GENERAL FUND BALANCING & SUSTAINABILITY ANALYSIS

2027-2028 PROPOSED BUDGET

OVERVIEW & POLICY CONSIDERATIONS PAPER

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Executive Summary

The Mayor's 2027-2028 Proposed Budget would increase appropriations from the General Fund (GF) by $13 million (0.7%) in 2027 compared to the 2026 Adopted Budget. The 2028 Proposed Budget increases appropriations by $26 million (1.3%) compared to the 2027 Proposed Budget. This memo:

- Reviews changes made by the Council and the Mayor since the 2026 Adopted Budget was approved in November 2025 (this includes legislative changes, revenue forecasts and year-end carryforwards) and describes the impact of policy choices embedded in the Mayor's Proposed Budget on the 2026 GF ending balance;
- Reviews high level changes in the GF budget for 2027 and 2028 and illustrates the opportunities and choices made to balance the budget in each year considering a prior deficit forecast; and,
- Given the ongoing fiscal interrelationship between the GF and the JumpStart Fund (JSF), reviews high level changes in the JumpStart Fund budget for 2027 and 2028.
- In light of a 2026 legal requirement to balance the financial projections in both funds through 2030, reviews future adjustments that were taken to present that balanced picture.

At the highest level, the key takeaways from this analysis include:

- The 2026 Adopted Budget (passed in November 2025) projected a GF deficit of approximately $149 million in 2027 and $129 million in 2028.
- Using a combination of measures, including an improvement in the GF revenue forecast, net spending reductions, transfers of programs to other funds, most notably the JSF, and the use of one-time fund balance, the 2027 and 2028 Proposed GF Budget is balanced, with a $15 million ending fund balance for 2028.
- However, a structural GF deficit would remain through 2029 albeit at a much lower level, requiring an additional draw on fund balance until 2030, at which point GF revenues are projected to exceed expenditure projections and planning reserve needs. Central Staff's analysis in this paper identifies a structural GF deficit of approximately $23 million in 2027 and $18 million in 2028.
- Given future resource constraints in the JSF, as well as the shift of programming from the GF to the JSF, the 2027-2028 Proposed Budget projects that a combination of budget reductions and transfers back to the GF will be required to balance the JSF beginning in 2029.
- The 2027-2028 Proposed Budget's increasing complexity in the fiscal relationship between the GF and the JSF, rather than simply adjusting the interfund transfer between two funds which can equally be used for any legal government purpose, brings to the fore considerations about more efficient mechanisms to structure and manage these general-purpose resources.

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I. Background

RCW 35.32A.030 requires that Seattle adopts a balanced budget, where the estimated revenues of each fund meet or exceeds budgeted expenditures. Time of adoption is the only time State law requires that the budget be balanced. The law does not require the annual budget to be updated to reflect changes in the City's revenue projections throughout the year. If authorized spending exceeds available revenues, the Executive is constrained by the level of resources available to support authorized spending. If this occurs, the Executive must make administrative spending reductions (that is, the Executive must choose areas to stop spending).

State law does not require that a balanced budget be demonstrated in the years beyond the year being adopted, however, making projections of how current expenditure decisions may result in projected surpluses or deficits in the future is a common fiscal practice to foster sustainable and stable provision of government services in the future, and to serve as a foundation for identifying risk inherent in the current budgeting approach

RES 32116, which modified the budget process framework established in RES 28885, passed in 1994, stipulates that in every even numbered year the Mayor proposes a two-year balanced budget for Council review and modification. The first year of the biennial budget is ultimately adopted by ordinance, while the second year's budget is 'endorsed', by way of a resolution. The Mayor's 2027-2028 Proposed budget is submitted within this framework.

ORD 127259 – Business and Occupation Tax Restructure Financial Sustainability Requirement

In 2025 the voters of the City of Seattle passed Proposition 2, (ORD 127259), which restructured the City' Business and Occupation (B&O) Tax, which was projected to generate over $80 million of annual net GF revenue through 2032. Section 9 of ORD 127259 required that, if the 2027 Proposed Budget used this revenue, the Mayor must submit balanced financial plans for both the GF and the JumpStart Payroll Expense Tax Fund (JSF), the City's second largest general-purpose fund. As a modification to past practice, ORD 127259 requires the financial plans for these two funds to show balance not only in the budget year (consistent with state law), but also in future projected years. Further, the financial plans for both funds were required to demonstrate how any proposed reductions impact specific spending categories for each fund.

Since the adoption of the City's new Payroll Expense Tax in 2020, the JSF has provided a regular annual revenue transfer to the GF to backfill the latter's ongoing sustainability challenges (budget imbalance) coming out of the COVID-19 pandemic. This arrangement was formalized in ORD 127155, which made the JumpStart Fund fiscally equivalent to the GF in terms of flexibility of uses. In addition, whereas in prior years the flow of resources had been one way, with ever-larger JSF transfers supporting GF spending, ORD 127155 added the provision that, in the event of revenue challenges in the JSF, the fiscal relief could flow in the opposite direction (that is, GF supporting JSF spending). ORD 127259 acknowledged this two-way relationship by requiring the financial plans to include a line showing the transfer between the two funds.

As such, while this review focuses primarily on the General Fund (GF), it also necessarily includes the JumpStart Fund (JSF), both due to the requirements of ORD 127259, but also due to its nature as an unrestricted general-purpose fund, fiscally identical to the GF.

Statement of Legislative Intent CBO-100S-A: Financial Sustainability Framework

As part of ongoing budget reforms, and in acknowledgement of the new requirement in ORD 127259, the City Council adopted Statement of Legislative Intent (SLI) CBO-100S-A, which requested that City Budget Office (CBO) and Council Central Staff prepare a joint response to create shared and easily understood definitions of the variables and factors that contribute to the structural budget deficit, and to provide a clear road map to fiscal sustainability. While not directive as to the specific combination of fiscal measures that must be deployed to achieve sustainability, the subsequent report serves as a reference and glossary of terms to help navigate the choices embedded in the budget and financial plan. Key terms used in this memo, including ”financial plan”, “one-time”, “ongoing’, and “planning reserves” are defined in the report, making it a useful reference.

As the starting point for the focus on the City’s GF balances and projected financial status, Section II of this memorandum briefly describes the GF financial plan provided the 2026 Adopted Budget Book, which demonstrated, in 2027 through 2029 (the financial planning horizon), a $149 million to $98 million gap between revenues and expenditures, resulting in a projected negative unreserved fund balance in the GF. In other words, the 2026 Adopted Budget assumed significant deficits beginning in 2027. This section will serve as the foundation for subsequent sections that will track how proposed revenue and expenditure changes in 2026 through 2028 impact the projected funding gap and sustainability of the fund.

Section III describes the budget measures taken by the Council and Mayor to adjust the 2026 budget because of unforeseen events, and revenue changes in the August forecast update by the Office of Economic and Revenue Forecasts (Forecast Office) and CBO. Finally, this section describes new proposals from the Mayor for the 2026 Budget, including proposed year-end supplemental appropriations and grants ordinances, and ultimately updates the estimated 2027 beginning fund balance (one-time resources) that would be available if these proposals are passed, and which is assumed in the Mayor’s 2027-2028 Proposed Budget.

Section IV of this paper continues with a review of the Mayor’s 2027-2028 Proposed Budget for the GF, in preparation for more detailed departmental Policy Consideration discussions, scheduled for October 13-16. This review covers the major categories of the GF proposed budget, with a focus on how the changes address the deficit projected in the 2026 Adopted Budget’s GF financial plan, as modified by changes to the Executive’s planning assumptions in the Spring.

Section V continues the GF sustainability analysis, with a high-level review of how the 2027-2028 Proposed Budget impacts future projections. Given its increasing fiscal overlap with the GF, and recognizing the requirements in ORD 127259, Section VI of this memorandum briefly describes the proposed JSF budget, and financial plan provided the 2026 Adopted Budget Book.

Section VII continues that review with an analysis of the 2026 budget changes to the JSF. Section VIII continues the review of the JSF with an overview of changes in the 2027-2028 Proposed JSF budget. Section IX finalizes the analysis of the JSF, with a review of future sustainability through 2030. Section X concludes with a policy consideration related to managing the relationship between the JSF and the GF.

II. 2026 Adopted GF

1. 2026 Adopted GF Budget

On November 21, 2025, the City Council passed ORD 127362 which approved a 2026 Adopted City budget of $9 billion, of which $2.01 billion was for programs and services funded by the GF.

Table 1 shows the fiscal parameters of the GF budget plan, including the 2026 beginning balance, operating revenues, operating expenditures, reserves, and ending unreserved fund balance. Put another way, this table represents the parameters of the balanced 2026 Adopted GF Budget.

