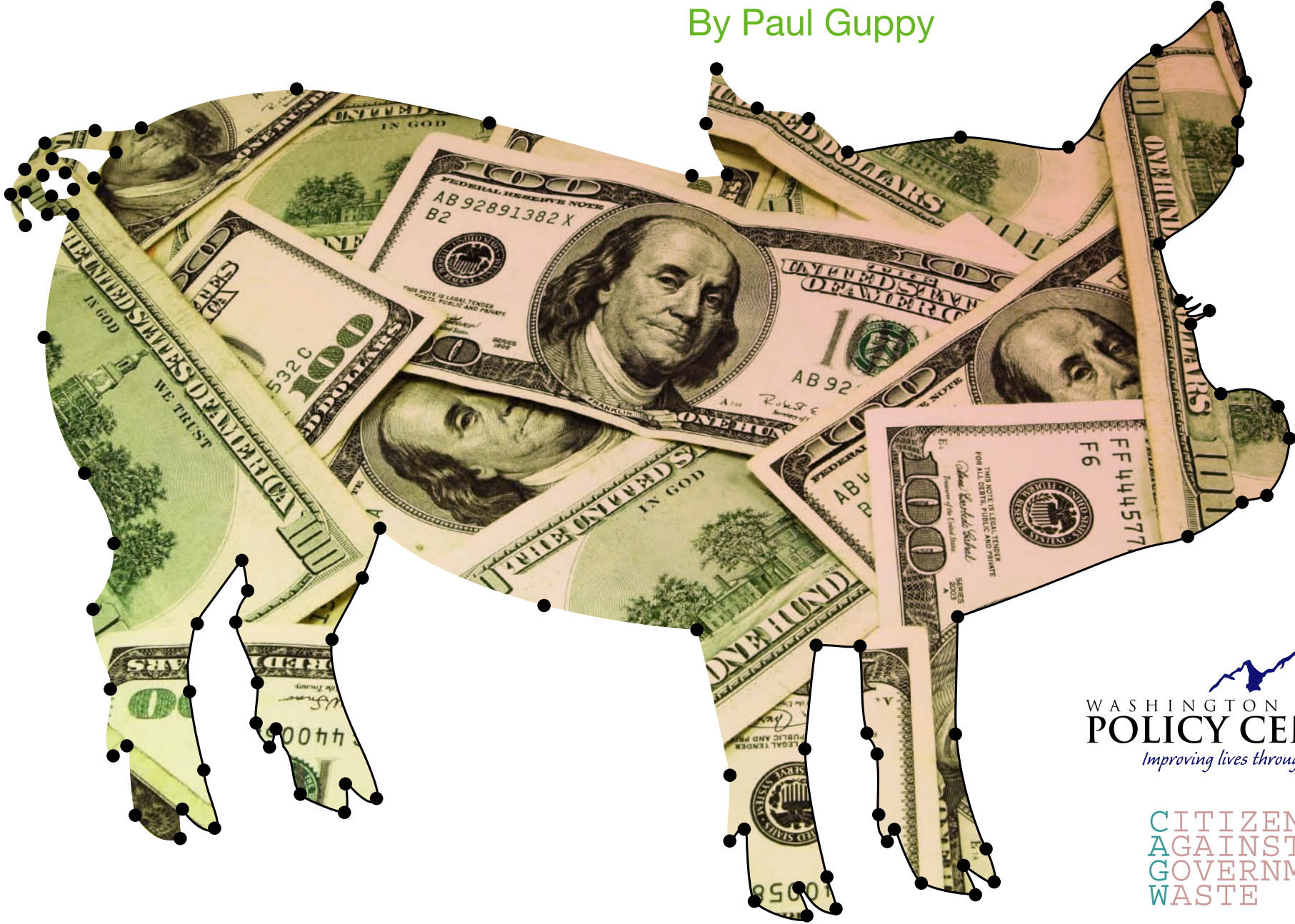


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The Washington State Piglet Book

Connecting the dots on how government wastes your money

By Paul Guppy

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Washington Policy Center is a non-partisan public policy research organization in Seattle and Olympia, Washington. WPC publishes studies, sponsors events and conferences, and educates citizens on public policy issues facing Washington state.

WPC's mission is to improve the lives of Washington's citizens by promoting free-market solution to the challenges facing the state. Through dedicated research centers, WPC focuses on seven policy areas: state budget and tax reform, the small-business climate, the environment, transportation, labor and employment, health care, and education. For more information visit www.washingtonpolicy.org or call 206-937-9691.

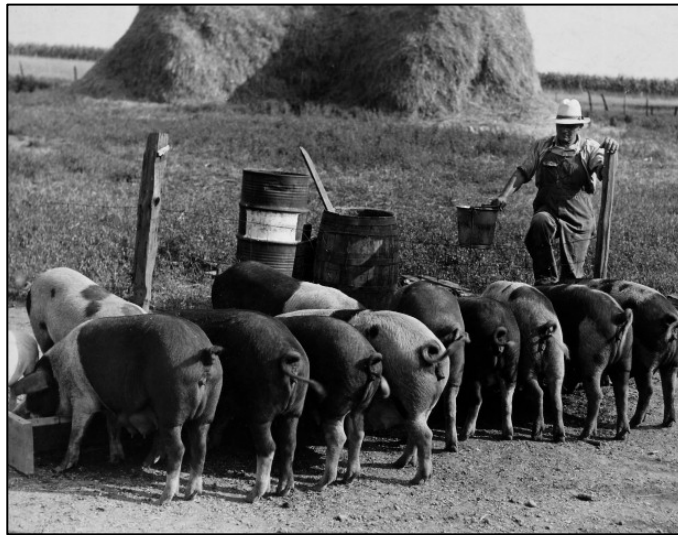


Citizens Against Government Waste is a private, non-partisan, non-profit organization representing more than one million members and supporters nationwide. CAGW's mission is to eliminate waste, mismanagement, and inefficiency in government spending. Founded in 1984 by the late industrialist J. Peter Grace and syndicated columnist Jack Anderson, CAGW is nationally recognized as *the* source of information on government waste. CAGW representatives appear frequently on television, radio talk shows, and in print. For more information visit www.cagw.org or call 202-467-5300.

The Washington State Piglet Book

Connecting the Dots on How Government Wastes Your Money

by Paul Guppy



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Introduction

“Where’s the fat in the budget?”

During the November 2007 special session of the legislature, a prominent state senator cornered a well-known taxpayer advocate in a hallway of the state capitol. Waving a three-inch-thick copy of the state operating budget, the senator asked, “Where is the fat in the budget? You won’t answer the question and the reason you won’t is you’re chicken, you’re chicken, you are a coward...” and later, commenting to reporters, “This guy is a chicken, a coward, and will not answer the question.”¹

The purpose of this book is not to determine whether anyone is a chicken or a coward, but we agree the senator raises an important question. Those who seek to reduce the tax burden lawmakers place on citizens have an obligation to point out areas of wasteful spending in the budget.

It is also important to see calls for tax cuts in the correct context. Lowering the tax burden does not have to mean cuts in public services. The state budget is constantly growing, and most proposals for tax relief would only result in slowing the rate of spending increase, not real-dollar cuts in current government programs.

Slowing the Rate of Spending Increase

Eliminating the budget items listed in this book is not a prerequisite for passing tax relief for Washingtonians. Any tax

relief proposals would come in the form of slowing the rate of *future* increases in spending, because the overall rate of state spending would still go up. Ending pork barrel spending is just one part of providing broad-based tax relief to the people of our state.

The purpose of this book is to show that state lawmakers do not need every dollar they take from citizens. Allowing citizens to keep more of their own money would benefit the people who earned it and bring a greater sense of fiscal discipline to Olympia.

