ECONOMIC DEVELOPMENT

POLICY OF THE YEAR NOMINEE:
Modernizing Maryland’s Tax System: Authorizing the Use of Pre-Populated Personal Tax Returns
FOR ECONOMIC DEVELOPMENT 2015

National Director
Joelle Gamble

Community Manager
Aman Banerji

Operations Strategist
Lydia Bowers

Illinois Director
Brenna Conway

Training & Field Strategist
Liz Sisson

Associate Director of Networked Initiatives
Alan Smith

Leadership Strategist
Kevin Stump

WITH SPECIAL THANKS TO

Student Editor-in-Chief
Kathleen Wilson

Alumni Editors
Lydia Austin, Nelson Igunma, Lucas Puente, Jamie Weil

The Roosevelt Institute Networks Special Initiatives Director
Joe McManus

The Roosevelt Institute Communications Team
Rachel Goldfarb, Laurie Ignacio, Marcus Mrowka, Tim Price
Who We Are

The Roosevelt Institute I Campus Network, the nation’s largest student policy organization, engages young people in a unique form of civic participation that empowers them as leaders and promotes their ideas for change. Through coordination with political actors and community leaders, Network members design and implement solutions to the pressing issues facing their towns, counties, and states. Now boasting 120 chapters in 38 states with thousands of members, we’re building a network of young people who are filling the ideas gap in communities across the country. In doing so, we’re preparing a new generation of thinkers and policymakers to burst forth onto the nation’s political stage.

What You’re Holding

Now in its seventh year, the 10 Ideas series promotes the most promising student-generated ideas from across our network. This journal, which includes submissions from schools located from California to Georgia to New York, stands as a testament to the depth and breadth of our network of innovators.

Our 10 Ideas memos are selected for publication because they are smart, rigorously researched, and, most importantly, feasible. We want to see these ideas become a reality.

How You Can Join

As you explore these ideas, we encourage you to take special note of the “Next Steps” sections. Here, our authors have outlined how their ideas can move from the pages of this journal to implementation. We invite you to join our authors in the process. Contact us on our website or by tweeting with us @VivaRoosevelt using the hashtag #solve2015.

Thank you for reading and supporting student generated ideas. Together we will design the future of our communities, from towns to countries and all that lies in-between.
Dear Readers,

Young people on college campuses are often asked to make phone calls, knock on doors, and campaign for existing agendas, but they’re rarely asked about their own policy ideas. Since 2004, we have been working to change that norm. At its core, the Roosevelt Institute | Campus Network seeks to defy the public’s expectations of young people in politics today.

Over the past 10 years, we have built an engaged, community-driven network of students who are committed to using policy to transform their cities and states now and build the foundation for a sustainable future. We believe that broader participation in the policy process will not only improve representation but produce more creative ideas with the potential for real impact.

In this year’s 10 Ideas journal, we present some of most promising and innovative ideas from students in our network. With chapters on 120 campuses in 38 states, from Los Angeles, California, to Conway, Arkansas, to New York City, we have the potential to effect policy ideas that transcend the parameters of our current national debate. Our student authors push for practical, community-focused solutions, from using pavement to improve sanitation in Louisville, Kentucky, to creating community benefit agreements for
publicly funded stadiums in Lansing, Michigan, to building workforce development programs for agricultural literacy in Athens, Georgia.

Policy matters most when we take it beyond the page and bring it to the communities and institutions that can turn it into reality. Many of the students in this year’s publication have committed to pressing for impact. They’re connecting with decision-makers in city halls and state capitols, armed with the power of their own ideas.

The breadth and depth of our network is reflected in the diversity of the proposals featured in this journal. We hope you’ll enjoy reading them as much we did. The next generation of innovative minds and passionate advocates is here, and it’s changing this country one idea at a time.

Sincerely,

Joelle Gamble
National Director
Roosevelt Institute | Campus Network
CONGRATULATIONS TO

Brianna Starosciak and David Meni

authors of Modernizing Maryland’s Tax System: Authorizing the Use of Pre-Populated Personal Tax Returns

Nominee for Policy Of The Year

A jury of Roosevelt Institute | Campus Network members, staff, and alumni select one piece from each journal to nominate for the honor of Policy of the Year. We base our nominees off of the quality of idea, rigor of research and potential for implementation. The cover design of this journal portrays this year’s nominee in visual form.
# TABLE OF CONTENTS

Recreating a Supplier Diversity Position at the University of Michigan to Foster Economic Inclusion  
Trevor Dolan, Steven O’Neill, Dominic Russel, Alec Ramsay-Smith, and Ashley White  
8

Way Anchor: Supporting Michigan Businesses Through Local Procurement  
Julius Golberg-Lewis, Ruby Kirby, and Michael Spaeth  
11

Community Benefits Agreements for Publicly Funded Stadiums in Michigan  
Mario Gruszczynski and Mike Malloy  
14

Reducing Taxes to Create Tighter Community and Save Small Businesses  
Lena Hilliard  
17

Subsidizing Electric Cars to Resolve Economic Inefficiencies  
Fatjon Kaja, Gregg Stevens, and Alvin Christian  
20

Let Working Families Work: Addressing Inequality in Childcare Aid  
Jennifer Kim  
23

Improving Business Improvement Districts Through Community Involvement  
Brian Lamberta  
26

A Solution to NYCHA’s Funding Crisis: Taxing Luxury Apartments  
Benjamin Marchiony  
29

Rails with Trails: Promoting the Construction of Mixed-Use Trails Alongside New Jersey’s Rail Lines  
David Meni  
32

Modernizing Maryland’s Tax System: Authorizing the Use of Pre-Populated Personal Tax Returns  
Brianna Starosciak and David Meni  
35
Recreating a Supplier Diversity Position at the University of Michigan to Foster Economic Inclusion

Trevor Dolan, Steven O’Neill, Dominic Russel, Alec Ramsay-Smith, and Ashley White, University of Michigan

The University of Michigan should reinstate the position of Supplier Diversity and Social Responsibility Leader to assist developing minority- and women-owned businesses throughout the state. This position would mitigate the unequal treatment these business face in the marketplace and drive inclusive economic growth.