Table 1. 2026 Adopted GF Budget *(amounts in $000s)*

	2025 Revised Budget	2026 Adopted Budget
Beginning Budgetary Fund Balance	$193,056	$141,710
Revenues	$1,973,078	$2,019,184
Expenditures [1/]	$2,047,423	$2,012,489
Underspend Assumption	($23,000)	($10,000)
Ending Budgetary Fund Balance	$141,710	$158,405
Planning Reserves		($158,399)
Ending Unreserved Fund Balance		$7

As shown in the table, starting from a $193 million beginning fund balance in 2025, revised, budgeted and endorsed revenues and expenditures combined to arrive at a $7 thousand ending unreserved fund balance at the end of 2026, representing a balanced budget. The 'planning reserves' row includes amounts that are intended to be budgeted in future years but are not yet part of the budget due to legal or other planning considerations as determined by the Executive. Since these amounts are not appropriated in ORD 127362, in Table 1 they are shown 'below the line' (i.e., not part of expenditures). Similarly, the budget relies on underspend assumptions in each year, which are not technically part of the appropriation that Council approved, but are integral to balancing the plan.

2. 2026 Adopted GF Financial Plan

Earlier this year, CBO published the 2026 Adopted Budget book, that describes the funding decisions in ORD 127362, and includes, on page 746, a financial plan for the GF, covering revenues and expenditures from 2025 revised budget through 2029 projected.

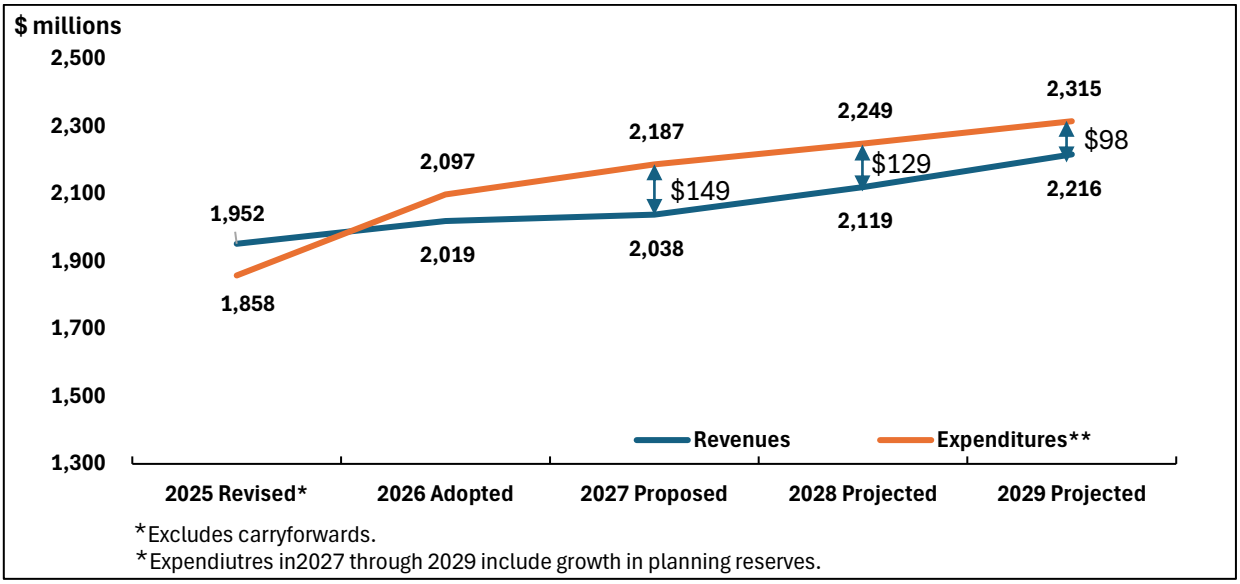
Table 2. 2026 Adopted GF Budget Financial Plan *(amounts in $000s)*

	2025 Revised	2026 Adopted	2027 Projected	2028 Projected	2029 Projected
Starting Budgetary Fund Balance	$193,0562	$141,710	$158,405	$207,011	$319,020
Revenues	$1,973,078	$2,019,184	$2,038,344	$2,119,437	$2,216,364
Expenditures [1/]	$2,024,423	$2,002,489	$1,989,738	$2,007,428	$2,031,272
Underspend	($23,000)	($10,000)	($10,000)	($10,000)	($10,000)
Ending Budgetary Fund Balance	$141,710	$158,405	$207,011	$319,020	$504,111
Planning Reserves		($158,399)	($355,670)	($596,948)	($880,216)
Ending Unreserved Fund Balance		**$7**	**($148,659)**	**($129,270)**	**($98,176)**
1/Adjusted for underspend assumptions in 2025 through 2029.					

In the budget book, the financial plan is organized with the planning reserve amounts shown 'below the line'. Like past graphical presentations, which restructured the CBO-developed plan into a format that

clearly demonstrates the annual operating gap without double-counting the planning reserves, and excluding the use of fund balance which is inherently single-use in nature, Figure 1 combines the annual growth in planning reserves with expenditures to show these revenue and expenditures trends graphically and visualize the projected average operating gap between GF revenues and expenditures in the financial plan.

Figure 1. 2026 Adopted Budget GF financial plan operating gap



As shown in Figure 1, since the 2026 Adopted Budget was balanced by use of one-time fund balance, beginning in 2027 there is a $148 million gap between revenues and expenditures, and a similar $129 million gap in 2028. This point of reference will be revisited in Section V on sustainability of the 2027-2028 Proposed GF Budget in the context of ORD 127259. It is also important to note that these figures are based on CBO's calculations, and do not represent an independent projection by Central Staff.

III. 2026 GF Budget Adjustments

1. 2025 Year-end Reconciliation

As shown in Table 3, the net impact of lower-than-anticipated revenues, lower-than-budgeted expenditures, and a $3.6 million balance sheet adjustment to account for the final pay period of 2025 crossing fiscal years resulted in an actual 2025 year-end GF fund balance that was $113 million higher than what was expected when the 2026 Budget was adopted. This one-time increase in cash was carried forward into the 2026 Revised budget, and a portion has been used to perform unfinished work in 2026, which is discussed in the next subsection.

Table 3. 2025 Year End Reconciliation *(amounts in $000s)*

	2025 Revised[1]	2025 Actual[2]	Variance
Revenues	$1,973,078	$1,946,254	($26,823)
Expenditures	$2,024,423	$1,887,958	$136,464
Increase to 2026 starting balance			**$109,641**

1/Adjusted for $23 million underspend assumption
2/Actual expenditures total includes $3.6 million associated with a 2025 balance sheet adjustment for payroll splitting fiscal years.

2. Approved 2026 GF Adjustments and Carryforwards

Since November 2025, the 2026 Budget has increased by $237 million due to a series of Council-approved and automatic updates, as shown in Table 4. After accounting for $72 million of revenue associated with these changes, and the drawdown of $90 million of balance held in planning reserves, the net balance impact is $85.5 million.

Table 4. Adopted Current Year Budget Legislation and Automatic Carryforwards[1] *(amounts in $000s)*

	Revenues	Expenditures	Planning Reserves	GF Balance Impact
Automatic Carryforwards	$37,287	$103,784		($66,497)
ORD 127420 - Q1 Grants	$4,491	$4,491		$0
ORD 127457 - 2025 Budget Carryforward	$0	$15,712		($15,712)
ORD 127495 - 2026 Midyear Acceptance	$1,905	$2,689		($784)
ORD 127496 - 2026 Mid-Year Supplemental	$1,924	$94,502	($90,082)	($2,496)
ORD 127431 – FIFA LOC & Grant Acceptance	$16,009	$16,009		$0
Total - Revised Budget Changes	**$61,616**	**$237,187**	**($92,082)**	**($85,489)**

3. August Revenue Forecast Update

On August 7th, staff from the Forecast Office and CBO presented to the Forecast Council the second of three planned forecast updates for 2026. Relying on a baseline economic scenario, this forecast projected 2026 GF revenue levels that were $10.6 million higher than the amount originally projected in the 2026 Adopted Budget after accounting for amounts associated with legislative changes.

[1] As of September 24, 2026.

2026 GF Balancing Status After Approved Changes

After adjusting for the impact of the revenue forecast, and automatic and legislated changes, and reduction to planning reserves described above, the 2026 unreserved ending fund balance has increased from $7 thousand to $35 million as detailed in Table 5. This represents a $35 million increase in one-time resources before applying the proposed year-end changes assumed in the Mayor's 2027-2028 Proposed budget.

Table 5. 2026 GF Ending Fund Balance After Approved Adjustments *(Amounts in $000s)*

	Balance
2026 Adopted Ending Unreserved Balance	$7
Approved/Automatic Adjustments:	
2025 Year-End Reconciliation	$109,641
2025 Adjustments and Carryforwards	($85,488)
August Revenue Forecast Update	$10,577
2026 Ending Balance After Approved Adjustments	$34,737
Total Increase (One-time Resources)	**$34,730**

The next subsection discusses new legislative budget proposals for the remainder of 2026 that the Mayor has included with the 2027-2028 Proposed Budget.