Eliminating waste and pork barrel projects serves another important purpose. It gives lawmakers the opportunity to rebuild trust with the public, and to show respect for taxpayers by being accountable for the way they treat the people's money.

Rapidly Rising Public Spending

The first responsibility of legislators is to pass a budget that serves the best interests of the people of Washington. Yet, as the research in this report illustrates, lawmakers each year spend millions of dollars on waste and special projects that do not always serve the public.

In the 2007 Legislative Session lawmakers controlled a budget surplus of \$2 billion. That means elected leaders collected far more money from citizens than they needed to fund government programs. The surplus represented a tax

overpayment equal to \$416 for every adult in the state, or \$644 per homeowner.

At the same time, Governor Christine Gregoire's proposed budget did not include general tax relief for citizens. Instead, the governor proposed spending *all* of the surplus, by using most of it immediately to permanently boost state spending. Under the governor's plan, no part of the tax surplus was to be returned to the people.

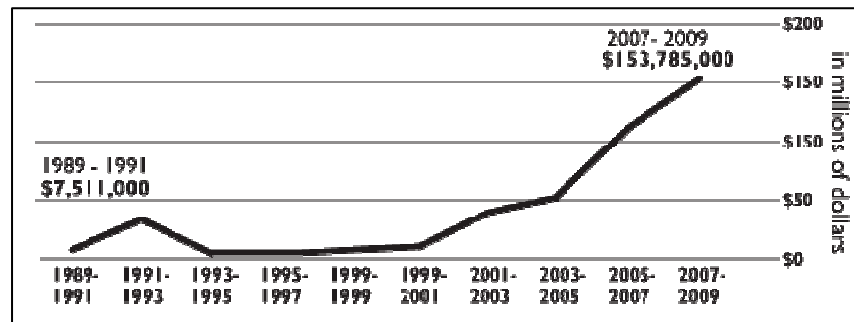
The legislature agreed with the governor's position. Lawmakers spent all of the budget surplus, (most of it immediately) to boost state spending by 12% over two years, even though annual inflation is around 3%. They also placed a small part, \$262 million, in reserve to be spent in the future. They added about 3,000 new permanent positions to the public workforce, bringing the state payroll to more than 112,000 full-time positions. Lawmakers enacted no general tax relief.

The Pressure to Spend

The sharp rise in the budget highlights the constant political pressure in Olympia to increase spending and expand the business of government. A wide array of special interests that benefit from government growth, from unions to political activists, work constantly at the capitol to promote their wish lists for additional spending.

Legislators work in a world of unending spending requests. When there is no countervailing pressure for tax-cuts, it is often easier for lawmakers to just say "yes" to the special

interests. As *The Seattle Times* reports, “Since 2005, lawmakers have spent or allocated nearly \$270 million on earmarks in the capital budget... That’s more than the previous 15 years combined.”ⁱⁱ The following chart illustrates the long-term trend.



Washington’s Growing Tax Burden

Washington is one of the most heavily-taxed states in the nation. In all, residents pay more than 50 different kinds of taxes at the state and local level. The large number of taxes, combined with a growing economy, is why a record level of revenues is flowing into the treasury.

The result is a state government with plenty of money. The current two-year General Fund budget spends more today than at any point in state history: \$33.4 billion.ⁱⁱⁱ Much of government spending growth is set on auto-pilot by entitlement policies. The total current biennial state budget is \$71 billion, when entitlements and federal grants are included.^{iv}

In historical terms, Washington’s level of taxation is perhaps the highest ever. Today, Washingtonians pay more in

taxes than they do for food, clothing and transportation combined.

Washington also has one of the latest Tax Freedom Days in the country, the date each year on which citizens have earned enough money to pay their taxes to all levels of government and can begin working for themselves. In 2007, Washington's Tax Freedom Day was May 6, tied with Massachusetts as the 8th highest ranking in the nation.^v

It is a simple matter of fairness: state leaders should not take more money from the people than is needed to pay for essential government programs. Giving in to special interests increases their power over lawmakers and taxpayers. Resisting special interests allows elected leaders to reduce the financial burden the state places on citizens.

In this way state leaders can show they understand a central principle of our democracy: the purpose of government is to serve the people, not the other way around.

Critics of Pork Barrel Spending Research

Those who criticize opponents of pork spending ridicule the relatively small amounts of money involved, saying these targeted projects really have little or no budgetary impact. This attitude reveals the casual disdain of those who find it easy to spend other people's money.

In Olympia, pork spending might seem like small change, but to the average taxpayer, individual projects involve

large amounts of money. Just one pork item, like \$2.5 million to benefit the owners of a wealthy tribal casino, represents the entire yearly tax contribution of 1,059 Washington taxpayers.^{vi}

Also, the cost of projects adds up fast. The items in this book represent a fraction of the total waste and pork spending in just one budget cycle. One account, Local Community Projects, represents more than \$132 million in targeted spending. As U.S. Senator Everett Dirksen once put it, a million here, a million there...and pretty soon you're talking about real money.

A further reason research on pork barrel spending is important is what it reveals about the dependability of lawmakers. When lawmakers show they can wisely and carefully handle small budget items, it is easier to trust them with managing major public programs, like health care spending, or the \$13 billion education budget.

State Government is Badly Overextended

While satisfying in the short run, permanently ratcheting up spending makes it harder for lawmakers to meet their obligations in the long term. The result is a state government that is badly overextended because it tries to do too much (the Office of Financial Management is projecting a deficit of \$621 million by the next budget cycle).^{vii} Looming deficits and a chronic sense of fiscal crisis leave citizens with less of their own earnings to meet life's daily needs.

That is why the battle against waste and pork-barrel spending is fundamentally about respect; respect for ordinary

citizens and the time, effort and creativity each individual devotes to earning a living. Ever-rising levels of taxation and pork spending gradually erode basic freedoms by making it that much harder to get by.

Thus controlling pork spending is not just about saving money. It is about protecting people's rights. Special interests have little incentive to restrain the reach of the state, so this task must fall to the people and their elected representatives.

The Washington State Piglet Book is part of an effort to rebuild respect for citizens in Olympia. When lawmakers resist pork barrel spending they show they understand the concerns of ordinary citizens, and only then will they begin to treat the people's money as carefully as their own.

Washington state has a culture of pork-barrel spending at all levels of government. Examples of earmarks and pork barrel spending in Congress, like the infamous "bridge to nowhere," are well documented. The first two examples show that state legislators are following the example set by the state's federal representatives.

The Ship Nobody Wants \$4.5 million

In 2002, U.S. Senator Patty Murray (D) and Congressmen Norm Dicks (D) and Brian Baird (D) inserted a provision in the fiscal 2003 Defense Appropriations bill that forced the Navy to spend



\$4.5 million to buy a ship from a Washington state company that the Navy did not want or need. The 85-foot high-performance vessel is sleek, fast, and completely useless for purposes of national defense.^{viii}

The vessel was built by Guardian Marine International of Edmonds. At around the same time, the company made campaign donations in the amounts of at least \$14,000, \$16,000, and \$15,000 to Congressmen Baird and Dicks, and to Senator Murray, respectively.^{ix} In all it was a highly convenient arrangement. Elected officials received campaign support, and an in-state company received a lucrative \$4.5 million public contract. Everybody won, except hard-working taxpayers who were required to provide the money.

Battle Equipment the Army Can't Use \$6 million

In another example, a Redmond company, Microvision, received \$6 million in 2005 under Senator Murray's direction to provide high-tech battle equipment for Army. The Army would not



allow soldiers to use the equipment, calling it flawed. Most of it ended up in unopened boxes in a government warehouse. Earlier, in June 2004, Senator Murray announced that she had ensured that Microvision received \$5.5 million in federal earmarks. At the same time, company executives have provided important campaign contributions to both Senator Murray and to former Senator Slade Gorton.^x

These federal earmarks are just two of many like them that are squeezed into the national budget every year. The same process happens in Olympia. During consideration of the regular two-year budget, lawmakers slip in earmarked money for favored groups or causes. There are usually no hearings, inquiries or separate debate on legislator earmarks.

