

## TRACK 4: REBUILDING OUR TAX SYSTEM FOR THE 21<sup>ST</sup> CENTURY

**Goal:** To create a policy agenda and action steps that will improve the equity and adequacy of Pennsylvania's tax system, in order to support public investments and to improve the economic security and well-being of Pennsylvanians.

### Objectives

- To improve participants' understanding of PA's tax system and revenue capacity, and to provide participants with tools to evaluate tax proposals from the standpoint of equity and adequacy
- To provide track participants with up-to-date information on key economic security issues with tax implications, including health care, pensions and asset building
- To identify promising strategies to improve economic security, including tools that will build retirement income and promote expanded access to affordable health care
- To test stakeholder interest in creating a Tax Fairness coalition, to improve the structure and revenue-raising capacity of Pennsylvania's tax system
- To test interest in a significant statewide effort to make access to affordable health insurance a key issue in 2006 and beyond

### Possible Action Steps

- Develop action plans for individual stakeholders to participate in tax fairness work in Harrisburg and across the state
- Achieve consensus to collaborate to advance specific progressive tax policy proposals
- Identify action steps around expanding health coverage in Pennsylvania

## JUNE 1

### Workshop Session 1: 10:45 a.m. – 12:15 p.m.

#### Health Care Systems Reform

Moderator: Ike Gittlen, United Steelworkers

Panelists: Liana Fox, Economic Policy Institute (EPI); Molly O'Malley, Kaiser Family Foundation; Gregory Howe, Governor's Office of Health Care Reform

Rising health care costs and declining employer-based health insurance have prompted widely divergent policy responses at the federal and state levels. While the President and Congressional Republicans promote Health Savings Accounts and other privatization mechanisms, states are experimenting with Medicaid waivers, employer mandates, and other policy innovations to expand coverage, reduce cost, and increase quality. Panelists will provide a candid assessment of state programs including Maine's Dirigo Care program, Maryland's Fair Share legislation, and the new Massachusetts program, and will share policy options under consideration by Governor Rendell's Health Care Reform Commission. Participants will discuss policy options for PA and gauge interest in building a state-level health care expansion effort.

### Workshop Session 2: 1:15 – 2:45 p.m.

#### Is a Progressive Tax System Possible for Pennsylvania?

Moderator: Sharon Ward, Pennsylvania Budget and Policy Center (PBPC)

Panelists: Matthew Gardner, Institute on Taxation and Economic Policy (ITEP); Randy Albright, Pennsylvania Senate Finance Committee; Eileen McNulty, Pennsylvania Department of Revenue

PA has been identified as one of the "Terrible Ten" states with the most regressive state and local tax systems, fueling, in part, the four-year-long debate over property tax relief and overall discontent with the level of taxation. Yet, PA is not a high tax state on average. Would a more equitable distribution of the tax burden quiet a restive electorate? What will it take to get there? Panelists will give an overview of

the problems with the state's tax system, offer options to make it less regressive, and discuss the practical and political obstacles to creating a graduated personal income tax.

**Workshop Session 3: 3:00 – 4:30 p.m.**

**Pension Security in the 21<sup>st</sup> Century**

Moderator: Christian Weller, Center for American Progress

Panelists: David Helfman, Maryland State Teachers' Association; State Representative Steve Nickol; Heather Tyler, Pennsylvania Banking Department.

Lack of retirement income ranks high among the economic worries of middle class, and it is no wonder. Public sector pensions are under attack as private sector pensions become less generous and more tenuous. Fully half of all PA private sector hourly and salaried workers have no pension plan at all. Many policymakers have called for steps that would further weaken pension systems, especially for the middle class. Christian Weller will present findings from a forthcoming Center for American Progress/KRC paper on policy options to strengthen public sector pensions and expand defined contribution (401(k)-type) pensions to low-wage workers. Panelists will comment on the current climate for pension strengthening, discuss a successful effort to improve teacher pensions in Maryland, and share innovative proposals promoted by the Governor's Working Families Task Force.

**JUNE 2**

**Workshop Session 4: 9:00 – 10:30 a.m.**

**The PA Tax System in the 21<sup>st</sup> Century (PA 21) and Beyond: A Comprehensive Tax Reform Proposal for Equity, Adequacy, and Fair Taxation**

Moderator: Sharon Ward, PBPC

Panelists: Rick Bloomingdale, PA AFL-CIO; Mike McCarthy, PA Business Roundtable; Stephen Herzenberg, KRC; Robert Kassoway, House Finance Committee; Andrew Ritter, House Finance Committee

Representatives from Pennsylvania's business and labor community spent two years finding common ground on a tax reform proposal that would jointly meet their individual goals: reduce and reallocate business taxes to strengthen competitiveness; broaden the tax base; improve tax fairness; and raise sufficient revenue to adequately fund services. Panelists will give an overview of the PA 21 proposal; discuss their motivation for the project, its ramifications, and current status; and discuss the potential of this type of sweeping tax restructuring in this volatile political climate.

**Workshop Session 5: 10:45 – 11:30 a.m.**

***What Did You Learn? How Will You Apply It?***

Facilitator: Sharon Ward, PBPC

**General Session 3: 11:30 a.m. – 12:15 p.m.**

**Report Back from Workshop 5 – Group Discussion of New Rules for a New PA Economic Game**