

Issue Identification

General Fund Balancing Analysis

Select Budget Committee | October 13, 2021

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Agenda

- Status of 2021 General Fund
- 2022 GF Balancing Analysis: Revenues and Expenditures in the Proposed Budget
- 2022 JumpStart Fund Spending Plan Analysis
- Issue Identification



2021 GF Balancing Status

Description	Sources	Uses	Total
2021 Adopted Budget	\$1,639,277,297	(\$1,607,088,216)	\$32,189,081
Technical and Supplemental	\$16,177,602	(\$86,244,975)	(\$70,067,373)
COVID Relief and Recovery and Other Measures	\$42,264,175	(\$57,619,337)	(\$15,355,162)
Revised Forecast /Other Adjustments	\$138,238,852	\$0	\$138,238,852
Proposed and Future Rebalancing Measures	\$3,959,314	(\$376,546)	\$3,582,768
2020 GF Balance	\$1,839,917,240	(\$1,751,329,074)	\$88,588,166



2021 GF Balancing Status

2021 Revised Budget is balanced

- Draft Year-End Supplemental/ Grants Legislation
 - Increase GF revenues by \$3.9 million
 - Cut GF expenditures by \$376,000
 - Further adjustments anticipated in early November, \$2 million held in reserves



2022 Proposed GF Balancing Analysis

1. Baseline GF Budget
2. Fiscal Reserves
3. JumpStart Fund Spending Plan Payroll Expense Tax Backfill
4. Equitable Communities Initiative
5. Additional New Spending in the 2022 Proposed Budget
6. JumpStart Fund Policy Change – Additional Transfer to Support GF



2022 Proposed General Fund (GF) Baseline

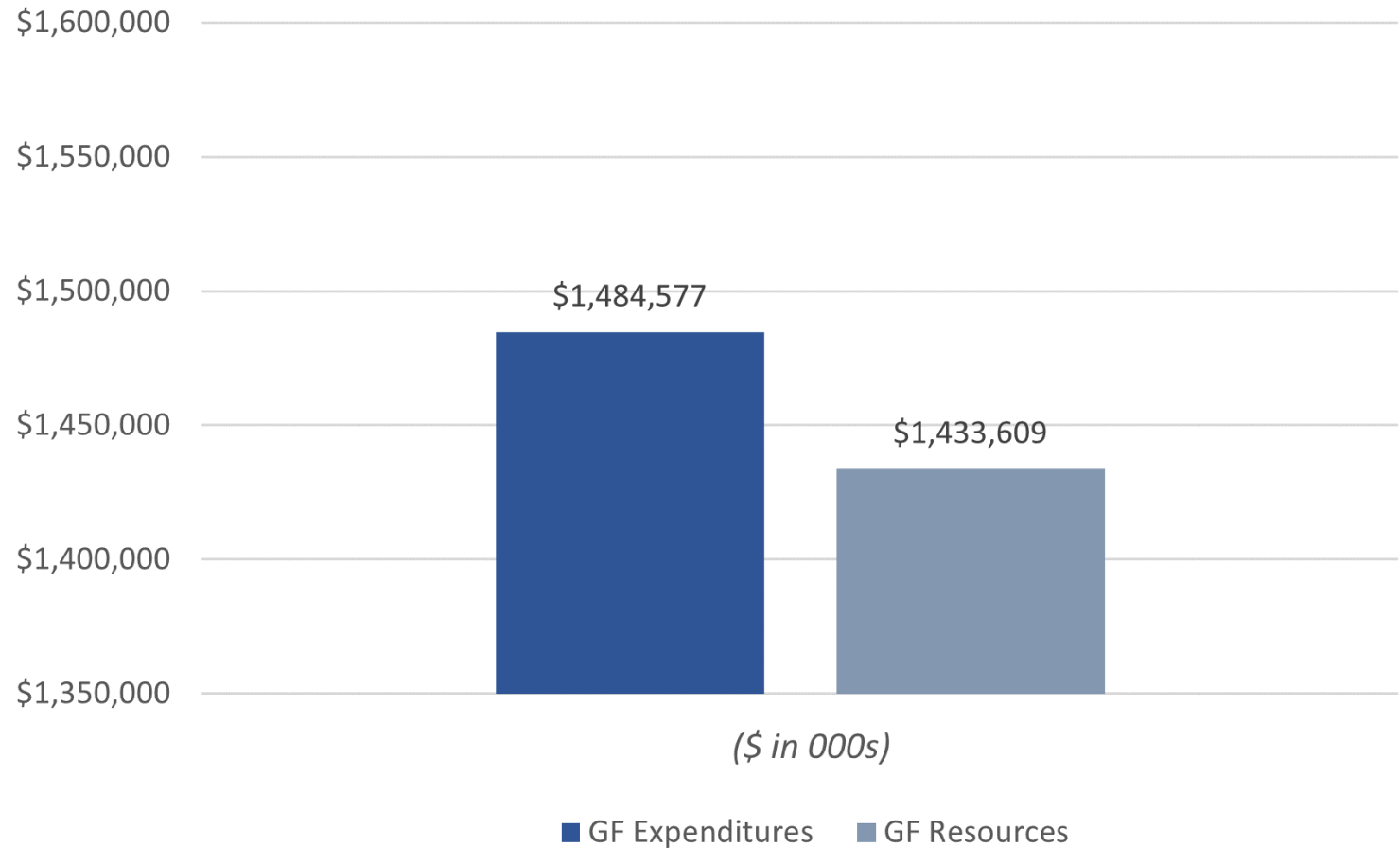
Resources: \$1,433,609
Expenditures: - \$1,484,578

