



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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July 1, 2009

TO: Agency Directors
Statewide Elected Officials
Presidents, Higher Education Institutions

FROM: Victor A. Moore
Director

SUBJECT: IMPLEMENTATION INSTRUCTIONS FOR GFS BUDGET SAVINGS

The June General Fund State (GFS) revenue forecast has resulted in a lower estimate of revenues for the 2009-11 Biennium. While there are some positive economic signs, the state's revenue situation warrants fiscal restraint beyond that assumed in the current budget.

On June 18, the Governor directed the following administrative actions by cabinet agencies:

- Full Time Equivalent (FTE) reductions equivalent to a 2 percent reduction in 2009-11 budgeted GFS FTEs.
- Continuation of specific GFS savings in out-of-state travel and training, personal services contracts, and equipment purchases.
- Spending restricted to only critically necessary activities.

She also has encouraged non-Cabinet agencies to impose similar measures.

The Governor's reductions are intended to create savings that mitigate the effect of the June revenue drop. OFM will continue to watch revenue collections and caseload/enrollment projections as we approach the September and November forecast updates for GFS revenues. Ongoing expenditure and revenue pressures will very likely require further action, including revisions in a 2010 supplemental budget. The reductions in this memo represent the first steps toward supplemental budget changes for expenditures funded by the GFS.

Hiring Cap for GFS FTEs

The hiring cap for GFS FTEs will be calculated at 98 percent of the OFM-approved 2009-11 allotment for GFS FTEs. Since allotments are not due before July 30, agencies may assume that the approximate number for planning purposes is 98 percent of the estimated GFS portion of 2009-11 FTEs in the legislative database. OFM has included preliminary FTE cap numbers as Attachment A of this memorandum. Final FTE targets will be compiled after all allotments are approved.

As always, OFM budget analysts will be reviewing allotments to ensure technical accuracy and consistency with legislative intent.

FTE savings may be achieved through staff reductions, furloughs, reduction of overtime, vacancies, or other measures that reduce the expenditure of FTEs, while recognizing the requirements of state and federal laws and collective bargaining agreements.

Additional Savings in Anticipation of the 2010 Supplemental Budget

Although the prohibition on salary and wage increases for exempt and Washington Management Service positions remains in effect until February 18, 2010, the other expenditure freeze provisions of Engrossed Substitute Senate Bill 5460 and House Bill 2328 formally expire on June 30, 2009. The Governor has instructed Cabinet agencies to continue to restrict GFS expenditures to only necessary functions and activities related to public safety and health, revenue generation, and statutory mandates. Agency directors are responsible for these implementation decisions.

The GFS dollar targets in Attachment B represent expected savings from the measures described in the Governor's June 18 memorandum, as well as additional reductions that agencies will need to plan for in a supplemental budget to mitigate the June revenue projection. It is recognized that these reductions might include proposals that require legislative authorization.

Submittals to OFM

To provide visibility for expected agency actions, we are asking that agencies provide a description of the actions they intend to take to comply with the FTE cap and other expenditure targets (in Attachments A and B). The narrative should clearly distinguish actions that can be achieved independently from those that require legislative revisions to the budget or to statute.

This explanation should be communicated as a memorandum to OFM, submitted at the same time as the agency's initial 2009-11 allotment.

Allotted amounts in the initial agency allotment for 2009-11 must reflect the legislative budget. OFM will be monitoring expenditures on the assumption that under-expenditures will occur as agencies implement the reductions directed by the Governor. Allotment adjustments may be required after evaluation of agency reduction options.

Thank you for your cooperation in these efforts. Please communicate questions to your assigned OFM budget analyst.

