually improve in 2012

We expect job growth to remain anemic through the remainder of this year before gradually improving in the beginning of 2012. Boeing and Microsoft are expanding, but these two sectors alone are not enough to counteract the drag from the weakening national and global economies. Construction employment is bottoming out so that sector will cease to be a drag on growth after this year. However, state and local governments will continue to cut back. We continue to expect that Washington State will outperform the U.S. economy in both employment and personal income growth, although the outlook for both has been substantially lowered. The state’s trade intensity should help boost activity, although there is an increasing threat of a global economic slowdown.

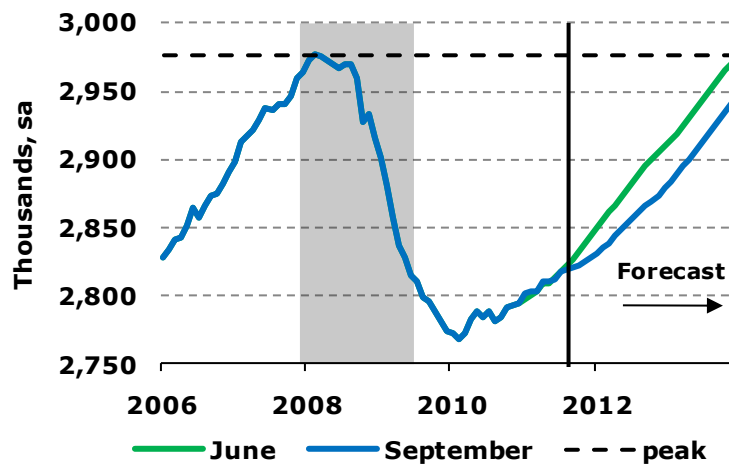
Washington Payroll Employment

We have lowered our employment growth forecast since June

The Washington labor market has been in recovery for more than a year now but the improvement has been disappointing. Employment in the state has grown at an average annual rate of 1.2% since the employment trough in February 2010. The 40,500 jobs gained over this period represent less than one-fourth of the jobs lost in the downturn. Our forecast for employment growth in calendar 2011 is weaker than in June, due to the deteriorating national economic outlook (see Figure 2.4). We now expect Washington employment will grow 1.1% in 2011 compared to the 1.2% expected in June. We have also lowered our forecasts for 2012 and 2013 to 1.4% and 2.1% respectively compared to 2.2% per year in the June forecast. Washington is no longer expected to regain its previous peak until after 2013, beyond our forecast horizon. Private sector job growth has also been reduced, although it will do better than state and local government employment which is declining. We expect growth of 1.7% this year, improving to 2.1% in 2012, and 2.5% in 2013.

Figure 2.4: Washington Payroll Employment

Washington employment won't reach its previous peak until after 2013



Source: ERFC September 2011 forecast, WA ESD; actual through August 2011

Boeing will increase production more than 40% during the next two years

Boeing is growing again after layoffs in 2009 and early 2010. The aerospace sector has added 8,100 employees since May 2010, more than the 5,800 jobs lost from February 2009 through May 2010. We expect the job growth to continue. Over the next couple of years as Boeing plans significant production increases in all five models of commercial aircraft. Between early 2011 and early 2013, total production will rise from 42 planes per month to 60 planes per month, an increase of more than 40%. Boeing's order book remains full and it will take several years to work through the backlog. We expect aerospace employment growth to improve to 6.7% this year after declining 2.5% in 2010. Job growth will slow as production nears its peak. We expect aerospace employment to grow 5.1% in 2012 and 1.8% in 2013.

Microsoft will enhance employee compensation

After unprecedented layoffs in 2009, software employment continues to grow in Washington. As of August 2011, the software sector has recovered all of the jobs lost (peak to trough) in the recession. In April, Microsoft announced a plan to increase and restructure employee compensation. Microsoft called it "the most significant investment in overall compensation we have ever made." The higher wages will help Microsoft attract and retain top talent and the spending out of those higher wages will have a positive impact on the Washington economy. Microsoft also just released a preview of its next generation operating system, which should be available in late 2012. Early indications suggest that this latest version of Windows will be successful. It is expected to make inroads in the expanding tablet and touch screen market due to its ability to run on these as well traditional desktop and non-touch devices. Microsoft's balance sheet remains healthy as well. According to Microsoft's latest quarterly report, the company reported record revenue for both the quarter and the recently completed fiscal year. We expect software employment to grow 2.7% this year, improving to 4.2% in 2012 and remaining strong at 4.0% in 2013.

Construction employment declines are leveling off

Construction employment finally reached a trough in early 2011 after huge declines over the previous three years. We expect overall construction employment to remain flat this year. With a stream of foreclosures becoming available and prices continuing to fall, there is little incentive to buy a new home in today's market. Therefore, we expect residential construction employment to remain flat in 2012 and finally show improvement on an annual basis in 2013. Nonresidential construction employment will remain flat through the rest of this year before starting to recover in early 2012. Though nonresidential construction lagged residential construction in the downturn, we think it will return to growth sooner. In spite of a recovery in 2012 and 2013, construction employment at the end of 2013 will still be 63,700 below its previous peak.

Financial activities employment will begin to grow in 2012

We expect the fourth quarter of 2011 will be the trough in financial activities employment after more than five years of decline. Next to construction, the financial activities sector experienced the most severe employment reductions during the recession. Employment in credit intermediation and related activities, a victim of the meltdown in financial markets, accounts for most of the decline. Like construction, the recent declines are much more moderate than the earlier cuts. We expect positive growth beginning in the first quarter of 2012.

Employment in retail trade is still growing despite headwinds

Retail trade employment grew rapidly during the first half of last year but faltered in the third quarter when consumer confidence sank in response to the threatened European debt crisis. Growth resumed in the fourth quarter of 2010 averaging a healthy 2.3% (SAAR) through the second quarter of 2011. Consumer confidence is again suffering due to Congressional wrangling over the debt ceiling and renewed fears of an economic slowdown. These hindrances have begun to weigh on the recovery in retail trade employment in Washington. Preliminary monthly data through August suggest a modest slowdown to about 1.4% (SAAR) growth in the third quarter of 2011. The forecast assumes growth will stall in the fourth quarter before resuming again in early 2012. However, this could again be undermined by a new slump in consumer confidence and spending. On a calendar year basis, the forecast calls for growth rates of 1.6%, 1.5%, and 2.1% in 2011, 2012, and 2013.

We expect continued strong growth in professional and business services employment

As is typical during recoveries, we expect the professional and business services to be one of Washington's fastest growing sectors. This sector was helped early on in the recovery from growth in employment services, which is largely temporary help. As businesses gauge whether the increase in demand will continue, they typically hire temporary staff before they hire permanent employees. We expect growth to continue throughout the forecast, although it will remain modest through 2012. We expect growth to pick up in this highly pro-cyclical industry in 2013. Professional and business services also benefitted from the federal stimulus. The forecast expects an annual average growth rate of 3.0% this year, slowing to 2.7% in 2012, before picking up to 4.7% in 2013.

Tight budgets are forcing cutbacks in state and local government employment

State and local Government employment tends to be more stable than other sectors of the economy. It also tends to lag other sectors through the business cycle. Private sector employment peaked in the first quarter of 2008 but state and local government employment continued to rise for three more quarters. Now private sector employment growth has turned positive but state and local government employment continues to decline. State and local government job cuts are expected to continue through the second quarter of 2012. We expect a loss of another 8,700 state and local government jobs from the third quarter of 2011 to the second quarter of 2012 in addition to the

8,800 lost so far. This results in a 17,500 (3.6%) job loss from the peak in the fourth quarter of 2008. We do not expect government employment to reach the previous peak until after 2013.

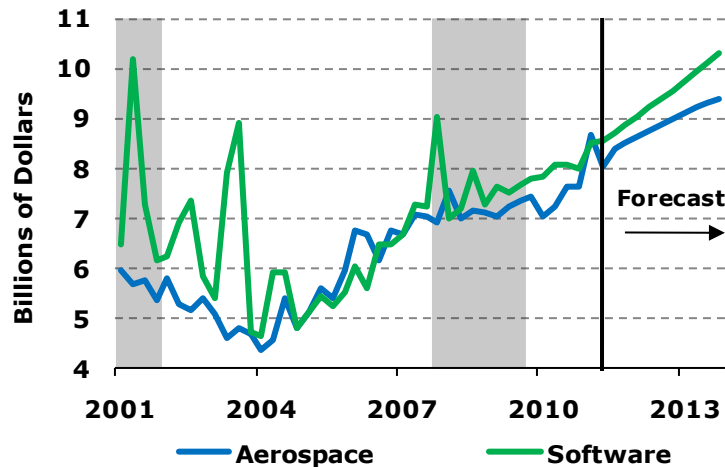
Washington Personal Income

Washington personal income growth will be higher than in the U.S.

Washington personal income growth is expected to outperform the nation in the recovery, although the outlook for both has been lowered substantially. One of the primary reasons for the state’s outperformance is growth in our high-wage industries, aerospace and software (see Figure 2.5). These jobs pay significantly more than the statewide average and will continue to put upward pressure on personal income. The resurgence of the Pacific Rim economies, which are important trade partners, will also boost personal income in the state. This will disproportionately help the state economy due to our high reliance on exports, although weaker global growth outside this area will mitigate this somewhat. Total wage and salary disbursements increased in 2010 as healthy growth in average wages overcame another decline in employment. Going forward, we expect stronger wage growth as employment growth turns positive and average wage growth strengthens.

Figure 2.5: Washington Aerospace and Software wages

Aerospace and software wages will drive overall personal income growth



Source: ERFC September 2011 forecast, WA ESD; actual through 2011 Q2

Washington personal income got a boost from the payroll tax cut

The payroll tax cut enacted in December 2010 adds nearly 1% to disposable personal income in 2011. The payroll tax cut was only for one year so its absence in 2012 will be a drag on growth in that year. As the economy continues to recover this year, most other components of personal income will also grow, the main exception being unemployment compensation, which should come down as the job market slowly improves. The forecast expects 4.9% personal income growth this year, slowing to 3.0% in 2012, and then improving to 4.5% in 2013.

Washington Building Permits

The housing recovery has been pushed out

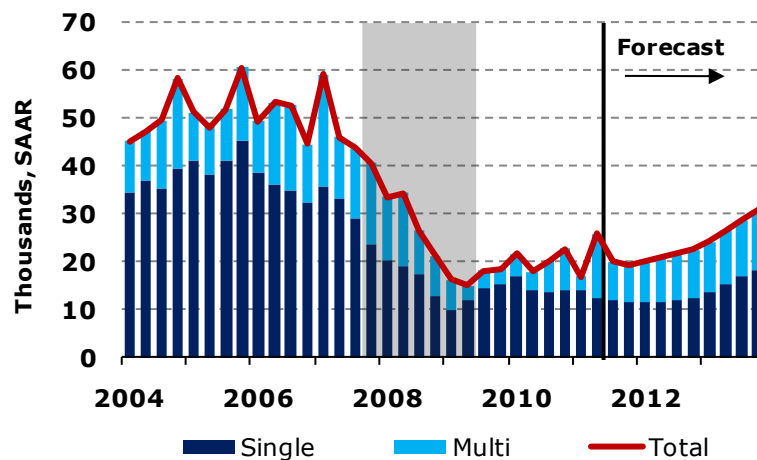
Housing activity in Washington, as measured by building permits, reached a trough in the second quarter of 2009. Since then, growth has been sporadic at best. We will not see a recovery in single-family construction until home prices start to rise. That will get fence sitters back into the market, as well as give banks confidence to lend against appreciating collateral. Unfortunately, home prices are headed downward again, both nationally and in Seattle. We expect prices will remain soft this year as more foreclosures are dumped back on the market. There is support for multi-family construction. Migration into Washington is picking up, which tends to increase the demand for multi-family housing. Rental vacancy rates are falling and apartment rents are firming.

Housing will remain weak until 2012

We have pushed out the recovery in housing construction (see Figure 2.6). We now expect the total number of units to decline 0.5% this year to 20,600 units. Single-family construction will decline another 4.9% in 2012 reaching a trough of 12,000 units. This will be offset by growth in the multi-family segment of 16.2% to 9,300 units. Combined, overall housing units will pick up gradually in 2012, increasing 3.3% to 21,300 units. Both single-family and multi-family construction are expected to pick up steam in 2013, with single-family increasing 33.6% to 16,000 units and multi-family increasing 24.5% to 11,600 units. Even with the strong growth, the 27,600 housing units in 2013 will still be 48% below the previous peak in 2005.

Figure 2.6: Washington Building Permits, SAAR

The recovery in housing construction is delayed



Source: ERFEC September 2011 forecast, Census Bureau; actual data through 2011 Q2

Seattle Consumer Price Index

High unemployment will keep inflation benign

Inflation, as measured by the Seattle Consumer Price Index, has been less than one percent per year for each of the last two years. This has been due to declining shelter costs, which are measured by rents in the CPI. Rents have been firming recently and energy costs have risen sharply. We expect the Seattle CPI to jump 2.2% this year compared to only 0.3% last year. We don't believe the increase in energy costs will cause inflation to get out of control. Continuing high unemployment will prevent a wage-price spiral. Seattle inflation will decline to about 0.9% in 2012 and 1.5% in 2013.

Core inflation is expected to remain low

Core inflation (excluding food and energy) in Seattle came in at a negative 0.5% in 2010. Falling shelter costs were the main reason for the decline but rents have since turned around. As the slow economic recovery continues, Seattle core inflation will remain low but will gradually increase. We expect the core Seattle CPI to rise 0.7% in 2011, 1.2% in 2012, and 1.7% in 2013.

Forecast by Fiscal Year

Personal income growth will slow in FY 2012

Nominal personal income grew by an estimated 4.7% in FY 2011, up from -0.9% in FY 2010. The growth in FY 2011 was still low by historical standards and much lower than the 7.4% average growth rate from 2006 through 2008. The slowdown in growth is mostly due to declining employment but average wage growth has also slowed as has income from non-wage sources such as dividends, interest, and rent. The forecast expects a slowdown in FY 2012 with nominal personal income growth of 3.6%. Growth is expected to increase slightly to 3.7% in FY 2013 as the economy continues its tepid recovery.

Job growth is expected to be weak

Washington non-farm payroll employment rose 0.5% in FY 2011 after falling 4.0% in FY 2010. We expect nonfarm employment to increase slowly in FY 2012 with just 1.2% growth. Manufacturing is expected to grow 4.3% while construction continues to fall, declining another 0.5%. The service-providing sector should continue its slow recovery with 1.0% growth in FY 2012. As the economic recovery continues, we expect employment growth to improve to 1.8% in FY 2013. On an end-of-period basis (second calendar quarter of 2010 to second calendar quarter of 2011) employment increased 0.9% during FY 2011. Employment is expected to increase by 1.3% this fiscal year on an end-of-period basis, and then grow 2.0% during FY 2013.

Housing permits will continue to grow in FY 2012

The number of housing units authorized by building permits in Washington increased 12.3% to 21,500 in FY 2011 after declining 3.2% in FY 2010. Single-family permits decreased 10.2% in FY 2011 to 13,700 units while multi-family units doubled to 7,800 units, although this was coming off the lowest multi-family count

in at least 40 years (our data begin in FY 1969). We expect multi-family permits to increase 7.3% this year to 8,400 units. Single-family construction will experience continued weakness in FY 2012, falling 14.0% to 11,800 units. Overall permits are expected to drop 6.3% this fiscal year to 20,100 units. Housing construction should improve in FY 2013 with the forecast calling for an increase of 17.9% to 23,700 units.

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

Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased to 1.2% in FY 2011 from 0.3% in FY 2010. Energy costs, which increased just 2.1% in FY 2010, increased 12.2% in FY 2011. Core inflation (excluding food and energy) decreased from 0.5% in FY 2010 to 0.0% in FY 2011. Inflation will remain low given the slack that has built up throughout the economy. The recent rise in energy costs will show up mostly in fiscal 2012 when the Seattle CPI is expected to increase 1.7%. Seattle inflation will moderate to 1.1% in FY 2013.

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

Alternative Scenarios

Alternate forecasts are prepared in accordance with state law

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

Optimistic

In the optimistic scenario, fears of another slowdown prove short-lived

In the optimistic scenario, the economy quickly gets back on track. Business and consumer confidence improve leading to more spending and investment, while better news from across the Atlantic calms equity markets. Credit channels are also functioning normally. This scenario also assumes a stronger rate for global GDP, as Europe moves toward a longer-term solution to its sovereign debt issues. U.S. businesses continue to take advantage of growing demand in emerging markets resulting in higher exports. The optimistic scenario also sees a quicker, sustained recovery in residential construction. GDP picks up significantly, reaching 4.0% (SAAR) by the end of 2013. More demand translates into more jobs and the unemployment rate falls to 7.1% by the fourth quarter of 2013. In short, the optimistic scenario sees a quick rebound from the soft patch of mid-2011 and stronger, more stable growth than the baseline.

This scenario also assumes...

In addition to reflecting the impact of the stronger U.S. forecast on the state economy, the optimistic Washington forecast assumes that the recovery in aerospace employment is stronger

...higher growth in key Washington industries

than assumed in the baseline forecast. Software employment growth is also stronger than in the baseline forecast. Along with higher oil prices in the optimistic scenario, the Seattle inflation is higher than in the baseline forecast due to the stronger regional economy. Wage growth is also faster than in the baseline forecast. Both Washington personal income and population growth are stronger throughout the forecast. Finally, construction employment returns to sustained growth in the second quarter of 2011, three quarters earlier than in the baseline forecast and the subsequent recovery is stronger. By the end of 2013, Washington nonagricultural employment is higher by 104,500 jobs than in the baseline forecast and Washington personal income is \$19.8 billion higher.

Pessimistic

In the pessimistic scenario, the economy falls back into recession

In the pessimistic scenario, the U.S. economy falls back into recession as all growth engines fail. With the federal government unable to provide significant support for growth, households and business are left to fend for themselves. In this scenario, consumers have no incentive to spend as incomes and wealth remain depressed. Weak job prospects put downward pressure on incomes, while stock market losses and declining housing prices reduce household net worth. The European debt crisis goes from bad to disastrous. Overall, world growth slows lowering demand for U.S. goods. A loss of confidence in government policymaking combines with a poor growth outlook to deter any business enthusiasm. On the housing front, increased foreclosures, weak sales and starts, and heightened uncertainty continue to push home prices down. In this scenario, real GDP growth flattens in the third quarter before turning negative in the fourth quarter of 2011 and the first quarter of 2012. The ensuing recovery is weak, with growth not surpassing 2.0% (SAAR) until the second quarter of 2013. The unemployment rate rises above 10% in the second quarter of 2012 and remains there through most of 2013.

This scenario also assumes lower growth in key Washington industries

At the state level, the aerospace employment recovery is short-lived and employment begins to decline again in early 2012. Software employment also declines beginning in the second half of 2012 as the economy sinks back into recession. The recovery in personal income is also weaker than was assumed in the baseline. Population growth is also weaker than in the baseline forecast as migration into Washington drops. Construction employment continues to fall throughout the forecast. The Seattle CPI is lower than in the baseline forecast, as are Washington wages. By the end of 2013, Washington non-agricultural employment is 148,900 lower than in the baseline forecast and Washington personal income is \$23.3 billion lower.

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

Governor's Council of Economic Advisors (GCEA)

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

The GCEA scenario expects less real growth and higher inflation

At the national level, the GCEA outlook for the real economy was weaker than the baseline forecast. The Governor's Council members expect less real GDP growth and real consumer spending growth throughout the forecast than does the baseline. However, they expect more inflation in 2012 and 2013, making the scenarios nominal forecast only slightly weaker. The Council members predicted similar mortgage rates to the baseline in both 2012 and 2013, while their forecast for oil prices was slightly lower.

For Washington, the GCEA scenario is slightly weaker

The GCEA scenario for Washington is also weaker than the baseline forecast. The council members are more pessimistic in their outlook for manufacturing in 2011 and 2012, although they expect slightly higher growth in 2013. Their forecast for construction employment is weaker through 2013. The GCEA overall employment forecast is weaker, remaining below 2% through 2013. The council members are more pessimistic on average in their housing forecast than we are but the difference is small. The Council members' real personal income forecast is also weaker than the baseline, particularly in 2013. However, this combined with their expectation of higher inflation produces a nominal income forecast that is very close to the baseline. By the end of 2013, the GCEA forecast for Washington nonfarm employment is 9,300 lower than in the baseline forecast and personal income in the state is \$65 million higher.

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

Baseline B

At the request of the Economic and Revenue forecast council, we have developed an alternative baseline with the assumption that real Gross Domestic Product (GDP) grows at 2.7% in 2013 instead of 3.2%.

Because this occurs near the end of the forecast horizon, this has little effect on the overall forecast. By the end of 2013, the Baseline B forecast for Washington nonfarm employment is 9,600 lower than in the baseline forecast and personal income in the state is \$1.6 billion lower.

Table 2.1
Washington Economic Forecast Summary
 Forecast 2012 to 2013

Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	237.490	251.569	263.730	262.071	256.380	263.804	268.146	275.017
% Ch	2.3	5.9	4.8	-0.6	-2.2	2.9	1.6	2.6
Real Wage and Salary Disb.	127.971	134.582	139.382	136.716	132.788	134.663	136.141	140.550
% Ch	3.6	5.2	3.6	-1.9	-2.9	1.4	1.1	3.2
Real Nonwage Income	109.519	116.987	124.426	124.420	122.744	129.141	132.005	134.467
% Ch	0.7	6.8	6.4	0.0	-1.3	5.2	2.2	1.9
Real Per Capita Income (\$/Person)	37,336	38,861	40,117	39,369	38,122	38,835	39,080	39,634
% Ch	0.4	4.1	3.2	-1.9	-3.2	1.9	0.6	1.4
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.015	1.040	1.074	1.089	1.104	1.123	1.144	1.158
% Ch	3.2	2.4	3.2	1.5	1.3	1.8	1.9	1.2
Seattle Cons. Price Index (1982-84=1.0)	2.035	2.116	2.205	2.257	2.263	2.290	2.328	2.355
% Ch	3.2	4.0	4.2	2.4	0.3	1.2	1.7	1.1
Average Nonfarm Annual Wage	44,150	46,424	48,534	49,150	50,257	51,627	52,585	54,063
% Ch	3.7	5.2	4.5	1.3	2.3	2.7	1.9	2.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.32	20.22	20.90	22.03	23.53	23.76	24.18	24.36
% Ch	4.0	4.7	3.4	5.4	6.8	1.0	1.8	0.8
Current Dollar Income (Billions of Dollars)								
Personal Income	241.200	261.634	283.188	285.521	282.922	296.255	306.879	318.371
% Ch	5.5	8.5	8.2	0.8	-0.9	4.7	3.6	3.7
Disposable Personal Income	212.731	229.558	249.127	255.241	256.147	265.896	273.421	281.434
% Ch	4.6	7.9	8.5	2.5	0.4	3.8	2.8	2.9
Per Capita Income (\$/Person)	37,918	40,415	43,075	42,892	42,068	43,611	44,725	45,882
% Ch	3.6	6.6	6.6	-0.4	-1.9	3.7	2.6	2.6
Employment (Thousands)								
Washington Civilian Labor Force	3,290.2	3,352.2	3,436.3	3,521.2	3,531.6	3,511.7	3,471.3	3,506.5
Total Washington Employment	3,120.0	3,193.0	3,271.3	3,257.3	3,185.7	3,185.9	3,148.1	3,193.5
Unemployment Rate (%)	5.17	4.75	4.80	7.49	9.79	9.28	9.31	8.93
Nonfarm Payroll Employment	2,820.6	2,896.7	2,960.1	2,899.8	2,784.6	2,798.0	2,831.9	2,882.5
% Ch	3.0	2.7	2.2	-2.0	-4.0	0.5	1.2	1.8
Manufacturing	279.2	289.7	295.5	278.9	258.4	261.7	272.8	281.0
% Ch	4.3	3.8	2.0	-5.6	-7.4	1.3	4.3	3.0
Durable Manufacturing	197.6	208.1	214.5	201.5	184.5	187.3	198.0	206.1
% Ch	5.8	5.3	3.1	-6.1	-8.4	1.5	5.7	4.1
Aerospace	69.0	76.7	83.1	82.9	81.1	82.5	89.3	91.7
% Ch	8.8	11.1	8.3	-0.2	-2.2	1.7	8.2	2.7
Nondurable Manufacturing	81.6	81.6	81.0	77.4	73.8	74.4	74.8	74.8
% Ch	0.7	0.0	-0.7	-4.5	-4.7	0.8	0.5	0.1
Construction	186.6	202.8	207.8	181.2	146.5	138.8	138.1	140.4
% Ch	9.7	8.7	2.5	-12.8	-19.1	-5.2	-0.5	1.7
Service-Providing	2,346.0	2,395.7	2,449.0	2,432.9	2,373.9	2,391.5	2,414.7	2,454.5
% Ch	2.4	2.1	2.2	-0.7	-2.4	0.7	1.0	1.6
Software Publishers	42.8	46.5	48.8	52.1	50.8	51.3	53.6	55.6
% Ch	6.7	8.8	4.9	6.8	-2.6	1.0	4.4	3.9
Nonfarm Payroll Employment, EOP*	2,852.8	2,928.8	2,969.6	2,826.9	2,784.9	2,810.9	2,848.0	2,905.5
% Ch*	3.1	2.7	1.4	-4.8	-1.5	0.9	1.3	2.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	53.834	50.628	38.102	19.749	19.117	21.466	20.116	23.707
% Ch	3.9	-6.0	-24.7	-48.2	-3.2	12.3	-6.3	17.9
Single-Family	40.408	34.072	23.059	13.016	15.230	13.682	11.764	13.318
% Ch	5.1	-15.7	-32.3	-43.6	17.0	-10.2	-14.0	13.2
Multi-Family	13.425	16.557	15.043	6.734	3.888	7.785	8.352	10.389
% Ch	0.4	23.3	-9.1	-55.2	-42.3	100.2	7.3	24.4
30-Year Fixed Mortgage Rate (%)	6.21	6.35	6.19	5.57	5.00	4.59	4.28	4.94

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

Table 2.2
Comparison of Alternative Forecasts

	Fiscal Year 2011			Fiscal Year 2012			Fiscal Year 2013		
	O	B	P	O	B	P	O	B	P
U.S.									
Real GDP	13,211	13,211	13,211	13,523	13,430	13,220	14,018	13,791	13,271
%Ch	2.6	2.6	2.6	2.4	1.7	0.1	3.7	2.7	0.4
Implicit Price Deflator	1.123	1.123	1.123	1.152	1.144	1.144	1.169	1.158	1.156
%Ch	1.8	1.8	1.8	2.5	1.9	1.8	1.5	1.2	1.1
Mortgage Rate	4.59	4.59	4.59	4.53	4.28	3.78	5.46	4.94	3.63
3 Month T-Bill Rate	0.12	0.12	0.12	0.14	0.06	0.05	0.43	0.08	0.05
Washington									
Real Personal Income	263.804	263.804	263.804	272.032	268.146	263.453	284.920	275.017	262.470
%Ch	2.9	2.9	2.9	3.1	1.6	-0.1	4.7	2.6	-0.4
Personal Income	296.255	296.255	296.255	313.272	306.879	301.278	333.140	318.371	303.360
%Ch	4.7	4.7	4.7	5.7	3.6	1.7	6.3	3.7	0.7
Employment	2798.0	2798.0	2798.0	2855.4	2831.9	2798.9	2951.4	2882.5	2786.7
%Ch	0.5	0.5	0.5	2.1	1.2	0.0	3.4	1.8	-0.4
Housing Permits	21.466	21.466	21.466	24.486	20.116	17.382	34.957	23.707	16.977
%Ch	12.3	12.3	12.3	14.1	-6.3	-19.0	42.8	17.9	-2.3

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

Table 2.3

Forecast Analysis

Comparison of Forecasts for 2011-13

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

Table 2.4

Fiscal Years

Forecast Comparison

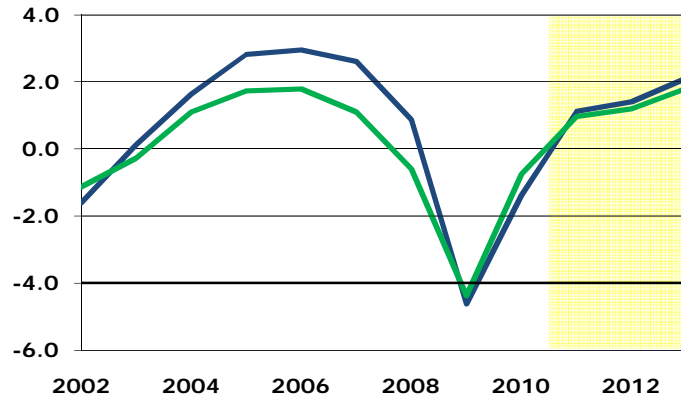
Forecast 2012 to 2013

	2009	2010	2011	2012	2013
Washington					
Real Personal Income					
September Baseline	262.071	256.380	263.804	268.146	275.017
% Ch	-0.6	-2.2	2.9	1.6	2.6
June Baseline	262.871	261.155	267.698	274.695	283.612
% Ch	0.3	-0.7	2.5	2.6	3.2
Personal Income					
September Baseline	285.521	282.922	296.255	306.879	318.371
% Ch	0.8	-0.9	4.7	3.6	3.7
June Baseline	286.666	288.390	300.333	314.768	330.049
% Ch	1.7	0.6	4.1	4.8	4.9
Employment					
September Baseline	2899.8	2784.6	2798.0	2831.9	2882.5
% Ch	-2.0	-4.0	0.5	1.2	1.8
June Baseline	2899.8	2784.6	2797.1	2847.0	2912.4
% Ch	-2.0	-4.0	0.4	1.8	2.3
Housing Permits					
September Baseline	19.749	19.117	21.466	20.116	23.707
% Ch	-48.2	-3.2	12.3	-6.3	17.9
June Baseline	19.749	19.117	20.531	21.509	29.397
% Ch	-48.2	-3.2	7.4	4.8	36.7

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

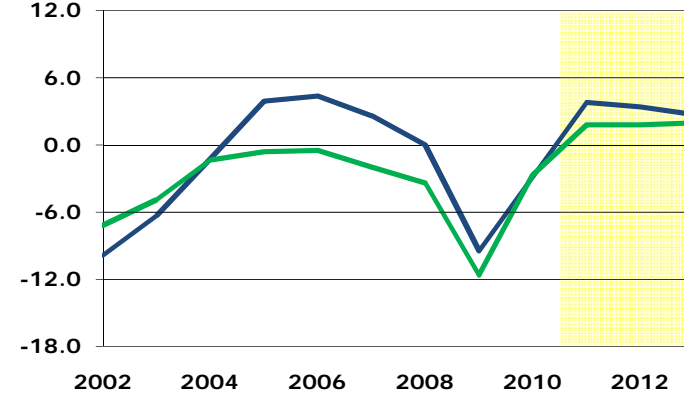
Forecast

Total nonfarm payroll employment



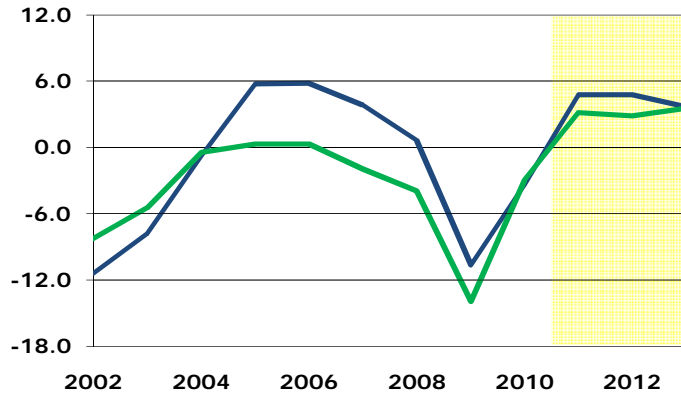
Source: WA State Employment Security Dept. 2010, ERFC 2013

Manufacturing employment



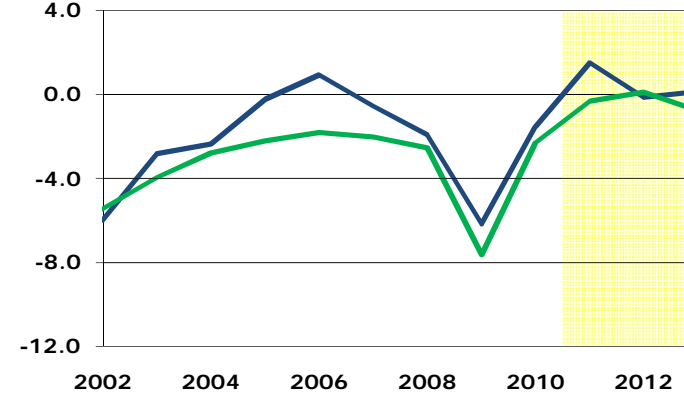
Source: WA State Employment Security Dept. 2010, ERFC 2013

Durable manufacturing employment



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

Nondurable manufacturing employment



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

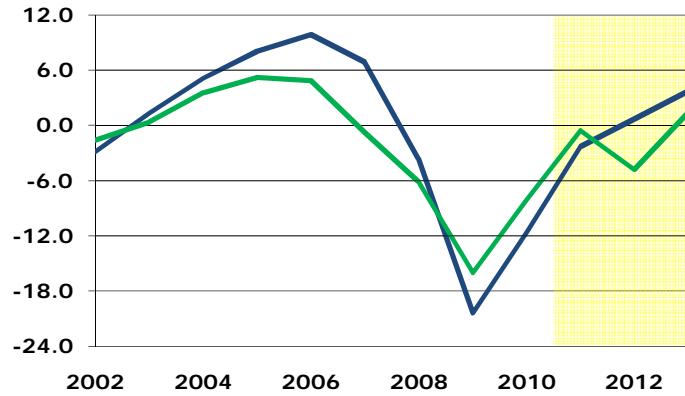
Washington

U.S.

