**From:** Governor Christine Gregoire [mailto:Governor.ChristineGregoire@GOVERNOR.WA.GOV]   
**Sent:** Thursday, September 15, 2011 11:29 AM  
**To:** ALL-STATE-EMPLOYEES@LISTSERV.WA.GOV  
**Subject:** Today's Revenue Forecast

Dear Colleague:

For years, state revenue forecasts were standard events — the state economist presented an outlook, the outlook was approved and the state went on about its business. Few paid attention.

Now, three years into this recession, after five consecutively negative forecasts (including today’s) and after cutting more than $10 billion in three years, our forecasts have much greater consequence.

With today’s news, the state budget is $1.4 billion short. Let me be clear — this is not due to something state government has or hasn’t done, or to excessive salaries or to fraud, waste and abuse.  This crisis, which began on Wall Street, has manifested in much the same way in nearly every state across the country.  We were just emerging from the recession when Congress’ failure to reach a debt deal in a timely way and the economic crisis in Europe shook consumer confidence and sent tax receipts plummeting.

Every step of the way we’ve taken swift but deliberate action to stay ahead of catastrophe.  We’ve slashed our budgets and eliminated entire programs.  As a consequence, every sector of state government has seen layoffs.  No one knows this story better than you.

And we did more.  We addressed such business climate issues as unemployment insurance and worker’s compensation, where the largest reforms in a century were made.  We streamlined and modernized state government, instituted new efficiencies and consolidated agencies.  We’ve tackled the crisis head on with the tools available to us and with no new taxes.

We now face another challenge.  At the first signs of economic uncertainty last month, I asked agencies to prepare for additional cuts of 5 and 10 percent.  Today’s forecast makes it clear that deep reductions will be needed.  In a statement to the public today, I reiterated that these reductions will risk the educational future of our children, compromise public safety and affect the most vulnerable.

I’ve been engaged with legislative leadership during the past two weeks and made it clear that across-the-board cuts are not an option — we need a better way.  We must keep all options on the table and continue to work together in these unprecedented times.

Another forecast is due in November and news then may also be bad.  But one thing is certain: We can’t wait until session begins in January to take action.  We must continue to stay ahead of this crisis and I will work with the Legislature and agency directors to do so.

I know what more uncertainty means to our state work force.  I know the impact that the drumbeat of bad news has.  I thank you for your doing your jobs under very trying circumstances.  History will reflect the hard work and courage it took to overcome the worst economic crisis in 80 years.

I pledge to continue to keep you informed and have asked agency directors to do the same as we know more.

Sincerely,

Chris

[*I welcome your feedback and appreciate your ideas.*](https://mail.shoreline.edu/owa/redir.aspx?C=b7c377dee04a418aa0d60af4b1138eec&URL=http%3a%2f%2fwww.governor.wa.gov%2fcontact%2fdefault.asp)