

Overview of the Methodology for the State Budget Outlook (June 9, 2021)

Introduction

The purpose of this document is to provide an overview of the methodology used to develop the four-year budget projections pursuant to Chapter 8, Laws of 2012, 1st sp. sess. (SSB 6636). This document summarizes the major components of the projection, the overall approach, as well as the assumptions used in the State Budget Outlook (Outlook) document.

The amounts reflected in the Outlook are the sum of the state General Fund (GF-S), the Education Legacy Trust Account (ELTA), the Opportunity Pathways Account (OPA), and the Workforce Education Investment Account (WEIA). These funds are sometimes referred to as the Near General Fund Outlook (NGF-O) funds. For more information about the July 1, 2020 addition of the WEIA to the NGF-O funds, see Chapter 218, Laws of 2020 (SSB 6660) located here:

<https://app.leg.wa.gov/billsummary?BillNumber=6660&Initiative=false&Year=2019>.

During the 2021 legislative session the Fair Start for Kids Account (FSKA), was added to the NGF-O definition (Chapter 199, Laws of 2021). This is effective July 25, 2021 and, as such, is not included in this Outlook.

Resources

Pursuant to Chapter 8, Laws of 2012, 1st sp. sess. (SSB 6636), the amounts depicted include the actual/projected revenue and other resources. Some of the largest components include:

Beginning Fund Balance

The Outlook uses the certified fund balance in accordance with generally accepted accounting principles for the most recently closed biennium as the starting point. The beginning fund balance for subsequent Fiscal Years (FY) is equal to the projected ending balance for the previous FY.

Revenue Forecast

The amounts for 2019-21, 2021-23, and the 2023-25 biennia reflect the adopted March 2021 quarterly revenue forecast by the Economic and Revenue Forecast Council (ERFC). The provisions of Chapter 8, Laws of 2012, 1st sp. sess. (SSB 6636) call for the ensuing biennium revenue (in this instance, the 2023-25 biennium) to be based on the greater of:

- (1) the official revenue forecast for the ensuing biennium; or
- (2) an assumed revenue increase of 4.5 percent per year for that ensuing biennium.

The March 2021 forecast projected revenue growth of less than 4.5 percent per year in the 2023-25 biennium, however, at the direction of the ERFC this Outlook does not assume the 4.5 percent growth rate. As a result, this Outlook excludes an additional \$1.4 billion in assumed revenues in the 2023-25 biennium.

Transfers to Budget Stabilization Account (BSA)

Pursuant to a constitutional amendment approved by the voters in 2007 (Article VII, section 12(1), of the Constitution), this reflects the transfer of one percent of general state revenues (GSR) for each FY to the BSA. The estimated transfer amounts are based on the calculation of estimated GSR as defined in Article VIII, section 1, of the Constitution. The calculation of estimated GSR is based on the March 2021 revenue forecast adjusted for the estimated revenue impacts of legislation enacted during the 2021 legislative session (see enacted revenue legislation).

The enacted Outlook includes BSA 1% transfers each biennium to include \$261M in FY 2021, \$542M in the 2021-23 biennium, and \$574M in the 2023-25 biennium.

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BSA Transfers

The Outlook includes a transfer of \$1.820 billion from the BSA to the GFS in FY 2021.

Extraordinary Revenue Growth

Pursuant to a constitutional amendment approved by the voters in 2011 (Article VII, section 12 of the constitution), this reflects the transfer of three-quarters of extraordinary revenue growth (ERG) into the BSA. ERG is defined in the state Constitution as growth in general state revenues for the fiscal biennium that exceeds the average biennial percentage growth of the prior five fiscal biennia by one-third. The state Constitution also provides that the transfer only occurs to the extent that it exceeds the normal transfer amount into the BSA. The adopted March 2021 revenue forecast does not project ERG for the 2019-21, 2021-23, nor the 2023-25 biennia so no additional BSA transfer is assumed in this Outlook.

Enacted Fund Transfers

This category reflects all enacted NGF-O fund transfers made through the 2021 legislative session after accounting for vetoes. For more information, see the 2020 Legislative Budget Notes at: <http://leap.leg.wa.gov/leap/budget/lbns/2020LBN.pdf>.

