PUTTING FAMILIES FIRST
Good Jobs for All

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Cover: Tens of thousands of civil rights activists gathered at the Lincoln Memorial reflecting pools as part of the WeAreOne rally for workers' rights and voting rights on October 2, 2010. Photo courtesy of Leadership Conference on Civil and Human Rights.

PUTTING FAMILIES FIRST: GOOD JOBS FOR ALL

As co-conveners of the Putting Families First: Good Jobs for All campaign, we applaud the publication of this report. Dorian Warren and his team deserve immense credit for shining a clear light on the United States' jobs crisis and offering a policy agenda commensurate with the scale of the problem, rather than a grab bag of small-bore proposals cut to narrow political dimensions.

It will take time to absorb the rich array of ideas in this paper, and the details of the agenda will be debated by some. But the core argument of the report is incontestable. Low-quality jobs are keeping Americans struggling as they work to make ends meet—forcing millions of families to sacrifice on support for elders and compromise their children's future. Structural unemployment is strangling opportunity. Racial and gender discrimination are baked into the labor market. These dynamics are not the product of remote, impersonal forces. Instead, they are the result of decisions we have made as a nation.

The good news is we can change how our economy is organized—if we can summon our collective will and strength. Here is a plan to do it.

This is a call to arms for all of us who recognize that bold steps are needed to address the evils of poverty, inequality, economic stagnation and shrinking opportunity for millions of Americans. As we launch a campaign to assure that everyone has access to a good job, this report will help us challenge the status quo, navigate new terrain and realize a vision of an economy that enables every family to thrive.

Center for Community Change
Center for Popular Democracy
Jobs With Justice
The Leadership Conference on Civil and Human Rights
Working Families Organization

Introduction

The time is ripe for a bold national agenda to address the crisis families are facing in trying to make ends meet. This may seem paradoxical at a moment when Congress is paralyzed and federal action to address the major issues of our day seems to be a distant prospect. But underneath the frozen surface of partisan rancor and stale ideological arguments, powerful currents are moving the country towards a new consensus for change. The nation has awoken to the twin crises of economic inequality and poverty and is seeking answers that are faithful to the values of past generations of reformers but grounded in 21st century realities.

This moment calls for an aspirational program that can galvanize energy, animate a broad-based coalition, and provide a foundation for concrete action that will put the voice and agenda of struggling Americans at the center of a new national debate. At the heart of that program is a simple and achievable idea: government should take action to create millions of good new jobs in emerging sectors, guarantee decent wages and benefits for all who want to work and ensure equity in the labor market for women and people of color.

Working Families Party candidate Diana Richardson joins Working Families supporters to call for a $15 minimum wage at City Hall in New York City.

CRISIS AND OPPORTUNITY

The shape of the current crisis is by now all too familiar. The top 1 percent of the wealthiest Americans takes home approximately 20 percent of the country's[1] total income and owns 40 percent of the nation's wealth. In the last few years, as the country has struggled to recover from the greatest financial crisis since the Great Depression, this top tier has received nearly all of the added income generated from economic growth.[2] Meanwhile, one-third of the country—106 million people—live beneath 200 percent of the poverty line[3], without enough to sustain their families.

These cold statistics reveal a lived reality that is everywhere in our culture and society. Stories of families struggling to make ends meet spark the public's attention because they speak to the truth of shared experience. Consider Mya Hill. She's worked at the Checkers in Lincoln Park, Michigan for four years and is still only paid $8.15 an hour—the state's minimum wage. Her fiancé, Jonathan, is paid the same amount at a nearby McDonald's. Between their two fast-food incomes, they can't afford the basics. And even with supplemental food stamps and Medicaid, they barely have enough to get by and take care of Jonathan Jr., their two-year-old son. As for child care, Mya and Jonathan can't afford a full-time program on their minimum wage earnings. Instead, they scramble to find friends or family who can help. Month after month, they struggle to pay the bills and stay afloat.

With millions of families struggling like Mya and Jonathan, it is not surprising that only four out of ten Americans report that they still believe in the American Dream—that if you work hard you can get ahead.[4] Thirty-eight million American households (one in three) say they are living paycheck to paycheck[5], continuously on the brink of financial disaster. What's more, a staggering 36 percent say that they or someone else in their household had to reduce meals or cut back on food to save money over the course of the past year.[6] Few Americans are confident that their kids will have a better future, while more and more believe the economic and political game is rigged in favor of the wealthy few.

One-third of the country lives beneath 200 percent of the poverty line.

While the crisis has become a major topic of political and popular discourse, there is much less recognition of the pathways of opportunity that are being opened by dramatic changes in our economy and society. Sharp demographic transitions and declining demand for labor in the sectors that once drove the economy have created the wherewithal—and the imperative—to devote more resources to caring for the young and the old.[7] The transition to a clean-energy economy can create millions of good-quality jobs if the right policies are in place. In a country where the majority will soon be citizens of color, investing in communities that have been disinvested for generations can ensure that their talent and assets contribute to shared prosperity for everyone. Restoring workers' bargaining power can ensure that working families reap the benefits of the work they contribute—and power growth. It is not inevitable that new technologies and rising productivity will produce mass unemployment and greater inequality. Rather, these forces can be harnessed to take a large step towards the vision that John Maynard Keynes articulated 100 years ago in "The Economic Future for Our Grandchildren"—the elimination of the want, suffering and deprivation facing millions of Americans is within our power to end in this generation.

FAILED ORTHODOXIES

The progressive reformers of the 20th century responded to the massive transition from agriculture to manufacturing by designing a radically new set of institutions and policies that provided security and prosperity to millions of Americans. We can do the same today. But seizing this opportunity requires us to face-up to some hard truths. And the two dominant strains of economic thinking in this country—radically conservative and mainstream liberal—have failed on that account.

Two protestors support ending barriers to employment for former prisoners.

The causation story proposed by conservatives—a combination of personal irresponsibility, family dysfunction and big government—is demonstrably false. The solutions they propose, ranging from massive tax cuts for the wealthy to further destruction of the social safety net—with an occasional nod to a modest expansion of the Earned Income Tax Credit, are unpersuasive and represent a kind of intellectual exhaustion, masked by ferocious conviction.

Unfortunately, the solutions offered by some mainstream liberals, while more humane, don't meet the challenge either. From centrists and some liberals, we often hear that the underlying problem is a skills "mismatch," or we are told that unavoidable forces of technology and globalization are driving down wages. These causation stories don't take into account that wages are also stagnant or declining in labor-intensive and place-bound service sectors in which jobs can't be shipped overseas. Wage growth has been flat even though the percentage of people going to college has increased. Education and training may be worthwhile for other reasons, but there is a growing literature that finds that they are not major solutions to the problem of inequality.[8] The traditional liberal palliatives—tax credits, job training, modest minimum wage increases and "social entrepreneurship"-style demonstration projects—speak to an underlying view that fundamental changes in the structure of the economy or markets are impossible, undesirable or beyond our control to shape. They believe the best that can be done is to smooth out the rough edges of the resulting hardship with a little redistribution at the margins.

The social policy debates of the last 35 years are best understood as a seesaw between these two orthodoxies, with the bulk of the motion in a conservative direction (de-unionization, welfare reform, tax reductions) and some counter motion in a liberal direction (EITC increases, very modest minimum wage increases). The two views are obvious in their differences, but in reality, mainstream liberals and conservatives agree more than they disagree about the underlying source of the problem.

Progress for America's families rests on abandoning these common assumptions. We must reject the premise that poverty is a matter of individual deficit—personal responsibility as conservatives would call it or inadequate skills as some liberals would say. We must reject the premise that wealth is created solely by corporations or entrepreneurs, when we know that the foundation of wealth is people's hard work. And we must reject the premise that the government should stay out of the market as much as possible, at best providing a safety net for those who can't take care of themselves. Safety net programs are critically important and need to be strengthened, but they are not nearly enough. We need to change the rules of the game.

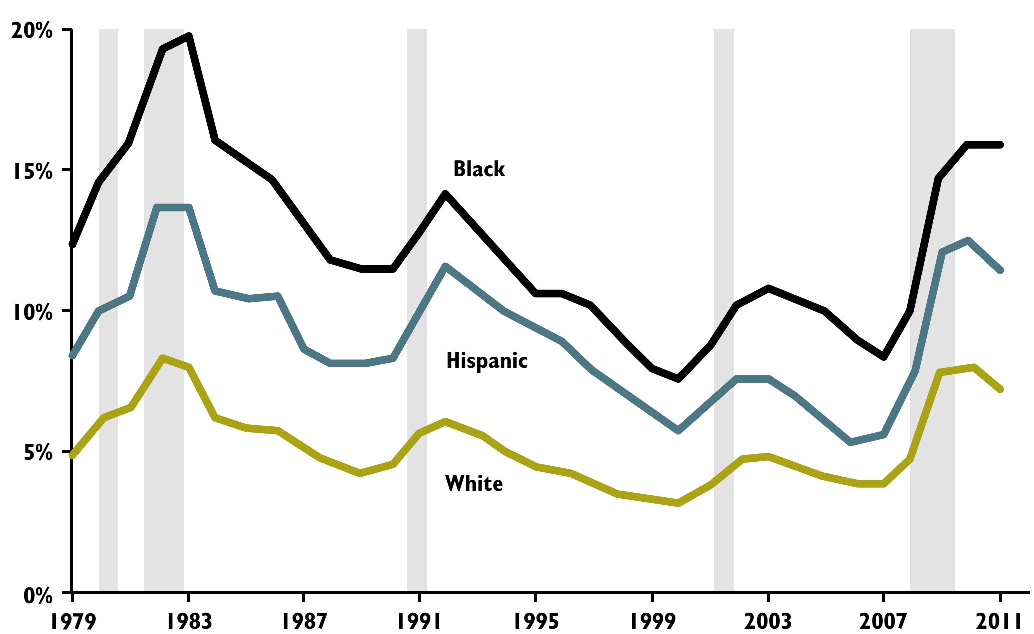
ROOTS OF THE CRISIS

Neither the conservative nor the liberal paradigm has been able to solve the problem of inequality and poverty, or make the imaginative leap now required, because neither has gone to the root of the challenge. While many stories about inequality often focus on education or gaps in individuals' skills, inequality and poverty in America can only be understood in the context of dramatic changes in the structure of the labor market. Work—both paid and unpaid—provides people with meaning in their lives, and it allows us all to provide for ourselves and our families. Yet the nature and meaning of work, and the overall employment relationship, has been fundamentally transformed over the last 40 years.

Five linked trends have radically reshaped the American labor market over this time with dire consequences for most Americans, particularly women and people of color: 1) a chronic lack of demand for labor and unequal access to the jobs that exist; 2) growth of low-wage work and, in particular, an undervaluing of women's work and care work; 3) a restructuring of the employment relationship, resulting in underemployment, contingent and part-time work; 4) erosion of labor-market standards and the bargaining and political power of workers; and 5) the persistence of systemic patterns of occupational segregation by race and gender.

Chronic lack of demand for labor and unequal access to jobs

More than 17 million people[9] who want to work are currently unemployed, underemployed or have stopped looking for work altogether. While the unemployment rate has dropped since the height of the Great Recession, the long-term trend is not encouraging. In the immediate post-war era, the U.S. economy was characterized by high demand for labor, but since 1980 we have had very few periods of full employment.[10] Moreover, the impact of this trend is highly concentrated in communities of color. At the present time, when unemployment has dropped to 4.4 percent for whites, the rate for African-Americans and Latinos living in metropolitan areas is 11.3 and 7.4 percent, respectively; [11] the current rate for Pacific Islanders is 10.3 percent[12] and 11.3 percent[13] for Native Americans. These racial disparities have persisted in good times and bad; over the past fifty years for example, the black unemployment rate has always been *at least double* that of whites.[14] Americans who are



Unemployment rate, by race and ethnicity, 1979–2011

Source: Authors' analysis of basic monthly Current Population Survey microdata Updated May 15, 2012

Economic Policy Institute

unemployed or underemployed are far more likely to be living in poverty. In addition, the presence of a large pool of unemployed labor reduces the bargaining power of workers and exacerbates the other problems described in the graph on page 5.

Low-wage occupations made up roughly 60 percent of jobs gained in the recovery.

In reaction to these trends, there is a vibrant debate about the "future of work" and whether forces such as technological change and automation are the main cause for the pattern of secular stagnation that characterizes the economies of the U.S. and Europe. And there is an increasingly widespread concern that barring major interventions, we face a period where jobs—and good jobs in particular—are out of reach for too many who need them. Full employment is often dismissed as a Keynesian pipe dream, but the hard fact is that we cannot solve the twin crises of poverty and inequality until there is an ample supply of good jobs for all communities.

Growth of the low-wage economy

Unemployment is only one challenge facing American workers. Low-wage employment and flat wages is another long-term problem. Wages have been stagnant for the last three decades, long before the onset of the Great Recession in 2007. Most Americans were making the same amount in 2011 that they were in 1979.[15] Compared to the top 1 percent, whose wages increased by 138 percent since 1979, wages for the bottom 90 percent have only grown by 15 percent over the same timeframe.[16] We now have what looks like an hourglass-shaped economy: lots of high-wage jobs at the top, lots of low-wage jobs at the bottom and a dramatic loss of median-wage jobs in the middle.[17] The growing service sector of the economy has created millions of unstable, low-wage jobs with unpredictable schedules, little-to-no health care or pension benefits, and little-to-no ability for workers to have a voice at work.