Women- and minority-owned businesses (WBEs and MBEs) comprise 50 percent of all U.S. businesses but only receive 7.3 percent of business transactions.¹ This disparity is primarily due to a lack of access to capital: women and minority entrepreneurs are subject to lower rates of loan approval and higher interest rates, on average.² African and Hispanic Americans have significantly less wealth than white Americans but rely more on their own money to start businesses.³

The University of Michigan purchases more than $1 billion of goods and services each year. MBEs and WBEs experience greater difficulty soliciting business with the university,⁴ but since 2002 there has been no employee that solely assists small, disadvantaged businesses.⁵ The last full-time supplier diversity leader increased diversity spending in each of his last five years, fostering $40 million in yearly diverse spending.⁶

Michigan State University,⁷ the Universities of California,⁸,⁹ the

KEY FACTS

- By creating trackable goals and collaborating with local institutions, the University of Pennsylvania has increased diversity purchasing from $41,441,311 to $105,763,912 over the past decade.¹⁹
- Targeted spending at small, diverse businesses can have a multiplier effect on the economy: Penn estimates it generates about 200 jobs and $6 million in local area wages with its program.²⁰
- In 2002, the last year Michigan had a full-time supplier diversity leader, the University was named corporation of the year by the Michigan Minority Business Development Council.²¹
University of Florida, and Pennsylvania State University represent a small sample of similar large public research universities that employ individuals to assist diverse suppliers.

The University of Michigan should reinstate the position of Supplier Diversity Leader. This employee would work with purchasers (including federally monitored Principal Investigators) to raise awareness and provide resources to maximize diversity purchasing. Additionally, he or she would find opportunities to work with diverse suppliers, as well as train and assist them in engaging with the university and registration as a disadvantaged business. These roles would support the university’s socially responsible procurement goals and federal government contract reporting.

**ANALYSIS**

Due to their difficulties obtaining capital, MBEs are disproportionately small businesses: they employ eight individuals on average, whereas the average white firm employs 21. Supporting these small businesses would lead to job creation and create a positive multiplier effect on local economies. Moreover, increased diverse purchasing can reduce local wealth gaps, which can also spur economic growth.

This employee will streamline the diverse purchasing process and develop a pool of diverse business relationships. This will cut administrative costs on federal contract reporting and university goals.

While this employee’s position would cost $60,000-$90,000 a year, the economic benefits for the state and university make this proposal feasible. As a large public institution, the university has a role to play “in serving the public good” by “doing things that make a difference to people [and] to economies.” This employee’s role and visibility will ensure that the purchasing department supports these goals.
Support for this proposal must come from administrative leaders at the university. With the 2014 Being Black at UofM campaign, students have increasingly called for greater action on campus diversity. While this proposal does not directly address equitable enrollment, it does address the underlying wealth disparities that drive racial underrepresentation.

By working with the diversity purchasing team at Michigan State University and others around the country, the University of Michigan can create a detailed job description. Additionally, a strong partnership with organizations such as the Michigan Minority Development Council will allow the new Supplier Diversity and Social Responsibility Leader to locate and cooperate with diverse businesses.

ENDNOTES

3 Ibid
4 University of Michigan Procurement Services “MConnect overview.” http://www.finance.umich.edu/procurement/supplierinfo/mconnectprogramoverview
5 Ibid
8 University of California Berkeley Supply Chain Management. “Supplier Diversity Program.” http://supplychain.berkeley.edu/supplier-diversity-program
9 University of California San Diego Faculty & Staff. “Procurement & Contracts Contacts.” http://blink.ucsd.edu/sponsor/BFS/divisions/procurement-contracts/contacts.html
11 Pennsylvania State University, Supplier & Contractor Diversity Programs. “Contact Us.” http://www.supplierdiversity.psu.edu/SupplierDiversity/contact-us.cfm
21 Seguine, Joel. “Minority business group recognizes U-M.”
22 Robb, Alicia, “Access to Capital among Young Firms, Minority-owned Firms, Women-owned Firms, and High-tech Firms.”
Way Anchor: Supporting Michigan Businesses Through Local Procurement
Julius Golberg-Lewis, Ruby Kirby, and Michael Spaeth, University of Michigan

The University of Michigan should work to better support its community by directing university-wide purchasing toward businesses within the state and local area.

The University of Michigan is an institution that has enough economic power to significantly influence the economy and an obligation to use that power to create local jobs and wealth in its community, which is still suffering from the recession of 2008.1 Many universities, such as the University of Pennsylvania,2 Wayne State University,3 and Michigan State University,4 have initiated local purchasing programs. Michigan State University was the first university to partner with the Pure Michigan Business Connect (PMBC) to commit 50 percent of its purchases to Michigan-owned businesses.5 The PMBC and the Detroit to Detroit (D2D) purchasing programs, both developed by the Michigan Economic Development Corporation, aim to connect buyers with local suppliers and equip these companies with skills to be able to respond to the demands of local contracts.6 Even closer to the university, the Washtenaw County Board of Commissioners passed a local purchasing plan based on extensive research on 22 municipal purchasing policies across the country.7

The University of Michigan should pledge to purchase 50 percent of its goods and services at a local or state level

KEY FACTS
• For every $100 spent locally, $52 is recirculated or reinvested within the community.12
• The Pure Michigan Business Connect and the Detroit to Detroit (D2D) purchasing program will create 7,700 jobs, lower purchasing costs by 25 percent in Detroit, and increase environmental sustainability.13
• The University of Pennsylvania spent $109.2 million in goods and services from local suppliers in FY2013 and has created 87,000 new state jobs since 1990 as partners with the Pennsylvania Small Business Development Center.14
as partners with the PMBC. This policy will include a clear definition of local and state businesses and use discounts to incentivize each department and school within the university to purchase locally.

