

# April Newsletter 2011

## Legislative News

In March, the Economic and Revenue Forecast Council released its revenue forecast for the remainder of the biennium and for the 2011-2013 biennium. Chief Economist Arun Raha downgraded his previous forecast by nearly \$700 million – tough news in an already tight budget year. The House and Senate have rolled out budget plans that address the shortfall with difficult and painful cuts. Much work must still be done before the Legislature passes a final budget for the 2011-2013 biennium, but I am encouraged to see progress.

In tough times, the Legislature is often tempted to use “gimmicks” as a means of balancing the budget. I have spoken out against budget “gimmicks” and cautioned lawmakers to avoid these short-sighted options that come at a high long-term cost to taxpayers. Read the article [here](#).

At my request this year, the Legislature introduced HJR 4219, a constitutional amendment requiring the legislature to pay into public pensions at a minimum of 80% of the state actuary’s recommended funding level. The measure is advancing through the House and I am working to build more support for it in the Senate. I will continue to update you on its progress.

## State Debt Limit

I have also been working with lawmakers on a mechanism that would gradually decrease Washington’s reliance on debt and reduce our long-term debt service obligations. We are a high debt state and currently 6% of our general fund revenue is used for debt payments. As you may recall, my office recently completed the Washington’s first-ever study on our state debt. If you haven’t read the report you can find it on my web page [www.tre.wa.gov](http://www.tre.wa.gov). The Washington State Constitution places a firm limit on the amount of debt service the state can pay on certain forms of debt. In 1972, the state replaced a fixed debt limit of \$400,000 with a new limit on annual debt service (payments of principal and interest) calculated on the basis of the ratio between maximum annual debt service on certain forms of debt and a 3-year historical average of the state’s undedicated general revenues. More specifically, the Constitution requires that maximum annual payments of principal and interest on all debt subject to this limit may not exceed 9 percent of the average of the prior 3 years’ general state revenues. Senate Joint Resolution 8215 sponsored by Senators Derek Kilmer and Linda Evans-Parlette would phase down the debt limit from 9% to 7% in half-a-percent increments starting in 2016 and completing in fiscal year 2022. The definition of state revenue is changed to include state property tax and the calculation period for determining annual general revenue is extended to a 10-year average. Read a recent Seattle Times story [here](#). I will continue to work with lawmakers as this bill moves through the legislative process.

## Financial Education

Helping Washington families acquire the tools and education they need to make fiscally responsible decisions is part of my mission as State Treasurer. My office was a proud participant in America Saves Week, which encouraged families to save for the future whether it is for their children’s college

education or retirement. This month we are equally proud to be a part of Washington Money Smart Week, to be held April 23-30. We are partnering with organizations like Jump\$tart to sponsor and support financial education events across our state. On April 25<sup>th</sup> I will be participating in Money Smart Reading Day and will be reading Berenstain Bears Trouble with Money at Thorndyke Elementary School. Check this [website](#) to find out what events are happening in your neighborhood.

### **Bloomberg**

Finally, I recently had an opportunity to participate on a panel sponsored by Bloomberg entitled THE BATTLE IN THE STATES: POLITICS & BUDGETS ON THE FRONT LINE. This was a great opportunity to discuss Washington's economy, what we are doing to balance our budget and the fact that states are struggling but *not* going broke. Watch the panel [here](#).