



EVERGREEN FREEDOM FOUNDATION

March 25, 2009

HAND DELIVERED

The Honorable Chris Gregoire  
Office of the Governor  
Legislative Building  
Olympia, WA 98504

MAR 25 2009

OFFICE OF THE GOVERNOR

Dear Governor Gregoire,

The Economic Forecast (<http://www.ercf.wa.gov/pubs/rev0309.pdf>) released on Thursday, March 19, 2009, estimates a negative June 30, 2009, general fund balance of \$48,700,000.

Under the Budget & Accounting Act [RCW 43.88.110 (8)] you are required to order across-the-board cuts to balance the budget. "If at any time during the fiscal period the governor projects a cash deficit in a particular fund or account as defined by RCW 43.88.050, the governor shall make across-the-board reductions in allotments for that particular fund or account so as to prevent a cash deficit, unless the legislature has directed the liquidation of the cash deficit over one or more fiscal periods."

RCW 43.88.050 defines cash deficit as follows: "Cash deficit of the current fiscal period is defined for purposes of this chapter as the amount by which the aggregate of disbursements charged to a fund will exceed the aggregate of estimated receipts credited to such fund in the current fiscal period, less the extent to which such deficit may have been provided for from available beginning cash surplus."

Office of Financial Management Director Victor Moore has stated publicly that the state may solve the June 30 deficit using a combination of federal funds and the budget stabilization account. The RCW does not permit these actions; under the law you are required to make across-the-board cuts.

Further, given that future revenue forecasts may also show a reduction in revenues, which you have acknowledged, the use of rainy day funds to balance the budget is unwise.

**Recommendations**

1. Issue an executive order for across-the-board cuts to reduce state spending by at least \$50 million effective April 1, 2009, unless the legislature passes an alternative prior to that date.
2. Submit a proposal to the legislature to permanently reduce spending by at least \$300 million between now and June 30 (via the Priorities of Government process). Such spending reductions would save at least \$2.4 billion in the next biennium. If the legislature does not pass this legislation by April 1, your across-the-board cuts would take effect.

Please contact me if I may be of any assistance.

Cordially,

Bob Williams, Founder & Senior Fellow

cc: Victor Moore  
The Honorable Rob McKenna, Attorney General  
Members of 2009 Legislature

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