4. 2026 GF Proposed Budget Legislation and Planning Reserve Adjustments

Consistent with past practice, the Mayor has proposed two pieces of year-end budget legislation affecting the 2026 Budget:

- *CBO 2026 Year-End Acceptance*: Represents the third and final grant acceptance and appropriation ordinance and would accept $2.3 million of GF grants. This bill would increase both GF appropriations and revenues by the same amount, resulting in a net-zero GF balance impact.
- *CBO 2026 Year-End Supplemental Legislation*: The second and final comprehensive supplemental budget legislation for 2026. This bill would increase 2026 GF revenues by $5.5 million, increase 2026 GF expenditures by $38.3 million, and decrease planning reserves by $24.3 million, reducing the GF balance by $2.5 million.

Department-level details for these bills are provided in the Budget Legislation sections of the respective Overview & Policy Considerations papers.

- *Planning Reserves Reduction*: In addition to the use of reserves to support legislative changes described above, the financial plan reflects an additional $24.3 million reduction to planning reserves due to the release of reserves that were no longer needed and a revised costing methodology.

5. 2026 Revised Ending GF Balance/2027 Revised Beginning GF Balance

As shown in Table 6 below, bringing together the totals from each of the prior subsections, the 2026 ending unreserved fund balance would increase by $56.5 million. This represents one-time resources that are proposed to be deployed as part of the approach to balance the GF in 2027 through 2030.

Table 6. Impact on 2026 Ending GF Balance from Approved & Proposed 2026 Adjustments. *(amounts in $000s)*

	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$7
1. 2025 Year End Reconciliation	$109,641
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$61,616
Expenditures	($237,187)
Use of Planning Reserves	$92,082
Subtotal - Approved Supplementals/Carryforwards	($85,489)
3. August Revenue Forecast (excluding double-counts)	$10,577
4. Proposed Budget Legislation	
Revenues	$7,851
Expenditures	($40,615)
Use of Planning Reserves	$24,282
Subtotal - Proposed Budget Legislation	($2,502)
5. Additional Reduction to Planning Reserves	$24,284
2026 Revised Unreserved Ending Fund Balance	$56,518
Increase in 2026 ending balance compared to Adopted Budget	**$56,511**

IV. 2027-2028 Proposed GF Budget – Balancing Analysis

This section includes an overview of the approach used to balance the 2027-2028 Proposed GF Budget, which totals $2.016 billion in 2027[2] and $2.042 billion in 2028. When $90.7 million and $135 million[3] of planning reserves are included in each year, the total budget, including these below-the-line claims against projected resources, increases to $2.09 billion and $2.18 billion in 2027 and 2028, respectively.

As described in Section II.2 above, when the 2026 Adopted Budget was approved last fall, future year deficits were projected, including a $149 million shortfall in 2027 and a $129 million shortfall in 2028. This serves as the starting point for this balancing analysis.

Building from these projected deficits, the remainder of this section will review the changes in Executive planning assumptions, revenues, baseline and technical changes compared to projections made last fall, and the Mayor's budget policy choices to demonstrate how the projected structural deficit is decreased in each year. Finally, the additional one-time 2026 year-end balance of $56.5 million described in Section III is applied, to fully balance the budget in each year.

1. Executive Update to GF Planning Assumptions/April Forecast

In April of this year, the Executive communicated that increasing cost pressures and identified risks would potentially increase the deficit beginning in 2027. These increasing costs, including but not limited to higher projected labor costs, net of a moderate increase in forecasted revenues provided in the April Forecast Office/CBO forecast update, were projected to increase the deficit by $26.3 million in 2027 and $34.7 million in 2028. Including the impacts of these higher projected costs above higher projected revenues increased the projected deficit to $175 million in 2027, and $164 million in 2028.

2. GF Baseline and Technical Changes Above Projections

Consistent with the City's incremental budgeting approach, the 2026 Adopted Budget is the starting point for the 2027-2028 Proposed Budget. Starting from the prior year's adopted budget, the Executive adjusts department budgets by removing one-time appropriations, applying growth from inflation, retirement contribution and wage increases, and accommodating existing contractual requirements. These changes are applied to departments' ongoing appropriations. In other words, the baseline and technical adjustments remove one-time items, and apply technical, contractual, and inflationary adjustments to the remainder.

Inflation Estimates Applied to Ongoing Costs

Based on information submitted with the budget, a total of $37.3 million and $37.6 million GF of one-time spending was removed in the baseline process for 2027 and 2028, respectively. Using a similarly adjusted ongoing base, in the 2026 Adopted financial plan CBO estimated future year costs by applying inflation forecasts to 2026 Adopted ongoing appropriations to estimate 2027-2028 baseline costs. As part of the 2027-2028 Proposed budget development process, revised inflation estimates for each year were updated using most recent July 2026 economic update. As context, as shown in Table 7, since last fall's financial plan was published, inflation estimates have increased for every year, due to a combination of factors, including but not limited to tariffs and the middle east conflict.

[2] Total includes a $10 million underspend assumption used in the GF Financial Plan to balance the budget.
[3] Reflects the annualized growth in reserves from 2027 to 2028.

***Table 7. Change* in Consumer Price Index[1/] in Economic Forecast.**

	2025	2026	2027	2028
August 2025 Economic Forecast	2.6%	3.1%	3.1%	2.6%
August 2026 Economic Forecast	2.6%	4.0%	3.9%	2.9%
Change	**-**	**0.9%**	**0.8%**	**0.3%**
1/ Seattle MSA-All Urban Consumers 12 months ending June.				

Higher inflation increases City costs across all services, which contributes to the increase in baseline and technical adjustments in the 2027-2028 Proposed Budget compared to the estimates developed in the prior financial plan, as shown in Table 8.

Table 8. Base Budget with Baseline and Technical Changes *(amounts in 000's)* [1/]

	2027	2028
2026 Adopted GF Financial Plan	$1,990,071	$2,014,098
2027-2028 Proposed Budget	$2,078,072	$2,123,443
Change	**$88,001**	**$109,345**

As shown in Table 8, compared to the 2026 Adopted GF financial plan projections, the 2027-2028 Proposed Budget increases baseline and technical costs by $88 million in 2027 and $109 million in 2028. It is worth noting that a portion of this increase is offset by decreases in planning reserves discussed in the next section.

Planning Reserves

As discussed above and in the "Financial Sustainability Framework" SLI response, the GF 'planning reserves' includes amounts that are intended to be budgeted in future years but are not yet part of the budget due to legal or other planning considerations as determined by the Executive. These reserves fundamentally include items of a baseline and technical nature but also of a sensitive nature, most specifically funding for unsettled labor contracts and judgements and claims that are not discussed publicly. These reserves can also include policy items.

Compared to the 2026 Adopted Budget projection, the 2027-2028 Proposed Budget decreases amounts held in planning reserves by $146.7 million in 2027, and $140.2 million in 2028. A large portion of this change reflects the shift of funding held in reserve for salary costs (i.e., pending settled contracts) that is directly appropriated in department budgets. Two items of a policy nature that had previously been part of reserves and are removed from the Proposed Budget include:

- **Shelter Costs:** Of the total decrease to planning reserves, $13.8 million in 2027 and $18 million in 2028 represents a reduction to reserves held for additional non-congregate shelter beds that were originally programmed 'below-line line' in the 2026 Adopted financial plan and were subsequently moved 'above-the line' from the Executive's planning perspective in April. This item was mentioned in last year's 2025 General Fund Balancing and Sustainability memo[4], as the former administration's use of the planning reserves to program a policy promise rather than a pure continuation of ongoing programs adopted in the 2026 Budget. As discussed in Section VIII.3 of this memorandum, the 2027-2028 Proposed Budget adds $18 million JSF in 2027, and $18 million JSF in 2028 in the Office of Housing for similar shelter costs. Since these costs were 'below the line', they were never formally recorded in the City's budget system of record, so there is no discrete GF to JSF transfer to reflect this shift between funds.

[4] New Shelter Beds, page 18.

- **Seattle Shield Investments:** Of the total decrease to planning reserves, $20.7 million in both 2027 and 2028 represents a reduction in reserves to pay for investments associated with $30 million of revenues generated by ORD 127259, the 2025 B&O Tax Restructure proposition ("Seattle Shield"). Seattle Shield stipulated that up to $30 million of revenues from the approximately $80 million generated by the restructure would be dedicated to tax administration expenses, and mitigating the impact of federal funding reductions in a set of specific program areas. The reserve placeholder was used because the 2026 Adopted Budget only provided ongoing funding for $1.2 million for administrative costs in the Office of City Finance, $4 million in the Human Services Department for rental assistance, and $4 million in the Office of Immigrant and Refugee Affairs for immigrant and refugee community support, with the remaining investments being one-time in nature. Partially offsetting the reduction of reserves, the 2027-2028 Proposed Budget adds the following funding[5]:
    - **Continuing Fresh Bucks service levels**: $6.3 million ongoing in 2027 and 2028 added to Office of Sustainability and Environment;
    - **Food Banks**: $4 million ongoing in 2027 and 2028 added to Human Services Department;
    - **Federal Response Reserve**: $9.35 million added one-time in 2027 as part of a larger $22 million Federal Response Reserve in Finance General. These monies were added for a similar purpose in the Human Services Department Budget in 2026, and are returned to balance in the year-end supplemental

Transfers to Fiscal Reserves

The City maintains two primary fiscal reserves including:

- Revenue Stabilization Fund (RSF), which receives an annually budgeted deposit of 0.5% of GF tax revenue, up to a maximum balance of 5 percent of GF tax revenues; and,
- Emergency Fund (EF), which receives an annual GF transfer necessary to maintain a fund balance equivalent to $60 million adjusted for inflation since 2016.

