

ECONOMY AND JOBS

1. Given the strong economic and population growth in recent years, we can all agree that this city is now a hot place to live and work. However, this growth has not benefited many people, especially low-income and unemployed DC residents. How would you leverage taxpayer funds for economic development in ways that would benefit the neediest DC residents?

There is a clear geographic reality to this question. For most of the District's low-income residents who live west of the river, it is not so much that there has been no economic development where they live it's that it happens at a price point for which they cannot afford. So, from a development perspective, there are two questions: How do we jumpstart development east of the river, and how do we create more and more meaningful job opportunities that allow residents to take advantage of existing opportunities?

Regarding the first, I believe that we need to move away from an economic development model that focuses on bringing in large chains and toward one that focuses more concretely on small business, cooperatives and incubating new industries.

We need a D.C. Public Bank that takes the roughly \$2 billion in funds we currently invest in Wall Street banks and use those funds to partner with local banks and credit unions to leverage their lending capital. A quick example of how this can work: East of the river, there is significant desire for more sit-down restaurants, but little response from the industry. Food trucks are much lower overhead, and many EOTR residents are involved in training programs in the culinary field. A D.C. Public Bank partnering with local institutions could lend funds to EOTR entrepreneurs to start food truck businesses. Further, in Ward 8 in particular, there is District-owned land that could be used to allow multiple trucks to set up at a time and serve large groups of customers. In both Seattle and San Francisco, similar spaces have been used to create de facto "food courts" that become significant neighborhood attractions. In this way, we could use both public dollars and public land to meet a development need and empower EOTR residents to take control of their own economic future.

I also believe that the District should use our rainy day fund to create a \$50 million cooperative fund and establish tax incentives for cooperatives. Cooperative businesses are another way we can help our neediest residents leverage their own abilities to develop their neighborhoods. The fund should immediately put out RFPs from existing District cooperative incubators to develop large-scale (100+ employees) cooperative enterprises with key emphasis being given to those east of the river. District procurement processes can also give preference to cooperative enterprises, for example fresh produce from urban agricultural cooperatives, to assist this sector.

I also believe that the District needs to invest its dollars to become a leader in emerging industries. The University of the District of Columbia has put some emphasis on creating courses and programs around various sustainability initiatives

from clean energy to urban agriculture. I believe we need to nurture and expand this commitment to give ourselves the opportunity to turn UDC into an anchor institution from both a teaching and research point of view that can provide District residents with affordable access to an important new set of fields and also make the District a more attractive destination for businesses and cooperatives in the same set of fields.

2. Seattle has enacted a minimum wage of \$15.00. San Francisco will vote on a ballot initiative in November of \$15.00. The mayor of Los Angeles has proposed a minimum wage of \$13.25, and Mayor Rahm Emanuel supports a \$13.00 wage for Chicago. Should DC set its sights higher? If so, to what level and in what time frame?

The District should set its sight higher. Currently, according to the MIT Living Wage Calculator, a living wage in D.C. would be \$13.26 for a single person. For a single person with one child, it would be \$26.35. In other words, our minimum wage now and as scheduled to increase is still a poverty wage. We need to increase our wages while we decrease our costs in key areas like housing and childcare. I believe the minimum wage for all workers should be raised to \$15.00 immediately.

A recent Urban Institute study regarding a raise in the minimum wage in the District stated very clearly: “We investigated the effects of a minimum-wage increase in DC and found little evidence to suggest that employment would fall. We also found that the vast majority of low-wage workers would see their earnings and disposable incomes increase. Based on these two findings, we anticipate that the legislated wage increase will improve the well-being of the District’s low-income working families.”

The study mentioned explicitly that this was the case even with a “substantial increase” to the minimum wage. This comports with national research In 2010, when the most rigorous study of minimum wage increases compared every set of neighboring counties with different minimum wages from 1990-2006 and found higher minimum wages did not decrease employment. Further, in 2012, (when the economy was clearly worse), the National Federation of Independent Business surveyed small business owners and found that wage costs were a relatively small concern, but that low sales were far and away their largest concern.

The Washington Post reported on Seatac, the Seattle suburb that increased their minimum wage to \$15/hr, with the key takeaway being “the sky did not fall.” The same article went on to detail how Seattle’s \$15/hr minimum wage did not seem to be deterring the opening of new businesses or relocation of businesses to Seattle.

While we continually hear about the negative effects of a minimum wage increase that is both substantial and immediate, these objections amount to conjecture. The overwhelming set of facts clearly demonstrate that an increase in the minimum wage will not dampen economic activity. Given the dire needs of low-income workers for a raise and the constant increase in the cost of living, as long as we are basing our policy decisions on facts, a raise in the minimum wage to \$15/hr should be an immediate priority.

TAXATION

3. In 2014, the DC Council enacted significant changes in tax law, many of which were recommended by the Tax Revision Commission. What do you think of these changes? What further changes would you propose, if any?