If a lawmaker carries enough clout, his or her favored projects are simply adopted in the normal course of legislative business. As in the two federal examples cited here, state lawmakers often receive campaign contributions, or otherwise have some connection to the groups or causes that receive earmarked funds.

Ending wasteful spending at Washington State Ferries \$9.6 million

In September 2007 the State Auditor completed a major investigation into the operations of the Washington State Ferry system (WSF). The audit was the result of a new law



created by Initiative 900, passed by voters in November 2005. The initiative for the first time provides the Auditor with the authority to conduct performance audits. That is, his investigators can now look into whether tax money is being spent effectively, in addition to whether it is being spent legally.

The ferry system audit resulted in ten major findings and ten recommendations. The recommendations include better use of existing funds, better project management, lowering overhead costs, better use of administrative staff, getting employees to do higher quality work, and doing less work over again. If implemented by ferry officials, the audit recommendations would save taxpayers \$9.6 million a year, or almost \$100 million over ten years.^{xi}

Another major area of waste is binding union labor agreements, arrived at through mandatory collective bargaining. Sometimes state ferries are operated for the benefit of the employees, not the public. The audit notes:

“WSF operates some round trips in order to meet requirements of union contracts. In some instances, the crewing schedules dictate vessel departure in order for WSF to minimize overtime costs or crew travel costs.”^{xii}

In one sense the amount of waste and inefficiency uncovered by auditors is not surprising. Washington state ferries have operated as a monopoly for more than fifty years. State law makes it illegal for any person to accept payment to provide regular carrying service that competes with an existing state ferry route. The exclusion zones on either side of state ferry routes operate as a practical ban on private ferry service on most Puget Sound and San Juan waters.

The lack of choice for ferry riders and, until recently, the absence of performance audits, means expensive and wasteful management practices built up over the years. Fully implementing the Auditor’s efficiency recommendations would be a first step in providing paying passengers the service they have a right to expect and taxpayers the savings they deserve.

Better yet, if lawmakers lifted the ban on private ferry service, it would foster the excellence that comes with competition, improve choice and service to the public, and save taxpayers even more.

Suquamish Inviting House, Longhouse and Museum \$2,550,000



**A view of the Suquamish tribe's highly profitable
Clearwater Casino and Resort**

Washington taxpayers are being asked to pay more than \$2.5 million for a community Inviting House, Longhouse and Museum, which would primarily benefit the Suquamish Indian tribe. Yet, the tribe's leaders are hardly short of money. They operate the nearby highly-profitable, and tax-exempt, Clearwater Casino Resort.

The Casino, "Where Winning Comes Naturally," offers pai gow, blackjack, poker, craps, roulette and "more Video Slots than you can shake your Club Clearwater Card at."^{xiii} Tribal leaders promise, "...you can relax on our Event Lawn, swim in the zero-entry pool, take a reflective stroll through our Native Art Gallery, spoil yourself in the Angeline Spa or dine in one of four incredible restaurants."

In all, the Clearwater Casino has 84 luxury rooms, "true four diamond amenities," and breathtaking water views. Room rates top out at \$450 a night. Plus, as a tribal business, "the

Suquamish Clearwater Casino Resort does not charge sales tax on purchases.”^{xiv}

Everyone admires success in business, and Suquamish tribal leaders are to be congratulated for building one of the most successful tax-free, high-dollar casinos in the state. But as proprietors of a premier gaming and hospitality operation, the Suquamish tribe’s top executives have no need to accept \$2.5 million from taxpayers to add to nearby amenities.

In fact, for a fraction of the money they save by not paying state taxes, tribal executives could build several inviting houses and longhouses, plus a world-class museum, all without seeking a cash subsidy from their tax-paying neighbors.

Tacoma Narrows Bridge Lights \$1.5 million



“It makes everything so pretty.” Tacoma activists seek public money for bridge decorations

This earmark is to provide tax-funded night-time lighting decoration for the new Tacoma Narrows Bridge.

BridgeLights organizers are described as proud they “won” this \$1.5 million for their project, treating the budget process like a high-stakes lottery for access to the state treasury. “It makes everything so pretty,” one advocate says.^{xv} “We deserve this slice of beauty,” says another, who demands, “We want it illuminated.”^{xvi}

Illumination backers say they collected 1,500 endorsements on comment cards given out to people who visited the bridge on opening day. The cards did not include a way to voluntarily contribute to the cause, however. If each person who filled out a card pledged to raise \$1,000 to help make it happen, then no earmarked funds would be needed.

The BridgeLights project boils down to a sophisticated exercise in lobbying. Backers urge visitors to their website to advocate for more earmarks, listing nine ways to contact local, state and federal officials and ask for public money.^{xvii} The site

does not ask visitors to make a voluntary donation. Supporters say at some point they want individuals to donate. In the meantime, BridgeLights supporters want to make people across the state pay through their taxes. They are also eyeing an earmark for \$5 million in federal money, possibly with the assistance of Senator Maria Cantwell.

Supporters say that if they don't get the \$1.5 million from the state treasury, it will be spent elsewhere, highlighting the "let's get ours now" attitude of pork boosters.^{xviii} Pushing for public money simply to prevent someone else from getting it is the worst justification for spending public money.

In the state's third largest city, it should not be difficult to raise voluntarily \$1.5 million, or even \$5 million, to support a worthy project to beautify the community, without dunning state taxpayers.

Hiawatha Artist Lofts, Seattle \$1 million



Comfortable urban lofts for artists under construction in Seattle

One million dollars is devoted in the state budget for 61 units of living/work spaces for artists, plus five commercial storefronts for artist-related businesses.^{xix}

The project includes no definition of who is an artist and thus allowed a share of one million dollars in tax-subsidized housing. Whether or not one qualifies as an “artist” is determined by a special committee: “...all qualified applicants must present their body of art work to the Artist Selection Committee to determine their level of commitment to the arts...”^{xx}

Only the quantity of works produced is considered, since the Artist Selection Committee makes no judgments about craftsmanship, skill or artistic quality. The Selection Committee exercises exclusive control over who is allowed in: “Once approved by the ASC, the applicant will be accepted for

housing.”^{xxi} Apartments are available for as little as \$527 a month.

Housing in Seattle is limited, and affordable housing is even more scarce. Tax subsidies are usually targeted to low-income working families, so they can continue to live in the city. Reserving some subsidized units for artists means less support is available for families. It works against the goals of public social policy when a qualified low-income family is denied housing opportunities so space can be devoted to people approved by the ASC as artists.

When the project is complete, 61 selected artists will get modern in-city apartments at below-market rents, thanks to mandatory patronage supplied by state taxpayers.

Thurston County Small Business Incubator \$750,000

A small business incubator helps selected small businesses get started by providing them with subsidized office space, equipment and training at a central location. The one in Thurston County is typical one of many around the state.

Small business incubators are a great idea. But why do they need a tax subsidy? Local chambers of commerce, Rotary International, the National Federation of Independent Business, the Independent Business Association, the National Business Association, and dozens of other voluntary groups, plus the vast resources of the internet, all serve the same function as tax-funded incubators, but much more effectively, on a much larger scale and usually for free.

For example, there are more than 160 chambers of commerce in Washington, providing a comprehensive statewide network for budding business people. Rotary International, with 32,000 clubs and 1.2 million members worldwide, offers free networking opportunities and advice to budding entrepreneurs, as well as educational scholarships for young people.^{xxiii} Rotary says the second most important reason for joining, after friendship, is business development. The largest Rotary Club in the world is in Seattle.