ANALYSIS

The University of Michigan is one of the oldest and largest public universities in the United States. It is the quintessential anchor institution — a large source of capital, employment, resources, and spending, which is permanently tied to its community. Its mission is focused on developing the Michigan community academically, economically, and socially. Between its multiple campuses and hospital system, the university has operating expenses of $3.5 billion. While some of its purchasing is already done through local sources, the lack of an explicit policy means that the Michigan economy could benefit from hundreds of millions of dollars of additional purchasing power. At a municipal level (and given the scale, the university is comparable), $100 in local purchasing recirculates an average of $52 into the local economy, almost double the amount from a non-local purchase.

The University of Michigan is located 45 minutes away from Detroit/Wayne County, which has an unemployment rate of 9.2 percent. The university has an operating budget of $1.3 billion, which represents payroll and purchasing from its numerous departments and colleges, an incredible source of potential community investment. Since the university is an anchor institution, it has the ability to pump money into a local economy that has been decimated by the loss of the manufacturing industry.

TALKING POINTS

• The University of Michigan does not currently track its state and local purchasing. Furthermore, it has no mandate or institutional incentive to purchase from local Michigan businesses.
• The University of Michigan should direct its purchases towards businesses within the state and local area to provide economic stimulus for the state and local economy.
Next Steps

To get a better picture of what the University of Michigan currently purchases, there must be a consistent definition of “local,” such as a business headquartered in Michigan or one with significant employment in Michigan. Through discussion with the administration, money could be set aside to subsidize local purchases. This would allow the departments within the university to have more flexibility in their purchasing. Finally, the chapter must reach out to local businesses to not only garner their support but also identify purchasing sources.

ENDNOTES

4 Michigan State University, University Services. About Supplier Diversity Program. 2014.
13 Ibid.
14 “About D2D.” D2D. http://d2dbusiness.org/about/.
Community Benefits Agreements for Publicly Funded Stadiums in Michigan

Mario Gruszczynski and Mike Malloy, Michigan State University

To ensure that the people of Michigan benefit from government investment in sports stadiums, the Michigan Legislature should adopt a measure that requires a Community Benefits Agreement for any land transfer or subsidization.

It has become standard practice for American sports franchises to demand public funding and other benefits when constructing new stadiums, often using their exit power as leverage.\(^1\) One of the latest examples of this practice is the recently approved Detroit Red Wings arena deal. Against the backdrop of the city’s bankruptcy proceedings, the Detroit City Council gave 39 parcels of public land worth $2.9 million to the team to build a new arena and surrounding developments for just $1. The State of Michigan agreed to contribute 58 percent of all funding, and no property taxes will be levied on the stadium site.\(^2\)

Defenders of such plans argue that the benefits of these projects justify public investment. Yet studies consistently show that the actual economic effects of stadium projects are either nonexistent or negative.\(^3,4\) Additionally, teams—including the Red Wings—often refuse to make a binding commitment to either deliver these benefits or observe certain labor practices to support the local community.\(^5\)

**KEY FACTS**

- The total cost of public subsidies for major league sports facilities amounted to an estimated $259 million per facility in 2010.\(^11\)
- During its bankruptcy proceedings, the City of Detroit transferred land valued at $2.9 million to the Detroit Red Wings for a token payment of $1.\(^12\)
- In a Los Angeles CBA contract, developers agreed to a goal that at least 70 percent of permanent jobs from the Staples Center pay a living wage or be covered by a collective bargaining agreement.\(^13\)
In 2001, a Community Benefits Agreement (CBA) was struck between the developers of the Los Angeles Sports and Entertainment District, including the Staples Center, and community organizations. The developers agreed to demands such as preferential hiring for local residents, community development, and living wage requirements. As a result of this policy, the community surrounding the Staples Center has seen an increase in park development, low-income housing units, and job training programs. This is a powerful precedent that, if adopted in the state of Michigan, could solve many of the problems surrounding publicly funded stadiums, especially the new Red Wings stadium in Detroit.

ANALYSIS

To ensure local benefits from publicly financed entertainment developments, the State of Michigan should require that developers negotiate a Community Benefits Agreement with local and state officials, as well as local community groups and residents. The specific elements of the agreement may include hiring benchmarks, environmental standards, or the creation of affordable housing. The model for negotiating Community Benefits Agreements used during the development of the Staples Center demonstrates the power of collective community action in holding developers accountable. Opponents of this policy may claim that a CBA requirement will deter desperately needed investment. However, since all parties affected by stadium development share in crafting these agreements, CBAs are both flexible and responsive to public demand.
Next Steps

In many cases, sports franchises will consider stadium sites across a metropolitan area or region, seeking to receive a more favorable deal without alienating fans by threatening to move to an entirely new market. To prevent communities from abandoning CBAs in order to “win” the team’s stadium site, a state policy must require the agreements.

