

February, News letter

New on the Web page

The Treasurer's Office works hard to be an engaged active member of the community. This holiday season the Treasurer's staff raised nearly \$1,500 through a silent auction, a bake sale/cake walk and a chili cook off. These were great events that provided an opportunity for us to celebrate the holidays with fellow workers and other agency employees and raise money for good causes. A portion of the money went to the Thurston County Food Bank and the remainder went to help two senior citizens and two families in need. [Check out our community webpage here.](#)

Washington Saves Week

The Governor issued a proclamation declaring February 20-27th Washington Saves Week. Our office works closely with DFI and non-profit organizations such as Jump\$start to help Washington families save today for investments they want to make in the future. A variety of workshops and classes will be conducted across the state. We invite all Washington families to participate in Washington Saves Week, February 20-27 by visiting www.americasaves.org and enrolling to be an American Saver or to find an event in your area at <http://dfi.wa.gov/financial-education/calendar.htm>

Legislative Session

The 62nd Legislative Session began on January 10th. One of the biggest tasks before the Legislature is filling a \$4.6 billion deficit in the 2011-13 Biennium budget. The Governor has already released her budget which includes three percent pay cuts for public employees, eliminating Basic Health and eliminating the Disability Lifeline to close the deficit gap. The Senate and the House will each release budgets that will propose ways to fill the gap. Whatever the final budget looks like, tough decisions will have to be made to get us there.

Unfortunately, our capital budget is not in any better shape. We are quickly coming up against the state's debt limit as was highlighted in our [debt affordability study](#). This will likely diminish the bond-financed portion of the capital budget.

Our budget for the current biennium, which ends in June, is also carrying a deficit. I recently wrote a letter to the Governor and leadership in both the House and Senate encouraging them to act this month without gimmicks or delays to avoid ending the biennium in the red. If they fail to act, this would be the first time in three decades that the state will end the biennium in the red. [Read the letter here.](#)

I intend to work closely with the Legislature and the Governor's office and use fiscal discipline to overcome these budget difficulties.

Treasurer's Bills

This session I am proposing two bills based on the studies done by my office. The first bill will increase investments in public infrastructure. It is intended to help local governments fund such infrastructure as storm water systems and sewer systems. Senate Bill 5745 and House Bill 1915 would create an infrastructure bank. The proposal would:

- Provide contingent loan agreements that would serve as credit enhancements for local governments' infrastructure financings.
- Distribute the utility and solid waste taxes currently deposited into the Public Works Assistance Account to counties' Local Public Works Assistance Funds to be used for loans and grants for infrastructure project.
- Continue the Public Works Board program under a new name and allow grants.

I also introduced a constitutional amendment requiring the Legislature to fund our state pension systems at 80 percent of the recommended actuarial level. Senate Joint Resolution 8214 and House Joint Resolution 4219 are supported by a bi-partisan coalition from the House and Senate. This measure is needed to maximize investment returns used to pay contractual pension obligation and save taxpayers' money.

This is not about propping up state employee benefits; it's about having the fiscal discipline to pay the bills we already owe. Properly funding these systems now and consistently paying into them over time will keep the cost of providing these benefits to a minimum in the future, which will save the taxpayers' money and will allow the budget writers flexibility on funding choices. As I have said before we can't keep pushing these payments forward. In tough economic times we need to be fiscally responsible and ensure that our bills get paid.

This constitutional amendment would:

- Require open and operating pension plans to remain funded in the future by creating a requirement to pay at least 80 percent of the actuary's recommended contribution rates each year.
- Establish a fixed payment schedule to pay off the unfunded liability for PERS1 and TRS1 – the pension plans that were closed in 1977. This would take full effect July 1, 2015, and will allow taxpayers to benefit from investment returns rather than having to pay higher costs directly from tax dollars.
- Require that future benefit enhancements are paid when they are created. While not precluding benefit enhancements, this would provide the fiscal discipline needed to recognize the full costs of benefits when they are incurred.
- Require any legislative changes to actuarial methods or economic assumptions that would lower required contributions to take effect after a two-year waiting period.

The coalition of lawmakers and I held a press conference on Monday, February 7, 2011. Click the link to the OST website for the [press conference](#) video.

Other issues that we will be monitoring are bills dealing with state banks, home loan modification/mediation, homeless housing, economic development revolving funds, and transportation, just to name a few.

I will keep you posted on their progress as we move through the legislative process.

Bond Sale

On January 19, 2011, my office held a competitive sale on two Washington State bond measures that totaled \$452.3 million.

The state received eight bids for the \$362.0 million tax-exempt various purpose general obligation bonds. Ten bidders competed for the \$90.4 million taxable general obligation bonds.

Washington's reputation for fiscal discipline and a continued commitment to balance our budgets has preserved our credit rating and continues to make our bonds attractive to many investors.

These bonds provide funds to pay for various capital projects, multimodal transportation projects, state buildings, public school facilities, and state programs for Columbia River Basin water supply development, farmland preservation, riparian protection and outdoor recreation.

I am very pleased with investors' continued confidence in Washington State.

As always if you have questions regarding these topics or anything else please feel free to contact my office.