In addition, Washington taxpayers are already supporting the U.S. Small Business Administration, whose primary mission is to help people start and develop small businesses. SBA says it uses a wide network of field offices to “help Americans start, build and grow businesses,” exactly the

same services that tax-supported business incubators say they provide.^{xxiii}

Lawmakers could do far more to help small and start-up businesses by simply lowering the tax burden they impose on small business owners. Currently, the state Business and Occupation (B&O) tax applies to all businesses with gross revenue of more than \$28,000 a year, whether or not the business makes a profit. Local and municipal governments add local and city B&O taxes to further exacerbate the tax burden.

Simply raising the B&O tax-exemption threshold from \$28,000 to \$100,000 would bring tax relief to almost 70,000 businesses, far more than all the tax-supported business incubators in the state combined.^{xxiv} The result would be greater small business success and thousands of new jobs.

According to the U.S. Small Business Administration, Washington ranks third in the number of business startups in the nation but also ranks third in yearly business failures. In addition, about one-third of all new businesses in Washington close their doors after only two years.

Providing no subsidy for business incubators and leaving this \$750,000 in the Treasury would likely have no impact at all on the state's business climate or the success or failure of particular entrepreneurs. Virtually all of the benefits business incubators say they provide would happen anyway, without a mandatory contribution from state taxpayers. In contrast, providing meaningful tax relief targeted to small firms would bring massive direct benefit, and would signal to entrepreneurs that lawmakers respect their efforts and want them to succeed.

“SayWA” Tourism Campaign \$442,000

In the spring of 2006, the Department of Community, Trade and Economic Development announced a new slogan to promote tourism in Washington: “SayWA.” The promotional campaign called on visitors to experience “SayWA moments.” Agency officials explained helpfully that the campaign would, “form a plentitude, a series of endless discoveries, and each will make you SayWA in a new and different way.”^{xxv}



SayWA: “It reminds me of being in a dental chair”

State residents had a different reaction. One newspaper reader said, “It reminds me of being in a dental chair.”^{xxvi} Another reaction was, “Who makes these decisions?”^{xxvii}

Bowing to widespread public ridicule, officials at the Department of Community, Trade and Economic Development announced that the SayWA campaign had been cancelled. Eighteen months and nearly half-a-million dollars in tax money had produced exactly zero. Today, no mention of “SayWA” appears on the Department’s official website. It’s as if it never existed.

Choosing tourist slogans is one of those things, at least in Washington, that government is simply not good at. At the same time, promoting tourism for a place like Washington should not be difficult. Our state has great visitor accommodations, stunning natural beauty and friendly people.

Tourism is a big part of our state's economy. There are some 26,000 state businesses in the travel industry, representing more than 140,000 jobs, with total annual earnings of \$3.7 billion. Overall, Washington tourism generates \$12 billion a year in spending.^{xxviii}

It would be much smarter, and easier on taxpayers' wallets, to let the tourist industry come up with its own slogan to draw visitors to the state. For just .000119% of the profits earned yearly from tourism, the private hospitality industry could create and fund a much more effective promotional campaign, one that is less embarrassing to Washington citizens. In return, the state could lower some of the many taxes it levies against hotels, resorts and rental car companies. Such a commonsense arrangement would give taxpayers a welcome break from both the cost and inanity of government marketing efforts.

After all the silliness over "SayWA," we might follow the example of Florida. That state's tourist slogan is "Visit Florida."

Money Stolen from the Crime Victims Fund \$431,376

In addition to the questionable grants and projects funded through the state budget, Washington public officials have basic problems keeping track of money.



Internal control weaknesses in the Department of Labor and Industries allowed an employee over a six year period to steal \$431,376 from the Crime Victims Compensation Fund.^{xxix}

Government checks that should have gone to several different vendors were instead mysteriously deposited in a single personal bank account. A review of payroll records by outside auditors found that the account belonged to a Department of Labor and Industries employee.

Auditors viewed this as an isolated instance of fraud and noted the Department has instituted stronger controls to prevent a recurrence. However, even though controls have improved, the incident should not have taken six years to uncover, and it prevented the Department from using these funds for legitimate purposes.

Marine Employees' Commission \$422,000

The motto of this Commission is, “Working together for uninterrupted ferry operation.” Its job is to “ensure the operation of the ferry system is not disrupted by labor disputes,” that is, strikes.^{xxx} But if taxpayers have to pay \$422,000 to insure uninterrupted ferry operations, they might well ask, “Then what is the ferries system’s \$414 million operating budget for?”



Also, since strikes by state public employees are illegal, it seems unnecessary for the public to purchase a \$422,000 insurance policy against something the law already forbids.

Normally, the labor relations of any organization are handled in a routine way by the managers of that organization, not by a specially-funded commission. It seems reasonable that the leaders of the 13 ferry unions^{xxxi} should work to insure stable labor relations, especially since workers are required to join one of these unions as a condition for holding their jobs.

Most ferry employees make well above the average state wage of \$39,000, plus generous health, pension, and vacation benefits, and outstanding job security, so there seems little justification for labor tension. Being able to depend on professional and reliable ferry service is the very least taxpayers should expect, considering how much they are paying already.

According to the reasoning of the Marine Employees' Commission, the ferry's operating budget is only enough to provide unreliable service, subject to the threat of illegal strikes. If the public wants "uninterrupted service," that costs \$422,000 extra.

KCTS V-me, Seattle
\$360,000

The supposed purpose of this tax-funded grant is to support the health and well-being of Latino families by providing more Spanish-language T.V. programs.

Washington has a large and vibrant Latino community, one that is more than capable of creating and attracting quality news, learning and entertainment programming without a special subsidy from taxpayers.



Jaime Méndez presents the news for Spanish-speaking Washingtonians on KUNS-TV

There are more than a half-dozen Spanish-language newspapers, such as La Voz, El Siete Dias and El Sol De Yakima, in the state, in addition to a number of Spanish-language radio stations like Radio Sol. Since 2005, Fisher Communications has acquired nine Spanish-language stations in Washington, Oregon and Idaho.^{xxxii} This year a regular Spanish-language news broadcast was launched with co-anchor Jaime Méndez on KUNS-TV.^{xxxiii} Comcast offers ten digital Spanish-language channels and five Spanish language digital music channels starting at \$6.99 a month.^{xxxiv}

The reason for this growth in private news and media outlets is simple. Latino residents represent an important media market in Washington. There are at least 580,000 Latino residents in the state legally, in addition to a possible 200,000

undocumented immigrants. Around Seattle, Latino families spend about \$6.4 billion a year in consumer purchases.

Such impressive numbers are attracting long-term investments from top-quality news and entertainment companies seeking to serve this community. “[It] just recognizes that there’s obviously a market out there,” says Michael Sotelo, of the state Hispanic Chamber of Commerce.^{xxxv} A senior vice president for Spanish-language Univision says, “that’s a market that we are trying to serve by growing to vibrant markets such as Seattle.”^{xxxvi}

Given the wide access to Spanish-language TV, radio and newspapers provided by private sources, Washington Latinos are already doing far more for themselves than could be accomplish through a top-down government program.

Spending \$360,000 more in taxpayers’ money on public TV will do nothing the private sector is not already doing with no taxpayer subsidy. In the real world, this earmark will do very little to “support the health and well-being of Latino families.”

International Trade Fairs \$300,000

This budget item provides one-time funding to organizations conducting or participating in international trade fairs.

The people of Washington state operate one of the most successful trading economies in the world. In 2004, more than \$111 billion in international trade passed through the state.^{xxxvii} Spending \$300,000 in public money on trade fairs is unlikely to have any effect on the dollar value, number of jobs, volume or rate of increase in the state's annual trade activity.



