2007 Annual Report

WASHINGTON POLICY CENTER

Improving lives through market solutions



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JANUARY-APRIL: 2007 LEGISLATIVE SESSION

More researchers means a larger presence in Olympia.

- » 19 invitations to testify before legislative committees
- » 16 Legislative Memos released

WASHINGTON



JULY: ANNUAL ENVIRONMENTAL POLICY LUNCH Internationally-reknowned journalists and filmakers Phelim McAleer and Ann McElhinney presented and discussed their film Mine Your Own Business.

JULY: CENTER FOR TRANSPORTATION KICK-OFF EVENT Former U.S. Secretary of Transportation Norm Minetta spoke about traffic congestion relief to a group of local policymakers and participated in a WPC policy roundtable.

2007: MORE GROWTH. MORE OPPORTUNITIES.

Improving lives through market solutions

POLICY CENTER



JUNE: 5TH ANNUAL HEALTH CARE CONFERENCE Our largest health care conference ever drew 300 health industry professionals and policymakers to discuss emerging trends in health care.

SEPTEMBER: POLICY BLOG LAUNCHED WPC launched a web log, giving researchers a versatile tool for reaching media and the public.

NOVEMBER: STATEWIDE SMALL BUSINESS CONFERENCE Small business owners and policymakers gathered and voted on 24 recommendations to improve the state's business climate.

24 Ways to prove the State Small Business Climate



SEPTEMBER: ANNUAL DINNER

More than 1,000 people gathered to honor Jeb Bush and Bruce McCaw, making WPC's annual dinner the largest event of its kind in the Northwest.

OCTOBER: OLYMPIA OFFICE OPENED Our new satellite office, just two blocks from the state capitol, gives us greater access and presence at the heart of state policymaking.



Seattle

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Olympia

924 Capitol Way S, Suite 218 Olympia, WA 98501 P 360-705-9068

wpc@washingtonpolicy.org

>washingtonpolicy.org >washingtonpolicyblog.org Washingtonians are independent. When it comes to the challenges facing our region, they are pragmatic people and want practical solutions that work. That is what Washington Policy Center provides.

WPC improves the lives of Washington's citizens by providing accurate, high-quality research for policymakers, the media and citizens. WPC is a non-profit, non-partisan research and education organization located in Seattle and Olympia. Just as the grand Mt. Rainier stands at the center of our state as a beacon, so WPC stands at the heart of Washington's policymaking and economic activity.

WPC publishes studies, sponsors events and conferences and educates policymakers and citizens on public policy issues facing our region.

We believe ideas, supported by sound research and promoted through publications, conferences and the media, over time create an environment in which sound public policy decisions are made.

An Independent THINK TANK



MESSAGE FROM OUR PRESIDENT AND CHAIRMAN

"Every day in Olympia," one legislator told us, "people come to my office and talk about their problems. But you come here and talk about solutions and a vision for moving Washington forward." That ringing endorsement from a legislator tells us we're doing our job--offering lawmakers positive solutions to the policy challenges facing our state.

2007 was a year of tremendous growth for us. In July we opened the Center for Government Reform and our new satellite office in Olympia. This center, our sixth, focuses on state fiscal issues and increasing the accountability, transparency, and efficiency of government. As you will see later in this report, the center is off to a productive start.

Our 2007 Annual Dinner was our largest event yet. We welcomed more than 1,000 of Washington's lawmakers, business and community leaders as we honored former Florida Governor Jeb Bush and local entrepreneur Bruce McCaw.

We closed 2007 having raised \$3.8 million towards our \$4.2 million goal for the *Free Markets for Washington* capital campaign. We launched this campaign with the goal of opening eight research centers. Thanks to the generosity of our supporters, we now have dedicated research centers and full-time directors focusing on small business issues, the environment, health care, transportation, government reform, and a legislative information website at WashingtonVotes.org.

With your support we can continue to offer free-market solutions and shape the public debate on the challenges facing Washington. Thank you for your interest in our work and all you do to support our organization.



Dann Mead Smith President

Greg Porter Chairman





Small businesses face an uphill battle to stay afloat. Washington's burdensome tax and regulatory structure makes this all the more difficult. It's no wonder we have one of the highest business failure rates in the nation.

The Center for Small Business is WPC's oldest research center, and because of our work small business owners have a voice on the policy issues that matter to them.