Low-wage work has continued to proliferate in recent years even in the so-called economic recovery. While mid-wage occupations were 60 percent of overall job losses in the recession, they only constituted 22 percent of jobs gained in the recovery.[18] Low-wage occupations, in contrast, made up roughly 60 percent of jobs gained in the recovery.[19] Roughly four out of 10 Americans earn less than $15 an hour.[20] Again, this problem disproportionately affects workers of color. More than half of all African-American and almost 60 percent of Latino workers earns less than $15 an hour, compared to 1 out of 3 white workers.[21] Unfortunately, without action, there is little prospect for increasing the number of high-paying jobs. Sixteen of the 20 occupations with the largest numeric growth projected through 2020 are low-wage jobs.[22] As is the case now, we are projected to be a country of low-wage "Mc-Walmart" jobs, which directly contributes to the number of Americans living in poverty, often called the "working poor."

Underemployment, part-time and contingent work

A related problem is that many Americans who want to work full-time are not able to. This "involuntary part-time work" is a significant part of the employment landscape. Over several centuries, workers and their unions fought for measures to reduce working hours like the 40-hour week and the eight-hour day, but many are now in the position of fighting for *more* working hours. The rise of "contingent" work and "fissured" employment relationships increasingly defines the American labor market, resulting in underemployment and unpredictable scheduling, especially in fast-growing service sectors like the retail and restaurant industries. [23]

The denial of stable, full-time work for those who want it, a deliberate business strategy in the 21st century economy, undermines the ability of workers to make a living wage and escape poverty. Contingent and part-time workers are also much less likely to have access to the range of benefits — e.g. health care, paid sick days, a retirement plan — that have historically provided a modicum of economic security to many full-time, permanent employees.

Erosion of labor market standards and the bargaining power of workers

The trends described above reflect a general erosion of labor market standards in recent decades, coinciding with a steep decline in the bargaining power of workers. The result is a broken labor market that has increased individual risk and vulnerability for workers, who have little-to-no voice to change these conditions. In addition to unemployment, underemployment, low-wage work and jobs with little-to-no benefits, "wage theft" — when employers do not compensate workers for all hours worked — has become a national epidemic and new employment norm. In 2012 alone, government agencies and private attorneys recovered a record $1 billion from employers for workers victimized by wage theft.[24]

The break between wages and productivity, and rampant violations of even the inadequate labor standards we have on the books, are a direct consequence of the decline of the American labor movement.[25] As the number of union members fell dramatically over the last forty years, especially in the private sector, the ability of working families to create and enforce labor standards at the workplace and share in America's prosperity were dramatically diminished. A weakened labor movement also had less capacity to counter the growing power of organized business and economic elites in the political sphere, producing a wave of economic and social policies — deregulation, fiscal and monetary austerity, cuts in the social safety net — that fostered poverty and inequality.

Occupational segregation by race and gender

The final link between work, poverty and inequality is the persistence of segregation by race and gender in the workplace. One of the intentions behind the 1964 Civil Rights Act was to end employment discrimination based on race, ethnicity, nationality and sex. In the first 15 years after enactment, there was significant progress in this regard. But after 1980, the desegregation progress plateaued, and in many firms and occupations re-segregation has occurred.[26]

Occupational segregation at the workplace is not just an issue of fairness; it is also a major causal factor in systemic wage disparities that perpetuate poverty.[27] A recent study showed that closing the gender wage gap would cut the poverty rate for working women in half, from 8.1 percent to 3.9 percent.[28] The impact of gender segregation is seen clearly in the fast-growing home care sector and childcare sectors, where an overwhelmingly female workforce is excluded from many basic labor protections and scandalously underpaid. Nationally, 40 percent of home care aides earn less than 133 percent of the federal poverty level, the threshold for Medicaid eligibility.[29] The same patterns are found in occupations segregated by race and immigration status.

These five trends — the main drivers of declining living standards and increasing inequality — did not come about through the impersonal workings of inexorable laws. They were shaped in large part by the decisions of human beings, and particularly by elites who enacted a set of rules and policies that undermined the role of government in creating jobs and setting standards, eroded the voice of workers, made tax policy dramatically less progressive and privatized public institutions that had previously supported mobility and opportunity. Growing inequality has corroded our democratic institutions and practice, creating a vicious cycle that has left more and more Americans cynical about the government's ability to restrain the private interests that interfere with the public interest. The sense that government has been "captured" by the 1 percent is now pervasive and it is not, for the most part, wrong.

PATHWAYS TO CHANGE

The crisis facing American families is only matched by the opportunity we have to create a different kind of economy, in which the rules do not generate poverty and inequality but rather result in equitable sharing of the fruits of labor. Several examples suggest the paths we could take in building a 21st century economy that responds to unmet social needs while creating good jobs for all:

- The challenge of climate change is perhaps the single greatest challenge facing humanity in this century. We can combine the imperative to dramatically reduce carbon emissions with the imperative to create good jobs for people who need them—in sectors such as energy efficiency, renewables and resilience.

Gains in productivity have not been shared with the workers whose labor has created the wealth.

- The need to care for a growing elderly population and provide quality early education and child care for kids provides the opportunity to actively shape a care sector that makes an enormous contribution to the human well-being of caregivers as well as those who receive care.
- The vast talent of the emerging majority of color in the country is the principal asset of the United States in the 21st century. Making a major investment in areas of concentrated poverty, largely though not exclusively African-American and Latino communities, is necessary to create a level playing field after generations of deliberate disinvestment. Building on the assets and unleashing the talent in these communities is also indispensable to shared prosperity.
- The gains in productivity have not been shared with the workers whose labor has created the wealth. This is, of course, unfair but it has also created an economy that is wildly out of balance, subject to financial bubbles and lacking a stable engine of demand. Creating a much higher floor on wages and working standards and ensuring that workers have a meaningful voice on the job to rebalance the collective bargaining power between employers and workers is an essential part of any serious effort to build a 21st century economy.

Capturing these opportunities will require some significant breaks with the liberal and conservative orthodoxies that have constrained the range of public debate about solutions in our country, and some new assumptions:

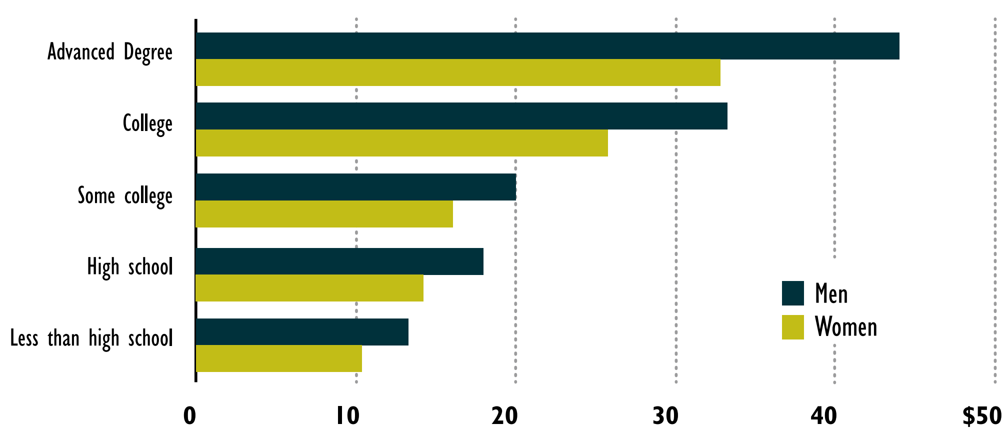
First, government must actively shape new and emerging sectors of the economy by creating the terms and conditions for private investment, setting and enforcing rules and floors, investing major resources and aligning the interests of workers, firms, consumers and the public. Conservatism has been reflexively hostile to this kind of active sectoral intervention, while mainstream liberalism has been more comfortable with redistribution at the margin through tax credits or minimum wage policies than to fundamental interventions in leading sectors of the economy. The common assumption is that it is the role of the private sector, not government, to create jobs. But the reality is this approach has failed to generate full employment for millions of Americans. There is no way to get from here to there without an active role for government.

Second, race and gender are fundamental to how our economy and labor market function, and no serious economic program can treat them as peripheral or afterthoughts to the "real" economic agenda. One cannot understand the low pay and abysmal working conditions in the service economy—especially in the care sector—without reckoning with the dramatic undervaluing of caring work in our society and culture that is deeply rooted in sexism. One cannot understand the highly racialized patterns of unemployment, occupational segregation or disparities in wages and wealth without addressing generations of disinvestment from African-American and Latino communities, and the persistence of racial discrimination. But conservatism has been hostile to gender- and race-conscious remedies and indeed has used "dog-whistle politics" to mobilize resentment against government intervention in labor markets[30], while mainstream liberalism has favored a "universalist" approach to social policy. We agree that it is critical to have policies that protect and empower all American workers, but we cannot end gender and race discrimination without specific remedies targeted to that purpose.

Third, we must abandon the artificial juxtaposition of "equity" and "growth" that has dominated economic debates for decades. Conservatives argue that wealth is created by corporations and owners—and so efforts to "redistribute" actually impair growth. Mainstream liberals accept the trade-off in principle while suggesting that a modest amount of redistribution through taxes and transfers won't seriously damage the growth engine. But there is a growing consensus—from Nobel-prize winning economist Joe Stiglitz, to the International Monetary Fund—that equity leads to higher, not lower, economic growth.[31] Higher paid workers with a real voice on the job create more wealth, and the demand created by higher wages is essential to a sustainable economy that can avoid the pitfalls of massive debt and speculative bubbles. Equity and prosperity are not at odds, they are mutually reinforcing.

Finally, voice and participation is essential to an economy that works for families. Conservatives have located the appropriate decision making realm about economic matters in corporate board rooms, while mainstream liberals have tended to favor technocratic solutions designed at some distance from their beneficiaries. A different approach would invest workers and communities with greater power in making important economic decisions, on the grounds that everyone's talent and ingenuity must be tapped and enabled to design solutions that work in diverse neighborhoods and workplaces.

Hourly wages by gender and education, 2014



Source: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation Group microdata

A JOBS AGENDA FOR THE 21ST CENTURY

Mark Ortiz, a retail worker at Macy's Union Square in San Francisco, explains the importance of the city's groundbreaking Retail Workers Bill of Rights, successfully championed by Jobs With Justice last year.

These principles are the basis for the agenda of *Putting Families First: Good Jobs for All*, a new campaign that seeks to bring the issues of jobs, poverty and inequality to the center of national debate. This agenda is summarized here and described in greater detail in the remainder of the paper:

1. *Guaranteeing good wages and benefits*: Through a combination of setting higher floors on the terms of employment and restoring workers' bargaining power, the plan ensures that every worker and job seeker has access to good jobs, with benefits and supports that provide a family-sustaining wage of at least $15 per hour and $30,000 per year, and allow workers to meet caregiving needs.
2. *Valuing families*: Make high quality, affordable early education and child care available to all working parents and their children while we raise the quality of jobs for teachers and workers in this field and create millions of new jobs. Provide parents with the freedom and choice to stay home with young children. Improve the quality of jobs for workers who care for seniors and people with disabilities, and invest in training and workforce development programs that increase the number of care workers and address the growing need for long-term services and supports.
3. *Building a clean energy economy*: Through large-scale investment to substantially reduce our reliance on carbon-based energy and to repair and rebuild our infrastructure and create millions of good jobs as we work to achieve those goals, while also ensuring that women and people of color are able to participate fully in this economy of the future.
4. *Unlocking opportunity in the poorest communities*: This call for reinvestment is designed to channel significant federal investments to communities with high unemployment and low wages to help rebuild their local economies and provide access to jobs and wealth-building opportunities.
5. *Taxing concentrated wealth*: Our tax policy recommendations will remove incentives for the 1 percent to take ever-increasing amounts of pay, encourage good-job creation and raise the revenue necessary to make investments necessary to transform the economy into one that generates good jobs for all.

The impact this blueprint will have on job creation is significant. In the short term, it will directly create a minimum of 5.6 million new jobs per year by investing in infrastructure and a jobs program that addresses high unemployment in high-poverty communities. Over the next several years, investments to build a clean energy economy and dramatically expand access to quality child care will directly create several million more jobs. Last, the wage-raising impact of this blueprint will indirectly create millions of jobs by raising aggregate demand for goods and services.

This agenda is not a replacement for other macroeconomic policy priorities that aim to achieve full employment. Indeed, monetary and fiscal policies that broadly support the goal of full employment are crucial for the success of the agenda suggested here. Efforts like the FedUp campaign that advocate Federal Reserve monetary policy in support of full employment, endeavors to end the federal fiscal austerity approach of the Budget Control Act and attempts to reform Wall Street and to lever trade policy to generate sustainable economic growth are necessary to fully realize the Putting Families First agenda.

We should also acknowledge that a jobs agenda, no matter how aggressive, cannot address all the sources of poverty and inequality in this country. New policies are needed to fill the gaps in the current Unemployment Insurance program and provide income support for Americans who are unable to participate fully in the labor market because of caregiving responsibilities, disabilities, or other factors. Comprehensive immigration reform and reform of our criminal justice system are also critical elements in any strategy to address the crisis of families trying to make ends meet, as are policies to address extremely high poverty and high unemployment for people with disabilities.

