

# **Transportation Budget Funding Gap: Budget Reductions and/or New Revenue Illustrations**

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WASHINGTON STATE



Transportation  
Committee

## Agenda:

1. 2025 Governor Inslee Funding Gap
2. How did we get here?
3. Option 1: Reductions/Delays
4. Option 2: New Revenue
5. Option 3: Combination of revenue and reductions/delays
6. Other considerations: What remains unfunded?



# 2024 Supplemental Transportation Budget

## 6 Year Financial Outlook

### 2024 Session Ending Fund Balance Report - Major Transportation Accounts

(Dollars in Thousands)

Fund Title	2023-25		
	2024 Supp	2025-27	2027-29
State Patrol Highway Account	4,247	2,622	-7,473
Puget Sound Capital Construction Account	1,909	1,838	-48,256
Transportation Partnership Account	1,000	2,107	5,001
Highway Safety Account	2,537	1,789	-5,345
Motor Vehicle Account	40,108	67,021	-74,716
Puget Sound Ferry Operations Account	837	480	-137,157
Capital Vessel Replacement Account	25,042	407	-73,836
Connecting Washington Account	1,000	1,000	1,000
Special Category C Account	1,001	2,771	17,973
Multimodal Transportation Account	1,954	9,439	82,795
Move Ahead WA Account	502,220	26,302	-556,010
Move Ahead WA Flexible Account	13,178	14,812	14,909
Transportation 2003 Account (Nickel Account)	3,041	17,557	15,034



# 2025 Governor Inslee Transportation Budget

## 6 Year Financial Outlook

2025 Ending Fund Balances - Major Transportation Accounts			
(Dollars in Thousands)			
Fund Title	2025-27	2027-29	2029-31
State Patrol Highway Account	1,000	-307,613	-634,865
Puget Sound Capital Construction Account	1,000	-441,178	-882,754
Transportation Partnership Account	2,964	-38,829	-67,673
Highway Safety Account	1,074	43,302	55,398
Motor Vehicle Account	1,000	-191,879	-198,520
Puget Sound Ferry Operations Account	1,000	-284,867	-572,737
Capital Vessel Replacement Account	1,000	62	35,599
Connecting Washington Account	962	962	-397,914
Special Category C Account	646	8,078	20,894
Multimodal Transportation Account	1,049	298,146	620,867
Move Ahead WA Account	757	-752,431	-969,719
Move Ahead WA Flexible Account	1,000	1,000	265
Transportation 2003 Account (Nickel Account)	1,000	9,816	34,813
Minimum Likely Shortfalls	0*	-1,655,431	-2,956,345
Removal of \$1 billion placeholder capital reduction	-1,000,000	-2,655,431	-3,956,345

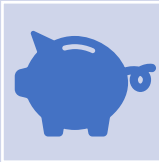
How did we get here?

Example Ending Fund Balances - Major Transportation Accounts

	2025-27	2027-29	2029-31
Minimum Likely Shortfalls	-1,000,000	-2,655,431	-3,956,345



Since the forecast used for the 2024 adopted budget, fuel tax revenue projections have been lowered by \$332 million (9.7%) for the 2025-27 biennium. Fuel tax estimates are now projected to moderately decline each year in the future.



Large project cost increases were accommodated in the last few adopted budgets which strained the financial plan. The 2024 adopted budget was only balanced through 2025-27.



Examples of requested increases for 2025 budget:

North Spokane Corridor: \$267M increase

I-405 Corridor: \$138M

I-90 Snoqualmie Pass: \$227M

Gateway (SR 167/SR 509): \$153M

Revenues  
Have  
gone  
down

Project  
costs &  
operating  
costs  
have  
increased

# Option 1 Example Operating Budget: Reduce spending by \$1 Billion in 25-27

**Transportation Operating Budget: \$6.2 billion.** Minus 30% (\$1.8 billion) reserved for debt service = **\$4.3 billion.**

Would require almost 25% reduction to achieve \$1 billion in savings.

