

# State Budgeting 101

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Washington State  
Budgets;  
Transportation,  
Operating, Capital

# Transportation Budget (aka the best budget)

**2025-2027 Appropriations: \$15.6 billion**

- Includes WSDOT operating and capital (\$12 billion), other agencies (WSP, DOL, CRAB, TIB, FMSIB, etc)
- Supported by gas tax, licenses and fees, CCA revenues and tolls and ferry fares (small).
- Pays for: transportation operating and capital costs; operating ferries; motor vehicle registration; and enforcing traffic laws on the state highway system.

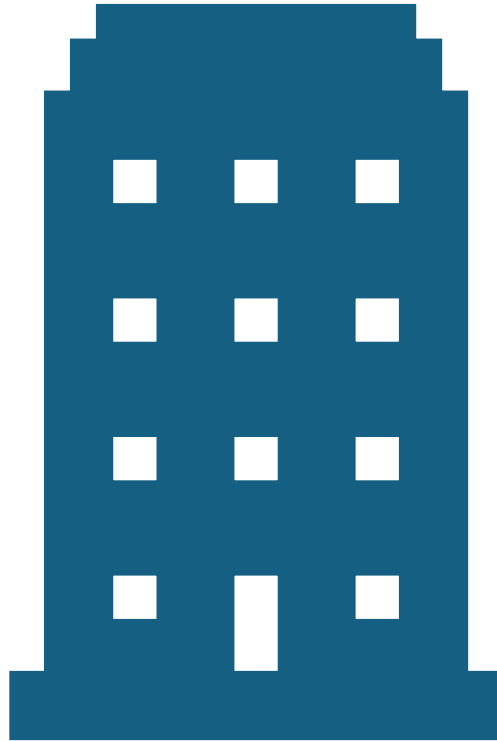


# Operating Budget

**2025-2027 Appropriations: \$77.8 billion**

Largely supported by sales, business and property taxes, this includes k-12 (state portion, nonlevy/local) and higher ed spending.

Pays for: day-to-day operating expenses of state government, including the expenses of state agencies, colleges and universities, public schools, and other state programs. The operating budget pays the principal and interest on bonds sold to finance the capital budget, state pensions, etc, from the General Fund.