AN ACHIEVABLE VISION

At a time when there is gridlock in Congress, and some national leaders are touting proposals that would *increase* poverty and inequality, it may seem quixotic to believe that this agenda can get a serious hearing, much less be enacted. But looking beyond Capitol Hill, we see tectonic shifts that have already opened up space for debate locally, and will soon register at the federal level—perhaps as early as the 2016 elections. The most notable of these shifts are the following:

Workers and communities are in motion. Groundbreaking national campaigns like the Fight for Fifteen and Our Walmart and the courageous actions of workers in a multitude of other industries have catalyzed a vibrant public debate about job quality. Local campaigns to increase minimum wages and create a floor on labor standards on issues from wage theft and paid sick days to paid leave and abusive scheduling have proliferated across the country. Efforts to revise economic development policies to ensure that low-income communities and communities of color benefit from major public investments are also getting traction at the local level.

Groundbreaking national campaigns have catalyzed a vibrant public debate about job quality.

Other social movements are connecting to the theme of economic inequality. The criminal justice reform movement has secured breakthroughs on “ban the box” that open up employment opportunities for the formerly incarcerated, the #BlackLivesMatter and immigrant rights movements are increasingly lending their muscle to the struggles of low-wage workers, the women’s movement is increasingly focused on the systemic devaluation of care work and a broad women’s economic agenda, and the climate

New York City Councilmember Jumaane Williams, who spearheaded the Community Safety Act, celebrates the override vote on the Inspector General and Racial Profiling Ban Bills outside New York City Hall. Photo courtesy of the Center for Popular Democracy.

movement is seeking to realize the job creation potential of major new investments in clean energy. This is a nascent convergence of social forces with the potential to reshape the national economic agenda.

The public supports bolder solutions than politicians are offering. The Reagan era marked a break in the New Deal and Great Society consensus, relentless attacks on the role of government, and the consolidation of public support for the ideal of an unfettered market. But now the Reagan consensus itself is breaking down. Polling over the past seven years has shown growing concern about poverty and inequality and a steady erosion of confidence in the capacity of large corporations to deliver shared prosperity. Original research conducted in March by Lake Partners demonstrates the extent of public support for ambitious, progressive proposals that few elected officials are yet willing to back. That gap is not only a challenge, but also a huge opportunity.

Elite opinion is shifting too. A dominant theme of academic inquiry in the last few years has been the increase of inequality in the developed world, with an emphasis on its causes and potential solutions. The reception of Thomas Picketty's work, together with the attention to work by social scientists of diverse political orientations, have moved us beyond debates about *whether* inequality is happening or whether it matters, to what should be done about it. The dominant views that inequality is largely due to inadequate skills training (from the center-left) or issues of culture and family formation (from the center-right) are under assault—with an increasingly muscular analysis taking hold that the structure of the labor market, shaped by powerful interests, is the main driver of growing inequality and poverty.

New paradigms are emerging. The sudden prominence of inequality has catalyzed a range of new ideas about how to create a more equitable economy. Some have posited that "the future of work" in the 21st century, shaped by technological change and automation, requires a new set of labor market institutions and policies analogous in scope and scale to what the New Deal created for the 20th century. Those focused on the rise of the "caring economy" have pointed to the growth in this sector, and the chronic undervaluing of care work, largely done by women, inside and outside the formal labor market—and made the case that just as manufacturing jobs were once low-paid but were transformed into middle-class jobs, the care economy can be transformed in the interest of workers, children, elders, the disabled and communities. Climate activists and "new economy thinkers" have focused on the overwhelming imperative of reducing carbon emissions in light of global warming, and argued that a new set of robust investments in energy efficiency, renewables and resiliency together with robust local economies can create good jobs and livelihoods. An emerging school of thought about the deep racial inequality in the economy points to "targeted universalism"— not only universal policies with benefit to hard-hit communities, but also deep and targeted interventions to combat the effects of generations of disinvestment and discrimination. This school of thought also points to active policies to combat present day discrimination as evidenced by overwhelming and persistent occupational segregation. With conservatives intellectually exhausted, this new vitality in progressive thinking is generating a sense of momentum and a foundation for robust policy interventions.

*Cities and states are responding***.** Progressive policies have taken off at the state and local level over the last decade—from higher minimum wages and the precedent-setting $15 an hour minimum wage (Seattle) to major expansions of universal pre-K (New York). There were also significant efforts to curb carbon emissions and explicitly link those efforts to job creation and reinvestment in low-income communities of color (California) and efforts to set higher standards across the board in the low-wage labor market with a particular emphasis on the needs of women workers (Minnesota). Even in very red states like Georgia and Oklahoma, willingness to make major investments in early childhood education may be the seeds of a pragmatic, activist mindset that recognizes the government's positive role in shaping key sectors of the economy that fulfill critical public needs.

*The 2016 elections are becoming a referendum on economic inequality and what to do about it***.** The emergence of energetic populism among Democrats, and the increasing attention that potential Republican candidates have paid to the problem of inequality are signs of a tectonic shift in our politics. The terrain of the debate has moved dramatically, away from the paradigm of the "era of big government is over," when conservative ideology was dominant in both parties, to an acknowledgement that the central, overriding concern for Americans is their ability to provide for their families in what is increasingly understood to be an economy with a rigged set of rules.

The twin crises of inequality and poverty have generated enormous fear and insecurity in our country.

The twin crises of inequality and poverty have generated enormous fear and insecurity in our country, but the opportunity to build a new economy that delivers better outcomes for families should be cause for optimism. If we fail to generate belief in a different way forward it will not be a failure of economic, policy or technical knowhow; it will be a failure of political imagination. This is particularly important to keep in mind as we approach 2016. Elections are about candidates, but they are also about agendas and ideas. Now is the moment to articulate a compelling vision for the future that speaks to the radical discontent and the hunger for bold solutions that is manifest in every corner of our nation.

The opportunity to build a new economy should be cause for renewed hope for families across the country.

Guaranteeing Good Wages and Benefits

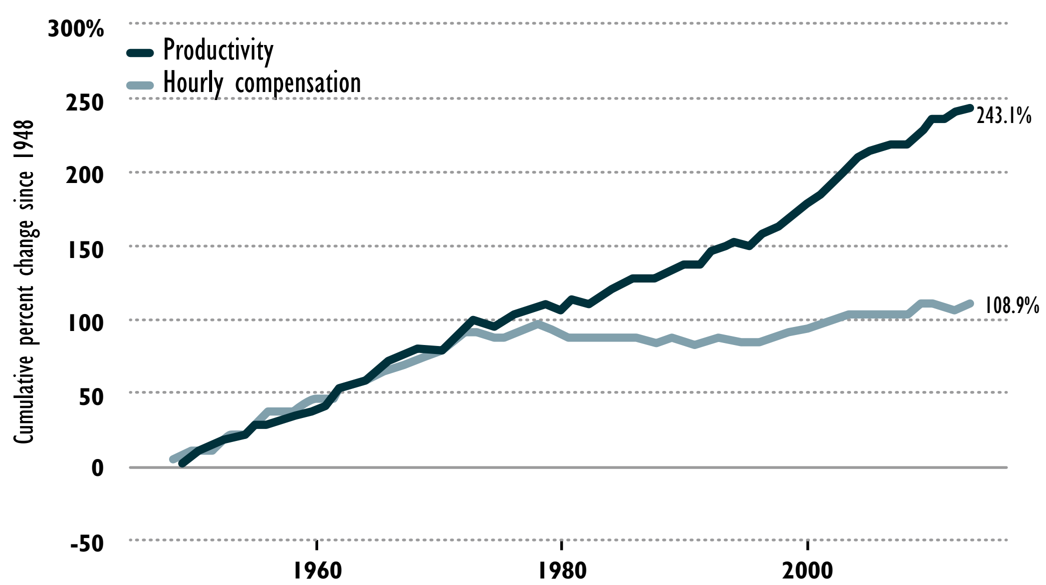
The goal of these policies is to make every job in the United States meet a minimum standard of quality—in wages, benefits, and working conditions—and offer unhindered access to collective representation and a real voice for people who work. Every good job should also be accessible to any worker who wants it. Too often, women, people of color, individuals who have been incarcerated and other disadvantaged groups have been locked out of good job opportunities and suffer from discrimination on the job. Every good job in America must provide equal pay for equal work.

Proposals in this section will lead to:

- **Raising wages to at least $15 so at least 55 million workers in the U.S. get a raise.[32]**
- **Equal pay for all, regardless of race, ethnicity, gender, sexual orientation or religion.**
- **Strengthening the right to organize and collectively bargain to raise wages and a give a voice on the job for millions of workers who say they want a union but don't have full access to that right.**
- **Universal paid sick time to provide coverage to 49 million workers who go without any paid sick time.[33]**
- **Proposals on scheduling and access to full-time work to help millions of low-wage workers, particularly young workers, who have little control over or advance notice of their schedules and do not have access to full-time, stable employment.**
- **Proposals to combat wage theft will help recover as much as $13.8 billion in wages that employers steal from their workers a year.[34]**

Since 1979, productivity has risen eight times faster than pay

Disconnect between productivity and typical worker's compensation, 1948–2013



Note: From 1948 to 1979, net productivity rose 108.1 percent, and hourly compensation (of production/nonsupervisory workers in the private sector) increased 93.4 percent. From 1979 to 2013, productivity rose 64.9 percent, and hourly compensation rose 8.0 percent.

Source: EPI analysis of data from the Bureau of Labor Statistics and Bureau of Economic Analysis. Updated from Figure A in Raising America's Pay: Why It's Our Central Economic Policy Challenge

Economic Policy Institute

Thirty years of stagnant wages is the main reason too much wealth is in the hands of too few people in America. The average American was paid the same amount in 2014 that they were in 1979 despite steady and substantial growth in productivity among hourly, nonsupervisory workers.[35] Beginning in the 1970s and accelerating through the 1980s, 1990s and 2000s, the U.S. economy shifted from an industrial, manufacturing-based economy to a post-industrial one defined by consumption and services. There are now millions of unstable, low-wage jobs with unpredictable schedules, inadequate health care or pension benefits, and little to no ability for workers to have a voice at work.

Wage stagnation is at the heart of the problem in the economy. Perversely, while productivity continues to rise, people are not benefiting from their own productivity. Since 1973, the productivity levels of people who work at hourly and non-supervisory jobs have increased more than 140 percent while wages for these men and women grew by a paltry 16 percent.[36] Management and shareholders are siphoning off more and more of the value created by labor rather than rewarding people who do the work and create the value in the first place. In fact, since the Great Recession, nearly all of the value of economic growth has been captured by the top 1 percent of households[37].

People of color and women disproportionately suffer low wages. Whereas one in four whites worked in low wage jobs in 2013—already a high number—more than four in 10 Latinos worked in low-wage jobs, as did more than one in three African-Americans.[38] While women make up less than half of all workers, they make up two-thirds of the nearly 20 million workers in the low-wage workforce.[39] The crisis of low-wage jobs is even more acute for women of color; nearly half of low-wage women workers are women of color.[40]

Eroding labor standards

Working families also suffer from the erosion of other labor standards, particularly standards that are important for helping support caregiving at home. Nearly 49 million workers (39 percent of working age adults) lack access to paid sick time.[41] For part-time and low-wage workers, access to paid sick time is even more infrequent. Only 29 percent of people who work 20 to 24 hours per week have access paid sick time. Only about one in five workers with earnings below $15,000 per year have access to paid sick days, while almost nine out of ten workers who earn $65,000 or more have access to some paid sick days.[42] Access to paid family leave to care for a new child, a personal illness or to care for a sick family member, is far worse. Fewer than 15 percent of workers in the United States have access to paid family leave through their employers.[43]

39 percent of working age adults lack access to paid sick time.

The rise of contingent work and the fissuring of employment relationships has fueled the growth of unfair scheduling practices and access to full-time work that exacerbates the low-wage work crisis and puts a tremendous amount of stress on families. A recent survey of early career workers found that fully 41 percent of early career workers in hourly jobs—47 percent who work part-time—report that they know "when they will need to work" one week or less in advance of the upcoming workweek. Scheduling uncertainly particularly affects workers of color. Almost half (49 percent) of Black and non-Hispanic workers in hourly jobs report a week or less of advance notice. Large proportions of both full-time workers (55 percent) and part-time workers (39 percent), and men (54 percent) as well as women (46 percent), say that their employer determines their work schedule without their input.[44]

For many workers, particularly low-wage workers and undocumented immigrant workers[45], what is referred to as "wage theft"—when employers do not compensate workers for all hours worked—has become a national epidemic and new employment norm. In 2012 alone, government agencies recovered a record $1 billion from employers for workers victimized by wage theft.[46] This amount recovered is a conservative estimate and probably understates the problem.