Largest components of the operating budget:

- Washington State Ferries \$794M
- Washington State Patrol \$790M
- Highway Maintenance \$656M
- Department of Licensing \$452M
- Public Transportation \$392M

# Option 1 Example Capital Budget: Reduce spending by \$1 Billion in 25-27

## Capital Budget Project List: \$8.9 billion

Would require 12% reduction to achieve \$1 billion in savings:

Capital Budget Programs	Project List	Governor Inslee reductions	% reduction
Facilities	\$38M	0	0%
Highway Improvements	\$5B	\$(512)M	10%
Highway Preservation	\$800M	\$(100)M	12%
Transportation/Traffic Operations - Capital	\$15M	0	0%
Public Transportation - Capital Grants	\$352M	0	0%
Washington State Ferries	\$1B	\$(383)M	39%
Rail	\$246M	\$(8)M	0%
Local Programs	\$1B	\$(47)M	5%
Washington State Patrol	\$4M	0	0%
County Road Administration Board	\$93M	0	0%
Transportation Improvement Board	\$294M	0	0%
<b>Total</b>	<b>\$8.9B</b>	<b>\$(1)B</b>	<b>12%</b>

# Diving Deeper: What could be delayed/removed from capital program? Illustrative Examples Only

## Highways

	25-27	27-29	29-31
Highway Improvement projects not under contract*:	\$1,160,000	\$1,330,000	\$1,020,000

### 10 Largest highway projects with uncommitted amounts:

US 395 North Spokane Corridor	351,600	411,900	55,600
SR 167/SR 509 Puget Sound Gateway	251,200	296,000	64,700
SR 18 Widening - Issaquah/Hobart Rd to Raging River - Phase I	48,500	170,300	320,200
US 2 Trestle Capacity Improvements & Westbound Trestle Replacement	8,400	112,800	80,500
I-90 Snoqualmie Pass - Widen to Easton	9,000	1,600	167,000
SR 9/Marsh Road to 2nd Street Vic - Widening with Bridge Construction	109,600	8,400	0
SR 167/SR 410 to SR 18 - Congestion Management	5,800	8,000	92,700
I-82 Yakima - Union Gap Economic Development Improvements	7,800	5,000	68,900
I-5/179th St Interchange	28,800	52,500	100
SR 3/Gorst Area - Widening	22,500	48,000	0
	<b>843,200</b>	<b>1,114,500</b>	<b>849,700</b>

\* Excludes fish passage, preservation, safety and stormwater projects.

## Ferries

	25-27	27-29	29-31	Total Uncommitted
<b>Largest ferry projects with uncommitted amounts**:</b>				
Hybrid Electric Vessel Construction	585,684	553,792	40,141	1,179,617
Terminal Electrification	5,215	51,232	11,783	68,230
Vessel Conversions	117,646	3,896	3,640	125,182
	<b>708,545</b>	<b>608,920</b>	<b>55,564</b>	<b>1,373,029</b>

## Local

	25-27	27-29	29-31	Total Uncommitted
<b>Largest grant programs with uncommitted amounts:</b>				
Connecting Communities	25,000	0	0	25,000
Safe Routes to Schools Grant Program Move Ahead	32,000	37,800	37,800	107,600
Ped. and Bicycle Safety Grant Program Move Ahead	28,000	39,000	36,300	103,300
Ped. and Bicycle Safety Grant Program	18,380	10,380	10,380	39,140
Safe Routes to Schools Grant Program	19,150	19,150	19,150	57,450
	<b>122,530</b>	<b>106,330</b>	<b>103,630</b>	<b>332,490</b>

\*\*Phasing of uncommitted amounts estimated



## Option 2

### Example: Raise revenues by \$1 Billion in 25-27

Current Revenue	Example increase	Example revenue raised in 2025-27 from increase
49.4 Cent Fuel Tax	8.7 cents	\$500M
\$30 Vehicle Registration Fee	\$10	\$120M
\$35 – \$82 Passenger Weight Fees	\$11	\$125M
\$63 – \$103 Light Duty Truck Fees	\$25	\$70M
15% Freight Project Fee (Heavier Trucks)	10%	\$30M
Ferry Fare Increase	10%	\$40M
\$72 8-Year Driver's License	\$8	\$23M

Option 3 Example:  
Combination of  
raising revenues and  
budget  
reductions/delays in  
25-27

## Most likely Scenario?

**Operating budget reductions**  
+  
**Capital budget delays**  
+  
**Increased revenues**

# 2025 Outstanding needs



Culvert replacement program: additional funding of \$5 billion+



Maintenance and preservation programs: additional \$1.5 billion+ per year to reach state of good repair



Currently planned projects continue to increase in cost estimates/bids



Ferry fleet additional replacements? 1 new vessel per year.