While a law passed through the legislature would suffice, a ballot initiative offers a promising path to requiring CBAs. Michigan has a relatively simple ballot initiative process, and public opinion would likely favor this policy. Polls frequently show residents in cities considering financing stadiums strongly disapprove of this use of funds.⁹

Another option would be to require the Michigan Strategic Fund to create CBAs for its projects. The MSF is a group of appointed officials – currently all business leaders – who finance economic development projects, including the Red Wings arena, with public money. With Governor Snyder’s recent executive order to increase the MSF’s powers, there is precedent and opportunity to quickly and broadly require the MSF to use CBAs through an additional executive order.¹⁰

ENDNOTES

8 Good Jobs First
9 Gordon
11Gordon
12 Guillen
13 Good Jobs First
Reducing Taxes to Create Tighter Community and Save Small Businesses

Lena Hilliard, George Washington University

To better advertise local business to new residents during gentrification, the government should reduce the sales tax by 2 percent for qualifying local businesses.

Gentrification is a controversial subject. Some see it as progress; however, longtime residents and local businesses are often forced out of their communities due to skyrocketing housing prices and higher costs of living. Local businesses find that their prime customer demographic is being pushed out. In the past decade, nearly 40,000 black residents have moved out of the District of Columbia.¹ This is mainly attributed to an intense rise in property costs, which have risen almost 6 percent in the past year alone.²

Gentrification makes an area wealthier not by creating more wealthy people but by relocating those without wealth to make room for the more affluent. This creates an opportunity for large national chain businesses to flourish in this new environment, in which loyal long-term customers are replaced by new customers who are more familiar with big businesses. Preservation Nation contributor Joshua Bloom states, “In commercial districts that serve a local market, chains may be desired by some residents for their convenience or because chains represent known quantities.”³

To combat the takeover of large chains, the government should be working to protect small businesses. Unfortunately, the District of Columbia’s leadership often overlooks small businesses and works much harder to accommodate big business. For example,

**KEY FACTS**

- For every $100 spent at a local business, $68 is returned to the local community, whereas shopping at a chain only returns $43.¹²
- Skyrocketing rents and property taxes have pushed 40,000 black residents out of the District of Columbia in the past decade.¹³
the small business owners near the Georgia Ave Walmart claim the city allowed the newly arrived Walmart to take their parking spaces, often making it difficult for customers to get to their stores.\textsuperscript{4}

The DC Chief Financial Officer should reduce the sales tax rate by 2 percent for all DC businesses that fall within the guidelines of the U.S Small Business Administration.\textsuperscript{5} These businesses would also be allowed to advertise their status to customers by putting signs up in their stores, posting it on their websites, and word of mouth.

\textbf{ANALYSIS}

For every $100 spent at a local business, $68 is returned to the local community, whereas shopping at a chain only returns $43.\textsuperscript{6} Thus, to incentivize keeping wealth within the community, taxes should be reduced for qualifying businesses. Businesses must first meet the small business requirements set by the U.S. Small Business Administration.\textsuperscript{7}

If customers spend more money at small businesses, they not only help the small businesses but bring more money back into the community. The tax reduction will also give new residents a reason to establish connections with local stores. The connections will help to bring more business to the local stores and keep residents from being limited to large chains.

Small Business Saturday is a holiday launched in 2010 by American Express that promotes a day of shopping small.\textsuperscript{8} In 2013, Small Business Saturday caused more than $5.7 billion to be spent at small businesses on that day alone.\textsuperscript{9} In 2012, a business owner from Iowa saw a 30 percent increase in sales.\textsuperscript{10} Small businesses help to employ members of the community, and according to the National

\textbf{TALKING POINTS}

\begin{itemize}
  \item Some see gentrification as progress; however, longtime residents and local businesses are often forced out of their communities due to skyrocketing housing prices and higher costs of living.
  \item Supporting current businesses and allowing business owners and employees to stay in the community can combat the negative effects of gentrification.
\end{itemize}
Federation of Independent Business, “over 90 percent of small-business owners contribute each year to their communities through volunteering, in-kind contributions, and/or direct cash donations.”

Small Business Saturday creates an incentive for people to shop small for one day; however, we need to create an incentive for the other 364 days of the year.

**Next Steps**

The first step is to survey local businesses through e-mails and in-person meetings. The goal is to find out their questions, concerns, and ideas about the future. Then the case must be made to the DC Office of the Chief Financial Officer that the city would benefit from this 2 percent decrease in tax.

**ENDNOTES**

4 Weinberger, Jerry. Gentrifying Washington DC
5 WCAX.com. “At Issue: Small Business Saturday’s economic impact.” Dec 2014
7 What New Witch Size Standards”. United States Small Business Administration.
9 WCAX.com. “At Issue: Small Business Saturday’s economic impact.” Dec 2014
12 Hughes, Sarah Anne. “Small Business Owners Near Georgia Avenue Walmart Seek City’s Help.”
13 Khalek, Rania. “DC’s Poorest Residents Fight Displacement by Gentrification”. 
New York State suffers from the negative consequences of consumer preferences for gasoline-operated vehicles. To address this economic inefficiency, the New York State government should subsidize electric cars in order to promote sustainable economic development.

Gasoline-dependent vehicles are costly to society. With the new surge in domestic oil production, gasoline prices have become more volatile. As of January 2015, gas prices are at an eight-year low. Low oil prices may promote gasoline-fueled vehicular travel, which will result in more traffic congestion and pollution. Despite the severe economic implications associated with vehicular pollution, state governments have not done enough to address the issue. It is imperative that state governments take advantage of this opportunity to stress the importance of transitioning to a more sustainable source of energy.

**ANALYSIS**

An unstable energy source breeds an unstable economy; electric cars can potentially alleviate these issues. New York State’s economy would benefit by subsidizing electric cars due to their fuel efficiency and reduced costs. Electric cars have been proven to be more efficient than cars that require gasoline, converting 59–62 percent of the electrical energy from the grid to power at the wheels, whereas conventional gasoline vehicles convert about 17–21 percent. Electric vehicles would also reduce fueling costs. Fueling a vehicle with...
gasoline in New York currently costs $2.91 per gallon, while using electricity would cost $1.91 per gallon. With all of the benefits provided by electric cars, the United States has the ability to innovate global markets and spur new forms of untapped economic development.

