

A black and white photograph of two hands, one from a darker-skinned person and one from a lighter-skinned person, cupping a small blue logo. The logo features a white mountain range silhouette and the text 'WASHINGTON POLICY CENTER' with the tagline 'Improving lives through market solutions' below it. The background shows a field of tall grass and a large, ornate domed building, likely a state capitol, under a cloudy sky.

WASHINGTON
POLICY CENTER
Improving lives through market solutions

**THE BEST PUBLIC POLICY SOLUTIONS
START WITH AN IDEA**

2011 WASHINGTON POLICY CENTER'S
ANNUAL REPORT TO SUPPORTERS AND THE COMMUNITY

After voters adopted our recommendations on seven of nine statewide and major local ballot measures in 2010, we began 2011 poised for even greater impact in advancing market-based solutions and shaping the public debate. By the end of spring, Governor Gregoire had signed 13 bills aligned with our research, ideas, and recommendations. Our impact continued into the November election, when voters adopted two of our long-time recommendations: Getting the state out of retail liquor sales and enhancing the state's "rainy day" budget reserve account. Once again, our ideas became solutions.

"What exactly does a think tank do?" is a question we hear frequently. Washington Policy Center educates citizens and policymakers with the best analysis and solutions on pressing issues facing our state today. We help keep legislators informed before they cast votes that impact everyone. In short, we improve lives and make our state a better place to live. Our solutions begin with ideas – ideas that are researched and analyzed by our team of policy experts, discussed at our dozens of events around the state and advanced in the public debate through intensive citizen and media outreach.



WPC President Dann Mead Smith and Board Chairman Greg Porter with Indiana Gov. Mitch Daniels (left) and former U.N. Ambassador John Bolton (right) at our 2011 Annual Dinner.

But our impact goes beyond the halls of power and the public debate. We also work to empower the next generation of leaders with free-market ideas. That's why we formed a Young Professionals group and hold special events throughout the state. That's also why we award the annual Jennifer Dunn-Thomson Scholarship to promising young women who embody the former Congresswoman's leadership and commitment to public service.

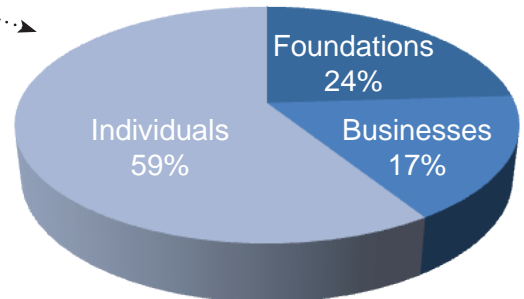
Washington Policy Center is a think tank that gets results, and we're here for the long haul. Our consistent efforts and continued presence over time have improved lives in our state. Thank you for being an integral part of that success. Together we have accomplished a great deal, and there is much more work to be done in 2012 and beyond.


Dann Mead Smith


Greg Porter

GETTING RESULTS IN 2011

- \$1,704,980 in revenue.
- 3,918 total attendees at 36 events
- 1,645 print, broadcast, and online media appearances
- 29 invitations to provide legislative testimony
- 13 bills passed by the legislature reflecting our ideas
- 2 ballot measure recommendations approved by voters



In 2011, Governor Gregoire signed 13 bills aligned with our research, ideas, and recommendations. These included regulatory relief for small businesses, increasing the use of competitive contracting for state services, restructuring state government, and giving state employees access to health savings accounts.

Voters adopted two ballot measures reflecting our ideas and recommendations: Ending the state monopoly on retail liquor sales, and strengthening the state's "rainy day" budget reserve account.



YOUNG PROFESSIONALS

We launched our Young Professionals group in 2010 to engage and inform the next generation of leaders across Washington state. We educate young business and community leaders about public policy issues facing our state, from environmental issues to education to health care. We strive to get young people involved in policy, knowing that ideas, supported by sound research, over time create an environment in which sound public policy decisions are made.



In 2011, we held and cosponsored four events for young professionals in Seattle, Bellevue, and Spokane, including a special discussion on the challenges of doing business in Washington, a networking event with the Seattle Chamber of Commerce, a reception with *Eco-Fads* author Todd Myers, and a reception with Attorney General Rob McKenna in Spokane.

