
POLICY GUIDE

FOR WASHINGTON STATE

Foreword

by Daniel Mead Smith, President

“WPC’s Policy Guide is indispensable for advancing the ideas and solutions that our state needs. It contains facts, figures, graphs and data that I often use as a resource. I’m extremely grateful to the researchers behind the Policy Guide because it’s helping me win the battle of ideas that we need to move the state forward.”

–Senator Michael Baumgartner (6th District, Spokane)

That endorsement of our 3rd edition from a state legislator tells us we are doing our job—offering lawmakers positive solutions to the policy challenges facing our state, and it is the reason we are publishing this updated fourth edition of our *Policy Guide for Washington State*.

Washington Policy Center is an independent public policy think tank, not a trade association or lobbying organization. We testify before committees when invited and work with elected officials at their request. We also measure the impact of our ideas. It is one thing to publish studies and hold events, and another to have our ideas and analysis influence the public debate.

We continue to increase our impact by working with policymakers and media. In addition to our main office in Seattle, we have an office two blocks from the state capitol, we opened a new office in Eastern Washington, we appear in the media an average of five times per day, and we track our ideas that become official policy in our state.

For example, during the 2011 legislative session, 13 of our policy recommendations were signed into law by Governor Gregoire—more than in any previous year.

Our mission is to improve the lives of our state's citizens through fact-based, market-oriented solutions. That is what this new book offers in its 10 comprehensive chapters and over 300 pages.

This book is a revised edition and is presented in the same format as our previous *Policy Guides*. Unfortunately, our state continues to rank high in the wrong categories when it comes to education, traffic congestion, taxes and our business climate. By adopting the policy recommendations that follow, state policymakers, including our newly elected governor in 2013, can make our state a better place for all citizens.

Our *Policy Guide* offers innovative ideas, ranging from incremental to sweeping, for reforming and improving government performance. Each of the 10 chapters is divided into a number of topical subsections for easy reference. Each subsection includes background on the issue, policy analysis and specific policy recommendations, as well as listing additional resources for further information.

I encourage you to use our legislative website, WashingtonVotes.org, as a resource during the legislative session and also as you vote. This website summarizes all legislation and allows users to search by issue, follow legislation during the session and keep track of how legislators vote, all in an easy to use, plain-English format.

To policymakers, we thank you for your service to our state and hope you will continue to find this guide a useful resource. To citizens, we encourage you to keep our recommendations in mind as policymakers address the major issues facing our state. Our special thanks go to our supporters across the state, their loyal support of Washington Policy Center is greatly appreciated.

Please visit us at washingtonpolicy.org, call us at (206) 937-9691 or email wpc@washingtonpolicy.org with your comments, or to order additional copies of this book or any of our individual studies, which provide additional research and information on the issues presented here.

On behalf of our board of directors, advisory boards and staff (all of whom are listed at the end of the book), thank you for your interest in our work and in improving people's lives through market solutions.

POLICY GUIDE

FOR WASHINGTON STATE

Introduction to the 4th Edition by Paul Guppy, Vice President for Research

A slowdown in the growth of state revenue compared to the steady rise in spending has mired Olympia in a seemingly intractable budget shortfall now and for the foreseeable future.

It didn't have to be this way. A failure to exercise budget discipline, a failure to focus on core functions, a reliance on government coercion instead of voluntary incentives, and the political influence of public sector unions together have greatly contributed to the budget crisis the state has faced since the start of the Great Recession in 2008.

A massive \$500 million tax increase enacted in 2005 failed to save the state from chronic budget shortfalls because, even as they increased the financial burden they impose on citizens, policymakers in Olympia increased spending even faster. Lawmakers acted as if the economic good times would last forever.

When the recession hit state leaders were ill prepared to adjust their planned increases in spending to match the new reality of slower revenue growth. Vainly waiting for a surging economic recovery to turn on the money taps again has not worked. The way out lies in a return to fiscal discipline, funding core functions first, trusting citizens to make their own decisions, and limiting the power of public sector unions.

