

Washington Ballot Summary

Senate Joint Resolution 8212

Ballot Title (what voters will see on the ballot):

The legislature has proposed a constitutional amendment on investment of public funds.

This amendment would allow public money held in a fund for long-term care services and supports to be invested by governments as authorized by state law, including investments in private stocks.

Should this constitutional amendment be: Approved Rejected

Background:

In 2019, the Legislature passed a law regarding long-term care insurance. Under that law, employees pay premiums for long-term care benefits through a payroll deduction. This program will begin January 1, 2022. The employee premiums will be deposited into a Long-Term Services and Supports Trust Account (Trust Account).

The Washington Constitution prohibits public money from being invested in stocks, except for specific exemptions. The exemptions include public pensions and retirement funds, the industrial insurance trust fund, and any fund held in trust for the benefit of persons with developmental disabilities.

The Effect of the Proposed Amendment If Approved

This amendment to the state Constitution would add the Trust Account to the list of funds that can be invested in private stocks. If the Legislature authorizes such investment, money in the Trust Account could be invested in stock.

Arguments for:

- There is a growing long-term care crisis. Seventy percent of adults over the age of 65 will require some form of long-term care, but 90% are not insured for long-term care.
- Voting in favor of this ballot measure helps to ensure the Trust Account can pay benefits to eligible Washingtonians over the long term.
- The Trust Account is self-funded with an independent commission; the state actuary is responsible for regularly certifying the program's solvency.
- Support for SJR 8212 is the fiscally responsible choice. Funds would be invested the same way state pension funds are currently invested. This allows for larger investment growth.
- Through each economic downturn the market has rebounded, demonstrating the overall long-term strength of the economy. Higher yield investment options are good for the people of Washington and critically important to Long-Term Services and Supports Programs in the future.

Arguments against:

- The state Constitution prohibits investing public money in stocks because they are risky.
- The recently created Long-Term Services and Supports Trust Program is a multibillion-dollar program established during the 2019-2020 legislative session. SJR 8212 will overturn

constitutional protections aimed to keep this Trust Account solvent as we enter the coming “Silver Tsunami” of elderly needing services.

- From 2000 to 2003, the Dow Jones Industrial Average (DJIA) lost a third of its value. Between 2008 and 2009, the DJIA lost half its value during the Great Recession. This year, the DJIA fell over 37% in less than six weeks between February 12 and March 23. Who knows where it will go from here? The long-term economic impacts of COVID-19 are still unknown.
- It would be better to invest public money into federal, state, and municipal bonds that support public works we all depend on in Washington. They’re safe.