Baseline Balance: (\$50,968)

(\$ in 000s)

2021 Adopted Budget Appropriations
+ Technical Adjustments
= **2022 GF Baseline Expenditures**

2022 GF revenue forecast = **2022 GF Baseline Resources**



2022 Baseline: \$51M GF shortfall to maintain ongoing services



Fiscal Reserves

Resources: \$1,433,609
 Expenditures: - \$1,509,577

Baseline Balance: (\$75,968)

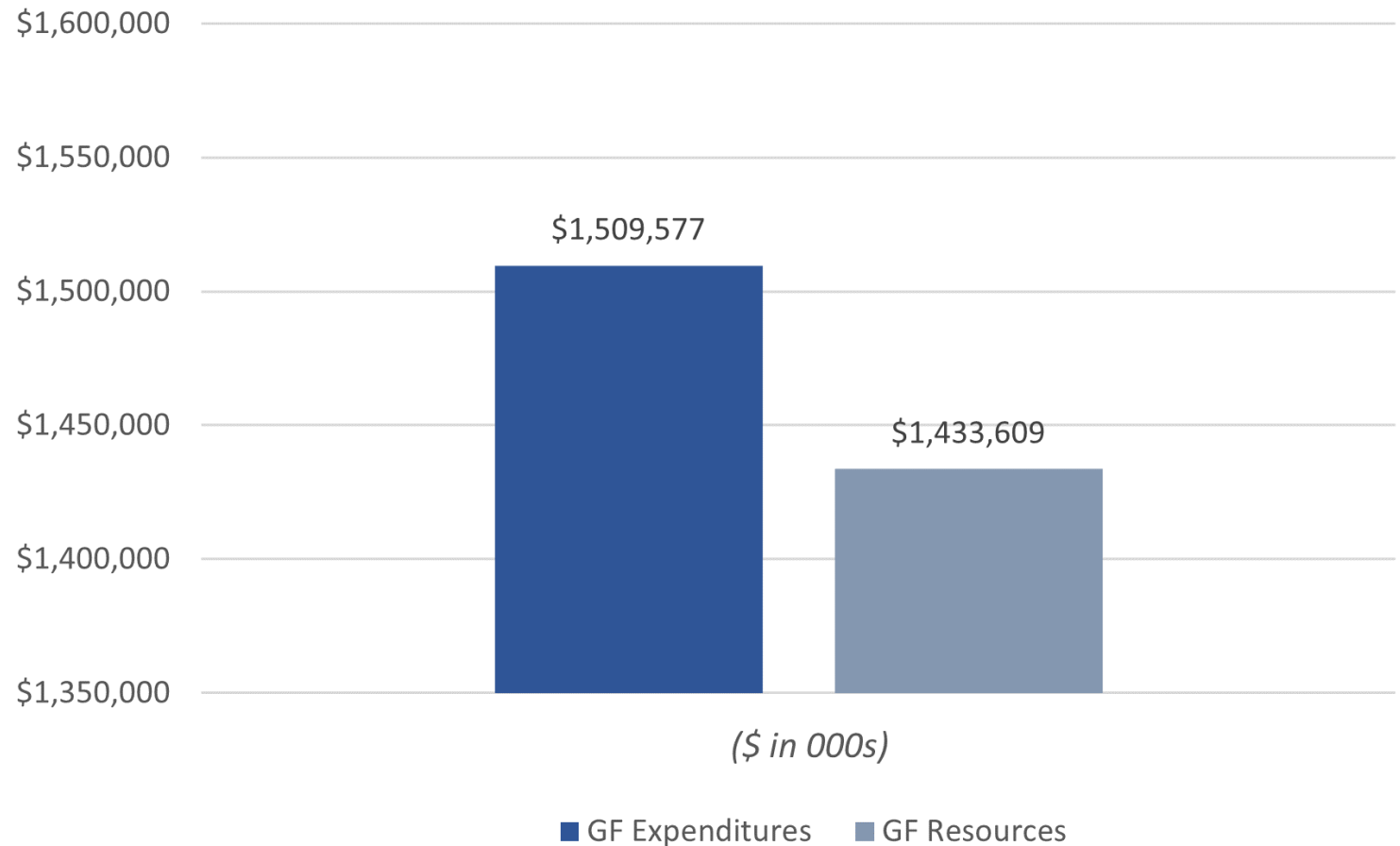
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Proposed Deposits to Fiscal Reserves: \$25 million

- Emergency Fund: \$10 million
- Revenue Stabilization Fund: \$15 million

Current Policies: \$40.6 million

- Emergency Fund: \$37.5 million
- Revenue Stabilization Fund: \$3.1 million



2021 Baseline: \$76M GF shortfall after reserve deposits



Fiscal Reserves (\$ in 000's)

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



JumpStart Fund and Spending Plan (\$ in 000's)

	Description	General Fund	JumpStart Fund
1)	Payroll Expense Tax 2022 Revenue Forecast		\$234,627
2)	GF Revenue, Pre-Covid Baseline	\$1,510,029	
	GF Revenue 2022 Forecast - Proposed Budget	\$1,424,674	
	Allowed GF Backfill Amount	\$85,355	(\$85,355)
3)	JumpStart Fund, Remainder for Spending Plan:		\$149,273
	Administration (5%) ^{1/}		\$373
	Housing (62%)		
	<i>Housing & Services (82%)</i>		\$79,685
	<i>Community Focused (13%)</i>		\$12,633
	<i>Permanently Affordable Homeownership (5%)</i>		\$4,859
	Equitable Development Initiative (9%)		\$14,106
	Economic Revitalization (15%)		\$23,510
	Seattle's Green New Deal -R 31895 (9%)		\$14,106

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.

