

On behalf of the board and staff of Washington Policy Center, I am proud to present our 2004 Annual Report. This report reflects the accomplishments, activities and growth of Washington Policy Center over the past year—and what a year it was.

The information in this report speaks for itself—2004 was a great year for our organization and our efforts to make Washington a better place to live and conduct business. Throughout the year we sponsored forums and published in-depth analyses and solutions to our state’s most pressing public policy issues. As the region’s premier, independent, public policy research center, we frequently served as a resource to policymakers throughout the state and continued our efforts to educate community leaders, the media and citizens through our publications, events and other activities. Without our thorough research and objective analyses, a crucial component of the public debate would be missing in the formation of state and local policies.

We have been encouraged in recent years by the growth of our impact and in the reach of free-market ideas in general. Our Small Business Project has been up and running since 2001, helping to create a better business climate. Our new Center for Environmental Policy is now operational and joined the debate over responsible environmental policy implementation. Yet in a way our work has only begun. There is a tremendous need to expand our efforts through new Centers focusing on transportation, education, health care and more.

As we look ahead, our board and staff are excited about our prospects in 2005 and confident that, despite the ideological obstacles we face in Olympia, we will have even greater impact on public policy in our state this year. Maintaining a rigorous schedule of research and activities is expensive, particularly if those efforts are going to withstand academic and political scrutiny. We work daily to ensure the highest degree of integrity in everything we do. We simply could not do our work without the support of our numerous friends around the state. Our heartfelt thanks to you who give so generously making everything we do possible each year.

Sincerely,



Daniel Mead Smith  
President



**WASHINGTON POLICY CENTER  
BOARD OF DIRECTORS**

**Janet True**  
*Chairman*  
Seattle



**William Conner**  
*Vice Chairman*  
Bellevue



**Daniel Mead Smith**  
*President*  
Seattle



**Rick Alvord**  
Seattle

**Amb. Della Newman**  
Bow

**Peter Stanton**  
Spokane

**Hon. Emilio Cantu**  
Bellevue

**Ken Peterson, Jr.**  
Vancouver

**Thomas J. Stewart**  
Vashon Island

**Ron Cohn**  
Seattle

**Hon. William Polk**  
Mercer Island

**Al Symington**  
Seattle

**Jim Day**  
Seattle

**Laurent Poole**  
Seattle

**Frederic S. Weiss**  
Mercer Island

**Scott Fallon**  
Bellevue

**Greg Porter**  
Bellevue

**Robert L. Wiley, III**  
Bellevue

**Hon. Kemper Freeman, Jr.**  
Bellevue

**Sarah Rindlaub**  
*Incoming Chairman*  
Mercer Island

**Len Zarelli**  
Tacoma

**John Hennessy**  
*Incoming Vice-Chairman*  
Snoqualmie

**Patricia Herbold**  
Bellevue

**Barbara Kenney**  
Bellevue

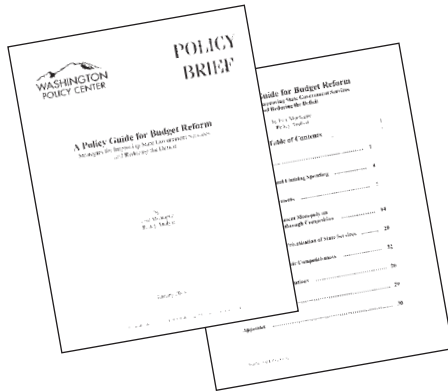
**David Maryatt**  
Seattle

**Hon. George Nethercutt Jr.**  
Spokane



Board Chairman Janet True meets with Colorado Governor Bill Owens and author P.J. O'Rourke at our 2004 Annual Dinner

## POLICY BRIEFS



Every year Washington Policy Center researches and publishes studies on a variety of issues facing our state and region. These publications constitute the foundation of our work to improve public policy. Our 2004 program was built on the issues in which WPC has developed an expertise over the years, such as the state budget, health care, education and taxes. We also continued to develop our expertise in areas such as small business issues and free-market environmental protection. Following are summaries of the Policy Briefs published in 2004.

### **AGENDA FOR REFORM: PRIORITY SOLUTIONS FOR IMPROVING WASHINGTON'S SMALL BUSINESS CLIMATE**

by Eric Montague  
*January 2004*

In October 2003, Washington Policy Center held its first Statewide Small Business Conference. It was attended by over 350 small business owners, policymakers and media. The unique nature of the conference allowed us to gather policy recommendations from the Conference attendees and *Agenda for Reform* is the resulting report. It was submitted to the Legislature just prior to the 2004 Session and was released at a press conference with a bipartisan group of legislative leaders. WPC staff presented the report's findings at several legislative testimony sessions.



"I welcome this opportunity to examine the needs of small businesses through the eyes of small business people. As a small business owner myself I know that the B&O tax is one of the most onerous regulations small business owners face."

— *State Representative Maralyn Chase (D – Edmonds) at WPC's Agenda for Reform Press Conference*

### **COMPETITIVE CONTRACTING FOR HIGHWAY MAINTENANCE: LESSONS LEARNED FROM NATIONAL EXPERIENCE**

by Geoffery Segal and Eric Montague  
Co-published with Reason  
Public Policy Foundation  
*January 2004*

This study critiques the results of a Washington State Department of Transportation (WSDOT) report that minimized the effectiveness and importance of contracting out highway maintenance services. The study highlights several areas where the WSDOT report may be misleading including: WSDOT failed to consider successful experiences in New Mexico, Utah, Washington D.C., and many international examples of contracting out success; fears about worker displacement are largely unfounded—studies have shown a vast majority of employees affected by outsourcing

are transferred to other jobs or find work with the winning contractor; and WSDOT played down several successful experiences citing political motivations.

