
State budget deal meltdown shows need for reforms

By Jason Mercier

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Believe it or not, Washington has one of the strongest balanced budget requirements in the country. Under that 2012 law (strongly supported by Washington Policy Center), “The legislature must adopt a four-year balanced budget ...”

Despite this requirement, the 2015-17 state budget the governor signed into law June 30 contained a \$2 billion hole. While the House did manage to pass a balanced budget before the new biennium, the Senate did not, with most Senate Democrats refusing to vote for the suspension of Initiative 1351 (unfunded class size reduction that was narrowly passed by voters last fall) as agreed under the bipartisan budget deal.

When voting against the needed suspension, Sen. Billig said the budget deal was not necessarily to suspend I-1351 but only to not fund it as all of the prior budget proposals (including Gov. Inslee’s) had done. The Senate Democrats’ lead budget negotiator, Sen. Hargrove, however, made it clear that suspension of I-1351 was never a problem during budget negotiations and the step was necessary to comply with the budget deal.

Thankfully a week later, the Senate was finally able to come to an agreement on suspending I-1351.

Why does the budget deal meltdown still matter? Without suspension of I-1351, the budget didn’t balance and had a \$2 billion problem violating the state’s balanced budget requirement. This should never happen again.

There are a couple of things the legislature could do to avoid this problem in the future. The first is to be more transparent with budget negotiations. The second is to consider a rule change that would prohibit House or Senate members from voting on their version of the operating budget until all the revenue and policy changes necessary to comply with the balanced budget law have been voted on and passed first.

Let’s look at ways to improve the transparency of the budget negotiations. Lawmakers may say you can’t negotiate the budget in public (despite the requirement for local governments to do so), but there is no reason the proposals of each side can’t be publicly posted before the secret budget meetings, so that everyone can see what is being proposed and what is being assumed in a budget deal.

Not only would the public have a better idea on what is occurring with the state’s most important legislation, but lawmakers would also know what legislative leadership recommended, so there would be no surprises, as apparently happened for some Senate Democrats who originally voted against suspending I-1351.

Another rule change lawmakers should consider would be to prohibit a vote on the operating budget until all the policies necessary to balance the budget have been passed first. By doing this, the House and Senate would know

exactly what is assumed in the other's budget proposals, and that they actually have the votes necessary to implement the budget they are proposing.

This means the House and Senate would have already voted on their preferred approach to I-1351, eliminating any mystery. Had this type of rule been in effect this year, the budget may have been passed sooner, eliminating the contentious debates over whether the House had the votes to pass the tax increases necessary for its prior budget proposals.

Whether or not these rule changes are the right approach, we should all be able to agree that a \$38 billion operating budget should not be negotiated in complete secrecy, and that the state's balanced budget requirement needs strengthening. Deficits do happen, but a budget should be balanced on at least its first day of the new biennium, and not immediately start with a \$2 billion hole.

Now that lawmakers have finally adopted a balanced 2015-17 budget, they should also approve rules to help avoid this problem in the future.

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