cc: Agency Budget Officers
OFM Budget Analysts

Preliminary 2009-11 GF-S FTE Reduction Caps

	Budgeted FTEs		FY 09 % of	Estimated GFS FTEs		Preliminary		FTE	
	All Funds		GFS/Related			98% GF-S Cap		Reduction	Amount
	FY10	FY11	FTEs	FY10	FY11	FY10	FY11	FY10	FY11
Governmental Operations									
Office of the Governor	55.6	55.6	100.0%	55.6	55.6	54.5	54.5	(1.1)	(1.1)
Office of Lieutenant Governor	6.9	6.9	100.0%	6.9	6.9	6.8	6.8	(0.1)	(0.1)
Public Disclosure Commission	23.5	23.5	100.0%	23.5	23.5	23.0	23.0	(0.5)	(0.5)
Office of the Secretary of State	345.4	343.6	53.9%	186.3	185.3	182.6	181.6	(3.7)	(3.7)
Governor's Office of Indian Affairs	2.5	2.5	100.0%	2.5	2.5	2.5	2.5	(0.0)	(0.0)
Asian Pacific American Affairs	2.0	2.0	100.0%	2.0	2.0	2.0	2.0	(0.0)	(0.0)
Office of State Auditor	323.0	325.0	2.4%	7.8	7.8	7.6	7.7	(0.2)	(0.2)
Commission on Salaries for Elected Officials	1.0	1.7	100.0%	1.0	1.7	1.0	1.7	(0.0)	(0.0)
Office of Attorney General	1,143.1	1,134.6	7.3%	82.9	82.3	81.3	80.7	(1.7)	(1.6)
Caseload Forecast Council	7.0	7.0	100.0%	7.0	7.0	6.9	6.9	(0.1)	(0.1)
Department of Commerce	316.1	318.0	60.2%	190.3	191.4	186.5	187.6	(3.8)	(3.8)
Economic and Revenue Forecast Council	5.2	5.2	100.0%	5.2	5.2	5.1	5.1	(0.1)	(0.1)
Office of Financial Management	324.9	335.0	57.4%	186.5	192.3	182.8	188.4	(3.7)	(3.8)
Commission on Hispanic Affairs	2.0	2.0	100.0%	2.0	2.0	2.0	2.0	(0.0)	(0.0)
African-American Affairs	2.0	2.0	100.0%	2.0	2.0	2.0	2.0	(0.0)	(0.0)
Department of Revenue	1,129.8	1,115.0	94.8%	1,071.1	1,057.1	1,067.7	1,053.7	(3.4)	(3.4)
Board of Tax Appeals	12.5	12.5	100.0%	12.5	12.5	12.3	12.3	(0.3)	(0.3)
Department of General Administration	646.4	643.5	0.4%	2.5	2.5	2.5	2.5	(0.1)	(0.1)
Department of Information Services	472.0	472.0	0.1%	0.4	0.4	0.4	0.4	(0.0)	(0.0)
Liquor Control Board	1,166.3	1,206.9	0.8%	8.9	9.2	8.7	9.0	(0.2)	(0.2)
Military Department	322.7	321.4	36.8%	118.8	118.4	116.5	116.0	(2.4)	(2.4)
Public Employment Relations Commission	44.0	43.8	66.0%	29.0	28.9	28.5	28.3	(0.6)	(0.6)
Archaeology and Historic Preservation	19.6	19.6	69.2%	13.6	13.6	13.3	13.3	(0.3)	(0.3)
Human Services Agencies									
Washington State Health Care Authority	277.0	291.8	51.8%	143.4	151.1	140.5	148.1	(2.9)	(3.0)
Human Rights Commission	41.2	42.1	65.4%	26.9	27.5	26.4	27.0	(0.5)	(0.6)
Department of Labor and Industries	2,742.2	2,745.9	4.9%	133.8	133.9	131.1	131.3	(2.7)	(2.7)
DSHS	18,555.5	18,568.5	45.9%	8,524.2	8,530.1	8,400.0	8,405.9	(124.1)	(124.3)
Home Care Quality Authority	4.0	4.0	100.0%	4.0	4.0	3.9	3.9	(0.1)	(0.1)
Department of Health	1,540.8	1,532.6	22.9%	353.2	351.3	346.2	344.3	(7.1)	(7.0)
Department of Veterans Affairs	681.7	686.9	21.1%	143.6	144.7	142.6	143.7	(1.0)	(1.0)
Department of Corrections	9,019.0	9,067.1	97.3%	8,775.8	8,822.6	8,761.8	8,808.4	(14.0)	(14.3)
Department of Services for the Blind	75.0	75.0	20.8%	15.6	15.6	15.3	15.3	(0.3)	(0.3)
Sentencing Guidelines Commission	8.9	8.9	100.0%	8.9	8.9	8.7	8.7	(0.2)	(0.2)
Employment Security Department	2,349.4	2,299.6	0.2%	3.8	3.7	3.7	3.7	(0.1)	(0.1)
Natural Resource Agencies									
Columbia River Gorge Commission	9.7	9.6	50.6%	4.9	4.9	4.8	4.8	(0.1)	(0.1)
Department of Ecology	1,564.9	1,546.3	34.4%	538.0	531.6	527.3	521.0	(10.8)	(10.6)
State Parks and Recreation Commission	815.6	812.6	72.6%	592.2	590.0	580.3	578.2	(11.8)	(11.8)
Recreation/Conservation Funding Board	58.4	58.9	10.0%	5.8	5.9	5.7	5.8	(0.1)	(0.1)
Environmental Hearings Office	9.0	9.0	100.0%	9.0	9.0	8.8	8.8	(0.2)	(0.2)
State Conservation Commission	21.2	20.8	89.5%	19.0	18.6	18.6	18.2	(0.4)	(0.4)
Department of Fish and Wildlife	1,489.7	1,496.2	47.7%	710.9	714.0	696.7	699.7	(14.2)	(14.3)
Puget Sound Partnership	34.0	32.0	91.5%	31.1	29.3	30.5	28.7	(0.6)	(0.6)
Department of Natural Resources	1,363.7	1,366.6	36.7%	500.0	501.0	490.0	491.0	(10.0)	(10.0)
Department of Agriculture	744.4	746.8	16.0%	119.2	119.6	116.8	117.2	(2.4)	(2.4)
Transportation Agencies									
Washington State Patrol	2,401.5	2,402.7	16.6%	398.3	398.5	390.3	390.5	(8.0)	(8.0)
Department of Licensing	1,339.9	1,366.6	0.7%	9.9	10.1	9.7	9.9	(0.2)	(0.2)
K-12 Education									
Superintendent of Public Instruction	241.4	239.3	60.4%	145.7	144.5	142.8	141.6	(2.9)	(2.9)

