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Governor



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December 15, 2010

Dear Presidents:

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 21<sup>st</sup> 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, we must restructure, modernize, prioritize and position our state as a 21<sup>st</sup> 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. I'm proposing to reduce the footprint of state government by continuing the consolidation of natural resources agencies and centralizing government administrative services.

I am committed to transforming the state budget and transforming the way in which the state works for Washingtonians. The steps I am proposing will radically alter the landscape of state government. Legislators have a big challenge before them, but together we will do what is necessary to not just get through this recession, but transform our state government.

The impacts of budget reductions will be felt in higher education. We know that our world class higher education system is the key to a student's success in life and the engine that drives the



state's economy. Students with professional or technical certificates or degrees earn more over their lifetimes and report that they work in more fulfilling jobs. If we are to maintain a high-quality postsecondary education system in these times, we face two unpalatable choices: We can either ask students and families to contribute more, or we can radically cut the system. Higher tuition hurts family budgets, but coupled with financial aid increases, it preserves a quality, accessible system. Cutting budgets and freezing tuition would mean our colleges and universities would have to turn students away and lower the quality of education. Therefore, 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.

I have built in performance incentives throughout the higher education system. 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. I have provided funding to continue the highly successful Student Achievement Initiative in the community college system and to create a Baccalaureate Student Achievement Initiative for our four-year colleges and universities.

In this budget, I've tried to show that my priorities look to the future. I value higher education. My budget reflects this value. ALL of your voices are needed to maintain and grow support for higher education in the coming months and years.

We will do what we have to do to get through these rough times. 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,

A handwritten signature in cursive script that reads "Chris".

Christine O. Gregoire  
Governor