

Our Economic Weaknesses Revealed by COVID-19 – and What We Can Do about It

ECONOMIC OPPORTUNITY INSTITUTE

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US least prepared of any wealthy country

Unlike peer nations, U.S. lacks:

- Universal health coverage
- Universal paid leave standards
- Strong public support for child care
- Strong regulatory and social safety net

Crisis exacerbated by policy choices

Policymakers have perpetuated:

- Growing income inequality
- Tax breaks for wealthy + disinvestment in people and infrastructure
- Distrust of government
- Institutional racism and anti-immigrant policies

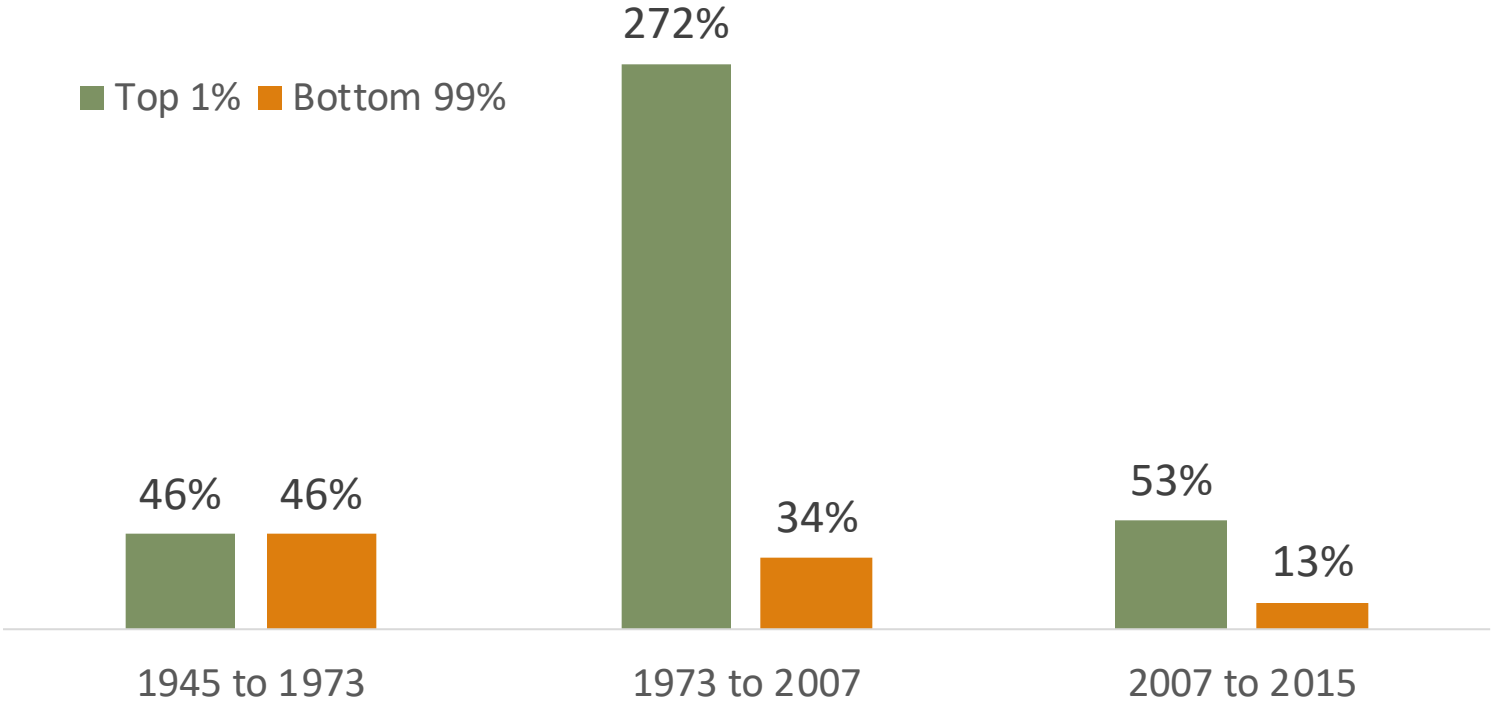
WA advocates have won strong workplace standards

- Strong minimum wage
- Paid sick & safe leave
- Paid Family & Medical Leave
- Overtime protections