Highlights

► Hundreds of small business owners, policymakers and media gathered at the center's Statewide Small Business Conference in November. In breakout sessions they voted on policy recommendations that WPC then presented to the legislature in 2008. *Freakonomics* co-author Stephen Dubner and Attorney General Rob McKenna spoke at the conference.

► Center director Carl Gipson authored three Legislative Memos during the 2007 Legislative Session. Lawmakers invited him to testify on four important bills, including legislation to mandate businesses pay a "living wage" in Washington.

► Carl is expanding the Center for Small Business' research focus into technology and telecommunications issues, providing a much needed free-market voice on these issues in Washington.

Key Studies

24 Ways to Improve the State's Small Business Climate

A National Movement Hits Close to Home: The Living Wage Proposal in Washington State

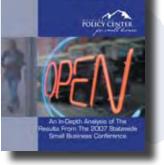
The Streamlined Sales and Use Tax Agreement: A Primer on the New Law

Competitive Contracting Keeps King County's Accountability and Service High

An Overview of Washington's Emergency Heat Stress Rule

Leaving Well Enough Alone: State Wireless Regulations Could Hurt Consumers

24 Ways to Improve the State's Small Business Climate



Carl Gipson Director, Center for Small Business



Improving the state's small business climate.





Many people today believe that protecting our natural resources and growing our economy are opposing goals. The Center for the Environment believes that these goals go hand-in-hand.

The free market is the most creative human force in the history of the world. Only by harnessing that force will our society be able to address environmental challenges.

Highlights

► The center's annual Environmental Luncheon featured filmmakers Phelim McAleer and Ann McElhinney discussing their film *Mine Your Own Business*. The film takes an eye-opening look at how global environmentalists stifle development in foreign countries and perpetuate poverty and human suffering.



► Todd Myers' research on a controversial climate change statistic spurred a front-page article in the March 15 edition of *The Seattle Times*. The article quoted Todd as well.

The Seattle Times	
The snowpack in the Cascades, it was said, shrank by 50 percent in the last half-century. It's been presented as glaring evidence of the cost ex- celed by global warming — the drying up of a vital water source.	The affair might be dismissed as a tempest in an ivory-tower teapot. But it comes at a time when the science of climate change is getting more attention from policy-makers and the public.
That statistic has been repeated in a government report, on envi- ronmental-advocacy Web sites and in media coverage. Seattle Mayor Greg Nickels recently mentioned it in a guest column in The Seattle Times.	Heated debate over global warming University of Washington scientists are in a tense dispute over what has hancement or snowaack in the Cascade Mountains, considered a critical
Here's the problem: The number is dead wrong.	potential effect of global warning.

Key Studies

Light Rail on I-90 Will Do Little to Reduce CO2

Sharpening the Focus on Climate Change in the Northwest

Washington's Associate State Climatologist Loses Tittle for Questioning Oft Repeated Global Warming Statistic

Inefficient King County Biodiesel Effort Leaves the CO2 of 4,319 Cars In The Atmosphere

Seattle Uses Accounting Tricks to Claim Kyoto Success

The Role of Economic Growth in Reducing CO2 Greenhouse Emissions

Energizing Washington's Market for Green Power

Todd Myers Director, Center for the Environment



Promoting the concept that human progress and prosperity can work in a free economy to protect the environment.





Highlights

► Former U.S. Secretary of Transportation Norm Mineta spoke at the Center for Transportation's first annual luncheon, which was preceded by a special roundtable where local transportation leaders discused congestion relief and other critical issues facing our region.

► Center for Transportation director Michael Ennis' 5-part series on light rail expansion helped draw public attention to the enormous disparity between light rail's cost and benefits.

► The Swiss Consulate invited Michael Ennis to join a goup of U.S. transportation experts to visit Switzerland to study their country's transportation system.



Washington state faces numerous transportation challenges. That is why we launched the Center for Transportation in 2006.

In October the State Auditor released an audit of the Department of Transportation indicating that congestion relief isn't a state priority. This costs our economy billions of dollars and robs citizens of time. The Center for Transportation focuses on congestion relief and costeffective ways to improve our transportation system.

Key Studies

Your Transportation Tax Burden

Cost Exceeds Benefits in Sound Transit's Light Rail Expansion

Light Rail and Interstate 90: Sound Transit's proposal to place light rail across I-90 will increase traffic congestion

The Imbalance of Roads and Transit in Proposition 1

The Cost of Sound Transit

If the Roads & Transit Package Fails, What Next?