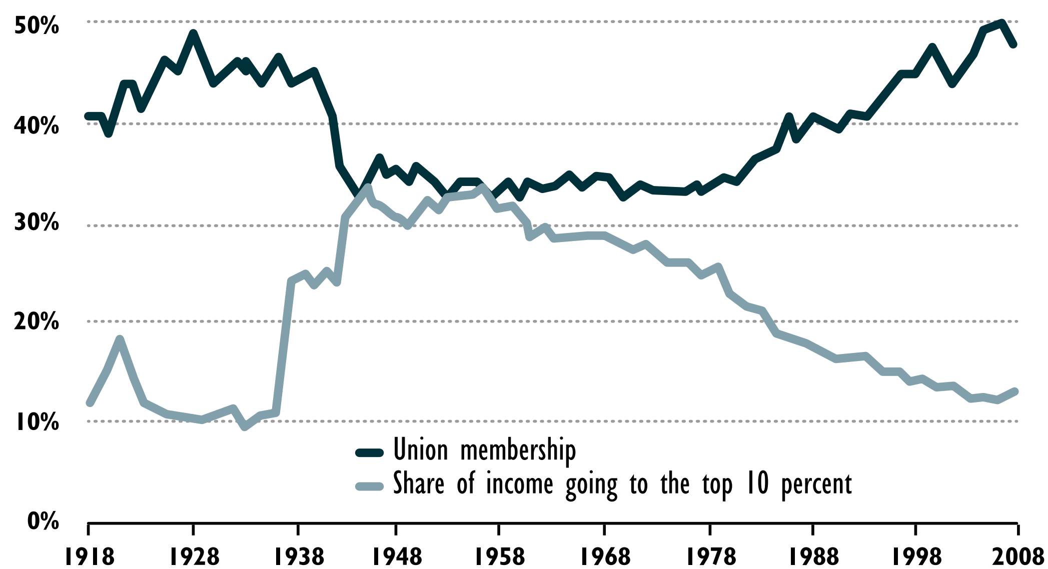
Imbalance in bargaining power between workers and corporations

The dramatic decline in people's bargaining power explains the break between how much they are paid and their productivity and the erosion of other labor standards like access to full-time work, paid sick time, and the expectation that employers will pay people what they are owed. Restoring bargaining power is at the center of the solution. In making the argument for why the right to organize and engage in collective bargaining should be the national policy of the United States, the preamble to the 1935 National Labor Relations Act still rings true today:

> *"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries."*[47]

Today, the "inequality of bargaining power" between the vast majority of struggling working families and powerful corporations makes restoring the balance of power between employees and their employers an urgent necessity. As the rules of our economy have shifted, new business structures have changed the nature of employment relationships for millions of people and undermine workers' ability to assert their rights under existing labor and employment laws. Work in "fissured" employment relationships where employers offload responsibility for decent working conditions through outsourcing, subcontracting, franchising and misclassifying employees as independent contractors, increasingly define the American labor market for far too many.[48] In many ways, our early 20th century labor relations regulatory structure is mismatched to our 21st century economy. Employment practices and conditions have been

Unions and Shared Prosperity



Source: Mark Levinson, Chief Economist, SEIU (2013) permitted by public policy to damage working families, while benefiting the wealthy few and the corporations they control. Employer hostility and the failure of government to update labor laws to enable collective worker representation led to the dramatic decline of unionized workers—from a post-war high of a third of workers in private sector unions, to now less than 7 percent today. And this decline of union representation has a profound impact on all workers, but especially women and workers of color.[49]

The good news is that there are multiple pathways to restore bargaining power for people in the workplace and to use that power to raise wages and other job standards. There is a bold and inspiring movement now in major urban areas across the country including in Los Angeles, Seattle, San Francisco, New York, Boston, Cleveland, Minneapolis and Oakland, among others that are winning efforts to provide a voice at work and family sustaining wages, benefits and schedules.

- Many cities have heeded demands from working families to dramatically raise the minimum wage above the $7.25 federal standard. Walmart has responded to worker collective action by increasing their minimum wage to $9 an hour. Target and TJ Maxx/Marshalls, and even McDonald's—albeit limited—have followed Walmart's lead by increasing their minimum wage for employees, as Gap did before them.
- San Francisco recently passed ground-breaking legislation that provides a fair work week for retail workers. The law and promotes full-time work and access to hours, predictable schedules, equal treatment for part-time employees, retention and job security. [50] States such as California, New Jersey and Rhode Island are leading the way to provide paid family leave as a way to address the reality workers are facing today.[51]

The following policy solutions would, if fully implemented, make every job in the United States meet a minimum standard of quality—in wages, benefits, and working conditions—and offer unhindered access to collective representation and a real voice for people who work.

Many cities have heeded demands from working families to dramatically raise the minimum wage.

Fight for $15

- Everyone who has a job and everyone who wants one must have access to good jobs, with benefits and supports that will provide a family-sustaining wage of at least $15 per hour and $30,000 per year, and allow workers to meet caregiving needs. Moreover, all exemptions to mandated minimum wages that allow employers to pay a subminimum wage, like the minimum wage for tipped employees, should be eliminated.
- Government must ensure that all people are offered equal pay for equal work, regardless of race, ethnicity, gender, sexual orientation or religion.
- All levels of government should ensure that jobs supported by taxpayers via procurement contracts, tax breaks or other forms of tax benefits, come with a $15 an hour wage, family-supporting benefits, stable schedules and predictable hours. The President should lead by requiring a $15 an hour wage on all federal procurement contracts.
- Cities such as Seattle, San Francisco and Chicago have been successful, with pending campaigns in New York and Los Angeles. These efforts should be replicated in cities and states across the country, building momentum to increase the federal minimum wage to a family-sustaining wage of $15 an hour.

Rebalance bargaining power between employers and workers

- Labor laws must be reformed to address the imbalance of bargaining power in a new and rapidly changing 21st century workplace. A restored collective voice for people on the job—through a union, worker organization or more informally—ensures family-sustaining, quality jobs as well as a shared prosperity that helps the overall economy, as the National Labor Relations Act did in the post-war decades. The rules of the game must change to empower people's efforts to join unions and engage in collective bargaining again while also ensuring that employers take responsibility for working conditions throughout their supply chain.

Fair work week

- Americans want to work with adequate hours and predictable, family-friendly schedules. Cities should take the lead to ensure employers provide stable, predictable hours that accommodate families' needs; the federal government should mandate a new national standard around a fair workweek.

Paid sick time

- The United States is the only rich democracy that does not guarantee paid sick and family leave for people who work, a burden that falls disproportionately on women. Many cities and states have passed innovative legislation guaranteeing paid sick time that provides family-friendly benefits to full- and part-time employees. These efforts are being expanded across the country, and the federal government should pass legislation to ensure all families have access to paid sick time.

Paid Family Leave

- Family members need access to paid leave to care for each other in times of serious illness, when a child is born, and in the event of ones' own serious illness. While the Family and Medical Leave Act provides critical job protections for family members who need to take time out of the workforce, it does not cover all workers and because it is unpaid leave many workers cannot afford to take it. The federal government should set a new national standard for paid family leave.[52]

Enhance and create a robust enforcement system

- People deserve to be paid fully for the work they do. Employers that fail to pay people promised wages or manipulate their job classification or hours to reduce their pay rob families of the income they have earned and need to thrive. Just last year, state and federal enforcement agencies and private attorneys recovered nearly $1 billion that was essentially stolen from people's paychecks, a fraction of the estimated wages they should have been paid.[53] Cities and states should enhance existing enforcement agencies in partnership with community and worker organizations, and create new enforcement regimes to restore the social contract between employers and workers. Incorporating labor standard enforcement into the business licensing and registration process at the state and local level is one innovative policy initiative we find encouraging that can reverse the trend in wage theft.

Valuing Families

The goal of these policies is to end the systematic devaluation of care work and to recognize the need for much more public support for families struggling to meet caregiving needs. While the devaluing of caregiving and the lack of public support for families to meet care needs impacts all of us, it has an outsize impact on women who shoulder the bulk of caregiving work, and disproportionately keeps women in poverty. These policies will change this by making high quality child care available to working parents, raising the quality of jobs in the early childhood education and care fields, transforming home-care and providing financial support to unpaid caregivers.

Proposals in this section will lead to:

- **Approximately 12 million additional children gaining access to child care subsidies, and a large expansion of the childcare workforce to meet new demand.**
- **Lifting the wages of 5.5 million care workers to $15 per hour.**
- **Lifting nearly 10 million people out of poverty by expanding the Child Tax Credit.**

Everyone at some point in their lives will be a recipient or a provider of care. However, there is insignificant public investment to support our nation's caregivers and growing care needs. Too many families struggle on their own to care for children, aging parents or family members with disabilities. All families need access to quality and affordable child care. Infants, babies, toddlers and school-age children need high-quality care and education so that they can thrive and seniors and people with disabilities need access to services, support and assistance to help them live independently and with dignity. Families' paychecks are already stretched too thin—families need care but can't pay more. And both our child care system and our home care and long-term care systems are underfunded and the workers employed in these systems are deeply underpaid. Care workers' low wages are directly related to the fact that the hard work of care is painfully undervalued in our society, in large part because this has traditionally been women's work. Undervaluing care work—both paid and unpaid—and a lack of support for care is part of what drives women's economic insecurity and inequality.

The devaluing of caregiving disproportionately keeps women in poverty.

We need to build a new economy that values families and responds to the growing need for care. We must transform the largely low-wage, female-dominated care sector into one that provides good quality jobs with at least $15 per hour and a union. Significant public investments that expand access to child care and long-term care services will also lead to the creation of millions of new jobs. A cornerstone of building a new economy that values families will also be to acknowledge the value of uncompensated care family members provide for their loved ones. Only by genuinely recognizing the hard work of both paid and unpaid care can we truly build a new and more equitable economy that works for everyone, and particularly for women.

Public Investments to Create Necessary Care Infrastructure

Child Care

For parents to work outside the home, child care and early education must be available and accessible, yet quality, affordable child care remains out of reach for many. In 2013, the average annual cost for an infant in center-based care was higher than a year's tuition and fees at a four-year public college in 31 states and DC.[54] Low-income families pay a disproportionately high percentage of their income on child care. Families that are below the federal poverty line and pay for child care spend a whopping 36 percent of their income on it, while higher income families with incomes at or above 200 percent of the Federal Poverty Level spend about 8 percent of income on child care.[55] The annual cost of full-time child care can range from over $4,000 to more than $16,500 a year, based on geography, type of child care and the age of the child.[56] Because women on average women are paid less than men, women must earn a high wage for it to make financial sense—or even be financially feasible—to remain in the workforce and pay for quality child care.[57] Mothers should not have to make the choice to work or stay at home based on the lack of affordability of child care (or worse yet, be forced to put their children in suboptimal care situations while they are at work). Working families must have more high quality and affordable child care options available to them.

Child care is not only an essential ingredient to workforce participation for parents, high quality child care and pre-K programs are also critical for children. Research has demonstrated the benefits of high quality early care and education on children and the long-term effects on their development.[58] Research has also shown investments in high-quality early education produce long-term cost savings.[59] We need to dramatically expand access to full day pre-K for families.[60]

Child care assistance is a key mechanism to help low-income families afford child care. Federal eligibility rules for child care assistance allow families with incomes below 85 percent of state median income to qualify.[61] In fiscal year 2011, states and the federal government spent $11.3 billion through the Child Care and Development Fund (CCDF), which includes the Child Care and Development Block Grant (CCDBG) and related funds, to help eligible families pay for child care. That year, of the 14.3 million children eligible for child care subsidies under federal rules, only 17 percent received subsidies (2.4 million).[62] **At minimum, funding for child care assistance should be vastly expanded so that all eligible children have guaranteed access to subsidies, which we estimate would cost a total of $66.5 billion a year (this figure does not include funding for key system reforms around access and quality which are discussed in the next section of this paper).[63] Providing subsidies to all eligible children would extend child care assistance to almost 12 million additional children.**

In addition to more funding to guarantee access to child care subsidies for eligible families, it is critical to greatly expand funding in the child care system to ensure affordability and quality of care.

Affordability

- The U.S. Department of Health and Human Services considers 10 percent of family income for child care the benchmark for affordability.[64] No family should pay more than this. As we work toward a reformed child care system that meets this benchmark, we should at a minimum make sure all families that are currently eligible are guaranteed subsidies; families below the poverty level do not have a copayment for child care; and low-income families who qualify for subsidies but have incomes above the poverty line do not pay more than 7 percent of their incomes on child care.[65]

Quality

- To guarantee quality, there must also be much larger investments in our child care system. It is critical to increase the amount paid to childcare providers if we want to improve the quality of care. Right now, many states set very low provider payment rates. As of February 2014, in all but one state, rates for were below the federally recommended level, the 75th percentile of current market rates (which is the level designed to give families access to 75 percent of the providers in their community)—and many states' rates were substantially below the recommended level. Payment rates for all providers in each state should be raised to at least that level and beyond, since current market rates are depressed and reflect very low-wages for childcare workers.[66]

It will also take additional investments and reforms to ensure that child care delivery system is flexible and that child care is available when and where parents need it. This is particularly important to low-wage workers who often work non-standard hours and are subject to volatile work schedules.[67]

Investing in high quality, accessible and affordable child care is not only good for parents, children and local economies; it will also result in significant job creation. While it is difficult to estimate the exact number of new jobs that will be created when all eligible families are guaranteed access to subsidies, it is safe to assume that many more workers will need to be hired to meet the new demand. Additionally, high quality child care requires the appropriate ratio of childcare workers to children, which will necessitate more the hiring of more child care workers.[68]

Long-term services and supports for seniors and people with disabilities

The U.S. is a rapidly aging country. Today, nearly 11 million adults, half of whom are over the age of 65, are estimated to need long-term services and supports. Ninety-two percent of these individuals report receiving unpaid care, while 13 percent report using at least some paid care.[69] Many have unmet needs because their family caregivers are overburdened, they cannot afford to hire home care workers or government-funded programs provide insufficient coverage for long-term services and supports. By 2030, the number of people in the U.S. who are age 65 or older will nearly double, from 40 million people in 2010 to 72 million people (19 percent of the population) by 2030. And adults age 85 or older who are most likely to need long-term care will number 8.7 million in 2030 and a remarkable 19 million by 2050.[70] We have an emerging long-term care crisis in our country. However, bold and ambitious action now could both alleviate the impending shortfall in needed care and create an opportunity to improve existing jobs and create more quality jobs in the direct care industry.