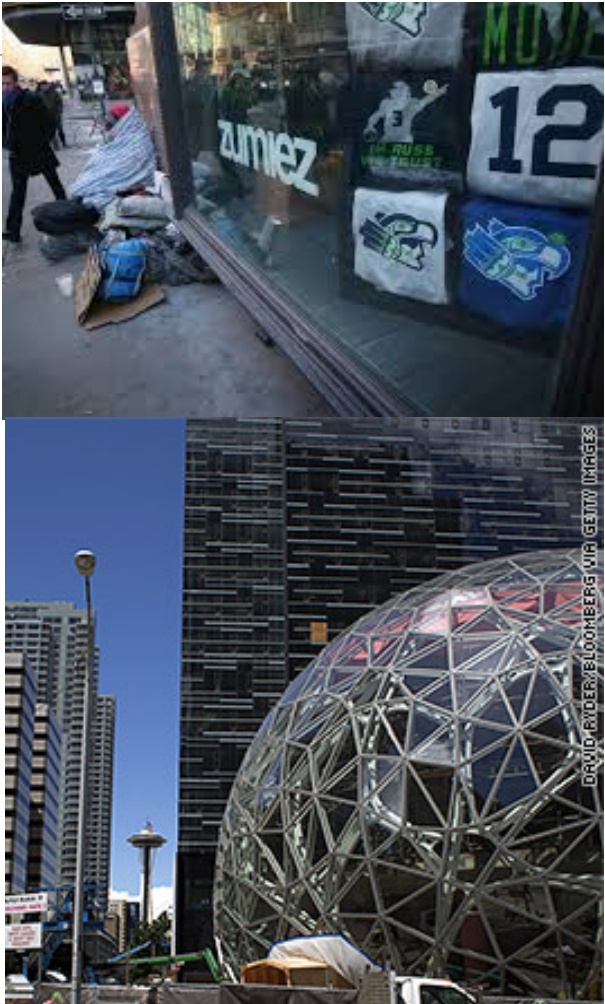


But rising income inequality leaves many behind

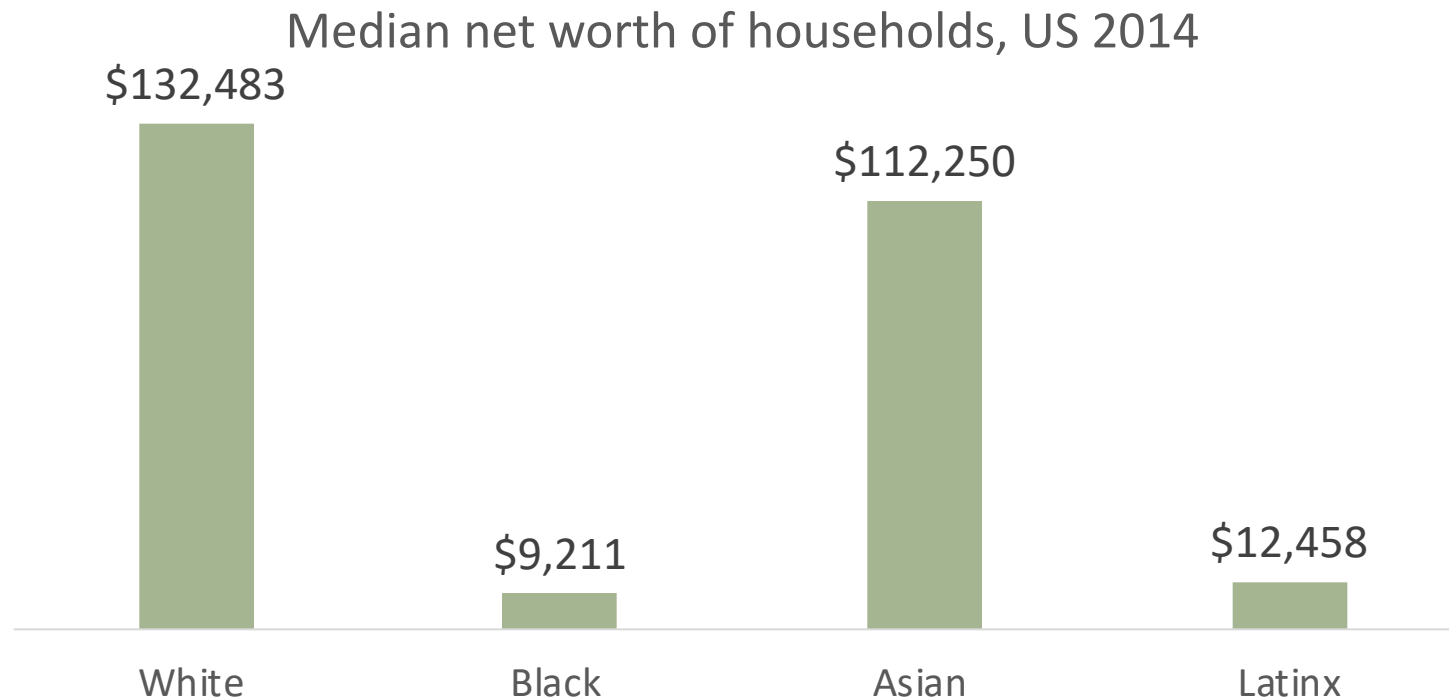
Share of Income growth to Top 1%, WA



Source: EPI, *The New Gilded Age*, 2018

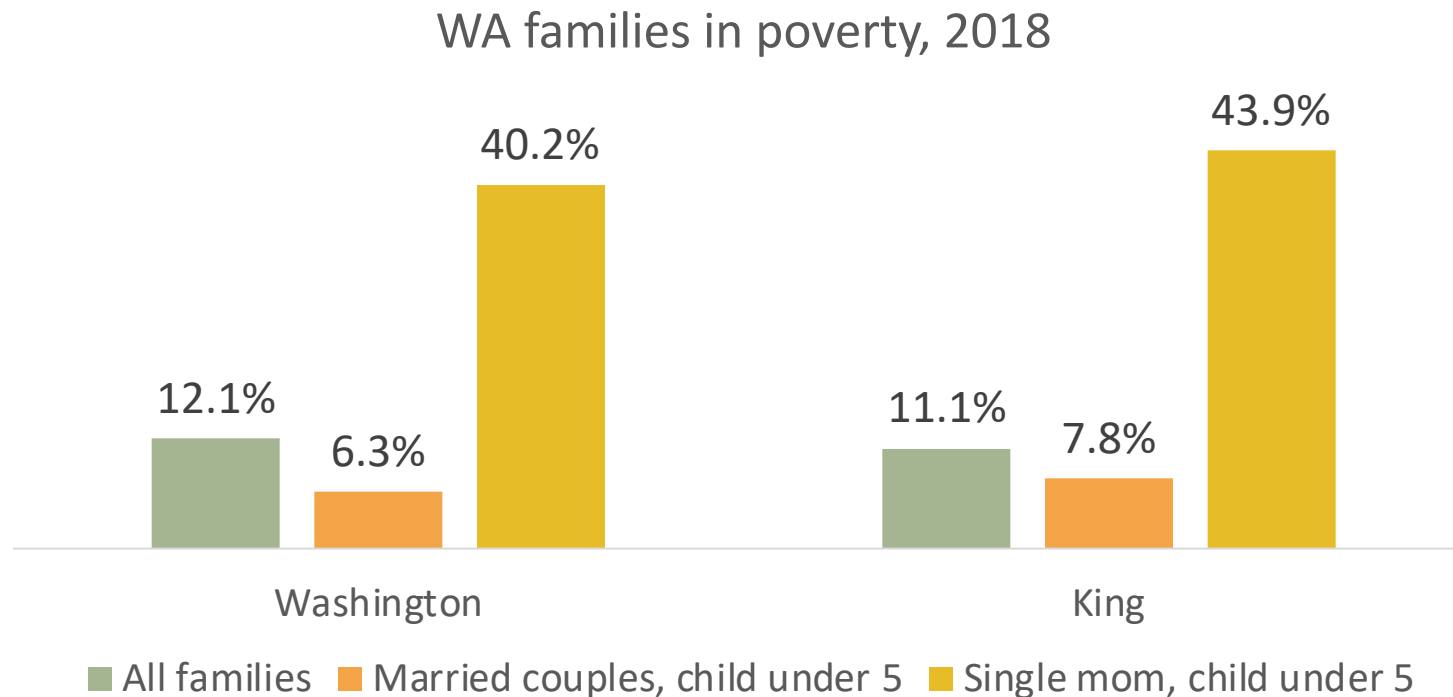


Racial inequity evident in wealth gap



Source: US Census Bureau, Survey of Income and Program Participation, 2014 Panel, Update Nov 2017

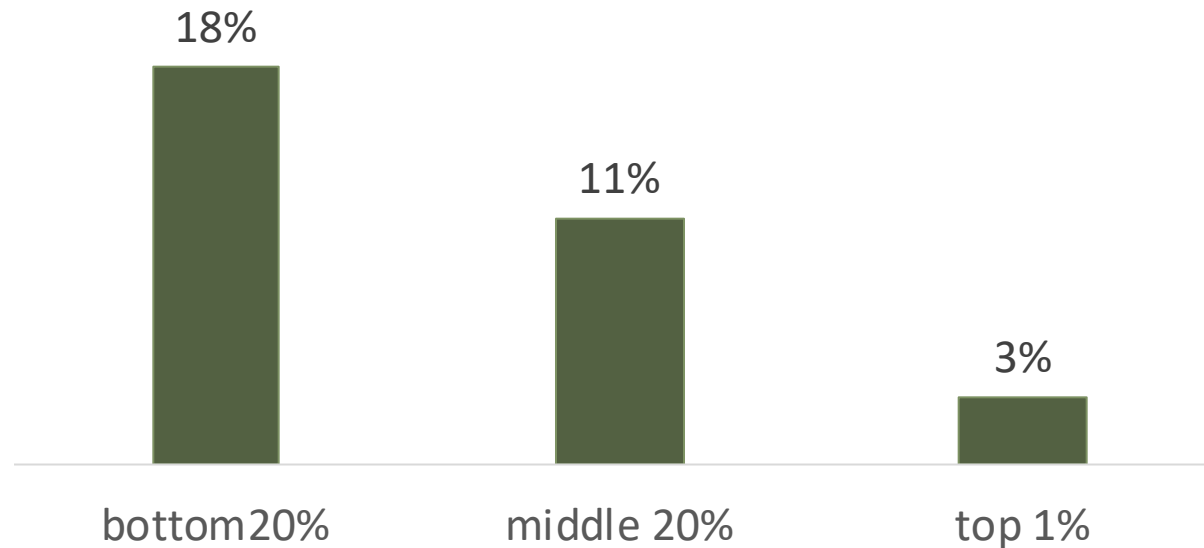
Single moms and young kids at high risk of poverty



