



CHAPTER 4

Long-Term Forecast of Washington Personal Income

TRENDS IN WASHINGTON PERSONAL INCOME reflect the state's economic, labor force, and population growth. For private businesses, the size and composition of personal income provide a good measure of consumer demand and market potential. For governments, personal income is an important indicator for monitoring state economic conditions, anticipating tax revenues, and assessing the level of services required.

Per capita personal income is often used to assess the economic well being of state residents. Trends in state per capita income reflect local economic changes, poverty status, business climate, standard of living, and the state's obligation and ability to finance the means-tested entitlement programs.

Total Personal Income Trends

In 2009, total personal income in Washington was \$254.2 billion (in 2005 dollars). After adjusting for inflation, total state personal income in 2009 was more than four times the 1975 level, increasing at an average annual rate of 3.7 percent over the past three decades (see Table 4-1 on the following page). Total personal income in the state, inflation-adjusted, is projected to grow an average 3.0 percent a year between 2009 and 2030, a noteworthy slowdown from past growth. The anticipated slowdown in total personal income growth reflects expected slower growth in state population and labor force, which act to offset expected productivity and per capita income increases.

In 2009, Washington State accounted for 2.3 percent of the nation's total personal income, a significant increase from the 1.8 percent share in 1975. The share increased because the state economy and population have been expanding faster than for the nation as a whole. In the future, economic and population growth in the state is expected to be closer to that for the nation and, as a result, Washington's personal income will continue to represent about 2.3 percent of the nation's total personal (see Figure 4-1).

Personal income growth fluctuates with the business cycle. From a long-term perspective, personal income growth in Washington closely mirrors the national trend, but with more erratic and volatile short-term movements (see Figure 4-2). Excluding the cyclical peaks and troughs, state personal income growth has fluctuated within a range of two to four percent. In the future, more stable income growth is expected due to the declining role of cyclical industries and the growing diversification of the state economy.

2010 LONG-TERM ECONOMIC AND LABOR FORCE FORECAST

Table 4-1
Personal Income Trends: Washington and U.S.

Year	-----Total Personal Income (2000\$)-----				-----Per Capita Income (2000\$)-----			
	Washington (Billions)	Annual Change (%)	U.S. (Billions)	Annual Change (%)	Washington	Annual Change (%)	U.S.	Annual Change (%)
1975	\$73.63	----	\$4,146.79	----	\$20,492	----	\$19,194	----
1976	\$78.03	6.0%	\$4,342.86	4.7%	\$21,288	3.9%	\$19,907	3.7%
1977	\$81.47	4.4%	\$4,514.01	3.9%	\$21,662	1.8%	\$20,480	2.9%
1978	\$88.70	8.9%	\$4,746.32	5.1%	\$22,802	5.3%	\$21,307	4.0%
1979	\$93.98	5.9%	\$4,889.32	3.0%	\$23,282	2.1%	\$21,704	1.9%
1980	\$96.51	2.7%	\$4,933.43	0.9%	\$23,151	-0.6%	\$21,650	-0.2%
1981	\$99.13	2.7%	\$5,081.21	3.0%	\$23,340	0.8%	\$22,104	2.1%
1982	\$99.62	0.5%	\$5,160.22	1.6%	\$23,233	-0.5%	\$22,235	0.6%
1983	\$101.49	1.9%	\$5,278.25	2.3%	\$23,467	1.0%	\$22,540	1.4%
1984	\$105.40	3.9%	\$5,631.46	6.7%	\$24,080	2.6%	\$23,836	5.7%
1985	\$108.48	2.9%	\$5,833.45	3.6%	\$24,469	1.6%	\$24,470	2.7%
1986	\$112.87	4.0%	\$6,019.40	3.2%	\$25,156	2.8%	\$25,022	2.3%
1987	\$115.52	2.4%	\$6,170.75	2.5%	\$25,328	0.7%	\$25,387	1.5%
1988	\$120.45	4.3%	\$6,398.58	3.7%	\$25,855	2.1%	\$26,085	2.8%
1989	\$127.66	6.0%	\$6,605.35	3.2%	\$26,706	3.3%	\$26,670	2.2%
1990	\$133.44	4.5%	\$6,717.83	1.7%	\$27,097	1.5%	\$26,808	0.5%
1991	\$138.37	3.7%	\$6,730.34	0.2%	\$27,310	0.8%	\$26,504	-1.1%
1992	\$144.72	4.6%	\$6,948.07	3.2%	\$27,895	2.1%	\$26,999	1.9%
1993	\$148.61	2.7%	\$7,079.76	1.9%	\$28,024	0.5%	\$27,159	0.6%
1994	\$153.90	3.6%	\$7,318.61	3.4%	\$28,477	1.6%	\$27,738	2.1%
1995	\$158.86	3.2%	\$7,558.06	3.3%	\$28,848	1.3%	\$28,310	2.1%
1996	\$167.97	5.7%	\$7,862.89	4.0%	\$29,973	3.9%	\$29,110	2.8%
1997	\$177.76	5.8%	\$8,197.75	4.3%	\$31,206	4.1%	\$29,988	3.0%
1998	\$192.90	8.5%	\$8,729.07	6.5%	\$33,370	6.9%	\$31,565	5.3%
1999	\$203.57	5.5%	\$9,030.47	3.5%	\$34,769	4.2%	\$32,285	2.3%
2000	\$213.39	4.8%	\$9,533.56	5.6%	\$36,020	3.6%	\$33,715	4.4%
2001	\$215.63	1.1%	\$9,709.70	1.8%	\$35,940	-0.2%	\$33,993	0.8%
2002	\$216.20	0.3%	\$9,769.80	0.6%	\$35,659	-0.8%	\$33,879	-0.3%
2003	\$218.71	1.2%	\$9,910.72	1.4%	\$35,711	0.1%	\$34,052	0.5%
2004	\$223.41	2.1%	\$10,209.38	3.0%	\$36,027	0.9%	\$34,766	2.1%
2005	\$229.99	2.9%	\$10,485.06	2.7%	\$36,499	1.3%	\$35,380	1.8%
2006	\$245.28	6.6%	\$10,966.38	4.6%	\$38,218	4.7%	\$36,655	3.6%
2007	\$256.86	4.7%	\$11,273.43	2.8%	\$39,362	3.0%	\$37,318	1.8%
2008	\$257.43	0.2%	\$11,225.38	-0.4%	\$38,899	-1.2%	\$36,820	-1.3%
2009	\$254.23	-1.2%	\$11,049.73	-1.6%	\$37,984	-2.4%	\$35,884	-2.5%
FORECAST								
2010	\$260.79		\$11,307.55		\$38,541		\$36,966	
2015	\$305.90		\$13,285.91		\$42,493		\$40,731	
2020	\$356.49		\$15,487.79		\$46,674		\$45,280	
2025	\$412.89		\$17,843.23		\$51,258		\$49,829	
2030	\$473.26		\$20,388.90		\$56,050		\$54,499	
Average Annual Growth Rate (%)								
2005-10		2.5%		1.5%		1.1%		0.9%
2010-15		3.2%		3.3%		2.0%		2.0%
2015-20		3.1%		3.1%		1.9%		2.1%
2020-30		2.9%		2.8%		1.8%		1.9%
1975-2009		3.7%		2.9%		1.8%		1.9%
2009-2030		3.0%		3.0%		1.9%		2.0%