

Day 1: 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!

Click here to read the [open letter we sent to the legislature](#) last week on this issue.

Day 2: 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](#) (the state apparently doesn't want any stressed critters running around) 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.

Click here to read more about [POG](#).

Day 3: 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 Gov. 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: 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. Gov. Gregoire, please release the 87 ideas!

Click here to see [EFF's letter to OFM](#) asking that they reconsider their improper denial of our request.

Day 5: 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: 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.

Day 7: Make State Funding for Historical Societies History

Gov. 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: 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: 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 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: 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.

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.**

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

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, \$1,000 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: 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: 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: 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 [Gov. 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: 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 4-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: 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: 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: 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 union. 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: 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: 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: 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: 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 Gov. 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. (The hiring freeze ended January 6.)

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: 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: 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: 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: Capitalize on Necessary Spending in the Capital Budget

In December, Governor 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: 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: Privatize Schools' Non-core Functions

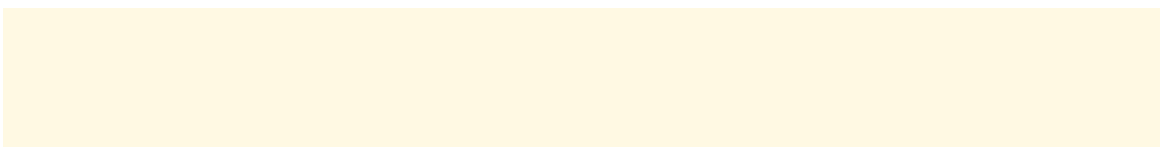
Why are colleges and universities in the food service, janitorial and housing business?

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: 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: 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: 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, Gregoire 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: 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

Day 33: Sync State Budget and Revenue Forecasts

“Forecasting is awful difficult, particularly about the future.” Former Major League Baseball player and manager Yogi Berra is credited with this observation. Still, when it comes to state budgets, forecasting is essential.

A little more than a year ago, the governor's budget office stopped producing six-year budget outlooks, one of the most familiar measurements of the state's fiscal condition. Instead, it's now producing four-year forecasts—one-page charts that show whether the state is facing a budget surplus or deficit in future years, based on spending and revenues. The Senate Ways & Means Committee now puts out an [updated six-year budget outlook](#).

While accuracy in budget projections is difficult, especially when it comes to long-term outlooks, assessing potential trends is important. For decades, lawmakers have unwisely

chosen to look at revenue projections as a ceiling to be breached instead of a ceiling to operate underneath. Now we are paying a big price for this short-sighted, absurdly optimistic planning. Wise lawmakers would routinely set aside rainy-day funds and limit expenditures (and bow waves) so they don't even touch the ceiling. Worst case scenario for lawmakers—they might have more revenue than they had spent. Imagine that!

To help provide current information throughout the year on the state's fiscal outlook, an official, revised, six-year budget outlook should be issued each time the revenue forecast is released or a new appropriations bill is adopted. This could help make "forecasting...about the future" a little easier.

Day 34: Get Rid of Unnecessary Boards and Commissions

The **Evergreen Freedom Foundation** is pleased that Gov. Gregoire has started winnowing the state's 470 boards and commissions. In fact, the governor said she will use her executive power to immediately eliminate **54 of the state's boards and commissions**. She has also asked the legislature to cut an additional 34 boards and commissions by the time the session wraps up in April, and disband 65 more by the end of 2011.

Also as part of the **governor's plan**, she wants to close 24 Department of Licensing offices and upgrade online services. The move could save the state \$15 million over the next two years, according to the Office of Financial Management.

We encourage her to keep going with the 317 that will remain under her plan. The **Joint Legislative Audit and Review Committee's pre-audit report** declared there are too many boards and commissions, questioning the effectiveness and expense of many.

Retain essential boards and commissions—those that clearly provide cost benefit in core government services. Give a hearty thank you to the people who serve on the rest and close the doors.

Day 35: Make a Fiscal Note of It

When state leaders introduce a bill, it only makes sense that they would have an idea about its cost, right? Unfortunately, that's not always the case. Just last month, **HB 1718, "Reducing Greenhouse Gases in Washington,"** was introduced sans fiscal note. The bottom line is there was no attempt to measure how this controversial, far-reaching legislation would impact the state budget or taxpayers' wallets.

Barring extremely unusual circumstances, such as an act of war or natural disaster, completed fiscal notes should be required before bills can be heard in committees, much less voted on. These analyses help provide information on the consequences or trade-offs of a proposal.

It makes no sense that lawmakers would choose to vote on bills whose impact is uncertain. Common sense and respect for taxpayers means **no fiscal note; no vote**. That should be the rule.

Day 36: Make the Shape of Government 98-2-60

The equivalent of Miss June for Washington state government should be shaped at 98-2-60. That means the state should spend no more than 98 percent of forecasted revenue on previously identified priorities of government, put 2 percent away in reserves and require a 60 percent supermajority to change the 98 percent-2 percent rule.

While it's true the economic downturn we're experiencing has negatively impacted Washington state's budget, it's equally true that state **government overspending** is impeding prosperity and burdening taxpayers.

To help visualize this, the **Evergreen Freedom Foundation** has put together a handy chart on building a sustainable budget, which you can see [here](#).

Day 37: Subsidize Wages, Not Unemployment

More than **136,000 Washingtonians were getting jobless benefits at the end of 2008**, and as the moribund economy continues to shed jobs, that number is expected to increase. Despite this depressing news, the state now has an opportune moment to move recipients of unemployment insurance (UI) into the active workforce by converting public assistance benefits to wage subsidies.

Subsidized wage programs (**wage subsidies**) offer funds to any employer who provides a targeted job seeker with a job, training and a regular wage. The idea is to 1) create real work (as opposed to "make work"), 2) promote economic stimulus by lowering the cost to make a hire and immediately increase production and 3) use prior committed money in more efficient ways. (The Employment Security Department also offers a **Shared-Work Program** that provides businesses with greater flexibility in retaining employees at reduced hours rather than completely laying them off.)

Washington state should consider emulating Oregon's Jobs Plus Program, which from the mid-1990s through 2005 offered subsidies to participating employers who hire unemployed individuals and provide valuable on-the-job training. The result: According to the **American Institute for Full Employment (AIFE)**, more than 100,000 claimants were helped back into work. Currently, Georgia's **Georgia Works** program allows claimants to continue receiving benefit checks while working 24 hours a week with employers willing to train them. At the conclusion of the program, there is full-time employment for the vast majority of participants.

Note: The American Institute for Full Employment, a nonprofit organization committed to full employment for all who can and want to work, recently released a **comparative report** on unemployment insurance of all 50 states and the District of Columbia. The good news is that Washington state was ranked fourth in terms of exhaustion rates—that is, only 20.6 percent of those getting unemployment checks exhausted their benefits. Washington also had the fourth lowest socialized UI tax costs reported in the nation. The bad news is the average Washington employer paid 557 percent more in UI taxes than the average employer in the lowest five states.

Day 38: Do Away with Double-Dipping

Should retired teachers pull down the equivalent of two salaries? If so, how should this be addressed during a time of economic duress?

While Washington state's budget problems continue to balloon, some in the K-12 education field are receiving two paychecks thanks to a law that allows retired teachers to return to their profession while still keeping their health benefits and retirement pensions.

The state's "retire-rehire" law went into effect in 2001. During the expanding economy of the time, many individuals left the public sector for the private sector. A shortage in experienced employees was the result. The law was intended to allow retired workers to be rehired on a limited basis without losing their retirement pay.

Over the years the law was reduced to where its sole effect applies mostly to those in the K-12 education field. Furthermore, in 2007 Gov. Gregoire [signed a law that closed unintended loopholes in the state's retire-rehire law](#) that allowed people to retire in name only.

Questions remain, however, for those retirees returning to their old jobs: Is there a reason why any taxpayer-funded state employee should be compensated with both a current paycheck and their retirement compensation? Does this indicate a shortage in teacher applicants or an inability to retain them once they have been hired? If so, shouldn't we address those problems?

For unusual situations or emergencies, the retire-rehire law makes sense. As routine policy, it is absurd, and double-dipping is not a treat taxpayers should subsidize.

Day 39: Increase State Workers' Contribution to Health Care Insurance

As noted recently in *The Olympian*, [the state covers all but 12 percent of health insurance costs for state employees](#). That's a good deal for public workers. It does, however, reveal the obvious: The other 88 percent of state worker health care benefits are paid by taxpayers. In other words, the only reason the government system seems better is because it's being subsidized. It's a double-whammy for those of us in the private sector—we struggle to pay for our own health care insurance and underwrite government employees, too.

It's tough for everybody, but considering the state's incredible metastizing budget deficit, the right prescription for the state's ailing fiscal health involves greater worker contributions to the state health insurance plan.

Day 40: Hit the Gas on Addressing the State's Traffic Congestion

Apparently delays aren't just for those of us stuck in traffic. What else could one conclude given the lack of legislative action taken on an October 2007 performance audit examining traffic congestion in Puget Sound? It makes 22 recommendations for saving \$3 billion over five years. Those sizeable savings would come from reduced travel times and vehicle operating costs.

Unfortunately, the state—much like someone caught in a rush hour traffic jam—seems to be going nowhere when it comes to implementing the report's suggestions. The audit's two key recommendations for improving traffic flow are that 1) the legislature makes congestion relief a key priority for the Department of Transportation (DOT) and 2) the governance process must be simplified. The performance audit estimated that DOT could reduce traffic congestion by 15 to 20 percent (12 to 16 million hours a year!) within existing resources if the legislature followed the recommendations.

Taxpaying commuters can't be blamed for wondering how congestion relief could be left off the list of DOT's major goals. Anyone...anyone? Bueller? Bueller?

It's been 16 months since the performance audit was released. Clearly the state needs to stop idling and hit the accelerator on substantively addressing the issue of traffic congestion. The legislature should make congestion relief a top priority and take action on a focused, detailed plan for managing and reducing traffic quagmires, thereby saving the public time and money.

Day 41: Allow Private Competition for Workers' Comp

With a gap of about \$8 billion between revenue and what the state wants to spend in the next two years, legislators are scrambling for money-saving solutions. Assuming the legislature is serious about dealing with the state's growing budget problem, the government should allow private companies to compete with the Department of Labor & Industries (L&I). Under state law, all employers must purchase coverage from L&I or assume liability for themselves. Either way, L&I has oversight over all workers' compensation claims. It turns out Washington is just one of four states with workers' compensation monopolies.

As noted in a [recent column in The News Tribune](#) by members of the Building Industry Association of Washington, Oregon has a private workers' compensation insurance market. The results are impressive: nearly two decades without a rate increase for Oregon employers and three straight years of most employers paying nearly 6 percent less for workers' compensation coverage. Meanwhile workers' compensation rates in Washington state are increasing, including this year. L&I adopted an average [rate increase of 3 percent for 2009](#).

Our neighbor to the south clearly demonstrates that it's possible for private industry to do a better job than government when it comes to providing a system of financial support to sick and injured workers. The state should legalize private insurance, which would bring choice, quality service and price competition to the system, benefitting both employers and workers.

Day 42: Give Economic Development Projects a Clean Sweep

In the midst of bad economy and an \$8 billion discrepancy between revenue and the state's spending wish list, it's common sense that state agencies should focus on core services. Somebody should tell that to the Department of Community, Trade and Economic Development, better known as CTED.

