
October 17, 2024

2025-27 Budget Overview

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Director





Operating budget needs are outpacing resources

Resources available

- Relatively small current ending balance
- Since June, revenue forecast decreased by ~\$700 million

Required spending

- Caseloads
- Employment

Challenges

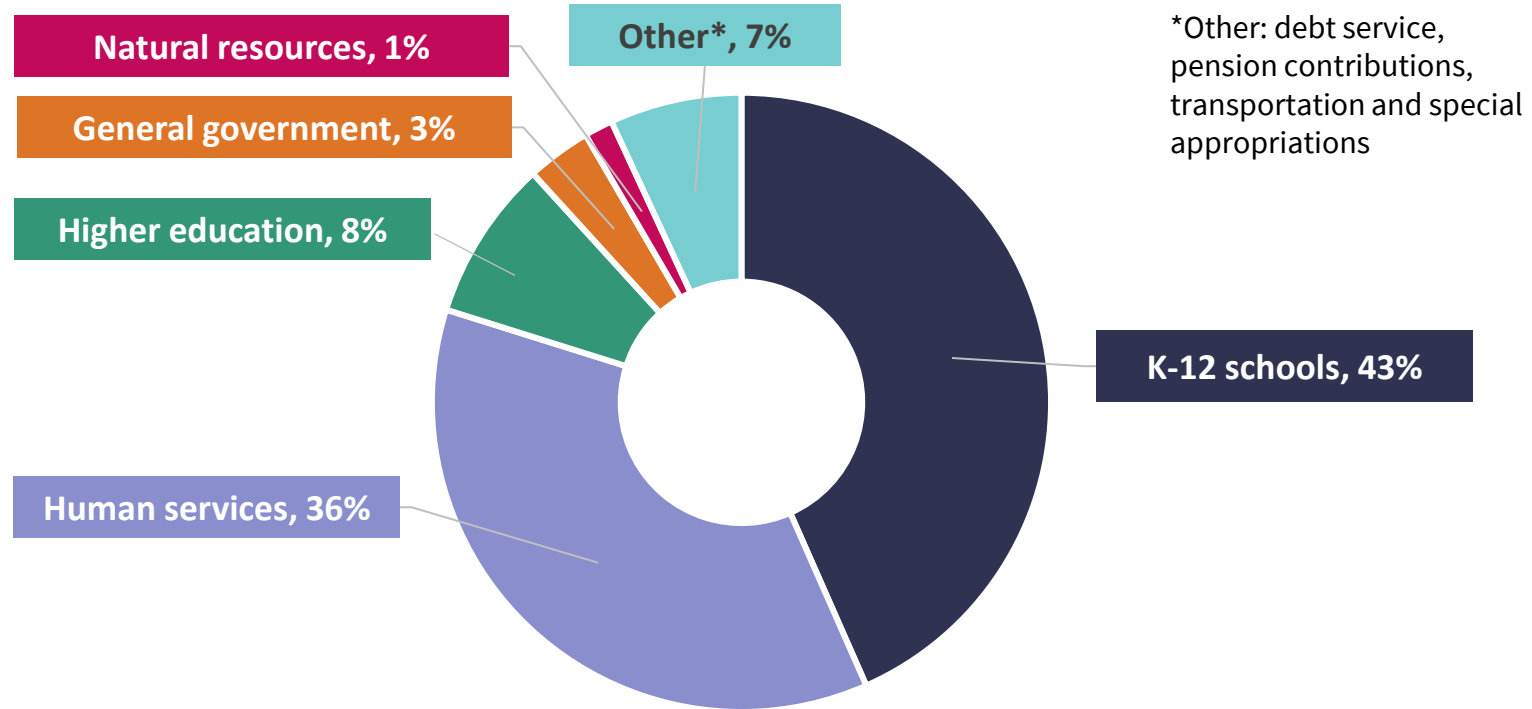
- Increasing caseloads
- Employment challenges
- Budget demands/existing programs

Problem Statement

- Budget deficit between \$5 billion and \$7 billion

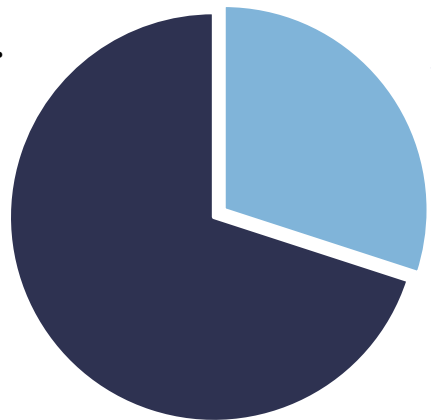
Near General Fund – current state spending

2023–25 NGF-O spending \$71.96 billion



Operating budget – majority of near General Fund spending is required

About **65%** of the budget is protected by law.



