

**STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

P.O. Box 45010, Olympia, Washington 98504-5010

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Greetings:

Governor Gregoire is required by law to propose a budget for the remainder of the 2009-11 biennium that is in balance with projected revenue, while meeting all constitutional and federal spending mandates. She released that budget this morning, but did so with what she called “the greatest reluctance.”

The Governor said this morning that she would submit another budget, which will be a combination of budget reductions and new revenue that she believes will reflect “real Washington values and principles.” I support her efforts to work for a final budget that serves our state’s citizens well and help us come out of this recession ready to rebuild our economy. Between \$742 million in rising, unavoidable costs (including increased demand for health care, schools and prisons) and \$1.84 billion in dropping revenue over 18 months, the Governor faced a \$2.6 billion shortfall.

Without the option of increased revenue, the Governor’s only choice was to cut spending. To make the task more daunting, about 70 percent of budget spending can’t be cut because it is tied to state constitutional or federal requirements (K-12 basic education, federal higher education requirements, mandatory Medicaid and foster care, debt service and pensions).

That leaves 30 percent or \$9.3 billion of a \$31 billion biennial budget from which to pare \$2.6 billion in spending cuts. Human services make up a large portion of that unprotected spending and so must take a large portion of the spending cuts in the Governor’s budget proposal.

The Governor’s budget today calls for a reduction in Department of Social and Health Services spending and some additions to provide for caseload increases. These changes result in a net reduction in funding for 258.3 FTE positions and reductions in administration, programs and services.

Among the major reductions:

- Eliminate the General Assistance Unemployable program (\$88.5 million General Fund-State)
- Eliminate the General Assistance Unemployable Medical Services program (\$118.9 million GF-S)

- Limit new subsidies for child care from 3,800 cases per month to 1,400 cases per month, prioritizing services to families on the TANF program and those with lowest incomes (\$88.5 million GF-S)
- Reduce family preservation services by 50 percent (\$5.9 million GF-S)
- Reduce eligibility for the Apple Health program from 300 percent of the federal poverty level to less than 205 percent, eliminating health care coverage for 16,000 low-income children (\$11.6 million GF-S)
- Partial and full closures at some of our facilities for juvenile rehabilitation and the developmentally disabled

The Governor has also announced that she will consider restoring some of the essential programs if additional revenue can be raised. Her restoration list includes the following DSHS specific items: reform the General Assistance programs to include a partial restoration; Apple Health for Kids; some adult medical, dental, vision and hospice programs; some developmental disability and long-term care services.

Assistant Secretaries and other Executive Leadership Team members will follow up with more specific information on the potential budget impacts in your areas. Budget developments will be posted on [InsideDSHS](#) Intranet site so you can learn more about specific proposals. But keep in mind that we will face these budget challenges together. We will do all we can to communicate with you throughout the legislative process so you have the most current information.

Please join me at 12:30 this afternoon for a conversation about what the Governor's budget proposal could mean to the Department. It will be a Web-based interactive session. Because of technical limitations for a live video session, you are invited to watch and listen from group locations in your building. To find out where you need to be to take part, please contact your IT professional as identified on this [list](#). Deaf and hard of hearing employees may use relay services to listen into the calls.

The Governor's budget proposal is the beginning of the Supplemental Budget process. The Legislature will work with the Governor to pass a revised biennial budget this spring. But we must implement spending reductions that don't require legislative action and that will need to be taken in any event. Responsible actions now can minimize future cuts.

Throughout several rounds of budget reductions, we have worked hard to minimize the impact on our clients and our employees, but the cuts demanded by the continually difficult economic times will have an impact on direct services and will mean more staff reductions across the Department.

As we face these challenging times, I renew my request of you to join me in leadership. We must not lose sight of our responsibility to continue to serve the greatest number of people, helping them transform their lives in ways that lead to decreased poverty, increased health status and educational and employment success for more Washington citizens.

Now, more than ever, we cannot - and should not - take this on alone. It has become even more important that we establish and participate in partnerships - with other state agencies, local governments, tribes and stakeholders. We need

to leverage resources and encourage communities to embrace their shared responsibility in supporting people in reaching their full potential.

As you join me in leadership, remember that we need not only to weather these difficult times but to “reboot” the Department so we are better prepared to emerge from this challenge a stronger, more efficient and more effective organization. We all need to keep in mind how as “One Department” we can implement best practices to improve service efficiency, consistency and quality.

Please know that I have every confidence in your ability, commitment and courage. I will do all I can to lead and represent you and those we serve in the days ahead. I take great pride in what you do for Washington residents every day and have enjoyed meeting so many of you since my arrival. Please take care of yourselves and find reasons each day to be hopeful for the future.

Susan N. Dreyfus
Secretary