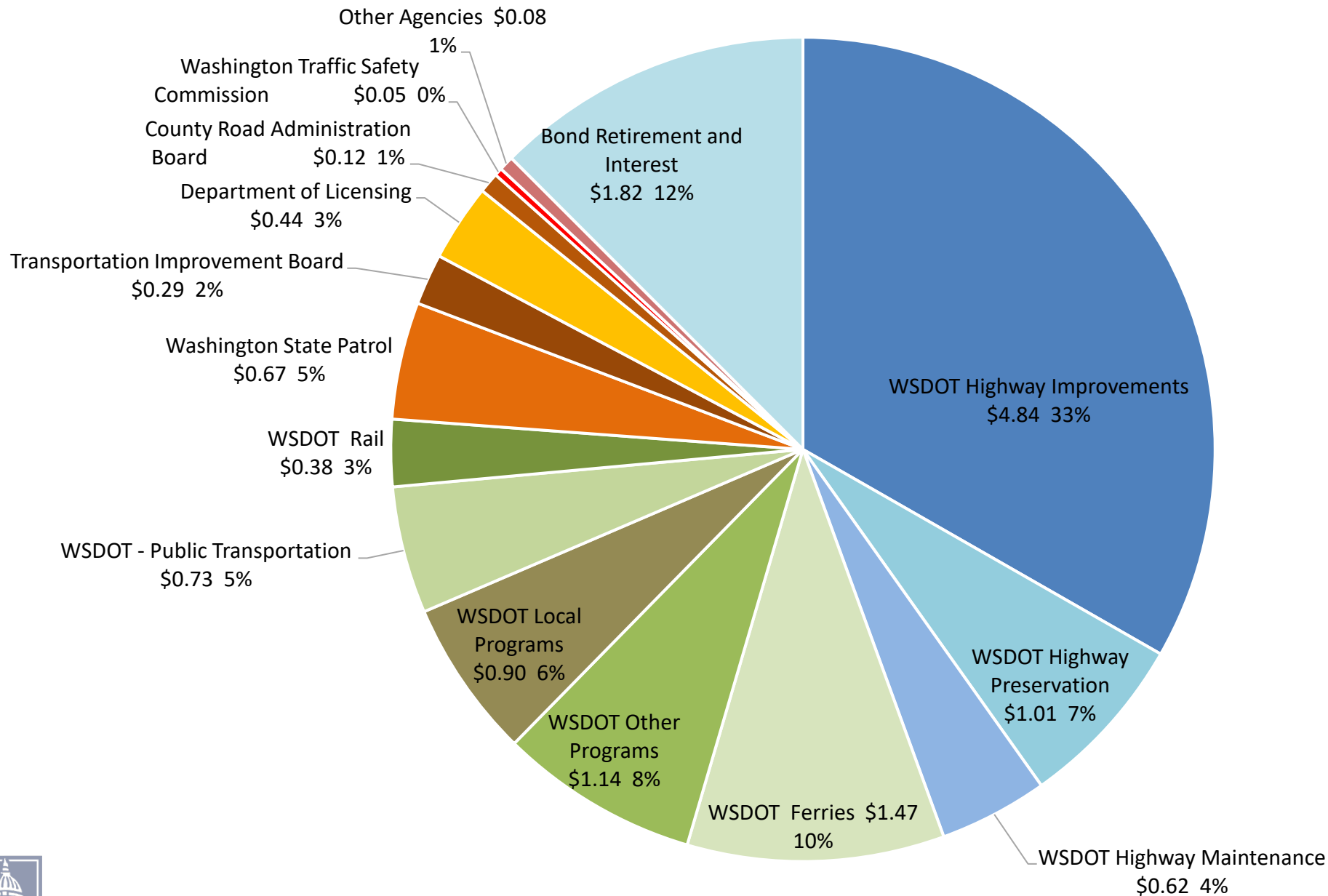


New projects? Construction phases on partially funded projects?