GF transfers to each reserve fund are budgeted to meet their policy maximum levels in the 2027-2028 Proposed Budget as follows:

Table 9. 2027-2028 Proposed Fiscal Reserve Ending Balances. (amounts in $000s)

	Ending Balance	% of Policy
Revenue Stabilization Fund		
2027 Proposed	$82,151	100%
2028 Proposed	$86,213	100%
Emergency Fund		
2027 Proposed	$92,378	100%
2028 Proposed	$95,057	100%

To meet policy requirements, each reserve has been adjusted compared to the amounts projected in the 2026 Adopted Budget. These adjustments result in a decrease in 2027 compared to the financial plan, and an increase in 2028, as follows:

- Due to a provision in the RSF policy that requires 50 percent of year end unencumbered fund balance to be deposited in the reserve, approximately $2 million of year end 2025 balance was deposited in the reserve as part of the midyear supplemental budget adjustments, thereby accelerating the balance replenishment of the fund; and,

[5] Reflects Central Staff assessment pending additional information from the Executive.

- Due to the inflation increases detailed in Table 7, the policy maximum balance for the EF has increased compared to prior projections that relied on a lower inflation rate, requiring an increase above financial plan levels in 2027.

The changes to each reserve transfer, and the total change compared to 2026 Adopted projections, is detailed in Table 10.

Table 10. Change in Transfers to Fiscal Reserves. *(amounts in $000s)*

Amounts in $000s	2027	2028
Revenue Stabilization Fund		
2026 Adopted	$6,948	$1,578
2027 Proposed	$4,128	$4,062
Change – Revenue Stabilization Fund Transfer	**($2,820)**	**$2,484**
Emergency Fund		
2026 Adopted	$2,719	$2,351
2027 Proposed	$4,659	$2,679
Change – Emergency Fund Transfer	**$1,939**	**$328**
Total Change in Reserve Transfers	**($881)**	**$2,812**

Revenue Adjustments

The 2027-2028 Proposed Budget includes higher total revenues of $31.3 million in 2027 and $39.8 million in 2028 compared to the amounts projected in the 2026 Adopted Financial plan. According to the Forecast Office the bulk of the increase is due to higher expected sales taxes due to changes in ESSB 5814, which expanded the retail sales and use tax base to include several previously untaxed services.

The third and final forecast for 2026, which will establish the revenues used for the Budget Chair's balancing package and the Council's 2027-2028 Adopted Budget, will be presented by the Forecast Office to the Forecast Council on October 16, 2026.

As shown in Table 11, in total the 2027-2028 Proposed Budget baseline, technical, revenue and reserve adjustments are $90.8 million and $67.8 million lower than the 2026 Adopted Budget projections for 2027 and 2028, respectively.

Table 11. GF Impact of Baseline and Technical Changes Compared to 2026 Adopted projections. *(amounts in $000s)*

	2027	2028
Higher Total Revenues	$31,278	$39,766
Higher Baseline and Technical Costs	($88,002)	($109,345)
Fiscal Reserves Adjustment	$881	($2,812)
Planning Reserves Reduction	$146,693	$140,203
Total	**$90,850**	**$67,811**

After applying these variances from the 2026 Adopted projection, the projected deficit declines to $84 million in 2027 and $97 million in 2028.

3. Mayor's 2027-2028 GF Operating Proposals

The penultimate piece of the balancing analysis layers in the Mayor's 2027-2028 policy adjustments to resolve most of the remaining deficits shown Figure 4. These adjustments include an array of increases and decreases, both ongoing and one-time, ultimately reducing planned spending, and the structural deficit, by $60.9 million in 2027 and $78.6 million in 2028, as shown in Table 12.

Table 12. 2027-2028 Proposed Budget Operating changes *(amounts in $000s)*

	2027	2028
Appropriation Increases		
Ongoing	$15,669	$21,553
One-time	$29,065	$6,742
Subtotal – Appropriation Increases	**$44,733**	**$28,295**
Appropriation Decreases		
Ongoing	($105,640)	($106,899)
One-time	$0	$0
Subtotal – Appropriation Decreases	**($105,640)**	**($106,899)**
Total Decrease	**($60,906)**	**($78,603)**

As shown in Table 12, policy-based appropriation increases total $44.7 million in 2027, and $28.3 million in 2028. Of the 2028 increase, $21.5 million is ongoing and assumed to continue in future years. Policy-based changes to appropriations would decrease ongoing expenditures by $105.6 million in 2027 and $106.9 million in 2028. In total, these changes decrease GF appropriations by $60.9 million in 2027, and $78.6 million in 2028. Attachment A details these changes by department and by one-time/ongoing status.

Given the interest in ORD 127259 to clarify the funding intersection between the GF and the JSF, the following changes in the 2027-2028 Proposed Budget bear mention:

- **Homelessness Programs Shift**: Shifts the funding source for $47 million of homelessness programming in the Human Services Department in both 2027 and 2028 from the GF to the JSF;
- **Equitable Development Initiative (EDI) Staffing Shift**: Reprograms $0.3 million of EDI administrative costs from the GF to the JSF in both 2027 and 2028; and,
- **Building and Energy Policy Staffing Shift:** Reprograms $0.6 million of building and energy policy staffing costs from the GF to the JSF in both 2027 and 2028.

Given that the proposed budget also includes an existing transfer in Finance General to move resources between these two funds, it is unclear why the balancing shift is not managed in that way. This dynamic will be discussed in further detail later in this memorandum.

When the operating budget policy-choices are added to the sequential analysis of the deficit, the remaining GF structural shortfall (i.e., revenues lower than expenditures) is reduced to $23.2 million in 2027 and $18.2 million in 2028.

These deficits are covered by use of $23.2 million and $18.2 million available GF fund balance in 2027 and 2028, respectively, in effect drawing from the $56.5 million higher initial starting fund balance resulting from the 2025 and 2026 final adjustments, as detailed in Section III. The remaining $15.1 million GF is used to balance the deficit in 2029.

Table 13 combines the adjustments discussed in this section to demonstrate how the projected 2027-2028 GF deficit was resolved.

Table 13. 2027-2028 Proposed Deficit Balancing Adjustments *(amounts in $000s)*

	2027	2028
0. 2027-2028 Projected Deficit (November 2025)	($148,666)	($129,270)
1. Executive Update to GF Planning Assumptions/April Forecast	($26,334)	($34,730)
2. GF Baseline and Technical Changes Above Projections	$90,850	$67,811
3. Mayor's 2027-2028 Operating Proposals – Net Reduction	$60,906	$78,004
2027-2028 Gap Before Use of Fund Balance	($23,244)	($18,185)
Use of Fund Balance	**$23,244**	**$18,185**

4. 2027-2028 Proposed GF Budget Combined Summary

Table 14 combines the information from prior sections to show the parameters of the 2027-2028 Proposed GF Budget.

Table 14. 2026 Revised/ 2027-2028 Proposed Budget. *(amounts in $000s)*

	2026 Revised	2027 Proposed	2028 Proposed
Starting Fund Balance	$251,351	$70,288	$123,957
Revenues	$2,099,228	$2,069,621	$2,159,203
Subtotal – Resources	**$2,350,580**	**$2,319,910**	**$2,283,160**
Expenditures	$2,290,291	$2,025,953	$2,051,582
Underspend Assumption	($10,000)	($10,000)	($10,000)
Subtotal - Expenditures	**$2,280,291**	**$2,015,953**	**$2,041,582**
Ending Budgetary Fund Balance	$70,288	$123,957	$241,578
Planning Reserves		$90,685	$226,492
Ending Unreserved Balance		**$33,271**	**$15,086**

As shown in the row at the bottom of the table, the combined changes result in a net balance of $15.1 million at the end of 2028, representing a balanced budget. These parameters will serve as the starting point for applying the updated revenue forecast on October 16th and Council budget amendments.

V. 2027-2030 Projected GF Sustainability

The final step in the GF analysis is analyzing the projected GF revenues and expenditures into the future, to assess sustainability of the 2027-2028 Proposed Budget, particularly in the context of ORD 127259. Table 15 shows the GF financial plan provided by CBO with the 2027-2028 Proposed Budget.