It's difficult to justify many of the projects the agency supports, especially when basic state services are on the chopping block and tax increases are on the table. For example, the legislature designated \$200,000 for the centennial anniversary of the [Alaska-Yukon-Pacific Exposition](#). Huh? The money—which was reduced to \$150,000 due to budget cuts—was provided to [HistoryLink.org](#) to develop exhibits and programs. History buffs may think this is great, but it's hardly a core function of government that should be paid for with taxpayer money.

But wait, there's more: How about \$300,000 for international trade fairs in fiscal years 2008 and 2009? What of the \$100,000 CTED doled out in fiscal year 2009 for the Skate America Championships in Everett in October 2008? Take a look at the [11 pages of CTED projects](#), loaded with junk just like these. (Also note that the cost amounts do not reflect the administrative costs of the program or project).

At a time when most of us are cutting back to basics, CTED is spending public money on historical commemorations, international trade fairs, pre-Winter Olympics skating events and other less-than-necessary endeavors. State agencies should be cutting back to the essentials as well.

Day 43: Post School Check Registers Online

Most people have a checking account. Until the last few years, a lot of people would record their spending manually on a check register. Today, most of us use an online check register, since it updates automatically, is easy to sort and generally a heck of a lot less of a hassle. So, why isn't this true of school districts in Washington? We're living in the Information Age, and yet most school districts do not have a detailed expense report on the Internet for public inspection by parents and taxpayers. Having every school post an expense register online for all to see just might encourage more efficient spending.

Last year, EFF sent out a [letter](#) to every school district in the state asking them to post an online expense register. While some school districts were agreeable to the idea, most were not, often citing costs. Clearly, the technology is available to create an easy-to-find-and-read expense registry, and costs need not be prohibitive. Most districts can accomplish posting for [less than \\$700 a quarter](#), according to the Mackinac Center, in addition to saving time and money via fewer Freedom of Information Act requests.

As long as school districts receive tax dollars, every dime should be available for the public to see. School district spending is already public information, but citizens must file a public records request to get it. Does it really make sense to force people to jump through hoops to get spending information when those same people are paying the bills? And what's so complicated about posting a document online that the school board views

and approves every month anyway? Asking districts to post their check registers online shouldn't be viewed as a "gotcha" moment, but rather a chance for meaningful dialogue among parents, educators and taxpayers.

Day 44: Cut Capitol Campus Tours

Did you know Washington provides **free guided tours** of the state Capitol campus? No doubt they are fun and even exciting to state history buffs. But did you know the state spends more than \$300,000 each year to pay for these tours? That's almost \$6,000 a week! Apparently we're not the only ones who noticed, as the Senate Ways and Means Committee includes on page 8 the \$616,000 figure for Capital campus tours as part of its "**Ax and Tax**" budget balancing exercise for students.

Now, don't get us wrong, EFF has nothing against tours of our state's Capitol. However, given current economic and budget realities, we do have a problem with the state spending taxpayer money on what is clearly not a core function of government. For cryin' out loud, the typical one-hour tours are "free," so the state recoups none of its costs! The correct question to ask when someone advertises a free good is, "Free to whom?" In this case, certainly not to taxpayers.

At least they are not three-hour tours, as we all remember what happened to Gilligan and company. Still, taxpayers shouldn't be stuck on an island of fiscal irresponsibility. As **previously noted**, it's time for the state to get out of the tourism business—in this case, showing off the state's Capitol. If the state wants to give tours, then charge those who receive the benefit (tourists) and not those who don't (taxpayers), or use volunteers to conduct tours.

Day 45: Improve Incentives for State Employees to Develop Cost-Saving Ideas

Last month, **21 state employees were honored** for their suggestions that saved nearly \$2.6 million taxpayer dollars in 2008. EFF applauds the efforts of these public workers. However, given the size and scope of the state's current budget difficulties, we can't help but think that the state needs to do a better job of challenging and rewarding state workers who comes up with demonstrable savings.

While we're glad the state has an employee suggestion awards and incentive pay program—see the applicable Revised Code of Washington statutes **here**—we have a few ideas on how to make it better:

- Allow state employees and agency heads more flexibility, a la **charter agencies**, in coming up with money-saving suggestions. The idea is to generate more creative and innovative bang-for-the-buck propositions by getting away from sometimes stifling bureaucratic regulations.
- Increase the incentive amount of awards provided to employees with good ideas for money-saving proposals, which will hopefully result in more employees coming forward with their ideas. The state would still save money overall, but why not use some of the savings to fund bigger bonuses to reward employees for such ideas?

- It's the nature of a bureaucracy like state government to suck the enjoyment out of a program. Agencies should make any employee cost-savings program fun by including recognition of some sort and instant feedback. It's also probably a good idea to make sure employees know that all suggestions will be considered, even those that don't carry with them astronomical savings. After all, even small savings can add up to have a major impact on the budget.

At this point the state can use all of the money-saving suggestions it can get. Government leaders would be wise to do whatever they can to make sure the state is able to effectively solicit good ideas from its employees.

Day 46: Say Adios to New UW Campus in Spain

Proving that timing is everything, the University of Washington is set to open a **new campus in León, Spain** later this year, according to a recent agreement signed by university officials.

Meanwhile, back in America, the UW says it will need to **cut 600 jobs** under the budget proposed by Gov. Gregoire—a number that could rise to 800 if lawmakers make deeper cuts. At a recent meeting of the UW Foundation—the fundraising arm of the university—employees were told to brace for 20 percent reductions. And let's not forget the UW wants public funding for half of its proposed \$300 million project to repair and renovate **Husky Stadium**.

The rent in the Palace of the Conde de Luna is free—for now—and the UW will ostensibly be paying only \$2,000 per month for utilities and maintenance. Still, does it make any sense for the UW to commit to opening a campus in Spain at a time when the university is facing potentially staggering budget cuts because of an ever-growing state deficit?

Day 47: Stop Whacking State Tax Dollars for Weeds

We know what you're thinking. "Who would dare to suggest we funnel tax dollars away from weeds to pay for things like public safety and health programs? Surely you jest!" Surely we don't. Washington spends some **\$1 million a year** (see page 8) on the "eradication of noxious weeds." Given that each county already has its own weed control board and/or weed district, does it make sense that even a dime of state money would go to such an effort, especially right now?

When the state passed a law mandating that counties control noxious weeds, it gave counties only two ways to fund the work—state general fund money, for which there is a lot of competition, or the assessment of a special dedicated fee on property. As authorized by state law, many Washington counties now have noxious weed assessments on their property tax bill so weed programs can have a dedicated source of funding. (Many county noxious weed boards describe the odious plants as something that spreads akin to a virus, which sounds like the plot of a bad horror movie, *The Weeds: Revenge of the Crab Grass*. But we digress.)

Whether or not you like the idea of counties deciding they want to spend residents'

money on weed control, what's really noxious here is the state spending public money on yet another non-core government function. If only the state could eradicate its spendthrift ways.

Day 48: Keep Liquor Profits

We're not fans of the [state monopoly on liquor](#). However, the reality is Washington state does directly control the regulation, distribution and sale of hard liquor. That being the case, and with economic and budget times being what they are, we think the state should stop forking over a portion of liquor profits—\$52 million over the next two years—to cities and counties.

According to the state [Treasurer's Office](#) (see Liquor Profits), of the profits from liquor sales that aren't designated for specific purposes by law, 40 percent is distributed to cities and towns ratable on the basis of population, and 10 percent is distributed to counties on the basis of unincorporated population. Two percent of the total distributed to any local government must be spent on alcoholism treatment programs. The remaining 50 percent is transferred by the Liquor Control Board to the general fund.

We may not like the state being in the liquor business, but during this economic slowdown, it would be wise for the state to put this money back into state coffers—at least until lawmakers wake up and realize it's the 21st century and citizens don't need prohibition-era laws dictating how, where and when they buy liquor.

For more information, see the applicable sections of the Revised Code of Washington (RCW) [here](#), [here](#), [here](#) and [here](#).

Day 49: Spend Less on Reducing Class Size

Washington state currently diverts \$908 million from the general fund to pay for the “free” class-size reductions authorized by the voter-backed Initiative 728 in 2000. Are taxpayers getting their moneys worth? It seems the answer is no. In the 2009-11 Priorities of Government (POG) [Final Report](#) (see page 3) this activity is listed under the category “Buy Next.” Not exactly a ringing endorsement. We think proponents of the “class size initiative” have their hearts in the right place, but that doesn't change the fact that this is poor fiscal policy. Washington state should cut, or at least greatly reduce, funding for this initiative.

First, a little history lesson on I-728: Back in 2000, the public was promised by Governor Gary Locke that I-728 would not raise taxes or take money away from other programs. The initiative was meant to increase public school funding by amending Initiative 601, earmarking state property tax and lottery revenues and creating a new dedicated fund—the Student Achievement Fund. Most attention was focused on the class-size portion of the initiative, but it was also meant to fund extended learning programs, expand teacher training and construct facilities. Voters overwhelmingly passed I-728 in November 2000.

Four short years later, voters said no to Initiative 884, which would have raised taxes to fully fund I-728. So much for not raising taxes—or at least trying to. In fact, former Gov.

Locke's POG work teams recommended that Locke not fund I-728 in his 2003-05 budget! Given all this, one might be forgiven for wondering if class size—for which most funds are spent—is a priority for the state, or if class size even makes a difference. Unfortunately, the benefits of a smaller class size are [questionable at best](#).

We think the state would be better off not spending public money on a program that was falsely [touted as free](#) on an activity that produces dubious results, especially given the current economic and budget climate.

Day 50: Limit Overtime to Crucial Positions

It's not unusual in both the private and public sectors for employees to work overtime on occasion. It's just a fact of life that job duties sometimes require more than the standard 40-hour work week. The crucial distinction, of course, is that state employees are funded courtesy of the taxpayers, so overtime should be used responsibly, since the costs are socialized rather than privatized.

Clearly, paying state employees at least one and one-half times their regular hourly rate for overtime work is sometimes necessary, even vital. An example that springs to mind—given the region's unusually heavy snowfall this winter—is state road crews. Inclement weather required work crews to labor in excess of 40 hours per week to clear major snow-clogged and icy roads. Still, given the sorry state of the economy and the budget, we believe the state should be doing a better job of limiting overtime by hourly employees to sensitive safety position only, unless there is a widespread emergency.

It seems difficult to justify some of the overtime expenses the state pays for since basic state services are on the chopping block and there is increasing chatter about tax hikes. For example, did you know that in fiscal year 2008 the state Liquor Control Board spent more than \$1 million in overtime pay? Check out state overtime expenditures by agency in fiscal year 2008 [here](#). Another million dollar overtime boondoggle was brought to light during a [2007 performance audit on Washington State Ferries](#) that found that collective bargaining agreements were perpetuating overtime problem for ferries.

At a time when most of us have had to tighten our belts, the state continues to make questionable overtime payments. State agencies, we think, should be cutting back to the essentials as well, and that means getting unnecessary overtime pay under control.

For more information on overtime, click [here](#).

Day 51: Spawn Privatization of Fish Hatcheries

Does the State of Washington need to be in the fish hatching business? We ask this question in light of the fact that Gov. Gregoire's proposed budget has put seven

hatcheries on the chopping block: Mossyrock, McKernan, Bellingham, Palmer Ponds, Arlington, Colville and Omak. The state Department of Fish and Wildlife, which operates 88 hatcheries, has been told it had to cut \$30.5 million—\$22 million from the general fund and \$8.5 million from the Fish and Wildlife fund. That's the equivalent of 157 full-time jobs.

