

King County Budget Overview

Office of Performance, Strategy and Budget

January 2024



King County

Budget Structure and Timing

King County has used a biennial (two-year) budget for over a decade. The current budget is for 2023-2024.

In November 2022, the county's voters approved a Charter amendment moving county elections from odd-numbered to even-numbered years to increase voter participation and turnout.

To reset the budget cycle to the new election cycle, the County will do an annual budget for 2025 and resume biennial budgeting for 2026-2027.

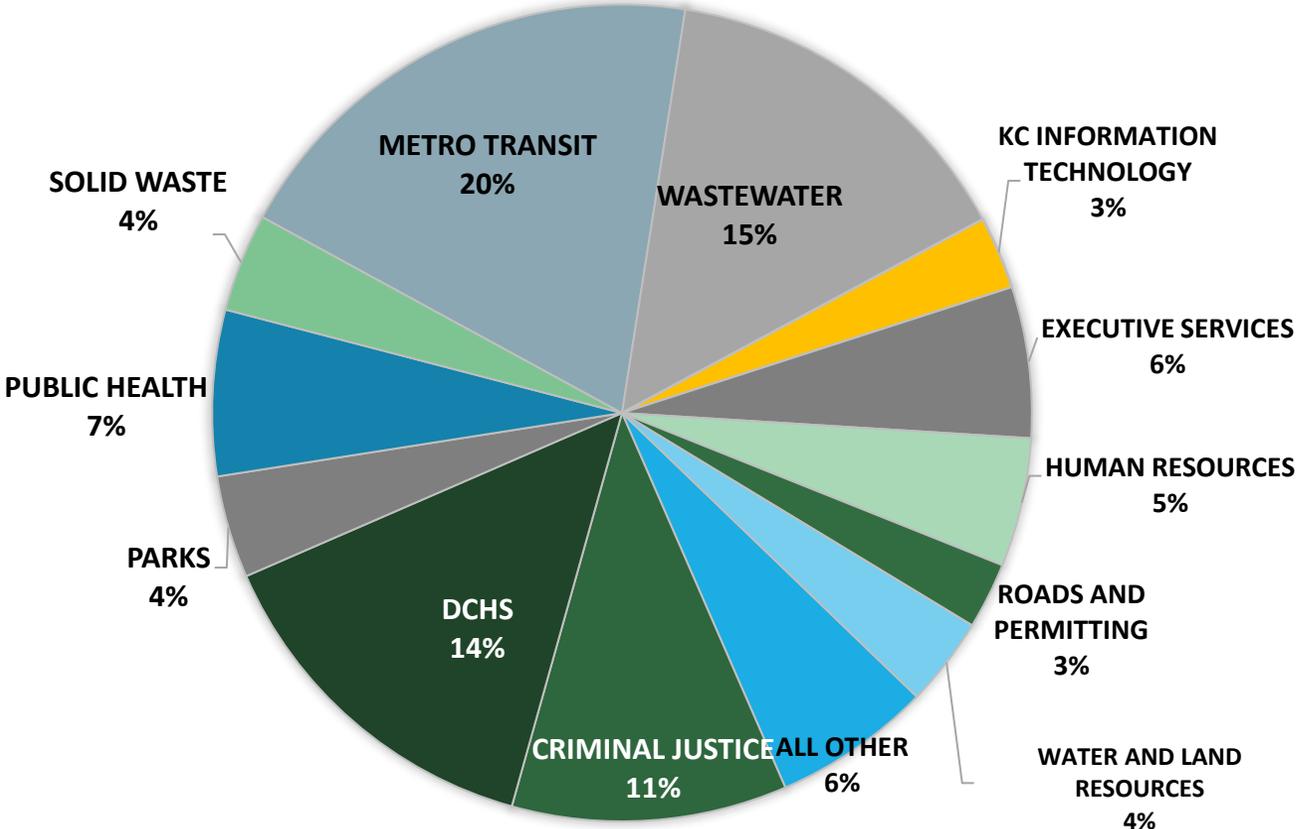
Fund Structure and Restrictions on Revenue

State law and the King County Charter impose **restrictions on the uses of many revenues**. For example, E-911 excise taxes are collected monthly on a per-line basis by phone service providers. When the County receives these funds, they must be used solely to support the E-911 system.