**GREAT RAIL DISASTERS: THE  
IMPACT OF RAIL TRANSIT ON  
URBAN LIVEABILITY**

by Randal O'Toole

Center for the American Dream

*February 2004*

As Washington state travels farther down the fixed-rail path, we took a look at the effectiveness of light rail and what commuters in the Puget Sound Area can expect in the years to come. The results of this paper show that rail transit has negatively impacted every urban area in which it is located. In particular, rail transit offers no guarantee that transit commuting will increase or that transit will increase its share of travel. Nor is light rail environmentally friendly. This report also profiles transit in each of the major urban areas that have rail transit.

**REFORMING WASHINGTON'S  
WORKERS' COMPENSATION SYSTEM**

by Allison Demeritt

*May 2004*

Workers' Compensation is a complex and important social program, which replaces employer's liability for workplace injuries with a public system of financial support to sick and injured workers. But Washington is one of the few states where private insurers are barred from selling industrial workplace insurance—much to the detriment of employers, employees and taxpayers. This comprehensive study advocates common-sense recommendations to reform our system.



**A CITIZEN'S GUIDE TO THE \$1 BILLION EDUCA-  
TION INITIATIVE**

by Melissa Lambert Milewski

*July 2004*

Spending on K-12 and higher education in Washington almost doubled in real terms between 1980 and 2000. But in November 2004, voters were faced with a ballot initiative to increase the state sales tax 15% to almost ten cents on the dollar. This study examined the initiative and broke down where the proposed funding would go vs. how much the state currently spends on public education. WPC staff regularly spoke before civic groups on this topic and this study was cited several times as a non-partisan reference for voters. The initiative ultimately failed 60-40%.

**AN ALTERNATE FRAMEWORK TO THE U.S.  
COMMISSION ON OCEAN POLICY**

by Michael DeAlessi

Co-published with Reason

Public Policy Institute

*July 2004*

The U.S. Commission on Ocean Policy was formed to investigate the serious state of the oceans around the United States. This study takes a look at the Commission's findings and makes recommendations for establishing a comprehensive and coordinated approach to managing and protecting our coastal heritage. The study concludes that the Commission on Ocean Policy's approach is an outdated and ungainly one.

**ENTREPRENEURSHIP IN THE EMERALD CITY:  
REGULATIONS CLOUD THE SPARKLE OF  
SMALL BUSINESS**

by Jeanette Peterson

Co-published with Institute for Justice

*August 2004*

This joint study was one of the more sought-after reports of the year. Washington's history is intertwined with economic opportunity and entrepreneurship but today our economic liberty is under attack. Washington boasts one of the highest business start-up rates in the nation and most of them fall into the category of small businesses. This report takes a close look at several examples of entrepreneurs in the Seattle area who were victimized by onerous and sometimes ridiculous government regulations. City regulators have placed significant barriers to success between would-be successful entrepreneurs and their dreams. Would-be entrepreneurs will soon start to look elsewhere to plant their businesses and Seattle's economy will be left far behind.

**A CITIZEN'S GUIDE TO INITIATIVE 872**

by Richard Derham

*September 2004*

Elections are about determining the philosophy – the ideas – which will organize and govern our society. Washington voters for 70 years voted in what's called a "blanket primary," but in 2003 the Supreme Court ruled this method of voting unconstitutional. The Washington State Grange sponsored I-872 to replace the recently-adopted open primary system with a "top two" primary, largely based on the "Cajun" system used only in Louisiana. Under this proposal, voters would select among all candidates in a primary, regardless of the party of the voter or the candidates.

**CREATING NEW OPPORTUNITIES TO LEARN**

by Melissa Lambert Milewski

*September 2004*

In March, a bill authorizing charter schools passed the state legislature and was signed by the governor, making Washington the 41st state to legalize charter schools. But the new law was suspended when opponents turned in the required signatures to put the issue before voters. This study took a close look at the new program as well as the ballot proposal to effectively kill charter schools in our state. The charter school debate has been raging in Washington state for two decades and our study contributed by providing facts and arguments from both sides in an easy-to-read document.

**THE STATE LEGISLATOR'S DESKTOP**

**REFERENCE TO PRESCRIPTION DRUG POLICY**

With the American Legislative Exchange Council & the Institute for Policy Innovation

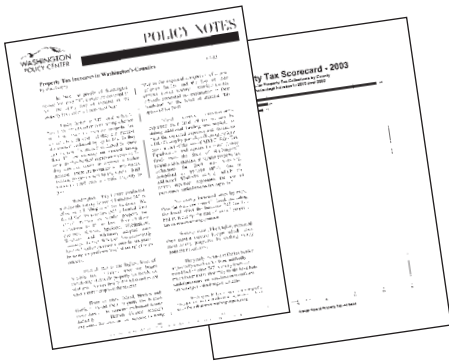
The new Medicaid rules shift some of the burden of providing prescription drug coverage for poor seniors from the state, but not until 2006, and policymakers face health care problems now. This pamphlet outlines several recourses for state legislators to pursue to help the most needy without breaking the bank.

**A LEGISLATOR AND CONSUMER'S GUIDE TO  
PRESCRIPTION DRUG IMPORTATION**

With the American Legislative Exchange Council & the Institute for Policy Innovation

As state legislators face large budget crises they look for ways to save money and one of the hot temptations today is to import prescription drugs from Canadian pharmacies even though a) it's illegal b) it's dangerous and c) even Canadian health authorities are against the idea. This pamphlet outlines the basic concerns with tampering with our nation's prescription drug policy and offers solutions to alleviate some of the pressure and cost of expensive prescription drugs.