Enacted Fund Transfers in the 2021 Legislative Session

The Outlook assumes NGF-O fund transfers that were enacted in the 2021 legislative session:

Fund Transfers Enacted in the 2021 Legislative Session (\$'s in 1,000's)			
	2019-21	2021-23	2023-25
From the GFS to the Washington Rescue Plan Transition Account	\$(1,000,000)		
From the GFS to the Disaster Recovery Account*	\$(73,266)		
From the GFS to the Home Security Account	\$0	\$(9,000)	\$0
From the GFS to the Fair Account	\$0	\$(1,500)	\$(3,000)
From the GFS to the Housing Trust Account	\$0	\$(10,000)	\$0
From the GFS to the Forest Resiliency Account	\$0	\$(6,000)	\$0
From the Financial Services Regulation Account to the GFS	\$0	\$7,000	\$0
From the Treasurer's Service Account to the GFS	\$0	\$10,000	\$10,000
From the School Employees Insurance Account to the GFS	\$24,060	\$16,587	\$0
From the Long-Term Services & Sup Trust Account to the GFS	\$0	\$37,092	\$0
From the Gambling Revolving Account to the GFS	\$(6,000)	\$6,000	\$0
Total Fund Transfers:	\$(1,055,206)	\$50,179	\$7,000

The above table excludes a fund transfer of \$45M from GFS to WEIA, which nets to zero across NGF-O accounts.

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Enacted Revenue Legislation in the 2021 Legislative Session

The Outlook assumes NGF-O revenue changes from the following bills that were enacted in the 2021 legislative session:

Revenue Legislation Enacted in the 2021 Session (\$'s in 1,000's)			
	2019-21	2021-23	2023-25
Chapter 116, Laws of 2021 (2SHB 1033)		\$(130)	\$(130)
Chapter 4, Laws of 2021 (SHB 1095)			
Chapter 150, Laws of 2021 (SHB 1107)		\$(50)	\$(54)
Chapter 112, Laws of 2021 (SHB 1279)		\$(1,000)	\$(3,000)
Chapter 124, Laws of 2021 (HB 1296)		\$(710)	\$(1,430)
Chapter 225, Laws of 2021 (ESHB 1512)		\$(1,113)	\$(1,198)
Chapter 83, Laws of 2021 (ESHB 1521)		\$(12,150)	\$(7,780)
Chapter 226, Laws of 2021 (SB 5008)		\$(1,230)	\$(1,280)
Chapter 304, Laws of 2021 (SSB 5151)		\$(3,360)	
Chapter 184, Laws of 2021 (SB 5159)		\$(4,040)	\$(4,040)
Chapter 143, Laws of 2021 (ESB 5220)			
Chapter 6, Laws of 2021 (ESSB 5272)	\$(2,563)	\$(7,689)	
Chapter 281, Laws of 2021 (2SSB 5315)		\$34,196	\$4,656
Chapter 250, Laws of 2021 (2SSB 5396)		\$(3,700)	\$(5,000)
Chapter 196, Laws of 2021 (ESSB 5096)		\$415,000	\$840,000
Total Revenue Legislation:	\$(2,563)	\$414,024	\$820,744

* The revenue impact of HB 1095 is indeterminate and not assumed in the March 2021 revenue forecast. The revenue impact from SB 5220 is also not assumed in the March 2021 revenue forecast.

The Governor vetoed House Bill No. 1495 (Auto dealers/cash incentives), which had a four-year NGF-O impact of \$(5,000,000).

There are additional revenue impacts that are not listed in the above table given their indeterminate fiscal impacts including: HB 1368, HB 1514, SB 5287, SB 5408, HB 1379, HB 1322, SB 5126, and HB 1189.

Enacted Budget Driven Revenue Adjustments

Adjustments are made to reflect the difference between assumed transfers of cannabis, liquor and lottery revenue to GFS in the March 2021 forecast and what is estimated to be available after adjusting for the 2021 legislative session spending levels.

Budget Driven Revenue Enacted in the 2021 Legislative Session (\$'s in 1,000's)			
	2019-21	2021-23	2023-25
Liquor & Cannabis Board (Marijuana)	\$(2,761)	\$(5,335)	\$(8,032)
Liquor & Cannabis Board (Liquor)	\$2,983	\$(134)	\$6,620
Lottery	\$0	\$269	\$216
Marijuana Distribution Changes to Locals	\$0	\$(10,000)	\$(10,000)
Total Budget Driven Revenue:	\$222	\$(15,200)	\$(11,196)

Expenditures

As the starting point for the expenditure projection, the Outlook utilizes the most recently enacted budget (the 2020 Supplemental budget). It is based on these 2019-21 budget appropriation levels. Adjustments are then made for 2021-23 biennial carry forward level (CFL), Maintenance Level (ML), and the Policy Level (PL) changes. For more information on the 2019-21 biennial budget, please see: http://leap.leg.wa.gov/leap/budget/index_lbns.asp.