JumpStart Fund Spending Plan Payroll Expense Tax Backfill

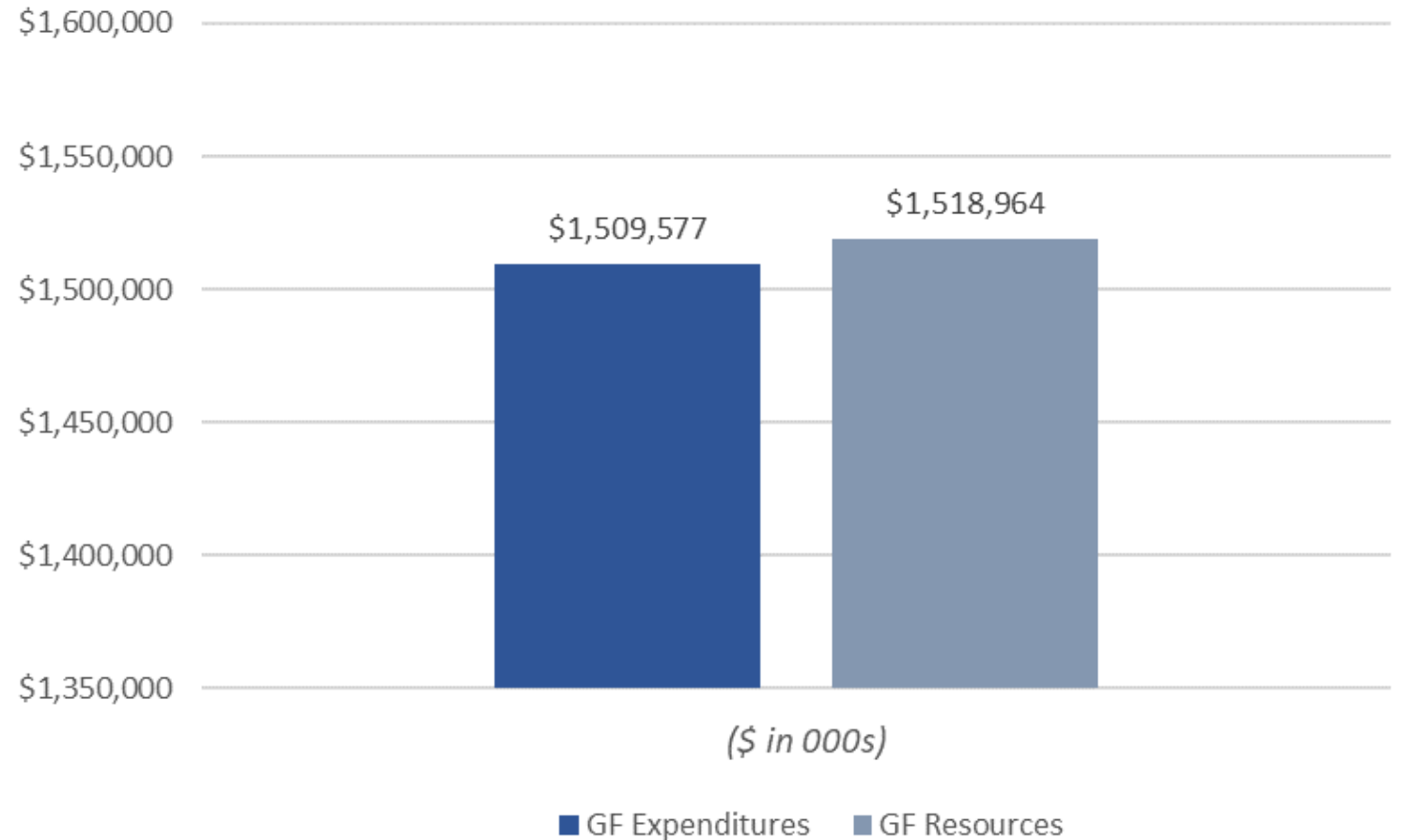
Resources: \$1,518,964
Expenditures: - \$1,509,577

Baseline Balance: \$9,386

(\$ in 000s)

ORD 126393 - JumpStart Fund

GF Revenue, Pre-COVID-19 : \$1,510,029
GF Revenue, 2022 Forecast: \$1,424,674
Allowed GF Backfill Amount: \$85,354



