



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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October 7, 2008

TO: State Elected Officials
Agency Directors
Presidents of Higher Education Institutions
State Boards and Commissions

FROM: Victor A. Moore
Director

SUBJECT: ADDITIONAL BUDGET SAVINGS

Thank you for your efforts to save money through actions directed by Governor Gregoire on August 4, 2008, including a freeze on hiring, personal service contracts, equipment purchases, and out-of-state travel. As a result of your diligent attention to this request, we will save \$90 million this biennium, which will help us address declining revenue caused by the continuing national economic crisis.

Unfortunately, the national crisis continues, and with it a lack of consumer confidence and continuing decreases in revenue. On September 18, Governor Gregoire asked the Office of Financial Management to find an additional \$200 million in savings to offset revenue losses this biennium. She subsequently amended her request to \$240 million to provide an additional savings cushion in the face of more national economic bad news.

I have attached a list of steps we will be taking to achieve the savings asked for by the Governor. Also attached is a breakdown of where the cuts will be taken to realize the savings achieved by the freezes implemented in August and the across-the-board cuts mandated today. The cuts include all of state government, including higher education and separately elected officials.

The criteria we used to identify budget savings opportunities were to:

1. Identify other under-expenditures, premium adjustments, and efficiencies.
2. Use other funds in lieu of General Fund-State (GF-S) whenever practicable.
3. Pull back on new programs not yet fully implemented.
4. Look for opportunities to start immediately on program changes identified in the ongoing Priorities of Government deliberations for the 2009-11 budget.
5. Focus on revisions that can be achieved and justified as part of a supplemental budget.

Thank you again for all of your efforts to save the state money during these challenging economic times. Please feel free to contact me if you have any questions.