

General Fund Balancing Analysis

Staff: Tom Mikesell, Analyst

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I. Background

[RCW 35.32A.030](#) requires that Seattle adopts a balanced budget, with each fund's estimated revenues meeting or exceeding budgeted expenditures. However, State law requires only that the budget be balanced once per year upon adoption. It is not legally required that the annual budget be constantly updated to reflect changes in the City's revenue projections throughout the year. If authorized spending exceeds available revenues, the binding constraint on the Executive is the amount of resources available to support authorized spending. If this occurs, the Executive is required to make administrative spending reductions (that is, the Executive must choose areas to stop spending).

With a specific focus on the City's General Fund (GF) balance, Section II describes the budget measures, taken by the Council and Mayor to refine the 2021 budget because of unforeseen events. This section also describes additional proposals from the Mayor to bring the 2021 Budget into final balance, by way of proposed year-end supplemental appropriation and grants ordinances.

Section III of this paper continues this financial balancing focus with a high-level review of the Mayor's 2022 Proposed Budget for the GF, in preparation for more detailed departmental or topic specific Issue Identification discussions on October 13, 14, and 15. This review itemizes major components of the Mayor's 2022 Proposed GF Budget, which relies on a higher level of support from the new payroll expense tax revenue approved by Council on July 6, 2020, and budgeted in the newly created JumpStart Payroll Expense Tax Fund (JumpStart Fund). This section also covers the 2022 Proposed Budget's transfers into the City's fiscal reserves and compares the balances with current reserve policy levels.

Section IV of this paper reviews the Proposed Budget allocations toward items codified in the JumpStart Fund spending plan, and reviews sustainability of the plan given these proposals.

II. 2021 GF Balancing Review

1. Adopted Budget

Adopted on November 23, 2020, [ORD 126237](#) authorized a 2021 GF budget of \$1.61 billion. This budget relied on a 2021 revenue estimate of \$1.58 billion and an assumed beginning balance of \$58 million, as shown in the following table:

Description	Sources	Uses	Total
2021 Adopted Beginning Balance	\$58,327,730	-	\$58,327,730
2021 Adopted Revenues	\$1,580,949,729	-	\$1,580,949,729
2021 Adopted Expenditures	-	(\$1,607,088,216)	(\$1,607,088,216)
2021 Adopted Budget	\$1,639,277,459	(\$1,607,088,216)	\$32,189,243

After accounting for balances, assumed revenues and approved spending, the 2021 Adopted Budget's GF Ending Balance was \$32,189,243, the total of which represents unappropriated reserves.

2. Technical and Comprehensive Supplemental Adjustments

Since adoption, the 2021 Adopted Budget has been adjusted by both non-legislated technical changes and legislative changes, such as accepting grants and other supplemental budget adjustments, including:

- **Adjust balances for 2020 actuals:** This represents better than expected revenues, or lower than expected expenditures, than were budgeted in 2020, and includes a technical adjustment to the 2021 beginning balance.
- **Automatic carryforward budgets:** These amounts represent revenues and expenses, often grant or capital in nature, adopted with an automatic carryforward provision where spending authority carries over from year to year. Carryforwards also include amounts which were obligated, but not spent in the prior year, representing a draw on this year’s carryforward resources.
- [ORD 126326 - 2021 Carryforward](#): These are 2020 budget appropriations the Council approved for carryforward into 2021.
- [ORD 126428 - Midyear Grant Acceptance](#): This represents the City’s formal acceptance of grants from non-City sources.
- [ORD 126429 - Midyear Supplemental](#): This represents policy and technical changes to the City budget, including the spending authority for grant resources accepted in ORD 126428.

The following table demonstrates the GF balance impact from these adjustments:

Description	Sources	Uses	Total
2020 Actual Results - Lower Balance	(\$4,933,203)	-	(\$4,933,203)
Automatic Carryforward	\$44,460,438	(\$68,676,597)	(\$24,216,159)
Legislated Carryforward (ORD 126326)	\$4,515,348	(\$38,527,430)	(\$34,012,082)
Midyear Supplemental/Grant (ORDs 126429/126428)	(\$27,864,980)	\$20,959,051	(\$6,905,929)
Technical and Supplemental	\$16,177,602	(\$86,244,975)	(\$70,067,373)

3. COVID-19 Relief and Recovery and Other Standalone Supplementals

In response to the public health emergency and the attending economic hardship caused by the COVID-19 pandemic, the Council and Mayor have approved several measures that flowed resources through the GF, supported by a mix of existing and new resources, as described below:

- [ORD 126298 - Hotel Shelter Supplemental Budget](#): Appropriated \$12 million from the General Fund (GF) to provide non-congregate shelter services in hotel rooms, tiny home villages, or enhanced shelters for individuals experiencing homelessness who are at increased risk for contracting or having severe outcomes from COVID-19.
- [ORD 126308 – AAPI Community Investments](#): Appropriated \$855,000 from the GF, and repurposed existing 2021 budget appropriations, to address an increase in hate crimes in Seattle, providing an overall commitment of \$1.2 million.
- [ORD 126320 – 2021 CRF Funds Appropriation](#): For COVID-19 relief purposes, appropriated \$17.2 million of federal Coronavirus Relief Fund monies to the GF.

- [ORD 126332 - Adopting 2021 AAP/Amending 2019 and 2020 AAPs](#): Adopted the 2021 Annual Action Plan (AAP) of the 2018-2022 Consolidated Plan and substantial amendments to The City of Seattle 2019 and 2020 AAPs and authorized their submittal to the US Department of Housing and Urban Development (HUD), resulting in a net GF appropriation increase of \$325.
- [ORD 126338 - 2021 NLCD Grant](#): Appropriated \$20,000 of grant funds accepted in the GF for the Department of Neighborhoods to support the creation and implementation of a Civic Engagement Digital Academy that is designed for cohorts of historically undercounted communities.
- [ORD 126372 - 2021 Direct Assistance](#): Appropriated \$25 million from the GF to the Office of Immigrant and Refugee Affairs to establish the Seattle Disaster Relief Fund and pay out cash assistance awards to immigrants and refugees who were not eligible for federal relief checks and unemployment insurance.
- [ORD 126382 – Local 2898 CBA](#): Appropriates \$2.5 million from the GF for 2021 budget impacts of the Collective Bargaining Agreement with Seattle Fire Chief’s Association, International Association of Fire Fighters, Local 2898.

The following table details the GF balance impact from these adjustments.

Description	Sources	Uses	Total
Hotel Shelter Supplemental Budget (ORD 126298)	-	(\$12,000,000)	(\$12,000,000)
AAP Community Investments (ORD 126308)	-	(\$855,000)	(\$855,000)
2021 CRF Funds Appropriation (ORD 126320)	\$17,244,175	(\$17,244,175)	-
Adopting 2021 AAP/Amending 2019 and 2020 AAPs (ORD 126332)	-	(\$325)	(\$325)
2021 NLCD Grant (ORD 119816)	\$20,000	(\$20,000)	-
2021 Direct Assistance (ORD 126372)	\$25,000,000	(\$25,000,000)	-
Local 2898 CBA (ORD 126382)	-	(\$2,499,837)	(\$2,499,837)
COVID-19 Relief and Recovery /Standalone Legislation	\$42,264,175	(\$57,619,337)	(\$15,355,162)

4. Revised City Budget Office Revenue Forecasts and Other Adjustments

Under current practice, the City Budget Office (CBO) updates its forecast of City revenues at least three times each year. Two updates have been provided in 2021, as follows:

- [Economic and Revenue Forecast, April 2021](#): At the April 20, 2021, Finance and Neighborhoods Committee meeting, CBO staff presented a forecast which, based on economic data showing continued economic recovery from the Covid-19 induced recession, projected a \$20.3 million increase to GF revenues in 2021.
- [Economic and Revenue Forecast, August 2021](#): At the August 17, 2021, Finance and Neighborhoods Committee meeting, CBO staff presented a forecast which, for the first time since the onset of the pandemic-based economic shocks, relied on a more favorable baseline view of the economy versus a pessimistic one. Data in this better economic

scenario showed continued economic and revenue improvement compared to the April forecast, supporting a \$51.5 million increase to expected GF revenue in 2021.

- **Mercer Megablock Land Sales Proceeds:** This represents the recognition of cash proceeds from the sale of the Mercer Megablock property, which were expected to be received in 2020 but were delayed to 2021.

The following table demonstrates the GF balance impact from these adjustments:

Description	Sources	Uses	Total
CBO April 2021 Economic and Revenue Forecast	\$20,264,000	-	\$20,264,000
CBO August 2021 Economic and Revenue Forecast	\$51,474,852	-	\$51,474,852
Mercer Megablock Land Sales Proceeds	\$66,500,000	-	\$66,500,000
2021 GF Forecast Revisions	\$138,238,852	-	\$138,238,852

Combined, these adjustments increase the forecast for GF revenues in 2021 by \$71.7 million, or 4.7 percent from the 2021 Adopted Budget, and increase total 2021 resources by \$138.2 million. However, it must be noted that the Mercer Megablock amount was anticipated, and if it had been received in 2020 as originally planned, would have increased the starting balance for 2021 by the same amount. In other words, this simply recognizes the shift of these cash resources, which are already fully programmed in the budget, between fiscal years.

