

"From Mukilteo to Spokane, your advocacy, your analysis, what keeps you going, day in and day out, helps to improve opportunities for families across your state... you have great ideas and you fight for them."

Betsy DeVos

U.S. Secretary of Education



Letter from the President

Here in Washington, it's easy to take the miracle of free markets for granted. Our economy is booming, high-tech jobs with companies like Amazon and Microsoft seem boundless and state government is enjoying generous surpluses of tax revenue.

Washington Policy Center (WPC) is here to make sure we don't forget the principles that drive our prosperity and the freedom that ignites our innovation. We keep those principles alive and in the eyes of the public through our work every day. Lawmakers and the media turn to us for the independent, high quality analysis of our research.

When Seattle tried to pass a city income tax, we provided the groundwork showing the tax to be illegal—and through public records requests we exposed the true motivation behind the effort: to get a sympathetic state Supreme Court to open the gates for a statewide income tax.

From the battle over water access/fixing the Hirst court decision, to carbon taxes, transportation congestion issues, and charter schools, our Center directors are in the thick of the debate, providing information on where we are—and ideas on where we *should* be.

We closed 2017 by launching a new Center for Worker Rights, which will tackle the issues related to forced union membership in our state. A U.S. Supreme Court decision is expected on the Janus case in June 2018 that could end forced unionism among public employees. Numerous union efforts already are under way to subvert any decision favorable to individual worker rights demonstrating our new focus on labor reform has come at the perfect time.

Free enterprise has been the driving force behind the historic modern decline in global poverty. Free markets have created new opportunities and new wealth that have lifted countless people from despair to hope and opportunity. At Washington Policy Center we know that these principles are essential for our state's continued prosperity too. It is because of your support that we are able to bring free market principles to bear against our state's greatest challenges. Because of you, our state's greatest days are yet to come.

Dann Mead Smith WPC President "We need Washington Policy Center. We need think tanks to calmly look at things and consider them and bring forward good ideas, because I'll tell you—they aren't going to come out of a government that is left to its own devices. This is a democracy for a reason."

Gen. James N. Mattis

U.S. Secretary of Defense

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Erin ShannonDirector,
Center for Worker Rights



Roger Stark, MD Health Care Policy Analyst

Events

Annual Dinner

WPC's Annual Dinner events attracted more than 2,500 elected officials and business and community leaders, and raised a record \$1.3+ million to support WPC's work. U.S. Education Secretary Betsy DeVos was the keynote speaker at the Western Washington event, highlighting one of our key issue areas: promoting school choice for children and parents in our state.

Farm to Free Market Dinner

We hosted our first-ever agriculture policy dinner, Farm to Free Market, in the Tri-Cities. Attendees heard from Congressman Dan Newhouse, R - Wash., about current issues for agriculture in the 115th Congress. Todd Myers, director of WPC's Center for the Environment, presented findings about the importance of the Snake River Dams to Washington's environment and economy. Madilynne Clark gave an update on the progress of WPC's Initiative on Agriculture.

Young Professionals Life and Leadership

WPC's Young Professionals held a Life and Leadership event at the University of Washington. Featured speakers were former Starbucks President Howard Behar, State Rep. Paul Graves, R - Fall City, and former Microsoft CFO John Connors. They shared their experiences in leadership, professional development, and making an impact in their respective industries.

Legislative Reception

We held our first annual WPC Legislative Reception in Olympia to increase our presence at the Capitol during the legislative session. The reception strengthened relationships amoung our board members, staff, and legislators.

Pillar Society Dinner Series

We began a brand-new event concept – the Pillar Society Summer Dinner Series. Each dinner event was an exclusive small gathering of our top supporters for a conversation with a featured guest speaker, hosted at the home of one of our generous Pillar Society members.



Over 5,000 attendees enjoyed 70 WPC events held across the state

Legislative Lunchbox Series

We connected members and supporters with legislators at the state Capitol in Olympia via live video conferences at hosted lunch events held in communities across Eastern Washington during the 2017 Legislative Session.

11th Annual Evening in the Desert

More than 100 of our top supporters joined us for an exclusive reception in beautiful Palm Springs to hear from former Chancellor of Washington, DC public schools, Michelle Rhee.

Solutions Summit Policy Conference

Over 700 community, business, and policy leaders gathered to have meaningful discussions about solutions to our state's most pressing policy issues at our two-day statewide conference.

An Evening on the Lake

Our supporters joined us for an exclusive summer reception to learn about the state pressure to impose a costly income tax and our work to stop it. This hosted event was held on beautiful Hayden Lake, ID.

