



SPEEA: What is happening to the Middle Class?

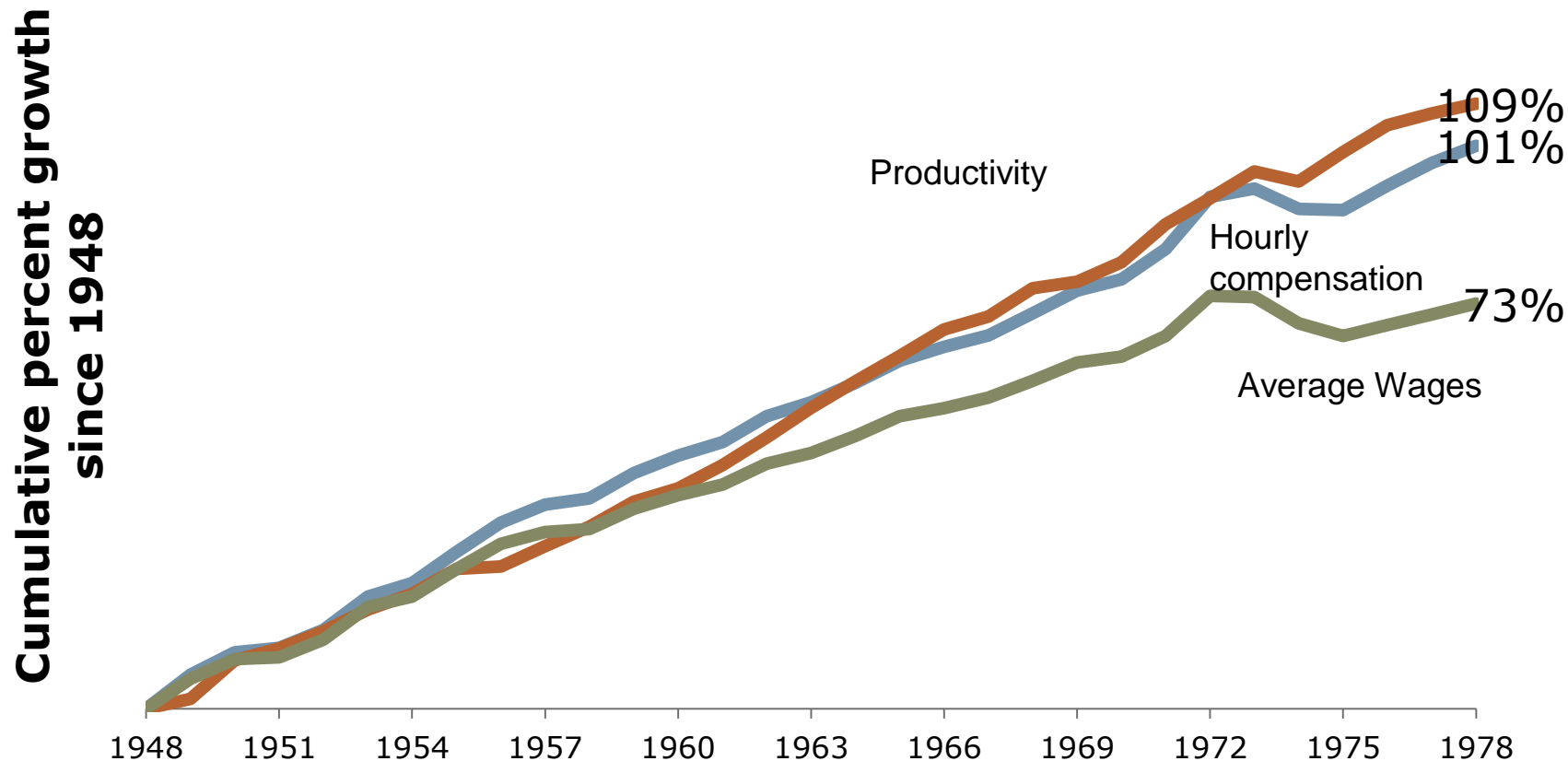
May 2013

John Burbank, Economic Opportunity Institute

Legislative Stalemate

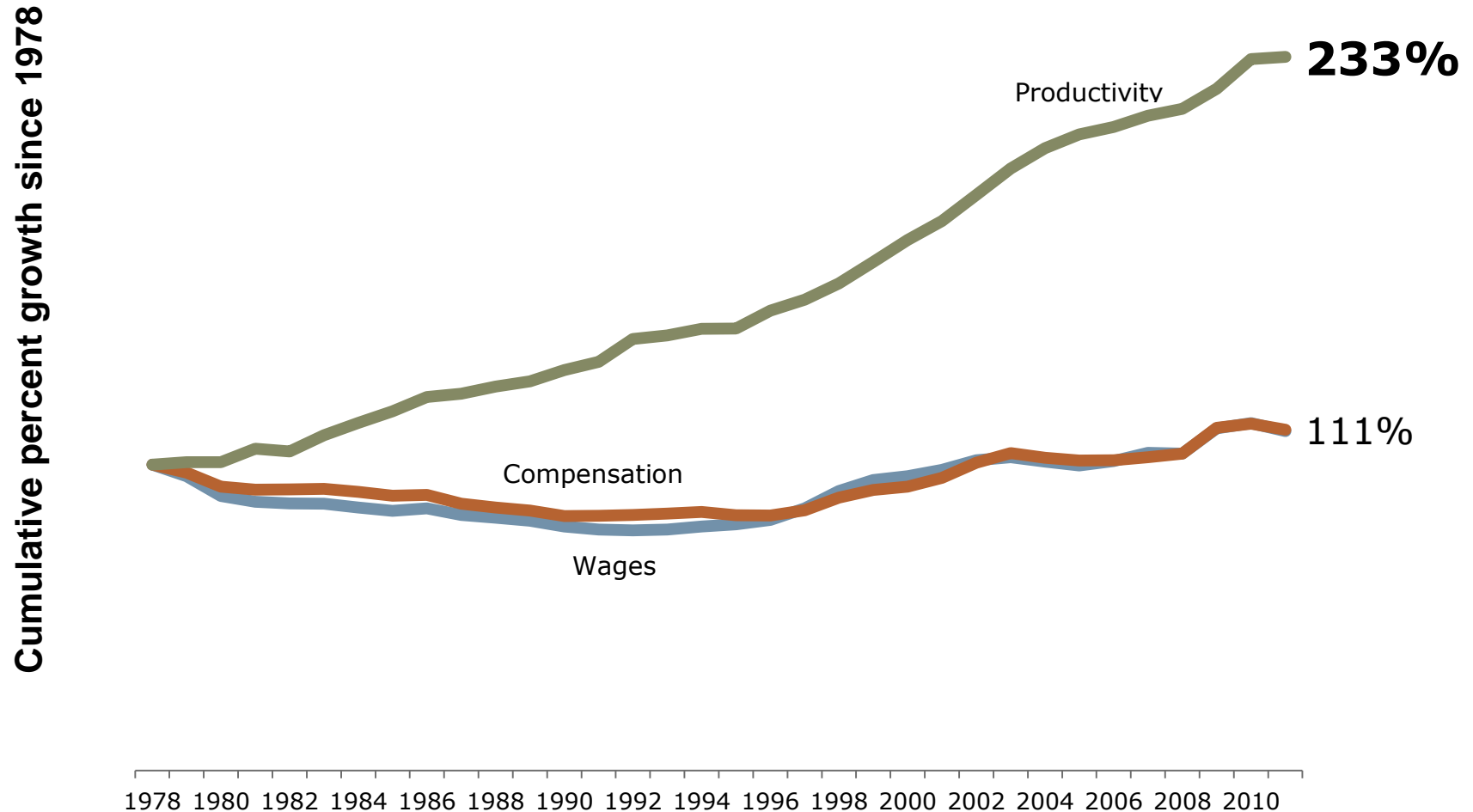
- Paid Sick Days
 - Family Leave Insurance
 - Workers Compensation
 - Public Pensions
 - Affordable Care Act
 - Revenue
 - Higher Education
 - Budget
-
- The 33 bills for the budget

Hourly compensation for production/non-supervisory workers and total economy productivity, 1948–1978



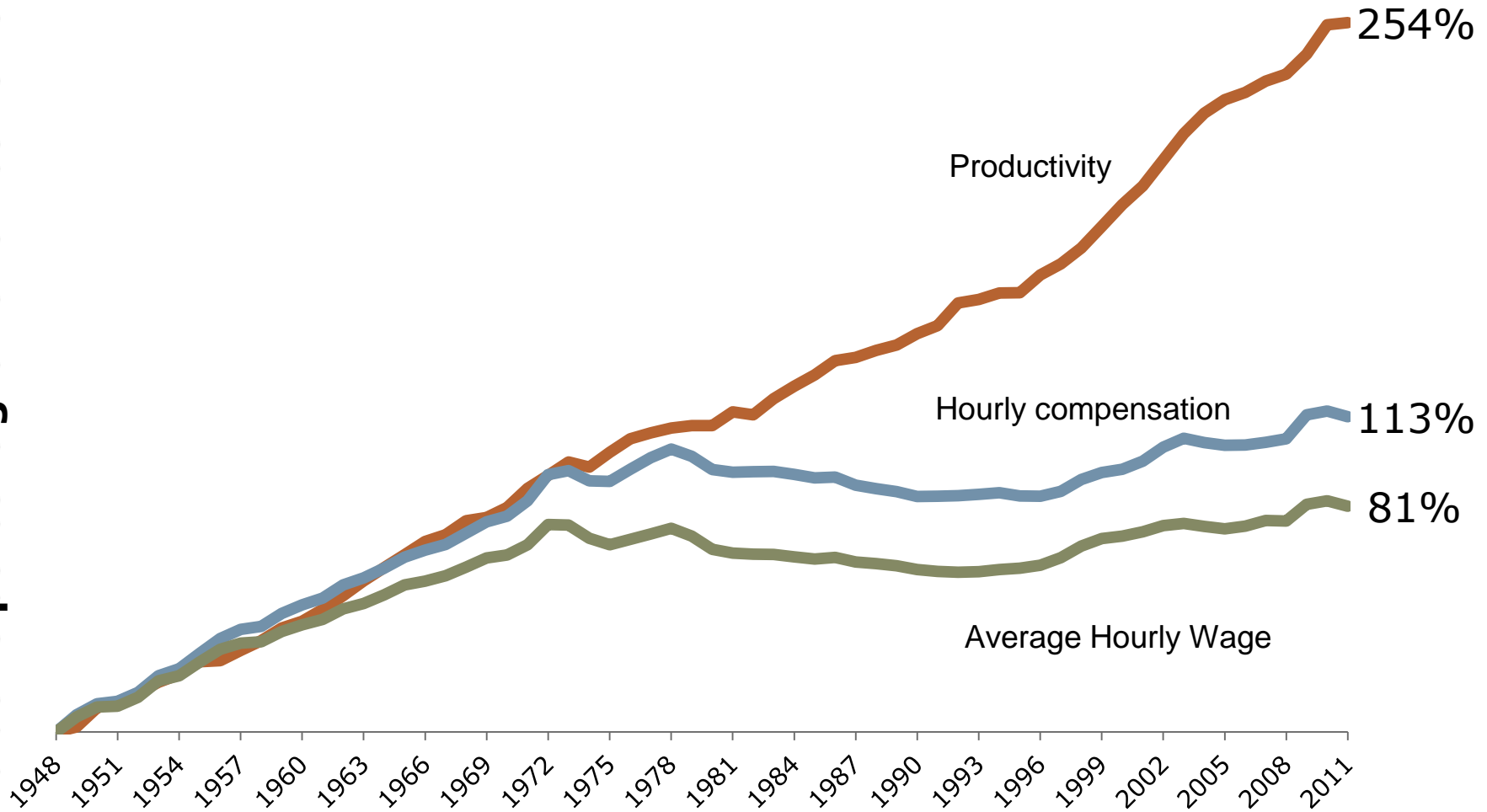
Source: Economic Policy Institute of unpublished total economy data from Bureau of Labor Statistics' Labor Productivity and Costs program and Bureau of Economic Analysis National Income and Product Accounts public data series.