# APPENDIX

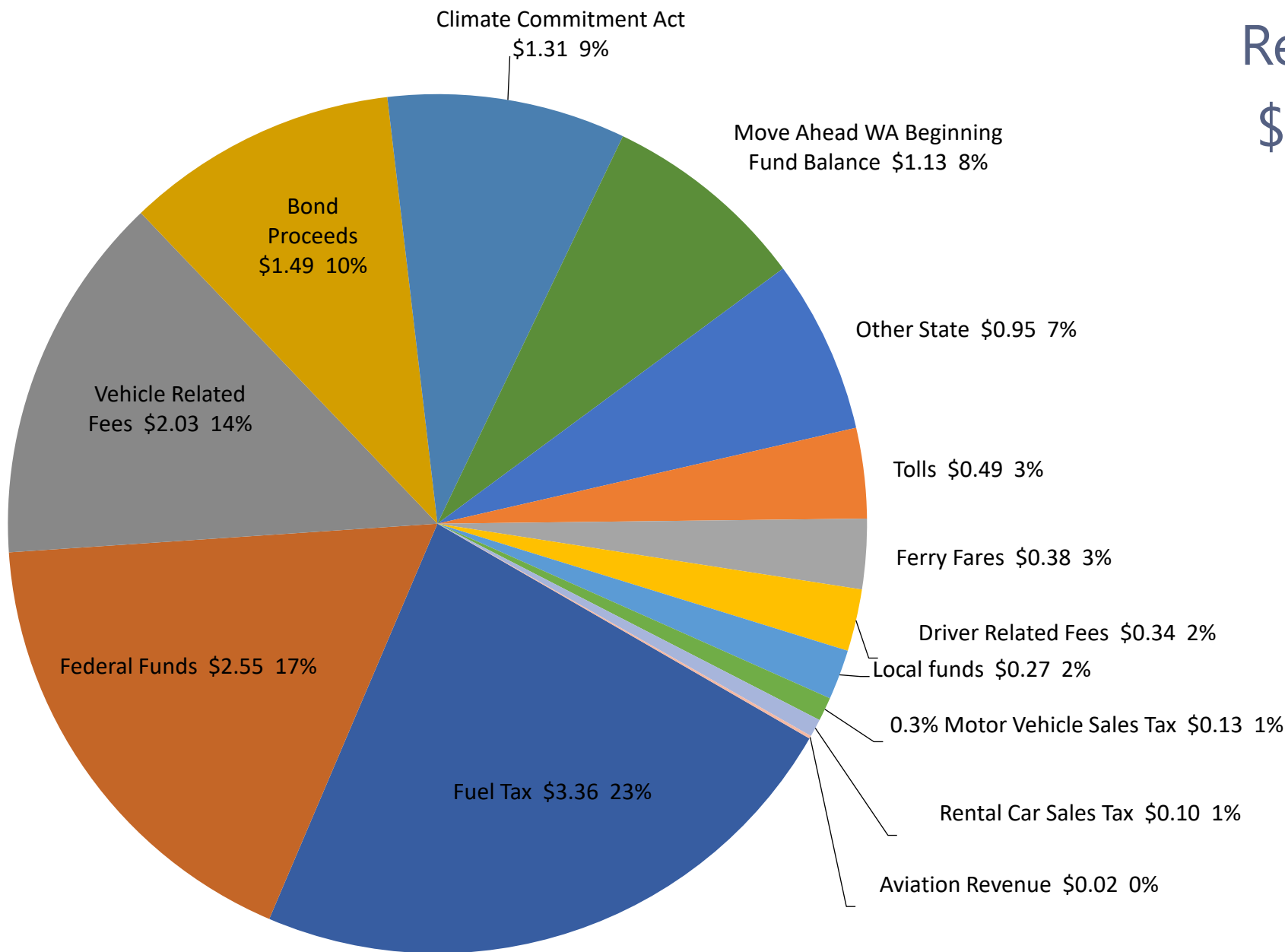
# 2024 Supplemental Transportation Budget