Source: US Census Bureau, American Community Survey 2018

Washington has most regressive tax system of any US state

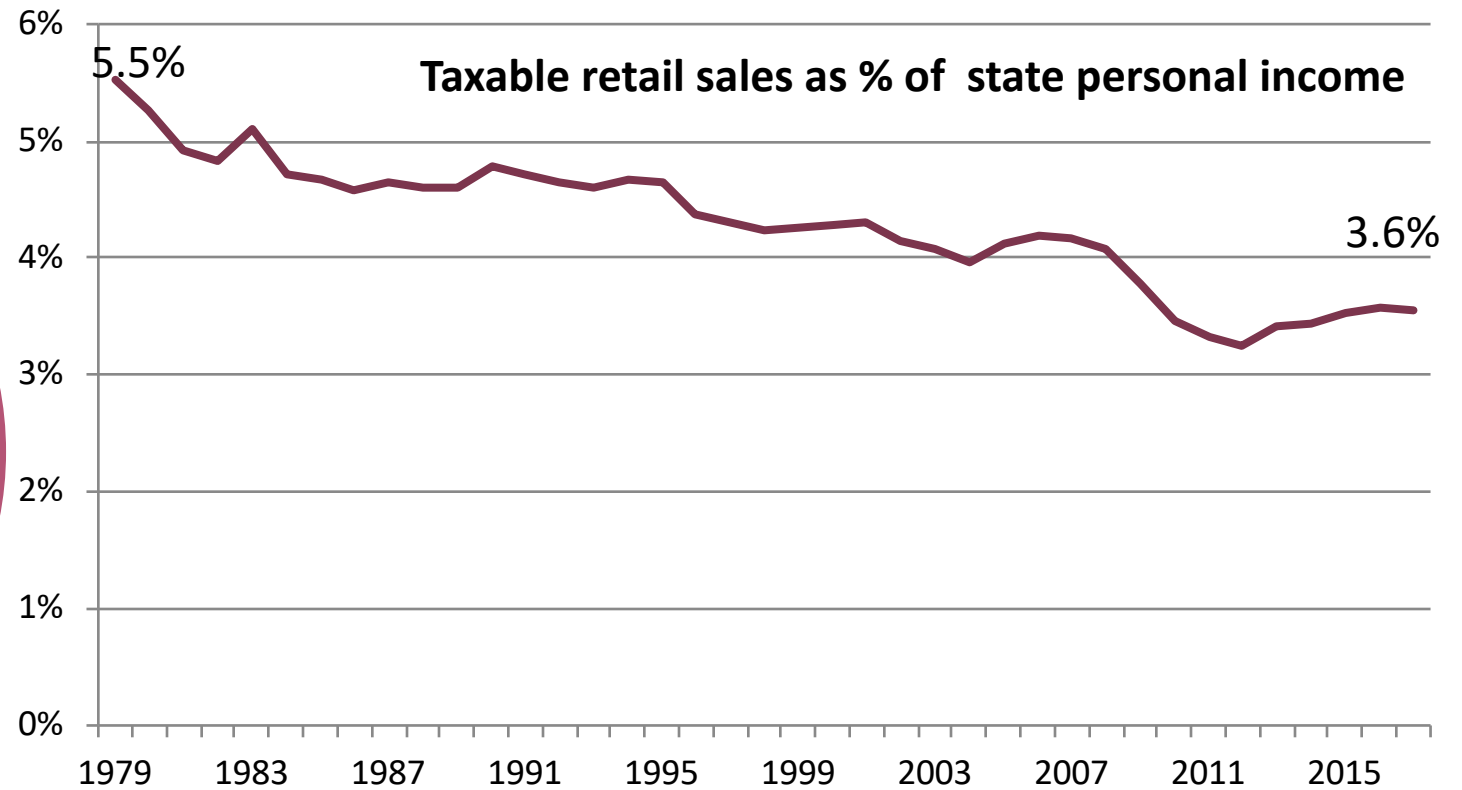
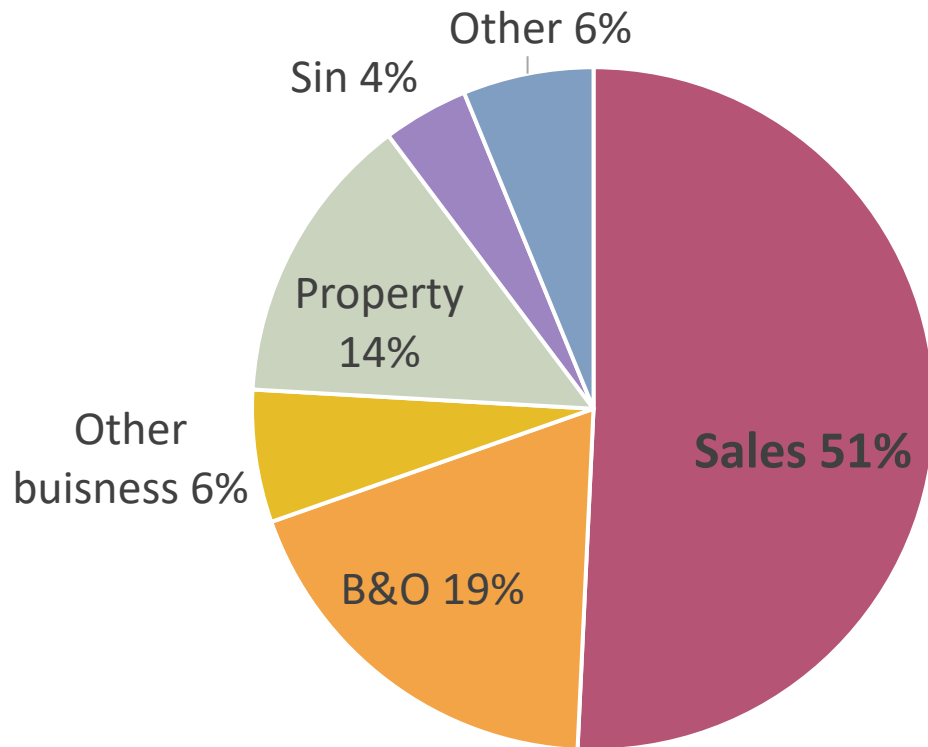
Share of income to state & local taxes
in Washington



Source: Institute on Taxation and Economic Policy, 2018

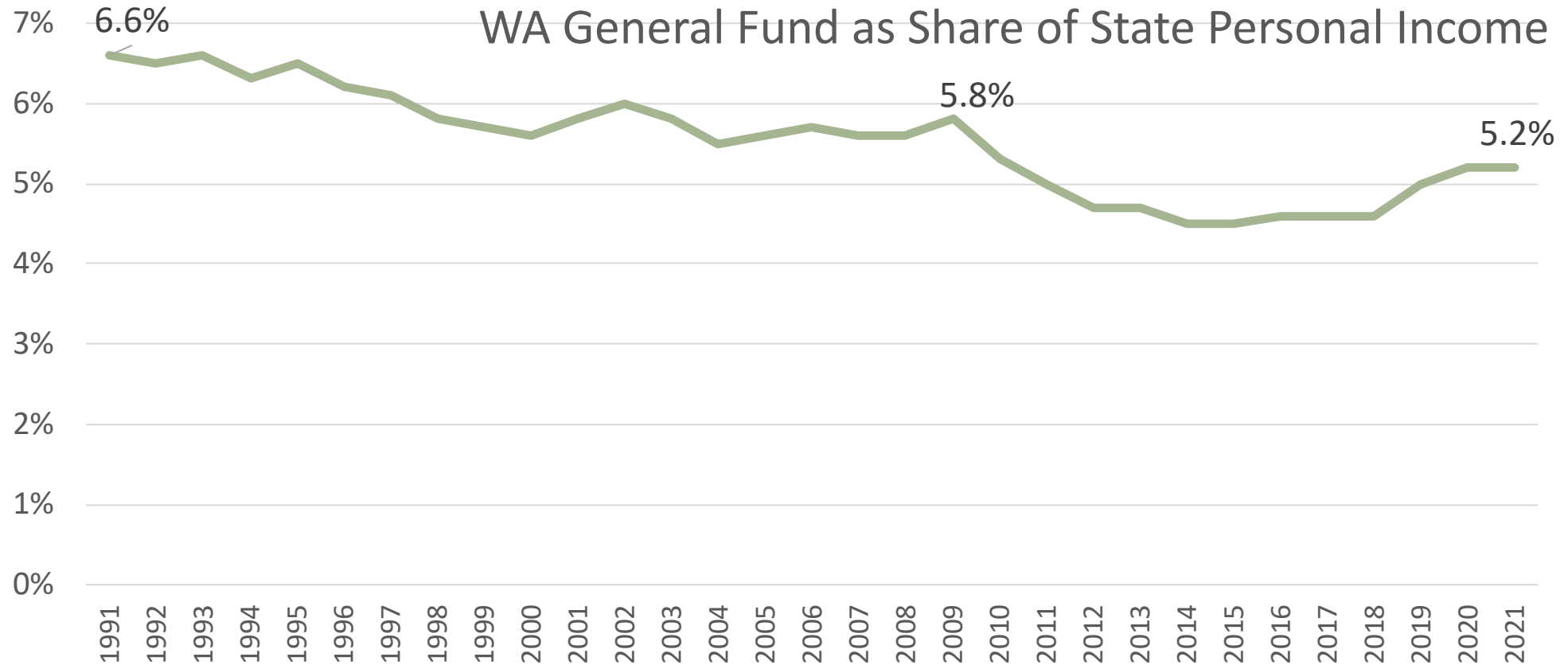
Biggest source of state revenue is most regressive, on shrinking part of economy

