

## Day 1

Category: Balance the Budget

### Save \$2 Billion Later By Cutting a Half-Billion Now

Lawmakers have demonstrated that the old saying, “You have to spend money to make money,” does not apply to state government. The legislature increased spending by 34 percent in the last four years—contributing mightily to our current budget debacle. Actually, the so-called budget deficit is the difference between how much lawmakers would like to spend versus the smaller amount we taxpayers have to give them. In fact, the governor’s proposed budget actually increases spending by 3.2 percent.

For our state to truly live within its means, spending should be cut immediately by the decrease in money they expect to have this year—that would be \$500 million. It comes down to simple economics. Say you budgeted for platinum cable, only to discover that you can’t afford it, so you have to downsize to basic cable. Sure, you don’t get all the channels you want, but you save money on a month-to-month basis. The sooner you downsize your cable plan, the more money you will save over time. Applied to the state budget, that means the \$500 million cut now turns into \$2.5 billion in the next two and a half years. Imagine that: the state saving money on a regular basis!

## Day 2

Category: Balance the Budget

### Make Money for Prisons More Important Than Money for Animal Masseurs

If your house were on fire and you only had a few precious seconds left to choose between saving your child or saving a family scrapbook from the encroaching flames before escaping, you would obviously grab your child and get out of the house. Why? Priorities.

The state budget is not on fire, but it is drowning in red ink—more than \$6 billion—thanks to four years of lawmakers spending much more than they took in. The state desperately needs a program to prioritize items in the budget, so it doesn’t give the same weight to funding the [certification of animal masseurs](#) as it does to the prison system.

But wait... the state *already* has that, and conveniently, it’s called the Priorities of Government program, or POG. The program ranks budget items according to high-priority, low-priority, “Buy Next” and “Do Not Buy.” In fact, Gov. Gregoire admitted to using POG to help formulate her recently-proposed [almost-balanced, no-new-taxes 2009-11 budget](#). Gov. Gary Locke used POG, as did then-Sen. Dino Rossi, to deal with the 2003-05 biennium’s \$2.6 billion budget gap, which seems quaint by today’s standards.

Unfortunately, legislators don’t regularly use POG when they build the budget. Maybe it’s time they start.

## Day 3

Category: Cut Waste and Stimulate the Economy

### State Should Sober Up From Its Booze addiction

Washington is one of only 18 states that directly control the regulation, distribution and sale of hard liquor. In fact, creation of the state’s [Liquor Control Board](#) goes all the way back to 1934, just after Prohibition ended. Unfortunately, Washington’s liquor monopoly is a 75-year-old hangover that we are still dealing with today.

As Governor Gregoire noted in her [second inaugural address](#) today, “Too much of what served the people well in 1940 or 1960 or 1990 does not serve the people well in the 21st century.” We couldn’t agree more. Let’s dry up our state’s sacred liquor cow.

In this day and age, there is no compelling reason for the state to be in the liquor business at all. Selling booze is certainly not a core function of government. Under the guise of moderating excess consumption, the state has entrenched an unnecessary and costly bureaucracy. It’s also problematic when the behavior the state is trying to limit also provides a sacred revenue source. By letting private retailers sell liquor, the state could save about \$120 million a year while still collecting liquor taxes.

Besides, the state Liquor Control Board has been careless with our money. A 2002 audit found the board was unable to properly account for \$421 million in sales. That’s almost what it cost to build [Safeco Field](#)!

It's way past time Washington state privatized liquor sales. That's something everyone—taxpayers, businesses and consumers—can raise a glass to.

More information:

[Liquor Control Board: A case for the state giving up the booze business](#)

[Drying up the state's liquor monopoly](#)

## Day 4

Category: Cut Waste, Balance the Budget, Stimulate the Economy

### **Governor's Budget Office Should Release Its Secret Stash of Savings Ideas**

Washington faces a budget crisis of historic proportions, but are all available ideas for fixing it on the table? In November, [Gov. Gregoire told the Seattle Times](#) that the Office of Financial Management had given her "87 ideas" for dealing with the budget shortfall.

EFF asked to review these ideas, only to have Gregoire's budget office tell us this document was exempt from public review. Her budget office (OFM) claimed the document was protected by "executive privilege"---an exemption that doesn't actually exist in the Public Records Act. OFM also said it wants to protect deliberations within the governor's office, but since her budget has already been released, deliberations are over and this claim doesn't hold water.

Call us crazy, but wouldn't the legislature and taxpayers benefit from reviewing every potential solution for the budget deficit? Plus, what could possibly be secret about budget savings ideas? Perhaps her budget office is making something out of nothing, but the stealthy attempt to prevent us from seeing the ideas makes our watchdog ears prick up. Governor Gregoire, please release the 87 ideas!

## Day 5

Category: Cut Waste and Stimulate the Economy

### **Quit Horsing Around**

The [Washington Horse Racing Commission's](#) (WHRC) mission is to "regulate...and support the development of horse racing."

At the risk of being accused of beating a dead horse, it's worth noting that horsing around is *not* a core function of government. The WHRC was created by the legislature in 1933 to license, regulate and supervise all race meets held in the state, and has since morphed into an unnecessary, entrenched and costly bureaucracy. Also, as in the case with liquor, Washington finds itself in a Catch-22 situation when it tries to limit the very behavior (gambling) that is also a source of revenue for the state.

According to the [Office of Financial Management](#), the total proposed budget for the WHRC is more than \$10.6 million for the 2009-11 biennium—an increase of nearly 20 percent over the last budget. (The WHRC is prohibited by law from receiving General Fund dollars. It's funded from a tax on monies wagered on live racing, license fees and a portion of [advance deposit wagering](#).) That cash could better be spent on budget items like education, health and safety.