Delegates raise a glass at the Bohemia Sekt wine and spirits international trade fair

This third-of-a-million dollars in public money is more likely to provide exciting overseas trips for the private individuals who work for the recipient organizations, than contribute meaningfully to the promotion of Washington's international trade. Eliminating this earmark would have absolutely no effect on the state's trade standing.

Also, if people from the grant-receiving organizations feel that attending international trade fairs is important, and the state doesn't offer to pay for it, they are likely to go anyway, without asking taxpayers to pay their airline, restaurant and hotel bills.

Labor Center at Evergreen State College \$300,000

The Labor Center at The Evergreen State College provides training for labor unions in Washington. This budget item provides funding to help staff the center and expand its activities.



Labor unions in Washington are among the most influential in the country, even though union membership in the private-sector workforce is at historic lows. Each year union officials in the state collect millions of dollars in mandatory dues from their members.

For example, workers in the 38,000-member state employees union can have up to \$900 a year deducted from their paychecks. In October, executives of the Washington Federation of State Employees imposed a 9% increase in the monthly amount they collect, saying they need more money “for organizing and political action.”^{xxxviii}

For most of these workers, membership in a union is a condition of holding their jobs. For them, not paying union dues, regularly and on time, is a firing offense.

The state takes union dues from worker paychecks, so taxpayers already provide union officials with valuable financial accounting and bill-collection services for free.

Given these circumstances, labor unions do not need additional financial aid from taxpayers to provide staffing and to expand their activities. In the 2006 election cycle, labor unions nationally spent over \$66 million on campaign contributions to political candidates.^{xxxix} Eighty-seven percent of these gifts went to candidates representing one political party.

Not only should public money not be given to well-funded private organizations to support their political activities, money should not be taken from the general public for the benefit of organizations that tend to support one side in political contests.

Zero Energy House at Shoreline Community College \$200,000

The \$200,000 zero energy house at Shoreline Community College is described by the faculty as “a demonstration facility for solar energy and state-of-the-art design for environmentally friendly structures.”^{xi} In addition, the building provides a rent-free home to the Northwest Solar Center.



The idea of tapping energy from the sun is hardly new, and the market is already providing natural incentives for companies to develop and sell technologies that reduce residential energy use, all at no cost to Washington taxpayers.

The U.S. solar industry is big business, totaling some \$3.9 billion in sales in 2007, and is a growing part of the worldwide energy market. The industry has seen tremendous growth in recent years, with the U.S. solar market expanding 43% in 2006, and is described as on track to grow a further 60% in 2007.^{xii}

In 2006, the U.S. Solar Energy Industry saw “record growth due to increased customer and utility demand...”^{xiii} The industry’s trade association says its members are benefiting from “significant tax credits for solar installations,” as well as President Bush’s Solar America Initiative, created to double funding for research and development.^{xiii}

The industry’s “Guide to Federal Tax Incentives for Solar Energy” describes millions of dollars of targeted tax breaks that

benefit solar production companies. Industry executives note that subsidies provided by California, totaling \$3.35 billion, combined with federal tax credits, has made the U.S. solar market one of the fastest growing in the world.

For example, one of the largest global energy corporations, Royal Dutch Shell, recently sold its solar energy division to SolarWorld of Germany for a profitable but undisclosed amount. One market analyst described the transaction as a “sensational deal” and that the German company had acquired the division for a “very attractive price.” On news of the acquisition SolarWorld shares climbed 11%.^{xliv}

Given the size and growth of for-profit solar energy, a \$200,000 gift from Washington taxpayers, while providing a nice publicity benefit for Shoreline College, will have little or no impact on the growth of the solar energy market. With billions in total annual sales, for-profit solar companies are in no need of a special subsidy from Washington taxpayers to promote consumer use of their products.

Meanwhile, the money represents a real loss to Washington taxpayers. The amount spent on this one pork project is enough to pay all the monthly electric bills of 163 families in the Puget Sound area for a year.^{xlv}

Lost or Stolen Cameras, Laptops and Other Equipment \$180,000

An investigation by the State Auditor found that the Department of Labor and Industries could not find 105 items of lost or stolen equipment. Missing items included 24 digital cameras, eight laptop computers and five camcorders. Auditors noted, “The Department does not have adequate internal controls in place to safeguard assets.”^{xlvi}



This is certainly an understatement. Auditors found the Department’s equipment control system consisted of asking fellow employees if they knew the location of missing items. No check-out procedure was required.

Asking co-workers, “Have you seen my laptop?” is not a very rigorous way to keep track of valuable public assets.

Center for Advanced Manufacturing, Kent \$150,000

This funding provides a grant to the Center for Advanced Manufacturing in Kent for staffing and overhead at the new center.



The booming Kent Station commercial center

Located just south of Seattle and only minutes from the region’s major international airport, this city of 86,000 is one of the most thriving and economically-advanced cities in the state. The local Chamber of Commerce says Kent is noted for its “manufacturing prowess” and has a “diverse economic base including corporate offices, manufacturing, distribution/logistics, retail, cultural shops and eateries...”^{xlvi}

Given these advantages, there seems little reason Washington taxpayers should send \$150,000 to this prosperous city. Eliminating this earmark would have no effect on the local or state economy. Kent’s rapid economic growth would continue unabated, and the state lawmakers would suddenly find they have \$150,000 available for a better purpose, like improving math instruction in public schools.

Seattle Campaña Quetzal

\$150,000

This money is to support Campaña Quetzal, a coalition of parents, youth, and community organizations dedicated to reducing the achievement gap experienced by Latino students. The program includes early childhood education, parent leadership training, and high school success and college preparation programs.

Washington taxpayers spend \$13 billion each budget cycle on public schools. Per-student funding is around \$10,000 a year. The state constitution states that public school officials have a paramount duty to provide students, including all Latino students, with a high-quality education to help them succeed in life.

Given the ample funding public schools already receive, it is unlikely giving an additional \$150,000 to a few members of a favored group will bring about needed change. If public schools are failing to educate Latino students, giving their parents choices about where to seek a better education for their children would be more effective than putting a further \$150,000 into the current flawed public education system.

Animal Massage Practitioners \$142,000

This budget item provides funding for a program that requires persons practicing massage only on animals to obtain a state certificate.



A cat enjoys the soothing attentions of a professional Animal Massage Practitioner

Providing massage services to animals is a growing and lucrative business. The Northwest School of Animal Massage reports that, “The animal massage profession is in an extremely exciting period of growth...”^{xlvi} Entrepreneur Magazine has identified upscale pet services as one of the hottest business markets. Animal massage practitioners, depending on training and experience, can earn up to \$120 an hour, or \$3,000 a week.^{xli} There are over 11,000 Licensed Massage Practitioners (LMPs) in Washington, many of whom offer recuperative massage therapies to animals.

Given the success of this business, there is no reason taxpayers should be required to subsidize it to the tune of \$142,000. The government’s cost of licensing virtually every other profession is funded through fees paid by the members of those professions.

If only one quarter the 11,000 LMPs in the state sought an animal massage license, each would be required to pay a fee of only \$52, or less than half the cost of one animal massage

session. Such a fee would more than cover the cost of licensing people in this growing business, without adding to the tax burden of pet-owning and non-pet-owning households.

Using Sugar Beets for Biofuel \$125,000

The legislature is allocating \$125,000 in supposedly “one-time” funding to study the use of sugar beets to make biofuels. There are several reasons why this is a waste of taxpayer money.



First, it takes a lot of energy to make biofuels. In each gallon of ethanol, only about 20% is new energy; 80% represents the fossil energy expended to grow the food and convert it into bio-fuel. One energy analyst estimates the proposed federal ethanol mandate would decrease U.S. carbon emissions by only 1.6%.¹ Just when scientists and policymakers are questioning whether biofuels make environmental sense is not the time for Washington lawmakers to be putting public money into the idea.