The other 35% is for other purposes

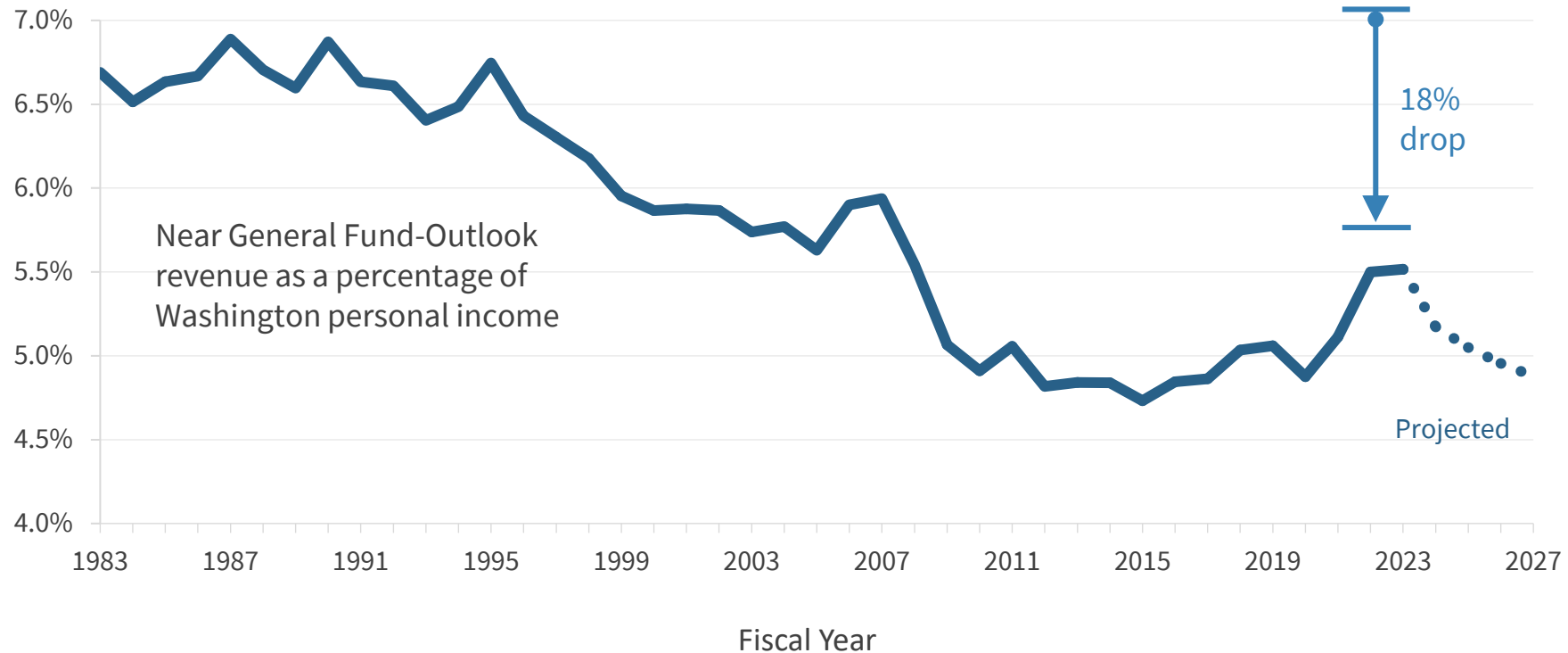
Examples of required spending:

- Debt service
- Pension contributions
- Entitlements (such as TANF, financial aid, Medicaid, K-12 basic education)
- Correctional institutions
- Working families tax credits
- Courts
- Transfers to Budget Stabilization Account

Examples of flexible spending:

- Higher education
- Human services (such as state-only funded health care programs, public health)
- K-12 other programs
- Natural resources
- State basic operating costs
- Reserves

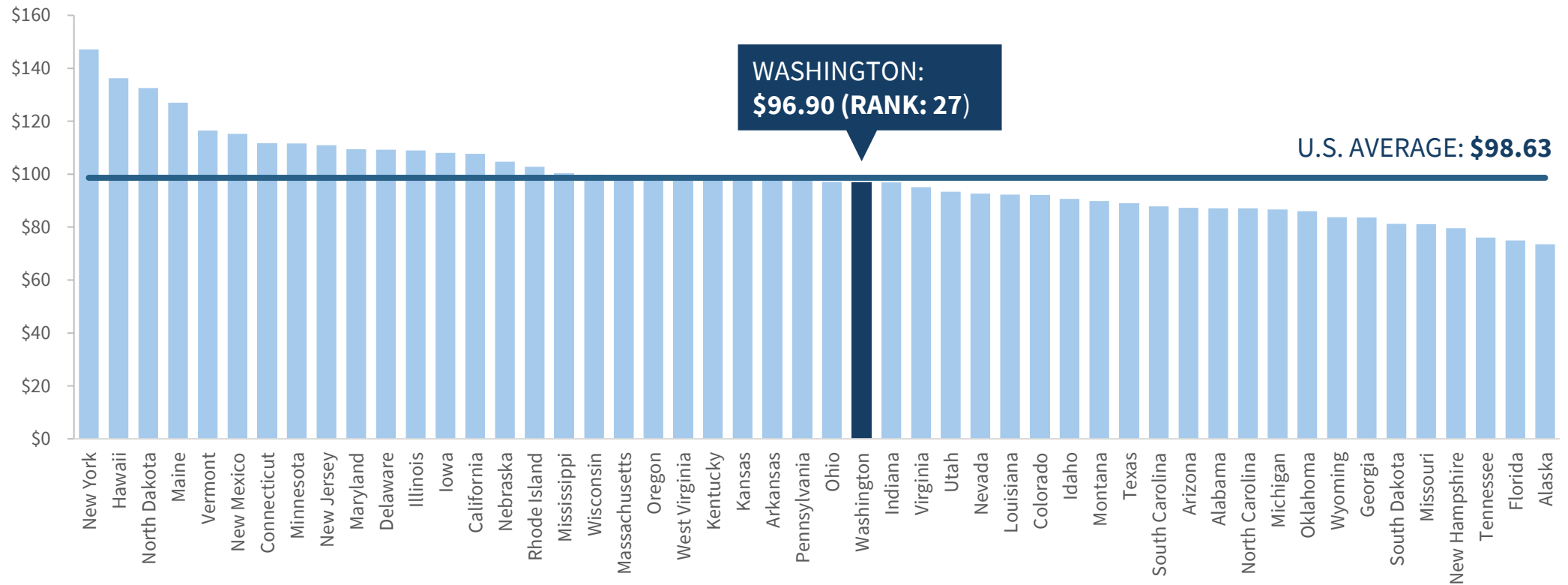
Since 1995, state revenue collections as a share of the economy have fallen by 18%