Hourly compensation for production/non-supervisory workers and total economy productivity, 1978–2011



Hourly compensation for production/non-supervisory workers and total economy productivity,

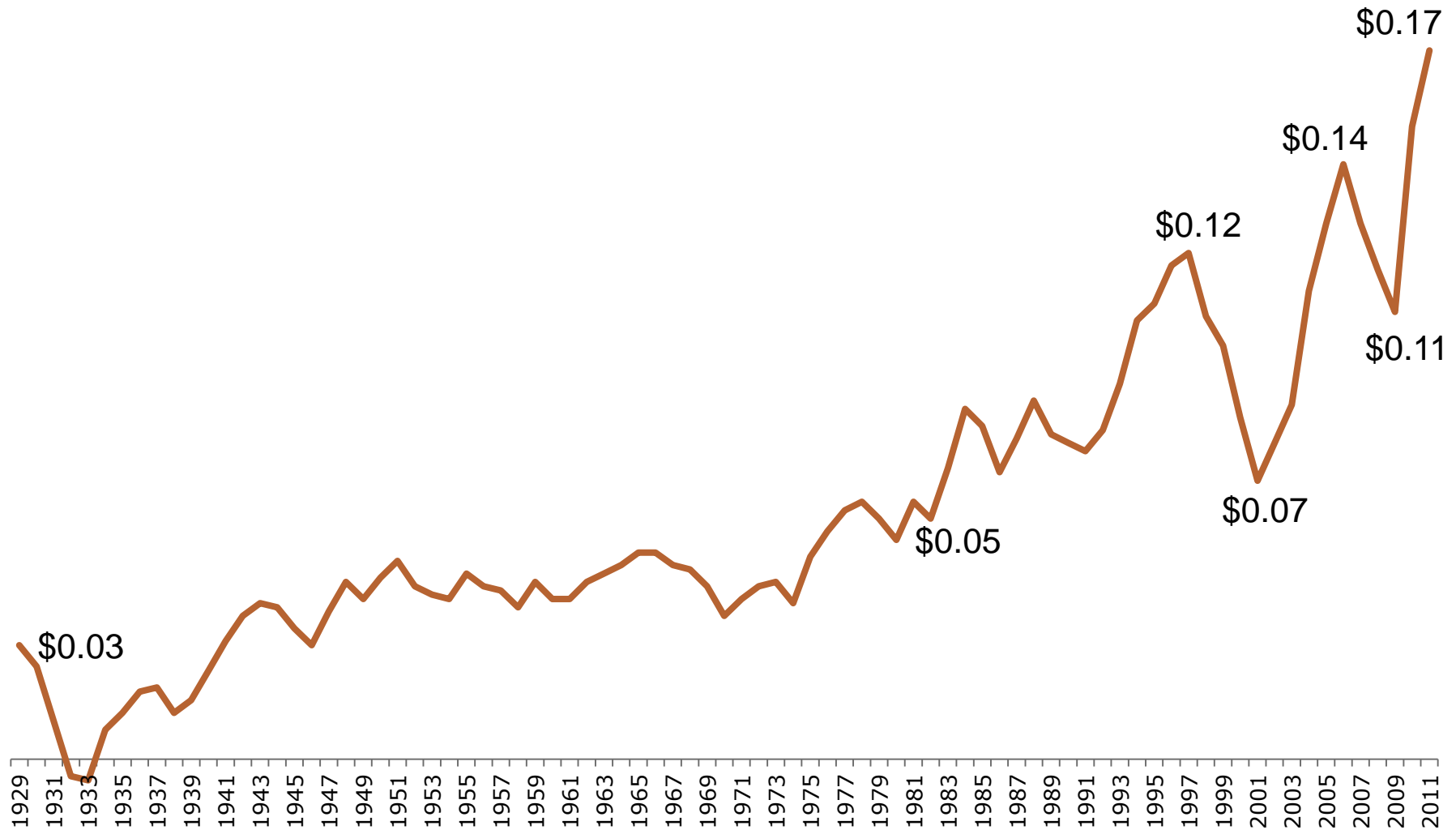
Cumulative percent growth since 1948



www.eoionline.org

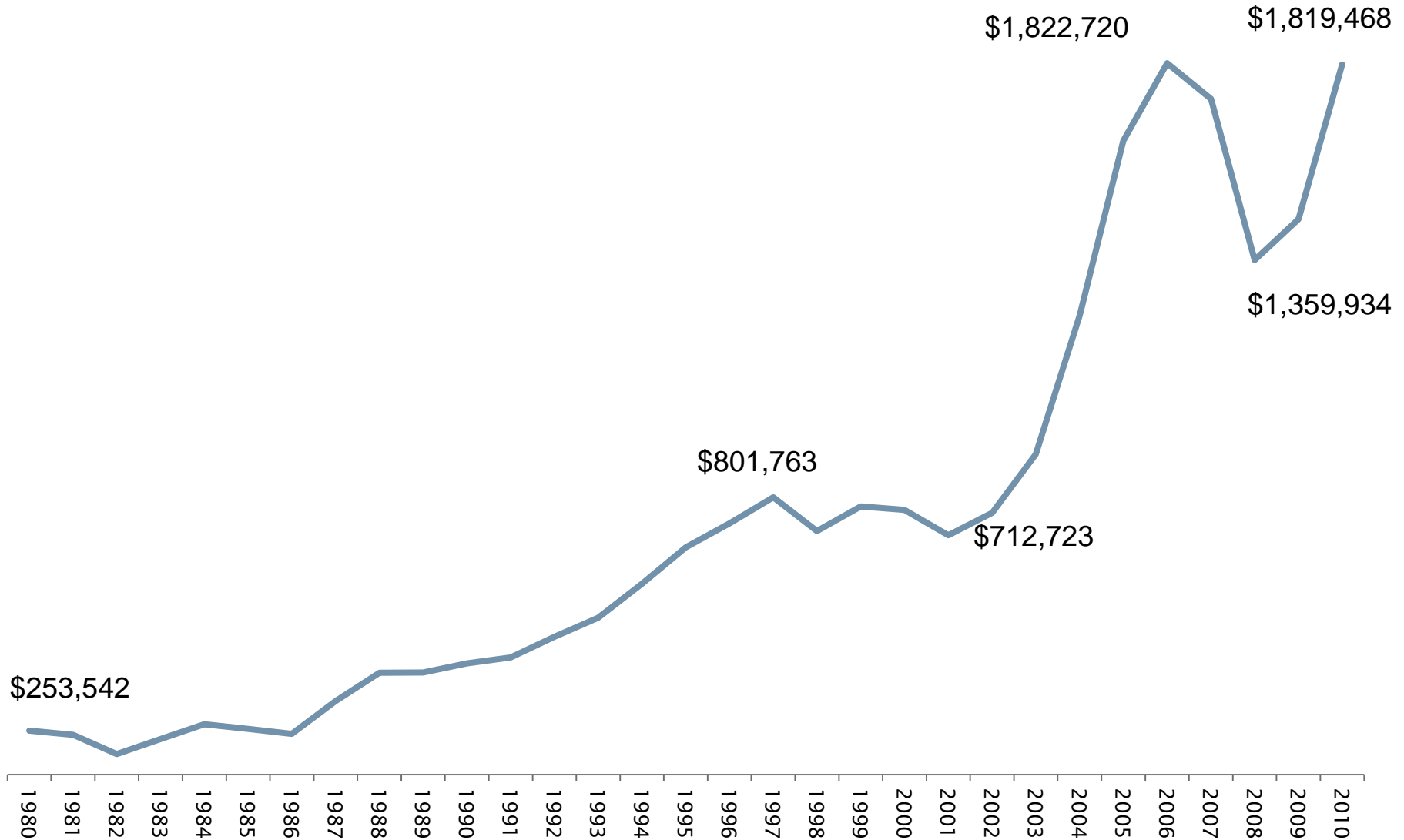
Source: Economic Policy Institute of unpublished total economy data from Bureau of Labor Statistics' Labor Productivity and Costs program and Bureau of Economic Analysis National Income and Product Accounts public data series. Mishel, Lawrence, Josh Bivens, Elise Gould, and Heidi Shierholz. 2012 (forthcoming). The State of Working America, 12th Edition. An Economic Policy Institute book. Ithaca, N.Y.: Cornell University Press.