The state government should subsidize electric car manufacturers, passing the savings on to consumers. Likewise, New York should tax vehicles that pollute the environment in order to fund the subsidization of electric cars. The tax will be based on each car model’s projected marginal damage to the environment.

Electric cars are approaching more affordable levels, rivaling vehicles that run on fossil fuels. For example, Tesla will release a vehicle by 2017 at a competitive price of $35,000. With continued government support, prices will continue to fall and more people will shift to electric vehicles.

**Talking Points**

- Electric cars are more efficient than gasoline-powered cars. The United States has the ability to innovate global markets and spur new forms of economic development by greatly increasing the incidence of electric vehicular travel.
- New York State should tax vehicles that pollute the environment in order to fund the subsidization of electric cars. It is less costly to intervene immediately in order to prevent the future effects of vehicular pollution.

**Next Steps**

The New York State government should sponsor additional research on pollution and traffic congestion to better understand their economic implications. Furthermore, the cost of electric cars should be subsidized in the form of tax breaks, making the purchase and maintenance of these vehicles tax-deductible. Electric car manufacturers should inform the state legislature of the benefits of electric vehicles and lobby to secure tax subsidies. The development of charging stations should also be subsidized, as a lack of this resource has stunted electric car purchases.
Additionally, New York should support electric car companies in establishing a physical foothold in the state. A physical dealership increases purchasing opportunities and provides greater access for product inquiries.

A coalition including electric car manufactures, such as Tesla Motors, and the New York State legislature should be created. State Senator James L. Seward, Chairman of the Energy Committee, should be included in ongoing discussions because of his direct involvement in the early stages of passing energy legislation. Manufactures should spend the first month consolidating information, creating presentations, and raising awareness through ad campaigns to address the inefficiencies of gasoline-operated cars and benefits of electric cars. The next two months can be spent publicizing the issue, informing elected officials, lobbying, and participating in hearings. The final months should be spent garnering interest from potential buyers. Public forums can also be held to discuss the benefits of electric vehicles and persuade consumers to purchase these vehicles.

ENDNOTES

9 Gregoy McNeal. “A $35,000 Tesla Model III Is Coming In 2017.”
Let Working Families Work: Addressing Inequality in Childcare Aid

Jennifer Kim, Cornell University

As soaring childcare costs prevent working families from providing sufficient care for their children, federal policies for child care assistance must be reformed to better benefit their target recipients: low-income families.

Childcare has rapidly grown as a major concern for working parents due to skyrocketing costs as well as the increased number of women in the workforce. While less than 30 percent of women with children under the age of five held any form of employment in the 1960s, today the majority of mothers are employed. At the same time, however, the annual cost of childcare for one child under the age of five has risen to an all-time high of $170 per week or approximately $9,000 per year.

This presents an urgent, unsolvable dilemma for many families: having one parent stay at home is as unfeasible for families that need the income as is paying for expensive childcare. The difficulties of finding affordable childcare not only increase unemployment but also perpetuate poverty as the constant struggle to find feasible arrangements limits the time parents can devote to work, training, and education.

While federal aid is meant to prevent these issues, existing aid is highly insufficient. The Child Care and Development Fund

KEY FACTS

- The annual cost of childcare for an infant at a childcare center is higher than the cost of tuition at an average four-year public institution in most states.
- Low-income families spend the largest proportion of their income on childcare, at an average of 30 percent, compared to 18 percent for families within 100 to 200 percent of the poverty level and six percent for families with incomes at or above 200 percent of the poverty level.
- Three out of four Americans support policies that would increase both the quality and affordability of childcare.
- Twenty-two states had waiting lists for childcare assistance in 2011.
(CCDF), which provides block grants to states for childcare assistance, is estimated to cover only one out of every six to eight eligible children.³

The single largest income support program for low-income families with children is the Child and Dependent Care Tax Credit (CDCTC), which provides a credit of 20 to 35 percent of up to $3,250 for taxpayers with qualifying expenses, and up to $6,044 for taxpayers with three or more children. However, although the credit is intended to help low-income working taxpayers, it actually disproportionately favors higher-income families, with many low-income families unable to obtain the maximum benefits.⁴

As opposed to simply pouring money into inefficient policies, the government should seek to first improve aid programs by ensuring they primarily support their target populations. In particular, the CDCTC should be reformed to become fully refundable.

**ANALYSIS**

On paper, the CDCTC appears to cater to low-income families: the credit system is inversely proportional, with higher credit rates going to families with lower income. However, because the CDCTC is mostly non-refundable, only families who owe federal income taxes can benefit.⁵ Since many low-income families owe little or no such taxes, they often fail to qualify for the maximum benefit. In 2013, it was estimated that the largest average benefits among families claiming the CDCTC went to those with incomes between $100,000 and $200,000. As well, families in the highest income quintile received the greatest share of the benefits.⁴

**TALKING POINTS**

- Many low-income families’ efforts to find and keep employment are hindered by their inability to find affordable childcare.
- Reforming the CDCTC to be fully refundable would shift the base of its recipients from higher-income to low-income families, its intended beneficiaries.
- Improved childcare assistance policies are supported by the majority of Americans and are vital for enabling many parents to continue working.
By making the CDCTC refundable, it can aid its actual targeted recipients – low-income taxpayers who often don’t have tax liabilities. Furthermore, typical concerns of fraud are unsound considering research has proven that people have no more incentive to fraudulently claim a refundable tax credit than a nonrefundable credit. 4

Next Steps

The most important step to take now is for federal legislators to propose a new bill or amend Senator Shaheen’s currently stagnant bill to make the CDCTC fully refundable. Furthermore, Congress should ensure it is not merely read and referred to a committee where it may lie dormant until forgotten but rather debated adequately and promptly voted upon.