## POLICY NOTES



*In addition to our Policy Briefs, Washington Policy Center publishes a series of shorter studies, Policy Notes, providing easy-to-read overviews on a variety of topics. Policy Notes are published on timely issues throughout the year and as a summary with each Policy Brief. Like Policy Briefs, Policy Notes are regularly distributed to legislators, the media, other public policy organizations and citizens, plus a statewide list of over 5,200 individuals. Below is a list of our 2004 Policy Notes.*

- “An Agenda for Reform: Priority Solutions for Improving Washington’s Small Business Climate” by Eric Montague
- “Health Savings Accounts Will Revolutionize American Health Care,” by Greg Scandlen
- “State Forest Trust Assets: Establishing a Balance Between Environmental and Economic Values,” by Eric Montague
- “Rail Transit Reduces Urban Liveability: New Study Reveals True Cost of Fixed-Route Public Transit,” by Randal O’Toole
- “Washington’s Timber Resources: A Valuable Environmental and Economic Asset,” by Eric Montague
- “K-12 Public Education Spending in Washington,” by Melissa Lambert Milewski
- “Charter Schools Come to Washington,” by Melissa Lambert Milewski
- “Reforming Washington’s Workers’ Compensation System,” by Allison Demeritt
- “Health Care 2004: Opportunities for Reform and Innovation,” by Melissa Lambert Milewski
- “Growth Management Decreases Housing Affordability,” by Eric Montague
- “A Citizen’s Guide to the \$1 Billion Education Initiative,” by Melissa Lambert Milewski
- “State Officials Want to Tax the New Ways to Make a Phone Call,” by Paul Guppy
- “Entrepreneurship in The Emerald City,” by Jeanette Peterson
- “Clearing the Air on New Source Review,” by Eric Montague
- “K-12 Public Education: Ignoring Good Management Practices and Risking America’s Future,” by Julia Rindlaub, adapted from a speech by Bob Herbold
- “King County’s Critical Areas Package: A Heavy Handed Approach to Growth Management” by Russ Brooks and William R. Maurer
- “Wild Sky National Recreation Area: A Reasonable Alternative to Wilderness Designation,” by Eric Montague
- “Global Warming: Implications for State Legislators,” by John A. Charles, Jr.
- “Initiative 297 Seeks to Ban Out-Of-State Hazardous Waste at Hanford,” by Paul Guppy & Amber Endres
- “Ante Up for Lower Taxes? Initiative 892 Seeks to Ease Gambling Restrictions and Cut the Property Tax” by John Barnes
- “Three Small Business Reforms Can Revive Business Climate,” by Eric Montague
- “Referendum 55 and Initiative 884 Failed, So What Can We Do About Education?” by John Barnes

In 2004 Washington Policy Center continued its popular “Commentary on the Issues” op-ed series. Every other Wednesday we send an op-ed discussing a current public policy issue to newspaper editors around the state. This greatly increases the ability of our ideas and research to reach a wide variety of Washington citizens. In 2004 we released 23 op-eds. Pieces from the series appeared in 39 different newspapers across the state. A few highlights are listed below.

- **“Drug Importation Carries Unseen Risks,”** by Melissa Milewski, was distributed statewide at a time when the city of Seattle and Washington’s state legislature were considering allowing prescription drug importation from Canada. Several papers, including the *Vancouver Columbian*, printed this op-ed.
- **“Initiative 884 Would Increase Sales Tax, Boost Funding for Education,”** by Melissa Milewski laid out the details of the \$1 billion sales tax increase initiative, was read widely throughout the state and led to a number of other media-related activity as citizens wanted to know more about the proposed tax increase.
- **“Forest Service Takes Right Steps,”** by Eric Montague, was published in the *Seattle PI* and written in response to an editorial deriding President Bush’s free-market forest management policies.

August 25, 2004

## Do the math before adding to your tax burden

BY PAUL GUPPY  
*Special to The Times*

THE Seattle City Council is proposing a second renewal of the Families and Education Levy, first passed in 1990. The past two levies each cost \$69 million over seven years. The council is proposing to increase that amount by 68 percent, or \$47 million, to bring the total to be collected over the next seven years to \$116 million. The proposal will appear on the primary election ballot Sept. 14.

Special property-tax increases pass fairly easily in Seattle, so it is not surprising that elected leaders continue to propose them. But as the years pass, it becomes increasingly difficult for the average person to follow all the special levies that have been approved so far, plus the regular yearly tax burden, plus new increases being proposed on top of that.

On its own, each increase seems modest, but over time, the total tax burden homeowners are required to pay adds up. Each incremental increase means citizens have less money to meet life's other needs, thus impacting those living on fixed incomes and lowering the take-home pay of working people. Some citizens are impacted more than others. For example, every increase in the property tax makes it harder for low-income families to rent or buy housing in the city.

To help keep track of it all, the accompanying tables provide a breakdown of the current property tax in Seattle.

The first two list the 16 county and municipal bonds and special levies, totaling roughly \$1.4 billion, now being paid by Seattle residents. The table shows the total cost of each bond or special levy, the year it was enacted and the year it expires.

In addition to voter-approved measures, residents also pay a steadily rising basic property tax. Over the last five years, the City Council has increased the basic tax on property a cumulative 31 percent. Over the same period, the King County Council has increased its basic tax on property by 18.2 percent.

The third table shows the total tax burden different taxing districts are collecting from the owner of a median-valued home in Seattle in 2004. The table includes voter-approved tax measures as well as basic taxes levied annually by elected officials. Total property taxes paid on a median home valued at \$315,000 are \$3,273.

In addition to the property tax, citizens pay a number of other taxes. The city collects an 8.8 percent sales tax on most purchases. For restaurant meals and hotel and motel rooms, the sales tax is 9.3 percent.

The Seattle Monorail Project collects an annual tax of 1.4 percent on the state-assessed value (not the fair-market value) of private automobiles, light trucks, heavy trucks, motor homes, commercial trailers, personal trailers, taxicabs and antique cars. State and federal government vehicles are exempt.

Sound Transit collects a similar 0.3 percent annual car tax in parts of King, Pierce and Snohomish counties, as well as receiving part of sales tax revenues.

A reliable flow of tax revenues is needed to pay for the essential government services on which we all depend. The question for voters is just how much funding is enough. Are proposed increases added to an already substantial tax burden justified? Or does simply providing more funding discourage reform and innovation in the way public services are delivered?

Naturally, elected officials find life easier when they have more money at their disposal. Narrow interests that directly benefit from public spending will always press for more, but so this always in the best interest of the broader public? Would it be wiser to fund vital services like key family programs or emergency medical services through the regular budget, instead of relying on temporary special levies?