Non-financial corporate profits per \$ unit of value added



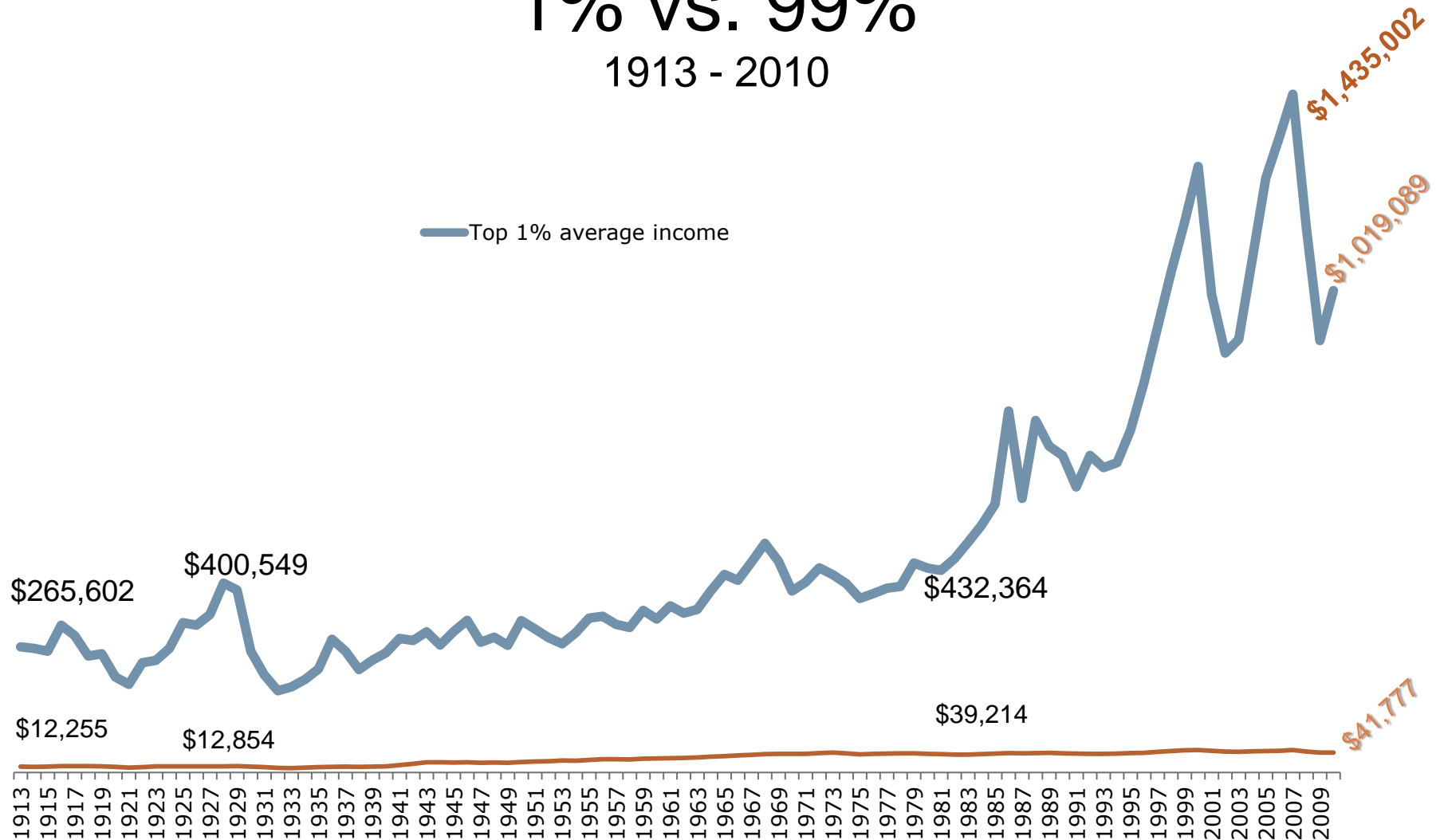
Corporate Profits 1980-2010

in millions of dollars

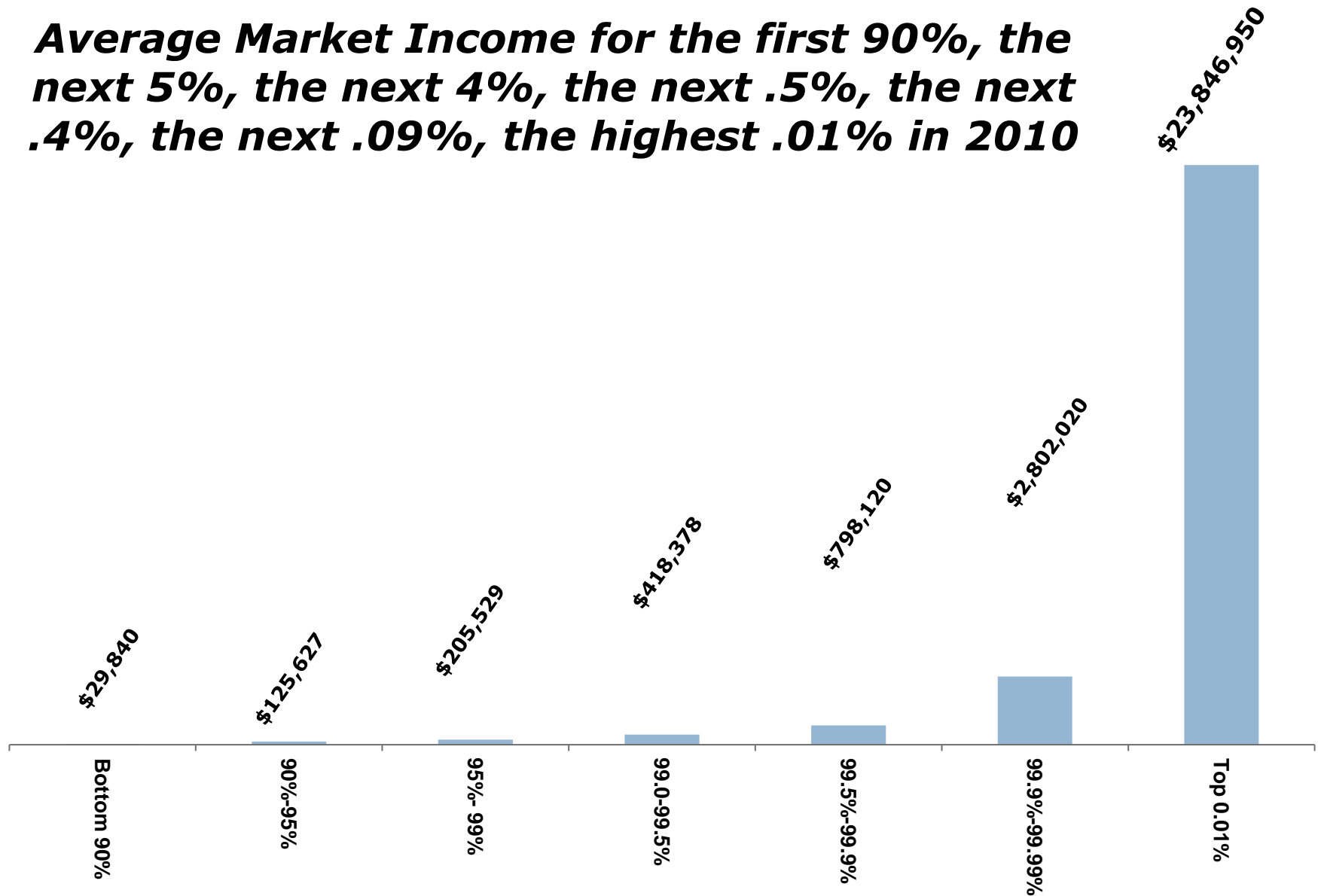


1% vs. 99%

1913 - 2010

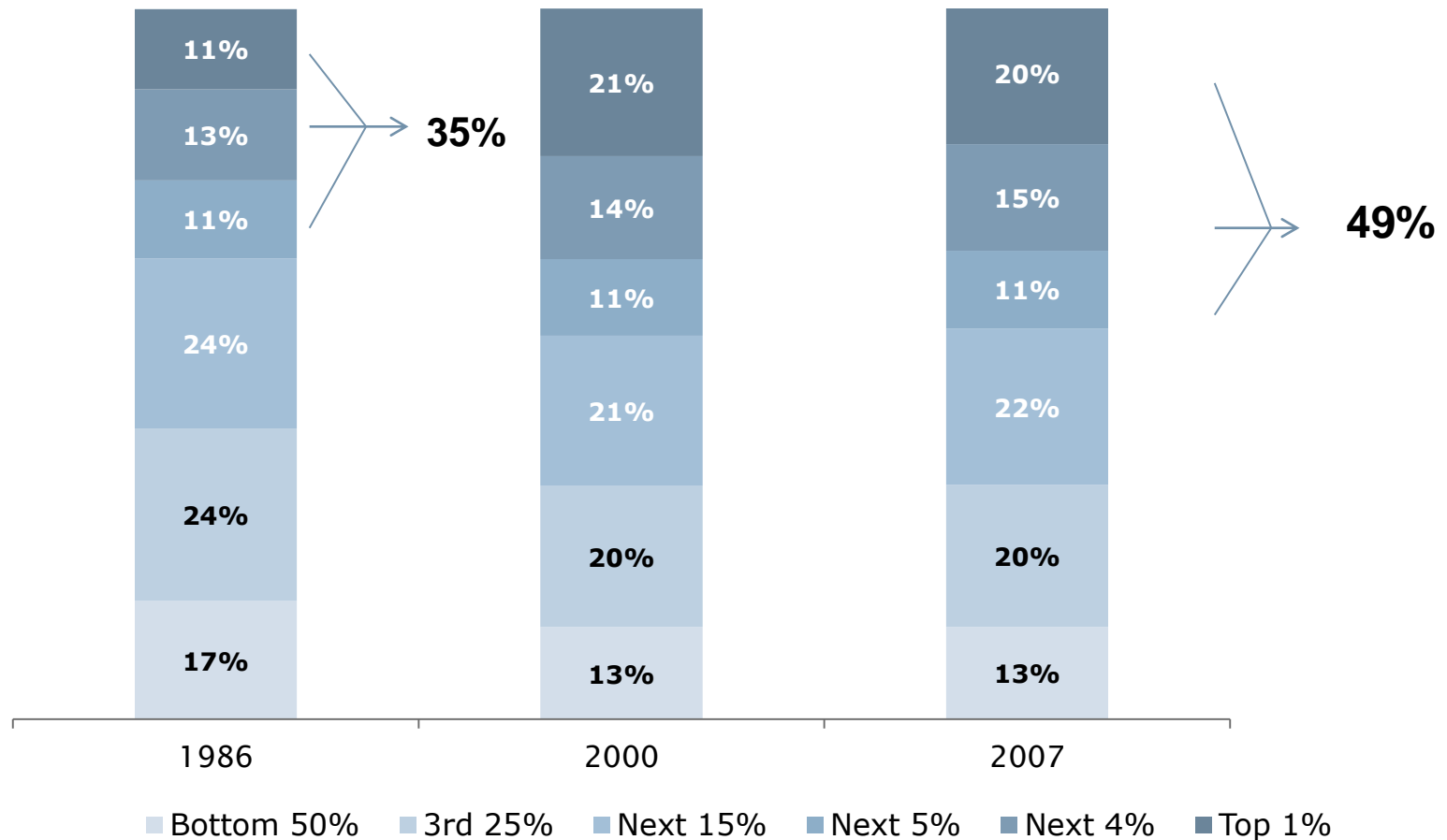


Average Market Income for the first 90%, the next 5%, the next 4%, the next .5%, the next .4%, the next .09%, the highest .01% in 2010