Table 15. 2027-2028 Proposed Budget Financial Plan *(amounts in $000s)*

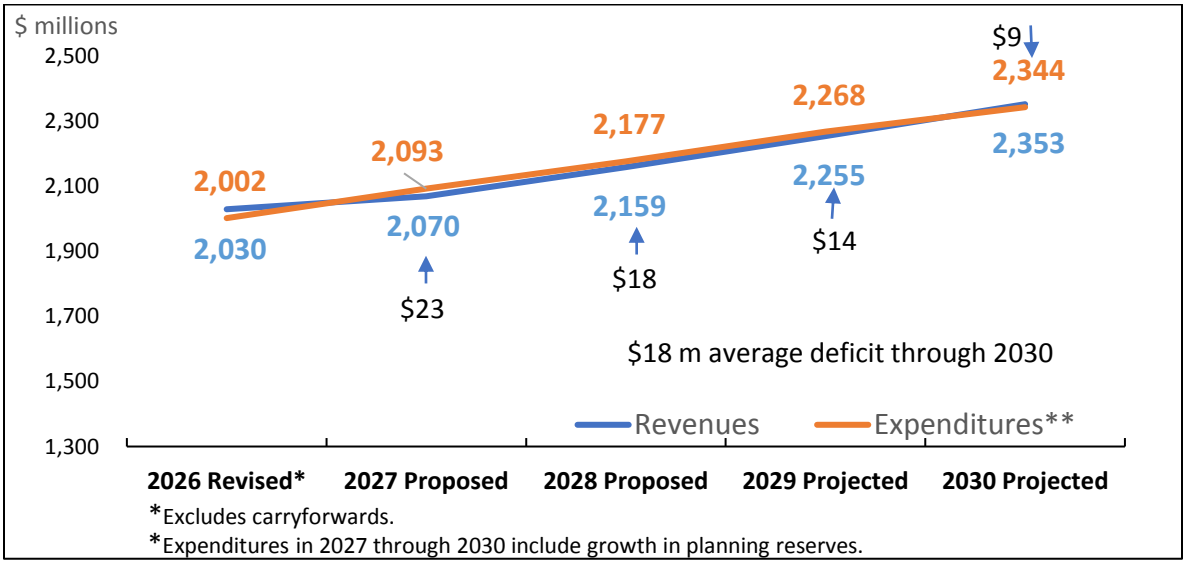
	2026 Revised	2027 Proposed	2028 Proposed	2029 Proposed	2030 Proposed
Starting Budgetary Fund Balance	$251,351	$70,288	$123,957	$241,578	$417,039
Revenues	$2,099,228	$2,069,621	$2,159,203	$2,254,531	$2,352,882
Expenditures [1/]	$2,290,291	$2,115,953	$2,051,582	$2,089,016	$2,113,404
Underspend	($10,000)	($10,000)	($10,000)	($10,000)	($10,000)
Ending Budgetary Fund Balance	$70,288	$123,957	$241,578	$417,093	$666,572
Planning Reserves	($13,733)	($90,685)	($10,000)	($10,000)	($10,000)
Ending Unreserved Fund Balance	**$56,515**	**$33,271**	**$15,086**	**$1,550**	**$10,685**

As shown in Table 15, the ending GF unreserved funding balance is positive in all years of the financial plan, through 2030, consistent with the requirement in ORD 127259, however, the balance declines until 2029. This is not a critique, but rather an observation; notwithstanding the merits of the difficult policy choices included in the 2027-2028 Proposed Budget, having a positive projected unreserved ending balance is an improvement over past financial plans, which have projected large future-year deficits.

An additional observation about the 2027-2028 Proposed financial plan is that, like the 2026 Adopted Financial plan, it includes a $10 million underspend assumption in future years. This essentially means that the GF relies on spending $10 million less than budgeted each year to balance. While it is notable that, unlike with the 2026 Adopted Budget, the current year assumption has not been increased, it still must be made clear that this is a bet, albeit a small one, that actual underspend trends will continue.

Figure 2 converts the financial plan into a format that removes the use of fund balance and annualizes the planning reserves, to show the gap.

Figure 2. 2027-2028 Proposed Budget GF financial plan future funding gap



As shown in Figure 2, the GF financial plan included with the 2027-2028 Proposed Budget includes a structural deficit of $23 million in 2027 and $18 million in 2028, which is funded with a multi-year use of 2026 ending unreserved fund balance. This use of balance continues through 2029, at which point structural revenues exceed expenditures by $9 million.

It is important to note that, to balance the JSF, the GF financial plan includes adjustments in future year expenditures, beginning in 2029. As noted in Section IV.3, in 2027 and 2028 a total of $47 million per year is reprogrammed from the GF budget to the JSF budget to support homelessness programs. In 2029 and 2030, $24.4 million and $30 million of this programming is transferred back to the GF to balance the JSF. A potentially more efficient approach would be to simply adjust the existing transfer between funds.

VI. JumpStart Payroll Expense Tax Fund

1. 2026 Adopted JSF Budget

Passed by the City Council on July 30, 2021, ORD 126393 created the JSF to control the allocation of payroll expense taxes collected pursuant to ORD 126108. Passed by City Council on November 21, 2024, ORD 127155 modified the allocation methodology in ORD 126393 in some key ways, as follows:

- Replaced strict spending percentages for specified service categories with guidance metrics;
- Added GF programs and services as an allowable use of JSF monies to the extent they were needed to sustain critical services (previously, though backfill support to the GF had been a consistent part of the budget since passage of the payroll expense tax, the support was codified as temporary); and,
- Provided for consideration GF funding of JSF-supported programs and services in the event of unanticipated payroll expense tax revenues.
- Created a Payroll Expense Tax Revenue Stabilization Account (PETRSA), to serve as a cushion against unanticipated payroll expense tax revenue shortfalls, to be funded in a four-year timeline to 10 percent of payroll expense tax revenues.

ORD 127362 which approved the 2026 Adopted City budget, included $429 million for programs and services funded by the JSF. Table 16 shows the fiscal parameters of the JSF budget plan, including the 2025 beginning balance, operating revenues, operating expenditures, reserves, and ending unreserved fund balance. Put another way, this table represents the parameters of the balanced 2026 Adopted JSF Budget.

Table 16. 2026 Adopted JSF Budget *(amounts in $000s)*

	2025 Revised Budget	2026 Adopted Budget
Beginning Budgetary Fund Balance	$403,259	$35,834
Revenues	$395,547	$402,375
Expenditures [1/]	$762,972	$428,509
Ending Budgetary Fund Balance	$35,834	$9,700
Revenue Stabilization Account		($9,700)
Ending Unreserved Fund Balance		$0

As shown in the table, starting from a $403 million beginning fund balance in 2025, revised, budgeted and adopted revenues, expenditures and reserves combined to arrive at a $0 ending unreserved fund balance at the end of 2026, representing a balanced budget. The 'Revenue Stabilization Account' row includes amounts that are unprogrammed as part of a four-year plan, per ORD 127155, to build a hedge against future declines in the payroll expense tax in the PETRSA, which due to its high concentration on a small number of taxpayers and dependence on stock market gains, has the potential to experience severe and sudden drops in the future. Since this account is not appropriated in ORD 127362, in Table 16 it is shown 'below the line' (i.e., not part of expenditures).

2. 2026 Adopted JSF Financial Plan

The 2026 Adopted Budget book includes, on page 771, a financial plan for the JSF, covering revenues and expenditures from 2025 revised budget through 2029 projected. This information is summarized in Table 17.

Table 17. 2026 Adopted JSF Budget Financial Plan *(amounts in $000s)*

	2025 Revised	2026 Adopted	2027 Projected	2028 Projected	2029 Projected
Starting Budgetary Fund Balance	$403,259	$35,834	$9,700	$23,725	$37,471
Revenues	$395,547	$402,375	$412,572	$426,975	$442,629
Expenditures	$762,972	$428,509	$398,547	$413,229	$428,789
Ending Budgetary Fund Balance	$35,834	$9,700	$23,725	$37,471	$51,311
Revenue Stabilization Account		($9,700)	($20,153)	($31,396)	($43,504)
Ending Unreserved Fund Balance		**$0**	**$3,572**	**$6,075**	**$7,807**

Unlike the GF, the 2026 Adopted JSF financial plan was consistently balanced through 2029, while also incrementally building the PETRSA to its policy level by 2029. Further, consistently improving unreserved ending fund balances demonstrates structural balance and fiscal sustainability. Like the GF, it is important to note that these figures are based on CBO's calculations, and do not represent an independent projection by Central Staff.

VII. 2026 JSF Budget Adjustments

1. 2025 Year-end Reconciliation

As shown in Table 18, the net impact of higher-than-anticipated revenues, lower-than-budgeted expenditures, and a $130 thousand balance sheet adjustment to account for the final pay period of 2025 crossing fiscal years resulted in an actual 2025 year-end JSF fund balance that was $337.7 million higher than what was expected when the 2026 Budget was adopted. This one-time increase in cash was carried forward into the 2026 Revised budget, and a portion is used to perform unfinished work in 2026, which is discussed in the next subsection.

Table 18. 2025 Year End JSF Reconciliation *(amounts in $000s)*

	2025 Revised	2025 Actual[1]	Variance
Revenues	$395,547	$416,992	$21,445
Expenditures	($762,972)	($446,573)	$316,339
		Increase to 2026 starting balance	**$337,714**

1/Actual expenditures total includes $130,000 associated with a 2025 balance sheet adjustment for payroll splitting fiscal years.