Questions like these are important considerations as the public weighs the City Council's request for new taxes. Having a clear understanding of how much we are paying now will help voters make an informed decision on Election Day.

Paul Guppy is research director of the Washington Policy Center, an independent, nonprofit 501(c)(3) research and education organization based in Seattle. 1-888-972-9272 or [www.washpolicy.org](http://www.washpolicy.org)

- A hot topic in Congress, and in Washington state, in 2004 was the Wild Sky Initiative and the environment. Eric Montague’s **“A Smarter Way to Protect Wild Sky”** op-ed and **“A Responsible Approach to Climate Change,”** by Peter Geddes of FREE helped propel our Center for Environmental Policy to the forefront of important environmental policy discussions.
- **“Do the math before adding to your tax burden,”** by Paul Guppy was written as a response to a question posed by the editorial page editor of *The Seattle Times*. *The Times* printed the op-ed shortly before an election on the controversial “families and education levy.”



Our activities, publications and op-eds continued to receive significant media attention in 2004. Print media mentioned WPC more than 260 times, radio over 55 times and TV stations covered WPC on 25 occasions—our highest ever for Radio or Television.

- 2004 started off with our *Agenda for Reform: Priority Solutions for Improving Washington's Small Business Climate* press conference with a bi-partisan group of legislative leaders. Most all of the capitol press corps attended, along with KOMO TV news and the local National Public Radio affiliate. Over the ensuing weeks, WPC staff traveled around the state holding smaller *Agenda for Reform* release events. **We received generous media coverage** for these events including television coverage in the Tri-Cities and Bellingham as well as radio interviews in Wenatchee, Spokane, Bellingham and Seattle.
- Washington state has one of the highest minimum wages in the nation and in January 2004 it was raised to \$7.01 an hour. Our high minimum wage rates worry small business owners as they try to adjust prices and expenses to make up the difference, and **FOX News Channel** interviewed Paul Guppy on the effects on small businesses with the wage continually rising. **The interview was aired nationally.**

“Another report worth the Legislature’s rapt attention is the recently released Washington Policy Center recommendations for how to make Washington more hospitable for small business.”

Seattle Times columnist Kate Riley in a column reminding readers that small businesses can’t be forgotten in economic development plans.

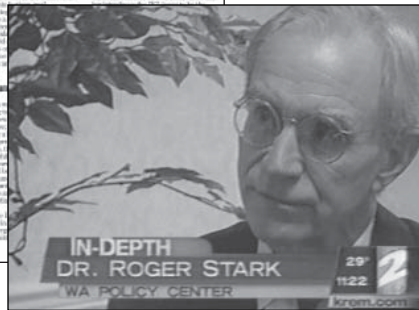




- During the 2004 Legislative Session, Washington Policy Center staff began a regular **radio legislative update on 570 KVI AM** in Seattle on the “Kirby Wilbur Show.” The show aimed to keep listeners updated on the latest legislation proposed in Olympia and also to promote the legislative information website, **WashingtonVotes.org** as a tool for listeners.
- **KPQ Radio** in Wenatchee ran a 5-part series on Washington’s business climate that featured our *Agenda for Reform* press conference in Wenatchee.



- Paul Guppy made several appearances on Seattle’s **National Public Radio affiliate, KUOW FM**, discussing topics including Seattle’s proposed Families and Education Levy, prescription drug importation and the 2004 election.



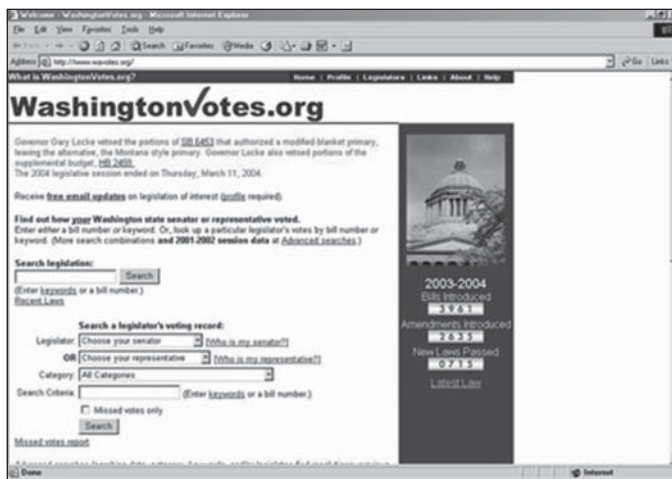
- KOMO AM 1000 interviewed WashingtonVotes.org director Melissa Lambert Milewski prior to the 2004 Legislative Session.
- WPC Advisory Board member Dr. Roger Stark was interviewed by Spokane’s KREM TV (CBS) on Health Savings Accounts at WPC’s Small Business Issue Forum in Spokane.

- The 2004 election was a tense time as Washington voters chose a president, governor, senator and had to vote on 5 statewide ballot initiatives. WPC provided either a Policy Brief or Policy Note on each initiative and our objective research received a lot of media coverage, including a series on each statewide ballot initiative on **Northwest Cable News**. A few weeks before the November elections Paul Guppy was interviewed by the **British Broadcasting Corporation (BBC)** news on how Seattle’s delicate economy might affect election results in Washington state.

- Our study published with the Institute for Justice, ***Entrepreneurship in the Emerald City: Regulations Cloud the Sparkle of Small Business*** was released at a press conference with IJ where they announced a suit against the state of Washington on behalf of an African immigrant facing onerous government regulations on her business. ***The Seattle Times, Seattle PI and every local television news station*** was in attendance and received a copy of the study. The next day the state instituted a change to exempt hair braiders from cosmetology school if they want to receive a cosmetology license.

