

# State of Washington Fund Balance Overview



This worksheet demonstrates the potential impact that revenue reductions would have on the State's NGF-S and BSA ending balances (Total Reserves) during an economic downturn. The first table summarizes Proposed Substitute House Bill 1109 (House Floor passed, March 29, 2019), which assumes no economic downturn, and then shows the impact resulting from the ERFC's pessimistic forecast, as well as a downturn similar in magnitude to the Great Recession. The Pessimistic Forecast reduces revenues by 15%, as provided in the March 2019 ERFC Revenue Forecast. In this scenario, Total Reserves are depleted in FY 2022. The Great Recession Downturn Scenario uses revenue estimates provided by ERFC that approximate the severity and duration of the 2008-09 recession, which depletes Total Reserves in FY 2020.

	FY 2019	2019-21		2021-23		
		FY 2020	FY 2021	FY 2022	FY 2023	
HB 1109, March 29, 2019	Beginning Balance	2,111	1,787	756	225	63
	ERFC Base Forecast March 2019	23,964	24,715	25,840	26,730	27,629
	House Floor 3/29/2019 Assumptions	1,490	1,618	1,450	1,403	1,424
	Total Revenues and Resources (HB 1109)	25,454	26,333	27,290	28,133	29,053
	Appropriations (HB 1109)	(23,667)	(25,577)	(27,065)	(28,070)	(28,913)
	NGF-S Ending Balance	1,787	756	225	63	141
	BSA Ending Balance	1,738	2,027	2,346	2,687	3,050
	Total Reserves (NGF-S & BSA Ending Balances)	3,525	2,783	2,571	2,750	3,191

	FY 2019	2019-21		2021-23		
		FY 2020	FY 2021	FY 2022	FY 2023	
Pessimistic Forecast	Assumed Resources (HB 1109, from above)	25,454	26,333	27,290	28,133	29,053
	Pessimistic Adjustment		(777)	(1,780)	(2,577)	(2,952)
	Revised Revenues and Resources	25,454	25,556	25,510	25,556	26,102
	Appropriations (HB 1109, from above)	(23,667)	(25,577)	(27,065)	(28,070)	(28,913)
	Annual Impact to Reserves <sup>1</sup>	-	(777)	(1,780)	(2,577)	(2,952)
	Cumulative Impact to Reserves <sup>2</sup>	-	(777)	(2,557)	(5,135)	(8,086)
	Total Reserves (NGF-S & BSA Ending Balances)	3,525	2,006	14	(2,385)	(4,895)

	FY 2019	2019-21		2021-23		
		FY 2020	FY 2021	FY 2022	FY 2023	
Great Recession Downturn Scenario	Assumed Resources (HB 1109, from above)	25,454	26,333	27,290	28,133	29,053
	Great Recession Adjustment		(2,900)	(3,100)	(3,200)	(3,300)
	Total Revenues and Resources	25,454	23,433	24,190	24,933	25,753
	Appropriations (HB 1109, from above)	(23,667)	(25,577)	(27,065)	(28,070)	(28,913)
	Annual Impact to Reserves <sup>3</sup>	-	(2,900)	(3,100)	(3,200)	(3,300)
	Cumulative Impact to Reserves <sup>4</sup>	-	(2,900)	(6,000)	(9,200)	(12,500)
	Total Reserves (NGF-S & BSA Ending Balances)	3,525	(117)	(3,429)	(6,450)	(9,309)

1. The estimated annual impact of the pessimistic revenue forecast (a 15% reduction of the March 2019 Revenue Forecast).
2. The total cumulative impact on reserves over time, based on a pessimistic revenue estimate.
3. The estimated annual impact of a recession as severe as the 2008-09 Great Recession.
4. The total cumulative impact on reserves over time based, on an economic downturn similar in severity and duration to the 2008-09 recession.