



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# General Fund Balancing Analysis

---

TOM MIKESELL, ANALYST & BEN NOBLE, DIRECTOR  
FINANCE , NATIVE COMMUNITIES, AND TRIBAL GOVERNMENTS COMMITTEE  
MAY 7, 2025

# Outline

---

- Review updates to the General Fund (GF) and JumpStart Fund (JSF) balancing status and financial projections based on the April forecast, in accordance with [SMC § 3.140.60.B](#), the Fiscal Transparency Program ordinance.
  - Analysis includes the JumpStart Fund due to the linkage in the budget, and provisions in SMC § 5.38.055 as amended by [ORD 127155](#):
    - *SMC § 5.38.055(D). When payroll expense tax proceeds decline or fall short of forecast, consideration shall be given to increasing General Fund support to programs and services that would otherwise rely upon funding from payroll expense tax proceeds.*
- Identify emerging balancing considerations
- Review fiscal reserves

# Where we were - Balancing: 2025 Adopted/2026 Endorsed GF Budget

**Key takeaway:** Starting from a \$408 million 2024 fund balance, the GF budget balanced to a \$0.4 million unreserved fund balance at end of 2026.

## General Fund

<i>Amounts in 1,000,000s</i>	2024 Revised	2025 Adopted	2026 Endorsed
<b>Starting Balance</b>	\$408	\$58	\$123
<b>Revenues</b> (Oct. Forecast)	\$1,754	\$1,936	\$1,958
<b>Expenditures*</b>	(\$2,104)	(\$1,871)	(\$1,920)
<b>Ending Budgetary Fund Balance</b>	\$58	\$123	\$162
<b>Planning Reserves</b>	(\$40)	(\$88)	(\$161)
<b>Ending Unreserved Fund Balance</b>	\$18	\$36	\$0.4

\*Expenditures include planned underspends of \$24.3m in 2024, and \$10m in both 2025 & 2026.

*Updates:*

# 2024 Ending GF Balance Was Higher Than Projected

---

2024 ending budgetary fund balance exceeded forecast by \$134M, increasing from \$58M to \$192M.

This was the combined result of significant underspend and some shortfall in revenues:

- GF Expenditures were \$173M , or 8% below the revised 2024 budget
- Revenues were \$38M below forecast (mainly due to delays in grant execution and reimbursement).

The financial impact of the significant underspend is then itself offset by two factors:

- \$113M of the unspent appropriations will continue (“carryforward”) into 2025 automatically, including the grant funding noted above.
- Up to \$20M of the carryforward appropriations now under consideration with Executive, with funding strategy pending in light of April forecast being received after departmental requests.
- After all actual and pending adjustments, \$44M of additional one-time fund balance is available in 2025.

**Key takeaway: After accounting for actual revenues and expenditures, and automatic and proposed carryforwards, the unobligated 2024 GF budgetary ending balance increased by \$44M.**

*Updates:*

# Adjustments to 2025 – 2028 Revenues and Expenditures

---

## Forecast Office/CBO April Forecast – pessimistic scenario:

- Revenues: \$10M decrease in 2025, \$40M decrease in 2026, \$57M decrease in 2027, and \$65M decrease in 2028.
- Inflation: slightly lower inflation in 2026 and 2027.

## Other Adjustments:

- CBO planning reserves adjusted downward by \$8M for revised labor assumptions.
- Does not account for increased expenditures to backfill loss of external revenues, either direct or indirect, other cost increases, nor the revenue shortfalls identified in other non-GF revenue categories.

