

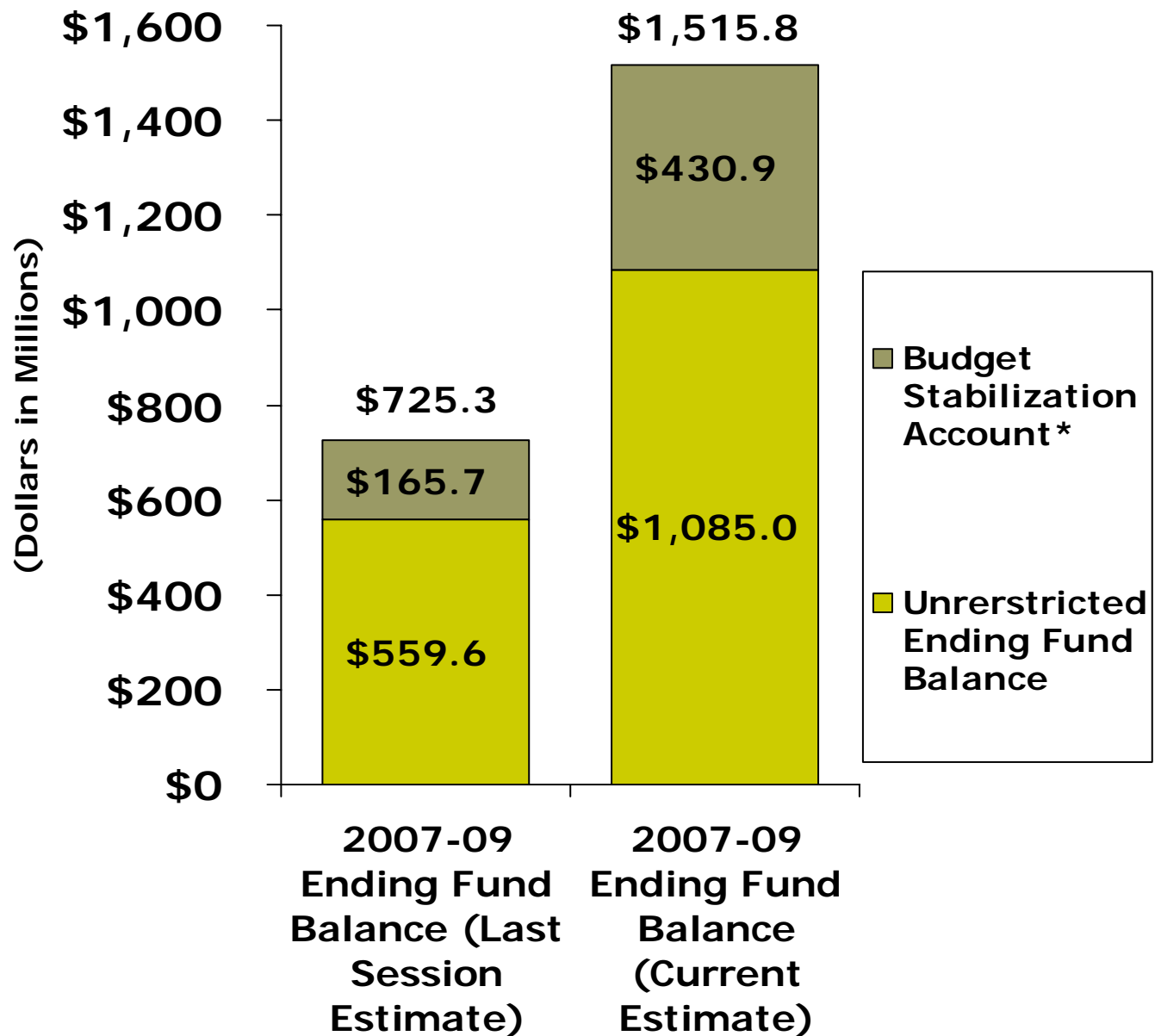
# GF-S Budget Update and Outlook

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**Prepared by Senate Ways and Means  
Committee Staff**

September 27, 2007

Based on increased revenue projections in the 2005-07 and 2007-09 biennia, the estimated reserves have increased by \$791 million since last session