Transforming the quality of care jobs

Direct care work is one of the fastest growing industries in our economy, providing critical daily care, services and supports to millions of individuals and families across the country. Demand for direct care workers is expected to far surpass the supply of workers. Projections point to a need for 1.3 million new positions by 2022. In addition, two occupations—personal care aides and home health aides—are among the fastest growing occupations in the country.[71] However, the quality of home care jobs is poor, with low wages, few benefits, high turnover and a high level of job stress and hazards.

Investments to expand child care, early learning and long-term care must go hand-in-hand with initiatives to improve the quality of existing jobs so they become good jobs for the women, and women of color, who make up the preponderance of this workforce, and to ensure workers are able to exercise their rights to organize and collectively bargain. Many of these caregivers are mothers themselves, with their own family responsibilities and must struggle to make ends meet on substandard wages. An in-depth survey of early childcare workers in one state found that almost half of the teaching staff surveyed (in a sample of relatively high-quality programs) worried about having enough food for their families.[72]

Increasing the quality of jobs in the direct care industry and improving training for home care workers are critical workforce development challenges. Improving job quality and training is also integral to ensuring seniors and people with disabilities receive high quality care.[73] Current federal training requirements for home health aides have not been changed in more than 20 years, and there are no federal standards for training or certification for personal care attendants. The fragmented structure of training requirements limits the ability of workers to move between long-term care settings or advance along a career path. It also inhibits America's ability to develop the flexible workforce necessary to support a better-coordinated, more efficient system to provide quality long-term services and supports. Resources must be made available for training, and as workers receive more education and training, wages will rise.

Protestors with CASA marched to the White House to demand the president act to end deportations that are tearing families apart in August of 2014.

To dramatically transform the care sector, we need to ensure that all people who work in the field are covered under basic labor protections and have the ability to join a union.

Both the federal government and states should extend and enforce federal minimum wage and overtime protections to 2.5 million people who work in home care who are currently excluded from such baseline protections under the Fair Labor Standards Act. (The Obama administration recently issued a Final Rule to extend minimum wage and overtime protections to home care workers which is being contested in court.)

We also need to drastically raise wages, which will require public investment. Many families are hard pressed to pay more for quality care and the federal government must step in with public investments so that all care jobs pay a minimum of $15 an hour. People with advanced credentials and significant experience must also be compensated accordingly. **There are currently 2 million childcare workers and 3.5 million direct care workers.[74] The median wage for childcare workers in 2013 was $9.09 and the median hourly wage for direct care workers was $10.36. To increase the wages of both people working in the child care and direct care sectors to $15 per hour would cost $58.8 billion per year. Providing them with health and retirement benefits would cost an additional $57.7 billion a year, for a total of $116.5 billion dollars a year.[75]**

Value unpaid caregivers

Our society deeply undervalues the important work of care, and this plays out in the labor market as well as the home. The United States offers little support for the millions of unpaid caregivers who take care of children, seniors and people with disabilities each and every day. And while caregiving is something that provides tremendous joy, it can also cause great economic hardship. Parents who have children do not have guaranteed access to paid leave. People who take time out of the workforce to care for a loved one, whether a child, aging parent or family member with a disability, suffer from lost wages not only at the time care is provided but also long into the future. Caregivers with no wage earnings are unable to save for retirement and their hard work does not count toward future Social Security benefits, leaving them even more financially vulnerable in retirement. While lost savings and Social Security benefits impacts men and women, as the majority of caregivers are women, they are hit disproportionately hard. Caregiving is one of the reasons that, on average, women's Social Security benefits are thousands of dollars less per year than men's. A 2011 study estimates that women who have to leave the workforce to care for older parents lose approximately $324,044 from lost wages, pensions and lower Social Security benefits.[76]

Many families in the sandwich generation are now struggling simultaneously to care for both parents and children. And as the age wave grows, the number of families trapped between the high costs and time investment of caring for adults and children will only increase. Our nation needs policies that recognize families' caregiving responsibilities and contributions by providing paid family leave for all Americans. It is also time we recognize caregiving as work for the purposes of determining Social Security benefits by adding a caregiver credit to our Social Security system.

Provide financial support to families

The Child Tax Credit (CTC) is a partially refundable tax credit for families with children. The CTC provides a credit of up to $1,000 for each eligible child (under the age of 17). The CTC is available for individuals who earn more than $3,000 a year and phases out for married individuals at $110,000. Even people who don't owe federal taxes can still receive a portion of the credit. In 2013, the CTC kept approximately 3.1 million people out of poverty, including approximately 1.7 million children.[77]

In 2009, policymakers strengthened both the Earned Income Tax Credit (EITC) and the CTC. These improvements should be made permanent[78] and expanded upon. Increasing the CTC will help families with the high costs of raising children; according to the United States Department of Agriculture, in the United States in 2013, annual child-rearing expense estimates range between $12,800 and $14,970 per child in a two-child, married-couple family in the middle-income group.[79] In addition, a large expansion of the CTC will provide additional support for people who take time out of the workforce to care for children. **The Child Tax Credit should be increased to $3,000, made fully refundable, and the $3,000 minimum earning requirement eliminated which together would cost approximately $138 billion per year (assuming the current phase out remains intact).[80] This change would lift nearly 10 million people, including more than 5 million children, out of poverty.** [81]

Policymakers should create a new tax credit to help families who are providing intensive care for seniors or family members with disabilities. According to a landmark study by the National Alliance for Caregiving and the AARP, 15.6 million people provide care to loved ones 21 hours or more per week (this is 27 percent of the 56.5 million people the study found caring for loved ones over 18 years old).[82] **Offering a $3,000 fully refundable tax credit to help family caregivers who provide care for more than 21 hours per week would conservatively cost approximately $46.8 billion.** [83]

Secure freedom for parents to care for children at home

Parents of young children should have the freedom and choice to stay at home and care for children. While high-income families have that choice, low- and moderate-income families do not. Making sure everyone has access to paid family leave is a critical step toward this goal, as is expanding the CTC, but we need to go even further to ensure that low-income families, regardless of previous labor market attachment, have the financial support necessary to stay home and care for their own children. One potential option is to allow parents to earn a CCDBG subsidy when they take full-time care of their own children under the age of three, rather than using the subsidy to pay for outside care. This policy change would provide eligible families freedom and flexibility to make choices that are best for them.

Although both proposals to extend the CTC credit and allow a stay-at-home parent to earn child care subsidies would provide additional financial resources for families, they differ in some critical ways. The child care subsidy for a stay-at-home parent is more helpful to very low-income people who cannot wait until tax time for this financial help. This subsidy would provide freedom and flexibility to parents who want to stay home with their children. The CTC expansion would benefit both individuals who are working and those who are not, helping to defray the overall costs of child rearing.[84]

Unlocking Opportunity in the Poorest Communities

We cannot resolve the job crisis in high-poverty communities and all related problems associated with concentrated poverty without direct intervention and a significant investment from all levels of government. Moreover, absent a significant reduction in poverty and the number of communities with concentrated poverty, we cannot build a national economy that generates good jobs for all. We propose to make substantial new investments in high-poverty communities, those in which 20 percent or more of the residents have income below the federal poverty level. The goal of this investment and related program requirements is to restart the economy in places where racial bias, exclusion and sustained disinvestment have produced communities of concentrated poverty. This call for reinvestment is designed to channel significant federal investments to communities with high unemployment and low wages to help rebuild their local economies and provide access to jobs and wealth-building opportunities.

The proposal in this section will lead to:

- **Two million new jobs that will cut unemployment among people with income below the poverty level in these high-poverty communities by over 60 percent.**

Geographically, poverty has increasingly become concentrated in America. In 2010, 24 million people with incomes below the federal poverty line lived in high-poverty neighborhoods (neighborhoods in which 20 percent or more of the residents have incomes below the federal poverty level).[85] This is more than half of all those living in poverty. By comparison, only about one in four of all U.S. residents live in these communities. Although the traditional understanding is that high-poverty areas are predominately urban, many are rural, and increasingly, more and more people living in poverty are in the suburbs as well.

Regardless of where they are located, high-poverty communities share a history of declining private investment and loss of economic activity and jobs. This private divestment has mirrored an inadequate investment in public resources in physical and social service infrastructure within these communities. As a nation, we have a moral and economic imperative to help these communities achieve their full economic potential. Below is an outline to accomplish this objective, as well as examples of the kinds of work already underway in communities that are models for new public investments. **An investment of $200 billion per year would create two million jobs directly and significantly boost economic activity in high-poverty communities by creating opportunities for adults and job seekers to find work in their communities or in the local labor market.**

The creation, growth and persistence of high-poverty communities is strongly linked to race. Half of all African-Americans in the U.S. and 72 percent of all African-Americans who are poor live in high-poverty communities. Percentages for Latinos and Native Americans are also alarming; with 44 percent of all Latinos and 66 percent of all poor Latinos living in high-poverty communities and 28 percent of all Native Americans, and 66 percent of all poor Native Americans live in these high-poverty communities.[86] In comparison, only 17 percent of all white Americans and 38 percent of all poor white Americans live in these areas.[87] This is a direct result of centuries of discriminatory policies that have devastated African-American communities and other communities of color. Among the structural and institutional factors creating these links are:

- **The ongoing legacy of slavery**
  While slavery formally ended with the Civil War, its legacy lived on through Jim Crow laws, ushered in with the Supreme Court's decision in 1896 that "separate but equal" was the new law of the land. By 1910, every state in the former confederacy had fully established a system of legalized segregation and disfranchisement. These laws remained on the books until the 1960s, when the Voting Rights Act and Civil Rights Act formally ended legal racial segregation.[88] Yet the remnants of slavery and Jim Crow live on in many of the issues outlined below.

We cannot resolve the job crisis in high-poverty communities without direct intervention.

- **Widespread housing discrimination underwritten by federal housing policy**
  People of color have long been targets of discrimination in property ownership. From explicit laws against property ownership to patterns of exploitative tenant-sharecropping, these barriers have their roots deep in the history of slavery. In the 1930s, the federal government allowed the Home Owner's Loan Corporation and banks to exclude African-American communities from receiving home loans. This began the practice of "redlining," or government-sanctioned segregation of communities and exclusion of African-Americans from the homebuyers market. After World War II, the GI bill created a housing boom for veterans but largely excluded African-American men returning from the war.[89] African-Americans' exclusion from homeownership has had significant long-term and intergenerational impacts on their ability to build wealth. Recent data released by the Pew Research Center shows the median net financial worth of a white household in 2013 at $141,900, whereas the median net financial worth of an African-American household is just $11,000.[90] Other studies have also shown social effects beyond wealth building—adults who do not own homes do not have access to home equity that could fund children's education, and may struggle to sufficiently save for retirement.[91]

- **Transportation policy that has left communities isolated from good job opportunities**
  Plessy v. Ferguson, the 1896 Supreme Court case that famously created the concept of "separate but equal," focused on the legitimacy of racially segregated rail cars. This is one of the many moments in U.S. history when our transportation system was at the center of the struggle for equality. We see this racism at work again in the Federal Aid Highway Act of 1956, signed by President Eisenhower, which funded the interstate highway system. Not only did this massive investment in roads prioritize Americans with access to cars and support the mass exodus of middle-class white America to the suburbs, it also broke up many neighborhoods because of the placement of highways. This destruction of community cohesion, coupled with the movement of wealth out of cities, led to gradual deterioration of urban schools and increasing poverty.[92] The lack of good transportation options in low-income communities is clearly linked to a lack of accessible jobs. The problem is worsening. A recently released report from the Brookings Institution showed that 61 percent of high-poverty areas and 55 percent of majority-minority neighborhoods saw a growing distance between people and jobs from 2000 and 2012.[93]

- **Failure to integrate our public school systems and the related failure to create and maintain high-quality public schools in high-poverty communities**
  Although it has been more than 60 years since the Supreme Court's historic Brown v. Board of Education decision that prohibited racial segregation in public schools, segregation levels remain on par with levels from 1968. Due to legal attacks under Presidents Reagan and George H.W. Bush and a reduction in court oversight, integration peaked in the late 1980s and has been on the decline ever since. Today's typical white student attends a school that is nearly 75 percent white, the average African-American student attends a school that is 49 percent African-American and the average Latino student attends a school that is 57 percent Latino. This pattern is highly correlated with poverty, with African-Americans and Latinos representing more than half of children in schools with the highest poverty rates, and just 11 percent of students in the least impoverished schools. Double segregation of race and class often means these schools have fewer resources and less funding available for facilities and materials. This helps explain why schools with higher concentrations of African-American and Latino students often have lower academic outcomes.[94]

- **Mass incarceration**
  Mass incarceration is a modern, legal continuation of Jim Crow laws, which disproportionately affects people of color, particularly African-Americans and Latinos, and results in the criminalization of poverty. One recent study found that our nation's poverty rate would have dropped by 20 percent between 1980 and 2004 if not for mass incarceration and its impact on employment, earnings and economic mobility.[95] People from white, African-American, and Latino communities use drugs at roughly comparable rates, but African-American and Latino people are more likely to be arrested, incarcerated and receive longer and harsher sentences.[96] Police practices in Ferguson, MO are emblematic of practices throughout the country whereby local jurisdictions charge fees, fines and court costs for minor offenses such as parking and traffic violations in order to generate revenue.[97] Targeting low-income people of color also leads to incarceration when they are unable to pay these fees, fines and costs, creating a modern day debtors' prison.[98]

While incarcerated, jails, prisons and private companies shift the costs onto the families of those incarcerated and these families often bear the burden of providing day-to-day necessities for their loved ones. The barriers to employment due to conviction histories are particularly devastating for African-American workers, and inhibit their ability to get good, family-sustaining jobs.[99] In addition, state policies prohibit people with drug conviction histories from access to public housing as well as Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits. These policies separate families and reduce the already modest benefits for households with children, particularly for women who make up the majority of TANF and SNAP recipients.[100]

These are just a few of the many structural forces that have contributed to high rates of poverty, higher unemployment and huge disparities in income and wealth between African-Americans, Latinos and whites. When we consider the fact that so many people living in high-poverty areas are African-American, it is clear that this pattern comes from a long history of structural racism.