Expenditures:  
\$14.55 Billion

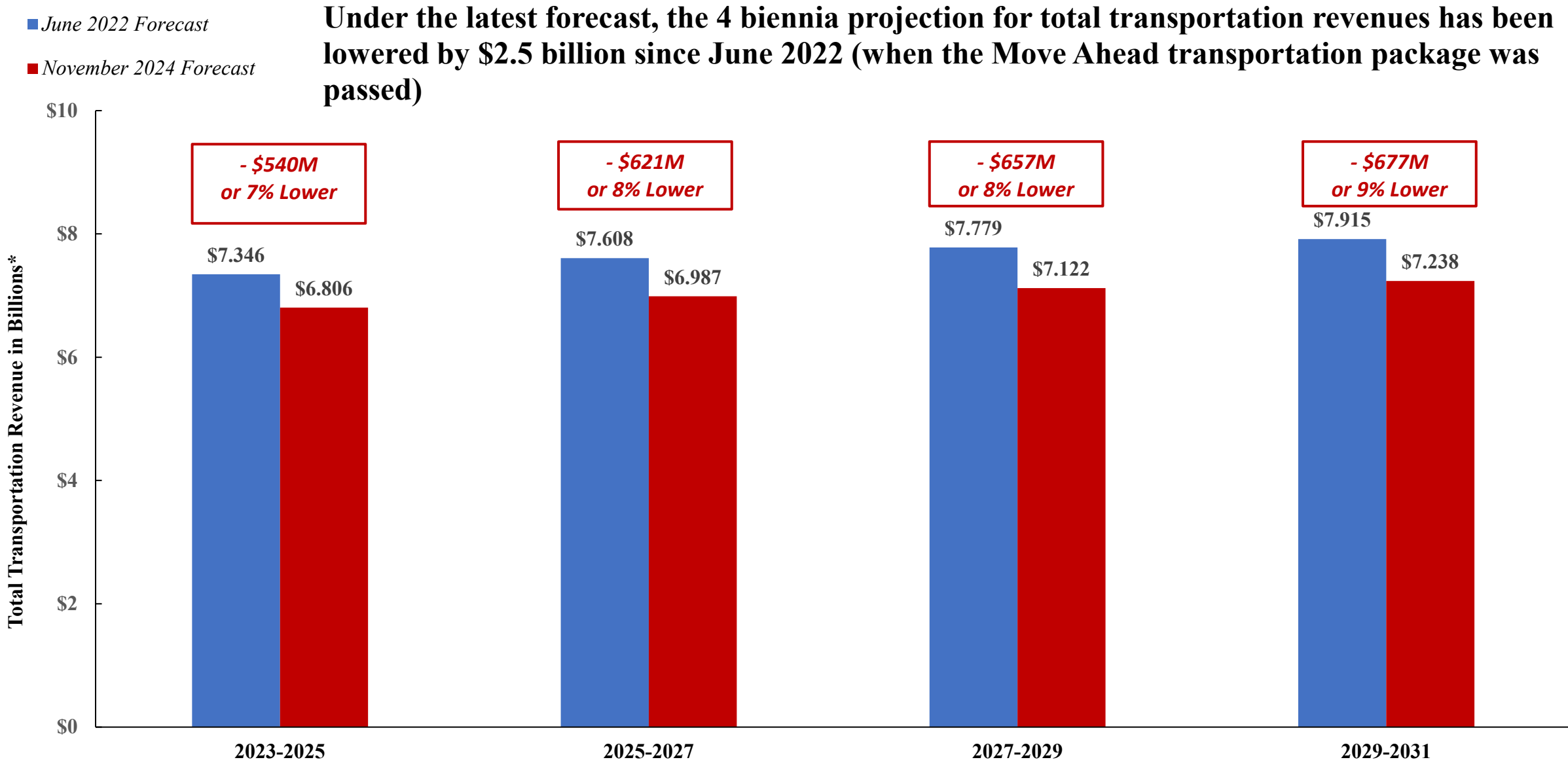


# 2024 Supplemental Transportation Budget

Revenues:  
\$14.55 Billion