These are the basic Principles of Responsible Government described in the 3rd Edition of the *Policy Guide for Washington State*. These principles are presented here again to guide policymakers in developing practical solutions to the current crisis and to help build a

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stable, well-funded and limited state government for the benefit of all people living in Washington.

Five Principles of Responsible Government

Our democratic system is founded on the principle that people have certain fundamental rights, and that the purpose of government is to protect these rights, so people can live peacefully together in a society based on ordered liberty.

The Washington state constitution makes this point in Article 1, Section 1:

All political power is inherent in the people, and governments derive their just powers from the consent of the governed, and are established to protect and maintain individual rights.

Government provides certain basic services that enable citizens to enjoy the benefits of modern society. To do its work of protecting citizens' rights and providing basic services, government requires tax revenue, rules, enforcement and all the bureaucratic apparatus of large regulatory agencies.

The Problem of Government

Government itself, however, poses a serious threat to people's rights. In Washington, this threat does not take the form of a direct assault, but occurs subtly, through the continuous expansion of state regulations and programs, and the incremental rise in taxes, restrictions and penalties that goes with it.

In their effort to extend the reach of public programs, government officials tend to impose increasing taxation and broader regulations that over time erode the basic freedoms of citizens.

This tendency is encouraged by a variety of special interests that benefit from rising government spending. These interests are always ready to argue for new taxes, larger budgets and expanded programs, while downplaying the higher financial burden and physical constraint government imposes on ordinary citizens.

Limiting the scope and power of government is not just about saving money; it is about protecting people's rights. Since most of the people employed by government and the interests that benefit from public spending have little incentive to restrain the reach of the state, this task falls to the people and their elected representatives.

The purpose of this *Policy Guide* is to help state and local elected officials preserve the people's freedom as they do the daily work of government. It is also designed to serve as a ready reference for citizens, so they can better understand public issues, and judge the laws and regulations government officials adopt in their name.

Five Principles of Responsible Government

Washington Policy Center advocates five principles that government officials should use to do their work effectively, and in a way that respects the trust the public places in them. These ideas are not original to Washington Policy Center; they are commonly cited as essential elements of good governing.

Here are short descriptions of these principles and why they are important to achieving effective and limited government in our state. They are in no particular order—in fact, they are interrelated; adhering to one principal makes it easier to implement the others.

1. Exercise Budget Discipline

It is in the nature of government to expand. Government has no competitors and cannot be put out of business, so it operates without the natural constraints that impose financial discipline on managers of private organizations. Instead, policymakers are under constant pressure to channel public money to this or that cause, or toward enriching a particular group or special interest.

The gain from funding requests is usually specific and easily seen, while the cost is diffused and barely perceptible. Lawmakers find it easy to be generous with other people's money—especially when most people tend not to notice.

Lack of budget discipline causes governments to become overextended and unable to meet their commitments. This produces a

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pervading sense of financial crisis, joined with calls for tax increases, as has occurred during the recent recession.

Adopting a protected reserve fund, setting expiration dates for tax increases, canceling failed programs and establishing clear funding priorities are some examples of how policymakers can make sure government lives within its means. The problem of bringing budget discipline to public spending is discussed in Chapter 1 of this book.

2. Focus on Core Functions

There will always be people who feel government needs to do more, regardless of the added cost to society. In addition, people employed by government tend to benefit personally when government takes on more tasks.

That is why it is so important for policymakers to keep government focused on its core functions. Expending time and finite resources attempting to tackle new missions means that other public services suffer as a result. Government can only do so much, and public agencies are most effective when they strive for excellence by doing a few things well.

Another reason to focus on core functions is that many times government's efforts to help end up doing more harm than good. New laws and programs are launched with high enthusiasm and the best intentions, and often end up having unforeseen consequences that are worse than the original problem. A focus on core functions provides government with fewer opportunities to harm citizens and their interests.

A clear focus on core functions also enables policymakers to resist calls for ever-higher levels of spending. Not trying to do too much allows agency managers to improve the quality of the services they provide, and it enhances the public's confidence in government's ability to act effectively and positively.

When public officials tap the benefits of competition, contracting out and performance audits, they keep government focused on core functions, to the benefit of taxpayers and the public interest.

