



**B R I E F L Y**

Former Gov. Mike Lowry asserts that Initiative 601's spending lid ties the hands of state legislators when making critical decisions about what's best for Washington's future.

Republican Tom Huff, co-chair of the House Appropriations Committee, argues that I-601 has protected taxpayers, has prevented state-spending surges and dips tied to swings in the economy, and even so has allowed for a lot more spending on education.

Lowry and Huff debated the merits of I-601 at the Research Council's June 3 annual meeting.

## Lowry and Huff Examine the Effects of I-601

Former Gov. Mike Lowry claims the voter-approved lid on spending by the state legislature runs counter to the nation's tradition of representative democracy. We elect representatives to make decisions about what's best for the state, he said, but the spending lid ties their hands.

Lowry was talking about the effects of Initiative 601, passed by the voters in 1993 after legislators earlier that year had raised taxes by \$649 million. In a debate with Republican Rep. Tom Huff, the former governor said I-601 too severely limits possible legislative spending on education and other state services.

I-601 limits growth of the legislature's operating budget to the previous budget plus the previous three-year average percentage increases in population and inflation. Lowry said that our elected representatives should have the choice of increasing the state budget by the rate of growth in personal income as well. Instead, "we tie their hands," he said. "That's my problem with 601."

Huff, who co-chairs the House Appropriations Committee, argued that Washington has benefited from a spending lid that has disciplined the legislature to stick with moderate and sustainable budget growth. The lid has yielded dependable budget reserves, eliminated the need for tax increase and made government more efficient, he said.

The problem with republican democracy, Huff suggested, is that "the unorganized general interest can never compete with organized special interests" that lobby elected representatives for more spending and bigger government. I-601 protects the taxpayers, he said. "Without some external constraint, legislatures will almost always tend to spend more rather than less, because that's the nature of the system."

Huff and Lowry debated the merits of I-601 at the 1999 annual meeting of the Washington Research Council, held June 3 at the Sheraton Hotel in Seattle.

Washington's legislature and citizens adopted the initiative process by constitutional amendment in 1912, during they heyday of the progressive movement, which believed that the cure for the ills of democracy of the day lay in adding more democracy. To our form of republican government, the Progressives sought to add a touch of direct democracy – the initiative and referendum.

In 1993, Washington voters turned to the initiative process in reaction to tax increases imposed by their elected representatives. Besides limiting spending, I-601 also requires a two-thirds legislative vote to increase fees and taxes feeding the state's general fund.

Huff said I-601 resulted from state spending increases averaging upward of 17 percent during the late 1980s and early 1990s. The increases were supported by a hot economy. When recession hit the state in 1992, newly elected Gov.

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Mike Lowry inherited a budget crisis. In 1993, he and Democrat-led legislature cut spending by \$535 million, and they raised taxes by \$649 million. “The response,” Huff said, “was a grass-roots movement to put a cap on annual spending increases, linked to population and inflation, and to raise the bar for tax increases.”

“The purpose of I-601,” Huff explained, “is the same as for any spending limit – to smooth out the boom-and-bust pattern of state budgeting, in which the state spends at a rapid rate when the economy is strong, incurring spending obligations that cannot be sustained when the economy slows down, leading to tax increases and deep cuts in programs and services, only to have the cycle begin all over again when the economy picks up.”

Besides Washington, 26 other states have adopted some form of tax-and-spending limits.

Lowry did not attack Washington’s spending limit as such. He simply argued for a higher limit. He suggested that the state’s currently strong economy is tied to its educated work force, made possible by legislative spending that consumes 60 percent of the operating budget. Lowry said legislators must make tough decisions on how to apportion state revenue among programs and services ranging from education and natural resources to the elderly and to kids in trouble. In doing so, he contended, legislators should have available the increased tax revenue that flows from growth in personal income.

Huff countered that I-601 has given lawmakers plenty of money to spend, nevermind complaints that the spending lid has so squeezed the budget that the legislature has been unable adequately to fund education and other state services.

If I-601 is so brutal on education, how is it that the legislature has given new teachers a 17 percent pay increase and veteran teachers a 10 percent increase for 1999-2001, Huff said. “If that is constraint, one wonders what lack of constraint would be.”

What’s more, general-fund support for higher education will go up 15 percent in the next biennium. “We’ve funded \$198 million in enhancements to higher education in the current biennium and \$272 million in enhancements in the next,” Huff said. “So again, where is the evidence that 601 stifles education spending? From where I’ve been sitting these last five years, I just don’t see it.”