I think both the final TRC recommendations and the measures enacted by the Council were misguided. The increase in the standard deduction, lower rates for the \$40,000-60,000 tax bracket and increase in the EITC for singles are all welcome. However, regressivity is still maintained in the tax code. The highest effective rate, 10.1 percent, will still be paid by those in the middle (making \$38,000-\$62,000). This bracket has an average income of \$50,200. The top 1 percent of income earners, with an average income of \$2,359,500, will pay a rate of 6.3 percent.

Taking into account not only that average income but the fact that those with incomes over \$1 million had a combined taxable income of \$3.3 billion, the increase in the estate tax threshold was entirely unnecessary, as is the lowering of taxes for those making between \$350,000 and \$1 million, in particular because they get an implicit tax cut already from an increase in the standard deduction. On top of that, the budget increases sales taxes across the board, which, while clothed in faux-populism by targeting establishments like yoga studios, is in fact an unnecessary form of regressive taxation.

The cuts for the rich are not only unnecessary, but they speak to a non-existent problem: Tax flight. No serious evidence has been presented that income taxes in the District have driven out wealthy residents. In fact, the only real evidence is that there is broad support for higher taxes on the wealthy. A study done in 2011 found that 90 percent of residents with incomes over \$100,000 felt that an 8.9 percent tax rate on those making more than \$200,000 was acceptable. The budget also pandered to Wall Street bankers by exempting passive investment vehicles from the unincorporated business franchise tax.

The FY 2015 budget also lowers the business franchise tax unnecessarily. Information presented by the Tax Policy Center to the Tax Revision Commission shows that the District's business taxes have not had a negative effect. To quote from the report:

“Small business growth is higher than the national average and comparable to neighboring states. Growth in employment, wages and all establishments has outperformed many of the adjacent counties in Maryland and Virginia.”

This is not terribly surprising. Businesses decide where to open, locate, relocate and expand based on a variety of factors, not one in isolation. This bears itself out very clearly on a national scale as well when one looks at the county-level data on job growth provided by the Bureau of Labor statistics. California for instance, with top rates of 10.3-13.3 percent for incomes from \$250,000-\$1,000,000+ ranked third in job growth. The top state in job growth was North Dakota. The takeaway from this is clear: California, despite relatively high taxes, still creates many jobs due to the various other benefits. North Dakota was number one because of the shale-gas boom. It's the cumulative and conjunctural factors, not the single tax factor, that determine job growth.

The tax policy enacted by the Council in the FY2015 budget process is not based on any actual evidence that our tax policy is uncompetitive. It was also sold fraudulently by using decreases in middle-income tax rates to maintain an overall regressive system on both a personal and business level. It is part and parcel of an attempt by business interests to reduce their tax liability based on anecdote and conjecture for their own well-being, not that of the broader community.

Our tax policy needs to be based on the principal of progressivity. Wealth is not created simply by businesses; without the workers and consumers, no business would make any profit. I believe that a tax code that requires payment based on the actual share of wealth one has is both just and necessary if the burdens of a civilized society are to be not only distributed fairly but actually carried out.

I would propose several additions: A progressive sales tax credit; an increase in income tax to 9.5 percent for taxable income of \$150,000-\$350,000 and to 10 percent for taxable income above \$350,000. This would make our tax code truly progressive and, according to a simulation by the Institute for Taxation and Economic Policy, also create at least \$93 million in extra revenue.

ELECTION REFORM

5. The electoral system in DC allows candidates to be elected to office with a plurality, not a majority, of votes. Do you support any type of runoff system of voting? If yes, what mechanism do you favor? If not, why not?

I do support instant-runoff voting. Given the mix of both Ward and at-large seats for the D.C. Council, we would need to employ two different types of ranked choice voting. For Ward council, Council chair, mayor and attorney general, a simple ranked-choice voting system, while for at-large Council races where two candidates are at play, we should use a multi-seat ranked choice system that employs the threshold concept.

I favor a system that requires voters rank all choices available, as opposed to a limited number (three in San Francisco) or as many as they like (as in many Australian elections). I do not think this is the most critical factor, as the common drawbacks to the respective approaches, such as exhausted ballots and “donkey voting” (where voters simply rank at random candidates they are not familiar with), are dire enough to oppose a particular ranked choice system over.

AFFORDABLE HOUSING

7. Are our rent control laws adequate? If not, what can be done to reduce the burden on tenants?

No, they are not. We should take several steps to strengthen our rent control laws. We need to expand the number of units eligible for rent control. Currently, the rent control laws apply to buildings built before 1976, which leaves a significant amount of rental stock uncovered. We need to expand rent control laws to all units to help maintain broad affordability.