5. Preview of Proposed 2021 GF Budget Legislation

The next subsection discusses the legislation and administrative measures for the remainder of 2021 that the Mayor has proposed with the 2022 Proposed Budget. In prior years, the proposed budget included a “3rd Quarter” comprehensive supplemental legislative package that modified current year appropriations and grant acceptances based on needs that were unforeseen at the time the budget was adopted (and during all prior supplemental budget adjustments during the year). These bills would be considered with the adoption of the budget for the next year. Then, after Council’s adoption of the next year’s budget in late November, the Executive would transmit a “4th Quarter” comprehensive supplemental legislative package, which would include additional appropriation modifications and grant acceptances for the year. These bills would be considered and passed in December, after the full budget process is complete.

With the intent of conducting a deliberative budget process for 2022 that includes the full range of financial choices affecting the current year, the Budget Chair requested that the Mayor submit all legislation modifying the City’s 2021 budget during the fall budget process. As such, the Executive has submitted year-end supplemental appropriations and grant acceptance ordinances, which will be modified pre-introduction by further changes which would have otherwise gone into 4th quarter supplemental bills.

- **Introduced Year End Supplemental Legislation:**

- Year-end Supplemental Package: Transmitted to the Council as part of a package of legislation necessary to implement the 2022 Proposed Budget, this bill would increase revenues to the GF by \$3.9 million and decrease expenditures by \$376,546 million, with a combined balancing impact of \$3.5 million. Notable GF changes in Finance General include:
 - Appropriation for interfund loan interest expenses: \$1.9 million increase
 - Abandon excess transit pass funding due to lower than projected usage during pandemic: \$1.5 million reduction
 - Abandon excess Department of Justice Reserve to align with actual spending: \$1.6 million reduction.
- Year-end Grant Acceptance: Transmitted as budget legislation, this represents the City’s formal acceptance of grants from non-City sources. Total GF grant revenue accepted by this bill would be \$51.4 million, of which \$1.2 million would go to the GF. Nearly half of the total amount would be from a \$23.3 million grant from the Washington State Department of Transportation and United State Department of Transportation for structural repairs to the West Seattle High-Rise Bridge. The full list of grant acceptances is included as Attachment A.

- **Planned Revision to Year End Supplemental**: As previously described, in place of a 4th quarter supplemental bill introduced after the budget process is complete, an amendment to the year-end supplemental will be transmitted by the Executive in early November. The scope and size of this amendment is unknown, pending Executive review and approval of department requests. To respond to any impacts for changes that were unforeseen at the time of preparing the year-end supplemental in September, the Budget Office is holding \$2 million in non-appropriated reserves as a potential funding source. Planned by the Executive as a pre-introduction revision to the year-end supplemental bill, this amendment would capture any adjustments to the 2021 budget that were unforeseen during all prior opportunities to adjust the budget. By way of including these financial choices in the budget process instead of after it, the Budget Committee should have a complete picture of the City’s finances while making financial planning decisions for 2022.

The following table demonstrates the GF balance impact of these adjustments:

Description	Sources	Uses	Total
Year-end Supplemental/Grants as Introduced	\$3,959,314	(\$376,546)	\$3,582,768
Proposed and Future Rebalancing Measures	\$3,959,314	(\$376,456)	\$3,582,768

6. 2021 GF Balancing Status

Bringing together the totals from each of the prior subsections, the 2021 Revised GF balance after all adjustments is \$88.6 million, as shown in the table below.

Description	Sources	Uses	Total
1. 2021 Adopted Budget	\$1,639,277,297	(\$1,607,088,216)	\$32,189,081
2. Technical and Supplemental	\$16,177,602	(\$86,244,975)	(\$70,067,373)
3. COVID Relief and Recovery and Other Measures	\$42,264,175	(\$57,619,337)	(\$15,355,162)
4. Revised Forecast /Other Adjustments	\$138,238,852	-	\$138,238,852
Year-end Supplemental/Grants as Introduced	\$3,959,314	(\$376,546)	\$3,582,768
Total After Approved Adjustments	\$1,839,917,240	(\$1,751,329,074)	\$88,588,166

Of the \$88.6 million, \$33.1 million is held in non-appropriated planning reserves. The remainder rolls into 2021 and is fully programmed in the 2022 Proposed budget for either new spending, or as below the line reserves.

III. 2022 Proposed GF Budget

This section includes an overview of the Mayor's 2022 Proposed GF Budget, which totals \$1.6 billion, and represents a \$19 million, or 1.2 percent decrease, from the 2021 Adopted Budget. This decrease is due to technical and baseline reductions, such as the removal of one-time funding items, exceeding policy related increases. It must be noted, however, that the 2022 Proposed Budget does not include the impact of bargaining unit wage increases, as these amounts are retained in non-appropriated below-the-line reserves until contracts are settled.

Further, as will be covered in this paper, the GF proposal relies heavily on financial support from the JumpStart Fund, specifically at a level that is higher than the policy recently adopted in [ORD 126393](#), which established the JumpStart Fund and is described in the next section. As such, Section IV of this paper includes details on the JumpStart Fund spending plan, to identify policy choices embedded in the Mayor's proposal that may align or contrast with the spending plan's intent.

1. JumpStart Fund and Spending Plan

Adopted on July 6, 2020, [ORD 126108](#) authorized a new payroll expense tax for the City. Beginning in 2021, the payroll tax was estimated to generate about \$214 million annually, with increases in future years. Also passed by the Council on July 6, 2020, [ORD 126109](#) codified a high-level spending plan for these new tax revenues; [additional details](#) were adopted through [Resolution 31957](#) on July 20, 2020.

ORD 126109 requested that, by June 30, 2021, the Executive submit an implementation plan for the use of the payroll expense tax revenues in 2022 and beyond. Among several criteria, the implementation plan was to include specific spending proposals and a policy framework to evaluate the outcomes from programs funded by the new tax revenues. An implementation plan was not delivered by the Executive.

Lacking an implementation plan from the Executive, and to provide for the accountable and

transparent use of the new tax in accordance with the spending plan that accompanied it, on July 19, 2021, the City Council unanimously passed ORD 126393, which created the JumpStart Fund. As provided in ORD 126393, beginning in 2022 all revenues from the payroll expense tax are to be deposited into, and managed from, the new JumpStart Fund. Further, ORD 126393 codified the detailed spending plan from Resolution 31957 and provided for an amount of JumpStart Fund revenues to be deposited into the GF in years where revenues are below levels forecasted prior to the COVID-19 pandemic and to provide continuity of staffing and services that were in place prior to the pandemic.

The JumpStart Fund spending plan restricts the use of payroll expense tax revenues as described in the next table. Please see ORD 12693 for the JumpStart fund policies and [Resolution 31957](#) for a detailed description of the funding categories (Administration, Housing and Services, Equitable Development Initiative, Economic Revitalization, and the Green New Deal. One notable difference between the original spending plan described in RES 31957 and the JumpStart Fund polices is that the fund policies, recognizing that GF revenues have not fully recovered to pre-pandemic levels, allows for payroll tax revenues to be used to support GF programs and services in 2022 and beyond. In any year where total GF revenues, from sources approved as of January 1, 2020, are projected to be lower than \$1,510,029,000, an amount equal to difference between \$1,510,029,000 and the projected amount may be transferred to the GF to support GF programs and services.

The Mayor’s 2022 Proposed Budget includes \$234,627,311 of payroll expense tax revenues to the JumpStart Fund in 2022. Further, the budget includes \$1,424,674,349 of GF revenues from all other sources approved as of January 1, 2020. Using these figures, it is possible to derive the expected 2022 amounts for each spending category in the JumpStart fund spending plan, as shown in the following table.

Authorized JumpStart Fund Expenditures Per ORD 126393

	Description	General Fund	JumpStart Fund
1)	Payroll Expense Tax 2022 Revenue Forecast		\$234,627,311
2)	GF Revenue, Pre-Covid Baseline	\$1,510,029,000	
	GF Revenue 2022 Forecast - Proposed Budget	\$1,424,674,349	
	Allowed GF Backfill Amount	\$85,354,651	(\$85,354,651)
3)	JumpStart Fund, Remainder for Spending Plan:		\$149,272,660
	Administration (5%) ^{1/}		\$373,182
	Housing (62%)		
	Housing & Services (82%)		\$79,684,731
	Community Focused (13%)		\$12,632,945
	Permanently Affordable Homeownership (5%)		\$4,858,825
	Equitable Development Initiative (9%)		\$14,106,266
	Economic Revitalization (15%)		\$23,510,444
	Seattle’s Green New Deal -R 31895 (9%)		\$14,106,266

1/ The calculation of total allowed administrative costs is \$7.5 million. The proposed budget assumes the 5% administrative costs are embedded within each spending plan category, and this table is formatted in a similar fashion to allow comparisons.