Policy Solutions Reception

Over 80 people joined us for policy discussions with our expert research directors at a special hosted reception event in Yakima.

Young Professionals Summer Social

Our Annual Young Professionals Summer Social brought together more than 150 young professionals and college students for drinks, food, lawn games, and networking in the sun at two locations in our state.

Achievements

Major Activities

- WPC opened our new Center for Worker Rights, which will work to promote labor reform policies to end forced unionism, protect worker rights, and restore a more reasonable balance of power in our state.
- As part of our new Initiative on Agriculture, WPC hosted our first Annual Farm to Free Market Agriculture Policy Dinner in the Tri-Cities to bring the ag community together to discuss freemarket solutions for Washington agriculture.
- 57 WPC op-eds were featured in local, state, and national media.
- Our Young Professionals program continues to grow. In 2017, we added a club at Gonzaga University and hosted events at four campuses across the state.

Policy Victories

- WPC was actively involved in monitoring and educating about Seattle's illegal efforts to impose the first local income tax in Washington. In November, King County Superior Court Judge John Ruhl ruled decisively that the Seattle income tax is illegal. It was an across-theboard victory. WPC research helped shape media coverage of the debate and received worldwide media coverage with our quotes published by the AP and Reuters.
- WPC research and our
 Citizens Guide publication
 helped educate citizens and
 was cited in media coverage
 that led to Spokane voters
 defeating a ballot measure
 that would have effectively
 banned trains transporting
 coal and oil through
 Spokane.

- wPC continues to fight for Washington's charter schools. In 2017, we hosted Education Secretary Betsy DeVos at our Annual Dinner, which led to a positive news story and a front-page headline in *The Seattle Times*, "Fight for school choice, DeVos tells Bellevue crowd."
- Following a long-standing WPC recommendation, the state Legislature has adopted a pilot program to allow for remote testimony.

2017 Media impact

WPC's work appeared in these publications in 2017

The Seattle Times The Spokesman-Review





The Washington Times **OKCTS**



FOX NEWS

















Forbes

NATIONAL REVIEW E



... and many more local and national publications

Publications

2527 Media hits

29 Legislative testimonies by invitation

24 Legislative Memos

24 **Policy Notes**

Policy Briefs

57

353

13

Op-Eds

Blogs

16,195

followers across social media platforms

21%

increase in Facebook followers

17%

increase in twitter followers

23%

increase in LinkedIn connections

185,008

unique visitors to washingtonpolicy.org

Our Support

Our annual budget of \$3.5 million, though impressive for a state-based think tank, is dwarfed by those of special interests. We don't receive government money. We don't ask for it and we wouldn't take it even if it were offered. WPC relies on the generous support of our donors – people like you who understand that free-markets are superior to a government-rigged economy, and liberty is the air that a free people must breathe.

About WPC's Pillar Society:

WPC's Pillar Society distinguishes donors who make a substantial three-year pledge to Washington Policy Center. Pledge levels start at \$15,000 over three years and include Annual Dinner tickets or a table and personalized support and event sponsorship programs.

About WPC's Legacy Partners:

The Legacy Partners program recognizes people who have made a bequest or indicated they have included WPC in their estate plans. Legacy Partners have all the same benefits as our highest level of membership and the satisfaction of knowing their legacy will live on through WPC's important work.

Legacy Partners

Ardean Anvik **Bill & Milly Baldwin** Bill & Marilyn Conner Jim & Raeceil Day Patricia Edwards Len & Estelle Guyt John & Kathy Hennessy Judith M. King Dann & Sydne Mead Smith Joe Pauletto Eileen Pratt Joe & Susan Rumble Joanne M. Stubbs Heidi & Ron Stanley Richard Vaughn Craig Williamson Len & Darcy Zarelli Anonymous (1)

Washington Policy Center is a tax-exempt 501(c)(3) nonprofit organization. To preserve our independence, we accept no government funding, and we do not perform contract work. Contributions are deductible for federal income tax purposes as allowed by law. Our tax ld # is 91-1752769.

Our Funding

Total **2017** Revenue - **\$3,553,009** Total **2016** Revenue - **\$3,106,437**



61% Individuals

21% Foundations

18% Corporations & Businesses



43% Individual donors

17% Pillar Society

37% Special events

3% InKind

Pillar Society

Dan Absher, Absher Construction

John & Polly Addison

Bryan & Brenda Alford

Alliant Employee Benefits

Dan Alsaker

Duane & Andree Alton

Richard* & Nancy Alvord

Carol & Spike Anderson

Sam E. Baker, Jr.