Estimating Costs for the 2021-23 and 2023-25 Fiscal Biennia

Per statute, the estimated expenditures in the Outlook reflect the cost to continue current programs, entitlement program growth, and actions required by law in the subsequent fiscal biennium (i.e. the 2023-25 biennium). The general approach to estimating the cost to continue current programs and growth in entitlement programs is by applying a historical growth factor to the FY cost or savings associated with a budget item.

The historical growth factors used to estimate increased costs in the subsequent fiscal biennium are updated each biennium through a joint effort by legislative and executive branch staff and ultimately adopted by the ERFC. The growth factors were adopted by the ERFC on November 18, 2020. Additional information on the calculation of the historical growth factors adopted by the ERFC for the current outlook can be found in the following document available on the ERFC website: <https://erfc.wa.gov/sites/default/files/public/documents/forecasts/rev20201118.pdf>

The current adopted growth rates are shown below:

Default Growth Rate Category	Adopted 2020 Growth Factors
All Other	0.00%
Corrections	1.53%
Debt Service	Use Bond Model
Department of Social and Health Services	3.31%
Higher Education	0.69%
K-12 Education	Use K-12 Model
Low Income Health Care & Community Behavioral Health	2.86%

There are some cases whereby simply applying the growth factor to the cost or savings of a budget item is not used to estimate costs in the subsequent fiscal biennium. These include the following situations:

- **K-12 Education.** K-12 Outlook calculations are derived from the K-12 model, which is updated quarterly based on the caseload forecast for growth and inflationary factors. The K-12 model is periodically updated for other factors such as levy equalization and student transportation.
- **Debt Service.** Debt service calculations are derived from the debt service model. The Outlook statute specifies that "estimates of ensuing biennium expenditures must exclude policy items including, but not limited to, legislation not yet enacted by the legislature." Pursuant to ERFC guidance on June 6, 2019, the model used for the Outlook assumes enactment of a 2021-23 biennium bond bill and capital budget.
- **Custom adjustments.** Custom adjustments are used when the estimated annual costs in the subsequent fiscal biennium are expected to be significantly different from the second FY of the current biennium. This occurs primarily when a policy is being phased in during the second FY of a biennium or may be delayed until the subsequent fiscal biennium. In most cases, the growth factor is applied after a custom adjustment is made to reflect the phase in for the policy item. In a

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small number of cases, the custom adjustment already accounts for the types of growth captured by the growth factor and so the growth factor is not applied.

- **One-Time costs.** Certain items in the budget are one-time for the current biennium and therefore the related costs or savings are not carried forward into the subsequent biennium.
- **Compensation items.** Because the Outlook statute specifically excludes any additional future costs related to collective bargaining agreements (CBAs) not approved by the Legislature, or salaries and benefits, no growth factor is applied to compensation related items. However, a custom adjustment is applied to items that are not fully implemented in the second year of the biennium to capture the full cost in the subsequent fiscal biennium.

Carry Forward Level Revisions

The 2021-23 budget adjusts the most recently enacted spending level (2019-21) including the FY 2020 Supplemental to the CFL. The CFL is a relatively mechanical calculation based on the removal of any one-time items and adjusting for the bow wave impact of items assumed in existing appropriations (costs or savings). In many instances, this means simply biennializing to the second year enacted funding levels. The CFL adjustments total \$1.603 billion in the 2021-23 biennium and savings of \$115 million in the 2023-25 biennium. The 2023-25 adjustments include application of the growth factor methodology adopted by the ERFC on November 18, 2020.

Maintenance Level Items

In this section, additional adjustments are made to reflect the NGF-O costs of continuing to comply with current law provisions. This is often referred to as ML. Pursuant to the provisions of Chapter 8, Laws of 2012, 1st sp.s. (SSB 6636), this excludes the costs of policy enhancements, including new CBAs not approved by the Legislature, other proposed compensation increases, and costs of any adverse court rulings within 90 days of each respective legislative session.