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

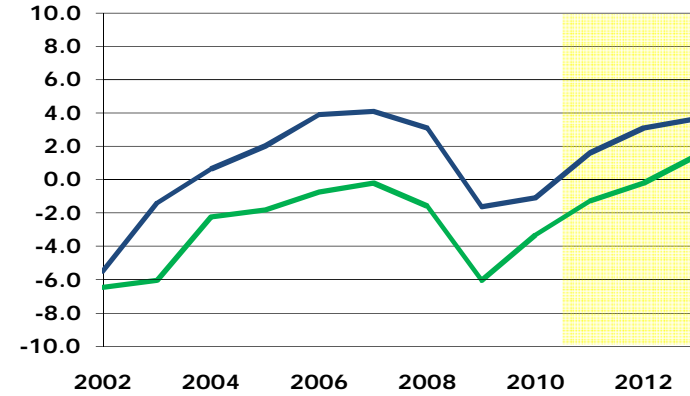
Forecast

Construction employment



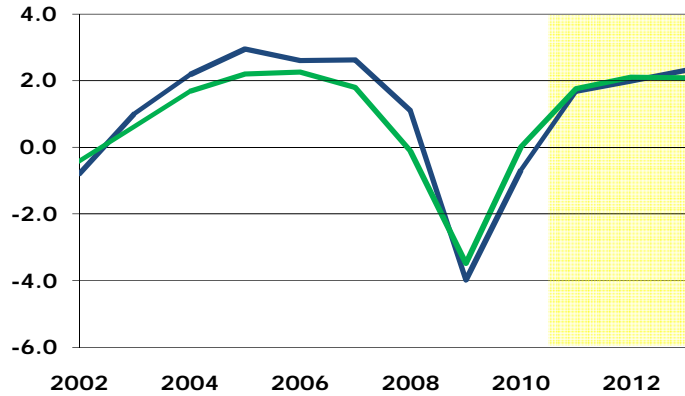
Source: WA State Employment Security Dept. 2010, ERFC 2013

Information employment



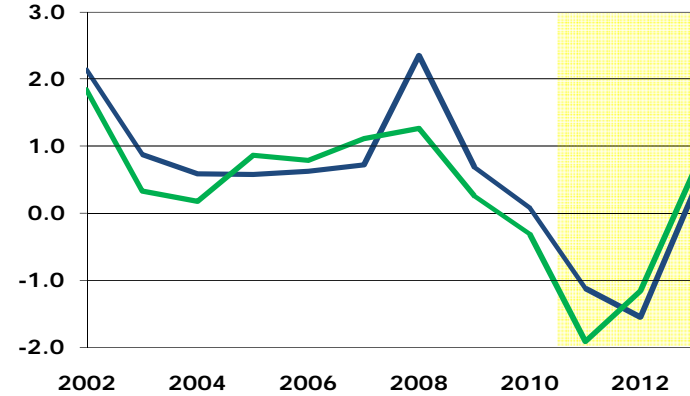
Source: WA State Employment Security Dept. 2010, ERFC 2013

Other private employment



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

Government employment



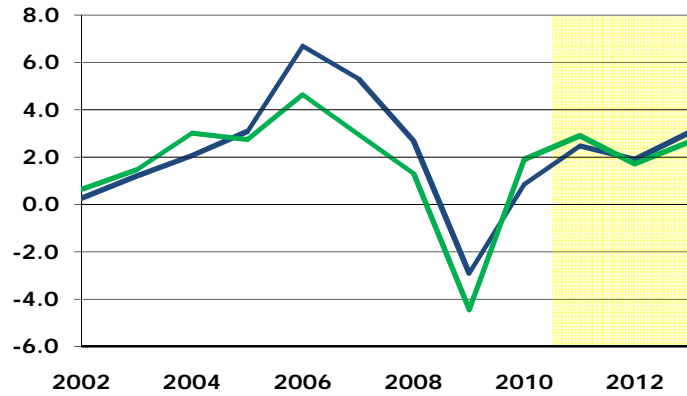
Source: WA State Employment Security Dept. 2010, ERFC 2013

Washington

U.S.

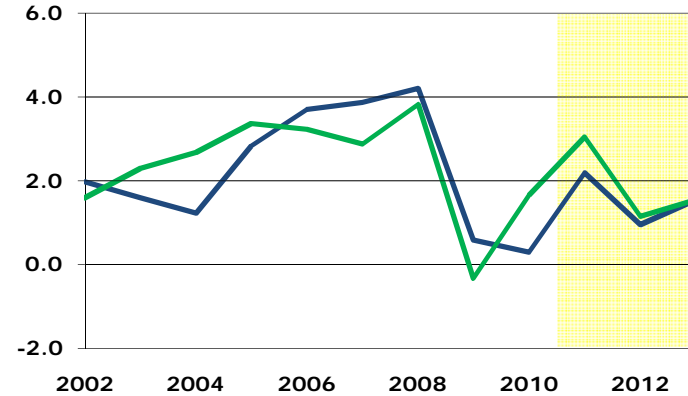
Figure 2.7: Comparison of Washington and U.S. Economic Forecasts (continued)
(Percent change)

Real personal income



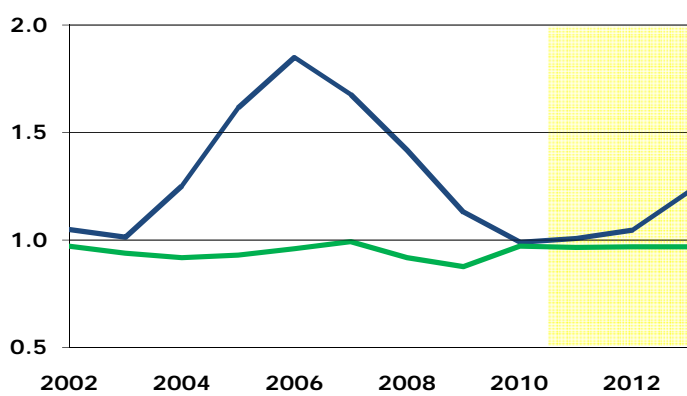
Source: Bureau of Economic Analysis 2009, ERFC 2013

Consumer price indices



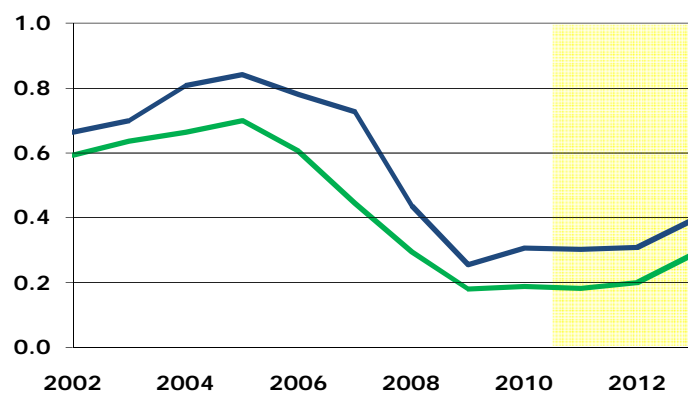
Source: Bureau of Labor Statistics 2010, ERFC 2013

Population



Source: Office of Financial Management 2010, ERFC 2013

Per capita housing units

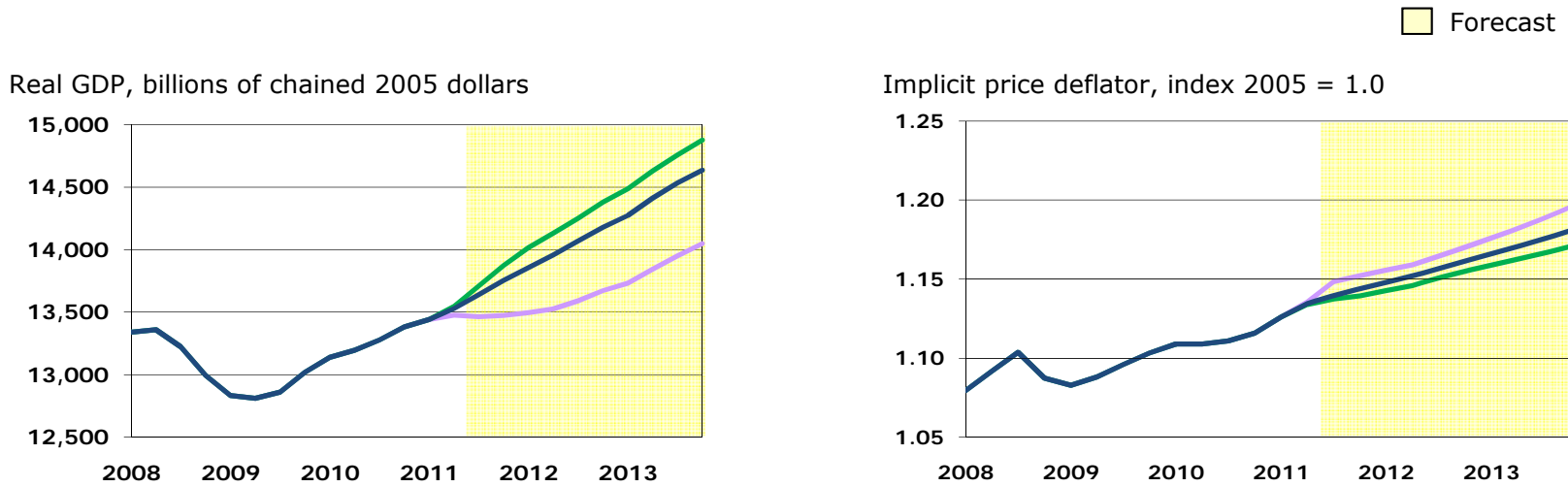


Source: Census Bureau 2010, ERFC 2013

■ Washington

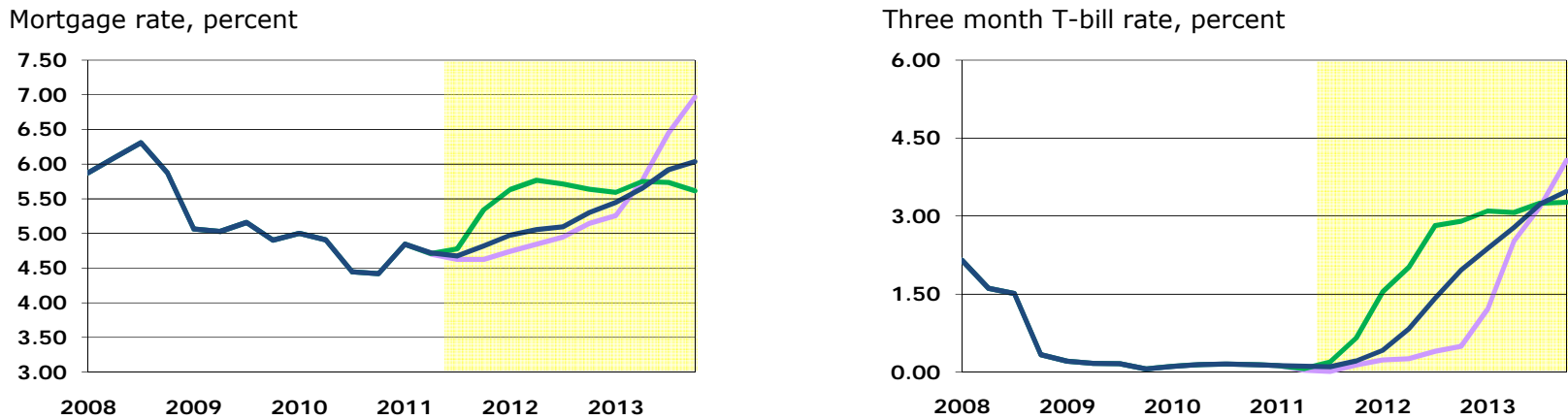
■ U.S.

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



Source: Bureau of Economic Analysis 2011 Q2, ERFC 2013

Source: Bureau of Economic Analysis 2011 Q2, ERFC 2013



Source: Freddie Mac 2011 Q2, ERFC 2013

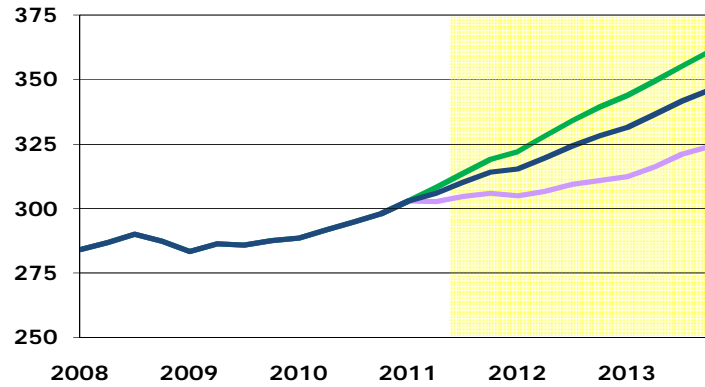
Source: Federal Reserve Board 2011 Q2, ERFC 2013

■ Baseline ■ Optimistic ■ Pessimistic

Figure 2.9: Comparison of Alternative Washington Economic Forecasts

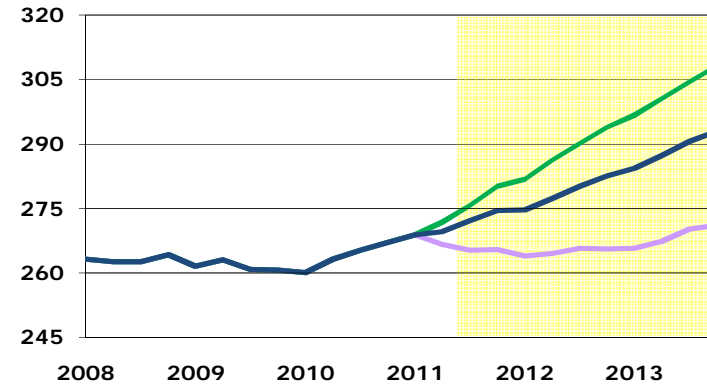
Forecast

Personal income, billions of dollars



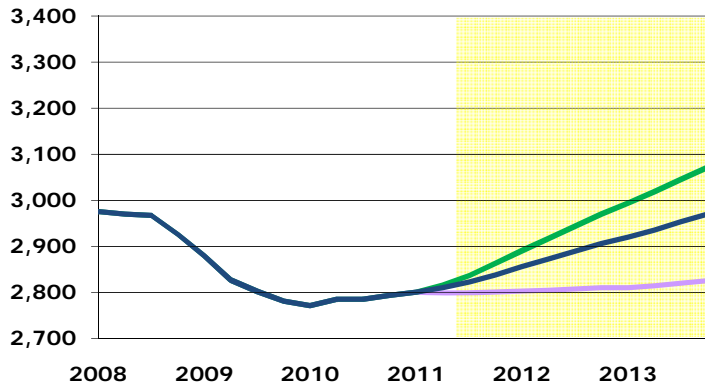
Source: Bureau of Economic Analysis 2009 Q4, ERFC 2013

Real personal income, billions of chained 2005 dollars



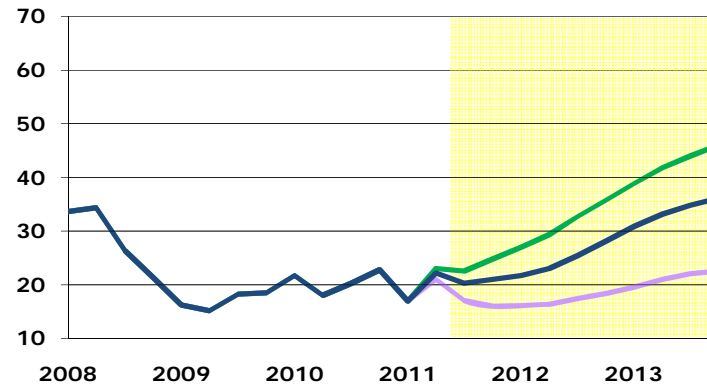
Source: Bureau of Economic Analysis 2009 Q4, ERFC 2013

Total nonfarm payroll employment, thousands



Source: WA State Employment Security 2011 Q2, ERFC 2013

Housing permits, thousands



Source: Census Bureau 2011 Q2, ERFC 2013

■ Baseline ■ Optimistic ■ Pessimistic



Chapter 3: Washington State Revenue Forecast Summary

- **General Fund-State revenue collections since June were close to their forecasted value since the forecast had assumed a temporary slowdown in collections.**
- **The national forecast consensus has been revised downward sharply since the June forecast, indicating the summer slowdown will not be temporary but instead will be the start of a prolonged period of slow growth.**
- **General Fund-State revenue for the 2011-13 biennium is now forecasted to be \$1.4 billion less than forecasted in June.**
- **The preliminary General Fund-State total for the 2009-11 biennium came in \$24.9 million below the June forecast.**

Overview

Forecasts of national and state economic growth were revised sharply downward in August and September

As outlined in Chapters 1 and 2, national economic forecasts were revised sharply downward in August and September, with the Washington forecast following suit. The June forecast had recognized the slowdown that had occurred in the spring and summer, but had followed the national consensus that the slowdown was due largely to temporary factors which would begin to be resolved in the fall. Lack of progress in the European debt crisis, continued uncertainty in the fiscal policies of the U.S., low job growth and other problems, however, have caused the consensus outlook to switch to a more prolonged period of slow growth. As a result, forecasted revenue has been reduced considerably for the remainder of the current biennium.

GF-S forecast changes (\$millions):

2009-11: -\$24.9

2011-13: -\$1,413

Table 3.1 summarizes the change in estimated revenue for the 2009-11 biennium and the forecast for the 2011-13 biennium. The preliminary total of General Fund-State (GF-S) revenue for the 2009-11 biennium was \$24.9 million below the June forecast. By the time of the September forecast, revenue for the 2011-13 biennium was \$26.3 million below its forecasted value. Weaker forecasted revenue growth subtracted \$1,400.5 million in collections for the remainder of the biennium. Non-economic factors added \$13.6 million in revenue to current biennium. The

net forecast change for GF-S revenue in the current biennium is a reduction of \$1,413.2 million.

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

		2009-11 Biennium	2011-13 Biennium	Total**
<i>GF-S forecast (\$millions):</i>	Collection Experience*	(\$24.9)	(\$26.3)	(\$51.2)
	Non-Economic Change	\$0.0	\$13.6	\$13.6
<i>2009-11: \$28,194</i>	Forecast Change	<u>\$0.0</u>	<u>(\$1,400.5)</u>	<u>(\$1,400.5)</u>
<i>2011-13: \$30,311</i>	Total Change	(\$24.9)	(\$1,413.2)	(\$1,438.1)

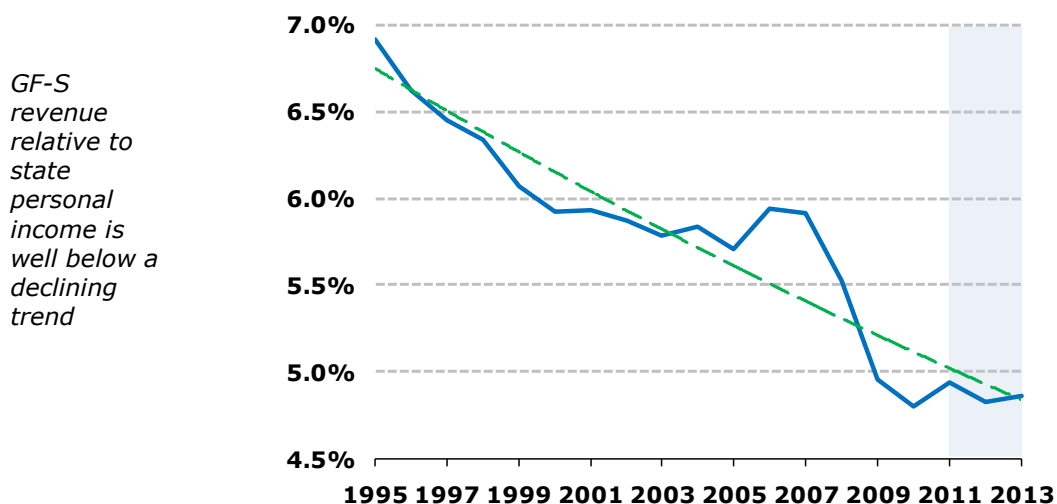
Source: ERFC, September 2011

*Collection experience for the 2009-11 biennium includes sources not reported monthly

**Totals might not add due to rounding

With the revisions above, GF-S revenue for the 2009-11 biennium is estimated to total \$28,193.6 million and GF-S revenue for the 2011-13 biennium is forecasted to total \$30,310.5 million.

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



Source: ERFC, data through fiscal year 2011 estimated

The ratio of revenue collections to personal income is predicted to remain below its 1995-2008 levels

As can be seen in Figure 3.1, the amount of GF-S revenue that is collected relative to state personal income has been on a persistent downward trend since 1995 (the first year that a series fully consistent with the current definition of GF-S revenue can be created). The increase in real estate excise taxes and retail sales taxes on construction materials during the housing boom from 2005 to mid-2008 caused collections to rise above this trend, while the subsequent housing market collapse caused collections to fall below the trend. Collections for FY 2011 were boosted by one-time transfers of funds from non-GF-S sources into the GF-S, causing the ratio of collections to income to spike in that year. The September forecast, as shown in the light blue shaded area, has the ratio increasing due to the forecasted moderate economic recovery and increases in GF-S revenue from legislation passed in 2010 and 2011. Nevertheless, the ratio is still far lower than the ratios for fiscal years 1995 through 2008.

Forecast details are at the end of the chapter

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

Recent Collection Experience

Cumulative receipts from major sources that are tracked monthly were \$40.2 million less than the June forecast

Revenue collections from the Department of Revenue, Department of Licensing, Administrative Office of the Courts, and Lottery are tracked monthly. Cumulatively, Revenue Act collections reported by the Department of Revenue from June 11 through September 10, 2011 were \$80.0 million (2.9%) below the June forecast (see Table 3.2). Revenue from other Department of Revenue tax sources from June through August was \$40.4 million (6.3%) higher than expected. Property tax collections were responsible for most of the positive variance in non-Revenue Act receipts, coming in \$26.5 million (15.1%) above the forecast. Real estate excise tax collections, described below, were \$13.6 million (13.3%) higher than forecasted, due mainly to \$9.3 million in extra taxes from four large transactions in the Seattle area. Cigarette tax receipts were \$2.6 million (1.4%) above the forecast. Cumulative liquor tax receipts came in \$363,000 (0.7%) higher than the June forecast, and other taxes collected by the department came in \$2.2 million (1.8%) lower. Revenue from the Department of Licensing was \$53,000 (0.5%) higher than forecasted and revenue from the Administrative Office of the Courts was \$436,000 (1.8%) lower than forecasted. Transfers of Lottery funds were \$228,000 (3.4%) less than forecasted. The cumulative total variance of all the sources listed above was \$40.2 million (1.2%).

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

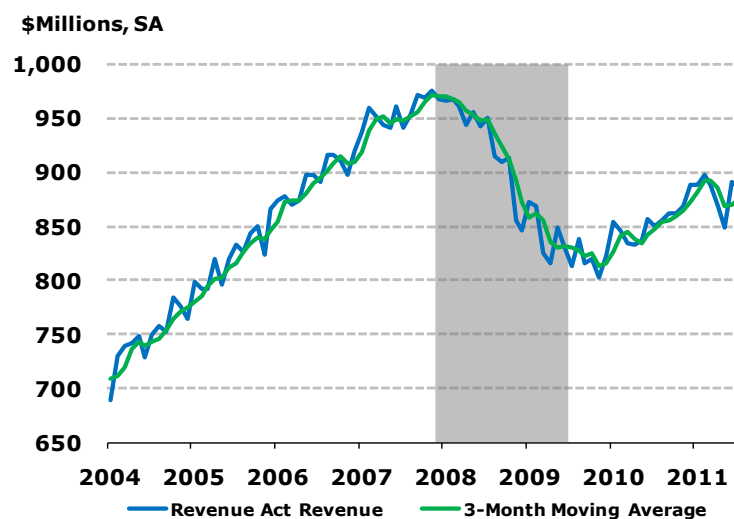
<u>Agency/Source</u>	<u>Collection Variance</u>	<u>Percent of Estimate</u>
Department of Revenue		
Revenue Act	(\$80.0)	-2.9%
Non Revenue Act	\$40.4	6.3%
Subtotal	(\$39.6)	-1.2%
Department of Licensing	\$0.1	0.5%
Lottery	(\$0.2)	-3.4%
Administrative Office of the Courts	(\$0.4)	-1.8%
Total*	(\$40.2)	-1.2%

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

Seasonally adjusted Revenue Act collections have declined since the early spring

As shown in Figure 3.2, on a seasonally adjusted basis, Revenue Act collections have been on an upward trend since November 2009. Starting in the early spring, however, seasonally adjusted receipts have declined after adjusting for payments received under the tax amnesty program, other large payments, and recent changes in payment patterns. The decline began with collections that reflected taxable activity in March and April. Receipts reflecting June and July activity recovered from the depths of April activity but remained below the level of February. Despite the slowdown, adjusted receipts reflecting July activity (collections from August 11 – September 10) were up 3.7% year-over-year. The September forecast assumes activity will remain flat through the third quarter and resume slow growth beginning in the fourth quarter.

Figure 3.2: Revenue Act Collections*



Seasonally adjusted Revenue Act receipts began to recover in November 2009

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

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

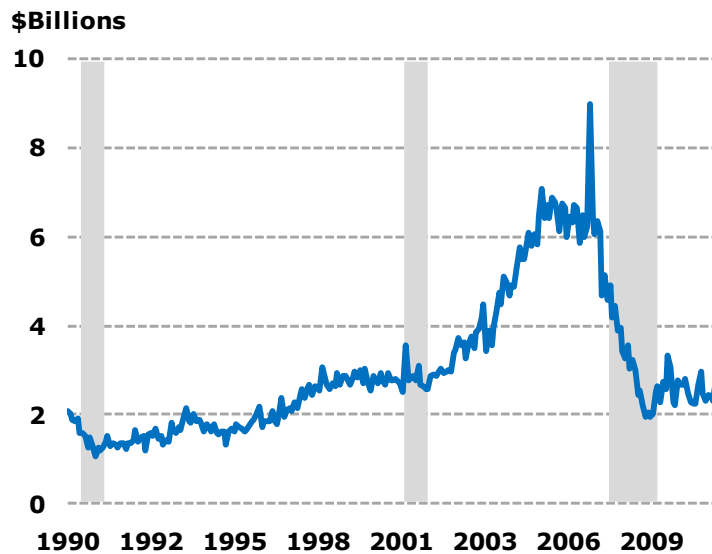
Adjusted collections in the May 11 – August 10, 2011 period, which primarily reflected second quarter 2011 activity, were up 3.3% year-over-year. This was a slowdown from the growth in first quarter activity (February 11 – May 10, 2011 adjusted collections) which grew 5.4% year-over-year, as well as the adjusted collections reflecting fourth quarter 2010 activity, which were up 7.2% year-over-year.

Though the number of taxable real estate transactions is improving, the value per transaction is dropping

With the exception of a large spike in August, taxable real estate activity continues to “bounce along the bottom” (see Figure 3.3). August’s spike came from a flurry of commercial real estate sales in the Seattle area, in which four transactions of over \$100 million each totaled \$723 million in sales. In recent months, the number of transactions has been either steady or increasing year-over-year while the value per transaction has declined. In July (the most recent month for which detailed data is available), the number of transactions was up 3.7% year-over-year but the average value per transaction declined 12.9% year-over-year, resulting in a 9.6% year-over-year decrease in taxable activity.

Figure 3.3: Taxable Real Estate Excise Activity, SA

August activity spiked due to several large sales in the Seattle area which totaled \$723 million



Source: ERFC; data through August 2011

Recent EFT Payments by Industry

Tax payments by electronic filers provide ...