ENDNOTES

4 Ibid.
Improving Business Improvement Districts Through Community Involvement

Brian Lamberta, Macaulay Honors College at Hunter College

Existing New York City statutes that require property owners to direct Business Improvement Districts (BIDs) should be modified to give control to anchor institutions and business owners, ensuring that BIDs serve as stewards for neighborhood improvement rather than tools for displacement.

Business Improvement Districts (BIDs) are public-private partnerships that act as a form of hyperlocal governance. With over 1,000 chartered in the United States, BIDs are an increasingly popular strategy for economic development at the community level. Generally, BIDs function by levying an extra property tax on commercial properties in an established area. Revenues from this tax are filtered back into the community, where a board decides how to spend the money.

Currently, there are 70 BIDs in New York City, collectively handling over $100 million in funds. The activities of BIDs may include neighborhood branding, holiday celebrations, garbage collection, and lobbying for government services. A board consisting of property owners, elected officials, and business owners sets the agenda and allocates funds. Property owners must hold a majority of seats.

Areas of New York City with BIDs have

KEY FACTS

- According to a 2008 study, 64 percent of small businesses in rapidly gentrifying Downtown Brooklyn did not feel represented by the BID.
- Forty-eight states and the District of Columbia allow BIDs, with the chartered amount continuing to increase each year.
- BIDs in lower-income areas are disproportionately more likely to contain “absentee landlords,” who are property holders that are not a part of the neighborhood. In these communities, property owners are less likely to support equitable development.
lost mom-and-pop stores in favor of chain stores in the last decade, demonstrating that BID activity in New York City favors corporatization. A dramatic example is Fulton Mall, New York City’s third most productive shopping district, which once served primarily lower-income black Brooklynites. The area BIDs supported a development project that replaced nearly all of the mom-and-pop stores with national chains, diverging from the historic character of the neighborhood. The BIDs could have functioned as a steward for equitable development rather than a buttress for displacement.

The New York City Council should amend existing statutes to grant equal representation to business owners, property owners, and anchor institutions (organizations with deep interest in the community, such as schools, museums, hospitals, libraries, and nonprofit service providers) on the boards of directors for Business Improvement Districts in New York City. This change will ensure that BIDs can continue to provide the services that benefit all interests (such as security and public art) without facilitating neighborhood turnover.

**ANALYSIS**

Small businesses are beneficial to their neighborhoods, fostering a sense of community identity and directly boosting the local economy. Anchor institutions can provide a balanced perspective that supports the growth interests of community members. Such groups should have their positions weighed alongside those of property owners in BID discussions. This policy change would elevate the interests of the community so that they may be seriously considered. The empowerment of business owners and anchor institutions would not hinder BIDs. By surveying the remaining small business
owners at Fulton Mall, researchers found that most would have embraced the redevelopment if it had included protections for small businesses (such as lease renewal guarantees) and the character of the neighborhood.

BIDs were created to help neighborhoods achieve their economic potential, but the current model may catalyze displacement. Allowing anchor institutions and local businesses to have an increased say in BID decision-making will ensure more equitable, bottom-up development for communities.

Next Steps

The New York City Council should pass legislation that mandates increased representation for small business owners and anchor institutions on the boards of directors of BIDs. The timeline and parameters that would make the transition seamless require further study. This change is politically feasible; progressives such as Mayor Bill de Blasio, City Council Speaker Melissa Mark-Viverito, and Public Advocate Letitia James, who currently control the municipal government, have shown support for neighborhood autonomy and the empowerment of small business owners. This plan is scalable for use in other states and municipalities across the country. As BIDs become ubiquitous, we must ensure that they serve the economic needs of their communities.

ENDNOTES

1 Jim Cloar, “Census of Business Improvement Districts,” Institute of Business District Management at the Rutgers University School of Public Affairs and Administration, 2011.
8 Ibid.
9 Allison Lirish Dean (urban planner) in discussion with the author, November 2014.
A Solution to NYCHA’s Funding Crisis: Taxing Luxury Apartments

Benjamin Marchiony, George Washington University

To close the New York City Housing Authority’s budget deficit, the city of New York should impose an extra property tax on Manhattan’s luxury apartments.

The New York City Housing Authority (NYCHA) currently suffers a $150 million-per-year budget deficit, which keeps it from providing for the poorest residents of the city. Meanwhile, the mean income of the top five percent of wealthiest households in Manhattan grew nine percent between 2012 and 2013.\(^1\) The city should impose an extra, flat property tax on its most expensive apartments to effectively reduce the deficit and ensure the long-term stability of the public housing agency that houses 615,000 New Yorkers.\(^2\)

In addition to the current deficit, NYCHA has a projected deficit of $300 million per year through 2018.\(^3\) In 2014, the city itself paid for $17 million of NYCHA’s budget, about 0.5 percent of the agency’s total budget.\(^4\) The majority of NYCHA’s funding consists of tenant rental revenue (33 percent) and a combination of various federal subsidies (66 percent).\(^5\) The amount of federal subsidies NYCHA receives varies year to year.

