



SEATTLE CITY COUNCIL
CENTRAL STAFF

2024 BUDGET DISCUSSIONS

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SELECT BUDGET COMMITTEE
APRIL 17, 2024

Outline



Projected General Fund Deficit

How did we get here?
What are our tools?



Budget Review and Examination

2019-2024 Citywide Budget Changes



Key Takeaways



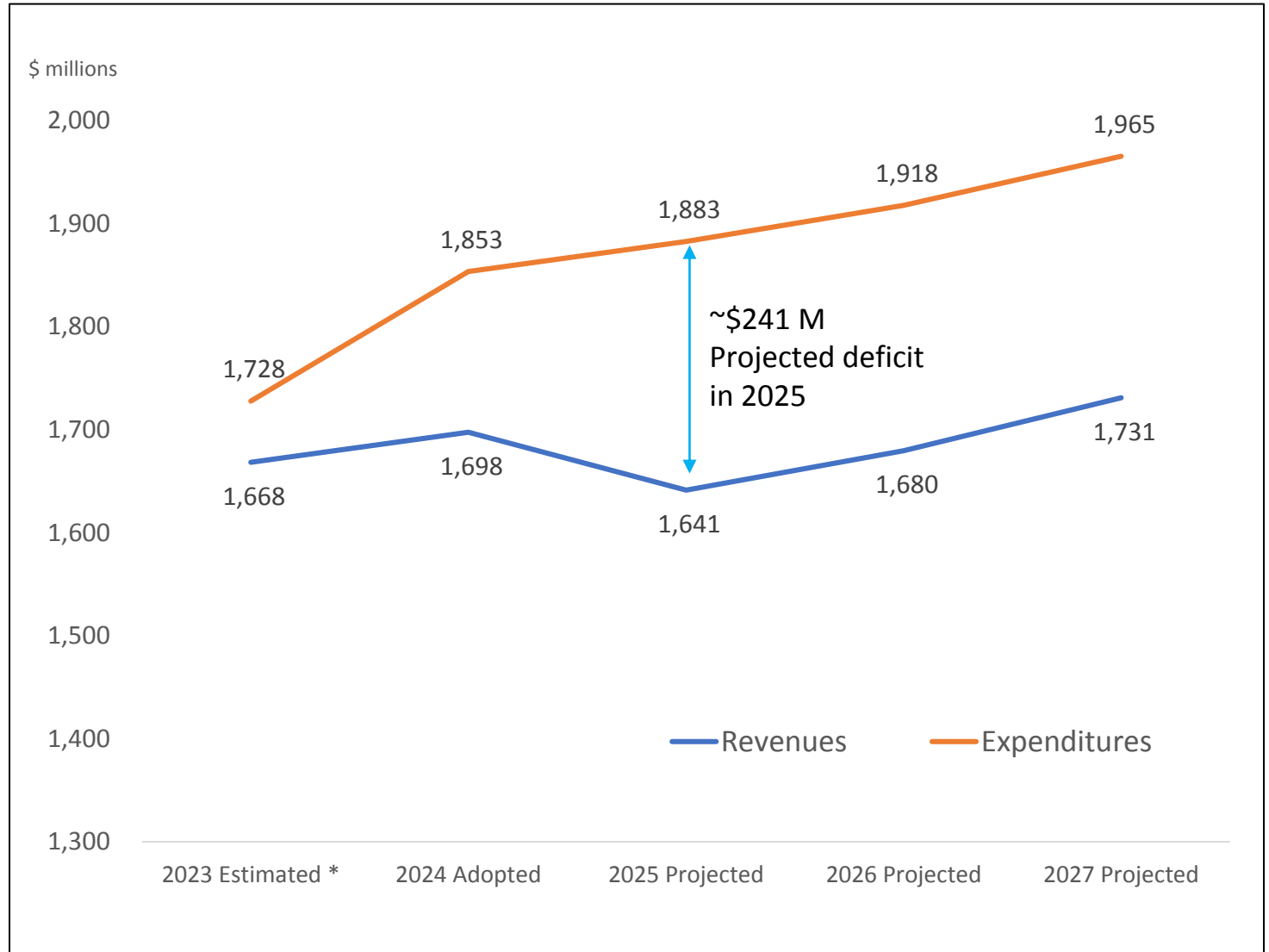
Upcoming Budget Discussions

General Fund Projections

This shows the projected GF deficit if you look at projected ongoing revenues against projected spending.