Source: Washington State Economic and Revenue Forecast Council, Oct. 2023

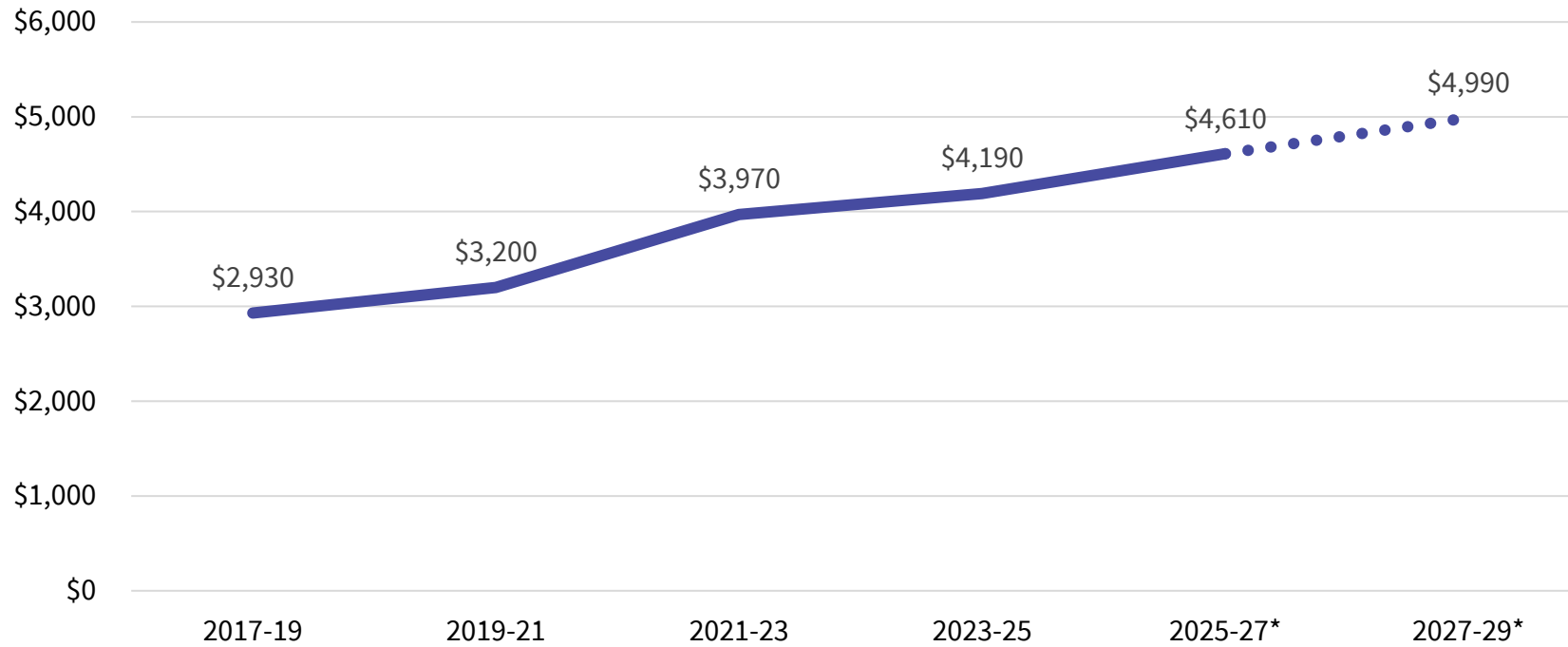
Washington's overall taxes as a share of the economy are below average

State and local tax collections per \$1,000 personal income (2020)



