

**EXECUTIVE ORDER 81-17**

**ORDERING EXPENDITURE REDUCTIONS  
IN STATE GENERAL FUND ALLOTMENTS**

**WHEREAS**, the state of Washington is presently facing financial problems unprecedented in terms of either number or magnitude; and

**WHEREAS**, such problems are directly related to the national economy, inflation, and interest rates--factors beyond the control of state government; and

**WHEREAS**, record-high real interest rates have had and will continue to have particularly adverse impacts on Washington's timber and housing industry; and

**WHEREAS**, unemployment nationally is at a level greater than that experienced in 1970-71, and locally is at levels rapidly approaching those of 1970-71; and

**WHEREAS**, recent past executive, legislative, and voter actions have resulted in a substantial erosion of state government's tax base and an assumption of increased financial responsibilities; and

**WHEREAS**, state government expenditures have remained considerably below the level authorized by the citizens of the state in Initiative 62 which limited state expenditures; and

**WHEREAS**, there have been substantial reductions in state expenditure levels; and

**WHEREAS**, the state is facing a cash shortage that has necessitated the borrowing of funds from private financial institutions; and

**WHEREAS**, these various financially related problems are not unique to the state of Washington but are commonly found within a large number of other states; and

**WHEREAS**, state General Fund revenue collections continue to be less than previously estimated and projections based on the most current information available indicate further losses of anticipated revenue; and

**WHEREAS**, the state must operate with a balanced budget, with expenditures not exceeding revenues for the biennium; and

**WHEREAS**, positive actions are required to restrict and reduce state General Fund expenditures;

**NOW, THEREFORE, I**, John Spellman, Governor of the state of Washington, do hereby declare that a financial emergency in the state General Fund exists due to revenues being insufficient to meet anticipated expenditures. Further, as required by law, I do hereby establish an expenditure reduction program for state government. This program will take place

immediately this 17th day of September, 1981, and will extend through the current biennium. The following administrative requirements are established to achieve this expenditure reduction program:

1. Basic Reduction. Pursuant to Chapter 43.88 RCW, as amended by Chapter 27-0-Laws of 1981, I am revising allotments of appropriations from the state General Fund to all state agencies except agencies headed by elected officials but including state General Fund allotments to the superintendent of public instruction for distribution to local school districts in support of statewide programs. Over the remainder of the biennium each affected agency shall reduce its expenditures from the state General Fund by 10.1% of the agency's total biennial state General Fund appropriations.

2. Report of Actual and Potential Reductions. Additionally, pursuant to Article 3, 5, of the State Constitution and RCW 43.06.010(11), each affected agency shall within three weeks submit to me a report identifying the following:

a) the agency's revised allotment schedule conforming to the basic reduction hereby ordered, and the impact of implementing that reduction;

b) an alternate plan that would reduce the agency's state General Fund expenditures by a total of 20% and the impact of implementing that plan;

c) proposed recommendations, for consideration by the next legislature, for achieving the best reordering of budget priorities consistent with the 10.1% and 20% reduction levels in state General Fund appropriations.

Detailed instructions necessary to implement this order will be provided to all agencies by the Director of the Office of Financial Management.

I realize the broad implications of this order and its effect on the citizens of this state and will do everything possible to minimize its impact on essential services.

I ask that elected officials not bound by these budget reductions voluntarily reduce their state General Fund expenditures in keeping with this order.

This order supersedes EO [81-16](#), which is hereby rescinded. All agencies are expected, however, to continue to observe the frugalities encouraged by that order.

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the seal of the State of Washington to be affixed at Olympia this 17th day of September A.D., Nineteen hundred and eighty-one.

John Spellman

Governor of Washington

**BY THE GOVERNOR:**

Assistant Secretary of State

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