Preliminary 2009-11 GF-S FTE Reduction Caps

	Budgeted FTEs		FY 09 % of	Estimated GFS FTEs		Preliminary		FTE	
	All Funds		GFS/Related			98% GF-S Cap		Reduction Amount	
	FY10	FY11	FTEs	FY10	FY11	FY10	FY11	FY10	FY11
Higher Education									
Higher Education Coordinating Board	100.7	100.7	67.2%	67.7	67.7	66.3	66.3	(1.4)	(1.4)
University of Washington	19,364.6	19,474.9	24.7%	4,775.0	4,802.2	4,679.5	4,706.1	(95.5)	(96.0)
Washington State University	5,948.0	6,112.5	49.6%	2,949.5	3,031.1	2,890.5	2,970.5	(59.0)	(60.6)
Eastern Washington University	1,305.2	1,325.2	83.2%	1,086.2	1,102.9	1,064.5	1,080.8	(21.7)	(22.1)
Central Washington University	1,126.2	1,163.2	80.0%	900.6	930.2	882.6	911.6	(18.0)	(18.6)
The Evergreen State College	638.1	645.9	72.8%	464.6	470.3	455.3	460.9	(9.3)	(9.4)
Spokane Intercollegiate Research and	21.7	21.7	93.5%	20.3	20.3	19.9	19.9	(0.4)	(0.4)
Western Washington University	1,641.1	1,686.4	73.6%	1,208.0	1,241.4	1,183.9	1,216.5	(24.2)	(24.8)
Community and Technical College System	15,148.4	15,227.3	57.2%	8,660.8	8,705.9	8,487.6	8,531.8	(173.2)	(174.1)
Other Education									
State School For The Blind	86.0	86.0	88.0%	75.7	75.7	74.2	74.2	-	-
Ctr for Childhood Deafness & Hearing Loss	109.2	109.2	100.0%	109.2	109.2	107.0	107.0	-	-
WorkForce Training/Education Coord Bd	20.7	20.7	71.8%	14.9	14.9	14.6	14.6	(0.3)	(0.3)
Department of Early Learning	188.1	188.1	28.8%	54.1	54.1	53.0	53.0	(1.1)	(1.1)
Washington State Arts Commission	11.0	10.9	98.1%	10.8	10.7	10.6	10.5	(0.2)	(0.2)
Washington State Historical Society	45.8	45.7	36.8%	16.9	16.8	16.5	16.5	(0.3)	(0.3)
Eastern Washington State Historical Society	34.8	34.8	66.0%	23.0	23.0	22.5	22.5	(0.5)	(0.5)