Capital budget – bond resources available

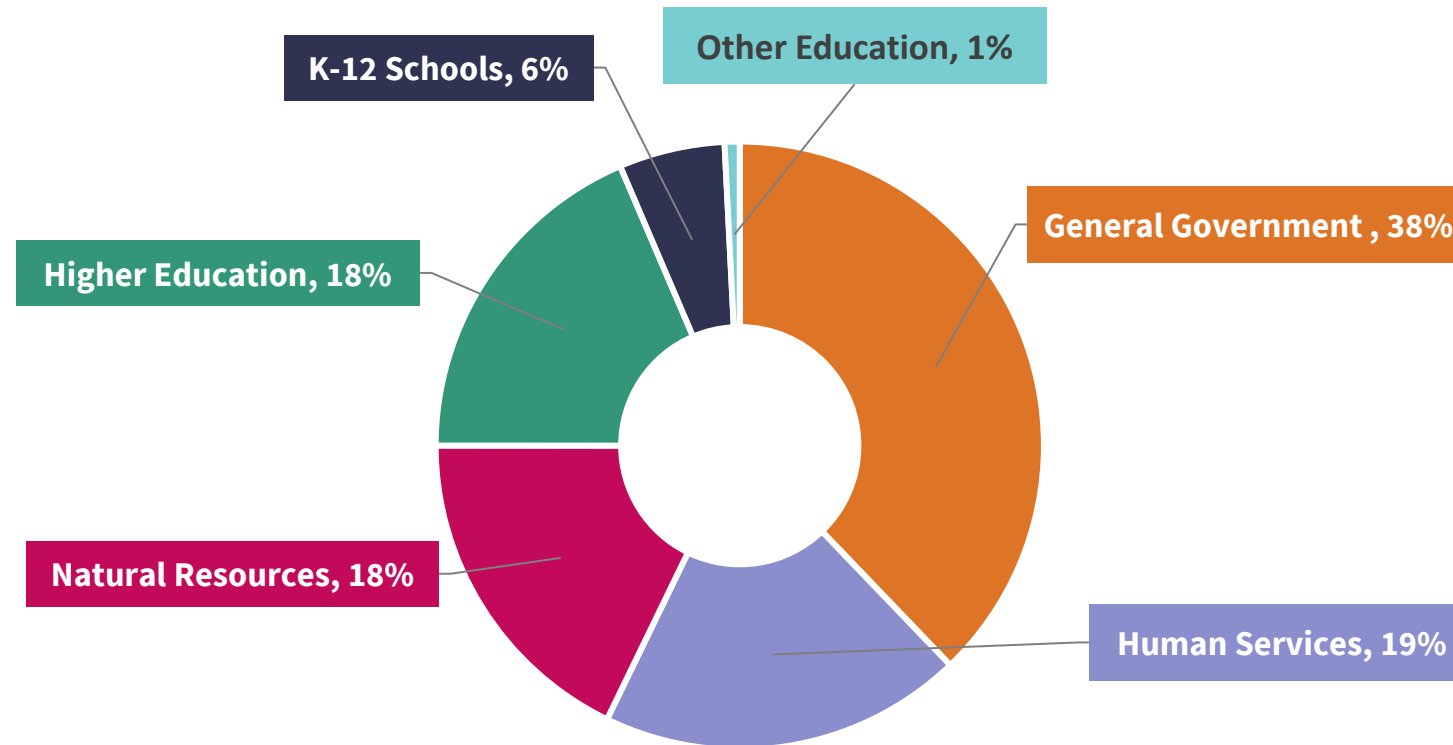
Dollars in millions



**Future amounts are estimated*

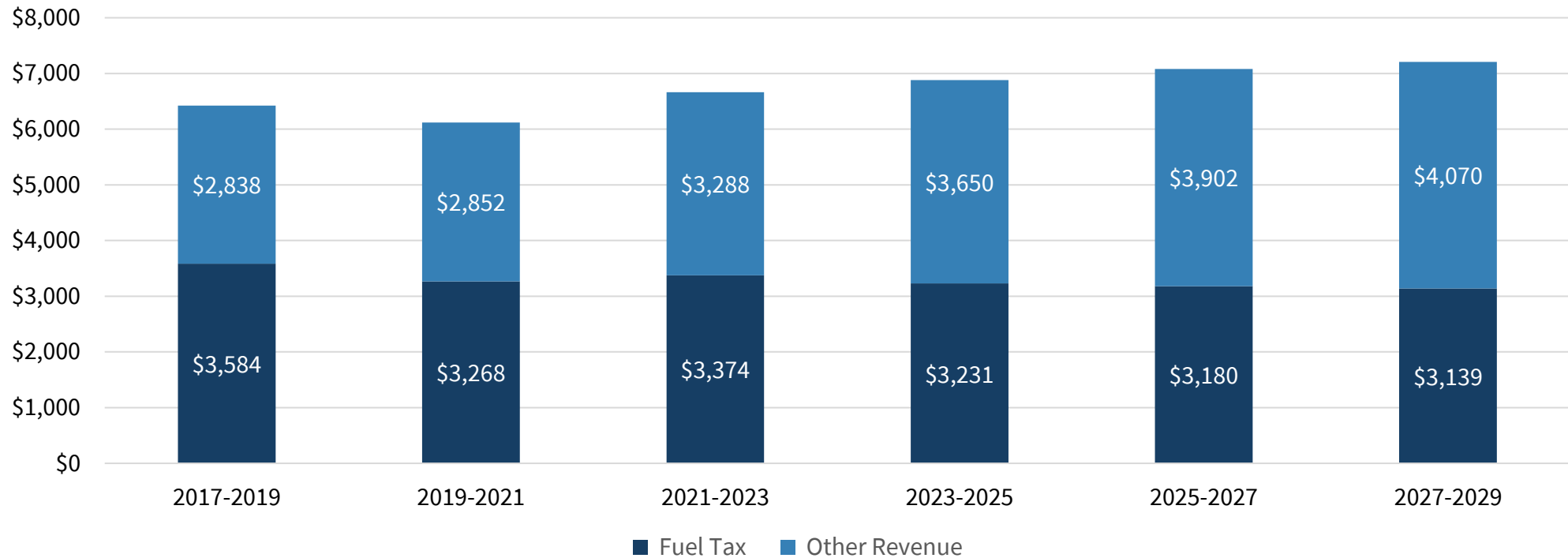
Capital budget bonds – current spending

2023-25 Capital Bond Spending \$4.8 billion