We certainly don't want these fish hatcheries to go belly up, and we can think of no reason that a hatchery's operations could not be run by the private sector according to the same quality guidelines the state works under, and for less. Simply because the state has been providing a particular service for a long time does not necessarily mean that it should continue. At the very least, the state should try to find out by experimenting on a small scale by placing the state's hatcheries up for competitive bid.

The state appears to be taking a step in that direction, with the introduction of **HB 1951**, which calls for public-private partnerships for the operation of the seven fish hatcheries that face termination because of drastic reductions in the state's operating budget. It may ultimately turn out to be a case of swimming upstream, but we applaud the fact that some legislators are considering more effective or less expensive ways to raise fish, especially during these hard economic and budget times. We can't help it—we're hooked on privatization when it provides a better quality service or product at a lower cost for Washingtonians.

Day 52: Fund People, Not Trash

Litter control or Basic Health? It's a question of priorities. The state Department of Ecology spends more than **\$4 million annually** picking up litter—a lot of litter. In fact, some 18 million pounds of refuse from roads, parks, recreation areas and illegal dump sites is collected every year by crews through programs funded through Ecology.

While litter might be unsightly, is it a higher priority than Basic Health and other state-provided human services? Lawmakers are currently engaged in "what-if" drills that would **cut \$2 billion from health and human services** in the next budget...but leave Ecology's litter funding in place. Does that make sense?

Litter removal is a nice luxury, but it isn't something the state can afford to fund right now. And, not to beat a dead horse, but it's not a core function of government. There are plenty of civic groups that could take over most litter areas, but not if the state is already doing it for them.

If lawmakers choose to junk \$4 million in Basic Health funding rather than \$4 million in litter control, they will have sent the message that picking up trash is more important than keeping people healthy.

Day 53: Carry Over Comp Time

Washington state employees can earn compensatory time by working overtime. State law allows a public worker to request time off later instead of being paid overtime wages in

each pay period. This is often referred to as “comp time” or “exchange time.”

However, state workers are required to take the time off or be paid by the end of each fiscal year. In other words, after June 30—as state fiscal years run from July 1 through June 30—public workers can’t take their comp time off; they have to be paid for it. There are some federal limitations regarding comp time, but nothing that should prevent the state from carrying comp time over to a different budget year. The June 30 deadline also coincides with the end of many collective bargaining agreements between unions and the state.

Money could be saved by allowing state employees to accrue comp time across fiscal years. Those who prefer the time off instead of the money would be able to take the time off, and the state would not have to pay them for time-and-a-half for their overtime.

For more information on comp time, click the Department of Labor & Industries’ website [here](#) and then click on “What about agreements to take time off later instead of overtime pay?”

Day 54: Deport People Who Aren't Here Legally

The [Evergreen Freedom Foundation](#) is in agreement with Gov. Gregoire’s proposal last year to [deport people](#) who aren't here legally—rather than allowing them to serve out their prison sentences in state—for an estimated savings of \$9 million over the next two years.

Arizona and New York have already implemented deportations within their prison systems, with Arizona saving 210 days of imprisonment costs per inmate with the number of people it transferred to federal authorities. New York reports a savings of \$141 million so far.

We’ve got enough of our own criminals without housing and feeding those from other countries. So what gives?

Day 55: Privatize Parks

Like a lot of other government agencies, the state [Parks and Recreation Commission](#) is grappling with proposed cuts in the wake of the lousy economy, as well as harsh budget realities. It’s an inconvenient truth that state park officials—staring at a \$23 million budget cut over the next two years—are considering [temporarily closing or simply doing away with dozens of state parks](#). EFF believes the time is right to consider more privatization opportunities for government-owned parks.

In fact, the notion of privatizing state parks is nothing new. A January 1999 hearing of the Senate Natural Resources, Parks and Recreation Committee included discussions of possible benefits of privatizing park maintenance and operations. More recently—late 2006, to be more specific—Washington State Parks considered a draft proposal that would permit limited [private “sponsorship” of state parks](#). Why not resurrect that idea?

As we’ve noted before, [privatization](#) substitutes the creativity of the marketplace for a

government monopoly, often resulting in lower costs and improved service levels—all of which allow the government to focus on core functions. Whether through the use of service contracts for individual park functions or through contracting out a park’s entire operations, privatization should be applied to state parks as appropriate.

It’s a shame the government may have to close—temporarily or otherwise—a number of state parks. By granting Washington State Parks the flexibility to contract out operations where appropriate, lawmakers could make government more efficient and effective, while also helping to secure the future of state parks.

Day 56: Reduce and Simplify the B&O Tax

Washington ranks near the top of the nation in terms of new business startups, according to the [Washington State Small Business Development Center](#). Unfortunately, it also has one of the highest business failure rates in the country. Undoubtedly this is due, at least in part, to the state’s onerous Business & Occupation (B&O) tax. The [Evergreen Freedom Foundation](#) thinks it is way [past time to reduce and simplify the B&O tax](#).

Just what is a **B&O tax**? Levied on in-state businesses, the B&O tax is calculated on the gross income from all activities. This means there are no deductions from the tax for labor, materials, taxes or other costs of doing business. It’s an unusual system in that most other states impose a tax based on a business’s *profit* rather than revenues (like the corporate income tax). During fiscal year 2007, the Department of Revenue estimated business owners paid some \$2.6 billion in B&O taxes, or about 13 percent of total state revenues.

In general, the state’s heavy reliance on the B&O tax means a high tax burden on businesses—especially new businesses, which often aren’t profitable in the first year. In addition, because of the B&O tax’s multiple stages of taxation—what is commonly referred to as “pyramiding”—the tax is passed on to the consumer, though not in a visible way. There is also a confusing array of special exemptions, deductions and credits for certain business sectors, essentially resulting in those with the best lobbyists getting the best deals.

Ultimately, the B&O tax is harmful to businesses, consumers and employees. Rather than absorbing higher costs, businesses pass them on to the consumer to the extent that the market will allow. Imposing high tax rates on mobile capital is always a bad idea. Ideally, the tax would be phased out altogether—after all, business taxes only serve to increase the cost of doing business, thereby increasing the price businesses charge for services or products. This kind of pass through taxation means people can’t see how much a tax actually raises the cost of a good or service.

At the very least, if lawmakers refuse to phase out the B&O tax altogether (can anyone say “cash cow”?) then they should reduce and simplify the B&O tax by using a sliding scale targeted toward helping new businesses. The [Washington Policy Center](#) has more on this idea.

Day 57: Partner with Private Industry for Highway Construction

State leaders should take notice of what just happened in Florida, where officials in the Sunshine State cut a deal to pay a **private contractor to fix up and operate a toll road**. A Spanish-led group will be paid up to \$1.8 billion over 35 years to design, build, operate and maintain three new toll roads along Interstate 595 near Fort Lauderdale. Florida—among many states—is looking toward road-privatization deals to close the gap between infrastructure needs and dwindling resources. According to Florida’s transportation secretary, the state has trimmed its five-year spending plan down to \$7.3 billion a year, down from \$8 billion annually.

In January 2008 the State Auditor’s office conducted a **performance audit** of the Washington State Department of Transportation’s (DOT) highway maintenance and construction management. Among other things, the audit recommended that DOT pursue legislative authority to decrease project risk and take advantage of performance-based contracting as appropriate for obtaining the “best value.”

The **Evergreen Freedom Foundation** recommends the state remove any impediments to improving the cost-effectiveness and quality of highway construction and maintenance. Public-private partnerships might just be the wave of the future, and DOT should be allowed to consider partnering with private industry on innovative financing deals. We would suggest that the legislature and DOT consider **public-private partnerships as an alternative to hiring new full-time employees**. There is a global market saturated in capital eager to invest in transportation projects, such as the 520 bridge or the Alaskan Way Viaduct. Public-private partnerships have been successfully mobilized in England, Australia, New Zealand, Hong Kong, India, Denmark and Sweden, to name a few.

Public-private partnerships could also be used to build and maintain highway rest areas, as Idaho is doing. Idaho’s DOT recently finished a new rest area that cost the state just \$300,000 with a public-private partnership instead of \$14 million. That frees up more money for roads and other priorities.

Day 58: Roses Are Red, Violets Are Blue, Personal Service Contracts, It's Time to Review

The bad economy is hitting Washington state hard, with Gov. Gregoire calling it “the most difficult and trying times...since the Great Depression,” during her January 14 **inaugural address**. She also said, “We were dealt a terrible hand by forces beyond our control. We are forced to make unprecedented and difficult choices.” Apparently those unprecedented and difficult choices don’t include personal service contracts, the various professional and technical services that state agencies purchase.

Perusing through the **Office of Financial Management’s Personal Services Contracts Summarized by Agency**, it’s painfully obvious that the state is not necessarily spending taxpayer money on core functions of government. For example, the Fruit Commission gets \$10,050 to have a contractor shoot four Spanish versions of in-store commercials for use in Wal-Mart Mexico during the 2009 Northwest cherry advertising season. Que? Or how about \$150,000 for the Horse Racing Commission to, among other things, continue providing medication testing on—warning, gross alert!—urine and blood samples from racehorses? Why can’t horse owners foot the bill?

But our favorite here at EFF is a total of \$27,000 for Samuel Green's contract as the state's official poet laureate through the end of the year. According to the [Washington State Poet Laureate's official website](#)—we didn't know there was such a thing either—the governor named Mr. Green as the Washington State Poet Laureate, a crucial position established by the legislature this year “to build awareness and appreciate of poetry across the state.” The website even features a donation function for helping to support the poet laureate's two-year term. The obvious question is why not privatize the whole thing?

Clearly, the state needs to **prioritize** and get personal service contracts under control, especially in the midst budget troubles and a bad economy. In that spirit, and with a tip o' the pen to our own investigative journalist and amateur bard, Scott St. Clair, EFF proudly presents an ode to the state's spending of \$27K of your money on an official poet during these harsh economic times:

*Evergreen State, she is broke,
The Gov even says so—no joke!
We're \$6 billion shy,
Of a full fiscal pie,
Ne'er a nickel to buy a cold Coke...*

*So what does Gov. Christine want done?
Poet laureate—hire us one
Huh? You would ask
State finances the task
Of a ne'er-do-well rhyming wordsman?*

*If that is the cause and the case,
Then into that line I will place,
Myself and my verses,
Containing no curses,
For a state booty I'll enter the race*

*The dough for the gig is a haul,
A buck is a buck, I recall,
But Two-Seven K,
Is what they will pay,
With that, I'd have me a ball!*

*Taxpayers the money can spare,
Olympia blows it like air,
While my needs are just,
A big screen's a must,
Sans one, I will soon despair*

*So. Gov. my love I profess,
Ignore the state budget mess,
Hire me as your poet,
You want to, you know it,
Cause you dig my rhyming caress!*

Day 59: Require Direct Deposit for All Who Receive State Money

As you probably know, Washington state recently had the dubious distinction of making headlines when the Department of Social and Health Services sent out **\$1 checks** to residents signed up to receive food stamps. But something was somewhat overlooked among the howls of outrage generated by the state sending out checks solely for the purpose of qualifying the recipients for some \$43 million in federal funds (brilliant: spending taxpayer money in making the state more dependent upon the federal government). Not only is our state rushing to feed at the federal stimulus trough, but in cutting these checks, the state spent about \$250,000 in printing and postage costs.

With that quarter-million dollar waste of taxpayer money in mind, we recommend that everyone who receives a check from the state—employees, jobless people getting unemployment benefits, welfare recipients and others—have a checking account so they can receive direct deposits, thereby saving on printing and postage. (Washington state can require direct deposit for employees, so long as employees do not incur any additional costs, like bank fees.)

