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State income tax would fix school funding and much more

By John Burbank

Twelve days ago the State Supreme Court found that the Legislature is in “ongoing violation of its constitutional obligation to amply provide for public education.” It imposed a \$100,000-a-day fine until a funding plan for this obligation has been satisfied. That adds up to about \$3 million a month, which may seem like a lot, but is small potatoes in the big picture of the state's \$38 billion operating budget. If anything, the court let the Legislature off easy. A more effective remedy would have been to garnish the salaries of the legislators themselves. That would have gotten their attention!

Legislative leaders think they can just muddle through and do a minimal amount to meet the paramount duty for the education of all children. This is what they want to believe, so that they do not have to grapple with our tax system, which is the underlying reason for the perpetual underfunding of state services, including — but not solely — K-12 education. They want to manage the fiscal crisis. We need to vanquish it.

Our state government underfunds all over the place. Case managers for foster kids have a case load that is 30 percent higher than national standards, meaning they don't have the time to devote to abused, neglected and disregarded foster children. College tuition, now running at close to \$12,000 a year at the University of Washington, is almost double what it was ten years ago, even with the slight decreases put into place this summer.

How much will it cost to fully fund McCleary and the voter-approved but Legislature-delayed Initiative 1351? About \$3.5 billion a year more than what the Legislature is funding now. What if we decrease higher education tuition by 75 percent, resulting in tuition levels of \$1,500 for community college, \$2,500 for the regional universities, and \$3,500 for the research universities? That's another \$1.5 billion.

You can't just muddle through that \$5 billion. Economic growth won't get us there, because our tax system is not tethered to growth in income. But it would also be incredibly easy to get this money, if we had the political leadership willing to do so.

How can that be? Look to Amazonia on South Lake Union or across I-405 to Redmond, or to the tony neighborhoods of Hunts Point and Medina. Note the new buildings, new cars, new remodels, new houses, and realize that is just the tip of the iceberg of new income and wealth in our state. The beneficiaries, indeed the takers, of this wealth, gain it thanks to our public legal system, public transportation infrastructure, public-owned utilities, public schools, public safety and public higher education. And yet, because we don't tax income at all, we leave the biggest building blocks for education on the table. All of this income stays with the house. In staying with the house, it just makes

worse the aggregation of income, privilege, power, and wealth to the top 1 percent, while undermining and under financing public services.

Legislative leaders turn a blind eye to the wealthy when considering how to fund McCleary. As a result, the Legislature violates the state's paramount constitutional duty. These leaders are afraid of even mentioning a tax on income, yet that is the only solution for full funding of McCleary and for putting a brake on the accelerating accumulation of outsized income at the very top.

How much revenue would a progressive income tax provide for public services? First exempt \$50,000 of income. Then put in place effective tax rates of 2 percent for a \$100,000 household, 3.5 percent for a \$200,000 household, 5 percent for a \$500,000 household, 6.25 percent for a million dollar household, and 8.125 percent for a \$2 million household. That would raise \$7.5 billion.

Now let's do the math:

\$7.5 billion in new revenue,

Minus \$3 billion for K-12 education,

Minus \$1.5 billion for higher education tuition,

Minus \$500 million for early childhood education.

That leaves \$2.5 billion on the table. With that, we could take a bite out of our regressive tax system by dropping the sales tax by 1.5 cents. That would cost about \$1.5 billion. And that leaves \$1 billion a year for other public services and a reserve.

The expenditures for McCleary are certain and definitive. You can't get around them. So let's not try. Instead, it is time for a progressive income tax. We can't afford to wait.

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