

Transportation Budget Update

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Good afternoon.

I want to share some information with you about the House and Senate transportation budgets, which were recently released.

The House and Senate budgets both provide approximately \$7 billion in appropriation authority for the 2011-13 biennium. Although the House and Senate budgets have many similarities, they are different enough that the legislative transportation leadership will need to work together to craft a compromise budget. Once they resolve their differences, both chambers will need to adopt the compromise, and then it will go to the Governor for her enactment.

Both budgets are similar to the Governor's budget, with the biggest difference being how they address Washington State Ferries. There are differences to work out in ferry fares and, generally, the legislative budgets assume fewer service reductions than the Governor's budget. With less operational savings, both legislative budgets continue to require substantial operating transfers from other transportation accounts.

Here is a high-level summary of issues that may be of interest to you, particularly as they relate to compensation and staffing levels. Please remember that legislative budget deliberations can be a very fluid process, so any or all of these issues could change during negotiations.

- FTE reduction targets – Both House and Senate budgets include language that specifies FTE reduction targets that accompany the reduction in construction as Nickel and TPA projects move towards completion. These targets require WSDOT to reduce its technical and engineering workforce for highway construction by 800 FTEs by June 30, 2015, along with additional administrative cuts. As you know [from my earlier message to you](#), our leadership teams have been working on this issue for several months. We are continuing on this process to accomplish these workforce adjustments thoughtfully and in a way that respects and honors our employees.
- Retirement and separation incentives – The House proposal approves extension of [WSDOT's retirement and separation program](#). The Senate proposal also appears to support the continuation of the program as a tool to achieve our FTE reduction targets.
- Compensation – As first proposed by the Governor, the House transportation proposal includes a 3 percent salary reduction (effective July 1, 2011, through June 30, 2013). In exchange, employees will receive an additional 5.2 hours of paid leave per month. The Senate proposal indicates that their compensation adjustments are placeholder amounts. These amounts will be further defined and adjusted to align with compensation policies in the Senate's budget for General Fund agencies. We will continue to review the operating budget proposals for impacts to WSDOT.

Discussions will take place between the House, Senate and Governor's Office in the next few weeks to iron out major differences. We are working closely with the Governor and the Office of Financial Management.

I will keep you informed as more information becomes available regarding the compromise budget or the General Fund operating budget proposals.

Meanwhile, I want you to know that we are monitoring the congressional debate in Washington, D.C., over federal funding and whether or not there will be a federal government shutdown. Presuming any potential shutdown would be just a few days or, more unlikely, a few weeks, our department would continue business as usual.