

Advancing Justice: THE STORY for May 13, 2018

The Lowdown on “Invest in Education Act”

(The following is from VUU’s Dr. Anne Schneider’s “The Arizona Legislative Alert”, a newsletter that Anne emails every few days. To be added to her email list, send a request to legislativeadvocacy@vuu.org.)

There’s a new initiative underway, the – “Invest in Education Act” – that will provide a continuing source of funding for education! But first, signatures have to be gathered and the proposition has to get on the November ballot, and then pass!! Time to start on this is NOW. All over Arizona there will be sites with training and petitions that you can pick up.

You may hear arguments that this is simply a “soak the rich” program that requires only rich people to pay for the massive increase in education funding that is needed. This is a misleading argument. Arizona’s tax system currently stops increase the income tax rate at just over \$150,000 – why so low? **Progressive taxation is FAIR taxation.** It means that as people are better off, they have more discretionary income, and they pay a slightly higher tax rate on the higher increments of their income.

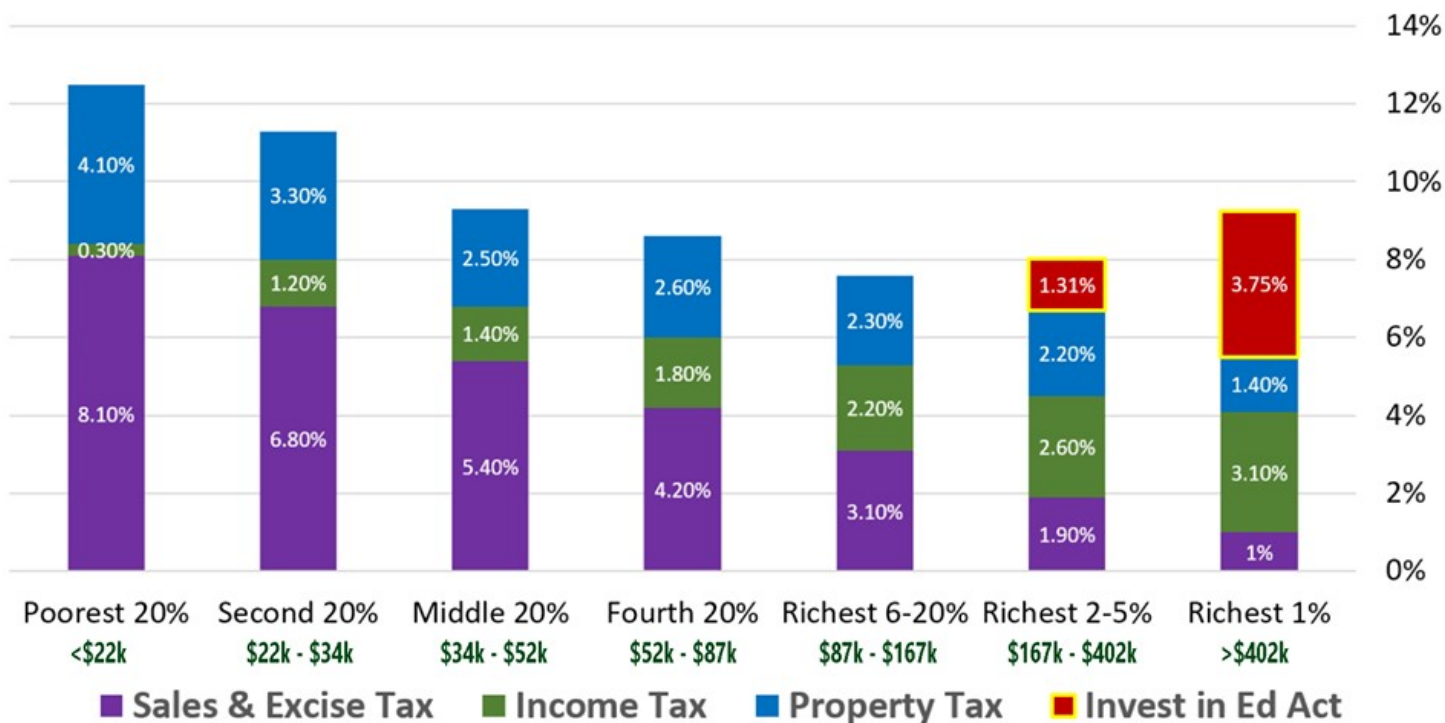
We are ALL paying for public education, as we should be, because the sales taxes we pay and the income taxes we pay ALL contribute to the general fund that has the money for public education.

In a progressive tax system like the income tax, **EVERYONE** pays exactly the same tax rate on the first \$10,000 of their income; including the millionaires. **EVERYONE** pays exactly the same tax rate on the second \$10,000. In fact, everyone – including a billionaire – pays exactly the same rate on the first \$250,000 of their income. A progressive tax increases the rate as disposable income increases, but it is an **EQUAL** tax rate in that everyone pays the same rate on each portion of their income. The higher percentages only apply at the margin. It’s progressive at the margin because the percentage paid in taxes increases slightly as the amount of income increases. This is only fair, because as people’s income increases, so does the amount that is disposable and that is not needed for everyday expenses such as groceries and housing. So, as disposable income increases, the amount paid in taxes increases slightly.

Still confused? See the chart on the back for a visual representation of this information, then sign the petition that will put the plan on the ballot in November!



Invest in Education Act: Restoring Balance in a Rigged AZ Tax System



Sources: All sales and excise tax, income tax, and property tax data are shown as percentages of non-elderly family income, and were taken directly from "Who Pays? (5th Edition) A distributional analysis of the tax systems in all 50 states," released by the Institute on Taxation & Economic Policy in January, 2015. It is the most recent data available. The data for the Invest in Education Act are rough estimates; however, they use the most conservative possible interpretation of the facts. For example, the estimated income tax increase for the "Richest 2-5%" bracket assumes that all family income over \$250k would be hit by the new higher tax bracket, although in reality only a single person or married person filing separately would see a tax increase at \$250k; married couples or single heads of household would not reach the new higher tax bracket until \$500k of annual income. For the "Richest 1%" estimated impact, some extremely conservative assumptions were used. Currently all single or family income over \$402k is taxed at a rate of 4.54%, yet the effective tax rate actually paid is only 3.1%, a ratio of only 68%. This chart instead assumes a much higher ratio of 84% on the new proposed tax brackets.

FOR MORE ENLIGHTENMENT ON THE PLIGHT OF PUBLIC EDUCATION, see this film!

Thursday, May 17, 2018 at 7:00 pm

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