2022 Baseline: \$9M GF surplus after current JumpStart policy support



Equitable Communities Initiative

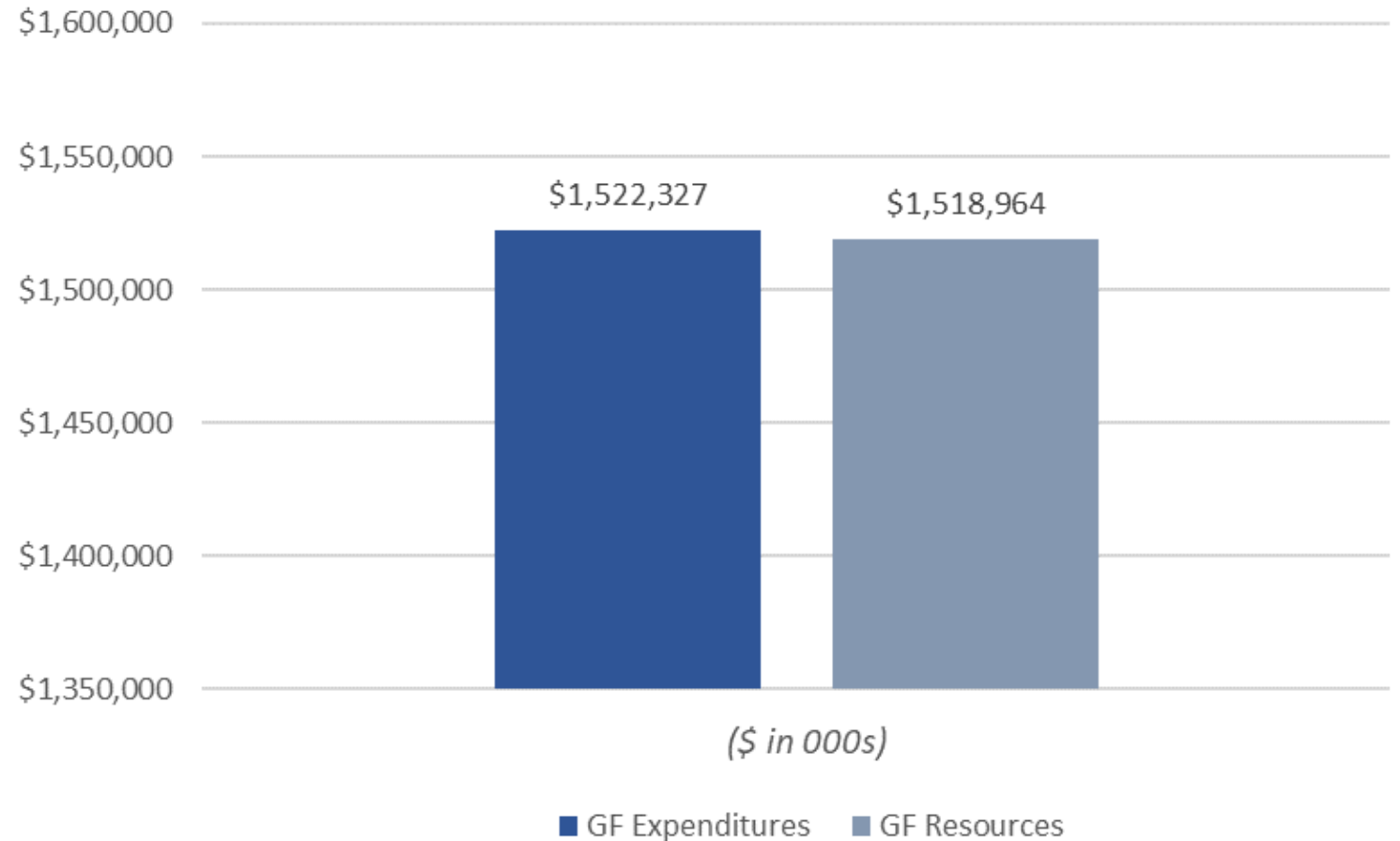
Resources: \$1,518,964
Expenditures: - \$1,522,327

Baseline Balance: (\$3,363)

(\$ in 000s)

Equitable Communities Initiative

- 2021 Adopted: \$30 m GF (OT)
- 2022 Proposed: \$30 m (OG)
 - \$12.75 m GF (OG)
 - \$17.2 m JumpStart (OG)