# Revenue Forecast & Changes since 2022 Move Ahead Budget

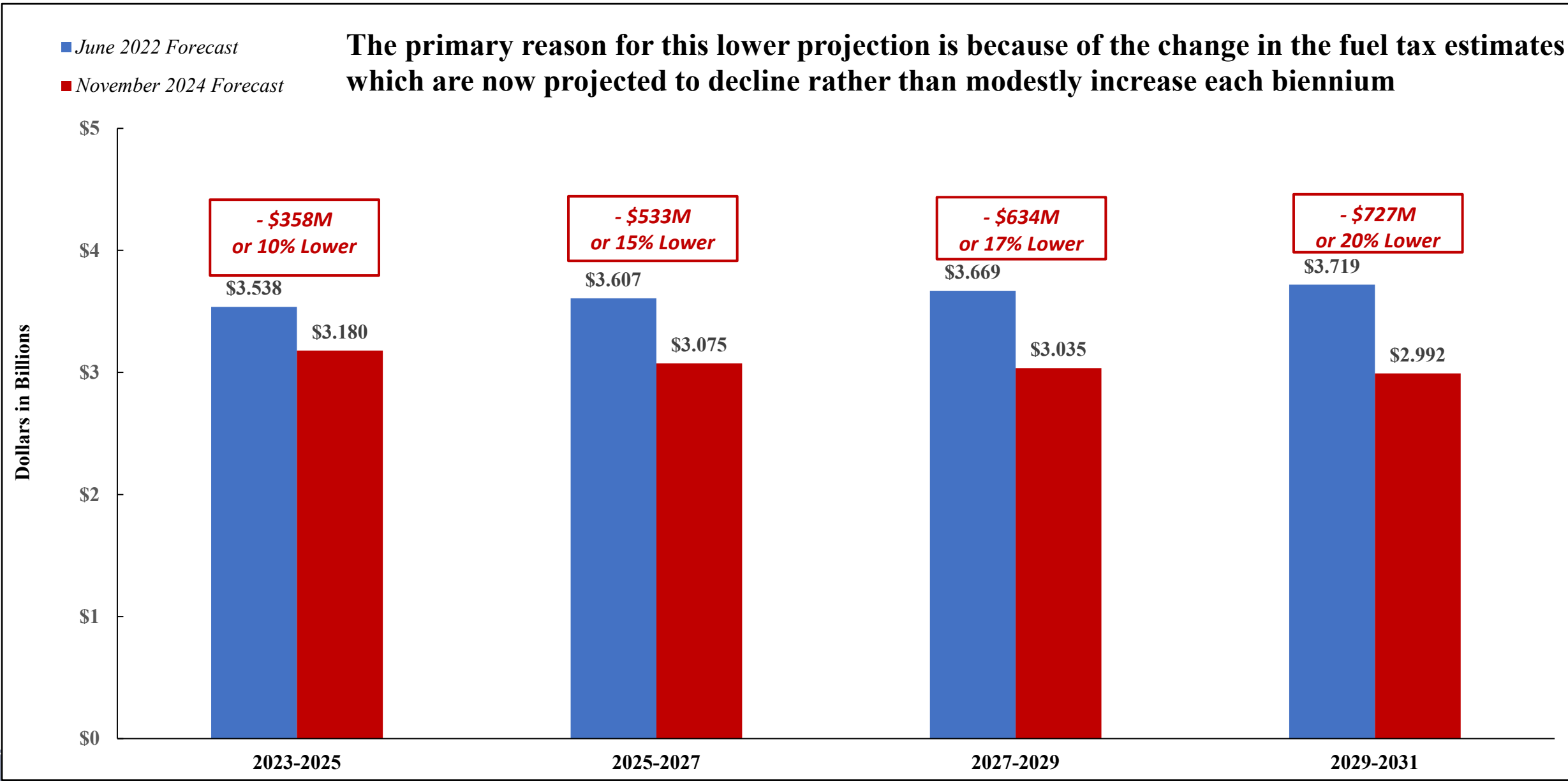


\* Transportation revenues depicted do not include federal funds, bond proceeds, and