



OFFICE *of*
PROGRAM RESEARCH

WASHINGTON STATE
HOUSE OF REPRESENTATIVES

A Short Overview of the Budgetary Challenges For Transportation in the 2025 Session

Mark Matteson, Office of Program Research

What has happened?: Changes since the 2024 Legislative Session

Changes:

TR revenue forecast updates.

Project cost increases.

Culvert corrections.

Other cost risks.

Deficit Impacts*:

2yr: **-\$441 M**; 6yr: **-\$1,239 M**

2yr: **-\$439 M**; 6yr: **-\$1,531 M**

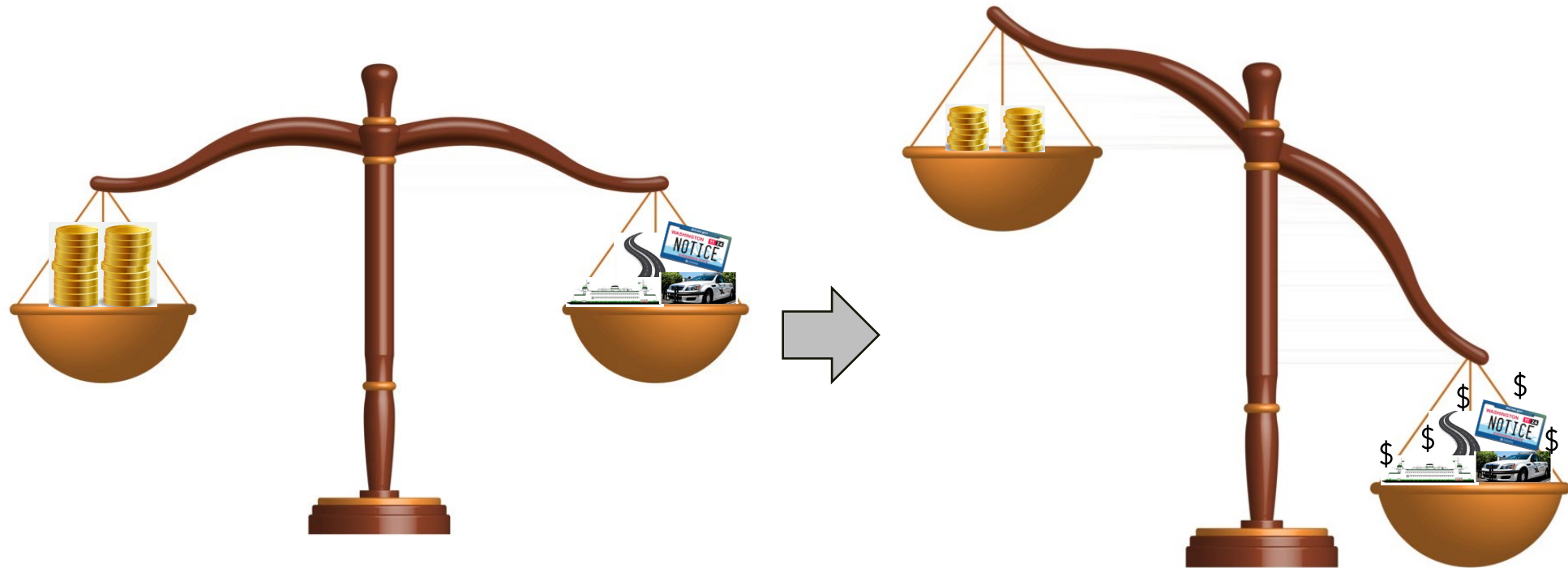
2yr: **-\$68 M**; 6yr: **-\$1,840 M**

2yr: **-719 M**; 6yr: **-2,163 M**

*The 2023-25 TR Budget is \$14.5 billion.



Where does that leave things?: A Budgetary/Financial Plan Shortfall



Source: Vecteezy.com

Where does that leave things?

A Budgetary/Financial Plan Shortfall

⌄ Gov Inslee's Budget/Financial Plan:

- ⌄ Acknowledges the forecast and known project cost changes only.
- ⌄ 2-Year Budget is balanced by cutting \$1 billion from capital projects
- ⌄ 6-Year Financial Plan is **-\$3 billion** out of balance.

⌄ Starting point for the Legislature:

- ⌄ Addressing the Inslee project cuts and correcting for some errors.
- ⌄ 2-Year deficit of **-\$1 billion** & 6-Year deficit of **-\$4 billion**.

⌄ Additional steps: Acknowledging culvert and other cost risks:

- ⌄ 2-Year deficit of **-\$1.8 billion** & 6-Year deficit of **-\$8 billion** (cumulative).



What is the Path Forward?

Ways to Address the Fiscal Shortfalls

- ▮ Options: reduce spending, increase resources, or a combo.
- ▮ One bookend: spending reductions only.
 - ▮ The large deficits mean that many projects, and perhaps the entire portfolio of budgetary programs, would likely be impacted.
- ▮ Other bookend: additional resources only.
 - ▮ The large deficits would require significant tax and fee increases and/or getting funding from elsewhere.
- ▮ Between bookends: some combination.



2023-2025 State Transportation Budget (As Amended by the 2024 Supplemental TR Budget)