Day 60: Stop Overpaying for Printing Services

As recently pointed out by **King 5 News**, taxpayer money is being frittered away in the form of the Department of Printing overcharging—that's putting it mildly—state agencies for copying and other services. It gets worse: Gov. Gregoire—the same person who set a land speed record going from denying there was a budget crisis to lamenting the severity of said crisis—would, according to her proposed budget, make the Printing Office's contract the standard for all state agencies. We think the state first needs to get a handle on what's going on at the Printing Office.

According to the King 5 news story, under its contract with the Printing Office, the Department of Ecology pays four cents per copy and must pay for 950,000 copies a month, whether it prints that many or not. In an ugly example of wasted taxpayer money, in December, Ecology was billed \$15,493 for copies it never made! As if that isn't bad enough, Ecology also pays a \$981 management fee—whatever that means—to the Printing Office every month. By way of comparison, the Department of General Administration (GA) contract mandates 4-tenths of a cent per copy, and there are no monthly management fees and no monthly minimum. The Printing Office also charges departments to assess their printing needs—again, something the GA does for nothing.

We have no idea how the Printing Office decides to charge what it charges, but clearly something is amiss and needs to be fixed. It doesn't look good, especially considering the sad state of the economy and state budget, for the governor's budget to be pushing for a contract that costs ten times more per copy and charges departments for services that are available for free. In the King 5 story, State Rep. Ross Hunter, who is the House Finance

Chairman, said, “I mean they might as well go send somebody out to Kinko’s to do it.” Being big fans of cutting government waste and inefficiency, we think he may be on to something.

Day 61: Get Discretionary Maintenance Items Under Control

Washington state needs to take a different approach as far as funding discretionary maintenance items are concerned. Getting discretionary maintenance items under control could save the state \$525 million.

Non-entitlement state-only programs should have caseload and inflationary growth removed from consideration. In other words, keep funding levels the same. For basic education services and service entitlements, the state should provide funding based on caseload growth only—not inflation. The latter approach would have the added benefit of removing funding requests from other state agencies for most other “inflationary” type adjustments. For example: leases, equipment replacement, worker compensation charges, maintenance costs and information technology charges.

State agencies should be asked to cover these costs by—like those in the private sector—becoming more efficient and reducing the administrative costs of doing business.

Day 62: End Special Treatment for Some Businesses

In the past, we’ve come out in favor of getting rid of the state’s many **tax exemptions**. In a similar vein, we’re opposed to special treatment for certain companies. The most obvious example is the \$3.2 billion in **tax breaks** (and dramatic cuts in unemployment and workers’ compensation benefits) that the legislature extended to Boeing in 2003 to land the aerospace giant’s 7E7 assembly line. How is it fair that the state was sweetening the deal for Boeing—read: corporate welfare—and not offering similar enticements to other businesses?

We have a better idea: Instead of the government micromanaging the economy for the benefit of some, why not levy low, across-the-board tax rates on businesses, as well as lessening the regulatory burdens they face? Low, predictable tax rates—not corporate subsidies for some, but not others—and an improved overall business climate would go a long way toward creating a vibrant economy, and perhaps more revenue, in Washington state.

As it stands right now, in the view of state government, some businesses or industries are more equal than others.

Day 63: Simplify and Streamline the Tax System

The purpose of the tax system is to raise needed revenue for core functions of government. The tax system should not be used to pick winners and losers in society, or to influence the lifestyle choices of citizens. It should not be used to punish success or to

“soak the rich,” nor should it be used to bestow special favors or exemptions on any particular group of taxpayers.

With so many layers and levels of taxation in Washington state, as well as tax breaks for certain companies and industries and the myriad tax exemptions, it’s no wonder citizens have a hard time navigating the labyrinth that is the state’s tax system. Einstein would be hard pressed to make sense of it.

That’s why we’ve long advocated an overhaul of Washington’s tax structure that levies low, flat rates on as broad a basis as possible, such as a state-level **flat tax** or **fair tax**. The advantages of a simpler tax code compared to the complex monstrosity that we have now includes restoring a sense of fairness by taxing at one low rate, wiping out special interest loopholes, transparency and something not normally associated with taxes: simplicity.

We think this straightforward approach to taxes makes more sense in the long run in terms of reducing the costs of tax compliance and promoting a vibrant state economy.

Day 64: Improve the Business Climate in Washington State

Five years ago we noted the **Deloitte & Touche** study that gave Washington state a “disadvantage” rating in seven key areas—labor costs, unemployment insurance, workers’ compensation, construction costs, state and local tax rates, environmental permitting and overall business climate. We think the state still has a lot of work to do on improving its business climate because even though the state has recently been ranked high as a place to do business, it also ranks near the top among 50 states in the rate of business failures. Click [here](#) for more information.

As we’ve noted before, we think the state should either get rid of, or at least reduce and simplify, the onerous **Business and Occupation** tax. That, we think, would do wonders in terms of helping out businesses, both established and start up. Olympia should also do what it can to simplify the state administrative code, with its tens of thousands of pages. Business owners, especially small business owners, no doubt have a difficult time locating, understanding and fully implementing every section of those pages that apply to their business. In addition, he or she is required to understand and strictly follow all local and federal codes and rules.

It shouldn’t be this difficult to start and run a business. The state’s complex and often mind-numbing rules aren’t doing the business climate any favors, and that’s hurting the state’s economy. That much should be obvious considering the state’s current economic and budget woes.

Day 65: Stop the Hooked on State Government Spending Program in Poor Communities

Tucked into Washington state’s \$35 billion operating budget is the appropriation of \$300,000 from the Washington Auto Theft Prevention Authority for the Department of

Community, Trade and Economic Development—now known as Commerce, a government agency we've [criticized previously](#) on spending issues.

A little background is in order: The Washington Auto Theft Prevention Authority was established in 2007 to combat the state's significant auto theft rates. What is the \$300K being appropriated to CTED for, you ask? The money "is provided solely for a contract with a community group to build local community capacity and economic development within the state by strengthening political relationships between economically distressed communities and governmental institutions." What this means in plain English is the state is spending money to make poor communities more dependent on government.

We suggest the state refrain from this type of spending. Surely there are core government functions where this money could be put to better use. Besides, the state isn't doing poor communities any favors in the long run by bailing them out economically.

Day 66: Quit Sticking Taxpayers with the Bill for Lobbying

It happens every year during the legislative session: Lobbyists descend upon Olympia like a swarm of locusts in their efforts to influence state policies and spending. We can accept citizen lobbyists making their case to state government. However, when it comes to government lobbying itself, we have a problem with that because—using taxpayer dollars—government interests become pitted against taxpayers' interests. In short, we think the legislature should prohibit government entities and agencies from spending public money in lobbying other branches of state government.

Over the course of three years (2007-2009), the University of Washington, a publicly-funded four-year institution, spent more than \$1.1 million lobbying the state. (Click [here](#) to see a breakdown of UW's annual lobbying by year, according to the Center for Responsive Politics.) That's just the tip of the iceberg when it comes to taxpayer-funded lobbying—that is, government bodies lobbying other government bodies.

Beyond being merely another example of profligate government spending, taxpayer-funded lobbying distorts the democratic process by supplanting the voice of citizens with that of the state. Having legislators contend with powerful voices from other elements of the government—each clamoring to promote its own interests—is not in the best interests of the public. The interests of government lobbyists are often at odds with citizens' interests. Do you really want your state tax dollars being used to lobby for more state (and in some cases, federal) spending and taxes that you will have to pay?

As Thomas Jefferson said, "To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical."

Day 67: Stop Low-Volume Ferry Runs

This cost-saving measure is pretty straight forward: Washington State Ferries (WSF) needs to change their service schedule to reduce operational losses. Translation: Per the

State Auditor's September 2007 [performance audit of WSF](#), low-volume ferry runs should be eliminated to save the state \$9.6 million annually in operating costs.

Noting the primary cause of WSF's excessive level of service, the audit points out that some round trips are—unbelievably—conducted to meet requirements of union contracts. In fact, in some cases, “the crewing schedules dictate vessel departure schedules in order for WSF to minimize overtime costs or crew travel costs.”

The audit also notes that state transportation business plans seek to achieve a specific level of service rather than cost efficiency. Therefore, “economic factors such as rationalizing supply with demand are not included.”

The state's entangled in a budget mess and the unions are dictating unnecessary ferry runs that are costing the state millions of dollars. It's time to put an end to this ridiculous waste of taxpayer money.

Day 68: Put State Inmates on Diets to Trim the Budget

Back in 2003, when states were desperate to cut budget deficits—sound familiar?—officials in several states began reducing the amount or quality of food served to prison inmates. With the current state of the economy and the state's sorry budget situation, we think the time is right for the Washington State Department of Corrections—total budget for the current biennium: \$1.8 billion—to look for ways to cut the cost of feeding inmates.

The food plans from six years ago involved either reducing the number of calories provided each day or eliminating a meal on weekends and holidays by serving two meals instead of three. In practice, some of the savings came from standardizing portions, as well as cheaper cuts of meat, powdered milk instead of whole milk and juice-like drinks in place of real juice. How much did this save? Well, in Virginia for example, officials estimated that the switch to brunch on weekends and holidays (instead of breakfast and lunch) saved 10 cents per inmate per weekend and holiday. With 31,000 prisoners, that translates to an annual savings of more than \$356,000 for the Virginia Department of Corrections.

We think Washington state should do something similar, being careful to make sure the inmates are still served nutritious meals, lest any savings be wiped out by increased health care costs for prisoners or lawsuits claiming cruel and unusual punishment.

Other possible options for saving money include switching from hot meals to cold meals (cooking meals adds significantly to costs); looking at competitive bids for food preparation and delivery; and prison gardens where inmates grow and harvest crops. During a budget crisis every little bit helps.

We're not advocating that prisoners be put on a diet of bread and water. All we're saying is that if belt tightening is good enough for households and businesses, then it's good enough for inmates. After all, we're talking prisons, not restaurants.

Day 69: Eliminate Long-Vacant State Jobs

Washington state should eliminate all positions in state government that remain unfilled for a long period of time—say, six months—with a corresponding reduction in agency budgets. Right about now some of you may be wondering how the state could save money by eliminating job slots that weren't filled. You may be thinking that a vacant position wouldn't cost anything—after all, there's nobody in the job to actually cash the paycheck. It's like knowing somebody who periodically gives up smoking in order to save money. The only catch is the person never smoked in the first place.

Welcome to the wacky world of budgeting in Olympia, where it's often the case that once a job has been included in the budget and funded, the agency gets the cash to pay for it in its annual appropriation. This is true whether or not someone has been hired to fill the job. Sometimes agencies retain a huge number of vacancies for years on end, effectively creating a kind of all-purpose fund with little or no restrictions. This is particularly useful in hard times when the governor starts insisting on agency-level cutbacks. That, in short, is how the state can save money by getting rid of jobs that aren't filled.

In the past, we've recommended the state establish an **employment cap fund**, or a so-called vacancy pool so that open positions in all agencies were fungible. If there were long-standing vacancies in an agency, they'd be placed in the statewide pool, with the intent of ensuring that old vacancies didn't remain open while new jobs were created. Unfortunately for Washington, this approach has come to matter less lately as the state's budget problems continue to mushroom, forcing the state to cut back on positions altogether.