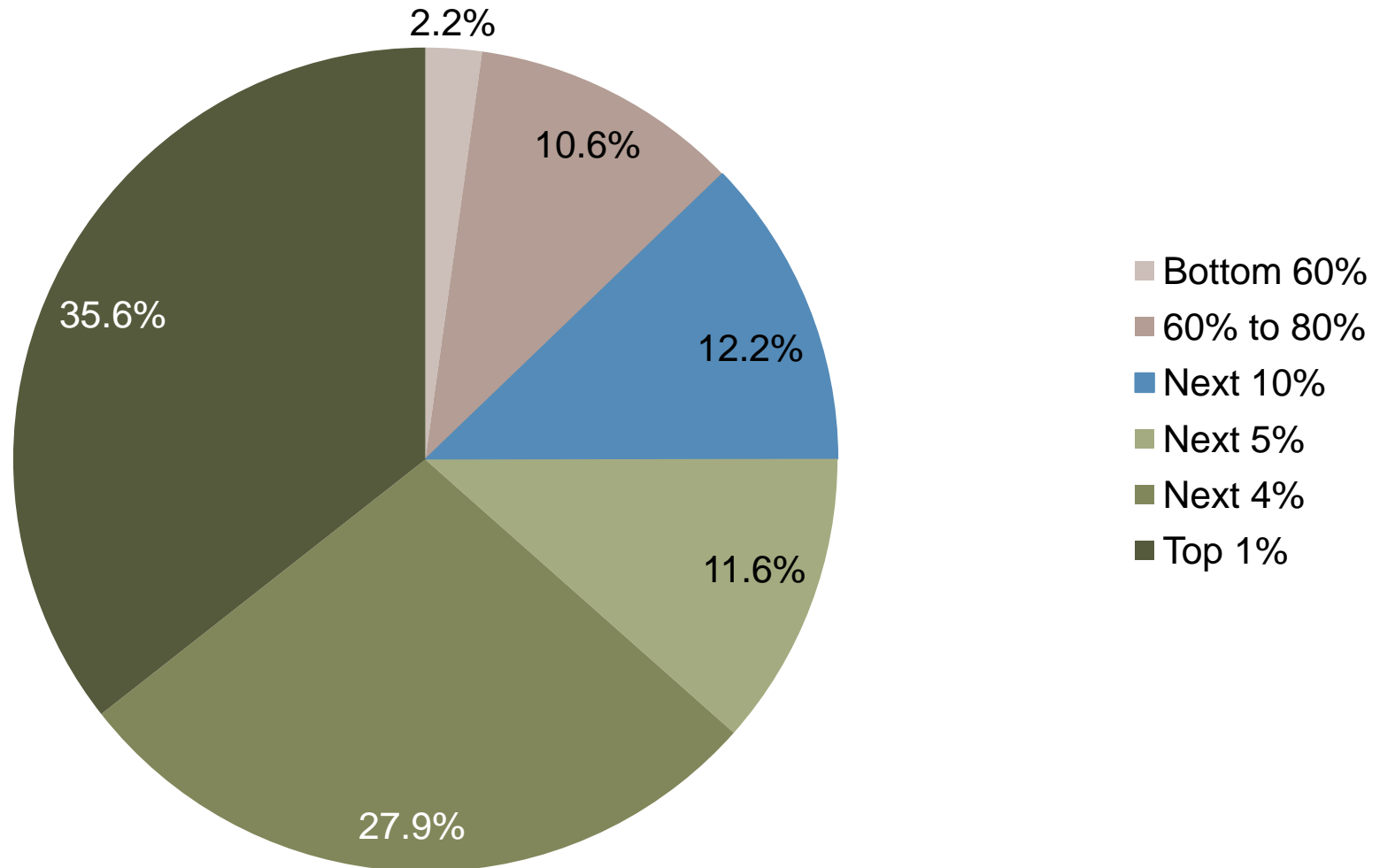
Top 10% Gets Half Of All Income

Share of Total Adjusted Gross Income, by Income Group: United States, 1986-2007



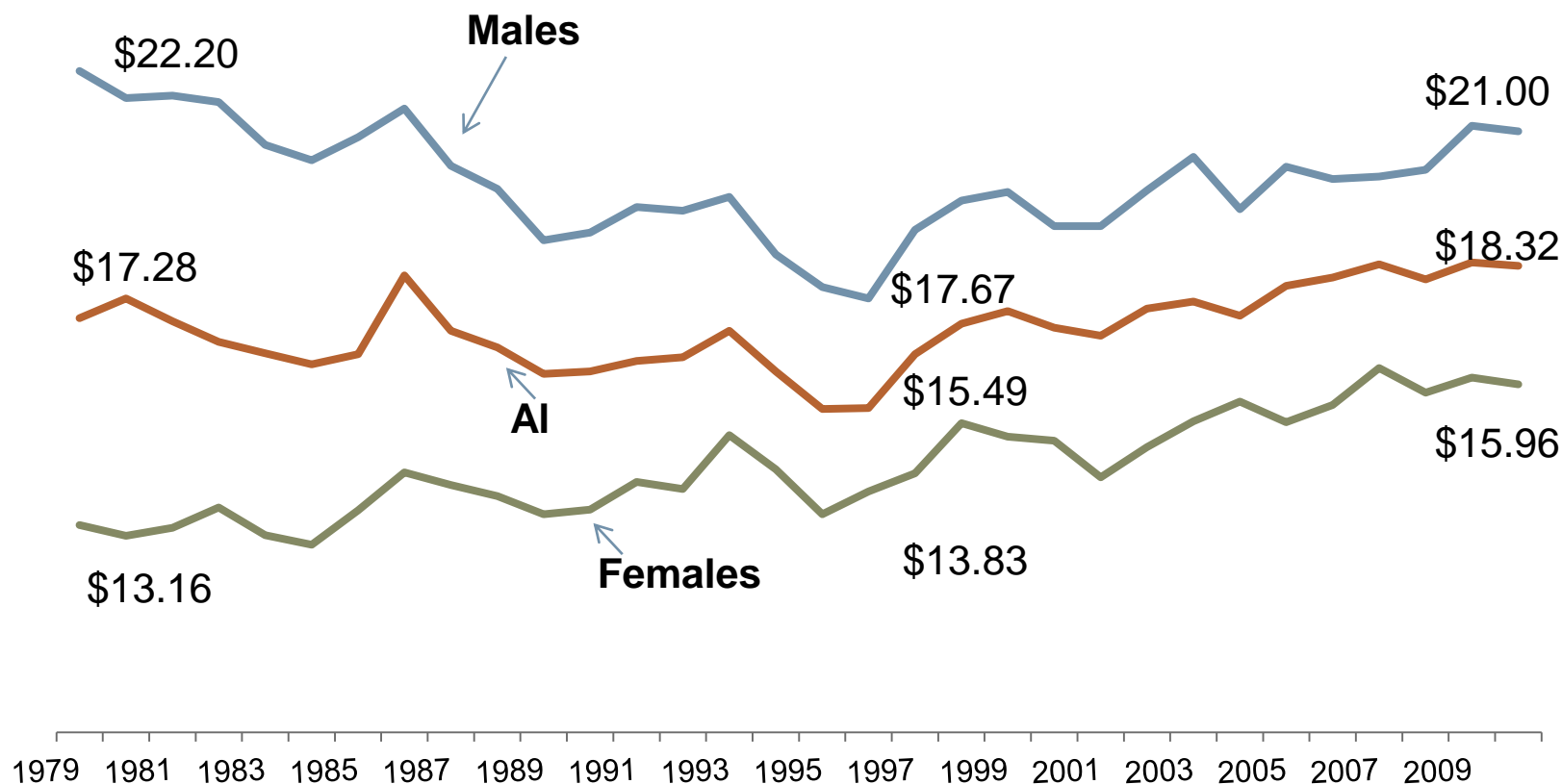
Source: Internal Revenue Service, Returns with Positive Adjusted Gross Income (AGI): Number of Returns, Shares of AGI and Total Income Tax, AGI Floor on Percentiles in Current and Constant Dollars, and Average Tax Rates, by Selected Decending Cumulative Percentiles of Returns Based on Income Size Using the Definition of AGI for Each Year, Tax Years 1986-2007, <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=129270,00.html>.

