

BPAG: Governor's Budget Update

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January 9, 2025



Washington
Department of
**FISH &
WILDLIFE**



Introductions

Outline

- Operating Budget Outlook
- Problem Statement
- Ending the current biennium
- Strategy Moving Forward
- Capital Budget



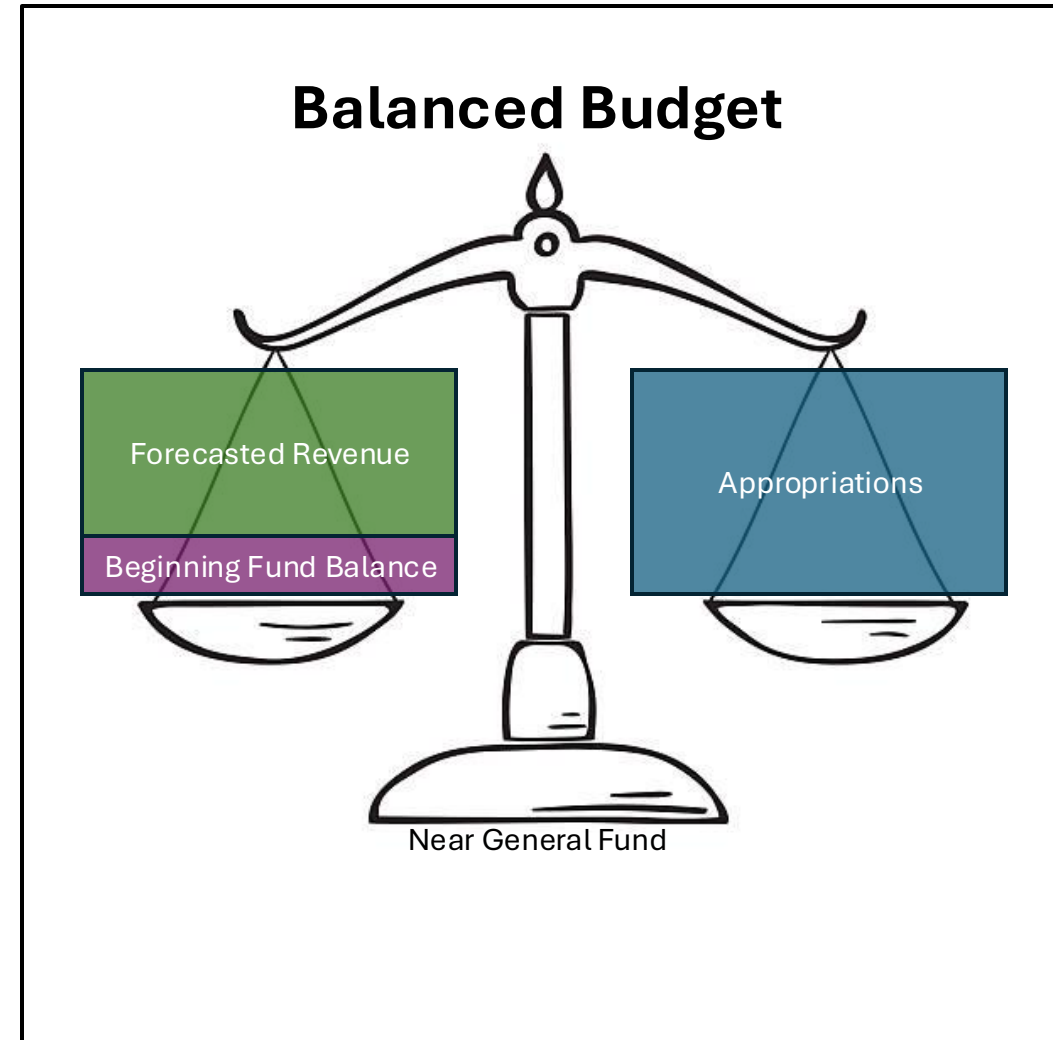
Operating Budget Outlook and Problem Statement

Why?