Latinos' challenges are further compounded by other structural and institutional factors, such as the longtime exclusion of farmworkers and domestic workers from labor laws, language barriers and anti-immigration sentiment and policy. Another reason for the disproportionate poverty in Latino communities is that employers can easily exploit undocumented immigrants. As such, in addition to the solutions proposed elsewhere in this blueprint around wage theft and access to good jobs, securing comprehensive immigration reform that provides a path to citizenship for all undocumented people in the U.S. is critical if we, as a nation, want to achieve our economic goals and provide basic fairness for all workers.

Native Americans face similarly harsh realities, with different challenges born out of a racialized history of the federal government. The government forcibly removed Native people from their homelands to reservations, signed and then ignored hundreds of treaties, divested Native people of millions of acres of land, required generations of Native American children to attend residential boarding schools far from their homes, passed legislation authorizing the termination of more than 100 tribal governments and through the Urban Relocation Program once again worked to relocate Native people from their tribal communities, this time to urban areas.[101] The lasting impacts of these federal policies on tribal communities can be directly connected to the persistence of poverty in Native American communities across the country.

The narratives of African-American, Latino and Native American communities are just three of the myriad ways people of color experience racism in the United States, and how our history of racist policies shapes many communities of color today. For example, the Chinese Exclusion Act imposed strict limits on immigration from Asia and the internment of Japanese Americans during World War II. Today we see the rise of Islamophobia. These are just a few past and present examples of how racism and racial exclusion contributes to the ongoing struggle for economic justice in communities of color in the U.S.

Of course, almost 10 million poor white Americans also live in high-poverty communities and struggle with joblessness. In some of these high-poverty areas, white Americans make up a substantial majority. For example, in Buchanan County, Virginia, 23 percent of the population is living below the poverty line, and 99 percent of the people who are poor are white.[102] They will also benefit from both our broad-based approach as well as the targeted policy initiatives described here. However, it is critical that we name and work against a structural history that has subjected communities of color to systemic economic deprivation, exclusion and physical violence for over 400 years.

The agenda to create jobs and improve the quality of both existing and new jobs described throughout this paper, will move us towards an economy in which anyone who wants to work will be able to find a good job. As we progress towards that goal, the residents of high-poverty communities will benefit. This was increasingly true in the late 1990s when broad-based economic conditions led to very low unemployment and marked increases in income of African-Americans. During this time, we also saw a reduction in the number of high-poverty communities throughout the country. However, the long history of extraction and divestment from these communities has created extremely challenging conditions that cannot be undone solely by broad economic prosperity. Even during periods of strong economic growth, declining poverty and more limited income inequality, disparities in wages and unemployment between whites and African-Americans and other people of color have not markedly improved. The critical task of helping residents of these areas secure economic stability requires that the broad-based policy and economic initiatives noted above are coupled with significant, targeted investments to help rebuild local economies in these areas. Focus must be placed on strategies that help residents prepare for and succeed in the labor market, either in jobs in their neighborhoods or elsewhere in their larger communities.

The divestment from these communities has created extremely challenging conditions that cannot be undone solely by broad economic prosperity.

The idea of large-scale public investment in communities to end poverty is not a new one — there have been federally funded investments in both job creation and community-based solutions for many years. From the $13.5 billion spent on Urban Renewal from 1953-1986,[103] to the up to $20 billion spent during years of the Carter Administration on the Comprehensive Employment and Training Act (CETA),[104] we can see that large-scale investments in communities and job training programs are not without precedent. However, this proposal seeks to remedy some the flaws in the earlier programs that limited their ability to truly assist low-income Americans. Programs like the Urban Renewal program and HOPE VI did not incorporate adequately the views of residents or include elements of community control, and as such often hurt low-income communities more than they helped. We propose substantial community involvement in all aspects of the design and implementation of local efforts. Programs like the Community Action Program and Model Cities Program offered promising models, but were severely under-resourced, which undermined their effectiveness.[105] And funding for employment and training services, which peaked with CETA serving over 4 million economically disadvantaged individuals annually, has decreased significantly since the late 1970s.[106] We propose significant funding levels commensurate with the task at hand. In sum, this proposal seeks to reverse this trend and proposes a new way forward.

While our focus is on jobs and economic development, we also appreciate the work being done to address a host of needs beyond the purposes of this initiative. Efforts to improve public education, expand access to health services and improve health outcomes, reform our criminal justice system and sustain and improve a range of other social services are vitally important and require increased support and focus. Although efforts in these areas are related to our goal of good jobs for all, this initiative is more narrowly focused on helping poor and working age adults in these communities find and maintain employment.

A total of $200 billion would be made available annually to support these efforts in eligible, high-poverty communities where at least 20 percent of residents have income below the federal poverty level. An investment of this magnitude would create 2 million jobs per year, reducing unemployment by over 60 percent.[107] Communities would also have the resources and the flexibility to use a mix of strategies aimed at revitalizing local economies and helping residents prepare for and secure good jobs.

These investments would be available to:

- Rebuild local economies—including small businesses and worker and community cooperatives—and create opportunities for greater levels of community control; and
- Provide access to good quality jobs for community residents by leveraging jobs from taxpayer supported development projects, the activities of key anchor institutions within or near the community, and substantial direct job creation programs that are designed to meet community needs and provide job opportunities.

Activities might include:

- Working with "anchor institutions" (large firms and nonprofits already rooted in or near the community, e.g. medical and educational instructions) to do more business in their local communities. This will support smaller, locally-owned businesses to grow and hire more residents, supporting new entrepreneurial activities and developing cooperative businesses in the community.

  For example, a community might work with a university or hospital in the community to develop a plan to train and hire local residents to enter jobs with career paths leading toward higher skilled, higher wage jobs, as well as to work with small businesses in the community to increase their share of business providing goods and services in the anchor institution. This might also involve support for worker- or community-owned enterprises to provide needed goods and services.

- Government institutions, in partnerships with nonprofits and private businesses would create jobs for community residents with a focus on youth, people who were formerly incarcerated, single mothers and people experiencing long-term unemployment. Job creation efforts should focus on the needs of the community, including physical infrastructure and social services.

  For example, a community might develop a large-scale youth employment initiative that would involve the creation of jobs for young people to participate in weekly education programs to build credentials while providing needed services in the community.

- Expanding access to education, job training and child care to help job seekers more easily seek employment.

  For example, a community might partner with a local utility company to channel significant investments for energy efficiency and /or expanding the use of renewable energy and develop training programs directly linked with hiring for jobs to do the needed work.

- Expanding transit services to help residents find and maintain jobs outside of the community, but within the local labor market.

  For example, a community may use a portion of the funds to expand or develop rapid bus lines, or expand other forms of mass transit that link the community to locations where jobs are clustered.

- Maintaining and expanding affordable housing within these communities

  For example, a community may use a portion of the funds to support a housing trust fund that is focused on affordable housing in their neighborhoods.

Funds would be administered by a new, Cabinet-level federal agency dedicated to supporting work in high-poverty communities and providing technical assistance to communities participating in the program. Community-based organizations (CBOs) and public entities, including local governments as well as tribal governments, would be eligible to bid in a competitive process for federal funding at a scale sufficient to have a significant impact on job creation and economic activities in their community.

Criteria for awarding funding would include:

- Plan for how bidders would maintain accountability to residents both through the bidding and implementation processes;
- In the case of CBOs, support from/collaboration with local elected officials and public bodies;
- In the case of local government and public agencies, support from/collaboration with CBOs led by community residents;
- Commitment of local resources and documentation of non-supplantation of existing programs and expenditures;
- Availability of "matching" resources from public and non-public sources;
- Plan for coordination with non-governmental organization and public programs;
- Oversight by organizations in which community residents are members, or which represent them in some demonstrable way;
- Assure that all taxpayer-supported jobs pay living wages and benefits;
- Assure hiring for people of color according to their share of the low-income population in the community;
- Assure targeted efforts to serve youth, ages 18 to 24.
- Specific plan for achieving outcomes—deliverables and metrics regarding:
  1. *Creation of good quality jobs within the community.*
  2. *Increased employment and earnings for residents.*
  3. *Assure that at least one-half of working age adults with income below the federal poverty level becomes employed in jobs that provide wages of at least $15 per hour plus benefits.*

More concretely, below are some of the new initiatives already underway which funding along the lines proposed above could dramatically expand:

THE BRONX, NEW YORK

The Bronx, a community rich in human, land, institutional and commercial assets, is among the poorest urban counties in the nation, with 29.8 percent of the population living in poverty[108] and some of the highest rates of obesity and asthma. There are a number of community-based initiatives working to overcome these challenges and build neighborhood resilience.

- **The Bronx Community Development Initiative** is a collaboration of organizations driving a comprehensive, asset-based regional economic development strategy to build the wealth, influence, and economic power of local residents and leaders. They have developed a 12-module economic democracy training series for community leaders and are building a business incubator to nurture and develop Bronx entrepreneurs whose ideas will build community wealth and ownership and support their ongoing development. The business should require only a reasonable amount of startup capital and work in conjunction with other assets in the borough, including the procurement needs of anchor institutions such as Mt. Sinai Hospital.[109]

- **The Cooperative Home Care Associates** (CHCA) is a nationally recognized, worker-owned home care agency in the Bronx. Founded in 1985 by 12 home health aides to provide quality home care to clients and quality jobs to direct-care workers, the cooperative now employs more than 2,000 staff, making it the largest worker cooperative in the country. Wages and benefits have risen more than 40 percent in the past five years, and CHCA has a low 15 percent turnover rate in an industry that averages a 60 percent+ annual turnover. CHCA also facilitates a free workforce development program that trains more than 600 low-income and unemployed women and serves as a significant driver of employment in the Bronx.

- **New York City Cooperative Initiative.** Last June, the city of New York, understanding the potential of community-based, worker-owned businesses allocated $1.2 million to fund the development of worker cooperatives and passed legislation to facilitate citywide procurement from existing worker cooperatives. The New York City Network of Worker Cooperatives[110] lists over 45 cooperatives in its directory, including the Beyond Care Childcare Cooperative and the Si Se Puede Women's Cleaning Cooperative, both of which specifically work to empower immigrant women in the workforce. Supporting community-based, worker-led economic development creates opportunity for wealth building without extraction or displacement and is a promising model for reinvestment.

BLACK MESA, ARIZONA

Black Mesa, Arizona is a sacred location in Navajo culture. It is also the home of two coal mines, which have generated cheap electricity for major southwestern cities and pumped water to central and southern Arizona. Although this extraction has fueled massive development elsewhere, the Navajo Nation has seen few benefits: the Nation's unemployment rate hovers around 54 percent and the average income is $7,500 a year. While utility lines run over their heads, 18,000 Navajo households live without electricity, representing 75 percent of all un-electrified homes in the U.S.

- **The Black Mesa Water Coalition** is a group of residents who want to close the coal mines and rebuild their economy holistically, with a focus on renewable energy, community participation and long-term resilience. They are taking action in several ways, including the Navajo Wool Project that is focused on building local capacity to produce quality wool and to better access broader markets for their product. The Food Security Project works with seven communities to strengthen, revitalize and support the local food systems in the region. In 2010, the Coalition established the Southwest Indigenous Leadership Institute, a leadership development program for indigenous youth that values and promotes sustainability. And the Climate Justice Solutions Project works to educate the residents of Black Mesa about climate change and engage them in creating local solutions, specifically, the Black Mesa Solar Project, a homegrown, holistic approach to energy development that centers on community participation and benefits, job training and environmental impact. The long-term vision of this project is to establish a solar manufacturing facility and a series of 20-200 megawatt solar photovoltaic installations on land from an abandoned mine.

JACKSON, MISSISSIPPI

In Jackson, Mississippi, organizers have been working for more than 10 years to create a community development plan that centers on self-determination, particularly for African-Americans in the Deep South. With a goal of moving Mississippi from worst-to-first in the categories of income equality, wealth equity, health access and the practice of democracy, a coalition of organizations developed an agenda to create good jobs.

- **Cooperation Jackson** launched in 2013, and in conjunction with the Democracy Collaborative, they are developing a Community Wealth Building Strategy to identify areas where local businesses are underdeveloped and ways to fill those gaps that will employ local residents, pay living wages and meet procurement needs of anchor institutions. The agenda focuses on West Jackson, where poverty rates average 40 percent, and in some areas, top 60 percent.[lll] The plan is to create a Community Land Trust and Community Development Corporation through which they will purchase vacant land to develop affordable housing and commercial facilities. These institutions will also support the creation of a number of worker cooperatives to grow high quality jobs, including a construction cooperative, a waste management/recycling cooperative, an urban farming cooperative, a childcare cooperative and an arts and culture cooperative. Cooperatives and worker-owned enterprises have a long history in Mississippi, particularly within the African-American community, as an institutional part of the struggle for self-determination, economic justice and democratic rights. Supporting community-based development that is rooted in history and creates affordable housing and quality jobs is a powerful way to address economic injustice.

