

**ESSB 5460 and HB 2328:
Travel, Training, Equipment and Personal Services Contracts Exemptions**

On July 1, 2009, all travel, training, equipment and personal services contract restrictions, from the state expired, as found in ESSB 5460 and HB 2328. Provost and departmental restrictions may, however, still be in effect.

The hiring freeze was also officially lifted, but the Governor has communicated that the budget situation continues to look dire into the future and warns of likely future cuts. On June 18th, Governor Gregoire imposed a hiring cap on all cabinet agencies equivalent to two percent of their 2009-11 General Fund, budgeted, full-time equivalent (FTE) levels. Non-cabinet agencies, such as the University, have not been directed for reductions but her email (below) is a clear reminder of the tough economic times the state continues to face.

From: Gregoire, Christine (GOV)
Sent: Thursday, June 18, 2009 3:36 PM
Subject: Today's Revenue Forecast and Additional Budget Savings

June 18, 2009

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

FROM: Christine O. Gregoire, Governor

SUBJECT: Additional Budget Savings

Today the Washington State Economic and Revenue Forecast Council announced an additional reduction to the General Fund State revenue forecast. Although there are encouraging signs in the national and state economy, the negative impacts of the recession remain. The size of the revenue reduction necessitates quick action to curb spending in the 2009-11 biennial budget. Therefore, I am imposing a hiring cap on cabinet agencies equal to a 2 percent reduction in their 2009-11 General Fund, budgeted, full time equivalent (FTE) levels, and I ask agencies to take additional spending reductions. Implementation instructions will be communicated by the Office of Financial Management before July 1.

I recognize that the 2009-11 biennial budget challenges all of us to deliver services with reduced resources. I have asked cabinet agencies to confront this challenge with bold action. This is an opportunity for agencies to reform the way they conduct business to make our government more nimble and effective. This will require great creativity and resourcefulness on the part of cabinet agencies, and therefore, I know you need flexibility to manage within your agency's budget.

Although Engrossed Substitute Senate Bill 5460, the spending freeze, expires on June 30, based on the current revenue forecast, I expect that agencies will continue to exercise the same discipline on spending decisions. You must manage within your hiring cap. This may necessitate furloughs, reductions in force, and reductions in overtime. While each agency

may determine how best to achieve reduced FTE levels, civil service law and rules, and collective bargaining agreements must be appropriately recognized.

If agencies need to hire, I want to reiterate my direction that agencies should not hire from outside state government until efforts to consider qualified candidates from among those affected by layoffs are exhausted. We cannot underestimate the value of trained and experienced state employees.

Additionally, I expect cabinet agencies will continue to achieve General Fund savings in areas no longer subject to the legislatively directed freeze on out-of-state travel and training, personal service contracts, and equipment purchases, as well as any additional reductions needed to achieve savings to balance the budget. Given the uncertain economic and revenue outlook, we must act prudently and continue to restrict our spending to critically necessary activities. Agency directors are expected to exercise good judgment to determine when these expenditures are necessary.

Over the past year, many agencies adopted best practices to ensure that such costs are controlled. Examples include increasing our use of technology to avoid travel costs, using training offered by the Department of Personnel over training available from other vendors - questioning whether our own staff can perform an activity before personal service contracts are sought.

I ask the presidents of higher education institutions and separately elected officials to take similar action in light of the new revenue forecast. All of us in state government must use good judgment to respond to the recent revenue forecast. I appreciate all that you and our employees do to provide the best service possible to the citizens of the state of Washington.

We will get through these tough economic times but it will continue to be very challenging. I have confidence in you and our state employees.