Top 1% have more than one-third of all the wealth



Median Wages in Washington, 1979-2010

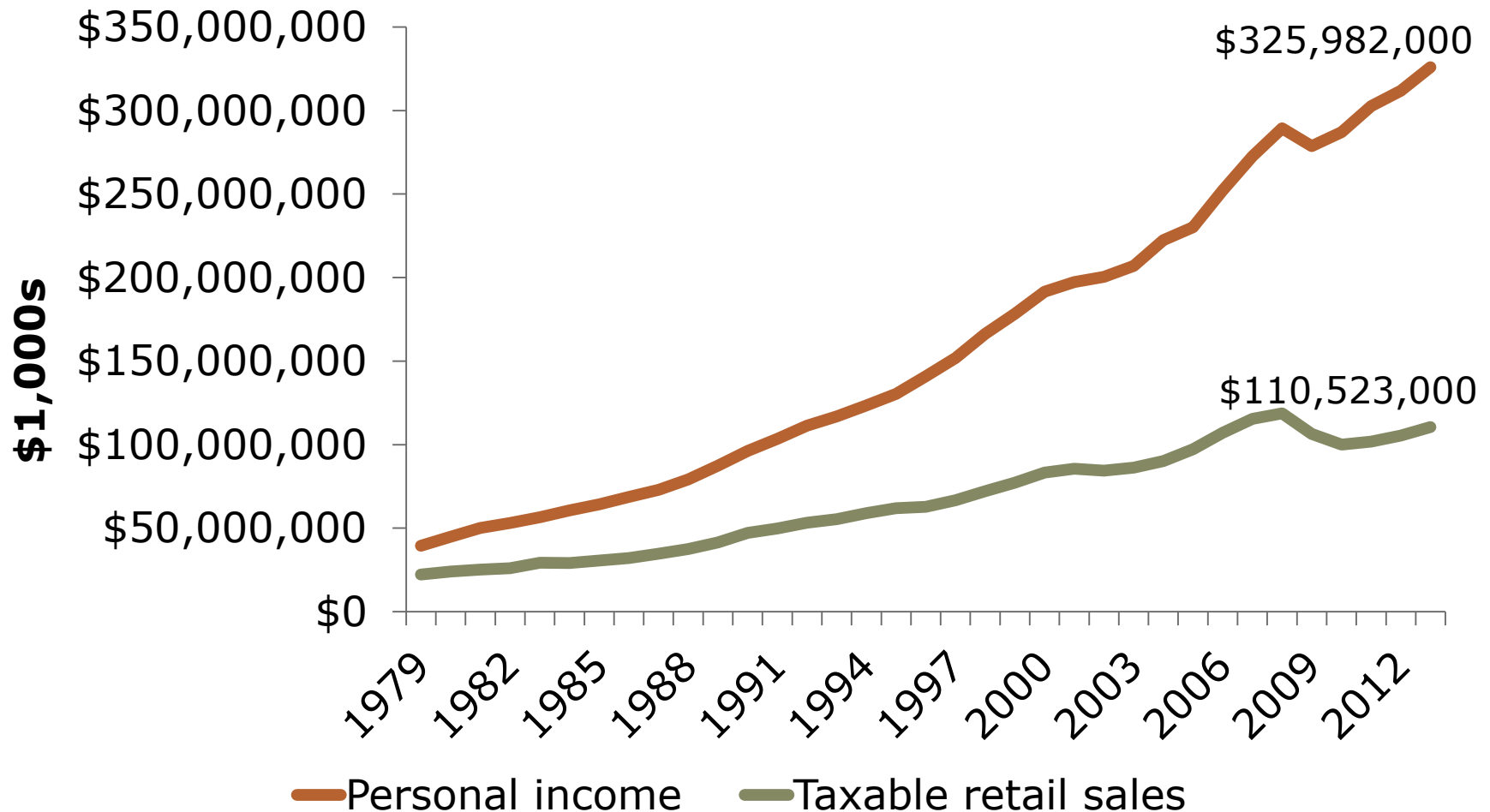
in 2010 dollars



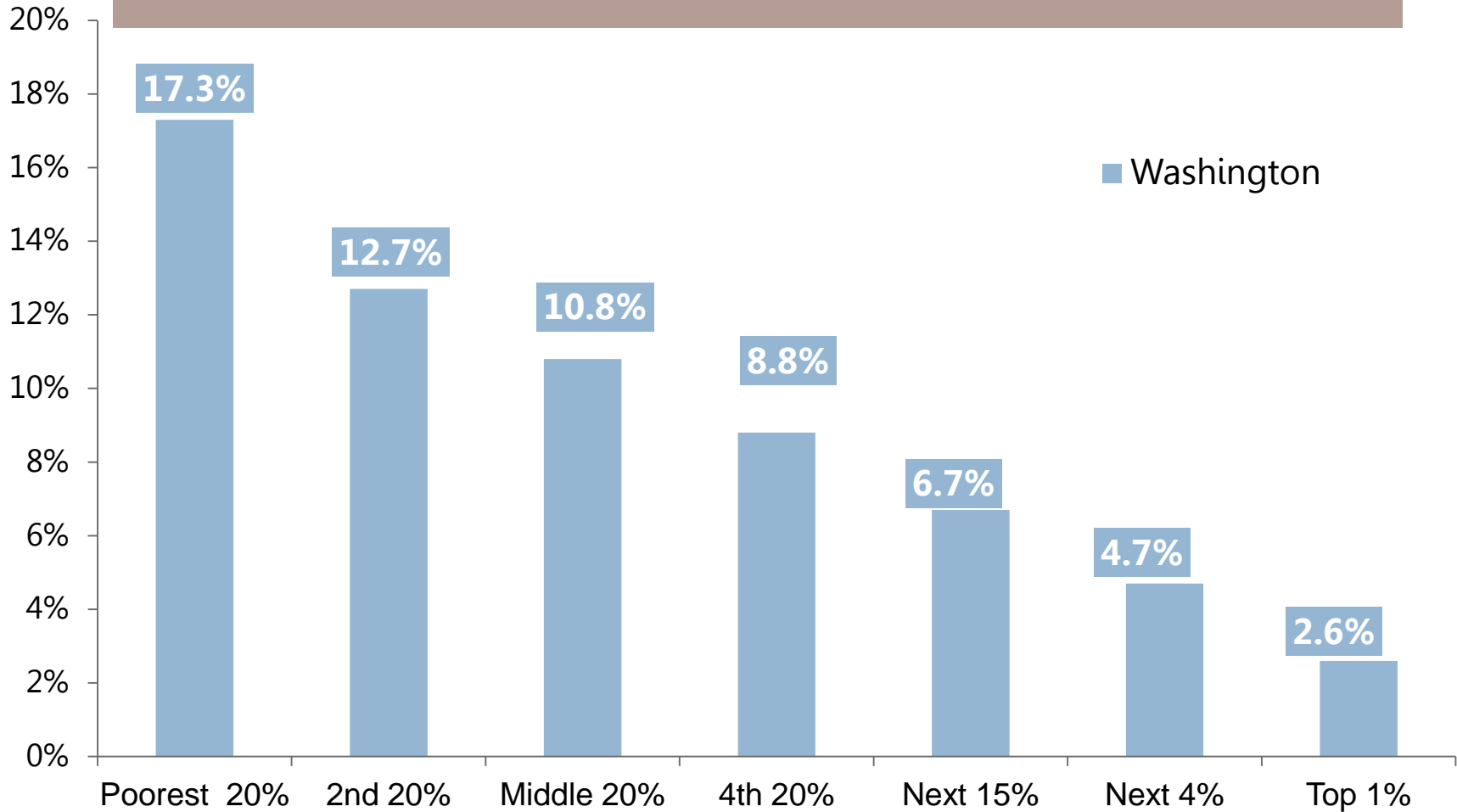
Source: Economic Policy Institute analysis of Current Population Survey data, 2011
www.eoionline.org