In 2011, for the first time, we had the privilege of selecting the recipient of the Jennifer Dunn-Thomson Scholarship. We honored the late Congresswoman Dunn with our 2005 Champion of Freedom Award, and in each of the next five years we will award the scholarship to a young woman who embodies Jennifer's leadership and commitment to public service. We awarded the 2011 scholarship to Samantha Bowman of Federal Way. Samantha is a University of Washington graduate now using the scholarship to pursue her graduate degree at the London School of Economics.



EASTERN WASHINGTON

Our presence and impact in Eastern Washington are growing. 2011 was the second year of operation for our full-time Eastern Washington office and its director, Chris Cargill.

We kicked off the year by hosting more than a dozen Wake-up Call Forums in Spokane, Tri-Cities, Wenatchee, and Yakima during the legislative session. Republican and Democrat policymakers in Olympia spoke with hundreds of citizens via live video. We helped connect citizens in Eastern Washington with the legislative process in Olympia—a process from which they often feel disconnected.



Following the release of our "Key Facts about Ben Franklin Transit," every Tri-Cities TV and radio news outlet as well as the *Tri-City Herald* ran stories on the report. We found that between 1996 and 2009, total operating expenses for Ben Franklin Transit increased 140% and the number of employees making more than \$75,000 per year increased 60%, while annual bus passenger trips and miles decreased.



Our research and analysis of Spokane's controversial new water rate structure caught the attention of media and local policymakers, who began pursuing reforms to address the concerns we raised. The city decided to change the rates months later.

ANNUAL DINNER

Year after year, our Annual Dinner is the largest and most prestigious of its kind in the Pacific Northwest. It is a must-attend event for policymakers, business leaders, media, and civic-minded citizens throughout the state.



Indiana Gov. Mitch Daniels and former U.N. Ambassador John Bolton addressed more than 1,500 attendees at our sold-out Annual Dinner events, live in Bellevue and via simulcast in Spokane. We also honored local venture capitalist Matt McIlwain with our 2011 Champion of Freedom Award for his vital work in the successful campaign to defeat the income tax proposal in 2010.



EDUCATION

Liv Finne, director for our Center for Education, described in a report how a visionary leader turned around Baltimore City Schools, one of the nation's worst-performing districts. That leader, CEO Dr. Andrés Alonso, keynoted our 2011 Education Breakfast in Seattle. Dr. Alonso discussed how shifting responsibility for running schools to the best school principals and teachers has led to sharp reductions in drop-out rates, increases in student achievement, and increased enrollment in the district.



Parents and students in our state achieved a major victory when the governor signed a bill allowing school districts to operate Innovation Schools over a six-year period. Innovation Schools give principals more flexibility in staffing, budget and curriculum decisions. We introduced Colorado's Innovation School law to policymakers through our research and by inviting Rob Stein, principal of an Innovation School in Denver, to speak at our 2010 Education Breakfast.

Charter school advocates used Liv's research on charter public schools to persuade the state Parent-Teacher Association, for the first time in its history, to endorse charter school legislation. We also released the Public School Accountability Index, which used data and rankings developed by the State Board of Education to show whether Washington's 2,000+ public schools are effectively educating students. Our Index reported that 60% of Washington schools ranked in the lowest two categories, while only 10% of schools ranked in the top two categories.

ENVIRONMENT

Todd Myers, director of our Center for the Environment, authored the groundbreaking book *Eco-Fads: How the Rise of Trendy Environmentalism Is Harming the Environment*. Writing in *Forbes*, climate scientist Dr. Pat Michaels called it "the definitive tome on the systemic errors" of the green movement. *Eco-Fads* received extensive attention in local and national media, including *USA Today*, Fox News, the Rush Limbaugh show, KING 5, *The Seattle Times*, and more. Todd spoke to groups across the country and even briefed lawmakers in Washington, D.C.



Dr. Patrick Moore, a co-founder of Greenpeace, keynoted our 9th Annual Environmental Policy Conference and Lunch in Seattle. He talked about his new book *Confessions of a Greenpeace Dropout: The Making of a Sensible Environmentalist* and why he left the movement he helped found after it moved toward an extremist, anti-human agenda.