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

... an estimate of activity by industry

taxpayers who file their tax returns electronically. Payments from the most recent collection period can be compared to the year-ago payments by the same taxpayers.

Year-over-year growth in payments from electronic filers was slowed by last year's short-lived tax on candy, bottled water

Electronic tax returns from the August 11 – September 10, 2011 period mainly represent the July taxable activity of monthly taxpayers. Total payments were up 3.7% year-over-year. Total tax payments from businesses in the retail trade sector were up 1.1% year-over-year, but year-over-year growth was negatively affected by last year's short-lived application of the retail sales tax to candy and bottled water, which added an estimated \$5-\$6 million to last year's payments. Eight out of the twelve major retail trade sectors showed year-over-year growth in payments. The largest year-over-year increases in tax payments from the retail trade sector were non-store retailers (+9.8%), apparel and accessories (+8.5%), miscellaneous retailers (+7.1%), sporting goods, toys, books and music (+4.8%) and electronics and appliances (+4.6%). Payments from the motor vehicle and parts sector were flat, decreasing by 0.3% year-over-year. The three sectors other than motor vehicles and parts which showed year-over-year declines in payments were all likely to have been impacted by last year's tax on candy and bottled water. They were: food and beverage stores (-7.0%), general merchandise stores (-1.0%) and drug and health stores (-0.9%). Total payments from sectors other than retail trade increased 5.4%. Tax payments in the construction sector were down 3.9% year-over-year while payments in the manufacturing sector were up 37.0% due to strong growth in payments from the petroleum refining and transportation equipment sectors. Excluding both the manufacturing and construction sectors, payments from non-retail trade sectors were up 4.1%. The number of increasing non-retail sectors outnumbered declining sectors twelve to four.

Non-Economic Forecast Changes

The expiration of a local sales and use tax credit will add \$13.6 million in GF-S revenue to the 2011-13 biennium

There was one non-economic change for the 2011-13 biennium. After the June forecast, it was announced that the bonds that were sold in 1999 to finance the construction of Safeco Field would be retired before the end of September 2011. As part of the bond repayment plan, King County had been allowed to keep 0.017% out of the 6.5% state portion of the sales and use taxes generated within the county. As of September, the tax credit will expire and that portion of sales and use taxes will once again go into the GF-S. This change will bring in an additional \$6.1 million in FY 2012 and \$7.5 million in FY 2013, for a total non-economic change of \$13.6 million.

Department of Revenue

Taxes collected by DOR are most of GF-S taxes

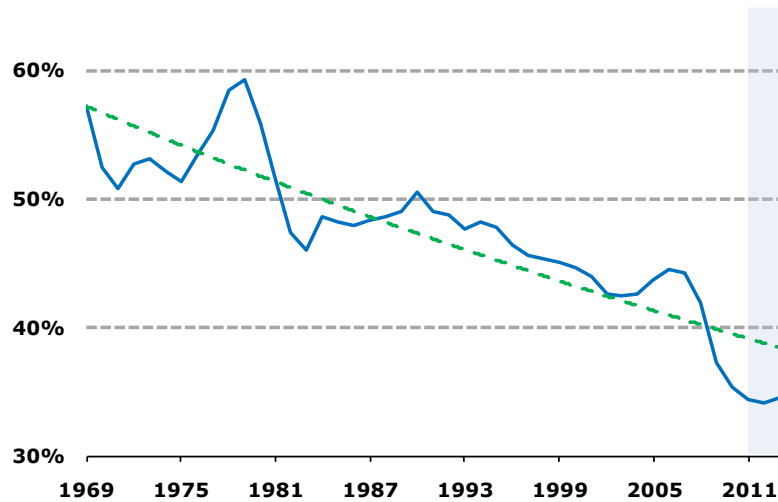
The Department of Revenue (DOR) collects and administers the majority of Washington’s GF-S revenue, accounting for 95% of total GF-S revenue in the 2009-11 biennium. The largest tax sources administered by the DOR are the retail sales tax, business and occupation tax, property tax, use tax, and real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

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

The retail sales tax is the largest source of GF-S revenue, accounting for 45.3% of GF-S revenue in FY 2011. The state’s share of the tax is 6.5% of the sales price. While construction labor, repair services, and some other services are taxed, the tax does not apply to most services. Taxable sales as a share of personal income have been declining. Their share fell sharply during the recession and is forecasted to continue to fall through FY 2012. In that year, it is estimated that 34.1% of personal income will be spent on taxable items, the lowest percentage on record. While the taxable sales share of personal income is forecasted to increase slightly in FY 2013, the ratio will still remain far below its pre-recession trend. This relationship is illustrated in Figure 3.4.

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

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



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

Source: ERF; forecast through FY 2013

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

As both construction materials and labor are subject to the retail sales tax, the construction sector has historically made up a large portion of total retail sales tax receipts. From FY 2007 through FY 2009, the sector represented an average of 20% of total taxable sales activity. The end of the housing boom took a huge toll on retail sales in FY 2009 and FY 2010 and continues to dampen sales in FY 2011. Taxable sales in the construction sector declined by 15% in FY 2009, 20% in FY 2010 and by an estimated 8% in FY 2011. By FY 2011, the construction sector only accounted for an estimated 15% of taxable sales. Estimated sales tax receipts from the sector in the 2009-11 biennium were \$890 million lower than the receipts in the 2007-09 biennium and \$760 million lower than those of the 2005-07 biennium.

...and auto sales

Another large contributor to the retail sales tax is motor vehicle and parts sales, which represented an average of 10.6% of taxable sales activity in FY 2007 and FY 2008. Taxable activity in this sector declined by 23% in FY 2009 before growing at 0.3% in FY 2010 and an estimated 5.9% in FY 2011. Estimated sales tax receipts from the sector in the 2009-11 biennium were \$140 million lower than the receipts in the 2007-09 biennium and \$380 million lower than those of the 2005-07 biennium.

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

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

Retail sales tax receipt growth forecast:

*FY12: 1.9%
FY13: 4.6%*

After declines of 10.6% in FY 2009 and 5.8% in FY 2010, taxable retail sales managed an estimated increase of 1.9% in FY 2011 (see Table 3.4). Extra sales tax collections from the tax penalty amnesty program in the spring of 2011, however, brought the growth rate of actual collections to 3.2% for the fiscal year. Taxable activity is forecasted to grow at 2.7% in FY 2012 and 4.8% in FY 2013. Despite forecasted growth of 1.0% in FY 2012 and 4.9% in FY 2013, total taxable activity in the construction sector for the 2011-13 biennium is forecasted to be 0.9% below the activity of the previous biennium. Taxable activity in the motor vehicle sector is expected to grow at 5.5% in FY 2012 before accelerating to 10.4% in FY 2013. Despite the increase, total activity in the sector for the biennium would still be 12.4% below the activity in the 2005-07 biennium. Taking into account the lag between taxable activity and collections and factoring in tax deferrals, credits, refunds, and the other non-economic factors outlined above, actual retail sales tax collections are forecasted to grow by 1.9% in FY 2012 and 4.6% in FY 2013.

Retail sales tax collections declined by 10.8% in FY 2009 and 6.6% in FY 2010.

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

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

B&O tax growth forecast:

*FY12: 5.2%
FY13: 6.8%*

Due mainly to new revenue from an increase of the B&O services tax from 1.5% to 1.8%, B&O tax collections grew by 16.9% in FY 2011. Receipts for the fiscal year were also increased by the tax penalty amnesty program and other legislative changes described in the [June 2010 Washington State Economic and Revenue Forecast](#) publication. Due to the weak economic recovery outlined in Chapter 1 and Chapter 2 and the absence of any tax rate changes, receipts are forecasted to grow at only 5.2% in FY 2012, improving to 6.8% in FY 2013. B&O taxes decreased by 8.2% year-over-year in FY 2009 and increased 0.6% in FY 2010.

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

The state property tax levy is the third largest source of GF-S revenue, accounting for 12.6% of total revenue in FY 2011. Though the tax goes into the GF-S, it is dedicated to the funding of basic education. Under Initiative-728, passed in November 2000, a portion of the state property tax levy was transferred monthly from the General Fund to the Student Achievement Account, but beginning in FY 2010 the account has been consolidated into the GF-S under ESSB 5073. This added approximately \$260 million to FY 2010 GF-S revenue, inflating the growth rate to 19.4%. Absent the transfer, growth would have been 2.1%.

GF-S property tax growth forecast:

*FY12: 0.8%
FY13: 2.4%*

Under Initiative 747, approved by voters in November 2001, the total state tax levy on existing property can only increase by the lesser of 1% per year or the rate of inflation as measured by the year-over-year change in the U.S. Implicit Price Deflator in June of the year preceding the levy, unless a greater increase is approved by the voters. The year-to-year growth in the total amount levied, however, can exceed the aforementioned limits due to the value of new construction, property improvements, and other additions to real property assessed by the state. In practice, since the rate of inflation is typically more than 1%, the total levy on existing property has grown by only 1%, but in June

2009 the rate of inflation was -0.85%. This caused the levy on existing property to decrease by that amount for calendar year 2010, affecting receipts for both FY 2010 and FY 2011. Property tax receipts grew by 1.8% in FY 2011 and are forecasted to grow at 0.8% in FY 2012 and 2.4% in FY 2013.

Use tax was the fourth largest GF-S source in FY 2010

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

Use tax growth forecast:

*FY12: -5.8%
FY13: 6.4%*

The tax penalty amnesty program brought in a large amount of past-due use taxes. As a result, FY 2011 collections increased 26.2% year-over-year. FY 2011 collections have also been supported by an increase of sales of used or out-of-state vehicles, which can account for over one-third of use taxes depending upon the time of year. Used vehicle sales exhibit sharp declines during economic downturns and increases during recoveries. This pattern was responsible for much of the 10.0% decline in FY 2009 taxes as well as the 8.0% decrease in FY 2010. Because of the high FY 2011 collections, use tax receipts are forecasted to decline by 5.8% in FY 2012 even though used vehicle sales are expected to be strong during that period. FY 2013 use tax collections are forecasted to grow by 6.4%.

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

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

REET is 1.28% of real estate sales price

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

REET growth forecast:

*FY12: 1.8%
FY13: 7.2%*

After peaking in FY 2007 in the final days of the real estate boom, REET collections have since declined precipitously. Receipts dropped 38.0% year-over-year in FY 2008 and 41.3% in FY 2009. A federal tax credit for homebuyers slowed the rate of decline to 2.4% in FY 2010, but the decline reaccelerated in FY 2011, with a drop of 7.8%. Receipts are forecasted to grow at 1.8% in FY 2012 and 7.2% in FY 2013. Receipts for FY 2011 and forecasted 2012 and 2013 receipts are all below levels last seen in FY 1999.

Department of Licensing

*Forecast
change by
biennium
(millions):*

09-11: \$0.5
11-13: -\$1.6

The majority of General Fund-State revenue collected by the Department of Licensing is from firearm and event licenses, watercraft excise tax, and boat registration fees. The department's preliminary tally for the 2009-11 biennium is \$34.8 million, \$0.5 million more than forecasted in June. The department's forecast for the 2011-13 biennium has been decreased \$1.6 million to \$35.4 million, due primarily to lower forecasted watercraft excise taxes.

The Office of Financial Management (Other Agencies)

*Forecast
change by
biennium
(millions):*

09-11: -\$12.9
11-13: \$0.4

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the Washington State Lottery, and the State Treasurer. The office's preliminary tally for the 2009-11 biennium is \$206.5 million, \$12.9 million less than forecasted in June. The decrease was due to expected revisions to net payments from the Department of Social and Health Services. The office's forecast for the 2011-13 biennium has been increased \$0.4 million to \$227.4 million.

State Treasurer

*Forecast
change by
biennium
(millions):*

09-11: \$1.9
11-13: -\$17.6

The Office of the State Treasurer generates GF-S revenue by investing state short-term cash reserves. The office's preliminary tally for the 2009-11 biennium is negative \$10.3 million, \$1.9 million more than forecasted in June. The office's forecast for the 2011-13 biennium has been reduced \$17.6 million to negative \$18.8 million due mainly to a decrease in forecasted interest rates. The forecasted earnings for each biennium are negative because the forecasted and actual average daily balance of the GF-S for the current biennium and much of the next one is negative. When this occurs, the GF-S effectively pays interest to the other funds managed by the office.

Insurance Commissioner

*Forecast
change by
biennium
(millions):*

09-11: \$0.5
11-13: \$0.0

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the GF-S and various accounts in support of fire services. The office's preliminary tally for the 2009-11 biennium is \$800.2 million, \$0.5 million more than forecasted in June. The office's forecast for the 2011-13 biennium is unchanged at \$861.5 million.

Liquor Control Board

*Forecast
change by
biennium
(millions):*

09-11: *-\$1.4*
11-13: *\$5.1*

The Liquor Control Board forecasts GF-S revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The board's preliminary tally of excess funds and fees for the 2009-11 biennium is \$74.0 million, \$3.6 million less than expected and its tally for beer and wine surtaxes is \$113.9, \$2.2 million more than expected. The board's forecast of excess funds and fees for the 2011-13 biennium has been increased \$0.7 million to \$84.8 million and its forecast of beer and wine surtaxes has been increased \$4.4 million to \$160.2 million.

Lottery Commission

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

*GF-S
Forecast
change by
biennium
(millions):*

09-11: *-\$0.2*
11-13: *\$0.0*

The disposition of proceeds from the state lottery was substantially changed by E2SSB 6409 in the 2010 legislative session. Prior to the passage of the bill, the Lottery Commission transferred the bulk of its net proceeds to the School Construction Account, and any proceeds remaining after that account and the Stadium, Exhibition Center, Problem Gambling and Economic Development accounts received their allotments was transferred to the GF-S. Under the new legislation, existing obligations to the Stadium/Exhibition Center, Problem Gambling and Economic Development accounts will be maintained, but the remaining revenue, which represents the bulk of the proceeds, will be transferred entirely to the Washington Opportunity Pathways Account, with no transfers to the GF-S. Budget legislation from the 2008 legislative sessions did, however, authorize separate transfers of unclaimed prize revenue to the GF-S for the 2009-11 biennium. The total of these transfers was \$21.5 million, \$0.2 million less than forecasted in June. There will be no revenue transfers to the GF-S in the 2011-13 biennium. The School Construction Account received \$105.0 million during the 2009-11 biennium, representing FY 2010 proceeds, and the Opportunity Pathways Account received \$99.5 million, representing FY 2011 proceeds. The Opportunity Pathways Account is forecasted to receive \$214.0 million in the 2011-13 bienniums. Details of the forecast of the distribution of Lottery earnings can be found in Table 3.15 on a cash basis and Table 3.16 on a GAAP basis.

Administrative Office of the Courts

*Forecast
change by
biennium
(millions):*

09-11: *\$0.3*
11-13: *-\$10.5*

The Administrative Office of the Courts collects surcharges on certain filing fees, fines, and infraction penalties to fund the Public Safety and Education Account (PSEA) and the Equal Justice sub account. Under ESSB 5073, the revenue and activities of these accounts have been consolidated into the GF-S starting July 1, 2009. The preliminary tally of these funds for the

2009-11 biennium is \$197.4 million, \$0.3 million more than forecasted in June. The forecast for the 2011-13 biennium has been decreased \$10.5 million to \$193.0 million.

Track Record for the 2009-11 Biennium

The preliminary total for the biennium is \$1.94 billion (6.4%) lower than the forecast in March 2009 – the basis for the initial 2009-11 budget

Table 3.10 summarizes the changes to the GF-S revenue forecast for the 2009-11 biennium. The values of the previous forecasts have been adjusted to reflect the new definition of GF-S under ESSB 5073 (these values were previously classified as “GF-S and Related Funds”). The initial forecast for the biennium was released in February 2008. The September forecast for the 2009-11 biennium is \$5.97 billion (17.5%) lower than the initial forecast. Non-economic changes (excluding the classification changes from ESSB 5073) have increased the forecast by \$951 million (2.8%). Excluding non-economic changes, the current forecast is \$6.92 billion (20.2%) lower than the initial forecast. The current forecast is \$1.94 billion (6.4%) lower than the March 2009 forecast, which was the basis for the initial 2009-11 budget.

Track Record for the 2011-13 Biennium

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

Table 3.11 summarizes the changes to the GF-S revenue forecast for the 2011-13 biennium. The February 2010 forecast was the initial forecast for the biennium. The September forecast for the 2011-13 biennium is \$1.91 billion (5.9%) lower than the initial forecast. Non-economic changes have increased the forecast by \$1.46 billion (4.5%). Excluding non-economic changes, the current forecast is \$3.37 billion (10.5%) lower than the initial forecast. The current forecast is \$1.60 billion (5.0%) lower than the March 2011 forecast, which was the basis for the 2011-13 budget.

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

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

Legislation enacted in 1987 requires that the state’s biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GF-S revenue forecast on both a cash and GAAP basis. The GAAP forecasts of GF-S revenue for the 2009-11 and 2011-13 biennia are presented in Tables 3.6 and 3.8 respectively. The primary difference between the cash and GAAP forecasts is the timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for

financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GF-S forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.6 and 3.8 are on a cash basis.

Budgetary Balance Sheets for the 2009-11 Biennium

The forecast implies a GF-S deficit of \$1.27 billion at the end of the 2011-13 biennium

Table 3.12 shows the budgetary balance sheet for the 2009-11 biennium as prepared by the Office of Financial Management and the House and Senate fiscal committees. With adoption of the September 2011 forecast, the GF-S had an estimated \$108.9 million deficit at the end of the 2009-11 biennium. This number is based on a total expenditures level of \$29,857.8 million as established in the supplemental budget from the 2011 legislative session. The GF-S is projected to have a deficit of \$1.275 billion at the end of the 2011-13 biennium. The total ending balance is comprised of a projected GF-S deficit of \$1.555 billion and a projected balance of \$280.4 million in the Budget Stabilization Account.

Alternative Forecasts for the 2011-13 Biennium

Optimistic scenario: +\$2.2 billion

Chapter 2 outlines optimistic and pessimistic alternatives to the baseline Washington economic forecast. The revenue implications of these alternative scenarios for the 2011-13 biennium are shown in Table 3.13. The optimistic forecast generates \$32,557 million in revenue, \$2.247 billion more than the baseline scenario, while the pessimistic forecast produces \$28,304 million in revenue, \$2.006 billion less than the baseline.

Pessimistic scenario: -\$2.0 billion

GCEA scenario: -\$122 million

In addition to the official optimistic and pessimistic alternatives, the Economic and Revenue Forecast Council routinely prepares a third alternative forecast. This is prepared by using a scenario developed by averaging the forecasts for several key economic indicators made by members of the Governor's Council of Economic Advisors (GCEA) as described in Chapter 2. The GCEA alternative revenue forecast was \$122 million less than the baseline scenario.

Second baseline scenario: -\$16 million

For the September Revenue Review meeting, a second baseline scenario was created in which average real GDP growth for calendar year 2013 was forecasted at 2.7% instead of the 3.2% growth indicated in the September Blue Chip Consensus forecast. This scenario brought in \$15.7 million less than the baseline scenario that was adopted.

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

*Near General
Fund
forecast:*

*2009-11:
\$28,462.4
million*

*2011-13:
\$30,497.4
million*

“Near General Fund” accounts are those included in the GF-S plus the Education Legacy Trust Account. The Education Legacy Trust Account was previously funded by a portion of the state tax on cigarettes and a tax on estates of over \$2 million. Legislation from the 2011 session, however, requires the cigarette taxes that formerly went into the account to instead be deposited into the GF-S for fiscal years 2011 through 2013. The preliminary Near General Fund estimate for the 2009-11 biennium is \$28,462.4 million, an decrease of \$30.4 million from the June forecast. The Near General Fund forecast for the 2011-13 biennium is \$30,497.4 million, a decrease of \$1,478.0 million from the June forecast. The forecasted decrease is greater than that of the GF-S due to a \$67.4 million decrease in forecasted estate tax receipts for the Education Legacy Trust Account. The Near General Fund forecast and recent history by fiscal year are presented in Table 3.17.

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

Biennium	Current Dollars	Percent Change	2005 Chained Dollars	Percent Change
1961-63	\$817.1		\$4,300.0	
1963-65	866.2	6.0%	4,439.3	3.2%
1965-67	1,128.6	30.3%	5,565.5	25.4%
1967-69	1,440.5	27.6%	6,658.6	19.6%
1969-71	1,732.7	20.3%	7,321.2	10.0%
1971-73	1,922.1	10.9%	7,514.0	2.6%
1973-75	2,372.4	23.4%	8,011.9	6.6%
1975-77	3,395.0	43.1%	9,972.5	24.5%
1977-79	4,490.0	32.3%	11,578.1	16.1%
1979-81	5,356.4	19.3%	11,495.6	-0.7%
1981-83	6,801.4	27.0%	12,716.3	10.6%
1983-85	8,202.4	20.6%	14,151.3	11.3%
1985-87	9,574.6	16.7%	15,570.1	10.0%
1987-89	10,934.1	14.2%	16,506.2	6.0%
1989-91	13,309.0	21.7%	18,473.5	11.9%
1991-93	14,862.2	11.7%	19,325.8	4.6%
1993-95	16,564.6	11.5%	20,621.0	6.7%
1995-97	17,637.7	6.5%	21,038.1	2.0%
1997-99	19,620.1	11.2%	22,726.8	8.0%
1999-01	21,262.1	8.4%	23,682.0	4.2%
2001-03	21,140.7	-0.6%	22,766.8	-3.9%
2003-05	23,388.5	10.6%	24,088.7	5.8%
2005-07	27,772.0	18.7%	27,024.1	12.2%
2007-09	27,703.0	-0.2%	25,614.1	-5.2%
2009-11	28,193.6	1.8%	25,325.6	-1.1%
2011-13 ^F	30,310.5	7.5%	26,333.5	4.0%

^F September 2011 Forecast. Reflects new definition of General Fund-State per ESSB 5073

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

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

Table 3.4
Taxable retail sales*
(millions of dollars)

Fiscal Year	Amount	Percent Change
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007	115,527	7.9%
2008	118,676	2.7%
2009	106,379	-10.4%
2010	99,983	-6.0%
2011 ^E	101,874	1.9%
2012 ^F	104,630	2.7%
2013 ^F	109,611	4.8%

^E Estimated

^F Forecast

Source: ERFC

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

Table 3.5

Comparison of the General Fund-State forecast by agency

2009-11 biennium; cash basis

(millions of dollars)

Forecast by Agency	June 2011 Forecast¹	Non- Economic Changes	Collection Experience	Sept. 2011 Estimate²	Total Change
Department of Revenue					
Retail Sales	\$13,083.7	\$0.0	(\$47.5)	\$13,036.2	(\$47.5)
Business & Occupation	5,579.1	0.0	4.6	5,583.7	4.6
Use	950.8	0.0	6.6	957.3	6.6
Public Utility	745.0	0.0	(1.4)	743.6	(1.4)
Liquor Sales/Liter	399.1	0.0	(0.2)	398.9	(0.2)
Cigarette	742.7	0.0	(0.6)	742.1	(0.6)
Property (State Levy)	3,618.7	0.0	28.8	3,647.5	28.8
Real Estate Excise	724.7	0.0	4.8	729.5	4.8
Timber Excise	8.1	0.0	(0.6)	7.5	(0.6)
Other	917.2	0.0	(8.1)	909.2	(8.1)
Subtotal	26,769.1	0.0	(13.6)	26,755.5	(13.6)
Department of Licensing					
Boat excise, licenses, fees & other	34.3	0.0	0.5	34.8	0.5
Insurance Commissioner					
Insurance Premiums	799.7	0.0	0.5	800.2	0.5
Liquor Control Board					
Liquor Profits and Fees	77.6	0.0	(3.6)	74.0	(3.6)
Beer & Wine Surtax	111.8	0.0	2.2	113.9	2.2
Lottery Commission					
Lottery Revenue	21.7	0.0	(0.2)	21.5	(0.2)
State Treasurer					
Interest Earnings	(12.2)	0.0	1.9	(10.3)	1.9
Office of Financial Management					
Other	219.4	0.0	(12.9)	206.5	(12.9)
Administrative Office of the Courts					
Fines and Forfeitures	197.0	0.0	0.3	197.4	0.3
Total General Fund-State *	\$28,218.5	\$0.0	(\$24.9)	\$28,193.6	(\$24.9)

¹ Forecast for the 2009-11 biennium adopted by the Economic and Revenue Forecast Council June 2011.² Estimated total for the 2009-11 biennium as of September 2011.

*Detail may not add to totals because of rounding.

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

Table 3.6

Comparison of the General Fund-State forecast by agency

2009-11 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	June 2011 Forecast¹	Non- Economic Changes	Collection Experience	Sept. 2011 Estimate²	Total Change
Department of Revenue					
Retail Sales	\$13,034.4	\$0.0	\$20.8	\$13,055.1	\$20.8
Business & Occupation	5,632.4	0.0	80.5	5,712.9	80.5
Use	949.5	0.0	25.1	974.6	25.1
Public Utility	743.4	0.0	3.3	746.6	3.3
Liquor Sales/Liter	399.1	0.0	0.8	399.9	0.8
Cigarette	742.0	0.0	11.9	753.9	11.9
Property (State Levy)	3,618.4	0.0	29.4	3,647.8	29.4
Real Estate Excise	724.1	0.0	5.2	729.4	5.2
Timber Excise	8.3	0.0	(0.4)	7.9	(0.4)
Other	917.2	0.0	(9.6)	907.6	(9.6)
Subtotal	26,768.7	0.0	167.1	26,935.8	167.1
Department of Licensing					
Boat excise, licenses, fees & other	34.3	0.0	0.5	34.8	0.5
Insurance Commissioner					
Insurance Premiums	799.7	0.0	0.5	800.2	0.5
Liquor Control Board					
Liquor Profits and Fees	77.6	0.0	(3.6)	74.0	(3.6)
Beer & Wine Surtax	111.8	0.0	2.2	113.9	2.2
Lottery Commission					
Lottery Revenue	19.7	0.0	0.2	19.9	0.2
State Treasurer					
Interest Earnings	(14.8)	0.0	2.1	(12.7)	2.1
Office of Financial Management					
Other	219.4	0.0	(12.9)	206.5	(12.9)
Administrative Office of the Courts					
Fines and Forfeitures	197.0	0.0	0.3	197.4	0.3
Total General Fund-State*	\$28,213.5	\$0.0	\$156.4	\$28,369.9	\$156.4

¹ Forecast for the 2009-11 biennium adopted by the Economic and Revenue Forecast Council June 2011.² Estimated total for the 2009-11 biennium as of September 2011.

*Detail may not add to totals because of rounding.

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

Table 3.7

Comparison of the General Fund-State forecast by agency

2011-13 biennium; cash basis

(millions of dollars)

Forecast by Agency	June 2011 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2011 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$14,635.3	\$12.6	(\$845.5)	\$13,802.5	(\$832.8)
Business & Occupation	6,845.1	0.0	(296.2)	6,548.9	(296.2)
Use	1,058.7	1.0	(21.6)	1,038.0	(20.7)
Public Utility	809.5	0.0	2.2	811.7	2.2
Liquor Sales/Liter	423.8	0.0	(3.9)	419.9	(3.9)
Cigarette	855.8	0.0	(1.5)	854.3	(1.5)
Property (State Levy)	3,753.7	0.0	0.2	3,753.9	0.2
Real Estate Excise	930.3	0.0	(192.5)	737.9	(192.5)
Timber Excise	5.6	0.0	(0.2)	5.4	(0.2)
Other	838.4	0.0	(43.8)	794.6	(43.8)
Subtotal	30,156.1	13.6	(1,402.7)	28,767.0	(1,389.1)
Department of Licensing					
Boat excise, licenses, fees & other	36.9	0.0	(1.6)	35.4	(1.6)
Insurance Commissioner					
Insurance Premiums	861.5	0.0	0.0	861.5	0.0
Liquor Control Board					
Liquor Profits and Fees	84.0	0.0	0.7	84.8	0.7
Beer & Wine Surtax	155.8	0.0	4.4	160.2	4.4
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	(1.2)	0.0	(17.6)	(18.8)	(17.6)
Office of Financial Management					
Other	227.0	0.0	0.4	227.4	0.4
Administrative Office of the Courts					
Fines and Forfeitures	203.5	0.0	(10.5)	193.0	(10.5)
Total General Fund-State *	\$31,723.7	\$13.6	(\$1,426.8)	\$30,310.5	(\$1,413.2)

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

*Detail may not add to totals because of rounding.

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

Table 3.8

Comparison of the General Fund-State forecast by agency

2011-13 biennium; GAAP basis

(millions of dollars)

Forecast by Agency	June 2011 Forecast¹	Non- Economic Changes	Forecast Revision	Sept. 2011 Forecast²	Total Change
Department of Revenue					
Retail Sales	\$14,615.3	\$12.6	(\$848.6)	\$13,779.3	(\$836.0)
Business & Occupation Use	6,825.1	0.0	(294.2)	6,530.9	(294.2)
Public Utility	1,038.7	1.0	(21.8)	1,017.9	(20.8)
Liquor Sales/Liter	810.1	0.0	2.0	812.0	2.0
Cigarette	423.8	0.0	(3.9)	419.9	(3.9)
Property (State Levy)	855.8	0.0	(1.5)	854.3	(1.5)
Real Estate Excise	3,753.7	0.0	1.7	3,755.4	1.7
Timber Excise	930.3	0.0	(192.5)	737.9	(192.5)
Other	4.9	0.0	(0.3)	4.6	(0.3)
Subtotal	838.8	0.0	(43.9)	794.9	(43.9)
	30,096.4	13.6	(1,403.0)	28,707.0	(1,389.4)
Department of Licensing					
Boat excise, licenses, fees & other	36.9	0.0	(1.6)	35.4	(1.6)
Insurance Commissioner					
Insurance Premiums	861.5	0.0	0.0	861.5	0.0
Liquor Control Board					
Liquor Profits and Fees	84.0	0.0	0.7	84.8	0.7
Beer & Wine Surtax	155.8	0.0	4.4	160.2	4.4
Lottery Commission					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
State Treasurer					
Interest Earnings	0.1	0.0	(19.3)	(19.2)	(19.3)
Office of Financial Management					
Other	227.0	0.0	0.4	227.4	0.4
Administrative Office of the Courts					
Fines and Forfeitures	203.5	(0.8)	(9.7)	193.0	(10.5)
Total General Fund-State *	\$31,665.4	\$12.8	(\$1,428.1)	\$30,250.2	(\$1,415.3)

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

*Detail may not add to totals because of rounding.