Second, biofuels drive up the cost of food. One researcher nicely sums up the global impact of using food to make fuel: “If we make it [ethanol] from food crops, we’re going to have the price of food, at around \$100 a barrel, pegged to the price of energy. That will be difficult for some Americans, but impossible for the one-third poorest people in the world.”²

Third, we are already paying for this. Washingtonians, as federal taxpayers, are contributing to the \$50 million the president wants to spend on clean diesel programs, and the \$11 million the Administration plans to spend on the federal

Renewable Fuels Standard.^{lii} It doesn't make sense for Washington citizens to pay again for the state to fund a program the federal government is already aggressively pursuing.

Fourth, energy companies represent a multi-billion industry that is rapidly investing in biofuel research when it makes economic or marketing sense. Private oil companies have long sought ways to respond to customers' desire that they be more environmentally sensitive. Biofuels provide one way for these companies to show they can go green. "This is a public relations dream," said the owner of one fuel distributor, referring to adding biofuel to home heating oil.^{liii}

Fifth, Washington farmers don't need special help from taxpayers. The total value of state crops in 2006 was \$6.87 billion, a 6% increase over the previous year.^{liv} And the good news continues for farmers. The director of the state Department of Agriculture reports, "All indications point toward another good year for prices for our farm products in 2007, with wheat prices reaching historic highs in recent days."^{lv} Taxpayers should not give money to assist a sector of the economy that is performing very well at current market prices.

Usually, one good reason is enough to stop spending tax money on a wasteful government project. Five reasons should make the case overwhelming in the mind of any reasonable policymaker. Let the biofuel industry pay for its own research.

Department of Early Learning Polling and Focus Groups \$118,500

The new Department of Early Learning, with a starting budget of \$330 million, is the state's newest public agency. In November 2007, the Department announced it would spend \$118,500 on polling, focus



groups and a media campaign. The media campaign is designed to “reach parents and all adults who love children,” and to provide parents “with information that helps them choose child care settings.”^{lvi}

The purpose of the contract is to help the Department promote its programs and to improve its public image. The contract includes \$20,000 for opinion polls, \$20,000 to conduct focus groups, \$10,000 to write a media plan, \$10,000 to train staff in public relations, and \$40,000 to spend on promotion through T.V., radio and the internet. An additional \$8,500 is included to spend on ongoing consulting and media outreach.

The contract was won by a Seattle-based public relations firm, whose president had donated \$1,000 to the governor's re-election campaign two months earlier.

One purpose of the spending is to “help parents make informed choices about child care.”^{lvii} Yet this spending only duplicates a wide variety of free services that already provide

parents with information about available child care in their area.

Examples of these free services include the National Child Care Information Center, operated by the U.S. Department of Health and Human Services (nccic.org), the Washington State Child Care Resource and Referral Network (ChildCareNet.org), and the Washington State Family Child Care Association (wsfcc.org).

In addition, numerous websites provide parents with accurate, up-to-date information about quality child care in their area, also for free. Entering one's zip code produces a list of all childcare services within a 30-mile radius. Most sites include parent tips and information about cost, quality ratings, available services and location. Here are a few examples: ChildCareAware.com, FindCareNow.com, DayCareMatch.com, MetroDayCare.com, ChildCareSeekers.com.

The Department of Early Learning media consulting contract is repeating work done by federal agencies, or is spending state tax money on services that non-profits and private-sector websites are providing for free. This spending provides nothing the public doesn't already have, but by wasting public money, it is helping reduce the take-home pay of tax-paying citizens.

Seattle Aquarium Scholarships, Seattle \$100,000

This money is for scholarships at the Seattle Aquarium for classrooms characterized as low income, English as a second language or special needs.



Visitors enjoy viewing fish at the well-funded Seattle Aquarium

The Seattle Aquarium is a highly successful nonprofit organization located in the state's wealthiest city. It recently completed a beautifully-designed \$41 million expansion and renovation project. At its completion, one Aquarium official reported they are doing "just fine financially."^{lviii}

Aquarium officials could have easily funded these scholarships by simply setting aside less than one quarter of 1% of their abundant charitable donations. Or the Aquarium could have increased its fundraising goal by 0.24%. It seems likely its generous donors would have been happy to contribute to such a scholarship program, while perhaps naming it after one of the more large-hearted givers.

Alternatively, by collecting an additional 14 cents from each of its 700,000 yearly visitors, or adding 0.9% to the adult ticket price, Aquarium officials could pay for these scholarships on their own, without further burdening state taxpayers.

Christmas Tree Inspections \$66,000

Just when citizens thought the legislature was already taxing everything that moves, breathes or grows in the state, lawmakers created a new tax on Christmas trees. All revenues are to be deposited in the State Christmas Tree Account and spent on activities such as “market surveys and research related to Christmas trees.”^{lix}



The Department of Agriculture was given \$66,000 to conduct inspections, certifications and fee collections under the program. Yet, Christmas has been successfully celebrated in Washington since at least 1834, without regulation, taxation or interference from the state government. Christmas tree growers represent a large and growing business in Washington, as part of the nation’s \$1.2 billion in yearly retail sales.^{lx} As part of a profitable business, growers are doing well in providing quality trees to their customers, without financial assistance from taxpayers.

According to the Pacific Northwest Christmas Tree Association, the 81 large tree farms and more than 300 Christmas tree growers in the state reported sales of \$51 million in 2006.^{lxi} Growers spend thousands of dollars each year on research and development projects through numerous Christmas tree associations, all for the purpose of improving their product and promoting Christmas tree sales.

While the inspiring sight of a well-decorated Christmas tree brings a small leap of child-like joy into the heart of every person of good will, there is simply no need for taxpayers to lend a financial hand to this thriving and profitable industry.

Medicaid Checks for Services to Dead People \$44,687

An investigation by state auditors found that the Department of Health and Human Services mailed \$44,687 in checks to providers for services to people who turned out to be deceased. The Social Security numbers submitted to support claims for payment matched those found on the Social Security Administration's Death Index.^{lxii}



Since Medicaid is a matching funds program, half of the money paid out for services to the deceased was provided by state taxpayers.

Auditors found the Department conducted no check of whether the Social Security number submitted with each claim for payment matched that of a living person. “We found the Department’s eligibility system does not communicate with its payment system,” auditors wrote.^{lxiii}

In other words, Department officials simply accepted the word of the people seeking money from the state-managed Medicaid system. The honor system works great for the office donut fund, but it is a poor way to run a multi-billion dollar entitlement program.

Paying Ferry Employees to Ride the Ferry after Work \$31,723

An investigation by the state auditor found the state ferry system paid 11 employees \$31,723 for travel time after their normal work day was over.^{lxiv} Typically, these crews ended their shift at Friday Harbor. The state then paid them to ride the ferry, and do no work, back to Anacortes. The workers then made their normal commute home.



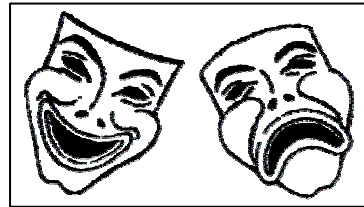
Ferry managers say they are bound to pay workers to ride the ferry, “based on established past practice.”^{lxv} Union leaders, for their part, cite Section 12(d) of their contract, “Regular employees assigned to the San Juan Islands...will be paid their mileage and travel time indicated in Schedule A for one round trip per week when working.” Union leaders insist that state ferry workers receive salary payments for not working.^{lxvi}

Anyone would agree this is a great deal—for ferry worker that is, not taxpayers. Most employers assign a worker to an office or job site, and leave it to the employee to get there on his own time and at his own expense. If commuting to the job requires a ferry ride, most employers feel that is the worker’s choice and responsibility.