2022 Proposed: \$3.4 M GF shortfall with ECI



Equitable Communities Initiative: General Fund

Fund/Department/Budget Item	2021 ORD 126401	2022 Proposed Budget		
	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	



Equitable Communities Initiative: JumpStart Fund

Fund/Department/Budget Item	2021 ORD 126401	2022 Proposed Budget		
	One-time 2021 GF Appropriations	Appropriations	FTE	Timing
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)	\$1,000,000	\$1,000,000		OG
Subtotal - JumpStart Fund		\$17,172,484	4.0	



Equitable Communities Initiative Totals

Fund/Department/Budget Item	2021 ORD 126401	2022 Proposed Budget	
	One-time 2021 Appropriations	Appropriations	FTE
General Fund Total	\$29,672,484	\$12,750,000	4.50
JumpStart Fund Total		\$17,172,484	4.0
ECI Total		\$29,922,484	8.50



Additional New Spending in the 2022 Proposed Budget

Resources: \$1,525,077
Expenditures: - \$1,587,450

Baseline Balance: (\$62,372)

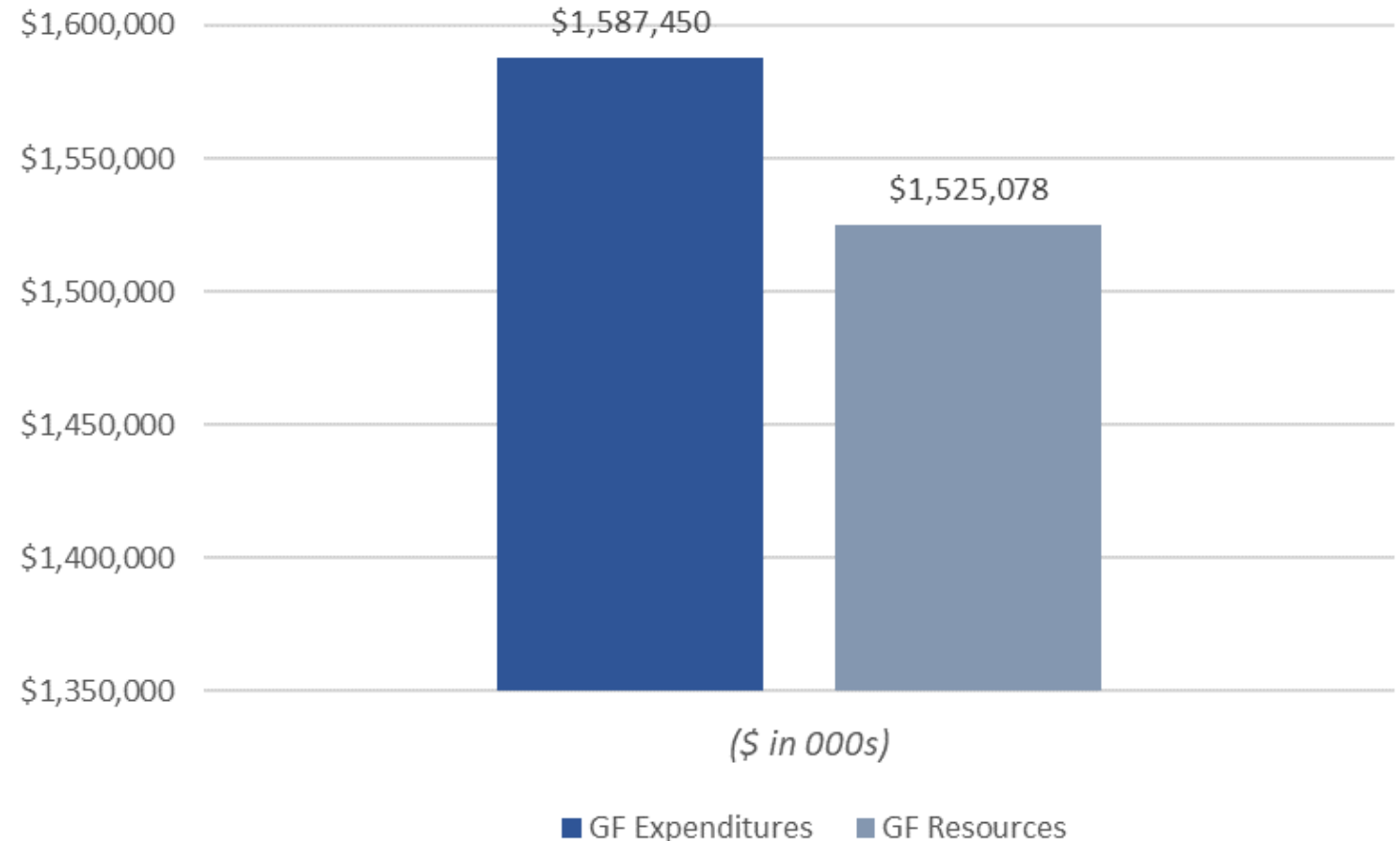
(\$ in 000s)