2. Approved 2026 JSF Adjustments and Carryforwards

Since November 2025, the 2026 Budget has increased by $304.4 million due to a series of Council-approved and automatic updates, as shown in Table 19. After accounting for $72 million of revenue associated with these changes, and the drawdown of $90 million of balance held in planning reserves, the net balance impacts is $85.5 million.

Table 19. Adopted Current Year Budget Legislation and Automatic Carryforwards[6] *(amounts in $000s)*

	Revenues	Expenditures	JSF Balance Impact
Automatic Carryforwards	$0	$223,093	($223,093)
ORD 127457 - 2025 Budget Carryforward	$0	$79,966	($79,966)
ORD 127496 - 2026 Mid-Year Supplemental	$0	$1,356	($1,356)
Total - Revised Budget Changes	**$0**	**$304,414**	**($304,414)**

3. August Revenue Forecast Update

On August 7th, staff from the Forecast Office and CBO presented to the Forecast Council the second of three planned forecast updates for 2026. Relying on a baseline economic scenario, this forecast projected 2026 JSF revenue levels that were $2 million higher than the amount originally projected in the 2026 Adopted Budget.

4. 2026 JSF Balancing Status After Approved Changes

After adjusting for the impact of the revenue forecast, and automatic and legislated changes, and reduction to planning reserves described above, the JSF's 2026 unreserved ending fund balance increased from $0 to $35.3 million as detailed in Table 20. This represents an equivalent increase in one-time resources before applying the proposed year-end changes assumed in the Mayor's 2027-2028 Proposed budget.

Table 20. 2026 JSF Ending Fund Balance After Approved Adjustments *(amounts in $000s)*

	Balance
2026 Adopted Ending Unreserved Balance	$0
Approved/Automatic Adjustments:	
2025 Year-End Reconciliation	$337,714
2025 Adjustments and Carryforwards	($304,414)
August Revenue Forecast Update	$2,044
2026 Ending Balance After Approved Adjustments	$35,344
Total Increase (One-time Resources)	**$35,344**

The next subsection discusses new legislative budget proposals for the remainder of 2026 that the Mayor has included with the 2027-2028 Proposed Budget.

5. 2026 JSF Proposed Budget Legislation

The proposed year-end final comprehensive supplemental budget adjustments for 2026 would decrease JSF appropriations by $66.1 million, due primarily to a $65 million abandonment of appropriations to the Office of Housing for multi-family housing capital construction. This reduction marks the first step, as the Executive makes the transition to basing OH's annual JumpStart appropriation largely on its annual cash expenditure needs. This means that in 2027 and after, OH will make JumpStart funding awards based on future year appropriations, not current year appropriations. This has policy implications, as discussed in more depth in the Office of Housing Overview & Policy Considerations paper.

[6] As of September 24, 2026.

6. 2026 Revised Ending JSF Balance/2027 Proposed Beginning JSF Balance

As shown in Table 21, bringing together the totals from each of the prior subsections, the JSF's 2026 ending unreserved fund balance would increase by $101.4 million. This represents one-time resources that are deployed as part of the approach to balance the JSF, while also managing program shifts from the GF as described earlier, in 2027 through 2030.

Table 21. Impact on 2026 JSF Ending Balance from Approved and Proposed 2026 Adjustments. *(amounts in $000s)*

	2026 Impact
2026 Adopted Ending Unreserved Fund Balance	$0
1. 2025 Year End Reconciliation	$337,714
2. Approved & Automatic Carryforwards/Supplementals	
Revenues	$0
Expenditures	($304,414)
Subtotal - Approved Supplementals/Carryforwards	($304,414)
3. August Revenue Forecast	$2,044
4. Proposed Budget Legislation	
Revenues	$0
Expenditures	$66,100
Subtotal - Proposed Budget Legislation	$66,100
2026 Revised Unreserved Ending Fund Balance	$101,444
Increase in 2026 ending balance compared to Adopted Budget	**$101,444**

7. Mayor's 2027-2028 JSF Operating Proposals

As discussed in SubsectionVI.1, unlike the GF budget, the JSF financial plan published with the 2026 Adopted Budget was structurally balanced. In fact, projections indicated a steadily increasing level of unreserved fund balance. However, given the requirement in ORD 127259 to demonstrate a balanced financial plan and to trace the fiscal interaction with the GF, a review of the 2027-2028 Proposed JSF Budget adjustments is included in the next section.

VIII. 2027-2028 Proposed JSF Budget

This section includes an overview of the 2027-2028 Proposed JSF Budget, which totals $454 billion in 2027, and $463 billion in 2028, representing a $25.1 million (6 percent), and $34 million (8 percent) increase, from the 2026 Adopted Budget, respectively. Building from the 2026 Adopted Budget, the analysis will add the proposed baseline and technical expenditures, reserves, and the August forecast information, and proposed policy expenditures to provide an assessment of the fund balancing status.

1. 2027-2028 Baseline/Technical, Revenue and Reserve Changes

As discussed above, the 2026 Adopted JSF Budget totaled $429 million. Consistent with the City's incremental budgeting approach, the 2026 Adopted Budget is the starting point for both the 2027 and 2028 proposed budgets. Like with the GF, starting from the prior adopted budget, the Executive adjusts department budgets for one-time appropriations, inflation, wage increases, and existing policy or legal requirements, essentially determining the cost to continue 2026 service levels in the new biennium. These changes include the following:

- **Baseline /Technical Adjustments:** A decrease of $43 million in 2027 and $33 million in 2028 to reflect adjustment for one-time items in 2026, and for cost increases charged to departments by internal services departments, and wage increases in settled labor contracts. The most notable item in this category, and key to the analysis of the GF/JSF fiscal relationship includes the adjustment of the transfer from the JSF to the GF to align with the 2026 Adopted financial plan amounts, reducing the transfer to $173 million in 2027 and $182.3 million in 2028.
- **August Revenue Forecast:** As described at the August 7, 2026 revenue forecast update, JSF revenues are projected to increase by $30.6 million in 2027 and $30.9 million in 2028 compared to 2026 Adopted levels.
- **PETRSA Changes:** As described in subsection VI.7, above, ORD 127155 requires a four-year plan to build the PETRSA to 10% of projected payroll expense tax revenues. Compared to the 2026 Adopted Budget, the 2027-2028 Proposed Budget provides an increase of $10.5 million in 2027, and $21.7 million in 2028 to build the PETRSA to a $31.4 million ending balance at the end of 2028 (7.3 percent of revenue).

2. Mayor's 2027-20282028-2028 Proposed JSF Revenue Changes

As adopted in ORD 126108, the payroll expense tax includes a deduction for payroll expense to employees receiving annual compensation between $150,000 and $399,999.99 (currently $194,452 to $518,538 with inflation provisions) at non-profit healthcare entities. Under current law, this exemption ends on December 31,2026. Legislation submitted with the 2027-2028 Proposed Budget would extend the deduction's sunset date to December 31, 2040, resulting in a $5.5 million, and $5.7 million reduction to revenues in 2027 and 2028, respectively.

3. Mayor's 2027-2028 Proposed JSF Policy Proposals

The 2027-2028 Proposed Budget includes net new policy appropriations above the 2026 Adopted Budget totaling $68 million in 2027, and $67.1 million in 2028. Notable items from the perspective of the GF/JSF balancing analysis include:

- **Homelessness Fund Swap:** As described in the GF discussion, a $47 million increase in both 2027 and 2028 to shift support for homelessness programs from the GF to the JSF.
- **Shelter Expansion:** An $18.3 Million increase in 2027, and an $18.5 million increase in 2028 to build and operate shelter for people experiencing homelessness. As described in Section IV.2, planning allocations for similar funding had been reserved in 2027 and 2028 in the 2026 Adopted GF financial plan planning reserves.

Detailed descriptions of the other increases, decreases and transfers can be found in individual department's policy considerations papers. Table 22 shows the parameters of the 2027-2028 Proposed JSF Budget.

Table 22. 2027-2028 Proposed JSF Budget. *(amounts in $000s)*

Amounts in $1,000s	2026 Revised	2027 Proposed	2028 Proposed
Starting Fund Balance	$373,648	$111,274	$68,458
Revenues	$404,419	$410,772	$
Subtotal – Resources	**$778,097**	**$522,046**	**$495,942**
Expenditures	$666,823	$453,588	$462,912
Ending Budgetary Fund Balance	$111,274	$68,458	$33,030
Revenue Stabilization Account	($9,700)	($20,153)	($31,396)
Ending Unreserved Balance	**$101,573**	**$48,304**	**$1,634**

As shown in the row at the bottom of the table, the $101.5 million ending unreserved fund balance declines to 1.6M at the end of 2028. This represents a balanced budget over the biennium, however, the phase out of available fund balance combined with a future increase in the transfer to the GF based will require additional balancing measures beginning in 2029, which will be reviewed in Section IX below.

IX. 2027-2030 Projected JSF Sustainability

The final step in the JSF analysis is analyzing the projected JSF revenues and expenditures into the future, to assess sustainability of the 2027-2028 Proposed Budget, particularly in the context of ORD 127259. Table 23 shows the JSF financial plan provided by CBO with the 2027-2028 Proposed Budget.