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Dr. & Mrs. Dennis Chong

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Jim* & CK Coles

Pillar Society

120 Members | 23 New Members in 2017 | Raised \$936,760 in 2017

Columbia Bank Bill Conner* John & Kathy Connors* Anne* & Stacey Cowles **Bob & Fran Davidson** Birney & Marie Dempcy Patricia Edwards Hon. Barbara & Pat Fahev Bill & Meredith Farris First Choice Health Jeff & Jana Foushee Hon. Kemper Freeman, Jr.* Kemper Development, Inc. Brent Frei, Smartsheet Michael Garvey Dr. Steven & Timme Goodell Len & Estelle Guyt Elling B. Halvorson, Papillon Airways, Inc. **Patrick Hanley** Dennis & Norma Jean Hanson John Harnish, The Harnish Group, Inc. Art Harrigan J.R. Hayes Corporation Admiral Tom Hayward John* & Kathy Hennessy Tom Herche Douglas Howe & Robin DuBrin Frank Imhof, IMCO General Construction J.R. Simplot Company El Jahncke Judith M. King & Gifford E. Thomas

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*Denotes WPC Board Member

Initiative on Agriculture

Madilynne Clark, Director

Washington's permit-exempt well controversy was the Agriculture Initiative's major issue of 2017. A 2016 state Supreme Court ruling, best known as the Hirst decision, made it expensive and difficult for rural property owners to drill new wells for household use. We published research regarding the potential impact on rural communities and rural families and regularly provided updates regarding legislative proposals. The state Legislature finally came to a better-than-expected solution in January 2018.

Hirst illustrates 2017's major theme, that the rural urban divide has created misconceptions about agriculture and rural communities, resulting in urban populations failing to recognize the positive benefits of agriculture on Washington state. We published multiple projects, including a video, detailing the net benefit of farmers on the environment.







Center for Education

Liv Finne, Director

The Center for Education highlighted the opening and success of Washington's public charter schools, criticizing WEA teacher union efforts to close these schools and hurt the families who have chosen to enroll their children. The Center published research showing that Washington's new charter schools are outperforming traditional schools as well as a study describing the expansion of school choice policies nationwide. The Center also reported on the growth of state spending on schools, particularly the Legislature's final McCleary education funding solution in the 2017-19 state budget. The Center published a study revealing that state test results show more money does not improve student learning and also published results from the 2016 School Achievement Index from the State Board of Education, translating the index into letter grades for all K-12 schools.





Center for the Environment

Todd Myers, Director

At the local and national level, the Environmental Center saw its influence dramatically increase in 2017. At the local level, Todd was named to the Executive Committee of the Puget Sound Salmon Recovery Council where he has been on the board since 2015. This is a key position to promote responsible salmon recovery priorities and block high-cost regulation. The Center also promoted a personal environmental alternative to government regulation, highlighting our idea of iPhone Environmentalism in a new video. Todd gave a wellreceived TEDx talk about this innovative new approach. Nationally, *National Review* published two of our pieces on climate policy. After meeting in DC with the EPA and other state policy groups to discuss reducing federal bureaucracy and interference, WPC is working directly with the agency to obtain block grants for Washington state's salmon recovery efforts.

Todd Myers presents "How smartphones can reduce our carbon footprint" at TEDxSanJuanIsland





Center for Government Reform

Jason Mercier, Director

WPC helped shape the media coverage of the Seattle income tax adoption and received worldwide media coverage of our quotes via AP/Reuters. In April, we released a video, "Keep Washington Income Tax Free" featuring WPC board member Matt McIlwain and man-on-the-street interviews in Seattle. In May, we released a video called: "Capital Gains and Capitol Games" explaining why a capital gains tax is an income tax and would be wrong for the state.

In November, Congress unanimously passed the bipartisan evidence-based policymaking bill proposed by Speaker Ryan and Washington Sen. Patty Murray. In 2014, Murray's office asked WPC for help with this proposal. Dann Mead Smith met with Congressional Senate and House budget committee staff to discuss this effort and offer WPC assistance to help move this important reform forward. Kittitas County became the fourth government in Washington to adopt WPC's recommendation for open contract talks with public unions. We co-wrote an op-ed in *The Tri-City Herald* with Franklin County Auditor Matt Beaton on the need for Franklin County to do the same.