The private sector needs to pony up its own cash to promote horse racing. As far as the state's involvement in the industry is concerned, it's got bigger horses...er...fish to fry.

## Day 6

Category: Cut Waste

### **Bargain Hunt for New Ferry-Construction Contracts**

If you're like most people, when you go to buy groceries you comparison shop among stores to look for the best deal you can get. The legislature has decided not to comparison shop when it comes to building state ferries. Our state has a requirement that [Washington State Ferries](#) (WSF) only purchase boats built within Washington—a requirement that hasn't produced a new ferry since 1999.

The legislature's mandate has vastly shrunk the pool of potential bidders on ferries. In fact, only one shipyard bid on WSF's latest proposal, and that bid came in 30 percent higher than estimates. If you wanted to build a new home in a small town, and the mayor ruled that his brother-in-law, the contractor, was the only guy who could build new homes within city limits, you can bet you wouldn't get a good deal on your house. The ferry situation is no different.

"Keeping jobs in Washington" is not a good enough reason to charge taxpayers millions more than necessary to build a ferry. We don't pay taxes to create jobs; we pay taxes to provide vital services that are hard to get anywhere else.

It would seem obvious that at a time when we need to get the most from every tax dollar, the legislature would do all it could to keep costs of state projects low. Alas, it seems the state is not interested in comparison shopping when it comes to the construction of new vessels, preferring [overbidding without any real competition](#).

For additional information, visit [ferry-tales.org](http://ferry-tales.org).

## Day 7

Category: Cut Waste

### Make State-Funding for Historical Societies History

Governor Gregoire has presented a [plan for reorganizing](#) and merging the [Washington State Historical Society](#) and the Eastern Washington Historical Society. The plan includes budget reductions, the elimination of redundant positions and \$1 million in savings. That's a good start. However, it's worth asking why the state is funding these historical societies to the tune of \$8 million in the first place. In the end, there are only so many tax dollars available, and historical societies are competing with critical budget items like public safety, education and health.

It's not that there is no value in the preservation of Washington's heritage. Rather, it's something the state's communities, private foundations, citizens and volunteers can do—and already do in many cases. There are more than 30 [museums in Washington](#), many of them privately funded. The state should focus on doing what the private sector cannot, especially in the context of a budget crisis.

Interestingly, the state Historical Society recently put out a bid for an estimated \$60,000 for qualified vendors to design and fabricate work on touch screen kiosks for the Washington State History Museum in Tacoma. Why are we spending money on museum kiosks while [cutting Basic Health funding by 42 percent](#)? This goes back to Day 2 of our recommendations: The state must prioritize funds, and [Priorities of Government](#) will get us there fastest!

## Day 8

Category: Cut Waste

### Arm Citizens to Fight Government Fraud

Washington has several tools to help hold state government accountable, including [performance audits](#) and [GMAP](#). But there's something missing from its arsenal: a state [False Claims Act](#). This law would empower and reward citizens who blow the whistle on government fraud and abuse. It's an important tool to recover the billions of dollars stolen through fraud by government contractors every year. Federal and state False Claims Act recoveries since 1986 now total over [\\$22 billion](#). That represents a stack of \$100 bills more than 21 miles high!

A False Claims Act entitles the whistleblower to a portion of damages collected to encourage people with information to come forward. Federally, the whistleblower collects 15 to 25 percent of damages if the government decides to prosecute the case and 25 to 30 percent of damages if the whistleblower proceeds after the government has decided not to act. Typically, False Claims Acts also include protections for whistleblowers, since many of them work for the offending company. Protections include providing cause of action for reinstatement, double back pay, and special damages for any harassing behavior.

It's time to start fighting fraud in Washington. At least [22 states](#) have passed False Claims Acts. Taxpayers should not have to [wait for an audit to uncover fraud](#). The legislature needs to provide incentives for people to come forward when they know a company is ripping off taxpayers.

Visit [Taxpayers Against Fraud](#) to learn more about False Claims Acts.

## Day 9

Category: Cut Waste

### Give Perpetual Students a Reason to Graduate

If you graduate from a college or university after 10 years, and you're not a doctor, chances are you're taking too long to complete your degree. But you're not the only one paying for your never-ending career in higher education; we taxpayers are subsidizing your degree, too.

In their [report on higher education in Washington](#), Andrew Gillen and Dr. Richard Vedder recommend (on page 54) that subsidies be cut off for all students whose college or university attendance exceeds four years. They also advise the state to charge higher tuition for fifth and sixth year students who tend to take many more expensive advanced classes.

We agree that taxpayers shouldn't be responsible for subsidizing career students, but rather than micromanaging the time it takes to graduate, the legislature should: 1) Connect the money to required classes only, or give only as much money as is required to complete the requisite number of credits, and 2) put the institutions' budgets online to bring their spending habits under public scrutiny and keep them from playing games.

Most of Washington's fifth and sixth year B.A. students couldn't get the classes they needed in the first four years because it has not been in the institutions' best interest to do so. If the legislature creates the proper incentives, higher education institutions will shape up so students can graduate and ship out.

For more information, see [Higher Education in Washington: An External Assessment](#).

## Day 10

Category: Cut Waste

### Take a Permanent Vacation From the Tourism Industry

The state is looking to spend nearly [\\$13.6 million on tourism](#) in the next budget. Apparently, advocates of state-funded tourism believe that people won't visit Washington unless bureaucrats tell them to. The same is true of the 2010 Olympics in Vancouver. In the current budget, Washington included [\\$450,000](#) to market the Olympics games.