State General Fund Revenue



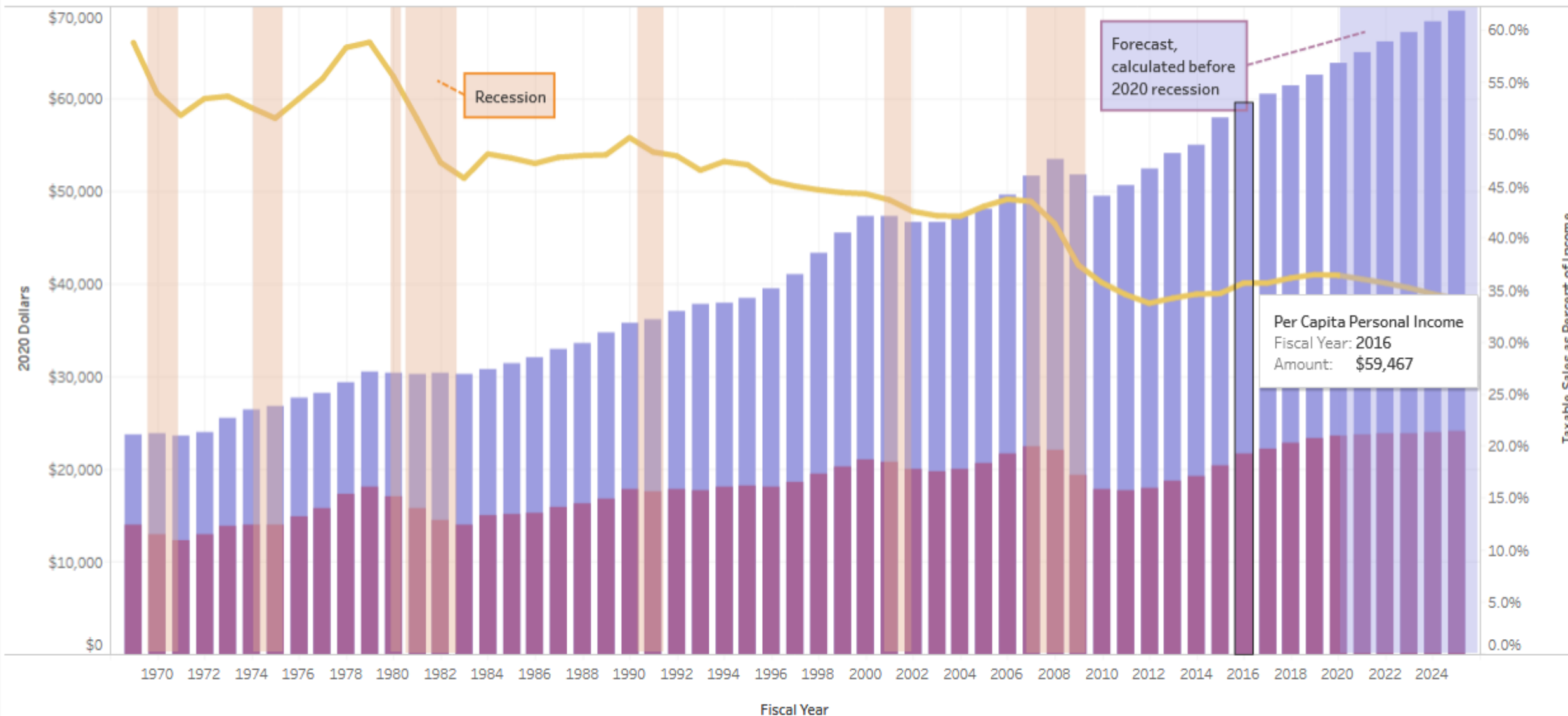
Source: Washington Economic and Revenue Forecast Council data

State budget is declining relative to income



Source: EOI analysis of OFM and BEA data. 2020-21 based on House budget

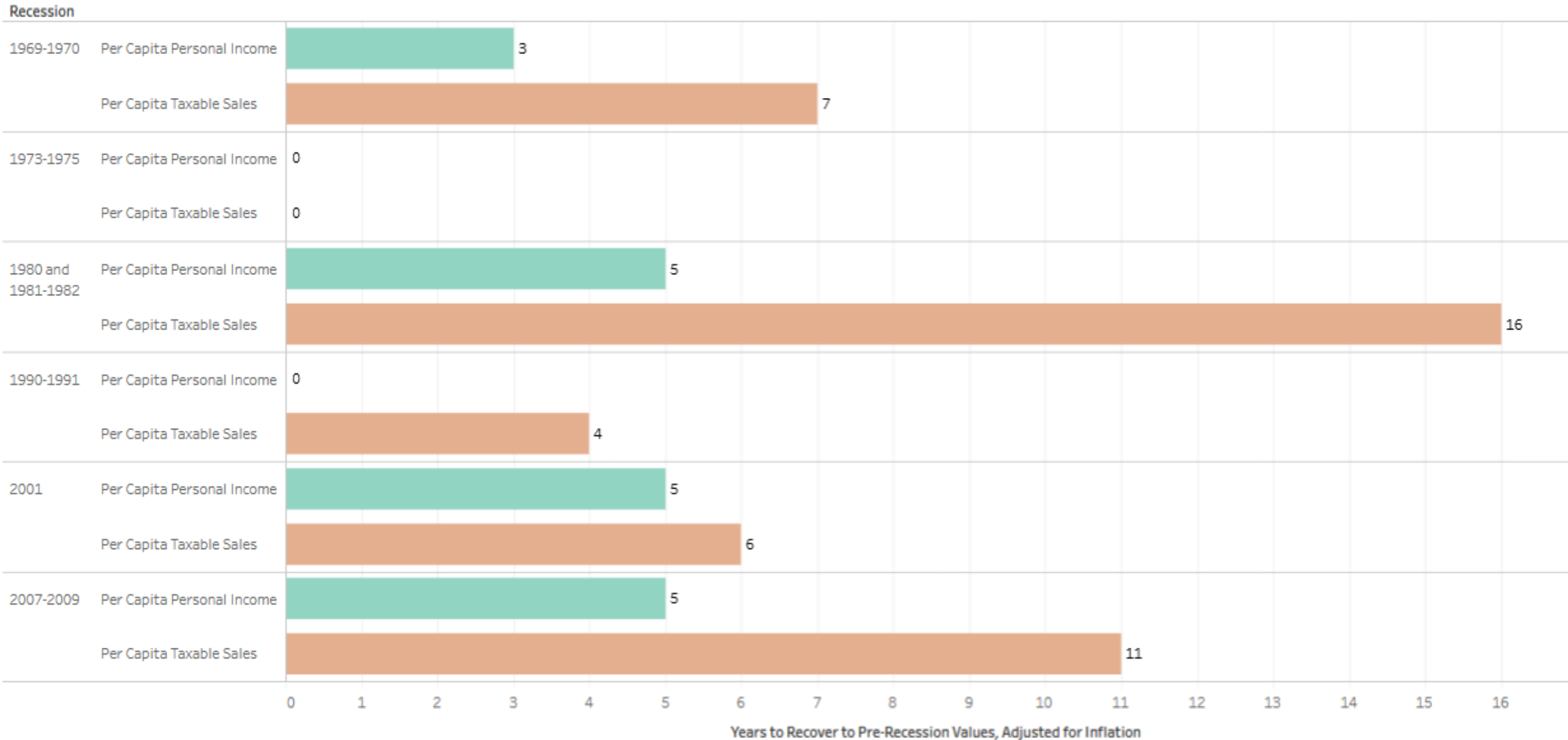
Per Capita Taxable Sales as Percent of Income in Washington State, 1969-2025