Center for Health Care

Dr. Roger Stark, Health Care Policy Analyst

The Center for Health Care focused on federal issues in 2017. The U.S. House passed a health care reform bill mid-year that was less than ideal, but was a good initial attempt to repeal and replace Obamacare. The U.S. Senate was unable to pass any health care reform bill. We tracked the proposed legislation in both the House and Senate, analyzed and wrote extensively about the bills, and gave presentations concerning the proposals to multiple organizations. We are currently studying administrative and state reforms that can be enacted outside of the Affordable Care Act as a part of our "Administrative improvements to the Affordable Care Act and state options for health care reform" project. We plan a multi-state tour to present our new study in 2018. We were pleased to have former Senator Tom Coburn, MD as the keynote speaker for our Solutions Summit in both Bellevue and Spokane.







Center for Small Business & Labor Reform

Erin Shannon, Director

The Center for Small Business and Labor Reform continued to focus on issues that impact the state's business climate, such as minimum wage and paid family leave, while at the same time increased our focus on labor reform issues. Furthering the long-term goal of making Washington a right-to-work state, the Center produced a video explaining how a right-to-work law would improve the freedoms of Washington's workers. We testified in the state's first-ever legislative hearing on right-to-work. In addition, the Center published a comprehensive study showing that labor unions in the state misuse hundreds of millions of dollars annually in public Medicaid money that is meant to provide assistance to elderly, ill or disabled individuals and low-income families. The study highlighted the common-sense solutions that would protect workers and safeguard the taxpayer dollars that are meant for society's most vulnerable populations. At our Annual Dinner events we announced the creation of a new **Center for Worker Rights** devoted to protecting the individual rights of workers from policies like forced unionization. As Center director, it was my privilege to have a role in giving WPC's Columbia Award to Rebecca Friedrichs, the courageous elementary school teacher who challenged compulsory union dues all the way to the Supreme Court in a landmark legal case.

Coles Center for Transportation

Mariya Frost, Director

The Center was a critical resource on Sound Transit issues, testifying by invitation before the Senate Transportation Committee and bringing widespread media attention to the need for a directly elected Sound Transit Board. As a result of these hearings and our efforts to elevate the need for reform at the agency, the state Senate launched a formal legislative investigation into Sound Transit - the findings generating legislation for 2018. The Center also released a detailed policy brief on the Road Usage Charge, a tax on every mile you drive. The Center was recognized by media outlets across the state as one of the leading opponents of the proposal and helped define the early messaging on the issue. The Center continues to fight against transportation proposals that restrict mobility and manage travel behavior. It advocates for traffic congestion relief through additional road capacity and new technology.







Eastern Washington

Chris Cargill, Director

Washington Policy Center is committed to Eastern Washington. That's why we have offices in Spokane and the Tri-Cities and have expanded our research and reach. In 2017, we increased the number of supporters east of the Cascades by 25 percent and passed the century mark in the number of times WPC research and recommendations were mentioned in Eastern Washington media. When legislators were looking for a way to reach out to constituents during the busy legislative session, they depended on WPC Legislative Lunchbox Forums. These forums took advantage of video conference technology to connect Olympia to Eastern Washington. When Lincoln County and other local governments were looking for a way to bring more accountability and transparency to collective bargaining proceedings, they depended on WPC research to provide accurate and dependable information. When members of Eastern Washington's congressional delegation needed help getting new ideas for health care reform or tax reform, they approached WPC analysts. WPC's Annual Dinner in Eastern Washington, held each year in Spokane, is one of the largest events of it's kind in the country. Year in and year out, WPC's stature in Eastern Washington is growing and its regional influence is unmistakable.



∠ Young Professionals wpc

WPC's Young Professionals (YP) group continues to engage, empower, and educate the next generation of leaders in our state. In 2017, our four college clubs and the YP group reached over 1500 students and young professionals, with happy hours, debates, and social events at venues across the state.

The YP Board, an active group of 17 young leaders in business, policy, and community, continues to actively work to grow the program and provide unique opportunities for members.

Our college clubs continue to expand and host events bringing diverse viewpoints and insights on life and leadership to campuses across the state. With the addition of a new club at Gonzaga, WPC Young Professionals now have an active presence on four major campuses across the state (University of Washington, Seattle University, Gonzaga University, and Washington State University) as well as an active Young Professionals group in the Tri-Cities.

The Young Professionals' two signature events are our YP Summer Socials and the YP Annual Dinner. More than 100 young professionals attended the Summer Socials, held in Sammamish and the Tri-Cities. At the Annual Dinner, over 300 young professionals enjoyed their own ballroom, where they heard live remarks from the keynote speaker, Neil Cavuto of FOX News. Once the programs concluded, Young Professionals were able to join our "After Party" and network with other quests.

Each year, membership and engagement in WPC's Young Professionals program grows as more and more young people get involved in WPC's mission of improving lives through the free market.













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