\$65 m of new spending, in addition to ECI and fiscal reserves:

- Participatory Budgeting: \$30m OG
- Community Safety Capacity Building: \$10 m OG

\$6.1 m of new revenues:

- \$4.5 m CLFR revenue replacement
- \$1.6 m related to proposed adds.



2022 Proposed: \$62.3M GF shortfall after all spending

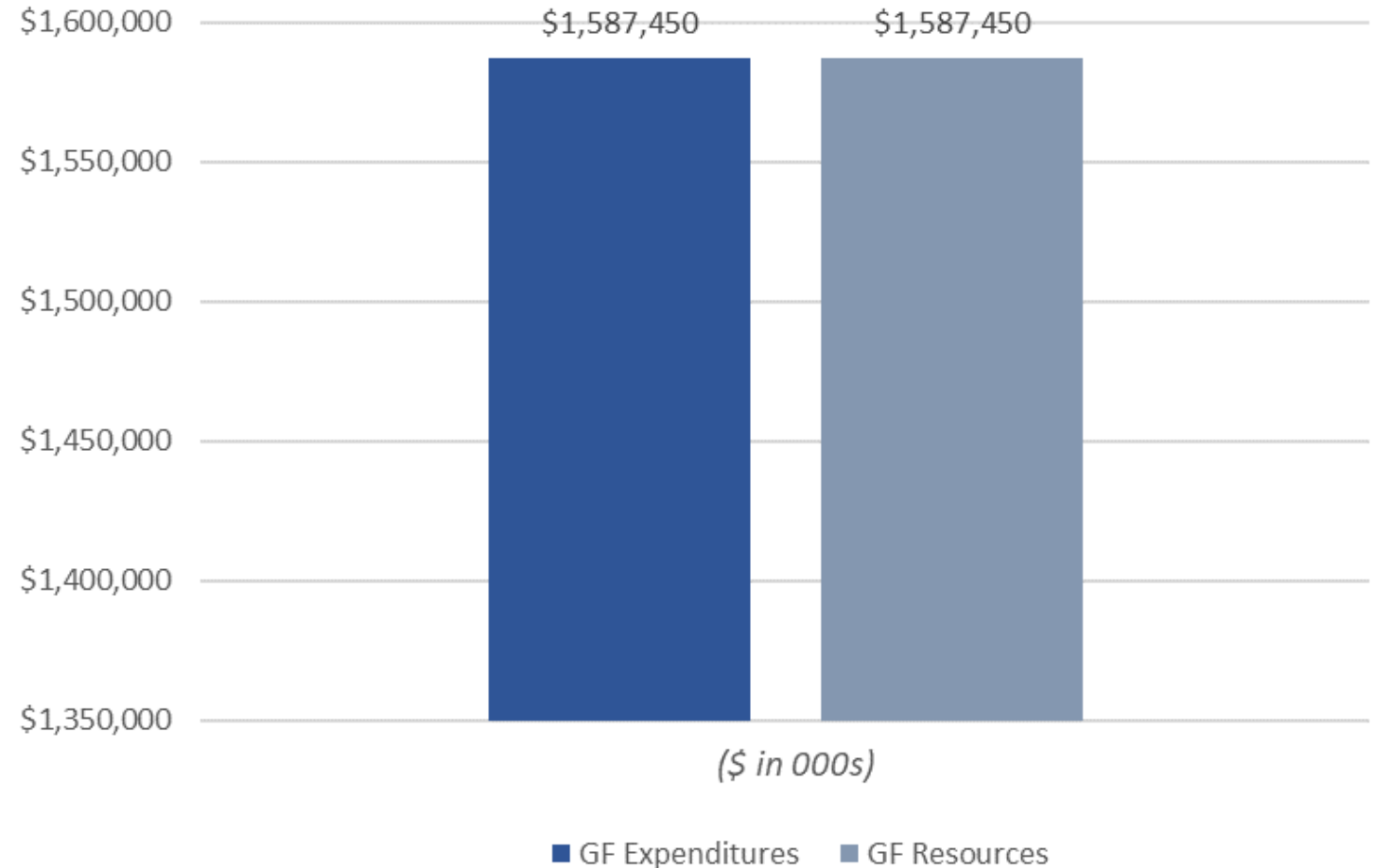


JumpStart Fund Policy Change - Additional Transfer to Support GF

Resources: \$1,587,450
 Expenditures: - \$1,587,450
Baseline Balance: \$0

(\$ in 000s)

- JumpStart Fund policy change in budget legislation = \$62.4 million higher transfer from JumpStart Fund
- Increased JumpStart Fund support makes GF adds possible.



2022 Proposed: Additional Jumpstart Fund transfer closes the gap.



Issue Identification (1/6)

1. Additional JumpStart Support to GF

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.



Issue Identification (1/6)

#1 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.



Issue Identification (1/6)

#1 Options:

- 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 Identification (2/6)

2. Fiscal Reserves

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 Identification (3/6)

3. Equitable Communities Initiative Support From New Revenue

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.



2022 Proposed JumpStart Fund Spending Plan

Spending Category	Proposed Budget Compared to JS Fund Policies		
	JS Fund Polices (ORD 126393)	2022 Proposed Budget	<i>Difference</i>
General Fund	85,355	147,727	62,372
Admin	373	151	(222)
Housing	97,177	44,700	(52,446)