The 2022 Proposed Budget package includes budget legislation that would change the JumpStart Fund policies, allowing for a higher use of payroll expense tax revenues in 2022 to support the GF, and revising the required amounts allocated to the spending plan categories for 2022 to match amounts included in the proposed budget. Further, the proposed budget legislation would completely rescind the spending plan in 2023 and beyond, allowing for ongoing use of payroll expense tax revenues to support the GF for uses that are inconsistent with the spending plan established when the payroll expense tax was authorized by the Council.

Subsections III.5 of this memorandum contrasts the Mayor’s proposed use of the payroll expense tax revenue to support the GF against the \$85.4 million backfill amount that is allowed by ORD 126393. Section IV of the memo provides an analysis of the spending proposals included in the proposed budget against the framework of the current law spending plan, as shown in the table above, in 2022 and beyond.

2. 2022 Proposed GF Budget – Baseline

At the start of each new budget year, CBO establishes the baseline from the prior year’s adopted budget, applying technical and inflationary adjustments, and removes prior year one-time spending. The following table shows the 2022 Baseline Budget, which represents the continuation of approved ongoing 2021 budget items into 2022. It is worth noting that these amounts include the impact of adding back GF financial support to Seattle Parks and Recreation and the Seattle Public Library, which total \$7.7 million and \$5.1 million, respectively.

The table also includes the 2022 proposed revenue forecast underlying the budget. To provide visibility on resourcing proposals in the 2022 Proposed Budget, the table includes columns tracking transfers in from the JumpStart Fund and the Coronavirus Local Fiscal Recovery Fund (CLFR Fund) into the GF to support spending in the budget proposal. Finally, the column at the table’s far right edge tracks the GF balancing status at stage of the analysis.

Description	Uses		Resources		Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,433,609,321	-	-	(\$50,968,064)

As shown in the table, the 2022 baseline GF budget, after accounting for technical changes, inflation, removal of one-time funding, the restoration of GF support for Parks and the Library, and the use of \$10.5 million of fund balances that are included in the GF Revenue column, reflects a \$51 million deficit. Put another way, absent some external financial support, base GF revenues in 2022 would be \$51 million short of the amount necessary to support ongoing current services.

3. Fiscal Reserves

The City has two primary general government fiscal reserve funds: the Emergency Fund (EMF), for emergency needs, and the Revenue Stabilization Fund (RSF), to backfill economically-induced revenue losses. Uses of these reserves to support existing and new spending since the beginning of the COVID-19 pandemic have reduced the combined reserve balance from \$127.6 million in the 2020 Adopted Budget, to \$39,789,643 at the end of 2021.

GF revenues have consistently grown since the 2020 recession ended, and significant federal assistance has been made available for emergency COVID-9 relief, most recently through the American Rescue Plan Act. This reduced pressure on the budget allows the City to begin rebuilding the reserve balances to help weather future challenges. The City's current fiscal reserve policies, established for the RSF in [Seattle Municipal Code 5.80.020](#), and the EMF through [Resolution 31717](#), provide for the following reserve replenishments in 2022:

- RSF: 0.25 percent of the GF tax revenue forecast for 2022 = \$3,088,912
- EMF: \$60 million plus growth in the Seattle Urban Consumer Price Index since 2016 = \$37,539,262

These contributions would bring the combined reserve balance to \$80.4 million at the end of 2022, of which \$9.1 million would be held in the RSF and \$71.3 million would be held in the EMF.

Legislation submitted with the Proposed Budget would revise the EMF policy, including making technical changes to align the policy with the City's fund accounting system, revising the reference to the regional inflationary index used for the balance calculation, and most critically, providing for a longer replenishment term compared to the requirement in RES 31717. Specifically, after significant drawdowns in the EMF from severe or prolonged emergencies, the proposed change would provide for a maximum five-year replenishment schedule for the EMF, with allowances for a swifter replenishment if possible.

Relying on this prospective fiscal policy change to make a smaller deposit to the EMF than what would otherwise be required under existing policy, the 2022 Proposed Budget would make a total contribution of \$25 million to fiscal reserves in 2022, of which \$15 million would be deposited into the RSF and \$10 million would be deposited into the EMF. These additions would bring the combined balance to \$64.8 million at the end of 2022. It is worth noting that the proposed contribution to the RSF is approximately \$12.9 million higher than what is proscribed in current law. As such, with the proposed policy change, the combined reserve contributions could be reduced by \$12.9 million and still be consistent with policy. Alternately, the mix of deposits could be revised, placing more funds into the EMF in 2022 at a level somewhat closer to current policy.

The legislated uses of the fiscal reserves since 2020, and the contributions included in the 2022 Proposed Budget, are shown in the following table.

Description	Revenue Stabilization Fund	Emergency Fund	Total
2020 Beginning Balance	\$60,772,000	\$66,875,000	\$127,647,000
2020 Budget Revisions (ORD 126418)	(\$29,030,000)	-	(\$29,030,000)
2020 Revised JumpStart Appropriations (ORD 126211)	-	(\$19,852,567)	(\$19,852,567)
2021 Adopted Budget (ORD 126237)	(\$25,700,000)	(\$13,363,000)	(\$39,063,000)
2022 Proposed Budget	\$15,000,000	\$10,000,000	\$25,000,000
Proposed 2022 Ending Balances	\$21,042,000	\$43,659,433	\$64,701,433

As shown, the 2022 Proposed Budget would increase the combined fiscal reserve balances to \$64.7 million at the end of 2022. Adding the GF impact of the reserve contributions to the balancing table from the previous section brings the total deficit, after all previously described changes, to \$76 million, as shown in the table below.

Description	Uses	Resources			Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,433,609,321	-	-	(\$50,968,064)
Fiscal Reserves	(\$25,000,000)	-	-	-	(\$25,000,000)
Subtotal	(\$1,509,577,385)	\$1,433,609,321	-	-	(\$75,968,064)

4. JumpStart Fund Spending Plan Payroll Expense Tax Backfill

As mentioned in subsection III.1, ORD 126393 provides for a limited amount of JumpStart Fund revenues to be used to backfill GF revenues if GF revenues have not fully recovered to pre-COVID-19 levels. As shown in the prior discussion of the JumpStart Fund, based on CBO forecast data, the allowed amount of revenue backfill from the JumpStart Fund to the GF is \$85.4 million. That amount is added to the table from subsection 4 to demonstrate the impact on the running deficit from this limited JumpStart Fund support.

Description	Uses	Resources			Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,433,609,321	-	-	(\$50,968,064)
Fiscal Reserves	(\$25,000,000)	-	-	-	(\$25,000,000)
JumpStart Fund (ORD 126393)	-	-	\$85,354,651	-	\$85,354,651
Subtotal	(\$1,509,577,385)	\$1,433,609,321	\$85,354,651	-	\$9,386,587

As shown in the table, applying the JumpStart Fund backfill amount provided in ORD 126393 reverses the running deficit to a \$9.4 million surplus. In essence, the backfill provision in the JumpStart Fund ordinance serves its purpose of preventing GF service cuts while revenues continue to recover, while also providing resources to restore the contributions to Seattle Parks and the Seattle Public Library and begin to rebuild the fiscal reserves.

5. Equitable Communities Initiative

This section discusses the Equitable Communities Initiative (ECI), tracing its evolution from a new GF spending proposal included in the 2021 Proposed Budget to a set of new proposals, funded in both the GF and the JumpStart Fund, in the 2022 Proposed Budget.

The 2021 Proposed GF Budget included a new ongoing allocation of \$100 million titled the Equitable Communities Initiative. This proposed amount was to be held in the City’s Finance General Reserves budget, to await recommendations by a community task force for focused investments for Black, Indigenous, and People of Color (BIPOC) communities to address disparities. This item was proposed as new funding in an overall GF budget proposal that was supported by \$72 million of one-time use of fiscal reserves, a one-time reliance on backfill support from the new payroll expense tax, and a \$30 million cut to the 2020 budget allocation for a Strategic Investment Fund, which was funded with one-time cash from the sale of the Mercer Megablock property. As noted in CBO’s [presentation](#) of the 2021 Proposed Budget to the Select Budget Committee on September 30, 2020, the “Mayor ha(d) discussed proposing an Equity Levy or another new progressive revenue to sustain funding” for ECI commitments in future years”¹.