Estimated 2009-11 Reductions (Dollars in Millions) Attachment B

	GF-S Adjusted Base *	GF-S Reduction Estimate
<u>Governmental Operations</u>		
Office of the Governor	\$ 11.756	\$ (0.188)
Office of Lieutenant Governor	\$ 1.558	\$ (0.025)
Public Disclosure Commission	\$ 4.531	\$ (0.072)
Office of the Secretary of State	\$ 39.814	\$ (0.635)
Governor's Office of Indian Affairs	\$ 0.542	\$ (0.009)
Commission on Asian Pacific American Affairs	\$ 0.460	\$ (0.007)
Office of State Auditor	\$ 1.451	\$ (0.023)
Commission on Salaries for Elected Officials	\$ 0.383	\$ (0.006)
Office of Attorney General	\$ 10.899	\$ (0.174)
Caseload Forecast Council	\$ 1.551	\$ (0.025)
Dept of Commerce	\$ 103.078	\$ (1.645)
Economic and Revenue Forecast Council	\$ 1.520	\$ (0.024)
Office of Financial Management	\$ 42.955	\$ (0.686)
Commission on Hispanic Affairs	\$ 0.513	\$ (0.008)
Commission on African-American Affairs	\$ 0.487	\$ (0.008)
Department of Revenue	\$ 217.820	\$ (3.476)
Board of Tax Appeals	\$ 2.732	\$ (0.044)
Department of General Administration	\$ 1.626	\$ (0.026)
Department of Information Services	\$ 2.208	\$ (0.035)
Military Department	\$ 20.534	\$ (0.328)
Public Employment Relations Commission	\$ 6.208	\$ (0.099)
Archaeology and Historic Preservation	\$ 2.732	\$ (0.044)
Growth Management Hearings Office	\$ 3.223	\$ (0.051)
<u>Human Services</u>		
Health Care Authority	\$ 388.433	\$ (6.199)
Human Rights Commission	\$ 5.616	\$ (0.090)
Wa St Criminal Justice Train Comm	\$ 38.322	\$ (0.612)
Department of Labor and Industries	\$ 48.489	\$ (0.774)
Indeterminate Sentence Review Board	\$ 3.830	\$ (0.061)
Department of Social and Health Services	\$ 8,954.890	\$ (142.918)
Home Care Quality Authority	\$ 2.450	\$ (0.039)
Department of Health	\$ 193.048	\$ (3.081)
Department of Veterans Affairs	\$ 20.123	\$ (0.321)
Department of Corrections	\$ 1,580.733	\$ (25.228)
Department of Services for the Blind	\$ 5.094	\$ (0.081)
Sentencing Guidelines Commission	\$ 1.954	\$ (0.031)
Employment Security Department	\$ 7.107	\$ (0.113)
<u>DSHS Programs</u>		
Children's Administration	\$ 632.489	\$ (10.094)
Juvenile Rehabilitation	\$ 197.951	\$ (3.159)
Mental Health	\$ 820.901	\$ (13.101)
Developmental Disabilities	\$ 820.242	\$ (13.091)
Long Term Care	\$ 1,284.289	\$ (20.497)
Economic Services Administration	\$ 1,145.907	\$ (18.288)

Estimated 2009-11 Reductions (Dollars in Millions) **Attachment B**

	GF-S Adjusted Base *	GF-S Reduction Estimate
Alcohol And Substance Abuse	\$ 166.889	\$ (2.664)
Medical Assistance Payments	\$ 3,582.184	\$ (57.171)
Vocational Rehabilitation	\$ 20.579	\$ (0.328)
Administration and Supporting Services	\$ 69.392	\$ (1.107)
Special Commitment Program	\$ 107.164	\$ (1.710)
Information System Services	\$ 106.903	\$ (1.706)
<u>Natural Resources</u>		
Columbia River Gorge Commission	\$ 0.886	\$ (0.014)
Department of Ecology	\$ 118.356	\$ (1.889)
State Parks and Recreation Commission	\$ 46.485	\$ (0.742)
Recreation/Conservation Funding Board	\$ 3.069	\$ (0.049)
Environmental Hearings Office	\$ 2.153	\$ (0.034)
State Conservation Commission	\$ 15.399	\$ (0.246)
Department of Fish and Wildlife	\$ 81.173	\$ (1.296)
Puget Sound Partnership	\$ 6.417	\$ (0.102)
Department of Natural Resources	\$ 81.132	\$ (1.295)
Department of Agriculture	\$ 24.848	\$ (0.397)
<u>Transportation</u>		
Washington State Patrol	\$ 81.834	\$ (1.306)
Department of Licensing	\$ 3.380	\$ (0.054)
<u>Higher Education</u>		
Higher Education Coordinating Board	\$ 446.857	\$ (7.132)
University of Washington	\$ 342.279	\$ (5.463)
Washington State University	\$ 262.548	\$ (4.190)
Eastern Washington University	\$ 44.651	\$ (0.713)
Central Washington University	\$ 37.034	\$ (0.591)
The Evergreen State College	\$ 30.710	\$ (0.490)
SIRTI	\$ 3.209	\$ (0.051)
Western Washington University	\$ 62.348	\$ (0.995)
Community and Technical College System	\$ 847.519	\$ (13.526)
<u>Other Education</u>		
State School For The Blind	\$ -	\$ -
Ctr for Childhood Deafness & Hearing Loss	\$ -	\$ -
Work Force Training/Educ Coordinating Bd	\$ 3.143	\$ (0.050)
Department of Early Learning	\$ 121.323	\$ (1.936)
Washington State Arts Commission	\$ 3.759	\$ (0.060)
Washington State Historical Society	\$ 5.228	\$ (0.083)
Eastern Washington State Historical Society	\$ 3.267	\$ (0.052)
<u>Other Budget Expenditures</u>		
Special Appropriations to the Governor	\$ 78.720	\$ (1.256)