- The budget for 2025-27 is bad for WDFW
- Communication around the severity has been unclear
- The following slides will demonstrate the severity

WA's Budget Outlook

- The Governor and the Legislature must propose a “balanced budget”
 - Near General Fund
 - Over four years, immediate and ensuing biennia
 - $[Beginning\ Fund\ Balance] + [Forecasted\ Revenue] - [Appropriations] = \text{Balanced Budget}$



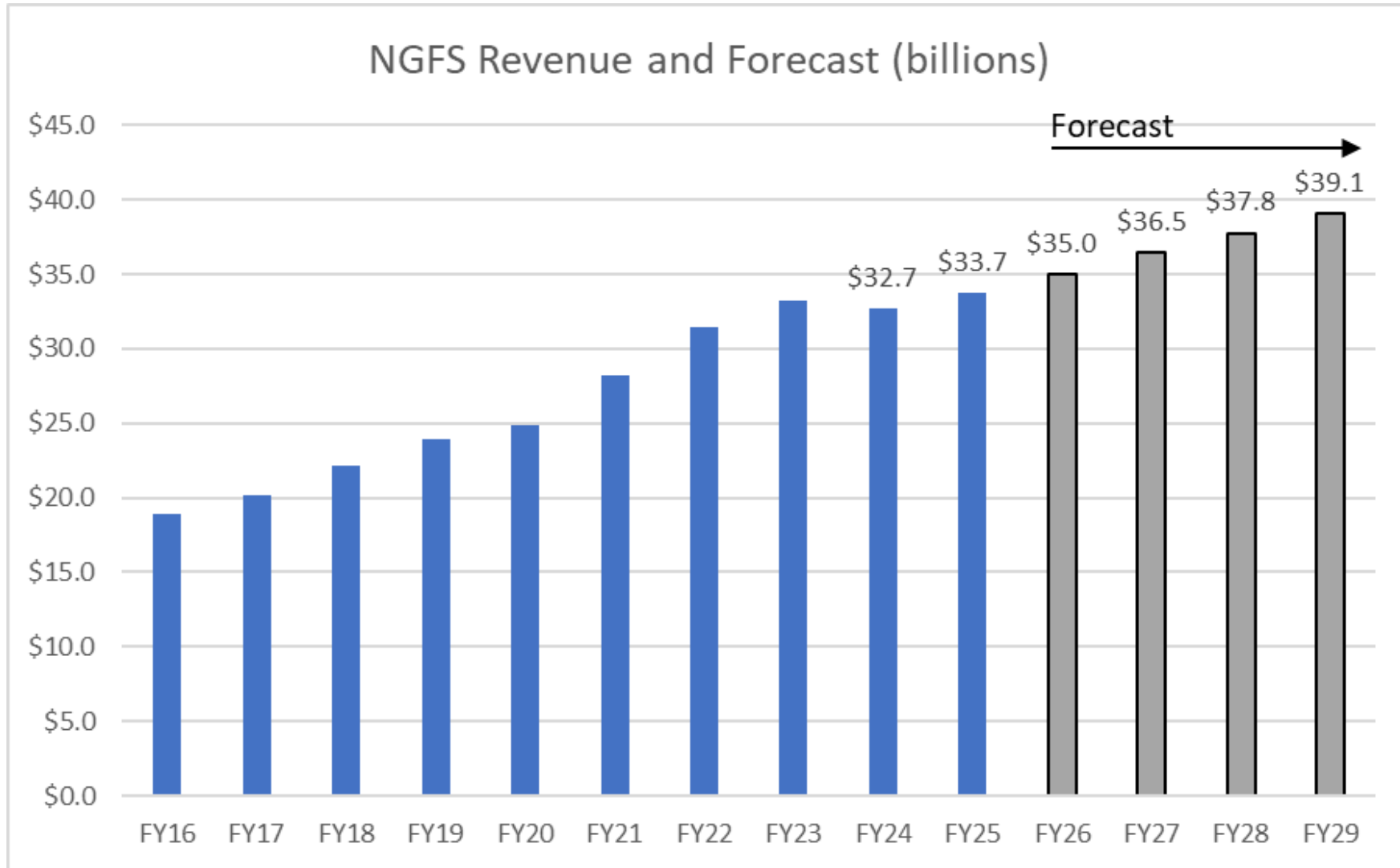
Problem Statement

- Washington State faces a >\$10 billion shortfall over the next four years
- Because:
 - Revenue growth has slowed
 - Caseloads and inflationary costs have gone up
- To balance the budget:
 - Revenue must increase (taxes); and/or
 - Costs must decrease (cuts)