In 2023-2024, that gap was closed using one-time resources to support ongoing spending

Example: The 2024 Adopted Budget, \$146 million of one-time fund balance used to balance the GF

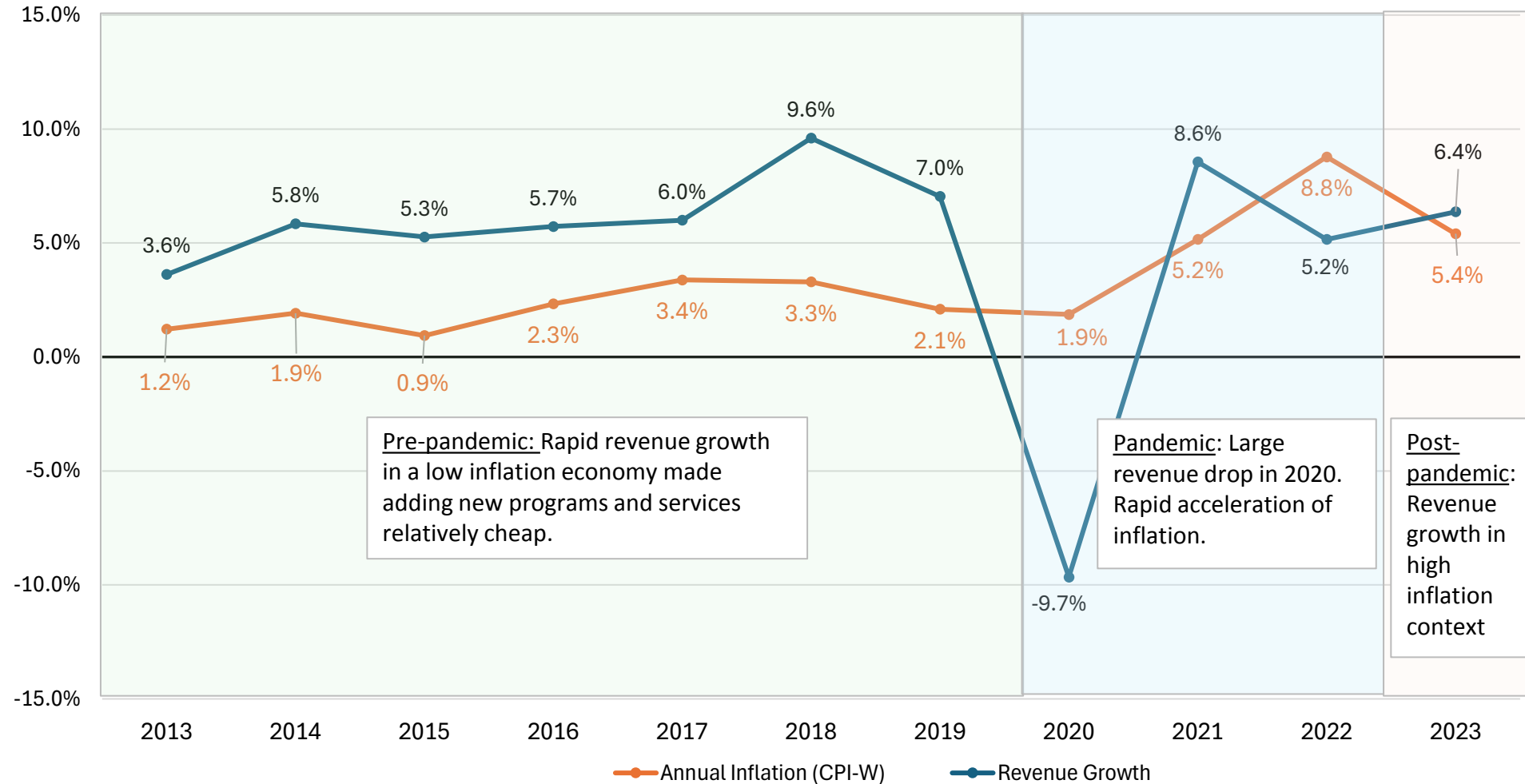


**Excludes carryforwards.*

***Projected deficit does not include full impacts from pending labor contracts (e.g., SPOG)*

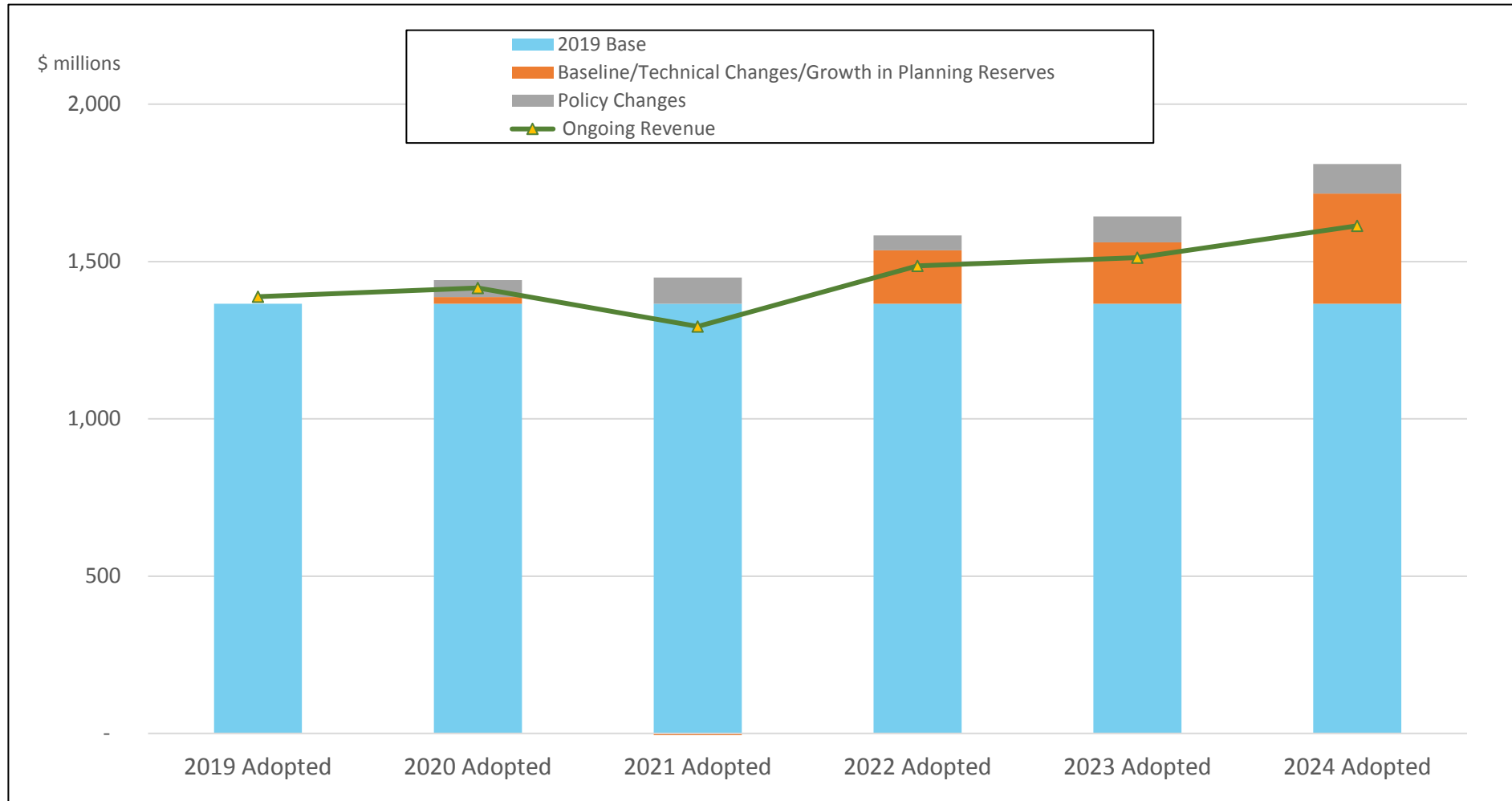
How Did We Get Here?

Growth Trends: Revenues and Inflation 2013 to 2023



Additional information is provided in the [General Fund Deficit Historical Analysis](#) staff memo (2023).

2019 to 2024 Revenue and Expenditure Budget Growth *Excluding One-time Sources and Uses*



What are our tools?