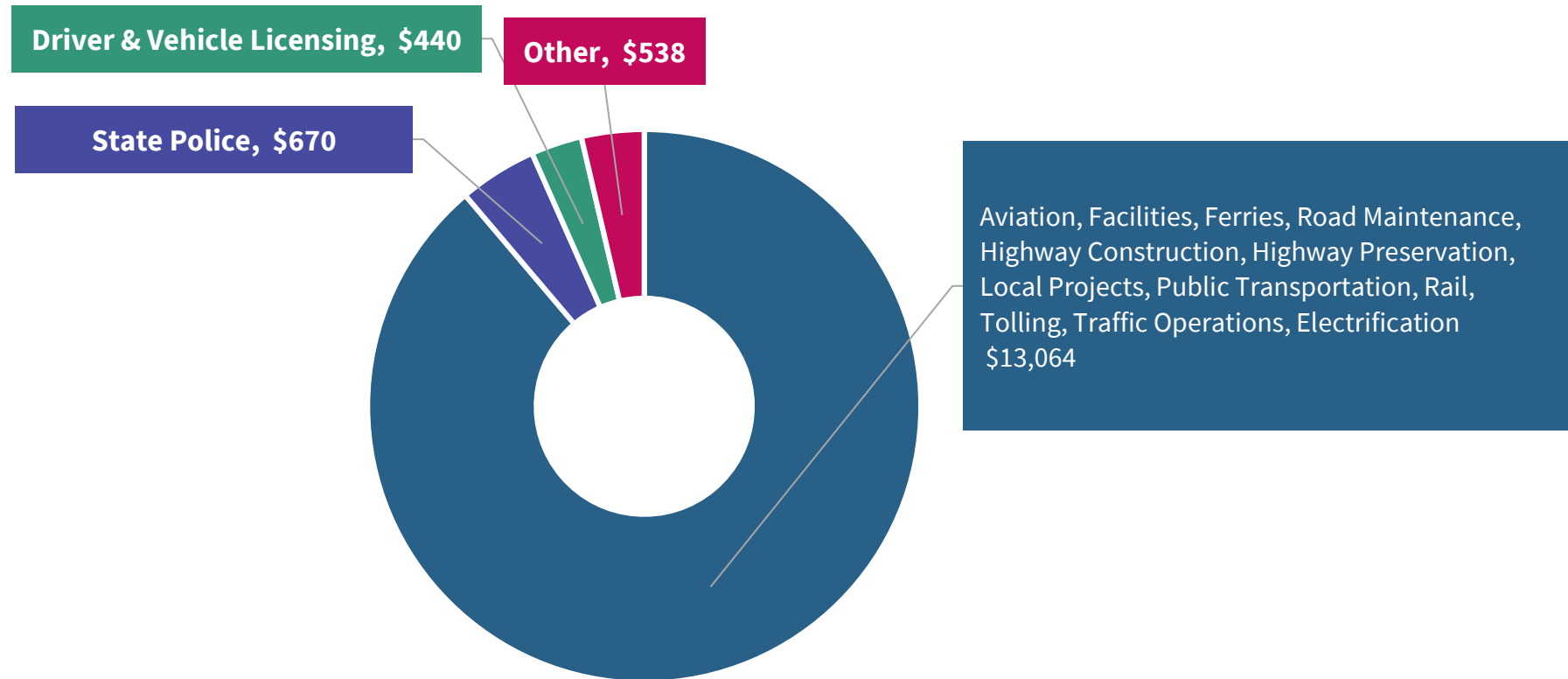
Transportation budget — resources

Dollars in millions



Transportation budget – current spending

All funds – dollars in millions



Questions?

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