A December 2008 [Washington State Department of Community, Trade and Economic Development \(CTED\) report](#) on tourism's economic impact on the state notes the following: In 2007, visitor spending reached \$14.8 billion; travel spending accounted for almost \$975 million in local and state taxes that same year; and 149,800 jobs were directly generated by travel spending in 2007, representing approximately 3.8 percent of all jobs in Washington.

That's great news! But are those statistics attributable to the state's tourism spending or to the many great things Washington businesses, citizens and destinations have to offer? Unfortunately the effects of the state's tourism program cannot be accurately isolated. Maybe it makes a big difference, maybe a small difference, or maybe no difference. We just can't tell.

If the state feels it necessary to involve itself in the tourism industry, how about lowering taxes on hotels, resorts and rental car companies?

A bigger question is, since when is tourism promotion a core function of government? To reiterate what we've been saying all along, the state's limited resources should be focused on more important budget items, like public safety, health and education. For these reasons, [EFF has recommended the state get out of the tourism business for years](#).

Besides, the state's tourism promotion efforts sometimes leave something to be desired. Remember CTED's disastrous "[SayWA](#)" slogan in 2006? Like a lot of people, you're probably trying to forget. Government is here to do what business cannot or will not do. Surely the private sector can do a great job of promoting tourism in a place like Washington, with its nice accommodations, stunning natural beauty and friendly people. Businesses already want people to come here, and they spend a lot of money to make that clear. Why is the state duplicating their efforts at taxpayer expense?

## Day 11

### Minimize the Minimum Wage

Washington has the **highest minimum wage in the nation**. In fact, the state had that dubious distinction **prior to this year's 48-cent increase** to \$8.55 an hour. While it's tempting to solely blame politicians for a policy that is bad for the poor and bad for business, it was voters who in 1998 approved a state-mandated increase in the minimum wage every year.

The point, however, is that a minimum wage increase is popular with do-something politicians and sounds good to the average Joe. After all, who doesn't want a raise? A classic example of a good intention and a bad outcome, upping the minimum wage runs contrary to the most basic economic principles by creating a **price floor**. Ironically, a hike in the minimum wage—which was never intended to be a living wage—ends up hurting those it was meant to help the most: low wage-earners like teenagers and non-skilled workers.

The minimum wage's **negative effect on employment is well-documented**. If that were not true, there would be no reason why the minimum could not be \$100, \$1000 or \$1 million an hour.

Facing a growing budget gap because of overspending and a **sharply increasing unemployment rate**, Washington can ill afford another economic hit. Unfortunately, the state's high minimum wage and minimum wage hike will only amplify the growing unemployment problem.

For a true economic stimulus, Washington should freeze its yearly minimum wage boost. It's time to stop forcing businesses to choose between lay-offs and price hikes, and to stop putting the jobs of our state's most vulnerable employees at risk.

## Day 12

Category: Cut Waste

### End Scene on the Washington State Film Office

Like a movie sequel, the suggestion to get rid of the **Washington State Film Office (WSFO)** comes up every few years. The state Film Office, which tries to woo Hollywood producers to Washington, ranks 115th out of 167 programs in the economic vitality category of the Priorities of Government program for the 2009-11 biennium (see the final report, page 40, [here](#)). In fact, the \$460,000 agency was given low priority, just one step above "Do Not Buy."

Film productions are valuable to local economies because they bring in jobs as well as tourism-related revenue and spending on hotels, restaurants and temporary housing for the crew members. So why should state funds for the Film Office hit the cutting-room floor? Because the state is facing a huge **budget deficit** that is the result of overspending, and the Film Office is not the most pressing of needs when compared with safety, health and education needs. The same arguments we used for getting the state out of the tourism business can be used for getting the state out of the film business—it's hard to measure the film office's impact overall; it's not a core function of government; and we've got more important priorities for tax dollars.

The state can provide other incentives to filmmakers (like cutting red tape) without the expense of an official office.

If people want to film here, that's great. But it's time to yell "Cut!" on the state paying for a film office during these harsh economic times.

## Day 13

Category: Cut Waste and Stimulate the Economy

### Don't Allow Prevailing Wage to Prevail Over our Wallets

At a time when the state is facing a monumental budget crisis, it's mindboggling to consider that there's a law on the books that costs taxpayers millions extra for public construction projects. And yet, that's essentially what the state's prevailing wage law does. Fashioned after the federal **Davis-Bacon Act**, Washington adopted its prevailing-wage law, the Washington State Public Works Act, in 1945.

The law requires that workers be paid “prevailing wages” when hired for public works projects or maintenance of public buildings. [State law](#) defines the “prevailing wage” as the combination of hourly wage, usual benefits and overtime paid to the majority of workers, laborers and mechanics in the largest city of each county. In reality, the prevailing wage is a beefed up minimum wage that stifles competition in contracting. For all the reasons we mentioned on Day 11: Minimize the [Minimum Wage](#), prevailing wage is bad economic policy. Without wage competition, contract prices cannot be driven down, resulting in a higher price for taxpayers. At a time when taxpayers are demanding more efficient government, the prevailing wage law stymies any chance of reducing construction costs on public projects.

For these reasons, the Evergreen Freedom Foundation has long recommended repealing the state's prevailing wage law, especially when it comes to [schools](#). And we're not alone. Numerous studies of prevailing wages—32 states have such laws—conclude that the laws enforcing them add to the final price tag of public projects. Not surprisingly, opposition to expansion of prevailing [wage](#) is growing.

Washington state taxpayers deserve better than a World War-II era law dictating labor prices and inflating the costs of public projects. A law that mandates excessive costs should be scrapped.