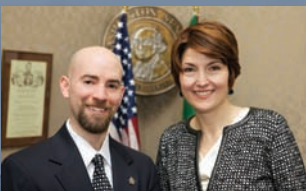
Todd Myers released "A Fresh Start for the Environment," a set of market-driven policies aimed at improving environmental quality, encouraging environmental innovation, and ensuring taxpayers get what they pay for when it comes to improving the environment.

GOVERNMENT REFORM

In the 2011 election, voters approved two government-reform ballot measures reflecting our ideas and recommendations. I-1183 ended the state monopoly on retail liquor sales, and SJR 8206 made it more difficult for lawmakers to spend surplus state revenues. Both measures are important steps toward focusing state government on its core functions and building a sustainable budget. Our Center for Government Reform director Jason Mercier has worked on these issues extensively over the last few years.



Taxpayers achieved important victories when Governor Gregoire signed bills consolidating several state agencies to eliminate redundancy in services, expanding the use of competitive contracting for state services, and formally requesting Medicaid flexibility from the federal government.



Jason joined with Congresswoman Cathy McMorris Rodgers to write a *Seattle Times* column recommending Congress turn Medicaid into a block-grant program—a move that would give states the flexibility to tailor the safety-net program to their specific needs. This recommendation passed the U.S. House of Representatives, and our policy experts and Congresswoman McMorris Rodgers continue to promote the idea locally and nationally.

HEALTH CARE

After the most sweeping and controversial health care reform legislation in the history of the country was enacted, our Center for Health Care policy analyst and retired heart surgeon Dr. Roger Stark took to the task of analyzing how the reforms would impact providers, young adults, Medicare and Medicaid recipients, and employers in Washington.



Federal health care reform was also the topic of our 9th Annual Health Care Conference. More than 400 health industry professionals, policymakers, media, and citizens participated in our conference in Seattle and a special health care lunch event in Spokane. The events focused on the status of implementing reform in the states. Congresswoman Cathy McMorris Rodgers keynoted both the Seattle conference and Spokane lunch events.

We were pleased when Governor Gregoire signed into law our ideas to give state employees access to health savings accounts and for the state to formally request Medicaid flexibility from the federal government.

The Impact of National Health Care Reform on Washington State



Dr. Roger Stark, MD, FHCC
Health Care Policy Analyst
February 2011

POLICY CENTER
FOR WASHINGTON STATE



SMALL BUSINESS

Our Center for Small Business kicked off the year by releasing "Recommendations for Improving Washington State's Small Business Climate." Our work with small business owners paid off when Governor Gregoire signed bills providing regulatory relief, lowering the cost of the Workers' Compensation program, reducing the burden of payroll taxes on Washington businesses, and requiring state regulators to listen to small business owners' concerns before imposing regulations. The center worked tirelessly to ensure that small businesses will lead the way to economic recovery.



Our biennial Statewide Small Business Conference gathered hundreds of business owners in Bellevue to voice their concerns and propose, discuss, and vote on recommendations for improving the state's business climate. The result was a list of 21 recommendations that we compiled, analyzed and presented to policymakers and advanced in the public debate.



TRANSPORTATION

After Michael Ennis, director of our Center for Transportation, asked State Auditor Brian Sonntag to audit Sound Transit's questionable light rail ridership forecasts, the auditor agreed to do so. The issue piqued the interest of Seattle's KOMO 4 News, which featured Michael and his research in a special report on the audit announcement.

The center submitted an amicus brief to the state Supreme Court asking for direct review of a case challenging the state giving tens of millions of dollars in gas tax rebates to Indian tribes every year. The reimbursements, which come from closed-door negotiations between the tribes and the governor, mean the state has less money to build and maintain roads, bridges, and ferries. Michael's in-depth research on how Indian tribes use the rebates to undercut non-tribal fuel stations garnered considerable attention from media and policymakers.

Congressman John L. Mica (pictured at right with Michael Ennis), Chairman of the House Transportation and Infrastructure Committee, held a special field listening session in Vancouver, and Congresswoman Jaime Herrera Beutler invited Michael to speak about the natural and unnatural cost drivers in the effort to build a new Columbia River Crossing between Vancouver and Portland.





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