The total statewide ML impacts, by biennial period:

- ❖ 2019-21 biennial estimate: \$927 million savings,
- ❖ 2021-23 biennial estimate: \$677 million, and
- ❖ 2023-25 biennial estimate: \$2.480 billion.

Kindergarten – Grade 12 (K-12) Education

The amounts depicted reflect the March 2021 caseload and K-12 entitlement changes. The K-12 funding is adjusted each year of the ensuing biennium using the K-12 model, which updates the growth and inflationary factors with each forecast. The K-12 model is also periodically updated for other factors such as levy equalization and student transportation.

- ❖ ML adjustments total \$56 million in the 2021-23 biennium and \$1.242 billion in the 2023-25 biennium.

The larger increases are related primarily to salary inflation, enrollment, and workload. The largest savings in this category are related primarily to the most recent actuarial projections of employer pension contribution rates.

Low-Income Health Care and Community Behavioral Health

The amounts depicted reflect the March 2021 caseload and per capita cost information, as well as other mandatory maintenance level changes. Some of the major cost components include utilization, caseload, and medical inflation. The average growth factor for this grouping is 2.86 percent per FY from FY 2023 levels.

- ❖ ML adjustments total \$165 million in the 2021-23 biennium and \$253 million in the 2023-25 biennium.

The larger state costs are related primarily to mandatory caseload adjustments and the Hospital Safety Net Assessment program. Larger state savings are related to reductions in medical utilization across some populations.

Social and Health Services

The amounts depicted reflect caseload and per capita cost information, as well as other mandatory maintenance level changes. Some of the major cost components include caseload, utilization, and severity of client needs. The average growth factor for this grouping is 3.31 percent per FY from FY 2023 levels.

- ❖ ML adjustments total \$297 million in the 2021-23 biennium and \$562 million in the 2023-25 biennium.

The larger increases are related to mandatory caseload adjustments and forecast cost and utilization adjustments. The larger savings are due to forecasted workload adjustments and the most recent actuarial projections of employer pension contribution rates.

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Higher Education

Higher Education adjustments are generally related to the Initiative 732 cost of living adjustments, the College Bound Scholarship program, and maintenance, operations, and lease adjustments. The average growth factor for this grouping is 0.69 percent per FY from FY 2023 levels.

- ❖ ML adjustments total \$36 million in the 2021-23 biennium and \$110 million in the 2023-25 biennium.

The larger adjustments are related to caseload adjustments and I732 Cost of Living Adjustment increases. The larger savings item is based on the most recent actuarial projections of employer pension contribution rates.

Corrections

The amounts depicted reflect caseload, as well as other mandatory maintenance level changes. The average growth factor for this grouping is 1.53 percent per FY from FY 2023 levels.

- ❖ ML adjustments total \$7 million in the 2021-23 biennium and \$16 million in the 2023-25 biennium.

The larger adjustments are related to changes in the community supervision violator caseload forecasts and facility maintenance. The larger savings item is based on the most recent actuarial projections of employer pension contribution rates.

All Other

This area includes all other agencies not reflected in the preceding Outlook groups. Many are general government agencies, smaller human service agencies, the department of child youth and families (DCYF), natural resource agencies, legislative agencies, and judicial agencies. The average growth factor for this grouping is zero percent per FY from FY 2023 levels.

- ❖ ML adjustments total \$22 million in savings in the 2021-23 biennium and \$87 million in the 2023-25 biennium.

The larger increases are related to forecasted cost increases for the Early Childhood Education and Assistance Program and changes in the actuarially projected costs of self-insurance liability premiums. The larger savings are related to changes in the forecast for the Working Connections Child Care program and Early Support for Infant & Toddlers (ESIT).

Debt Service

The amounts depicted reflect the cost of the debt on all capital budget bonds that were authorized through the 2020 session using the bond model to calculate estimated costs for the 2023-25 biennium.

- ❖ ML adjustments total \$138 million in the 2021-23 biennium and \$209 million in the 2023-25 biennium.

Policy Level Items

In this section, referred to as PL, adjustments are made to reflect the policy level expenditures included in the enacted budget as well as appropriations made in other legislation.

The total statewide PL impacts, by biennial period:

- ❖ 2019-21 biennial estimate: \$210 million savings;
- ❖ 2021-23 biennial estimate: \$3.087 billion; and
- ❖ 2023-25 biennial estimate: \$2.717 billion.