**Key takeaway: A \$50M GF revenue decrease in the current biennium, with larger decreases in the future, is marginally offset by lower projected expenditures, though the forecast does not include emerging cost pressures, or revenue losses in 'GF-adjacent' funds.**

# Where we are - Balancing: 2024 Actual /2025-2026 Revised GF Budget

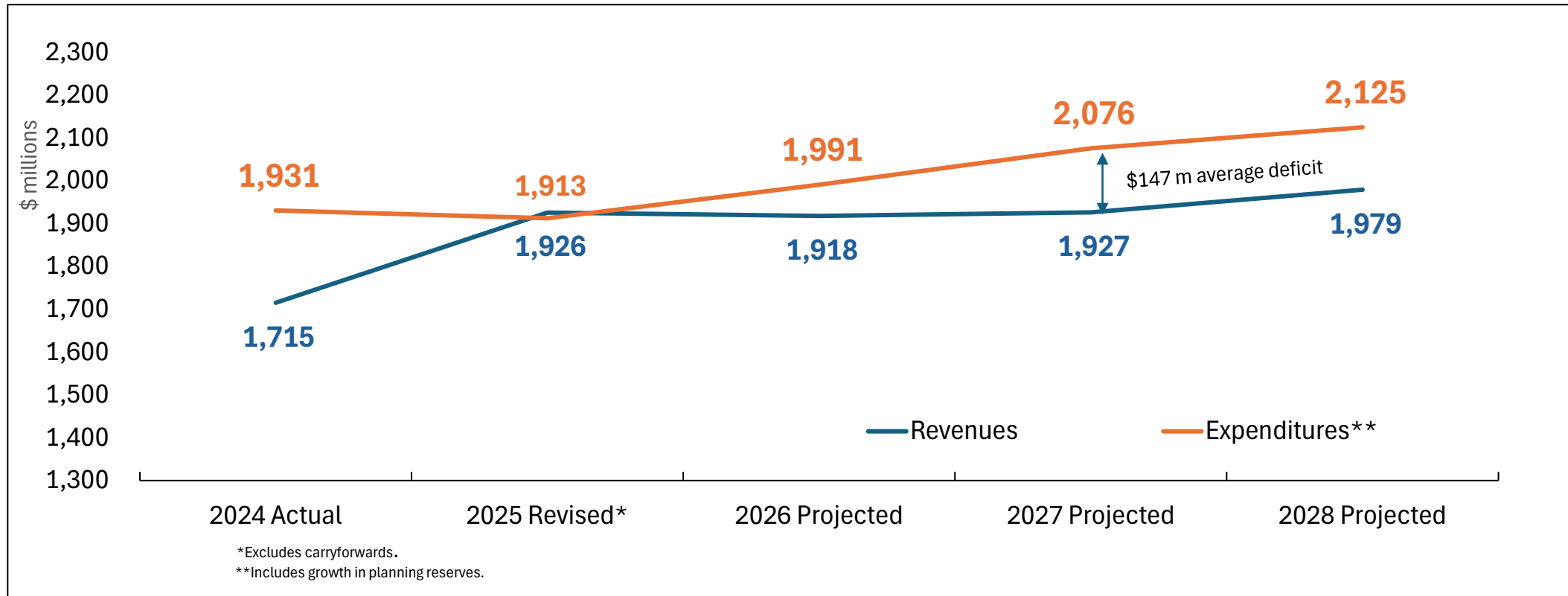
**Key takeaway:** A \$44M higher 2025 beginning balance, plus a \$8M decrease to planning reserves, provides one-time resources to balance the \$50M loss of forecasted revenues in 2025 and 2026.

## General Fund

<i>Amounts in 1,000,000s</i>	2024 Actual	2025 Revised	2026 Projected
Starting Balance	\$408	\$193	\$157
Revenues (April Forecast)	\$1,715	\$1,974	\$1,918
Expenditures	(\$1,931)	(\$2,009)	(\$1,920)
Ending Budgetary Fund Balance	\$193	\$157	\$155
Planning Reserves	(\$40)	(\$82)	(\$153)
Ending Unreserved Fund Balance	\$153	\$75	\$2

Where we are now - Sustainability:

## May 2025: Projected GF Operating Deficit



**Key Takeaway:** Due to ongoing revenue decreases in the April forecast, the average projected operating deficit in 2027 and 2028 grows to \$147 million, compared to \$89M in the Adopted Budget projection.

