



Treasurer: Senate's Attempts to Divert Funds Sets Dangerous Precedent

Quotes from Treasurer Davidson follow.

For Immediate Release

March 7, 2018

"We're extremely concerned with [today's proposals to divert \\$700 million](#) from being deposited in the Rainy Day Fund. Choosing to not save today when we're experiencing extraordinary revenue growth guarantees that our budget problems will be much greater when the next recession hits."

On long-term planning: "We've had 10 recessions since World War II. *Another will come* – perhaps sooner than we anticipate. With the growing concerns of trade wars and market volatility, now is the time to build Rainy Day balances even higher. The historic boom we are in will not last and when the recession comes all will be grateful if the Legislature is far-sighted today and allows this continued growth. **It is very short-sighted to seize \$700 million in a diversionary raid on the Rainy Day Fund as proposed. This is unacceptable.**"

Comparison with California: "Here in Washington we rarely think of looking to California as an example of fiscal prudence. Governor Jerry Brown and California propose adding over \$5 billion to their own Rainy Day Fund this year. Even California is doing the right thing! We can too. We need to get serious about saving and we need to keep building our Rainy Day Fund in this budget."

Pay Debts: "If the Legislature chooses to ignore the will of the people and instead tap into what should be Rainy Day Funds – then it should prioritize paying down debt. Our unfunded pension liabilities are our most expensive debt. Washington State's total pension funding is at roughly 84% of its obligations."

Impact on Bond Rating: "As the State's Chief Financial Officer I have a duty to speak out if we can avoid a self-inflicted wound. If the Legislature shifts its rules to avoid filling the Rainy Day Fund in the year ahead we weaken our financial position and disregard the spirit of the Constitutional Amendment passed overwhelmingly by voters who wanted to save extraordinary revenue. We also damage our well-deserved and hard-won reputation for good fiscal management with bond rating agencies and investors. *Say "no" to budget gimmicks.* Raiding, or diverting, the Rainy Day Fund for today's desires is the opposite of good fiscal management. Don't do it. **I urge the Legislature to not start a terrible precedent of diverting Rainy Day funding. Fund our Rainy Day Fund, adjourn and then go home.**"

The Legislature is scheduled to adjourn March 8th.

###

For further information contact: Anthony Hemstad– Email: Anthony.hemstad@tre.wa.gov Phone: 360-902-9036