King County's finances are organized into about **140 different funds**, each with its own revenue sources and expenditures.

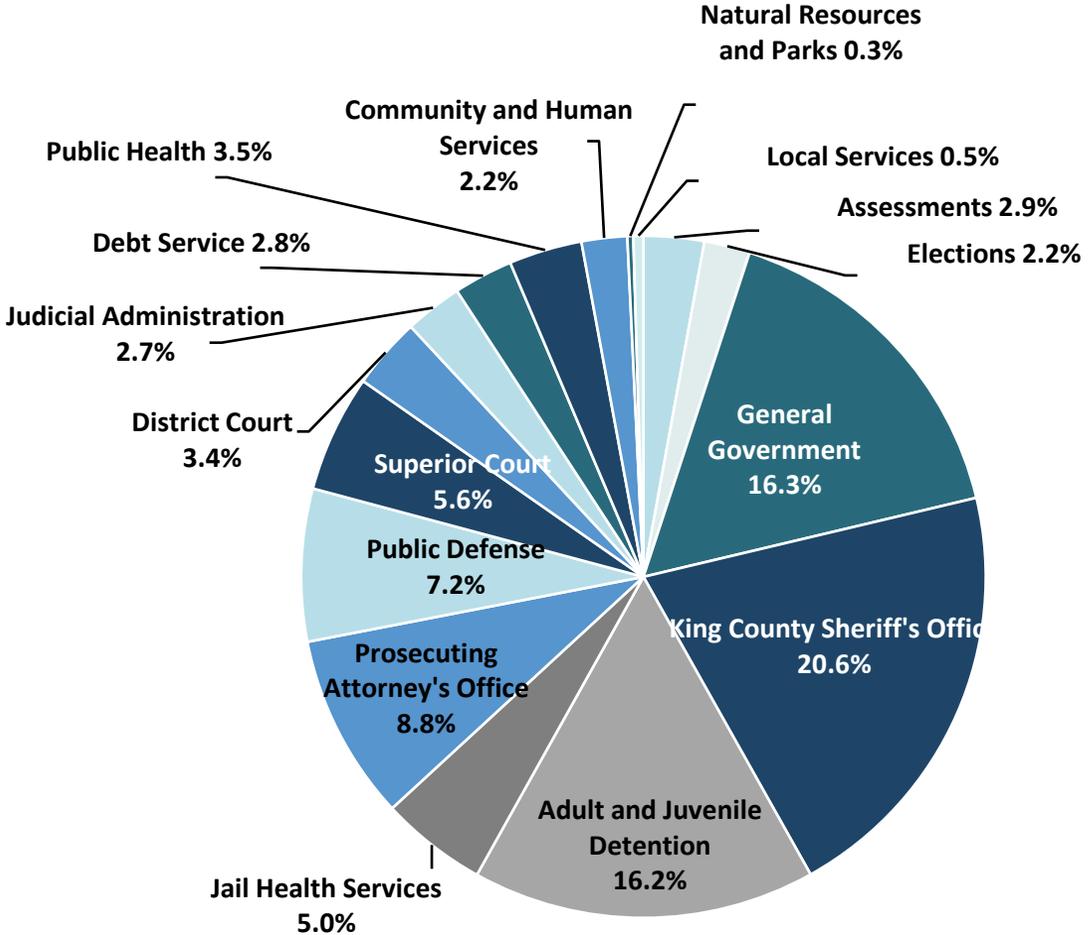
The only truly flexible source of funds is the General Fund. **General Fund revenues are severely limited by State law.** The State and cities have much more revenue flexibility than counties.

