



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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June 7, 2012

TO: Agency Directors
Agency Budget Officers

FROM: Marty Brown *MB*
Director

SUBJECT: 2013-15 OPERATING AND CAPITAL BUDGET INSTRUCTIONS

The 2013-15 Budget Instructions are now posted on OFM's website at <http://www.ofm.wa.gov/budget/instructions/default.asp>. Agency operating and capital budget requests are due to OFM beginning September 5. (See Appendix A-1 for specific agency due dates.)

As we develop Governor Gregoire's final budget proposal, we must reflect on the significant changes that have taken place over the last several years. The current budget represents an unprecedented series of reforms and cutbacks that have redefined state government and that you and your staffs have implemented. I personally thank you for those efforts.

I wish I could say that our economic situation has stabilized but, despite some positive signs, we still face a degree of uncertainty about revenues and caseloads in both the current and ensuing biennia. The new budget must continue to re-examine all state functions to ensure that only essential services are funded, and that those services are delivered with maximum efficiency and attention to outcomes.

To this end, OFM will once again go through an internal Priorities of Government (POG) process this summer to take a zero-base look at state activities and results. This assessment may involve additional direction and requests for information over the next several months. Agencies should update current performance measures, and prepare to be engaged in a discussion of policy alternatives as well as potential reductions.

We expect that General Fund resources for new budget initiatives will be very limited. The Governor's priority for new money, if any, will be for K-12 education. Accordingly, agencies should only consider GF-S policy level budget requests that fit one of the following criteria:

- Fixes elements of the current budget that cannot be implemented.
- Improves performance and outcomes within existing resources.
- Offsets new program costs with tangible savings in the current biennium.

We encourage you to think in terms of buying what you need, not buying back what you had. Agencies are also encouraged to make fee-based programs self-supporting.

Thank you for your assistance. I look forward to working with you and your staff on this budget.