Source: EOI analysis of data from the Washington State Economic Forecast Council, Office of Financial Management. 2020 dollars calculated using Implicit Price Deflator.

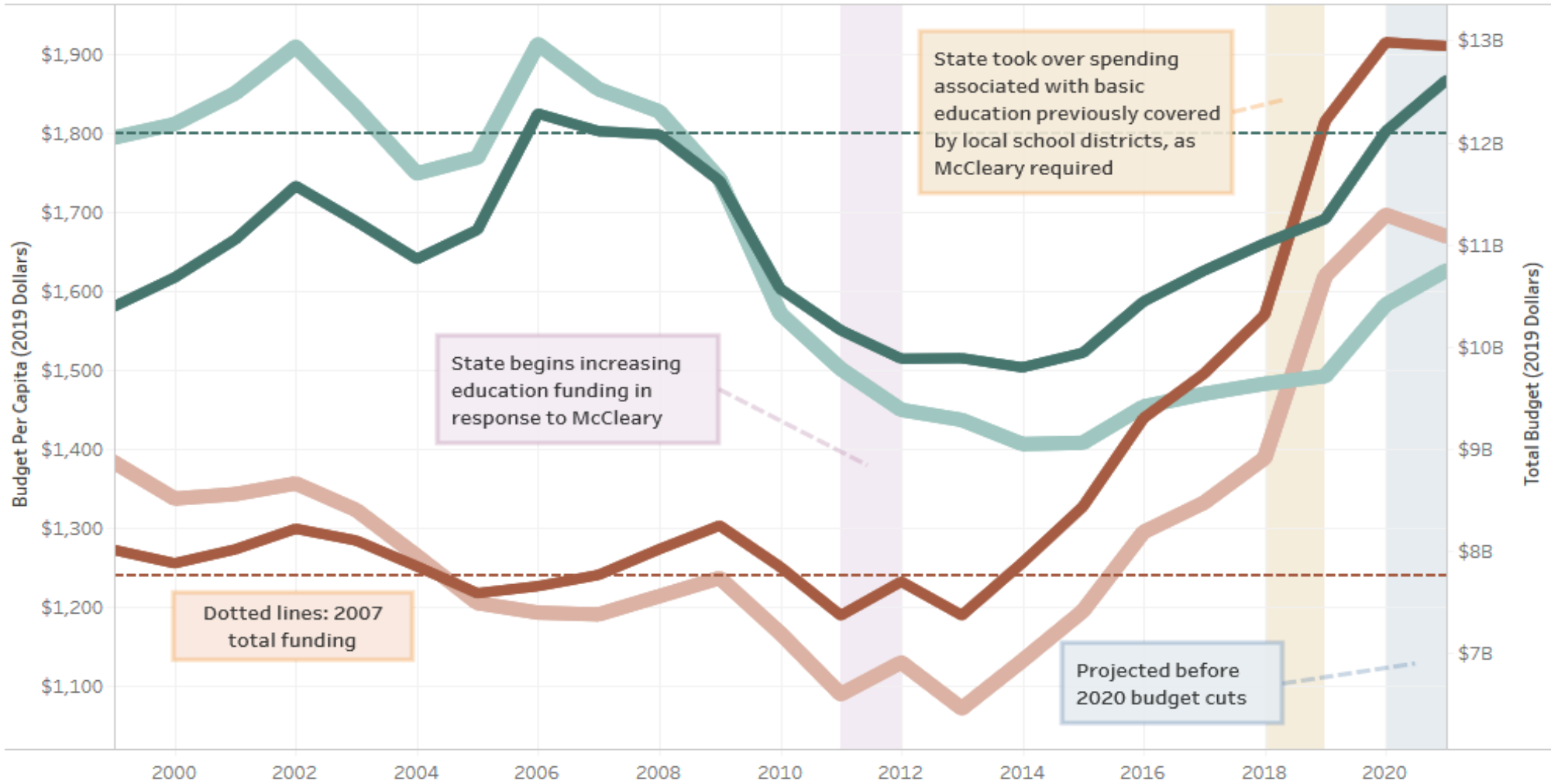
■ Taxable Sales Per Capita ■ Per Capita Personal Income

Years for Per Capita Taxable Sales and Per Capita Personal Income to Rebound in Washington After Recessions



Source: EOI analysis of data from Washington State Economic Forecast Council, Office of Financial Management. Inflation calculated from Bureau of Labor Statistics CPI calculator.

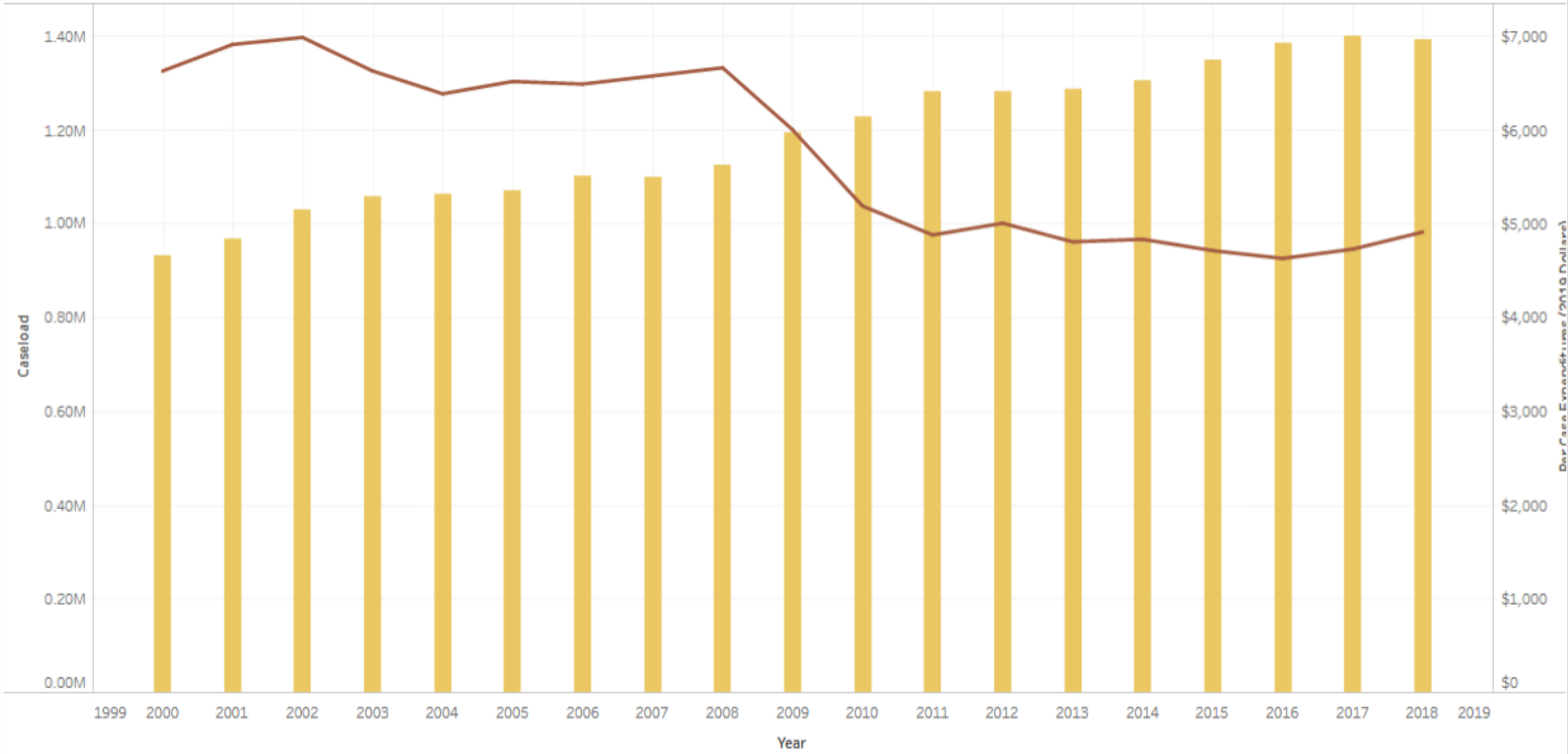
Washington's Near General Fund Budget 1999-2021, Adjusted for Inflation