In the 2021 Adopted Budget, the City Council repurposed \$70.1 million of this \$100 million ongoing proposal into several one-time investments in equity, fiscal sustainability, and community safety, as follows:

- [Participatory Budgeting](#): \$18.02 million, which was paired with cuts in the Seattle Police Department Budget to create a \$28.3 million Finance General reserve for a community-led process for developing community safety strategies.
- [Strategic Investment Fund](#): \$30 million in a Finance General reserve for public investment in areas at high risk of displacement or low access to opportunity. This amount was originally funded in 2020 with one-time Mercer Megablock sales proceeds and was proposed to be cut in the 2021 Proposed Budget.
- [Community Safety Investments](#): \$10 million in the Human Services Department (HSD) for community-led safety investments.
- [Transfer to Emergency Fund](#): \$10.35 million, which was paired with other GF resources for a total \$33.7 million contribution to the City’s Emergency Fund.
- [OCR alternative](#): \$1.08 million in the Office for Civil Rights for funding to organizations pursuing alternatives to, or addressing harms caused by, the criminal legal system, that were awarded grant funding through the 2020 Collaborative Grantmaking process.
- [Restorative Justice Pilot](#): \$550,000 to the Department of Education and Early Learning for a pilot program at a limited number of Seattle schools.

¹ Slide 18 of “2021 Proposed Budget Overview” CBO presentation to Seattle City Council (9/30/2020).

The City Council changed the remaining [\\$29.9 million](#) appropriation for ECI from an ongoing expenditure, to a one-time allocation of funds in 2021. Changing the proposed ECI expenditures to one-time expenditures, along with the Council including the investments in equity, fiscal sustainability, and community safety as one time, was done in recognition of the lack of an ongoing revenue source to support these expenditures. Further, the Council placed two provisos on the \$29.9 million held in Finance General for ECI, one which restricted \$400,000 for a facilitation process, and a second which restricted the remaining funds until an ordinance was passed approving a spending plan for the funds.

On August 11, 2021, the City Council passed [ORD 126401 – Equitable Communities Initiative Proviso Lift](#), which lifted the restriction on the funds, and allocated them to City departments to implement the Task Force’s recommendations for the 2021 funds. ORD 126401 also applied a non-lapsing provision to these appropriations, allowing the 2021 allocations to continue into future years until fully spent.

While ORD 126401 does not formally create these allocations as recurring, ongoing investments in the City budget beyond the initial one-time \$29.9 million in 2021, the Task Force’s recommendations, which informed and accompanied the legislation, assumed that the investments would be recurring. As such, using a combination of GF funding and direct allocations of the payroll expense tax in the JumpStart Fund, the Mayor’s proposed budget includes \$29.9 million of ongoing ECI appropriations across several City Departments for programs informed by the Task Force’s recommendations, as shown in the following table. The 2022 Proposed spending mirrors the expenditures authorized in ORD 126401 with two exceptions; in the Office of Housing (OH), the funding for Homeownership Development Capital is about \$250k more than the amount allocated for that purpose in 2021; and continued funding for the Lease to Own study is held in a reserve pending completion of that study.

	2021 ORD 126401	2022 Proposed Budget		
Fund/Department/Budget Item	One-time 2021 Appropriations	Appropriations	FTE	Timing
General Fund				
Office of Arts and Culture				
Equity and Cultural Education	\$2,000,000	\$2,000,000		OG
Department of Education and Early Learning				
Equity and Cultural Education Fund (ECI)	\$4,000,000	\$4,000,000	1.00	OG
Department of Neighborhoods				
Investment in the Food Equity Fund (ECI)	\$750,000	\$750,000	1.00	OG
Provide Resources for Wealth Education (ECI)	\$1,800,000	\$1,800,000	2.50	OG
Human Services Department				
Reentry Programs for Formerly Incarcerated individuals (ECI)	\$1,500,000	\$1,500,000		OG
Culturally Responsive & Inclusive Direct Healthcare (ECI)	\$1,500,000	\$1,500,000		OG
Culturally Responsive & Inclusive Access to Healthcare (ECI)	\$1,000,000	\$1,000,000		OG
Farm to Table (ECI)	\$200,000	\$200,000		OG
Subtotal - General Fund	\$12,750,000	\$12,750,000	4.50	
JumpStart Fund				
Office of Economic Development				
Youth Healthcare Career Exploration (ECI)	\$480,621	\$480,621	1.0	OG
Healthcare Career Pipeline (ECI)	\$1,680,621	\$1,680,621	1.0	OG
Small Business Development Capital (ECI)	\$4,980,621	\$4,980,621	1.0	OG
Small Business Technical Assistance (ECI)	\$2,480,621	\$2,480,621	1.0	OG
Office of Housing				
Homeownership Development (ECI)	\$4,625,000	\$4,875,000		OG
Lease to Own	\$250,000			
Reserve Funding for Lease to Own Study Recommendations funded in 2021		\$250,000		OG
Ownership Retention Program (ECI)	\$875,000	\$875,000		OG
Office of Sustainability and the Environment				
Increase Environmental Justice Fund (ECI)	\$550,000	\$550,000		OG
Finance and Administrative Services				
Funding for Workforce Equity and WMBE Support (ECI) ^{1/}	\$1,000,000	\$1,000,000		OG
Subtotal - JumpStart Fund		\$17,172,484	4.0	
ECI Total		\$29,922,484	8.50	

As shown in the table, these additions reflect \$12.8 million of new ongoing GF appropriations, and 4.5 FTE positions in the GF, and \$17.2 million of new ongoing appropriations, and 4 FTE positions in the JumpStart Fund. It bears mentioning that, in contrast with the vision for ECI as originally proposed by the Mayor, a new source of progressive revenue has not been identified by the Mayor or the Task Force. Accordingly, the \$12.8 million of proposed GF funding is added to the balancing table from the prior section without a revenue offset, reversing the \$9.4 million surplus from all prior adjustments to a \$3.4 million deficit.

Description	Uses	Resources			Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,433,609,321	-	-	(\$50,968,064)
Fiscal Reserves	(\$25,000,000)	-	-	-	(\$25,000,000)
JumpStart Fund (ORD 126393)	-	-	\$85,354,651	-	\$85,354,651
ECI (GF)	(\$12,750,000)	-	-	-	(\$12,750,000)
Subtotal	(\$1,522,327,385)	\$1,433,609,321	\$85,354,651	-	(\$3,363,413)

In Section IV, below, the JumpStart Fund appropriations for ECI will be discussed in the context of the JumpStart Fund spending plan.

6. Additional New Spending in the 2022 Proposed Budget

In addition to the fiscal reserves and ECI appropriations that were described earlier, the 2022 Proposed GF Budget includes \$65.1 million of new spending proposals, of which \$59 million is ongoing and \$6.1 million is one-time. The complete list of these new policy proposals is included as Attachment B. It is worth noting that sorting between technical/baseline and policy items relies on some level of manual analysis and may not be perfect. As such, some small, yet purely technical items may show in Attachment B.

Representing nearly two-thirds of these new appropriations, are items that were funded on a one-time basis in the 2021 Adopted Budget, including:

- \$30 million in Finance General for an ongoing Participatory Budgeting reserve; this is additive to the \$28.3 million one-time appropriation in the 2021 Adopted Budget that was discussed in the ECI section above.
- \$10 million for ongoing Community Safety Capacity Building in HSD. Similarly, this is additive to the one-time allocation City Council made in 2021, as discussed above.

Noteworthy items from Attachment B will be discussed in the respective departments' Issue Identification papers or summarized in the Central Staff's Overview of the 2022 Budget paper. Some of the proposed operating additions include new revenues, most notable of which is \$4.5 million of funding from one-time CLFR Fund monies used to replace revenues lost because of the COVID-19 pandemic. Of the \$116 million of Tranche 2 of the federal American Rescue Plan Act (ARPA) funds that are deposited into the CLFR Fund in 2022, this \$4.5 million, which is assigned to a set of specific funding increases that would not be independently eligible for CLFR funding, represents the total amount used for GF revenue replacement in the budget.

According to CBO, under the ARPA guidelines the entire \$116 million of Tranche 2 funds could be used for revenue replacement. In contrast, the 2022 Proposed Budget dedicates most of the Tranche 2 monies for new COVID-19 recovery spending, including one-time funding for housing in the OH's proposed budget, and to create a small business ownership fund. These latter uses of CLFR Fund monies will be further described in the JumpStart Fund discussion in Section IV.

The following table incorporates changes in the preceding sections and adds the impacts of the Mayor's operating budget proposals, bringing the running deficit to \$62.4 million.