It's not just the recession

Personal income is growing much faster than sales tax base in WA

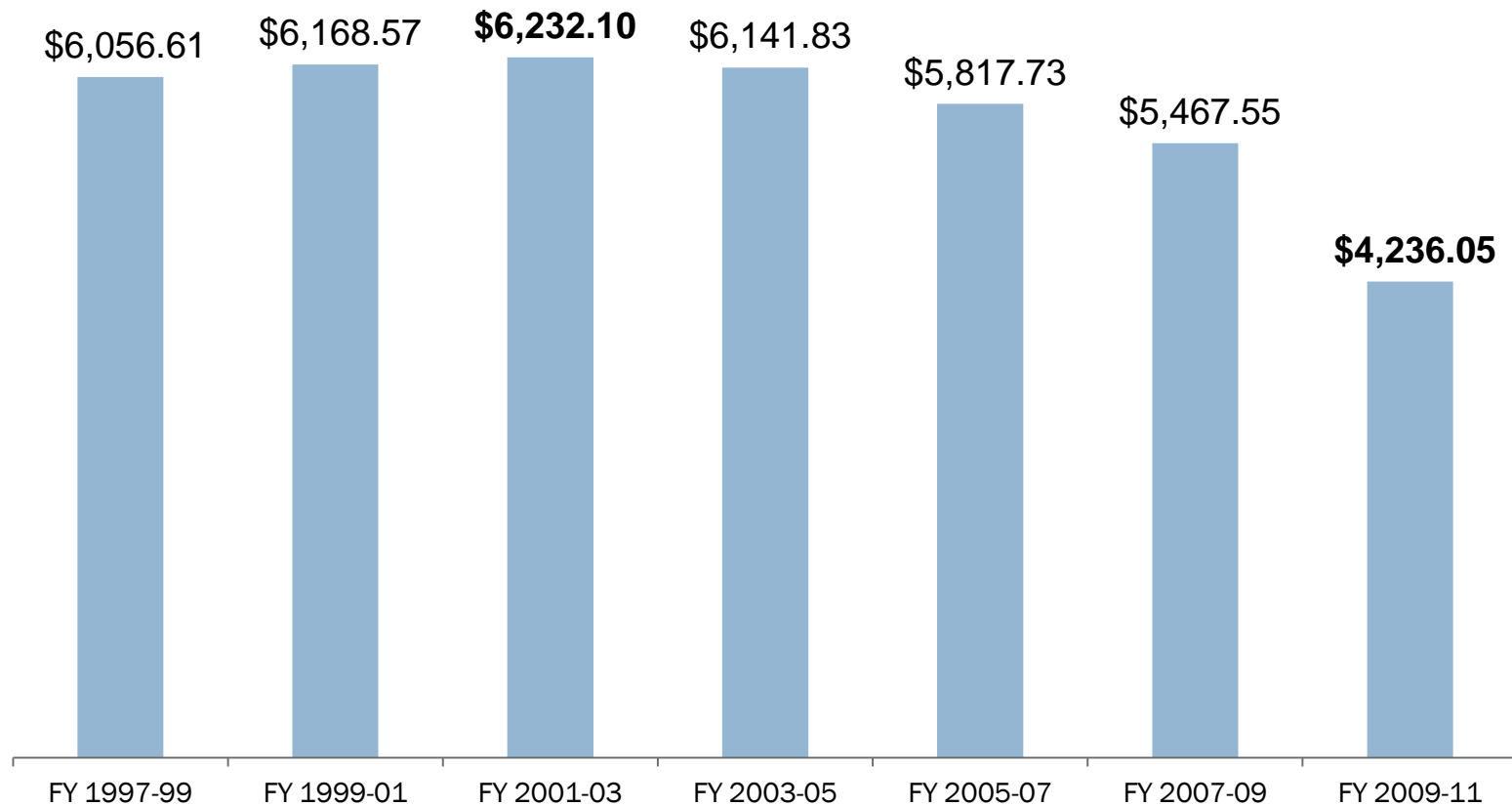


% OF INCOME PAID IN STATE AND LOCAL TAXES WASHINGTON STATE



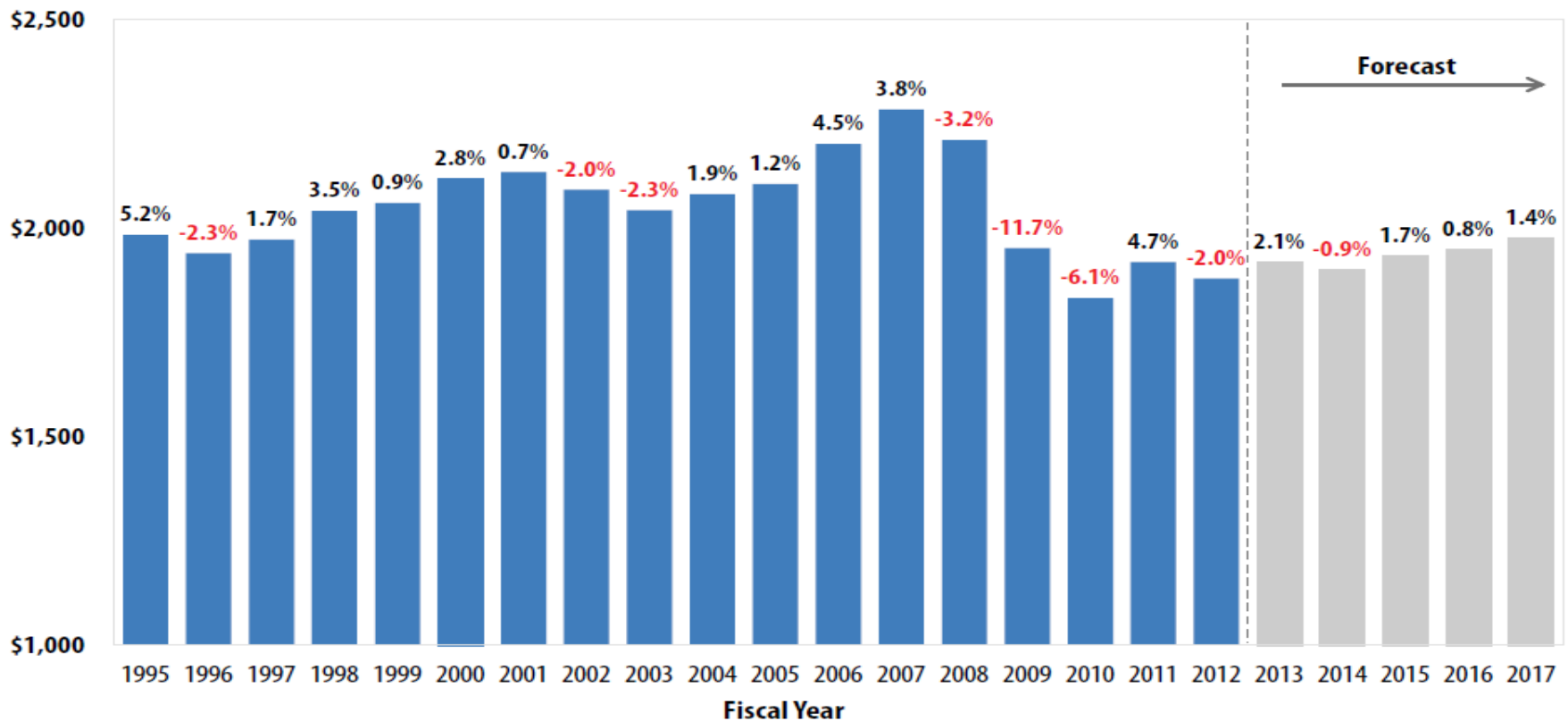
Washington State General Fund Revenues

Per Capita, Inflation-Adjusted



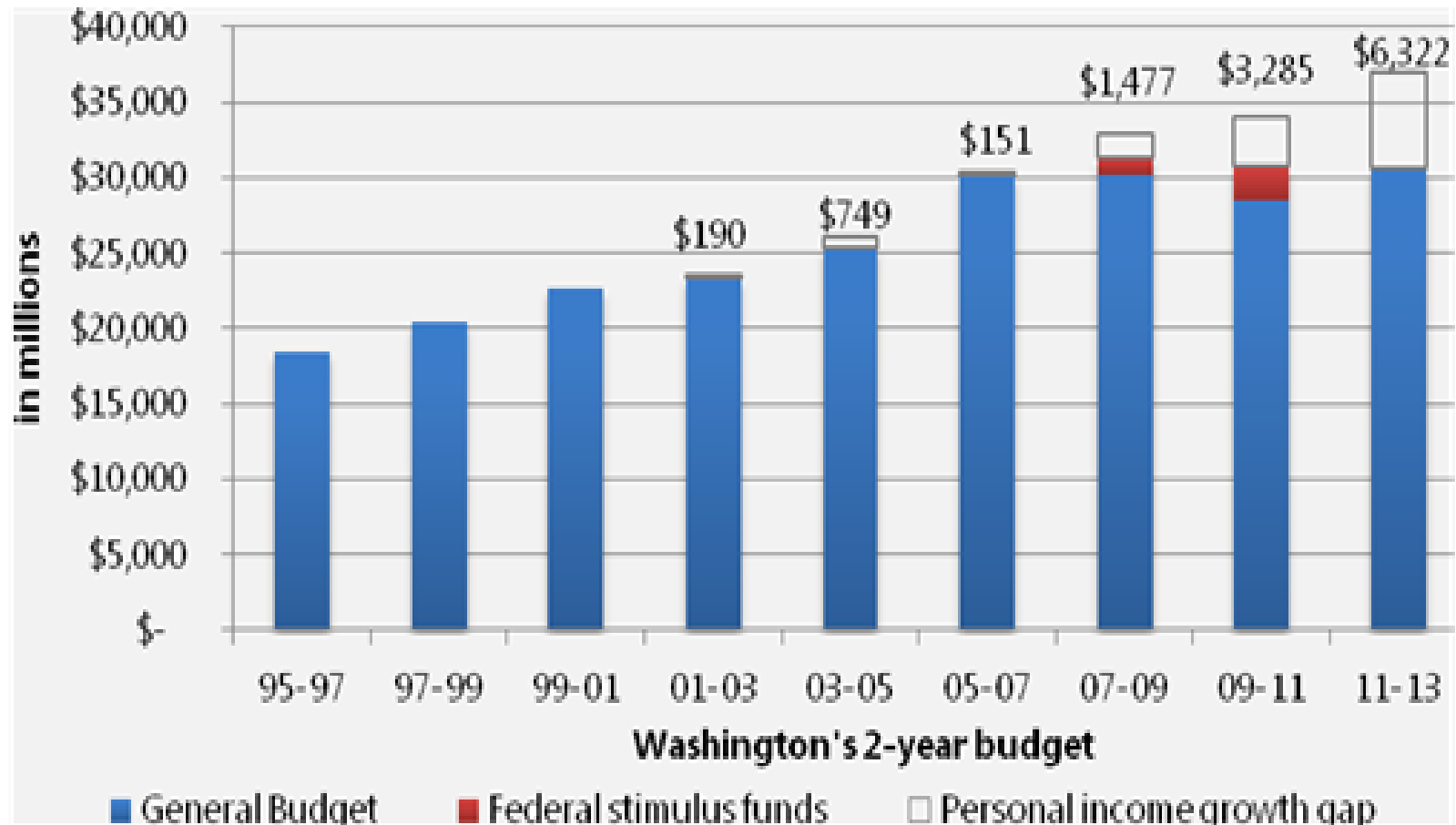
THE BUDGET PROBLEM IN WASHINGTON STATE

Real Per Capita General Fund-State* Revenue Dollars adjusted for 2005

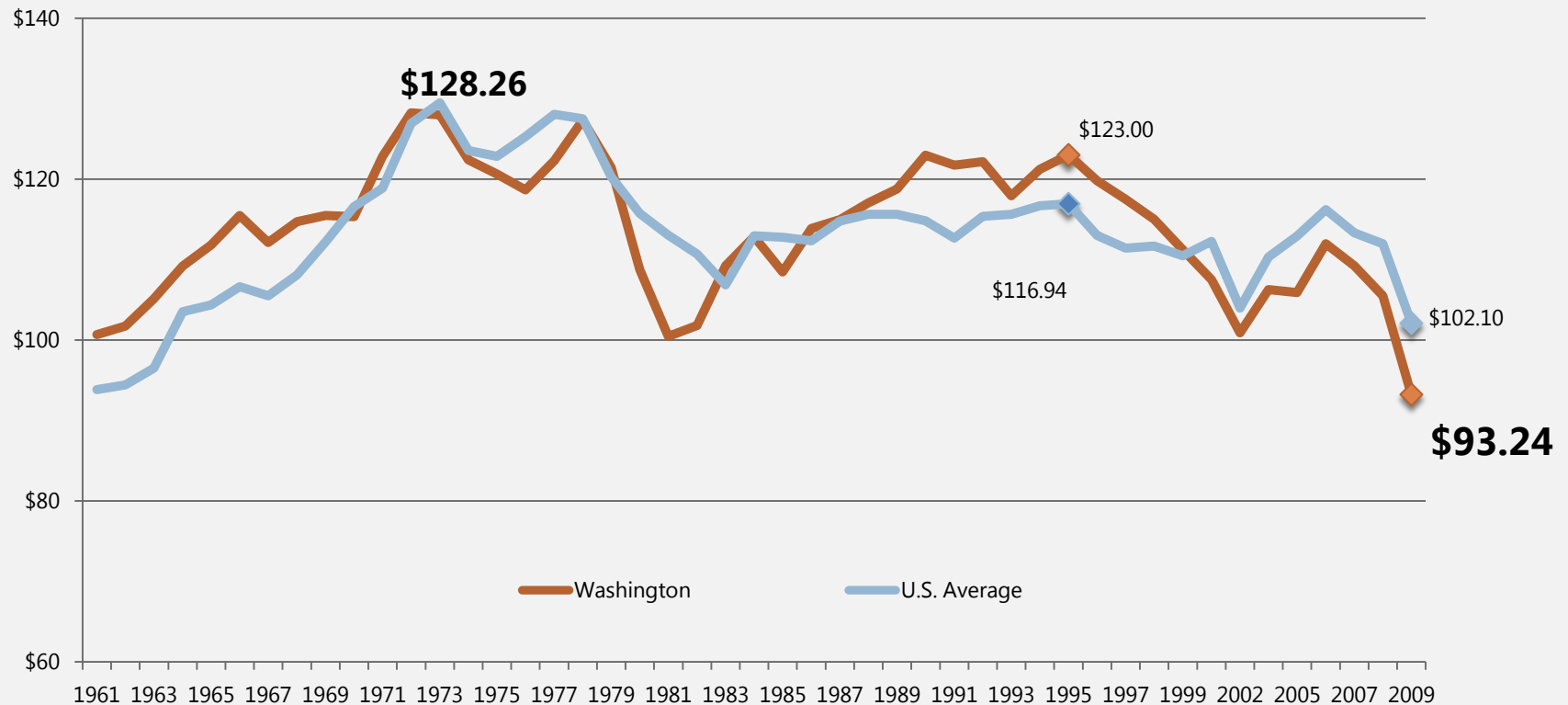


*Reflects General Fund and related funds for fiscal years 1995—2009; General Fund, new definition for fiscal years 2010—17
Washington State Economic and Revenue Forecast Council, November 2012

If revenue just kept up personal income....