Source: EOI analysis of Washington State Office of Financial Management data.

■ Everything Else, Total
 ■ Public Schools Total
 ■ Everything Else, Per Capita
 ■ Public Schools Per Capita

Social and Health Services Funding Per Case, 2000-2018



Measure N... Caseload Spending Per Case

Between 2008 and 2011:

64,000 people lost health coverage through the Basic Health Plan, **155,000** on wait list;

180,000 lost dental, vision, podiatry, and other services through Medicaid;

120,000 faced drastically reduced preventive mental health services;

50,000 low-income seniors lost assistance covering prescription drugs;

40,000 seniors and people with disabilities had cuts in the home health;

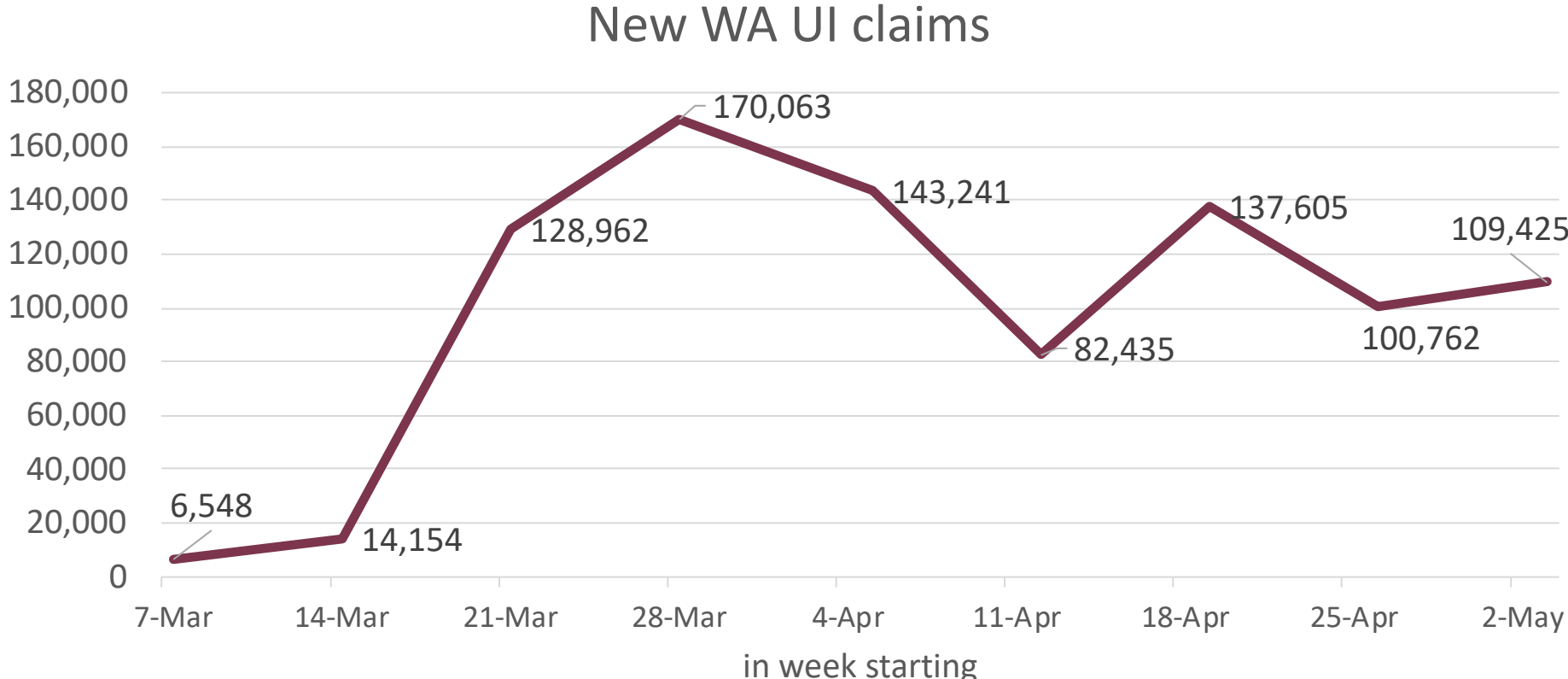
46,000 women lost family planning services, **\$23 million** cut Maternity Support;

45% reduction in per capita funding for alcohol and substance abuse disorder treatment by 2017, after continuing declines

Across the board state cuts:

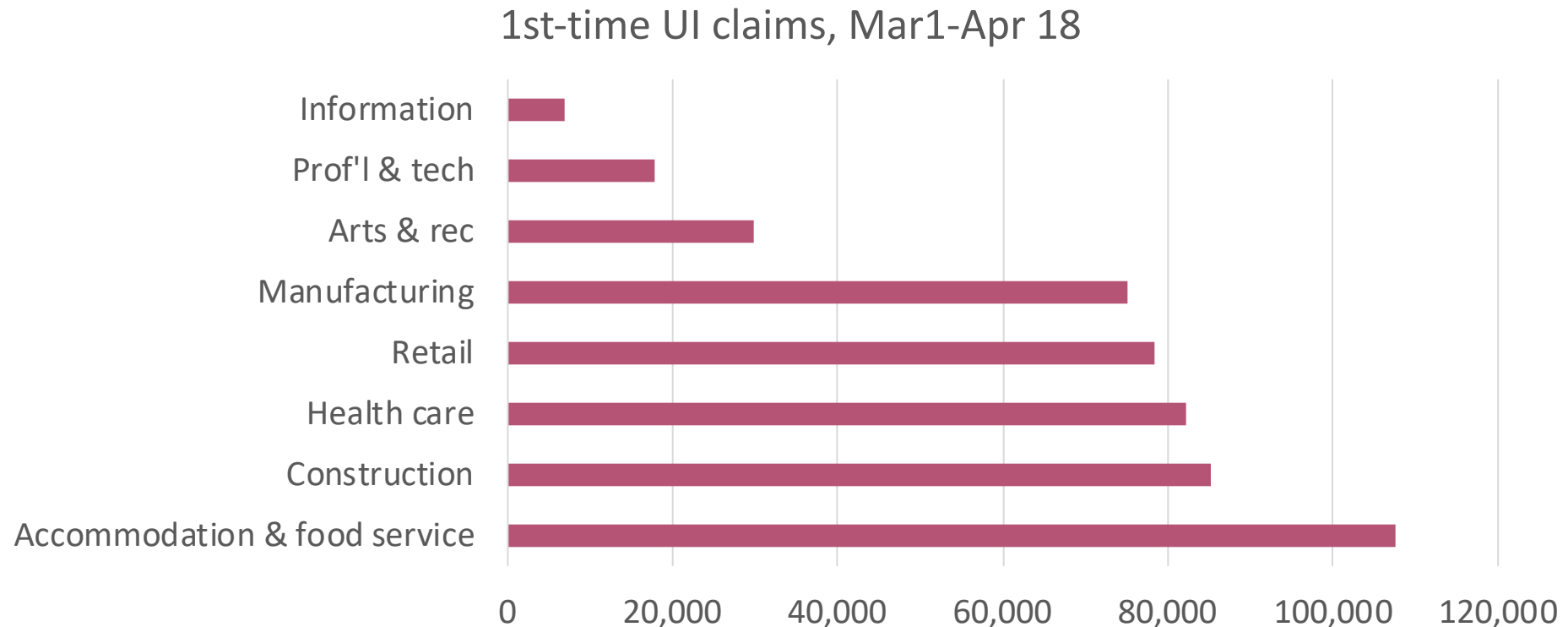
- 23,000 families lost TANF in 2011
- 20,000 who couldn't work due to disability lost income support
- UW tuition increase 75% 2007-2012
- 145,000 eligible students denied State Need Grants 2009-2013
- K-12 class sizes increased
- Prisons to parks cut
- Thousands of school employees and other public servants lost jobs; those remaining lost take home pay

COVID Pandemic: Unemployment is unprecedented



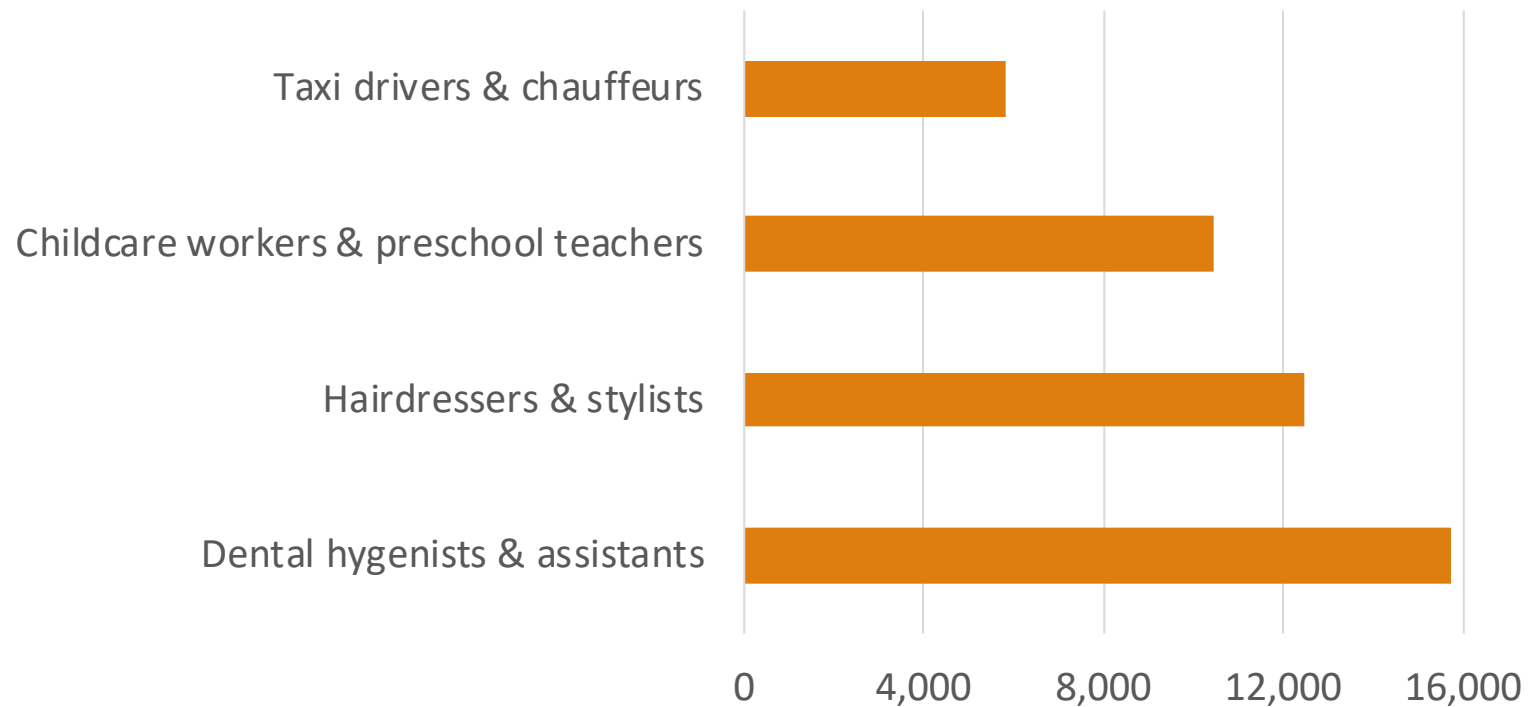
Source: Washington Employment Security Dept.

COVID job losses felt unevenly



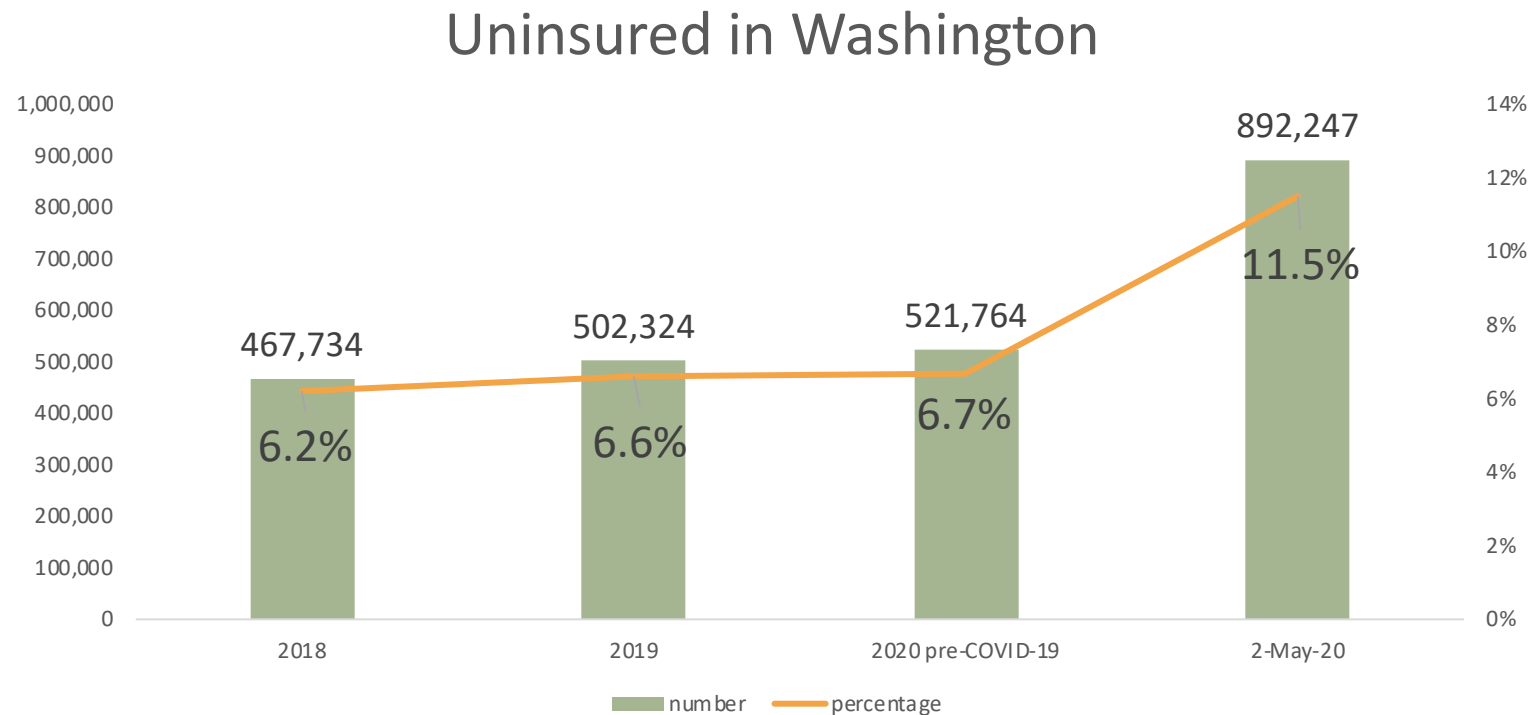
Source: WA Employment Security Dept.

