



March 1, 2022

Dear Budget Committee Chairs:

Thank you for your service to the people of the Washington and your dedicated work in the final days of this short session.

It is critical that Washington does not risk a negative credit outlook following this legislative session. Last week I wrote the legislature to again urge that final budget negotiations restore total state reserves (BSA and ending balance) to a pre-pandemic balance of no less than 10% of near general fund-state revenues.

The most secure and predictable way to maintain our strong credit rating would be to meet this threshold in traditional reserve accounts such as the Budget Stabilization Account (BSA) or in the ending balance, so as to clearly reflect these total reserves in the four-year outlook.

Some of you have highlighted that there are additional unspent funds available in the Washington Rescue Plan Transition Account (WARPTA) that can be used as reserves. These funds are to support education, human services, health care, and the economy and thus are broadly available. It would be clearly advisable that the legislature deposit these funds into the BSA or have the account clarified as a general fund reserve account to allow for greater transparency of reserves in the four-year outlook.

As you finalize your budget negotiations, it is important that by end of the four-year budget outlook that the funds of the ending balance, BSA, and WARPTA total at least 10% of revenues. In light of recent world events, our need to maintain secure finances and prepare to meet future needs in a volatile economy is even more pronounced.

Our state's credit is scheduled to again be reviewed in April right after the legislative session.

Please contact my office if we can be of further assistance in this final week. Thank you again for your service to the people of the state of Washington.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Pellicciotti", is written over a light blue circular stamp. The signature is fluid and cursive.

cc: House and Senate Majority Leaders