## Day 14

Category: Cut Waste

### Day 14: Take Public Funding from One to None for Pricey Art Projects

We taxpayers are paying more than we should for public construction projects. Washington's “[one percent rule](#)” requires that the cost of any new public construction project be increased by one half of one percent to pay for public art. Presumably, it's called the one percent rule because it's less of a mouthful than the one half of one percent rule. But making something easier to say does not make it easier to stomach. With a statewide budget crisis and a worsening economy, taxpayers should not be forced to pay extra for art in public buildings or any other state projects.

Art is a luxury, [not a necessity](#). It strains one's credulity that a government would compel citizens to pay for such a luxury while at the same time claiming a multi-billion dollar shortage of tax revenue.

Those in favor of the one percent rule will point out that one half of one percent is a very small amount of a given budget's total. Fair enough, but when you do the math, the numbers start adding up. For example, the Washington State Arts Commission oversees the purchase of public art using the one percent money. Were the one percent rule abolished, it could help close the budget gap by at least \$7 million. As an extra bonus, there would be little need for the Arts Commission to continue its existence, so taxpayers would have one less “sacred cow” to worry about, as Governor Gregoire pointed out in her [inaugural address](#).

As much as we'd all enjoy the luxury of beautifying our public buildings with lavish public art by professional artists, there are other options, like seeking donated art from local businesses or non-profits, or commissioning a talented local high school or college class to create a piece as a class project. It's time to stop artificially raising the cost of public works projects and fade to black on compulsory taxpayer financing of art.

## Day 15

Category: Cut Waste

### Stop Sending Unprepared Kids to College

Washington spends a lot of cash on K-12 education. Average spending per student in Washington is more than [\\$11,000](#) per year per child.

It seems reasonable—given such a large expenditure of taxpayer funds—to expect that students receiving a high school diploma are prepared to join the workforce or move on to higher education. After all, more than half of Washington students go on to 2- or 4-year colleges or universities directly after high school. It's not a trick question, but are we [getting our moneys worth](#)?

The answer is a resounding no. Fifty-two percent of community and technical college students who graduated from high school in 2006 [took remedial classes in reading, writing or math](#), according to the Washington State Board of Community and Technical Colleges. In other words, colleges are paying for kids

to re-learn what they should have already learned in high school. The situation is better for students attending four-year colleges and universities, though a 12 percent remedial education rate is nothing to write home about.

It seems that colleges and universities never have enough money to hire the right faculty, create smaller classes, or fund all the programs they want to, yet they accept students into their institutions that are not prepared for college level work and use up scarce dollars. It's actually a triple whammy for taxpayers since 1) K-12 isn't providing the results we need for students; 2) We are paying for one student to take the same courses twice in the form of remedial education; 3) Unprepared students are taking up scarce slots that should be reserved for students who are actually prepared for college.

The quickest way to solve these problems is to stop allowing colleges and universities to accept students who are unprepared. Secondary schools are creating a problem by issuing diplomas to students who are unprepared for college; colleges and universities are exacerbating the problem by accepting them. If universities refused to accept unprepared students, there would be more funding for qualified students and high schools would have an incentive to educate kids properly the first time. If a student can learn high school level material at a college or university, why can't they learn it at a high school?

At the very least, if legislators want to continue allowing higher education institutions to accept unprepared kids, then they should give high schools an incentive to properly prepare students for the next level of learning by requiring them to pay for the costs of remedial education. It's time to stop paying good money to graduate unprepared kids.

## Day 16

Category: Balance the Budget and Cut Waste  
**Chart a Course for Charter Agencies**

Would you require your contractor to remodel your kitchen with one hand behind his back? Not unless you wanted the job to take twice as long at a higher cost. But governments impose one-arm restrictions on their own agencies quite regularly. In fact, with all the red tape state agencies have to work around, it's a wonder they get anything done. We think it's time our state started holding agencies accountable for the benefits they create for citizens, rather than for compliance with rules and bureaucratic perfection.

The good news is that a proven solution already exists that will help agencies produce results and contribute to the budget fix. Charter agencies—so dubbed by Iowa Governor Tom Vilsack because they are similar in principle to charter schools—essentially allow for more flexibility in return for more accountability. The idea is to grant charter agencies increased authority and more autonomy from bureaucratic regulations; in return, they agree to be accountable for measurable results on a reduced budget. If Iowa is any indication, charter agencies have a lot to offer in terms of getting taxpayers more bang for the buck.

Iowa's example is why EFF is pleased that in 2007 the governor [sponsored a presentation for state agencies highlighting Iowa's successful charter agency reform](#). Unfortunately, charter agencies seem to have been forgotten in all the fiscal chaos of late. Or perhaps the thought of messing with the state's collective bargaining agreements caused the idea to get smashed early in the game. After all, the freedom to contract projects out is one of the reasons charter agencies in Iowa were able to operate more efficiently.

At any rate, we hope the idea will be revived. Charter agencies, along with a state [False Claims Act and GMAP](#), would go a long way toward helping to avoid budget problems like the [current debacle](#) state leaders find themselves dealing with.

[Learn more about charter agencies.](#)

## Day 17

Category: Cut Waste  
**Build a Bridge Between Colleges**

It doesn't take a math major to figure out it's expensive to go to college in Washington state. In fact, [tuition at public institutions of higher learning is exploding](#) at a rate far greater than inflation. There is, however, an opportunity for the legislature to flatten costs through measures that make it easier for students to transfer

between schools. This is an idea whose time has come, especially in light of the fact that higher education is asking for more money this year—see page 13 of the [governor's proposed budget](#)—money the legislature does not have.

All too often, students find that some of the credits they earned at one school aren't accepted by the new school. As a result, students must spend more time in school, and they *and* taxpayers end up paying more.