Sampling of occupations applying for UI



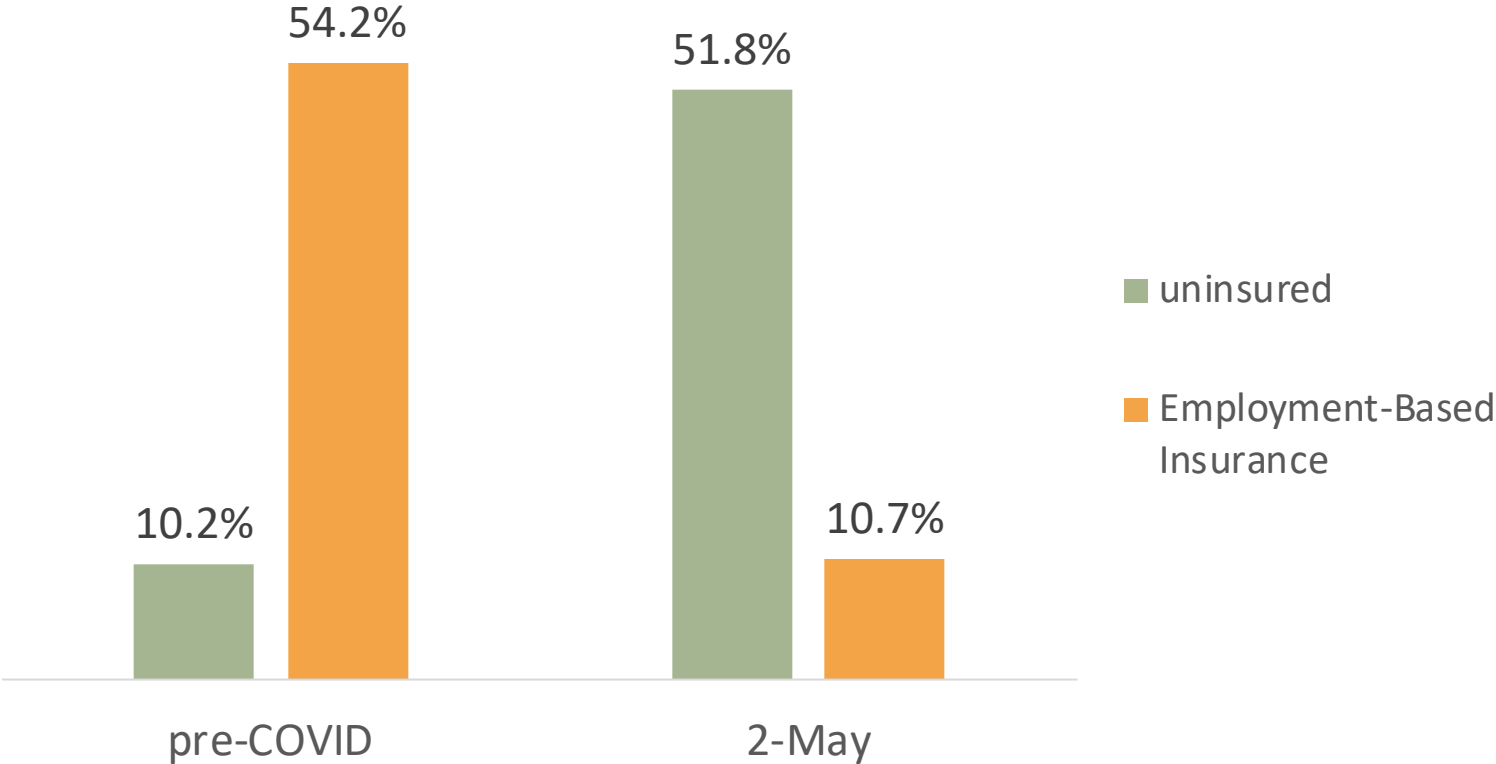
Source: WA Employment Security Dept.

Lost job = lost health coverage



Source: https://www.ofm.wa.gov/sites/default/files/public/dataresearch/healthcare/healthcoverage/COVID-19_impact_on_uninsured.pdf

Newly unemployed lost their insurance



Source: WA Office of Financial Management

Washington paid leave minimums

PAID SICK & SAFE LEAVE

- At least 1 hr for every 40 hrs worked
- Full pay via paycheck
- Enforced by Dept. Labor & Industries, Seattle, Tacoma
- C.b.a. or employer policy may provide additional

PAID FAMILY & MEDICAL LEAVE

- 12 to 18 weeks
- Eligibility: 820 hours work in past yr
- Social insurance program
- 90% to 60% pay
- Apply at paidleave.wa.gov

What about undocumented immigrants?

- Undocumented people have been left out of federal relief packages – but they are more likely to lack health insurance
- Testing and treatment for COVID-19 will ***not*** count against you in public charge test
- ICE won't make arrests at health facilities
- Advocates are pressing for a Washington Worker Relief Fund



Washington can raise progressive revenue



Tax Reductions				
	2017-2019	Fiscal Year Average	% Reduction in Taxes*	Revenue Decrease/Increase
B&O	\$ 8,751,681,000	\$ 4,375,840,500	25%	\$ 1,093,960,125
Sales	\$ 21,488,340,000	\$ 10,744,170,000	25%	\$ 2,686,042,500
Property	\$ 5,108,989,000	\$ 2,554,494,500	25%	\$ 638,623,625
Total Decrease in Revenue				\$ 4,418,626,250
New Taxes				
Tax	Description			Revenue
Millionaire Tax	Income Tax above \$1,000,000			\$ 4,203,964,350
CEO Tax	SB 6017 - Executive Compensation Tax, amended to start at \$137,700			\$ 853,356,867
Estate Tax	SB 6581, amended to include % of charitable contributions			\$ 16,855,785
Inheritance Tax				\$ 517,280,967
Billionaire Tax	1% Intangible Property Tax on Property in Excess of \$1 billion			\$ 4,415,000,000
Total revenue from new taxes				\$ 10,006,457,969
Net Revenue with universal B&O decrease				\$ 5,587,831,719
Anticipated Drop in Annual Revenue				\$ 2,000,000,000
Net Revenue with universal B&O decrease after Drop in Revenue				\$ 3,587,831,719

We can make a new world from the ashes of COVID 19:

- Expand grants for child care and small business recovery
- Guarantee universal health coverage and affordable access to care
- Include immigrant workers and families
- Push for strong state stimulus – NO to austerity
- Rebuild economy to promote equity, worker power, small businesses and resiliency