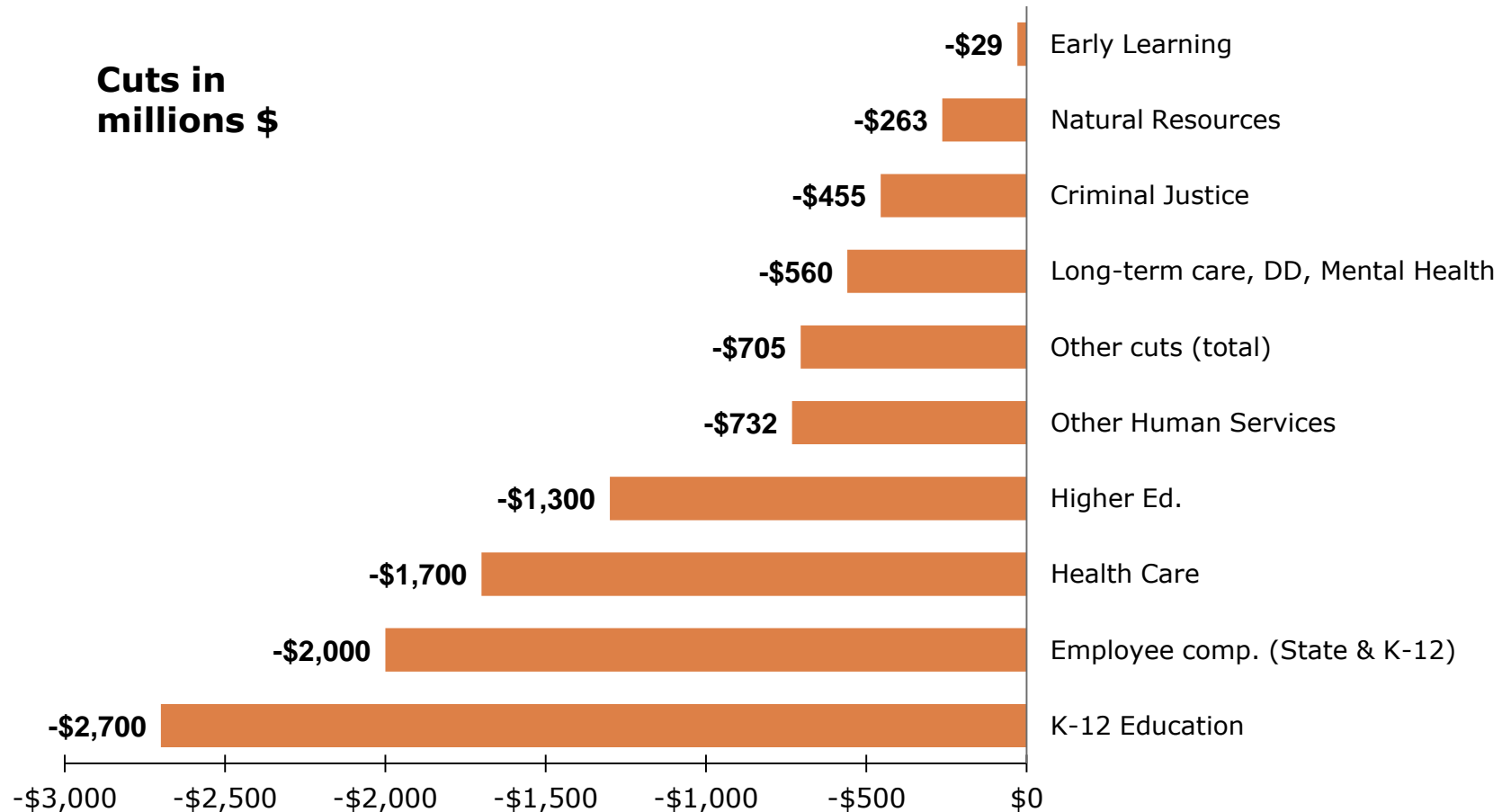
STATE AND LOCAL TAX COLLECTIONS PER \$1,000 PERSONAL INCOME, WASHINGTON AND U.S. AVERAGE, 1961-2009



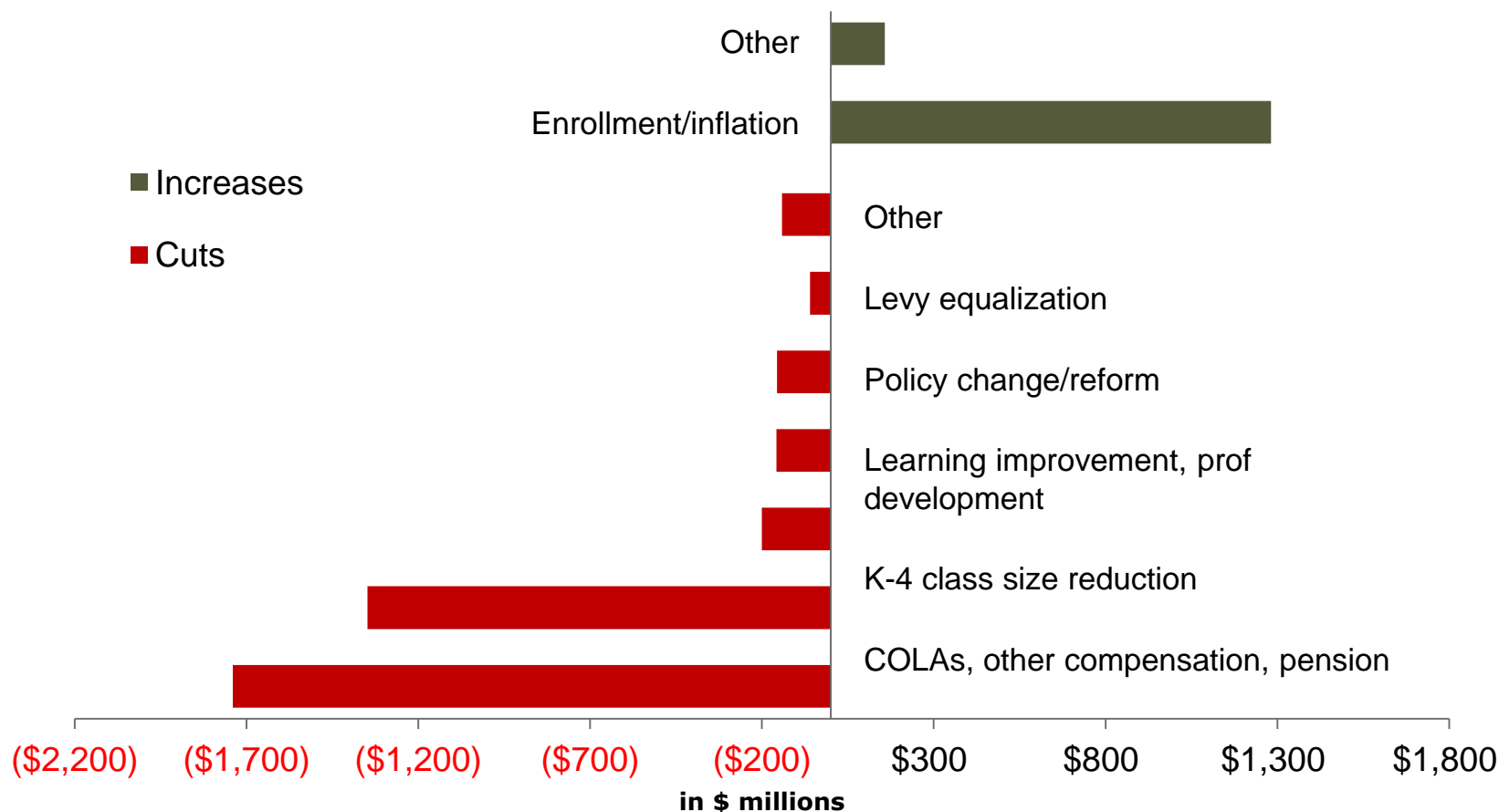
Sources: U.S. Census Bureau and Washington Department of Revenue