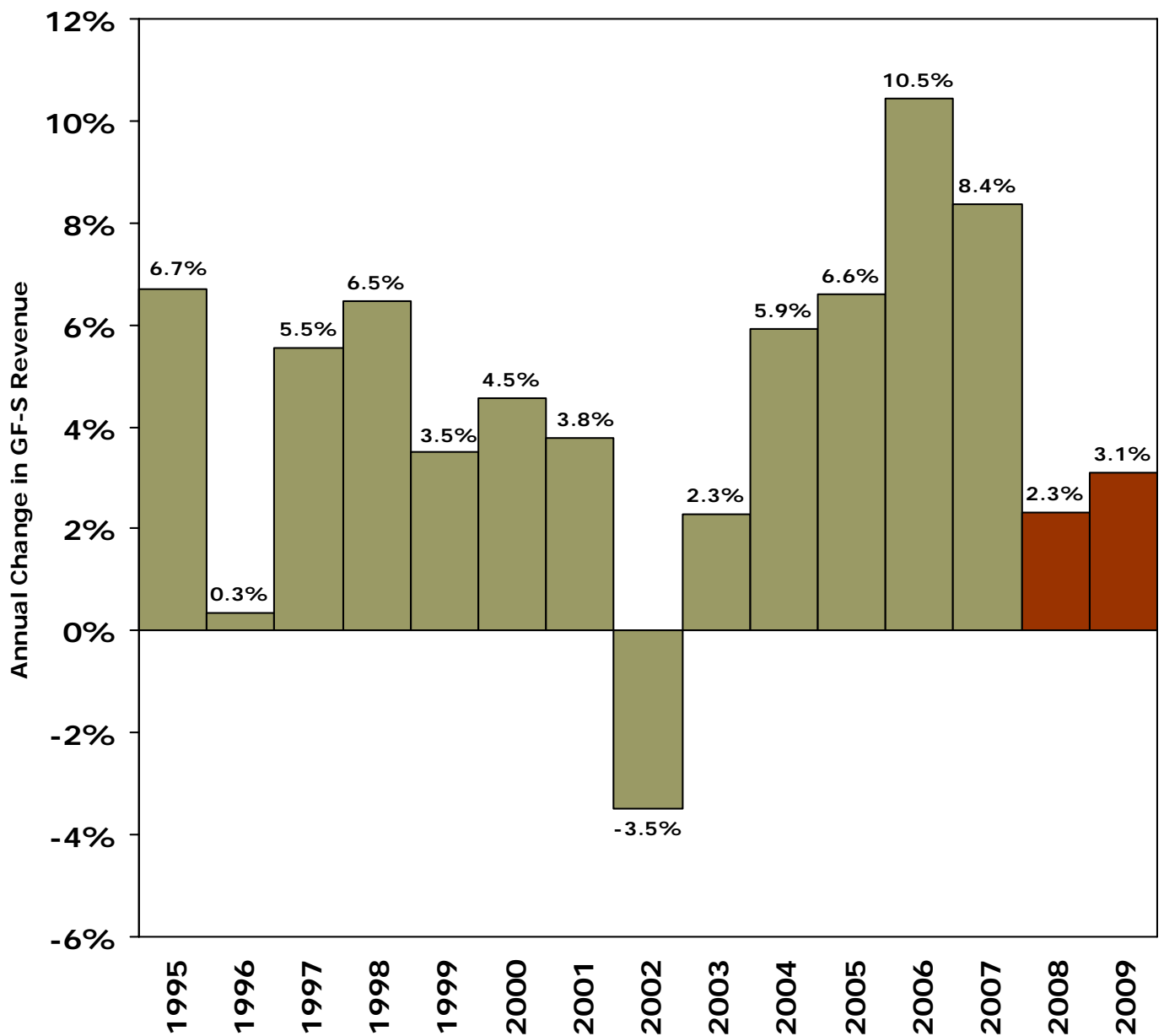
\* The 2007 Legislature passed Engrossed Substitute Senate Joint Resolution 8206 and ESSB 5311, which create this new Budget Stabilization Account, subject to a vote of the people in November 2007.