In contrast, state ferry managers seem to feel this would be an unfair imposition on their unionized workforce. Apparently they think taxpayers should pick up the tab, rather than ask their employees to buy a ticket and ride to and from work on their own time, like other fare-paying passengers.

Wing-It Productions Historic Theater, Seattle \$20,000

The Historic University Theater is home to Wing-It Productions, a private company co-founded by Andrew McMasters, which “took over the lease and began re-creating the once majestic theater into the performance space it is today.”^{lxvii} Wing It describes its Jet City Improv as “Seattle’s Best Comedy show.”^{lxviii}



The \$20,000 earmark is intended for structural reinforcement and to repair the building’s façade. The public money is in addition to an ongoing \$110,000 renovation project. The property itself is owned by Front Row Properties, LLC, a company that exists entirely for the purpose of owning this theater. Front Row also provided the \$100,000 down payment needed to acquire the building. Front Row Property is owned by Andrew McMasters’ brother.

It is admirable that Wing-It officials have raised \$210,000 for the preservation of this fine historic building. Raising only 9.5% more would obviate the need to tap state taxpayers for a special grant.

Also, the arts are big business in Seattle. *The Seattle Times* reports that arts and theater in the city “translate into very good business,” with an economic impact totaling \$300 million, including \$119 million spent by arts audiences, plus 11,000 patrons who volunteer and donate their time.^{lxix}

With such strong financial and volunteer backing for art productions in Seattle, there is no need to make people across the state help pay for the renovation of a historic theater in the region's wealthiest city.

Sole-Source Contract to Review the Governor's Communication Operations \$19,500

The Governor's Office issued a sole-source contract for \$19,500 to Seattle consulting firm Cocker Fennessy to, "evaluate the past communications structure in the Governor's Office...to find out what is working well and what could be strengthened."^{lxx} One task under the contract is to hire a new communications director. At the same time, news articles report that the principal owners of the firm gave a total of \$2,922 in campaign donations to the governor.^{lxxi}

This contract comes on top of an earlier contract of \$12,000 to another consultant to review the Governor's communications operations and relations with the press. The private consultant who conducted that review was later hired by the Governor's office as a press spokesperson.

All state agencies, especially the Governor's Office, need the ability to communicate with the press and the public. Currently, Washington taxpayers provide the Office of the Governor with six full-time staff positions and a budget of more than \$450,000 for communications operations.

These resources are ample to keep the state's chief executive in touch with the press and with the people. There seems no need to spend more money on an outside consultant for work that is already provided for under existing fully-funded staff positions.

Stolen Gasoline Cards

\$9,000

The Department of Transportation maintains a fleet of 2,421 sedans, sport utility vehicles, trucks and vans. Each vehicle is issued a credit card to buy gas for official travel. In a recent audit, investigators found that 16 gas cards had been stolen, for a loss to taxpayers of more than \$9,000.^{lxxii}



Auditors also found 61 instances in which the miles driven by individual vehicles differed from fleet mileage records by more than 500 miles, suggesting that state workers routinely use government cars, trucks and vans for their private use. One vehicle's mileage differed from its fleet record by more than 22,800 miles, enough to drive across the United States seven times.

Auditors found, "The Department did not follow state law or its own policy regarding the retention of vehicle logs."^{lxxiii} Further, it turns out Department officials were not aware of the problem until outside auditors pointed it out.

Most citizens in Washington are concerned about the high cost of gasoline and have adjusted their finances and travel-related activities accordingly. Apparently some people at the Washington State Department of Transportation decided to meet their daily fuel needs by stealing gas from taxpayers.

Wasteful spending at the State Motor Pool

\$1.5 million

The first investigation the State Auditor conducted under the performance audit authority created by voter-passed Initiative 900 was a look at the state motor pool, operated by the state Department of General Administration. The Department owns a fleet of 1,470 cars, vans and trucks.

The wisdom of the voters is reflected in the fact that the first performance audit identified savings of \$1.5 million in the first year, if agency managers implement all the recommendations.^{lxxiv} The reduction in wasteful spending grows to \$6.3 million in 2015, and to \$21 million in 2023.^{lxxv}

The Auditor's savings estimate demonstrates the dramatic snowball effect of cutting government waste. Savings to taxpayers may be modest in the first year (although \$1.5 million is nothing to sneeze at; it represents the total annual tax payments of 635 Washingtonians), but they quickly grow in future years. This effect shows that spending by state agencies can ratchet down just as fast as it often ratchets up.

The Auditor's report revealed three major findings about the state motor pool:

- 113 underused vehicles that should be sold or reassigned;
- The Motor Pool's rental rates do not cover its costs;
- The Motor Pool's method of buying vehicles results in excess interest costs.

The General Administration motor pool was created in 1975. At the time lawmakers thought the state owning its own fleet of vehicles would be more efficient. The problem with this approach, however, is it lacks the benefits of competition and draws scarce public resources away from the state's core mission.

A smarter approach, as many large companies have found, is to competitively contract out the vehicle fleet. This would allow the state to tap the competitive efficiency of the marketplace, resulting in even greater savings to taxpayers, and allow state agency managers to focus on providing core services to the public.

There is no reason taxpayers should subsidize a state agency that is in the rental car business. A private bidder could provide the state with same or better vehicle services with greater flexibility and at lower cost.

Pension Payments to Dead People

\$254,694

The purpose of the Department of Labor and Industries Pension Payment System is to keep track of state pension payments to permanently disabled workers. Naturally, the system is based on the assumption that pension recipients are among the living. State auditors, however, have found that this is not always the case.

An investigation of the system found that \$254,694 was paid out to claimants who were deceased.^{lxxvi} The same audit found that \$615,639 in benefits was paid out to people who were either deceased or had remarried and were no longer eligible to receive tax-paid pensions. The time during which the Department had been sending checks to people who should not have received them ranged from eight months to 15 years. Overall, auditors found “...the Department paid out more than \$1 million to claimants and survivors who may not be eligible.”^{lxxvii}

Auditors discovered the program does not have adequate internal controls to be sure that all claimants are actually entitled to receive benefits. For example, the Department did not check marriage records against claims data to find out whether recipients had become ineligible due to remarriage. Also, the matching process between state pension information and records at the Social Security Administration is not adequate to determine that some claimants had died.

The audit’s bottom line: “The Pension Payment system is an old system that was designed without adequate internal

controls.”^{lxviii} When a person dies the federal government stops social security payments immediately. It is entirely reasonable for taxpayers to expect the state to be able to do the same.

Local Community Projects

\$132,619,000

A book of this limited scope cannot list all the areas of waste and inefficiency in state government. Such a work would be voluminous, as well as continually out of date, since new examples of pork barrel spending are being created every day.

Instead this section gives as an example one account, Local Community Projects, in which most, though not all, the projects funded represent a poor use of taxpayer money. Virtually every project in this account was inserted in the budget at the behest of a particular lawmaker, usually to fund a favored project or to benefit a particular interest that is important to the requesting lawmaker.

Most of the community activities listed here would happen anyway, by earning support on their own merits and being funded by community groups, private businesses, charitable contributions, or some combination of the three. The dollar amount typically spent on these projects is well within the financial resources of the communities in which they occur. If state government did not fund these activities, it is almost certain that someone else would, generally through a voluntary, community-based effort.

Given the way state money is handled, however, local activists and interest groups find it easier to travel to Olympia and lobby state lawmakers than to seek voluntary contributions for these worthy projects in their own communities. After all, tapping the involuntary contributions of taxpayers is much less work than raising money from donors. The lobbying approach

leverages the power of the government to get money, while the voluntary approach requires the hard work of persuasion.

For projects that have trouble raising money voluntarily, lawmakers should question whether taxpayers should pay for projects that do not demonstrate enough local financial support to make them a reality.

