



# COMMONWEALTH of VIRGINIA

## Office of the Governor

Robert F. McDonnell  
Governor

July 20, 2011

The Honorable Barack H. Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

Thank you for your service to our great nation. I write to express my great concern about the ongoing inability in Washington to make progress on enacting federal appropriation bills with significant spending cuts, and the present impasse on resolving the federal debt ceiling issue. The lack of solutions on both fronts has dire consequences for state governments and, in my opinion, for the entire nation. For the greatest nation on earth to be at the brink of not paying its bills is an unacceptable national embarrassment.

Last week, Moody's Investor Services placed the U.S. government on its credit watch list due to the potential meltdown. Yesterday, I received the attached notice from Moody's advising me that Virginia and four other states were "placed on review for possible downgrade of our Aaa rating" due to the situation in Washington. Our reaction was one of anger and disappointment. For nearly 75 years we have worked hard to earn the highest credit ratings from all three rating agencies. Now your failure to get the job done is hurting the businesses and citizens of our Commonwealth.

It is apparent to most governors that the federal budgetary process is broken. The federal budget is supposed to be in place by October 1. Nine months later, the only thing we have is a few continuing resolutions that defer tough choices and kick the can down the road. No state, family or business could possibly survive operating the way the federal government does. Moreover, this track record is now the norm, not the exception. We have seen no material progress to enact a coherent, balanced federal budget, one that prioritizes core duties like national security and makes much-needed cuts in discretionary spending while reforming entitlements. The federal government continues to overspend, overpromise, and build up debt. Now, the bills are due. This failure is a stain on both parties and both branches of government.

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State governments have balanced budget requirements and real deadlines to get things done. We must consistently make tough, timely budgetary decisions, not avoid them. Moreover, most states have strict constitutional or statutory limits on their ability to borrow. Virginia state government generally borrows only for capital outlay, not operating expenses like the federal government, and we stay within our means.

Both parties and both branches of government are responsible for getting us into this mess. Over the last 30 years, every Republican president has increased the national debt during his term. Mr. President, over the last two and a half years, while you had a Democrat majority in both houses of Congress, you failed to present a budget to achieve any material spending cuts, and added an unconscionable \$4.5 trillion to the national debt. Your new programs and spending, and unfunded state mandates, have exacerbated the problem.

We need immediate solutions. The blame game and the “business as usual” approach to running the federal government must cease. The President and Congressional leaders must take immediate steps to enact appropriation bills which bring spending back in line with resources. This will involve budget reductions and tough choices. I know because Republicans and Democrats here in Virginia have been there and done that. Like Washington we have a Democratic Senate and Republican House, yet we don’t make excuses. We get things done. This year we passed a unanimous budget. Last year, we managed to address a \$4.2 billion budget imbalance without raising taxes. We cut spending back to 2006 levels. This was not easy, and I heard plenty of concerns about the associated pain. Nonetheless, it was necessary to bring about economic stability and to help us begin to grow and recover from the worst recession since the Great Depression.

The pending debt ceiling crisis is a result of the chronic federal budgetary failure. Put simply, Washington has borrowed too much for too long because it has failed to come to grips with its long-term spending imbalance in any meaningful way. The federal government has over-reached and now must retract by necessity.

In a perfect world, the current budget solution is obvious: cut spending permanently by an amount larger than the increase in the debt limit. Don’t raise taxes. Reform entitlements dramatically and permanently. Stop borrowing for operations. Balance the budget immediately. But today’s Washington is not a perfect world by far, with divided government and a toxic political environment. Therefore I don’t presume to tell you the exact solution, except that prompt bipartisan action to keep America solvent is essential. The debt limit must be raised. Whatever you do, don’t hurt our ability to create jobs and opportunity.

The American people expect Congress and the President to pay the bills of the federal government, not default on them. A default on federal debt would only raise the cost of operating the federal government because of the higher interest rates. Moreover, it would erode confidence in our federal system at a time when we should be moving to restore such confidence.

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For the most part, you will find state governments, local governments, and the American people practical about the situation at hand and ready to share the pain of reduced services and programs. But that means that Washington must adopt a sensible plan to focus federal spending on true priorities. Budgetary gimmicks that continue to kick the can down the road with continuing resolutions or simply pass on federal budget problems to other levels of government are unacceptable. We must reestablish confidence by cutting spending first and changing the long-term pattern of overspending. All spending, including entitlements, should be on the table. Every honest American knows there is no way to fix our fiscal disaster without major reforms in all entitlement programs. Sacrifice will be accepted if explained. Taking the hard work of the Greatest Generation, the men and women who built modern America, and then passing on a country to our children that is less fiscally secure and prosperous is irresponsible, and not the American Way.

After you resolve the current debt ceiling problem, I urge you to begin the process of fundamental budgetary and spending reform at the federal level. These constant crises, and lack of restraint in Washington make it clear that you must pass a Balanced Budget Amendment to the United States Constitution so, like the states, you will make revenues and spending match every year.

What is needed now more than anything else is a bipartisan negotiated action that produces concrete results and moves us significantly forward toward the goal of living within our means. Congress and the President can define the particulars, but the course must be set. It means cutting the rhetoric, blame, and excuses and finding solutions. In Virginia, we have found that this type of approach produces an accomplishment that both parties can embrace. For the good of 300 million Americans, please get the job done.

Sincerely,

A handwritten signature in black ink, reading "Robert F. McDonnell". The signature is written in a cursive, flowing style.

Robert F. McDonnell

RFM/pdw

cc: Virginia Congressional Delegation