In their [report on higher education in Washington](#), Andrew Gillen and Dr. Richard Vedder recommend (on pages 53 and 54) that the state make it easy and inexpensive to transfer between Washington public institutions. They point to a recent requirement in [New Jersey](#) that state schools accept all courses with passing grades from other state schools. Gillen and Vedder go on to advocate a liberal transfer policy that includes—with reasonable limits—a common core curriculum and a common course numbering system.

The Evergreen Freedom Foundation agrees with these ease-of-transfer measures because students often move from community colleges to four-year schools. Community colleges offer a pathway to higher educational achievement that can reduce overall costs and simplify the journey from public secondary education to university life.

To improve transfer rates from community colleges to four-year institutions, thereby promoting the timely completion of degrees, the legislature should create incentives to encourage seamless transfers. Curricular requirements should be reworked to ensure transferability.

As Gillen and Vedder point out, state schools don't do this already because each institution considers itself an untouchable ivory tower on an island. Forget that nonsense and build a bridge so students can more easily move between schools.

Go to [Higher Education in Washington: An External Assessment](#) for more information on reducing education costs.

## **Day 18**

Category: Cut Waste

### **Set Release Time Free**

Some labor unions in Washington state enjoy perks that sometimes leave unwitting taxpayers holding the bill. For example, unionized state employees are often given paid leave to engage in collective bargaining activities. Known as “release time,” this allows state employees to continue to be paid for their jobs while also serving as contract negotiators for their unions. In fact, during last year’s labor negotiations between the governor and state worker unions, 13 were negotiated with employees who received paid release time from the state.

Besides the ugly possibility of state employees getting paid not to be at their jobs a lot of the time doing union work, it might appear to taxpayers that they are subsidizing unions. This is a bad situation all around for taxpayers who are essentially helping to [fund both sides of labor negotiations](#). In short, it’s a one-for-the-price-of-two deal that ends up adding unnecessary costs—paid with our tax dollars—to the collective bargaining process.

It’s time to end release time and stop blurring the distinction between state employee and union negotiator. Taxpayers should not be on the hook for paying state employees to negotiate on behalf of their unions for more of taxpayers’ money.

## **Day 19**

Category: Balance the Budget

### **Make It Easier to Cut a Check to the Government**

Here in Washington state, Bill Gates Sr. is primarily known for two things: being the father of Microsoft founder Bill Gates and leading the crusade for a state income tax. The senior Gates, co-chair of the Seattle-based Bill and Melinda Gates Foundation and a successful attorney, seems to think rich people like himself (and his super-rich son) don’t pay enough in taxes.

This raises an obvious question: What is stopping the elder Gates from cutting a check—preferably one with lots of zeros—to the state? Surely state leaders, currently neck-deep in the morass that is the budget, would welcome any such help. The truth is nothing is stopping such an act of generosity.

Still, the state should make it even easier for Gates by establishing a “tax me more” fund. This would give Gates and other proponents of higher taxes a chance to put their money where their mouth is. This is not a new idea, as a [handful of states](#) have systems in place for those who want to contribute to their state’s treasury.

It’s likely the benefits of any such fund would be negligible anyway, given the [anemic collections](#) from other states that have “tax me more” funds. Shockingly, it turns out the

vast majority of people—including, it seems, the fabulously wealthy—are not willing to freely fork over their money to government. But every little bit helps.

## **Day 20**

Category: Cut Waste and Balance the Budget

### **Apply Supply and Demand to Tuition**

These days, when people speak of higher education in Washington state, they're apt to be referring to the price. As noted in EFF's Day 17 budget suggestion, [Build a Bridge Between Colleges](#), tuition costs are spiraling upward much faster than the cost of living.

The runaway tuition prices seem to be the result of a number of factors that short-circuit the normal supply and demand dynamic: a growing number of applicants to colleges and universities, increasing demand for degrees and dwindling support from a cash-strapped state government. This has led to the dangerous presumption that the bigger the price tag the better the education provided, leading to colleges and universities charging higher prices.

In their report [on higher education in Washington state](#), Andrew Gillen and Dr. Richard Vedder suggest that tuition charges be more closely aligned with supply and demand conditions, rather than charging everyone the same tuition rate (see pages 52 and 53). They compare, for example, the cost of earning an engineering degree versus an English degree. Gillen and Vedder note that based on costs related to the actual course and demand for graduates, it makes sense to increase tuition for engineering students, but lower it for English majors. This would help bring college and university costs more in line with a free market economy.

For more information, please see [Higher Education in Washington: An External Assessment](#).

## **Day 21**

Category: Cut Waste

### **Teach More, Research Less**

Knowledge is a good thing, including that which is passed along to college and university students by their professors. Unfortunately, these days, many institutions of higher learning—including those in Washington state—are pouring more time and money into educational research, often at the expense of teaching students. This devotion to research is one of the reasons for rapidly increasing tuition costs, as noted in some of our previous budget suggestions (see [here](#) and [here](#)).

Of course, this is not to say that institutional research has no value and should be discontinued altogether. However, a balance needs to be struck between valuable research and teaching obligations. It should be noted that most colleges and universities engage in academic research, as opposed to scientific research, that involves esoteric scholarly articles on trivial topics written for obscure academic journals. This has its

place, but has more to do with tenure and promotion than anything else.

In their [report on higher education in Washington state](#), Andrew Gillen and Dr. Richard Vedder note (on pages 55 and 56) that teaching loads have declined in America and recommend incentives that encourage colleges and universities to teach more. While eschewing a one-size-fits-all approach, Gillen and Vedder advocate a system that fines schools for failing to meet average teaching loads.