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

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

Forecast by Source	Fiscal 2009	2007-09 Biennium	Fiscal 2010	Fiscal 2011	2009-11 Biennium	Fiscal 2012	Fiscal 2013	2011-13 Biennium
State Taxes								
Retail sales***	\$6,870.2	\$14,575.4	\$6,416.7	\$6,619.6	\$13,036.2	\$6,744.8	\$7,057.7	\$13,802.5
Business & occupation #	2,558.2	5,344.5	2,573.7	3,009.9	5,583.7	3,167.0	3,381.9	6,548.9
Use***	460.0	971.2	423.2	534.1	957.3	503.0	535.0	1,038.0
Public Utility	373.7	741.5	358.4	385.2	743.6	400.6	411.2	811.7
Liquor sales/liter##	162.5	319.8	197.6	201.3	398.9	207.0	212.8	419.9
Beer & wine surtax##	2.4	4.5	35.1	78.9	113.9	79.7	80.5	160.2
Cigarette##	47.8	99.2	309.4	432.8	742.1	432.2	422.1	854.3
Tobacco products##	11.1	1.8	33.4	46.4	79.8	48.1	48.1	96.2
Property (state school levy)**	1,513.8	2,987.5	1,807.3	1,840.1	3,647.5	1,854.7	1,899.2	3,753.9
Public utility district	42.2	83.9	39.1	39.7	78.9	40.1	40.3	80.4
Real estate excise	389.1	1,052.4	379.6	349.9	729.5	356.2	381.7	737.9
Timber excise	5.4	12.7	3.8	3.7	7.5	2.8	2.6	5.4
Estate/inheritance	0.6	4.7	0.2	1.3	1.5	0.4	0.3	0.8
Boat excise	17.2	34.8	12.5	13.6	26.2	13.5	13.5	27.1
Insurance premiums##	252.7	513.2	396.6	403.6	800.2	422.6	439.0	861.5
Other##	221.4	481.8	247.9	353.3	601.3	239.9	241.3	481.2
Total Taxes	12,928.3	27,228.8	13,234.6	14,313.4	27,548.0	14,512.6	15,167.2	29,679.7
State Non-Tax Sources								
Licenses, permits, fees##	95.1	192.6	85.6	88.3	173.9	89.2	91.2	180.4
Liquor profits & fees	40.8	79.7	35.5	38.4	74.0	40.7	44.1	84.8
Earnings on investments##	58.8	175.4	1.8	(12.1)	(10.3)	(10.1)	(8.7)	(18.8)
Lottery transfers	11.1	11.1	12.9	8.6	21.5	0.0	0.0	0.0
Other revenue & transfers###	(45.0)	15.4	199.9	186.5	386.4	189.4	195.0	384.4
Total Non-Tax	160.8	474.1	335.8	309.7	645.5	309.2	321.6	630.8
Total General Fund-State *	\$13,089.1	\$27,703.0	\$13,570.4	\$14,623.1	\$28,193.5	\$14,821.7	\$15,488.8	\$30,310.5

a - Actual;

* Detail may not add to totals due to rounding

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

***GFS portion after Initiative 900 transfer

#Includes Hospital B&O for FY10-13

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

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

Table 3.10

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

February 2008 through September 2011

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis#</u>
February 2008 ##	\$32,443	\$1,715				\$34,158
Changes to Forecast						
June 2008	(85)	(28)	(112)	(46) #1	(158)	34,000
September 2008	(238)	(29)	(267)	0	(267)	33,733
November 2008	(1,376)	(77)	(1,453)	36 #2	(1,417)	32,316
March 2009	(2,030)	(94)	(2,124)	(61) #3	(2,185)	30,131
June 2009	(509)	(15)	(523)	226 #4	(297)	29,834
September 2009	(177)	(8)	(185)	(46) #5	(231)	29,603
November 2009	(752)	(8)	(760)	0	(760)	28,843
February 2010	9	23	32	(150) #6	(118)	28,725
June 2010	(192)	(52)	(245)	802 #7	558	29,282
September 2010	(742)	(23)	(765)	(5) #8	(770)	28,512
November 2010	(316)	(6)	(322)	(63) #9	(385)	28,127
March 2011	(185)	(5)	(191)	111 #10	(80)	28,047
June 2011	20	3	24	147 #11	171	28,218
September 2011	(14)	(11)	(25)	0	(25)	28,194
Total change***:						
From February 2008	(6,585)	(331)	(6,916)	951	(5,965)	
Percent change	(20.3)	(19.3)	(20.2)	2.8	(17.5)	

Table 3.11

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

February 2010 through September 2011

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis#</u>
February 2010 ###	\$30,658	\$1,566				\$32,224
Changes to Forecast						
June 2010	219	(21)	197	1,661 #12	1,858	34,083
September 2010	(610)	(48)	(659)	(10) #8	(669)	33,414
November 2010	(584)	(7)	(591)	(218) #9	(809)	32,605
March 2011	(640)	(29)	(668)	(30) #13	(698)	31,907
June 2011	(217)	(6)	(223)	40 #14	(183)	31,724
September 2011	(1,403)	(24)	(1,427)	14 #15	(1,413)	30,311
Total change***:						
From February 2008	(3,236)	(135)	(3,371)	1,457	(1,914)	
Percent change	(10.6)	(8.6)	(10.5)	4.5	(5.9)	

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

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

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

New definition of General Fund-State per ESSB 5073

First official forecast for the 2009-11 biennium.

First official forecast for the 2011-13 biennium.

#1 Impact of 2008 legislation and budget driven revenue.

#2 Expiration of Sales Tax Exemption on Renewable Energy Equipment

#3 Adjustment of prior estimates of SST mitigation payments and voluntary taxes on internet sales

#4 Sum of 2009 legislation and budget-driven revenue

#5 Effects of Supreme Court decision on B&O taxes on interest earnings

#6 Effects of Supreme Court decision on B&O tax exemption for certain direct sellers minus expected assessment payments

#7 Sum of 2010 legislation and budget-driven revenue plus expected assessment payments, DOR fee change and DOL non-economic changes

#8 Reversal of DOR RTA administrative fee

#9 Effects of initiative 1107

#10 Effects of legislation from December 2010 session, shift of taxpayers from quarterly to monthly reporting, large expected refund

#11 Effects of 2011 legislative and budget-driven revenue change plus DOR fee change

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

#13 Effects of legislation from December 2010 session

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

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

Table 3.12

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

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

	2009-11	2011-13
RESOURCES		
Beginning Fund Balance	189.3	(109.5)
June 2011 Forecast	28,218.5	31,723.7
September 2011 Update	(24.9)	(1,413.2)
Current Revenue Totals	28,193.6	30,310.5
Transfer to Budget Stabilization Account	(247.4)	(279.8)
Transfer from Budget Stabilization Account	268.3	-
Enacted Fund Transfers	1,326.7	244.6
Prior Period Adjustments	18.7	-
Total Resources (including beginning fund balance)	29,749.2	30,165.8
EXPENDITURES		
2009-11 and 2011-13 Enacted Budgets	29,858.7	31,721.0
RESERVES		
Projected General Fund Ending Balance	(109.5)	(1,555.2)
Budget Stabilization Account Beginning Balance	21.4	0.6
Transfer from General Fund and Interest Earnings	247.5	279.8
Transfer to General Fund	(268.3)	-
Projected Budget Stabilization Account Ending Balance	0.6	280.4
Total Reserves (General Fund plus Budget Stabilization)	(108.9)	(1,274.8)

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

Table 3.13

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

(cash basis, millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	\$15,061.8	\$13,802.5	\$12,658.6
Business & Occupation Use	7,054.6	6,548.9	6,071.9
Public Utility	1,132.6	1,038.0	944.5
Property (school levy)	865.8	811.7	761.9
Real Estate Excise	3,776.4	3,753.9	3,727.2
Other	971.8	737.9	656.8
Subtotal	2,079.1	2,074.2	1,994.5
	30,942.3	28,767.0	26,815.5
Department of Licensing			
	36.4	35.4	34.3
Insurance Commissioner¹			
	883.1	861.5	840.0
Lottery Commission			
	0.0	0.0	0.0
State Treasurer - Interest earnings			
	7.4	(18.8)	(28.7)
Liquor Profits & Fees²			
	249.9	245.0	240.1
Office of Financial Management			
Other agencies	238.8	227.4	216.0
Administrative Office of the Courts			
Fines and Forfeitures	199.5	193.0	186.7
Total General Fund - State*	\$32,557.3	\$30,310.5	\$28,304.0
Difference from September 2011 Baseline	\$2,246.8		(\$2,006.5)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

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

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

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0
2012	123.8	0.0	2.7	10.0	0.0	0.0	0.3	3.3	107.1	0.4
2013	121.4	0.0	0.0	10.4	0.0	0.0	0.3	3.4	106.9	0.4
2011-13 Biennium	245.2	0.0	2.7	20.4	0.0	0.0	0.6	6.6	214.0	0.9

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

	Lottery: Total Transfers:*	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account	School Construction Account	Problem Gambling Account	Economic Development Account	Opportunity Pathways Account	Veteran's VIP Account
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0
2012	119.6	0.0	2.7	10.0	0.0	0.0	0.3	3.2	103.0	0.4
2013	121.6	0.0	0.0	10.4	0.0	0.0	0.3	3.2	107.3	0.4
2011-13 Biennium	241.2	0.0	2.7	20.4	0.0	0.0	0.5	6.4	210.3	0.9

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

Table 3.16

General Fund-State: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

September 2011 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund (current definition of GF-S)		Other Near General Fund*		Total Near General Fund	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1995	\$8,551		\$248		\$8,799				\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%			\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%	\$115		\$14,432	10.7%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%
FY 2010	\$13,571	3.7%	\$0	-100.0%	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%
FY 2011	\$14,623	7.8%	\$0	0.0%	\$14,623	7.8%	\$112	-29.0%	\$14,735	7.3%
Forecast:										
FY 2012	\$14,822	1.4%	\$0	0.0%	\$14,822	1.4%	\$96	-14.0%	\$14,918	1.2%
FY 2013	\$15,489	4.5%	\$0	0.0%	\$15,489	4.5%	\$91	-5.3%	\$15,580	4.4%
Biennial Totals										
03-05 Biennium	\$23,389	10.6%	\$2,006	-9.3%	\$25,395	8.7%	\$0	NA	\$25,395	8.7%
05-07 Biennium	\$27,772	18.7%	\$2,013	0.3%	\$29,785	17.3%	\$381	NA	\$30,166	18.8%
07-09 Biennium	\$27,703	-0.2%	\$2,114	5.0%	\$29,817	0.1%	\$437	14.8%	\$30,254	0.3%
09-11 Biennium	\$28,194	1.8%	\$0	-100.0%	\$28,194	-5.4%	\$269	-38.5%	\$28,462	-5.9%
11-13 Biennium	\$30,311	7.5%	\$0	0.0%	\$30,311	7.5%	\$187	-30.5%	\$30,497	7.1%

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

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Detail Components of the Washington State Economic and Revenue Forecast

Calendar Years

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

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

	2006	2007	2008	2009	2010	2011	2012	2013
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,958.5	13,206.4	13,161.9	12,703.1	13,088.0	13,301.0	13,589.4	14,024.3
% Ch	2.7	1.9	-0.3	-3.5	3.0	1.6	2.2	3.2
Real Consumption	9,054.5	9,262.9	9,211.7	9,037.5	9,220.9	9,418.8	9,620.6	9,860.4
% Ch	2.9	2.3	-0.6	-1.9	2.0	2.1	2.1	2.5
Real Nonresidential Fixed Investment	1,455.5	1,549.9	1,537.7	1,263.2	1,319.2	1,425.5	1,496.4	1,600.2
% Ch	8.0	6.5	-0.8	-17.9	4.4	8.1	5.0	6.9
Real Residential Fixed Investment	718.2	584.2	444.4	345.6	330.8	323.4	342.0	405.4
% Ch	-7.3	-18.7	-23.9	-22.2	-4.3	-2.2	5.7	18.5
Real Personal Income	10,968.8	11,290.9	11,437.7	10,928.9	11,135.8	11,457.5	11,653.6	11,962.6
% Ch	4.6	2.9	1.3	-4.4	1.9	2.9	1.7	2.7
Real Per Capita Income (\$/Person)	36,633	37,338	37,481	35,503	35,825	36,507	36,776	37,389
% Ch	3.6	1.9	0.4	-5.3	0.9	1.9	0.7	1.7
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.027	1.055	1.089	1.092	1.111	1.137	1.150	1.166
% Ch	2.7	2.7	3.3	0.2	1.8	2.3	1.1	1.4
U.S. Consumer Price Index (1982-84=1.0)	2.016	2.073	2.153	2.145	2.181	2.247	2.273	2.308
% Ch	3.2	2.9	3.8	-0.3	1.6	3.0	1.2	1.5
Employment Cost Index (Dec. 2005=1.0)	1.021	1.055	1.086	1.103	1.121	1.140	1.162	1.186
% Ch	2.9	3.4	3.0	1.6	1.6	1.7	1.8	2.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	13,377.2	14,028.7	14,291.6	13,938.9	14,526.6	15,059.9	15,558.4	16,294.6
% Ch	6.0	4.9	1.9	-2.5	4.2	3.7	3.3	4.7
Personal Income	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	13,029.6	13,401.5	13,954.6
% Ch	7.5	5.7	4.6	-4.3	3.7	5.3	2.9	4.1
Employment (Millions)								
U.S. Civilian Labor Force	151.4	153.1	154.3	154.2	153.9	153.5	153.9	155.2
Total U.S. Employment	144.4	146.0	145.4	139.9	139.1	139.6	140.1	142.3
Unemployment Rate (%)	4.61	4.62	5.80	9.28	9.63	9.07	9.01	8.34
Nonfarm Payroll Employment	136.09	137.59	136.78	130.79	129.82	131.08	132.64	135.03
% Ch	1.8	1.1	-0.6	-4.4	-0.7	1.0	1.2	1.8
Manufacturing	14.16	13.88	13.40	11.85	11.53	11.73	11.94	12.18
% Ch	-0.5	-2.0	-3.4	-11.6	-2.7	1.8	1.8	1.9
Durable Manufacturing	8.98	8.81	8.46	7.28	7.07	7.29	7.50	7.76
% Ch	0.3	-1.9	-3.9	-13.9	-2.9	3.1	2.8	3.6
Nondurable Manufacturing	5.17	5.07	4.94	4.56	4.46	4.44	4.45	4.41
% Ch	-1.8	-2.0	-2.5	-7.6	-2.3	-0.3	0.1	-0.8
Construction	7.69	7.63	7.16	6.01	5.53	5.49	5.23	5.31
% Ch	4.9	-0.8	-6.1	-16.0	-8.1	-0.6	-4.8	1.4
Service-Providing	113.56	115.36	115.45	112.24	112.06	113.07	114.70	116.82
% Ch	1.8	1.6	0.1	-2.8	-0.2	0.9	1.4	1.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	66.1	72.3	99.6	61.7	79.4	94.3	91.2	92.3
Personal Saving/Disposable Income (%)	2.6	2.4	5.4	5.2	5.3	5.1	4.3	3.4
Auto Sales (Millions)	7.8	7.6	6.8	5.5	5.7	6.2	7.1	8.1
% Ch	1.3	-2.6	-10.6	-19.9	5.0	7.8	15.2	14.4
Housing Starts (Millions)	1.812	1.342	0.900	0.554	0.585	0.570	0.632	0.922
% Ch	-12.6	-25.9	-32.9	-38.4	5.6	-2.5	11.0	45.8
Federal Budget Surplus (Billions)	-203.8	-245.2	-613.5	-1,217.9	-1,273.7	-1,213.4	-929.6	-636.8
Net Exports (Billions)	-769.3	-713.1	-709.8	-391.5	-516.9	-586.1	-537.4	-459.3
3-Month Treasury Bill Rate (%)	4.73	4.35	1.37	0.15	0.14	0.07	0.07	0.12
10-Year Treasury Note Yield (%)	4.79	4.63	3.67	3.26	3.21	2.83	3.13	3.54
Bond Index of 20 G.O. Munis. (%)	4.40	4.39	4.86	4.62	4.29	4.52	4.74	5.09
30-Year Fixed Mortgage Rate (%)	6.41	6.34	6.04	5.04	4.69	4.46	4.66	5.01

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

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	13,266.8	13,310.5	13,186.9	12,883.5	12,663.2	12,641.3	12,694.5	12,813.5
% Ch , Annual Rate	-1.8	1.3	-3.7	-8.9	-6.7	-0.7	1.7	3.8
Real Consumption	9,289.1	9,285.8	9,196.0	9,076.0	9,040.9	8,998.5	9,050.3	9,060.2
% Ch , Annual Rate	-1.0	-0.1	-3.8	-5.1	-1.5	-1.9	2.3	0.4
Real Nonresidential Fixed Investment	1,589.1	1,580.0	1,539.2	1,442.3	1,312.9	1,257.6	1,247.0	1,235.2
% Ch , Annual Rate	-0.8	-2.3	-9.9	-22.9	-31.3	-15.8	-3.3	-3.7
Real Residential Fixed Investment	481.3	462.8	437.8	395.8	354.9	334.3	348.2	344.8
% Ch , Annual Rate	-28.5	-14.5	-19.9	-33.2	-35.4	-21.3	17.7	-3.8
Real Personal Income	11,511.7	11,528.2	11,353.2	11,357.6	11,058.3	10,987.8	10,842.6	10,826.8
% Ch , Annual Rate	5.3	0.6	-5.9	0.2	-10.1	-2.5	-5.2	-0.6
Real Per Capita Income (\$/Person)	37,853	37,822	37,156	37,091	36,045	35,740	35,181	35,044
% Ch , Annual Rate	4.4	-0.3	-6.9	-0.7	-10.8	-3.3	-6.1	-1.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.079	1.091	1.102	1.087	1.082	1.087	1.095	1.103
% Ch , Annual Rate	3.9	4.5	4.3	-5.6	-1.7	1.9	3.0	2.8
U.S. Consumer Price Index (1982-84=1.0)	2.128	2.156	2.189	2.138	2.125	2.135	2.154	2.169
% Ch , Annual Rate	4.5	5.3	6.4	-9.1	-2.4	1.9	3.7	2.7
Employment Cost Index (Dec. 2005=1.0)	1.076	1.084	1.090	1.095	1.098	1.101	1.105	1.109
% Ch , Annual Rate	3.4	3.0	2.2	1.8	1.1	1.1	1.5	1.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,273.9	14,415.5	14,395.1	14,081.7	13,893.7	13,854.1	13,920.5	14,087.4
% Ch , Annual Rate	0.6	4.0	-0.6	-8.4	-5.2	-1.1	1.9	4.9
Personal Income	12,415.6	12,571.7	12,513.3	12,340.0	11,964.4	11,944.1	11,874.1	11,938.2
% Ch , Annual Rate	9.3	5.1	-1.8	-5.4	-11.6	-0.7	-2.3	2.2
Employment (Millions)								
U.S. Civilian Labor Force	153.9	154.1	154.6	154.7	154.2	154.7	154.3	153.7
Total U.S. Employment	146.2	145.9	145.2	144.1	141.6	140.3	139.3	138.3
Unemployment Rate (%)	4.97	5.30	6.03	6.90	8.20	9.27	9.67	9.97
Nonfarm Payroll Employment	137.92	137.44	136.69	135.06	132.81	130.96	129.96	129.43
% Ch , Annual Rate	0.1	-1.4	-2.2	-4.7	-6.5	-5.5	-3.0	-1.6
Manufacturing	13.69	13.56	13.36	13.00	12.39	11.88	11.63	11.49
% Ch , Annual Rate	-1.6	-3.8	-5.8	-10.3	-17.6	-15.4	-8.2	-4.7
Durable Manufacturing	8.67	8.58	8.43	8.17	7.71	7.30	7.11	7.01
% Ch , Annual Rate	-1.9	-4.4	-6.5	-12.0	-20.7	-19.4	-10.1	-5.8
Nondurable Manufacturing	5.02	4.98	4.92	4.83	4.68	4.58	4.51	4.48
% Ch , Annual Rate	-1.1	-2.9	-4.7	-7.3	-12.0	-8.6	-5.2	-2.8
Construction	7.44	7.28	7.10	6.83	6.43	6.09	5.85	5.69
% Ch , Annual Rate	-4.8	-8.3	-9.1	-14.8	-21.1	-20.0	-14.6	-10.7
Service-Providing	116.04	115.85	115.45	114.46	113.25	112.30	111.81	111.59
% Ch , Annual Rate	0.6	-0.7	-1.4	-3.4	-4.2	-3.3	-1.7	-0.8
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	98.0	124.0	118.0	58.5	43.0	59.5	68.2	76.1
Personal Saving/Disposable Income (%)	4.2	6.2	4.9	6.2	5.7	6.2	4.4	4.3
Auto Sales (Millions)	7.5	7.7	6.7	5.3	4.8	5.0	6.4	5.7
% Ch , Annual Rate	-10.2	8.1	-42.4	-59.7	-33.9	12.3	182.1	-39.8
Housing Starts (Millions)	1.064	1.011	0.862	0.663	0.526	0.534	0.588	0.568
% Ch , Annual Rate	-30.7	-18.6	-47.0	-65.1	-60.5	6.8	47.0	-13.3
Federal Budget Surplus (Billions)	-388.8	-764.4	-639.1	-661.7	-993.9	-1,303.0	-1,305.4	-1,269.4
Net Exports (Billions)	-742.3	-746.1	-756.9	-593.7	-383.5	-338.3	-406.7	-437.6
3-Month Treasury Bill Rate (%)	2.04	1.63	1.49	0.30	0.21	0.17	0.16	0.06
10-Year Treasury Note Yield (%)	3.66	3.89	3.86	3.25	2.74	3.31	3.52	3.46
Bond Index of 20 G.O. Munis. (%)	4.59	4.66	4.74	5.44	4.99	4.73	4.52	4.26
30-Year Fixed Mortgage Rate (%)	5.88	6.09	6.32	5.87	5.06	5.03	5.16	4.92

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

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	12,937.7	13,058.5	13,139.6	13,216.1	13,227.9	13,260.5	13,323.1	13,392.5
% Ch , Annual Rate	3.9	3.8	2.5	2.3	0.4	1.0	1.9	2.1
Real Consumption	9,121.2	9,186.9	9,247.1	9,328.4	9,376.7	9,386.7	9,433.3	9,478.3
% Ch , Annual Rate	2.7	2.9	2.6	3.6	2.1	0.4	2.0	1.9
Real Nonresidential Fixed Investment	1,253.3	1,308.0	1,343.6	1,371.9	1,378.9	1,411.7	1,441.4	1,469.9
% Ch , Annual Rate	6.0	18.6	11.3	8.7	2.1	9.9	8.7	8.2
Real Residential Fixed Investment	330.8	348.2	321.1	323.1	321.1	323.8	322.9	325.6
% Ch , Annual Rate	-15.3	22.8	-27.7	2.5	-2.5	3.4	-1.1	3.4
Real Personal Income	10,957.2	11,117.8	11,205.4	11,262.9	11,394.4	11,434.9	11,453.5	11,547.1
% Ch , Annual Rate	4.9	6.0	3.2	2.1	4.8	1.4	0.7	3.3
Real Per Capita Income (\$/Person)	35,379	35,811	36,006	36,104	36,438	36,480	36,451	36,661
% Ch , Annual Rate	3.9	5.0	2.2	1.1	3.8	0.5	-0.3	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.136	1.142	1.143
% Ch , Annual Rate	1.9	0.3	1.0	1.9	3.9	3.2	1.9	0.4
U.S. Consumer Price Index (1982-84=1.0)	2.175	2.173	2.180	2.195	2.223	2.245	2.260	2.261
% Ch , Annual Rate	1.3	-0.5	1.4	2.6	5.2	4.1	2.6	0.3
Employment Cost Index (Dec. 2005=1.0)	1.114	1.119	1.123	1.128	1.132	1.138	1.143	1.148
% Ch , Annual Rate	1.8	1.8	1.4	1.8	1.4	2.1	1.9	1.8
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	14,277.9	14,467.8	14,605.5	14,755.0	14,867.8	14,996.8	15,133.8	15,241.2
% Ch , Annual Rate	5.5	5.4	3.9	4.2	3.1	3.5	3.7	2.9
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,994.9	13,078.5	13,198.1
% Ch , Annual Rate	6.9	6.3	4.2	4.1	8.8	4.7	2.6	3.7
Employment (Millions)								
U.S. Civilian Labor Force	153.6	154.1	154.0	153.9	153.3	153.5	153.5	153.6
Total U.S. Employment	138.7	139.3	139.2	139.1	139.6	139.6	139.6	139.5
Unemployment Rate (%)	9.70	9.63	9.57	9.63	8.90	9.10	9.10	9.17
Nonfarm Payroll Employment	129.32	129.96	129.88	130.13	130.55	131.02	131.23	131.52
% Ch , Annual Rate	-0.3	2.0	-0.2	0.8	1.3	1.4	0.7	0.9
Manufacturing	11.47	11.53	11.56	11.55	11.65	11.71	11.77	11.80
% Ch , Annual Rate	-0.8	2.3	1.0	-0.2	3.4	2.2	1.9	1.3
Durable Manufacturing	7.00	7.06	7.10	7.11	7.21	7.27	7.32	7.36
% Ch , Annual Rate	-0.3	3.5	2.2	0.7	5.5	3.5	2.9	1.9
Nondurable Manufacturing	4.47	4.47	4.46	4.44	4.44	4.44	4.44	4.45
% Ch , Annual Rate	-1.6	0.4	-1.0	-1.6	0.0	0.1	0.3	0.3
Construction	5.56	5.54	5.51	5.50	5.51	5.53	5.52	5.42
% Ch , Annual Rate	-8.9	-1.5	-1.7	-0.5	0.1	1.5	-0.2	-7.1
Service-Providing	111.63	112.19	112.09	112.34	112.65	113.00	113.14	113.48
% Ch , Annual Rate	0.1	2.0	-0.4	0.9	1.1	1.3	0.5	1.2
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	78.6	77.9	76.1	85.0	94.0	102.6	91.0	89.6
Personal Saving/Disposable Income (%)	4.9	5.6	5.6	5.2	5.0	5.2	4.9	5.3
Auto Sales (Millions)	5.7	5.6	5.7	5.9	6.5	6.0	5.8	6.4
% Ch , Annual Rate	1.2	-5.3	10.2	14.7	47.4	-28.3	-15.1	50.2
Housing Starts (Millions)	0.615	0.602	0.584	0.539	0.582	0.572	0.550	0.577
% Ch , Annual Rate	37.5	-8.0	-11.2	-27.8	36.6	-7.1	-14.6	21.2
Federal Budget Surplus (Billions)	-1,271.8	-1,278.0	-1,257.7	-1,287.3	-1,201.1	-1,264.4	-1,187.2	-1,201.1
Net Exports (Billions)	-495.8	-531.2	-540.3	-500.2	-571.3	-604.2	-594.6	-574.3
3-Month Treasury Bill Rate (%)	0.11	0.15	0.16	0.14	0.13	0.05	0.05	0.07
10-Year Treasury Note Yield (%)	3.72	3.49	2.79	2.86	3.46	3.21	2.45	2.21
Bond Index of 20 G.O. Munis. (%)	4.34	4.35	4.07	4.39	5.11	4.67	4.23	4.09
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.34	3.99

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

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real National Income Accounts (Billions of Chained 2005 Dollars)								
Real Gross Domestic Product	13,462.2	13,542.3	13,629.4	13,723.9	13,841.6	13,969.9	14,088.1	14,197.6
% Ch, Annual Rate	2.1	2.4	2.6	2.8	3.5	3.8	3.4	3.1
Real Consumption	9,522.1	9,586.1	9,651.4	9,722.6	9,789.5	9,839.7	9,888.7	9,923.7
% Ch, Annual Rate	1.9	2.7	2.8	3.0	2.8	2.1	2.0	1.4
Real Nonresidential Fixed Investment	1,473.7	1,486.1	1,501.5	1,524.4	1,541.5	1,582.6	1,618.1	1,658.7
% Ch, Annual Rate	1.0	3.4	4.2	6.2	4.6	11.1	9.3	10.4
Real Residential Fixed Investment	332.2	337.6	345.1	353.0	367.3	389.7	418.0	446.5
% Ch, Annual Rate	8.3	6.6	9.2	9.4	17.2	26.8	32.4	30.2
Real Personal Income	11,530.5	11,620.6	11,692.4	11,771.1	11,820.0	11,915.3	12,011.4	12,103.5
% Ch, Annual Rate	-0.6	3.2	2.5	2.7	1.7	3.3	3.3	3.1
Real Per Capita Income (\$/Person)	36,520	36,717	36,855	37,013	37,078	37,287	37,497	37,694
% Ch, Annual Rate	-1.5	2.2	1.5	1.7	0.7	2.3	2.3	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.146	1.147	1.152	1.155	1.159	1.164	1.169	1.174
% Ch, Annual Rate	0.9	0.6	1.5	1.3	1.4	1.6	1.6	1.7
U.S. Consumer Price Index (1982-84=1.0)	2.265	2.267	2.276	2.285	2.293	2.303	2.313	2.323
% Ch, Annual Rate	0.7	0.2	1.7	1.5	1.5	1.7	1.7	1.9
Employment Cost Index (Dec. 2005=1.0)	1.154	1.159	1.164	1.170	1.176	1.183	1.190	1.197
% Ch, Annual Rate	1.8	1.8	1.9	1.9	2.2	2.4	2.4	2.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	15,364.0	15,473.5	15,619.0	15,777.1	15,975.4	16,190.0	16,400.8	16,612.3
% Ch, Annual Rate	3.3	2.9	3.8	4.1	5.1	5.5	5.3	5.3
Personal Income	13,209.4	13,332.1	13,464.2	13,600.3	13,705.2	13,869.5	14,037.3	14,206.3
% Ch, Annual Rate	0.3	3.8	4.0	4.1	3.1	4.9	4.9	4.9
Employment (Millions)								
U.S. Civilian Labor Force	153.7	153.8	154.0	154.3	154.7	155.0	155.4	155.8
Total U.S. Employment	139.6	139.8	140.2	140.7	141.2	141.9	142.6	143.3
Unemployment Rate (%)	9.14	9.07	8.98	8.85	8.68	8.45	8.22	8.01
Nonfarm Payroll Employment	131.87	132.39	132.90	133.41	133.96	134.62	135.39	136.15
% Ch, Annual Rate	1.1	1.6	1.6	1.5	1.7	2.0	2.3	2.3
Manufacturing	11.83	11.95	11.98	12.02	12.09	12.15	12.21	12.27
% Ch, Annual Rate	0.8	4.1	1.2	1.3	2.2	2.0	2.0	2.2
Durable Manufacturing	7.38	7.49	7.53	7.58	7.66	7.73	7.80	7.87
% Ch, Annual Rate	1.1	6.5	2.0	2.7	4.2	3.8	3.4	3.7
Nondurable Manufacturing	4.45	4.45	4.45	4.44	4.43	4.41	4.41	4.41
% Ch, Annual Rate	0.2	0.2	-0.1	-1.2	-1.2	-1.0	-0.5	-0.4
Construction	5.32	5.24	5.20	5.17	5.18	5.24	5.33	5.47
% Ch, Annual Rate	-7.5	-5.8	-3.3	-1.7	0.6	4.5	7.6	10.6
Service-Providing	113.94	114.43	114.97	115.47	115.96	116.51	117.13	117.68
% Ch, Annual Rate	1.6	1.8	1.9	1.8	1.7	1.9	2.1	1.9
Miscellaneous Indicators								
Oil-WTI (\$ per barrel)	90.4	91.0	91.5	92.0	92.2	92.3	92.2	92.3
Personal Saving/Disposable Income (%)	4.4	4.4	4.2	4.0	3.3	3.3	3.4	3.7
Auto Sales (Millions)	6.7	7.1	7.2	7.5	7.9	8.2	8.2	8.2
% Ch, Annual Rate	22.0	22.5	7.6	17.8	25.2	13.8	1.8	0.2
Housing Starts (Millions)	0.591	0.615	0.645	0.679	0.755	0.872	0.981	1.080
% Ch, Annual Rate	10.6	16.8	21.2	22.9	52.4	78.7	59.6	47.3
Federal Budget Surplus (Billions)	-977.8	-952.9	-915.2	-872.4	-699.0	-648.7	-610.3	-589.1
Net Exports (Billions)	-544.3	-541.5	-538.9	-524.9	-486.6	-467.2	-452.2	-431.3
3-Month Treasury Bill Rate (%)	0.07	0.07	0.07	0.07	0.08	0.09	0.09	0.19
10-Year Treasury Note Yield (%)	2.69	3.06	3.36	3.41	3.45	3.48	3.52	3.70
Bond Index of 20 G.O. Munis. (%)	4.43	4.69	4.90	4.92	4.99	5.04	5.09	5.24
30-Year Fixed Mortgage Rate (%)	4.20	4.58	4.88	4.97	4.97	4.96	4.97	5.13