Paper	'04 Appearances	Total Circulation
<i>The Seattle Times</i>	17	3,836,679
<i>Seattle Post-Intelligencer</i>	13	2,050,841
<i>Spokesman-Review</i>	6	889,524
<i>News Tribune</i>	6	<u>786,000</u>
Total		7,563,044

WashingtonVotes.org is once again providing citizens in-depth access to our state legislature. Every action of the Legislative Session was described in concise, plain English, and every vote of every legislator was recorded in a searchable electronic public database. Anyone with internet access can search WashingtonVotes.org by legislator, keyword or bill number. Users can also create custom voting-record guides for senators or representatives. People interested in particular subjects, such as transportation, education, or taxes can register to receive automatic e-mail alerts of legislative actions on any issue.



The public response in 2004 to this new service was overwhelmingly positive and greatly increased over 2003. Those using and benefiting from the site include:

- Citizens
- State Agencies
- Trade Associations
- Private Companies
- Newspapers
- Political Parties

“The Washington Policy Center... sponsor[s] a user-friendly legislative information web site where you can search bills and votes by key words and/or specific legislators.” - *Seattle Post-Intelligencer*

## Legislative Roll Call Service

In 2004, WashingtonVotes.org began a new service for newspapers around the state: the weekly Roll Call service. Once a week, papers that sign up can get a tailor-made report on how legislators in their readers’ districts voted. Over half a dozen papers signed on for the 2004 Session and over twice as many signed on for 2005 including the *Seattle PI*, *Spokesman-Review* and *The (Tacoma) News Tribune*.

## 2004 Statistics

Total Website Visitors:	178,065
Total Page Hits:	1,640,196
Average Daily Hits:	4,493
Increase from '03 Session:	57%
Bills Summarized:	2,774
Laws Signed:	298

## Comments on WashingtonVotes.org:

“WashingtonVotes.org provides an important means for citizens to keep track of legislation. And when they’re better informed, we can better serve them — it’s a win-win situation for the people and their representatives.” *Senator Jeanne Kohl-Wells (D - Seattle)*

# WASHINGTON POLICY CENTER'S SMALL BUSINESS PROJECT AND AGENDA FOR REFORM

## “A VOICE TO IMPROVE THE BUSINESS CLIMATE IN WASHINGTON”

Washington Policy Center realizes that small business owners face many obstacles on their road to success and profitability. We also recognize the crucial role they play in the overall economy. Over the last three years our Small Business Project has been extremely successful at involving small businesses in developing innovative solutions for public policy reform.

Since its inception, over a thousand small business owners and every major business organization and chamber of commerce in Washington have participated in our Project.

### 2004 Small Business Project Activities:

- **Agenda for Reform Release and Press Conference** – Washington Policy Center’s 2003 Small Business Conference produced the 2004 report “*Agenda for Reform*,” which listed and provided background information on the recommendations provided by small business owners at the Conference. WPC staff, along with a bi-partisan group of legislative leaders, announced the recommendations at a January press conference in Olympia to capitol press media. Stories surfaced in *The Olympian*, *Bremerton Sun*, *Tri-City Herald* and others.
- **Statewide Small Business Issue Forums** – The Small Business Project held a series of small business issue forums throughout the state in the fall of 2004, visiting Vancouver, Tri-Cities, Spokane, Wenatchee, Tacoma and Seattle. Over 400 people combined attended the forums. The forums focused on several topics including medical malpractice reforms, lowering the cost of health care for employees and the workers’ compensation program. The forums were generously supported by Verizon and co-sponsored by the Association of Washington Business, the Independent Business Association, the National Federation of Independent Business and local area chambers of commerce.

### Small Business Project Publications

- *Agenda for Reform: Priority Solutions for Improving Washington’s Small Business Climate* (Policy Brief and Policy Note)
- *Entrepreneurship in the Emerald City: Regulations Cloud the Sparkle of Small Business* (Policy Brief and Policy Note)
- *New B&O Tax Reform Proposal Would Help Washington’s Businesses* (Op-ed)
- *Helping Workers and Small Businesses Through Minimum Wage Reform* (Op-Ed)
- *Reforming Washington’s Workers’ Compensation System* (Policy Brief and Policy Note)
- *Small Business Owners Propose Ways to Improve State’s Economy* (Op-ed)



Vice President for Research Paul Guppy at the *Agenda for Reform* Press Conference

Northwest residents enjoy a unique and diverse natural environment. Strong community support for sustaining our natural surroundings fosters a robust environmental ethic. Washington Policy Center shares in this commitment and is dedicated to offering market-based alternatives to environmental protection through our Center for Environmental Policy.

The Center for Environmental Policy addresses the need for a balanced perspective on environmental protection in Washington state. The Center offers environmental policy alternatives that illustrate how the environment can be successfully protected through a new commitment to cooperative solutions and market incentives.



Lynn Scarlett, Assistant Secretary for the Department of the Interior addresses the 2nd Annual CEP Lunch

**2004 Center for Environmental Policy Activities:**

- **2nd Annual CEP Luncheon** - In July, the Center for Environmental Policy's 2nd Annual Luncheon featured Assistant Secretary for the Department of Interior, Lynn Scarlett. Ms. Scarlett addressed free-market environmentalism and the growing need for a balanced approach to addressing the concerns of both the environmental as well as the business communities. The event was attended by over 100 supporters, policymakers and media.

**Center for Environmental Policy Op-Eds**

- *One-Size-Fits-All Emission Standards Not Realistic*
- *A Responsible Approach to Climate Change*
- *A Smarter Way to Protect Wild Sky Forest*
- *Healthy Forests and Healthy Communities: How Active Management Helps Restore Forest Health*

*for a complete list of publication see pages 3-6*

- **CEP Op-Eds and Media Attention** - One of the key methods of expanding the reach of our environmental research is through media mentions. We run regular opinion-editorial pieces that in 2004 were featured prominently in Washington state news dailies including the *Everett Herald*, *News Tribune* (Tacoma) and *Seattle Post-Intelligencer*. In addition, CEP was quoted in a syndicated column in *The Seattle Times* and featured in a Northwest Cable News story about changes in the way National Forests are managed.



