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December 9, 2009

To My Fellow Washingtonians:

Together we are living through the hardest times for our state in the past 80 years. Your resilience and optimism have carried your families, your neighbors, your communities and this entire state through these difficult days. I am confident in saying the worst is over, but that is not to say good times are here. We will continue to struggle as our nation's economy slowly works toward recovery. Folks will remain out of jobs and in need of your help and that of your governments — local, state and federal.

Today I submit to you and the Legislature a state financial plan for the remainder of our two-year budget period. I am legally required to submit a budget that is balanced to current revenues, and that is what I have done. But I do so with the greatest reluctance. This document is not true to the values I believe in and which have guided me through a 30-year career in public service. It is not a budget I can live with nor is it one I believe Washingtonians can live with.

A budget is more than a collection of numbers. It is the embodiment of our values as a state, and more than any other action I may take, signing it into law affects people and communities and businesses in thousands of untold ways. Today's document does not reflect our values as a state. It does not reflect the Washington I know and love or the Washington I want for our future and the future of our children and grandchildren. I am convinced it is not the plan for the future that Washingtonians would choose, either.

Washingtonians are committed to increasing the achievement levels of our students in all our public schools. We are dedicated to expanding the economic vitality of business and individuals throughout the state and promoting better job prospects for all Washingtonians. Enhancing the value to all from our higher education system, continually improving the health of each and every one of us, especially our most vulnerable children and adults, and assuring public safety are key to all people in our state.

Government at its core is about protecting the most vulnerable among us, keeping people and property safe, and building our future. Yet with a \$2.6 billion shortfall, this financial plan eliminates or reduces many vital services, some to the bone. In other cases, programs are suspended that are crucial to many of our citizens and our quality of life.

The decisions that produced this budget were very troubling to me. They do not represent sound public policy for our state, nor do they serve our citizens well. We cannot ride out this recession and come out ready to rebuild our economy on top of this budget.

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Therefore, I take this opportunity to let you know that I will submit another budget that I believe will reflect those real Washington values and principles. It will be a combination of budget reductions and new revenue. My second budget will more adequately fund our public schools, pay for the basic safety net for our most needy, help more of our students achieve the higher education they need, and set the stage for a more prosperous future.

I plan to restore funding for essential things such as:

- The state's Basic Health and Apple Health plans;
- Our general assistance program for the most needy;
- Levy equalization funds for our public schools;
- State financial aid to allow more students to attend higher education;
- Early childhood education and kindergarten;
- Adult medical, dental, vision and hospice programs; and
- Developmental disability and long-term care services.

These important and integral services do not come free. No one likes to pay more taxes. And no one likes to raise more taxes, no matter the state of the economy. Yet to accomplish these vital functions, we will need to increase revenues. To be clear, even this second budget will not avoid many very harmful reductions to and even eliminations of some vital services. It will have more cuts than revenue to address our \$2.6 billion problem.

I anticipate the Legislature may receive good news from the federal government concerning reimbursements for some of our safety net programs. As the legislative session progresses, I pledge to work with the Legislature to secure the additional needed revenues to restore or "buy back" several of the most important programs that a no-new-revenue budget could not accommodate.

As we proceed to produce a fairer and more equitable budget for our great state, we should follow some very basic criteria. We must avoid actions that could hurt our inevitable economic recovery. We have to keep an eye on our future financial situation as we fix our current problems. With regard to revenue, we should first look at eliminating unfair and unproductive exemptions and loopholes. We will explore every possible savings option and we will experience shared pain from the results. While it is evident we cannot cut our way out of this budget dilemma, it is just as certain we cannot tax our way out of it.

The Washington we know and love is a Washington of compassion. I am convinced that Washingtonians from Aberdeen to Zillah will join with their legislators and me to extend a helping hand to those most in need in these troubling times, to preserve our safety and to build momentum for recovery.

Sincerely,



Christine O. Gregoire
Governor