It's time to get rid of the "publish or perish" mentality that pervades our institutions of higher education and return colleges and universities to their original mission—teaching students. Not only would this benefit those in the classroom to learn, but also taxpayers, who are no doubt tired of helping to pay for the staggering costs of publishing largely irrelevant research.

For more information, please see [Higher Education in Washington: An External Assessment](#) and [Attacking the Sacred Cow of Academic Research](#).

## **Day 22**

Category: Cut Waste and Balance the Budget

### **Downsize State Government**

With the economy in the sorry state it's in, layoffs and downsizing have become all too familiar in the private sector, even at Pacific Northwest institutions like Boeing, Microsoft and Starbucks. Meanwhile, state government appears to have just gotten the memo regarding the possibility of streamlining government in these lean times.

State employees have increased by a net total of some [6,100](#) since Governor Gregoire took office. There are currently just over 111,300 state government employees in Washington. To be fair to the governor, it should be noted she put a [hiring freeze](#) in place last summer, which has helped slow the bleeding of state funds.

It seems that only now, with overspending and lowered revenue expectations finally coming home to roost, are state leaders realizing that payroll costs are a huge portion of the budget that must be looked at for savings. This is nothing new, given the state's history when it comes to [government employment](#).

In order to get a handle on state employment, the legislature should 1) require the governor to reduce the number of full time employees by the amount necessary to maintain levels of service and at the same time 2) reduce the number of managers and supervisors who earn higher-than-average salaries. The Office of Financial Management (OFM) should be given responsibility to manage this program so that agencies with increased caseloads—the Department of Corrections, for example—could hire more people while other agencies would reduce employment.

In addition, all vacant positions should be subjected to review before a vacancy is filled, except in agencies where increased caseloads have been authorized. To enforce this,

remaining budgets for vacant positions should be transferred to the OFM “employment cap fund.” If the vacancy was reauthorized, the agency would receive a budget for the replacement employee.

### **Day 23**

Category: Cut Waste

#### **Collect Money Legitimately Owed**

Lots of people owe Washington state money. Yet, during this difficult time when the government could really use the dough, and when lawmakers are regrettably looking for new sources of revenue, the state is doing a less than bang-up job of collecting money already owed to it.

In fact, last year’s [Collection of State Debt](#) performance audit looked at 10 programs at six agencies (CTED, Ecology, Employment Security, Labor & Industries, Revenue and Transportation) from July 1, 2005 through June 30, 2006—a total of \$3.3 BILLION in outstanding receivables. The audit excluded amounts that agencies pass from one party to another, such as child support payments, and amounts that would not typically require collection efforts, such as amounts not yet due, amounts collected by another agency, and interest or dividends. The audit identified 45 recommendations to help the six state agencies improve their success in collecting overdue debt owed to the state, clarifying what works best and what doesn’t.

While not recommending the state use hired goons—the physically-imposing types that might circulate union ballots—the Evergreen Freedom Foundation has been a longtime proponent of more forceful efforts on the part of the state in pursuing delinquent accounts. Agency managers must [track and pursue aggressive collection of accounts receivable](#) for a period of six months, after which time the delinquent accounts should be turned over to a collection agency. Also, performance reviews of agency managers should include evaluation of their ability to manage accounts receivable in a way which minimizes bad debts and maximizes collections.

We don’t want government to lean unnecessarily on taxpayers. But we don’t want law-abiding taxpayers to have to ante up more money because some people are delinquent on what they legitimately owe.

### **Day 24**

Category: Balance the Budget and Cut Waste

#### **Tighten the Governor’s (Office) Belt**

With the state’s ongoing budget crisis and the bad economy, a well-known euphemism for increased thrift and frugality has become widespread: belt tightening. Of course, belt tightening is not necessarily a pleasant experience (unless it follows desired weight loss), but that doesn’t explain why the governor’s office has failed to cinch in a notch or two.

In fact, as noted in state Sen. Mark Schoesler’s first [Watching Your Tax Dollars](#)

newsletter of the new year, the governor's office has gotten fatter: *"If Gregoire really wants to do some belt tightening, I suggest she start with her own office, which ballooned during her first term. Its budget reached nearly \$62 million a year ago, an increase of more than 84 percent from 2004. In three years the number of employees shot up nearly 27 percent, to 426 people. The number of staff earning more than \$100,000 nearly quadrupled. There are, as of last year, about 40 others in that salary bracket besides the new legislative liaison."*

Sen. Schoesler is referencing the fact that the governor's budget arm, the Office of Financial Management, recently hired a legislative liaison for the tidy sum of \$106,000. In addition, the Department of Printing wants to fill a legislative-liaison contract for at least \$25,000.

The Evergreen Freedom Foundation is not asking the governor's office to tighten its belt to the point of extreme discomfort. However, if the governor's office lost some weight, so to speak, instead of further gorging itself on taxpayer money, then the belt tightening would be easier.

## **Day 25**

Category: Balance the Budget and Cut Waste

### **Partially Privatize Prisons**

Despite throwing lots of [taxpayer money at the prison system](#), Washington state [doesn't have enough room](#) for all the people sentenced to prison, and the problem is only going to get worse as the state's prison population continues to grow. Compounding the problem is the fact that building more prisons is a very expensive way of dealing with crime, especially in light of the state's current budget hardships.

Faced with overcrowding and a tight budget, Washington state lawmakers should consider authorizing private prison contracting. By harnessing the power of competition and the innovation of the free market, competitive contracting could deliver quality service with a lower price tag. Allowing private contractors to compete for prison construction and management contracts does not mean giving over control of prisoners to big corporations. Sentencing and oversight would still be managed by the state, but taxpayers would benefit from the competitive aspect introduced by private competition.

