



Could half a penny save public education in Georgia?

The answer is **YES.**

Normally half a penny doesn't give you much purchasing power. So it seems rather unrealistic to think that half a penny could rescue public education from its budgetary woes in Georgia. Well, one half a penny can't—but a lot of half a pennies could.

The Georgia Association of Educators has a proposal: institute a statewide half a penny sales tax increase for a set amount of time until the state treasury can fund public education at minimum 2009 levels and use the proceeds to help fund Georgia public schools. Per consumer, that increase doesn't add up to be that much. Yet when you multiply the increase times the number of people—both Georgians and visitors to Georgia—making purchases, you suddenly generate a hefty new revenue stream earmarked specifically for Georgia public schools.

Already states like Massachusetts, Nevada, and Minnesota have turned to tax increases to fund programs, special projects, and initiatives. So could that same strategy work here in Georgia?

What's been done in other states

From the west coast to the east, states are dealing with unprecedented budget shortfalls and are struggling to plug budget holes and make ends meet. For a number of states, that has meant turning to tax increases to supply that much-needed revenue.

In August 2009, Massachusetts increased its sales tax from 5 percent to 6.25 percent. When it needed revenue to fund arts and environmental projects, Minnesota increased sales tax from 6.5 percent to 6.875 percent. In Nevada, the legislature increased the sales tax for local schools from 2.25 percent to 2.60 percent—resulting in an increase in the total state sales tax from 6.5 percent to 6.85 percent. With the addition of local sales taxes, Nevada's average sales tax is currently 7.59 percent.

Recently, voters in Oregon approved a new tax increase on corporations and the wealthy to plug the state's budget shortfall. Voters approved raising the corporate minimum tax from \$10 to \$150. At the same time, they also voted to increase the tax rates on household income above \$250,000. In doing so, it's estimated that Oregon will generate nearly \$1 billion in funding for public schools, health care, and public safety.

The Oregon Education Association lobbied for and supported these two measures. Educators took to the streets to talk with community members, friends, and neighbors. The members of OEA had conversations with the public about what would happen to Oregon's schools if the

measures were not passed.

To get the job done, OEA members called or knocked on the doors of 102,058 Oregon voters; identified how 53,628 voters were going to vote on measures 66 and 67; and had conversations with 69,827 Oregonians. In their own ranks, OEA reports that 86 percent of its membership voted in the special election compared to 62 percent of Oregonians who voted.

They were successful. Measures 66 and 67 passed.

In a letter to members, OEA President Gail Rasmussen and OEA Vice President Hanna Vaandering congratulated members on the historic victory: "Oregon's passage of Ballot Measures 66 and 67 in the special election marked a major victory for the state's middle class families, school children, seniors and small businesses. By voting YES on 66 and 67, Oregonians joined OEA and spoke loudly and clearly in favor of protecting those who have been hit the hardest in this time of economic crisis, by asking the state's businesses and wealthiest individuals to pay their fair share."

"It's inspiring what Oregon and the members of the Oregon Education

Association were able to accomplish,” states GAE Government Relations Director Marcus Downs. “What we’re calling for isn’t nearly so dramatic. We simply want the public to tell legislators it’s time to make public education a priority. If all of us do a little, then we can make a big difference in strengthening Georgia’s public schools.”

GAE’s proposal

“We’re calling for the implementation of a ½ cent sales tax increase earmarked solely for public schools,” recently announced GAE President Jeff Hubbard.

With money so tight these days from the state house to your house, calling for a tax increase might not seem to be the most popular plan.

“But it’s necessary,” cautions GAE Government Relations Director Marcus Downs. “If we don’t earmark funds for Georgia’s 1.75 million public school students, then we’re mortgaging our state’s future.”

We say investing in our children will improve Georgia’s standard of living.

When speaking in front of roughly 1,300 GAE members and supporters of public education at the GAE Rally for Public Education, President Hubbard encouraged the public to view education not as expenditure but an investment “in creating a brighter future for the citizens of Georgia.”

Last December, President Hubbard presented three GAE recommendations to the House Education Appropriations Committee. Hubbard urged the state to establish a TEF Commission responsible for examining various tax policies, economic development practices and the state’s priority in providing public school funding. In addition, he recommended that the state invest in Georgia’s human capital. Finally, he proposed the implementation of a ½ cent sales tax earmarked solely for public schools.

“Several states and major cities in the United States have implemented sales tax increases for things other than their

intellectual capital. From general purposes to trails and parks in California, to wildlife and cultural heritage in Minnesota, and a severance tax hike on oil and gas in Arkansas, many states have demonstrated political will to do the unpopular thing,” stated Hubbard.

GAE Associate Executive Director Sandy Schwelling worries that if the constant cuts to public schools aren’t reversed, an entire generation of students will pay the consequences. “You cannot continue to cut the education budget year after year without seeing problems later,” states Schwelling.

While a tax increase might be unpopular, GAE believes it’s a good—and necessary—strategy for Georgia public schools. “The sales tax is the most-inclusive way to generate additional funding for public schools,” says Marcus Downs.

Anytime anyone comes to spend money in Georgia—from purchasing gas while on a road trip and tourism dollars to the family grocery bill—public schools will see very immediate and drastic benefits. “Our public schools and our students stand to gain so much through a half a penny sales tax,” adds Downs.

Instituting a half a penny sales tax increase for public education will help ensure that Georgia’s children have the resources they need in order to compete successfully.

“Georgia schools can’t afford any more cuts,” adds Downs. “It’s time to figure out how to move schools forward—not cripple them.”

Our future begins with the choices we make for public education today.

What you can do.

Right now, this half a penny sales tax increase is just a proposal by GAE. In order for it to move forward—and for money to start flowing into schools instead of out of schools—this proposal needs to be championed by a state legislator. **Call, email, or write your state legislators today.** Tell them that you want to see Georgia’s public schools made a top priority. Tell them that you support a half a penny sales tax increase.

The Hawaii State Teachers Association is moving forward with its plan to end furlough days by increasing income taxes.

HSTA’s Tax Proposal:

- Raise taxes on those making \$200,000 to \$400,000 to 10.55 percent of their income.
- Raise taxes on those earning more than \$400,000 to 12.85 percent of their income.
- Tax capital gains at ordinary income tax rates.
- Repeal tax provisions that allow businesses to take current losses against previous year’s profits.
- Create a \$250 corporate minimum tax.
- Close foreign tax havens.
- Create a commission to increase school capacity and accountability, and promote student success.
- Dedicate \$300 million of the revenue generated to eliminate furlough days and restore Department of Education funding.