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RESOURCES

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MEMORANDUM

December 27, 2024

TO: TFW Policy

FROM: Lori Clark, Adaptive Management Program Administrator (AMPA)
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SUBJECT: FY2026-2027 Master Project Schedule (MPS) & Potential Adaptive Management Program (AMP) Budget Shortfall

The Board approved the FY2025-2027 MPS, with the understanding that the Department of Natural Resources (DNR) would submit a legislative budget request of \$3.8 million of additional funds for the Adaptive Management Program (AMP). The \$19.9 million program budget would provide ongoing funding of the AMP, ensuring continuity of its functions as mandated by existing laws and rules, and to meet the expectations of key stakeholders and Washington State residents. The Board approved two MPS scenarios developed collaboratively by the TFW Policy Budget Workgroup and the AMPA utilizing the Contingency Plan to give the AMPA and TFW Policy the flexibility to be responsive to the level of appropriations from the legislature:

- Scenario 1. \$19,664,532: This scenario supports the priorities of the AMP consistent with the 2025-2027 CMER Work Plan.
- Scenario 2. \$16,090,874: This scenario represents a balanced MPS with base-level of funding (\$3.7 million proviso GF-S + current level of appropriation from FFSA) from the legislature. It implements the 2024 TFW Policy Contingency Plan, which outlines sequential cost-cutting measure to adjust the MPS based on varying levels of legislative appropriation.

The additional AMP funding request was not accommodated in Governor Inslee's [proposed operating budget](#) for the 25-27 biennium. The General Fund-State (GF-S) proviso sustaining the program has been replaced with an FFSA proviso, contingent on the passage of House/Senate Bill Z-0258.1/25, which proposes an increase in the Business and Occupation Tax surcharge on timber and wood products. If this bill is enacted, the AMP is projected to receive \$14,823,000 in FFSA appropriations. As compared to Scenario 1 MPS (\$19.9 million), the program may face a budget shortfall ranging **from \$1.1 million to \$3.9 million**. Budget uncertainty and potential shortfall poses significant challenges to AMP priorities and ongoing projects. A larger budget shortfall will have significant implications for AMP priority and ongoing projects.

The proposed operating budget is expected to change during the legislative session. We would not know AMP funding levels until later in the legislative session. Governor Inslee's proposed budget is an early indication of a potential budget shortfall for the AMP. The TFW Policy Budget Workgroup will need to convene to reassess the Contingency Plan, make further budget adjustments accounting for emerging scenarios, and propose a revised MPS for TFW Policy's consideration.