

Operating Budget

Update for Assembly Days

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November 30, 2020

WASHINGTON STATE



Ways & Means Committee

Setting the Stage for the 2021 Session

Part 1. Most aspects of budget development will be similar, but there are a few key changes.

A quick reminder.

1. Timeframe

- Three biennia are in play for the 2021 Session
 - 2021 Supplemental = 2019-21
 - 2021-23 Biennial = 2021-23 and 2023-25

Some changes for the 2021 Session.

1. Fund Sources

- Near General Fund* has expanded to include WEIA

2. Outlook

- Nov outlook is no longer created

3. Gov's Budget

- Must balance over the outlook period
- Should be released by mid-Dec

** Includes General Fund-State, Opportunity Pathways, Education Legacy, and Workforce Education Investment Account*

Setting the Stage for the 2021 Session

Part 2. Reversions are up. Revenue and caseloads are down. Wide variety of federal support.

What do we know?

1. Spending
 - FY20 is closed. Reversions of \$570 M (roughly double the estimated amount)
2. Budget
 - Carry Forward Level is complete.
3. Revenue
 - Nov 2020 forecast is complete. Less than Feb 2020...not as low as June 2020.
4. Caseload
 - Nov 2020 forecast is complete. Most caseloads lower than Feb 2020.
5. Federal Support
 - About 80 different funding streams. Roughly \$4.2 B in UARs through spring, summer, fall.

What do we “kind of” know?

1. Budget
 - Preliminary view of ML. Impact is low. Less than half what history would suggest.
 - Staff in OFM, House, and Senate continue to review.

Setting the Stage for the 2021 Session

Part 3. Creating an Outlook. Ending balance is positive in 2019-21, and total reserves are positive all years.

2021 Session (Assembly Days Outlook)

Near General Fund; \$ in billions

	<u>2019-21</u>	<u>2021-23</u>	<u>2023-25</u>
1. Beginning Balance	\$2.0	\$0.9	-\$0.6
2. Revenue Forecast (Nov 2020)	\$51.0	\$54.7	\$58.0
3. 4.5% Growth Rate Assumption	-	-	\$1.4
4. Other Resource Changes	<u>-\$0.2</u>	<u>-\$0.5</u>	<u>-\$0.5</u>
5. Total Revenue & Resources	\$52.8	\$55.1	\$58.3
6. Enacted Appropriations	\$53.7	\$53.7	\$56.1
7. CFL Adjustments	-	\$1.6	-\$0.1
8. ML Adjustments	-\$1.1	\$0.7	\$3.0
9. Policy Level Adjustments	\$0	\$0	\$0
10. Reversions	<u>-\$0.7</u>	<u>-\$0.3</u>	<u>-\$0.3</u>
11. Revised Appropriations	\$51.9	\$55.7	\$58.7
12. Projected Ending Balance	\$0.9	-\$0.6	-\$0.4
13. Budget Stabilization Account	\$1.9	\$2.5	\$3.1
14. Total Reserves	\$2.8	\$1.9	\$2.7

Setting the stage for the 2021 session

Part 4. Balances have swung in both directions. Still many unknowns. Need to be prepared for a variety of scenarios.

What don't we know?

1. Will there be additional Federal Support?
 - If support does come, then how much and in what manner? Flexible? Restricted?
2. Will the Nov 2020 forecasts...revenue, caseload, and per caps...hold?
 - If actuals do not track well, then how much revision will be necessary in Feb 2021?
3. Will there be a need for additional emergency funding?
 - Public Health, Schools, Higher Ed, RHCs, Childcare, Corrections...others?
4. What will policy level look like?
 - Will PL include reductions? How much? In what manner?
 - Or, conversely, will there be additional PL investment? How much? In what manner?
5. What will resources look like?
 - Will there be additional revenue, or fund transfers? How much? In what manner?

Questions?

Appendix A: Methodology for Assembly Days Outlook

Methodology

- *Resources*
 - *Actuals thru FY20 close*
 - *Nov 2020 forecast*
 - *4.5% assumption*
 - *No additional revenue*
 - *No additional fund transfers*

- *Expenditures*
 - *Actuals thru FY20 close*
 - *Gov's budget (preliminary view)*
 - *Enacted Appropriations*
 - *CFL*
 - *Preliminary ML*
 - *No PL items*
 - *No assumption of additional federal support*