



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
1115 Washington Street SE, Olympia, Washington 98504-5010

September 18, 2014

Dear Teammate:

For nearly two years, I have had the pleasure of serving alongside you in this great organization. Your efforts every day enable the Department of Social and Health Services to provide critical, necessary and in some cases, life-saving services to our state's most vulnerable people.

Please know that your commitment to our mission of transforming lives inspires me every day.

In the days ahead, as the first step in the fiscal year 2015-17 budget process, DSHS will be making some required submissions. The Assistant Secretaries and I wanted you to be the first to see these proposals. As I have previously shared with you, the Office of Financial Management (OFM) has required DSHS to produce budget proposals representing a 15 percent reduction in GF-State spending on "unprotected programs" from our "maintenance level" budget (these are all programs not protected from reduction by the State Constitution or federal law, and the "maintenance level" budget is the cost to provide today's services to tomorrow's growing caseloads). For DSHS this amounts to more than \$225 million in programs that may no longer receive GF-State funding.

Thankfully, Governor Jay Inslee supports our need to be authentic and truthful as we deliver a simple message – if DSHS has to absorb such budget cuts in the coming biennium, we will have to reduce services and real people will suffer.

In fact, not only are the Assistant Secretaries and I united in our opposition to any such reductions, we believe an additional GF-State investment of \$233 million beyond our maintenance level budget is dearly needed to properly serve our clients and achieve our mission.

To address the OFM requirement, we worked with stakeholders and our team members to prioritize existing programs. We do not support reductions, but we do respect our obligation to prioritize programs so budget writers can have the necessary information.

Although this will still allow others to make informed decisions about potential reductions, for us the difference in message is important. DSHS does not believe significant reductions are possible without significantly hurting the vulnerable. While we recognize the vulnerable often can be invisible to some, for us they are real people who we see every day.

Now that each administration has completed its prioritization, we are today posting information on our website showing programs at risk and our priority for "buying back"

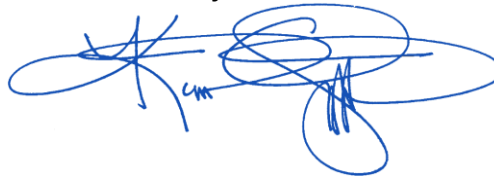
those programs. Those prioritization lists can be found at <http://www.dshs.wa.gov/budget/2015-17prioritization.shtml> . You also will receive a note from your Assistant Secretary discussing this process and the results. What is shown for each administration on our website is the prioritized list of programs above the level set by the OFM reduction exercise. In other words, these are existing programs at risk (items in brown). Within these same lists, we have also included new funding or programs we have identified as being necessary to meet our mission (items in blue). In some cases desperately needed new programs or funding have been ranked higher than existing programs, evidence of the thoughtfulness around our decision-making.

This is just the first step in the budget process. Next, OFM will take this and similar information from across state government and create what are known as Book I and Book II budgets. The Book I budget cannot include new revenue, so it is inevitable it will reflect reductions, given the Supreme Court's requirement for increased funding for K-12 education. The Book II budget will support current or new programs with some new revenues. After this process is complete, the Legislature will begin its work on the state budget. Passage of a new budget typically occurs in early April. You have my commitment to keep you informed throughout this process.

I remain optimistic that deep reductions will not come to pass because I cannot believe the vulnerable will be left uncared for. In the months ahead I hope you will hold that optimism as well and remain focused on achieving the elements of our strategic plans.

I'd like to again extend my deepest thanks for your work. I am grateful to be your teammate.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kevin W. Quigley', with a stylized, cursive flourish.

Kevin W. Quigley
Secretary

DSHS: Transforming Lives