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

	2006	2007	2008	2009	2010	2011	2012	2013
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	245.403	258.391	265.332	257.571	259.746	266.120	271.171	279.446
% Ch	6.7	5.3	2.7	-2.9	0.8	2.5	1.9	3.1
Real Wage and Salary Disb.	131.536	138.212	138.406	134.486	133.563	134.719	138.275	143.280
% Ch	5.5	5.1	0.1	-2.8	-0.7	0.9	2.6	3.6
Real Nonwage Income	113.867	120.179	126.827	121.480	126.182	131.401	132.896	136.166
% Ch	8.1	5.5	5.5	-4.2	3.9	4.1	1.1	2.5
Real Per Capita Income (\$/Person)	38,237	39,596	40,094	38,487	38,430	38,981	39,309	40,019
% Ch	4.7	3.6	1.3	-4.0	-0.1	1.4	0.8	1.8
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.027	1.055	1.089	1.092	1.111	1.137	1.150	1.166
% Ch	2.7	2.7	3.3	0.2	1.8	2.3	1.1	1.4
Seattle Cons. Price Index (1982-84=1.0)	2.076	2.157	2.247	2.260	2.267	2.317	2.338	2.374
% Ch	3.7	3.9	4.2	0.6	0.3	2.2	0.9	1.5
Average Nonfarm Annual Wage	45,346	47,779	48,815	49,735	50,912	51,996	53,299	54,977
% Ch	5.4	5.4	2.2	1.9	2.4	2.1	2.5	3.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.91	20.51	21.01	23.40	23.49	24.04	24.25	24.51
% Ch	5.8	3.0	2.4	11.4	0.4	2.3	0.9	1.1
Current Dollar Income (Billions of Dollars)								
Personal Income	252.092	272.625	289.063	281.172	288.612	302.630	311.845	325.982
% Ch	9.6	8.1	6.0	-2.7	2.6	4.9	3.0	4.5
Disposable Personal Income	221.835	238.554	255.757	254.274	260.764	270.167	277.018	286.756
% Ch	9.0	7.5	7.2	-0.6	2.6	3.6	2.5	3.5
Per Capita Income (\$/Person)	39,278	41,776	43,680	42,013	42,700	44,328	45,205	46,683
% Ch	7.6	6.4	4.6	-3.8	1.6	3.8	2.0	3.3
Employment (Thousands)								
Washington Civilian Labor Force	3,319.0	3,392.9	3,479.2	3,534.7	3,531.2	3,480.6	3,486.2	3,530.6
Total Washington Employment	3,154.7	3,236.6	3,286.4	3,206.4	3,192.0	3,158.5	3,165.6	3,228.8
Unemployment Rate (%)	4.95	4.61	5.54	9.29	9.60	9.25	9.20	8.55
Nonfarm Payroll Employment	2,859.0	2,933.5	2,959.3	2,822.2	2,783.5	2,814.7	2,854.5	2,914.8
% Ch	3.0	2.6	0.9	-4.6	-1.4	1.1	1.4	2.1
Manufacturing	285.9	293.3	291.2	265.5	257.9	267.8	276.9	284.4
% Ch	4.9	2.6	-0.7	-8.8	-2.8	3.8	3.4	2.7
Durable Manufacturing	204.0	211.9	211.3	190.6	184.2	192.9	202.1	209.5
% Ch	6.6	3.9	-0.3	-9.8	-3.4	4.7	4.8	3.6
Aerospace	73.4	80.1	83.0	82.9	80.8	86.2	90.6	92.2
% Ch	11.9	9.1	3.6	-0.1	-2.5	6.7	5.1	1.8
Nondurable Manufacturing	81.9	81.4	79.9	74.9	73.8	74.9	74.8	74.9
% Ch	0.9	-0.6	-1.9	-6.2	-1.5	1.5	-0.1	0.2
Construction	194.8	208.1	200.6	159.7	141.1	137.8	138.7	143.9
% Ch	9.8	6.8	-3.6	-20.4	-11.6	-2.3	0.7	3.7
Service-Providing	2,369.6	2,423.9	2,460.0	2,391.0	2,378.6	2,403.0	2,432.6	2,479.6
% Ch	2.2	2.3	1.5	-2.8	-0.5	1.0	1.2	1.9
Software Publishers	44.7	47.6	50.9	51.5	50.9	52.3	54.5	56.7
% Ch	8.4	6.4	7.0	1.1	-1.0	2.7	4.2	4.0
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	50.033	47.397	28.919	17.011	20.691	20.594	21.270	27.564
% Ch	-5.6	-5.3	-39.0	-41.2	21.6	-0.5	3.3	29.6
Single-Family	35.611	30.390	17.440	12.991	14.702	12.601	11.981	16.003
% Ch	-14.0	-14.7	-42.6	-25.5	13.2	-14.3	-4.9	33.6
Multi-Family	14.422	17.007	11.479	4.020	5.989	7.993	9.289	11.561
% Ch	24.5	17.9	-32.5	-65.0	49.0	33.5	16.2	24.5
30-Year Fixed Mortgage Rate (%)	6.41	6.34	6.04	5.04	4.69	4.46	4.66	5.01

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

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	265.889	265.644	265.119	264.675	259.539	258.951	256.109	255.685
% Ch, Annual Rate	4.0	-0.4	-0.8	-0.7	-7.5	-0.9	-4.3	-0.7
Real Wage and Salary Disb.	139.739	137.966	138.041	137.878	135.479	135.467	133.825	133.172
% Ch, Annual Rate	-2.8	-5.0	0.2	-0.5	-6.8	0.0	-4.8	-1.9
Real Nonwage Income	126.288	127.850	127.004	126.164	122.730	121.784	120.487	120.918
% Ch, Annual Rate	12.7	5.0	-2.6	-2.6	-10.5	-3.0	-4.2	1.4
Real Per Capita Income (\$/Person)	40,362	40,202	40,000	39,812	38,922	38,739	38,221	38,065
% Ch, Annual Rate	2.4	-1.6	-2.0	-1.9	-8.7	-1.9	-5.2	-1.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.079	1.091	1.102	1.087	1.082	1.087	1.095	1.103
% Ch, Annual Rate	3.9	4.5	4.3	-5.6	-1.7	1.9	3.0	2.8
Seattle Cons. Price Index (1982-84=1.0)	2.221	2.248	2.268	2.251	2.252	2.258	2.263	2.268
% Ch, Annual Rate	4.7	5.0	3.7	-3.0	0.1	1.2	0.8	1.0
Average Nonfarm Annual Wage	48,586	48,565	49,114	48,994	48,676	49,815	49,971	50,477
% Ch, Annual Rate	-2.5	-0.2	4.6	-1.0	-2.6	9.7	1.3	4.1
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.91	21.28	20.97	20.86	22.88	23.40	23.56	23.78
% Ch, Annual Rate	2.8	7.2	-5.7	-2.0	44.6	9.5	2.7	3.8
Current Dollar Income (Billions of Dollars)								
Personal Income	286.768	289.695	292.214	287.575	280.806	281.487	280.468	281.927
% Ch, Annual Rate	8.0	4.1	3.5	-6.2	-9.1	1.0	-1.4	2.1
Disposable Personal Income	251.290	258.547	258.771	254.420	252.687	255.085	254.000	255.324
% Ch, Annual Rate	8.7	12.1	0.3	-6.6	-2.7	3.8	-1.7	2.1
Per Capita Income (\$/Person)	43,531	43,842	44,088	43,257	42,111	42,111	41,856	41,972
% Ch, Annual Rate	6.4	2.9	2.3	-7.3	-10.2	0.0	-2.4	1.1
Employment (Thousands)								
Washington Civilian Labor Force	3,451.5	3,462.7	3,486.6	3,516.0	3,537.9	3,544.5	3,534.7	3,521.9
Total Washington Employment	3,288.7	3,285.4	3,288.9	3,282.6	3,244.7	3,212.8	3,193.8	3,174.1
Unemployment Rate (%)	4.72	5.12	5.67	6.64	8.29	9.36	9.64	9.88
Nonfarm Payroll Employment	2,974.9	2,969.6	2,966.9	2,925.7	2,879.6	2,826.9	2,801.4	2,781.0
% Ch, Annual Rate	2.5	-0.7	-0.4	-5.4	-6.1	-7.1	-3.6	-2.9
Manufacturing	297.2	294.7	292.9	279.9	276.6	266.2	261.7	257.4
% Ch, Annual Rate	1.7	-3.3	-2.4	-16.6	-4.6	-14.2	-6.6	-6.3
Durable Manufacturing	215.9	214.6	214.0	200.8	200.0	191.2	187.0	184.1
% Ch, Annual Rate	2.5	-2.3	-1.2	-22.5	-1.5	-16.6	-8.5	-5.9
Aerospace	84.1	84.5	85.8	77.5	85.2	83.2	82.1	81.3
% Ch, Annual Rate	7.0	2.1	6.2	-33.4	45.7	-9.1	-5.1	-4.0
Nondurable Manufacturing	81.3	80.1	78.9	79.1	76.6	75.0	74.7	73.3
% Ch, Annual Rate	-0.3	-6.0	-5.5	1.0	-12.3	-7.7	-1.6	-7.5
Construction	209.4	205.0	199.0	189.0	174.6	162.1	154.1	147.9
% Ch, Annual Rate	1.9	-8.1	-11.2	-18.6	-27.2	-25.6	-18.5	-15.2
Service-Providing	2,460.6	2,462.4	2,467.5	2,449.4	2,421.9	2,392.6	2,379.7	2,369.9
% Ch, Annual Rate	2.7	0.3	0.8	-2.9	-4.4	-4.7	-2.1	-1.6
Software Publishers	49.1	50.3	51.7	52.6	52.6	51.7	51.0	50.7
% Ch, Annual Rate	7.8	10.3	11.6	7.4	-0.5	-6.4	-5.6	-2.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	33.584	34.401	26.399	21.291	16.208	15.098	18.207	18.531
% Ch, Annual Rate	-53.1	10.1	-65.3	-57.7	-66.4	-24.7	111.5	7.3
Single-Family	20.547	19.146	17.313	12.754	10.002	11.993	14.714	15.255
% Ch, Annual Rate	-41.5	-24.6	-33.1	-70.5	-62.2	106.7	126.6	15.5
Multi-Family	13.037	15.255	9.087	8.537	6.206	3.105	3.493	3.276
% Ch, Annual Rate	-66.1	87.5	-87.4	-22.1	-72.1	-93.7	60.1	-22.7
30-Year Fixed Mortgage Rate (%)	5.88	6.09	6.32	5.87	5.06	5.03	5.16	4.92

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

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	255.351	258.374	261.398	263.860	264.871	265.087	266.271	268.249
% Ch, Annual Rate	-0.5	4.8	4.8	3.8	1.5	0.3	1.8	3.0
Real Wage and Salary Disb.	131.482	132.673	134.646	135.452	134.424	134.131	134.797	135.522
% Ch, Annual Rate	-5.0	3.7	6.1	2.4	-3.0	-0.9	2.0	2.2
Real Nonwage Income	123.869	125.701	126.752	128.408	130.447	130.956	131.474	132.727
% Ch, Annual Rate	10.1	6.0	3.4	5.3	6.5	1.6	1.6	3.9
Real Per Capita Income (\$/Person)	37,924	38,276	38,626	38,892	38,943	38,879	38,954	39,148
% Ch, Annual Rate	-1.5	3.8	3.7	2.8	0.5	-0.7	0.8	2.0
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.108	1.109	1.111	1.117	1.127	1.136	1.142	1.143
% Ch, Annual Rate	1.9	0.3	1.0	1.9	3.9	3.2	1.9	0.4
Seattle Cons. Price Index (1982-84=1.0)	2.266	2.256	2.265	2.279	2.299	2.316	2.325	2.326
% Ch, Annual Rate	-0.3	-1.7	1.6	2.5	3.5	3.0	1.4	0.3
Average Nonfarm Annual Wage	50,159	50,421	51,318	51,751	51,643	51,796	52,154	52,391
% Ch, Annual Rate	-2.5	2.1	7.3	3.4	-0.8	1.2	2.8	1.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	23.58	23.20	23.44	23.71	23.80	24.07	24.12	24.16
% Ch, Annual Rate	-3.2	-6.3	4.2	4.7	1.4	4.7	0.8	0.6
Current Dollar Income (Billions of Dollars)								
Personal Income	282.856	286.438	290.500	294.654	298.625	301.242	304.048	306.603
% Ch, Annual Rate	1.3	5.2	5.8	5.8	5.5	3.6	3.8	3.4
Disposable Personal Income	256.140	259.123	262.209	265.583	266.875	268.915	271.213	273.666
% Ch, Annual Rate	1.3	4.7	4.8	5.2	2.0	3.1	3.5	3.7
Per Capita Income (\$/Person)	42,009	42,433	42,927	43,431	43,906	44,181	44,480	44,745
% Ch, Annual Rate	0.3	4.1	4.7	4.8	4.4	2.5	2.7	2.4
Employment (Thousands)								
Washington Civilian Labor Force	3,532.9	3,536.8	3,526.5	3,528.4	3,508.7	3,483.3	3,462.9	3,467.6
Total Washington Employment	3,179.8	3,195.2	3,194.1	3,199.0	3,187.0	3,163.5	3,141.0	3,142.6
Unemployment Rate (%)	10.00	9.66	9.43	9.34	9.17	9.18	9.30	9.37
Nonfarm Payroll Employment	2,771.2	2,784.9	2,784.9	2,793.0	2,803.2	2,810.9	2,819.4	2,825.2
% Ch, Annual Rate	-1.4	2.0	0.0	1.2	1.5	1.1	1.2	0.8
Manufacturing	256.8	257.5	258.2	259.3	262.6	266.6	270.4	271.6
% Ch, Annual Rate	-1.1	1.2	1.1	1.7	5.2	6.1	5.9	1.9
Durable Manufacturing	183.4	183.7	184.3	185.4	188.0	191.5	195.1	197.0
% Ch, Annual Rate	-1.6	0.5	1.4	2.5	5.8	7.5	7.9	4.0
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.3	88.9
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.0	16.6	3.0
Nondurable Manufacturing	73.3	73.8	73.9	73.9	74.6	75.1	75.3	74.6
% Ch, Annual Rate	0.2	2.8	0.5	-0.1	3.7	2.7	0.9	-3.5
Construction	143.1	141.0	140.9	139.4	137.4	137.6	138.3	137.7
% Ch, Annual Rate	-12.4	-5.8	-0.2	-4.3	-5.4	0.5	1.8	-1.5
Service-Providing	2,365.6	2,380.4	2,379.8	2,388.5	2,397.1	2,400.6	2,404.6	2,409.7
% Ch, Annual Rate	-0.7	2.5	-0.1	1.5	1.5	0.6	0.7	0.8
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.7	52.9	53.4
% Ch, Annual Rate	0.3	1.2	1.8	0.2	2.1	2.2	10.1	3.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	21.766	17.966	20.225	22.806	16.893	25.940	20.123	19.421
% Ch, Annual Rate	90.3	-53.6	60.6	61.7	-69.9	455.9	-63.8	-13.2
Single-Family	16.869	14.081	13.543	14.314	14.281	12.588	12.082	11.454
% Ch, Annual Rate	49.5	-51.5	-14.4	24.8	-0.9	-39.6	-15.2	-19.2
Multi-Family	4.896	3.885	6.682	8.492	2.613	13.352	8.042	7.967
% Ch, Annual Rate	399.2	-60.3	774.8	160.9	-99.1	68,102.7	-86.8	-3.7
30-Year Fixed Mortgage Rate (%)	5.00	4.91	4.45	4.41	4.85	4.66	4.34	3.99

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

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Real Income (Billions of Chained 2005 Dollars)								
Real Personal Income	267.878	270.186	272.475	274.147	275.419	278.026	281.134	283.206
% Ch, Annual Rate	-0.6	3.5	3.4	2.5	1.9	3.8	4.5	3.0
Real Wage and Salary Disb.	136.508	137.738	139.086	139.768	140.936	142.409	144.390	145.386
% Ch, Annual Rate	2.9	3.7	4.0	2.0	3.4	4.2	5.7	2.8
Real Nonwage Income	131.370	132.448	133.389	134.379	134.483	135.616	136.743	137.820
% Ch, Annual Rate	-4.0	3.3	2.9	3.0	0.3	3.4	3.4	3.2
Real Per Capita Income (\$/Person)	38,994	39,225	39,446	39,572	39,635	39,883	40,198	40,360
% Ch, Annual Rate	-1.6	2.4	2.3	1.3	0.6	2.5	3.2	1.6
Price and Wage Indexes								
U.S. Implicit Price Deflator, PCE (2005=1.0)	1.146	1.147	1.152	1.155	1.159	1.164	1.169	1.174
% Ch, Annual Rate	0.9	0.6	1.5	1.3	1.4	1.6	1.6	1.7
Seattle Cons. Price Index (1982-84=1.0)	2.330	2.332	2.341	2.350	2.359	2.369	2.379	2.390
% Ch, Annual Rate	0.7	0.2	1.7	1.5	1.5	1.7	1.7	1.9
Average Nonfarm Annual Wage	52,724	53,071	53,582	53,818	54,173	54,681	55,363	55,691
% Ch, Annual Rate	2.6	2.7	3.9	1.8	2.7	3.8	5.1	2.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	24.19	24.23	24.27	24.32	24.38	24.46	24.55	24.64
% Ch, Annual Rate	0.6	0.6	0.7	0.7	1.1	1.3	1.4	1.5
Current Dollar Income (Billions of Dollars)								
Personal Income	306.885	309.980	313.765	316.749	319.348	323.624	328.551	332.407
% Ch, Annual Rate	0.4	4.1	5.0	3.9	3.3	5.5	6.2	4.8
Disposable Personal Income	273.131	275.674	278.546	280.722	281.725	284.744	288.616	291.940
% Ch, Annual Rate	-0.8	3.8	4.2	3.2	1.4	4.4	5.6	4.7
Per Capita Income (\$/Person)	44,672	45,002	45,424	45,722	45,956	46,424	46,978	47,371
% Ch, Annual Rate	-0.7	3.0	3.8	2.7	2.1	4.1	4.9	3.4
Employment (Thousands)								
Washington Civilian Labor Force	3,473.9	3,481.0	3,489.7	3,500.3	3,512.0	3,524.2	3,536.6	3,549.4
Total Washington Employment	3,149.9	3,158.7	3,170.0	3,183.9	3,200.9	3,219.4	3,238.2	3,256.8
Unemployment Rate (%)	9.33	9.26	9.16	9.04	8.86	8.65	8.44	8.24
Nonfarm Payroll Employment	2,834.9	2,848.0	2,861.2	2,874.1	2,889.3	2,905.5	2,923.6	2,940.9
% Ch, Annual Rate	1.4	1.9	1.9	1.8	2.1	2.3	2.5	2.4
Manufacturing	273.1	276.2	278.3	279.9	282.0	283.7	285.0	286.7
% Ch, Annual Rate	2.2	4.5	3.1	2.4	2.9	2.5	1.9	2.4
Durable Manufacturing	198.6	201.4	203.3	205.1	207.2	209.0	210.1	211.5
% Ch, Annual Rate	3.2	5.8	3.7	3.6	4.3	3.4	2.3	2.7
Aerospace	89.6	90.3	90.9	91.6	91.9	92.3	92.3	92.3
% Ch, Annual Rate	3.0	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Nondurable Manufacturing	74.5	74.7	75.0	74.9	74.7	74.7	74.9	75.2
% Ch, Annual Rate	-0.3	1.1	1.4	-0.6	-0.7	-0.1	1.1	1.5
Construction	138.0	138.4	139.1	139.4	140.8	142.4	144.7	147.5
% Ch, Annual Rate	0.7	1.3	1.8	0.9	4.3	4.5	6.7	7.8
Service-Providing	2,417.6	2,427.1	2,437.5	2,448.2	2,459.8	2,472.6	2,486.8	2,499.5
% Ch, Annual Rate	1.3	1.6	1.7	1.8	1.9	2.1	2.3	2.1
Software Publishers	53.7	54.3	54.8	55.4	55.9	56.4	57.0	57.6
% Ch, Annual Rate	2.7	4.1	4.2	4.2	3.8	3.8	4.2	4.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	20.035	20.884	21.671	22.489	24.161	26.505	28.769	30.822
% Ch, Annual Rate	13.3	18.1	15.9	16.0	33.2	44.8	38.8	31.7
Single-Family	11.703	11.817	12.036	12.367	13.594	15.274	16.907	18.238
% Ch, Annual Rate	9.0	4.0	7.6	11.5	46.0	59.4	50.1	35.4
Multi-Family	8.332	9.067	9.635	10.122	10.567	11.231	11.862	12.584
% Ch, Annual Rate	19.6	40.2	27.5	21.8	18.8	27.6	24.4	26.7
30-Year Fixed Mortgage Rate (%)	4.20	4.58	4.88	4.97	4.97	4.96	4.97	5.13

Table A2.1
U.S. Nonagricultural Employment by Industry (Millions)
 Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Nonfarm Payroll Employment	136.09	137.59	136.78	130.79	129.82	131.08	132.64	135.03
% Ch	1.8	1.1	-0.6	-4.4	-0.7	1.0	1.2	1.8
Manufacturing	14.16	13.88	13.40	11.85	11.53	11.73	11.94	12.18
% Ch	-0.5	-2.0	-3.4	-11.6	-2.7	1.8	1.8	1.9
Durable Manufacturing	8.98	8.81	8.46	7.28	7.07	7.29	7.50	7.76
% Ch	0.3	-1.9	-3.9	-13.9	-2.9	3.1	2.8	3.6
Wood Products	0.56	0.52	0.46	0.36	0.34	0.33	0.33	0.37
% Ch	0.0	-7.8	-11.5	-21.3	-4.8	-2.5	0.4	10.6
Primary and Fabricated Metals	2.02	2.02	1.97	1.67	1.65	1.74	1.77	1.81
% Ch	1.4	0.1	-2.4	-15.0	-1.7	5.7	2.0	2.1
Computer and Electronic Products	1.31	1.27	1.24	1.14	1.10	1.13	1.17	1.20
% Ch	-0.7	-2.7	-2.2	-8.6	-3.2	2.4	3.5	3.1
Machinery and Electrical Equipment	1.62	1.62	1.61	1.40	1.35	1.42	1.45	1.46
% Ch	1.1	0.0	-0.3	-13.0	-3.5	4.8	2.0	0.9
Transportation Equipment	1.77	1.71	1.61	1.35	1.33	1.37	1.47	1.60
% Ch	-0.2	-3.2	-6.1	-16.2	-1.3	3.0	7.1	8.9
Other Durables	1.71	1.67	1.57	1.36	1.30	1.30	1.31	1.32
% Ch	-0.4	-2.3	-6.0	-13.4	-4.9	0.4	0.4	1.2
Nondurable Manufacturing	5.17	5.07	4.94	4.56	4.46	4.44	4.45	4.41
% Ch	-1.8	-2.0	-2.5	-7.6	-2.3	-0.3	0.1	-0.8
Food Manufacturing	1.48	1.48	1.48	1.46	1.45	1.45	1.46	1.47
% Ch	0.1	0.3	-0.2	-1.6	-0.6	0.0	1.2	0.2
Paper and Paper Products	0.47	0.46	0.44	0.41	0.40	0.40	0.40	0.40
% Ch	-2.8	-2.6	-2.9	-8.5	-2.5	0.4	0.0	-0.4
Other Nondurables	3.22	3.13	3.02	2.70	2.61	2.60	2.59	2.55
% Ch	-2.5	-3.0	-3.6	-10.5	-3.2	-0.6	-0.5	-1.4
Natural Resources and Mining	0.68	0.72	0.77	0.69	0.71	0.78	0.76	0.73
% Ch	9.1	5.7	5.8	-9.4	1.6	11.1	-2.4	-4.9
Construction	7.69	7.63	7.16	6.01	5.53	5.49	5.23	5.31
% Ch	4.9	-0.8	-6.1	-16.0	-8.1	-0.6	-4.8	1.4
Trade, Transportation, and Utilities	26.28	26.63	26.29	24.90	24.61	24.92	25.48	26.11
% Ch	1.2	1.3	-1.2	-5.3	-1.2	1.2	2.3	2.5
Wholesale Trade	5.90	6.02	5.94	5.59	5.46	5.55	5.71	5.85
% Ch	2.5	1.9	-1.2	-6.0	-2.3	1.7	3.0	2.5
Retail Trade	15.36	15.52	15.28	14.52	14.42	14.55	14.79	15.11
% Ch	0.5	1.0	-1.5	-5.0	-0.7	0.9	1.7	2.1
Trans., Warehousing, and Utilities	5.02	5.09	5.07	4.80	4.73	4.82	4.98	5.15
% Ch	2.0	1.5	-0.6	-5.3	-1.3	1.8	3.3	3.4
Information	3.04	3.03	2.98	2.80	2.71	2.68	2.67	2.71
% Ch	-0.8	-0.2	-1.6	-6.0	-3.3	-1.3	-0.2	1.5
Publishing Industries	0.90	0.90	0.88	0.80	0.76	0.75	0.74	0.73
% Ch	-0.2	-0.1	-2.3	-9.5	-4.4	-1.0	-2.1	-0.8
Other Information	2.14	2.13	2.10	2.01	1.95	1.92	1.93	1.98
% Ch	-1.0	-0.2	-1.3	-4.6	-2.9	-1.4	0.5	2.3
Financial Activities	8.33	8.30	8.14	7.77	7.63	7.60	7.67	7.73
% Ch	2.1	-0.3	-1.9	-4.6	-1.8	-0.4	1.0	0.7
Professional and Business Services	17.57	17.95	17.74	16.57	16.68	17.18	17.65	18.47
% Ch	3.7	2.1	-1.1	-6.6	0.7	3.0	2.7	4.7
Education and Health Services	17.82	18.32	18.84	19.19	19.56	19.98	20.42	20.70
% Ch	2.6	2.8	2.8	1.9	1.9	2.2	2.2	1.4
Leisure and Hospitality	13.11	13.43	13.44	13.07	13.02	13.19	13.50	13.61
% Ch	2.3	2.4	0.1	-2.7	-0.4	1.4	2.4	0.8
Other Services	5.44	5.49	5.51	5.37	5.36	5.45	5.50	5.53
% Ch	0.8	1.0	0.4	-2.7	0.0	1.7	0.8	0.5
Federal Government	2.73	2.73	2.76	2.83	2.97	2.83	2.77	2.72
% Ch	0.0	0.1	1.0	2.5	4.8	-4.5	-2.1	-1.9
State and Local Government	19.24	19.49	19.74	19.73	19.52	19.22	19.03	19.23
% Ch	0.9	1.3	1.3	-0.1	-1.0	-1.5	-1.0	1.1