Total Appropriations (2023-2024 Adopted Budget): \$15.9 billion

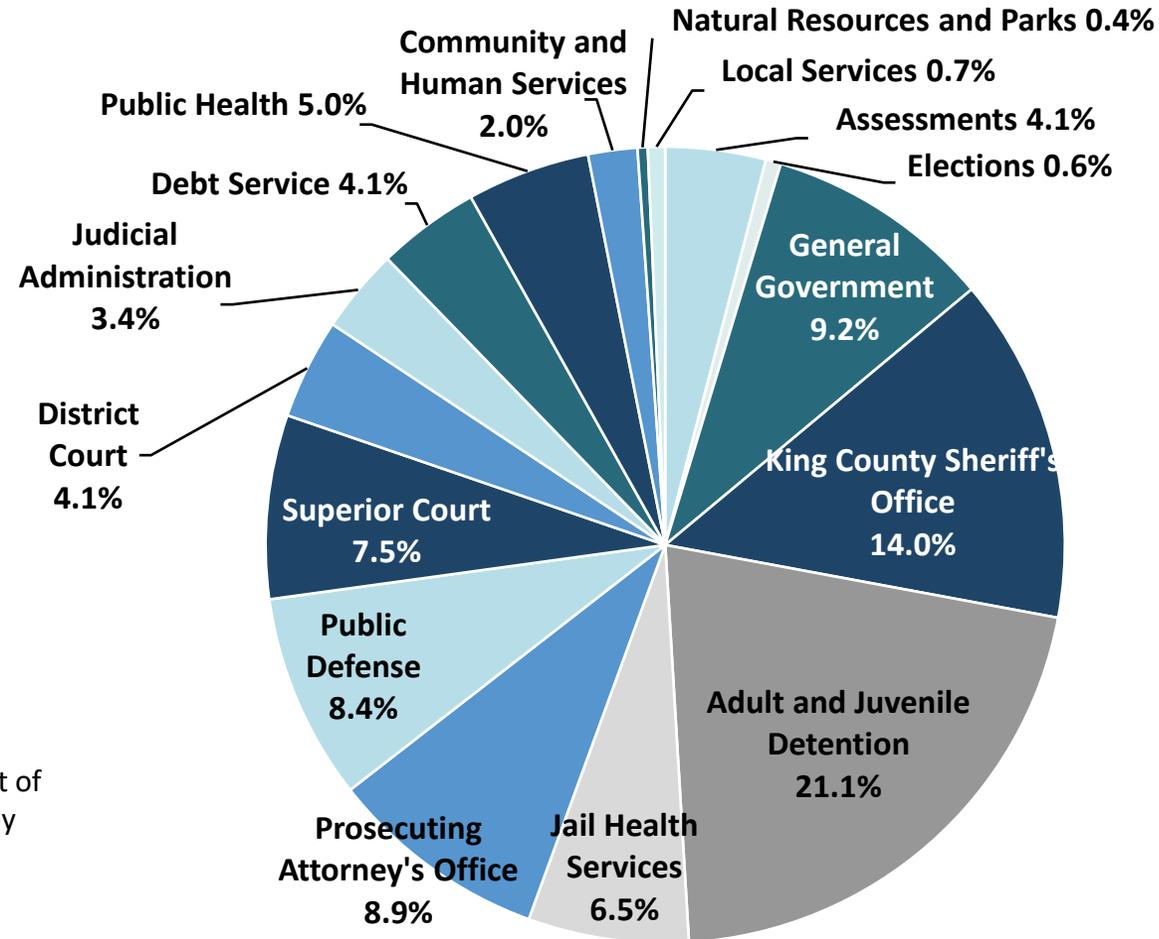


Human Resources includes all of the costs of employee health care and worker's compensation.