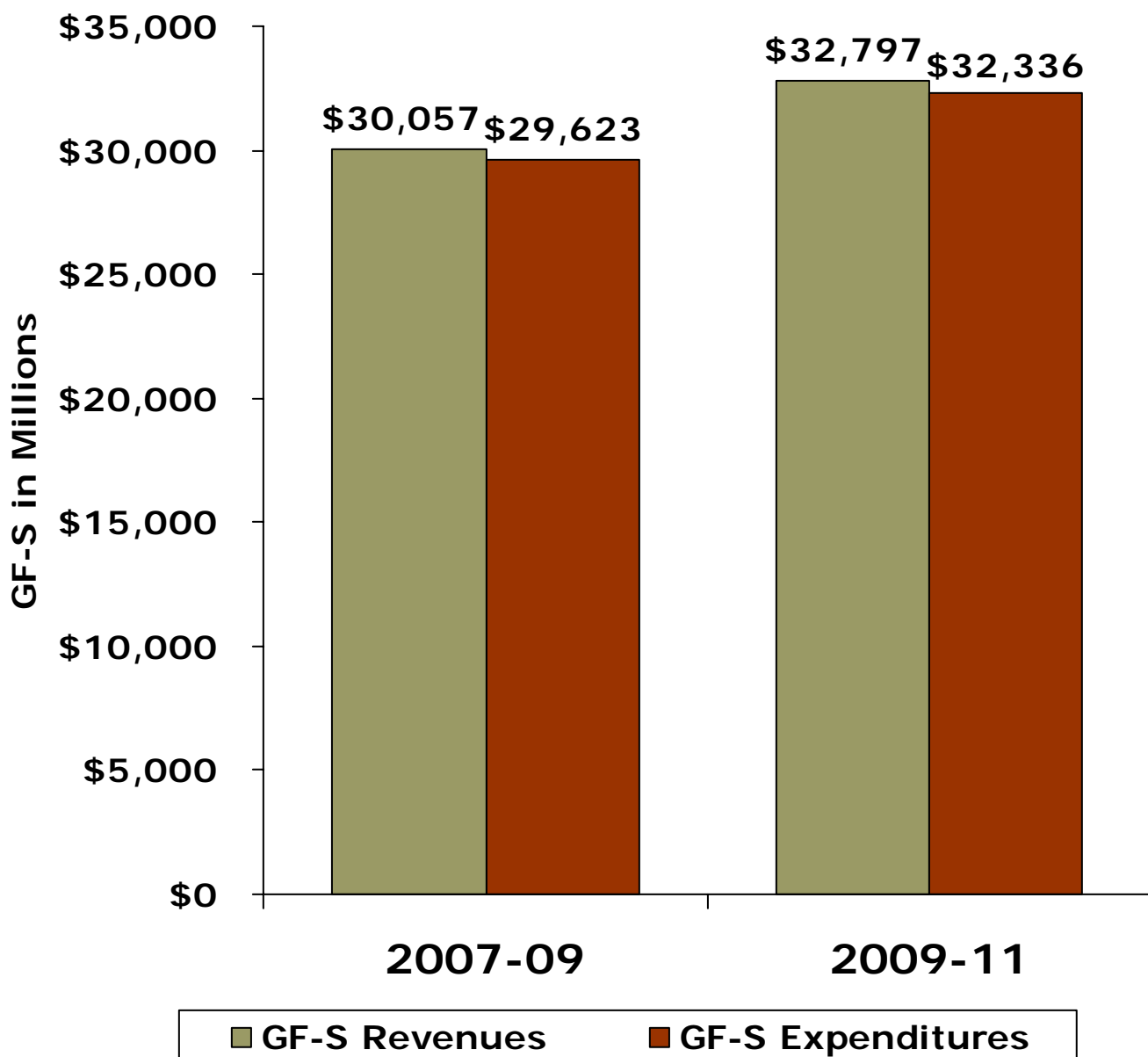
# Future Fiscal Considerations

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Growth in general fund revenues, while still increasing, is projected to significantly slow down from the pace of the last four years