Expenditures

- ✓ Pause the growth: Hiring freeze, pause new spending
- Early Retirement
- Make underspend assumptions permanent
- Reduce or eliminate programs or services
- Consolidate departments or lines of business



Revenues

- Adopt new revenues
- Do not add new ongoing spending if actual revenues outperform forecast or if forecast improves
- Review fee policies and raise fees where appropriate to achieve full cost recovery



Restricted Funds

- Review spending restrictions on locally restricted funds
 - Sweetened Beverage Tax
 - Admission Tax
 - JumpStart Payroll Expense Tax
 - Transportation Network Companies Tax

Key Takeaways

Beginning in 2025, a \$241 million deficit is projected for the GF:

- Following a long period of low inflation and high annual revenue growth, the pandemic caused a sudden revenue decline while costs continued to grow.
- National supply chain pressures drove inflation to levels not seen in decades, while real GF revenue growth began to stagnate in real terms
- Since 2019, 79 percent of GF budget growth was largely to fund baseline and technical changes to the base budget due to rapid inflation.
- Ongoing GF revenues have not kept pace, leading to a structural deficit plugged with one-time measures (fund balance, temporary interfund transfers, underspend)
- A mix of fiscal tools available for consideration in the fall budget deliberations

2019-2024 Budget Review

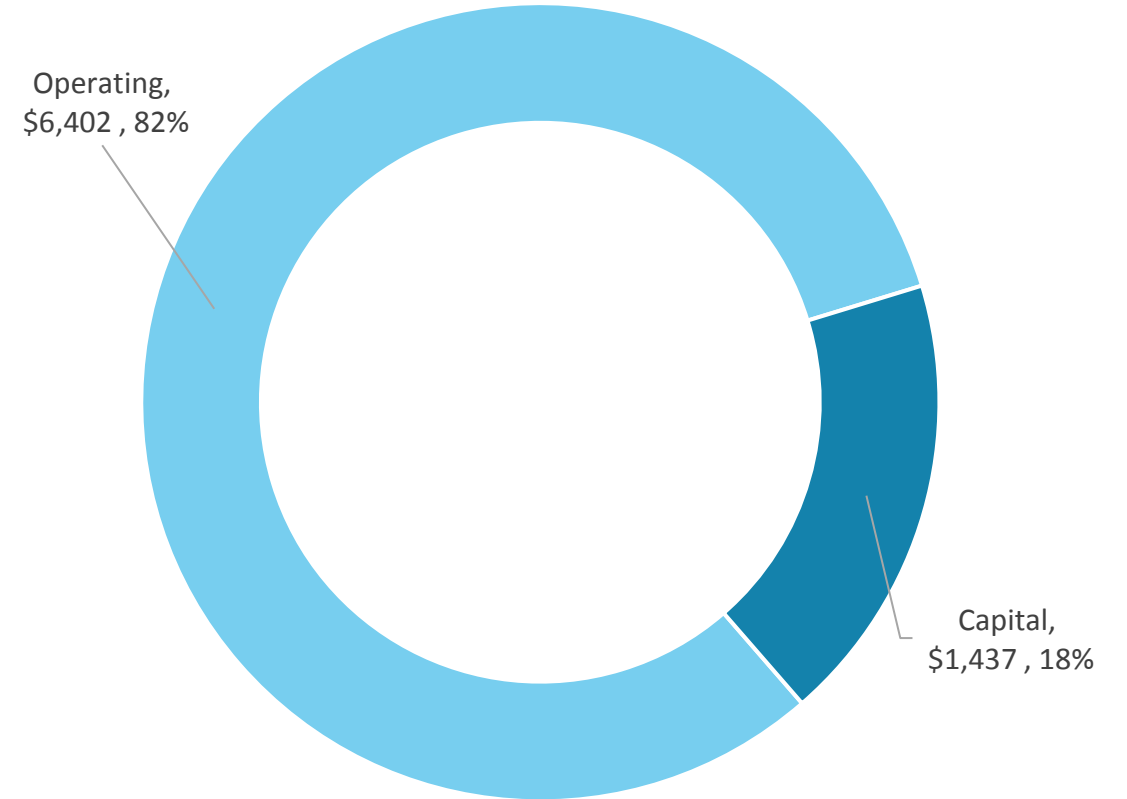
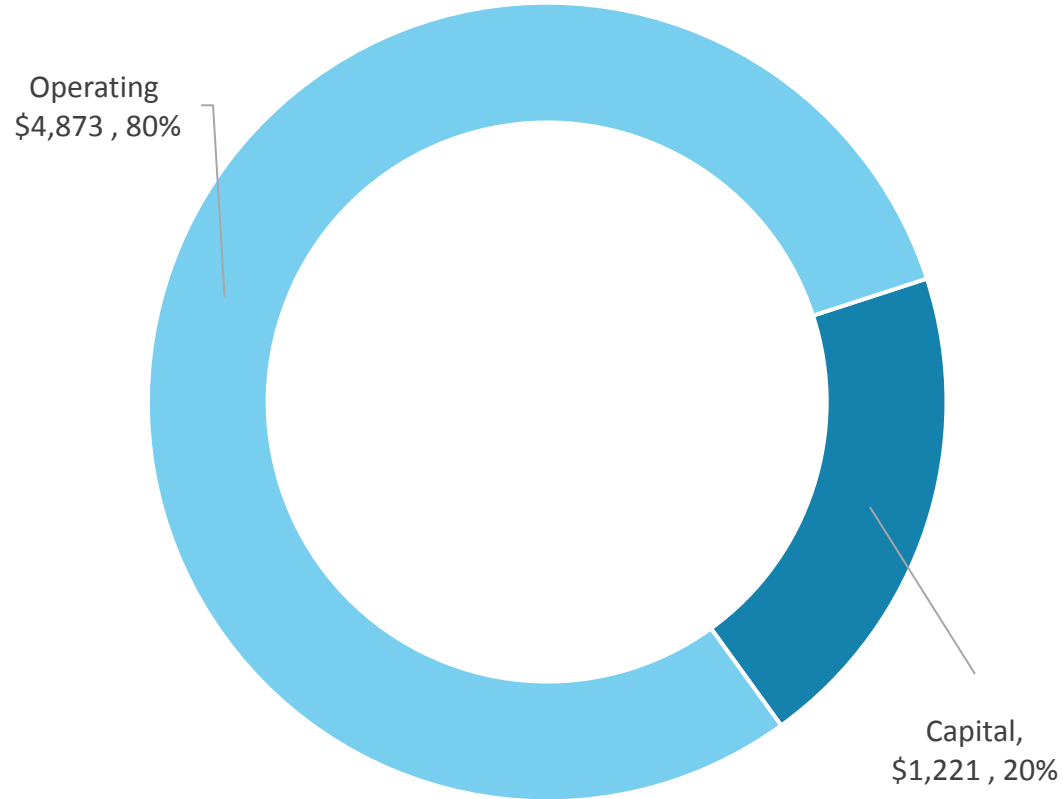
2019-2024 Budget Review Document

