

Issue: Dedicate Revenue for Higher Education

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1) Describe the Issue

Trends show a clear state divestment in higher education where students suffer from greater financial burden and dramatic tuition increases. As the cost of higher education increases, many students are unable to pursue postsecondary education or do so but graduate with increasing amounts of debt that stifle their development after graduation.. In 2014 WA graduates had on average \$24,804 in student debt. This debt disadvantages students and delays them from starting their lives post-graduation, which also negatively affects the economy as a whole. Additionally 40% of debt nation-wide is held by graduate students, disproportionately closing off low income students from advanced degrees.

In order to improve the affordability and accessibility of higher education, the state must increase their financial contribution, which is unlikely without an increase in consistent revenue from reliable sources. With new and dedicated revenue Washington state has the potential to radically redefine what public higher education looks like by fully funding higher education.

This proposal will attempt to offer clear, realistic, and as bipartisan as possible sources of new and dedicated revenue that can be specifically allocated towards higher education. The criteria for these suggestions have taken into account three basic guidelines: 1) do not increase existing taxes that disproportionately harm people of lower income, 2) aim for tax increases that discourage negative behaviors that are harmful to society, and 3) avoid negatively impacting the economy of Washington State.

Tax Lottery Winnings

Although lottery winnings are already implicitly taxed, there should be an explicit tax on lottery winnings with the proceeds funding higher education. Washington state's current implicit lottery tax revenue results in a profit equivalent to \$19 per person, which is lower than the U.S. average at \$58 per person. A 3% tax on lottery winnings would bring in \$11.2 million annually.

Close the Extracted Fuel Exemption

As part of a multi-year effort on climate policy and with a looming need to find new revenue to support higher education, this proposal would build on a campaign initiated by the environmental community in 2013 to eliminate the "extracted fuel exemption" in state tax code. Oil companies benefit directly from taxpayers and students have borne the burden of financing this investment. Closing the loophole would generate between \$41-63 million per biennium. Additionally this

exemption was created for hog fuel industries, none of which currently use this tax break, it has been taken over by the Washington refineries, who were not the intended beneficiary and can afford to pay what they should in taxes.

First Time Mortgage Lenders Tax Loophole

Banks that lend to first time home buyers do not pay tax on profits. This was originally designed to benefit WaMu, a bank that no longer exists. This could generate \$100 million per biennium in non-consumer taxes. Multiple studies have proven that this likely would not be passed on to consumers, so their would be little negative impact.

Limit Real Estate Excise Tax (REET) exemptions

Currently when you sell a house in WA you pay a REET, limiting the exemptions currently offered would ensure that banks/lenders pay a REET when they sell foreclosed properties, treating them the same as an average Washingtonian selling a home. This could raise up to \$81.9 million per biennium.

2. Please Attach a strategy chart:

GOALS	ORGANIZATIONAL CONSIDERATIONS	CONSTITUENTS/ALLIES/OPPONENTS	TARGETS	TACTICS/TIMELINE
Long Term: New revenue sources created with revenue dedicated to fully fund higher ed. (Support services, financial aid, etc.)	Haves: The \$\$ to plan lobby trips for students, the ability to organize on campus campaigns around an issue, ability to do actions on campus, liaisons in positions to talk to legislators about the issue	Constituents: Students (and families that take on student debt.)	Primary: Rep. Hans Dunshee (D): Chair House Appropriations, Rep. Bruce Chandler (R): Ranking member, House Appropriations, Rep. Frank Chopp (D): Speaker of the house, Sen. Mark Schoesler (MCC): Senate Majority Leader. Sen. Andy Hill (MCC): Ways and Means chair. Sen. Hargrove (D): Ranking member Ways and Means	Educational: Educational tactics for this issue will most likely be things like a teach in- issues around dedicated revenue can be incredibly inaccessible so most educational tactics would revolve around increasing understanding of these potential solutions
Intermediate: Looking at closing ineffective tax loop holes and having the funds dedicated to higher education	Wants: Dedicated group of students on each campus focusing on this issue & raising awareness of economic impact of poorly planned or mis-used tax loopholes, as well as general economic	Allies: Closing tax loopholes has been mainly supported by Democrats. However, the idea of dedicated revenue to higher education may be supported across the aisle. Additionally, we may be able to ally with K-12 interests who are looking to	Secondary: Gov. Jay Inslee (D): Has made education a top priority Sen. Barbara Bailey (R): Invested in Higher Ed	Power: One idea would be using fake money or checks to signify how much students are paying annually to attend Institutions or how much debt they will be graduating with. Running a "what if campaign might also be an effective way for students to express how

	information from a student perspective.	increase their funding after the McCleary decision by dividing new revenue between K-12 and higher ed.		much debt they are going to graduate with and what they could have bought with that same amount of money
Short Term: Creating discussions around the importance of fully funding higher ed with a steady stream of dedicated revenue	Obstacles: Often times it can be hard to engage the student body on issues that are inaccessible in general, for this issue it would require a two prong education and advocacy campaign.	Opponents: -Large Polluters -Oil Industry -Banking Industry		

3. Briefly Explain the Following:

1. Win Real Victories That Improve People's Lives?

Historically, finding new and dedicated revenue has been an extremely difficult challenge even though it is a necessary condition to accomplishing most of the legislative requests we've had on our agenda's. While these proposals push Washington towards economic justice, the potential revenue is what can actually improve people's lives, with more steady sources of revenue Washington would be able to fund not only higher education, but many other services that could make higher education truly accessible in Washington.