We also need to change how we calculate rent control. Rent control increases are currently limited to the cost of living, plus two percent. At this rate, rents will triple in 20 years; if we limited increases purely to cost of living, they would double over the same period. We know that incomes will not increase apace. In fact, from 2000-2010, the average income of renters remained virtually unchanged. I believe that we need a mechanism that sets the percentage increase of rents by fiat over short periods of time—say three years—so that increases in rents more realistically reflect both increases in the cost of living and renter incomes.

We also need to close many of the rent control loopholes, in particular the hardship petitions. It is unreasonable to mandate that landlords receive a 12 percent return when a hardship petition is granted. It also gives a clear incentive for landlords to scheme on ways to get hardship petitions granted in order to obtain higher profits.

PUBLIC EDUCATION

8. The percentage of children in traditional public schools has declined dramatically in DC and is now, at 56%, the third lowest in the nation. Should we be concerned about this trend? If so, what should be done to halt or reverse it? If not, what changes would you propose to accommodate to the trend?

I do believe we should be concerned. I believe the growth of charter schools has been of course driven by the poor outcomes at many DCPS schools, but the District has further bent over backwards to accommodate charters and allow them to expand while pursuing a meandering course with DCPS that makes it unclear what the role of our traditional public schools is. This means the first priority in halting this trend has to be to develop an actual educational policy.

From my perspective, we need one public school system under one authority. I believe that DCPS schools and DCPCS need to be brought under the control of the Board of Education that should be re-endowed with authority over education and tasked with developing an integrated plan.

More importantly, we need to improve the quality of DCPS schools to attract more students. Educational research shows fairly uniformly that schools that are socio-economically diverse do better. In fact, in a 2007 Century Foundation study, it was found that, when put side-by-side, schools with low-income students that were given enhanced resources still did more poorly than schools that had significant socio-economic integration. Further, other empirical studies have shown that low-income 4th-graders in economically mixed schools had significant success in narrowing the achievement gap.

Poverty is the number one indicator of a child's educational success. The school system cannot in and of itself solve all of the poverty-related issues; however, integrating the schools as mentioned above does help to ameliorate these issues. For example, one key issue with failing schools is moving high-performing teachers from affluent schools to mostly low-income schools with poor results. This is, to say

the least, highly contentious, as those at successful schools will balk at having some of their best educators moved. More robust school integration helps ease this burden by creating less of a competition between schools for effective educators.

I believe that, to begin to reverse the decline in enrollment at DCPS schools, we have to break up economic segregation in our schools and look to create more diversity at every school.

EAST OF THE RIVER

9. With respect to development at St. Elizabeth's Hospital campus, what can the Council do to protect the interests of and maximize the benefits to those currently living east of the Anacostia River?

The current development at "St. Elizabeth's East" is utterly conventional mixed-retail/commercial/residential that in numerous places in the District has resulted in significant displacement. The number one issue in terms of protecting the interests of those in the immediate vicinity are related to keeping housing costs affordable. Right across from St. Elizabeth's East, there are a significant number of single-family homes— property taxes will go up significantly with the new development. I believe that the District needs to look into creating some sort of "enterprise zone" type structure for the area, which can provide targeted property tax relief to many residents who will, over time, be at risk of losing their homes.

The District also needs to look very carefully at its affordable housing in the area. Currently, on the corner of 13th and Alabama Ave. SE, there is a vacant property with affordable covenants attached to the land underneath. The District is proposing to waive these covenants in a deal with a developer who has refused to promise that any actual affordable housing will be built. In cases such as these, it is extremely important that the District finalize the rules for the District Opportunity to Purchase Act (DOPA). In fairly depressed areas like Congress Heights, DOPA can be used to purchase buildings that will be relatively cheap and are either vacant or about to be on the market in areas like the immediate surroundings of St. Elizabeth's East and assure longer-term affordability. The Council needs to aggressively push for these rules to be finalized and DOPA deployed.

The Council must continue its oversight regarding laws like First Source to make sure the maximum number of jobs goes to D.C. residents as the campus is built out. The minimum wage should be raised so Ward 8 residents working in the new development are moving out of—not remaining in—poverty. Further, local small businesses and cooperatives should be given first preference for retail spaces, which, given the proximity to a Metro station and major streets, will be a prime opportunity for those sectors to succeed. The Council should use all its leverage in terms of approving District dollars to be used to lock down both DMPED and developers to this promise.

PLANNING

10. The Executive's zoning, planning and historic preservation functions report through the Deputy Mayor for Planning and Economic Development (DMPED). In your view, does this structure work well for the city? If not, how would you alter it?

I believe that this structure does fit the District. More than the process, in this case, it is the people. The development orientation currently is heavily weighted toward major developers and national chains and brands. I believe that this is a mistake and one that the Council has some power to remedy. Whether it is the projects over which it must approve funding or in its confirmation capacity, I believe that the D.C. Council has to insist on more equitable development, which I believe can be carried out through DMPED if the political will is there.