Day 70: Turn Sea-Tac Airport From a Tax User to a Tax Payer

A number of transportation services provided by the government could, we believe, generate enormous amounts of money. For example, airports could be sold or leased to private operators. In fact, a **study conducted by the Heritage Foundation** a decade ago noted that Sea-Tac International Airport alone would generate nearly \$2 billion if it was sold or leased to a private operator. Future revenues from the airport would be realized through property, sales and business and occupation taxes paid by the private company. We recommend that Sea-Tac Airport, eventually be sold or leased to a private company, turning the facility from a tax user to a tax payer.

The airport privatization trend was started by Great Britain in 1987 when the government sold the British Airport Authorities (BAA) to private parties. Today, BAA is worth \$4.4 billion and has generated a profit every year since 1987. Additional benefits include a lower tax burden for UK citizens and service that is just as good—and often better—than when the government ran BAA. Airport privatization is common in Europe, where as of 2008 more than 50 airports are privately managed.

Airport privatization hasn't caught on here in America—at least not yet—though not for a lack of effort. Proving that timing is everything, a \$2.5 billion first-of-its-kind deal to

privatize Chicago's Midway Airport recently fell apart because private investors could not raise the necessary money amid the global credit crunch.

When the economy is humming again, we think Sea-Tac Airport should be sold or leased to a private operator. The airport is an unjustified drain on taxpayers when it could become a taxpayer itself.

For more information on airport privatization in America, click [here](#).

Day 71: Make Some Money by Selling Real Estate

There's no way to sugarcoat it: Washington state needs money. However, what the people and businesses of the state don't need is a tax hike. That's why we think the government should consider selling off nonessential state surplus lands to generate some cash.

For example, did you know the University of Washington is Seattle's unlikely real estate baron? The UW owns the [Metropolitan Tract](#), 11 acres of land in downtown Seattle that was home to the original UW campus. According to the September 2007 Metropolitan Tract performance report presented to the UW Board of Regents, internal valuation of the downtown property was about \$680 million. (Of course, that was before the housing/real estate market went way south.) Still, the university could make a lot of money by selling this asset...at the right time, of course, which could reduce the need for state subsidies.

Some may question the wisdom of selling an asset that generates long-term revenue. That's a fair observation, which is why we think the state should have a disciplined plan that includes explicit policies, systematic procedures and appropriate performance benchmarks—sound asset management, in other words. Even if selling the Metropolitan Tract turned out to be a no-go, no doubt there are plenty of underperforming, nonessential assets that the state should not be carrying. (In fact, there are 5.4 million acres of Department of Natural Resources-managed land in Washington state, according to this [map](#) on DNR's website.) Better to sell them and bring in some revenue rather than keeping capital tied up in properties that don't contribute ongoing benefits to the state.

Day 72: Stop Spending Money Advertising the Lottery

According to the Washington State Lottery, about 2 percent of gross revenues are spent on advertising (see page 16 of [Washington's Lottery Business Plan](#) for the 2007-09 biennium). In fiscal year 2008, lottery tickets sales totaled a little more than \$521 million (see page 2 of the Washington State Lottery's [Comprehensive Annual Financial Report](#)). This means that the state spent some \$11 million to promote the state lottery in fiscal year 2008. Although any taxpayer-funded advertising is wasteful spending, lottery advertising is especially disconcerting, and we think it should stop.

Many other unnecessary advertising expenditures are well-intentioned efforts to encourage desired behaviors, but lottery advertising is aimed at deceiving the public in that it attempts to manipulate people into believing they have good odds of winning. Go ahead, take a look at the Washington State Lottery's colorful and oh-so-pleasant [website](#),

which gives the impression that you—yes, you—are this close (imagine your thumb and forefinger about a half-inch apart) to hitting it big.

Washingtonians, we believe, would be much better off investing in their retirement plan than buying lottery tickets from the state of Washington. The Washington State Lottery, which has been spreading the wealth—so to speak—since 1982, does not need advertising dollars courtesy of the tax-paying public.

Day 73: Trade Bilingual Education Programs

Bilingual education is one of the fastest-growing programs in state government, with the number of students enrolled far exceeding census projections for minorities. In fact, enrollment in bilingual education programs is growing at 10 times the rate of basic K-12 education. Compare growth rates for bilingual education [here](#) and basic K-12 education [here](#).

In days of relative plenty, it has been easier for lawmakers to look the other way in terms of whether or not bilingual dollars are well spent. They are not, and we should face this now. Only about **15 percent** (see page ii) of the state's bilingual education students successfully graduated from our multi-year Transitional Bilingual Education Program in 2007-08. This result is worse than the one-year sheltered-immersion programs like the ones used in Arizona, California and Massachusetts. Replacing our so-called transitional program with a sheltered-immersion program similar to that used in California and Arizona would save tens of millions by actually graduating students who are proficient in English in a timely manner, as well as lowering costs related to remedial programs.

Until elected officials are willing to get serious about what works best for limited English proficient students, this is at least a better trade for the taxpayer dollars spent.

Day 74: Freeze Spending at Current Levels

We admit it. We like Sen. Joseph Zarelli's idea that the state could solve some of its budget problems by freezing spending at 2009 levels for the next biennium and building early savings into the budget. Sen. Zarelli contends that reducing spending for the remainder of this biennium and then holding spending at current levels can reduce the deficit to **about \$1.5 billion**. Currently, the state is on course to spend \$9 billion more in the next biennium than it expects to collect from state taxes and fees.

Sen. Zarelli's suggestion is a good idea, but is not as easy as it sounds. Not all spending can simply be iced. For example, utility bills will be higher, landlords will charge higher rent to state tenants, the number of children enrolling in school will rise, the number of prisoners will increase, debts will be paid, etc.

Fortunately, there are still plenty of areas where the state does have some control and can help itself—by not raising pay or increasing benefit contributions for state employees, or not increasing the rates vendors get for state contracts. Any practical spending freezes that help with the state's budget woes should be embraced by legislators.

Still, tough choices will have to be made, and Olympia is a town where any decrease in the rate of increased spending is defined by most as a cut. It's not easy, but many households and businesses are holding the line on spending where they can. There is no reason state government can't as well.

Day 75: Fix One-fourth of the Real Deficit--No COLAs for State Workers

Most public employees are on a pay scale that increases automatically based on longevity, not performance. The cost-of-living (COLAs) pay increases we hear so much about are on top of step increases. This is a lousy pay model. Regardless, lawmakers don't have any more money to spend on salaries unless they take more out of the pockets of citizens already strapped to pay for the salary increases of their public sector neighbors.

One fourth of the current deficit—the real projected deficit—could be solved by stopping COLAs and leaving the step increases alone, as the budget of Gov. Gregoire proposes. That would be some **\$678 million** (see page 5) over the next two years.

The private sector by and large isn't handing out raises of any kind. In fact, several regional employers—The Olympian and The News Tribune come to mind—are actually cutting the salaries of staff members who have not lost their jobs. By comparison, not getting a raise doesn't seem quite so bad.

Still, like we said—times are tough. Some of the solutions are tough, too.

Day 76: A Non-discriminatory Way to Save Money on State Insurance Costs

State officials have identified a way to save \$16.7 million a year...with just one hitch. It would take two years to reprogram the 32-year-old system that handles the idea. We don't like its discriminatory nature in the first place, but it could be salvaged with modifications.

Approximately 53,000 state workers don't belong to unions. The proposal on the table recommends that these employees pay 15 percent of their health insurance premiums instead of 12 percent. Pro-union proponents claim this would save the state \$16.7 million a year. Except that the proposal requires two years worth of computer reprogramming.

We like the idea of all state employees **paying more of their health insurance premiums**, because people who pay more of the actual costs become better and more careful consumers. They are more likely to engage in preventive activities and behaviors, thus helping to decrease the cost of health care overall. But singling out non-union workers is patently discriminatory and punitive. Besides, a recent story in *The Olympian* reports that it would be easier in terms of computer programming not to have a two-tiered system.

Would it really take two years to fix the problem? Maybe. But relying on a 1977 program seems very impractical regardless. Clearly the state can save tens of millions of dollars by marginally increasing the percentage of health insurance premiums paid by employees. So we humbly suggest the state get crackin'...and that they contract out the service to the private sector whose track record is better than government's for on-time, on-budget

completions. Perhaps the state should use some capital budget money for this, instead of spending tons of money on **local capital projects**, like they did in the 2007-09 budget.

Day 77: Temporary Unemployment Assistance Should Mean Temporary

Perhaps Washington state has a larger than normal population of people temporarily unable to work. Caseloads have grown by a factor of more than 14 times population growth in the last eight years. Or, perhaps the taxpayer funded program that provides this assistance is one of many state-funded programs that have escaped serious oversight.

Ours is one of 18 states with a program for the temporarily unemployable. The **General Assistance Unemployable Program** (GAU) requires people to demonstrate that a temporary disability prevents them from working for at least 90 days in order to receive their monthly GAU cash benefit of \$339 or less. The state has provided general assistance in one form or another since 1939.

The GAU program was designed as temporary assistance, but it has no time limits for benefits. According to the Washington State Coalition for the Homeless, the average GAU stay is just under **11 months**. It should not surprise anyone, therefore, that its budget has grown to \$400 million, about the same amount of money the state allocates for all four-year regional higher education institutions in the state.

We are not suggesting that the state terminate the program. Simply eliminating a 70-year-old program at a time when the economy is declining and unemployment is high would be a bad idea all around. Instead, we recommend that a sizable amount of taxpayer money could be saved by following the intent of the law and instituting time limits on benefits of some sort—say, six months or so.

Day 78: To Get Out of the Red, Lose the Green Thumb

The bloom is off the rose—or at least the daffodils and tulips—at the state Capitol Campus. That’s because the **state planted 11,375 fewer bulb flowers** on the campus—two-thirds as many bulbs as last year—at a savings of nearly \$5,000. In addition, the governor’s proposed two-year budget calls for saving an additional \$42,000 from the seasonal planting program via fewer plants and reduced labor. This more modest floral display is, not surprisingly, related to the economy and state budget, both of which could be described in terms of something that would make a great fertilizer.

While there’s little doubt that flowers can beautify an area and make people feel good, the reality is this is not a core function of government, and as such, the state can afford to cut back even more in this area. We like flowers as much as anybody, so perhaps the state should check out other possibly less-costly options that would allow Capitol Campus workers and visitors the option of tip-toeing through, or at least among, the tulips. Why not turn the Capitol Campus grounds into a laboratory for any horticultural programs that might exist at local colleges and universities, or even high schools? Students would get a green thumb education, and the state wouldn’t have to spend tax dollars for all of the labor. How about planting some native year-round plants that need little or no attention? Does it make any sense that taxpayers are paying for new flowers every year?

We suspect the idea of cutting back on Capitol Campus flowers won't be popular, but given economic and budget realities that are imperiling basic government services, it makes sense to further prune this program.

Day 79: Mitts Off the Rainy Day Fund

It was a mere 16 months ago that voters amended the state constitution to create the Budget Stabilization Account—better known as the Rainy Day fund—for dealing with a catastrophic emergency. The amendment requires state officials to put 1 percent of the general tax collections into the savings account every year. The fledgling account has some \$700 million in it.

Legislative leaders are defining their inability to spend more money than they have as a catastrophe. They prefer to raid the account by \$400 million rather than cut spending by that much or more; thus compounding the problem for the next biennium.

Ordinarily, money can be withdrawn and spent only if the governor declares an emergency in the wake of a catastrophic event, or if both the House and Senate approve such spending by a 60 percent vote. Slow job growth and declining tax revenues (a crisis that shouldn't be wasted according to White House Chief of Staff Rahm Emmanuel) make it easier for the already free-spending legislature to tap into the fund.