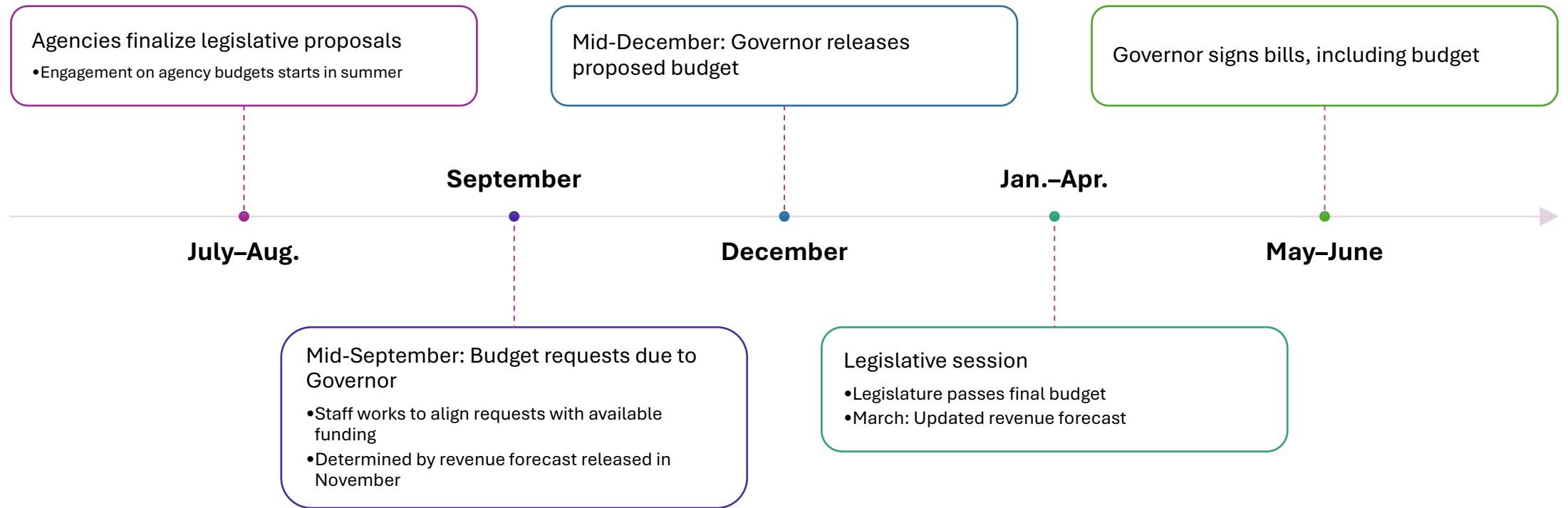


# Capital Budget

## **2025-2027 Appropriations: \$7.6 billion**

- Primarily funded through bonds and dedicated accounts.
- Pays for: the acquisition and maintenance of state buildings, public schools, higher education facilities, prisons, public lands, parks, and other capital facilities.
- The capital budget often includes re-appropriations for projects funded in a prior biennium but not fully completed within that timeframe.

# Agency Budget Timeline



# Legislative and Executive Role in Funding

**Governor proposes his budget in late December**

**Legislature often uses Gov budget as base (ML and PL)**

**Legislature appropriates most transportation funds**

WSDOT generally cannot move money between programs

**Legislature authorizes revenue sources, rates, uses and funds/accounts into which revenues will be deposited.**

Some funds/accounts are dedicated to specific uses

For example, Puget Sound Ferry Operations Account can't fund rail

**Governor signs/vetoes sections of the budget (can't veto single words, generally)**

# Spotlight: Multimodal Account (this helps fund TDM for us!)

## What does it fund:

- Transportation Demand Management (TDM)
- Vanpool
- Special Needs Transportation
- Regional Mobility

## Where does the money come from:

- Licenses, permits, and fees (motor vehicle excise tax)
- Rental car tax
- Sales tax on new and used cars

# “Gas Tax” Expenditures Are Restricted to Highway Purposes

18<sup>th</sup> Amendment dedicates fuel tax & motor vehicle license fees "exclusively for highway purposes".

Highway purposes include highway construction, operations & maintenance, policing the highways, & auto ferries (but generally not public transportation).

Tolls have not been declared by the courts as an "18th Amendment protected" revenue source.

# Federal Funding

## Federal transportation law:

- Determines the rates of federal transportation taxes and fees
- Sets the distribution of federal funds among states and local agencies
- Creates programs (e.g., for highways, transit, ferries, research, aviation) and defines eligibility and criteria for grants

# Fed Funds- distribution

Federal transportation funds are distributed back to states through formula programs and grants.

WSDOT administers all federal highway transportation funds, subject to federal and state criteria, including funds that go to local agencies.

WSDOT acts as a fiscal agent for the federal government, ensuring that local agencies comply with the multitude of federal transportation and environmental laws and regulations.

# Miscellaneous

Appropriation sections in budget bills are not codified (i.e., are not in RCW). Language in budget bills lapses at the end of the biennium. Codified law may be amended through an appropriations bill, provided the full section is set forth and the amendment relates to fiscal matters.

Expenditure authority of agencies is limited by appropriation levels and proviso language included in budget legislation. (they can't transfer or do other things)

Bills other than budget bills may also contain appropriations.

Budgets and bills necessary to implement the budget (NTIB) during the legislative session are exempt from the normal cutoff dates, as outlined each year in the House and Senate session cutoff calendars. (this is why I don't believe in the cutoff calendar)

Let's look at the budget together!

<https://fiscal.wa.gov/statebudgets/2025proposals/ht2527bien>



Super fun  
resources/reading:

[Fiscal.wa.gov](https://www.fiscal.wa.gov)

[OFM Fund Reference Manual](#)

[Transportation Revenue Forecast](#)

[JTC Transportation Resource manual](#)