General Fund Appropriations (2023-2024 Adopted Budget): \$2.4 billion



Net General Fund Appropriations (2023-2024 Adopted Budget): \$1.6 billion



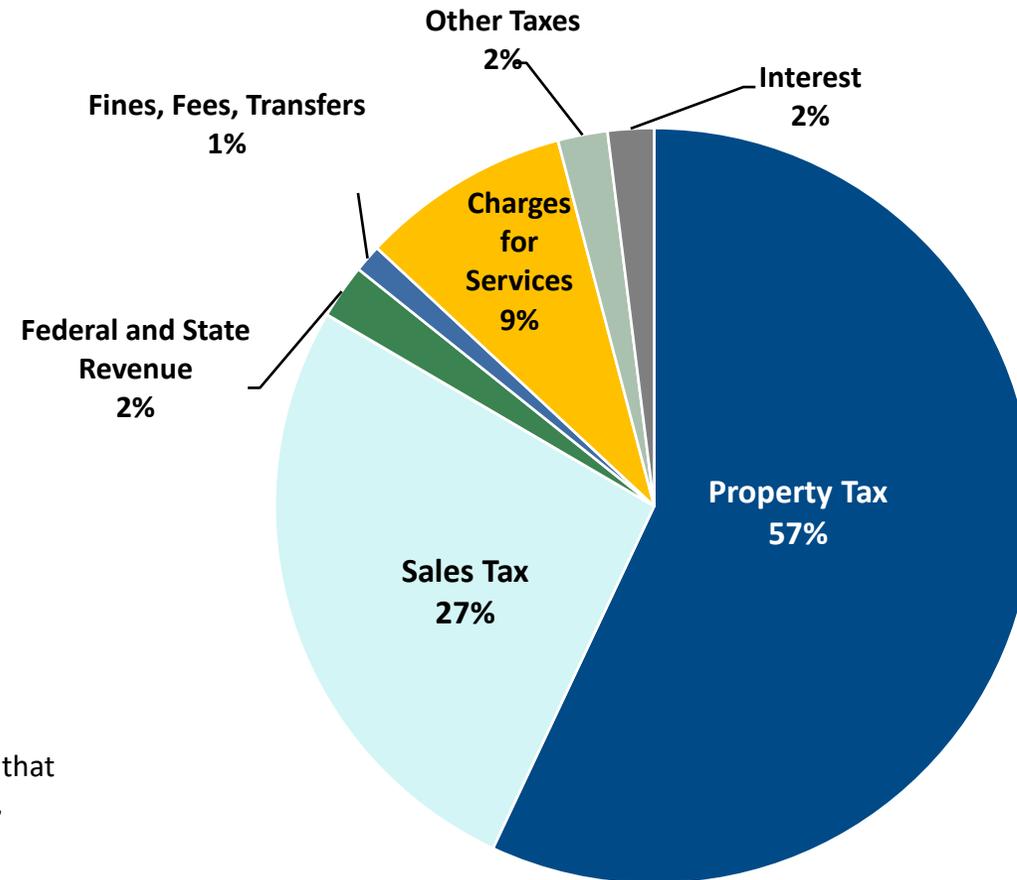
Net General Fund removes the effect of contracts, such as services paid for by cities.

About 74% of the Net General Fund goes to the criminal legal system.

Looking Ahead to the 2025 Budget

- Most of the County's budget is in good financial condition. Programs can be continued and expanded in some cases.
- In 2023, the County's voters approved a new Crisis Cares Center levy and renewal of the Veterans, Seniors, and Human Services levy. Significant spending for the Crisis Cares Center levy will begin in 2025 following planning work in 2024.
- Some of the County's utilities, including the Wastewater Treatment Division and Solid Waste Division, will propose rate increases to maintain services and make necessary capital investments.
- Almost all federal funding for pandemic response will be expended by the end of 2024.
- The County will continue to invest in high-priority programs, including the Strategic Climate Action Plan (SCAP), land conservation, justice reform, and pro-equity and anti-racist activities.
- The County maintains AAA bond ratings, which is the highest possible level. This allows the County to borrow funds at the lowest-possible interest rates.
- However, the General Fund faces \$30-35 million in reductions for 2025 unless new revenues are obtained.

Net General Fund Revenues (2023-2024 Adopted Budget)

