



JAMES L. McINTIRE
State Treasurer

State of Washington
Office of the Treasurer

December 10, 2009

Hon. Christine Gregoire, Governor
PO Box 40002 Olympia, WA 98504

Hon. Lisa Brown, Senate Majority Leader
PO Box 40403 Olympia, WA 98504-0403

Hon. Frank Chopp, Speaker of the House
PO Box 40600 Olympia, WA 98504-0600

Hon. Mike Hewitt, Senate Republican Leader
P.O. Box 40416 Olympia WA 98504-0416

Hon. Richard DeBolt, House Republican Leader
PO Box 40600 Olympia, WA 98504-0600

Dear Governor Gregoire, Senator Brown, Speaker Chopp, Senator Hewitt and Representative DeBolt:

The 2008-09 recession is putting incredible strains on the economy, the public and state government. Now, we face an enormous task to address at least a \$2.6 billion shortfall – despite bridging a \$9 billion budget gap last spring. Though signs of economic recovery are emerging, it is clear that state revenue has not yet rebounded.

Governor Gregoire's Proposed 2010 Supplemental Budget shows the depth of cuts needed to bring the 2009-11 budget back into balance by the end of the biennium solely from program reductions. Having seen her proposal, I agree with her that an all cuts budget of this severity will cause untenable damage to our people, schools, communities and economy by withdrawing support for critical public safety, health and education activities just when they are most needed.

While I am confident you can and will take the necessary steps to meet the state's fiscal needs, I am compelled to underscore the emerging facts of this situation. Without added revenue and/or severe program cuts such as those the Governor has proposed, Washington may soon be at material risk of running short of the cash needed to pay its bills. Actions in other states that have already faced these issues demonstrate that delaying corrective action and underestimating the severity of the problem only serves to make matters worse. We should not allow that to happen in Washington.

Prompt, decisive action – such as what the Governor proposed and continues to work on with you – is required to bring cash balances back to adequate levels. Without significant increases in cash levels, Washington risks finishing fiscal year 2010 with the state general fund in a negative cash position. With no improvement in the state's overall cash position, the entire state treasury could be depleted as soon as September 2010.

The state treasury needs cash to continue to pay for the critical programs and services the public demands and on which the economy depends. I appreciate the difficulty of your task: there are no "easy" choices left. I am committed to help find solutions that will rectify the state's emerging cash problems as soon as possible. I look forward to working with all of you as we head into the 2010 session.

Sincerely,

A handwritten signature in black ink that reads "James L. McIntire". The signature is fluid and cursive, with the first name being the most prominent.

James L. McIntire
Washington State Treasurer