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Jan Gee, President
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Dear 

Today, I released my proposed budget for 2011–13. Nobody has witnessed a recession of this magnitude and length. Those who faced the depression will understand that the choices we face are tough. I know that our better days are ahead of us — that we will emerge stronger, more efficient and effective and more compassionate.

We have a significant challenge in closing a \$4.6 billion shortfall when we've already cut deep over the past three years. We have slashed state spending by \$5.1 billion. We shrank the state work force by 8,200 people, instituted pay cuts through temporary layoff days, froze travel and cut purchasing. Yet we must still do more. The choices I faced in writing this budget were some of the toughest I've ever tackled. Quite simply, there are no good options.

In this budget we eliminate and consolidate agencies and programs, cut jobs and further reduce services to our citizens. In any other time I would not sign this budget. But this is not any other time. It's a time that requires choices that can protect only our most core services while laying a new foundation for a 21st century government. By necessity, state government will be smaller. With less, and fewer people to do it, we will do less.

Yet we must not only cut, like you we must restructure, modernize, prioritize and position our state as a 21st century leader. It's not just about this crisis — it's about setting our state on a trajectory that ensures a strong financial foundation for our kids and grandkids. To do that, I've proposed significant pension reform that will save \$425 million in the next biennium, \$2 billion over the next two biennia, and \$11 billion over the next 25 years. I've proposed changes in health care that could save the entire state — taxpayers, employers, families — up to \$26 billion over the next 10 years. The savings are needed to provide much-needed funding for our essential services. I'm proposing to reduce the footprint of state government by continuing the consolidation of natural resources agencies and centralizing government administrative services.

Even with the difficult choices we've faced, in my proposed budget I have preserved state investments in programs that will produce jobs. For example:



- Over the next two years, transportation construction projects will create or sustain about 27,000 jobs per year. We are nearing the edge of a funding precipice, however. Most of the projects underway were funded by tax packages passed in 2003 and 2005. They will be completed in the next two years, and we have no funding on the horizon for new projects.
- My proposed \$2.1 billion capital budget is estimated to support additional construction-related jobs. This crucial funding will both put people to work and create facilities and infrastructure to propel Washington along the long road to economic prosperity.
- I propose to substantially preserve funding for hands-on services to businesses considering locating in Washington.

We know that a world-class education system is the key to a student's success in life and the engine that drives the state's economy. Although resources are limited, I am investing in education – pre-K through higher education to ensure our businesses have the skilled workforce they need to keep us at the top of our game and on top of the list of innovative places to do business. Given our state's financial situation, it is not possible to spare education from significant reductions. In K-12 education, basic education funding is preserved. While we are forced to cut early learning slots for three year olds, we add slots for four year olds to give them the academic boost they need to enter kindergarten.

Although my budget reduces state support for public colleges and universities, I propose to authorize an increase in tuition to maintain the quality of our institutions without reducing access to students. The State Need Grant program, available to needy students, will be increased to match higher tuition rates. And I am proposing financial incentives, for example, to encourage institutions to improve degree completion rates, reduce the average time it takes to earn a degree, and increase the number of students completing first-year college math.

The bottom line is that the budget reductions we are facing will impact people. The safety net will be stretched thin in some places and eliminated entirely in other places. For the functions that government no longer will provide, we must turn to neighbors, businesses, private charities, faith-based organizations and other local programs. Our communities, more than ever, will be asked to step up.

I have struggled to craft a budget that is both balanced and consistent with my values. Some of the cuts I am proposing are in direct conflict with what I care about most, but I was simply unable to find alternatives. In the end I did my best, using both my heart and my head, to maintain the most critical government functions and to make sure that every dollar we spend provides real value to our citizens. We will do what we have to do to get through these rough times and we will lay the foundation for a future that will once again reflect the values of Washingtonians. We have a difficult job to do, but I believe we can do it.

Sincerely,

Chris

Christine O. Gregoire
Governor

Tough budget!