Luxury apartments are defined as the top 10 percent most expensive units, or apartments whose value is more than $3.25 million.\(^6\) Between October 2013 and October 2014, the number of luxury apartments for sale in Manhattan doubled from 742 to 1,473 units.\(^7\) Capitalizing on this market trend, the city could levy a tax on this bracket of apartments, which—given there are 752,000 apartments

---

**KEY FACTS**

- NYCHA has a $300 million deficit through 2018.\(^1\)
- Ten percent of Manhattan apartments cost more than $3.25 million each.
- A luxury-apartment tax to fix NYCHA’s current deficit would average about a 5 percent increase in property taxes on Manhattan luxury apartments.
total in Manhattan—includes close to 75,000 units.\(^8\)

If NYCHA’s deficit problem is not solved, the agency will have to lay off 500 workers and remove 1,200 families from Section 8 housing, and low-income residents who remain in NYCHA facilities will face a $690 yearly increase in rent.\(^9\) As average yearly rent is $5,340 for public housing in New York,\(^10\) this amounts to an 11 percent increase in total housing costs for the 615,000 New Yorkers served by NYCHA.

To fix the NYCHA funding gap, an extra property tax should be levied on luxury apartments in Manhattan, defined as the top ten percent most expensive apartments. This will be a flat tax for apartments in this bracket, with each property owner paying an equal share of the $300 million projected deficit.

**ANALYSIS**

A tax to close NYCHA’s current deficit of $150 million would amount to an average of $2,000 per year on each Manhattan luxury apartment. On average, New York County residents pay 0.73 percent of total property value in taxes each year.\(^11\) Distributed evenly, this would average close to a 5 percent property tax increase for all Manhattan luxury apartment owners.

However, the NYCHA funding deficit could also be solved simply by extra appropriations from the federal Department of Housing and Urban Development, (HUD) or congressional appropriations, which the city is currently trying to obtain. In that case, the luxury apartment tax could still be in place but only be active when NYCHA has a funding gap. The city could also levy this tax for entirely different purposes, such as helping to fund Mayor Bill de Blasio’s affordable housing program, which seeks to build 200,000 new units in ten

**TALKING POINTS**

- If each owner of a luxury apartment in Manhattan were to pay a proportional share of NYCHA’s deficit, the yearly cost would be less than \(1/1000\) of the value of each apartment.
- NYCHA houses 615,000 people, just over 7 percent of the city’s population. If the agency’s deficit is not paid for, the agency will have to evict 1,500 families and raise average yearly rent by $690.\(^14\)
years.\footnote{10} This could be used in conjunction with his plan to build the
apartments using the current inclusionary zoning policy.

\section*{Next Steps}

Changes in NYC tax laws must be approved by the New York State legislature. The tax amount should be determined by dividing the NYCHA deficit by the number of apartments in the top ten percent.

\section*{ENDNOTES}

4 Ibid.
5 Ibid.
7 Ibid.
10 Welcome to NYC.gov | City of New York.
14 Welcome to NYC.gov | City of New York.
The New Jersey State Legislature should amend land use statutes to facilitate the establishment of bicycle and pedestrian trails along active rail lines. Rails-with-trails can connect local economies and reduce the high rate of rail trespassing casualties.

The New Jersey State Committee on Transportation Choices has called for a significant reduction in the use of automobiles by 2030. Eighty-three percent of New Jersey residents drive to work; only 2.3 percent walk, and 0.2 percent take a bicycle. In addition to reducing congestion, mixed-use transit has economic benefits: cyclists and pedestrians make more visits to local businesses and spend more there per month than those who drive, even in suburban areas.

New Jersey also has a high rate of rail trespassing casualties. With 33 casualties in 2013, a 153 percent increase from the previous year, New Jersey is one of the top 10 worst states for rail trespassing.

Mixed-use trails, built alongside anything from freight lines to high-frequency Amtrak lines, have gained popularity as a means of increasing bicycle and pedestrian infrastructure. Rails-with-trails naturally improve rail safety, as the barriers and controlled crossings built alongside such trails mitigate trespassing.

Rails-with-trails can usually be established in negotiation with only one property owner, and they provide an additional mobility option between pre-existing population and employment centers.

**KEY FACTS**

- Only 2.3 percent of New Jersey Residents walk to work; 0.2 percent take a bicycle.
- New Jersey’s rail trespassing casualty rate increased 153 percent from 2012 to 2013.
- New Jersey has more than 2,900 miles of freight and passenger rail lines.
The New Jersey State Legislature should amend its Recreational Use Statute (RUS, which governs state recreational lands) to apply to the right-of-way corridors of railroads owned by NJ Transit and private companies, as well as trail managers within those properties. This would make negotiating the construction of a trail with railroad owners easier by protecting the railroad from excess trail-user liability and would make rail-with-trail acquisition and funding a part of the NJ Recreational Trails Program, which provides both state and federal funds to trail managers.8

**ANALYSIS**

New Jersey’s rail system has more than 2,900 miles of track but only four miles of rail-with-trail.9,10 The usage corridors of these railroads will continue to be an untapped resource until public statute facilitates easement negotiations. A more extensive rail-with-trail system can increase transit access to more than 400,000 households in New Jersey that do not have access to a car.11 The most common objection to rails-with-trails is the lack of state protection in Recreational Use Statute liability insurance.12 Amending this statute would thus facilitate trail-building negotiations.13 Rails-with-trails address the issue of pedestrian trespassing. In 20 years, there has only been one recorded fatality along a rail-with-trail.14 Protective barriers are built along with the trail, which allows planners to control how users cross the tracks. Instead of imposing new costs, this policy would be incorporated into the $1 million per year set aside for state trail grants.15 Rails-with-trails cost the same as a traditional mixed-use trail and are generally funded with a mix of federal, state, county, city, and private sources.16 Policies in other states that encourage rails-with-trails have proved successful. In 1990, Pennsylvania passed a Rails-to-Trails Act, amending the Pennsylvania RUS and establishing best practices for building rails-with-trails.17 There are now more than 52 miles of rails-with-trails in Pennsylvania.18 Similar policies exist in Wisconsin, Michigan, and New Hampshire.19

