

## **Report Says Cutting WA State Budget = Cutting WA Jobs**

### **Local News**

Posted by: David Haviland

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A Washington economist who has crunched the numbers warns that the more budget cuts the legislature makes, the more jobs the state will lose. Marilyn Watkins, policy director with the *Economic Opportunity Institute*, says the effects of state spending ripple through the economy, from buying supplies and hiring contractors to the paychecks state employees spend in local businesses.

If lawmakers try to close the \$2.6 billion budget gap only by cutting more state programs and services, Watkins estimates 33,000 jobs will go away - many in the private sector.

"We cut more than \$3 billion from the state budget last year. The net effect of that was 44,000 private and public sector jobs lost in our economy."

Watkins says every dollar of state spending generates just over \$1.40 in economic activity - more than half of that in the private sector. That's why the *Economic Opportunity Institute* report suggests raising revenue by expanding the state's tax base before cutting more from the budget.

According to Watkins, this legislature faces a real turning point: It could decide to expand the state's tax base. Until now, lawmakers have been hesitant to tax services or take away corporate tax breaks, saying businesses sometimes need incentives to stay in Washington. Watkins says public pressure - and this year's grim financial picture - may change that.

"This is a time when we *can* act, when there is the political will and the understanding among voters to take those actions to expand the tax base, so that we can maintain - and even improve - our vital public services, like education and health care."

The report, "Creating Jobs & Boosting Our Economy: An Action Plan for Washington's 2010 Legislature," is available at [www.eoionline.org](http://www.eoionline.org).