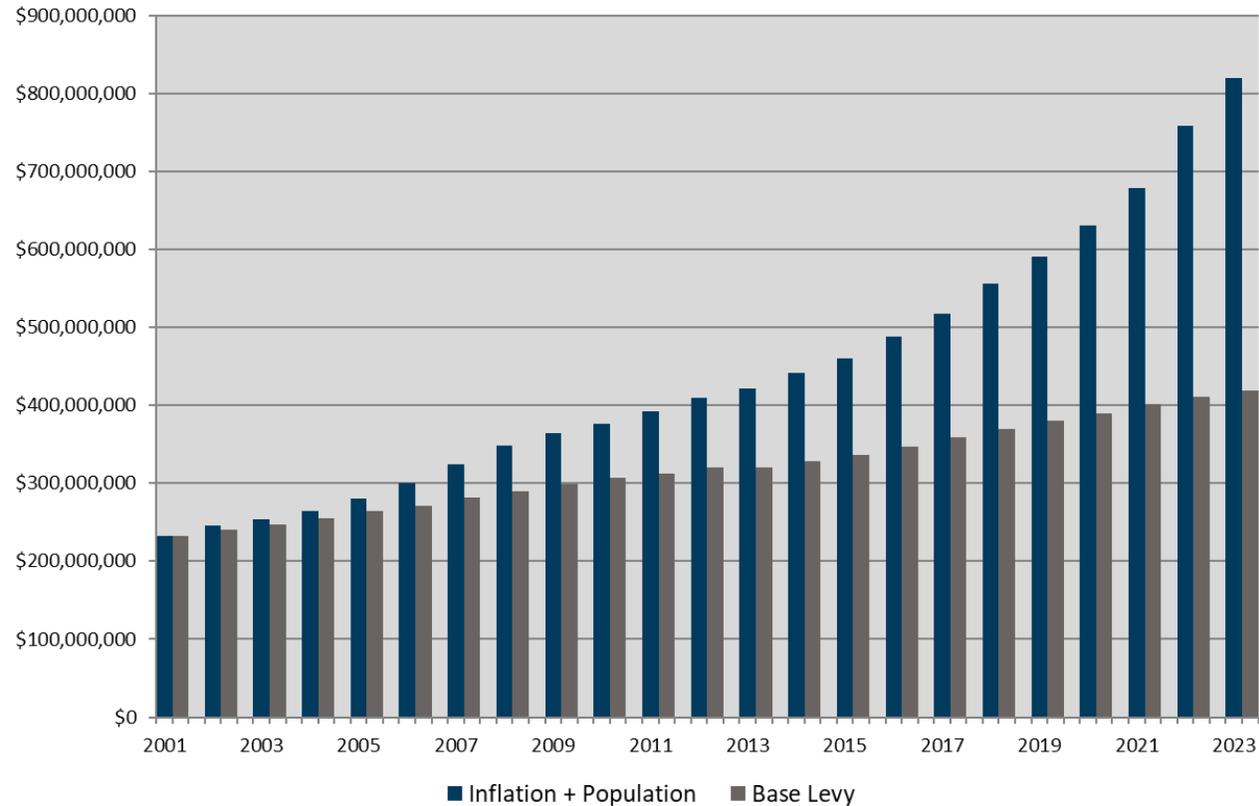


Excludes revenues from contracts that support specific services for cities, transit agencies, etc.

General Fund Gap

- Nearly 60% of the County's General Fund revenue comes from property taxes.
- The State has limited property tax revenue growth to 1% per year (plus the value of new construction) for over 20 years.
- Inflation averaged more than 6% per year from 2021 through 2023. This significantly increased the County's costs for wages, health care benefits, supplies, utilities, and construction.
- When the 2023-2024 budget was adopted, the County forecast a General Fund deficit of about \$50 million for 2025. About \$13 million in reductions were made in the fall of 2023.
- The financial forecast remains about the same, meaning that \$30-35 million of additional reductions will be needed in the 2025 budget, unless new revenue is obtained.
- Roughly half of the net General Fund is services mandated by the State, such as courts, public defense, and jails. Thus, reductions will come from more optional programs, such as Public Health, human services, and support for victims and families in the justice system.
- The County and many other governments and organizations are seeking revenue reform in the current Legislative session.

King County General Fund Property Tax Revenues Don't Keep Up with Costs



2023 revenue would be \$400.6 million more if it kept up with inflation and population growth.

Budget Schedule

- PSB is starting the 2025 budget process in the next few weeks. Agencies will receive instructions to support budget submittals that are due at the end of June.
- The Executive will transmit the Proposed Budget to the Council in late September.
- The Council will adopt the budget by late November.
- Input from individuals, groups, and organizations is welcome throughout the process. Formal public hearings occur after the Council has received the Proposed Budget, but informal participation is encouraged starting now.