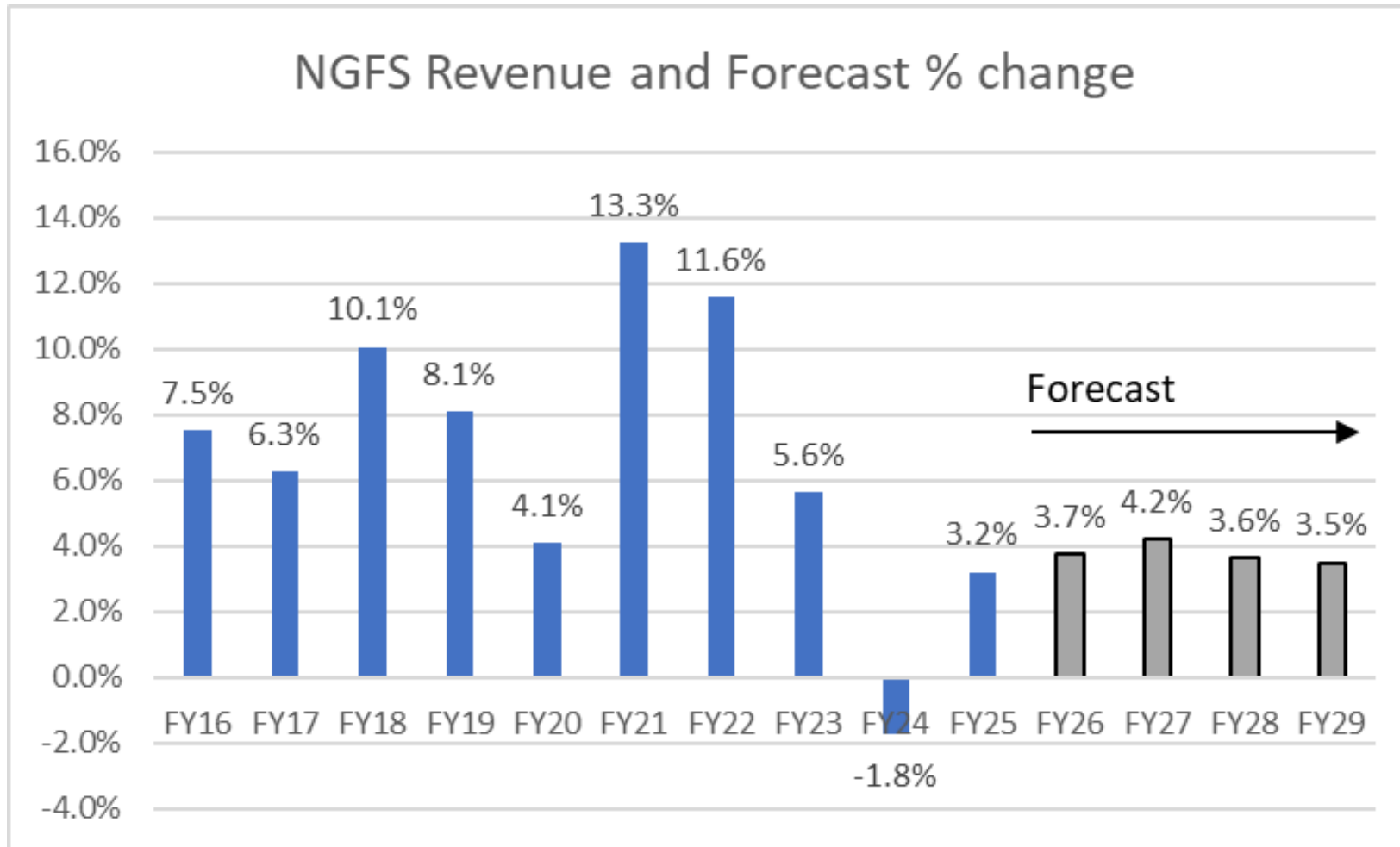
WA Revenue:

- Washington's economy is still strong
 - There is no economic downturn
 - There is no recession
- The revenue forecast over the next four years is down \$1B from the prior forecast
 - February 2024 Forecast (enacted budget) vs November 2024 Forecast
 - A tenth of the shortfall
- Revenue is increasing, just less quickly than recent history

WA Revenue:



WA Revenue:

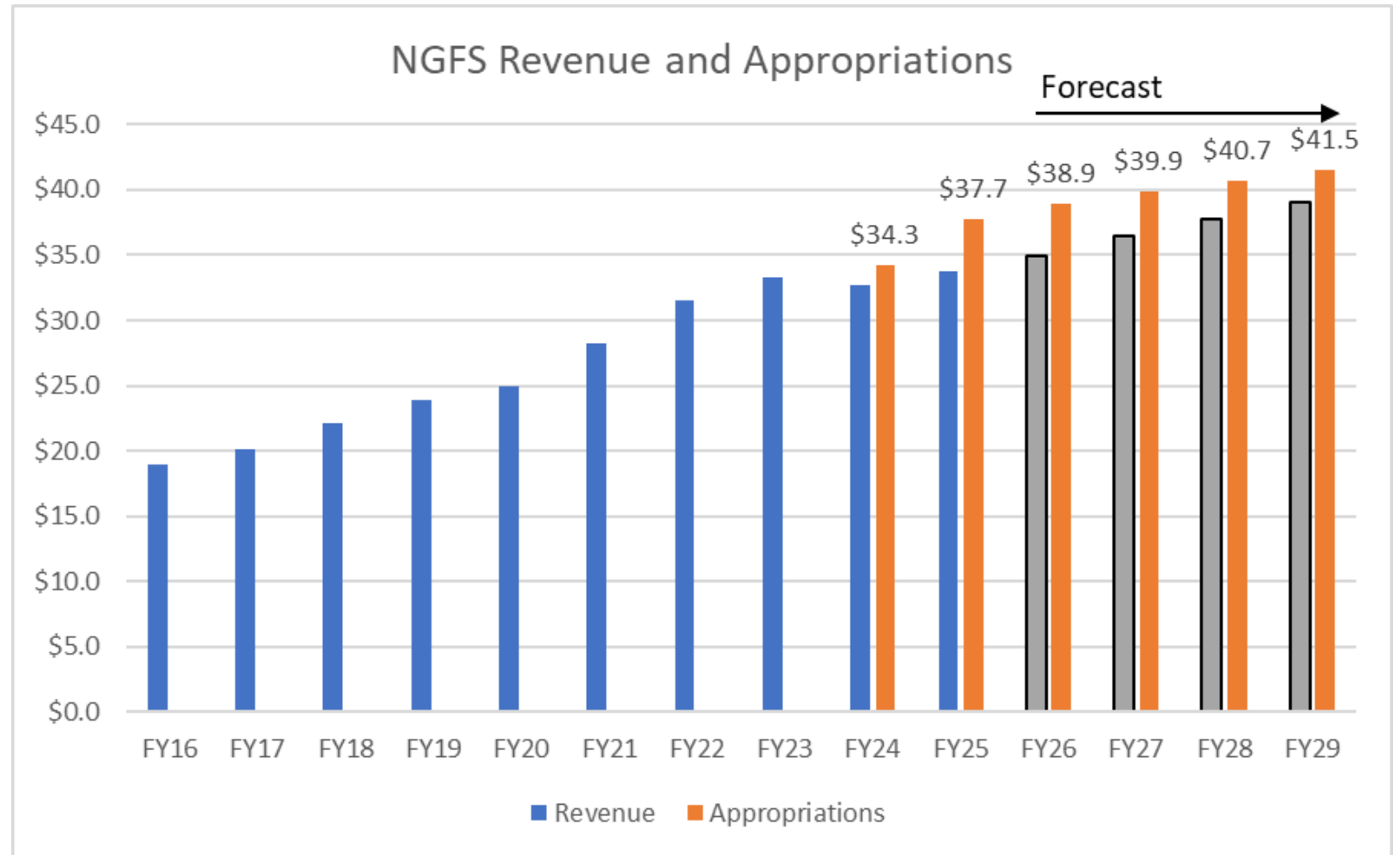


WA Appropriations:

- The Legislature appropriates funds for agencies
- After agencies submitted their “maintenance level” budget requests, and
- After paying for the Governor negotiated tentative Collective Bargaining Agreements
- Appropriations exceed revenue

WA Appropriations and Revenue:

- These appropriations are from the Governor's proposed 2025-27 budget.
- It also incorporates proposed cuts and unfunded items.



Balancing the Budget

- Appropriations exceed revenue
- To balance the budget, the Governor's proposed budget:
 - Increases revenue:
 - Wealth Tax: \$10B over 4 years
 - B&O Tax: \$3B over 4 years
 - Decreases costs:
 - Onetime and ongoing cuts
 - Underfunds maintenance level

Takeaway

- The Governor's proposed 2025-27 BN budget is dire
- Whether a wealth tax is good policy or not, there is no state that has implemented a wealth tax
- Under current law, revenue is not decreasing
- Despite lofty revenue proposals, Washington will still experience cuts and underfunding in current work



WDFW's Impact

Current Law (Book 1), status quo Revenue

- If there is no increase in revenue, the Governor's 2025-27 proposal represents an ~\$80M shortfall for the budget:
 - Maintenance level is not funded
 - “Onetime to ongoing” packages are not funded
 - Additional one-time and ongoing cuts
- Details for this version of the budget are sparse. It is unlikely WDFW will experience this level of shortfall

New Law (Book 2), New Proposed Revenue

- Even if the taxes pass WDFW will still have a problem of \$28M:
 - \$9M: Underfunded Maintenance Level