2. Does it directly impact and improve students' lives?

A decrease in financial burdens and barriers as well as an increase in the quality of higher education has an incredible impact on students, being able to navigate our institution of higher ed is difficult enough without the additional stress of finances or lack of support.

3. Does it have a clear target?

Our primary targets are as follows:

Rep. Hans Dunshee (D): Chair of the House Appropriations Committee.

Rep. Bruce Chandler (R): Ranking minority member, House Appropriations Committee

Rep. Frank Chopp (D): Speaker of the house

Sen. Mark Schoesler (MCC): Senate Majority Leader.

Sen. Andy Hill (MCC): Senate Ways and Means chair.

Sen. Hargrove (D): Ranking member Ways and Means

Secondary Targets

Gov. Jay Inslee (D): Has made education a top priority

Sen. Barbara Bailey (R): Invested in Higher Ed

4. Does it build a measurable amount of power?

Any issues that involves the affordability, accessibility, and quality of higher education is going to build some amount of power. As mentioned earlier, new and dedicated revenue is absolutely necessary for us to pass the rest of our agenda. Students care a lot about these issues. Also, the more obvious and tangibly measured issues such as tuition and financial aid help tremendously in organizing and rallying students together. All students can relate over high tuition and less access to financial aid, which has made pursuing higher education increasingly difficult.

Additionally this is something that multiple organizations across the state are working on and adding our support to the issue would grow our ability to form coalitions and grow our numbers as well as potential new allies.

5. Does it have a clear and realistic time frame?

Yes. Most of these recommendations if passed could take effect as soon as the next fiscal year.

That being said each of these different proposed taxes could take varying levels of time and effort to implement:

Taxes on Lottery Winnings: These revenue policy changes will be easier to implement because the tax structures already exist and opposition to increases in these taxes is more minimal.

Close the Extracted Fuel Exemption: The environmental community's strong campaign to mobilize support for closing the loophole makes 2016 a good session to build a broader base of support for pushing oil companies to make investments in critical state obligations like higher education.

First Time Mortgage Lenders Tax Loophole:

This should be relatively easy, when the reason for a piece of legislation becomes obsolete, like WaMu has, there is a strong argument to be made for the removal of those protections.

Limit Real Estate Excise Tax (REET) exemptions:

This also has fallen more along partisan lines, but the moral argument for it is pretty strong.

6. Does it have a state organizing and lobbying angle?

Absolutely, most of these loopholes and taxes are recommended at the state level and allow for more progressive instead of regressive state funding. In addition these proposals are movements

towards the economic justice that Washington needs in order for its institutions to be able to fully serve students, and potential students, of Washington.

7. Could students build a diverse campus coalition around this issue?

Issues such as finding revenue sources to better fund higher education, are associated with the affordability, accessibility, and quality of higher education in general, this issue is both deeply and widely felt for all students. It is incredibly important to note too that the issue of inadequate funding disproportionately affects students of color, and in order for the solutions to be real and meaningful students of color need to be involved in this work. In addition some of the proposals listed create a natural alliance with environmental groups on campus.

8. Is it likely to be debated and acted upon by the Legislature in the next year?

New and dedicated revenue is always a topic of conversation, but some years the conversation is more serious and realistic than others. Students will be heavily pushing for fully funding the state need grant, the work study program, and other need based forms of aid. In addition Education has become an election issue and heading into campaign season many candidates will want to add champion of higher education to their campaign materials, we need to make them work for that title. Finally, because this is a budget year, this issue will likely come up and we should be prepared to respond.

9. Will it strengthen and expand efforts within WS A?

Yes, funding higher education is a priority for all students. By dedicating time and energy into this issue, we will be able to continue expanding our mobilizing efforts on campus as well as at a statewide level. Increased funding for financial aid is an incredibly unifying movement for students.

10. Can you provide background information and the current context of the issue?

WS A has lobbied for different parts of this issue and other sources of dedicated revenue off and on for the past few years, having this proposal on our agenda serves as a way to validate the student opinion in Olympia, showing that we have the ability to find funding for the changes we are recommending. Many of these issues have been a part of tax discussions for a few years at the state level as they work towards higher winnability.

11. What creative and/or innovative tactics could we employ to engage the media and excite new students around this issue?

One idea would be using fake money or checks to signify how much students are paying annually to attend institutions or how much debt they will be graduating with. Running a “what if” campaign might also be an effective way for students to express how much debt they are going to graduate with and what they could have bought with that same amount of money. We can come up with other tactics throughout the year as we react to the way the session is forming around a supplemental budget.

TICAS WA Debt info:

http://ticas.org/posd/map-state-data-2015#overlav=posd/state_data/2015/wa