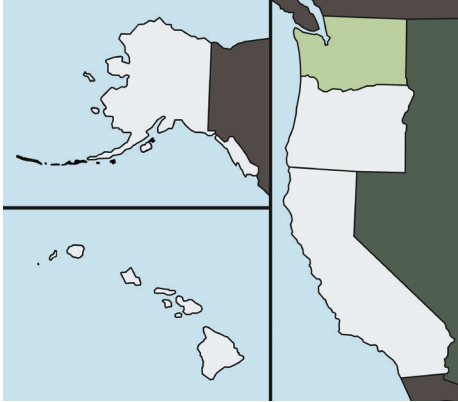


WASHINGTON Budget Report Card



STRONG CONSTITUTIONAL and statutory policies governing withdrawals and replenishments for Washington’s Budget Stabilization Account earned the state a top A average for fiscal 2015 through 2019 in the reserve funds category. Washington is required to transfer 1 percent of general fund revenues to the rainy day fund at the beginning of each biennium. With five years of strong sales tax revenues, this account rose from 3.1 percent of general fund expenditures in 2015 to 7.3 percent in 2019.

The fund is also well protected from arbitrary use. Withdrawals can be made only if employment growth is weak or the governor declares an emergency that threatens public safety. Other uses require a three-fifths vote of each legislative chamber. Washington is one of twenty states that incorporate revenue volatility into rainy day fund policies.

The state also averaged A in budget forecasting for its robust policies. The seven-member Economic and Revenue Forecast Council, which includes the state treasurer and legislators, produces a quarterly budget forecast with revenue and expenditure projections that follow best practices, extending at least three years beyond the current budget.

While Washington avoided using budget maneuvers in 2018 and 2019, its B average in the category resulted from shifting revenues and costs in 2015–17 and deferring recurring expenditures in 2016. Its C in legacy costs reflected improvements made in 2019. The state underfunded annual pension contributions from 2016 through 2018, but in 2019 it successfully met the actuarially determined amount. Washington’s pension funding ratio in fiscal 2019 was 96 percent, 25 percentage points above the total for all states. Its legacy costs grade suffered from a failure to fund other postemployment benefits (OPEB), primarily health care, on an actuarially recommended basis.


PACIFIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Alaska	B	C	B	A	A
California	B	A	D	A	A
Hawaii	A	A	D-	A	B
Oregon	C	A	B	B	B
Washington	A	B	C	A	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.


WASHINGTON Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	A	A	A	A	A	'15 '16 '17 '18 '19
	Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ● ● ● ●
	Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓	
	Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE A					

BUDGET MANEUVERS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	C	B	A	A	'15 '16 '17 '18 '19
	Deferring Recurring Expenditures	✓	X	✓	✓	✓	
	Revenue and Cost Shifting	X	X	X	✓	✓	● ● ●
	Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	●
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE B					

LEGACY COSTS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	C	D	D	D	B	'15 '16 '17 '18 '19
	Public Employee OPEB Funding	X	X	X	X	X	
	Public Employee Pension Funding	✓	X	X	X	✓	● ● ● ● ●
	Public Employee Pension Funded Ratio*	87%	84%	90%	94%	96%	● ● ● ● ●
		5-YEAR AVERAGE C					

RESERVE FUNDS							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	A	A	A	A	A	'15 '16 '17 '18 '19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	● ● ● ● ●
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✓	✓	✓	✓	✓	
		5-YEAR AVERAGE A					

TRANSPARENCY							
		2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	C	'15 '16 '17 '18 '19
	Consolidated Budget Website	✓	✓	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	✓	✓	● ● ● ● ●
	Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X	
	Discloses Tax Expenditures	✓	✓	✓	✓	X	●
		5-YEAR AVERAGE B					

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

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