The above examples demonstrate the tremendous innovation and energy in communities across the country to change economic circumstances for all residents. But because these communities by definition have been starved of equitable investments and resources, even their best ideas will be limited in scale and impact without an influx of additional funds. Deprivation in these communities can be traced clearly back to national policies. At the same time, the federal government is best suited to make the needed investments to bring these and other promising community-based economic development plans to fruition. The gains from these communities' improved well-being and economic strength will benefit the country overall.

Building a Clean Energy Economy

The goal of these policies is to address the climate change crisis by reducing carbon emissions on the scale necessary to avoid its adverse effects, while building a clean energy future that creates millions of good jobs that are accessible to workers of color, women, and economically distressed communities.

Proposal in this section will lead to:

- **A quarter of a million new jobs while improving air quality for those living around coal-fired power plants, many of whom are people of color and who suffer from air quality-related illnesses.**

- **Revenue of $200 billion a year that, if invested in clean energy infrastructure, would create 900,000 jobs per year.**
- **Reduction of carbon emissions by 40 percent, using whatever combination of strategies proposed, will create 2.7 million net new jobs.**
- **Modernized and sustainable water, waste and transportation infrastructure that supports over 3.6 million jobs per year and creates good jobs for women and people of color in low-income communities.**

Addressing Climate Change

Unless addressed aggressively, climate change will have increasingly adverse effects on our communities. The impacts of climate change—drought, floods, heat waves, severe storms, extreme weather events and wildfires—challenge every community, particularly low-income communities and communities of color. These impacts include, among others, the disruption of local economies, threats to our families' health and physical security and the erosion of food security. The Intergovernmental Panel on Climate Change (IPCC) estimates that to limit temperature increases to 2 degrees Celsius and avert the most severe consequences of climate change, we need to reduce carbon emissions by 39 percent by 2035, by 72 percent by 2050, and perhaps most critically, phase out greenhouse gas emissions entirely by 2100.[112]

Of course, addressing climate change is a global problem and priority, and the U.S. can and should demonstrate significantly greater leadership. Out of this crisis comes the unprecedented opportunity to ensure that investments in renewable energy, energy efficiency and resilient infrastructure result in an accessible stream of good jobs and stronger and more equitable local economies throughout America, but most especially in our hardest hit communities. To make this opportunity a reality, we need to enact policies that go beyond vague commitments to disadvantaged communities and create structures and systems to successfully implement these policies.[113] **By reducing our carbon emissions in accordance with IPCC levels and bringing our infrastructure up to a state of good repair, we can create 6.3 million jobs by 2035**.

Communities of color, including indigenous and low-income communities are on the frontlines of the climate crisis and are most impacted by the burning of fossil fuels and the effects of climate change. North America has had a five-fold increase in extreme weather disasters over the past three decades due to climate change and this trend will continue into the future.[114] Research shows that rising sea levels alone could displace 12 million people in four major U.S. coastal areas by 2030.[115] These extreme weather events disproportionately harm low- and middle- income Americans because they are least able to anticipate, prepare and recover from natural disasters and are more likely to lack insurance, health care and financial savings. Floods, wildfires, heat waves, tornadoes, drought and severe thunderstorms typically harm counties with household incomes below the U.S. median income.[116]

We saw this destructive power come painfully to life during and after Hurricane Katrina and then again in New York City during and after Superstorm Sandy. A class action lawsuit filed after Sandy found that New York City violated the rights of 900,000 residents with disabilities who are disproportionately poor because the city did not provide sufficient evacuation assistance or accessible shelter. For three weeks, 80,000 public housing residents in New York City were without service for power, heat and water due to boilers located in basements. There were more than 29,000 job losses in New York City after Sandy, and the people who regularly face job insecurity, including older workers, single parents and non-English speaking immigrants, were among those most affected.

While federal labor laws protect salaried workers, they do not require employers of hourly workers to pay lost wages or to pay employees who are unable to make it into work.[117]

While we cannot always anticipate natural disasters, we should have more control over the air we breathe. Sixty-eight percent of African-Americans, compared to 57 percent of whites, live within 30 miles of a coal-fired power plant, the zone of maximum exposure to pollutants that cause an array of ailments, from heart disease to birth defects. Asthma rates are particularly striking: African-Americans are hospitalized for asthma at three times the rate of whites, and the death rate from asthma is 172 percent higher for African-Americans than for whites.[118] The nearly six million Americans who live within three miles of a coal-fired power plant have an average per-capita income of just $18,500. [119]

Clean energy jobs are high quality jobs.

This legacy of environmental racism clearly extends to indigenous communities, and is particularly evident in the ways Native communities often bear both the front and back end costs of nuclear energy. For example, on the Navajo Nation alone, there are more than 500 abandoned uranium mines. At just one of these mines, the EPA is currently working to clean up more than one million cubic yards of mine waste. Measurements taken in homes and from drinking water show elevated levels of radiation, which can cause numerous health effects including lung cancer, bone cancer and impaired kidney function.[120] Although the government has promised a thorough cleanup of these mines, at current funding levels it will take generations to complete. This is a similar story to one we see playing out on tribal lands around the country.

By taking strong, decisive action on climate change, we can not only create a low-carbon future but also take responsibility for the glaring racial and economic disparities described above. Climate change policy can be a driver of job creation and reinvestment in our communities. Done well, we can make sure these economic benefits are directed towards the communities most affected. Researchers estimate that meeting the IPCC's international goal of a 40 percent reduction in emissions from 2005 levels in the next 20 years would generate 2.7 million net new jobs.[121] It would lead to net employment expansion at all levels of pay in the U.S. labor market and decrease the unemployment rate by about 1.5 percentage points. These are smart investments; every dollar put into clean energy creates three times as many jobs as putting that same dollar into oil and gas.[122]

Furthermore, clean energy jobs are higher quality jobs. In one of our nation's few occupational growth bright spots, twice as many medium- and high-credentialed jobs are being created in clean energy as compared to fossil fuels.[123] Median wages are 13 percent higher in green energy careers than the economic average.[124] As noted in the Guaranteeing Good Wages and Benefits section of this paper, stronger labor standards and a meaningful voice on the job are essential - program cost effectiveness cannot come at the expense of job quality. The transition to clean energy also helps to create manufacturing jobs. If 25 percent of our electricity comes from renewable sources, we would generate approximately one million jobs in the manufacturing sector alone.[125] All of our investments in job creation must be tied directly to rules guaranteeing good wages and benefits—we should not accept policies which directly or indirectly subsidize the spiral downward of wages and job quality. These investments should also be tied to ensuring job access for groups who have all too often been locked out of high quality job opportunities in these sectors.

Finally, as America transitions our economy to clean and renewable energy, we must provide a fair transition for people who work in fossil fuel industries and the communities that will be affected. For those who may become dislocated, we must find funding mechanisms to support them and their communities, and advocate for policies that create new jobs with good wages and benefits.

There are a number of approaches to create a clean energy economy:

1 IMPLEMENT A STRONG CLEAN POWER PLAN

The U.S. Environmental Protection Agency (EPA) has proposed setting the first-ever limits on carbon pollution from the nation's existing power plants—cutting carbon dioxide (CO_2) pollution by 30 percent below 2005 emissions levels by 2030. The plan will cut consumer and business electric bills by as much as $37 billion, prevent more than 16,000 climate-related illnesses and create as many as 274,000 jobs. Additionally, for every dollar invested through the Clean Power Plan, American families will see up to $7 in health benefits.[126] Since the plan will increase energy efficiency and reduce growth in demand for electricity, the EPA projects that by 2030, electricity bills will be roughly 8 percent lower than they would have been without the plan in place.[127] Co-regulated by the states, this plan prioritizes flexibility and allows each state to come up with their own way to meet the targeted reduction. State targets may be met by investing in energy efficiency, expanding renewable energy or upgrading infrastructure. It is critical advocates work closely with states in coming years to ensure these plans exceed these emissions goals and use this opportunity to set ambitious goals around sustainable energy use beyond power plants.

Although the Clean Power Plan is an important step towards a lower carbon future, it will not achieve the reductions in greenhouse gas emissions necessary to stabilize global temperatures. Effectively mitigating climate change will require broad action and large-scale investment from both public and private sectors. By doing so, we can drive economic prosperity and create hundreds of thousands of jobs. Instituting a carbon tax, as discussed below, is one method to make this investment. Strategies similar to but more far reaching than the Clean Power Plan could impose tougher regulations on carbon emissions that will drive private and public investment toward the development of a clean energy economy consistent with the long term goals of dramatic carbon reduction as noted above.

2 PUT A PRICE ON CARBON

Creating a carbon tax is one approach to provide an incentive to reduce greenhouse gases and yield significant revenue. Designed correctly, a carbon tax has the potential to reduce CO_2 emissions by 20 percent by 2025 and 50 percent by 2050.[128] A carbon tax would, on average, generate more than $200 billion per year in revenues over the next 20 years.[129] By investing some of the revenue in energy efficiency, renewable energy and resilient infrastructure to protect our communities, we can simultaneously mitigate the effects of climate change and create good jobs.

While the effects of climate change are disproportionately born by low-income communities, a carbon tax must be structured in a way that does not penalize low-income households. Because low-income households spend a larger portion of their incomes on carbon-intensive energy, a well-designed tax would rebate a portion of the revenue raised to hold low- and middle-income households harmless.

Even if 75 percent of the revenue was returned to taxpayers and used to fund vital government services and programs, the remaining $50 billion could be used to support clean energy infrastructure.

A portion of this revenue should be specifically directed into programs that benefit high-poverty communities in areas such as housing and transit. Creative programs must be developed to promote energy efficiency and clean, renewable energy generation in apartment buildings without allowing the landlords to use these improvements to raise the rent. Existing programs in low-income weatherization, public housing improvements and Department of Agriculture rural energy efficiency programs must be increased in size and made more flexible and user friendly. State efforts in the same areas must also be strengthened.

3 INVEST IN COMMUNITIES MOST IMPACTED BY ECONOMIC TRANSITION

Efforts to reduce carbon emissions must also include protections for communities that are located near existing power plants and coals mines, drive investments in jobs for people currently employed in these industries and diversify local economies. For example, President Obama's 2016 budget proposal calls for $1 billion over five years to restore lands and waters degraded by abandoned mines and support sustainable redevelopment, $55 million to invest in job training for laid-off miners and power plant workers as well as economic development efforts and legislative reforms to strengthen the health and retirement security for retired coal miners and their families.[130] More substantial investments are needed in these communities, and investments must go further to tie job training directly to jobs in affected areas and provide pathways to economic diversification. If undertaken at an appropriate scale, proposals such as these will allow our nation to minimize job loss, support people who worked for fossil fuel companies and their communities through the process of economic transition and advocate for policies that create good jobs for low-income people, especially women and people of color.

Regardless of the combination of strategies our country undertakes to get there, it is estimated that a 40 percent reduction in emissions from 2005 levels by 2035 would generate 2.7 million net new jobs, expand the labor market at all levels and significantly decrease unemployment.[131] More broadly, by seizing the opportunities before us and taking bold action on climate change, we can build a low carbon future that not only creates millions of new jobs, but also invests deeply and effectively in marginalized communities and provides a path to sustainable and equitable growth.

Rebuilding Our Water, Waste and Transportation Infrastructure to Transform America and Address Climate Change

Besides America's energy sector, there are other critical, yet crumbling, components of our nation's infrastructure that are in desperate need of repair if we want to build a clean energy economy. This need also translates into good jobs. The American Society of Civil Engineers (ASCE) produces a report card on the state of America's infrastructure every four years. The report card is based on a comprehensive assessment of the condition of the nation's major infrastructure systems, such as water and environmental systems, transportation and public facilities. America earned a D+ on its last report card.[132] This abysmal grade highlights issues with capacity and safety of our nation's dams, levees, hazardous waste treatment systems and bridges. All Americans rely on our nation's infrastructure for basic safety, in our homes, on our commutes and in our communities. Our economy is also fueled by an infrastructure system that works. Our nation must invest in improvements.

Our current practice of ignoring infrastructure is creating a vicious cycle exacerbated by our changing climate—as systems crumble and become less efficient, excess pollution is created. As our climate changes, more extreme weather events, such as floods, droughts and stronger storms stress our already weak bridges, roads and transportation and transit systems, further endangering our health and safety and pushing the cycle anew. Updating our infrastructure will simultaneously increase our climate resilience while reducing emissions and create good jobs. By upgrading our transit systems, we can save nearly 5.7 billion gallons of fuel annually and avert the equivalent of 48 million metric tons of carbon dioxide per year. By improving the electrical grid, we can generate and distribute electricity more efficiently, while simultaneously reaching targets laid out in the Clean Power Plan. Currently, U.S. cities rely on pipes that are, on average, 100 years old. Often in disrepair, these leaking pipes lose an estimated 7 billion gallons of clean drinking water a day—approximately 12 percent of all treated water. In a time of pervasive droughts, this is particularly worrisome. Water is needed for more than 90 percent of electricity generation, and as such, research shows that just a 5 percent reduction in the amount of water leaked would result in energy savings that could power 31,000 homes for a year and cut 225,000 metric tons of CO_2 emissions.[133] Through energy savings, climate change mediation, the creation of high quality jobs and health and safety benefits, infrastructure updates would significantly improve the quality of life for working families.

To bring our infrastructure up to a state of good repair, ASCE estimates that the country will need a yearly investment of $454 billion.[134] Infrastructure spending creates jobs from the funded projects, from related supply industries and from those induced by spending that ripples through the economy.[135] Based on estimates of jobs generated by investments in infrastructure, an investment in a range of badly needed areas—everything from fixing our roads and bridges and public transportation to improving our water systems—of $200 billion annually could support more than 3.6 million jobs per year and create good jobs.[136]

Taxing Concentrated Wealth

The goal of reforming tax policy is to generate revenue to help fund a government that puts families first and fundamentally attack incentives for managers and shareholders to siphon off an ever-growing level of income at the expense of average workers.