# GF Key Takeaways

---

- After accounting for actual revenues and expenditures, and automatic and proposed carryforwards, the unobligated 2024 GF budgetary ending balance increased by \$44M.
- A forecasted \$50M GF revenue decrease in the current biennium, with larger decreases in the future, is marginally offset by lower projected expenditures, though the forecast does not include emerging cost pressures, or revenue losses in 'GF-adjacent' funds.
- The \$44M higher 2025 beginning balance, plus a \$8M decrease to planning reserves, provides one-time resources to balance the \$50M loss of forecasted revenues in 2025 and 2026.
- Due to ongoing revenue decreases in the April forecast, the average projected operating deficit in 2027 and 2028 grew to \$147 million, compared to \$89M in the Adopted Budget projection.



# Where we were - Balancing: 2025 Adopted/2026 Endorsed JSF Budget

**Key takeaway:** Starting from a \$279 million 2024 beginning fund balance, the JSF budget balanced to a \$0 unreserved fund balance at end of 2026.

## JumpStart Fund

<i>Amounts in 1,000,000s</i>	2024 Revised	2025 Adopted	2026 Endorsed
<b>Starting Balance</b>	\$279	\$142	\$41
<b>Revenues</b> (2024 Actuals and Oct. F'cast)	\$407	\$440	\$466
<b>Expenditures</b>	(\$543)	(\$542)	(\$504)
<b>Ending Budgetary Fund Balance</b>	\$142	\$41	\$3
<b>Planning Reserves</b>	(\$42)	(\$41)	(\$3)
<b>Ending Unreserved Fund Balance</b>	\$101	-	-

*Updates:*

## 2024 Ending JSF Balance Higher Than Projected

---

2024 ending budgetary fund balance increased by \$261M above revised estimate because:

- Revenues were \$35M below forecast, due to \$46M of lower payroll expense tax revenues, which were partially offset by \$11 million of interest earnings that were received but had not been budgeted in the fall.
- Expenditures were \$296M below the revised 2024 budget, due to underspending of departmental appropriations. However, \$157M of that amount will automatically continue (carryforward) into 2025 because it is encumbered or otherwise legally obligated.
- The Executive will request that a share of the unencumbered underspend also be carried forward. The initial request was for \$104M, but that was developed before the updated revenue forecast.

**Key takeaway: The 2024 budgetary ending balance increased from \$142M to \$403M, however, this one-time balance supports either automatic or proposed legislated carryforward appropriations in 2025.**

*Updates:*

## Adjustments to 2025 – 2028 Revenues and Expenditures

---

### Forecast Office/CBO April Economic and Revenue Forecast:

- \$81M decrease in 2025, \$86M decrease in 2026, with similar magnitude decreases in 2027-2028
- Slightly lower inflation in 2026 and 2027

### Other Adjustments:

- No adjustments to planning reserves

**Key takeaway: Significantly lower revenue projections in each year, and also lower inflation, based on the April forecast.**