3. Respect Property as a Basic Civil Right

Private property—meaning land, a home, a business, savings and investments, and intellectual and artistic creations—is the foundation of a free society. Property rights are civil rights that give citizens the means to defend all their other rights, whether from the encroachments of government or the incursions of other people.

Private property allows people to pursue their dreams and live their lives the way they choose. Private property also provides people with the ability to help others, through their time and voluntary giving. When government takes property in the form of taxes, or reduces its value through regulation, it becomes harder for citizens to defend their rights, pursue their dreams or help others.

Most people gain their property through hard work, long hours, patience and careful planning. When government officials respect property, they respect the people who earn or create it.

Government must often tax and regulate the use of property in its various forms, but lawmakers should keep taxation and regulation to the minimum needed to carry out essential public functions. Sound policy recommendations, like those presented in this book, provide examples of how policymakers can keep the tax and regulatory burden at reasonable levels.

4. Use Voluntary Incentives, Not Coercion, Whenever Possible

Many people have strong views about what they think society should look like. They are often tempted to use the power of government to try to make their social vision a reality.

Proponents of social change should work in the marketplace of ideas to persuade others to share their vision and work towards it. They should not use the power of government to force their ideas on others, but should seek to change policy, if that is needed, once reform is broadly supported by the public.

Policymakers should favor voluntary incentives to encourage positive change, so citizens do not feel they are the passive objects of social engineering imposed from above.

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Washington lawmakers have enacted radical changes in the past, only to see them fail or be repealed once the temporary political conditions that made them possible have faded. In contrast, persuasion and voluntary action ensure that the reforms that are adopted will be popularly supported and enduring.

Public policy built on market incentives and individual choice avoids the problems created by involuntary, top-down dictates.

5. Resist Political Pressure from Public Sector Unions

Public sector unions occupy a unique position inside our governing system. They represent one part of government (public employees) organized to lobby another part of government (the governor and the legislature).

Employers and unions in the private sector operate under the unyielding market discipline. Union leaders know that if their demands cause the company to go under, everybody loses. Government, however, cannot go out of business. There is no limit to the demands that public union leaders can make on the treasury, especially since each expansion of government spending generally increases the amount of monthly dues paid to the union.

In the private sector, unions negotiate directly with the owners and managers of a company. If company stockholders are unhappy, they can take their investment elsewhere. In government, the “owners” are the taxpayers. They have no involvement in negotiating with public sector unions, and they also have no choice about paying for whatever conditions, salary or benefits the legislature has agreed to provide.

Public employees should receive fair compensation for the work they do, and it is in the public interest to attract hard-working, talented people to public service. But government is about more than providing high paying jobs and generous benefits. If a government program or service no longer makes sense, policymakers who respect taxpayers should end it, and devote the savings to effective programs, or to reducing the tax burden on citizens.

Ten Questions to Ask About Every New Bill and Regulation

It is difficult to know how to implement the principles of responsible government. A good place to start is with a practical and objective way of judging the thousands of new bills and regulations proposed every year. Following are ten questions lawmakers and citizens should ask when reviewing any new legislative proposal:

1. Will it expand or restrict people's freedom?
2. Does it respect people's work, property and earnings?
3. Does it serve the general good, or only advance a narrow interest?
4. Does it increase or reduce the tax burden government officials place on citizens?
5. Does it provide a needed service that the private sector cannot do better?
6. Does it duplicate something the government is already doing?
7. Does it create a policy or program that has failed in the past?
8. Is it ineffectual—a costly program with a nice sounding title but no chance of actually helping people?
9. Does it accomplish very little today in exchange for great cost tomorrow?
10. Will it automatically expire on a certain date if it does not work?

If the supporters of a new bill or regulation cannot provide satisfactory answers to these questions, it should not be adopted.

Conclusion

The purpose of government is to serve the people, not the other way around. The principles described here will produce government that serves the people of Washington. Government actions should be authorized in law, adequately funded and limited in scope.

The pages that follow present dozens of specific recommendations for carrying out the five principles of responsible government.