Description	Uses	Resources			Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,245,649,518	-	-	(\$50,968,064)
Fiscal Reserves	(\$25,000,000)	-	-	-	(\$25,000,000)
JumpStart Fund (ORD 126393)	-	-	\$85,354,651	-	\$85,354,651
ECI (GF)	(\$12,750,000)	-	-	-	(\$12,750,000)
Additional Proposals	(\$65,122,799)	\$1,613,772	-	\$4,500,000	(\$59,009,027)
Subtotal	(\$1,587,450,184)	\$1,435,223,093	\$85,354,651	\$4,500,000	(\$62,372,400)

7. JumpStart Fund Policy Change – Additional Transfer to Support GF

As discussed previously, the JumpStart Fund spending plan codified in ORD 126393 allows for JumpStart Fund revenues to backfill GF revenues in the event they have not recovered to pre-COVID-19 levels. As also noted, budget legislation submitted with the 2022 Proposed Budget would revise these policies, allowing for a higher level of GF backfill in the 2022 Budget. Further, the proposed legislation would delete the Fund's spending plan provisions in 2023 and beyond and replace them with a broad set of funding parameters. This is envisioned as an ongoing change, as evidenced by the [six-year financial plans](#) for the GF and the JumpStart Fund submitted with the 2022 Proposed Budget, which shows an ongoing reliance on a transfer of up to \$150 million per year from the JumpStart Fund to the GF in order to balance the GF.

The following table adds in the additional amount of JumpStart Fund monies transferred to the GF.

Description	Uses	Resources			Total
	GF Expenditures	GF Revenues	JumpStart Fund	CLFR Fund	
2022 Base Budget	(\$1,484,577,385)	\$1,433,609,321	-	-	(\$50,968,064)
Fiscal Reserves	(\$25,000,000)	-	-	-	(\$25,000,000)
JumpStart Fund (ORD 126393)	-	-	\$85,354,651	-	\$85,354,651
ECI (GF)	(\$12,750,000)	-	-	-	(\$12,750,000)
Additional Proposals	(\$65,122,799)	\$1,613,772	-	\$4,500,000	(\$59,009,027)
JumpStart Policy Change	-	-	\$62,372,439	-	\$62,372,439
Subtotal	(\$1,587,450,184)	\$1,435,223,093	\$147,727,090	\$4,500,000	\$0

This resolves the remaining cumulative GF deficit from all the changes in prior subsection. Put another way, the additional increment of JumpStart Fund revenue transferred to the GF funds all of the incremental adds in the Mayor's 2022 Proposed Budget, in 2022 and in future years. This is not to say that the payroll expense tax revenue from the JumpStart Fund specifically supports any discrete GF increase, but rather that the higher level of JumpStart Fund support to the GF makes these adds possible.

As will be described later in the JumpStart fund discussion, this means that, nearly two-thirds of 2022 JumpStart Fund revenue will be transferred to the GF to support ongoing programs and new spending in 2023 and beyond, and the JumpStart Fund spending plan in ORD 126393 will be underfunded in future year, which makes the JumpStart Fund spend plan, as codified in ORD 126393 unsustainable. In 2023 and beyond, this will result in a lower investment in JumpStart Fund priorities from the payroll expense tax than originally envisioned, with the trade-off of higher levels of funding for GF programs and services. This will be analyzed in the context of the JumpStart Fund in the following section.

8. Issue Identification

Issue 1: Due to ongoing budget proposals in 2022, the proposed GF budget requires \$147.7 million of revenue from the JumpStart Fund to balance, which is \$62.3 million higher than the amount allowed per the current fund policy. This reduces the capacity of the JumpStart Fund to fund programs by a like amount in 2023 and beyond.

Options:

- A. Reduce the new spending in the 2022 Proposed Budget and reduce the transfer from the JumpStart Fund by the same amount, reallocating the resources for JumpStart Fund purposes.
- B. Change some amount of GF budget adds programmed as ongoing to one-time in 2022, reducing the ongoing reliance on JumpStart Fund beyond 2022. Though it should be noted that proposed adds that are really ongoing in nature (e.g., investments that are establishing new programs, hiring new staff, etc.) may not be workable as one-time investments.
- C. Identify a new revenue source to support some or all of the proposed new GF budget adds, and program a higher level of spending from the JumpStart Fund.
- D. No action

Issue 2: The proposed fiscal reserves policy change would bring 2022 ending reserves to a combined level that is \$15.6 million lower than required by current policy and provide four additional years to replenish reserves to the amount defined in current policy.

Options:

- A. Reject the proposed fiscal policy change and identify an additional \$15 million from any combination of reductions and/or new revenues to add an additional \$15.6 million to reserves in 2022.
- B. Revise the policy to allow for a longer or shorter repayment period.
- C. No action.

Issue 3: The Mayor’s Proposed Budget includes \$30 million for ongoing ECI investments but does not include a new progressive revenue source to support them.

Options:

- A. Change the appropriations to one-time and engage the ECI Task Force to identify an ongoing progressive revenue source.
- B. Reduce some or all of the proposed appropriations in 2022, recognizing that much of the 2021 appropriations for the ECI recommendations will carryforward into 2022, and engage the ECI Task Force to identify an ongoing progressive revenue source to support these investments ongoing in 2023 and beyond.
- C. No action.

IV. 2022 Proposed JumpStart Fund Spending Plan

1. JumpStart Fund Spending Plan Review

As described in the prior section, through ORD 126102, RES 31954, and most recently, ORD 126393, the City Council adopted a spending plan for the payroll expense tax revenues budgeted in the JumpStart Fund. As has also been discussed, the Mayor’s Proposed 2022 GF Budget relies on a higher contribution from the JumpStart Fund than provided in the JumpStart Fund policies codified in ORD 126393. This section will analyze the implications of that proposed policy change in the context of how the monies remaining in the JumpStart Fund are budgeted towards spending plan priorities in the 2022 Proposed Budget, and the potential implications of the policy change for future years’ budgets. It is important to note that, as discussed in the previous section, the original suite of legislation that built the spending framework for the new payroll expense tax revenues requested that the Executive submit an implementation plan in June 2021. While an implementation plan was not submitted at that time, given the ongoing nature of most of the uses of the JumpStart Fund payroll expense tax revenues in the 2022 Proposed Budget, this proposed budget could be read as the Executive’s JumpStart Fund implementation plan.

The following table shows the amount of appropriation authority, by category, that would be expected in 2022 using the current fund policy, after making the \$85 million transfer to the GF that is proscribed in the fund policy.

Description	Amount
Administration (5%) ²	\$373,182
Housing (62%)	
Housing & Services (82%)	\$79,684,731
Community Focused (13%)	\$12,632,945
Permanently Affordable Homeownership (5%)	\$4,858,825
Housing Subtotal	\$97,176,501
Equitable Development Initiative (9%)	\$14,106,266
Local Business, Tourism and Workforce Stability (15%)	\$23,510,444
Seattle's Green New Deal - RES 31895 (9%)	\$14,106,266
Total for JumpStart Fund Spend Plan (ORD 126393)	\$149,272,660

However, since the 2022 Proposed GF Budget relies on a \$147 million transfer from the JumpStart Fund to balance, only \$89.9 million of payroll expense tax revenues would remain in the JumpStart Fund for the spending plan, which is \$62.3 million lower than under the current policy given the payroll expense tax revenue forecast for 2022. To meet the ‘spirit’ of the JumpStart Fund spending plan in terms of funding amounts by category, the 2022 Proposed Budget dedicates \$65 million of one-time federal CLFR Fund monies towards one-time budget increases that ostensibly fit JumpStart Fund spending plan categories. These include \$50.5 million in OH’s 2022 Proposed Budget for capital investment in affordable rental housing production and preservation, and \$13.5 million for local economic recovery funding and \$1 million for Green New Deal purposes.

The following tables illustrate, by spending plan category and sub-category where appropriate, all the items in the Proposed Budget that the Executive indicates as meeting the spirit of the JumpStart Fund spending plan. The table also includes the fund source, whether the addition is one-time or ongoing, and denotes those items that also are included as ongoing ECI investments in the 2022 Proposed Budget. Special attention should be paid to items marked as ongoing, because approving these will mean they will be built into the base level of spending in 2023 and future years.

Administration

The JumpStart Fund policy provides for up to five percent of fund revenue to be use for costs of administering the tax and the programs it funds. In the table above, the five percent allowed for each spending category is added into the total allocation for each category. Based on the 2022 revenue forecast, the remainder between five percent of total revenues, and the amount allocated to discrete spending categories, is \$373,182. The following table shows the one

² The calculation of total allowed administrative costs is \$7.5 million. The Proposed Budget assumes the 5% administrative costs are embedded within each spending plan category, and this table is formatted in a similar fashion to allow comparisons.

independent administrative item proposed from the JumpStart Fund, which is funding for the Payroll Tax Oversight Committee facilitation.

Administration	JumpStart Fund	CLFR Fund	Total	Timing
Payroll Tax Oversight Committee Facilitation	\$150,947		\$150,947	OG
Total (Admin)	\$150,947		\$150,947	

Housing

At 62 percent of total fund revenues (after accounting for any transfers required to GF), housing represent the largest intended investment of JumpStart fund resources. The following table shows the Budget Proposals intended to meet the housing commitment, by subcategory.