# Where we are - Balancing: 2024 Actual /2025-2026 Revised JSF Budget

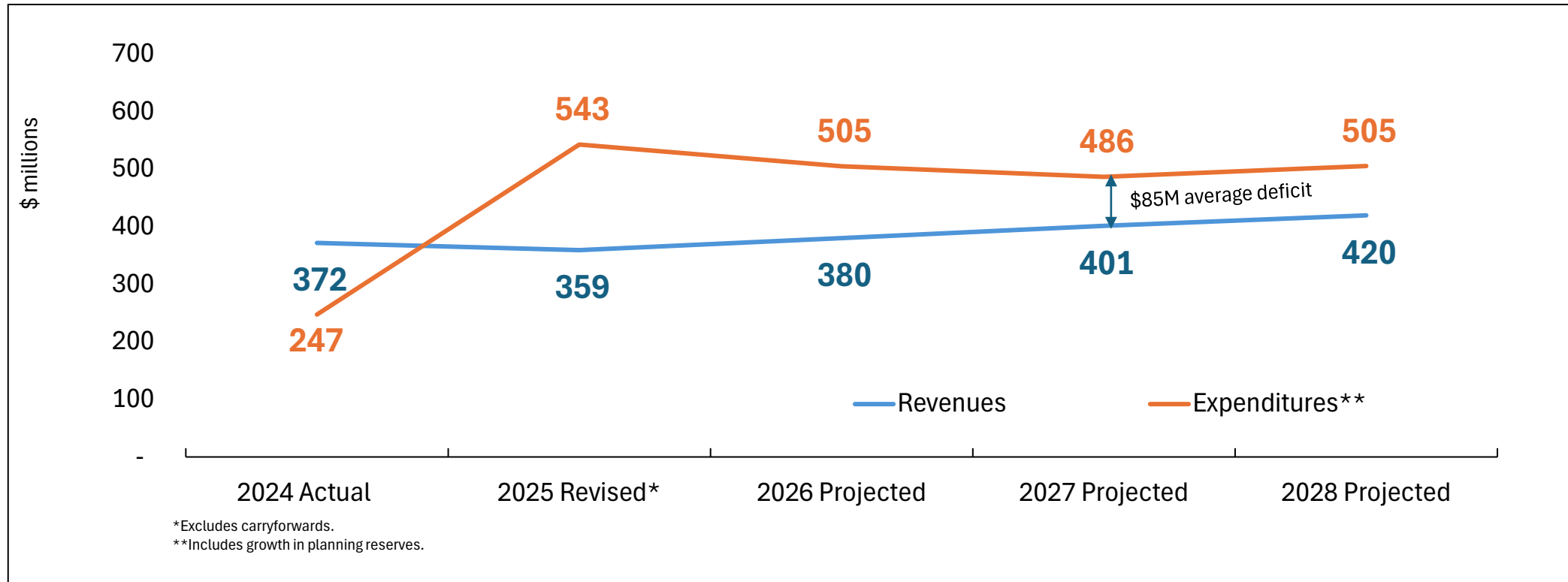
**Key takeaway:** 2024 ended with a higher balance, but lower revenue forecasts and automatic and proposed carryforward requests make the projected 2025 and 2026 ending unreserved fund balances negative.

## JumpStart Fund

<i>Amounts in \$1,000,000s</i>	2024 Actual	2025 Revised	2026 Projected
<b>Starting Balance</b>	\$279	\$403	(\$32)
<b>Revenues</b> (April Forecast)	\$372	\$367	\$388
<b>Expenditures</b>	(\$247)	(\$803)	(\$504)
<b>Ending Budgetary Fund Balance</b>	\$403	(\$32)	(\$149)
<b>Planning Reserves</b>	(\$42)	(\$41)	(\$3)
<b>Ending Unreserved Fund Balance</b>	\$362	(\$73)	(\$152)

*Where we are now - Sustainability:*

## May 2025: Projected JSF Operating Deficit



**Key Takeaway:** After accounting for projected revenue decreases, an average operating deficit of \$85M is projected in 2027 and 2028.