- 1) Citywide budget changes over a five-year period (2019-2024)
- 2) Review of every City department's budget at the budget summary level (BSL), fund, expense category, and (for some but not all) budget program level and highlight what has driven budget changes between 2019 and 2024

2019-2024 Budget Comparison: Operating/Capital

2019 Adopted Budget: \$6.1B

2024 Adopted Budget: \$7.8B



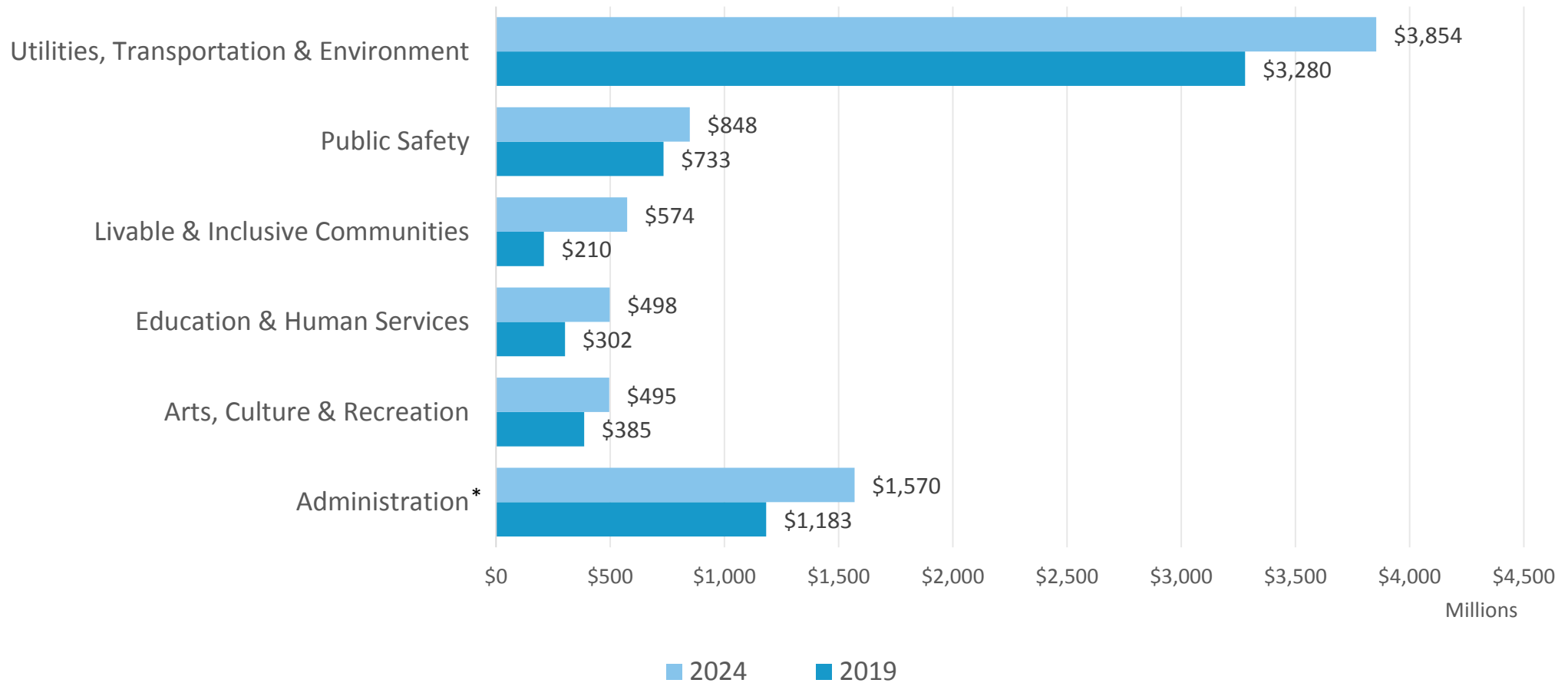
\$ in millions

2019-2024 Citywide Budget Comparison

Fund	2019 Adopted Budget*	2024 Adopted Budget*	5-Year Growth*	Percent Growth
Operating				
General Fund	1,363.7M	1,717.7M	354.0M	26%
JumpStart Fund	-	328.6M	328.6M	-
Other Sources	3,508.8M	4,355.3M	846.5M	24%
<i>Operating Subtotal</i>	<i>4,872.5M</i>	<i>6,401.6M</i>	<i>1,529.1M</i>	<i>31%</i>
Capital				
General Fund	2.1M	4.5M	2.4M	113%
JumpStart Fund	-	1.0M	1.0M	-
Other Sources	1,218.6M	1,431.5M	212.8M	17%
<i>Capital Subtotal</i>	<i>1,220.7M</i>	<i>1,436.9M</i>	<i>216.2M</i>	<i>18%</i>
Grand Total	6,093.2M	7,838.5M	1,745.3M	29%
Total FTE	12,479	13,070	591	5%