The Case for Public/Private Partnerships in Transportation Plannings

Viaduct Plan Could Leave Only North/South Freeway for Seattle

Michael Ennis Director, Center for Transportation



Using the free market to improve our state's transportation system, focusing on congestion relief





State government continues to grow faster than it should, and it continues to expand in areas beyond core functions. That is why we opened the Center for Government Reform in July 2007.

The new Center for Government Reform builds on WPC's long history of sound fiscal policy analysis. WPC hired Jason Mercier to direct the center and opened a satellite office in Olympia, the heart of policymaking in Washington.

Highlights

► Center for Government Reform director Jason Mercier's studies on the Initiative 960 ballot measure and the "Rainy Day" constitutional amendment served as an important resource for media and voters.

► Jason and WPC sponsored model budget reform language for the American Legislative Exchange Council, which they adopted and are promoting in states across the country. Jason serves on the Council's fiscal policy task force. WPC is one of only two state think tanks on this national task force.

► Beginning with the study *Creating a Free, Searchable Website of State Spending*, the Center advanced state budget transparency efforts and met with stakehlolders to lay the groundwork for legislative success in 2008.

Key Studies

Citizens Guide to Initiative 960, The Taxpayer Protection Act (3-part series)

Creating a Free, Searchable Website of State Spending

Ending Abuse of the Emergency Clause

Failure to Enact Permanent 1% Limit Could Lead to \$1.5 Billion Property Tax Increase

Time to Shine a Light on Government Spending

Jason Mercier Director, Center for Government Reform



Improving the transparency, accountability and performance of government while limiting government's activities to its core functions.

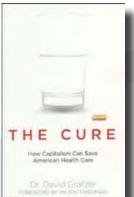




Health care costs are rising each year beyond inflation. Policymakers are searching for a solution, yet many are advocating a larger role for the government. The Center for Health Care believes that government regulation is part of the health care problem, not a solution.

Highlights

► Our 5th Annual Health Care Conference drew a record crowd of policymakers, health industry professionals and media. Dr. David Gratzer, author of *The Cure: How Capitalism Can Save American Health Care*, delivered the keynote to the 300+ conference participants.



► The conference featured a unique interactive panel moderated by Stuart Elway of Elway Research. Elway polled conference participants on major questions of health policy and then showed them how their views compared to statewide results on the same questions.

Key Studies

Washington State Barriers to Health Savings Accounts

Moore's Sicko Offers No Cure for U.S. Health Care

Proposed SCHIP Expansion Relies on Shaky Finances

Recent court decision highlights failure of government central planning

A Capitalism Prescription for Health Care Reform

Limited Benefit Plans: A Proven Way to Help the Uninsured in Washington

Analysis of the Health Care Connector Bill

Bulletproof? Health Savings Accounts in 2007 and 2008

Developing solutions to reduce the cost and improve the availability and quality of health care and increase the role of the consumer.





Our state lawmakers introduce thousands of bills each year. They vote on hundreds. How can citizens keep track of all this? The answer is WashingtonVotes.org, the premier legislative information website in Washington.

Highlights

During the 2007 Legislative Session
 WashingtonVotes.org logged nearly 2 million hits.

► After session WashingtonVotes.org released the annual Missed Votes Report, detailing how many votes each legislator missed. Media and bloggers cover this regularly.

"I use WashingtonVotes.org more than the state government website to track bills during session. It's the easiest way to follow legislation."

-State Auditor Brian Sonntag (D)

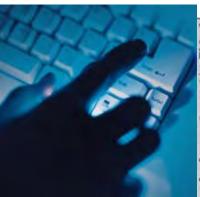


Newspapers Subscribing to WashingtonVotes.org's Weekly Roll Call Report during the 2007 Legislative Session

The Seattle Times Seattle Post-Intelligencer The News Tribune (Tacoma) The Herald (Everett) Spokesman Review (Spokane) The Olympian Kitsap Sun Bellingham Herald Yakima Herald-Republic West Seattle Herald Columbia Basin Herald The Daily World (Aberdeen) Highline Times

Monroe Monitor Des Moines News Peninsula Daily News Wentatchee World The Reflector (Battle Ground) Ballard News-Tribune Federal Way News The Echo (Leavenworth) Cashmere Valley Record Lake Chelan Mirror Okanogan Valley Gazette-Tribune Sequim Gazette Q Washington votes.org

Giving citizens free, instant and plain-English access to Washington's legislation and legislators.