# Where we are - Balancing: Combined 2025- 2026 GF/JSF Fund Balances & Projected Deficits

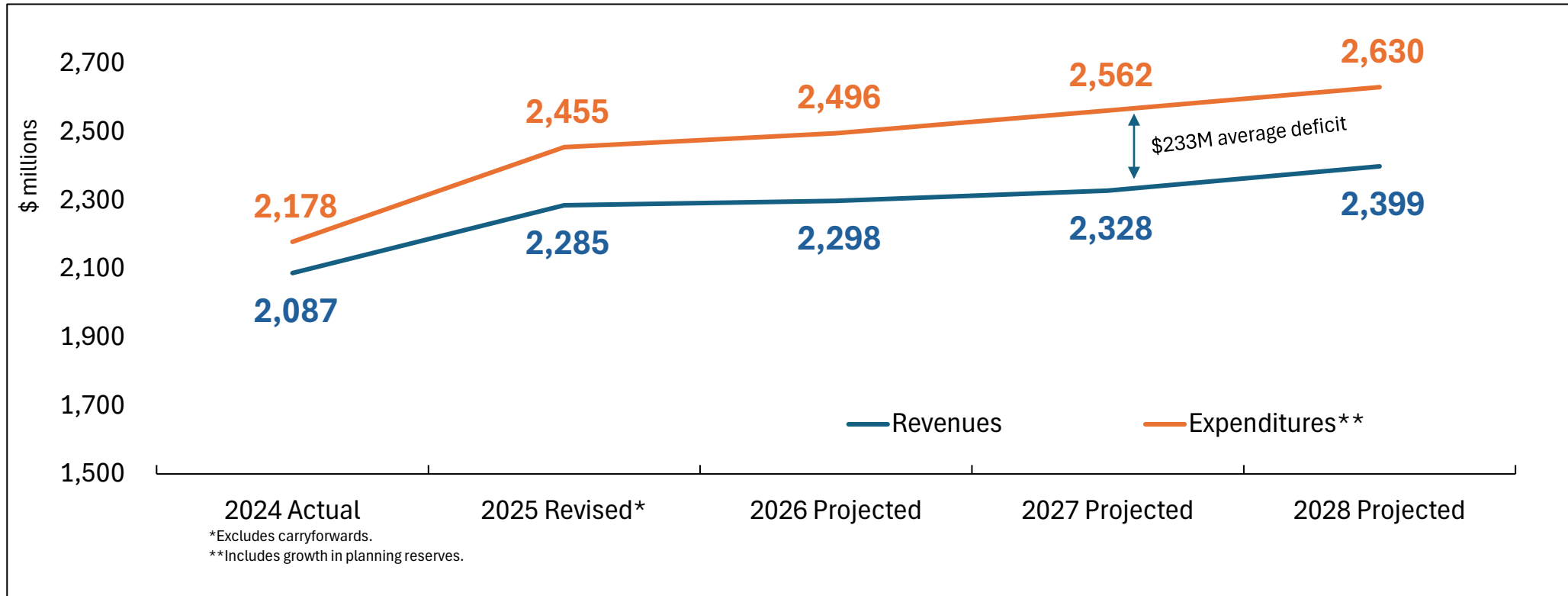
**Key takeaway:** The projected combined ending fund balance of the GF and JSF is \$2M in 2025 and **(\$150M)** in 2026.

## GF and JumpStart Fund

<i>Amounts in \$1,000,000s</i>	2024 Actual	2025 Revised	2026 Projected
Starting Balance	\$687	\$596	\$125
Revenues	\$2,087	\$2,341	\$2,306
Expenditures	(\$2,178)	(\$2,812)	(\$2,424)
Ending Budgetary Fund Balance	\$596	\$125	\$6
Planning Reserves	(\$82)	(\$123)	(\$156)
Ending Unreserved Fund Balance	\$515	\$2	(\$150)

*Where we are now - Sustainability:*

## May 2025: Projected GF/JSF Operating Deficit



**Key Takeaway:** An average combined GF/JSF operating deficit of \$233M is projected for 2027 and 2028.

# Balancing Considerations

---

## State Legislation:

- [ESHB 2015](#): Authorizes a councilmanic 0.1% sales tax increase, for public safety, which could raise ~\$37M in 2026 based on recent forecast.
- [ESSB 5814](#): Adds certain services to the sales tax base. State's fiscal note cites that cities will gain a collective \$116M in 2026, and \$208M in 2027. Forecast Office is assessing potential Seattle-specific gain.