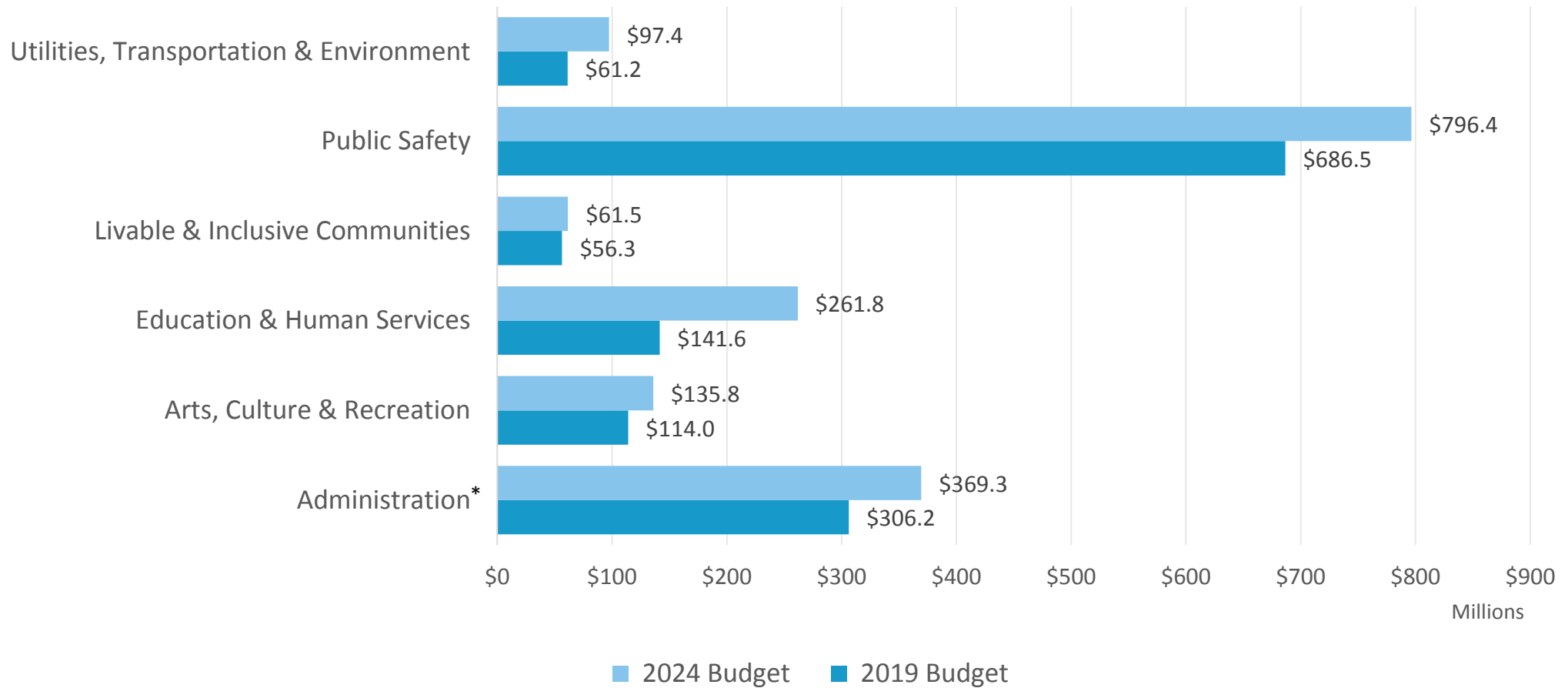
*These numbers exclude unappropriated planning reserve for labor agreements and other costs that were (and in some cases still are) under negotiation at the time the 2024 Budget was adopted.

2019-2024 Budget Comparison by Policy Grouping



*Administration includes internal services, policy and oversight, debt service, insurance premiums, public safety pre-LEOFF 2 pensions, and reserves.

2019-2024 Comparison by Policy Grouping - GF



*Administration includes policy and oversight, debt service, insurance premiums, public safety pre-LEOFF 2 pensions, and reserves.

Key Takeaways

Since 2019, total City budget grew by \$1.7 billion or 29%.

- An average growth of 5.8% per year, primarily driven by expenditure increases responding to historically high inflation rates (CPI growth during this period averaged ~5%)
- ~50% of total budget growth across all funds from 4 departments: SPU, OH, SCL, and HSD, followed by growth in non-departmental budgets (Finance General) and internal service departments (SDHR and FAS)
- The introduction of the JSF Payroll Expense Tax represents 19% of the \$1.7 billion increase. Departments that administer the majority of JSF resources experienced the largest % increase (OH, OED, OPCD, and OSE)
- GF budget grew by \$256 million or 26%, an average of 5.2% per year. The majority (51%) was in HSD and SFD, followed by growth in Finance General, Parks, SDOT and SPU

Upcoming Committee Discussions

Budget Review cont'd

- 2019-2024 Budget Review – continue at department level
- Sources of city revenues and associated restrictions
- Locally restricted funds and options to modify (JSF focused)

General Fund Balancing Analysis

- Central Staff will present an updated GF Financial Plan following the April forecast update and introduction of the 2023 Carryforward Supplemental Budget ORD

2024 Fall Budget Process

- Fall Select Budget Committee Calendar
- Steps in the process

Questions?