Table 23. 2027-2028 Proposed JSF Financial Plan. *(amounts in $000s)*

	2026 Revised	2027 Proposed	2028 Proposed	2029 Projected	2030 Projected
Starting Budgetary Fund Balance	$373,678	$111,274	$68,458	$33,030	$44,210
Revenues	$404,419	$410,772	$427,484	$447,157	$467,978
Expenditures	$666,823	$453,588	$462,912	$435,977	$465,330
Ending Budgetary Fund Balance	$111,274	$68,458	$33,030	$44,210	$46,858
Revenue Stabilization Account	($9,700)	($20,153)	($31,396)	($44,203)	(46,283
Ending Unreserved Fund Balance	**$101,573**	**$48,304**	**$1,634**	**$7**	**$576**

One trend in Table 23 bears mention, as it may not be readily apparent. Specifically, total expenditures drop between 2028 and 2029 and then increase slightly above 2030 levels. This occurs due to the drawdown of one-time balance that supports expenditures in 2027 through 2028, as well as an increase in the revenue support transfer to the GF consistent to the level in the 2026 Adopted JSF financial plan. One component of the decrease is the transfer of $24.4 million and $30 million of homelessness programs back to HSD in 2029 and 2030, as described in Section V, as well as a reduction, and then partial add-back, of funding for several departments, as shown in Table 24.

Table 24. Future year potential department adjustments in the 2027-2028 Proposed JSF Financial Plan.
(amounts in $000s)

	2028 Proposed	2029 Projected	2030 Projected
Office of Housing	$139,188	$142,562	$145,605
Reduction/Add Back		*($9,880)*	*$7,191*
Office of Economic Development	$18,281	$18,659	$19,001
Reduction/Add Back		*($3,800)*	*$941*
Office of Planning and Community Development	$22,990	$23,541	$24,038
Reduction/Add Back		*($2,470)*	*$1,187*
Office of Sustainability and Environment	$13,272	$13,483	$13,674
Reduction/Add Back		*($2,850)*	*$680*
Total Reductions/Add Backs		**($19,000)**	**$10,000**

As shown in Table 24, based on current projections, $19 million of cuts would be required to balance the JSF in 2029. This highlights the difficult future decisions that would be required under current projections shown in the financial plan.

As a final contextual observation, ORD 127155, which modified the JumpStart Fund policy, includes several policy categories as guidelines for funding, including:

- Affordable Housing;
- Equitable Development Initiative;
- Economic Development; and,
- Green New Deal.

These were the general spending categories embodied in the original JumpStart Fund policy, and ORD 127259 required the balanced JSF financial plan show how projected spending fits into those categories, however the financial plan submitted with the 2027-2028 Proposed Budget shows spending by department in lieu of a presentation consistent with the policy categories. As such, it is impossible to determine how the 2027-2028 Proposed Budget, as well as future projections, align according to policy guidelines.

X. Policy Consideration

The 2027-2028 Proposed Budget GF financial plan demonstrates clear sustainability improvements above the plan published with the 2026 Adopted Budget. In contrast to prior years' plans, significant ending balances are used as a bridge to sustainability, rather than a jumping-off point to an uncertain future. One-time reductions are not used to balance ongoing increases. Reserves are left intact and funded to policy levels, including in the JSF. However, the 'glide path' suggests some turbulence, particularly in the JSF, where future reductions will be necessary to balance if current projections are accurate.

Since the JSF was created, the spending policy constraints have evolved from fixed percentages to guidelines. While in past years the balancing relationship with the GF was managed by adjusting the interfund transfer up and down, the 2027-2028 Proposed Budget takes the step of moving programs that had typically been funded in the GF into the JSF. Given changes in ORD 127155, either fund can be used for any governmental purpose: there is no inherent constraint. In that regard the program shifts are consistent with policy. The implied question is whether that approach meets Council's goals with regards to managing the JSF.

Attachments:

A. 2027-2028 Proposed Operating Changes

Attachment A: 2027-2028 Proposed Operating Changes

Appropriation Decreases				
Department	**Ongoing**	**One-time**	**Ongoing**	**One-time**
City Budget Office				
CBO-101 - Remove Vacant Executive Position	(237,228)		(237,228)	
CBO-103 - Reduce Budget for Transferred Position	(187,500)		(187,500)	
Subtotal - City Budget Office	**(424,728)**		**(424,728)**	
Civil Service Department				
CIV-100 - CIV- Rental Cost Alignment	(20,000)		(20,000)	
CIV-101 - CIV- Reduce Overtime Budget	(10,000)		(10,000)	
Subtotal - Civil Service Department	**(30,000)**		**(30,000)**	
Community Assisted Response and Engagement				
CARE-01 - 2027 9-1-1 Reductions	(1,104,072)		(1,104,072)	
CARE-02 - 2027 Dual Dispatch Reductions	(2,261,049)		(2,261,049)	
Subtotal - Community Assisted Response and Engagement	**(3,365,121)**		**(3,365,121)**	
Office of City Finance				
OCF-2027-103 - Moving Systems to ITD	(1,747,445)		(1,747,445)	
Department of Neighborhoods				
DON-101 - Eliminate One Seattle Day of Service Funding	(250,000)		(250,000)	
DON-103 - Abrogate 1 FTE Public Relations Specialist Sr.	(167,153)		(169,075)	
DON-104 - Abrogate 1 FTE Strategic Advisor 1	(199,659)		(201,619)	
DON-108 - Eliminate Funding for Government 101 in NMF	(100,000)		(100,000)	
Subtotal - Department of Neighborhoods	**(716,812)**		**(720,694)**	
Finance General				
FG-102 - Align General Fund Transfer for Public Safety Pension Departments	(5,400,000)		(5,400,000)	
FG-104 - Align General Fund Transfer for Office of Labor Standards for Revenue and Spending Changes	(795,769)		(797,495)	
FG-106 - Align General Fund Support for Unified Care Team Technology Needs to Expected Costs	(120,000)		(120,000)	
Subtotal - Finance General	**(6,315,769)**		**(6,317,495)**	
Seattle Information Technology Department				
ITD-159a - Setting Direction on Permitting and Customer Trust	(428,000)		(428,000)	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
Human Services Department				
HSD-100 - Shift Utility Discount Program Budget to Utility Funders	(393,082)		(393,082)	
HSD-103 - Shelter Lease Budget Alignment	(134,671)		(134,671)	
HSD-105 - Unified Care Team MSA Reduction	(148,092)		(148,092)	
HSD-106 - Unified Care Team Strategic Advisor Reduction	(190,778)		(190,778)	
HSD-116 - Increase CDBG Budget for Minor Home Repair (swap with GF)	(153,070)		(153,070)	
HSD-118 - Shift Community Living Connections Budget to Grant Funding	(328,644)		(328,644)	
HSD-125 - KCRHA Contract Budget Alignment	(4,906,000)		(4,906,000)	
HSD-141 - Transfer Unallocated Funds to CARE for GVRS	(1,200,000)		(1,075,000)	
HSD-142 - Transfer CVI-related Contracts to CARE	(5,081,435)		(5,081,435)	
HSD-144 - Homelessness Fund Swap	(46,690,000)		(46,627,000)	
HSD-146 - Food Banks	4,000,000		4,000,000	
Subtotal - Human Services Department	**(55,225,772)**		**(55,037,772)**	
Office for Civil Rights				
OCR-103 - SOCR Collective Network Grants Program	(285,000)		(285,000)	
OCR-105 - Commissions Support	(26,500)		(26,500)	
OCR-CBO-500 - Abrogate Communications Vacancy	(191,634)		(193,592)	
Subtotal - Office for Civil Rights	**(503,134)**		**(505,092)**	
Office of Economic and Revenue Forecasts				
ERF-100 - Eliminate position funding	(155,047)		(155,047)	
Office of Economic Development				
OED-27-110 - Abrogate Major Events & Venues Operations Manager	(206,545)		(208,507)	
OED-27-111 - Abrogate Vacant Community Development Specialist	(157,248)		(159,194)	
OED-27-900 - Restore Professional Development and Office OH	(42,475)		(42,475)	
Subtotal - Office of Economic Development	**(406,268)**		**(410,176)**	
Office of Emergency Management				
OEM-003 - Reduce Staff Professional Development	(150,000)		(150,000)	
Office of Immigrant and Refugee Affairs				
OIRA-CBO-2 - Transfer Immigration Support Funding to OLS via FG transfer	(125,000)		(125,000)	