Table A2.2

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

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

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	129.32	129.96	129.88	130.13	130.55	131.02	131.23	131.52
% Ch, Annual Rate	-0.3	2.0	-0.2	0.8	1.3	1.4	0.7	0.9
Manufacturing	11.47	11.53	11.56	11.55	11.65	11.71	11.77	11.80
% Ch, Annual Rate	-0.8	2.3	1.0	-0.2	3.4	2.2	1.9	1.3
Durable Manufacturing	7.00	7.06	7.10	7.11	7.21	7.27	7.32	7.36
% Ch, Annual Rate	-0.3	3.5	2.2	0.7	5.5	3.5	2.9	1.9
Wood Products	0.34	0.35	0.34	0.34	0.34	0.34	0.33	0.33
% Ch, Annual Rate	-2.3	3.7	-6.8	-3.6	6.3	-6.6	-9.6	-3.3
Primary and Fabricated Metals	1.61	1.64	1.66	1.67	1.70	1.74	1.75	1.77
% Ch, Annual Rate	1.0	8.4	5.5	2.6	7.7	8.1	2.7	3.9
Computer and Electronic Products	1.09	1.10	1.10	1.11	1.12	1.12	1.13	1.14
% Ch, Annual Rate	-1.8	1.2	2.0	1.6	3.9	2.3	2.5	1.5
Machinery and Electrical Equipment	1.33	1.35	1.36	1.37	1.39	1.41	1.43	1.44
% Ch, Annual Rate	-1.0	5.5	3.1	3.3	6.4	5.3	6.4	0.6
Transportation Equipment	1.32	1.33	1.34	1.33	1.35	1.36	1.38	1.39
% Ch, Annual Rate	3.4	1.5	3.8	-2.4	6.9	2.3	5.2	2.3
Other Durables	1.30	1.30	1.29	1.29	1.30	1.30	1.30	1.31
% Ch, Annual Rate	-3.1	-0.5	-1.5	-0.9	1.8	0.7	0.5	1.8
Nondurable Manufacturing	4.47	4.47	4.46	4.44	4.44	4.44	4.44	4.45
% Ch, Annual Rate	-1.6	0.4	-1.0	-1.6	0.0	0.1	0.3	0.3
Food Manufacturing	1.45	1.45	1.45	1.44	1.45	1.45	1.44	1.45
% Ch, Annual Rate	-1.9	1.3	-0.8	-1.7	2.0	-0.2	-1.6	1.2
Paper and Paper Products	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
% Ch, Annual Rate	-1.0	1.0	-0.9	-0.1	0.6	0.4	1.7	0.0
Other Nondurables	2.62	2.62	2.61	2.60	2.59	2.60	2.60	2.60
% Ch, Annual Rate	-1.4	-0.1	-1.2	-1.7	-1.2	0.2	1.1	-0.2
Natural Resources and Mining	0.67	0.70	0.72	0.73	0.75	0.78	0.80	0.81
% Ch, Annual Rate	6.8	14.6	13.2	9.2	7.3	18.5	11.7	2.9
Construction	5.56	5.54	5.51	5.50	5.51	5.53	5.52	5.42
% Ch, Annual Rate	-8.9	-1.5	-1.7	-0.5	0.1	1.5	-0.2	-7.1
Trade, Transportation, and Utilities	24.54	24.58	24.61	24.70	24.77	24.89	24.95	25.05
% Ch, Annual Rate	-0.7	0.7	0.5	1.4	1.1	2.0	1.0	1.5
Wholesale Trade	5.45	5.45	5.45	5.47	5.51	5.54	5.55	5.59
% Ch, Annual Rate	-2.9	0.1	0.6	1.4	2.5	2.1	1.3	2.6
Retail Trade	14.39	14.42	14.42	14.45	14.48	14.54	14.58	14.60
% Ch, Annual Rate	0.7	0.7	0.1	0.8	0.8	1.8	1.0	0.6
Trans., Warehousing, and Utilities	4.70	4.72	4.74	4.78	4.79	4.82	4.82	4.86
% Ch, Annual Rate	-2.3	1.5	1.5	3.5	0.6	2.5	0.7	3.0
Information	2.73	2.71	2.71	2.70	2.68	2.68	2.66	2.68
% Ch, Annual Rate	-3.5	-2.6	-0.7	-1.4	-1.8	-0.2	-3.6	2.9
Publishing Industries	0.77	0.76	0.76	0.76	0.76	0.76	0.75	0.75
% Ch, Annual Rate	-2.8	-2.2	-0.6	-1.4	-0.5	-0.4	-0.9	-2.8
Other Information	1.96	1.95	1.95	1.94	1.93	1.93	1.90	1.93
% Ch, Annual Rate	-3.8	-2.8	-0.7	-1.4	-2.2	-0.1	-4.6	5.2
Financial Activities	7.66	7.64	7.62	7.62	7.61	7.62	7.60	7.58
% Ch, Annual Rate	-1.6	-0.9	-1.1	0.0	-0.5	0.4	-0.8	-1.1
Professional and Business Services	16.53	16.65	16.70	16.84	17.00	17.14	17.23	17.36
% Ch, Annual Rate	2.2	2.7	1.4	3.2	4.1	3.3	2.2	2.9
Education and Health Services	19.41	19.51	19.60	19.73	19.83	19.93	20.03	20.15
% Ch, Annual Rate	1.9	2.1	2.0	2.6	2.0	2.0	2.2	2.4
Leisure and Hospitality	12.94	13.00	13.06	13.07	13.12	13.19	13.21	13.25
% Ch, Annual Rate	-0.9	1.9	1.6	0.4	1.7	2.2	0.4	1.4
Other Services	5.32	5.34	5.37	5.42	5.43	5.45	5.46	5.48
% Ch, Annual Rate	0.0	1.6	2.2	3.3	1.0	1.1	1.0	1.6
Federal Government	2.89	3.19	2.94	2.85	2.85	2.84	2.83	2.82
% Ch, Annual Rate	6.9	49.6	-28.3	-11.9	0.6	-1.7	-1.9	-1.3
State and Local Government	19.61	19.56	19.48	19.43	19.35	19.27	19.17	19.12
% Ch, Annual Rate	-1.3	-0.9	-1.6	-1.2	-1.6	-1.6	-2.1	-1.0

Table A2.2 (continued)

U.S. Nonagricultural Employment by Industry (Millions)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	131.87	132.39	132.90	133.41	133.96	134.62	135.39	136.15
% Ch, Annual Rate	1.1	1.6	1.6	1.5	1.7	2.0	2.3	2.3
Manufacturing	11.83	11.95	11.98	12.02	12.09	12.15	12.21	12.27
% Ch, Annual Rate	0.8	4.1	1.2	1.3	2.2	2.0	2.0	2.2
Durable Manufacturing	7.38	7.49	7.53	7.58	7.66	7.73	7.80	7.87
% Ch, Annual Rate	1.1	6.5	2.0	2.7	4.2	3.8	3.4	3.7
Wood Products	0.33	0.33	0.34	0.34	0.35	0.36	0.38	0.39
% Ch, Annual Rate	0.2	9.0	5.1	7.8	10.1	13.2	15.3	17.0
Primary and Fabricated Metals	1.76	1.78	1.78	1.78	1.78	1.80	1.82	1.85
% Ch, Annual Rate	-1.2	4.6	-0.7	0.1	0.3	4.5	5.4	5.1
Computer and Electronic Products	1.14	1.16	1.18	1.18	1.21	1.21	1.20	1.19
% Ch, Annual Rate	2.5	6.7	5.8	2.2	9.0	-0.2	-3.7	-1.6
Machinery and Electrical Equipment	1.43	1.45	1.45	1.45	1.46	1.46	1.46	1.46
% Ch, Annual Rate	-0.3	5.2	-0.8	0.6	1.8	0.5	0.1	0.1
Transportation Equipment	1.41	1.46	1.48	1.52	1.55	1.58	1.62	1.65
% Ch, Annual Rate	8.0	12.6	7.4	9.2	9.1	8.6	8.6	8.1
Other Durables	1.30	1.31	1.31	1.31	1.31	1.32	1.32	1.33
% Ch, Annual Rate	-2.3	3.2	-1.2	0.8	1.0	2.2	1.7	1.5
Nondurable Manufacturing	4.45	4.45	4.45	4.44	4.43	4.41	4.41	4.41
% Ch, Annual Rate	0.2	0.2	-0.1	-1.2	-1.2	-1.0	-0.5	-0.4
Food Manufacturing	1.46	1.46	1.47	1.47	1.47	1.46	1.47	1.47
% Ch, Annual Rate	2.3	2.2	1.8	-0.3	-0.6	-0.5	0.6	0.8
Paper and Paper Products	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
% Ch, Annual Rate	0.2	-0.6	-0.7	-1.2	-0.9	0.3	0.4	0.4
Other Nondurables	2.60	2.59	2.58	2.57	2.56	2.55	2.55	2.54
% Ch, Annual Rate	-0.9	-0.8	-1.0	-1.7	-1.6	-1.4	-1.2	-1.2
Natural Resources and Mining	0.79	0.77	0.76	0.74	0.73	0.73	0.72	0.72
% Ch, Annual Rate	-8.4	-8.6	-8.5	-6.5	-4.4	-2.7	-2.8	-1.2
Construction	5.32	5.24	5.20	5.17	5.18	5.24	5.33	5.47
% Ch, Annual Rate	-7.5	-5.8	-3.3	-1.7	0.6	4.5	7.6	10.6
Trade, Transportation, and Utilities	25.19	25.37	25.59	25.78	25.91	26.03	26.20	26.31
% Ch, Annual Rate	2.2	3.0	3.5	3.0	2.0	2.0	2.6	1.8
Wholesale Trade	5.64	5.69	5.74	5.78	5.80	5.83	5.87	5.91
% Ch, Annual Rate	3.6	3.8	3.5	2.4	1.6	2.2	3.0	2.8
Retail Trade	14.64	14.73	14.84	14.95	15.02	15.08	15.15	15.17
% Ch, Annual Rate	1.1	2.5	3.1	3.1	1.9	1.5	1.9	0.6
Trans., Warehousing, and Utilities	4.91	4.95	5.01	5.05	5.08	5.12	5.17	5.23
% Ch, Annual Rate	4.0	3.8	4.6	3.3	2.6	3.1	4.2	4.0
Information	2.70	2.68	2.64	2.66	2.69	2.71	2.72	2.72
% Ch, Annual Rate	3.8	-3.9	-4.8	2.2	4.5	4.0	1.2	-1.0
Publishing Industries	0.74	0.74	0.74	0.74	0.73	0.73	0.73	0.73
% Ch, Annual Rate	-4.7	-0.9	-0.6	-0.3	-1.3	-1.4	0.0	0.4
Other Information	1.96	1.94	1.91	1.92	1.95	1.98	1.99	1.98
% Ch, Annual Rate	7.2	-5.0	-6.3	3.3	6.8	6.0	1.6	-1.5
Financial Activities	7.63	7.66	7.69	7.71	7.72	7.72	7.73	7.74
% Ch, Annual Rate	2.5	2.0	1.5	1.0	0.7	-0.3	0.7	0.6
Professional and Business Services	17.48	17.59	17.70	17.82	18.00	18.29	18.64	18.96
% Ch, Annual Rate	2.9	2.7	2.5	2.7	4.0	6.7	7.8	7.2
Education and Health Services	20.24	20.38	20.49	20.57	20.62	20.69	20.73	20.78
% Ch, Annual Rate	1.8	2.7	2.3	1.5	0.9	1.4	0.8	1.0
Leisure and Hospitality	13.36	13.48	13.56	13.61	13.62	13.60	13.59	13.61
% Ch, Annual Rate	3.3	3.5	2.7	1.4	0.3	-0.7	-0.3	0.6
Other Services	5.49	5.48	5.50	5.52	5.53	5.52	5.53	5.53
% Ch, Annual Rate	0.9	-0.9	1.7	1.3	0.7	-0.8	0.6	0.4
Federal Government	2.80	2.78	2.77	2.75	2.74	2.73	2.71	2.69
% Ch, Annual Rate	-2.8	-2.4	-2.1	-2.2	-1.3	-1.8	-2.3	-2.7
State and Local Government	19.05	19.01	19.01	19.04	19.13	19.21	19.27	19.32
% Ch, Annual Rate	-1.4	-0.7	0.0	0.7	1.9	1.6	1.3	1.1

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

	2006	2007	2008	2009	2010	2011	2012	2013
Nonfarm Payroll Employment	2,859.0	2,933.5	2,959.3	2,822.2	2,783.5	2,814.7	2,854.5	2,914.8
% Ch	3.0	2.6	0.9	-4.6	-1.4	1.1	1.4	2.1
Manufacturing	285.9	293.3	291.2	265.5	257.9	267.8	276.9	284.4
% Ch	4.9	2.6	-0.7	-8.8	-2.8	3.8	3.4	2.7
Durable Manufacturing	204.0	211.9	211.3	190.6	184.2	192.9	202.1	209.5
% Ch	6.6	3.9	-0.3	-9.8	-3.4	4.7	4.8	3.6
Wood Products	20.3	19.2	17.0	13.3	12.9	12.7	12.7	13.7
% Ch	1.1	-5.4	-11.3	-21.6	-2.9	-2.0	0.2	7.6
Primary and Fabricated Metals	24.3	25.9	26.3	21.9	21.4	22.7	23.1	23.7
% Ch	4.9	6.8	1.5	-16.8	-2.2	6.0	1.9	2.7
Computer and Electronic Products	22.5	22.7	22.5	20.1	19.1	19.8	21.4	22.9
% Ch	1.2	1.1	-0.8	-10.9	-4.8	3.7	8.0	7.1
Machinery and Electrical Equipment	19.0	19.6	19.9	16.3	15.7	17.1	19.5	21.4
% Ch	6.5	3.4	1.2	-17.9	-3.8	9.2	13.8	9.7
Aerospace	73.4	80.1	83.0	82.9	80.8	86.2	90.6	92.2
% Ch	11.9	9.1	3.6	-0.1	-2.5	6.7	5.1	1.8
Other Transportation Equip.	13.7	13.1	12.2	9.7	8.9	9.1	9.5	10.1
% Ch	4.1	-4.9	-6.5	-20.8	-8.3	2.5	4.9	5.9
Other Durables	30.9	31.3	30.5	26.4	25.4	25.3	25.3	25.5
% Ch	4.9	1.4	-2.8	-13.3	-3.9	-0.3	-0.1	0.8
Nondurable Manufacturing	81.9	81.4	79.9	74.9	73.8	74.9	74.8	74.9
% Ch	0.9	-0.6	-1.9	-6.2	-1.5	1.5	-0.1	0.2
Food Manufacturing	33.9	34.1	34.3	33.9	33.6	34.1	32.9	32.2
% Ch	0.3	0.7	0.5	-0.9	-1.1	1.6	-3.6	-2.0
Paper and Paper Products	11.9	11.2	10.5	9.7	9.4	9.2	9.4	9.5
% Ch	-2.1	-6.3	-6.5	-7.1	-3.8	-1.2	1.7	0.8
Other Nondurables	36.1	36.1	35.1	31.3	30.8	31.6	32.5	33.2
% Ch	2.7	0.2	-2.8	-11.0	-1.3	2.3	3.1	2.2
Natural Resources and Mining	8.7	8.2	7.5	6.0	5.9	6.1	6.4	7.0
% Ch	-3.0	-6.1	-7.6	-19.8	-2.5	3.5	4.4	9.4
Construction	194.8	208.1	200.6	159.7	141.1	137.8	138.7	143.9
% Ch	9.8	6.8	-3.6	-20.4	-11.6	-2.3	0.7	3.7
Trade, Transportation, and Utilities	541.6	553.4	553.5	522.5	517.5	525.9	537.3	550.5
% Ch	2.1	2.2	0.0	-5.6	-1.0	1.6	2.2	2.5
Wholesale Trade	126.6	129.3	130.1	122.7	120.8	122.9	126.4	129.3
% Ch	3.6	2.2	0.6	-5.7	-1.6	1.8	2.8	2.3
Retail Trade	321.1	328.0	327.5	309.3	308.2	313.1	317.6	324.4
% Ch	1.6	2.1	-0.2	-5.5	-0.4	1.6	1.5	2.1
Trans., Warehousing, and Utilities	94.0	96.1	95.9	90.5	88.6	90.0	93.3	96.8
% Ch	2.0	2.2	-0.2	-5.6	-2.1	1.5	3.7	3.7
Information	98.4	102.5	105.6	103.9	102.8	104.4	107.6	111.5
% Ch	3.9	4.1	3.1	-1.6	-1.1	1.6	3.1	3.7
Software Publishers	44.7	47.6	50.9	51.5	50.9	52.3	54.5	56.7
% Ch	8.4	6.4	7.0	1.1	-1.0	2.7	4.2	4.0
Other Publishing Industries	11.0	10.8	10.4	8.7	8.1	7.3	6.9	6.9
% Ch	-2.0	-1.7	-4.4	-15.6	-7.5	-10.1	-5.2	0.7
Other Information	42.7	44.0	44.3	43.7	43.7	44.8	46.2	47.8
% Ch	1.1	3.1	0.7	-1.5	0.1	2.4	3.1	3.6
Financial Activities	156.2	155.5	152.4	141.7	134.6	133.0	133.6	134.1
% Ch	1.1	-0.5	-2.0	-7.0	-5.0	-1.2	0.4	0.4
Professional and Business Services	330.5	344.7	348.7	324.5	326.5	338.4	346.4	362.4
% Ch	4.6	4.3	1.2	-6.9	0.6	3.6	2.4	4.6
Education and Health Services	337.2	348.3	362.1	372.4	375.4	382.5	389.4	395.3
% Ch	2.4	3.3	4.0	2.8	0.8	1.9	1.8	1.5
Leisure and Hospitality	271.6	280.5	283.7	269.6	266.3	268.9	276.1	280.9
% Ch	3.1	3.3	1.1	-4.9	-1.2	1.0	2.7	1.7
Other Services	104.0	105.3	107.7	106.3	104.9	105.5	106.1	106.9
% Ch	1.2	1.3	2.3	-1.4	-1.3	0.5	0.6	0.7
Federal Government	69.3	68.7	70.0	72.8	75.6	73.8	72.6	71.4
% Ch	-0.4	-0.9	2.0	4.0	3.8	-2.3	-1.7	-1.6
State and Local Government	460.7	465.1	476.4	477.3	475.0	470.6	463.3	466.6
% Ch	0.8	1.0	2.4	0.2	-0.5	-0.9	-1.5	0.7

Table A2.4

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2011 to 2013

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

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Nonfarm Payroll Employment	2,771.2	2,784.9	2,784.9	2,793.0	2,803.2	2,810.9	2,819.4	2,825.2
% Ch, Annual Rate	-1.4	2.0	0.0	1.2	1.5	1.1	1.2	0.8
Manufacturing	256.8	257.5	258.2	259.3	262.6	266.6	270.4	271.6
% Ch, Annual Rate	-1.1	1.2	1.1	1.7	5.2	6.1	5.9	1.9
Durable Manufacturing	183.4	183.7	184.3	185.4	188.0	191.5	195.1	197.0
% Ch, Annual Rate	-1.6	0.5	1.4	2.5	5.8	7.5	7.9	4.0
Wood Products	13.0	13.2	12.9	12.8	12.8	12.8	12.6	12.5
% Ch, Annual Rate	4.7	6.7	-7.7	-3.9	1.9	-1.8	-3.9	-4.1
Primary and Fabricated Metals	21.2	21.3	21.4	21.8	22.2	22.8	22.8	23.0
% Ch, Annual Rate	2.6	2.4	3.1	6.0	8.3	10.9	0.1	3.9
Computer and Electronic Products	18.9	19.1	19.2	19.3	19.4	19.7	19.9	20.2
% Ch, Annual Rate	-4.2	3.9	2.9	1.6	2.0	7.8	3.7	5.6
Machinery and Electrical Equipment	15.4	15.5	15.8	16.1	16.6	16.9	17.1	17.9
% Ch, Annual Rate	2.3	2.0	7.2	8.6	13.7	6.5	6.2	19.3
Aerospace	80.9	80.3	80.7	81.5	82.8	85.0	88.3	88.9
% Ch, Annual Rate	-2.0	-2.8	2.0	3.9	6.6	11.0	16.6	3.0
Other Transportation Equip.	8.7	8.8	9.0	8.9	9.1	9.0	9.0	9.2
% Ch, Annual Rate	-14.8	5.5	7.1	-3.4	9.6	-4.3	1.1	5.4
Other Durables	25.5	25.5	25.3	25.2	25.2	25.3	25.3	25.3
% Ch, Annual Rate	-2.0	1.4	-3.6	-2.5	0.0	3.0	0.0	0.1
Nondurable Manufacturing	73.3	73.8	73.9	73.9	74.6	75.1	75.3	74.6
% Ch, Annual Rate	0.2	2.8	0.5	-0.1	3.7	2.7	0.9	-3.5
Food Manufacturing	33.3	33.6	33.7	33.6	34.3	34.4	34.4	33.3
% Ch, Annual Rate	-1.5	3.7	0.9	-0.8	7.7	1.5	0.3	-11.8
Paper and Paper Products	9.4	9.4	9.3	9.3	9.2	9.2	9.3	9.3
% Ch, Annual Rate	-3.3	-2.6	-1.0	-1.8	-4.0	-0.7	3.7	2.3
Other Nondurables	30.6	30.9	30.9	31.0	31.1	31.5	31.6	31.9
% Ch, Annual Rate	3.2	3.5	0.4	1.3	1.8	5.2	0.7	4.5
Natural Resources and Mining	5.8	6.0	6.0	5.9	6.0	6.1	6.1	6.2
% Ch, Annual Rate	4.4	11.9	-0.3	-5.5	8.0	7.8	1.9	4.3
Construction	143.1	141.0	140.9	139.4	137.4	137.6	138.3	137.7
% Ch, Annual Rate	-12.4	-5.8	-0.2	-4.3	-5.4	0.5	1.8	-1.5
Trade, Transportation, and Utilities	514.3	518.4	517.4	520.0	522.4	525.9	527.0	528.6
% Ch, Annual Rate	-0.7	3.2	-0.8	2.1	1.8	2.7	0.8	1.2
Wholesale Trade	119.8	121.1	120.8	121.4	122.6	122.7	122.8	123.6
% Ch, Annual Rate	-2.4	4.3	-0.9	2.0	3.9	0.4	0.5	2.4
Retail Trade	306.6	308.7	307.6	309.7	311.0	313.0	314.1	314.2
% Ch, Annual Rate	0.7	2.7	-1.3	2.7	1.7	2.6	1.4	0.1
Trans., Warehousing, and Utilities	87.9	88.7	88.9	88.9	88.8	90.2	90.1	90.9
% Ch, Annual Rate	-3.0	3.6	1.1	0.0	-0.7	6.5	-0.5	3.5
Information	102.9	102.6	102.6	102.9	103.2	103.6	104.7	106.0
% Ch, Annual Rate	1.3	-1.3	0.3	1.1	0.9	1.9	4.4	4.8
Software Publishers	50.7	50.8	51.1	51.1	51.4	51.7	52.9	53.4
% Ch, Annual Rate	0.3	1.2	1.8	0.2	2.1	2.2	10.1	3.4
Other Publishing Industries	8.3	8.2	8.0	7.9	7.8	7.6	6.8	6.9
% Ch, Annual Rate	-3.0	-6.1	-6.9	-5.1	-5.6	-8.2	-36.4	2.7
Other Information	43.9	43.6	43.6	43.9	44.0	44.4	45.0	45.8
% Ch, Annual Rate	3.2	-3.4	0.0	3.3	0.7	3.4	6.1	6.8
Financial Activities	135.6	134.4	134.2	134.0	133.5	133.4	132.9	132.2
% Ch, Annual Rate	-6.0	-3.2	-0.7	-0.6	-1.6	-0.2	-1.6	-2.1
Professional and Business Services	320.8	324.5	328.2	332.6	335.6	337.8	339.1	341.2
% Ch, Annual Rate	-0.6	4.7	4.6	5.4	3.7	2.7	1.5	2.4
Education and Health Services	373.2	374.4	376.1	378.0	380.1	381.9	383.0	384.9
% Ch, Annual Rate	-0.1	1.3	1.8	2.0	2.2	1.9	1.2	2.0
Leisure and Hospitality	264.7	266.6	266.1	267.8	269.3	268.2	268.1	270.0
% Ch, Annual Rate	-2.0	3.0	-0.8	2.6	2.3	-1.7	0.0	2.9
Other Services	104.5	104.8	105.0	105.2	105.3	105.1	105.6	105.8
% Ch, Annual Rate	-2.7	1.2	0.8	0.6	0.5	-0.7	1.6	0.8
Federal Government	73.7	79.2	75.1	74.3	74.5	73.3	73.9	73.7
% Ch, Annual Rate	2.6	33.2	-19.1	-4.4	1.4	-6.4	3.4	-1.5
State and Local Government	475.8	475.4	475.0	473.7	473.3	471.4	470.2	467.4
% Ch, Annual Rate	0.4	-0.4	-0.3	-1.2	-0.3	-1.6	-1.0	-2.4

Table A2.4 (continued)

Washington Nonagricultural Employment by Industry (Thousands)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Nonfarm Payroll Employment	2,834.9	2,848.0	2,861.2	2,874.1	2,889.3	2,905.5	2,923.6	2,940.9
% Ch, Annual Rate	1.4	1.9	1.9	1.8	2.1	2.3	2.5	2.4
Manufacturing	273.1	276.2	278.3	279.9	282.0	283.7	285.0	286.7
% Ch, Annual Rate	2.2	4.5	3.1	2.4	2.9	2.5	1.9	2.4
Durable Manufacturing	198.6	201.4	203.3	205.1	207.2	209.0	210.1	211.5
% Ch, Annual Rate	3.2	5.8	3.7	3.6	4.3	3.4	2.3	2.7
Wood Products	12.5	12.7	12.8	12.9	13.2	13.5	13.8	14.3
% Ch, Annual Rate	-1.1	6.2	3.0	5.2	7.2	9.7	11.5	12.9
Primary and Fabricated Metals	22.9	23.2	23.2	23.2	23.2	23.5	23.9	24.3
% Ch, Annual Rate	-1.5	4.9	-0.6	0.4	0.7	5.5	6.6	6.4
Computer and Electronic Products	20.5	21.2	21.8	22.1	22.9	23.0	22.8	22.8
% Ch, Annual Rate	6.9	13.3	11.6	5.8	16.4	1.9	-3.5	-0.4
Machinery and Electrical Equipment	18.5	19.4	19.8	20.3	20.8	21.2	21.6	21.9
% Ch, Annual Rate	14.3	19.8	9.2	10.1	10.6	8.2	7.2	6.8
Aerospace	89.6	90.3	90.9	91.6	91.9	92.3	92.3	92.3
% Ch, Annual Rate	3.0	3.0	3.0	3.0	1.5	1.5	0.0	0.0
Other Transportation Equip.	9.3	9.5	9.6	9.7	9.9	10.0	10.2	10.3
% Ch, Annual Rate	6.5	7.1	5.8	5.8	6.2	6.0	5.4	5.1
Other Durables	25.3	25.3	25.3	25.3	25.3	25.4	25.5	25.7
% Ch, Annual Rate	-1.5	0.6	-0.5	0.1	0.5	1.6	2.0	2.3
Nondurable Manufacturing	74.5	74.7	75.0	74.9	74.7	74.7	74.9	75.2
% Ch, Annual Rate	-0.3	1.1	1.4	-0.6	-0.7	-0.1	1.1	1.5
Food Manufacturing	33.0	32.9	32.9	32.7	32.4	32.1	32.1	32.2
% Ch, Annual Rate	-4.2	-0.9	0.3	-3.3	-3.5	-2.8	-0.4	0.7
Paper and Paper Products	9.4	9.4	9.4	9.4	9.4	9.5	9.5	9.5
% Ch, Annual Rate	2.3	1.1	0.8	0.2	0.3	1.4	1.4	1.3
Other Nondurables	32.2	32.4	32.6	32.8	32.9	33.1	33.3	33.5
% Ch, Annual Rate	3.2	3.1	2.6	1.9	1.8	2.2	2.4	2.4
Natural Resources and Mining	6.2	6.3	6.4	6.6	6.7	6.9	7.1	7.3
% Ch, Annual Rate	1.2	5.6	8.0	8.6	8.5	10.5	11.7	13.6
Construction	138.0	138.4	139.1	139.4	140.8	142.4	144.7	147.5
% Ch, Annual Rate	0.7	1.3	1.8	0.9	4.3	4.5	6.7	7.8
Trade, Transportation, and Utilities	531.3	535.1	539.5	543.4	546.2	548.9	552.3	554.6
% Ch, Annual Rate	2.1	2.9	3.3	2.9	2.1	2.0	2.5	1.7
Wholesale Trade	124.8	125.9	127.0	127.7	128.3	128.9	129.7	130.3
% Ch, Annual Rate	3.9	3.9	3.5	2.2	1.9	1.9	2.4	2.1
Retail Trade	314.7	316.3	318.6	320.9	322.5	323.7	325.4	326.1
% Ch, Annual Rate	0.7	2.1	2.8	3.0	1.9	1.6	2.1	0.8
Trans., Warehousing, and Utilities	91.9	92.8	93.9	94.7	95.5	96.3	97.3	98.2
% Ch, Annual Rate	4.5	4.2	4.8	3.6	3.2	3.4	4.1	3.9
Information	107.3	107.4	107.3	108.4	109.9	111.3	112.2	112.7
% Ch, Annual Rate	5.1	0.3	-0.4	4.3	5.6	5.1	3.4	2.0
Software Publishers	53.7	54.3	54.8	55.4	55.9	56.4	57.0	57.6
% Ch, Annual Rate	2.7	4.1	4.2	4.2	3.8	3.8	4.2	4.3
Other Publishing Industries	6.8	6.9	6.9	7.0	6.9	6.9	6.9	7.0
% Ch, Annual Rate	-1.8	3.0	2.4	1.9	-0.2	-1.1	0.5	0.8
Other Information	46.8	46.2	45.5	46.1	47.0	47.9	48.2	48.2
% Ch, Annual Rate	9.0	-4.4	-5.9	4.7	8.6	7.7	2.8	-0.6
Financial Activities	132.9	133.5	133.9	134.1	134.2	133.9	134.1	134.2
% Ch, Annual Rate	2.2	1.7	1.2	0.6	0.3	-0.8	0.5	0.3
Professional and Business Services	343.3	345.4	347.4	349.7	353.2	358.9	365.6	371.9
% Ch, Annual Rate	2.5	2.4	2.4	2.7	4.0	6.6	7.7	7.2
Education and Health Services	386.4	388.6	390.6	392.1	393.2	394.8	395.9	397.2
% Ch, Annual Rate	1.6	2.3	2.1	1.5	1.1	1.6	1.2	1.3
Leisure and Hospitality	272.7	275.3	277.5	279.0	280.0	280.5	281.1	282.1
% Ch, Annual Rate	4.0	3.9	3.2	2.2	1.4	0.6	0.9	1.4
Other Services	105.9	105.9	106.2	106.5	106.7	106.7	107.0	107.2
% Ch, Annual Rate	0.6	-0.2	1.1	1.0	0.8	0.2	0.9	0.9
Federal Government	73.2	72.8	72.4	72.1	71.9	71.6	71.3	70.9
% Ch, Annual Rate	-2.5	-2.2	-1.9	-1.9	-1.1	-1.4	-1.8	-2.1
State and Local Government	464.5	463.2	462.7	463.0	464.5	466.1	467.4	468.6
% Ch, Annual Rate	-2.4	-1.2	-0.4	0.3	1.3	1.3	1.1	1.0

Table A3.1

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

Forecast 2011 to 2013

	2006	2007	2008	2009	2010	2011	2012	2013
Personal Income	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	13,029.6	13,401.5	13,954.6
% Ch	7.5	5.7	4.6	-4.3	3.7	5.3	2.9	4.1
Total Wage and Salary Disbursements	6,068.9	6,421.7	6,550.9	6,270.4	6,408.2	6,670.3	6,919.8	7,246.9
% Ch	6.5	5.8	2.0	-4.3	2.2	4.1	3.7	4.7
Nonwage Personal Income	5,199.2	5,490.6	5,909.3	5,659.9	5,965.3	6,359.3	6,481.7	6,707.7
% Ch	8.7	5.6	7.6	-4.2	5.4	6.6	1.9	3.5
Supplements to Wages and Salaries	1,406.9	1,440.4	1,522.5	1,531.1	1,563.1	1,610.2	1,679.6	1,769.1
% Ch	3.5	2.4	5.7	0.6	2.1	3.0	4.3	5.3
Proprietor's Income	1,133.0	1,090.4	1,097.9	941.2	1,036.4	1,109.4	1,167.8	1,232.9
% Ch	5.9	-3.8	0.7	-14.3	10.1	7.0	5.3	5.6
Farm	29.4	37.8	51.8	39.2	52.2	68.7	81.4	73.5
% Ch	...	...	...	...	...	...	...	...
Nonfarm	1,103.6	1,052.6	1,046.1	902.1	984.2	1,040.7	1,086.4	1,159.5
% Ch	7.6	-4.6	-0.6	-13.8	9.1	5.7	4.4	6.7
Less: Contribution For Govt. Soc. Ins.	921.8	959.5	987.3	964.1	986.8	924.3	1,090.0	1,175.5
% Ch	5.6	4.1	2.9	-2.3	2.4	-6.3	17.9	7.8
Dividends/Int./Rent	1,976.2	2,200.7	2,397.0	2,013.6	2,071.4	2,212.2	2,306.1	2,380.2
% Ch	14.9	11.4	8.9	-16.0	2.9	6.8	4.2	3.2
Transfer Payments	1,605.0	1,718.5	1,879.2	2,138.1	2,281.2	2,351.9	2,418.2	2,500.9
% Ch	6.4	7.1	9.4	13.8	6.7	3.1	2.8	3.4