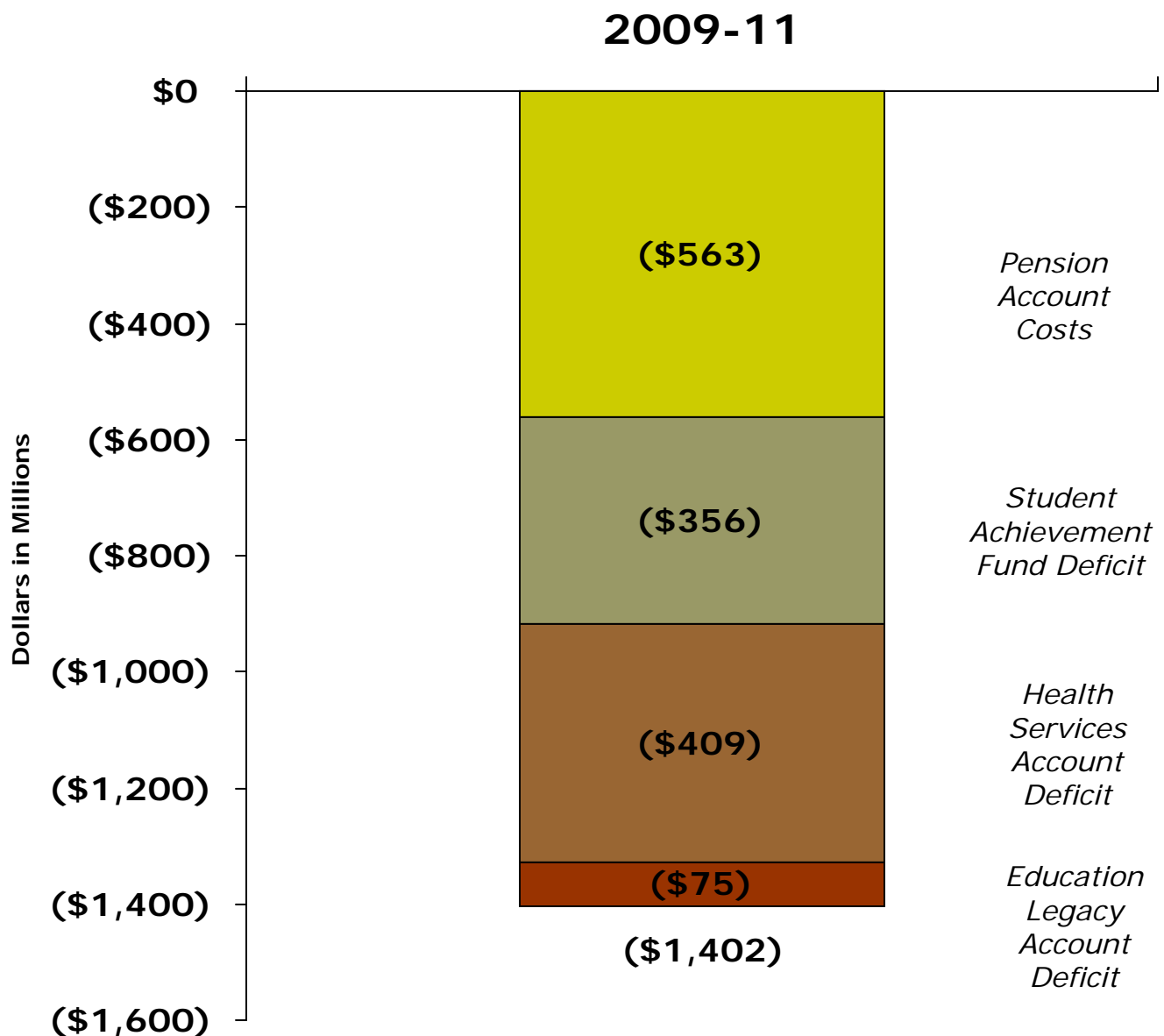
Despite slowing revenue growth, general fund state revenues and expenditures appear to be roughly the same over the next four years



**Assumptions**

- \* GF-S expenditures in 2009-11 will grow by 4.5% per year or the 10 year average.
- \* GF-S revenues in 2009-11 will increase by 5% per year.

While the state general fund revenues and spending are increasing at roughly the same pace, the accounts in the "near general fund" are projected to have insufficient revenues next biennium





# Summary of Engrossed Substitute Senate Joint Resolution 8206

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- Amends the Washington Constitution to establish a Budget Stabilization Account and beginning in FY 2009, one percent of general state revenues will be deposited to the Budget Stabilization Account.
- Moneys may be appropriated by a majority vote: (1) forecasted state employment growth is less than 1 percent; or (2) the Governor declares an emergency.
- Other withdrawals may be made only by a three-fifths vote of the Legislature.
- Implementing legislation include provisions that: (1) direct that transfers to, and expenditures from, the Budget Stabilization Account do not affect the state expenditure limit; and (2) abolishes the Emergency Reserve Fund and transfers the money in the fund to the Budget Stabilization Account.

## **Fiscal Impact**

- Based on the September 2007 revenue forecast, the projected deposit into the Budget Stabilization Account is \$136 million in fiscal year 2009.
- If the Constitutional amendment is approved by the voters, it is also estimated that \$295.3 million will be transferred from the Emergency Reserve Fund to the Budget Stabilization Account.

# 2007-09 GF-S Balance Sheet

## *September 2007 Estimate*

Dollars in Millions

RESOURCES	
Beginning Fund Balance	786.3
June 2007 Forecast	29,804.0
September 2007 Update	212.7
<b>Current Revenue Totals</b>	<b>30,016.7</b>
Transfer to/from Other Funds	40.5
Transfer to Budget Stabilization Account*	(135.6)
<b>Total Resources (including beginning fund balance)</b>	<b>30,707.8</b>
EXPENDITURES	
<b>2007-09 Final Legislative Budget</b>	<b>29,624.1</b>
Governor's vetoes	(1.2)
	<b>29,622.9</b>
RESERVES	
<b>Projected General Fund Ending Balance</b>	<b>1,084.9</b>
Emergency Reserve Fund Beginning Balance	295.3
Transfer To Budget Stabilization Account	(295.3)
<b>Projected Emergency Reserve Fund Ending Balance</b>	<b>0.0</b>
Budget Stabilization Account	
Transfer To Budget Stabilization Account (From ERF)	295.3
New Deposits	135.6
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>430.9</b>
<b>Total Reserves (General Fund plus Budget Stabilization)</b>	<b>1,515.8</b>

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