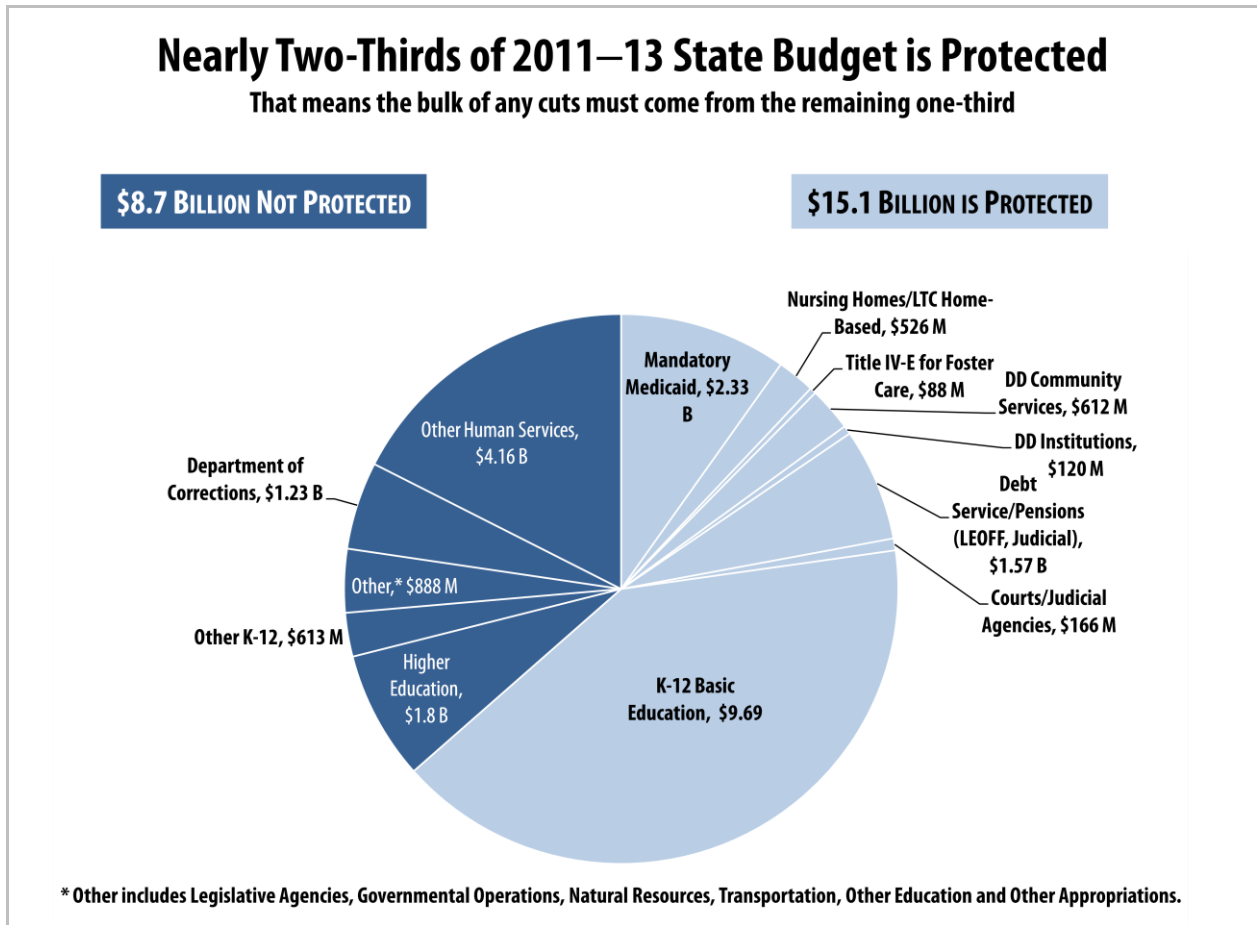




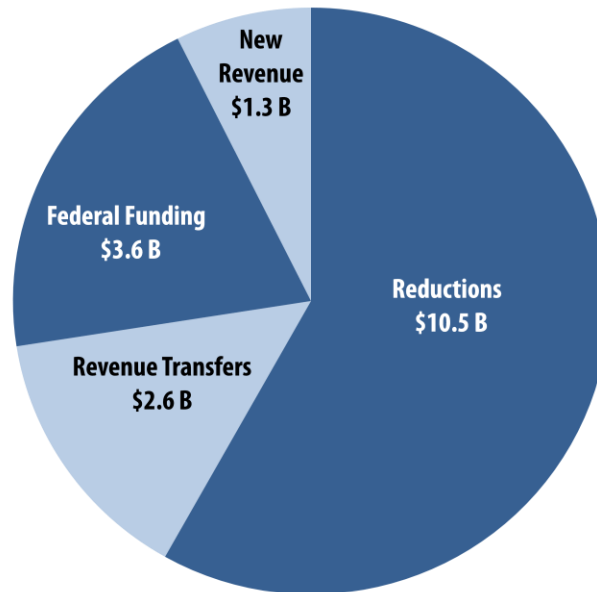
As Revenue Declines, Our Budget Alternatives Become More Limited

The September revenue forecast for Washington state government shrank projected General Fund revenue for the current biennium by more than \$1.4 billion. To leave a reserve, we estimate that a total of \$2 billion in cuts is needed.

About two-thirds of General Fund-State spending is protected by constitutional, legal or contractual obligations. Thus the bulk of any cutting must be made to the other one-third of the budget. Cutting as much as \$2 billion from the unprotected portion of the budget would result in cuts of more than 20 percent to those programs and services.



Since the start of the Great Recession, Gov. Gregoire and the Legislature have addressed \$18 billion in budget shortfalls. The largest share of that solution — nearly \$10.5 billion — has been reductions to current and projected spending.



**FY 2009–13 Budget Solution = \$18 Billion
General Fund-State**

OFFICE OF FINANCIAL MANAGEMENT

October 2011

Since the Start of the Great Recession . . .

State revenue forecasts have dropped by more than \$7.5 billion and real per capita state revenue collections have plummeted to the lowest levels since the mid-1990s. To reconcile declining revenue in the face of increasing demands:

- ✓ We have cut nearly \$10.5 billion from existing and projected spending. These reductions have put more pressure on the state's safety net and forced all of government to do more with less.
- ✓ We have launched major reforms that rein in long-term cost drivers, boost government efficiency and help speed our state's economic recovery. For example, we:
 - Adopted pension reforms that will save \$7.6 billion over the next 25 years.
 - Merged all or parts of five agencies to create the Department of Enterprise Services.
 - Adopted reforms that save \$1.1 billion in workers' compensation costs over four years.

Getting ahead of the crisis

State agencies submitted options for 5 and 10 percent cuts in General Fund spending last month, in answer to direction from Governor Gregoire. The Governor announced that she will call a special session of the Legislature to address the budget shortfall.

What's next?

Week of Oct. 24 – Governor delivers budget alternatives to Legislature

Nov. 17 – Revenue forecast

Week of Nov. 21 – Governor releases 2012 supplemental budget proposal

Nov. 28 – Special session of the Legislature convenes