transportation revenues from the Climate Commitment Act.



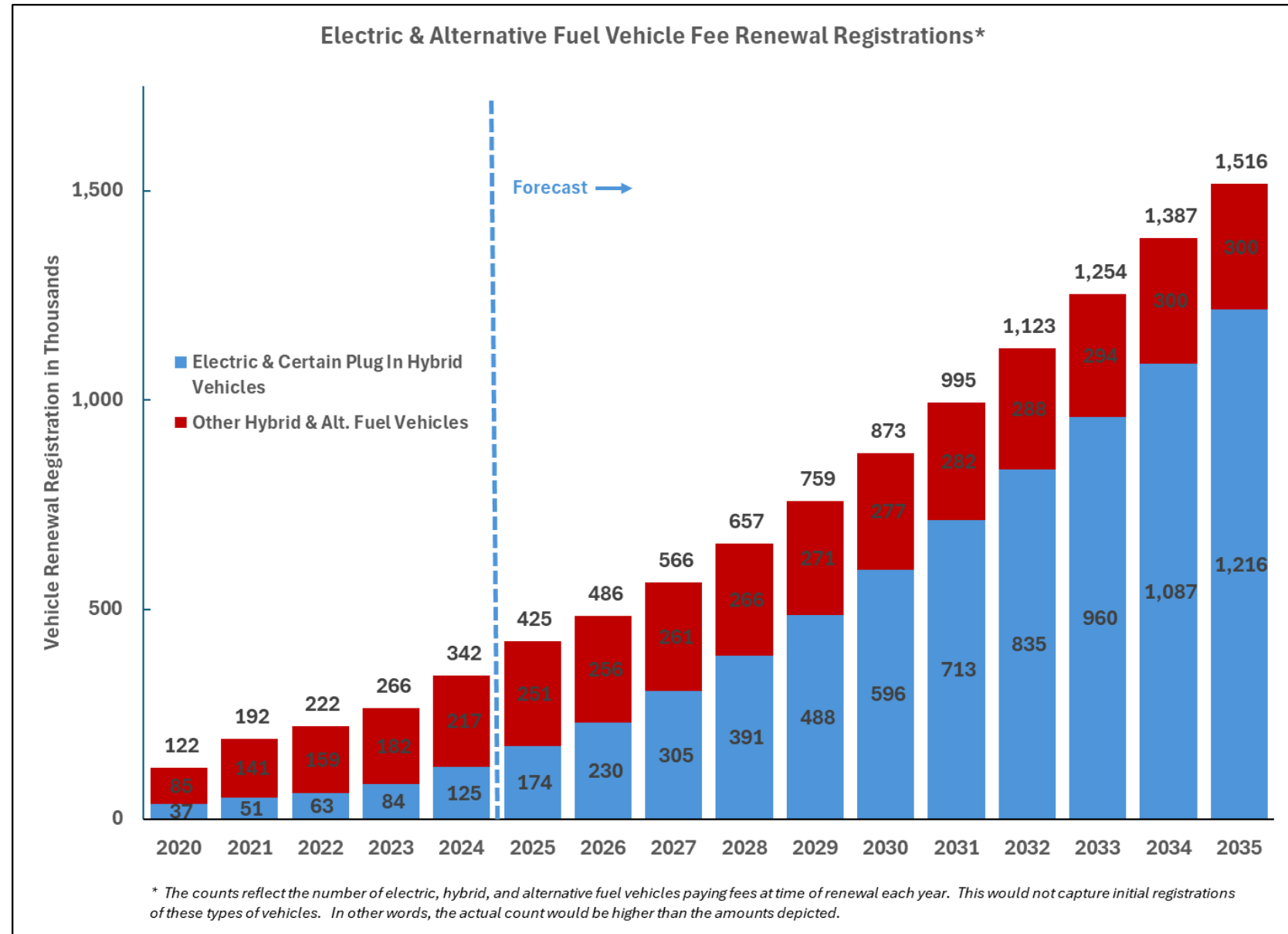
# Revenue Forecast & Changes since 2022 Move Ahead Budget