### Forest Service takes right steps

**ERIC MONTAGUE**  
Guest columnist

**MORE ONLINE:**  
To read the original column, go to <http://www.seattlepi.com> and search for "Forest Service".

Changes are happening in our 63 national forests. For the first time in 30 years the U.S. Forest Service is using a major overhaul of the way national forests are managed. New strategies, changes in design, and the use of science and sound growth in the face of unprecedented wildfires offer a clear path to restoring the national forests to health.

But more extreme environmentalists claim the new changes are little more than a ploy to capture contributions and to expand the size of the agency. The public's best interest is to have the Forest Service use the best science and best practices to manage the forests. A balanced review of the facts is a defense story.

For an extensive message public comment review process the Forest Service has done more than that will help guide the planning process required by the 1970 National Forest Management Act. Under current rules, it can only release and take years to complete a management plan for a national forest, which is required to be updated every 15 years. In one change, the Forest Service spent the years and \$1.1 billion to complete the plan for managing the

1970 National Forest Management Act. Under current rules, it can only release and take years to complete a management plan for a national forest, which is required to be updated every 15 years. In one change, the Forest Service spent the years and \$1.1 billion to complete the plan for managing the

1970 National Forest Management Act. Under current rules, it can only release and take years to complete a management plan for a national forest, which is required to be updated every 15 years. In one change, the Forest Service spent the years and \$1.1 billion to complete the plan for managing the

## 2004 HEALTH CARE CONFERENCE: OPPORTUNITIES FOR REFORM AND INNOVATION

---

More than 260 health care experts, legislators, small business owners, media and health care professionals gathered in Seattle in April, 2004 for Health Care 2004, a half-day conference sponsored by WPC. The sold-out conference consisted of a legislative update and three panels addressing health savings accounts, importing prescription drugs from Canada, and medical malpractice reform. TVW covered the conference panel sessions. Nationally recognized health care expert Grace-Marie Turner of the Galen Institute delivered the keynote address.

- The first panel was moderated by WPC's Paul Guppy and focused on the relatively new **Health Savings Accounts** (HSAs) that were signed into law in December of 2003. HSAs make health care users more responsible by helping patients realize how much health procedures actually cost.
- Panel Two concentrated on one of the hot-button issues being debated: **drug importation from Canadian pharmacies**. Panelists discussed the long term effects of importing Canadian drugs, including health risks and the illegality of instituting such a plan. One of the panelists, Rick Roberts, a University of San Francisco professor, shared his frightening experience with the audience of receiving and ingesting counterfeit drugs. Professor Roberts also made an hour-long appearance on the "Dave Ross Show" on KIRO AM in Seattle to warn listeners of the potential dangers of counterfeit drugs.
- Panel Three addressed **medical malpractice and tort reform issues**. Washington state is currently on the American Medical Association's crisis list because of its high medical malpractice insurance rates. Seventy-five percent of Washington voters said they feel jury awards have gone wild and that limits are needed and most people felt that without limits on non-economic damages, the price of health care would increase significantly.
- National healthcare expert Grace Marie Turner headlined our conference and spoke about how policymakers can decrease the high number of Americans without healthcare insurance. **Government provided coverage has expanded but there are still millions of Americans without insurance**. She stressed there are two approaches to this problem. One is to expand government and put more people on existing programs and the other is to **develop and use consumer-based alternatives** that will decrease expenses and raise the level of consumer choices and freedom.

Grace Marie Turner, with the Galen Institute, headlined the 2004 Health Care Conference with a talk about consumer-driven health care alternatives that have been ignored by policymakers for years.



## 2004 LEGISLATIVE SESSION

---

Throughout the 2004 Legislative Session WPC worked as a ready resource for legislators, providing background information and free-market solutions to a variety of difficult and important issues. Activities during the Session included press conferences, our annual Legislative Briefing, meetings with legislators and testifying by invitation before committees.

- Washington Policy Center staff **testified seven times** before House and Senate committees to share our expertise on a variety of topics including the small business climate in Washington state, environmental regulations, contracting-out government services and health care issues.
- WPC President Dann Mead Smith and Vice President for Research Paul Guppy met with **Governor Locke's chief of staff** to brief him on the release of "Agenda for Reform." The Governor's policy director for regulatory issues also attended the meeting in the Governor's office.

- WashingtonVotes.org director Melissa Milewski met with House and Senate Republican and Democrat communications directors and other staff members to give them a tutorial on the benefits and uses of **WashingtonVotes.org**. They commented that it was easier to use than their internal system and suggested we present the website to the full caucus sometime.

*Senate Majority Caucus Chair Pat Hale, Chairman of the Senate Economic Development Committee Tim Sheldon, House Majority Leader Lynn Kessler, House Minority Leader Richard DeBolt, Representative Maralyn Chase, the NFIB, AWB and Greater Seattle Chamber of Commerce joined WPC to release the "Agenda for Reform" study.*



- VP for Research Paul Guppy consulted with several legislators on the new **Health Savings Accounts (HSAs)**, and Senator Linda Evans Parlette and Representative Cary Condotta introduced the idea of making the accounts available for state employees as another available benefit. By the end of 2004, several legislators were planning on incorporating health savings accounts into new legislation to introduce before the 2005 Legislative Session.
- Jim Frogue, a national health care expert for the American Legislative Exchange Council (ALEC), held a WPC briefing with legislative and state agency staff in Olympia on Medicare and the **2003 Medicare bill** passed by the U.S. Congress. The briefing was held in conjunction with our 2004 Health Care Conference and was covered by TVW.

- During the Session it is always our goal to be available to provide research and testimony on timely and important issues. In 2004 this led to invitations to testify seven times.