We recommend limiting the use of the Rainy Day fund for one-time emergency spending; you know, for a real emergency, like a natural disaster. Tapping this money now is like taking money out of your retirement account early to pay for a style of living that is above your means; a strategy current legislative leaders seem to approve of.

Day 80: Have the Washington State Patrol Fly the Friendly Skies Less

The good news: State Senate Democrats recently floated an idea to sell the Washington State Patrol's two King Air planes that could save the state **\$1.7 million**. The bad news: Making the governor and other state executives charter a private plane might end up costing the state more than it would make selling the planes and laying off three workers.

We like the idea of lawmakers looking for ways to cut expenses (instead of raising taxes), so if it turns out it's not financially feasible in the long run to sell the planes, why not at least cut down on the usage of the aircraft, or make them for critical use only? Main street is tightening its belt during these difficult economic times and doing with less. Why can't the state do the same?

Day 81: Tag Team to Save Money

A recent [news story](#) takes note of the fact that as the economy plummets, cashless bartering is soaring on the Internet. People have less expendable income, so they're turning to websites to help them get what they want without paying for it, at least with cash. Perhaps this kind of outside-the-box thinking should be applied to Washington state and its budget difficulties.

This mutual swapping of goods and services got us to wondering if this kind of thing could help Washington state, which, like a lot of other states, doesn't have a lot of extra money to throw around. Some other states are already teaming up. For example, Minnesota and Wisconsin are sharing fish—Wisconsin's frylings for Minnesota's fingerlings—along with hundreds of other items, including bullets for the police, menus for prisoners, trucks for bridge inspections and sign language interpreters. See the 130-page report on the services the two states intend to share [here](#). The sharing, officials in the two states say, could save them \$20 million over the next two years.

That sounds good to us. Surely, the state of Washington has some stuff other states want or need and would be willing to trade some of their resources and goods for the mutual benefit of all involved. Some may think it sad that it takes an economic and budgetary crisis to bring two states together, but better late than never we say.

Day 82: Contract Out to Private IT Companies

It's no secret that we're supporters of state government using the private sector to help manage and deliver public services, because it's often a good approach to cost savings and productivity—especially during difficult economic and budget times. We'd like to see that approach taken with the [Department of Information Services](#) (DIS), the cabinet-level agency that provides technology leadership for government organizations across Washington state. DIS has a budget of more than \$260 million for the 2009-11 biennium and 472 full-time employees.

Given the uncertain economy and increased financial pressures, the state needs to squeeze every possible return out of its investment. With that in mind, it would be prudent for the state to look into contracting out with private information technology (IT) companies that may help expand capabilities; reduce costs; gain access to scarce resources, skills and technologies; and improve delivery services. In addition, reducing the agency's workforce would lessen the amount of money going toward payroll and public pensions guaranteed by taxpayer dollars.

The state should evaluate the opportunities and risks associated with contracting out IT services based on goals, budget pressures and technology challenges. It's often the case that the [private sector offers identical or improved service](#) at a lower price.

Day 83: Adopt a "Right-to-Work" Law

Washington state is one of 22 states with no “right-to-work” law. That’s unfortunate, because evidence indicates that the economies of right-to-work states grow faster than non-right-to-work states. A right-to-work law prohibits collective bargaining agreements from requiring employees to support or belong to a union as a condition of employment. Obviously, we think that Washington state should adopt a right-to-work law. See our model legislation [here](#).

According to the Mackinac Center’s *The Economic Effects of Right-to-Work Laws: 2007*, the economies of right-to-work states grew by an average of 3.4 percent from 2001 to 2006, compared to 2.6 percent for non-right-to-work states. Jobs grew by 1.2 percent annually in right-to-work states, compared to 0.6 percent for non-right-to-work states. In fact, on several measurements, the trends between 2001 and 2006 were more favorable towards right-to-work states than they had been in Dr. William T. Wilson’s 2002 study, *The Effect of Right to Work Laws on Economic Development*, of which the 2007 paper is an update.

We know the unions here won’t go for it, but in light of Washington state’s current economic difficulties and the evidence cited, we think the case for making Washington a right-to-work state has only become stronger.

Day 84: Get Unemployment Insurance Costs Under Control

Washington state’s unemployment fund reserves are healthy—over **\$4 billion, or nearly 20 months of payout ability** with no further cash influx. Still, considering the tough economy, the situation in Washington could become worse because the state’s unemployment insurance (UI) costs are high. According to the *Washington Alliance for a Competitive Economy 2008 Redbook*, Washington’s unemployment costs per workers are \$803 a week, the second highest in the nation. Washington’s average weekly benefit is \$325, sixth highest. As the number of jobless workers increase, the reserve funds drain and legislators have one of three choices, none desirable: raise UI taxes, change benefits or borrow from the federal government.

It occurs to us that a suitable UI policy should work to promote employment, thus reducing the amount the state pays out. Washington needs to refocus its policies to promote employment. More face-to-face contact with UI recipients is needed to encourage rapid employment. Currently, UI claimants are required to do nothing more than log at least three job inquiries about employment opportunities each week. Also, the state should resist the temptation to increase its maximum UI benefit. The burden of UI taxes is ultimately borne by workers. Taking more money from working Washingtonians will only impede new employment opportunities.

Furthermore, we think Congress should eliminate the state’s mandatory contribution to the **federal UI program**. This would keep UI funds from Washington’s employers in-state and allow for the creative investment of these funds for a larger state UI trust. It also leaves the potential for lowering the tax burden on businesses while still maintaining a healthy UI trust fund. Congress should also allow states to receive waivers for experiments in alternative systems, such as specifically tailored, private UI accounts. This

would give workers and employers the flexibility to maximize and widen the safety net of transitional unemployment income to those who have earned this fiscal security through their previous employment.

Although company treasurers write the checks that pay UI taxes, workers foot the actual bill. Lawmakers would do well to remember that before they do anything that might make the system more expensive.

For more information, see the state's Employment Security Department [here](#).

Day 85: Set Up an Online Auction of Vanity License Plates

Like many states, Washington offers “[vanity plates](#),” a specific combination of letters and numbers on a license plate for an extra fee. (Personalized plates with a special background design are also available.) These plates are popular because Washington drivers like having some more choices to express themselves, and the state likes the revenue raised. Rather than charging a flat fee for each unique vanity plate, the state should auction plates off to the highest bidder, giving motorists who want the same plate a chance to buy it and bringing in more money to fund state transportation needs.

As it stands now, the state uses a simple first-come, first-served system to assign vanity letter combinations. For example, if this blogger requested the “EFFRULZ” vanity plate, but someone else had already taken it, that would be tough luck no matter how much money I might be willing to pay the state. Why not take advantage of the market-based reality that many letter and number combinations are desirable to a number of people and companies? The state is missing a golden opportunity to raise more transportation dollars that could be used to fix Washington's roads and fund other needs.

The legislature should have the Secretary of State set up an online auction system so that any Washingtonian can bid on any available letter and number combination, with each one going to the highest bidder each year, after which it would to auction again before the current license expires. Auctions ensure a fair market price—the price a willing buyer will pay for a particular vanity plate.

Other benefits? Money raised this way would be revenue neutral and help move transportation funding toward a fairer “user fee” model instead of garnering money from property taxes that burden everyone the same, no matter how much or how little they use the roads. Also, like gambling, vanity plate auctions are voluntary—no one is forced to have one. Unlike gambling, these auctions won't create negative social costs or create addictions.

We think the time is right to allow a market in vanity plates.

Day 86: Sell WSHFC Programs to Raise Millions

State lawmakers have been busily working to deal with the crisis caused by their

overspending and overpromising of government services. Rather than tax and fee increases, revenue shifts and other assorted budgetary gimmicks, state government should look to reforming and restructuring the [Washington State Housing Finance Commission \(WSHFC\)](#).

The WSHFC's programs are supposed to increase housing access and affordability, but the fact is they distort the market for low-income housing. How? In short, the housing market has a way of providing low-income housing without government involvement. Rental housing is built initially for those with higher incomes, but as these buildings get used, or as newer housing units are built, the older structures become more available for low-income residents.

The effect of the WSHFC's programs is to create a greater demand for the construction of new or renovated low-income housing, resulting in capital being shifted from where it's needed most to where there is less need. (You would think it would be obvious now of all times that too much government intervention in housing is disastrous.)

This idea of operating a state government housing bureaucracy efficiently—as the state is unlikely to eliminate the WSHFC in the near term—is not new. In January 2008, the Mackinac Center estimated that Michigan could find [\\$600 million in savings](#) by selling the Michigan State Housing Development Authority's (MSHDA) assets and its ongoing lending operations, either bundled or separately. Furthermore, the Mackinac Center found that low-income financing could be operated more efficiently if leased to a private lender, while noting that the MSHDA would still retain its bonding function, because in order for bonds to be tax-exempt, they must be issued on behalf of a state authority and used for an approved purpose.

We think policymakers should consider implementing something similar in Washington state.

Day 87: Turn Highway Rest Areas Into a Source of Revenue

The state should be able to lease highway rest areas and public transit hubs. The leasing companies could open restaurants, operate convenience stores, provide ATM services, etc. These businesses would have to pay taxes, and in exchange for receiving prime business locations, the businesses would take on the responsibility of restroom maintenance, trash collection and general grounds keeping. In fact, a 2008 Department of Transportation performance audit noted that public rest areas cost [\\$6.5 million a year](#). Surely, the legislature would do well to privatize them and add those funds back into relieving congestion or updating DOT technology.

Why is it the case in Washington state that private companies can't set up shop in public rest stops? It's because of the other Washington (D.C.). When the interstate highway system was created in 1956, community leaders feared that local businesses, jobs and their tax bases would dry up if travelers bypassed their cities. In response, Congress passed a federal statute prohibiting states from allowing private businesses to occupy rest areas along Interstate highways. The clause was immediately followed by an exception

for facilities constructed prior to January 1, 1960, which explains why highway rest areas with restaurants and gas stations are common on the New Jersey Turnpike but unheard of in Washington state. (You will note that in Washington state, among others, it is harder to visit private facilities, because you have to first exit the freeway and navigate through several intersections to reach a desired business, rather than exit directly into a rest area parking lot. Public rest areas are usually—but not always—positioned so as not to compete with private business.)

Attempts to remove the federal ban have been generally unsuccessful, due to resistance from existing businesses, as was the case with President Bush's 2003 federal highway funding reauthorization bill that included a clause allowing states to start experimenting with privatized rest areas on interstate highways.

Still, we don't buy the argument that commercialized rest areas would devastate nearby interchange-based businesses. After all, the east coast seems to be doing just fine with states commercializing highway rest areas and public transit hubs. We think Washington states deserve at least the chance to try out a pilot program when it comes to leasing highway rest areas and public transit hubs. Instead of lobbying the feds for more money (and therefore more federal control) politicians that represent Washington would better represent the citizens, and save tax dollars, by telling them to take a hike on how states manage their own rest areas.

For more information on Washington state's rest areas, click [here](#).

Day 88: Get Some Help From the Pew Center on the States

It's painfully obvious that Washington state needs help when it comes to saving taxpayer money and improving government operations, what with the \$9 billion gap between revenue and what lawmakers want to spend. Given the strong possibility that state leaders will turn to budget gimmicks and one-time federal stimulus money to temporarily "solve" the problem rather than making the fundamental changes needed to produce a long-term sustainable budget, Washington state should look outside for help.