Washington Votes

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WASHINGTON POLICY CENTER'S IMPACT Improving lives through market solutions



Protecting Property Owners from Eminent Domain Abuse

The legislature passed and Governor Gregoire signed HB 1458, which requires the government to give property owners notice before holding a public hearing on potential property condemdation. The bill was based on WPC's study *A False Sense of Security: The Potential for Eminent Domain Abuse in Washington*. WPC president Dann Mead Smith and adjunct scholar Bill Maurer participated in the bill signing ceremony.

Seattle PostsIntelligencer

Lawmakers restore

1% property tax cap

Special session called

o revive I-747 limit

Property Tax Limitation

Within minutes after the state Supreme Court struck down Initiaitve 747, major media across Washington called WPC because of our past research on property tax policy. Ultimately WPC's analysis played a key role in lawmakers re-instating the 1% property tax limit during a special Legislative Session.

WASHINGTON STATE NEWS

Feb. 15, 200

House Republican \$3.3 billion tax relief proposal would offer \$400 property tax rebates for homeowners COR network and includes relief for amployate, apployate, articulture

EDIATE RELEASE

House Republicans today proposed \$400 tax rebates for Washington homeowners, the return of money overpaid by employers and employees into two state funds, and tax relief for agriculture. The tax relief package would total approximately \$3.3 billion and leave \$1 billion available to cover new spending and a 'rainy day' reserve fund.

There's been so much takin of lympia this session about what to do with the surplus in the satisf's general fund, as though the movely is government's to keen. It isn't hat money beings to the taxpayers, and our proposal would give a huge amount of it takk to them whuth requiring a single out to a single service the state provides. "said **House Republics in Loader Bishnist Dation, K-Chehalar**, it's a rare opportunity to return around and out moved in the I back in the ore component."

Returning Tax Dollars to Taxpayers

With the state facing a budget surplus, House Republicans modeled their tax cut legislation after WPC's 2007 study "The Washington Policy Center Tax Cut Plan." The plan called for a \$400 property tax rebate, codifying the 1% property tax limit from I-747, and limiting increases in assessed value.

Sometimes our ideas become law.

Sometimes our research highlights bad ideas that do not become law.

During the 2007 Legislative Session, lawmakers invited WPC experts to testify before 19 committee hearings.

Our annual legislative briefing in the state capitol drew a packed crowd of lawmakers and staff. The standing-roomonly event, broadcast live on TVW, gave attendees an inside look at the latest WPC research and policy recommendations.

WPC experts wrote 16 legislative memos on key issues facing the legislature. Lawmakers used this research when debating legislation.



MEDIA ATTENTION Shaping the public debate



A think tank's success is not measured simply by how much legislation is based on its research.

WASHINGTON POLICY CENTER

A crucial aspect of Washington Policy Center's mission is to provide media with accurate research and therefore shape the public debate on the issues facing our state.

Our success in doing so continues to grow. 2007 was a record year for WPC's media activity.

2007 Media Coverage Print News......465+ Radio Interviews......68 Television Appearances......27



2007 ANNUAL DINNER

Bruce R. McC

FOLICY CENTER

JEB BUSH Columbia Award Recipient

Introduced by Charles Pigott, former Florida Governor **Jeb Bush** addressed the 1,000+ people in attendance. He praised WPC for its work in advancing sound policy solutions. He also outlined 3 bedrock principles that ought to guide policy as we move forward: a committment to limited government, policies that empower people rather than government, and an embrace of personal responsibility.





BRUCE MCCAW Stanley O. McNaughton Champion of Freedom Award Recipient

Introduced by Bonnie Dunbar, local entrepreneur and philanthropist **Bruce McCaw** thanked WPC for its informed leadership and strong voice on policy issues in Washington state. He spoke warmly of his friendship with Stanley O. McNaughton and closed his address with his words: "There is no right way to do the wrong thing." "I commend Washington Policy Center for its efforts to promote free market solutions to the challenges facing the state of Washington and our country. From health care, to education, to the environment and a lot, lot more, WPC is making a difference."

-Jeb Bush

"I have followed and relied on the great work of Washington Policy Center virtually since its inception. In this day and age their work is increasingly important and I hope that everyone will appreciate and support what they do."

-Bruce McCaw



FREE MARKETS FOR WASHINGTON CAPITAL CAMPAIGN

Launched in 2006 with the goal of raising \$4.26 million to fund 8 research centers, *Free Markets for Washington* closed out 2007 at \$3.8 million. The generous support of several individuals and organizations in the latter months of the year brought the campaign to 89% of the goal (96% at the time of printing).

