



**BRIEFLY**

With the arrival of the February revenue forecast legislative attention can shift to budgetary matters.

# Revenue Forecast Up \$116 Million for this Biennium and \$198 Million for 2001-2003

The Economic and Revenue Forecast Council held its quarterly meeting on February 17<sup>th</sup> adopting forecasts of general fund-state revenue for the 1999-2001 and 2001-2003 biennia. The mid-session forecast traditionally marks the beginning of the budget season for the legislature.

The two biennium general fund-balance sheet below reflects these forecasts, the currently approved level of spending for 1999-2001, and spending at the I 601 limit in 2001-2003. Any supplemental spending will increase the limit for 2001-2003.

The \$20,842.9 million now forecast for the 1999-2001 biennium is an increase of \$115.5 from the November 1999 figure.

The \$22,533.7 million forecast for the 2001-2003 biennium is the first official projection of revenues for 2001-2003; this is up \$198 million from the informal projections previously used by legislative staff.

### GF-State Balance Sheet

(Dollars in Millions)

	<u>1999-01</u>	<u>2001-03</u>
<b>RESOURCES</b>		
<b>Unrestricted Beginning Reserves</b>	462.0	576.2
February Revenue Forecast	20,842.9	22,533.7
<b>Total Unrestricted Resources</b>	<b>21,304.9</b>	<b>23,109.9</b>
<b>APPROPRIATIONS and SPENDING LIMIT</b>		
<b>Adjusted 601 Spending Limit</b>	<b>\$20,686.9</b>	<b>\$21,670.5</b>
<b>Spending Level</b>	<b>\$20,572.7</b>	<b>\$21,670.5</b>
Spending compared to the limit	(\$114.2)	
<b>RESERVES</b>		
Emergency Reserve Account	760.3	1,098.0
Unrestricted Ending Balance	576.2	576.2
<b>Total Ending Reserves</b>	<b>1,336.5</b>	<b>1,674.2</b>
<b>Transfer to School Construction Account</b>	-	661.2

\* Assumed to equal the I601 limit.

Source: Senate and House Fiscal Committees

108 S. Washington St., Suite 406

Seattle WA 98104-3408

PH 206-467-7088

FX 206-467-6957

www.researchcouncil.org



The currently approved spending level for the 1999-2001 biennium sits \$114.2 below the I-601 spending limit. The projected ending reserves at this level of spending are \$1,336.5, a healthy 6.5 percent of biennial spending. Of the total reserves, \$760.3 are in the emergency reserve fund, which requires 2/3 majorities to tap. \$576.2 are unrestricted reserves which can be appropriated by simple majorities.

I-601 specifies that funds spill from the emergency reserve fund to the school construction account when the former totals 5 percent of biennial revenues. The 2001-2003 biennium is projected to be the first in which this feature will come into play. Assuming that no supplemental spending is added for the current biennium and that the state spends at the limit in 2001-2003, \$661 million will be transferred to the school construction account. The state would end the 2001-2003 biennium with \$1,674 million in reserves.

The balance sheet provides the context within which the legislature will make its fiscal moves this session, it is not a prediction of how history will actually unfold. The legislature and governor will likely agree to some supplemental spending. A supplemental budget that spent all the way to the limit would leave a total ending reserve of about 5.9 percent of spending.