## Statements of Legislative Intent specifically related to sustainability/balancing:

- CBO-002S-A-1: Request that CBO collaborate with SDHR to report on developing or enhancing programs for City employees subject to layoff
- CBO-003S-A-2: Request that CBO report on past budget underspend and develop grants database
- CBO-004S-A-1: Request that CBO and SCERS analyze an early retirement incentive for City employees

## Fiscal Reserves:

- City faces dual challenge of potential emerging funding needs and lower than expected revenues and maintains reserves for both purposes.



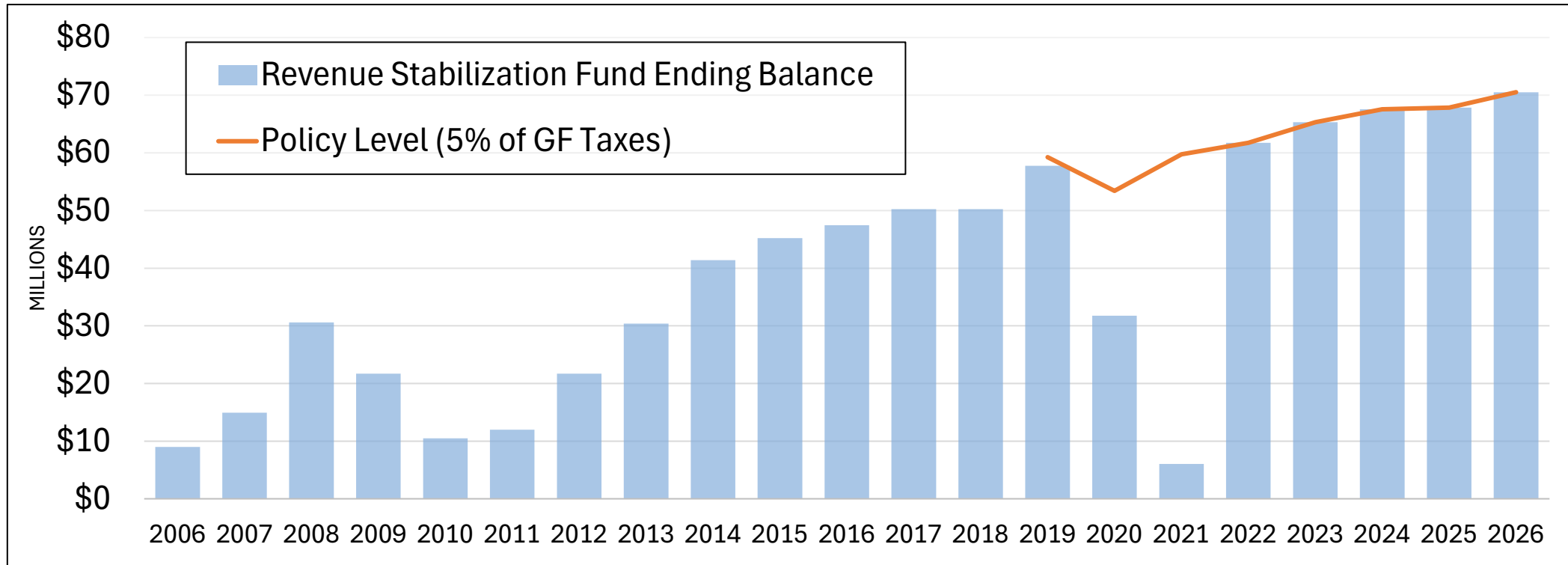
# Fiscal Reserves

---

The City maintains two fiscal reserves, including:

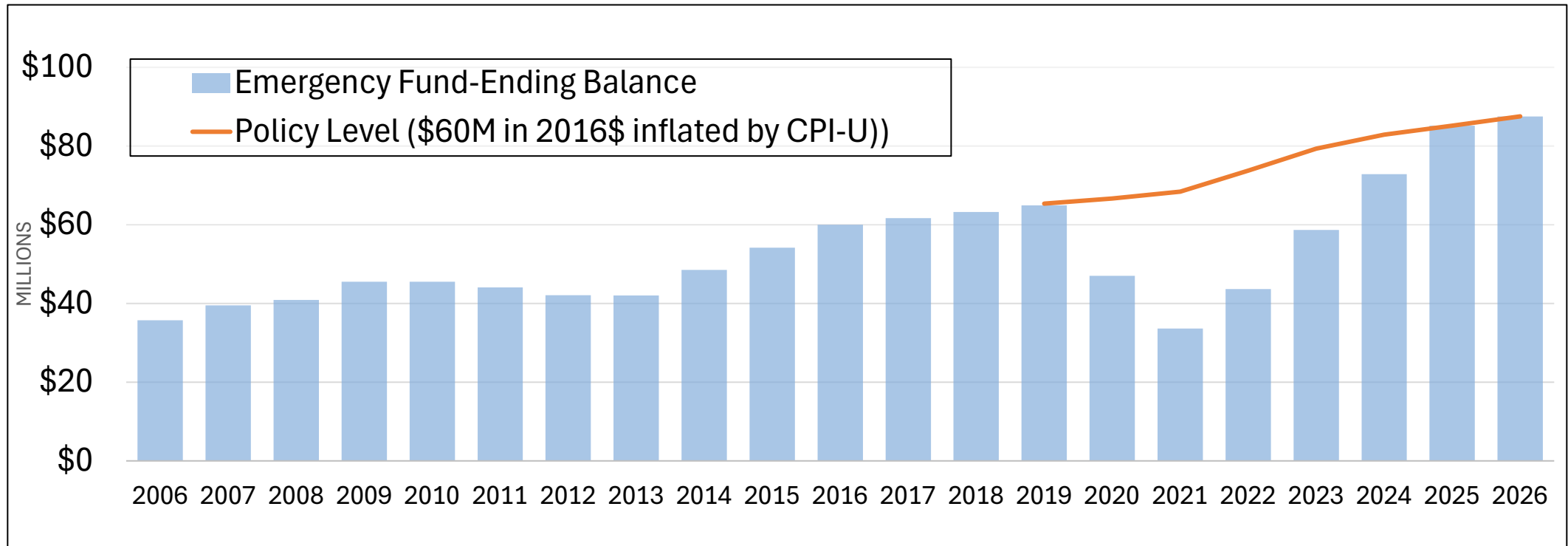
- Revenue Stabilization Fund: Available for appropriation to backfill unexpected revenue losses, subject to approval by majority vote of City Council. ([SMC § 5.80.0202](#))
  - Funded by annual GF contribution of up to 0.5% of GF tax revenues but cannot exceed 5% of taxes.
  - 50% of GF ending balance above projections can also replenish balance.
- Emergency Fund: Available to address events that were not envisioned when budget was adopted, subject to three-fourths vote of City Council. ([RES 32024](#))
  - Funded by annual GF contributions to maintain balance at \$60M in 2016 dollars, inflated annually by growth in CPI-U.
  - Policy change in 2021 provides for 5-year repayment plan in extreme circumstances.

# Revenue Stabilization Fund: 2006-2026



**Key Takeaway:** Large drawdown in COVID-19 pandemic was replenished in 2022 by GF ending balances above projections. Fund has been receiving maintenance contributions in biennial budget. 2025 balance is \$67.9M.

# Emergency Fund: 2006-2026



**Key Takeaway:** Large drawdown in COVID-19 pandemic was replenished over five years, with final planned payment in 2025 Adopted Budget. Fund begins receiving maintenance contribution in 2026 Endorsed Budget. 2025 balance is \$85.2M.

# Next Steps

---

- **August:** Second Forecast Office/CBO revenue and economic forecast for the year
- **September:** Mayor's 2025-2026 Proposed Budget
- **October:** Final Forecast Office/CBO forecast for the year, and Council amendments
- Using the framework covered in this presentation, Central Staff will provide GF/JSF financial plan updates