Budget Cuts Since The Great Recession

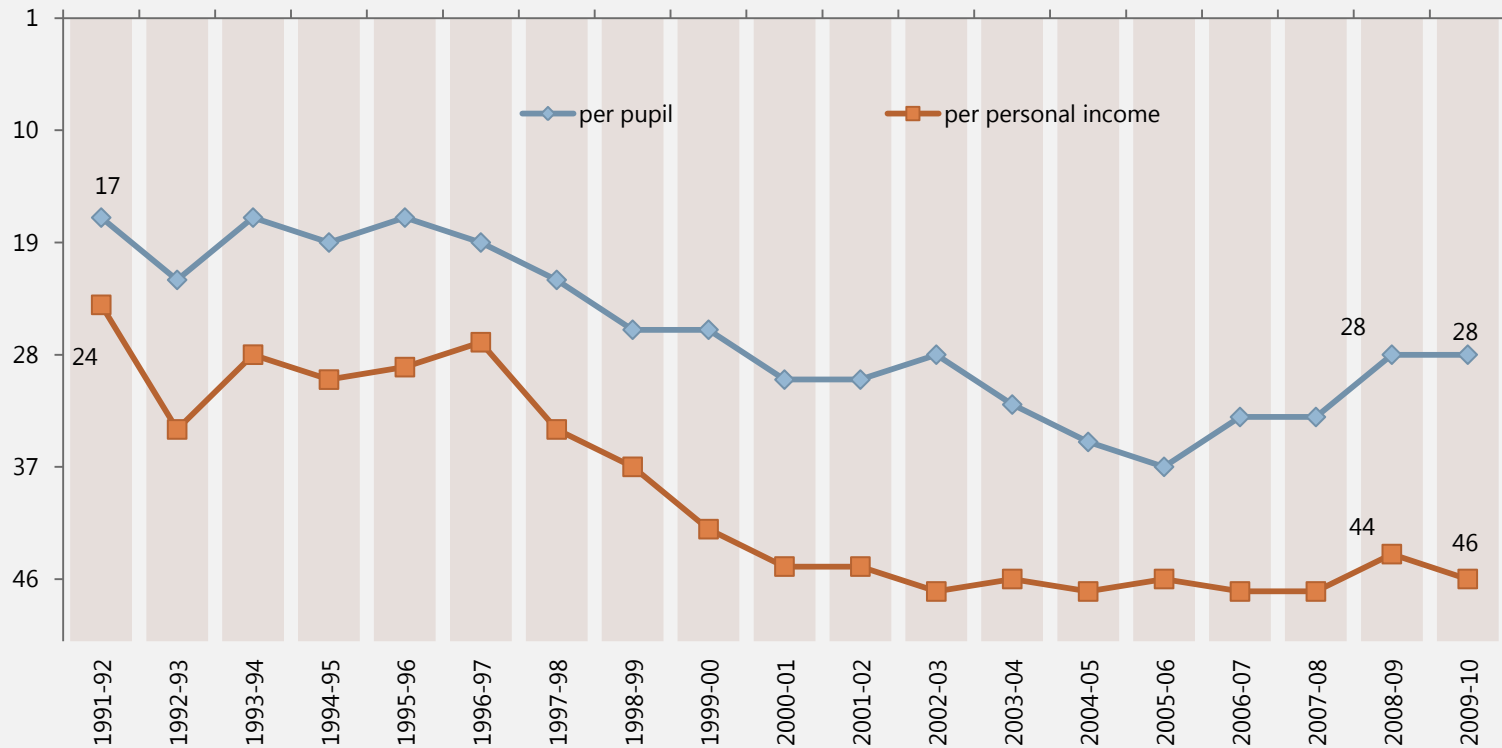
2009-11, in millions of dollars



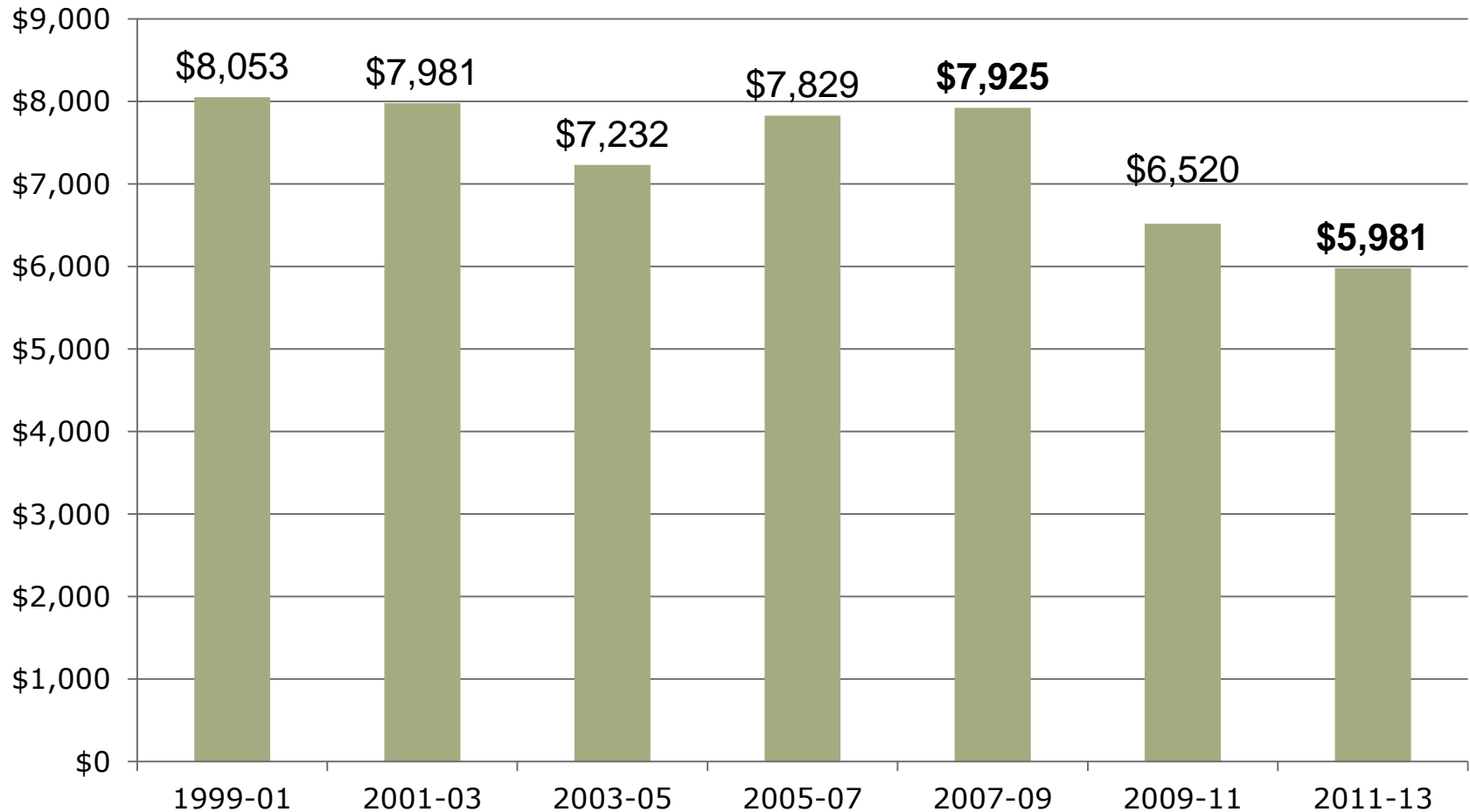
Washington K-12 spending changes since 2009



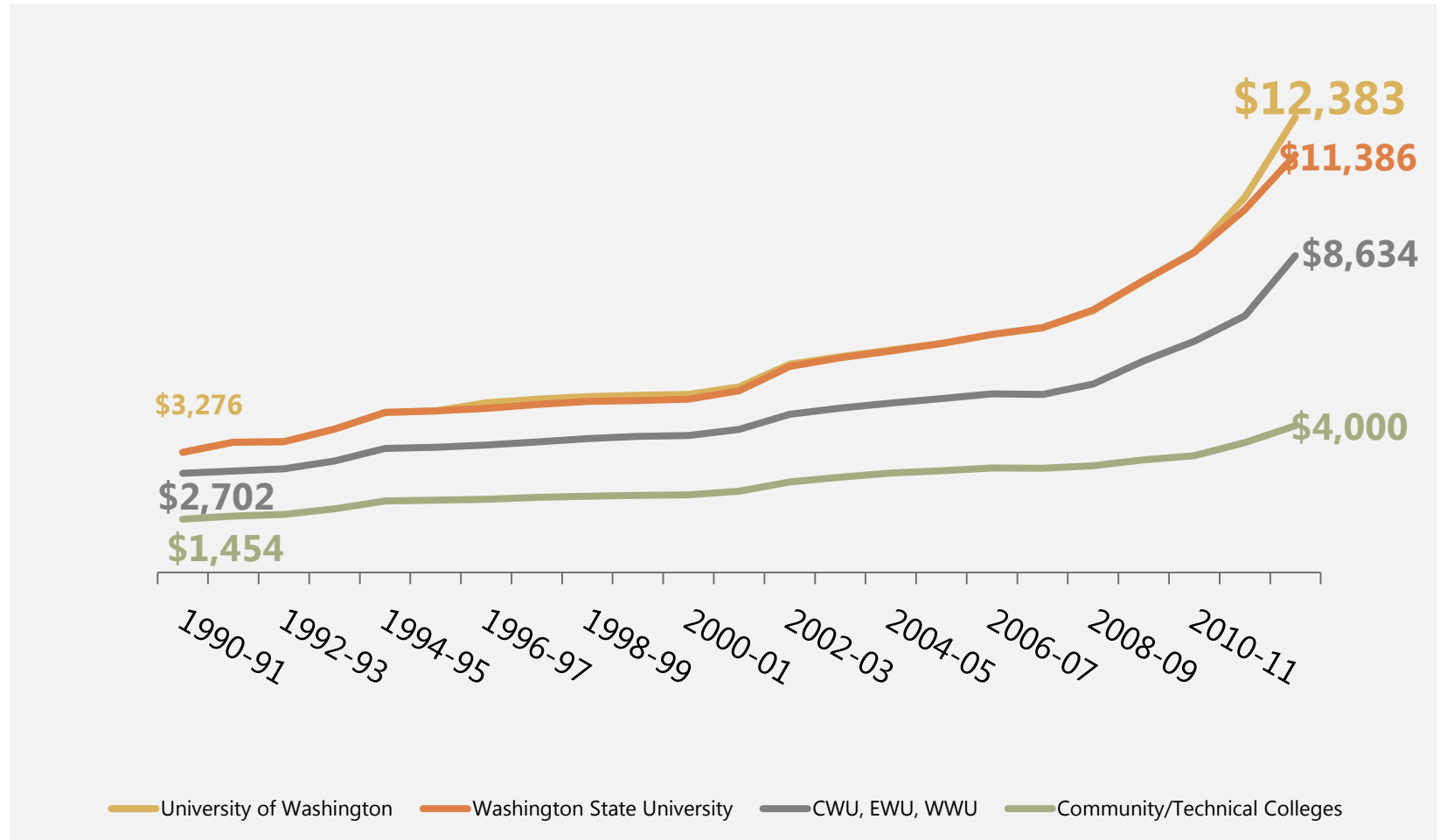
WASHINGTON'S RANK AMONG THE STATES IN K-12 PUBLIC SCHOOL



Washington General Fund higher education spending per enrolled student, 2 and 4-yr



TUITION AND FEES, WASHINGTON STATE COLLEGES AND UNIVERSITIES, 1989-2012



How do we restore Middle Class Prosperity ?

- **Fund public goods for private and public employees**
- **Close corporate tax loopholes**
- **Increase taxes on the wealthy - Go where the money is**



Progressive Taxation

- Luxury tax on automobiles, boats, submarines, aircraft, third homes, jewelry over certain price thresholds:



\$70 million

- Windfall profits tax on oil companies: **\$160 million**
- State estate tax increase: **\$100 million**
- 5% tax on incomes above \$200,000: **\$1.2 billion**

Pathways

- Legislature...
- Initiatives...
- Tie new revenue to specific dedicated public services
- It is not all about taxes: Social insurance programs come with their own dedicated funding sources
- Communications
- Make the connections
- Build the public trust
- YOU!
- A good time to be a citizen

EOI: New Tools for Building the Middle Class