**TALKING POINTS**

- The low grade of a rail line and the connection between existing population centers make rail corridors ideal candidates for mixed-use trails.24
- Rails-with-trails significantly reduce rail trespassing and vandalism.25
- The State of New Jersey should act as a facilitator of negotiations between trail managers and reticent railroad owners.
Next Steps

The New Jersey State Legislature should take immediate action to amend its Recreational Use Statute to extend liability protection to rails-with-trails, a category currently excluded from the NJ RUS. The New Jersey Recreational Trails program should undertake a feasibility study of rail-with-trail acquisition and construction, particularly with property owned by NJ Transit, highlighting areas well-suited to trails. The Department of Parks and Forests and the Recreational Trails Program should establish a set of best practices for trail managers to follow when negotiating acquisition of rail rights-of-way. Following these studies, the State Legislature should pass a more comprehensive rail-with-trail bill similar to the 1990 Rails-to-Trails Act in Pennsylvania.

ENDNOTES

11 Transportation Choices 2030, 2
12 Morris, 10
16 Morris, 27
18 Rails to Trails Conservancy, 4
19 Birk, 114-121
21 NJ Department of Transportation, 12
22 Federal Railroad Administration, 1
23 NJ Transit, and NJ DOT
24 Birk
25 Pack and Tomes, 12
Modernizing Maryland’s Tax System: Authorizing the Use of Pre-Populated Personal Tax Returns

Brianna Starosciak and David Meni, George Washington University

Maryland’s General Assembly should authorize the establishment of a pre-populated personal tax return (PPTR) system for simple returns to reduce the state’s cost of processing returns, improve accuracy, and create a straightforward service for Maryland taxpayers.

Americans spend 1.35 billion hours per year filing individual tax returns.1 Eighty-nine percent of individuals turn to professional services or purchase tax software because of the complexities of tax compliance.2 However, tax bureaus already receive most of the information that taxpayers have to provide for simple returns. With congressional authorization, tax bureaus can provide pre-populated tax returns (PPTR) for taxpayers to accept or correct.3 These systems have been implemented in many jurisdictions, including Denmark, Sweden, Estonia, Finland, Norway, Chile, and the province of Quebec.4 All of these programs have reported lower administrative costs.

In 2011, two bills were introduced in the U.S. Congress calling for implementation of a national PPTR.5 Both bills died in committee, largely due to lobbying by tax-preparation companies.6 However, in 2004 California implemented a PPTR program called ReadyReturn.7 In 2009, the California Franchise Tax Board saved $2.25 per ReadyReturn participant ($360,000 in savings for a pilot of 160,000 users).8,9

**KEY FACTS**

- PPTR users have an error rate 10 times lower than those in a control group (includes tax software and self-compliance).20
- Time spent filing a tax return can be reduced by 80 percent with a PPTR.21
- PPTRs have been proven to save the implementing government $2.25 per return.22
- California’s ReadyReturn program has a satisfaction rate of 98 percent. 23
By passing an authorization bill, the Maryland General Assembly can give the Maryland Department of State and Comptroller the power to create a PPTR system based on Maryland’s iFile electronic return infrastructure. A taxpayer would electronically access a tax return pre-filled by the Comptroller with information that is already known from I-9s and other similar forms. The user would then be able to review and correct any information before submitting the return.

**ANALYSIS**

With the General Assembly’s authorization, the Maryland Comptroller can provide pre-prepared returns to the 2.8 million individual taxpayers in Maryland. Initially the program would apply to taxpayers who take the basic deduction and receive most of their income from wages—about two-thirds of taxpayers, primarily from the lower and middle classes. Nearly all individual taxpayers could be eligible within three to five years.

A taxpayer spends an average of $30 filing state tax returns, which means Maryland taxpayers could end up spending up to $60 million per year on tax preparation; a PPTR system could bring that number to zero. The simple format of a PPTR would allow taxpayers to spend on average 80 percent less time on each return, with a tenfold lower error rate compared with control groups. This program would also reduce noncompliance.

A pre-populated method could save the state up to 89 percent of the cost of each return, which could lead to $4 million or more in state savings given full program buy-in. Yearly administrative costs can be kept constant at $100,000-$200,000, which would be more

**TALKING POINTS**

• Pre-populated tax returns benefit both taxpayers and state governments by reducing compliance burdens and cutting overall costs.
• PPTR has bipartisan support but has been opposed nationally by tax preparation companies. State-level implementation has been able to circumvent this influence.
• PPTR will immediately benefit lower- and middle-class families while also saving the government time and money.
• At least eight other countries, as well as Quebec and California, have successfully introduced a pre-populated return; nearly all taxpayers who use these systems are satisfied with them and continue to use them.
than offset by the program’s savings.¹⁹

Maryland is an excellent candidate for this system because tax companies like Intuit currently have little lobbying influence there, making this proposal more politically feasible than at a federal level or in many neighboring states.

Next Steps

Several administrative costs should be analyzed before implementing PPTR in Maryland. Returns must be processed earlier, and supplementary information would have to be received from employers. A pilot program of 30,000 to 50,000 participants should be run for one to two years. After the pilot, program eligibility should be expanded to all simple returns, with potential for future expansion. After full rollout, a budget should be appropriated by the Maryland Comptroller to advertise the system.

ENDNOTES

3 For a comprehensive breakdown of PPTR logistics, see OECD pp 18-24. (http://www.oecd.org/tax/administration/36280368.pdf)
10 For a draft of what this authorization bill would look like, go to bit.ly/PPTRBill
14 Ibid
15 Ibid
18 California Franchise Tax Board, 4.
19 California Franchise Tax Board, 3-4
20 Goolsbee, 11
21 California Franchise Tax Board, 3-4
22 California Franchise Tax Board, 2-3
23 Ibid
24 Ibid