

2022 Adopted Budget Executive Summary

On November 22, 2022, following two months of intensive review and discussion, the Seattle City Council's Select Budget Committee approved the 2022 Adopted Budget, [Ordinance 126490](#). The full City Council voted 8-1 to approve the budget later the same day. As a result of its review and deliberations, the Council made a number of modifications to the Mayor's 2022 Proposed Budget. The purpose of this executive summary is to highlight the most significant elements of these changes, with full details available in the Council Changes section in each department's budget. This summary of the changes in the adopted budget must be read in conjunction with the summary of the 2022 Proposed Budget, which describes the major elements of the budget as it was proposed to the Council by the Mayor (and follows this section).

Economy and Revenue

The 2022 Adopted Budget includes several changes to 2021 and 2022 General Fund and other fund revenues resulting from the updated forecast provided to the Council in November, as well as budget policy decisions taken by the Council. Based on the November forecast update, Council reduced 2021 General Fund revenues by \$80.7 million from \$1.72 billion to \$1.64 billion. This reduction includes moving \$66.5 million in property sales proceeds from 2021 to 2022, to better reflect the actual closing date of the sale. There is an equal increase in 2022 General Fund revenues. In addition to several small adjustments that reflect changed economic conditions or behavior, remaining forecasted decreases include \$17.6 million in Payroll Expense Tax and \$7.2 million in parking meter revenues. These reductions were offset by an expected \$11.8 million increase in Business & Occupations tax revenues. The Council increased 2022 General Fund revenues from \$1.57 billion to \$1.64 billion. The bulk of this increase is due to the \$66.5 million increase related to the property sale proceeds described above. Forecast related reductions of \$4.9 million were offset by Council actions resulting in an increase of \$7.4 million in increased transfers from various other City funds.

In other general government related funds, COVID-related behaviors continue to lead to volatile revenue expectations in several funds. The 2022 Adopted Budget assumed reductions in revenues from the 2022 Proposed Budget of \$3.6 million for the Commercial Parking Tax in the Transportation Fund and \$1.9 million in the Sweetened Beverage Tax Fund. At the same time Real Estate Excise Tax revenues are increased \$7.55 million based on strong property prices and steady sales volumes. Additional school zone speed cameras are anticipated to increase fine revenues approximately \$3.6 million above the 2022 Proposed Budget forecast. Similarly, the forecast for Admissions Tax revenues increased in the 2022 Adopted Budget by \$1.37 million to \$20 million due to the successful opening of the Climate Pledge Arena.

Seattle Rescue Plan and Coronavirus Local Fiscal Recovery Funds

The third Seattle Rescue Plan (SRP3) allocates and authorizes spending of the second, and final, \$116 million tranche of the total \$232 million federal Coronavirus Local Fiscal Recovery Funds (CLFR) funds, arriving in 2022. This spending package is part of the 2022 Adopted Budget. The funds will support programs that help Seattle residents recover from the negative effects of the pandemic in a variety of dimensions, from shelters and food support, to closing the higher education gap, making it easier and more efficient to apply to our public aid programs, as well as other critical government services such as mental and behavioral health services, and community safety.

Council used CLFR dollars to fill the revenue gap in 2022, using the “revenue replacement” provision of the CLFR grant. In essence, this means the CLFR dollars are filling the gap in the shortfall of the General Fund and other General Fund-like revenues (such as the Sweetened Beverage Tax). To administer these funds, the City still must produce simple reporting on the government services that revenue replacement dollars support.

Council Changes to the Proposed CLFR Budget

The Council made significant changes to the proposed budget’s package of spending for the second tranche of CLFR funds. The proposed budget assumed payroll tax funds would fill the revenue gap in 2022, but as mentioned above, Council’s adopted budget relies instead on CLFR revenues to fill the gap.

Notably, the Council moved the following investments in affordable housing and economic inclusion so that payroll tax funds would pay for them instead of CLFR funds (directly or via revenue replacement in the case of the workforce development programs):

- \$50.5 million to Expanded Capital Investment in Affordable Rental Housing Production and Preservation
- \$7.6 million for a Small Business Ownership Fund
- \$4.5 million for Workforce Development programs
- \$2.4 million for Child Care Stabilization Grants expansion

The Council also moved \$4.4 million in funding for Seattle Promise so that Families, Education, Preschool, and Promise (FEPP) Levy funds would pay for them instead of CLFR funds.

Community-Driven Investment Changes

In 2021, City Council and Mayor Durkan allocated \$30 million to recommendations made by the Equitable Communities Initiative Task Force, \$30 million for Participatory Budgeting and \$10 million for continuation of Community Safety Capacity Building Investments. The Proposed Budget continued these investments intended to reduce the historic harm of institutional racism on BIPOC communities. The City Council shifted these investments from ongoing to one-time and adjusted funding for these programs to account for anticipated carryforward from 2021 into 2022. The Council reduced funding for the Equitable Communities Initiative Task Force recommendations by \$14 million in the 2022 Adopted Budget, relative to the Executive’s proposed budget. Total one-time funding for the initiatives over 2021-22 is \$45,963,758 including the \$30,000,000 provided in the 2021 budget. The Council removed the ongoing funding from Participatory Budgeting and Community Safety Capacity Building, relying on carryforward from 2021 to provide the one-time resource for these programs in 2022. The Council

issued a Statement of Legislative Intent that they will work with the Executive to identify ongoing funding to sustain the commitment to the recommendations.

Funding for addressing homelessness

Citywide the 2022 Adopted Budget includes \$155.3 million in funding for addressing homelessness. Of this funding \$109.3 million will be transferred to the King County Regional Homelessness Authority (KCRHA) to support programs started by HSD that will become part of KCRHA's budget. The Mayor's Office, Human Services Department (HSD) and King County Regional Homelessness Authority (KCRHA) worked together to identify priorities and funding gaps in the current homelessness programs and address them in the proposed budget. The City Council identified additional priorities and increased the total appropriation to KCRHA by \$5 million. HSD is working closely with the KCRHA to ensure the Authority has in place the appropriate infrastructure to assume administration of 2022 contracts that fund homelessness services across the city. The remaining \$46 million of funding will support City managed homeless programs and homelessness response efforts including hygiene services, service support for exiting homelessness, coordination of shelter and supportive service referrals for unsheltered individuals, clean-up, and RV remediation and RV pump-out services.

New Investments in Housing Capital

The adopted budget includes significant new investments for rental housing capital with a focus on residents making at or below 30% of the average median income (AMI). The adopted budget invests \$91.7 million for the production, preservation, or acquisition of affordable housing. This investment is made up of \$69.7 million from the Payroll Tax Fund, \$1.3 million from the transportation network company (TNC) tax, and \$20.7 million in new Mandatory Housing Affordability (MHA) projected revenue.

Extend the Clean City Initiative through the end of 2022

The 2022 Proposed Budget included \$6.2 million of one-time Coronavirus Local Fiscal Recovery (CLFR) funds to continue the Clean Cities program through August 2022. The Council added \$3.1 million in additional funding to continue this program through the end of 2022. The additional appropriations are: \$1.4 million to Seattle Parks and Recreation (SPR), \$1.39 million to the Seattle Department of Transportation (SDOT), and \$318,608 to Seattle Public Utilities (SPU). Funding supports a temporary surge in cleaning activities to address illegal dumping and trash in the public right-of-way, parks, open space, and around encampments. These efforts are primarily provided by teams of employees from SPR and SDOT. The initiative also provides funding to SPU to support the SPR and SDOT cleaning teams and increase the number of litter abatement routes, disposal boxes for sharps (e.g., syringes, needles), and the removal of graffiti.