Attachment A: 2027-2028 Proposed Operating Changes

Department	Ongoing	One-time	Ongoing	One-time
Office of Inspector General for Public Safety				
OIG-102 - Non-labor Reduction - B	(130,227)		(130,227)	
Office of Planning and Community Development				
OPCD-105 - Eliminate Community Development Specialist Position	(187,737)		(187,737)	
OPCD-107 - Eliminate Planning Commission's Printing Budget	(4,000)		(4,000)	
OPCD-108 - Funding Swap of GF Staff to JS/PET with Corresponding EDI Reduction	(338,403)		(338,403)	
OPCD-110 - Eliminate Office Support Position	(75,920)		(75,920)	
Subtotal - Office of Planning and Community Development	**(606,060)**		**(606,060)**	
Office of Sustainability and Environment				
OSE-101 - Shift funding for staff from GF to PET	(640,183)		(640,183)	
OSE-113 - Continue Fresh Bucks Increased Service Levels	6,275,495		6,277,430	
Subtotal - Office of Sustainability and Environment	**5,635,312**		**5,637,247**	
Seattle Center				
CEN-2027-011 - Folklife Ongoing Admissions Tax	(400,797)		(400,797)	
CEN-2027-013 - Temporary and Intermittent Staffing Budget Reduction	(233,524)		(233,524)	
CEN-2027-015 - McCaw Hall Programming Budget Reduction	(85,668)		(85,668)	
Subtotal - Seattle Center	**(719,989)**		**(719,989)**	
Seattle Department of Construction and Inspections				
SDCI-103 - Shift Tenant Services Funding from GF to JumpStart PET	(900,000)		(900,000)	
Seattle Department of Human Resources				
SDHR-101 - Eliminate Administrative Staff Analyst SAS	(155,888)		(155,888)	
SDHR-102 - Reduce Learning & Development Temporary Labor	(65,000)		(65,000)	
SDHR-110 - Eliminate Policy & Legislation Lead	(207,716)		(207,716)	
SDHR-113 - Eliminate Position Authority for Executive 2 Position	-		-	
Subtotal - Seattle Department of Human Resources	**(428,604)**		**(428,604)**	
Seattle Department of Transportation				
SDOT-150 - O&M 10% General Fund Reductions	(6,133,420)		(6,324,450)	
Seattle Fire Department				
SFD-2027-016 - Reduce Overtime with Increased Unit Outages	(7,060,283)		(7,060,283)	

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Department	Ongoing	One-time	Ongoing	One-time
Seattle Municipal Court				
SMC-104 - Reduce Accountable Governance and Innovation	(630,105)		(637,888)	
SMC-105 - Automated Traffic Safety Camera (ATSC) Net Zero Transfer from General Fund to ATSC Fund	(1,255,410)		(1,272,871)	
Subtotal - Seattle Municipal Court	**(1,885,515)**		**(1,910,759)**	
Seattle Parks and Recreation				
SPR-102 - Graffiti Program Non Labor Reduction	(500,000)		(500,000)	
SPR-103 - Rightsize UCT Program	(900,000)		(900,000)	
SPR-104 - Reduce Portion of Cycle 2 Recreation Position Reclassification Funding	(300,000)		(300,000)	
SPR-104A - Reinvest Remaining Cycle 2 Workforce Equity Funding in Late Night	0		(0)	
SPR-105 - Eliminate Vacant MSA Sr. Position	(185,402)		(187,357)	
SPR-106 - Eliminate Vacant SA1 Position	(183,626)		(185,580)	
SPR-107 - Make One Time Transfer of MPD to GF Ongoing	(4,100,000)		(4,100,000)	
SPR-108 - Realign MPD Capital Funds with Grounds Maintenance to Offset GF	(3,000,000)		(3,000,000)	
SPR-109 - Shift Teen Summer Musical from GF to Ad Tax	(209,958)		(209,958)	
SPR-110 - Shift Arts in Parks Program from GF to Ad Tax	(444,459)		(444,459)	
SPR-113 - Abandon General Fund No Longer Needed for Magnuson Debt Service	(831,322)		(831,322)	
SPR-114 - Shift Downtown Buskers Program from GF to Ad Tax	(224,000)		(224,000)	
SPR-115 - Reduce Seattle Conservation Corps Non-Labor to Reinvest in Program	0		(0)	
SPR-904 - Shift Portion of Elliott Bay Office Park Rent to CIP	(600,000)		(600,000)	
Subtotal - Seattle Parks and Recreation	**(11,478,767)**		**(11,482,676)**	
Seattle Police Department				
SPD-101 - SPD General Fund Reduction: Parking Enforcement Officers	(3,140,236)		(3,140,236)	
SPD-102 - SPD General Fund Reduction: Civilian Investigative Support	(1,115,276)		(1,115,276)	
SPD-104 - SPD General Fund Reduction: RTCC	(511,353)		(517,204)	
SPD-105 - SPD General Fund Reduction: Separation Pay	(500,000)		(500,000)	

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Department	Ongoing	One-time	Ongoing	One-time
SPD-106 - SPD General Fund Reduction: Recruitment Marketing & Hiring Incentives	(2,417,500)		(3,525,000)	
SPD-107 - SPD General Fund Reduction: Temporary/Term-Limited Position Funding	(105,102)		(105,102)	
SPD-109 - SPD General Fund Reduction: DEI Officer & 30x30 Workgroup Support	(207,055)		(207,055)	
SPD-110 - Automated Traffic Safety Camera Expansion	(274,153)		(274,153)	
SPD-128 - SPD General Fund Reduction: Warehouser-BU	(125,954)		(127,890)	
SPD-129b - SPD General Fund Reduction: Administrative Specialist I-BU	(117,636)		(119,569)	
SPD-131 - SPD General Fund Reduction: Strategic Advisor 2, Courts Legal & Public Safety	(206,545)		(208,507)	
SPD-135 - OPA General Fund Reduction: Executive 1	(217,401)		(219,366)	
SPD-137 - SPD General Fund Reduction: Long-Term Position Vacancies	(835,425)		(843,278)	
Subtotal - Seattle Police Department	**(9,773,636)**		**(10,902,636)**	
Seattle Public Utilities				
SPU-108 - Aligning Public Hygiene Program Funding to Actuals	(360,000)		(360,000)	
SPU-109 - Align Clean City Budget to Actuals - Reduce Steep Slopes Contract Funding	(1,597,744)		(1,661,654)	
SPU-110 - Align RV Wastewater Pump-out Budget to Actuals	(607,757)		(632,067)	
Subtotal - Seattle Public Utilities	**(2,565,501)**		**(2,653,721)**	
Total - Appropriation Decreases	**(105,639,785)**		**(106,898,729)**	

Increases				
Department	**Ongoing**	**One-time**	**Ongoing**	**One-time**
Community Assisted Response and Engagement				
CARE-04 - Increase $1.6 million ongoing funding in Co-LEAD contract	1,585,632		1,585,632	
CARE-05 - Transfer Unallocated Funds from HSD for GVRS	1,200,000		1,075,000	
CARE-06 - Transfer CVI-related Contracts from HSD	5,081,435		5,081,435	
Subtotal - Community Assisted Response and Engagement	**7,867,067**		**7,742,067**	
Department of Finance and Administrative Services				
FAS-2027-120 - Jail Services Increase for Inflation	1,200,000		2,200,000	
FAS-2027-122 - Expanding Access to Public Restrooms	1,422,000		1,402,000	

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Department	Ongoing	One-time	Ongoing	One-time
FAS-2027-150 - SLIM Debt Service	297,583		1,364,962	
Subtotal - Department of Finance and Administrative Services	**2,919,583**		**4,966,962**	
Offic of City Finance				
OCF-2027-105 - Seattle Chinese Garden Improvements		2,500,000		
Finance General				
FG-100 - Appropriate Reserve for Ranked Choice Voting	1,000,000		1,000,000	
FG-101 - Align Finance General Reserves for Citywide Bills	2,141,414		5,988,522	
FG-105 - Use Bond Proceeds for Public Safety Information Technology Replacements				1,941,556
FG-107 - Fund Reserve to Backfill Potential Federal Funding Loss		22,510,000		
FG-108 - Appropriate Reserve for Central Cost Allocation Reconciliation		2,000,000		2,000,000
FG-CEN-2027-021 - Transfer General Fund to Seattle Center Fund for Interfund Loan Payments		2,000,000		1,000,000
Subtotal - Finance General	**3,141,414**	**26,510,000**	**6,988,522**	**4,941,556**
Office of Immigrant and Refugee Affairs				
OIRA-CBO-2 - Transfer Immigration Support Funding to OLS via FG transfer	125,000		125,000	
Office of Intergovernmental Relations				
OIR-107 - Increase funding for Tribal Nations Summit		55,000		
Human Services Department				
HSD-139 - Queer and Trans Stabilization Funding	500,000		500,000	
Department of Neighborhoods				
DON-110 - Reduce Funding for Food Equity Fund				1,800,000
Seattle Fire Department				
SFD-2027-003b - Increase Baseline Utility Budget	450,000		540,000	
SFD-2027-004b - Increase Baseline Maintenance Budget	570,000		570,000	
Subtotal - Seattle Fire Department	**1,020,000**		**1,110,000**	

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Department	Ongoing	One-time	Ongoing	One-time
Seattle Retirement				
RET-102 - Deferred Comp Baseline to Budget Adjustments 2027-2028	95,509		120,856	
Total - Appropriation Increases	**15,668,573**	**29,065,000**	**21,553,407**	**6,741,556**
Total	(89,971,212)	29,065,000	(85,345,322)	6,741,556