



# Budget Outlook

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# 2019-21 Operating Budget

NGF-O (Dollars in thousands)

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Legislative	190,001
Judicial	332,748
Debt Service	2,462,066
Public Schools	27,304,334
Higher Education	4,038,399
Department of Corrections	2,296,026
Health Care Authority	5,779,026
Dept. of Children, Youth & Families	1,753,924
DSHS: DD, LTC & State Hosp	5,383,896
DSHS: Other	1,009,623
Natural Resources	438,313
All Other	1,510,266
	52,498,622

# Enacted Budget Outlook (After 2019 Session)

NGF-O, Dollars in Millions

				<u>2017-19</u>	<u>2019-21</u>	<u>2021-23</u>
<b>Beginning Balance</b>				1,149	1,880	372
<b>Total Revenue and Resources Changes</b>				45,386	50,637	55,545
<b>Revised Appropriations</b>				44,656	52,145	55,976
<b>Projected Ending Balance</b>				1,880	372	(58)
<b>Budget Stabilization Account Ending</b>				1,671	2,249	2,909
<b>Total Reserves</b>				<b>3,551</b>	<b>2,621</b>	<b>2,851</b>

Note: Net of assumed reversions and includes vetoes. As adopted by the ERFC.



# Since the 2019-21 Biennial Budget Was Enacted, Estimated NGF-O Resources Have Increased.

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(Economic Changes, Dollars in Millions)

	<u>2019-21</u>	<u>2021-23</u>	<u>Four Yr</u>
June Forecast	57	73	130
September Forecast	474	-63	410
November Forecast	294	181	476
Other Changes*	<u>80</u>	<u>0</u>	<u>80</u>
	<b>905</b>	<b>191</b>	<b>1,096</b>

\* CAFR adjustment, prior period adjustments, and updated reversions. 2019-21 figures include FY 19 forecast changes. Adjustments for 4.5% and BSA interest are not shown above.

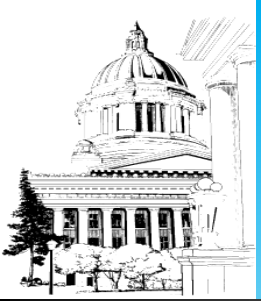


# Increases In Projected Resources Has Increased Projected Reserves

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(Dollars in Millions)

	2019-21			2021-23		
	NGF-O	BSA	Tot Resv	NGF-O	BSA	Tot Resv
Passed Legislature	446	2,310	2,756	102	2,973	3,075
Enacted	372	2,249	2,621	(58)	2,909	2,851
After June Revenue Forecast \$130m - \$63m from 4.5% -\$5m	478	2,198	2,676	57	2,856	2,913
After September Revenue Forecast \$410m + \$200m from 4.5% -\$52m	949	2,173	3,122	666	2,805	3,471
After November Revenue Forecast \$476m + \$68m from 4.5% + \$80m other	1,320	2,175	3,494	1,287	2,808	4,094



# November Budget Outlook: Projected Maintenance Level Changes

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- ▶ Very preliminary -- based off of initial work by OFM
- ▶ Adopted by the ERFC yesterday
- ▶ Does not capture any policy items
- ▶ Net spending change \$903 million:
  - \$517 million for 2019-21
  - \$386 million for 2021-23



# November 2019 Budget Outlook (as adopted by ERFC)

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(Projected Ending Balances, Dollars in Millions)

	<u>NGF-O</u>	<u>BSA</u>	<u>Tot Resv</u>
<b>2019-21 Biennium</b>	802	2,175	2,977
<b>2021-23 Biennium</b>	383	2,808	3,191

Note: 2021-23 figures are calculated (per statute) using the 4.5% revenue growth assumption.



# What Are Some Potential Spending Items in the 2020 Session Not Included In The Outlook?

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- ▶ Updated forecasts for February (caseload and revenue)
- ▶ SEBB rates
- ▶ Federal rule changes and interpretations
- ▶ Policy proposals in mental health, higher education, K-12, human services, health care, etc.
- ▶ Policy proposals impacting provider rates
- ▶ Other





# "We know that every previous economic expansion cycle has ended with a recession; this one will as well..." – The Sage Policy Group

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But there is much we don't know:

- ▶ Timing
- ▶ Depth
- ▶ Duration
- ▶ Rate of recovery
- ▶ Impact on economy and state revenues
- ▶ Impact on state programs/services



# The Optimistic & Pessimistic ERFC Revenue Forecasts (From September 2019)

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	<u>2019-21</u>	<u>2021-23</u>	<u>Four Yr</u>
<b>Optimistic</b>	1.68	4.03	5.71
<b>Pessimistic</b>	(1.99)	(4.98)	(6.97)

(Compared to Baseline GFS Forecast; Dollars in Billions)