 - \$8M: Onetime to ongoing underfunding
 - \$11M: Cuts
- Of note:
 - Both versions of the budget have cuts in Lands Maintenance, Forest Health, and Biodiversity
 - The Department's fee and license-based Fund 24N: Fish, Wildlife, and Conservation Account is further exasperated ongoing due to compensation

Ending the 2023-25 BN, 2025 Supplemental

- Governor's Budget introduces a \$3.7M reduction to 24N
 - Because of the impacts of Collective Bargaining, this reduction is to balance us in 2025-27
- WDFW anticipates little issue finishing the biennium even with this reduction
 - Hiring and Purchasing Freeze
 - Measures put into place after early signals of budget problems



Proposed 2025 Session Budget Strategy

Defensive Strategy

Our new things we asked for ARE important, but the budget is bad

It is our assumption that new General Fund – State funded items will result in cuts to existing work.

Updated strategy

Just Safety for new work, everything else is defensive

Defensive Strategy

Safety Package

This is the only ask for new dollars. It will be reduced to account for changes since September.

Biodiversity

Fight cuts to existing funding, do not ask for additional funds

Defensive Strategy

Onetime to Ongoing Policy Level Packages:

Fight to maintain funding.

It is likely that if these are funded, we will receive one-time funding for these again. Hopefully, we will be able ask for ongoing funding and move these out of risk in the future.

Defensive Strategy

All other policy level requests:

We will not be requesting funds and will be cautious working with partners on new funding requests because new funding likely just results in deeper cuts in core work



Capital Budget

Capital Budget

- Capital budget doesn't have the same problem statement
 - Operating Budget is an incremental and therefore ongoing budget
 - Capital is project based and inherently limited in duration
- Capital budget proposal is at or above current level of new appropriations



Questions?