K-12 Education

The enacted budget includes:

\$1.102 billion in the 2021-23 biennium; and

\$381 million in the 2023-25 biennium.

The major components of this increase are:

- ❖ Teacher Retirement System (TRS) Plan funds to reduce the unfunded actuarial accrued liability of the fund;
- ❖ Increasing the number of guidance counselors in high-poverty schools beginning in the 2022-23 school year; and
- ❖ School Employee Benefits Board (SEBB) health benefit rates are adjusted based on updated rates to incorporate new data from SEBB open enrollment regarding plan choice and demographic information.

Low-Income Health Care and Community Behavioral Health

The enacted budget includes:

\$577 million in the 2021-23 biennium; and

\$243 million in the 2023-25 biennium.

The major components for Low Income Health Care and Community Behavioral Health are:

- ❖ Program Integrity Savings Restoration;
- ❖ Healthier Washington Savings Restoration; and
- ❖ Hospital Safety Net (savings).

Per direction by the ERFC on June 3, 2021, this Outlook assumes:

1. There would be additional investments in alternative community placements and reductions at Western State Hospital in the 2023-25 biennium. The impact of assuming these increased placements is a cost to the Outlook of \$46 million NGF-O.
2. That the federal Affordable Care Act reductions to the Disproportionate Share Hospital (DSH) will not be delayed beyond 09/30/2023. The impact of this is a cost to the Outlook of \$57 million NGF-O.

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Social and Health Services

The enacted budget includes:

\$413 million in the 2021-23 biennium; and
\$436 million in the 2023-25 biennium.

The major components for DSHS are:

- ❖ Shared Benefit Adjustments;
- ❖ Temporary Assistance for Needy Families Grant Increases; and
- ❖ Civil Ward Reductions (savings).

Per direction by the ERFC on June 3, 2021, this Outlook assumes:

1. There will be a Nursing Home Rebase in FY 2024. The impact of this to the Outlook is \$12.8 million NGF-O in FY 2024.
2. There would be reductions at Western State Hospital and additional investments in alternative community placements in the 2023-25 biennium. The impact of assuming these bed closures is a savings to the Outlook of \$35 million NGF-O.
3. That the federal Affordable Care Act reductions to DSH will not be delayed beyond 09/30/2023. The impact of this is a cost to the Outlook of \$79 million NGF-O.

Higher Education

The enacted budget includes:

- ❖ \$183 million in the 2021-23 biennium; and
- ❖ \$177 million in the 2023-25 biennium.

The major components for Higher Education are:

- ❖ Support for the operations and the teaching mission of the Harborview Medical Center and the University of Washington Medical Center; and
- ❖ Advancing Equity, innovative efforts to advance equitable outcomes for community and technical college students.

Corrections

The enacted budget includes:

- ❖ \$28 million reduction in the 2021-23 biennium; and
- ❖ \$51 million reduction in the 2023-25 biennium.

The major components for DOC are:

- ❖ Reentry Investments to reduce recidivism;
- ❖ Custody staffing; and
- ❖ Violator Sanctions and Sentencing & Policy Changes (savings).

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All Other

The enacted budget includes:

- ❖ \$1.186 billion in the 2021-23 biennium; and
- ❖ \$323 million in the 2023-25 biennium.

The major components are:

- ❖ Department of Natural Resources: Fire preparedness (such as ground and aerial firefighting resources), fire prevention (such as forest health improvements), and fire protection (such as grants and outreach to communities);
- ❖ Savings from the \$800 million payment toward the TRS plan 1 unfunded liability, which results in the plan being fully funded two years ahead of schedule during the 2023-25 biennium; and
- ❖ A variety of costs in child care and early learning related to implementation of the Fair Start Act (E2SSB 5237) as well as savings resulting from provisions of the bill which delay the Early Childhood Education and Assistance Program Entitlement Date to FY 2027.

Debt Service

PL changes reflect the additional debt service required for bonds. The enacted budget includes:

- ❖ \$37 million in the 2021-23 biennium; and
- ❖ \$386 million in the 2023-25 biennium.

Consistent with prior ERFC direction, the calculation of debt service in the ensuing biennium assume enactment of a 2023-25 bond bill and capital budget.

Foundational Public Health

PL changes reflect additional Foundational Public Health Services funding that is distributed by the Office of Financial Management pursuant to RCW 43.70.515 to local public health jurisdictions. The enacted budget includes:

- ❖ \$147 million in the 2021-23 biennium; and
- ❖ \$296 million in the 2023-25 biennium.