Proposals in this section will lead to raising:

- **Up to $844 billion over 10 years by taxing unearned income at the same tax rates applied to income from work**
- **Up to $250 billion over 10 years by fairly taxing high levels of inherited wealth**
- **Up to $950 billion over 10 years by imposing a small additional tax on the small fraction of the richest 1 percent in this country for the income they make above $1 million**
- **Up to $447 billion over 10 years and discourage destructive short-term speculative trading by imposing a small tax on financial transactions**
- **Up to $600 billion over 10 years by ending tax breaks corporations get for offshoring jobs and income**
- **At least $50 billion over 10 years by ending tax breaks on excessive executive pay and taxing wage inequality at the firm-level.**

Regressive changes in tax policy over the last 30 years have undermined working families and low-income communities in three inter-related ways: 1) corporations and the wealthy are failing to pay their fair share of the cost of government; 2) tax policy has encouraged corporations to shift jobs overseas; and 3) providing tax cuts for corporate and investment income has perversely incentivized management and shareholders into short-term thinking in which they take an even greater share of income generated through productive activity at the expense of raising wages or investing in jobs.

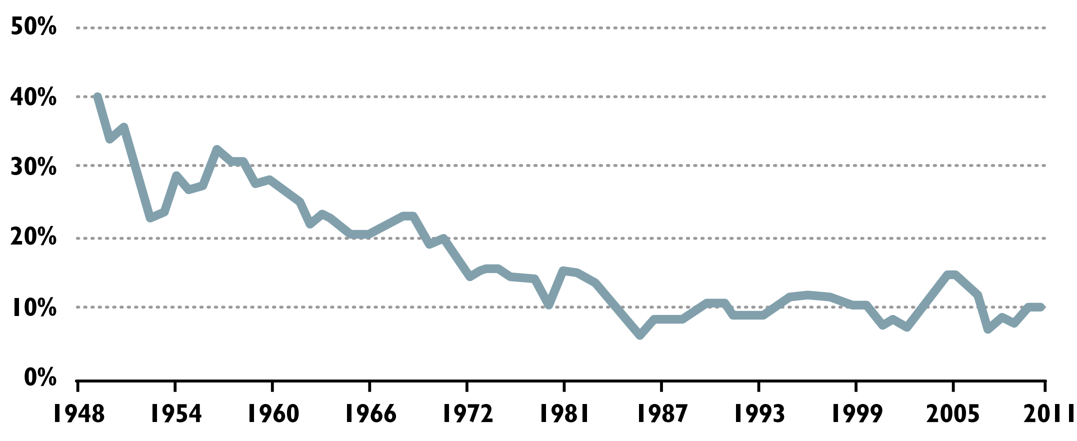
- Average CEO compensation was $15.2 million in 2013, up 21.7 percent since 2010. From 1978 to 2013, CEO compensation increased 937 percent, compared to 10.2 percent growth for a typical person's pay over the same period.[137] This phenomenal growth in income at the top is not a reflection of increased productivity at the executive level or the level of pay necessary to stimulate investment. Rather, excessive CEO salaries[138] are the result of tax incentives and diminishing labor standards and come at the expense of working families' paychecks.
- Federal revenue raised from corporations hit an all-time low after the recession and has barely rebounded. Only 10.6 percent of federal tax revenue comes from corporations. By comparison, between 1940 and 1970, the share of revenue derived from corporations remained between 20 and 35 percent.[139] The share of total revenue coming from corporate income taxes has been replaced with income raise from working families via payroll taxes.

In concert with other policy changes suggested in this blueprint, changes in tax policy are central to creating an economy that creates good jobs for all. What follows is a recommended set of policy changes—most designed for the federal level, but some may be adopted by states—that will both generate revenue and fundamentally attack incentives for managers and shareholders to siphon off an ever-growing level of income at the expense of average workers.

TAX ALL INCOME LIKE EARNED INCOME

It is unconscionable that millionaires and billionaires are taxed at a lower rate than low- and moderate-income Americans. This staggering reality is due in large part to the fact that policymakers tax capital gains (profits made from the sale of investments or property), stock dividends and carried interest

Corporate Taxes as a Percent of Federal Budget



From the Center for Effective Government. http://www.foreffectivegov.org/files/budget/disappearing-corp-tax-base.pdf at a lower rate than they tax income from labor. The tax break on investment income has incentivized the wealthy and corporate managers to pad their pockets rather than using corporate earnings to make job-creating investments and to increase pay for average workers. For the bottom 99 percent, labor income (wages and benefits) accounts for an average of 74 percent of total income. In contrast, the top 1 percent only gets 37 percent of their income from labor—36 percent comes from capital gains, and 22 percent comes from business income, largely stock dividends.[140] **We would raise up to $844 billion over 10 years by eliminating the difference between capital gains and personal income tax rates** [141] in the three areas detailed below.

2 TAX CAPITAL GAINS LIKE EARNED INCOME

The highest marginal tax rate for capital gains is 20 percent (for people making over $464,850 in 2015.) By comparison, the top marginal tax rate for someone making $40,000 in wages is 25 percent.[142] The top 0.1 percent of taxpayers (those with incomes above $3.2 million) will receive more than 50 percent of the benefit of the preferential capital gains rates in 2015, worth about $500,000 apiece.[143] **Rectifying this inequitable discrepancy and taxing capital gains like income from wages would raise $613 billion over 10 years.** The richest 1 percent of all taxpayers would pay 72 percent of the increase, and the richest five percent would pay 86 percent of the increase.[144]

3 TAX CARRIED INTEREST LIKE EARNED INCOME

Within capital gains policies, there are particularly egregious loopholes that must be closed. Carried interest is a way that hedge funds compensate their managers with a share of profits from investments rather than wages. This allows the managers to pay lower capital gains rates on their earnings and also avoid payroll tax. **Closing this loophole would raise $21 billion over 10 years.**[145]

4 TAX STOCK DIVIDENDS LIKE EARNED INCOME

Currently, stock dividends are taxed at the same rates as capital gains, meaning even the people making the most money are paying at most 20 percent, a tax break that benefits the richest Americans. **Taxing stock dividends like income from wages would raise an additional $231 billion over 10 years.** Eighty-six percent of this increase would be paid for by the top 15 percent of earners, and the top five percent alone would pay two-thirds of the total.[146]

5 STRENGTHEN THE ESTATE TAX

Without the estate tax, large inheritances would go completely untaxed. This tax, which only affects the very wealthy, has been systematically eroded over the past several years as exemption limits have been raised and tax rates lowered. This is a major step backwards, as the wealthiest in our country already receive massive tax benefits through other parts of our tax code. The estate tax is a small step towards reducing intergenerational growth in income inequality.

By restoring the estate tax to the level it was under President Clinton—a $2.6 million exemption per couple and a 55 percent top tax rate - we could raise an additional $249 billion over 10 years[147] on top of the $225 billion already expected to come in through the tax at its current rate**.** Even with these changes, the estate tax will only affect the very wealthy—fewer than 2 out of every 1,000 estates will be subject to the tax. Furthermore, if a tax loophole was closed so that the wealthiest paid taxes on inherited stocks and bonds, the group Americans for Tax Fairness estimate that **an additional $650 billion could be raised over 10 years.**[148] A second loophole, used by the super-rich, the "Walton" Grantor Retained Annuity Trust, allows assets to be handed down to heirs' tax free through specialized trusts. **It is estimated that this has allowed billionaires to avoid paying $100 billion in estate and gift taxes since 2000.**[149]

6 ADD ADDITIONAL TAX BRACKETS FOR MILLIONAIRES AND BILLIONAIRES

Americans making $450,000 per year are paying the same tax rate as billionaires. By adding additional tax brackets, we can make our tax code more progressive without harming the economy, and raise significant revenue to fund job-creating federal priorities. The *Fairness in Taxation Act*, proposed by Rep. Jan Schakowsky in 2011 would create 5 additional tax brackets—45 percent for income over $1 million, 46 percent for income over $10 million, 47 percent for income over $20 million, 48 percent for income over $100 million and 49 percent for income over $1 billion.[150]

Although this would only affect a fraction of the richest 1 percent of Americans, and only increase tax rates by a few percentiles, this proposal would generate significant additional revenue. **Citizens for Tax Justice scored the Fairness in Taxation Act as raising $950 billion over 10 years.**[151]

7 CREATE A FINANCIAL TRANSACTION TAX

Establishing a financial transaction tax would encourage banks and investors to increase job-creating investments while raising revenue from those who are most to blame for the financial crisis. Designed as a tax on Wall Street trading, this small corrective levy of 0.004-0.25 of 1 percent on the sale or purchase of a stock, a future, option or credit default swap (rate depending on the type of transaction) would primarily impact frequent, complex and high volume trades. These are often short-term maneuvers that make money for Wall Street without building a sound financial system.

According to the Tax Policy Center, instituting the tax proposed above would raise $447 billion over 10 years, even assuming a 50 percent reduction in the number of trades during that time.[152] Research has shown that trading will decline in roughly the same proportion to the increase in trading costs. This means virtually all of the cost of this increase will be borne by the financial industry,[153] creating a revenue stream for desperately needed programs and building a stronger, more stable economy at the same time.

8 END "DEFERRAL" OF CORPORATE TAXES ON OFFSHORE PROFITS

The average effective tax rate for America's largest, most profitable corporations now stands at 12.6 percent,[154] lower than what many middle-class families pay. This is due to a number of large loopholes that allow companies to "defer" payment of taxes on profits held overseas until they are "repatriated" to the United States. According to the Citizens for Tax Justice, American Fortune 500 corporations are **avoiding up to $600 billion in U.S. federal income taxes** by holding more than $2.1 trillion of profits offshore.[155] As such, a corporation can go years or may *never* pay its US taxes on these offshore profits. This creates two backwards incentives—first, it encourages corporations to shift their operations and jobs to countries with lower taxes, and second, it encourages accounting gimmicks that disguise U.S. profits as foreign profits.

According to the Joint Committee on Taxation, this costs the federal government over $50 billion per year,[156] and this cost is growing over time as corporations find ever more creative ways to make their profits look like offshore income. By repealing deferral, we could increase tax revenues, reduce the incentive to move jobs and assets overseas, and put a stop to unproductive profit-sharing games. After deferral is abolished, corporations would still receive credits against their U.S. taxes for any foreign taxes they do pay. However, even taking that into account, **according to Citizens for Tax Justice, ending the ability of corporations to defer U.S. tax payments on offshore income would raise $600 billion over 10 years.**[157]

9 END TAX BREAKS FOR EXCESSIVE EXECUTIVE PAY

When CEOs and top executives receive astronomical pay, taxpayers bear much of the burden. Tax law allows corporations to deduct from their taxable income up to $1 million in base salary paid to the CEO and the top four executives at publicly traded corporations. However, the full value of all "performance-based pay" can be fully deducted, a loophole that was baked into tax law 20 years ago. Unsurprisingly, fully-deductible performance-based compensation paid to top executives has exploded in the last 20 years. **Closing this loophole would raise $50 billion over 10 years while removing a key incentive to shift pay from average workers to top executives.**[158]

A version of this policy is already part of the Patient Protection and Affordable Care Act. Under the law, health insurers whose revenue is largely derived from federally-subsidized payers are not allowed to deduct compensation above $500,000 paid to all executives. Recent analysis by the Institute for Policy Studies found that the new deductibility limits generated at least $72 million in additional public revenue last year from America's 10 largest publicly held health insurance companies.[159]

10 TAX CORPORATIONS FOR WAGE INEQUALITY

Low wages are never okay. But paying low wages is particularly egregious when top executives are exorbitantly compensated. Fast food CEOs, for example, are paid 1,000 times what the average fast food worker is paid.[160]

To discourage yawning pay gaps and raise revenue to offset the public cost of low-wage work, corporations should pay a higher income tax rate as their CEO-to-average worker pay gap grows. In 2014, California lawmakers supported this concept when they introduced SB 1372 that would have set the corporate income tax rate between seven and 13 percent (higher for financial institutions) depending on the internal pay gap.[161] Federal lawmakers should adopt a similar proposal.

New York Communities for Change member supports better wages at a recent march.

Conclusion

This blueprint puts families first so that we can once again have a country that represents our brightest hope for the future. The solutions proposed are commensurate with the scale of the challenge. We cannot tinker at the margins. We must be bold. We must push policymakers and politicians at all levels of government to embrace large-scale change because we cannot allow our policies to be dictated by the same half-measures and small thinking that has led our country down a path in which the many struggle with too little and the few hold all the cards.

We must:

- **Guarantee Good Wages and Benefits**
- **Value Families**
- **Build a Clean Energy Economy**
- **Unlock Opportunities in Struggling Communities**
- **Tax Concentrated Wealth**

When we enact this agenda, we will create millions of new jobs, and lift millions out of poverty. We can do nothing less.

We need to restore the idea of the American Dream for all Americans, no exceptions. There is a growing movement that has won incredible victories. But it's just a start. We must continue to build the momentum so that these isolated victories add up to large scale wins. When we join together to value families and prioritize good jobs for all, we can rebalance the economy so that people who work hard no longer feel the constant struggle to keep their heads above water. We can dream big for them, their families, their community and America.

Child poses for a photo at a rally in Cincinnati, Ohio in May of 2013.

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