We think the state should follow the lead of [West Virginia](#), which is one of three states partnering with the [Pew Center on States](#) in an attempt to save money and operate more efficiently. The Pew Center on States, a division of the Pew Charitable Trusts, works to advance state policies that serve the public interest.

Each year, the center's Government Performance Project evaluates the management of state governments through its Grading the States report. In 2008, the center gave [Washington state](#) an overall grade of A-. For all of the reasons mentioned previously regarding the state's budget problem and how legislators will likely deal with it, we doubt the state will receive such a lofty grade this year.

The first step in dealing with a problem is admitting you have a problem. Clearly, Washington state has a budget problem that can't or won't be solved in-house. There's no shame in getting some outside help from an organization that specializes in working with

states to improve how government is run. In the midst of a recession and state budget difficulties, we think Washington taxpayers would agree.

Day 89: Call a Budget Timeout

Given the dire situation with regard to the state budget, it's obvious that lawmakers need time to review budgets, taxes and spending before legislative hearings or final voting takes place. Oh yeah, it would also be nice if the public—you know, the people legislators are supposed to be working for—had the same chance.

In January 2007, the Evergreen Freedom Foundation created **model legislation** that would require a 72-hour budget timeout before hearings or votes on revenue or appropriations bills could occur. That same year, Rep. Gary Alexander introduced a bill that would create a five-day period before the budget could be voted on after its introduction. Unfortunately, it failed to even get a public hearing. Also, Sen. Val Stevens sponsored a similar bill in 2008 and this year. In other words, this legislation has failed three years in a row.

This type of legislation is clearly needed in a political atmosphere where it's not uncommon for budget hearings to be held on the same day as the budget bill is introduced. All too often, the budget bill is amended and enacted with little time for meaningful review or public input. The state budget—hundreds of pages long and mind-numbingly complex—is not light reading. The average citizen won't spend hours meticulously combing through the budget. In fact, a detailed reading of the budget has been known to send legislators who are hard-core fiscal wonks into a coma. Still, elected officials and citizens deserve a chance to look over the actual budget bill.

The point is the state budget is the most critical of all bills passed by the Legislature, and it should not be considered a rush job by politicians. Lawmakers and the public are entitled to the time necessary to actually read the budget and raise questions and/or objections before hearings or votes are held. Are the state's priorities in order? Is the state funding core government functions? Could the state be spending taxpayer money more efficiently? A budget timeout will give all involved the chance to debate, if not answer, those questions, and more.

Day 90: Reduce Medicaid Costs

One of the fastest growing areas of state spending is health care, especially Medicaid, a program funded by the federal and state governments that pays for medical care for low-income people. From 2000 to 2007, health care spending, adjusted for inflation, more than doubled. In Washington state fiscal year 2007, some **\$5.7 billion was spent on Medicaid**—including \$2.9 billion from the federal government and \$2.8 billion from Washington state's general fund.

Washington state has made **some progress** in terms of improving care for beneficiaries and controlling costs for taxpayers. Also, according to the Prescription Drug Program, the state has saved between \$20 million and \$24 million annually in fiscal years 2005 through 2007 (see pages 12-13 of the January 2009 **Saving Money by Improving Medicaid** report).

Still, there's more that can be done. Whether or not a Section 1115 block grant waiver—authority granted so states may test major restructuring of their Medicaid programs by experimenting with different approaches—can be obtained, the legislature should instruct the state's health agencies to implement cost-saving measures such as: 1) Cap the number of visits for routine care, 2) Limit access to emergency rooms to true emergencies, 3) Limit care more strictly to a basic set of services, 4) Divert a portion of Medicaid funding to Health Savings Accounts for recipients to allow for some level of cost-sharing between taxpayers and recipients. Ultimately, the legislature should reconsider Washington's participation in Medicaid rather than allow federal policy to drive the state into bankruptcy or force another Medicaid related tax increase.

Day 91: Authorize Municipal Hong Kongs

Hong Kong is a global metropolis and financial center with a highly developed capitalist economy. How did the now-Chinese territory get this way in spite of little or no natural resources and capital? In the 1950s, Hong Kong abandoned excessive government regulation and intervention. The result: It saw some of the most explosive economic growth in the world for nearly a half-century. Hong Kong's experience should serve as a model for Washington state's cities. To spur economic growth based on genuine local control, the Legislature should enact a statute giving municipalities the legal authority to become in-state "Hong Kongs."

This idea is a variation on economist Paul Romer's plan for the establishment of Hong Kong-like "charter cities," special zones within developing countries with better rules and institutions. The law should give cities, towns and counties directly, or through citizen's initiatives, the power to choose to restrict themselves to the core functions of government. In short, cities, towns and counties in Washington would be able to abandon all state and local regulatory or fiscal authority that restricts, penalizes or subsidizes peaceful and productive action or land uses. The legislature should also enact a resolution petitioning the president and Congress to create legal authority for municipalities to free themselves from similar federal regulations.

The state could spark tremendous economic growth without subsidies at the local level and counteract the real estate bust by following this recommendation.

By following the Hong Kong model, the legislature would be able to create economic islands of freedom within Washington state.

Day 92: Get Rid of WASL

Okay, okay. We know that new Superintendent of Public Instruction Randy Dorn has already said he plans to get rid of the Washington Assessment of Student Learning (WASL) exam soon and replace it with two new tests. We just want to make sure the WASL is replaced with an effective, less-costly test.

Dorn made it clear during his campaign that he didn't like the WASL, because the test disrupts school schedules for as long as three weeks, including makeup exams. WASL has also been controversial due to claims of unreasonable expectations, unusual questions and claims of test scorers with suspect qualifications. Due to inconsistencies in scoring,

some educators have warned that the WASL examinations are not appropriate for determining grade advancement and high school graduation.

For his part, Dorn wants to replace the WASL in the next school year with the Measure of Student Progress for grades three through eight, and the High School Proficiency Exams. One way Dorn plans to reduce costs is to offer the test via computer, rather than just paper and pencil. The goal will be statewide implementation for the tests' computerized version by 2012.

The new system would take about two-and-a-half days for grade school and middle school students, and Dorn wants to eventually shorten the high school exam to less than a week.

We like the idea of a new testing system that will give students shorter tests, lower state costs, return scores to schools more quickly and provide more diagnostic information for improved individual assessments.

Day 93: Take a Constitutional Approach to Limiting Spending

Washington's so-called budget deficit for 2009-11 is more properly described as how much legislators want to spend versus how much money taxpayers have to give them. The state's current budget woes are largely the result of a lack of both long-term planning and fiscal discipline. State spending increased by a whopping 34 percent during Gov. Gregoire's first term. To put it another way, the state spent about 2.5 times the amount of money it took in!

Olympia's out-of-control spending screams out for a tougher approach in forcing state leaders to curb their profligate ways. After all, this is the state that can't quite bring itself to utilize the **Priorities of Government** (POG) program to budget properly.

Clearly the state is addicted to overspending taxpayer money. The legislature should adopt a constitutional amendment to limit the growth of spending to the three-year average of inflation and population growth. These are reasonable budget limits similar to Initiative 601, which voters approved in 1993. However, I-601 was statutory, and the Legislature changed and gutted it until it was worthless. A constitutional amendment would further protect taxpayers and bring greater discipline to public finances. This would build on the "Rainy Day Fund" voters added to the state constitution in 2007.

Day 94: The State Should Create a Comprehensive Tax Database

Ideally, we would like the state of Washington to create an online, interactive map of state and local government entities, their jurisdictions and comprehensive information about governance and taxes for any address in the state. Unfortunately, according to the Office of Financial Management, a comprehensive tax transparency site would require 15 people and \$2.7 million to create. Also, the site would require 10 full-time equivalent employees to maintain. See the fiscal note [here](#).

We managed to put up a tax transparency website, www.taxsleuth.com, for a lot less money and with a lot fewer people. Still, we would be happy if the state went ahead and actually created—perhaps a tad more efficiently—its own online searchable database of all tax districts and tax rates in the state, rendering TaxSleuth obsolete. What can we say? We're suckers for government transparency.

Day 95: Get Rid of—or at Least Merge—State Cultural Commissions

With 470 boards and commissions at the beginning of the year, it's no secret that we think the state should save money by [getting rid of unnecessary boards and commissions](#). Only essential boards and commissions—those that clearly provide cost-efficient core government services—should be retained, especially when considering the state's perilous budget situation. As it turns out, [Senate Bill 5995](#), which was signed by the governor, got rid of some commissions, task forces and work groups, but was a dramatically scaled-down version of the original in that it impacts only about 20 boards and commissions. Still, it's a start, but we can't help but question—and we know this will be controversial—why the state is still spending taxpayer dollars on cultural and ethnic commissions. We think they should be scrapped, or at least consolidated.

This year, the state saw fit to spend money as follows: Archeology and Historic Preservation (\$2.7 million), Arts Commission (\$3.8 million), Asian Pacific American Affairs (\$460,000), African-American Affairs (\$487,000), Columbia River Gorge Commission (\$887,000), Eastern Washington Historical Society (\$3.3 million), Hispanic Affairs (\$513,000), Washington Historical Society (\$5.2 million) and Indian Affairs (\$542,000). We have nothing against these and other commissions making their voices heard in Olympia, but the real question here is this: Is promoting the interests of a given group at taxpayer expense a core function of state government? We think not, and as such, public money should not be spent on cultural and ethnic commissions.

At the very least, the state should merge some of these commissions to reduce costs. Instead of various cultural and ethnic groups having separate commissions, they should

Day 96: Stop Never-Ending Public Subsidies When Temp Taxes are Paid Off

Just before the legislative session ended, [Substitute Senate Bill 6116](#) died. We're not mourning the loss of the bill—rather, we're celebrating—given that the measure would have allowed Washington lawmakers to dip into the hotel, car-rental and restaurant taxes currently pledged to pay off Safeco Field, Qwest Field and the Kingdome (which was demolished in 2000).

The money would help fund renovations and expansions to other local sports venues, like Key Arena and Husky Stadium. Key Arena hopes to lure a new NBA team to replace the departed Sonics, while the [University of Washington wanted \\$150 million in public money](#) for the \$300 million job renovating and repairing Husky Stadium. In addition, the proposal would have allowed King County to fund future maintenance at Qwest and Safeco fields, affordable housing around transit stations and subsidies for art groups.

The restaurant tax, which generates \$20 million annually by state estimates, was scheduled to run through 2015. But the construction bonds for the Mariners' Safeco Field that the restaurant tax is paying off are now expected to expire in 2012. The same early expiration is expected for the 2 percent hotel-motel tax that is scheduled to pay off the old Kingdome debts by the end of 2015. That tax is then scheduled to fund Qwest Field, the Seahawks' new home, until 2020

However, some in Olympia, it seems, never want the stadium taxes to end, even though the taxes were sold to the public as temporary revenue sources that would be discontinued once the facilities were paid off. Citizens and taxpayers deserve better than to have the state redirect the revenue stream to whatever suits their fancy. One wonders if it even occurred to lawmakers to simply let the taxes expire like they are supposed to!

Then again, this isn't surprising considering the [Field of Schemes](#) history of public financing of sports venues in this state. Safeco Field, which opened in 1999, was built with taxpayer money despite voters' rejection of a tax increase to pay for the stadium four years earlier. Public financing for Qwest Field, which opened in 2002 as Seahawks Stadium, was narrowly approved by voters in 1997 despite critics who objected to taxpayer subsidies for the Seahawks and their owner, billionaire Paul Allen.

Still, we wish the state would drive a stake through the heart of the idea of never-ending tax subsidies.