The cost of each special project may seem small in light of a \$71 billion budget, but these so-called “small” budget items quickly add up. Together the cost of the special projects listed in this one account amounts to a cost to taxpayers of \$132,619,000, or the entire annual tax payments of more than 56,000 people.

Most of these people will receive no benefit whatever from this spending. For example, paying for Burien Town Square alone will consume the entire yearly tax contributions of 678 taxpayers, yet no one living outside of Burien is likely to receive any benefit at all. A partial list of the projects in this account follows.^{lxxix}

Local Community Projects – 2007-09

Arts West Playhouse and Gallery, \$150,000
Ashford Cultural Center and Mountaineering Museum,
\$800,000
Beaver Mitigation of Little Spokane River, \$75,000
Bethel Community Center, \$1,000,000
Bremerton Downtown Projects, \$5,000,000
Burien Town Square, \$1,600,000
City of Everett Minor League Baseball, \$433,000

City of Kent Event Center, \$3,000,000
City of Puyallup Riverwalk Project, \$600,000
City of Tacoma Minor League Baseball, \$2,500,000
City of Yakima Minor League Baseball, \$594,000
Columbia Springs Environmental Learning Center, \$200,000
Dining Car Historic Preservation, \$50,000
Duwamish Longhouse, \$275,000
Fish Lake Trail, \$1,000,000
Kruckeberg Botanical Garden, \$150,000
Lions Club Renovation, \$160,000
Mercer Slough Environmental Center, \$1,500,000
Nordic Heritage Museum, \$1,500,000
Okanogan Valley Equestrian and
Cultural Heritage Center, \$4,000,000
Performing Arts Center Eastside, \$2,000,000
Pike Place Market, \$1,070,000
Port of Walla Walla Wine Incubator, \$500,000
Puyallup Town Square, \$200,000
Seattle Art Museum, \$1,250,000
Snoqualmie Railway History, \$600,000
Spokane County Minor League Baseball, \$200,000
Tonasket Viewing Platform, \$100,000
Tanbara Clinic - East Tacoma Community, \$850,000
The Northwest Maritime Center, \$2,250,000
The Tri-Cities Minor League Baseball, \$666,000
Thurston County Small Business Incubator, \$750,000
Town Square Grid - Drexler Drive, \$750,000
Tukwila Southcenter Parkway Infrastructure, \$4,000,000
University Place Town Square, \$1,000,000
VaHalla Hall, \$750,000
Vancouver National Historic Reserve, \$750,000
Vernetta Smith Chehalis Timberland Library, \$500,000

Walla Walla County Health Center Annex, \$100,000
White Center Heights Park, \$500,000
Willapa Harbor Community Center, \$300,000
Yakima Downtown Futures Initiative, Phase 3, \$1,000,000

Conclusion

As noted, the examples given here represent a small fraction of the waste and inefficiency routinely included in the state budget. Some amount of waste is inevitable in an operation of this size, but that in itself is no excuse. Lawmakers should work constantly to reduce waste and pork barrel projects by slowing the rate of spending increase, and by making full use of Joint Legislative Audit and Review Committee (JLARC) reports and the State Auditor's regular performance audits.

Even private companies waste money, but such losses in the private sector differs in two important ways from wasteful spending by public officials. First, private companies face the discipline of market competition. Wasting too much money for too long is a good way for a private-sector manager to lose his job, or for the entire company to go under, as better-run companies take market advantage of a competitor's weaknesses.

Second, private companies are only wasting their shareholders' money, not the public's. Customers and shareholders have a voluntary relationship with a private company. If they don't like the way the company is run, they can always take their business or their investment elsewhere.

The State Operates as a Monopoly

Leaders in state government face neither kind of discipline. State government faces no competition and cannot go out of business. State agencies operate as monopolies and are particularly vulnerable to making poor spending decisions.

Also, on a day-to-day basis, citizens do not have a voluntary relationship with state government. Citizens must pay their taxes, and the state imposes heavy penalties, including jail time, on people who don't pay.

Absent the natural discipline of the market, the public has two ways of reducing wasteful public spending: 1) at the ballot box, by holding elected officials accountable for the way they handle the people's money, and; 2) by keeping public leaders limited to core public functions, so they have less opportunity for waste and pork barrel spending.

Public officials do not need every dollar taxpayers send them, and limiting the yearly rise in state spending has the adding benefit of allowing citizens to keep more of their own money.

The Benefits of a Lower Tax Burden

Every dollar government leaders collect in taxes automatically reduces the take-home income of workers, thus lowering citizens' ability to pay for goods and services. Sales and excise taxes increase costs to business owners, thus reducing their willingness and ability to provide goods and services at reasonable prices. In both cases, taxes lower living standards, reduce private trade and curtail job creation.

Since taxes reduce the economic welfare of citizens, public leaders should try to minimize the economic and social problems imposed by taxation. Citizens then directly gain the benefits of a low tax burden. Some of those benefits are:

Faster economic growth – A tax system that allows citizens to keep more of what they earn spurs increased work, savings and investment. A lower tax burden would bring a competitive advantage to Washington compared to states with high-rate, overly progressive tax systems.

Greater wealth creation – Low taxes significantly boost the value of all income-producing assets and help citizens maximize their fullest economic potential, thereby broadening the tax base.

Increased civic involvement – A complex, high-rate tax system makes it nearly impossible for the average citizen to understand how and why the state is collecting money. Citizens become cynical and alienated from their government. At some point, most citizens come to feel the state government no longer represents their interests. A simplified, broad-based, low-rate system encourages citizens to become re-engaged with government and to seek greater civic involvement.

The people of Washington work hard for what they earn. Money paid in taxes is by definition not available to meet other needs. As a matter of fairness to citizens, elected leaders should keep the level of taxation to the absolute minimum needed to pay for the core functions of government.

End Notes

ⁱ “Shouting, name-calling as lawmakers cap property taxes,” by Ralph Thomas and Andrew Garber, *The Seattle Times*, November 30, 2007, and “In Olympia, a shouting match: Tim Eyman vs. state Sen. Adam Kline,” *Crosscut, News of the Great Nearby*, November 29, 2007, at www.crosscut.com/blog.

ⁱⁱ “From sports complex to roads, lawmakers’ pet projects on rise,” by Andrew Garber, *The Seattle Times*, August 19, 2007.

ⁱⁱⁱ The exact figure is \$33,364,407,000. Washington State Legislative Budget Notes, Part II - 2007-09 Omnibus Operating Budget Overview, page 13, at www.leap.leg.wa.gov/leap/budget/lbns/2007partii.pdf.

^{iv} The exact figure is \$71,055,339,000. Washington State Legislative Budget Notes, Part I - 2007-09 Budget Overview, page 2, at www.leap.leg.wa.gov/leap/budget/lbns/2007parti.pdf.

^v “Freedom Day by State, 2007,” Special Report, “America Celebrates Tax Freedom Day,” Tax Foundation, March 28, 2007, at www.taxfoundation.org/publications/show/93.html.

^{vi} Based on Washington’s per capita state tax burden of \$2,360, “States Ranked by Total State Taxes and Per Capita Amount,” U.S. Census Bureau, 2005, at www.census.gov/govs/statetax/05staxrank.html.

^{vii} “Four-Year Planning Outlook,” via e-mail from Office of Financial Management, received December 18, 2007.

^{viii} “The Favor Factory, \$4.5 million for a boat that nobody wanted,” by David Heath and Hal Bernton, *The Seattle Times*, October 15, 2007, pages A-1 and A-12.

^{ix} Ibid.

^x Ibid.

^{xi} “Washington State Ferries,” Performance Audit Report, Report Number 1000003, Office of the State Auditor, September 4, 2007, at www.sao.wa.gov/Reports/AuditReports/AuditReportFiles/ar1000003.pdf.

^{xii} Ibid, page 57.

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