Private prisons are nothing new. Since 1984, many states have successfully implemented competitive contracting programs. In fact, for years the Evergreen Freedom Foundation has [advocated competitive bidding](#) when it comes to the state's prison system.

In a [December 2007 study](#) by the Vanderbilt Institute for Public Policy Studies, evidence indicates that states can save a substantial amount of money if they use a shared system of both privately and publicly managed prisons. The research showed that during the study period (1999-2004), states were able to save up to \$15 million on their yearly corrections budgets by using at least some privately managed prisons. Likewise, EFF's 2007 report, [Unlocking Washington's Prison Capacity Shortfall](#), recommends a public-

private approach to the increasingly costly businesses of jailing criminals.

Lawmakers shouldn't confine themselves to thinking inside the box. Public safety is a core function of government, and a public-private partnership where the state remains in charge of sentencing and oversight is an idea that should be set free for the benefit of taxpayers and residents.

## **Day 26**

Category: Cut Waste and Balance the Budget

### **Capitalize on Necessary Spending in the Capital Budget**

In December, Gov. Gregoire proposed a \$3.8 billion capital budget (see [page 30 of the Proposed 2009-11 Budget & Policy Highlights](#)). The state's capital budget consists of construction and maintenance of state buildings such as higher education facilities and prisons. Because it expends taxpayer money on physical structures, the capital budget provides for very expensive and long-lived projects.

With this in mind, and given the state's perilous financial situation, it only makes sense for state officials to double-down on diligence when it comes to spending public funds on capital projects. There is certainly a legitimate need for construction and many of the emergency repairs and required maintenance that the capital budget pays for.

But what about \$60 million to be spent on the Building for the Arts Program? It provides grants to nonprofit performing arts, art museums and cultural projects to defray up to 20 percent of capital costs of new facilities or major renovations. Or the nearly \$1.857 million for construction of the American Indian classroom for the Washington State Historical Society? ([Proposed 2009-19 Capital Plan](#), agency detail)

We would argue that some of these capital expenditures shouldn't be made at all, but at the very least, not now. The extra strain on state services that accompanies an economic downturn requires a no-frills capital budget that is [focused on state projects](#) rather than grants for non-profits or for projects that can wait.

## **Day 27**

Category: Cut Waste

### **Consult the Yellow Pages for Routine Government Services**

If Washington state could provide government services at a lower cost, it would, right? That only makes sense given the state budget deficit and the faltering economy.

Unfortunately, the state doesn't appear to be taking advantage of [civil service reforms allowing for competitive contracting](#)—that is, private companies competing with public agencies for the ability to provide services. This is especially mystifying in light of the fact that [other governments around the nation have been successful with competitive contracting](#).

If done right, competitive contracting saves taxpayers money by introducing competition and rewarding cost savings. This fosters efficiency and quality by allowing state agencies to draw from a specialized and virtually limitless talent pool.

Even so, competitive contracting in Washington state keeps running into the two C's: complexity and collective bargaining. Agency managers often perceive the process as complicated and confusing, waiting to see how other agencies fare before moving forward into competitive contracting. In addition, some collective bargaining agreements explicitly prohibit competitive contracting. Even when they don't, many agency directors are concerned they might be sued by unions if they privately contract.

In fact, the state seems to be taking a step backwards on competitive contracting, with [a bill further restricting the practice of contracting out state services](#) working its way through the legislature.

The legislature should encourage the contracting out of routine government work like building and grounds maintenance, food services, highway maintenance, and billing and bookkeeping services. It should not be difficult for the state to use a simple "Yellow Pages test" when considering whether to open a government service to competition. If experienced companies that do the same work can be found in the local phone book, they should be invited to make a competitive bid. Odds are good they can offer identical or improved service at a lower price.

## **Day 28**

Category: Balance the Budget and Cut Waste

### **Privatize Schools' Non-core Functions**

Why are colleges and universities in the food service, janitorial and housing business?

The main purpose of higher education is to graduate students who will become productive citizens—that is, people who can think for themselves and earn a living. So why are public higher education institutions in Washington state devoting considerable resources to support services which they cannot do as efficiently or effectively as the private sector?

In their report [on higher education in Washington](#) (page 55), Andrew Gillen and Dr. Richard Vedder note that many schools offer housing and food services, as well as building maintenance. In general, the authors point out, these services can be provided more efficiently by the private sector.

That makes sense to us at the Evergreen Freedom Foundation. If public higher education institutions privatized their non-core functions, no doubt they could get more bang for the tuition buck. At a time when tuition is skyrocketing, this seems like an idea whose time has come.

For more information on reducing spending on higher education, see [Higher Education in Washington: An External Assessment](#).

## **Day 29**

Category: Balance the Budget

### **End Pay-As-You-Go Funding for State Health Benefits**

Washington state is sitting on a potential fiscal time bomb when it comes to paying for promised health care benefits to retired state workers. Over the next quarter-century, the cost of health care benefits to public retirees could reach more than [\\$12 billion](#) in Washington state. That's as much as we pay in K-12 education for one million children.

This massive liability has gone relatively underreported because the state used to have a pay-as-you-go approach that focused only on money being paid out in benefits, virtually ignoring promised benefits for current employees. New accounting rules are compelling the state to reveal future costs of health care benefits.

In reality, the state has no contractual obligation to pay for retired workers health care costs. It has been a moral promise, nonetheless, and many government retirees can't afford to pay high healthcare costs themselves.