### 2004 Testimony Highlights

**SB6317 – Workers’ Compensation Reform**

*Senate Commerce and Trade Committee*

**HB2700 – Amending I-200 to Allow Racial Preferences in Considering Applicants for Higher Education**

*House Higher Education Committee*

**SB6605 – Prohibiting local wage controls on public projects**

*Senate Commerce and Trade Committee*

**Working Session Before the House Economic Development Committee on Washington’s small business climate and *Agenda for Reform***

**HB2609 – Implementing a Public Private partnership program for improvements to highway system**

*House Transportation Committee*

**Working Session Before the Senate Economic and Development Committee on *Agenda for Reform***

**SB5728 – An Act Relating to Civil Liability Reform**

*House Judiciary Committee*



Representative Cary Condotta

- Legislators increasingly recognized WPC’s studies and staff expertise as important resources on public policy issues. For example, Representative Cary Condotta (R-Wenatchee) requested over one hundred copies of our Health Savings Accounts Policy Note so he could distribute it to all other legislators. Through WPC’s research and our 2004 Health Care Conference highlighting their benefits, several proposals to expand Health Savings Accounts were introduced in 2005.

- WPC President Dann Mead Smith and policy analyst Eric Montague met with Representative Velma Veloria (D-Seattle) on our Small Business Project and the *Agenda for Reform* Policy Brief. Rep. Veloria asked them to make a special hour long presentation before her House Economic Development Committee.



Representative Velma Veloria

## ADDITIONAL ACTIVITIES & IMPACT

- It's no secret that American students' math and technology skills are lagging behind other industrialized nations' students. But to what do we owe this failure? Former Microsoft COO Bob Herbold addressed WPC supporters at an event in Seattle in a speech titled, "Sustaining the Nation's Innovation Ecosystem." Mr. Herbold presented the findings of the report of the same name from the President's Council of Advisors on Science and Technology, of which he is chairman.



Bob Herbold

- Last November, Washington voters were faced with five statewide ballot initiatives and Washington Policy Center mobilized to publish a Policy Brief or Policy Note on each one. Our research was used in several news media stories in papers such as *The Seattle Times*, *Seattle PI*, (Everett) *Herald*, *The Daily Olympian* and the (Vancouver) *Columbian*. WPC staff were also regular guests on radio shows and our op-eds explained the details and pros and cons of each initiative and were printed in dozens of papers statewide.



Vice President for Research Paul Guppy appeared four times on a Northwest Cable News series on the 2004 ballot initiatives

- A video of the presentation Rick Roberts made at our 2004 Health Care Conference was shown at a Council for Affordable Health Insurance briefing on counterfeit drugs for policymakers and Congressional staff on Capitol Hill in Washington, D.C.
- In November, Washington Policy Center joined 28 other sponsoring organizations at a press conference in Seattle announcing the RxHelp for Washington website. The press conference gained significant media coverage including three television stations. The website is a conglomeration of several drug companies to help provide less expensive drugs to the elderly and financially strapped. To date, over 100,000 people have been helped through this site that receives no government funding or support.
- In 2004, WPC staff members spoke at 28 community events across the state. Audiences included chambers of commerce, rotaries, and high school and college classes. These events offer great opportunities to educate citizens on important policy issues and introduce them to WPC's work, as well as draw the attention of local media. Our number of speeches were particularly high in 2004 due to a greatly increased number of groups wanting WPC staff to speak to their organizations about the statewide ballot initiatives.
- Throughout the year WPC also co-sponsored numerous public policy events with organizations such as Seattle CityClub, the Discovery Institute, the Institute for Justice, the American Legislative Exchange Council and the Intercollegiate Studies Institute.



## WASHINGTON POLICY CENTER 2004 ANNUAL DINNER

Every fall Washington Policy Center holds its Annual Dinner to honor two public policy leaders, one from Washington state and one who is a national symbol of leadership and freedom. Past award recipients include: Rudy Giuliani, Oklahoma Governor Frank Keating, Steve Forbes, Ed Fritzky, Senator Tim Sheldon and Karen Hughes.

WPC was honored to have **Colorado Governor Bill Owens and P.J. O'Rourke** as our guests and keynote speakers. Over 620 people attended the sold-out Dinner at the Westin in Seattle as Governor Owens received the national 2004 Columbia Award for his "commitment to cutting taxes, reforming education, improving transportation, and therefore increasing prosperity in Colorado and setting an example for every state."

"It is important that the good people of the United States stay active in the world. And really, on behalf of our friends at WPC, let me just tell you that Edmund Burke was right: All that is necessary for the triumph of evil is that good men and women do nothing." *Gov. Owens at our 2004 Annual Dinner.*



Governor Owens was labeled as the "best governor in America" by *National Review* and called one of America's "rising political stars" by *The Economist*. We chose to honor him for his work on the Taxpayers' Bill of Rights (TABOR) and his commitment to common sense solutions to saving taxpayers' money.



Colorado Governor Bill Owens and Susan Hutchison

Also honored that night was Susan Hutchison. For years a local anchorwoman for a Seattle TV station, Susan's support of free-market principles and her selfless work in the non-profit community earned her the 2004 McNaughton Champion of Freedom Award. KIRO TV anchor Steve Raible delivered an emotional tribute to Susan via video.

P.J. O'Rourke lightened the mood by speaking about the humorous events of the 2004 presidential election and on the absurdity of government and the black hole that is its bureaucracy. P.J. is the author of several books including best sellers *Parliament of Whores* and his newest *Peace Kills*.



P. J. O'Rourke

## 2005 RESEARCH & ACTIVITY AGENDA

---

*Washington Policy Center will continue to conduct research and publish Policy Briefs and Policy Notes in 2005 that present innovative policy solutions to improve the lives of people in our state. We will also work on improving the WashingtonVotes.org website, hold timely and relevant events and continue our Commentary on the Issues op-ed series. Here is a look at just some of what you can expect from WPC in 2005.*

### **Agenda 2005**

- In preparation for the 2005 Legislative Session and a new Governor, we released our first book-length publication *Agenda 2005: The Guide to Public Policy Issues in Washington State* and distributed it to media statewide and every state legislator at the start of the Legislative Session. The book has 11 chapters with 139 separate policy recommendations on issues such as balancing the state budget, tax reform, making government services more efficient, reducing health insurance costs and improving access to health care, objectively addressing environmental concerns and improving transportation by reducing traffic congestion. This comprehensive publication has brought our research efforts to a new level of sophistication and effectiveness.