Housing	JumpStart Fund	CLFR Fund	Total	Timing
Housing and Services (82%)				
Expanded Capital Investment in Affordable Rental Housing Production and Preservation		\$50,498,109	\$50,498,109	OT
Investments in Affordable Housing Capital	\$17,000,000		\$17,000,000	OG
Services to pair with Federal Emergency Housing Vouchers and other housing supportive services	\$6,000,000		\$6,000,000	OG
Funding for 6 Positions for King County Regional Homelessness Authority	\$811,244		\$811,244	OG
Maintain Funding for (Muslim Housing Services) Transitional Housing	\$100,000		\$100,000	OG
Services funding for non-congregate emergency shelter (120 units)	\$2,400,000		\$2,400,000	OG
Subtotal (Housing and Services 82%)	\$26,311,244	\$50,498,109	\$76,809,353	
Community Focused (13%)				
Investments to Address Residential Displacement (Strategic Investment Fund)	\$15,700,000		\$15,700,000	OG
Subtotal (Community Focused 13%)	\$15,700,000	\$0	\$15,700,000	
Permanently Affordable Homeownership 5%)	JumpStart Fund	CLFR Fund	Total	Timing
Reserve Funding for ECI Recommendation	\$250,000		\$250,000	OG
Ownership Retention Program (ECI)	\$875,000		\$875,000	OG
Homeownership Development (ECI)	\$4,875,000		\$4,875,000	OG
Continued Funding for Crisis Connections One Call	\$403,030		\$403,030	OT
Subtotal (Permanently Affordable Homeownership 5%)	\$6,403,030	\$0	\$6,403,030	
Total (Housing)	\$48,414,274	\$50,498,109	\$98,912,383	

There are several key takeaways from this table. The most critical takeaway is that \$50.5 million for Expanded Capital Investment in Affordable Rental Housing Production and Preservation is supported by one-time CLFR Fund monies. While this is an appropriate use of these one-time federal funds and could from another lens be viewed as potentially additive to the amounts available for housing from the JumpStart Fund, applying them as part of the JumpStart implementation plan means that in future years, the investment in housing will be \$50.5 million lower than envisioned in the JumpStart Fund ordinance spending plan.

Next, the total amount for housing is \$98.9 million, which is \$1.7 million higher than what is required by the current fund policy (\$97,176,501, as shown in the table at the front of Section IV). However, within the 'Housing and Services' subcategory, a total investment of \$79.7 million is provided in the spending plan, compared to an allocation of \$76.8 million in the Proposed Budget. In other words, this allocation is about \$2 million lower than intended. Further, there is \$3.7 million of ongoing spending for four items that would not meet the spending plan definition. In the table, these items are highlighted and include:

- Funding for 6 Positions for King County Regional Homelessness Authority: \$811,244
- Maintain Funding for (Muslim Housing Services) Transitional Housing: \$100,000
- Services funding for non-congregate emergency shelter (120 units): \$2.4 million
- Continued Funding for Crisis Connections One Call: \$403,030

These items, which are in HSD's 2022 Proposed Budget, are focused on meeting needs of those experiencing homelessness and to support mental health services and are not building or supporting housing added by the tax. Though it is worth noting that previous budget actions proposed by both the Mayor and the Council have contributed to increased ongoing expenditures to support the City's homelessness response that, absent continued growth in the GF, reductions in other City expenditures, or a new revenue source, may be difficult to sustain in future years.

In terms of other subcategories, the allocation to 'Community Focused' items, which is represented by \$15.7 million for investments to address residential displacement in OH's 2022 Proposed Budget, is approximately \$3 million higher than provided in the spend plan (\$12.6 million). Coupled with the under allocation of \$2 million noted above, this represents a shift in resources from the 'Housing and Services' subcategory, to the 'Community Focused' subcategory.

Local Business, Tourism and Workforce Stability

The following table includes the budget proposals intended to meet the commitment of 15 percent of fund revenues, which is \$23,510,444 for 2022.

Local Business, Tourism and Workforce Stability	JumpStart Fund	CLFR Fund	Total	Timing
Workforce Equity and WMBE Support (ECI)	\$1,000,000		\$1,000,000	OG
Youth Healthcare Career Exploration (ECI)	\$480,621		\$480,621	OG
Healthcare Career Pipeline (ECI)	\$1,680,621		\$1,680,621	OG
Small Business Development Capital (ECI)	\$4,980,621		\$4,980,621	OG
Small Business Technical Assistance (ECI)	\$2,480,621		\$2,480,621	OG
Healthcare Cost Tech Adjustment	\$77,516		\$77,516	OG
Maritime Workforce Development		\$500,000	\$500,000	OT
Individual Artist Relief and Workforce Development		\$1,500,000	\$1,500,000	OT
Workforce Development; Affordable Housing and Homeless Service Providers		\$750,000	\$750,000	OT
Priority Hire Expansion		\$500,000	\$500,000	OT
Re-employment Pathways for Immigrants and Refugees		\$250,000	\$250,000	OT
Small Business Ownership Fund		\$7,600,000	\$7,600,000	OT
Child Care Stabilization Grants Expansion		\$2,400,000	\$2,400,000	OT
Total (Local Economy)	\$10,700,000	\$13,500,000	\$24,200,000	

As shown in the table, the total funding in the proposed budget for local business, tourism and workforce stability is about \$700,000 higher than allocated in the spending plan. Particularly noteworthy is the reliance on \$13.5 million of one-time federal CLFR dollars, which will not be sustainable in 2023 and beyond.

Equitable Development Initiative

The following table includes the budget proposals intended to meet the Equitable Development Initiative commitment of nine percent of fund revenues, which is \$14,106,266 for 2022.

Equitable Development Initiative	JumpStart Fund	CLFR Fund	Total	Timing
Equitable Development Initiative and Strategic Investment Fund Expansion	\$13,889,084		\$13,889,084	OG
Administrative Support (staff support) for the Equitable Development Initiative and Strategic Investment Fund Expansion	\$410,916		\$410,916	OG
Total (Equitable Development Initiative)	\$14,300,000	\$0	\$14,300,000	

These two items are proposed in the Office of Planning and Community Development budget and represent slightly higher funding than the spending plan requirement. It is also worth noting that the Strategic Investment Fund (SIF), a one-time \$30 million fund to support property acquisition for similar projects, was budgeted in Finance General in the 2021 Adopted Budget. It was allocated in September to OPCD and the Office of Arts and Culture, and EDI staff will oversee implementation of the SIF. To avoid confusion, from Central Staff’s perspective the SIF will not be funded in 2022. EDI funding can be used for property acquisition.

Green New Deal

The following table includes the budget proposals intended to meet the \$14,106,266 Green New Deal spending level in the current JumpStart Fund policy.

Green New Deal	JumpStart Fund	CLFR Fund	Total	Timing
Green New Deal Reserve	\$6,491,539		\$6,491,539	OG
Clean Buildings Accelerator Program	\$220,000		\$220,000	OG
Increase Environmental Justice Fund (EJ)	\$550,000		\$550,000	OG
Expand Youth Leadership, Capacity Building, and Duwamish Valley Youth Corps	\$500,000		\$500,000	OG
Single Family Oil Heat Conversion	\$1,498,461		\$1,498,461	OT
Oil Home Heating Conversions	\$200,000		\$200,000	OT
Duwamish Valley Program Development Projects	\$2,300,000		\$2,300,000	OT
Rebates for Heavy-Duty Electric Vehicles	\$1,000,000		\$1,000,000	OT
Duwamish Green Workforce Development Investments	\$275,000		\$275,000	OT
Climate Implementation Plan and Calculator	\$300,000		\$300,000	OT
Clean Energy Pre-Apprenticeship Scholarships		\$1,000,000	\$1,000,000	OT
Total (Green New Deal)	\$13,335,000	\$1,000,000	\$14,335,000	

In aggregate, these items provide slightly higher Green New Deal funding than the spending plan allocates. However, like the 'Housing' and 'Recovery' categories, a portion of the spending is supported by one-time CLFR Fund resources, meaning a lower potential investment in 2023 and future years. This is represented by the \$1 million for Clean Energy Pre-Apprenticeships that would be managed by the Office for Sustainability and the Environment in 2022.

Meeting the Spirit of JumpStart Fund Spending Plan in 2022

With the exceptions noted above, particularly with regards to the use of \$3.7 million of JumpStart Fund monies intended for affordable housing investments to instead support homelessness services and mental health services, and the use of around \$2 million more funding for 'Community Focused' housing investments instead of capital cost and related services for new affordable 'Housing and Services', the proposed budget allocations broadly align with the spending plan.

Sustainability of the JumpStart Spending Plan

The following table summarizes the fund sourcing for the JumpStart Fund spending plan in the 2022 Proposed Budget.

Timing	JumpStart Fund	CLFR	Total
Ongoing	\$80,923,730		\$80,923,730
One-time	\$5,976,491	\$64,998,109	\$70,974,600
Total	\$86,900,221	\$64,998,109	\$151,898,330

While the spirit of the spending plan can be largely met in 2022, with exceptions noted above, the 2022 Proposed Budget requires using \$65 million of one-time federal dollars to do so. Further, the GF's reliance on a higher-than-intended ongoing transfer-in from the JumpStart Fund in 2022 and beyond to support new and ongoing GF funding proposals, as described in Section III, means that this unsustainability in the JumpStart Fund will likely be permanent under the Mayor's proposal. Significantly, the one-time funds are used for housing and local economic and workforce development, which means that the potential investments in these categories from the JumpStart fund would potentially be significantly reduced in future years.