Day 97: Expand Fiscal.wa.gov to Include Itemized Expenditures, Local

Government Info

We like the state's searchable budget database, www.fiscal.wa.gov. It provides useful details on state expenditures and revenues in a variety of forms. It's a great source for citizens, taxpayers, journalists and public policy wonks alike.

In that spirit, we would like to offer some constructive suggestions to make the site even better. For example, we'd like to see the site expanded to include more detailed information on what the state is spending public money on, by which we mean itemized expenditures. People should be able to go on the site and find out how much the state is shelling out for paperclips, pens and pencils. Like we said: details. Knowing exactly where taxpayer money goes will help promote government transparency and, we hope, accountability.

For example, Texas' [Where the Money Goes](#) program saved the state [\\$4.8 million when duplication in state contracts](#) was discovered and merged. In addition, an additional \$3.8 million in other savings was identified.

We'd also like to see local governments either set their own similar transparency websites or send their information to the state for posting on www.fiscal.wa.gov.

Day 98: Expand For-Profit Schools in Higher Education

We've long advocated that the state [contract out routine government services](#) and privatize when it's feasible to do so. With tuition prices at four-year public colleges and universities possibly going up a whopping 14 percent during each of the next two years, we think the state should embrace innovation and expand opportunities for for-profit institutions of higher learning with the power to award degrees.

Despite the drubbing it's taken in the mainstream media and popular culture recently, the profit motive—the ultimate purpose of a commercial enterprise, to make money—is alive and well in the higher education field. While the sour economy has many higher education institutions pinching pennies, for-profit schools are doing well. Several for-profit institutions have campuses in Washington state—DeVry University and the University of Phoenix come to mind—and are doing quite well at providing a quality education. Applying the profit motive to higher education does not mean quality is sacrificed.

This is even true overseas, where one need only look across the Atlantic to the [BPP Business School](#), the United Kingdom's only for-profit, degree-awarding business college. (See EFF CEO Lynn Harsh's blog on the subject [here](#).) While only time will tell if the school will ultimately be a success, the fact is the school's leadership is excited about the future of the BPP Business School. In addition, the government body in charge of monitoring higher education standards, the Quality Assurance Agency, saw fit to grant the school the power to award degrees.

During a time of budget difficulties and costly tuition hikes, we think it's time the state did some outside-the-box thinking when it comes to higher education by expanding

opportunities for for-profit colleges and universities. The profit motive works everywhere else—producers of useful products and services succeed, while those that don't fail—so lawmakers should do what they can to support the success of for-profit higher education in Washington state.

Day 99: Give State Employees Health Savings Accounts

Health care will be a hot topic this summer, and Health Savings Accounts (HSA) will no doubt come up a lot. HSAs are pre-tax savings accounts on which no taxes are paid as long as funds are used to pay for health care expenses and are coupled with high-deductible insurance plans. These accounts could give state employees greater flexibility over health care decisions and save the state money, which is why we're in favor of them.

As it turns out, the state doesn't offer HSAs, but does offer **Flexible Savings Accounts** (FSA), according to the Office of Financial Management. About 9,000 people out of the 330,000 people covered by the Public Employees Benefits Board—2.7 percent—have FSAs. What's the difference between an HSA and an FSA? The biggest and most important difference is that the balance of a HSA can roll over from year to year and continue to grow tax-deferred. Money in a flex plan must be spent by the end of the plan every year or you lose it.

Implemented properly, HSAs for state employees could save taxpayers millions of dollars a year in state-provided health care benefits. A **2006 report** from the Washington State Health Care Authority identifies potential savings from \$3 million at 2 percent enrollment to \$20 million at 10 percent enrollment. Other HSA benefits as outlined by the report include: controlling costs by encouraging better utilization of health care services and by promoting price competition among providers, improving public employee morale by giving workers greater flexibility and control over their own benefits and lowering administrative and record-keeping costs.

We think state policymakers should ease regulations, reduce taxes and loosen mandates to bring more consumerism to health care in the state. Making HSAs desirable would result in more health coverage choices, fewer uninsured, better quality and lower prices for Washington residents.

Day 100: Make the Right Choice Between Public Art and Performance Audits (Hint: It's Not Public Art)

We've railed against **taxpayer funding of art** before, and now is no exception, especially given the dire budget circumstances. We're referring to the Washington State Senate having recently rejected an **amendment** that would have replaced performance audit money in part by taking from public art projects. The money would need to be replaced because recent House and Senate budget proposals would take **\$15 million** out of the budget for performance audits conducted by the State Auditor's Office.

The amendment effect statement is: *General Fund appropriations are used to replace \$15.0 million of Performance Audit Account monies to fund LEAP, JLARC and OFM programs, thereby restoring expenditure capacity to the State Auditor for the performance audit program. General Fund savings of \$15.0 million are achieved by*

eliminating the Arts in Public Places program of the State Arts Commission and transferring 336 offenders supervised by the Department of Corrections to less expensive, out-of-state facilities.

For those wondering, the Art in Public Places program does the critical job of facilitating “the acquisition, placement and stewardship of artwork in state-funded building projects throughout Washington state.” Meanwhile, all the **performance audits** do is identify millions of dollars in potential cost savings and unnecessary expenditures.

Sarcasm aside, it seems a no-brainer that the latter choice is the way to go, what with a budget crisis and all. The Senate, apparently, disagrees.

Day 101: Get Out of the Business of Running the State Convention & Trade Center

The state, it seems, still can't get the hang of the concept of prioritized spending—even during a budget crisis. On the one hand, Rep. Eric Pettigrew, the prime sponsor of a “temporary” **sales tax hike of 0.3 percent**, recently said, “**People will die if voters don't pass this legislation.**” On the other hand, legislators are proposing to spend \$118 million over the next two years on the State Trade & Convention Center. Even in Olympia—where common sense and logic often take a back seat to politics—this does not add up.

If the ongoing budget drama really means people's lives are in danger, how can lawmakers possibly justify spending money on the State Trade & Convention Center? It's not as if running the State Trade & Convention Center is a core function of government, like, say, health care or public safety. In the future, the state should either lease the center to a private company or sell it. After all, it's not as if the private sector can't build and/or operate such a facility. The \$180 million Pepsi Center in Denver, for example, was almost entirely funded with private money when it was constructed 10 years ago. The diversity of the facility—it's a professional basketball, hockey and entertainment venue—helps maximize revenue. No doubt a private company could do the same for the State Trade & Convention Center.

The bottom line is that citizens deserve better than to be told by state government to vote to raise taxes or watch people die, especially when legislators appear reluctant to actually curtail non-essential spending. Voters are being given a false choice. We wish the state would choose to really prioritize spending.

Day 102: Have the Legislature Go Part-time

After seeing the state legislature in action—or inaction, with 2,575 bills introduced, 1,705 amendments introduced and 169 laws passed, but still no budget passed as this is being written—we like the idea of truly part-time legislature, as exemplified by New Hampshire. There are 424 part-time legislators in the Granite State, who get paid \$100 a year for their annual 45-day legislative session.

Meanwhile, Washington state's 147 legislators, by comparison, get paid a lot: \$42,106 annually. In odd-numbered years when the budget is the subject of debate, the state legislature meets for 105 days, and in even-numbered years for 60 days.

We like the decreased pay and shorter legislative session for a number of reasons: Little or no pay means fewer full-time career politicians and more citizen legislators who maintain close ties to their communities and a keen interest in the concerns of the electorate. The shorter session means improved efficiency in terms of getting down to business and passing important laws (like the budget).

Additional cost savings would be gained from reductions of staff that are no longer needed if the legislature is part-time. You know what they say: Sometimes less is more.

More information on legislator compensation can be found [here](#).

Day 103: Do Something About Cost Overruns on Public-Works Projects

It's almost a given that big public-works projects such as bridges, light-rail systems and—ahem—tunnels end up being far more costly than estimated. The state should get a handle on controlling costs, given that the legislature has passed a bill for replacing Seattle's Alaskan Way Viaduct with a deep-bore tunnel. Total cost of the project is \$4.3 billion, with state funding for the tunnel capped at \$2.4 billion. We think the state should provide proper incentives for completing projects within allotted budgets, rather than sticking with the current system of perverse incentives that allow projects to eat up taxpayer funds from a bottomless money pit.

Color us skeptical about keeping the state's share of the bill to \$2.4 billion, for two reasons: 1) An amendment to the bill that requires downtown Seattle property owners to pay for any cost overruns related to digging the tunnel may not pan out. Legal experts doubt the provision sticking Seattle with cost overruns is even enforceable because it's so vague. Also, city taxpayers would have to approve of sales tax increases beyond the annual 1 percent cap. 2) A professor at Oxford University has done a compelling [series of studies on why public-works projects often skyrocket in price](#). The professor concludes that project backers often suffer from “delusional optimism” and—gasp!—knowingly lie to the public. Not surprisingly, political pressure often leads to a lowballing of costs and an exaggeration of benefits.

It's a sad fact that government is a wasteful user of resources because it tends to replace competition with monopoly and market pricing with bureaucratic regulations. Also, since

the government spends other people's money (read: taxpayers), public officials are more likely to support unsound schemes and are not as interested as they should be in keeping programs and projects on budget.

We believe the state should do what it can to accurately estimate the cost of public-works projects and then work really hard to come in on budget. How? Give government the proper incentives. For example, offer contractors bonus pay for completing a project on time and on budget. Imagine that—a government project finished on schedule and for the amount specified! A more fundamental reform is to terminate and privatize as many state activities, including infrastructure, as possible

The bottom line is taxpayers don't like getting stuck with a bill that's much larger than the price originally quoted.

Day 104: Shift Some State Road Patrols to County Sheriffs

We think in some cases the patrol of roads should be turned over from the state police to county sheriff's deputies, thus downsizing the Washington State Patrol and using it for specialized functions beyond the capacity of local law enforcement. It would save the state money and have zero effect on public safety.

How? The **cost of employing a state trooper** is **usually** greater than the average cost of sheriff's deputies, yet deputies can write traffic tickets and perform other routine law enforcement functions just as well. Legislators should pass a law that contracts this activity, where applicable, to counties and downsize the Washington State Patrol—perhaps even selling off some of its assets—thus saving tens of millions of dollars.

Considering the lean economic times and the current state budget crunch, it doesn't take a detective to figure out that if the state can get the same service for less taxpayer money, it should do so.

Day 105: Truly Hold State Agencies Accountable for How They Spend Money

In January 2008, the State Auditor's Office conducted a **performance audit** on the state Department of Transportation's (DOT) Highway Maintenance and Construction Management. The performance audit made 34 specific recommendations that SAO said could save nearly \$42 million in potential cost savings and unnecessary expenditures. DOT responded as follows **here**, detailing its actions and planned actions. For a moment, let's assume DOT simply failed to make all or a portion of the changes necessary to implement the identified cost savings with no explanation. What then? We think the state should have a plan that actually holds state agencies accountable for such behavior.

How? During the next budget round, said agency should have its budget automatically reduced by the amount of cost savings it fails to implement. The only exception would be in the case of an agency reasonably explaining why such savings can't be achieved.

In the private sector, the profit motive ensures that companies and organizations efficiently spend the money they bring in. The same can't be said for the public sector,

which has no similar bottom line. That's why we like the notion of a penalty motive for state agencies—that is, a real and automatic budget reduction for failure to implement recommended savings.

State agencies collecting public money have a responsibility to spend it wisely. Negative reinforcement, we hope, would motivate state agencies to squeeze every last drop out of each taxpayer dollar.