The primary reason for this lower projection is because of the change in the fuel tax estimates which are now projected to decline rather than modestly increase each biennium

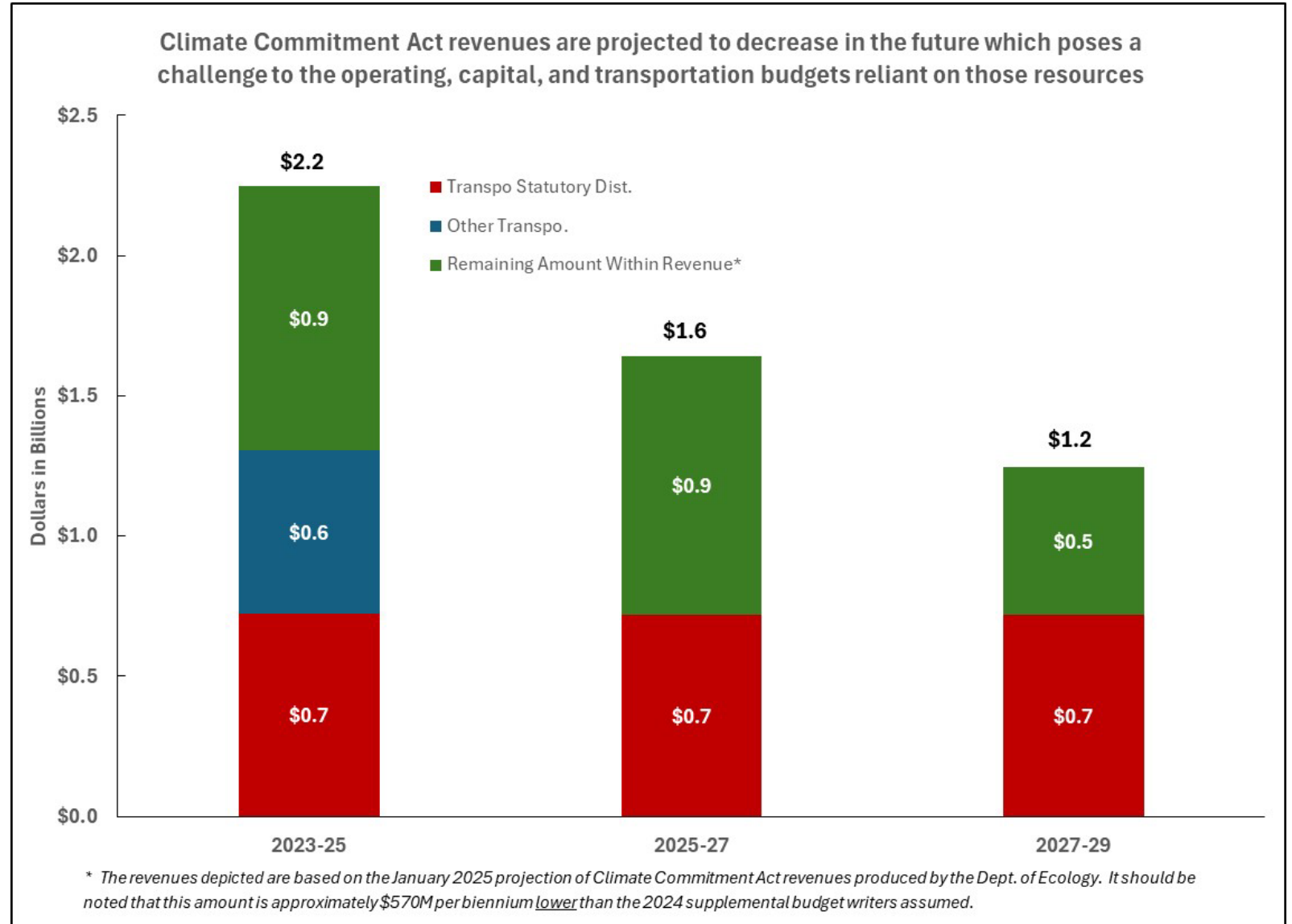




# Projections for Electric Vehicle Adoption\*



# Revenue Changes since 2024 Adopted Budget



# WSDOT State of Good Repair information from January 2024.

Asset Category	Replacement Value	Average Annual Need	Current budget annual average spending	Average annual funding shortfall
Highways (includes delivering Complete Streets with preservation funds)	\$148 billion	\$1.52 billion	\$495 million	\$1.02 billion
Multimodal (i.e. Aviation, Public Transportation, Rail)	\$1 billion	\$140 million	\$60 million	\$80 million
Intra-Agency (i.e. IT, Facilities, Fleet, Real Estate)	\$84 billion	\$220 million	\$90 million	\$130 million
Ferries	\$6 billion	\$610 million	\$330 million	\$280 million
<b>TOTAL</b>	<b>\$239 billion</b>	<b>\$2.49 billion</b>	<b>\$975 million</b>	<b>\$1.51 billion</b>

Notes: Figures rounded to the nearest \$5M of \$1B

State of Good Repair funding need is Preservation and Maintenance funding numbers combined.

It is assumed that approximately 50% of the additional Highways Preservation dollars provided by Move Ahead Washington, excluding the funding provided for Highway Maintenance, will be needed to implement the Complete Streets proposal in conjunction with those projects.

The funding numbers above (excluding Replacement Value) represent 10-year annual averages.

WSDOT

# Governor Inslee 2025-27 Transportation Budget: Operating

## Total Appropriated

(Dollars in Thousands)

	Total App
<b>Department of Transportation</b>	<b>2,951,158</b>
Program B - Toll Operations & Maint - Operating	172,889
Program C - Information Technology	136,022
Program D - Facilities - Operating	44,176
Program E - Transportation Equipment Fund	20,000
Program F - Aviation	16,834
Program H - Program Delivery Mgmt & Support	70,973
Program K - Public/Private Partnership - Operating	161,953
Program M - Highway Maintenance	656,108
Program Q - Transportation Operations - Operating	112,698
Program S - Transportation Management	61,658
Program T - Transpo Planning, Data & Research	83,408
Program U - Charges from Other Agencies	126,861
Program V - Public Transportation	391,640
Program X - Washington State Ferries - Operating	794,225
Program Y - Rail - Operating	83,192
Program Z - Local Programs - Operating	18,521

## Total Appropriated

(Dollars in Thousands)

Washington State Patrol	790,768
Department of Licensing	452,757
Joint Transportation Committee	2,267
Legislative Evaluation & Accountability Pgm Cmte	759
Office of the Governor	762
Special Appropriations to the Governor	10
Economic & Revenue Forecast Council	996
Office of Financial Management	348
Office of Minority & Women's Business Enterprises	3,027
Board of Pilotage Commissioners	3,468
Utilities and Transportation Commission	654
Washington Traffic Safety Commission	47,959
Department of Archaeology & Historic Preservation	588
University of Washington	2,300
The Evergreen State College	94
County Road Administration Board	13,403
Transportation Improvement Board	5,094
Transportation Commission	3,082
Freight Mobility Strategic Investment Board	1,623
Department of Ecology	19,715
State Parks and Recreation Commission	1,186
Department of Agriculture	1,550
State Employee Compensation Adjustments	44
Bond Retirement and Interest	1,878,145

**Total 6,181,757**