Working Families Tax Exemption

The enacted budget includes:

- ❖ \$261 million in the 2021-23 biennium; and
- ❖ \$545 million in the 2023-25 biennium.

Fund Source Changes

PL changes reflect state savings from increased federal Medicaid match and use of increased cannabis revenues for low income health care costs. The enacted budget includes:

- ❖ \$700 million savings in the 2021-23 biennium; and
- ❖ \$121 million savings in the 2023-25 biennium.

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Assumed Reversions

Reversions are the estimated appropriations that will be unspent and revert to the state for re-appropriation. Consistent with prior outlooks, reversions are estimated at approximately 0.5% of GF-S appropriations, except for FY 2020 which is based on actuals. Additional adjustments for reversions are made in accordance with prior direction from the ERFC.

The total reversions assumed are savings of \$700 million in the 2019-21 biennium, savings of \$296 million in the 2021-23 biennium, and savings of \$286 million in the 2023-25 biennium, for savings totaling \$1.282 billion over the Outlook period.

These totals include:

- 0.5% of GF-S appropriation reversions of \$125 million in savings in FY 2021, \$281 million in savings in the 2021-23 biennium, and \$286 million in savings in the 2023-25 biennium, totaling \$692 million in savings over the Outlook period;
- K-3 reversions of \$35 million in savings in FY 2021, \$15 million in savings in the 2021-23 biennium; totaling \$50 million over the Outlook period; and
- Office of Civil Legal Aid Tenant Representation Outcome Study reversions of \$318K in FY 2021, as directed by the ERFC on June 3, 2021.

Governor Vetoes & Lapses

This Outlook does not include NGF-O funded items vetoed by the Governor or lapsed funding from legislation that was not enacted into law.

The vetoes include:

- ❖ Office of Financial Management, Home and Community Based Services: \$143 million
- ❖ Office of the Attorney General, Missing & Murdered Indigenous Women: \$500K
- ❖ Department of Fish & Wildlife, Columbia River Gillnet License Buyback: \$2 million

The lapsed items include:

- ❖ Second Substitute Senate Bill 5062 (data)
- ❖ Second Substitute House Bill 1127 (COVID-19 health data privacy), which was vetoed in its entirety by the Governor

In addition, a \$318k savings at the Office of Civil Legal Aid in the FY 2021 supplemental budget was vetoed by the Governor due to a technical drafting error. The Governor directed the agency to place the amount in unallotted status and reversions have been updated accordingly, per direction by ERFC.

ERFC Adopted 2021-23 Omnibus Operating Budget Outlook (ESSB 5092)

Funds Subject to Outlook
(Dollars in Millions)