It bears repeat mention that the Executive submitted budget legislation that would change the JumpStart Spending plan for 2022 to match amounts included in the proposed budget, allowing for a higher use of payroll expense tax revenues to support the GF and would completely rescind the spending plan in 2023 and beyond.

2. Issue Identification

Issue 1: Proposed budget legislation would change the spending allocations governing use of JumpStart Fund payroll expense tax revenues in 2022 and would eliminate the spending plan in future years.

Options:

- A. Do not pass budget legislation changing the JumpStart Fund policies and amend the Proposed Budget to align with existing policies.
- B. Amend the legislation to allow different uses for 2022 but retain the spending plan for future years.
- C. Amend the spending plan to change the uses in 2022 and continue them at a similar level in future years.
- D. No action.

Issue 2: Due to the use of one-time federal CLRF Fund monies to meet JumpStart Fund spending plan housing investments in 2022, coupled with an assumed higher level of JumpStart Fund support of the GF in 2022, in future years the JumpStart Fund will have \$65 million less for spending plan priorities in 2023 and beyond.

Options:

- A. Use up to \$65 million of CLFR monies to support one-time 2022 GF proposals using revenue replacement provisions in the American Rescue plan Act, reducing the amount of JumpStart Funds deposited into the GF in 2022. This would swap the \$65M of CLFR funds described as meeting the 'spirit' of the JumpStart priorities with JumpStart funds, which would bring 2022 JumpStart Fund appropriations closer to compliance with existing policy. This will reduce the amount of assumed GF available for general use in 2023 and beyond
- B. Cut up to \$65 million of ongoing GF proposals, reduce the GF transfer from the JumpStart Fund to the GF by a similar amount, and fund the same amount from the JumpStart Fund for housing and local economic recovery spending plan items, additive to the CLFR Fund allocations.
- C. No action.

Issue 3: Approximately \$3.7 million of funding for services for people experiencing homelessness and mental health services is allocated from the JumpStart Fund.

Options:

- A. Cut or reduce these items.
- B. Identify a new source of revenue for these items.
- C. No action.

Attachments:

- A. Year-end grant acceptances
- B. General Fund Operating and Capital Policy Item List

Attachment A - Year End Grant Acceptances

Item	Department	Grantor	Purpose	Fund	Amount
1.1	Department of Education and Early Learning	Department of Children, Youth & Families	The Early Childhood Education and Assistance Program (ECEAP) contract provides high quality preschool services for low-income families. The additional amount is for complex needs and summer programming.	General Fund (00100)	\$505,496
1.2	Human Services Department	Washington State Department of Social and Health Services (DSHS)	To increase access to Coronavirus Disease 2019 (COVID-19) vaccines for older adults in King County.	Human Services Fund (16200)	\$291,422
1.3	Human Services Department	Washington State DSHS	To provide education on COVID-19 and assistance with accessing COVID-19 vaccines to older adults and people with disabilities in King County.	Human Services Fund (16200)	\$104,955
1.4	Human Services Department	Washington State Department of Commerce	The State of Washington's Department of Commerce will administer the Tiny Homes (Seattle) Project. The appropriation of \$2,000,000 was approved in the 2021-2023 State Capital Budget. After administrative overhead, Seattle will receive a net grant award of \$1,960,000.	Human Services Fund (16200)	\$1,960,000
1.5	Executive (Office of Immigrant and Refugee Affairs)	Washington DSHS	Support for services to participants in the New Citizen Program (naturalization candidates) who receive State benefits through DSHS.	General Fund (00100)	\$670,000
1.6	Executive (Office of Immigrant and Refugee Affairs)	Foundation to Promote Open Society	The purpose of the grant is to support and coordinate city government outreach efforts and responses to vulnerable immigrant communities during the COVID-19 pandemic and recovery.	General Fund (00100)	\$55,000
1.8	Seattle Department of Transportation	Washington State Department of Transportation (WSDOT) - Regional Mobility Grant (RMG)	This grant will fund improvements to the Route 40 Transit Plus Multimodal Corridor and support conversion to RapidRide service by partner King County Metro.	Transportation Fund (13000)	\$3,000,000

Item	Department	Grantor	Purpose	Fund	Amount
1.9	Seattle Department of Transportation	WSDOT	This grant will fund the construction of a protected bike line and other pedestrian and bicycle safety improvements along Martin Luther King Jr. Way between Rainier Ave S and S Judkins St.	Transportation Fund (13000)	\$1,800,000
1.10	Seattle Department of Transportation	WSDOT	This grant from WSDOT's Safe Routes to School program will fund pedestrian safety improvements on NE 135th St between 27th Ave NE and 37th Ave NE.	Transportation Fund (13000)	\$620,000
1.12	Seattle Department of Transportation	WSDOT	This grant will be used to construct the Madison Bus Rapid Transit (BRT) project. Construction is estimated to begin during the fourth quarter of 2021.	Transportation Fund (13000)	\$2,545,000
1.13	Seattle Department of Transportation	WSDOT and United States Department of Transportation (USDOT)	These grants will be used to make significant bridge repairs on the West Seattle High-Rise Bridge, which is currently closed due to structural deficiencies, as well as the Spokane Street Swing Bridge ("low bridge") running adjacent to the High-Rise bridge. The project will provide structural stabilization repairs to reopen the High-Rise Bridge and will make repairs related to load rating compliance on the low bridge. Overall project improvements will include replacement of damaged bridge decks, expansion joints, barrier segments, and seismic restrainers. Both grants require a 20% match, and this has been budgeted.	Transportation Fund (13000)	\$23,250,600
1.14	Seattle Department of Transportation	WSDOT	This grant will fund construction of pedestrian and bicycle safety improvements on Greenwood Ave N and for the 1st Ave NW Neighborhood Greenway.	Transportation Fund (13000)	\$1,000,000
1.15	Seattle Department of Transportation	National Highway System (NHS)	This NHS Asset Management Award will fund mill and overlay, pavement repair, crack seal, and curb ramp upgrades on 11th/12th Ave NE.	Transportation Fund (13000)	\$3,184,000
1.16	Seattle Department of Transportation	NHS	This NHS Asset Management Award will fund improvements on Ballard Bridge including mill and overlay, pavement repair, crack seal, curb ramp upgrades, and replacement of asphalt surface.	Transportation Fund (13000)	\$5,000,000

Item	Department	Grantor	Purpose	Fund	Amount
1.17	Seattle Department of Transportation	WSDOT - RMG	This grant will fund Design and Construction for roadway improvements as part of the RapidRide J/Roosevelt project.	Transportation Fund (13000)	\$3,000,000
1.18	Seattle Department of Transportation	Federal Highway Administration (FHWA)	This grant will fund the portion of the Downtown Bike Network project that connects the Elliott Bay Trail to the Waterfront Park Promenade and Bike Path along Alaskan Way between Broad St and Virginia St. The grant constitutes 30% of the project budget.	Transportation Fund (13000)	\$2,400,000
1.19	Seattle Department of Transportation	FHWA	This grant will fund the construction of a protected bike line and other pedestrian and bicycle safety improvements along Martin Luther King Jr. Way between Rainier Ave S and S Judkins St.	Transportation Fund (13000)	\$1,800,000
1.20	Seattle Public Library	Washington State Library	This grant will support the deployment of additional laptops and hotspots, in addition to in-language navigator services which will include virtual outreach and an assessment to track quantitative and qualitative outcomes.	Library Fund (10410)	\$37,500
				Library Fund (10410)	\$155,000
1.21	Seattle Public Library	Washington State Library	This grant will focus on the continued digitalization of the Library's Northwest Photograph Collection, which includes over 1,400 historic photographs of people and places in Washington, Oregon, British Columbia, and Alaska.	Library Fund (10410)	\$15,000
Total					\$51,393,973

Attachment B - General Fund Operating and Capital Policy Item List*

*Sorting between technical/baseline and policy items relies on some level of manual analysis and may not be perfect. As such, table may include some small, yet purely technical, items.