But there's no magical, massive pot of money, and non-government employees face the same problems. They should not be asked to undermine their own well-being because lawmakers don't know how to stand up to union lobbyists. There *is* a bottom line. Retired and current public employees will have to pay higher premiums, higher copayments, or higher deductibles. The state should immediately shift employee plans from defined benefits to defined contributions, and unused funds should belong to the employee after retirement.

With rising health care costs and tight fiscal conditions, it only makes sense for the state to come up with a more realistic way to pay for health care benefits for retirees.

## **Day 30**

Category: Balance the Budget and Stimulate the Economy

### **Curtail Tax Exemptions**

Washington state lost out on some \$11 billion of revenue in 2008 due to tax exemptions. That was the word from the Joint Legislative Audit and Review Council ([JLARC](#)), which presented its recommendations on tax exemptions to a [joint meeting](#) of the House Finance Committee and the Senate Ways and Means Committee on January 29.

First, some background information: Tax exemptions are deductions, credits and other breaks scattered throughout our state tax code. Currently, Washington has more than 550 tax exemptions—or preferences, as some call them—based on the idea that certain tax exemptions make improvements to the tax system in terms of revenue generation. In

2006, the legislature created a process for long term internal review of exemptions by JLARC (some are excluded from consideration), and an external review by the Citizen's Commission for Performance Measurement of Tax Preferences. The legislature then looks at the findings and recommendations.

[JLARC's review](#) looked at 27 tax exemptions—everything from private school tuition to the processing of horticultural products—with the commission recommending a “stay the course” approach on most of them.

But government should not be micromanaging the economy. The Evergreen Freedom Foundation recommends a more uniform approach when it comes to tax rates. The legislature should also consider ending large or whole categories of tax *exemptions*, which could be offset by reducing other tax *rates*, such as B&O and property taxes. Businesses and households prefer predictability, and we need to end the lobbying for preferential treatment.

If the state really wants more revenue, we need a vibrant economy. Low, predictable tax rates, not preferential treatment, are the answer. A uniform tax code is simpler and reduces compliance costs for taxpayers. As our new president’s executive picks can attest, tax compliance is difficult and costly.

For more information, read [JLARC’s report on tax exemptions](#).

### **Day 31**

Category: Cut Waste and Balance the Budget

#### **Reduce State Pension Fund Debt**

Washington state’s pension fund for public employees has been in the spotlight recently—for all the wrong reasons. Before the stock market decline subtracted almost [\\$15.6 billion from the fund, or 22 percent of its value](#), the state was already [\\$5.9 billion behind](#) in paying for the oldest retirement plans. Why?

Well, the state 1) skipped pension fund payments even when there was a nearly \$2 billion surplus 2) increased retirement benefits for government workers when investment returns exceeded expectations and 3) ignored the state actuary’s mortality assumption recommendations. This created a perfect storm that dramatically [increased pension costs for taxpayers](#)—a problem that will continue to become increasingly difficult to manage. In fact, just backfilling the current hole is equivalent to two-thirds of the state’s entire General Fund Budget.

Thankfully, in 2007 the legislature passed and the governor signed a bill getting rid of [gain-sharing](#). That remedied a problem that began in 1998 when gain-sharing was originally approved by lawmakers who mistakenly believed it would cost the state nothing.

So, what else can be done to reduce Washington’s pension debt? The opposite of what Gov. Gregoire and legislative leaders are doing right now.

Instead of adopting the funding recommendations of the state's actuary, Gregiore proposes to cut those recommendations by almost two-thirds, ignoring things like the increased pension costs that accompany longer life-spans. Rather than moving to a deferred compensation model, lawmakers seem to prefer the "hope-for-15-percent-per-year-investment-gain" model. That's what it would take to start filling the big hole, and barring another Ponzi scheme, that's not going to happen.

As it is, lawmakers have ensured that the funds at greatest risk are for people no longer employed—the very people who can ill afford a bad surprise if the money runs out.

## **Day 32**

Category: Cut Waste

### **Downsize UW President's Pay Scale and Posh Crib**

Couldn't the University of Washington save some taxpayer money—or at least the jobs of several employees who might otherwise be laid off—by reducing the salary of UW President Mark Emmert? That might seem harsh, but keep in mind that Emmert is paid \$905,000, making him one of the best-compensated executives in the nation. In fact, in 2008, the [Chronicle of Higher Education](#) ranked him as the country's second-highest-paid public university president.

It's important to keep in mind we're dealing with public institutions of higher learning, as opposed to private universities and colleges. Our tax dollars are paying Emmert's generous salary at a time when the state's budget troubles almost certainly mean massive cuts at the UW, and [mile-high tuition hikes for students](#).

In November, Emmert—to his credit—declined a raise in spite of receiving accolades during a performance review by the UW Board of Regents. Still, considering the budget cuts the university is likely to endure thanks to an ever-growing state budget crisis, Emmert should have followed the lead of Washington State University President Elson Floyd, who requested and was granted a cut of \$100,000 from his \$725,000 base salary. (Of course, it's hard to feel too bad for a guy who's still pulling in 625K, but it's a step in the right direction.)

Besides, even with a pay cut, it's not as though Emmert would be sent to the poor house. In fact, Emmert lives in a 12,000-square-foot presidential mansion on a 1.5-acre estate overlooking Lake Washington. In fairness, UW Regents turned down Emmert's request to consider granting him a housing allowance and letting him live in his own home, which would have forced the sale of the mansion under the original gift provision—not a bad idea, actually. Why not create an asset out of a liability by selling the posh digs? Just why does a guy making \$905,000 a year need a housing allowance or a taxpayer-funded pad, anyway?

During these hard economic times and skyrocketing tuition prices, belt-tightening shouldn't be limited to families and students, but should include public university presidents as well.