Equitable Development Initiative	14,106	14,300	194
Economic Revitalization	23,510	10,700	(12,810)
Green New Deal	14,106	13,335	(771)
<i>Subtotal: JS Spending Plan Categories</i>	<i>149,241</i>	<i>83,186</i>	<i>(66,055)</i>
Homeless Services (not authorized by JS Fund Policies)	-	3,714	3,714
Total	234,627	234,627	

2022 Proposed JumpStart Fund Spending Plan

2022 Proposed Budget & Proposed Spending to Fulfill JS Fund Spending Targets by Source of Funds [CS Analysis]			
Spending Category	Payroll Tax	CLFR	Total
Admin	151	-	151
Housing	44,700	50,498	95,198
Equitable Development Initiative	14,300	-	14,300
Economic Revitalization	10,700	13,500	24,200
Green New Deal	13,335	1,000	14,335
<i>Subtotal: JS Spending Plan Categories</i>	<i>83,186</i>	<i>64,998</i>	<i>148,184</i>
Homeless Services (not authorized by JS Fund Policies)	3,714		3,714
Total	86,900	64,998	151,898

Issue Identification (4/6)

4. JumpStart Fund Policy Change

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 Identification (5/6)

5. JumpStart Fund Spending Plan Sustainability

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.



Issue Identification (5/6)

#5 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.



Issue Identification (5/6)

#5 Options:

- 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 Identification (6/6)

6. Deviations from JumpStart Spending Plan

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. Amend the spending plan to change the uses in 2022 and continue them at a similar level in future years.
- C. No action.



Questions?

Budget Timeline | FALL 2021