	Ongoing	Onetime	Total
City Budget Office			
Increase to Budget and Policy Analysis	\$163,679		\$163,679
New Office of Economic and Revenue Forecasts	(\$19,151)		(\$19,151)
Civil Service Commissions			
Positions Reclassification Increase	\$30,000		\$30,000
Increase for Ongoing Subscriptions and Services	\$10,000		\$10,000
Community Police Commission			
Funding for Pilot Community Police Oversight Young Leader Internship & Fellowship Program	\$32,044		\$32,044
Community Safety and Communications Center			
Back of House Staffing for Administrative Support	\$726,037		\$726,037
Deputy Director for the CSCC	\$230,958		\$230,958
Fund a Technical and Operational Study for 911 Center		\$150,000	\$150,000
Department of Finance and Administrative Services			
American Medical Response Study		\$25,000	\$25,000
Temporarily Defund Vacant Tax Positions		(\$766,014)	(\$766,014)
Ethics and Elections Commission			
Lobbying Administration 1.0 FTE	\$151,701		\$151,701
Finance General			
Participatory Budgeting Reserve	\$30,000,000		\$30,000,000
Insurance Premium Cost Increase	\$2,441,000		\$2,441,000
Arena Payments	\$1,328,000		\$1,328,000
HSD Finance Support Reserve		\$600,000	\$600,000
Human Services Department			
Continuation of Funding for Community Safety Capacity Building	\$10,000,000		\$10,000,000
Regional Peacekeepers Collective		\$1,500,000	\$1,500,000
Funding for Services from agencies specializing in American Indian and Alaska Native populations	\$1,200,000		\$1,200,000
Gender-Based Violence Victims Services	\$875,000		\$875,000
Investments to Address Hate Crimes	\$400,000		\$400,000
Transfer HealthOne Budget from SFD to HSD	\$349,120		\$349,120
Two additional Victim Advocates	\$219,817		\$219,817
Language Premium Staff Stipend	\$192,000		\$192,000
Visiting Nurse Project	\$150,000		\$150,000
Domestic Violence Intervention Project (DVIP)			
HSD Leadership Structure Change			
Transfer LEAD Contract Budget to Safe and Thriving Communities Division			
Continuing 2021 Q2 Supplemental Items	(\$96,387)		(\$96,387)

	Ongoing	Onetime	Total
Law Department			
Civil Division Attorney Staffing	\$898,846	\$6,000	\$904,846
Electronic Discovery Staffing	\$283,195	\$4,000	\$287,195
Criminal Case Management System (CCMS) Licensing and Maintenance	\$247,490		\$247,490
Fully Staff Current Pre-File Diversion Program	\$245,490	\$2,000	\$247,490
Fund Human Resources Manager	\$165,029	\$2,000	\$167,029
Firearms Surrender MOA with King County	\$145,484		\$145,484
Fund Personnel Specialist	\$96,799		\$96,799
Legislative Department			
Restore General Fund	\$500,000		\$500,000
Office for Civil Rights			
Increase Seattle Disability Commission Support	\$66,000		\$66,000
Office of Arts and Culture			
Individual Artist Relief and Workforce Development		\$1,500,000	\$1,500,000
Office of Economic and Revenue Forecasts			
Position Changes and Personnel Costs	\$484,669		\$484,669
Office Setup and Operations	\$126,250	\$24,000	\$150,250
Office of Economic Development			
Maritime Workforce Development		\$500,000	\$500,000
Office of Emergency Management			
Add Funding for Finance & Grants Management Position	\$66,698		\$66,698
Office of Housing			
Workforce Development; Affordable Housing and Homeless Service Providers		\$750,000	\$750,000
Office of Immigrant and Refugee Affairs			
Re-employment Pathways for Immigrants and Refugees		\$250,000	\$250,000
Language Access and Contracting Capacity	\$246,656		\$246,656
Language Premium Staff Stipend	\$12,000		\$12,000
Office of Inspector General for Public Safety			
Staffing Surveillance Ordinance Requirements	\$363,679	\$20,000	\$383,679
Additional Investigator for OPA Oversight	\$151,701	\$10,000	\$161,701
Office of Planning and Community Development			
Comprehensive Plan Major Update – Phase 2		\$220,000	\$220,000
Transfer On-Loan Position to Seattle Center	(\$197,392)		(\$197,392)
Duwamish Valley Program Staffing and Engagement	\$192,722		\$192,722
Indigenous Planner	\$158,684		\$158,684
Regional Growth Center Subarea Planning		\$150,000	\$150,000
Equitable Zoning Outreach		\$25,300	\$25,300
RSJI Training	\$18,000		\$18,000
CoStar Multifamily and Commercial Real Estate Database Subscription	\$13,000		\$13,000
OPCD Internal Reorganization	(\$2,976)		(\$2,976)

	Ongoing	Onetime	Total
Office of Sustainability and Environment			
Clean Energy Pre-Apprenticeship Scholarships		\$1,000,000	\$1,000,000
Greening Industrial Properties in the Duwamish Valley		\$300,000	\$300,000
Duwamish Valley Business Relief and Response	\$200,000	\$75,000	\$275,000
Transportation Electrification Program Support	\$154,926		\$154,926
Green New Deal Coordination	\$15,000		\$15,000
Office of the City Auditor			
Restore General Fund	\$100,000		\$100,000
Office of the Employee Ombud			
Increase Anti-Hate Crimes Training Capacity	\$151,701		\$151,701
Increase Administrative Support Capacity	\$87,618		\$87,618
Seattle Center			
Transfer On-Loan Position to Seattle Center	\$197,392		\$197,392
Restoration of McCaw COVID Reductions			
Seattle Department of Construction and Inspections			
Unreinforced Masonry (URM) Program	\$98,843	\$101,156	\$199,999
Small Business Permit Facilitator	\$29,072		\$29,072
Code Compliance Staffing	(\$171,047)		(\$171,047)
Seattle Department of Human Resources			
Reinstate the City Leadership Academy Program	\$249,239		\$249,239
Executive Recruitment Unit Addition	\$247,931		\$247,931
Restore Career Quest Scholarships and Implement Central Mentorship Tracking	\$175,000		\$175,000
Convert Temporary Health Advocacy Advisor to Permanent	\$162,746		\$162,746
Increase Policy Management Capacity	\$151,701		\$151,701
Add Position to Support Community Service Preference Points	\$62,153		\$62,153
Seattle Department of Transportation			
Center City Connector Project Development Update		\$2,400,000	\$2,400,000
CIP Adjustment	\$1,464,836		\$1,464,836
Planning and Street Use Reductions		\$575,399	\$575,399
TNC Tax Funding for ReSET Capital Programs		\$400,000	\$400,000
Transportation Equity Workgroup	\$183,709		\$183,709
TNC Tax Funding for ReSET O&M Programs		\$150,000	\$150,000
SDOT Staffing Needed to Support Existing Commitments			
Program Reductions		(\$300,506)	(\$300,506)
Transfer to Support SPU RV Remediation	(\$556,064)		(\$556,064)
Transit and Mobility Reductions	(\$640,000)	(\$1,078,114)	(\$1,718,114)
Transportation Operations Reductions		(\$2,056,703)	(\$2,056,703)

	Ongoing	Onetime	Total
Seattle Fire Department			
Triage Team Response Program		\$2,150,000	\$2,150,000
Fire Incident Reporting IT System Upgrade		\$499,000	\$499,000
Safety and Training IT System Upgrade		\$318,000	\$318,000
Add Diversity Recruitment and Work Culture FTE	\$166,663		\$166,663
L27 Crisis Counseling Services	\$150,000		\$150,000
Add Training Coordinator to Fire Alarm Center	\$108,196		\$108,196
Seattle Municipal Court			
RSJI Training and Leadership Development		\$168,000	\$168,000
Community Based Provider Contract - Court Resource Center	\$140,000		\$140,000
Jail Diversion Subsidized Home Monitoring Program	\$88,000		\$88,000
SLanguage Premium Staff Stipend	\$43,200		\$43,200
Seattle Parks and Recreation			
Security & Compliance	\$963,004		\$963,004
Support City Efforts to Maintain Clean and Accessible Parks and ROW	\$900,000		\$900,000
Rise Above		\$200,000	\$200,000
Language Premium Staff Stipend	\$40,800		\$40,800
MPD Funding Realignment for Equitable Park Development Fund (see Capital Changes)			
Make Approved TLT Positions Permanent			
MPD Funding Realignment for HR/Workforce Equity (see Capital Changes)			
Formalize Rec'N the Streets Program			
SMPD Funding Realignment for Departmental Equity Team (see Capital Changes)			
Increase SDOT Payment for ROW Obstruction Removals	(\$100,000)		(\$100,000)
Seattle Police Department			
Language Premium Staff Stipend	\$19,200		\$19,200
Office of Police Accountability Video Analyst	\$151,698	\$5,000	\$156,698
Technology Investments			
Community Service Officer Expansion	\$116,274	(\$116,274)	
Hiring and Retention Incentives			
Reduction for Community Safety Investments		(\$3,650,000)	(\$3,650,000)
Seattle Public Utilities			
Expanded RV Remediation	\$556,063		\$556,063
Funding additional three hygiene stations	\$274,500		\$274,500
General Fund - Clean City Administrative Support	\$233,056		\$233,056
General Fund - RV Remediation TES Conversion	\$129,302		\$129,302
Grand Total	\$59,010,555	\$6,112,244	\$65,122,799