

# Budget Growth Claims Lack Context, Belie Deep and Painful Cuts

By Andy Nicholas

## Introduction

Despite the claims made by proponents of [I-1107 and I-1053](#), the size of our state government has actually declined since the late-1990s. That's particularly true after the more than \$4.3 billion in painful cuts to essential public services like health care and education the state has made in response to the Great Recession. The situation would get much worse if voters approve I-1107, which would repeal [modest and mostly temporary tax increases](#) enacted earlier this year to prevent even more damaging cuts to these and other important public priorities.

## Problems with "out-of-control spending" claims

Proponents of I-1107 and I-1053 often compare the amount Washingtonians are spending from all funds on public services in the current biennium with the total spent during the 1999-01 biennium. There are at least two serious flaws with their approach:

### *1. Big numbers, but no context*

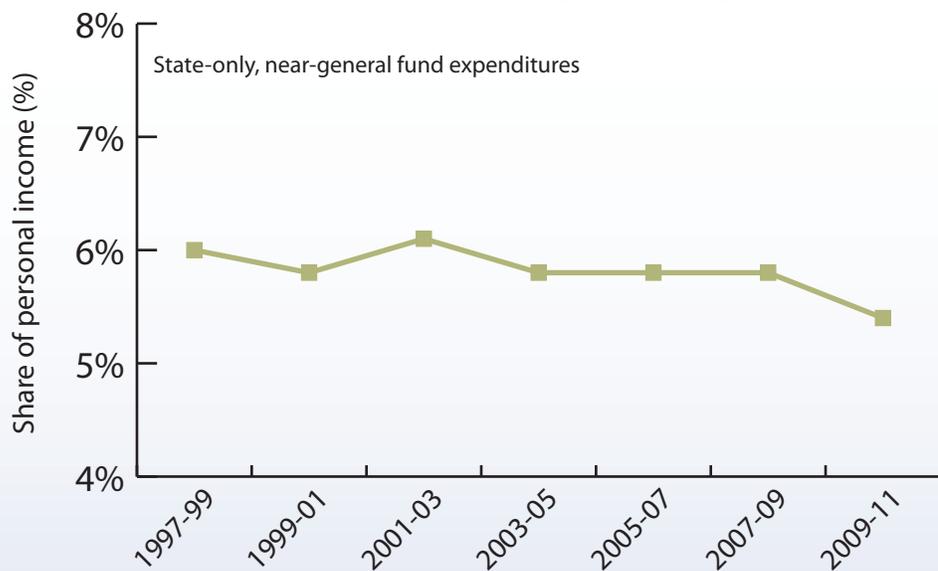
Each year, the cost of maintaining key public priorities grows along with economic and demographic trends. Because of this, the

simple changes in state spending quoted by the I-1053 and I-1107 campaigns reveal little about actual changes in the overall size of our state government. Though their figures seemingly reveal large growth, they are meaningless without a basis for comparison. Rarely, if ever, do proponents show how their figures relate to economic growth or other factors – such as the rising population of seniors – that impact the costs of simply maintaining core public services in our state from year to year.

### *2. Growth figures inappropriately include federal funds*

The figures cited by I-1107 and I-1053 proponents typically include state spending from all funds, including federal funds. It makes little sense to blame state legislators for federal spending choices. State policy makers could theoretically turn down the federal dollars, but that would mean our state could not afford to provide special education services, health care services for lower-income children and families, numerous public infrastructure projects, and so on. Turning down these funds would also mean that federal taxpayers in Washington state wouldn't see any of the benefits of their tax dollars flow back to our state; their taxes would simply be used to

**Graph 1: State spending as a share of personal income has declined since the late-1990s**



Source: Budget & Policy Center calculations of data from LEAP and ERFC

subsidize services in other states and to pay for services administered solely through the federal government.

### State spending growth in context

Given the problems described above, a more informative approach is needed to fully understand trends in state spending on public priorities. Such an approach involves: 1) Excluding federal funds and focusing solely on spending from state-only revenue sources – that is, spending that comes directly from state taxes and fees paid by Washington State residents and businesses; and 2) Placing state spending in the context of total state resources, or the size of the state’s economy.

Graph 1 shows that, as a share of our state economy, spending from state-only sources on education, health care, public safety, and other important services declined since the late-1990s. During the 1997-99 fiscal biennium, state spending stood at slightly more than 6 percent of total personal income – the metric commonly used by economists to measure the size of

state economies. As of June 2010, state spending in the current 2009-11 biennium was projected to be about 5.4 percent of total personal income in Washington. This amount will likely decline even further due to the recently-announced, [6.3 percent across-the-board budget cuts](#), however.

### Recent cuts in services have been deep and painful

Though proponents of I-1107 and 1053 deceptively use their spending growth figures to minimize recent cuts in services, the truth is the impacts of those cuts have been great. In the current biennium, essential public priorities have weathered budget cuts totaling more than \$4.3 billion. As a result, programs that ensure the health of our people and our environment have been cut by 9.3 percent (44,000 lower-income workers have been kicked off our state’s Basic Health Plan); investments in education and opportunity – from preschool to universities – have been cut by 11.3

percent; efforts to create thriving communities, such as public safety and economic development, have been cut by 7.3 percent; and the list goes on. In total, the current budget will spend 10 percent below the amount that would have been necessary to maintain our previous commitments to these and other core public services.<sup>1</sup>

## Acknowledgments

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## Endnotes

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1. Jeff Chapman and Andy Nicholas, "A Step Backward: The 2009-11 State Budget," Washington State Budget & Policy Center, September 1, 2010, <http://budgetandpolicy.org/reports/a-step-backward-the-2009-11-state-budget>.