Table A3.2

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

Forecast 2011 to 2013

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

Table A3.2 (continued)

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

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,994.9	13,078.5	13,198.1
% Ch, Annual Rate	6.9	6.3	4.2	4.1	8.8	4.7	2.6	3.7
Total Wage and Salary Disbursements	6,301.6	6,399.8	6,454.5	6,477.0	6,578.2	6,658.4	6,692.8	6,751.8
% Ch, Annual Rate	1.9	6.4	3.5	1.4	6.4	5.0	2.1	3.6
Nonwage Personal Income	5,836.1	5,925.8	5,998.7	6,100.6	6,268.7	6,336.5	6,385.7	6,446.3
% Ch, Annual Rate	12.5	6.3	5.0	7.0	11.5	4.4	3.1	3.9
Supplements to Wages and Salaries	1,550.9	1,560.2	1,567.7	1,573.7	1,594.4	1,605.6	1,613.1	1,627.5
% Ch, Annual Rate	4.7	2.4	1.9	1.5	5.4	2.9	1.9	3.6
Proprietor's Income	981.7	1,025.5	1,057.0	1,081.5	1,095.6	1,105.3	1,108.1	1,128.5
% Ch, Annual Rate	14.8	19.1	12.9	9.6	5.3	3.6	1.0	7.6
Farm	44.6	45.8	58.3	60.1	66.1	67.3	67.7	73.8
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	937.1	979.7	998.7	1,021.4	1,029.5	1,038.0	1,040.4	1,054.8
% Ch, Annual Rate	14.0	19.5	8.0	9.4	3.2	3.3	0.9	5.6
Less: Contribution For Govt. Soc. Ins.	976.0	985.7	991.5	994.1	911.5	923.0	927.9	934.8
% Ch, Annual Rate	6.2	4.0	2.4	1.1	-29.3	5.1	2.1	3.0
Dividends/Int./Rent	2,037.4	2,073.6	2,076.1	2,098.3	2,162.2	2,200.6	2,230.5	2,255.4
% Ch, Annual Rate	16.3	7.3	0.5	4.3	12.7	7.3	5.6	4.5
Transfer Payments	2,242.1	2,252.1	2,289.4	2,341.2	2,328.1	2,348.0	2,361.8	2,369.6
% Ch, Annual Rate	10.9	1.8	6.8	9.4	-2.2	3.5	2.4	1.3

Table A3.2 (continued)

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

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	13,209.4	13,332.1	13,464.2	13,600.3	13,705.2	13,869.5	14,037.3	14,206.3
% Ch, Annual Rate	0.3	3.8	4.0	4.1	3.1	4.9	4.9	4.9
Total Wage and Salary Disbursements	6,817.3	6,883.9	6,952.7	7,025.2	7,108.4	7,199.1	7,292.7	7,387.3
% Ch, Annual Rate	3.9	4.0	4.1	4.2	4.8	5.2	5.3	5.3
Nonwage Personal Income	6,392.1	6,448.2	6,511.5	6,575.1	6,596.8	6,670.4	6,744.5	6,819.0
% Ch, Annual Rate	-3.3	3.6	4.0	4.0	1.3	4.5	4.5	4.5
Supplements to Wages and Salaries	1,652.7	1,669.4	1,687.6	1,708.7	1,734.4	1,758.3	1,779.8	1,803.9
% Ch, Annual Rate	6.3	4.1	4.4	5.1	6.2	5.6	5.0	5.5
Proprietor's Income	1,143.5	1,161.6	1,175.9	1,190.3	1,203.8	1,223.7	1,242.3	1,262.0
% Ch, Annual Rate	5.4	6.5	5.0	5.0	4.6	6.8	6.2	6.5
Farm	78.0	82.5	83.2	82.0	77.8	74.5	72.2	69.4
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	1,065.6	1,079.1	1,092.7	1,108.3	1,126.0	1,149.2	1,170.1	1,192.6
% Ch, Annual Rate	4.2	5.2	5.1	5.8	6.6	8.5	7.5	7.9
Less: Contribution For Govt. Soc. Ins.	1,076.1	1,084.6	1,094.0	1,105.5	1,157.7	1,170.3	1,179.7	1,194.3
% Ch, Annual Rate	75.6	3.2	3.5	4.2	20.3	4.4	3.3	5.0
Dividends/Int./Rent	2,278.4	2,295.0	2,315.8	2,335.3	2,348.8	2,369.3	2,390.6	2,412.2
% Ch, Annual Rate	4.1	2.9	3.7	3.4	2.3	3.5	3.7	3.7
Transfer Payments	2,393.5	2,406.8	2,426.2	2,446.4	2,467.4	2,489.5	2,511.6	2,535.2
% Ch, Annual Rate	4.1	2.2	3.3	3.4	3.5	3.6	3.6	3.8

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

	2006	2007	2008	2009	2010	2011	2012	2013
Personal Income	252.092	272.625	289.063	281.172	288.612	302.630	311.845	325.982
% Ch	9.6	8.1	6.0	-2.7	2.6	4.9	3.0	4.5
Total Wage and Salary Disbursements	135.118	145.824	150.781	146.808	148.406	153.200	159.015	167.142
% Ch	8.4	7.9	3.4	-2.6	1.1	3.2	3.8	5.1
Manufacturing	16.794	17.630	17.921	16.731	16.828	17.830	18.780	19.878
% Ch	11.3	5.0	1.7	-6.6	0.6	6.0	5.3	5.8
Durable Manufacturing	13.051	13.770	14.074	13.136	13.266	14.226	15.081	16.055
% Ch	13.4	5.5	2.2	-6.7	1.0	7.2	6.0	6.5
Nondurable Manufacturing	3.742	3.860	3.847	3.595	3.562	3.604	3.699	3.822
% Ch	4.4	3.1	-0.3	-6.6	-0.9	1.2	2.6	3.3
Nonmanufacturing	112.859	122.543	126.533	123.609	124.890	128.524	133.369	140.383
% Ch	8.2	8.6	3.3	-2.3	1.0	2.9	3.8	5.3
Other Private Wages	0.855	0.880	0.898	0.841	0.836	0.861	0.881	0.912
% Ch	6.9	2.8	2.1	-6.4	-0.6	3.0	2.3	3.6
Farm Wages	1.133	1.126	1.399	1.437	1.476	1.515	1.564	1.634
% Ch	-4.1	-0.6	24.3	2.7	2.7	2.7	3.3	4.5
Military Wages	3.478	3.646	4.030	4.190	4.377	4.470	4.421	4.335
% Ch	5.4	4.8	10.5	4.0	4.5	2.1	-1.1	-1.9
Nonwage Personal Income	116.974	126.800	138.174	132.611	140.206	149.429	152.830	158.840
% Ch	11.0	8.4	9.0	-4.0	5.7	6.6	2.3	3.9
Supplements to Wages and Salaries	32.606	34.111	36.361	36.825	37.381	38.833	40.623	42.988
% Ch	4.5	4.6	6.6	1.3	1.5	3.9	4.6	5.8
Proprietor's Income	23.469	23.635	23.444	21.665	21.876	22.984	24.537	26.178
% Ch	9.9	0.7	-0.8	-7.6	1.0	5.1	6.8	6.7
Farm	0.653	1.098	1.010	0.502	0.732	0.794	1.299	1.278
% Ch	...	...	...	...	...	...	...	...
Nonfarm	22.817	22.537	22.326	19.409	21.144	22.190	23.238	24.900
% Ch	9.6	-1.2	-0.9	-13.1	8.9	4.9	4.7	7.2
Less: Contribution For Govt. Soc. Ins.	23.325	24.476	25.206	24.650	24.999	23.762	27.802	29.985
% Ch	6.2	4.9	3.0	-2.2	1.4	-5.0	17.0	7.9
Plus: Residence Adjustment	2.864	3.027	3.053	2.580	2.671	2.832	2.976	3.156
% Ch	6.7	5.7	0.9	-15.5	3.5	6.0	5.1	6.0
Dividends/Int./Rent	49.329	55.770	62.436	52.997	54.862	58.775	61.273	63.398
% Ch	16.7	13.1	12.0	-15.1	3.5	7.1	4.3	3.5
Transfer Payments	32.030	34.735	38.194	44.947	48.416	49.767	51.222	53.106
% Ch	7.5	8.4	10.0	17.7	7.7	2.8	2.9	3.7
State U.I. Benefits	0.733	0.739	1.196	3.649	4.093	3.157	2.707	2.010
% Ch	-6.2	0.7	62.0	205.0	12.2	-22.9	-14.3	-25.7
Other Transfers	31.297	33.996	36.998	41.298	44.323	46.610	48.516	51.095
% Ch	7.8	8.6	8.8	11.6	7.3	5.2	4.1	5.3

Table A3.4

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	286.768	289.695	292.214	287.575	280.806	281.487	280.468	281.927
% Ch, Annual Rate	8.0	4.1	3.5	-6.2	-9.1	1.0	-1.4	2.1
Total Wage and Salary Disbursements	150.712	150.457	152.149	149.807	146.581	147.256	146.553	146.840
% Ch, Annual Rate	0.9	-0.7	4.6	-6.0	-8.3	1.9	-1.9	0.8
Manufacturing	18.356	17.830	17.947	17.552	16.699	16.743	16.730	16.751
% Ch, Annual Rate	10.6	-11.0	2.7	-8.5	-18.1	1.1	-0.3	0.5
Durable Manufacturing	14.460	13.985	14.103	13.748	13.131	13.110	13.128	13.173
% Ch, Annual Rate	14.1	-12.5	3.4	-9.7	-16.8	-0.6	0.6	1.4
Nondurable Manufacturing	3.896	3.845	3.844	3.804	3.568	3.633	3.602	3.578
% Ch, Annual Rate	-1.2	-5.1	-0.1	-4.1	-22.6	7.5	-3.4	-2.6
Nonmanufacturing	126.182	126.388	127.769	125.791	123.473	124.079	123.260	123.624
% Ch, Annual Rate	-1.5	0.7	4.4	-6.1	-7.2	2.0	-2.6	1.2
Other Private Wages	0.881	0.878	0.887	0.947	0.828	0.819	0.901	0.816
% Ch, Annual Rate	7.1	-1.4	4.2	29.9	-41.6	-4.3	46.5	-32.7
Farm Wages	1.389	1.391	1.400	1.416	1.421	1.436	1.445	1.447
% Ch, Annual Rate	106.3	0.6	2.6	4.7	1.4	4.3	2.5	0.6
Military Wages	3.904	3.970	4.146	4.101	4.160	4.179	4.217	4.202
% Ch, Annual Rate	16.3	6.9	18.9	-4.3	5.9	1.8	3.7	-1.4
Nonwage Personal Income	136.205	139.426	139.984	137.080	132.787	132.382	131.946	133.328
% Ch, Annual Rate	17.1	9.8	1.6	-8.0	-12.0	-1.2	-1.3	4.3
Supplements to Wages and Salaries	35.696	36.116	36.894	36.738	36.875	36.895	36.799	36.731
% Ch, Annual Rate	7.4	4.8	8.9	-1.7	1.5	0.2	-1.0	-0.7
Proprietor's Income	24.143	23.524	23.444	22.665	21.590	21.330	21.769	21.971
% Ch, Annual Rate	10.0	-9.9	-1.4	-12.6	-17.7	-4.7	8.5	3.8
Farm	1.480	0.914	1.005	0.641	0.489	0.351	0.594	0.575
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	22.812	22.798	22.358	21.335	19.662	19.130	19.206	19.638
% Ch, Annual Rate	12.1	-0.2	-7.5	-17.1	-27.9	-10.4	1.6	9.3
Less: Contribution For Govt. Soc. Ins.	25.283	25.138	25.371	25.032	24.817	24.778	24.553	24.451
% Ch, Annual Rate	3.6	-2.3	3.8	-5.2	-3.4	-0.6	-3.6	-1.7
Plus: Residence Adjustment	3.097	3.093	3.034	2.986	2.608	2.584	2.555	2.571
% Ch, Annual Rate	4.7	-0.5	-7.4	-6.2	-41.8	-3.6	-4.4	2.5
Dividends/Int./Rent	61.779	62.822	63.906	61.238	55.863	52.767	51.514	51.845
% Ch, Annual Rate	23.0	6.9	7.1	-15.7	-30.7	-20.4	-9.2	2.6
Transfer Payments	36.624	38.821	38.159	39.174	42.106	45.432	45.832	46.419
% Ch, Annual Rate	11.6	26.2	-6.7	11.1	33.5	35.5	3.6	5.2
State U.I. Benefits	0.868	0.934	1.273	1.711	2.536	3.567	4.192	4.303
% Ch, Annual Rate	28.5	34.1	245.3	226.4	382.4	291.8	90.7	11.0
Other Transfers	35.756	37.887	36.886	37.463	39.570	41.865	41.640	42.116
% Ch, Annual Rate	11.3	26.1	-10.2	6.4	24.5	25.3	-2.1	4.7

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2011:3	2011:4
Personal Income	282.856	286.438	290.500	294.654	298.625	301.242	304.048	306.603
% Ch, Annual Rate	1.3	5.2	5.8	5.8	5.5	3.6	3.8	3.4
Total Wage and Salary Disbursements	145.645	147.084	149.637	151.260	151.555	152.426	153.921	154.899
% Ch, Annual Rate	-3.2	4.0	7.1	4.4	0.8	2.3	4.0	2.6
Manufacturing	16.167	16.650	17.197	17.297	17.900	17.460	17.866	18.094
% Ch, Annual Rate	-13.2	12.5	13.8	2.3	14.7	-9.5	9.6	5.2
Durable Manufacturing	12.665	13.111	13.575	13.712	14.350	13.851	14.236	14.469
% Ch, Annual Rate	-14.5	14.8	14.9	4.1	19.9	-13.2	11.6	6.7
Nondurable Manufacturing	3.502	3.539	3.622	3.585	3.551	3.609	3.631	3.624
% Ch, Annual Rate	-8.3	4.3	9.7	-4.1	-3.8	6.8	2.4	-0.7
Nonmanufacturing	122.833	123.764	125.717	127.245	126.865	128.132	129.175	129.923
% Ch, Annual Rate	-2.5	3.1	6.5	5.0	-1.2	4.1	3.3	2.3
Other Private Wages	0.812	0.817	0.845	0.870	0.857	0.859	0.862	0.866
% Ch, Annual Rate	-1.7	2.4	14.2	12.6	-5.8	1.0	1.3	1.9
Farm Wages	1.459	1.470	1.481	1.492	1.502	1.510	1.519	1.530
% Ch, Annual Rate	3.4	3.1	3.0	3.0	2.7	2.1	2.4	2.9
Military Wages	4.373	4.382	4.397	4.355	4.430	4.464	4.499	4.487
% Ch, Annual Rate	17.3	0.8	1.4	-3.8	7.1	3.1	3.2	-1.1
Nonwage Personal Income	137.211	139.354	140.863	143.394	147.071	148.816	150.127	151.704
% Ch, Annual Rate	12.2	6.4	4.4	7.4	10.7	4.8	3.6	4.3
Supplements to Wages and Salaries	37.135	37.147	37.567	37.675	38.450	38.689	38.924	39.270
% Ch, Annual Rate	4.5	0.1	4.6	1.2	8.5	2.5	2.5	3.6
Proprietor's Income	20.776	21.674	22.294	22.760	22.537	22.856	23.014	23.529
% Ch, Annual Rate	-20.1	18.5	12.0	8.6	-3.9	5.8	2.8	9.2
Farm	0.552	0.582	0.841	0.954	0.601	0.730	0.828	1.019
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	20.223	21.092	21.454	21.807	21.936	22.126	22.187	22.510
% Ch, Annual Rate	12.5	18.3	7.0	6.7	2.4	3.5	1.1	6.0
Less: Contribution For Govt. Soc. Ins.	24.778	24.861	25.139	25.220	23.439	23.714	23.873	24.021
% Ch, Annual Rate	5.5	1.3	4.6	1.3	-25.4	4.8	2.7	2.5
Plus: Residence Adjustment	2.632	2.673	2.679	2.700	2.769	2.831	2.847	2.882
% Ch, Annual Rate	9.8	6.4	0.9	3.2	10.6	9.3	2.2	5.1
Dividends/Int./Rent	53.949	54.942	54.919	55.635	57.515	58.474	59.224	59.887
% Ch, Annual Rate	17.2	7.6	-0.2	5.3	14.2	6.8	5.2	4.6
Transfer Payments	47.498	47.779	48.543	49.844	49.239	49.680	49.992	50.158
% Ch, Annual Rate	9.6	2.4	6.5	11.2	-4.8	3.6	2.5	1.3
State U.I. Benefits	4.404	4.174	3.983	3.810	3.479	3.115	3.000	3.034
% Ch, Annual Rate	9.8	-19.3	-17.1	-16.3	-30.4	-35.8	-13.9	4.6
Other Transfers	43.094	43.605	44.559	46.034	45.760	46.566	46.992	47.124
% Ch, Annual Rate	9.6	4.8	9.1	13.9	-2.4	7.2	3.7	1.1

Table A3.4 (continued)

Washington Personal Income by Component (Billions of Dollars)

Forecast 2011 to 2013

	2012:1	2012:2	2012:3	2012:4	2013:1	2013:2	2013:3	2013:4
Personal Income	306.885	309.980	313.765	316.749	319.348	323.624	328.551	332.407
% Ch, Annual Rate	0.4	4.1	5.0	3.9	3.3	5.5	6.2	4.8
Total Wage and Salary Disbursements	156.386	158.025	160.163	161.488	163.415	165.765	168.744	170.644
% Ch, Annual Rate	3.9	4.3	5.5	3.3	4.9	5.9	7.4	4.6
Manufacturing	18.341	18.656	18.930	19.195	19.482	19.765	20.002	20.261
% Ch, Annual Rate	5.6	7.1	6.0	5.7	6.1	5.9	4.9	5.3
Durable Manufacturing	14.691	14.973	15.209	15.452	15.716	15.967	16.163	16.377
% Ch, Annual Rate	6.3	7.9	6.4	6.5	7.0	6.5	5.0	5.4
Nondurable Manufacturing	3.649	3.683	3.721	3.743	3.767	3.798	3.839	3.885
% Ch, Annual Rate	2.8	3.7	4.2	2.4	2.6	3.4	4.3	4.9
Nonmanufacturing	131.126	132.489	134.378	135.482	137.038	139.113	141.856	143.523
% Ch, Annual Rate	3.8	4.2	5.8	3.3	4.7	6.2	8.1	4.8
Other Private Wages	0.872	0.878	0.883	0.889	0.898	0.907	0.917	0.926
% Ch, Annual Rate	2.9	2.5	2.6	2.8	4.0	4.1	4.3	4.1
Farm Wages	1.544	1.557	1.571	1.585	1.604	1.624	1.644	1.664
% Ch, Annual Rate	3.8	3.5	3.6	3.7	4.8	5.0	5.1	4.9
Military Wages	4.503	4.445	4.400	4.336	4.392	4.357	4.324	4.269
% Ch, Annual Rate	1.5	-5.1	-3.9	-5.7	5.3	-3.2	-2.9	-5.1
Nonwage Personal Income	150.499	151.956	153.602	155.262	155.933	157.859	159.807	161.764
% Ch, Annual Rate	-3.1	3.9	4.4	4.4	1.7	5.0	5.0	5.0
Supplements to Wages and Salaries	39.942	40.366	40.828	41.356	42.068	42.697	43.276	43.910
% Ch, Annual Rate	7.0	4.3	4.7	5.3	7.1	6.1	5.5	6.0
Proprietor's Income	23.922	24.372	24.742	25.112	25.471	25.958	26.407	26.876
% Ch, Annual Rate	6.9	7.7	6.2	6.1	5.8	7.9	7.1	7.3
Farm	1.162	1.302	1.359	1.375	1.326	1.288	1.267	1.231
% Ch, Annual Rate	...	...	...	...	...	...	...	...
Nonfarm	22.761	23.070	23.383	23.737	24.145	24.670	25.141	25.645
% Ch, Annual Rate	4.5	5.6	5.5	6.2	7.1	9.0	7.9	8.3
Less: Contribution For Govt. Soc. Ins.	27.461	27.666	27.899	28.182	29.501	29.843	30.106	30.489
% Ch, Annual Rate	70.8	3.0	3.4	4.1	20.1	4.7	3.6	5.2
Plus: Residence Adjustment	2.917	2.956	2.995	3.037	3.080	3.130	3.180	3.232
% Ch, Annual Rate	5.0	5.3	5.5	5.7	5.9	6.5	6.6	6.7
Dividends/Int./Rent	60.506	60.962	61.538	62.087	62.485	63.077	63.698	64.333
% Ch, Annual Rate	4.2	3.0	3.8	3.6	2.6	3.8	4.0	4.0
Transfer Payments	50.672	50.967	51.398	51.852	52.330	52.839	53.351	53.902
% Ch, Annual Rate	4.2	2.3	3.4	3.6	3.7	3.9	3.9	4.2
State U.I. Benefits	2.914	2.785	2.642	2.486	2.306	2.108	1.910	1.718
% Ch, Annual Rate	-14.9	-16.5	-19.1	-21.6	-26.0	-30.1	-32.7	-34.5
Other Transfers	47.759	48.181	48.757	49.366	50.024	50.731	51.442	52.185
% Ch, Annual Rate	5.5	3.6	4.9	5.1	5.4	5.8	5.7	5.9

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

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	0.247	4.2	0.405	4.2	0.382	2.1
1972	0.255	3.4	0.418	3.3	0.393	2.9
1973	0.269	5.4	0.444	6.3	0.418	6.4
1974	0.297	10.4	0.493	11.0	0.464	11.0
1975	0.322	8.3	0.538	9.1	0.511	10.2
1976	0.339	5.5	0.569	5.8	0.540	5.5
1977	0.361	6.5	0.606	6.5	0.583	8.0
1978	0.387	7.0	0.652	7.6	0.640	9.9
1979	0.421	8.9	0.726	11.3	0.709	10.8
1980	0.466	10.8	0.824	13.5	0.827	16.7
1981	0.508	8.8	0.909	10.4	0.916	10.8
1982	0.536	5.5	0.965	6.2	0.978	6.7
1983	0.559	4.3	0.996	3.2	0.993	1.5
1984	0.580	3.8	1.039	4.4	1.030	3.8
1985	0.599	3.3	1.076	3.5	1.056	2.5
1986	0.613	2.4	1.097	1.9	1.066	1.0
1987	0.636	3.7	1.136	3.6	1.092	2.4
1988	0.661	4.0	1.183	4.1	1.128	3.3
1989	0.690	4.4	1.239	4.8	1.181	4.7
1990	0.722	4.6	1.307	5.4	1.268	7.3
1991	0.748	3.6	1.362	4.2	1.341	5.8
1992	0.770	2.9	1.403	3.0	1.390	3.7
1993	0.787	2.2	1.445	3.0	1.429	2.8
1994	0.803	2.1	1.482	2.6	1.478	3.4
1995	0.821	2.2	1.524	2.8	1.522	3.0
1996	0.839	2.2	1.569	2.9	1.575	3.4
1997	0.854	1.9	1.605	2.3	1.630	3.5
1998	0.862	0.9	1.630	1.5	1.677	2.9
1999	0.876	1.6	1.666	2.2	1.728	3.0
2000	0.898	2.5	1.722	3.4	1.792	3.7
2001	0.915	1.9	1.770	2.8	1.857	3.6
2002	0.928	1.4	1.799	1.6	1.893	2.0
2003	0.947	2.0	1.840	2.3	1.924	1.6
2004	0.971	2.6	1.889	2.7	1.947	1.2
2005	1.000	3.0	1.953	3.4	2.002	2.8
2006	1.027	2.7	2.016	3.2	2.076	3.7
2007	1.055	2.7	2.073	2.9	2.157	3.9
2008	1.089	3.3	2.153	3.8	2.247	4.2
2009	1.092	0.2	2.145	-0.3	2.260	0.6
2010	1.111	1.8	2.181	1.6	2.267	0.3
Forecast						
2011	1.137	2.3	2.247	3.0	2.317	2.2
2012	1.150	1.1	2.273	1.2	2.338	0.9
2013	1.166	1.4	2.308	1.5	2.374	1.5

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index for all Urban Consumers

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

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

Statistics and Bureau of Economic Analysis.

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

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1971	19.284	5.5	25.847	2.3	8.320	6.4	14.588	0.7
1972	20.102	4.2	27.079	4.8	8.372	0.6	14.777	1.3
1973	21.077	4.9	30.506	12.7	9.596	14.6	16.190	9.6
1974	22.866	8.5	35.145	15.2	15.249	58.9	21.871	35.1
1975	24.834	8.6	37.788	7.5	16.546	8.5	23.339	6.7
1976	26.556	6.9	38.490	1.9	17.748	7.3	24.331	4.2
1977	28.558	7.5	40.757	5.9	20.082	13.2	25.740	5.8
1978	30.778	7.8	44.657	9.6	21.234	5.7	26.858	4.3
1979	33.350	8.4	49.043	9.8	29.275	37.9	35.994	34.0
1980	36.802	10.3	53.166	8.4	41.107	40.4	49.955	38.8
1981	40.555	10.2	56.954	7.1	50.292	22.3	55.584	11.3
1982	43.709	7.8	58.452	2.6	49.320	-1.9	52.773	-5.1
1983	46.430	6.2	59.124	1.1	45.470	-7.8	51.047	-3.3
1984	48.847	5.2	60.900	3.0	46.482	2.2	50.283	-1.5
1985	51.049	4.5	61.563	1.1	44.670	-3.9	50.689	0.8
1986	53.375	4.6	63.012	2.4	34.976	-21.7	39.810	-21.5
1987	55.409	3.8	65.000	3.2	35.885	2.6	41.340	3.8
1988	58.123	4.9	66.939	3.0	35.869	0.0	41.691	0.8
1989	60.840	4.7	70.469	5.3	38.004	6.0	45.539	9.2
1990	63.808	4.9	73.911	4.9	45.768	20.4	51.843	13.8
1991	66.581	4.3	76.232	3.1	43.574	-4.8	51.162	-1.3
1992	69.236	4.0	76.817	0.8	41.800	-4.1	50.963	-0.4
1993	71.294	3.0	77.891	1.4	41.512	-0.7	50.446	-1.0
1994	73.200	2.7	79.195	1.7	40.757	-1.8	50.685	0.5
1995	75.365	3.0	80.912	2.2	40.377	-0.9	51.491	1.6
1996	77.473	2.8	83.380	3.1	45.763	13.3	54.646	6.1
1997	79.812	3.0	84.969	1.9	45.838	0.2	54.634	0.0
1998	81.689	2.4	86.037	1.3	40.620	-11.4	47.556	-13.0
1999	83.509	2.2	87.446	1.6	41.316	1.7	51.789	8.9
2000	85.818	2.8	89.499	2.3	60.575	46.6	66.170	27.8
2001	88.422	3.0	92.130	2.9	59.392	-2.0	63.776	-3.6
2002	90.801	2.7	93.542	1.5	52.949	-10.8	59.916	-6.1
2003	93.686	3.2	95.296	1.9	64.078	21.0	69.783	16.5
2004	96.688	3.2	98.255	3.1	74.588	16.4	82.086	17.6
2005	100.000	3.4	100.000	1.8	100.000	34.1	100.000	21.8
2006	103.415	3.4	101.688	1.7	114.203	14.2	112.842	12.8
2007	106.981	3.4	105.647	3.9	123.490	8.1	123.921	9.8
2008	110.584	3.4	112.066	6.1	168.372	36.3	144.927	17.0
2009	112.353	1.6	113.494	1.3	114.129	-32.2	106.069	-26.8
2010	114.464	1.9	113.853	0.3	133.927	17.3	125.441	18.3
Forecast								
2011	116.345	1.6	117.705	3.4	171.759	28.2	158.628	26.5
2012	118.186	1.6	119.743	1.7	163.055	-5.1	149.641	-5.7
2013	120.380	1.9	120.815	0.9	163.549	0.3	148.237	-0.9

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

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.6	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5974.9	80.8	1.4	80.7	43.9	44.0
2002	6041.7	66.8	1.1	79.3	44.9	32.4
2003	6098.3	56.6	0.9	79.1	44.7	22.3
2004	6167.8	69.5	1.1	81.0	46.0	34.6
2005	6256.4	88.6	1.4	81.8	45.6	52.4
2006	6375.6	119.2	1.9	83.2	45.3	81.3
2007	6488.0	112.4	1.8	87.8	46.2	70.8
2008	6587.6	99.6	1.5	89.6	47.9	58.0
2009	6668.2	80.6	1.2	89.8	48.1	38.9
2010	6733.3	65.1	1.0	89.1	48.2	24.1
Forecast						
2011	6801.4	68.2	1.0	89.3	49.3	28.2
2012	6878.0	76.5	1.1	91.1	50.6	36.0
2013	6968.6	90.6	1.3	92.2	51.9	50.3

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	<u>2008</u>	<u>Actual 2009</u>	<u>2010</u>	<u>2011</u>	<u>Forecast 2012</u>	<u>2013</u>
Total Population	6587.6	6668.2	6733.3	6801.4	6878.0	6968.6
Percent Change	1.5	1.2	1.0	1.0	1.1	1.3
Age 17 and Under	1577.1	1581.9	1582.3	1585.5	1595.9	1612.3
Percent of Total	23.9	23.7	23.5	23.3	23.2	23.1
Age 6-18	1155.9	1152.3	1147.2	1144.1	1144.1	1154.1
Percent of Total	17.5	17.3	17.0	16.8	16.6	16.6
Age 18 and Over	5010.5	5086.3	5151.0	5216.0	5282.0	5356.2
Percent of Total	76.1	76.3	76.5	76.7	76.8	76.9
Age 21 and Over	4726.9	4798.5	4861.3	4928.7	4999.8	5078.1
Percent of Total	71.8	72.0	72.2	72.5	72.7	72.9
Age 20-34	1365.1	1389.8	1408.1	1429.9	1451.9	1476.4
Percent of Total	20.7	20.8	20.9	21.0	21.1	21.2
Age 18-64	4238.5	4288.5	4327.6	4368.7	4393.2	4425.1
Percent of Total	64.3	64.3	64.3	64.2	63.9	63.5
Age 65 and Over	772.0	797.7	823.4	847.3	888.9	931.1
Percent of Total	11.7	12.0	12.2	12.5	12.9	13.4