	2019-21			2021-23			2023-25		
	FY 2020	FY 2021	2019-21	FY 2022	FY 2023	2021-23	FY 2024	FY 2025	2023-25
Beginning Balance	1,981	1,379	1,981	2,996	2,450	2,996	789	286	789
Forecasted Revenues	24,915	27,419	52,334	27,908	28,707	56,615	29,451	30,455	59,906
March 2021 Revenue Forecast (NGF-O)	24,915	27,419	52,334	27,908	28,707	56,615	29,451	30,455	59,906
Addtl Revenue Based on 4.5% Growth Rate Assumption	0	0	0	0	0	0	548	895	1,443
2023-25 Use Forecast/Not 4.5% Additional	0	0	0	0	0	0	-548	-895	-1,443
Other Resource Changes	-84	628	544	-203	152	-52	394	-111	283
GF-S Transfer to BSA (1%)	-237	-261	-498	-267	-274	-542	-282	-292	-574
Prior Period Adjustments	39	20	60	20	20	41	20	20	41
CAFR Adjustments	24	0	24	0	0	0	0	0	0
Enacted Fund Transfers	89	106	195	0	0	0	0	0	0
Budget Driven Revenue	0	0	0	-8	-7	-15	-6	-5	-11
Proposed Fund Transfers	0	-1,055	-1,055	41	9	50	254	-247	7
Use BSA Fund Balance	0	1,820	1,820	0	0	0	0	0	0
Capital Gains Tax (SB 5096)	0	0	0	0	415	415	418	422	840
Other Legislation Impacting NGF-O Revenue	0	-3	-3	11	-13	-2	-12	-12	-23
Governor's Vetoes	0	0	0	0	1	1	2	2	4
Total Revenues and Resources	26,813	29,426	54,859	30,701	31,309	59,560	30,634	30,630	60,977
Enacted Appropriations	26,005	27,695	53,700	26,005	27,695	53,700	27,929	28,170	56,099
Carryforward Level Adjustments				1,663	-61	1,603	-59	-57	-115
Maintenance Level Total	0	-927	-927	63	614	677	1,089	1,391	2,480
K-12 Education	0	-748	-748	-183	238	56	492	750	1,242
Low Income Health Care & Comm Behavioral Health	0	29	29	210	-45	165	113	140	253
Social & Health Services	0	-48	-48	72	225	297	280	282	562
Higher Education	0	-23	-23	5	32	36	47	63	110
Corrections	0	-42	-42	-4	10	7	8	9	16
All Other	0	-77	-77	-67	46	-22	28	58	87
Debt Service	0	-19	-19	31	107	138	121	88	209
Policy Level Total	0	-210	-210	668	2,419	3,087	1,531	1,186	2,717
K-12 Education	0	217	217	124	979	1,102	189	192	381
Low Income Health Care & Comm Behavioral Health	0	96	96	250	327	577	121	123	243
Social & Health Services	0	-20	-20	188	225	413	235	201	436
Higher Education	0	-11	-11	72	111	183	91	85	177
Corrections	0	16	16	6	23	28	26	25	51
All Other	0	104	104	771	415	1,186	374	-51	323
Debt Service	0	0	0	-5	42	37	133	253	386
Foundational Public Health	0	0	0	49	98	147	148	148	296
Fund Source Changes (FMAP and I-502)	0	-612	-612	-645	-55	-700	-56	-65	-121
Working Families Tax Exemption	0	0	0	5	256	261	270	275	545
Governor Vetoes and Lapsed Items	0	0	0	-145	-1	-147	0	0	0
Reversions	-572	-128	-700	-149	-147	-296	-143	-144	-286
Revised Appropriations	25,433	26,429	51,863	28,250	30,520	58,771	30,348	30,547	60,894
Projected Ending Balance	1,379	2,996	2,996	2,450	789	789	286	83	83
Budget Stabilization Account									
Beginning Balance	1,618	1,683	1,618	0	267	0	543	827	543
GF-S Transfer to BSA (1%)	237	261	498	267	274	542	282	292	574
BSA Transfers	0	25	25	0	0	0	0	0	0
Use BSA Fund Balance	0	-1,820	-1,820	0	0	0	0	0	0
Appropriations from BSA	-200	-164	-364	0	0	0	0	0	0
Prior Period Adjustments	1	0	1	0	0	0	0	0	0
Interest Earnings	27	15	42	0	1	1	2	2	4
Budget Stabilization Account Ending Balance	1,683	0	0	267	543	543	827	1,121	1,121
Total Reserves	3,062	2,996	2,996	2,718	1,332	1,332	1,113	1,205	1,205
Percentage of Reserves to Revenues and Other Resource	12.3%	10.7%		9.8%	4.6%		3.7%	4.0%	
NGF-O	5.6%	10.7%		8.8%	2.7%		1.0%	0.3%	
Budget Stabilization Account	6.8%	0.0%		1.0%	1.9%		2.8%	3.7%	

1. Ensuing Biennium Revenue. Per chapter 43.88.055 RCW, forecasted revenue for the ensuing biennium for purposes of an Outlook, prior to adjustment for enacted legislation, are the greater of: "(i) the official general fund and related funds revenue forecast for the ensuing biennium, or (ii) the official general fund and related funds forecast for the second fiscal year of the current fiscal biennium, increased by 4.5 percent for each fiscal year of the ensuing biennium". Despite the fact that forecasted revenue growth is less than 4.5% per year in the 2023-25 biennium, the ERFC has chosen not to assume the 4.5% annual increase for this Outlook. The removal of the adjustment has been displayed separately to clearly show the impact.

2. Disproportionate Share Hospital (DSH) - The federal Affordable Care Act directed reductions in DSH Medicaid grants to states, beginning in 2014. Subsequent federal legislation has delayed the reductions several times and under current law they are scheduled to take effect during fiscal year 2025. Pursuant to direction by the ERFC, this Outlook does not assume federal legislation will be enacted to further delay the reduction in federal DSH grants.