



SUBSTITUTE HOUSE JOINT RESOLUTION 4215

Proposed to the People by the Legislature
Amendment to the State Constitution

Official Ballot Title:

The legislature has proposed a constitutional amendment on investment of higher education permanent funds.

This amendment would authorize the investment of money in higher education permanent funds as permitted by law, and would permit investment in stocks or bonds issued by any company, if authorized by law.

Should this constitutional amendment be:

Approved [] Rejected []

Votes cast by the 2007 Legislature on final passage:
Senate: Yeas, 45; Nays, 0; Absent, 0; Excused, 4.
House: Yeas, 96; Nays, 2; Absent, 0; Excused, 0.

Note: The Official Ballot Title and Explanatory Statement were written by the Attorney General as required by law. The complete text of Substitute House Joint Resolution 4215 begins on page 33.

Explanatory Statement

The constitutional provision as it presently exists:

The constitution (Article 8, section 5) generally prohibits using state funds for gifts or loans to any individual, association, company or corporation. Another provision (Article 12, section 9) prohibits the state from subscribing to, or having an interest in, the stock of any company, association, or corporation. These provisions generally bar the state and state institutions from investing state funds in stocks, bonds, or other securities issued by private companies and associations. In 1966, the Constitution was amended (Amendment 44, amending Article 16, section 5) to permit the permanent common school fund to be invested as authorized by law, without regard to the general constitutional restrictions.

The permanent common school fund is one of several permanent education funds in the state treasury. The primary source of money in these funds is income from the sale, lease, or management of lands granted by the United States to the State of Washington at statehood for educational purposes. In addition to the permanent common school fund, held for the benefit of the K-12 public school system, there are permanent funds established for various institutions of higher education. Amendment 44 did not include funds held by, or on behalf of, state institutions of higher education. Therefore, the higher education permanent funds are still subject to the original constitutional restrictions on investment.

The effect of the proposed amendment, if it is approved:

SHJR 4215 would add a new section to the Constitution permitting the legislature to decide by statute what investments would be permitted for moneys in the permanent funds established for any of the institutions of higher education in the state. The amendment would specifically permit the investment of these funds in stocks or bonds issued by any association, company, or corporation, to the extent the legislature authorizes such investments.



Statement For SHJR 4215

SHJR 4215: HELPING SUPPORT OUR STATE COLLEGES AND UNIVERSITIES

Washington State manages several “permanent funds” for the benefit of its institutions of higher education. These permanent funds hold money derived from the lease and sale of lands that were set aside for Washington’s colleges and universities when it became a state. The earnings on these permanent funds are used for the construction and maintenance of our colleges and universities.

Our Constitution limits the investment of these permanent funds to instruments such as government bonds, resulting in very low returns. The Constitution has been amended three times to remove these restrictions from the State’s common school (K-12) permanent fund; from the State’s public pension funds, retirement funds and the industrial insurance fund; and from State funds held in trust for persons with developmental disabilities. By removing these restrictions those funds now provide greater benefits to taxpayers, retirees, employees and employers, and to persons with disabilities and their families. It is time to remove these restrictions from the permanent funds held for our colleges and universities as well.

SHJR 4215 will allow the State’s higher education permanent funds to be invested in any manner authorized by the Legislature. This will allow those funds to produce a greater return for our colleges and universities and will ease the potential burden on taxpayers. The investments will be managed by investment professionals with the State Investment Board, which is bound by the highest fiduciary investment standards.

SHJR 4215: COMMON SENSE INVESTMENT IN OUR FUTURE

Vote Yes on SHJR 4215 to provide a more secure future for our colleges and universities.

Rebuttal of Statement Against

It’s not gambling to allow our higher education funds to be invested in ways that are prudent and consistent with the standards imposed on professional trustees. SHJR 4215 merely allows for a more diversified mix of investments for the long term benefit of our colleges and universities. Other state funds are now invested under these standards and are realizing significantly improved returns. Don’t leave our institutions of higher education behind. Vote yes for SHJR 4215.

Voters’ Pamphlet Argument Prepared by:

PHYLLIS GUTIERREZ KENNEY, State Representative, 46th Legislative District; MARK SCHOESLER, State Senator, 9th Legislative District; KEN ALHADEFF, member – WSU Board of Regents, Chairman – Elttaes Enterprises; DANIEL J. EVANS, former Governor, Washington State.

Statement Against SHJR 4215

SHJR 4215 PLACES UNIVERSITY TRUST FUNDS AT RISK.

These funds should remain in stable investments that support families and communities, instead of gambling them in the stock market to create profits for stockbrokers.

Why are our university trust funds currently protected by our Constitution? When Washington became a state in 1889, Congress dedicated state lands to benefit the state’s public universities. This means that the income generated by these lands will be available to support Washington’s public universities –forever. We have a duty to safeguard this income for the benefit of future generations.

Why do sponsors of SHJR 4215 want to amend our Constitution? They want to undo legal protections on university trust funds in the hope of hitting it big in the stock market. Currently, that investment strategy is unconstitutional and illegal.

Why does our Constitution prohibit investment of most public funds in the stock market? The founders of our state wanted to protect money that belongs to the public—protect it from high stakes gambles—so they required the voters to approve a constitutional amendment before public funds can be put at significant risk in the stock market.

Why should I vote NO on SHJR 4215? Putting funds in the stock market may bring in big money, or be totally lost forever. Right now these funds are safely invested to bring in steady revenue to support universities now *and* in the future. Don’t let our university trust funds end up like the losing ticket on the racetrack floor. Vote NO on this constitutional amendment.

Rebuttal of Statement For

Don’t be misled! Removing constitutional restrictions on university trust funds will not provide greater benefits or ease burdens to taxpayers. Taxpayers would face a greater risk when these funds diminish due to certain swings in the stock market. Our investment in our higher education facilities should be supported by prudent long-term stable investments – not by desperately chasing a quick buck. Don’t gamble our future.

Save our constitutional protections. Vote NO on SHJR 4215.

Voters’ Pamphlet Argument Prepared by:

BOB HASEGAWA, State Representative, 11th Legislative District; GLENN ANDERSON, State Representative, 5th Legislative District.



BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article XVI of the Constitution of the state of Washington by adding a new section to read as follows:

Article XVI, section **INVESTMENT OF HIGHER**

EDUCATION PERMANENT FUNDS. Notwithstanding the provisions of Article VIII, sections 5 and 7 and Article XII, section 9, or any other section or article of the Constitution of the state of Washington, the moneys of the permanent funds established for any of the institutions of higher education in this state may be invested as authorized by law. Without limitation, this shall include the authority to invest permanent funds held for the benefit of institutions of higher education in stocks or bonds issued by any association, company, or corporation if authorized by law.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

The above text is an exact reproduction as submitted by the Legislature. The Office of the Secretary of State has no editorial authority.



New address?

Update your voting information!

If you've moved since you last voted, you must update your voter registration information in order to receive your ballot in the next election.

For your convenience, you may update your information online, by telephone, or by mail.



Online

If you've moved within the same county, you can change your address online. Visit www.vote.wa.gov and click on "MyVote" and follow the instructions on the screen.



Telephone

You may also call your county elections department to update your mailing address if you moved within the same county. County contact information can be found in the back of this pamphlet or in the government section of your local phone book.



Mail

If you've moved to a different county, you must fill out a new voter registration form and mail it in. Voter registration forms can be downloaded at www.vote.wa.gov and are also available at county and state offices such as your county elections department, the Department of Licensing, or your local library.