### **Health Care:**

- As a follow-up to our sold out 2004 Health Care Conference, WPC will conduct another major conference in Seattle focusing on consumer-driven health care alternatives, prescription drugs, and medical liability reform and a 2005 Legislative Session recap.
- WPC will publish a “How To” guide for employers who are interested in offering the new Health Savings Accounts. This guide will contain a step-by-step walkthrough of the benefits of HSAs.

### **Small Business:**

- The success of our 2003 Statewide Small Business Conference was astronomical and WPC plans on holding another Statewide Conference in the fall of 2005. Be sure to keep your eye on [www.smallbusinessproject.org](http://www.smallbusinessproject.org) for more information.

### **Legislative Memos:**

- In addition to our effective Policy Notes, Policy Briefs and op-eds, WPC also publishes Legislative Memos when timely academic analysis is required in response to legislation. In 2004 we published six memos and 2005 will surely bring more, in part, because of the longer session, new governor and a new budget.

### **Center for Environmental Policy**

- The Center for Environmental Policy will tackle tough issues facing state legislators such as implementing California’s greenhouse emission regulations, dealing with new green building standards (LEED) and looking at Oregon’s experience with a new property rights law.
- This summer the Center for Environmental Policy will hold its 3rd Annual CEP Lunch with a special guest speaker.

**Janet True, Chairman (2003-2004)**

Janet is a founding member of Washington Policy Center’s Board of Directors. She is an active member of the Seattle non-profit community serving on the board of directors for a number of community organizations including Woodland Park Zoological Society, Seattle Repertory Theatre, PONCHO, The Junior League of Seattle and The Bush School. Janet previously worked in the political field in Washington, D.C. at The American Enterprise Institute and for Senator James Buckley and Congressmen Jack Kemp and Jack Cunningham.

**Bill Conner, Vice Chairman (2003-2004)**

Bill has served on Washington Policy Center’s Board since 1999. He is the founder of Bellevue-based Conner Homes Company, Inc. He previously served the building industry politically as President of the Seattle Master Builders Association and the Washington State Homebuilders Association, and as the Area Vice President for the National Homebuilders Association. Bill is the current Chairman of United for Washington and previously served as President of Threshold Housing and the Board of Holy Names Academy.

**Daniel Mead Smith, President**

Dann is a graduate of Western Washington University and has been with the organization since 1991. Since becoming President in 2001, he has testified by invitation before several legislative committees in Olympia and appeared on radio and TV around the state promoting the Policy Center’s work. He is a member of Seattle Rotary and served on the Advisory Group of the Washington State Tax Structure Study Committee.

**Paul Guppy, Vice President for Research**

Paul is a graduate of Seattle University and holds graduate degrees from Claremont Graduate University and the London School of Economics. He worked on the staff of the U.S. Congress as an Appropriations Committee Analyst, Legislative Director and Chief of Staff before joining WPC in 1998. He has been recognized as a “rising star” by *The Seattle Times* and received the 2003 Governmental News Reporting Award from the King County Municipal League.

**Carl Gipson**

Operations & Communications Director

**Todd Myers**

Director, Center for Environmental Policy

**Katie Bering**

Development Director

**John Barnes**

Director, WashingtonVotes.org &  
Policy Analyst

**Braden Goodwin**

Office & Project Manager

**Amee Treadwell**

WashingtonVotes.org & Project Assistant

## 2004 Interns:

**Kelli Aitchison** - University of Washington  
**Jennifer Aragon** - University of Washington  
**Mark Bonicillo** - Seattle University  
**Mareesha Backman** - Central Washington  
**Christene Herr** - Gonzaga University  
**Patrick Holmes** - Seattle University

**Jonathan Medina** - Claremont McKenna University  
**Justin Nelson** - University of Washington  
**Julia Rindlaub** - Claremont McKenna University  
**Ron Stimmel** - Georgetown University

---

## Eastern Washington Advisory Board:

**Brenda Alford** - Pasco  
**Steve Appel** - Endicott  
**Gene Astley** - Richland  
**Bob Brody** - Wenatchee  
**Dr. Peter Brooks** - Walla Walla  
**Dr. John Condon** - Spokane  
**Diane Cornwell** - Wenatchee  
**Earl Davenport** - Colville  
**Paul Gray** - Wenatchee  
**Randy Gold** - Wenatchee  
**Rich Hadley** - Spokane  
**Hon. Jeannette Hayner** - Walla Walla  
**Mike Hogue** - Prosser

**Kris Johnson** - Tri-Cities  
**William Lampson** - Kennewick  
**Dr. Blake McKinley, Sr.** - Spokane  
**Mike and Barbara Poulsen** - Connell  
**Bruce Smith** - Yakima  
**Dr. John Sonneland** - Spokane  
**David Stambaugh** - Cle Elum  
**Heidi Stanley** - Spokane  
**Peter Stanton** - Spokane  
**Bob Tippett** - Pasco  
**Del Vanderhoff** - Wenatchee  
**Judi Williams** - Liberty Lake

---

## Board of Research Advisors:

**Dr. John Castiglia** - Premera Blue Cross  
**Prof. Philip Goggins, Ph.D.** - Seattle Pacific University  
**Matthew Manweller** - Central Washington University

**William Maurer, J.D.** - Institute for Justice  
**Prof. John Sands, Ph.D.** - Western Washington University  
**Dr. Roger Stark, M.D.** - Overlake Hospital  
**Prof. Andrew Tadie, Ph.D.** - Seattle University

---

## Center for Environmental Policy Advisory Board:

**Dick Abrams** - Kimberly Clark (retired)  
**Bruce Bare** - Dean, University of Washington College of Forest Resources  
**Gene Chase** - C&C Contracting  
**Jim Day** - WPC Board Member  
**Mike Fahey** - Columbia Helicopters  
**Lyle Fox** - LeRoy Surveyors and Engineers

**Larry Mason** - University of Washington Rural Technology Initiative  
**Ted Reeve** - Simpson Tacoma Kraft Superfund  
**Al Symington** - WPC Board Member  
**Michael Truax** - Green Diamond Resource Company