* As of April 1 of Each Year

Source: Office of Financial Management

Table A6.1
Summary of National and State Indicators

Indicator	Latest Data	Indication*
U.S. Leading Index	August 2011	+
U.S. Real GDP Growth	2nd quarter 2011	+
U.S. ISM Index	August 2011	-
U.S. Employment YoY%Δ	August 2011	-
U.S. Unemployment Rate	August 2011	unchanged
U.S. Job Openings	July 2011	+
U.S. Fed Funds Target	September 2011	unchanged
U.S. Consumer Confidence	August 2011	-
U.S. Light Vehicle Sales	August 2011	-
U.S. CPI	August 2011	-
U.S. Monster Employment Index	August 2011	+
S&P 500 Index	September 2011	-
WA Leading Index	July 2011	+
WA ISM-WW Index	August 2011	-
WA Help Wanted Index	August 2011	unchanged
WA Employment YoY%Δ	August 2011	-
WA Aerospace Empl. YoY%Δ	August 2011	+
WA Unemployment Rate	August 2011	unchanged
WA Business Cycle Indicator	July 2011	+
WA Initial Unemploy. Claims	August 2011	+
WA Housing Permits	July 2011	+
WA Weekly Hours in Mfg.	August 2011	-
WA New Vehicle Registration	August 2011	-
WA In-Migration	August 2011	-
WA Exports-Total	2nd quarter 2011	+
WA Exports- w/o Trans. Equip.	2nd quarter 2011	+
Seattle CPI	August 2011	+
Seattle Monster Employment Index	August 2011	unchanged

*Change from the previous reading

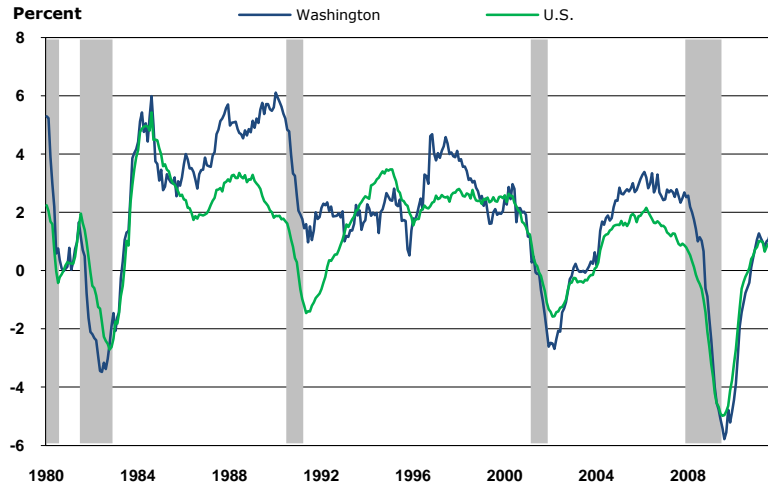
Table A6.2
Washington Business Indicators
 Historical Data

	WA Index of Leading Indicators	U.S. Index of Leading Indicators	WA State Help-Wanted Index	WA Purchasing Management Index	U.S. Purchasing Management Index
2007:01	113.1	104.6	116.5	66.4	49.9
2007:02	114.7	104.3	119.8	62.3	52.0
2007:03	114.5	104.7	123.7	64.9	51.3
2007:04	115.0	104.5	127.1	68.4	52.6
2007:05	116.3	104.6	131.7	69.6	52.3
2007:06	115.9	104.4	129.7	67.8	52.4
2007:07	116.5	104.7	127.1	65.4	51.7
2007:08	116.7	104.1	129.1	64.3	50.2
2007:09	117.5	104.1	132.8	58.1	50.0
2007:10	117.7	103.8	131.5	56.8	50.9
2007:11	118.0	103.5	132.7	53.0	51.5
2007:12	117.5	103.4	127.0	58.7	49.0
2008:01	116.5	102.8	120.0	66.7	51.1
2008:02	117.7	102.4	117.4	62.3	48.9
2008:03	118.3	102.4	124.8	55.2	49.0
2008:04	118.8	102.3	123.4	65.0	48.8
2008:05	117.7	102.1	118.8	60.3	48.8
2008:06	118.1	102.2	118.2	63.8	49.0
2008:07	116.9	101.1	112.3	60.2	49.6
2008:08	116.0	100.3	111.2	65.3	48.0
2008:09	115.3	100.2	111.5	48.6	43.8
2008:10	112.9	99.2	106.5	50.9	39.0
2008:11	110.6	98.5	100.8	50.0	36.9
2008:12	110.5	98.2	98.0	42.3	33.3
2009:01	109.8	98.1	92.7	52.8	35.7
2009:02	107.3	97.7	88.2	48.1	36.0
2009:03	105.6	97.4	79.2	40.9	36.6
2009:04	106.5	98.6	78.3	46.7	39.9
2009:05	107.4	99.9	77.6	48.5	41.9
2009:06	108.1	100.6	77.1	50.2	44.7
2009:07	108.6	101.7	79.2	46.7	49.0
2009:08	109.3	102.5	78.8	53.2	51.4
2009:09	109.8	103.6	79.0	52.9	53.2
2009:10	110.4	104.0	78.7	59.5	55.8
2009:11	111.7	105.1	82.0	54.8	54.7
2009:12	112.2	106.2	83.5	61.4	56.4
2010:01	113.0	106.7	85.4	63.0	58.3
2010:02	112.5	107.2	86.4	56.0	57.1
2010:03	113.7	108.6	89.1	56.1	60.4
2010:04	113.9	108.6	92.2	63.2	59.6
2010:05	113.7	109.0	92.8	62.4	57.8
2010:06	113.8	108.8	96.1	63.0	55.3
2010:07	114.6	109.0	96.2	55.9	55.1
2010:08	114.9	109.1	93.0	58.6	55.2
2010:09	115.4	109.9	93.7	60.3	55.3
2010:10	116.5	110.1	95.4	65.8	56.9
2010:11	117.6	111.4	95.4	60.4	58.2
2010:12	118.1	112.3	96.3	61.0	58.5
2011:01	118.7	112.5	101.8	68.0	60.8
2011:02	118.5	113.5	100.3	70.5	61.4
2011:03	119.8	114.3	100.3	65.5	61.2
2011:04	121.9	114.0	104.8	68.2	60.4
2011:05	122.2	114.8	102.3	64.7	53.5

Figure A7.1: Washington State Economic Indicators

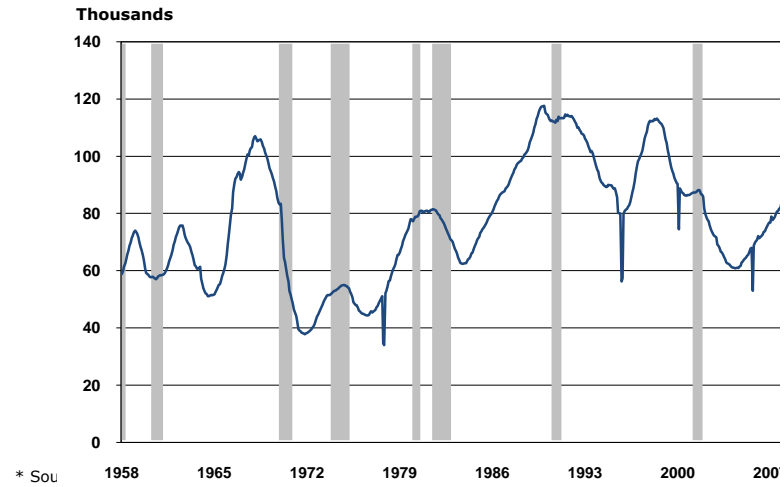
Year-over-Year Employment Growth

January 1980 to August 2011



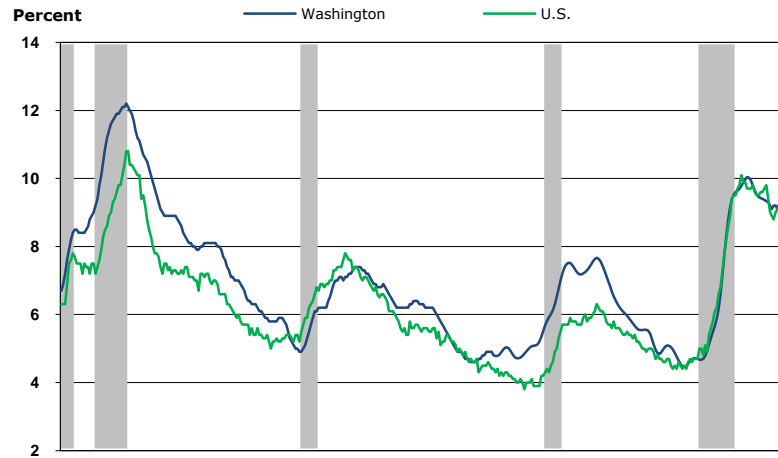
Washington Aircraft and Parts Employment

January 1958 to August 2011



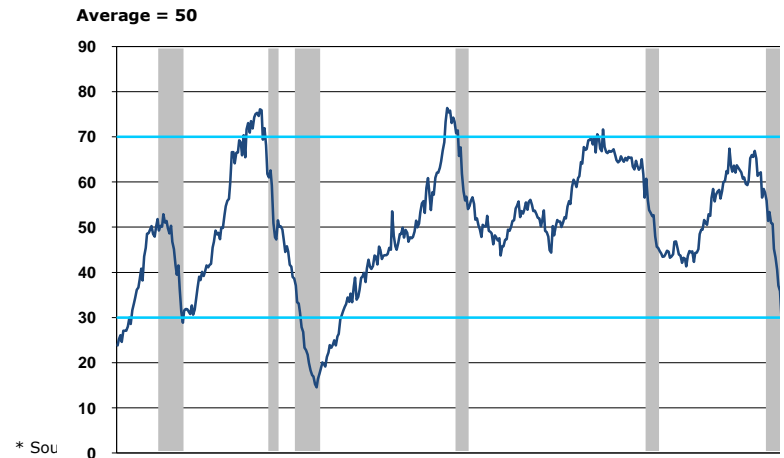
Unemployment Rate, S.A.

January 1980 to August 2011



Washington Business Cycle Indicator

October 2003 to July 2011, SA

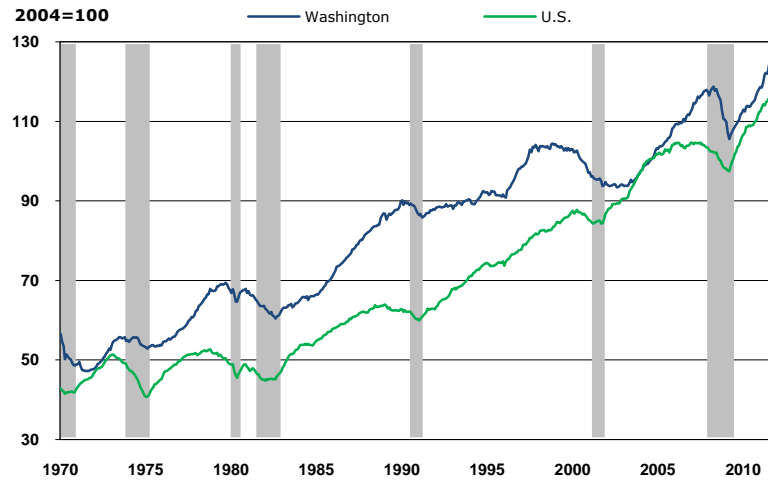


* Shaded areas correspond with national recessions.

Figure A7.2: Washington State Leading Indicators

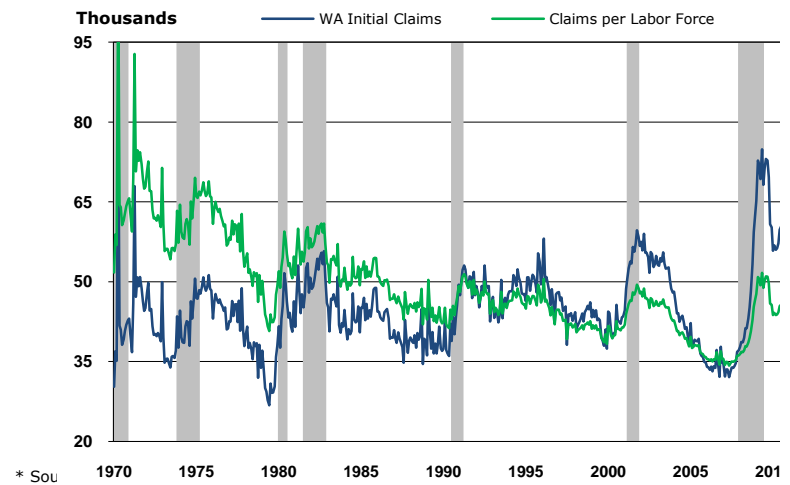
The Washington and U.S. Indexes of Leading Indicators

January 1970 to August 2011



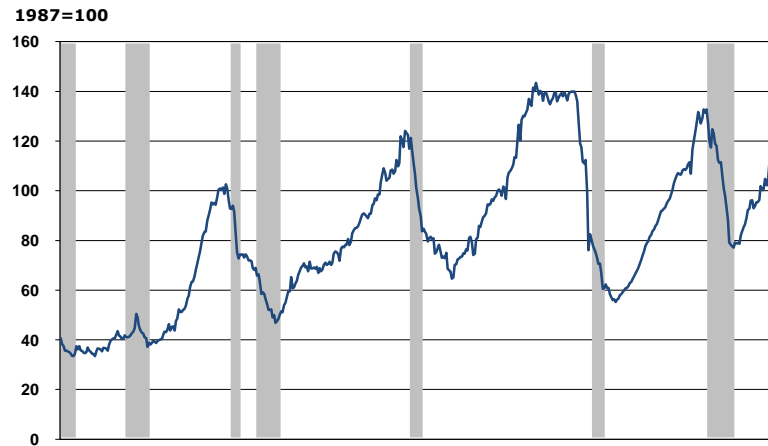
Washington Initial Claims for Unemployment Insurance

January 1970 to August 2011, S.A.



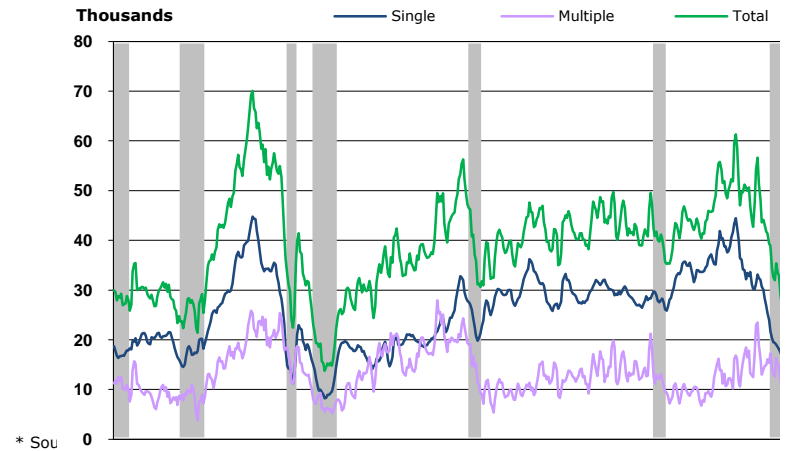
WA State Help Wanted Index

January 1970 to August 2011



Housing Units Authorized in Washington State

January 1970 to July 2011, SA

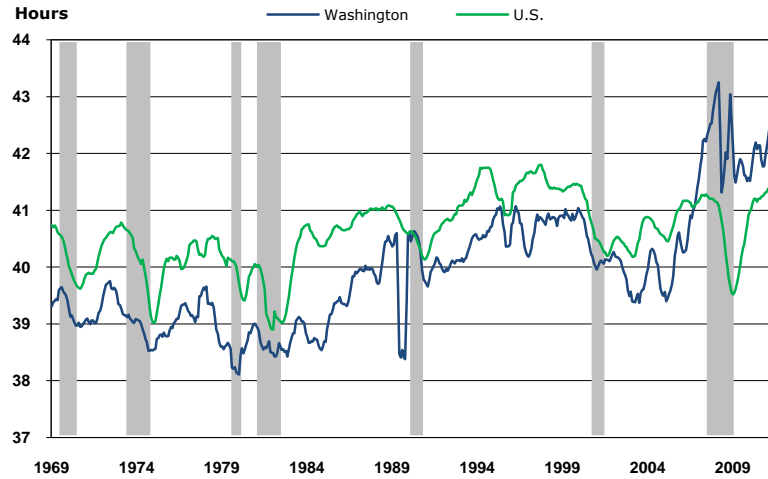


* Shaded areas correspond with national recessions.

Figure A7.3: Other State Economic Indicators

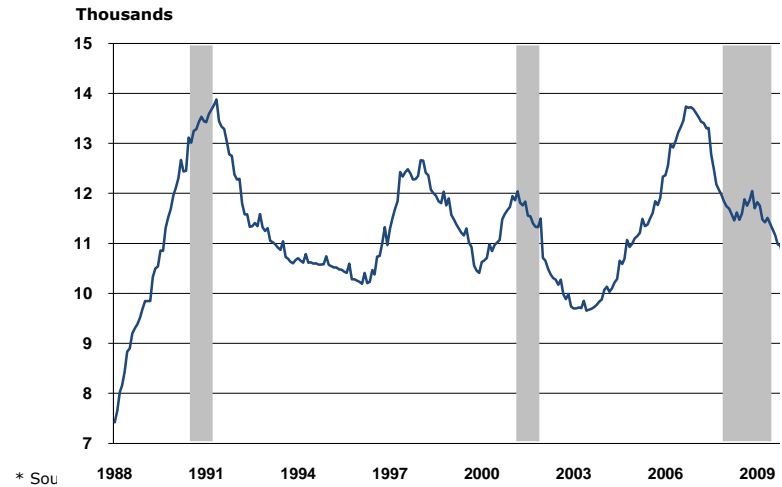
Average Weekly Hours in Manufacturing

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



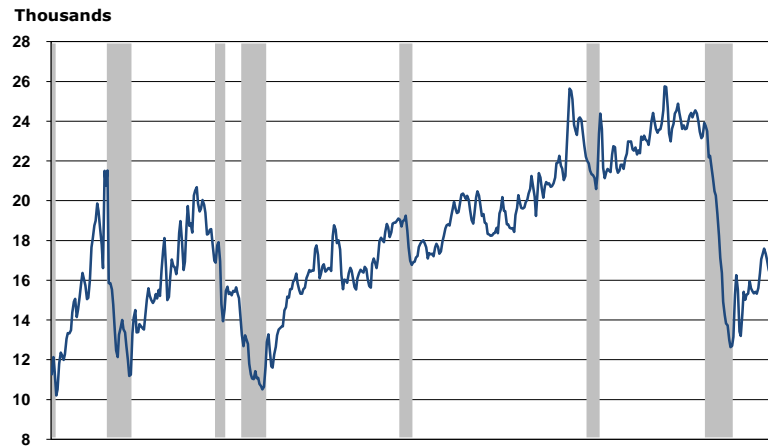
Washington Driver's License In-Migration

January 1988 to August 2011, 12-Month Moving Average



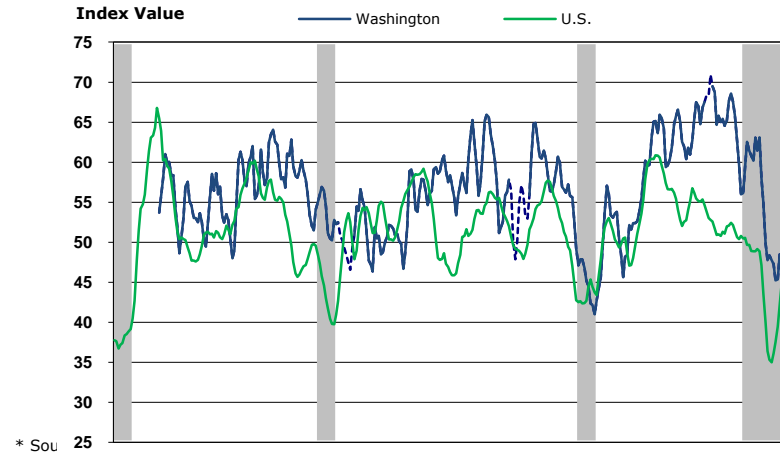
New Car and Truck Registrations in Washington

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



Institute for Supply Management Index

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

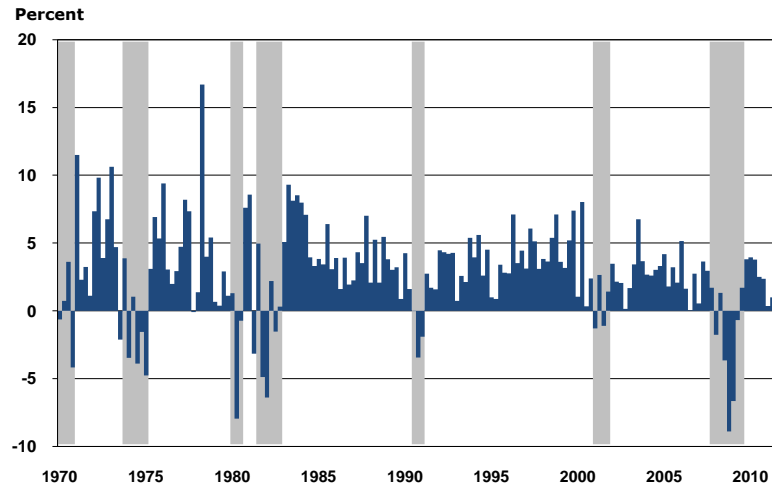


* Shaded areas correspond with national recessions.

Figure A7.3: Other Economic Indicators

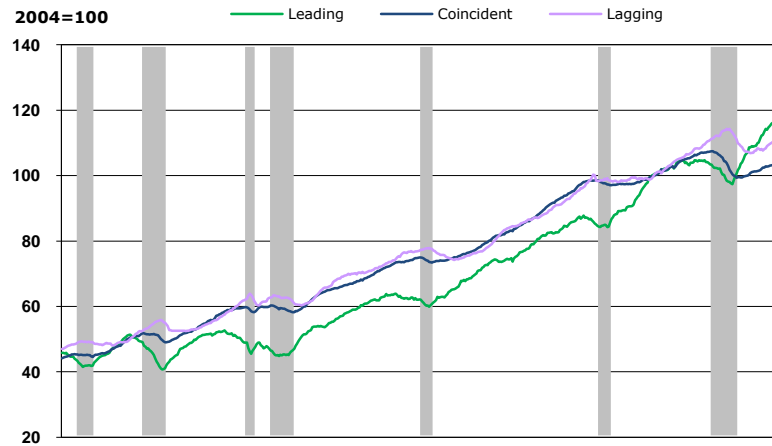
Quarterly U.S. Real GDP Growth

1970Q1 to 2011Q2



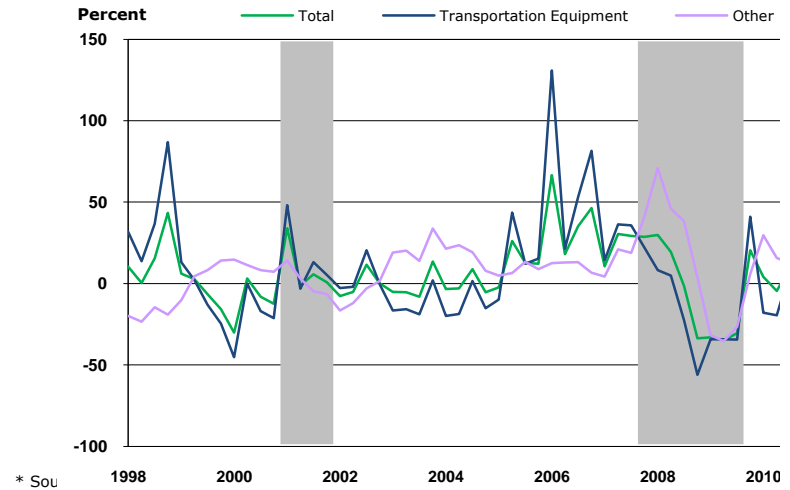
U.S. Economic Indicators

January 1969 to August 2011



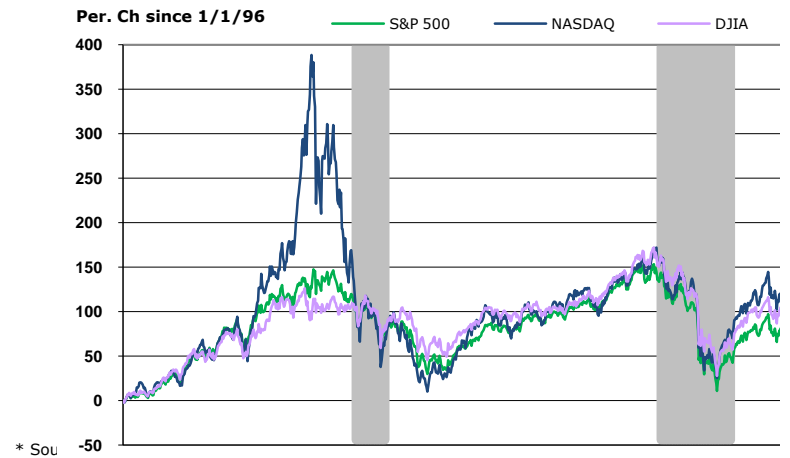
Washington State Export Composition

1998Q1 to 2011Q2, Change from Same Quarter Year Ago



National Stock Indexes

January 3, 1996 to September 16, 2011

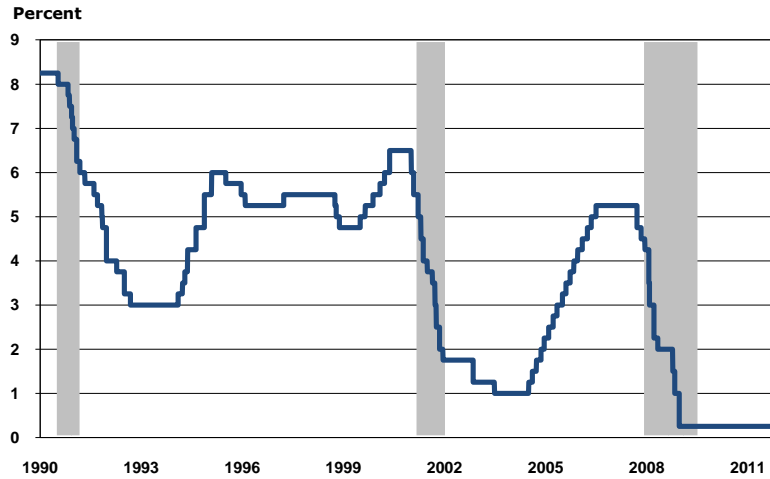


* Shaded areas correspond with national recessions.

Figure A7.3: Other Economic Indicators

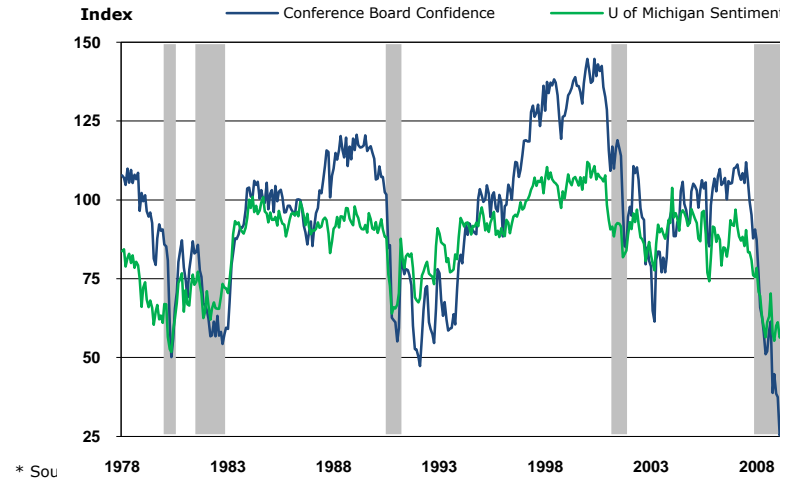
Federal Funds Target Rate

January 1, 1990 to September 20, 2011



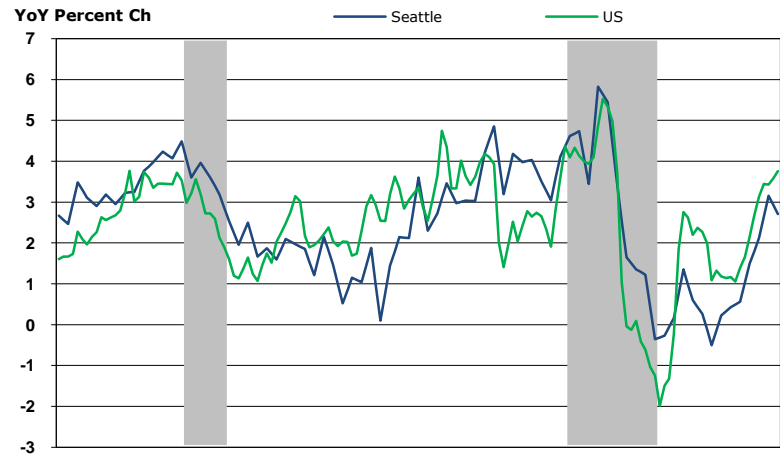
Consumer Confidence

March 1978 to September 2011



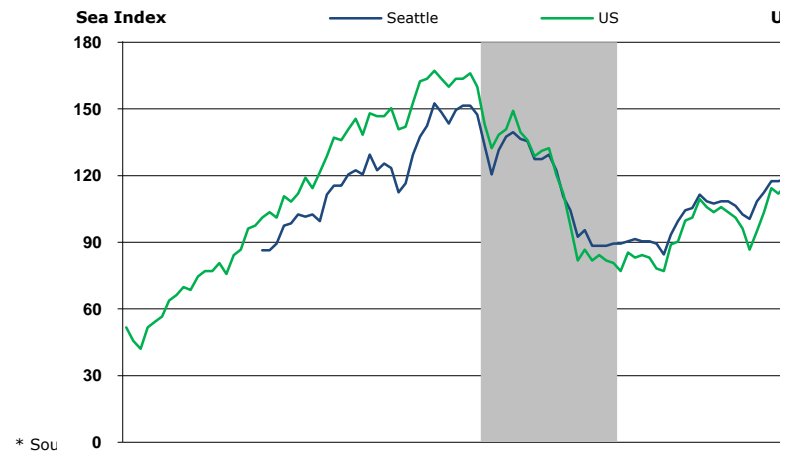
Seattle vs U.S. CPI (All Urban Consumers)

December 1998 to August 2011



Monster Employment Index

October 2003 to August 2011, SA



* Shaded areas correspond with national recessions.



Glossary

Biennium: The state's two years budget cycle. The current 2009-2011 biennium started July 1, 2009 and ends June 30, 2011.

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

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

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

Fiscal Year: The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 2009, for example, ran from July 1, 2008 through June 30, 2009.

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

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

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

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

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

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

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

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

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

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

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