The amount raised in 2007 is in addition to the over \$2 million contribution by WPC's board members, including two lead gifts by our Campaign Committee Co-Chairs, Janet and Doug True and Bill and Marilyn Conner.

At the end of 2007, 6 of the 8 research centers were up and running:

- Center for Small Business
- ► WashingtonVotes.org
- Center for the Environment
- Center for Health Care
- Center for Government Reform
 Center for Transportation

Two additional centers will be launched in 2008 and 2009:

- Center for Education
- Center for Labor & Employment

Major Campaign Contributors in 2007

James & CK Coles Foundation The John & Kathy Connors Foundation APEX Foundation The Norcliffe Foundation Charles Simonyi Fund for Arts & Sciences MJ Murdock Charitable Trust Dabney Point Fund



There's a growing need in Washington for independent policy research. To meet this need, Washington Policy Center set an ambitious goal to raise \$4.26 million and open 8 research centers, each with a full-time director and dedicated to a core policy issue.

\$4.26

Million

100%

90%

70%

50%

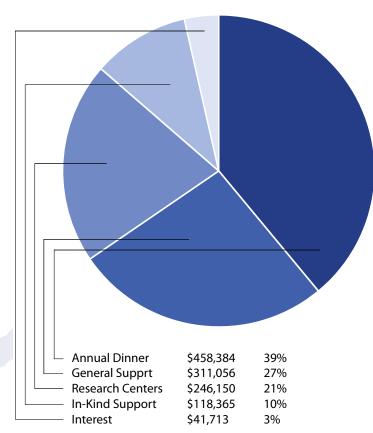
30%

FREE MARKETS

OR WASHINGTON



INVESTING IN IDEAS THAT WORK 2007 Revenue

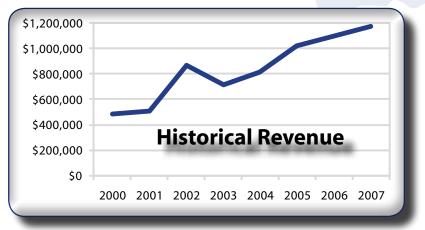


Total 2007 General Revenue \$1,175,670 Our growth is fueled by our supporters' generosity.

At the end of 2007 WPC's staff had grown to 11 and we are operating a satellite office near the state capitol. A larger research staff, more support personnel, and an office close to lawmakers gives us an unprecedented ability to advance free market solutions and improve lives in Washington.

WPC is an independent, tax-exempt 501(c)3 organization, funded solely through tax-deductible contributions from individuals, foundations, and private companies.

Join us in the effort to promote free market solutions in Washington state by supporting Washington Policy Center today!



2007 A year of growth

Thanks to our many supporters across Washington, WPC exceeded its budget goal for 2007. This generosity has fueled tremendous growth for WPC.

January-April: More researchers means a larger presence in Olympia during the legislative session

June: Largest Health Care Conference ever, with more than 300 people participating

June: First Annual Center for Transportation event

July: Center for Government Reform opened with the hire of director Jason Mercier

September: Largest Annual Dinner ever, with more than 1,000 people attending

September: Policy blog launched

October: Olympia office opened

December: 3 major grants brings *Free Markets for Washington* capital campaign to \$3.8 million

THE PEOPLE BEHIND THE IDEAS

Board of Directors

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Staff

Dann Mead Smith President

Paul Guppy Vice President for Research

Katie Bering Development Director

John Barnes Communications Director

Braden Goodwin Operations Manager

"When you consider the many keys to a successful organization, look no further than your board of directors. When WPC set out to double its budget, staff and impact five years ago, having a dedicated board was deemed essential. In retrospect, now that we have accomplished our first set of goals, we can confidently say the work and support of our board has been instrumental to our achievements."

-WPC President Dann Mead Smith

Michael Ennis Director, Center for Transportation

Liv Finne Director, Center for Education

Carl Gipson Director, Center for Small Business

Jason Mercier Director, Center for Government Reform

Todd Myers Director, Center for the Environment

Roger Stark, MD Health Care Policy Analyst

Brandon Houskeeper Policy Analyst & Director, WashingtonVotes.org

Anna Carroll Development & Event Coordinator

Richard Rae Multimedia Director & Communications Assistant

Alison White Development & Event Coordinator



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